PLANNING COMMISSION AGENDA REPORT

MEETING DATE: APRIL 13, 2026 **ITEM NUMBER: NB-1**

SUBJECT: **CONDITIONAL USE PERMIT (PCUP-25-0023) TO MODIFY THE EXISTING OFF-SALE STATE ALCOHOLIC BEVERAGE CONTROL (ABC) LICENSE FROM TYPE 20 (BEER AND WINE) TO TYPE 21 (GENERAL) FOR AN EXISTING CONVENIENCE STORE (7-ELEVEN) AT 675 PAULARINO AVENUE, UNIT 1**

FROM: **ECONOMIC AND DEVELOPMENT SERVICES DEPARTMENT/ PLANNING DIVISION**

PRESENTATION BY: **JUSTIN ARIOS, ASSOCIATE PLANNER**

FOR FURTHER INFORMATION CONTACT: **JUSTIN ARIOS**
714-754-5667
Justin.Arios@costamesaca.gov

RECOMMENDATION

Staff recommends the Planning Commission:

1. Find that the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15301 (Existing Facilities); and

2. Approve Conditional Use Permit 25-0023 based on findings of fact and subject to conditions of approval.

APPLICANT OR AUTHORIZED AGENT

The applicant and authorized agent is R. Bruce Evans on behalf of 7-Eleven, representing the property owner, 675 Paularino Emerald LLC.

PLANNING APPLICATION SUMMARY

Location:	675 Paularino Avenue, Unit 1	Application Number:	PCUP-25-0023
Request:	Modify the existing off-sale state alcoholic beverage control (ABC) license from Type 20 (Beer and Wine) to Type 21 (General) for an existing convenience store.		

SUBJECT PROPERTY: **SURROUNDING PROPERTY:**

Zone:	C1 (Local Business District)	North (across W Paularino Ave):	PDC (Planned Development Commercial)
General Plan:	General Commercial	South:	C1 (Local Business District)
Lot Dimensions:	120′ x 220′	East:	C1 (Local Business District)
Lot Area:	26,400 SF	West:	C1 (Local Business District)
Existing Development:	Five-unit commercial building with 34 surface parking spaces and an existing bike rack.		

DEVELOPMENT STANDARDS COMPARISON

Development Standard	Required/Allowed C1 Dev. Standard	Existing/Proposed
Building Height		
	2 Stories / 30 FT	1 Story / 17 FT [no change]
Setbacks:		
Front	20 FT	73 FT 8 IN [no change]
Side (interior)	15 FT / 0 FT	24 FT (west) [no change] 8 FT (east) [no change]
Rear (interior)	0 FT	0 FT [no change]
Floor Area Ratio		
	0.20	0.31 [no change] [1]
Parking		
	32 spaces	34 spaces [no change]
[1] Existing FAR is legal-nonconforming		
CEQA Review	Exempt per CEQA Guidelines Section 15301 (Existing Facilities)	
Final Action	Planning Commission	

