

Award of Negotiable Request for Proposal Document Number 2915353397 for the Provision of a Program Registration and Recreation Facilities/Space Booking System

Date: May 15, 2023

To: General Government Committee

From: General Manager, Parks, Forestry & Recreation, Chief Technology Officer, Technology Services, and Chief Procurement Officer, Purchasing and Materials Management

Wards: All

SUMMARY

CLASS is an enterprise system, supplied by Active Network LLC and used by Parks, Forestry & Recreation (PFR), Economic Development & Culture (EDC), Toronto Employment & Social Services, Revenue Services and the City Clerk's Office. The City has been using CLASS for program registration, facility booking and cashiering since 1999. CLASS has reached its end of useful life and a replacement system is required.

The purpose of this report is to advise on the results of the Negotiable Request For Proposal (nRFP) Document Number 2915353397 for the provision of a Program Registration and Recreation Facilities/Space Booking System, and to seek authority from City Council to enter into an agreement with the recommended proponent, Active Network LLC, for a fixed period of seven years from the date of award, with the option to renew for up to five consecutive, one year periods, for the provision of ACTIVENet, a software system that will replace CLASS and be used for program registration and facilities/space booking services for PFR and EDC divisions.

The scope of this nRFP includes PFR and EDC divisions, however, the proposed agreement allows for and may be used by any City division, where deemed fit and where in compliance with relevant by-laws, and purchasing policies and procedures.

The cost of the initial seven year contract period, inclusive of system configuration, product development, services and annual fees is \$10,257,675 excluding all applicable taxes and charges (\$10,438,210 net of Harmonized Sales Tax recoveries). The City has negotiated the option to renew the contract for five consecutive, one year periods. The total cost of the 12 year period identified in contract is \$16,209,021 excluding all applicable taxes and charges (\$16,494,300 net of Harmonized Sales Tax recoveries).

Project execution will begin in July 2023, once the contract is signed. Following system configuration, a target launch is tentatively scheduled for Q4 2024.

RECOMMENDATIONS

The General Manager, Parks, Forestry and Recreation, the Chief Technology Officer and the Chief Procurement Officer recommend that:

1. City Council grant authority to the General Manager, Parks, Forestry and Recreation, and the Chief Technology Officer to enter into, and execute an agreement, and any ancillary documents required to give effect to the agreement, with Active Network LLC, being the top-ranked proponent meeting the requirements set out in the nRFP Document Number 2915353397 for the provision and use of the ACTIVENet registration and booking system for an initial term of seven years from date of award in the amount of \$10,257,675 excluding all applicable taxes and charges (\$10,438,210 net of Harmonized Sales Tax recoveries) with the option to renew for up to five separate one year periods totaling an amount of \$5,951,346 excluding all applicable taxes and charges (\$6,056,090 net of Harmonized Sales Tax recoveries) for a total contract award value, inclusive of option years, in the amount of \$16,209,021 excluding all applicable taxes and charges (\$16,494,300 net of Harmonized Sales Tax Recoveries). The agreement will be in accordance with the terms and conditions as set out in the nRFP and satisfactory to the General Manager, Parks, Forestry and Recreation, and the Chief Technology Officer, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total value of the contract award for a potential 12 year duration (seven year base term plus five additional one year periods) identified is \$16,209,021 excluding all applicable taxes and charges (\$16,494,300 net of Harmonized Sales Tax [HST] recoveries). System configuration is scheduled to begin in July 2023, with a system launch targeted in Q4 2024. Details are shown in Attachment 1: Table 1 - Financial Impact Summary of Recommended Contract.

For the first seven years, the total cost of \$10,438,210 consists of \$5,525,456 in capital costs for the configuration and product development of the new system, and \$4,912,754 in operating costs, net of HST recoveries.

If the City exercises its option years, the average operating cost per option year one through five is \$1,211,218 per year, or a total operating cost of \$6,056,090 over a five-year period, net of HST recoveries.

