



City Council Agenda Report
Meeting Date: March 15, 2016
Department: City Manager

SUBJECT:

REVIEW OF ALTERNATIVE ANIMAL CARE PROPOSAL

RECOMMENDED ACTION(S):

Receive and File; and, exercise City Council discretion in further directing staff regarding Animal Care Services as deemed appropriate.

EXECUTIVE SUMMARY:

On February 2, 2016, Council Member Gardner presented an alternative animal care model that includes a partnership with a potential future non-profit called the Lake Forest Animal Network (“LFAN”). The City Council requested that staff agendize a discussion and provide analysis of the alternative animal care proposal presented during the meeting. Consequently, the analysis prepared by staff is based on the initial LFAN animal care proposal (“Proposal”).¹ In preparing this review, staff independently recreated the data that accompanied the Proposal. Also, staff provides conclusions at the end of each section of the report to summarize major findings.

Staff’s intent in this review is to validate the replicability of the findings, where possible, based on the same data; it is not necessarily to find and unduly highlight inadequacies in the Proposal. Nevertheless, staff’s effort is directed at providing the best information, positive or negative about the Proposal, to aid the City Council’s deliberations in this policy-making area. It also is important for the reader to understand that, in addition to providing assistance to animals, a primary goal of any animal care program is the protection of the public’s health and safety. Consequently, staff highlights areas where the Proposal is unclear to ensure that any potential decision by the City Council is predicated upon as rigorous a review and assessment process as time provided. Generally, these

¹ The initial proposal was presented February 2, 2016. Since that time, Councilmember Gardner has revised certain elements of the presentation and further refined information in subsequent versions of his proposal. However, given the City Council’s direction, staff only reviewed the data provided with the original proposal.

and other issues are raised in the report – not to challenge the Council Member’s enthusiasm for the idea - but, to clarify the model and enable both the City Council and the community to have an open dialogue regarding the Proposal.

The City currently contracts for Animal Care Services with the County of Orange (“County”) which is the most prevalent model used by cities in Orange County. However, throughout the County, there are examples of service models wherein a City contracts with a non-profit to provide shelter/adoption services such as Newport Beach or Costa Mesa. However, the LFAN model is unique in that it suggests no shelter component; and, staff did not find direct comparative examples that would further inform the relative success of such programs. The Proposal includes a network of veterinarians working with a non-profit called LFAN that runs a local adoption center. LFAN also performs other basic services associated with an animal care programs such as field services, licensing, vaccination, and education with the goal of reducing admissions to the program and improving animal welfare.

Below is a summary of staff’s major findings:

- *One of the program’s potential benefits is that it enhances local control over the animal care system in Lake Forest.*
- *Overall, the model takes services currently provided by the County and divides them up between various organizations. This approach presents some logistical issues that likely increase staffing and operational costs.*
- *Staff found areas that require further clarification regarding LFAN’s governance structure, intake policies, euthanasia policies, recruitment and training of personnel, and whether the organization has sufficient cash-flow to sustain its operations.*
- *The City would need to appoint an Animal Welfare Commission and provide some level of staff support to develop policy recommendations regarding animal welfare issues and provide other analyses.*
- *Overall, the issues with the data do not alter significantly the average daily numbers and other calculations that support the model. However, in some instances, the methodology used to arrive at the conclusions is not supported.*
- *Additional years of data are required to identify the trends in the animal population, thereby, resulting in a more reliable intake number projection.*

- *The Proposal's use of average daily number of animals provides a general barometer of the program's activities; however, this metric cannot completely support the conclusions drawn from the data.*
- *Should the Proposal pursue the "no-kill" model, which requires a save-rate of at least 90%, then the program could potentially experience higher than anticipated numbers of animals.*
- *Staff found that the projections cannot be initially supported by evidence in the OCAC data. For example, the highest amount of revenue generated by the OCAC in the field services category was \$375,000. The original Proposal included \$540,000 in licensing revenue, including cat licenses.*
- *Based on the preliminary analysis of revenues, staff noted that a fee study ultimately would be required to understand whether the use of the County's revenue structure is correct. In the absence of such analysis, any projection and, ultimately determination, that the program is cost-neutral or requires additional funding from the City's General Fund should be considered tentative.*
- *Staff believes that the original Proposal could potentially be understaffed and suggests additional positions based on additional research.*
- *Based on staff's preliminary evaluation, including additional positions and overhead costs to the City, the ongoing potential costs associated with the Proposal are likely higher overall.*
- *The Proposal offered an estimate of approximately \$152,000 for start-up costs. Staff noted additional costs, specifically the need for a second animal control officer vehicle and additional tenant improvements to the animal adoption center. Staff's review of the start-up costs differed and totaled between approximately \$296,500 and \$363,000.*

To provide further context for the review, staff provided the Proposal and staff's assessment to a third-party that currently manages a large animal care agency in San Jose and who regularly provides consulting services in these matters. Generally, the conclusion offered is that the City should not end its contractual relationship with OCAC and further suggests that a more longitudinal approach to the data be taken to support the assumptions in the model.

As noted, given that this is an unexplored model, staff cannot offer a comparison to similar programs. Staff believes that given the proposed program's significant

importance as a public safety and animal care services program, it would be prudent to undertake further analysis by an independent party that regularly evaluates programs similar to the one proposed in the event the City Council desires to advance the Proposal.

Inasmuch as the City Council requested that this item be placed on the agenda, any further action relative to this matter is entirely within its discretion.

BACKGROUND:

Legal Responsibilities Under California Law

When considering the future of animal care services in Lake Forest, it is important to understand the City's legal responsibilities under California law. In California, there are a variety of statutes that govern animal welfare. Collectively known as California's "Animal Laws" these include statutes intended to regulate the actions of breeders, pet store operators, owners, and other groups that interact with animals. Included in these statutes are the basic legal requirements of animal control services to be provided by counties and cities.

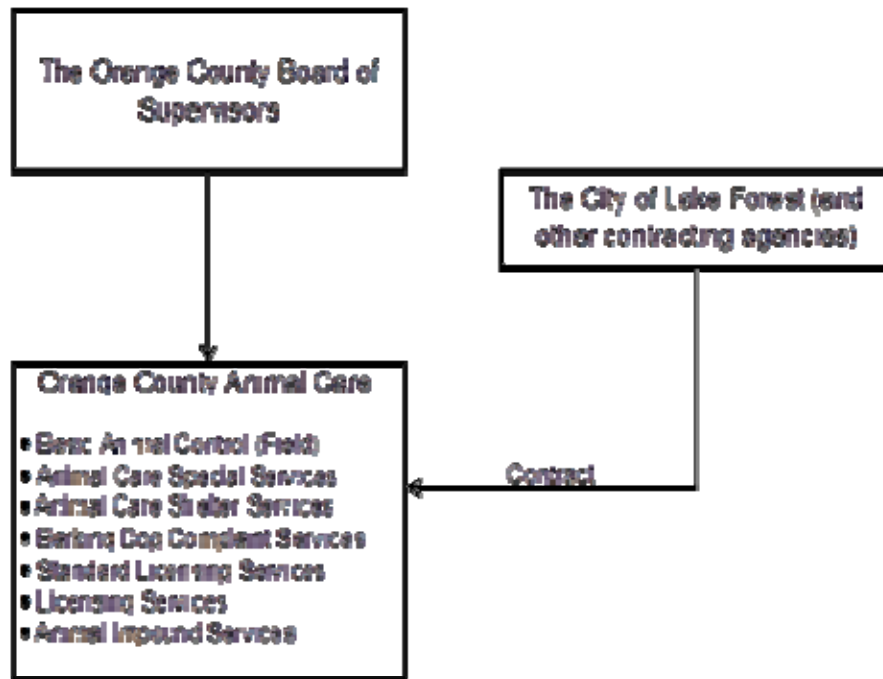
In general, the State requires cities and counties to regulate animals to protect the health, safety, and welfare of the general public. An animal control services program, among other requirements, must impound dogs found running at large and maintain a rabies control program which licenses all dogs older than four months no less that every two years.

In addition, State law mandates the local jurisdiction keep records for animals taken, treated, or impounded, adopt a permit program for the administration of attack and guard dogs, and provide assistance with lost animals (e.g., maintain a "lost and found" list at the facility). While these statutes also contain regulations regarding cats and other animals, State law does not require local agencies to address cats or wildlife through an animal care program.

Current Animal Care Service Model

Lake Forest contracts with the County of Orange for animal services. Historically, these include shelter, field, licensing, and adoption services. Importantly, as part of the contract, the County assumes all liability associated with these activities and the City is indemnified from potential liability. Consequently, the current program is a comprehensive model that includes all services. The diagram below further illustrates the current animal care model:

Figure 1: Current OCAC Model



Comparison of Animal Control Models

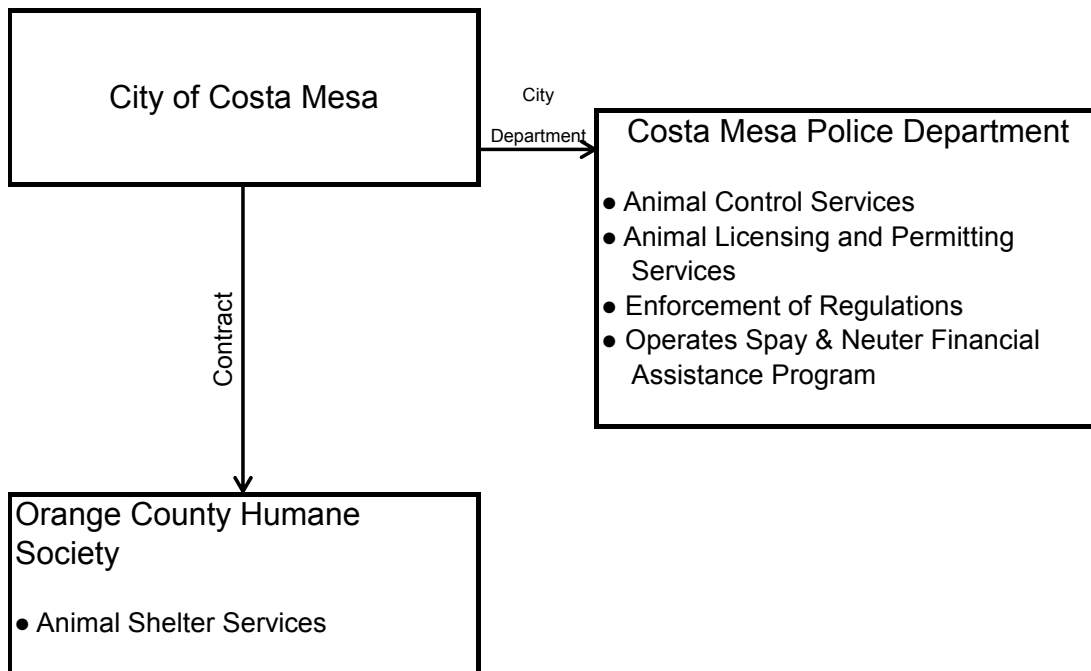
In researching the Proposal, staff found no direct example of a program without a shelter component. In several instances, local governments outside Orange County contract with large, well-known, and existing agencies for virtually all services. For example, the County of San Mateo offers animal control services to its 20 cities via a contract with the Peninsula Humane Society & SPCA (“PHS/SPCA”). Similarly, the Cities of Escondido and Oceanside contract with the San Diego Humane Society (“SDHS/SPCA”) to provide animal control and sheltering services. Consequently, a review of the most common animal control models are:

- *Direct-service:* The city provides all legally required elements of animal control.
- *Contract with County:* A city, through a contract, enables the County to provide all legally required animal control services.
- *Contract with Neighboring City:* A city, through a contract, enables a nearby city to provide all legally required animal control services.

- *Joint Powers Authority:* Local cities form a Joint Powers Authority to provide animal control services.
- *Contract with Non-Profit:* One or more cities contract with a non-profit for field, shelter, licensing services, or a subset of these services.

For comparative purposes, the contract model used in the City of Costa Mesa is displayed below:

Figure 2: Costa Mesa Non-profit Model



On July 21, 2015, the City Council held a general discussion regarding Animal Control Services. This discussion was followed by an update in November regarding the OCAC’s efforts to advance its timeline relative to the construction of the new Orange County Animal Shelter. Subsequently, the City Council further directed that staff bring back an analysis of three potential sites within Lake Forest for an animal shelter. On December 1, 2015, staff provided a presentation discussing the opportunities and constraints associated with the Normandale Park Site, the Authority Parcel, and the Civic Center site. Ultimately, the City Council voted to remove these sites from further consideration as potential locations for a local animal shelter. Additionally, at that meeting, the City Council voted 4-1 (Council Member Gardner voting No) to remain with the OCAC and participate in the new animal shelter.

DISCUSSION:

On February 2, 2016, Councilmember Gardner presented an alternative animal care services model during City Council comments. The City Council, with consensus from Councilmembers Nick and Hamilton, directed staff to agendize a discussion and provide an analysis of the Proposal (Attachment 1). For the City Council's information, staff has attached the Consensus Memorandum noting the City Council's specific direction. (Attachment 2). Staff's review includes a brief overview of the proposed model, a comparison of the data, revenues, expenditures, and other programmatic elements of the Proposal. Given the breadth and scope of the report, at the end of each section, staff summarizes the conclusions and observations.

Section 1 - Methodology:

The sections below briefly evaluate the constituent elements of the proposed model beginning with the broadest elements such as its composition, governance, and general policies. Subsequently, staff assesses and summarizes each analytical component of the model (i.e., intake, outcome, and field data) to understand the assumptions that drive the conclusion regarding its viable applicability to Lake Forest. Lastly, staff evaluates the proposed revenue/expenditure model to understand (in broad terms) whether the model presents reduced or enhanced costs relative to the City's current model.

According to Councilmember Gardner, he used the 2014 OCAC database and the information available on the OCAC website to prepare his data for the analysis. Staff only utilized the OCAC's 2014 database, which includes 2,385 total field action records and 633 shelter activity records associated with Lake Forest the Proposal. In addition, given the City's growth over time and into the future, information beyond one calendar year would potentially inform the longer term animal care needs of the community. Given that the Proposal examines only calendar year 2014, staff's analysis includes only a review of that data. Generally, whenever necessary, staff compares the proposed model to existing OCAC policies to illustrate similarities and differences between the proposed LFAN model and the services the City currently receives from OCAC. Additionally, when there are variances in the data, staff utilize the delta symbol ("Δ") noting the difference between the original data and staff's findings.

