

# StreetsLA STAP Proposal Follow-up Questions

## Intersection

3/31/21

- **Can you provide 100% and 50% Partner Cap Ex options?**

As we mentioned in our proposal, we believe the option where the City provides 100% of the capital provides the City with the most strategic control over the program and the best financial return, but we are also certainly open to providing 100% and 50% Partner Cap Ex options through partnership with an outside investor. Specifically, we have identified Bodi Infrastructure Development as a prospective partner leveraging a special purpose vehicle (SPV). The City would contract with the SPV, which would be made up of Intersection and our investment partner. Intersection would provide all of the services associated with the contract, the investment partner would be responsible for providing the capital, and the SPV would be responsible for making the revenue share and/or MAG payments to the City.

However, at this time we are unable to provide specifics about the 100% and 50% options for the following reasons. First, given the timeframe for responses, while we have developed and discussed initial potential financial models to structure the partnership, we would require additional time to confirm the details with our potential investment partner. Second, even if we had more time, we currently aren't able to make a concrete offer about capital contributions without a further discussion with the City on the scope. In our proposal where the City provides 100% of the capital, we are able to deliver all of the program components requested by the City while also guaranteeing a return of the City's capital investment. However, if we were to keep the scope the same and provide 100% of the capital, the returns would likely not be enough to cover our higher cost of capital. Even if the City's revenue share dropped to zero, in the 100% scenario we do not see a way to generate profitable returns without adjustments to either timing or overall scope. Again, we are happy to discuss what these trade offs might look like with the City and develop more detailed options for partner Cap Ex contribution.

- **What are the lessons learned from LinkNYC that you'll be bringing to STAP?**

We have learned enough lessons from the LinkNYC deployment to write a book about public private partnerships and smart city deployments at scale — and we will bring all of these learnings with us as we roll out STAP. A few important examples include:

- **Deployment:** Deployments of this scale in the public right of way are complex and will inevitably meet a lot of challenges. We have experience overcoming many of the challenges, but we also know there will be unforeseen challenges unique to LA and our team is prepared to adjust and overcome any obstacles thrown our way. For example in LinkNYC, we learned that we can't make assumptions about the reliance of existing infrastructure when planning out cost assumptions. We know that desktop analysis alone cannot be relied on to determine final costs because much of what we learn about a given site comes from individual site-surveys and information discovered once we dig into the sidewalks. For that reason, it has also meant that we need to plan significantly more potential sites than we ultimately will be able to build. As an example, we found that 40% of our planned sites were ultimately unconstructable due to per site constraints — even when we were replacing existing sites. Many of the current shetlers

have been installed for many years and we recognize that siting constraints and regulations may have changed that could impact our ability to easily perform a one-to-one swap of an existing shelter or new site variables could be discovered that impact constructability. This highlights the value of having a robust site planning and approvals pipeline to ensure there are always more than enough approved constructable sites in the queue.

- **Community Engagement:** Our LinkNYC deployment taught us the critical value of proactive grassroots engagement with the community in order to ensure the ultimate success of the program. This involved engaging with Community Boards, Business Improvement Districts (BIDs) and other local community focused groups to present the benefits of the program. It also became incredibly important just to listen and be responsive to concerns from the public. This kind of engagement is what also helped to inform much of our digital content programs such as the Link Local program for free local business advertising, the promotion of Community Board meeting times on our displays, and the introduction of a Link local artist series highlighting work from the community.
- **Adaptability:** Our teams conduct a significant amount of user research before introducing new products in public spaces. But even with that preparation, it's often impossible to know exactly how the public will use and interact with new smart city technologies. We learned that we have to be flexible and willing to adapt to the needs and use cases of the public and our partners. For example, we launched LinkNYC with an open web browser functionality on our kiosks, which intended to help bridge the digital divide by expanding internet access across the streets of New York City. However, we found that feature led to long term use, which impeded mobility on the sidewalks and limited access to all users. With some adjustments to the software, we were able to better tailor the experience for transactional use and provide valuable amenity for quick directions or local information for street users. We also learned to design our hardware to be modular and be able to easily swap out components in the future so that we can i) incorporate better technology as it becomes available and ii) adjust to serve new use cases as they arise. These lessons in adaptability are applied throughout our proposal for STAP and will be an important way we approach the program.
- **Content:** During the LinkNYC program, we pioneered new uses of content in public space — with programs like Link Facts, Art on Link, and real time information for weather, sports scores, and transit information. The content helped lead to more people looking at Link screens and higher Net Promoter Scores demonstrating that people liked the product. That goodwill built public support for the program and higher engagement levels with the advertising.
- **Revenue:** LinkNYC represents the largest street-level digital deployment in a major United States city. We found that there are diminishing per unit digital revenue returns once market reach has been effectively maximized. This learning is something we have taken into account for STAP to really ensure we are maximizing revenue, while minimizing overall program cost so that we are building a truly sustainable program.

