



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

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WILLIAM T FUJIOKA  
Chief Executive Officer

May 13, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF BEACHES AND HARBORS: LIFEGUARD VEHICLE  
SPONSORSHIP AGREEMENT WITH FORD MOTOR COMPANY  
(SUPERVISORIAL DISTRICTS 3 AND 4)  
(3 VOTES)**

**SUBJECT**

A new Lifeguard Vehicle Sponsorship Agreement will provide the Fire Department's Lifeguard Division with 45 custom-built Ford 2008 Escape Hybrid Sport Utility Vehicles without charge for use as beach patrol vehicles and offer additional vehicles at preferred pricing to the Lifeguard Division and the Department of Beaches and Harbors. In exchange, Ford will receive the exclusive right to advertise itself as the "Official Vehicle Sponsor of Los Angeles County Beaches" and the "Official Vehicle Sponsor of Los Angeles County Beach Lifeguards" on County owned and operated beaches. The new Escape hybrids will make the Lifeguards one of the first major public agencies to "go green" by using an all hybrid environmentally friendly front-line patrol fleet.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and authorize the Chair to execute the attached four-year Lifeguard Vehicle Sponsorship Agreement, with two four-year option periods, with Ford Motor Company pursuant to which the County will have use of 45 custom-built Ford 2008 Escape Hybrid Sport Utility Vehicles without charge for beach patrol vehicles and make available new Ford vehicles at preferred pricing to the Lifeguard Division and the Department of Beaches and Harbors and the used Ford 2008 Escape Hybrid Sport Utility Vehicles to the County.

Board of Supervisors  
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Second District

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Third District

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Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

2. Delegate authority to the Fire Department Lifeguard Division to pay \$154,080 to Metal Crafters, a provider chosen by Ford, toward the outfitting of the 45 Ford 2008 Escape Hybrid Sport Utility Vehicles with operational equipment necessary for Lifeguards to perform their daily functions without adhering to the County's normal purchasing procedures and practices.
3. Delegate authority to the Fire Department Lifeguard Division and the Department of Beaches and Harbors to purchase new Ford vehicles at preferred pricing and authority to all County Departments to purchase the used Ford 2008 Escape Hybrid Sport Utility Vehicles at the end of the initial Agreement term and the additional option periods, if exercised, without adhering to the County's normal purchasing procedures and practices.
4. Authorize the Acting Director of the Department of Beaches and Harbors, with concurrence of the Fire Department Lifeguard Division, the Internal Services Department, and County Counsel, to execute the required purchase agreement and any other additional documents for the use of 45 custom-built Ford 2008 Escape Hybrid Sport Utility Vehicles as beach patrol vehicles.
5. Authorize the Acting Director of the Department of Beaches and Harbors, with concurrence of the Fire Department Lifeguard Division and County Counsel, to execute two optional four-year extension(s) of the Agreement if deemed appropriate at the time and to execute nonmaterial amendments to the Agreement as necessary during the possible 12-year term.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended actions are to provide the Fire Department's Lifeguard Division (Lifeguards) with 45 custom-built Ford 2008 Escape Hybrid Sport Utility Vehicles (SUVs) for use as Lifeguard beach patrol vehicles, which will assist the County in its mission to provide the public with safe beaches. In addition, the Department of Beaches and Harbors (Department) and the Lifeguards will have the option of purchasing new vehicles at preferred pricing from Ford Motor Company (Ford). This opportunity will allow Lifeguards to purchase command and inland water response vehicles for their fleet and also allow the Department to continue to provide the public with clean and safe beaches, as well as to support its Water Awareness, Training, Education and Recreation (W.A.T.E.R) youth programs. Finally, at the end of the initial Agreement term and the option period(s) if exercised, the County has the right to purchase the used SUVs at prices to be determined by Ford based upon such factors as wear and tear and the prevailing wholesale values of similar vehicles at the time of purchase.

**Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs that we strive to achieve Service Excellence (Goal 1), Fiscal Responsibility (Goal 4) and Community Services (Goal 6). The proposed Lifeguard Vehicle Sponsorship Agreement (Agreement) will provide vehicles either without cost or at preferred pricing, with the beach patrol SUVs to comprise an all hybrid environmentally friendly fleet. All vehicles will represent an invaluable asset in helping the Lifeguards and the Department provide a clean and safe environment for the 55 million beachgoers who visit Los Angeles County beaches each year.

**FISCAL IMPACT/FINANCING**

Use of the SUVs for the original four-year term of the Agreement is valued at \$1,546,400 at today's prices, calculated from the purchase price of a fleet of similar size; this amount will be fully funded by Ford through its advertising agency, Team Detroit. Ford, through Team Detroit, will provide the Department the funds necessary to pay Ford Motor Credit Company (Ford Credit) for the use of the 45 SUVs, resulting in zero cost to the County for the use of the SUVs throughout the term of the Agreement. Ford will provide all warranty repairs and other necessary service through local Ford dealerships, but the County will be responsible for all ordinary operating expenses, such as gas, oil, and tire repair. The County will also insure all vehicles, whether provided free of charge or at preferred pricing, through its self-insurance program. The cost savings in fuel through use of hybrid vehicles will be over \$200,000 per year at today's prices, based on the tank capacity and the increased fuel efficiency that the new hybrid vehicles may provide.

