City of Palo Alto (ID # 5564)

City Council Staff Report

Report Type: Informational Report **Meeting Date: 3/2/2015**

Summary Title: Information Report on Animal Services in follow up from Finance Committee

Title: Update on Palo Alto Animal Shelter and Follow up From Finance Committee on December 2, 2014

From: City Manager

Lead Department: City Manager

Recommendation

This is an informational report and no Council action required. Staff is deferring return to the Finance Committee until April, for reasons stated in this report. Staff suggests that new Council members might want to read the attached Finance Committee staff report which also includes reports from May 10, 2012 and July 23, 2012.

Background

On December 2, 2014 the Finance Committee discussed a Colleagues Memo from June 16, 2014 regarding local animal services. The Committee recommended that staff return to Council by no later than February with a report including the division's budget history, trends and projections, ideas for engagement with past and prospective clients, a preliminary sense of impacts on operations and revenue streams if there was a capital investment through a public private partnership, a private entity or by the City, and an update on the stakeholder process including a more defined set of stakeholders.

The Finance Committee report recommended that the item be deferred to a meeting after April 2015 to allow the City Auditor to publish the results of the Animal Services audit and the City Manager's Office to continue to engage stakeholders and interest groups with a goal of providing Council possible alternatives. The report also provided a timeline of events. It also re-released the May 10, 2012 staff report which describes the regulatory framework, further history going back to 1934, an overview of existing and new facility cost estimates, budget, staffing and volunteer information as well as an overview of services and workload metrics. Additionally it included the July 23, 2012 staff report describing the Council approved action which restructured shelter staffing and operations.

Discussion

Financial History, Trends, and Projections

The main cost drivers for Animal Services are employee salary and benefits (approximately 85% of total expenses) which are needed to provide full-time field services coverage for the cities of Palo Alto and Los Altos and the Town of Los Altos Hills, as well as operate the city-run animal shelter which includes a public, low-cost spay and neuter clinic. Animal Services main revenues come from contracts to provide animal care and control services to the City of Los Altos and the Town of Los Altos Hills, public spay and neuter surgeries, vaccination clinics, and dog licensing revenue.

Partner agency revenues have a significant impact on the net cost of Animal Services to the General Fund. With the departure of Mountain View as a regional partner in November 2013, the City experienced a serious, structural change to the cost of providing Animal Services. In order to reduce costs and offset some of this lost revenue, structural personnel changes were instituted in Animal Services, which included the reduction of 1.5 Animal Control Officers and 1.0 Supervisor of Animal Services as part of the FY 2014 Adopted Operating Budget. In addition, the net cost of operations in FY 2013 was significantly assisted by the one-time use of nearly $175,000 in accumulated donation monies. Additional or on-going transfers of donation money of this magnitude are not feasible. FY 2014 was a challenging operational year as several key, unplanned vacancies and difficulty recruiting to fill those vacancies resulted in the Spay and Neuter Clinic being closed to the public for the entire fiscal year which ultimately resulted in a nearly $900,000 net cost for FY 2014, more than double that of the year prior. This was also more than $300,000 above the $582,000 net cost to the General Fund for Animal Services that was approved by the Council as part of the FY 2014 Adopted Operating Budget. As part of the FY 2015 Adopted Operating Budget, the Animal Services estimated revenue was reduced to align the budget with historical actuals. As part of this action, it was estimated that the ongoing net cost for Animal Services would be approximately $730,000 annually.

As shown in the table below and in more detail in Attachment B, excluding revenue from regional animal services contracts and one-time donation transfer, the net cost of providing Animal Services has decreased over 20% from FY 2012 from $1.4 million to approximately $1.1 million.

	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Budget	FY 2015 Year-to-Date (through January)
Total Revenue	$ 1,427,776.25	$ 1,042,096.85	$ 997,470.76	$ 1,288,259.05	$ 434,799.55	$ 660,520.00	$ 527,874.57
Total Expenses	$ 1,673,600.26	$ 1,712,562.32	$ 1,797,021.94	$ 1,708,314.39	$ 1,328,402.55	$ 1,571,461.40	$ 854,619.19
Net Cost	**$ (245,824.01)**	**$ (670,465.47)**	**$ (799,551.18)**	**$ (420,055.34)**	**$ (893,603.00)**	**$ (910,941.40)**	**$ (495,548.39)**
Net Cost Excluding Regional Contracts and Donations	**$ (1,197,208.26)**	**$ (1,281,859.47)**	**$ (1,403,506.18)**	**$ (1,180,097.59)**	**$ (1,047,805.75)**	**$ (1,105,941.40)**	**$ (812,346.21)**

However, comparing the cost recovery level (total revenue including revenue from other agencies over total expenditures) between FY 2012 and FY 2014, the FY 2012 cost recovery level of 55.5% dropped to 41.5% in FY 2014.

Ideas for Engagement with Past and Prospective Clients
As part of a regional approach to providing animal control services, the City is often approached by other cities through their solicitation processes. Recently, at least nine cities, primarily in San Mateo County, have approached Palo Alto about providing animal services to their community. but the City was unable to provide a sufficient cost savings to these agencies. In addition, several cities presented operational challenges (such as long commute distances) that would make a successful partnership challenging. The city remains receptive and open to potential future partners and hopes, through community and partner agency meetings, to develop ideas that will reengage clients as well as provide opportunities for new partnerships.

Capital Investment Assessment
At this time, staff is not ready to respond to impacts on operations and revenue streams if there was a capital investment through a public private partnership. This is mainly due to staff time being allocated to the audit in preparation for the April 21, 2015 Finance Committee meeting. However, a preliminary assessment does indicate that new services such as overnight kenneling and increased space for classes could increase revenues.

Stakeholder Process
Staff believes that in preparation for the April 21, 2015 Finance Committee, a series of conversations with all interested parties and potential partners would add value and provide insight for Council's consideration. The hope is to narrow in on achievable goals and further shape the vision and operating model of the shelter. The goal of this process is to create a variety of alternatives for Council consideration. These alternatives could include potential for a public-private agreement, a competitive request for proposal and/or attracting new contract agencies similar to Los Altos and Los Altos Hills. Staff also hopes that a byproduct of the meetings is to increase understanding among local animal shelter groups. The meetings are scheduled to begin on February 25, 2015.

Next Steps
As discussed in the Finance Committee staff report, staff is operating on two parallel tracks. One track is being led by the City Auditor's Office and the other by the City Manager's Office. The results of these twin tracks will be presented on April 21, 2015 at the Finance Committee meeting. The Auditor's Office intends to provide Council with a comprehensive audit which will evaluate and compare best practices and the efficiency and effectiveness of services provided, including whether Animal Services receives all revenues to which it is entitled and, whether improvements can be made in operations to allow the program to break even with the costs of services provided. The City Manager's Office intends to engage the community through public meetings which will create a variety of alternatives for Council consideration as well as provide a better assessment of the community's capacity to be an effective partner in providing animal shelter services.

Attachments:

- Attachment A: 12-2-14 Staff Report (PDF)

- Attachment B: Animal Services Revenue and Expenditures (PDF)

City of Palo Alto (ID # 5338)

Finance Committee Staff Report

Report Type: Action Items **Meeting Date: 12/2/2014**

Summary Title: Referral of Colleagues Memo regarding Animal Services

Title: Discussion of Colleagues Memo from June 16, 2014 Regarding Local Animal Services

From: City Manager

Lead Department: City Manager

Recommendation
Staff recommends that the Finance Committee defer this item to a meeting after April 2015 to allow the City Auditor to publish the results of Animal Services audit and the City Manager's Office continue to engage the stakeholders and interest groups of the Animal Services division with the consulting of Geoff Ball & Associates.

Background
In the aftermath of the *Great Recession* period and due to the withdrawal of a partner agency, discussions about Animal Services staffing and revenue models came before the Policy and Services Committee on May 10, 2012 and the Finance Committee on May 15, 2012. During these intense Fiscal Year 2013 budget discussions Council rejected the staff proposal to outsource the animal shelter and services. On July 23, 2012, City Council approved changes to the municipal fee schedule related to animal services and expenditure reductions to meet a $449,105 net cost reduction for the fiscal year. During Council discussions, it was expected that over the next several years, the program would work its way towards cost neutrality.

Subsequent to Council's approval, a variety of operational changes and enhancements were implemented in Fiscal Year 2013 to ensure that Animal Services was positioned to respond to community demands while to maintaining a high-level of service to the community within the approved expenditure plan. This included engaging a stakeholder group, expanding operating hours, expanding vaccination and clinic services, and making changes to the field service staffing models, resulting in a net cost of approximately $420,000 for the fiscal year, which included the use of one-time donation monies. In Fiscal Year 2014, due to unforeseen staffing issues, the division was forced to close the spay and neuter clinic which negatively impacted revenues. As indicated on the table below, total revenues for Fiscal Year 2014 were $435,000 which was $853,259 less than 2013 and $562,471 less than 2012. Obviously, the program was heading in the wrong direction.

Towards the end of the fiscal year, on June 16, 2014, City Council approved a Colleagues Memo in response to a proposal from the Palo Alto Humane Society (Attachment A) and forwarded the item to the Finance Committee.

Discussion

The proposal stated that Palo Alto Humane Society (PAHS) would "build a new, state-of-the-art animal services center for Palo Alto. The Palo Alto Humane Society would fund the construction of a state-of-the-art facility and would subsequently manage the shelter and provide related community services and outreach; such services in addition to animal sheltering would include dog training, dog park recreation, an education center and programs, housing for special needs animals, a spay-neuter clinic, and a wellness clinic. PAHS estimates the cost of a new center for animal services at $10–$12 million, to be raised by PAHS. The City would provide the land as it does currently; the suggested footprint for the facility would be two acres. In the partnership, the City would continue to fund and manage mandated animal control services."

On November 14, 2014, the City received a revised proposal (Attachment B) from the Palo Alto Humane Society withdrawing the offer to build a state-of-the-art-facility and focusing on only on education and community programs. These are programs such as "Critter Clubs, Mow Wow Animals, Animals Everywhere, PAWS 2 PAHS, Kiddies 2 Kitties, Service Learning Program, Spay-Neuter Assistance, Veterinary Assistance, Obedience training, Grief counseling, and Volunteer programs." Further details regarding these programs can be found in Attachment B. The PAHS revised proposal stems from two community workshops they held which had a goal of creating a community-based vision for a new shelter.

After the June 16, 2014 City Council meeting, the City Manager's Office began meeting with the various stakeholders of Animal Services. This is because there are numerous stakeholder groups and many passionate citizens concerned about animal services, in addition to PAHS. On September 9, 2014 the office entered into a contract with Geoff Ball & Associates to work with stakeholders and provide a preliminary perspectives and alternatives assessment. Dr. Ball works in a variety of settings with a wide range of clients in situations that are often complex, technical, cross-organizational. Dr. Ball surveyed internal and external stakeholders to assist the City Manager with preliminary work in advance of the Finance Committee. Attachment C is the list of surveyed and non-surveyed stakeholders and interest groups. The survey work is a preliminary assessment to determine problems and solutions as seen by all stakeholders as well as provide insights into next steps. The results are not a final.

Elements of Dr. Ball's work are attached in two graphics (Attachment D & E). Attachment D identifies the major activities starting from the animal control officer's work in the field to eventual animal adoption. The activities include: screening, animal shelter activities, outreach and marketing to the general public, and creating opportunities for interesting adopters to interact with the animals. The interviews also highlight the importance of foster care, rescue activities focused around specific breeds, and collaboration with other shelters. Attachment E

highlights common themes generated from the preliminary survey work. These areas of focus are identified under the headings of approaches, principles, measurement, setting, organization, connection, and collaboration. Attachment E describes the key points of the themes. Another conclusion from the City's review as well as Dr. Ball assessment is that the key local players are the Palo Alto Humane Society, Friends of Palo Alto Animal Services, Palo Alto Animal Services Volunteers, Silicon Valley Animal Control Authority, Peninsula Humane Society, Human Society of Silicon Valley, the County of Santa Clara and our contract cities of Los Altos and Los Altos Hills (all of whom have interests and may be part of any solutions).

FY15 Financial Position & Performance Metrics Update
Below are the revenues and expenses for the last several fiscal years. Attachment F also highlights revenue, volume and average revenue at the program level going back to 2001.

	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Budget	FY 2015 Year-to-Date (Through October)
Expenses	1,797,022	1,708,314	1,328,403	1,571,461	494,489 (31% of budget)
Revenue	997,471	1,288,259	435,000	660,520	237,110 (36% of budget)
Net Cost	799,551	420,055	893,403	910,941	257,379

Next Steps
Staff recommends that no action is taken until the City Auditor completes the audit of Animal Services. As part of the City Auditor's Fiscal Year 2015 Work Plan an audit of Animal Services is scheduled for completion in April 2015. The audit will evaluate and compare best practices and the efficiency and effectiveness of services provided, including whether Animal Services receives all revenues to which it is entitled and, whether improvements can be made in operations to allow the program to break even with the costs of services provided. Staff believes that the audit will provide City Council with further financial and programmatic data which will advance the decision making process.

Given that potentially dramatic changes will need to be made in how animal services are provided, staff expects to continue some of the stakeholder outreach in the new year.

Staff believes the convergence of the audit data and public meeting outcomes will provide City Council with useful information prior to their Fiscal Year 2016 budget hearings in May and June 2015. At the Finance Committee meeting, staff will propose alternatives based on the outcomes of the audit and public meetings for Council consideration.
Attachments:

- Attachment A - Colleagues Memo & Palo Alto Humane Society Proposal (PDF)

- Attachment B - Revised Palo Alto Humane Society Proposal dated November 14, 2014 (PDF)
- Attachment C: List of Stakeholders (PDF)
- Attachment D - Work Flow Diagram (PDF)
- Attachment E - Themes (PDF)
- Attachment F: Additional Financial & Metrics for Animal Services (PDF)
- Attachment G: 5-10-12 Staff Report (PDF)
- Attachment H: 5-10-12 Minutes (PDF)
- Attachment I: 5-15-12 Finance Committee Agenda (PDF)
- Attachment J: 5-15-12 Finance Minutes (PDF)
- Attachment K: 7-23-12 Staff Report (PDF)
- Attachment L: 7-23-12 Minutes (PDF)

City of Palo Alto

COLLEAGUES MEMO

DATE: June 16, 2014

TO: City Council Members

FROM: Council Member Holman, Council Member Klein, Council Member Schmid, Council Member Berman

SUBJECT: COLLEAGUES' MEMO REGARDING LOCAL ANIMAL SERVICES

Goal:
Continue to provide animal services locally with improved economies and an improved facility.

Background and Discussion:
Palo Alto has had local community animal services since 1908 when the Palo Alto Humane Society was founded. The Humane Society started the first animal shelter in town in 1927. They managed the shelter until 1972 when the operation was taken over by the City and Palo Alto Animal Services was formed. Animal Services currently offers spay and neuter, adoption, licensing, lost and found, and rescue services to the Palo Alto, Los Altos, and Los Altos Hills communities.

With Mt. View's decision in 2012 to end its partnership with the City's Animal Services, an annual $470,000 funding gap threatened the closure of the local facility. The community made its desire to keep animal services in Palo Alto known by crowding Council Chambers with supporters. As part of the adoption of the Fiscal Year 2013 Budget, the Council, after recommendations by both the Policy & Services and Finance Committees, directed staff to increase revenue by approximately $185,000 annually and reduce costs by approximately $285,000 a year for FY 2013 with goals for further revenue increases and reduced expenses, to close the gap caused by Mountain View's departure to totally eliminate the amount paid by the City for Animal Services by Fiscal Year 2016.

Palo Alto Humane Society has put together a proposal to form a public–private partnership with the City. The Humane Society proposes to fundraise to build a new, state-of-the-art animal services center for Palo Alto and manage the new facility with enhanced services at lower cost to the City. According to the proposal, the City would continue to provide the land as well as manage animal control as it does currently. The new facility and additional services that are being proposed could potentially be a means to attract adjacent communities who now

contract as far away as San Martin, a distance creating real challenges to reuniting owner and pet.

According to the proposal, public-private projects, such as Palo Alto Humane Society is coming forward with have proven to be successful endeavors in other communities "nationwide and in neighboring Peninsula communities".

Recommendation:
We recommend that the Council forward the Proposal from Palo Alto Humane Society to the Finance or Policy & Services Committee as Council determines for prompt review

Staff Input/Impact
Over the past two years, staff has engaged the regional animal care community to identify improvements to the efficiency of shelter operations and explore potential partnership opportunities. Through this process several high-level conversations have taken place with various entities about potential public-private partnerships ranging from collaboration on animal adoptions to assistance with shelter management. There is a strong interest from the non-profit animal care community in partnering with the City to ensure the long-term viability and success of Palo Alto Animal Services. In addition, several current and near-term operational challenges, including declining revenues and pending key staff retirements, have created a need to explore immediate solutions for a shelter management partnership with possible partners. Given the interest from potential partners, current operational needs, and staff's belief that there are possible coalitions to be formed among the interested parties, staff was looking at issuing an RFP for on-going management of the shelter in the near term with additional options for capital improvement partnerships.

The FY 2014 expected General Fund subsidy is approximately $850,000, primarily due to regional contracts revenue adjustments and the year-long absence of the public spay and neuter clinic due to staff vacancies.

The Humane Society Proposal discussion may occur in the context of other alternatives to put the Animal Shelter on sustainable footing.

Minimal staff impact at this time.

October 2013

Proposal to the City of Palo Alto
From the Palo Alto Humane Society
Regarding the future of Palo Alto Animal Services

The Palo Alto Humane Society proposes a joint public–private partnership for the provision of animal services for Palo Alto and contracting cities. The Palo Alto Humane Society, as the private partner, would bring services and added value to the City of Palo Alto as outlined below. The Palo Alto Humane Society regards this as an opportune time for a proposal to partner and pool animal-welfare resources as the City begins to weigh decisions on capital improvements to and location of its Animal Services facility.

The Palo Alto Humane Society (PAHS) makes the following proposal for a public–private partnership. The proposal is designed to enhance the services presently provided to the community and is built on the precept that animal sheltering and animal control services must remain located in Palo Alto to best serve the community. PAHS is also willing to discuss other ideas in order to find a partnership that is right for both parties and the communities served. In broad outlines, PAHS proposes:

> *To build a new, state-of-the-art animal services center for Palo Alto.* The Palo Alto Humane Society would fund the construction of a state-of-the-art facility and would subsequently manage the shelter and provide related community services and outreach; such services in addition to animal sheltering would include dog training, dog park recreation, an education center and programs, housing for special needs animals, a spay-neuter clinic, and a wellness clinic. PAHS estimates the cost of a new center for animal services at $10–$12 million, to be raised by PAHS. The City would provide the land as it does currently; the suggested footprint for the facility would be two acres. In the partnership, the City would continue to fund and manage mandated animal control services.

A new approach to animal services. Private–public partnerships now undergird animal services in many communities nationwide and in neighboring Peninsula communities. These partnerships have created community centers that draw and engage the public, encourage adoptions, and keep animal surrenders to a minimum. Dog training, dog parks, behaviorists, education programs, and modern sheltering facilities all add value to the life of a community and promote the well being of a community's animals. The Palo Alto Humane Society is interested in offering these proven added-value aspects to the Palo Alto community. PAHS wants to create an exciting place in Palo Alto that parallels centers in other communities and shines as a civic centerpiece for the City. The residents have shown their passion for animal welfare and would welcome a new and exciting vision for their shelter.

What the Palo Alto Humane Society can offer in a public–private partnership. PAHS can bring resources and vision to a partnership for a new shelter. PAHS is an established community organization and can bring name recognition and 100 years of history to bear in harnessing resources. Its animal shelter committee consists of proven Bay Area shelter builders and fundraising professionals. PAHS has unique programs in veterinary assistance; annually PAHS underwrites the spaying and neutering of approximately 2,000 homeless animals and pets belonging to financially disadvantaged people, and assists pet owners on fixed incomes with management of veterinary expenses. PAHS provides humane education to the public schools through its longstanding "Animals Everywhere" program and its new "Mow Wow Animals" (www.mowwow.org) curriculum designed to aid teachers in

complying with the character education goals of the California Education Code. PAHS also provides a voice for animals, most recently advocating successfully to the City Council on behalf of the city animal shelter and spay-neuter clinic to prevent closure and outsourcing of these vital public services.

Benefits to the City of Palo Alto. A major benefit to the City is that PAHS can run the sheltering function at lower cost, as PAHS is not subject to the City's salary structure. In addition, the cost of mandated sheltering services would be predictable, with a contracted fee with set review and increase points, making budgeting much easier for the City. Another advantage to the City is that this partnership would play on each organization's areas of strength. PAHS is better able to handle sheltering and animal care, while the City is better able to perform the animal control function, given its strength in law and code enforcement.

An exciting synergy. Together the City and the Palo Alto Humane Society can offer much more than we can separately. PAHS has the vision, expertise, and fundraising capacity for additional services, and the City has the land for a shelter and the expertise and funding for animal control services. Through partnership, a modern, state-of-the-art animal services center can be built that serves as a thriving civic institution for the community. The City of Palo Alto has successful public–private partnerships in various aspects of its services and operations. These partnerships have proven to be viable, and PAHS proposes that a joint effort in animal sheltering will bring current animal services up to the level of other services.

An established tradition. A partnership between the Palo Alto Humane Society and the City of Palo Alto is not a new idea. The Palo Alto Humane Society has deep roots in the community and a history of program building. Founded in 1908, PAHS created Palo Alto's first shelter in 1927 and subsequently managed shelters for the City for close to 50 years. After the establishment of Palo Alto Animal Services, PAHS continued its relationship with the City and for many years provided humane education and night and weekend emergency animal services. Presently, PAHS maintains a close relationship with Animal Services and is a major client at the spay-neuter clinic. PAHS is a major resource for animal welfare in the Palo Alto community.

Going forward. The Palo Alto Humane Society requests the opportunity to present and discuss this proposal with Council members and staff. PAHS is excited about the possibilities and believes the Palo Alto community will be supportive of such a venture.

Please note that this proposal is for purposes of discussion. It is not an offer of any kind and is non-binding in all respects.

Submitted by: Carole Hyde, Executive Director, Palo Alto Humane Society
Contact information: Office: 650-424-1901; carole.hyde@paloaltohumane.org

PALO ALTO HUMANE SOCIETY#

To: Council Members Berman, Burt, Holman, and Kniss
From: Carole Hyde, Executive Director, Palo Alto Humane Society
Date: November 14, 2014

Palo Alto Humane Society (PAHS) is presenting to the City Council Finance Committee the following reconsidered proposal for partnership in providing animal services:

> Palo Alto Humane Society proposes to partner with the City of Palo Alto to develop and add an education/community center to the existing Palo Alto Animal Services facility and to provide PAHS' established and recognized program of school education, information outreach, community activities, and spay-neuter and veterinary funding assistance for the community.

Background

The City of Palo Alto's animal shelter needs to be modernized. This was recognized by the City in 2008 when it developed plans to build a new animal shelter, and several years prior, when it held discussions about modernizing and expanding the current facility.

Modern shelters are now vibrant community centers. In addition to featuring friendly and attractive animal housing and veterinary facilities, progressive shelters engage, inform, and interest residents. A *Children's Museum* with interactive technology-based pet care and information modules, *Family Pet Care "Festivals"* with animal art activities, speakers, animal care demos, and movies*, Dog Parks, Lending Libraries,* and *School Field Trips* are some examples of community engagement activities possible with a new vision. With enhanced space and staffing these types of dynamic programs and services can be offered to our community at the current *Palo Alto Animal Services* site.

Revised Proposal

PAHS' revision of its original proposal to the Council is based on several considerations.

In the fall of 2014 Palo Alto Humane Society held community meetings (notes attached) and other discussions with interested parties, with the goal of creating a community-based vision for a new shelter. Modernization of the existing facility was flagged in these discussions as important. Features such as better and more attractive housing for adoptive animals provide a modern environment and result in more willingness of the public to engage the shelter. At the same time, the features most frequently mentioned as desirable were programs and services that constitute a *Community Program*:

education, information outreach, volunteer and community service opportunities, social activities, spay-neuter and veterinary funding assistance, dog obedience training, foster programs, etc.

Palo Alto Humane Society proposes to offer a community program at the shelter. Community engagement is the strength of this organization and can constitute a vital new component, now lacking at the shelter. This partnership is suitable to PAHS' organizational strengths, staffing, financial depth, and current and recent programs. We believe the future of Animal Services is best served if the shelter is operated by the City and made vibrant with a community program provided by Palo Alto Humane Society.

What PAHS Can Offer To This Partnership

Education Program

PAHS' established, exciting, and diverse program includes:

- **Critter Clubs,** a school-based club engaging teachers, students and parents in the needs of animals in their communities (supported by the *Palo Alto Weekly* Holiday Fund)
- **Mow Wow Animals**, a web-based curriculum targeted at 100,000 elementary school students and their teachers in fulfillment of the California humane education requirement
- **Animals Everywhere**, a program of presentations on responsible animal care for schools, service clubs, hospitals, rehabilitation facilities, other organizations
- **PAWS 2 PAHS**, canine-accompanied teaching in schools at all grade levels, focused on animal care, interacting with animals, animal welfare issues
- **Kiddies 2 Kitties**, an animal shelter reading program for challenged children
- **Service Learning Program**, community service opportunities for area teens and schools

Community Program

- **Spay-Neuter Assistance**, an annual program of $50,000-$100,000 to underwrite spay-neuter surgeries at the city clinic for low-income and homeless animals
- **Veterinary Assistance**, an annual program of $30,000-$40,000 to help low-income residents (disabled, elderly, veterans in need) with unexpected veterinary costs
- **Obedience training**, critical to permanent homing for shelter dogs
- **Grief counseling,** about lost and deceased pets
- **Volunteer programs**, to help with needs at the animal shelter such as pre-weaned kitten care and fostering animals for adoption

Palo Alto Humane Society Brand

PAHS' 106-year history and name recognition can bring additional interest and traffic to the shelter, providing increased exposure and adoption possibilities for the shelter animals, increased use of the spay/neuter and vaccination services at the city clinic, and expanded involvement in education programs and activities. Its fund raising capacity, local relationships, and established database will assist in procuring funds for initiatives and programs at the center's new and exciting *Community Wing*.

Funding

Palo Alto Humane Society will work with the City to develop a plan for financing the building of an Education/Community Center which could include, but not be limited to, developing a capital campaign in partnership with the City, Palo Alto Humane Society, local businesses, corporate donors, Friends of the Palo Alto Animal Shelter, and private citizens. Engaging the broad Palo Alto community, in both the monetary and visionary investment, will secure participation of the community in their new center and in the vibrant new programs and services the center can offer.

Palo Alto Humane Society
New Animal Shelter Discussion
Monday, September 8, 7:00-8:30 p.m.
Offices of Wilson Sonsini Goodrich & Rosati
650 Page Mill Road, Palo Alto (650-493-9300)

Purpose of the focus group

Palo Alto Humane Society (PAHS) held the first of a series of planned community focus groups to create a community-based vision of a new animal center for Palo Alto. Attendees represented stakeholder groups and also included interested members of the Palo Alto and Los Altos communities (a list of participants is attached). The discussion was moderated by former Palo Alto Mayor Peter Drekmeier. The ideas generated will help Palo Alto Humane Society prepare for discussion of a public-private partnership proposal with the city Finance Committee.

The discussion was oriented to three questions: 1) what are the community's needs for animal sheltering and providing for animal welfare? 2) what do we like about the services currently provided by the municipal shelter Palo Alto Animal Services? 3) what would we like to see in a new animal center?

Concepts governing a new animal services center

Several general concepts were brought forward. A new shelter should:

- Serve as a community center, offering activities for people and their animals, and this will in turn promote the adoption of the shelter animals
- Serve as an education center and also take information and advice on animal welfare and ownership out to the community
- Offer proven revenue generating services such as grooming and boarding (a list of services follows in this report) that will encourage the public to participate in and use the animal center
- Help less fortunate neighbor cities with educational and wellness resources
- Be environmentally friendly, i.e., "green"
- Be located if possible in a visible and accessible place
- retain the friendly community feeling of the present shelter
- be appropriately sized for the Palo Alto, Los Altos, and Los Altos Hills communities and retain a welcome feeling

Components of a new shelter

- Space: expanded sheltering capacity
- Space: exercise for shelter animals (including open space/exercise area for adoptive cats and indoor dog park)
- Space: open interior space per contemporary architecture

- Spay/neuter clinic
- Wellness clinic
- Boarding and grooming facilities
- Education center
- Community and public rooms (such as café)
- Field services (animal control)
- Public visibility
- Major volunteer corps

Services and programs for shelter animals

- Wellness services
- Fostering to adopt
- Professional socialization of shelter animals
- Expanded volunteer programs to promote kennel care, adoption, and animal welfare outreach
- Pre-weaned kitten programs
- Field services (animal control, microchipping, licensing, vaccinations)

Services and programs to engage the community (and revenue generating)

- Wellness clinic with ambulance services
- Grief counseling
- Summer camps/ Birthday parties
- School and community service programs
- Café and dog park
- Professional training for residents' dogs /Grooming
- Fundraising opportunities (including Legacy Circle and ForeverCare)
- Boarding (to include crisis or low-income short-term boarding to prevent surrender of animals)

An Education Center was identified as a major need; it could serve as a vehicle for engaging the public through offerings of activities, programs, and rental space, and therefore as a major source of revenue for the shelter operations.

Participants in the discussion will receive these notes from the meeting.

Participants

Peter Drekmeier, Policy Director, Tuolumne River Trust; former mayor of Palo Alto

Dolores Arnold, PAHS Board of Directors; co-founder, Stanford Cat Network

Leonor Delgado, PAHS Humane Educator

Wendy Eilers, Secretary, PAHS Board of Directors

Colleen Gerstner, Director of Sales & Marketing, The Sheraton and Westin Palo Alto

Margot Goldberg, Treasurer, Friends of the Palo Alto Animal Shelter (FoPAAS)

Patty Hurley, professional educator, Los Altos

Carole Hyde, Executive Director, PAHS

Jennifer Knapp, Attorney, Wilson Sonsini Goodrich & Rosati; Chair, PAHS Board of Directors

Dianne Lynch, Vice President, Merrill Lynch, Pierce, Fenner & Smith Inc.

Rebecca Marsh, Office Coordinator, PAHS

Jeremy Robinson, FoPAAS Board of Directors

David Rutan, PAHS Board of Directors; CEO, Wizdom On Wheels

Connie Urbanski, Superintendent, Palo Alto Animal Services, City of Palo Alto

Terri Valenti, FoPAAS Board of Directors

Michael Weed, Real Estate Attorney, Palo Alto

Scottie Zimmerman, FoPAAS Board of Directors

Palo Alto Humane Society
New Animal Shelter Discussion
Thursday, October 2, 2014, 7:00-8:30 p.m.
Offices of Wilson Sonsini Goodrich & Rosati
650 Page Mill Road, Palo Alto (650-493-9300)

Purpose of the focus group

Palo Alto Humane Society (PAHS) held the second of a series of planned community focus groups to create a community-based vision of an animal center for Palo Alto. Attendees in this meeting are from the animal rescue community (a list of participants is attached). The ideas generated are intended to help Palo Alto Humane Society prepare for discussion of a public-private partnership proposal with the city council.