Regarding shelter activity, the OCAC database identifies all animals in numerous ways, including: type; the number of charge days attributed to each animal; the number of days the animals actually housed at the shelter; the condition in which

each animal was taken in by the shelter; and, the outcome associated with each animal. To evaluate the data, staff independently recreated the individual elements of the Proposal including: animal intake; animal outcome; field actions; and, the capacity analysis. To facilitate discussion, staff compares the data from the original presentation with staff's findings. Wherever necessary, staff provides further explanation, footnotes, and uses charts to illustrate similarities or differences between the two sets of data. In addition, whenever necessary to verify information, staff contacted animal care agencies, reviewed documents and studies, and solicited the opinion of an independent party to peer-review the original Proposal and staff's analysis.

Staff's review of the information is based on the original Proposal (dated February 2, 2016). Although Council Member Gardner continued working on aspects of the Proposal and revised certain pieces of information, given the City Council's desire to place this item on a March agenda, staff did not have sufficient time to re-analyze subsequent iterations of the Proposal.

Throughout this report, staff will display relevant sections of the diagram to help the reader understand the discussion. The section of the model under discussion at a point in the report will be shown in white and other sections not under discussion will be shown in grey whenever possible.

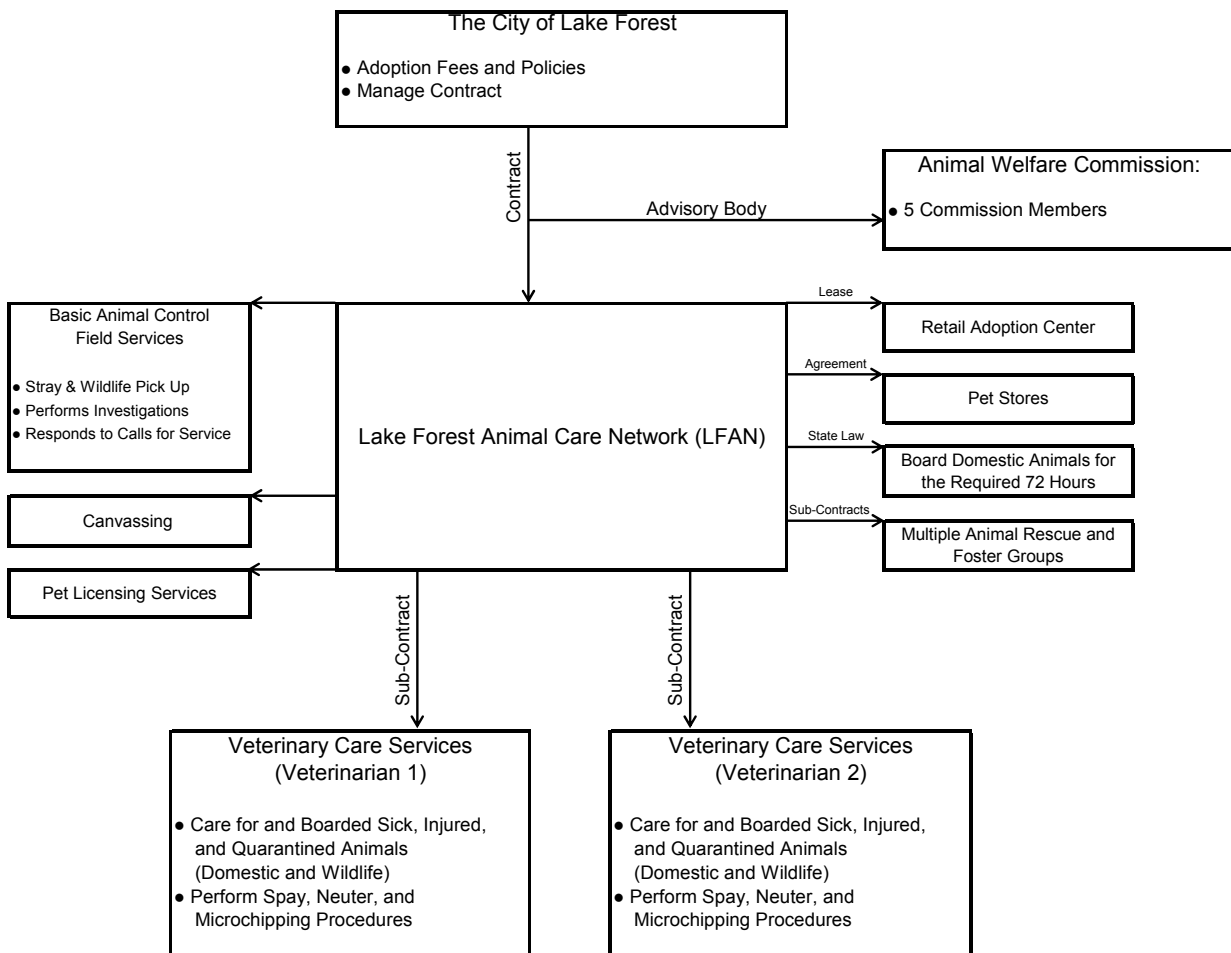
Section 2 – Lake Forest Animal Network (“LFAN”) Model

The Proposal includes field, licensing, fostering, and adoption services performed through a non-profit called the LFAN. As of preparation of the agenda, LFAN has not yet been formed. In the Proposal, the non-profit would coordinate the combined resources of local veterinarians, pet rescues, and an adoption component such as pet stores/businesses offering pet boarding services. The model notes that OCAC would initially perform field services while the non-profit performs licensing, veterinarian, and adoption services through a contract with the City. In addition, it includes an Animal Welfare Commission to advise the City Council on policy matters related to animal control. An excerpt from the LFAN presentation is provided for further reference below:

Figure 3: LFAN Proposal Slide No. 6



Figure 4: LFAN Model



According to the Proposal, animal care services are decentralized among different groups (i.e., non-profit organization, multiple veterinary facilities, an adoption center, pet stores, and rescue groups). While this approach creates opportunities for multiple groups to provide coverage for these activities, the decentralized approach also creates organizational challenges that likely require additional staffing, either through the non-profit or the City, to ensure the stable and effective delivery of services.

Additionally, the model does not propose a traditional animal shelter. Staff conducted a search of animal programs and did not find an example closely mirroring the Proposal. In some instances, a municipality retains field services and licensing functions, but partners with a non-profit organization for shelter services. Both the PHS/SPCA and the SDHS/SPCA operate comprehensive animal shelters. In the case of PHS/SPCA, the organization operates two shelters: one houses adoptable companion animals while the other serves as a

spay/neuter clinic and the known location for pet owners to retrieve a lost pet or surrender an unwanted pet. Relative to Escondido and Oceanside, the SDHS/SPCA operates shelters located in each of the service cities. In both of these instances, the veterinary staff practices shelter medicine, as opposed to routine veterinary practices. As noted later in this report, shelter veterinarians sometimes perform tasks private veterinarians would refuse, such as rabies testing and owner requested euthanasia due to behavior issues.

The majority of Orange County cities either contract with OCAC, which provides all animal control services, or retain field services and its citation authority internally, but contract for sheltering needs. For example, the cities of Costa Mesa, Newport, and Westminster contract with nearby shelters to house animals, but provide field services through their respective police departments. The Cities of Buena Park, La Palma, Dana Point, and San Clemente belong to different Joint Powers Authorities (“JPA”) that provide all animal care services. Though animal care models vary between municipalities, these localities have not eliminated the sheltering component.

As discussed later in this report, the program would be advised by an Animal Welfare Commission appointed by the City Council. Additionally, the non-profit would be staffed with positions including a Program Coordinator, an Assistant, and two field officers. Furthermore, these positions would be hired, trained, and employed by the non-profit. The program would also include volunteers at various levels to support its operations.

LFAN – Principles and Values

As described in the Proposal, the basic principles and values of the program are: utilize local resources; involve residents and other community stakeholders; educate the public about animal welfare; reduce admissions; and, provide animals with care that improves health and avoids suffering. In addition, the model proposes better service and better care by leveraging resources such as a local veterinary network to assist animals. Another important point referenced in the Proposal is that deletion of the traditional animal shelter from the program will create a better environment for animals, thereby, making them more sociable and adoptable.²

² Slides 7 through 9 of Original Presentation (Advantages)

Figure 5: LFAN Proposal Slide No. 7

Basic Principles and Values

"A man is really ethical only when he obeys the constraint laid upon him to aid all life which he is able to help, and when he goes out of his way to avoid injuring anything living."

Albert Einstein

- ▶ Keep it local
- ▶ Involve everyone
- ▶ In the long run education is the most important service we can provide
- ▶ Prevention is the key to reducing admissions
- ▶ Every animal and every owner is unique and has importance
- ▶ Pets have value in themselves, and add value to family life.
- ▶ The best shelter is no shelter at all.
- ▶ Pets are entitled to the 5 freedoms (from hunger and thirst, from discomfort, from pain, injury, or disease, from fear and distress and to express normal behavior.

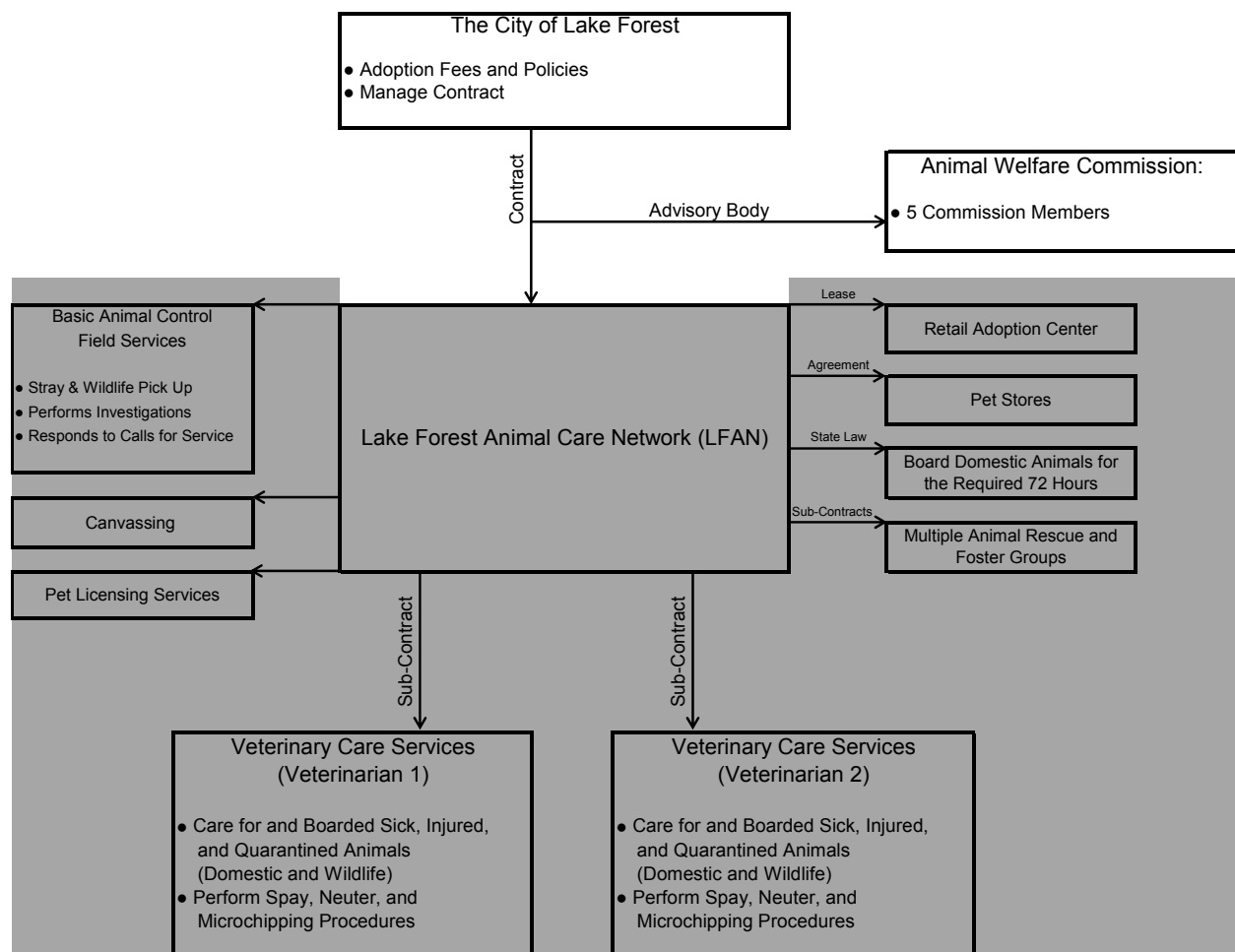
Conclusions and Observations (LFAN Model)

- *Staff could not find a comparable example that offers animal care services without a shelter component.*
- *The Proposal divides the various services currently provided by OCAC among multiple service providers (i.e., vets, adoption center, rescue groups, pet stores). This may require higher level of administration for City and LFAN & poses challenge for residents seeking to locate and redeem their pet.*
- *The presentation, by implication, proposes a "sole source" contract award to a proposed non-profit; if so, the City would be unable to utilize the free market to determine cost of service as would be possible if utilizing a Request for Proposals ("RFP") to identify non-profit providers.*
- *The presentation proposes awarding a multi-year agreement to an entity that would have no experience in providing services, as LFAN would be a newly formed non-profit. This is atypical of the City's purchasing practices, where firms competing in Requests for Proposals ("RFP") processes are required to document relevant recent experience and provide three references.*

- The LFAN model does not address performance measures and/or key performance indicators for services.
- The LFAN model does not address liability. However, staff would recommend continuing to maintain the City's current contract indemnification requirements. If standard provisions are used, the non-profit would be responsible for all liability related to the animal care services it provides.

Section 3: City Responsibilities Under LFAN

Figure 6: City Responsibilities



The proposed LFAN model would require the City to undertake various actions to enable the organization to operate. For example, the City would need to adopt new ordinances and a fee structure. As noted in the Proposal, the LFAN fees would be the same as those currently charged by the County. However, should an alternative and lower fee structure be adopted, a greater contribution from the

City's General Fund would be necessary. In addition, if the City desires to allow LFAN to perform all field actions, includes issuing tickets, the City Council would need to delegate citation authority to the non-profit. The balance of this section will highlight other areas that would potentially require further City action should the City Council wish to advance efforts related to the Proposal.

Animal Welfare Commission

According to the Proposal, the purpose of the Animal Welfare Commission would be to ensure that City ordinances support best practices (such as prohibiting puppy mills, mandatory spay-neuter programs, pet-friendly rooms for rentals, cat licensing, and mandatory reporting).³ Similar to the Planning and Parks and Recreation Commissions, the City Council would establish an Animal Welfare Commission. This would require an application process and the appointment of five residents. Relative to timing, the noticing, selection, and appointment of Commissioners is estimated to be an approximately 90-day process.