The SUVs will be custom built and designed to the Lifeguards' specifications, including being outfitted with all necessary operational equipment by Metal Crafters, a provider chosen by Ford. Lifeguards will pay \$154,080 toward the installation of the required operational equipment. Funds being contributed toward the outfitting of the SUVs with the required operational equipment are available in the Fire Department FY 2007-08 budget.

Neither Lifeguards nor the Department will purchase new vehicles through the preferred pricing option unless funds are available in each budget to do so; both Lifeguards and the Department have reprioritized priorities and budgeted the necessary funds to purchase 11 and three vehicles, respectively, in FY 2007-08. Similarly, no County department will purchase the used SUVs when they become available to the County at the end of the initial Agreement term and the option period(s), if exercised, unless funds are budgeted for this purpose. Identifying emblems will be placed on vehicles at minimal cost.

Operating Budget Impact

The estimate for the FY 2007-08 installment to be received as revenue and then sent to Ford Motor Credit Company is projected to be \$193,000; a budget adjustment will be submitted to your Board to cover the FY 2007-08 installment. The installment to be received and paid in FY 2008-09 will be included in the Department's Final Changes submission and all future installments over the Agreement term will be included in the Department's subsequent proposed budget submissions.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In exchange for providing the funds for the SUVs, Ford will receive the following: (1) the exclusive right to advertise in radio, print, TV and other media as the "Official Vehicle Sponsor of Los Angeles County Beach Lifeguards" and the "Official Vehicle Sponsor of Los Angeles County Beaches"; (2) 20 annual special event beach permits for Ford promotions; (3) name identification on all donated SUVs; and (4) the option of providing 200 Rip Current Free Standing Safety Signs in exchange for the exclusive right to advertise on said signs. Ford must obtain the prior written approval of the Director and Chief Lifeguard for any advertising that uses its status as the "Official Vehicle Sponsor of Los Angeles County Beach Lifeguards" and the "Official Vehicle Sponsor of Los Angeles County Beaches".

In addition, the Department will exclude any name identification belonging to other competing automobile manufacturers and any advertising of competitors either through special events or existing marketing programs on beaches owned or operated by the County; this right, however, will not be enforceable in the cities of Santa Monica and Hermosa Beach and at Cabrillo Beach, where the County does not have exclusive marketing rights.

The SUVs will be the main Lifeguard beach patrol vehicle used on Los Angeles County Beaches. Additional vehicles to be purchased in FY 2007-08 by the Fire Department to supplement the Lifeguard fleet will consist of seven 2008 Expedition Sport Utility Vehicles and four 2008 F-150 Series Trucks; the Department will purchase at preferred pricing one 2008 F-150 Series Truck, one 2008 Escape Hybrid Sport Utility Vehicle and one 2008 Escape Sport Utility Vehicle in FY 2007-08, which will be used to support the Department's WATER programs and to augment its marketing and maintenance responsibilities.

At the end of the initial term, Ford can exercise two four-year options to extend the Agreement, upon the consent of the Department Director. If extended, Ford and the County will mutually agree on the SUVs that need to be replaced based upon various factors, such as the extent of wear and tear, an SUV's condition, SUV reliability, etc. At the end of the initial term, as well as at the end of the first option period if exercised, the

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County will have the opportunity to purchase any SUVs replaced at prices to be provided by Ford based upon a number of factors, including wear and tear and the prevailing wholesale values of similar vehicles at the time of purchase. This same opportunity to purchase will occur at the termination of the Agreement, as it may be extended, with respect to all SUVs then in the County's possession.

This Agreement replaces a similar vehicle sponsorship agreement with Nissan North America, Inc., which expired January 1, 2008. County Counsel has approved the Agreement as to form, and the Beach Commission recommended it at the Commission's March meeting.

**CONTRACTING PROCESS**

The Department solicited all of the major car/light truck companies in the United States, including Nissan, and Ford was the only company that responded with a proposal.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Both the SUVs and the additional vehicles purchased at preferred pricing will allow the Lifeguards and the Department to maintain their services to the public, ensuring the continued safety of beach users throughout Los Angeles County.

**CONCLUSION**

Please return two copies of the executed Agreement to the Department of Beaches and Harbors, Community and Marketing Services Division.

Respectfully submitted,

*for*   
WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:LS  
SHK:KS: tm

Attachment (1)

c: County Counsel  
Department of Beaches and Harbors  
Fire Chief  
Internal Services Department

LOS ANGELES COUNTY  
DEPARTMENT OF BEACHES AND HARBORS

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2008,

BY AND BETWEEN

COUNTY OF LOS ANGELES, a corporate and  
politic, hereafter referred to as "County"

AND

Ford Motor Company, a Delaware Corporation,  
hereafter referred to as "Sponsor"

WITNESSETH:

WHEREAS, County is authorized by the provisions of Los Angeles County Code Section 2.132 to sell the right(s) to advertise on those beaches located within Los Angeles County that are owned or operated by the County of Los Angeles and desires to maximize the income to be generated thereby through selling said rights on an exclusive basis within distinct categories of goods and services; and

WHEREAS, Sponsor desires to purchase the exclusive rights to advertise, sponsor events and promote its product as the Official Vehicle Sponsor of Los Angeles County Beaches and of Los Angeles County Beach Lifeguards.