Funding for the award of the capital component of this contract is included in the 2023 Council Approved Capital Budget and 2024-2032 Capital Plan for Parks, Forestry and Recreation.

Parks, Forestry & Recreation will identify a funding source or reallocate within existing resources to cover annual subscription, maintenance and processing fees for ACTIVENet in the amount of \$4,912,754 net of HST recoveries for the first five years in the future 2025-2029 Operating Budget submissions, and \$6,056,090 net of HST recoveries, subject to funding in the 2030-2034 Operating Budget Submissions, should the City choose to exercise the five additional optional periods.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on February 15, 2023, City Council considered and debated the Mayor's Proposed Budget, which is deemed adopted, as amended by Council. The Council Approved 2023 Capital Budget and 2024-2032 Capital Plan for Parks, Forestry and Recreation includes \$15.240 million allocated to the Registration, Permitting and Licensing CLASS.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.MPB4.1>

At its meeting on April 6, 2022, City Council adopted the Digital Infrastructure Strategic Framework as the guiding direction for Digital Infrastructure Initiatives undertaken by the City of Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EX31.7>

At its meeting on March 7, 2019, City Council approved the 2019 Budget Committee Recommended Operating Budget for Parks, Forestry and Recreation, \$3.723 million in funds were added to the Registration, Permitting and Licensing sub-project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX2.5>

At its meeting on July 23, 2018, City Council awarded a Negotiable Request for Proposal for the provision of Program Registration and Recreation Facilities/Space Booking System, to Legend Recreation Software, Inc. for the use of the Legend recreation management system to replace end of life CLASS software provided by Active Network, also amending the 2018 Capital Budget in the amount of \$7.556 million, for the Registration, Permitting and Licensing sub-project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.12>

At its meeting on February 12, 2018, City Council approved the 2018 Capital Budget for Parks, Forestry and Recreation which included additional funds of \$1.750 million for the Registration, Permitting and Licensing sub-project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

At its meeting on February 15, 2017, City Council approved the 2017 Capital Budget for Parks, Forestry and Recreation which included \$14.009 million in funds for the Registration, Permitting and Licensing sub-project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX22.2>

At its meeting on February 17, 2016, City Council approved the 2016 Capital Budget for Parks, Forestry and Recreation which included \$2.100 million in funds for the Registration, Permitting and Licensing sub-project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX12.2>

At its meeting on March 10, 2015, City Council approved the 2015 Capital Budget for Parks, Forestry and Recreation which included \$0.650 million in funds for the Registration, Permitting and Licensing sub-project in the Information Technology project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX3.4>

COMMENTS

The Registration and Booking Transformation Project

Parks, Forestry and Recreation (PFR) has been using CLASS, an on-premise software system in the delivery of parks and recreation programs and services, since 1999. In 2014, the supplier of CLASS software, Active Network LLC (Active), notified all users of CLASS that support for the software would soon be discontinued. City staff have since negotiated extended support with Active, while sourcing a replacement system. Leveraging the opportunity of new technology to improve user experience in accessing information and transactional services, the Registration and Booking Transformation (RBT) project was launched in 2015.

In July 2018, the City awarded a contract to Legend Recreation Software, Inc. (Legend) for the provision of a new registration and booking system through the Negotiated Request for Proposals (nRFP) process. In March 2020, Legend purported to invoke force majeure due to the COVID-19 pandemic and its effect on their ability to fulfill contractual obligations. The contract was terminated in April 2020, and City staff shifted focus to sourcing a new vendor.

The project's overall goals have been to:

- implement continuous improvement approaches to business processes and improve the end-to-end digital customer journey
- procure a new registration and booking solution that responds to the need for modern, convenient and user-centred technology.

Continuous Improvement

A continuous improvement approach has allowed the RBT project to accomplish a number of business processes and technological improvements in parallel to procuring a new solution.

