



CITY COUNCIL AGENDA REPORT

MEETING DATE: March 15, 2016

ITEM NUMBER: **NB-2**

SUBJECT: ANIMAL SHELTER SERVICES

DATE: March 8, 2016

FROM: CHIEF EXECUTIVE OFFICE / POLICE DEPARTMENT – ADMINISTRATION DIVISION

PRESENTATION BY: GREG SCOTT, LIEUTENANT

FOR FURTHER INFORMATION CONTACT: GREG SCOTT 714-754-5265

RECOMMENDATION

Staff recommends that the City Council maintain animal care sheltering services with the City's current service provider, Orange County Humane Society (OCHS), throughout the approved contractual agreement which ends January 21, 2018. Staff further recommends that the City Council direct staff to evaluate potential substantive compliance concerns, and remedy identified concerns jointly using both OCHS and City resources while evaluating the progress and finalized terms of the agreement of the County's planned animal shelter in Tustin, tentatively scheduled to open in October 2017.

BACKGROUND

Term and termination, and compensation and billing of present OCHS agreement

At the December 9, 2008 study session, City Council directed staff to pursue a Professional Services Agreement with the Orange County Humane Society (OCHS), located at 21632 Newland Street in Huntington Beach. This agreement was entered into January 20th, 2009 between the City of Costa Mesa and OCHS. This agreement continued for three (3) years and five (5) months, ending June 30th, 2012. The City subsequently exercised its option to renew the agreement for two (2) successive one (1) year periods, ending June 30th, 2014. The City entered into an interim agreement with OCHS through January 31st, 2015.

In October of 2014, the City of Costa Mesa fulfilled its due diligence obligation seeking an available service provider prepared to provide animal care services. Only one (1) respondent, OCHS, responded to the RFP process at that time. The Professional Services Agreement with OCHS was subsequently renewed.

On January 20, 2015, City Council approved the proposed renewal agreement with OCHS, continuing service for three (3) years, ending January 21, 2018. The City Council also approved \$75,000 for the first year of services and a three percent (3%) increase for each subsequent year of services during the agreement: Year-1 \$75,000; Year-2 \$77,250; Year-3 \$79,567.50.

Newport Beach 2015 Audit of OCHS

In December, 2015, the City of Newport Beach completed a performance audit on OCHS, which was their animal care services provider during that time. The findings enumerated in the City's audit, in conjunction with decisions by City staff, resulted in Newport Beach terminating its agreement with OCHS.

The Newport Beach audit noted performance deficiencies in the following categories:

- An absence of a dedicated full-time shelter manager/coordinator.
- Non-compliance of vaccination and parasite control best practices.
- Non-compliance of spay and neutering requirements at adoption, per the California Food and Agricultural Code.
- No sanitation plan.
- Improper record keeping and billing, per the city's agreement.
- Improper retention (non-remittance) of city's animal impound fees.
- Improper charging of sales tax on adoptions.

Costa Mesa City staff promptly conducted a thorough review of concerns listed in the audit. Staff found some concerns noted in the audit may have been misrepresented by OCHS operating conditions. Some of the practices noted in the audit were found to be within compliance, with regard to Costa Mesa's service agreement with OCHS.

ANALYSIS

The Newport Beach Audit and OCHS Animal Care Services to Costa Mesa

Some issues noted in the Newport Beach audit were in conflict with preliminary findings by Costa Mesa Animal Control staff during general compliance checks. In addition to the concerns noted in the Newport Beach audit, additional issues were brought forth for evaluation (e.g. accuracy of annual Local Rabies Control Activities (LRCA) report data, 501(c)(3) non-profit status confirmation, confirming observance of sales tax-exempt charges to the public for adoption services, and observance of various best practices.)

The proper evaluation of some concerns has called for reasonable interpretation of professional guidelines (e.g. Humane Society of US, Food and Agriculture Code), as well as seeking accounting and legal review. Other concerns could be responsibly and cost-effectively addressed by having the City augment existing services provided by OCHS. Examples include, approval of a part-time Animal Control Officer; funding minor building modifications with an initial cost estimate of less than \$50,000; and adoption of a tablet browser-based device for Animal Control Officers to help accurately track animal impounds and dispositions at OCHS.

OC Animal Care (OCAC) as a Prospective Service Provider for Costa Mesa

The County has announced its plan to begin building a new animal shelter at the former Tustin Marine Corps Air Station in June 2016. OC Animal Care's planned animal shelter could be considered a prospective animal care services provider for Costa Mesa. Several aspects of the planned animal shelter will need to be evaluated before establishing if the County's new shelter could be deemed a cost effective and viable alternative to provide Costa Mesa's animal care service needs.

