

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	December 17, 2012
	Agenda Item No.	34
	Roll Call No.	<u>12-1945</u>
	Communication No.	<u>12-630</u>
	Submitted by:	Benjamin R. Page, Director of Park and Recreation

AGENDA HEADING:

Accepting proposal from the Active Network, Inc. for online park and recreation registration, reservation and payment services, and approving contract and authorizing execution of contract for same.

SYNOPSIS:

Acceptance of recommendation that the proposal submitted by Active Network, Inc. (James Reyers, General Manager, 10182 Telesis Court, Suite 100, San Diego, California, 92121) for the provision of Park and Recreation program and facility online registration, reservation and payment services be accepted and authorization for the City Manager to execute a three (3) year contract with a three (3) year renewal option for provision of the same.

FISCAL IMPACT:

Amount: \$51,131.00 one-time hardware, start-up, training and licensing expense and trainer traveling expense.

Funding Source: FY 2013 Operating Budget, City-Wide Training and Benchmarking Fund, SP720, page 129.

Amount: \$16,284.94 projected net increase in transaction fee and software usage expense, based on an estimated annual supplier charge of \$27,468.00 compared to current expenses of \$11,183.06 for existing admissions or reservation- and registration-related system fees.

Funding Source: Fiscal Year 2012-13 Operating Budget, Park and Recreation GE001 PKS010100 (General Administration), page 158.

ADDITIONAL INFORMATION:

The Park and Recreation Department (Parks) would like to expand and enhance its online capacities and services in order to provide additional efficiencies to a decreasing work force, meet consumer technology expectations, improve customer service, enhance departmental marketing capabilities and compete with other municipal agencies in the metro area that currently provide these services. Parks currently offers online rental capabilities only for park shelters and wading pools and program registration only for the Mayors Annual Bike Ride. Expansion and enhancements would increase the online program to include nearly all Park facilities, events and programs including sports teams and lessons.

In 2001, the Information Technology (IT) Department assisted Parks in purchasing and configuring the present system, which is offered through Event Pro, to meet the needs of Botanical Center and Parks Administrative staff in moving from a manual to a computerized reservation process. The IT Department has continued to administer the system. Through the years, Event Pro has adapted and updated its system to meet the demand of its customers, including the City, and in 2008 worked with IT and Parks to launch the online shelter and wading pools reservation service; a limited event registration update to the program was added later.

The public rented 52% of the 570 open-air shelter reservations, 23% of the 665 enclosed shelter reservations, and 30% of the 90 wading pool reservations online in 2011. Although Event Pro has altered its system to accommodate the City's online need, it does not offer the advanced functions necessary to facilitate the public's demand to register for events, sports teams and lessons electronically and to have their profile "on-file" with the system for ease and speed in repeat reservations. The capacity to provide facility pictures, park maps, and park amenity information in a webpage format, which has become the industry standard, is not included in the system but rather must be provided by IT.

In August 2012, the City's Procurement Agent solicited requests for proposals number (RFP) V13-015 for facility reservations, on-line registration for Park and Recreation programs, recreation management software, and memberships from three vendors; two responded. In addition to the Active Network, Inc. proposal, Vermont Systems (John Willey, Vice President – Sales, 12 Market Place, Essex Junction, Vermont 05452) submitted a proposal for \$80,855.00. After thorough review by an evaluation and selection committee comprised of IT, Finance and Park staffs, Active Network is recommended.

Active Network's system will increase the span of Parks services offered online, to better meet the public's technology expectations and round-the-clock accessibility, which will in turn free-up staff time to perform other functions. Currently four (4) Parks administration employees spend a portion of their time handling phone and walk-in facility reservations. Reservations always trump the list of duties, therefore delaying completion of other important functions such as payroll and bills payable. One of the greatest benefits of this new system is that it will allow development of improved databases and tracking of the thousands of annual recreational customers for cross-marketing of recreational programming as well as business volume at community centers, pools, the marina and Gray's Lake's rental concession. In addition to the 36 park shelters and twelve wading pools currently available for online reservations, the following facilities, services, and programs will now become available online at the City's website:

- rental of five aquatic centers/pools;
- rental of Gray's Lake Terrace and open-spaces;
- rental of formal gardens (Union Park, rose, lilac);
- rental of Four Mile and Pioneer-Columbus Community Centers' meeting rooms and gymnasiums;
- rental of Sylvan Theater;
- permitting of trail events;
- permitting of sports practices for nine softball and various other fields;
- sale of season swim passes (over 3,500 issued in 2012);
- activity-level monitoring of sales at aquatic facilities and Birdland Marina/Gray's Lake concessions;
- activity-level monitoring of community center fitness facilities; and

- registering for 48 recreation programs such as swim lessons, softball, basketball, pickle ball and Yoga in the Park, which collectively account for over 40,000 participants annually.