1. Registration

PFR has worked to improve the registration process by developing clearer navigation and planning tools for online registration, expanding customer service hours in the lead-

up to registration days, and providing in-person registration support. Additionally, interim investments have supported increased server capacity of the system, allowing more users to access the system during peak registration events, which has significantly decreased average wait times on registration mornings.

2. Reservations

As a result of the COVID-19 pandemic, PFR implemented an online reservation function to comply with provincial emergency regulations, mitigate line-ups and crowding and confirm space for residents before attending a drop-in program or service location. Since implementation in November 2020, more than 2.9 million reservations were made in skate, swim and fitness.

Additionally, in response to high demand for summer recreation programs and services, PFR implemented system improvements, including enhanced search capabilities for online reservations, self-serve account creation, and online reservation cancellations.

3. Digital Tools and Navigational Pathways

Improvements have been made to recreation web pages on the City of Toronto's website to modernize the user journey, enhance how users navigate to learn, search and enroll in recreation programs, and book facilities and open spaces.

These continuous improvement efforts began pre-system replacement and set the stage for the new ACTIVENet system. This approach will continue with future engagement with the public and alignment with corporate customer experience standards in order to remain responsive to changing needs and preferences.

Public and Stakeholder Consultation

In 2016 and 2019, the City sought feedback on its booking and registration processes, collecting insights from more than 6,000 residents and staff. This feedback played an integral role in continuous improvement initiatives, and in articulating business requirements for the nRFP. Staff will continue to seek feedback from residents through future public engagement activities both pre- and post-launch.

Recommended Solution

Active is a long-time industry leader in parks and recreation management and the City has had a positive business relationship with Active since 1999 through the City's use of CLASS. Multiple Canadian municipalities are customers of Active, including City of Vancouver, City of Mississauga, and City of Ottawa, and they are currently using the ACTIVENet system to deliver recreation program registration and space booking services. ACTIVENet also meets the standards for compliance with the Accessibility for Ontarians with Disabilities Act (AODA).

The recommended solution, ACTIVENet is a cloud-based, registration and booking system. Cloud-based services can keep up with growing or fluctuating bandwidth demands. When demand increases, so will the scale of the cloud capacity.

Benefits of ACTIVENet

A comparison of CLASS and ACTIVENet features and benefits of the new system can be found in Attachment 2: Table 2 - Comparison of Current State System and Future State System Benefits.

Primary components of the new system and improvements to the user experience are listed below:

1. Registration

The current CLASS system registration landing page lacks the functionality to support a user-friendly registration experience. Feedback gathered through public engagement highlighted the need for improved system functionality with regard to search features and planning tools, mobile experience, self-serve options, and the ability to save payment information securely for faster check out.

The ACTIVENet system will provide a modern user-friendly interface, mobile-responsive design, and an intuitive log-in process.

In addition, ACTIVENet will feature:

- new account and registration management options, providing users with self-serve options for updating contact information, storing payment information, and performing program transfers and withdrawal
- the ability to buy memberships online and auto-renew
- integrated planning tools including wish lists and program search options (including calendar or map view)
- an add-to-personal-calendar feature.

2. Facility Bookings

PFR facilities and spaces can be booked for tournaments, special events, social gatherings and more. The current CLASS system booking process results in an inconsistent customer experience, requiring users to access information and booking options from various, and sometimes exclusive channels, including online, phone, or in-person.

ACTIVENet features user-friendly facility pages that consolidates information about rooms and spaces, including detailed descriptions, booking rules, availability calendars, and images into one source. The solution simplifies the booking process and allows users to easily book and pay for a space online or connect with a staff member for additional support. These features will allow PFR to showcase bookable facilities and spaces, improving accessibility and utilization, and empowering users to research, plan, and complete bookings at their convenience.

3. Waitlist Management

The City's popular recreation programs, such as swimming and summer camps, are in high demand. While a waitlist option is offered, users are unable to access important

information such as the number of people already on the waitlist through the existing system.

