



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Community Services**

**Meeting Date: June 3, 2024**

Report #:2401-2563

### **TITLE**

Approval of Professional Services Contract Number C24188409 with ACME Technologies in the Total Amount Not-to Exceed \$838,623 for a New Software Ticketing System for the Palo Alto Junior Museum & Zoo for a Term of Five Years; CEQA Status – Not a Project

### **RECOMMENDATION**

Staff recommends the City Council authorize the City Manager or their designee to execute contract No. C24188409 (Attachment A) with ACME Technologies for a Total Amount Not-to-Exceed \$838,623, including \$307,839 in software services, \$454,545 in estimated transaction and merchant processing fees, and \$76,238 in contingency (10%) for a five-year term ending April 30, 2029.

### **EXECUTIVE SUMMARY**

The proposed contract will provide a new ticketing software for the Palo Alto Junior Museum & Zoo (JMZ) and Children's Theatre to meet business needs and address customer complaints associated with existing software. No singular vendor met all the unique needs of both facilities; thus, two separate vendors were identified in the selection process. VisionOne, Inc. (dba Accesso ShowWare) was selected for the Children's Theatre, and ACME Ticketing was selected for the JMZ. The agreement with VisionOne was below Council's authority threshold for term and cost and was executed by staff.

Customer benefits of ACME include exceptional customer experience, purchasing tickets without an account, gift cards, and the ability to connect safely with other software. There are one-time costs to integrate the software in the first year of \$51,000 and annual software usage fees of \$44,900, merchant fees for credit card and other processing are estimated at \$90,909 per year and will be billed monthly to reimburse the vendor. Over the five-year term, the not-to-exceed value of the agreement is \$838,623, which includes \$307,839 for software, \$454,545 for transaction and merchant fees, and a 10% contingency of \$76,238.

## **BACKGROUND**

The Community Services Department (CSD) uses Recreation Management Software to process program registrations, facility rentals, membership sales, ticket sales, and point of sale transactions throughout the department. The system currently meets the needs for program registrations and facility rentals, but it does not meet the business needs for robust and efficient ticket and membership sales, which are heavily used functions for the Junior Museum & Zoo (JMZ) and Children's Theatre. For the 12-month period of March 2023 to March 2024, the JMZ sold 117,000 tickets, and many families expressed the software is not user friendly and they experience difficulties in selecting dates, and other primary functionalities. One of the largest community complaints is the requirement to create an account to purchase a ticket, which is not a best practice for museums and zoos or theaters. Like the JMZ, the Children's Theatre experienced difficulties utilizing the department's existing recreation software for ticket sales. As a system that is tailored to recreation program enrollment, it was not user-friendly in terms of offering multi-tiered pricing for different ages, ticket inventory management, and the purchase and/or refunds of transactions of multiple ticket purchases per person. To address these community concerns and meet the unique business needs, Community Services staff initiated the process to identify new ticketing software.

## **ANALYSIS**

A request for proposals (RFP) was posted on OpenGov Procurement, the City's eProcurement platform, and 26 vendors were notified. The solicitation period was posted for 21 days, and three proposals were received. The solicitation closed on June 15, 2023.

Proposals were submitted by the June 15, 2023, deadline from three service providers, VisionOne Inc. (ShowWare), ACME, and KMIT Solutions, LLC. All proposals were evaluated and competitive, though varied in services provided. Two were interviewed and asked to demonstrate capabilities. The evaluation committee found ACME to be best suited to museum and zoo ticketing needs as it offered the best customer experience and the most open platform for integration with other software. The evaluators determined that none of the providers could meet the unique needs for both the JMZ and Children's Theatre, therefore ACME was selected for the JMZ and ACCESSO was selected for the Children's Theatre.

Table #1: Summary of Request for Proposal	
Proposal Description	Software Ticketing Systems for JMZ and Children's Theatre, RFP No. 188409
Proposed Length of Project	3 years
Number of Proposal Packages Downloaded	27
Pre-Proposal Meeting	No
Number of Proposals Received	3
Public Link to Solicitation	<a href="https://procurement.opengov.com/portal/palo-alto-ca/projects/48205">https://procurement.opengov.com/portal/palo-alto-ca/projects/48205</a>

The proposals were evaluated using the City's standard criteria. ACME Technologies, Inc. was selected for the JMZ because it was best suited to museum and zoo ticketing needs, offered the best customer experience, and included the most open platform for integration with other software.

#### ACME Technologies Overview

ACME Technologies is considered a best-of-breed ticketing provider supporting guest serving organizations in the Arts and Cultural space by focusing on providing an exceptional ticketing experience. ACME has built direct partnerships and complementary relationships with other technology providers to bolster the ecosystem of service needs for organizations. After reviewing all the JMZ needs, two additional software services are recommended to be integrated with ACME's Ticketing System: a customer relationship management software to help the JMZ better understand and communicate with members, and a phone app that would provide additional enhancements to member experiences with the Museum.

#### Contract Overview

The contract includes the license fees to use ACME's software, as well as operating and integrating ACME's software modules for ticketing, membership, customer relationship management system (CRM- a system to record services and communicate with members and ticket buyers) integration, and custom URL (a URL is the address of a webpage) integration. Since every museum and zoo has different ticketing, membership, CRM and URL needs, the contract includes the one-time costs to customize each of the modules to suit the needs of the Palo Alto Junior Museum & Zoo.

