CITY AND COUNTY OF DENVER

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Mayor

DEPARTMENT OF EXCISE AND LICENSES
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To:	Denver City Council
From:	Dominic Vaiana, Deputy Director of Operations – Excise and Licenses
CC:	Ashley Kilroy, Executive Director – Excise and Licenses
	Steve Hahn, Sr. City Attorney
	Becca Oldfield, Fiscal Administrator
	Kevin Forgett, Deputy Legislative Director
Date:	11 November 2020
Re:	EXCIS-201522947-00 – PMAM

The Department of Excise & Licenses (EXL) is requesting a three-year extension and $150,000 of increased capacity for the contract with our current alarm permitting vendor PMAM Corporation (PMAM).

In Denver, all security alarms are required to be permitted, and PMAM provides end-to-end management of the City's security alarm ordinance. The scope of work in our current contract allows for the intake, payment, and issuance of new and renewed permits. Once a permit is issued, PMAM maintains digital connection to 911 dispatch and DPD allowing for these agencies to know, in real time, if an active alarm is associated with an active valid permit. If a customer violates the requirements of the ordinance (with false alarms or other issues) PMAM's system allows for the issuance and adjudication of enforcement citations.

Common Questions:

Why are we extending an agreement we have had in place for five years rather than competitively reproducing it?

PMAM provides a software as a service (SAAS) solution whereby security alarm customers can comply with Denver's alarm ordinance. This solution was custom-built for Denver's specific and unique ordinance requirements. As advised by the City Attorney's Office, SAAS solutions are subject to procurement exemptions as outlined in Executive Order 8 because of the time and expense associated with changing solutions.

The Department has explored the feasibility of alternate solutions. During this investigation it became evident that a full review of the alarm ordinance would be prudent prior to re-procuring services. Additionally, the Department is assessing the division of services between our internally established licensing systems and procurable external services and solutions.

Why are physical alarm payments sent to Texas?

It is common practice for vendors to centralize certain payment activities due to the expense associated with processing. While PMAM does have a local presence, it is not equipped to process the payment volume associated with this agreement locally. The payments processed by PMAM are deposited in the City's bank account and then each month EXL receives a bill for PMAM's payment of services at 12% of the amount collected. Increasingly, most payments are conducted electronically – and as such, fewer items are physically sent to the Texas lockbox.

Why is the contract capacity only increasing by $150K when the first five years of the agreement were for $1M?

Original contract capacity was set at $450K for five years in 2015. In 2018, the contract was amended to increase to $1M based upon actual expenditures. There remains some capacity within the existing contract and we anticipate expending approximately $330K more through June of 2023 on this agreement. A summary of the contract expenses and capacity can be found below.

PMAM Contact Summary		
Year	Expenses – Actual and Projected	Remaining Capacity
2015 - Initial Contact (5 Years)	-	450,000.00
2015-2016	$ 294,222.77	$ 155,777.23
2017	$ 43,693.90	$ 112,083.33
2018 Amendment (Capacity)	-	$ 662,083.33
2018	$ 171,476.79	$ 490,606.54
2019	$ 145,686.61	$ 344,919.93
2020 (Projected)	$ 120,000.00	$ 224,919.93
2020 Amendment (Time & Capacity)		$ 374,919.93
2021	$ 126,000.00	$ 248,919.93
2022	$ 132,300.00	$ 116,619.93
June 2023	$ 69,457.50	$ 47,162.43

This agreement expired in June, why are you only extending it now?

EXL originally intended to initiate the contract extension in late March, however critical operational needs shifted focus to other areas. Subsequently EXL prioritized the Temporary Outdoor Dining program over all other projects. We anticipate a 'normalization' of operational workflow in all capacities by the end of the year.