



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Sara L. Hensley
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 03-17-04

Approved

Date

COUNCIL DISTRICT: Citywide
SNI AREA: N/A

SUBJECT: AUTHORIZATION FOR THE CITY MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS WITH THE CITIES OF CUPERTINO, LOS GATOS, AND SARATOGA FOR ANIMAL SERVICES AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE GENERAL FUND IN THE AMOUNT OF \$1,000,000

RECOMMENDATION

It is recommended that the City Council:

1. Adopt Appropriation Ordinance and Funding Source Resolution Amendments in the General Fund as follows:
 - a. Establish an appropriation in the Department of Parks, Recreation and Neighborhood Services for the Animal Shelter Facility Expansion in the amount of \$1,000,000.
 - b. Increase the Estimate for Revenue from Local Agencies by \$1,000,000.
2. Adopt a resolution authorizing the City Manager to negotiate and execute agreements for animal services with the cities of Cupertino, Los Gatos, and Saratoga in the following annual compensation for operating costs and one time capital contribution: Cupertino (\$166,000 per annum and \$500,000 capital); Los Gatos (\$164,000 per annum and \$300,000 capital); and Saratoga (\$155,000 per annum and \$300,000 capital), for a term of twenty (20) years commencing July 1, 2004, and subject to termination provisions.

BACKGROUND

The Animal Care and Services Division (ACS) of Parks, Recreation and Neighborhood Services Department was established in July 2001 to satisfy state mandates concerning rabies control, increased holding periods for stray animals, and the enforcement of anti-cruelty laws and anti-animal fighting laws. Prior to July 2001, the Humane Society of Santa Clara Valley (now Silicon Valley) provided all animal control services and animal sheltering for the City of San José. In 1998, the new state mandates and a philosophical change caused the Humane Society to direct the City to provide these services through other means.

When ACS was established, the City of San José assumed all field services including code enforcement, stray animal removal, vicious dog permits and issues, animal licensing and associated administrative animal services. Upon completion of San José's new animal care facility, the City will assume the remaining animal services including the sheltering of animals, immunization clinics, and public education programs that are now being provided by the Humane Society under contract.

During the same period of time that San José was planning and organizing the Animal Care and Services Division, the other surrounding cities that were also served by the Humane Society formed a Joint Powers Authority for the purpose of providing animal services. The Silicon Valley Animal Control Authority (SVACA) included the cities of Sunnyvale, Saratoga, Santa Clara, Cupertino, Los Gatos, Campbell, and Monte Sereno. SVACA has provided field services to these communities since July 2001, while temporarily sheltering their animals at the Humane Society until they plan and construct their own shelter. The City of Milpitas contracted with San José starting in July 2001.

In the winter of 2002, some of the member cities in SVACA began to express interest in animal service contracts with other agencies. Over the course of the last year, San José staff has participated in several meetings and negotiations with the cities of Cupertino, Los Gatos, and Saratoga. The meetings resulted in the three City Councils of the interested cities approving the execution of 20-year contracts for complete animal services to be provided by San José.

ANALYSIS

The negotiated contracts include annual operations payments totaling \$485,000 (for the first year) and one-time capital contributions totaling \$1,100,000. The contracts are effective on July 1, 2004 and include automatic cost increases for operations funding at the rate of the Consumer Price Index plus 1.5%. The contracts will be reviewed every three years enabling all participants to adjust to conditions in the industry or changes in law.

The basic scope of services in the agreements includes stray and dead animal removal, investigations of animal related crimes, animal emergency response, licensing, and all sheltering services. The City of Cupertino and the Town of Los Gatos have chosen to pay for the sheltered

animals on a per-animal basis, currently \$135 each. Their three-year average intake of live animals is 296 and 263 respectively. Alternatively, the City of Saratoga prefers a flat rate fee for the animal sheltering portion of their contract. These averages are calculated into the contract prices.

