

CITY OF OAKLAND
AGENDA REPORT

2010 APR 15 PM 5: 54

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Oakland Police Department
DATE: April 27, 2010

RE: A Report and 1) An Ordinance Amending Oakland Municipal Code (OMC) Chapter 8.02, Burglar Alarm Systems, To Modify Alarm Company Responsibilities; 2) An Ordinance Amending Ordinance No. 12809 (Master Fee Schedule) To Create A Fee Associated with Failure To Report Discontinued Alarm Users

SUMMARY

Staff has prepared a report and, 1) an ordinance amending Oakland Municipal Code (O.M.C.) Chapter 8.02 Burglar Alarm Systems, to modify Alarm Company responsibilities, and 2) an ordinance amending Ordinance No. 12809 (Master Fee Schedule) to create a new fee associated with failure to report discontinued alarm users.

In addition to proposed ordinance amendments related to the modification of responsibilities, staff is proposing minor clarification and correction amendments.

FISCAL IMPACT

If proposed ordinance revisions are adopted, the responsibility of billing alarm users for alarm permit renewals will shift from alarm businesses to the City of Oakland. ATB Services, which is the vendor selected to assist with the administration of the alarm program will assume this responsibility on behalf of the City. Alarm Billing is included in the scope of services that ATB Services currently provides to the City and will be broadened to include alarm permit renewal billing. The City's costs and ATB's compensation will be increased.

Based on its experience with other cities, the number of false alarms reported in previous years, and the current number of permitted alarm users in Oakland, ATB Services projects that there are approximately 18,000-24,000 alarm users within the City of Oakland.

The total cost associated with processing the initial alarm registration renewal notification for 18,000 alarm users is \$61,200. ATB Services has proposed a reasonable 5% increase in its existing Professional Services Agreement with the City of Oakland to cover unexpected, additional costs. A 5% increase in costs will bring the total program revenue sharing compensation from 16% to 21%. Resolution No. 82233 C.M.S. authorizes the City Administrator to award a contract up to 35% of total program income.

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ATB Services' compensation will increase approximately 30% for conducting this expanded alarm permit renewal billing responsibility. However, no new Request for Proposals needs to be published because billing responsibilities were already included in the initial RFP and ATB's revised compensation is still below the next qualified, lowest bid.

Projected Revenue

The change in the permit renewal billing process will not cause a decrease in previously projected City revenue. Table 1 outlines the current estimated revenue as compared to staff's estimated revenue before consultation with ATB Services.

Table 1

ALARM PROGRAM REVENUE ANALYSIS

Assumptions:	Previously Estimated	After ATB Consultation	
		Minimum	Possible
Estimated Alarm Permits:	13,900	18,000	24,000
False Alarms:	24,000	24,000	24,000
False Alarm Reduction Percentage:		50%	50%
Billable False Alarms:	3,629	12,000	12,000
Base Fees in the Ordinance:			
Alarm Permits	\$25/35	\$25	\$25
False Alarm Fines	\$84	\$84	\$84
Proposed New Fee - Alarm Co. Failure to Report Disconnections		\$100	\$100
Estimated Revenue from Alarm Program based on Assumptions and Fees Above:			
Proposed New Fee @ 3% Rate of Failure to Report	\$0	\$54,000	\$72,000
Alarm Permit Revenue:	\$400,000	\$450,000	\$600,000
False Alarm Response Revenue	\$305,000	\$1,008,000	\$1,008,000
Estimated Total Revenue:	\$705,000	\$1,512,000	\$1,680,000
Cost to Manage the Program:	@ 16%	@ 21%	@ 21%
Professional Services Agreement Cost	\$112,800	\$317,520	\$352,800
Net Revenue from the Alarm Program	\$592,200	\$1,194,480	\$1,327,200
Note #1: This analysis does not include late, fees, compliance fees, or the higher false alarm fees			

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BACKGROUND

On May 26, 2009, staff presented a request to repeal and reenact Oakland Municipal Code Chapter 8.02 Burglar Alarm Systems to the Finance & Management Committee. At that time, the Committee directed staff to include language requiring alarm businesses to notify their customers of the City of Oakland's permit renewal requirements and bill such customers for the required renewal fee.

On July 28, 2009, the City Council approved Ordinance No. 12969 C.M.S repealing and reenacting OMC Chapter 8.02, Burglar Alarm Systems.

Subsequently, members of the alarm industry became aware of the ordinance revisions and vehemently denied the ability to comply with the alarm permit renewal billing requirement. In an effort to avoid further delays in the alarm permit renewal process, staff is requesting to amend O.M.C. Chapter 8.02 Burglar Alarm Systems, to rescind the alarm permit renewal billing requirement. Accordingly, staff is also requesting to amend Ordinance No. 12809 C.M.S (Master Fee Schedule) to include a new fee associated with the proposed change in program administration.

