

Exhibit P-1 Revised Project Narrative

City Council Hearing:

Consideration of Conditional Use Permit Application No. P22-03906

**Circle D Food, Liquor & Gas
Operational Statement
2520 E. Olive Ave.**

Revised July 19, 2024

Project Description/Request

Request for a Conditional Use Permit to allow the conversion of an existing convenience store to a *general market* and gas station at the southeast corner of E. Olive Ave. and N. Fresno St., 2520 E. Olive Ave., Fresno.

Other facts pertinent to this project are as follows:

Owner/Applicant:

Mr. Baldev S. & Ms. Jasjit Khela
11770 N. Bella Vita Ave.
Fresno, CA 93730
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Representative

Dirk Poeschel Land Development Services, Inc.
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Fresno, CA 93721
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<u>Project Address:</u>	2520 E. Olive Ave.
<u>Area/APN:</u>	0.57 +/- acres/APN: 452-081-17S
<u>Existing Land Use:</u>	Neighborhood Market & Gas Station
<u>Proposed Land Use:</u>	Neighborhood Market & Gas Station
<u>Existing Zone District:</u>	CC (Commercial Community)
<u>Proposed Zone District:</u>	CC (Commercial Community)
<u>Community Plan Area:</u>	Fresno High Community Plan

Background & Project Operation

The existing Circle D Food, Liquor & Gas convenience store has been operated by the applicant at 2520 E. Olive Ave., since 1994. As part of its operation, a Type 21 Off-Sale General license was issued by the Alcoholic Beverage Control (ABC) department on July 5, 2012. The owners have had no ABC licensing violations during their almost three decades of operation at this location.

On April 17, 2018, the building suffered significant structural damage due to a fire. On April 23, 2018, the owners surrendered their Type 21 license to ABC. Following the fire, the owners indicated their intent to renovate the building and reactivate the license at a future time. A dispute with the owner's insurance carrier took over 1½ years to resolve. Due to the complications with the insurance claim, the repair work was not able to proceed until 2023.

The existing convenience store has been refurbished and converted to a *General Market* which is an allowed use "by right" in the CC (Community Commercial) zone district. According to the City of Fresno's Code of Ordinances, a *General Market* is defined as "Retail food markets of food and grocery items for offsite preparation and consumption. Typical uses include supermarkets, neighborhood grocery stores, and specialty food stores."

The owner has rebuilt and refurbished the facility as a 2,932 sq. ft. *general market* that will include healthy food choice items such as fresh fruits and vegetables and fresh sandwiches from a local bakery. The owners have made substantial internal and external improvements including the addition of windows to improve visibility to the parking lot, and the addition of an indoor seating area for on-site dining. The owner intends to reopen the four existing gas pumps to resume sale of gasoline. The gas pump component of this project is currently being reviewed through Conditional Use Permit (CUP) permit number P22-04148.

The project also includes the sale of liquor which has historically occurred on-site for almost three decades without incident. The applicant will devote the same type, intensity and square footage of shelf and refrigeration displays as was the use prior to the fire with no expansion of offerings. The Type 21 Off-Sale General license is being processed under CUP P22-03906.

1. Hours of Operation

As occurred previously, the owner is proposing to be open 20 hours a day from 6:00 a.m. to 2:00 a.m. daily and will be operating year-round.

2. Employees

As previously operated, 3 full-time employees work each of the 2 shifts with 2 part-time employees.

3. Customers

According to the owner, approximately 60% of the customers purchase both gas and groceries and 40% purchase groceries only. Many customers walk to the site due to its proximity to the U.S. Post Office as well as the Fresno Area Rapid Transit stop to the north of the property.

4. Service Delivery Vehicles

Typically, there will be 15 deliveries per week for the general market and 2 deliveries of gas for the pumps.

5. Access to the site

The site will be accessible from a driveway approach off N. Fresno St. and another off E. Olive Ave. Per city directives, an existing second driveway along E. Olive Ave. will be abandoned, leaving two points of access.

6. Number of parking spaces for employees, customers, and service/delivery vehicles.

No change. There are currently 12 paved site parking stalls, 1 handicapped stall, and 4 parking bays underneath the gas island canopy. Three cars can also be parked along the landscaping island in the northeast portion of the site. A 15 ft. by 40 ft. truck loading zone is also provided along the eastern side of the property. The type of surfacing used is asphalt concrete. For more details, see *Exhibit "A" - Site Plan*.

7. Estimated traffic

No change.