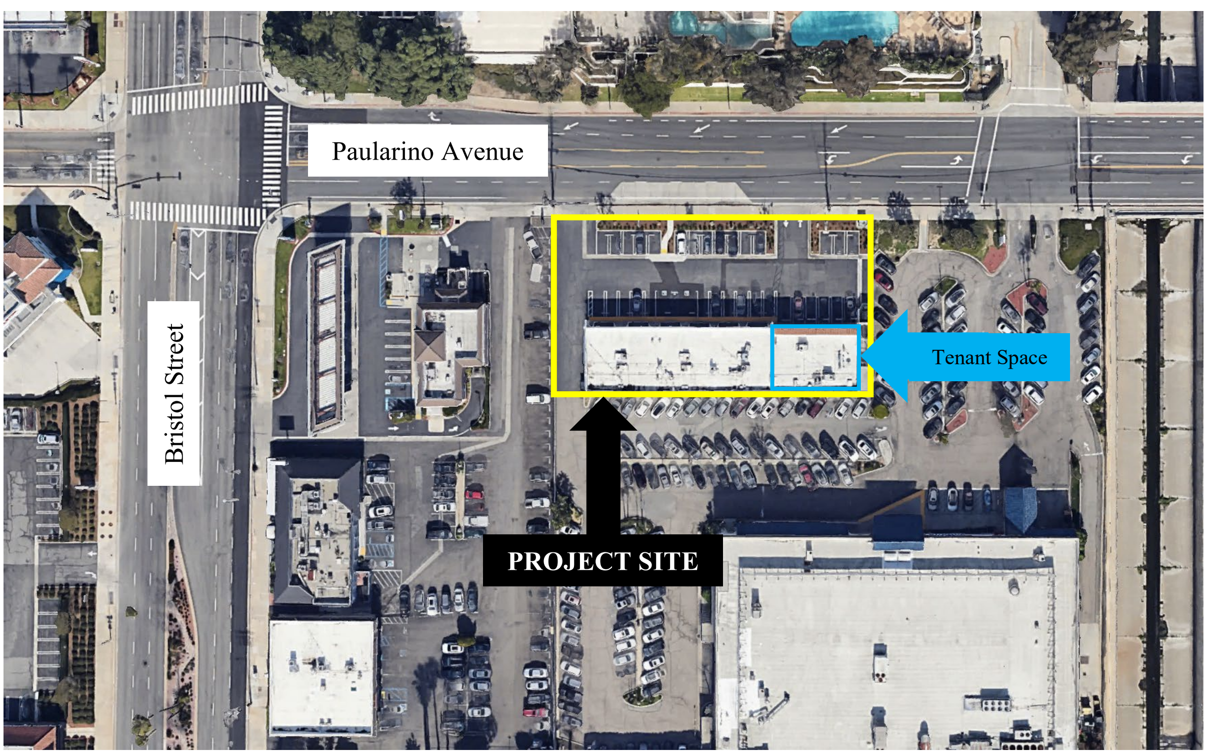
EXECUTIVE SUMMARY

The applicant requests approval of a Conditional Use Permit (PCUP-25-0023) to allow the sale of spirits and liquor at an existing convenience store (7-Eleven) at 675 Paularino Avenue, Unit 1, where only beer and wine are currently sold. Display of the liquor bottles will be limited to a liquor display area that will be located behind the checkout counter. Staff supports the request because the proposed use is consistent with applicable goals, objectives, and policies of the General Plan; complies with applicable provisions of the Zoning Ordinance and respective findings; and is not proposed to operate in a way that would be incompatible with nearby uses. Therefore, staff recommends that the Planning Commission find that the project is exempt from the California Environmental Quality Act (CEQA), and approve the application based on findings of fact and subject to conditions of approval.

SETTING

The subject property is a 26,400-square-foot parcel located at 675 Paularino Avenue. The site is developed with an 8,060-square-foot, five-tenant commercial building located along Paularino Avenue near the intersection of Paularino Avenue and Bristol Street. The existing convenience store currently occupies Suite 1. Suite 2 is occupied by a massage establishment (Tranquil Thai Massage), Suite 3 is occupied by a food use (Sugo Costa Mesa), Suite 4 is occupied by a hair salon (East West Hair) and Suite 5 is occupied by a retail cannabis storefront (Stiiizy).

Figure 1. Project Location



The site is designated General Commercial by the City's Land Use Element of the General Plan and is zoned C1 (Local Business District). The General Commercial designation is intended for a wide range of commercial uses that serve both local and regional needs such as retail stores, theaters, restaurants and service establishments. The C1 zone allows for a wide range of goods and services which are generally less compatible with more sensitive land uses of a residential or institutional nature.

The subject property is adjacent to a C1-zoned property to the south, east and west developed with a Japanese market (Mitsuwa Marketplace) and its associated parking lot to the south and east and gas station with convivence store (Chevron and ExtraMile) to the west. Across Paularino Avenue Road to the north is a PDC-zoned property developed with a hotel (Hilton Orange County/Costa Mesa).

BACKGROUND

The existing convenience store (7-Eleven) currently sells beer and wine and has been operating at the location since 1986. Pursuant to Costa Mesa Municipal Code (CMMC) Title 13, Chapter IX, Article 16, liquor stores, convenience stores and mini-markets are subject to the approval of a Conditional Use Permit (CUP). However, the existing convenience store was originally established without a CUP, as it predated the code section. As required by the CMMC, issuance of a new alcohol license or an expansion of the use triggers the requirement for a new CUP.

REQUEST

The applicant seeks approval of a CUP pursuant to CMMC Section 13-200.71(b) to allow the change of their off-sale ABC license from a Type 20 (Beer and Wine) to a Type 21 (Off-Sale General).

