



STAFF REPORT

CITY of YORBA LINDA

ADMINISTRATION DEPARTMENT

DATE: MAY 16, 2023

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 2023-2024 ANIMAL CARE NOTICE OF INTENT

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, 2023 through June 30, 2024.

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 control and field services for a term of ten (10) years (to expire May 30, 2026). The City's

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proportionate share of construction costs for the new shelter is billed separately and **not** included in the proposed Notice of Intent for FY 2023/24. For reference, the balance of the City's share is \$165,717.46, scheduled to be paid off in July 2026.

DISCUSSION

Projected Costs FY 2023/24

For FY 2023/24, the estimated Net Cost total for all Contract Cities and the County of Orange will increase by 18.09% to \$17,919,887. This increase is to fill critical positions to meet the demand for services and offset the rising costs of essential supplies. Increasing costs include a higher volume in animal feed and a rise in veterinary service rates. With inflation, OCAC continues to see costs rising across the board including a 104.76% in animal feed and a 133.75% in shelter supplies.

Orange County, similar to the entire nation, is experiencing a population crisis. With the increased number of animals in need, and in an effort to continue providing essential services, OCAC is budgeting for 135 filled positions with 7 vacancies. It is important to note that this continues to be below budgeted staffing levels in May 2020.

For FY 2023/24, the City of Yorba Linda's estimated net cost is approximately \$349,183, a 2% increase from the FY 2022/23 NOI, estimated at \$341,442. While the overall budget for Orange County Animal Care will increase by 18%, each contract city's NOI will vary based on services utilized and revenue collected by each city. The cost methodology and clarification on the actual costs are included below.

Cost Methodology

The NOI estimate is allocated based on percentages of Animal Control and Animal Shelter services provided and revenues collected on behalf of each contract during the last 12 months (March 1, 2022 through February 28, 2023). This represents a change in how the Net Cost estimate was previously calculated, which was based on a three fiscal-year average (July 1, 2018, through June 30, 2021). The change in methodology is intended to provide a more accurate estimate of each 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.

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

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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. As indicated, the amount charged to contract cities for animal control and shelter services 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 2023/24 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.

As a reference, for fiscal years (FY) 2019/20, 2020/21, 2021/22, Yorba Linda's actual Net Cost was below the NOI, as shown in the table below.

FY 2019/20			FY 2020/21		
Actual Net Cost	NOI	Over/(Under)	Actual Net Cost	NOI	Over/(Under)
\$ 270,279	\$ 333,411	\$ (63,132)	\$ 281,778	\$ 333,411	\$ (51,633)
FY 2021/22			FY 2022/23		
Actual Net Cost	NOI	Over/(Under)	Actual Net Cost	NOI	Over/(Under)
\$ 220,965	\$ 439,122	\$ (218,157)		\$ 341,442	

*As of March 31, 2023, the City's projected net cost for FY 2022/23 is \$307,621, which is \$33,821 under the FY 2022/23 NOI of \$341,442.

Canvassing Efforts

In the past, the City has pursued additional canvassing efforts and benefited from both an increase in revenue and license compliance. In FY 2019/20 OC Animal Care (OCAC) 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. Since then, OCAC has launched a digital canvassing campaign. Through digital canvassing efforts in the first three quarters of FY 2022/23 (July 1 – March 31), OCAC has increased the number of total collectable billings by 49.56% in comparison to the same three-quarter period in FY 19/20 (the last similar 9-month period pre-pandemic). In FY 2019/20, the licensing revenue for Yorba Linda was \$337,784.52. Since implementing digital canvassing, the revenue for Yorba Linda in FY 2021/22 (most recent full fiscal year) was \$363,919.22, an increase of \$26,134.68.

FISCAL IMPACT

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, 2023 through June 30, 2024.

ALTERNATIVES

None

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ATTACHMENTS

1. Current Agreement for Animal Care Services
 2. Notice of Intent for FY 2023/24
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