8. Are any goods to be sold on-site?

The types of goods that will be sold are groceries, beverages, dairy products, premium coffees, baked goods, deli choices, as well as non-perishable foods that are packaged in boxes, cans, and bottles. The refrigeration section will include dairy products, cold deli products, and essential last-minute food preparation items for residents of the surrounding area. The hot foods area will provide on-the-go ready foods with a variety of choices such as hot sandwiches, burritos, hot dogs, etc.

The Personal Item section will include pharmaceuticals such as first aid products, diapers and baby products, non-prescription cold medicines and ointments, and other related products. The Home and Auto section will include cleansers, paper products, and small automotive supplies like oil, transmission fluid, fuses, and funnels. See *Exhibit "C" – Detailed Floor Plan* for a full list of stock items.

Wine, beer and distilled spirits (i.e. liquor) will again be sold with approval of CUP P22-03906 for a Type 21 Off-Sale General license. The applicant will devote the same type,

intensity and square footage of shelf and refrigeration displays as was the use prior to the fire with no expansion of offerings. As was previously done, spirits will be located behind the counter. The owners have had no ABC licensing violations during their almost three decades of operation at this location.

Wine will be displayed on four 18 in. deep shelves approximately 8 ft. long for a total footprint of approximately 12 sq. ft. (1.5 ft. x 8 ft.). Beer will be available in the refrigerated section of the store in five displays occupying an area 15 ft. wide and 2 ft. deep for a total of 30 sq. ft. (15 ft. x 2 ft.). The sale of spirits will be limited to a *shelving area* measuring 12 in. deep and 12 ft. in length for a total of 12 sq. ft. (1 ft. x 12 ft.). The spirits will be located behind that counter and *will not* be accessible to the public. The total square footage devoted to distilled spirits will be **54 sq. ft.** (12 sq. ft. + 30 sq. ft. + 12 sq. ft. = 54 sq. ft.).

The building is 2,932 sq. ft. with the area designated for spirits representing a very small fraction of the overall floor area. Total alcohol beverage products will occupy approximately **1.8%** of the overall market floor area (54 sq. ft. ÷ 2,932 sq. ft.) demonstrating that the sale of alcohol is clearly *incidental* to the overall *general market*. For details, see *Exhibit "B" - Floor Plan & Exhibit "C" – Detailed Floor Plan*.

All alcohol sales will be conducted in compliance with Fresno Police Department and Department of Alcoholic Beverage Control requirements.

No magazines of any of any kind, including adult magazines, were or will be sold on the premises.

No e-cigarettes will be sold.

No drug or smoking paraphernalia, such as smoking papers, pipes, etc. were or will be sold.

9. What equipment is used?

Equipment includes 2 point of sale cash registers, a soda machine, slant roller grill, hot pizza display, coffee maker, ice cream bunker, bakery display, nacho cheese machine, ice freezer, 15 refrigerated displays with cool storage, gondola displays, and 4 gas pumps.

10. What supplies or materials are used and how are they stored?

The *Circle D Food, Liquor & Gas* will store canned and frozen food and groceries on shelving gondolas accessible from the aisles. Dairy products, prepared sandwiches, meats and cheeses will be stored in refrigeration units. Dry storage for fruits and vegetables will be on racks.

Gasoline for the pumps will be stored in two existing underground storage tanks.

The facility is professionally deep cleaned twice a week. No cleaning supplies or chemicals are stored on-site.

11. Does the use cause an unsightly appearance?

Glare:

None.

Dust:

None.

Odor:

This project will not produce odors.

12. List any solid or liquid waste to be produced.

No change. The project will produce approximately 225 lbs. of domestic garbage per day and 270 lbs. of paper/cardboard. Garbage will be placed in a dumpster and paper and cardboard will be stored in a container. Both will be hauled by solid waste management twice per week.

13. Water usage

No change. The water use estimated consumption is 1,800 gallons per day.

14. Describe proposed advertising including size, appearance, and placement.

The existing metal monument sign with market name and gas price will be refurbished. An existing pole sign remains in place in the planter along N. Fresno St. The name of the business will also be painted on the building above the entry. For more details, see *Exhibit "E" - Before and After Elevations*.

15. Will existing buildings be used or will new buildings be constructed?

Describe type of construction materials, height, color, etc. Provide floor plan and elevations, if appropriate.

The existing building is 2,932 sq. ft. The existing gas canopy is 1,283 sq. ft. The refurbished *general market* includes updated building colors to make the building more attractive and inviting. Windows are proposed on the west and south building elevations to improve building attractiveness, enhance natural lighting and provide security viewsheds in and out of the building. Two obsolete on-site telephone booths will be removed. Perimeter fencing will be replaced.

