



King County

**Metropolitan King County Council
Budget and Fiscal Management Committee**

Agenda Item No.: 10

Date: June 8, 2010

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Jenny Giambattista,
Polly St. John

Proposed No.: 2010-0326

Prepared By: Polly St. John

STAFF REPORT

SUBJECT: AN ORDINANCE that authorizes the Executive to enter into interlocal agreements with suburban cities interested in contracting with King County for Regional Animal Services.

SUMMARY:

This proposed interlocal agreement is one in a package of three ordinances that would implement a new regional animal services model within King County. They are:

1. Proposed Ordinance 2010-0325 would amend the county code to reflect the proposed new model.
2. Proposed Ordinance 2010-0326 would approve interlocal agreements and Enhanced Control services contracts with 27 cities within King County.
3. Proposed Ordinance 2010-0327 would provide \$3.24 million and 1.90 new FTEs in the Records and Licensing Division.

This staff report will concentrate on the proposed interlocal agreement attached to Proposed Ordinance 2010-0326. Additional staff reports have been prepared for Proposed Ordinance 2010-0325 and Proposed Ordinance 2010-0327.

Proposed Ordinance 2010-0326 is an interlocal agreement (ILA) that would implement a Regional Animal Services program provided by King County to suburban cities interested in contracting for these discretionary services. The ILA establishes the scope of services to be provided (shelter, control and licensing), district service boundaries, a formula for establishing the cost of the services, responsibilities of both parties, duration of the contracts, etc.

COUNCIL PRIORITIES

The Executive's proposed regional animal services model may further the Council's Local and Regional Cooperation Priority to work with other governments and

organizations to implement local and regional priorities and increase the efficiency of service delivery

BACKGROUND:

For nearly two decades, King County has provided discretionary animal services to cities under rolling contracts. These contracts required the county to provide, shelter, field and licensing services and in return, the county retained all licensing revenues and the cities aligned their municipal laws with the county's animal services code (King County Code, Title 11).

Since 2007, the King County Council has focused on reforming the animal services program. These attempts at reform culminated in the Council's adoption of Motion 13092 (on November 9, 2009) and established a policy framework for the future of King County animal services. The Adopted 2010 Budget was fully aligned with Motion 13092. Motion 13092 established the following requirements of the Executive:

A. End the provision of animal shelter services by King County for contract cities and for unincorporated King County as soon as possible but no later than January 31, 2010;

B. Establish a goal of April 1, 2010, to end the provision of animal control services for contract cities under the terms of current contracts by and encourage individual cities to enter into full-cost-recovery contracts with King County for animal control services;

C. Establish a firm deadline of June 30, 2010, to end the provision of animal control services for contract cities unless individual cities enter into full-cost-recovery contracts with King County for animal control services;

D. Establish a goal of April 1, 2010, to end the provision of pet licensing services for contract cities under the terms of current contracts and encourage individual cities to enter into full-cost-recovery contracts with King County for pet licensing services;

E. Establish a firm deadline of June 30, 2010, to end the provision of pet licensing services for contract cities unless individual cities enter into full-cost-recovery contracts with King County for pet licensing services;

F. Cities that choose to enter into full-cost-recovery contracts with King County for pet licensing services shall be responsible for setting their own pet license fees;

G. King County will continue to provide animal control services and pet licensing services for unincorporated King County;

H. King County will work cooperatively and actively with its city partners to ensure a smooth transition in the care of animals;

I. Starting immediately, King County will actively work with contract cities to establish a countywide animal response team to prepare for the event of a disaster, based on the best standards, practices and concepts of operations established by the Pierce County animal response team; and

J. Conduct a study and make recommendations to the King County council by March 31, 2010, on alternatives for animal control services in unincorporated King County. The study should examine, but not be limited to, the following elements:

1. An analysis of revenues, expenditures and business activities necessary to meet the county's mandatory animal control responsibilities as required by state law. This analysis should include an evaluation of the potential effects and outcomes of implementing models used in other metropolitan areas including Multnomah County, Oregon;

2. An analysis and presentation of historical records on pet license revenues from unincorporated areas as well as historical cost estimates to provide animal control services for unincorporated areas; and

3. Presentation of potential options to provide animal control services in unincorporated areas that are fully supported by animal license fee revenues or other revenue generating options that do not involve general fund support. This element should include a staffing analysis.

In early January 2010, the Executive met with Councilmembers and council staff to discuss challenges to implementing the policy framework of Motion 13092 due to insufficient regional shelter capacity and the Executive proposed an alternative - a regional animal services model. On January 25, 2010, the Council adopted Ordinance 16750, extending staffing authority for animal sheltering services through June 30, 2010. The extension of staffing authority provided a common deadline for the Executive to work with cities, labor and stakeholders on a new regional model for animal services.

Also in January of 2010, the Executive began meeting with a "Joint Cities-County Work Group" to develop a regional animal services model and on February 26, 2010, transmitted an implementation plan notifying the Council of the process and framework for the regional animal services model.

Cities have received notice that all existing animal services agreements are terminated, effective July 1, 2010 and most cities signed a statement of intent to contract with the county for continuity of animal services (see Exhibit C-1). The ILA attached to Proposed Ordinance 2010-0326 is the ILA developed by the "Joint Cities-County Work Group" for regional animal services.

Timing

The effective date of the proposed ILA is July 1, 2010, the same date that the old contractual services are terminated. In order to ensure the continuity of services, the Council would need to approve the ILA (and the supplemental budget request) by June 21, 2010 and the Executive or an authorized designee would need to sign the legislation on that date.

ANALYSIS:

Proposed Ordinance 2010-0326 includes an ILA with the following substantive provisions:

Timing

The effective date of the proposed ILA is July 1, 2010, the same date that the old contractual services are terminated. In order to ensure the continuity of services, the Council would need to approve the ILA (and the supplemental budget request) by June 21, 2010 and the Executive or an authorized designee would need to sign the legislation on that date.

Suite of Services

The county will provide the city with Regional Animal Services, including control services, shelter services, licensing services, and may also request additional enhanced control services at cost, as described in Exhibits A, B and E.

Exhibit A – Control, Shelter and Licensing Services Control Services

- A call center will operate Monday through Friday, at least 8 hours a day. After hours, callers will hear a recording directing calls to 911 or asking the caller to leave a message for response the next business day.
- The county will be divided into 4 geographic control districts (see Exhibit B) that will be staffed by six animal control officers, with a goal of providing service by at least one officer in each control district for at least 8 hours per day, 5 days per week, except as staffing availability is reduced due to vacation, sick leave, training, etc.
- Calls are classified as “high priority” or “lower priority.” The county will attempt to respond to high priority calls during regular animal control officer hours on the day received. Calls related to human and animal safety would be classified as high priority. Calls related to vicious dogs and bites are the highest priority.
- Control officers would still handle animal cruelty cases.
- Additional control resources available in the regional system include an animal control sergeant to provide oversight, an animal cruelty sergeant to investigate cases, and two officers on call after regular service hours for emergency response.

Shelter Services

- Shelter for animals will be provided at the existing Kent shelter. The Bellevue shelter will be closed to the public. The public service counter at the Kent shelter will be open not less than 30 hours a week.
- Targeted capacity of the shelter is 7,000 animals per year.
- Some cities in North King County will contract for shelter services with the Progressive Animal Welfare Society (PAWS) in Lynnwood. The county will deliver cats and dogs picked up in these jurisdictions to the PAWS shelter and will not provide routine sheltering for their cats and dogs.

Licensing Services

- The county will operate and maintain a unified pet licensing system for contract cities and seek private sector partners to improve licensing accessibility and compliance. The county will mail annual renewal forms, reminders and late notices to the last known address of all persons who purchased a pet license in the previous year and sales and marketing efforts to maintain and increase licensing compliance.

Exhibit E - Optional Enhanced Control Services Contract

- Cities may purchase additional enhanced control services but only in 0.5 FTE equivalents.

Exhibit B - Control Service Districts

There are 4 control districts with boundaries shown in the maps in Exhibit B. The new regional animal services model breaks contracting cities into four geographical areas:

1. Area 200 includes Bothell^[1], Carnation, Duvall, Kenmore, Kirkland, Lake Forest Park, Redmond, Sammamish, Shoreline, and Woodinville.
2. Area 220 includes Beaux Arts, Bellevue, Clyde Hill, Issaquah, Mercer Island, Newcastle, North Bend, Snoqualmie, and Yarrow Point.
3. Area 240 includes Kent, SeaTac, and Tukwila.
4. Area 260 includes Auburn, Black Diamond, Covington, Enumclaw, and Maple Valley.

District boundaries cannot be changed without unanimous consent of the parties.

City Obligations

Cities will adopt animal codes with substantially similar license, fee, penalty, enforcement, redemption, impound and sheltering provisions as the county code. The city authorizes the county to enforce these codes and perform animal licensing. The city retains independent enforcement authority. The city will promote pet licensing, and will transmit any pet licensing revenue received to the county quarterly. As discussed in Exhibit C to the ILA, cities are also required to make payment to the county every six months for services received.

Length of Contract

Cities can choose whether to enter into the ILA for a term of 6 months (terminating on December 31, 2010) or 2.5 years (terminating on December 31, 2012). The ILA cannot be terminated for convenience. The 2.5 year term ILA will be automatically extended for another 2 years if neither party asks to be released by May 1, 2012. If any party seeks not to extend its ILA, the county will convene all remaining parties to decide how to proceed.

Cost Allocation and Reconciliation of Estimated Payments

^[1] Bothell has agreed to a six month contract rather than a 2.5 year contract .

Cities will pay for animal services every six months, based on the estimated cost of those services (derived from historical use and revenue data, and the most recent budget data). If a city generates more licensing revenue than the service costs, the county will remit the difference back to the city. Every June, a reconciliation amount will be calculated to determine the difference between the estimated payments made, and the actual costs of service allocable to the parties based on actual use, revenue and population data. Any "reconciliation adjustment amounts" determined to be owed are due August 15.

Exhibit C
Calculation of Estimated Payments

This exhibit provides the formulas and definitions to be used to calculate the estimated payments each year, including:

- Each estimated payment covers the cost of six months of animal services.
- The estimated payment(s) for each service year are derived from allocating the budgeted animal services costs (net of estimated non-licensing revenue) using historical use, population and licensing data.
- From year to year, the total allocable costs for all parties (before considering any offsetting revenue) cannot increase by more than the combined total rate of inflation (based on the CPI-U for Seattle, Tacoma and Bremerton) and rate of population growth in the combined service area.
- Control services costs are equally shared among the 4 geographic control districts. Each party located within a control district is allocated a share of district costs based 50% on the party's relative share of total calls for service within the district and 50% on its relative share of total population within the district.
- Shelter services costs are allocated among all parties based 50% on their relative population and 50% on the total shelter intake of animals attributable to each party, except that cities contracting for shelter services with PAWS will pay only a population-based charge and that charge will be one-half the regular shelter services cost population component payable by other cities.
- Licensing services costs are allocated between all parties based 50% on their relative population and 50% on the number of licenses issued to residents of each party.
- Licensing revenue is to be attributed based on the residency of the individual purchasing the license. The amount of licensing revenue estimated to be generated from the transitional licensing revenue support services is included in the calculation of the estimated 2010 payment.
- Three credits are applicable to various cities to reduce the amount of their estimated payments: a subsidized transition funding credit (for cities with high per-capita costs); a resident usage credit (for cities with low usage as compared to population); and an impact mitigation credit (for cities whose projected costs were most impacted by decisions as of May 5 of certain

cities not to participate in the regional ILA). Application of these credits is limited such that the estimated payment cannot fall below zero (before or after the annual reconciliation calculation) with respect to the transition funding credit, or below \$2,750 or \$2,850 (both amount are annualized) with respect to the resident usage credit and impact mitigation credit. Exhibit C4 of the ILA identifies the credits each city will receive.

- Estimated payments are reconciled to reflect actual revenues and actual usage as well as changes in population. The reconciliation calculation occurs in June of the year following the service year. The reconciliation calculation and payment process is described in Exhibit D. The receipt of transition funding credits, resident usage credits, or impact mitigation credits can never result in the amount of the estimated payments as reconciled falling below the limits described in the paragraph above (\$0, \$2,750 or \$2,875 (annualized), depending on the credit and whether Bothell received service under an ILA during the service year).

Exhibit D: Reconciliation

The reconciliation process will readjust payments made for a service year to reflect actual use, population, licensing rates, licensing revenue and non-licensing revenue as compared to the initial calculation of estimated payments. A reconciliation calculation will be made each June using the same formulas from Exhibit C but substituting actual values. If the calculation shows that the city's actual use was greater than its estimated use, the city will remit the difference to the county by August 15. If the reverse is true, the county will remit the difference to the city.

Subsidized Transitional Licensing Support Services

As shown in Exhibit C5 of the ILA, the county will provide one-time subsidized marketing services in 2010 to the five cities with the lowest per capita licensing revenue (Bellevue, Enumclaw, Kent, SeaTac and Tukwila). The program involves canvassing residents to increase the number of pet licenses issued (and thus, the licensing revenue attributable to these cities to be offset against their cost of animal services). The cost of the subsidy will be discussed in the staff report for Proposed Ordinance 2010-0327. The operations of the canvassing program will be discussed in the staff report for Proposed Ordinance 2010-0325.

Mutual Covenants/Independent Contractor

The county is established as an independent contractor and King County's Regional Animal Services staff are not city employees. As such, the county is responsible for the performance of its staff.