The City's current Commissions meet once per month. However, staff anticipates the Animal Welfare Commissioners may need to meet twice a month, at least during the early portions of the program. Additionally, members of the Animal Care Commission would earn a stipend (approximately \$14,200 annually based on 24 meetings).⁴ The Commissioners would be placed into the Public Agency Retirement System ("PARS") and Medicare. Consistent with existing commissions, the City would also budget \$1,000 per Commissioner for reimbursement of training expenditures and funds for association membership and dues.

In addition, regardless of whether all components of the program are handled through a non-profit, there are likely some associated overhead costs to the City. This would include a staff position to research and frame policy issues for the Animal Care Commission's consideration, manage the animal care contract, work to resolve issues that arise during the course of providing service, and act as the clerk. Also, there are additional costs to review ongoing legal issues associated with managing an animal care program. These, and other operating expenditures, were not provided in the initial presentation. These costs are further explored in Section 10 (Expenditures) of the report.

³ Noted in Slide #33 of the LFAN Presentation dated February 2, 2016.

⁴ Current Commissions meet once monthly. Given the complexity of the proposed model, staff anticipates bimonthly Animal Welfare Commission meetings.

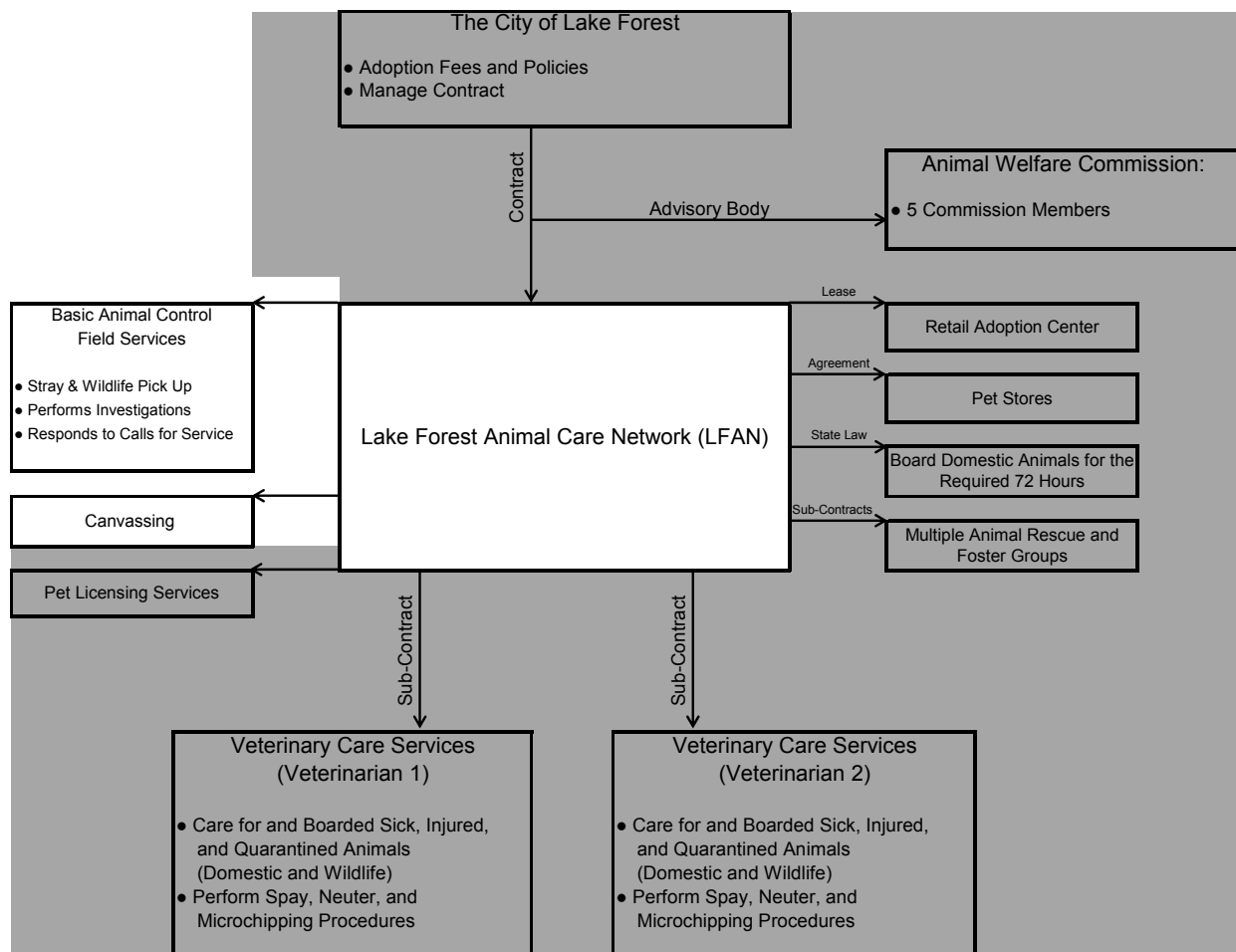
Relative to the contract with the non-profit, the City would also be responsible for administration of its own responsibilities. For example, staff would be required to ensure contract compliance, specifically insurance, reporting, and potential performance measures. The City would also work with LFAN to resolve escalated customer services issues. Under this model, the City likely would be viewed as the organization with which to file grievances against LFAN or likely clarify questions regarding where to pick-up or drop off animals. Additionally, the City would likely require a periodic audit of the licensing revenues and expenditures and would have corresponding expenditures. Of course, the City would also prepare a budget for the program and process payments to the non-profit.

Conclusions and Observations (City Responsibilities)

- *The Proposal identifies a governance structure that includes an Animal Welfare Commission to assist in the formulation of policies and provide oversight of the program.*
- *The Proposal is not clear as to whether the Animal Welfare Commission is intended to participate in the formulation of potential performance measures and contract terms.*
- *Costs associated with the Animal Welfare Commission, City overhead, and the audit do not appear to be included in the budget estimates reflected in the presentation.*
- *Due to the complexity of the model, the City would likely require additional full-time staff to manage and supervise both the contract and operations of the program. Staff would also be required to staff the Animal Welfare Commission.*
- *Should the non-profit cease to exist or otherwise default on the contract, the City would be responsible to address the gap in service, thereby, increasing its potential liability and costs.*

Section 4: LFAN Model - Field Services

Figure 7: Field Services



As initially proposed, OCAC would provide some field services while other components of the field program would be provided by LFAN, as described in the following slide. However, OCAC indicated to staff that it would not provide services if the City is not a participating agency in its program.⁵

⁵ The County declined to provide field services because of its potential to assume greater liability by dropping off animals to a non-County shelter.

Figure 8: LFAN Proposal Slide No. 30

Components – Field Services

"Just as one wants happiness and fears pain, just as one wants to live and not die, so do other creatures" Dalai Lama

- Initially OCAC may handle direct animal care services, including stray animal pick-up, dead animal pickup, etc. At some point in the future, LFAN may decide to absorb direct care field services into the new structure.
- Staff handles the other animal care field services (e.g., barking dog complaint, vicious dog investigation, animal cruelty, etc.) especially licensing.



The presentation describes the types of services that field officers would provide to support the program. The following slide represents the way in which the LFAN model perceives the delivery of field services relating to target services.

Figure 9: LFAN Proposal Slide No. 16


Target Services

"The love for all living creatures is the most noble attribute of man" - Charles Darwin

In addition to shelter and control services, the County provided "Field Services" in 2014 as follows -

- ▶ Stray animal report - 592
- ▶ Animal bite investigations - 401
- ▶ Wild animal reports - 222
- ▶ Barking complaints - 166
- ▶ Animal cruelty investigations - 150
- ▶ License check - 151
- ▶ Sick/Injured Animal transport - 94
- ▶ Dog fight investigations - 37
- ▶ Vicious animal investigation - 43
- ▶ All other - 421

This is an average of 6 actions per day.



As noted below, the OCAC data set includes 15 potential field action categories. The LFAN Proposal, as shown above, data includes categories such as "bite," "dog fight," "license check," and "other" that are not categorized in this fashion by OCAC, leading to variation in these categories. It is possible that these categories are contained in other elements of the OCAC database. For example, LFAN's "dog fight" category could be represented in the OCAC database as "Agency Assistance" or "Investigation categories." The categories included in the LFAN Proposal, but not the OCAC database, are highlighted for the City Council's reference. Notwithstanding the categorizations, staff found approximately 108 additional field actions beyond those identified in the Proposal. This affected the calculation relative to the average daily number of field actions by one additional field action (i.e. 6 versus 7 field actions).

Table 2: Field Actions Summary

Field Actions Summary			
2014			
Action	Proposal	Staff Findings	Δ
Agency Assistance		64	-64
Barking Dog Count	166	165	1
Bite	401		401
Business License Actions		103	-103
Compliance Check		6	-6
Cruelty	150	150	0
Dead Animal Pick-Up		247	-247
Dog Fight	37		37
Extra Service		2	-2
Investigation		673	-673
License Check	151		151
Rescue		7	-7
RTO (Phone Contact)		1	-1
Stray	592	588	4
Transfer	94	97	-3
Vicious	43	43	0
Wild	222	238	-16
Yard Check		1	-1
Other	421		421
Total	2277	2385	-108
Daily Average	6	7	1

The average number of field actions provides a general understanding of the types of activities that may be undertaken by a field officer. At the same time, this methodology does not take into consideration the amount of time associated with each action. For example, a call for service relating to a lost dog or a cruelty investigation could consume several hours of an animal control officer's time. In addition, the number of field actions does not equate to the number of calls for service. In some instances, a call for service relating to a lost dog may not result in a recordable field action in that the animal was not actually found and brought back to the animal shelter. Consequently, the average number of field actions is only one variable to determine animal control officer workload.

Staff conferred with animal control professionals who noted calls for service are generally utilized to estimate the number of field officers necessary to staff an animal care program. Consequently, while the average daily number of activities provides a general barometer of the potential personnel required, a methodology utilizing variables such as consume time, response time, and calls for service is

more appropriate to arrive a more definitive personnel estimate. This is similar to the methodology utilized to determine the number of full-time Deputies required as part of the Sheriff's contract.

While the field activity data in Table 2 is similar, it does not conclusively support that only two field officers would be required to support the program. For example, with two field officers, the City would not be able to provide 24-hour coverage. In addition, should one of the field officers become ill, go out on vacation, experience an extended medical leave, or resign, the City would experience a gap in service for some unknown period of time. Consequently, while two field officers may be able to support the level of work, the program should likely include a third position to avoid significant gaps in service. Also, as discussed later in the budget section, the salaries used to benchmark field and other positions in the Proposal are not generally comparable to other agencies in Orange County.

In some instances, such as those involving viscous dogs, animal control officers are required to testify in court proceedings that could involve a legal dispute between LFAN, the City, and a resident. In such cases, an experienced animal control officer would be preferable. Additionally, unless LFAN should have the resources to train entry level personnel, expenditure estimates would likely need to include experienced⁶ level positions with corresponding salaries in key service areas, such as animal control officers.

In terms of field positions proposed, staff's understanding is that the two field officer positions are based on staffing levels from other cities such as Costa Mesa, which has two field officers. However, the number of field officers is predicated upon the other elements that support the field component of the program. For example, in Costa Mesa, the two field officers positions exist within the Police Department, enabling 24-hour dispatch to animal-related calls for service; the City also uses sworn police officers to provide limited back-up coverage. Conversely, in Mission Viejo, where an animal field service is not a function of the Orange County Sheriff's Department contract, there are five budgeted animal control positions, including a senior position.⁷

Relative to the Proposal, should one of the field officers become ill, go out on vacation, or resign, the City would experience a gap in service for some unknown

⁶ A "journeyman" level position generally requires an apprenticeship and/or the candidate to be fully trained and qualified for the position.

⁷ March 2016 Mission Viejo Agenda Report.

period of time. Consequently, while two field officers may be able to support the level of work, the program should likely include a third position to avoid significant gaps in service. In addition, as another consideration, while the City Attorney's Office advises that the City could allow a non-profit to enforce this aspect of the Municipal Code, it has not been its practice. Consequently, this is a policy issue the City Council may wish to consider further.

Another area of consideration relative to field positions are vehicles, communications devices, uniforms, and other equipment needed to support field positions. Typically, a field officer carries an assortment of items necessary to perform the job including: nets; microchip scanners; body armor; cages; and shotguns.⁸ These items were not apparently included in the initial proposal and will be covered later in Section 10 of this report.

Conclusions and Observations (Field Services)

- *The Proposal mentions canvassing but does not specify if this would be a field function or another field services function within LFAN.*
- *The most appropriate metric to measure potential staffing is calls for service, not the daily average number of activities. Additional years of data would be required to understand potential levels of staffing.*
- *The field personnel program category could be understaffed given the potential need for coverage (i.e., sick days, vacation days, medical leave, and resignation).*
- *In 2014, OCAC collected 160 dead animals from Lake Forest. The Proposal should clearly identify the collection, storage, and disposal policies associated with dead animals.*
- *The field action data is based on OCAC policies and services. However, it is unclear from the presentation if the City would require LFAN to provide the same services and adopt the same policies.*

Section 5: LFAN Model - Animal Intake, Outcome, and Target Population

The 2014 animal intake data represents the number of live and dead animals accepted into the Orange County Animal Shelter. There are at least three ways in which animals are generally brought to the OCAC shelter: (1) picked up in the

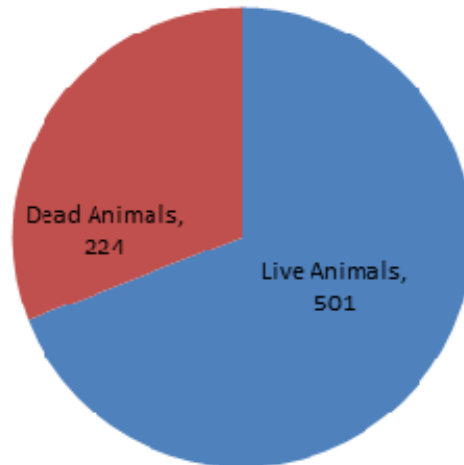
⁸ *Equipment carried by OCAC Sergeants*

field by animal control officers, (2) strays are brought to the shelter by residents, and (3) surrendered by pet owners to the shelter. The OCAC operates an “Open-Admission” shelter, meaning that it does not turn away animals. OCAC is as a traditional shelter for animals that are lost, abandoned, or are surrendered for various reasons. This intake model, consequently, informs other operating components of the shelter. Any model that does not operate under the Open-Admission policy, therefore, would likely have different intake numbers. The intake numbers utilized in the analysis reflect, therefore, the intake policies of OCAC. However, it is unclear whether the LFAN model would adopt the same policies.

