

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.

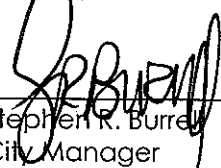
**Attachments:**

- 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

# *Coca-Cola Bottling Company of Southern California*

a COCA-COLA ENTERPRISES company

19875 Pacific Gateway Dr  
Torrance, CA 90502  
310-965-2653  
310-965-2636 Fax

August 30, 2006

Chairperson and Members of the Parks,  
Recreation and Community Resources  
Advisory Commission

RE: Coca-Cola Enterprises Inc.

Dear Chairperson and Commission Members:

Coca-Cola Enterprises Inc. would like to request the opportunity to provide the City of Hermosa Beach with beverage-vending equipment. Below are the items/services that Coca-Cola Enterprises Inc. intends to provide to the City and its residents:

- Initial \$25,000 sponsorship to be used by the City of Hermosa Beach Centennial Celebration account
- Placement and service of bottle vending machines at approved city sites
- The filling of all vending machines and storage of product
- The management of all monies and revenue
- Calculation of commissions from vending volume and submission of funds to the City to be used by the Centennial Celebration account

Thank you for your consideration of this partnership. Coca-Cola Enterprises Inc. looks forward to the possibilities that will result from this partnership.

Sincerely,



Jarrod Harrison  
Territory Account Manager  
Carson Sales Center  
(310) 965-2692

Attachment A



**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 MANAGER, CITY CLERK:** I am submitting this correspondence in time such that it may be included with the packet materials for the council agenda item re: the "Coca Cola Sponsorship Agreement", or whatever it is to be referred, and posted with same on the Internet for the council meeting it's to be agendized. Per your indication my understanding is that it will be Oct-10-2006.

Should it not be possible to include this correspondence along with the staff reports in the packet for said item, then please place this correspondence under 'Written Communications from the Public' on the October 10, 2006 agenda. Please let me know as to which method of inclusion you will be using.

Thank you.

October 2, 2006

Hermosa Beach City Council, City Manager, City Clerk, City Attorney  
City Of Hermosa Beach  
Hermosa Beach, California 90254

**RECEIVED**

**OCT - 2 2006**

**Per.....**

**Re: My opposition to the "The Coca Cola Sponsorship Agreement" involving the placement of multiple vending machines in the city's parks, and the lack of noticed and open advertising for proposals from other companies/vendors for such service contract with the city.**

Honorable Councilmembers, city officials, and others:

I have previously submitted comments regarding the proposed "Coca Cola Sponsorship Agreement". Below I am repeating some of those concerns and adding additional others for your consideration prior to any such contract approval. Also at the end of this communication I have attached some newspaper stories regarding vandalizing of vending machines in public parks.

My primary concerns are the placement of vending machines in the city's parks, and the lack of public-noticing for solicitations from all companies/vendors interested in providing vending-machine service to the city.

This is not a donation in the same sense as i.e. the one-day Kraft Foods largest-beach-blanket "donation" contract. This is a service contract which has the potential to go on and on, could be very lucrative to the service provider, and is coming to council for approval under the guise of being a "donation" to centennial activities. It's a service contract pure and simple with a particular vendor being given an inside track through what I view as a flawed and unfair city process to date.

In no particular order then follow additional concerns, and some from my prior communication for your review. As you review these, consider marking those which are concerns/questions you may also have.

1. I believe very careful consideration needs to be given to the placement of vending machines in any location which is not well-secured at all hours, especially the city parks, or in any area which could be an enticement for break-in to a city building.
2. The donation mentioned is not a donation. It's an up-front payment which evidently will not be made if the service provider does not receive an agreement to place cash-taking vending machines into the city's parks via the council's approval. It therefore should be referred to as a city up-front fee rather than a donation.