ACTIVENet displays the number of people on program waitlists, enabling users to make informed decisions about joining the waitlist or enrolling in alternative programs. Additionally, the City has negotiated the future development of an automated waitlist function that will replace the current and time-consuming manual process. The new function will move registrants into available spaces through an automated notification and acceptance process. This function is anticipated to be released in 2025.

4. Integrated Marketing and Communications

The feedback collected through public engagement highlighted the need to strengthen and improve communications, and to make program and service information more accessible. The current CLASS system lacks built-in marketing and communications functions; as a result staff use several tools and channels to send out newsletters and email updates.

The integrated marketing and communication functions offered by ACTIVENet will transform user interactions through the use of new tools, such as text message marketing, social media sharing, and push notifications.

5. Advanced Data Analytics

CLASS does not have the functionality to keep up with growing data demands, and there is heavy reliance on manual data collection, consolidation, and analysis. For example, the current business practice for recreation program attendance is to record participation and check-in manually, using paper and recorded into the system. ACTIVENet will allow staff to check in participants using mobile devices, providing the City with real-time participation data, enabling more effective program planning and service optimization.

ACTIVENet's advanced analytics supports the City's commitment to data-driven decision-making, empowering PFR to gain important organizational insights. With a range of standard reports and a dynamic report module that integrates with PFR's business intelligence tools, staff can develop custom reports, track Key Performance Indicators, generate accurate forecasts and ultimately make better-informed business decisions.

Solution Implementation

Project execution and system configuration will start in July 2023, following contract award, and a target launch date for the system to be operational in Q4 2024. In addition, a five year operating period, with annual fees, will commence once the system is launched.

The public will be informed of upcoming system changes through a comprehensive communications plan, leveraging a variety of digital and traditional communication tactics and channels, including direct email, social media, advertising and signage.

As part of the nRFP evaluation phase, Active demonstrated the system's ability to handle peak registration events by successfully completing load testing on its prototype. Prior to the system launch, and with monitoring on an ongoing basis, further testing will be conducted to ensure that ACTIVENet complies with City and other regulatory standards for security, accessibility, privacy, and payment processing, including Municipal Freedom of Information and Protection of Privacy Act (MFIPPA), AODA, and Payment Card Industry Data Security Standard (PCI). As it relates to data residency (where data will be stored), the City has negotiated that data will be stored in Canada, protecting the privacy rights of users and advancing the City's privacy objectives.

As part of the contract with the City, Active will provide ongoing solution support services, regular updates and releases of new functionality and back-up/disaster recovery services. Moving from an on premise solution to a cloud solution will reduce dependency on the City's on-premise infrastructure. Accountability for the vendor in meeting service level requirements is built into the contract; should these requirements not be met, the City will receive fee credits.

The City will have a strategic influence on how ACTIVENet and related technology will evolve, with a seat on Active's advisory board. This will allow the City to have input on Active's technology development road map and provide feedback on what products or features could be created or enhanced to support City services. As it relates to the ACTIVENet solution, the City will have a line of sight into upcoming releases of new functionality. Active will provide the City with:

- advance notification
- a date for the release
- an opportunity to test and configure the release in accordance with the City's requirements prior to the release date.

Alignment with Digital Infrastructure Strategic Framework

The nRFP was issued in April 2021 and negotiations concluded in April 2023. On April 6, 2022, City Council adopted the Digital Infrastructure Strategic Framework (DISF) and requested information as to how the DISF principles were applied to procurement of the new registration and booking system. As the nRFP was issued prior to the development and adoption of the City's new DISF, these principles were not included in the nRFP at the time of distribution. However, efforts have been made to align the RBT's procurement with DISF principles, as described in Attachment 3: Table 3 - Alignment of the RBT Procurement with DISF Principles.

The DISF is intended to be used as the guiding direction for Digital Infrastructure Initiatives undertaken by the City. The DISF is:

- a corporate-wide strategy that provides direction and guidance to decision-making associated with Digital Infrastructure
- a principles-based vision for the role that technology and data can play in Toronto
- strategic priorities and considerations for new and emerging technologies.