Joint City-County Committee and Collaborative Initiatives

An advisory group composed of 3 county representatives and one representative from each city is created to review operational and policy issues and make recommendations on matters such as animal services code, revenue enhancements, compliance incentives, service efficiencies, repair or replacement of the Kent shelter and reviewing the annual reconciliation calculations.

Reporting

The county will provide cities with biannual reports summarizing call response on and system usage data for each city and the county as well as the Regional Animal Services system as a whole. The form and contents of the report will be developed in consultation with the Joint City-County Committee.

Amendments

Amendments that do not affect payment responsibilities, indemnification, duration or termination of the ILA may be approved by the county and two-thirds of all contracting cities. Other amendments require unanimous approval.

Terms to Implement Agreement

Because there is still some uncertainty over how many parties will actually approve the ILA, or for what term (6 months or 2.5 years) and any city declining to sign will impact the cost for all others, a limit is set on the amount by which a party's costs for 2010 and for 2011 (estimated) may increase and still have the ILA go into effect as proposed. These limits may be waived by the city (or the county, as applicable). Depending on which of these tests are met or waived, an ILA may go into effect for the full requested term or only 6 months. If none of the tests are met (or waived) the ILA will go into effect for 60 days only: if this occurs, the costs payable by the city for services for that 60 day period will be determined using the formulas in Exhibit C and there will not be a reconciliation of this short-term contract payment.

General and Standard Provisions

The ILA includes standard provisions including cross indemnification, hold harmless, severability, force majeure, notices, records, venue, dispute resolution, and mediation.

Fiscal Impact

The cost of implementing the ILA are discussed in the staff report for Proposed Ordinance 2010-0327, the supplemental budget request included in the Executive's transmittal package for the regional animal services model. However, it is important to note that the ILA covers operational costs exclusively. There are no provisions in the cost allocation model that address capital expenditures.

City Interest

Cities have been requested to provide two separate statements of interest leading up to the transmittal of the ILA attached to Proposed Ordinance 2010-0326. To date, 27 cities have expressed their ongoing interest in participation in Regional Animal Services. Those cities that have previously received services from King County but have not

expressed an interest in participation include, Federal Way, Burien, Algona and Pacific. The City of Bothell is the only party interested in a 6 month term ILA.

Legal Review

The ILA has been reviewed by the Prosecuting Attorney's Office and legal counsel for the cities.

Public Hearing

The Chair of the Council will provide for a discretionary public hearing on Proposed Ordinance 2010-0326 at the Council meeting on June 14, 2010.

Ongoing Operational Issues

The proposed Regional Animal Services model is intended to define a new foundation for service contracts that could, if adopted by a sufficient number of cities and the Council, preserve a regional system that leverages economies of scale and addresses some of the ongoing concerns over the health, safety and the humane care of animals. Most of the historic operational concerns over the current animal services program will require continual reforms by the Executive through rigorous managerial oversight. The ILA does not directly address reform; however, the Executive has provided a "Road Map to Reform" within the legislative transmittal package, which outlines proposed actions that would be taken to improve the program.

The proposed Regional Animal Services model is a reduced-cost model, not a full-cost recovery model and Councilmembers will need to consider the county's financial priorities in its deliberations. Staff analysis is ongoing.

INVITED:

- Carrie Cihak, Strategic Initiatives Director, Office of the Executive
- Caroline Whalen, County Administrative Officer
- Bob Roegner, Special Projects Manager, Department of Executive Services
- Ken Nakatsu, Manager, Regional Animal Services
- Dwight Dively, Director, Office of Management and Budget (OMB)
- Shelley De Wys, Budget Analyst, OMB

ATTACHMENTS:

1. Proposed Ordinance 2010-0326 with attached ILA and Exhibits
2. Transmittal Letter, dated June 1, 2010
3. Joint Cities-County Work Group for Regional Animal Services, Background/Introduction on Agreement in Principle to Provide a Regional System
4. Joint Cities-County Work Group for Regional Animal Services, Outline of Terms for Agreement in Principle
5. Animal Services Interlocal Agreement Summary of Terms
6. Road Map to Reform



KING COUNTY
Signature Report

June 8, 2010

Ordinance

Proposed No. 2010-0326.1

Sponsors Patterson

1 AN ORDINANCE relating to the provision of regional
2 animal services, authorizing the executive to enter into an
3 interlocal agreement and Enhanced Control Services
4 Contract with cities and towns in King County for the
5 provision of regional animal services.

6 STATEMENT OF FACTS:

- 7 1. King County animal care and control has provided services to the
8 unincorporated areas of King County and by contract to the majority of
9 cities and towns in the county in exchange for retention of pet licensing
10 revenue since the mid-1980s.
- 11 2. The county general fund contribution to the provision of animal
12 services has increased over the years culminating in a general fund
13 contribution of nearly \$3 million in recent years.
- 14 3. Motion 13092, adopted by the metropolitan King County council on
15 November 9, 2009, directed the county executive to end the provision of
16 animal shelter services by King County for contract cities and towns and
17 for unincorporated King County as soon as possible but no later than
18 January 31, 2010, and to enter into new contracts with cities and towns for
19 animal control and licensing services by June 30, 2010.

20 4. The 2010 Budget Ordinance, Ordinance 16717, Section 30, provided
21 funding for animal care and control such that sheltering services would be
22 provided only through January 31, 2010.

23 5. With the adoption of Ordinance 16750, extending FTE authority for
24 animal sheltering services through June 30, 2010, the county recognized
25 that there is currently not sufficient sheltering capacity in the region to
26 close the King County animal shelter. The extension of FTE authority
27 provided for a common deadline for the county to work with cities and
28 towns on a new regional model for animal services, inclusive of animal
29 sheltering, animal control, and pet licensing functions.

30 6. A regional model for animal services enables the county and cities and
31 towns to provide for better public health, safety, animal welfare and
32 customer service outcomes at a lower cost than jurisdictions are able to
33 provide for on their own. This is accomplished through: properly aligned
34 financial incentives, partnerships to increase revenue, economies of scale,
35 a consistent regulatory approach across participating jurisdictions and
36 collaborative initiatives to reduce the homeless animal population and
37 leverage private sector resources while providing for a level of animal care
38 respected by the community

39 7. Beginning in January of 2010, a joint cities-county work group began
40 meeting on a weekly basis to develop a new regional animal services
41 model for King County and individual cities and towns to consider. The
42 work group included representation from King County and the cities of

43 SeaTac, Tukwila, Kent, Bellevue, Redmond, Sammamish, Shoreline and
44 Lake Forest Park.

45 8. On February 26, 2010, the executive transmitted an implementation
46 plan for entering into new animal services contracts with cities and towns.
47 The implementation plan included documents developed by the joint
48 cities-county work group for regional animal services including working
49 principles, a common interests statement and an adopted scope and
50 purpose statement outlining specific timelines and deliverables for
51 entering into a new interlocal agreement between the county and cities and
52 towns for animal services by the end of June.

53 9. Consistent with the implementation plan, the county executive sent to
54 cities and towns notice of termination of all existing animal services
55 agreements between the county and cities and towns, effective July 1,
56 2010.

57 10. Consistent with the implementation plan, the joint cities-county work
58 group for regional animal services developed an agreement in principle for
59 a new regional animal services model that defines services, expenditures,
60 and cost and revenue allocation methodologies for animal shelter, animal
61 control and pet licensing services. The agreement in principle and
62 supporting materials were shared with all cities and towns, the county
63 council, and the public in early April through presentations to city
64 managers and administrators, the suburban cities' association public issues

65 committee, the regional policy committee, numerous city council meetings
66 and through individual meetings with county and city officials and staff.

67 11. Consistent with the implementation plan, the work group developed
68 an interlocal agreement for animal services based on the agreement in
69 principle.

70 12. All cities and towns identified in this ordinance have twice formally
71 expressed their interest in participating in a regional animal services model
72 and are considering adoption of the interlocal agreement for regional
73 animal services that is authorized by this ordinance.

74 13. The proposed interlocal agreement gives cities and towns the option
75 of contracting for a term of either six months or two and one-half years.
76 All cities and towns other than Bothell that seek to contract have twice
77 expressed interest in contracting for a two and one-half-year term. Bothell
78 seeks a six-month term of contract.

79 14. The proposed interlocal agreement includes a cost allocation
80 methodology that is based on system use and population and shares
81 defined regional animal system costs between the county and all
82 participating cities and towns.

83 15. The proposed interlocal agreement provides that, if some cities or
84 towns decide not to participate and the costs are thus raised for remaining
85 participants beyond specified levels, the agreement with respect to
86 remaining participants will remain in effect for a term of either six months
87 or sixty days.

88 16. The county is authorized to enter into the agreement in accordance
89 with the Interlocal Cooperation Act, chapter 39.34 RCW, and Section 12
90 of the King County Charter.

91 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

92 SECTION 1. The executive is hereby authorized to enter into an interlocal
93 agreement for the provision of regional animal services with the cities and towns of
94 Auburn, Beaux Arts, Bellevue, Black Diamond, Bothell, Carnation, Clyde Hill,
95 Covington, Duvall, Enumclaw, Issaquah, Kenmore, Kent, Kirkland, Lake Forest Park,
96 Maple Valley, Medina, Mercer Island, Newcastle, North Bend, Redmond, Sammamish,
97 SeaTac, Shoreline, Snoqualmie, Tukwila, Woodinville and Yarrow Point, in substantially
98 the same form as Attachment A to this ordinance.

99 SECTION 2. The executive is additionally authorized to enter into the Enhanced
100 Control Services Contract with such cities and towns as may so request, such as in
101 substantially the form that is included as Exhibit E to Attachment A to this ordinance.
102 The executive is authorized to enter into these agreements insofar as they do not exceed

103 the FTE authority authorized by the King County council for the purposes of providing
104 enhanced control services.

105

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Robert W. Ferguson, Chair

ATTEST:

Anne Noris, Clerk of the Council

APPROVED this _____ day of _____, _____.

Dow Constantine, County Executive

Attachments: A. Animal Services Interlocal Agreement

Animal Services Interlocal Agreement

This AGREEMENT is made and entered into this 1st day of July, 2010, by and between KING COUNTY, a Washington municipal corporation and legal subdivision of the State of Washington (the "County") and the City of _____, a Washington municipal corporation (the "City").

WHEREAS, the provision of animal control, sheltering and licensing services protects public health and safety and promotes animal welfare; and

WHEREAS, providing such services on a regional basis allows for enhanced coordination and tracking of regional public and animal health issues, consistency of regulatory approach across jurisdictional boundaries, economies of scale, and ease of system access for the public; and

WHEREAS, the City pursuant to the Interlocal Cooperation Act (RCW Chapter 39.34), is authorized and desires to contract with the County for the performance of Animal Services; and

WHEREAS, the County is authorized by the Interlocal Cooperation Act, Section 120 of the King County Charter and King County Code 11.02.030 to render such services and is willing to render such services on the terms and conditions hereinafter set forth; and

WHEREAS, the County is offering a similar form of Animal Services Interlocal Agreement to all cities in King County other than the City of Seattle, and has received a statement of intent to sign such agreement from all Cities listed in Exhibit C-1 to this Agreement;

NOW THEREFORE, in consideration of the promises, covenants and agreements contained in this Agreement, the parties agree as follows:

1. **Definitions.** Unless the context clearly shows another usage is intended, the following terms shall have these meanings in this Agreement:
 - a. **"Agreement"** means this Animal Services Interlocal Agreement between the Parties including any and all Exhibits hereto, unless the context clearly indicates an intention to reference all such Agreements by and between the Contracting Parties.
 - b. **"Animal Services"** means Control Services, Shelter Services and Licensing Services combined, as these services are described in **Exhibit A**.

- c. **"Enhanced Control Services"** are additional Control Services that the City may purchase under certain terms and conditions as described in **Exhibit E** (the "Enhance Control Services Contract").
 - d. **"Contracting Cities"** means all cities that are parties to an Animal Services Interlocal Agreement that has gone into effect as of July 1, 2010, per Section 15.
 - e. **"Parties"** means the City and the County.
 - f. **"Contracting Parties"** means all Contracting Cities and the County.
 - g. **"Estimated Payment"** means the amount the City is estimated to owe to the County for the provision of Animal Services over a six month period per the formulas set forth in **Exhibit C**. The Estimated Payment calculation may result in a credit to the City payable by the County.
 - h. **"Preliminary Estimated 2010 Payment"** means the preliminary estimate of the amount that will be owed by (or payable to) each Contracting Party on January 15, 2011, as shown on **Exhibit C-1**.
 - i. **"Final Estimated 2010 Payment"** means the amount finally determined and owed by each Contracting Party, on January 15, 2011, based on the number of Contracting Cities with respect to which the Agreement goes into effect per Section 15.
 - j. **"Control District"** means one of the four geographic areas delineated in **Exhibit B** for the provision of Animal Control Services.
 - k. **"Reconciliation Adjustment Amount"** means the amount payable each August 15 (commencing 2011) by either the City or County as determined per the reconciliation process described in **Exhibit D** in order to reconcile the Estimated Payments made for the prior Service Year as compared to actual cost, revenue, population and usage data for such Service Year, so that Cities pay for Animal Services based on actual (rather than estimated) data.
 - l. **"Service Year"** means the calendar year in which Animal Services are or were provided; *provided that* in 2010, the Service Year is the period from July 1, 2010 – December 31, 2010.
2. **Services Provided.** The County will provide the City with Animal Services described in **Exhibit A**. The County will perform these services consistent with governing City ordinances adopted in accordance with Section 3. In providing such Animal Services consistent with **Exhibit A**, the County shall have sole discretion as to the staffing assigned to receive and dispatch calls and shall be the sole judge as to the most expeditious, efficient and effective manner of handling and responding to calls for Animal Services. Except as set forth in Section 9 (Indemnification and Hold Harmless), services to be provided by the County pursuant to this Agreement

do not include legal services, which shall be provided by the City at its own expense.

