



Legislation Details (With Text)

**File #:** 19-076  
**Type:** Administrative Items      **Status:** Passed  
**File created:** 1/9/2019      **In control:** City Council/Public Financing Authority  
**On agenda:** 2/4/2019      **Final action:** 2/4/2019  
**Title:** Approve and authorize execution of a five-year contract for approximately \$120,000 annually to administer the False Alarm Reduction Program with PM AM Corporation  
**Attachments:** 1. Att#1 PM AM Corp Contract.pdf, 2. Att#2 Merced Contract with PM AM

Date	Ver.	Action By	Action	Result
2/4/2019	2	City Council/Public Financing Authority	approved	Pass

**REQUEST FOR CITY COUNCIL ACTION**

**SUBMITTED TO:** Honorable Mayor and City Council Members

**SUBMITTED BY:** Fred A. Wilson, City Manager

**PREPARED BY:** Robert Handy, Chief of Police

**Subject:**

**Approve and authorize execution of a five-year contract for approximately \$120,000 annually to administer the False Alarm Reduction Program with PM AM Corporation**

**Statement of Issue:**

False alarms in the City cause undue stress on Police Department resources making a robust False Alarm Reduction Program necessary to improve staff deployment and cost recovery. Staff recommends this contract based on research demonstrating improved efficiency, operational effectiveness and cost recovery in many other cities utilizing an automated system to manage false alarms. The Finance Commission voted to recommend the contract and the False Alarm Reduction program on January 23, 2019.

**Financial Impact:**

The City will pay PM AM Corporation twenty percent (20%) of all revenues that PM AM collects in the course of administering the false alarm reduction program. Staff conservatively estimates that revenues for alarm permits and false alarm fines will increase by approximately \$200,000 annually, from \$400,000 per year to \$600,000 per year, based on improved enforcement of HBMC Chapter 5.56. The increase in revenues will offset the additional costs associated with this contract, and should result in a net increase in revenues to the City. These revenues help offset the cost of responding to false alarms.

In order to ensure that there is adequate time provided for technical implementation and for public outreach, the contract will be effective July 1, 2019. Staff estimates that payments to PM AM

Corporation will be \$120,000 in Fiscal Year 2019/20. Based on a revenue estimate of \$600,000 per year, the total estimated amount that will be paid to PM AM each year is \$120,000 based on a 20% revenue share. The amount paid to PM AM Corporation over a five-year contract period is \$600,000.

**Recommended Action:**

Approve and authorize the Mayor and City Clerk to execute after Ordinance No. 4163 is effective the “Contract For False Alarm Billing and Tracking Services” between the City of Huntington Beach and PM AM Corporation for the administration of the False Alarm Reduction Program.

**Alternative Action(s):**

Do not approve the contract and direct staff accordingly.

**Analysis:**

The Police Department intends to expand the current False Alarm Reduction Program. Currently, there is an alarm permit system and false alarm billing program. The current ordinance and methodology is antiquated and conducted in-house by City staff. Currently, a high percentage of residents and businesses are out of compliance with permit requirements and many alarms have repeat malfunctions causing false alarm responses by police personnel. A robust False Alarm Program encourages compliance in obtaining alarm permits, reduces false alarms, and helps educate alarm subscribers on how to minimize false alarms involving police responses. A more automated and efficient system will allow Police Department resources to be redirected to other essential duties and enhance cost recovery.

PM AM will provide comprehensive alarm administration and fee collection services through an automated system. These services include web-based applications for consumers, educational components for proper alarm use, and partnerships with alarm companies to ensure customers are obtaining alarm permits. Currently, we utilize a more manual system that is labor intensive and does not capture permit data from alarm providers, leaving many residents and business out of compliance with our Municipal Code. The new system provided by PM AM will increase permit compliance and help us decrease false alarms.

PM AM Corporation is an industry leader used by municipal police departments across the Country. Staff located only two vendors capable of administering a program for the size of the City of Huntington Beach. Staff spoke to personnel in other agencies who have experience with each vendor and realized PM AM has the most viable product solution for the City based on our technology infrastructure, and needs of the program. Therefore, staff is recommending the contract with PM AM.

PM AM Corporation is being recommended through a 2017 interagency agreement with the City of Merced to provide false alarm tracking and billing in Huntington Beach for a period of five years. As provided in Huntington Beach Municipal Code 3.02.190, an interagency agreement is an agreement for the procurement of goods and/or services through the use of a contract initiated by another agency, which is for identical or nearly identical goods and/or services and resulted from a competitive bid using methods similar to the methods provided in our Purchasing Code. PM AM received the highest qualifications-based score and submitted the most competitive cost proposal in

the competitive bidding process. The proposed pricing is consistent with the interagency pricing. Based on a revenue estimate of \$120,000 per year, the total amount that will be paid to PM AM over a five-year contract period is \$600,000. Based on an analysis of the implementation of comprehensive false alarm reduction programs in other cities, staff believes that the increase in permit compliance will generate sufficient cost recovery revenue to offset the expenses paid to PM AM to administer the program.

**Environmental Status:**

Not applicable

**Strategic Plan Goal:**

Enhance and maintain public safety

**Attachment(s):**

1. Contract with PM AM.
2. City of Merced contract with PM AM.