The discussion was oriented to two questions: 1) what do we like about the services currently provided by the municipal shelter Palo Alto Animal Services? 2) what are the community's needs for animal sheltering and providing for animal welfare?

The discussion was moderated by Carol Moholt, executive director of Pacific Horticulture Society. She is a former member of the Planning Commission of the City of Mountain View and is a community cat caregiver.

What do we like about the services currently provided by the Palo Alto municipal shelter?

The primary interest and use of Palo Alto Animal Services expressed by the attendees is the spay/neuter clinic; this clinic was identified as critically important to their work in mid-Peninsula communities and neighborhoods since low-cost spay/neuter services are essential to limiting animal numbers, and help keep animals out of the shelter. Associated with the spay/neuter services is the low-cost vaccination clinic. Some attendees relate to Animal Services as volunteers there (or with Friends of the Palo Alto Animal Shelter). Several have used the adoption services at the shelter for surrender of stray animals they have found, or for adopting an animal.

What are the community's needs for animal sheltering and providing for animal welfare?

Since rescuers deal with numerous stray animals (essentially performing unofficial and unpaid animal control services in the community), they expressed interest in two major aspects of animal services:

1) Additional capacity at the Palo Alto shelter for the care and adoption of pre-weaned and underage kittens who at present must be raised and put up for adoption by the rescue community itself (homeless dogs are not much of a problem in Palo Alto and Los Altos cities); and

2) Public education and outreach that will address the issues of stray and excess animals in neighborhoods and communities themselves.

The following services and capabilities were identified as important in a new animal services center:

Services and programs relating to the sheltering of animals

- Facility/capacity for handling pre-weaned kittens
- Veterinary services for animals in addition to cats and dogs (e.g., bird specialist)
- Modern sheltering accommodations (i.e., not just cages, but rooms or "condos" as well)
- More accessibility/open hours (e.g., Sundays should be adoption days)
- More accessibility to the spay/neuter clinic
- Flexible fees/sliding scale for spay/neuter services
- Accommodation of animals from overcrowded shelters for adoption through the Palo Alto facility
- Wellness services to help low-income residents and less fortunate neighbors
- Volunteer activities to help with animals in the shelter, e.g., a foster program to expand the shelter's capacity for caring for adoptive animals

Services and programs to engage the community with the animal shelter and in animal care

- Community education services and resources
- Volunteer opportunities in community education
- Community service opportunities and service learning programs
- Marketing and advertising for the shelter, with outreach especially to local high schools regarding volunteer and community service opportunities
- Activities for Palo Alto residents and their dogs
- Dog training programs
- Center for events, meetings, community activities, classes, talks, etc.
- Expanded shopping opportunities for purchase of supplies, gifts, toys, etc.
- Meet and greet area for people and pets, to include a dog- or cat-cafe
- Networks of volunteers to transport animals to the spay/neuter and vaccination clinic for low-income or disabled residents who lack transportation (a concierge service)
- Fundraising to pay for spay/neuter surgeries for low-income pets, e.g., "Spay It Forward," which would encourage spay/neuter clients to pay for additional surgeries for low-income pets
- Volunteer foster program
- Space for adoption days for animals in foster care
- Space for adoption days for rescue organizations
- Coordination between Animal Services and community programs offered by Palo Alto Humane Society, such as adoption days for shelter animals fostered off site; Sunday hours at the shelter

Participants in the discussion will receive these notes from the meeting.

Participants

Carol Moholt, Executive Director, Pacific Horticulture Society; former Planning Commission member, Mountain View

Jaye Bergen, affiliated with CatWorks

Leonor Delgado, PAHS Humane Educator

Jo Hamilton, Director, Companions in Waiting

Jean Hsia, President, Peninsula CatWorks

Carole Hyde, Executive Director, PAHS

Nicola Macfarlane, affiliated with Homeless Cat Network and CatWorks

Aileen Thomas, Member, Feline Friends Network (formerly Stanford Cat Network)

Jill Thompson, Volunteer, Palo Alto Animal Services

Jane Urbach, at large community cat caregiver

Patty Winter, Non-Profit Development Consultant

External Stakeholders (Survey Group)
Palo Alto Humane Society
Friends of Palo Alto Animal Services
Palo Alto Animal Services - Volunteers
Palo Alto Homeless Pets/Dogs
Humane Society Silicon Valley
City of Los Altos
City of Los Altos Hills
County of Santa Clara
Peninsula Humane Society
Silicon Valley Animal Control Authority (SVACA)
San Jose Animal Control Agency
Internal Stakeholders (Survey Group)
City Manager's Office
City Attorney's Office
Police Department - Administration
Administrative Services Department
Office of Management & Budget
Palo Alto Animal Services - Administration
Palo Alto Animal Services - Animal Control
Palo Alto Animal Services - Clinic
People Strategy & Operations
Service Employees International Union Local 521
Other Organizations (Non Survey Group)
American Society for the Prevention of Cruelty to Animals
People for the Ethical Treatment of Animals
Humane Society United States
California Animal Control Directors Association (CACDA)
State Humane Association of California
San Francisco SPCA (SFSPCA)
San Francisco Animal Care and Control
Monterey Humane Society & SPCA
Oakland Animal Services
Santa Cruz Animal Care and Control
City of Sacramento Front Street Animal Services
City of Austin Animal Services
Austin Pets Alive
Nevada Humane Society Reno
Maddie's Fund
Guide Dogs for the Blind
Wagaroo
Tony La Russa's Animal Rescue Foundation
Best Friends
Our Pack
Bad Rap
Pooch Coach

Draft - ANIMAL SERVICES VISION & SYSTEM MAP

GOALS & VALUES
- Public Awareness
- Happy animals & happy people
- Sustained funding
- Quality facilities
- Respected Staff
- Convenient, timely
- Increase compassion
- Community Support

Outreach & Marketing

Awareness Among
- General Public
- Potential owners
- Kids
- Social Networks

Public Advocacy

Administration
- Knows of variety of approaches
- Viable funding models
- Business model generation
- Models of operation
- Models of governance
- Data Models

Photos
Blogs
Apps

ACO's work with:
- Lost / wandered
- Strays
- Injured and dead
- Violent / Dangerous
- Ferel

- Given up by owner
- Let loose by owner - - abandoned

Screening

Animal Shelter
- Way Station
- Spay & Neuter
- Training
- Awareness
- Contact place
- Store - Pet Supplies
- Licensing
- Chip insertion
- Health care
- Euthanasia

Physical facility

Compassion Classes
- Young People
- Grieving for Pet

Shelter Health Maintenance

Facilities that support interaction

Contact Place

Interface with Potential owners and general public
- Opportunity to interact with animals
- Locations convenient to potential adopters
- Satellites
- Exchanges with other shelters

Adoption with ongoing support
- Training
- Classes
- Counseling
- End of life

Socialization & Training

Foster Care for short term

Rescue for special breeds

Collaboration with other shelters and other organizations

Resources & Capabilities

Capital and Funding Stream for Improvements

Volunteers in many aspects of the work and programs at the shelter. Roles they can play include:
- Exercise animals
- Play with animals
- Socialization & Training
- Fund Raise for animals
- Advocate for animal services and animal welfare

Volunteer Coordinator:
- Orient
- Train
- Sustain

Donors & Fund Raisers

THEMES FROM INTERVIEWS 2014 - PALO ALTO ANIMAL SERVICES

APPROACHES

Public-private partnership

Other approaches:
Enhanced current model

PRINCIPLES

Humane treatment for animals

Enhancing revenue, managing costs, keeping affordable

Animal welfare AND public safety

MEASUREMENT

Data and metrics

SETTING

Strategic location

Transformed
Antiquated facility

ORGANIZATION

Cohesive and experienced staff

Responsive high-quality services

Teamwork and trust

Effective, energized volunteers

CONNECTION

Use of technology
& social media

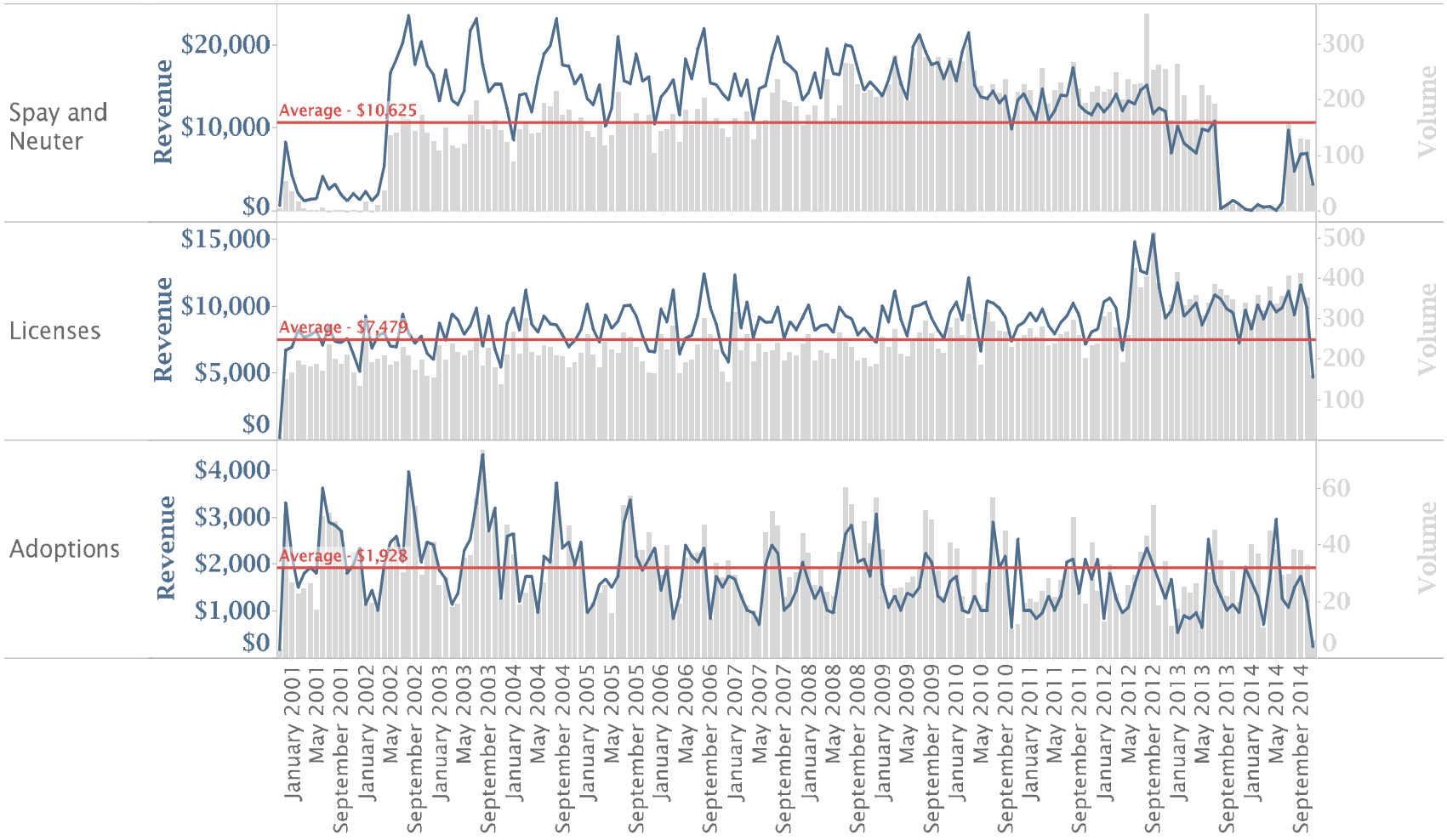
COLLABORATION

Community engagement

Collaboration among organizations

Collaboration with schools

Animal Services Data



City of Palo Alto (ID # 2839)

Policy and Services Committee Staff Report

Report Type: Meeting Date: 5/10/2012

Summary Title: Animal Services Outsourcing and Other Options

Title: Consideration and Discussion of the Palo Alto Animal Services Outsourcing and Other Cost Reduction Options

From: City Manager

Lead Department: Police

Background

California statutes require counties and municipalities to provide animal control services for the protection of public health and safety and for the protection of animals. The main laws are CA Health and Safety Codes 121575-121710 with a particular emphasis on 121690 (e) - which includes the duty to maintain a "pound system" and a "rabies control program." These laws also form the basis of the required dog licensing program that is for monitoring of rabies vaccination compliance. Rabies control programs include: operation of the animal shelter, animal bite reporting and investigation, stray dog control, animal rabies investigations, quarantine of biting dogs and cats and other animals potentially exposed to rabies, and providing rabies shot clinics.

There are also state laws mandating policies and services related to euthanasia, dangerous and vicious dogs, abandoned animals, animal fighting, and impound and seizure.

In addition to mandates imposed by the State, Palo Alto has enacted local municipal codes regulating the ownership of animals.

From 1934 to 1972, the Palo Alto's Animal Control Program consisted of Animal Control Officers who enforced the City's Municipal Code Sections regarding the care and keeping of animals. The City of Palo Alto opened the Animal Services and

Placement Center on East Bayshore Road in 1972 and began providing spay and neuter services one year later.

In mid-1993, as a result of Santa Clara County's discontinued animal services to municipalities, Palo Alto entered into agreements with the cities of Mountain View, Los Altos and Los Altos Hills for regional animal control services. The contracts with these cities included emergency animal control services, sheltering and enforcement of State and local laws, which included dog licensing.

Adhering to the agreement's one year termination clause, Mountain View notified the City of Palo Alto in November 2011 of its intent to terminate its agreement with the City and contract instead with the Silicon Valley Animal Control Authority (SVACA), a Joint Powers Authority (JPA) with participants from the cities of Santa Clara, Monte Sereno and Campbell. The loss of Mountain View from the shared services agreement will result in an annual loss of approximately $470,000 in revenue.

Other than cost savings, another factor the City of Mountain View considered for terminating the longstanding agreement with the City of Palo Alto was the condition of the Animal Services facility. There has been little expansion of the Center since it was constructed and like much of the City's infrastructure built in the late 1960's and early 1970's, the building and interior amenities could be improved.

Existing & New Facility Cost Estimates

Although costs vary to build a new facility or repurpose an existing structure, an estimate was previously obtained to build a new 6,400 square foot facility at the Los Altos Treatment Plant (LATP) site for approximately $7 million. Due to fiscal concerns and competing budget priorities at the time, the City opted to complete the most critically needed improvements to the existing building in 2010. These included: a new roof; upgrades to the electrical, heating, ventilation, and air conditioning systems; windows and doors were replaced; and a security system was added. These improvements totaled approximately $1.0 million.

In comparison, the contracted facility Mountain View selected to join – Silicon Valley Animal Control Authority (SVACA) – spent approximately $6 million on the purchase and build-out of a 17,000 square foot building for an animal care center

in Santa Clara. At the time, only a portion – approximately 15,500 square feet – was built out. SVACA's acquisition costs were $2.45 million and the completed construction costs were about $3.6 million. The total cost of this project was approximately $370 per square foot and $230 per square foot for construction only. Palo Alto's current shelter is considerably smaller than SVACA's, at approximately 5,400 square feet.

Should the Council wish to build a new facility at its current location or renovate an existing building at another location in the future, PAAS staff estimate the need for approximately 6,750 square feet of office, clinic, and shelter space. Currently, commercial/industrial space in Palo Alto is approximately $200-300 per square foot and construction costs would be about $250 per square foot or $3.3-3.7 million in total costs for a new facility. Estimates in Palo Alto are not completely "apples to apples" as most of our building stock is older and would require seismic and other code required improvements which may increase the costs to outfit a similar building to SVACA in Palo Alto.

Budget

Animal Services expenditures in FY 2011 were approximately $1.71 million, offset by approximately $1.0 million in revenues. Staff costs account for approximately 86% of expenditures. In FY 2011, 56% of revenues were received for services provided to partner cities. Costs for services are allocated according to each partner city's percentage of animals handled and are calculated annually. The approximate percentage of animals handled in FY 2011 was:

- Palo Alto - 54%
- Mountain View 30%
- Los Alto - 12%
- Los Altos Hills 4%.

Other revenue sources in FY 2011 included approximately $213,000 from the low-cost spay and neuter clinic, $67,000 from the low-cost vaccination clinic, $49,000 in dog license fees, $34,000 is pet supply sales, and $28,000 from citations. Detailed information about Palo Alto Animal Services expenditures and revenues are included as attachment 1.

Staffing

Palo Alto Animal Services is staffed by 13.14 full-time equivalents, including a full-time veterinarian, two full-time veterinarian technicians, 4.5 FTE animal control officers, two animal service specialists, a half-time volunteer coordinator, a supervisor and a superintendent. There are two additional hourly employees that assist in the office and the field. Palo Alto animal control officers are available to handle animal emergencies 24/7 and respond to all stray, sick, injured, dead, aggressive and dangerous animals. Animals are transported to Palo Alto Animal Services (PAAS) where they are housed, and if necessary, receive medical treatment. After hours, Palo Alto has contracts with local veterinarians to care for veterinary emergencies during times when the City Veterinarian is not available

Basic duties of the staff include:

- Animal Control Officers (ACO) (SEIU) – ACOs respond and attempt to capture stray, injured, sick or aggressive animals. In addition, they investigate reports of dog bites, dangerous dogs and cases of cruelty, neglect or abandonment. Finally, the ACOs patrol for loose or stray animals and enforce local municipal codes. (During the off hours, Palo Alto Police Department handles these calls.) All animals are transported to Palo Alto Animal Services (PAAS) shelter where they are housed, and if necessary, receive medical treatment. ACOs are also responsible for the daily care of all sheltered animals.

- Animal Service Specialists (SEIU) – The Animal Services Specialists handle customer service for all phone inquiries and walk-ins; lost and found; general questions; spay and neuter appointments; animal complaints; animal temperament testing, and assisting the public with animal behavioral issues. In addition, staff processes all dog licenses (new and renewals), citations, incoming animals, and strays and surrenders (live and dead). Specialists also process all paperwork for adoptions, cash transactions and donations, both monetary and in-kind.

- Registered Veterinary Technician (SEIU) – Under the direction of the veterinarian, the Technicians assist with all surgical procedures; assess all incoming animals; perform daily treatments/procedures; and answer

veterinary inquiries post-surgery. Technicians are also responsible for medical inventory, ordering and record keeping.

- Volunteer Coordinator (SEIU) – This person is charged with the recruitment, training, supervision, coordination and evaluation of all active volunteers. This person is responsible for the distribution of information as it pertains to shelter animals, policies and coordinating the staffing of public outreach events.

- Veterinarian (Management) – Responsible for the development and supervision of the disease control program in the shelter with regard to disinfectants and housing policies. Responsible for all veterinary cases and surgical procedures including record keeping. Responsible for overseeing of humane euthanasia including the proper use and recording of drugs. Liaison with local veterinarians and shelters. Evaluation and recommendation of all cases of potential cruelty or neglect and act as an expert witness if the case goes to court. (As indicated earlier in this report, Palo Alto employs a full-time veterinarian who provides medical care. After hours, Palo Alto has contracts with local veterinarians to care for sheltered animals during times when the City Veterinarian is not available, although the City Veterinarian is on call to provide oversight of outside veterinary work. The current need to use a contracted veterinarian occurs about 50 times per year.

- Animal Services Supervisor (Management) – This position is the front line supervisor for ten (10) line staff, and is responsible for training, evaluation, and certification. The Supervisor is responsible for record keeping, data input, collection and reporting as well as for staff scheduling. The Supervisor is responsible for updating policies and procedures (except for medical procedures). This position is the liaison with the Office of Emergency Services for all disaster preparedness and event coordination.

- Animal Services Superintendent (Management) – The Superintendent manages the entire shelter operation and is responsible for the administrative oversight of the shelter including the supervisor and veterinarian. The Superintendent is responsible for fiscal management including budget and fee collection. The Superintendent is the liaison with

other city departments, humane agencies, partner cities and oversees the administration of the regional contracts, as well as manages the City Veterinarian and the Shelter Supervisor.

A complete listing and associated cost of each staff position is included in the table below.

Table 1: PAAS Staff Costs					
Job Title	**Budgeted Hourly Rate**	**Budgeted FTE**	**Total Budgeted Salary**	**FY13 Benefit Rate**	**Total FY13 Cost**
Administrative Specialist I - Hourly	$21.72	0.48	$21,720	N/A	$21,720
Animal Control Off	$26.92	4.50	$251,926	63%	$410,639
Animal Services Spec II	$29.27	2.00	$121,737	63%	$198,431
Management Spec - Hourly Vet	$37.50	0.10	$7,125	N/A	$7,125
Management Spec - Hourly Vet	$39.50	0.08	$6,320	N/A	$6,320
Superintendent Animal Services	$45.69	1.00	$95,035	63%	$154,907
Supervisor Animal Services	$38.29	1.00	$79,643	63%	$129,818
Veterinarian	$54.54	1.00	$113,452	63%	$184,927
Veterinarian Tech	$27.49	2.00	$114,344	63%	$186,381
Volunteer Coordinator	$33.16	0.50	$34,491	63%	$56,220
Zoological Assistant - Hourly	$21.73	0.48	$21,730	N/A	$21,730
Totals		**13.14**	**$867,524**		**$1,378,219**

Staffing costs are estimated using the overall city-wide benefit rate of 63%, actual rates for each personal area may vary

PAAS also has a strong volunteer program with approximately fifty volunteers providing over 3,000 hours a year of service to the shelter. PAAS volunteers serve as dog walkers/socializers, cat socializers and assist the public at the front desk. It is generally accepted the time spent with sheltered animal's aid in the animal's mental and physical health, resulting in less outbreaks of diseases.

Animals Handled

In FY 2011, the City handled more than 1,500 domestic animals and nearly 1,800 wildlife animals through shelter operations. Most domestic animals are received as impounds (stray or confiscated animals) and approximately 20% are owner surrenders. Palo Alto accounted for 53% of all animals handled in FY 2011, followed by Mountain View at 30%, Los Altos at 12%, and Los Altos Hills at 4%.

Table 2: PAAS Animals Handled FY 2011

	Palo Alto	Los Altos	Los Altos Hills	Mountain View	Total
Domestic Animals					
Impounds	411	99	42	303	855
Surrenders	107	19	5	84	215
Returns	7	0	0	3	10
Total Live	525	118	47	390	**1080**
Deceased	194	52	12	127	**385**
Owner Requested Euthanasia	38	4	4	15	**61**
Total Domestic	**757**	**174**	**63**	**532**	**1526**
Wildlife					
Deceased	635	167	55	311	**1168**
Released	341	40	23	137	**541**
Euthanasia	27	12	5	18	**62**
Total Wildlife	**1003**	**219**	**83**	**466**	**1771**
All Animals					
Number	1760	393	146	998	**3297**
Percent	53.4%	11.9%	4.4%	30.3%	**100%**

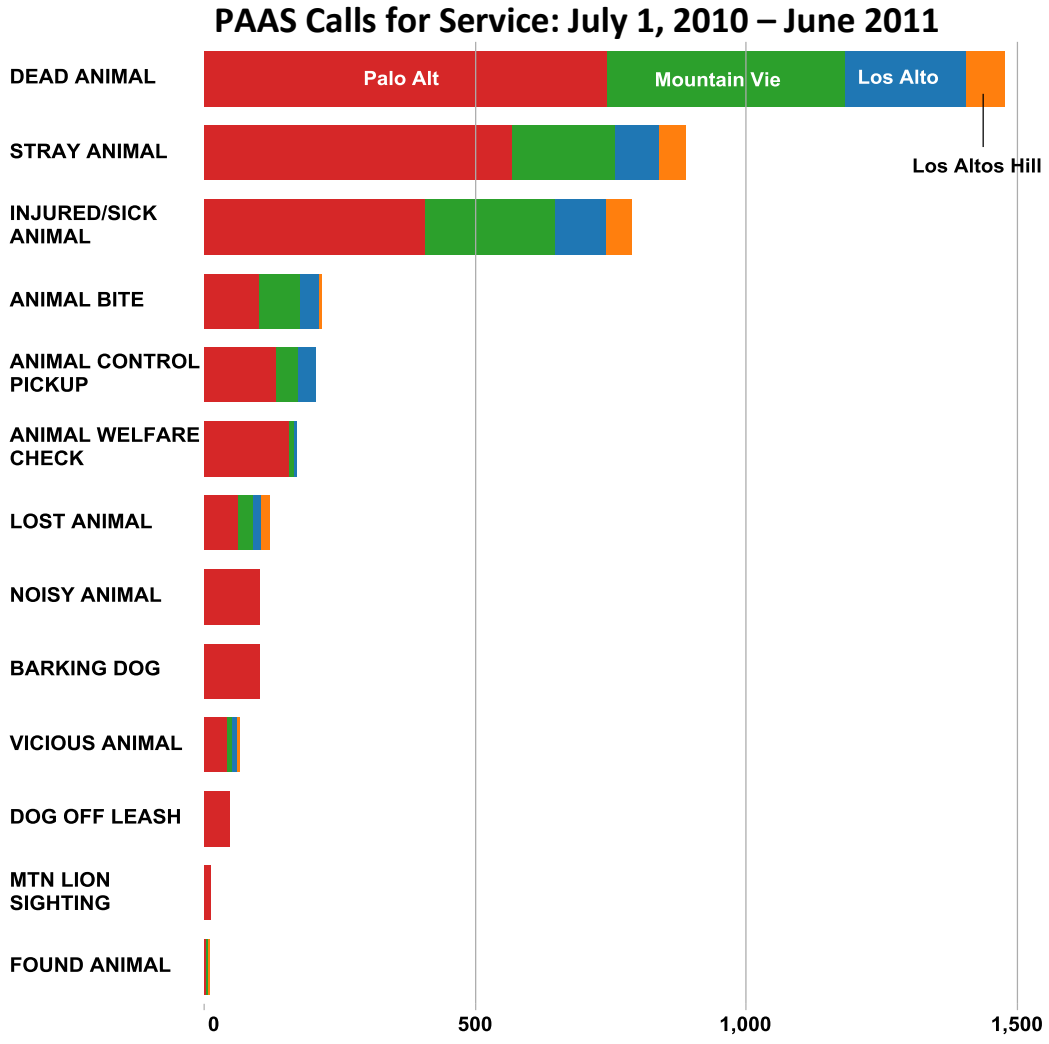
Calls for Service

In FY 2011, the City responded to approximately 4,200 calls for service. Palo Alto represented 61% of calls for services, followed by Mountain View at 24%, Los Altos at 11%, and Los Altos Hills at 5%.

Forty Percent (40%), or 1,682, of these calls were for quality of life issues such as dead animal pickups (1,476 calls) and barking or noisy animals (206 calls).

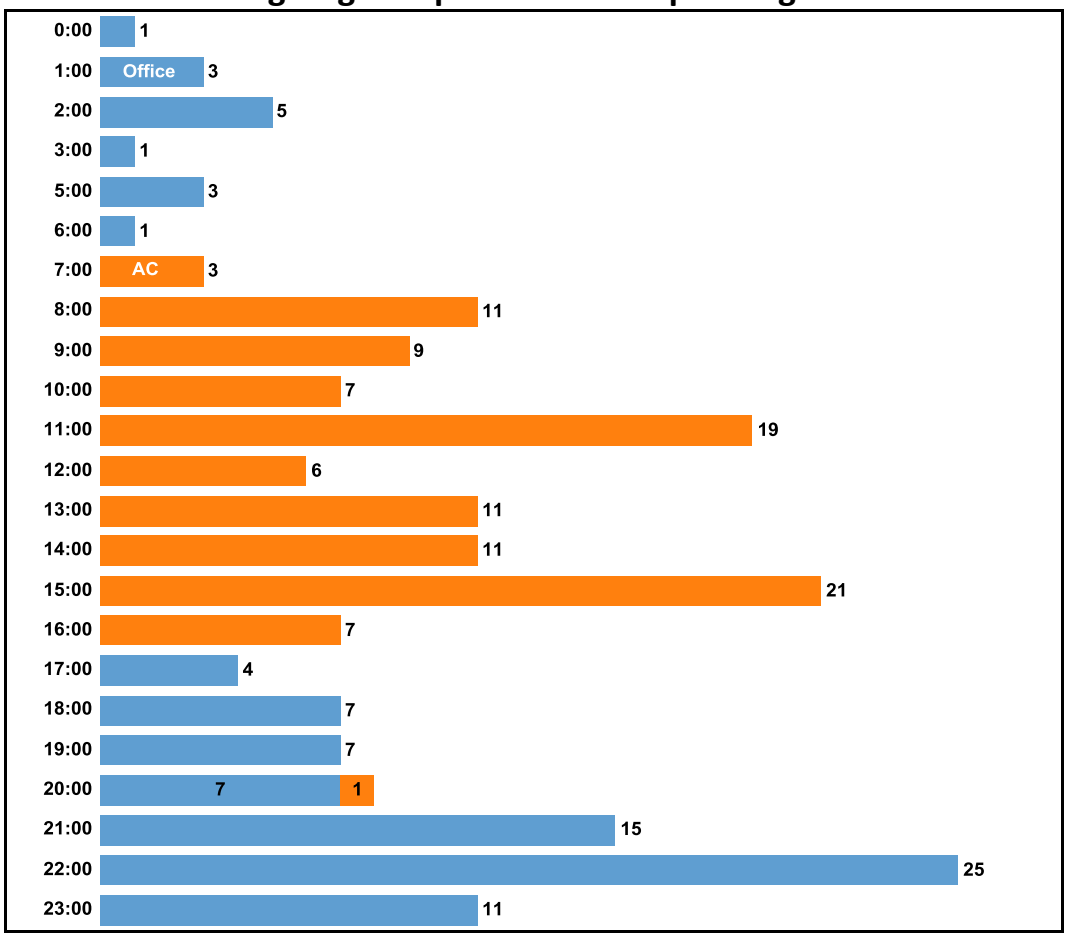
Twenty-Five Percent (25%), or 1,037, were for emergency situations, such as an injured or sick animals (789 calls), vicious or aggressive animals (66 calls), animal neglect and abuse complaints (170 calls), and mountain lion sightings (12 calls).

Twenty-Two Percent (22%), or 934, calls were for stray animals (888) and dogs off leash (46 calls). The remaining calls were related to administrative investigations (such as animal bite related), other inspections, lost and found, and other calls for service. Animal Control Officers responded to 96% of these calls for service.



The City responded to approximately 200 barking dog or noisy animal calls in FY 2011. More than half (57%) of these calls were received between the hours of 6am and 6pm.