- a. Enhanced Control Services. The City may request Enhanced Control Services by completing and submitting Exhibit E to the County at any time before August 1, 2011. Enhanced Services will be provided subject to the terms and conditions described in Exhibit E. As further detailed in Exhibit E, if a request for Enhanced Control Service is made after the commencement of this Agreement, the County shall decide when and if the service begins based on the necessity for and ability of the County to hire additional staff to provide the service and the increment of service requested.

3. City Obligations.

- a. Animal Regulatory Codes Adopted. The City shall promptly enact an ordinance or resolution that includes license, fee, penalty, enforcement, impound/ redemption and sheltering provisions that are substantially the same as those of Title 11 King County Code as now in effect or hereafter amended (hereinafter "the City Ordinance"). The City shall advise the County of any City animal care and control standards that differ from those of the County.
- b. Authorization to Act on Behalf of City. The City authorizes the County to act on its behalf in undertaking the following:
 - i. Determining eligibility for and issuing licenses under the terms of the City Ordinance, subject to the conditions set forth in such laws.
 - ii. Enforcing the terms of the City Ordinance, including the power to issue enforcement notices and orders and to deny, suspend or revoke licenses issued thereunder.
 - iii. Conducting administrative appeals of those County licensing determinations made and enforcement actions taken on behalf of the City. Such appeals shall be considered by the King County Board of Appeals unless either the City or the County determines that the particular matter should be heard by the City.
 - iv. Nothing in this Agreement is intended to divest the City of authority to independently undertake such enforcement actions as it deems appropriate to respond to alleged violations of City ordinances.
- c. Cooperation and Licensing Support. The City will assist the County in its efforts to inform City residents regarding animal codes and regulations and licensing requirements and will promote the licensing of pets by City residents through various means as the City shall reasonably determine, including but not limited to offering the sale of pet licenses at City Hall, mailing information to residents (using existing City communication

mechanisms such as utility bill inserts or community newsletters) and posting a weblink to the County's animal licensing program on the City's official website. The City will provide accurate and timely records regarding all pet license sales processed by the City to the County; all proceeds of such sales shall be remitted to the County by the City on a quarterly basis (no later than each March 31, June 30, September 30, and December 31).

4. **Term.** This Agreement will take effect on July 1, 2010 and *[if 2.5 year contract: unless extended pursuant to Subparagraph 4.a below,]* shall remain in effect for a term of *[insert City choice of term, e.g. two and one-half years ending on December 31, 2012, or six months ending on December 31, 2010.]* *Notwithstanding anything in this section to the contrary,* this Agreement shall remain in effect for only 60 days if the Minimum Contracting Requirements in Section 15 (Terms to Implement Agreement) are not met. The Agreement may not be terminated for convenience.
- a. *[if 2.5 year contract]* Extension of Term.
- i. Automatic Extension of Agreement. This Agreement shall be automatically extended for an additional two year term, ending on December 31, 2014; provided that such an automatic extension shall not occur if any Contracting Party has provided a written Notice of Intent to Not Automatically Extend as provided in subsection (ii) below.
 - ii. Notice of Intent to Not Automatically Extend. Any Party may chose to not automatically extend its Agreement by providing a written notice of such intent to the other Party no later than May 1, 2012. The County will include a written reminder of this May 1 deadline when providing the City notice of its 2012 Estimated Payments (notice due December 15, 2011 per Section 5).
 - iii. Process for Agreed Extension. Upon receiving or issuing a Notice of Intent to Not Automatically Extend pursuant to subsection (ii), the County shall arrange for the Contracting Parties to meet no later than June 1, 2012, in order to confer on whether they wish to extend their respective Agreements given revised costs and other implications resulting from the potential reduced number of Contracting Parties. Contracting Parties wishing to extend their respective Agreements through December 31, 2014 may mutually agree in writing to do so by no later than July 1, 2012. Absent such an agreed extension, the Agreement shall terminate on December 31, 2012.

5. **Compensation.** The County will develop an Estimated Payment calculation for each Service Year using the formulas described in **Exhibit C**, and shall transmit the payment information to the City according to the schedule described below. The County will also calculate and inform the City as to the Reconciliation Adjustment Amount on or before June 30 of each year, as described in Section 6 below and **Exhibit D**, in order to reconcile the Estimated Payments made by the City in the prior Service Year. The City (or County, if applicable) will pay the Estimated Payment, and any applicable Reconciliation Adjustment Amounts, as and when described as follows (a list of all payment-related notices and dates is included at **Exhibit C-7**):

- a. Service Year 2010: Animal Services Provided from July 1 through December 31, 2010. On or before August 1, 2010, the County shall provide notice to each Contracting Party of the Final Estimated 2010 Payment schedule. The Final Estimated 2010 Payment will be derived from the Preliminary Estimated 2010 Payment Amount set forth in **Exhibit C-1**, adjusted based on the final Contracting Cities. The City shall pay the County the Final Estimated 2010 Payment on or before January 15, 2011; provided that, if the calculation of the Final Estimated 2010 Payment shows the City is entitled to receive a payment from the County, the County shall pay the City the amount owing on or before such date. The County will issue a notice of the City's Reconciliation Adjustment Amount for Service Year 2010 on or before June 30, 2011. The Reconciliation Adjustment Amount shall be payable on or before August 15, 2011.
- b. Service Years after 2010.
 - i. Initial Estimate by August 1. To assist the City with its budgeting process, the County shall provide the City with a non-binding, preliminary estimate of the Estimated Payments for the upcoming Service Year on or before each August 1.
 - ii. Estimated Payment Determined by December 15. The Estimated Payment amounts for the upcoming Service Year will be determined by the County following adoption of the County's budget and applying the formulas in **Exhibit C**. The County will by December 15 provide written notice to all Contracting Parties of the schedule of Estimated Payments for the upcoming Service Year.
 - iii. Estimated Payments Due Each June 15 and December 15. The City shall pay the County the Estimated Payment Amount on or before each June 15 and December 15. If the calculation of the Estimated Payment shows the City is entitled to receive a payment from the County, the County shall pay the City such amount on or before each June 15 and December 15.

- iv. The Reconciliation Adjustment Amount for the prior Service Year shall be payable on or before August 15 of the following calendar year, as described in Section 6.
 - v. If a Party fails to pay an Estimated Payment or Reconciliation Adjustment Amount within 15 days of the date owed, the Party owed shall notify the owing Party which shall have ten (10) days to cure non-payment. In the event the Party fails to cure its nonpayment, the amount owed shall accrue interest thereon at the rate of 1% per month from and after the original due date and, in the event the nonpaying Party is the City, the County at its sole discretion may withhold provision of Animal Services to the City until all outstanding amounts are paid. In the event the nonpaying Party is the County, the City may withhold future Estimated Payments until all outstanding amounts are paid. Each Party may examine the other's books and records to verify charges.
 - vi. Unless the Parties otherwise direct, payments shall be submitted to the addresses noted at Section 14.h.
- c. Payment Obligation Survives Expiration or Termination of Agreement. The obligation of the City (or as applicable, the County), to pay an Estimated Payment Amount or Reconciliation Adjustment Amount for a Service Year included in the term of this Agreement shall survive the Expiration or Termination of this Agreement. For example, if this Agreement terminates on December 31, 2010, the Final Estimated 2010 Payment is nevertheless due on or before January 15, 2011, and the Reconciliation Adjustment Amount shall be payable on or before August 15, 2011.
- d. The Parties agree the payment and reconciliation formulas in this Agreement (including all Exhibits) are fair and reasonable.
6. **Reconciliation of Estimated Payments and Actual Costs and Revenues.** In order that the Contracting Parties share costs of the regional Animal Services system based on their actual, rather than estimated, use of Animal Services, there will be an annual reconciliation of actual costs and usage. Specifically, on or before June 30 of each year, the County will reconcile amounts owed under this Agreement for the prior Service Year by comparing each Contracting Party's Estimated Payments to the amount derived by recalculating the formulas in **Exhibit C** using actual cost, revenue, usage and population data for such Service Period as detailed in **Exhibit D**. The County shall provide the results of the reconciliation to all Contracting Parties in writing on or before June 30. The Reconciliation Adjustment Amount shall be payable on August 15 of the then current year, regardless of the prior termination of the Agreement as per Section 5.c.

7. **Transitional Licensing Revenue Support Services.** The County will provide enhanced licensing marketing services in 2010 as described in this section to the five cities with the lowest per-capita rates of licensing revenue shown on **Exhibit C-5** (the "Licensing Revenue Support Cities"), but any such city shall receive these services only if the effective term (determined per Section 15) of its specific Agreement is for two- and one half years.
- a. The marketing support services include, on a "per unit" basis, approximately \$20,000 in County staff and materials support (which may include use of volunteers or other in-kind support) and is estimated to generate 1,250 new licenses (equivalent to approximately \$30,000 in licensing revenue).
 - i. Licensing Revenue Support Cities over 100,000 in population will each receive two units of enhanced licensing marketing support.
 - ii. Licensing Revenue Support Cities less than 100,000 in population will share in one unit of enhanced licensing marketing support.
 - b. Receipt of a unit of licensing revenue support is subject to the receiving City providing in-kind services, including but not limited to: assisting in communication with City residents; publicizing any canvassing efforts the Parties have agreed should be implemented; assistance in recruiting canvassing staff, if applicable; and providing information to the County to assist in targeting its canvassing activities, if applicable.
8. **Mutual Covenants/Independent Contractor.** Both Parties understand and agree that the County is acting hereunder as an independent contractor with the intended following results:
- a. Control of County personnel, standards of performance, discipline, and all other aspects of performance shall be governed entirely by the County;
 - b. All County persons rendering service hereunder shall be for all purposes employees of the County, although they may from time to time act as commissioned officers of the City;
 - c. The County contact person for the City regarding citizen complaints, service requests and general information on animal control services is the Manager of Regional Animal Services.
9. **Indemnification and Hold Harmless.**
- a. City Held Harmless. The County shall indemnify and hold harmless the City and its officers, agents, and employees, or any of them from any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any nature whatsoever, by any reason of or arising out of any negligent act or omission of the County, its officers, agents, and employees, or any of them

relating to or arising out of performing services pursuant to this Agreement. In the event that any such suit based upon such a claim, action, loss, or damages is brought against the City, the County shall defend the same at its sole cost and expense; provided that the City reserves the right to participate in said suit if any principle of governmental or public law is involved; and if final judgment in said suit be rendered against the City, and its officers, agents, and employees, or any of them, or jointly against the City and the County and their respective officers, agents, and employees, or any of them, the County shall satisfy the same.

- b. County Held Harmless. The City shall indemnify and hold harmless the County and its officers, agents, and employees, or any of them from any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any nature whatsoever, by any reason of or arising out of any negligent act or omission of the City, its officers, agents, and employees, or any of them relating to or arising out of performing services pursuant to this Agreement. In the event that any suit based upon such a claim, action, loss, or damages is brought against the County, the City shall defend the same at its sole cost and expense; provided that the County reserves the right to participate in said suit if any principle of governmental or public law is involved; and if final judgment be rendered against the County, and its officers, agents, and employees, or any of them, or jointly against the County and the City and their respective officers, agents, and employees, or any of them, the City shall satisfy the same.
- c. Liability Related to City Ordinances, Policies, Rules and Regulations. In executing this Agreement, the County does not assume liability or responsibility for or in any way release the City from any liability or responsibility that arises in whole or in part as a result of the application of City ordinances, policies, rules or regulations that are either in place at the time this Agreement takes effect or differ from those of the County; or that arise in whole or in part based upon any failure of the City to comply with applicable adoption requirements or procedures. If any cause, claim, suit, action or administrative proceeding is commenced in which the enforceability and/or validity of any such City ordinance, policy, rule or regulation is at issue, the City shall defend the same at its sole expense and, if judgment is entered or damages are awarded against the City, the County, or both, the City shall satisfy the same, including all chargeable costs and reasonable attorney's fees.
- d. Waiver Under Washington Industrial Insurance Act. The foregoing indemnity is specifically intended to constitute a waiver of each party's

immunity under Washington's Industrial Insurance Act, Chapter 51 RCW, as respects the other party only, and only to the extent necessary to provide the indemnified party with a full and complete indemnity of claims made by the indemnitor's employees. The parties acknowledge that these provisions were specifically negotiated and agreed upon by them.

