



Item Number  
**2**

## Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:

Dave Jones, Deputy Executive Director  
Commercial Development Division

Reviewer:

D Dazé (Feb 10, 2023 13:19 PST)

Brian C. Ostler, City Attorney *mt*

Justin Erbacci (Feb 10, 2023 13:38 PST)

Justin Erbacci, Chief Executive Officer

### Meeting Date

2/16/2023

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	2/2/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	1/26/2023	<input checked="" type="checkbox"/> Y	BMS
Procurement	2/6/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	SGL
Guest Experience	2/6/2023	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	1/31/2023	<input checked="" type="checkbox"/> Y	BNZ

### SUBJECT

Request to award a Non-Exclusive Vending Machine Services Concession Agreement to First Class Vending, Inc. for a five-year term, with two one-year options, generating a minimum of \$86,400 in revenue the first year and \$432,000 over the initial five-year term.

### RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
3. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
4. APPROVE the award of the proposed five-year Non-Exclusive Concession Agreement with First Class Vending, Inc. to operate a vending machine concession at Los Angeles International Airport and Van Nuys Airport.
5. AUTHORIZE the Chief Executive Officer, or designee, to execute the Concession Agreement with First Class Vending, Inc. upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

## **DISCUSSION**

### **1. Purpose**

Staff requests approval of the proposed concession agreement to provide convenient and cost-effective options for passengers to purchase bottled beverages and snacks at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY).

### **2. Prior Related Actions/History of Board Actions**

- **October 1, 2015 – Resolution No. 25799 (LAA-8882)**

The Board of Airport Commissioners (Board) approved a five-year contract with Bottling Group, LLC for non-exclusive vending machine operations at LAX and VNY.

- **April 16, 2020 – Resolution No. 27003 (LAA-8882A)**

The Board approved the revision of the payment term of the contract requiring Bottling Group, LLC to pay percentage rent instead of a Minimum Annual Guarantee from April 1, 2020, through June 30, 2020.

- **September 30, 2020 – Resolution No. 27093 (LAA-8882B)**

The Board approved a one-year term extension of the contract with Bottling Group, LLC for non-exclusive vending machine operations at LAX and VNY.

- **October 1, 2020 – Resolution No. 27118 (LAA-8882C)**

The Board approved an additional one-year term extension of the contract with Bottling Group, LLC for non-exclusive vending machine operations at LAX and VNY. Contract LAA-8882C expired on September 30, 2022.

### **3. Background**

Bottling Group, LLC, through their sub-concessionaire First Class Vending, Inc. (First Class), currently provides vending machine services at LAX and VNY through a concession agreement on a month-to-month basis. These vending machines offer guests options for purchase of bottled beverages and snacks. The vending machines are in public areas of LAX, including parking structures, non-secured public areas, post security checkpoints, and in the VNY FlyAway building.

### **4. Current Action/Rationale**

Award of the proposed concession agreement to First Class will provide continued vending machine services for guests at LAX and VNY. Vending machines provide passengers with a touchless option to choose a variety of snacks and drinks and provide an option for guests during times when concessions may be closed or operations limited. In addition, Los Angeles World Airports (LAWA) staff believe this is a valuable service for guests as passengers are prohibited from bringing water and drinks through passenger security screening checkpoints.

The proposed concession agreement requires compliance with the upcoming ban on plastic water bottles which goes into effect on June 30, 2023. In addition, First Class is responsible for all associated maintenance of the machines.

Pursuant to the terms of the proposed concession agreement, First Class will pay LAWA the greater of a minimum monthly guarantee of \$100 per machine or 59.5 percent of gross sales over the five-year term and any approved options. First Class initially will operate 67 machines at LAX and five machines at the Van Nuys FlyAway building, both in employee only and public areas. Los Angeles World Airports' Chief Executive Officer may authorize the reduction or addition of machines based on passenger need.

#### ***How This Action Advances a Specific Strategic Plan Goal and Objective***

This action advances this strategic goal and objective: *Deliver Facilities & Guest Experiences that are Exceptional: Develop, maintain and operate first class facilities.* Vending machines provide an economical and convenient concessions option for both guests and employees.

### **5. Selection Process**

On September 1, 2022, LAWA posted a Request for Bids on Rampla.org (Ramp ID 204042) to provide non-exclusive beverage and snack vending services at LAX and VNY. On September 19, 2022, LAWA received three bids as follows:

<b>Concessionaire</b>	<b>Bid (% of Gross Sales)</b>
First Class Vending, Inc.	59.5%
Compass Group USA, Inc. by and through its Canteen Division	51.6%
Gilly Vending, Inc.	42.0%

First Class was selected as the highest responsive bidder.

### **6. Fiscal Impact**

Award of the Non-Exclusive Vending Machine Services Concession Agreement will generate a minimum of \$86,400 in revenue the first year and \$432,000 over the initial five-year term.

### **7. Alternatives Considered**

- ***Take No Action***

This course of action would result in guests having fewer economical options for purchasing beverages and snacks once they pass terminal security checkpoints.

## **APPROPRIATIONS**

No appropriation of funds is required for this action.

## STANDARD PROVISIONS

1. The issuance of permits, leases, agreements and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.
4. First Class Vending, Inc. will comply with the provisions of the Living Wage Ordinance.
5. Procurement Services has reviewed this action (File No. 10364). No Airport Concessions Disadvantaged Business Enterprise (ACDBE) goal was set for this project, as no subcontracting opportunities were identified.
6. First Class Vending, Inc. will comply with the provisions of the Affirmative Action Program.
7. First Class Vending, Inc. has been assigned a Business Tax Registration Certificate No. 0000147973-0001-3.
8. First Class Vending, Inc. will comply with the provisions of the Child Support Obligations Ordinance.
9. First Class Vending, Inc. has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. Pursuant to Charter Section 104 (g) staff determined that airport concession agreements are exempt from the provisions of Charter Section 1022 (Use of Independent Contractor).
11. First Class Vending, Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. First Class Vending, Inc. has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. First Class Vending, Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. First Class Vending, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. First Class Vending, Inc. has submitted the MLO Bidder Contributions CEC Form 50 and will comply with its provisions.
16. This item is not subject to the provisions of the Iran Contracting Act.

CONCESSION AGREEMENT BETWEEN

CITY OF LOS ANGELES  
LOS ANGELES WORLD AIRPORTS AND

FIRST CLASS VENDING, INC.  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES INTERNATIONAL AIRPORT AND VAN NUYS AIRPORT

CONCESSION AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND  
FIRST CLASS VENDING, INC.  
FOR VENDING MACHINE SERVICE AT  
LOS ANGELES INTERNATIONAL AIRPORT  
AND VAN NUYS AIRPORT

THIS CONCESSION AGREEMENT, made and entered into as of \_\_\_\_\_, at Los Angeles, California by and between the CITY OF LOS ANGELES, a municipal corporation, (hereinafter referred to as "City"), acting by order of and through its Board of Airport Commissioners, (hereinafter referred to as "Board") of the Department of Airports (hereinafter referred to as "Department" or "LAWA"), and FIRST CLASS VENDING, INC. (hereinafter referred to as "Concessionaire").

**RECITALS**

WHEREAS, LAWA desires to secure vending machine services at Los Angeles International Airport (hereinafter referred to as "LAX") and Van Nuys Airport (hereinafter referred to as "VNY"), including but not limited to the Van Nuys FlyAway® Terminal Building (hereinafter referred to as VNY FlyAway®). LAX, VNY, and VNY FlyAway® may hereinafter collectively be referred to as "Airport" or "Airports"; and,

WHEREAS, LAWA issued a Request for Bids for vending machine services (hereinafter referred to as "RFB") for Airports; and,

WHEREAS, Concessionaire's bid was chosen by LAWA after review of all bids submitted as the best bid based on the criteria set forth in the RFB; and,

WHEREAS, LAWA desires to secure said vending machine services from Concessionaire; and,

WHEREAS, Concessionaire has agreed to provide vending machine services at Airports under the terms set forth below;

NOW, THEREFORE, in consideration of the promises, and of the terms, covenants, and conditions hereinafter contained to be kept and performed by the respective parties hereto, IT IS MUTUALLY AGREED AS FOLLOWS:

**Section 1.0 Authorization.**

1.0 LAWA hereby grants to Concessionaire the right to perform non-exclusive vending services at Airports under the terms and conditions of this Agreement, with the exception of those vending machines located on LAWA property with an active LAWA Concessions Agreement and areas with a valid agreement with LAWA (i.e. lease or tariff), including break rooms in said areas.

## **Section 2.0    Definitions.**

2.1    The following words and phrases when used in this Agreement, or any amendment hereto, shall have the meanings given to them in this Paragraph:

BOARD:	The Board of Airport Commissioners of the City of Los Angeles.
DEPARTMENT:	The Department of Airports of the City of Los Angeles.
CHIEF EXECUTIVE OFFICER:	Chief Executive Officer of the Department of Airports or his or her designee (hereinafter collectively referred to as CEO).
VENDING SERVICES:	The installation, operation and maintenance of self-service vending machines and the sale of products through such machines.
CONCESSION AREA:	All assigned areas in Airport with self-service vending machines, approved by the CEO for vending services, including areas designated by City at LAX Terminals 1, 2, 4, 5, 6, 7, 8, Tom Bradley International Terminal (TBIT), the American Eagle Remote Terminal, parking structures, remote lots, including the new LAX Economy Parking Facility, break rooms in various LAWA operated buildings, as well as at the Van Nuys Flyaway Bus Terminal located at VNY, as described in Exhibit A. The concession area includes the actual footprint occupied by the vending machine.

## **Section 3.0    Term.**

3.1    The term of the Agreement shall commence on the Effective Date and will be for a period of five (5) years, with two (2) one-year options exercisable by the CEO upon written notice to Concessionaire. LAWA may terminate this Agreement, with or without cause, upon giving Concessionaire a thirty (30) days written notice, or as provided elsewhere in this Agreement. The parties hereto agree that any Agreement between LAWA and Concessionaire that may be in effect at the time of entering into this Agreement with regard to the Concession Area shall be terminated as of the commencement date of this Agreement.

3.2    If Concessionaire remains in possession of all or any part of the Concession Area after the expiration of the term hereof, with or without the express or implied consent of LAWA, such tenancy shall be from month to month only, and not a renewal hereof or an extension for any further term, and in such case, percentage rent, as defined in Section

7.0, and other monetary sums due hereunder shall be payable in the amount and at the time specified in the Agreement and such month to month tenancy shall be subject to every other provision, covenant and agreement contained herein. Acceptance by LAWA of percentage rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of LAWA hereunder or as otherwise provided by law, and in no way shall affect any right which LAWA may otherwise have to recover damages from Concessionaire for loss or liability incurred by LAWA resulting from such failure by Concessionaire to surrender the Concession Area. Nothing contained in this Subsection shall be construed as consent by LAWA to any holding over by Concessionaire, and LAWA expressly reserves the right to require Concessionaire to surrender possession of the Concession Area to LAWA as provided in this Agreement upon the expiration or other termination of this Agreement.

#### **Section 4.0 Agreement Rights Granted.**

4.1 For and in consideration of the payment of the compensation to LAWA as hereinafter provided, LAWA hereby grants to Concessionaire, subject to all terms, covenants and conditions of this Agreement, the non-exclusive right to a Vending Machine Concession at Airports for LAWA property and spaces occupied by LAWA, excluding LAWA property with an active LAWA Concessions Agreement and areas with a valid agreement with LAWA (i.e. lease or tariff). The RFB is attached hereto and incorporated by reference herein as Exhibit A. The Concessionaire's Response to the RFB is attached hereto and incorporated by reference herein as Exhibit A-1. Any conflict in the terms and conditions between Exhibit A and Exhibit A-1 shall be resolved in favor of the language set forth in Exhibit A.

4.2 Concessionaire shall not conduct any other business, provide any other service or sell any type of merchandise from the vending machines, other than as specified in the RFB without written authorization from the CEO.

4.3 Concessionaire shall have the right and obligation to operate and maintain a vending machine concession at the location set forth in the RFB. During the term of the Agreement, the CEO may require the Concessionaire to relocate and/or add or delete one or more vending machine(s) to meet the needs of LAWA or to accommodate remodeling projects. Due to the terms herein, Concessionaire may or may not have the same number of vending machines operable as those noted at the commencement of this Agreement.

4.4 Throughout the term of this Agreement, Concessionaire, its agents, servants, employees, contractors, Concessionaires and business invitees, shall have ground ingress and egress to and from the vending machines. Such access shall be subject to reasonable airfield access control and permitting requirements as may be established by LAWA and temporary blockage or redirection due to Airports' construction or Airports' operational necessity.

## **Section 5.0    Prices.**

5.1     During the term of this contract, the size and prices of products to be distributed from vending machines of Concessionaire shall be set by Concessionaire with the approval of the CEO. Any and all changes in size and/or prices shall be submitted in writing to LAWA and require the written approval of the CEO prior to any change in size and/or price.

5.2     Concessionaire shall charge retail prices for its products that are reasonable and consistent with market standards. Prices shall not exceed eighteen percent above "street pricing". For purposes of this contract, "street pricing" is defined as the average price for similar products offered for sale in similar merchandisers within a five-mile vicinity of LAX and VNY. LAWA will monitor prices by means of periodic inspections of the vending machines and all prices are subject to approval by LAWA. Price increases shall only occur with prior written approval from the CEO.

## **Section 6.0    Concessionaire's Services and Rent.**

### **6.1    Type of Equipment and Vending Machines:**

- o    **Cold Drink Merchandiser:** Vends no less than four selections of popular brand name ice cold soft drinks, juice drinks, and water. The cold drinks can be canned or bottled. If the location requires two or more cold drink merchandisers, the Concessionaire must provide a variety of canned and bottled cold drinks merchandisers.
- o    **Hot Drink Merchandiser:** Offers hot chocolate, tea, and coffee with regular/extra cream, without cream, and with/without sugar.
- o    **Glass Front Snack Merchandiser:** Vends a variety of top-brand candy bars, chips, cookies, and snacks.
- o    **Hot/Cold Food Merchandiser:** Vends a variety of hot and cold foods, small containers of regular/skim milk, and small containers of orange juice. The assortment should be balanced.
- o    **Change machine:** Must provide change to customers for \$5, \$10, and \$20 bills.
- o    **Microwave:** Must be provided if food items that require heating are offered in adjacent vending machines. A stand must be provided if a countertop is not available in the area.

Each vending machine will also be tagged with unique identifying numbers which will need to be reflected on the monthly revenue reports. Refrigerated beverage vending machines must be Energy Star approved and listed on Energy Star's most recent "Refrigerated Beverage Vending Machine Qualified Model List" which can be found at [http://www.energystar.gov/ia/products/prod\\_lists/vending\\_machines\\_prod\\_list.pdf](http://www.energystar.gov/ia/products/prod_lists/vending_machines_prod_list.pdf).

### **6.2    Addition, Deletion, and Relocation of Vending Machines and Airport Locations.**

Concessionaire understands and acknowledges that at any time during the term hereof, the CEO may require, at Concessionaire's expense, for security reasons or otherwise: (1) the reduction in the number of vending machines at any particular location; (2) the relocation of a portion or all of vending machines; (3) an increase in the number of vending machines at any designated area; or (4) the installation of vending machines in locations other than those originally determined at the commencement of this Contract. Any and all such vending machine modifications and/or relocations will be at the sole expense of Concessionaire. LAWA will attempt to provide as much notice as possible for the removal or relocation of vending machines. Deletion or temporary disruptions of Concessionaire's operations shall not entitle Concessionaire to a temporary location elsewhere. Concessionaire acknowledges that the number of vending machines in operation may change from the amount at the commencement of this agreement due to the terms of this Section 6.2 herein.

6.3 The "rent commencement date" will commence once a vending machine is installed. Rent will be pro-rated for vending machines that are installed after the first of the month.

6.4 Employees and Sub-contractors. Concessionaire shall employ a sufficient number of personnel to handle the office, administrative and maintenance duties incidental to the operation of the business herein authorized. Upon notice from the CEO of any non-conformity herewith, Concessionaire shall forthwith take all steps necessary to eliminate the condition complained of within twenty-four (24) hours of said notice. Concessionaire may engage sub-contractors to perform its vending machine services under this Contract. Concessionaire will be responsible to LAWA to fulfill Concessionaire's obligations under this Contract in the event Concessionaire engages a subcontractor or subcontractors.

6.5 Manager for Airport. Concessionaire shall designate an appropriate manager for each respective Airport who shall be in charge of the concession business authorized herein as well as be responsible for the twenty four (24) hours a day, seven (7) days a week, three hundred sixty five (365) days a year emergency contact for Concessionaire's maintenance and service issues. Concessionaire's manager(s) shall be accessible by phone and shall return any call within one (1) hour.

6.6 Inspection. Concessionaire shall ensure that its employees make regular inspections (no less than one inspection per four (4) days) of its vending machines and all parts of the Concession Area covered by this Agreement. In addition, at the CEO's discretion, responsible representatives of LAWA and Concessionaire shall meet for the purpose of making a complete inspection of said locations, and reviewing the quality of service, condition of repair and cleanliness of said locations, and such other matters as LAWA may wish to review. In any case, Concessionaire shall service all its vending machines and related equipment as often as is necessary to keep the machines and equipment properly supplied, clean, and fully operational. Concessionaire will maintain a program of regular preventive maintenance and replacement of worn, damaged, or malfunctioning machines. LAWA may require Concessionaire to replace machines that cannot be returned to service within forty-eight (48) hours of the service call. Replacement machines will be of a type and condition at least equal to the machines that are replaced. Concessionaire will keep its vending machines, microwaves and change machines, and any and all other equipment supplied, and areas soiled by Concessionaire, neat and sanitary. Concessionaire will clean all spills that occur while filling, cleaning, or maintaining its machines, clean the front of each machine each time Concessionaire restocks or services it, and remove

packaging and waste from the Concession Area after each service call. Concessionaire shall cooperate with LAWA to promptly remedy any sanitary problems related to Concessionaire's machines.

6.7 Vending Machines. The vending machines supplied by Concessionaire shall be its newest or most recent models, in new or like new condition, of a size and type acceptable to the CEO and must have credit and/or debit card capability. All vending machines and each respective location therefor will comply with the Americans with Disability Act regulations and any amendments or successor statutes thereto. Concessionaire shall supply a coin changer within the immediate vicinity of each vending machine area as specified by LAWA. Concessionaire shall use best efforts to ensure that all vending machines are in operation at all times and in any case, each machine shall be fully operational at least ninety-nine percent (99%) of the year. Concessionaire shall repair or replace any malfunctioning vending machine within twenty four (24) hours after notice from LAWA.

6.8 Products Sold. Concessionaire will maintain fresh products in its vending machines and will ensure that all products vended shall conform in all respects to local, state, and federal laws and regulations relating to the standards of food and drink and shall be suitable for human consumption in all respects. Concessionaire shall ensure that all products offered by the vending machine are in stock at all times. If there are any product recalls for the products sold through the vending machines, Concessionaire shall immediately: (i) notify LAWA; (ii) remove the recalled products; (iii) post a notice regarding the recall on vending machines that had been selling the product; and (iv) cooperate with LAWA regarding efforts to protect the health, safety and welfare of Airport invitees.

6.9 Operating Notices. Concessionaire will affix to each vending machine a prominent notice containing instructions on how to (1) operate the machine, (2) report malfunctions, (3) comment on product quality, and (4) request refunds.

## **Section 7.0 Concession Fees, Charges and Accountability.**

7.1 Monthly Concession Fees. As consideration for City's granting the concession rights described in this Agreement, Concessionaire shall pay to City on a monthly basis for each month ("Monthly Concession Fee") during the Term of this Agreement as it may be extended pursuant to the terms hereof, the greater of:

(A) a minimum monthly guarantee ("MMG") equal to One Hundred Dollars (\$100) per machine installed or operated by Concessionaire pursuant to this Agreement (hereinafter referred to as "Vending Machine Fee"); or,

(B) a fee ("Percentage Fee") equal to Fifty-Nine Point Five Percent (59.5%) of the Gross Receipts (as defined below) per month.

7.1.1 The Monthly Concession Fee and all Additional Fees payable by Concessionaire hereunder are sometimes collectively referred to as "Fees". "Additional Fees" shall mean all sums, fees, charges, payments, and other amounts due hereunder from

Concessionaire other than Monthly Concession Fee.

7.1.2 Concessionaire shall provide a monthly accounting of all concession activity to the Department in an electronic database format acceptable to the CEO, indicating a summary of total revenues in each category and for all subcontractors; and, a breakdown by category and location of the gross sales.

7.1.3 Concessionaire shall also furnish to LAWA within ninety (90) days after the end of each year during the Term, an annual accounting of all business transactions conducted by Concessionaire at Airports pursuant to this Agreement, prepared at the close of Concessionaire's contract year in a form and with such detail as the CEO may request, together with such other financial and statistical reports, including a statement of Gross Receipts and concession fees and charges paid to LAWA by Concessionaire, as the CEO may reasonably require. Such annual accounting shall be prepared in accordance with generally accepted accounting principles, shall be certified by an independent Certified Public Accountant, and shall be approved and certified as being correct by an officer of the Concessionaire.

7.1.4 Each vending machine will also be tagged with identifying numbers located on a conspicuous part of the machine. Identifying numbers along with installation dates for each individual machine shall be reflected on the monthly revenue reports. LAWA reserves the right to inspect and audit the tracking systems as needed.

7.2 Gross Receipts Defined. "Gross Receipts" mean the aggregate total of charges and fees, including but not limited to, any and all fees or charges imposed upon users of the vending machines at Airports, including, without limitation, any compensation due to Concessionaire or Concessionaire's subcontractors derived from operation of vending machines at Airports, and shall further include, without limitation, all receipts whether by coin or currency, on account, by check or credit card, or in any other manner, derived by Concessionaire as a result of its operation of the concession rights herein granted, and shall also include, without limitation, the charges received or billed (whether or not received or collected) by Concessionaire from the provision of its payphone services at Airports pursuant to this Agreement.

7.2.1 Collections. Concessionaire shall be responsible for collections and shall assume all financial responsibility for dishonored credit cards and loss of uncollected funds. Amounts attributable to dishonored credit cards and uncollected funds shall not reduce Gross Receipts for the purpose of calculating the Percentage Fee described in Section 7.1.

7.3 Statements and Payment of Percentage Rent.

7.3.1 Monthly Statement. No later than twenty (20) days after the end of each calendar month in Agreement, Concessionaire shall submit to LAWA an itemized written statement for the preceding calendar month showing the Gross Sales from

Concessionaire's Concession Area and all permissible • deductions or exclusions (hereinafter referred to as "Monthly Statement") together with the concession fee payment. If the Commencement Date of this Agreement falls on a date other than the first day of a month, the Gross Sales from the partial month shall be added to, and the partial month shall be included in, the Monthly Statement for the first full calendar month in the Term. The Monthly Statement shall be certified by Concessionaire or Concessionaire's duly authorized officer or agent to be true and accurate. All monthly statements shall be mailed to the following address:

**LAWA Los Angeles World Airports  
P.O. Box 102662  
Pasadena, CA 91189-2662**

and shall be submitted by e-mail to the following address: [activityreports@lawa.org](mailto:activityreports@lawa.org). LAWA may designate an alternate address at any time upon giving Concessionaire a thirty (30) day advance, written notice.

7.4 Concessionaire's Books and Records. Concessionaire shall keep and maintain accurate books and records of account in accordance with generally accepted accounting principles (hereinafter referred to as "GAAP") for all business conducted in the Concession Area. Concessionaire shall also keep all supporting documentation for Gross Sales and exclusions or deductions from Gross Sales, including, as applicable, daily receipts, sealed cash register rolls, and serialized sales slips. Concessionaire shall keep and maintain the foregoing books, records, and supporting documentation pertaining to each Agreement year for at least two years after expiration of that Agreement year. Notwithstanding the foregoing, if any book, records, or supporting documentation kept and maintained by Concessionaire are the subject of an audit requested by LAWA or an unresolved controversy involving LAWA, Concessionaire shall keep and maintain them until the audit or controversy is terminated.

7.5 Audit. City's accountants or representatives may examine the books and records of Concessionaire for the purpose of conducting an audit. Concessionaire shall produce these records for inspection and/or copying at the Concession Area and/or LAWA's offices, at LAWA's option within fifteen (15) days of LAWA's request. In the event Concessionaire does not make available to LAWA the pertinent books and records within the aforesaid Fifteen (15) days as set forth in this subsection, Concessionaire agrees to pay for all travel costs, housing, and other related expenses associated with the audit of said books, reports, accounts, and records by LAWA at Concessionaire's place of records if said place of records is outside of the greater Los Angeles metropolitan area. Claims of confidentiality and/or trade secret shall not prevent City from auditing records or other supporting documentation.

7.6 Delinquencies, Liquidated Damages and Disputes.

(a) The failure of Concessionaire to pay the fees specified herein when due shall be a default for which LAWA may terminate this Agreement to Concessionaire or take such

other legal action as it deems necessary. Without waiving any rights available under this Agreement or by law, in the event of late or delinquent payment of fees, Concessionaire recognizes that LAWA will incur certain expenses, the amounts of which are difficult to ascertain. Therefore, in addition to the delinquent fees and charges, Concessionaire shall pay liquidated damages as set forth below to compensate LAWA for all expenses and/or damages and loss resulting from said late or delinquent payments by Concessionaire.

(b) The liquidated damages for late or delinquent payments herein shall be the greater of ten percent (10%) per annum or the prevailing Prime Interest Rate as established by the Federal Reserve Bank of San Francisco on advances to member banks under Section 13 and 13a of the Federal Reserve Act plus six percent (6%) per annum on the balance of the unpaid monthly fees due, calculated from the date of delinquency until the close of the business day upon which the delinquency payment is received by the LAWA.

Delinquent Payment. The term "Delinquent Payment" as used in this Agreement means any minimum guarantee payment, service charges, fees, or other charges payable by Concessionaire to LAWA that are not paid on the date when due.

Accrued Fees. The termination of this Agreement by the lapse of time or otherwise shall not relieve Concessionaire of its obligation to pay the minimum guarantee payment, percentage fees, or charges or other fees accrued during a period in which the Agreement is or was in effect which were unpaid at the time of any such termination.

Pro Rata Payment. If the Agreement terminates without fault of Concessionaire on any other day than the last day of the calendar month, the applicable minimum annual guarantee payment, percentage fees, charges or other fees for said month shall be paid pro rata in the same proportion that the number of days the Agreement is in effect for that month bears to the total number of days in that month.

(c) Notwithstanding other provisions of this Agreement, LAWA may rescind this Agreement if (i) there are recurring disputes over deficiency assessments arising from the provisions in this Agreement, or (ii) Concessionaire fails to maintain adequate records and accounts reflecting its business and gross receipts under this Agreement.

#### 7.7 Los Angeles Business Office, Record Retention, and Right to Inspect.

(a) Concessionaire undertakes and agrees, as a covenant and condition herein, to establish a business office, preferably in the metropolitan area of Los Angeles, where Concessionaire shall maintain, during the term of this Agreement, its permanent books, ledgers, journals and accounts wherein are kept all entries reflecting both the gross receipts received or billed by it from the business transactions at Airport and all other transactions of Concessionaire at Airport. If Concessionaire chooses not to maintain its records at a Los Angeles area business office, Concessionaire shall make all said records available in its Los Angeles Business office upon fifteen (15) days notice. If said records are not made available within this fifteen (15) day period

as noted, Concessionaire must pay for all traveling costs associated with the conducting of audits by the City at Concessionaire's place of record. Such books, ledgers, journals, accounts and records shall be available for inspection and examination by Executive Director during ordinary business hours.

(b) To facilitate the inspection of Concessionaire's books and records, documents shall be made available in electronically downloadable format whenever possible. When electronic files do not exist, legible printed copies of the daily, weekly, and monthly sales summaries classified by type of receipts must be provided. Concessionaire agrees to prepare and maintain financial and sales records wherein are accurately kept all entries reflecting all gross receipts as defined in this Agreement. Such records shall include, but not be limited to, general ledgers; sales journals; daily sales reports; detailed daily reports; cash register tapes; trial balances; sales tax reports; subsidiary ledgers; daily journals; original and closed rental agreements; corporate charts of accounts; and lists of rental locations. Cash registers or similar types of machinery, if used, shall be closed out at least once daily and shall be of a type that will show the following: receipts segregated by category; any taxes separately stated and collected; sales by dollar amount and by item count; and will carry forward a cumulative total that cannot be reset.

(c) The CEO may examine, inspect, audit, and copy any and all of Concessionaire's receipts-related books, records, reports, and accounts of its business authorized herein to be conducted. Concessionaire shall retain said books, records, reports and accounts until the information therein has been audited or examined by City.

(d) It is agreed that examinations of books, ledgers, journals and accounts of Concessionaire will be conducted in accordance with generally accepted auditing standards applicable in the circumstances and that, as such, said examinations do not require a detailed audit of all transactions. Testing and sampling methods may be used in verifying reports submitted by Concessionaire. Deficiencies ascertained by applying percentages of error, obtained from such testing and sampling, may be applied by LAWA to the entire period of reporting under examination and will be binding upon Concessionaire and, to that end, shall be admissible in any court of law to prove any amounts due LAWA. In the event any deficiency in the amount of two percent (2%) or greater of the compensation payable to LAWA hereunder is ascertained, Concessionaire agrees to pay LAWA for the cost of the audit and all deficiencies and all liquidated damages incurred. All information gained by LAWA from such examinations shall be confidential and shall not be disclosed other than to carry out the purposes hereof.

(e) LAWA's right to inspect Concessionaire's records is predicated upon the inspection being reasonably related to determining whether Concessionaire is complying with the terms of this Agreement.

(f) Upon completion of an audit, the audit findings of the LAWA shall be mailed to the Concessionaire. If, as a result of the audit, the City determines that additional funds are due the LAWA, Concessionaire shall have thirty (30) days from the date of the mailing of the

audit findings to submit to the LAWA complete documentation supporting Concessionaire's dispute of the audit findings. Failure of Concessionaire to dispute in writing the audit findings within thirty

(30) days shall constitute acceptance of the audit findings, and waiver of the right to appeal the audit findings.

(g) If, at the end of thirty (30) days, Concessionaire does not dispute the audit findings, the LAWA will mail Concessionaire a written invoice of additional funds due. If Concessionaire disputes the audit findings, LAWA will evaluate the documentation submitted by Concessionaire. Should LAWA find, following such evaluation, that additional funds are due, LAWA shall mail to Concessionaire a written invoice for such funds. Any additional funds that LAWA finds to be due to LAWA, as the result of an audit, must be paid within thirty (30) days of the mailing of a written invoice to Concessionaire for such funds. A late fee of the greater of One Hundred Dollars (\$100) or one-twentieth of one percent (0.05%) of the audit invoice amount per day shall be assessed for each day that payment is late. In the event that timely payment has not been made, liquidated damages shall be assessed from the date of the audit invoice.

7.8 Certified Public Accountant (CPA) Audit Report. Within sixty (60) days following the end of each calendar year of this Agreement, Concessionaire, at its own expense, shall submit an audited statement of its yearly gross receipts for its Airport operations and such other reasonable financial and statistical reports as Executive Director may require by written notice to Concessionaire. This statement must be prepared by an independent CPA who is a member in good standing with the American Institute of Certified Public Accountants (AICPA). The audited statement of gross receipts will show all receipts by category by month for the contract year. If through such audited statement it is established that additional fees are due LAWA, Concessionaire shall pay such additional fees to LAWA no later than fifteen (15) days after completion of such statement. Failure to pay such additional fees on time will be deemed a default under this Agreement. If through such audited statement it is established that Concessionaire has overpaid LAWA, LAWA will reimburse the Concessionaire, provided that reasonable justification for the overpayment is given to satisfy the LAWA.

## **Section 8.0 Purchasing.**

8.1 Concessionaire shall purchase and pay for all food, supplies and services utilized in the vending machines.

## **Section 9.0 Facilities and Equipment.**

9.1 Concessionaire shall, within thirty (30) days of execution of this Agreement, or as approved by the CEO, install and have operational, all types of the vending machines as set forth in the RFB. LAWA shall make available to Concessionaire the Concession Area, ready to operate vending machines, including utilities service (except telephone) as may be reasonably required for the efficient performance of this Agreement. LAWA shall have full access to the Concession Area at all times.

9.2 Concessionaire hereby expressly waives any and all claims against City's Department of Airports, its employees, contractors and agents for compensation for any and all loss or damage sustained to Concessionaire, its employees, contractors, agents, and/or property (including vending machines) arising from any cause other than City's intentional misconduct, including but not limited to defect, deficiency or impairment of the water supply, drainage or heating systems, gas mains, electrical apparatus or wires furnished to the Concession Area covered by this Agreement, or from loss resulting from water, tornado, earthquake, civil commotion or riot, and Concessionaire hereby expressly releases and discharges City's Department and its officers, employees, servants or agents from any and all demands, claims, actions and causes of action arising from any of the aforesaid causes. Maintaining the cleanliness of the entire Concession Area facility is the responsibility of Concessionaire.

9.2.1 Concessionaire shall contact LAWA Construction and Maintenance Division to service any major infrastructure plumbing, electrical, or HVAC problems that may arise. If such repairs are found to be the result of negligence or misuse on behalf of Concessionaire, LAWA reserves the right to pass the cost of any service and/or repairs on to Concessionaire, plus an additional fifty percent (50%) administration fee. LAWA is not responsible for any routine maintenance on equipment.

9.2.2 Concessionaire, at its own cost and expense, shall maintain all improvements, equipment and fixtures in good condition and repair and in compliance with all requirements of law, including Los Angeles Fire Department Regulation No. 4, in accordance with LAWA standards. If Concessionaire does not maintain said equipment and fixtures in the manner described above, Concessionaire agrees to promptly reimburse LAWA for the cost of any of said maintenance plus fifteen percent (15%) for administrative and overhead charges.

9.3 Health and Safety. Concessionaire shall be responsible for compliance with all federal, state and local safety and health laws and regulation with respect to the Concession Area.

9.4 Equipment. Concessionaire shall furnish and/or repair all equipment necessary to operate the Concession Area.

#### **Section 10.0 Cleaning Responsibilities:**

10.1 Concessionaire shall maintain high standards of sanitation and shall be responsible for routine cleaning in the Concession Area.

10.2 Concessionaire shall regularly clean each vending machine.

10.3 Concessionaire shall comply with current and future City regulations regarding the reduction and recycling of trash and debris.

#### **Section 11.0 Limitations on Operation of Concession Area.**

11.1 Concessionaire shall not use the Concession Area, or any portion thereof, for any purpose other than set forth in this Agreement, without the written consent of the CEO, which

consent may be withheld in the CEO's sole discretion.

There is hereby reserved to City, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Concession Area. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on Airport. Concessionaire agrees not to make any claim or institute legal action against City under any theory of recovery for any interference with Concessionaire's use and enjoyment of the Concession Area which may result from noise emanating from the operation of aircraft to, from, or upon Airport except for claims or actions brought by third parties against Concessionaire arising from City's operation of Airport.

11.2 Concessionaire, by accepting this Agreement, agrees for itself and its successors and assigns that it will not make use of the Concession Area in any manner which might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard to such operations. In the event the aforesaid covenant is breached, City reserves the right to enter upon the Concession Area hereby Contracted and cause the abatement of such interference at the expense of Concessionaire.

11.3 Concessionaire shall conduct its, and cause its subcontractors to conduct their, operations in the Concession Area in such manner as to reduce as much as is reasonably practicable, considering the nature and extent of said operations, any and all activities which interfere unreasonably with the use of other premises adjoining the Concession Area at Airport, including, but not limited to, the emanation from the Concession Area of noise, vibration, movements of air, fumes, and odors.

11.4 Concessionaire is prohibited from installing or using any wireless workstations, access control equipment, wireless internet servers, application or system software such as transceivers, modems, or other interface units that access frequencies from 2.0 Gigahertz to 6.0 Gigahertz, inclusive, without first obtaining written approval from the CEO.

11.5 Concessionaire has no rights under this Agreement to install or use any antennae or telecommunications equipment on the roof or exterior of any building or structure on the Concession Area, unless such installation or use is directly related to the conduct of Concessionaire's business and in full compliance with City's permit process and telecommunications policies as they may be modified from time to time at the sole discretion of the CEO. Concessionaire may not license or sublease to others the right to install or use antennae or other telecommunications equipment on the Concession Area.

## **Section 12.0 Taxes, Licenses and Permits.**

12.1 Concessionaire shall pay any and all taxes of whatever character that may be levied or charged upon the vending machines in the Concession Area, or upon Concessionaire's improvements, fixtures, equipment, or other property thereon or upon Concessionaire's use thereof. Concessionaire shall also pay all license or permit fees necessary or required by law or regulation for the conduct of Concessionaire's business or use of the Concession Area, including any and all government health licenses and permits.

12.2 If a claim is made against City for any of the above charges, City shall promptly notify Concessionaire in writing; provided, however, that failure by City to give such notice shall not constitute a waiver of Concessionaire's obligation to pay such taxes, license and/or permit fees. In addition, by executing this Agreement and accepting the benefits thereof, a property interest may be created known as a "possessory interest". If such possessory interest is created, Concessionaire, as the party in whom the possessory interest is vested, shall be subject to the payment of the property taxes levied upon such interest.

12.3 The obligations of Concessionaire under this Section, however, shall not prevent Concessionaire from contesting the validity and/or applicability of any of the above charges and during the period of any such lawful contest, Concessionaire may refrain from making, or direct the withholding of, any such payment without being in breach of the above provisions. Upon a final determination in which Concessionaire is held responsible for such taxes and/or fees, Concessionaire shall promptly pay the required amount plus all legally imposed interest, penalties and surcharges. If all or any part of such taxes and/or fees, penalties, or surcharges are refunded to City, City shall remit to Concessionaire such sum(s) to which Concessionaire is legally entitled.

#### **Section 13.0 Business Tax Registration.**

13.1 Concessionaire represents that it has registered its business with the City Clerk of City and has obtained and presently holds from that Office a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by City's Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of City's Municipal Code). Concessionaire shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended during the term hereof.

#### **Section 14.0 Liquidated Damages.**

14.1 Payment of concession fee shall be delinquent if not received by City within five days following the due date. Without waiving any rights available under this Agreement or by law, in the event of delinquent payments, Concessionaire recognizes that City will incur certain expenses, the amount of which is difficult to ascertain. Therefore, in addition to payment(s) owing, Concessionaire agrees to pay the liquidated damages set forth in Section 7.6 above.

14.2 City may draw such delinquent payments from the Faithful Performance Guarantee required pursuant to Section 37.0 Faithful Performance Guarantee and continue assessing liquidated damages until the Performance Guarantee is replenished to the level required in Section 37.0 Faithful Performance Guarantee.

#### **Section 15.0 City's Right of Access and Inspection.**

15.1 City, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all reasonable times and in a reasonable manner, upon notice to Concessionaire, to enter upon the Concession Area for the purpose of inspecting the same or for doing any act or thing which City may be obligated or have the right to do under this Agreement, or otherwise, and no abatement of rental shall be claimed by or allowed for Concessionaire by

reason of the exercise of such rights. In the exercise of its rights under this Section, City, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Concessionaire's business on the Concession Area as herein authorized.

#### **Section 16.0 Financial Terms.**

16.1 All services to be provided by Concessionaire under this Agreement shall be provided at Concessionaire's expense.

#### **Section 17.0 Renegotiation.**

17.1 The financial terms set forth in this Agreement and other obligations assumed by Concessionaire hereunder are based on conditions in existence on the date Concessionaire commences operations, including by way of example, City's employee population and working conditions; labor, food and supply costs; and federal, state and local sales, use and excise taxes. In the event of a change in such conditions, the financial terms or other obligations assumed by Concessionaire may be renegotiated on a mutually agreeable basis to reflect such change. The CEO shall have the authority to negotiate any such change in financial terms.

#### **Section 18.0 Proprietary Materials.**

18.1 LAWA agrees that all computer software programs, signage and marketing and promotional literature and material (collectively referred to as "Proprietary Materials") used by Concessionaire in the Concession Area in connection with the vending machine services provided by Concessionaire under this Agreement shall remain the property of Concessionaire. Upon termination of this Agreement, all use of trademarks, service marks and logos owned by Concessionaire or licensed to Concessionaire by third parties shall be discontinued by LAWA, and LAWA shall immediately return to Concessionaire all proprietary materials.

#### **Section 19.0 Signs.**

19.1 Concessionaire shall not erect, construct or install any advertising displays or fixtures at any location at Airports for any reason at any time without the prior written consent of the CEO, except as may be provided elsewhere in this Agreement. Concessionaire vending machines may only display advertising that pertain the products being sold within the particular vending machine.

19.2 No identification signs pertaining to Concessionaire's operations shall be installed or placed in or on the Concession Area or Airport until Concessionaire has submitted to LAWA drawings, sketches, design dimensions, and type and character of such identification signs proposed to be placed thereon or therein and has received written approval from the CEO. Any conditions with respect to the use of said signs stated by the CEO in the latter's written approval thereof shall be conditions of this Agreement as if fully set forth herein. Only signage that is approved by LAWA can be placed in the Concession Area.

19.3 In the event Concessionaire fails or refuses to remove any advertising displays within twenty-four (24) hours of receiving a written notice or request to do so from the CEO, LAWA shall have any and all of the following options:

(i) Commence termination of this Agreement pursuant to the terms of this Agreement;

(ii) Physically remove the offending display materials and require Concessionaire to pay all costs of LAWA-related thereto plus fifteen percent (15%) administrative and overhead charges;

(iii) Require Concessionaire to pay LAWA the sum of One Thousand Dollars (\$1,000) per day for each day that the offending sign or graphic material continues to be in violation of LAWA's written notice, said payment to be viewed by the parties as additional concession fees. The acceptance of any such additional concession fees by LAWA from Concessionaire shall not be viewed as a waiver of any breach of the terms of this Agreement.

#### **Section 20.0 Insurance.**

20.1 Concessionaire shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit B, attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City, its Department of Airports, its Board and all of City's officers, employees, and agents, their successors and assigns, as insureds, against the areas of risk described in Exhibit B hereof with respect to Concessionaire's acts or omissions in its operations, use, and occupancy of the Concession Area or other related functions performed by or on behalf of Concessionaire in, on or about Airport.

20.2 Each specified insurance policy (other than Workers' Compensation and Employers' Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Agreement with the City of Los Angeles."

20.3 All such insurance shall be primary and noncontributing with any other insurance held by City's Department of Airports where liability arises out of or results from the acts or omissions of Concessionaire, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Concessionaire. Such policies may provide for reasonable deductibles and/or retentions acceptable to the CEO based upon the nature of Concessionaire's operations and the type of insurance involved.

20.4 City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, Board and all of City's officers, employees, and agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them,

a partner or joint venturer with Concessionaire in Concessionaire's operations at Airport. In the event Concessionaire fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) days prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Concessionaire, and Concessionaire agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead. Payment shall be made within thirty (30) days of invoice date.

20.5 At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Concessionaire shall, within fifteen (15) days of such cancellation of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

20.6 Concessionaire shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to the Executive Director in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to the Executive Director. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of City's Administrative Code prior to Concessionaire occupying the Concession Area. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

20.7 City and Concessionaire agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Agreement by the Executive Director who may, thereafter, require Concessionaire, on thirty (30) days prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said Executive Director deems to be adequate.

20.8 Submission of insurance from a non-California admitted carrier is, subject to the provisions of California Insurance Code Sections 1760 through 1780, and any other regulations and/or directives from the State Department of Insurance or other regulatory board or agency; Concessionaire agrees, except where exempted, to provide City proof of said insurance by and through a surplus lines broker licensed by the State of California.

## **Section 21.0 City Held Harmless.**

21.1 In addition to the provisions of Section 20.0 Insurance herein, Concessionaire shall defend, indemnify and hold harmless City and any and all of City's departments, boards, officers, agents, employees, assigns and successors in interest from and against any and all suits, claims, causes of action, liability, losses, damages, demands or expenses, (including, but not limited to, attorney's fees and cost of litigation), claimed by anyone (including Concessionaire and/or

Concessionaire's agents or employees) by reason of injury to, or death of, any person(s), or for damage to, or destruction of, any property, including property of Concessionaire, and alleged to arise out of, pertain to, or relate to the Concessionaire's performance of the contract, whether or not contributed to by any act or omission of City, or of any of City's departments, boards, officers, agents or employees.

21.2 In addition, Concessionaire agrees to protect, defend, indemnify, keep and hold harmless City and any and all of City's departments, boards, officers, agents, employees, assigns and successors in interest from and against any and all claims, damages, liabilities, losses and expense arising out of any threatened, alleged or actual claim that the end product provided to LAWA by Concessionaire violates any patent, copyright, trade secret, proprietary right, intellectual property right, moral right, privacy, or similar right, or any other rights of any third party anywhere in the world. Concessionaire agrees to, and shall, pay all damages, settlements, expenses and costs, including cost of investigation, court costs and attorney's fees, and all other costs and damages sustained or incurred by City and any and all of City's departments, Boards, officers, agents, employees, assigns and successors in interest arising out of, or relating to, the matters set forth above in this paragraph of the City's Hold Harmless agreement.

21.3 Survival of Indemnities. The provisions under this Section 22 shall survive the termination of this Agreement. Rights and remedies available to the City hereinabove shall survive the termination of this Agreement. Further, the rights and remedies are cumulative of those provided for elsewhere in this Agreement and those allowed under the laws of the United States, the State of California, and the City of Los Angeles.

## **Section 22.0 Hazardous and Other Regulated Substances.**

22.1 For the purposes of this Agreement, "hazardous substances" means:

22.1.1 Any substance the presence of which requires the investigation or remediation under any federal, state or local statute, regulation, rule, ordinance, order, action, policy or common law; or

22.1.2 Any substance which is or becomes defined as a hazardous waste, extremely hazardous waste, hazardous material, hazardous substance, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

22.1.3 Any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, council, board, or instrumentality of the United States, the State of California, the City of Los Angeles, or any political subdivision of any of them; or

22.1.4 Any substance the presence of which on the Demised Premises causes or threatens to cause a nuisance upon the Demised Premises or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Demised Premises; or

22.1.5 Any substance the presence of which on adjacent properties could constitute a trespass by Concessionaire; or

22.1.6 Any substance, without limitation, which contains gasoline, aviation fuel, jet fuel, diesel fuel or other petroleum hydrocarbons, lubricating oils, solvents, polychlorinated biphenyls (PCBs) asbestos, urea formaldehyde or radon gases.

22.2 Except for conditions existing prior to the original occupancy of the Demised Premises by Concessionaire or by Concessionaire's predecessors in interest, Concessionaire agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing, and/or disposal of hazardous substances, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Demised Premises, on the user of the land, or on the user of the improvements. Concessionaire agrees that any claims, damages, penalties, or fines asserted against or levied on City and/or the Concessionaire as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of the Concessionaire and that Concessionaire shall indemnify and hold City harmless from all such claims, damages, penalties, or fines. Further, City may, at its option, pay such claims, damages, penalties, or fines resulting from Concessionaire's non-compliance with any of the terms of this Section, and Concessionaire shall indemnify and reimburse City for any such payments.

22.3 Except for conditions existing prior to the original occupancy of the Demised Premises by Concessionaire or Concessionaire's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the Demised Premises or contamination of the Demised Premises by any person, Concessionaire agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge, release or contamination. In the case of any hazardous substance spill, leak, discharge, release or contamination by Concessionaire or its employees, servants, agents, contractors, or subcontractors on the Demised Premises or as may be discharged or released in, on or under adjacent property which affects other property of City or its tenants, Concessionaire agrees to make or cause to be made any necessary corrective actions to clean up and remove any such spill, leakage, discharge, release or contamination. If Concessionaire fails to repair, clean up, properly dispose of, or take any other corrective actions as required herein, City may (but shall not be required to) take all steps it deems necessary to properly repair, clean up, or otherwise correct the conditions resulting from the spill, leak, discharge, release, or contamination. Any such repair, cleanup, or corrective actions taken by City shall be at Concessionaire's sole cost and expense and Concessionaire shall indemnify and pay for and/or reimburse City for any and all costs City incurs as a result of any repair, cleanup, or corrective action it takes plus an additional fifty

percent (50%) administrative fee.

22.4 If Concessionaire installs or uses already installed underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Demised Premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Concessionaire agrees, upon the expiration and/or termination of this Agreement, to remove and/or clean up, at the sole option of the CEO, the above-referred-to improvements. Said removal and/or cleanup shall be at the Concessionaire's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of the Executive Director.

22.5 Concessionaire shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Concessionaire to or received by Concessionaire from any governmental entity regarding any hazardous substance. Such written materials include, without limitation, all documents relating to any threatened or actual hazardous substance spill, leak, or discharge, or to any investigations into or clean-up of any actual or threatened hazardous substance spill, leak, or discharge including all test results.

22.6 This Section and the obligations herein shall survive the expiration or earlier termination of this Agreement.

### **Section 23.0 Assignments, Transfers, and Encumbrances Prohibited.**

23.1 Concessionaire shall not in any manner, directly or indirectly by operation of law or otherwise, hypothecate, mortgage, pledge, transfer or otherwise encumber or assign the Agreement rights herein created nor shall Concessionaire sublet, sublease, license or otherwise authorize the right to use, in whole or in part, the assigned areas or the Agreement rights herein granted without the prior, written consent of Executive Director. For purposes of this Agreement, the terms "transfer" and "assign" shall include, but not be limited to, the following:

(i) if Concessionaire is a joint venture, a limited liability company, or a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if Concessionaire is a corporation, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of Concessionaire; (iii) the dissolution by any means of Concessionaire; and, (iv) a change in business or corporate structure. Any such assignment, mortgaging, pledging, transfer, or encumbrancing of the Agreement rights, or any subletting, subleasing or licensing of the use of the whole or any part of the assigned areas or other violations of the provisions of this Section 29.0 shall be voidable at City's option and shall confer no right, title or interest in or to this Agreement, or right of occupancy of the whole or any portion of the Concession Area, upon any such assignee, mortgagee, pledgee, encumbrances or other lien holder, successor or purchaser.

23.2 The interest of Concessionaire under this Agreement shall not, except at City's option and with its written consent, be assignable or transferable by operation of law. In case of the bankruptcy of Concessionaire or of the appointment of a receiver for Concessionaire, or if a receiver is appointed to take possession of any of the equipment or improvements installed at Airport as a result of any act or omission of Concessionaire, or if Concessionaire makes an assignment of this Agreement for the benefit of creditors, or if any person attempts to take

possession of such equipment or improvements pursuant to any attachment, execution or the levy of any judicial process, no one shall acquire any right, title or interest in or to this Agreement or the rights herein granted without first securing the written consent of City.

23.3. When proper consent has been given by the CEO, the provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the heir(s), successor(s), executor(s), administrator(s) and assign(s) of the parties hereto.

**Section 24.0 Nondiscrimination and Equal Employment Practices/Affirmative Action Program.**

**24.1 Federal Non-Discrimination Provisions.**

24.1.1 The Concessionaire for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Agreement, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Concessionaire shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended (USE GUIDE , Paragraph 1).

24.1.2 The Concessionaire for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Concessionaire shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended (USE GUIDE, Paragraph 1).

24.1.3 The Concessionaire assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This Provision obligates the Concessionaire or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is

extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property (USE GUIDE, paragraph 1).

24.1.4 Concessionaire shall furnish its services on a reasonable and not unjustly discriminatory basis to all users, and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that Concessionaire may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers (USE GUIDE, paragraph 11).

24.1.5 Concessionaire agrees that it shall insert the provisions found in Subsections 24.1.3 and 24.1.4 above in any sublease, assignment, license, or permit by which said Concessionaire grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Concession Area herein Contracted.

## 24.2 Municipal Non-Discrimination Provisions.

24.2.1 Non-Discrimination In Operation of Concession Area. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition in the Agreement, sublease, transfer, use, occupancy, tenure, or enjoyment of the Concession Area or any part of the Concession Area or any operations or activities conducted at the Concession Area or any part of the Concession Area. Nor shall Concessionaire or any person claiming under or through Concessionaire establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees of the Concession Area. Any sublease or assignment which may be permitted under this Agreement shall also be subject to all non-discrimination clauses contained in Section 31.2.

24.2.2 Non-Discrimination In Employment. During the term of this Agreement, Concessionaire agrees and obligates itself in the performance of this Agreement not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition. Concessionaire shall take affirmative action to insure that applicants for employment are treated, during the term of this Agreement, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

24.2.3 Equal Employment Practices. If the total payments made to City under this Agreement are One Thousand Dollars (\$1,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), which is

incorporated herein by this reference. A copy of Section 10.8.3 has been attached hereto for the convenience of the parties as Exhibit C. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Equal Employment Practices provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Equal Employment Practices provisions of this Agreement, this Agreement may be forthwith terminated, cancelled or suspended.

24.2.4 Affirmative Action Program. If the total payments to LAWA under this Agreement are One Hundred Thousand Dollars (\$100,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), which is incorporated herein by this reference. A copy of Section 10.8.4 has been attached hereto for the convenience of the parties as Exhibit D. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Affirmative Action Program provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Affirmative Action Program provisions of this Agreement, this Agreement may be forthwith terminated, cancelled or suspended.

## **Section 25.0 Disabled Access.**

25.1 Concessionaire shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabled access to improvements on the Concession Area including any services, programs, or activities provided by Concessionaire. Concessionaire shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Concessionaire's noncompliance. Further, Concessionaire agrees to cooperate fully with City in its efforts to comply with the current Americans With Disability Act and any amendments or successor statutes thereto. Notwithstanding the foregoing, it is understood by both parties that Concessionaire's responsibility under this Agreement regarding the accessibility of its vending machines that Concessionaire shall not be required under this Agreement to construct ramps or otherwise render accessible the site where the equipment is placed.

25.2 Should Lessee fail to comply with Section 25.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Lessee will then be required to reimburse City for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

## **Section 26.0 Default, Termination, and Waiver.**

26.1 In the event Concessionaire fails to abide by the terms and conditions of this Agreement, LAWA shall give Concessionaire written notice to correct the defect or default and if same is not corrected, or substantial steps taken towards accomplishing such correction, within ten (10) days after Concessionaire's receipt of such notification, LAWA may terminate this Agreement thirty (30) days from the original date of Concessionaire's receipt of LAWA's notice. LAWA's right of termination hereunder also applies if any of the following events occur:

- a.) The occurrence of any act which operates to deprive Concessionaire of the rights, power, licenses, permits or authorities necessary for the proper conduct and operation of the activities authorized herein;
- b.) Abandonment or discontinuance of operations by Concessionaire of its business by any act(s) of Concessionaire;
- c.) Any persistent violation on the part of Concessionaire, its agents or employees of the traffic rules and regulations of City at Airport or disregard of the safety of persons using Airport, upon failure by Concessionaire to correct the same;
- d.) Failure on the part of Concessionaire to maintain the quality of service required by the terms of this Agreement, including, but not limited to, any cessation or diminution of service by reason of Concessionaire being unable for any reason to maintain in its employ the personnel necessary to keep its fixed display signage in operation and available for public use, unless such use is due to strike, lockout, or bona fide labor dispute;
- e.) Failure by Concessionaire to maintain its vending machine locations or all portions of its other equipment in a manner satisfactory to Executive Director;
- f.) Any substantial change in the ownership or proprietorship of Concessionaire which, in the opinion of the Executive Director, is not in the best interests of the City or the public; or
- g.) The bankruptcy of Concessionaire; or the appointment of a receiver for Concessionaire; or if a receiver is appointed to take possession of Concessionaire's premises as a result of any act or omission of Concessionaire; or if Concessionaire makes an assignment of this Agreement for the benefit of creditors; or if possession of the premises is taken by virtue of any attachment, execution or the levy of any judicial process, and such appointment, levy or taking is not discharged or terminated within thirty (30) days.

26.2 The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any other term, covenant, or condition, or of any subsequent breach of the same term, covenant, or condition. The subsequent acceptance of

percentage rent hereunder by City shall not be deemed to be a waiver of any preceding breach by Concessionaire of any term, covenant, or condition of this Agreement other than the failure of Concessionaire to pay the particular rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent.

26.3 Cross Default. A material breach of the terms of any other lease, license, permit, or contract held by Lessee with City shall constitute a material breach of this Agreement and shall give City the right to terminate this Agreement for cause in accordance with the procedures set forth in this section.

## **Section 27.0 Living Wage Ordinance and Worker Retention Ordinances.**

### **27.1 Living Wage Ordinance.**

27.1.1 General Provisions: Living Wage Policy. This Agreement is subject to the Living Wage Ordinance (hereinafter referred to as "LWO") (Section 10.37, et seq., of the Los Angeles Administrative Code which is incorporated herein by this reference. A copy of Section 10.37 has been attached hereto for the convenience of the parties as Exhibit E. The LWO requires that, unless specific exemptions apply, any employees of tenants or Concessionaires of City property who render services on the Contracted premises or licensed premises are covered by the LWO if any of the following applies:

(1) the services are rendered on premises at least a portion which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than twelve dollars (\$12) per hour of their possible right to the federal Earned Income Tax Credit (hereinafter referred to as "EITC") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Concessionaire shall permit access to work sites for authorized City representatives to review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the City. Whether or not subject to the LWO, Concessionaire shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6(c), Concessionaire agrees to comply with federal law prohibiting retaliation for union organizing.

27.1.2 Living Wage Coverage Determination. An initial determination has been made that this is a public Agreement under the LWO, and, that it is not exempt from coverage by the LWO. The Living Wage Coverage Determination Form reflecting that initial determination is attached to this Agreement as Exhibit E. Determinations as to

whether this Agreement is a public Agreement or a license covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Concessionaire in writing about any re-determination by City of coverage or exemption status. To the extent Concessionaire claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Concessionaire to prove such non-coverage or exemption.

**27.1.3 Compliance; Termination Provisions And Other Remedies: Living Wage Policy.** If Concessionaire is not initially exempt from the LWO, Concessionaire shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Execution Date of this Agreement, and shall execute the Declaration of Compliance Form attached to this Agreement, as Exhibit E, contemporaneously with the execution of this Agreement. If Concessionaire is initially exempt from the LWO, but later no longer qualifies for any exemption, Concessionaire shall, at such time as Concessionaire is no longer exempt, comply with the provisions of the LWO and execute the then currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Agreement and City shall be entitled to terminate this Agreement and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Concessionaire violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Agreement. Nothing in this Agreement shall be construed to extend the time periods or limit the remedies provided in the LWO.

**27.1.4. Subcontractor Compliance.** Lessee agrees to include, in every subcontract or sublease covering City property entered into between Lessee and any subcontractor, a provision pursuant to which such subcontractor (A) agrees to comply with the Living Wage Ordinance and the Service Contractor Worker Retention Ordinance with respect to City's property; (B) agrees not to retaliate against any employee lawfully asserting noncompliance on the part of the Subcontractor with the provisions of either the Living Wage Ordinance or the Service Contractor Worker Retention Ordinance; and (C) agrees and acknowledges that City, as the intended third-party beneficiary of this provision may (i) enforce the Living Wage Ordinance and Service Contractor Worker Retention Ordinance directly against the subcontractor with respect to City property, and invoke, directly against the subcontractor with respect to City property, all the rights and remedies available to City under Section 10.37.5 of the Living Wage Ordinance and Section 10.36.3 of the Service Contractor Worker Retention Ordinance, as same may be amended from time to time.

**Section 28.0 Worker Retention Ordinance.** This Agreement may be subject to the Worker Retention Ordinance (hereinafter referred to as "WRO") (Section 10.36, et seq, of the Los Angeles Administrative Code), which is incorporated herein by this reference. A copy of Section 10.36 has been attached for the convenience of the parties as Exhibit F. If applicable, Concessionaire must also comply with the WRO which requires that, unless specific exemptions apply, all employers

under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of Twenty Five Thousand Dollars (\$25,000) and a contract term of at least three (3) months shall provide retention by a successor contractor for a ninety- day (90) transition period of the employees who have been employed for the preceding twelve months or more by the terminated contractor or subcontractor, if any as provided for in the WRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Agreement and otherwise pursue legal remedies that may be available if City determines that the subject contractor violated the provisions of the WRO.

### **Section 29.0 Child Support Orders.**

29.1 This Agreement is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. A copy of Section 10.10 and has been attached for the convenience of the parties as Exhibit G. Pursuant to this Section, Concessionaire (and any subcontractor of Concessionaire providing services to City under this Agreement) shall (1) fully comply with all State and Federal employment reporting requirements for Concessionaire's or Concessionaire's subcontractor's employees applicable to Child Support Assignments Orders; (2) certify that the principal owner(s) of Concessionaire and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Agreement. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Concessionaire or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Concessionaire or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Agreement subjecting this Agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Concessionaire by City (in lieu of any time for cure provided elsewhere in this Agreement).

### **Section 30.0 Visual Artists' Rights Act.**

30.1 Concessionaire shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Code Section 980, et seq., (hereinafter collectively referred to as "VARA") on or about the Concession Area without first obtaining a waiver, in writing, of all rights under VARA, satisfactory to the Executive Director and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies.

30.2 Concessionaire is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Concession Area without the prior, written approval and waiver of the Executive Director. Any work of art installed on the Concession Area without such prior approval and waiver shall be deemed a trespass, removable by City,

by and through its Executive Director, upon three (3) days written notice, all costs, expenses, and liability therefore to be borne exclusively by Concessionaire.

30.3 Concessionaire, in addition to other obligations to indemnify and hold City harmless, as more specifically set forth in this Agreement, shall indemnify and hold harmless City from all liability resulting from Concessionaire's failure to obtain City's waiver of VARA and failure to comply with any portion of this provision.

30.4 The rights afforded City under this provision shall not replace any other rights afforded City in this Agreement or otherwise but shall be considered in addition to all its other rights.

### **Section 31.0 Attorney's Fees.**

31.1 If City shall, without any fault, be made a party to any litigation commenced by or against Concessionaire arising out of Concessionaire's use or occupancy of the Concession Area, then Concessionaire shall pay all costs, expenses, and reasonable attorney's fees incurred by or imposed upon City in connection with such litigation. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

### **Section 32.0 Equal Benefits Ordinance.**

32.1 Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance (hereinafter referred to as "EBO"), Contractor certifies and represents that Contractor will comply with the applicable provisions of EBO Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time. Contractor shall not, in any of its operations within the City of Los Angeles or in other locations owned by the City of Los Angeles, including the Airport, discriminate in the provision of Non-ERISA Benefits (as defined below) between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration. As used above, the term "Non-ERISA Benefits" shall mean any and all benefits payable through benefit arrangements generally available to Contractor's employees which are neither "employee welfare benefit plans" nor "employee pension plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Contractor to its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as "employee welfare benefit plans" or "employee pension benefit plans", and, which include any bereavement leave, family and medical leave, and travel discounts provided by Contractor to its employees, their spouses and the domestic partners of employees.

32.2 Contractor agrees to post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the term of a Contract with the City of Los Angeles, the Contractor will

provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance at (213) 847-6480."

32.3 The failure of Contractor to comply with the EBO will be deemed to be a material breach of the Contract by City. If Contractor fails to comply with the EBO, the City may cancel or terminate the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach. Failure to comply with the EBO may be used as evidence against Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance. If the City determines that Contractor has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Contract.

### **Section 33.0 Notice.**

33.1 Written notices to LAWA hereunder shall be sent to the Executive Director with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Executive Director  
Department of Airports  
1 World Way  
Post Office Box 92216  
Los Angeles, CA 90009-2216

Los Angeles City Attorney  
1 World Way  
Room 104  
Los Angeles, CA 90045

or to such other address as these parties may designate by written notice to Concessionaire.

33.2 Written notices to Concessionaire hereunder shall be given by registered or certified mail, postage prepaid, and addressed to:

Matthew Marsh  
First Class Vending, Inc.  
6875 Suva Street  
Bell Gardens, CA 90201

or to such other address as Concessionaire may designate by written notice to LAWA.

**Section 34.0 First Source Hiring Program For Airport Employers.**

(For Work Performed at LAX Only)

34.1. As applicable, Concessionaire shall comply with the provisions of the First Source Hiring Program adopted by the Board. The rules, regulations, requirements, and penalties of the First Source Hiring Program are attached as Exhibit H and made a material term of this Contract. Concessionaire shall be an "Airport Employer" under the First Source Hiring Program.

**Section 35.0 Exemption.**

35.1 This action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act as provided by Article III, Section 2.F of the Los Angeles City CEQA Guidelines.

**Section 36.0 Laws, Rules, and Regulations.**

36.1 Concessionaire shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government authority and all orders, directives, or conditions issued, given or imposed by the CEO with respect to use of the roadways, driveways, curbs, sidewalks, and parking areas in and about said Airport which are now in force or which may be hereafter adopted by the Board of Airport Commissioners and/or the CEO with respect to the operation of Airport; and.

36.2 Concessionaire shall be solely responsible for any and all civil and/or criminal penalties assessed as a result of its failure to comply with any of these regulations.

**Section 37.0 Faithful Performance Guarantee.**

37.1 Within thirty (30) days after award of this Agreement, Concessionaire shall furnish to LAWA, at Concessionaire's sole cost and expense, and shall keep in full force and effect during the complete term of this Agreement and for thirty (30) days thereafter, a Faithful Performance Guarantee (hereinafter referred to as "FPG") in the continuing sum of not less than \_\_\_\_\_

Dollars (\$\_\_\_\_\_) or other security deposit for said amount acceptable to Executive Director, guaranteeing full performance by Concessionaire of all of the terms, covenants and conditions herein, including, but not limited to, payment of the compensation specified herein.

37.1.1 Concessionaire shall furnish to LAWA and maintain throughout the term of this Agreement a FPG to secure the faithful performance by Concessionaire of all the terms, provisions, and covenants contained herein including, but not limited to, the payment of compensation as set forth herein. Such FPG shall be separate from any other Guarantee(s) required by LAWA. Faithful Performance Guarantees of Five Thousand Dollars (\$5,000) or less shall be in the form of a Cashier's Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. Faithful Performance Guarantees in excess of Five Thousand Dollars (\$5,000) shall be in the form of an Irrevocable Letter of Credit. Letters of Credit shall be self-renewing from year-to-year and subject to termination upon sixty(60) days written notice. All FPGs must be approved as to form by the City Attorney.

37.1.2 Concessionaire shall furnish such FPG in duplicate prior to Agreement commencement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said FPG is not provided by Concessionaire and/or is not thereafter maintained in sufficient amount throughout the term hereof, LAWA, subject to the notice requirements of this Agreement may terminate this Agreement at any time upon giving Concessionaire a thirty (30) day advance, written notice. Upon the expiration or earlier termination of this Agreement, and if Concessionaire has satisfied all of its obligations to LAWA hereunder, LAWA shall relinquish to Concessionaire said FPG following such expiration or earlier termination and satisfaction of all obligations to LAWA. The FPG shall be submitted to:

Department of Airports  
Accounting/Revenue FPG Administrator  
P.O. Box 92216  
Los Angeles, CA 90009-2216

37.1.3 Upon failure of Concessionaire to keep such FPG in effect at any time during the term hereof, LAWA may terminate this Agreement by giving Concessionaire a five (5) day written notice in advance of such termination.

37.1.4 If, at any time during the term of this Agreement, the surety on said FPG shall, in the opinion of the Executive Director, become unacceptable, said Executive Director shall have the right to require an additional and sufficient surety which Concessionaire shall furnish to the satisfaction of the Executive Director within thirty (30) days after written notice to do so.

#### **Section 38.0 Contractor Responsibility Program.**

38.1. Concessionaire shall comply with the provisions of the Contractor Responsibility Program adopted by the Board. The Executive Directives setting forth the rules, regulations, requirements and penalties of the Contractor Responsibility Program and the Pledge of Compliance Form is attached hereto as Exhibit I and incorporated herein by reference.

### **Section 39.0 Environmentally Favorable Operations.**

39.1 Concessionaire acknowledges for itself and any sub-concessionaires that its operation of its activities under this Contract will be subject to all Department policies, guidelines and requirements regarding environmentally favorable construction, use and/or operations practices (hereinafter collectively referred to as "LAWA Policies") as such LAWA Policies may be promulgated, revised and amended from time-to-time.

### **Section 40.0 Campaign Contributions.**

40.1 Concessionaire, its and subcontractors, and their respective principals (hereinafter, "Principals") are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the contract or lease is valued at \$100,000 or more and requires approval of a City elected official. Additionally, Concessionaire is required to provide and update certain information to the City as specified by law. Concessionaire and any subcontractor subject to Charter Section 470(c)(12) shall include the following notice in any contract or lease with a subcontractor expected to receive at least \$100,000 for performance under this contract:

#### **"Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions**

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles contract #\_\_\_\_\_. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to Concessionaire names and addresses of the subcontractor principals and contact information and shall update that information if it changes during the 12-month time period. Subcontractor's information included must be provided to Concessionaire within five (5) business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213/978-1960."

40.2 Concessionaire, its subcontractors, and their Principals shall comply with these requirements and limitations. Violation of this provision shall entitle the City to terminate this Agreement and pursue any and all legal remedies that may be available.

### **Section 41.0 Labor Peace Agreement.**

41.1 Prior to the execution of this Agreement by LAWA, and as a condition precedent to such execution: (i) Concessionaire shall have a signed Labor Peace Agreement (LPA) with the labor organizations representing or seeking to represent concession workers at the premises covered by the Agreement; (ii) Concessionaire shall have submitted to LAWA a copy of such LPA, executed by all of the parties; and (iii) such LPA shall prohibit such labor organizations and their members from engaging in picketing, work stoppages, boycotts or other economic interference with the business of Concessionaire at any of the airports operated by LAWA for the

duration of the Agreement.

**Section 42.0 Alternative Fuel Vehicle Requirement Program (LAX Only).**

42.1 Concessionaire shall comply with the provisions of the Alternative Fuel Vehicle Requirement Program. The rules, regulations, and requirements of the Alternative Fuel Vehicle Program are attached as Exhibit J and made a material term of this Contract.

**Section 43.0 Miscellaneous Provisions.**

43.1 Fair Meaning. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either City or Concessionaire.

43.2 Section Headings. The section headings appearing herein are for the convenience of City and Concessionaire, and shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning, or intent of the provisions of this Agreement.

43.3 Void Provisions. If any provision of this Agreement is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, and all such other provisions shall remain in full force and effect.

43.4 Two Constructions. It is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

43.5 Laws of California. This Agreement shall be construed and enforced in accordance with the laws of the State of California and venue for any proceeding to enforce the terms and conditions of this Agreement shall be in the appropriate U.S. Federal District Court or California Superior Court located in Los Angeles County.

43.6 City's Consent. In each instance herein where City's, Board's or the CEO's approval or consent is required before Concessionaire may act, such approval or consent shall not be unreasonably withheld, unless otherwise provided.

43.7 Gender. The use of any gender herein shall include all genders, and the use of any number shall be construed as the singular or the plural, all as the context may require.

43.8 Exclusivity. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act [49 U.S.C. 40103 (e) and 40107(a)(4) (Public Law 103-272; 108 STAT. 1102)] (USE GUIDE, paragraph 9).

43.9. Rights of United States Government. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between City and the United States relative to the development, operation, or maintenance of Airport. Failure of

Concessionaire or any occupant to comply with the requirements of any existing or future agreement between the City and the United States, which failure shall continue after reasonable notice to make appropriate corrections, shall be cause for immediate termination of Concessionaire's rights hereunder. (USE GUIDE, paragraph 4).

43.10. War or National Emergency. This Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency (USE GUIDE, paragraph 10).

43.11 Time. Time shall be of the essence in complying with the terms, conditions, and provisions of this Agreement.

43.12. Integration Clause. It is understood that no alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement, not incorporated herein in writing, shall be binding on any of the parties hereto.

43.13. Force Majeure. Except as otherwise provided in this Agreement, whenever a day is established in this Agreement on which, or a period of time, including a reasonable period of time, is designated within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, unavailability of services, labor or materials, disruption of service or brownouts from utilities not due to action or inaction of City, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control (financial inability excepted) ("Force Majeure"); provided, however, that nothing contained in this Subsection shall excuse Concessionaire from the prompt payment of any rental or other monetary charge required of Concessionaire hereunder.

43.14 Approvals. Any approvals required by City under this Agreement shall be approvals of the Department of Airports and shall not relate to, constitute a waiver or, supersede or otherwise limit or affect the governmental approvals or rights of the City as a governmental agency, including the approval of any permits required for construction or maintenance of the Concession Area and the passage of any laws including those relating to zoning, land use, and building and safety.

43.15 Ordinance and Los Angeles Administrative Code (hereinafter referred to as "Code") Language Governs. Ordinance and Code Exhibits are provided as a convenience to the parties only. In the event of a discrepancy between the Exhibits and the applicable ordinance and/or code language, or amendments thereto, the language of the ordinance and/or code shall govern.

43.16 Amendments to Ordinances and Codes. The obligation to comply with any

Ordinances and Codes which have been incorporated into this Agreement by reference, shall extend to any amendments which may be made to those Ordinances and Codes during the term of this Agreement.

43.17 Days. Unless otherwise specified, "days" shall mean calendar days.

43.18. Deprivation of Concessionaire's Rights. City shall not be liable to Concessionaire for any diminution or deprivation of Concessionaire's rights under this Agreement which may result from Concessionaire's obligation to comply with any and all applicable laws, rules, regulations, restrictions, ordinances, statutes, and/or orders of any federal, state and/or local government authority and/or court hereunder on account of the exercise of any such authority as is provided in this Section, nor shall Concessionaire be entitled to terminate the whole or any portion of the Agreement by reason thereof.

43.19 Right of Re-entry. City shall, as an additional remedy, upon the giving of written notice of termination as provided in this Agreement, have the right to reenter the assigned areas and every part thereof on the effective date of termination without further notice to Concessionaire of any kind, and may regain and resume possession either with or without the institution of summary or regular proceedings or otherwise. Such reentry or resumption of possession, however, shall not in any manner affect, alter or diminish any obligations of Concessionaire under this Agreement and shall in no event constitute an acceptance of surrender.

43.20 City's Right or Legal Obligation to Contract With Others Regarding Concession Rights and Assigned Areas.

43.20.1 City, upon the termination of this Agreement pursuant to the terms hereof, or upon reentry or resumption of possession of the areas assigned to Concessionaire pursuant to this Agreement, may occupy said areas or may lease or reassign the same to others and shall have the right to permit any person, firm or corporation to enter upon said assigned areas and use the same. Such occupation by City, leasing, or assignment to others may be of a part only of the assigned areas, or the whole thereof, or a part thereof with other space, and for a period of time the same as or different from the balance of the term hereunder remaining, and on terms and conditions the same as or different from those set forth in this Agreement. City shall also have the right to repair or make such other changes in the assigned areas as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Agreement. In the event of either any leasing or assigning to others, or any actual use and occupancy by City, there shall be charged to Concessionaire all expenses, costs and disbursements incurred or paid to City in connection therewith. No leasing or assigning to others or use and occupancy by City shall be, or be construed to be, an acceptance of surrender.

43.21 Waiver of Redemption and Damages.

43.21.1 Concessionaire hereby waives any and all rights of redemption granted by or under any present or future law or statute arising in the event that City obtains or retains possession of the display areas in any lawful manner. Concessionaire further agrees that in the event the manner or method employed by City in reentering or regaining possession of the assigned areas gives rise to a cause of action in Concessionaire in forcible entry and detainer under the laws of the State of California, then the total amount of damages to which Concessionaire shall be entitled in any such action shall be the sum of One Dollar (\$1), and Concessionaire agrees that the provision of this Section 43.23 may be filed in any such action as its stipulation fixing the amount of damages to which it would be entitled therein.

43.22 Agent for Service of Process.

43.22.1 It is expressly agreed and understood that if Concessionaire is not a resident of the State of California, or is a partnership or joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event Concessionaire does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between it and City arising out of or based upon this Agreement, and the service shall be made as provided by the laws of the State of California for service upon a nonresident. It is further expressly agreed, covenanted and stipulated that if, for any reason, service for such process is not possible, as an alternative method of service of process, Concessionaire may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to Concessionaire at the address set for notices set out in this Agreement, and that such service shall constitute valid service upon Concessionaire as of the date of mailing, and Concessionaire shall have thirty (30) days from the date of mailing to respond thereto. It is further expressly agreed that Concessionaire is amenable, and hereby agrees, to the process so served, submits to the jurisdiction and waives any and all objection and protest thereto, any laws to the contrary notwithstanding

43.23 Entire Agreement and Amendments. This Agreement represents the entire agreement between the parties and supersedes any and all prior Agreements. All prior negotiations have been merged into this Agreement, and there are no understandings, representations, or Agreements, oral or written, express or implied other than those set forth herein. Obligations of the parties set forth in this Agreement arising out of events occurring during the life of this Agreement shall survive the termination of this Agreement. The terms of this Agreement may not be changed, modified or amended except by a writing signed by both parties.

This Agreement and any other document necessary for the consummation of the transaction contemplated by this Agreement may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is

executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Agreement and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Agreement had been delivered that had been signed using a handwritten signature. All parties to this Agreement (i) agree that an electronic signature, whether digital or encrypted, of a party to this Agreement is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature. If this Agreement has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

IN WITNESS WHEREOF, City has caused this Agreement to be executed on its behalf by Chief Executive Officer and Concessionaire has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

**APPROVED AS TO FORM:**  
HYDEE FELDSTEIN SOTO  
City Attorney

**CITY OF LOS ANGELES**


By: \_\_\_\_\_  
Deputy/Assistant City Attorney  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: Chief Executive Officer  
Department of Airports  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: Chief Financial Officer  
Department of Airports  
Date: \_\_\_\_\_

**FIRST CLASS VENDING, INC.**

By:   
Its: ☒ Chairman / ☐ CEO / ☐ Vice-President

By:   
Its: ☒ Secretary / ☐ Asst. Sec. / ☐ Treasurer /  
☐ Asst. Treasurer

[SEAL]

# **EXHIBIT A**

## **RFB Document**



# **REQUEST FOR BIDS**

## **Non-Exclusive Vending Machine Concession**

### **FOR**

## **Los Angeles World Airports**

The City of Los Angeles Department of Airports intends to award one non-exclusive concession agreement to a vending machine concession operator to provide drink and snack vending machines at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY).

