



CITY OF HAYWARD

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Cover Memo

File #: PH 23-013, **Version:** 1

DATE: March 7, 2023

TO: Mayor and City Council

FROM: Acting Development Services Director

SUBJECT

Alcoholic Beverage Regulations Update: Adopt a Resolution Amending Chapter 10, Article 1, Section 10-1.2750 (Alcoholic Beverage Outlets) of the Hayward Municipal Code to Make Updates to the Regulations Governing Alcoholic Beverage Outlets Throughout the City, and Finding that the Action is Exempt from CEQA Review and Introducing an Ordinance Codifying the Amendments

RECOMMENDATION

That the City Council adopts a resolution (Attachment II) supporting the proposed Zoning Text Amendments to Chapter 10, Article 1, Section 10-1.2750 (Alcoholic Beverage Outlets) of the Hayward Municipal Code updating the regulations governing alcoholic beverage outlets and finding the Amendments to be exempt from the California Environmental Quality Act (CEQA), and introduces an ordinance codifying the Amendments (Attachment III).

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 contained in Hayward Municipal Code 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 discount ("happy hour") 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 additional 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 is still 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	Resolution
Attachment III	Draft Ordinance
Attachment IV	Planning Commission Draft Minutes of 2/9/23 Alcoholic Beverage Regulations