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EDWARD A. BOKS
General Manager

Report to the Board of Animal Services Commissioners

Edward A. Boks, General Manager

COMMISSION MEETING DATE: April 28, 2008

PREPARED BY: Linda Barth

REPORT DATE: March 31, 2008

TITLE: Assistant General
Manager

SUBJECT: Memorandum of Understanding With the City Of Beverly Hills To Provide
Animal Care and Control Services

BOARD ACTION RECOMMENDED:

That the Board:

1. Approve the proposed Memorandum of Understanding (MOU) with the City of Beverly Hills to provide animal care and control services within Beverly Hills, for one year with annual renewals up to two additional years, substantially as on file in the Board Office, subject to approval of the Mayor in accordance with Executive Directive No. 3, and of the City Council, and approval of the City Attorney as to form; and,
 2. Direct the Board staff to transmit the proposed MOU to the Mayor and the City Attorney; and,
 3. Authorize the General Manager to execute the MOU subsequent to necessary approvals.
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SUMMARY:

❖ Background

On June 7, 2005, the Department received a letter from the City Manager for the City of Beverly Hills, California, expressing interest in entering into an agreement with the Department to provide for animal regulation enforcement, animal care center services including taking strays and adopting out animals, dog licensing, and dead animal

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pick-up services. At that time and currently, the Los Angeles County, Department of Animal Care and Control provides these services, mostly dispatched through their shelter in Carson, California. The City of Beverly Hills has been interested in providing to their community a shelter location that is in closer proximity than the County shelter in Carson. As they have with the County, Beverly Hills proposed an agreement by which the City of Los Angeles would be reimbursed for providing the services. A clear benefit of this proposed arrangement for the Department is that the West Los Angeles Animal Care Center already intakes, cares for, and adopts out, animals for Beverly Hills residents, because of the proximity of the West LA location. Without official condonement of such an agreement, however, Beverly Hills residents currently are not forthcoming about their residency when using West LA services, making it difficult to quantify current or future service demands. Opening of the new West LA Animal Care Center in November of 2007 enhanced the attractiveness of the facility to the nearby Beverly Hills residents, as indicated in the advertising support donated, turnout at the Grand Opening event in February of 2008, and other anecdotal information

At a Board meeting on August 8, 2005, staff estimated that the cost of providing services to the City of Beverly Hills would be approximately \$100,000 per year, to be reimbursed to the City of Los Angeles. On October 24, 2005, the Board received additional information regarding the proposed relationship, specifically that dog licenses fees and fines would be collected and retained by the City of Los Angeles, and that City of Beverly Hills would adopt the City's Animal Control regulations by ordinances. Regarding the handling of animal cruelty or neglect cases, the letter indicated that the City of Beverly Hills had no history of cases of animal cruelty or neglect cases. If a case of animal cruelty were found, the City of Beverly Hills would handle the case with expertise provided by the Department. The approval of the Board was transmitted to City Council on November 7, 2005, but was ultimately disapproved by the City Council on May 19, 2006, chiefly because of concerns expressed by the City Administrative Officer (CAO) that the focus of the Department needed to be on the pending opening of larger, new animal care centers, including one in West LA.

❖ New Calls to Revisit the Concept

In the intervening period, as mentioned information continues to suggest that the demands of the City of Beverly Hills are already subsidized by the City of Los Angeles, because the West LA animal care center handles animals generated in Beverly Hills. Further, statistically the number of animal activities generated by Beverly Hills, with a population of less than 36,000 (estimated for 2007), will be small, and therefore formalizing the arrangement is very unlikely to cause a new and undue burden on West LA operations. Meanwhile, the City of Beverly Hills has consistently requested a formal relationship with the City of Los Angeles, for which they are willing to fully pay, and various donors have offered to direct planned donations to the Department, at least to the amount of \$50,000.00 per year.

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The greatest challenge in regard to working out an agreement amenable to both parties has been calculation of costs. The complexity of arriving at a fair cost recovery model was another factor in the recommendation not to proceed with an agreement in 2006. In the 2005 reports to the Board, staff relied in part on a formula from the 2000 Master Facilities Study (precursor to the Proposition F, Animal Facilities Bond) to determine the level of staffing to be attributed to Beverly Hills. Other elements of the cost estimate were developed using a projected intake of 120 animals per year average. A summary follows.

