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Subject: Planning Commission Zoning Code Changes and the 50/50 rule

Dear Planning Commissioners:

As you continue looking at updating our zoning codes, I wanted to weigh in on the 50/50 restaurant rule. The rule was created to provide a tool for the ABC and communities to create balance in their communities with restaurants that serve alcohol and traditional bars that lack a kitchen by choice or necessity. Because of economic changes over the years, the rule has become misleading at best and useless at worst. For this reason, the ABC and numerous communities have either officially or through practice moved on from the rule.

First, the economic model for restaurants and bars has changed dramatically. The traditional “bar” that does not serve food model is dying. It is not economically feasible in most of California for a hospitality business to survive without a robust lunch and dinner business due to rising product cost, staffing costs and rent. No business is choosing not to serve food to better their profits. None.

The fact is that the lunch and dinner business is integral to the hospitality economic model.

Second, price structures have changed dramatically. Whereas there was a time where you could find a \$5 beer to pair with your \$12 burger, I challenge you to find any place in the South Bay, let alone Hermosa Beach, where that is the case.

I recently had a burger and a single Pacifico bee at Hennessey’s Tavern. My pre-tax & tip cost was around \$34, split roughly 50/50 between the food and the booze. If I had a second beer with my burger – hardly unheard of – their 50/50 balance would already be 30/70 on my meal. Similarly, at Hook and Plow, hardly considered a night club, a sandwich and single glass of decent wine are very close to the same price for lunch. Again, clearly a restaurant and out of the 50/50 rule with even a second glass of wine.

In addition, it is not uncommon for me, and I would guess nearly all of you, to drop in for a cocktail at the bar of one place and meet friends for dinner at another. At the spot you only had a cocktail, the 50/50 ratio is immediately out of whack.

Third and finally, please consider that at the time most of our restaurants were granted business licenses and CUPs, the City did not expect them to be doing a robust food service between 11PM-1AM. Everyone knew very few people ordered food at that hour (outside of a Dennys) and clearly wanted to create the extra tax revenue by creating businesses that operated from 10AM (brunch) to, in many cases, 2AM (long after dinner).

Previous councils wanted to create thriving businesses that drove sales and tax revenue for 12-16 hours/day. And entrepreneurs have relied on that understanding to build their businesses. The antiquated rule is unfair, misleading and will likely open the city to litigation if enforced.

Please find a better way to manage our establishments and remove the outdated 50/50 rule from our code.

Sincerely

Raymond Dussault

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