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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: March 24, 2008 **PREPARED BY:** Linda Barth

REPORT DATE: March 19, 2008 **TITLE:** Assistant General
Manager

SUBJECT: Schedule of Fees and Charges for Fiscal Year 2008-2009 for Adoption,
Redemption, Relinquishment, Animal Care, and Permits

BOARD ACTION RECOMMENDED:

That the Board:

1. Approve a Schedule of Fees and Charges relating to adoption, redemption, relinquishment, animal care, and permits to be applied for Fiscal Year 2008-2009, effective July 1, 2008, unless otherwise amended;
 2. Approve activation of Promotional Discount of 50% off the total adoption/redemption charges, and free microchipping, for the express periods in Fiscal Year 2008-2009 described in the body of the report; and,
 3. Direct Staff to transmit this request to the Mayor and City Council for consideration and action.
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SUMMARY:

At the meeting of December 17, 2007, the Board considered and approved a series of recommendations to streamline the process for annually reviewing and setting fees and charges, which are currently set forth explicitly in Los Angeles Municipal Code (LAMC) 53.00 et. seq. Specifically, and in accordance with advice and input from the City Council and the City Administrative Office (CAO) staff, the Board proposed to make several modifications to the LAMC to remove individual fees, establish a method and process for updating fees and charges annually, and establish in advance promotional discounts and the dates promotions would be available, all subject to approval by the

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Mayor and City Council. Concurrently, staff forwarded to the Board, City Council, the Mayor, and the CAO, a detailed report titled “Los Angeles Animal Services Study of Fees and Charges 2007-2008.” This study discussed at length the background and justification for the recommended LAMC changes and new methodologies, and included detailed cost recovery formulas that individually calculated costs for intaking, adopting, and caring for dogs, cats, rabbits, equines, small animals (pocket pets, small birds, reptiles, and other small animals), and other animals (larger birds or reptiles, farm animals, and other larger animals). Those calculations, factored by the average number of days held for each type of animal and other animal-specific expenses, were used to arrive at cost-recovery amounts for each category of animal. A “market-value” discount is used with each type of animal to bring the cost to a level that keeps our animal services at or slightly lower than market rates, so that there is not a negative effect on live release of animals.

The CAO has been working closely with the Department to review the study and the specific formulas proposed. Refinements have been made to the calculations based on CAO questions and suggestions. Notable is the use of fully-burdened (with all City overhead, time-off, and benefits costs) rates for staff performing intake, adoption, and related services; in the initial submittal, fully burdened costs were used only for permit services, however the CAO recommended consistency in the calculations.

Cost-to-Care Fee Category	Current Charge*	Actual Cost	Discount Applied	Proposed Charge	Typical New Total
For each dog adopted or redeemed	\$33	\$274.37	20%	\$55	\$117
For each cat adopted or redeemed	\$25	\$195.22	15%	\$29	\$76
For each dog redeemed, 2nd or more occurrence	\$25-\$45	n/a	0%	\$25	\$142
For each cat redeemed, 2nd or more occurrence	\$14	n/a	0%	\$13	\$89
Spay or Neuter, Dog or Cat **	\$28	\$64.00	50%	\$32	\$32
For each equine sold or redeemed	\$35	\$1,623.27	20%	\$325	\$354
For each other animal sold or redeemed	\$5-\$50	\$456.45	5%	\$23	\$23
For each small pet, reptile, or bird	\$5-\$15	\$253.73	5%	\$13	\$13
For each rabbit adopted or redeemed	\$40	\$312.29	5%	\$16	\$46
Relinquishment Fee for dog	\$5	\$50.90	50%	\$25	\$25
Pickup for Relinquishment, dog	\$20	\$112.85	50%	\$56	\$56
Relinquishment Fee for cat	\$5	\$43.90	50%	\$22	\$22
Pickup for Relinquishment, cat	\$20	\$108.85	50%	\$53	\$47
Relinquishment Fee for rabbit	\$5	\$35.07	50%	\$18	\$19
Relinquishment Fee for equine	\$50	\$445.23	50%	\$223	\$270
Pickup for Relinquishment, equine	\$120	\$651.08	50%	\$326	\$270
Relinquishment Fee for small animal	\$5	\$22.06	50%	\$11	\$11
Relinquishment Fee for other animal	\$5-\$50	\$47.90	50%	\$24	\$24
Pickup for Relinquishment, other animal	\$20-\$120	\$107.96	50%	\$54	\$54

*Average **Rate is Average of \$60-\$68

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Unusual charges, such as those assessed for animals cared for by the Department in humane investigations or animals quarantined, shall be charged in accordance with the fully burdened actual costs per animal day for the type of animal, plus additional direct charges for veterinary services as provided for in the LAMC.

Each year, or more often if appropriate, the formula structure can yield updated costs through changes to: hourly rates, overhead costs, medical supplies, paper and copying, time to perform tasks, spay/neuter payments, average days in shelter for each animal type, and other direct costs such as disposal. Use of fully burdened hourly rates encompasses amounts for vehicle use and maintenance. Use of flat fees rather than the current construction of multiple small charges will speed transactions, increase accuracy, and limit accidental undercharging.