10. **Dispute Resolution.** Whenever any dispute arises between the Parties or between the Contracting Parties under this Agreement which is not resolved by routine meetings or communications, the disputing parties agree to seek resolution of such dispute in good faith by meeting, as soon as feasible. The meeting shall include the Chief Executive Officer (or his/her designee) of each party involved in the dispute and the Manager of the Regional Animal Services Program. If the parties do not come to an agreement on the dispute, any party may pursue mediation through a process to be mutually agreed to in good faith between the parties within 30 days, which may include binding or nonbinding decisions or recommendations. The mediator(s) shall be individuals skilled in the legal and business aspects of the subject matter of this Agreement. The parties to the dispute shall share equally the costs of mediation and assume their own costs.
11. **Joint City-County Committee and Collaborative Initiatives.** A committee composed of 3 county representatives (appointed by the County) and one representative from each City that has signed a like Agreement and chooses to appoint a representative shall meet not less than twice each year. Committee members may not be elected officials. The Committee shall review service issues and make recommendations regarding efficiencies and improvements to services and shall review and make recommendations regarding the conduct and findings of the collaborative initiatives identified below. Subcommittees to focus on individual initiatives may be formed, each of which shall include membership from both county and city members of the Joint City-County Committee. Recommendations of the Joint City-County Committee are non-binding. The collaborative initiatives to be explored shall include:
- a. Proposals to update animal services codes, including fees and penalties, as a means to increase revenues and incentives for residents to license, retain, and care for pets.
 - b. Exploring the practicability of engaging a private for-profit licensing system operator.
 - c. Pursuing linkages between County and private non-profit shelter and rescue operations to maximize opportunities for pet adoption, reduction in homeless pet population, and other efficiencies.

- d. Promoting licensing through joint marketing activities of cities and the County, including recommending where the County's marketing efforts will be deployed each year.
 - e. Exploring options for increasing service delivery efficiencies across the board.
 - f. Studying options for repair and/or replacement of the Kent Shelter.
 - g. Reviewing results of a compensation and classification study which the County agrees to complete by July 1, 2011, benchmarking the County's Animal Services staffing policies as compared to other publicly operated animal services systems.
 - h. Review the results of the County's calculation of the Reconciliation Adjustment Amounts.
 - i. Reviewing preliminary proposed budgets for Animal Services.
 - j. Providing input into the formatting, content and details of periodic system reports as per Section 12 of this Agreement.
 - k. Reviewing and providing input on proposed Animal Services operational initiatives.
12. **Reporting.** The County will provide the City with an electronic report not less than twice each year summarizing call response and system usage data for each of the Contracting Cities and the County and the Animal Services system. The formatting, content and details of the report will be developed in consultation with the Joint City-County Committee.
13. **Amendments.** Any amendments to this Agreement must be in writing. This Agreement may be amended upon approval of the County and at least two thirds (66%) of the legislative bodies of all other Contracting Parties to this Agreement (in both number and in the percentage of the prior total Estimated Payments owing from such Contracting Parties in the then current Service Year), evidenced by the authorized signatures of such approving Parties as of the effective date of the amendment; *provided that* any amendment to this Agreement affecting the Party contribution responsibilities, hold harmless and indemnification requirements, provisions regarding duration, termination or withdrawal, or the conditions of this Section shall require consent of the legislative authorities of all Parties.
14. **General Provisions.**
- a. Other Facilities. The County reserves the right to contract with other shelter service providers for housing animals received from within the City or from City residents, whose levels of service meet or exceed those at the County

shelter for purposes of addressing shelter overcrowding or developing other means to enhance the effectiveness, efficiency or capacity of the animal care and sheltering system within King County.

- b. Severability. The invalidity of any clause, sentence, paragraph, subdivision, section or portion thereof, shall not affect the validity of the remaining provisions of the Agreement.
- c. Survivability. Notwithstanding any provision in this Agreement to the contrary, the provisions of Section 9 (Indemnification and Hold Harmless) shall remain operative and in full force and effect, regardless of the withdrawal or termination of this Agreement.
- d. Waiver and Remedies. No term or provision of this Agreement shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the Party claimed to have waived or consented. Failure to insist upon full performance of any one or several occasions does not constitute consent to or waiver of any later non-performance nor does payment of a billing or continued performance after notice of a deficiency in performance constitute an acquiescence thereto. The Parties are entitled to all remedies in law or equity.
- e. Grants. Both Parties shall cooperate and assist each other toward procuring grants or financial assistance from governmental agencies or private benefactors for reduction of costs of operating and maintaining Animal Services programs and the care and treatment of animals in those programs.
- f. Force Majeure. In the event either Party's performance of any of the provisions of this Agreement becomes impossible due to war, civil unrest, and any natural event outside of the Party's reasonable control, including fire, storm, flood, earthquake or other act of nature, that Party will be excused from performing such obligations until such time as the Force Majeure event has ended and all facilities and operations have been repaired and/or restored.
- g. Entire Agreement. This Agreement represents the entire understanding of the Parties and supersedes any oral representations that are inconsistent with or modify its terms and conditions.
- h. Notices. Except as otherwise provided in this Agreement, any notice required to be provided under the terms of this Agreement shall be delivered by certified mail, return receipt requested or by personal service to the following person:

For the City:

For the County: Caroline Whalen, Director
 King County Dept. of Executive Services
 401 Fifth Avenue, Suite 610
 Seattle WA. 98104

- i. Assignment. No Party may sell, transfer or assign any of its rights or benefits under this Agreement without the approval of the other Party.
- j. Venue. The Venue for any action related to this Agreement shall be in Superior Court in and for King County, Washington.
- k. Records. The records and documents with respect to all matters covered by this Agreement shall be subject to inspection and review by the County or City for such period as is required by state law (Records Retention Act, Ch. 40.14 RCW) but in any event for not less than 1 year following the expiration or termination of this Agreement.
- l. No Third Party Beneficiaries. This Agreement is for the benefit of the Parties only, and no third party shall have any rights hereunder.
- m. Counterparts. This Agreement and any amendments thereto, shall be executed on behalf of each Party by its duly authorized representative and pursuant to an appropriate motion, resolution or ordinance. The Agreement may be executed in any number of counterparts, each of which shall be an original, but those counterparts will constitute one and the same instrument.

15. Terms to Implement Agreement. Because it is unknown how many parties will ultimately approve the Agreement, and participation of each Contracting Party impacts the costs of all other Contracting Parties, the Agreement will go into effect for the full proposed [*insert as appropriate: six month or two and a half year*] term only if certain Minimum Contracting Requirements are met or waived as described in this section; *provided further*, that if such conditions are not met, then the Agreement will go into effect for [*insert for cities requesting a 2.5 year term: a six month term per subparagraph (c) or*] a 60-day emergency period as provided for below under subparagraph (d). The Minimum Contracting Requirements include:

- a. **For both the City and the County:**
 - i. **2010 Payment Test:** The Final Estimated 2010 Payment, calculated including the County and all Cities that have executed the Agreement prior to July 1, 2010 (regardless of whether such Contracting Parties have opted for a 6 month or 2.5 year initial term), does not exceed the Preliminary Estimated 2010 Payment as set forth in **Exhibit C-1** by more than five percent (5%) or \$3,500, whichever is greater. Either

Party may waive its failure to meet this test in order to allow the Agreement to go into effect for the 6 month term.

- ii. **Implied 2011 Payment Test:** In addition, if the City has agreed to an initial term of 2.5 years, the Final Estimated 2010 Payment, calculated including the County and those Cities that have similarly opted for an Initial Term of 2.5 years, does not exceed the Preliminary Estimated 2010 Payment shown for the Party in **Exhibit C-1(A)** by more than five percent (5%) or \$3,500, whichever is greater. Either Party may waive its failure to meet this test in order to allow the Agreement to go into effect for the 2.5 year term.
- b. **For the County: the Minimum Contiguity of Service Condition** must be met, such that the County is only obligated to enter into the Agreement if the County will be providing Animal Services in areas contiguous to the City, whether by reason of having an Agreement with another City or due to the fact that the City is contiguous to unincorporated areas (excluding unincorporated islands within the City limits). The Minimum Contiguity of Service Condition may be waived by the County in its sole discretion.
- c. **Term of Agreement Limited to Six Months if Implied 2011 Payment Test Not Met:** If the County's Minimum Contiguity of Service Requirement is met or waived by the County and the 2010 Payment Test with respect to both Parties is met or waived, but the 2011 Test is **not** met or waived for both Parties, then the Agreement shall take effect for a term of only six months (expiring December 31, 2010).
- d. **Emergency 60-day agreement.** Notwithstanding the foregoing, if the 2010 Payment Test is not met, then regardless of whether the County's Minimum Contiguity of Service Requirement is met, this Agreement shall go into effect on July 1, 2010, on an emergency basis for a period of 60-days, terminating August 31, 2010. The City shall by January 15, 2011, pay the Final Estimated 2010 Payment calculated in accordance with Section 6.a, pro-rated to reflect the 60 day (rather than 6-month) term, provided further that there will be no reconciliation of the Estimated Payment amounts so paid.

16. **Administration.** This Agreement shall be administered by the County Administrative Officer or his/her designee, and by the City _____, or his/her designee.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed effective as of July 1, 2010.

King County

City of _____

Dow Constantine
King County Executive

City Manager / Mayor

Date

Date

Approved as to Form:

Approved as to Form:

King County
Deputy Prosecuting Attorney

City Attorney

Date

Date

List of Exhibits

Exhibit A: Animal Services Description

Exhibit B: Control Services District Map Description

Exhibit B-1: Map of Control Service District, as initially applicable

Exhibit B-2: Map of Control Service Districts beginning January 1, 2011

Exhibit C: Calculation of Estimated Payments

Exhibit C-1: Preliminary Estimated 2010 Payment (*Annualized*) (*showing participation only by those jurisdictions that have expressed interest as of May 27, 2010 in contracting for either 6 months or 2.5 years*)

Exhibit C-1(A): “Implied 2011” Estimated Payments for purposes of Section 15.a.2 (*2010 Estimated Payment (Annualized) showing participation only of those jurisdictions that indicated they are seeking a 2.5 year Agreement—Actual Estimated 2011 Payments will be different, based on adjustments for 2011 Budgeted Total Allocable Costs, revised Revenue estimates, and application of Budget Inflation Cap*)

Exhibit C-2: Population, Calls for Service, Shelter Use and Licensing Data for Jurisdictions, Used to Derive the Preliminary and Final Estimated 2010 Payment

Exhibit C-3: Calculation of Budgeted Total Allocable Animal Services Costs, Budgeted Total Non-Licensing Revenue and Budget Net Allocable Animal Services Costs for 2010

Exhibit C-4: Transition Credit, Resident Usage Credit and Impact Mitigation Credit Calculation and Allocation

Exhibit C-5: Cities receiving Transitional Licensing Revenue Support in 2010

Exhibit C-6: Summary of Calculation Periods for Use and Population Components

Exhibit C-7: Payment and Calculation Schedule

Exhibit D: Reconciliation

**Exhibit D-1: Calculation of Support Cost Adjustment Factor
Associated with Enhanced Control Service ("O")**

Exhibit E: Enhanced Control Services Contract (Optional)

Exhibit A
Animal Service Description

Part I: Control Services

Control Services include the operation of a public call center, the dispatch of animal control officers in response to calls, and the handling of calls in the field by animal control officers, including the collection and delivery of animals to the Kent Shelter (or such other shelters as the County may utilize in accordance with this Agreement).

1. Call Center

- a. The County will operate an animal control call center Monday through Friday every week (excluding holidays and County-designated furlough days, if applicable) for a minimum of eight hours per day (normal business hours). The County may adjust the days of the week the call center operates based on the final choice of Control District service days.
- b. The animal control call center will provide callers with guidance, education, options and alternative resources as possible/appropriate.
- c. When the call center is not in operation, callers will hear a recorded message referring them to 911 in case of emergency, or if the event is not an emergency, to either leave a message or call back during regular business hours.

2. Animal Control Officers

- a. The County will divide the area receiving Control Services into Control Districts. Each of the geographic Control Districts, as shown on **Exhibit B** will be staffed with one Animal Control Officer (ACO) five consecutive days-per-week (such days to be selected by the County) for not less than eight hours per-day ("Regular ACO Service Hours"), subject to the limitations provided in this Section. Except as the County may in its sole discretion determine is necessary to protect officer safety, Animal Control Officers shall be available for responding to calls within their assigned Control District and will not be generally available to respond to calls in other Control Districts. **Exhibit B-1** shows the map of Control Districts for the period from July 1 through December 31, 2010; **Exhibit B-2** shows the map of Control Districts for the period after 2010. The daily eight-hour service period shall be determined by the County and shall start not earlier than 7 a.m. and end not later than 7 p.m. Countywide, the County will have a total of not less than 6 Animal Control Officers (Full-Time Equivalent employees) on staff to maximize the ability of the County to staff each Control District notwithstanding vacation, sick-leave, and other absences, and to respond to

high workload areas on a day-to-day basis. While the Parties recognize that the County may at times not be able to staff all Control Districts as proposed given unscheduled sick leave or vacancies, the County will make its best efforts to establish regular hourly schedules and vacations for Animal Control Officers in order to minimize any such gaps in coverage. In the event of extended absences among the 6 Animal Control Officers, the County will re-allocate remaining Animal Control Officers as practicable in order to balance the hours of service available in each Control District.

