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Item No. 10

OCT 18 2017

City of South Gate

CITY COUNCIL

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

10:10am

AGENDA BILL

For the Regular Meeting of: October 24, 2017

Originating Department: Police Department

Department Head: Randall Davis City Manager: Michael Flad

SUBJECT: AGREEMENT WITH RING, INC., TO PARTIALLY FUND SECURITY PRODUCTS TO SOUTH GATE RESIDENTS AS PART OF THE CITY'S PARTICIPATION IN "EYE ON SOUTH GATE, SECOND GLANCE PROGRAM"

PURPOSE: To approve an Agreement with Ring, Inc., to partially subsidize security related products (video doorbells, wired spotlights, battery operated spotlights and floodlight cameras) for residential use within the City. Residents will be able to purchase directly from Ring, Inc., at a reduced price, offered for a limited time and for a limited quantity.

RECOMMENDED ACTIONS:

- a. Approve Agreement with Ring, Inc., to provide specific security related products for residential use within the City to residents at a reduced price, for a limited time and for a limited quantity, to be purchased directly from Ring, Inc.;
- b. Appropriate \$10,000 from the unassigned Asset Forfeiture Fund to the Fiscal Year 2017/18 Asset Forfeiture Fund budget as subsidy to reimburse Ring, Inc., for up to 200 security devices at \$50 per unit; and
- c. Authorize the Mayor to execute the Agreement in a form acceptable to the City Attorney.

FISCAL IMPACT: None to the General Fund. If the City Council approves the recommended action, the amount of \$10,000 will be appropriated from the unassigned Asset Forfeiture Fund to the Fiscal Year 2017/18 Asset Forfeiture Fund budget.

ANALYSIS: Ring, Inc., is the manufacturer and distributor of home security devices, which allow residents to electronically monitor outdoor and indoor activity using wired and battery operated cameras. Ring, Inc., proposes to discount the sale of its products, and to offer those savings to City residents using an online code. The City proposes to participate in this program, entitled "Eye on South Gate, a Second Glance," by subsidizing a portion of the discounted pricing at the rate of \$50 per unit, one per household, not exceeding the aggregate sum of \$10,000, as a way of promoting its crime prevention programs. The City will benefit from the program through anticipated crime prevention assistance to and from City residents. It is also expected that the rate of false alarms will decrease as the security devices alert the resident without the necessity of an immediate police response.

BACKGROUND: Technology advances have improved home security devices, allowing for video cameras to be placed in door bells, and spot light and flood light devices, operated by batteries or through wired connections. Using this technology, a resident may be alerted to the presence of an intruder, and/or monitor activity around the perimeter of the house, using the connectivity between these devices and personal cell phones, tablets and/or computers. Such devices help to deter criminal activity in the area and provide added home security.

Representatives of Ring, Inc., and Chief of Police Randall Davis have discussed the City's participation in a limited, city-wide program offered to City residents for use within the City, in which products manufactured and distributed by Ring, Inc., would be offered at a discount rate, subsidized in part by Ring, Inc., and in part by the City. For example, a security device offered generally at the retail price of \$200, would be discounted by Ring, Inc., to \$100, a savings of \$100. Ring, Inc., and the City would agree to split the cost of such discounted pricing, with the City paying Ring, Inc., \$50 per discounted unit. Under the proposed program, the City would subsidize 200 units placed in residential housing within the City's boundaries, one unit per household. Property owners renting single family homes to tenants would not be eligible to participate unless the unit was used specifically for the rental. Because it is anticipated that demand may be greater than the number of units subsidized by the City's, each household would be limited to one discounted, subsidized product. Other products are available at reduced pricing, but are not a part of the City's subsidy.

ATTACHMENT: Proposed Agreement with Ring, Inc.

This letter of agreement (“Agreement”) sets forth the agreement and understanding as to the essential terms of participation by the City of South Gate, a California municipal corporation (the “City”) and Ring Inc., a Delaware Corporation (“Ring”) in the “Eye on South Gate, a Second Glance” program. The parties intend this Agreement to be binding and enforceable upon execution by authorized individuals.

1. **Program.** Subject to the terms and conditions of this Agreement, Ring and the City agree to collaborate on the distribution of the Ring Video Doorbell 2, Ring Video Doorbell Pro, Ring Spotlight Cam Wired, Ring Spotlight Cam Battery, and the Ring Floodlight Cam (each a “Product” and collectively, the “Products”) to eligible residents of the City (“Residents”).
2. **Ring Responsibilities.**
 - a. **Promotional Codes.** Ring agrees to provide the City with the following unique promotional codes that will be valid commencing on the date mutually agreed to by the parties and will remain valid for ninety (90) days thereafter (such period, the “Promo Period”).
 - i. **Product Promotional Code.** Ring will provide the Residents with a unique code valid towards a one (1) One Hundred Dollar (\$100.00) off discount on the sales price for one Product available for purchase by Residents on the <http://www.ring.com> website. (“Product Promotional Code”). Ring will limit the distribution of the Product Promotional Code to one Resident household and each Product Promotional Code may only be used once per Resident household.
 - ii. **Discount Promotional Code.** Ring will provide the City with a unique discount promotional code valued at a Thirty Dollar (\$30.00) price discount per Product (“Discount Promotional Code”). The City may distribute up to two (2) Discount Promotional Codes per Resident household which each Resident household may use to purchase up to two (2) additional Products.
 - iii. **Accessories Discount Code.** Ring will provide the City with a unique accessories discount code valued at a twenty percent (20%) discount towards Ring accessories for the Products (“Accessories Discount Code”). The Accessories Discount Code may not be applied to the Ring Video Recording service or non-Ring accessories that may be available for purchase for the Products.
 - b. **Order Fulfillment.** Each Resident shall provide Ring with the information required for Ring to complete delivery the Product (including name, address, email address, etc.). Standard delivery is included with each Product free of charge. Ring will use commercially reasonable efforts to ship the Products within three (3) business days from date the order was placed.
 - c. **User Support.** Ring shall provide its customary end user support and product warranty (available at <http://www.ring.com/warranty>) for all Products purchased by Residents.

