

July 19, 2007

Honorable Mayor and Members of  
the Hermosa Beach City Council

Regular Meeting of  
July 24, 2007

**AGREEMENT WITH  
COCA-COLA BOTTLING COMPANY OF LOS ANGELES**

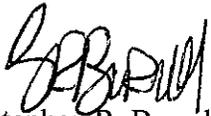
**Recommendation:**

That the City Council receive and file agreement.

**Background:**

The City Council approved a proposal recommended by the Parks, Recreation and Community Resources Advisory Commission at its meeting of November 14, 2006. The staff report included a list of six (6) locations that were recommended by the Commission including one (1) machine at each location. The same locations are what are included in the agreement. The current agreement provides for the ability to install up to 12 machines at the six (6) locations. The number of machines will depend on the usage. A total of five (5) machines have been installed. The list evolved to add convenience for the users of the Community Center and City Hall.

Respectfully submitted,

  
Stephen R. Burrell  
City Manager

November 7, 2006

Honorable Mayor and Members of  
The Hermosa Beach City Council

Regular Meeting of  
November 14, 2006

**Coca-Cola Bottling Company  
Sponsorship Proposal**

**Recommendation**

The Parks, Recreation and Community Resources Advisory Commission recommends that Council approve agreement between the City and Coca-Cola Bottling Company to accept Centennial sponsorship of \$25,000 and install six (6) vending machines at select City locations for a trial period of one year.

**Background**

City staff attended meetings with Geoff Slajer, Coke Drink Manager and Jarrod Harrison, Territory Account Manager to negotiate an agreement between the City and Coca-Cola Bottling Company. The result of negotiations is the following proposal:

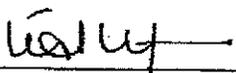
1. \$25,000 sponsorship to the Centennial account.
2. Installation of Dasani Water vending machines at the Community Center, City Hall, South Park, Valley Park, and Clark basketball courts. The machines will dispense a variety of Coca-Cola products including Dasani water, Minute Maid orange juice, Power Ade, Full Throttle energy drink, Coke, Diet Coke, and Sprite. Valley Park and South Park locations will dispense water only. See attachment B for proposed site locations and product selection for each site (City to approve).
3. Revenue split of product sales between City and Coca-Cola is 30/70. Price point of beverages is \$1.50. After tax and CRV deduction, the City receives .41¢ per product sold. Projected product sales figure is 50,000 per year; potential revenue is \$20,500 per year. Revenue generation will fund Centennial activities.

Coca-Cola will be responsible for the installation of machines, stocking and storing of product, maintenance and servicing of equipment, money management and monthly payment to City for 30% of sales revenue.

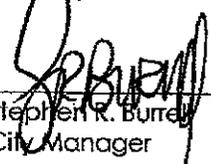
**Attachments:**

- A. Letter of Request
- B. Proposed Site Location and Product Selection
- C. Correspondence: Howard Longacre

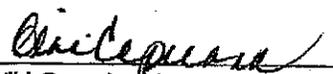
Respectfully submitted,

  
\_\_\_\_\_  
Lisa Lynn  
Community Resources Director

Concur,

  
\_\_\_\_\_  
Stephen R. Burrell  
City Manager

Noted for fiscal impact,

  
\_\_\_\_\_  
Viki Copeland  
Finance Director

**Proposed Vending Machine Locations & Product Selection**  
**One machine at each location with Dasani Water Designed Dispenser**

<b>Site</b>	<b>Location</b>	<b>Product</b>
Valley Park	Restroom Building Wall	Dasani Water
South Park	South School Building Wall	Dasani Water
Clark Complex	Community Services Building/ Basketball Courts	Dasani water Power Ade Full Throttle Energy drink Coke, Diet Coke Sprite, Dr. Pepper
City Hall	TBD	Dasani Water Iced Tea Coke, Diet Coke Sprite, Dr. Pepper
Community Center	Tennis Courts	Dasani water Minute Maid Orange Juice Power Ade Full Throttle Energy drink Coke, Diet Coke Sprite, Dr. Pepper
Community Center	Courtyard	Dasani water Minute Maid Orange Juice Power Ade Coke, Diet Coke Sprite, Dr. Pepper

## CITY OF HERMOSA BEACH

### COMMERCIAL OUTDOOR VENDING MACHINE LICENSE AGREEMENT

This license agreement is made and entered into as of May 1, 2007 by and between the City of Hermosa Beach, a California municipal corporation ("City") and BCI Coca-Cola Bottling Company of Los Angeles, a Delaware corporation, dba Coca-Cola Bottling Company of Southern California ("Licensee").