RFB Release Date

**Thursday, September 01, 2022**

Bid Due Date

**Monday, September 19, 2022**  
**11:59 PM - Pacific Daylight Time**  
[Bid Document Submittal](#)

Deadline to submit all questions

**Friday, September 09, 2022**  
**3:00 PM - Pacific Daylight Time**  
[cdgoopportunities@lawa.org](mailto:cdgoopportunities@lawa.org)

RFB Administrator

LAWA - Commercial Development Division  
[cdgoopportunities@lawa.org](mailto:cdgoopportunities@lawa.org)

**Note:** All communications regarding this Request for Bids shall be directed in writing to the RFB Administrator listed above. Written communications may be made through email, U.S. mail, or delivery service. Any bidder communicating with Los Angeles World Airports staff other than the RFB Administrator may be disqualified, and their bid declared non-responsive.

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## SECTION 1: THE OPPORTUNITY

### 1.1. Objective

---

Los Angeles World Airports (LAWA), a Department of the City of Los Angeles (City), seeks bids from interested and qualified firms to install, manage, operate, and maintain a Non-Exclusive Vending Machine Concession Program (Concession) at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY). The operation of the Concession will be in accordance with this Request for Bids (RFB) and the draft Concession Agreement (Agreement).

### 1.2. Background

---

In 2019 LAX set a record with more than 88.1 million passengers, making LAX the third-busiest airport in the world. Through July 2022, as travel continued to recover from the COVID-19 pandemic, LAX has served 36.9 million passengers and was ranked third among U.S. Airports for global trade by value year to date. VNY is a general aviation airport that houses the Van Nuys Flyaway Terminal Building (VNY Flyaway), a transit facility located in the San Fernando Valley that provides shuttle service to LAX.

Bottling Group, LLC currently operates seventy-two machines at LAX in Terminals 1, 2, 4, 5, 6, 7, 8, Tom Bradley International Terminal (TBIT), the American Eagle Remote Terminal, parking structures, remote lots (including the new LAX Economy Parking Lot), break rooms in various LAWA operated buildings, as well as at the VNY Flyaway. A list showing the current Vending Machine Concession locations is provided in **Attachment A**. The current Vending Machine Concession Agreement expires on September 30, 2022 and is subject to termination with 30 days' notice.

Products sold by the current Vending Machine Concession include water, soda, soft drinks, energy drinks, and pre-packaged snacks. All data related to sales and revenue is described in **Attachment B**.

LAWA makes no guarantee as to the accuracy or reliability of any information of the data provided. Availability of any data will in no way relieve a bidder from the responsibility of determining for itself the business potential of the opportunities outlined in this RFB.

### 1.3. Scope of Services

---

This section describes, on a preliminary basis, the scope of services. The terms contained herein should be considered illustrative and are subject to change. After selection of a new Vending Machine Operator (Operator) and execution of the Agreement, the Operator will have the non-exclusive right to operate vending machines

offering water, soda, soft drinks, energy drinks, pre-packaged snacks (including healthy options) and any other products approved by the Chief Executive Officer.

The Operator will be responsible for installing, operating, and maintaining a minimum of seventy-two vending machines as listed in **Attachment A**. This includes machines at LAX in Terminals 1, 2, 4, 5, 6, 7, 8, Tom Bradley International Terminal (TBIT), the American Eagle Remote Terminal, parking structures, remote lots, including the new LAX Economy Parking Facility, break rooms in various LAWA operated buildings, as well as at the Van Nuys Flyaway Bus Terminal located at VNY.

If LAWA determines that vending machines are needed at other locations, in either newly renovated Terminals or any newly constructed facilities, such as the Consolidated Rental Car Facility (ConRAC), the Operator will be given the opportunity to provide vending machines at such additional locations.

The Operator will be responsible for managing all aspects of operations related to the vending machine locations, including updating or removing machines at existing locations, adding machines at new locations and relocating machines in the manner and time frame required by LAWA to accommodate future construction and operational needs. LAX is a congested operating environment and the Operator will be required to maintain a high level of service with minimum disruption to airport operations throughout the term of the Agreement.

All machines must be refurbished/like new, but the machines can be no older than 5 years from manufacture. The Operator will incur all costs including procurement of and installation of machines, related equipment/materials, software, maintenance, repairs, cleaning services, labor, and any other cost incurred during installation, operation, and maintenance.

Products offered by the Operator will be subject to LAWA's street pricing policy which requires concessionaires to price their product no higher than eighteen percent (18%) above street price.

All vending machines must have the ability to allow customers to pay via cash and an electronic payment system that accepts all major credit and debit cards.

## **1.4. Draft Concession Agreement**

---

A Draft Concession Agreement is included as **Attachment C** of this RFB.

(For definitions of capitalized terms in this RFB refer to the Draft Agreement).

The terms contained herein should not be considered as a full representation of the Agreement but should be considered illustrative and are subject to change:

### **A. Term of the Agreement**

The term will commence upon approval by the City and will expire in five years unless the otherwise extended. As outlined in the Agreement, LAWA may extend the Term of the Agreement for up to two additional years through a series of one-year options, unless the Operator has given prior written notice to LAWA indicating the Operator has opted-out of any Term extension and such notice is given pursuant to the terms and by the timeframe defined in the Agreement.

**B. Payments to LAWA**

The Operator will be required to pay LAWA the greater of the following:

- a. **A Minimum Monthly Guarantee (MMG)** of \$100 per machine which is the minimum amount payable to LAWA on a monthly basis;

Or

- b. **A Percentage of Gross Sales** as bid by the Operator in response to this RFB. (Attachment F)

**C. Sub-Concession Agreements**

LAWA does not intend to limit the type of entity that may bid. Bidding entities may include individuals, corporations, partnerships, limited liability corporations or joint ventures. The Bidder must be the legal entity that will execute the Agreement. Such entity may be one that is newly created for the purpose of bidding on this opportunity.

Bidders relying on sub-concessionaires to perform services required within this RFB must have a subcontract in place for the term of the Agreement. A copy of such subcontract/sub-agreement(s) must be provided if requested by LAWA.

Any sub-concession agreements between the operator and third parties will be subject to LAWA approval pursuant to terms included in the Agreement. As part of the approval process for sub-concessionaries(s), LAWA may require financial statements, a financial pro forma for operations, proposed offerings, pricing, and other information LAWA deems necessary for reviewing operators proposed sub-concessionaires, if any.

Operator will be required to actively monitor sub-concessionaire(s) performance and replace sub-concessionaries(s) who underperform. In addition to the operator, sub-concessionaire(s) will also be required to abide by all applicable LAWA requirements, including but not limited to the Living Wage Ordinance, The First Source Hiring Program and LAWA's Labor Peace Policy.

**D. Airport Concessions Disadvantaged Enterprise Program (ACDBE) and Inclusivity**

Pursuant to United States Code of Federal Regulations Title 49-Transportation, Subtitle A, Part 23 (49 CFR 23), LAWA's policy is to provide ACDBEs the opportunity to compete for and participate in performance of all LAWA contracts. The objective of this policy is to achieve participation of ACDBEs at levels comparable to their

availability to provide goods and services to LAWA with the ultimate goal of developing their status and expertise so that they may compete for future contracts on an equal basis with other successful non-ADCBE firms.

For the purpose of the ADCBE policy, an Airport Concession is defined as:

1. A business located on an airport engaged in the sale of consumer goods or services to the public under an agreement with an airport, another concessionaire, or the owner or lessee of a terminal.
2. A business conducting one or more of the following activities, even if it does not maintain an office, store, or other business location on an airport, as long as the activities take place on the airport: management contracts and subcontracts, a web based or other electronic business in a terminal or which passengers can access at the terminal, an advertising business providing advertising displays or messages to the public on the airport, or a business providing goods and services to concessionaires.

LAWA has determined an ADCBE goal for this RFB is 0%.

E. Americans with Disabilities Act (ADA)

The successful vendor will be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local governmental entity and/or court regarding ADA.

F. Labor Peace Agreement

LAWA Board Resolution No. 23437, which sets forth LAWA's Labor Peace Policy, is described as part of the Administrative Requirements in Section 4. Compliance with LAWA's Labor Peace Policy, as currently established or subsequently revised, is mandatory throughout the Term of the Agreement.

G. Coordination of Design and Construction

The Operator will be responsible for managing all aspects of installation and construction (if required) activities. If construction is necessary, the Operator will be required to coordinate with LAWA and will be subject to the most current version of LAWA's Design and Construction Handbook, which can be found at <https://www.lawa.org/lawa-businesses/lawa-documents-and-guidelines/lawa-design-and-construction-handbook>. LAX is an extremely complicated and congested operating environment. The Operator will be required to manage all its activities in a highly professional manner with minimum disruption to airport operations.

#### H. Other

The Operator is required to comply with LAWA security policies and adhere to established requirements. The Operator is responsible for all expenses incurred by LAWA for corrective action resulting from either the operator's or its sub-concessionaire(s) and sub-concessionaire(s) non-compliance with LAWA or TSA rules and regulations.

Deliveries for both machines and product must be made in conformance with LAWA and TSA regulations, which may include limitations on time of day and location of routing.

### 1.5. Qualifications

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The Bidder must have at least three years of experience within the last five years in the installation, operation and maintenance of drink and snack vending machines, and must demonstrate financial capability as determined by LAWA.

### 1.6. Bid Process

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#### A. Bid Submittal

The biddable factor of this RFB consists of the monthly percentage of gross receipts that the Operator will pay to LAWA. In consideration of LAWA executing this Agreement, the successful Operator will pay to LAWA the greater of the percentage of monthly gross receipts which it has bid or a Minimum Monthly Guarantee of \$100 per machine. The concession will be awarded to the highest bidder.

Bidders will Indicate their percentage bid amount on the attached Financial Bid Form **(Attachment F)**.

The bid with the highest monthly percentage of gross receipts that meets all the Administrative Requirement in this RFB will be recommended for award of the concession.

#### B. Multiple High Bids

In the event one or more parties bid the same amount and that amount is the highest bid, LAWA will request, via email, that those parties submit another bid within five business days. The highest responsive qualified bid received will be recommended for award of the concession. This process may be repeated multiple times.

## SECTION 2: THE BID

### 2.1. Contents

---

It is the Bidder's responsibility to:

- Verify that the bid is complete and the firm has completely responded to all bid items and administrative documents in the RFB.
- Make sure that the bid is well organized and easy to read.

Written submittal to this RFB process will be the primary basis on which LAWA will consider its award for the contract; therefore, Bidders should be thorough, detailed and as concise as possible when responding to each bid item and assembling a bid. In the written bid, Bidders must include responses to all bid items requested. Bidders will not be able to add to or modify their bids after the bid due date. LAWA may deem a Bidder non-responsive if the Bidder fails to provide all required documents and copies.

In submitting the bid, the Bidder agrees the bid will remain valid for three (3) months after the deadline for submission of bids and may be extended beyond that time by mutual agreement. Bids accepted by LAWA in writing constitute a legally binding contract offer.

Bids must contain all the following:

PART 1 – Written Bid

Cover Letter  
Bidder's Statement  
Business Reference Form  
Financial Bid Form  
Financial Capability  
Business Ethics Disclosure

PART 2 – Administrative Requirements

Administrative Requirements (Section 4.1)

#### 2.1.1 Cover Letter

---

The cover letter, which will be considered an integral part of the bid, must be on official company letterhead, identify the Bidder's legal structure and be signed by the person or persons who have legal authority to bind the firm in contractual matters with LAWA. It must also contain their contact information. A copy of the Corporate Resolution or other appropriate evidence of authority must be attached to the cover letter. LAWA reserves the right to reject any bid that contains an unsigned cover letter and/or submits incomplete documentation.

### **2.1.2 Bidder's Statement**

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Bidders must submit a completed and properly executed Official Bid Statement (**Attachment D**).

### **2.1.3 Business Reference Form**

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Bidders must submit a complete Business Reference Form (**Attachment E**) listing a Non-LAWA reference for which the Bidder has provided vending machine concession services as described in this RFB during the past five years. References must include company name, contact person, title, address, telephone number, email address, and a brief statement of the business association. LAWA, in its sole discretion, reserves the right to request additional references, to contact and verify all references, and to request additional supporting information from the Bidder as LAWA deems necessary.

### **2.1.4 Financial Bid Form**

---

Bidders must submit a complete Financial Bid Form (**Attachment F**).

### **2.1.5 Financial Capability**

---

This section must provide LAWA with an understanding of the Bidder's overall financial capacity (1) to underwrite the equipment and capital investment proposed, (2) to ensure sufficient working capital is available for operations and reinvestment during the Term of the Agreement, and (3) to meet its rent obligations throughout the term of the Agreement. LAWA will utilize information submitted to decide whether the Bidder meets the Minimum Qualifications for financial capability. LAWA reserves the right to request, at any time during the RFB process, any additional information it deems appropriate to assist in determining whether the Bidder has the requisite financial capacity.

The Bidder must:

- a. Demonstrate it has the financial capability to support the capital investment required to ensure the operation meets all health and safety codes and has the means to ensure construction and/or installation undertaken will be successful completed in a timely manner.
- b. Demonstrate that it has the financial capability to maintain the on-going obligations set forth in the Agreement.
- c. Provide financial statements for the most recent three complete fiscal years audited and certified by a licensed public accountant, or if unaudited, then

accompanied by a notarized statement from the Chief Financial Officer certifying the accuracy of the financial information contained in such statements. Bidders should provide the following financial statements: (1) audited financial statements, including a balance sheet, income statement and statement of cash flows, prepared in accordance with generally accepted accounting principles (GAAP), for the most recent three complete fiscal years. Footnote disclosures and the accountant's audit report should accompany such financial statements. If the most recent fiscal year end is within 90 days of the Bid submission deadline and the audit of such financial statements is not yet complete, then submit audited statements for the two most recent years that have been completed and then supplement your response by submitting the most recent year's financial statements upon completion of that audit. If such audited statements are not available for the bidder then so state and submit unaudited statements for such time periods to the extent available, accompanied by a notarized statement from the bidder's Chief Financial Officer certifying the accuracy of the financial information contained in such statements and also submit audited statements for such periods for the Guarantor; and (2) Unaudited year-to-date financial statements including balance sheet, income statement and statement of cash flows, prepared in accordance with GAAP, for the most recently ended fiscal quarter. If the most recent fiscal quarter end is within 45 days of the submission deadline and such financial statements are not yet complete then submit statements for the prior fiscal quarter and then supplement your response by submitting the most recent fiscal quarter financial statements, upon completion. If such unaudited statements are not available for the bidder, then so state and submit such unaudited statements for the Guarantor for such period.

- d. All financial information for each partner, LLC/LLP member, or joint-venture, respectively, if the Bidder intends to organize as a partnership, LLC, LLP or joint venture.
- e. Written statement from any person or entity to indicate the level of commitment together with the financial information detailed in this section as if the guarantor were the Bidder. For each person or entity, state the experience in managing and operating an ATM business and the proportionate share of the business owned by each person or entity. LAWA reserves the right to require guarantors' financial information if the Bidder is an LLC or LLP.
- f. If the Bidder is newly created and seeks to rely on a proposed guarantor (the "Guarantor") to demonstrate financial capability in responding to this RFB, then the Bidder is required to identify and submit the requisite financial information for the Guarantor. In assessing financial capability, LAWA will consider the financial resources of the proposed Guarantor, as well as the legal structure of the Bidder and the legal commitments of the Bidder in evaluating the financial capability of the bidder under this RFB. Any person or entity providing a guaranty must provide a written statement indicating the level of commitment together with the financial information detailed in this section as if the Guarantor were the Bidder.

A statement indicating any pending, active or previous legal action that could reasonably prevent the Bidder from fulfilling their obligations under the Agreement.

LAWA reserves the right to request additional financial information from the Bidder. If LAWLA, in its sole discretion, determines that a Bidder experiences a change in its financial condition that would materially or adversely affect its ability to perform the work contemplated in this RFB, such Bidder may be disqualified from further consideration.

### **2.1.6 Business Ethics Disclosure**

---

Disclose any circumstances where the conduct of the Bidder, or any officer, partner, major (greater than five percent interest) shareholder, proposed guarantor, or other related party is currently being investigated by any governmental, administrative, or law enforcement agency or entity. Also disclose any adverse decision against the Bidder or such related parties (including but not limited to judgments entered by any court whether state or federal) or settlement with any such legal or administrative body in the past five years.

If Bidder or any of its principals, officers, directors or members or any proposed guarantor has been involved in any bankruptcy proceedings in the past seven years, information or documentation as to the current status of any such bankruptcy should be provided in this Section.

If Bidder or any related parties have other business interests or relations that could cause a conflict of interest in its business with LAWLA the details of such conflicts should be stated here.

If no conflicts exist that fact should also be stated here.

## **2.2. Submission, Evaluation, and Selection Process**

### **2.2.1 Submission Requirements**

---

Potential Bidders should read, review and understand this RFB, including all the attachments and any addenda issued. The Bidder should submit a bid in accordance with the instructions given in this RFB. The bid should be prepared as specified as to form, content, and sequence.

Bids must be submitted electronically through the following process:

**Step 1:** Please scan your bid documents as PDFs with the following name format:

Vending\_**CompanyName**\_PartA\_WrittenBid.pdf

Vending\_**CompanyName**\_PartB\_AdminRequirements.pdf

**Step 2:** Please click on the following to submit your two bid documents:

**[Bid Document Submittal](#)**

If you are unable to open the above link due to computer restrictions, open this document in Adobe Reader and copy-paste the following URL into a web browser (Chrome, Firefox, etc.):

<https://lawa.app.box.com/f/08865c99ed1d47478ea745de582d9901>

**Important Notes Regarding Bid Submittal:**

- **Files must be successfully uploaded by the due date and time.** Please start the upload at least one hour before the deadline to allow for file transfer. **LAWA will not consider any bids received after the due date and time.**
- Please make sure to upload the individual files. Folders cannot be uploaded.
- The email address required for submittal may be contacted for questions and clarification.
- Bid document revisions are allowed prior to the deadline. Please submit your updated files with the same filenames and LAWVA will accept the latest copies prior to the deadline.
- For further help regarding bid submittal, please contact **Javier Gomez** at [jgomez@lawa.org](mailto:jgomez@lawa.org) and **Dana Tominaga** at [dtominaga@lawa.org](mailto:dtominaga@lawa.org).

## **2.2.2 Instruction to Bidders**

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Bidders must submit their bid in accordance with the format outlined herein and must initial any and all interlineations, alterations, or erasures in its submissions. The bid must be submitted in the following parts:

1. **Part 1: Written Bid** – Bidders are required to submit an electronic version of the Part 1 Bid on Box.com as outlined in Section 2.2.1. Bids shall be submitted no later than the date and time indicated on the cover page of this RFB. LAWVA may require one (1) original and one (1) copy of the physical Part 1 Bid, from the successful bidder. If LAWVA requires the hard copy bid, the successful bidder will be notified in writing.
2. **Part 2: Administrative Requirements** Bidders are required to submit their Part 2 Administrative Requirements on Box.com as outlined in Section 2.2.1. LAWVA reserves the right to require the submission of wet signature copies of the Bid Part 2 documents from the successful Bidder. If LAWVA requires the wet signature

copy, the successful bidder will be notified in writing.

- a. Provide a **Bid Bond in the amount of \$9,000.00 (nine-thousand dollars)**. Any Bid that does not include the Bid Bond in the full amount required will be considered non-responsive.

A Bid Bond must be submitted in one of the following formats:

- A cashier's or certified check issued by a responsible bank, payable to the City of Los Angeles, Los Angeles World Airports; or
- An acceptable bid surety bond from a responsible surety company for a like amount and so payable. If a surety bond is used please carefully read and complete the Bid Bond instructions in Section 6 of this RFB (Administrative Requirements).

The Bid Bond of the successful Bidder will be held to guarantee execution of the Agreement and delivery of the Faithful Performance Guarantee that will be required under the Agreement. The Bid Bond or the cash proceeds thereof will be retained by LAWA as liquidated damages if the successful Bidder fails to execute the Agreement or deliver the Faithful Performance Guarantee. The Bid Bonds of the unsuccessful bidders will be returned within thirty days of award of the Agreement to the successful Bidder or rejection of all Bids.

Please read and carefully follow the instructions in this RFB on how to submit the Bid Bond.

Signatures required in response to this RFB must be provided by a duly authorized representative defined as the person or persons (i.e. Chief Executive Officer, General Manager, Agency Director, Board Chair, etc.) who have legal authority to bind the bidder in contractual matters with LAWA. This authority should be evidenced in a corporate resolution, or other appropriate evidence of authority, granting this authorization. A copy of this corporate resolution, or other appropriate evidence of authority, must be attached to the bid statement.

b. Minimum Qualifications

Three years of experience within the last five years in the installation, operation and maintenance of an ATM business with at least 500,000 transactions per year and demonstrated financial capability as determined by LAWA.

c. Verification of Prior City Contracts

The City Council adopted a resolution that a list of all City contracts held by a bidder within the past ten years be included in all RFB response packages. LAWA staff may obtain reference information regarding any bidder's performance by contacting City Departments contracting with the bidder.

d. Contract Award

Upon execution of the Agreement, LAWA Management will recommend BOAC approval of the Agreement, which will not be final and binding on LAWA until approved by the BOAC.

e. Validity of Bids

In submitting the bid, the bidder agrees the bid will remain valid for 180 days after the deadline for submission of bids and may be extended beyond that time by mutual agreement.

### 2.2.3 Selection Procedure

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Bid Submittal

The biddable factor of this RFB consists of the monthly percentage of gross receipts that the Operator will pay to LAWA. In consideration of LAWA executing this Concession Agreement, the successful Operator will pay to LAWA the greater of the percentage of monthly gross receipts which it has bid or a Minimum Monthly Guarantee of \$100 per machine. The concession will be awarded to the highest bidder. Indicate your percentage bid amount on the attached Financial Bid Form (**Attachment F**).

Multiple High Bids

In the event one or more parties bid the same amount and that amount is the highest bid, LAWA will request, via email, that those parties submit another bid within five business days. The highest responsive qualified bid received will be awarded the concession. This process may be repeated multiple times.

Approval of Selection and Award of Contract

Once contract negotiations are completed, the selected Bidder will be required to enter into a contract agreement with LAWA. Any such contract will be subject to award by the BOAC and approval as to form by the City Attorney. LAWA reserves the right to award a contract(s) based on all or only a portion of the scope of work outlined in this RFB.

### 2.2.4 Questions and Answers

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All questions received by the deadline on the cover page of the RFB may be addressed at LAWA's discretion in an addendum posted to [www.rampla.org](http://www.rampla.org). In addition, should LAWA amend the requirements set forth herein, a written addendum will be issued

reflecting any changes and such addendum will also be posted at [www.rampla.org](http://www.rampla.org). **All firms submitting bids in response to this RFB must register at [www.rampla.org](http://www.rampla.org).**

All questions or requests for clarification on the RFB must be clearly presented in writing and transmitted by email no later than the date on the cover page of this RFB to [cdgopportunities@lawa.org](mailto:cdgopportunities@lawa.org). Question responses will be posted to [www.rampla.org](http://www.rampla.org) as an addendum to the RFB.

LAWA will only communicate with one person per bid. It will be the responsibility of the Bidder to identify in the bid the correct name and address of the contact person, phone number, fax number, and e-mail address.

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## **2.2.5 Additional Terms and Disclosures**

Bidders are expected to read and understand all terms and disclosures associated with this RFB. Additional Terms and Disclosures can be found in Section 4.2 of this document.

## SECTION 3: THE CONTRACT

### 3.1 Contracting with LAWA

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It is the intent of LAWA to negotiate a contract with the selected bidder.

The contract for the Non-Exclusive Vending Machine Concession will be awarded by the BOAC to the Bidder that best meet the requirements specified in this RFB. Degree of responsiveness to the RFB and qualifications to successfully implement the proposed program will be determined by LAWA from the information furnished by the Bidder in the submittals and any other sources determined to be valid by Executive Management or the BOAC. An award will not be made until after LAWA has verified information regarding the demonstrated experience and responsibility of the Bidder. Each bidder consents to LAWA obtaining such verification by submitting its bid. LAWA reserves the right to reject all bids.

**Note:** No contract or portion thereof may be assigned without consent of the Chief Executive Officer within his/her authority or the BOAC. The Contractor will not permit any subcontractor to be voluntarily assigned or transferred or allow the contract to be performed by anyone other than the original subcontractor(s) listed on the original response to the RFB without written consent of the Chief Executive Officer within his/her authority or the BOAC.

## SECTION 4: APPENDICES

### 4.1. Administrative Requirements

**THIS SECTION WILL BE PROVIDED SHORTLY AS AN ADDENDUM TO THE RFB.**

### 4.2. Additional Terms and Disclosures

BY SUBMITTING A RESPONSE TO THE REQUEST FOR PROPOSALS, A REQUEST FOR QUALIFICATIONS OR OTHER COMPETITIVE SOLICITATIONS (HEREINAFTER COLLECTIVELY REFERRED TO AS "SOLICITATION DOCUMENTS") ISSUED BY THE CITY OF LOS ANGELES (HEREINAFTER REFERRED TO AS "CITY") DEPARTMENT OF AIRPORTS (HEREINAFTER REFERRED TO AS "LAWA" OR "LOS ANGELES WORLD AIRPORTS") THE PROPOSER/RESPONDENT AGREES TO BE BOUND BY ALL OF THE TERMS, CONDITIONS, DISCLAIMERS, AND REQUIREMENTS SET FORTH IN THIS ATTACHMENT AND THIS SOLICITATION DOCUMENT.

CPRA: All documents submitted in connection with this Solicitation Document are subject to disclosure as required by the California Public Records Act (California Government Code Section 6250 et seq. hereinafter referred to as "CPRA") or the Ralph M. Brown Act (California Government Code Section 54950 et seq.). All submissions will become the property of LAWA.

EXPENSE, OWNERSHIP AND DISPOSITION: LAWA shall not be responsible in any manner for any costs associated with the preparation or submission of any documents or materials purchased, prepared or presented during any interviews or any additional documentation provided or requested by LAWA. All submitted documents, including all drawings, plans, photos, and narrative material, shall become the property of LAWA upon receipt by LAWA.

LAWA shall have the right to copy, reproduce, publicize, release or otherwise dispose of each submittal in any way that LAWA selects. LAWA shall be free to use as its own, without payment of any kind or liability therefore, any idea, scheme, technique, suggestion, layout, or plan received during this competitive process.

RIGHT OF REJECTION AND WAIVER OF INFORMALITY:

LAWA and/or City reserves the right to reject any and all submittals and/or to waive any informality in the submittals when to do so would be to the advantage to LAWA and/or City. The receipt of any submittal shall not in any way obligate LAWA to enter into an agreement, concession agreement, lease, or any other type of contract of any kind with any Proposer/Respondent.

RIGHT TO RECEIVE ADDITIONAL INFORMATION AND VERIFICATION OF REFERENCES:

LAWA reserves the right to request any additional information at any time to assist in its evaluation. LAWA reserves the right to verify all submitted information, including all references and to contact third parties for additional references and information as it deems advisable. If

any information stated in the submittal is found to be misrepresented in any manner, this may be grounds for disqualification of the submittal.

**PROPOSER/RESPONDENT QUESTIONS:**

If any Proposer/Respondent finds lack of clarity, discrepancies or omissions of any type of kind in this Solicitation Document or there is doubt as to the true meaning of any part of this Solicitation Document or if any Proposer/Respondent has any questions regarding any part of this Solicitation Document, written request for a clarification or interpretation should be clearly presented and transmitted by email to the address set forth on the cover page. The deadline for submittal of questions is set forth on the cover page. Responses to all written questions, corrections and clarifications to this Solicitation Document will be made in writing and made available to all prospective Proposer/Respondents as a Solicitation Document addendum. Only questions pertaining to this Solicitation Document will be answered. LAWA is not responsible for any explanation, clarification, interpretation or approval made or given in any manner except by addendum. All prospective Proposers/Respondents shall not rely upon any explanation, clarification, interpretation, or approval that is not contained in an addendum to the Solicitation Document. Any addenda so issued are to be considered part of this Solicitation Document. All prospective Proposers/Respondents that submit a response to this Solicitation Document are deemed to understand the contents of the Solicitation Document and any addendum thereto.

**CONTACT WITH LAWA PERSONNEL:**

Proposer/Respondent may only rely upon written information provided by LAWA. Proposer/Respondent shall not rely upon, and LAWA shall not be responsible for, any oral information or instructions provided in reference to this Solicitation Document. Proposer/Respondent must not attempt to contact members of the Evaluation Panel, LAWA staff or the Board to discuss or ask questions about the contents of this Solicitation Document, other than in writing as provided above. Improper contact with LAWA personnel may result in the disqualification of the Proposer/Respondent.

**PROTEST PROCEDURES:** The procedures and time limits set forth in this Attachment are the Proposer's/Respondent's sole and exclusive remedy in the event of a protest. Failure to comply with these procedures shall constitute a waiver of any right to further pursue the protest, including filing a government code claim or any legal proceeding.

These procedures are for the benefit of the City. The purpose of the following procedures is to provide a method for resolving, prior to award, protests regarding the award of contracts by City, by and through the Board. The procedures will enable the Board to ascertain all of the facts necessary to make an informed decision regarding the award of the contract.

A protest relative to a particular proposal, and all required copies, must be submitted in detail, in writing, signed by the protestor or by a representative of protestor, and received in the offices of the Los Angeles City Attorney's Office, Airport Division and the office of the Board, at the below addresses, before 5:00 p.m. of the tenth (10th) business day after issuance to the Proposers/Respondents of a notification of the intent to recommend by management of LAWA to the Board. The protest shall contain a full and complete statement specifying, in detail, the factual grounds and legal basis of the protest. The protest shall refer to the specific portion of this Solicitation Document, any submittal or other document which forms the basis for the protest. The protest must include the name, address, and telephone number of the protestor

and protestor's representative.

All protests must be addressed to the Office of the City Attorney, Airport Division, One World Way, Room 104, Los Angeles, California 90045 with a copy to the Secretary of the Board of Airport Commissioners at One World Way, Los Angeles, California 90045 and a copy to the Bureau or Division of the Department of Airports responsible for issuing this Solicitation Document.

The party filing the protest must, at the same time as delivery to the City Attorney's office and the secretary of the Board as set forth above, deliver a copy of the protest and any accompanying documentation to all other parties with a direct financial interest that may be adversely affected by the outcome of the protest. Such parties shall include all other Proposers/Respondents.

Respondent Protesting and potentially affected parties will be notified of the time and date that the protest will be discussed in a public session of the Board. Protesting parties will be given an opportunity to present their arguments at the public session. If the Board determines that the protest was frivolous, the party originating the protest may be determined by the Board to be irresponsible and that party may be determined to be ineligible for future contract awards.

ADEQUACY OF INFORMATION: The information presented in this Solicitation Document is provided solely for the convenience of Proposer/Respondent and other interested parties. It is the responsibility of the Proposer/Respondent and other interested parties to assure themselves that the information contained in this package is accurate and complete. LAWA provides no assurances pertaining to the accuracy of the data in this Solicitation Document.

ADDITIONAL DISCLAIMERS AND RESERVATIONS:

Failure by LAWA to object to an error, omission, or deviation in the submittal package will in no way modify this Solicitation Document or excuse Proposer/Respondent from full compliance with the requirements of this Solicitation Document. Neither the Board nor LAWA shall be obligated to respond to any submittal nor shall they be legally bound in any manner whatsoever by the receipt of a submittal.

All information stated in the submittal should be factual, truthful and should not be fabricated, embellished, extended or misrepresented. LAWA reserves the right to postpone the submittal due date, cancel this competitive process; issue an addenda to this Solicitation Document; issue a new Solicitation Document; or, pursue other options when it is in LAWA's best interests to do so.

Each Proposer/Respondent must not have any pending, active or previous legal action or conflict of interest that would, in LAWA's sole judgment, prevent the Proposer/Respondent from fulfilling their obligations under the Agreement.

## SECTION 5: ATTACHMENTS

A	Current Vending Machine Concession Locations
B	Access To Current Vending Machine Concession Sales History
C	Draft Concession Agreement
D	Official Bid Statement
E	Business Reference Form
F	Financial Bid Form

**ATTACHMENT A****Non-Exclusive Vending Machine Concession RFB  
List of Current Vending Machine Locations**

<b>MACHINE #</b>	<b>LOCATION</b>	<b>MACHINE AREA</b>
1	10285 Post Way (Former Telecom Building)	DOA LAX Telecom Combo
2	Administration West Building (7301 World Way West)	DOA LAX 3fl Adm W Coffee
3	Administration West Building (7301 World Way West)	DOA LAX 3fl Adm W Aqua Max 4
4	Administration West Building (7301 World Way West)	DOA LAX 3fl Adm W Food
5	Administration West Building (7301 World Way West)	DOA LAX 3fl Adm W Snack
6	Security Badging Building (7333 World Way West)	DOA LAX Badging 1fl Snack
7	Security Badging Building (7333 World Way West)	DOA LAX Badging 1fl Coffee
8	Administration East Building (1 World Way)	DOA LAX Admin 2fl Coffee
9	Administration East Building (1 World Way)	DOA LAX Admin 2fl Aqua Max 4
10	Administration East Building (1 World Way)	DOA LAX Admin 2fl Snack
11	Administration East Building (1 World Way)	DOA LAX Admin 2fl Food
12	Airport Police Building (6320 W 96th St)	LAWA LAPD Max
13	Airport Police Building (6320 W 96th St)	LAWA LAPD Food
14	Airport Police Building (6320 W 96th St)	LAWA LAPD HVV
15	Airport Police Building (6320 W 96th St)	LAWA LAPD Snack
16	American Eagle Remote Terminal	AA Eagle Remote Term LSnack
17	American Eagle Remote Terminal	AA Eagle Remote Term LMax 6
18	American Eagle Remote Terminal	AA Eagle Remote Term RAqua Max 6
19	American Eagle Remote Terminal	AA Eagle Remote Term RSnack
20	American Eagle Remote Terminal	AA Eagle Remote Term Coffee
21	LAWA Maintenance Yard - Building M2	DOA LAX Maint Coffee
22	LAWA Maintenance Yard - Building M2	DOA LAX Maint Aqua Max 4
23	LAWA Maintenance Yard - Building M2	DOA LAX Maint Food
24	LAWA Maintenance Yard - Building M2	DOA LAX Maint Snack
25	LAWA Maintenance Yard - Building M25	DOA LAX Landscaping Snack
26	LAWA Maintenance Yard - Building M25	DOA LAX Landscaping Pepsi Can
27	LAX Economy Parking Structure/Lot	LAWA LAX ITF Patio Snack #1
28	LAX Economy Parking Structure/Lot	LAWA LAX ITF Patio Snack #2
29	LAX Economy Parking Structure/Lot	LAWA LAX ITF Patio HVV Right
30	LAX Economy Parking Structure/Lot	LAWA LAX ITF Patio HVV Left
31	Security Badging Building (7333 World Way West)	DOA LAX 2fl Air Ops Combo
32	Security Badging Building (7333 World Way West)	DOA LAX Badging 1fl Max 4
33	Parking Structure 2A	DOA LAX P2A 1fl East Snack
34	Parking Structure 2A	DOA LAX P2A 1fl East Max 6
35	Parking Structure 2A	DOA LAX P2A 1fl East Snack
36	Parking Structure 2B	DOA LAX P2B 1fl Pepsi Bottle
37	Parking Structure 2A	DOA LAX P2A 1fl East Max
38	Skyview Admin Bldg. (6053 Century Blvd)	DOA Skyview 2fl L/R Snack
39	Skyview Admin Bldg. (6053 Century Blvd)	DOA Skyview 2fl L/R Aqua Max 4
40	Terminal 1	DOA LAX T1 Depart Water Front
41	Terminal 1	LAWA T1 Arrivals Max 6

**ATTACHMENT A****Non-Exclusive Vending Machine Concession RFB  
List of Current Vending Machine Locations**

<b>MACHINE #</b>	<b>LOCATION</b>	<b>MACHINE AREA</b>
42	Terminal 1	LAWA T1 Arrivals Snack
43	Terminal 2	DOA LAX T2 Depart Water Front
44	Terminal 2	DOA LAX T2 Arrival Water Front
45	Terminal 2	DOA LAX T2 Arrival Snack
46	Terminal 4	DOA LAX T4 Gate 41 Max 4
47	Terminal 5	DOALAX T5 Airfield Drive Coffee
48	Terminal 5	DOALAX T5 Airfield Drive Snack
49	Terminal 5	DOALAX T5 Airfield Drive Aquafina Max 4
50	Terminal 6	DOA LAX Sat 6 Pepsi Can
51	Terminal 6	DOA LAX Sat 6 Snack
52	Terminal 7	DOA LAX T7 Currency Ex Water
53	Terminal 7	DOA LAX T7 Arrival Aqua Max 6
54	Terminal 8	DOA LAX T8 Breezeway Water
55	Tom Bradley International Terminal	DOA LAX TBIT West Baggage Snack
56	Tom Bradley International Terminal	DOA LAX TBIT West Baggage Pepsi Bottle
57	Tom Bradley International Terminal	DOA LAX TBIT Bus Term RMax 6
58	Tom Bradley International Terminal	DOA LAX TBIT Bus Term LAquaMax 6
59	Tom Bradley International Terminal	DOA LAX TBIT Bus Term Snack
60	Tom Bradley International Terminal	DOA LAX TBIT Food Crt LMax 6
61	Tom Bradley International Terminal	DOA LAX TBIT Food Crt RMax 6
62	Tom Bradley International Terminal - West Gates	LAWA TBIT W Gate 201 Max 6
63	Tom Bradley International Terminal - West Gates	LAWA TBIT W Gate 201 Snack
64	Tom Bradley International Terminal - West Gates	LAWA TBIT W Gate 208 Max 6
65	Tom Bradley International Terminal - West Gates	LAWA TBIT W Gate 208 Snack
66	Tom Bradley International Terminal - West Gates	LAWA TBIT West Gate 221 HVV
67	Tom Bradley International Terminal - West Gates	LAWA TBIT W Gate ATM Snack
68	Van Nuys Flyaway Bus Terminal (7610 Woodley Ave.)	DOA VN L/R Pepsi Can
69	Van Nuys Flyaway Bus Terminal (7610 Woodley Ave.)	DOA VN L/R Snack
70	Van Nuys Flyaway Bus Terminal (7610 Woodley Ave.)	DOA VN Main Area Royal Max
71	Van Nuys Flyaway Bus Terminal (7610 Woodley Ave.)	DOA VN Main Area Snack
72	Van Nuys Flyaway Bus Terminal (7610 Woodley Ave.)	DOA VN Main Area Coffee

**ATTACHMENT B****Non-Exclusive Vending Machine Concession RFB  
Access To Current Vending Machine Concession Sales History**

Please fill out and submit the attached NDA and Data Waiver Forms found on the following pages to [cdgopportunities@lawa.org](mailto:cdgopportunities@lawa.org) for access to links to the current vending machine concession historical sales data. This information is available only to one person from the bidding team.

## **LOS ANGELES WORLD AIRPORTS**

### **NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT**

I understand and acknowledge that I am being provided Confidential and Privileged Information (also referred to herein as "CPI"). I also understand and acknowledge that I may be provided Sensitive Security Information (hereinafter referred to as "SSI"), as set forth in paragraph 1.2, herein. The disclosure of the CPI is so that I may undertake certain sensitive work in connection with \_\_\_\_\_ (hereinafter referred to as "Project"). The individual signatory of this Agreement is also referred to as Recipient. In consideration of my being granted access to Confidential and Privileged Information by Department of Airports, Los Angeles World Airports ("LAWA"), a Department of the City of Los Angeles, a municipal corporation (hereinafter referred to as "City"), I understand and do hereby agree that:

#### **1. Confidential and Privileged Security Information and SSI.**

1.1 The CPI covered by this Agreement includes, but is not limited to, the following: data, electronic data or systems information, materials, products, specifications, manuals, plans, calculations, drawings and any other non-public information disclosed or submitted, orally, in writing, or by any other media, to Recipient by LAWA. From time to time, LAWA may, at its sole and exclusive option, update the CPI provided to Recipient, and Recipient has the obligation to notify, as may be applicable, its directors, officers, employees, agents, consultants, contractors, and sub-contractors of any type or level of any such updates. Nothing herein shall require LAWA to disclose any of its information unless it so chooses. All documents shall be identified as Confidential and Privileged by markings, notice or otherwise, but Recipient shall assume that all non-public information is Confidential and Privileged.

1.2 CPI may also include SSI as defined in the Transportation Security Administration Rules and Regulations, 49 CFR 1500.1 through 1520.7, and/or Critical Infrastructure Information (hereinafter referred to as "CII") as defined in 6 USC 131, et seq. and any rules or regulation enacted pursuant thereto. All federal laws and regulations shall be complied with for the protection of this information. When Confidential and Privileged Information or CPI is used in this Agreement it also includes SSI and CII.

#### **2. Obligations of Nondisclosure.**

2.1 LAWA's Confidential and Privileged Information is highly sensitive and vital to the protection of critical transportation infrastructure and public safety, and accordingly it is not for public dissemination or for disclosure to any unauthorized individual. Recipient shall hold CPI in confidence. Recipient shall not use CPI other than for the Project, and shall disclose it only to its officers, directors, employees, agents, consultants, contractors, sub-contractors of any level or type who have a security related need to know and who have executed a copy of LAWA's Non-Disclosure and Confidentiality Agreement. Recipient shall not disclose, publish or otherwise reveal any Confidential and Privileged Information to any other party whatsoever except with the specific prior written authorization of LAWA. Recipient also agrees that, from the date hereof and until such time as the CPI is no longer considered Confidential and Privileged Information by LAWA or the United States Government, Recipient will hold and treat the CPI in the strictest confidence and will not:

(a) Except as required by law, directly or indirectly disclose or permit anyone to disclose any CPI to any other person, who is not a party to LAWA's Non-Disclosure and Confidentiality Agreement authorizing their access to and use of such information (and in the case of a person who is a party to LAWA's Non-Disclosure and Confidentiality Agreement disclosure will only be made to the extent that the information is required for use on a need-to-know basis), without the prior written consent of the Executive Director of City's Department of Airports; or,

(b) Make copies of documents or electronic data, or any portion thereof, containing CPI for distribution outside the contract team without the prior written consent of the Executive Director of City's Department of Airports.

### **3. Protection of Information.**

3.1 I, the Recipient, agree to maintain the security of all documents, working papers, designs, and other materials related to the CPI, in a manner consistent with LAWA security policy, and will password-protect all such information stored in the electronic form.

3.2 If I receive a subpoena, discovery request, Court Order, Freedom of Information Request ("FOIA"), California Public Records Act ("CPRA") Request, or any other request or demand authorized by law (hereinafter referred to as "Demand") seeking disclosure of Confidential and Privileged Information, I shall immediately notify LAWA of such Demand and forward all Demands to the Los Angeles City Attorney's Office, Airport Division, located at 1 World Way, Room 104, Los Angeles, California 90045. I shall assert all federal and state privileges available to any public entity within the state of my principal place of business and the State of California. I will take all legal steps necessary to protect the CPI from improper disclosure and fully cooperate in LAWA's efforts to assure that confidential treatment will be afforded the CPI. I shall only disclose that which a Court of competent jurisdiction has ordered me to disclose.

3.3 If at any time I discover that Confidential and Privileged Information has been inappropriately disclosed, I will immediately report same to LAWA and shall use my best efforts to retrieve any tangible CPI so disclosed. Moreover, I have received a copy of the LAWA Office of Information Security's External Party Information Disclosure Policy. I have read and understand this policy and agree to abide by the requirements found within this policy. I further agree to promptly report all violations or suspected violations of LAWA's information security policies to the IMTG - Office of Information Security at 424-646-5321.

### **4. Return of Information.**

4.1 Upon the earlier of either LAWA's written request or the completion of my need for such information, any and all CPI obtained by me and all copies thereof, and all writings, electronic media, and materials describing, analyzing, referencing or containing any Confidential and Privileged Security Information and all copies thereof, shall be promptly delivered by me to LAWA at my expense, within ten (10) calendar days of such request. At my option, and with LAWA's written authorization, any documents or other media developed by me containing CPI may be destroyed by shredding by me. I shall provide a written certificate to LAWA regarding destruction within five (5) calendar days thereafter.

### **5. Terms/Conditions.**

5.1 I, the Recipient, also agree to take all reasonable precautions to assure that LAWA's internal information, or information that has been entrusted to me by LAWA, will not be disclosed to unauthorized persons. At the end of my employment or contract with LAWA, I agree to return to LAWA all information to which I have had access as a result of my position with LAWA. I further understand that my obligations under this Agreement will be in perpetuity or until such time that I am expressly released, in writing, by LAWA.

5.2 I may use the Confidential and Privileged Information only for the purpose of providing to LAWA the services and products called for by any contract in which I am a contractor, sub-contractor, or employee thereof, in which Confidential and Privileged Information is disclosed or released directly or indirectly to me by LAWA. I understand that I am not authorized to use this information for my own purposes,

nor am I at liberty to provide this information to third parties without the express written consent of the Executive Director of City's Department of Airports or her designee.

5.3 I acknowledge that the unauthorized disclosure and handling of the Confidential and Privileged Information could cause substantial damage to Public Safety and Security and significantly endanger LAWA, its facilities, its patrons and the general public and could result in civil or criminal fines, penalties and/or monetary damages.

5.4 I acknowledge that the obligations of confidence required hereunder are extraordinary and unique and are vital to the security and well-being of LAWA, its customers, facilities, and the general public, and that damages at law may be an inadequate remedy for any breach, or threatened breach, of this Agreement and that LAWA shall be entitled, in addition to all other rights or remedies, to seek such restraining orders and injunctions as it may deem appropriate for any such breach prohibiting disclosure of information in breach of this Agreement, without being required to show any actual damage or to post any bond or other security and Recipient consents thereto. I understand and agree that the City, LAWA, or the United States Government may seek additional remedies available to enforce this Agreement and/or prevent the disclosure of Confidential and Privileged, including but not limited to, imposition of civil penalties, and any other enforcement or corrective action.

5.5 If I violate the terms or conditions of this Agreement, such violation may result in civil penalty against it pursuant to the United States authorities under 49 U.S.C. 46301 and 49 CFR Part 1520 or other federal or state statutes or take other enforcement or corrective action.

5.6 I hereby assign to LAWA all royalties, remunerations and emoluments that have resulted, will result, or may result from any disclosure, publication or revelation of Confidential and Privileged Information not consistent with the terms of this Agreement. In addition to the above herein contained, notwithstanding any other damages, royalties, remunerations, and/or emoluments recoverable under this Agreement and/or any contract between me and LAWA that has Confidential and Privileged Information being disclosed to me by LAWA, I shall be responsible to LAWA, as additional compensation, in the amount of Five Thousand Dollars (\$5,000) for each individual non-authorized disclosure of Confidential and Privileged Information.

## **6. No License.**

6.1 Nothing contained herein shall be construed as granting or conferring any rights by license or otherwise in any Confidential and Privileged Information. It is understood and agreed that neither party solicits any change in the organization, business practice, service, or products of the other party, and that the disclosure of CPI shall not be construed as evidencing any intent by a party to purchase any products or services of the other party, nor as an encouragement to expend funds in development or research efforts. Confidential and Privileged Information may pertain to prospective or unannounced services or facilities.

## **7 Governing Law and Equitable Relief.**

7.1 This Agreement shall be governed and construed in accordance with the laws of the State of California. I consent to the exclusive jurisdiction of the appropriate United States Federal Court located within the County of Los Angeles, California or the Los Angeles Superior Court located in the Southwest Judicial District for any dispute arising out of this Agreement. I agree that in the event of any breach or threatened breach by me, LAWA may, in addition to any other legal remedies which may be available, seek such equitable relief as may be necessary to protect it against any such breach or threatened breach.



8. **Severability.**

8.1 Each provision of this Agreement is severable. If a court should find any provision of this Agreement to be unenforceable, all other provisions of this Agreement shall remain in full force and effect.

9. **No Implied Waiver.**

9.1 Either party's failure to insist in any one or more instances upon strict performance by the other party of any term or terms of this Agreement shall not be construed as a waiver of any continuing or subsequent failure to perform or delay in performance of any term hereof.

9.2 By granting me access to information in this context, LAWA does not waive any statutory or common law evidentiary privileges or protections that it may assert in any administrative or judicial proceeding to protect Confidential and Privileged Information to which I have been given access in order to perform my duties to LAWA.

10. **Privity.**

10.1 I acknowledge that by execution of this Agreement, a privity of contract has been created between LAWA and me.

\_\_\_\_\_  
Recipient's Printed Name

\_\_\_\_\_  
Recipient's Title

\_\_\_\_\_  
Recipient's Division/Contracting Company

\_\_\_\_\_  
Recipient's Business Telephone

\_\_\_\_\_  
Recipient's Signature

\_\_\_\_\_  
Date

*Please mail or deliver the completed Agreement to "6053 W. Century Blvd, Suite 200, Los Angeles, CA 90045" and "Attn: Office of Information Security."*

# DATA WAIVER FORM



**Los Angeles World Airports**  
Engineering and Facilities Management Division  
7301 World Way West, 7<sup>th</sup> Floor  
Los Angeles, CA 90045  
Tel: (424) 646-5700

Date \_\_\_\_\_

## DATA REQUEST

<b>Project Title</b>		<b>Project Number (if available)</b>
<b>Data Type</b> <input type="checkbox"/> AutoCAD File <input type="checkbox"/> ArcGIS Shapefile / Geodatabase <input type="checkbox"/> Document	<b>Data Description</b>	

## CONTACT INFORMATION

<b>Company or Agency Requesting Data</b>		
<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
<b>Mailing Address</b>		

Data requester ("Transferee") has asked Los Angeles World Airports (LAWA) to provide copies of certain Documents and/or CAD or GIS data files ("Data") prepared by LAWA for the Project. LAWA agrees to provide Transferee with the requested Data, under the terms of this agreement.

1. The transfer of Data is not and shall not be deemed a sale. The data are instruments of service. LAWA shall be deemed the Data's author and shall retain all proprietary rights, including any copyrights, embodied therein.
2. Transferee may transfer the data to its Contractors, Subcontractors, Suppliers, and Consultants (collectively "Others"), provided Transferee requires the Others to be bound by this Agreement as if they were the Transferee in this Agreement. Transferee and Others may use the Data only for purposes related to this Project.
3. The Data are furnished "as is". LAWA makes no representations or warranties, express or implied, of the Data's merchantability or fitness for a particular purpose, with respect to the Data's quality, adequacy, completeness, or sufficiency, or as to any results to be achieved by the Data's use or the Data's conformance with the as-built conditions.
4. Transferee acknowledges that anomalies and errors may occur when the Data is transferred electronically or used in an incompatible computer environment. Transferee solely accepts the risks associated with, and the responsibility for, any damages to hardware, software, computer systems, or networks related to the Data's transfer or use. LAWA shall have no responsibility to provide software or training to allow Transferee to use the Data.
5. LAWA shall have no duty to modify or update the Data. LAWA may retain an archival copy of the Data, which shall be conclusive proof and govern in any dispute of the Data's form or content.
6. Transferee agrees to indemnify, defend and hold LAWA, its officers, directors, employees, agents, and consultants harmless from and against any and all claims, liabilities, suits, demands, losses, damages, costs, and expenses, including, but not limited to, reasonable attorneys' fees and all legal expenses and fees incurred through appeal, and all interest thereon, accruing to or resulting from any and all persons, firms or any other legal entities on account of any damages or losses to property or persons, including, but not limited to, injuries, death or economic losses, arising out of Transferee's or Others' use, reuse, transfer, or modification of the Data, except where a court or forum of competent jurisdiction determines that LAWA is solely liable for such damages or losses.
7. If Transferee fails to perform or observe any of the terms of this Agreement, LAWA may demand, and Transferee immediately shall return, the Data and any copies thereof.
8. This Agreement shall be governed by the law of the location of LAWA's office identified at the top of this Data Waiver.
9. In any legal proceeding to enforce this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs of defense.
10. Unless otherwise explicitly agreed to in writing by the parties, this Agreement shall govern any and all future data transfers to Transferee by LAWA.

## AUTHORIZATION

### Transferee

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

### LAWA

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

**ATTACHMENT C**

**Non-Exclusive Vending Machine Concession RFB  
Draft Concession Agreement**

DRAFT CONCESSION AGREEMENT BEGINS ON NEXT PAGE

CONCESSION AGREEMENT  
BETWEEN

CITY OF LOS ANGELES  
LOS ANGELES WORLD AIRPORTS

AND

XXXXXXXX

FOR VENDING MACHINE SERVICES AT  
LOS ANGELES INTERNATIONAL AIRPORT, VAN NUYS AIRPORT  
AND VAN NUYS FLYAWAY TERMINAL BUILDING

CONCESSION AGREEMENT BETWEEN THE CITY OF LOS ANGELES AND  
XXXXXXXXXXXXX  
FOR VENDING MACHINE SERVICE AT  
LOS ANGELES INTERNATIONAL AIRPORT, VAN NUYS AIRPORT,  
AND THE VAN NUYS FLYAWAY TERMINAL BUILDING

THIS CONCESSION AGREEMENT, made and entered into this \_ day of \_\_\_\_\_, 2022, at Los Angeles, California by and between the CITY OF LOS ANGELES, a municipal corporation, (hereinafter referred to as "City"), acting by order of and through its Board of Airport Commissioners, (hereinafter referred to as "Board") of the Department of Airports (hereinafter referred to as "Department" or "LAWA"), and xxxxxxxx (hereinafter referred to as "Concessionaire").

**RECITALS**

WHEREAS, LAWA desires to secure vending machine services at Los Angeles International Airport (hereinafter referred to as "LAX"), Van Nuys Airport (hereinafter referred to as "VNY"), and the Van Nuys FlyAway® Terminal Building (hereinafter referred to as VNY FlyAway®). LAX, VNY, and VNY FlyAway® may hereinafter collectively be referred to as "Airport" or "Airports"; and,

WHEREAS, LAWA issued a Request for Bids for vending machine services (hereinafter referred to as "RFB") for Airports; and,

WHEREAS, Concessionaire's bid was chosen by LAWA after review of all bids submitted as the best bid based on the criteria set forth in the RFB; and,

WHEREAS, LAWA desires to secure said vending machine services from Concessionaire; and,

WHEREAS, Concessionaire has agreed to provide vending machine services at Airports under the terms set forth below;

NOW, THEREFORE, in consideration of the promises, and of the terms, covenants, and conditions hereinafter contained to be kept and performed by the respective parties hereto, IT IS MUTUALLY AGREED AS FOLLOWS:

**Section 1.0    Authorization.**

1.0 LAWA hereby grants to Concessionaire the right to perform non-exclusive vending services at Airports under the terms and conditions of this Agreement, with the exception of those vending machines located on LAWA property with an active LAWA Concessions Agreement and areas with a valid agreement with LAWA (i.e. lease or tariff), including break rooms in said areas.

## **Section 2.0    Definitions.**

2.1     The following words and phrases when used in this Agreement, or any amendment hereto, shall have the meanings given to them in this Paragraph:

BOARD:	The Board of Airport Commissioners of the City of Los Angeles. The
DEPARTMENT:	Department of Airports of the City of Los Angeles.
CHIEF EXECUTIVE OFFICER:	Chief Executive Officer of the Department of Airports or her/his Designee (hereinafter collectively referred to as CEO).
VENDING SERVICES:	The installation, operation and maintenance of self-service vending machines and the sale of products through such machines.
CONCESSION AREA:	All assigned areas in Airport with self-service vending machines, approved by the CEO for vending services. The concession area includes the actual footprint occupied by the vending machine.

## **Section 3.0    Term.**

3.1     The term of the Agreement shall be for a period of five (5) years with two(2) one year options exercisable by the CEO under the terms and conditions commencing on \_\_\_\_\_, 2022, shall terminate on \_\_\_\_\_, 2027 or upon the termination of the option period or periods. LAWA may terminate this Agreement, with or without cause, upon giving Concessionaire a thirty (30) days written notice, or as provided elsewhere in this Agreement. The parties hereto agree that any Agreement between LAWA and Concessionaire that may be in effect at the time of entering into this Agreement with regard to the Concession Area shall be terminated as of the commencement date of this Agreement.

3.2     If Concessionaire remains in possession of all or any part of the Concession Area after the expiration of the term hereof, with or without the express or implied consent of LAWA, such tenancy shall be from month to month only, and not a renewal hereof or an extension for any further term, and in such case, percentage rent, as defined in Section 7.0, and other monetary sums due hereunder shall be payable in the amount and at the time specified in the Agreement and such month to month tenancy shall be subject to every other provision, covenant and agreement contained herein. Acceptance by LAWA of percentage rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of LAWA hereunder or as otherwise provided by law, and in no way shall affect any right which LAWA may otherwise have to recover damages from Concessionaire for loss or liability incurred by LAWA resulting from such failure by Concessionaire to surrender the Concession Area. Nothing contained in this Subsection shall be construed as consent by LAWA to any holding over by Concessionaire, and LAWA expressly reserves the right to require Concessionaire to surrender possession of the Concession Area to LAWA as provided in this Agreement upon the expiration or other termination of this Agreement.

#### **Section 4.0    Agreement Rights Granted.**

4.1     For and in consideration of the payment of the compensation to LAWA as hereinafter provided, LAWA hereby grants to Concessionaire, subject to all terms, covenants and conditions of this Agreement, the non-exclusive right to a Vending Machine Concession at Airports for LAWA property and spaces occupied by LAWA, excluding LAWA property with an active LAWA Concessions Agreement and areas with a valid agreement with LAWA (i.e. lease or tariff). The RFB is attached hereto and incorporated by reference herein as Exhibit A. The Concessionaire's Response to the RFB is attached hereto and incorporated by reference herein as Exhibit A-1. Any conflict in the terms and conditions between Exhibit A and Exhibit A-1 shall be resolved in favor of the language set forth in Exhibit A.

4.2     Concessionaire shall not conduct any other business, provide any other service or sell any type of merchandise from the vending machines, other than as specified in the RFB without written authorization from the CEO.

4.3     Concessionaire shall have the right and obligation to operate and maintain a vending machine concession at the location set forth in the RFB. During the term of the Agreement, the CEO may require the Concessionaire to relocate and/or add or delete one or more vending machine(s) to meet the needs of LAWA or to accommodate remodeling projects. Due to the terms herein, Concessionaire may or may not have the same number of vending machines operable as those noted at the commencement of this Agreement.

4.4     Throughout the term of this Agreement, Concessionaire, its agents, servants, employees, contractors, Concessionaires and business invitees, shall have ground ingress and egress to and from the vending machines. Such access shall be subject to reasonable airfield access control and permitting requirements as may be established by LAWA and temporary blockage or redirection due to Airports' construction or Airports' operational necessity.

#### **Section 5.0    Prices.**

5.1     During the term of this contract, the size and prices of products to be distributed from vending machines of Concessionaire shall be set by Concessionaire with the approval of the CEO. Any and all changes in size and/or prices shall be submitted in writing to LAWA and require the written approval of the CEO prior to any change in size and/or price.

5.2     Concessionaire shall charge retail prices for its products that are reasonable and consistent with market standards. Prices shall be in accordance with "street pricing". For purposes of this contract, "street pricing" is defined as the average price for similar products offered for sale in similar merchandisers within a five-mile vicinity of LAX and VNY. LAWA will monitor prices by means of periodic inspections of the vending machines and all prices are subject to approval by LAWA. Price increases shall only occur with prior written approval from the CEO.

## **Section 6.0     Concessionaire's Services and Rent.**

### **6.1     Type of Equipment and Vending Machines:**

- o **Cold Drink Merchandiser:** Vends no less than four selections of popular brand name ice cold soft drinks, juice drinks, and water. The cold drinks can be canned or bottled. If the location requires two or more cold drink merchandisers, the Concessionaire must provide a variety of canned and bottled cold drinks merchandisers.
- o **Hot Drink Merchandiser:** Offers hot chocolate, tea, and coffee with regular/extra cream, without cream, and with/without sugar.
- o **Glass Front Snack Merchandiser:** Vends a variety of top-brand candy bars, chips, cookies, and snacks.
- o **Hot/Cold Food Merchandiser:** Vends a variety of hot and cold foods, small containers of regular/skim milk, and small containers of orange juice. The assortment should be balanced.
- o **Change machine:** Must provide change to customers for \$5, \$10, and \$20 bills.
- o **Microwave:** Must be provided if food items that require heating are offered in adjacent vending machines. A stand must be provided if a countertop is not available in the area.

Each vending machine will also be tagged with unique identifying numbers which will need to be reflected on the monthly revenue reports. Refrigerated beverage vending machines must be Energy Star approved and listed on Energy Star's most recent "Refrigerated Beverage Vending Machine Qualified Model List" which can be found at [http://www.energystar.gov/ia/products/product\\_lists/vending\\_machines\\_prod\\_list.pdf](http://www.energystar.gov/ia/products/product_lists/vending_machines_prod_list.pdf).

### **6.2     Addition, Deletion, and Relocation of Vending Machines and Airport Locations.**

Concessionaire understands and acknowledges that at any time during the term hereof, the CEO may require, at Concessionaire's expense, for security reasons or otherwise: (1) the reduction in the number of vending machines at any particular location; (2) the relocation of a portion or all of vending machines; (3) an increase in the number of vending machines at any designated area; or (4) the installation of vending machines in locations other than those originally determined at the commencement of this Contract. Any and all such vending machine modifications and/or relocations will be at the sole expense of Concessionaire. LAWA will attempt to provide as much notice as possible for the removal or relocation of vending machines. Deletion or temporary disruptions of Concessionaire's operations shall not entitle Concessionaire to a temporary location elsewhere. Concessionaire acknowledges that the number of vending machines in operation may change from the amount at the commencement of this agreement due to the terms of this Section 6.2 herein.

6.3 The "rent commencement date" will commence once a vending machine is installed. Rent will be pro-rated for vending machines that are installed after the first of the month.

6.4 Employees and Sub-contractors. Concessionaire shall employ a sufficient number of personnel to handle the office, administrative and maintenance duties incidental to the operation of the business herein authorized. Upon notice from the CEO of any non- conformity herewith, Concessionaire shall forthwith take all steps necessary to eliminate the condition complained of within twenty-four (24) hours of said notice. Concessionaire may engage sub-contractors to perform its vending machine services under this Contract. Concessionaire will be responsible to LAWA to fulfill Concessionaire's obligations under this Contract in the event Concessionaire engages a subcontractor or subcontractors.

6.5 Manager for Airport. Concessionaire shall designate an appropriate manager for each respective Airport who shall be in charge of the concession business authorized herein as well as be responsible for the twenty four (24) hours a day, seven (7) days a week, three hundred sixty five (365) days a year emergency contact for Concessionaire's maintenance and service issues. Concessionaire's manager(s) shall be accessible by phone and shall return any call within one (1) hour.

6.6 Inspection. Concessionaire shall ensure that its employees make regular inspections (no less than one inspection per four (4) days) of its vending machines and all parts of the Concession Area covered by this Agreement. In addition, at the CEO's discretion, responsible representatives of LAWA and Concessionaire shall meet for the purpose of making a complete inspection of said locations, and reviewing the quality of service, condition of repair and cleanliness of said locations, and such other matters as LAWA may wish to review. In any case, Concessionaire shall service all its vending machines and related equipment as often as is necessary to keep the machines and equipment properly supplied, clean, and fully operational. Concessionaire will maintain a program of regular preventive maintenance and replacement of worn, damaged, or malfunctioning machines. LAWA may require Concessionaire to replace machines that cannot be returned to service within forty-eight (48) hours of the service call. Replacement machines will be of a type and condition at least equal to the machines that are replaced. Concessionaire will keep its vending machines, microwaves and change machines, and any and all other equipment supplied, and areas soiled by Concessionaire, neat and sanitary. Concessionaire will clean all spills that occur while filling, cleaning, or maintaining its machines, clean the front of each machine each time Concessionaire restocks or services it, and remove packaging and waste from the Concession Area after each service call. Concessionaire shall cooperate with LAWA to promptly remedy any sanitary problems related to Concessionaire's machines.

6.7 Vending Machines. The vending machines supplied by Concessionaire shall be its newest or most recent models, in new or like new condition, of a size and type acceptable to the CEO and must have credit and/or debit card capability. All vending machines and each respective location therefor will comply with the Americans with Disability Act regulations and any amendments or successor statutes thereto. Concessionaire shall supply a coin changer

within the immediate vicinity of each vending machine area as specified by LAWA. Concessionaire shall use best efforts to ensure that all vending machines are in operation at all times and in any case, each machine shall be fully operational at least ninety-nine percent (99%) of the year. Concessionaire shall repair or replace any malfunctioning vending machine within twenty four (24) hours after notice from LAWA.

6.8 Products Sold. Concessionaire will maintain fresh products in its vending machines and will ensure that all products vended shall conform in all respects to local, state, and federal laws and regulations relating to the standards of food and drink and shall be suitable for human consumption in all respects. Concessionaire shall ensure that all products offered by the vending machine are in stock at all times. If there are any product recalls for the products sold through the vending machines, Concessionaire shall immediately: (i) notify LAWA; (ii) remove the recalled products; (iii) post a notice regarding the recall on vending machines that had been selling the product; and (iv) cooperate with LAWA regarding efforts to protect the health, safety and welfare of Airport invitees.

6.9 Operating Notices. Concessionaire will affix to each vending machine a prominent notice containing instructions on how to (1) operate the machine, (2) report malfunctions, (3) comment on product quality, and (4) request refunds.

## **Section 7.0 Concession Fees, Charges and Accountability.**

7.1 Monthly Concession Fees. As consideration for City's granting the concession rights described in this Agreement, Concessionaire shall pay to City on a monthly basis for each month ("Monthly Concession Fee") during the Term of this Agreement as it may be extended pursuant to the terms hereof, the greater of:

(A) a minimum monthly guarantee ("MMG") equal to One Hundred Dollars (\$100) per machine installed or operated by Concessionaire pursuant to this Agreement (hereinafter referred to as "Vending Machine Fee"); or,

(B) a fee ("Percentage Fee") equal to \_\_\_\_\_ percent (\_\_\_ %) of the Gross Receipts (as defined below) per month.

7.1.1 The Monthly Concession Fee and all Additional Fees payable by Concessionaire hereunder are sometimes collectively referred to as "Fees". "Additional Fees" shall mean all sums, fees, charges, payments, and other amounts due hereunder from Concessionaire other than Monthly Concession Fee.

7.1.2 Concessionaire shall provide a monthly accounting of all concession activity to the Department in an electronic database format acceptable to the CEO, indicating a summary of total revenues in each category and for all subcontractors; and, a breakdown by category and location of the gross sales.

7.1.3 Concessionaire shall also furnish to LAWA within ninety (90) days after the end of each year during the Term, an annual accounting of all business transactions

conducted by Concessionaire at Airports pursuant to this Agreement, prepared at the close of Concessionaire's contract year in a form and with such detail as the CEO may request, together with such other financial and statistical reports, including a statement of Gross Receipts and concession fees and charges paid to LAWA by Concessionaire, as the CEO may reasonably require. Such annual accounting shall be prepared in accordance with generally accepted accounting principles, shall be certified by an independent Certified Public Accountant, and shall be approved and certified as being correct by an officer of the Concessionaire.

7.1.4 Each vending machine will also be tagged with identifying numbers located on a conspicuous part of the machine. Identifying numbers along with installation dates for each individual machine shall be reflected on the monthly revenue reports. LAWA reserves the right to inspect and audit the tracking systems as needed.

7.2 Gross Receipts Defined. "Gross Receipts" mean the aggregate total of charges and fees, including but not limited to, any and all fees or charges imposed upon users of the vending machines at Airports, including, without limitation, any compensation due to Concessionaire or Concessionaire's subcontractors derived from operation of vending machines at Airports, and shall further include, without limitation, all receipts whether by coin or currency, on account, by check or credit card, or in any other manner, derived by Concessionaire as a result of its operation of the concession rights herein granted, and shall also include, without limitation, the charges received or billed (whether or not received or collected) by Concessionaire from the provision of its payphone services at Airports pursuant to this Agreement.

7.2.1 Collections. Concessionaire shall be responsible for collections and shall assume all financial responsibility for dishonored credit cards and loss of uncollected funds. Amounts attributable to dishonored credit cards and uncollected funds shall not reduce Gross Receipts for the purpose of calculating the Percentage Fee described in Section 7.1.

7.3 Statements and Payment of Percentage Rent.

7.3.1 Monthly Statement. No later than twenty (20) days after the end of each calendar month in Agreement, Concessionaire shall submit to LAWA an itemized written statement for the preceding calendar month showing the Gross Sales from Concessionaire's Concession Area and all permissible deductions or exclusions (hereinafter referred to as "Monthly Statement") together with the concession fee payment. If the Commencement Date of this Agreement falls on a date other than the first day of a month, the Gross Sales from the partial month shall be added to, and the partial month shall be included in, the Monthly Statement for the first full calendar month in the Term. The Monthly Statement shall be certified by Concessionaire or Concessionaire's duly authorized officer or agent to be true and accurate. All monthly statements shall be mailed to the following address:

City of Los Angeles  
Los Angeles World Airports  
P.O. Box 54078  
Los Angeles, CA 90054-0078

and shall be submitted by e-mail to the following address: [activityreports@lawa.org](mailto:activityreports@lawa.org). LAWA may designate an alternate address at any time upon giving Concessionaire a thirty (30) day advance, written notice.

7.4 Concessionaire's Books and Records. Concessionaire shall keep and maintain accurate books and records of account in accordance with generally accepted accounting principles (hereinafter referred to as "GAAP") for all business conducted in the Concession Area. Concessionaire shall also keep all supporting documentation for Gross Sales and exclusions or deductions from Gross Sales, including, as applicable, daily receipts, sealed cash register rolls, and serialized sales slips. Concessionaire shall keep and maintain the foregoing books, records, and supporting documentation pertaining to each Agreement year for at least two years after expiration of that Agreement year. Notwithstanding the foregoing, if any book, records, or supporting documentation kept and maintained by Concessionaire are the subject of an audit requested by LAWA or an unresolved controversy involving LAWA, Concessionaire shall keep and maintain them until the audit or controversy is terminated.

7.5 Audit. City's accountants or representatives may examine the books and records of Concessionaire for the purpose of conducting an audit. Concessionaire shall produce these records for inspection and/or copying at the Concession Area and/or LAWA's offices, at LAWA's option within fifteen (15) days of LAWA's request. In the event Concessionaire does not make available to LAWA the pertinent books and records within the aforesaid Fifteen (15) days as set forth in this subsection, Concessionaire agrees to pay for all travel costs, housing, and other related expenses associated with the audit of said books, reports, accounts, and records by LAWA at Concessionaire's place of records if said place of records is outside of the greater Los Angeles metropolitan area. Claims of confidentiality and/or trade secret shall not prevent City from auditing records or other supporting documentation.

7.6 Delinquencies, Liquidated Damages and Disputes.

(a) The failure of Concessionaire to pay the fees specified herein when due shall be a default for which LAWA may terminate this Agreement to Concessionaire or take such other legal action as it deems necessary. Without waiving any rights available under this Agreement or by law, in the event of late or delinquent payment of fees, Concessionaire recognizes that LAWA will incur certain expenses, the amounts of which are difficult to ascertain. Therefore, in addition to the delinquent fees and charges, Concessionaire shall pay liquidated damages as set forth below to compensate LAWA for all expenses and/or damages and loss resulting from said late or delinquent payments by Concessionaire.

(b) The liquidated damages for late or delinquent payments herein shall be the greater of ten percent (10%) per annum or the prevailing Prime Interest Rate as established by the Federal Reserve Bank of San Francisco on advances to member banks under Section 13 and 13a of the Federal Reserve Act plus six percent (6%) per annum on the balance of the unpaid

monthly fees due, calculated from the date of delinquency until the close of the business day upon which the delinquency payment is received by the LAWA.

Delinquent Payment. The term "Delinquent Payment" as used in this Agreement means any minimum guarantee payment, service charges, fees, or other charges payable by Concessionaire to LAWA that are not paid on the date when due.

Accrued Fees. The termination of this Agreement by the lapse of time or otherwise shall not relieve Concessionaire of its obligation to pay the minimum guarantee payment, percentage fees, or charges or other fees accrued during a period in which the Agreement is or was in effect which were unpaid at the time of any such termination.

Pro Rata Payment. If the Agreement terminates without fault of Concessionaire on any other day than the last day of the calendar month, the applicable minimum annual guarantee payment, percentage fees, charges or other fees for said month shall be paid pro rata in the same proportion that the number of days the Agreement is in effect for that month bears to the total number of days in that month.

(c) Notwithstanding other provisions of this Agreement, LAWA may rescind this Agreement if (i) there are recurring disputes over deficiency assessments arising from the provisions in this Agreement, or (ii) Concessionaire fails to maintain adequate records and accounts reflecting its business and gross receipts under this Agreement.

#### 7.7 Los Angeles Business Office, Record Retention, and Right to Inspect.

(a) Concessionaire undertakes and agrees, as a covenant and condition herein, to establish a business office, preferably in the metropolitan area of Los Angeles, where Concessionaire shall maintain, during the term of this Agreement, its permanent books, ledgers, journals and accounts wherein are kept all entries reflecting both the gross receipts received or billed by it from the business transactions at Airport and all other transactions of Concessionaire at Airport. If Concessionaire chooses not to maintain its records at a Los Angeles area business office, Concessionaire shall make all said records available in its Los Angeles Business office upon fifteen (15) days notice. If said records are not made available within this fifteen (15) day period as noted, Concessionaire must pay for all traveling costs associated with the conducting of audits by the City at Concessionaire's place of record. Such books, ledgers, journals, accounts and records shall be available for inspection and examination by Executive Director during ordinary business hours.

(b) To facilitate the inspection of Concessionaire's books and records, documents shall be made available in electronically downloadable format whenever possible. When electronic files do not exist, legible printed copies of the daily, weekly, and monthly sales summaries classified by type of receipts must be provided. Concessionaire agrees to prepare and maintain financial and sales records wherein are accurately kept all entries reflecting all gross receipts as

defined in this Agreement. Such records shall include, but not be limited to, general ledgers; sales journals; daily sales reports; detailed daily reports: cash register tapes; trial balances; sales tax reports; subsidiary ledgers; daily journals; original and closed rental agreements; corporate charts of accounts; and lists of rental locations. Cash registers or similar types of machinery, if used, shall be closed out at least once daily and shall be of a type that will show the following: receipts segregated by category; any taxes separately stated and collected; sales by dollar amount and by item count; and will carry forward a cumulative total that cannot be reset.

(c) The CEO may examine, inspect, audit, and copy any and all of Concessionaire's receipts-related books, records, reports, and accounts of its business authorized herein to be conducted. Concessionaire shall retain said books, records, reports and accounts until the information therein has been audited or examined by City.

(d) It is agreed that examinations of books, ledgers, journals and accounts of Concessionaire will be conducted in accordance with generally accepted auditing standards applicable in the circumstances and that, as such, said examinations do not require a detailed audit of all transactions. Testing and sampling methods may be used in verifying reports submitted by Concessionaire. Deficiencies ascertained by applying percentages of error, obtained from such testing and sampling, may be applied by LAWA to the entire period of reporting under examination and will be binding upon Concessionaire and, to that end, shall be admissible in any court of law to prove any amounts due LAWA. In the event any deficiency in the amount of two percent (2%) or greater of the compensation payable to LAWA hereunder is ascertained, Concessionaire agrees to pay LAWA for the cost of the audit and all deficiencies and all liquidated damages incurred. All information gained by LAWA from such examinations shall be confidential and shall not be disclosed other than to carry out the purposes hereof.

(e) LAWA's right to inspect Concessionaire's records is predicated upon the inspection being reasonably related to determining whether Concessionaire is complying with the terms of this Agreement.

(f) Upon completion of an audit, the audit findings of the LAWA shall be mailed to the Concessionaire. If, as a result of the audit, the City determines that additional funds are due the LAWA, Concessionaire shall have thirty (30) days from the date of the mailing of the audit findings to submit to the LAWA complete documentation supporting Concessionaire's dispute of the audit findings. Failure of Concessionaire to dispute in writing the audit findings within thirty (30) days shall constitute acceptance of the audit findings, and waiver of the right to appeal the audit findings.

(g) If, at the end of thirty (30) days, Concessionaire does not dispute the audit findings, the LAWA will mail Concessionaire a written invoice of additional funds due. If Concessionaire disputes the audit findings, LAWA will evaluate the documentation submitted by Concessionaire. Should LAWA find, following such evaluation, that additional funds are due, LAWA shall mail to Concessionaire a written invoice for such funds. Any additional funds that LAWA finds to be due to LAWA, as the result of an audit, must be paid within thirty (30)

days of the mailing of a written invoice to Concessionaire for such funds. A late fee of the greater of One Hundred Dollars (\$100) or one-twentieth of one percent (0.05%) of the audit invoice amount per day shall be assessed for each day that payment is late. In the event that timely payment has not been made, liquidated damages shall be assessed from the date of the audit invoice.

7.8 **Certified Public Accountant (CPA) Audit Report.** Within sixty (60) days following the end of each calendar year of this Agreement, Concessionaire, at its own expense, shall submit an audited statement of its yearly gross receipts for its Airport operations and such other reasonable financial and statistical reports as Executive Director may require by written notice to Concessionaire. This statement must be prepared by an independent CPA who is a member in good standing with the American Institute of Certified Public Accountants (AICPA). The audited statement of gross receipts will show all receipts by category by month for the contract year. If through such audited statement it is established that additional fees are due LAWA, Concessionaire shall pay such additional fees to LAWA no later than fifteen (15) days after completion of such statement. Failure to pay such additional fees on time will be deemed a default under this Agreement. If through such audited statement it is established that Concessionaire has overpaid LAWA, LAWA will reimburse the Concessionaire, provided that reasonable justification for the overpayment is given to satisfy the LAWA.

#### **Section 8.0 Purchasing.**

8.1 Concessionaire shall purchase and pay for all food, supplies and services utilized in the vending machines.

#### **Section 9.0 Facilities and Equipment.**

9.1 Concessionaire shall, within thirty (30) days of execution of this Agreement, or as approved by the CEO, install and have operational, all types of the vending machines as set forth in the RFB. LAWA shall make available to Concessionaire the Concession Area, ready to operate vending machines, including utilities service (except telephone) as may be reasonably required for the efficient performance of this Agreement. LAWA shall have full access to the Concession Area at all times.

9.2 Concessionaire hereby expressly waives any and all claims against City's Department of Airports, its employees, contractors and agents for compensation for any and all loss or damage sustained to Concessionaire, its employees, contractors, agents, and/or property (including vending machines) arising from any cause other than City's intentional misconduct, including but not limited to defect, deficiency or impairment of the water supply, drainage or heating systems, gas mains, electrical apparatus or wires furnished to the Concession Area covered by this Agreement, or from loss resulting from water, tornado, earthquake, civil commotion or riot, and Concessionaire hereby expressly releases and discharges City's Department and its officers, employees, servants or agents from any and all demands, claims, actions and causes of action arising from any of the aforesaid causes. Maintaining the cleanliness of the entire Concession Area facility is the responsibility of Concessionaire.

