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OFFICE OF THE CITY CLERK
OAKLAND

2015 JAN 22 PM 2:38

AGENDA REPORT

TO: JOHN A. FLORES
INTERIM CITY ADMINISTRATOR

FROM: Sean Whent

SUBJECT: Supplemental Report:
False Alarm Contract Amendment

DATE: January 22, 2015

City Administrator
Approval

A

Date

1/22/15

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council approve a Resolution authorizing the City Administrator to amend the contract with PMAM Corporation for administration of the False Alarm Reduction Program in the amount of \$242,796, bringing the total contract amount to \$692,796 for three years of services.

OUTCOME

This contract amendment will allow the Oakland Police Department to continue the False Alarm Reduction Program in accordance with the contract which ends on June 30, 2016.

REASON FOR SUPPLEMENTAL REPORT

This supplemental report is in response to inquiries from the Public Safety Committee on January 13, 2015 regarding the fee structure used by the program vendor, PMAM Corporation.

Previous False Alarm Services Contract

Alarm Tracking and Billing (ATB) Services administered the False Alarm program for the City from 2009 to 2011 and charged 21% of false alarm revenues for program administration. In November 2011, the PMAM Corporation acquired ATB Services and the City's contract continued with the same terms as the ATB contract including a 21% service fee.

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Request for Proposals Process

In September 2012, the City of Oakland conducted an RFP process for the administration of a new False Alarm Program administration contract. The City received four proposals:

- PMAM Corporation of Irving, TX
- Public Safety Corporation (dba Cry Wolf) of Waldorf, MD
- Alarm Program Systems of Oakland CA (now in Lafayette, CA)
- Municipal Dynamics of Chesterfield, MO

PMAM was chosen because it offered the most competitive pricing terms. These terms included 21% of revenue collected, which would be reduced to a \$5.00 per permit fee – once an electronic data transfer file protocol was received and the False Alarm Management Solution (FAMS) was implemented. In June 2013, Resolution 84501 C.M.S. was passed to enter into a contract with PMAM from July 1, 2013 to until June 30, 2016 for a total \$450,000 in service fees for the three-year period.

Perceived Penalty by PMAM

PMAM picked up the manual false alarm registration process when they acquired ATB and took over the previous contract. Schedule B (Payment Schedule) of the current contract states that “invoicing prior to the FAMS implementation will be 21% of revenues collected.” Schedule B also states that “PMAM shall charge \$5 for every permit” – once FAMS was put into place. These terms are a result of staff negotiations as part of the RFP process, which would save the City money by not having to pay 21% of the false alarm revenues back to the company. The current contract amount was calculated on the basis of being able to eliminate manual registration and rely solely on the electronic data transfer process. Staff estimated that the contract could be executed and FAMS implemented sooner, but due to staff turnover, and the required steps needed to implement FAMS, the City continued to pay the agreed upon rate (21%) for PMAM to continue to provide manual services before getting the electronic system in place.

Delay in Transition to Lower Contract Rate

The delay in the transition to the lower contract charge was due to the time required to fully execute the contract and the time required to implement an automated electronic data file transfer system. The original contract was not fully executed until December 2013 – not the original anticipated date of July 2013. The implementation of an electronic data file transfer system typically takes several months and requires participation of the City, the City’s bank, and the vendor. OPD and City Administration did not include sufficient funding to cover the implementation period, with the higher fee, as part of the original contract. Such funding would have covered the time during which PMAM continued to use – and charge for – the manual registration process. Use of the manual registration process resulted in the charging of the original 21% service fee, as opposed to the lower \$5.00 per permit fee for false alarm

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registrations, payment and fines (see Schedule B, attached). On July 1, 2014, PMAM completed the implementation of FAMS and dropped the service fee from 21% to \$5.00 per permit (for new registrations and renewals).

Renegotiated Increase to Contract

OPD is requesting this contract amendment to appropriate an additional \$242,796 from the False Alarm Reduction Program fund to secure False Alarm Reduction Program contract services through the end of the contract term. PMAM has agreed to a lower total amendment of \$242,796 after a close analysis of 2013-2014 costs in addition to a projection analysis through 2016. This is a \$30,484 cost reduction from the original request of \$273,280.

Summary of False Alarm Contract Amendment Events

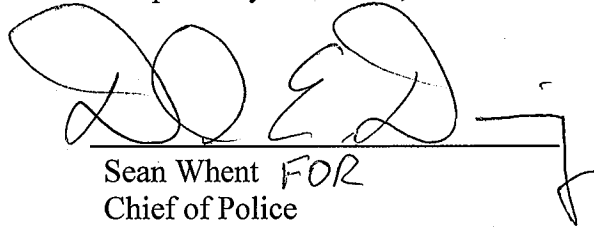
- 2009-2011: Oakland contracts with ATB Services to administer the False Alarm program – ATB charges 21% of revenue fee.
- 2011: PMAM Corporation acquires ATB Services and Oakland False Alarm Program continues under PMAM with same 21% fee structure.
- September 2012: City conducts RFP for False Alarm Program.
- June 2013: City Council approves Resolution 84501 C.M.S., awarding the 2013-2016 contract to PMAM. Contract terms include \$5.00 per permit fee once electronic data file and False Alarm Management Solution (FAMS) can be implemented.
- July 1, 2013-June 30, 2014: PMAM continues manual registration process, charging 21% of revenue fee. PMAM administration costs are \$392,796 (\$242,796 above the \$150,000 FAMS annual rate).
- December, 2013: New Oakland-PMAM contract finalized and signed.
- July 1, 2014: PMAM completes the implementation of FAMS and drops service fee from 21% to \$5.00 per permit.