- b. Control District boundaries have been designed to balance work load, correspond to jurisdictional boundaries and facilitate expedient transportation access across each district. The County will provide for a location for Animal Control vehicles to be stationed overnight in both north and south King County.
- c. The County will use its best efforts to ensure that High Priority Calls are responded to by an Animal Control Officer during Regular ACO Service Hours on the day such call is received. The County shall retain full discretion as to the order in which High Priority calls are responded. High Priority Calls include those calls that pose an emergent danger to the community, including:
 1. Emergent animal bite,
 2. Emergent vicious dog,
 3. Emergent injured animal,
 4. Police assist calls – (police officer on scene requesting assistance from an Animal Control Officer),
 5. Emergent loose livestock or other loose or deceased animal that poses a potential danger to the community, and
 6. Emergent animal cruelty.
- d. Lower priority calls include all calls that are not High Priority Calls. These calls will be responded to by the call center staff over the telephone, referral to other resources, or by dispatching of an Animal Control Officer as necessary or available, all as determined necessary and appropriate in the sole discretion of the County. Particularly in the busier seasons of the year (spring through fall), lower priority calls may only receive a telephone response from the Call Center. Lower Priority calls are non-emergent requests for service, including but not limited to:
 1. Non-emergent high priority events,
 2. Patrol request – (Animal Control Officer requested to patrol a specific area due to possible code violations),
 3. Trespass,
 4. Stray Dog/Cat/other animal confined,

5. Barking Dog,
 6. Leash Law Violation,
 7. Deceased Animal,
 8. Trap Request,
 9. Female animal in season, and
 10. Owner's Dog/Cat/other animal confined.
- e. In addition to the Animal Control Officers serving specific districts, the following Control Service resources will be available on a shared basis for all Parties and shall be dispatched as deemed necessary and appropriate by the County.
1. An animal control sergeant will provide oversight of and back-up for Animal Control Officers five days per week at least 8 hours/day (subject to vacation/sick leave/training/etc.).
 2. An Animal Cruelty Sergeant will be on staff at least 40 hours per week to respond to animal cruelty cases and prepare related reports (subject to vacation/sick leave/training/etc.).
 3. Two Animal Control Officers will be on call every day at times that are not Regular ACO Service Hours (including the two days per week that are not included within Regular ACO Service Hours), to respond to High Priority Calls posing an extreme life and safety danger, as determined by the County.
- f. The Parties understand that rural areas of the County will generally receive a less rapid response time from ACOs than urban areas.
- g. Cities may contract with King County for "Enhanced Control Services" through separate agreement (as set forth in **Exhibit E**).

Part II: Shelter Services

Shelter services include the general care, cleaning and nourishment of owner-released, lost or stray dogs, cats and other animals. Such services shall be provided 7-days per week, 365 days per year at the County's animal shelter in Kent (the "Shelter") or other shelter locations utilized by the County, including related services described in this section. The County's Eastside Pet Adoption Center in the Crossroads area of Bellevue will be closed to the public.

1. Shelter Services

- a. Services provided to animals will include enrichment, exercise, care and feeding, and reasonable medical attention.
- b. The Public Service Counter at the Shelter will be open to the public not less than 30 hours per week and not less than 5 days per week, excluding holidays and County designated furlough days, for purposes of pet

redemption, adoption, license sales services and (as may be offered from time to time) pet surrenders. The Public Service Counter at the shelter may be open for additional hours if practicable within available resources.

- c. The County will maintain a volunteer/foster care coordinator at the Shelter to encourage use of volunteers working at the shelter and use of foster families to provide fostering/transitional care between shelter and permanent homes for adoptable animals.
 - d. The County will maintain an animal placement specialist at the Shelter to provide for and manage adoption events and other activities leading to the placement of animals in appropriate homes.
 - e. One veterinarian and one veterinarian technician will be scheduled to work at the Shelter six-days per week, during normal business hours. Veterinary services provided include animal exams, treatment and minor procedures, spay/neuter and other surgeries. Limited emergency veterinary services will be available in non-business hours, through third-party contracts, and engaged if and when the County determines necessary.
 - f. Targeted animal operating capacity at the Shelter is 7,000 per year. The County will take steps through its operating policies, codes, public fee structures and partnerships to reduce the number of animals and their length of stay in the Shelter, and may at times limit owner-surrenders and field pick-ups, adjust fees and incentivize community-based solutions.
2. **Other Shelter services**
- a. Dangerous animals will be confined as appropriate/necessary.
 - b. Disaster/emergency preparedness for animals will be coordinated regionally through efforts of King County staff.
3. **Shelter for Cities contracting with PAWS (Potentially including Shoreline, Bothell, Woodinville, Lake Forest Park, Kenmore ("Northern Cities"))**. For so long as a Northern City has a contract in effect for sheltering dogs and cats with the Progressive Animal Welfare Society in Lynnwood (PAWS), the County will not shelter dogs and cats picked up within the boundaries of such City(s), except in emergent circumstances and when the PAWS Lynnwood shelter is not available. Dogs and cats picked up by the County within such City(s) will be transferred by the County to the PAWS shelter in Lynnwood for shelter care, which will be provided and funded solely through separate contracts between each Northern City and PAWS, and the County will refer residents of that City to PAWS for sheltering services. The County will provide shelter services for animals other than dogs and cats that are picked up within the boundaries of Northern Cities contracting with PAWS on the same terms and conditions that such shelter services are provided to other Contracting Parties. Except as provided in this Section, the County is under

no obligation to drop animals picked up in any Contracting City at any shelter other than the County shelter in Kent.

4. **County Contract with PAWS.** Nothing in this Agreement is intended to preclude the County from contracting with PAWS in Lynnwood to care for animals taken in by control officers in the Northern (#200) district of the County.
5. **Service to Persons who are not Residents of Contracting Cities.** The County will not provide routine shelter services for animals brought in by persons who are not residents of Contracting Cities, but may provide emergency medical care to such animals, and may seek to recover the cost of such services from the pet owner and/or the City in which the resident lives.

Part III: Licensing Services

Licensing services include the operation and maintenance of a unified system to license pets in Contracting Cities.

1. The public will be able to purchase pet licenses in person at the County Licensing Division public service counter in downtown Seattle (500 4th Avenue), King County Community Service Centers and the Kent Animal Shelter during regular business hours. The County will maintain on its website the capacity for residents to purchase pet licenses on-line.
2. The County will seek to engage and maintain a variety of private sector partners (e.g. veterinary clinics, pet stores, grocery stores, city halls, apartment complexes) as hosts for locations where licenses can be sold or promoted in addition to County facilities.
3. The County will furnish licenses and application forms and other materials to the City for its use in selling licenses to the public at City facilities and at public events.
4. The County will publicize reminders and information about pet licensing from time to time through inserts in County mailings to residents and on the County's public television channel.
5. The County will annually mail at least one renewal form, reminder and late notice (as applicable) to the last known addresses of all City residents who purchased a pet license from the County within the previous year (using a rolling 12-month calendar).
6. The County may make telephone reminder calls in an effort to encourage pet license renewals.
7. The County shall mail pet license tags or renewal notices as appropriate to individuals who purchase new or renew their pet licenses.
8. The County will maintain a database of pets owned, owners, addresses and violations.

9. The County will provide limited sales and marketing support in an effort to maintain the existing licensing base and increase future license sales. The County reserves the right to determine the level of sales and marketing support provided from year to year in consultation with the Joint City-County Committee. The County will work with any City in which door-to-door canvassing takes place to reach agreement with the City as to the hours and locations of such canvassing.

Exhibit B: Control Service District Map

The attached map (**Exhibit B-1**) shows the boundaries of the 4 Control Service Districts as established at the commencement of this Agreement. **Exhibit B-2** shows the proposed boundaries for the Control Service Districts to be established effective January 1, 2011.

The cities and towns included in each Control District are as follows:

<p><u>District #200 (Northern District)</u> Shoreline Lake Forest Park Kenmore Bothell (only through December 31, 2010) Woodinville Kirkland Redmond Duvall Carnation Sammamish</p>	<p><u>District #220 (Eastern District)</u> Bellevue Mercer Island Yarrow Point Clyde Hill Town of Beaux Arts Issaquah Snoqualmie North Bend Newcastle</p>
<p><u>District #240 (Western District)</u> Tukwila SeaTac Kent</p>	<p><u>District #260 (Southern District)</u> Auburn Covington Maple Valley Black Diamond Enumclaw</p>

The Districts shall each include portions of unincorporated King County as illustrated on the **Exhibits B-1 and B-2**.

