



CITY OF HAYWARD

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Cover Memo

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DATE: January 12, 2023

TO: Planning Commission

FROM: Steve Kowalski, Associate Planner

SUBJECT

Proposal to Amend Chapter 10, Article 1 (Zoning Ordinance) Section 10-1.2750 of the Hayward Municipal Code for Updates to the Alcoholic Beverage Outlets Ordinance and Related Regulations in the City of Hayward, Requiring Approval of a Zoning Text Amendment.

RECOMMENDATION

That the Planning Commission recommend to the City Council approval of the proposed Zoning Text Amendments (Attachment III) to Chapter 10, Article 1 (Zoning Ordinance) of the Hayward Municipal Code (HMC) to make various modifications to the definition of "Full-Service Restaurant" aimed at supporting existing full-service Hayward restaurants and encouraging more new full-service restaurants with ancillary alcohol sales to locate in the City and to update regulations requiring the provision of information to patrons on safe alternatives for getting home as a performance standard for new and deemed-approved alcoholic beverage sales establishments where on-site alcohol consumption is permitted.

SUMMARY

The City's Strategic Roadmap contains various priorities identified by the City Council, one of which is to "Grow the Economy" by investing in programs that support Hayward businesses and workers. One of the projects listed in the Strategic Roadmap calls for implementing revisions to the City's Alcoholic Beverage Outlets (ABO) Ordinance (HMC Section 10-1.2750) to better support existing full-service restaurants and encourage more new full-service restaurants to locate in the city.

Currently, the ABO Ordinance requires all full-service restaurants to maintain a minimum of 60 percent of gross revenues from food sales with a maximum of 40 percent allowed to be derived from alcohol sales. The ABO Ordinance also does not currently allow for arrangements wherein different entities own the food service and alcohol service components of an establishment, and it currently limits the time when restaurants can offer "happy hour" discount pricing on alcoholic beverages from 4:00 to 9:00 PM.

The proposed Amendments would modify the ABO Ordinance to include the following revisions:

- Change the required ratio of food-to-alcohol sales at full-service restaurants from 60:40 to 50:50 to enable such restaurants to earn higher revenues overall from the resulting increase in allowable

revenues from alcohol sales;

- Update the definition of a “full-service restaurant” to include various types of arrangements wherein separate entities own the food service and alcohol beverage service components of the establishment;
- Allow kitchens to be built within freestanding structures on an establishment’s premises to provide operators with even more flexibility when considering establishment layouts/arrangements;
- Modify the hours when alcohol serving establishments can offer “happy hour” discount pricing; and
- Require establishments that sell alcohol for on-site consumption to provide patrons with information on safe alternatives for getting home in the event they are too intoxicated to drive themselves.

Staff believes the proposed Amendments will help to improve business at the City’s full-service restaurants by allowing them to increase total revenues from alcohol sales and provide additional flexibility for new and existing restaurants wanting to establish in Hayward while creating an updated regulatory framework that will ensure a significant amount of revenue be derived from food sales. It will also enhance public safety and welfare by requiring all alcohol-serving establishments to provide information for patrons on ways to get home safely in the event they are too intoxicated to drive.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Findings for Approval
Attachment III	Proposed Zoning Text Amendments