3. How does the city propose to audit the cash going into the vending machines and assure that there will not be disputes of revenues, as other cities have had, about the actual cash having been deposited into the vending machines? If there is a track record of expected sales it might be better to consider a fixed fee per month per machine and not get involved in the wheeling and dealing of the profit basis actual sales counts. Or, consider having the city itself operate the machines if they are so profitable. The city would best require monthly reports of sales, vandalism, and other notable conditions, even if a simple fixed fee is made per machine per month to the city.
4. If the Coca Cola Corporation or one of its franchise distributors desire to make a donation, that's fine, however again this is not a donation as such. A donation is freely given without strings. This "donation" is like so many others of recent years, one which is not given without a contract signed specifying something to be received by the giver of the "donation". It's a scheme to make money by the party(s) involved, at the city's own residents' and even its children's expense. This also appears to be justifying a method for companies/vendors to make deals with the city without a proper proposal competition being made. This appears to be a very flawed process.
5. This appears to be a back-room deal, a deal which did not come through the front door in a full and transparent manner. This kind of deal might be normal at the county, state, or federal level as that is where this kind of stuff goes on big time, but it is not appropriate in Hermosa Beach. There is no indication the council or staff directed that a public notice be made indicating that the city of Hermosa Beach is soliciting for a provider of vending machine services for its parks and would like to see proposals indicating the amount of money etc. a vendor is willing to provide to the city for such rights. As such this contract has not been solicited in a manner in the best interest of the people and their city. Saying that the city has sought donations for the centennial celebration does not qualify this as a proper process for this contract. This is a contract for services and other companies have not been solicited through appropriate public notice for such a service proposal. This is improper to say the least.
6. The city does not need its city parks degraded with vending machines dispensing over-priced junk-food/drinks to rip-off and possibly contribute to the ill-health of its children or their parents visiting the city's parks. If children are carrying cash, it is doubtful the parents have provided this cash to them to be spent in vending machines in the city's parks.
7. Has the question of vending machines being place in the city parks been reviewed with the PTA or the local schools, or the people up to this point? Has the question been reviewed with the police department? Where is the call out by the people for this?
8. It makes no difference what color or type of machines (as per staff reports) the vendor indicates will be installed in the parks as after a year or so they will likely morph into other machines, snacks, etc, because the distributors, knowing the city will prostitute itself, will likely offer more money year by year to get more of their offerings into the city's parks or city buildings, and besides, once a contract is let, detailed requirements are usually forgotten about or not enforced with time.
9. The city does not need to provide individuals or gangs an excuse to be in the parks to "get a can of soda". These vending machines will be a magnet for undesired consequences in the parks, consequences which, if they will entail policing or paramedic responses, could be costly in addition to any criminal activity they contribute to. One unfortunate incident could cost the city a million(s) of dollars in a law suit settlement for providing such an unnecessary attractive nuisance in this current age we live in.

10. Vending machines are a target for graffiti and other vandalism. This will be an ongoing nuisance and condition leading to potential robbery of individuals, or other unsavory activity to be presented to children or others using the vending machines in the parks.
11. If this is a donation for a one time event why will a perpetual trashing of the city's parks be required? The council has already permitted trashy vending machines in front of the pier-head wall (perhaps placed there by the county without challenge by the city), a pier-wall again which itself is doing nothing but blocking out the view of the ocean and which needs to be modified.
12. The city's employees will not appreciate seeing soda prices escalate from 60 cents to \$1.50 to \$2.00 in the present city vending machines. Have they been considered or consulted?
13. It took residents years of arguing with a former city manager to rid the town of the advertising bus benches that littered and degraded the city in the late 1980s, as those were bringing a few thousands to the city annually, without any consideration that they made the city look degraded as like a downtown urban area. Thus any thought that these machines will be pulled out at the end of 12 months is just that, little more than a thought. A token city revenue-stream once initiated is seldom given up and the vendor is probably not interested in a short term deal.
14. This deal was metaphorically referred to as the "-The Coke Deal-" in a local newspaper's stories 9/21/06 and 9/28/06. The metaphor is a good one. The city will become addicted to the token revenue it receives without consideration of the creeping degradation and ripping-off of the city's own people through the sale of overpriced junk-food/drinks and the subtle advertising indoctrination of its children.
15. Again this is not the way to even slightly begin to recover revenue to cover the additional millions of dollars annually the city is expending for the extraordinary public safety necessary as directly resulting from the downtown area alcohol approvals made by Hermosa's city councils over the last 13 years. It would be better to focus on reducing those costs or having those businesses necessitating the costly public safety burden to pay those costs rather than degrading the city parks with anything as absurd as vending machines with all their negative propensities.
16. Service trucks will be in the city's parks servicing these unneeded vending machines. The city does not need that. This additional regular traffic into the parks could easily mask trucks in the parks for other activities.
17. Vending machines will unnecessarily compete with the city's local businesses trying to make a living. Businesses which work hard, pay high rents, license fees, etc., and which collect sales taxes the city shares in.
18. Nothing of this sort is needed in the parks other than working water fountains. People bring their own picnic items if they desire.
19. The city council is urged to not place vending machines in any of the parks. If this item was placed on the ballot you know the people would overwhelmingly defeat it. If vending machines are placed in any buildings a fixed fee would be best for the city to receive. And in any event if such contract is to be made, a request for service proposals should be publicly noticed giving the specifics for any and all vendors to make a proposal for these vending services. Again, this is not a donation but rather an excuse for a vendor to make a contract with the city which other companies/vendors have not been given a fair and equal chance to bid for. That is not in the interest of the people whom you represent and may in fact be quite improper. It is certainly not something someone will desire to run for re-election on. I.e. "That they championed for the