IT IS THEREFORE agreed by and between County and Sponsor as follows:

1. **Definitions:** As used herein, the terms set forth below shall be defined as follows:
  - A. "Agreement Year" shall mean the 12-month period commencing on the date that this Agreement is executed by the Board of Supervisors, which shall become the effective date of this Agreement, and each 12-month period thereafter throughout the term of this Agreement.
  - B. "Business Day" shall mean a day of the week falling on Monday, Tuesday, Wednesday or Thursday. Friday and County Holidays are specifically excluded from the definition of "Business Day."
  - C. "Chief Lifeguard" shall mean the Chief Lifeguard of the Los Angeles County Fire Department Beach Lifeguard Division.
  - D. "County Lobbyist" shall mean any individual who is employed, contracts or otherwise receives compensation, other than reimbursement for reasonable travel expenses, to communicate directly, or through agents, employees or subcontractors, with any County official for the purpose of influencing official action, as defined in Los Angeles County Code Section 2.160.010.
  - E. "Department" shall mean the Los Angeles County Department of Beaches and Harbors.
  - F. "Director" shall mean the Director of the Los Angeles County Department of Beaches and Harbors.

- G. "Lienholder" shall mean Ford Motor Credit Company, which will finance the purchase of the 45 Ford vehicles described in Section 4 below.
- H. "Lifeguards" shall mean the Los Angeles County Fire Department Lifeguard Division.
- I. "Logo(s)" shall mean the logos of the Department and Lifeguards, as well as any developed by the parties to this Agreement or mutually agreed upon in writing by parties to this Agreement, but shall not include the official insignia of the County of Los Angeles.
- J. "Los Angeles County Beaches" shall mean those inclusive of beaches over which the Department has jurisdictional or operational authority.
- K. "Motor Vehicles" shall mean the marketing category related to cars (including but not limited to sports utility and crossover vehicles), trucks, dealers, dealer groups, parts and services, and motorized recreational vehicles to which this Agreement shall apply.
- L. "Name Identification Space" shall mean that space possessed and used by Sponsor specifically on the 45 Ford vehicles described in Section 4 below. This will also extend to any additional vehicles provided to or purchased by the County and operated by the Department and/or Lifeguards.
- M. "Preferred Price" shall mean the price that Sponsor will charge the Department and Lifeguards for any additional vehicles outside of the 45 Ford vehicles described in Section 4 below, which will be based on Sponsor's X-Plan, generally 3-6% over dealer invoice.
- N. "Product(s)" shall mean any Motor Vehicle model(s) and parts and services that are produced/provided by the Sponsor and its dealer associations and members thereof, all of whom may participate in the benefits of this Agreement accorded to Sponsor.
- O. "Rip Current Sign(s)" shall mean the 200 free standing ocean safety informational signs the Sponsor will have the option to produce in exchange for exclusive advertising space on said signs.
- P. "Special Event(s)" shall mean event(s) conducted solely on Los Angeles County Beaches by Sponsor that promote its Product for which Sponsor receives no sponsorship funding from other commercial sponsors.
- Q. "Trademark(s)" shall mean any word(s), name(s), symbol(s) or any combination thereof which, when used by the Sponsor to this Agreement, would distinguish the Product made or sold by it or services rendered by it from those goods made or sold or services rendered by others.
- R. "Vehicles" shall mean the 45 Ford vehicles described in Section 4 below to be acquired by County and operated by the Fire Department's Lifeguard Division.

2. **County Obligations**

Upon execution of this Agreement, County shall grant to Sponsor the exclusive right within the category of "Motor Vehicles" to advertise on that property defined herein as the Vehicles, as well as the ancillary rights exclusive to the category of "Motor Vehicles" listed below regarding the right to purchase advertising space on County real and personal property.

A. County grants Sponsor exclusive signage rights in the category of "Motor Vehicles" on Los Angeles County Beaches. Exclusive signage rights granted to Sponsor include the exclusion of any name identification on Los Angeles County Beaches belonging to a motor vehicle manufacturer or seller that is a competitor of said Sponsor or dealers. However, County does not have the authority to

grant this right on beaches that are owned or operated by the Cities of Santa Monica and Hermosa Beach.

B. County grants Sponsor the right to use during the period of this Agreement the Logos and taglines below for both the Department and the Lifeguards in connection with the advertising and promotion of its Products. Sponsor understands that the rights granted herein with respect to those Logos are limited to use in connection with promotion of its Products and do not extend to any other products, goods or services.

C. County grants Sponsor the exclusive right, within the category of "Motor Vehicles," to use the following taglines:

Official Vehicle Sponsor of Los Angeles County Beaches  
Official Vehicle Sponsor of Los Angeles County Beach Lifeguards

Additional taglines may be used if mutually agreed upon by Sponsor and County. All taglines may be used in such television, radio and print advertising or in such other media/venues (e.g., transit, cinema, jumbotron) as Sponsor may choose during the term of this agreement in a territory consisting of the U.S.A., its possessions and territories, including Puerto Rico, and in Canada.