1
2

Exhibit B-1
The Control District Map, applicable through December 31, 2010

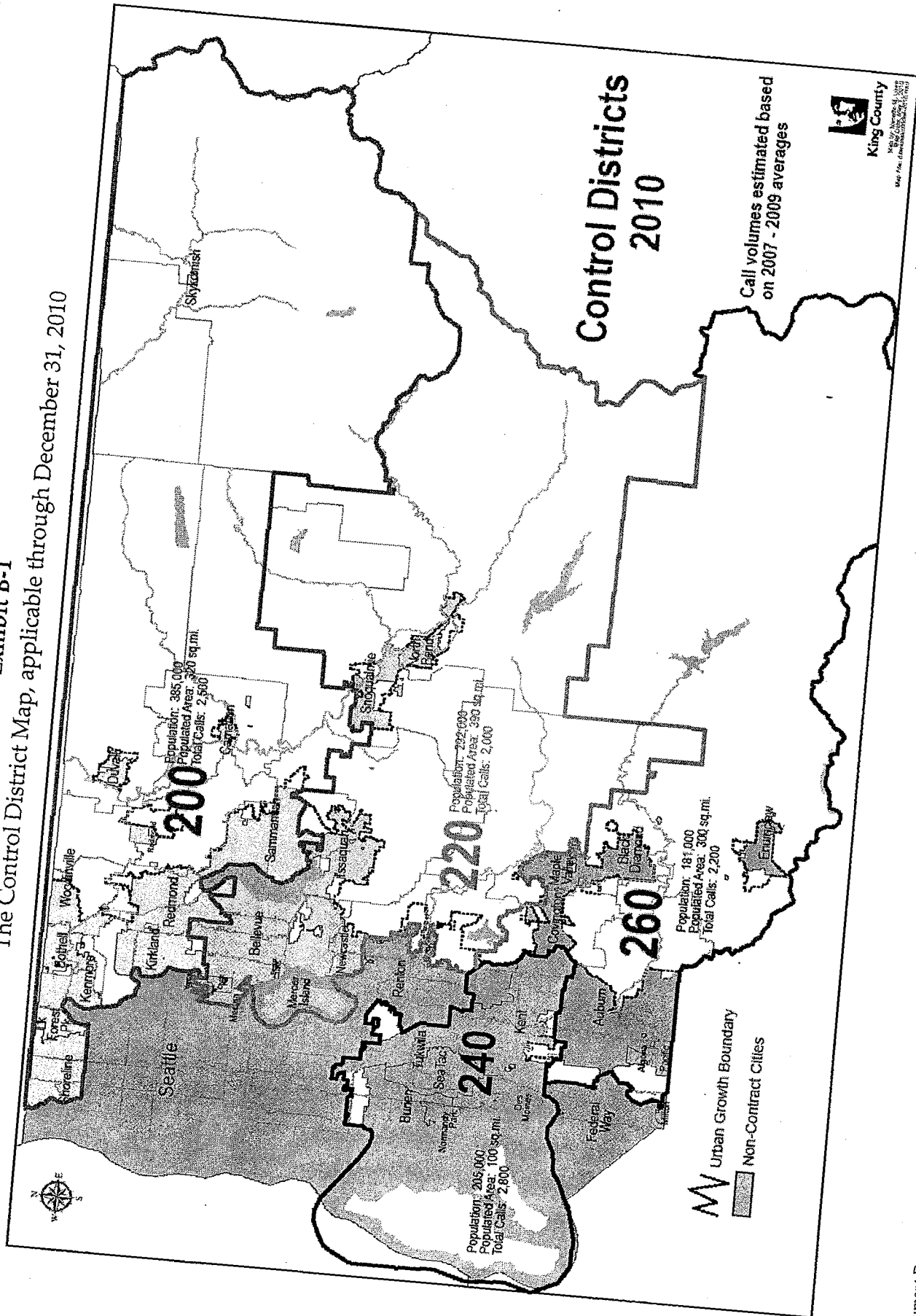


Exhibit B-2
Control District Map - applicable January 2011 and Beyond

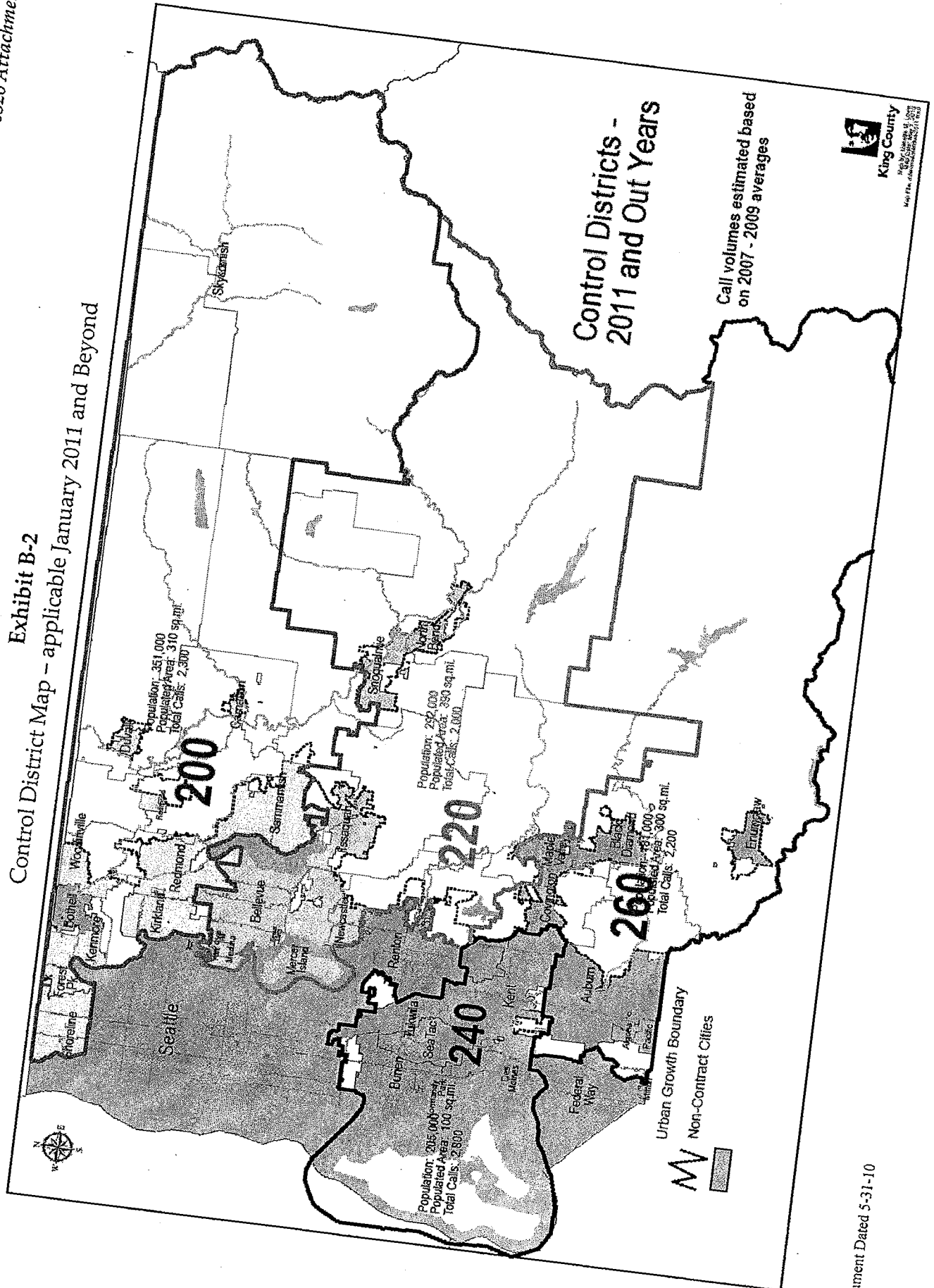


Exhibit C

Calculation of Estimated Payments

The Estimated Payment is the amount, before reconciliation, owed by the City to the County (or owed by the County to the City if the amount calculated is less than \$0) for the provision of six months of Animal Services, based on the formulas below.

In summary and subject to the more detailed descriptions herein:

- Control Services costs are to be equally shared among the 4 geographic Control Districts. Each Contracting Party located within a Control District is to be allocated a share of Control District costs based 50% on the Party's relative share of total Calls for Service within the Control District and 50% on its relative share of total population within the Control District.
- Shelter Services costs are to be allocated among all Contracting Parties based 50% on their relative population and 50% on the total shelter intake of animals attributable to each Contracting Party, except that cities contracting for shelter services with PAWS will pay only a population-based charge and that charge will be one-half the regular shelter services cost population component payable by other cities; and
- Licensing Services costs are to be allocated between all Contracting Parties, based 50% on their relative population and 50% on the number of licenses issued to residents of each Contracting Party.
- Licensing revenue is to be attributed based on the residency of the individual purchasing the license.
- Each Estimated Payment covers the cost of six months of Animal Services.
- Three credits are applicable to various cities to reduce the amount of their Estimated Payments: a Transition Funding Credit (for cities with high per-capita costs); a Resident Usage Credit (for cities with low usage as compared to population); and an Impact Mitigation Credit (for cities whose projected costs were most impacted by decisions of certain cities not to participate in the regional Agreement). Application of these Credits is limited such that the Estimated Payment cannot fall below zero (before or after the annual reconciliation calculation) with respect to the Transition Funding Credit, or below \$2,750 or \$2,850 (both amounts are annualized) with respect to the Resident Usage Credit and

Impact Mitigation Credit (depending on whether Bothell received Animal Services in the Service Year being reconciled).

- Estimated Payments are reconciled to reflect actual revenues and actual usage as well as changes in population. The reconciliation calculation occurs in June of the following calendar year. The reconciliation calculation and payment process is described in **Exhibit D**. The receipt of Transition Funding Credits, Resident Usage Credits, or Impact Mitigation Credits can never result in the amount of the Estimated Payments as reconciled falling below the limits described in the paragraph above (\$0, \$2,750 or \$2,875 (annualized), depending on the credit and whether Bothell received service under an Agreement during the Service Year).

Estimated Payment Formula:

$$EP = [EC + ES + EL - ER - T - U - M] \div 2$$

Where:

“EP” is the Estimated Payment. For Cities receiving a Transition Credit, Resident Usage Credit or Impact Mitigation Credit, the value of EP may not be less than the amounts prescribed in **Exhibit C-4**.

“EC” is the City’s share of the Budgeted Net Allocable Control Services Cost for the Service Year. *See formula below for deriving “EC.”*

“ES” is the City’s share of the Budgeted Net Allocable Shelter Services Cost for the Service Year. *See formula below for deriving “ES.”*

“EL” is the City’s share of the Budgeted Net Allocable Licensing Services Cost for the Service Year. *See formula below for deriving “EL.”*

“ER” is Estimated Licensing Revenue attributable to the City. For purposes of determining the Estimated Payment in Years 2010 and 2011, ER is derived from the number of each type of active license issued to City residents in years 2009 (the “Calculation Period”) shown on **Exhibit C-2**. For Service Year 2010, that number is multiplied by the cost of those licenses in 2009¹, resulting in the estimated values for Service Year 2010 shown on

¹ 2009 licensing types and costs used for purposes of calculating Estimated Licensing Revenue per jurisdiction in Exhibit C-1 include: Cat and Dog, Altered (spayed or neutered)-- \$30; Cat and Dog, Unaltered-- \$90; Cat and Dog, Juvenile (less than 6 months in age) -- \$5; Dog, Senior (over 65)owner -- \$20; Cat, Senior

Exhibit C-1, and then adding the amount of revenue estimated to be derived as a result of the Transitional Licensing Support Services in 2010 to those five Cities identified in **Exhibit C-5** (the estimated Transitional Licensing Support Services revenue is also shown on **Exhibit C-1**). License Revenue that cannot be attributed to a specific Party (e.g., License Revenue associated with incomplete address information), which generally represents a very small fraction of overall revenue, is allocated amongst the Parties based on their respective percentages of ER as compared to Total Licensing Revenue.

"T" is the **Transition Funding Credit**, if any, allocable to the City for each Service Year, calculated per **Exhibit C-4**; *provided however*, a City identified in **Exhibit C-4** is only eligible for a Transition Credit if that City agreed to enter into this Agreement for a term through December 31, 2012; *provided further*, that the amount of **"T"**, if any, for Service Year 2010 shall be applied pro rata to the calculation of the Final Estimated 2010 Payment even if, despite the agreement of the City, the Agreement only goes into effect for 6 months or 60 days per Section 15.

"U" is the **Resident Usage Credit**, if any, allocable to the City for each Service Year, calculated per **Exhibit C-4**; *provided however*, a City identified in **Exhibit C-4** is only eligible for a Resident Usage Credit if that City agreed to enter into this Agreement for a term through December 31, 2012; *provided further*, that the amount of **"U"**, if any, for Service Year 2010 shall be applied pro rata to the calculation of the Final Estimated 2010 Payment even if, despite the agreement of the City, the Agreement only goes into effect for 6 months or 60 days per Section 15.

"M" is the **Impact Mitigation Credit**, if any, allocable to the City for each Service Year, calculated per **Exhibit C-4**; *provided however*, a City identified in **Exhibit C-4** is only eligible for an Impact Mitigation Credit if that City agreed to enter into this Agreement for a term through December 31, 2012; *provided further*, that the amount of **"M"**, if any, for Service Year 2010 shall be applied pro rata to the calculation of the Final Estimated 2010 Payment even if, despite the agreement of the City, the Agreement only goes into effect for 6 months or 60 days per Section 15.

And where:

"Budgeted Net Allocable Costs" are the estimated costs for the Service Year for the provision of Animal Services which are allocated among the Contracting Parties for the

owner-- \$12; Cat and Dog, Renewal, Service and Temporary, Senior owner renewal-- \$0. License types and costs are subject to change over time.

purposes of determining the Estimated Payment. The Budgeted Net Allocable Costs are calculated as the **Budgeted Total Allocable Costs** (subject to the **Annual Budget Inflator Cap**) *less* **Budgeted Total Non-Licensing Revenue**. The Budgeted Total Allocable Costs exclude any amount expended by the County as Transition Funding Credits, Resident Use Credits, or Impact Mitigation Credits (described in **Exhibit C-4**) or to provide Transitional Licensing Revenue Support Services (described in Section 7). The calculation of Budgeted Net Allocable Costs, Budgeted Total Allocable Costs and Budgeted Total Non-Licensing Revenue for purposes of calculating the Estimated 2010 Payments is set forth in **Exhibit C-3**.

“Total Licensing Revenue” means all revenue received by the County’s Animal Services System attributable to the sale of pet licenses excluding late fees. With respect to each Contracting Party, the amount Licensing Revenue is the revenue generated by the sale of pet licenses to residents of the jurisdiction. (With respect to the County, the jurisdiction is the unincorporated area of King County.) The value of Estimated Licensing Revenue for each Contracting Party for purposes of calculating the Estimated 2010 Payment includes amounts estimated to be generated from Transitional Licensing Revenue Support Services, and is shown on **Exhibit C-1**.

“Total Non-Licensing Revenue” means all revenue from fine, forfeitures, and all other fees and charges received by the County's Animal Services system, *excluding* Total Licensing Revenue.

“Transitional Licensing Support Services” means activities to be undertaken in specific cities in 2010 to enhance licensing revenues, per Section 7 of the Agreement.

“Annual Budget Inflator Cap” means the maximum amount by which the Budgeted Total Allocable Costs may be increased from one Service Year to the next Service Year, and year to year, which is calculated as the rate of inflation (based on the annual change in the September CPI-U for the Seattle-Tacoma-Bremerton area over the rate the preceding year) plus the rate of population growth for the preceding year for the County (including only the unincorporated area) plus all Contracting Cities, as identified by comparing the two most recently published July OFM city and county population reports. The cost allocations to individual services (e.g. Control Services, Shelter Services or Licensing Services) or specific items within those services may be increased or decreased from year to year in so long as the Budgeted Total Annual Allocable Costs do not exceed the Annual Budget Inflator Cap. Similarly, the Estimated Payment for any Party will increase or decrease from Service Year to Service Year based on that Party’s population and usage of Animal Services from year to year.

“**Service Year**” is the calendar year in which Animal Services are/were provided. (In 2010, the Service Year is the period from July 1, 2010 –December 31, 2010; the Estimated Payment calculation shown in Exhibit C is based on annualized costs).

“**Calculation Period**” is the time period from which data is used to calculate the Estimated Payment. The Calculation Period differs by formula component and Service Year. In Service Years 2010 and 2011, the Calculation Period for Calls for Service (“CFS”), Animals (“A”), or Licenses Issued (“I”) (all as further defined below) is based on multiple year averages as detailed in Exhibit C-6. For Service Year 2012 and beyond (if the Agreement is extended into an additional 2-year term), the Calculation Period is the year that is two calendar years prior to the Service Year (thus, for Service Year 2012, the Calculation Period is 2010). Exhibit C-6 summarizes in table form the Calculation Periods for the usage and population factors for Service Years 2010, 2011 and 2012.

“**Population**” with respect to any Contracting Party for any Service Year means the population number derived from the State Office of Financial Management (OFM) most recent annually published report of population to be used for purposes of allocation of state shared revenues in the subsequent calendar year (typically published by OFM each July, reflecting final population estimates *as of April of the same calendar year*). The OFM reported population will be adjusted for annexations of 2,500 or more residents. For example, when the final Estimated Payment calculation for 2012 is provided on December 15, 2011, the population numbers used will be from the OFM report issued in July 2011 and will be adjusted for all annexations of 2,500 or more residents that occurred (or will occur) between April 1 and December 31, 2011. By way of further example, the reconciliation of the 2012 payment (calculated in June 2013) will incorporate adjusted population numbers based on the OFM population report issued in July 2012 adjusted for all annexations of 2,500 or more residents that occurred between April 1, 2012 and December 31, 2012. Where annexations occur, the City and County population values will be adjusted pro rata to reflect the portion of the year in which the annexed area was in the City and the portion of the year in which the area was unincorporated. The population of an annexed area will be as determined by the Boundary Review Board, in consultation with the annexing city. The population of the unincorporated area within any District will be determined by the King County demographer. Notwithstanding the foregoing, the population for all potential Contracting Parties for purposes of determining the final Estimated 2010 Payment will be based on the July 2009 OFM report, adjusted for annexations occurring through the end of December 2010, as known as of April, 2010, and shown on Exhibit C-2, and the reconciliation of the Estimated 2010 Payments (calculated in June 2011) will incorporate changes to population as reflected in the 2010 U.S. Census (results expected to be published April 2011).

Exhibit C-1 shows the *preliminary* calculation of EP for July 1 – December 31, 2010, assuming that the County and all Cities that have expressed interest in signing this Agreement as of May 27, 2010, do in fact approve and sign the Agreement and as a result the Minimum Contract Requirements with respect to all such Cities and the County are met per Section 15.

