



Administrative Report

N.2., File # 25-1363

Meeting Date: 10/7/2025

To: MAYOR AND CITY COUNCIL

From: ELIZABETH HAUSE, COMMUNITY SERVICES DIRECTOR

TITLE

DISCUSSION AND POSSIBLE ACTION REGARDING A CONCESSIONAIRE AGREEMENT WITH MBM HOSPITALITY, INC. FOR USE OF THE VETERANS PARK HISTORIC LIBRARY FACILITY

APPROVE THE PROPOSED CONCESSIONAIRE AGREEMENT WITH MBM HOSPITALITY, INC.

EXECUTIVE SUMMARY

The Veterans Park Historic Library & Community Center (Facility), a historic landmark in Redondo Beach, has been opened only for select special events since the COVID-19 pandemic. Following robust community outreach and a competitive request for proposals (RFP) process, MBM Hospitality, Inc. (MBM), was selected by the City Council to provide facility management and operation services for the Veterans Park Library through a concessionaire agreement.

Proposed is a ten (10) year agreement that would require MBM to operate a public café, host cultural and historical programming, and manage the facility for both private events and the community. MBM is also obligated to make investments to the interior of the facility totaling \$866,000. The City would be required to complete exterior ADA upgrades to the property, estimated to cost a comparable amount, using Measure A Park Grant funding. If approved, the facility would be scheduled to reopen to the public by June 30, 2026, barring any construction delays.

Once operational, MBM would pay an escalating minimum rent to the city of \$125,000 annually, increasing to a minimum of \$320,000 by the end of the term, and an additional portion of gross receipts for select categories, which would include credits for eligible facility maintenance and City use.

BACKGROUND

The Veterans Park Community Center is an 11,400 square foot landmark building listed on the National Register of Historic Places. It served as the city's Main Library from 1930 through 1991. In January 1991, the building incurred substantial seismic damage as a result of the Sierra Madre earthquake, forcing its closure to the public. In late 1991, the City Council approved the repurposing of the facility as a banquet and events center and initiated plans for construction of a new library facility adjacent to the Civic Center. The former main library building was renamed the Veterans Park Historic Library & Community Center and was renovated to include seismic upgrades and an historic restoration to accommodate its new use. Following completion of the renovation in 1995, the City entered into a catering and management operation agreement with Spectrum Catering, commencing

in 1996. This contract was renewed in 2013 and remained active until its expiration on October 31, 2020. At that time, the facility was closed due to the COVID-19 pandemic and the vendor elected not to pursue a renewed contract. The facility remained closed to the public, however, there was community interest in reopening it with a qualified concessionaire.

In January 2022, staff presented a draft RFP to the City Council for facility management and operation of the Facility, assuming a similar model as the previous concessionaire agreement. The City Council requested that staff conduct outreach with the community to solicit feedback on how the Facility should be used to determine if there are other preferred uses or operating models that could be considered. Outreach was conducted for several months, including a community survey, two open house events, and multiple community discussions with the Recreation & Parks and Public Art Commissions. Staff presented the findings from the outreach to the City Council at its July 12, 2022 meeting. At that time, the Council directed staff to develop an updated RFP to solicit a facility operator to manage the Facility in a manner that is:

- Open to the public
- Incorporates the City's history and the arts
- Takes advantage of the outdoor space, when appropriate
- Includes a café or food service option
- Provides opportunities for residents to use the Facility at a reduced rate

The updated RFP was approved by the City Council on October 11, 2022 and was distributed to twelve event and catering vendors that had expressed interest in the Facility. The RFP was also posted to the Arts for LA general listing webpage, an arts advocacy organization that connects arts and culture stakeholders throughout Southern California. In addition, the RFP was distributed to all commissioners on the Recreation & Parks, Historical, and Public Art commissions with a request to have it shared widely with anyone in their individual networks that may be interested in shaping the future of the Facility.

Two responsive proposals were received from reputable local vendors prior to the December 15, 2022 deadline for submissions. An interdepartmental team that included the Community Services and Public Works Departments, along with the City Manager's Office, was created to review the proposals, conduct interviews, and make a recommendation on a preferred concessionaire. The review team conducted interviews with both prospective concessionaires to further discuss how their concepts involved the required arts and historical components of the Facility. Following the interviews, staff conducted reference checks for both organizations, including current and recent clients. Both organizations had exceptional references and were highly recommended.

On October 17, 2023, the City Council heard presentations from both of the prospective concessionaires, discussed the critical goals and objectives for the Facility, and reiterated the need for the agreement to include collaborative/hybrid programming opportunities with cultural organizations. Ultimately, the City Council directed staff to continue working with both companies to further refine their proposals to include the following critical elements:

- A café or similar, utilizing and supporting the outdoor and indoor space, where feasible
- Verification of the vendor's ability to execute the improvements or requirements
- Collaboration with the Historical Museum and Historical Commission to create programming for the Facility
- Submittal of detailed plans regarding the budget, timeline, and execution of facility upgrades

- Development of a minimum schedule of public uses for four months of time, including off-season time of use, and priority booking for Redondo Beach groups with 51% residents
- A detailed parking plan that does not rely on the reservation of metered parking lots for events
- An explanation of proposed uses for the Facility

Following outreach with both prospective concessionaires requesting the submission of the additional information, only one of the two companies, MBM, submitted a supplemental proposal. The other prospective vendor chose not to participate any further in the selection process. MBM's supplemental proposal was presented to the City Council on February 20, 2024. At the conclusion of the discussion, the City Council unanimously directed staff to enter into concessionaire agreement negotiations with MBM. Since then, staff has worked closely with MBM's team to negotiate the proposed concessionaire agreement that is now before the City Council for consideration of approval.

