77 Fair Drive
Costa Mesa, CA 92626

CITY OF COSTA MESA

Agenda Report

File #: 26-108 **Meeting Date:** 2/3/2026

TITLE:

OPERATIONS AGREEMENT FOR LIONS PARK CAFE

DEPARTMENT: **PARKS AND COMMUNITY SERVICES**

PRESENTED BY: **BRIAN GRUNER, PARKS AND COMMUNITY SERVICES DIRECTOR**

CONTACT INFORMATION: **BRIAN GRUNER, PARKS AND COMMUNITY SERVICES, (714) 754-5009**

RECOMMENDATION:

Staff recommends the City Council:

1. Award an operation agreement to Neat Coffee for the Management and Operation of the Lions Park Cafe.
2. Authorize the City Manager or her designee to negotiate the terms and conditions for the financial share between the City and Neat Coffee.
3. Authorize the City Manager and the City Clerk to execute the operating agreement and future amendments to the agreement (Attachment 1) within City Council authorized limits.
4. Appropriate net revenues as received by the City that comply with the agreement of 50% net revenue to the OC Public Library for a net neutral impact.

BACKGROUND:

Lions Park is an active campus that is home to the Donald Dungan Library, Norma Hertzog Community Center, Lions Park Event Lawn, Airplane Playground, Downtown Recreation Center, and Historical Society. The newly constructed Café Kiosk is approximately 1,100 SF, including new decking, where Lions Park campus visitors will be able to enjoy snacks and beverages al fresco.

The City received $1.2 million in American Rescue Plan Act funding through the County of Orange Board of Supervisors Office of Fifth District Supervisor Katrina Foley, to complete the unfinished café component of the Lions Park Project (Phase III). In addition, the City Council allocated an additional $1.1 million from the Capital Improvement Fund. In February 2023, the City entered into an MOU with the County of Orange executing a revenue sharing agreement that provides funding for Orange County Public Libraries and maintenance at Mesa Verde Library and Donald Dungan Library (Attachment 2).

With the completion of Café Kiosk, the City is now seeking a viable café operator through a competitive Request For Proposals (RFP) process to ensure the selection of a professional and experienced local café operator.

ANALYSIS:

The Lions Park Café is intended to be a community amenity for both residents and visitors of the Lions Park campus, including the Donald Dungan Library, Lions Lawn, Airplane Playground, Downtown Recreation Center, Norma Hertzog Community Center and surrounding community facilities. The Café will serve a diverse clientele; therefore, the Café must meet community needs by providing a quality facility and ambience, a variety of cafe options, and experienced staff that can successfully manage the facility. The City's specific objectives for the selected vendor focus on providing high-quality, gourmet concession cafe services with dedicated full-time staff that can run the café reliably and professionally.

The Finance Department's Purchasing Division issued an RFP on October 2, 2025, in accordance with the City of Costa Mesa Municipal Code Chapter V. Finance, Article 2. Section 2-167 Formal Bidding Process. Purchasing staff has been the main contact for communication with all bidders throughout the RFP process, hosting a pre-bid meeting, answering questions via Planetbids, and requesting clarifying questions from the bidders to ensure proposals were evaluated in a fair, transparent, and equitable manner.

The RFP closed on October 22, 2025, and a total of two (2) proposals were submitted in accordance with the RFP guidelines. The proposals were reviewed to ensure each one met the criteria identified in the scope of work in the RFP. After this initial review, a rating panel consisting of management staff from the Public Works and Parks and Community Services Departments reviewed and evaluated proposals independently to assess qualifications and experience to address the City's needs. Proposals were screened for compliance with the City's RFP process and were scored on the following qualitative factors:

- Qualifications of the Proposer/Organization and Key Personnel
- Approach to providing the requested scope of services
- Cost Sharing

The procurement process also included interviews, held on December 10, 2025. Each vendor had the opportunity to provide additional clarifying operational information and ensure a more direct comparison of the proposals and their operational capabilities, backing, and history. The two proposing vendors presented their business models to the evaluation committee, showcased what makes them the best operator for the City's Lions Park Café, and presented their best and final proposal.

The evaluation committee was asked to score the presentations, separate from the proposal scoring. Ratings were given for the following categories:

- Grasp of the project
- Approach
- Qualifications and Experience
- Communication
- Quality of Presentation

After an extensive procurement process, it was determined that Neat Coffee possessed the best qualifications and experience to operate the City's Lions Park Café.

As a locally owned café business founded in 2015, Neat Coffee has spent the past decade building meaningful relationships with Costa Mesa residents and establishing itself as a gathering place where neighbors meet, ideas are shared, and community thrives.

Neat's proposal demonstrated their commitment to providing high-quality, affordable café services while serving as a collaborative partner to the City. They will offer carefully sourced coffee, thoughtfully prepared food, and a welcoming atmosphere that serves all members of our community. Further, they plan to offer pricing set below market rate to ensure accessibility within this public space and will implement discount programs for library cardholders. Neat Coffee stood out for these factors, as well as for their highly qualified team and extensive experience in café operations.

Staff prepared a recommendation to bring forward to City Council the award of an operator agreement to Neat Coffee.

ALTERNATIVES:

The City Council may choose to reject the staff recommendation to award an agreement to Neat Coffee and direct staff to work with a different operator; or reject all proposals and start the procurement process again.

FISCAL REVIEW:

Upon Council approval to move forward with Neat Coffee, City staff will begin to negotiate the terms and conditions of the agreement, as well as the City's financial share. The Lions Park Café was funded through a combination of $1.2 million provided by the County of Orange Board of Supervisors' Office of Fifth District Supervisor Katrina Foley and $1.1 million in City Capital Funds, for a total of $2.3 million. The City agreed to share revenue for the Café with the OC Public Library. The City will deposit the agreed upon amounts and provide 50% of net revenue payments to the OC Public Library.

LEGAL REVIEW:

The City Attorney's Office has reviewed this staff report.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the following City Council Goal:

- Strengthen the Public's Safety and Improve the Quality of Life

CONCLUSION:

Staff recommends the City Council:

1. Award an operation agreement to Neat Coffee for the Management and Operation of the Lions Park Cafe.
2. Authorize the City Manager or her designee to negotiate the terms and conditions for the financial share between the City and Neat Coffee.
3. Authorize the City Manager and the City Clerk to execute the operating agreement and future amendments to the agreement within City Council authorized limits.
4. Appropriate net revenues as received by the City that comply with the agreement of 50% net revenue to the OC Public Library for a net neutral impact.