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OFFICE OF THE CITY CLERK
OAKLAND

2014 DEC 30 PM 1:52

AGENDA REPORT

TO: HENRY L. GARDNER
CITY ADMINISTRATOR

FROM: Sean Whent

SUBJECT: False Alarm Contract Amendment

DATE: December 12, 2014

City Administrator
Approval

Date 12-30-14

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 \$273,280, bringing the total contract amount to \$723,280 for three years of services.

OUTCOME

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

BACKGROUND/LEGISLATIVE HISTORY

The False Alarm Reduction Program was implemented by OPD in November 2003 to address issues associated with the large number of false alarms which the Department responds to each year. Alarm users are required to obtain a permit from the City of Oakland prior to alarm use. The permit is obtained by completing a registration form supplied by the alarm company providing the alarm system. The alarm user is required to complete the registration form and pay the permit fee to the alarm company. Alarm permits are \$25 each year for residents, \$35 each year for businesses, and \$15 for qualified low-income seniors.

In September of 2012, staff conducted a Request for Proposals to identify a vendor to provide alarm program administration services. The PMAM Corporation (PMAM) was the most qualified vendor and was selected to perform the functions required by OPD for this revenue generating program. The agreed-upon contract term with PMAM is July 1, 2013 to June 30, 2016 with a not to exceed amount of \$450,000. This amount was based on having an institutional relationship in place between the City of Oakland and a bank. Such an institutional relationship would have allowed the transmission of data between PMAM and the bank. In the

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absence of such an institutional relationship, PMAM was forced to charge a higher service fee due to the inability to electronically transfer data. The electronic data transfer process was put in place on May 31, 2014. This process allowed PMAM to reduce its costs beginning July 1, 2014. A one-year delay in use of this data transfer technology by PMAM – due to the City’s delay in changing banks – has created the need to add funding to the PMAM agreement.

ANALYSIS

The PMAM Corporation issues the alarm permits and false alarm fines on behalf of OPD. False alarm fines for residential/commercial permit holders are \$84 for burglary and \$156 for panic/robbery. The annual composite revenue generated for this program by fiscal year from permit fees and alarm fines is as follows:

Table One: Annual Revenue Generated by False Alarm Reduction Program

Fiscal Year	Revenue
FY 11-12	\$1,491,239
FY 12-13	\$1,682,489
FY 13-14	\$1,435,418

The current contract in the amount of \$450,000 is to administer the False Alarm Reduction Program from July 1, 2013 through June 30, 2016. The contract was authorized by City Council Resolution No. 84501 C.M.S.

OPD is requesting this contract amendment to appropriate an additional \$273,280 from the False Alarm Reduction Program fund to secure False Alarm Reduction Program contract services through the end of the contract term. The end of the contract term is June 30, 2016. The new appropriation amount was arrived at with the assistance of PMAM – taking into account all existing and new clients. The base estimate for the additional funding was \$237,635. With a 15% increase to cover possible fluctuations, the total is \$273,280. Additional funding is needed because current funding was exhausted at a higher spending rate than initially budgeted. This higher spending rate was due to PMAM being asked to wait for the City to select a new bank. The bank selection allowed use of an electronic data transfer system that could receive and document all financial payments for the program. If this amendment is not approved, it is most likely that PMAM will discontinue false alarm services to the City of Oakland when funds expire. The remaining balance from the initial \$450,000 contract is \$12,805. The remaining funding will be exhausted through payment of the November 2014 invoice.

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

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False Alarm Reduction Program. Funding is available in the False Alarm Reduction Program Fund to cover the entire appropriation request.

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

The Budget Office and City Attorney's Office have been consulted in preparation of this report.

COST SUMMARY/IMPLICATIONS

AMOUNT OF RECOMMENDATION/COST OF PROJECT:

The base cost estimate of \$237,635 was multiplied by a 15% variance to determine the additional cost of this program. The Program is in its 18th month of the contract with 18 months remaining. The year to date False Alarm Reduction Program Fund (2411) balance is \$217,424. Additional funding is available in the False Alarm Reduction Program Fund to cover the entire appropriation request.

Table Two: Project Cost Breakdown

Proposed Amendment Cost Estimate	\$237,635
15% Variance	\$ 35,645
Total Cost of Project	\$273,280

COST ELEMENTS OF AGREEMENT/CONTRACT:

The PMAM Corporation has agreed to administer all other fees associated with the False Alarm Reduction Program at no additional cost.

Table Three: Contract Amounts

Current Contract Amount	\$450,000
Proposed Amendment Appropriation	\$273,280
Total Contract Amount	\$723,280

SOURCE OF FUNDING:

Revenue and expenses related to this program will be administered through the False Alarm Reduction Program Fund (2411), Fiscal Services Division Organization Code (106510), False Alarm Reduction Project (P378820) and False Alarm Reduction Program (PS01).

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SUSTAINABLE OPPORTUNITIES

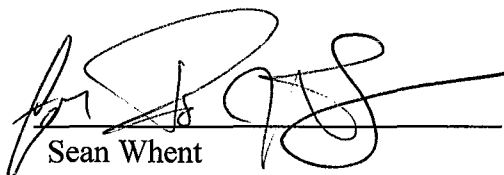
Economic: A fully functioning outsourced program with adequate budget funding will support a cost-effective program to reduce false alarms and allow OPD to redirect existing police resources to crime reduction efforts. Additionally, a successful program will reduce the considerable costs associated with responding to false alarms.

Environmental: Reduce noise pollution by reducing false alarms.

Social Equity: A fully functioning False Alarm Reduction Program shifts a large portion of public safety response costs to those citizens causing false alarms and creates an incentive for responsible use of security alarm systems.

For questions regarding this report, please contact Juanita M. Velasquez, Administrative Analyst II, at 238-6680.

Respectfully submitted,



Sean Whent
Chief of Police
Oakland Police Department

Reviewed by:
D. Nell Taylor, Fiscal Services Manager

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

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OAKLAND

OAKLAND CITY COUNCIL

Amadi S. [Signature]
City Attorney

2014 DEC 30 PM **RESOLUTION No. _____ C.M.S.**

Introduced by Councilmember _____

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO AMEND THE CONTRACT WITH PMAM CORPORATION FOR ADMINISTRATION OF THE FALSE ALARM REDUCTION PROGRAM IN THE AMOUNT OF \$273,280, BRINGING THE TOTAL CONTRACT AMOUNT TO \$723,280 FOR THREE YEARS OF SERVICES.

WHEREAS, on September 23, 2012 PMAM Corporation was selected in accord with the City's advertisement and competitive processes, and the City Council passed a resolution approving a 3-year contract from July 1, 2013 to June 30, 2016 in the amount of \$450,000; 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, but is unable to process alarm permits and penalties provided under the contract due to the time it's taken to institute cost-saving data transfer technology; and

WHEREAS, it took time for the City to select a new bank institution where false alarm transactions could be done which resulted in PMAM incurring more staff costs which the City covered under the \$450,000 contract budget; now, therefore be it

RESOLVED: That the City Administrator or designee is authorized to amend the contract with the PMAM Corporation in the amount of \$273,280, bringing the total contract amount to \$723,280 for three years of services from 2013-2016 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