



Pricing Proposal - ActiveNet City of Costa Mesa

Date: October 27, 2010

Sukh Sanghera, Sales Manager

Tel: 800.661.1196 x 1207

Sukh.Sanghera@ActiveNetwork.com

This proposal is confidential and is for the exclusive use of the intended recipient(s). Any retransmission, reproduction or distribution by others without the express permission of the sender is strictly prohibited. Please promptly contact the sender if you are not an intended recipient and delete all copies.

Table of Contents

THE MARKET VALUE OF CONVENIENCE FEES	4
EXPLANATION OF ACTIVE’S TRANSACTION FEES	5
CHART OF TRANSACTION FEES:	6
HOW DO I COLLECT MY CREDIT CARD REGISTRATION FEES?	7
REMITTANCE OPTIONS	7
PRICING PROPOSAL	8
SOFTWARE AND MAINTENANCE FEES	8
PROFESSIONAL SERVICES	8
THIRD PARTY HARDWARE	9
QUOTE SUMMARY	9
ANNUAL HOSTED MINIMUMS	10
ASSUMPTIONS FOR PRICING	11
APPENDIX 1: DETAILED EXPLANATION OF CONSULTING SERVICES	12
APPENDIX 2: ADVANTAGES OF CHOOSING ACTIVE	13

The Active Network
6400 Roberts Street, Suite 160
Burnaby, BC Canada V5G 4C9
P: 800.661.1196

Attn: Ms. Lisa McPherson
City of Costa Mesa
1860 Anaheim Ave
Costa Mesa, CA 92627

RE: Recreation Management Software

Dear Ms. McPherson,

On behalf of The Active Network (TAN), I would like to thank the City of Costa Mesa for the opportunity to speak more about the benefits of our ActiveNet solution and how it will help you exceed the business needs we spoke about during our discussions.

Our ActiveNet solution is a full-featured parks and recreation management solution, designed to give your team secure, on-demand access to your organization's data from any computer with an Internet connection. The Active Network (TAN) hosts and manages your data securely, off-premise, using the latest technology infrastructure. As a result, you avoid major upfront investments in computer hardware, software licenses and web servers. There are no ongoing software maintenance or technical support fees. With our flexible transaction-based pricing model, your **only** upfront costs are for consulting services to help your staff engage in thorough training in order to use the system effectively and to its full capacity.

The Active Network and its divisions have been serving the needs of municipal agencies for over 30 years and have cemented our status as the industry leader with regards to technology and marketing solutions for recreation management agencies. Some cities that we work with include the **San Jose, Lynwood, Laguna Niguel, Monterey Park and Pasadena**. I am more than happy to put you in touch with them so that you can speak with your peers about why so many of them choose Active to manage their business as opposed to anyone else.

This Proposal is for our ActiveNet solution which includes automated program registration, facility reservations, membership/pass management, point of sale, reporting and league scheduling. It will also include the capacity for Online activity registration, internet facility reservation, internet membership sales and renewal and internet league scheduling. Future considerations for marketing, golf course management, day care management, kiosks, website creation and management and 311 solutions have not been included but are available for discussion if you select us as the preferred vendor.

This letter of transmittal confirms our status as a vendor interested in a long-term partnership with you to provide our consulting, marketing and software services as outlined in this Proposal. If you have any questions, please contact me at 800.661.1196 x 1207 or by email at Sukh.Sanghera@ActiveNetwork.com.

Yours Sincerely,

Sukh Sanghera, Sales Manager – Strategic Accounts

The Market Value of Convenience Fees

Now more than ever, people value their time and the luxury of convenience ...and they are willing to pay for it. Every day, consumers make the choice to incur charges for the sake of convenience:

- \$1.50 to withdraw \$50 from the ATM
- \$2.50 to pay the city a parking ticket online
- \$4.50 to have a book delivered at home
- \$7.50 to book a concert ticket on the Internet

This consumer paid \$16.00 in charges, saved \$10.00 in gas and parking, and avoided three hours of travel time and line-ups – time that can be better spent with family and friends.

Market Convenience Charges

Convenience is a service that people demand and are willing to pay for. Using ATM machines can cost anywhere from \$1.50 to \$3.00 – even when withdrawing just \$20 – yet going to the bank during office hours and standing in line is just not a viable alternative for many. According to the American Reserve Bank of San Francisco, “there are approximately 371,000 ATMs in the United States that process 30 million transactions per day.” Millions of dollars in transaction fees are being paid each day for this service.

