

FROM

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SUBJECT: City Council Bill No. 09-0288 –
 False Alarm Reduction Program and Registration Fees

CITY OF BALTIMORE
MEMO

AWK
JMS 3/26/09



DATE: March 26, 2009

TO

Honorable President and
 Members of the City Council

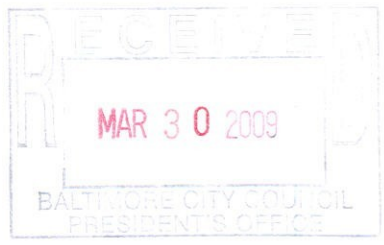
Council Bill 09-0288 removes the requirement that alarm users pay an annual registration fee as part of the False Alarm Reduction Program. The current annual fee is \$20 for alarm users. A burglar alarm registration program linked with fines for excessive false alarms is good public policy. Not all property owners or users choose to or can afford to have burglar alarm systems. The incidence of a false alarm generates a public service response linked to a specific user making a voluntary decision. For this reason, the implementation of burglar alarm programs has become best practice among state and local jurisdictions. Additionally, the false alarm program has helped Baltimore City to focus its deployment of police resources towards the reduction of violent crime.

In response to this bill, both the Finance and Police Departments wanted to take the opportunity to update the City Council on the success of the program to date at reducing false alarm calls, provide an overview as to other Maryland jurisdictions' policies and procedures related to False Alarm programs, and provide the fiscal impact of removing the annual registration fee for users on the City's budget.

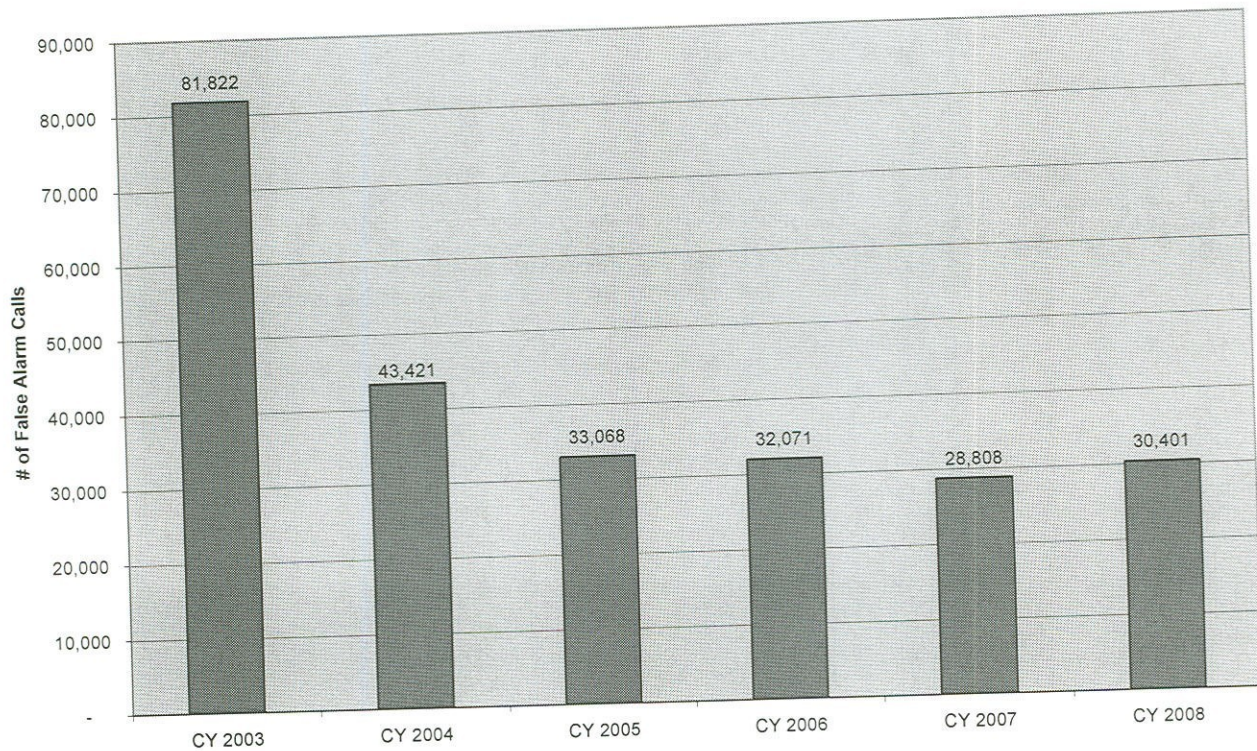
Program Highlights:

- Since its inception in 2003, the program has worked to reduce significantly the number of false alarms in the City. The Baltimore City Police Department reports that it responded to 30,401 false alarm calls during calendar year 2008—a 63% reduction from the 81,822 false alarm responses during calendar year 2003 (the first year of the program). Although 2008 was a slight increase over 2007, the Administration believes that an average 30,000 calls annually is within an expected ongoing level of activity.