Summary of Annual Cost Estimate for Services to the City of Beverly Hills (August 2005)

Expense Type	Factor or Rate inc. 20% CTO	Base Cost	Calculated BH Cost inc. 20% CTO	Final Cost with 21% CAP*	Basis of Factor and Estimate
Animal Control Officer	0.690	\$50,966	\$35,166	\$42,551	Used 1.7 per 100,000 residents from Master Facilities Study
Animal Care Tech	0.402	\$40,351	\$16,221	\$19,627	Calculated staff time for 120 animals
Veterinarian	0.102	\$78,273	\$7,984	\$9,660	Used .25 per 100,000 residents from Master Facilities Study
Veterinary Tech	0.014	\$50,342	\$697	\$843	Calculated staff time for 120 animals
Vehicles				\$10,000	Estimate; would charge \$0.485 per mile
Expendable Supplies				\$500	Estimate
Feed and Misc.				\$10,015	\$13.91 per animal day, 120 animals, 6 days each
Dead Animal Pick-Up				\$6,720	Sanitation estimate of 192 calls at \$35 each
TOTAL				\$99,916	

*CAP applied to salaries only

❖ New Foundation for an Agreement

To revisit the concept of an agreement which would formalize the relationship with Beverly Hills to ensure the City is reimbursed for handling their animals, staff worked with the CAO on various scenarios to best capture true costs. Several assumptions guided this discussion, all of which are amenable to Beverly Hills:

- The City of Los Angeles [Public Works Sanitation] will not provide dead animal pickup; Beverly Hills will have to privately contract for that service.
- Euthanasia on request services to Beverly Hills residents will not be offered.
- Fees and charges for adopted animals or reunited animals will continue to be collected by the Department and credited as general fund revenue.

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- All overhead included in the annual CAP rate published by the CAO should be applied to any cost recovery model (CAP 30 was for the 2008-2009 proposed fee calculations).
- The 2000 population of Beverly Hills was 33,784, with 15,035 households; current population is estimated at 36,000. The City is 5.7 square miles.
- Using these population numbers and the American Veterinary Association’s pet population estimating formula of .58 dogs and .66 cats per household, that would assume 8720 dogs and 9925 cats residing in the City of Beverly Hills.
- Animal Cruelty investigations, should they arise, would be handled by the City of Beverly Hills staff, with advice from the Department on a cost-per-hour basis.
- While not handling barking dogs complaints, the Department would conduct Potentially Dangerous Dog hearings for Beverly Hills, should the need ever arise.
- The Department would assist in education information on animals, wildlife, pet ownership, and related topics, but will not trap and remove wildlife or any animals for reasons of nuisance to residents or property owners.

In a first new effort to arrive at a reasonable method for charging actual costs of service to Beverly Hills, the 2000 Master Facilities Study was again consulted. The Study revealed a set of staffing benchmarks against which to evaluate the City’s staffing ratios per 100,000 residents. Using that same framework of staff in the City per 100,000 residents, updated to the current Department staff and using a population estimate of 36,000, the cost of servicing Beverly Hills is nearly \$300,000, when fully burdened.

Summary of Annual Cost Estimate for Services to the City of Beverly Hills (July 2007)

Expense Type	Factor or Rate	Total Burdened Cost per yr	Final Cost inc. all CAP*	Basis of Factor and Estimate
Animal Control Officer	0.756	\$118,757	\$89,780	Using 2.1 per 100,000 residents (Master Facilities Study formula)
Animal Care Tech	1.476	\$90,606	\$133,735	Using 4.1 per 100,000 residents (Master Facilities Study formula)
Veterinarian	0.108	\$191,801	\$20,714	Using 0.3 per 100,000 residents (Master Facilities Study formula)
Veterinary Tech	0.360	\$118,425	\$42,633	Using 1.0 per 100,000 residents (Master Facilities Study formula)
Vehicles			\$0	Included in CAP
Expendable Supplies			\$500	Estimate
Feed and Misc.			\$10,015	\$13.91 per animal day, 120 animals, 6 days each
Dead Animal Pick-Up			\$0	Not offered as service
TOTAL			\$297,378	

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Given the low animal intake and the current annual charge by the County of Los Angeles of less than \$50,000 (before licensing revenue offsets) to Beverly Hills, this method of estimating cost recovery seemed excessive.