Ticketmaster is the world’s leading ticketing company. Rather than traveling to the box office and standing in line, people pay convenience charges ranging from \$5.50 to \$20.25 per ticket to secure their seat online. There are also many convenience fees that are hidden in the price of goods and services, including vending machines, cell phones, and pay-per-view movies. People today are working longer hours and are short on time. They want time-saving products and services.

Internet Trends

This is a major reason for the success of online commerce. Current trends show that over 92 percent of American adults have Internet access (Nielsen/NetRatings, 2009). And 80 percent of online adults believe that the Internet offers them a good way to conduct their everyday business like online banking, shopping, or buying tickets (Pew Internet & American Life Project, 2008). Convenience and time savings are the main reasons consumers value online transactions.

Online Convenience Fee

Active offers a unique pricing model, whereby your customers help support your investment in an automated solution: they pay a small convenience fee for each online transaction. For example, a mother registering her son for soccer will pay less for the convenience of registering from home than for her morning café latte. It will also save her the time spent in long line-ups and gives her the ability to register at any time of the day.

Why Your Customers Will Participate

Customers value having access to activities, programs, and facilities, 24 hours a day, 7 days a week. They like to research and shop at their leisure. Rather than traveling to your facilities during hours of operation, many will be willing to pay the small online fee to register from home or the office at their convenience.

How do we know? Our customers have achieved online registration rates as high as 80 percent of total registrations in their first season! Offering online transactions has helped these organizations invest in technology, improve customer satisfaction, and maximize community participation. Over the years, we have seen this trend increase as more community service organizations choose to focus less on IT and more on what they are good at – promoting recreation and customer service. To date, we have over a quarter of our customers using this model and more switching over from our traditional client/server model every year!

Explanation of Active’s Transaction Fees

As a fully-hosted, transaction-based technology tool, ActiveNet virtually eliminates the need for costly software and IT infrastructure investments.

Safe, Secure and Fully-Hosted

The Active Network owns and maintains the entire database and web server infrastructure hosting your ActiveNet product, meaning low-cost automation for your team. We provide our own merchant account (so you don’t have to), securely process all online and offline transactions and safely store your data.

How Does the Fee-Based Transaction Model Work?

The Active Network classifies transactions as either “Online” or “Offline” and then charges a fee based on the type of transaction.

“Online” Transactions (Credit Card Only)

When a participant registers and pays for a class over the Internet, The Active Network charges a transaction fee to the registrant. This fee is in addition to your class/program fee.

Online Credit Card Transactions	
Class/Program Fee:	\$40
Online Transaction Fee (6.5% + .50)	\$3.10
Participant Pays:	\$43.10
Organization Keeps:	\$40
The Active Network Keeps:	\$3.10

4 Easy Options:

1. Pass the Fee On To Your Participant
2. Organization Can Absorb The Fee
3. Organization Can Split 50/50 between Absorbing and Passing on
4. Charge the Participant a Flat Fee and Organization Absorbs the remainder

“Offline” Transactions (Walk-in; Phone-in; Mail-in)

When a participant registers and pays for a class on site (or offline) with either cash, a check or credit card, the Organization is charged the transaction fee, not the participant. Cash and check payments are charged a 1.5% fee per transaction. Offline credit card payments are charged a 3.75% transaction fee.

Offline Cash/Check Transactions		Offline Credit Card Transactions	
Class Fee:	\$40.00	Class Fee:	\$40.00
Cash/Check Transaction Fee 1.5%	\$0.60	Credit Card Transaction Fee 3.75%	\$1.50
Participant Pays:	\$40.00	Participant Pays:	\$40.00
Organization Nets:	\$39.40	Organization Nets:	\$38.50

Chart of Transaction Fees:

Offline Transaction Fees	
Cash/Check	1.5%
Credit Cards	3.75%

Online Transaction Fees	
Credit Cards (\$0-149)	6.5% (plus \$0.50)
Credit Cards (\$150-499)	3.5% (plus \$5)
Credit Cards (\$500-plus)	2.5% (plus \$10)

Cash/Check Transaction Fee:

This figure is based on 1.5% transaction fee, and covers unlimited technical support; new updates; hosting/maintenance of data; back-ups every 30 minutes.

Credit Card Processing Fee:

This figure is based on 3.75% transaction fee (1.5% + 2.25%). This is in lieu of the credit card processing fees you currently pay to third party vendor.