As reflected in Figure 10, the two-year average for Lake Forest (2013 and 2014) is 224 dead and 501 live animals. Consequently, approximately 31% of the animals handled by OCAC were dead upon arrival, while the balance (69%) was alive. This is an important consideration given that the Proposal does not appear to clearly address the treatment, storage, and disposal of dead animals.

Figure 10: Intake Condition – 2 Year Average

Intake Condition - 2 Year Average



Understanding 2014 shelter intake data is important because it helps estimate the potential number of animals that may come through the program. Whether animals are domesticated or wild, dead or alive, the program must process them. For example, live or injured wild animals must be temporarily housed or treated and dead animals must be stored prior to disposal. The intake numbers are distributed among four categories (i.e., dogs, cats, birds, and other), representing the total potential number of cases that may be handled by the LFAN program in

2017. The table below is a summary of the animal intake categories by animal type along with summary statistics. The data that supports the Proposal's animal type intake summary is attached to this report (Attachment 3).

Table 3: Shelter Intake Summary

2014 Shelter Intake Summary			
Summary and Averages			
	LFAN Proposal	Staff Findings	Δ
Total Dogs	203	200	3
Total Cats	144	117	27
Total Birds	67	67	0
Total Other	89	89	0
Total Live Animals	503	473	30
Total Dead Animals	189	160	29
Total Animals	692	633	59
Monthly Live Average	40	39	1
Weekly Live Average	9	9	0
Daily Live Average	2	1	1

Overall, staff found a variance of 30 total records relative to the number of live animals accepted into the animal shelter in 2014. However, the variation only slightly affects the calculation of monthly, weekly, and daily live animal averages. Staff also found a variance of 29 dead animals taken into the shelter in 2014. In both the instance of live and dead animals, staff found other variances in each category. As a note regarding these calculations, animal intake fluctuates, thereby, causing a need to evaluate, and possibly accommodate, peak capacity needs. The data should also focus on the peak intake numbers that may have effects on workloads for field officers, veterinarians, and the adoption center staff.

It is important to note that wild animals cannot be housed in the same fashion as other domesticated animals. State law, however, does not require that a local animal control agency address wild animals. The LFAN model proposed does not specifically outline intake policies; therefore, it is not clear that wild animals would be accepted by LFAN. However, should LFAN match services currently provided by the County, the intake, treatment, and housing of wild animals could pose potential challenges, specifically, in the instance of larger animals such as coyotes or deer. LFAN could sub-contract with another organization specializing in wildlife management. However, this element and its associated costs have not, heretofore, been addressed in the initial Proposal and would add further complexity to its management.

The pie chart below summarizes the animal intake by type, which indicates that

approximately 40% of all animals (the sum of “other” and “wild birds”) taken in by OCAC in 2014 were wild animals.⁹ As noted in the chart below, some animals in the bird and other category are legally adoptable animals. However, the majority of these animals are classified as non-adoptable wildlife pursuant to State law. The percentage of wild animals generated by Lake Forest is, in part, a function of its geographic proximity to the Cleveland National Forest and other urban-wilderness interface areas. Consequently, Lake Forest typically generates a higher percentage of other animals than many other cities in Orange County.¹⁰

Avoiding the “extremely high kill rate” is one of the reasons stated in the LFAN Proposal for pursuing an alternate service provider.¹¹ In 2014, just over half of the animals euthanized were wild animals. Given this statistic, the Proposal does not specify how its wildlife component would yield different results relative to euthanasia. In other words, LFAN likely would also be picking up wild animals that are diseased, injured, or dying. Consequently, the Proposal would need to provide more specific information regarding how it would accommodate wild animals in the instance that the City desires to continue this service component.

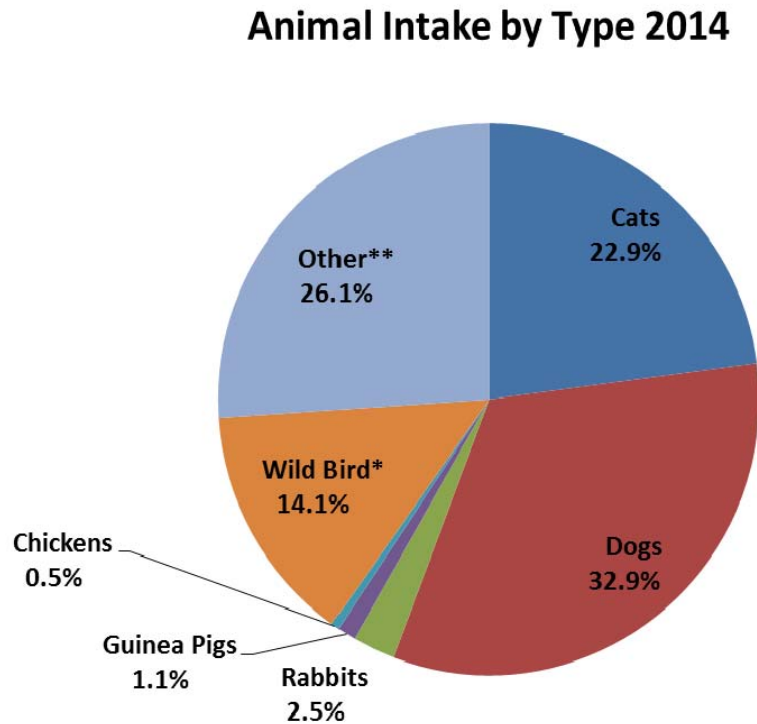
Overall, given that the proposed model does not contain a shelter component, it is silent on certain intake policies that inform where animals could be dropped off. For example, it is not clear whether the veterinarians or the adoption center would accept surrendered animals or whether veterinarians would accept owner-requested euthanasia. Also, given that the data set reflects OCAC’s intake policies, it is unclear whether the proposed model would offer the same services.

⁹ *The majority of “Other” animals and birds were wild animals. Some species of animals categorized as “Birds” or “Other” at the time of intake are legally adoptable animals. However, the majority are not. State Law stipulates which animals are legally and not legally adoptable animals.*

¹⁰ *“Other” Live Animal Intake Percentages (2014): Santa Ana (7%), Anaheim (10%), Fountain Valley (21%), Lake Forest (36%), Tustin (20%), and Cypress (17%). Lake Forest’s total “Other” Animal intake is 40%.*

¹¹ *LFAN Presentation Slide #3: The Situation*

Figure 11: Animal Intake by Type 2014



Animal Outcome

The 2014 animal outcome data represents the potential outcomes associated with the animals taken into the shelter. This metric is important because it informs the activity of an animal care program once animals arrive at the veterinarian or the adoption facility. Depending on the animal care model and its goals, a potential program would need to establish the “save rate” and consider whether it would perform functions such as owner-requested euthanasia which is a potential outcome for an animal brought into the program by an owner.

As noted below, of the total live animals brought to the shelter in 2014, staff found a variation of 55 records in the Proposal data relative to the total animals euthanized. This occurred because the Proposal data appears to add the number of euthanized animals with the owner-requested euthanasia figure. Overall, staff found that OCAC euthanized 111 animals (25% of all live animals). In 2014, of that number, 53% of the animals euthanized were wild animals. Overall, staff found a variance of 51 total records between LFAN’s Proposal and staff’s analysis for 2014. Staff also found a variance of 25 records in the dead

animal category. The comparative data that supports the animal type outcome summary above are attached to this report (Attachment 4).

Table 5: Shelter Outcome Summary

Shelter Outcome Summary			
Summary and Averages			
	LFAN Proposal	Staff Findings	Δ
Total Euthanized	166	111	55
Total Owner Requested Euthanasia	54	50	4
Total Escaped/Missing	0	3	-3
Returned to Wild	12	12	0
Returned to Owner	85	86	-1
Total Adopted	102	106	-4
Transferred	76	76	0
Total	495	444	51
Total Dead (Custody of OCAC) ¹²	0	25	-25

The 2014 data also notes that OCAC transferred 76 animals (17%) of live animals to rescue groups. The Proposal discusses coordination with potentially various rescue groups to increase its save-rate. This activity would require further coordination and likely staffing to ensure that animals that can be rescued are provided to the appropriate organizations for assistance in a timely fashion.

Target Population (LFAN Proposal Slides #12-15)

The Proposal provides an overview of the target population of animals the program would serve. However, the Proposal identified only a limited number of dog breeds based on the number of adoptable dogs. Data pulled from the OCAC database identifies approximately 70 dog breeds, which have varying levels of desired adoptability, and care. This data point affects the veterinary and adoption center components of the program. For example, breeds such as Pitbulls and Chihuahuas have lower rates of adoption, thereby, creating a different set of challenges. Conversely, the Proposal data relative to the distribution of cat breeds was found to be more consistent with staff's review of the information. The target population graphs are provided as an attachment to this report (Attachment 5).

There were also animals in the "other" category not included in the initial Proposal. Additionally, staff noted that the Proposal did not include an analysis

¹² Animals that died in the custody of the OCAC.

for birds which are also a component of the program, both in the wild and adoptable categories. Staff found some data for birds (i.e., chickens, hawks, and crows) in the Proposal's analysis of "other" animals. Most of the birds accepted into the shelter were wild animals. The comparative graphs displaying the data for all animal types as displayed in the original Proposal and staff's subsequent analysis are included as Attachment 6.

Conclusions and Observations (Animal Intake/Outcome/Target Population)

- *Staff found some variation between LFAN's animal intake and outcome data. However, this did not affect total mathematical average number of animals relative to the monthly, weekly, or daily calculations.*
- *Of the total number of live animals, approximately 42% were dogs, 25% were cats, 14% were birds, and 19% were other animals.*
- *Wild animals comprised approximately 40% of the total intake in 2014.*
- *The Proposal data counts Owner-Requested Euthanasia as part of the total euthanasia rate. Additional years of data would be required to validate this figure and understand trends relative to the 2014 data set.*
- *Staff's analysis shows a higher number of dog breeds, which affects rates of adoptability and elements of the program such as capacity given that less desirable breeds may have to be held for longer period of time.*
- *Proposal data for birds and other animals appeared to be incomplete.*

Section 6: LFAN Mode - Veterinary Services/Adoption Center

Staff analyzed the capacity needs for the veterinarian and adoption elements of the proposed program. This section will first discuss staff's findings relative to the capacity analysis and subsequently the veterinary and adoption center components of the program. The Proposal's veterinary services provide basic and perhaps long-term medical care to animals. The adoption center is a retail store intended to enhance visibility for these types of programs and increase adoption rates. This is an emerging model in the animal care industry. There are local examples, such as a retail adoption center in Laguna Hills, wherein potential pet owners may view, interact, and adopt animals. The general idea is that rather than asking residents to make a specific trip to an animal shelter, a retail adoption center is located among other commercial uses, thereby, potentially increasing the convenience of the adoption process.

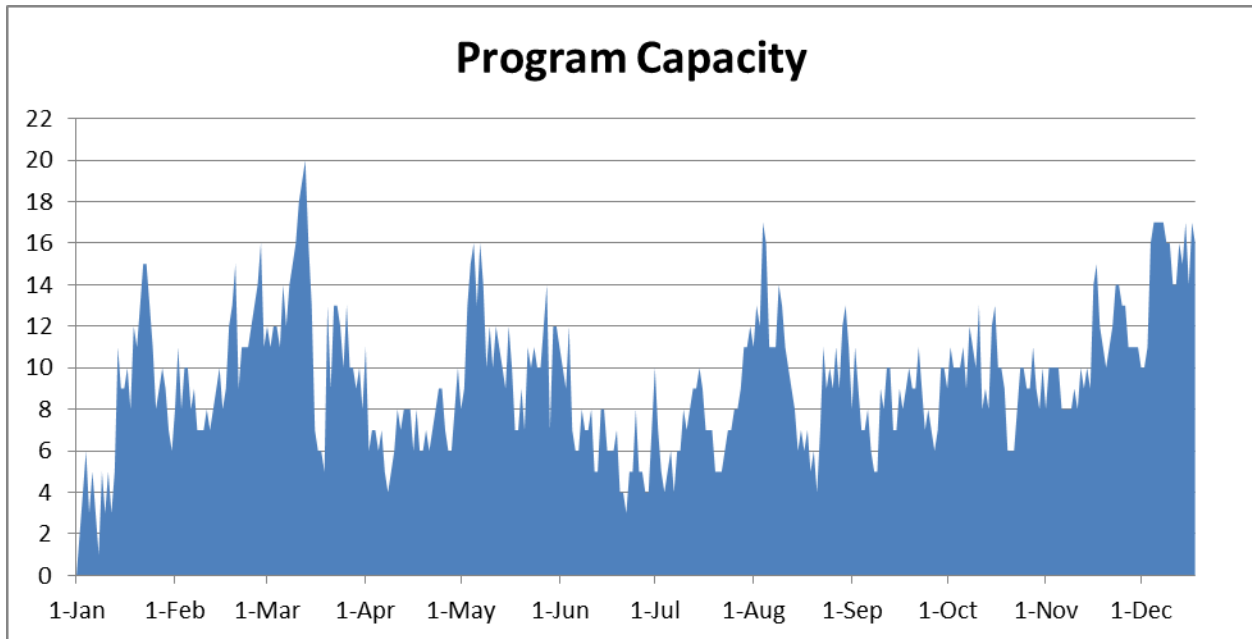
To evaluate the data presented in the Proposal, staff utilized the OCAC database to recreate the capacity study in its entirety. For each individual record, staff utilized the “intake date” and “outcome date” to calculate the actual number of days each animal spent at the OCAC animal shelter. This is an important element of staff’s analysis because the number of animal charge days reflected in the OCAC database does not always equal the actual number of days an animal spent at the shelter. By way of example, staff found an instance of a rabbit that spent 50 days at the shelter while the City was charged for 7 days.¹³ Consequently, the use of only animal charge date to inform the analyses could result in underreporting of the potential capacity requirements for the program. For further reference, the capacity analyses per animal are attached to this report (Attachment 7).

Given that the Proposal contains separate veterinary and adoption center components, staff also performed (1) a capacity analysis for the entire program, (2) a capacity analysis relative to the veterinary component, and (3) a capacity analysis for the adoption center. The example below includes all animal types for all aspects of the program (i.e., dead animals, wild animals, veterinary services, and the adoption center). The chart depicts variation in the program capacity over a one-year period.

