



Agenda Report

19-809

Agenda Date: 12/10/2019

REPORT TO COUNCIL

SUBJECT

Action on: (1) Agreement with Superior, LLC for Residential and Business Alarm Management Software, (2) Resolution Amending the Municipal Fee Schedule, and (3) Introduction of an Ordinance Amending Chapter 8.40 of the City Code ("False Alarm Regulation")

BACKGROUND

Per the City of Santa Clara's Municipal Code, the Police Department's Permits Unit processes applications and renewals, conducts inspections, collects insurance and investigates complaints against regulated businesses in the City of Santa Clara. Permits are issued to provide oversight of businesses regulated by City, State and Federal laws. Fees associated with such regulatory oversight functions are approved by the Santa Clara City Council via the Municipal Fee Schedule. One such regulated commercial enterprise is business and residential alarm systems.

Currently, two Community Service Officers (CSOs) are responsible for the management of the Permits Unit. The CSO at the Northside Substation, with significant support from the Finance Department, is tasked with managing the residential and business alarm program as well as the facility itself.

Municipal Code Chapter 8.40, False Alarm Regulation, exists to ensure accurate, up-to-date information for Fire or Police personnel responding to the alarmed location. It also enables emergency personnel to contact responsible parties and/or alarm repair company representatives should the alarm need to be reset, has a recurring problem, or the site needs to be secured. Having this information readily available allows City personnel to return to providing services to the community in a timely manner.

The City's prior Computer Aided Dispatch (CAD) system was linked to WINPACS, an alarm permit software. The alarm software, like the former CAD system, was archaic and the system's technology was unable to provide the Police Department with the more robust technology options currently available to law enforcement for alarm permit management. As a result, with WINPACS, staff time was required to track residential and/or commercial renewal information (e.g. contact person, contact information, change in alarm company, no longer operating system, etc.). Communication (e.g. letters, notices, invoices, etc.) was generated manually, and WINPACS did not offer alarm owners the ability to register and/or renew online.

The Department has been seeking a resource to streamline the administrative tasks associated with the permitting processes and provide more robust customer-service features. The new Hexagon CAD system creates several new opportunities for the Police, Fire and Finance Departments, such as modernizing these business practices.

DISCUSSION

Currently, the City of Santa Clara has 9,144 permits; 4,702 commercial and 4,442 residential. From January 1 through October 7, 2019, Public Safety Dispatchers received 2,973 alarm dispatch requests; 460 of these calls were cancelled while a police officer was en route, 2,498 were determined to be false alarms upon officer arrival and investigation on scene (e.g. user error, mechanical issue, etc.), and 15 were valid over the designated timeframe.

Agreement with Superior LLC

Since the implementation of Hexagon CAD in November 2018, WINPACS has not been connected with Hexagon CAD as the two systems do not have the ability to integrate. Instead, the Community Service Officer has been manually extracting alarm data from Hexagon CAD and is entering it into WINPACS until a long-term solution can be incorporated. While billing continues to take place, the timeliness to create such has lengthened and obtaining a summary is challenging.

The Police and Finance Departments identified the need to replace WINPACS with an alarm management software that could meet our current business needs and integrate with Hexagon CAD. Following a review of the City's purchasing policy 2.105.330, it was determined the alarm management software was an acceptable consideration for a single source purchase for specialized services from licensed professionals where software maintenance and support can only be provided by Hexagon (Exceptions 2.105.330(e)(2)).

In turn, the Purchasing Division provided support to the Police Department, ensured compliance to City policy and applicable government regulations, and helped the City negotiate the best possible revenue sharing split while maintaining appropriate internal controls.

Superior, LLC has developed a commercial, off-the-shelf, Cloud-based software, called CryWolf, as a solution to alarm and collection management. The City's new Hexagon CAD system allows for interface with CryWolf and the City's existing finance system. The data fields in the CAD-extracted file will be specified by the Police Department to include a unique incident number, incident date, street address, suite or apartment, if possible, and false alarm clearance code.