Contract Amendment Calculation

July 1, 2013 – June 30, 2014 Actual Service Fee administration (based on 21% of fees)	\$392,796
Projected False Alarm Annual Service Fee (based on one year of 3-year \$450,000 contract)	\$150,000
Difference between projected and actual 2013-2014 fee administration (\$392,796-150,000 = \$242,796)	\$242,796 (Amendment Request)
Original PMAM False Alarm Contract for 3 years = \$150,000 x 3 years	\$450,000
Total Three Year Amount with Amendment	\$450,000 + \$242,796 = \$692,796

For questions about this report, contact D. Nell Taylor, Fiscal Services Manager, Oakland Police Department, 510-238-3288.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Sean Whent', written over a horizontal line. The signature is stylized and includes a long horizontal stroke extending to the right.

Sean Whent FOR
Chief of Police
Oakland Police Department

Reviewed by:
D. Nell Taylor, Police Services Manager
Oakland Police Department/Fiscal Services Division

Prepared by:
Juanita M. Velasquez, Administrative Analyst II
Oakland Police Department/Fiscal Services Division

Attachment: Schedule B of Contract between the City of Oakland and PMAM

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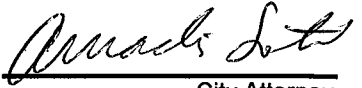
Contract between City of Oakland Police Department and PMAM
Schedule B
Payment Schedule

- 1) Upon the City's successful implementation of the new FAMS and PMAM's receipt of the electronic data transmission file, the following payment schedule will apply.

False Alarm Program Revenue (City)	PMAM Share
Every (new and annual renewal) alarm registration permit processed by PMAM	PMAM shall charge \$5 for every permit
All other invoices and processes in administration of False Alarm Reduction Program (e.g. late fees, unregistered fees, follow up from aging receivables, appeals, etc.)	PMAM shall not charge any additional money

- 2) Invoicing prior to the False Alarm Management Solution (FAMS) implementation will be 21% of revenues collected.
- 3) It is expected that there will be 25,000 to 30,000 permits per year.

OAKLAND CITY COUNCIL


 City Attorney

2015 JAN 22 PM 2:38 RESOLUTION NO. _____ C.M.S.

Introduced by Councilmember _____

RESOLUTION AMENDING RESOLUTION 84501, TO AUTHORIZE THE CITY ADMINISTRATOR TO AMEND THE CONTRACT WITH PMAM CORPORATION FOR ADMINISTRATION OF THE FALSE ALARM REDUCTION PROGRAM FOR AN ADDITIONAL TWO HUNDRED FORTY TWO THOUSAND SEVEN HUNDRED NINETY SIX DOLLARS (\$242,796), BRINGING THE TOTAL CONTRACT AMOUNT TO SIX HUNDRED NINETY TWO THOUSAND SEVEN HUNDRED NINETY SIX DOLLARS (\$692,796) FOR THREE YEARS OF SERVICES.

WHEREAS, on September 23, 2012 PMAM Corporation was selected in accordance with the City's advertisement and competitive processes, and

WHEREAS, the City Council passed resolution 84501 in June 2013, authorizing a 3-year contract from July 1, 2013 to June 30, 2016 in the amount of \$450,000; and

WHEREAS, the City executed the contract with PMAM in December 2013; and

WHEREAS, the PMAM Corporation is administering the False Alarm Reduction Program through increasing public awareness and providing quality assurance to the installation and monitoring of burglar alarm systems; and

WHEREAS, Schedule B of the City's contract with PMAM provides that prior to PMAM receiving the electronic data transmission file and the implementation of the False Alarm Management Solution (FAMS), PMAM would charge the City 21% of the revenues collected per billing cycle; and

WHEREAS, the PMAM contract also provides that upon the successful implementation of FAMS, PMAM will charge five dollars (\$5.00) per permit; and

WHEREAS, it took several months to set-up, test and receive the electronic data transmission file and implement the new FAMS system, resulting in PMAM continuing its manual process and charging 21% of revenue collected ; and

WHEREAS, the City sent PMAM the electronic data transmission file on May 31, 2014 and FAMS was implemented on July 1, 2014; and

WHEREAS, the PMAM service fee was 21% of the revenue collected from July 1, 2013 to June 30, 2014 and the City paid PMAM \$392,796 for the administration of the False Alarm Reduction Program during that time period; therefore be it

RESOLVED: That Resolution 84501 is amended to authorize the City Administrator to amend the contract with the PMAM Corporation for an additional amount of money of two hundred forty two thousand dollars seven hundred ninety six dollars (\$242,796) bringing the total contract amount to six hundred ninety two thousand seven hundred ninety six dollars (\$692,796) for three years of services, July 1, 2013 - June 30, 2016, for the administration of the False Alarm

Reduction Program; and be it

FURTHER RESOLVED: That funds will be appropriated from the False Alarm Reduction Program Fund (2411), Fiscal Services Division Organization Code (106510), False Alarm Reduction Project (P378820), and from Agency-wide Administration Program (PS01) that will be moved to Funding Section of the False Alarm Reduction Program; and be it

FURTHER RESOLVED: That the City Administrator or designee is authorized to carry out all administrative and financial actions, including negotiations, certifications, assurances, and related actions as necessary to execute, amend, or extend the contract, except for increases in the contract amount, without returning to the City Council; and be it

FURTHER RESOLVED: That in accordance with Article IV, section 401(6) of the City Charter, agreements authorized by this resolution shall be approved by the City Attorney for form and legality before execution and a copy of fully executed agreements shall be placed on file with the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLEN, KALB, KAPLAN, and REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California