The proposed Agreement outlines the following main business terms:

Term Length: 10 years, expiring on October 6, 2035, with an option to extend two additional five-year terms.

Café: MBM would be required to operate a café that is open to the general public at a minimum of four hours daily, from Wednesday through Sunday.

Exterior Use: MBM would be permitted to use the north and west lawns on a limited basis for outdoor events and/or ceremonies. The City would have exclusive use of the north lawn for select events and activities, when available.

City Use of Facility: City could reserve use of the facility up to two years in advance at a reduced rate. City use shall not exceed 14 consecutive days or 45 total days per year.

Cultural Commitments: MBM would organize and present at least four rotating art and historical exhibits annually; host community-focused events; and an opening day celebration.

Parking Management Plan: MBM would adhere to parking management guidelines, including valet, shuttle service, or off-site parking coordination.

Community Use and Resident/Nonresident Access: Available at a discounted rate during select times, between Monday and Wednesday, each week.

Rent: Paid quarterly in two installments, upon the reopening of the facility, including:

- Minimum Annual Rent, paid at the beginning of each quarter, ranging between \$31,250 and \$80,000, including annual increases.
- Percentage Rent, paid following the commencement of each quarter, consisting of 15% each of the following categories: gross catering and café sales; gross venue rental fees; gross production charges; and gross event equipment and accessories rentals.

Facility Improvements: MBM has committed to investing \$866,000 into facility improvements prior to the reopening of the facility, including interior ADA improvements. The City would

undertake ADA improvements to the main entrance, western entrance and stairwell, and staff entrance to the north.

Concessionaire Improvement Credit: up to \$325,000 across the first two years of Percentage Rent payments would be credited to MBM to help offset MBM's upfront investment towards facility improvements.

Ongoing Facility Improvement Fund: MBM would allocate 1% of its net annual sales to fund ongoing facility improvements, which will be completed once a minimum threshold of funds is collected.

Facility Upkeep & Maintenance: MBM would be solely responsible for all utilities and the ongoing care and maintenance of the facility. MBM would receive a \$3,500 monthly credit toward Percentage Rent payment to support these efforts.

Marketing: MBM would allocate a minimum of 2.5% of net annual sales towards marketing, advertising, and social media outreach efforts.

Prior to the reopening of the facility, a number of facility improvements must be completed to support commercial uses of the kitchen and food prep area; modernization of the interior of the facility while maintaining historical elements; and completion of necessary ADA improvements in both the interior and exterior of the facility. This work would be completed through a joint effort with MBM.

MBM's improvements would be limited to the interior of the facility, including carpet replacement, painting throughout, restroom upgrades, and full upgrade of the kitchen. In addition, MBM will complete critical ADA improvements in the interior of the facility to ensure the facility is accessible for all users.

The City has preemptively completed a number of improvements to the facility in anticipation of its reopening through the Capital Improvements Program, including installation of a new roof; service and necessary upgrades to the elevator and HVAC systems; and interior cleaning including vents, windows, and skylights. Currently, the City is in the process of completing a full replacement of the facility's windows, followed by necessary stucco repair and repainting of the exterior. Additionally, staff has begun coordination with an architectural team to develop plans for necessary ADA improvements along the exterior of the facility, including to the main entrance, which will include installation of an accessible ramp; replacement of the western exterior stairwell; and improvements to the north entrance and adjacent parking lot. Included below is a preliminary concept image of the installation of the ramp at the main entrance.



The City anticipates the completion of essential improvements by June 30, 2026. MBM would be required to host an opening day celebration at the facility by this date, but no later than December 31, 2026, should unforeseen construction or permitting delays occur. Staff is committed to coordinating all work with MBM's team to ensure all improvements take place simultaneously, when safe to do so, and that the facility reopen as quickly as possible.

While the proposed agreement with MBM is complex, it represents years' worth of work in ensuring that the facility remains available to the public; allows for use by the City; and honors the rich culture and history of the facility and the City of Redondo Beach. MBM's team has proven that they are ready and excited to bring life back into the facility and to honor the cherished historical elements throughout its tenancy. Staff is confident in the partnership and recommends approval of the proposed concessionaire agreement with MBM.

COORDINATION

The Community Services Department coordinated with Financial Services, Public Works, and Community Development Departments. Additionally, the City Attorney's Office coordinated the development of the Agreement.

FISCAL IMPACT

Measure A Park Grant funds are available to cover the exterior ADA improvements to be completed by the City, which are estimated to cost no more than \$1,000,000.

Per the agreement, the City would receive a minimum of \$125,000 of rent during the first year of operation of the facility. The minimum rent would increase each year thereafter, up to \$320,000 in the final year of the initial ten-year term. Additionally, the City would receive 15% of gross sales of certain rental categories, when greater than the minimum rent. The total rental revenue from MBM's operation of the facility is unknown at this time, but is anticipated to be several million dollars over the life of the agreement.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt - Proposed Concessionaire Agreement with MBM Hospitality, Inc.
- Insurance - Made by Meg