The CryWolf software has the ability to accomplish several tasks currently performed by Finance and Police Department employees, as well as expand services available to staff, residents and businesses, including:

- Track registered and unregistered alarm systems with alarm owners and alarm companies;
- Provide citizens and businesses with secure 24/7 online access to account information via an agency dedicated website;
- Automatically generate notices, create invoices and calculate fees in accordance with our Municipal Fee Schedule and City Code;
- Integrate alarm incidents, billing and accounts receivable information;
- Provide comprehensive financial management and statistical tracking reports;
- Share financial information with the City's external financial systems;
- Fully automated interface with our Hexagon CAD system for daily transfers of alarm incident data, permit status, alarm system contacts and site hazards between CryWolf and Hexagon;
- Transfer alarm information to alarm companies and provide them a website portal to access and update information about their customers; and,

- Capture, track, and account for the filing and adjudication of hearings and appeals in accordance with your direction

The Agreement includes a fixed revenue sharing split of 24% to Superior and 76% for the City of Santa Clara. Program costs, such as bank fees, citizen overpayments (if any), credit card fees (if any), and mailing costs (postage, paper and envelopes) at U.S. Post-Office first-class rate will be withheld (paid) from gross collections before revenue sharing percentages are applied. Any certified mail requirements will be billed separately on a monthly basis and not subject to the revenue share division.

On-Boarding and Communication Process

As part of the 16-week on-boarding process with CryWolf, the company will do outreach to all residential and commercial alarm locations in the City through the alarm companies. The goal of this outreach will be to notify the public of the functionality and requirements of the new system, provide updates to the City ordinance and fees, and answer any questions. In addition to the outreach done by CryWolf on the City's behalf, the Police Department staff will be available to answer any questions and hold any informational meetings, if necessary. During the on-boarding process, the Police Department will begin manually charging the new fees to adhere to the new Ordinance following City Council approval.

To implement CryWolf, Hexagon has agreed to build a CAD bi-directional interface, allowing CryWolf access to alarm permit information within CAD. There will be a fee associated with this request which will be charged to the Computer Aided Dispatch / Records Management System Capital Improvement Project. A quote will be included in an upcoming amendment Agreement with Hexagon.

Resolution Amending the Municipal Fee Schedule

The Police Department's existing false alarm related fees were most recently updated under Phase I of the Municipal Fee Schedule. In conducting the review associated with the Superior contract, staff has determined that the false alarm fees were incorrectly categorized as user fees, and were calculated based upon an incorrect staffing allocation. The approved Fiscal Year 2019/2020 Municipal Fee Schedule fees associated with alarm permit and false alarm fees are as follows:

Type	Fee
Alarm Permit (one-time fee)	\$37
First and Second false alarm	\$0
Third false alarm	\$111
Fourth false alarm	\$136
Fifth and subsequent false alarm(s)	\$161
Dispatch for a Hold-up Alarm	\$121 plus false alarm fee

The false alarm fees are not user fees or fees for service under exceptions 1 and 2 of Proposition 26; rather, these are correctly categorized as regulatory fees under exception 3 of Proposition 26 ("A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof"). A regulatory fee must not exceed the

reasonable cost of administering the regulatory program. Such program administration activities may include licensing, permitting, investigation, inspection, administration, and maintenance of a system of supervision and enforcement.

The FY 19-20 Municipal Fee Schedule and supporting Phase I Fee Study do not capture the full staffing levels and time spent on the categories of activities listed above. Therefore, the associated cost of service (upon which the fees are based) was not accurate. The accurate cost to the City of administering the false alarm regulatory program in terms of response to a false alarm notification includes two Community Service Officers, two 2 Police Officers, a Public Safety Dispatcher II and a Senior Public Safety Dispatcher, which alters the overall costs of the program as set forth in the table below. The result is a significant deficit in the regulatory program, rather than a surplus.