Online Transaction Fees:

Participants will pay a convenience fee of 6.5% plus \$.50 (your organization will not pay a transaction fee for online transactions.) This 6.5% covers the cost of the following that the Customer currently incurs by processing its own credit cards:

- The different rates charged by different credit card companies (e.g. Discover charges higher fees than Amex and MasterCard, with Visa being the lowest)
- PCI Compliance
- Cost of payment servers and infrastructure
- Cost of Software Security License (SSL) certificates and Merchant Accounts
- The flat fees charged by credit companies on each transaction
- Higher rates for affinity or frequent flyer cards
- Higher rates for International cards
- Hidden fees associated with the Payment Gateway that sits between the retailer and the bank:
 - Deposit
 - Authorization
 - Transfer of funds from gateway to bank account
- Assessment charges from the bank or clearinghouse
- Interchange fees from the bank or clearinghouse

Immediate and Significant Savings

- No software installation, updates, and licensing or maintenance fees
- No need to purchase costly servers AND replace your hardware every 3 years on average
- No fees to connect multi-site organizations or additional users
- No need for your own merchant account
- Be open 24x7. Let your patrons do business with you when it's convenient for them via online

How Do I Collect My Credit Card Registration Fees?

The Active Network mails or direct deposits bimonthly or weekly payments of the class registration fees collected through online (and offline) credit card transactions. The 6.5% plus .50 transaction fee paid for by the participant is retained by The Active Network. Active will remit your monies weekly (annual fee charged) or bi-weekly (no annual fee) and you can pull a remittance report that shows you details on all of the transactions processed (see side panel).

Page 1 of 2		Agency Payment Report					1/23/2008 1:04 PM	
Receipt Date/Time: From Jan 1, 2008 through Jan 23, 2008								
Sites: Central Community Center, Diamond complex, East Senior Center, Hudson Community Education and Recreation, West Sports Center								
Group by Site								
Count	Date	Amount Paid	CC Amount	Receipt Amt	CC Fee	TransFee	Amt Due	Org
Central Community Center								
1	1/4/08 7:39 AM	1000726.005	\$9.00	\$0.00	\$9.00	\$0.00	\$0.14	-\$0.14
2	1/4/08 7:43 AM	1000727.005	\$6.00	\$0.00	\$6.00	\$0.00	\$0.09	-\$0.09
3	1/4/08 7:44 AM	1000728.005	\$4.00	\$0.00	\$4.00	\$0.00	\$0.06	-\$0.06
4	1/4/08 7:45 AM	1000729.005	\$9.50	\$0.00	\$9.50	\$0.00	\$0.15	-\$0.15
5	1/4/08 7:46 AM	1000730.005	\$1.50	\$0.00	\$1.50	\$0.00	\$0.03	-\$0.03
6	1/4/08 7:46 AM	1000731.005	\$5.00	\$0.00	\$5.00	\$0.00	\$0.08	-\$0.08
7	1/4/08 10:34 AM	1000732.005	\$100.00	\$0.00	\$100.00	\$0.00	\$1.50	-\$1.50
8	1/4/08 10:35 AM	1000733.005	\$119.00	\$0.00	\$119.00	\$0.00	\$1.79	-\$1.79
9	1/4/08 11:57 AM	1000734.005	\$6.00	\$0.00	\$6.00	\$0.00	\$0.09	-\$0.09
10	1/15/08 2:08 PM	1000736.005	\$53.00	\$0.00	\$53.00	\$0.00	\$0.80	-\$0.80

Remittance Options

The Active Network offers a few remittance options.

- 2 week remittance via check (standard) \$0 per year annual fee
- 2 week remittance via ACH \$1,000 per year annual fee
- 1 week remittance via ACH \$2,000 per year annual fee
- Daily remittance via ACH \$3,000 per year annual fee

The 1 week remittance is included in the pricing proposal. The Active Network will remit via check to the City all credit cards fees collected minus the transaction fees for a one week period. Below is an example period:

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				<u>1</u>	<u>2</u>	<u>3</u>
<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>
<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>24</u>
<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>30</u>	1

Any transaction taking place between Monday, the 5th from 12:00 am until Sunday, the 12th at 11:59 pm will be paid via the remittance on Monday, the 12th. Therefore, the date of the transaction will determine the timeliness of the funds being returned to the Department.

Pricing Proposal

Software and Maintenance Fees

Module	Number of Licenses	License Cost	Total License Cost	Maintenance Fee	Implementation Service Days
QUOTES DOES NOT INCLUDE AIRFARE					
MODULE PRICING					
Registration	Unlimited	\$0	-	-	2
Reservation	Unlimited	\$0	-	-	2
Membership	Unlimited	\$0	-	-	2
Leagues	Unlimited	\$0	-	-	1
Point of Sale	Unlimited	\$0	-	-	1
Internet Registration and Reservation	Unlimited	\$0	-	-	2
Finance-Link to PeopleSoft	Unlimited	\$0	-	-	1
Reports	Unlimited	\$0	-	-	0
Weekly ACH/EFT Remittance – allows Active to remit to your bank account every week.	-	-	-	\$2,000/year	
Total License Cost			-		
Annual Maintenance Cost				\$2,000/year	

