



Council Agenda Report

From: Thomas Frutchey, City Manager

Subject: The Future of Animal Control Services for Paso Robles

Date: September 7, 2017

Facts

1. On February 21, 2017 the City Council considered a memorandum of agreement with the County of San Luis Obispo to jointly finance and construct a replacement animal services shelter (see Attachment 1). Under the proposal, the City's costs for animal control services, including both filed services and shelter services, would increase by approximately \$200 thousand per year. The City would be responsible for approximately \$175 thousand in capital costs (over the 20-year financing period for the new shelter, along with \$310 thousand in annual field services costs.
2. The Council was concerned with the projected costs of such services but, having no concrete, fully fleshed out options, approved the agreement and directed the City Manager to execute the agreement.
3. The Council also appointed Councilmember Reed to represent the City on the County's construction oversight committee.
4. With Councilmember Reed's participation and contributions, the County has been making progress in designing its facility.
5. Simultaneously, along with similar efforts by the City of Atascadero, the City initiated the exploration of other options. This exploration included reaching out to other cities, initiating discussions with experts, and visiting other shelters.
6. Options examined included, among others: restricting the types of animals that could be accepted; contracting with a north-County animal boarding facility; and creating a public-private partnership to construct a north-County shelter.
7. It now appears the two cities may have the option of contracting with an experienced provider to construct and operate an animal control shelter for the use of the north County, at significantly lower costs than are projected for the City's participation in the Countywide shelter.
8. The County's process and the two cities' analyses have both progressed to the point that direction is needed from the Council on whether to proceed with further exploration of a north-County option or not.

Options

1. Take no action;
2. Direct the City Manager to, in concert with the City of Atascadero, issue a request for proposals for the operator of a north county shelter and field services program;
3. Provide alternative direction.

Analysis and Conclusions

There are at least eight major criteria that appear to be determinative (in no particular order)

1. Cost—Initial projections indicate that a north-County shelter could be built and operated at significantly less cost to Paso Robles and Atascadero than will be the case with the new County shelter. Savings will come in part from a lower level of service (including reduced hours open to outside visitors, for example, which reduces staffing costs), different operating policies (including, for example, a willingness to reduce the average number of animal nights per animal brought to the shelter that remains unclaimed), and a less expensive facility, among others.

2. Control—Attitudes towards the best approaches to animal services vary among areas of the County. For example, a majority of residents in some areas believe that unclaimed dogs should be sheltered locally as long as it takes to be adopted; others are willing to follow other practices, many of which can reduce costs to the community. Paso Robles and Atascadero appear to have reasonably similar practices, such that the operation of a north-County shelter could meet the specific preferences of the two communities.
3. Convenience to residents—The County shelter is located on Highway 1, west of San Luis Obispo, and approximately 32 miles from downtown Paso Robles. When a pet is taken to the shelter and the owner contacted, he or she must provide or otherwise secure transportation to the shelter to recover the animal. This and all other interactions require an investment of time and difficulty of access that would not be the case with a north-County shelter.
4. Flexibility—A smaller facility, operated for just the two cities, can be more nimble and flexible in its approach, operation, and policies. Thus, as changes become necessary or desirable, they can be accomplished more quickly and cost-effectively.
5. Publicly owned and operated vs. Public-private partnership model—The County shelter is managed and operated by County staff; it is a County operation and, although the cities would be part owners of the shelter, essentially, the cities are clients. The north-County approach would be community-based, utilizing volunteers and community fund-raising to augment public resources. Neither Atascadero nor Paso Robles have qualified in-house staff to manage or staff a shelter and are not proposing to hire them. Instead, the north-County shelter would be operated by a not-for-profit or a for-profit entity. This public-private partnership approach appears to provide the best mix of attributes and cost control to achieve a successful, long-term operation.
6. Risk—Although there is good evidence that the north County can operate animal control services more cost-effectively than can be achieved under the current County proposal, this is not a sure thing. There is certainly some risk that costs will be the same or higher. The County also has more extensive support resources, and a Doctor of Veterinary Medicine manages the County shelter. Thus, if changes in state law or other complexities arise, the County can devote more resources to the solution of any problems.
7. Impact on other cities in the County and on the County—The other cities in the County and the County itself are relying on the economies of scale that follow from the participation of all jurisdictions, to lower the costs that each faces. Atascadero and Paso Robles together account for more than a third of all of the animal-nights incurred at the County shelter. Thus, without the participation of the two north-County cities, and the immediately surrounding unincorporated areas, the annual costs to the other jurisdictions continuing to participate in the County shelter would increase significantly.
8. Impact on the Police Department and other City operations—Other than paying the bills and providing periodic management oversight, staff from neither Atascadero nor Paso Robles are required currently to devote significant time to animal control services. This would definitely change with a north-County shelter. The additional responsibilities and workload would diffuse time and energy now devoted to other, possibly higher-priority programs. A key question is whether this is worth the potential cost savings. This question can be answered only when we know what the savings will be.