Details of Construction of the New Shelter at the Tustin Site

Plans show the County's new shelter is a 50,000 square foot building, plus outdoor areas. There will be 16 temperature controlled kennels, a training center, and dedicated interactive areas (people-and-animal) have been formally planned. Animal shelter services are scheduled to be provided from the Tustin location beginning October 2017. However, participating cities will be billed quarterly invoices beginning October 2016.

Required Funding

The County's funding model being used to cover costs for the County's new \$35 million shelter presumes the 18 cities currently contracting with the County will choose to renew their agreement to help fund the new shelter. The County will contribute the land plus \$5 million earmarked for this project. Administrators overseeing the new animal shelter's development are hopeful additional cities in the County will seek to contract with OC Animal Care. However, some cities who currently contract with OC Animal Care services are exploring alternative options. The final sign-on deadline for cities is April 5, 2016. A preliminary contract for review has not been made available at the time of this report's submittal to Council.

Capital Cost of Planned OC Animal Care Shelter in Tustin

City	Distribution of Cities' Share of Maximum Construction Costs	
Anaheim	\$7,017,529	23.39%
Brea	\$367,454	1.22%
Cypress	\$568,874	1.90%
Fountain Valley	\$777,973	2.59%
Fullerton	\$2,240,317	7.47%
Garden Grove	\$4,142,755	13.81%
Huntington Beach	\$1,829,954	6.10%
Laguna Hills	\$222,122	0.74%
Lake Forest	\$555,539	1.85%
Orange	\$2,467,472	8.22%
Placentia	\$548,846	1.83%
Rancho Santa Margarita	\$209,618	0.70%
San Juan Capistrano	\$270,168	0.90%
Santa Ana	\$6,867,112	22.89%
Stanton	\$612,821	2.04%
Tustin	\$791,152	2.64%
Villa Park	\$46,853	0.16%
Yorba Linda	\$463,442	1.54%
Total Contracting Cities Funding Share	\$30,000,000	100.00%
County Contribution	\$5,000,000	
Maximum Construction Costs	\$35,000,000	

General Animal Care Services Offered by the County's New Animal Shelter

General animal care services offered by the County's new animal shelter include: retention of impounded animals at the Tustin facility; facilitating owner identification of impounded animals; sales or release of impounded animals to residents; animal evaluation for adoption; reasonable efforts towards animal placement; public education; rescue group coordination; euthanasia and disposal of animals not redeemed nor adopted; and veterinary services and spay/neuter surgeries in accordance with established professional standards.

Past County Grand Jury Reviews

A 2015 Orange County Grand Jury investigation found that the Orange County Animal Shelter had serious problems that have needed attention for many years. In addition to the desperate need for a new shelter facility, there were complaints and allegations from a number of sources inside and outside the Animal Shelter that focused on the lack of leadership throughout the Orange County Community Resources and Animal Care chain of command. Additional information led the Orange County Grand Jury to investigate concerns regarding employee morale, human and animal health issues, feral cat policies, and allegations of criminal behavior. Also, there were indications of conflict between veterinarians and management staff with regard to medical decisions. The Orange County Grand Jury investigation found substantial factual support for all these allegations.

As a result of the Grand Jury report, findings and suggested remedies were formally reviewed by the County of Orange CEO, Board of Supervisors, OC Community Resources Director and OC Animal Care. In response, OC Animal Care has implemented the following:

- Focused countywide efforts to examine and improve employee engagement and morale.
- Developed protocols whereby dogs would be separated during the kennel cleaning process to avoid getting soaked and susceptible to disease.
- Changed practices to avoid leaving hoses running when not in use.
- Replaced broken air conditioner in the cat trailer and installed cat portals to decrease stress on the cats.
- Actively addressed the presence of rodents through sanitation, professional pest control services and making repairs to prevent the entrance and harborage of rodents.
- Advertised and planned recruitment for Animal Control Officer Trainees in June 2015 to permanently fill 9 vacant positions in OC Animal Care.
- OC Animal Care plans to properly implement the approved training of animal control officers to legally administer tranquilizers in the field when the necessary guidance is provided from the State.
- OC Animal Care plans to analyze the outcomes and data for the Feral Free Program 7-10 years after implementation to evaluate effectiveness on reducing number of community cats, impounds and need for euthanasia at the OC Animal Shelter.