Time of Barking Dog Complaints and Responding Units: FY 2011



Delivery of Services

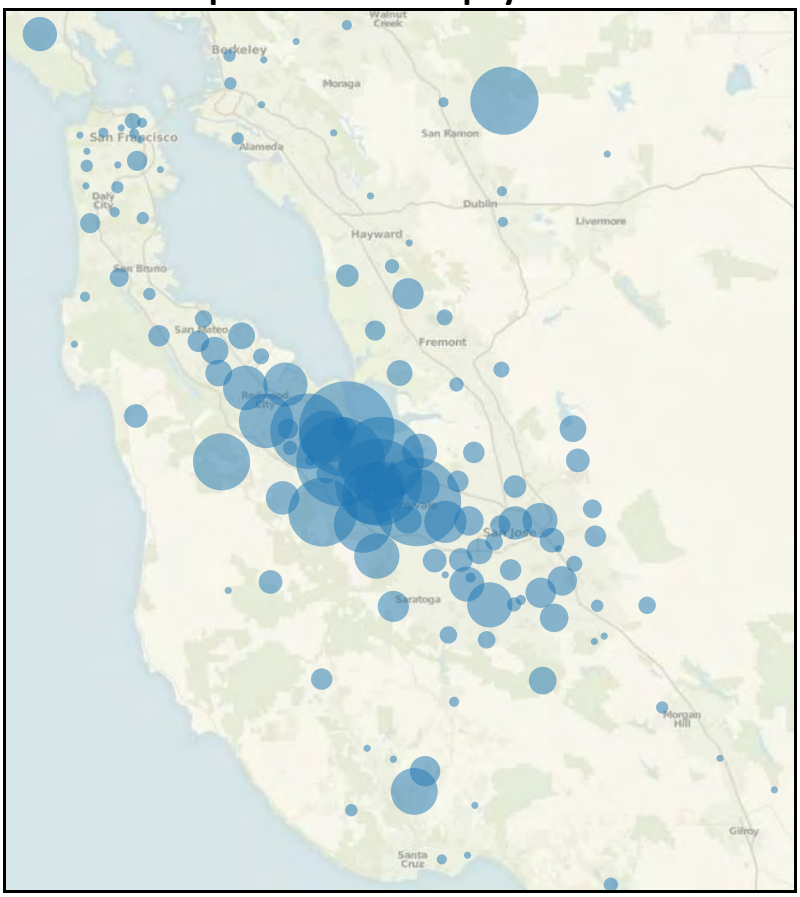
Spay and Neuter Clinic

PAAS performed more than 2,400 spay/neuter surgeries in FY 2011 through the low-cost spay and neuter clinic. Animals brought in for spay and neuter came from the following jurisdictions:

- Palo Alto 14%
- Mountain View 6%
- Los Altos + Los Altos Hills 4%
- Other locations outside of partner cities: 76%

As indicated, 76 percent of spay/neuter surgeries were delivered to pets belonging individuals living outside of the partner communities including Palo Alto. Many of these are provided to individuals living on the Peninsula or in the East Bay, but individuals as far away as Danville and Nevada City, CA came to PAAS for spay and neuter services.

Location of Recipients of PAAS Spay and Neuter Services



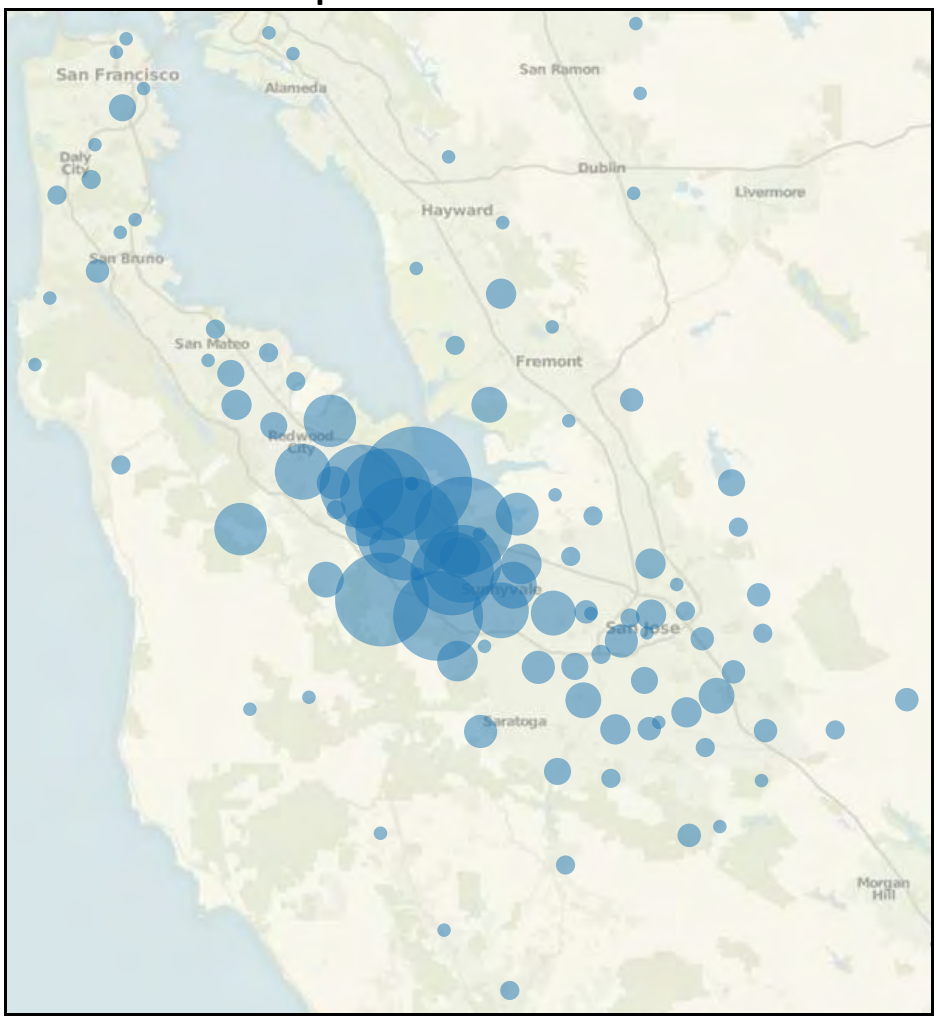
Vaccinations

PAAS administered 5,455 vaccinations in FY 2011 through the clinic. Animals brought in for vaccinations came from the following jurisdictions:

- Palo Alto 16%
- Mountain View 17%
- Los Altos + Los Altos Hills 6%
- Other locations outside of partner cities: 61%

Similar to spay and neuter, many of these vaccinations are provided to individuals living elsewhere on the Peninsula or in the East Bay.

Location of Recipients of PAAS Vaccination Services



The primary operational costs for the Spay and Neuter Clinic include staffing, medical equipment maintenance, and medical supplies. A cost recovery analysis on the Spay and Neuter Clinic will be provided prior to the meeting, utilizing additional information from the fee study which was not available in time to include in this staff report.

Pet Recovery and Adoption - Attempts to reunite lost pets with their owners are a priority. Stray animals picked up by ACOs are checked for identification and scanned for a microchip. If an owner can be ascertained, the officer makes every reasonable attempt to reunite the animal with its owners. In calendar year 2011, PAAS' returned 268 dogs or 55% to their owners and returned 49 cats or 12% to their owners; SVACA's return-to-owner rates were 42% for dogs and 8% for cats over the same period. Those animals that are not reunited are evaluated to determine adoptability. Animals that are approved for adoption are held for an indeterminate amount of time with the hopes of finding an appropriate home.

Of those dogs and cats that are put up for adoption, 95% are successfully placed in new homes. In FY 2011, PAAS completed nearly 270 adoptions and successfully transferred another 610 to rescue groups. PAAS staff members, who are certified as euthanasia technicians, humanely euthanize animals that are deemed unadoptable due to their medical condition or behavioral problems.

Animals surrendered by their owners occur for a number of reasons including loss of housing, loss of income, combining families, etc. Many shelters will not accept surrendered animals or they may charge a fee, resulting in the owner abandoning the animal. PAAS is one of only a few shelters in the area that accepts surrendered animals at no charge to the owner.

Fees for Services

PAAS charges a variety of fees for services performed at the shelter. Fees may be based on the type and size of animal, the type of service provided and incentives to ensure animals are altered. The primary fees charged by the shelter are outlined in the table below; most of these fees have been updated in the last three years.

Table 3: PAAS Fees for Services		
Adoption Fees		
	Dog	$100*
	Cat	$100*
	Rabbit	$40*
	Hamster	$5
	Mice	$5
	Bird	$5-$25
Licensing		
Dog	Altered (1 Year)	$15
	Altered (2 Year)	$25
	Altered (3 Year)	$35
	Unaltered (1 year)	$30
Cats	Altered (5 Year)	$5
	Unaltered (5 year)	$10
Late Penalty		$20 ($30 if unaltered)
Vaccinations		
	Rabies	$10
	Cat Vaccination - FVRCP	$15
	Dog Vaccination - DA2PP	$15
	FIV/Feline Leukemia Test	$30
	Microchip	$35
Spay/Neuter		
	Cat	$55 (Neuter) $80 (Spay)
	Dog	$85-$195 (Neuter) $100-$215 (Spay)

* Includes spay/neuter, vaccinations, and microchip

Options for Future Service Delivery

The departure of Mountain View from the shared services agreement in FY 2012 represents a significant fiscal challenge for the FY 2013 budget and future budgets. In light of these challenges, the Budget division of Administrative Services recommended the consideration of fully contracting out Animal Services beginning in FY 2013 with an estimated annual cost to the City of approximately $500,000, based on a quote obtained from SVACA. This recommendation was discussed at a Council retreat in March. At this meeting, staff was directed to bring back additional information to the Policy & Services Committee for further discussion.

Table 4: Outsource Animal Control and Care Services		
	Description	**Cost**
Expenditure Changes		
Eliminate 13.14 FTE Animal Services Staff	Based on FY2013 budget estimate	($1,610,000)
Eliminate all non-personnel costs associated with Animal Services	Based on FY2013 budget estimate	($273,639)
Contract for Animal Services (annual cost)	Based on preliminary quote	$500,000
	Expenditure Subtotal	***($1,383,639)***
Revenue Impacts		
Loss of all revenue generated from Animal Services	Based on FY2013 budget estimate, assuming $470k revenue loss from Mountain View	($764,534)
	Revenue Subtotal	***($764,534)***
	Net Savings to the City	**$619,105**

Outsourcing Animal Services to Another Agency – Staff have identified several potential animal service providers based on the feasibility of maintaining most existing services, and the ability and desire of the potential alternate service providers to fully serve Palo Alto, including:

- Silicon Valley Animal Control Authority (SVACA) - Located in Santa Clara, SVACA is a Joint Powers Authority between the cities of Santa Clara, Campbell and Monte Sereno (Mountain View will join SVACA in November 2012). SVACA is located 10 miles from PAAS.

• City of San Jose - The City of San Jose provides animal services to its city, Cupertino, Los Gatos, Milpitas and Saratoga. Their facility is located near the Santa Clara County Fairgrounds. The City of San Jose facility is located 17.4 miles from PAAS

• Humane Society of Silicon Valley (HSSV) - HSSV is located in Milpitas and only provides sheltering services. HSSV is located 14.4 miles from PAAS.

• Peninsula Humane Society (PHS) – PHS is located in San Mateo and provides animal services to San Mateo County. PHS is located 16.4 miles from PAAS.

SVACA, PHS, and the City of San Jose operate the most complete animal service and control operations of the three providers. HSSV would not provide animal control field services, which would require animal control resources to be retained by the City. Service levels would vary by provider and would have to be thoroughly evaluated through the RFP process.

While SVACA and San Jose provide many of the same services as the City of Palo Alto, there are several important service level differences between SVACA and the City of Palo Alto which should be considered. For instance, SVACA provides follow-up on barking dog complaints but the responsibility to respond to the call would fall on the City's police officers. Jurisdictions may also handle barking dog complaints differently. For example, in San Jose, residents may file a complaint with Animal Services, generating a warning to the pet owner. Complainants may then maintain a Nuisance Petition and Log form which could result in an administrative citation for the pet owner if remedial action is not taken. Palo Alto could adopt a similar approach or consider absorbing these complaints into existing code enforcement responsibilities.

Another difference is in the approach accepting surrendered animals as noted below:

- The City of San Jose does not accept owner surrenders. Residents of San Jose and its member agencies are directed to the HSSV for pet surrender services.

- SVACA, HSSV and PHS advertise acceptance of owner surrenders. However, SVACA charges a surrender fee of $150, HSSV charges a fee of $160, and PHS charges a fee of $20.

As indicated earlier, PAAS does not charge any fees for surrenders at the shelter.

A detailed description of services provided by the City of Palo Alto, along with mandated services, is included as attachment 2.

Expenditure reduction options – Should the Council not wish to fully outsource the function, staff has identified other cost-saving options for consideration that seek to close the gap between revenues and expenditures in animal services. These expenditure reduction options, along with associated service level impacts, are outlined in the table below:

Option1: Reduce Management Oversight and Level of Field Services		
	Description	**Cost**
Expenditure Changes		
Eliminate 1.0 FTE Animal Services Supervisor	Annual salary of $79,643 + 63% benefit rate	($129,818)
Eliminate 1.0 FTE Animal Control Officer	Annual salary of $55,984 + 63% benefit rate	($91,254)
Eliminate 0.5 FTE Volunteer Coordinator	Annual salary of $34,491 + 63% benefit rate	($56,220)
	Expenditure Subtotal	***($277,292)***
Revenue Impacts*		
Store sales revenue reduction	Estimated 16% sales revenue loss from reduced shelter hours	($6,467)
	Revenue Subtotal	***($6,467)***
	Net Savings to the City	**$270,826**

* There is no anticipated revenue loss to impound fees, administrative citation revenue, or other revenue generated by the ACO. Field service will be prioritized, primarily effecting responses that are not revenue generating. Staffing costs are estimated using the overall city-wide benefit rate of 63%, actual rates for each personal area may vary.

Animal Control Officer field coverage would go from 2 officers to one officer 85% of the time. Because Palo Alto is contractually obligated to provide animal control services seven days per week, from 8:00am to 5:00pm, to its partner cities, ACOs would have to work a 4/10 schedule to cover the hours in the contract. Under this

scenario, there would be no back up officer in cases of simultaneous calls for service, calls for service with multiple animals, nor field coverage in times of illness, vacation or family leave. With only one field officer on duty, field safety would require back-up response from other public safety officers. Emergency field services must be performed 365 days/year, 24 hours/day; with a smaller staff pool to share the burden, the propensity of staff burnout and risk of injury would increase. In FY 2011, on call ACOs responded to approximately 300 calls for service. It is reasonable to assume that the animal control officer will work a ten hour day, go on-call and receive one to three calls for service between the hours of 5 pm and 7 am. That same officer is expected to be on-duty the following day for another ten hour shift with limited or interrupted rest.

Under this option, services such as shelter tours and talks may be reduced due to staffing shortages. In addition, when staffing is reduced, longer-term planning such as disaster preparedness, training, participation in numerous countywide programs, and mutual aid would be prioritized against other responsibilities. Due to the increased workload, the shelter may need to close an additional day to the public to provide staff an opportunity to work on these planning issues and other administrative responsibilities.

Option 2: Reduce Management Oversight and Level of Field Services; hybrid staffing		
	Description	**Cost**
Expenditure Changes		
Eliminate 1.0 FTE Animal Services Supervisor	Annual salary of $79,643 + 63% benefit rate	($129,818)
Eliminate 2.0 FTE Animal Control Officer	Annual salary of $55,984 + 63% benefit rate	($182,508)
Eliminate 0.5 FTE Volunteer Coordinator	Annual salary of $34,491 + 63% benefit rate	($56,220)
Eliminate 1.0 Animal Services Specialist	Annual salary of $60,869 + 63% benefit rate	($99,216)
Add 1.0 Animal Control Specialist	Estimated annual salary of $58,425 + 63% benefit rate	$95,233
	Expenditure Subtotal	***($372,530)***
Revenue Impacts*		
Store sales revenue reduction	Estimated 16% sales revenue loss from reduced shelter hours	($6,467)
	Revenue Subtotal	***($6,467)***
	Net Savings to the City	**$366,063**

* There is no anticipated revenue loss to impound fees, administrative citation revenue, or other revenue generated by the ACO. Field service will be prioritized, primarily effecting responses that are not revenue generating. Staffing costs are estimated using the overall city-wide benefit rate of 63%, actual rates for each personal area may vary.

This option is the same as #1, with the addition of a new employee classification that combines the duties of an ACO with office staff to better meet changing seasonal needs and to be available as back-up for critical situations in the field.

Option 3: Service Reduction to Mandated and Essential Levels		
	Description	**Cost**
Expenditure Changes		
Eliminate 1.0 FTE Animal Services Supervisor	Annual salary of $79,643 + 63% benefit rate	($129,818)
Eliminate 1.0 FTE Veterinarian	Annual salary of $113,452 + 63% benefit rate	($184,927)
Eliminate 1.0 FTE Veterinary Technician	Annual salary of $57,172 + 63% benefit rate	($93,190)
Eliminate 0.5 FTE Animal Control Officer	Annual salary of $27,992 + 63% benefit rate	($45,627)
Eliminate 0.5 FTE Volunteer Coordinator	Annual salary of $34,491 + 63% benefit rate	($56,220)
Eliminate supplies and general expense costs associated with spay/neuter clinic, volunteer program, and store		($99,638)
Add Contract Veterinarian	$500 per day rate, 80 days per year	$40,000
Increase in emergency veterinarian care	Approx. $250 per animal for 180 animals per year	$45,000
	Expenditure Subtotal	***($524,421)***
Revenue Impacts		
Loss of all spay/neuter fee revenue	Three year annual average revenue	($233,000)
Loss of all euthanasia fee revenue	Fees collected from euthanasia performed at owner request	($3,950)
Loss of all store sales	Three year annual average revenue	($40,417)
Loss of vaccination fee revenue	Estimated 75% loss	($49,946)
Kennel boarding fees	Estimated 50% loss	($3,074)
	Revenue Subtotal	***($330,387)***
	Net Savings to the City	**$194,034**

Staffing costs are estimated using the overall city-wide benefit rate of 63%, actual rates for each personal area may vary.

In this scenario the mandated and essential services are kept intact. Response times will remain at an acceptable level and the field services, license services, rabies quarantines, lost and found, adoption and emergency care will be maintained. This option would include the elimination of the following positions:

- Animal Services Supervisor - 1 FTE
- Registered Veterinary Technician - 1 FTE
- City Veterinarian - 1 FTE
- Volunteer Coordinator - .5 FTE
- Animal Control Officer - .5 FTE

A part-time or contract veterinarian would perform spay and neuter surgeries on animals going up for adoption. Dependent on the veterinarians schedule, public spay and neuter surgeries may be performed on a very limited basis, perhaps one or two days per week. The remaining technician would assist in surgery and provide follow-up care under the doctor's direction. The ability of shelter staff to devote considerable resources to public education and volunteer programs would be diminished and prioritized against other responsibilities.

The office staff will be able to continue to evaluate animals coming up for adoption, assist the public in the areas of lost and found, disposal of dead animals, animals being surrendered by their owners, questions regarding animal behavior and process adoptions. The front office will also continue to take phone calls and direct them to the proper resources.

Option 4: Eliminate Spay/Neuter Clinic, Keep Vaccination Program		
	Description	**Cost**
Expenditure Changes		
Eliminate 1.0 FTE Veterinarian	Annual salary of $113,452 + 63% benefit rate	($184,927)
Eliminate 1.0 FTE Veterinary Technician	Annual salary of $57,172 + 63% benefit rate	($93,190)
Eliminate associated supplies and general expense costs		($43,750)
Add Contract Veterinarian	$500 per day rate, 55 days per year	$27,500
Increase in emergency veterinarian care	Approx. $250 per animal for 300 animals per year	$75,000
	Expenditure Subtotal	***($219,367)***
Revenue Impacts		
Loss of all spay/neuter fee revenue	Three year annual average revenue	($233,000)
Loss of all euthanasia and disposal fee revenue	Fees collected from euthanasia performed at owner request	($3,950)
	Revenue Subtotal	***($236,950)***
	Net Cost to the City	**$17,583**

Staffing costs are estimated using the overall city-wide benefit rate of 63%, actual rates for each personal area may vary.

Under this option all veterinary care would be provided by a contract veterinarian and the City would eliminate the public spay and neuter clinic and associated revenues of $233,000 per year. Emergency veterinary care would be outsourced to various local veterinary hospitals for services. The City would save approximately $278,000 in staff costs and $43,000 in veterinary supplies and general expense costs. PAAS would contract with a veterinarian for one day per week spay and neuter surgeries for shelter animals going up for adoption (approximately 250/year) and to continue with the weekly vaccination clinic at a cost of $400-$500/day. The remaining veterinary technician will assist the veterinarian with surgeries and assess all incoming animals. Treatments and

follow-up from outside veterinarians will be done by the technician M-F and by the kennel staff Saturday and Sunday.

Under this option PAAS could no longer offer to waive impound fees in lieu of having the animal spayed and neutered and would no longer offer euthanasia for owned animals, a loss of nearly $3,950 in revenue.

In addition, all animal medical issues would be handled by contract veterinarians. Currently, the City Veterinarian handles medical issues that are not chronic in nature and with a positive outcome could make an animal adoptable. Some examples of these life-saving procedures are: amputation, eye enucleation, splinting, hernia repair, crytorchid surgeries and cherry eye. Treatments such as those listed are done in the regular course of work by the veterinary staff and adoption or rescue is the likely outcome. If these procedures were to be contracted out to regular veterinary practices the costs associated with these services may make them unobtainable and the animal would be euthanized.

The euthanasia of animals with treatable medical issues has been eliminated by the six Santa Clara County shelters. PAAS could no longer ensure residents or grantors that this would take place.

Expand partnerships and existing services – The City could also make an effort to take on additional partners when existing contractual relationships terminate. Staff has identified several potential new partners beginning in FY 2015, but the exact amount of revenue that could be anticipated from new partners is unknown at this time. There are also hybrid approaches available where some functions could be outsourced while some staff is retained to perform additional duties not available through a contracted provider. For example, an Animal Control Officer could be retained at an annual cost of $90,000 to provide some of the services that may be unavailable if animal services were performed by a contractor. However, this does not ensure that residents would not experience changes in service levels.

In addition, the City may be able to partner with local non-profits to deliver services. Additional revenue generating services and programs could also be considered, such as providing boarding services to the public, dog training, low cost veterinary services (in addition to spay/neuter and vaccinations), and

expanding the shelter's retail operation. Most of these options would require capital outlays to accommodate space needs.

Attachments:

- Attachment 1-Animal Services Financial Data (PDF)
- Attachment 2 -Animal Services Mandates (PDF)

Prepared By: Dennis Burns, Police Chief

Department Head: Dennis Burns, Police Chief

City Manager Approval: _____

James Keene, City Manager

Palo Alto Animal Services Revenue								
Revenue Type	**Description**	**Rates**	**FY2009 Actuals**	**FY2010 Actuals**	**FY2011 Actuals**	**FY2012 Projected**	**FY2012 Adopted Budget**	**FY2013 Budget**
Partner City Agreements	Contract with Mountain View, Los Altos and Los Altos Hills	Shared cost model based on proportion of animals served annually from the jurisdiction	$573,538	$951,384	$611,394	$668,795	$675,000	$386,250
Spay/Neuter Clinic Fees	Spay or neuter of dogs, cats, rabbits, rats and guinea pigs	$15 to $195 depending on gender and weight of animal	$230,601	$254,820	$213,328	$214,745	$288,500	$297,155
Vaccination Fees	Vaccination and microchip fees	$6 to $15 per vaccination type; $75 for puppy/kitten package	$63,327	$69,365	$67,095	$68,350	$70,000	$72,100
Impound Fees	State and City Impoundment Fees	$20 to $175 depending on animal type and number of previous offenses	$7,228	$9,666	$7,714	$7,599	$14,650	$17,690
Dog License Fees	All dogs are required to be licensed	$15 to $70, depending on length of license	$45,192	$48,645	$48,598	$57,507	$51,800	$56,959
Store Sales	Sales of food, medicine, and toys available for sale	Various, prices set by Animal Services Superintendent	$47,974	$39,750	$33,526	$28,390	$55,000	$5,500
Administrative Citations	Citations for violations of all animal related municipal codes	$25 to $500 depending on type and number of previous offenses	$10,545	$21,175	$28,095	$20,300	$20,000	$20,600
Euthanasia and Disposal Fees	Euthanasia services and proper disposal of animal remains	$8 to $200, depending on weight of animal and desired services	$12,178	$12,590	$13,841	$10,632	$13,000	$13,390
Kennel Boarding Fees	Boarding of animals during surgeries, quarantine, or owner requested	$3 to $15 per day, depending on animal	$5,758	$10,175	$2,508	$3,825	$7,000	$9,210
Special Service Fees	Reports, home quarantines, and special pick up	Various	$3,970	$3,960	$4,150	$3,960	$3,500	$3,605
Trap and Equipment Rentals	Feral animal traps	$5 per day	$1,645	$1,075	$1,295	$1,416	$1,000	$1,030
All other revenue	Other pet licenses, state grants and miscellaneous revenue		$675	$1,275	$10,920	$3,450	$1,500	$1,545
		TOTAL REVENUE	**$1,002,631**	**$1,423,881**	**$1,042,463**	**$1,088,999**	**$1,204,450**	**$885,034**

FY2013 Budget figures include a $300k pro-rated Mountain View revenue loss, and a 3% increase from the FY2012 Adopted Budget in all other revenue from the planned Muni Fee Increase

Palo Alto Animal Services Expenses							
Expense Type	**Description**	**FY2009 Actuals**	**FY2010 Actuals**	**FY2011 Actuals**	**FY2012 Projected**	**FY2012 Adopted Budget**	**FY2013 Budget**
Regular Salaries	Salaries for 12.20 FTE regular employees	$855,835	$824,871	$835,742	$811,295	$842,459	$849,256
Overtime and Night Shift Pay	Differential pay for overtime and night shift hours in accordance with memorandums of agreement	$86,980	$80,247	$80,812	$63,092	$34,255	$34,255
Temporary Salaries	Salaries for 1.22 FTE temporary employees	$25,632	$52,561	$22,925	$40,928	$64,326	$64,326
Benefits	Disability, worker's comp, health benefits, retiree medical, Medicare, and others.	$491,327	$466,372	$536,233	$471,786	$563,079	$662,163
Contract Services	Clinic equipment maintenance, lab analysis, advertising, animal disposal/cremation, alarm maintenance	$33,664	$32,936	$33,108	$29,501	$41,690	$41,690
Facilities & Equipment	Animal control equipment	$469	$480	$505	$495	$500	$500
General Expense	Bank card processing charges, volunteer program materials and annual veterinary licenses	$8,909	$7,314	$7,329	$7,534	$8,050	$8,050
Supplies and Materials	Office supplies, food and animal care supplies, medical supplies and drugs	$104,077	$107,293	$102,622	$98,033	$120,710	$120,710
Allocated Charges	Utilities, vehicle maintenance and replacement, and administrative charges	$103,636	$101,527	$93,285	$94,764	$94,764	$102,689
	TOTAL EXPENSES	**$1,710,529**	**$1,673,600**	**$1,712,562**	**$1,617,428**	**$1,769,832**	**$1,883,639**

Animal Services Comparison

FIELD SERVICES	PAAS	MAND SERV
Pick up confined stray domestic animals including livestock	x	x
Rescue of animals in distress	x	x
Pick up sick or injured domestic animals	x	x
Pick up injured or sick wildlife, transfer to wildlife care center	x	
Pick up dead animals	x	x
Respond to complaints of animals at large	x	
Police assists	x	x
Public Safety Complaints - Venomous snakes, Coyotes, birds of prey	x	x
Process Permits for livestock, bees, grooming and boarding	x	
Pick up owner surrendered animals	x	
Assess Bee swarms, work with Bee Keepers	x	
Assess complaints of municipal ordinance infractions;animal defecation, excessive #	x	
Perform park and school patrols for stray or off-leash animals	x	
Investigate complaints of animal cruelty,neglect,abuse, unsanitary conditions and fighting	x	x
Investigate complaints of nuisance animals, excluding noise	x	
Respond to barking dog complaints	x	
Investigate reports of animal bites and quarantine when necessary	x	x
Respond immediately to reports of aggressive/dangerous/vicious animals	x	x
Investigate complaints of excessive animals	x	
Issue Criminal Citations	x	x
Issue Administrative citations	x	x
Administrative hearings for dangerous/vicious dogs; reports, witness at hearing	x	x
Administrative hearings for Municipal Code violations	x	
Comprehensive community outreach/humane education programs	x	
Animal safety training for service workers	x	x

ANIMAL CARE AND SHELTERING		
Shelter abandoned, impounded, stray and surrendered animals	x	x
Quarantine biting animals	x	x
Rabies testing of suspected animals	x	x
After-hours drop facilities	x	
Veterinary care and treatment at shelter	x	x
Save all healthy and treatable animals: return to owner/rescue/foster/adoption	x	
Owner requested euthanasia	x	
Euthanisia of unadoptable, untreatable animals	x	x
Disaster supplies on site - water tanks, stationary and mobile trailer, etc.	x	
Maintain isolation area to limit exposure to zoonotic and contagious diseases	x	

VETERINARY SERVICES		
City Veterinarian and technicians on site for diagnosis, care and treatment	x	
Emergency after hours veterinary care at outside vet hospitals	x	x
Weekly public vaccination clinics; including microchips	x	
Annual At-cost rabies vaccination clinic at shelter	x	x
Public low-cost spay and neuter clinic (M-F)	x	
City Veterinarian performs necropsies on suspected cruelty cases	x	
City Veterinarian provides expert testimony in criminal cases	x	
City Veterinarian on-call 24/7 for advice and collaboration	x	
City Veterinarian provides protocols for cleaning, feeding and specialty care	x	

ADOPTION/ LOST & FOUND/ LICENSING/CUSTOMER SERVICE		
Four outside telephone lines answered by live person	x	
Adoption program; interview, introduction, follow-up	x	x
Process over the counter strays, surrenders, dead	x	x
Dog licensing program; new, renewals, expired	x	x
Enforcement for no dog license, no rabies vaccination	x	x
Counseling for public on topics of; adoption, euthanasia, behavior issues	x	
Grief counseling for pet owners	x	
Issue Assistance Animal identification tags to qualified residents	x	x
Provide humane traps to the public	x	
Acceptance of surrendered personally owned animals	x	
Volunteer opportunities; socialization, foster care, grooming, S/N appts, events	x	
Pet supplies for sale	x	
Animal behavior counseling	x	
Placement partnerships developed and maintained with rescue groups	x	
Onsite dog training for volunteers, Canine Good Citizen Certification	x	
Disaster Preparedness Training and Services to residents NIMS, SIMS, CERTS, CPR	x	x
Responsible for written information for public; Citi-B, pamphletts, disaster prep	x	
Maintenance of microchip and tag database	x	x
Process dead owned animals awaiting private cremation	x	
Process donations received in-kind and monetary	x	
Provide lost and found services for owners looking for pets	x	x

POLICY AND SERVICES COMMITTEE MINUTES

Special Meeting
May 10, 2012

ROLL CALL

Chairperson Holman called the meeting to order at 6:09 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Holman (Chair), Espinosa, Klein, Schmid

Absent:

ORAL COMMUNICATIONS

None

AGENDA ITEMS

1. Consideration and Discussion of the Palo Alto Animal Services Outsourcing and Other Cost Reduction Options.

Pamela Antil, Assistant City Manager reported the presentation would give an overview of the Palo Alto Animal Services (PAAS) function within the City as well as answer a number of questions from the Policy and Services Committee (Committee) members and the public. The shelter was located on the East Bayshore property at the Municipal Services Center (MSC).