As depicted on the following chart, the peak number of live animals handled by OCAC during 2014 for veterinary and shelter services was approximately 20 during the month of March. Essentially, this means that using 2014 data alone, the program would need to address animal care issues (for all types of animals) and may handle up to 20 animals at one time during any given portion of the year.

¹³ OCAC Animal Care Activity Detail Database Animal Identification Number: A1331654

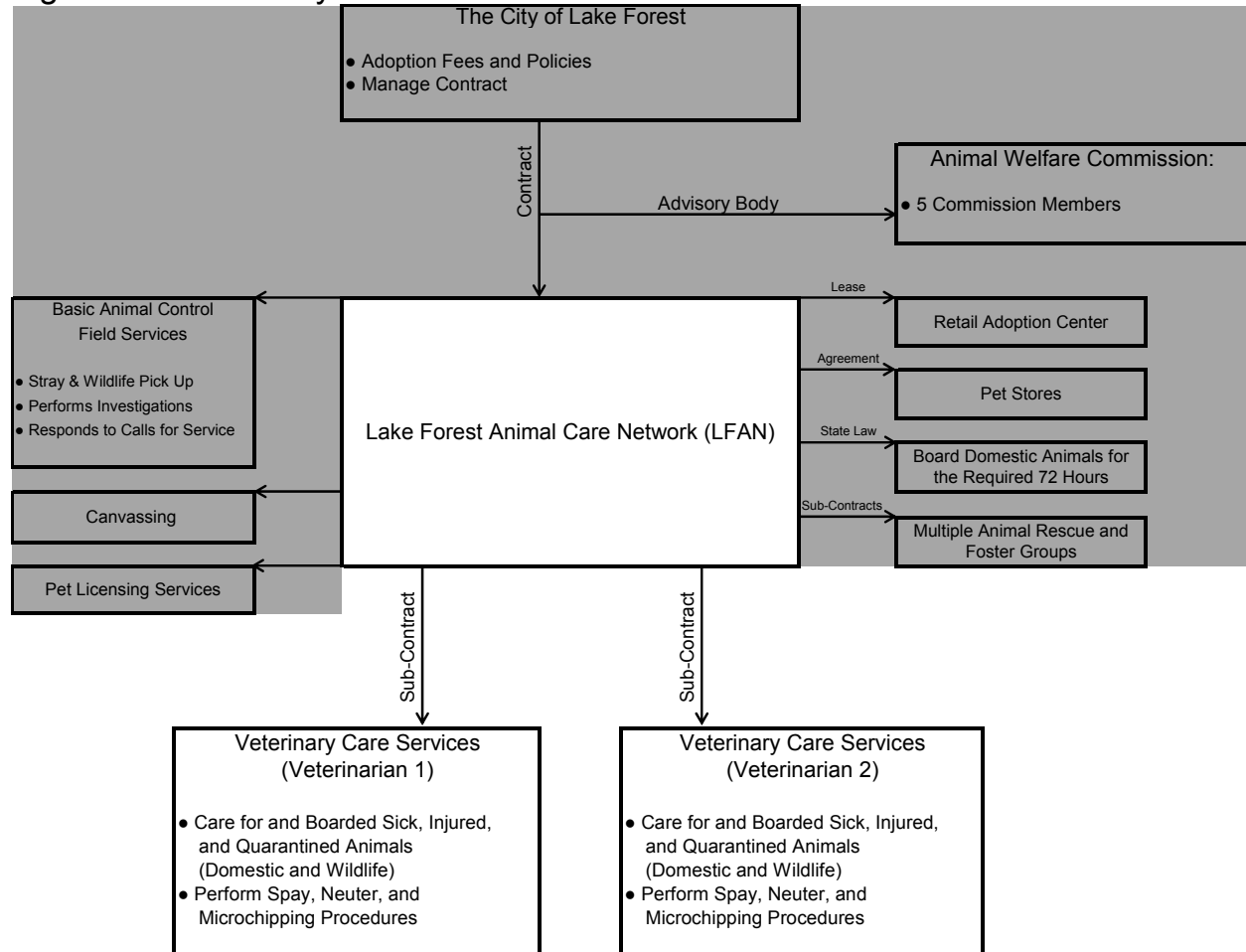
Figure 12: 2014 Program Capacity



As reflected above, the 2014 data reflected increases and decreases relative to the intake of animals. Some months, such as late June and early July, showed a lower rate of animals. However, later in the year, the number of animals increased substantially and appeared to maintain a relatively high level for a sustained period of time. Again, while the average daily number provides some guidance, the data above reflects that program capacity would likely need to consider more animals. The potential danger in underestimating the program's volume is that animals would have to be turned away. Again, staff would conclude an analysis of multiple years of data to understand whether the data set above is affected by anomalies or seasonality, thereby, providing a more thorough basis of information.

Veterinary Services

Figure 13: Veterinary Services



As reflected in the slide from the presentation below, the LFAN model contemplates a network of local veterinarians to provide basic services at fixed prices. For example, field officers would bring animals to the veterinarians who then check for microchips, administer vaccinations, and perform basic health tests. If the animal is healthy, it would go to the adoption center (discussed later). If the animal requires treatment, then it would stay with the veterinarian. The following slide from the LFAN presentation describes the veterinary component under the proposed model.

Figure 14: LFAN Presentation Slide No. 31

Components – Medical Services

- Local Vets in the network have agreed to provide care at a fixed price and to reserve a fixed number of cages for specific animals.
- Field services delivers stray animals to Vets as indicated by Staff based on specialty and space.
- Vets check to determine if animal is chipped to locate owner. If not, they provide exam, vaccinations and treatment as needed and authorized by staff. Upon completion, staff pick up animal and take to (a) retail center, (b) rescue group, or (c) pet store.

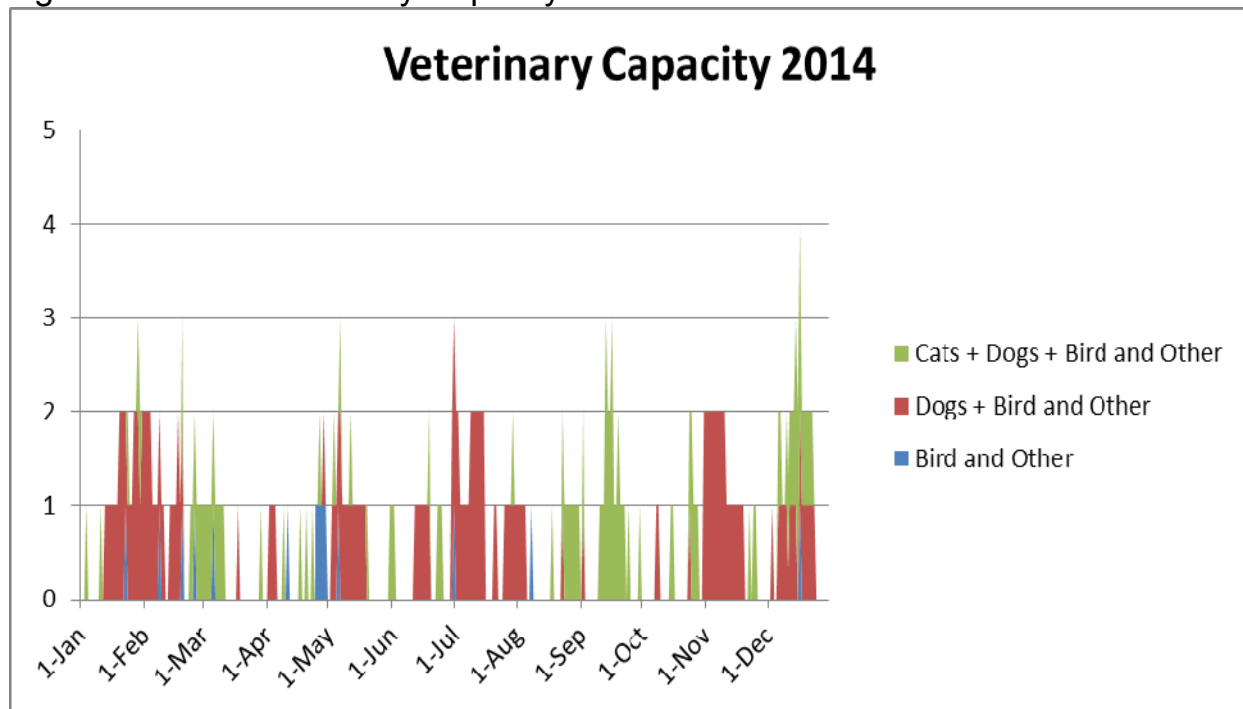


Generally, the veterinary capacity, including all animal types, peaked at four (4) total concurrent animals in the month of December. Again, it is important to note that this data includes wild animals. Consequently, the proposed model should identify specifically whether wild animals would be treated, housed, transferred, or euthanized by the veterinarians contracted to work with the non-profit. Also, the Proposal did not identify how many total veterinarians would comprise the animal care network. Keeping in mind that every animal (alive, dead¹⁴, sick, injured, and healthy) would need to be examined by the veterinarian, staff cannot conclusively determine if the veterinary model supports the number of animals that require medical attention.

Below is summary chart of the potential veterinary capacity of all animal types for the subset of animals that require further medical attention. These animals represent those that are dead, injured, unhealthy, require behavioral observation, or cannot otherwise be immediately transported to the adoption center.

¹⁴ Dead animals are sometimes examined for contagious diseases, possible live young, or held for potential viewing by owner, before storage and disposition.

Figure 15: 2014 Veterinary Capacity

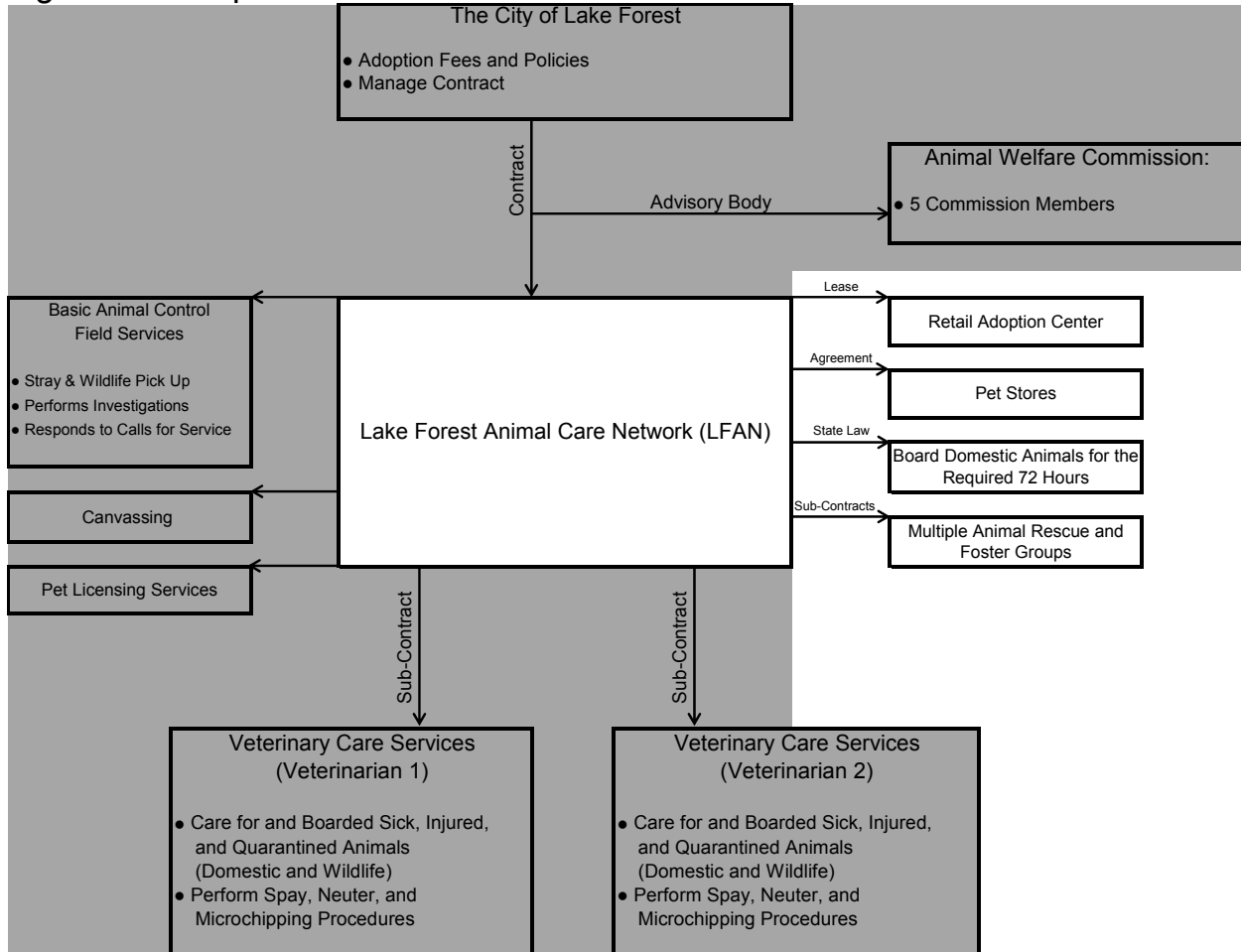


As discussed, the Proposal contemplates the use of local veterinary offices to provide medical services to animals. Animals coming through the program are likely to impact the local veterinary practice. For example, animals suffering from kennel cough must be held separately from other animals to prevent the spread of this disease. The treatment of this illness could take a longer period of time and require that the veterinary practice hold the animal because there is no shelter with sufficient capacity to do so. The basic intake data provided with the Proposal relies on the daily average capacity and should account for periods of time in which animals that are very ill require prolonged medical attention.

Also, some animals (i.e., birds, snakes, and wildlife) may pose challenges that not all veterinarians are prepared to address. Also, in some cases, veterinarians that do not practice shelter medicine may not be agreeable to certain procedures such as rabies testing, which requires the decapitation of an animal, and/or may not be willing to perform owner-requested euthanasia. Consequently, any program element that involves participating local veterinarians should likely ensure that they are agreeable to practicing shelter medicine, which could differ in scope and scale from local veterinary practices. In the absence of such accommodation by local veterinarians, relevant policies would need further exploration or require out-sourcing of the service and likely additional program costs.