9.2.1 Concessionaire shall contact LAWA Construction and Maintenance Division to service any major infrastructure plumbing, electrical, or HVAC problems that may arise. If such repairs are found to be the result of negligence or misuse on behalf of Concessionaire, LAWA reserves the right to pass the cost of any service and/or repair on to Concessionaire, plus an additional fifty percent (50%) administration fee. LAWA is not responsible for any routine maintenance on equipment.

9.2.2 Concessionaire, at its own cost and expense, shall maintain all improvements, equipment and fixtures in good condition and repair and in compliance with all requirements of law, including Los Angeles Fire Department Regulation No. 4, in accordance with LAWA standards. If Concessionaire does not maintain said equipment and fixtures in the manner described above, Concessionaire agrees to promptly reimburse LAWA for the cost of any of said maintenance plus fifteen percent (15%) for administrative and overhead charges.

9.3 Health and Safety. Concessionaire shall be responsible for compliance with all federal, state and local safety and health laws and regulation with respect to the Concession Area.

9.4 Equipment. Concessionaire shall furnish and/or repair all equipment necessary to operate the Concession Area.

#### **Section 10.0 Cleaning Responsibilities:**

10.1 Concessionaire shall maintain high standards of sanitation and shall be responsible for routine cleaning in the Concession Area.

10.2 Concessionaire shall regularly clean each vending machine.

10.3 Concessionaire shall comply with current and future City regulations regarding the reduction and recycling of trash and debris.

#### **Section 11.0 Limitations on Operation of Concession Area.**

11.1 Concessionaire shall not use the Concession Area, or any portion thereof, for any purpose other than set forth in this Agreement, without the written consent of the CEO, which consent may be withheld in the CEO's sole discretion.

There is hereby reserved to City, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Concession Area. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on Airport. Concessionaire agrees not to make any claim or institute legal action against City under any theory of recovery for any interference with Concessionaire's use and enjoyment of the Concession Area which may result from noise emanating from the operation of aircraft to, from, or upon Airport except for claims or actions brought by third parties against Concessionaire arising from City's operation of Airport.

11.2 Concessionaire, by accepting this Agreement, agrees for itself and its successors and assigns that it will not make use of the Concession Area in any manner which might interfere with the landing and taking off of aircraft from Airport or otherwise constitute a hazard to such operations. In the event the aforesaid covenant is breached, City reserves the right to enter upon the Concession Area hereby Contracted and cause the abatement of such interference at the expense of Concessionaire.

11.3 Concessionaire shall conduct its, and cause its subcontractors to conduct their, operations in the Concession Area in such manner as to reduce as much as is reasonably practicable, considering the nature and extent of said operations, any and all activities which interfere unreasonably with the use of other premises adjoining the Concession Area at Airport, including, but not limited to, the emanation from the Concession Area of noise, vibration, movements of air, fumes, and odors.

11.4 Concessionaire is prohibited from installing or using any wireless workstations, access control equipment, wireless internet servers, application or system software such as transceivers, modems, or other interface units that access frequencies from 2.0 Gigahertz to 6.0 Gigahertz, inclusive, without first obtaining written approval from the CEO.

11.5 Concessionaire has no rights under this Agreement to install or use any antennae or telecommunications equipment on the roof or exterior of any building or structure on the Concession Area, unless such installation or use is directly related to the conduct of Concessionaire's business and in full compliance with City's permit process and telecommunications policies as they may be modified from time to time at the sole discretion of the CEO. Concessionaire may not license or sublease to others the right to install or use antennae or other telecommunications equipment on the Concession Area.

## **Section 12.0 Taxes, Licenses and Permits.**

12.1 Concessionaire shall pay any and all taxes of whatever character that may be levied or charged upon the vending machines in the Concession Area, or upon Concessionaire's improvements, fixtures, equipment, or other property thereon or upon Concessionaire's use thereof. Concessionaire shall also pay all license or permit fees necessary or required by law or regulation for the conduct of Concessionaire's business or use of the Concession Area, including any and all government health licenses and permits.

12.2 If a claim is made against City for any of the above charges, City shall promptly notify Concessionaire in writing; provided, however, that failure by City to give such notice shall not constitute a waiver of Concessionaire's obligation to pay such taxes, license and/or permit fees.

12.3 In addition, by executing this Agreement and accepting the benefits thereof, a property interest may be created known as a "possessory interest". If such possessory interest is created, Concessionaire, as the party in whom the possessory interest is vested, shall be subject to the payment of the property taxes levied upon such interest.

12.4 The obligations of Concessionaire under this Section, however, shall not prevent Concessionaire from contesting the validity and/or applicability of any of the above charges and during the period of any such lawful contest, Concessionaire may refrain from making, or direct the withholding of, any such payment without being in breach of the above provisions. Upon a final determination in which Concessionaire is held responsible for such taxes and/or fees, Concessionaire shall promptly pay the required amount plus all legally imposed interest, penalties and surcharges. If all or any part of such taxes and/or fees, penalties, or surcharges are refunded to City, City shall remit to Concessionaire such sum(s) to which Concessionaire is legally entitled.

### **Section 13.0 Business Tax Registration.**

13.1 Concessionaire represents that it has registered its business with the City Clerk of City and has obtained and presently holds from that Office a Business Tax Registration Certificate, or a Business Tax Exemption Number, required by City's Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of City's Municipal Code). Concessionaire shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended during the term hereof.

### **Section 14.0 Liquidated Damages.**

14.1 Payment of concession fee shall be delinquent if not received by City within five days following the due date. Without waiving any rights available under this Agreement or by law, in the event of delinquent payments, Concessionaire recognizes that City will incur certain expenses, the amount of which is difficult to ascertain. Therefore, in addition to payment(s) owing, Concessionaire agrees to pay the liquidated damages set forth in Section 7.6 above.

14.2 City may draw such delinquent payments from the Faithful Performance Guarantee required pursuant to Section 37.0 Faithful Performance Guarantee and continue assessing liquidated damages until the Performance Guarantee is replenished to the level required in Section 37.0 Faithful Performance Guarantee.

### **Section 15.0 City's Right of Access and Inspection.**

15.1 City, by and through its officers, employees, agents, representatives, and contractors, shall have the right at all reasonable times and in a reasonable manner, upon notice to Concessionaire, to enter upon the Concession Area for the purpose of inspecting the same or for doing any act or thing which City may be obligated or have the right to do under this Agreement, or otherwise, and no abatement of rental shall be claimed by or allowed for Concessionaire by reason of the exercise of such rights. In the exercise of its rights under this

Section, City, its officers, employees, agents, and contractors shall not unreasonably interfere with the conduct of Concessionaire's business on the Concession Area as herein authorized.

**Section 16.0 Financial Terms.**

16.1 All services to be provided by Concessionaire under this Agreement shall be provided at Concessionaire's expense.

**Section 17.0 Renegotiation.**

17.1 The financial terms set forth in this Agreement and other obligations assumed by Concessionaire hereunder are based on conditions in existence on the date Concessionaire commences operations, including by way of example, City's employee population and working conditions; labor, food and supply costs; and federal, state and local sales, use and excise taxes. In the event of a change in such conditions, the financial terms or other obligations assumed by Concessionaire may be renegotiated on a mutually agreeable basis to reflect such change. The CEO shall have the authority to negotiate any such change in financial terms.

**Section 18.0 Proprietary Materials.**

18.1 LAWA agrees that all computer software programs, signage and marketing and promotional literature and material (collectively referred to as "Proprietary Materials") used by Concessionaire in the Concession Area in connection with the vending machine services provided by Concessionaire under this Agreement shall remain the property of Concessionaire. Upon termination of this Agreement, all use of trademarks, service marks and logos owned by Concessionaire or licensed to Concessionaire by third parties shall be discontinued by LAWA, and LAWA shall immediately return to Concessionaire all proprietary materials.

**Section 19.0 Signs.**

19.1 Concessionaire shall not erect, construct or install any advertising displays or fixtures at any location at Airports for any reason at any time without the prior written consent of the CEO, except as may be provided elsewhere in this Agreement. Concessionaire vending machines may only display advertising that pertain the products being sold within the particular vending machine.

19.2 No identification signs pertaining to Concessionaire's operations shall be installed or placed in or on the Concession Area or Airport until Concessionaire has submitted to LAWA drawings, sketches, design dimensions, and type and character of such identification signs proposed to be placed thereon or therein and has received written approval from the CEO. Any conditions with respect to the use of said signs stated by the CEO in the latter's written approval thereof shall be conditions of this Agreement as if fully set forth herein. Only signage that is approved by LAWA can be placed in the Concession Area.

19.3 In the event Concessionaire fails or refuses to remove any advertising displays within twenty-four (24) hours of receiving a written notice or request to do so from the CEO, LAWA shall have any and all of the following options:

(i) Commence termination of this Agreement pursuant to the terms of this Agreement;

(ii) Physically remove the offending display materials and require Concessionaire to pay all costs of LAWA-related thereto plus fifteen percent (15%) administrative and overhead charges;

(iii) Require Concessionaire to pay LAWA the sum of One Thousand Dollars (\$1,000) per day for each day that the offending sign or graphic material continues to be in violation of LAWA's written notice, said payment to be viewed by the parties as additional concession fees. The acceptance of any such additional concession fees by LAWA from Concessionaire shall not be viewed as a waiver of any breach of the terms of this Agreement.

#### **Section 20.0 Insurance.**

20.1 Concessionaire shall procure at its expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified on Insurance, Exhibit B, attached hereto and incorporated by reference herein. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City, its Department of Airports, its Board and all of City's officers, employees, and agents, their successors and assigns, as insureds, against the areas of risk described in Exhibit B hereof with respect to Concessionaire's acts or omissions in its operations, use, and occupancy of the Concession Area or other related functions performed by or on behalf of Concessionaire in, on or about Airport.

20.2 Each specified insurance policy (other than Workers' Compensation and Employers' Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Agreement with the City of Los Angeles."

20.3 All such insurance shall be primary and noncontributing with any other insurance held by City's Department of Airports where liability arises out of or results from the acts or omissions of Concessionaire, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Concessionaire. Such policies may provide for reasonable deductibles and/or retentions acceptable to the CEO based upon the nature of Concessionaire's operations and the type of insurance involved.

20.4 City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, Board and all of City's officers, employees, and agents, their successors and assigns, as insureds is not intended to, and shall not, make them, or any of them, a partner or joint venturer with Concessionaire in Concessionaire's operations at Airport. In the event Concessionaire fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) days prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Concessionaire, and Concessionaire agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead. Payment shall be made within thirty (30) days of invoice date.

20.5 At least ten (10) days prior to the expiration date of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Concessionaire shall, within fifteen (15) days of such cancellation of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

20.6 Concessionaire shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by use of City's own endorsement form(s), by broker's letter acceptable to the Executive Director in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to the Executive Director. The documents evidencing all specified coverages shall be filed with City in duplicate and shall be procured and approved in strict accordance with the provisions in Sections 11.47 through 11.56 of City's Administrative Code prior to Concessionaire occupying the Concession Area. The documents shall contain the applicable policy number, the inclusive dates of policy coverages, and the insurance carrier's name, shall bear an original signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage, or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

20.7 City and Concessionaire agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Agreement by the Executive Director who may, thereafter, require Concessionaire, on thirty (30) days prior, written notice, to adjust the amounts of insurance coverage to whatever reasonable amount said Executive Director deems to be adequate.

20.8 Submission of insurance from a non-California admitted carrier is subject to the provisions of California Insurance Code Sections 1760 through 1780, and any other regulations and/or directives from the State Department of Insurance or other regulatory board or agency; Concessionaire agrees, except where exempted, to provide City proof of said insurance by and through a surplus lines broker licensed by the State of California.

## **Section 21.0 City Held Harmless.**

21.1 In addition to the provisions of Section 20.0 Insurance herein, Concessionaire shall defend, indemnify and hold harmless City and any and all of City's departments, boards, officers, agents, employees, assigns and successors in interest from and against any and all suits, claims, causes of action, liability, losses, damages, demands or expenses, (including, but not limited to, attorney's fees and cost of litigation), claimed by anyone (including Concessionaire and/or Concessionaire's agents or employees) by reason of injury to, or death of, any person(s), or for damage to, or destruction of, any property, including property of Concessionaire, and alleged to arise out of, pertain to, or relate to the Concessionaire's performance of the contract, whether or not contributed to by any act or omission of City, or of any of City's departments, boards, officers, agents or employees.

21.2 In addition, Concessionaire agrees to protect, defend, indemnify, keep and hold harmless City and any and all of City's departments, boards, officers, agents, employees, assigns and successors in interest from and against any and all claims, damages, liabilities, losses and expense arising out of any threatened, alleged or actual claim that the end product provided to LAWA by Concessionaire violates any patent, copyright, trade secret, proprietary right, intellectual property right, moral right, privacy, or similar right, or any other rights of any third party anywhere in the world. Concessionaire agrees to, and shall, pay all damages, settlements, expenses and costs, including cost of investigation, court costs and attorney's fees, and all other costs and damages sustained or incurred by City and any and all of City's departments, Boards, officers, agents, employees, assigns and successors in interest arising out of, or relating to, the matters set forth above in this paragraph of the City's Hold Harmless agreement.

21.3 Survival of Indemnities. The provisions under this Section 22 shall survive the termination of this Agreement. Rights and remedies available to the City hereinabove shall survive the termination of this Agreement. Further, the rights and remedies are cumulative of those provided for elsewhere in this Agreement and those allowed under the laws of the United States, the State of California, and the City of Los Angeles.

## **Section 22.0 Hazardous and Other Regulated Substances.**

22.1 For the purposes of this Agreement, "hazardous substances" means:

22.1.1 Any substance the presence of which requires the investigation or remediation under any federal, state or local statute, regulation, rule, ordinance, order, action, policy or common law; or

22.1.2 Any substance which is or becomes defined as a hazardous waste, extremely hazardous waste, hazardous material, hazardous substance, hazardous chemical, toxic chemical, toxic substance, cancer causing substance, substance that causes reproductive harm, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

22.1.3 Any substance which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, council, board, or instrumentality of the United States, the State of California, the City of Los Angeles, or any political subdivision of any of them; or

22.1.4 Any substance the presence of which on the Demised Premises causes or threatens to cause a nuisance upon the Demised Premises or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Demised Premises; or

22.1.5 Any substance the presence of which on adjacent properties could constitute a trespass by Concessionaire; or

22.1.6 Any substance, without limitation, which contains gasoline, aviation fuel, jet fuel, diesel fuel or other petroleum hydrocarbons, lubricating oils, solvents, polychlorinated biphenols (PCBs) asbestos, urea formaldehyde or radon gases.

22.2 Except for conditions existing prior to the original occupancy of the Demised Premises by Concessionaire or by Concessionaire's predecessors in interest, Concessionaire agrees to accept sole responsibility for full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws, and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing, and/or disposal of hazardous substances, regardless of whether the obligation for such compliance or responsibility is placed on the owner of the land, on the owner of any improvements on the Demised Premises, on the user of the land, or on the user of the improvements. Concessionaire agrees that any claims, damages, penalties, or fines asserted against or levied on City and/or the Concessionaire as a result of noncompliance with any of the provisions in this Section shall be the sole responsibility of the Concessionaire and that Concessionaire shall indemnify and hold City harmless from all such claims, damages, penalties, or fines. Further, City may, at its option, pay such claims, damages, penalties, or fines resulting from Concessionaire's non-compliance with any of the terms of this Section, and Concessionaire shall indemnify and reimburse City for any such payments.

22.3 Except for conditions existing prior to the original occupancy of the Demised Premises by Concessionaire or Concessionaire's predecessors in interest, in the case of any hazardous substance spill, leak, discharge, release or improper storage on the Demised Premises or contamination of the Demised Premises by any person, Concessionaire agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any spill, leakage, discharge, release or contamination. In the case of any hazardous substance spill, leak, discharge, release or contamination by Concessionaire or its employees, servants, agents, contractors, or subcontractors on the Demised Premises or as may be discharged or released in, on or under adjacent property which affects other property of City or its tenants, Concessionaire agrees to make or cause to be made any necessary corrective actions to clean up and remove any such spill, leakage, discharge, release or contamination. If Concessionaire fails to repair, clean up, properly dispose of, or take any other corrective actions as required herein,

City may (but shall not be required to) take all steps it deems necessary to properly repair, clean up, or otherwise correct the conditions resulting from the spill, leak, discharge, release, or contamination. Any such repair, cleanup, or corrective actions taken by City shall be at Concessionaire's sole cost and expense and Concessionaire shall indemnify and pay for and/or reimburse City for any and all costs City incurs as a result of any repair, cleanup, or corrective action it takes plus an additional fifty percent (50%) administrative fee.

22.4 If Concessionaire installs or uses already installed underground storage tanks, above-ground storage tanks, pipelines, or other improvements on the Demised Premises for the storage, distribution, use, treatment, or disposal of any hazardous substances, Concessionaire agrees, upon the expiration and/or termination of this Agreement, to remove and/or clean up, at the sole option of the CEO, the above-referred-to improvements. Said removal and/or cleanup shall be at the Concessionaire's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as with the reasonable directions of the Executive Director.

22.5 Concessionaire shall promptly supply City with complete and legible copies of all notices, reports, correspondence, and other documents sent by Concessionaire to or received by Concessionaire from any governmental entity regarding any hazardous substance. Such written materials include, without limitation, all documents relating to any threatened or actual hazardous substance spill, leak, or discharge, or to any investigations into or clean-up of any actual or threatened hazardous substance spill, leak, or discharge including all test results.

22.6 This Section and the obligations herein shall survive the expiration or earlier termination of this Agreement.

### **Section 23.0 Assignments, Transfers, and Encumbrances Prohibited.**

23.1 Concessionaire shall not in any manner, directly or indirectly by operation of law or otherwise, hypothecate, mortgage, pledge, transfer or otherwise encumber or assign the Agreement rights herein created nor shall Concessionaire sublet, sublease, license or otherwise authorize the right to use, in whole or in part, the assigned areas or the Agreement rights herein granted without the prior, written consent of Executive Director. For purposes of this Agreement, the terms "transfer" and "assign" shall include, but not be limited to, the following:

(i) if Concessionaire is a joint venture, a limited liability company, or a partnership, the transfer of fifty percent (50%) or more of the interest or membership in the joint venture, the limited liability company, or the partnership; (ii) if Concessionaire is a corporation, any cumulative or aggregate sale, transfer, assignment, or hypothecation of fifty percent (50%) or more of the voting shares of Concessionaire; (iii) the dissolution by any means of Concessionaire; and, (iv) a change in business or corporate structure. Any such assignment, mortgaging, pledging, transfer, or encumbrancing of the Agreement rights, or any subletting, subleasing or licensing of the use of the whole or any part of the assigned areas or other violations of the provisions of this Section 23.0 shall be voidable at City's option and shall confer no right, title or interest in or to this Agreement, or right of occupancy of the whole or any portion of the Concession Area, upon any such assignee, mortgagee, pledgee, encumbrances or other lien holder, successor or purchaser.

23.2 The interest of Concessionaire under this Agreement shall not, except at City's option and with its written consent, be assignable or transferable by operation of law. In case of the

bankruptcy of Concessionaire or of the appointment of a receiver for Concessionaire, or if a receiver is appointed to take possession of any of the equipment or improvements installed at Airport as a result of any act or omission of Concessionaire, or if Concessionaire makes an assignment of this Agreement for the benefit of creditors, or if any person attempts to take possession of such equipment or improvements pursuant to any attachment, execution or the levy of any judicial process, no one shall acquire any right, title or interest in or to this Agreement or the rights herein granted without first securing the written consent of City.

23.3. When proper consent has been given by the CEO, the provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the heir(s), successor(s), executor(s), administrator(s) and assign(s) of the parties hereto.

**Section 24.0 Nondiscrimination and Equal Employment Practices/Affirmative Action Program.**

**24.1 Federal Non-Discrimination Provisions.**

24.1.1 The Concessionaire for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Agreement, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Concessionaire shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended (USE GUIDE , Paragraph 1).

24.1.2 The Concessionaire for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Concessionaire shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended (USE GUIDE, Paragraph 1).

24.1.3 The Concessionaire assures that it will comply with pertinent statutes, Executive Orders, and such rules as are promulgated to assure that no person shall, on the grounds or race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance. This Provision obligates the Concessionaire or its transferee for the period during which Federal assistance is extended to the airport program, except where Federal assistance is

to provide, or is in the form of personal property or real property or interest therein or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property (USE GUIDE, paragraph 1).

24.1.4 Concessionaire shall furnish its services on a reasonable and not unjustly discriminatory basis to all users, and charge reasonable and not unjustly discriminatory prices for each unit or service, provided that Concessionaire may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers (USE GUIDE, paragraph 11).

24.1.5 Concessionaire agrees that it shall insert the provisions found in Subsections 24.1.3 and 24.1.4 above in any sublease, assignment, license, or permit by which said Concessionaire grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the Concession Area herein Contracted.

## 24.2 Municipal Non-Discrimination Provisions.

24.2.1 Non-Discrimination In Operation of Concession Area. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition in the Agreement, sublease, transfer, use, occupancy, tenure, or enjoyment of the Concession Area or any part of the Concession Area or any operations or activities conducted at the Concession Area or any part of the Concession Area. Nor shall Concessionaire or any person claiming under or through Concessionaire establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees of the Concession Area. Any sublease or assignment which may be permitted under this Agreement shall also be subject to all non-discrimination clauses contained in Section 31.2.

24.2.2 Non-Discrimination In Employment. During the term of this Agreement, Concessionaire agrees and obligates itself in the performance of this Agreement not to discriminate against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, sexual orientation, gender identity, gender expression, age, physical handicap, marital status, domestic partner status, or medical condition. Concessionaire shall take affirmative action to insure that applicants for employment are treated, during the term of this Agreement, without regard to the aforementioned factors and shall comply with the affirmative action requirements of the Los Angeles Administrative Code, Sections 10.8, et seq., or any successor ordinances or law concerned with discrimination.

24.2.3 Equal Employment Practices. If the total payments made to City under this Agreement are One Thousand Dollars (\$1,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"), which is incorporated herein by this reference. A copy of Section 10.8.3 has been attached hereto for the convenience of the parties as Exhibit C. By way of specification but not limitation, pursuant to Sections 10.8.3.E and 10.8.3.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Equal Employment Practices provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Equal Employment Practices provisions of this Agreement, this Agreement may be forthwith terminated, cancelled or suspended.

24.2.4 Affirmative Action Program. If the total payments to LAWA under this Agreement are One Hundred Thousand Dollars (\$100,000) or more, this provision shall apply. During the performance of this Agreement, Concessionaire agrees to comply with Section 10.8.4 of the Los Angeles Administrative Code ("Affirmative Action Program"), which is incorporated herein by this reference. A copy of Section 10.8.4 has been attached hereto for the convenience of the parties as Exhibit D. By way of specification but not limitation, pursuant to Sections 10.8.4.E and 10.8.4.F of the Los Angeles Administrative Code, the failure of Concessionaire to comply with the Affirmative Action Program provisions of this Agreement may be deemed to be a material breach of this Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to Concessionaire. Upon a finding duly made that Concessionaire has failed to comply with the Affirmative Action Program provisions of this Agreement, this Agreement may be forthwith terminated, cancelled or suspended.

## **Section 25.0 Disabled Access.**

25.1 Concessionaire shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local governmental entity and/or court regarding disabled access to improvements on the Concession Area including any services, programs, or activities provided by Concessionaire. Concessionaire shall be solely responsible for any and all damages caused by, and/or penalties levied as the result of, Concessionaire's noncompliance. Further, Concessionaire agrees to cooperate fully with City in its efforts to comply with the current Americans With Disability Act and any amendments or successor statutes thereto. Notwithstanding the foregoing, it is understood by both parties that Concessionaire's responsibility under this Agreement regarding the accessibility of its vending machines that Concessionaire shall not be required under this Agreement to construct ramps or otherwise render accessible the site where the equipment is placed.

25.2 Should Lessee fail to comply with Section 25.1, then City shall have the right, but not the obligation, to perform, or have performed, whatever work is necessary to achieve equal access compliance. Lessee will then be required to reimburse City for the actual cost of achieving compliance, plus a fifteen percent (15%) administrative charge.

**Section 26.0 \_ Default, Termination, and Waiver.**

26.1 In the event Concessionaire fails to abide by the terms and conditions of this Agreement, LAWA shall give Concessionaire written notice to correct the defect or default and if same is not corrected, or substantial steps taken towards accomplishing such correction, within ten (10) days after Concessionaire's receipt of such notification, LAWA may terminate this Agreement thirty (30) days from the original date of Concessionaire's receipt of LAWA's notice. LAWA's right of termination hereunder also applies if any of the following events occur:

- a.) The occurrence of any act which operates to deprive Concessionaire of the rights, power, licenses, permits or authorities necessary for the proper conduct and operation of the activities authorized herein;
- b.) Abandonment or discontinuance of operations by Concessionaire of its business by any act(s) of Concessionaire;
- c.) Any persistent violation on the part of Concessionaire, its agents or employees of the traffic rules and regulations of City at Airport or disregard of the safety of persons using Airport, upon failure by Concessionaire to correct the same;
- d.) Failure on the part of Concessionaire to maintain the quality of service required by the terms of this Agreement, including, but not limited to, any cessation or diminution of service by reason of Concessionaire being unable for any reason to maintain in its employ the personnel necessary to keep its fixed display signage in operation and available for public use, unless such use is due to strike, lockout, or bona fide labor dispute;
- e.) Failure by Concessionaire to maintain its vending machine locations or all portions of its other equipment in a manner satisfactory to Executive Director;
- f.) Any substantial change in the ownership or proprietorship of Concessionaire which, in the opinion of the Executive Director, is not in the best interests of the City or the public; or
- g.) The bankruptcy of Concessionaire; or the appointment of a receiver for Concessionaire; or if a receiver is appointed to take possession of Concessionaire's premises as a result of any act or omission of Concessionaire; or if Concessionaire makes an assignment of this Agreement for the benefit of creditors; or if possession of the premises is taken by virtue of any attachment, execution or the levy of any judicial process, and such appointment, levy or taking is not discharged or terminated within thirty (30) days.

26.2 The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any other term, covenant, or condition, or of any subsequent breach of the same term, covenant, or condition. The subsequent acceptance of percentage rent hereunder by City shall not be deemed to be a waiver of any preceding breach by Concessionaire of any term, covenant, or condition of this Agreement other than the failure of Concessionaire to pay the particular rent so accepted, regardless of City's knowledge of such preceding breach at the time of acceptance of such rent.

26.3 Cross Default. A material breach of the terms of any other lease, license, permit, or contract held by Lessee with City shall constitute a material breach of this Agreement and shall give City the right to terminate this Agreement for cause in accordance with the procedures set forth in this section.

## **Section 27.0 Living Wage Ordinance and Worker Retention Ordinances.**

### **27.1 Living Wage Ordinance.**

27.1.1 General Provisions: Living Wage Policy. This Agreement is subject to the Living Wage Ordinance (hereinafter referred to as "LWO") (Section 10.37, et seq., of the Los Angeles Administrative Code which is incorporated herein by this reference. A copy of Section 10.37 has been attached hereto for the convenience of the parties as Exhibit E. The LWO requires that, unless specific exemptions apply, any employees of tenants or Concessionaires of City property who render services on the Contracted premises or licensed premises are covered by the LWO if any of the following applies:

(1) the services are rendered on premises at least a portion which are visited by substantial numbers of the public on a frequent basis, (2) any of the services could feasibly be performed by City of Los Angeles employees if the awarding authority had the requisite financial and staffing resources, or (3) the designated administrative agency of the City of Los Angeles has determined in writing that coverage would further the proprietary interests of the City of Los Angeles. Employees covered by the LWO are required to be paid not less than a minimum initial wage rate, as adjusted each year. The LWO also requires that employees be provided with at least twelve (12) compensated days off per year for sick leave, vacation, or personal necessity at the employee's request, and at least ten (10) additional days per year of uncompensated time pursuant to Section 10.37.2(b). The LWO requires employers to inform employees making less than twelve dollars (\$12) per hour of their possible right to the federal Earned Income Tax Credit (hereinafter referred to as "EITC") and to make available the forms required to secure advance EITC payments from the employer pursuant to Section 10.37.4. Concessionaire shall permit access to work sites for authorized City representatives to

- review the operation, payroll, and related documents, and to provide certified copies of the relevant records upon request by the City. Whether or not subject to the LWO, Concessionaire shall not retaliate against any employee claiming non-compliance with the provisions of the LWO, and, in addition, pursuant to Section 10.37.6(c),

Concessionaire agrees to comply with federal law prohibiting retaliation for union organizing.

27.1.2 **Living Wage Coverage Determination.** An initial determination has been made that this is a public Agreement under the LWO, and, that it is not exempt from coverage by the LWO. The Living Wage Coverage Determination Form reflecting that initial determination is attached to this Agreement as Exhibit E. Determinations as to whether this Agreement is a public Agreement or a license covered by the LWO, or whether an employer or employee are exempt from coverage under the LWO are not final, but are subject to review and revision as additional facts are examined and/or other interpretations of the law are considered. In some circumstances, applications for exemption must be reviewed periodically. City shall notify Concessionaire in writing about any re-determination by City of coverage or exemption status. To the extent Concessionaire claims non-coverage or exemption from the provisions of the LWO, the burden shall be on Concessionaire to prove such non-coverage or exemption.

27.1.3 **Compliance: Termination Provisions And Other Remedies: Living Wage Policy.** If Concessionaire is not initially exempt from the LWO, Concessionaire shall comply with all of the provisions of the LWO, including payment to employees at the minimum wage rates, effective on the Execution Date of this Agreement, and shall execute the Declaration of Compliance Form attached to this Agreement, as Exhibit E, contemporaneously with the execution of this Agreement. If Concessionaire is initially exempt from the LWO, but later no longer qualifies for any exemption, Concessionaire shall, at such time as Concessionaire is no longer exempt, comply with the provisions of the LWO and execute the then currently used Declaration of Compliance Form, or such form as the LWO requires. Under the provisions of Section 10.37.6(c) of the Los Angeles Administrative Code, violation of the LWO shall constitute a material breach of this Agreement and City shall be entitled to terminate this Agreement and otherwise pursue legal remedies that may be available, including those set forth in the LWO, if City determines that Concessionaire violated the provisions of the LWO. The procedures and time periods provided in the LWO are in lieu of the procedures and time periods provided elsewhere in this Agreement. Nothing in this Agreement shall be construed to extend the time periods or limit the remedies provided in the LWO.

27.1.4. **Subcontractor Compliance.** Lessee agrees to include, in every subcontract or sublease covering City property entered into between Lessee and any subcontractor, a provision pursuant to which such subcontractor (A) agrees to comply with the Living Wage Ordinance and the Service Contractor Worker Retention Ordinance with respect to City's property; (B) agrees not to retaliate against any employee lawfully asserting noncompliance on the part of the Subcontractor with the provisions of either the Living Wage Ordinance or the Service Contractor Worker Retention Ordinance; and (C) agrees and acknowledges that City, as the intended third-party beneficiary of this provision may (i) enforce the Living Wage Ordinance and Service Contractor Worker Retention Ordinance directly against the subcontractor with respect to City property, and invoke, directly against the subcontractor with respect to City property, all the rights and remedies available to City under Section 10.37.5 of the Living Wage Ordinance and Section 10.36.3

of the Service Contractor Worker Retention Ordinance, as same may be amended from time to time.

**Section 28.0 Worker Retention Ordinance.** This Agreement may be subject to the Worker Retention Ordinance (hereinafter referred to as "WRO") (Section 10.36, et seq, of the Los Angeles Administrative Code), which is incorporated herein by this reference. A copy of Section 10.36 has been attached for the convenience of the parties as Exhibit F. If applicable, Concessionaire must also comply with the WRO which requires that, unless specific exemptions apply, all employers under contracts that are primarily for the furnishing of services to or for the City of Los Angeles and that involve an expenditure or receipt in excess of Twenty Five Thousand Dollars (\$25,000) and a contract term of at least three (3) months shall provide retention by a successor contractor for a ninety- day (90) transition period of the employees who have been employed for the preceding twelve months or more by the terminated contractor or subcontractor, if any as provided for in the WRO. Under the provisions of Section 10.36.3(c) of the Los Angeles Administrative Code, City has the authority, under appropriate circumstances, to terminate this Agreement and otherwise pursue legal remedies that may be available if City determines that the subject contractor violated the provisions of the WRO.

**Section 29.0 Child Support Orders.**

29.1 This Agreement is subject to Section 10.10, Article I, Chapter 1, Division 10 of the Los Angeles Administrative Code related to Child Support Assignment Orders, which is incorporated herein by this reference. A copy of Section 10.10 and has been attached for the convenience of the parties as Exhibit G. Pursuant to this Section, Concessionaire (and any subcontractor of Concessionaire providing services to City under this Agreement) shall (1) fully comply with all State and Federal employment reporting requirements for Concessionaire's or Concessionaire's subcontractor's employees applicable to Child Support Assignments Orders; (2) certify that the principal owner(s) of Concessionaire and applicable subcontractors are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230, et seq.; and (4) maintain such compliance throughout the term of this Agreement. Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, failure of Concessionaire or an applicable subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Concessionaire or applicable subcontractors to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default of this Agreement subjecting this Agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Concessionaire by City (in lieu of any time for cure provided elsewhere in this Agreement).

**Section 30.0 Visual Artists' Rights Act.**

30.1 Concessionaire shall not install, or cause to be installed, any work of art subject to the Visual Artists' Rights Act of 1990 (as amended), 17 U.S.C. 106A, et seq., or California Code

Section 980, et seq., (hereinafter collectively referred to as "VARA") on or about the Concession Area without first obtaining a waiver, in writing, of all rights under VARA, satisfactory to the Executive Director and approved as to form and legality by the City Attorney's Office, from the artist. Said waiver shall be in full compliance with VARA and shall name City as a party for which the waiver applies.

30.2 Concessionaire is prohibited from installing, or causing to be installed, any piece of artwork covered under VARA on the Concession Area without the prior, written approval and waiver of the Executive Director. Any work of art installed on the Concession Area without such prior approval and waiver shall be deemed a trespass, removable by City, by and through its Executive Director, upon three (3) days written notice, all costs, expenses, and liability therefore to be borne exclusively by Concessionaire.

30.3 Concessionaire, in addition to other obligations to indemnify and hold City harmless, as more specifically set forth in this Agreement, shall indemnify and hold harmless City from all liability resulting from Concessionaire's failure to obtain City's waiver of VARA and failure to comply with any portion of this provision.

30.4 The rights afforded City under this provision shall not replace any other rights afforded City in this Agreement or otherwise but shall be considered in addition to all its other rights.

#### **Section 31.0 Attorney's Fees.**

31.1 If City shall, without any fault, be made a party to any litigation commenced by or against Concessionaire arising out of Concessionaire's use or occupancy of the Concession Area, then Concessionaire shall pay all costs, expenses, and reasonable attorney's fees incurred by or imposed upon City in connection with such litigation. Each party shall give prompt notice to the other of any claim or suit instituted against it that may affect the other party.

#### **Section 32.0 Equal Benefits Ordinance.**

32.1 Unless otherwise exempt in accordance with the provisions of the Equal Benefits Ordinance (hereinafter referred to as "EBO"), Contractor certifies and represents that Contractor will comply with the applicable provisions of EBO Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time. Contractor shall not, in any of its operations within the City of Los Angeles or in other locations owned by the City of Los Angeles, including the Airport, discriminate in the provision of Non-ERISA Benefits (as defined below) between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration. As used above, the term "Non-ERISA Benefits" shall mean any and all benefits payable through benefit arrangements generally available to Contractor's employees which are neither "employee welfare benefit plans" nor "employee pension plans", as those terms are defined in Sections 3(1) and 3(2) of ERISA. Non-ERISA Benefits shall include, but not be limited to, all benefits offered currently or in the future, by Contractor to

its employees, the spouses of its employees or the domestic partners of its employees, that are not defined as "employee welfare benefit plans" or "employee pension benefit plans", and, which include any bereavement leave, . family and medical leave, and travel discounts provided by Contractor to its employees, their spouses and the domestic partners of employees.

32.2 Contractor agrees to post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the term of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance at (213) 847-6480."

32.3 The failure of Contractor to comply with the EBO will be deemed to be a material . breach of the Contract by City. If Contractor fails to comply with the EBO, the City may cancel or terminate the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach. Failure to comply with the EBO may be used as evidence against Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, et seq., Contractor Responsibility Ordinance. If the City determines that Contractor has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the Contract.

### **Section 33.0 Notice.**

33.1 Written notices to LAWA hereunder shall be sent to the Executive Director with a copy sent to the City Attorney of the City of Los Angeles and addressed to said parties at:

Executive Director  
Department of Airports  
1 World Way  
Post Office Box 92216  
Los Angeles, CA 90009-2216

Los Angeles City Attorney  
1 World Way  
Room 104  
Los Angeles, CA 90045

or to such other address as these parties may designate by written notice to Concessionaire.

33.2 Written notices to Concessionaire hereunder shall be given by registered or certified mail, postage prepaid, and addressed to:

\_\_\_\_\_

or to such other address as Concessionaire may designate by written notice to LAWA.

**Section 34.0 First Source Hiring Program For Airport Employers.**

(For Work Performed at LAX Only)

34.1. As applicable, Concessionaire shall comply with the provisions of the First Source Hiring Program adopted by the Board. The rules, regulations, requirements, and penalties of the First Source Hiring Program are attached as Exhibit H and made a material term of this Contract. Concessionaire shall be an "Airport Employer" under the First Source Hiring Program.

**Section 35.0 Exemption.**

35.1 This action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act as provided by Article III, Section 2.F of the Los Angeles City CEQA Guidelines.

**Section 36.0 Laws, Rules, and Regulations.**

36.1 Concessionaire shall be solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government authority and all orders, directives, or conditions issued, given or imposed by the CEO with respect to use of the roadways, driveways, curbs, sidewalks, and parking areas in and about said Airport which are now in force or which may be hereafter adopted by the Board of Airport Commissioners and/or the CEO with respect to the operation of Airport; and.

36.2 Concessionaire shall be solely responsible for any and all civil and/or criminal penalties assessed as a result of its failure to comply with any of these regulations.

**Section 37.0 Faithful Performance Guarantee.**

37.1 Within thirty (30) days after award of this Agreement, Concessionaire shall furnish to LAWA, at Concessionaire's sole cost and expense, and shall keep in full force and effect during the complete term of this Agreement and for thirty (30) days thereafter, a Faithful Performance Guarantee (hereinafter referred to as "FPG") in the continuing penal sum of not less than \_\_\_\_\_ Dollars (\$\_\_\_\_\_) or other security deposit for said amount acceptable to Executive Director, guaranteeing full performance by Concessionaire of all of the terms, covenants and conditions herein, including, but not limited to, payment of the compensation specified herein.

37.1.1 Concessionaire shall furnish to LAWA and maintain throughout the term of this Agreement a FPG to secure the faithful performance by Concessionaire of all the terms, provisions, and covenants contained herein including, but not limited to, the payment of compensation as set forth herein. Such FPG shall be separate from any other Guarantee(s) required by LAWA. Faithful Performance Guarantees of Five Thousand Dollars (\$5,000) or less shall be in the form of a Cashier's Check, Money Order, Certificate of Deposit or Irrevocable Letter of Credit. Faithful Performance Guarantees in excess of Five Thousand Dollars (\$5,000) shall be in the form of an Irrevocable Letter of Credit. Letters of Credit shall be self-renewing from year-to-year and subject to termination upon sixty(60) days written notice. All FPGs must be approved as to form by the City Attorney.

37.1.2 Concessionaire shall furnish such FPG in duplicate prior to Agreement commencement or within thirty (30) days following notice of adjustment of rental. If, for any reason, said FPG is not provided by Concessionaire and/or is not thereafter maintained in sufficient amount throughout the term hereof, LAWA, subject to the notice requirements of this Agreement may terminate this Agreement at any time upon giving Concessionaire a thirty (30) day advance, written notice. Upon the expiration or earlier termination of this Agreement, and if Concessionaire has satisfied all of its obligations to LAWA hereunder, LAWA shall relinquish to Concessionaire said FPG following such expiration or earlier termination and satisfaction of all obligations to LAWA. The FPG shall be submitted to:

Department of Airports  
Accounting/Revenue FPG Administrator  
P.O. Box 92216  
Los Angeles, CA 90009-2216

37.1.3 Upon failure of Concessionaire to keep such FPG in effect at any time during the term hereof, LAWA may terminate this Agreement by giving Concessionaire a five (5) day written notice in advance of such termination.

37.1.4 If, at any time during the term of this Agreement, the surety on said FPG shall, in the opinion of the Executive Director, become unacceptable, said Executive Director shall have the right to require an additional and sufficient surety which Concessionaire shall furnish to the satisfaction of the Executive Director within thirty (30) days after written notice to do so.

#### **Section 38.0 Contractor Responsibility Program.**

38.1. Concessionaire shall comply with the provisions of the Contractor Responsibility Program adopted by the Board. The Executive Directives setting forth the rules, regulations, requirements and penalties of the Contractor Responsibility Program and the Pledge of Compliance Form is attached hereto as Exhibit I and incorporated herein by reference.

#### **Section 39.0 Environmentally Favorable Operations.**

39.1 Concessionaire acknowledges for itself and any sub-concessionaires that its operation of its activities under this Contract will be subject to all Department policies, guidelines and

requirements regarding environmentally favorable construction, use and/or operations practices (hereinafter collectively referred to as "LAWA Policies") as such LAWA Policies may be promulgated, revised and amended from time-to-time.

#### **Section 40.0 Campaign Contributions.**

40.1 Concessionaire, its and subcontractors, and their respective principals (hereinafter, "Principals") are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the contract or lease is valued at \$100,000 or more and requires approval of a City elected official. Additionally, Concessionaire is required to provide and update certain information to the City as specified by law. Concessionaire and any subcontractor subject to Charter Section 470(c)(12) shall include the following notice in any contract or lease with a subcontractor expected to receive at least \$100,000 for performance under this contract:

##### **"Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions**

As provided in Charter Section 470(c)(12) and related ordinances, you are subcontractor on City of Los Angeles contract # \_\_\_\_\_. Pursuant to City Charter Section 470(c)(12), subcontractor and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the City contract is signed. Subcontractor is required to provide to Concessionaire names and addresses of the subcontractor principals and contact information and shall update that information if it changes during the 12-month time period. Subcontractor's information included must be provided to Concessionaire within five (5) business days. Failure to comply may result in termination of contract or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org/> or by calling 213/978-1960."

40.2 Concessionaire, its subcontractors, and their Principals shall comply with these requirements and limitations. Violation of this provision shall entitle the City to terminate this Agreement and pursue any and all legal remedies that may be available.

#### **Section 41.0 Labor Peace Agreement.**

41.1 Prior to the execution of this Agreement by LAWA, and as a condition precedent to such execution: (i) Concessionaire shall have a signed Labor Peace Agreement (LPA) with the labor organizations representing or seeking to represent concession workers at the premises covered by the Agreement; (ii) Concessionaire shall have submitted to LAWA a copy of such LPA, executed by all of the parties; and (iii) such LPA shall prohibit such labor organizations and their members from engaging in picketing, work stoppages, boycotts or other economic interference with the business of Concessionaire at any of the airports operated by LAWA for the duration of the Agreement.

**Section 42.0 Alternative Fuel Vehicle Requirement Program (LAX Only).**

42.1 Concessionaire shall comply with the provisions of the Alternative Fuel Vehicle Requirement Program. The rules, regulations, and requirements of the Alternative Fuel Vehicle Program are attached as Exhibit J and made a material term of this Contract.

**Section 43.0 Miscellaneous Provisions.**

43.1 Fair Meaning. The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either City or Concessionaire.

43.2 Section Headings. The section headings appearing herein are for the convenience of City and Concessionaire, and shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning, or intent of the provisions of this Agreement.

43.3 Void Provisions. If any provision of this Agreement is determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement, and all such other provisions shall remain in full force and effect.

43.4 Two Constructions. It is the intention of the parties hereto that if any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.

43.5 Laws of California. This Agreement shall be construed and enforced in accordance with the laws of the State of California and venue for any proceeding to enforce the terms and conditions of this Agreement shall be in the appropriate U.S. Federal District Court or California Superior Court located in Los Angeles County.

43.6 City's Consent. In each instance herein where City's, Board's or the CEO's approval or consent is required before Concessionaire may act, such approval or consent shall not be unreasonably withheld, unless otherwise provided.

43.7 Gender. The use of any gender herein shall include all genders, and the use of any number shall be construed as the singular or the plural, all as the context may require.

43.8 Exclusivity. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act [49 U.S.C. 40103 (e) and 40107(a)(4) (Public Law 103-272; 108 STAT. 1102)] (USE GUIDE, paragraph 9).

43.9. Rights of United States Government. This Agreement shall be subordinate to the provisions and requirements of any existing or future agreement between City and the United States relative to the development, operation, or maintenance of Airport. Failure of Concessionaire or any occupant to comply with the requirements of any existing or future agreement between the City and the United States, which failure shall continue after reasonable

notice to make appropriate corrections, shall be cause for immediate termination of Concessionaire's rights hereunder. (USE GUIDE, paragraph 4).

43.10. War or National Emergency. This Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of Airport or the exclusive or nonexclusive use of Airport by the United States during the time of war or national emergency (USE GUIDE, paragraph 10).

43.11 Time. Time shall be of the essence in complying with the terms, conditions, and provisions of this Agreement.

43.12. Integration Clause. It is understood that no alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement, not incorporated herein in writing, shall be binding on any of the parties hereto.

43.13. Force Majeure. Except as otherwise provided in this Agreement, whenever a day is established in this Agreement on which, or a period of time, including a reasonable period of time, is designated within which, either party hereto is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is unreasonably interfered with, the doing or completion of such act, matter or thing because of strikes, lockouts, embargoes, unavailability of services, labor or materials, disruption of service or brownouts from utilities not due to action or inaction of City, wars, insurrections, rebellions, civil disorder, declaration of national emergencies, acts of God, or other causes beyond such party's reasonable control (financial inability excepted) ("Force Majeure"); provided, however, that nothing contained in this Subsection shall excuse Concessionaire from the prompt payment of any rental or other monetary charge required of Concessionaire hereunder.

43.14 Approvals. Any approvals required by City under this Agreement shall be approvals of the Department of Airports and shall not relate to, constitute a waiver or, supersede or otherwise limit or affect the governmental approvals or rights of the City as a governmental agency, including the approval of any permits required for construction or maintenance of the Concession Area and the passage of any laws including those relating to zoning, land use, and building and safety.

43.15 Ordinance and Los Angeles Administrative Code (hereinafter referred to as "Code") Language Governs. Ordinance and Code Exhibits are provided as a convenience to the parties only. In the event of a discrepancy between the Exhibits and the applicable ordinance and/or code language, or amendments thereto, the language of the ordinance and/or code shall govern.

43.16 Amendments to Ordinances and Codes. The obligation to comply with any Ordinances and Codes which have been incorporated into this Agreement by reference, shall extend to any amendments which may be made to those Ordinances and Codes during the term of this Agreement.

43.17 Days. Unless otherwise specified, "days" shall mean calendar days.

43.18. Deprivation of Concessionaire's Rights. City shall not be liable to Concessionaire for any diminution or deprivation of Concessionaire's rights under this Agreement which may result from Concessionaire's obligation to comply with any and all applicable laws, rules, regulations, restrictions, ordinances, statutes, and/or orders of any federal, state and/or local government authority and/or court hereunder on account of the exercise of any such authority as is provided in this Section, nor shall Concessionaire be entitled to terminate the whole or any portion of the Agreement by reason thereof.

43.19 Right of Re-entry. City shall, as an additional remedy, upon the giving of written notice of termination as provided in this Agreement, have the right to reenter the assigned areas and every part thereof on the effective date of termination without further notice to Concessionaire of any kind, and may regain and resume possession either with or without the institution of summary or regular proceedings or otherwise. Such reentry or resumption of possession, however, shall not in any manner affect, alter or diminish any obligations of Concessionaire under this Agreement and shall in no event constitute an acceptance of surrender.

43.20 City's Right or Legal Obligation to Contract With Others Regarding Concession Rights and Assigned Areas.

43.20.1 City, upon the termination of this Agreement pursuant to the terms hereof, or upon reentry or resumption of possession of the areas assigned to Concessionaire pursuant to this Agreement, may occupy said areas or may lease or reassign the same to others and shall have the right to permit any person, firm or corporation to enter upon said assigned areas and use the same. Such occupation by City, leasing, or assignment to others may be of a part only of the assigned areas, or the whole thereof, or a part thereof with other space, and for a period of time the same as or different from the balance of the term hereunder remaining, and on terms and conditions the same as or different from those set forth in this Agreement. City shall also have the right to repair or make such other changes in the assigned areas as are necessary in its judgment to maintain the suitability thereof for uses and purposes similar to those granted under this Agreement. In the event of either any leasing or assigning to others, or any actual use and occupancy by City, there shall be charged to Concessionaire all expenses, costs and disbursements incurred or paid to City in connection therewith. No leasing or assigning to others or use and occupancy by City shall be, or be construed to be, an acceptance of surrender.

43.21 Waiver of Redemption and Damages.

43.21.1 Concessionaire hereby waives any and all rights of redemption granted by or under any present or future law or statute arising in the event that City obtains or retains possession of the display areas in any lawful manner. Concessionaire

further agrees that in the event the manner or method employed by City in reentering or regaining possession of the assigned areas gives rise to a cause of action in Concessionaire in forcible entry and detainer under the laws of the State of California, then the total amount of damages to which Concessionaire shall be entitled in any such action shall be the sum of One Dollar (\$1), and Concessionaire agrees that the provision of this Section 43.23 may be filed in any such action as its stipulation fixing the amount of damages to which it would be entitled therein.

#### 43.22 Agent for Service of Process.

43.22.1 It is expressly agreed and understood that if Concessionaire is not a resident of the State of California, or is a partnership or joint venture without a partner or member resident in said State, or is a foreign corporation, then in any such event Concessionaire does designate the Secretary of State, State of California, its agent for the purpose of service of process in any court action between it and City arising out of or based upon this Agreement, and the service shall be made as provided by the laws of the State of California for service upon a nonresident. It is further expressly agreed, covenanted and stipulated that if, for any reason, service for such process is not possible, as an alternative method of service of process, Concessionaire may be personally served with such process out of this State by mailing, by registered or certified mail, the complaint and process to Concessionaire at the address set for notices set out in this Agreement, and that such service shall constitute valid service upon Concessionaire as of the date of mailing, and Concessionaire shall have thirty (30) days from the date of mailing to respond thereto. It is further expressly agreed that Concessionaire is amenable, and hereby agrees, to the process so served, submits to the jurisdiction and waives any and all objection and protest thereto, any laws to the contrary notwithstanding

43.23 Entire Agreement and Amendments. This Agreement represents the entire agreement between the parties and supersedes any and all prior Agreements. All prior negotiations have been merged into this Agreement, and there are no understandings, representations, or Agreements, oral or written, express or implied other than those set forth herein. Obligations of the parties set forth in this Agreement arising out of events occurring during the life of this Agreement shall survive the termination of this Agreement. The terms of this Agreement may not be changed, modified or amended except by a writing signed by both parties.

This Agreement and any other document necessary for the consummation of the transaction contemplated by this Agreement may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Agreement and electronic

signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Agreement had been delivered that had been signed using a handwritten signature. All parties to this Agreement (i) agree that an electronic signature, whether digital or encrypted, of a party to this Agreement is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature. If this Agreement has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and the California Uniform Electronic Transactions Act ("UETA") (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

IN WITNESS WHEREOF, City has caused this Agreement to be executed on its behalf by Chief Executive Officer and Concessionaire has caused the same to be executed by its duly authorized officers, all as of the day and year first hereinabove written.

**APPROVED AS TO FORM:**

**CITY OF LOS ANGELES**

MICHAEL N. FEUER

City Attorney

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Deputy / Assistant City Attorney

By: \_\_\_\_\_  
Chief Executive Officer  
Department of Airports

ATTEST:

\_\_\_\_\_

By \_\_\_\_\_  
Signature (Secretary)

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Print Name

[SEAL]

ATTACHMENT D**Non-Exclusive Vending Machine Concession RFB  
Official Bid Statement**

(Submit with Bid)

Date: \_\_\_\_\_

To: Chief Executive Officer  
Los Angeles World Airports  
Los Angeles, California

SUBJECT: NON-EXCLUSIVE VENDING MACHINE CONCESSION AT LAX

The Bidder warrants that the Bidder has carefully examined the Request for Bids (RFB), including the draft Agreement for the Vending Machine Concession at Los Angeles International Airport.

The Bidder further warrants that if the bid is accepted, the Bidder will contract with Los Angeles World Airports (LAWA) in the form of the Vending Machine Operator (Operator) Agreement and comply with the requirements of the RFB and Agreement.

Except as expressly stated in the bid or in any addenda thereto, the bid incorporates by reference, as if fully set forth in the bid, the full content of the RFB.

The Bidder understands that it may withdraw the bid up to the deadline set for submittal, provided that a withdrawal request is made in writing and is received by LAWA prior to the date and time of the submittal deadline. This bid may not be withdrawn by the Bidder for a period of 180 days after the bid submittal due date and may remain valid beyond that time with the consent of the Bidder. Corrections to errors made by the Bidder in the bid will not be accepted after the bid deadline. The Bidder agrees that all material submitted by it to LAWA becomes the property of LAWA.

Bidder undertakes and agrees to defend, indemnify and hold harmless LAWA from and against all suits, claims, and causes of action brought against LAWA for LAWA's refusal to disclose Proprietary Information to any person making a request pursuant to the CPRA. Bidder's obligations herein include, but are not limited to, all attorney's fees (both in house and outside counsel), costs of litigation incurred by LAWA or its attorneys (including all actual, costs incurred by LAWA, not merely those costs recoverable by a prevailing party, and specifically including costs of experts and consultants) as well as all damages or liability of any nature whatsoever arising out of any such suits, claims, and causes of action brought against LAWA, through and including any appellate proceedings. Bidder's obligations to LAWA under this indemnification provision shall be due and payable on a monthly, on-going basis within thirty (30) days after each submission to Bidder of LAWA's

ATTACHMENT D**Non-Exclusive Vending Machine Concession RFB  
Official Bid Statement**

(Submit with Bid)

invoices for all fees and costs incurred by LAWA, as well as all damages or liability of any nature. I, the undersigned affirm that I have read and understand all the provisions set forth in this invitation. I guarantee that this bid meets or exceeds the specifications contained in the RFB document. This firm will comply with all provisions and conditions as specified. All requested information has been submitted as requested. I also affirm that I am duly authorized to execute this potential Agreement; that this company, corporation, firm, partnership, or individual has not prepared this bid in collusion with any other bidder; and that the contents of this bid as to rent, terms, or conditions of said bid have not been communicated by the undersigned nor by an employee or agent to any other bidder or to another person(s) engaged in this type of business prior to the official opening of the bid.

By submitting a bid, the Bidder authorizes LAWA to conduct whatever investigations into the Bidder's qualifications that LAWA deems necessary.

Date: \_\_\_\_\_

Bidder: \_\_\_\_\_

Signature of Authorized Person: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Business Address of Bidder: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

**ATTACHMENT E****Non-Exclusive Vending Machine Concession RFB  
Business Reference Form**

(Submit with Bid)

Reference Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email Address: \_\_\_\_\_

Business Relationship: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Dates of Business Relationship: \_\_\_\_\_

Contract Value: \_\_\_\_\_

The foregoing information is being submitted to LAWA as part of the Request for Bids for Vending Machine Concessions at Los Angeles International Airport. The undersigned hereby attests to the truth and accuracy of all statements, answers and representations made in this questionnaire, including all supplementary information attached hereto. The undersigned hereby authorizes LAWA, or its agents, to contact any appropriate third parties to verify the accuracy of the information provided herein. The undersigned affirms that he/she is a duly authorized representative of the proposing entity.

Date: \_\_\_\_\_

(Name of Bidder)

By: \_\_\_\_\_

**ATTACHMENT F****Non-Exclusive Vending Machine Concession RFB  
Financial Bid Form**

(Submit with Bid)

**Monthly Rent Commitment**

During the term of this Concession Agreement, for and in consideration of City executing this Concession Agreement and granting the rights herein enumerated, Operator will pay to City a monthly concession fee of the greater of a Minimum Monthly Guarantee (MMG) of One Hundred Dollars (\$100.00) per vending machine unit or a percentage of gross revenues of all vending machine units as bid below (percentage bid must be equal to or greater than ten percent):

\_\_\_\_\_ %  
(provide numerical value)

\_\_\_\_\_ percent  
(spell out numerical value)

Prepared By: \_\_\_\_\_  
(Signature) (Date) (Print Name)

\_\_\_\_\_  
(Company Name)

\_\_\_\_\_  
(Title)

**ADDENDUM NUMBER 1  
REQUEST FOR BIDS  
NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

TO ALL PROSPECTIVE BIDDERS:

This addendum revises the Request for Bids for a Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 1, 2022.

9/2/22  
Date

*Denise Sample*  
Denise Sample  
Commercial Development Division  
Los Angeles World Airports

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**CERTIFICATE BY BIDDER**

I acknowledge receipt of this Addendum Number 1 of the Request for Bids for a Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 1, 2022, and that the bid is in accordance with the information, instructions and stipulations set forth herein.

By \_\_\_\_\_

Signature \_\_\_\_\_

Company \_\_\_\_\_

Phone \_\_\_\_\_

- **Note: This signed addendum notice, along with the attached page, must accompany your bid package.**

**ADDENDUM NUMBER 1  
REQUEST FOR BIDS  
NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

**(1) Section 4.1 – Administrative Requirements for this RFB are attached (starting on the next page).**

# Administrative Requirements

## Administrative Requirements

Forms and explanatory documents for each of the following administrative requirements are identified below and are included in the respective sections of this package. Also included, as the final section, is a checklist to assist your proper completion of the required forms prior to bid/proposal submittal. This checklist should be used by Bidders/Proposer to prepare an Administrative Requirements Packet, which must include original, signed documents, and submitted with your bid/proposal. Please note that all documents must be signed by the duly authorized representative of the entity or sole proprietor. In the event of a **Joint Venture (JV)**, officers authorized by **each entity must sign and submit a separate set of the following documents:**

- Vendor Identification Form
- List of Other City of Los Angeles Contracts
- Affidavit of Non-Collusion
- Bidder Contributions CEC Form 55
- Contractor Responsibility Questionnaire and Pledge of Compliance
- Equal Benefits Ordinance Compliance Affidavit
- Municipal Lobbying Ordinance Bidder Certification CEC Form 50

**This Packet should be bound separately from other parts of your bid/proposal and clearly labeled “Administrative Requirements Packet”.** Additional copies of the Packet are not required to be submitted.

The following administrative requirements may reference the Los Angeles City Charter (LACC), Los Angeles Municipal Code (LAMC), or Los Angeles Administrative Code (LAAC).

For further information or assistance regarding all administrative requirements, contact:

Los Angeles World Airports  
Procurement Services Division  
P O Box 92216  
Los Angeles, CA 90009-2216  
Phone: (424) 646-5380  
Fax: (424) 646-9262  
E-mail: [ProcurementRequirements@lawa.org](mailto:ProcurementRequirements@lawa.org)  
Internet: <https://www.lawa.org/en/lawa-businesses/lawa-administrative-requirements>

### 1. VENDOR IDENTIFICATION FORM

The Vendor ID form requires general information about a bidder/proposer's business as well as the Seller's Permit and the Business Tax Registration Certificate (BTRC) numbers, Payment Terms, Equal Employment Opportunity Officer contact information, and data on the firm's City of Los Angeles contracts (if applicable).

- **Seller's Permit Number**

The Seller's Permit Number is required if the vendor is engaged in business in California; intends to sell or lease tangible personal property that would ordinarily be subject to sales tax if

sold at retail; will make sales for a temporary period, normally lasting no longer than 30 days at one or more locations. The enforcing agency for this requirement is the Board of Equalization, the Sales and Use Tax Department. Additional information regarding this requirement can be found at <http://www.cdtfa.ca.gov/services/permits-licenses.htm>.

- **Payment terms**

Payment terms represent LAWA's conditions under which the vendor will be reimbursed for his/her services or sold goods. Typically, these terms specify the period allowed to a buyer to pay off the amount due.

- **Business Tax Registration Certificate**

Pursuant to the LAMC, Chapter 2, Article 1, Section 21.03, persons engaged in any business or occupation within the City of Los Angeles are required to register and pay the required tax. Businesses, including vendors, subject to this tax are issued a Business Tax Registration Certificate (BTRC) or a Vendor Registration Number (VRN).

Information regarding this requirement may be obtained at Office of Finance, Tax & Permit Division, 200 N. Spring St., Room 101, Los Angeles, CA 90012, Phone: (844) 663-4411, Web: <http://finance.lacity.org>.

- **List of Other City of Los Angeles Contracts (during previous ten years)**

Bidders/Proposers must submit a list of all City of Los Angeles contracts held within the last ten (10) years.

For additional information regarding all LAWA administrative requirements, please contact Procurement Services at (424) 646-5380 or visit our website at <https://www.lawa.org/en/lawa-businesses/lawa-administrative-requirements>.

- **Out-of-state Vendors**

The State of California requires the City of Los Angeles (City) to withhold income taxes from payments to out-of-state vendors for services performed within California unless the vendor submits one of the required forms. The tax withholding rate is seven percent (7%) of payments subject to withholding.

If you are out-of-state vendor, please return one of the following forms to help the City clarify your nonresident tax withholding status:

- Form 590, Withholding Exemption Certificate, certifying exemption from the withholding requirement.
- Form 587, Nonresident Income Allocation Worksheet, which allocates the expected income under the City contract for work completed within and outside of California
- Notice from the CA Franchise Tax Board (CAFTB) that a withholding waiver was authorized (you must first file CA Form 588, Nonresident Withholding Waiver Request to the CAFTB)
- Notice from CAFTB that a reduced withholding request was authorized (you must first file CA Form 589 Nonresident Reduced Withholding Request to CAFTB)

## **2. AFFIDAVIT OF NON-COLLUSION**

Pursuant to the LAAC, Division 10, Chapter 1, Article 2, Section 10.15, each bid/proposal must include the attached affidavit of the Bidder/Proposer that the bid/proposal is genuine, and not a sham or collusive, or made in the interest or on behalf of any person, and that the Bidder/Proposer has not directly or indirectly induced or solicited any other Bidder/Proposer to submit a sham bid, or any other person, firms, or corporation to refrain from bidding, and that the Bidder/Proposer has not sought by collusion to secure for himself/herself an advantage over any other Bidder/Proposer.

Bidders/Proposers must complete, notarize, and submit the attached "Affidavit to Accompany Proposals or Bids" with the bid/proposal.

**Failure to include an Affidavit with the bid/proposal will render the bid/proposal non-responsive and will result in its rejection.**

### **Attachment:**

- Affidavit of Non-Collusion

## **3. BID/PROPOSAL BOND**

Pursuant to the LACC, Section 371, and the LAAC, Division 10, Chapter 1, Article 2, Section 10.15, it is the policy of the City of Los Angeles to require that every bid/proposal be accompanied by either (a) a check certified by a responsible bank in the City of Los Angeles; (b) a cashier's check issued by a responsible bank; (c) a corporate surety bond of a responsible surety company in the amount of **\$9,000.00**, payable to the order of the City of Los Angeles, Department of Airports, as a guarantee that the bidder will enter into the proposed contract and furnish the required bonds.

If submitting a bond, Bidder/Proposers are required to use the attached Bid Bond form.

**Failure to include a Bid/Proposal Bond with the bid/proposal will render the bid/proposal non-responsive and will result in its rejection.**

### **Attachments:**

- Instructions for Bid/Proposal Bond Form
- Bid Bond

## **4. BIDDER CONTRIBUTIONS CEC FORM 55 (CONTRACT BIDDER CAMPAIGN CONTRIBUTION AND FUNDRAISING RESTRICTIONS)**

Persons who submit a response to this Request for Bid/Proposal/Qualifications are subject to Charter section 470(c)(12) and related ordinances. As a result, bidders/proposers/respondents may not make campaign contributions to and or engage in fundraising for certain elected City officials or candidates for elected City office from the time they submit the response until either the contract is approved or, for successful bidders/proposers/respondents, 12 months after the contract is signed. The bidder's/proposer's/respondents' principals and subcontractors performing \$100,000 or more in work on the contract, as well as the principals of those

subcontractors, are also subject to the same limitations on campaign contributions and fundraising.

Bidders/Proposers/Respondents must submit CEC Form 55 (attached) to LAWA with their bid/proposal/Statement of Qualifications. The form requires bidders to identify their principals, their subcontractors performing \$100,000 or more in work on the contract, and the principals of those subcontractors. Bidders/Proposers/Respondents must also notify their principals and subcontractors in writing of the restrictions and include the notice in contracts with subcontractors. Responses submitted without a completed CEC Form 55 shall be deemed nonresponsive. Bidders/Proposers/Respondents who fail to comply with City law may be subject to penalties, termination of contract, and debarment.

Additional information regarding this requirement may be obtained at:

200 N. Spring Street  
City Hall, 24th Floor  
Los Angeles, California 90012  
(213) 978-1960  
(213) 978-1988 [Fax]  
[ethics.commission@lacity.org](mailto:ethics.commission@lacity.org)  
Web: <http://ethics.lacity.org>

**Attachments:**

- Bidder Contributions CEC Form 55
- Los Angeles City Ethics Commission Special Bulletin, available at [http://ethics.lacity.org/pdf/pressrelease/press\\_042511\\_New\\_Charter\\_Amend\\_Limits\\_Bidder\\_Bulletin.pdf](http://ethics.lacity.org/pdf/pressrelease/press_042511_New_Charter_Amend_Limits_Bidder_Bulletin.pdf)

## **5. CONTRACTOR RESPONSIBILITY PROGRAM**

Pursuant to Resolution No. 21601 adopted by the Board of Airport Commissioners, effective May 20, 2002, the Contractor Responsibility Program (CRP) is the policy of Los Angeles World Airports (LAWA) to ensure that all LAWA contractors have the necessary quality, fitness and capacity to perform the work set forth in the contract. LAWA shall award contracts only to entities and individuals it has determined to be Responsible Contractors. The provisions of this Program apply to leases and contracts for construction, for services, and for purchases of goods and products that require Board approval.

Bidders/Proposers are required to complete and submit with the bid/proposal the attached "Contractor Responsibility Program Questionnaire" that provides information LAWA needs in order to determine if the Bidder/Proposer is responsible and has the capability to perform the contract. The information contained in the CRP Questionnaire is subject to public review for a period of not less than 14 days. Bidders/Proposers are also required to complete, sign and submit with the bid/proposal the attached "Contractor Responsibility Program Pledge of Compliance." Bidders/Proposers are also required to respond within the specified time to LAWA's request for information and documentation needed to support a Contractor Responsibility determination. Subcontractors will be required to submit the Pledge to the prime contractor prior to commencing work.

For the list of Contractor Responsibility Program respondents, please visit our website

[www.lawa.org](http://www.lawa.org) -> Contractor Responsibility Program -> Contractor Responsibility Program Questionnaire Respondents.

**Attachments:**

- Contractor Responsibility Program Questionnaire
- Contractor Responsibility Program Pledge of Compliance

## **6. EQUAL BENEFITS ORDINANCE**

Any contract awarded pursuant to this procurement process shall be subject to the applicable provisions of the Los Angeles Administrative Code Section 10.8.2.1, Equal Benefits Ordinance (EBO). The EBO requires City contractors who provide benefits to employees with spouses provide the same benefits to employees with domestic partners. Domestic partners are defined as two adults living together, jointly responsible for living expenses, committed to an intimate and caring relationship and registered as domestic partners with a governmental entity.

**Bidder/Proposer/Lessees must submit the Equal Benefits Ordinance Compliance Affidavit (2 pages) with Bid/Proposal/Lease.**

The Equal Benefits Ordinance Compliance Affidavit shall be valid for a period of twelve months. Bidders/Proposers/Lessees do not need to submit supporting documentation with their bids or proposals or leases. However, the City may request supporting documentation to verify that the benefits are provided equally as specified on the Equal Benefits Ordinance Compliance Affidavit.

Bidders/Proposers/Lessees seeking additional information regarding the requirements of the Equal Benefits Ordinance may visit the Bureau of Contract Administration's web site at <http://bca.lacity.org> or call Procurement Services at (424) 646-5380.

**Attachment:**

- EBO Compliance Affidavit

## **7. INSURANCE**

Pursuant to LAAC, Division 11, Chapter 2, Article 2, Section 11.47 and the Risk Management Policy (Council File #79-3194-S1) adopted by Los Angeles City Council on March 1, 1991, the City of Los Angeles is to be protected to the maximum extent feasible, against loss or losses which would significantly affect personnel, property, finances, or the ability of the City to continue to fulfill its responsibilities to taxpayers and the public. Consequently, prior to the commencement of this contract, the selected Bidder/Proposer must provide evidence of insurance that conforms to the insurance requirements of the bid/proposal. Insurance requirements which specifically outline the types and amounts of coverage required for this project are explained in detail in the attached language and "Insurance Requirement Sheet".

Successful Bidder/Proposer must provide acceptable evidence of insurance as explained in the attachments prior to the commencement of the contract. Said acceptable evidence of insurance must remain current throughout the term of the contract and be on file with the Insurance Compliance Unit in order to receive payment under any contract with the City of Los Angeles.

Attachments:

- Insurance Requirement Sheet
- Insurance Language
- Frequently Asked Questions

Additional information is available at [www.lawa.org](http://www.lawa.org) -> Administrative Requirements -> Insurance.

## 8. MUNICIPAL LOBBYING ORDINANCE

The City's Municipal Lobbying Ordinance, Los Angeles Municipal Code, Section 48.09 requires certain individuals and entities to register with the City Ethics Commission and requires public disclosure of certain lobbying activities, including money received and spent. Additionally, for all construction contracts, public leases, or licenses of any value and duration; goods or service contracts with a value greater than \$25,000 and a term of at least three months, each bidder/proposer must submit with its bid a certification, on a form (CEC Form 50) proscribed by the City Ethics Commission, that the bidder acknowledges and agrees to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance, if the bidder qualifies as a lobbying entity.

**Failure to submit the Bidder Certification CEC Form 50 with the bid/proposal will render the bid/proposal non-responsive.**

Additional information regarding this requirement may be obtained at:

200 N. Spring Street  
City Hall, 24th Floor  
Los Angeles, California 90012  
(213) 978-1960  
(213) 978-1988 [Fax]  
[ethics.commission@lacity.org](mailto:ethics.commission@lacity.org)  
Web: <http://ethics.lacity.org>

**Attachments:**

- Municipal Lobbying Ordinance, available at [http://www.lawa.org/welcome\\_LAWA.aspx?id=586](http://www.lawa.org/welcome_LAWA.aspx?id=586)
- Bidder Certification CEC Form 50, available at [http://www.lawa.org/welcome\\_LAWA.aspx?id=586](http://www.lawa.org/welcome_LAWA.aspx?id=586)

## 9. ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM

Contractor shall comply with the provisions of the Alternative Fuel Vehicle Requirement Program adopted by the Board pursuant to Resolution No. 26356 and the LAWA Rules and Regulations promulgated thereunder. The rules, regulations and requirements of the Alternative Fuel Vehicle Requirement Program are attached.

## **ADMINISTRATIVE REQUIREMENTS THAT DO NOT REQUIRE FORMS**

The following administrative requirements are language only. They are included as **ATTACHMENT 1**. Submit any questions you may have regarding these ordinances to the LAWA Procurement Services Division at [ProcurementRequirements@lawa.org](mailto:ProcurementRequirements@lawa.org) or at (424) 646-5380.

- Affirmative Action
- Assignment of Anti-Trust Claims
- Child Support Obligations
- First Source Hiring (LAX Only)
- Labor Peace Agreement
- Living Wage Ordinance

# Checklist

## Administrative Requirements Checklist

**BIDDERS/PROPOSERS (PRIME CONTRACTORS) MUST SUBMIT THE FOLLOWING ORIGINAL, SIGNED DOCUMENTS, WITH THEIR PROPOSAL, AS INDICATED**

### 1. VENDOR IDENTIFICATION FORM

- ☐ Is the required Vendor Identification Form completed and signed?
- ☐ Is the BTRC/VRN number provided?
- ☐ Is the EEOO contact information provided?
- ☐ Is the list of previous City contracts attached? (If applicable)
- ☐ Is the Form enclosed in the Packet?

### 2. AFFIDAVIT OF NON-COLLUSION

- ☐ Is the "Affidavit to Accompany Proposals or Bids" completed and signed?
- ☐ Is the Affidavit notarized?
- ☐ Is the Affidavit enclosed in the Packet?

**Failure to include an Affidavit with the bid/proposal will render the bid/proposal non-responsive and will result in its rejection.**

### 3. BID/PROPOSAL BOND

- ☐ Is the "Instructions for Bid/Proposal Bond Form" completed?

**Select A, B, or C, as applicable:**

#### A. Certified Check

- ☐ Is the amount of the certified check **\$9,000.00**?
- ☐ Is the certified check attached to the Instructions form and enclosed in the Packet?

#### B. Cashier's Check

- ☐ Is the amount of the cashier's check **\$9,000.00**?
- ☐ Is the cashier's check attached to the Instructions form and enclosed in the Packet?

#### C. Surety Bond

- ☐ Is the amount of the bond **\$9,000.00**?
- ☐ Is the bond completed and signed by the surety?
- ☐ Is the surety bond attached to the Instructions form and enclosed in the Packet?

**Failure to include a Bid/Proposal Bond with the bid/proposal will render the bid/proposal non-responsive and will result in its rejection.**

#### 4. BIDDER CONTRIBUTIONS

- ☐ Is the required Bidder Contribution CEC Form 55 completed and signed?
- ☐ Schedule A - Please list all principals on Schedule A.
- ☐ Schedule B - Please list all subcontractors and their principals on Schedule B (If you check "Yes")
- ☐ Is the Form enclosed in the Packet?

**Failure to include the Bidder Contribution CEC Form 55 with the bid/proposal will render the bid/proposal non-responsive and will result in its rejection.**

#### 5. CONTRACTOR RESPONSIBILITY PROGRAM

- ☐ Is the required "Contractor Responsibility Program Questionnaire" completed and signed?
- ☐ Is the Questionnaire enclosed in the Packet?
- ☐ Is the required "Contractor Responsibility Program Pledge of Compliance" completed and signed?
- ☐ Is the Pledge of Compliance enclosed in the Packet?

#### 6. EQUAL BENEFITS ORDINANCE

- ☐ Is the EBO Compliance Affidavit Form completed and signed?
- ☐ Is the Form enclosed in the Packet?

#### 7. MUNICIPAL LOBBYING ORDINANCE

- ☐ Is the required Bidder Certification CEC Form 50 completed and signed?
- ☐ Is the Certification enclosed in the Packet?

**THE FOLLOWING REQUIREMENTS DO NOT REQUIRE THE COMPLETION OF FORMS BUT MAY BE INCORPORATED AS PROVISIONS OF THE CONTRACT:**

#### 8. AFFIRMATIVE ACTION

- ☐ Have you read and agreed with the City of Los Angeles' Non-discrimination, equal Employment and Affirmative Action provisions?

#### 9. ASSIGNMENT OF ANTI-TRUST CLAIMS

- ☐ Have you read and agreed with California Government Code Sections 4550 – 4554?

#### 10. CHILD SUPPORT OBLIGATIONS

☐ Have you read and agreed with Child Support Obligations provisions?

#### 11. FIRST SOURCE HIRING PROGRAM (LAX ONLY)

☐ Have you read and agreed with First Source Hiring Program provisions?

#### 12. LIVING WAGE ORDINANCE

**If you are claiming exemption from said Ordinances:**

☐ Is the appropriate Exemption form completed and signed?  
☐ Is the Exemption form enclosed in the Packet?

#### **IF YOU ARE AWARDED THE CONTRACT AND PRIOR TO EXECUTION OF THE CONTRACT:**

**Prime contractors** are required to submit to LAWA forms pertaining to the following requirements:

- Business Tax Registration Certificate
- Insurance

# Vendor Identification Form

**ALL FIELDS MUST BE COMPLETED. INCOMPLETE FORMS WILL NEED TO BE RESUBMITTED.**

**Have you had contracts with the City of Los Angeles in the last 10 years?** No ☐ Yes ☐. If 'yes', please attach an additional sheet with Contract Number, Department, Description and Dollar Value.

*The undersigned declares and certifies that all statements on this form are true and correct. The undersigned agrees to notify Procurement Services Division immediately of any changes to the information contained herein. The undersigned has read and agreed with the administrative requirements set for this project, and provided as a check list in the bid/proposal package, and will comply with them for the duration of the contract if selected.*

## Title

For instructions and additional information, please go to <https://www.lawa.org/en/lawa-businesses/lawa-administrative-requirements>, or call us at 424-646-5380 or email Los Angeles World Airports, Procurement Services Division at [procurementrequirements@lawa.org](mailto:procurementrequirements@lawa.org)

### Current and Prior City of Los Angeles Contracts

[illegible]

# Affidavit of Non-Collusion

## AFFIDAVIT TO ACCOMPANY PROPOSALS OR BIDS

STATE OF CALIFORNIA

)

) ss.:

COUNTY OF \_\_\_\_\_

)

\_\_\_\_\_ being first duly sworn, deposes and says:  
 (Type or print name)

that he or she is the \_\_\_\_\_ of  
 (Type or print title)

\_\_\_\_\_, who submits herewith  
 (Type or print name of company/firm)

to the Board of Airport Commissioners the attached bid/proposal; that he or she is the person whose name is signed to the attached bid/proposal; that said bid/proposal is genuine; that the same is not sham or collusive; that all statements of fact therein are true; and that such bid/proposal was not made in the interest or behalf of any person, partnership, company, association, organization, or corporation not herein named or disclosed.

Affiant further deposes and says: that the bidder/proposer has not directly or indirectly by agreement, communication or conference with anyone, attempted to induce action prejudicial to the interests of the public body which is to award the contract, or of any other bidder/proposer, or anyone else interested in the proposed contract; and that the bidder/proposer has not in any manner sought by collusion to secure for himself/herself/itself/themselves, an advantage over any other bidder/proposer.