D. County grants Sponsor the exclusive right to be known as the Official and Exclusive Vehicle Sponsor of the entities named immediately above and to be known as the Official Sponsor of the Los Angeles County Beaches and Lifeguards within the "Motor Vehicles" category. This right does not apply to beaches owned or operated by the Cities of Santa Monica and Hermosa Beach or at Los Angeles City's Cabrillo Beach. Sponsor has the exclusive right to use the taglines listed above and enjoy all rights pursuant to this Agreement pertaining thereto throughout the period of this Agreement and any extension thereof. Upon termination, and in the absence of extension of this Agreement, Sponsor shall transfer all rights to use said taglines and any Logos developed and mutually agreed upon in writing by parties to this Agreement to County with the exception of any of Sponsor's trademarks, logos or other intellectual property contained therein.

E. County grants Sponsor the right to display its Trademark and County approved taglines and Logos on signage at its Special Events. Displays will be subject to all environmental and local regulations and written approval by the Director, which will not be unreasonably withheld. For all signage, the Sponsor must indicate the time, place, quantity, color, size, nature of material to be used, proximity to other structures, and length of time such signage is to be displayed for every Special Event.

F. County grants Sponsor the right to 20 Department-approved Special Event dates in each Agreement Year, under the Special Event permit process without having to pay the permit fee. Any other costs associated with these events are the responsibility of Sponsor. A Special Event permit will be issued to Sponsor so long as Sponsor applies for the permit 15 days in advance of each such scheduled event and so long as all requirements of the permit have been met and the proposed Special Event does not conflict with a previously scheduled event. This right does not apply to beaches owned or operated by the Cities of Santa Monica and Hermosa Beach.

The Sponsor is granted the right to distribute and/or sell promotional items in conjunction with its Special Events. However specific terms for the distribution and sale of said items will be the subject of the Special Event permit that Sponsor will apply for in connection with each Special Event conducted.

G. County will not approve applications for beach permits in connection with events sponsored by a Motor Vehicle manufacturer that is a competitor of Sponsor to the extent the County can legally deny such approval from the date this Agreement is signed and throughout the term of this Agreement.



However, such beach permit applications may be approved if the County receives the prior written approval of the Sponsor.

H. If Sponsor exercises the option described in Section 5 below, County shall conduct routine inspections of the free standing Rip Current Signs. County shall repair to the extent feasible, within seven days, any damaged, vandalized or graffitied signs. Sponsor shall replace signs if (1) the County cannot repair the damage; or (2) if the damage to the sign is such that in the County's determination public safety in the area of the sign is endangered. County shall be responsible for removing and reinstalling all signs as necessary. Sponsor shall be responsible for all Rip Current Sign replacement materials and production costs, including for signs also either stolen or weathered. County will install replacement signs within seven days of receipt. If Sponsor determines that funding replacement signs becomes impractical Sponsor can in their sole discretion discontinue replacing signs. County shall also be responsible for removing and disposing of any or all of the Rip Current Signs at the end of this Agreement.

3. **Sponsor Obligations**

A. Sponsor agrees to submit to the Director and the Chief Lifeguard for their prior written approval all media advertising, promotional T.V. and radio commercials or any other display materials to be used by Sponsor in connection with the Logos, taglines, and Los Angeles County Beaches and/or Lifeguards. Such material shall be submitted not less than five Business Days prior to its proposed release to the public. If the material is not disapproved in writing within three Business Days after receipt, it is deemed approved. County agrees to reasonably exercise its approval right and, once granted, County approval may not be withdrawn, except with respect to "on-beach" material and media, which may be withdrawn as reasonably determined by County. Furthermore, Sponsor agrees to consult with County at major milestones within the creative development and production process to help identify any concerns and/or issues that need to be addressed before proceeding to the next stage of development. County will also provide interim approvals at each stage (e.g., concept, script, storyboards, and rough cut).

B. Sponsor agrees to submit for prior approval to the Department and Lifeguards the signage design, size, nature of material and desired location on the Vehicles for the Sponsor's Name Identification Space, which approval shall not be unreasonably withheld.

C. Sponsor agrees not to use any promotional item in connection with the rights herein granted unless prior written approval of such use has been obtained from the Director and Chief Lifeguard, which approval shall not be unreasonably withheld.

D. Sponsor agrees not to manufacture any promotional item using Department or Lifeguard Logos until such written permission is granted by the County, which approval shall not be unreasonably withheld.

E. If the Sponsor desires to sell, or distribute for sale, any promotional item bearing the Logo(s) and/or Trademark(s) of the County, a separate licensing agreement shall be negotiated between the Sponsor and County.