Procurement Overview: Negotiated Request for Proposals Process

The City solicited proposals from prospective suppliers that could provide a solution to support both PFR and EDC divisions, inclusive of but not limited to program registration, facility and space booking, permitting, membership management, and a fee subsidy program.

The nRFP sought an innovative and flexible solution where the supplier provides the technical infrastructure to support and enhance business functionality through options such as Software as a Service (SaaS), Platform as a Service (PaaS), and/or any other types of cloud-hosted solutions. The proposed solution is envisioned to be deployed across multiple City divisions during the term of this contract. A full summary of this procurement is provided in Attachment 4: Procurement Summary and Evaluation Process.

Evaluation Process

A formal selection committee consisted of staff from PFR, Technology Services Division (TSD), Office of the Chief Information Security Officer and Accounting Services Division with on-going support from the Purchasing and Materials Management Division (PMMD) and subject matter experts. All staff involved in the evaluation process participated in an evaluation training facilitated by a Fairness Monitor, signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement, and under the supervision of PMMD, evaluated the proposals in compliance with the criteria set out in the nRFP.

Four submissions were received from the following suppliers:

- Active Network LLC. (USA)
- MTX Consulting Canada Inc. (CANADA)
- Periodic Inc. (USA)
- PerfectMind Inc. (CANADA)

A full summary of the procurement evaluation process is provided in Attachment 4: Procurement Summary and Evaluation Process.

The City retained Ernst & Young to provide insights into the pricing proposed by the selected vendors in preparation for negotiations, such as variances between the pricing proposals for Active and MTX, and potential clarification questions, and key areas for negotiations.

In their final report, the Fairness Monitor, P1 Consulting Inc. reported that they were satisfied from a fairness perspective, the processes undertaken satisfied the principles of openness, fairness, consistency and transparency. The Fairness Monitor's Report from P1 Consulting Inc. is included as Attachment 5: Attestation Report from the Fairness Monitor.

The Fair Wage Office reported the recommended Supplier has reviewed, understands and will fully comply with the Fair Wage Policy and Labour Trades requirements.

Use of the Solution by Other Divisions

The agreement includes privacy protection obligations, and a detailed Statement of Work which includes a service level agreement and pricing schedule and provides for further statements of work to be issued for additional enhancements should other City divisions wish to use it.

For other City divisions currently using CLASS, TSD is continuing to provide support and is leading a project with the objective of implementing appropriate alternative modern technologies, such as ACTIVENet.

CONCLUSION

The City of Toronto recognizes the importance of modernizing its recreation management system and business processes to meet the evolving needs of its residents and staff, and has successfully negotiated a contract with Active Network LLC, a leading provider of recreation management solutions, for the use of ACTIVENet.

The terms and conditions of the nRFP do not form a legally binding agreement until such time the Master Services Agreement is fully executed after obtaining approval from City Council to award the contract. The General Manager, Parks, Forestry and Recreation, and the Chief Technology Officer are therefore seeking the authority to formally enter into an agreement with the recommended proponent, Active Network LLC, as the top ranked proponent meeting the requirements set out in the nRFP.

By leveraging the new technology from an industry leader, the City of Toronto is expected to optimize the registration and booking process and realize benefits in terms of operational efficiency, revenue generation, and customer satisfaction.

The future implementation of ACTIVENet represents an exciting opportunity to transform customer experience and deliver a modern, convenient, and customer-centered experience for residents.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Table 1 - Financial Impact Summary of Recommended Contract

Attachment 2: Table 2 - Comparison of Current State System and Future State System Benefits

Attachment 3: Table 3 - Alignment of the RBT Procurement with Digital Infrastructure Strategic Framework Principles

Attachment 4: Procurement Summary and Evaluation Process

Attachment 5: Attestation Report from the Fairness Monitor