For every purchase ACME requires reimbursement of credit card and transaction fees, for which they will bill monthly. Payment processing is most often priced with two components, a percentage, and a fixed fee. This is because interchange (charged by the card issuer) is a percentage cost, while other processing costs such as network, gateway, and

tokenization/encryption solutions are charged on a per-transaction basis. The percentage is used because the larger the purchase amount, the more risk every player in the ecosystem has, all the way to the bank that issued the consumer their credit card. To offer the most competitive pricing and ensure they are covering their costs, ACME offers payment pricing with these two components.

Staff has estimated these costs and included them in the contract. ACME will bill the actual cost of these fees monthly under the contract. The contract covers a term of five years, May 1, 2024, through April 30, 2029. Platform license fees are escalated by 5% with the term to account for inflation. A 10% contingency of \$76,238 was added to the contract to allow for unforeseen merchant and transaction fees and work that may be necessary for complimentary software integration. The cost of integration with ACME is included in the contract.

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Table 2: Schedule of Cost				Year 1	Year 2	Year 3	Year 4	Year 5
Service	Unit	Quantity	Rate per Unit	4/24 to 4/25	4/25 to 4/26	4/26 to 4/27	4/27 to 4/28	4/28 to 4/29
Ticketing Integration	Package - one time	1	\$30,000	\$30,000	0	0	0	0
Membership Integration	Package - one time	1	\$15,000	\$15,000	0	0	0	0
CRM Implementation	Package - one time	1	\$5,000	\$5,000	\$0	0	0	0
CRM Integration*	Annual*	1	\$2,500	\$2,500	\$2,625	\$2,756	\$2,894	\$3,039
Annual Platform license and Support*	License - Annual*	1	\$40,000	\$40,000	\$42,000	\$44,100	\$46,305	\$48,620
Custom URL Implementation	package - one time	1	\$1,000	\$1,000	0	0	0	0
Custom URL- Primary	Annual URL Package	1	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Professional Services	Hour	50	\$200	\$0	\$5,000	\$5,000	\$0.00	\$0.00
Total Platform Cost				\$95,900	\$52,025	\$54,256	\$51,599	\$54,059
Merchant Processing Fees**	% per charge	\$1,821,000	2.90%	\$52,809	\$52,809	\$52,809	\$52,809	\$52,809
Transaction Fees	Per transaction fee	127,000	\$0.30	\$38,100	\$38,100	\$38,100	\$38,100	\$38,100
Estimated Total Merchant and Transaction Fees				<u>\$90,909</u>	<u>\$90,909</u>	<u>\$90,909</u>	<u>\$90,909</u>	<u>\$90,909</u>
ACME Budget Per Year (without contingency)				\$186,809	\$142,934	\$145,165	\$142,508	\$144,968
Contingency				\$18,681	\$14,293	\$14,517	\$14,251	\$14,497
Total ACME Budget with Contingency by Year				\$205,490	\$157,227	\$159,682	\$156,759	\$159,465

\* Fees escalate by 5% annually

\*\*Estimated Sales X Average Credit /Card Fees

\*\*\*Estimated Transactions X Average Transactions

	Start	End	Contract Value for Five Year Term	
Year 1	5/1/2024	4/30/2025	Base Contract	\$762,384
Year 2	5/1/2025	4/30/2026	10% contingency	\$76,238
Year 3	5/1/2026	4/30/2027	Contract Total	\$838,623
Year 4	5/1/2027	4/30/2028		
Year 5	5/1/2028	4/30/2029		

**FISCAL/RESOURCE IMPACT**

The Community Services Department's FY 2024 Adopted Operating Budget has sufficient funding to absorb the cost of the contract implementation and integrations. Additional budget allocation is required for the following fiscal years, as the ongoing budget allocated for both Children's Theatre and JMZ is \$50,000 and is insufficient. Funding for future years will be subject to Council's adoption of future budgets, and if necessary, requests for additional funding in alignment with escalating contract costs will be brought forward as a part of the City's annual budget development process. Further information on the FY 2025 Proposed Budget regarding the Junior Museum & Zoo including cost recovery and this new software cost can be found in a Finance Committee discussion on May 7, 2024<sup>1</sup>.

**STAKEHOLDER ENGAGEMENT**

Visitors and members are asked to complete online surveys with questions about frequency of visits, satisfaction with experience, ticket pricing, and preferences regarding membership structure, and benefits.

Stakeholders in the selection of the software included key city staff members from the Community Services Department including the JMZ and Children's Theater, as well as the City's IT and Purchasing Departments.

**ENVIRONMENTAL REVIEW**

Council action on this item is not a project as defined by CEQA because the approval of ticketing software does not involve any activity which may result in potentially significant impact on the environment per the California Environmental Quality Act. CEQA regulation 15061(b)(3).

**ATTACHMENTS**

Attachment A: ACME Contract C24188409B

**APPROVED BY:**

Kristen O'Kane, Community Services Director

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<sup>1</sup> Finance Committee, May 7, 2024, Agenda Item #6,  
<https://portal.laserfiche.com/Portal/DocView.aspx?id=72037&repo=r-704298fc&searchid=95493b5f-8a36-4534-9c94-1498ed237b95>