



H2O Hermosa Hotel  
1429 Hermosa Avenue  
Hermosa Beach, CA 90254

September 6, 2025

Office of the City Clerk  
City of Hermosa Beach  
1315 Valley Drive, 2nd Floor  
Hermosa Beach, CA 90254

Subject: Protest of Proposed Hermosa Beach Tourism Improvement District (HBTID)

Dear City Clerk and Members of the Hermosa Beach City Council,

As the owner and operator of H2O Hermosa Hotel, located at 1429 Hermosa Avenue, I am submitting this letter of protest regarding the proposed formation of the Hermosa Beach Tourism Improvement District (HBTID) and the associated 2% assessment on gross short-term room rental revenue. While we appreciate the City's and the Hermosa Beach Chamber of Commerce and Visitors Bureau's efforts to support local tourism, we must respectfully oppose the HBTID in its current form for the following reasons:

1. Financial Burden Without Guaranteed ROI – A 2% assessment represents a significant annual cost to our property (approximately \$49,000 based on our 2024 financials). This cost is substantial, and while it may technically be “passed on to the customer,” the reality is that doing so risks irritating our repeat guests and damaging the goodwill we’ve worked hard to build. In practice, the burden will fall back on us, as we will be forced to reduce our rates in order to remain competitive in the marketplace.
2. Disproportionate Benefit Concerns – Larger beachfront hotels may realize outsized benefits from district-wide marketing, while smaller boutique properties like ours may not see proportional value from the shared fund.
3. Timing and Business Stability – H2O Hermosa only recently found its footing as a business. We opened during the COVID-19 pandemic, endured heavy initial losses, and have faced a long, difficult road just to stabilize operations. Even now, our financial performance is modest and far from highly profitable. Adding this assessment at this time jeopardizes the fragile progress we have made.
4. Transparency and Accountability – The current plan lacks sufficient guarantees for transparent reporting, direct ROI tracking, and meaningful inclusion of smaller hotel operators in governance decisions. Without these safeguards, it is difficult for us to commit resources with confidence.

For these reasons, we must respectfully register our protest and request that the City not move forward with establishing the HBTID as currently presented.  
Thank you for your consideration of this position.

Sincerely,



# H<sub>2</sub>O HERMOSA

DocuSigned by:

*Philo Chhabria*

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Philomina Chhabria

Owner, H2O Hermosa Hotel

9/9/2025

Signed by:

*RAVI KHOSLA*

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Ravi Khosla

Owner, H2O Hermosa Hotel

9/9/2025