David Ramberg, Assistant Director of Administrative Services provided a financial context for the proposal to outsource PAAS. The City was forced into serious consideration of outsourcing when Mountain View withdrew from the multi-city agreement for PAAS. That negatively affected General Fund revenue by $470,000. Outsourcing PAAS was one of a number of proposals for budget reductions to close a $5.8 million gap in the General Fund for Fiscal Year (FY) 2013. The Long Range Financial Forecast projected a $3.7 million deficit in FY 2014, and a cumulative deficit of $83.4 million for FY 2015-2022. The need to review PAAS from a cost perspective was critical. The Proposed Budget included a complete outsourcing of PAAS. Additional issues were major facility upgrades and expansions that would increase costs further without new opportunities for revenue from other partners. Additional expansion would need additional partnership on the revenue side.

Ms. Antil reported the City had a significant Budget shortfall that needed to be covered. Additional challenges that did not have concrete price tags were proximity to the shelter for the public and emotional attachment to the current facility. The shelter received approximately 65 visitors per day including people visiting the animals. PAAS was a part of the cultural fabric of the community. It was one of the first shelters that provided this type of service in the United States. PAAS provided a high-level, high-touch service that would be hard to emulate through outsourcing. Staff and volunteers were dedicated to PAAS. PAAS was one of the few public shelters in the area that would take animals from outside the partner cities. Staff tried to balance animal care with fiscal constraints. This particular Item was forwarded to Committee as part of a larger discussion the Council had regarding Infrastructure Blue Ribbon Commission (IBRC) recommendations. PAAS's budget under Public Safety was on the Agenda for the following Tuesday at the Finance Committee. Staff hoped the Committee would hear input from the public, learn more about the services PAAS provided, and recommend long-term actions from a policy perspective. The financial portion of PAAS would be discussed in detail with the Finance Committee the following week. Staff provided some basic financial information to answer questions from the Committee and other members of the City Council. The Finance Committee would have its meeting the following Tuesday, and hoped to finalize budget sessions on May 29, 2012, with Budget adoption scheduled for June 18, 2012. There would not be a final decision from P&SC Committee.

Amber Cameron, Senior Management Analyst presented a broad overview of the financial information of PAAS. In FY 2011, total expenditures for PAAS were $1.71 million, and total revenues were $1.04 million. A good portion of that was revenue from member cities, including Mountain View, Los Altos, and Los Altos Hills. The spay and neuter clinic, vaccinations, and dog licenses comprised a majority of the remaining revenue. The net cost to the City for FY 2011 was $670,000. The total number of domestic animals served annually was 9,300; 1,500 animal intakes (100 percent from Palo Alto and member cities), 2,400 animals at the spay and neuter clinic (24 percent from Palo Alto and member cities), and 5,400 animals at the vaccination clinic (39 percent from Palo Alto and member cities). Overall, 55 percent of animals served were from outside the member cities. The primary impetus for reviewing the PAAS budget was the loss of revenue from Mountain View. Mountain View provided the required one-year notice to terminate service in November 2011. The contract with Mountain View would end October 31, 2012. From July 1, 2012 through October 31, 2012, the City would receive $170,000 from Mountain View. The gap from November 2012 through June 2013 would be $300,000. The cost to the City

was $670,000 with the annualized Mountain View revenue loss of $470,000. The net cost to the City would be $1.14 million. Outsourcing, as a service delivery alternative, would include closing the City's current operations for PAAS and paying another agency to provide the services for residents. The estimated cost for the contract was $500,000 annually, which would provide the greatest savings to the City. Another option was to reduce management and field services. This option would eliminate 2.5 Full-Time Equivalents (FTE) and reduce costs by $271,000. A second option was an expansion of the first option, with the creation of a hybrid employee classification that would perform both office support and animal control duties. Option 2 would result in a cost reduction of $366,000. Option 3 would provide only mandated and essential services, which would eliminate 4 FTEs and reduce costs by $194,000. Staff prepared a cost reduction analysis of eliminating only the spay and neuter, but did not recommend this option because it would cost the City an additional $18,000.

Ian Hagerman, Senior Financial Analyst noted Some service-level impacts of outsourcing would be an increased travel distance to the facility for Palo Alto residents, increased response times for non-emergency calls, and a reduced level of proactive enforcement in field services. Staff proposed several expenditure reduction plans in the option to retain PAAS within the City. The first option reduced management and field services, which would leave the division without backup in times of vacation and leave. Calls for service that could not be handled by an animal control officer would fall on the Police Department Patrol Division, and those would be prioritized against Patrol's calls for service, resulting in increased response times. With any option to reduce management staffing, there would be a reduction in long-term planning items such as disaster preparedness and Staff training. Option 2 was quite similar to Option 1 with the addition of hybrid staffing, and the impacts were similar. This option would allow some flexibility in scheduling field services employees during times of higher calls for service, particularly in the summer. Option 3 proposed mandated and essential services only. This option would focus solely on animal control and adoption services. The public spay and neuter clinic, the vaccination clinic, the pet store, and most other animal care services would be eliminated. This would preserve most of the current field service options, but would decrease the options available to the public. The last scenario was eliminating the spay and neuter clinic, which would have a net cost to the City. Staff did not recommend that option. Staff had been asked to provide some revenue enhancement scenarios. No scenario provided a full cost recovery for PAAS. Staff had not identified any municipality-operated shelter or private shelter that was not heavily subsidized by the government or donations. It was difficult to pass those costs to consumers. Some options would be increasing vaccination fees, spay and neuter fees, licensing compliance, and barking dog citation

fees. Licensing compliance would require Palo Alto to either mandate or work with local vets to obtain information on dog owners. Legal issues of charging non-residents higher fees than residents would need to be studied further.

Council Member Klein asked whether Los Altos and Los Altos Hills were willing to share more of the burden of this facility.

James Keene, City Manager reported he discussed the issue with the managers of Los Altos and Los Altos Hills, and their capacity to share the burden had limitations based on the amount they were currently paying and the service they received. They had expressed an interest in working with Palo Alto.

Bob Beacom, Assistant Police Chief reported Los Altos and Los Altos Hills were not in a position to assume a bigger role. If the City ceased operating PAAS, they could join Palo Alto in moving to another facility or make other arrangements. Los Altos' and Los Altos Hills' assumption of the extra burden left by Mountain View was cost prohibitive.

Council Member Klein stated no one was suggesting they assume the entire gap left by Mountain View. He felt Los Altos and Los Altos Hills residents would rather travel to Palo Alto than Santa Clara. He asked what the legal problems were with charging non-residents higher fees, and how that was different from other areas where non-residents were charged higher fees.

Mr. Keene indicated the City Attorney had not completed her research and could not definitively state there were no problems. Propositions 218 and 26 and other issues were forcing fee charges to be aligned with the cost of the service. The City would have to develop the rationale for different fees in this new environment.

Council Member Klein noted an earlier presentation indicated higher fees for non-residents were prohibited, and now Staff was indicating higher fees could be charged.

Mr. Keene repeated Staff could not definitively state whether or not the City would have the flexibility legally to create surcharges on out-of-the-area users. The City was providing many services to people outside the service area.

Council Member Klein asked if the City Attorney had indicated when she would have a response.

Mr. Keene answered no. He assumed it would be relatively soon.

Council Member Klein suggested non-residents should pay the right amount and not be subsidized by the taxpayers of Palo Alto.

Mr. Keene stated the question would be could the City charge non-residents more than recovery in order to subsidize Palo Alto residents. The Council may need to work through the rationale.

Molly Stump, City Attorney reported Staff was reviewing the fee issues. The structure of fees and the ability to change the structure of fees and add different fees raised a number of issues. Staff wanted to review all of them to ensure any fee structure adopted by the Council was defensible and appropriate. Staff could provide that information in the next week or so.

Council Member Klein asked for more details concerning difficulties in increasing license fees for animals.

Mr. Hagerman suggested licensing fees would not necessarily be a problem. There were some fees that were difficult to increase, such as impound fees or adoption fees. Raising those fees could result in owners not claiming their animals and animals not being adopted. There was some difficulty in increasing those fees beyond what the market could bear.

Council Member Klein indicated he was referring to the annual license fees.

Mr. Hagerman stated the City had some flexibility to increase those fees, but they would not bring in a substantial amount of revenue.

Council Member Klein asked Staff to provide details regarding using veterinarians as a way of enforcing licensing.

Sandra Stadler, Superintendent of Animal Services reported surrounding municipalities had ordinances requesting and requiring clinics to provide license authorities with rabies vaccination information in order for authorities to follow up with dog licenses. PAAS did not have that enforcement ability in Palo Alto, but did in Los Altos. Staff hoped this would increase license compliance and, therefore, increase revenue and also allow Staff to return stray animals to their homes.

Council Member Klein inquired if Staff knew how much this proposal could increase revenue.

Ms. Stadler indicated Staff's recommendation was to increase license fees so that Palo Alto was comparable to surrounding agencies. The compliance rate in Palo Alto was currently 18 percent. Staff was considering programs to increase compliance, which should double the current revenue. Revenue should continue to increase over time.

Council Member Klein asked for the compliance rate in Los Altos.

Ms. Stadler reported Los Altos' compliance rate was lower. Staff had the ability to write citations and follow-up with obtaining and renewing licenses in Palo Alto. Staff had just taken on that duty for Los Altos and Los Altos Hills, and expected compliance to increase.

Council Member Klein inquired if Staff had figures from other communities where this program had been in effect.

Ms. Stadler stated the City of San Jose increased revenue by $300,000 in one year by implementing a municipal ordinance.

Ms. Antil stated the City received approximately $49,000 from animal licenses. If the license fee remained the same, 36 percent compliance would generate approximately $100,000.

Council Member Klein was attempting to determine small amounts of revenue increases to possibly cover the deficit.

Ms. Antil reported Staff performed some estimates of increasing fees, and determined the increase in funds would be about $100,000. Staff did not find any scenario without cuts in PAAS that could close the $600,000 gap.

Council Member Klein asked Staff to comment on the Humane Society proposal.

Ms. Stadler reported the ability to enhance the spay and neuter clinic was something Staff wanted to consider. Staff had every desire to increase efficiencies, but doubling the spay and neuter clinic numbers would be extremely difficult. Staff was following industry and humane standards. In the past, the spay and neuter veterinarians and technicians did nothing but spay and neuter, but now they were working in the vaccination clinic and caring for the animals in the shelter. With the current staffing, Staff could not double the number, but could increase the number.

Mr. Keene indicated the Humane Society proposal was more detailed than proposals the City normally received. If the Council wanted to consider a

different alternative, then Staff would need to perform further due diligence. The motivation for the Budget was to make ongoing structural adjustments where possible to save money for the long term. Over the next ten years, a $300,000 savings would be $3 million. Those savings mattered for other services provided by the City. When the Council made a decision about how it wanted to proceed, it needed to ensure the numbers were consistent over several years.

Council Member Schmid inquired whether Staff had received any feedback from other communities such as Menlo Park and East Palo Alto concerning possible partnerships.

Ms. Antil reported Staff had interacted with those communities. They were in a County contract in San Mateo that expired in 2015. Those communities were unsure of the future of that agreement, but they were not eligible to partner with PAAS at the current time. Depending on the direction the Council took, in the short term the shelter was fine. To attract new entities to the shelter and to accommodate more animals, PAAS would need to make some upgrades to the shelter or consider a warehouse model similar to the one Silicon Valley Animal Control Authority (SVACA) used.

Council Member Schmid understood Palo Alto had achieved a certain level of service that offered a number of things that SVACA did not. He asked Staff to articulate possible differences in services.

Ms. Antil indicated one major difference, from a resident's point of view, was a proactive park patrol by animal control officers. Animal control officers were very responsive to barking dog complaints, neighbor disputes, and dogs on other property; and accommodated field trips and school engagements. Community members knew the animal control officers. These were the types of services that would be reduced, because there would not be the same number of animal control officers in a smaller geographic region. Some communities responded to barking dog complaints through code enforcement, sent letters and after so many letters, the owners were charged an administrative fee. The City could respond to those types of complaints using other Staff or cross-staffing, but it would not be the same level of service. Many times, animal control officers knew the pets in the community and could return lost pets to their owners. In time, animal control officers from another entity could learn the community, but it would not be the same.

Mr. Hagerman indicated a change would occur in calls for service. PAAS responded to almost 1,800 dead animal calls last year across all partner cities, with 700 of those being in Palo Alto. The response time for those calls

was generally within 30 to 60 minutes. SVACA had a response time of approximately 10 hours on a similar level of calls for service. San Jose, another potential partner agency, had difficulty responding to their highest priority calls in a day. Either residents or police officers would have to pick up dead animals. Calls concerning stray animals also had a response time of 10 hours from SVACA. PAAS generally responded within 30 minutes. There would be a sharp increase in response times for those types of calls. Aggressive animals were high priority for SVACA, and their response times were not drastically different than PAAS. Some quality of life issues would be impacted.

Council Member Schmid noted some activities currently being performed by animal control officers would be shifted to the Public Safety call centers in Palo Alto. Budget discussions included a reduction in the number of Public Safety officers; therefore, there was a potential community conflict.

Ms. Antil stated Staff would not recommend shifting those calls to the Police Officers; although, Police Officers did respond to those calls after PAAS business hours. One code enforcement officer in the Police Department and one code compliance officer in the Planning & Community Environment Department handled a variety of matters. Staff had discussed whether or not some complaints could be handled by them. Some of the agencies interested in participating in a Request for Proposal (RFP) had made the capital investment in new buildings. SVACA and Silicon Valley Humane Society had more modern facilities. Staff did not believe PAAS's high level of service could be duplicated by other entities.

Council Member Schmid stated the loss of Mountain View as a partner reduced both revenue and expenditures. Reducing both revenue and expenditures created a deficit in FY 2012 of approximately $529,000. With reductions in revenues and expenditures, that gap would decrease to $477,000 in FY 2013. Outsourcing services to SVACA would cost the City $300,000 annually plus a $200,000 capital investment. He asked if the City would actually lose money under that proposal in FY 2013.

Ms. Antil indicated the net cost to the City was approximately $670,000 annually. With the loss of Mountain View revenue, costs to the City increased to $1.14 million.

Council Member Schmid said expenses needed to be subtracted.

Mr. Keene indicated expenses had to be reduced in order to subtract them, which meant potentially laying off employees.

Ms. Antil reported the City's costs would be $1.14 million with the Mountain View loss and before reducing expenditures. Staff was comparing the $1.14 million cost to the $500,000 cost in the SVACA proposal, which provided a cost reduction each year of $640,000. The options that Mr. Hagerman discussed were ways to close that gap should the Council wish to continue PAAS. Staff's secondary recommendation would be to close that gap between the losses as well as the annual gap of $670,000. Staff recommended some cuts if the Council decided to continue PAAS. Even though revenue would be lost, Staff found it difficult to determine which positions to cut, because the lion's share of the work was still generated from Palo Alto animals.

Council Member Schmid noted Mountain View's contribution to PAAS was dependent on the number of animals treated, which was 30 percent of the total number.

Ms. Antil indicated Option 1 would reduce Staff by one animal control officer, one volunteer coordinator and one animal control supervisor, which would reduce service costs by slightly more than $277,000.

Council Member Schmid stated a 30 percent reduction in expenditures was $500,000.

Ms. Antil said the percentage of the loss of revenue did not mirror the percentage loss of Staff without reducing additional Staff. Staff was not designated to specific communities. Even though Mountain View revenue was lost, duties and responsibilities still had to be covered by Staff.

Mr. Keene stated the Council would have to determine whether a 30 percent reduction in expenses was feasible and whether it had an effect greater than 30 percent on service levels.

Council Member Schmid inquired if the contrast was a 100 percent reduction with outsourcing.

Mr. Keene answered no, because services would not be outsourced to nothing. The Council would have to outsource to an alternative it felt was worthwhile in comparison to other alternatives. Staff was presenting the numbers to the best of their knowledge, because an RFP had not been issued for any alternative services.

Council Member Schmid asked if the alternative was to outsource to SVACA as well as maintain part of PAAS.

Ms. Antil stated the original recommendation was to fully outsource.

Council Member Espinosa commented the Council appreciated the services, amenities and policies provided by PAAS, but it was in a difficult position of weighing all City services. He asked for Staff's feedback on the suggestion of a task force to extend the timeline with different goals in mind.

Ms. Stadler stated a task force was an excellent idea to provide different options. Staff would welcome any input to deliver better services and provide other alternatives.

Mr. Keene indicated the current discussion was a prelude to the Finance Committee discussions from the financial perspective. Council wanted to obtain input from the community which would be beneficial to both Committees' considerations. Typically, the Finance Committee's financial recommendations were included in the Budget process, because the Finance Committee could consider all the other Budget decisions simultaneously. Any decision had a potential ripple effect that hit some other area of the City. These decisions were not made in isolation, particularly from the long-term point of view. If the Policy and Services Committee wanted to recommend to the Finance Committee a different decision horizon, then they should determine the cost implications of that delay and what should be considered. He recommended the Committee take a broader look at all the alternatives in order to not prejudge a conclusion. After hearing from the public, he suggested additional discussion about timeframes.

Council Member Espinosa understood some neighboring communities would end contracts with San Mateo County in the next two years. He asked how the Council could make decisions well in advance of knowing whether or not those cities were potential revenue sources. Other issues were longer term facility needs and whether or not those facility needs would be shared with partners. He asked if the numbers for those needs were realistic.

Mr. Keene reported the City needed to invest more in facilities across the City including the animal shelter if it remained. There was a range of investments that could be made, and some of the numbers were on the high side. There was flexibility in future capital costs for the shelter.

Council Member Espinosa asked if the hybrid model included some staffing of PAAS to maintain service levels.

Ms. Antil felt services would still be provided if PAAS was outsourced, but there would be a delay in timing. Staff had asked SVACA if the City could purchase a higher level of service. SVACA staff indicated they had a model

that worked and were not interested in offering more service. This idea would be better vetted through an RFP rather than a conversation. Staff considered cross-training existing Staff to respond to some types of complaints; however, an animal control officer or police officer would have to respond to complaints involving animal interaction. To prevent police officers from responding to calls during the day, Staff would have to be supplemented in some way. Staff did not find a scenario that saved the same amount of money as completely outsourcing.

Council Member Espinosa asked if Staff found a scenario that saved some money and kept the same level of service.

Ms. Antil answered no. The City could keep the same level of service for some services if code enforcement officers were assigned those duties. The City could not retain the same level of service across all services and still have the same savings. Someone had suggested using volunteers to provide some services; however, volunteers were not likely to want to pick up dead animals and those kinds of things. Staff could not find a scenario that provided the same services, because of the cost of employees.

Council Member Espinosa remarked that outsourcing services reduced service levels; and staffing to maintain service levels did not provide the same cost savings but did provide some cost savings.

Chair Holman noted Staff's comments that all facilities were subsidized to some extent, and asked if Staff had a range of what a subsidy might be.

Mr. Hagerman indicated Staff reviewed shelters operated primarily by municipalities in the area. Those ranged from an 80 percent subsidy for SVACA to 55 percent for the City of San Jose. Palo Alto's subsidy was between those two.

Chair Holman inquired if contract services could be used to fill the gaps left by Staff layoffs.

Ms. Antil reported the City had contracts with a few veterinarians who filled in when the Staff veterinarian was not available. Otherwise, all were City employees.

Chair Holman asked if the difference was due to the different benefit impacts from hourly workers.

Ms. Antil indicated two employees were hourly and the rest were full-time FTEs.

Chair Holman inquired whether the retiree impacts would change if the PAAS closed.

Mr. Keene stated the City might carry a share for the time that people worked for the City, but the City had already been paying that. The City would clearly avoid any future costs that would accrue.

Chair Holman asked how many visitors the shelter had per day.

Ms. Antil replied approximately 65 visitors per day.

Chair Holman inquired whether distance to a new facility would be a factor in policy impacts.

Ms. Antil stated SVACA had some volunteers from Palo Alto, and Palo Alto had volunteers from other areas. Those volunteers who were strongly committed would travel the distance. There was no method to estimate the number of visitors that would travel from Palo Alto to another facility.

Chair Holman asked if the numbers for services provided to animals from outside partner communities was accurate.

Ms. Antil indicated some of the traffic from outside the area was related to rescue groups.

Ms. Stadler reported Staff had tracked services in the spay and neuter clinic and vaccination clinic by ZIP codes. That information was fairly accurate, because it was taken from payment receipts.

Chair Holman recalled Mountain View's capital investment in SVACA's facility was $300,000. Do to the number of animals being managed for Palo Alto being higher than Mountain View's number; Chair Holman believed Palo Alto's capital investment would also be higher than Mountain View's. Chair Holman asked if Staff knew the actual amount of capital investment the City would have to pay SVACA.

Ms. Antil answered no. Until Staff issued an RFP, they would not know that amount definitely. Staff had been told verbally that the capital investment could be $300,000, or slightly less, because the other member cities had made the largest part of the capital investment. SVACA wanted Palo Alto's business, so they might quote a different capital investment amount. The first year of costs would be higher than the ongoing costs.

Chair Holman asked for the anticipated cost of the RFP process.

Ms. Antil reported staff did not intend to hire a consultant to write the RFP, so the cost would be the time of existing Staff members.

Chair Holman asked if Staff had considered partnering with school programs and dog training to enhance the community as well as raise revenues for the facility.

Ms. Stadler indicated Staff had planned to provide dog training and classroom events when Sunnyvale was considering partnering with the City. However, the current facility did not have an area suitable for those purposes. Staff believed the community would be interested, but had not considered the cost to change the facility and projected revenue; these were potential means for generating revenue.

Katarina Merk came here to tell the Committee that it was potentially making a huge mistake. Closing the shelter would not just upset many people; it would also kill the chance of many adorable animals finding a loving home. This conversation, Ms. Merk thinks, has proven that the Committee was mostly thinking about money, and not about the animals. She asked the Committee to keep the shelter open because the animals deserved it. The animals had been treated badly and had never known a nice home. Selling the land to a private investor would not be a good idea; it would be a horrible mistake. Life is not about money, it is about the pursuit of happiness. The City had limited funds, but could find creative ways to keep the shelter in the community.

Scottie Zimmerman was one of the 50 volunteers at PAAS. She was recruited, trained, and managed by the volunteer coordinator. Eliminating the Volunteer Coordination position could result in the loss of volunteers. That position was important to the work of the volunteers. She and others had been collecting signatures to save the shelter, and had received donations for the shelter. Someone was reviewing the possibility of a 501(c)(3), Non-Profit Friends Group. Other groups had sponsors and donated buttons on their websites. There were so many ways to raise funds, including Corporate Sponsorships. For example, Google had paid for the spaying and neutering of feral cats. More ways could be found to raise funds if given a task force or more time.

Ted Aberg lived in Palo Alto for almost 40 years and had obtained two cats from a shelter. His three grandchildren had two pets to enjoy and learn how to care for. The animals provided comfort, love, and relaxation; they enhanced quality of life. There were many domestic animals in Palo Alto

that have benefited the majority of residents in Palo Alto. Residents need PAAS for their sake, as well as the animals' sake. He asked the Committee to please help them.

Leonor Delgado was an Humane Educator. Ms. Delgado says PAAS had long been active in education and community through school and group visits, along with the visits from Animal Control Officers. Given Palo Alto's often stated strong commitment to quality education, she asked why the City Council would want to toss aside locally based humane education currently shared by PAAS and Palo Alto Humane Society. She asked if paths and other similar embellishments at Rinconada Park were a higher priority than the long history of locally based humane efforts, caring for animals, and educating children. Finally, the penchant for spending money on luxuries, rather than on what most considered necessities, she thought was disturbing. Thanks to the Spay and Neuter Clinic, lower income people from neighboring communities and rescuers could afford to fix their animals, leading to fewer homeless animals. The Vaccination Clinic was frequented by the residents of East Palo Alto as well, who were historically lower income. She asked where the sense was in responsibility to the greater community and to the animals. She asked the Committee not to destroy the shelter, an invaluable local service and institution.

Carol Hyde, Palo Alto Humane Society, asked the Committee to keep animal services local. The Humane Society's proposal focused on unrealized efficiencies and potential income from the Spay and Neuter Clinic. Reducing the deficit would allow time for a working group to plan for sustainable animal services. The issue of animal control arrangements was complex and affected families and their pets. The Council should not be hasty in deciding this issue. Ms. Hyde hopes the Committee will realize this and allow time for careful discussion of different models. Animal services need to stay in Palo Alto. Outsourcing would mark a radical departure from the principle, which has guided PAAS since 1955: the concept of safe community. Having a safe community means that stray animals would be picked up immediately and returned safely to their owners. Animal Control Officers from somewhere else could not do that. Stray and surrendered animals were entrusted to the City. They relied on the City to take care of them. In 1961, Stanford University asked the City for permission to seize animals from the shelter for laboratory research. The shelter Master refused, stating that it violated the principles on which the shelter was founded. That was different from the current issue, but was also the same. Animals entrusted to the City relied on good and wise policies for the animal's lives and well-being. The Palo Alto Humane Society did not believe that transporting animals to crowded facilities, with uncertain fates, constituted good and caring stewardship. She

asked the Committee to allow the PAAS to continue to operate and to create a task force to carefully and thoroughly plan for the future.

Jay Levin, who was reading the remarks of David Guison, a person who was unable to attend was interested in the welfare of animals, dogs and cats especially. His remarks pertained to keeping public ownership of the land parcel in question. Mr. Guison stated that the land was the primary resource of the community and without it; there could be no community, no homes, no businesses, and no public services. Land was the long-term, and sometimes short-term, chief resource of the community. Although the needs of community changed over time, the satisfaction of needs would occur through the use of land. He urged the Committee and the City Council to retain the land in question. At some point in the future, there would be a need for some community service, and this parcel could be the location for satisfying that need. If the City sold the parcel today, it would have to purchase the parcel at some time in the future. It was a philosophical perspective, but also a prudent and practical perspective. Whatever course the Committee took relative to PAAS, it should recommend that the parcel remain the community's. It should either serve the community directly through some purpose such as the shelter or through the revenue it could generate in perpetuity by being leased to commercial activity.

Sandra Drake and Raymond Myer stated distant shelters would be less useful and less used by the local population. They had received beloved canine companionship and good animal care from PAAS, as well has having a trusted place to take lost animals. They urged the Committee not to charge a fee to surrender animals, which could result in people simply abandoning animals. An outsourced entity would charge at least $150 to accept an animal.

Jill Cody said the report was good in that it represented the facts. She listed various calls to which animal control officers responded. One facility was 17 miles away, and another 16 miles away. The question was how to innovate the City out of this problem rather than how to reduce the deficit. She had facilitated many task forces, and marvelous ideas resulted from them.

Judy Adams suggested increasing revenue through creative means. She wanted a sign indicating Palo Alto was an animal companion city as well as a tree city. The quality of life of all citizens and companion animals was at risk. The proposals for future study and innovation was important. A task force would give other cities time to consider their needs and perhaps partner with Palo Alto.

William Warrior thanked the Council for funding PAAS in extraordinary ways. The community was grateful in ways too numerous to mention. If PAAS was closed, he asked the Committee to make a provision for the PAAS mascot, a cat who did not work to union scale and would not request 2.5 percent.

Rita Morgin related the story of finding her son's lost pet at the PAAS. Her story was one of hundreds that happened because of the high quality of care and service provided by the Staff at PAAS. Residents should not lose this service due to lack of funds. She volunteered to manage the Main Community Garden to eliminate the paid position of Community Garden Coordinator and to provide those funds to the PAAS.

Nancy Petersen was a happy client of the PAAS. She wanted to be a part of the solution of keeping a high performing shelter open. She was heartened by the Committee discussion. Extending the study period was important. There was a way to make PAAS work for the City.

Luke Stengel stated for the past 40 years, Palo Alto residents had been able to get an animal control officer to their neighborhood in a few minutes to save the life of a cat or dog. For the past 40 years, the Mid-Peninsula region had a place for low cost spay and neuter and vaccination services. For the last 40 years, thousands of cats and dogs had lived at the shelter until they could find a permanent home. It was staggering to consider the immeasurable good the shelter had created for the community and the lives of cats and dogs. Its work was not done. He implored the Committee to keep the shelter open.

Elena Kogan stated the Bay area was an affluent region with real estate to support the community. It was ironic that one of the wealthiest areas in the world could not find enough money to keep a small shelter open. It was strange to balance the budget on the backs of the most defenseless. She refused to believe the community could not find money for animals that were part of everyone's lives. She asked the City to find ways to keep the shelter open.

Rene Flexer had a terrible experience with retrieving a lost pet from Santa Clara. Residents of Barron Park did not want Santa Clara to provide animal services. She called SVACA for information concerning spaying and neutering kittens, and reached a message which stated someone would return her call in three days. PAAS returned calls within minutes. She attended the Mountain View meeting, and learned Mountain View would save only $40,000 annually while paying $300,000. SVACA did not have a veterinarian onsite each day the center was open, and charged $150 to

accept animals. Its website stated it was not accepting surrender animals at the current time.

Mary Donoghue knew SVACA charged $150 or $160 per animal to surrender an animal. Irresponsible pet owners would dump their pets anywhere, but some pet owners were forced by economic difficulties to surrender their pets. These people could not afford to pay to surrender their pets. This would result in Palo Alto having more feral cats and dogs and another level of animal control problems. Many people in Palo Alto did not know the problem existed, and would be happy to get their pet licensed to support the shelter. There were alternatives to closing PAAS, and a task force was a good idea. She volunteered to help out with this effort.

Winter Dellenbach stated wildlife rescue was possibly in danger as well because of the Cubberley issue. The City could soon be without any services. She calculated the roundtrip miles between Palo Alto and Santa Clara for the same number of visitors per day to be 28,000 a month. Fewer visitors meant less quality care for animals at that shelter. She expressed concerns about the interest in using the land for other purposes. PAAS would be an appropriate public benefit as opposed to the parking situation at 355 Alma.

Carol Schumacher was an owner of the Mid-Peninsula Animal Hospital in Menlo Park. She had worked with the Palo Alto Humane Society as a board member. Thousands of her clients used PAAS. Closing PAAS would be an undue burden for them. She was also familiar with the economics of a veterinary practice, and has some experience with models of high-speed, low-cost spay and neuter techniques. She suggested spay and neuter fees could be too low, and had room to grow while remaining low cost. Revenue could be increased by performing more spay and neuters and by charging more. There could be voucher plans to assist low-income clients. She volunteered for the task force, if it was created. Having services removed from Palo Alto and Menlo Park would not help with emergency preparedness plans.

Christina Peck co-founded the Stanford Cat Network at Stanford University to rescue abandoned cats on campus, and co-founded Fat Cat Rescue, which adopted out abandoned cats and helped with spay and neuter. She had taken over 3,000 cats to the City's spay and neuter clinic. She understood the Council's need to close the budget deficit and to develop a sustainable, long-term solution to providing animal services. Pets shared the world and people felt responsible for their care. The issue deserved a careful, thorough, and thoughtful analysis than had been presented thus far. She supported the Palo Alto Humane Society proposal to establish a working

group to explore ways to provide animal services to residents of Palo Alto and to reduce the City's budget deficit.