- **How do you plan on engaging with the community and council offices to build support for STAP?**

As mentioned above, community engagement has been a critical component to our success in LinkNYC and other deployments. We plan to use a similar strategy for STAP. This will include having a dedicated Community Affairs Manager who will proactively present to council members, community groups, neighborhood councils, and business improvement districts about the STAP program. The goal will be to

share key details about the program features and roll out, but also how they can participate in the program through the Local Business advertising opportunities, local art showcase programs, and the community messaging platform of the digital elements. The other key piece of these visits will be listening. Taking in community feedback and ensuring we can be responsive to reasonable requests and make program adjustments where possible is an important way to ensure we are building a program that will be a beloved part of each of the diverse communities in Los Angeles.

Our Community Affairs Manager will also be managing a locally hired public affairs and/or community relations firm to help us promote the benefits of the program to the community, which will be especially important in the critical early months of the roll out.

- **How can shelter design be modified in the future as new technologies and amenities become available (e.g., responsive shading adjustments)?**

Our shelters have been designed with modularity in mind. This is to enable streamlined deployment, operations, and maintenance, but also to ensure the shelters can be flexible and able to incorporate new technologies over the life of the potential 20 years of the program. For example, we have designed a technology expansion space in the shelter, with appropriate technical connection capacity, to allow for the potential future additions of environmental sensors, NFC payment devices, other data collection opportunities, or possibly a new user amenity that has yet to be developed. The overall modularity of the structures could allow for swapping of computer boards, digital screens, seating, or even the roof structure to accommodate new types of solar panels or shade technology. We know that technology will change over a 20 year contract, so we designed the elements to be able to physically accommodate potential changes over that time period. We also have incorporated software solutions across the program that can more quickly and easily make adjustments and benefit from technological improvements. Through our digital content on the displays and through IxNConnect Anywhere (which makes stop-specific content accessible on mobile devices by scanning QR codes deployed on all shelters), we have the ability to make iterative and adaptive changes throughout the program.

- **How do you plan to address/manage the *public's perception related to equity* when less than 1/3 of the 3000 shelters will have digital media display panels associated with them and all of those will be reserved for high-revenue communities/locations only?**

First, it will be important to note that the digital screens will be distributed across all of the council districts. As can be seen below, our deployment plan includes a minimum of 17 digital locations in each of the 15 districts. This includes deploying our interactive kiosk and other amenities for at least one mobility hub per council district, ensuring we are focusing the amenity deployment on the highest transit rider population centers in each district.

## Digital Locations Per Council District

District	Locations
1	41
2	45
3	44
4	118
5	113
6	46
7	17
8	34
9	29
10	74
11	47
12	49
13	395
14	49
15	18

With this distribution of digital screens, we also expect to have a broader audience base of all Angelenos. This means that even if a rider may not see a digital screen where they board their bus, they will still be more likely to see one of our screens throughout their journey across the city to work, shop, or play.

Perhaps more importantly however, we know through user research that transit riders aren't specifically interested in digital signage, but are really looking for real-time information. Our proposal includes a plan to extend the useful content from all of our digital screens to riders' individual phones. According to Pew Research Center as of June 2019, over 81% of adult Americans have a smartphone. Among the younger adult population (18-29), that number jumps to 96%. This means there is a real opportunity and value in being able to deliver relevant, contextual information to the place where users are already comfortable accessing a majority of their information — directly on their personal device. Through our IxNConnect Anywhere product, users can quickly and easily scan a QR code from any of our program shelter elements and retrieve site-specific real-time information on a dynamic mobile homepage. This QR marker can be deployed at all of our locations including static, digital, and micro shelters to extend the reach of our real-time digital information.

## How IxNTouch Anywhere Works

1



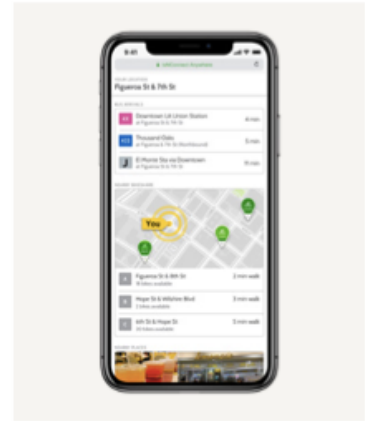
A user sees a marker.

2



The user scans the marker with their phone.

3



They can then engage with local information on a mobile site.

Finally, we are aware of some vocal community resistance to the introduction of street-level digital screens in Los Angeles. Our approach has been to plan a strategic digital screen deployment to maximize value and reach, but also creatively maximize the real-time information amenity in a way that meets the community desire to minimize the presence of digital signage across the city. We believe our proposal archives all of these goals, but also remain open to working with the City to ensure we are effectively optimizing reach while balancing the capital deployment costs.