Fiscal Impact

Unknown.

Recommendation

Provide direction to the City Manager and Police Chief on the preferred course of action to ensure long-term provision of cost-effective animal control services to City residents.

Attachments

1. Background information



Council Agenda Report

From: Robert Burton, Chief of Police

Subject: Memorandum of Agreement with the County of San Luis Obispo to Jointly Finance and Construct a Replacement Animal Services Shelter

Date: February 21, 2017

Facts

1. Under state law, each incorporated City has the option of contracting with the County or providing their own animal services consistent with the standards outlined under state law.
2. All seven cities in the County have, in turn contracted with the County for those services. Under this service contract, all seven cities and the County share the cost of animal services based on a formula that factors the agencies' proportionate use of field services and shelter services. These services include animal control field and sheltering services.
3. The City of Paso Robles approved a three-year contract for field services and shelter services at its June 21, 2016 meeting. Capital costs for the replacement of the shelter are not included in the costs charged to Cities for field services or shelter services.
4. The County Animal Services Division operates a single animal shelter to house and care for stray and owner relinquished animals. This shelter, located at 885 Oklahoma Avenue in San Luis Obispo, is the County's only open intake animal shelter and receives approximately 4,500 animals annually. Dogs and cats account for roughly 92% of the animals handled at the shelter with the remainder comprised of a wide variety of animals ranging from rabbits, alligators, and emus to guinea pigs, monkeys, and snakes.
5. The Animal Services shelter was constructed in approximately 1975 on a site, which had formerly been a landfill utilized in the 1940s by the US Army and Camp San Luis Obispo. As initially designed, the structure totaled 6,600 square feet and was intended primarily for the kenneling of dogs, with less than 38 square feet dedicated to the care and housing of cats; no accommodations were made for other types of animals. Since then, additional building modifications were constructed to accommodate dog runs adjacent to the kennels, corrals for ranch animals, a small structure for cats, night drop-off kennels, an expansion for staff administration, and renovation for the public lobby.
6. Current industry standards and public expectations of animal shelters have shifted substantially and many of the shelter's original design features and characteristics are now outdated or inconsistent with the current understanding of humane animal sheltering. The consequences of these design issues relative to their impact on humane animal care are further compounded by the effects of deferred maintenance, healthy utilization, and harsh environmental conditions. Over time, roofing leaks have developed, walls and door frames have begun to deteriorate, and the capacity of electrical and drainage systems have been overloaded. The lack of heating, poor ventilation, and general facility layout promotes stress, illness, and behavioral problems in sheltered animals. The austere and unwelcoming environment often discourages the general public from visiting and is believed to have an adverse impact on adoption and stray reclaim rates.

7. In 2010, the County contracted with Ravatt Albrecht & Associates to develop design plans for Phase I of the remodel. Quickly, it became apparent that the scope of this project exceeded the available funding and the dog kennel remodel component of the remodel was dropped. The ability to design a remodel, which could be constructed within budget, was further complicated by soil stability and potential methane off-gassing issues resulting from the shelter's location on an abandoned landfill. During the environmental permitting process, it was determined that a permit was required through CalRecycle¹, adding additional time and cost to the development process. Since then, the project received a post landfill closure permit through CalRecycle, and a permit from the Air and Water Quality Control Boards.
8. In November 2013, the County received five construction bids from contractors for the Animal Services Cattery and Lobby Expansion project. Bids ranged between \$1,245,200 and \$1,382,000. The lowest bid received exceeded the estimated construction cost or budget by \$350,250, which was 39% above the engineers estimated construction cost. In January 2014, staff recommended and the Board of Supervisors rejected all bids for the Animal Services Cattery and Lobby Expansion project. In light of the significant disparities between the project budget, operational needs, and projected construction costs, the project was reassessed and an effort was made to identify design modifications and alternative operational measures that might bring construction costs within budget. During this reassessment, the identification of additional structural problems, including the development of a large sinkhole directly adjacent to the building, caused concern that further investment and attempts to rehabilitate the facility would be fiscally irresponsible.
9. The County explored a potential partnership with Woods Humane Society to build and operate a replacement facility. The County concluded that it was infeasible due to a number of factors with the primary one being that that Woods was not amenable to managing an expansion of services that they provided to the community. In April 2015, the County Board of Supervisors concluded based on the totality of factors that remodeling the existing facility would be imprudent, partnerships unlikely and therefore directed staff to pursue the development of a replacement facility.
10. The Board of Supervisors directed staff to pursue the construction of a new 15,000 square foot facility (approximate) to fully address the facility needs and implement many of the recommendations contained in the Humane Society of the United States and (HSUS) and SPA report (Attachment 3). Further programming was required to define the proper size for the facility and ultimately landed on the program description that is generally outlined Exhibit A to the proposed Memorandum of Agreement.
11. The approval of the Memorandum of Agreement provides a mechanism to: 1) share costs based on proportionate use 2) clarifies service and shelter governance, and 3) contains mechanisms to control construction costs and is a most efficient way to construct a shelter consistent with state law and local service preferences and standards.
12. The issue of governance is a topic that the Cities believed should be a role that the Cities have in terms of containing costs given the significant investment that each City was making. Moreover, the timing of the completion of the facility will impact future budgets.
13. An important issue is one of how to best apportion capital costs associated with the replacement facility and ensuring that the type of construction selected is the most economically and efficiently one to meet existing and future needs of the region. Ultimately, through extensive discussions with the County and Cities, the recommendation was made to distribute all costs for the proposed shelter