STANDARD OF REVIEW

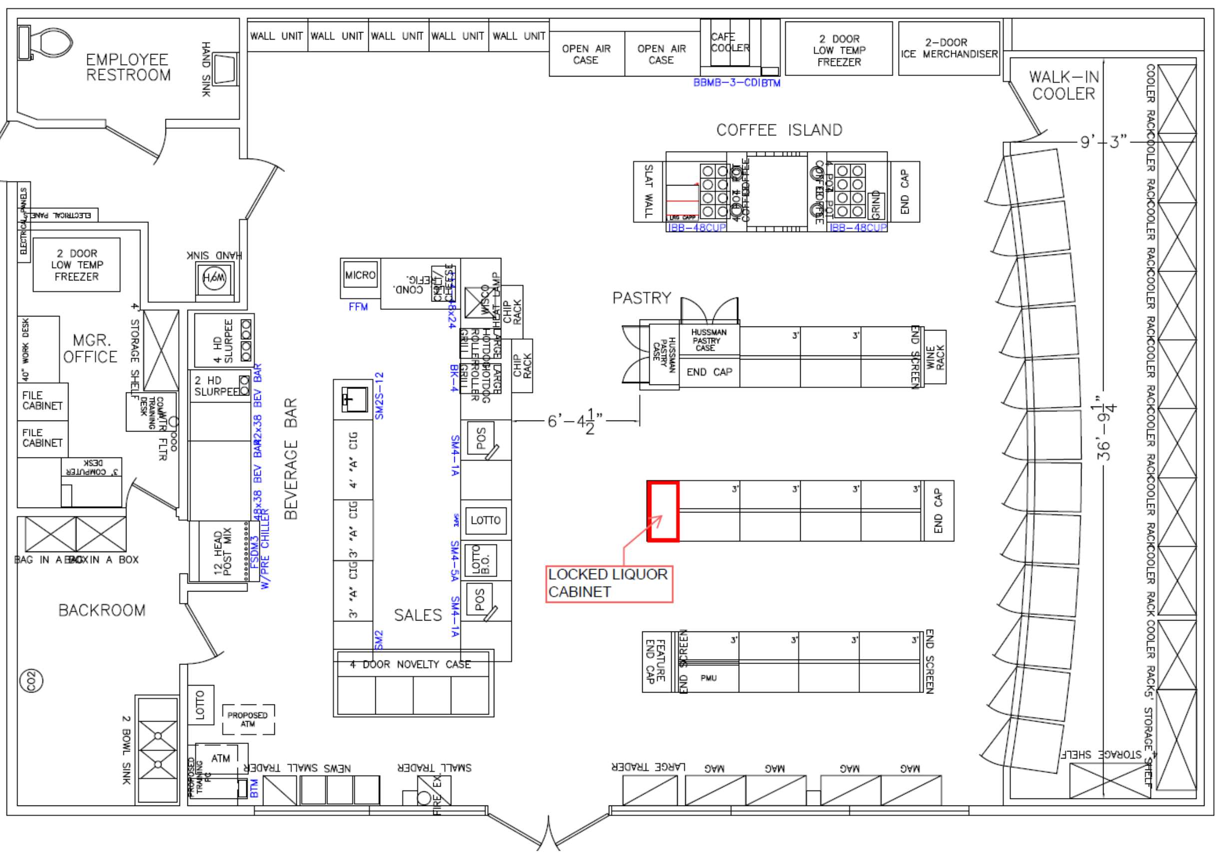
To approve a CUP application under CMMC Section 13-29(g)(2)(a-c), the Planning Commission must find that the proposed use must meet specific criteria. The project must be compatible with surrounding developments and should not be detrimental to nearby properties. Additionally, granting the permit must not harm public health, safety, or welfare, nor permit a use, density, or intensity that is inconsistent with the general plan or applicable specific plans. Each application is project-specific and evaluated on its unique merits to ensure it aligns with the City's development standards and the zoning code.

As necessary, proposed conditional uses may have conditions applied to the development and operations to ensure that the required findings can be met. An assessment of the project's relationship to the findings and General Plan is provided later in this report.