placement of vending machines in the city's parks and by a vendor which perhaps had an inside track".

20. For one to two dollars per year per resident of revenue to the city, there is no justification for damaging the city parks with vending machines given all the negatives. This is an incredibly bad idea which never should have been considered. Please don't cause the local newspapers to be printing stories that "The Hermosa City Council has authorized the placement of vending machines in its small city parks."
21. It is most unfortunate that the council's time, staff's time, the peoples' time, and even this vendor's time is being wasted on this item. The 'Parks and Recreation Commission' badly erred in approving vending machines to be in the parks. Hopefully the city council will not also err.

Thank you for your careful consideration of this matter.

**Howard Longacre**  
(Hermosa Beach Resident)

att: A sample of newspaper stories re: vandalism of vending machines in parks follow. There are too many to attach them all.

Vending machines in unsecured areas are a major target, and in secured areas are an incentive for break-ins.

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The News & Observer  
Subscribe | Subscriber Services | Subscriber Reward  
Friday, September 29, 2006

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## **CARY - Police are looking for two young men they say broke into Green Hope High School late Monday night in a vain attempt to steal money from vending machines.**

Police say they think the young men also broke into vending machines at the nearby Cary Tennis Park on Louis Stephens Drive but again came up empty-handed.

The suspects, thought to be between 16 and 21 years old, were videotaped walking through the school about 11 p.m. Monday. Authorities don't know how they got into the school.

Even though they didn't get away with any money, the suspects could face up to 25 months in prison if convicted of breaking and entering, according to Cary police.

Cary Crime Stoppers will pay up to \$2,500 for information leading to the arrest of those involved with the break-in. Police ask anyone with information to call Crime Stoppers at 226-CRIM(E) or Capt. Dave Wulff at 469-4017.

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## **Burglars use torch to remove outer doors**

By Shannon Tangonan

UNION-TRIBUNE STAFF WRITER

## OCEANSIDE – No soda machine is safe.

Burglars using a cutting torch have broken into at least 40 soda machines in North County and south Riverside County over the past few months, police say. They take the cash from inside, which can be up to \$700.

Machines from Temecula to Oceanside have been hit. The burglars usually strike between midnight and 6 a.m. and target vending machines at schools, parks or apartment complexes where there are no surveillance cameras, said Oceanside police Detective Ernie Thibodeaux.

"It's a good chunk of change – and I do mean change," Thibodeaux said.

In Oceanside, the latest targets were side-by-side soda machines at Martin Luther King Park off Mesa Drive on Dec. 17.

Oceanside police have investigated at least 10 soda machine burglaries. Escondido police have had more than a dozen similar thefts and there have been about 15 such burglaries in Temecula.

It's unknown whether all the thefts are connected, but the method of operation is similar in most of the cases, police say.

The burglars use a torch to cut the hinges to the machine's outer door, which falls off. They then cut into a second door.

