



Staff Report

File #: 25-383, Version: 1

Item #: A-1.

CC - ACTION ITEM: (1) Consideration of an Interactive Digital Kiosk Program with Commercial Advertising, along City Sidewalks and Public Right-of-Way (Program), Including Consideration of Submitted Responses to the City’s Request for Proposals for a Potential Vendor for the Program; (2) If Desired, Approval of an Agreement with the Selected Vendor for the Program; (3) If Desired, Creation of a City Council Ad Hoc Subcommittee for the Purpose of Negotiating the Terms of an Agreement with the Selected Vendor and Appointment of Two City Council Members Thereto; and (4) Direction to the City Manager as Deemed Appropriate.

Meeting Date: October 28, 2024

Contact Person/Dept: Elaine Warner/ Office of Economic and Cultural Development

Phone Number: (310) 253-5777

Fiscal Impact: Yes No

General Fund: Yes No

Attachments: Yes No

Public Notification: (E-Mail) Meetings and Agendas - City Council (10/23/2024), (Posted) City Website (10/14/2024); (Email) Public Notification, Culver City Business License List, Downtown Business Association, Culver City Arts District, Chamber of Commerce (10/14/2024), (Newspaper) Culver City News (10/24/2024)

Department Approval: Jesse Mays, Assistant City Manager (10/21/2024)

RECOMMENDATION

Staff recommends the City Council (1) consider implementation of an interactive digital kiosk program with commercial advertising (Program), along City sidewalks and public right-of-way, including consideration of submitted responses to the City’s Request for Proposals (RFP) for a potential vendor for the Program; (2) if desired, approve an agreement with the selected vendor for the Program; (3) If desired, create a City Council ad hoc subcommittee to work with City staff and the selected vendor to negotiate the terms of an agreement and appoint two City Council Members thereto; and (4) provide other direction to the City Manager as deemed appropriate.

BACKGROUND

On November 8, 2021, the City Council directed staff to release a Request for Information (“RFI”)

relative to the placement of Kiosks in various locations throughout the City. The purpose of the RFI was to understand the value of providing real-time interactive information such as transportation services, City meetings, special events, facilities, classes, local businesses, weather, and emergency updates. The RFI was released in January 2022. Four firms responded, with two providing prototypes suitable for an outdoor environment: Ike Smart City and Soofa.

In April 2023, the Economic Development Subcommittee, consisting of Council Members Eriksson and Vera (“Subcommittee”), reviewed the options and directed staff to invite both firms to present their prototypes via two community meetings. The purpose of the community meetings was not to identify a particular model or style but rather to invite a high-level discussion as to whether kiosks would be an asset to the City. Two community meetings were held in August 2023. Ike Smart City attended with a working prototype and provided information about their model. Soofa was unable to attend, but information about their unit was made available.

Staff presented an overview of the community feedback to the Subcommittee on October 3, 2023. Public comment during the meeting included requests that local businesses receive priority advertising via a tiered structure, that the kiosks display artwork by local artists, that maintenance considerations be included for the long term, and that kiosk locations be included near transit hubs. During the meeting, comments also included concerns regarding the number of potential kiosks installed and the impact on pedestrian and public spaces.

On October 23, 2023, the City Council directed staff to pursue an amendment to the Sign Ordinance to allow for a digital kiosk program on a separate track from the comprehensive update to the Sign Ordinance prior to issuing a formal RFP. The City Attorney’s Office reviewed pertinent sections of the Zoning Code and prepared limited proposed amendments to the Sign Ordinance to allow the City to consider an interactive digital wayfinding kiosk program on public property.

The Planning Commission considered the proposed amendments at its April 24, 2024, meeting and recommended that the City Council deny the amendment. The Planning Commission Resolution recommending denial was based on the unknown impacts, quantity, and siting of kiosks.