The capital contributions, which are due 35 days after the execution of the contracts, will be used to construct kennels, cages, and a spay/neuter clinic in approximately 2,500 square feet of the unfinished shell space in the new Animal Care Center; to purchase three animal control vehicles for field services; and for several necessary improvements and upgrades to the facility.

The operating agreements will include a commitment by ACS to respond to various types of calls for field services within a certain period of time during normal business hours and weekends or holidays. In order to provide the level of field services anticipated by the cities of Cupertino, Los Gatos, and Saratoga, ACS will need to purchase three animal control vehicles and add three Animal Service Officers. The Animal Service Officers will need to be hired and trained at least one month prior to when the contract commences. Savings in the ACS budget will be used to offset these staff costs. In addition, one Office Specialist will need to be added to the existing shelter staff to respond to additional phone calls and process animal licensing, bite reports, and investigations.

With respect to the shelter services, it is estimated that the Animal Care Center will receive approximately 1,800 animals (includes wildlife, euthanasia requests, and dead animals) annually from the new contract cities. In order to treat and care for the increased animal population, the Animal Care Center will need to add additional staff. This includes an Animal Health Technician, a Veterinarian and two part-time Kennel Attendants. Although the Animal Care Center does not anticipate that providing these contracted animal services will require an additional full-time Veterinarian, adding the position will allow ACS to provide residents of the contract cities and San José access to low cost spay/neuter services. The additional Veterinarian will be funded in part by the revenue from these animal services contracts and \$56,800 from the existing ACS budget designated for contractual services related to the Spay and Neuter Program.

The remaining funds from the operating agreements will be used for future capital maintenance repairs and vehicle replacements. Each year, \$15,000 will be set aside to ensure an adequate balance is available.

Annual Operating Revenue:

Cupertino	\$166,000
Los Gatos	164,000
Saratoga	155,000
TOTAL REVENUE	\$485,000

Costs of Serving New Cities:

3.0 FTE Animal Service Officer	\$180,000
1.0 FTE Animal Health Technician	54,000
1.0 FTE Office Specialist	54,000
0.5 FTE Veterinarian	51,000
2.0 P/T FTE Kennel Attendant	71,000
Non-personal (sheltering costs, vehicle maint, etc.)	60,000
Annual Capital Maint Fund Contribution	15,000
TOTAL COST	\$485,000

Staff will include in the 2004-2005 base budget the operational revenues and expenditures resulting from the agreements with the neighboring cities.

Capital Contribution:

Cupertino	\$500,000
Los Gatos	300,000
Saratoga	300,000
TOTAL CAPITAL	\$1,100,000

Capital Expenditures:

3 animal control vehicles	\$180,000
Build out of 2,500 sq ft	400,000
Cages, Spay/Neuter Equipment	160,000
Security System*	115,000
Night Drop box	30,000
Covers for the kennels	30,000
Valley Wide Communication System	100,000

Capital Expenditures Continued:

Other Shelter Improvements (truck wash, vents for commercial washer/dryers, veterinary equip)*	30,000
Reserved for Contingencies	55,000
TOTAL CAPITAL EXPENDITURES	\$1,100,000

*A portion of the capital expenditure include \$100,000 for project scope changes that was described and approved in item 5.4 of the January 27, 2004 City Council meeting. One hundred thousand dollars was appropriated from this source at the earlier date.

COORDINATION

This proposal has been coordinated with the City Attorney's Office.

COST IMPLICATIONS

The annual compensation for operating costs is adequate to offset the costs of providing field and shelter services to the cities of Cupertino, Los Gatos, and Saratoga.

BUDGET REFERENCE

N/A

CEQA

Negative Declaration, H01-003.

SARA L. HENSLEY
Director of Parks, Recreation and
Neighborhood Services

LARRY D. LISENBEE
Budget Director

HONORABLE MAYOR AND CITY COUNCIL

3-17-04

Subject: Animal Services Contracts

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I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Year 2003-2004 monies in excess of those heretofore appropriated therefrom said excess being at least \$1,000,000.

LARRY D. LISENBEE

Budget Director