Christine Witzel asked the Committee to estimate the cost of unintended consequences of outsourcing. Others had alluded to the likely increase in stray and feral animals. SVACA's website indicated surrenders would most likely be euthanized. She encouraged the Committee to spend its efforts reviewing ways to increase revenue through philanthropy and services.

Douglas Moran in deciding the appropriate levels of service, he urged the Committee to consider that seemingly small differences could have outsized impacts on people. He was concerned that this aspect had not received adequate attention. Experts told pet owners to be aggressive in searching for their lost pets, because of the many mistakes that happened at shelters. He operated his neighborhood's email service and gave priority to lost and found pet messages, because of the experiences of neighbors and family. He noted the stress and time spent by pet owners searching for their lost pets and by people who found pets. A time response by animal services could directly connect the finder to the owner without the pet having to go into the shelter.

Alice Smith, as an outsourcing lawyer, warned the Committee that services not stated in a contract would not be provided. Once PAAS was outsourced, it could not be restarted without a greater cost. She urged caution and care. She had reported dead animals, and PAAS had responded immediately. Outsourcing would require ten hours for a response, 700 calls meant 7,000 hours of dead animals close to homes and children. That was a health hazard. She was also concerned about not having responsible officials to address issues. PAAS was more important to her than the Airport. Stanford University could be inveigled to be a part without having to go to the County.

Lorraine Amirian Parker stated no one had addressed the issue of finding pets in a disaster. Red Cross shelters did not accept pets. The City was attempting to establish a program to care for pets in the event of a disaster. The City would need experienced animal control officers to catch and care for pets, as well as a place to house pets. This issue was as important as libraries, art commissions, and the Airport. She suggested letting citizens decide through a vote.

Antonia DeMatto was a full-time volunteer with Community Cat Rescue. As a business person, she had learned that paying for services later rather than sooner resulted in higher costs. She concurred with previous comments regarding low-cost spay and neuter services. Surrender services were one

of the most important services offered by a shelter. If owners could not surrender pets, the pets would be abandoned. Those pets then created large feral populations. That was an increasing animal control cost for the future. SVACA was not accepting surrender pets at the current time, and could not state when it might accept surrender pets in the future.

Rosemary Schmele had learned the Humane Society of Silicon Valley (HSSV) had a three-month waiting period to surrender dogs and at least one month for cats, if it agreed to take a surrendered pet. To apply to surrender a cat, HSSV required the owner to complete a four-page information sheet, pay a $160 fee, and provide the veterinary records and proof that the animal was current with vaccinations. These requirements alone probably eliminated many pets from consideration. Next, there was a 45-minute interview, after which HSSV would schedule an assessment of the pet and determine if it would take the pet. HSSV cited temperament and health as issues, but it probably also considered adoptability factors such as age, breed, color and cuteness. If HSSV did not accept the pet, there was no other place because SVACA was not accepting surrenders. HSSV and SVACA did not have the capacity, and did not currently provide these services to their contracting cities. With the addition of more animals from Palo Alto and possibly Los Altos and Los Altos Hills, the situation became worse. SVACA in particular would provide a lower and more dismal level of services to all cities with which they contracted. Palo Alto would not receive the services it paid for, and the residents and animals would suffer. SVACA was operating over their actual service capacity. Any representation otherwise did not take into account actual animal service levels.

Cheryl O' Conner understood that the City had to cut costs, but also understood that the City overspent in some areas. She suggested eliminating double dipping by retirees to fund the PAAS. She suggested dog training programs could generate revenue.

Theresa Morris had volunteered at PAAS. PAAS provided a community service through opportunities for pet lovers to interact with pets. She felt the residents of Los Altos would be interested in knowing more about this issue, and perhaps would be willing to pressure the Los Altos government to pay more for the service. She felt elimination of the volunteer coordinator would increase costs. Outsourcing would cost the Police Departments in all the cities a great deal of money.

Jessica Koran did not feel different fees for residents versus non-residents were an issue. She questioned Staff's figures, because an RFP had not been issued. Discussing cost savings without a formal response to an RFP seemed premature. She hoped the Council would perform further research.

Catherine Kirkman opposed the PAAS closure, and supported the proposal of the Palo Alto Humane Society. She also supported a friends of the shelter initiative. She reported Stanford contracted with Crane Pest Control for pick up, and dogs were taken to Silicon Valley Humane Society or Morgan Hill. It was poor fiscal management to dismantle vital City services to offset pension costs.

Annette Herz had utilized PAAS neuter and spay services for seven cats. She felt lucky to live in a City with such services. Palo Alto was known as a progressive City, and it was mind-boggling not to have PAAS.

A Redwood City resident said she volunteered at PAAS in the spay and neuter clinic. She had called her community shelter about a dead animal on a sidewalk. They picked up the animal three days later. That was a health hazard, as well as an emotional and psychological hazard for residents. She related the story of a resident surrendering a pregnant cat and a male cat. She did not believe the pet owner would pay $320 to surrender those animals. She urged the Committee to consider those issues in making its decision.

Carol Novello, from the Silicon Valley Humane Society, urged the Council to consider seriously the request for a task force. Physical proximity was critical for animals brought to the shelter and for owners to find lost animals. Taking the time to carefully and thoroughly plan for the future through a task force was critically important. Silicon Valley Humane Society had not received a response from the City to its phone requests to assist in this process. It wanted to assist in finding a solution that worked for the citizens and animals of Palo Alto.

Suzy Heisele worked with the Palo Alto Humane Society and HSSV. Rather than closing PAAS, she suggested updating and supporting it. People paid more for adoptions at HSSV, because HSSV of the state of the facility.

Charles Gary stated the emotional case had been made. He noted the ideas of reducing costs, fundraising efforts, increased mileage costs for residents, some savings from the loss of the Mountain View contract, and dead animals not being picked up. He felt the City could be in the position of losing money if services were reduced.

MOTION: Council Member Schmid moved, seconded by Council Member XXX to request Staff issue a Request for Proposal for Animal Services while at the same time working to define expected budget savings and to define clearly what would be lost in the service levels for Palo Alto and to continue

conversations with San Mateo County cities considering the possibilities of revenue enhancements.

MOTION FAILED DUE TO A LACK OF A SECOND

MOTION: Council Member Klein moved, seconded by Council Member Espinosa to recommend the City Council; 1) Continue the Animal Services Program and find not less than $100,000 in increased revenue from a combination of increased payments by Los Altos and Los Altos Hills, increased non-resident fees, and increased license fees, and reduce expenses by approximately $200,000 for Fiscal Year 2013 to cover the $300,000 lost from Mountain View, 2) request the City Manager appoint a task force to report, by the end of the current calendar year, suggestions to him for further revenue increases, and reduced expenses, with the goal of eliminating the gap caused by Mountain View, plus one half of the remainder of the amount Palo Alto paid for Animal Services to be effective by Fiscal Year 2014, the task force will also make recommendations to totally eliminate the amount paid by the City for Animal Services by Fiscal Year 2016.

Council Member Klein remarked that pet ownership was not unusual in Palo Alto. He was impressed by the public's comments and the number of emails received. He was disappointed that most emails urged the Council to fund PAAS without a consideration of revenue and expenditures. He did not expect commercial businesses to solve the funding problem. The newspaper columnist did not indicate the City had a net reduction of over 60 employees in the last three or four years.

Mr. Keene reported 10 percent of the City's general tax-supported Staff had been eliminated in the past three years.

Council Member Klein was not impressed with the idea of outsourcing. Outsourcing was not always a good idea and not a magic solution. He did not think residents would drive to other communities for services for their animals. Outsourcing might be feasible in dollars and cents, but that did not include a dramatic reduction in the service level. He deliberately set goals for a task force. The Council had been moving too fast in that the idea was presented to the Council just six weeks ago. The Palo Alto Humane Society contained many good ideas, and perhaps some of the ideas would be feasible. It had the desired increase in revenue and reduction in expenses. He hoped a task force would have more ideas about improving services and making them economical.

Council Member Espinosa stated the COMMITTEE reviewed policies across the different departments within the City. The Finance Committee would take up the same issue, and they had a different perspective. Following that, the full Council would consider this issue. He agreed with comments that there was no panacea. The City had led the State on reform with regard to unions, and recognized the need to make significant changes across all labor units. He thanked the public and particularly the Humane Society for recognizing the need to generate revenue and reduce costs and for proposing creative solutions. Rarely had he seen an organization present a comprehensive set of ideas like the Humane Society. He encouraged the public to make a personal investment to engage in this issue for the long term. A friends organization could work, but it required a great deal of effort over many years.

Council Member Schmid agreed it was a tough situation. Time was necessary and more information critical to making it work. This gave residents an opportunity to work with the Council.

Chair Holman also was impressed by the Humane Society's proposal. She invited citizens to remain involved, because civic engagement was the means to solving problems. There were limitations on what the Council could do, because of legal requirements and because those changes affected lives. This was a financial issue as well as a Palo Alto value which the community had held for more than 100 years. It was also a health issue not just for the animals, but also for many people who had animals. She offered a friendly amendment to the Motion to include Carol Hyde of the Palo Alto Humane Society and Carol Schumacher of Mid-Peninsula Animal Hospital on a task force.

Council Member Klein stated if the Committee specified the members, it could become a Brown Act committee.

Ms. Stump reported it would be treated as a Brown Act committee if the Council appointed the advisory committee, and it would need to follow those procedures. The Motion was carefully drafted to direct the City Manager to appoint the task force to advise him. That was an appropriate way to proceed to avoid the rubric of the Brown Act.

Chair Holman hoped the City Manager would include Carol Hyde, Carol Schumacher, and Carol Novello in the committee.

Mr. Keene noted different factors of the public attended Council meetings each week depending on the issue being discussed. There was a constituency and demand for each of the City's services. He wanted to use

these discussions as an opportunity to create greater understanding rather than divisions. The real challenge was reconciling the differences over the years. Services could be performed better, more money could be saved, and revenues could be restructured, but that was not easy work. He understood the intent of the Motion, and hoped Staff would not be bound by the stated metrics if they could do better in a particular timeframe. The less the Council created savings this year, the greater the deficit that would impact other program or service areas. He invited the public to come to any meeting after budget discussions were completed to better understand the City and Council actions. The City would be better with citizens who understood a range of issues.

Chair Holman stated the Council had made critical and serious decisions about important services. Based on the public turnout, PAAS was an important service. She assumed the Motion did not preclude such things as fundraising, and asked residents to remain engaged with this effort. She hoped expenditures were driven by policy.

Council Member Klein repeated the Motion:

1. Do not at the present time outsource PAAS;
2. For FY 2013, Staff find a combination of reduced expenditures and additional income to at least equal the gap created by Mountain View's departure, which was approximately $300,000, or $100,000 in increased revenues and $200,000 from reduced expenses; and,
3. The City Manager appoint a task force to advise him on PAAS programs, and that a) a report would be due to the City Manager by the end of the calendar year; b) report recommendations would eliminate the gap caused by Mountain View's departure and also eliminate not less than one half of the remainder of the budget gap for PAAS for FY 2014; and, c) report recommendations would eliminate the remaining gap for FY 2016.

MOTION PASSED: 4-0

ADJOURNMENT: Meeting adjourned at 9:08 p.m.

Finance Committee

6:00 PM
Special Meeting
Tuesday, May 15, 2012
Council Chambers

REVISED

Roll Call

Oral Communications

Agenda Items

1. City Clerk Budget (continued from 05/10/12)

2. Police Budget

3. Fire Budget

Future Meetings and Agendas

Adjournment

PUBLIC COMMENT

Members of the Public are entitled to directly address the City Council/Committee concerning any item that is described in the notice of this meeting, before or during consideration of that item. If you wish to address the Council/Committee on any issue that is on this agenda, please complete a speaker request card located on the table at the entrance to the Council Chambers or by the City Clerk, and deliver it to the City Clerk prior to discussion of the item. You are not required to give your name on the speaker card in order to speak to the Council/Committee, but it is very helpful.

AMERICANS WITH DISABILITY ACT (ADA)

Persons with disabilities who require auxiliary aids or services in using City facilities, services or programs or who would like information on the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact (650) 329-2550 (Voice) 24 hours in advance.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION IN THE CITY CLERK'S OFFICE AT PALO ALTO CITY HALL, 250 HAMILTON AVE. DURING NORMAL BUSINESS HOURS.

Status of Referral Items in Committee			
Referral Date	**Action Date**	**Item Title/Status Description**	**Status**
2011	Q4 2012	Fiber to the Premises Discussion on the future direction of the fiber telecommunications business	TBD
2011	Q4 2012	Debt Service Policy Update Staff committed to return with an updated policy after the Infrastructure Blue Ribbon Committee report	On target
10/18/11	Q1 2012	SAP Security Audit Return to Finance with an update on the implementation progress	Target date 6/5/12
10/18/11	Q2 2012	Cubberley Leases Return to Finance with a list of leases at the Cubberley center	In process
11/15/11	TBD	Utilities Undergrounding Return to Finance Committee with several specific options for action regarding the electric overhead to underground conversion program	In process
12/6/11	Q2 2012	Library Project Audit – Bondable Labor Costs Return to Finance with a discussion on options for covering project labor costs with bond funding	In process

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION IN THE CITY CLERK'S OFFICE AT PALO ALTO CITY HALL, 250 HAMILTON AVE. DURING NORMAL BUSINESS HOURS.

Finance Committee
MINUTES

Special Meeting
Tuesday, May 15, 2012

ROLL CALL

Chairperson Shepherd called the meeting to order at 6:07 p.m. in the Council Chambers, 250 Hamilton Avenue, Palo Alto, California.

Present: Council Member Burt, Price, Shepherd (Chair), Scharff

ORAL COMMUNICATIONS

None

AGENDA ITEMS

1. City Clerk Budget (continued from 05/10/12)

Acting Financial Analyst Christine Paras reported Staff had included additional detail requested at the last Finance Committee (FC) meeting. In Memorandum Attachment 1, Staff included detail by Division for salary, benefit and non-personnel costs. The item in question was the $200,000 increase in Council Support Services. She noted a $99,000 increase in benefits and a $100,000 increase in non-personnel costs. She explained $60,000 of non-personnel costs was an increase for election publication services, which would be reallocated to Election/Conflict of Interest Division. The item in question was the $19,000 increase in total for the City Clerk Budget. There was a $99,000 increase in Council Support Services, with offsetting decreases in the other Divisions. Those decreases were driven by the change in allocation methodology for the benefits allocation. In prior years, Staff had used Full-Time Equivalents (FTE) to allocate the costs. Now, Staff was using the employees' actual pension and healthcare costs. Staff felt this was a more accurate method to allocate benefits to the various Divisions across the City Clerk's Budget and Department wide.

Chair Shepherd inquired if Staff wanted a Motion to approve tentatively this Budget.

Administrative Services Director Lalo Perez answered yes. This level of detail was not included in the document. If the FC felt this level of detail would be helpful for Staff to include as part of the template for all Departments, Staff could make that change in the next set of documents.

Chair Shepherd noted each Division had non-personnel costs, and asked if that contained the shifting of funds from the Clerk's Budget. For example, Council Support Services had a $100,000 change. That category contained the specific items Staff had reported at the FC's last meeting.

Mr. Perez stated non-personnel costs would show the shifts. For example, in the Election Costs, contract costs would show up there. If there was a reallocation from one grouping to another it would also show up there.

Council Member Burt inquired if the change in reporting methodology more accurately indicated the allocation of benefits.

Mr. Perez responded correct.

Council Member Burt stated it was almost impossible to compare year-over-year changes, because they were not apples-to-apples. He thought that point should be made up front, so that everyone understood what had happened and how.

Mr. Perez stated Staff would reread the explanations on how to read the document, and discuss that. It was a concern, but Staff felt the change was necessary to better reflect cost allocations.

MOTION: Council Member Burt moved, seconded by Council Member Shepherd to tentatively approve the City Clerk's Budget.

MOTION PASSED: 4-0

2. Police Budget

Chair Shepherd noted the Police Budget included Animal Services. She wanted to have public comment after Staff presentation.

City Manager James Keene stated the Council charged the Finance Committee (FC) with reviewing and reconciling the Proposed Budget, then forwarding a recommendation to the City Council. The first component of

the Police Budget was Animal Services. The policy question concerning Animal Services was should the City accept Staff's recommendation to outsource Animal Services to another agency as a cost-saving measure, or continue providing Animal Services. The Policy & Services Committee (P&SC) rejected the recommendation to outsource Animal Services, and suggested the City provide Animal Services with reduced costs. Their recommendation was to reduce City costs in the first year by $300,000, comprised of $100,000 of revenue increases and $200,000 of expenditure decreases. P&SC also recommended subsequent levels of reductions in Fiscal Years 2014 and 2016. The FC was not obligated to accept and react to P&SC recommendations. Staff suggested presenting the Animal Services Budget and financial picture. He proposed a Budget with a series of revenue recommendations, maintenance of services, and program and staffing cuts across a range of City programs and services. That Proposed Budget had a deficit of $1 million, but Staff proposed drawing on a Reserve for two one-time expenditures to cover that $1 million deficit. Staff's focus was to ensure the FC was aware of the impacts its changes to the Proposed Budget had on the Fiscal Year 2013 and subsequent Budgets.

Sr. Financial Analyst Christine Paras noted the inclusion of an interim organizational chart on page 191. The reorganization and merger of Fire and Police would be completed in 2014. Citywide costs totaled approximately $1 million, with personnel benefit costs increasing by $1 million. Of these benefit costs, $500,000 was attributed to healthcare and pension, and $800,000 was an increase related to the retiree medical payment. The Department had a revenue decrease of $1.4 million, of which $300,000 was related to the departure of Mountain View from Animal Services. This $300,000 amount represented the prorated amount of revenue lost from November through the end of the year. Outsourcing Animal Services would result in a $900,000 decrease in revenue loss. The Department had various revenue losses related to staffing reductions. There was $200,000 in revenue adjustments to meet actuals, based on Staff's analysis of historical trends for various revenue streams within the Department. It included administrative citations, false alarm fees, penal code violations, and impound fees. Expense decreases for the Department totaled $2.5 million. Other than outsourcing Animals Service, the Department proposed a redeployment of Staff to patrol which equaled a decrease of $1.13 million. The Department proposed freezing 6 Full-Time Equivalents (FTE) of line-level Staff and 1 FTE of command-level Staff. There was an $80,000 increase for a Police Services Utilization Study. Staff proposed a decrease for the Track Watch Contract, which would be funded in the Stanford Development Agreement Fund. Outsourcing Animal Services resulted in a savings of $1.38 million. Changes in FTEs totaled a savings of $3.27 million, and included eliminating 13.14 FTEs for Animal Services,

freezing 6 FTEs for redeployment of Staff to patrol, freezing 1 FTE Police Captain, and reallocating 2.5 FTEs administrative personnel from the Police Department to the Fire Department.

Mr. Keene suggested viewing Fiscal Year 2012 as a typical budget year for Animal Services. The City had a cost-sharing agreement with Los Altos, Los Altos Hills and Mountain View to provide Animal Services. Mountain View decided to leave the partnership effective November 1, 2012, and requested a transition period beginning July 1, 2012. That request was denied. The City of Palo Alto's net cost for providing Animal Services was $700,000 in a typical year. The net loss for the City in 2013 would be an additional $300,000, because the City would lose two-thirds of Mountain View revenue for the year. The net cost for Palo Alto and the two remaining cities would be $1 million. In the Proposed Budget, Staff inserted a target number based on information that was not the result of a specific Request for Proposal (RFP). If Animal Services was outsourced, the City could have a net cost in Fiscal Year 2013 of $500,000 based on the target number. If Animal Services was kept in-house, the Budget for Fiscal Year 2013 would have a net gap of $500,000. The P&SC recommendation left a $200,000 shortfall in the Proposed Budget without requiring new money or shifting costs to other programs. He suggested the real number for the FC's consideration was $500,000. If the FC made $500,000 in cuts or revenue increases this year, then net costs would be $1.2 million the following year. If the FC made $500,000 in revenue increases or cost reductions in 2013, the following year the FC would need to increase revenues $200,000. If the FC agreed to retain Animal Services in-house, it would need to cover the $500,000 gap this year, while knowing there could be another $200,000 gap the following year. The Humane Society's recommendations included more than $400,000 in expenditure reductions and $400,000 in revenue increases. These recommendations were conceptually good, but practically challenging. Staff thought any transition, whether outsourcing or maintaining, would not be wrapped up by the beginning of the Fiscal Year on July 1, 2012. All of the numbers presented by Staff assumed the City would remain in a status quo situation through the first third of the Fiscal Year. The real impact of this decision would occur over the final two-thirds of the Fiscal Year. Expenditure reductions meant eliminating Staff and service impact reductions. There could be economies of existing scale or diseconomies of scale; revenue-sharing agreements might not match up with service shifts. He could not imagine closing a $500,000 gap without rethinking how to provide services in-house. The concern with outsourcing was the change in services. Revenues also had several challenges, such as increasing revenue while maintaining the volume of business and providing services tied to

demand. This was a major change and would take time to resolve. Staff wanted the FC to be aware of the implications of these changes.

Chair Shepherd inquired whether she could have public comment twice on one Agenda Item.

City Attorney Molly Stump stated she had discretion in managing the public comment process, as long as the public had an opportunity to speak before the Committee took any action.

Chair Shepherd asked if Staff was finished with their presentation.

Mr. Keene answered no.

Sr. Financial Analyst Amber Cameron reported Option 1 was a reduction in supervisory and management capacity as well as a slight reduction in field services capacity. It amounted to a reduction of 2.5 FTEs, which resulted in a $276,000 estimated expenditure savings. There would be a slight revenue impact to the store revenue, because operations would be closed an additional day. The net anticipated savings for that option was about $271,000. Option 2, which provided the most net savings, would expand Option 1 while reducing a Field Animal Control Officer and office staff and creating a combination classification. The combination classification would pickup duties for Animal Control during the summer (high season) and then pickup office duties during the low season (winter). That would provide $372,000 in expenditure reductions with the same slight revenue impact, with a net savings of $366,000. Option 3 was a movement to mandated services only. The City would close the spay and neuter clinic, and focus on Animal Control Services. That would eliminate four Staff with the highest level of expenditure reductions of $524,000; however, closing the spay and neuter clinic would reduce revenue by approximately $330,000, resulting in a net savings of $194,000. These were the three best options that Staff had been able to compile with reducing Staff to offset the Mountain View revenue loss. To continue operations with reduced levels of service would not begin to have a net savings of $370,000. In future years, the annualized revenue loss of $470,000 would create Budget deficits.

Mr. Keene indicated a need of $500,000, and Option 2 yielded the most amount of money at $366,000. The City would need another $136,000 in either revenues or other expenditure cuts. The service implications of those cuts would be reducing half of the Animal Control Officers during a portion of the year. One of the comparative issues between outsourcing and in-house

services was a faster response time from in-house service. As positions were reduced, there could be reductions in the level of service. The Humane Society proposed $410,000 potential new revenues. It was theoretically possible to make up the rest of that with new revenue; however, projecting revenues was challenging. The City Attorney had reviewed the degree of flexibility the City had under State law and different issues on raising revenues.

Ms. Stump reported the City had a fair amount of flexibility to adjust fees for the optional services it provided through the Animal Shelter. The FC could raise fees and create a fee structure that maintained lower fees for residents or member entities of the Shelter, and charge higher fees to people who used the Shelter from outside those entities.

Council Member Burt inquired if the amounts under the options were fiscal year impacts or prorated impacts.

Mr. Keene answered full-year cost impacts.

Council Member Burt asked if Committee Members had the Humane Society proposal.

Mr. Keene replied yes. There were many similarities on the expenditure side.

Chair Shepherd noted Carole Hyde was present and would speak.

Assistant City Manager Pamela Antel indicated items sold in the pet shop operation could be purchased at warehouse discount stores; therefore, the City did not have much traffic on those items. The Cost of Service Study consultant was reviewing cost recovery on different pieces of the operation within Animal Services. For example, spay and neuter services were about 61 percent cost recovery, which would indicate there was room to raise fees. Animal Services fees were the same or slightly higher than fees charged by similar operations. She noted 76 percent of spay and neuter clients came from outside the four member cities, and stated they might not travel to Palo Alto if the rates were consistent with the market place. Those were the issues Staff was weighing and balancing with regard to fee increases.

Mr. Keene stated in many of these situations, it was not a straight linear relationship between two factors; there might be five factors to consider. Staff wanted to have as thorough an analysis as possible to know the risk

being taken. He reported the net cost number in the outsourcing proposal was based on survey information and conversation, rather than a direct proposal. The issue was cost impacts to the City, whether Animal Services or another program or service in the City that had to pick up the slack.

Council Member Price asked whether the reduction in Staff under Option 2 would reduce the number of hours the facility was open.

Ms. Antel reported the estimates were based on keeping the hours of operation the same, until the facility was closed. One of the options provided closure on potentially one day. Option 2, with the removal of two Animal Control Officers, changed the schedule to ten hours per day, four days per week to cover the entire week. The only way to cover the schedule with two people rather than four was to change the schedule.

Council Member Price stated there would be a reduction in the number of hours the program was open under these options.

Ms. Antel noted Staff had estimated a worst-case scenario. It had been suggested that volunteers could supplement Staff to maintain the hours of operation. In terms of certain types of regular operations, we would need to close part of the operation because of the number of staff available.

Council Member Price noticed the Humane Society proposal included a recommendation for additional hours on the weekend as a possibility to bring in additional revenue. There were an infinite number of models; however, the issue was costs for providing services and revenue options.

Ms. Antel reported Staff did not recommend Option 3; however, it was presented to show the numbers if spay and neuter services were discontinued.

Vice Mayor Scharff inquired what the hours of operation were.

Superintendent Animal Services Sandra Stadler indicated the facility opened at 6:00 a.m. for the spay and neuter clinic, closed at 7:30 a.m., reopened at 11:00 a.m. and remained open until 5:30 p.m. Monday through Saturday. The facility was closed every other Friday, Sundays and holidays.

Vice Mayor Scharff inquired whether that would change under Option 1.

Ms. Antel stated Option 1 did not change the hours of operation with the reduction of 3 FTEs.

Vice Mayor Scharff inquired which services would change under Option 1.

Ms. Antel indicated Option 1 reduced one Animal Services Supervisor, one Animal Control Officer, and one Volunteer Coordinator. The Volunteer Coordinator worked in the Shelter and the community to bring in volunteers. Animal Services currently had more than 50 volunteers who donated approximately 3,000 hours to the Shelter. Volunteers were cost effective and good for the health and welfare of the animals. Because the Volunteer Coordinator was not essential to operations, that position was identified for elimination. The Volunteer Coordinator ensured the correct number of volunteers were present at appropriate times, and matched volunteers to the different services.

Vice Mayor Scharff asked if the Humane Society proposed to reduce the Volunteer Coordinator by 25 percent, while Staff proposed to reduce it by 50 percent.

Ms. Antel stated it was currently 0.5 FTE.

Vice Mayor Scharff asked whether the Volunteer Coordinator was full-time or 0.5 FTE.

Ms. Antel said part-time.

Vice Mayor Scharff noted the Humane Society proposed to reduce the Volunteer Coordinator by 25 percent of $110,597, and asked if the City paid $110,597 for a part-time position.

Ms. Antel could not speak to the Palo Alto Humane Society's proposal.

Vice Mayor Scharff asked for the salary and benefits amount for the part-time position.

Ms. Stadler responded $56,000.

Vice Mayor Scharff inquired whether the City would save $56,000 by eliminating that position.

Ms. Antel answered correct.

Vice Mayor Scharff asked if eliminating the Volunteer Coordinator would result in loss of volunteers.

Ms. Antel stated there would still be volunteers, but she was not sure how they would be managed.

Vice Mayor Scharff asked how they would be coordinated without that position.

Ms. Stadler indicated it would be very difficult to have a volunteer program without a coordinator to recruit and train volunteers. Staff evaluated volunteers, and if they did not fit, they could not stay. Senior volunteers, who were well trained and had a proven track record, possibly could be retained without a Volunteer Coordinator. If the Volunteer Coordinator and a Supervisor were reduced, the remaining Staff would not have time to manage volunteers, especially at the level of the current Volunteer Coordinator.

Vice Mayor Scharff inquired if a volunteer could work as Volunteer Coordinator.

Ms. Stadler stated Staff could consider that, but no one had expressed interest in taking over that task. Most volunteers wanted to deal with animals rather than the office.

Mr. Keene stated the comparison of the savings in reducing the Volunteer Coordinator position needed one correction. The proposal was to cut 25 percent of a full-time position (2 x $56,000 = $112,000), because they had a savings of $27,000. The Humane Society factored it based on 1 FTE rather than the actual 0.5 FTE. This gave the impression the position was reduced to 75 percent, rather than the actual 25 percent.

Vice Mayor Scharff stated there was a range of options, and he was having difficulty understanding the outcome in terms of costs and services for the community. The Humane Society proposal appeared very similar to Option 2, rather than Option 1. He was not sure there was a meeting of the minds on what the Humane Society and Staff thought the Humane Society proposal would look like.

Ms. Antel said the Humane Society Option 1 was very similar to Staff's Option 2. The primary difference was part of the Humane Society proposal was predicated on some level of revenue increase that Staff did not completely understand.

Mr. Keene reported expenditure impact was easier to estimate, because expenditures were known; however, revenue was challenging to project, because it had many variables. Because both proposals reduced staffing by two-thirds, there would be a change in the level of service.

Vice Mayor Scharff asked whether Option 2 or outsourcing provided better service to the community.

Ms. Antel reported three Animal Control Officers currently patrolled in Palo Alto, Los Altos, Los Altos Hills, and Mountain View. Under Option 2, that number would change to one Animal Control Officer patrolling three cities. Staff anticipated longer response times and increased activity. She suggested the outsourced activity would mirror that in some way, because one Animal Control Officer would patrol a larger geographic area. That would be the most noticeable difference between Option 2 and outsourcing. Another difference would be only members of the member community could use that particular shelter.

Vice Mayor Scharff inquired whether response times would be better with Silicon Valley Animal Control Authority (SVACA) or Option 2.

Ms. Antel stated there could be the same delay based on implementing Option 2 and the geographic area. Response times were currently 19 to 30 minutes, and Staff anticipated that rising to 55 minutes.

Vice Mayor Scharff understood the Humane Society's revenue proposals for additional licensing and compliance to mean there would be better enforcement of licensing requirements.

Ms. Antel reported some communities had an ordinance that required one of two things. For example, private veterinarians were required to provide rabies vaccination information to the City so that the City could enforce dog licensing. The second required private veterinarians to issue licenses when pets were vaccinated. The best chance for licensing compliance was through the rabies vaccination.

Vice Mayor Scharff asked what the current licensing fee was.

Ms. Antel said the current fee was $15 if the dog was spayed or neutered and $35 if it was not.

Vice Mayor Scharff inquired how much of the $95,000 amount resulted from increasing the licensing fee by $5.

Ms. Stadler reported the total licensing fee was paid to the City of Palo Alto. Staff estimated 18 percent license compliance, and felt there was room to increase it.

Vice Mayor Scharff inquired how many people licensed their dogs in Palo Alto.

Ms. Stadler indicated Staff processed approximately 3,500 licenses a year, and there were approximately 10,000 licenses in the City of Palo Alto. Staff also handled licensing for the other cities.