PROJECT DESCRIPTION

The existing convenience store operator (7-Eleven) is requesting to change the type of off-sale ABC license from a Type 20 (Beer and Wine) to a Type 21 (Off-Sale General) to expand the convenience store's sales to include distilled spirits. The convenience store is currently open 24 hours a day and no changes to the hours of operation are proposed. As required by ABC, the sale of alcohol only be allowed between the hours of 6AM to 2AM. The proposed floor plan (Figure 2, below) shows that the distilled spirits offering will be very limited and confined to a locked display cabinet located across from the front counter island. The cabinet is approximately four feet wide and accessible only to store employees. Beer and wine would continue to be available within a walk-in/reach-in cooler.

Figure 2. Floor Plan



ANALYSIS

Conditional Use Permit

Pursuant to Costa Mesa Municipal Code (CMMC) Section 13-30, liquor stores, convenience stores and mini-markets are permitted uses with the approval of a Conditional Use Permit (CUP), and are subject to the provisions of Chapter IX, Article 16 of the Zoning Code. The purpose of the article is to promote the public health, safety, and general welfare of the City by regulating and providing development standards for liquor stores, convenience stores, and mini-markets. Article 16 provisions are also intended to reduce problems associated with liquor stores, convenience stores, and mini-markets such as littering, loitering, graffiti, noise and interference with the quiet enjoyment of surrounding properties and uses.

The City's Police Department has reviewed the request to expand the convenience store's alcohol sales and indicated that it has no concerns regarding the proposed modification to the ABC license. A review of calls for service over the past year shows that incidents in the vicinity were primarily related to alarm calls and keep-the-peace type calls and were not directly associated with the convenience store's sale of alcohol.

Finding of Public Necessity or Convenience

Pursuant to the California Department of Beverage Control (ABC), a Finding of Public Necessity or Convenience (PNC) is not necessary for a change in license type. The subject property is located in Census Tract No. 639.08 and according to the ABC, three off-sale licenses are allowed and currently eleven active off-sale licenses operate within this Census Tract (see Table 1 below).

Table 1. Census Tract 639.08 Off-Sale Licenses

ABC License	Business Name	Address
Type 20 (Off-Sale Beer & Wine)	7-Eleven **[SUBJECT SITE]**	675 Paularino Ave
Type 21 (Off-Sale General)	Mitsuwa Market	665 Paularino Ave
Type 20 (Off-Sale Beer & Wine)	Chevron / ExtraMile	2995 Bristol St
Type 21 (Off-Sale General)	Kwik Korner #57	612 Baker St, Unit B
Type 21 (Off-Sale General)	ARCO / ampm	3033 Newport Blvd
Type 20 (Off-Sale Beer & Wine)	Windsor Homebrew	743 Baker St, Suite D & E
Type 21 (Off-Sale General)	Speedway	751 Baker St, Suite A
Type 20 (Off-Sale Beer & Wine)	7-Eleven	3001 Bristol St, Suite A
Type 20 (Off-Sale Beer & Wine)	Chevron / ExtraMile	3048 Newport Blvd
Type 20 (Off-Sale Beer & Wine)	G&M Oil / G&M Food Mart	3067 Bristol St
Type 21 (Off-Sale General)	Hi-Lo Liquor Market	2981 Bristol St

Although there is an over-concentration of off-sale licenses in this census tract, the applicant would cancel their Type 20 license upon issuance of their Type 21 license resulting in no net increase in the number of off-sale licenses within the census tract, and therefore no PNC will be required.

GENERAL PLAN CONFORMANCE

The Costa Mesa General Plan establishes the long-range planning and policy direction that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa through 2035. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that serve both local needs and attract regional international spending, and providing cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. Over the long term, General Plan implementation will ensure that development decisions and improvements to public and private infrastructure are consistent with the goals, objectives, and policies contained in this Plan.

The proposed convenience store use is in conformance with the General Plan land use designation for the property. The following analysis evaluates the proposed project's consistency with specific policies and objectives of the 2015-2035 General Plan.

1. **Policy LU-6.7:** *Encourage new and retain existing businesses that provide local shopping and services.*

   Consistency: The proposed application will result in retaining an existing business that provides retail opportunities for local businesses, visitors, and residents.