Fee Name	Current Fee / Deposit	Total Cost Per Unit	Surplus / (Deficit) per Unit
Alarm Permit Application	\$37	\$94	(\$57)
False Alarm Calls			
Third false alarm	\$111	\$321	(\$210)
Fourth false alarm	\$136	\$321	(\$185)
Fifth & subsequent false alarms	\$161	\$321	(\$160)
Dispatch for a Holdup Alarm	\$121	\$111	\$10

Based upon the staffing allocation and associated costs listed above, the total programmatic cost for the 2,973 alarm dispatch requests alone is \$954,333. By contrast, the revenue generated in recent years as a result of alarm permits and false alarm fees is much lower, as follows:

Year	Fee Based Revenue
2015	\$51,275
2016	\$104,742
2017	\$115,466
2018	\$212,883
January - August, 2019	\$109,752

The proposed amendments to the Municipal Fee Schedule are as follows:

Type	Proposed Fee
Alarm Permit (unchanged)	\$37
Non-registration Fee (new)	\$50
Annual Renewal Fee (new)	\$15
Late Fee (new)	\$25
Reinstatement Fee (new)	\$15

First False Alarm (unchanged)	\$0
Second False Alarm (new)	\$50
Third false alarm (unchanged)	\$111
Fourth false alarm (unchanged)	\$136
Fifth and subsequent false alarm(s) (unchanged)	\$161
Dispatch for a Hold-up Alarm - false alarm (unchanged)	\$121 (plus False Alarm Fee)

Taken together the changes listed above to the Municipal Fee Schedule, the City's alarm ordinance (discussed below), and the current practices, are expected to increase the cost recovery revenue generated to at least \$246,000 when fully operational. This analysis is based on the fixed revenue sharing split. The number of false alarm calls is expected to decrease as well with the new ordinance and fees in place, thereby closing the gap between the current cost of administering the alarm system regulations and the cost recovery revenue. A revised fee study report is included as Attachment 4.

Amendments to SCCC Chapter 8.40

To achieve these revenue targets and operational goals, Chapter 8.40 of the Municipal Code ("False Alarm Regulation") needs to be amended.

It appears that the last substantive amendment to the False Alarm chapter of the Municipal Code was in 1999. The proposed amendments seek to modernize the chapter. Highlights of the proposed amended ordinance include:

- Requirement for additional contact information for alarm permit holders
- Contractor institutes Enhanced Call Confirmation, which includes a second verification call to a back-up phone number to reduce number of officer call outs for false alarms
- Appeals shall be heard pursuant to the new streamlined SCCC 2.115 process
- Chief of Police may deny/revoke an alarm permit, and/or temporarily suspend police response to that particular alarm site, if the site has produced more than 8 false alarms in a 12-month period

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

An Agreement with Superior creates operational efficiencies within the Police and Finance Departments staffing model.

Through analysis and review of the Police Department's alarm program and corresponding revenue, new fees were proposed, and a revenue-sharing split was negotiated. There are no upfront costs or annual maintenance fees as part of this Agreement. Instead, Superior (24%) and the City of Santa

Clara (76%) will split the estimated revenue. The first-year revenue and expenditure estimates were included in the FY 2019/20 Adopted Operating Budget. These included proposed adjustments to Chapter 8.40 Security Alarm Systems and the Municipal Fee Schedule estimated annually at \$246,000 (or, \$186,960 to the City of Santa Clara).

COORDINATION

This report has been coordinated with the Finance Department, City Attorney's Office, Information Technology Department, and Police Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Approve a three-year Agreement with Superion LLC, for Residential and Business Alarm Management Software and authorize the City Manager to automatically renew the agreement for additional one-year periods, with a maximum of two additional one-year periods, as necessary, without further Council action;
2. Adopt a Resolution amending the 2019-20 Municipal Fee Schedule to add new regulatory fees and amend existing regulatory fees relating to alarm systems; and
3. Approve introduction of an Ordinance amending SCCC Chapter 8.40 ("False Alarm Regulation").

Reviewed by: Daniel Winter, Assistant Chief of Police

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Agreement for Services with Superion LLC
2. Resolution Amending the 2019-20 Municipal Fee Schedule to add new fees and amend existing fees for alarms and alarm systems
3. Ordinance amending SCCC Chapter 8.40 ("False Alarm Regulation")
4. Amended Fee Study Report dated November 2019