- d. **Marketing Support.** Ring will provide the City with internal product support (namely, product education) and will provide the City with access to marketing materials prepared by Ring that the City may use in its marketing efforts.
 - e. City assumes no liability or responsibility on behalf of Ring or any Resident for the operation, warranty, defect or other type of claim or obligation related to or arising from any product or service provided by Ring to any Resident, including but not limited to direct or consequential damages. The City shall not be responsible for providing end user support or product warranty information.
3. **City Responsibilities.**
- a. **Marketing.** The City will market, advertise, and promote the Products to Residents during the Promo Period in an effort to maximize the sales volume of the Products. The City may use marketing materials provided by Ring or may create its own marketing materials (“City Materials”), provided that any city Materials shall be subject to Ring’s prior written approval. The City will ensure that it has obtained any required rights or clearances to use the City Materials as contemplated herein. The City shall refrain from communicating any information with respect to guarantees or warranties regarding the Products, except such as are expressly authorized by Ring in writing or are set forth in Ring’s literature or other promotional materials. The City grants Ring a non-exclusive, royalty-free license to use, distribute, reproduce, modify, adapt, prepare derivative works of, and publicly display the City Materials in any media format or medium, now known or hereafter invented, and through any media channels (including through Ring social networks sites). The City may revoke said license, with or without cause, upon thirty days (30) written notice, upon which Ring shall cease and otherwise refrain from using, distributing, reproducing, modifying, adapting, preparing derivative works of, and publicly displaying the City Materials in any media format.
 - b. **Feedback and Results.** The City will provide Ring with any feedback and/or results reasonably requested by Ring with respect to the impact on the City and the Residents including, but not limited to, installation and use of the Products, as well as available crime statistics.
 - c. **Sales Contribution Amount.** Ring will provide the City with a report of all Residents that exercised their Product Promotional Code during the Promo Period. The City shall pay to Ring a Fifty Dollar (\$50.00) subsidy towards each exercised Product Promotional Code (“Contribution Amount”). The Contribution Code will be capped at Ten Thousand Dollars (\$10,000). The City shall pay Ring the total reported Contribution Amount within thirty (30) days from receipt of the report.
4. **Confidentiality.** Each party shall protect, safeguard, keep secret and retain in strictest confidence, and shall not, without the prior written consent of the other party, furnish, make available or disclose to any third party any Confidential Information of the other party. As used herein, “Confidential Information” of either party will mean any information relating to business or affairs of such party or its products, whether orally or written, electronic, or other form or media, and whether or not marked, designated or

otherwise identified as "confidential" including but not limited to: intellectual property rights, information relating to financial statements, business strategies and plans, customer identities, customer accounts, potential customers, employees, suppliers, servicing methods, equipment, programs, style and design strategies and information, analyses, profit margins, or other proprietary information used by such party in connection with its business. Confidential Information excludes information that, at the time of disclosure and as established by documentary evidence: (a) is or becomes generally available to and known by the public other than as a result of, directly or indirectly, any breach of this paragraph by the receiving party or any of its representatives; (b) is or becomes available to the receiving party on a non-confidential basis from a third-party source, provided that such third party is not and was not prohibited from disclosing such Confidential Information; (c) was known by or in the possession of the receiving party before being disclosed by or on behalf of the disclosing party; or (d) must be disclosed under applicable law. Each party will make sure that the Confidential Information is disclosed only to those of its representatives whose functions require that they obtain access to the Confidential Information to carry out the purpose of this Agreement. Each party shall be responsible for any breach of this paragraph caused by any of its representatives. Ring acknowledges that this Agreement is a public document pursuant to the California Public Records Act.

5. Governing Law; Fees. Any controversy or claim arising out of or relating to this Agreement will be resolved pursuant to the laws of the State of California (without reference to conflict-of-laws principles) EXCLUSIVELY in a court of competent jurisdiction located in the State of California; Los Angeles County; provided that nothing shall restrict Company or the City from seeking equitable relief in any court of competent jurisdiction to prevent or address a breach or threatened breach of this Agreement. If any party institutes any legal action or proceeding against the other arising out of this Agreement, the prevailing party in the action or proceeding is entitled to receive, and the non-prevailing party shall pay, in addition to all other remedies to which the prevailing party may be entitled, the costs and expenses incurred by the prevailing party in conducting the suit, action or proceeding including reasonable attorneys' fees and expenses, court costs and other expenses.
6. Entire Agreement. This Agreement constitutes the entire agreement between the parties in connection with the subject matter hereof and supersedes all agreements, proposals, representations and other understandings, oral or written, of the parties.
7. Public Announcement. All press releases and public announcements relating to the City's participation in the Program will be agreed to and prepared jointly by the parties.
8. Counterparts. Delivery of an executed signature page of this Agreement by facsimile, electronic mail in portable document format (.pdf) or by any other electronic means has the same effect as delivery of an executed original of this Agreement.

If you are in agreement with the terms of this Agreement, please sign and date in the space provided below and return a signed copy To August Cziment. Upon receipt of a signed copy of this Agreement, Ring will proceed with consummating the transaction discussed herein in a timely manner.

CITY OF SOUTH GATE

Date: _____

Maria Davila, Mayor

ATTEST:

Carmen Avalos, City Clerk

(Seal)

APPROVED AS TO FORM:

DRAFT

Raul F. Salinas, City Attorney

RING INC.

Date: _____

By: Mel Tang
Title: CFO