❖ Development of an Acceptable Formula for Cost Recovery

The Department is not a participant in the City's Cost Recovery Accounting program, and at this time does not have detailed workload and cost information. However, the statistics of current workloads at West LA offer direction. West LA currently serves the West LA Planning area (population estimate of 418,556, or 187,968 households in 90.25 square miles) and a large portion of the Wilshire Planning area (310,225 population, or 122,047 in 14 square miles). Together, that suggests a population served of 728,781, or 310,015 households. Beverly Hills, at the current population estimate, is less than 5% of this population.

According to statistics on intake from the Department's Chameleon database, West LA takes in 2700-3000 dogs and cats a year (about 57% dogs and 43% cats). Incidentally, an excellent 78% of dogs and cats are adopted, taken in by rescues, or returned to owners, and only 22% are euthanized. Significant about the numbers is that the population density, income ranges, and household sizes are similar to Beverly Hills for both these two Planning areas. Using the 5% population ratio above, with the assumption that the areas would yield animals at a similar rate, about 150 animals per year would be the typical contribution of Beverly Hills. The current West LA numbers may already include most of that annual 150 count.

Ultimately, staff developed a formula for assessing both Department administrative costs and direct costs of West LA in providing services. The cost recovering model developed for revising the Department's fees, which incorporates hourly rates of all staff, overhead charges (benefits, days off, vehicle use, and other central services), average stays of animals, and expenses including food and medicine, was used to calculate an average "daily animal cost." The 5% of West LA's portion of Department budgeted resources was applied to the costs of Department administrative staff and supplies (for example, Personnel, Call Center, Administration, and Accounting). Each month, Beverly Hills will be billed 1/12 of the annual calculated administrative overhead cost for the current month, plus the actual costs per animal day sheltered by the Department and actual costs for hours of Animal Control Officer services, less licenses paid, for the previous month. Fees for animal-related business permits, like adoption fees, will be retained by the Department. Annual overhead, fees, and costs to be used for July 1, 2008, through June 30, 2009, are included in the proposed agreement as Exhibit A. These costs will be recalculated for each of the years this agreement is renewed based on updated salaries, overhead, and assessment of time and material and issued by June 1st prior to the new term. Both the City of Beverly Hills and the

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CAO are comfortable with the details of the calculation and methodology behind the invoicing as explained above.

❖ Material Provisions of the MOU

- Term: One year, with renewals up to 2 additional years; costs are recalculated on June 1st each year for billings as of July 1st. Either party may cancel with 90 days notice.
- Services to be Provided: The Department will intake, care for, adopt, reunite, or treat animals coming from persons with Beverly Hills residency, or picked up in the City of Beverly Hills. Animal Control Officers will respond to calls for help or service from persons in the Beverly Hills city limits. The Department will respond to or assist in education in relation to wildlife sightings. The Department will receive license applications and information and process licenses, and receive and process animal-related business permits. Beverly Hills will adopt the City's ordinances relative to animals, including the spay/neuter ordinance recently passed by City Council and signed by the Mayor.
- Invoicing: The City of Beverly Hills shall pay 1/12 of the annual cost recovery fee by the 15th of each month.
- Liability: The City of Beverly Hills and the City of Los Angeles will mutually indemnify and agree to defend each other, as typical with such agreements between jurisdictions.

❖ Conclusion

The benefits to this proposed arrangement with Beverly Hills accrue to both parties. The City of Beverly Hills is largely surrounded by the City of Los Angeles, and currently the Department crosses through this 5.7 square mile grid frequently while coming and going elsewhere in the City. With this contract, Beverly Hills receives more immediate and high-quality services, and the Department receives some revenue. Further, this visible agreement will give opportunity for citizens in Beverly Hills and surrounding areas to see the quality of care and control provided by the Department, which will bring positive attention and could result in increased donations and positive public support. The model could be applied to other cities which are immersed within Los Angeles or are contiguous, and looking for high quality animal care and control. This may become a multiple opportunity to increase staffing through funding from contracting entities, and to increase the Department's profile.

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FISCAL IMPACT:

The providing of animal care and control services to Beverly Hill is structured to be fiscally neutral. That is, the cost of providing services reflects the actual Department expenses for providing such services including Department and general City overhead. However, since the Department is currently provided some level of services to Beverly Hills residents without any reimbursement, the reality is the City will gain an estimated \$97,500.00 in the first year of the agreement.

Approved:

Edward A. Boks, General Manager

BOARD ACTION:

_____ Passed	Disapproved _____
_____ Passed with noted modifications	Continued _____
_____ Tabled	New Date _____