4. **Consideration**

A. It is the intention of both parties that Sponsor is to provide County with use of the Vehicles for a period of four years in return for which Sponsor will receive the benefits and rights set forth in this Agreement. In order to enable the County to use the Vehicles, Sponsor will furnish County with the funds necessary to use the Vehicles for the four-year period, following which the County will then have the option to buy the Vehicles as described in Section 6 below. The foregoing understanding will be implemented as follows:

For the rights and benefits granted herein, the County will have the right to use and will take title to the 45 Ford 2008 Escape Hybrid Sport Utility Vehicles from Galpin Motors, and the transaction will be financed by the Lienholder. Final cost for the use of these Vehicles will be determined on the date of execution, which cost is to be inclusive of tax, 4.5% annual interest and the initial 48-month term; this cost also includes a 48-month commercial extended service plan. Sponsor shall pay to the County the total aforementioned approximate cost of \$1,546,400, which County hereby agrees to use for the sole purpose of paying the Lienholder for the use of the Vehicles. The Sponsor shall pay the County in accordance with the following payment schedule:

Payment #1 due June 1, 2008 of approximately \$193,300  
Payment #2 due January 15, 2009 of approximately \$386,700  
Payment #3 due January 15, 2010 of approximately \$386,700  
Payment #4 due January 15, 2011 of approximately \$386,700  
Payment #5 due January 15, 2012 of approximately \$193,300

Payment amounts above from the County to the Lienholder will be due:

Payment #1 due July 1, 2008  
Payment #2 due March 1, 2009  
Payment #3 due March 1, 2010  
Payment #4 due March 1, 2011  
Payment #5 due March 1, 2012

Sponsor will design, custom produce and outfit Vehicles with safety equipment, including but not limited to radios and light bars as specified by the Lifeguards. Sponsor will cover all costs associated with the custom design and production of the Vehicles, and Lifeguards will cover safety equipment and outfitting costs. This work will be done by a supplier of Sponsor's choice. Lifeguards will pay \$154,080 directly to Sponsor or directly to the supplier, at Sponsor's discretion, to cover the County's share of outfitting costs and County will guarantee said payment. County agrees that all Vehicles will be used as beach patrol vehicles and will display Sponsor's branding, advertising and/or Trademark(s) on the designated Name Identification Space.

Delivery of Vehicles shall be taken by the County at a dealer as designated by Sponsor. The Sponsor is not liable for any reasonable and unavoidable delay in making the Vehicles available to the County. If Sponsor does not exercise its option to extend this Agreement as outlined in Section 7 below, County shall return all Vehicles not purchased as described in Section 6 below to Sponsor or Sponsor's designated Southern California dealer 90 days after the termination of this Agreement and shall sign any and all documents necessary to return the Vehicles. If Sponsor exercises its option(s) to extend this Agreement as outlined in Section 7 below, then Sponsor and County will mutually agree to replace those Vehicles which Sponsor and County determine need to be replaced until the extended term(s) of the Agreement expires, which agreement shall not be unreasonably withheld. Such reasonable determination will be based upon various factors, such as but not limited to the extent of wear and tear on the engine and its respective parts, the condition of the vehicle frame and body, and overall vehicle reliability and performance on the sand. The consideration paid to County by Sponsor for each four-year term for which Sponsor exercises its option will be equal to the price payable for the use of new replacement Vehicles or any subsequently developed vehicle suitable for the operational needs of the Lifeguards, inclusive of tax, annual interest, the extended term, and the commercial extended service plan. Payments shall be made on the same installment method as for the original term as described above. At the end of the last option period, County agrees to return all Vehicles not purchased to Sponsor in the manner described above.

Both the Vehicle model and the number of each particular model may be changed at any time upon the mutual written consent of both the Sponsor and the Director, with the concurrence of the Fire Department, which changes are considered a nonmaterial amendment to this Agreement.

B. The replacement Vehicles shall be delivered as soon as possible given the time necessary to paint and outfit the Vehicles to the Lifeguards' specifications. In exchange, 90 days after receipt of the replacement vehicles, the County shall deliver to Sponsor's designated Southern California dealer all Vehicles then currently in use during the previous four years and not purchased by the County. The County will sign any and all documents necessary to return the Vehicles.

C. Preferred Price on up to 40 vehicles will be made available to the Lifeguards and the Department throughout the term of this Agreement, including any optional extension period(s), and will not be limited to the Vehicles described above. Once County has made such purchase from Sponsor's designated Southern California dealer, County will own these vehicles free and clear and therefore will be without any obligation to return such vehicles to Sponsor upon termination of the Agreement.

D. All of the Vehicles and Preferred Price vehicles delivered to the County shall be subject to Sponsor's new vehicle limited warranty, a printed copy of which is furnished with each of the Vehicles, and County may obtain such warranty service as provided for under the new vehicle limited warranty. Sponsor will also provide a 48-month commercial extended service plan for the 45 Escape Hybrids, similar to extended service plans offered to other commercial/fleet vehicle purchasers. Ordinary operating expenses such as gas, oil, tire repair and other incidentals are the responsibility of County. All routine and scheduled maintenance according to Sponsor's (i.e., manufacturer) specifications will be the responsibility of the County, including but not limited to any special or unique service or maintenance necessary due to the unique use of these Vehicles. All repairs determined to be the result of abuse or failure to properly maintain the Vehicles are the responsibility of the County. Sponsor will have the option, but not the obligation, to provide a loan vehicle.

E. For all Vehicles purchased by the County pursuant to Section 6 below, the Sponsor will offer to the County the right to purchase extended service plans to the extent such a plan is available for used vehicles.

F. At the end of the term of this Agreement, as it may be extended through the option extension period(s), the County will return the Vehicles not purchased by the County pursuant to Section 6 below in the same condition as delivered, reasonable wear and tear in a beach environment excepted, to the Sponsor's designated Southern California dealer within 90 days after the termination of the Agreement. County shall sign any and all documents necessary to return the Vehicles.