Professional Services

Description	On-Site or Off-Site	Implementation Service Days	Service Hours	Hourly Unit Rate	Extended Price
Pre-Project Planning and Documentation	Off	2	16	\$100	\$1,600
Project Management and Business Process Review	On	3	24	\$175	\$4,200
Registration Training and Implementation	On	2	20	\$100	\$2,000
Reservation Training and Implementation	On	2	20	\$100	\$2,000
Membership Training and Implementation	On	2	16	\$100	\$1,600
Leagues Training and Implementation	Off	1	8	\$100	\$800
General Settings	Off	1	8	\$100	\$800

Public Access Training and Implementations	Off	2	16	\$100	\$1,600
Financial Integration and Export to PeopleSoft	Off	2	16	\$175	\$2,800
Services Cost					\$17,400
Daily On-Site Fee (covers hotels, per diems, car rentals, food, etc.) – Only for On-site Training	On	12	-	\$333/day	\$3,996
Total Services Cost					\$21,396

Third Party Hardware

Hardware/Software Description	Quantity	Unit Price	Extended Price
Point of Sale Hardware			
USB MagTek Credit Card Reader	10	\$61	\$610
Total Hardware Cost			\$610

Quote Summary

Quote Summary	Totals
Total Software Cost	\$0
Total Maintenance Cost	\$0
Total Services Cost	\$21,396
3 rd Party Hardware	\$610
Total	\$22,006

Tax	47.28
Total	\$22,053.28

Annual Hosted Minimums

The Hosted Minimum is defined as the overall minimum amount that is paid to Active by the customer based on their annual revenues.

Active will use the lowest base price of offline transactions to calculate how much, as a minimum, you would pay to Active over the year. Since the lowest offline transaction percentage is 1.5% for cash/check, you would be guaranteed to put through at least \$12,000 on \$800K in annual revenues. This does not take into account credit cards for online transactions which are passed on to the customer. The more you push your business online, the lower fees you pay. **This fee is not paid to Active up-front.**

The Hosted Minimum amount is comprised of the Service Charge incurred through the day-to-day use of ActiveNet, plus the credit card processing fees generated by both Offline (over-the-counter) and Online (via Public Access) transactions.

If you process more than the annual hosted minimum, there will be no reconciliation needed.

Contract Based Revenue	Qty	Unit Price	Yearly Total	Contract Total
Annual Minimum <i>> covers off use of software, no need for infrastructure beyond computer with internet access, quarterly upgrades, technical support, access to: Customer Care webportal resources, Active Rewards, eMarketing Center. Comprised of all system-wide ActiveNet Service Charge and Credit Card Processing fees generated.</i>	1	\$12,000	\$12,000	\$12,000

Assumptions for Pricing

Onsite fees are exclusive of airfare and consulting fees. The following daily charges are applied to each day the consultant is scheduled to be working onsite.

Charge	3 or more days	2 days
Daily Onsite Fee	\$500 per day	\$800 per day

Onsite services: For larger projects, the first week of services and/or services associated with the primary modules are recommended to be onsite. The remainder of training may be performed remotely unless specifically required to be onsite (for hardware setup as an example).

Remote services: Savings associated with remote services are in airfare costs and daily onsite fees (above). Otherwise, remote services should be sold with the same parameters as onsite services. In other words, services are booked in 8 hour days (including lunch) over consecutive days, unless approved for smaller increments. Note that sites cannot simply 'turn off the clock' during remote services when they are not in contact with their consultant. Consultant time is reserved and is thus billable unless there is an issue on our end.

Number of participants: Training groups should be restricted to 5 users remote for remote services or 10 users for onsite. Our standard policy is to 'train the trainer', which shouldn't involve more than 5 or 10 people. It has been well proven that larger groups take significantly longer to train efficiently. Therefore, our service estimates are based on 5 person groups.

Extended hours/weekend services: After-hour services are *not* to be sold unless specifically approved by the Consulting – Administration Team, the Consultant and the Consultant's Manager. An additional \$75 per hour will be charged for extended hour/weekend services.

Hardware services (POS or MB): The services quoted in this guide reflect the time necessary to train on the setup of one set of supported hardware. Beyond the first set, setup of each additional set requires approximately 2 hours per unit. If the site wishes the consultant to set up all the hardware, add 2 hours per unit along with driving time to each location.