Affiant further deposes and says that prior to the public opening and reading of bids/proposals, said bidder/proposer:

- (a) did not, directly or indirectly, induce or solicit anyone else to submit a false or sham bid/proposal;
- (b) did not, directly or indirectly, collude, conspire, connive or agree with any one else that said bidder/proposer or anyone else would submit a false or sham bid, or that anyone should refrain from bidding or withdraw their bid/proposal;
- (c) did not, in any manner, directly or indirectly, seek by agreement, communication or conference with anyone to raise or fix the bid price of said bidder/proposer or of anyone else, or to raise or fix any overhead, profit or cost element of their price or of that of anyone else;
- (d) did not, directly or indirectly, submit their bid/proposal price or any breakdown thereof, or the contents thereof, or divulge information or data relative thereto, to any corporation, partnership, company, association organization, bid depository, or to any member or agent, thereof, or to any individual or group of individuals, except to the awarding authority or to any person or person who have a partnership or other financial interest with said bidder/proposer in their business.

Signed:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Subscribed and sworn to (or affirmed) before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by  
 \_\_\_\_\_, proved to me on the basis of satisfactory evidence to be the person(s)  
 who appeared before me.

\_\_\_\_\_  
Notary Public

(Notarial Seal)

**Bid/Proposal Bond**

## **INSTRUCTIONS FOR BID/PROPOSAL BOND FORM**

(Return completed and attached to bond or check)

### 1. **General Information**

In order for your bid/proposal bond or deposit to be acceptable to the City of Los Angeles, Department of Airports, every bidder/proposer must comply with Los Angeles City Charter Section 371 (d), and Los Angeles Administrative Code Division 10; Chapter 1; Article 2; Section 10.15(d), which requires that the bid/proposal be accompanied by one of the following (please check whichever you are using):

- ☐ (a) Certified check issued by a bank in the City of Los Angeles
- ☐ (b) Cashier's check issued by a bank
- ☐ (c) Surety bond by corporate surety company ("bid/proposal bond")  
**If a surety bond is used, please read and complete #3 carefully.**

### 2. **Amount**

The amount of the bid/proposal bond or deposit shall be in the amount of **\$9,000.00**

### 3. **Bid/Proposal Bond Execution**

The following steps must be completed when submitting a bid/proposal bond. Please note that **personal sureties are not acceptable**. **YOU ARE REQUIRED TO USE THE BOND FORM ATTACHED TO THESE INSTRUCTIONS.** To make certain your bid is deemed responsive, please check each step as completed:

#### **REQUIREMENTS FOR THE BIDDER/PROPOSER**

- ☐ Bidder/Proposer **must** sign the bid/proposal bond form.

#### **REQUIREMENT FOR THE SURETY BONDING COMPANY**

- ☐ The Attorney-in-Fact for the surety bonding company **must** sign the surety bond.
- ☐ A Power of Attorney from the surety company **must** be affixed to the bond.

The bond, unless otherwise stated in the Instructions to Bidders/Proposer, **MUST BE ON THE FORM ATTACHED TO THESE INSTRUCTIONS.**

4. **BOND FORM:** (Please check each box)

☐

THE BID/PROPOSAL BOND FORM MUST BE THE ATTACHED FORFEITURE BOND, NOT A "DAMAGES ONLY" BOND.

☐

IF YOUR COMPANY USES A NON-CITY BID BOND FORM (SUCH AS THE "AIA BID BOND FORM"), IT WILL BE REJECTED.

BID BOND  
(Not required if certified or cashier's check accompanies the bid)

KNOW ALL MEN BY THESE PRESENTS

THAT WE, \_\_\_\_\_  
as Principal, and \_\_\_\_\_, authorized  
and licensed to transact business in the State of California, as Surety, do hereby acknowledge  
ourselves to be held and obligated as joint Obligors to the CITY OF LOS ANGELES,  
DEPARTMENT OF AIRPORTS, as Obligee, in the sum of **\$9,000.00** of the aggregate amount  
bid by the principal. Said Principal and Surety do hereby bind themselves, their heirs,  
executors, administrators, successors, and assigns, jointly and severally by this bond.

WHEREAS, said Principal is about to submit to the Executive Director of the Department  
of Airports of the city of Los Angeles the foregoing bid or proposal for performance of the work  
therein mentioned, which includes the furnishing of all materials in compliance with the  
specifications and plans, if any, under the Notice Inviting Bids/Proposals from said Executive  
Director.

NOW, THEREFORE, if the bid or proposal of the Principal is accepted and awarded to  
said Principal by the Board of Airport Commissioners and if said Principal fails or neglects to  
enter into a contract and/or to execute the required bonds in connection with the contract within  
thirty (30) days after the contract is awarded to said Principal, then, the above-named Obligors  
shall pay to said Obligee the aforementioned sum of **\$9,000.00** of the aggregate amount bid, as  
liquidated damages for such failure or neglect.

THIS AGREEMENT shall be binding on the Principal and Surety executing the same,  
their legal representatives, successors, and assigns.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
PRINCIPAL

By \_\_\_\_\_  
Signature/Title

By \_\_\_\_\_  
Signature/Title

\_\_\_\_\_  
SURETY

By \_\_\_\_\_  
Attorney-in-Fact

**NOTE: ATTORNEY-IN-FACT MUST ATTACH A POWER OF ATTORNEY FROM THE  
SURETY.**

Bidder Contributions

# ATTENTION:

The following CEC Form 55 **must** be signed on page 1 and you are required to list all principals on Schedule A. Please refer to the attached instructions.

If you fail to sign the form or if you submit an incomplete CEC Form 55, your proposal/bid may be deemed non-responsive.

# Form 55 Instructions

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## INTRODUCTION

Bidders who respond to certain City contract solicitations are limited by City law in their ability to spend money in connection with City elections. They are prohibited from making campaign contributions to and engaging in prohibited fundraising activity for City candidates and officeholders. They are also required to disclose their identities and the identities of their subcontractors and principals. Form 55 must be used for that purpose, and these instructions provide information about how to complete the form.

## CONTACT INFORMATION

All questions about Form 55 and the laws regarding bidders and contractors should be directed to the Los Angeles City Ethics Commission:

[ethics.commission@lacity.org](mailto:ethics.commission@lacity.org)

(213) 978-1960 phone

(213) 978-1988 fax

Whistleblower Hotline: (800) 824-4825

200 North Spring Street  
City Hall 24th Floor, Suite 2410  
Los Angeles CA 90012

[ethics.lacity.org](http://ethics.lacity.org)

## BIDDER RESPONSIBILITIES

A bidder is any person who bids on or submits a proposal or other response to a City contract solicitation, whether it involves a competitive or a non-competitive selection process.

You are a bidder required to complete Form 55 when all of the following apply:

- You submit a response or proposal for an RFP (request for proposals), RFQ (request for qualifications), RFB (request for bids), or any other written or verbal request to enter into a competitive or non-competitive City contract; and
- The contract is expected to be valued at \$100,000 or more; and
- The contract must be approved by an elected office (City Council, Mayor, City Controller, or City Attorney).

For purposes of Form 55, a **contract** is any agreement, franchise, lease, non-regulatory permit, land use license or easement, or concession with the City that meets the qualifications listed above. This includes an agreement for the performance of any work, service, or construction; the provision of any materials, goods, or equipment; the sale or purchase of property; and the making of grants. This also includes the selection of a pre-qualified list of persons to contract with the City if the RFQ's not-to-exceed amount is at least \$100,000 and the list selection requires approval by an elected City office. The definition does *not* include a contract with another government agency or a contract between a City proprietary department and an underwriting firm for a noncompetitive sale of revenue bonds.

Form 55 is used to disclose information about the following individuals and entities:

- You (the bidder);
- Your principals;
- Your subcontractors with subcontracts valued at \$100,000 or more; and
- The principals of those subcontractors.

The campaign finance restrictions and requirements in [Los Angeles City Charter § 470\(c\)\(12\)](#) and [Los Angeles Municipal Code § 49.7.35](#) apply to all of those individuals and entities. They are subject to the laws because of the positions they hold in relation to a City bid, not because they are disclosed on your Form 55. See section G for more information.

You are required to do all of the following:

1. **Submit** a completed Form 55 with your bid or proposal documents to the City department awarding the contract.
2. **Amend** your Form 55 within 10 business days if the information in the form changes after you submit it with your bid or proposal.
3. **Notify** your principals and subcontractors of the campaign finance restrictions and requirements that apply to them.

## PAGE 1: COVER PAGE AND BIDDER INFORMATION

You must complete all sections on the cover page.

### A. ORIGINAL OR AMENDED FILING

#### ORIGINAL FILING

Check this box if this is the first time you are submitting a Form 55 in connection with the City contract that you are currently seeking or have been awarded.

#### AMENDMENT

Check this box if you are making changes to a Form 55 that you previously submitted in connection with the same City contract that you are seeking or have been awarded. For an amended filing, you must provide the later of:

- The date that your original Form 55 submission was signed; or
- The date that your most recent amendment was signed.

**Example 1:** *Your law firm submitted a Form 55 last month when responding to an RFP from the City Attorney's Office for legal services. Your law firm is now responding to an RFP with the Port of Los Angeles for a different contract to provide legal services. Check the "Original Filing" box on the Form 55 submitted to the Port, because this is the first time your firm is submitting Form 55 in connection with the contract with the Port.*

**Example 2:** *Your company submitted a Form 55 last week when responding to an RFP from the Department of Water and Power (DWP) for construction services. This week, your company moved its offices to a new location. Your company is required to update its contact information on the Form 55 submitted with its proposal. On a new Form 55, check the "Amendment" box, because your company is submitting an updated version of the Form 55 that was already submitted in connection with the construction services contract.*

### B. REFERENCE NUMBER

If applicable, provide the bid number, contract number, RAMP ID, or other identifying number or code assigned to the bid or contract that you seek. You can usually find this number on the City solicitation package (e.g., the RFP documents). However, not all solicitations have a reference number.

If there is no reference number for the bid or contract, enter "N/A" in this box.

### C. DATE BID SUBMITTED

Enter the date that you submit your bid or response documents to the City department that will be awarding the contract.

## D. CONTRACT DESCRIPTION

Provide the following information in this section:

- Title of the RFP, RFQ, or RFB, as listed on the City solicitation documents; and
- Description of the services to be provided under the contract.

A brief description of the contract is usually given in the RFP, RFQ, RFB, or solicitation documents. If you cannot find one, describe what will be performed under the contract.

## E. AWARDING AUTHORITY

Provide the name of the City department that will be awarding the contract you seek.

## F. BIDDER INFORMATION

Provide all of the following information:

- Bidder's full legal name;
- Bidder's business address;
- Bidder's phone number; and
- Bidder's email address.

The email address and telephone number provided in this section will be used to contact you if there are questions about the information provided in your Form 55.

**Remember to amend your Form 55 to keep this information current.**

## G. SCHEDULE SUMMARY

### ITEM 1: BIDDER'S PRINCIPALS

Indicate whether you have one or more principals. Check only one box ("Yes" or "No").

A **principal** is any of the following:

- Board chair;
- President;
- Chief executive officer;
- Chief operating officer;
- An individual who serves in the functional equivalent of any of the above positions;
- An individual who holds an ownership interest of 20% or more; or
- An employee authorized to represent you before the City regarding this contract.

**Example 1:** You are putting together a proposal for a City contract on behalf of your employer, ABC, Inc. The proposal must include a Form 55. Because ABC, Inc. is an entity, you must check the “Yes” box and disclose ABC, Inc.’s principals on attached Schedule A pages.

**Example 2:** You are an individual submitting a proposal for a City contract and must complete a Form 55. You have two employees who are authorized to represent you before the City on this proposal. You must check the “Yes” box and disclose yourself and those employees as your principals on attached Schedule A pages.

All bidders who are entities are required to complete Schedule A. Most bidders are entities, so most bidders must check the “Yes” box and attach Schedule A pages to the cover page.

**Attach to the cover page as many Schedule A pages as necessary to identify all of your principals.**

---

## ITEM 2: SUBCONTRACTORS AND THEIR PRINCIPALS

Indicate whether you have one or more subcontractors with subcontracts valued at \$100,000 or more on the City contract you seek. Check only one box (“Yes” or “No”).

**Example 1:** Your construction company is submitting a response to a City RFP to provide construction services on a development project and must submit a Form 55. For the proposed project, you expect to hire ABC Company as a subcontractor that will perform \$50,000 worth of work and XYZ Corporation as another subcontractor that will perform \$200,000 worth of work. Check the “Yes” box and attach Schedule B pages to disclose XYZ Corporation and its principals.

**Example 2:** Your architecture firm is submitting a response to a City RFP to provide landscape design services at a new park, and a Form 55 is required. For the proposed project, you expect to hire two subcontractors: More Sunshine, Inc., which will provide consulting services worth \$30,000; and Beautiful Parks Company, which will perform \$85,000 worth of the work. Check the “No” box, indicating that you do not have any subcontractors with subcontracts valued at \$100,000 or more.

**Attach to the cover page as many Schedule B pages as necessary to identify all of your subcontractors and their principals.**

---

## ITEM 3: TOTAL NUMBER OF PAGES SUBMITTED

Enter the total number of Form 55 pages that you are submitting, including the cover page and all attached Schedule A and B pages.

## H. CERTIFICATION

Form 55 must be signed by an authorized representative of the bidder. By signing this section, you are certifying under penalty of perjury all of the following:

- You understand and will comply with the requirements and restrictions in [Los Angeles City Charter](#) § 470(c)(12) and [Los Angeles Municipal Code](#) § 49.7.35;
- You have notified your principals and subcontractors of the requirements and restrictions; and
- The information you provided in the Form 55 and all attached pages is true and complete to the best of your knowledge and belief.

## PAGE 2: SCHEDULE A – BIDDER'S PRINCIPALS

You must complete this section if you have principals. If you are an entity, this section is required. You must disclose the name, title, and business address for each of your principals. For a definition of "principal", see the instructions for Page 1, Section G.

If you need more space, mark the box indicating that you are attaching additional Schedule A pages. You may attach as many additional Schedule A pages as necessary to disclose all of your principals.

***Remember to include all Schedule A pages in the total page count on your cover page and attach them to the cover page.***

## PAGE 3: SCHEDULE B – SUBCONTRACTORS AND THEIR PRINCIPALS

You must complete this section if you will have subcontractors with subcontracts worth \$100,000 or more. You must disclose the names and business addresses of those subcontractors and the names, titles, and business addresses of their principals. For a definition of "principal", see the instructions for Page 1, Section G.

You must submit at least one Schedule B page for each subcontractor. Provide the name and business address of the subcontractor, and then mark the appropriate box to indicate whether the subcontractor has principals.

If a subcontractor has more principals than will fit on one page—or if you have multiple subcontractors to disclose—mark the box indicating that you are attaching additional Schedule B pages. You may attach as many additional Schedule B pages as necessary to disclose all of your subcontractors with subcontracts worth \$100,000 or more and all of their principals.

***Remember to include all Schedule B pages in the total page count on your cover page and attach them to the cover page.***

# Prohibited Contributors (Bidders)

This form must be completed in its entirety and submitted with your bid or proposal to the City department that is awarding the contract. Failure to submit a completed form may affect your bid or proposal. If you have questions about this form, please contact the Ethics Commission at (213) 978-1960.

☐ **Original Filing** ☐ **Amendment:** Date of Signed Original \_\_\_\_\_ Date of Last Amendment \_\_\_\_\_

Reference Number (Bid, Contract, or RAMP): \_\_\_\_\_ Date Bid Submitted: \_\_\_\_\_

Contract Description (Title of the RFP or City contract solicitation and description of the services to be provided):  
\_\_\_\_\_

Awarding Authority (Department awarding the contract): \_\_\_\_\_

Bidder Name: \_\_\_\_\_

Bidder Address: \_\_\_\_\_

Bidder Email Address: \_\_\_\_\_ Bidder Phone Number: \_\_\_\_\_

## Schedule Summary

Please complete all three of the following:

**1. SCHEDULE A – Bidder's Principals** (check one)

The bidder has one or more **PRINCIPALS**, as defined in LAMC § 49.7.35(A)(6).

At least one principal is required for entities. (If you check "Yes", Schedule A is required.)

Yes

☐

No

☐

**2. SCHEDULE B – Subcontractors and Their Principals** (check one)

The bidder has one or more **SUBCONTRACTORS** on this bid or proposal with

subcontracts worth \$100,000 or more. (If you check "Yes", Schedule B is required.)

Yes

☐

No

☐

**3. TOTAL NUMBER OF PAGES SUBMITTED** (including this cover page): \_\_\_\_\_

## Certification

I certify the following under penalty of perjury under the laws of the City of Los Angeles and the state of California:

A) I understand, will comply with, and have notified my principals and subcontractors of the requirements and restrictions in Los Angeles City Charter § 470(c)(12) and any related ordinances; B) I understand that I must amend this form within ten business days if any information changes; C) I am the bidder named above or I am authorized to represent the bidder named above, and my name appears below; and D) The information provided in this form is true and complete to the best of my knowledge and belief.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## Schedule A - Bidder's Principals

Please identify the names and titles of all the bidder's principals (attach additional sheets if necessary). Principals include a bidder's board chair, president, chief executive officer, chief operating officer, and individuals who serve in the functional equivalent of one or more of those positions. Principals also include individuals who hold an ownership interest in the bidder of at least 20 percent and employees of the bidder who are authorized by the bid or proposal to represent the bidder before the City.

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

☐ Check this box if additional Schedule A pages are attached.

## Schedule B - Subcontractors and Their Principals

Please identify all subcontractors whose subcontracts are worth \$100,000 or more. Separate Schedule B pages are required for each subcontractor who meets the threshold.

Subcontractor's Name

Subcontractor's Address

Please check one of the following options:

**This subcontractor has one or more principals.** ☐ Yes\* ☐ No

*\* Each principal's name and title must be identified below. Attach additional sheets if necessary. Principals include a subcontractor's board chair, president, chief executive officer, chief operating officer, and individuals who serve in the functional equivalent of one or more of those positions. Principals also include individuals who hold an ownership interest in the subcontractor of at least 20 percent and employees of the subcontractor who are authorized by the bid or proposal to represent the subcontractor before the City.*

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

☐ Check this box if additional Schedule B pages are attached.

# Contractor Responsibility Program

**LOS ANGELES WORLD AIRPORTS  
CONTRACTOR RESPONSIBILITY PROGRAM  
QUESTIONNAIRE**

On December 4, 2001, the Board of Airport Commissioners adopted Resolution No. 21601, establishing LAWA's Contractor Responsibility Program (CRP). The intent of the program is to ensure that all LAWA contractors have the necessary quality, fitness and capacity to perform the work set forth in the contract. To assist LAWA in making this determination, each bidder/proposer is required to complete and submit with the bid/proposal the attached CRP Questionnaire. If a non-competitive process is used to procure the contract, the proposed contractor is required to complete and submit the CRP Questionnaire to LAWA prior to execution of the contract. Submitted CRP questionnaires will become public records and information contained therein will be available for public review for at least fourteen (14) calendar days, except to the extent that such information is exempt from disclosure pursuant to applicable law.

The signatory of this questionnaire guarantees the truth and accuracy of all statements and answers to the questions herein. Failure to complete and submit this questionnaire may make the bid/proposal non-responsive and result in non-award of the proposed contract. During the review period if the bidder/proposer or contractor (collectively referred to hereafter as "bidder/proposer") is found non-responsible, he/she is entitled to an Administrative Hearing if a written request is submitted to LAWA within ten (10) working days from the date LAWA issued the non-responsibility notice. Final determination of non-responsibility will result in disqualification of the bid/proposal or forfeiture of the proposed contract.

All Questionnaire responses must be typewritten or printed in ink. Where an explanation is required or where additional space is needed to explain an answer, use the CRP Questionnaire Attachment A. Submit the completed and signed Questionnaire and all attachments to LAWA. Retain a copy of this completed questionnaire for future reference. Contractors shall submit updated information to LAWA within thirty (30) days if changes have occurred that would make any of the responses inaccurate in any way.

**A. PROJECT TITLE:** \_\_\_\_\_

**B. BIDDER/CONTRACTOR INFORMATION:**

_____		_____	
Legal Name		DBA	
_____	_____	_____	_____
Street Address	City	State	Zip
_____	_____	_____	
Contact Person, Title	Phone	Fax	

**C. TYPE OF SUBMISSION:** The CRP Questionnaire being submitted is:

- ☐ An initial submission of a CRP Questionnaire. **Please complete all questions and sign Attachment A.**
- ☐ An update of a prior CRP Questionnaire dated \_\_\_\_/\_\_\_\_/\_\_\_\_. **Please complete all questions and sign Attachment A.**
- ☐ A copy of the initial CRP Questionnaire dated \_\_\_\_/\_\_\_\_/\_\_\_\_. **Please sign below and return this page.**

**I certify under penalty of perjury under the laws of the State of California that there has been no change to any of the responses since the firm submitted the last CRP Questionnaire.**

_____	_____	_____
Print Name, Title	Signature	Date

## A. OWNERSHIP AND NAME CHANGES

- 1a. In the past five (5) years, has the name of the bidder/proposer (also referred to herein as "your firm") changed?

☐ Yes ☐ No

If **Yes**, list on Attachment A all prior legal and D.B.A. names used by the bidder/proposer, the addresses of each of the identified entities, and the dates when each identified entity used those names. Additionally, please explain in detail the specific reason(s) for each name change.

- 1b. In the past five (5) years, has the owner of your firm (if your firm is a sole proprietorship) or any partner of your firm (if your firm is a partnership), or any officer of your firm (if your firm is a corporation) engaged in the same or similar type of business as the current firm?

☐ Yes ☐ No

If **Yes**, list on Attachment A the names of those firms.

## B. FINANCIAL RESOURCES AND RESPONSIBILITY

2. In the past five (5) years, has your firm ever been the debtor in a bankruptcy proceeding?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances and dates surrounding each instance.

3. Is your company now in the process of, or in negotiations toward, or in preparations for being sold?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances, including to whom being sold and principal contact information.

4. In the past five (5) years, has your firm's financial position significantly changed?

☐ Yes ☐ No

If **Yes**, explain the specific circumstances on Attachment A.

5. In the past five (5) years, has your firm ever been denied bonding?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance and include the name of the bonding company.

6. In the past five (5) years, has any bonding company made any payments to satisfy any claims made against a bond issued on your firm's behalf or a firm where you were the principal?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance.

## PERFORMANCE HISTORY

7. In the past five (5) years, has your firm or the owner of your firm (if your firm is a sole proprietorship) or any partner of your firm (if your firm is a partnership), or any officer of your firm (if your firm is a corporation) defaulted under a contract with a governmental entity or with a private individual or entity?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance.

8. In the past five (5) years, has a governmental or private entity or individual terminated your firm's contract prior to completion of the contract?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, and principal contact information.

9. In the past five (5) years, has your firm ever failed to meet any scheduled deliverables or milestones?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the circumstances surrounding each instance, and principal contact information.

10. In the past ten (10) years, has the bidder/proposer had any contracts with any private or governmental entity to perform work which is similar, in any way, to the work to be performed on the contract for which you are bidding or proposing?

☐ Yes ☐ No

If **Yes**, list on a separate attachment, for each contract listed in response to this question: (a) contract number and dates; (b) awarding authority; (c) contact name and phone number; (d) description and success of performance; and (e) total dollar amount. Include audit information if available.

#### COMPLIANCE

11. In the past five (5) years, has your firm or any of its owners, partners, or officers, been penalized for or been found to have violated any federal, state, or local laws in the performance of a contract, including but not limited to laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the outcome and current status.

12. In the past five (5) years, has your firm ever been debarred or determined to be a non-responsible bidder contractor?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the current status.

#### BUSINESS INTEGRITY

13. In the past five (5) years, has your firm been convicted of, or found liable in a civil suit for making a false claim(s) or material misrepresentation(s) to any private or governmental entity?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the outcome and current status.

14. In the past five (5) years, has your firm or any of its executives, management personnel, and owners been convicted of a crime, including misdemeanors, or been found liable in a civil suit involving the bidding, awarding, or performance of a government contract; or the crime of theft, fraud, embezzlement, perjury, or bribery?

☐ Yes ☐ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and current status.

**ATTACHMENT "A"**  
**FOR ANSWERS TO QUESTIONS IN SECTIONS A THROUGH E**

Use the space below to provide required additional information or explanation(s). Information submitted on this sheet must be typewritten. Indicate the question for which you are submitting the additional information. Information submitted on this Attachment will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law. **Insert additional Attachment A pages as necessary.**

**CERTIFICATION UNDER PENALTY OF PERJURY**

I certify under penalty of perjury under the laws of the State of California that I have read and understand the questions contained in this CRP Questionnaire. I further certify that I am responsible for the completeness and accuracy of the answers to each question, and that all information provided in response to this Questionnaire is true to the best of my knowledge and belief.

---

Print Name, Title

Signature

Date

**LOS ANGELES WORLD AIRPORTS  
CONTRACTOR RESPONSIBILITY PROGRAM  
PLEDGE OF COMPLIANCE**

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, LAWA licensees with licenses, agreements or permits issued under the Certified Service Provider Program, and LAWA tenants with leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal or with an amendment of a contract subject to the CRP. In addition, within 10 days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been listed as performing work on the contract.

The contractor agrees to comply with the Contractor Responsibility Program and the following provisions:

- (a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.
- (b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor is not in compliance with paragraph (a).
- (c) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).
- (d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.
- (e) To ensure that subcontractors working on the LAWA contract shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completed Pledges.
- (f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
- (g) To cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/proposal may make the bid/proposal non-responsive.

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Company Name, Address and Phone Number

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Signature of Officer or Authorized Representative

---

Date

---

Print Name and Title of Officer or Authorized Representative

---

Project Title

# Equal Benefits Ordinance

## **LAWA EBO COMPLIANCE**

### **FOR LAWY CONTRACTORS ONLY**

City of Los Angeles  
Department of Public Works  
Bureau of Contract Administration  
Office of Contract Compliance  
1149 S. Broadway, Suite 300, Los Angeles, CA 90015  
Phone: (213) 847-2625 E-mail: [bca.eeoe@lacity.org](mailto:bca.eeoe@lacity.org)

### **EQUAL BENEFITS ORDINANCE COMPLIANCE AFFIDAVIT**

Prime contractors must certify compliance with Los Angeles Administrative Code (LAAC) Section 10.8.2.1 et seq. prior to the execution of a City agreement subject to the Equal Benefits Ordinance (EBO).

#### **SECTION 1. CONTACT INFORMATION**

Company Name: \_\_\_\_\_

Company Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

Approximate Number of Employees in the United States: \_\_\_\_\_

Approximate Number of Employees in the City of Los Angeles: \_\_\_\_\_

#### **SECTION 2. EBO REQUIREMENTS**

The EBO requires City Contractors who provide benefits to employees with spouses to provide the same benefits to employees with domestic partners. Domestic Partner means any two adults, of the same or different sex, who have registered as domestic partners with a governmental entity pursuant to state or local law authorizing this registration, or with an internal registry maintained by the employer of at least one of the domestic partners.

Unless otherwise exempt, the contractor is subject to and shall comply with the EBO as follows:

- A. The contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the City Contract; and
- B. The contractor's operations located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the contractor's presence at or on the property is connected to a Contract with the City; and
- C. The Contractor's employees located elsewhere in the United States, but outside of the City Limits, if those employees are performing work on the City Contract.

A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners."

## LAWA EBO COMPLIANCE

### **SECTION 3. COMPLIANCE OPTIONS**

I have read and understand the provisions of the Equal Benefits Ordinance and have determined that this company will comply as indicated below:

- ☐..... I have no employees.
- ☐..... I provide no benefits.
- ☐..... I provide benefits to employees only. Employees are prohibited from enrolling their spouse or domestic partner.
- ☐..... I provide equal benefits as required by the City of Los Angeles EBO.
- ☐..... I provide employees with a "Cash Equivalent." Note: The "Cash Equivalent" is the amount of money equivalent to what your company pays for spousal benefits that are unavailable for domestic partners, or vice versa.
- ☐..... All or some employees are covered by a collective bargaining agreement (CBA) or union trust fund. Consequently, I will provide Equal Benefits to all non-union represented employees, subject to the EBO, and will propose to the affected unions that they incorporate the requirements of the EBO into their CBA upon amendment, extension, or other modification of the CBA.
- ☐..... Health benefits currently provided do not comply with the EBO. However, I will make the necessary changes to provide Equal Benefits upon my next Open Enrollment period which begins on (Date) \_\_\_\_\_.
- ☐..... Our current company policies, i.e., family leave, bereavement leave, etc., do not comply with the provisions of the EBO. However, I will make the necessary modifications within three (3) months from the date of this affidavit.

### **SECTION 4. DECLARATION UNDER PENALTY OF PERJURY**

I understand that I am required to permit the City of Los Angeles access to and upon request, must provide certified copies of all company records pertaining to benefits, policies and practices for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance. Furthermore, I understand that failure to comply with LAAC Section 10.8.2.1 et seq., Equal Benefits Ordinance may be deemed a material breach of any City contract by the Awarding Authority. The Awarding Authority may cancel, terminate or suspend in whole or in part, the contract; monies due or to become due under a contract may be retained by the City until compliance is achieved. The City may also pursue any and all other remedies at law or in equity for any breach. The City may use the failure to comply with the Equal Benefits Ordinance as evidence against the Contractor in actions taken pursuant to the provisions of the LAAC Section 10.40, et seq., Contractor Responsibility Ordinance.

\_\_\_\_\_ will comply with the Equal Benefits Ordinance requirements  
Company Name  
as indicated above prior to executing a contract with the City of Los Angeles and will comply for the entire duration of the contract(s).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this \_\_\_\_ day of \_\_\_\_\_, in the year 20\_\_\_\_, at \_\_\_\_\_, \_\_\_\_\_  
(City) (State)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Name of Signatory (please print)

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Title

\_\_\_\_\_  
EIN/TIN

Insurance

## INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS

NAME: \*\*\*\*\*  
AGREEMENT / ACTIVITY: **RFB (10364) – VENDING MACHINE CONCESSION AGREEMENT AT LAX AND VNY**  
TERM: **Seven years**  
LAWA DIVISION: **Commercial Development Group**

The insured must maintain insurance coverage at limits normally required of its type operation; however, the following coverage noted with an "X" is the minimum required and must be at least the level of the limits indicated. All limits are per occurrence unless otherwise specified.

### LIMITS

<b>(X)</b> Workers' Compensation (Statutory)/Employer's Liability (X) Voluntary Compensation Endorsement (X) Waiver of Subrogation, specifically naming LAWA (Please see attached supplement)	<b><u>Statutory</u></b>
<b>(X)</b> Automobile Liability - covering owned, non-owned & hired auto	<b><u>\$10,000,000 CSL</u></b>
<b>(X)</b> Aviation/Airport <b>or</b> Commercial General Liability, including the following coverage: (X) Premises and Operations (X) Contractual (Blanket/Schedule) (X) Independent Contractors (X) Personal Injury (X) Products /Completed Operations (X) Fire Legal Liability (minimum \$1 million each occurrence) ( ) Liquor Liability ( ) Explosion, Collapse & Underground (required when work involves digging, excavation, grading or use of explosive materials.) ( ) Hangarkeepers Legal Liab. (At least at a limit of liability of \$ 1 million) (X) Additional Insured Endorsement, specifically naming LAWA (Please see attached supplement).	<b><u>\$10,000,000</u></b>
<b>(X)</b> Property Insurance ( ) Building, including contents All Risk/Special Form Coverage, including flood and earthquake LAWA named additional insured and loss payee	<b><u>100% Replacement Cost</u></b>
<b>(X)</b> Tenant improvements All Risk/Special Form Coverage, including flood and earthquake LAWA named loss payee	<b><u>100% Replacement Cost</u></b>
<b>(X)</b> Waiver of subrogation naming LAWA (Please see attached supplement)	
( ) Builder's Risk Insurance All Risk/Special Form Coverage, including flood and earthquake LAWA named loss payee Required if property or building ultimately revert to City	<b><u>Total project value -</u></b> <b><u>100% Replacement Cost</u></b>
Pollution Legal Liability *** Must meet contractual requirements	<b><u>\$ ***</u></b>

**CONTRACTOR SHALL BE HELD RESPONSIBLE FOR OWN OR HIRED EQUIPMENT AND SHALL HOLD AIRPORT HARMLESS FROM LOSS, DAMAGE OR DESTRUCTION TO SUCH EQUIPMENT.**

**INSURANCE COMPANIES WHICH DO NOT HAVE AN AMBEST RATING OF A- OR BETTER, AND HAVE A MINIMUM FINANCIAL SIZE OF AT LEAST 4, MUST BE REVIEWED FOR ACCEPTABILITY BY RISK MANAGEMENT.**



**RISK MANAGEMENT DIVISION**  
**INSURANCE REQUIREMENTS**

**INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)**

The only evidence of insurance accepted will be either a Certificate of Insurance, or a True and Certified copy of the policy. The following items must accompany the form of evidence provided:

Insurance companies, must have an **AM Best rating of A- or better**, and have a minimum **financial size of at least four**

**Endorsements:**

- **Workers Compensation Waiver of Subrogation Endorsement  
(WC 04 03 06 or similar)**
- **General Liability Additional Insured Endorsement**
- **Ongoing and Products - Completed Operations Endorsement  
(ISO Standard Endorsements preferred)**

**Certificate Holder:**

**Los Angeles World Airports  
PO Box 92216  
Los Angeles, CA 90009**

A typed legible name of the Authorized Representative must accompany the signature on the Certificate of Insurance and/or the True and Certified copy of the policy.

**A blanket/automatic endorsement is not acceptable unless you have a direct contract with LAWA.**

**Language written on a certificate of insurance is not acceptable as an endorsement.**

## **Insurance**

Contractor shall procure at its own expense, and keep in effect at all times during the term of this Agreement, the types and amounts of insurance specified herein. The specified insurance shall also, either by provisions in the policies or by endorsement attached to such policies, specifically name the City of Los Angeles, Los Angeles World Airports, its Board of Airport Commissioners (hereinafter referred to as "Board"), and all of its officers, employees, and agents, their successors and assigns, as additional insureds, against the area of risk described herein as respects Contractor's acts or omissions in its operations, use and occupancy of the premises hereunder or other related functions performed by or on behalf of Contractor on Airport.

With respect to Workers' Compensation, the Contractor shall, by specific endorsement, waive its right of subrogation against the City of Los Angeles, Los Angeles World Airports, its Board, and all of its officers, employees and agents, their successors and assigns.

Each specified insurance policy (other than Workers' Compensation and Employers' Liability and fire and extended coverages) shall contain a Severability of Interest (Cross Liability) clause which states, "It is agreed that the insurance afforded by this policy shall apply separately to each insured against whom claim is made or suit is brought except with respect to the limits of the company's liability," and a Contractual Endorsement which shall state, "Such insurance as is afforded by this policy shall also apply to liability assumed by the insured under this Agreement with the City of Los Angeles."

All such insurance shall be primary and noncontributing with any other insurance held by City's Department of Airport where liability arises out of or results from the acts or omissions of Contractor, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of Contractor.

Such policies may provide for reasonable deductibles and/or retentions acceptable to the Chief Executive Officer of the Department of Airport (hereinafter referred to as "Chief Executive Officer") based upon the nature of Contractor's operations and the type insurance involved.

City shall have no liability for any premiums charged for such coverage(s). The inclusion of City, its Department of Airports, its Board, and all of its officers, employees and agents, and their agents and assigns, as insureds, is not intended to, and shall not, make them, or any of them a partner or joint venture with Contractor in its operations at Airport.

In the event Contractor fails to furnish City evidence of insurance and maintain the insurance as required, City, upon ten (10) day prior written notice to comply, may (but shall not be required to) procure such insurance at the cost and expense of Contractor, and Contractor agrees to promptly reimburse City for the cost thereof plus fifteen percent (15%) for administrative overhead.

At least ten (10) days prior to the expiration date of any of the above policies, documentation showing that the insurance coverage has been renewed or extended shall be filed with City. If such coverage is canceled or reduced, Contractor shall, within fifteen (15) days of such cancellation or reduction of coverage, file with City evidence that the required insurance has been reinstated or provided through another insurance company or companies.

Contractor shall provide proof of all specified insurance and related requirements to City either by production of the actual insurance policy(ies), by a broker's letter acceptable to the Chief Executive Officer in both form and content in the case of foreign insurance syndicates, or by other written evidence of insurance acceptable to the Chief Executive Officer. The documents evidencing all specific coverages shall be filed with City prior to commencement of this contract. The documents shall contain the applicable policy number, the inclusive dates of policy coverages and the insurance carrier's name, shall bear signature and the typed name of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, reduction in coverage or nonrenewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least thirty (30) days prior to the effective date thereof.

City and Contractor agree that the insurance policy limits specified herein shall be reviewed for adequacy annually throughout the term of this Agreement by Chief Executive Officer, who may thereafter require Contractor to adjust the amounts of insurance coverage to whatever amount Chief Executive Officer deems to be adequate. City reserves the right to have submitted to it, upon request, all pertinent information about the agent and carrier providing such insurance.

### ***City Held Harmless***

To the fullest extent permitted by law, Contractor shall defend, indemnify and hold harmless City and any and all of City's Boards, officers, agents, employees, assigns and successors in interest from and against any and all suits, claims, causes of action, liability, losses, damages, demands or expenses (including, but not limited to, attorney's fees and costs of litigation), claimed by anyone (including Contractor and/or Contractor's agents or employees) by reason of injury to, or death of, any person(s) (including Contractor and/or Contractor's agents or employees), or for damage to, or destruction of, any property (including property of Contractor and/or Contractor's agents or employees) or for any and all other losses, founded upon or alleged to arise out of, pertain to, or relate to the Contractor's and/or Sub-Contractor's performance of the Contract, whether or not contributed to by any act or omission of City, or of any of City's Boards, officers, agents or employees. Provided, however, that where such suits, claims, causes of action, liability, losses, damages, demands or expenses arise from or relate to Contractor's performance of a "Construction Contract" as defined by California Civil Code section 2783, this paragraph shall not be construed to require Contractor to indemnify or hold City harmless to the extent such suits, causes of action, claims, losses,

demands and expenses are caused by the City's sole negligence, willful misconduct or active negligence. Provided further that where such suits, claims, causes of action, liability, losses, damages, demands or expenses arise from Consultant's design professional services as defined by California Civil Code section 2782.8, Consultant's indemnity obligations shall be limited to allegations, suits, claims, causes of action, liability, losses, damages, demands or expenses arising out of, pertaining to, or relating to the Consultant's negligence, recklessness or willful misconduct in the performance of the Contract.

In addition, Contractor agrees to protect, defend, indemnify, keep and hold harmless City, including its Boards, Departments and City's officers, agents, servants and employees, from and against any and all claims, damages, liabilities, losses and expenses arising out of any threatened, alleged or actual claim that the end product provided to LAWA by Contractor violates any patent, copyright, trade secret, proprietary right, intellectual property right, moral right, privacy, or similar right, or any other rights of any third party anywhere in the world. Contractor agrees to, and shall, pay all damages, settlements, expenses and costs, including costs of investigation, court costs and attorney's fees, and all other costs and damages sustained or incurred by City arising out of, or relating to, the matters set forth above in this paragraph of the City's "Hold Harmless" agreement.

In Contractor's defense of the City under this Section, negotiation, compromise, and settlement of any action, the City shall retain discretion in and control of the litigation, negotiation, compromise, settlement, and appeals there from, as required by the Los Angeles City Charter, particularly Article II, Sections 271, 272 and 273 thereof.

Survival. The provisions of this section shall survive the expiration or earlier termination of this Agreement.

### ***Hazardous and Other Regulated Substances***

(a) Contractor's performance under this Contract and/or occupancy or use of any LAWA property shall be in full compliance with any and all applicable present and future rules, regulations, restrictions, ordinances, statutes, laws and/or other orders of any governmental entity regarding the use, storage, handling, distribution, processing and/or disposal of hazardous wastes, extremely hazardous wastes, hazardous substances, hazardous materials, hazardous chemicals, toxic chemicals, toxic substances, pollutants, contaminants or other similarly regulated substances (hereinafter referred to as "hazardous substances"). Said hazardous substances shall include, but shall not be limited to, mold, gasoline, aviation, diesel and jet fuels, lubricating oils and solvents. Contractor agrees that any damages, penalties or fines levied on City and/or Contractor as a result of Contractor's noncompliance with any of the above shall be the sole responsibility of Contractor and further, that Contractor shall indemnify and pay and/or reimburse City for any damages, penalties or fines that City pays as a result of noncompliance with the above.

(b) In the case of any hazardous substance spill, contamination, leak, discharge or improper storage affecting LAWA property caused or contributed to by Contractor or its employees, servants, agents, contractors or subcontractors, Contractor agrees to make or cause to be made any necessary repairs or corrective actions as well as to clean up and remove any leakage, contamination or contaminated ground to the satisfaction of Chief Executive Officer. If Contractor fails to repair, cleanup, properly dispose of or take any other corrective actions as required herein, City may (but shall not be required to) take all steps it deems necessary to properly repair, clean up or otherwise correct the conditions resulting from the spill, leak or contamination. Any such repair, clean-up or corrective actions taken by City shall be at Contractor's sole cost and expense and Contractor shall indemnify and pay for and/or reimburse City for any and all costs (including any administrative costs) City incurs as a result of any repair, clean-up or corrective action it takes.

(c) Contractor shall promptly supply City with copies of all notices, reports, correspondence and submissions made by Contractor to any governmental entity regarding any hazardous substance spill, leak, discharge or clean-up including all test results.

(d) The provisions of this section shall survive the expiration or earlier termination of this Agreement.



1. **When should I comply with the Insurance Requirements?** The Risk Management Division's Insurance Compliance section is the first place to start if your proposal has been accepted or you have been awarded the bid. You cannot perform any work for the Department without approved evidence of insurance. Please be aware that if current evidence of insurance is not on file with the Insurance Compliance Section, invoices cannot be processed, badges cannot be issued and permits cannot be processed.

**THE ACCOUNTING DIVISION HAS BEEN INSTRUCTED BY THE CITY CONTROLLER NOT TO PROCESS INVOICES UNLESS CURRENT EVIDENCE OF INSURANCE IS IN PLACE.**

2. **What does LAWA consider as Acceptable Evidence of insurance?** The only evidence of insurance acceptable is either a Certificate of Insurance and/or a True and Certified copy of a policy. The following items must accompany the form of evidence provided:
  - a. A copy of the Waiver of Subrogation Endorsement **specifically** naming Los Angeles World Airports on the schedule is required for Workers' Compensation. **A BLANKET ENDORSEMENT AND/OR LANGUAGE ON A CERTIFICATE OF INSURANCE IS NOT ACCEPTABLE.**
  - b. A copy of the Additional Insured Endorsement (CG 20 10 11 85 or similar) **specifically** naming Los Angeles World Airports on the schedule is required for General Liability. **A BLANKET ENDORSEMENT AND/OR LANGUAGE WRITTEN ON A CERTIFICATE OF INSURANCE IS NOT ACCEPTABLE UNLESS YOU HAVE A DIRECT CONTRACT WITH LAWA.**
  - c. The Certificate of Insurance and/or the True and Certified copy of the policy must be signed by the Authorized Representative.
  - d. A copy of the Schedule of Underlying Coverage/Insurance is required for the Excess policy.
3. **Is there an added cost to add Los Angeles Worlds Airports as Additional Insured?** Possibly; there usually is an added cost to doing this. This fact should be considered when you are formulating your costs for the bid or proposal. Check with your insurance agent or broker as .
4. **How can I obtain information on your Insurance Requirements?** An Insurance Requirement Sheet is included in the Proposal/Bid Package, which specifically outlines the types and amounts of coverage required. This Requirement Sheet should be passed on to your authorized agent/broker for their review. You may also contact us at (424) 646- 5480.
5. **Do I need to prepare more forms if I already have LAWA's evidence of insurance?** No. If you already have current evidence of insurance on file with our Risk Management's Insurance Compliance Section, it is not necessary to complete a new set of forms. Once documentation is in place, you do not need to go through the process for each project. **However**, if the documents submitted are project specific, you will need to submit forms for each project. Therefore it is suggested that forms submitted indicate they are for the maximum coverage required and all LAWA projects. Please check with our office to be sure that all coverages are current. Your contract administrator can do this for you as well. Our office maintains a computerized record of your evidence of insurance.

6. **What insurance companies are acceptable to LAWA?** Insurance companies must have an A- or better rating and have a financial size of at least IV to be acceptable to LAWA. We use the A.M. Best Key Rating Guide as our reference.
7. **How long will I need the insurance coverage?** If you are awarded a contract, there will be a provision in your contract which specifically states that it is your responsibility to maintain current evidence of insurance in our files for the contract period.
8. **How long does it take LAWA to process my evidence of insurance?** Evidence of Insurance is processed upon receipt by LAWA. Please submit your evidence of insurance documents to the Risk Management Division's Insurance Compliance Section at [riskinsurance@lawa.org](mailto:riskinsurance@lawa.org), as soon as you are awarded the contract.
9. **When should I complete the evidence of insurance?** Prior to the commencement of this contract, the successful proposer must provide proof of insurance. Do not spend any money to meet the insurance requirements until you are awarded the contract by LAWA. Get an estimate or quote from your insurance agent or broker and factor that into the bid/proposal you are preparing. Enclose a statement, provided on your company letterhead, which states you have reviewed the insurance requirements and that you will provide the required evidence of insurance if you are awarded the contract.  
**Note for Prime Contractors:** Prime Contractors are responsible for ensuring that their Sub-contractors have adequate evidence of insurance coverage appropriate to the work to be performed. At a minimum, if airfield access is involved, the sub- contractor must show \$10 million in coverage, plus endorsements. If no airfield access is involved in the work, the minimum threshold is \$1 million, plus endorsements. In rare cases, if the work is performed entirely off site, there may be no need for evidence of insurance coverage.
10. **Where is the Risk Management Division's Insurance Compliance Section located?**  
7301 World Way West  
2<sup>nd</sup> Floor  
Los Angeles, CA 90045  
[riskinsurance@lawa.org](mailto:riskinsurance@lawa.org)  
Phone: (424) 646-5480  
Office Hours: Monday-Thursday, 7:30 a.m. to 3:30 p.m.  
Friday: 7:30 a.m. to 12:00 noon  
Closed Holidays and weekends

**For more information on LAWA's insurance requirements, visit our webpage at:**

<https://www.lawa.org/en/lawa-tenants-411/risk-management/insurance-compliance>

**GUIDANCE FOR SUBMITTING EVIDENCE OF INSURANCE TO THE CITY OF LOS ANGELES,  
LOS ANGELES WORLD AIRPORTS**

**Coverage & Limits:** All insurance requirements established are based on the detailed scope of work and or/nature of your business with the Los Angeles World Airports (LAWA). The coverage and limits for each type of insurance are specified on the Insurance Requirements Sheet (IR Sheet).

Please give your insurance agent/broker a copy of the Insurance Requirements Sheet along with these instructions. All evidence of insurance must be authorized by a licensed insurance agent with authority to bind coverage.

\*\*\*\*\*

1. **When to submit:** Normally, no work may begin until acceptable insurance is analyzed and approved by the Insurance Compliance Section. Upon approval the Contract Administrator will authorize a Notice to Proceed (NTP). So insurance documents should be submitted as early as practicable.
2. **Acceptable Evidence and Approval:** Electronic submission is the best method of submitting your documents, and designed to make the experience of submitting insurance information quick and easy. LAWA accepts the standard insurance industry form known as the **ACORD 25 Certificate of Liability Insurance**, with applicable endorsements and waiver of subrogation. Other insurance industry certificates that have been approved by the State of California, Broker's Letters, and True and Certified copy of insurance policies may be accepted. The following items (**#4 and #5**) **must accompany the form of evidence provided.**
3. **Additional Insured Endorsements:** (CG20101185 / CG2010 / CG2037 or similar) are required acceptable for the general liability policy. All endorsements must name the **City of Los Angeles, Los Angeles World Airports (LAWA), its Board, and all of its officers, employees and agents** as additional insured's.
4. **Waivers of Subrogation:** Required For Workers Compensation.
5. **Blanket Endorsement or Waiver of Subrogation:** Acceptable only for contracts directly with LAWA. If the policy includes an automatic or blanket additional insured endorsement, the Certificate must state **LAWA** is an automatic or blanket additional insured.
6. **Certificate Language:** Language written on the Certificate of Insurance in the "**Description of Operations Section**" is not acceptable as an endorsement.
7. **Cancellation Notice:** All Certificates must provide a thirty **(30) days' cancellation notice provision**, ten (10) days for non-payment of premium).
8. **Self-Insure:** If your agreement requires Workers' Compensation coverage and you have been authorized by the State of California to self-insure, a copy of the certificate from the State consenting to self- insurance must be provided from the State of California as proof of insurance.
9. **Acceptable Insurers:** LAWA uses the A.M. Best Key Rating Guide as our reference. All acceptable insurers must have an A.M. Best **A-VI or better rating** to be acceptable to LAWA.

10. **Transportation Companies:** Passenger Carriers are regulated by the Public Utilities Commission (PUC). Any questions concerning passenger carrier requirements may be directed to the PUC.
- 0-7 passengers.....\$750,000
  - 8-15 passengers.....\$1,500,000
  - 16 or more passengers ..... \$5,000,000
11. **Vehicle Schedules:** Unless “ANY” auto is covered under the automobile policy, a vehicle schedule is required. The schedule issued on behalf of transportation companies must provide the make, model, VIN number and passenger count for every vehicle operating on Airport property.
12. **Multiple Policies:** More than one insurance policy may be required to comply with the insurance requirements.
13. **Underwriter:** In the case of syndicates or subscription policies, indicate lead underwriters or managing agent and attach a schedule of subscribers, including their percentage of participation.
14. **Project Reference:** Include reference of either the specific City agreement (bid, contract, lease, etc.) or indicate “ALL PROJECTS AT LAWA” covered. When coverage is on a scheduled basis, a separate sheet may be attached to the certificate listing such scheduled locations, vehicles, etc.
15. **Excess Insurance:** An Excess Umbrella policy can be provided to assist with meeting the insurance requirement limit(s) when the primary insurance coverage is less than the amount of coverage required for the project.
16. **Expiration and Renewal:** LAWA insurance file expiration coincides with your coverage expiration. Renewal is not automatic. You must provide the Insurance Compliance Section with renewal information. When renewing your insurance file information, the agent/broker/underwriter must provide current endorsements and waivers. The effective date on the Certificate of Insurance must coincide with the endorsements and waivers. Insurance documents cannot be altered and provided as proof of insurance.
17. **Contract Administrator:** Questions regarding your **contract** should be directed to your Contract Administrator or office responsible for your contract, lease, permit or other agreement.

\*\*\*\*\*

**Certificate Holder Information:**      **Los Angeles World Airports**  
   **Attn: Risk Management Department**  
   **P.O. Box 92216**  
   **Los Angeles, CA 90009**

All questions relating to insurance should be directed to Risk Management, Insurance Compliance Section at (424) 646-5480.

Delays or failure in submitting acceptable insurance documentation and attachments may result in the withholding of payments, or the interruption and/or discontinuance of operations LAWA.

Email all insurance documentation and Correspondence to: **RISKINSURANCE@LAWA.ORG**

# Municipal Lobbying Ordinance

# ATTENTION:

The following CEC Form 50 **must** be filled out completely and signed.

If you fail to sign the form or if you submit an incomplete CEC Form 50, your proposal/bid may be deemed non-responsive.

## Bidder Certification

This form must be submitted with your bid or proposal to the City department that is awarding the contract noted below. If you have questions about this form, please contact the Ethics Commission at (213) 978-1960.

☐ **Original Filing**      ☐ **Amendment:** Date of Signed Original \_\_\_\_\_. Date of Last Amendment \_\_\_\_\_.

Reference Number (Bid, Contract, or RAMP)	Awarding Authority (Department awarding the contract)
Bidder Name	
Address	
Email Address	Phone Number

## Certification

I certify the following on my own behalf or on behalf of the entity named above, which I am authorized to represent:

A. I am applying for one of the following types of contracts with the City of Los Angeles:

1. A goods or services contract with a value of more than \$25,000 and a term of at least three months;
2. A construction contract with any value and duration;
3. A financial assistance contract, as defined in Los Angeles Administrative Code § 10.40.1(h), with a value of at least \$100,000 and a term of any duration; or
4. A public lease or license, as defined in Los Angeles Administrative Code § 10.40.1(i), with any value and duration.

B. I acknowledge and agree to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance if I qualify as a lobbying entity under Los Angeles Municipal Code § 48.02.

I certify under penalty of perjury under the laws of the City of Los Angeles and the state of California that the information in this form is true and complete.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM

## **ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM (LAX ONLY)**

### **I. Definitions.**

The following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

“Airport Contract” shall mean a contract awarded by LAWA and pertaining to LAX, and subcontracts of any level under such a contract.

“Airport Contractor” shall mean (i) any entity awarded an Airport Contract, and subcontractors of any level working under an Airport Contract; (ii) any contractors that have entered into a contract with an Airport Lessee to perform work on property owned by LAWA and pertaining to LAX, and any subcontractors working in furtherance of such a contract; and (iii) any contractor that have entered into a contract with an Airport Licensee to perform work pertaining to LAX, and any subcontractors working under such a contract.

“Airport Lessee” shall mean any entity that leases or subleases any property owned by LAWA and pertaining to LAX.

“Airport Licensee” shall mean any entity issued a license or permit by LAWA for operations that pertain to LAX.

“Alternative-Fuel Vehicle” shall mean a vehicle that is not powered by petroleum-derived gasoline or diesel fuel. Alternative-Fuel Vehicles include, but are not limited to, vehicles powered by compressed or liquefied natural gas, liquefied petroleum gas, methanol, ethanol, electricity, fuel cells, or other advanced technologies.

“CARB” shall mean the California Air Resources Board.

“Covered Vehicle” is defined in Section II below.

“Compliance Plan” is defined in subsection VII.C. below.

“EPA” shall mean the United States Environmental Protection Agency.

“Independent Third Party Monitor” shall mean a person or entity empowered by LAWA to monitor compliance with and/or implementation of particular requirements in this Requirement.

“LAWA” shall mean Los Angeles World Airports.

“LAX” shall mean Los Angeles International Airport.

“Least-Polluting Available Vehicle” shall mean a vehicle that (a) is determined by an Independent Third Party Monitor to be (i) commercially available, (ii) suitable for performance of a particular task, and (iii) certified by CARB to meet the applicable engines emission standard in effect at the time of purchase. Where more than one vehicle meets these requirements for a particular task, LAWA, working with the Independent Third Party Monitor, will designate as the

Least-Polluting Available Vehicle the vehicle that emits the least amount of criteria air pollutants.

“LEV” shall mean a vehicle that meets CARB’s Low-Emission Vehicle standards for criteria pollutant exhaust and evaporative emissions for medium-duty vehicles at the time of vehicle manufacture.

“LEV II” shall mean a vehicle certified by CARB to the “LEV II” Regulation Amendments that were fully implemented as of 2010. A qualifying “LEV II” vehicle shall meet the least polluting standard in the LEV II category that is available at the time of purchase.

“LEV III” shall mean a vehicle certified by CARB to the increasingly stringent “LEV III” Regulatory Amendments to the California greenhouse gas and criteria pollutant exhaust and evaporative emission standards, test procedures, and on-board diagnostic system requirements for medium-duty vehicles.

“Low-Use Vehicle” shall mean a Covered Vehicle that makes less than five (5) trips per month to LAX.

“Operator” shall mean any Airport Contractor, Airport Lessee, or Airport Licensee.

“Optional Low NOx” shall mean any vehicle powered by an engine that meets CARB’s optional low oxides of nitrogen (NOx) emission standards for on-road heavy-duty engines applicable at the time of purchase.

## **II. Covered Vehicles.**

A. **Covered Vehicles.** These Requirements shall apply to all on-road vehicles, including trucks, shuttles, passenger vans, and buses that are 8,500 lbs gross vehicle weight rating or more and are used in operations related to LAX (“Covered Vehicles”).

B. **Exemptions.** The following vehicles are exempt from this Requirement:

- i) Public safety vehicles.
- ii) Previously approved vehicles. Vehicles previously approved under the 2007 LAX Alternative Fuel Vehicle Requirement Program are exempt from the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.
- iii) Low-Use Vehicles. Low-use vehicles are exempt from the Compliance Schedule, Section IV, the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

**III. Maximum Allowable Vehicle Age Requirement.** In accordance with the Compliance Schedule dates outlined in Section IV, no Covered Vehicle equipped with an engine older than thirteen (13) model years or that has 500,000 or more miles, whichever comes first, shall operate at LAX.

#### **IV. Compliance Schedule.**

- A. By April 30, 2019, one hundred percent (100%) of the Covered Vehicles operated by a Covered Vehicle Operator shall be (a) Alternative-Fuel Vehicles, (b) Optional Low NOx vehicles or (c) LEV II standard vehicles through 2019 or LEV III standard vehicles thereafter.
- B. A new Covered Vehicle Operator who plans to begin operations at LAX prior to April 30, 2019, must comply with the requirement set forth in Section III and subsection IV.A. prior to commencing operations at LAX.

**V. Least-Polluting Available Vehicles.** In cases where an Operator cannot comply with the requirements established pursuant to Sections III and IV above because neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter, are commercially available for performance of particular tasks, LAWA will instead require Operators to use the Least-Polluting Available Vehicles for such tasks. An Independent Third Party Monitor will determine whether Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available to perform particular tasks, and, in cases where neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, nor LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available for performance of a particular task, will identify the Least-Polluting Available Vehicle for performance of that task.

#### **VI. Annual Reporting Requirement.**

- A. By January 31st of each calendar year, Covered Vehicle Operators must submit to LAWA the vehicle information required on the reporting form accessible online at <https://online.lawa.org/altfuel/> for the prior calendar year.
- B. Low-Use Vehicles shall be included in the annual reporting. Where monthly trip data is used to establish low-use, the operator must provide proof such as transponder data records or an attestation acceptable to LAWA.
- C. A Covered Vehicle Operator who plans to begin operations at LAX must comply with this reporting requirement prior to commencing operations, and thereafter comply with the annual reporting deadline of January 31st of each calendar year.

#### **VII. Enforcement.**

- A. **Non-Compliance.** The following circumstances shall constitute non-compliance for purposes of this Section VII:
  - i) Failure to submit an annual report pursuant to Section VI above.
  - ii) Failure to use an Alternative Fuel Vehicle, an Optional Low NOx vehicle, a vehicle meeting LEV II standards prior to December 31, 2019, or LEV III standards thereafter, an approved Least-Polluting Available Vehicle, or a vehicle approved under LAWA's former Alternative Fuel Vehicle Requirement, including approved comparable emissions vehicles.

- iii) Failure to submit a Compliance Plan as defined in subsection VII.C. below within 30 days of notice of non-compliance from LAWA.
  - iv) Failure to adhere to an approved Compliance Plan as defined in subsection VII.C. below.
- B. **Notice of Non-Compliance.** Covered Vehicle Operators found not to be in compliance with the Alternative Fuel Vehicle Requirement as set forth in subsection VII.A. above will be given a notice of non-compliance. Covered Vehicle Operators will have 30 days to correct the deficiencies documented in the notice of non-compliance by completing the annual report as defined in Section VI or submitting a Compliance Plan as defined in subsection VII.C. below, as applicable to the reason cited for non-compliance.
- C. **Compliance Plan.**
  - i) Operators shall transition to compliant vehicles as soon as practicable.
  - ii) Non-compliant Covered Vehicle Operators will be required to submit a Compliance Plan indicating the disposition (salvage, replace, remove from service, etc.) date for each non-compliant vehicle ("Compliance Plan") within 30 days of receiving a notice of non-compliance for a vehicle in the Operator's fleet. The Compliance Plan shall provide dates by which the non-compliant vehicle or vehicles in the Operator's fleet will meet the requirements of the LAX Alternative Fuel Vehicle Requirement and a justification for the new date. The Compliance Plan shall be signed under attestation.
  - iii) LAWA's Chief Executive Officer or his/her designee shall review the Operator's Compliance Plan and justification to determine its acceptability and authorize approval or disapproval.
  - iv) Covered Vehicle Operators shall have 30 days to seek review of LAWA's rejection of a Compliance Plan or any parts thereof by LAWA's Chief Executive Officer or his/her designee.
- D. **Default.** Three or more instances of non-compliance with the LAX Alternative Fuel Vehicle Requirement as defined in subsection VII.A above within two years shall be considered a default of the applicable LAX permit, license, contract, lease, Non-Exclusive License Agreement (NELA), concessionaire agreement, and/or Certified Service Provider (CSP) Program. LAWA's Chief Executive Officer or his/her designee may, pursuant to the applicable terms provided therein, suspend or cancel a permit, license, contract, lease, NELA, concessionaire agreement or certified provider certification of non-compliant Covered Vehicle Operators who are not in compliance with this Alternative Fuel Vehicle Requirement. In addition, LAWA's Chief Executive Officer or his/her designee may seek to recoup LAWA's administrative costs from non-compliant operators.

**IX. Periodic Review.** This Requirement will be reviewed and updated periodically as deemed necessary by LAWA.

# **ATTACHMENT 1**

(The following administrative requirements are language only  
There are no forms to be submitted)

**Affirmative Action**

## **AFFIRMATIVE ACTION**

Pursuant to the LAAC, Division 10, Chapter 1, Article 1, Sections 10.8. et seq. and the Board of Airport Commissioners Resolution No. 23772, it is the policy of the City of Los Angeles to require each person or entity contracting for goods or services to comply with the Non-discrimination, Equal Employment Practices, and Affirmative Action Program provisions of the City of Los Angeles.

All Bidders/Proposers must agree to adhere to the Non-Discrimination provision, designate an Equal Employment Opportunity Officer and provide his/her contact info in the Vendor Identification Form enclosed in this administrative requirements package.

Los Angeles Administrative Code Section 10.8 to 10.8.4

**Sec. 10.8. Mandatory Provisions Pertaining to Non-discrimination in Employment in the Performance of City Contracts.**

The City of Los Angeles, in letting and awarding contracts for the provision to it or on its behalf of goods or services of any kind or nature, intends to contract only with those contractors that comply with the non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California and the City of Los Angeles. The City and each of its awarding authorities shall therefore require that any person, firm, corporation, partnership or combination thereof that contracts with the City for services, materials or supplies, shall not discriminate in any of its hiring or employment practices, shall comply with all provisions pertaining to non-discrimination in hiring and employment, and shall require Affirmative Action Programs in contracts in accordance with the provisions of this Code. The awarding authority and/or Office of Contract Compliance of the Department of Public Works shall monitor and inspect the activities of each contractor to determine that they are in compliance with the provisions of this chapter.

Although in accordance with Section 22.359 of this Code, the Board of Public Works, Office of Contract Compliance, is responsible for the administration of the City's Contract Compliance Program, accomplishing the intent of the City in contract compliance and achieving non-discrimination in contractor employment shall be the continuing responsibility of each awarding authority. Each awarding authority shall use only the rules, regulations and forms provided by the Office of Contract Compliance to monitor, inspect or investigate contractor compliance with the provisions of this chapter.

Each awarding authority shall provide immediate notification upon award of each contract by that awarding authority to the Office of Contract Compliance. Each awarding authority shall call upon the Office of Contract Compliance to review, evaluate and recommend on any contractual dispute or issue of noncompliance under the provisions of this chapter. The Office of Contract Compliance shall be notified by each awarding authority of any imminent announcement to bid, to allow the Office of Contract Compliance the opportunity to participate with the awarding authority in the monitoring, review, evaluation, investigation, audit and enforcement of the provisions of this chapter in accordance with the rules, regulations and forms promulgated to implement the City's Contract Compliance, Equal Employment Practices Program.

SECTION HISTORY

Based on Ord. No. 132,533, Eff. 7-25-66.

Amended by: Ord. No. 147,030, Eff. 4-28-75; Ord. No. 173,186, Eff. 5-22-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

**Sec. 10.8.1. Definitions.**

Except for Section 10.8.2.1, the following definitions shall apply to the following terms used in this article:

**"Awarding Authority"** means any Board or Commission of the City of Los Angeles, or any authorized employee or officer of the City of Los Angeles, including the Purchasing Agent of the City of Los Angeles, who makes or enters into any contract or agreement for the provision of any goods or services of any kind or nature whatsoever for, or on behalf of, the City of Los Angeles.

**"Contract"** means any agreement, franchise, lease or concession, including agreements for any occasional professional or technical personal services, for the performance of any work or service, the provision of any materials or supplies, or the rendition of any service to the City of Los Angeles or to the public, which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any Awarding Authority thereof. Contracts where the provisions of this article would conflict with federal or state grant funded contracts, or conflict with the terms of the grant or subvention, as determined by the DAA, are exempt.

**"Contractor"** means any person, firm, corporation, partnership or any combination thereof, who enters into a contract with any Awarding Authority of the City of Los Angeles.

**"Designated Administrative Agency (DAA)"** means the Department of Public Works, Office of Contract Compliance created by Article X of Chapter 13 of Division 22 of the Los Angeles Administrative Code. That office is also known as the Department of Public Works, Bureau of Contract Administration.

**"Domestic Partners"** means, for purposes of this article, any two adults, of the same or different sex, who have registered with a governmental entity pursuant to state or local law authorizing this registration or with an internal registry maintained by an employer of at least one of the domestic partners.

**"Employment Practices"** means any solicitation of, or advertisement for, employees, employment, change in grade or work assignment, assignment or change in place or location of work, layoff, suspension or termination of employees, rate of pay or other form of compensation including vacation, sick and compensatory time, selection for training, including apprenticeship programs, any and all employee benefits and activities, promotion and upgrading, and any and all actions taken to discipline employees for infractions of work rules or employer requirements.

**"Minority"** is defined to mean "minority person" as the phrase is defined in Subsection (f) of Section 2000 of the California Public Contract Code, as amended from time to time.

**"Subcontractor"** means any person, firm or corporation or partnership, or any combination thereof, who enters into a contract with a Contractor to perform or provide a portion or part of any Contract with the City.

SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; "Affirmative Action," Ord. No. 164,516, Eff. 4-13-89; "Affirmative Action," Ord. No. 168,244, Eff. 10-18-92; "Domestic partners" added, Ord. No. 172,909, Eff. 1-9-00; first two definitions deleted, Ord. No. 173,186, Eff. 5-22-00; "Domestic partners," Ord. No. 175,115, Eff. 4-12-03; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

#### **Sec. 10.8.1.1. Summary of Thresholds.**

The following thresholds will be used to determine the non-discrimination and affirmative action requirements set forth in this chapter for each type of contract.

**Non-discrimination Practices** as outlined in Section 10.8.2 of this Code apply to all contracts.

**Equal Employment Practices** as outlined in Section 10.8.3 of this Code apply to all construction contracts of \$1,000 or more and all non-construction contracts of \$1,000 or more.

**Affirmative Action Program** as outlined in Sections 10.8.4 and 10.13 of this Code applies to all Construction Contracts of \$25,000 or more and all non-Construction Contracts of \$25,000 or more.

#### SECTION HISTORY

Added by Ord. No. 173,186, Eff. 5-22-00.

Amended by: In Entirety, Ord. No. 184,292, Eff. 6-27-16.

#### **Sec. 10.8.2. All Contracts: Non-discrimination Clause.**

Notwithstanding any other provision of any ordinance of the City of Los Angeles to the contrary, every Contract which is let, awarded or entered into with or on behalf of the City of Los Angeles, shall contain by insertion therein a provision obligating the Contractor in the performance of such Contract not to discriminate in his or her Employment Practices against any employee or applicant for employment because of the applicant's race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition. All Contractors who enter into such Contracts with the City shall include a like provision in all subcontracts awarded for work to be performed under the Contract with the City. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City. Nothing contained in this Contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

#### SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Ord. No. 164,516, Eff. 4-13-89; Ord. No. 168,244, Eff. 10-18-92; Title and Sec., Ord. No. 172,910, Eff. 1-9-00; Title and Section, Ord. No. 173,186, Eff. 5-22-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

**Sec. 10.8.2.1. Equal Benefits Ordinance.**

(a) **Legislative Findings.** The City awards many contracts to private firms to provide services to the public and to City government. Many City contractors and subcontractors perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City holds a proprietary interest in the work performed by many employees employed by City contractors and subcontractors. In a very real sense, the success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by these businesses.

Discrimination in the provision of employee benefits between employees with domestic partners and employees with spouses results in unequal pay for equal work. Los Angeles law prohibits entities doing business with the City from discriminating in employment practices based on marital status and/or sexual orientation. The City's departments and contracting agents are required to place in all City contracts a provision that the company choosing to do business with the City agrees to comply with the City's nondiscrimination laws.

It is the City's intent, through the contracting practices outlined in this Ordinance, to assure that those companies wanting to do business with the City will equalize the total compensation between similarly situated employees with spouses and with domestic partners. The provisions of this Ordinance are designed to ensure that the City's contractors will maintain a competitive advantage in recruiting and retaining capable employees, thereby improving the quality of the goods and services the City and its people receive, and ensuring protection of the City's property.

(b) **Definitions.** For purposes of the Equal Benefits Ordinance only, the following shall apply.

(1) **Awarding Authority** means any Board or Commission of the City, or any employee or officer of the City, that is authorized to award or enter into any Contract, as defined in this ordinance, on behalf of the City, and shall include departments having control of their own funds and which adopt policies consonant with the provisions of the Equal Benefits Ordinance.

(2) **Benefits** means any plan, program or policy provided or offered by a Contractor to its employees as part of the employer's total compensation package. This includes but is not limited to the following types of benefits: bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, and travel benefits.

(3) **Cash Equivalent** means the amount of money paid to an employee with a Domestic Partner (or spouse, if applicable) in lieu of providing Benefits to the employee's Domestic Partner (or spouse, if applicable). The Cash Equivalent is equal to the direct expense to the employer of providing Benefits to an employee for his or her Domestic Partner (or spouse, if

applicable) or the direct expense to the employer of providing Benefits for the dependents and family members of an employee with a Domestic Partner (or spouse, if applicable).

(4) **City** means the City of Los Angeles.

(5) **Contract** means an agreement the value of which exceeds \$25,000. It includes agreements for work or services to or for the City; for public works or improvements to be performed; agreements for the purchase of goods, equipment, materials, or supplies; or grants to be provided, at the expense of the City or to be paid out of monies under the control of the City. The term also includes a Lease or License, as defined in the Equal Benefits Ordinance.

(6) **Contractor** means any person or persons, firm, partnership, corporation, joint venture, or any combination of these, or any governmental entity acting in its proprietary capacity, that enters into a Contract with any Awarding Authority of the City. The term does not include Subcontractors.

(7) **Designated Administrative Agency (DAA)** means the Department of Public Works, Bureau of Contract Administration.

(8) **Domestic Partner** means any two adults, of the same or different sex, who have registered as domestic partners with a governmental entity pursuant to state or local law authorizing this registration or with an internal registry maintained by the employer of at least one of the domestic partners.

(9) **Equal Benefits Ordinance** means Los Angeles Administrative Code Section 10.8.2.1, *et seq.*, as amended from time to time.

(10) **Equal Benefits** means the equality of benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(11) **Lease or License** means any agreement allowing others to use property owned or controlled by the City, any agreement allowing others the use of City property in order to provide services to or for the City, such as for concession agreements, and any agreement allowing the City to use property owned or controlled by others.

(12) **Subcontractor** means any person or persons, firm, partnership, corporation, joint venture, or any combination of these, and any governmental entity, that assists the Contractor in performing or fulfilling the terms of the Contract. Subcontractors are not subject to the requirements of the Equal Benefits Ordinance unless they otherwise have a Contract directly with the City.

(c) **Equal Benefits Requirements.**

(1) No Awarding Authority of the City shall execute or amend any Contract with any Contractor that discriminates in the provision of Benefits between employees with spouses and employees with Domestic Partners, between spouses of employees and Domestic Partners of employees, and between dependents and family members of spouses and dependents and family members of Domestic Partners.

(2) A Contractor must permit access to, and upon request, must provide certified copies of all of its records pertaining to its Benefits policies and its employment policies and practices to the DAA, for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance.

(3) A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment: "During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners." The posted statement must also include a City contact telephone number which will be provided each Contractor when the Contract is executed.

(4) A Contractor must not set up or use its contracting entity for the purpose of evading the requirements imposed by the Equal Benefits Ordinance.

**(d) Other Options for Compliance.** Provided that the Contractor does not discriminate in the provision of Benefits, a Contractor may also comply with the Equal Benefits Ordinance in the following ways:

(1) A Contractor may provide an employee with the Cash Equivalent only if the DAA determines that either:

a. The Contractor has made a reasonable, yet unsuccessful effort to provide Equal Benefits; or

b. Under the circumstances, it would be unreasonable to require the Contractor to provide Benefits to the Domestic Partner (or spouse, if applicable).

(2) Allow each employee to designate a legally domiciled member of the employee's household as being eligible for spousal equivalent Benefits.

(3) Provide Benefits neither to employees' spouses nor to employees' Domestic Partners.

**(e) Applicability.**

(1) Unless otherwise exempt, a Contractor is subject to and shall comply with all applicable provisions of the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to a Contractor's operations as follows:

a. A Contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the Contract.

b. A Contractor's operations on real property located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the Contractor's presence at or on that property is connected to a Contract with the City.

c. The Contractor's employees located elsewhere in the United States but outside of the City limits if those employees are performing work on the City Contract.

(3) The requirements of the Equal Benefits Ordinance do not apply to collective bargaining agreements ("CBA") in effect prior to January 1, 2000. The Contractor must agree to propose to its union that the requirements of the Equal Benefits Ordinance be incorporated into its CBA upon amendment, extension, or other modification of a CBA occurring after January 1, 2000.

**(f) Mandatory Contract Provisions Pertaining to Equal Benefits.** Unless otherwise exempted, every Contract shall contain language that obligates the Contractor to comply with the applicable provisions of the Equal Benefits Ordinance. The language shall include provisions for the following:

(1) During the performance of the Contract, the Contractor certifies and represents that the Contractor will comply with the Equal Benefits Ordinance.

(2) The failure of the Contractor to comply with the Equal Benefits Ordinance will be deemed to be a material breach of the Contract by the Awarding Authority.

(3) If the Contractor fails to comply with the Equal Benefits Ordinance the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.

(4) Failure to comply with the Equal Benefits Ordinance may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

(5) If the DAA determines that a Contractor has set up or used its Contracting entity for the purpose of evading the intent of the Equal Benefits Ordinance, the Awarding Authority may terminate the Contract on behalf of the City. Violation of this provision may be used as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

**(g) Administration.**

(1) The DAA is responsible for the enforcement of the Equal Benefits Ordinance for all City Contracts. Each Awarding Authority shall cooperate to the fullest extent with the DAA in its enforcement activities.

(2) In enforcing the requirements of the Equal Benefits Ordinance, the DAA may monitor, inspect, and investigate to ensure that the Contractor is acting in compliance with the Equal Benefits Ordinance. Contractor's failure to cooperate with the DAA may result in a determination by the DAA that the Contractor is not in compliance with the Equal Benefits Ordinance, which may subject the Contractor to enforcement measures set forth in Section 10.8.2.1(h).

(3) The DAA shall promulgate rules and regulations and forms for the implementation of the Equal Benefits Ordinance. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

**(h) Enforcement.**

(1) If the Contractor fails to comply with the Equal Benefits Ordinance:

a. The failure to comply may be deemed to be a material breach of the Contract by the Awarding Authority; or

b. The Awarding Authority may cancel, terminate or suspend, in whole or in part, the contract; or

c. Monies due or to become due under the Contract may be retained by the City until compliance is achieved;

d. The City may also pursue any and all other remedies at law or in equity for any breach.

e. The City may use failure to comply with the Equal Benefits Ordinance as evidence against the Contractor in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40, *et seq.*, Contractor Responsibility Ordinance.

**(i) Non-applicability, Exceptions and Waivers.**

(1) Upon request of the Awarding Authority, the DAA may waive compliance with the Equal Benefits Ordinance under the following circumstances:

a. The Contract is for the use of City property, and there is only one prospective Contractor willing to enter into the Contract; or

b. The Contract is for needed goods, services, construction of a public work or improvement, or interest in or right to use real property that is available only from a single prospective Contractor, and that prospective Contractor is otherwise qualified and acceptable to the City; or

c. The Contract is necessary to respond to an emergency that endangers the public health or safety, and no entity which complies with the requirements of the Equal Benefits Ordinance capable of responding to the emergency is immediately available; or

d. The City Attorney certifies in writing that the Contract involves specialized litigation requirements such that it would be in the best interests of the City to waive the requirements of the Equal Benefits Ordinance; or

e. The Contract is (i) with a public entity; (ii) for goods, services, construction of a public work or improvement, or interest in or right to use real property; and (iii) that is either not available from another source, or is necessary to serve a substantial public interest. A Contract for interest in or the right to use real property shall not be considered as not being available from another source unless there is no other site of comparable quality or accessibility available from another source; or

f. The requirements of the Equal Benefits Ordinance will violate or are inconsistent with the terms or conditions of a grant, subvention or agreement with a public agency or the instructions of an authorized representative of the agency with respect to the grant, subvention or agreement, provided that the Awarding Authority has made a good faith attempt to change the terms or conditions of the grant, subvention or agreement to authorize application of the Equal Benefits Ordinance; or

g. The Contract is for goods, a service or a project that is essential to the City or City residents and there are no qualified responsive bidders or prospective Contractors who could be certified as being in compliance with the requirements of the Equal Benefits Ordinance; or

h. The Contract involves bulk purchasing arrangements through City, federal, state or regional entities that actually reduce the City's purchasing costs and would be in the best interests of the City.

(2) The Equal Benefits Ordinance does not apply to contracts which involve:

a. The investment of trust monies, bond proceeds or agreements relating to the management of these funds, indentures, security enhancement agreements (including, but not limited to, liquidity agreements, letters of credit, bond insurance) for City tax-exempt and taxable financings, deposits of City's surplus funds in financial institutions, the investment of City monies in competitively bid investment agreements, the investment of City monies in securities permitted under the California State Government Code and/or the City's investment policy, investment agreements, repurchase agreements, City monies invested in U.S. government securities or pre-existing investment agreements;

b. Contracts involving City monies in which the Treasurer or the City Administrative Officer finds that either:

(i) No person, entity or financial institution doing business in the City, which is in compliance with the Equal Benefits Ordinance, is capable of performing the desired transaction(s); or

(ii) The City will incur a financial loss or forego a financial benefit which in the opinion of the Treasurer or City Administrative Officer would violate his or her fiduciary duties.

(3) The Equal Benefits Ordinance does not apply to contracts for gifts to the City.

(4) Nothing in this Subsection shall limit the right of the City to waive the provisions of the Equal Benefits Ordinance.

(5) The provisions of this Subsection shall apply to the Equal Benefits Ordinance only. The Equal Benefits Ordinance is not subject to the exemptions provided in Section 10.9 of this Code.