On June 10, 2024, the City Council considered and introduced the proposed Zoning Code Amendment, P2022-0357-ZCA by a 3-2 vote. The approved amendment permits digital kiosks in the public right-of way for the purposes of providing public information and other messaging selected by the City, including commercial advertising. The City Council also included a provision to limit each screen interface to a total of 15 square feet.

On July 8, 2024, the City Council approved an RFP for an interactive digital kiosk program with a related commercial advertising component. The proposal was released on July 18, 2024, with a submission date of August 15, 2024. The proposal was available through the City’s PlanetBids system and staff reached out to seven kiosk firms to advise on the bid opportunity.

DISCUSSION

The RFP requested information from qualified vendors regarding, the design, potential quantity and siting, infrastructure, installation, operation, maintenance, use, accessibility, financing, public

outreach, successful case studies, advertising strategy, respondent qualifications, technology, and additional information related to the kiosks. The RFP also requested a proposed cost/advertising revenue sharing program that provides for the kiosk's infrastructure, installation, utilities costs, and on-going maintenance at no cost to City.

Two proposals were received for this potential Program: Ike Smart City (Attachment 1) and Success Mantra LLC (Attachment 2). Soofa declined to respond based on feasibility concerns for the project. The City's fiscal consultant, Keyser Marston Associates (KMA), reviewed the proposals and summarized the relevant terms of each proposal based on the following (Attachment 3):

- Experience implementing, operating, maintaining and managing similar kiosk projects;
- Case studies that demonstrate the company's relevant experience;
- A description of the technology employed by the company in the development and operation of the kiosks; and
- Other pertinent information provided by the proposers.

Interviews with each proposer were conducted on September 5, 2024, to clarify their response and approach. A comparison of both proposals is noted below:

Proposal Element	IKE Smart City	Success Mantra
Experience with Interactive Digital Kiosks	Deployed networks in 20 cities and operating 550 live standard/customized units developed by IKE	Experience with site/tour specific kiosks. Identified three potential kiosk designs available by third party providers
Maintenance/Warranty	Regular Maintenance 5 days a week/ telephone response 24/7	Hardware – three-year warranty, software one year warranty, in house support team available during business hours to troubleshoot software. Physical maintenance not included
# of Kiosks/Phasing	15 Phase I – 10-year term with 10-year renewal if in good standing after initial terms/ 15 Phase 2- Optional at City and IKE mutual discretion	30 kiosks implemented in phased approach (15 Phase I/15 Phase II) over 5-year term, with option to extend to 7
Location Siting	No specific sites. Potential areas include Downtown City Hall, Arts District and Fox Hills	No specific sites. Proposed to conduct a site survey that will consider foot traffic, visibility, accessibility and proximity to public amenities.
Content Coordination/Display	Coordinate content options with City and provide design and software capacity.	Custom content management system to be built to add customer information.
City Responsibilities	Permitting and Plan Review for Installation, Content Coordination/Approval	Permitting, Installation, Site Finalization Assistance, Maintenance, Content Management, Display Design
Proposal Element	IKE Smart City	Success Mantra
Costs for City	No installation costs or operating expense costs. Staff costs associated with permits and collaboration on the selection of sites.	Set-up \$670,000, ongoing estimated at \$90,000 in the first year of operation increasing by 8% in Year 2 and by 7% in year 3 (other costs that are not quantified are use of City wifi, staff costs for installation, permits or site finalization)
Revenues for City/Community benefit	\$500,000 signing bonus, minimum annual guarantee for \$750,000 (Phase I), 50% net advertising revenues/ \$500,000 worth of advertising space for local business and non-profit content.	No signing bonus, minimum annual guarantee for \$75,000 for Phase 1 deployment increasing to \$150,000 once 30 kiosks are installed, 100% net revenues until set-up costs recouped, thereafter 30% net advertising revenues. Options are provided for increased revenue sharing and a seven year lease rather than a five year lease.