The company's recreation management software will provide the additional capabilities of automated receipts, email confirmations, reminders to customers, and customer service satisfaction surveys, and can provide a variety of detailed reports including rosters of paid participants, participant information, revenue, expenses, league scheduling, and auto-emailing functions. The majority of statistics for recreational program reports are now generated by hand; system capabilities will result in substantial staff time savings and enhance administrative capabilities.

Free marketing support and tools designed to increase online transactions, increase revenue, and save staff time will also be provided. The lack of a central database to track users and participant statistics will no longer be an issue. With the system's tools, existing customers will be informed of the latest offerings through email, social media, and text messaging.

Parks does not charge the consumer a credit card or transaction fee for non-cash transactions involving any of its services and programs, including admission to swimming pools, swimming lessons, facility rental, sports registrations, etc.; FY 2012 expenses for cash register and on-line admissions and reservation- and registration-related fees totaled \$11,183.06 and included \$3,954.39 for credit card transaction fees, \$2,444.67 for Event Pro's annual fees, and \$4,784.00 for Midlands Business Equipment's maintenance charges for cash drawer and credit card readers. Estimated annual Active Network charges of \$27,468.85 will include these fees, as well as, support, maintenance and system updates at least one time per year.

Active Network customers typically see an average 9% increase in program registrations which are brought about by online registration services. Over time, this and new cross-marketing activities could increase revenue and help offset the additional annual expense. The number of online transactions cited previously is also expected to increase over time. Active Network is a hosted service and therefore will not be technically supported by the City's IT Department, which will save their staff significant time in required support for these functions. Overall, Active Network's automatic software upgrades, 24/7 support and maintenance, credit card processing services, twice-monthly reconciled remittances, and a 40% reduction of staff-assisted transactions would result in considerable staff time savings for the City.

In addition to the annual charges of the three (3) year service contract, up-front, one-time training and hardware costs are \$51,131.00, including software licensing of \$2,400.00, a project initiation fee of \$5,300.00, implementation and training expenses of \$21,500.00, and hardware expense of \$17,931.00. Active will provide comprehensive staff training, including approximately 14 days of on-site sessions for up to ten (10) employees and eight (8) days of off-site teleconference training for up to eight (8) employees prior to a projected partial implementation in June 2013. Parks will also incur an additional airfare expense for four (4) trips (approximately \$1,000.00 each) by the trainer. The hardware package includes fourteen credit card entry devices, fourteen point-of-sale cash drawers, twelve point-of-sale receipt printers, three (3) membership card printers for pool and fitness center passes, seven (7) membership card scanners, and eight (8) cameras.

The standard Active Network contract limits the company's indemnification and liability by capping it at one (1) or two (2) times the annual amount that it is paid by a park and recreation organization. The company's standard contract also limits the types of claims that it will indemnify. During contract negotiations, City staff was able to get this cap lifted, with unlimited indemnification on Active

Network's liability for the following types of claims: personal injury; property damage; criminal activity; and infringement of intellectual property rights. Under the contract, Active Network also agrees to indemnify the City for unauthorized use or disclosure of personally identifiable information or other confidential data or records but their indemnification to the City is limited to \$200,000.00 per matter, which is less than the Legal Department recommends. While the Legal Department has concerns about this lack of complete indemnification, during the negotiation process, Active Network has agreed to increase their indemnification of the City well beyond their standard contract terms and the contract, as a whole, is reasonable.

About Active Network: Active Network is a leading provider of organization-based cloud computing applications and is publically traded under the symbol "ACTV" on the New York Stock Exchange (NYSE). Its independent auditor's report with financial statements can be found at <http://investors.activenetwork.com/phoenix.zhtml?c=179599&p=irol-reportsannual>. The Active network is a 10-year-old company headquartered in San Diego and has over 25 offices worldwide with more than 3,300 employees. They currently serve over 50,000 global customers and drive over 80 million transactions annually.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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