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MEMORANDUM

TO: Mayor and City Council

FROM: Chris Black, Finance Director

FOR: September 14, 2009 Finance and Personnel Committee Meeting

RE: Acquisition of a Wireless Alarm Monitoring System

Background. Per an agreement with the City, Northshore Alarm owns and maintains the alarm monitoring board in the city dispatch center. The alarm monitoring board is approximately 30 years old and is difficult to maintain. **Businesses have the option of having their alarms monitored by the City (via Northshore) or a private alarm monitoring service.** The building code requires approximately 200 commercial and industrial businesses located in the City of McHenry to have fire alarms. Currently, an estimated 130 alarms are monitored by the city dispatch center.

Analysis. Moving to a wireless system provides several public safety benefits, including a reduced number of false alarms and improved response times for fire calls. With the current system, false alarms often can occur during power outages and power surges. These types of false alarms will be significantly reduced with a wireless system, which could reduce false alarms significantly. This frees up staff time of dispatchers and public safety personnel to respond to actual calls.

Improved response times to fire alarm calls would occur since all businesses with fire alarm systems may be required to have them monitored by our dispatch center. When central alarm monitoring services accept an alarm, they must forward them to our dispatch center slowing emergency response. This process may take up to ten minutes from the time of the alarm to the arrival of an emergency responder, which is much longer than alarms monitored directly by our dispatch center.

Area municipalities or districts that have implemented wireless systems have passed an ordinance requiring all alarms to be monitored by the government entity. In McHenry, this would result in all businesses currently using central alarm services being required to have their alarms monitored by the City. However, all users would benefit from fewer false alarms and better response times, with many seeing no increase in their monthly rates.

Currently, users with alarms monitored by the City pay, at a minimum, \$70 per month (\$50 for a telephone line and \$20 for each alarm monitored to North Shore Alarm). The monthly phone line charge alone may be as high as \$80 per month and monitoring could be as high as \$40 per month if the business has a fire and burglar alarm. With a wireless alarm system, the City could maintain the same monthly charge and generate revenue after approximately a three-year payback period for initial equipment costs.

As noted earlier, Northshore Alarm owns and maintains the current alarm board in the city dispatch center. Northshore charges customers \$20 per month and pays the City \$5 per month for each customer. Under this agreement, the City receives approximately \$7,800 in revenue annually. **Alarm board revenue has declined in recent years as businesses have moved to wireless central monitoring systems.**

Several local governments, including the Algonquin Lake in the Hills Fire District and the City of Woodstock, have moved forward with plans to purchase wireless alarm systems. Installing a

wireless system has an upfront cost for the purchase and installation of equipment, which includes the wireless alarm receiver (head end equipment) and radio equipment for each end user, and ongoing costs primarily for hardware, software, and radio maintenance. Staff research indicates that the initial investment for equipment and installation will be approximately \$270,000 and on-going maintenance and operational costs would be \$45,000 annually.

Based on estimates, subscriber revenue may recover the initial investment and operation costs in less than three-years and, thereafter, provide annual revenue of approximately \$90,000. However, these estimates are only preliminary and are dependent upon final pricing received through vendor proposals, the number of subscribers on the system, and whether purchase of the system is financed.

Recommendation. Staff recommends the solicitation of responses to provide a wireless municipal alarm system and maintenance service.