Mr. Keene stated $17,500 a year resulted from the $5 license fee increase.

Chair Shepherd understood the $500,000 amount assumed outsourcing would begin with the Fiscal Year on July 1, 2012; however, that would not happen and the current status of Animal Services would continue. She asked where the $500,000 budget number came from.

Mr. Keene reported if the City outsourced Animal Services and if $500,000 was the right number, there would be a $60,000 budget gap. If the City did not outsource, then the gap would be $500,000.

Chair Shepherd asked for Staff's confidence level for outsourcing.

Administrator Services Director Lalo Perez stated Staff provided numbers to SVACA, who then inflated the numbers for a cushion and provided Staff with the estimates. It was not as good as a formal RFP, but Staff felt fairly good with that information.

Chair Shepherd heard SVACA was full, and asked if SVACA could take animals from Palo Alto, Los Altos and Los Altos Hills.

Ms. Antel said SVACA's director reported they would need to build out another piece of their warehouse facility in order to accommodate the animals.

Chair Shepherd noted SVACA had not built out yet.

Mr. Keene stated the City would need to know the delivery time of their building the space, whether it would be complete by November 1, 2012 or in a year. Second, if the City moved forward with cost cutting and/or outsourcing, it had the option of issuing an RFP to obtain a more specific cost comparison.

Chair Shepherd asked how large Mountain View's population was.

Ms. Antel reported the number of animals served was 1,000.

Ms. Cameron noted the Fiscal Year 2011 payment indicated approximately 1,000 animals for Mountain View, 1,760 for Palo Alto, 393 for Los Altos, and 150 for Los Altos Hills.

Chair Shepherd did not understand why there would be a change in response time if one Animal Control Officer was patrolling a city approximately the same size as Palo Alto. She asked whether there would be a reduction in personnel or contraction of services if the City continued to provide Animal Services, or was this the way Animal Services needed to be staffed.

Ms. Antel reported Animal Services Staff had increased by only 0.5 FTE since adding services to member communities. Animal Services Staff was having difficulty determining how to decrease services when they expanded services with the same amount of Staff. The level of service would be different due to having only one Animal Control Officer (rather than two) in the field to respond to calls from all member cities.

Chair Shepherd noted the Budget included 4.5 FTE for Animal Control Officers, and Option 2 would decrease it by 2 FTE. She asked what their duties were.

Ms. Antel reported one Animal Control Officer was dedicated to the Shelter and three were in the field.

Ms. Stadler stated regular services were provided from 7:00 a.m. until 5:00 p.m., and on-call services from 5:00 p.m. until 7:00 a.m. the following morning. Animal Control Officers often worked regular duty, were on-call over night, and returned to regular duty the following day. A kennel person

was on duty five days a week, but the kennels had to be covered seven days a week. There were days when two officers were not on duty because of time off.

Council Member Burt asked if Staff knew how long it would take SVACA to accomplish a build out.

Ms. Antel indicated SVACA did not have an issue with taking cities immediately, because they had days with high volume of animals and days with low volume.

Council Member Burt inquired if the spay and neuter clinic was recovering only 61 percent of cost, yet was charging market rate.

Ms. Antel said the nature of low-cost spays and neuter was to provide a service at a lower rate to encourage compliance with spay and neuter. It was a way of doing business that allowed residents to obtain services they could not afford in the private market.

Council Member Burt inquired if it would be correct to say the City had 61 percent cost recovery, and was at market rate with other providers who also were not at full cost recovery.

Ms. Antel stated other providers who provided a similar low-cost or subsidized service.

Mr. Keene suggested cost recovery had to do with volume and productivity and not just pricing. An ability to accelerate work with the same base cost would shrink costs.

Council Member Burt asked if the various scenarios included retaining staffing levels as City employees, with the exception of one scenario that called for a contract veterinarian.

Senior Management Analyst Ian Hagerman stated under Option 3, the City would contract vet and veterinary technician services. That created a number of issues that had to be considered. The Shelter had a mandatory obligation from State law to keep an injured animal alive for six days to give the owner a chance to claim it. If a vet was not providing services at the Shelter, then the animal would be taken to a private vet or an animal hospital, and the City would incur charges for that. He noted a fine line

between eliminating that service in-house and the increased cost that would come with it. The City currently charged $55 to neuter and $80 to spay cats, $85 to $195 to neuter dogs depending on weight, and $100 to $215 to spay dogs depending on weight. Those fees at a private vet in Palo Alto ranged from $350 to $700 for a comparable service.

Council Member Burt inquired if contracting veterinarian services under Option 3 was off-site.

Mr. Hagerman indicated it would be a private vet. A contract vet could be brought in for spay and neuter services. Emergency care would happen off-site at a private vet or an animal hospital.

Council Member Burt asked how many of the alternative service provision scenarios used non-government employees for a variety of services, and how many were partially or wholly staffed by private non-profit employees. He asked if there was $500,000 budgeted to subsidize services and if Animal Services were outsourced to SVACA, was there a scenario to subsidize services in Palo Alto for a comparable amount.

Ms. Antel reported employees at the Animal Shelter were City employees, employees of SVACA were part of the Joint Powers Authority, and employees of the Silicon Valley and Palo Alto Humane Societies were employees of the Humane Societies. Staff reviewed different scenarios, but could not find a cost recovery scenario that provided the same level of service without incurring more costs. If the level of service remained the same, costs increased. If costs were reduced, then the service level decreased or more costs were at risk

Council Member Burt asked if the Silicon Valley Humane Society received subsidies from participating cities.

Ms. Stump stated Council Members needed to be sensitive to the fact that whether a given person providing services to the public on the City's behalf was an employee or a contractor was not something the City unilaterally decided. That was a function of federal law.

Council Member Burt wanted to consider contracting the City's facility to an agency such as the Humane Society. If Silicon Valley was supporting themselves, then the budgeted amount of $500,000 could be sued to provide services within Palo Alto. That could be a hybrid model that certain

functions were City employees and certain functions were Humane Society employees.

Ms. Antel indicated an RFP could include the option to provide services at the City's facility if it was available. Staff would not have an answer on the viability of such a program until they issued an RFP.

Council Member Burt acknowledged the long-term issue of the facility condition and the capital costs associated with that. He asked if it was public information that Mountain View was carrying dollars in its capital plan to contribute to the capital upgrade of Palo Alto's facility.

Mr. Perez reported the City Manager prior to Mr. Keene had discussed with surrounding cities the possibility of sharing the cost of a new facility, given the interest in relocating it. Staff had received a verbal commitment that Mountain View would be interested in doing that.

Leonor Delgado noted the outpouring of support for not outsourcing Animal Services and the Animal Shelter at the previous P&SC meeting, and the P&SC vote in favor of appointing a task force to study the issue and present concrete measures. He asked the FC to recognize that outsourcing was not a viable option. Outsourcing to SVACA would create unacceptable time lags for Animal Control to remove dead animals and intervene in dangerous situations such as dogs running loose. The kind of service that Palo Alto Residents had received in the past through Animal Services would be lost. Outsourcing would also result in no possibility for surrender of found and owned pets. SVACA would accept animals for a fee of $150 animals; however, unemployed pet owners could not afford to pay to surrender their pets. The homeless pet population on the street could conceivably grow by leaps and bounds. Removal of the low cost spay and neuter clinic along with all of Animal Services would result in even more homeless animals.

Carole Hyde represented the Palo Alto Humane Society. They were grateful to P&SC and City Staff for the recommendation of deficit reductions with benchmarks in the Budget of Animal Services. The Humane Society supported the proposal for the creation of a task force to determine options for the best provision of Animal Services for the community and the development of a vision for the future. They would be pleased to serve on the task force and to work with the City to support the work of Animal Services. She would be pleased to answer questions on the Humane Society's proposal. A few things had not been commented on. The goal was to keep the Shelter open and Animal Services localized. To do otherwise

would be a radical departure from 60 years of a policy of Safe Communities. She wanted to include the moral imperative to care for animals.

Council Member Burt asked Ms. Hyde to comment on his earlier question regarding subsidies to the Humane Society in Silicon Valley.

Ms. Hyde noted the Silicon Valley Humane Society was separate from the Palo Alto Humane Society.

Council Member Burt assumed there was an affiliation.

Ms. Hyde indicated all Humane Societies were separate. They were oriented to jurisdiction; however, the Palo Alto Humane Society served regionally and was purely non-profit.

Council Member Burt asked if she knew how Silicon Valley was supported.

Ms. Hyde believed they had a contract with Sunnyvale; otherwise, they were a non-profit organization.

Carol Schumacher, one of the owners of the Mid-Peninsula Animal Hospital, believed she had been accepted to participate on the task force. The animal hospital had received a letter from Animal Services requesting the names and addresses of clients who received rabies vaccines, and they would be happy to comply. She volunteered to answer economic questions regarding spay and neuter costs. She was also interested in disaster planning, and stated both federal and state laws required all jurisdictions to include animals in disaster plans.

Vice Mayor Scharff was not aware a task force had been created, and asked who notified Ms. Schumacher she had been chosen for the task force.

Ms. Schumacher indicated she had not been notified officially.

Mary Donoghue was present when Mountain View voted on the Animal Services issue. Mountain View had to purchase a van for SVACA's use and subsidize the construction of animal space, in addition to the annual fee. She felt there must be a reduction in costs associated with the reduced number of animals surrendered to the Shelter. She had been with the Stanford Cat Network for 20 years, and had seen the results of dumped animals. She suggested there was a market for additional services the Shelter could provide, such as limited, low-cost veterinary care. Residents might be willing to license their pets to save the Shelter. Perhaps Stanford

could support Palo Alto rather than contracting with Crane. She also suggested soliciting corporate donations.

Reine Flexer indicated the Silicon Valley Humane Society received many grants, including one grant of $1 million. She felt SVACA was not ready to offer a spay and neuter clinic or to place animals. Mountain View would receive less services while saving only $40,000 per year. She preferred services be reduced rather than outsourced, and stated services could be reinstituted when the Budget situation was better. SVACA had not provided a definitive estimate, and was not a benefit to the community. She trapped feral cats to have them spayed and neutered, and indicated there were many feral cats in the Mountain View area.

Christina Peck, resident of Mountain View, co-founded the Stanford Cat Network to help abandoned cats on campus. She had also founded a local group to help community cats. It was premature for the Committee to vote on an option for Animal Services. She urged the Committee to accept the recommendation of P&SC to increase revenue by $100,000 and reduce expenditures by $200,000. There were a great many variations of models. She had utilized the spay and neuter clinic for over 3,000 cats in the past 20 years. The spay and neuter clinic would not be part of the contract with SVACA as it was not a mandated service. SVACA had spay and neuter services one day per week for shelter animals, another spay and neuter day for residents' animals, and a third day for non-residents' animals. That did not compare with the spay and neuter clinic at Palo Alto Animal Services. She was concerned that SVACA would not be able to increase staffing.

Scottie Zimmerman wanted to discuss other shelters. He compared websites of other animal services to the Palo Alto website. He noted other websites allowed online donations and had sponsors. He assumed there was income involved with sponsors. The Humane Society of Silicon Valley served only Sunnyvale. He noted there was only one kitten in the Shelter, and there had not been a large kitten population at the Shelter in years. The spay and neuter clinic was beneficial to the community.

Vice Mayor Scharff asked if the Humane Society proposal was that the spay and neuter clinic could increase revenue by $225,000 if Staff worked harder.

Ms. Hyde believed that point would go unnoticed, until Mr. Keene commented on it. The proposal pointed to several unrealized efficiencies in services. The Palo Alto Humane Society spent as much as $150,000 on it's spay and neuter underwriting program, while only $30,000 or $40,000 was redeemed at Palo Alto Animal Services. The remainder went to low-cost clinics in the East Bay, because the Palo Alto clinic did not accommodate the

kinds of animals the Humane Society had. She believed if those animals were admitted, revenue would expand greatly.

Vice Mayor Scharff asked what she suggested the vet do to capture that revenue.

Ms. Hyde recommended the vet spay and neuter all day, until 4:00 p.m. rather than stopping at noon, and all kinds of animals (primarily feral cats) be admitted into Animal Services.

Vice Mayor Scharff inquired if the vet remained until noon.

Ms. Hyde understood from various sources the vet had a short surgical day.

Ms. Stadler reported surgery began between 8:30 a.m. and 9:00 a.m. and ended when all animals had been through surgery, normally around 1:00 p.m. People began picking up their pets at 2:00 p.m. Two vet technicians began work at 6:00 a.m. and departed at 3:30 p.m. The vet arrived between 8:30 a.m. and 9:00 a.m. and departed at 6:00 p.m. or 6:30 p.m. Staff needed time to prepare for the following surgery day and to allow pets to wake up from surgery.

Vice Mayor Scharff inquired if they were City employees.

Ms. Stadler answered yes.

Vice Mayor Scharff asked if they were full-time employees and if they were working the full amount of hours.

Ms. Stadler responded yes. They worked a 9/80 schedule.

Vice Mayor Scharff asked Ms. Hyde to explain the proposal further.

Ms. Hyde was simply recalling the prior production and services of the clinic. That was the basis for the proposed revenue from the spay and neuter clinic.

Vice Mayor Scharff asked if Staff was not working.

Ms. Hyde would not comment on that aspect.

Council Member Price asked if donations and grants were possible for the City.

Ms. Hyde answered certainly. The purpose of a task force would be to review the options and provide a report. Municipal shelters usually operated at a deficit; therefore, the City would have to subsidize it. There were various models for Animal Services, and a task force should be allowed to review that in detail.

Council Member Price inquired about examples of service delivery models that included partnerships.

Ms. Hyde suggested Silicon Valley Humane Society, San Jose Animal Care Center, and Peninsula Humane Society were examples.

Council Member Price inquired if there were foundations that supported these kinds of activities.

Ms. Hyde stated there were brick and mortar foundations for remodeling the facility, spay and neuter grants were available and private donors believed in the Humane Society mission.

Council Member Price asked if services overlapped between Animal Services and the Humane Society.

Ms. Hyde reported the overlap could be humane education, and the Humane Society often partnered with Animal Services in community programs. The Humane Society's spay and neuter work was an underwriting program. They had a program to provide veterinary assistance to people who could not afford the bills.

Council Member Price inquired how a task force would affect Staff resources and time. She noted there was a great deal of public interest in a task force.

Mr. Keene stated the P&SC recommended a task force be appointed by the City Manager to have community members work with Staff. No appointments to a task force had been made, because it was only a recommendation. If the goal was to have a transition plan and strategy in place by November 1, 2012, that was a short time and Staff could not work on that until the Budget was finalized. He preferred some other language than task force, as it was laden with expectations of large size and many meeting. The impact would be large for Staff at this point, because of existing initiatives and Committee meetings. Collaboration with and input from stakeholders was necessary for generating ideas and sharing research. He proposed something less formal than a task force. This was not the same as the Infrastructure Blue Ribbon Commission.

Council Member Price felt a real issue was Staff's workload. She inquired which service option would continue if a task force were appointed with a defined scope and a stated schedule.

Mr. Keene said that was dependent on the gap that needed to be closed. He recommended closing the full gap of $500,000. The number of animals being served would be reduced by one-third with the departure of Mountain View, and there should be a commensurate reduction in costs. The assumption needed to be when the fiscal year began July 1, 2012; Animal Services would remain in status quo until November 1, 2012. However, to the extent Staff could identify revenue changes and expenditure reductions, those would be implemented as quickly as possible to increase cost savings.

Council Member Price asked if the numbers reflected the loss of Mountain View costs and revenue.

Ms. Antel reported the numbers had been adjusted for the one-third of the year Mountain View was a member of the agreement.

Council Member Price inquired if the Budget assumed the reduction in number of clients as well.

Ms. Antel stated the detail in the report provided to P&SC backed out the revenues.

Council Member Price asked if a revised service model assumed fewer clients.

Mr. Keene answered yes. For the most part, the options in the Staff Report were designed to accommodate the reduction in service demand from the loss of Mountain View. Those cuts generated the $366,000 amount. That did not mean there would not be service impacts on Palo Alto.

Council Member Burt noted the Fiscal Year 2013 Budget included subsidy revenue from member cities and retail revenue from individual services. He asked if the Fiscal Year 2013 Budget factored in loss of retail revenue as well as the subsidy.

Ms. Antel stated it was difficult to reduce the operational costs of the Shelter by one-third, because Animal Control Services did not line up in terms of the total cost of revenues.

Council Member Burt noted item 7 on the user fee study summary sheet was veterinary services other than spay and neuter, and inquired what kind of services were these and why was cost recovery so low.

Ms. Antel reported those veterinary services covered injured animals brought to the clinic. Those costs were not recovered if the animal was not claimed by its owner.

Ms. Stadler stated outgoing costs were recovered if someone redeemed an injured pet. Unfortunately, the cost recovery was low for those situations.

Mr. Keene noted 61 percent of costs were recovered for spay and neuter, yet 76 percent of animals spayed and neutered were outside the member cities. Palo Alto citizens were subsidizing a service to people outside of Palo Alto and the member cities. That raised important policy questions of who decided where taxpayer money was spent.

Council Member Burt felt there were far too many unanswered questions concerning SVACA's policies on surrender, spay and neuter, and capacity. He wanted specific statements from SVACA on those issues and to have a site visit. He stated a decision would not be made tonight, yet there was not much time to reach a good decision. Stakeholders had emerged during the process and would be easy to identify. Perhaps the SVACA model adequately addressed emergency response plans, but it was unclear how that need was fully met by SVACA. He wanted to understand if there were hybrid models that could leverage non-profit services being provided for some portion of current services. The FC could not achieve budgetary savings with these questions pending, yet it needed to move forward on the Budget. He asked Staff what they were comfortable with in terms of how to proceed on the Budget element given the discussions.

Mr. Keene suggested the FC direct Staff to prepare a Budget that maintained Animal Services in-house, but closed the $500,000 gap through a combination of revenue and expenditure changes in this fiscal year. That Budget would not be ready next week, but Staff could have a good idea of the components by Wrap-up. It would be a mistake to ignore the reality of a $500,000 gap, and the FC should direct Staff to close the gap as part of this Budget.

Council Member Burt said this Item would be a placeholder budgetary item.

MOTION: Council Member Burt moved seconded by Vice Mayor Scharff that we have $500,000 dollar reduction in deficit for Animal Services for Fiscal Year 2013, the service would remain in Palo Alto for Fiscal Year 2013, and

City Manager, upon engaging with stakeholders on alternative approaches, will include recommended means to achieve those objectives subsequent to this Committee meeting.

Mr. Keene stated Staff could have a better sense of the risks by the time the Budget was adopted; however, practically it would be after adoption of the Budget. Engaging with the community and research would require time.

Council Member Burt wanted to include within the Motion that this was $500,000 in this cost area or something approaching that with commensurate savings elsewhere in the Budget.

Mr. Keene saw that as a default issue. It was important to maintain pressure to accommodate the costs. The Humane Society had noted opportunities for rethinking services and programs.

Council Member Burt removed the modification from the Motion. If something was presented that was a variation, the FC would consider it at that time.

Vice Mayor Scharff asked whether imposing fees was the remaining area to consider reaching the $500,000 amount from the $372,000 savings of Option 2.

Mr. Keene agreed. Staff wanted to understand the implications of these changes in service.

Council Member Burt indicated it was also revenue and volume potential.

Vice Mayor Scharff expressed concern with eliminating the Volunteer Coordinator position. If Animal Services continued in Palo Alto, volunteers were worthwhile. He supported the motion, and felt the FC had to close the $500,000 gap.

Chair Shepherd asked if the real costs for running this operation was $1.7 million.

Mr. Keene indicated the costs were in the range of $1.7 million to $1.9 million.

Chair Shepherd inquired if the $366,000 in net savings for Option2 was coming off the $1.7 million.

Mr. Perez answered yes.

Chair Shepherd said the City would be sharing in this reduction of personnel with partner cities. She wanted to make clear this was not all Palo Alto's savings.

Mr. Keene indicated it was both in net and gross. The City would have conversations with its partners about that.

Chair Shepherd asked if Los Altos and Los Altos Hills were interested in moving to SVACA or were they interested in reducing services to be competitive with SVACA.

Mr. Keene reported they had been happy with the relationship, and they wanted to stay with Palo Alto. Their flexibility, given their scale, was limited. A significant change in their contribution amounts could drive them to an alternative.

Chair Shepherd stated this was a lot of employees for the City to carry. A public-private partnership and keeping services local would be ideal. She noticed that net costs had been $700,000 and $500,000 was already booked, so they were trying to craft out $200,000. She indicated a friends group was needed for Animal Services.

Council Member Price supported the motion. Her biggest concern was long-term implications of changes in service. She was also concerned about Staff's capacity to manage a stakeholders group. She assumed Staff would indicate what they could not do to achieve this.

Vice Mayor Scharff indicated the stakeholder group should not require a large amount of time, and encouraged limiting the groups to a small number of members with few meetings.

Mr. Keene suggested it was easy to be effective and efficient by design. The Council had directed Staff to work on several other projects simultaneously, and a small group of Staff supported these policy analyses and citizen interfaces.

MOTION PASSED: 4-0

Mr. Perez noted Staff had presented a recap of the Police Budget earlier.

Penny Ellson was speaking as an individual, because the City School Traffic Safety Committee had not reviewed the Budget or taken a formal position. The City had one Supervisor and seven Officers on the Traffic Team in

approximately 2000. The Traffic Team was currently budgeted for four members, which was the bare minimum for an effective team. She recognized there was a problem in organizing the Department to work with the limited number of bodies. She encouraged the FC not to eliminate the Traffic Team. Eliminating the Traffic Team would remove the enforcement arm of the Safe Routes to School Partnership. The Traffic Team's involvement in education programs had been important in the evolution of good programs. The Traffic Team interacted with children differently than Patrol Officers, because they understood the development differences of children. They approached children with the goal of educating them to be safer road users.

Council Member Burt inquired for the percentage of children who biked and walked to school.

Ms. Ellson reported approximately 46 percent of elementary students used foot-powered modes of transportation, 54 percent used alternative modes of transportation. Bicycling counts had increased significantly at the secondary schools. It was important to understand they were laying the groundwork in elementary school for actions in secondary school. Secondary schools had higher percentages of students bicycling, and it was impossible to count the students who walked.

Council Member Burt asked for an explanation of the use of the Traffic Team and volunteers.

Ms. Ellson indicated people thought the solution to a traffic problem on a school commute route required police involvement. A dedicated Traffic Team was a draw for volunteers; however, once volunteers understood the program, they understood it was a cooperative problem solving process.

Council Member Burt asked for an explanation of her perspective of having dedicated police personnel for coordination.

Ms. Ellson explained the Traffic Team had a seat on the City School Traffic Safety Committee. The Traffic Team provided a great deal of information to the Committee about education programs and traffic problems. The Traffic Team shared information from Committee meetings. That kind of cooperation has resulted in progress.

Council Member Price wanted to hear her perspective regarding the importance of the Traffic Team as it supported efforts to find funding for Safe Routes to School.

Ms. Ellson reported the fact that there was a comprehensive Safe Routes to School Program helped them receive the VERBS grant. She thought there would be opportunities to investigate grant dollars to support the enforcement arm in some way.

Council Member Price asked for a history of the Traffic Safety Team, current staffing, and how redeployment would affect the Team and safety, education and enforcement issues.

Captain Ron Watson indicated in 1995 there were a sergeant and five officers on the Team. In 1996 the City increased the Team to one sergeant and six officers. In 2000, another officer was added. In 2004, three members of the Traffic Team were eliminated. Two years ago, one more position was eliminated. Today there were one sergeant and three officers. There were 92 allocated sworn positions, 14 vacancies, 3 people on disability, and 1 person in the academy within the Department. Those 18 positions represented approximately 20 percent of the Department. It was not unusual for the Department to have ten Staff not on the street at any given time. The real impact was losing 13 positions within the last ten months. The normal hiring process and ability to find applicants had not kept up with that. July 1, 2012, the Department would probably consolidate the two remaining Traffic Team members into Patrol Operations. Those two positions would be assigned to regular patrol teams on day shift, and would have a specific assignment of continuing traffic enforcement under the supervision of a patrol sergeant. Their primary mission will continue to be prevention of traffic accidents, school commute safety, general traffic enforcement, and representation on the City School Traffic Safety Committee. Other officers on dayshift would have to assume a greater role in terms of traffic safety efforts at the school and increased traffic enforcement. Two Traffic Team members were injured for most of the year, so having only two officers would not be that much different. The Department did not have the numbers to place a supervisor and four officers on that Team. He hoped the Department could gain some Staff and then bolster traffic as well as other divisions.

Council Member Price inquired if there was a method to accelerate recruitment.

Mr. Watson stated recruitment was a priority. He had been meeting regularly with personnel and training to ensure they had the necessary resources to hire employees. The first problem was finding qualified applicants; 300 applicants had been reduced to six being considered for employment. The time from application to working solo on the street was approximately 16 months.

Vice Mayor Scharff asked how many vacancies the Department had last year.

Mr. Watson noted 13 Staff were lost in the last ten months, and one had been hired. The Department was short 11 in December and had lost three since then. They were considering shift change this year after losing 13 Staff from shift change last year. It was hard to do the same thing the same way.

Vice Mayor Scharff inquired if the proposal was to freeze six positions and hire another eight positions.

Mr. Watson stated it was a freeze of seven, and they could hire seven today.

Vice Mayor Scharff asked if the Traffic Team was operating independently or in the model he mentioned.

Mr. Watson reported it was operating this year as a Traffic Team with the caveat that it was half a Traffic Team due to injuries.

Vice Mayor Scharff asked why eliminating six positions and retaining the Traffic Team was not feasible.

Mr. Watson stated if he had those other six positions, he could do that. The reality was new hires would attend the academy in July 2012, and they would be solo officers at this time in 2013. The Department would not have that capability at the beginning of the Budget Year or the school year. As officers were hired, they could reinstate a Traffic Team.

Vice Mayor Scharff asked Ms. Ellson if her concern was losing the Traffic Team permanently.

Ms. Ellson indicated one of her concerns of eliminating the dedicated Traffic Team was the necessity to rebuild a team if it was reinstated.

Vice Mayor Scharff inquired if there could be a dedicated Traffic Team if six or seven Staff were hired.

Mr. Watson said if he could have seven officers who could work solo tomorrow, he could do that.

Vice Mayor Scharff suggested there was no choice but to do something between now and the time those officers could be trained. He was concerned about losing the knowledge and structure of the Traffic Team.

Ms. Ellson indicated when the Department reached full staffing; she did not want to fight to rebuild the Traffic Team. She understood temporary reorganization was necessary at the current time. She was uncomfortable giving up the current Team because it worked very well.

Vice Mayor Scharff asked if Staff agreed with continuing the Traffic Team when six or seven Staff were hired.

Ms. Antel reported Staff was not recommending elimination of those positions, because they were needed. The issue was as ranks decreased, overtime increased, which was the reason for filling those vacancies.

Vice Mayor Scharff inquired if Staff wanted to fill vacancies beyond seven positions by freezing six positions.

Ms. Antel stated the seven or eight positions provided enough staffing in the regular patrol schedule to allow a focus on traffic.

Vice Mayor Scharff indicated the following year's Budget would include these positions.

Mr. Keene stated Staff was not ready to eliminate these positions. When the proposal was presented, Staff was focused on freezing them as a cost savings, and it gave Staff the opportunity to determine the impacts and allowed the Department to rethink providing services without those positions. If the Department was fully staffed except for these six or seven positions in the following year, it was possible to make it all work and save money.

Vice Mayor Scharff was confused as to what was being asked of the Committee. From a practical point of view, there were 13 vacancies, yet Staff was proposing not hiring six positions that would not be hired anyway. The issue was, after hiring those people, keeping the Traffic Team intact without losing the institutional knowledge and structure.

Mr. Watson suggested he was looking at two different issues. Normally the Department would fight to prevent freezing of positions. It made sense to freeze those positions that would not immediately impact the Department. Once all authorized hires had been completed, then they could discuss whether or not to release freezes. The Department had Staff filling two

positions, and would make adjustments. Freezing the positions was a budget situation that the Department could not object to.

Mr. Keene explained freezing a position meant it would be excluded from the Budget, whereas a vacancy was a funded position. Staff was not going to fill these positions this year and would reduce the Budget. If Staff did not do that, they would have to cut a service from another part of the City to keep a Budget appropriation for an expenditure Staff could not make. He did not care about the programatic changes; the Chief would have to determine the best deployment of those Staff.

Vice Mayor Scharff did not understand the purpose of freezing positions, and asked how it worked.

Mr. Keene explained when Staff budgeted money for a Department, the Department was authorized to spend it. Whether or not the Department spent the money was a different issue. When Staff froze positions, they were unauthorizing the Department to spend funds, and actually were giving the funds to another Department to spend. In that case, Staff was ensuring another service area was not cut. If these were the only vacancies and they were frozen this year, then Staff would be in a position to discuss next year the possibility of returning them to the Budget or permanently cutting them. He believed freezing rather than eliminating the positions was the advisable course.

Council Member Burt inquired whether a surplus was created at the end of the year by allocating funds in the Budget but not spending them. He noted some years had resulted in a surplus, and other years had unexpected expenses resulting in deficits. He asked if Staff anticipated a portion of anticipated savings would move to overtime because of these vacancies.

Mr. Watson stated the following year would not be any different than most years. The Department always carried a certain number of vacancies, and they offset the overtime beyond the normal overtime budget. It was traditional that salary savings offset additional overtime. Because the vacancies would not be filled prior to July 1, 2012, the Department would begin accruing salary savings to offset overtime. Overtime had increased because of the 14 vacant positions, but still in the range to be offset by vacancies.

Council Member Burt indicated there were two potential categories of vacancies that could impact overtime: the allocated positions that may not be filled, and the frozen positions. He inquired if the Department would have overtime that filled in for the frozen positions.

Mr. Watson believed the vacancies beyond the frozen positions would cover overtime.

Council Member Burt asked if the Department would incur additional overtime to backfill the frozen spots.

Mr. Watson replied no.

Council Member Burt inquired if the two Traffic Team member who were out due to injuries were scheduled to return.

Mr. Watson reported one was back and one remained out.

Council Member Burt asked if there were three qualified people for that area.

Mr. Watson stated there were two officers and a supervisor.

Council Member Burt wanted a process to confirm the Department was staying on track in supporting those functions. He suggested Staff and stakeholders report in the fall to make policy decisions if adjustments were needed. At a policy level, the City had a commitment to support this function.

Mr. Watson agreed and indicated Ms. Ellson would notify them if the program was working.

Council Member Burt noted the dedication of the officers in this group to serving those needs.

Chair Shepherd was surprised to see the Budget being balanced with police officers. She understood the reconfiguration with fire fighters, but wanted a better explanation for the redeployment of police officers. She felt the increase in students biking and walking was beneficial and needed to be protected. This was a way to keep kids safe, and that was important to her as well. She asked whether the resource officer was still in the schools.

Mr. Watson indicated there was one position and it was staffed.

Chair Shepherd asked if the City controlled the amount of fines for drivers in school zones during the commute.

Mr. Watson stated almost all tickets for moving violations tended to be $150 to $200 and, with court fines, totaled $400 to $500. He did not believe

there were enhanced fees for school zones; however, officers were more likely to write a ticket in a school zone.