KEY ISSUES AND IMPACTS

Permit Renewal Billing Costs

Staff consulted with ATB Services concerning the cost associated with this shift in responsibility.

Expenses that ATB Services is positioned to incur are outlined as follows:

1. Direct Mail	\$0.79
• Stamp	
• Envelope	
• Registration form	
• False Alarm Brochure	
• Printing, folding and stuffing	
• Labor and mailing equipment	
2. Return mail research and re-mailing	\$0.26
3. Additional customer support for renewal registrations	<u>\$2.35</u>
<u>Estimate for Initial Alarm Renewal Notification to alarm users</u>	<u>\$3.40</u>

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There are also additional fees that ATB Services will incur for generating the late fees with non-payment. A breakdown of said expenses is outlined as follows:

- | | |
|--|---------------|
| 1. Direct Mail | \$0.79 |
| 2. Return mail – usually negligible | |
| 3. Additional customer support for renewal registrations | <u>\$2.30</u> |

Estimate for registration late fees: **\$3.09**

New Proposed Fee

As part of the regulations and reductions in false alarms in Oakland, it is essential that the City have accurate data on alarm sites and users. Due to the change in process, staff is proposing that Oakland Municipal Code Chapter 8.02, Burglar Alarm Systems also be amended to require alarm businesses to notify the City (by the 15th day of each month) of alarm user systems that have been disconnected.

This additional clause is necessary because if alarm businesses fail to promptly notify the City of Oakland of disconnected alarm sites, it will cause the City to unnecessarily generate automatic renewal notices.

If staff generates unnecessary renewal notices, the following process will occur:

- 1) A renewal notice will be sent;
- 2) If unpaid, a late fee will be sent;
- 3) If disregarded, a notice of being non-registered will be sent;
- 4) We will notify the user's alarm business that the alarm user is non-registered;
- 5) The alarm user may be sent to collections.

This process will cause inefficiencies in the use of staff time and resources; however this can be avoided if alarm businesses provide proper and timely notification of disconnected alarm sites. The proposed fee billed to alarm businesses for failure to notify the City of Oakland of alarm service disconnections is \$100 per occurrence.

Ordinance No. 12809 C.M.S. (Master Fee Schedule) is amended as required to include the new service fee.

False Alarm Reduction Program

The target date for full program implementation was January 4, 2010. Due to the alarm industry's inability to assume responsibility for the alarm permit renewal billing, the permit

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renewal process has been delayed. It is crucial that ordinance amendments are accepted and staff is enabled to move forward with full implementation of the alarm program in order to effectively decrease false alarms and ensure that the program is self sustaining.

Proposed Ordinance Revisions

The following revisions will be made to Oakland Municipal Code Chapter 8.02, Burglar Alarm Systems. Additions are show by underline type and deletions are shown by ~~strike through~~ type:

8.02.010 Definitions.

~~“Verified Response” means a police response that is based on information received from a person physically present at a location (e.g., an alarm site) or from real-time audio or video surveillance positively verifying that there is evidence of either a crime or an attempted crime at the location~~

8.02.020 Alarm Registration & Permits.

- F. The initial permit application shall be given to the alarm user by the alarm installation company at the time of alarm installation. The application and fees permit shall be submitted by the alarm installation company to the alarm administrator (or designee) within thirty (30) days of the installation date.
- K. The fee for a new alarm permit shall be collected by the alarm installation company and an alarm permit renewal fee shall be collected by the alarm business administrator.
- N. Any fee required to be paid by an alarm user under the provisions of this Chapter shall be deemed a debt owed by the alarm user to the City until it has been paid to the City ~~except that proof of actual payment to an alarm company is sufficient to relieve the alarm user from further liability for the fee.~~
- O. Any fee required to be collected by an alarm ~~company~~ business under the provisions of this Chapter shall be deemed a debt owed to the City by the ~~company~~ business required to collect and remit such fee, if the alarm company business has failed to take reasonable steps to collect the fee. ~~A company will be deemed to have taken reasonable steps if, at a minimum, it bills the alarm user, waits 30 days, timely bills the user a second time, and then informs the City of the user's continued nonpayment.~~

~~P. Whenever an alarm company remits funds collected as a license or license renewal fee to the City, the alarm company shall also provide the City with the name and address of any customer refusing or failing to pay the fee for a period of one or more billing periods and shall state the amount of such fee remaining unpaid, and such other information as the Alarm Administrator may require. The City may assume responsibility for collection of any fees due and payable for the stated periods and demand payment of such fees, plus administrative costs, interest, and penalties, if any.~~

