

HERMOSA BEACH

ADJUSTMENT OF FEES FOR COMMERCIAL ENCROACHMENT AREAS



BACKGROUND

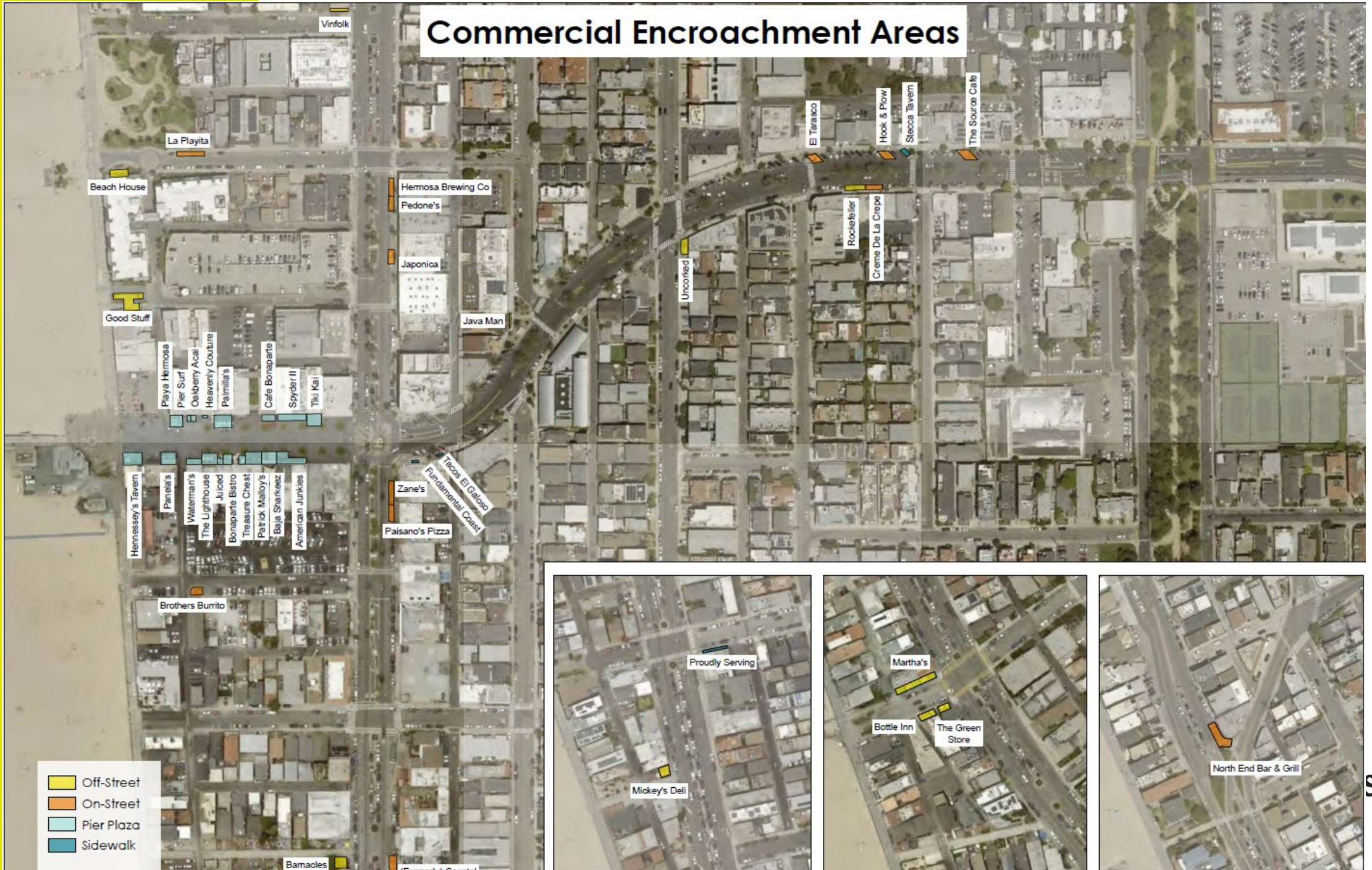
- At its January 13, 2026 meeting, Council requested an item regarding changing fees for some commercial encroachment areas off Pier Plaza

