



STAFF REPORT

DATE: 07/02/2025
TO: Honorable Mayor and City Council Members
FROM: Economic Development Department

2025-252

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

DESIGNATION OF AN ENTERTAINMENT ZONE FOR THE HUB.

EXECUTIVE SUMMARY:

This staff report seeks City Council direction on whether to designate The Hub., also known as the South Mall, as an “Entertainment Zone” under Senate Bill 969 (SB 969). In addition, staff requests input on whether to proceed through a stand-alone ordinance specific to The Hub., or by amending the City’s Municipal Code to create a framework for Entertainment Zones citywide.

RECOMMENDED ACTION:

That the City Council provide direction to staff on the following:

- a. Whether to designate portions of The Hub. as an Entertainment Zone pursuant to SB 969.
- b. Whether staff should return with:
 - i. A stand-alone ordinance specifically designating portions of The Hub. as an Entertainment Zone, or
 - ii. A broader amendment to the City’s Municipal Code allowing for the establishment of Entertainment Zones citywide.

BACKGROUND & HISTORY:

The Hub., also known as the South Mall, is a city-owned property that is designated in the Downtown Revitalization Plan as a center for entertainment and dining in the downtown. It has the potential to serve as a vibrant public space for community events and activities. The City is actively recruiting tenants for this center and has identified some potential conflicts with planned alcohol sales within common areas.

Senate Bill 969 (SB 969), signed into law by Governor Gavin Newsom on September 28, 2024, authorizes local governments to designate “Entertainment Zones” where licensed bars and restaurants can sell alcoholic beverages for consumption on public streets and sidewalks during special events. This legislation aimed to revitalize downtown areas and stimulate local economies by increasing foot traffic and supporting hospitality businesses.

ANALYSIS:

As previously presented to Council, The Hub. will support potentially up to 18 tenants, with some of those intending to serve alcohol alongside their food menus. Approximately 14 of those potential tenants will have access to a common outdoor patio area, also known as the “backyard,” located along Ramona Avenue. As a key feature of The Hub., the “backyard” patio space will be used for outdoor dining for tenants that occupy the inline building and the food hall.

With multiple tenants desiring to serve alcohol in a common space, the overlap of alcohol licenses presents some regulatory challenges for Alcoholic Beverage Control (ABC) licensing. Typically, each ABC license applies to a defined, exclusive space for each tenant. Partitioning the “backyard” space into separate and exclusive spaces for each tenant would diminish the unique opportunity to have a community space that is shared between all of the tenants, many of which will not have outdoor spaces on their own. Similar to the “backyard” space, tenants within the inline building along Sixth Street will share a common patio space on the parking lot side of their suites. Rather than divide these common spaces, staff are recommending that, to the extent possible, these spaces remain flexible and open to serve multiple tenants.

SB 969 allows cities to designate a defined area as an Entertainment Zone, where alcohol could be served in a common area. Applying the Entertainment Zone designation to the Hub. would simplify the potential overlap of alcohol licensees, remove the need to partition the backyard space, and allow the patio space in front of the 6th street tenants to serve multiple tenants. Both of these spaces are fenced and will only be served by properly licensed restaurants, which will allow for safe operations while these businesses are open.

The designation and its allowances are proposed seven days a week from 7:00 a.m. to 1 a.m. for unrestricted alcohol consumption, allowing each food and beverage operator to serve its full menu outside or for customers to carry food and drinks outside. This designation does not require service between these hours but simply allows tenants to propose service within this designated time, as appropriate for the individual business plans for each tenant.

While the designation of an Entertainment Zone will allow for flexibility related to the licensing for the food and beverage providers, it does not eliminate the need for each business to seek approval from the Planning & Development Department to sell alcohol, with the opportunity to regulate each business as needed to maintain public safety, including hours of service inside and in the common outdoor spaces.

This designation could also allow for special events to be held within the newly renovated parking lot. Staff is proposing to designate this area for alcohol consumption during special events, but only when the parking lot has temporary fencing and additional security in place, as required by Alcoholic Beverage Control.

The designation of an Entertainment Zone requires the City Council action. There are three options for Council consideration. The first option is to not designate the Hub. as an Entertainment Zone. The second is to adopt a stand-alone ordinance that designates only The Hub. as an Entertainment Zone. The third option is to direct staff to prepare a Municipal Code Amendment to establish a designation process citywide for other sites to apply for the Entertainment Zone designation.

Staff recommend the second option - a single purpose ordinance applicable only to the Hub. (including the parking lot). Designating this area as an Entertainment Zone would address the potential conflicts in ABC licensing, align with the goals of SB 969, and capitalize on the opportunity presented with these common use areas within the Hub. Any future requests to designate an area as an Entertainment Zone would require separate review and City Council consideration.

If directed to proceed with this designation, staff will prepare an ordinance for Council consideration.

FINANCIAL IMPACT:

There are no immediate financial impacts associated with the adoption of this resolution. Potential revenue generation may result from increased business activity during events held within the Entertainment Zone.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action involves the establishment of an entertainment zone as defined by state law that allows for consumption of alcohol outside within defined area and there is no possibility that this action will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: TERESA MARYANSKI, ECONOMIC DEVELOPMENT ADMINISTRATOR

REVIEWED BY: JOEL BELDING, ECONOMIC DEVELOPMENT DIRECTOR

ATTACHMENTS:

1. Exhibit 1 – Presentation