FINDINGS

Pursuant to Title 13, Section 13-29(g), Findings, of the CMMC, to approve the project, the Planning Commission must find that the evidence presented in the administrative record substantially meets the following applicable required Conditional Use Permit findings:

- <u>*The proposed development or use is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area.*</u>

  Consistent. The convenience store has been in operation since 1986. The proposed project is to change the State ABC license type from Type 20 to Type 21 to include the sale of distilled spirts in addition to wine and beer that is already offered. The proposed modification in operations would be compatible with commercial developments in the same general area and would not be materially detrimental to the nearby residential properties because conditions of approval have been included to avoid potential noise, trash and light disturbances. The existing center contains a massage establishment, food use, hair salon and retail cannabis storefront which are compatible with the current and proposed use. The applicant would continue to occupy the existing tenant space and does not propose an expansion to the interior square footage, with only a marginal change to the existing use. There are also no proposed exterior modifications or site improvements. The convenience store will continue to serve the surrounding neighborhood as it has over the past 40 years with no anticipated operational issues.

- *Granting the conditional use permit will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood.*

  Consistent. The proposed use, as conditioned, would not generate adverse noise, traffic, or parking impacts that are unusual for commercially zoned properties. Furthermore, conditions of approval require the use to be conducted in a manner that would allow for the quiet enjoyment of the surrounding neighborhood. The Police Department has reviewed the proposed use and has no objections to the approval of the application.

- *Granting the conditional use permit will not allow a use, density or intensity which is not in accordance with the General Plan designation and any applicable specific plan for the property.*

  Consistent. The existing convenience store is conditionally permitted in the C1 (Local Business) zone. The General Plan land use designation of the property is General Commercial. The existing convenience store use is an appropriate retail use for the General Commercial land use designation. The proposed project would allow for the sale of distilled spirits and does not change the primary use which is a convenience store. Furthermore, the proposed project is consistent with General Land Use Policy LU-6.7 in that the proposed project would retain the existing retail business and continue to provide retail opportunities for local businesses, visitors, and residents.

ENVIRONMENTAL DETERMINATION

The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15301 (Class 1), Existing Facilities. The Class 1 exemptions apply to minor alterations to existing facilities or structures involving negligible or no expansion of the existing use. The project involves no exterior alterations or additions to an existing commercial building. As conditioned and proposed, the project will have little or no impact on the surrounding area. There will be no resulting increase in the existing floor area of the tenant space. Furthermore, none of the exceptions that bar the application of a categorical exemption pursuant to CEQA Guidelines Section 15300.2 apply. The Project would not result in a cumulative impact; would not have a significant effect on the environment due to unusual circumstances; would not result in damage to scenic resources; is not located on a hazardous site or location and would not impact any historic resources.

ALTERNATIVES

As an alternative to the recommended action, the Planning Commission may:

Approve the project with modifications. The Planning Commission may suggest specific changes that are necessary to alleviate concerns. If any of the additional requested changes are substantial, the item should be continued to a future meeting to allow a redesign or additional analysis. In the event of significant modifications to the proposal, staff will return with a revised Resolution incorporating new findings and/or conditions.

Deny the project. If the Planning Commission believes that there are insufficient facts to support the findings for approval, the Planning Commission must deny the application, provide facts in support of denial, and direct staff to incorporate the findings into a Resolution for denial. If the project is denied, the applicant could not submit substantially the same type of application for six months.

PUBLIC NOTICE

Pursuant to CMMC Section 13-29(d) three types of public notification have been completed no less than 10 days prior to the date of the public hearing:

1. **Mailed notice.** A public notice was mailed to all property owners and occupants within a 500-foot radius of the project site April 1, 2026. The required notice radius is measured from the external boundaries of the property.

2. **On-site posting.** A public notice was posted on each street frontage of the project site on April 2, 2026.

3. **Newspaper publication.** A public notice was published once in the Daily Pilot newspaper on April 3, 2026.

As of the completion date of this report, no written public comments have been received. Any public comments received prior to the April 13, 2026, Planning Commission meeting will be provided separately.

CONCLUSION

Approval of the project would allow the existing convenience store to expand the sale of only beer and wine to a full line of alcoholic beverages including distilled spirits. The proposed use is in conformance with the General Plan, Zoning Code, Planning Application Review Criteria, and the required CUP findings can be made. The proposed use, as conditioned, would be compatible with the surrounding residences and commercial businesses and would not be materially detrimental to other properties within the area. Therefore, staff recommends approval of the proposed project, subject to the conditions of approval contained in the attached resolution.

ATTACHMENTS

1. Draft Planning Commission Resolution
2. Applicant Letter
3. Plans