- **How will the City be able to display digital PSAs and community information in the less affluent communities that need them most (in multiple languages) without the added expense of print media?**

As mentioned above, we do expect to deploy digital screens in each of the 15 council districts, which will allow for the display of PSAs, in multiple languages, on our digital screens across the City. Additionally, our IxNConnect Anywhere QR code solution will be deployed on every shelter, dramatically expanding the reach of our digital content without the expense of print.

In addition, we would also work with the city to optimize deployment of the digital shelters to maximize audience reach of the digital network (i.e., the percentage of the Los Angeles population who see a given screen). Screens are typically placed in the highest traffic areas to ensure that almost everyone will see at least a few screens over the course of a given week. Even if the shelter nearest to someone's home is static, they will likely be exposed to many digital screens on their way to the store, work, or school.

From there, we can use our CMS to develop media campaigns that maximize reach. Many advertisers share the City's desire to reach the full LA population in a digital format, so we anticipate having the ability to create media plans to reach the majority of the LA audience. We anticipate creating similar media plans for the City to deliver either broad reach or highly tailored PSA campaigns to audiences.

Finally, we are certainly open to deploying additional digital screens to equity based locations. One of the benefits of the proposed structure of the City providing the capital for the program elements is that it provides the City the flexibility to select additional locations to deploy screens to locations that may have strategic importance from an equity or messaging standpoint.

- **Without digital media panels in those less affluent/disadvantaged communities, how will the company(ies) plan to pursue advertising sales from local businesses and offer up local business advertising opportunities at affordable rates without the added costs of printed media?**

Again, as mentioned above, there will be digital screens deployed in each of the council districts, including at transit hubs that will reach larger population centers, and will afford local businesses the opportunity to participate in our local business programs and leverage the digital advertising opportunity. In addition, it is likely that our proposed digital panels can reach almost any audience in the City at some regular frequency.

However, it's also worth noting that in most of our other major markets, static advertising rates, with print costs included, are often lower than our digital inventory which sells at premium rates. This is because our rates are tiered based on location — so affordability for small businesses has more to do with the location of the asset as opposed to whether the asset is static or digital. Also, while there is an additional cost for printing the static posters, these are comparatively minimal and amount to about \$50 or less per location, depending on volume. We expect this to be the case for STAP and view the static inventory as potentially an even more accessible option for small businesses to participate in the program at affordable rates.

- **Where and how do the companies plan to install interactive digital media panels offered up in their proposals and again address the equity question, especially if such interactive panels are only being offered in very limited quantities? (saying that they will rely upon the City and/or coordinate the implementation with the City is not an acceptable answer.) We want to know what/how *they propose* to address such equity challenges and/or manage the public's perception of equity in the distribution of program services.**

We believe the one way to address equity concerns is to emphasize the deployment of program elements in areas where the most people can get the highest impact. That led to our recommendation to place our Interactive Street Kiosks at mobility hubs, with at least one placed in each council district. Our experience deploying interactive kiosks in transit, street, and private commercial settings has given us a lot of insight into the most valuable locations to deploy them in order to maximize their community impact. For STAP, we see the strongest use case for the interactive offering of the kiosk to provide wayfinding and transportation information at multimodal transit hubs. This includes navigation of

multiple transit system maps and trip planning, locating available micro mobility or rideshare opportunities, and searching for local attractions. Our proposal identified 25 potential locations for the interactive kiosks in conjunction with what we identified as mobility hubs. To the extent the City feels it needs more mobility hubs to ensure equitable distribution of multi-modal transit options, we are open to deploying more Interactive Street Kiosks. Again, this is easier to do in the model where the City pays for the Cap Ex because the City can make the strategic trade-offs between expanding services and the associated expenses.

We are aware that siting at mobility hubs may require coordination with other entities such as LA Metro or LADOT. We have a great working relationship with LA Metro in particular through our experience serving as their transit advertising partner since 2018 and believe it will serve us well in such a coordination effort. We also have experience with interagency coordination in deployments like this in other markets, such as planning coordination between SEPTA and the City of Philadelphia street furniture program, and are confident we can ultimately select locations that will maximize the amenity value for all parties involved.

- **Can you explain your understanding of Site Rehabilitation costs included or not included in your proposal? Will this include reconstruction of sidewalk needed to accommodate accessible path from walkway to transit shelters and boarding area?**

The costs listed for “Site Rehabilitation” in our Price Proposal were those specific to removing and relocating the existing shelters as part of the Shelter Revitalization Program. While these costs did not include the refurbishment of the shelter itself, which were listed as a separate line item, it did include the removal and relocation of the existing shelter, which would include ensuring all sidewalk paving had been restored to existing conditions. For all of our shelter deployment activities, our estimates have accounted for replacing sidewalk flags for the full footprint of the shelter, which would ensure accessible use of the shelter amenity. Any additional sidewalk restoration that may be required beyond the footprint of the shelter installation would be an additional cost, which we would be happy to explore on a case by case basis with the City.