



PARKS AND RECREATION COMMISSION AGENDA REPORT

MEETING DATE: JULY 25, 2012

ITEM NUMBER: 10a

SUBJECT: ACTIVE NET REGISTRATION SYSTEM CONVENIENCE FEE

DATE: JULY 16, 2012

FROM: PUBLIC SERVICES DEPARTMENT / RECREATION DIVISION

PRESENTATION BY: DONNA THERIAULT, MANAGEMENT ANALYST

FOR FURTHER INFORMATION CONTACT: DONNA THERIAULT AT 714-754-5636

RECOMMENDATION

Staff recommends that the Commission provide direction to staff regarding the Active Net Registration System Convenience Fee.

BACKGROUND

Commissioner Temianka has requested that staff provide information to the Commissioners regarding the \$5 per hour increase to the facility rental rates for the online registration system.

In 2010, Recreation staff was directed to implement a registration system that would allow patrons to register for recreation classes, program activities, and permits online; as well as view availability and request a reservation for community center rooms, park shelters, picnic areas and athletic fields. As directed, staff presented the Active Net online registration system for Council's approval at their meeting of September 20, 2011. The Council approved a contract with Active Net for the web-based registration system and a Fee Resolution (Attachment 1) to implement a convenience fee of \$5 on all instructional classes, programs, activities, permits and rental fees processed through the Active Net registration system.

The convenience fee was approved to enable the City to recoup the start-up cost incurred for the Active Net online registration system (approximately \$23,000) and for on-going system use and maintenance fees charged to the City by the Active Net Company to cover technical support, new updates, hosting/maintenance of data, revenue collection and remittance as well as frequent system back-ups.

In April 2011, City staff implemented the first phase of the online registration system for instructional classes, program and activity fees. The second phase for facility and field rentals has not yet been activated. The Active Net Company assesses a fee on each and every registration processed through the Active Net system whether it is an online (through the internet) or offline (over the counter) transaction. When a participant registers and pays for a class at a City facility **offline** with cash, a check or credit card, the City is charged the transaction fee, not the participant. Active Net retains a portion of each class, program or activity fee and remits the difference to the City.

As shown in the example below, the City receives reduced revenue for all **offline, over the counter** transactions.

| Example of Off-line Transaction | |
|--|----------|
| Class/Program Fee: | \$100.00 |
| Transaction Fee Credit Cd (3.75%) | \$ 3.75 |
| Participant Pays: | \$100.00 |
| City Keeps: | \$96.25 |
| The Active Network receives: | \$ 3.75 |

When a registrant is paying **online**, they are charged the class/activity/permit/rental fee, and 6.5% plus a \$.50 fee that covers the cost of the Active Net services mentioned above and credit card convenience and merchant fees for the use of a credit card over the internet. The participant pays the convenience fees, not the City. Active Net retains the convenience fees and remits the class/program fee to the City. As shown in the example below, there is no reduction in revenue to the City with online transactions.

| Example of Online Transaction | |
|--------------------------------------|----------|
| Class/Program Fee: | \$100.00 |
| Transaction Fee (6.5% + .50): | \$ 7.00 |
| Participant Pays: | \$107.00 |
| City Keeps: | \$100.00 |
| The Active Network receives: | \$ 7.00 |

As has been done in the past, when the City updates its user fees and charges, the increase is applicable to flat fees as well as hourly rental rates. The implementation of the Active Net convenience fee was handled in the same manner, and the increase was applied to all recreation fees and charges including hourly rental rates. The hourly rental rates for room rental facilities have not increased since 2006. The hourly rates for field rentals were last increased in February 2011.

ANALYSIS

The online registration system has not yet been activated for facility rentals. Staff is anticipating the implementation of this phase in August.

The impact of the \$5 increase to the hourly rental rates will vary based on the type of facility and the facility user. The length of time for a community center room rental ranges from 2 hours to 10 hours depending on the event. Most of the community center rentals are for a one-time use averaging 2 to 5 hours, making the fee increase minimal (\$10 - \$25 increase). We have 34 user groups who rent on a weekly/monthly basis. The fee increase to the recurring rentals ranges from \$34 - \$1,328 a year. Based on a November 2011 fee survey of surrounding cities (Attachment 2), our rental rates, with the \$5/hr increase, are still below the surveyed city average in almost all instances.

For field rentals, the biggest impact of the \$5/hr increase is to the adult soccer, baseball and softball groups that rent fields for their practices and games. There are 5 adult groups that use City and School District fields. The fee increase to these groups ranges from \$420 to \$6,213 a year.

The fee increase does not impact most of the youth sports organizations because they are Group 1 organizations and exempt from paying field rental fees. However, the fee increase affected one Group 3 youth user group, the Newport Mesa Soccer Club (NMSC). This organization reserves about 1,000 hours of field use per year and pays \$20,000 annually for the use. The hourly increase would have required the organization to pay an additional \$5,000 per year. NMSC requested that the City CEO consider waiving the fee increase for the organization. The CEO approved the request.

ALTERNATIVES CONSIDERED

1. The Commissioners could choose to receive and file the report and take no further action.
2. The Commissioners could recommend that the \$5 convenience fee be brought back to the City Council for their consideration on the following options:
 - A. Exempt all Recreation hourly rental rates from the \$5 convenience fee. The Recreation Division has not yet implemented the \$5 convenience fee on the hourly rental rates for the Neighborhood Community Center, the Balearic Community Center, or the Downtown Recreation Center and field permitting. The start date to implement the \$5 convenience fee on facility and field rentals is August 1, 2012. This option would result in an approximate reduction in community center and field rental revenue of \$11,330 annually.
 - B. Implement a convenience fee on the hourly rental rates of an amount less than \$5. The Resolution authorizing the convenience fee sets a rate “up to” \$5. The Resolution allows the City to assess a fee less than \$5.

LEGAL REVIEW

No legal review is required on this item.

FISCAL REVIEW

Based on annual facility and field rental revenue of \$302,270, the City will have reduced revenue, from the 3.75% transaction fee charged by Active Net, of approximately \$11,330 annually if the \$5 convenience fee is not applied to the hourly rental rates.

CONCLUSION

In order to provide a convenient, online registration capability to the public, City Council approved a three year contract with Active Net for the online registration system and a Resolution to implement a convenience fee of \$5 to offset the transaction fee the City will be charged for each offline transaction. This fee is applicable to all fees charged for recreation activities, classes, permits, facility rental, and field permitting. At this time, the online system and convenience fee has been implemented for program and activity fees only.

*** Signatures on the following page ***

DONNA THERIAULT
Management Analyst

ERNESTO MUNOZ
Public Services Director

ATTACHMENTS: 1. [Fee Resolution](#)
2. [City Fee Survey](#)