(j) **Consistency with Federal or State Law.** The provisions of the Equal Benefits Ordinance do not apply where the application of these provisions would violate or be inconsistent with the laws, rules or regulations federal or state law, or where the application would violate or be inconsistent with the terms or conditions of a grant or contract with the United States of America, the State of California, or the instruction of an authorized representative of any of these agencies with respect to any grant or contract.

(k) **Severability.** If any provision of the Equal Benefits Ordinance is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

**(l) Timing of Application.**

(1) The requirements of the Equal Benefits Ordinance shall not apply to Contracts executed or amended prior to January 1, 2000, or to bid packages advertised and made available to the public, or any bids received by the City, prior to January 1, 2000, unless and until those Contracts are amended after January 1, 2000 and would otherwise be subject to the Equal Benefits Ordinance.

(2) The requirements of the Equal Benefits Ordinance shall apply to competitively bid Contracts that are amended after April 1, 2003, and to competitively bid Contracts that result from bid packages advertised and made available to the public after May 1, 2003.

(3) Unless otherwise exempt, the Equal Benefits Ordinance applies to any agreement executed or amended after January 1, 2000, that meets the definition of a Contract as defined within Subsection 10.8.2.1(b).

**SECTION HISTORY**

Added by Ord. No. 172,908, Eff. 1-9-00.

Amended by: Ord. No. 173,054, Eff. 2-27-00; Ord. No. 173,058, Eff. 3-4-00; Ord. No. 173,142, Eff. 3-30-00; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 175,115, Eff. 4-12-03; Subsec. (b)(7), Ord. No. 176,155, Eff. 9-22-04; Subsecs. (b)(5) and (g)(2), Ord. No. 184,294, Eff. 6-27-16.

**Sec. 10.8.3. Equal Employment Practices Provisions.**

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is \$1,000 or more shall contain the following provisions, which shall be designated as the **EQUAL EMPLOYMENT PRACTICES** provision of such contract:

A. During the performance of this Contract, the Contractor agrees and represents that it will provide Equal Employment Practices and the Contractor and each Subcontractor hereunder will ensure that in his or her Employment Practices persons are employed and employees are treated equally and without regard to, or because of, race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor agrees to post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor will, in all solicitations or advertisements for employees placed by, or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify in the specified format that he or she has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of his or her records pertaining to employment and to employment practices by the awarding authority or the DAA for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of City Contracts. Upon request, the Contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any Contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City Contracts. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has failed to comply with the Equal Employment Practices provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to, and retained by, the City of Los Angeles. In addition thereto, the failure to comply may be the basis for a determination by the Awarding Authority or the DAA that the said Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such a determination, the Contractor shall be disqualified from being awarded a Contract with the City of Los Angeles for a period of two years, or until the Contractor shall establish and carry out a program in conformance with the provisions hereof.

G. Notwithstanding any other provision of this contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

H. The Board of Public Works shall promulgate rules and regulations through the DAA, and provide necessary forms and required language to the Awarding Authorities to be included in City Request for Bids or Request for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this Contract, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish the contract compliance program.

I. Nothing contained in this Contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. By affixing its signature on a Contract that is subject to this article, the Contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with employment practices, including, but not limited to:

1. hiring practices;
2. apprenticeships where approved programs are functioning and other on-the-job training for non-apprenticeable occupations;
3. training and promotional opportunities; and
4. reasonable accommodations for persons with disabilities.

L. All Contractors subject to the provisions of this section shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City, and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Subcontracts shall follow the same thresholds specified in Section 10.8.1.1. Failure of the Contractor to comply with this requirement or to

obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

#### SECTION HISTORY

Amended by: Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsec. C., Ord. No. 168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

#### **Sec. 10.8.4. Affirmative Action Program Provisions.**

Every non-construction and construction Contract with, or on behalf of, the City of Los Angeles for which the consideration is \$25,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such Contract:

A. During the performance of a City Contract, the Contractor certifies and represents that the Contractor and each Subcontractor hereunder will adhere to an Affirmative Action Program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

1. This section applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The Contractor shall post a copy of Paragraph A., hereof, in conspicuous places at its place of business available to employees and applicants for employment.

B. The Contractor shall, in all solicitations or advertisements for employees placed, by or on behalf of, the Contractor, state that all qualified applicants will receive consideration for employment without regard to their race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

C. At the request of the Awarding Authority or the DAA, the Contractor shall certify on an electronic or hard copy form to be supplied, that the Contractor has not discriminated in the performance of City Contracts against any employee or applicant for employment on the basis or because of race, color, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status, domestic partner status or medical condition.

D. The Contractor shall permit access to, and may be required to provide certified copies of, all of its records pertaining to employment and to its employment practices by the Awarding Authority or the DAA for the purpose of investigation to ascertain compliance with the

Affirmative Action Program provisions of City Contracts and, upon request, to provide evidence that it has or will comply therewith.

E. The failure of any Contractor to comply with the Affirmative Action Program provisions of City Contracts may be deemed to be a material breach of a City Contract. The failure shall only be established upon a finding to that effect by the Awarding Authority, on the basis of its own investigation or that of the DAA. No finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the Contractor.

F. Upon a finding duly made that the Contractor has breached the Affirmative Action Program provisions of a City Contract, the Contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the Awarding Authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, the breach may be the basis for a determination by the Awarding Authority or the Board of Public Works that the Contractor is a non-responsible bidder or proposer pursuant to the provisions of Section 10.40 of this Code. In the event of such determination, the Contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the Contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City Contract, there may be deducted from the amount payable to the Contractor by the City of Los Angeles under the contract, a penalty of ten dollars for each person for each calendar day on which the person was discriminated against in violation of the provisions of a City Contract.

H. Notwithstanding any other provisions of a City Contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the DAA and provide to the Awarding Authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an Awarding Authority of the City to accomplish this contract compliance program.

J. Nothing contained in City Contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. By affixing its signature to a Contract that is subject to this article, the Contractor shall agree to adhere to the provisions in this article for the duration of the Contract. The Awarding Authority may also require Contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Program.

1. The Contractor certifies and agrees to immediately implement good faith effort measures to recruit and employ minority, women and other potential employees in a non-discriminatory manner including, but not limited to, the following actions as appropriate and available to the Contractor's field of work. The Contractor shall:

- (a) Recruit and make efforts to obtain employees through:
  - (i) Advertising employment opportunities in minority and other community news media or other publications.
  - (ii) Notifying minority, women and other community organizations of employment opportunities.
  - (iii) Maintaining contact with schools with diverse populations of students to notify them of employment opportunities.
  - (iv) Encouraging existing employees, including minorities and women, to refer their friends and relatives.
  - (v) Promoting after school and vacation employment opportunities for minority, women and other youth.
  - (vi) Validating all job specifications, selection requirements, tests, etc.
  - (vii) Maintaining a file of the names and addresses of each worker referred to the Contractor and what action was taken concerning the worker.
  - (viii) Notifying the appropriate Awarding Authority and the DAA in writing when a union, with whom the Contractor has a collective bargaining agreement, has failed to refer a minority, woman or other worker.
- (b) Continually evaluate personnel practices to assure that hiring, upgrading, promotions, transfers, demotions and layoffs are made in a non-discriminatory manner so as to achieve and maintain a diverse work force.
- (c) Utilize training programs and assist minority, women and other employees in locating, qualifying for and engaging in the training programs to enhance their skills and advancement.
- (d) Secure cooperation or compliance from the labor referral agency to the Contractor's contractual Affirmative Action Program obligations.
- (e) Establish a person at the management level of the Contractor to be the Equal Employment Practices officer. Such individual shall have the authority to disseminate and enforce the Contractor's Equal Employment and Affirmative Action Program policies.

(f) Maintain records as are necessary to determine compliance with Equal Employment Practices and Affirmative Action Program obligations and make the records available to City, State and Federal authorities upon request.

(g) Establish written company policies, rules and procedures which shall be encompassed in a company-wide Affirmative Action Program for all its operations and Contracts. The policies shall be provided to all employees, Subcontractors, vendors, unions and all others with whom the Contractor may become involved in fulfilling any of its Contracts.

(h) Document its good faith efforts to correct any deficiencies when problems are experienced by the Contractor in complying with its obligations pursuant to this article. The Contractor shall state:

- (i) What steps were taken, how and on what date.
- (ii) To whom those efforts were directed.
- (iii) The responses received, from whom and when.
- (iv) What other steps were taken or will be taken to comply and when.
- (v) Why the Contractor has been or will be unable to comply.

2. Every contract of \$25,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall also comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

L. The Affirmative Action Program required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Awarding Authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

- 1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
- 2. Classroom preparation for the job when not apprenticeable;
- 3. Pre-apprenticeship education and preparation;
- 4. Upgrading training and opportunities;
- 5. Encouraging the use of Contractors, Subcontractors and suppliers of all racial and ethnic groups; provided, however, that any contract subject to this ordinance shall require the Contractor, Subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the Contractor's, Subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journeymen into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

M. Any adjustments which may be made in the Contractor's work force to achieve the requirements of the City's Affirmative Action Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

N. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and shall have application only to discriminatory employment practices by Contractors engaged in the performance of City Contracts.

O. All Contractors subject to the provisions of this article shall include a similar provision in all subcontracts awarded for work to be performed under the Contract with the City and shall impose the same obligations including, but not limited to, filing and reporting obligations, on the Subcontractors as are applicable to the Contractor. Failure of the Contractor to comply with this requirement or to obtain the compliance of its Subcontractors with all such obligations shall subject the Contractor to the imposition of any and all sanctions allowed by law, including, but not limited to, termination of the Contractor's Contract with the City.

#### SECTION HISTORY

Amended by Ord. No. 147,030, Eff. 4-28-75; Subsecs. A., B., C., Ord. No. 164,516, Eff. 4-13-89; Subsecs. B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; In Entirety, Ord. No. 184,292, Eff. 6-27-16.

# Assignment of Anti-Trust Claims

## **ASSIGNMENT OF ANTI-TRUST CLAIMS**

It is the policy of Los Angeles World Airports ("LAWA") to inform each Bidder/Proposer that in submitting a bid/proposal to LAWA, the Bidder/Proposer may be subject to California Government Code Sections 4550 – 4554. If applicable, the Bidder/Proposer offers and agrees that if the bid is accepted, it will assign to LAWA all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act or under the Cartwright Act, arising from purchases of goods, services, or materials by the Bidder/Proposer. Such assignment is made and becomes effective at the time LAWA tenders final payment to the Bidder/Proposer.

# **GOVERNMENT CODE**

## **SECTION 4550-4554**

4550. As used in this chapter:

(a) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the state or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.

(b) "Public purchasing body" means the state or the subdivision or agency making a public purchase.

4552. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder.

The preceding provisions of this section shall be included in full in any specifications for the public purchase and shall be included in full in the bid agreement or general provisions incorporated into the bid agreement.

4553. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery.

In state contracts, the preceding provisions of this section shall be included in full in any specifications for the public purchase and shall be included in full in the bid agreement or general provisions incorporated into the bid agreement.

4554. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action.

In state contracts, the preceding provisions of this section shall be included in full in any specifications for the public purchase and shall be included in full in the bid agreement or general provisions incorporated into the bid agreement.

# Child Support Obligations

## **CHILD SUPPORT OBLIGATIONS**

Pursuant to the LAAC, Division 10, Chapter 1, Article 1, Section 10.10, contractors and subcontractors performing work for the City must comply with all reporting requirements and Wage and Earning Assignment Orders relative to legally mandated child support and certify that contractors/subcontractors will maintain such compliance throughout the term of the contract.

## **Sec. 10.10. Child Support Assignment Orders.**

### **a. Definitions.**

1. **Awarding Authority** means a subordinate or component entity or person of the City (such as a City department or Board of Commissioners) that has the authority to enter into a contract or agreement for the provision of goods or services on behalf of the City of Los Angeles.

2. **Contract** means any agreement, franchise, lease or concession including an agreement for any occasional professional or technical personal services, the performance of any work or service, the provision of any materials or supplies, or the rendering of any service to the City of Los Angeles or to the public which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

3. **Contractor** means any person, firm, corporation, partnership or any combination thereof which submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

4. **Subcontractor** means any person, firm, corporation, partnership or any combination thereof who enters into a contract with a contractor to perform or provide a portion of any contract with the City.

5. **Principal Owner** means any person who owns an interest of 10 percent or more in a contractor or subcontractor as defined herein.

b. **Mandatory Contract Provisions.** Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§5230 *et seq.* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

Failure of a contractor or subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignments or Notices of Assignment or failure of the principal owner(s) to comply with any Wage and Earnings Assignments or Notices of Assignment applicable to them personally shall constitute a default under the contract. Failure of the contractor or

subcontractor or principal owner thereof to cure the default within 90 days of notice of such default by the City shall subject the contract to termination.

c. **Notice to Bidders.** Each awarding authority shall be responsible for giving notice of the provisions of this ordinance to those who bid on, or submit proposals for, prospective contracts with the City.

d. **Current Contractor Compliance.** Within 30 days of the operative date of this ordinance, the City, through its operating departments, shall serve upon existing contractors a written request that they and their subcontractors (if any) comply with all applicable State and Federal employment reporting requirements for the contractor and subcontractor's employees, that they certify that the principal owner(s) of the contractor and any subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor and subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§5230 *et seq.* and that the contractor and subcontractor will maintain such compliance throughout the term of the contract.

e. **City's Compliance with California Family Code.** The City shall maintain its compliance with the provisions of California Family Code §§5230 *et seq.* and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

### **f. Report of Employees Names to District Attorney.**

1. The City shall maintain its current practice of assisting the District Attorney's support enforcement activities by annually reporting to the Los Angeles County District Attorney the names of all of its employees and retirees so that the District Attorney may identify those employees and retirees subject to Wage and Earnings Assignment Orders and Notices of Assignment and may establish court orders for support, where appropriate. Should the District Attorney so request it, the City will provide such information on a more frequent basis.

2. All applicants for employment with the City of Los Angeles will be asked to acknowledge their responsibility to comply with any court-ordered support obligations and will be advised of the City's practice of assisting the District Attorney as described in the provisions of Subsection f.1., above.

## **SECTON HISTORY**

Added by Ord. No. 172,401, Eff.2-13-99.

First Source Hiring

## **FIRST SOURCE HIRING PROGRAM**

Pursuant to Resolution No. 22674 adopted by Board of Airport Commissioners on April 18, 2005, any contract awarded July 1, 2005 and thereafter shall be subject to the applicable provisions of the First Source Hiring Program (FSHP) for LAX airport jobs. This program will provide early access to targeted applicants for available LAX airport jobs, and employers will receive prompt, cost-free referrals of qualified and trained applicants.

All Contractors, Lessees, Licensees, and Construction Contractors with non-trade jobs, with new, amended, or renewed contracts will be required to participate in this program. As such, the FSHP will be incorporated as a material term of all LAX airport contracts, lease agreements and licensing or permitting agreements.

LAX employers with open non-construction positions must contact the FSHP, register their company and post their positions on the Applicant Tracking System (ATS) prior to posting their positions to the general public.

Failure to comply with this contract provision may result in liquidated damages of \$1,000.00.

For additional information regarding First Source Hiring Program please contact: Business and Job Resources Center, First Source Hiring Program, 6053 W. Century Blvd., 3rd Floor, Los Angeles, CA 90045, (424) 646-7300, (424) 646-9257 fax., web: <https://www.lawa.org/en/lawa-employment/lawa-business-and-job-resources-center>

Labor Peace Agreement

## **LABOR PEACE AGREEMENT**

As per BOAC Resolution 23437 from October 15, 2007, Los Angeles World Airports (LAWA) requires prior to the contract execution and/or contract amendment that: (i) Concessionaire shall have a signed Labor Peace Agreement (LPA) with the labor organizations representing or seeking to represent concession workers at the premises covered by the Agreement; (ii) Concessionaire shall have submitted to LAWA a copy of such LPA, executed by all of the parties; and (iii) such LPA shall prohibit such labor organizations and their members from engaging in picketing, work stoppages, boycotts or other economic interference with the business of Concessionaire at any of the airports operated by LAWA for the duration of the Agreement.

For additional information on Labor Peace Agreement compliance at LAWA, please go to <https://www.lawa.org/lawa-businesses/lawa-administrative-requirements/labor-peace-agreement> or contact 424-646-5380.

# Living Wage Ordinance

## LIVING WAGE ORDINANCE

Unless otherwise exempt in accordance with the provisions of the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., as amended from time to time (the "LWO"), (i) contractors under service contracts primarily for the furnishing of services to or for the City and that involve an expenditure or receipt in excess of \$25,000 and a contract term of at least three (3) months, (ii) certain lessees and licensees of City property, and (iii) certain recipients of City financial assistance, shall comply with the provisions of the LWO.

Generally, the LWO requirements include, among other things : (i) Wages: employers shall pay its employees a wage of no less than the hourly rates set under the LWO; and (ii) Compensated Days Off: employers shall provide at least twelve (12) compensated days off per year for sick leave, vacation or personal necessity at the employee's request, and employers shall also permit its employees to take at least an additional ten (10) days a year of uncompensated time to be used for sick leave for the illness of the employee or a member of his or her immediate family where the employee has exhausted his or her compensated days off for that year.

For "Airport Employees," the living wage rate, effective **July 1, 2022**, is **\$18.04** per hour. Additionally, in accordance with Section 10.37.3(a) of the LWO, the health benefits are to be adjusted consistent with Section 10.37.2(a). Consequently, the health benefits will increase to **\$5.77** per hour or **\$23.81** per hour without health benefits.

**Compliance with LWO does not require any form to be submitted with the bid/proposal**, however, if the Bidders/Proposers believe that they meet the qualifications for one of the LWO Statutory Exemptions (Collective bargaining agreement with supersession language or Occupational license; 501(c)(3) Non-Profit Organizations or One-Person Contractors; Small Business (for lessees and licensees only)), they shall submit with their bid/proposal one of the exemption forms along with supporting documents.

**Once the contract is executed**, the contractor is required to complete and submit the following forms:

- [Employee Information Form](#)
- [Subcontractor Information Form](#)

All the forms pertaining to LWO compliance are available at: <https://bca.lacity.org/LWO%20Printable%20Forms>. Please follow the instructions on the forms for completion and submittal. If you have questions about LWO compliance at LAWA, please contact us at 424-646-5380 or [procurementrequirements@lawa.org](mailto:procurementrequirements@lawa.org).

For the most current LWO rates, rules and regulations, please visit the Department of Public Works' website at <http://bca.lacity.org> or contact the Bureau of Contract Administration, Office of Contract Compliance, 1149 S. Broadway St., Suite 300, Los Angeles, CA 90015; phone: (213) 847-2625 - Email: [bca.eeoe@lacity.org](mailto:bca.eeoe@lacity.org)

# City of Los Angeles

## CALIFORNIA



**Eric Garcetti**  
**MAYOR**

### **CURRENT AND PRIOR LIVING WAGE RATES FOR AIRPORT EMPLOYEES**

<b>EFFECTIVE DATES</b>	<b>CASH WAGE + HEALTH BENEFITS (HB)</b>	<b>FULL CASH WAGE*</b>
July 1, 2022 – June 30, 2023	\$18.04 + \$5.77 per hour in HB	\$23.81 per hour
July 1, 2021 – June 30, 2022	\$17.00 + \$5.67 per hour in HB	\$22.67 per hour
July 1, 2020 – June 30, 2021	\$16.50 + \$5.55 per hour in HB	\$22.05 per hour
July 1, 2019 – June 30, 2020	\$15.25 + \$5.34 per hour in HB	\$20.59 per hour
July 1, 2018 – June 30, 2019	\$13.75 + \$5.24 per hour in HB	\$18.99 per hour
July 1, 2017 - June 30, 2018	\$12.08 + \$5.18 per hour in HB	\$17.26 per hour
Oct 5, 2016 - June 30, 2017	\$11.68 + \$5.05 per hour in HB	\$16.73 per hour
July 1, 2016 – Oct 4, 2016	\$11.27 + \$4.91 per hour in HB	\$16.18 per hour
July 1, 2015 - June 30, 2016	\$11.17 + \$4.87 per hour in HB	\$16.04 per hour
July 1, 2014 - June 30, 2015	\$11.03 + \$4.81 per hour in HB	\$15.84 per hour
July 1, 2013 - June 30, 2014	\$10.91 + \$4.76 per hour in HB	\$15.67 per hour
July 1, 2012 - June 30, 2013	\$10.70 + \$4.67 per hour in HB	\$15.37 per hour

\*The "Full Cash Wage" is the wage rate that employees must receive if their employer does not provide them with health benefits.

### **For additional information or assistance, call:**

City of Los Angeles  
Department of Public Works  
Bureau of Contract Administration  
Office of Contract Compliance  
1149 S. Broadway Street, Suite 300  
Los Angeles, CA 90015  
**Phone: (213) 847-2625 – Email: [bca.eeoe@lacity.org](mailto:bca.eeoe@lacity.org)**

ADDENDUM NO. 2  
POSTED ON RAMPLA.ORG 09/1/2022  
REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS

TO ALL PROSPECTIVE BIDDERS:

This addendum revises the Request for Bids for a Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 1, 2022.

9/15/22  
Date

*Denise Sample*  
Denise Sample  
Commercial Development Division  
Los Angeles World Airports

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**CERTIFICATE BY RESPONDENT**

I acknowledge receipt of this Addendum Number 2 for Request for Bids for Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 15, 2022, and that the request for bids is in accordance with the information, instructions and stipulations set forth herein.

Signed By: \_\_\_\_\_

Company \_\_\_\_\_

Phone \_\_\_\_\_

**IMPORTANT:** This **signed** addendum acknowledgement (page no. 1 only) must accompany your submittal.

**ADDENDUM NO. 2  
POSTED ON RAMPLA.ORG 09/1/2022  
REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

**(1) Revisions to the RFB document**

1. Revise Bid Due Date

From: Monday, September 19, 2022  
11:59 PM – Pacific Daylight Time

To: **Wednesday, September 28, 2022**  
**11:59 PM - Pacific Daylight Time**

2. Revise Attachment F: Non-Exclusive Vending Machine RFB Financial Bid Form

From:  
During the term of this Concession Agreement, for and in consideration of City executing this Concession Agreement and granting the rights herein enumerated, Operator will pay to City a monthly concession fee of the greater of a Minimum Monthly Guarantee (MMG) of One Hundred Dollars (\$100.00) per vending machine unit or a percentage of gross revenues of all vending machine units as bid below (percentage bid must be equal to or greater than ten percent):

To:  
During the term of this Concession Agreement, for and in consideration of City executing this Concession Agreement and granting the rights herein enumerated, Operator will pay to City a monthly concession fee of the greater of a Minimum Monthly Guarantee (MMG) of One Hundred Dollars (\$100.00) per vending machine unit or a percentage of gross receipts of all vending machine units as bid below (percentage bid must be equal to or greater than ten percent):

3. Revise Section 2.1.5 Financial Capability

From:  
e. Written statement from any person or entity to indicate the level of commitment together with the financial information detailed in this section as if the guarantor were the Bidder. For each person or entity, state the experience in managing and operating an ATM business and the proportionate share of the business owned by each person or entity. LAWA reserves the right to require guarantors' financial information if the Bidder is an LLC or LLP.

**ADDENDUM NO. 2  
POSTED ON RAMPLA.ORG 09/1/2022  
REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

To:

e. Written statement from any person or entity to indicate the level of commitment together with the financial information detailed in this section as if the guarantor were the Bidder. For each person or entity, state the experience in managing and operating a traditional vending machine business and the proportionate share of the business owned by each person or entity. LAWA reserves the right to require guarantors' financial information if the Bidder is an LLC or LLP.

**4. Revise Section 2.2.2. Instruction to Bidders**

From:

**b. Minimum Qualifications**

Three years of experience within the last five years in the installation, operation and maintenance of an ATM business with at least 500,000 transactions per year and demonstrated financial capability as determined by LAWA.

To:

**b. Minimum Qualifications**

Three years of experience within the last five years in the installation, operation and maintenance of a traditional vending machine business with at least 500,000 transactions per year and demonstrated financial capability as determined by LAWA.

**(2) LAWA Responses to questions provided by potential bidders:**

1. Can we propose additional vending machine concepts beyond the traditional snack and beverage machines currently in place?

*A: No. This is a Request for Bid (RFB), not a Request for Proposal (RFP). The only considerable factor for award is the proposed percentage rent.*

2. Can we propose coffee vending machines?

*A: See response to question #1. For clarification, coffee vending machines are provided under the current vending machine agreement (see "Machine Area" in Attachment A of the RFB), as well as Section 6.1 of the Draft Vending Machine Agreement (in Attachment C of the RFB).*

3. Can additional vending concepts be incorporated over time even if not explicitly proposed or presented in the response?

*A: No, only the approved concepts under this RFB may be added as needed. A separate RFQ for automated retail vending machine services at Los Angeles*

**ADDENDUM NO. 2  
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REQUEST FOR BIDS  
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*International Airport is currently being developed and will be released shortly. The RFQ will allow for the creation of a shortlist of certified vendors that will be able to be respond to a solicitation to provide additional vending machine concepts, including specialty retail and fresh food and beverage concepts at Los Angeles International Airport (LAX).*

4. Can we propose only certain types (healthy and non-traditional) vending options?

*A: See response to question #1. The contract awardee may propose including certain types of food as long as they fall under one of the vending machine types listed in Section 6.1 of the Draft Concession Agreement (Attachment C).*

5. As the title states “Non-Exclusive Vending Machine Concession RFB” does this mean there could be more than 1 company awarded vending contract or is LAWA considering only a single awardee?

*A: The term “non-exclusive” indicates that LAWA reserves the right to allow other companies to provide this type of vending machine service at LAX and VNY.*

6. Is LAWA looking for non-traditional (such as healthy or retail) vending options, and if so, may it consider awarding certain locations to non-traditional snack and beverage operators?

*A: LAWA welcomes the inclusion of healthy vending options as part of the pre-packaged snack or hot/cold food items sold under this RFB. The retail vending category is not included as part of this RFB. See the response to question #3 for more information.*

7. How or where do we showcase to LAWA each of our branded vending concepts?

*A: The operator awarded the concession agreement as a result of this RFB will have the opportunity to showcase their branded vending concepts as part of the menu and pricing approval process.*

8. Is there a page limit in this RFP?

*A: This is not a RFP. There is no page limit to this RFB.*

9. Can we include an annex that is not part of the page limit, items like pictures, renders, analysis, recommendations, and certifications among other items we think are relevant for the RFP?

*A: See the response to question #9.*

10. Tentatively, what is the earliest planned move in ready date for this contract?

*A: The tentative move-in date is January 2022.*

**ADDENDUM NO. 2  
POSTED ON RAMPLA.ORG 09/1/2022  
REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

11. Can the airport award additional locations to test new and emerging concepts?

*A: No. We can only add locations of the types of vending concepts allowed under this RFB as needed.*

12. Will all the locations be delivered move-in ready or do we need to budget for any utility improvements?

*A: The locations will be delivered as-is and the Operator will be responsible for any utility improvements necessary to operate their vending machines. LAWA will credit the Operator for the cost of necessary utility improvements once the improvements are completed.*

13. Can LAWA provide access to frozen storage for frozen food required by some food concepts?

*A: LAWA is able to lease storage space in the terminals to concessionaires for a fee. However, there is an extremely limited amount of storage space available in the terminals and there is no guarantee any space will be available. The current storage rate within the terminal is \$247.05 per square foot per year.*

14. Will LAWA provide access to janitor's closet for washing and disposal related to the operation of food/drink vending machines?

*A: Only if required by Los Angeles County Department of Public Health.*

15. Can we propose different variable percentages rent by concept/machine type?

*A: No.*

16. Is an alternate compensation structure proposal acceptable?

*A: No.*

17. Some of our concepts are labor and or capital intensive, please confirm it is ok to propose with minimum performance requirements so that if min turnover isn't met, we may remove, relocate, or repurpose equipment or replace with another concept entirely, all subject to airport approval.

*A: See the response to question #1.*

18. Are we free to propose additional potential locations as part of our response?

*A: No.*

19. Will LAWA consider non-traditional organic or healthy snacks (not found in traditional vending machines) for this category?

*A: No.*

**ADDENDUM NO. 2  
POSTED ON RAMPLA.ORG 09/1/2022  
REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

20. For Specialty Coffee, will the airport supply a water line?

*A: See the response to question #12. Locations identified for coffee vending machines will already have water supply lines provided.*

21. Is there a percentage % or point award for each of the evaluation criteria?

*A: No. The bidder that bids to pay the highest percentage of gross receipts will be awarded the concession agreement as long as they meet all of the RFB requirements.*

22. Is LAWA looking for specialty retail vending as well on this RFB?

*A: No.*

23. Is LAWA looking for a single award or multiple awards?

*A: Single award at this time.*

24. To whom should the Bid Bond be made, and what is the address it should be sent?

*A: The Bid Bond should be made out to The City of Los Angeles, Department of Airports or to Los Angeles World Airports. The Bid Bond, along with the completed and signed Instructions for Bid/Proposal Bond Form must be delivered to the following address by the Bid Due Date:*

*LAWA - Commercial Development Division  
Attn: Vimal Patel  
6053 W. Century Blvd, Suite 400  
Los Angeles, CA 90045*

25. What is the rent percentage % of sales in the current vending agreement?

*A: The current vending machine concession operator pays a Monthly Minimum Guarantee (MMG) of the greater of \$100 per vending machine unit or 50.5% of gross receipts.*

26. How will LAWA verify proposer's experience and previous performance?

*A: By reviewing the documents submitted with the bid and contacting references.*

27. Vendor Information Form – Link under BTRC/Vendor Registration Number is no longer valid, can the LAWA please provide an updated link?

*A: LAWA does not manage RAMPLA and is unable to update BTRC/Vendor Registration Number links on its website.*

**ADDENDUM NO. 2  
POSTED ON RAMPLA.ORG 09/1/2022  
REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

28. Our company provides automated retail and specialty vending services to airports. Some of our concepts include food and beverage and others retail. Are we able to respond to the RFB and be considered for specialty vending locations now or in the future even if we are not a traditional snack and beverage operator? Since the award is non-exclusive our hope is we can still participate and get locations over time.

*A: See the response to question #3.*

29. Can you provide a report with the number of cases and products that was sold per vending machine or in total at LAX for vending? I received the sales data in gross dollars and our financials are based on cases or bottles sold. Can you provide that data?

*A: We are only able to provide the monthly sales reports for the past year as that is the only sales information we currently collect (see Attachment B).*

30. Will you require the NDA if the Data Waiver Form is not requested? I would like to limit my personal liability with the data waiver.

*A: Both the completed NDA and Data Waiver Forms must be submitted to [cdgopportunities@lawa.org](mailto:cdgopportunities@lawa.org) in order to obtain access to the current vending machine concession historical sales data.*

31. What is your current commission rate with First Class Vending?

*A: Our agreement is with Bottling Group, LLC. First Class Vending is their sub-contractor. See the response to question #25.*

32. If we are awarded the business and the incumbent decides to match the same with our offering, will LAWA continue with the incumbent?

*A: See Section 1.6B of the RFB document.*

33. The RFB mentions non-exclusivity as important. Does this apply directly to other concessions onsite and vending?

*A: Yes.*

34. Can the vending for beverage and snack only be exclusive?

*A: No.*

35. How many passengers at VNY travel annually?

*A: We are not aware of how often our VNY passengers travel.*

**ADDENDUM NO. 2  
POSTED ON RAMPLA.ORG 09/1/2022  
REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

36. Why is LAWA currently going out to bid?

*A: The current vending machine concession agreement expires September 30, 2022, so we must issue a competitive bid process to award a new concession agreement, per City Charter requirements.*

37. Are there any exceptions requiring our team to provide redlines with the proposal?

*A: No.*

38. What is ATM business described as?

*A: The ATM references in the RFB were in error. Please see the first section of this Addendum for the corrections to the RFB.*

39. Is there ability to grant a one-week extension?

*A: See the first section of this Amendment for revised Bid Due Date.*

40. Will you except a different MAG dollar value and calculation other than \$100/per machine?

*A: No.*

41. Could you please provide annual Sales by machine (Pre-COVID), commission rates, and amount of commissions paid?

*A: See response to question #29.*

42. Who is your current Snack, Beverage & Food Service Vending Provider?

*A: Bottling Group, LLC.*

43. Do you have an Exclusive Beverage Vending and Pouring Rights agreement? If so, who is the vendor and when does this contract end?

*A: No.*

44. Is there a surcharge for credit card transactions, if so, what is the amount?

*A: Customers are not charged a surcharge for credit card transactions.*

45. Does the University have a student card for cashless purchases? If so, what are the fees and who is the student card processor?

*A: LAWA does not offer a student card to any universities for cashless purchases.*

**ADDENDUM NO. 2**  
**POSTED ON RAMPLA.ORG 09/1/2022**  
**REQUEST FOR BIDS**  
**FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION**  
**AT LOS ANGELES WORLD AIRPORTS**

46. Are there any Micro Markets presently? If so, how many? If not, are there any plans to add Micro Markets?

*A: There are no Micro Markets operated by the current concessionaire and there are currently no plans to add them.*

47. In past 2 years, how many times Incumbent has submitted the price increase request?

*A: Once.*

48. Are there separate prices for Public Locations and non-public locations. Please clarify?

*A: Yes. The current vendor offers discounted pricing for non-public locations. LAWA's street pricing policy, which the Operator will be subject to, permits the Operator to sell their products at 18% above comparable off-airport location prices, subject to LAWA review and approval. The Operator will be required to discount non-public location prices by 18% so that their maximum product price will match current street prices.*

49. Please provide the Utility fees paid by the current Vendor in year 2019, 2022 & 2021?

*A: The current vendor does not pay utility fees.*

50. Please clarify if sales tax can be deducted from gross sales for commission calculation?

*A: Sales tax may not be deducted from gross receipts for calculation of the percentage fee to LAWA.*

51. Will awarded bidder be required to drive on the tarmac to service equipment?

*A: Yes, and they will be required to carry the appropriate level of insurance as dictated by LAWA's Risk Management Division.*

52. Are alternative fuel vehicles required for servicing the account?

*A: Refer to Alternative Fuel Vehicle Requirement Program in the Administrative Requirements (Addendum 1).*

ADDENDUM NO. 3  
ADDENDUM POSTED 09/22/2022

REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS

TO ALL PROSPECTIVE BIDDERS:

This addendum revises the Request for Bids for a Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 1, 2022.

09/22/22  
Date

*Denise Sample*  
Denise Sample  
Commercial Development Division  
Los Angeles World Airports

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**CERTIFICATE BY RESPONDENT**

I acknowledge receipt of this Addendum Number 3 for Request for Bids for Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 22, 2022, and that the request for bids is in accordance with the information, instructions and stipulations set forth herein.

Signed By: \_\_\_\_\_

Company: \_\_\_\_\_

Phone: \_\_\_\_\_

**IMPORTANT:** This **signed** addendum acknowledgement (page no. 1 only) must accompany your submittal.

**ADDENDUM NO. 3  
POSTED ON RAMPLA.ORG 09/1/2022  
REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

**(1) Revision to Addendum No. 2, Response to Question #25.**

Question: What is the rent percentage % of sales in the current vending agreement?

*Correct Response: The current vending machine concession operator pays a Monthly Minimum Guarantee (MMG) of the greater of \$100 per vending machine unit or 51.5% of gross receipts.*

**(2) LAWA responses to remaining questions provided by potential bidders.**

1. I'm a little confused as to why there are no ACDBE goals for this when I'm ACDBE with Vending NAICS codes. Prepango is ACDBE with Vending Machines inside of LAX now.

*A: Per LAWA Procurement Division LAWA did not find sufficient subcontracting opportunities to support a mandatory goal for this bid.*

2. Pls confirm you are looking for a picture of the certified check when we submit the digital proposal?

*A: A photocopy of the certified check may be included in the digital proposal to demonstrate its submittal with the bid. The physical check may be delivered separately.*

3. To whom should the Bid Bond be made, and what is the address it should be sent?

*A: The Bid Bond should be made out to The City of Los Angeles, Department of Airports or to Los Angeles World Airports. The Bid Bond, along with the completed and signed Instructions for Bid/Proposal Bond Form must be delivered to the following address by the Bid Due Date:*

*LAWA - Commercial Development Division  
Attn: Vimal Patel  
6053 W. Century Blvd, Suite 400  
Los Angeles, CA 90045*

4. Can the Authority please clarify the difference between "Part 2. Administrative Requirements", not required to submit wet signature copies vs "Administrative Requirements Packet"? And if required to submit such documents, to which address should these be forward?

*A: A photocopy of the original/wet signatures and notary seals are acceptable for an electronic bid submittal.*

5. We don't have a direct Agreement with the City of Los Angeles, but we have a contract with Westfield for TBIT, are we to submit that contract information in our response?

**ADDENDUM NO. 3**  
**POSTED ON RAMPLA.ORG 09/1/2022**  
**REQUEST FOR BIDS**  
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**AT LOS ANGELES WORLD AIRPORTS**

*A: If referring to Vendor Identification Form as an attachment, subcontracts are not required to be listed.*

6. What are your annual revenues by contract year for the last 3-5 years?

A:

	2017	2018	2019	2020	2021	2022 (Jan.-Jul.)
<b>Gross Receipts</b>	<b>\$567,141</b>	<b>\$510,491</b>	<b>\$450,449</b>	<b>\$166,901</b>	<b>\$412,395</b>	<b>\$313,369</b>
<b>Revenue to LAWA</b>	<b>\$292,077</b>	<b>\$262,903</b>	<b>\$231,981</b>	<b>\$84,054</b>	<b>\$212,384</b>	<b>\$161,385</b>

7. What is the definition of HVV and MAC 6 within the equipment set?

*A: BevMax 6 is manufactured by Dixie Narco, Model: BevMax 5800-6*

*Pepsi HVV is manufactured by Vendo, Model: 721 High Visibility Vendor.*

8. You have listed a combo machine. What is this a combination of?

*A: A combination of snacks and sodas.*

9. Did you receive MAG from Current Operator? If so, could you please provide us the MAG received over each of the last 5 Years and Current Year?

*A: We did not receive MAG from the Current Operator.*

10. Is there a surcharge for credit card transactions, if so, what is the amount?

*A: No.*

11. Are there separate prices for public Locations and non-public locations. Please clarify?

*A: Yes. The current concessionaire provides discounted prices at vending machines located in non-public locations (e.g. employee break rooms). The maximum prices the new concessionaire will be allowed to charge in their non-public locations will be comparable to prices charged by grocery stores or convenience stores within a 5-mile radius of the airport. They may choose to charge even less as a service to the airport employees. The maximum price the new concessionaire will be allowed to charge for public locations (e.g. terminals and parking lots) is set by LAWA's Concessions Airport Pricing Policy, which allows no more than 18% higher than prices charged at comparable business locations within a 25-mile radius of the airport.*

12. Are there any seismic bolting requirements for the vending machines? If so, who bears the cost?

*A: Please refer to the 2022 [LAWA Design & Construction Handbook](#) for all construction related requirements.*

**ADDENDUM NO. 3**  
**POSTED ON RAMPLA.ORG 09/1/2022**  
**REQUEST FOR BIDS**  
**FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION**  
**AT LOS ANGELES WORLD AIRPORTS**

13. What is the current vending machine pricing by product category (Chips, Candies, Cookies, Pastries, etc.)?

*A: See price table below.*

	<b>Size (oz)</b>	<b>Employee Courtesy Discount PRICE</b>	<b>Public Standard PRICE</b>
<b>BEVERAGES</b>			
Admiral Tea - Large	23	\$2.00	\$2.50
Specialty Drinks Large (ie. Aloe, teas etc.)	16/24	\$2.00	\$3.00
Specialty Drinks Small (ie. Nectars, teas etc.)	10/16	\$1.50	\$2.00
Coffee Gods Cold Coffee	16	\$2.50	\$3.00
Energy Drinks	11/16	\$2.75	\$4.00
Gatorade	20	\$2.00	\$3.00
Juice - Bottle	16	\$2.00	\$3.00
Snapple	16	\$2.00	\$2.50
Soda Bottle	12/20	\$2.00	\$3.50
Soda Can	12	\$1.25	\$1.50
Original New York Seltzer	10	\$1.50	\$2.00
Water - 20 oz Aquafina	20	\$2.00	\$2.75
<b>SNACKS</b>			
Beef Jerky	0.8-1.25	\$2.00	\$3.00
Candy	1.5-3.0	\$1.50	\$2.25
Large Candy	3.0-5.0	\$2.00	\$2.50
Chips	0.8-2.0	\$1.35	\$2.25
Cookies	1.5-2.5	\$1.25	\$2.00
Large Cookies	1.5-5.0	\$1.75	\$2.50
Gum & Mints	0.5-1.5	\$1.00	\$1.50
Pastry	2.0-5.0	\$1.50	\$2.25
Pop-tarts	3.67	\$1.50	\$2.00

# **EXHIBIT A-1**

## **Concessionaire's Response to the RFB**

# **TABLE OF CONTENTS – In Order Of Appearance**

## **Part 1 – Written Bid**

- ✓ 2.1.1 Cover Letter & Evidence of Authority
- ✓ 2.1.2 Attachment D – Bidders Statement
- ✓ 2.1.3 Attachment E – Business References
- ✓ 2.1.4 Attachment F – Financial Bid Form
- ✓ 2.1.5 Financial Capability Documents
- ✓ 2.1.6 Business Ethics Disclosure
- ✓ Addendum 1 – Signed
- ✓ Addendum 2 – Signed
- ✓ Addendum 3 – Signed
- ✓ First Class Vending Introduction Document

September 16, 2022

2.1.1 Cover Letter

Re: #204042 Non-Exclusive Vending Machine Concession

On behalf of the entire First Class organization, I would like to thank you for the opportunity to present our vending service bid response. In this presentation, we have endeavored to convey not only our innovative operational details, but also the enthusiasm, professionalism and experience that our First Class team bring to you and included a lucrative financial exhibit/bid form for your review.

We pride ourselves in being the largest independently owned and operated service provider covering California, Nevada and Arizona with an expertise in 24/7 settings and airport operations such as LAX, VNY, SNA, LAS, LGB etc. By remaining an independent operator, we are able to offer you close, personal attention all while maintaining an excellent level of service. Our offerings include Pepsi Cola brand equipment, Coca Cola brand equipment AND generic beverage equipment which enables us to provide multiple brands at once thus increasing sales & commissions along with a full line of snack, food, coffee etc. Our key features include:

- |                                     |                            |
|-------------------------------------|----------------------------|
| -State-of-the-Art Vending Equipment | -Health & Wellness Program |
| -Competitive Pricing                | -Debit/Credit Card Readers |
| -Name Brand Products                | -Cashless APP System       |


First Class Vending, Inc. is a S-Corporation that over 28 years has grown from one vending machine, to thousands of vending machines currently installed and it would give us great pleasure to have you on our prestigious clientele list. Everything in our proposal is open for discussion. Please do not hesitate to let us know what we can do to earn your business. We would appreciate the honor of being selected as your vending service supplier, and will dedicate ourselves to exceeding your expectations.

Proudly Servicing Many Privately Held, to Fortune 100 Companies....





Sincerely,

  
Matthew Marsh, President (authorized binder)  
First Class Vending, Inc.  
matt@firstclassvending.com  
(323) 315-5360 Phone (323) 268-4007 Fax

Visit Us On The Web....

[www.firstclassvending.com](http://www.firstclassvending.com)  
[www.firstclassbreakrooms.com](http://www.firstclassbreakrooms.com)

**State of California**  
Secretary of State



I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.



**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of

JAN 12 2010

DEBRA BOWEN  
Secretary of State

1744004

FILED  
In the office of the Secretary of State  
of the State of California

ARTICLES OF INCORPORATION  
OF  
FIRST CLASS VENDING, INC.

MAY 11 1994

*Tony Mills*  
Acting Secretary of State

1. The name of this Corporation is:

FIRST CLASS VENDING, INC.

2. The purpose for which this Corporation is formed is to engage in any lawful act or activity for which a Corporation may be organized under the General Corporation Law of California other than the banking business, trust company business or the practice of a profession permitted to be Incorporated by the California Corporations Code.

3. The Corporation is authorized to issue only one class of stock which shall be designated common stock, having a total number of one hundred thousand (100,000) shares.

4. The name and address in the State of California of this Corporation's initial agent for service of process is:

MATTHEW C. MARSH  
5401 CORBIN AVENUE  
TARZANA, CA 91356

5. Any action required or permitted to be taken under the General Corporation Law by the Board of Directors at a duly constituted and noticed meeting, may be taken without a meeting, and such action shall have the same force and effect as an unanimous vote of Directors, if all Directors unanimously consent in writing to such action.

IN WITNESS WHEREOF, the undersigned named Incorporator of the Corporation has executed the Articles of Incorporation this 12th day of May, 1994.

  
CHARLES M. SANDERS

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

  
CHARLES M. SANDERS



**ATTACHMENT D**

**Non-Exclusive Vending Machine Concession RFB  
Official Bid Statement**

(Submit with Bid)

Date: 09-16-2022

To: Chief Executive Officer  
Los Angeles World Airports  
Los Angeles, California

SUBJECT: NON-EXCLUSIVE VENDING MACHINE CONCESSION AT LAX

The Bidder warrants that the Bidder has carefully examined the Request for Bids (RFB), including the draft Agreement for the Vending Machine Concession at Los Angeles International Airport.

The Bidder further warrants that if the bid is accepted, the Bidder will contract with Los Angeles World Airports (LAWA) in the form of the Vending Machine Operator (Operator) Agreement and comply with the requirements of the RFB and Agreement.

Except as expressly stated in the bid or in any addenda thereto, the bid incorporates by reference, as if fully set forth in the bid, the full content of the RFB.

The Bidder understands that it may withdraw the bid up to the deadline set for submittal, provided that a withdrawal request is made in writing and is received by LAWA prior to the date and time of the submittal deadline. This bid may not be withdrawn by the Bidder for a period of 180 days after the bid submittal due date and may remain valid beyond that time with the consent of the Bidder. Corrections to errors made by the Bidder in the bid will not be accepted after the bid deadline. The Bidder agrees that all material submitted by it to LAWA becomes the property of LAWA.

Bidder undertakes and agrees to defend, indemnify and hold harmless LAWA from and against all suits, claims, and causes of action brought against LAWA for LAWA's refusal to disclose Proprietary Information to any person making a request pursuant to the CPRA. Bidder's obligations herein include, but are not limited to, all attorney's fees (both in house and outside counsel), costs of litigation incurred by LAWA or its attorneys (including all actual, costs incurred by LAWA, not merely those costs recoverable by a prevailing party, and specifically including costs of experts and consultants) as well as all damages or liability of any nature whatsoever arising out of any such suits, claims, and causes of action brought against LAWA, through and including any appellate proceedings. Bidder's obligations to LAWA under this indemnification provision shall be due and payable on a monthly, on-going basis within thirty (30) days after each submission to Bidder of LAWA's

ATTACHMENT D**Non-Exclusive Vending Machine Concession RFB  
Official Bid Statement**

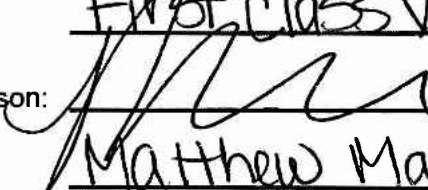
(Submit with Bid)

invoices for all fees and costs incurred by LAWA, as well as all damages or liability of any nature. I, the undersigned affirm that I have read and understand all the provisions set forth in this invitation. I guarantee that this bid meets or exceeds the specifications contained in the RFB document. This firm will comply with all provisions and conditions as specified. All requested information has been submitted as requested. I also affirm that I am duly authorized to execute this potential Agreement; that this company, corporation, firm, partnership, or individual has not prepared this bid in collusion with any other bidder; and that the contents of this bid as to rent, terms, or conditions of said bid have not been communicated by the undersigned nor by an employee or agent to any other bidder or to another person(s) engaged in this type of business prior to the official opening of the bid.

By submitting a bid, the Bidder authorizes LAWA to conduct whatever investigations into the Bidder's qualifications that LAWA deems necessary.

Date: 09-16-2022

Bidder: First Class Vending, Inc.

Signature of Authorized Person: 

Printed Name: Matthew Marsh

Title: President

Business Address of Bidder: 16875 Suva Street  
Bell Gardens, CA 90201

Telephone: 323 2687632

Fax: 323 2684007

Email: matt@firstclassvending.com

ATTACHMENT E**Non-Exclusive Vending Machine Concession RFB  
Business Reference Form**

(Submit with Bid)

Reference Name: Troy Glover - American Airlines  
Title: Employee Assoc President  
Address: 500 World Way  
Los Angeles CA 90045  
Telephone: 626 390-6269 Fax: —  
Email Address: troy.glover@aa.com  
Business Relationship: Vending Machine Services  
& Micro Markets at LAX  
  
Dates of Business Relationship: 2007 to present  
Contract Value: \$300,000+

The foregoing information is being submitted to LAWA as part of the Request for Bids for Vending Machine Concessions at Los Angeles International Airport. The undersigned hereby attests to the truth and accuracy of all statements, answers and representations made in this questionnaire, including all supplementary information attached hereto. The undersigned hereby authorizes LAWA, or its agents, to contact any appropriate third parties to verify the accuracy of the information provided herein. The undersigned affirms that he/she is a duly authorized representative of the proposing entity.

Date: 09-16-2012First Class Vending, Inc.

(Name of Bidder)

By: [Signature]Matthew Marsh, President

ATTACHMENT E**Non-Exclusive Vending Machine Concession RFB  
Business Reference Form**

(Submit with Bid)

Reference Name: Mark Stanley  
Title: UA Mainliner Club President  
United Airlines  
Address: 700 World Way  
Los Angeles CA 90045  
Telephone: 951 275-0475 Fax: -  
Email Address: mark.stanley@united.com  
Business Relationship: Vending machine services  
& Micro Markets at LAX  
\_\_\_\_\_  
Dates of Business Relationship: 2003 to present  
Contract Value: \$300,000+

The foregoing information is being submitted to LAWA as part of the Request for Bids for Vending Machine Concessions at Los Angeles International Airport. The undersigned hereby attests to the truth and accuracy of all statements, answers and representations made in this questionnaire, including all supplementary information attached hereto. The undersigned hereby authorizes LAWA, or its agents, to contact any appropriate third parties to verify the accuracy of the information provided herein. The undersigned affirms that he/she is a duly authorized representative of the proposing entity.

Date: 09-16-22First Class Vending, Inc.

(Name of Bidder)  
By: [Signature]  
Matthew Marsh, President

ATTACHMENT F**Non-Exclusive Vending Machine Concession RFB  
Financial Bid Form**

(Submit with Bid)

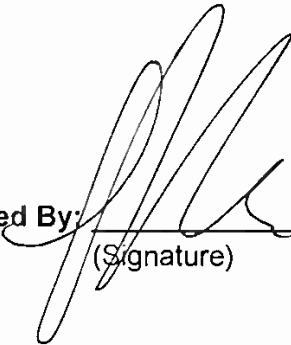
**Monthly Rent Commitment**

During the term of this Concession Agreement, for and in consideration of City executing this Concession Agreement and granting the rights herein enumerated, Operator will pay to City a monthly concession fee of the greater of a Minimum Monthly Guarantee (MMG) of One Hundred Dollars (\$100.00) per vending machine unit or a percentage of gross receipts of all vending machine units as bid below (percentage bid must be equal to or greater than ten percent):

59.5 %  
(provide numerical value)

Fifty Nine Point Five percent  
(spell out numerical value)

Prepared By:



(Signature)

09-16-2022

(Date)

Matthew Marsh

(Print Name)

First Class Vending, Inc.

(Company Name)

President

(Title)

### **2.1.5 Financial Capability**

Included are all requested financial statements as well as notarized CFO statement. We have over 100 million transactions per year. First Class Vending, Inc. being the incumbent vendor now provides a several year history that demonstrated having the financial capability to ensure a successful compliance of all RFP specifications. We will continue our level of commitment to LAWA going forward as well in the obligations set forth in the agreement.

### **2.1.6 Business Ethics Disclosure**

No conflicts exist that could cause a conflict of interest in its business with LAWA.



6875 Suva Street  
Bell Gardens, CA 90201

Phone (323) 268-7632  
Fax (323) 268-4007

[www.firstclassvending.com](http://www.firstclassvending.com)

September 9, 2022

City Of Los Angeles, Los Angeles World Airports

RE: Unaudited Financials

To Whom It May Concern:

I certify the accuracy of the financials submitted by First Class Vending, Inc.

If you have further questions, please contact me at the number below.

Regards,

A handwritten signature in black ink that reads "MPilato".

Merika Pilato

Chief Financial Officer

First Class Vending, Inc

323.315.5372

[merika@firstclassvending.com](mailto:merika@firstclassvending.com)



# ALL-PURPOSE ACKNOWLEDGMENT

State of Washington

County of King

On Sept. 09, 2022 before me, Rachel Nelson  
DATE NAME OF NOTARY PUBLIC

personally appeared Merika Noel Pilato  
NAME(S) OF SIGNER(S)

☐ personally known to me OR ☒ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Place Notary Seal or Stamp Here

Rachel Nelson  
SIGNATURE OF NOTARY

~~Commission Exp:~~

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it may prove valuable to persons relying on this Acknowledgment and could prevent fraudulent reattachment of this certificate to another document.

## DESCRIPTION OF ATTACHED DOCUMENT

THIS CERTIFICATE  
MUST BE ATTACHED  
TO THE DOCUMENT  
DESCRIBED AT RIGHT

re: Unaudited Financials  
TITLE OR TYPE OF DOCUMENT

1  
NUMBER OF PAGES

09/09/2022  
DATE OF DOCUMENT

N/A  
SIGNER(S) OTHER THAN NAMED ABOVE



FIRST CLASS VENDING, INC.

FINANCIAL STATEMENTS

MARCH 31, 2022

(With Independent Accountant's Compilation Report Thereon)

## TABLE OF CONTENTS

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Statement of Income	3
Statement of Stockholders' Equity	4
Statement of Cash Flows	5
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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
First Class Vending, Inc.  
Bell Gardens, California

Management is responsible for the accompanying financial statements of First Class Vending, Inc., which comprise the balance sheet as of March 31, 2022, and the related statements of income, stockholders' equity, and cash flows for the three months then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

HRP CPAs

HRP CPAs, LLC.  
July 22, 2022  
Las Vegas, Nevada

FIRST CLASS VENDING, INC.  
CONSOLIDATED BALANCE SHEET  
MARCH 31, 2022  
(UNAUDITED)

ASSETS

Current assets	
Cash	\$ 3,489,131
Accounts receivable	2,189,592
Inventory	3,968,171
Prepaid expenses and other current assets	196,165
Due from related parties	1,013,000
Total current assets	<u>10,856,059</u>
 Fixed assets, net	 7,778,356
 Other assets	
Intangible assets, net	3,915,740
Deposits	114,065
Investments	726,721
Total other assets	<u>4,756,526</u>
 Total assets	 <u><u>\$ 23,390,941</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 1,849,810
Accrued liabilities	610,476
Notes payable - current portion	274,583
Notes payable - officers	433,765
Total current liabilities	<u>3,168,634</u>
 Long-term liabilities	
Notes payable - long-term portion	800,803
Total long-term liabilities	<u>800,803</u>
 Total liabilities	 3,969,437
 Stockholders' equity	
Common stock (no par or stated value, 100,000 shares authorized, 100,000 issued and outstanding)	10,000
Additional paid-in capital	7,173,539
Retained earnings	12,237,965
Total stockholders' equity	<u>19,421,504</u>
 Total liabilities and stockholders' equity	 <u><u>\$ 23,390,941</u></u>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(UNAUDITED)

Revenues	
Product sales	\$ 24,481,312
Total net revenues	<u>24,481,312</u>
 Cost of goods sold	 <u>12,698,598</u>
 Gross profit	 <u>11,782,714</u>
 Operating expenses	
Wages and payroll taxes	5,909,457
Rent and leases	878,104
Professional fees	370,298
Insurance expenses	523,037
Auto expenses	455,465
Depreciation and amortization	692,281
Other general and administrative	1,556,166
Total operating expenses	<u>10,384,808</u>
 Income from operations	 <u>1,397,906</u>
 Other income/(expense)	
Interest expense	(786)
Gain on sale of fixed assets	30,941
Net other income/(expense)	<u>30,155</u>
 Income before provision for state income tax	 1,428,061
 Provision for state income tax	 <u>(63,110)</u>
 Net income	 <u><u>\$ 1,364,951</u></u>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(UNAUDITED)

	Number of Shares	Common Stock Amount	Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2022	100,000	\$ 10,000	\$ 7,335,887	\$ 10,873,014	\$ 18,218,901
Stockholders' contributions	-	-	267,652	-	267,652
Stockholders' distributions	-	-	(430,000)	-	(430,000)
Net income	-	-	-	1,364,951	1,364,951
Balance at March 31, 2022	<u>100,000</u>	<u>\$ 10,000</u>	<u>\$ 7,173,539</u>	<u>\$ 12,237,965</u>	<u>\$ 19,421,504</u>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(UNAUDITED)

Cash flows provided by operating activities:	
Net income	\$ 1,364,951
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	692,281
Gain on sale of fixed assets	(30,941)
Changes in operating assets and liabilities:	
Accounts receivable	(402,223)
Other current assets	9,803
Deposits	(14,000)
Accounts payable	(134,499)
Accrued liabilities	109,889
Net cash provided by operating activities	<u>1,595,261</u>
Cash flows used in investing activities:	
Proceeds from sale of fixed assets	30,941
Purchase of intangibles	(5,000)
Purchase of fixed assets	(1,118,131)
Return of security collateral	142,419
Net cash used in investing activities	<u>(949,771)</u>
Cash flows used in financing activities:	
Principal payments on notes payable	(5,982)
Loans to related parties	(3,000)
Stockholders' contributions	75,495
Stockholders' distributions	(430,000)
Net cash used in financing activities	<u>(363,487)</u>
Net change in cash	282,003
Beginning balance, January 1, 2022	<u>3,207,128</u>
Ending balance, March 31, 2022	<u><u>\$ 3,489,131</u></u>
Supplemental disclosure of cash flow:	
Interest paid	<u><u>\$ 786</u></u>
Income taxes paid	<u><u>\$ 63,110</u></u>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business – First Class Vending, Inc. (“the Company”) operates vending locations for beverages, combos, and snacks primarily in Los Angeles, Orange, Ventura, Riverside, San Bernardino, and San Diego counties in California; Las Vegas, Nevada; Reno, Nevada; and Arizona.

During March 2008, the Company created a wholly owned subsidiary, MAB Vending Services, Inc., to acquire the rights, title and interest to the Los Angeles based franchise agreements of 24seven Vending (USA) Limited pursuant to an asset purchase agreement. During December 2012, the Company dissolved MAB Vending Services, Inc. and its activities are now directly recorded by the Company. Management does not intend to sell new franchises under the 24seven Vending brand and there have been no franchises sold since March 2008. As of March 31, 2022, there were 14 franchises in operation.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and expense recognition – The Company recognizes revenue from product sales at the point of sale. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold. Revenue is recorded net of sales returns. The Company reports the collection of sales taxes on a net basis and is excluded from revenues. Costs and expenses are recognized during the period in which they are incurred.

The Company recognizes franchise royalties, typically earned at 10% of franchise sales, in the period such franchise sales are earned. The Company also receives fees for ongoing administrative services, optional training and per diem support. Revenues for such fees are recognized as the services are provided.

The Company recognizes franchise fees, which are nonrefundable, from the termination or transfer of ownership of franchises. These fees are earned when all material services or conditions relating to the termination or transfer have been substantially performed or satisfied.

The Company sells various food and beverage products to its franchisees. Revenue from the sale of food and beverage products is earned as the products are delivered to franchisees.

Cash and cash equivalents – The Company considers all highly liquid investments purchased with maturities of three months or less at the time of purchase to be cash equivalents. The Company also maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash and cash equivalents.

Inventories – Inventories consist of products held for resale and are stated at average cost, which approximates the first-in, first-out method.

Fixed assets - Acquisitions of fixed assets are recorded at cost. Improvements and replacements of fixed assets are capitalized. Maintenance and repairs that do not improve or extend the lives of fixed assets are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of income.

Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from three to fifteen years and is computed using the straight-line method.

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Intangible assets - Goodwill and other intangible assets with indefinite useful lives are no longer amortized, but are evaluated for impairment annually, or immediately if conditions indicate that impairment could exist. The evaluation requires a two-step impairment test to identify potential goodwill impairment and measure the amount of a goodwill impairment loss. The first step of the test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss. Both steps of the goodwill impairment testing involve significant estimates.

Amortization is provided over the useful life of each class of intangible assets ranging from five to fifteen years and is computed using the straight-line method.

Fair value of financial instruments – The Company’s financial instruments include accounts receivable, accounts payable, and accrued liabilities. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity’s own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one – Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level two – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

The Company has determined the estimated fair values of its financial instruments using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Company’s estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts. The fair value estimates are based on information available as of March 31, 2022. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

The carrying value of accounts receivable, accounts payable, and accrued liabilities approximate their respective fair values.

Income taxes - The Company has elected to be taxed as an S corporation under the Internal Revenue Code, which provides that shareholders separately account for items of income, deductions, losses and credits. Accordingly, no provisions for federal income taxes are included in the accompanying financial statements for the three months ended March 31, 2022.

Due to the passage of the California/Federal conformity legislation, California has generally adopted the federal Subchapter S provisions with the exception that the Company would pay a tax at 1.5% of taxable income as adjusted for California purposes, or \$800, whichever is greater. The Company has also elected to be treated as a Subchapter S corporation for California purposes.

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

State income taxes are provided for the tax effects of transactions reported in the financial statements. The provision for state income tax will consist of taxes currently due plus deferred taxes, when material, related primarily to differences between the basis of certain current assets and liabilities for financial and income tax reporting purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The deferred state tax assets and liabilities relating to differences between the basis of the Company's assets and liabilities for financial and income tax reporting were not material as of March 31, 2022. Accordingly, deferred state income taxes were not included in the Company's provision for state income tax for the three months ended March 31, 2022.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more than likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company, and has concluded that as of March 31, 2022, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing and other jurisdictions. However, there are currently no audits in progress for any prior tax periods. As of March 31, 2022, tax years that remain subject to examination by major tax jurisdictions include the years ended December 31, 2018 through December 31, 2021.

Advertising costs – The Company expenses advertising costs as they are incurred. The advertising costs for the three months ended March 31, 2022 were \$3,290.

2. ACCOUNTS RECEIVABLE

The aging of accounts receivable consists of the following at March 31, 2022:

Current	\$ 1,611,776
0 - 30 days	423,359
31 - 60 days	77,513
61 - 90 days	76,944
Over 90 days	<u>0</u>
	<u>\$ 2,189,592</u>

No allowance for uncollectable accounts has been provided. Management has evaluated the accounts and believes they are all collectable.

3. FIXED ASSETS

Fixed assets consist of the following at March 31, 2022:

Machinery & Equipment	\$ 39,256,633
Vehicles	8,559,700
Office furniture and equipment	799,097
Leasehold improvements	<u>605,895</u>
	49,221,325
Less: accumulated depreciation	<u>(41,442,969)</u>
	<u>\$ 7,778,356</u>

See Independent Accountant's Compilation Report

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022  
(UNAUDITED)

4. INTANGIBLE ASSETS

Intangible assets consist of the following at March 31, 2022:

Goodwill	\$ 4,327,360
Other intangible assets	<u>7,596,273</u>
	11,923,633
Less: accumulated amortization	<u>(8,007,893)</u>
	<u>\$ 3,915,740</u>

5. NOTES PAYABLE

Notes payable consists of the following at March 31, 2022:

Note payable to a financial institution, bearing interest at 4.9%, secured by certain equipment, payable in monthly installments of principal and interest of \$1,483 through April 2024.	\$ 37,737
Note payable to the seller pursuant to an asset purchase agreement dated September 15, 2021, payable in monthly installments of principal of \$20,833 beginning in December 2022 through November 2026.	1,000,000
Note payable to a financial institution, bearing interest at 2.9%, secured by certain equipment, payable in monthly installments of principal and interest of \$773 through August 2026.	<u>37,649</u>
Total	1,075,386
Less: amount due within one year	<u>(274,583)</u>
Note payable - long term portion	<u>\$ 800,803</u>

As of March 31, 2022, principal payments on the note payable are as follows:

2022	\$ 41,238
2023	275,497
2024	264,442
2025	258,954
2026	235,255
Thereafter	<u>-</u>
	<u>\$ 1,075,386</u>

See Independent Accountant's Compilation Report

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022  
(UNAUDITED)

6. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan available to all employees who have reached 21 years of age and have completed one year of continuous service, as defined by the 401(k) plan. In general, employees can make voluntary contributions up to federally designated limits. The Company may elect each plan year, by resolution of the Board of Directors, to make discretionary matching or profit sharing contributions to the plan. The Company's contribution to the 401(k) plan during the three months ended March 31, 2022 was \$70,195.

7. COMMITMENTS AND CONTINGENCIES

The Company has the following lease agreements with entities related through common ownership:

- a. Corporate headquarters, Bell Gardens, California - This lease is non-cancelable, requires initial monthly rent payments of \$82,000 and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the minimum monthly payment. The minimum initial monthly rent is subject to annual increases based on changes in the Consumer Price Index, but in no case will be less than 3% or greater than 5%. The current monthly rent payment is \$82,000. The lease is scheduled to expire in July 2032.
- b. Facilities, Northridge, California- This lease requires monthly rent payments of \$14,000, and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the monthly rent payment. Rent is subject to annual increases as scheduled per the lease agreement. The lease is scheduled to expire in November 2024.
- c. Facilities, Fontana, California – This lease requires monthly rent payments of \$13,000, and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the monthly rent payment. Rent is subject to annual increases as scheduled per the lease agreement. The lease is scheduled to expire in September 2025.
- d. Facilities, Las Vegas, Nevada – This lease requires monthly rent payments of \$81,000 and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the monthly rent payment. Rent is subject to annual increases based on changes in the Consumer Price Index for the Las Vegas area. This lease is scheduled to expire in July 2032.

The Company also leases facilities and vehicles under operating leases with third parties. For the three months ended March 31, 2022, rent expense charged to operations under all operating leases was \$859,452.

The Company's future minimum lease payments required under the non-cancelable leases are as follows for the years ending March 31:

	Related Party	Others	Vehicles	Total
2022	1,742,600	526,017	27,014	2,295,631
2023	2,405,645	469,550	36,019	2,911,214
2024	2,480,367	384,064	36,019	2,900,450
2025	2,371,899	147,917	-	2,519,816
2026	2,372,619	155,313	-	2,527,932

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2022  
(UNAUDITED)

8. INSURANCE

The Company bears insurance risk as a member of a group captive insurance entity for certain general liability, automobile and workers' compensation insurance programs. The Company records estimated liabilities for its insurance programs based on information provided by the third-party plan administrators, historical claims experience, expected costs of claims incurred but not paid and expected costs to settle unpaid claims. The Company monitors its estimated insurance related liabilities on a regular basis. As facts change, it may become necessary to make adjustments that could be material to the Company's results of operations and financial condition. The Company believes that its present insurance coverage and level of accrued liabilities are adequate. The Company's insurance expense during the three months ended March 31, 2022 was \$523,037.

9. RELATED PARTY TRANSACTIONS

The stockholders of the Company have loaned the Company funds for working capital purposes and to assist with business acquisitions. The loan balances are unsecured, non-interest bearing and are due on demand. The balance of loans at March 31, 2022 was \$433,765

The Company has also engaged in transactions with other companies held by common ownership. Loans between these companies are unsecured, non-interest bearing and are due on demand. The balance of the loans at March 31, 2022 was \$1,000,000.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 22, 2022, the date the financial statements were issued. During the period, no subsequent events have occurred that would require disclosure.

FIRST CLASS VENDING, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

(With Independent Accountant's Review Report Thereon)

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
First Class Vending, Inc.  
Bell Gardens, California

We have reviewed the accompanying consolidated financial statements of First Class Vending, Inc., which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of income, stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

HRP CPAs

HRP CPAs  
April 28, 2022  
Las Vegas, Nevada

FIRST CLASS VENDING, INC.  
CONSOLIDATED BALANCE SHEET  
DECEMBER 31, 2021  
(UNAUDITED)

ASSETS

Current assets	
Cash	\$ 3,207,128
Accounts receivable	1,787,369
Inventory	3,968,171
Prepaid expenses and other current assets	205,968
Due from related parties	<u>1,010,000</u>
Total current assets	10,178,636
 Fixed assets, net	 7,316,236
 Other assets	
Intangible assets, net	3,947,010
Deposits	100,065
Investments	<u>869,140</u>
Total other assets	<u>4,916,215</u>
 Total assets	 <u><u>\$ 22,411,087</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 1,984,309
Accrued liabilities	500,587
Notes payable - current portion	2,632
Notes payable - officers	<u>625,922</u>
Total current liabilities	3,113,450
 Long-term liabilities	
Notes payable - long-term portion	<u>1,078,736</u>
Total long-term liabilities	<u>1,078,736</u>
 Total liabilities	 4,192,186
 Stockholders' equity	
Common stock (no par or stated value, 100,000 shares authorized, 100,000 issued and outstanding)	10,000
Additional paid-in capital	7,335,887
Retained earnings	<u>10,873,014</u>
Total stockholders' equity	<u>18,218,901</u>
 Total liabilities and stockholders' equity	 <u><u>\$ 22,411,087</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Revenues	
Product sales	\$ 75,787,281
Royalties	1,107
Total net revenues	<u>75,788,388</u>
Cost of goods sold	<u>43,580,734</u>
Gross profit	32,207,654
Operating expenses	
Wages and payroll taxes	17,173,629
Rent and leases	3,498,966
Professsional fees	1,593,197
Insurance expenses	2,169,712
Auto expenses	1,506,690
Depreciation and amortization	2,516,240
Other general and administrative	3,291,587
Total operating expenses	<u>31,750,021</u>
Income from operations	<u>457,633</u>
Other income/(expense)	
Interest expense	(44,820)
Interest income	109
Gain on sale of fixed assets	32,400
PPP loan forgiveness	6,158,898
Net other income/(expense)	<u>6,146,587</u>
Income before provision for state income tax	6,604,220
Provision for state income tax	<u>(800)</u>
Net income	<u><u>\$ 6,603,420</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

	Number of Shares	Common Stock Amount	Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2021	100,000	\$ 10,000	\$ 7,399,929	\$ 4,269,594	\$ 11,679,523
Stockholders' contributions	-	-	1,163,414	-	1,163,414
Stockholders' distributions	-	-	(1,227,456)	-	(1,227,456)
Net income	-	-	-	6,603,420	6,603,420
Balance at December 31, 2021	<u>100,000</u>	<u>\$ 10,000</u>	<u>\$ 7,335,887</u>	<u>\$ 10,873,014</u>	<u>\$ 18,218,901</u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Cash flows provided by operating activities:	
Net income	\$ 6,603,420
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,516,240
Forgiveness of debt	(6,145,189)
Interest on forgiven debt	41,759
Changes in operating assets and liabilities:	
Accounts receivable	(946,171)
Inventory	(27,903)
Other current assets	34,608
Deposits	(22,824)
Accounts payable	847,473
Accrued liabilities	86,082
Net cash provided by operating activities	<u>2,987,495</u>
Cash flows used in investing activities:	
Purchase of intangibles	(1,060,000)
Purchase of fixed assets	(3,513,848)
Sale of security collateral	228,747
Net cash used in investing activities	<u>(4,345,101)</u>
Cash flows provided by financing activities:	
Proceeds from notes payable - PPP	2,920,030
Proceeds from notes payable	1,042,972
Principal payments on notes payable	(18,643)
Loans to related parties	(1,010,000)
Stockholders' contributions	1,163,414
Stockholders' distributions	(1,227,456)
Net cash provided by financing activities	<u>2,870,317</u>
Net change in cash	1,512,711
Beginning balance, January 1, 2021	<u>1,694,417</u>
Ending balance, December 31, 2021	<u><u>\$ 3,207,128</u></u>
Supplemental disclosure of cash flow:	
Interest paid	<u><u>\$ 44,820</u></u>
Income taxes paid	<u><u>\$ 800</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business – First Class Vending, Inc. (“the Company”) operates vending locations for beverages, combos, and snacks primarily in Los Angeles, Orange, Ventura, Riverside, San Bernardino, and San Diego counties in California and Las Vegas, Nevada.

During March 2008, the Company created a wholly-owned subsidiary, MAB Vending Services, Inc., to acquire the rights, title and interest to the Los Angeles based franchise agreements of 24seven Vending (USA) Limited pursuant to an asset purchase agreement. During December 2012, the Company dissolved MAB Vending Services, Inc. and its activities are now directly recorded by the Company. Management does not intend to sell new franchises under the 24seven Vending brand and there have been no franchises sold since March 2008. As of December 31, 2021, there were 14 franchises in operation.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and expense recognition – The Company recognizes revenue from product sales at the point of sale. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold. Revenue is recorded net of sales returns. The Company reports the collection of sales taxes on a net basis and is excluded from revenues. Costs and expenses are recognized during the period in which they are incurred.

The Company recognizes franchise royalties, typically earned at 10% of franchise sales, in the period such franchise sales are earned. The Company also receives fees for ongoing administrative services, optional training and per diem support. Revenues for such fees are recognized as the services are provided.

The Company recognizes franchise fees, which are nonrefundable, from the termination or transfer of ownership of franchises. These fees are earned when all material services or conditions relating to the termination or transfer have been substantially performed or satisfied.

The Company sells various food and beverage products to its franchises. Revenue from the sale of food and beverage products is earned as the products are delivered to franchisees.

Cash and cash equivalents – The Company considers all highly liquid investments purchased with maturities of three months or less at the time of purchase to be cash equivalents. The Company also maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash and cash equivalents.

Inventories – Inventories consist of products held for resale and are stated at average cost, which approximates the first-in, first-out method.

Fixed assets - Acquisitions of fixed assets are recorded at cost. Improvements and replacements of fixed assets are capitalized. Maintenance and repairs that do not improve or extend the lives of fixed assets are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of income.

Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from three to seven years and is computed using the straight-line method.

FIRST CLASS VENDING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Intangible assets - Goodwill and other intangible assets with indefinite useful lives are no longer amortized, but are evaluated for impairment annually, or immediately if conditions indicate that impairment could exist. The evaluation requires a two-step impairment test to identify potential goodwill impairment and measure the amount of a goodwill impairment loss. The first step of the test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss. Both steps of the goodwill impairment testing involve significant estimates.

Amortization is provided over the useful life of each class of intangible assets ranging from three to ten years and is computed using the straight-line method.

Fair value of financial instruments – The Company’s financial instruments include accounts receivable, accounts payable, and accrued liabilities. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity’s own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one – Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level two – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

The Company has determined the estimated fair values of its financial instruments using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Company’s estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts. The fair value estimates are based on information available as of December 31, 2021. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

The carrying value of accounts receivable, accounts payable, and accrued liabilities approximate their respective fair values.

Income taxes - The Company has elected to be taxed as an S corporation under the Internal Revenue Code, which provides that shareholders separately account for items of income, deductions, losses and credits. Accordingly, no provisions for federal income taxes are included in the accompanying financial statements for the year ended December 31, 2021.

Due to the passage of the California/Federal conformity legislation, California has generally adopted the federal Subchapter S provisions with the exception that the Company would pay a tax at 1.5% of taxable income as adjusted for California purposes, or \$800, whichever is greater. The Company has also elected to be treated as a Subchapter S corporation for California purposes.

FIRST CLASS VENDING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

State income taxes are provided for the tax effects of transactions reported in the financial statements. The provision for state income tax will consist of taxes currently due plus deferred taxes, when material, related primarily to differences between the basis of certain current assets and liabilities for financial and income tax reporting purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The deferred state tax assets and liabilities relating to differences between the basis of the Company's assets and liabilities for financial and income tax reporting were not material as of December 31, 2021. Accordingly, deferred state income taxes were not included in the Company's provision for state income tax for the year ended December 31, 2021.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more than likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2021, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing and other jurisdictions. However, there are currently no audits in progress for any prior tax periods. As of December 31, 2021, tax years that remain subject to examination by major tax jurisdictions include the years ended December 31, 2017 through December 31, 2020.

Advertising costs – The Company expenses advertising costs as they are incurred. The advertising costs for the year ended December 31, 2021 were \$27,765.

2. ACCOUNTS RECEIVABLE

The aging of accounts receivable consists of the following at December 31, 2021:

Current	\$ 1,340,641
0 - 30 days	315,849
31 - 60 days	90,146
61 - 90 days	40,531
Over 90 days	<u>2,176</u>
	<u>\$ 1,787,369</u>

No allowance for uncollectable accounts has been provided. Management has evaluated the accounts and believes they are all collectable.

FIRST CLASS VENDING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(UNAUDITED)

3. FIXED ASSETS

Fixed assets consist of the following at December 31, 2021:

Equipment	\$ 38,749,955
Vehicles	8,024,145
Software	431,100
Office furniture and equipment	367,996
Leasehold improvements	<u>572,514</u>
	48,145,710
 Less: accumulated depreciation	 <u>(40,829,474)</u>
	 <u>\$ 7,316,236</u>

4. INTANGIBLE ASSETS

Intangible assets consist of the following at December 31, 2021:

Goodwill	\$ 4,312,360
Other intangible assets	<u>7,606,273</u>
	11,918,633
 Less: accumulated amortization	 <u>(7,971,623)</u>
	 <u>\$ 3,947,010</u>

5. NOTES PAYABLE

Notes payable consists of the following at December 31, 2021:

Note payable to a financial institution, bearing interest at 4.9%, secured by certain equipment, payable in monthly principal installments of \$1,483 through April 2024.	\$ 41,692
 Note payable to a financial institution, bearing interest at 2.9%, secured by certain equipment, payable in monthly principal installments of \$773 through August 2026.	 39,676

FIRST CLASS VENDING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(UNAUDITED)

5. NOTES PAYABLE (CONT.)

Note payable to Life Tastes Good bearing no interest, payable in monthly principal installments of \$20,834 through November 2026.	1,000,000 <u>1,081,368</u>
Less: amount due within one year	<u>2,632</u>
Note payable - long term portion	<u>\$ 1,078,736</u>

As of December 31, 2021, principal payments on the notes payable are as follows:

2022	\$ 2,632
2023	44,589
2024	275,497
2025	264,442
Thereafter	<u>235,255</u>
	<u>\$ 1,081,368</u>

6. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan available to all employees who have reached 21 years of age and have completed one year of continuous service, as defined by the 401(k) plan. In general, employees can make voluntary contributions up to federally designated limits. The Company may elect each plan year, by resolution of the Board of Directors, to make discretionary matching or profit-sharing contributions to the plan. The Company's contribution to the 401(k) plan during the year ended December 31, 2021 was \$60,985.