Adoption Center

Figure 16: Adoption Center/Processes



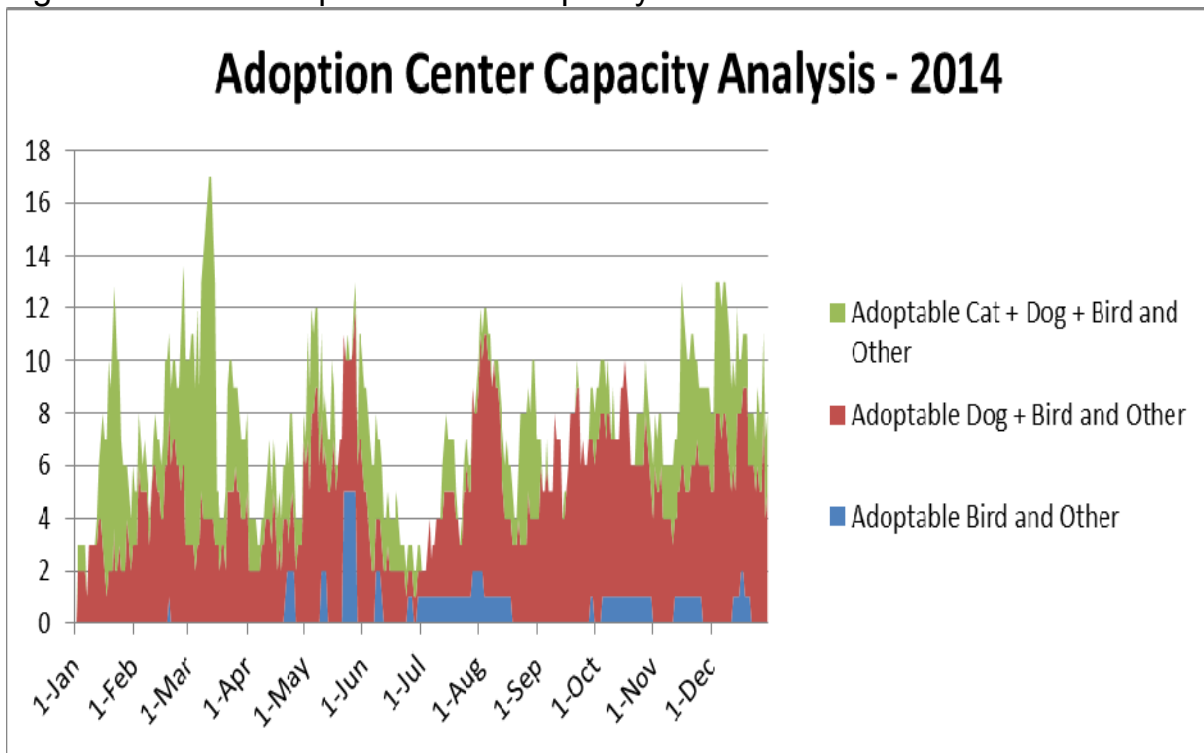
Lastly, the chart below is a capacity analysis for the proposed adoption center. These are the live and healthy animals that could be ready for adoption pending the 72-hour holding period. As noted below, there are certain instances where the need to house adoptable animals increases to approximately 17 concurrent animals. Depending on the proposed animal adoption center’s retention policy, that number could increase if animals are held for longer periods of time to increase the chances of adoption.¹⁵

¹⁵ Generally, the capacity of a “no-kill” animal shelter will be greater than the capacity of a traditional sheltering model, as the former must comply with a 90% save rate. Matthew Pepper, “A Discussion on ‘No-Kill’ Animal Sheltering,” January 14, 2015.

Should LFAN pursue a “high-save rate” or “no-kill” model, it may be necessary to further study the potential increased animal boarding days associated with this policy. Staff found examples, the most recent being the City of Lompoc, where the no-kill model has caused overcrowding issues at the shelter and required staff to turn animals away.¹⁶ In some cases, animals that cannot be admitted into the no-kill shelter, taken in by a rescue group, or adopted by individual could eventually be euthanized. To improve animal care and avoid overcrowding and its associated deleterious effects, the adoption center should likely be sized to meet current peak and future peak demands which could increase operational costs.

The chart below is the projected total adoption center capacity based on the number of days animals were held in the OCAC shelter. As reflected in Figure 18 below, the total number of adoptable animals changes over time and the concurrent capacity peaks substantially during the year.

Figure 17: 2014 Adoption Center Capacity

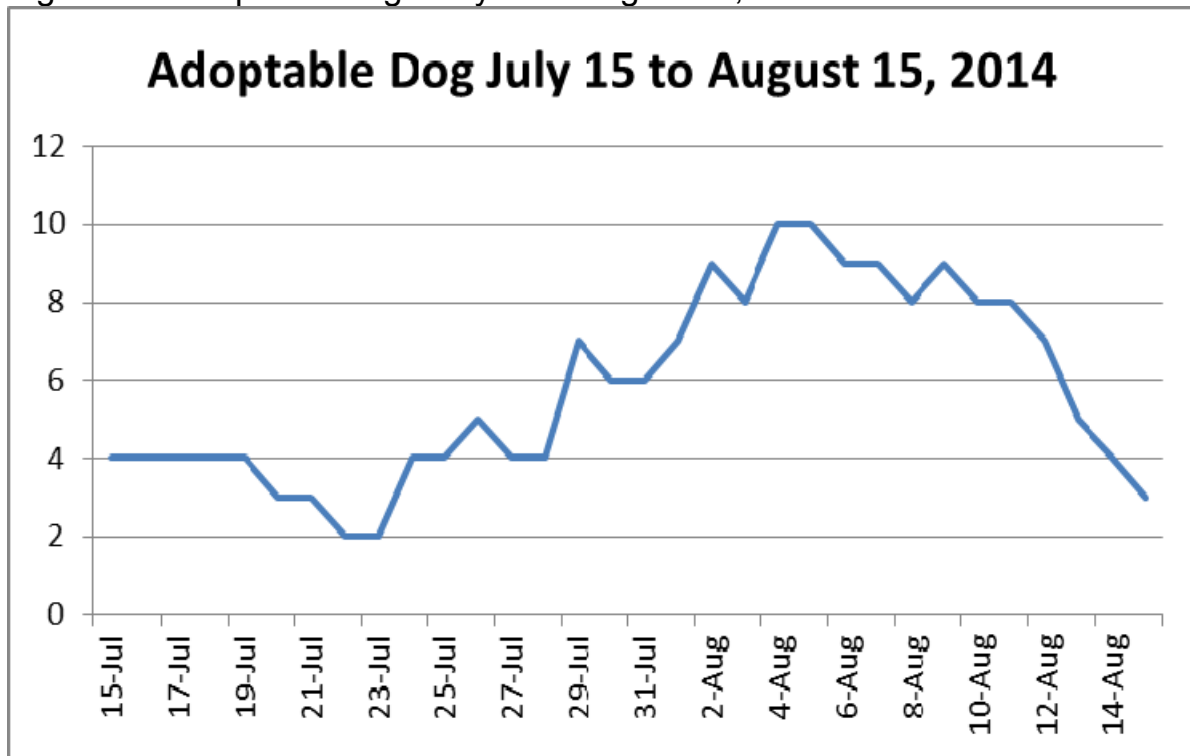


To understand the potential capacity associated with the adoption center better, the following section highlights selected portions of the entire data set to illustrate variation in the number of adoptable animals that could be housed at any one

¹⁶ Newspaper Article: Santa Maria Times – March 6, 2016

time. The chart below reflects the number of adoptable dogs held by OCAC in 2014 from July 15 through August 15, 2014.

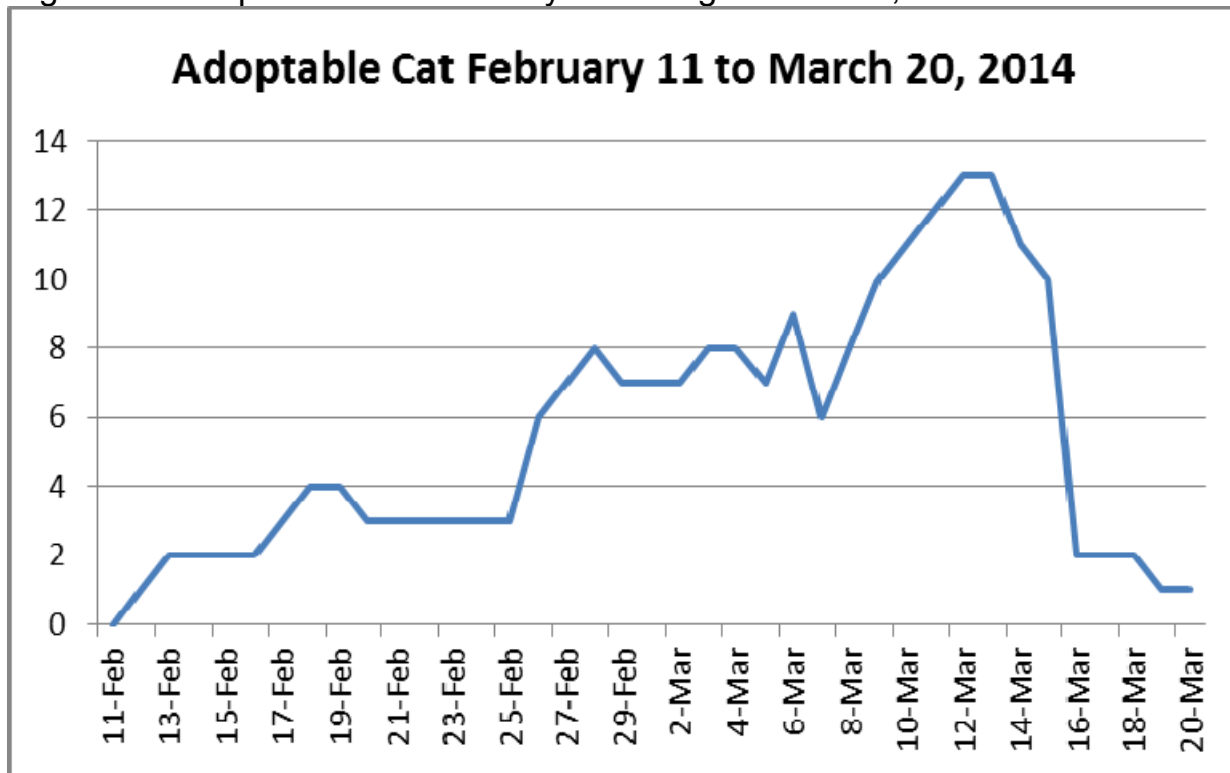
Figure 18: Adoptable Dogs July 15 – August 15, 2014



As noted in the example above, the number of dogs housed concurrently begins at four (4) and subsequently grows to a peak of 10 dogs around August 3rd. Subsequently, the number of adoptable dogs decreases to 3 by August 15, 2014. For a period of at least two weeks, there were anywhere from 6 to 10 dogs concurrently housed at the OCAC shelter (July 29 to August 12, 2014). The instances of peak demand reflected in staff's analysis further support the need to ensure that the overall program, veterinary, and adoption shelter are appropriately staffed and equipped to meet changes in demand. Again, relying solely on an average daily intake can only provide a partial assessment of capacity and further review should be performed to evaluate trends in other years.

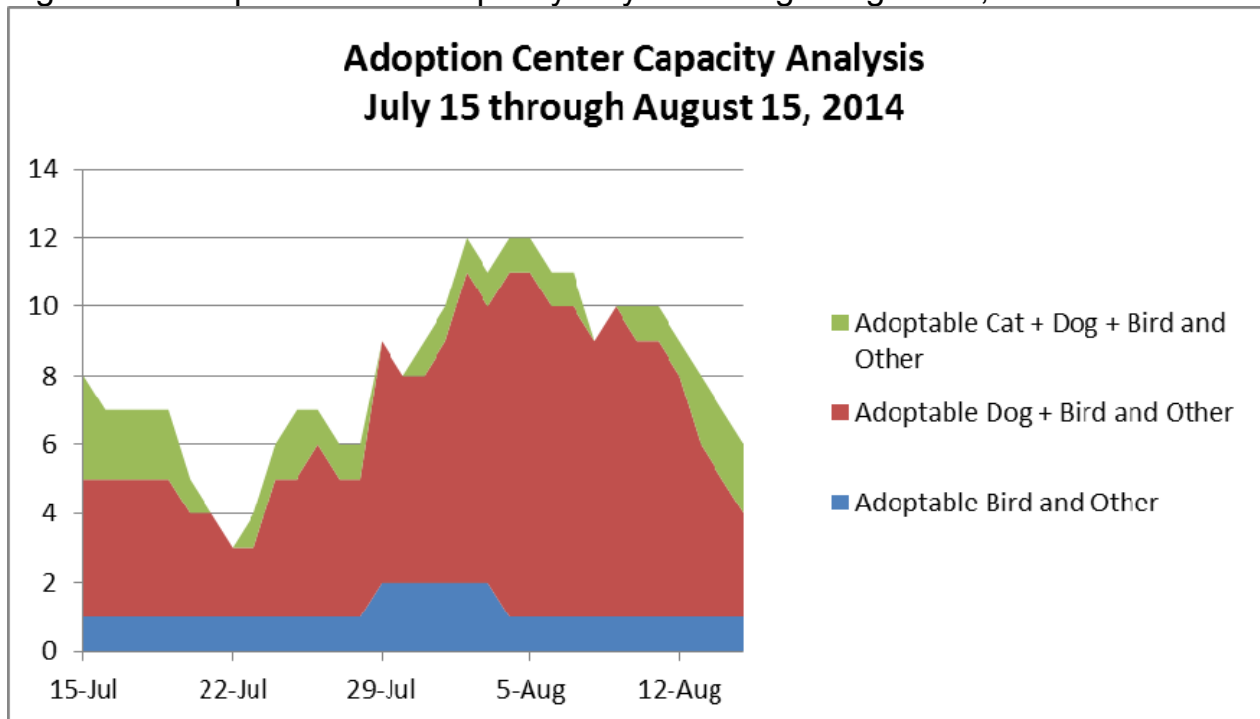
Similarly, there were instances in 2014 where the concurrent population of cats increased. The snapshot below from February 11 to March 20, 2014, displays an increase of Lake Forest cats housed at the OCAC shelter from 2 to 13 cats in a four week time period.