Component Calculation Formulas:

EC is calculated as follows:

$$EC = \{[(C \times .25) \times .5] \times CFS\} + \{[(C \times .25) \times .5] \times D\text{-Pop}\}$$

Where:

“C” is the **Budgeted Net Allocable Control Services Cost** for the Service Year, which equals the County’s Budgeted Total Allocable Costs for Control Services in the Service Year, *less* the Budgeted Total Non-Licensing Revenue attributable to Control Services in the Service Year (for example, fines issued in the field). Budgeted Net Allocable Control Services Cost for Service Year 2010 is \$1,698,600, calculated as shown on **Exhibit C-3**, and shall be similarly derived for Service Years after 2010.

“CFS” is the total annual number of Calls for Service for the Service Year for Control Services originating within the City *expressed as a percentage* of the CFS for all Contract Parties within the same Control District. A Call for Service is defined as a request from an individual, business or jurisdiction for a control service response to a location within the City, or a response initiated by an Animal Control Officer in the field, which is entered into the County’s data system (at the Animal Services call center or the sheriff’s dispatch center acting as back-up to the call center) as a request for service. Calls for information, hang-ups and veterinary transfers are not included in the calculation of Calls for Service. A response by an Animal Control Officer pursuant to an Enhanced Control Services Contract will not be counted as a Call for Service. For purposes of determining the Estimated Payment in 2010 and 2011, the Calculation Period for CFS is the 3-year period from 2007-2009, resulting in an annual average number of Calls for Service for the City and each Contracting Party as shown on **Exhibit C- 2**.

“D-Pop” is the **Population** of the City, *expressed as a percentage* of the Population of all jurisdictions within the applicable Control District.

ES is calculated as follows:

If, as of the effective date of this Agreement, the City has entered into a contract for shelter services with the Progressive Animal Welfare Society (PAWS) in Lynnwood, WA, then, for so long as such contract remains in effect, the City will not pay a share of shelter costs associated with shelter usage ("A" as defined below) and instead the Estimated Payment will include a **reduced population-based charge** reflecting the regional shelter benefits nonetheless received by such City, calculated as follows (the components of this calculation are defined as described below).

$$ES = (S \times .5 \times \text{Pop}) \div 2$$

If the City **does not** qualify for the reduced population-based shelter charge, ES is determined as follows:

$$ES = [S \times .5 \times \text{Pop}] + (\text{ESP} \times \text{Pop}_2) + (S \times .5 \times A)$$

Where:

"S" is the Budgeted Net Allocable Shelter Services Cost for the Service Year, which equals the County's Budgeted Total Allocable Costs for Shelter Services *less* Budgeted Total Non-Licensing Revenue attributable to Shelter operations (i.e., adoption fees, microchip fees, impound fees, owner-surrender fees, from all Contracting Parties) in the Service Year. The Budgeted Net Allocable Shelter Services Cost for purposes of calculating Estimated 2010 Payments is \$3,004,900 as shown on **Exhibit C-3**, and shall be similarly derived for Service Years after 2010.

"ESP" is the sum of all reduced shelter costs payable in the Service Year by all cities qualifying for such reduced charge.

"Pop" is the population of the City expressed as a percentage of the Population of all Contracting Parties.

"Pop₂" is the Population of the City expressed as a percentage of the Population of all Contracting Parties that do not qualify for the reduced population-based shelter charge.

"A" is the total number of animals that were: (1) picked up by County Animal Control Officers from within the City, (2) delivered by a City resident to the County shelter, or (3) delivered to the shelter that are owned by a resident of the City *expressed as a percentage* of the total number of animals in the County Shelter during the Calculation Period. For

purposes of the Estimated Payment in 2010 and 2011, the Calculation Period for "A" is the two year period of 2008 and 2009, resulting in an average annual shelter usage number for the City and each Contracting Party as shown in **Exhibit C-2**.

EL is calculated as follows:

$$EL = [(L \times .5 \times Pop) + (L \times .5 \times I)]$$

Where:

"L" is the Budgeted Net Licensing Services Cost for the Service Year, which equals the County's Budgeted Total Allocable Costs for License Services in the Service Year *less* Budgeted Total Non-Licensing Revenue attributable to License Services (for example, pet license late fees) in the Service Year. The Budgeted Net Licensing Cost for purposes of calculating Estimated 2010 Payments is \$898,400, calculated as shown on **Exhibit C-3**, and shall be similarly derived for Service Years after 2010.

"Pop" is the Population of the City expressed as a percentage of the population of all Contracting Parties.

"I" is the number of active paid regular pet licenses (e.g., excluding 'buddy licenses' or temporary licenses) issued to City residents during the Calculation Period. For purposes of calculating the Estimated Payment in 2010 and 2011, the Calculation Period for "I" is the three year period from 2007-2009, and the resulting average annual number of licenses as so calculated for the City and each Contracting Party is shown on **Exhibit C-2**.

Exhibit C-1
Preliminary Estimated 2010 Payment (Annualized) (1)

(Showing participation only of those jurisdictions that have expressed interest as of May 27, 2010 in contracting for either 6 months or 2.5 years)

Animal Control District Number	Jurisdiction	Control	Shelter	Licensing	Total Allocated Costs	2009 Licensing Revenue	Estimated Net Cost Allocation	Transition Funding (\$)	Credits (\$)	Estimated Net Costs with Transition Funding and Credits	Estimated Revenue from Transitional Licensing Support	Estimated Net Final Cost
		Budgeted Total Allocable Costs	\$1,705,000	\$843,400	\$5,855,800	\$3,207,400	\$943,400					
		Budgeted Non-Licensing Revenue	\$6,500	\$202,500	\$254,000	\$45,000	\$254,000					
		Budgeted Net Allocable Costs	\$1,698,500	\$3,004,900	\$5,601,800	\$3,069,875	\$2,531,925					
200	Estimated Services Cost Allocation (2)	\$34,993	\$23,505	\$31,134	\$68,632	\$102,067	\$12,435	\$0	\$0	\$12,435	\$0	\$12,435
	Estimated Shelter Services Cost Allocation (3)	\$8,606	\$13,270	\$5,605	\$25,681	\$22,113	\$3,568	\$1,674	\$865	\$5,568	\$0	\$5,568
	Estimated Total Animal Services Cost Allocation	\$43,600	\$36,775	\$36,739	\$94,313	\$124,180	\$16,003	\$1,674	\$865	\$11,033	\$0	\$11,033
	Estimated Unincorporated King County	\$108,379	\$14,461	\$19,926	\$60,691	\$73,160	\$12,469	\$0	\$0	\$12,469	\$0	\$12,469
	Kennore	\$51,479	\$102,767	\$40,926	\$194,804	\$159,211	\$35,593	\$0	\$30,957	\$35,527	\$0	\$35,527
	Lake Forest Park	\$14,144	\$36,065	\$13,251	\$63,461	\$71,997	\$62,527	\$0	\$43,060	\$19,467	\$0	\$19,467
	Redmond	\$51,589	\$102,175	\$42,704	\$197,468	\$147,237	\$11,890	\$0	\$9,140	\$21,030	\$0	\$21,030
	Sammamish	\$39,496	\$71,803	\$35,939	\$147,237	\$188,347	\$29,862	\$0	\$0	\$29,862	\$0	\$29,862
	Shoreline	\$73,664	\$38,411	\$47,910	\$159,985	\$188,347	\$5,403	\$0	\$0	\$5,403	\$0	\$5,403
	Woodinville	\$15,121	\$7,545	\$9,849	\$32,515	\$37,918	\$5,403	\$0	\$0	\$5,403	\$0	\$5,403
	SUBTOTAL FOR CITIES IN 200 (excludes unincorporated area)	\$316,246	\$381,691	\$248,603	\$956,440	\$931,165	\$26,255	\$1,674	\$83,622	\$60,040	\$0	\$60,040
	Beaux Arts	\$447	\$1,771	\$913	\$1,737	\$600	\$377	\$0	\$0	\$377	\$0	\$377
	Bellevue	\$14,829	\$58,528	\$27,303	\$85,559	\$74,308	\$11,151	\$0	\$93,030	\$118,185	\$60,000	\$58,185
	Clyde Hill	\$5,940	\$4,578	\$2,568	\$10,686	\$5,044	\$2,536	\$0	\$0	\$2,536	\$0	\$2,536
	Estimated Unincorporated King County	\$179,942	\$4,578	\$2,568	\$187,088	\$90,444	\$2,536	\$0	\$0	\$2,536	\$0	\$2,536
	North Point	\$40,815	\$51,476	\$20,819	\$123,110	\$64,509	\$58,601	\$0	\$0	\$58,601	\$0	\$58,601
	Issaquah	\$25,894	\$39,249	\$17,833	\$82,976	\$55,113	\$27,863	\$0	\$25,113	\$27,863	\$0	\$27,863
	Nearshore (7)	\$13,931	\$19,349	\$5,785	\$38,065	\$10,000	\$9,065	\$0	\$10,967	\$18,032	\$0	\$18,032
	North Bend	\$9,916	\$15,427	\$4,188	\$29,531	\$14,341	\$15,190	\$4,172	\$0	\$11,018	\$0	\$11,018
	Shoreline	\$12,448	\$22,004	\$7,177	\$41,630	\$23,687	\$17,963	\$0	\$3,958	\$14,005	\$0	\$14,005
	Yarrow Point	\$1,065	\$1,461	\$853	\$3,379	\$2,864	\$215	\$0	\$0	\$215	\$0	\$215
	SUBTOTAL FOR CITIES IN 220 (excludes unincorporated area)	\$253,781	\$409,541	\$153,816	\$837,139	\$453,784	\$63,355	\$4,172	\$1,333,066	\$226,114	\$60,000	\$1,066,114
240	Burien (includes North Highline Area X Annexation)	\$105,877	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	N/A	N/A	N/A	N/A	N/A
	Estimated Unincorporated King County	\$208,450	\$694,309	\$87,555	\$990,314	\$734,949	\$34,085	\$34,834	\$49,085	\$351,050	\$60,000	\$291,050
	Kent (includes Panther Lake Annexation)	\$62,145	\$112,851	\$19,605	\$194,580	\$55,085	\$141,516	\$22,951	\$7,953	\$111,012	\$10,000	\$101,012
	SeaTac	\$47,153	\$63,995	\$12,478	\$143,627	\$30,348	\$113,279	\$18,925	\$5,644	\$91,710	\$10,000	\$81,710
	Tukwila	\$317,748	\$891,136	\$119,637	\$1,328,522	\$338,777	\$989,744	\$373,309	\$62,663	\$436,972	\$60,000	\$376,972
	SUBTOTAL FOR CITIES IN 240 (excludes unincorporated area)	\$144,841	\$363,200	\$49,694	\$847,724	\$156,415	\$369,310	\$189,649	\$0	\$189,649	\$0	\$189,649
	Albion	\$10,251	\$18,659	\$3,625	\$32,534	\$13,071	\$19,463	\$3,664	\$0	\$15,799	\$0	\$15,799
	Black Diamond	\$49,589	\$66,063	\$16,386	\$134,038	\$60,534	\$73,504	\$15,364	\$0	\$58,140	\$0	\$58,140
	Covington	\$30,596	\$57,502	\$8,885	\$96,983	\$22,484	\$74,519	\$33,903	\$169	\$40,447	\$10,000	\$30,447
	Enumclaw	\$143,389	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	N/A	N/A	N/A	N/A	N/A
	Estimated Unincorporated King County	\$45,960	\$68,071	\$17,749	\$131,726	\$69,433	\$69,433	\$18,265	\$0	\$51,168	\$0	\$51,168
	Maple Valley	\$281,236	\$565,441	\$98,329	\$943,005	\$316,777	\$626,228	\$270,845	\$189	\$355,214	\$10,000	\$345,214
	Pacific	\$1,169,012	\$2,257,809	\$618,285	\$4,045,106	\$2,040,523	\$2,004,582	\$660,000	\$279,521	\$1,075,061	\$160,000	\$915,061
	TOTAL FOR CITIES	\$529,488	\$747,091	\$280,115	\$1,556,694	\$1,029,352	\$527,343					
	Total King County Unincorporated Area Allocation											
	King County Transitional Costs											
	• One-Time Implementation Costs (8)											
	• Other Operational and Reform Effort Costs (9)											
	• Transition Funding for Cities											
	• Credits											
	TOTAL FOR KING COUNTY											

Source: KC Office of Management and Budget and Animal Care and Control
 Date: May 31, 2010

Exhibit C-1, cont'd.