#### RECITALS

- A. Licensee seeks to vend its beverage products from vending machines to be located in certain parks and other buildings/facilities owned and operated by the City of Hermosa Beach (hereinafter "City").
- B. City desires to place beverage-serving vending machines at specified locations within certain of its parks and buildings/facilities as a service to the public.
- C. This Agreement sets forth the terms and conditions under which Licensee may install its vending machines on City property.

#### LICENSE

1. License. A revocable exclusive license (hereinafter the "License" or "Agreement") is hereby granted to Licensee to install not less than twelve (12) beverage-serving vending machines in accordance with the specifications and in the precise locations and configurations all as described in Exhibit A attached hereto and incorporated herein by this reference, and subject to the terms and conditions of this License. The number and locations of the vending machines specified in Exhibit A may from time to time be amended by written agreement of the parties. During the term hereof, City shall not place or authorize the placement of bottle/can beverage vending machines (other than hot beverages) on City property except through this License.
2. Term. This License shall take effect on May 1, 2007 and shall remain in effect for a period of twelve (12) months through April 30, 2008 unless voluntarily relinquished or abandoned by the Licensee. City shall have the option to extend this Agreement for two additional periods of one (1) year each by sending written notice to Licensee no later than thirty (30) days prior to the end of the then-current term. Thereafter, the parties may mutually agree to extend this License for an additional period of time.

3. Termination. This revocable License may be revoked by City at any time after the initial twelve month term, with or without cause, in City's sole discretion, upon giving Licensee thirty (30) days' advance notice of revocation. Licensee may in its sole discretion terminate this License upon giving City thirty (30) days' advance written notice of termination.

4. Sponsorship Fee. In consideration of the rights and benefits granted to Licensee under this Agreement, Licensee agrees to pay City a one-time sponsorship fee of Twenty-Five Thousand Dollars (\$25,000) for the entire term (the "Sponsorship Fee"). The Sponsorship Fee shall be paid within forty-five (45) days of the date this Agreement is fully executed.

5. Vending Commission. In consideration for City's adherence to the terms of this Agreement, the Licensee has agreed to the following minimum commission schedule based on actual cash receipts collected by Licensee from the Licensee's vending machines (excluding taxes, refunds and state-mandated container deposits and associated handling fees).

<u>Package</u>	<u>Commission</u>	<u>Vend Price</u>
20 oz. bottles – carbonated	30%	\$1.50
20 oz. bottles – Dasani	30%	\$1.50
20 oz. bottles – PowerAde	30%	\$1.50
16 oz. cans – Energy	20%	\$2.00

Commissions earned by City shall be paid to City by the Licensee on a monthly basis in arrears on or about the 20th of each month following the month in which they are earned. City agrees that all commissions earned under this Agreement will be calculated based on the Licensee's full-service records. Commissions will be paid only during periods in which City is in compliance with the exclusive license granted to Licensee in Section 1 above, and only with respect to those machines filled and serviced by Licensee.

6. Beverage selection. Licensee and City shall cooperate and consult in determining which of Licensee's beverages shall be vended in the vending machines.

7. Installation and maintenance of vending machines. Licensee shall at its own cost and expense install its vending machines at the approved locations identified in Exhibit A and maintain them in an attractive, clean and operable condition. Licensee shall be responsible for providing its machines with routine maintenance, service, cleaning and collections so as to avoid creation of a nuisance. Licensee shall repair malfunctioning or inoperative machines, remove graffiti, and repair any damage to machines within twenty-four hours of receipt of notice of same from the City; provided, however, that Licensee may respond on Monday to any such notice received after 12:00 Noon on the preceding Friday. Utilities for the vending machines will be at City's expense.