Chair Shepherd asked if those charges were set by the County.

Mr. Keene believed those were set by the State. The Department had complete discretion as to issuing a warning or a ticket.

MOTION: Council Member Burt moved, seconded by Vice Mayor Scharff that Staff's recommendation with the additional language that the Police Department to Safe Routes to School to continue the longstanding policy of the City and City Council and that we want a report back in the mid-fall of implementation of the staffing method in the traffic.

Vice Mayor Scharff believed the Safe Routes to School and its infrastructure needed to be protected.

Council Member Price reiterated the importance of filling those positions, and noted the impacts of additional responsibilities and overtime.

Chair Shepherd wanted to hear how the redeployment of officers was being managed and made contemporary. She wanted to ensure the community was being taken care of while the Department was being right sized and redeployed.

MOTION PASSED: 4-0

Mr. Keene stated this was a sea change in government, and a symptom of his discussions with Council regarding degree of change, recruitment issues and competition. In this particular case, the City had Penny Ellson watching, but there were other areas without a watch dog or advocate. There were other gaps in the City that the Council was not aware of or that were moving around. He thought the next several years would have this kind of flux, a radical departure of people. The baby-boom generation and State benefits had enabled that. The City would have holes in the organization from time to time, and it could have a dramatic impact on the City. This was a reflection of the dynamic.

3. Fire Budget

Sr. Financial Analyst Christine Paras reported Citywide changes totaled $426,491, and personnel benefit costs increased by $166,000. Details for this could be found on page 204 of the Proposed Operating Budget. There

had been an increase of $900,000 because of retiree medical costs, most of which were offset by International Association of Fire Fighters (IAFF) concessions achieved in the fall of 2011. Allocated charges increased by $300,000, most of which was due to the Information Technology (IT) allocation charge. The City received a credit in billing that offset the reimbursement from Stanford for fire contract services. The ambulance fee increased by $300,000, comprised of a $186,000 increase for emergency medical services response and $135,000 to align the Budget with actual trends. There was an increase of $400,000 for Development Center revenue. Staff estimated municipal fee increases of $100,000. Revenue clean-up items decreased by $40,000. The Department proposed to reduce its temporary Staff by 1.48 Full-Time Equivalents (FTE), to increase regular positions by 3.5 FTEs, and to eliminate 9 FTEs related to the closure of the Stanford National Accelerator Laboratory (SLAC) Fire Station. Offsetting that, the Department proposed an increased service level for emergency response. In line with Fire Study recommendations, the Department proposed adding 0.3 FTE and 1 FTE Fire Inspector, and reallocating 2.5 FTE from Police for administrative oversight and assistance. The Department proposed a one-time freeze of 6 FTEs related to proposed flexible staffing. Also included in the salary changes was a reduction of overtime of $600,000, related to adding 6 FTEs in emergency response and staffing that with actual FTEs rather than through overtime as had occurred in the past. The proposed closure of Station 7 was initiated by Stanford, and the proposal was to eliminate nine Staff and some supply and material costs. The net cost of closing the station after the Stanford reimbursement revenue offset of 30.3 percent was a savings of $900,000. The second proposal was to freeze 6 FTEs in flexible staffing as a result of revised minimum staffing requirements achieved in concessions with IAFF. The Department proposed to reduce overtime by $200,000. The expense increase for the increased level of emergency response service was $500,000. This proposal would double the response availability of Medic 2 with regular employees rather than overtime, which had been done in the past. The net cost, including revenue that Staff anticipated from increased availability, was $200,000, which was offset by the Stanford reimbursement. The net cost of this increased level of service was $241,000. She noted Staff achieved salary and benefit concessions with IAFF totaling $1.57 million. The Department completed the Fire Utilization study, and recommended re-classing an EMS (Emergency Medical Service) Coordinator to an EMS Chief and adding an EMS Data Specialist and a Geographic Information System (GIS) Specialist. There was an $87,000 increase for other changes.

Assistant City Manager Pamela Antel added there were a number of changes yielding a tremendous amount of savings. Staff had placed resources in

areas where they were needed, which was a benefit of not only the Fire and Resources Utilization Study, but also the work by the Fire Command Staff to rethink delivery of services. The total savings was approximately $2.3 million.

Council Member Price inquired about the implications of freezing the position of Program Assistant in the Office of Emergency Services (OES).

Ms. Antel reported the plan was to hire an OES Director, then a Program Coordinator and lastly a Program Assistant. Staff wanted to see the outcome of the OES Coordinator and the work being performed.

Council Member Price asked for a dollar amount for the Stanford reimbursement reduction of 30.3 percent.

Ms. Antel explained Stanford had agreed to reimburse the City 30.3 percent of the total cost of fire services. With the closure of Station 7, the City agreed to review the reimbursement rate based on the new level of service. A Fire Study consultant was working to determine the appropriate reimbursement rate. Not knowing an exact number, Staff placed a number in the Budget to represent that amount, and hoped to have a reconciliation in the next 60 days.

Mr. Keene reported the SLAC cut was approximately $1.8 million, so 30 percent of that would be the offset amount.

Council Member Price inquired if the City was in the process of renegotiating the terms of the agreement and the percentage.

Ms. Antel responded correct.

Council Member Price inquired whether the methodology was unique to this area.

Ms. Antel indicated Staff had met with Stanford and the consultant, and they would make a series of recommendations. The percentage would be based on quantifiable items such as calls for service, value of the property being served, specialized equipment and a variety of other things. That report would be provided to the Council when it became available.

Council Member Price asked what the general term of that type of agreement was.

Assistant Director of Administrative Services, David Ramberg stated the agreement was renewed in 2006 and expired in 2056.

Administrative Services Director Lalo Perez stated pending negotiations would potentially impact the Budget at some point.

Vice Mayor Scharff inquired whether Stanford asked to reopen negotiations because of the closure of Station 7.

Ms. Antel replied yes. The City charged Stanford 30.3 percent, and Stanford split that allocation between its general budget and SLAC Department of Education (DOE). The City did not participate in determining the allocation of costs to DOE.

Vice Mayor Scharff stated Stanford now had to pay all of it from its general budget.

Ms. Antel explained the amount Stanford allocated to Station 7 was greater than the amount the City allocated for operational costs for Station 7.

Vice Mayor Scharff inquired if the agreement had a renegotiation clause.

Ms. Antel responded there was a triggering mechanism.

Vice Mayor Scharff asked what happened if an agreement was not reached.

Ms. Antel explained much of the agreement was difficult to track, because there was not an exact method for determining the origination of the 30.3 percent. The City and Stanford had agreed to renegotiate the agreement.

Mr. Ramberg corrected the agreement expiration date from 2056 to 2026. The agreement began in 1976 and expired in 2026; the City renewed it with the same term in 2006.

Fred Balin of the College Terrace Residents Association stated he expected a Staff Report prior to the meeting; however, he learned the Proposed Budget stood in its place. He read note 2 on page 201. He had to infer and confirm that the vehicle would be Engine Company 2 at the Hanover Street Station

alone. Taking Engine Company 2 out of service would increase response times within the district. If the plan was approved, he expected the impact to be felt quickly; because of the additional daytime summer staffing that occurred at Station 8 in the Foothills. The College Terrace Residents Association had researched the proposal and related studies, communicated with the Fire Chief and Department personnel, and kept neighbors apprised. They were pleased to learn that paramedic staffing at Station 2 was proposed to return to 24/7 dedicated staffing. They were concerned about a brown-out of Engine 2. They understood it was a one-year trial, but it also stood within the context of the consultant's recommendation to merge Stations 2 and 5 into a new location near Foothill and Arastradero. He stated there would be construction of approximately 185 units of predominantly multi-family housing in Research Park adjacent to College Terrace after the deadline of December 2013 for submittal of building plans. He trusted the City would carefully study the matter of any degradation in engine company response and how to equitably apportion any required service cuts within the community.

Brent Barker of the College Terrace Residents Association reported the station on Hanover Street would be cannibalized if there were vacancies at other stations. He indicated three people were needed on the truck and, if one was removed, the engine would be out of service. He did not know the specifics, but hoped the FC would not rush into a decision before understanding the budgetary considerations as well as the risk imposed on the community served by that particular station. Taking one station and cannibalizing it for the others put an undue burden on that community. He stated there was increased marginal risk of response time by not having an engine available. He believed that risk should be dispersed more broadly throughout the community, possibly by rotating it on a monthly basis.

Council Member Price asked Staff to respond to comments made by the public. She asked if Staff had examined the concept he proposed.

Ms. Antel reported the Fire Department and Staff had studied the recommendations in the Fire Utilization and Resources Study for more than a year. She suggested an overview of flexible staffing, why it would work, and its basis.

Deputy Fire Chief Geoffrey Blackshire stated there were several things to consider when discussing the flexible staffing model. Engine 2 was selected because the Hanover Fire Station was special for several reasons. First, the location was centralized. The Fire Utilization and Resources Study showed that Station 2's response time of 4:03 was faster than other stations. If

Engine 2 was not in service, then Rescue 2 would respond to medical calls and fire calls within that particular district. However, the rescue vehicle did not have water, so there was a different level of service. Engine 2 responded to 19 different response areas, and had the least amount of calls since Engine 7 had been out of service. With medical calls having a higher volume of response, the rescue vehicle would pick up those calls if the engine were out of service. The rescue vehicle alone ran slightly more than 1,000 calls in the prior year, with Engine 2 just below that at 1,000. Because Engine 2 and Rescue 2 responded to approximately 275 calls together, Rescue 2 would pick up approximately 1,800 calls total in a year. Another consideration was mileage; by June that apparatus would have 200,000 miles on it. Engine 2 responded first to Stanford campus. He indicated the Stanford side of the campus extended to College Terrace, and Engine 2 was first in that district. By Fire guidelines, Fire Staff could hypothetically respond on medical calls within a decent amount of time. The rescue vehicle was not limited to that district alone, and responded to all fires, structure responses, and vehicle accidents on Highways 101 and 280. Because of this, it was not always located in that district to respond to emergencies. If it was eliminated, there would only be a medical vehicle and not an engine. Staff considered several things: the district, the apparatus, and the level of calls. Based on information from the Utilization Study, that was the rig selected for flexible staffing.

Ms. Antel asked him to comment on which engine could respond in place of Engine 2.

Mr. Blackshire stated there was a response order for apparatus if an engine was out of service. If the order was Engine 1, Engine 2, Engine 3 and Engine 2 was out of service, then the order would be Engine 1, Engine 3 and the next due engine. If Engine 2 were out of that order, then Fire Staff would take the next closest apparatus to respond to that emergency. All of these response zones were based on time trials performed approximately ten years ago. Station 2 responded more than any other in the City, because it was centrally located. That's why that ambulance was effective. He explained the response area was large, because it extended from El Camino to Greer and Sheridan, and to Skyline. If Engine 2 was eliminated, the next due engine (depending on where it was located) could be Engine 3 on Embarcadero, Engine 5 on Arastradero or Engine 6. Those engines were not in the immediate response time, because of the time trials. Fire Staff would take the next engine in the response order and move it in.

Chair Shepherd asked if the FC needed to address the memo at places on this Item.

Mr. Perez stated it did not impact the Fire Department Budget.

Ms. Paras reported Staff proposed reallocating a couple of Fire positions from the General Fund to Utilities and Public Works Enterprise. Staff had outlined the FTE changes. For example, Staff wanted to move 0.08 FTE of Fire Marshal to Utilities, which would provide net help of $40,000 to the General Fund. The offsetting Stanford reimbursement for these costs would be $17,000.

Chair Shepherd asked if Staff needed a Motion incorporating that information.

Mr. Perez requested the FC add this information to any Motion to approve the Budget.

Vice Mayor Scharff noted the proposal to freezing 6 FTEs, and asked what those FTEs would normally do.

Deputy Fire Chief Catherine Capriles explained currently those 6 FTEs were being moved around, but they would eventually be all line personnel; two fire fighters, two operators and two captains.

Vice Mayor Scharff inquired if the positions were being frozen because they were vacant.

Ms. Capriles responded correct.

Vice Mayor Scharff asked if those positions were needed.

Ms. Capriles replied yes. These positions would affect the flexible staffing scenario in that it would happen more often.

Vice Mayor Scharff noted there was not an issue with adding positions when they were needed. He inquired why Staff wanted to hold these positions rather than eliminate them.

Ms. Capriles reported Staff would perform an analysis of flexible staffing to determine the effect it had on responses and whether it was an acceptable change in response service levels.

Vice Mayor Scharff asked for a response from the City Manager's Office.

Sr. Financial Analyst Amber Cameron reported the six frozen positions were connected to the flexible staffing scenario, in which Engine 2 would be taken out of service when staffing fell below a certain level on any given day.

Ms. Antel indicated Staff had determined that flexible staffing for Engine 2 could be implemented safely based on the numbers from throughout the City. Based on the prior year's Fire Staff absence rate, 6 FTEs was the equivalent number of positions that could potentially be eliminated from the Budget. However, Staff wanted to ensure the program worked practically as well as theoretically before eliminating the positions.

Vice Mayor Scharff suggested eliminating the positions now, and adding them later if the program was not feasible.

Ms. Antel explained Staff preferred to keep the paper trail in the Budget with the number of FTEs to prevent future confusion. She stated in theory those positions could be eliminated, and Staff would ask the FC to add them in the future if the program did not work out.

Vice Mayor Scharff did not think this issue related to SLAC.

Ms. Antel agreed it did not relate to SLAC. She reported SLAC provided an opportunity for Staff to place resources in other areas.

Mr. Keene thought it was slightly different than the Police situation. Staff had performed a study and time comparisons. Staff needed to determine if flexible staffing could work, and would perform a study on operational issues after adoption of the Budget. He felt the risk with Police was slightly higher than in this particular situation. He stated there was a net increase in FTEs on paper, along with a footnote indicating the true meaning of the freeze. Given some of the objectives Staff tried to achieve in Fire Service in terms of overall staffing, an elimination in the Budget would accurately reflect these objectives. Staff could support eliminating the positions with the understanding that, if flexible staffing was not feasible, Staff could request adding the six positions.

Ms. Antel suggested the FC was not comfortable with freezing the positions.

Vice Mayor Scharff agreed with the City Manager that the Police situation was riskier. He noted with Fire a study had been performed, it was well thought out, and Staff had negotiated minimum staffing. He did not feel

there was a downside to eliminating the positions and making a structural change.

MOTION: Vice Mayor Scharff seconded by Council Member Burt to tentatively approve with the changes eliminating the 6 FTE.

Mr. Keene confirmed the six positions proposed to be frozen would actually be eliminated.

Vice Mayor Scharff thought the FC should make structural changes in the Budget. He felt data indicated the 6 FTEs could be eliminated, and the positions could be reinstated if flexible staffing did not work out; although, Staff would need to justify reinstating the positions. He indicated there was a precedence for adding positions. He thought Staff was not eliminating positions in one area and then adding positions to the entire Department. Rather Staff was freezing or eliminating positions, which was more transparent to the public.

Mr. Keene agreed that was a better recommendation. Staff had indicated its willingness to reduce capacity and to find ways to redeploy. The City had a growing demand for emergency response and less for fire, and was adding 6 FTEs in emergency response. This shift of positions would allow the City to provide better service.

Council Member Burt thought freezing positions did not present an accurate picture and did not demonstrate the efforts being made to control costs. He inquired about current overtime amounts for the Department.

Mr. Perez reported the Adjusted Budget for 2012 was $2.3 million, and the actual number for 2011 was $2.1 million.

Ms. Capriles indicated the overtime amount for the current year would be high, because vacant positions were filled through the use of overtime. The overtime budget for 2013 would be different, because of eliminating the 12-hour medic van and adding FTEs in emergency response.

Council Member Burt expressed concern regarding the historic pattern of overtime in both the Police and Fire Departments. He wanted assurance that the projected overtime amount for 2013 would be close to accurate.

Mr. Perez noted Staff presented a clean-up Budget Amendment at year end, and clearly explained the adjustments between areas of savings and areas of deficits. Staff projected an overall deficit for 2013 because of retiree medical benefits; however, Staff projected a surplus for 2012.

Ms. Capriles felt flexible staffing would contribute to the elimination of overtime.

Council Member Price inquired if Staff knew the amount of estimated overtime for the Foothill Station.

Mr. Perez explained the FC had requested quarterly updates; therefore, Staff tracked such items as out-of-area fires and reimbursement for that. He stated $280,000 was the amount of overtime for the Foothill Station.

Council Member Price thought the original proposal concerning freezing 6 FTEs was reasonable. She stated freezing positions did not add to costs, and interpreted freezing positions as a placeholder.

Chair Shepherd supported the Motion, because of the study with the Fire Department. She expected this to return holistically with recommendations.

Ms. Antel noted an update of Fire Resources Study recommendations was scheduled before the Policy & Services Committee in June 2012, and that would be made available to the Council.

Chair Shepherd inquired whether one Fire Chief position was vacant.

Ms. Antel responded yes. The City was recruiting a new Fire Chief/Assistant Director of Public Safety.

Chair Shepherd stated the Study indicated the City should have a Public Safety Director who served over both Departments. She asked if Staff had decided not to follow that recommendation.

Mr. Keene indicated the Fire Chief would report to the Public Safety Director.

Chair Shepherd asked whether Fire Chief Dennis Burns would serve in two roles.

Mr. Keene said Chief Burns was serving as Public Safety Director with Fire Command, with a vacancy in the Chief position. The Police Department was also reporting to Chief Burns.

MOTION PASSED: 4-0

Mr. Perez stated at the May 10, 2012 meeting, expenditures for the Administrative Services Department (ASD) Budget were decreased by $106,000. Some of those funds would be allocated to the General Fund, resulting in a positive net of $58,000. Fire Department expenditures decreased by $40,000, because they belonged in the Enterprise Funds. They were just short of $1 million. Staff would ask for $125,000 for the City Attorney Contingency Fund during non-departmental Budget Wrap-up. These changes assumed the FC's latest direction on the $500,000 for Animal Services.

Chair Shepherd said Staff began with a negative of $1.22 million, which was not accurate, because Staff was taking from Budget Reserves in order to fund two one-time items.

Mr. Perez suggested having a Motion concerning that at Wrap up.

Chair Shepherd requested Staff place that with the attorney's fees. There were two items, one for IT.

FUTURE MEETINGS AND AGENDAS

Mr. Perez reported a consultant would be available to speak regarding gas rates. Staff would possibly request the FC to amend the order of the Agenda at the next meeting in order to hear from the consultant.

ADJOURNMENT: The meeting was adjourned at 10:48 P.M.

City of Palo Alto
City Council Staff Report

(ID # 3001)

Report Type: Action ItemsMeeting Date: 7/23/2012

Summary Title: Proposed Revenue Increases and Expenditure Reductions for Animal Services

Title: Public Hearing: Proposed Revenue Increases and Expenditure Reductions for Animal Services

From: City Manager

Lead Department: Police

Recommendation
Staff recommends that the Council review the proposed Animal Services revenue increases, expenditure reductions, and staffing allocations and approve the adoption of the municipal fee changes related to Animal Services.

Background
The City Council approved a $449,105 reduction to the net cost of Animal Services to the City as part of the FY 2013 budget. Staff sought feedback from a Stakeholder Group comprised of Palo Alto Animal Services (PAAS) shelter staff, Friends of the Palo Alto Animal Shelter, area humane societies, private veterinarians, and other interested individuals to discuss and determine how best to reduce the budget, increase revenues and/or engage in partnership while still providing the high level of service the community has experienced in past years. While the Stakeholder Group is still meeting, staff has developed a proposal with Stakeholder input to achieve the budget reduction with on-going, structural expenditure reductions, fee revenue increases (which are outlined in this CMR) and the one-time use of some donations.

Table 1 outlines the financial impact of the proposed changes with both the timeline in FY2013 as well as a scenario showing the annualized impact. The revenue amounts shown below are the net impact of the proposed revenue increases. The gross revenue that will be added to the FY2013 budget will be $302,437 which includes the one-time donations, and the 5% technology fee and other fee increases already accounted for in the FY2013 Adopted Budget.

Table 1: Financial Impact of Proposed Changes

Revenue Increases	Effective August 1	Annualized Scenario

Spay/Neuter Revenue Increase - Increase volume by 25%, booking 3,000 appointments annually - Increase Resident/Partner City Fees by average of 22% - Increase Non-Resident/Partner Fees by average of 50%	$131,810	$143,793
Dog Licenses - Increase volume by 30% through partnering with local veterinarians - Increase fees to all owners by average of 23%	$25,553	$27,876
Vaccination Revenue - Increase fees to all customers by 33%, except for rabies vaccination	$8,931	$9,743
Adoptions - Increase fees to all customers by 25%	$3,609	$3,938
One-Time Donations (new in FY 2013) - Santa Clara County $47,000 - Matties Fund $25,000 - Anonymous Donation for Volunteer Coordinator $35,000	$107,000	$0
Total Additional Revenue	**$276,903**	**$185,349**

Expenditure Reductions	Effective January 1	Annualized Scenario
Eliminate 1.0 FTE Animal Control Officer	($45,635)	($91,270)
Eliminate 1.0 FTE Supervisor Animal Services	($64,909)	($129,818)
Eliminate 0.5 FTE Volunteer Coordinator (Saved for FY 13)	N/A	($56,213)
Eliminate 0.10 FTE Hourly Veterinarian, effective July 1st	($7,125)	($7,125)
Total Expenditure Reductions	**($117,669)**	**($284,426)**
Draw from Donations Received in Prior Fiscal Year	**$54,533**	**-**
Total Placeholder Impact	**($449,105)**	**($469,775)**

Discussion

Staff's proposal is comprised of approximately 40% revenue increases and 60% expenditure reductions to meet the $449,105 FY 2013 net cost reduction target. This plan represents the best option to maintain acceptable levels of service for the community and our partner cities while significantly reducing Animal Services' cost to the General Fund in FY 2013.

Revenue Increases

Proposed fee increases, which are included as attachment 1, are integral to the success of this plan and are reasonably competitive given the significantly higher costs faced for many of these services in the private marketplace and lack of suitable public competition for the same services. On June 14, 2012, the stakeholder group held its first meeting and there was consensus that Animal Services fees needed to be raised, although specific proposals were not discussed. Staff met separately with members of the stakeholder group who expressed a particular interest in fees and discussed our current fee structure and potential opportunities and challenges related to increasing or changing fees.

Spay and Neuter Fees

The most integral component of this plan is increases to spay/neuter fees and anticipated additional surgery volume. Under this plan, Animal Services would continue to provide spay/neuter and vaccination services to individuals not residing in Palo Alto or our partner cities, who account for approximately 75% of spay/neuter volume and 60% vaccination volume (other services, such as surrenders or animal control activities, are not offered to individuals outside of Palo Alto or its partner cities). These individuals from outside of Palo Alto or our partner cities who receive service through the spay and neuter clinic would see the most dramatic fee increases, but the costs for these increases are still substantially lower than private veterinarian rates and competitive with other local low-cost providers. Under this plan, the average costs of all spay and neuter surgeries at the shelter would be $95 for residents and $125 for non-residents.

In addition, members of the revenue subcommittee of the Stakeholder Group recommend that those individuals using vouchers at the PAAS provided by the Palo Alto Humane Society (PAHS) be given the resident fee. Staff concurs with this partnering recommendation as proposed by PAHS. Despite the recommended higher fees, Staff does not anticipate negative impacts on the volume of surgeries performed because of Palo Alto's status as one of the few public low-cost spay and neuter clinics and wider service availability. In addition, most of the surgeries performed at the shelter are for smaller animals, which see the smallest increase in absolute dollar terms.

Maintaining a full-time veterinary staff and continuing to provide these services to individuals outside of our service area is the most cost-effective option. Due to legal mandates to provide veterinary care to injured stray animals and sterilization services for adopted animals, the City would be required to provide veterinary services regardless of whether or not the City employed a veterinarian, likely through a contract veterinarian and agreements with local animal hospitals. The City would likely have to pay a minimum of $95,000 a year to provide this minimal level of service and could not offer spay/neuter or vaccination services to the public, which would result in the loss of more than $200,000 annually in revenue.

In addition, preliminary cost recovery information shows that the City currently provides a 39% subsidy for providing spay and neuter services. Staff's proposal reduces this subsidy substantially and mitigates the burden of increased fees to residents and partner cities by raising fees for non-residents at a greater rate than residents. Not only does this lessen the impact of fee increases on residents, it also assists in sustaining the program as a whole since not providing these services to non-residents would necessitate much higher resident fees to achieve similar revenue targets and would likely lead to fewer spay/neuter surgeries performed.

Staff has also included an estimated 25% volume increase in the number of spay and neuters performed. This is a conservative estimate to restore volume numbers to those similar to the past three years; as well appointment availability will be expanded to ensure the target number of annual surgeries is reached.

Other Services

Most vaccination fees will increase by $5, except rabies vaccines which will see no increase, and dog licenses will be increased by $2-8 depending on the type and duration of license. In addition, dog license revenue should continue to increase in part due to increased compliance activities, such as working with area veterinarians to obtain rabies vaccination information in conformance with California Health and Safety codes. The annualized net impact of all revenue increases is approximately $185,000. Staff does

not anticipate volume reductions in vaccinations or in pet licensing due to the small dollar amount of the increases.

While significant volume reductions due to the fee increases are not anticipated, the precise impact on volume is unknown and will have to be evaluated throughout the fiscal year. Staff recommends reviewing revenue projections in November 2012 and supplementing any projected shortfalls with additional draws from the Animal Services Donation Fund.

Expenditure Reductions
The plan also calls for the structural elimination of 2.6 Full-Time Equivalents (FTEs) in Animal Services, most effective on January 1, 2013, consisting of 1.0 FTE Animal Control Officer, 1.0 FTE Animal Services Supervisor, 0.50 FTE Volunteer Coordinator, and 0.10 FTE Management Specialists (Hourly Veterinarians). The annualized impact of these expenditure reductions is $284,426.

The reductions of management staffing through the elimination of the Animal Services Supervisor position would require that longer-term planning such as disaster preparedness, training, participation in numerous countywide programs, and mutual aid be prioritized against other day-to-day responsibilities.

The Volunteer Coordinator position would be saved for FY 2013 due to an anonymous donation, but would be eliminated in FY 2014. At that point, the shelter's volunteer program would be maintained by absorbing the duties of the Volunteer Coordinator into the responsibilities of the remaining staff. In addition, PAAS may consider alternative options for these responsibilities in the future, such as having a volunteer or group of volunteers take on the responsibilities of the volunteer program

The elimination of one Animal Control Officer (ACO) would result in field coverage going from two officers to one officer 85% of the time. There would likely be a slight negative impact on response times from this reduction in some instances. For example, there would be no back up officer in cases of simultaneous calls for service, calls for service with multiple animals, or field coverage in times of illness, vacation or family leave. With only one field officer on duty, field safety would require back-up response from other public safety officers.

With the loss of Mountain View's calls for service, average PAAS daily calls for service are expected to decrease from approximately 10 per day to approximately 7 or 8 per day between the months of November to April and decrease from approximately 13 per day to 10 per day between the months of May and October. This reduced level of calls will offset some of the impact of the position eliminations, but could still result in days where lower priority calls, such as deceased animal pickups, experience a delayed response and could be held over for the following shift during particularly busy days.

The mid-year period of May through October can consistently yield very high call volumes which will significantly stress field service operations. For example, in 2011, PAAS had more than 25 days where 14 or more calls for service were received and several days of more than 20 calls for service, not including Mountain View calls for service. In these instances, there is a very high likelihood that low priority calls would stack-up and be held over into the following day and overtime would be needed to clear higher priority calls each shift. Calls requiring a police officer would be prioritized against other calls for service, which would also impact response times and result in additional overtime.