16. Will any outdoor lighting or an outdoor sound amplification system be used?

Describe and indicate when used.

No change. Outdoor lighting is hooded and directed downward to avoid causing any nuisance to nearby residents. No sound amplification will be used on site.

17. Landscaping or fencing proposed? Describe type and location.

Modified landscape materials are proposed to improve durability of plantings and provide complimentary color. All landscaping will be in conformance with city standards. For more details see *Exhibit "D" – Landscape Plan*.

18. Any other information that will provide a clear understanding of the project or operation.

The project will include cameras and security monitors inside the store and outside in the parking lot for security purposes per City of Fresno Police Department requirements.

The owners implement a comprehensive training program focused on the safe and legal sale of age restricted products and prevent the sale of alcoholic beverages to minors or intoxicated persons. A program refresher is required every year.

Circle D Market
2520 E. Olive Ave.

Statement of Public Convenience or Necessity

August 7, 2024

Applicant:

Mr. Baldev S. & Mrs. Jasjit Khela
2520 E. Olive Ave.
Fresno, CA 93701

Representative:

Dirk Poeschel Land Development Services, Inc.
c/o Mr. Dirk Poeschel, AICP
923 Van Ness Ave., Suite 200
Fresno, CA. 93721
(559) 445-0374

Property Location:

2520 E. Olive Ave.
Fresno, CA 93701
APN: 452-081-17s

Existing General Plan Land Use Designation:

Commercial

Existing Zoning:

CC (Commercial Community)

Related City of Fresno Land Use Permits:

- Conditional Use Permit P22-03906 to allow for a *grocery store* “by right” & ABC license upgrade from Type-20 to Type-21.
- Conditional Use Permit P22-04148 to allow for gas fueling station.

Background:

State planning law requires applicants for an alcoholic beverage license to provide a justification in support of a finding of *Public Convenience or Necessity*. The following is justification for the proposed *general market* as defined in the City of Fresno Municipal Code. The applicant also proposes to apply for a Type 21 alcoholic beverage license for the proposed *general market* located at 2520 E. Olive Ave., within the City of Fresno and a finding of *Public Convenience or*

Necessity. The Type 21 alcoholic beverage license will allow for the sale of beer, wine, and spirits in the proposed *general market*.

The existing Circle D Food, Liquor & Gas has been operated by the applicant at 2520 E. Olive Ave., since 1994. As part of its operation, a Type 21 Off-Sale General license was issued by the Alcoholic Beverage Control (ABC) department on July 5, 2012. The owners have had no ABC licensing violations during their almost three decades of operation at this location.

On April 17, 2018, the building suffered significant structural damage due to a fire. On April 23, 2018, the owners surrendered their Type 21 license to ABC. Following the fire, the owners indicated their intent to renovate the building and reactivate the license at a future time. A dispute with the owner's insurance carrier took over 1½ years to resolve. Due to the complications with the insurance claim, the repair work was not able to proceed until 2023.

Circle D Food, Liquor & Gas has and will continue to operate as a grocery store providing a general line of food, such as canned and frozen foods, fresh fruits and vegetables, prepared meats, personal items, basically all items pertaining to a *general market*. It is noted that a *General Market* is an allowed use and is permitted "by right" in the CC (Community Commercial) zone district. According to the City of Fresno's Code of Ordinances, a *General Market* is defined as "Retail food markets of food and grocery items for offsite preparation and consumption. Typical uses include full-service grocery stores, neighborhood grocery stores, and specialty food stores..."

The applicants have made substantial internal and external improvements including the addition of windows to improve visibility to the parking lot, and the addition of an indoor seating area for on-site dining. The owner intends to reopen the four existing gas pumps to resume sale of gasoline. The gas pump component of this project is currently being reviewed through Conditional Use Permit (CUP) P22-04148.

The project will also include the sale of liquor which has historically occurred on-site for almost three decades without incident. The applicant will devote the same type, intensity and square footage of shelf and refrigeration displays as was the use prior to the fire with no expansion of offerings. The Type 21 Off-Sale General license is being processed under CUP P22-03906.

Justification:

1. Consistent with City General Plan

Circle D Food, Liquor & Gas site is designated in the adopted City of Fresno General Plan and zoned CC (Commercial Community) which allows for *general markets* "by right" and allows for Type-21 ABC license with approval of a Conditional Use Permit.

2. Applicant has an Excellent Record of Compliance

Prior to the fire, the applicants have had no ABC licensing violations during their almost three decades of operation at this location. The applicant intends to continue to run a clean and prestigious establishment with no violations. A positive record of compliance should be recognized as in the granting of other permits.