8.02.040 Alarm User Responsibilities

G. Failure to meet the responsibilities listed in this section may lead to ~~suspension~~ or revocation of ~~an~~ alarm permit and loss of the privileges associated with that permit

8.02.050 Alarm Business Responsibilities.

- B. Provide the Alarm Administrator (or designee) with an electronic data file and hard copy file with name, complete address and account number of each new alarm user in the City no later than the last day of each month.
- C. Notify the Alarm Administrator by the 15th day of each month of all their alarm users within the City of Oakland that have discontinued their alarm service with the company in the previous month. For each discontinued alarm user that is not listed on the notification, the alarm business shall pay a fee as set forth in the Master Fee Schedule. Fees will be waived when the alarm company provides credible evidence that it has a valid contract with the respective alarm user, or that the alarm user discontinued service without formal termination.
- ~~C.~~ D. Comply with California licensing requirements, and maintain a valid copy of the State of California Department of Consumer Affairs Alarm Company and/or Alarm Company Employee permit with the alarm administrator.
- ~~D.~~ E. Ensure that installation of all new alarm components adhere to manufacturer's installation guidelines.
- ~~E.~~ F. Install alarm systems and alarm system components appropriate for the location installed; be available to maintain the system in good working order, and take reasonable measures to prevent the occurrence of false alarms.

- F. ~~G.~~ Submit an alarm permit form, the correct fee and required documentation on behalf of the alarm user to the alarm administrator (or designee) prior to the installation of a new alarm system. Alarm Businesses and Alarm Installation Companies shall hold fee revenues received from customers in trust for the City. ~~The fees collected by alarm companies under this Article shall be stated separately in the alarm companies' billings to their customers. If the amount paid by a customer is less than the full amount of the charges for service and the permit or permit renewal fee which have accrued for the billing period, and if the customer remitting has not indicated how to allocate the payment as between alarm company service charges and alarm permit fees, then a proportionate share of both the charges for service and the fee shall be deemed to have been paid~~
- ~~G. Notify each of its customers of the license renewal requirement for the following year and bill such customers for the license fee required under this Ordinance. Such bill shall be due and payable before the expiration of the customer's current license.~~

The definition "Verified Response" is being deleted because the term is not used in the body of the revised ordinance. All other revisions remove, add or clarify ordinance language related to the shift in permit renewal billing responsibility.

PROGRAM DESCRIPTION

The City of Oakland's Department of Information Technology worked directly with ATB Services and staff began billing for false alarms on March 1, 2010.

ATB Services has provided the following services:

- Assisted with Public Communication and Awareness Campaign
- Alarm Form Design
- Assisted with Creating New Administration Procedures
- Assisted with Establishing Reporting Requirements for Alarm Businesses/Companies
- Coordinated Initial Registration of Alarm Users with Alarm Businesses/Companies
- Provided and Tailored Online Community Page and Online Alarm Class (www.atbservices.com/Oakland)
- Provided Training to City Staff
- Provided Education and Support Materials

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SUSTAINABLE OPPORTUNITIES

Economic: A fully functioning False Alarm Reduction Program will generate revenue for the City and reduce false alarms, allowing OPD to redirect existing police resources to crime reduction efforts.

Environmental: A reduction in false alarms will translate to a reduction in noise pollution and peace disturbances throughout the City.

Social Equity: A fully functioning False Alarm Reduction Program will redirect police resources from responding to false alarms to other crime related violations, thereby creating enhanced public safety efforts within the City of Oakland.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no ADA or senior citizen opportunities identified in this report.

RECOMMENDATION AND RATIONALE

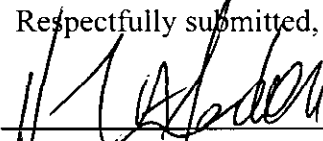
Staff recommends adoption of 1) an Ordinance amending Oakland Municipal Code (OMC) Chapter 8.02, Burglar Alarm Systems, to modify alarm company responsibilities; and 2) an Ordinance amending Ordinance No. 12809 (Master Fee Schedule) to create a fee associated with failure to report discontinued alarm users.

The recommended actions will allow full implementation of the False Alarm Reduction Program administered by the Oakland Police Department and ATB Services. It will aid in the reduction of false alarms and redirect police resources to critical public safety needs.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the Council 1) adopt an Ordinance amending Oakland Municipal Code (OMC) Chapter 8.02, Burglar Alarm Systems, to modify alarm company responsibilities; 2) an Ordinance amending Ordinance No. 12809 (Master Fee Schedule) to reflect fee changes associated with false alarm service fees.