Figure 19: Adoptable Cats February 11 through March 20, 2014



In performing this analysis, staff learned that the average daily number of animals sheltered by OCAC in 2014 may be used to provide a general understanding of the potential capacity needs of the LFAN adoption center. However, there were noted periods where the capacity of dogs, cats, or both spiked as there are several instances of this throughout the year. The chart below provides an overview of a 30-day period in July for dogs, cats, and others that demonstrates the potential variations in population. Given this information, and after conferring with animal care experts, staff believes the capacity analysis should rely on the maximum number of concurrent animals potentially housed at one time rather than the daily average. As explained later, a concurrent capacity methodology is utilized by the United States Humane Society to size animal shelters because it provides sufficient capacity to absorb spikes in demand.

Figure 20: Adoption Center Capacity July 15 through August 15, 2014



An animal care program must be sufficiently prepared to handle all animals that may come through the system during any period of time. Therefore, the adoption center capacity must accommodate shifts in population and not assume low daily populations of animal groups. Staff’s subsequent analysis of the adoption center capacity offers some initial insights into the potential sizing of the adoption center for discussion purposes.

Adoption Center Sizing

State law requires that the animal control agency hold healthy animals for at least 72-hours prior to making them eligible for adoption. Consequently, while the term “shelter” is not utilized in the Proposal, animals must be boarded by either local veterinarians, rescue groups, or at the adoption center for short or extended periods of time. The Humane Society of the United States provides a general calculation to size an animal shelter. Using the Humane Society’s estimation, and utilizing the capacity estimates above, the adoption center would likely necessitate a facility of a likely minimum of approximately 1,900 square feet.¹⁷

¹⁷ The Humane Society calculates space as “the number of animals housed at any given time” and recommends 100 square feet per dog, 50 square feet per cat, and 50 square feet of space for other

However, this figure does not account for the educational and retail space contemplated as part of the Proposal. Consequently, even a very conservative estimate would increase the size of such a facility.

Given that healthy, adoptable animals must be held for a minimum of 72-hours, the proposed adoption center should include sufficient “holding capacity” for animals on the three-day hold as well as the adoptable animals on display and other areas for pets and their potential owners to interact. Given the proposed model and the additional elements contemplated as part of the adoption center, staff’s conservative estimate is a facility in the range of 2,200 to 2,500 square feet. However, this estimate requires further validation by experts in the animal care field.

The table below summarizes staff’s findings relative to the original data in the Proposal. As noted, the variations in each area are not large overall, but it is important to remember that only utilizing the average daily number of animals boarded in 2014 may lead to an undersized facility, specifically when contemplating the potential size of the proposed adoption center. Also, additional years of data are recommended to reduce the effects of seasonality and anomalies that may skew the data.

Table 6: Summary Conclusions – Capacity Analysis

Summary Conclusions - Capacity Analysis			
	LFAN Proposal	Staff Findings	Δ
Average:			
Dogs	4.2	5	-0.8
Cats	1.2	3	-1.8
Birds	0.3	0.1	0.2
Other		0.4	-0.4
Maximum Sheltered in 2014:			0
Dogs	9	10	-1
Cats	11	13	-2
Birds	2	2	0
Other		5	-5

Overall, while the Proposal explains that the program has both veterinary and adoption center components, it does not clearly identify the way in which animals flow through the system. Additionally, the Proposal does not clearly define the

animals. Given the total capacity identified for 2014 and other programming features, staff would recommend at a 2,500 square foot retail space.

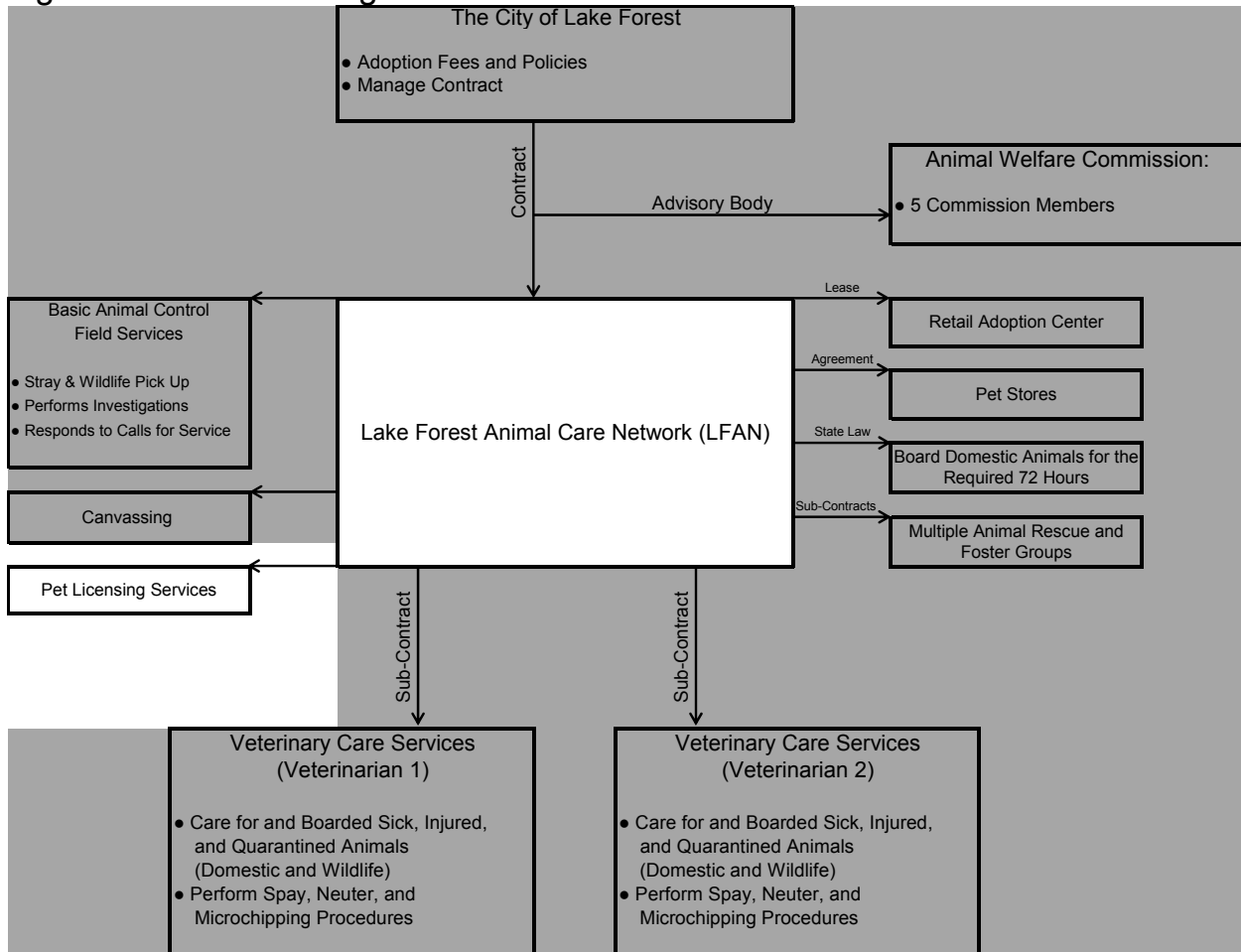
working relationship between the adoption center, pet rescues, and the pet food stores.

Conclusions and Observations (Veterinary Services/Adoption Center)

- *Staff was able to arrive at an overall estimated capacity number similar to those presented in the Proposal. However, there are some differences relating to the “peak capacity” and the use of the average number of animals could underrepresent the true capacity needed.*
- *Staff noted some instances of missing data related to dogs in July of 2014. Overall, however, staff capacity analysis generally followed the same patterns as those reflected in the Proposal.*
- *Staff noted missing information in the LFAN data for the capacity analysis of cats, particularly from mid-September through mid-November. During the time period, the LFAN data is not consistent with the number of cats that reflected in the OCAC system.*
- *The Proposal provides an average animal per day metric. However, the peak capacity is a likely better indicator of potential capacity and assumes the potential of various animals being treated or housed by the program at once.*
- *Staff noted approximately 123 days in which OCAC managed at least 10 Lake Forest animals concurrently.*
- *The LFAN model would be required to accommodate the total number of animals (633 in 2014) in their respective practices and it is not clear where dead animals would be placed.*
- *The Proposal is unclear regarding how potential pets would be available at select pet stores and the relationship between the adoption center and pet food stores.*

Section 7: LFAN Model - Pet Licensing Services

Figure 21: Pet Licensing



As previously stated, California State Law dictates that all dogs over the age of four months must be licensed biennially to coincide with mandatory rabies vaccinations. OCAC regularly collects rabies vaccination reports from Orange County veterinary clinics to catalog the dogs vaccinated. This catalog serves as the County’s licensing database and informs the pet licensing team as to which dogs throughout the County require new or renewal licenses. While utilizing this method has aided OCAC in achieving its current compliance rate, it also relies

upon the merits of responsible pet ownership. It is possible for a pet owner to avoid licensing with OCAC by either registering their pet at an address outside of Orange County and/or refusing to vaccinate their pet for rabies entirely. In either case, this poses a challenge in collecting all possible licensing fees from all pet owners within the OCAC service area. Consequently, continued efforts are required to sustain the current level of licensing revenue and additional canvassing efforts may be required to exceed current license revenue levels.

According to the Proposal, LFAN would provide pet licensing services. However, the Proposal is unclear as to how the agency would realistically collect the licensing fees. Pet licensing activities would include licensing dogs and cats, processing renewals, sending notification letters to residents of unlicensed animals, issuing invoices and processing payments, processing reports regarding licensing, and also assessing and collecting late charges and other fees. As discussed in the subsequent sections of this report, the Proposal assumes higher revenues than those collected in previous years by OCAC.

In preparing research for this report, staff learned that OCAC generates one of the highest revenue recovery rates for items billed among shelter organizations in California.¹⁸ This study found that OCAC recovers approximately 95% of revenue (i.e., revenue due to the County for adoption and licensing). Overall, according to its website, OCAC has a compliance rate of approximately 52% in Lake Forest.¹⁹ Given that the proposed model's projected higher levels of revenue, this would appear to require a substantial and sustained effort by LFAN. As described in the following section, the revenue assumptions are a fundamental calculation that drives conclusions regarding the potential impact to the City's General Fund.

Conclusions and Observations (Pet Licensing Services)

- *The Proposal would utilize the same fee structure as the County. Consequently, under the Proposal, residents would pay the current level of adoption, licensing, and fines.*
- *The licensing component of the proposed model requires substantial personnel, training, and effort to maintain the current levels of revenue.*

¹⁸ California Shelter Report, "Charting a Path Forward: Reaching California's policy to save all adoptable and treatable animals," 2013, pg. 40

¹⁹ OCAC Website lists its Compliance Rate as 52%, an increase of approximately 3% from 2013.

- *The revenues would require an audit by the City with a corresponding cost.*
- *Should the program fail to meet the current projections, then the City's General Fund Contribution may increase.*

Section 8: LFAN Model - Revenue Projections

The presentation calculated revenues using the same fee structure as the OCAC. However, as a general caveat, staff believes that a fee study would be required to understand the actual level of revenue the program could potentially generate. It is important to note that local agencies cannot charge more than the cost of service. In other words, the program could not generate a profit if it is run by the City. Consequently, the fee study would ultimately calculate the actual cost of service which would inform the fees charged to resident for adoption, licensing, and other costs associated with the program.

In the initial Proposal, license revenues were calculated in the “best-case” scenario by licensing 50% of all cats²⁰ in Lake Forest and achieving a compliance rate similar to the average of Mission Viejo (62%). Together, these target goals were estimated to generate approximately \$540,000 annually. Councilmember Gardner subsequently submitted a revised revenue estimate of \$20,700 for adoption fees, \$486,145 for licenses, and \$10,000 in retail sales revenue. The chart below illustrates the proposed revenues presented in the original Proposal.

Table 7: Original Revenue Assumptions (February 2, 2016)

Revenue (Original)	Best-Case	Worst Case	Actual OCAC ²¹
Adoption	\$41,000	\$41,000	\$45,000
Licenses	\$540,000	\$300,000	\$325,000
Misc. Fees	\$62,000	\$62,000	\$63,000
Grants	\$10,000	\$10,000	N/A
Donations	\$50,000	\$25,000	N/A
Total	\$703,000	\$438,000	

Relative to the initial revenue assumptions, the program may not immediately achieve its goal of licensing cats or the overall Mission Viejo compliance rate, at

²⁰ *Cats are not required to be licensed and the OCAC current voluntary cat license percentage is 0.25%.*

²¹ *Based on average of calendar year 2013 and 2014.*

least in the initial years of the program. Also, mandatory licensing for cats may be required. In either instance, however, canvassing may be necessary to increase compliance rates in the initial years of the program, which would likely require additional staff time and funding. Consequently, the program may not generate the level of revenue identified in the Proposal without more time and/or an investment of funding.

Councilmember Gardner also updated the “worst-case” scenario with decreased revenues including \$13,300 in adoption revenues, approximately \$387,416 in licensing revenues, and \$1,000 in retail sales revenue. As noted by other animal care experts with whom staff consulted, it is likely that a full-time licensing compliance coordinator position would be required to maintain the current level of revenue under OCAC. The Proposal also contemplates \$35,000 - \$60,000 in grants and donations; Councilmember Gardner subsequently revised that number to \$0 - \$55,000 in an updated revenue estimate. Animal care programs generally receive donations to support programming, such as Mission Viejo which is noted to receive approximately \$100,000 annually. This may initially require additional time, education, and community outreach to achieve a sustained level. Again, the initial years of the proposed program may not generate significant revenue in this area.

Conclusions and Observations (Revenue Projections)

- *In the scenario in which LFAN generates higher licensing revenues, staff cannot substantiate the projected revenues presented in the model.*
- *In the scenario in which LFAN generates lower revenues, staff compared this information to OCAC revenue and believes it could potentially be reasonable.*
- *Staff cannot substantiate the proposed grants and donations assumed for LFAN in either instance presented or in either scenario (“best and worst case”). However, staff notes that Mission Viejo receives approximately \$100,000 in donations.*
- *To obtain a 50% compliance rate for cats, the City may need to require mandatory licensing. Staff did not find an example of mandatory cat licensing in Orange County.*

Section 9: LFAN Model - Staffing Analysis

The following figure is an excerpt from the LFAN Proposal, detailing the program's staffing needs:

Figure 22: LFAN Proposal Slide No. 34

Staffing

- ▶ **Animal Control (1 Supervisor and 1 Officer)**
 - Provides 7 days a week coverage with some overlap.
 - Handles 1 to 2 animal pick-ups, transfers between Vets and Retail/Rescue, and 5 to 6 investigations daily.
- ▶ **Retail Store (1 Manager and 1 Assistant)**
 - Provides 7 days a week coverage with some overlap.
 - Coordinates volunteer program
 - Manages animal placement and treatment
 - Maintains quality of care in store and in placements
 - Coordinates education programs
 - Works with City, LFAN, AWC

In preparing the analysis of expenditures, staff reviewed the budgets of the cities of Irvine, Mission Viejo, and Laguna Beach. These budgets informed various elements of the expenditures analysis such as positions, salaries, various operating elements, and vehicle expenses. Staff also selected these programs for comparison because they mirror most elements of the proposed model and are located within Orange County. Staff compared the Proposal to other animal care programs and consulted with experts regarding the number of potential positions required. The Proposal includes a Retail Adoption Center Manager, an Assistant, and two Field Officers. However, as noted below, staff identified additional City and LFAN model positions that would likely be required.