Hosted Minimums: Atlanta will guarantee to pay Active a minimum aggregate Service Charge of \$30,000 per calendar year based on \$2M in revenues. Atlanta shall pay to Active the difference between Minimum Annual Service Charge and the actual Service Charges collected by Active during such quarter, which will be billed at the end of each quarter beginning from the date of initial implementation.

Appendix 1: Detailed Explanation of Consulting Services

Pre-project planning and documentation days

This involves all of the documentation our consultants will provide the Association with to gather data and information for training as well as weekly status reports, staff procedure reports, staff payment server reports, troubleshooting documents, etc.

Project Management and Business Process Review

This involves reviewing business issues and the discussions involved before proceeding with implementation. The goal of this time is to have the consultant sit down with key stakeholders in the project to determine what needs to be standardized and the goals for the ActiveNet solution. There is also a considerable appraisal of current business issues and what needs to be addressed before moving forward.

Registration

This involves training of end users on all the registration capabilities of the system including customer data, confirmations, receipts, attendance, instructor information, program offerings, participant limits, resident/non-resident status, revenue tracking and wait listing. There is also training for variable time registration for daycare, day-camps, private lessons and fitness classes.

Reservations

This involves training of end users on all the reservation capabilities of the system including facility rentals and scheduling processes. Users will learn how to print contracts, generate billing, facility logs, maintenance schedules and learn about single instance reservation for racquet courts, golf tee times and campgrounds.

Memberships

This involves training of end users on all the membership and pass management functions of the system. This includes complete client tracking, identification and access system used for helping customers bypass lines at busy times. There is also training on the membership hardware that is implemented with regards to the correct operation procedures of card printers and cameras.

Point of Sale

This involves training of end users on all point of sale functions allowing users to use their terminals as a retail cashier solution. Setup involves the keyboard layouts, inventory controls and integrated cashiering with other ActiveNet modules for drop-in admissions and sale of merchandise.

Leagues

This involves training of end users on all the league scheduling functions of the system including planning leagues and tournaments, tracking standings and creating league schedules for team and individual registrations.

Reports

This involves training of end users on all the reports for the City to pull data out of ActiveNet.

Hosted Internet (Registration, Reservation, Leagues & Memberships)

This involves the setup of our web-based system for anything done over the Internet, including registration, facility viewing/booking, membership renewal and league standings as well as basic customization of the website to match the look and feel of your website.

Appendix 2: Advantages of Choosing Active

There are many advantages to using Active over your current provider:

- **PCI Compliance.** The Active Network's *ActiveNet* solution is PCI Level 2 compliant and this costly and intensive process is included in our merchant fees. This leaves the City with little liability!
- **Support and Maintenance.** All support and maintenance calls are included in our merchant service fees. This includes full 24/7 access to our world-class Support team staffed with over 100 technicians waiting to help you.
- **Upgrades.** All quarterly upgrades to our software as well as enhancement requests are all included. If you want a feature that our software doesn't have, you don't have to pay for it – you tell us what it is and we build it!
- **Flat Fees.** All extra costs charged by banks and other merchant service providers such as “card not present” fees, increased rates for affinity/frequent flyer credit cards, international credit card rates, online payment gateway costs, deposit/authorization fees, transfer fees, assessment charges and interchange fees are all included
- **Network Fees.** All network and access fees for e-Commerce – included!
- **Existing Credit Card and Bank Fees.** The City currently pays its merchant or bank credit card and processing fees (plus flat rate fees). All of these are included in our transaction pricing model and there is no double-dipping to pay multiple vendors.
- **Merchant Account Setup Costs.** All merchant services costs and flat rates are included in the service fees.
- **Software and Licensing.** Unlike with traditional client/server applications, our ActiveNet solution allows you to have an unlimited number of users accessing our systems and there is **no charge** for additional modules. When implementing new modules (i.e. Membership Management), all you need is training for these modules.
- **Annual Maintenance.** There is no need to pay us annual maintenance for the use of our software. All of the maintenance fees are rolled up into our merchant fees.
- **Marketing Assistance.** We will help you with online adoption to ensure that your e-Commerce site gets the most traffic possible.
- **Internet License Fees.** Costly monthly and annual fees such as Secure Socket Layer (SSL) certificates are all included in our merchant fees.
- **Consistent Look-and-Feel.** When paying for inventory online, the participant is not whisked away to a website that looks entirely different from the City website. The payment screen maintains the look-and-feel of your existing page so that the participant doesn't feel that they are using two different systems.

Sales Manager: Sukh Sanghera

ActiveCommunities
6400 Roberts Street, Suite 160
Burnaby, BC Canada, | V5G 4C9

1.800.661.1196

www.ActiveCommunities.com