"They still have to pry the coin box out, but it's a lot easier when you don't have to pry through two doors," Thibodeaux said.

In Escondido, detectives have been investigating soda machine break-ins for the past month and a half. In some cases, cutting torches were used, said Escondido police Sgt. Chuck Gaylor.

The descriptions of the thieves have varied, which leads Gaylor to believe that more than one group is hitting the machines.

"Probably what happens, and this is total speculation, is that lots of people in the criminal community work in groups . . . they trade information," Gaylor said. Word might be out that "this is an easy way to get money," he said.

Thibodeaux said detectives are narrowing a list of possible suspects and hope to make an arrest soon.

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Sep 13, 2006 - 10:39:33 CDT

## Two confess to breaking into soda machines Duo says they broke into approximately 10 machines a night

By TERESA RESSEL\Daily Journal Staff Writer



Police believe they now know who was behind the thefts of money from numerous soda machines in Jefferson, St. Francois, Perry and Cape Girardeau counties.

Park Hills Detective Mike Kurtz said two individuals have confessed to breaking into seven soda machines in Park Hills, as well as soda machines in Farmington, Desloge, Bonne Terre and rural areas of the county, Perryville, Jackson, Pevely and Festus.

Kurtz said the duo, a 19-year-old Ironton man and a 21-year-old former St. Louis resident, stole from so many vending machines over a month-long period that the suspects can not say how many they broke into. He said they confessed to breaking into approximately 10 a night.

He said one of the breaks in the case came when Jackson police officers obtained a surveillance video outside a business. The video showed two individuals exiting a red and white truck and breaking into a soda machine.

The quality of the video was poor but Park Hills Lt. Doug Bowles was able to use their new VideoDetective to enhance the video footage and print out still images of two individuals and their vehicle.

Kurtz said the second break in the case came when a person in Ironton saw two men breaking into soda machines and confronted them. This person was able to get the license plate on the truck and also overheard the men calling each other by their first names.

The Ironton Police Department issued a stop and hold on the owner of the truck.

Kurtz said the owner of the truck turned himself in at the St. Francois County Jail. The other man was picked up by a St. Francois County deputy.

Kurtz conducted the initial interview. He said the two gave full confessions, implicating a third person who they say fled to another state.

Kurtz said it was the fact that all of the agencies worked together that solved the case. He said there was good cooperation.

Charges have not been filed at this time. Park Hills officers will be asking the prosecuting attorney to file felony charges of property damage and misdemeanor charges of theft. He said the other jurisdictions will also be seeking charges.

Farmington Police Chief Rick Baker said Detective Tim Porter has been investigating the cases in Farmington. He will begin tying up the loose ends in the investigation to send a report to the prosecuting attorney.

Kurtz estimates that each machine was valued at \$2,000-3,000 and the machines will have to be replaced.

"According to their own statements, they got \$40 or less from each machine," he said. "Oddly enough, they didn't steal any of the soda. They were quite proud of that."

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## Fourth Man Arrested in Crime Spree at Irmo Park

By Joel Robert Williamson

Updated: 9/10/2006 3:12:12 PM

First Posted: 9/10/2006 3:01:41 PM

(Irmo) - Lexington County Sheriff's Department deputies arrested the fourth and final man who had been wanted for committing a string of crimes, including breaking into a locked maintenance building and stealing two pickup trucks, at Saluda Shoals Park off Bush River Road near Irmo.

Lexington County Sheriff James R. Metts says deputies arrested Joel Robert Williamson, 20, of Irmo, at about 12:48 p.m. on Saturday at the suspect's home.

Metts says Williamson was arrested on charges of second-degree burglary and grand larceny. Authorities say he was being held Sunday at the Lexington County Detention Center on bail totaling \$15,000.

Sheriff's detectives previously had arrested Andrew William Davis, 19, of Columbia; Benjamin Bradley Hammett, 21, of Cayce; and David Lee Holton, 18, of North Augusta. Davis, Hammett and Holton each were charged with one count of second-degree burglary and one count of grand larceny.

Deputies arrested Davis at about 5:35 p.m. on Thursday, Metts said. Davis was being held Sunday at the Lexington County Detention Center on bail totaling \$25,000.