Relative to the staffing costs identified in the Proposal, it cites salary examples from other cities (i.e., Modesto, Calaveras, Oakland, San Bernardino, and Visalia). However, the cost of living in these communities is not generally comparable to Orange County²². When the City prepares its salary surveys, it compares total compensation packages from nearby cities in its labor market to arrive at a competitive fair market value for any given position. While LFAN does not propose to staff the alternative animal care model with additional City employees, it would likely compete for experienced field officers with government agencies.

Staff anticipates that the Proposal would likely require additional staffing for both the City and the non-profit to ensure it is sustainable, delivers effective service, and mitigates potential exposure to liability. The initial list of positions below are recommended based on a review of other animal care programs and consultation with animal care experts:

City Staff and Overhead

- *Program Manager/Policy Analyst (New Staff Position):* Oversees contract with non-profit and/or manages City employees. Acts as City point of contact for all entities involved in Animal Service functions. Monitors and prepares the Animal Services budget and responds to questions or complaints from the public regarding veterinary services, field services, licensing, and/or the animal adoption center. Works with Animal Welfare Commission to develop policy recommendations, including ordinances and policy guidelines, for consideration by the City Council. Assists the Program Manager in the coordination of the contract and assist in the preparation of the annual audit of the animal care program.
- *Clerk Position (Existing Staff):* Acts as the Clerk for the Animal Welfare Commission. Duties include, but are not limited to, prepare minutes, noticing public meetings/hearings, and responding to Public Records Act requests from the general public.
- *City Attorney's Office (Existing Contract):* Provide legal research, analysis, and support to the Animal Welfare Commission and City staff. Draft ordinances relating to animal care program as appropriate.

²² Median Household Income (American Survey 5-Year Estimate – California Department of Finance) Modesto (\$47,604), Calaveras (\$54,936), Oakland (\$52,962), San Bernardino (\$38,774), Visalia (\$52,262, and Lake Forest (\$92,781).

- *Management Services and Finance Departments:* Provide operational support in the recruitment, training, and retention of the Program Manager/Policy Analyst Position. Process payroll and invoices associated with the program. Provide technology support to the program.

Suggested LFAN Model Positions

- *Program Coordinator:* Provides oversight and supervision of various functions of the program, including LFAN's subcontracts with veterinarians and clinics. Works closely with the City's Program Manager to coordinate activities and resolve concerns or complaints from the general public.
- *Field Officers (3):* Perform all field functions and canvassing as time allows. These include, but are not limited to, stray animal pick up, dead animal pick up, and investigation requests. Some field actions will require collaboration with other public entities (i.e. the Orange County Sheriff). The field officer will be required to keep accurate records of all calls for service acted upon. *(Note: Two field officers would not enable "24-Hour" coverage for animal control services).*
- *Animal Care Technician:* Provides administrative support to all members of the animal care program. The Animal Care Technician will act as a dispatcher to the Field Officers, providing them with the necessary information to respond to calls for service. The Technician will be responsible for all record keeping related to calls for service and completed field actions. The Technician will also serve as the point of contact for the public inquiring about Animal Care Services in the City.
- *Veterinary Practice Coordinator:* Oversees the veterinary activities associated with animal services. This includes monitoring the movement of animals from the veterinary facilities to the adoption center, rescue groups, and/or wildlife preserves. In addition, this position will prepare or coordinate the preparation of all required State veterinary reporting. Stationed at the adoption center to provide necessary veterinary care to the animals housed (licensed veterinary technician). Coordinates volunteer staffing as time allows.
- *License Compliance Coordinator:* Performs all tasks related to animal license compliance throughout the city. These tasks include, but are not limited to, public outreach, canvassing, and fee collection. The License Compliance Coordinator will maintain pet licensing records and provide timely correspondence to applicable residents regarding animal licensing

components. Will assist the appropriate parties (veterinarians or adoption center) in locating a stray pet's owners

- *Volunteers:* Provide support to the adoption center in various areas. These tasks could include, but are not limited to, caring for animals (i.e., feeding, cleaning kennels/cages, and walking/exercise), assisting with health checks, filing paperwork, assisting with license checks, and other administrative duties. Assisting with education, outreach, and marketing efforts. Assist in the coordinating of adoptions, pet rescues, and wildlife rescue activities.

Conclusions and Observations (Staffing Analysis)

- *The Proposal appears understaffed and does not include core positions that are likely needed to provide a basic level of service to residents.*
- *Given that the veterinary component is decentralized, the proposed model likely requires a coordinator to oversee this activity and provide a basic level of care to the animals at the adoption center.*
- *The program model requires substantial revenue to avoid a significant contribution from the General Fund. Consequently, a full-time license coordination position is likely required to sustain the current level of revenue generated by OCAC.*

Section 10: Expenditures

To provide an initial understanding of potential costs associated with the Proposal, staff prepared the summary table below which includes the revenue and expenditure summary proposed with the initially proposed program. As reflected below, the initial calculations reflected an operating surplus of approximately \$73,000 and a General Fund Contribution of approximately \$267,000 in the “worst-case” scenario which accounts for lower revenues and highest expenditures.

Table 8: Proposal Revenue Expenditure Model (Original – February 2, 2016)

Ongoing Operating Costs	Budget Proposal	"Worst-Case" Proposal
Animal Care Program Manager	\$80,000	\$80,000
Animal Care Technician	\$60,000	\$60,000
Field Services (Supervisor and Field Officer)	\$165,000	\$165,000
Staffing and Operating Subtotal	\$305,000	\$305,000
Veterinary Payments	\$100,000	\$150,000

Lease for Retail Space	\$100,000	\$100,000
Food	\$75,000	\$100,000
Miscellaneous (Insurance and Adoption Events)	\$50,000	\$50,000
Veterinary and Adoption Center Costs	\$325,000	\$400,000
Total Ongoing Operating	\$630,000	\$705,000
REVENUES		
Adoption Fees (Shelter Revenues)	\$41,000	\$41,000
License Fees (Field Revenues)	\$540,000	\$300,000
Miscellaneous Fees	\$62,000	\$62,000
Grants	\$10,000	\$10,000
Donations	\$50,000	\$25,000
Total Revenue	\$703,000	\$438,000
Revenue Less Expenditures	\$73,000	-\$267,000

Councilmember Gardner subsequently submitted revised expenditures estimates based on updated information. The revised calculations include approximately \$674,000 in total costs and \$651,500 in total revenues, with a General Fund Contribution of approximately \$22,000. The update figures are attached for the City Council’s information (Attachment 8).

For comparative purposes, staff reviewed the operating budgets of three Orange County animal care programs. The chart below summarizes the adopted budgets (prior to revenues) and per capita cost of these cities to provide a general order-of-magnitude understanding of potential costs. These figures are shown before revenues to help the City Council understand the budgeted amounts in these cities to provide the animal care service.

Table 9: Surrounding Agency’s Per Capita Figures

City	Adopted Budgets	Per Capita Figure
Irvine	\$3,438,517	\$14.53
Mission Viejo	\$2,123,883	\$10.06 ²³
Laguna Beach	\$726,400	\$16.43 ²⁴

It should be noted that the programs referenced above contains a shelter component which has an impact on the annual operating costs of the program. While the Proposal does not include a traditional shelter, it does include an adoption center which would at least temporarily house animals and carries a

²³ Based on a service population that includes Aliso Viejo, Laguna Niguel, and Mission Viejo.

²⁴ Includes a service population of Laguna Beach and Laguna Woods.

cost relative to leasing and maintaining the space. As noted, these figures are included to provide a general understanding of programs with similar components. However, in all instances, the City should seek the assistance of a consulting firm specializing in animal care programming to further evaluate the expenditures if the City Council desires to advance the Proposal.

Transitional and Start-Up Costs

The presentation estimated total start-up cost of approximately \$152,000. These costs include vehicles, supplies, cages, kennels, and tenant improvements for the animal adoption center. As detailed below, there are some variations in the potential start-up costs associated with the proposed program. For example, the cost associated with purchasing and retrofitting an animal control vehicle is approximately \$65,000 per vehicle. Given that there are least two proposed field officers, the program requires two vehicles.

Another area where costs are likely to be higher than initially anticipated is the tenant improvements associated with the adoption center. Staff found that the general per square foot costs associated with designing and construction tenant improvements could be as high as \$20-30 per square foot, inclusive of a tenant allowance provided by a landlord. In addition, there were other costs such as printer, copiers, computer, commercial-grade washers and dryers that would be required for the adoption center. Moreover, there would likely be a period of time in which the City would concurrently be under contract with OCAC and LFAN. This occurs because the City would need to initiate LFAN operation prior to September 2017. Given the significant variability associated with such expenditures, however, staff’s estimate of start-up costs does not factor in this variable.

Not inclusive of staffing costs to initiate the LFAN program prior to the expiration of the OCAC contract, staff’s initial estimate of potential start-up costs is a range of approximately \$296,500 to \$363,000.

Table 10: Start-Up Cost Summary

Animal Control (Start-Up Costs)	Proposal	City Review
Vehicle(s)	\$65,000	\$130,000 ²⁵
Consulting Costs	\$0	\$30,000-\$50,000
Supplies	\$10,000	\$10,000-\$15,000
Animal Control Subtotal	\$75,000	\$170,000-\$195,000
Adoption Center		

²⁵ Based on costs from the Mission Viejo Animal Shelter.

Renovations (Tenant Improvements)	\$25,000	\$40,000-\$60,000
Adoption Center		
Dog Cages	\$1,000	\$1,000-\$2,000
Dog Kennels	\$1,000	\$1,000-\$2,000
Cat Cages	\$750	\$1,000-\$2,000
Cat Kennels	\$750	\$1,000-\$2,000
Other	\$1,500	\$1,500-\$2,000
Trap Neuter Release Program	\$2,000	\$2,000-\$3,000
Adoption Center Subtotal	\$32,000	\$47,500-\$73,000
Supplies		
Leashes, Bowls, Toys, Etcetera	\$5,000	\$5,000-\$6,000
Office Furniture and Computers	\$5,000	\$17,000-\$20,000
Commercial-Grade Equipment (Washer/Dryer) ²⁶	\$0	\$12,000-\$15,000
Marketing Materials	\$5,000	\$5,000-\$7,000
Supplies Subtotal	\$15,000	\$39,000-\$48,000
Mobile Center		
Vehicle	\$25,000	\$35,000-\$40,000
Marketing Materials	\$5,000	\$5,000-\$7,000
Mobile Center Subtotal	\$30,000	\$40,000-\$47,000
Start-Up Costs Total	\$152,000	\$296,500-\$363,000

Conclusions and Observations (Expenditure Analysis)

- *Revenues are unlikely to exceed expenditures without substantial revenues beyond what is generated by OCAC.*
- *Given additional staffing needs, the program is likely more cost-intensive than initially projected.*
- *The initial transitional and start-up costs noted in the Proposal appear low. Based on staff's initial analysis, these costs are likely to be much higher.*

Section 11: Proposal and Agenda Report Review

Staff contacted the Koret Shelter Medicine Program at the University of California, Davis ("UC Davis"), regarding a potential third-party review of the Proposal. A representative from UC Davis referred staff to a consultant it previously retained: Mr. Jon Cicirelli, – Assistant Director, Public Works/Director, Animal Care and Services, City of San Jose. In addition to running a large

²⁶ *This equipment is necessary to sanitize beds, blankets, toys, and other items in the adoption center.*

animal care program, Mr. Cicirelli is also a well-known animal care program consultant and has advised numerous agencies regarding existing programs. Staff provided Mr. Cicirelli with the original Proposal and staff's review for comparison. After reviewing both documents, Mr. Cicirelli prepared the attached letter of opinion for the City Council's information (Attachment 9). Generally, the conclusions offered in the letter are that the City should not end its contractual relationship with OCAC and further suggests more data is required to support the assumptions in the model. In addition, the letter suggests that the revenue assumptions in the model may be difficult to achieve without additional investment into the program.

Section 12: Conclusions

The proposed program is unique in that it suggests a contract with a non-profit agency for virtually all animal care services without a traditional shelter. Some local agencies (county or city) perform all functions associated with an animal care program. In other instances, the local agency may retain certain components such as field and licensing and then partner with a non-profit agency for shelter, adoption, or fostering services. In other limited instances, the non-profit performs all functions; however, the non-profit operates a centralized, purpose built shelter. As noted earlier, however, staff did not find an example of a program where a non-profit performs all functions of the program without a traditional shelter component. Consequently, the Proposal represents a generally unexplored model. The animal care Proposal provides opportunities for enhanced local control over all aspects of the City's animal care program. In doing so, the program assumes control over field and licensing services, in addition to the adoption center component. This creates further cost, associated with staffing, operations, capital costs, and associated other expenses.

Given the program's decentralized nature, it likely lacks the economies of scale of a larger countywide or multi-city program formed through a JPA. Consequently, because the costs are borne entirely by one agency, the program becomes relatively less cost-effective. Although staff spent a considerable amount of time researching the potential estimated range of revenues and expenditures, a more precise estimate would require, at some point, a systematic fee study to understand actual potential revenue streams if the Proposal is advanced.

Inasmuch as the City Council requested that this item be placed on the agenda. Any further action relative to this matter is entirely within its discretion.

FISCAL IMPACT:

The fiscal impact associated with the recommended action is based upon the City Council's further direction on this issue.

ATTACHMENTS:

1. February 2, 2016, Alternative Animal Care Proposal (Original Presentation)
2. February 2, 2016 Memorandum
3. Field Intake Data
4. Shelter Outcome Data
5. Target Population Analysis
6. Daily Intake Charts
7. Capacity Analysis by Animal Type
8. Updated Revenue/Expenditure Projects
9. Letter from Jon Cicirelli

Initiated By: Nicole Miller, Management Assistant
Carlo Tomaino, Assistant to the City Manager

Submitted By: Debra Rose, Assistant City Manager

Approved By: Robert C. Dunek, City Manager