

EXEMPTION and ARTS, PARKS, LIBRARIES, AND COMMUNITY ENRICHMENT COMMITTEE REPORT relative to a proposed Agreement between the Department of Recreation and Parks (RAP) and First Choice Vending Inc. for the operation and maintenance of vending machine concessions.

Recommendations for Council action:

1. FIND that approval of the Agreement is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article 5, Section 15061(b)(3) [Common sense exemption, where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment] of California CEQA Guidelines.
2. FIND the following:
  - a. In accordance with Charter Section 1022, that it is necessary, feasible, and economical to secure these services by contract as the Department of Recreation and Parks (RAP) lacks sufficient and necessary personnel to undertake these specialized professional services.
  - b. Pursuant to Charter Section 371(e)(10), and Los Angeles Administrative Code Section 10.15(a)(10), that the use of competitive bidding for the services to be provided by First Choice Vending Inc. (Concessionaire) would be undesirable, impractical or otherwise excused by the common law and the Charter because, unlike the purchase of a specified product, there is no single criterion, such as price comparison, that will determine which proposer can best provide the services required by the RAP for the operation and maintenance of the vending machine concession.
3. AUTHORIZE the Board of Recreation and Park Commissioners (Board), or designee, to execute the proposed Agreement between the RAP and Concessionaire for the operation and maintenance of vending machine concessions at various parks and recreation centers within the City of Los Angeles, for a term of five years with two five-year extension options exercisable at the sole discretion of the General Manager, RAP, subject to review and approval of the City Attorney as to form.
4. INSTRUCT the RAP, prior to execution of the proposed Agreement, to ensure that the Concessionaire submit proof of current insurance on KwikComply that meets the minimum limits as required by the Office of the City Administrative Officer (CAO), Risk Management Division.
5. AUTHORIZE the General Manager, RAP, or designee, to execute the Agreement upon receipt of all necessary approvals.
6. AUTHORIZE the RAP to make any necessary technical changes consistent with the Board's intent in approving the proposed Agreement attached to the CAO report dated January 12, 2026, attached to the Council file.

**TIME LIMIT FILE – APRIL 12, 2026**

**(LAST DAY FOR COUNCIL ACTION – MARCH 27, 2026)**

Fiscal Impact Statement: The CAO reports that the Concessionaire will pay the RAP 25 percent of gross receipts from vending machine sales to the RAP. The RAP's estimated revenue from sales over the initial five-year term is \$319,172, based on projections provided by the Concessionaire. Ninety percent of the revenues from this concession agreement will be deposited into the RAP's operating fund. The remaining ten percent will be deposited into the Concessions Improvement Account. There is no additional impact on the General Fund. The Concessionaire will submit a monthly concession fee payment and report on sales to the RAP.

In addition, the Concessionaire must submit a statement of gross receipts for each individual machine as a supplemental document to the main monthly report. If the Concessionaire fails to remit any concession fee payments or other fees, charges, or payments required on time, it will be considered a material breach of the agreement. The charge for late or delinquent payments is \$150 for each month late plus interest calculated at the rate of 18 percent per year, assessed monthly, on the balance of the unpaid amount. The Concessionaire is responsible to pay a monthly utility charge equal to \$10 per machine, as well as \$1,000 to guarantee payment of fees and as a damage deposit to be used in accordance with the provisions of the agreement.

Financial Policies Statement: The CAO reports that the recommendations in the report complies with the City's Financial Policies in that user charges and fees are set to support the full cost of operations for which the fees are charged.

Community Impact Statement: None submitted

### SUMMARY

At its meeting held on February 24 2026, your Arts, Parks, Libraries, and Community Enrichment Committee considered the Board report, dated January 12, 2026, relative to authorizing the Board to execute the proposed agreement with the Concessionaire for the operation and maintenance of vending machine concessions at various parks and recreation centers within the City of Los Angeles, for a five-year term with two five-year extension options. Additional terms of said agreement include a Percentage of Gross Receipts of 25 percent to be paid to the RAP, of which 90 percent will be deposited into the RAP's operation fund and the remaining ten percent will be deposited into the Concessions Improvement Account. The Concessionaire will furnish, operate, and maintain credit card-capable beverage and snack vending machines on a year-round basis, and will stock all vending machines in accordance with all current and future RAP vending machine nutrition and environmental guidelines.

After an opportunity for public comment was held, the Committee moved approval of the recommendations contained in the Motion, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ARTS, PARKS, LIBRARIES, AND COMMUNITY ENRICHMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
JURADO:	YES
HERNANDEZ:	YES
NAZARIAN:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**