The City of Fresno Police Department does not oppose issuance of the proposed ABC license if the applicant complies with the department's recommended conditions of approval. The applicant has affirmatively replied agreement with all City of Fresno Police conditions and those that may be imposed by the Department of Alcoholic Beverage Control. Those conditions will ensure that the proposed use does not pose a threat to public health, safety, and welfare.

3. Compatible Neighborhood Use

Circle D Food, Liquor & Gas will not be detrimental to the character of development in the immediate neighborhood. In fact, the immediate neighborhood generated over 50 letters of support for the approval of *Circle D Food, Liquor & Gas*. Please see *Exhibit "A" – Grocery Item List* for the list of the food items, to be sold at the proposed facility.

No magazines of any kind or drug paraphernalia will be sold at the site.

4. Provision of Healthy Food Choices

Approval of *Circle D Food, Liquor & Gas* general market will sell general market items such as bakery items, candies, nuts, meat and produce, healthcare items, dairy products, burritos, pizzas, and healthy choice salads. Bread and refrigerated vegetables will also be sold as will premium coffee and coffee products. *Circle D Food, Liquor & Gas* will provide all the items it previously had available to the public prior to the fire. See *Exhibit "A"* attached.

In recent years, California has released a healthy initiative through the Healthy Refrigeration Grant Program, administered by the state's Office of Farm to Fork. The program, which offers grants to individual stores, is using corner stores and small markets to expand access to fresh foods for residents of all communities. As it did before, *Circle D Food, Liquor & Gas* will facilitate access for market items to the surrounding community in hopes that it will motivate dietary change in the residents and employees of the area, providing for a healthy community. Approval of the *Circle D Food, Liquor & Gas* ABC license request will allow the business establishment to continue contributing to a diverse range of retail and consumer food and beverages choices.

According to Grocery Dive newsletter, *many grocery entrepreneursare seeking to address a lack of healthy and affordable food options, which extensive research has shown disproportionately impacts low-income and high-minority communities.*

5. Grocery Store Economics

A modern grocery store of the size proposed can cost over 2 million dollars to construct. While alcohol sales represent a small percentage of total site sales, those sales have a higher profit margin that indirectly subsidizes other offerings. Empirical evidence is clear that grocery/convenience stores that do not sell alcohol lose a competitive position against those venues that do sell alcohol and that customers who desire convenience simply shop elsewhere.

Without alcohol sales, grocery/convenience stores simply cannot compete in a highly competitive alcohol sales industry. Said another way, alcohol sales will help fund the proposed site and building upgrades, and keep the project well maintained.

Convenience may be an ugly word in this context, but all grocery food and alcohol retailers strive for *convenience* to address customer's demand. Consumers who cannot meet their purchasing expectations for food, sundries, and alcohol in a convenient location or transaction process simply go elsewhere and industry statistics show never return.

Rabo Bank food and agribusiness research of the grocery store industry found that among other things:

"In an industry defined by narrow margins and facing pressure from new competitors like Amazon and meal delivery services, beverage alcohol represents a high-growth, higher-revenue department that can draw in wealthier consumers and vastly increase spending per visit."

According to IT Retail, grocery stores operate on razor-thin profit margins. The industry average is between one and three percent, far below other retail sectors. An unintended consequence of denying the sale of the same alcoholic beverages as was allowed prior the fire, could place the economic success of the store in jeopardy leaving a relatively large specialty building vacant, producing no tax revenue and being a blighted detriment to the city.

6. Alcohol will be an ancillary sale item

Alcohol will be an ancillary sale item at the proposed facility. Wine, beer and alcohol will be displayed in similar percentages as before the fire. For example, the total square footage devoted to distilled spirits will be **54 sq. ft.** (12 sq. ft. + 30 sq. ft. + 12 sq. ft. = 54 sq. ft.). There will be no on floor display of distilled spirits. The proposed percentage of floor area allocated to the display and sale of alcoholic beverages is small compared to other similar uses in the neighborhood and the grocery industry.