Authorities say Myrtle Beach Police Department officers arrested Hammett and Holton on Wednesday, after officers found the men were riding in a Ford F-250 pickup that had been stolen from Saluda Shoals Park at 5605 Bush River Road over Labor Day weekend. Hammett and Holton were taken to the J. Rubin Long Detention Center in Conway.

Metts says Davis, Hammett, Holton and Williamson committed a string of crimes at Saluda Shoals Park, starting in late August. The men vandalized buildings and coin-operated vending machines at the park.

Investigators say that during Labor Day weekend, Davis, Hammett, Holton and Williamson broke into a locked maintenance building at Saluda Shoals Park and stole the Ford F-250 pickup, a Dodge Ram pickup, cellular phones and a John Deere all-terrain vehicle. The Dodge Ram pickup was later recovered in Marion. The Irmo-Chapin Recreation Commission operates the park.

Metts says the case remains under investigation, and detectives might file additional charges against Davis, Hammett, Holton and Williamson.

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October 10, 2006

Hermosa Beach City Council

**Re: Supplemental material re: COKE VENDING MACHINES ITEM**  
From: Howard Longacre, resident

Attached find:

2 pages - images of the 3 indoor and 2 outdoor vending machines in MB.

2 pages - vending machines in front of the Pavilions market at Anza Avenue and Torrance Blvd in Torrance. Note graffiti.

4 pages - 'steel-caged' vending machines at the entrance of the 24-hour Super Kmart located at Torrance Blvd & Figueroa.

Additional comments to my comments following the staff items in your packet.

Manhattan Beach has 3 times the land area of Hermosa Beach and has an extensive park system. There are 2 outdoor vending machines located in M.B. They are located together at Manhattan Heights by an occupied game building just off Manhattan Beach Blvd. (See first and second image pages attached.)

MB's other three vending machines are located indoors, one in Joslyn Center's foyer, and two inside the tennis 'pro' shop sign-up building at Live Oak park. (see first image attached)

HB to equal MB per square mile would need only 2 vending machines total, not 9.

MB to equal the initial count proposed for HB, would need 27 vending machines, or an increase of 22 machines.

MB dispenses cokes at the 3 indoor vending locations at \$1, and at the two outdoor machines at \$1.25. MB's vending machines scream out in bright red, COCA COLA advertising. HB vending machines are proposed to charge 50% more than MB, and 250% more than the current city vending machine located i.e. in City Hall.

A likely hazardous electrical condition currently exists at the two outdoor vending machines located outside MB's Manhattan Heights building.

The sodas dispensed would all best not be dispensed by the city as they are, in my view, all without any significant nutritional value. The city should avoid offering such "food". Clean working drinking fountains are preferable.

MB, per a Beach Reporter story, stated that they do not operate their 5 vending machines for the purpose of raising revenue.

The proposed vending machines are not needed, they will degrade the parks, they will require time of city staff in various ways, electricity, be a probable policing problem. A net-negative! Better to have Coca Cola figure out how to contribute to the centennial, if they desire to, without their requiring an ongoing unneeded foot-in-the-door parks vending machine contract. Any such ongoing contract, in any case, should unquestionably be put out as a request for proposal (RFP) to any/all interested vending operators.

Centennial or other contributions should not be used as a means to do business with the city so as to avoid a competitive RFP process. This is not a good way to do city business, notwithstanding what others might do.

The contract, if it exists, was not posted on the Internet nor was a reference made to same. Kindly do not make any approval for this open-ended service agreement without the contract being available for public review first. Place HB people first. Reject this "contribution" contract.