7. COMMITMENTS AND CONTINGENCIES

The Company has the following lease agreements with entities related through common ownership:

- a. Corporate headquarters, Bell Gardens, California - This lease is non-cancelable, requires initial monthly rent payments of \$82,000 and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the minimum monthly payment. The minimum initial monthly rent is subject to annual increases based on changes in the Consumer Price Index, but in no case will be less than 3% or greater than 5%. The current monthly rent payment is \$82,000. The lease is scheduled to expire in July 2032.
- b. Facilities, Northridge, California- This lease requires monthly rent payments of \$14,000, and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the monthly rent payment. Rent is subject to annual increases as scheduled per the lease agreement. The lease is scheduled to expire in November 2024.

FIRST CLASS VENDING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(UNAUDITED)

7. COMMITMENTS AND CONTINGENCIES (CONT.):

- c. Facilities, Fontana, California – This lease requires monthly rent payments of \$13,000, and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the monthly rent payment. Rent is subject to annual increases as scheduled per the lease agreement. The lease is scheduled to expire in September 2025.
- d. Facilities, Las Vegas, Nevada – This lease requires monthly rent payments of \$81,000 and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the monthly rent payment. Rent is subject to annual increases based on changes in the Consumer Price Index for the Las Vegas area. This lease is scheduled to expire in July 2032.
- e. Facilities, Las Vegas, Nevada – This lease requires monthly rent payments of \$13,000 and is scheduled to expire in December 2021. The Company extended this lease before the end of December

The Company also leases facilities and vehicles under operating leases with third parties. For the year ended December, 31, 2021, rent expense charged to operations under all operating leases was \$3,498,966.

The Company's future minimum lease payments required under the non-cancelable leases are as follows for the years ending December 31:

	Related Party	Others	Vehicles	Total
2022	2,289,000	470,501	11,760	2,771,261
2023	2,356,500	237,148	-	2,593,648
2024	2,432,500	187,945	-	2,620,445
2025	2,327,000	147,917	-	2,474,917
2026	2,256,000	155,313	-	2,411,313

8. INSURANCE

The Company bears insurance risk as a member of a group captive insurance entity for certain general liability, automobile and workers' compensation insurance programs. The Company records estimated liabilities for its insurance programs based on information provided by the third-party plan administrators, historical claims experience, expected costs of claims incurred but not paid and expected costs to settle unpaid claims. The Company monitors its estimated insurance related liabilities on a regular basis. As facts change, it may become necessary to make adjustments that could be material to the Company's results of operations and financial condition. The Company believes that its present insurance coverage and level of accrued liabilities are adequate. The Company's insurance expense during the year ended December 31, 2021 was \$2,169,712.

9. RELATED PARTY TRANSACTIONS

The stockholders' of the Company have loaned the Company funds for working capital purposes and to assist with business acquisitions. The loan balances are unsecured, non-interest bearing and are due on demand. The balance of loans at December 31, 2021 was \$625,922.

The Company related by common ownership, loaned Original New York Seltzer funds at various times throughout the year for working capital purposes and to assist with business acquisitions. The balance is unsecured, non-interest bearing and are due on demand. The balance owed to the Company is \$1,000,000.

See Independent Accountant's Review Report

FIRST CLASS VENDING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(UNAUDITED)

9. RELATED PARTY TRANSACTIONS (CONT.)

First Class Vending-Nevada related by common ownership, loaned First Class Vending-Reno funds at various times throughout the year for working capital purposes. The balance is unsecured, non-interest bearing and are due on demand. The balance owed to the Company is \$10,000.

10. PPP LOAN FORGIVENESS

PPP 1 California - On April 15, 2020, the Company entered into a \$2,254,300 note payable with a financial institution, bearing interest at 1.0%, granted pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Funds may only be used for payroll costs, group health care benefits, rent, utilities, and interest on other debt obligations in existence prior to February 15, 2020.

The Company has used all funds for qualifying expenses. The Company applied for and received full forgiveness of the loan and related interest on June 10, 2021 and has accounted for the forgiveness in other income.

PPP 1 Nevada - On April 17, 2020, the Company entered into a \$929,100 note payable with a financial institution, bearing interest at 1.0%, granted pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Funds may only be used for payroll costs, group health care benefits, rent, utilities, and interest on other debt obligations in existence prior to February 15, 2020.

The Company has used all funds for qualifying expenses. The Company applied for and received full forgiveness of the loan and related interest on March 18, 2021 and has accounted for the forgiveness in other income.

PPP 2 Nevada - On January 23, 2021, the Company entered into a \$920,030 note payable with a financial institution, bearing interest at 1.0%, granted pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Funds may only be used for payroll costs, group health care benefits, rent, utilities, and interest on other debt obligations with at least 60% of the PPP loan proceeds being used on payroll costs.

The Company has used all funds for qualifying expenses. The Company applied for and received full forgiveness of the loan and related interest on November 19, 2021 and has accounted for the forgiveness in other income.

PPP 2 California - On February 23, 2021, the Company entered into a \$2,000,000 note payable with a financial institution, bearing interest at 1.0%, granted pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Funds may only be used for payroll costs, group health care benefits, rent, utilities, and interest on other debt obligations with at least 60% of the PPP loan proceeds being used on payroll costs.

The Company has used all funds for qualifying expenses. The Company applied for full forgiveness of the loan and related interest, and has accounted for the forgiveness in other income.

FIRST CLASS VENDING, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2021  
(UNAUDITED)

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 28, 2022, the date the financial statements were issued.

In January 2022, the Paycheck Protection Program (“PPP”) loan in the amount of \$2,000,000 was fully forgiven.

FIRST CLASS VENDING, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

(With Independent Accountant's Review Report Thereon)

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
First Class Vending, Inc.  
Bell Gardens, California

We have reviewed the accompanying financial statements of First Class Vending, Inc., which comprise the balance sheet as of December 31, 2020, and the related statements of operations, stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

HRP CPAs

HRP CPAs  
April 26, 2021  
Las Vegas, Nevada

FIRST CLASS VENDING, INC.  
BALANCE SHEET  
DECEMBER 31, 2020  
(UNAUDITED)

ASSETS

Current assets	
Cash	\$ 1,694,417
Accounts receivable	859,603
Inventory	3,940,268
Prepaid expenses and other current assets	240,576
Total current assets	<u>6,734,864</u>
 Fixed assets, net	 6,175,908
 Other assets	
Intangible assets, net	3,029,730
Deposits	77,241
Investments	1,097,887
Total other assets	<u>4,204,858</u>
 Total assets	 <u><u>\$ 17,115,630</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 1,155,241
Accrued liabilities	414,505
Notes payable - current portion	2,483,596
Notes payable - officers	625,922
Total current liabilities	<u>4,679,264</u>
 Long-term liabilities	
Notes payable - long-term portion	756,843
Total long-term liabilities	<u>756,843</u>
 Total liabilities	 5,436,107
 Stockholders' equity	
Common stock (no par or stated value, 100,000 shares authorized, 100,000 issued and outstanding)	10,000
Additional paid-in capital	7,399,929
Retained earnings	4,269,594
Total stockholders' equity	<u>11,679,523</u>
 Total liabilities and stockholders' equity	 <u><u>\$ 17,115,630</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

Revenues	
Product sales	\$ 58,245,330
Royalties	96,124
Total net revenues	<u>58,341,454</u>
Cost of goods sold	<u>35,192,660</u>
Gross profit	23,148,794
Operating expenses	
Wages and payroll taxes	16,872,503
Rent and leases	2,863,210
Professional fees	1,268,901
Insurance expenses	1,805,690
Auto expenses	1,237,935
Depreciation and amortization	2,505,300
Other general and administrative	2,417,390
Total operating expenses	<u>28,970,929</u>
Loss from operations	<u>(5,822,135)</u>
Other income/(expense)	
Interest expense	(7,432)
Interest income	14
Other income	1,950
Legal settlement	(200,000)
Gain on sale of fixed assets	29,000
Net other income/(expense)	<u>(176,468)</u>
Loss before provision for state income tax	(5,998,603)
Provision for state income tax	<u>(800)</u>
Net loss	<u><u>\$ (5,999,403)</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
STATEMENT OF STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

	Number of Shares	Common Stock Amount	Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2020	100,000	\$ 10,000	\$ 3,685,989	\$ 10,268,997	\$ 13,964,986
Stockholders' contributions	-	-	3,713,940	-	3,713,940
Net loss	-	-	-	(5,999,403)	(5,999,403)
Balance at December 31, 2020	<u>100,000</u>	<u>\$ 10,000</u>	<u>\$ 7,399,929</u>	<u>\$ 4,269,594</u>	<u>\$ 11,679,523</u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

Cash flows used in operating activities:	
Net loss	\$ (5,999,403)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	2,505,300
Gain on sale of fixed assets	(29,000)
Changes in operating assets and liabilities:	
Accounts receivable	457,374
Inventory	(46,332)
Other current assets	(22,187)
Accounts payable	(1,570,230)
Accrued liabilities	(29,349)
Net cash used in operating activities	<u>(4,733,827)</u>
Cash flows used in investing activities:	
Proceeds from sale of assets	29,000
Purchase of fixed assets	(1,205,900)
Purchase of security collateral	(84,090)
Net cash used in investing activities	<u>(1,260,990)</u>
Cash flows provided by financing activities:	
Principal payments on notes payable	(459,621)
Proceeds from notes payable	3,631,994
Stockholders' contributions	3,713,940
Net cash provided by financing activities	<u>6,886,313</u>
Net change in cash	891,496
Beginning balance, January 1, 2020	<u>802,921</u>
Ending balance, December 31, 2020	<u><u>\$ 1,694,417</u></u>
Supplemental disclosure of cash flow:	
Interest paid	<u><u>\$ 7,432</u></u>
Income taxes paid	<u><u>\$ 800</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business – First Class Vending, Inc. (“the Company”) operates vending locations for beverages, combos, and snacks primarily in Los Angeles, Orange, Ventura, Riverside, San Bernardino, and San Diego counties in California and Las Vegas, Nevada.

During March 2008, the Company created a wholly-owned subsidiary, MAB Vending Services, Inc., to acquire the rights, title and interest to the Los Angeles based franchise agreements of 24seven Vending (USA) Limited pursuant to an asset purchase agreement. During December 2012, the Company dissolved MAB Vending Services, Inc. and its activities are now directly recorded by the Company. Management does not intend to sell new franchises under the 24seven Vending brand and there have been no franchises sold since March 2008. As of December 31, 2020, there were 14 franchises in operation.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and expense recognition – The Company recognizes revenue from product sales at the point of sale. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold. Revenue is recorded net of sales returns. The Company reports the collection of sales taxes on a net basis and is excluded from revenues. Costs and expenses are recognized during the period in which they are incurred.

The Company recognizes franchise royalties, typically earned at 10% of franchise sales, in the period such franchise sales are earned. The Company also receives fees for ongoing administrative services, optional training and per diem support. Revenues for such fees are recognized as the services are provided.

The Company recognizes franchise fees, which are nonrefundable, from the termination or transfer of ownership of franchises. These fees are earned when all material services or conditions relating to the termination or transfer have been substantially performed or satisfied.

The Company sells various food and beverage products to its franchises. Revenue from the sale of food and beverage products is earned as the products are delivered to franchisees.

Cash and cash equivalents – The Company considers all highly liquid investments purchased with maturities of three months or less at the time of purchase to be cash equivalents. The Company also maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash and cash equivalents.

Inventories – Inventories consist of products held for resale and are stated at average cost, which approximates the first-in, first-out method.

Fixed assets - Acquisitions of fixed assets are recorded at cost. Improvements and replacements of fixed assets are capitalized. Maintenance and repairs that do not improve or extend the lives of fixed assets are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of income.

Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from three to seven years and is computed using the straight-line method.

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Intangible assets - Goodwill and other intangible assets with indefinite useful lives are no longer amortized, but are evaluated for impairment annually, or immediately if conditions indicate that impairment could exist. The evaluation requires a two-step impairment test to identify potential goodwill impairment and measure the amount of a goodwill impairment loss. The first step of the test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss. Both steps of the goodwill impairment testing involve significant estimates.

Amortization is provided over the useful life of each class of intangible assets ranging from three to ten years and is computed using the straight-line method.

Fair value of financial instruments – The Company’s financial instruments include accounts receivable, accounts payable, and accrued liabilities. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity’s own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one – Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level two – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

The Company has determined the estimated fair values of its financial instruments using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Company’s estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts. The fair value estimates are based on information available as of December 31, 2020. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

The carrying value of accounts receivable, accounts payable, and accrued liabilities approximate their respective fair values.

Income taxes - The Company has elected to be taxed as an S corporation under the Internal Revenue Code, which provides that shareholders separately account for items of income, deductions, losses and credits. Accordingly, no provisions for federal income taxes are included in the accompanying financial statements for the year ended December 31, 2020.

Due to the passage of the California/Federal conformity legislation, California has generally adopted the federal Subchapter S provisions with the exception that the Company would pay a tax at 1.5% of taxable income as adjusted for California purposes, or \$800, whichever is greater. The Company has also elected to be treated as a Subchapter S corporation for California purposes.

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

State income taxes are provided for the tax effects of transactions reported in the financial statements. The provision for state income tax will consist of taxes currently due plus deferred taxes, when material, related primarily to differences between the basis of certain current assets and liabilities for financial and income tax reporting purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The deferred state tax assets and liabilities relating to differences between the basis of the Company's assets and liabilities for financial and income tax reporting were not material as of December 31, 2020. Accordingly, deferred state income taxes were not included in the Company's provision for state income tax for the year ended December 31, 2020.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more than likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2020, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing and other jurisdictions. However, there are currently no audits in progress for any prior tax periods. As of December 31, 2020, tax years that remain subject to examination by major tax jurisdictions include the years ended December 31, 2016 through December 31, 2019.

Advertising costs – The Company expenses advertising costs as they are incurred. The advertising costs for the year ended December 31, 2020 were \$23,095.

2. ACCOUNTS RECEIVABLE

The aging of accounts receivable consists of the following at December 31, 2020:

Current	\$ 712,273
0 - 30 days	134,900
31 - 60 days	11,531
61 - 90 days	899
Over 90 days	<u>-</u>
	\$ <u>859,603</u>

No allowance for uncollectable accounts has been provided. Management has evaluated the accounts and believes they are all collectable.

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(UNAUDITED)

3. FIXED ASSETS

Fixed assets consist of the following at December 31, 2020:

Equipment	\$ 36,322,336
Vehicles	7,131,622
Office furniture and equipment	785,512
Leasehold improvements	<u>392,392</u>
	44,631,862
Less: accumulated depreciation	<u>(38,455,954)</u>
	<u>\$ 6,175,908</u>

4. INTANGIBLE ASSETS

Intangible assets consist of the following at December 31, 2020:

Goodwill	\$ 3,262,360
Other intangible assets	<u>7,596,273</u>
	10,858,633
Less: accumulated amortization	<u>(7,828,903)</u>
	<u>\$ 3,029,730</u>

5. NOTES PAYABLE

Notes payable consists of the following at December 31, 2020:

Note payable to a financial institution, bearing interest at 4.9%, secured by certain equipment, payable in monthly principal installments of \$1,483 through April 2024.	\$ 57,039
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Note payable to a financial institution, bearing interest at 1.0%, granted pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Funds may only be used for payroll costs, group health care benefits, rent, utilities, and interest on other debt obligations in existence prior to February 15, 2020. The Company has used all funds for qualifying expenses. The loan is payable in monthly installments

See Independent Accountant's Review Report

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(UNAUDITED)

5. NOTES PAYABLE (cont.)

of principal and interest of \$52,287 through April 2022. Certain amounts of the Loan may be forgiven under the terms of the PPP, and the Company has applied for forgiveness. 929,100

Note payable to a financial institution, bearing interest at 1.0%, granted pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Funds may only be used for payroll costs, group health care benefits, rent, utilities, and interest on other debt obligations in existence prior to February 15, 2020. The Company has used all funds for qualifying expenses. The loan is payable in monthly installments of principal and interest of \$126,863 through April 2022. Certain amounts of the Loan may be forgiven under the terms of the PPP, and the Company has applied for forgiveness. 2,254,300  
3,240,439

Less: amount due within one year 2,483,596

Note payable - long term portion \$ 756,843

As of December 31, 2020, principal payments on the notes payable are as follows:

2021	\$ 2,483,596
2022	687,897
2023	63,195
2024	5,751
2025	-
	<u>\$ 3,240,439</u>

See Independent Accountant's Review Report

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(UNAUDITED)

6. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan available to all employees who have reached 21 years of age and have completed one year of continuous service, as defined by the 401(k) plan. In general, employees can make voluntary contributions up to federally designated limits. The Company may elect each plan year, by resolution of the Board of Directors, to make discretionary matching or profit-sharing contributions to the plan. The Company's contribution to the 401(k) plan during the year ended December 31, 2020 was \$56,861.

7. COMMITMENTS AND CONTINGENCIES

The Company has a lease agreement for its corporate headquarters with an entity related through common ownership. This lease is non-cancelable, requires initial monthly rent payments of approximately \$68,000 and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the minimum monthly payment. The minimum initial monthly rent is subject to annual increases based on changes in the consumer price index, but in no case will be less than 4% or greater than 8%. The current monthly rent payment is \$82,000. This lease is scheduled to expire in March of 2025. During November 2014, a lease for facilities in Northridge, California was agreed upon between the Company and Burnet Investments, an entity related through common ownership and control. The lease requires monthly rent payments of \$14,000. The Company also leases facilities and vehicles under operating leases with third parties. For the year ended December 31, 2020, rent expense charged to operations under these operating leases was \$2,863,210.

The Company's future minimum lease payments required under the non-cancelable leases are as follows for the years ending December 31:

	Related Party	Others	Vehicles	Total
2021	984,165	277,490	28,188	1,289,843
2022	1,023,525	285,814	11,760	1,321,099
2023	1,064,460	47,768	-	1,112,228
2024	1,107,030	-	-	1,107,030
2025	279,444	-	-	279,444

8. INSURANCE

The Company bears insurance risk as a member of a group captive insurance entity for certain general liability, automobile and workers' compensation insurance programs. The Company records estimated liabilities for its insurance programs based on information provided by the third-party plan administrators, historical claims experience, expected costs of claims incurred but not paid and expected costs to settle unpaid claims. The Company monitors its estimated insurance related liabilities on a regular basis. As facts change, it may become necessary to make adjustments that could be material to the Company's results of operations and financial condition. The Company believes that its present insurance coverage and level of accrued liabilities are adequate. The Company's insurance expense during the year ended December 31, 2020 was \$1,805,690.

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(UNAUDITED)

9. RELATED PARTY TRANSACTIONS

The stockholders' of the Company have loaned the Company funds for working capital purposes and to assist with business acquisitions. The loan balances are unsecured, non-interest bearing and are due on demand. The balance of loans at December 31, 2020 was \$625,922.

10. COVID-19 PANDEMIC

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies and financial markets on a global scale.

While the Company was classified an essential business and continued to operate throughout the year, it did realize lower revenues and incurred additional expenditures related to COVID-19, resulting in a net loss. The strength of the Company's balance sheet, timely adjustments in operations, and capital contributions from the shareholders enabled the Company to maintain its high customer service standards and end the year in a strong financial position.

Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business. Although it is not possible for the Company to predict the duration or magnitude of the pandemic's adverse effects on the Company's business results or operations, the Company believes it is well positioned going forward given the broad customer base, the integrity of its business model, and the discipline, commitment and experience of its employees and management team.

11. SUBSEQUENT EVENTS

On March 18, 2021, the Company received notification from the Small Business Administration that the Company qualified for full forgiveness on its \$929,100 PPP loan. The Company received \$937,602 in forgiveness, including accrued interest.

The Company has evaluated subsequent events through April 26, 2021, the date the financial statements were issued.

FIRST CLASS VENDING, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

(With Independent Accountant's Review Report Thereon)

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
First Class Vending, Inc.  
Bell Gardens, California

We have reviewed the accompanying financial statements of First Class Vending, Inc., which comprise the balance sheet as of December 31, 2019, and the related statements of income, stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

HRP CPAs

HRP CPAs  
March 20, 2020  
Las Vegas, Nevada

FIRST CLASS VENDING, INC.  
BALANCE SHEET  
DECEMBER 31, 2019  
(UNAUDITED)

ASSETS

Current assets	
Cash	\$ 802,921
Accounts receivable	1,316,977
Inventory	3,893,936
Prepaid expenses and other current assets	218,388
Total current assets	<u>6,232,222</u>
Fixed assets, net	7,332,994
Other assets	
Intangible assets, net	3,172,045
Deposits	77,241
Investments	1,013,797
Total other assets	<u>4,263,083</u>
Total assets	<u><u>\$ 17,828,299</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	
Accounts payable	\$ 2,725,471
Accrued liabilities	443,854
Notes payable - current portion	14,794
Notes payable - officers	625,922
Total current liabilities	<u>3,810,041</u>
Long-term liabilities	
Notes payable - long-term portion	53,272
Total long-term liabilities	<u>53,272</u>
Total liabilities	3,863,313
Stockholders' equity	
Common stock (no par or stated value, 100,000 shares authorized, 100,000 issued and outstanding)	10,000
Additional paid-in capital	3,685,989
Retained earnings	10,268,997
Total stockholders' equity	<u>13,964,986</u>
Total liabilities and stockholders' equity	<u><u>\$ 17,828,299</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(UNAUDITED)

Revenues	
Product sales	\$ 94,465,803
Royalties	223,430
Total net revenues	<u>94,689,233</u>
Cost of goods sold	<u>53,943,281</u>
Gross profit	40,745,952
Operating expenses	
Wages and payroll taxes	24,744,928
Rent	2,335,674
Professional fees	1,392,057
Insurance expenses	2,022,718
Auto expenses	1,695,118
Depreciation and amortization	2,429,457
Other general and administrative	4,494,071
Total operating expenses	<u>39,114,023</u>
Income from operations	<u>1,631,929</u>
Other income/(expense)	
Loss on sale of fixed assets	(8,516)
Interest expense	(22,533)
Interest income	28
Other income	9,998
Net other income/(expense)	<u>(21,023)</u>
Income before provision for state income tax	1,610,906
Provision for state income tax	<u>(800)</u>
Net income	<u><u>\$ 1,610,106</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
STATEMENT OF STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(UNAUDITED)

	Number of Shares	Common Stock Amount	Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
Balance at January 1, 2019	100,000	\$ 10,000	\$ 3,685,989	\$ 10,488,320	\$ 14,184,309
Stockholders' distributions	-	-	-	(1,829,429)	(1,829,429)
Net income	-	-	-	1,610,106	1,610,106
Balance at December 31, 2019	<u>100,000</u>	<u>\$ 10,000</u>	<u>\$ 3,685,989</u>	<u>\$ 10,268,997</u>	<u>\$ 13,964,986</u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(UNAUDITED)

Cash flows provided by operating activities:	
Net income	\$ 1,610,106
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,429,457
Loss on sale of asset	8,516
Changes in operating assets and liabilities:	
Accounts receivable	(211,648)
Inventory	234,438
Other current assets	(182,115)
Deposits	(5,000)
Accounts payable	1,080,679
Accrued liabilities	(133,258)
Net cash provided by operating activities	<u>4,831,175</u>
Cash flows used in investing activities:	
Proceeds from sale of asset	77,907
Purchase of fixed assets	(2,078,814)
Purchase of security collateral	(103,515)
Net cash used in investing activities	<u>(2,104,422)</u>
Cash flows used in financing activities:	
Principal payments on notes payable	(1,378,483)
Proceeds from notes payable	78,633
Stockholders' distributions	(1,827,526)
Net cash used in financing activities	<u>(3,127,376)</u>
Net change in cash	(400,623)
Beginning balance, January 1, 2019	<u>1,203,544</u>
Ending balance, December 31, 2019	<u><u>\$ 802,921</u></u>
Supplemental disclosure of cash flow:	
Interest paid	<u><u>\$ 22,533</u></u>
Income taxes paid	<u><u>\$ 800</u></u>

See Independent Accountant's Review Report and Accompanying Notes to Financial Statements

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business – First Class Vending, Inc. (“the Company”) operates vending locations for beverages, combos, and snacks primarily in Los Angeles, Orange, Ventura, Riverside, San Bernardino, and San Diego counties in California and Las Vegas, Nevada.

During March 2008, the Company created a wholly-owned subsidiary, MAB Vending Services, Inc., to acquire the rights, title and interest to the Los Angeles based franchise agreements of 24seven Vending (USA) Limited pursuant to an asset purchase agreement. During December 2012, the Company dissolved MAB Vending Services, Inc. and its activities are now directly recorded by the Company. Management does not intend to sell new franchises under the 24seven Vending brand and there have been no franchises sold since March 2008. As of December 31, 2019, there were 14 franchises in operation.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and expense recognition – The Company recognizes revenue from product sales at the point of sale. Discounts provided to customers at the point of sale are recognized as a reduction in sales as the products are sold. Revenue is recorded net of sales returns. The Company reports the collection of sales taxes on a net basis and is excluded from revenues. Costs and expenses are recognized during the period in which they are incurred.

The Company recognizes franchise royalties, typically earned at 10% of franchise sales, in the period such franchise sales are earned. The Company also receives fees for ongoing administrative services, optional training and per diem support. Revenues for such fees are recognized as the services are provided.

The Company recognizes franchise fees, which are nonrefundable, from the termination or transfer of ownership of franchises. These fees are earned when all material services or conditions relating to the termination or transfer have been substantially performed or satisfied.

The Company sells various food and beverage products to its franchises. Revenue from the sale of food and beverage products is earned as the products are delivered to franchisees.

Cash and cash equivalents – The Company considers all highly liquid investments purchased with maturities of three months or less at the time of purchase to be cash equivalents. The Company also maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant risk of loss on cash and cash equivalents.

Inventories – Inventories consist of products held for resale and are stated at average cost, which approximates the first-in, first-out method.

Fixed assets - Acquisitions of fixed assets are recorded at cost. Improvements and replacements of fixed assets are capitalized. Maintenance and repairs that do not improve or extend the lives of fixed assets are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of income.

Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from three to seven years and is computed using the straight-line method.

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Intangible assets - Goodwill and other intangible assets with indefinite useful lives are no longer amortized, but are evaluated for impairment annually, or immediately if conditions indicate that impairment could exist. The evaluation requires a two-step impairment test to identify potential goodwill impairment and measure the amount of a goodwill impairment loss. The first step of the test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss. Both steps of the goodwill impairment testing involve significant estimates.

Amortization is provided over the useful life of each class of intangible assets ranging from three to ten years and is computed using the straight-line method.

Fair value of financial instruments - The Company's financial instruments include accounts receivable, accounts payable, and accrued liabilities. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level two - Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level three - Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

The Company has determined the estimated fair values of its financial instruments using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Company's estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts. The fair value estimates are based on information available as of December 31, 2019. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

The carrying value of accounts receivable, accounts payable, and accrued liabilities approximate their respective fair values.

Income taxes - The Company has elected to be taxed as an S corporation under the Internal Revenue Code, which provides that shareholders separately account for items of income, deductions, losses and credits. Accordingly, no provisions for federal income taxes are included in the accompanying financial statements for the year ended December 31, 2019.

Due to the passage of the California/Federal conformity legislation, California has generally adopted the federal Subchapter S provisions with the exception that the Company would pay a tax at 1.5% of taxable income as adjusted for California purposes, or \$800, whichever is greater. The Company has also elected to be treated as a Subchapter S corporation for California purposes.

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

State income taxes are provided for the tax effects of transactions reported in the financial statements. The provision for state income tax will consist of taxes currently due plus deferred taxes, when material, related primarily to differences between the basis of certain current assets and liabilities for financial and income tax reporting purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The deferred state tax assets and liabilities relating to differences between the basis of the Company's assets and liabilities for financial and income tax reporting were not material as of December 31, 2019. Accordingly, deferred state income taxes were not included in the Company's provision for state income tax for the year ended December 31, 2019.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more than likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2019, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing and other jurisdictions. However, there are currently no audits in progress for any prior tax periods. As of December 31, 2019, tax years that remain subject to examination by major tax jurisdictions include the years ended December 31, 2016 through December 31, 2018.

Advertising costs – The Company expenses advertising costs as they are incurred. The advertising costs for the year ended December 31, 2019 were \$2,509.

New accounting pronouncement – In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. This guidance requires lessees to recognize lease assets and liabilities for most leases classified as operating leases under previous U.S. GAAP. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods for fiscal year 2020. Early adoption is permitted for financial statements that have not been previously issued. We are currently assessing the potential effect this guidance may have on our financial statements.

In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842) codification improvements, which clarifies the codification more generally, and corrects unintended application of guidance for issued ASU 2016-2, Leases (Topic 842). The amendments in this update address fair values of underlying assets by lessor that are not manufacturers of dealers, presentation on the state of cash flows for sale type and direct financing leases, and transition disclosures related to Topic 250, accounting changes and error corrections. These updates are intended to increase stakeholders' awareness of the amendments and to expedite the improvements. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods for fiscal year 2020. We are currently assessing the potential effect this guidance may have on our financial statements.

2. ACCOUNTS RECEIVABLE

The aging of accounts receivable consists of the following at December 31, 2019:

0 - 30 days	\$ 1,229,443
31 - 60 days	80,384
61 - 90 days	4,175
Over 90 days	<u>2,975</u>
	<u>\$ 1,316,977</u>

See Independent Accountant's Review Report

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(UNAUDITED)

2. ACCOUNTS RECEIVABLE (CONT.)

No allowance for uncollectable accounts has been provided. Management has evaluated the accounts and believes they are all collectable.

3. FIXED ASSETS

Fixed assets consist of the following at December 31, 2019:

Equipment	\$ 35,367,909
Vehicles	6,920,100
Office furniture and equipment	745,561
Leasehold improvements	<u>392,392</u>
	43,425,962
Less: accumulated depreciation	<u>(36,092,968)</u>
	<u>\$ 7,332,994</u>

4. INTANGIBLE ASSETS

Intangible assets consist of the following at December 31, 2019:

Goodwill	\$ 3,262,360
Other intangible assets	<u>7,596,273</u>
	10,858,633
Less: accumulated amortization	<u>(7,686,588)</u>
	<u>\$ 3,172,045</u>

5. NOTE PAYABLE

Note payable consists of the following at December 31, 2019:

Note payable to a financial institution, bearing interest at 4.9%, secured by certain equipment, payable in monthly principal installments of \$1,483 through April 2024.	<u>\$ 68,066</u>
	68,066
Less: amount due within one year	<u>(14,794)</u>
Note payable - long term portion	<u>\$ 53,272</u>

See Independent Accountant's Review Report

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(UNAUDITED)

5. NOTE PAYABLE (CONT.)

As of December 31, 2019, principal payments on the note payable are as follows:

2020	\$ 14,794
2021	15,472
2022	16,248
2023	17,062
2024	<u>4,490</u>
	<u>\$ 68,066</u>

6. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan available to all employees who have reached 21 years of age and have completed one year of continuous service, as defined by the 401(k) plan. In general, employees can make voluntary contributions up to federally designated limits. The Company may elect each plan year, by resolution of the Board of Directors, to make discretionary matching or profit sharing contributions to the plan. The Company's contribution to the 401(k) plan during the year ended December 31, 2019 was \$16,129.

7. COMMITMENTS AND CONTINGENCIES

The Company has a lease agreement for its corporate headquarters with an entity related through common ownership. This lease is non-cancelable, requires initial monthly rent payments of approximately \$68,000 and provides that the Company pay taxes, maintenance and insurance applicable to the leased premises in addition to the minimum monthly payment. The minimum initial monthly rent is subject to annual increases based on changes in the consumer price index, but in no case will be less than 4% or greater than 8%. This lease is scheduled to expire in March of 2025. During November 2014, a lease for 18312 Northridge was agreed upon between the Company and Burnet Investments, an entity related through common ownership and control. The lease requires monthly rent payments of \$10,000. The Company also leases facilities and vehicles under operating leases with third parties. For the year ended December 31, 2019, rent expense charged to operations under these operating leases was \$2,335,674.

The Company's future minimum lease payments required under the non-cancelable leases are as follows for the years ending December 31:

	Related Party	Others	Vehicles	Total
2020	946,314	37,924	12,552	996,790
2021	984,165	-	-	984,165
2022	1,023,525	-	-	1,023,525
2023	1,064,460	-	-	1,064,460
2024	1,107,030	-	-	1,107,030
2025	279,444	-	-	279,444

8. INSURANCE

The Company bears insurance risk as a member of a group captive insurance entity for certain general liability, automobile and workers' compensation insurance programs. The Company records estimated liabilities for its insurance programs based on information provided by the third-party plan administrators, historical claims experience, expected costs of claims incurred but not paid and expected costs to settle unpaid claims. The Company monitors its estimated insurance related liabilities on a regular basis.

See Independent Accountant's Review Report

FIRST CLASS VENDING, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019  
(UNAUDITED)

8. INSURANCE (CONT.)

As facts change, it may become necessary to make adjustments that could be material to the Company's results of operations and financial condition. The Company believes that its present insurance coverage and level of accrued liabilities are adequate. The Company's insurance expense during the year ended December 31, 2019 was \$2,022,718.

9. RELATED PARTY TRANSACTIONS

The stockholders' of the Company have loaned the Company funds for working capital purposes and to assist with business acquisitions. The loan balances are unsecured, non-interest bearing and are due on demand. The balance of loans at December 31, 2019 was \$625,922.

10. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 20, 2020, the date the financial statements were issued. During this period, no subsequent events have occurred that would require disclosure.

**ADDENDUM NUMBER 1  
REQUEST FOR BIDS  
NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

TO ALL PROSPECTIVE BIDDERS:

This addendum revises the Request for Bids for a Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 1, 2022.

9/2/22  
Date

Denise Sample  
Denise Sample  
Commercial Development Division  
Los Angeles World Airports

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**CERTIFICATE BY BIDDER**

I acknowledge receipt of this Addendum Number 1 of the Request for Bids for a Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 1, 2022, and that the bid is in accordance with the information, instructions and stipulations set forth herein.

By Matthew Marsh  
Signature   
Company First Class Vending, Inc.  
Phone 323 268 7632

- **Note: This signed addendum notice, along with the attached page, must accompany your bid package.**

**ADDENDUM NUMBER 1  
REQUEST FOR BIDS  
NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

**(1) Section 4.1 – Administrative Requirements for this RFB are attached (starting on the next page).**

**ADDENDUM NO. 2**  
**POSTED ON RAMPLA.ORG 09/1/2022**  
**REQUEST FOR BIDS**  
**FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION**  
**AT LOS ANGELES WORLD AIRPORTS**

TO ALL PROSPECTIVE BIDDERS:

This addendum revises the Request for Bids for a Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 1, 2022.

9/15/22

Date

Denise Sample

Denise Sample

Commercial Development Division

Los Angeles World Airports

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**CERTIFICATE BY RESPONDENT**

I acknowledge receipt of this Addendum Number 2 for Request for Bids for Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 15, 2022, and that the request for bids is in accordance with the information, instructions and stipulations set forth herein.

Signed By: 

Matthew Marsh, President

Company

First Class Vending, Inc.

Phone

323 268 7632

**IMPORTANT:** This **signed** addendum acknowledgement (page no. 1 only) must accompany your submittal.

**ADDENDUM NO. 3  
ADDENDUM POSTED 09/22/2022**

**REQUEST FOR BIDS  
FOR NON-EXCLUSIVE VENDING MACHINE CONCESSION  
AT LOS ANGELES WORLD AIRPORTS**

TO ALL PROSPECTIVE BIDDERS:

This addendum revises the Request for Bids for a Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 1, 2022.

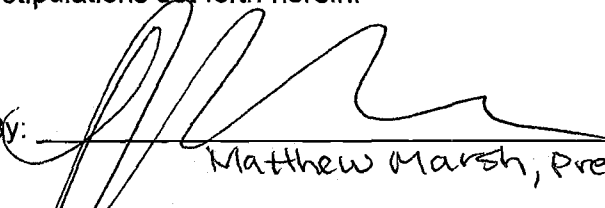
09/22/22  
Date

Denise Sample  
Denise Sample  
Commercial Development Division  
Los Angeles World Airports

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**CERTIFICATE BY RESPONDENT**

I acknowledge receipt of this Addendum Number 3 for Request for Bids for Non-Exclusive Vending Machine Concession for Los Angeles World Airports dated September 22, 2022, and that the request for bids is in accordance with the information, instructions and stipulations set forth herein.

Signed By:   
Matthew Marsh, President

Company: First Class Vending, Inc.

Phone: 323 2687632

**IMPORTANT:** This **signed** addendum acknowledgement (page no. 1 only) must accompany your submittal.

# **The following is an introduction and up close look at First Class Vending that includes:**

- ✓ Experience
- ✓ Programs
- ✓ Options
- ✓ Service Specifics
- ✓ Sustainability
- ✓ Quality Assurance
- ✓ Facilities
- ✓ Customer Service
- ✓ Health & Wellness
- ✓ Technology
- ✓ Equipment
- ✓ Products

First Class Vending will obtain all licenses, insurance, permits and comply with all government regulations in regards to vending.



## **Vending Service Introduction**

**#204042**

**Non-Exclusive Vending Machine Concession**

## ABOUT US...

First Class is a family owned and operated business. Proudly US/American owned and headquarters based in Southern California extending to Nevada with current woman-owned certification. We have 28 years industry experience with thousands of clientele in all business types with over 5000 pieces of equipment installed.



Founded in 1994, First Class has remained immune from large corporate infrastructure. Our Team of executives and employees are completely accessible to clients and to each other. Your entire team is truly ***"one call away"*** at all times.

First Class has built a solid team of professional Operations Managers, Technicians, Route Drivers, Client Relations Representatives and Marketers that share one common goal:

**Superior Customer Service.**

Being a locally owned company has provided us the benefit of better service to our clientele over being a conglomerate type. Since its inception, First Class has developed a strong culture built on both respect, career fulfillment and growth. By ensuring our employees are happy, healthy, well compensated and having fun doing their jobs, First Class, in turn, makes certain that our clients are happy and cared for properly.



# Michelle Marsh – First Class Vending-Nevada Affiliate National Woman's Business Enterprise Certified

## WBENC

WOMEN'S BUSINESS ENTERPRISE  
NATIONAL COUNCIL

JOIN FORCES. SUCCEED TOGETHER.

hereby grants

# National Women's Business Enterprise Certification

to

First Class Vending Inc.

who has successfully met WBENC's standards as a Women's Business Enterprise (WBE).  
This certification affirms the business is woman-owned, operated and controlled and is valid through the date herein.

WBENC National WBE Certification was processed and validated by Women's Business Enterprise Council - West, a WBENC Regional Partner Organization.

Certification Granted: May 12, 2020  
Expiration Date: May 31, 2023  
WBENC National Certification Number: WBE2001124

*Pamela Williamson, Ph.D.*

Authorized by Pamela Williamson, President &  
CEO Women's Business Enterprise Council -  
West

**WBENC WEST**  
WOMEN'S BUSINESS ENTERPRISE COUNCIL  
JOIN FORCES. SUCCEED TOGETHER.

NAICS: 445298, 238290  
UNSPSC: 48110000, 48111000, 48111101, 48111104, 72151803, 90101902



# SUSTAINABILITY - GOING GREEN - THE ENVIRONMENT



The First Class innovative thinking and commitment to the environment is displayed with our 1300 solar panel 349 kW Solar Panel Electricity Installation and has offset 100% of its energy load. This helps reduce our carbon footprint and impact we have on the grid. First Class wants to meet the sustainability standards our clients set for themselves. We serve many Fortune 100 companies, major universities, airlines, hospitals, theme parks, and many others, and being part of their culture means living up to their examples.

A key focus of First Class is to minimize the impact of procurement of goods and services has on the local environment. We are committed to sustainable economic, social and environmental practices in all operations in which we are involved. A few of those practices include:



Utilizing ENERGY STAR® qualified equipment to minimize electrical consumption, as well as UL rated and LED lighting.

Using high efficiency lighting throughout its distribution centers & corporate facility, make multiple efforts in our machine parts, lighting retrofits, cellular phones, printer cartridges and supplies to be environmentally friendly.



**First Class  
Leads the Field  
with Quality,  
Service and Energy  
Savings!**



Recycling tons of cardboard annually. Within our business practices, we make every effort to Reduce, Reuse and Recycle.



Maintaining a fleet of Hybrid and Energy-Efficient Propane vehicles/trucks for our route, technician and management teams.



# YOUR CUSTOMER CARE REPRESENTATIVES

When it comes to customer service there is no other company that dedicates the time, money and energy that we do. It is quite a huge investment. Upon machine installation, you will receive an assigned Customer Care Representative that will continually be available to you for all your vending needs.

Our staff of Customer Relations professionals visit each month to ensure an outstanding level of service. Our Customer Relations professionals are on site to improve operations, audit inventory and meet with you to discuss improvements.

Our route drivers are experienced, motivated and trained to offer excellent service including merchandising, client troubleshooting and minor technical repairs. Our commitment to ***“Quality Service with Pride”*** is enhanced through our drivers who act as consultants with customers, keeping track of the products that are selling and the price points that effectively increase sales and profits.

Our goal is *“one call”* customer support with a two hour response time for maintenance calls. Emergency repair service is offered 24 hours a day, 7 days a week.

## FACILITIES AND PRODUCTS

First Class distribution centers are strategically located in Los Angeles, Fontana, Northridge, San Diego, Phoenix, Reno and Las Vegas with the master distribution center sitting on five acres of land and encompassing more than 60,000 square feet.

Since relocating into this new facility, the Company is able to warehouse and distribute more national, regional, and healthy brand name products than any other vending company...thus, making them available to our customers at any time.

First Class has also invested in larger route trucks that are not the norm in the vending industry. We have a fleet of nearly 200 trucks.

First Class not only offers an array of popular national brands, but provides a line-up of “good-for-you” and tasty food products in the ever evolving “Well Within Reach” wellness category . Client requests for special or unique food and beverage products are also encouraged.



# QUALITY ASSURANCE PROGRAM

A unique feature of the First Class operation is our Quality Assurance Program. Our Team will continually be on site to inspect all vending machines to ensure complete customer satisfaction is being met and maintained. They will also maintain close communications with site personnel to gather any comments or concerns you may need addressed. We are committed to assuring that you continue to receive First Class service.

## **Quality Assurance Program will make sure that:**

- All aspects of our service pledge are followed to include service times and frequencies
- The company's sanitation policy and procedures for all machines are followed continuously
- All machines are merchandised to offer the most popular products to maximize sales

We are committed to providing whatever is required to assure excellent service. Our service personnel will strictly observe all regulations governing entrance, driving and parking regulations while on your premises. They will conduct themselves in a courteous manner, however, socializing or disruptive behavior will not be allowed. We ensure that your machines are frequently serviced to assure fresh product

A staff of qualified, fully-trained technicians that are cellular dispatched back up the route-driver on any needed machine repairs. Our goal is to always respond to maintenance calls within two hours.

We will accommodate any request or requirements for specific service times to the best of our ability. We routinely perform weekend service and maintain 24 hours-per-day, 7-days a week, emergency repair service availability.

# HEALTH & SAFETY PROTOCOLS

First Class' main priority is ensuring the safety and well-being of our clients and employees. As a leader in the food and beverage industry for 28 years, we continue to maintain strict cleaning and sanitation regulations, in addition to following all CDC & FDA guidelines.

## Our Commitment to your Safety

- ✓ First Class will adhere to all of the latest health & safety protocol regulations.
- ✓ All First Class personnel are provided with face coverings to use on location as required.
- ✓ Employees have been trained on appropriate social distancing while on location and servicing account.
- ✓ All First Class personnel are supplied with hand sanitizer to be used before entering facility and between locations.
- ✓ Cleaning and disinfecting procedures are required in the course of servicing sites.

## First Class Workplace & Vehicle Protocols and Policies

- ✓ Employees are asked to self-evaluate before they arrive to work for signs of illness (e.g., fever over 100.4, cough or shortness of breath). Prior to entering the workplace employees are given a health screening questionnaire and a temperature check. If they answer "yes" to any of the questions or have a fever, they are asked to leave the building and call their supervisor for further instructions.
- ✓ Daily sanitization of high-touch areas like restrooms, PIN pads, and common areas.
- ✓ We provide sanitization materials, such as sanitizing wipes, to employees to clean handhelds/wearables, scanners, radios, or other work tools and equipment before and after use.
- ✓ High-touch areas are routinely cleaned and disinfected, particularly in spaces that are accessible to staff, customers and suppliers.
- ✓ Cleaning procedures will be followed in the event of a known or potential exposure in our facility in compliance with CDC recommendations. A deep-cleaning response protocol is in place, in the event of an employee(s) testing positive.
- ✓ Handshaking and other unnecessary person-to-person contact is prohibited in the workplace.
- ✓ We ensure employees stay six (6) feet apart whenever practical.
- ✓ All employees wear protective face coverings at all times.
- ✓ Break times are spaced out and employee work areas have been spaced out to accommodate physical distancing.
- ✓ Meetings/trainings and on-boarding practices have been adjusted to accommodate safety and the ability to interact with employees who are not on-site.
- ✓ Non-employees are restricted from entering our business and/or will have limited access if absolutely needed. We are requiring proper personal protection equipment (PPE) equipment, temperature check and a health questionnaire.

# MACHINE SERVICE

## MACHINE SERVICE

All machines stocking schedules are set by our Division Managers for the route personnel. Our service personnel will be sure to stock and service all machines as scheduled, maintain sanitation procedures, perform any needed minor mechanical maintenance and replenish refund banks. Our handheld units assist in developing site schedules. If volume warrants daily service, we stock daily. If volume warrants three times a week, we stock then, etc. Our managers review all necessary merchandising requirements, site access and planograms with the route personnel. We are constantly evaluating each site from the standpoint of time and motion. This is absolutely critical to our success.

## MAINTENANCE & REPAIRS

All route personnel are equipped to handle minor repairs on-site, but if needed we have a team of local area technicians who are cellular dispatched to make every effort to respond to your site within a two hour period to avoid machine down-time. We believe sales that are lost from malfunctions are sales that can never be made up again, which is why SERVICE is a top priority for us. Should a machine suffer continuous problems it will be removed from the site and replaced. All our machines have a sticker visibly placed on the exterior with a number direct to our Dispatch Office to obtain immediate service.

# TECHNOLOGY & ACCOUNTING



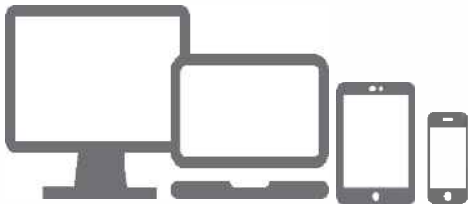
First Class is at the forefront of computerization to handle scheduling, accounting and the high volume transactions that are inherent in the vending business. Our ParLevel telemetry, Lightspeed automated warehouse system and handheld computers that monitor our vending machines link into our back office database which allows First Class to maintain “just in time” inventory levels in its distribution center, so our clients receive the freshest products available.

In addition, our system tracks maintenance of the vending machines which means less downtime and fewer inconveniences for you. At any given moment, our operations managers have total visibility into our master distribution center and vending machine inventory.

As a technology pioneer in the vending industry, First Class invests significant financial and human capital into harnessing leading edge software and hardware systems that provide complete cash accountability, inventory control, tracking and forecasting, taxes and financial analysis.

Utilizing sophisticated handheld computers, each First Class Route Driver electronically downloads all sales, inventory and cash accounting data from each vending machine. In addition, we closely monitor the exact amount of coins and bills collected from each service visit.

Inventory management, metered machines, cash reconciliation, high speed coin counters, and high security vaults are just a few of the technology systems utilized by First Class to ensure timely and accurate inventory control, as well as machine servicing.



# TECHNOLOGY & AUTOMATION



## Automated Warehouse System



First Class has invested in and implemented an automated warehouse technology system in all warehouse facilities for optimal management of inventory and product fulfillment for our clients. This state-of-the-art system allows our drivers and warehouse personnel to maximize efficiency by relaying inventory and product needs to our warehouse in real-time. The specific usage amounts required to meet the service load are quickly and accurately replenished to our sites.



Our technology telemetry system allows us the ability of inventory management to monitor product movement. The First Class Team will proactively manage the data, monitor and adjust products and par levels in efforts to increase sales.

Continued...

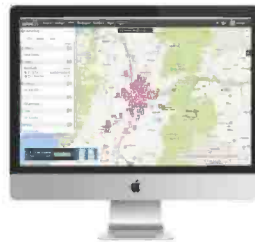
# TECHNOLOGY & AUTOMATION

## PARLEVEL VENDING MANAGEMENT SYSTEM



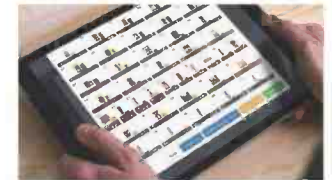
### ROUTE SCHEDULING FOR OPTIMUM SERVICE

Our remote monitoring system assures you that we will keep your machines supplied at all times. Our GPS based routing tools provide energy efficient delivery.



### PRODUCT MERCHANDISING

The product selections in your machines reflect your preferences and are constantly monitored and adjusted to keep your customers happy.



### USE THE PAYMENT METHOD YOU PREFER

Cash, credit/debit cards or app based payments

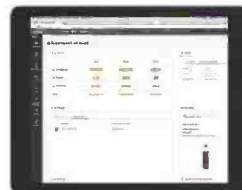


### SCHEDULING & TRACKING OF SERVICE CALLS

If repair service is needed, our dispatch and service tracking system makes sure your request is handled in a timely manner. Often service calls are generated by machine alerts and we can fix issues you may not even be aware of.

### WAREHOUSE MANAGEMENT TO ASSURE FRESHNESS

Our warehouse system supplies you with fresh product packaged daily for each machine and stored at the proper temperature.

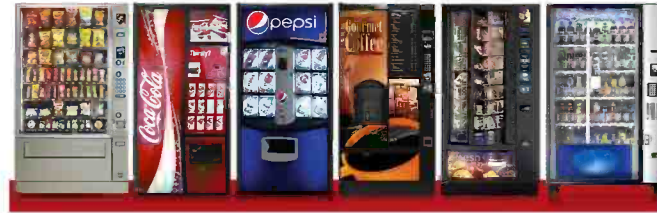


### CLOUD BASED TECHNOLOGY AND APPS

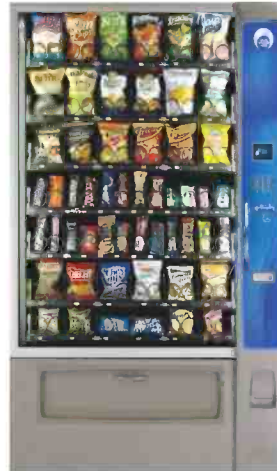
Our drivers and service technicians are all connected via our apps for quick response.



# VENDING EQUIPMENT – Page 1



**Candy / Snack  
Machines**

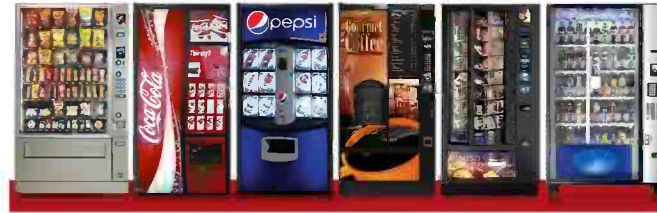


**Refrigerated  
Foods**



Individual Spec-Sheets  
Can Be Provided plus we  
have multiple other  
options available

# VENDING EQUIPMENT – Page 2



**Hot Beverage  
Machines**



**Generic  
Glass-Front  
Beverage  
Max**



**Pepsi Cola  
Brand**



**Coca Cola  
Brand**



**Individual Spec-Sheets  
Can Be Provided plus we  
have multiple other  
options available**

# CASHLESS VENDING

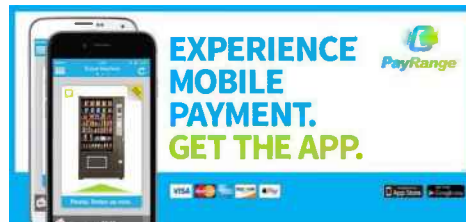


Consumers enjoy the convenience of utilizing their handy debit or credit cards to make their vending purchases quick & easy!



Vending Version

Consumers can download the free mobile app from either the Apple App Store for iPhone users or the Google Play Store for Android users. The PayRange app enables consumers to make their transactions at unattended points of sale —vending machines, amusement devices, laundry and more — quicker and easier. And with flexible funding options including all major credit and debit cards plus the ability to add funds via Apple Pay, consumers are empowered to make mobile payments a reality.



# HEALTH & WELLNESS PROGRAM



First Class is proud to present our **Well Within Reach Program**. We are dedicated to ensuring that our machines have healthier products and our customers have the choices to lead a healthier lifestyle. We know that everyone will benefit from a healthier way of life.

First Class is consistently offering the latest selection of products in healthier snacks, food and beverages. Many offerings are all natural, gluten free, kosher, vegan and organic. We understand that each client is unique and requires specialized refreshment services. We have an obligation to our customers health and well being and have taken a leading role in providing nutritional products by providing a 25% planogram of wellness items.

First Class is helping to make a healthier choice simple with items that meet the below guidelines or are specialty (gluten free, kosher, vegan, organic, etc). These are products that have been selected for the **Well Within Reach Program** and will get you started to being a healthier you.

When you choose a **Well Within Reach** product, you're making a sound decision. That's because food products in the **Well Within Reach Program** meet nutrition standards based on authoritative statements from the Food and Drug Administration (FDA) and the National Academy of Sciences.

**35 / 10 / 35 Guidelines.....Well Within Reach Snacks Contain No More Than:**

**35% of Calories as Fat (Excluding Nuts)**

**10% of Calories as Saturated Fat (Excluding Nuts)**

**35% of Total Weight from Sugar**





## HEALTHIER SELECTIONS

### **JUICES - Bottle**

Welch's 100% Apple  
Welch's 100% Orange  
Welch's Cranberry  
Welch's Grape

### **JUICES - Can**

V-8 Vegetable  
Kern's Mango  
Kern's Strawberry Banana  
Welch's Apple  
Welch's Grape  
Welch's Orange

### **LACROIX SPARKING WATER**

Apricot  
Berry  
Cran Raspberry  
Grapefruit  
Hibiscus  
Keylime  
Lemon  
Lime  
Mango  
Passion Fruit  
Tangerine

### **WATER - Bottle**

Arrowhead 1oz  
Aquafina 20oz  
Dasani 20oz  
Dejablu 20oz  
Crystal Geyser 16oz

### **FLAVORED WATER - Bottle**

Crystal Geyser Sparkling Orange  
Crystal Geyser Sparkling Berry  
Crystal Geyser Sparkling Lemon  
Crystal Geyser Sparkling Lime

### **VITAMIN WATER - Bottle**

Essential  
Power C  
Revive

XXX

Zero XXX  
Zero GoGo  
Zero Mega C  
Zero Rise  
Zero Squeezed

### **COCONUT WATER - Can**

Aqua De Coco Mex

### **MILKS - Carton**

2%, Fat Free  
Silk Soy Chocolate, Vanilla

### **ISOTONICS - Bottle**

Gatorade Fruit Punch  
Gatorade Lemon Lime  
Gatorade Orange  
Gatorade Cool Blue Raspberry  
Gatorade Fierce Grape  
Gatorade Glacier Freeze  
Gatorade G2 Fruit Punch  
Gatorade G2 Grape  
Gatorade G2 Lemon Lime  
Powerade Fruit Punch  
Powerade Lemon Lime  
Powerade Orange  
Powerade Grape  
Powerade Mountain Blast  
Powerade Strawberry Lemonade  
Powerade Zero Grape  
Powerade Zero Berry  
Powerade Zero Punch

### **TEAS - Can**

Arizona Lemon  
Arizona Peach  
Arizona Raspberry  
Arizona Green Tea

### **ASST DIET COLA'S - Can/Bottle**

Sugar Free, Fat Free, Carb Free

(Rotating Menu-Subject To Change)



## HEALTHIER SELECTIONS

### **SNACKS**

Beef Jerky  
 Buzz Strong Choc Chip Cookie  
 Buzz Strong Choc Cake Cookie  
 Cheez-Its Reduced Fat & Whole Grain  
 Chex Mix-Bold  
 Chex Mix-Caramel  
 Chex Mix-Simply  
 Chex Mix-Traditional  
 Gardettos Reduced Fat Snacks  
 Goldfish Baked Cheddar Snacks  
 Lowfat Pretzels  
 Poptart Singles-Whole Grain  
 Rice Krispie Treats-Whole Grain  
 Sea Veggies Seaweed  
 Snyders Pretzels  
 Sugar Free Gummy Bears  
 Sugar Free Sour Worms  
 Wheat Thin Veggies  
 Welch's Reduced Sugar Fruit Snacks  
 Whole Grain Choc Chip Cookies

### **DOLE FRUIT BOWLS**

Mandarin Orange  
 Peach Slices  
 Pineapple Wedges  
 Tropical Fruit

### **BARs**

Appleway Bars – 3 Types  
 Cereal Bars – 3 Types  
 Odwalla Bars – 2 Types  
 Clif Bar – Choco Chip Peanut Crunch  
 Clif Bar – Crunch Peanut Butter  
 Clif Z Bars – Chocolate Brownie  
 Clif Z Bars – Peanut Butter  
 Fiber Bar Oats & Chocolate  
 Kashi TLC Bar – Almond  
 Kashi TLC Bar – Peanut Butter  
 Nature Valley Granola Bar-Peanut Butter  
 Nature Valley Granola Bar-Oats & Honey  
 Nutri Grain Bar – Apple Cinnamon  
 Nutri Grain Bar – Blueberry  
 Nutri Grain Bar – Raspberry  
 Nutri Grain Bar – Strawberry  
 Luna Bars  
 Kind Bars  
 Think Thin Bars

### **CHIPS**

Baked Cheetos  
 Baked Doritos  
 Baked Hot Cheetos  
 Baked Lays  
 Baked Ruffles Cheddar Sour Cream  
 Popchips BBQ  
 Popchips Cheddar  
 Popchips Original  
 Popchips Sea Salt & Vinegar  
 Popchips Sour Cream & Onion  
 Popcorners White Cheddar  
 Popcorners Butter  
 Popcorners Cheesy Jalapeno  
 Popcorners Kettle  
 Popcorners Sweet Chili

### **OATMEAL / CEREAL**

Cheerios Cereal  
 Corn Flakes Cereal  
 Mini Wheat Cereal  
 Raisin Bran Cereal  
 Smart Start Cereal  
 Special K Cereal  
 Oatmeal-Apple Cinnamon  
 Oatmeal-Maple Brown Sugar  
 Oatmeal-Regular

### **NUTS / SEEDS / TRAIL MIXES**

Blue Diamond Smokehouse Almonds  
 Mr. Nature Unsalted Trail Mix  
 Mr. Nature Unsalted Energizer Mix  
 Mr. Nature Oriental Mix  
 Peanuts  
 Sunflower Kernels  
 Sunflower Seeds  
 Corn Nuts - Original  
 Corn Nuts - Ranch  
 Kars Sweet & Salty Mix  
 Snack 180 Naturals-Blueberry Pomegranate  
 Snack 180 Naturals-Cran Pomegranate  
 Snack 180 Naturals-Pistachio Trail Mix  
 Snack 180 Naturals-Cashew  
 Snack 180 Naturals-Pecan  
 Wonderful Pistachios

Rotating Listing Subject To Change  
 May include nut-exclusions

# SNACK PRODUCT LISTING

## HEALTHIER OPTIONS SNACKS

180-Snacks ( 3 Flavors)  
 Appleyways Bars (2 Flavors)  
 Baked Hot Cheetos  
 Baked Lays Chips (3 flavors)  
 Baked Ruffles Cheddar Sour Crm Chips  
 Grandma Whole Grain Choc Chip Cookie  
 Buzz Strong Chocolate Chip Cookies  
 Buzz Strong Chocolate Cake Cookies  
 Cereal Bars (schools)  
 Clif Bars (4 flavors)  
 Clif Z Bars (schools)  
 Nature Valley Granola Bars (3 flavors)  
 Mr. Nature Trail Mix 2oz  
 Mr. Nature Yogurt Trail Mix 2oz  
 Mr. Nature Sweet Salty Trail 2oz &  
 Mr. Nature Salted Peanuts 2oz  
 Mr. Nature Unsalted Peanuts 7.5oz  
 Mr. Nature Raw Almonds  
 Popchips (4 Flavors)  
 Popcorners (4 Flavors)  
 Nutrigrain Bars (4 flavors)  
 Snyders Mini Pretzels  
 Snyder's Old Time Pretzels  
 Reduced Fat Cheese Its  
 Reduced Fat Gardettos  
 Sea Veggies Seaweed  
 Smokehouse Almonds  
 Snack Wells Vanilla Cookie  
 Sugar Free Vanilla Wafers  
 Welch R/S Fruit Snacks (schools)  
 Wheat Thins Veggie  
 Wonderful Shelled Pistachios  
 WholeGrain Cheese Its  
 WholeGrain Poptarts (2 flavors)  
 WholeGrain Rice Crispy Treats

## CANDY (Mars Brand)

Snickers  
 M&M Peanut  
 M&M Plain Milk Chocolate  
 M&M Peanut Butter  
 M&M Crispy  
 Twix Caramel  
 Munch Peanut Bars  
 3Musketeers  
 Milky Way

## CANDY (Nestle)

Baby Ruth  
 Butter Finger  
 Crunch Bar  
 Raisinettes  
 Mini Chewy Sweettarts

## CANDY (Wrigley/Mars)

Skittles Fruit  
 Skittles Tropical  
 Skittles Wild Berry  
 Starburst Original  
 Starburst Tropical

## CANDY (Various Brands)

Gummi Factory Gummi Bears  
 Gummi Factory Sour Worms  
 Sour Jacks Watermelon  
 Red Vines 4oz  
 Pnuttles Toffee Peanuts  
 Hot Tamales  
 Welch's Mixed Frt Snacks

## CHIPS (Various Brands)

Boulder Hickory BBQ  
 Boulder Jalapeno  
 Boulder Olive Oil  
 Boulder Sea Salt  
 Herrs Jalapeno Poppers  
 Pepe's Hot Spicy Pork Rinds  
 SK Guacamole Totilla Chips  
 SK Salsitas Totilla Chips  
 Smartfood Wht Cheddar Popcorn  
 Taki's Fuego

## CHIPS (Frito Lay)

Doritos Flamin Hot  
 Doritos Nacho Cheese  
 Doritos Cooler Ranch  
 Doritos Sweet Chili  
 Cheeto Crunch  
 Cheeto Flamin Hot  
 Cheetos Hot Limon  
 Cheeto Baked Flamin Hot  
 Cheetos Jalapeno  
 Frito Regular  
 Frito Chili Cheese  
 Munchies Hot & Spicy Mix  
 Lays Regular  
 Lays BBQ  
 Lays Sour Cream Onion  
 Lays Limon  
 Baked Lays Regular  
 Baked Lays BBQ  
 Ruffles Cheddar Sour Cream  
 Sunchips Garden Salsa

## COOKIES

Bart & Judy Choc Chip  
 Columbus Cappuccino  
 Classic Cookie-Cinnabon  
 Classic Cookie-PNB  
 Duplex Cookies  
 Grandmas Chocolate Chip  
 Grandmas Oatmeal  
 Grandmas Peanut Butter  
 Grandmas Mini Vanilla Crème  
 Keebler Mini Fudge Stripe  
 Keebler Wafer Cookies  
 Knotts Boysenberry  
 Knotts Raspberry  
 Knotts Strawberry  
 Oreo's  
 Otis Spunkmyer Choc Chunk  
 Pepperridge Farms Milano  
 Ruger Vanilla Wafer  
 Ruger Chocolate Wafer  
 Sunmaid Oatmeal Raisen

## MINTS

Lifesavers 5-Flavors  
 Life savers Pep O Mint  
 Lifesavers Wint O Green

## GUM

Doublemint  
 Juicy Fruit  
 Extra Sugar Free Peppermint  
 Extra Sugar Free Spearmint  
 Five Rain  
 Five Cobalt

## SNACKS

Act II Butter Lovers Popcorn  
 Austin Cheese P Butter Crackers  
 Cheese Its Regular Big Bag  
 Chex Mix Bold & Spicy  
 Chex Mix Honey Nut  
 Chex Mix Traditional  
 Corn Nuts BBQ  
 Corn Nuts Original  
 Corn Nuts Picante  
 Corn Nuts Ranch  
 David's Sunflower Seeds  
 HK Anderson PB Pretzel Nugget  
 Jacklinks Beef Jerky (2 flavors)  
 Jacklinks Snack Bites  
 Pepperridge Farms Goldfish  
 Planter's Salted Peanuts  
 Poptarts Blueberry  
 Poptarts Chocolate Chip  
 Poptarts Cherry  
 Poptarts Cinnamon Brown Sugar  
 Poptarts Strawberry  
 Rice Krispy Treats

## PASTRY

Cloverhill Big Texas  
 Twinkies  
 Vanilla Zingers  
 Chocolate Zingers  
 Powder Gem Donuts  
 Chocolate Gem Donuts  
 Mrs Freshley Cherry Cheese Danish  
 Mrs Freshley Glazed Honeybun  
 Mrs Freshley White Iced Honeybun  
 Mrs Freshley Cheese Danish  
 Mrs Freshleys Cupcakes  
 Mrs Freshley Gem Donuts-Crumb  
 Mrs Freshleys Boston Crème  
 Mrs Freshleys Cinnamon Honeybun



# BEVERAGE PRODUCT LISTING

## WELCHS JUICE BOTTLE

Apple 100%  
Orange 100%  
Cranberry  
Grape

## WELCHS JUICE CAN

Apple  
Grape  
Orange

## KERNS JUICE CAN

Mango  
Strawberry Banana

## V-8

V-8 Vegetable Juice (cans)

## DOLE JUICES 15.2 oz

## ARIZONA TEAS (canned)

Ginseng Green Tea 11.5oz  
Raspberry Tea 15.5oz  
Peach Tea 15.5oz  
Lemon Tea 15.5oz

## ARIZONA TEAS (20oz)

Green Tea  
Mucho Mango  
Sweet Tea  
Watermelon  
Arnold Palmer

## ENERGY DRINKS

Bang Energy-5 Flavors  
Celsius-5 Flavors  
Monster  
Monster Low Carb  
Monster Ultra Zero  
On Amino Energy  
Redbull-4 Flavors  
Rockstar-5 Flavors  
Yerba Mate

## WATER

Arrowhead 20 oz  
Aquafina 20 oz  
Bubly Sparkling 11oz-8 Flavors  
Crystal Geyser Mineral-4 Flavors

Dasani 20 oz

Essentia 20oz

Icelandic 16.9oz

Lacroix Sparkling-11 Flavors

Life Water 20oz & 1 liter

Waiakea Water 16oz & 1 liter

Smart Water 20oz

Perrier Sparkling 11oz

Perrier Sparkling .5ltr

San Pellegrino Lemon Can 330ml

Sobe Life Water Pomegranate

## VITAMIN WATER

Power C

Refresh

XXX

Zero XXX

## COCONUT WATER

El Mexicano Coconut Water

\*Vita Coco 17oz

\*Zico 8.45oz

## JARRITOS

Mandarin

Sangria

Sidral Mundet-Apple

## \*NAKED JUICES

Mighty Mango

Berry Blast

Green Machine

## COFFEE GODS

Vanilla

Mocha

Caramel

## SPARKLING ICE

Black Raspberry  
Kiwi Strawberry  
Strawberry Watermelon

## POWERADE BOTTLES

Lemon Lime

Fruit Punch

Grape

Mountain Blast

Grape Zero

Berry Zero

Punch Zero

## GATORADE BOTTLES-20oz

Lemon Lime

Fruit Punch

Orange

Cool Blue Raspberry

Fierce Grape

Glacier Freeze

G2 Fruit Punch

G2 Grape

G2 Lemon Lime

## SPECIALTY

\*Brew Dr Kombucha 14oz

\*Starbucks Doubleshot 6.5oz

\*Starbucks Cold Brew 11oz

\*Starbucks Triple Shot 15oz

Muscle Milk 14oz

## ORIGINAL NEW YORK SELTZER SODA

Black Cherry

Grape

Raspberry

Rootbeer

Vanilla

## COCA COLA CANS

Coca Cola  
Diet Coke  
Cherry Coke  
Coke Zero  
Cherry Coke Zero  
Dr. Pepper  
Diet Dr. Pepper  
Cherry Dr. Pepper  
Diet Cherry Dr. Pepper  
Sprite  
Sprite Zero  
Fuze Tea  
Seagram's Ginger Ale  
Fanta Strawberry  
Fanta Pineapple  
Fanta Orange

## COCA COLA BOTTLES 20oz

Coca Cola  
Diet Coke  
Dr. Pepper  
Sprite  
Fuze Tea  
Fanta Orange  
Min Made Lemonade

## COCA COLA BOTTLES 16.9oz

Coke  
Coke Zero  
Diet Coke  
Sprite  
Diet Dr. Pepper  
Dr. Pepper

## SPECIALTY SODAS

Bubble Up  
Cheer Wine

## PEPSI COLA CANS

Pepsi  
Diet Pepsi  
Mountain Dew  
Mountain Dew Code Red  
Diet Mountain Dew  
Mug Rootbeer  
Lipton Brisk Tea  
Sierra Mist  
Wild Cherry Pepsi  
Grape Crush  
Orange Crush  
Pineapple Crush

## PEPSI COLA BOTTLES

Pepsi  
Diet Pepsi  
Wild Cherry Pepsi  
Mountain Dew  
Diet Mountain Dew  
Mountain Dew Code Red  
Mug Rootbeer  
Lipton Brisk Tea  
Lipton Green Tea  
Lipton Pure Leaf Tea  
Sierra Mist  
Grape Crush  
Orange Crush  
Pineapple Crush  
Schwepps Gingerale

## SEVEN UP CANS

Seven Up & Diet  
Cherry Seven Up & Diet  
A & W Rootbeer & Diet  
Sunkist Orange & Diet  
A & W Cream Soda & Diet  
Cactus Cooler  
Hawaiian Punch  
Squirt



# FOOD PRODUCT LISTING

## ITEMS

Bean & Cheese Burrito  
Beef & Green Chili Chimí  
Chicken, Bean & Rice Burrito  
Chicken, Bean & Rice Chimí  
Spicy Beef Burrito  
Ruiz Bean & Cheese Burritos  
Ruiz Beef & Bean Burritos  
Ruiz Beef & Bean Chimichanga  
Ruiz Beef & Bean Grn Chl Burrito  
Ruiz Stnd Beef & Cheese Burrito  
Ruiz Spicy Red Hot Burrito  
El Monterey Beef & Bean Burr  
El Monterey Spicy Red Hot Burr  
Reynaldo Burritos  
Nemos Banana Cake  
Nemos Carrot Cake  
Nemos Cheese Coffee Cake  
Nemos Chocolate Cake  
Nemos Cinnamon Roll  
Nemos Coffee Cake  
Dave's Crumb Cake  
Dave's Marble Cale Pals  
Dave's Raspberry Cake  
Dave's Vanilla Cheese Cake  
Apple Muffins  
Banana Nut Muffins  
Blueberry Muffins  
Cappuccino Muffins  
Cheese Muffins  
Chocolate Muffins  
Cream Cheese Muffins  
Oat Bran Muffins  
Mocha Chip Muffins  
Marble Cake  
JJ Apple Pie

Nathan's Famous Beef Hot Dogs  
Polish Sausage Sandwich  
Johnsonville Brats  
Buddy Grilled Double Cheese  
Hot Pocket Ham & Cheese  
Hot Pocket Meatball  
Hot Pocket Pepperoni Pizza  
Hot Pockets Cheeseburger  
Hot Pockets Egg/Sausage/Cheese  
Hot Pockets Jalapeno Cheese  
Red Baron Meat Lovers Pizza  
Red Baron Pepperoni Pizza  
Whitecastle Cheeseburger  
White Castle Jalapeno Cheeseburger  
Jimmy Dean Sausage Biscuit  
Nunchable Ham & Cheddar Cheese  
Lunchable Ham & Swiss Cheese  
Lunchable Turkey & Cheese  
Yoplait Strawberry-Banana Light  
Yoplait BlueBerry  
Yoplait Mixed Berry  
Yoplait Peach  
Yoplait Raspberry  
Yoplait Strawberry  
Yoplait Strawberry Light  
Yoplait Cherry  
Yoplait Greek Peach  
Yoplait Greek Strawberry  
Yoplait Greek Vanilla  
Yoplait Greek Blueberry  
Chobani Greek Strawberry  
Chobani Greek Peach  
Chobani Greek Blueberry

## LANDSHIRE

Tuna Salad Wedge  
Chicken Salad Wedge  
Beef & Cheese Wedge  
Ham & Cheese Wedge  
Turkey & Cheese Wedge  
Italian Sub Sandwich  
Ham & Cheese Sub Sandwich

## PIERRE

Pierre Chicken Cordon Bleu  
Pierre Nike Poor Boy Sub  
Big AZ Cheeseburger  
Big AZ Bubba Twins Chili Dogs  
Big AZ Kickin Jala Chz Burger  
Big AZ Spicy Chicken Sandwich  
Big AZ Sriracha Chicken Sandwich  
Pierre Bacon Cheeseburger  
Pierre BBQ Pork Rib  
Pierre Sausage & Egg Burrito  
Pierre BBQ Chicken Breast Sandwich  
Pierre BBQ Chicken Wings  
Pierre Buffalo Style Chicken Wings  
Pierre Buffalo Style Chicken Wings  
Big AZ Twin Cheeseburger  
FC Honey Mustard Chicken  
FC Jalapeno Char w/Cheese  
FC Teriyaki Chicken Sandwich  
Pierre Jumbo Bacon Cheeseburger  
Pierre Jumbo BBQ Chicken Sandwich  
Pierre Grilled Cheese Sandwich  
FC Fish & Cheese Sandwich  
FC Rowdie Rib BBQ Sandwich  
FC Double Beef Stacker

## ASSORTED

Cereals  
Oatmeals  
Campbells Soups  
String Cheese  
Hard Boiled Eggs  
Bagels & Cream Cheese  
Rice Pudding  
Oh Snap Dill Pickle Chips  
Hillshire Farms Meat & Cheese Trays

## MILK ROCKVIEW

Homogenized Milk 8oz  
Lowfat Chocolate Milk 8oz  
2% Lowfat Milk 8oz  
Nonfat Milk 8oz  
Homogenized Chug 16oz  
Reduced Fat Chug 16oz

## MILK SHAMROCK

12oz Chocolate  
12oz Whole  
12oz 1%  
12oz Strawberry  
MILK SOY  
Chocolate

## FRUIT

Apples (Red & Green)  
Orange (Seasonal)

## REYBURN'S

Rayburn's Philly Cheese Steak  
Rayburn's Pastrami & Cheese  
Rayburn's Roast Beef & Cheddar  
Rayburn's Chicken Ranch w/Bacon

## HUMMIS

Sabra Classic w/Pretzel Crisp  
Sabra Red Pepper w/Pretzel Crisp

## DD Bagels

Cream Cheese

## DD Breakfast

Ham & Egg Croissant  
Bacon & Egg Biscuit  
Sausage & Egg Muffin

## DD Triangles

Club White/Wheat  
Chicken Salad White/Wheat  
Roasted Chicken White/Wheat  
Turkey & Cheese White/Wheat  
Ham & Cheese White/Wheat  
Tuna Salad White/Wheat  
Roastbeef White/Wheat  
Egg Salad White/Wheat  
PBJ

## DD Super Triangles

Turkey & Cheese  
Ham & Cheese  
Chicken Caesar  
Tuna Salad

## DD Soft Rolls

Turkey & Cheese  
Ham & Cheese  
Tuna & Cheese  
Roast Beef & Cheese  
Club Supreme  
Italian

## DD Super Hotz

Malibu Chicken  
Chili Cheese Dog  
Cheeseburger

## DD Pitas

Turkey & Cheese  
Ham & Cheese  
Chicken Pesto  
Cajun Chicken  
Club

## FR Snacks

Double Egg & Cheese

## FR Dark Wheat Combos

Turkey & Cheese  
Chicken Caesar  
Chicken Salad  
Ham & Cheese

## FR Wraps

Turkey & Cheese  
Chicken Caesar  
Southwest Chicken  
Italian

## FR Marble Rye

Chicken Salad  
Corned Beef Reuben  
Turkey Salad

## FR Onion Rolls

Turkey & Cheese  
Roast Beef  
Chicken Caesar  
Pastrami Reuben

## FR Multigrains

Turkey Cranberry  
Tuna Salad  
Chicken Salad  
Roasted Chicken  
Turkey & Bacon Club

## FR Melts

Corned Beef  
Cuban  
Turkey

## FR Focaccias

Chicken Pesto  
Turkey & Cheese  
Grilled Veggie

## FR Salads

Chef Large  
Chef Small  
Chicken Caesar Large  
Chicken Caesar Small  
Southwestern Chicken Large  
Southwestern Chicken Small  
Asian Chicken Large  
Asian Chicken Small  
Shrimp Crab Louie  
Fruit Salad

## FR Pasta Salads

Garlic Pesto  
Tuna Mac  
Southwestern Chicken  
Penne Marinara

## FR Taco Plates

Carne Asada  
Chicken

## FR Entre

Chicken Parmesan

## FR Parfaits

Blueberry Peach  
Strawberry

## FR Baguettes

Beef CheeseSteak  
Chicken CheeseSteak  
Pork Banh Mi

## FC Croissants

Turkey & Cheese  
Ham & Cheese  
Chicken Salad

## FR Burritos

Breakfast Egg & Cheese  
Breakfast Egg & Soyrizo  
Breakfast Egg & Sausage  
Beef Burrito  
Chicken Burrito

## FR Ciabattas

Ham & Cheese  
Turkey & Cheese  
Tuna Salad  
Italian

## FR Flatbreads

Chicken Pesto  
Ham & Cheese  
Pastrami  
Roastbeef  
Southwest Turkey

## Pretzel Buns

Turkey  
Tuna Salad

## Taylor Farms

Veggie & Cheese

## SLB Croissants

Turkey & Cheese  
Ham & Cheese  
Chicken Salad

## Healthy Options

Grilled Veggie on WW Roll  
Turkey on WW Roll  
BBQ Chicken on WW Roll  
Roasted Chicken on Pita  
Turkey on Pita  
Tofu Salad

# NON-REFRIGERATION PRODUCT LISTING

## BREAKFAST

### Dole Fruit Cups

Peach Slices  
Tropical Fruit

### Cereals-General Mills

Assorted Pack  
Cheerios  
Cinnamon Toast Crunch  
Honey Nut Cheerios  
Lucky Charms

### Quaker Instant Cup

Apple & Spice  
Maple Brown Sugar

### Cereals-Kelloggs

Apple Jacks  
Cocoa Crisples  
Frosted Flakes  
Fruit Loops  
Raisin Bran Crunch  
Sugar Corn Pops  
Variety Pack

## SOUPS

### Maruchan 2.25oz Cups

Chicken  
Chili Lime Chicken  
Spicy Chicken  
Sriracha Chicken  
Chicken Tortilla  
Shrimp  
Spicy Shrimp  
Chili Lime Shrimp  
Lime Shrimp  
Beef  
Spicy Beef  
California Vegetable

### Maruchan 3oz Ramen Package

Beef  
Picante Beef  
Chicken  
Chili

### Campbell's

Classic Tomato  
Mini Noodles w/Chicken

### \*Nong Shim Noodle Bowls

Hot & Spicy Noodle  
Savory Chicken  
Shim Shin  
Spicy Shrimp

### Yakisoba Noodle Tray

Japanese Chicken  
Japanese Teriyaki

## ENTRES

### Hormel Compleats

Chicken Alfredo  
Teriyaki Chicken  
Chicken Breast w/Mashed Potatoes  
Grilled Chicken w/Pasta  
Roast Beef w/Mashed Potatoes  
Lasagna  
Chicken w/Dressing

### Micro Cups

Dinty Moore Beef Stew  
Hormel Chili w/Beans  
Salisbury Steak  
Meatloaf  
Turkey w/Dressing  
Pot Roast  
Kraft Easy Mac

## READY TO EAT

Bumble Bee Tuna Salad Kit  
Bumble Bee Chicken Salad Kit

\*MarketOnly

# REFUND PROCEDURES

State-of-the-Art equipment and “SureVend” guaranteed product delivery system or money back on most snack machines, along with our staff of trained technicians, keeps our refunds at a minimal loss for our company.

