

POLICY ISSUE: ANIMAL SHELTERING SERVICES

QUESTION:

- a) Should the City continue utilizing Stanislaus County to provide animal control shelter services or should the City explore alternative shelter opportunities with Turlock, Oakdale, or other private non-profit type operations?
- b) If the City continues to utilize the County's animal shelter facility, should the City enter into negotiations with the County regarding the City's participation in a proposed capital project to update or replace the current Animal Shelter facility?

BACKGROUND:

In 1956, ownership of the animal shelter property was deeded to the city of Modesto and County of Stanislaus by H.W. Bowen and P. Bowen. In 1972, the City conveyed its undivided one-half interest in the property to the County for \$1,629. The City's deed to the County contains a provision stating that if the County discontinues use of the property as an animal shelter that the City has the option to:

- Repurchase the property from the County for the same purchase price paid by the County in 1972.
- Sell the property sharing equally with the County the proceeds of such sale.

As part of the 1972 agreement, the County agreed at its sole expense, to construct a shelter facility of sufficient size to meet the needs of both the City and the County. Additionally, the County agreed to assume full responsibility and liability for the maintenance, operation, and control of the facility. All buildings, improvements, and personal property of any kind located on the property are owned by the County.

In exchange, the City agreed to cease operating a shelter for City use and to use the new County operated shelter exclusively. Further, the City agreed that the County, with City approval, could establish reasonable uniform fees for impounding, maintenance, and disposal of animals at the facility and that the County would retain all related revenues from such activities. Finally, the City agreed to pay the County a share of the actual net operating expenses based on a proportional share of the animals placed in the shelter facility.

The 1972 agreement expired in 2002 after 30 years and was replaced by a new agreement. The new agreement carried forward the major components of the

prior agreement and established a not-to-exceed \$370,000 as the City's full payment to the County for performance of the services outlined within the agreement. Additionally, the City agreed to turn over all licensing revenue to the County and amended the Municipal Code to allow County Animal Control Officers to enforce licensing laws in the City.

Either party may terminate the agreement upon ninety (90) days written notice and the agreement may be automatically renewed annually. The City and County continue to operate under this 2002 agreement.

FACILITY NEEDS ASSESSMENT:

In early 2006, the County Board of Supervisors authorized completion of a Needs Assessment for the animal shelter. This assessment was presented to the Board in March 2007. The assessment noted that the shelter is both overcrowded and outdated and that the overcrowding has "increased disease and stress levels on impounded animals, which in turn has heightened the safety risks to staff interacting with impounded animals." The study concluded among other things, that that existing facility could with minor renovations continue to be used but it would also be necessary to construct a new main shelter area at an estimated cost of between \$10-12 million.

Upon receipt of the study, the Board authorized staff to work with the cities to determine each city's long range plans and needs for animal shelter services and to finalize a future capacity plan based on the development of long-term agreements between the County and each partner city. It should be noted that the County is not mandated to provide shelter services to the cities.

FISCAL IMPACT:

- Current Operating Costs

The City's operating costs for animal control services can be summarized as follows:

Animal shelter services paid to County ¹	\$370,000
Estimated annual revenues allocated to County ²	\$385,000
Animal control field services through PD	<u>\$438,000</u>
Total	\$1,193,000

¹The County has expressed interest in raising this by \$14,000 in FY 2007-08. This issue has not been brought to the Council for action.

²These are license fees, shelter fees, and other direct shelter service fees from animals originating in Modesto and retained by the County.

- County Proposed Changes to Operating Costs

Recently, the County has approached the City regarding the increasing cost of operating the animal services facility. As a result of these cost increases, the County believes they are currently subsidizing this service for the City residents. Under their proposed scenario, the City's annual payment to the County for animal sheltering services would be approximately \$970,000. If the City decides to continue with the existing arrangement, an analysis of this proposal would need to occur and, if appropriate, an allocation made from the City's General Fund.

- Debt Service Estimate

For illustration purposes only, the County estimates that if an \$11 million project were debt financed at today's market rates for 20 years, the annual payment would be approximately \$971,531. According to the County's estimates and based on Modesto's percentage share of animal service costs (41%), nearly \$400,000 of that would be the City's annual contribution to debt service on a new facility.

ALTERNATIVES:

1. Continue to utilize the County for animal shelter services and begin discussions with the County on the creation of a Joint Powers Agreement (JPA) in recognition of the City's larger financial obligations in this area.
 - This is the recommended alternative. The current arrangement has been in place for many years and is effective. Efficiencies gained through the centralization of this service may be further enhanced through a partnership on the animal shelter expansion.
 - It must be noted, however, that the City currently has no funding programmed for the animal shelter facility.
 - Staff would also encourage the use of performance audits to assess the extent to which organizational goals are being achieved and determine the appropriate share of costs for the services provided to each of the agencies that are served by the animal shelter.
2. Evaluate the viability of contracting with another public agency or a private non-profit group, such as the Society for the Prevention of Cruelty to Animals (SPCA) or similar groups.

- Staff does not recommend this option. Although both Turlock and Oakdale have animal shelter facilities, it is unlikely either could absorb Modesto's volume without adding capacity to their shelters. If that were the case, Modesto could reasonably be expected to share in the funding of any expansion. Likewise, while a new SPCA group has been formed in Stanislaus County, the group is just getting started and they lack the resources to take on the responsibility of shelter services for a community of Modesto's size.

3. Assess the viability of a City-owned and operated facility.

- Staff does not recommend this option. The City has neither a facility nor the staffing or equipment resources to operate an animal shelter facility in the near future.