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Advertising

In addition to the foregoing proposal elements, both respondents include advertising components as part of the project feasibility. Ike Smart City is proposing that cumulatively at least 25% of the default, advertising rotating screen time would be dedicated to City information and announcements. There would be a total of eight rotating slides per side of the kiosk, with one slide generally available for City content in any given rotation. During active mode, which is when an individual engages with the kiosk for information, an advertising banner would be visible at the top of the screen. Additionally, Ike is proposing a \$500,000 value per year set-aside of display time for local business and non-profit content. Success Mantra indicated a minimum of 20% advertising be dedicated to City related information.

City Council Consideration and Options

The City Council may consider various options relative to the implementation or rejection of the Program.

1. Select a Vendor - If the City Council wishes to accept one of the proposals, as submitted or as modified per Council direction, Staff will prepare and proceed with an agreement. Desired modifications to the proposal would need to be negotiated with the selected proposer. If desired, City Council may wish to create an ad hoc subcommittee for this purpose.

2. Siting Plan - If the City Council determines to move forward with a selected vendor, then a provision relating to the specific process for selecting the proposed locations would be negotiated and incorporated into the agreement. City Council can direct staff to return to the City Council for final approval of any siting plan and provide any other direction related to the siting process.

3. Reject Proposals and Discontinue Consideration of Potential Kiosk Program - If the City Council desires to reject the proposals and discontinue further consideration of a potential Program, staff will notify the proposers and no further action towards a program will be taken.

4. Reject Proposals and Re-issue RFP with modified criteria - If the City Council desires to reject the proposals and re-issue the RFP per Council direction, staff will notify the proposers of the City Council's determination and advise on a future release date with the modified criteria.

5. Request Further Discussion and/or Information - If the City Council wishes to engage in further discussion with a proposer or about the overall program, or would like to see additional information, staff will follow City Council's direction relative to this option.

FISCAL ANALYSIS

There is no direct fiscal impact in rejecting the proposals and or requesting further discussion.

If the Council wishes to proceed with an Interactive Digital Kiosk Program and selects a vendor based on their submitted proposal, the fiscal impact is as follows:

- IKE Smart City's proposal as presented (without any modifications) provides a \$500,000 cash signing bonus upon the installation of the first kiosk in Phase I and an additional \$500,000 upon the installation of first kiosk in Phase II (if optioned). The minimum annual revenues to the City are estimated to range from \$750,000 per year (minimum annual guarantee of \$50,000 per kiosk) for Phase I for the first year and approximately \$876,000 to \$1.3 million annually during the first 10 years of operation. During the operation period, Ike would be responsible for all maintenance and warranties on the kiosks.
- Success Mantra's proposal as presented (without any modification) provides the City would be responsible for all of the costs associated with construction and installation of the kiosks, which is estimated at \$670,000. During the first year Success Mantra would offer the City 100% of the net advertising revenue until the development and installation costs are recouped. Thereafter, the City would be offered 30% percent of the net revenues during the 5-year term. Success Mantra would offer a three-year warranty on the kiosk infrastructure and one-year on software. Thereafter, the City would be responsible for any equipment issues and ongoing maintenance.

If the City Council determines to negotiate further with either or both of the proposers, the fiscal impact regarding the Program may change.

ATTACHMENTS

1. 2024-10-28 - ATT_IKE Smart City Proposal
2. 2024-10-28 - ATT_Success Mantra Proposal
3. 2024-10-28 - ATT_Proposal Summaries

MOTION

That the City Council:

1. Consider an Interactive Digital Kiosk Program with Commercial Advertising on Public Right-of-Way and other City-owned property, including consideration of submitted responses to the City's RFP for a potential vendor for the Program;
2. If desired, approve an agreement with the selected vendor for the Program;
3. If desired, create a City Council ad hoc subcommittee to work with City staff and the selected

vendor to negotiate the terms of an agreement and appoint two City Council Members thereto;

4. Authorize the City Attorney to review/prepare the necessary documents;
5. Authorize the City Manager to execute such documents on behalf of the City; and
6. Provide other direction to the City Manager as deemed appropriate.