8. Assignment. This License shall not be assigned or transferred without the written consent of City. Any such purported assignment or transfer shall be void and of no effect. In the event that the Licensee sells, transfers, leases or otherwise conveys a controlling interest in the above-described business as an ongoing concern, the Licensee shall provide any such purchaser, lessee or transferee with a copy of this instrument and with notice that it is not assignable without written consent of City.

9. Indemnification. Licensee shall indemnify, defend and hold harmless City, its officers, employees and agents from and against all claims, causes of action, liabilities and damages for injuries to persons and property, including reasonable costs of defense and attorney fees, arising from Licensee's negligent or wrongful acts, errors or omissions in the installation and continued maintenance of the vending machines in their location; provided, however, Licensee shall not be required to indemnify for the following:

- (i) acts or conduct by third parties not under the control of Licensee;
- (ii) claims where the City has failed to give prompt written notice thereof to the Licensee;
- (iii) claims settled without the prior written consent of the Licensee; or
- (iv) acts of intentional misconduct or negligence by the City.

10. City's right of entry. Licensee acknowledges the City's absolute right to enter upon the area in which the vending machines are located for purposes of inspection, replacement, repair, or maintenance of public facilities above, on or under the area.

11. Damage to vending machines and property. Licensee assumes responsibility for all damage to its vending machines caused by third parties and to City's property caused by Licensee's placement and maintenance of the vending machines. Licensee shall reimburse City for correction of any damage to City's property caused by Licensee. City shall have no responsibility or liability for damage to Licensee's vending machines caused by third parties. Notwithstanding anything else in this Agreement to the contrary, Licensee may remove a vending machine after repeated vandalism.

12. Restoration of premises. Within thirty (30) days of expiration of this License, whether upon its expiration or earlier termination, Licensee shall at its expense remove its vending machines and restore the property to its condition prior to placement of the machines. In the event Licensee fails to do so, City shall have the option of removing the machines at Licensee's expense and Licensee waives all claims for damage to the machines resulting from such removal. Any cost incurred by City in so doing shall constitute a debt of the Licensee to the City, and recoverable by City in any manner provided by law.

13. No possessory interest. In no event shall Licensee be responsible for any property taxes levied on any portion of property on which Licensee places its vending machines.

14. Compliance with codes. Licensee shall perform all work in full compliance with all applicable codes, ordinances and laws, and obtain all necessary permits.

15. Records. Licensee shall maintain accounts and records adequate to identify and account for all beverage product sales made pursuant to this License for a period of three (3) years after the expiration of this License. Copies of all such records shall be provided to City at any time upon City's request and during regular business hours.

16. Responsible parties and notice. Unless otherwise designated in writing, the City's Community Resources Director shall serve as City's representative for administration of this License. All activities performed by Licensee shall be coordinated with him, and all notices shall be delivered or directed to him at:

City of Hermosa Beach  
1315 Valley Drive  
Hermosa Beach, CA 90254  
ATTN: Community Resources Director

Unless otherwise designated in writing, Geoff Slajer shall serve as Licensee's representative on all matters pertaining to this License, and any/all agreements made by him on behalf of Licensee shall be binding on Licensee. All notices to Licensee shall be delivered or directed to:

Coca Cola Bottling Company of Southern California  
19875 S. Pacific Gateway Dr.  
Torrance, CA 90502  
ATTN: Geoff Slajer

17. Entire Agreement; Modification. This License supersedes any and all other agreements, either oral or written, between the parties and contains all of the covenants and agreements between the parties. Each party to this License acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by or relied upon by any party that are not embodied herein. Any modification to this License shall be effective only if in writing and signed by both parties.

[Signature Page Following]



Exhibit A

Vending Machine Locations

[See attached.]

## Exhibit A

### Vending Machine Locations

1. Community Center

- a. Tennis Courts (2)
- b. Courtyard (1)
- c. North Wing (1)

2. Valley Park (2)

3. South Park (2)

4. Clark Courts (2)

5. City Hall (2)

- All vending machine fronts (12) to be equipped with Dasani graphics only; unless otherwise directed by the City in writing.
- Vending Machines at Valley and South Parks to be filled/stocked with Dasani branded beverages only; unless otherwise directed by the City in writing.