¹ CalRecycle oversees the permitting of land use or other activities on active or abandoned land fill sites.

based on the proportional use percentage of Shelter use set forth in Exhibit C of the Memorandum of Agreement.

Options

1. Take no action.
2. Approve Resolution 17-xxx (Attachment 1), authorizing the City Manager to execute a Memorandum of Agreement in substantial conformance as shown in Attachment 2 with the County of San Luis Obispo, and the Cities of Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Pismo Beach and Paso Robles to jointly finance and construct the replacement of an animal services shelter.
3. Amend the foregoing option.
4. Refer back to staff for additional analysis.

Analysis and Conclusions

The City of Paso Robles could choose not to approve the agreement. That would leave the City in the position of having to provide its own sheltering and field services as required by State law in July 2020 at its sole expense. This would mean that the City would not benefit from the economies of scale of sharing both capital and service costs with the County and other six Cities in San Luis Obispo County. Staff has determined that the City cannot provide its own animal field services or shelter services and build its own facility for less than approximately \$482,000² per year that will be paid to the County for field services and shelter services. The Agreement as it provides a mechanism to:1) share costs based on proportionate use 2) clarifies service and shelter governance 3) contains mechanisms to control construction costs and is a most efficient way to construct a shelter consistent with state law and local service preferences and standards and 4) is the most cost effective way of providing required animal shelter services.

The agreement must be approved by each of the City seven City Councils in the County along with the Board of Supervisors. The schedule for approval by each of the jurisdictions is as follows:

Arroyo Grande	2/14/17
Atascadero	2/14/17
Grover Beach	2/21/17
Morro Bay	unknown at time of printing
Paso Robles	2/21/17
Pismo Beach	2/21/17
San Luis Obispo	2/21/17
County	2/28/17

It is expected that the final approved agreement will be in conformance with the draft agreement attached to this report (Attachment 2). Because of the compressed time frame for approval, there may be minor clarifications and small changes made to the final agreement prior to execution. Any financial or substantive changes to the agreement would be brought back to Council for approval prior to execution.

Fiscal Impact

The proposed Agreement apportions the estimated contracting agency costs of \$13.176 million based on the average use of the shelter for a rolling three-year period. Participation in the Animal Services Shelter Agreement will cost the City of Paso Robles approximately \$2.5 million. This is currently estimated at 18.81% of total costs based on figures for July 2013-June 2016, but would adjust upward or downward based on Paso Robles shelter usage over the financing period. With financing costs, this amounts to an estimated payment of approximately \$155,000-\$196,000 per year over the next 25 years.

² Approximately \$307,000 for field and shelter services and \$175,000 per year for the proposed shelter capital costs.

Additionally, the Agreement contains cost containment provisions with respect to actual costs and provides a mechanism to reduce costs or allow a participating City to terminate the agreement if costs exceed the estimated capital budget of \$14.5 million. If the Agreement is approved, the annual payments to the County will be incorporated into the 2017-2019 budget and financial forecast.

Recommendation

Approve Resolution 17-xxx, authorizing the City Manager to execute a memorandum of agreement in substantial conformance with the County of San Luis Obispo, and the Cities of Arroyo Grande, Atascadero, Grover Beach, Morro Bay, and Pismo Beach to jointly finance and construct the replacement of an animal services shelter.

Attachments

1. Resolution
2. MOA
3. Animal Shelter Needs Assessment