Costa Mesa Staff's Preliminary OCHS Improvements

Costa Mesa's staff has proactively initiated the following improvements at OCHS, in response to its own site inspection, and concerns noted in the Newport Beach audit:

- Augmentation of current Animal Control Officer (ACO) staffing with a part-time ACO. The part-time ACO's duties will include case management duties; data entry; data tracking for LRCA reports; facilitating adoptions; provide on-site quality assurance inspections (making log entries, facilitating improvement requests, etc.).
- Minor structural modifications at OCHS to further improve conditions for sheltered animals. Planned improvements include inclusion of roof mechanical fans for ventilation; installation of security bars across windows to safeguard animals after business hours; installation of skylights to increase lighting; demolition of an internal block wall and installation of a new block wall, with a hollow core metal door, to physically separate cats from nearby kenneled dogs and mitigate any unnecessary stress caused by the dogs.
- Develop information technology improvements to OCHS' in-house data and record-keeping system currently in use. Costa Mesa's Information Technology staff recently conducted an on-site visit and examined OCHS' Pet Point animal tracking/processing software. Costa Mesa's Information Technology staff will work to integrate CMPD's tracking of OCHS data through use of CMPD's own browser-based tablets. The goal for this improvement is to enable more accurate, real-time data entry and retrieval of animal processing data by ACOs.
- Daily OCHS site inspections of facility are being logged by ACOs.
- Possible amendment to the current OCHS agreement, to approve additional funding to secure an additional OCHS staff member to fulfill a pre-designated role. The new shelter employee's primary role would be to support customer service, volunteer training and adoption services.
- Consideration of the formation of an oversight committee. The role of the committee would be to provide direct input to CMPD staff regarding shelter operations and capital improvements.

ALTERNATIVES CONSIDERED

The City's alternatives are to:

- 1) Remain with OCHS and remedy any deficiencies related to animal care services, in a timely and cost-effective manner; or,
- 2) Discontinue services with OCHS and secure animal care services with OC Animal Care's planned shelter, or another available animal shelter deemed most suitable.

FISCAL REVIEW

After conducting a survey of our surrounding cities with regard to their annual intake of dogs and cats, annual sheltering costs, animal control costs, projected dog licensing revenue and calculated net cost to the city for providing Animal Services, it is clear that Costa Mesa's costs are significantly lower than its neighbors.

Animal Control & Sheltering Services Benchmark Data (Annual Net Cost)						
City	Annual Intake	Shelter Provider	Shelter Cost	Animal Control Cost	Dog Licensing Revenue	Net Cost
Costa Mesa	1,382	OC Humane Society	\$75,000	\$366,930	\$98,400	\$343,530
Fountain Valley	419	OC Animal Care	\$433,677	included in contract	\$89,453	\$334,224
Huntington Beach	929	OC Animal Care	\$1,615,247	included in contract	\$730,247	\$885,000
Irvine	1,013	City of Irvine Animal Care Center	\$4,068,175	\$680,393	\$239,000	\$4,509,568
Newport Beach	455	Home Free Animal Rescue & Sanctuary	\$125,000	\$524,175	\$60,000	\$589,175
Santa Ana	4,659	OC Animal Care	\$1,135,400	\$521,269	\$679,000	\$977,669

Several different animal care service models are currently utilized by our neighboring cities. Fountain Valley and Huntington Beach both outsource all their animal services to OC Animal Care; these include Animal Control, Animal Care Special Services, Animal Care Shelter Services, Barking Dog Complaint Services and Pet Licensing. Costa Mesa, Newport Beach and Santa Ana have a hybrid model, utilizing City employees under the Police Department and contracting out Animal Sheltering services. Costa Mesa and Santa Ana collect dog licensing fees through City employees in their Finance Departments, whereas Newport Beach outsources this function to a company called Pet Data.

The City of Irvine administers a distinctly unique model in which all Animal Services are provided by City staff. Irvine operates its own shelter, the City of Irvine Animal Care Center. Irvine's animal shelter staffs 40.95 full-time employees and is allocated a \$4 million annual budget. Irvine's Animal Control services are facilitated using City employees under the Police Department. Comparing the annual volume of animals impounded by individual, neighboring cities, it appears the City of Costa Mesa's animal services model is the most cost-effective alternative currently utilized.

If City Council committed to dedicating additional resources under our current agreement with OCHS, in furtherance of facility improvements and best practices, Costa Mesa would likely remain more cost-effective than its neighboring cities with providing animal care services.

LEGAL REVIEW

If the City continues its animal care services with OCHS under the current agreement, no legal review is required. If the City Council directs staff to explore securing animal care services with the County's new shelter, the related agreement shall be reviewed at that time.

CONCLUSION

It is recommended City Council maintain animal care services with the City's current animal care service provider, Orange County Human Society (OCHS), throughout the approved, current contractual agreement, ending January 21, 2018. Staff further recommends that the City Council direct staff to evaluate and resolve compliance concerns with funding from OCHS and the City resources. Staff shall evaluate the ongoing progress and finalized terms of agreement of the County's planned animal shelter, scheduled to open in October 2017. Staff should also re-examine use of OCAC animal care services at the planned shelter, at the end of the County's three (3) year moratorium for new sign-ons scheduled in October 2019.

GREG P. SCOTT

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ATTACHMENTS: 1 [CMPD OCHS Evaluation and Action Plan](#)

ATTACHMENTS: 2 [Costa Mesa Animal Control staff's preliminary assessment of OCHS operations and site condition \(memorandum\)](#)