



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Albert Balagso

**SUBJECT: HILL'S SCIENCE DIET FOOD
AGREEMENT**

DATE: 11-13-2007

Approved

Date

11/9/07

COUNCIL DISTRICT: Citywide
SNI AREA: N/A

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to negotiate and execute a two-year agreement with Hill's Pet Food Company to receive animal food at the cost of shipping in exchange for exclusive promotional opportunities to Hill's Pet Food at the City of San José's Animal Care Center.

OUTCOME

Approval of this item would continue the provision of high quality food for the animals in the Animal Care Center (ACC) at a substantially reduced price compared to current market prices. It would provide a small amount of free food to people when they adopt animals at the ACC and also provide coupons and product information/discounts to people who agree to submit their contact information to Hill's Pet Food. This agreement would require that employees at the ACC recommend Hills Science Diet food and display Hills Science Diet advertising.

BACKGROUND

Hill's Pet Food Company ("Hill's") was established in 1943 to produce pet nutrition products to help enrich and lengthen the special relationship between people and their pets. Hill's produces a well-known high quality pet food called Science Diet.

In 2001, due to increasingly tight financial budgets for animal organizations, the Humane Society of the United States implemented a program entitled Shelter Partners that provided participating animal shelters with revenue-generating programs and discounts on products, services and training opportunities. Shelter Partners now has over 1,500 members including the City of San José and Hill's Pet Food Company. Through this program, Hill's provides Science Diet animal food to participating animal shelters for the cost of shipping.

In 2004, San José entered into a two-year agreement with an automatic one-year renewal for Hills to provide dog and cat food under this program.

ANALYSIS

Based on the estimated number of dogs and cats that will be adopted and the number of animals that will be housed at the Animal Care Center, Hill's submitted a proposed sponsorship program agreement. The program requires the Animal Care and Services Division (ACS) to provide a list of persons who have consented to the release of their contact information, and who have adopted animals at the Animal Care Center, to Hill's for the purpose of receiving coupons and advertisements. The Animal Care Center is to display Hill's products and advertising and is not to promote, display, distribute, or endorse other pet food products. Hill's Science Diet is a high quality nutritional food that ACS can and does endorse with confidence.

In exchange for promoting Science Diet, ACS will be able to provide all of the animals in the shelter a high quality nutritional food at a low cost. Additionally, each person who adopts an animal will receive a free trial size (4-5 lbs) bag of Science Diet dog or cat food at the time of adoption. By providing new owners with the same food for the transitional period, ACS will increase the success of adoptions as the animal adjusts to their new home.

Under the proposed agreement, Hill's would also be asking the City to agree to a release that would waive any claims or damages the City may have against Hill's arising out of feeding contaminated pet food to the shelter animals. This release is substantially similar to the terms of the previous Hill's sponsorship agreement from 2004. The City, however, is not required to indemnify Hill from third party claims (e.g. by new adopters of shelter animals) and Hill's remains responsible for their portion of any third party damages.

COST IMPLICATION

Research of local pet food stores reveals that premium dog food has a price range of approximately \$0.70 - \$1.00 per pound. Premium cat food ranges from \$1.00 - \$1.50 per pound. Under the terms of this agreement, San Jose would purchase premium dog and cat food for \$0.25 per pound (the cost of shipping and handling). This discounted rate is equivalent to or less than the lowest quality pet foods sold in supermarkets. The ACS operating budget only includes funding sufficient to pay the shipping cost of the food.

PUBLIC OUTREACH/INTEREST



Criterion 1: Requires Council action on the use of public funds equal to \$1 million or greater.

(Required: Website Posting)

- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

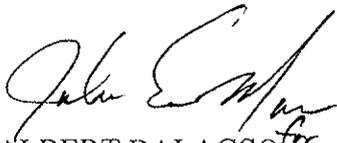
This agreement does not meet any of the above criteria. This memo will be posted to the City's website for the December 4, 2007 City Council Agenda.

COORDINATION

City Attorney's Office.

CEQA

Not a project.


ALBERT BALAGSO
Director of Parks, Recreation
and Neighborhood Services