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The Baltimore Police Department has seen a 63% reduction in the # of False Alarm Calls since the inception of the program in 2003



- The fees established are appropriate for the management of the program and do not generate excessive revenues. It is estimated that it costs about \$135 to respond to a false alarm call, which includes the cost of two responding units and 911 emergency dispatch. Since the inception of the program through February 2009, the City has spent an estimated \$33.7 million responding to false alarm calls. During this time, the City paid to ACS, the vendor responsible for administering the program, \$3.2 million. In total, the cost of the contract including both the vendor cost and the cost of providing false alarm response services equaled \$36.9 million. As of February 28, 2009, the City has generated \$9.29 million in revenue. As a result, the City has not generated enough revenues to fully cover the cost of the service and the contract.

- The next table shows the details on revenues generated by user class:

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009 (through 2/28)	Total
Total Alarm Registrations/Renewals	57,892	64,012	71,754	78,720	79,746	89,053	441,177
Residential Alarm Users	48,586	53,668	60,243	66,222	69,558	75,480	373,757
Non-residential alarm users	9,172	10,180	11,320	12,292	9,952	13,330	66,246
Alarm Monitoring Companies	134	164	191	206	236	243	1,174
Registration Revenue Total	\$598,280	\$ 607,515	\$ 609,672	\$ 607,236	\$ 470,145	\$ 328,900	\$3,221,748
Residential users	\$475,330	\$ 486,837	\$ 491,777	\$ 497,156	\$ 378,410	\$ 267,355	\$ 2,596,865
Non-residential users	\$112,700	\$ 109,228	\$ 107,295	\$ 101,780	\$ 79,015	\$ 54,195	\$ 564,213
Alarm monitoring companies	\$10,250	\$ 11,450	\$ 10,600	\$ 8,300	\$ 12,720	\$ 7,350	\$ 60,670
False Alarm Fines Total	\$281,347	\$ 1,293,392	\$ 1,396,942	\$ 948,982	\$ 982,418	\$ 729,606	\$5,632,688
Residential users	\$42,935	\$ 227,963	\$ 251,897	\$ 162,791	\$ 171,988	\$ 117,205	\$ 974,778
Non-residential users	\$238,382	\$ 1,065,429	\$ 1,145,046	\$ 786,191	\$ 810,431	\$ 612,401	\$ 4,657,880
Penalties Total	\$6,982	\$ 55,002	\$ 81,008	\$ 48,919	\$ 232,193	\$ 13,657	\$437,762
Total gross revenue as of 2/28/2009	\$886,609	\$ 1,955,910	\$ 2,087,623	\$ 1,605,137	\$ 1,684,756	\$ 1,072,162	\$9,292,197

Registration Fees:

- Baltimore City’s registration fees are set at a reasonable level. The \$20 annual alarm registration fee is a small cost relative to the cost of alarm service, which is estimated at \$480 per year based on a monthly charge of \$40. The registration fee is equivalent to the average cost for a dog or cat license in the City, and is in line with what other jurisdictions charge for alarm registration. The False Alarm Reduction Association (FARA) suggests that alarm registration fees are valuable because the fees help cover the costs associated with running an alarm program, and the fees reinforce to the alarm user the responsibility he or she bears as an alarm owner.
- Of the 11 burglar alarm ordinance programs in the State of Maryland (excluding Baltimore City), eight cities/counties in Maryland require residential users to register their alarms and pay a fee. See the below chart for more detailed information:

Maryland City/County	Charles	Frederick	Greenbelt	Howard	Hyattsville	Laurel	Montgomery	Washington
Permit/Registration Requirement	\$20 annual fee for residential and non-residential alarm users. Fee is waived for senior citizens, handicapped and government locations.	\$30 annual renewal.	\$100 biennial renewal.	\$25 one-time fee with free biennial renewal.	\$50 with biennial renewal. Credit given on renewal fee for false alarms (0 false alarms=\$37.50 credit, 1=\$25 credit, 2=\$12.50 credit); \$25 late fee if renewal is more than 30 days late; new registration @ \$50 if renewal over 60 days late.	Permit fee of \$50 required for non-residential alarm users and voluntary for residential, unless required by the Chief of Police due to false alarms. Annual renewal required for non-residential, biennial for residential.	\$30 initial registration fee, with biennial \$10 renewal required. Non-renewal of registration carries \$100 fee on 1st and every subsequent false alarm until renewed. This fee is in addition to other false alarm response fees assessed.	Permit required with \$30 annual renewal; \$50 per response fee levied to alarm user and alarm company for false alarm response to unregistered alarm system. May be waived if system is registered within 15 days of initial violation.

Fiscal Impact:

The Fiscal 2010 Preliminary Budget includes revenues from burglar alarm registration totaling \$585,000. If the \$20 annual alarm registration fee is repealed, the City would have to absorb this reduction in the General Fund which has already experienced significant revenue reductions for the FY 2010 Preliminary Budget.

There are about 205,000 residential properties in the City, where only 36.8% have installed alarm system units. The elimination of the alarm system registration fee would represent a relatively small annual cost reduction for the users, but it would materially influence the City’s ability to provide services to its residents. The elimination of the fee would generate a revenue reduction equivalent to staffing two recreation centers.

The Finance and Police Departments do not support the passage of Council Bill 09-0288. We would be happy to provide additional information or answer any further questions that you have about the program.