<https://dplds.sharepoint.com/shared documents/current clients/khela cup appeal - 2520 e olive 23-65/correspondence/circle d market - convenience need or necessity.docx>

Exhibit “A”

Circle D Market – Grocery Item List

Fruits (*Seasonal fruits provided as available)

- Apples
- Avocados
- Bananas
- Cherries *
- Grapes *
- Grapefruit *
- Lemons *
- Limes *
- Melons *
- Nectarines *
- Oranges *
- Peaches *
- Pears
- Plums *

Vegetables (*Seasonal vegetables provided as available)

- Asparagus
- Beets
- Broccoli
- Cabbage
- Cauliflower
- Cilantro
- Celery
- Corn *
- Cucumbers
- Eggplant *
- Garlic
- Green Onions
- Lettuce
- Onions
- Peppers
- Potatoes
- Salad Greens
- Spinach
- Sweet Potatoes
- Tomatoes
- Zucchini *

Dairy

- Butter
- Cheddar Cheese
- Mozzarella Cheese
- Cream Cheese
- Eggs
- Feta Cheese

- Milk
- Shredded Cheeses
- Sour Cream
- Yogurt
- Whipped Cream

Bread and Baked Goods

- Naan
- Bread
- Bagels
- Cake
- Croissants
- Cookies
- Donuts
- Hamburger Buns
- Hot Dog Buns
- Muffins
- Pita Bread
- Tortillas
- Wraps

Meat and Fish

- Assortment of Pre-Packaged Deli Meats
- Lunchables
- Bacon
- Ham
- Hot Dogs
- Sausages
- Tuna
- Eggs

Meat Alternatives

- Paneer
- Soy Burgers
- Soy Hot Dogs
- Tofu
- Veggie Burgers

On-The-Go Cold & Hot Foods

- Sub Sandwiches (ham, turkey, tuna, egg salad, etc.)
- Hot Dogs
- Tacos
- Pita Pockets
- Salads

Cans and Jars

- Apple Sauce
- Baked Beans
- Black Beans
- Broth
- Canned Fruit
- Carrots
- Chickpeas
- Tomatoes
- Creamed Corn
- Jam/Jelly
- Olives
- Pasta Sauce
- Peas
- Peanut Butter
- Pickles
- Pie Filling
- Soup

Pasta, Rice, Legumes, and Cereals

- Breakfast Cereals
- Couscous
- Granola
- Lasagna Noodles
- Macaroni
- Oats
- Pasta
- Quinoa
- Rice
- Rice Noodles
- Spaghetti
- Vermicelli
- Lentils
- Beans
- Ramen

Sauces and Condiments

- BBQ Sauce
- Chutney
- Coconut Oil
- Honey
- Horseradish
- Hot Sauce
- Lemon Juice
- Mayonnaise
- Mustard
- Olive Oil
- Relish

- Salad Dressing
- Salsa
- Soy Sauce
- Steak Sauce
- Sweet and Sour Sauce
- Teriyaki
- Ketchup
- Vegetable Oil
- Vinegar

Herbs and Spices

- Basil
- Bay Leaves
- BBQ Seasoning
- Black Pepper
- Cajun Seasoning
- Cinnamon
- Cloves
- Cumin
- Curry Powder
- Coriander Seed
- Garlic Powder
- Garlic Salt
- Italian Seasoning
- Oregano
- Paprika
- Red Pepper
- Sage
- Salt
- Sugar

Frozen Foods

- Burgers
- Chicken
- Chopped Fruits
- Ice cream
- Ice pops
- Pies
- Pizza
- Waffles
- Ice

Snacks

- Almonds
- Candy
- Cashews
- Trail Mix
- Chips
- Peanuts
- Corn Nuts
- Crackers

- Dried fruit
- Multi Grain & Granola Bars
- Gelatin
- Popcorn
- Pop-Tarts
- Potato chips
- Pretzels
- Pudding
- Seeds
- Tortilla Chips

Drinks

- Beer
- Club Soda
- Coconut Water
- Coffee
- Energy Drinks
- Juice
- Kombucha
- Liquor
- Milk
- Soft Drinks
- Teabags
- Wine

Household and Cleaning

- Air Freshener
- Aluminum Foil
- Batteries
- Bleach
- Coffee Filters
- Dish Soap
- Dishwasher Detergent
- Fabric Softener
- Floor Cleaner
- Garbage/Plastic Bags
- Glass Spray
- Laundry Detergent
- Light Bulbs
- Napkins
- Plastic Wrap
- Paper Towels
- Sponges
- Surface Spray
- Toilet Paper
- Waxed paper
- Charcoal
- Lighting Fluid

Personal Care

- Body Lotion
- Bug Repellant
- Conditioner
- Cotton Swabs
- Dental Floss
- Deodorant
- Facial Tissue
- Hand Soap
- Lip Balm
- Mouthwash
- Razors
- Shampoo
- Shaving Cream
- Shower Gel
- Sunscreen
- Toothpaste

Pet Care

- Cat Food
- Cat Litter
- Chew Toys
- Dog Food
- Dog Treats
- Pet Shampoo
- Poop Bags

Baby Products

- Baby Food
- Baby Wipes
- Diapers
- Diaper Cream
- Formula