BACKGROUND

- During COVID-19 pandemic, new encroachment areas were allowed and existing were allowed to expand with no fees
- In January 2022, \$1.50 per square foot was implemented
- In June 2023, new fees were established for various categories for a three-year period (per following table)

Encroachment Area Category	Approved Fee per square foot, per month for 2023-24	Approved Fee per square foot, per month for 2024-25	Approved Fee per square foot, per month for 2025-26
Pier Plaza, closes encroachment at 12:30am	\$4.00	\$5.00	\$6.00
Pier Plaza, closes encroachment at 11pm	\$2.00	\$3.00	\$4.00
Pier Plaza, closes encroachment before 11pm; off-Pier Plaza; on-street; sidewalk; retail	\$1.00	\$2.00	\$2.50

Commercial Encroachment Areas



- Off-Street
- On-Street
- Pier Plaza
- Sidewalk



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DISCUSSION

- Council requested fees for retail and dining areas without table service be reduced to \$2 per square foot
- Council may consider other fee options for these spaces and the inclusion of other spaces (e.g., retail)
- 6 fee scenarios are described on following slides:

DISCUSSION – FEE OPTIONS

Option 1: Approve a new category of encroachment permit for off Pier Plaza businesses conducting retail food sales without table service and without alcohol service with an encroachment fee of \$2 per square foot. This includes six businesses at a total of 1412 square feet.

Option 2: Approve a new category of encroachment permit for off Pier Plaza businesses conducting retail food sales without table service and without alcohol service with an encroachment fee of \$1 per square foot. This includes six businesses at a total of 1412 square feet.



DISCUSSION – FEE OPTIONS

Option 3: Approve a new category of encroachment permit for all businesses conducting retail food sales without table service and without alcohol service with an encroachment fee of \$2 per square foot. This includes nine businesses at a total of 2201 square feet.

Option 4: Approve a new category of encroachment permit for all businesses conducting retail food sales without table service and without alcohol service with an encroachment fee of \$1 per square foot. This includes nine businesses at a total of 2201 square feet.



DISCUSSION – FEE OPTIONS

Option 5: Maintain the current category of encroachment: “Pier Plaza, closes encroachment before 11pm; off-Pier Plaza; on-street; sidewalk; retail,” and reduce the encroachment fee for all businesses in this category to \$2 per square foot. This includes thirty-five businesses at a total of 12,680 square feet.

Option 6: Maintain the current category of encroachment: “Pier Plaza, closes encroachment before 11pm; off-Pier Plaza; on-street; sidewalk; retail,” and reduce the encroachment fee for all businesses in this category to \$1 per square foot. This includes thirty-five businesses at a total of 12,680 square feet.



Option #	Current Annual Fee Revenue at \$2.50 / sq. ft.	Projected Annual Fee Revenue	Total Annual Revenue Reduction
1	\$42,360.00	\$33,888.00	\$8,472.00
2	\$42,360.00	\$16,944.00	\$25,416.00
3	\$66,030.00	\$52,824.00	\$13,206.00
4	\$66,030.00	\$26,412.00	\$39,618.00
5	\$380,400.00	\$304,320.00	\$76,080.00
6	\$380,400.00	\$152,160.00	\$228,240.00



DISCUSSION

- Council may also chose to make no changes
- For comparison, Manhattan Beach charges \$4/sq.ft. and Redondo charges between \$1-\$2
- Staff is investigating two businesses that have not been included in fee collecting
- Green Store owes significant delinquent fees
- Any changes to fees would require a Resolution which staff would bring to Council at a later date



QUESTIONS