5. **Sponsor's Option**

Sponsor has the option but is not obligated by this Agreement to provide 200 free standing Rip Current Signs to be placed throughout Los Angeles County Beaches as mutually agreed to by County and Sponsor. Sponsor will bear all costs for designing and producing the Rip Current Signs, meeting all County requirements for their design, material quality and construction. Sponsor shall also bear all costs for any modifications or redesigns to the Rip Current Signs, as well as for replacement signs as required in Section 2.H above. In return for the production of the Rip Current Signs, Sponsor shall have the exclusive right to advertise on said signs.

6. **Buyout Option**

At the termination of this Agreement, or at termination of this Agreement's optional extension period(s) if exercised pursuant to Section 7, or at termination pursuant to Sections 8 or 11 below County shall have the option to purchase any or all of the Vehicles due to be returned to the Sponsor as outlined in Section 4, at prices to be provided by Sponsor at least 180 days prior to the termination of this Agreement and any optional extension period(s). In the instance of cancellation of the Agreement pursuant to Section 11, County will have time to provide 60-day notice of intent to purchase after Sponsor provides Vehicle purchase prices. Vehicle prices provided by Sponsor shall be based upon a number of factors including wear and tear and the prevailing wholesale values of similar vehicles at the time of termination of this Agreement and any optional extension period(s).

If the County elects to exercise such buyout option as to any or all of the Vehicles, it must notify Sponsor in writing pursuant to a 60-day intent to purchase notice, provided Sponsor gives vehicle pricing information 180 days prior to the termination of this Agreement and any optional extension period(s). The County will promptly return any unpurchased Vehicles to Sponsor or Sponsor's designated Southern California dealer.

7. **Term and Extension of Rights**

This Agreement shall be deemed to commence on the date of the Los Angeles County Board of Supervisors' execution and shall continue for four Agreement Years, subject to the possible extensions set forth herein and to the provisions concerning termination set forth in Sections 8 and 11 below. Subject to mutual consent in writing between the Director and Sponsor, this Agreement may be extended for two additional four-year periods on the same terms and conditions specified in this Agreement, with the exception that the number of Vehicles and the consideration may vary for each four-year period depending upon the number of Vehicles replaced. Sponsor must inform the Director in writing at least 240 days prior to the termination of this Agreement of its intent to either terminate the Agreement as scheduled or exercise the optional extension period(s). If an extension is requested, the Director shall respond to Sponsor in writing to advise whether he consents to such extension within 60 days of receiving the request.

8. **Operation Expansion or Reduction**

Sponsor and County agree that in the event that the County's jurisdictional or operational authority of Los Angeles County Beaches is expanded or reduced, thereby affecting the extent of Sponsor's ability to advertise its Product, both parties will in good faith promptly renegotiate this Agreement to take into account the increase or decrease in the size of operation. In renegotiation of the Agreement, the parties shall attempt to reasonably adjust the number of Vehicles to reflect the increase or decrease in the square mileage of beach areas remaining under the County's jurisdictional or operational authority and portion of the Agreement Year affected.

If the reduction of County's control exceeds 50% of the area of Los Angeles County Beaches under its control as of the effective date of this Agreement, the Sponsor may terminate this Agreement upon 90-day written notice to County and without incurring any further liability to the County beyond the liability incurred up to and including the 90th day of said 90-day notice period, and in such case, County shall return all Vehicles to Sponsor or Sponsor's designated Southern California dealer 90 days after Agreement termination and sign any and all documents necessary to divest the County of any ownership interest in or entitlement to the returned Vehicles.

9. **Indemnification**

A. Sponsor agrees to indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees and agents from and against any and all claims, demands, actions, causes of action, damages, costs and expenses (including without limitation attorney and expert witness fees), arising out of or related to Sponsor's acts or omissions pursuant to this Agreement, including without limitation any marketing and promotion activities associated with its designation

and/or status as the "Official Vehicle Sponsor of Los Angeles County Beaches" or the "Official Vehicle Sponsor of Los Angeles County Beach Lifeguards" and Sponsor's activities in connection with any Special Events or Special Event Permits.

B. All new Vehicle warranties shall remain in effect and Sponsor shall indemnify, defend and hold harmless the County, its Special Districts, appointed and elected officers, employees and agents for any and all claims, demands, actions, causes of action, damages, costs and expenses (including without limitation attorney and expert witness fees) arising out of or related to any defect in the Vehicles as manufactured.

C. Sponsor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees and agents from and against any and all claims, demands, actions, causes of action, damages, costs and expenses (including without limitation attorney and expert witness fees), arising out of or related to any injury, including without limitation advertising injury, illegal competition or trade practices, common-law and/or statutory, which are based on the rights granted by the County to Sponsor pursuant to the terms of this Agreement.

D. County agrees to indemnify, defend and hold harmless Sponsor, its officers, directors, employees and agents from and against any and all claims, demands, actions, causes of action, damages, costs and expenses (including without limitation attorney and expert witness fees), arising out of County's acts or omissions in connection with (i) the operation, storage or maintenance of the Vehicles and any other vehicles separately purchased by County under Section 4.C. above, and (ii) any breach by County of any covenants, representations or warranties contained in this Agreement.