Attachments:

- 2013 Animal Services Muni Fee Increases (PDF)

Prepared By: Ian Hagerman, Sr. Performance Auditor

Department Head: Dennis Burns, Police Chief

City Manager Approval: _____

James Keene, City Manager

POLICE DEPARTMENT
Animal Services

	2012 FEE		2013 ADOPTED FEES		2013 PROPOSED FEE	
Adoptions: include a $10.00 coupon off a future S/N surgery valid for 1 year from issue						
Dogs and cats	$100.00		$108.00		$125.00	
Rabbits	$40.00		$43.00		$43.00	
Parakeets, chickens, pigeons, doves	$5.00		$5.00		$5.00	
Cockatiels	$25.00		$27.00		$27.00	
Rats, hamsters, guinea pigs, mice	$5.00		$5.00		$5.00	
Exotics	Fee established by Animal Superintendent		Fee established by Animal Superintendent		Fee established by Animal Superintendent	
Adoption Hold Fee	$25.00		$27.00		$25.00	
In conjuction with advertised national and local animal welfare events, the Superintendent may lower the adoption fees to support the adoption of shelter animals.						
Board Fees						
To be paid in addition to impound fee for all stray and impounded animals (including owner-surrendered animals for rabies quarantine).						
Fees are per calendar day, including day received.						
Cats	$15.00		$16.00		$20.00	
Dogs	$15.00		$16.00		$20.00	
Large animals (horse, cow, pig)	Actual cost, including transportation expense, will be charged to house the animal at the		Actual cost, including transportation expense, will be charged to house the animal at the		Actual cost, including transportation expense, will be charged to house the animal at the	
Rabbits	$5.00		$5.00		$5.00	
Small animals (reptiles, birds including poultry)	$3.00		$3.00		$3.00	
Disposal of Dead Owned Animals						
Dogs, cats, rabbits (per animal) – up to 20 lbs.	$35.00		$38.00		$40.00	
Each additional animal	$8.00		$9.00		$9.00	
Dogs up to 75 lbs.	$45.00		$49.00		$50.00	
Dogs 76 lbs. And over	$55.00		$59.00		$60.00	
Large animals up to 150 pounds (no animal accepted overweight)	$100.00		$108.00		$110.00	
Small animals and birds	$10.00		$11.00		$10.00	
Request for transport of owned dead animals up to 100 pounds	$40.00		$43.00		$45.00	
Euthanasia Fees (includes animal disposal)						
Birds, small animals	$35.00		$38.00		$40.00	
Domestic animals to 20 lbs.	$70.00		$76.00		$75.00	
Dogs 21 to 75 lbs.	$100.00		$108.00		$110.00	
Dogs 76 pounds and over	$120.00		$130.00		$130.00	
Cremation Service of Owned Animals includes euthanasia, if applicable	Private	Communal	Private	Communal	Private	Communal
0-24 pounds	$130.00	$90.00	$141.00	$98.00	$140.00	$100.00
25-49 pounds	$145.00	$105.00	$157.00	$114.00	$160.00	$115.00
50-75 pounds	$160.00	$120.00	$173.00	$130.00	$175.00	$130.00
76-99 pounds	$175.00	$135.00	$189.00	$146.00	$190.00	$150.00
100-150 pounds	$200.00	$150.00	$216.00	$162.00	$220.00	$165.00
Custom engraved plaque additional fee	$15.00		$16.00		$20.00	
Impoundment Fees						
Cat						
First offense	$25.00		$27.00		$30.00	
Second offense	$40.00		$43.00		$45.00	
Third and subsequent offense	$55.00		$59.00		$60.00	
Dog – licensed						
First offense	$25.00		$27.00		$30.00	
Second offense	$40.00		$43.00		$45.00	
Third offense	$55.00		$59.00		$60.00	
Fourth offense	$100.00		$108.00		$110.00	
Fifth - Tenth offense	$125.00		$135.00		$135.00	
Eleventh or subsequent offense	$150.00		$162.00		$165.00	

Deleted Text is ~~lined through~~
Items found inside "shaded" areas indicate New or Changed

POLICE DEPARTMENT
Animal Services

	2012 FEE		2013 ADOPTED FEES		2013 PROPOSED FEE	
Dog – unlicensed						
First offense	$45.00		$49.00		$50.00	
Second offense	$65.00		$70.00		$70.00	
Third offense	$85.00		$92.00		$95.00	
Fourth offense	$125.00		$135.00		$135.00	
Fifth - Tenth offense	$150.00		$162.00		$170.00	
Eleventh or subsequent offense	$175.00		$189.00		$200.00	
Other Animals						
Large animal (horse, cow, pig, goat)	$75.00		$81.00		$100.00	
Small animal (bird, rabbit, reptile)	$20.00		$22.00		$25.00	
Special Impoundment Fees						
Includes any animal impounded or found running at large in Foothills Park, Byxbee Park and Baylands preserve.						
Dog – licensed	$70.00		$76.00		$100.00	
Dog – unlicensed	$105.00		$114.00		$125.00	
State Mandated Fees						
Unaltered, impounded stray dogs and cats.						
First offense	$35.00		$35.00		$35.00	
Second offense	$50.00		$50.00		$50.00	
Third and subsequent offense	$100.00		$100.00		$100.00	
Licenses and Pet Identification						
License for a period of:	Per Dog	If Spayed or Neutered	Per Dog	If Spayed or Neutered	Per Dog	If Spayed or Neutered
12 months	$30.00	$15.00	$32.00	$16.00	$40.00	$20.00
24 months	$50.00	$25.00	$54.00	$27.00	$60.00	$30.00
36 months	$70.00	$35.00	$76.00	$38.00	$80.00	$40.00
Late Fee - Thirty (30) days after expiration, or after 10 days in the case of new residents. Late Fee also applies for licenses which are purchased in response to a citation or animal impound.	$20.00	$30.00	$22.00	$32.00	$30.00	$30.00
Cat ID	$10.00/5 years		$11.00/5 years		$10.00/5 years	
Cat ID-altered animal	$5.00/5 years		$5.00/5 years		$5.00/5 years	
Replacement license tag (dogs)	$5.00		$5.00		$5.00	
Miscellaneous Sales, Pet Supplies	Fee set by the Superintendent, Animal Services Division.					
Miscellaneous Service Fees						
Animal Control Officer/Veterinary Technician	$52.00/hour		$56.00/hour		$56.00/hour	
City Veterinarian	$100.00/hr		$108.00/hr		$108.00/hr	
Quarantine Home Inspection Fee	$35.00		$38.00		$40.00	
At cost outside veterinary treatment will be the responsibility of the animal owner.						
Veterinary Services						
The following charges are applicable to sick and/or injured stray animals and are payable at the time of redemption. Included in the fees are the Veterinarian and Technician's time as well as the cost of materials.						
Injections						
IM & SQ	$25.00		$27.00		$27.00	
IV	$35.00		$38.00		$38.00	
IV solu-delta cortef 100 mg	$40.00		$43.00		$43.00	
IV solu-delta cortef 500 mg	$50.00		$54.00		$54.00	
Sedation-Anesthesia						
IV	$70.00		$76.00		$76.00	
IM	$50.00		$54.00		$54.00	
Gas	$75.00 for first 30 minutes, $1.50 per minute thereafter		$81.00 for first 30 minutes, $1.50 per minute thereafter		$81.00 for first 30 minutes, $1.50 per minute thereafter	
Local	$30.00		$32.00		$32.00	
Fluid Therapy						
SQ (cat)	$35.00		$38.00		$38.00	
SQ (dog)	$45.00		$49.00		$49.00	
IV catheter plus insertion	$50.00		$54.00		$54.00	
IV fluids	$22.00/liter		$24.00/liter		$24.00/liter	
IVAC set up and use	$15.00/day		$16.00/day		$16.00/day	
Surgery (not including anesthesia)						
Minimum surgery and preparation	$35.00		$38.00		$38.00	
Surgical time/Vet treatment time	$100.00 per hour		$108.00 per hour		$108.00 per hour	

Deleted Text is ~~lined through~~
Items found inside "shaded" areas indicate New or Changed

POLICE DEPARTMENT
Animal Services

	2012 FEE		2013 ADOPTED FEES		2013 PROPOSED FEE	
Common Procedures (not including anesthesia)						
Oral or Topical treatment	$3.00 each time		$3.00 each time		$3.00 each time	
Flushing drains	$3.00 each time		$3.00 each time		$3.00 each time	
Force Feeding	$5.00 each time		$5.00 each time		$5.00 each time	
Flourescein Eye Stain	$15.00		$16.00		$16.00	
Intensive Care (additional)	$50.00 per hour		$54.00 per hour		$54.00 per hour	
Incubator/ICU cage with O2	$75.00 per day		$81.00 per day		$81.00 per day	
Medical Grooming	$75.00 per hour		$81.00 per hour		$81.00 per hour	
Medication - Rx fee	$10.00 - $60.00		$11.00 - $65.00		$11.00 - $65.00	
Special Prescription Diets	$5.00 per day		$5.00 per day		$5.00 per day	
Wormings - Interceptor	$25.00		$27.00		$27.00	
Bandages/Splints						
Bandage paw	$25.00-40.00		$26.00-43.00		$26.00-43.00	
Robert Jones	$65.00		$70.00		$70.00	
Splint	$75.00-95.00		$77.00-102.00		$77.00-102.00	
Labwork						
Cite CPV test	$35.00		$38.00		$38.00	
Azostick or Dextrostick	$15.00		$16.00		$16.00	
Heartworm test	$35.00		$38.00		$38.00	
DTM	$30.00		$32.00		$32.00	
Fecal	$25.00		$27.00		$27.00	
FeLV/FIV test	$30.00		$32.00		$32.00	
Multistix urinalysis	$15.00		$16.00		$16.00	
PCV	$15.00		$16.00		$16.00	
PCV/TP	$25.00		$27.00		$27.00	
Skin scraping	$20.00		$22.00		$22.00	
Reference Lab (CVD)	200% of our cost		200% of our cost		200% of our cost	
Permits (annual fee or per event)						
Kennel, birds, or animals	$150.00		$162.00		$165.00	
Breeding permit - cat, dog, or bird	$50.00		$54.00		$100.00	
Dangerous animal including microchip	$300.00		$324.00		$325.00	
Livery stable, boarding stable	$150.00		$162.00		$165.00	
Livestock	$50.00		$54.00		$60.00	
Pet Shop/Groomer	$150.00		$162.00		$165.00	
Boarding	$0.00		$0.00		$165.00	
Pet Show or Fun Match	$50.00		$54.00		$60.00	
Pony ride, pony ring	$150.00		$162.00		$165.00	
Riding academy	$150.00		$162.00		$165.00	
Traveling menagerie or zoo	$150.00		$162.00		$165.00	
Spay and Neuter Clinic Fees	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Cat Neuter (male)**	$55.00		$59.00		$65.00	$90.00
Cat Spay (female)**	$80.00		$87.00		$95.00	$130.00
Dog Neuter (male)**						
0-30 pounds	$85.00		$92.00		$100.00	$135.00
31-50 pounds	$95.00		$103.00		$115.00	$155.00
51-75 pounds	$110.00		$119.00		$135.00	$175.00
76-99 pounds	$130.00		$141.00		$155.00	$210.00
100 pounds and over	$195.00		$211.00		$250.00	$325.00
Dog Spay (female)**						
0 - 30 pounds	$100.00		$108.00		$120.00	$160.00
31 - 50 pounds	$110.00		$119.00		$135.00	$175.00
51 - 75 pounds	$130.00		$141.00		$155.00	$210.00
76-99 pounds	$155.00		$168.00		$190.00	$250.00
100 pounds and over	$215.00		$233.00		$270.00	$345.00
Rabbit Neuter	$65.00		$70.00		$75.00	$95.00
Rabbit Spay (female)	$85.00		$92.00		$100.00	$120.00
Rat Spay (female)	$80.00		$87.00		$100.00	$120.00
Rats, Guinea Pigs (male)	$55.00		$59.00		$75.00	$95.00
Clinic Board Fee per day – all animals (Special arrangements required)	$15.00		$16.00		$20.00	$20.00
Late fee for Spay and Neuter Pickup	$20.00		$22.00		$25.00	$25.00
48 hour cancellation fee (non-refundable)	$20.00		$22.00		$25.00	$25.00
No show fee (non-refundable)	$40.00/animal		$43.00/animal		$50.00	$50.00

Deleted Text is ~~lined through~~

Items found inside "shaded" areas indicate New or Changed

POLICE DEPARTMENT
Animal Services

	2012 FEE	2013 ADOPTED FEES	2013 PROPOSED FEE
Services performed by the City Veterinarian in conjunction with spay and neuter surgeries			
Nail Clip	$5.00	$5.00	$5.00
Droncit injection (tapeworms)	$15.00	$16.00	$16.00
Dewclaw removal (per dewclaw)	$30.00	$32.00	$35.00-50.00
Deciduous teeth extraction (per tooth)	$20.00	$22.00	$25.00
Wound care	$15.00-50.00	$16.00-54.00	$16.00-54.00
Antibiotic injection	$15.00	$16.00	$16.00
Rx for clinic	$15.00-50.00	$16.00-54.00	$16.00-54.00
Special Rx	cost + $15.00 service fee	cost + $16.00 service fee	cost + $16.00 service fee
Previously spayed/neutered			$35.00
Feral rescue own vaccine			$5.00
Feral rescue own Felv/FIV test			$15.00
Umbilical hernia	$35.00 - $65.00	$38.00 - $70.00	$35.00-75.00
Cryptorchid plus neuter fee	$15.00-125.00	$16.00-135.00	$25.00-150.00
Pre-surgical labwork	cost + $25.00 service fee	cost + $26.00 service fee	cost + $26.00 service fee
Obesity fee plus spay fee	$20.00-40.00	$22.00-43.00	$22.00-43.00
Pregnancy fee plus spay fee	$15.00 - $50.00	$16.00 - $54.00	$20.00 - $75.00
Ear mite treatment	$25.00	$26.00	$30.00
Testing			
Heartworm	$30.00 with surgery only	$32.00 with surgery only	$35.00 with surgery only
Leukemia/FIV Combo test	$30.00 with surgery only	$32.00 with surgery only	$35.00 with surgery only
Vaccinations			
Bordetella	$15.00	$16.00	$20.00
FVRCP	$15.00	$16.00	$20.00
DA2PP	$15.00	$16.00	$20.00
Leukemia/vaccine	$15.00	$16.00	$20.00
Rabies	$10.00	$10.00	$10.00
Rabies (Actual Cost Clinic)	$6.00	$6.00	$6.00
Puppy Package Included is DA2PP vaccine at 8,11 and 15 weeks of age; rabies vaccine at 16 weeks of age, and a microchip	$75.00	$81.00	$100.00
Kitten Package Included is FVRCP vaccine at 8,11 and 15 weeks; rabies vaccine at 16 weeks and a microchip	$75.00	$81.00	$100.00
Microchip	$35.00	$38.00	$40.00
Microchip rescue group			$20.00
Trap Rental			
Deposit per trap (2 trap maximum)	$100.00	$108.00	$100.00
Minimum rent for first 3-day usage	$15.00	$16.00	$20.00
Additional per day rent (calendar day) max 14 days	$5.00	$5.00	$5.00
~~Training/Behavior Classes~~			
~~Pre-registration (required)~~	~~$25.00-$100.00~~	~~$27.00-$108.00~~	
~~Behavior Consultation~~	~~$75.00/hour plus~~	~~$81.00/hour plus~~	

*** The animal shelter staff reserves the right to refuse service to any animal they deem unsuitable for reasons of safety, housing, etc.**

**** A $5.00 discount will be applied to all dogs and cats five months or younger.**

Deleted Text is ~~lined through~~

Items found inside "shaded" areas indicate New or Changed

Mayor Yeh returned to the original Motion. He thanked Staff for their efforts and the said the amount of time put in was significant. He thought that would only intensify as the process moved forward. There was a deficit of trust between merchants and the City and it would take a concerted effort to work with merchants. He thought the project was a great vision for California Avenue in the long term. Having a clear vision and a program that would continue to make California Avenue a destination did not make it easily digested by those currently on the street. He thought that with the area development plan coming forward in the fall it was essential that there were meetings with the merchants before it came to Council. He wanted the design phase of the project incorporated into a broader discussion with the merchants. That was hopefully a step forward to really incorporate the kind of development discussed by the Council for that particular region.

MOTION PASSED: 9-0

~~23a. (Former Agenda Item No. 20) Consideration of a Vote of Support for the Revote High Speed Rail Initiative.~~

MOTION: Council Member Klein moved, seconded by Council Member Price to continue Agenda Item No. 23a to September 4, 2012, to be the first Action item heard.

MOTION PASSED: 9-0

23. Public Hearing: Proposed Revenue Increases and Expenditure Reductions for Animal Services.

Pam Antil, Assistant City Manager, said that the Council directed Staff to work with an Animal Services stakeholder group to bring a series of recommendations on how they could close the gap on the proposed budget to expenditure reductions that were needed. Staff had three meetings with the Animal Services stakeholder group. They would bring back some additional information to the Council in the future, but because of the need for revenue changes Staff wanted the public hearing that evening so that they had a longer period of time during the fiscal year to benefit from increases in the fee schedule. She hoped Council had received the answers to the questions they asked earlier in the day.

Mayor Yeh said there were two public speakers.

Public hearing opened at 11:42 P.M.

Leonor Delgado said there were three areas of concern she wanted to address. First the proposed schedule of fees for Fiscal Year 2013 with particular attention to the increased fees for non-residents at the spay and neuter clinic. She said residents of wealthier neighboring cities such as Atherton and Menlo Park seeking a bargain would continue to get a good one under the revised fee schedule. She was concerned about residents of East Palo Alto, East Menlo Park, and other unincorporated areas of San Mateo County who depended on Animal Services and would be adversely affected by increased fees. Increased fees could affect a person's decision to spay their animal, which could dramatically increase feral animal populations. She said the fees increased at the Animal Services spay and neuter clinic were not competitive with those charged by low cost clinics which rescuers and low income people frequented. The spay and neuter fee increases would negatively impact rescue groups operating outside the contracted cities. She said that peninsula nonprofits would need to dispense a larger number of spay and neuter vouchers to low income users, which would deplete them earlier in the year. Second, she was concerned that higher adoption fees could result in animals staying at the shelter for longer periods of time, not freeing up space for other adoptable animals.

Mayor Yeh said that further comment could be provided to the City Clerk and would be distributed to the City Council.

Luke Stangel said three and a half months ago the Palo Alto Animal Shelter faced a bleak future. Today they had a brighter future. The proposal was a mixture of higher fees and laying off two people. He explained he was a stakeholder group member, President of the Friends of the Palo Alto Animal Shelter, and he thought higher fees were appropriate. He asked that the City Council consider closing Animal Control Officers positions through attrition rather than laying off. Avoiding the layoffs through attrition helped the department retain its institutional edge while balancing the budget in a more humane way.

Public hearing closed at 11:48 P.M.

Council Member Holman said that the Staff report indicated the stakeholder group met once with Staff, and the question's response stated there were three meetings. She asked what the stakeholder group's reaction was to the proposed fees, or if the stakeholders were provided with a schedule of fees to which they could respond.

Ms. Antil apologized for the confusion. There was a revenue subcommittee. They asked the stakeholders at the first meeting to volunteer because they knew it was something they needed to work on quickly. She said that they

had representatives from the Palo Alto Animal Services Shelter and from the Silicon Valley Human Society, the Palo Alto Humane Society, and others. Several of those members met with Staff and looked at the averages in the City as well as non-resident fees that shelters charged around the area. There was a conversation and discussion about if that would drive away people. She said it was the group's consensus that they move forward. They were challenged to balance the revenue enhancements with other reductions. The stakeholder group agreed with Staff that it was better to raise some of the out of area fees than to further reduce Animal Services Staff. She said that when you examined the out of area fees they charged they were still mid-line compared to other areas and were quite a bit lower than the private sector. They believed there could be a drop off, but they were looking at marketing the fees and getting more folks into the spay and neuter clinic. She said the stakeholder group was still meeting and searching for additional ways that they could enhance services and market in other areas. They wanted to present the fee increase to Council sooner so that more of the fiscal year benefited from the increase. Without the increase they had to make more reductions in expenditures.

Council Member Holman said three comparatives were Bay City's, which was in Milpitas, Four Paws, and Silicon Valley Animal Control Authority (SVACA). Those were shelter and rescue facilities, not private sector. When you compared the dog neutering with Four Paws, their range was $100-170, while Palo Alto's was $100-325. With dog spay it was $120-200, while Palo Alto's was $120-345. There was less of a disparity with cats, but it was still pretty high. She said it seemed that there was a large reach and asked how they would attract people from East Palo Alto or Menlo Park since they were not that competitive.

Ms. Antil said they should have clarified that the $300-345 range was a non-resident neuter fee that Palo Alto was charging for what they referred to as large dogs. There were maybe three or four large dogs handled per year. She could not speak for the other agencies, but some would not take really large dogs.

Council Member Holman said the Charter said 100 pounds. She said that because the fees were as high as they were, vouchers would not go as far. She asked if the fees were that high and the Humane Society had vouchers would the public go somewhere else to have animals spayed.

City Manager, James Keene said they were instituting the fees in order to get an early start in the fiscal year and test the experiences with the revenues because the budget recommendations were a combination of revenue increases and expenditure cuts. He said the comparison with

SVACA could be a false comparison. It could be that the expenditure unit costs were less so the revenues they had to charge to cover the costs were less. The City was trying to maintain a certain level of service and balance the expenditure costs. This was intended to strike a balance and by implementing the revenues early they had a chance to test that. If they got into the first quarter and saw difficult trends they had the option to make modifications.

Council Member Holman asked when the item would return to Council for a status update.

Mr. Keene said that he did not know that Staff would return with the issue unless they saw that there was a trend problem, whether that was that revenue was not coming in the right way, or some other issue, unless there was a specific directive that came to them from Council in addition to making sure they met the necessary financial numbers.

Council Member Holman said she was interested in the financial aspects but also the number of animals serviced. She asked where fundraising fit into the budget.

Ms. Antil said she wanted Mr. Hagerman to discuss the fee chart further before they discussed fundraising.

Ian Hagerman, Police Department, Senior Management Analyst, said a large proportion of the spay and neuter surgeries done in the City were at the bottom of the fee range. About 75 percent of the dogs spayed and neutered were in the very lowest fee category. The absolute increase in that category was minimal. He said they did a very high volume in cat spay and neuters. If one looked at the entire spectrum of spay and neuter surgeries at the clinic the average neuter fees were $95.00 and the average spay fees were about $25.00. The cost for larger animals was more substantial, but the volume of those was almost nonexistent. He said they completed three large dog spays in 2011. Those people paid substantially higher fees at a private veterinarian and some local shelters would not accept those large animals. Staff felt that while some of the recommendations for fee increases were aggressive they were still competitive.

Council Member Holman clarified he was discussing the proposed fees.

Mr. Hagerman said that was correct. He said the numbers represented the average fees for cat and dog spays and neuters across the full spectrum. They averaged it based on volume in Palo Alto under the proposed fee schedule.

Vice Mayor Scharff wanted to address the point made by Mr. Stangel. He asked if there was any indication that an Animal Services worker was retiring. He realized it was a difficult process to go through, but he thought Staff did a good job in creating a plan that worked. He confirmed that the City Council did not deal with the layoffs, it only handled the fees.

Ms. Antil said that was correct, but Staff was also there to provide an overview if anyone had questions beyond what was in the recommendation about what they proposed.

Mr. Keene thought the requirement as it related to the item was that they had to have a public hearing related to the fee portion. They either wanted the Council's blessing on the expenditure reductions, or if they did not receive it they needed to be clear they could proceed without returning to the Council. Part of the schedule was developed to give everyone as much advance notice as possible.

MOTION: Vice Mayor Scharff moved, seconded by Council Member Klein to adopt the municipal fee charges related to animal services, and the expenditure reductions.

Vice Mayor Scharff said he wished they did not have to make the recommendation, but circumstances had dictated it. It was not easy to lay employees off or suggest layoffs. He would rather go through attrition as a process, but did not see it as a viable alternative given the City finances.

Council Member Klein agreed that it was hard to layoff good people. However, the service area had been reduced so it was inevitable. He confirmed that the layoffs did not occur until January 1, 2013.

Ms. Antil said that was correct.

Council Member Klein said that if there were more revenues or donations they could possibly avoid some of the layoffs.

Ms. Antil said that they would return to Council at that point. The Staff report showed a donation they received to cover the cost of a staff member through the end of the year.

Council Member Klein said that was a message to the Friends of the Palo Alto Animal Shelter.

Mr. Keene clarified that what needed to be achieved was ongoing structural savings. If they received donations that offset an expenditure cost in a particular year that would only delay a possible decision unless it was a sustainable donation.

Council Member Burt said the Animal Services Staff had specialized skill sets. He asked if there was a bumping process where the Staff was eligible for other positions.

Ms. Antil said some of the positions may be eligible to apply for additional positions. She needed clarification from Mr. Beacom if Staff could bump someone.

Council Member Burt said that the reality was that just as the City went through significant Staff reductions over the last several years it initially looked like the City might have layoffs, but in the end they had attrition that worked out. He said that was not so likely in a small department, but he wanted to put it in that context.

Bob Beacom, Assistant Police Chief, said there were bumping rights for one of the positions. There were currently three positions. One was management, another was Service Employees' International Union (SEIU) with no bumping, and the third one was eligible. There was a placeholder in the Police Department where they thought one of the Animal Control Officers could go if needed.

Council Member Burt asked if the people were still eligible to pursue other openings within the organization.

Mr. Beacom said they were and that he had been working closely with Marcie Scott to identify any other positions within the City. They discussed the process knowing that these were valuable employees and would do all they could to find positions for them.

Council Member Schmid asked for confirmation of the total number of people working in Animal Services.

Ms. Antil said she believed there were 13 full time equivalent employees. Not all of the people were full time.

Council Member Schmid said the 2.5 positions they were cutting represented approximately 25 percent. The revenues fell 30 percent with Mountain View leaving and the Staff cuts were equivalent to 20 percent. He said what struck him was that they cut half of the Animal Control Officers. He asked if

that was the right position to cut since it was the one that was most immediately on call.

Sandy Sadler, Superintendent of Animal Services said they currently had 3.5 Animal Control Officers in the field. So they cut one full time position which left 2.5 in the field and one in the shelter.

Council Member Schmid said the text said that there were 2 Animal Control field people currently and that there would only be one in the future.

Ms. Stadler said there would be 2.5 left in the field.

Council Member Schmid confirmed that part of that was in the shelter rather than in the field.

AMENDMENT: Council Member Holman moved, seconded by Council Member XXXX to direct Staff to return to Council before the end of the year with: 1) a financial report; 2) the type and number of services performed (spay, neuter, and adoptions trend); and 3) a plan for additional products and services.

Vice Mayor Scharff thought they had too many things that reported to Council. He preferred the item not return unless there was a problem. He thought it was inefficient.

Council Member Holman said that did not give Council an update on the plans for new products and services, which was another way to raise revenues.

Mayor Yeh said the maker of the Motion did not accept the language.

Council Member Holman asked if there was a second if offered as an Amendment. She clarified the language.

AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Council Member Holman said she did not know when Council would hear back from the stakeholder's group.

Mr. Keene said they could do that, but he respectfully reminded the Council that when the group was established they made a very clear point that it was not a task force but an advisory group to the Staff. He thought it was in the City and Staff's interest that the revenue programs work as well as possible and they managed the transition on the expenditure side as best

they could. He said that if anyone came up with a new idea, product, or plan Staff would act on it as they moved forward. He said that with all City services Staff was always making adjustments and recommendations. There was nothing that precluded a stakeholder from directly communicating to the Council at Oral Communications or other ways. He thought if they had relevant information that showed the trends it was normal for Staff to place an informational item for the Council to be aware of things. If the trends were disturbing the Council could schedule subsequent directive and action for discussion.

Mayor Yeh said his comments were in support of Council Member Burt's questions and the Police Department's efforts to work with the employees and look at alternative opportunities within the City. He stated there was a group of Stanford students looking to partner with the Friends of the Palo Alto Animal Shelter. They hoped to launch an online platform. He thought there were potential community partners to work with the Friends of the Palo Alto Animal Shelter to achieve fundraising goals. He felt that as the cost of services increased the fee increase would not cover the cost and it was still a decision by the City to continue subsidizing the services provided by Animal Services. That was a continued affirmation of the value of the services in Palo Alto.

Mr. Keene said that Mayor Yeh made a good point about the cost of services study. It could be Council's feedback and new policy directions that would inform the Staff to revisit what it proposed and make sure it was in line with Council's thinking.

MOTION PASSED: 9-0

COUNCIL MEMBER QUESTIONS, COMMENTS, AND ANNOUNCEMENTS

Council Member Klein reported on attending the Bay Area Water Supply and Conservation Board of Directors meeting last week. The citizens of San Francisco have obtained enough signatures to direct a committee to study ways to drain Hetch Hetchy Reservoir and find another water source. The issue that will be brought to Council after the break as there is concern that only San Francisco residents will be able to vote on this measure and it affects many other cities in the Bay Area.

Council Member Burt requested that the meeting be adjourned in memory of Sally Ride.

	FY 2010 Actuals	FY 2011 Actuals	FY 2012 Actuals	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Budget	FY 2015 Year-to-Date (through January)
REVENUES							
PENALTIES	$ -	$ -	$ 1,738.50	$ 3,380.00	$ 7,470.00	$ -	$ 1,746.00
ADMINISTRATIVE CITAT	$ 21,175.00	$ 28,094.85	$ (12,565.05)	$ 58,379.84	$ 73,010.00	$ 20,600.00	$ 5,026.05
IMPOUND FEE	$ 7,581.00	$ 5,057.50	$ 5,883.32	$ 6,938.00	$ 6,020.00	$ 14,085.00	$ 3,069.75
SPAY/NEUTER CLINIC F	$ 254,820.45	$ 213,328.43	$ 217,708.48	$ 238,111.85	$ 47,502.56	$ 200,000.00	$ 84,442.65
VACCINATION FEE	$ 69,364.90	$ 67,094.75	$ 69,580.25	$ 69,194.75	$ 43,349.00	$ 78,100.00	$ 32,909.50
EUTHANASIA FEE	$ 3,960.00	$ 4,150.00	$ 3,180.00	$ 3,070.00	$ 2,543.85	$ 3,605.00	$ 1,215.00
SPECIAL SERVICE FEE	$ 3,705.00	$ 3,783.00	$ 4,150.00	$ 3,227.00	$ 2,118.00	$ 3,605.00	$ 1,287.00
STATE IMPOSD IMPOUND	$ 2,085.00	$ 2,657.00	$ 1,502.50	$ 1,013.75	$ 630.00	$ 717.00	$ 340.00
DOG LICENSES	$ 52,795.00	$ 48,597.50	$ 59,545.50	$ 106,497.66	$ 66,961.00	$ 114,339.00	$ 61,792.00
OTHER LICENSE	$ 1,260.00	$ 3,440.00	$ 3,990.00	$ 5,240.00	$ 4,495.00	$ 1,545.00	$ 2,565.00
OTH REV FM OTH AGNCY	$ 951,384.25	$ 611,394.00	$ 603,955.00	$ 585,557.25	$ 154,202.75	$ 195,000.00	$ 316,797.82
STATE OF CALIFORNIA	$ -	$ 7,440.00	$ (550.00)	$ (535.00)	$ -	$ -	
PROPERTY DISPOSAL	$ 8,630.00	$ 9,691.00	$ 7,432.00	$ 4,929.00	$ 6,706.50	$ 5,168.00	$ 3,764.50
EQUIPMENT RENTAL	$ 1,075.00	$ 1,295.00	$ 1,380.00	$ 934.00	$ 645.00	$ 1,030.00	$ 355.00
KENNEL BOARD	$ 10,175.30	$ 2,507.50	$ 3,130.67	$ 6,503.75	$ 4,770.00	$ 4,792.00	$ 2,590.75
OTHER SALES	$ 39,750.35	$ 33,526.32	$ 27,409.59	$ 21,104.56	$ 14,375.89	$ 17,934.00	$ 9,973.55
OTHER MISC REV	$ 15.00	$ 40.00	$ -	$ -	$ -	$ -	
BAD DEBT RECOVERY	$ -	$ -	$ -	$ 130.00	$ -	$ -	
INTERDEPART SERVICE	$ -	$ -	$ -	$ 97.64	$ -	$ -	
DONATION TRANSFER	$ -	$ -	$ -	$ 174,485.00	$ -	$ -	
Total Revenue	**$ 1,427,776.25**	**$ 1,042,096.85**	**$ 997,470.76**	**$ 1,288,259.05**	**$ 434,799.55**	**$ 660,520.00**	**$ 527,874.57**
EXPENDITURES							
Salaries and Benefits	$ 1,424,051.21	$ 1,475,712.53	$ 1,541,273.70	$ 1,473,558.06	$ 1,138,577.56	$ 1,303,248.44	$ 753,560.01
Contact Service	$ 32,935.69	$ 33,108.22	$ 33,419.31	$ 22,878.05	$ 23,982.95	$ 41,690.00	$ 8,921.92
Supplies and Materials	$ 107,292.84	$ 102,621.78	$ 110,988.70	$ 99,461.61	$ 73,831.81	$ 120,710.00	$ 40,739.71
General Expense	$ 7,313.84	$ 7,329.31	$ 6,840.64	$ 6,249.12	$ 3,978.24	$ 8,050.00	$ 2,542.41
Facilities and Equipment	$ 479.85	$ 505.44	$ 495.94	$ 450.37	$ 112.58	$ 500.00	$ 318.18
Direct Charges	$ 38,905.71	$ 36,934.91	$ 35,556.49	$ 35,311.25	$ 35,798.72	$ 33,797.45	$ 16,210.78
Indirect Charges	$ 62,621.12	$ 56,350.13	$ 68,447.16	$ 70,405.93	$ 52,120.69	$ 63,465.51	$ 32,326.18
Total Expenses	**$ 1,673,600.26**	**$ 1,712,562.32**	**$ 1,797,021.94**	**$ 1,708,314.39**	**$ 1,328,402.55**	**$ 1,571,461.40**	**$ 854,619.19**
Net Cost	**$ (245,824.01)**	**$ (670,465.47)**	**$ (799,551.18)**	**$ (420,055.34)**	**$ (893,603.00)**	**$ (910,941.40)**	**$ (495,548.39)**
Net Cost Excluding Regional Contracts and Donations	**$ (1,197,208.26)**	**$ (1,281,859.47)**	**$ (1,403,506.18)**	**$ (1,180,097.59)**	**$ (1,047,805.75)**	**$ (1,105,941.40)**	**$ (812,346.21)**