



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** DECEMBER 3, 2019

**DEPARTMENT:** SALINAS POLICE DEPARTMENT

**FROM:** ADELE FRESÉ, CHIEF OF POLICE

**BY:** TONYA ERICKSON, MANAGEMENT ANALYST

**TITLE:** AGREEMENT FOR ALARM PROGRAM ADMINISTRATION  
AND COLLECTION SERVICES

### **RECOMMENDED MOTION:**

A motion to approve a Resolution approving agreement with PM AM Corporation for Alarm Program Administration and Collection Services.

### **RECOMMENDATION:**

Staff recommends that the City Council approve an agreement with PM AM Corporation, of Dallas, Texas, for Alarm Program Administration and Collection Services, in accordance with the City's Alarm Ordinance.

### **EXECUTIVE SUMMARY:**

The Salinas Police Department desires to contract with PM AM Corporation for the Alarm Program Administration and Collection Services. Transitioning services to this new contractor is anticipated to result in the additional annual revenue due to a higher rate of successful collections with the new vendor, as well as an increase in the City's percentage of the revenue sharing agreement under the new contract.

### **BACKGROUND:**

The Salinas Police Department has approximately 5,500 registered alarm user permits that are comprised of homeowners and businesses throughout the City. Registration by alarm users and businesses is required by Chapter 22 of the City Code. The purpose of the chapter is to establish standard and controls for the various types of emergency signals from alarm systems that require police response or investigation. The goal is to encourage responsible use of alarm systems and to reduce the number of false alarms to which public safety officers must respond by accurately tracking false alarm instances and assessing fees and penalties as required by the Alarm Ordinance.

The City of Salinas has contracted with a third-party to provide alarm program administration and collection services since 2011. The City and the vendor share the revenue generated from fees, fines, and penalties as outlined in the agreement.

The City currently contracts with CryWolf Managed Services to provide data storage, permit fee collection, false alarm notification, and fine collection. The current contractor agreement has a tiered revenue sharing rate under which they retain 35% of the first \$75,000 in revenue, 25% of the next \$75,000 in revenue, with decreasing percentages applied to subsequent tiers. All revenue sharing tiers are shown on the table below. For CY 2018, the vendor retained 23.3% of revenue as the contractual service fee, based upon the tiered revenue sharing agreement. The 2018 City share of revenue was \$231,187. The contractor reported an overall collection rate of 85.76%

The responsiveness and level of customer service provided by the current contractor, CryWolf Managed Services, has decreased over the last year, with challenges accessing contractor staff and receiving consistent data related to collections and revenue. Additionally, the existing contract does not provide for regular data sharing or reports from the contractor. The decision was made to research alternate vendors to provide the contracted alarm program administration and collection services.

Salinas Police Department staff researched vendors and identified PM AM Corporation as an alternate provider of Alarm Management Administration and Collection Services. PM AM is currently the number one provider of fully managed false alarm billing software services in the country and has a demonstrated collection rate of 95% which is almost ten percent higher than the current contractor. Additionally, the revenue sharing agreement with PM AM Corporation will provide the contractor to a set 18%, which is five percent lower than the current rate. The improved collection rate, and decreased contractor share of revenue, will result in more revenue for the City, while also facilitating increased accessibility to data.

	<b>Current: CryWolf</b>	<b>Proposed: PM AM Corp.</b>
Contractor Percentage of Revenue Sharing	2018: 23.3% of total revenue <u>Revenue Sharing Tiers</u> 35% 0 - \$75,000 25% \$75,001 - \$150,000 18% \$150,001 - \$250,000 15% \$250,000 and above	18% total revenue
Collection Rate (successful collections)	85.76% (2018 percentage)	95.0%

The PM AM Corporation has a proven track record of transitioning Alarm Program Administration from the current vendor. A total of 17 cities have recently made the switch from CryWolf Managed Services to PM AM Corporation, including the California cities of Arcadia, Morgan Hill, Roseville, San Luis Obispo and Vallejo. The City of Salinas will not have to pay anything to get

the program up and running with PM AM Corporation. In addition to the fiscal advantages of this agreement, the PM AM Corporation will provide data related to permits, false alarm calls and fees collected.

The agreement with PM AM Corporation will run for a period of three (3) years, with an automatic extension from year to year thereafter on the same terms unless either party notifies the other at least 60 days prior to expiration.

**CEQA CONSIDERATION:**

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

**STRATEGIC PLAN INITIATIVE:**

Approving the proposed resolution will support the City Council's Strategic Plan Goals of Safe, Livable Community and Effective, Sustainable Government.

**DEPARTMENTAL COORDINATION:**

The Police Department will work with the Legal and Finance Departments during contract approval and transition of contracted services.

**FISCAL AND SUSTAINABILITY IMPACT:**

The PM AM Corporation fee for service is based on a revenue sharing formula outlined in the contract. Utilizing 2018 collections data, the annual city revenue will increase by approximately \$42,000 upon transition to this vendor. This increase in revenue is anticipated based upon the higher rate of successful collection by the contractor, as well as an increase in the City's percentage of the revenue sharing agreement.

**ATTACHMENTS:**

Resolution

Contract with PM AM Corporation for Alarm Program Administration and Collection Services