#### **10. Insurance**

At its sole cost and expense, County shall procure and maintain insurance continuously throughout the term of this Agreement from such companies as are acceptable to Ford and listed in the current "Best's Insurance Guide" as possessing a minimum policy holders rating of "A-" (Excellent) and a financial category no lower than "VI" (\$25,000,000 to \$50,000,000 of adjusted policyholders surplus). The following insurance shall cover County activities under this Agreement whether such activities be by itself or by any Subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

##### **Liability Insurance**

- Workers' Compensation insurance for statutory limits or a State certificate of self insurance, and employer's liability insurance for not less than \$1 million per occurrence.
- Occurrence type commercial general liability insurance, including but not limited to blanket contractual coverage, for bodily injury including death, personal injury, and property damage with limits of not less than \$1 million combined single limit per occurrence.

With the exception of Workers' Compensation, each insurance policy listed above, and any excess or umbrella policy carried by County with additional limits than those specified above, must name Ford Motor Company (or the appropriate Company subsidiary or affiliate) as an additional insured under the policy(s). All insurance policies of the County shall be endorsed to state that the policy will be primary, and will not be excess to or contributory with, any self-insurance or insurance policies carried by Sponsor. The insurance policy shall provide that the policy may not be canceled or materially altered without 30 days' prior written notice to Sponsor. County shall furnish to Sponsor an acceptable certificate of insurance evidencing the coverage required herein. The furnishing of acceptable evidence

of required coverage should not relieve County from any liability or obligation for which it is otherwise responsible to Sponsor.

County shall require that its subcontractors procure and/or maintain insurance coverage at the limits described above. County shall indemnify and be fully responsible for any cost to Sponsor resulting from said subcontractor's failure to procure and/or maintain said insurance.

Sponsor may terminate this Agreement effective immediately upon written notice to County in the event County fails to provide or maintain the insurance stated immediately above.

### **WAIVER OF SUBROGATION**

Sponsor and County each hereby waive any and all rights of subrogation that their insurers may have for recovery against the other and its parent, subsidiaries and affiliates, and their respective officers, directors, stockholders, agents, and employees, relating to losses or damage arising from performance of this Agreement.

This mutual subrogation waiver will preclude the assignment of any insurance claim by way of subrogation to any insurer. Sponsor and County agree to give immediately to each appropriate insurer written notice, if required, of the terms of these mutual waivers, and if necessary, have said insurance policies properly endorsed to prevent the invalidation of the insurance coverages by reason of these waivers, if required by the respective insurance policies.

Sponsor and County each shall indemnify the other against any loss or expense, including but not limited to reasonable attorney's fees, resulting from the failure to obtain such insurance subrogation waiver.

Notwithstanding the above, County shall have the right to satisfy its insurance obligations under this agreement by means of self-insurance to the extent of all or part of the insurance required hereunder but only so long as: (a) such self-insurance is permitted under all laws applicable to County and/or the agreement at the time in question; (b) County maintains a Standard & Poor's rating on its senior debt of "A-" or better ("Credit Rating"). If County at any time does not satisfy the Credit Rating, it shall notify Sponsor of the same and supply Sponsor with proof of insurance.

"Self-insure" shall mean that County is itself acting as though it were the third-party insurer providing the insurance required under the provisions of this agreement, and County shall pay any amounts due in lieu of insurance proceeds because of self-insurance, which amounts shall be treated as insurance proceeds for all purposes under this agreement. To the extent County chooses to provide any insurance required by this agreement by "self-insurance," then County shall have all of the obligations and liabilities of an insurer, and the protection afforded Sponsor and its indemnities shall be the same as if provided by a third-party insurer under the coverages required under this agreement. Without limiting the generality of the foregoing, all amounts which County pays or is required to pay and all losses or damages resulting from risks for which County insures or has elected to self-insure shall be subject to the waiver of subrogation provisions of this agreement, and shall not limit County's indemnification obligations pursuant to this agreement. In the event that County elects to self-insure and an event or claim occurs for which a defense and/or coverage would have been available from a third-party insurer, County shall undertake the defense of any such claim, including a defense of Sponsor, at County's sole cost and expense, and use its own funds to pay any claim or replace any property or otherwise provide the funding which would have been available from insurance proceeds but for such election by County to self-insure. Any such self-insurance shall be required to provide "first dollar" coverage.

11. **Default; Remedies**

A. The following events shall constitute an event of default under this Agreement regardless of whether any such event shall be voluntary or involuntary, or shall result from the operation of applicable laws, rules or regulations, or shall be pursuant to or in compliance with any judgment, decree or order of any court of competent jurisdiction:

- (1) County shall fail to carry and maintain the insurance required under Section 10 above;
- (2) Either party shall make any material misrepresentation or shall breach any warranty made herein;
- (3) Either party shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or similar law, or shall make a general assignment for the benefit of creditors, or shall have an involuntary case or other proceeding instituted against it seeking similar relief;
- (4) Either party shall otherwise fail to perform or observe any other covenant or condition set forth herein and such failure shall continue unremedied for a period of 30 days after the receipt of written notice from the nondefaulting party.