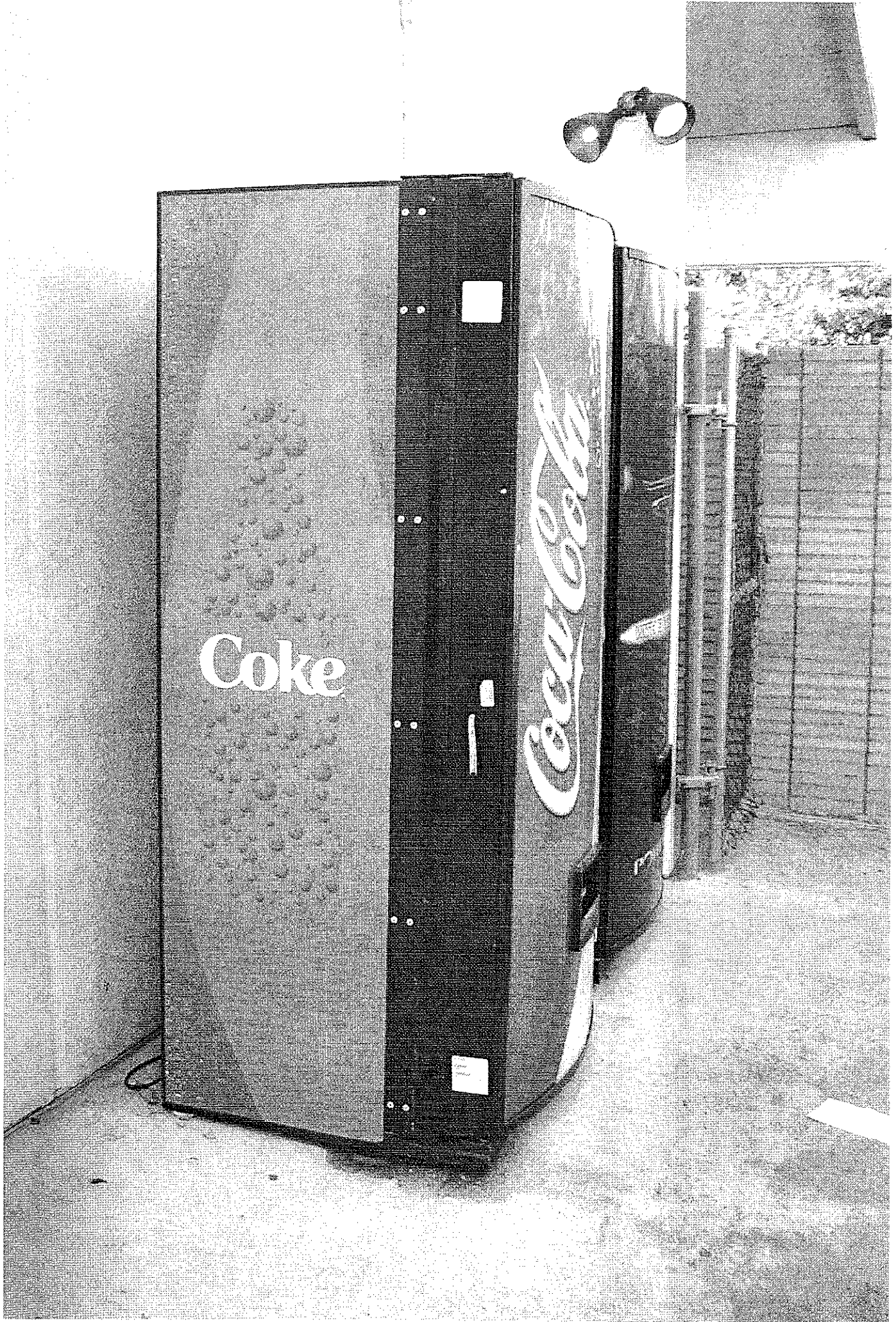


1 Machine in Manhattan Beach  
 2 Machines in Manhattan Beach  
**Oak Park (\$1 & \$2 Sodas)**  
 2 Machines by Manhattan Heights Park Building  
 . (only two which are outdoors, \$1.25 cokes)



**ABOVE ARE THE 5 VENDING MACHINES IN MANHATTAN BEACH.  
 3 ARE IN SECURED BUILDINGS, AND 2 ARE OUTDOORS.**

**THE TWO OUTDOORS ARE PLACED SUCH THAT A SMALL CHILD COULD EASILY CRAWL BEHIND ONE AND BE ELECTROCUTED BY THE WIRES AND PLUGS WHICH LAY ON THE CONCRETE. (SEE NEXT PAGE)**



SELECT

THE  
WINNING  
TASTE

WANG

WANG

WANG