**First Class offers many options for obtaining a vending machine refund**

Log Online To “[sendmyrefund.com](https://sendmyrefund.com)” To Obtain A Refund Anytime Electronically

A Refund Bank Can Be Set Up At Your Site For Immediate Distribution

Sent Directly To Your PayPal Account

Sent Directly To Your Venmo Account




Vending Services  
Micro-Markets  
Office Coffee  
Solutions




Go First Class!



Wellness Programs  
Credit Card Readers  
Smartphone APP  
Readers



Your #1 Provider  
Find out why so many have  
chosen First Class Vending,  
the largest independent  
vendor in the Southern  
California, Nevada and  
Arizona areas



(800) 515-VEND  
[www.firstclassvending.com](http://www.firstclassvending.com)

First Class appreciates your time in reviewing our company in consideration for your vending needs. We are confident you will be pleased with our high commitment to an exceptional level of service. Our team of dedicated professionals look forward to being of service to you!

Sincerely,

*Matthew Marsh*



## Administrative Requirements Checklist

**BIDDERS/PROPOSERS (PRIME CONTRACTORS) MUST SUBMIT THE FOLLOWING ORIGINAL, SIGNED DOCUMENTS, WITH THEIR PROPOSAL, AS INDICATED**

### 1. VENDOR IDENTIFICATION FORM

- ☒ Is the required Vendor Identification Form completed and signed?
- ☒ Is the BTRC/VRN number provided?
- ☒ Is the EEOO contact information provided?
- ☒ Is the list of previous City contracts attached? (If applicable)
- ☒ Is the Form enclosed in the Packet?

### 2. AFFIDAVIT OF NON-COLLUSION

- ☒ Is the "Affidavit to Accompany Proposals or Bids" completed and signed?
- ☒ Is the Affidavit notarized?
- ☒ Is the Affidavit enclosed in the Packet?

**Failure to include an Affidavit with the bid/proposal will render the bid/proposal non-responsive and will result in its rejection.**

### 3. BID/PROPOSAL BOND

- ☒ Is the "Instructions for Bid/Proposal Bond Form" completed?

**Select A, B, or C, as applicable:**

#### A. Certified Check

- ☐ Is the amount of the certified check **\$9,000.00**?
- ☐ Is the certified check attached to the Instructions form and enclosed in the Packet?

#### B. Cashier's Check

- ☒ Is the amount of the cashier's check **\$9,000.00**?
- ☐ Is the cashier's check attached to the Instructions form and enclosed in the Packet?

#### C. Surety Bond

- ☐ Is the amount of the bond **\$9,000.00**?
- ☐ Is the bond completed and signed by the surety?
- ☐ Is the surety bond attached to the Instructions form and enclosed in the Packet?

**Failure to include a Bid/Proposal Bond with the bid/proposal will render the bid/proposal non-responsive and will result in its rejection.**

#### 4. BIDDER CONTRIBUTIONS

- ☒ Is the required Bidder Contribution CEC Form 55 completed and signed?
- ☒ Schedule A - Please list all principals on Schedule A.
- ☒ Schedule B - Please list all subcontractors and their principals on Schedule B (If you check "Yes")
- ☒ Is the Form enclosed in the Packet?

**Failure to include the Bidder Contribution CEC Form 55 with the bid/proposal will render the bid/proposal non-responsive and will result in its rejection.**

#### 5. CONTRACTOR RESPONSIBILITY PROGRAM

- ☒ Is the required "Contractor Responsibility Program Questionnaire" completed and signed?
- ☒ Is the Questionnaire enclosed in the Packet?
- ☒ Is the required "Contractor Responsibility Program Pledge of Compliance" completed and signed?
- ☒ Is the Pledge of Compliance enclosed in the Packet?

#### 6. EQUAL BENEFITS ORDINANCE

- ☒ Is the EBO Compliance Affidavit Form completed and signed?
- ☒ Is the Form enclosed in the Packet?

#### 7. MUNICIPAL LOBBYING ORDINANCE

- ☒ Is the required Bidder Certification CEC Form 50 completed and signed?
- ☒ Is the Certification enclosed in the Packet?

**THE FOLLOWING REQUIREMENTS DO NOT REQUIRE THE COMPLETION OF FORMS BUT MAY BE INCORPORATED AS PROVISIONS OF THE CONTRACT:**

#### 8. AFFIRMATIVE ACTION

- ☒ Have you read and agreed with the City of Los Angeles' Non-discrimination, equal Employment and Affirmative Action provisions?

#### 9. ASSIGNMENT OF ANTI-TRUST CLAIMS

- ☒ Have you read and agreed with California Government Code Sections 4550 – 4554?

**10. CHILD SUPPORT OBLIGATIONS**

☒ Have you read and agreed with Child Support Obligations provisions?

**11. FIRST SOURCE HIRING PROGRAM (LAX ONLY)**

☒ Have you read and agreed with First Source Hiring Program provisions?

**12. LIVING WAGE ORDINANCE**

If you are claiming exemption from said Ordinances: *n/a*

*n/a* ☐ Is the appropriate Exemption form completed and signed?  
☐ Is the Exemption form enclosed in the Packet?

**IF YOU ARE AWARDED THE CONTRACT AND PRIOR TO EXECUTION OF THE CONTRACT:**

**Prime contractors** are required to submit to LAWA forms pertaining to the following requirements:

- Business Tax Registration Certificate
- Insurance

# VENDOR IDENTIFICATION FORM

**ALL FIELDS MUST BE COMPLETED. INCOMPLETE FORMS WILL NEED TO BE RESUBMITTED.**

GENERAL INFORMATION	
<b>Legal Name:</b> FIRST CLASS VENDING, INC	<b>Doing Business As:</b>
Are you an independent contractor eligible to receive a 1099-MISC? No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> <b>EIN or SSN:</b> 95-4479625 (A TIN (SSN or EIN) and W-9 are required)	<b>License or Registration Number (if applicable):</b> <span style="border: 1px solid black; padding: 2px;"> </span> <b>Payment Terms (code):</b> <span style="border: 1px solid black; padding: 2px;">0012</span> <b>Seller's Permit Number (if applicable):</b> SR AA 99512836
<b>Ownership:</b> <input type="checkbox"/> Individual / Sole Proprietor <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Governmental Entity <input type="checkbox"/> Other (specify):	<b>Applicable to Out-of-state Vendors:</b> Submit per CA FTB Pub 1017, Resident/Nonresident Withholding Guidelines for information go to : <a href="http://www.ftb.ca.gov/">www.ftb.ca.gov/</a> <input type="checkbox"/> Form-590 <input type="checkbox"/> Form-588 <input type="checkbox"/> Form-589 <input type="checkbox"/> Form-587 For Foreign Entities, for instructions go to: <a href="https://www.irs.gov/publications/p515">https://www.irs.gov/publications/p515</a>
<b>BTRC/Vendor Registration Number:</b> <div style="border: 1px solid black; padding: 2px; text-align: center;">                         0000147973-0001-3                     </div>	
<input type="checkbox"/> BTRC/VRN application pending (please attach the application) For instructions please go to: <a href="https://latax.lacity.org/oofweb/eappreg/eappreg_criteria.cfm">https://latax.lacity.org/oofweb/eappreg/eappreg_criteria.cfm</a>	
BUSINESS ADDRESS	
<b>Street:</b> 6875 SUVA STREET <b>Suite #:</b>	<b>Contact Person:</b> JO ANN COOK
<b>City:</b> BELL GARDENS	<b>Contact Person's Title:</b> CORPORATE ADMINISTRATOR
<b>State:</b> CA <b>Zip Code:</b> 90201	<b>Fax:</b> 323.268.4007 <b>Phone:</b> 323.268.7632
<b>Website:</b> FIRSTCLASSVENDING.COM	
<b>Remittance address (if required and different from the above):</b>	
BUSINESS INFORMATION	
<b>Service Area:</b> International <input type="checkbox"/> National <input type="checkbox"/> Regional <input checked="" type="checkbox"/> Local <input type="checkbox"/>	<b>Years in Business:</b> 28 <b>Number of Employees:</b> 350
BUSINESS CERTIFICATION (Check all that apply)	
<input type="checkbox"/> Woman-Owned Business Enterprise (WBE) <input type="checkbox"/> Minority Business Enterprise (MBE) <input type="checkbox"/> Small Business Enterprise (according to SBA criteria) <input type="checkbox"/> Minority Women Business Enterprise (MWB)	<input type="checkbox"/> Disadvantaged Business Enterprise (DBE) <input type="checkbox"/> Airport Concessions Disadvantaged Business Enterprise <input type="checkbox"/> Small and Local Business Enterprise (SLB) If required, please attach copies of all applicable certifications.
NON-DISCRIMINATION, EQUAL EMPLOYMENT AND AFFIRMATIVE ACTION COMPLIANCE	
<b>EEO Officer (name):</b> ERIKA BOJORQUEZ	<b>Phone Number:</b> 323.457.2418
<b>EEO Officer's Title:</b> HR MANAGER	<b>Email:</b> ERIKA@FIRSTCLASSVENDING.COM

**Have you had contracts with the City of Los Angeles in the last 10 years?** No ☐ Yes ☒. If 'yes', please attach an additional sheet with Contract Number, Department, Description and Dollar Value.

## CERTIFICATION

**The undersigned declares and certifies that all statements on this form are true and correct. The undersigned agrees to notify Procurement Services Division immediately of any changes to the information contained herein.**  
**The undersigned has read and agreed with the administrative requirements set for this project, and provided as a check list in the bid/proposal package and will comply with them for the duration of the contract if selected.**

**Authorized Signature**

**Date** 09-12-22

**Print Name** Matthew Marsh

**Title** President

For LAWA use only:	
<b>Project name:</b> _____	<b>Project No:</b> _____
<b>Requesting Division:</b> _____	<b>Contact Person:</b> _____
<b>Phone No:</b> _____	
<b>SAP Action (send the form to FAMIS Support Desk):</b> <input type="checkbox"/> Create <input type="checkbox"/> Change <input type="checkbox"/> Block <input type="checkbox"/> Delete <input type="checkbox"/> New Ordering Address	

For Instructions and additional information, please go to <https://www.lawa.org/en/lawa-businesses/lawa-administrative-requirements>, or call us at 424-646-5380 or email Los Angeles World Airports, Procurement Services Division at [procurementrequirements@lawa.org](mailto:procurementrequirements@lawa.org)

## Request for Taxpayer Identification Number and Certification

► Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Give Form to the  
requester. Do not  
send to the IRS.

Print or type. See Specific Instructions on page 3.	<b>1</b> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. First Class Vending, Inc	
	<b>2</b> Business name/disregarded entity name, if different from above	
	<b>3</b> Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.  <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► <b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ►	<b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) _____  Exemption from FATCA reporting code (if any) _____  (Applies to accounts maintained outside the U.S.)
	<b>5</b> Address (number, street, and apt. or suite no.) See instructions. 6875 Suva Street	Requester's name and address (optional)
	<b>6</b> City, state, and ZIP code Bell Gardens, CA 90201	
<b>7</b> List account number(s) here (optional)		

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number								
			-					
or								
Employer identification number								
9	5		-	4	4	7	9	6 2 5

### Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign  
Here

Signature of  
U.S. person ►

*M. Palato*

Date ► 01/03/2022

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.

Current and Prior City of Los Angeles Contracts

Contract Number	Name of City Department/Agency	Contact person name and phone number	Signing date	Completion date	Description	Total dollar amount
Conc# 270 ARS- ma-07	LA Parks & Rec	Emily Kent 213 202 3298	5-2011	2016	Vending Services	\$225,000/yr
CF 11-0034	LA Animal Shelter	Dana Brown 213 482-9558	1-2015	2-2020	Vending Services	\$3000/yr
LAA 8533 A05166	LAWA	Vimal Patel 310 877 2149 Georginah Navarette 424 646-7240	2015	9-2022	Sub-Contractor Vending Services	\$400,000+/yr

AFFIDAVIT TO ACCOMPANY PROPOSALS OR BIDS

STATE OF NEVADA

)  
) ss.:  
)

COUNTY OF CLARK

being first duly sworn, deposes and says:

Matthew Marsh that he or she is the President  
(Type or print title)  
First class vending Inc  
(Type or print name of company/firm)

of

, who submits herewith

to the Board of Airport Commissioners the attached bid/proposal; that he or she is the person whose name is signed to the attached bid/proposal; that said bid/proposal is genuine; that the same is not sham or collusive; that all statements of fact therein are true; and that such bid/proposal was not made in the interest or behalf of any person, partnership, company, association, organization, or corporation not herein named or disclosed.

Affiant further deposes and says: that the bidder/proposer has not directly or indirectly by agreement, communication or conference with anyone, attempted to induce action prejudicial to the interests of the public body which is to award the contract, or of any other bidder/proposer, or anyone else interested in the proposed contract; and that the bidder/proposer has not in any manner sought by collusion to secure for himself/herself/itself/themselves, an advantage over any other bidder/proposer.

Affiant further deposes and says that prior to the public opening and reading of bids/proposals, said bidder/proposer:

- (a) did not, directly or indirectly, induce or solicit anyone else to submit a false or sham bid/proposal;
- (b) did not, directly or indirectly, collude, conspire, connive or agree with any one else that said bidder/proposer or anyone else would submit a false or sham bid, or that anyone should refrain from bidding or withdraw their bid/proposal;
- (c) did not, in any manner, directly or indirectly, seek by agreement, communication or conference with anyone to raise or fix the bid price of said bidder/proposer or of anyone else, or to raise or fix any overhead, profit or cost element of their price or of that of anyone else;
- (d) did not, directly or indirectly, submit their bid/proposal price or any breakdown thereof, or the contents thereof, or divulge information or data relative thereto, to any corporation, partnership, company, association organization, bid depository, or to any member or agent, thereof, or to any individual or group of individuals, except to the awarding authority or to any person or person who have a partnership or other financial interest with said bidder/proposer in their business.

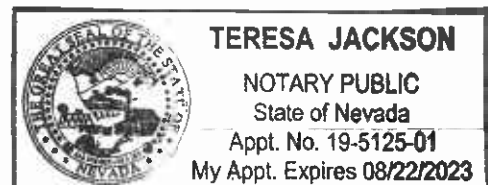
Signed:

Matthew Marsh  
Name: Matthew Marsh  
Title: President

Subscribed and sworn to (or affirmed) before me on this 9th day of September, 2022, by Matthew Marsh, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Teresa Jackson  
Notary Public

(Notarial Seal)



## **INSTRUCTIONS FOR BID/PROPOSAL BOND FORM**

(Return completed and attached to bond or check)

### 1. **General Information**

In order for your bid/proposal bond or deposit to be acceptable to the City of Los Angeles, Department of Airports, every bidder/proposer must comply with Los Angeles City Charter Section 371 (d), and Los Angeles Administrative Code Division 10; Chapter 1; Article 2; Section 10.15(d), which requires that the bid/proposal be accompanied by one of the following (please check whichever you are using):

- ☐ (a) Certified check issued by a bank in the City of Los Angeles
- ☒ (b) Cashier's check issued by a bank
- ☐ (c) Surety bond by corporate surety company ("bid/proposal bond")  
**If a surety bond is used, please read and complete #3 carefully.**

### 2. **Amount**

The amount of the bid/proposal bond or deposit shall be in the amount of \$9,000.00 ✓

### 3. **Bid/Proposal Bond Execution**

The following steps must be completed when submitting a bid/proposal bond. Please note that **personal sureties are not acceptable. YOU ARE REQUIRED TO USE THE BOND FORM ATTACHED TO THESE INSTRUCTIONS.** To make certain your bid is deemed responsive, please check each step as completed:

#### **REQUIREMENTS FOR THE BIDDER/PROPOSER**


- ☒ Bidder/Proposer **must** sign the bid/proposal bond form.

#### **REQUIREMENT FOR THE SURETY BONDING COMPANY**

- ☐ The Attorney-in-Fact for the surety bonding company **must** sign the surety bond.
- ☐ A Power of Attorney from the surety company **must** be affixed to the bond.

n/a

The bond, unless otherwise stated in the Instructions to Bidders/Proposer, **MUST BE ON THE FORM ATTACHED TO THESE INSTRUCTIONS.**

  
Matthew Marsh - First Class Vending, Inc.

4. **BOND FORM:** (Please check each box)



THE BID/PROPOSAL BOND FORM MUST BE THE ATTACHED FORFEITURE BOND, NOT A "DAMAGES ONLY" BOND.



IF YOUR COMPANY USES A NON-CITY BID BOND FORM (SUCH AS THE "AIA BID BOND FORM"), IT WILL BE REJECTED.

BID BOND

(Not required if certified or cashier's check accompanies the bid)

KNOW ALL MEN BY THESE PRESENTS

THAT WE, n/a  
as Principal, and \_\_\_\_\_, authorized  
and licensed to transact business in the State of California, as Surety, do hereby acknowledge  
ourselves to be held and obligated as joint Obligors to the CITY OF LOS ANGELES,  
DEPARTMENT OF AIRPORTS, as Obligee, in the sum of **\$9,000.00** of the aggregate amount  
bid by the principal. Said Principal and Surety do hereby bind themselves, their heirs,  
executors, administrators, successors, and assigns, jointly and severally by this bond.

WHEREAS, said Principal is about to submit to the Executive Director of the Department  
of Airports of the city of Los Angeles the foregoing bid or proposal for performance of the work  
therein mentioned, which includes the furnishing of all materials in compliance with the  
specifications and plans, if any, under the Notice Inviting Bids/Proposals from said Executive  
Director.

NOW, THEREFORE, if the bid or proposal of the Principal is accepted and awarded to  
said Principal by the Board of Airport Commissioners and if said Principal fails or neglects to  
enter into a contract and/or to execute the required bonds in connection with the contract within  
thirty (30) days after the contract is awarded to said Principal, then, the above-named Obligors  
shall pay to said Obligee the aforementioned sum of **\$9,000.00** of the aggregate amount bid, as  
liquidated damages for such failure or neglect.

THIS AGREEMENT shall be binding on the Principal and Surety executing the same,  
their legal representatives, successors, and assigns.

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
PRINCIPAL

By \_\_\_\_\_  
Signature/Title

By \_\_\_\_\_  
Signature/Title

\_\_\_\_\_  
SURETY

By \_\_\_\_\_  
Attorney-in-Fact

**NOTE: ATTORNEY-IN-FACT MUST ATTACH A POWER OF ATTORNEY FROM THE  
SURETY.**

Original Bond Delivered To:



24. To whom should the Bid Bond be made, and what is the address it should be sent?

A: The Bid Bond should be made out to The City of Los Angeles, Department of Airports or to Los Angeles World Airports. The Bid Bond, along with the completed and signed Instructions for Bid/Proposal Bond Form must be delivered to the following address by the Bid Due Date:

LAWA - Commercial Development Division  
Attn: Vimal Patel  
6053 W. Century Blvd, Suite 400  
Los Angeles, CA 90045



A division of Zions Bancorporation, N.A. Member FDIC

90-3210/1222

778069

FIRST CLASS VENDING  
Remitter

Pay

Date

SEP 09, 2022

\$ \*\*\*9,000.00\*\*\*

\*\*\*NINE THOUSAND and 00/100\*\*\* US Dollars

To  
The Order  
Of

\*\*\*CITY OF LOS ANGELES, LOS ANGELES WORLD AIRPORTS\*\*\*

Authorized Signature

*Montmar*

380 01 2613

⑈ 778069 ⑈ ⑆ 122232109 ⑆ 2010319071 ⑈

**State of California**  
Secretary of State



I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.



**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of

JAN 12 2010

DEBRA BOWEN  
Secretary of State

1744004

FILED  
In the office of the Secretary of State  
of the State of California

ARTICLES OF INCORPORATION  
OF  
FIRST CLASS VENDING, INC.

MAY 11 1994

*Tony Mills*  
Acting Secretary of State

1. The name of this Corporation is:

FIRST CLASS VENDING, INC.

2. The purpose for which this Corporation is formed is to engage in any lawful act or activity for which a Corporation may be organized under the General Corporation Law of California other than the banking business, trust company business or the practice of a profession permitted to be Incorporated by the California Corporations Code.

3. The Corporation is authorized to issue only one class of stock which shall be designated common stock, having a total number of one hundred thousand (100,000) shares.

4. The name and address in the State of California of this Corporation's initial agent for service of process is:

MATTHEW C. MARSH  
5401 CORBIN AVENUE  
TARZANA, CA 91356

5. Any action required or permitted to be taken under the General Corporation Law by the Board of Directors at a duly constituted and noticed meeting, may be taken without a meeting, and such action shall have the same force and effect as an unanimous vote of Directors, if all Directors unanimously consent in writing to such action.

IN WITNESS WHEREOF, the undersigned named Incorporator of the Corporation has executed the Articles of Incorporation this 12th day of May, 1994.

  
CHARLES M. SANDERS

I hereby declare that I am the person who executed the foregoing Articles of Incorporation, which execution is my act and deed.

  
CHARLES M. SANDERS



Prohibited Contributors  
(Bidders)

This form must be completed in its entirety and submitted with your bid or proposal to the City department that is awarding the contract. Failure to submit a completed form may affect your bid or proposal. If you have questions about this form, please contact the Ethics Commission at (213) 978-1960.

☒ **Original Filing** ☐ **Amendment:** Date of Signed Original \_\_\_\_\_ Date of Last Amendment \_\_\_\_\_

Reference Number (Bid, Contract, or RAMP): 204042 Date Bid Submitted: 09-19-2022

Contract Description (Title of the RFP or City contract solicitation and description of the services to be provided):

Non-Exclusive Vending Machine Concession

Awarding Authority (Department awarding the contract): Airports, Los Angeles World & VNA

Bidder Name: Matthew Marsh, First Class Vending, Inc.

Bidder Address: 6875 Suva St, Bell Gardens, CA 90201

Bidder Email Address: matt@firstclassvending.com Bidder Phone Number: 323 268 7632

## Schedule Summary

Please complete all three of the following:

**1. SCHEDULE A — Bidder's Principals** (check one)

The bidder has one or more **PRINCIPALS**, as defined in LAMC § 49.7.35(A)(6).  
At least one principal is required for entities. (If you check "Yes", Schedule A is required.)

Yes  
☒

No  
☐

**2. SCHEDULE B — Subcontractors and Their Principals** (check one)

The bidder has one or more **SUBCONTRACTORS** on this bid or proposal with  
subcontracts worth \$100,000 or more. (If you check "Yes", Schedule B is required.)

Yes  
☐

No  
☒

**3. TOTAL NUMBER OF PAGES SUBMITTED** (including this cover page): 3

## Certification

I certify the following under penalty of perjury under the laws of the City of Los Angeles and the state of California:

A) I understand, will comply with, and have notified my principals and subcontractors of the requirements and restrictions in Los Angeles City Charter § 470(c)(12) and any related ordinances; B) I understand that I must amend this form within ten business days if any information changes; C) I am the bidder named above or I am authorized to represent the bidder named above, and my name appears below; and D) The information provided in this form is true and complete to the best of my knowledge and belief.

Matthew Marsh

Name

President

Title

Signature

09-16-2022

Date

# Prohibited Contributors (Bidders)

## Schedule A - Bidder's Principals

Please identify the names and titles of all the bidder's principals (attach additional sheets if necessary). Principals include a bidder's board chair, president, chief executive officer, chief operating officer, and individuals who serve in the functional equivalent of one or more of those positions. Principals also include individuals who hold an ownership interest in the bidder of at least 20 percent and employees of the bidder who are authorized by the bid or proposal to represent the bidder before the City.

Name: Matthew Marsh Title: President  
Address: 6875 Suva St, Bell Gardens CA 90201

Name: Ryan Marsh Title: Vice President  
Address: 6875 Suva St, Bell Gardens, CA 90201

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_

☐ Check this box if additional Schedule A pages are attached.

# Prohibited Contributors (Bidders)

## Schedule B - Subcontractors and Their Principals

Please identify all subcontractors whose subcontracts are worth \$100,000 or more. Separate Schedule B pages are required for each subcontractor who meets the threshold.

Subcontractor's Name	n/a
Subcontractor's Address	

Please check one of the following options:

This subcontractor has one or more principals. ☐ Yes\* ☒ No n/a

\* Each principal's name and title must be identified below. Attach additional sheets if necessary. Principals include a subcontractor's board chair, president, chief executive officer, chief operating officer, and individuals who serve in the functional equivalent of one or more of those positions. Principals also include individuals who hold an ownership interest in the subcontractor of at least 20 percent and employees of the subcontractor who are authorized by the bid or proposal to represent the subcontractor before the City.

Name: n/a	Title:
Address:	

Name:	Title:
Address:	

Name:	Title:
Address:	

Name:	Title:
Address:	

Name:	Title:
Address:	

Name:	Title:
Address:	

☐ Check this box if additional Schedule B pages are attached.



#### A. OWNERSHIP AND NAME CHANGES

- 1a. In the past five (5) years, has the name of the bidder/proposer (also referred to herein as "your firm") changed?

☐ Yes ☒ No

If **Yes**, list on Attachment A all prior legal and D.B.A. names used by the bidder/proposer, the addresses of each of the identified entities, and the dates when each identified entity used those names. Additionally, please explain in detail the specific reason(s) for each name change.

- 1b. In the past five (5) years, has the owner of your firm (if your firm is a sole proprietorship) or any partner of your firm (if your firm is a partnership), or any officer of your firm (if your firm is a corporation) engaged in the same or similar type of business as the current firm?

☐ Yes ☒ No

If **Yes**, list on Attachment A the names of those firms.

#### B. FINANCIAL RESOURCES AND RESPONSIBILITY

2. In the past five (5) years, has your firm ever been the debtor in a bankruptcy proceeding?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances and dates surrounding each instance.

3. Is your company now in the process of, or in negotiations toward, or in preparations for being sold?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances, including to whom being sold and principal contact information.

4. In the past five (5) years, has your firm's financial position significantly changed?

☐ Yes ☒ No

If **Yes**, explain the specific circumstances on Attachment A.

5. In the past five (5) years, has your firm ever been denied bonding?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance and include the name of the bonding company.

6. In the past five (5) years, has any bonding company made any payments to satisfy any claims made against a bond issued on your firm's behalf or a firm where you were the principal?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance.

#### PERFORMANCE HISTORY

7. In the past five (5) years, has your firm or the owner of your firm (if your firm is a sole proprietorship) or any partner of your firm (if your firm is a partnership), or any officer of your firm (if your firm is a corporation) defaulted under a contract with a governmental entity or with a private individual or entity?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance.

Los Angeles World Airports  
Contractor Responsibility Program  
Questionnaire

8. In the past five (5) years, has a governmental or private entity or individual terminated your firm's contract prior to completion of the contract?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, and principal contact information.

9. In the past five (5) years, has your firm ever failed to meet any scheduled deliverables or milestones?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the circumstances surrounding each instance, and principal contact information.

10. In the past ten (10) years, has the bidder/proposer had any contracts with any private or governmental entity to perform work which is similar, in any way, to the work to be performed on the contract for which you are bidding or proposing?

☒ Yes ☐ No

If **Yes**, list on a separate attachment, for each contract listed in response to this question: (a) contract number and dates; (b) awarding authority; (c) contact name and phone number; (d) description and success of performance; and (e) total dollar amount. Include audit information if available.

#### COMPLIANCE

11. In the past five (5) years, has your firm or any of its owners, partners, or officers, been penalized for or been found to have violated any federal, state, or local laws in the performance of a contract, including but not limited to laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the outcome and current status.

12. In the past five (5) years, has your firm ever been debarred or determined to be a non-responsible bidder contractor?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the current status.

#### BUSINESS INTEGRITY

13. In the past five (5) years, has your firm been convicted of, or found liable in a civil suit for making a false claim(s) or material misrepresentation(s) to any private or governmental entity?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and the outcome and current status.

14. In the past five (5) years, has your firm or any of its executives, management personnel, and owners been convicted of a crime, including misdemeanors, or been found liable in a civil suit involving the bidding, awarding, or performance of a government contract; or the crime of theft, fraud, embezzlement, perjury, or bribery?

☐ Yes ☒ No

If **Yes**, explain on Attachment A the specific circumstances surrounding each instance, including the entity involved, the specific infraction(s), the dates of such instances, and current status.

**ATTACHMENT "A"**  
**FOR ANSWERS TO QUESTIONS IN SECTIONS A THROUGH E**

Use the space below to provide required additional information or explanation(s). Information submitted on this sheet must be typewritten. Indicate the question for which you are submitting the additional information. Information submitted on this Attachment will be available for public review, except to the extent that such information is exempt from disclosure pursuant to applicable law. **Insert additional Attachment A pages as necessary.**

For question #10, we are currently providing services at LAWA LAX/VNY.

**CERTIFICATION UNDER PENALTY OF PERJURY**

I certify under penalty of perjury under the laws of the State of California that I have read and understand the questions contained in this CRP Questionnaire. I further certify that I am responsible for the completeness and accuracy of the answers to each question, and that all information provided in response to this Questionnaire is true to the best of my knowledge and belief.

Matthew Marsh, President

Print Name, Title

Signature

09-16-2022

Date

**LOS ANGELES WORLD AIRPORTS  
CONTRACTOR RESPONSIBILITY PROGRAM  
PLEDGE OF COMPLIANCE**

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, LAWA licensees with licenses, agreements or permits issued under the Certified Service Provider Program, and LAWA tenants with leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal or with an amendment of a contract subject to the CRP. In addition, within 10 days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been listed as performing work on the contract.

The contractor agrees to comply with the Contractor Responsibility Program and the following provisions:

- (a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.
- (b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor is not in compliance with paragraph (a).
- (c) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).
- (d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.
- (e) To ensure that subcontractors working on the LAWA contract shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completed Pledges.
- (f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
- (g) To cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/proposal may make the bid/proposal non-responsive.

First Class Vending Inc 6875 Suva St, Bell Gardens, CA 90201 3232687632  
Company Name, Address and Phone Number

  
Signature of Officer or Authorized Representative

09-16-2022  
Date

Matthew Marsh, President  
Print Name and Title of Officer or Authorized Representative

Non Exclusive Vending Machine Concession at LAX/VNA #204042  
Project Title

**LAWA EBO COMPLIANCE**

**FOR LAWA CONTRACTORS ONLY**

City of Los Angeles  
Department of Public Works  
Bureau of Contract Administration  
Office of Contract Compliance  
1149 S. Broadway, Suite 300, Los Angeles, CA 90015  
Phone: (213) 847-2625 E-mail: [bca.eeoe@lacity.org](mailto:bca.eeoe@lacity.org)

**EQUAL BENEFITS ORDINANCE COMPLIANCE AFFIDAVIT**

Prime contractors must certify compliance with Los Angeles Administrative Code (LAAC) Section 10.8.2.1 et seq. prior to the execution of a City agreement subject to the Equal Benefits Ordinance (EBO).

**SECTION 1. CONTACT INFORMATION**

Company Name: First Class Vending, Inc.  
Company Address: 10075 Suva Street  
City: Bell Gardens State: CA Zip: 90201  
Contact Person: Matthew Marsh Phone: 3232687632 E-mail: Matt@firstclassvending.com  
Approximate Number of Employees in the United States: ~~200~~ 200  
Approximate Number of Employees in the City of Los Angeles: 20

**SECTION 2. EBO REQUIREMENTS**

The EBO requires City Contractors who provide benefits to employees with spouses to provide the same benefits to employees with domestic partners. Domestic Partner means any two adults, of the same or different sex, who have registered as domestic partners with a governmental entity pursuant to state or local law authorizing this registration, or with an internal registry maintained by the employer of at least one of the domestic partners.

Unless otherwise exempt, the contractor is subject to and shall comply with the EBO as follows:

- A. The contractor's operations located within the City limits, regardless of whether there are employees at those locations performing work on the City Contract; and
- B. The contractor's operations located outside of the City limits if the property is owned by the City or the City has a right to occupy the property, and if the contractor's presence at or on the property is connected to a Contract with the City; and
- C. The Contractor's employees located elsewhere in the United States, but outside of the City Limits, if those employees are performing work on the City Contract.

A Contractor must post a copy of the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the performance of a Contract with the City of Los Angeles, the Contractor will provide equal benefits to its employees with spouses and its employees with domestic partners."

## LAWA EBO COMPLIANCE

### SECTION 3. COMPLIANCE OPTIONS

I have read and understand the provisions of the Equal Benefits Ordinance and have determined that this company will comply as indicated below:

- ☐..... I have no employees.
- ☐..... I provide no benefits.
- ☐..... I provide benefits to employees only. Employees are prohibited from enrolling their spouse or domestic partner.
- ☒..... I provide equal benefits as required by the City of Los Angeles EBO.
- ☐..... I provide employees with a "Cash Equivalent." Note: The "Cash Equivalent" is the amount of money equivalent to what your company pays for spousal benefits that are unavailable for domestic partners, or vice versa.
- ☐..... All or some employees are covered by a collective bargaining agreement (CBA) or union trust fund. Consequently, I will provide Equal Benefits to all non-union represented employees, subject to the EBO, and will propose to the affected unions that they incorporate the requirements of the EBO into their CBA upon amendment, extension, or other modification of the CBA.
- ☐..... Health benefits currently provided do not comply with the EBO. However, I will make the necessary changes to provide Equal Benefits upon my next Open Enrollment period which begins on (Date) \_\_\_\_\_.
- ☐..... Our current company policies, i.e., family leave, bereavement leave, etc., do not comply with the provisions of the EBO. However, I will make the necessary modifications within three (3) months from the date of this affidavit.

### SECTION 4. DECLARATION UNDER PENALTY OF PERJURY

I understand that I am required to permit the City of Los Angeles access to and upon request, must provide certified copies of all company records pertaining to benefits, policies and practices for the purpose of investigation or to ascertain compliance with the Equal Benefits Ordinance. Furthermore, I understand that failure to comply with LAAC Section 10.8.2.1 et seq., Equal Benefits Ordinance may be deemed a material breach of any City contract by the Awarding Authority. The Awarding Authority may cancel, terminate or suspend in whole or in part, the contract; monies due or to become due under a contract may be retained by the City until compliance is achieved. The City may also pursue any and all other remedies at law or in equity for any breach. The City may use the failure to comply with the Equal Benefits Ordinance as evidence against the Contractor in actions taken pursuant to the provisions of the LAAC Section 10.40, et seq., Contractor Responsibility Ordinance.

FirstClassVending, Inc. will comply with the Equal Benefits Ordinance requirements  
Company Name

as indicated above prior to executing a contract with the City of Los Angeles and will comply for the entire duration of the contract(s).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this 16<sup>th</sup> day of September, in the year 2022 at Bell Gardens, CA  
(City) (State)

[Signature]  
Signature  
Matthew Marsh  
Name of Signatory (please print)  
President  
Title

6875 Suva Street  
Mailing Address  
Bell Gardens CA 90201  
City, State, Zip Code  
954479625  
EIN/TIN

## Bidder Certification

This form must be submitted with your bid or proposal to the City department that is awarding the contract noted below. If you have questions about this form, please contact the Ethics Commission at (213) 978-1960.

☒ Original Filing☐ Amendment: Date of Signed Original \_\_\_\_\_ Date of Last Amendment \_\_\_\_\_

Reference Number (Bid, Contract, or RAMP)	Awarding Authority (Department awarding the contract)
204042	Airports, Los Angeles World & VNA
Bidder Name	
Matthew Marsh, First Class Vending, Inc.	
Address	
16875 Suva St, Bell Gardens, CA 90201	
Email Address	Phone Number
matt@firstclassvending.com	3232687632

## Certification

I certify the following on my own behalf or on behalf of the entity named above, which I am authorized to represent:

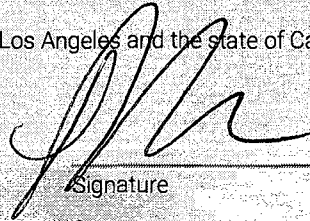
A. I am applying for one of the following types of contracts with the City of Los Angeles:

1. A goods or services contract with a value of more than \$25,000 and a term of at least three months;
2. A construction contract with any value and duration;
3. A financial assistance contract, as defined in Los Angeles Administrative Code § 10.40.1(h), with a value of at least \$100,000 and a term of any duration; or
4. A public lease or license, as defined in Los Angeles Administrative Code § 10.40.1(i), with any value and duration.

B. I acknowledge and agree to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance if I qualify as a lobbying entity under Los Angeles Municipal Code § 48.02.

I certify under penalty of perjury under the laws of the City of Los Angeles and the state of California that the information in this form is true and complete.

Matthew Marsh  
Name  
President  
Title

  
Signature  
09-16-2022  
Date



## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

2/24/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Assured Partners of CA Insurance Services, LLC dba: Wateridge Insurance Services 10717 Sorrento Valley Rd, Ste 200 San Diego, CA 92121	<b>CONTACT NAME:</b> Shawna Brugh	
	<b>PHONE (A/C, No, Ext):</b> (858) 200-3334 <b>FAX (A/C, No):</b> (858) 200-3342	
	<b>E-MAIL ADDRESS:</b> sbrugh@wateridge.com	
<b>INSURED</b>  First Class Vending, Inc. 6875 Suva Street Bell Gardens, CA 90201	<b>INSURER(S) AFFORDING COVERAGE</b>	<b>NAIC #</b>
	<b>INSURER A:</b> Old Republic General Ins. Corp	24139
	<b>INSURER B:</b> Great American Assurance Co	
	<b>INSURER C:</b> Federal Insurance Company	20281
	<b>INSURER D:</b> Allied World Assurance Co. Inc	19489
	<b>INSURER E:</b>	
	<b>INSURER F:</b>	

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	X		MWZY31220222	3/1/2022	3/1/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			MWTB31220122	3/1/2022	3/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			TUU461627607	3/1/2022	3/1/2023	EACH OCCURRENCE \$ 15,000,000 AGGREGATE \$ 15,000,000
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	X	MWC31220322	3/1/2022	3/1/2023	PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	<input checked="" type="checkbox"/> Crime (Includes Burg			8225-4858	3/1/2022	3/1/2023	Crime \$ 1,000,000
D	<input checked="" type="checkbox"/> D&O, EPL, Fiduciary			0309-4650	3/1/2022	3/1/2023	Occurrence \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Los Angeles World Airports is named Additional Insured with respects to General Liability per attached. Workers Compensation Waiver of Subrogation applies.

RE: Bottling Group, Inc. - Provide and Maintain PPE Vending Machines at various Locations throughout the Terminal Areas of LAX

## CERTIFICATE HOLDER

Los Angeles World Airports  
Attn: Risk Management Department  
PO Box 92216  
Los Angeles, CA 90009

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

✓

## **LOS ANGELES WORLD AIRPORTS**

### **NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT**

I understand and acknowledge that I am being provided Confidential and Privileged Information (also referred to herein as "CPI"). I also understand and acknowledge that I may be provided Sensitive Security Information (hereinafter referred to as "SSI"), as set forth in paragraph 1.2, herein. The disclosure of the CPI is so that I may undertake certain sensitive work in connection with DDP ID# 204042 (hereinafter referred to as "Project"). The individual signatory of this Agreement is also referred to as Recipient. In consideration of my being granted access to Confidential and Privileged Information by Department of Airports, Los Angeles World Airports ("LAWA"), a Department of the City of Los Angeles, a municipal corporation (hereinafter referred to as "City"), I understand and do hereby agree that:

#### **1. Confidential and Privileged Security Information and SSI.**

1.1 The CPI covered by this Agreement includes, but is not limited to, the following: data, electronic data or systems information, materials, products, specifications, manuals, plans, calculations, drawings and any other non-public information disclosed or submitted, orally, in writing, or by any other media, to Recipient by LAWA. From time to time, LAWA may, at its sole and exclusive option, update the CPI provided to Recipient, and Recipient has the obligation to notify, as may be applicable, its directors, officers, employees, agents, consultants, contractors, and sub-contractors of any type or level of any such updates. Nothing herein shall require LAWA to disclose any of its information unless it so chooses. All documents shall be identified as Confidential and Privileged by markings, notice or otherwise, but Recipient shall assume that all non-public information is Confidential and Privileged.

1.2 CPI may also include SSI as defined in the Transportation Security Administration Rules and Regulations, 49 CFR 1500.1 through 1520.7, and/or Critical Infrastructure Information (hereinafter referred to as "CII") as defined in 6 USC 131, et seq. and any rules or regulation enacted pursuant thereto. All federal laws and regulations shall be complied with for the protection of this information. When Confidential and Privileged Information or CPI is used in this Agreement it also includes SSI and CII.

#### **2 Obligations of Nondisclosure.**

2.1 LAWA's Confidential and Privileged Information is highly sensitive and vital to the protection of critical transportation infrastructure and public safety, and accordingly it is not for public dissemination or for disclosure to any unauthorized individual. Recipient shall hold CPI in confidence. Recipient shall not use CPI other than for the Project, and shall disclose it only to its officers, directors, employees, agents, consultants, contractors, sub-contractors of any level or type who have a security related need to know and who have executed a copy of LAWA's Non-Disclosure and Confidentiality Agreement. Recipient shall not disclose, publish or otherwise reveal any Confidential and Privileged Information to any other party whatsoever except with the specific prior written authorization of LAWA. Recipient also agrees that, from the date hereof and until such time as the CPI is no longer considered Confidential and Privileged Information by LAWA or the United States Government, Recipient will hold and treat the CPI in the strictest confidence and will not:

(a) Except as required by law, directly or indirectly disclose or permit anyone to disclose any CPI to any other person, who is not a party to LAWA's Non-Disclosure and Confidentiality Agreement authorizing their access to and use of such information (and in the case of a person who is a party to LAWA's Non-Disclosure and Confidentiality Agreement disclosure will only be made to the extent that the information is required for use on a need-to-know basis), without the prior written consent of the Executive Director of City's Department of Airports; or,

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(b) Make copies of documents or electronic data, or any portion thereof, containing CPI for distribution outside the contract team without the prior written consent of the Executive Director of City's Department of Airports.

### **3. Protection of Information.**

3.1 I, the Recipient, agree to maintain the security of all documents, working papers, designs, and other materials related to the CPI, in a manner consistent with LAWA security policy, and will password-protect all such information stored in the electronic form.

3.2 If I receive a subpoena, discovery request, Court Order, Freedom of Information Request ("FOIA"), California Public Records Act ("CPRA") Request, or any other request or demand authorized by law (hereinafter referred to as "Demand") seeking disclosure of Confidential and Privileged Information, I shall immediately notify LAWA of such Demand and forward all Demands to the Los Angeles City Attorney's Office, Airport Division, located at 1 World Way, Room 104, Los Angeles, California 90045. I shall assert all federal and state privileges available to any public entity within the state of my principal place of business and the State of California. I will take all legal steps necessary to protect the CPI from improper disclosure and fully cooperate in LAWA's efforts to assure that confidential treatment will be afforded the CPI. I shall only disclose that which a Court of competent jurisdiction has ordered me to disclose.

3.3 If at any time I discover that Confidential and Privileged Information has been inappropriately disclosed, I will immediately report same to LAWA and shall use my best efforts to retrieve any tangible CPI so disclosed. Moreover, I have received a copy of the LAWA Office of Information Security's External Party Information Disclosure Policy. I have read and understand this policy and agree to abide by the requirements found within this policy. I further agree to promptly report all violations or suspected violations of LAWA's information security policies to the IMTG - Office of Information Security at 424-646-5321.

### **4. Return of Information.**

4.1 Upon the earlier of either LAWA's written request or the completion of my need for such information, any and all CPI obtained by me and all copies thereof, and all writings, electronic media, and materials describing, analyzing, referencing or containing any Confidential and Privileged Security Information and all copies thereof, shall be promptly delivered by me to LAWA at my expense, within ten (10) calendar days of such request. At my option, and with LAWA's written authorization, any documents or other media developed by me containing CPI may be destroyed by shredding by me. I shall provide a written certificate to LAWA regarding destruction within five (5) calendar days thereafter.

### **5. Terms/Conditions.**

5.1 I, the Recipient, also agree to take all reasonable precautions to assure that LAWA's internal information, or information that has been entrusted to me by LAWA, will not be disclosed to unauthorized persons. At the end of my employment or contract with LAWA, I agree to return to LAWA all information to which I have had access as a result of my position with LAWA. I further understand that my obligations under this Agreement will be in perpetuity or until such time that I am expressly released, in writing, by LAWA.

5.2 I may use the Confidential and Privileged Information only for the purpose of providing to LAWA the services and products called for by any contract in which I am a contractor, sub-contractor, or employee thereof, in which Confidential and Privileged Information is disclosed or released directly or indirectly to me by LAWA. I understand that I am not authorized to use this information for my own purposes,

nor am I at liberty to provide this information to third parties without the express written consent of the Executive Director of City's Department of Airports or her designee.

5.3 I acknowledge that the unauthorized disclosure and handling of the Confidential and Privileged Information could cause substantial damage to Public Safety and Security and significantly endanger LAWA, its facilities, its patrons and the general public and could result in civil or criminal fines, penalties and/or monetary damages.

5.4 I acknowledge that the obligations of confidence required hereunder are extraordinary and unique and are vital to the security and well-being of LAWA, its customers, facilities, and the general public, and that damages at law may be an inadequate remedy for any breach, or threatened breach, of this Agreement and that LAWA shall be entitled, in addition to all other rights or remedies, to seek such restraining orders and injunctions as it may deem appropriate for any such breach prohibiting disclosure of information in breach of this Agreement, without being required to show any actual damage or to post any bond or other security and Recipient consents thereto. I understand and agree that the City, LAWA, or the United States Government may seek additional remedies available to enforce this Agreement and/or prevent the disclosure of Confidential and Privileged, including but not limited to, imposition of civil penalties, and any other enforcement or corrective action.

5.5 If I violate the terms or conditions of this Agreement, such violation may result in civil penalty against it pursuant to the United States authorities under 49 U.S.C. 46301 and 49 CFR Part 1520 or other federal or state statutes or take other enforcement or corrective action.

5.6 I hereby assign to LAWA all royalties, remunerations and emoluments that have resulted, will result, or may result from any disclosure, publication or revelation of Confidential and Privileged Information not consistent with the terms of this Agreement. In addition to the above herein contained, notwithstanding any other damages, royalties, remunerations, and/or emoluments recoverable under this Agreement and/or any contract between me and LAWA that has Confidential and Privileged Information being disclosed to me by LAWA, I shall be responsible to LAWA, as additional compensation, in the amount of Five Thousand Dollars (\$5,000) for each individual non-authorized disclosure of Confidential and Privileged Information.

## **6. No License.**

6.1 Nothing contained herein shall be construed as granting or conferring any rights by license or otherwise in any Confidential and Privileged Information. It is understood and agreed that neither party solicits any change in the organization, business practice, service, or products of the other party, and that the disclosure of CPI shall not be construed as evidencing any intent by a party to purchase any products or services of the other party, nor as an encouragement to expend funds in development or research efforts. Confidential and Privileged Information may pertain to prospective or unannounced services or facilities.

## **7. Governing Law and Equitable Relief.**

7.1 This Agreement shall be governed and construed in accordance with the laws of the State of California. I consent to the exclusive jurisdiction of the appropriate United States Federal Court located within the County of Los Angeles, California or the Los Angeles Superior Court located in the Southwest Judicial District for any dispute arising out of this Agreement. I agree that in the event of any breach or threatened breach by me, LAWA may, in addition to any other legal remedies which may be available, seek such equitable relief as may be necessary to protect it against any such breach or threatened breach.



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8. **Severability.**

8.1 Each provision of this Agreement is severable. If a court should find any provision of this Agreement to be unenforceable, all other provisions of this Agreement shall remain in full force and effect.

9. **No Implied Waiver.**

9.1 Either party's failure to insist in any one or more instances upon strict performance by the other party of any term or terms of this Agreement shall not be construed as a waiver of any continuing or subsequent failure to perform or delay in performance of any term hereof.

9.2 By granting me access to information in this context, LAWA does not waive any statutory or common law evidentiary privileges or protections that it may assert in any administrative or judicial proceeding to protect Confidential and Privileged Information to which I have been given access in order to perform my duties to LAWA.

10. **Privity.**

10.1 I acknowledge that by execution of this Agreement, a privity of contract has been created between LAWA and me.

Matthew Marsh

Recipient's Printed Name

President

Recipient's Title

First Class Vending Inc

Recipient's Division/Contracting Company

323 2687632

Recipient's Business Telephone

[Signature]

Recipient's Signature

09-08-2022

Date

**Please mail or deliver the completed Agreement to "6053 W. Century Blvd, Suite 200, Los Angeles, CA 90045" and "Attn: Office of Information Security."**

# DATA WAIVER FORM



Los Angeles World Airports  
Engineering and Facilities Management Division  
7301 World Way West, 7<sup>th</sup> Floor  
Los Angeles, CA 90045  
Tel: (424) 646-5700

Date 09/08/2022

## DATA REQUEST

Project Title <u>Non-Exclusive Vending Machine Concessions</u>		Project Number (if available) <u>204042</u>
Data Type <input type="checkbox"/> AutoCAD File <input type="checkbox"/> ArcGIS Shapefile / Geodatabase <input checked="" type="checkbox"/> Document	Data Description <u>AT-B Vending Sales History</u>	

## CONTACT INFORMATION

Company or Agency Requesting Data <u>First Class Vending</u>		
Name <u>Matthew Marsh</u>	Phone Number <u>323 2687632</u>	E-mail <u>matte@firstclassvending.com</u>
Mailing Address <u>6675 Suva St Bell Gardens, CA 90201</u>		

Data requester ("Transferee") has asked Los Angeles World Airports (LAWA) to provide copies of certain Documents and/or CAD or GIS data files ("Data") prepared by LAWA for the Project. LAWA agrees to provide Transferee with the requested Data, under the terms of this agreement.

1. The transfer of Data is not and shall not be deemed a sale. The data are instruments of service. LAWA shall be deemed the Data's author and shall retain all proprietary rights, including any copyrights, embodied therein.
2. Transferee may transfer the data to its Contractors, Subcontractors, Suppliers, and Consultants (collectively "Others"), provided Transferee requires the Others to be bound by this Agreement as if they were the Transferee in this Agreement. Transferee and Others may use the Data only for purposes related to this Project.
3. The Data are furnished "as is". LAWA makes no representations or warranties, express or implied, of the Data's merchantability or fitness for a particular purpose, with respect to the Data's quality, adequacy, completeness, or sufficiency, or as to any results to be achieved by the Data's use or the Data's conformance with the as-built conditions.
4. Transferee acknowledges that anomalies and errors may occur when the Data is transferred electronically or used in an incompatible computer environment. Transferee solely accepts the risks associated with, and the responsibility for, any damages to hardware, software, computer systems, or networks related to the Data's transfer or use. LAWA shall have no responsibility to provide software or training to allow Transferee to use the Data.
5. LAWA shall have no duty to modify or update the Data. LAWA may retain an archival copy of the Data, which shall be conclusive proof and govern in any dispute of the Data's form or content.
6. Transferee agrees to indemnify, defend and hold LAWA, its officers, directors, employees, agents, and consultants harmless from and against any and all claims, liabilities, suits, demands, losses, damages, costs, and expenses, including, but not limited to, reasonable attorneys' fees and all legal expenses and fees incurred through appeal, and all interest thereon, accruing to or resulting from any and all persons, firms or any other legal entities on account of any damages or losses to property or persons, including, but not limited to, injuries, death or economic losses, arising out of Transferee's or Others' use, reuse, transfer, or modification of the Data, except where a court or forum of competent jurisdiction determines that LAWA is solely liable for such damages or losses.
7. If Transferee fails to perform or observe any of the terms of this Agreement, LAWA may demand, and Transferee immediately shall return, the Data and any copies thereof.
8. This Agreement shall be governed by the law of the location of LAWA's office identified at the top of this Data Waiver.
9. In any legal proceeding to enforce this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs of defense.
10. Unless otherwise explicitly agreed to in writing by the parties, this Agreement shall govern any and all future data transfers to Transferee by LAWA.

## AUTHORIZATION

Matthew Marsh, President 09/08/2022

## Transferee

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

## LAWA

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

# **EXHIBIT B**

## **Insurance Requirements**

## INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS

NAME: **FIRST CLASS VENDING, INC.**  
AGREEMENT / ACTIVITY: **RFB (10364) – VENDING MACHINE CONCESSION AGREEMENT AT LAX AND VNY**  
TERM: **Seven years (5-years with 2, One-Year options) upon fully executed contract**  
LAWA DIVISION: **Commercial Development Group**

The insured must maintain insurance coverage at limits normally required of its type operation; however, the following coverage noted with an "X" is the minimum required and must be at least the level of the limits indicated. All limits are per occurrence unless otherwise specified.

### LIMITS

<input checked="" type="checkbox"/> Workers' Compensation (Statutory)/Employer's Liability <input checked="" type="checkbox"/> Voluntary Compensation Endorsement <input checked="" type="checkbox"/> Waiver of Subrogation, specifically naming LAWA (Please see attached supplement)	<u>Statutory</u>
<input checked="" type="checkbox"/> Automobile Liability - covering owned, non-owned & hired auto	<u>\$10,000,000 CSL</u>
<input checked="" type="checkbox"/> Aviation/Airport <u>or</u> Commercial General Liability, including the following coverage: <input checked="" type="checkbox"/> Premises and Operations <input checked="" type="checkbox"/> Contractual (Blanket/Schedule) <input checked="" type="checkbox"/> Independent Contractors <input checked="" type="checkbox"/> Personal Injury <input checked="" type="checkbox"/> Products /Completed Operations <input checked="" type="checkbox"/> Fire Legal Liability (minimum \$1 million each occurrence) <input type="checkbox"/> Liquor Liability <input type="checkbox"/> Explosion, Collapse & Underground (required when work involves digging, excavation, grading or use of explosive materials.) <input type="checkbox"/> Hangarkeepers Legal Liab. (At least at a limit of liability of \$ 1 million) <input checked="" type="checkbox"/> Additional Insured Endorsement, specifically naming LAWA (Please see attached supplement).	<u>\$10,000,000</u>
<input checked="" type="checkbox"/> Property Insurance <input type="checkbox"/> Building, including contents All Risk/Special Form Coverage, including flood and earthquake LAWA named additional insured and loss payee	<u>100% Replacement Cost</u>
<input checked="" type="checkbox"/> Tenant improvements All Risk/Special Form Coverage, including flood and earthquake LAWA named loss payee	<u>100% Replacement Cost</u>
<input checked="" type="checkbox"/> Waiver of subrogation naming LAWA (Please see attached supplement)	
<input type="checkbox"/> Builder's Risk Insurance All Risk/Special Form Coverage, including flood and earthquake LAWA named loss payee Required if property or building ultimately revert to City	<u>Total project value -</u> <u>100% Replacement Cost</u>
Pollution Legal Liability *** Must meet contractual requirements	<u>\$ ***</u>

**CONTRACTOR SHALL BE HELD RESPONSIBLE FOR OWN OR HIRED EQUIPMENT AND SHALL HOLD AIRPORT HARMLESS FROM LOSS, DAMAGE OR DESTRUCTION TO SUCH EQUIPMENT.**

**INSURANCE COMPANIES WHICH DO NOT HAVE AN AMBEST RATING OF A- OR BETTER, AND HAVE A MINIMUM FINANCIAL SIZE OF AT LEAST 4, MUST BE REVIEWED FOR ACCEPTABILITY BY RISK MANAGEMENT.**

02/09/2023



**RISK MANAGEMENT DIVISION**  
**INSURANCE REQUIREMENTS**

**INSURANCE REQUIREMENTS FOR LOS ANGELES WORLD AIRPORTS (SUPPLEMENT)**

The only evidence of insurance accepted will be either a Certificate of Insurance, or a True and Certified copy of the policy. The following items must accompany the form of evidence provided:

Insurance companies, must have an **AM Best rating of A- or better**, and have a minimum **financial size of at least four**

**Endorsements:**

- **Workers Compensation Waiver of Subrogation Endorsement  
(WC 04 03 06 or similar)**
- **General Liability Additional Insured Endorsement**
- **Ongoing and Products - Completed Operations Endorsement  
(ISO Standard Endorsements preferred)**

**Certificate Holder:**

**Los Angeles World Airports  
PO Box 92216  
Los Angeles, CA 90009**

A typed legible name of the Authorized Representative must accompany the signature on the Certificate of Insurance and/or the True and Certified copy of the policy.

**A blanket/automatic endorsement is not acceptable unless you have a direct contract with LAWA.**

**Language written on a certificate of insurance is not acceptable as an endorsement.**

# **EXHIBIT C**

## **Equal Employment Practices**

# LOS ANGELES ADMINISTRATIVE CODE

## Div. 10, Ch. 1, Art. 1

### EQUAL EMPLOYMENT

#### Sec. 10.8.3. Equal Employment Practices Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$1,000 or more, and every construction contract for which the consideration is \$1,000 or more, shall contain the following provisions, which shall be designated as the **EQUAL EMPLOYMENT PRACTICES** provision of such contract:

A. During the performance of this contract, the contractor agrees and represents that it will provide equal employment practices and the contractor and each subcontractor hereunder will ensure that in his or her employment practices persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.
2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.
3. The contractor agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, the contractor shall certify in the specified format that he or she has not discriminated in the performance of City

contracts against any employee or applicant for employment on the basis or because of race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. The contractor shall permit access to and may be required to provide certified copies of all of his or her records pertaining to employment and to employment practices by the awarding authority or the Office of Contract Compliance for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of City contracts. On their or either of their request the contractor shall provide evidence that he or she has or will comply therewith.

E. The failure of any contractor to comply with the Equal Employment Practices provisions of this contract may be deemed to be a material breach of City contracts. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor.

F. Upon a finding duly made that the contractor has failed to comply with the Equal Employment Practices provisions of a City contract, the contract may be forthwith canceled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until the contractor shall establish and

carry out a program in conformance with the provisions hereof.

G. Notwithstanding any other provision of this contract, the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

H. The Board of Public Works shall promulgate rules and regulations through the Office of Contract Compliance, and provide necessary forms and required language to the awarding authorities to be included in City Request for Bids or Request for Proposal packages or in supplier registration requirements for the implementation of the Equal Employment Practices provisions of this contract, and such rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish the contract compliance program.

I. Nothing contained in this contract shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. At the time a supplier registers to do business with the City, or when an individual bid or proposal is submitted, the contractor shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City Contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Hiring practices;
2. Apprenticeships where such approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
3. Training and promotional opportunities; and
4. Reasonable accommodations for persons with disabilities.

L. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

## **SECTION HISTORY**

*Amended by: Ord. No.147,030, Eff. 4-28-75; Paragraphs A., B., C., Ord. No. 164,516, Eff. 4-13-89; Paragraphs C., Ord. No.168,244, Eff. 10-18-92; Ord. No. 173,186, Eff. 5-22-00; Subsec. F., Ord. No.173,285, Eff. 6-26-00, Oper. 7-1-00.*

# **EXHIBIT D**

## **Affirmative Action Program**

# LOS ANGELES ADMINISTRATIVE CODE

## Div. 10, Ch. 1, Art. 1

### AFFIRMATIVE ACTION

#### Sec. 10.8.4. Affirmative Action Program Provisions.

Every non-construction contract with or on behalf of the City of Los Angeles for which the consideration is \$100,000 or more and every construction contract with or on behalf of the City of Los Angeles for which the consideration is \$5,000 or more shall contain the following provisions which shall be designated as the **AFFIRMATIVE ACTION PROGRAM** provisions of such contract:

A. During the performance of a City contract, the contractor certifies and represents that the contractor and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. The contractor shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, the contractor shall certify on an electronic or hard copy form to be supplied, that the contractor has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

D. The contractor shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of investigation to ascertain compliance with the Affirmative Action Program provisions of City contracts, and on their or either of their request to provide evidence that it has or will comply therewith.

E. The failure of any contractor to comply with the Affirmative Action Program provisions of City contracts may be deemed to be a material breach of contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to the contractor.

F. Upon a finding duly made that the contractor has breached the Affirmative Action Program provisions of a City contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City of Los Angeles. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said contractor is an irresponsible bidder or proposer pursuant to the provisions of Section

371 of the Los Angeles City Charter. In the event of such determination, such contractor shall be disqualified from being awarded a contract with the City of Los Angeles for a period of two years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that the contractor has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City contract, there may be deducted from the amount payable to the contractor by the City of Los Angeles under the contract, a penalty of TEN DOLLARS (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a City contract.

H. Notwithstanding any other provisions of a City contract the City of Los Angeles shall have any and all other remedies at law or in equity for any breach hereof.

I. The Public Works Board of Commissioners shall promulgate rules and regulations through the Office of Contract Compliance and provide to the awarding authorities electronic and hard copy forms for the implementation of the Affirmative Action Program provisions of City contracts, and rules and regulations and forms shall, so far as practicable, be similar to those adopted in applicable Federal Executive Orders. No other rules, regulations or forms may be used by an awarding authority of the City to accomplish this contract compliance program.

J. Nothing contained in City contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. The contractor shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits its bid or proposal or at the time it registers to do business with the City. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require contractors and suppliers to take part in a pre-registration, pre-

bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, the contractor may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve months. If the approval is 30 days or less from expiration, the contractor must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.

(1) Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

(2) A contractor may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.

L. The Office of Contract Compliance shall annually supply the awarding authorities of the City with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and the contractor.

M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
2. Classroom preparation for the job when not apprenticeable;
3. Pre-apprenticeship education and preparation;
4. Upgrading training and opportunities;
5. Encouraging the use of contractors, subcontractors and suppliers of all racial and ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the contractor's, subcontractor's or supplier's geographical area for such work;
6. The entry of qualified women, minority and all other journeymen into the industry; and
7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

N. Any adjustments which may be made in the contractor's or supplier's work force to achieve the requirements of the City's Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the work force or replacement of those employees who leave the work force by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by the contractor at his or her discretion. Approved Affirmative Action Agreements become the property of the City and may be used at the discretion of the City in its Contract Compliance Affirmative Action Program.

P. This ordinance shall not confer upon the City of Los Angeles or any Agency, Board or Commission thereof any power not otherwise provided by law to determine the legality of any existing collective bargaining agreement and

shall have application only to discriminatory employment practices by contractors or suppliers engaged in the performance of City contracts.

Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

## SECTION HISTORY

*Amended by Ord. No. 147,030, Eff. 4-28-75; Paragraphs A., B., C., Ord. No. 164,516, Eff. 4-13-89; Paragraphs B. and C., Ord. No. 168,244, Eff. 10-18-92; Title and Section, Ord. No. 173,186, Eff. 5-22-00; Subsec. F, Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00.*

# **EXHIBIT E**

## **Living Wage Ordinance**

## CHAPTER 1, ARTICLE 11

### LIVING WAGE

Section	
10.37	Legislative Findings.
10.37.1	Definitions.
10.37.2	Payment of Minimum Compensation to Employees.
10.37.3	Health Benefits.
10.37.4	Employer Reporting and Notification Requirements.
10.37.5	Retaliation Prohibited.
10.37.6	Enforcement.
10.37.7	Administration.
10.37.8	City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.
10.37.9	Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
10.37.10	Expenditures Covered.
10.37.11	Timing of Application.
10.37.12	Express Supersession by Collective Bargaining Agreement.
10.37.13	Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.
10.37.14	Contracts, Employers and Employees Not Subject to this Article.
10.37.15	Exemptions.
10.37.16	Severability.

#### Sec. 10.37. Legislative Findings.

The City awards many contracts to private firms to provide services to the public and to City government. Many lessees or licensees of City property perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. The City expends grant funds under programs created by the federal and state governments. These expenditures serve to promote the goals established for the grant programs and for similar goals of the City. The City intends that the policies underlying this article serve to guide the expenditure of such funds to the extent allowed by the laws under which such grant programs are established.

Experience indicates that procurement by contract of services all too often has resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. The minimal compensation tends to inhibit the quantity and quality of services rendered by those employees to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism and lackluster performance. Conversely, adequate compensation promotes amelioration of these undesirable conditions. Through this article, the City intends to require service contractors to provide a minimum level of compensation which will improve the level of services rendered to and for the City.

The inadequate compensation leaves service employees with insufficient resources to afford life in Los Angeles. Contracting decisions involving the expenditure of City funds should not foster conditions that place a burden on limited social services. The City, as a principal provider of social support services, has an interest in promoting an employment environment that protects such limited resources. In requiring the payment of a higher minimum level of compensation, this article benefits that interest.

In comparison with the wages paid at San Francisco International Airport, the wage for Los Angeles airport workers is often lower even though the airports are similar in the number of passengers they serve and have similar goals of providing a living wage to the airport workforce. Studies show that higher wages at the airport leads to increases in worker productivity and improves customer service. Higher wages for airport workers also results in a decline in worker turnover, yielding savings to the employers and alleviating potential security concerns. Therefore, the City finds that a higher wage for airport employees is needed to reduce turnover and retain a qualified and stable workforce.

Many airport workers who provide catering services to the airlines are paid below the living wage. Federal law allows employment contract agreements between airline caterers and its workers to remain in effect without an expiration date, effectively freezing wages for workers. Long-term employment contract agreements provide little incentive for employers to renegotiate the employment contract agreements with their workers. Airline catering

workers often struggle to pay their bills, sometimes having to choose between paying medical bills and buying food for their families. The City finds that airline caterers should pay their workers, at a minimum, the living wage with benefits.

Airport workers are also the first to respond when an emergency occurs at the airport. In order to properly assist first responders during a crisis at the airport, the City finds that airport employees of Certified Service Provider License Agreement holders should be formally trained for an emergency response at the airport.

Nothing less than the living wage should be paid by employers that are the recipients of City financial assistance. Whether workers are engaged in manufacturing or some other line of business, the City does not wish to foster an economic climate where a lesser wage is all that is offered to the working poor.

The City holds a proprietary interest in the work performed by many employees of City lessees and licensees and by their service contractors, subcontractors, sublessees and sublicensees. The success or failure of City operations may turn on the success or failure of these enterprises, for the City has a genuine stake in how the public perceives the services rendered for them by such businesses. Inadequate compensation of these employees adversely impacts the performance by the City's lessee or licensee and thereby hinders the opportunity for success of City operations. A proprietary interest in providing a living wage is important for various reasons, including, but not limited to: 1) the public perception of the services or products rendered to them by a business; 2) security concerns related to the location of the business or any product or service the business produces; or 3) an employer's industry-specific job classification which is in the City's interest to cover by the living wage. This article is meant to cover all such employees not expressly exempted.

Requiring payment of the living wage further serves a proprietary concern of the City. If an employer does not comply with this article, the City may: 1) declare a material breach of the contract; 2) declare the employer non-responsible and limit its ability to bid on future City contracts, leases or licenses; and 3) exercise any other remedies available.

#### SECTION HISTORY

Article and Section Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

#### Sec. 10.37.1. Definitions.

The following definitions shall apply throughout this article:

(a) **"Airline Food Caterer"** means any Employer that, with respect to the Airport:

(1) prepares food or beverage to or for aircraft crew or passengers;

(2) delivers prepared food or beverage to or for aircraft crew or passengers;

(3) conducts security or inspection of aircraft food or beverage; or

(4) provides any other service related to or in connection with the preparation of food or beverage to or for aircraft crew or passengers.

(b) **"Airport"** means the Department of Airports and each of the airports which it operates.

(c) **"Awarding Authority"** means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which has control of its own funds.

(d) **"City"** means the City of Los Angeles and all awarding authorities thereof, including those City departments which exercise independent control over their expenditure of funds.

(e) **"City Financial Assistance Recipient"** means any person who receives from the City discrete financial assistance for economic development or job growth expressly articulated and identified by the City, as contrasted with generalized financial assistance such as through tax legislation, in accordance with the following monetary limitations. Assistance given in the amount of \$1,000,000 or more in any 12-month period shall require compliance with this article for five years from the date such assistance reaches the \$1,000,000 threshold. For assistance in any 12-month period totaling less than \$1,000,000 but at least \$100,000, there shall be compliance for one year, with the period of compliance beginning when the accrual of continuing assistance reaches the \$100,000 threshold.

Categories of assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees.

A recipient shall be exempted from application of this article if:

(1) it is in its first year of existence, in which case the exemption shall last for one year;

(2) it employs fewer than five Employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year; or

(3) it obtains a waiver as a recipient who employs the long-term unemployed or provides trainee positions intended to prepare Employees for permanent positions. The recipient shall attest that compliance with this article would cause an economic hardship and shall apply in writing to the City department or office administering the assistance. The department or office shall forward the waiver application and the department or office's recommended action to the City Council. Waivers shall be effected by Council resolution.

(f) **“Contractor”** means any person that enters into:

(1) a Service Contract with the City;

(2) a contract with a Public Lessee or Licensee; or

(3) a contract with a City Financial Assistance Recipient to help the recipient in performing the work for which the assistance is being given.

(g) **“Designated Administrative Agency (DAA)”** means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(h) **“Employee”** means any person who is not a managerial, supervisory or confidential employee who expends any of his or her time working for an Employer in the United States.

(i) **“Employer”** means any person who is:

(1) a City Financial Assistance Recipient;

(2) Contractor;

(3) Subcontractor;

(4) Public Lessee or Licensee; and

(5) Contractor, Subcontractor, sublessee or sublicensee of a Public Lessee or Licensee.

(j) **“Person”** means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(k) **“Public Lease or License”** means, except as provided in Section 10.37.15, a lease, license, sublease or sublicense of City property, including, but not limited to, Non-Exclusive License Agreements, Air Carrier Operating Permits and Certified Service Provider License Agreements (CSPLA), for which services are furnished by Employees where any of the following apply:

(1) The services are rendered on premises at least a portion of which is visited by members of the public (including, but not limited to, airport passenger terminals, parking lots, golf courses, recreational facilities);

(2) Any of the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) The DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(l) **"Service Contract"** means a contract involving an expenditure in excess of \$25,000 and a contract term of at least three months awarded to a Contractor by the City to furnish services for the City where any of the following apply:

(1) at least some of the services are rendered by Employees whose work site is on property owned or controlled by the City;

(2) the services feasibly could be performed by City employees if the City had the requisite financial and staffing resources; or

(3) the DAA has determined in writing as approved by the Board of Public Works that coverage would further the proprietary interests of the City. Proprietary interest includes, but is not limited to:

(i) the public perception of the services or products rendered to them by a business;

(ii) security concerns related to the location of the business or any product or service the business produces; or

(iii) an Employer's industry-specific job classifications as defined in the regulations.

(m) **"Subcontractor"** means any person not an Employee who enters into a contract:

(1) to assist in performance of a Service Contract;

(2) with a Public Lessee or Licensee, sublessee, sublicensee or Contractor to perform or assist in performing services for the leased or licensed premises.

(n) **"Willful Violation"** means that the Employer knew of its obligations under this article and deliberately failed or refused to comply with its provisions.

#### SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (e), Ord. No. 176,155, Eff. 9-22-04; Subsec. (e), Ord. No. 176,283, Eff. 12-25-04; Oper. 9-22-04; Subsecs. (a) through (l) re-lettered (d) through (o), respectively and new Subsecs. (a), (b), and (c) added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

#### Sec. 10.37.2. Payment of Minimum Compensation to Employees.

(a) **Wages.** An Employer shall pay an Employee for all hours worked on a Service Contract or if a Public Lease or License for a Contractor of a Public Lessee or Licensee, for all hours worked furnishing a service relating to the City, a wage of no less than the hourly rates set under the authority of this article.

##### (1) Non-Airport Employee Wages.

(i) If an Employer provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2018, the wage rate for an Employee shall be no less than \$13.25 per hour.

b. On July 1, 2019, the wage rate for an Employee shall be no less than \$14.25 per hour.

c. On July 1, 2020, the wage rate for an Employee shall be no less than \$15.00 per hour.

d. On July 1, 2022, and annually thereafter, the hourly wage rate paid to an Employee shall be adjusted consistent with any adjustment pursuant to Section 187.02 D. of the Los Angeles Municipal Code.

(ii) If an Employer does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section

10.37.2(a)(1)(i) and an additional wage rate of \$1.25 per hour.

(iii) Section 10.37.11 is not applicable to this subdivision.

**(2) Airport Employee Wages.**

(i) If an Employer servicing the Airport provides an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the following:

a. On July 1, 2017, the wage rate for an Employee shall be no less than \$12.08 per hour.

b. On July 1, 2018, the wage rate for an Employee shall be no less than \$13.75 per hour.

c. On July 1, 2019, the wage rate for an Employee shall be no less than \$15.25 per hour.

d. On July 1, 2020, the wage rate for an Employee shall be no less than \$16.50 per hour.

e. On July 1, 2021, the wage rate for an Employee shall be no less than \$17.00 per hour.

f. Beginning on July 1, 2022, the wage rate for an Employee shall increase annually, on July 1, to an amount \$2.00 above the minimum rate under the City's Minimum Wage Ordinance for that same period of time.

(ii) If an Employer servicing the Airport does not provide an Employee with health benefits as provided in Section 10.37.3 of this article, the Employee shall be paid the applicable wage rate in Section 10.37.2(a)(2)(i) and an additional wage rate as follows:

a. On July 1, 2017, an Employer servicing the Airport shall pay an Employee an additional wage rate of \$5.18 per hour.

b. Beginning on July 1, 2018, an Employer servicing the Airport shall pay an Employee an additional wage rate per hour

equal to the health benefit payment in effect for an Employee pursuant to Section 10.37.3(a)(5).

(3) An Employer may not use tips or gratuities earned by an Employee to offset the wages required under this article.

(b) **Compensated Time Off.** An Employer shall provide an Employee compensated time off as follows:

(1) An Employee who works at least 40 hours per week or is classified as a full-time Employee by the Employer shall accrue no less than 96 hours of compensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of compensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Compensated Time Off.**

(i) An Employee must be eligible to use accrued paid compensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner. Compensated time off shall be paid at an Employee's regular wage rate at the time the compensated time off is used.

(ii) An Employee may use accrued compensated time off hours for sick leave, vacation or personal necessity.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued compensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) The DAA may allow an Employer's established compensated time off policy to remain in place even though it does not meet these requirements, if the DAA determines that the Employer's established policy is overall more generous.

(v) Unused accrued compensated time off shall carry over until time off reaches a maximum of 192 hours, unless the Employer's established policy is overall more generous.

(vi) After an Employee reaches the maximum accrued compensated time off, an Employer shall provide a cash payment once every 30 days for accrued compensated time off over the maximum. An Employer may provide an Employee with the option of cashing out any portion of, or all of, the Employee's accrued compensated time off, but, an Employer shall not require an Employee to cash out any accrued compensated time off. Compensated time off cashed out shall be paid to the Employee at the wage rate that the Employee is earning at the time of cash out.

(vii) An Employer may not implement any unreasonable employment policy to count accrued compensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

(4) **Compensated Release Time.** An Employer servicing the Airport who holds a Certified Service Provider License Agreement and is subject to this article shall comply with the following additional requirements:

(i) A CSPLA Employer shall provide an Employee at the Airport, 16 hours of additional compensated release time annually to attend and complete emergency response training courses approved by the Airport.

(ii) By December 31, 2018, and continuing thereafter on an annual basis, an Employee of a CSPLA Employer shall successfully complete the 16 hours of emergency response training.

(iii) An Employee of a CSPLA Employer hired after December 31, 2018, shall complete the 16 hours of emergency response training within 120 days of the first date of hire.

(iv) The 16 hours of compensated release time shall only be used to attend Airport approved annual emergency response training courses. The 16 hours of compensated release time does not accumulate or carry over to the following year. The 16 hours of compensated release time shall not be included as part of the 96 hours of compensated time off required under this article.

(c) **Uncompensated Time Off.** An Employer shall provide an Employee uncompensated time off as follows:

(1) An Employee who works at least 40 hours a week or is classified as a full-time Employee by an Employer shall accrue no less than 80 hours of uncompensated time off per year.

(2) An Employee who works less than 40 hours per week and is not classified as a full-time Employee by the Employer shall accrue hours of uncompensated time off in increments proportional to that accrued by an Employee who works 40 hours per week.

(3) **General Rules for Uncompensated Time Off.**

(i) An Employee must be eligible to use accrued uncompensated time off after the first 90 days of employment or consistent with company policies, whichever is sooner.

(ii) Uncompensated time off may only be used for sick leave for the illness of an Employee or a member of his or her immediate family and where an Employee has exhausted his or her compensated time off for that year.

(iii) An Employer may not unreasonably deny an Employee's request to use the accrued uncompensated time off. The DAA, through regulations, may provide guidance on what is considered unreasonable.

(iv) Unused accrued uncompensated time off shall carry over until the time off reaches a maximum of 80 hours, unless the Employer's established policy is overall more generous.

(v) An Employer may not implement any unreasonable employment policy to count accrued uncompensated time off taken under this article as an absence that may result in discipline, discharge, suspension or any other adverse action.

#### SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (a), Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Subsec. (a), Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; Subsec. (a)(1), Ord. No. 185,745, Eff. 10-15-18.

**Sec. 10.37.3. Health Benefits.**

(a) **Health Benefits.** The health benefits required by this article shall consist of the payment by an Employer of at least \$1.25 per hour to Employees towards the provision of health care benefits for an Employee and his or her dependents. On July 1, 2017, the health benefit rate for an Employee working for an Employer servicing the Airport shall be at least \$5.18 per hour. On July 1, 2018, the annual increase for Employees working for an Employer servicing the Airport shall continue as provided in Section 10.37.3(a)(5).

(1) Proof of the provision of such benefits must be submitted to the Awarding Authority to qualify for the wage rate in Section 10.37.2(a) for Employees with health benefits.

(2) Health benefits include health coverage, dental, vision, mental health and disability income. For purposes of this article, retirement benefits, accidental death and dismemberment insurance, life insurance and other benefits that do not provide medical or health related coverage will not be credited toward the cost of providing Employees with health benefits.

(3) If the Employer's hourly health benefit payment is less than that required under this article, the difference shall be paid to the Employee's hourly wage.

(4) Health benefits are not required to be paid on overtime hours.

(5) On July 1, 2018, and annually thereafter each July 1, the amount of payment for health benefits provided to an Employee working for an Employer servicing the Airport shall be adjusted by a percentage equal to the percentage increase, if any, in the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

(b) **Periodic Review.** At least once every three years, the City Administrative Officer shall review the health benefit payment by Employers servicing the Airport set forth in Section 10.37.3(a) to determine whether the payment accurately reflects the cost of health care and to

assess the impacts of the health benefit payment on Airport Employers and Airport Employees and shall transmit a report with its findings to the Council.

**SECTION HISTORY**

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.4. Employer Reporting and Notification Requirements.**

(a) An Employer shall post in a prominent place in an area frequented by Employees a copy of the Living Wage Poster and the Notice Regarding Retaliation, both available from the DAA.

(b) An Employer shall inform an Employee of his or her possible right to the federal Earned Income Credit (EIC) under Section 32 of the Internal Revenue Code of 1954, 26 U.S.C. § 32, and shall make available to an Employee forms informing them about the EIC and forms required to secure advance EIC payments from the Employer.

(c) An Employer is required to retain payroll records pertaining to its Employees for a period of at least four years, unless more than four years of retention is specified elsewhere in the contract or required by law.

(d) A Contractor, Public Lessee, Licensee, and City Financial Assistant Recipient is responsible for notifying all Contractors, Subcontractors, sublessees, and sublicensees of their obligation under this article and requiring compliance with this article. Failure to comply shall be a material breach of the contract.

**SECTION HISTORY**

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.5. Retaliation Prohibited.**

An Employer shall not discharge, reduce in compensation, or otherwise discriminate against any Employee for complaining to the City with regard to the Employer's compliance or anticipated compliance with this article, for opposing any practice proscribed by this article,

for participating in proceedings related to this article, for seeking to enforce his or her rights under this article by any lawful means, or for otherwise asserting rights under this article.

#### SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

#### Sec. 10.37.6. Enforcement.

(a) An Employee claiming violation of this article may bring an action in the Superior Court of the State of California against an Employer and may be awarded:

(1) For failure to pay wages required by this article, back pay shall be paid for each day during which the violation occurred.

(2) For failure to comply with health benefits requirements pursuant to this article, the Employee shall be paid the differential between the wage required by this article without health benefits and such wage with health benefits, less amounts paid, if any, toward health benefits.

(3) For retaliation the Employee shall receive reinstatement, back pay or other equitable relief the court may deem appropriate.

(4) For Willful Violations, the amount of monies to be paid under Subdivisions (1) – (3), above, shall be trebled.

(b) The court shall award reasonable attorney's fees and costs to an Employee who prevails in any such enforcement action and to an Employer who prevails and obtains a court determination that the Employee's lawsuit was frivolous.

(c) Compliance with this article shall be required in all City contracts to which it applies. Contracts shall provide that violation of this article shall constitute a material breach thereof and entitle the Awarding Authority to terminate the contract and otherwise pursue legal remedies that may be available. Contracts shall also include an agreement that the Employer shall comply with federal law proscribing retaliation for union organizing.

(d) The DAA may audit an Employer at any time to verify compliance. Failure by the Employer to cooperate

with the DAA's administrative and enforcement actions, including, but not limited to, requests for information or documentation to verify compliance with this article, may result in a determination by the DAA that the Employer has violated this article.

(e) An Employee claiming violation of this article may report the claimed violation to the DAA, which shall determine whether this article applies to the claimed violation.

(1) If any of the Employee's allegations merit further review, the DAA shall perform an audit; the scope of which will not exceed four years from the date the complaint was received.

(2) If the claimed violation is filed after a contract has expired, and information needed for the review is no longer readily available, the DAA may determine this article no longer applies.

(3) In the event of a claimed violation of the requirements relating to compensated time off, uncompensated time off or wages, the DAA may require the Employer to calculate the amount the Employee should have earned and compensate the Employee. Nothing shall limit the DAA's authority to evaluate the calculation.

(i) If the DAA determines that an Employer is in violation of Section 10.37.2(b), the time owed must be made available immediately. At the Employer's option, retroactive compensated time off in excess of 192 hours may be paid to the Employee at the current hourly wage rate.

(ii) If the DAA determines that an Employer is in violation of Section 10.37.2(c), the Employer shall calculate the amount of uncompensated time off that the Employee should have accrued. This time will be added to the uncompensated time off currently available to the Employee and must be available immediately.

(f) Where the DAA has determined that an Employer has violated this article, the DAA shall issue a written notice to the Employer that the violation is to be corrected within ten days or other time period determined appropriate by the DAA.

(g) In the event the Employer has not demonstrated to the DAA within such period that it has cured the violation, the DAA may then:

(1) Request the Awarding Authority to declare a material breach of the Service Contract, Public Lease or License, or financial assistance agreement and exercise its contractual remedies thereunder, which may include, but not be limited to: (i) termination of the Service Contract, Public Lease or License, or financial assistance agreement; (ii) the return of monies paid by the City for services not yet rendered; and (iii) the return to the City of money held in retention (or other money payable on account of work performed by the Employer) when the DAA has documented the Employer's liability for unpaid wages, health benefits or compensated time off.

(2) Request the Awarding Authority to declare the Employer non-responsible from future City contracts, leases and licenses in accordance with the Contractor Responsibility Ordinance (LAAC Section 10.40, et seq.) and institute proceedings in a manner that is consistent with law.

(3) Impose a fine payable to the City in the amount of up to \$100 for each violation for each day the violation remains uncured.

(4) Exercise any other remedies available at law or in equity.

(h) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for violation of this article.

#### SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (d), Para. (1), Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

#### Sec. 10.37.7. Administration.

The DAA shall administer the requirement of this article and monitor compliance, including the investigation of claimed violations. The DAA shall promulgate rules and regulations consistent with this article for the implementation of the provision of this article. The DAA shall also issue determinations that persons are City Financial Assistance Recipients, that particular contracts shall be regarded as "Service Contracts" for purposes of Section 10.37.1(l), and that particular leases and licenses shall be regarded as "Public Leases" or "Public Licenses" for purposes of Section 10.37.1(k), when it receives an

application for a determination of non-coverage or exemption as provided for in Section 10.37.14 and 10.37.15.

The DAA may require an Awarding Authority to inform the DAA about all contracts in the manner described by regulation. The DAA shall also establish Employer reporting requirements on Employee compensation and on notification about and usage of the federal Earned Income Credit referred to in Section 10.37.4. The DAA shall report on compliance to the City Council no less frequently than annually.

Every three years after July 1, 2018, the Chief Legislative Analyst (CLA) with the assistance of the City Administrative Officer (CAO) shall commission a study to review the state of the Airport's regional economy; minimum wage impacts for Employees servicing the Airport; Airport service industry impacts; temporary workers, guards and janitors impacts; restaurants, hotels and bars impacts; transitional jobs programs impacts; service charges, commissions and guaranteed gratuities impacts; and wage theft enforcement. On an annual basis, the CLA and CAO shall collect economic data, including jobs, earnings and sales tax. The Study shall also address how extensively affected Employers are complying with this article, how the article is affecting the workforce composition of affected Employers, and how the additional costs of the article have been distributed among Employees, Employers and the City.

#### SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.

Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00, Oper. 7-1-00; Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

#### Sec. 10.37.8. City is a Third Party Beneficiary of Contracts Between an Employer and Subcontractor for Purposes of Enforcement.

Any contract an Employer executes with a Contractor or Subcontractor, as defined in Section 10.37.1(f) and (m), shall contain a provision wherein the Contractor or Subcontractor agree to comply with this article and designate the City as an intended third party beneficiary for purposes of enforcement directly against the Contractor or Subcontractor, as provided for in Section 10.37.6 of this article.

## SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Ord. No. 173,285, Eff. 6-26-00; Oper. 7-1-00; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.9. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.**

This article shall not be construed to limit an Employee's right to bring legal action for violation of other minimum compensation laws.

## SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.10. Expenditures Covered.**

This article shall apply to the expenditure – whether through aid to City Financial Assistance Recipients, Service Contracts let by the City or Service Contracts let by its Financial Assistance Recipients – of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds.

## SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.11. Timing of Application.**

The provisions of this article shall become operative 60 days following the effective date of the ordinance and are not retroactive.

## SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; Subsec. (b), Subsec. (c) Added, Ord. No. 173,747, Eff. 2-24-01; Subsec. (d) Added, Ord. No. 180,877, Eff. 10-19-09; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.12. Express Supersession by Collective Bargaining Agreement.**

The requirements of this article may be superseded by a collective bargaining agreement if expressly stated in the agreement. This provision applies to any collective bargaining agreement that expires or is open for negotiation of compensation terms after the effective date of this ordinance. Any collective bargaining agreement that purports to supersede any requirement of this article shall be submitted by the Employer to the DAA.

(a) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Employers servicing the Airport only when an Employee is paid a wage not less than the applicable wage rate in Section 10.37.2(a)(2)(i).

(b) A collective bargaining agreement may expressly supersede the requirements of this article with respect to Employees of Airline Food Caterers only when an Employee of the Airline Food Caterer is paid a total economic package no less than the applicable wage rate in Section 10.37.2(a)(2)(ii).

## SECTION HISTORY

Added by Ord. No. 171,547, Eff. 5-5-97.  
Amended by: In Entirety, Ord. No. 172,336, Eff. 1-14-99; In Entirety, Ord. No. 184,318, Eff. 7-7-16; Title and Section In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.13. Liberal Interpretation of Coverage; Rebuttable Presumption of Coverage.**

The definitions of "City Financial Assistance Recipient" in Section 10.37.1(e), of "Public Lease or License" in Section 10.37.1(k), and of "Service Contract" in Section 10.37.1(l) shall be liberally interpreted so as to further the policy objectives of this article. All City Financial Assistance Recipients meeting the monetary thresholds of Section 10.37.1(e), all Public Leases and Licenses (including subleases and sublicenses) where the City is the lessor or licensor, and all City contracts providing for services shall be presumed to meet the corresponding definition mentioned above, subject, however, to a determination by the DAA of non-coverage or exemption on any basis allowed by this article, including, but not limited to, non-coverage for failure to satisfy such definition. The DAA shall by regulation establish procedures for informing persons engaging in such transactions with the City of their opportunity to apply for

a determination of non-coverage or exemption and procedures for making determinations on such applications.

#### SECTION HISTORY

Added by Ord. No. 172,336, Eff. 1-14-99.

Amended by: Ord. No. 173,747, Eff. 2-24-01; In Entirety, Ord. No. 184,318, Eff. 7-7-16; In Entirety, Ord. No. 185,321, Eff. 1-20-18; In Entirety, Ord. No. 185,745, Eff. 10-15-18.

#### Sec. 10.37.14. Contracts, Employers and Employees Not Subject to this Article.

The following contracts are not subject to the Living Wage Ordinance. An Awarding Authority, after consulting with the DAA, may determine whether contracts and/or Employers are not subject to the Living Wage Ordinance due to the following:

(a) a contract where an employee is covered under the prevailing wage requirements of Division 2, Part 7, of the California Labor Code unless the total of the basic hourly rate and hourly health and welfare payments specified in the Director of Industrial Relations' General Prevailing Wage Determinations are less than the minimum hourly rate as required by Section 10.37.2(a) of this article.

(b) a contract with a governmental entity, including a public educational institution or a public hospital.

(c) a contract for work done directly by a utility company pursuant to an order of the Public Utilities Commission.

#### SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.

Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

#### Sec. 10.37.15. Exemptions.

Upon the request of an Employer, the DAA may exempt compliance with this article. An Employer seeking an exemption must submit the required documentation to the DAA for approval before the exemption takes effect.

(a) A Public Lessee or Licensee, that employs no more than seven people total on and off City property shall be exempted. A lessee or licensee shall be deemed to employ no more than seven people if the

company's entire workforce worked an average of no more than 1,214 hours per month for at least three-fourths of the previous calendar year. If a Public Lease or License has a term of more than two years, the exemption granted pursuant to this section shall expire after two years, but shall be renewable in two-year increments.

(b) Non-Profit Organizations. Corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), whose chief executive officer earns a salary which, when calculated on an hourly basis, is less than eight times the lowest wage paid by the corporation, shall be exempted as to all Employees other than child care workers.

(c) Students. High school and college students employed in a work study or employment program lasting less than three months shall be exempt. Other students participating in a work-study program shall be exempt if the Employer can verify to the DAA that:

(1) The program involves work/training for class or college credit and student participation in the work-study program is for a limited duration, with definite start and end dates; or

(2) The student mutually agrees with the Employer to accept a wage below this article's requirements based on a training component desired by the student.

(d) Nothing in this article shall limit the right of the Council to waive the provisions herein.

(e) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to and at the request of an individual Employee who is eligible for benefits under Medicare, a health plan through the U.S. Department of Veteran Affairs or a health plan in which the Employee's spouse, domestic partner or parent is a participant or subscriber to another health plan. An Employee who receives this waiver shall only be entitled to the hourly wage pursuant to Section 10.37.2(a)(2)(i).

#### SECTION HISTORY

Added by Ord. No. 184,318, Eff. 7-7-16.

Amended by: In Entirety, Ord. No. 185,321, Eff. 1-20-18.

**Sec. 10.37.16. Severability.**

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

**SECTION HISTORY**

Added by Ord. No. 172,336, Eff. 1-14-99.

Amended by: In Entirety, Ord. No. 184,318, Eff. 7-7-16; In  
Entirety, Ord. No. 185,321, Eff. 1-20-18.

# **EXHIBIT F**

## **Worker Retention Ordinance**

## CHAPTER 1, ARTICLE 10

### WORKER RETENTION

(Title amended, Ord. No. 185,356, Eff. 1-26-18.)

- Section
- 10.36 Findings and Statement of Policy.
  - 10.36.1 Definitions.
  - 10.36.2 Transition Employment Period.
  - 10.36.3 Enforcement.
  - 10.36.4 Exemption for Contractor or Contractor's Prior Employees.
  - 10.36.5 Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.
  - 10.36.6 Expenditures Covered by this Article.
  - 10.36.7 Promulgation of Implementing Rules.
  - 10.36.8 Severability.

#### Sec. 10.36. Findings and Statement of Policy.

The City awards many contracts to private firms to provide services to the public and to City government. The City also leases its property or grants licenses to enter onto its property and these lessees and licensees often perform services that affect the proprietary interests of City government in that their performance impacts the success of City operations. The City also provides financial assistance and funding to other firms for the purpose of economic development or job growth. At the conclusion of the term of a service contract, lease or license with the City or with those receiving financial assistance from the City, a different firm often receives the successor contract to perform the same City services or to lease or license the same City property.

The City obtains benefits achieved through the competitive process of entering into new contracts. It is the experience of the City that reasons for change do not necessarily include a need to replace workers presently performing services who already have useful knowledge about the workplace where the services are performed.

The City has a proprietary interest in the work performed by employees of City contractors, lessees and licensees and by the employees of firms receiving City financial assistance. The success or failure of City operations may turn on the success or failure of these firms, and the City has a genuine stake in how the public perceives

the services rendered by these firms. Replacement of existing employees can adversely impact the performance by these firms and thereby hinders the opportunity for success of City operations.

Incumbent workers have invaluable existing knowledge and experience with the work schedules, practices and clients. Replacing these workers with workers without these experiences decreases efficiency and results in a disservice to the City and City financed or assisted projects.

Retaining existing workers when a change in firm occurs reduces the likelihood of labor disputes and disruptions. The reduction of the likelihood of labor disputes and disruptions results in the assured continuity of services to City constituents and visitors who receive services provided by the City, the City's lessees or licensees, or by City financed or assisted projects.

Contracting decisions involving the expenditure of City funds should avoid a potential effect of creating unemployment and the consequential need for social services. The City, as a principal provider of social support services, has an interest in the stability of employment under contracts, leases and licenses with the City and by those receiving financial assistance from the City. The retention of existing workers benefits that interest.

#### SECTION HISTORY

Article and Section Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended by: Article and Section, Ord. No. 171,004, Eff. 5-18-96;  
In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety,  
Ord. No. 185,356, Eff. 1-26-18.

#### Sec. 10.36.1. Definitions.

The following definitions shall apply throughout this article:

(a) "Awarding Authority" means the governing body, board, officer or employee of the City or City Financial Assistance Recipient authorized to award a Contract and shall include a department which

has control of its own funds if the department adopts policies consonant with the provisions of this article.

(b) “City” means the City of Los Angeles and all Awarding Authorities thereof.

(c) “City Financial Assistance Recipient” means any person who receives from the City in any 12-month period discrete financial assistance for economic development or job growth expressly articulated and identified by the City totaling at least \$100,000; provided, however, that corporations organized under Section 501(c)(3) of the United States Internal Revenue Code of 1954, 26 U.S.C. § 501(c)(3), with annual operating budgets of less than \$5,000,000, or that regularly employ homeless persons, persons who are chronically unemployed, or persons receiving public assistance, shall be exempt.

Categories of such assistance include, but are not limited to, bond financing, planning assistance, tax increment financing exclusively by the City, and tax credits, and shall not include assistance provided by the Community Development Bank. City staff assistance shall not be regarded as financial assistance for purposes of this article. A loan at market rate shall not be regarded as financial assistance. The forgiveness of a loan shall be regarded as financial assistance. A loan shall be regarded as financial assistance to the extent of any differential between the amount of the loan and the present value of the payments thereunder, discounted over the life of the loan by the applicable federal rate as used in 26 U.S.C. §§ 1274(d) and 7872(f). A recipient shall not be deemed to include lessees and sublessees. Contracts for economic development or job growth shall be deemed providing such assistance once the \$100,000 threshold is reached.

(d) “Contract” means:

(1) a contract let to a Contractor by the City or a City Financial Assistance Recipient primarily for the furnishing of services to or for the City or City Financial Assistance Recipient (as opposed to the purchase of goods or other property) and that involves an expenditure or receipt in excess of \$25,000 and a contract term of at least three months; or

(2) a Public Lease or License as those terms are defined in Los Angeles Administrative Code Section 10.37.1(k) but only if the lessee or

licensee is subject to the Living Wage Ordinance and not otherwise exempt from its provisions.

(e) “Contractor” means any person that enters into a Contract with the City or a City Financial Assistance Recipient. Governmental entities, including public educational institutions and public hospitals, are not Contractors and are not subject to this article.

(f) “Designated Administrative Agency (DAA)” means the Department of Public Works, Bureau of Contract Administration, which shall bear administrative responsibilities under this article.

(g) “Employee” means any person employed as an employee of a Contractor or Subcontractor earning no more than twice the hourly wage without health benefits available under the Living Wage Ordinance, Los Angeles Administrative Code Section 10.37 et seq., whose primary place of employment is in the City on or under the authority of a Contract. Examples of Employee includes: hotel Employees; restaurant, food service or banquet Employees; janitorial Employees; security guards; parking attendants; nonprofessional health care Employees; gardeners; waste management Employees; and clerical Employees. Employee does not include a person who is a managerial, supervisory or confidential Employee. An Employee must have been employed by a terminated Contractor for the preceding 12 months or longer.

(h) “Person” means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(i) “Subcontractor” means any person not an Employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract and who employs Employees for such purpose. A Subcontractor includes a sublessee or sublicensee.

(j) “Successor Contract” means a Contract where the service to be performed is substantially similar to the Contract recently terminated. The meaning also includes a Contract that is a Public Lease or License substantially similar to a Public Lease or License recently terminated. Termination includes, but is not limited to: (1) the completion of the Contract; (2) early termination of the Contract in whole or in part; or (3) an amendment that reduces

services provided under the Contract, in whole or in part.

#### SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (c), Ord. No. 172,843, Eff. 11-4-99; Subsec. (j) added, Ord. No. 176,155, Eff. 9-22-04; Subsec. (j), Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

#### Sec. 10.36.2. Transition Employment Period.

(a) Within ten days of learning that a Contract is to be terminated, the Contractor shall provide to the Successor Contractor, the Awarding Authority and the DAA, the name, address, date of hire, and employment occupation classification of each Employee of the terminated Contractor and Subcontractor working pursuant to the Contract. If the terminated Contractor has not learned the identity of the Successor Contractor, the Contractor shall request the identity from the Awarding Authority. If a Successor Contract has not been awarded by the end of the ten-day period, the Contractor shall provide the employment information referred to earlier in this subsection to the Awarding Authority and the DAA. Where only a subcontract of a Contract has been terminated, the terminated Subcontractor shall for purposes of this Article be deemed a terminated Contractor.

(1) If multiple Contracts providing similar services are terminated, the Awarding Authority shall consult with the DAA to determine whether to pool the Employees, ordered by seniority within job classification and provide a pool list to the Successor Contractor. The Successor Contractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used. The notice must include the following:

(A) the total number of Employees required under the Successor Contract;

(B) a breakdown of the number of Employees required within each job classification and seniority within each class; and

(C) an indication as to which Employees within each job classification shall be offered employment under this article.

The written notice must be provided no later than ten days after the Successor Contractor receives the listing of the terminated Contractor's Employees.

(2) Where the use of Subcontractors has occurred under the terminated Contract or where the use of Subcontractors is to be permitted under the Successor Contract, or where both circumstances arise, the Awarding Authority shall pool, when applicable, the Employees, ordered by seniority within job classification, under such prior Contracts or subcontracts where required by, and in accordance with, rules promulgated by the DAA. The Successor Contractor or Subcontractor shall provide written notice to the Awarding Authority and the DAA that the Awarding Authority's pool list will be used.

(b) If work-related requirements for a particular job classification under the Successor Contract differ from the terminated Contract, the Successor Contractor (or Subcontractor, where applicable) shall give notice to the Awarding Authority and the DAA and provide an explanation including:

(1) the different work-related requirements needed; and

(2) the reason why the different work-related requirements are necessary for the Successor Contract.

(c) Within ten days of receipt of the list of Employees from the terminated Contractor, the Successor Contractor shall make written offers for a 90-day transition employment period to the eligible Employees by letters sent certified mail. The letters shall ask an Employee to return the offers to the Successor Contractor with the Employee's signature indicating acceptance or rejection of the offer of employment. The letters shall state that if an Employee fails to return a written acceptance of the offer within ten days of the date of mailing of the Successor Contractor's certified letter, then the Employee will be presumed to have declined the offer.

The Successor Contractor shall provide copies of the letters offering employment to the Awarding Authority and proof of mailing.

(d) A Successor Contractor shall retain Employees for a 90-day transition employment period. Where pooling of Employees has occurred, the Successor Contractor shall draw from the pools in accordance with rules promulgated by the DAA. During such 90-day period, Employees so hired shall be employed under the terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

(e) If at any time the Successor Contractor determines that fewer Employees are required to perform the new Contract than were required by the terminated Contractor (and Subcontractors, if any), the Successor Contractor shall retain Employees by seniority within job classification. The Successor Contractor shall give notice to the Awarding Authority and the DAA and provide an explanation including:

- (1) the reason that fewer Employees will be needed;
- (2) the total number of Employees required under the Successor Contract;
- (3) a breakdown of the number of Employees required within each job classification;
- (4) a listing of the terminated Contractor's Employees by job classification and seniority within each class; and
- (5) an indication as to which Employees within each job classification will be offered employment under this article.

The notice must be provided no later than ten days after the Successor Contractor receives the list of the terminated Contractor's Employees pursuant to Section 10.36.2(a).

Letters offering employment shall be made by seniority within each job classification. If an Employee in a job classification declines an offer of employment or fails to respond within ten days pursuant to Section 10.36.2(a), the Successor Contractor shall issue a letter offering employment to the next Employee in that job classification. The Successor Contractor shall continue to offer employment in this manner until all required positions are filled for the Successor Contract or until all Employees have been offered employment.

(f) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered Employees not retained by the Successor Contractor (or Subcontractor) from which the successor Contractor (or Subcontractor) shall hire additional Employees, if needed.

(g) During the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall not discharge without cause an Employee retained pursuant to this article. "Cause" for this purpose

shall mean fair and honest reasons, regulated by good faith on the part of the Contractor or Subcontractor, that are not trivial, arbitrary or capricious, unrelated to business needs or goals, or pretextual.

(h) At the end of the 90-day transition employment period, the Successor Contractor (or Subcontractor, where applicable) shall perform a written performance evaluation for each Employee retained pursuant to this article. If the Employee's performance during the 90-day period is satisfactory, the Successor Contractor (or Subcontractor) shall offer the Employee continued employment under terms and conditions established by the Successor Contractor (or Subcontractor) or as required by law.

(i) If the City or a City Financial Assistance Recipient enters into a Contract for the performance of work that prior to the Contract was performed by the City's or the City Financial Assistance Recipient's own Employees, the City or the City Financial Assistance Recipient shall be deemed to be a terminated Contractor within the meaning of this article and the Contractor shall be deemed to be a Contractor with a Successor Contract within the meaning of this article.

#### SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.

Amended by: Ord. No. 171,004, Eff. 5-18-96; Subsec. (g) added, Ord. No. 172,349, Eff. 1-29-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

#### Sec. 10.36.3. Enforcement.

(a) An Employee who has been discharged in violation of this article by a Successor Contractor or its Subcontractor may bring an action in the Superior Court of the State of California against the Successor Contractor and, where applicable, its Subcontractor, and may be awarded:

(1) Back pay for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

(A) The average regular rate of pay received by the Employee from the terminated Contractor during the last three years of the Employee's employment in the same occupation classification; or

(B) The final regular rate paid by the terminated Contractor to the Employee.

(2) Costs of benefits the Successor Contractor would have incurred for the Employee under the successor Contractor's (or Subcontractor's, where applicable) benefit plan.

(b) If the Employee is the prevailing party in any such legal action, the court shall award reasonable attorney's fees and costs as part of the costs recoverable.

(c) Compliance with this article shall be required in all Contracts and shall provide that violation of this article shall entitle the City to terminate the Contract and pursue all legal remedies.

(d) If the DAA determines that a Contractor or Subcontractor violated this article, the DAA may recommend that the Awarding Authority take any or all of the following actions:

(1) Document the determination in the Awarding Authority's Contractor Evaluation required under Los Angeles Administrative Code Section 10.39, et seq.;

(2) Require that the Contractor or Subcontractor document the determination in each of the Contractor's or Subcontractor's subsequent Contractor Responsibility Questionnaires submitted under Los Angeles Administrative Section 10.40, et seq.;

(3) Terminate the Contract;

(4) Recommend to the Awarding Authority to withhold payments due to the Contractor or Subcontractor.

(e) Notwithstanding any provision of this Code or any other law to the contrary, no criminal penalties shall attach for any violation of this article.

#### SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

#### Sec. 10.36.4. Exemption for Contractor or Contractor's Prior Employees.

(a) An Awarding Authority may allow a Successor Contractor or Subcontractor to fill a position under a Contractor with a person who has been employed by the Contractor or Subcontractor continuously for at least 12 months prior to the commencement of the Successor

Contract working in a position similar to the position to be filled in the Successor Contract. The Successor Contractor or Subcontractor shall first obtain written approval of the Awarding Authority by demonstrating that: (a) the person would otherwise be laid off work; and (b) his or her retention would be helpful to the Contractor or Subcontractor in performing the Successor Contract.

(b) Nothing in this article shall limit the right of the DAA to waive the provisions herein with respect to a Contractor if it finds it is not in the best interest of the City.

#### SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

#### Sec. 10.36.5. Coexistence with Other Available Relief for Specific Deprivations of Protected Rights.

This article shall not be construed to limit an Employee's right to bring legal action for wrongful termination.

#### SECTION HISTORY

Added by Ord. No. 170,784, Eff. 1-13-96.  
Amended by: Ord. No. 171,004, Eff. 5-18-96; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

#### Sec. 10.36.6. Expenditures Covered by this Article.

This article shall apply to the expenditure, whether through Contracts let by the City or by City Financial Assistance Recipients, of funds entirely within the City's control and to other funds, such as federal or state grant funds, where the application of this article is consonant with the laws authorizing the City to expend such other funds. City Financial Assistance Recipients shall apply this article to the expenditure of non-City funds for Contracts to be performed in the City by complying with Section 10.36.2(i) and by contractually requiring their Contractors with Contracts to comply with this article. Such requirement shall be imposed by the recipient until the City financial assistance has been fully expended.

#### SECTION HISTORY

Added by Ord. No. 171,004, Eff. 5-18-96.  
Amended by: Ord. No. 172,337, Eff. 1-14-99; Ord. No. 172,843, Eff. 11-4-99; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

**Sec. 10.36.7. Promulgation of Implementing Rules.**

The DAA shall promulgate rules for implementation of this article and otherwise coordinate administration of the requirements of this article.

**SECTION HISTORY**

Added by Ord. No. 171,004, Eff. 5-18-96.

Amended by: Ord. No. 176,155, Eff. 9-22-04; Ord. No. 176,283, Eff. 12-25-04, Oper. 9-22-04; In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

**Sec. 10.36.8. Severability.**

If any subsection, sentence, clause or phrase of this article is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this section, and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

**SECTION HISTORY**

Added by Ord. No. 171,004, Eff. 5-18-96.

Amended by: In Entirety, Ord. No. 184,293, Eff. 6-27-16; In Entirety, Ord. No. 185,356, Eff. 1-26-18.

# **EXHIBIT G**

## **Child Support Orders**

# LOS ANGELES ADMINISTRATIVE CODE

## Div. 10, Ch. 1, Art. 1

### CHILD SUPPORT

#### Sec. 10.10. Child Support Assignment Orders.

##### a. Definitions.

1. **Awarding Authority** means a subordinate or component entity or person of the City (such as a City department or Board of Commissioners) that has the authority to enter into a contract or agreement for the provision of goods or services on behalf of the City of Los Angeles.

2. **Contract** means any agreement, franchise, lease or concession including an agreement for any occasional professional or technical personal services, the performance of any work or service, the provision of any materials or supplies, or the rendering of any service to the City of Los Angeles or to the public which is let, awarded or entered into with, or on behalf of, the City of Los Angeles or any awarding authority thereof.

3. **Contractor** means any person, firm, corporation, partnership or any combination thereof which submits a bid or proposal or enters into a contract with any awarding authority of the City of Los Angeles.

4. **Subcontractor** means any person, firm, corporation, partnership or any combination thereof who enters into a contract with a contractor to perform or provide a portion of any contract with the City.

5. **Principal Owner** means any person who owns an interest of 10 percent or more in a contractor or subcontractor as defined herein.

##### b. Mandatory Contract Provisions.

Every contract that is let, awarded or entered into with or on behalf of the City of Los Angeles shall contain a provision obligating the contractor or subcontractor to fully comply with all applicable State and Federal employment reporting requirements for the contractor or subcontractor's employees. The contractor or subcontractor will also be required to certify that the principal owner(s) thereof are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor or subcontractor will

fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code §§ 5230 *et seq.* and that the contractor or subcontractor will maintain such compliance throughout the term of the contract.

Failure of a contractor or subcontractor to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignments or Notices of Assignment or failure of the principal owner(s) to comply with any Wage and Earnings Assignments or Notices of Assignment applicable to them personally shall constitute a default under the contract. Failure of the contractor or subcontractor or principal owner thereof to cure the default within 90 days of notice of such default by the City shall subject the contract to termination.

##### c. Notice to Bidders.

Each awarding authority shall be responsible for giving notice of the provisions of this ordinance to those who bid on, or submit proposals for, prospective contracts with the City.

##### d. Current Contractor Compliance.

Within 30 days of the operative date of this ordinance, the City, through its operating departments, shall serve upon existing contractors a written request that they and their subcontractors (if any) comply with all applicable State and Federal employment reporting requirements for the contractor and subcontractor's employees, that they certify that the principal owner(s) of the contractor and any subcontractor are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally, that the contractor and subcontractor will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments in accordance with California Family Code § 5230 *et seq.* and that the contractor and subcontractor will maintain such compliance throughout the term of the contract.

##### e. City's Compliance with California Family Code.

The City shall maintain its compliance with the provisions of California Family Code §§ 5230 *et*

*seq.* and all other applicable law regarding its obligations as an employer to implement lawfully served Wage and Earnings Assignments and Notices of Assignment.

f. Report of Employees' Names to District Attorney.

1. The City shall maintain its current practice of assisting the District Attorney's support enforcement activities by annually reporting to the Los Angeles County District Attorney the names of all of its employees and retirees so that the District Attorney may identify those employees and retirees subject to Wage and Earnings Assignment Orders and Notices of Assignment and may establish court orders for support, where appropriate. Should the District Attorney so request it, the City will provide such information on a more frequent basis.

2. All applicants for employment with the City of Los Angeles will be asked to acknowledge their responsibility to comply with any court ordered support obligations and will be advised of the City's practice of assisting the District Attorney as described in the provisions of Subsection f.1., above.

**SECTION HISTORY**

*Added by Ord. No. 172,401, Eff. 2-13-99.*

# **EXHIBIT H**

## **First Source Hiring Program**

## **FIRST SOURCE HIRING PROGRAM FOR AIRPORT EMPLOYEES**

- I. Purpose. The purpose of this First Source Hiring Program is to facilitate the employment of Targeted Applicants by Airport Employers. It is a goal of this First Source Hiring Program that this Program benefit Airport Employers by providing a pool of qualified job applicants through a non-exclusive referral system.
- II. Definitions. As used in this Program, the following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

“Airport” shall mean Los Angeles International Airport.

"Airport Employer" shall mean a party that, through a contract, lease, licensing arrangement, or other arrangement, agrees to comply with this First Source Hiring Program with regard to Airport Jobs. Operators of transportation charter party limousines, non-tenant shuttles, and taxis shall not be considered Airport Employers.

"Airport Job" shall mean a job that either (i) is performed On-Site, or (ii) is directly related to a contract, lease, licensing arrangement, or other arrangement under which the employer is an Airport Employer. Positions for which City's Worker Retention Policy requires hiring of particular individuals shall not constitute Airport Jobs for purposes of this Program.

"City" shall mean the City of Los Angeles.

“Coalition” shall mean the LAX Coalition for Economic, Environmental, and Educational Justice, an unincorporated association comprised exclusively of the following organizations: AGENDA; AME Minister’s Alliance; Clergy and Laity United for Economic Justice; Coalition for Clean Air; Communities for a Better Environment; Community Coalition; Community Coalition for Change; Environmental Defense; Inglewood Coalition for Drug and Violence Prevention; Inglewood Democratic Club; Lennox Coordinating Council; Los Angeles Alliance for a New Economy; Los Angeles Council of Churches; Nation of Islam; Natural Resources Defense Council; Physicians for Social Responsibility Los Angeles; Service Employees International Union Local 347; and Teamsters Local 911.

“Coalition Representative” shall mean the following: The Coalition shall designate one individual as the “Coalition Representative” authorized to speak or act on behalf of the Coalition for all purposes under the Cooperation Agreement. The Coalition Representative may designate one or more assistants to assist the Coalition Representative in speaking or acting on behalf of the Coalition with respect to any specific program or activity or any other matter. The Coalition shall provide LAWA with contact information for the Coalition Representative upon request.

“Cooperation Agreement” shall mean the Cooperation Agreement between LAWA and the LAX Coalition for Economic, Environmental and Educational Justice.

"LAWA" shall mean Los Angeles World Airports.

"Low-Income Individual" shall mean an individual whose household income is no greater than 80% of the median income, adjusted for household size, for the Primary Metropolitan Statistical Area.

“On-Site” shall mean physically located on property owned or leased by LAWA and pertaining to Airport.

"Program" shall mean this First Source Hiring Program.

"Project Impact Area" shall have the meaning set forth in the "Final Environmental Impact Report" for the LAX Master Plan Program, dated April 2004, as supplemented by one or more EIR Addenda prior to certification of the EIR by the City Council.

"Referral System" shall mean the referral system established to provide applicant referrals for the Program.

"Special Needs Individuals" shall mean: (i) individuals who receive or have received public assistance through the [Temporary Assistance for Needy Families Program], within the past 24 months; (ii) individuals who are homeless; (iii) ex-offenders, (iv) chronically unemployed, and (v) dislocated airport workers.

"Targeted Applicants" shall have the meaning set forth in Section IV below.

- III. Coverage. This Program shall apply to hiring by Airport Employers for all Airport Jobs, except for jobs for which the hiring procedures are governed by a collective bargaining contract that conflicts with this Program.
- IV. Targeted Applicants. Referrals under the Program shall, to the extent permissible by law, be made in the order of priority set forth below.
  - First Priority: Low-Income Individuals living in the Project Impact Area for at least one year and Special Needs Individuals; and
  - Second Priority: Low-Income Individuals residing in City.
- V. Initial Airport Employer Roles.
  - A. Liaison. Each Airport Employer shall designate a liaison for issues related to the Program. The liaison shall work with LAWA, the Coalition Representative, the Referral System provider, and relevant public officials to facilitate effective implementation of this Program.

- B. Long-Range Planning. Any entity that becomes an Airport Employer at least two (2) months prior to commencing operations related to Airport shall, at least two months prior to commencing operations related to Airport, provide to the Referral System the approximate number and type of Airport Jobs that it will fill and the basic qualifications necessary.

VI. Airport Employer Hiring Process.

- A. Notification of Job Opportunities. Prior to hiring for any Airport Job, an Airport Employer shall notify the Referral System, by e-mail or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements (e.g., language skills, driver's license, etc.). Job qualifications shall be limited to skills directly related to performance of job duties.
- B. Referrals. After receiving a notification under Section VI.A above, the Referral System shall within five days, or longer time frame agreed to by the Referral System and Airport Employer, refer to the Airport Employer one or more Targeted Applicants who meet the Airport Employer's qualifications.
- C. Hiring.
  - 1. New Employer Targeted Hiring Period. When making initial hires for the commencement of an Airport Employer's operations related to Airport, the Airport Employer shall consider and hire only Targeted Applicants for a two week period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.
  - 2. Established Employer Targeted Hiring Period. When making hires after the commencement of operations related to Airport, an Airport Employer shall consider and hire only Targeted Applicants for a five-day period following provision of the notification described in Section VI.A. After this period, the Airport Employer shall make good-faith efforts to hire Targeted Applicants, but may consider and hire applicants referred or recruited through any source.
  - 3. Hiring Procedure During Targeted Hiring Periods. During the periods described in Sections VI.C.1 and VI.C.2 above, Airport Employers may hire Targeted Applicants recruited or referred through any source. During such periods Airport Employers shall use normal hiring practices, including interviews, to consider all applicants referred by the Referral System.

4. No Referral Fees. No Airport Employer or referred job candidate shall be required to pay any fee, cost or expense of the Referral System or this Program in connection with referrals.

#### VIII. Reporting and Recordkeeping.

- A. Reports. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall, on a quarterly basis, notify the Referral System of the number, by job classification, of Targeted Applicants hired by the Airport Employer during that quarter, and the total number of employees hired by the Airport Employer for Airport Jobs during that quarter. Any Airport Employer who has not had hiring activity for the quarter, shall also notify the Referral System of such inactivity.
- B. Recordkeeping. During the time that this Program is applicable to any Airport Employer, that Airport Employer shall retain records sufficient for monitoring of compliance with this Program with regard to each Airport Job, including records of notifications sent to the Referral System, referrals from the Referral System, job applications received from any source, number of Targeted Applicants hired, and total number of employees hired for Airport Jobs. To the extent allowed by law, and upon reasonable notice, these records shall be made available to LAWA and to the Referral System for inspection upon request. The Coalition Representative may request that LAWA provide such records at anytime. Records may be redacted so that individuals are not identified by name and so that information required by law to remain confidential is excluded.
- C. Complaints. If LAWA, the Coalition, or the Referral System believes that an Airport Employer is not complying with this Program, then the designated LAWA office shall be notified to ensure compliance with this program.
- D. Liquidated Damages. Each Airport Employer agrees to pay to LAWA liquidated damages in the amount of One Thousand Dollars (\$1,000) where LAWA finds that the Airport Employer has violated this Program with regard to hiring for a particular Airport Job. LAWA shall establish procedures providing to Airport Employers notice and an opportunity to present all relevant evidence prior to LAWA's final determination regarding an alleged violation. This liquidated damages provision does not preclude LAWA from obtaining any other form of available relief to ensure compliance with this Program, including injunctive relief.

#### IX. Miscellaneous.

- A. Compliance with State and Federal Law. This Program shall be implemented only to the extent that it is consistent with the laws of the State of California and the United States. If any provision of this Program is held by a court of law to be in conflict with state or federal law, the applicable law shall prevail over the terms of

this Program, and the conflicting provisions of this Program shall not be enforceable.

- B. Severability Clause. If any term, provision, covenant or condition of this Program is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall continue in full force and effect.
- C. Binding on Successors. This Program shall be binding upon and inure to the benefit of the successors in interest, transferees, assigns, present and future partners, subsidiary corporations, affiliates, agents, representatives, heirs, and administrators of any party that has committed to comply with it. Any reference in this Program to a party shall be deemed to apply to any successor in interest, transferee, assign, present or future partner, subsidiary corporation, affiliate, agent, representative, heir or administrator of such party; provided, however, that any assignment, transfer or encumbrance of a lease agreement, permit or contract in which this Program is incorporated shall only be made in strict compliance with the terms of such lease agreement, permit or contract and the foregoing shall not constitute consent to any such assignment, transfer or encumbrance.
- D. Lease Agreements and Contracts. Airport Employers shall not execute any sublease agreement or other contract under which Airport Jobs may occur directly or indirectly, unless the entirety of this Program is included as a material term thereof, binding on all parties.
- E. Assurance Regarding Preexisting Contracts. Each Airport Employer warrants and represents that as of the date of execution of this Program, it has executed no sublease agreement or other contract that would violate any provision of this Program had it been executed after the date of incorporation of this Program into a binding contract.
- F. Intended Beneficiaries. LAWA, the Coalition, and the Referral System are intended third-party beneficiaries of contracts and other agreements that incorporate this Program with regard to the terms and provisions of this Program. However, the parties recognize that only LAWA has the sole responsibility to enforce the provisions of this Program.
- G. Material Terms. All provisions of this Program shall be material terms of any lease agreement or contract in which it is incorporated.
- H. Effective Date. Section VI of this Program shall become effective on the effective date of the contract or agreement into which it is incorporated.
- I. Construction. Any party incorporating this Program into a binding contract has had the opportunity to be advised by counsel with regard to this Program. Accordingly, this Program shall not be strictly construed against any party, and

the rule of construction that any ambiguities be resolved against the drafting party shall not apply to this Program.

- J. Entire Contract. This Program contains the entire agreement between the parties on the subjects described herein, and supersedes any prior agreements, whether written or oral. This Program may not be altered, amended or modified except by an instrument in writing signed in writing by all parties to the contract in which it is incorporated.

# **EXHIBIT I**

## **Contractor Responsibility Program & Pledge of Compliance Form**

# **LOS ANGELES WORLD AIRPORTS**



## **CONTRACTOR RESPONSIBILITY PROGRAM**

### **RULES AND REGULATIONS FOR LEASES**

**Effective date: July 1, 2012**

Procurement Services Division  
7301 World Way West, 4<sup>th</sup> Floor  
Los Angeles, CA 900145  
(424) 646-5380  
(424) 646-9262 (Fax)

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These Rules and Regulations are promulgated pursuant to Board Resolution #21601, the Los Angeles World Airports Contractor Responsibility Program (CRP). Each Requesting LAWA Division shall cooperate to the fullest extent with the Executive Director in the administration of the CRP. The Executive Director may amend these Rules and Regulations from time to time as required for the implementation of the CRP.

**A. DEFINITIONS**

- (a) **"Awarding Authority"** means either the Executive Director or the Board or the Board's designee.
- (b) **"Bid"** means an application submitted by a bidder in response to an Invitation for Bid, Request for Proposal or Request for Qualifications or other procurement process.
- (c) **"Bidder"** means any person or entity that applies for any contract whether or not the application process is through an Invitation for Bid, Request for Proposal, Request for Qualifications or other procurement process.
- (d) **"Board"** means the City of Los Angeles Board of Airport Commissioners.
- (e) **"Contract"** means any agreement for the performance of any work or service, the provisions of any goods, equipment, materials or supplies, or the rendition of any service to LAWA or to the public or the grant of a Public Lease, which is awarded or entered into by or on behalf of LAWA. The provisions of these Rules and Regulations shall apply to all leases that require Board approval.
- (f) **"Contractor"** means any person, firm, corporation, partnership, association or any combination thereof, which enters into a Contract with LAWA and includes a Public Lessee.
- (g) **"CRP Pledge of Compliance"** means the CRP Pledge of Compliance developed by PSD. The CRP Pledge of Compliance shall require Public Lessees and Public Sublessees to sign under penalty of perjury that the Public Lessees and Public Sublessees will:
  - (1) Comply with all applicable Federal, State, and local laws and regulations during the performance of the lease, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
  - (2) Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that

the tenant or did not comply with subparagraph (g)(1) above in the performance of the contract.

- (3) Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the Public Lessee or Public Sublessee has violated subparagraph (g)(1) above in the performance of the Public Lease.
- (4) Provide LAWA within 30 calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of Public Leases not subject to the CRP and to Public Sublessees not required to submit a CRP Questionnaire.
- (5) Ensure that Public Lessees and Public Sublessees with LAWA leases shall complete, sign and submit a CRP Pledge of Compliance attesting under penalty of perjury to compliance with subparagraphs (u)(1) through (4).
- (6) Notify LAWA within 30 days of becoming aware of an investigation, violation or finding of any applicable Federal, State, or local law involving Public Sublessees in the performance of a LAWA contract.
- (7) Cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.
- (h) **“CRP Questionnaire”** means the set of questions developed by PSD that will assist LAWA in determining a bidder, proposer’s or contractor’s responsibility. Information solicited from the CRP Questionnaire may include but is not limited to: ownership and name changes, financial resources and responsibility, satisfactory performance of other contracts, satisfactory record of compliance with relevant laws and regulations, and satisfactory record of business integrity. PSD may amend the CRP Questionnaire from time to time.
- (i) **“Executive Director”** means the Executive Director of the City of Los Angeles Department of Airports.
- (j) **“Invitation for Bid” (“IFB”)** means the process through which the City solicits Bids including Request for Proposals (**“RFP”**) and Requests for Qualifications (**“RFQ”**).
- (k) **“Los Angeles World Airports”** means the City of Los Angeles Department of Airports.
- (l) **“PSD”** means LAWA’s Procurement Services Division.
- (m) **“Public Lease”** means a lease of LAWA property.
- (n) **“Public Lessee”** means a Contractor that leases LAWA property under a Public Lease.

- (o) **"Public Sublessee"** means a Subcontractor that subleases LAWA property from a Public Lessee.
- (p) **"PSD"** means LAWA's Procurement Services Division.
- (q) **"Subcontractor"** means any person not an employee who enters into a contract with a Contractor to assist the Contractor in performing a Contract, including a Contractor or subcontractor of a Public Lessee or Public Sublessee, to perform or assist in performing services on the leased premises.
- (r) **"Prospective Lessee"** means any person, firm, corporation, partnership, association or any combination thereof that currently does not have a Public Lease.
- (s) **"Prospective Sublessee"** means any person, firm, corporation, partnership, association or any combination thereof that currently does not sublease LAWA property from a Public Lessee.
- (t) **"Requesting LAWA Division"** means the LAWA division(s) which issued the RFB, RFP or RFQ.
- (u) **"Responsibility"** means possessing the necessary "trustworthiness" and "quality, fitness and capacity" to perform the work set forth in the contract.

## **B. SUBMISSION OF CRP QUESTIONNAIRES**

1. **Prospective Lessees** are required to submit a completed and signed CRP Questionnaire for determination of responsibility prior to award of a Public Lease.
2. **Public Lessees, Prospective Sublessees and Public Sublessees** are not required to submit a completed and signed CRP Questionnaire.

## **C. LAWA REVIEW OF SUBMITTED CRP QUESTIONNAIRES (APPLICABLE TO PROSPECTIVE LESSEES ONLY)**

### **1. Posting of CRP Questionnaires and Sublessee Lists:**

The Requesting LAWA Division will forward to PSD the completed CRP Questionnaires and sublessee list(s), if any, submitted by the Prospective Lessees to make available for public review and comment for a minimum of fourteen (14) calendar days prior to the award of the Public Lease.

### **2. Departmental Review of CRP Questionnaires**

- a. PSD will determine Contractor Responsibility from the completeness and accuracy of the information in the submitted CRP Questionnaire; information from various

compliance and regulatory agencies; accuracy and completeness of the information received from the public; and through PSD's own reviews and investigations.

- b. PSD may submit written requests to the Prospective Lessee for clarification or additional documentation. Failure to respond to these requests within the specified time may render the Prospective Lessee non-responsible and disqualified.
- c. PSD will report its findings and determination to the Requesting LAWA Division.
- d. No award of a Public Lease will be made by LAWA until after the CRP Questionnaire review and Contractor Responsibility determination has been made.
- e. The CRP Questionnaire of the Prospective Lessee that is awarded a Public Lease will be retained by PSD. The CRP Questionnaires of the Prospective Lessees that are not awarded a Public Lease will also be retained by PSD.

### **3. Claims Resulting from Public Review and Comments**

#### **Prospective Lessees:**

- a. Claims regarding a Prospective Lessee's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a Prospective Lessee's responsibility, whether or not it is submitted in writing.
- b. If PSD receives information which calls into question a Prospective Lessee's responsibility, and the information was received **before** LAWA awards a Public Lease to the Prospective Lessee, PSD shall:
  - (1) Notify the Requesting LAWA Division in writing that LAWA will not award a Public Lease, until PSD has completed investigation into the matter.
  - (2) Investigate the complaint, collect necessary documentation, and determine the complaint's validity.
  - (3) Upon completion of the investigation, notify the Requesting LAWA Division in writing of the results of the investigation.
  - (4) Findings from the PSD investigation received by the Requesting LAWA Division will be considered by the Awarding Authority as part of the determination of the Prospective Lessee's responsibility.

#### **Public Lessee:**

- a. Claims regarding a Public Lessee's responsibility must be submitted to PSD in writing. However, PSD may investigate a claim regarding a Public Lessee's responsibility, whether or not it is submitted in writing.

- b. If PSD receives written information that calls into question a Public Lessee's responsibility, PSD shall investigate the matter as required in Section G, LAWA Investigation.

## **D. AWARD AND EXECUTION OF PUBLIC LEASES**

### **1. Determination of Responsibility and Award of Public Lease**

- a. PSD shall determine whether a Prospective Lessee is a responsible lessee with the necessary trustworthiness, quality, fitness and capacity to comply with the terms of the Public Lease by considering the following:
  - (1) Completeness and accuracy of the information contained in the CRP Questionnaire;
  - (2) Completeness and accuracy of the information received from the public;
  - (3) Information and documentation from PSD's own investigation; and
  - (4) Information that may be available from any compliance or regulatory governmental agency.
- b. The Awarding Authority may award and execute a Public Lease to a Prospective Lessee only if:
  - (1) The Prospective Lessee's CRP Questionnaire, and sublessee's list(s), if any, has been made available for public review for at least fourteen (14) calendar days unless otherwise exempted from the posting requirement by the CRP;
  - (2) The Prospective Lessee is not being investigated pursuant to the CRP;
  - (3) The Prospective Lessee has not been found to be a non-responsible lessee pursuant to the CRP;
  - (4) The Prospective Lessee does not appear on any City list of debarred bidders or contractors; and
  - (5) The Prospective Lessee has met all other applicable City requirements.

### **2. Submission of Pledge of Compliance**

#### **Prospective Lessees/Prospective Sublessees:**

- a. Unless otherwise exempt from the CRP, all Prospective Lessees and Prospective Sublessees are required to submit a CRP Pledge of Compliance signed under penalty of perjury. Failure to submit a CRP Pledge of Compliance as required may render the Prospective Lessees or Prospective Sublessees, as applicable, non-compliant with the terms of the Public Lease or a consent to sublease, as applicable, and subject to sanctions.

#### **Public Sublessees:**

- b. Prior to LAWA's execution of a consent to sublease with a Prospective Sublessee, the Public Lessee shall submit to LAWA a signed CRP Pledge of Compliance from each Public Sublessee listed as occupying space on the leasehold premises.

### **3. Public Sublessee Responsibility**

- a. Public Lessees shall ensure that their sublessees meet the criteria for responsibility set forth in the CRP and these Rules and Regulations.
- b. Public Lessees shall ensure that sublessees occupying space on the LAWA leasehold premises shall complete and submit a signed CRP Pledge of Compliance.
- c. Public Lessees shall not sublease to any sublessee that has been determined or found to be a non-responsible contractor by LAWA or the City.
- d. Subject to approval by the Awarding Authority, Public Lessees may substitute a non-responsible sublessee with another sublessee.

### **4. Execution of Public Leases/Consent to Subleases**

#### **Prospective Lessees:**

- a. Unless exempt from the CRP, all Public Leases subject to the CRP shall contain language obligating the Public Lessee to comply with the CRP.
- b. No Public Lease may be awarded unless:
  - (1) The Prospective Lessee's CRP Questionnaire, unless otherwise exempt, has been made available for public review for at least fourteen (14) calendar days
  - (2) The Prospective Lessee has submitted a signed CRP Pledge of Compliance.
  - (3) The Prospective Lessee's sublessee list, if any, has been made available for public review for at least fourteen (14) calendar days.
  - (4) The Prospective Lessee is determined by LAWA to be a Responsible Contractor.

#### **Prospective Sublessee:**

- a. Unless exempt from the CRP, all subleases subject to the CRP shall contain language obligating the Public Sublessee to comply with the CRP.
- b. No consent to sublease will be executed by LAWA unless the Public Lessee has submitted a signed CRP Pledge of Compliance by the Prospective Sublessee.

## **E. LEASE AMENDMENTS**

Compliance with the CRP is required in any amendment to a Public Lease if the initial lease was not subject to the CRP, but the total term and amount of the lease, inclusive of all amendments, would make the lease subject to the CRP.

- a. A Public Lessee subject to the CRP because of an amendment to the Public Lease shall submit a CRP Pledge of Compliance to LAWA before the amendment can be executed by LAWA.
- b. Unless exempt from the CRP, all Public Lease amendments shall contain contract language obligating the Public Lessee to comply with the CRP.

## **F. NOTIFICATION OF INVESTIGATIONS AND UPDATE OF INFORMATION**

### **1. Notification of Investigations**

#### **Public Lessees shall:**

- a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the Public Lessees is not in compliance with any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.
- b. Notify LAWA within 30 calendar days of receiving notice of any findings by a government agency or court of competent jurisdiction that the Public Lessee violated any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

### **2. Public Sublessee Notification of Investigations**

Public Lessees shall ensure that Public Sublessees occupying the LAWA leasehold premises abide by these same updating requirements, including the requirement to:

- a. Notify LAWA within 30 calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the Public Sublessee did not comply with any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

- b. Notify LAWA within 30 calendar days of all findings by a government agency or court of competent jurisdiction that the Public Sublessee violated any applicable Federal, State, or local law that apply to the Public Lease or City lease agreement, including but not limited to laws regarding health and safety, labor and employment, wage and hour, and licensing laws which affect employees.

**3. Update of CRP Questionnaire Information – applies to Public Lessees only.**

- a. Updates of information contained in the Public Lessee's responses to the CRP Questionnaire shall be submitted to LAWA within thirty (30) days of any changes to the responses if the change would affect the Public Lessee's fitness and ability to comply with the terms of the Public Lease.
- b. PSD, or the Requesting LAWA Division, shall determine whether a Public Lessee in a specific situation should have provided updated information.
  - (1) If PSD, or the Requesting LAWA Division, becomes aware of new information concerning a Public Lessee and determines that the Public Lessee should have provided information or updated LAWA of such information, but the Public Lessee has not done so, PSD shall issue a written notice to the Public Lessee requiring the Public Lessee to submit the required information within (ten) 10 calendar days.
  - (2) If PSD or the Requesting LAWA Division becomes aware of new information concerning a Public Sublessee and determines that the Public Sublessee should have provided information or updated LAWA of such information, but the Public Sublessee has not done so, PSD shall issue a written notice to the Public Lessee requiring the Public Sublessee to submit the required information within (ten) 10 calendar days of receipt of the written notice.
- c. The Public Lessee's failure to provide information or updated information when required by LAWA, the CRP or these Rules and Regulations, may be considered a material breach of the Public Lease, and LAWA may initiate a "Non-Responsibility Hearing" pursuant to the procedures set forth in Section I of these Rules and Regulations.

- 4. Submission of CRP Questionnaire and Updates of CRP Questionnaire Responses Not Applicable to Sublessees:** The requirement that Public Lessees submit to LAWA CRP Questionnaires and updates to the CRP Questionnaire responses does not apply to Public Sublessees.

**G. LAWA INVESTIGATION**

- 1. Reporting of Alleged Violations:** Allegations of violations of the CRP or these Rules and Regulations shall be reported to PSD. Complaints regarding a Prospective

Lessee's or Public Lessee's responsibility should be submitted to PSD in writing. However, PSD may investigate any claim or complaint regarding a Prospective Lessee's or Public Lessee's responsibility, whether or not it is submitted in writing. Whether based on a written complaint or otherwise, PSD shall be responsible for investigating such alleged violations.

**2. Process:**

- a. Upon receipt of a complaint or upon initiation of an investigation, PSD shall notify the Requesting LAWA Division, the Awarding Authority, and the Prospective Lessee or Public Lessee, as applicable, in writing that an investigation has been initiated.
- b. The Prospective Lessee or Public Lessee, as applicable, shall cooperate fully with PSD in providing information. If the Prospective Lessee or Public Lessee, as applicable, fails to cooperate with PSD's investigation or fails to timely respond to PSD's requests for information, LAWA may initiate a non-responsibility hearing as set forth in Section I of these Rules and Regulations. A failure to cooperate by a Public Lessee may be deemed a material breach of the Public Lease, and the City may pursue all available remedies.
- c. To the extent permissible, PSD shall maintain the identity of the complainant, if any, confidential.
- d. Upon completion of the investigation, PSD shall prepare a written report of the findings and notify the Requesting LAWA Division, the Awarding Authority, and the Prospective Lessee or Public Lessee, as applicable, of the results.

**3. Results of Investigation**

**Prospective Lessee**

- a. When an investigation is completed before a Public Lease is awarded, PSD shall notify the Requesting LAWA Division and the Awarding Authority of the results, and the Requesting LAWA Division and the Awarding Authority will consider the information as part of the determination of a Prospective Lessee's responsibility during the bid/proposal review process.

**Public Lessees**

- b. When an investigation is completed after the execution of a Public Lease:
  - (1) If violations of the CRP are found, PSD shall notify the Requesting LAWA Division and the Public Lessee of the violation and require the Public Lessee to make corrections or take reasonable measures within 10 calendar days.
  - (2) If the Public Lessee fails to make corrections as required, PSD shall notify the

Requesting LAWA Division and the Awarding Authority and may recommend that the Awarding Authority:

- (i) Terminate the Public Lease.
- (ii) Initiate a hearing to declare the Public Lessee a non-responsible lessee.

## **H. VIOLATIONS OF THE CRP OR ITS RULES AND REGULATIONS**

1. Violations of the CRP or of these Rules and Regulations may be considered a material breach of the Public Lease and may entitle LAWA or the City to terminate the Public Lease.
2. Alleged violations of the CRP or of these Rules and Regulations shall be reported to the PSD which will investigate all such complaints.
3. When a violation of the CRP or of these Rules and Regulations is found, PSD shall notify the Public Lessee and the Awarding Authority of the violation. PSD shall require the Public Lessee to correct the violation within 10 calendar days. Failure to correct violations or take reasonable measures to correct violations within 10 calendar days may result in PSD:
  - a. Recommending that the Awarding Authority declare a material breach of the Public Lease and that the Awarding Authority exercise all contractual and legal remedies available, including but not limited to termination of the Public Lease.
  - b. Recommending that the Awarding Authority declare the Public Lessee a non-responsible lessee by initiating, within 30 calendar days or as soon as practicable, a non-responsibility hearing in accordance with Section I of these Rules and Regulations.

## **I. NON-RESPONSIBILITY HEARING**

1. The process of declaring a Prospective Lessee or a Public Lessee a non-responsible lessee shall be initiated by the Awarding Authority after consultation with the City Attorney's Office.
2. Before a Prospective Lessee or a Public Lessee may be declared non-responsible, the Prospective Lessee or a Public Lessee shall be notified of the proposed determination of non-responsibility and provided with an opportunity for a hearing.
3. The Awarding Authority or the Executive Director's designee shall preside over the non-responsibility hearing and shall provide the Prospective Lessee or Public Lessee with the following:

- a. The Prospective Lessee or Public Lessee shall be provided with written Notice of intent to declare the Prospective Lessee or Public Lessee non-responsible ("Notice") which shall state that the Awarding Authority intends to declare the Prospective Lessee or Public Lessee a non-responsible bidder, proposer or lessee.
- b. The Notice shall provide the Prospective Lessee or Public Lessee with the following information:
  - (1) That the Awarding Authority intends to declare the Prospective Lessee or Public Lessee a non-responsible bidder, proposer or lessee.
  - (2) A summary of the information upon which the Awarding Authority is relying.
  - (3) That the Prospective Lessee or Public Lessee has a right to respond to the information by requesting a hearing to rebut adverse information and to present evidence of its necessary trustworthiness, quality, fitness and capacity to comply with the terms of the Public Lease or proposed Public Lease.
  - (4) That the Prospective Lessee or Public Lessee must exercise the right to a hearing by submitting to the Awarding Authority a **written request** for a hearing **within 10 working days** of the date of the Notice.
  - (5) That failure to submit a written request for hearing within 10 working days of the date of the Notice shall be considered a waiver of the right to a hearing that allows the Awarding Authority to proceed with the determination of non-responsibility.
- c. If the Prospective Lessee or Public Lessee submits a written request for a hearing, the hearing may be held by the Awarding Authority for recommendation to the Board, which shall make the final decision.
- d. The hearing must allow the Prospective Lessee or Public Lessee an opportunity to address the issues contained in the Notice of Intent to declare the Prospective Lessee or a Public Lessee non-responsible.
- e. The Awarding Authority may determine that the Prospective Lessee or Public Lessee:
  - (1) Does not possess the necessary trustworthiness, quality, fitness, or capacity to comply with the terms of the Public Lease or proposed Public Lease, should be declared a non-responsible bidder, proposer or lessee, and recommend to the Board invocation of the remedies set forth in Section J of these Rules and Regulations.
  - (2) Should not be declared a non-responsible bidder, proposer or lessee.
- f. The Board's determination shall be final and constitute exhaustion of administrative remedies.
- g. The Board's final decision shall be in writing and shall be provided to the Prospective Lessee or Public Lessee, the LAWA Requesting Division and to PSD. If the Prospective Lessee or Public Lessee is declared to be non-responsible, a copy of the final decision shall also be provided to the CAO.

## J. NON-RESPONSIBILITY SANCTIONS

### Sanctions for Airline Tenants:

Airline lessees that do not comply with the CRP requirements or are determined non-responsible by LAWA will be declared to have a material breach of the Public Lease. LAWA may exercise its legal remedies thereunder, which are to include, but are not limited to:

1. Non-issuance of a successor air carrier operating permit, resulting in the payment of higher landing fees as a non-permitted carrier.
2. Termination of the Public Lease, which may result in the loss of exclusive or preferential gate assignments.

### Sanctions for Non-Airline Tenants:

1. **Prospective Lessees** that do not comply with CRP requirements and/or are determined non-responsible by LAWA will be disqualified and will not be awarded a Public Lease.
2. **Public Lessees** that do not comply with CRP requirements and/or are determined non-responsible will be declared to have a material breach of the Public Lease. LAWA may exercise its legal remedies thereunder, which are to include, but not limited to the termination of the Public Lease.

Such lessee shall not occupy any leasehold premises in the proposed Public Lease, whether as a master lessee, a sublessee, a partner in a partnership, a participant in a joint venture, a member of a consortium, or in any other capacity.

3. Upon final determination of a Prospective Lessee or Public Lessee as a non-responsible lessee, PSD shall provide the LAWA Requesting Division and the Prospective Lessee or Public Lessee, as applicable, with a written notice summarizing the findings and applicable sanctions.
4. PSD shall maintain a listing of Prospective Lessees/Public Lessees who have been found non-responsible by LAWA pursuant to the CRP.

## K. EXEMPTIONS

1. **Categorical Exemption:** The following types of Public Leases are categorically exempt from the CRP and these Rules and Regulations:

Public Leases with a governmental entity such as the United States of America, the State of California, a county, city or public agency of such entities, or a public or quasi-public corporation located therein and declared by law to have such public status.

2. **Board approval required for CRP Exemptions:** The following types of Public Leases are exempt from the requirement to submit a Questionnaire but remain subject to the

requirement that the Public Lessee submit a Pledge of Compliance and notify the Awarding Authority within 30 days of any information regarding investigations of the results of investigations by any governmental agency into the Public Lessee's compliance with applicable laws.

- a. Public Leases awarded on the basis of exigent circumstances when the Board finds that LAWA would suffer a financial loss or that LAWA operations would be adversely impacted.
  - (1) The Awarding Authority shall submit a request to PSD for waiver along with written certification that the required conditions exist.
  - (2) No contract may be exempted under this provision unless PSD has granted written approval of the waiver.
- b. Public Leases entered into based on Charter Section 371(e)(6). The Awarding Authority must certify in writing that the Public Lease is entered into in accordance with Charter Section 371(e)(6).

#### **L. EFFECTIVE DATE OF RULES AND REGULATIONS**

1. These Rules and Regulations apply to RFBs and RFPs issued after the Executive Director has approved these Rules and Regulations.
2. These Rules and Regulations apply to Public Leases entered into by LAWA after the Executive Director has approved these Rules and Regulations.
3. Public Leases amended after these Rules and Regulations are approved by the Executive Director will become subject to CRP and these Rules and Regulations if they meet definitions contained in the CRP and these Rules and Regulations.

#### **M. CONSISTENCY WITH FEDERAL AND STATE LAW**

The CRP and these Rules and Regulations do not apply in instances where application would be prohibited by Federal and State law or where the application would violate or be inconsistent with the terms and conditions or a grant or contract with the Federal or State agency.

#### **N. SEVERABILITY**

If any provision of the CRP or these Rules and Regulations are declared legally invalid by any court of competent jurisdiction, the remaining provisions remain in full force and effect.

**LOS ANGELES WORLD AIRPORTS  
CONTRACTOR RESPONSIBILITY PROGRAM  
PLEDGE OF COMPLIANCE**

The Los Angeles World Airports (LAWA) Contractor Responsibility Program (Board Resolution #21601) provides that, unless specifically exempted, LAWA contractors working under contracts for services, for purchases, for construction, LAWA licensees with licenses, agreements or permits issued under the Certified Service Provider Program, and LAWA tenants with leases, that require the Board of Airport Commissioners' approval shall comply with all applicable provisions of the LAWA Contractor Responsibility Program. Bidders and proposers are required to complete and submit this Pledge of Compliance with the bid or proposal or with an amendment of a contract subject to the CRP. In addition, within 10 days of execution of any subcontract, the contractor shall submit to LAWA this Pledge of Compliance from each subcontractor who has been listed as performing work on the contract.

The contractor agrees to comply with the Contractor Responsibility Program and the following provisions:

- (a) To comply with all applicable Federal, state, and local laws in the performance of the contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees.
- (b) To notify LAWA within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation that may result in a finding that the contractor is not in compliance with paragraph (a).
- (c) To notify LAWA within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the contractor has violated paragraph (a).
- (d) To provide LAWA within thirty (30) calendar days updated responses to the CRP Questionnaire if any change occurs which would change any response contained within the completed CRP Questionnaire. Note: This provision does not apply to amendments of contracts not subject to the CRP and to subcontractors not required to submit a CRP Questionnaire.
- (e) To ensure that subcontractors working on the LAWA contract shall complete and sign a Pledge of Compliance attesting under penalty of perjury to compliance with paragraphs (a) through (c) herein. To submit to LAWA the completed Pledges.
- (f) To notify LAWA within thirty (30) days of becoming aware of an investigation, violation or finding of any applicable federal, state, or local law involving the subcontractors in the performance of a LAWA contract.
- (g) To cooperate fully with LAWA during an investigation and to respond to request(s) for information within ten (10) working days from the date of the Notice to Respond.

Failure to sign and submit this form to LAWA with the bid/proposal may make the bid/proposal non-responsive.

First Glass Vending Inc 16875 Suwa St, Bell Gardens, CA 90201 3232687632  
Company Name, Address and Phone Number

  
Signature of Officer or Authorized Representative

09-16-2022  
Date

Matthew Marsh, President  
Print Name and Title of Officer or Authorized Representative

Non Exclusive Vending Machine Concession at LAX/VNA #204042  
Project Title

# **EXHIBIT J**

## **Alternative Fuel Vehicle Program**

## **ALTERNATIVE FUEL VEHICLE REQUIREMENT PROGRAM (LAX ONLY)**

### **I. Definitions.**

The following capitalized terms shall have the following meanings. All definitions include both the singular and plural form.

“Airport Contract” shall mean a contract awarded by LAWA and pertaining to LAX, and subcontracts of any level under such a contract.

“Airport Contractor” shall mean (i) any entity awarded an Airport Contract, and subcontractors of any level working under an Airport Contract; (ii) any contractors that have entered into a contract with an Airport Lessee to perform work on property owned by LAWA and pertaining to LAX, and any subcontractors working in furtherance of such a contract; and (iii) any contractor that have entered into a contract with an Airport Licensee to perform work pertaining to LAX, and any subcontractors working under such a contract.

“Airport Lessee” shall mean any entity that leases or subleases any property owned by LAWA and pertaining to LAX.

“Airport Licensee” shall mean any entity issued a license or permit by LAWA for operations that pertain to LAX.

“Alternative-Fuel Vehicle” shall mean a vehicle that is not powered by petroleum-derived gasoline or diesel fuel. Alternative-Fuel Vehicles include, but are not limited to, vehicles powered by compressed or liquefied natural gas, liquefied petroleum gas, methanol, ethanol, electricity, fuel cells, or other advanced technologies.

“CARB” shall mean the California Air Resources Board.

“Covered Vehicle” is defined in Section II below.

“Compliance Plan” is defined in subsection VII.C. below.

“EPA” shall mean the United States Environmental Protection Agency.

“Independent Third Party Monitor” shall mean a person or entity empowered by LAWA to monitor compliance with and/or implementation of particular requirements in this Requirement.

“LAWA” shall mean Los Angeles World Airports.

“LAX” shall mean Los Angeles International Airport.

“Least-Polluting Available Vehicle” shall mean a vehicle that (a) is determined by an Independent Third Party Monitor to be (i) commercially available, (ii) suitable for performance of a particular task, and (iii) certified by CARB to meet the applicable engines emission standard in effect at the time of purchase. Where more than one vehicle meets these requirements for a particular task, LAWA, working with the Independent Third Party Monitor, will designate as the

Least-Polluting Available Vehicle the vehicle that emits the least amount of criteria air pollutants.

“LEV” shall mean a vehicle that meets CARB’s Low-Emission Vehicle standards for criteria pollutant exhaust and evaporative emissions for medium-duty vehicles at the time of vehicle manufacture.

“LEV II” shall mean a vehicle certified by CARB to the “LEV II” Regulation Amendments that were fully implemented as of 2010. A qualifying “LEV II” vehicle shall meet the least polluting standard in the LEV II category that is available at the time of purchase.

“LEV III” shall mean a vehicle certified by CARB to the increasingly stringent “LEV III” Regulatory Amendments to the California greenhouse gas and criteria pollutant exhaust and evaporative emission standards, test procedures, and on-board diagnostic system requirements for medium-duty vehicles.

“Low-Use Vehicle” shall mean a Covered Vehicle that makes less than five (5) trips per month to LAX.

“Operator” shall mean any Airport Contractor, Airport Lessee, or Airport Licensee.

“Optional Low NOx” shall mean any vehicle powered by an engine that meets CARB’s optional low oxides of nitrogen (NOx) emission standards for on-road heavy-duty engines applicable at the time of purchase.

## **II. Covered Vehicles.**

- A. **Covered Vehicles.** These Requirements shall apply to all on-road vehicles, including trucks, shuttles, passenger vans, and buses that are 8,500 lbs gross vehicle weight rating or more and are used in operations related to LAX (“Covered Vehicles”).
- B. **Exemptions.** The following vehicles are exempt from this Requirement:
  - i) Public safety vehicles.
  - ii) Previously approved vehicles. Vehicles previously approved under the 2007 LAX Alternative Fuel Vehicle Requirement Program are exempt from the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.
  - iii) Low-Use Vehicles. Low-use vehicles are exempt from the Compliance Schedule, Section IV, the Maximum Allowable Vehicle Age Requirement, Section III, but are subject to the Annual Reporting Requirement, Section VI.

**III. Maximum Allowable Vehicle Age Requirement.** In accordance with the Compliance Schedule dates outlined in Section IV, no Covered Vehicle equipped with an engine older than thirteen (13) model years or that has 500,000 or more miles, whichever comes first, shall operate at LAX.

#### **IV. Compliance Schedule.**

- A. By April 30, 2019, one hundred percent (100%) of the Covered Vehicles operated by a Covered Vehicle Operator shall be (a) Alternative-Fuel Vehicles, (b) Optional Low NOx vehicles or (c) LEV II standard vehicles through 2019 or LEV III standard vehicles thereafter.
- B. A new Covered Vehicle Operator who plans to begin operations at LAX prior to April 30, 2019, must comply with the requirement set forth in Section III and subsection IV.A. prior to commencing operations at LAX.

**V. Least-Polluting Available Vehicles.** In cases where an Operator cannot comply with the requirements established pursuant to Sections III and IV above because neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter, are commercially available for performance of particular tasks, LAWA will instead require Operators to use the Least-Polluting Available Vehicles for such tasks. An Independent Third Party Monitor will determine whether Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, or LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available to perform particular tasks, and, in cases where neither Alternative-Fuel Vehicles, Optional Low NOx standard vehicles, nor LEV II standard vehicles through 2019 and LEV III standard vehicles thereafter are commercially available for performance of a particular task, will identify the Least-Polluting Available Vehicle for performance of that task.

#### **VI. Annual Reporting Requirement.**

- A. By January 31st of each calendar year, Covered Vehicle Operators must submit to LAWA the vehicle information required on the reporting form accessible online at <https://online.lawa.org/altfuel/> for the prior calendar year.
- B. Low-Use Vehicles shall be included in the annual reporting. Where monthly trip data is used to establish low-use, the operator must provide proof such as transponder data records or an attestation acceptable to LAWA.
- C. A Covered Vehicle Operator who plans to begin operations at LAX must comply with this reporting requirement prior to commencing operations, and thereafter comply with the annual reporting deadline of January 31st of each calendar year.

#### **VII. Enforcement.**

- A. **Non-Compliance.** The following circumstances shall constitute non-compliance for purposes of this Section VII:
  - i) Failure to submit an annual report pursuant to Section VI above.
  - ii) Failure to use an Alternative Fuel Vehicle, an Optional Low NOx vehicle, a vehicle meeting LEV II standards prior to December 31, 2019, or LEV III standards thereafter, an approved Least-Polluting Available Vehicle, or a vehicle approved under LAWA's former Alternative Fuel Vehicle Requirement, including approved comparable emissions vehicles.

- iii) Failure to submit a Compliance Plan as defined in subsection VII.C. below within 30 days of notice of non-compliance from LAWA.
  - iv) Failure to adhere to an approved Compliance Plan as defined in subsection VII.C. below.
- B. **Notice of Non-Compliance.** Covered Vehicle Operators found not to be in compliance with the Alternative Fuel Vehicle Requirement as set forth in subsection VII.A. above will be given a notice of non-compliance. Covered Vehicle Operators will have 30 days to correct the deficiencies documented in the notice of non-compliance by completing the annual report as defined in Section VI or submitting a Compliance Plan as defined in subsection VII.C. below, as applicable to the reason cited for non-compliance.
- C. **Compliance Plan.**
  - i) Operators shall transition to compliant vehicles as soon as practicable.
  - ii) Non-compliant Covered Vehicle Operators will be required to submit a Compliance Plan indicating the disposition (salvage, replace, remove from service, etc.) date for each non-compliant vehicle ("Compliance Plan") within 30 days of receiving a notice of non-compliance for a vehicle in the Operator's fleet. The Compliance Plan shall provide dates by which the non-compliant vehicle or vehicles in the Operator's fleet will meet the requirements of the LAX Alternative Fuel Vehicle Requirement and a justification for the new date. The Compliance Plan shall be signed under attestation.
  - iii) LAWA's Chief Executive Officer or his/her designee shall review the Operator's Compliance Plan and justification to determine its acceptability and authorize approval or disapproval.
  - iv) Covered Vehicle Operators shall have 30 days to seek review of LAWA's rejection of a Compliance Plan or any parts thereof by LAWA's Chief Executive Officer or his/her designee.
- D. **Default.** Three or more instances of non-compliance with the LAX Alternative Fuel Vehicle Requirement as defined in subsection VII.A above within two years shall be considered a default of the applicable LAX permit, license, contract, lease, Non-Exclusive License Agreement (NELA), concessionaire agreement, and/or Certified Service Provider (CSP) Program. LAWA's Chief Executive Officer or his/her designee may, pursuant to the applicable terms provided therein, suspend or cancel a permit, license, contract, lease, NELA, concessionaire agreement or certified provider certification of non-compliant Covered Vehicle Operators who are not in compliance with this Alternative Fuel Vehicle Requirement. In addition, LAWA's Chief Executive Officer or his/her designee may seek to recoup LAWA's administrative costs from non-compliant operators.

**IX. Periodic Review.** This Requirement will be reviewed and updated periodically as deemed necessary by LAWA.