Respectfully submitted,



for Anthony W. Batts
Chief of Police

APPROVED AND FORWARDED TO
THE FINANCE AND MANAGEMENT
COMMITTEE:



Office of the City Administrator

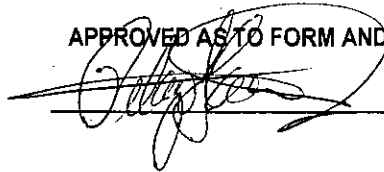
Prepared by:
Ms. Antoné Hicks
Alarm Administrator
False Alarm Reduction Unit

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 APR 15 PM 5:55

APPROVED AS TO FORM AND LEGALITY



City Attorney

OAKLAND CITY COUNCIL
ORDINANCE NO. _____ C.M.S.

**ORDINANCE AMENDING OAKLAND MUNICIPAL CODE (OMC)
CHAPTER 8.02, BURGLAR ALARM SYSTEMS, TO MODIFY ALARM
COMPANY RESPONSIBILITIES**

WHEREAS, the City wishes to fully implement a program to recoup the costs of responding to false alarms and false alarm reduction efforts; and

WHEREAS, minor clarification and correction amendments are necessary; and

WHEREAS, the City is transferring responsibility for alarm permit renewal billing requirement from alarm businesses to the alarm administrator; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. It is the intent of the City Council in enacting this ordinance, to improve the effectiveness of false alarm reduction efforts.

Section 2. The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this ordinance.

Section 3. Oakland Municipal Code Chapter 8.02 is hereby amended as follows. Additions are indicated by underline type, and deletions are indicated by ~~strikethrough~~ type. Text not appearing here is unchanged:

8.02.050 Alarm ~~Company~~ Business Responsibilities.

8.02.010 Definitions.

~~“Verified Response” means a police response that is based on information received from a person physically present at a location (e.g., an alarm site) or from real-time audio or video surveillance positively verifying that there is evidence of either a crime or an attempted crime at the location.~~

8.02.20 Alarm Registration & Permits.

F. The initial permit application shall be given to the alarm user by the alarm installation company at the time of alarm installation. The ~~permit~~ application

and fees shall be submitted by the alarm installation company to the alarm administrator (or designee) within thirty (30) days of the installation date.

- K. The fee for a new alarm permit shall be collected by the alarm installation company and an alarm permit renewal fee shall be collected by the alarm ~~business~~ administrator.
- N. Any fee required to be paid by an alarm user under the provisions of this Chapter shall be deemed a debt owed by the alarm user to the City until it has been paid to the City, ~~except that proof of actual payment to an alarm company is sufficient to relieve the alarm user from further liability for the fee~~
- O. Any fee required to be collected by an alarm ~~company~~ business under the provisions of this Chapter shall be deemed a debt owed to the City by the ~~company~~ business required to collect and remit such fee, if the alarm ~~company~~ business has failed to take reasonable steps to collect the fee. ~~A company will be deemed to have taken reasonable steps if, at a minimum, it bills the alarm user, waits 30 days, timely bills the user a second time, and then informs the City of the user's continued nonpayment.~~
- ~~P. Whenever an alarm company remits funds collected as a license or license renewal fee to the City, the alarm company shall also provide the City with the name and address of any customer refusing or failing to pay the fee for a period of one or more billing periods and shall state the amount of such fee remaining unpaid, and such other information as the Alarm Administrator may require. The City may assume responsibility for collection of any fees due and payable for the stated periods and demand payment of such fees, plus administrative costs, interest, and penalties, if any.~~

8.02.040 Alarm User Responsibilities

- G. Failure to meet the responsibilities listed in this section may lead to ~~suspension or~~ revocation of an-alarm permit and loss of the privileges associated with that permit.

8.02.050 Alarm Business Responsibilities.

The duties of the alarm business shall be to:

- B. Provide the Alarm Administrator (or designee) with an electronic data file and hard copy file with name, complete address and account number of each new alarm user in the City no later than the last day of each month.