B. Upon the occurrence of an event of default, and at any time thereafter so long as the same shall be continuing, the nondefaulting party may declare, at its option, this Agreement to be in default and may: (1) immediately terminate this Agreement without any liability whatsoever; (2) by appropriate court action seek enforcement of the terms hereof and recover damages for the breach hereof; (3) exercise any other right or remedy available to it under law or in equity; or (4) seek any permitted combination of such remedies. No remedy is intended to be exclusive, but each shall be cumulative, and the exercise of any such remedy shall not preclude the simultaneous or later exercise of any other remedy.

C. It is the intention of both parties that this Agreement will continue in effect pursuant to all of its terms and conditions in the event that Sponsor is acquired or merged into another business entity or in the event of a change in the legal status of County; consequently, this Agreement shall be binding upon the successors and assigns of Sponsor and of County.

12. **Waiver**

Failure or inability of either party to enforce any right hereunder shall not waive or modify any right to enforce said right in the future.

13. **Notices**

All notices and statements to be given hereunder shall be given at the respective addresses of the parties as set forth below, unless notification of a change of address is given in writing. Any notice shall be delivered by hand (with receipt of delivery) or sent by registered or certified mail or by telefacsimile or other electronic transmission and shall be effective upon receipt. Sponsor shall maintain an address within California as the address to which such notice shall be given. Sponsor shall designate an agent with a California address to accept service of process. The addresses for notice and agents for service of process are:

County	Department of Beaches and Harbors 13837 Fiji Way Marina del Rey, CA 90292 Attn: Marketing and Community Services Division Chief
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Sponsor            Ford Motor Company  
                         1 Premier Place  
                         Irvine, CA 92618  
                         Attn: Lew Echlin

Additionally, any notice sent from the County to Sponsor's California address or agent shall be copied to:

Team Detroit  
550 Town Center Drive  
Dearborn, MI 48126  
Attn: Kerry Doyle

14. **Assignment**

Sponsor shall not have the right to assign any of its rights or delegate any obligations hereunder to an unrelated third party without the prior written consent of the Director, which will not be unreasonably withheld.

15. **Compliance with Law, Rules and Regulations**

Both parties shall comply with all applicable federal and state laws and regulations, as well as all municipal and County ordinances, rules and regulations, including but not limited to those relating to the Department and the Los Angeles County Fire Department.

16. **County Lobbyist**

Sponsor agrees that each "County Lobbyist", as defined herein and in Los Angeles County Code Section 2.160.010, retained by the Sponsor shall fully comply with the County Lobbyist Ordinance that is set forth in Los Angeles County Code Chapter 2.160. Failure on the part of any County Lobbyist retained by the Sponsor to comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which the County may immediately terminate this Agreement, upon written notice thereof to Sponsor.

17. **Severability of Provisions**

Should any individual provision of this Agreement be declared void, the validity of the remainder of this Agreement will not be affected and will remain in full force and effect.

18. **Independence**

The parties shall at all times act independently. Nothing contained in this Agreement shall be construed to make one party the partner, joint venturer, principal, agent or employee of the other party hereto. Specifically, County shall have no express or implied authority to act for or on behalf of Sponsor, and Sponsor shall have no express or implied authority to act for or on behalf of County.

19. **Governing Law**

This Agreement will be governed by and construed and interpreted in accordance with the law of the State of California.

20. **Termination for Improper Consideration**

County may, by written notice to Sponsor, immediately terminate the right of Sponsor to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Sponsor, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment for extension of the Agreement or the making of any determinations with respect to the Sponsor's



performance pursuant to the Agreement. In the event of such termination, County shall be entitled to pursue the same remedies against Sponsor as it could pursue in the event of default by the Sponsor.

Sponsor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

21. **Amendment of Agreement**

Only nonmaterial amendments to the Agreement that do not materially change the scope of the Agreement, increase the County's financial responsibility or impose additional liability on the County may be executed without approval of the Los Angeles County Board of Supervisors and all must be in writing and shall not be effective unless and until executed by Sponsor and, in the case of the County, until executed by the Director.

22. **Entire Agreement**

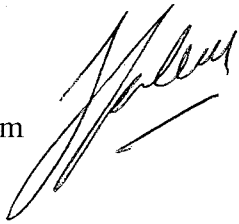
This Agreement contains the entire understanding between the parties relating to the subject matter herein contained.

IN WITNESS WHEREOF Sponsor has executed this Agreement, or caused it to be duly executed, and County of Los Angeles, by order of its Board of Supervisors, has caused this Agreement to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board thereof, the day and year first above written.

(SPONSOR ACKNOWLEDGMENT)

SPONSOR  
Ford Motor Company

By:  
Luis Salem

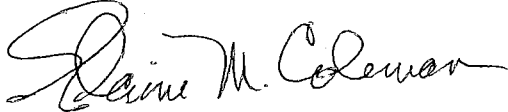


STATE OF MICHIGAN }

COUNTY OF WAYNE }

On May 1, 2008, before me the undersigned notary public, personally appeared Luis Salem, the person(s) whose name is subscribed to this instrument, and acknowledged that he executed it.

FLAINE M. COLEMAN  
Notary Public, State of Michigan  
County of Wayne  
My Commission Expires Oct. 7, 2011  
Acting in the County of WAYNE



COUNTY OF LOS ANGELES

By:  
Chair, Board of Supervisors

ATTEST

SACHI A. HAMAI  
Executive Officer-Clerk  
of the Board of Supervisors

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

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

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

