



## INNOVATION TECHNOLOGY DEPARTMENT

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### CITY COUNCIL STAFF REPORT

Meeting: November 15, 2022

#### Subject

Consider authorizing the City Manager to execute a First Amendment to Active Network, LLC., Product and Services Agreement, to renew Active Network Recreation Management Services Software Solutions for \$1,430,000, plus a contingency of \$143,000 over five years for a total cost of \$1,573,000.

#### Recommended Action

Authorize the City Manager to execute a First Amendment to Active Network, LLC., Product and Services Agreement to renew Active Network Recreation Management Services Software Solutions for \$1,430,000, plus a contingency of \$143,000 over five years for a total cost of \$1,573,000.

#### Background

Active Network Recreation Management Systems (Active Network) is a scalable cloud Software as Service (SaaS) solution that offers core Park and Recreation solution for activity registration, membership management, facility management, childcare management, point of sale and other services. Based in Dallas, Texas, Active Network is the largest global provider of integrated technology solutions for activity and participant management. The City of Cupertino has utilized Active Network for the last five years to improve efficiency and reduce the cost and complexity of managing activities, programs, and events.

There are a total of 1,250 agencies using Active Network. Agencies in Northern California that use Active Network solutions are:

- City of San Francisco
- East Bay Regional Park District
- City of Redwood City
- City of San Jose
- City of Sacramento
- Hayward Area Recreation and Park District
- City of Fremont

The City Council first approved a five-year agreement with Active Network in the amount of \$1,058,754 on November 21, 2017, for Recreation Services Management System subscription (RSM) service.

Over the past five years Cupertino has successfully utilized Active Network's RSM solution. Active Network RSM fees are based on a transaction-based model, the City is responsible to pay for only what is used and are not tied to set licensing and maintenance fees. The transaction fees cover the full cost of software usage, including unlimited users, regular maintenance and upgrades, cloud hosting, and payment processing charges. This amount will vary based on transaction volume, payment types, and actual receipts.

Two additional Active Net products were added in FY21: Data Hub (provides enhanced reporting) and the Connect App (provides electronic self-check-in capability) for a total additional cost of \$18,000/year.

The breakdown of revenue earned, and the amount paid to Active Network in fees over the past five years:

Year	Revenue	Paid Active Network
FY19	\$3,868,424.97	\$159,620.11
FY20	\$4,076,111.56	\$197,013.99
FY21	\$3,006,325.65	\$139,540.36
FY22	\$4,901,675.49	\$241,980.38 *
FY23 thru Oct 31, 2022	\$2,053,854.41	\$111,274.49 *

\* Includes \$18,000 for Data Hub and Connect App

#### Discussion

Staff are recommending extending the existing Active Net contract for 5 years to continue efficient uninterrupted operations for Cupertino's Park and Recreation customers.

To replace the existing Active Net applications with either in-house developed solutions, or other vendor competing products would increase the cost (due to additional implementation and integration fees).

The projected annual cost for Active Net solutions over the next five years is \$286,000 for a total cost of \$1,573,000. This value is based on Active Net RSM revenue collected over the past twelve-month period plus the annual cost (\$18,000) of Data Hub and Connect App. Additionally, staff is requesting a 10% contingency to cover anticipated growth of the Parks and Recreation program.

#### Sustainability Impact

Active Network software has reduced the volume of paper used for customer transactions, conserving natural resources, and reducing greenhouse gases generated during the production and disposal of paper. When possible, staff leverage the improved software to email receipts and permits. Additionally, in time, more customers are expected to complete permit requests online, further reducing vehicle travel and use of paper. Implementation of paperless office strategies like this one are prioritized in Cupertino's Climate Action Plan (M-SW-1).

Fiscal Impact

Existing Recreation Management Software System maintenance and SaaS subscription funding is allocated in the Innovation & Technology Department to fully fund the implementation and subscription cost of Active Network Recreation Management System as outlined in the recommended agreement.

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Prepared by: Nidhi Mathur, Applications Manager

Reviewed by: Bill Mitchell, Chief Technology Officer

Approved for Submission by: Pamela Wu, City Manager

Attachments:

A – First Amendment to Active Network, LLC., Product and Services Agreement

B – Proof of Insurance

C – Active Network, LLC., Product and Services Agreement

D – Sole Source Letter