	Adopted Animals	
DOGS Calendar 2007	<u>10,597</u>	
Average Actual Price Charged in 2007	\$78	\$826,566
Typical Amount to be Charged Per Muni Code	\$91	\$964,327
<i>Difference of Actual Average versus Muni Code</i>		\$137,761
Proposed Flat Fee	\$117	\$1,239,849
<i>Difference of Actual Average versus Proposed</i>		\$413,283

CATS Calendar 2007	<u>5,663</u>	
Average Actual Price Charged in 2007	\$60	\$339,780
Typical Amount to be Charged Per Muni Code	\$68	\$385,084
<i>Difference of Actual Average versus Muni Code</i>		\$45,304
Proposed Flat Fee	\$76	\$430,388
<i>Difference of Actual Average versus Proposed</i>		\$90,608

For 2007, streamlining fees to a flat fee method without an increase could have yielded: \$183,065

Per year, streamlining fees plus modest increases such as proposed could yield: \$503,891

Along with establishing the new schedule of streamlined fees, staff also suggests approval of a set Promotional Rate, which would be a discount rate of 50% off adoption/redemption fees, and free microchipping, but no change to spay/neuter or licensing (when applicable). The Promotional Rate may be activated by the General Manager in accordance with the following schedule for Fiscal Year 2008-2009. Should special promotional periods or the full range of suggested days not be necessary, the General Manager may designate on which of the following days the Promotional Rate will be used. Also at the discretion of the General Manager and specially to address the

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population levels in City animal care centers, in some cases, the Promotional Rate may be used for all or any number of animal types.

- Five Consecutive days in July
- Five Consecutive days in August
- December 17-23, 2008
- February 10-15, 2009 (Valentine’s Day)
- May 5-10, 2009 (Mother’s Day)
- June 16-21, 2009 (Father’s Day)
- Best Buddies Program (second animal)
- Seniors for Seniors Program (dogs seven years or older to seniors)

Promotions for any other days or periods would require express approval by the Board and would be subject to approval by the Mayor and City Council, but would not require ordinance changes.

Permit Fees will be based on the cost, including driving time, of actual processing and inspecting to issue permits of various types.

Permit Type	Current Charge	Actual Cost	Proposed Charge
Breeding	\$100	\$116.92	\$120
Dog Kennel	\$130	\$225.33	\$225
Cat Kennel	\$100	\$209.85	\$210
Pet Shop	\$130	\$271.80	\$275
Zoo	\$60	\$178.87	\$180
Animal Rental Establishment	\$80	\$209.85	\$210
Pet Show, Dog Show, Animal Acts or Exhibitions	\$150	\$377.32	\$380
Alligator Farms, Ostrich Farms and Wild Animals	\$70	\$147.90	\$150
Miscellaneous Animals or Reptile Establishment	\$130	\$147.90	\$150
Circus, First Day	\$200	\$3,088.28	\$3,100
Circus, Per Day after First	\$130	\$0.00	inc.
Rodeo, First Day	\$350	\$665.72	\$665
Rodeo, Per Day after First	\$130	\$0.00	inc.
Homing Pigeons	\$50	\$225.33	\$225
Riding Academy, Livery Stable, Board Stable, Pony Ride, Horse Market or Mule Market	\$130	\$178.87	\$180
Animal Grooming Parlor	\$130	\$124.05	\$130
Filming with Animals	\$160	\$300.01	\$300
Filming Per Day after First	\$0	\$0.00	inc.

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As with other fees, permit fees can be readily adjusted annually or more frequently as circumstances change such as increases in the hourly rate or reassessments of time to perform services.

Staff will be closely monitoring the impacts and anticipated efficiency improvements of this new system, and will be prepared to make market adjustments as needed. We will report to the Board progress on implementation of the new Fee plan and effects of the new Schedule of Fees and Charges periodically.

The current situation for the Department is that we use a schedule of fees that are inconsistent with the City's cost recovery principal, is confusing to the public, and is difficult to apply consistently. For example, LAMC incorporates different fees for a redeemed animal than for a stray adopted animal of the same species--a redeemed cat is \$2 per day, while an adopted cat is a flat \$3. Receipts may show six or more individual fee types with the charge for some varying from customer to customer depending on the details of the adoption and how the animal came to Animal Services. Permit fees do not include any coordination with the time needed to do an inspection, which varies greatly between, for example a cat kennel versus a pet store, while the fees are almost the same. Discount promotions are needed tools to improve marketing of animals for adoption, but only three days a year is not effective. Recommendations previously approved by the Board and conveyed to the Mayor and City Council resolve the structural problems; the fees and charges recommended now provide the details to execute a new system of easy, cost-based fees.

FISCAL IMPACT:

The Department will realize a revenue gain from the changes, since the City will start with a foundation of cost recovery and be able to more timely process adjustments. Estimates provided above anticipate a potential of \$500,000 additional income through consistent fees and slight increases. Other modest increases may be found in upgraded fees for relinquishment, which still need to be discounted to deter abandonment of animals, and other services for which we will be able to accurately bill costs. With only about 1400 permits issued in 2007, the increase in fees based on past performance would only bring about \$100,000 additional to the Department, however various factors including an expose on pet shops and the City's Spay/Neuter Ordinance are likely to result in an increase of permits issued, and therefore revenue gained, in the next fiscal year.

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Approved:

Edward A. Boks, General Manager

BOARD ACTION:

_____ Passed

Disapproved _____

_____ Passed with noted modifications

Continued _____

_____ Tabled

New Date _____