- C. Notify the Alarm Administrator by the 15th day of each month of all their alarm users within the City of Oakland that have discontinued their alarm service with the business in the previous month. For each discontinued alarm user that is not listed on the notification, the alarm business shall pay a fee as set forth in the Master Fee Schedule. Fees shall be waived when the alarm business provides credible evidence that it has a valid contract with the respective alarm user, or that the alarm user discontinued service without formal termination.
- ~~C.~~ D. Comply with California licensing requirements, and maintain a valid copy of the State of California Department of Consumer Affairs Alarm Company and/or Alarm Company Employee permit with the alarm administrator.
- ~~D.~~ E. Ensure that installation of all new alarm components adhere to manufacturer's installation guidelines.
- ~~E.~~ F. Install alarm systems and alarm system components appropriate for the location installed; be available to maintain the system in good working order, and take reasonable measures to prevent the occurrence of false alarms.
- ~~F.~~ G. Submit an alarm permit form, the correct fee and required documentation on behalf of the alarm user to the alarm administrator (or designee) prior to the installation of a new alarm system. Alarm Businesses and Alarm Installation Companies shall hold fee revenues received from customers in trust for the City. ~~The fees collected by alarm companies under this Article shall be stated separately in the alarm companies' billings to their customers. If the amount paid by a customer is less than the full amount of the charges for service and the permit or permit renewal fee which have accrued for the billing period, and if the customer remitting has not indicated how to allocate the payment as between alarm company service charges and alarm permit fees, then a proportionate share of both the charges for service and the fee shall be deemed to have been paid~~
- ~~G.~~ Notify each of its customers of the license renewal requirement for the following year and bill such customers for the license fee required under this Ordinance. Such bill shall be due and payable before the expiration of the customer's current license.

Section 4.

This Ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes on final adoption as provided by Section 216 of the City Charter; otherwise it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

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

DATE OF ATTESTATION: _____

**ORDINANCE AMENDING OAKLAND MUNICIPAL CODE (OMC)
CHAPTER 8.02, BURGLAR ALARM SYSTEMS**

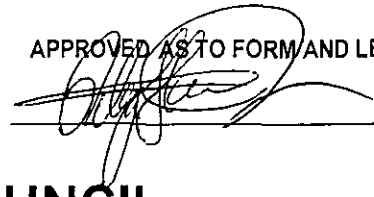
NOTICE AND DIGEST

This Ordinance amends Oakland Municipal Code Chapter 8.02, and changes the responsibility of alarm business regarding renewal of alarm permits and requires alarm business to give notice to the alarm administrator when alarm users discontinue their service. It also authorizes an administrative fee to be charged to any alarm business that fails to inform the alarm administrator of a user that has discontinued service.

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 APR 15 PM 5:55

APPROVED AS TO FORM AND LEGALITY



City Attorney

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AMENDING ORDINANCE NO. 12809 (MASTER FEE SCHEDULE) TO CREATE A FEE ASSOCIATED WITH FAILURE TO REPORT DISCONTINUED ALARM USERS

WHEREAS, causing police to engage in a false alarm response constitutes an appropriation of public police services for private purposes and is subject to a cost recovery fee; and

WHEREAS, concurrent with this ordinance, Council is amending Oakland Municipal Code Chapter 8.02, Burglar Alarm Systems, to modify alarm company responsibilities, including a requirement that they report monthly to the alarm administrator any customers who's service has been discontinued; and

WHEREAS, the City wishes to recoup the costs of sending and following up on alarm permit renewal notices to alarm customers who's service has been discontinued; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. Master Fee Schedule. The Master Fee Schedule, Ordinance No. 12809 C.M.S. is amended to add these service fees as follows in Section 3.

Section 2. The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this ordinance.

Section 3 The Master Fee Schedule is amended as follows to add the text indicated in underline type:

POLICE SERVICES

AS. False Alarm Program

5. Service Fee for Failure to Notify Alarm Administrator of Alarm User System Disconnection (responsibility of alarm company holding alarm agreement) per OMC section 8.02.050.C.

100.00 Incident

Section 4.

This Ordinance shall become effective immediately on final adoption if it receives six or more affirmative votes on final adoption as provided by Section 216 of the City Charter; otherwise it shall become effective upon the seventh day after final adoption.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

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

DATE OF ATTESTATION: _____

ORDINANCE AMENDING ORDINANCE NO. 12809 C.M.S (MASTER FEE SCHEDULE) TO CREATE A FEE ASSOCIATED WITH FAILURE TO REPORT DISCONTINUED ALARM USERSTO ESTABLISH SERVICE FEES FOR FALSE ALARMS AND FOR FALSE ALARM REDUCTION ACTIVITIES

NOTICE AND DIGEST

This Ordinance amends the Master Fee Schedule to establish a fees for alarm business which fail to report to the alarm administrator any alarm users who have discontinued service during the prior month.~~Intruder and Burglar Alarm Permits and Service Fees for False Alarm responses by the City, pursuant to~~ This change follows amendments Oakland Municipal Code Chapter 8.02.