



# STAFF REPORT

## CITY of YORBA LINDA

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### ADMINISTRATION DEPARTMENT

**DATE:** JUNE 21, 2022

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

**FROM:** MARK A. PULONE, CITY MANAGER  
PREPARED BY: ALLISON ESTES, ASSISTANT TO THE CITY MANAGER

**SUBJECT:** APPROVAL OF FY 2022/23 ANIMAL CARE NOTICE OF INTENT

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### RECOMMENDATION

It is recommended that the City Council approve and authorize the Mayor to sign the Notice of Intent with Orange County Animal Care for animal control and shelter services for the period of July 1, 2022 through June 30, 2023; and direct staff to pursue any canvassing efforts for the City of Yorba Linda if they become available.

### BACKGROUND

Since 1989, the City of Yorba Linda has contracted with Orange County Animal Care (OCAC) to provide animal care services. Pursuant to the terms of the current agreement, OCAC provides all animal care services on behalf of the City, including:

- **Field Services:** Impounding of stray animals and of owner-released animals, rabies control, enforcement of leash and nuisance laws, the barking dog ordinance, animal cruelty investigations, citation issuance, impound fee collection for impounded animals, and other related services;
- **Special Services:** Renewal of existing licenses, door-to-door canvassing or other targeted services to promote license compliance, and mail processing of first-time dog licenses;
- **Shelter Services:** Board and care of animals impounded at the new shelter; and
- **Barking Dog Complaint Services:** A service for residents to report barking dog complaints in their neighborhood.

Fourteen (14) Orange County cities (plus unincorporated areas) currently contract with OCAC for animal care services, including animal control and shelter services. As a result, the participating cities, including Yorba Linda, continue to benefit from economies of scale in collectively receiving the services.

Consequently, on August 19, 2016, the City Council approved a Participation Agreement with the County of Orange, affirming the City's commitment to fund the City's proportionate share of construction costs (\$512,000) for the new regional animal shelter located in Tustin over the next 10 years and approved an agreement with the County of Orange for animal

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control and field services for a term of ten (10) years (to expire May 30, 2026). The City's proportionate share of construction costs for the new shelter is billed separately and **not** included in the proposed Notice of Intent for FY 2022/23. For reference, the balance of the City's share is \$216,707.38, scheduled to be paid off in July 2026.

### **DISCUSSION**

#### *Projected Costs FY 2022/23*

For the past three fiscal years (2019/20 through 2021/22), OC Animal Care has maintained a flat budget totaling \$13,673,469. For FY 2022/23, the estimated Net Cost total for most of all Contract Cities and the County of Orange will increase by 10.98% to \$15,174,996. This increase is directly related to filling critical positions to meet the demand for services. The budget was not increased due to the uncertainty due to the COVID-19 pandemic despite a rise in the Consumer Price Index (CPI) of approximately 8.49% over the last two years.

For FY 2022/23, the City's estimated net cost is approximately \$341,442. Although most contract cities will experience an increase in their NOI, Yorba Linda's NOI for FY 2022/23 decreased \$97,680 from FY 2021/22. This was an atypical circumstance as the FY 2021/22 NOI projected a significant increase in field actions related to wildlife and vicious dog calls and higher animal charge days (animal shelter), related to several special needs animals impounded that had extended stays (30+ days) at the shelter. At the time the NOI estimate was finalized for the FY 2021/22, service requests from residents involving wildlife increased by 65.1% and potentially dangerous or vicious dog investigation actions increased by 42.9% between FY 2018/19.

Additionally, the NOI for FY 2021/22 contemplated a decline in animal control related fee revenue. This revenue, which is primarily for animal licensing and late payment penalties, declined by about 7.56% between FY 2018/19 and the 12-months ending February 28, 2021. This was likely an impact of the pandemic and the resulting financial challenges faced by many residents during this time. Licensing and late fee revenue is expected to improve as the overall economy improves.

#### *Cost Methodology*

The NOI estimate is based on the Net Cost of Animal Control and Animal Shelter services, expressed as a percentage relative to all jurisdictions, for the last three fiscal years (July 1, 2018, through June 30, 2021). This represents a change in how the Net Cost estimate is calculated, which was previously based on the most recent trailing 12-month activity and fee revenue levels. Due to the atypical circumstances caused by the COVID-19 pandemic over the last two years, the change in methodology is intended to provide a more accurate estimate of the City's Net Cost for the upcoming fiscal year.

As stated in the Agreement for Provision of OC Animal Care Services between the City and County (Agreement), the most recent animal care services fees approved by the County Board of Supervisors on July 17, 2018 shall be used to determine City's Net Cost of Animal Care Services. The amount charged to contract cities for animal control and shelter services

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is based on actual costs incurred and these costs are allocated to the County and each of the contract cities based on utilization. The City's actual net cost of animal care services for FY 2022/23 will be based on actual cost reduced by fee revenue; therefore, the City's actual net cost for this year may be higher or lower than the estimated amount.

*Actual Costs*

The Net Cost of animal care services for all contract cities is based on the actual or “gross” cost of providing those services, less fee revenue collected from residents. Yorba Linda’s portion of the gross cost is allocated based on the number of services performed for the City. For example, the number of field activities performed for Yorba Linda is converted to a percentage of all field services provided to all contract cities and then multiplied by the total gross cost of providing field related services. The same method is used to allocate the gross cost of all services performed for Yorba Linda.

For the fiscal years (FY) 2018/19, 2019/20, 2020/21, Yorba Linda’s actual Net Cost was below the NOI, as shown in the table below.

FY 2018/19			FY 2019/20		
Actual Net Cost	NOI	Over/(Under)	Actual Net Cost	NOI	Over/(Under)
\$ 271,435	\$ 354,443	\$ (83,008)	\$ 270,279	\$ 333,411	\$ (63,132)
FY 2020/21			*FY 2021/22		
Actual Net Cost	NOI	Over/(Under)	Actual Net Cost	NOI	Over/(Under)
\$ 281,778	\$ 333,411	\$ (51,633)		\$ 439,122	

\*As of March 31, 2022, the City’s projected net cost for FY 2021/22 is \$255,260, which is under the FY 2021/22 NOI of \$439,122.

*Canvassing Efforts*

In the past, the City has pursued additional canvassing efforts and have benefited from both an increase in revenue and license compliance. In FY 2019/20 OC Animal Care was not able to provide additional “Extra Help” canvassing hours because the program experienced staffing issues for much of the year, and in FY 2020/21, the door-to-door canvassing program was suspended because of the pandemic. This may have also attributed to a decrease in the fee revenue for Yorba Linda. At this time, traditional canvassing efforts by OCAS will not resume; however, OCAC will continue to pursue any possible canvassing efforts for the City of Yorba Linda if they become available.

**FISCAL IMPACT**

The estimated total cost for the animal care and shelter services for the FY 2022/23 is \$341,442. Funding for animal care and shelter service fees was appropriated in the FY 2022/23 budget (1010710-430100).

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### **ALTERNATIVES**

None

### **ATTACHMENTS**

- A.** Current Agreement for Animal Care Services
  - B.** Notice of Intent for FY 2022/23
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