Notes:

1. Assumes the following cities do not participate: Federal Way, Seattle, Renton, Des Moines, Normandy Park, Medina, Skykomish, Milton, Hunts Point, Algona, Pacific, and Burien.
2. One quarter of central services costs are allocated to each control district, then costs are further allocated 50% by total call volume (averaged from 2007-2009) and 50% by 2009 population. Values for northern cities anticipating using PAWS for sheltering include only the cost to northern cities of sheltering their animals at PAWS under separate contracts. Shelter costs are allocated 50% by King County shelter volume intake (averaged for 2008-2009) and 50% by 2009 population. Values for northern cities anticipating using PAWS for sheltering include only the 50% population allocation.
3. This study assumes the cost to northern cities of sheltering their animals at PAWS under separate contracts. Shelter costs are allocated 50% by King County shelter volume intake (averaged for 2008-2009) and 50% by 2009 population. Values for northern cities anticipating using PAWS for sheltering include only the 50% population allocation.
4. Licensing support is allocated to the five cities with the lowest per capita licensing revenue. For additional detail, see Exhibit C-4.
5. Licensing support is allocated per capita in a two tier formula to cities with certain per capita net cost allocations to no more than 20% greater than the charge would be under the usage only model for all cities whose net cost is greater than \$5,000 and (2) the Impact Mitigation Credit which limits overall net cost.
6. One-time costs associated with enhanced services contracts are revenue backed and are not reported here. Reform effort costs include changes to the clinic reporting structure, hiring consultants to review reform progress, and adding an administrator to support reform efforts. Reform efforts also include hiring an additional vet tech, however, this position will be funded by donations and are not reported here.
7. One-time costs associated with model implementation include contract negotiation, IT system upgrade, and transitional licensing support.
8. One-time costs associated with model implementation include contract negotiation, IT system upgrade, and transitional licensing support.
9. Other operational costs include services for the airframe systems and crossroads facility lease, King County unincorporated area only marketing efforts, and various salary and wage contingency elements. Costs associated with enhanced services contracts are revenue backed and are not reported here. Reform effort costs include changes to the clinic reporting structure, hiring consultants to review reform progress, and adding an administrator to support reform efforts. Reform efforts also include hiring an additional vet tech, however, this position will be funded by donations and are not reported here.

Estimated Final Net Costs for Northern Cities Contracting with PAWS, Including PAWS Sheltering Costs

Jurisdiction	Estimated Final Net Cost	Assuming King County 2008-2009 Average Intake and \$150/Animal/mo.	Assuming a 20% Increase in Intake and \$150/Animal/mo.	Assuming King County 2008-2009 Average Intake and \$150/Animal/mo. and a 20% Increase in Intake and \$150/Animal/mo.	Potential Credit Up To
Bonhill	\$12,435	\$13,050	\$15,660	\$615	\$0
Kenneth	\$12,469	\$7,575	\$8,000	\$4,894	\$0
Grays Harbor	\$36,527	\$3,150	\$3,780	\$32,377	\$0
Shoreline	\$29,582	\$22,973	\$27,030	\$6,787	\$0
Woodville	\$5,403	\$6,800	\$7,920	\$1,197	\$0

Exhibit C-1(A)

Implied 2011 Payments for Purpose of Section 15.a.2.1

(Showing participation only of those jurisdictions that have expressed interest as of May 27, 2010 in contracting for 2.5 years - actual estimated 2011 payments will be different, based on adjustments for 2011 budgeted total allocable costs, revenues, and the application of budget inflator cap)

Animal Control District Number	Jurisdiction	Estimated Animal Control/Cost Allocation (2)	Estimated Sheltering Cost Allocation (3)	Estimated Licensing Cost Allocation (4)	Estimated Total Animal Services Cost Allocation	2009 Licensing Revenue	Estimated Net Cost Allocation	Transition Funding (5)	Credits (6)	Estimated Net Costs with Transition Funding and Credits	Estimated Revenue from Transitional Licensing Support	Estimated Net Final Cost	
Budgeted Total Allocable Costs (excluding budget inflator)		Control	Shelter	Licensing	Total Allocated Costs	2009 Licensing Revenue	Estimated Net Cost						
Budgeted Non-Licensing Revenue		\$1,705,000	\$3,207,400	\$435,400	\$5,856,800	\$2,967,808	-\$2,633,992						
Budgeted Net Allocable Costs		\$6,500	\$202,600	\$45,000	\$254,000								
		\$1,698,500	\$3,004,900	\$898,400	\$5,601,800								
200	Bonhall	\$2,865	\$9,732	\$1,666	\$13,302	\$5,723	-\$7,579	\$1,674	\$0	-\$5,825	\$0	-\$5,825	
	Cornell	\$7,417	\$13,406	\$5,808	\$26,631	\$22,113	-\$4,518	NA	\$1,693	-\$6,211	NA	-\$6,211	
	Duval	\$118,143	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	NA	NA	NA	NA	NA
	Estimated Unincorporated King County	\$28,650	\$14,928	\$20,651	\$64,228	\$8,932	-\$5,296	\$0	\$0	\$8,932	\$0	\$8,932	
	Kenmore	\$56,116	\$103,866	\$42,012	\$202,015	\$159,211	-\$42,804	\$0	\$37,540	-\$5,264	\$0	-\$5,264	
	Kirkland	\$15,415	\$9,358	\$13,735	\$38,509	\$33,479	-\$5,030	\$0	\$0	\$33,479	\$0	\$33,479	
	Lake Forest Park	\$56,251	\$103,360	\$44,234	\$203,845	\$134,311	-\$69,533	\$0	\$48,637	-\$20,897	\$0	-\$20,897	
	Redmond	\$43,070	\$72,732	\$47,235	\$163,037	\$135,347	-\$27,690	\$0	\$14,815	-\$12,875	\$0	-\$12,875	
	Sammamish	\$80,215	\$39,652	\$48,637	\$168,505	\$189,347	-\$19,842	\$0	\$0	\$19,842	\$0	\$19,842	
	Shoreline	\$16,463	\$7,789	\$10,206	\$34,458	\$37,918	-\$3,460	\$0	\$0	\$3,460	\$0	\$3,460	
	Woodinville	\$306,482	\$373,843	\$225,203	\$906,529	\$829,117	-\$76,412	\$0	\$102,765	-\$28,027	\$0	-\$28,027	
	SUBTOTAL FOR CITIES IN 200 (excludes unincorporated area)		\$447	\$484	\$225	\$1,256	\$600	-\$566	\$0	\$0	-\$566	\$0	-\$566
	220	Beaux Arts	\$145,729	\$246,274	\$97,641	\$489,644	\$274,346	-\$212,298	\$0	\$86,000	-\$126,298	\$60,000	-\$66,298
		Bellevue	\$3,536	\$4,643	\$2,656	\$10,837	\$6,044	-\$4,793	\$0	\$0	-\$4,793	\$0	-\$4,793
Clyde Hill		\$170,844	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	NA	NA	NA	NA	NA
Estimated Unincorporated King County		\$40,815	\$62,690	\$7,460	\$110,465	\$64,509	-\$45,956	\$0	\$0	-\$45,956	\$0	-\$45,956	
Hunts Point		\$26,759	\$19,426	\$18,121	\$64,306	\$55,113	-\$9,193	\$0	\$0	-\$9,193	\$0	-\$9,193	
Mercer Island		\$53,934	\$19,475	\$5,985	\$79,400	\$10,000	-\$69,400	\$0	\$10,568	-\$18,921	\$0	-\$18,921	
Newcastle (?)		\$8,816	\$15,536	\$4,339	\$29,730	\$14,341	-\$15,389	\$0	\$4,172	-\$11,217	\$0	-\$11,217	
North Bend		\$12,448	\$22,226	\$7,431	\$42,105	\$23,667	-\$18,438	\$0	\$4,144	-\$14,295	\$0	-\$14,295	
Shoquon		\$1,065	\$1,483	\$884	\$3,432	\$2,864	-\$568	\$0	\$0	-\$568	\$0	-\$568	
Yale Point		\$253,781	\$414,080	\$159,283	\$827,145	\$453,784	-\$373,361	\$0	\$4,172	-\$377,380	\$60,000	-\$317,380	
SUBTOTAL FOR CITIES IN 220 (excludes unincorporated area)		\$106,877	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	NA	NA	NA	NA	NA	
240		Estimated Unincorporated King County	\$208,450	\$696,894	\$90,670	\$996,014	\$555,365	-\$740,649	\$334,834	\$41,536	-\$399,113	\$60,000	-\$339,113
		Kent (includes Panther Lake Annexation)	\$62,145	\$113,419	\$20,301	\$195,864	\$53,065	-\$142,800	\$22,551	\$4,645	-\$118,154	\$10,000	-\$108,154
		SeaTac	\$47,153	\$84,411	\$12,815	\$144,480	\$30,348	-\$114,132	\$15,925	\$2,783	-\$111,349	\$10,000	-\$101,349
	Tukwila	\$317,748	\$894,724	\$123,886	\$1,336,358	\$338,777	-\$997,581	\$373,309	\$48,964	-\$675,307	\$60,000	-\$615,307	
	SUBTOTAL FOR CITIES IN 240 (excludes unincorporated area)		\$144,841	\$364,741	\$51,447	\$581,029	\$189,415	-\$392,634	\$199,649	\$0	-\$193,985	\$0	-\$193,985
260	Algona	\$19,951	\$18,754	\$3,755	\$42,460	\$13,071	-\$29,389	\$0	\$0	-\$29,389	\$0	-\$29,389	
	Black Diamond	\$19,589	\$68,464	\$16,960	\$105,013	\$60,534	-\$44,479	\$15,364	\$0	-\$29,115	\$0	-\$29,115	
	Bothell	\$20,586	\$57,764	\$9,201	\$87,551	\$22,464	-\$65,087	\$33,903	\$0	-\$31,184	\$10,000	-\$21,184	
	Enumclaw	\$143,369	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	(see total below)	NA	NA	NA	NA	NA
	Maple Valley	\$45,960	\$68,493	\$18,387	\$132,840	\$62,263	-\$70,577	\$18,265	\$0	-\$52,312	\$0	-\$52,312	
	Pacific	\$281,236	\$568,215	\$99,764	\$949,215	\$316,777	-\$632,438	\$270,845	\$0	-\$361,593	\$10,000	-\$351,593	
	SUBTOTAL FOR CITIES IN 260 (excludes unincorporated area)		\$1,159,248	\$2,250,863	\$609,142	\$4,018,253	\$1,938,456	-\$2,079,797	\$650,000	\$289,119	-\$1,140,678	\$150,000	-\$990,678
TOTAL FOR CITIES		\$639,252	\$754,037	\$290,268	\$1,563,547	\$1,029,352	-\$554,195						
Total King County Unincorporated Area Allocation													
					King County Transitional Costs								
					• One-time Implementation Costs (8)							\$642,000	
					• Other Operational and Reform Effort Costs (9)							-\$837,183	
					• Transition Funding for Cities							-\$690,000	
					• Credits							-\$289,119	
					TOTAL FOR KING COUNTY							-\$2,568,997	

Source: KC Office of Management and Budget and Animal Care and Control
Date: May 31, 2010

Exhibit C-1(A) cont'd.

- Notes:
1. Assumes the following cities do not participate: Federal Way, Seattle, Renton, Des Moines, Normandy Park, Medina, Skykomish, Milton, Hunts Point, Algona, Pacific, Burien, and Bothell.
 2. One quarter of control services costs are allocated to each control district, then costs are further allocated 50% by least call volume (leveraged from 2007-2009) and 50% by 2009 population.
 3. This excludes the cost to northern cities of sheltering their animals at PAWS under separate contracts. Shelter costs are allocated 50% by King County shelter volume intake (averaged for 2008-2009) and 50% by 2009 population. Values for northern cities anticipating using PAWS for sheltering include only the 50% population allocation.
 4. Licensing costs are allocated 50% by population and 50% by total number of active licenses (average 2007-2009).
 5. Transition funding is allocated per capita in a two tier formula to cities with certain per capita net cost allocations. Licensing support is allocated to the five cities with the lowest per capita licensing revenue. For additional detail, see Exhibit C-4 for more information.
 6. Credits include (1) the Resident Usage Credit, which limits the cost allocation in the regional model to no more than 20% greater than the charge would be under the usage only model for all cities whose net cost is greater than \$5,000 and (2) the Impact Mitigation Credit which limits overall net cost increase from cities opting out of the model to not more than 10% greater than in the previous model. See Exhibit C-4 for more detail.
 7. Newcastle net licenses with King County in 2009. The revenue value provided here assumes the 400 licenses issued by Newcastle in 2009 being issued at King County licensing costs.
 8. One-time costs associated with model implementation include contract negotiation, IT system upgrade, and transitional licensing support.
 9. Other operational costs include services for the maintenance systems and crossroads facility lease, King County unincorporated area only marketing efforts, and various salary and wage contingency elements. Costs associated with enhanced services contracts are revenue backed and are not reported here. Reform effort costs include changes to the clinic reporting structure, hiring consultants to review reform progress, and adding an administrator to support reform efforts. Reform efforts also include hiring an additional vet tech, however, this position will be funded by donations and therefore the cost is not reported here.

Estimated Final Net Costs for Northern Cities Contracting with PAWS, Including PAWS Sheltering Costs

Jurisdiction	Estimated Final Net Cost	Estimated Cost for PAWS Sheltering		Estimated Final Net Cost Including PAWS Costs		Potential Credit Up To
		Assuming King County 2008-2009 Average Intake and \$150/Animal	Assuming a 20% Increase in Intake and \$150/Animal	Assuming King County 2008-2009 Average Intake and \$150/Animal	Assuming a 20% Increase in Intake and \$150/Animal	
Bothell	\$8,932	\$7,575	\$9,090	\$1,357	-\$158	\$0
Kenmore	\$33,479	\$3,150	\$3,780	\$30,329	\$29,689	\$0
Shoreline	\$19,842	\$22,575	\$27,090	-\$2,733	-\$7,248	\$4,373
Woodinville	\$3,460	\$5,600	\$7,920	-\$3,140	-\$4,460	\$1,565

Exhibit C-2

Population, Calls for Service, Shelter Use and Licensing Data for Jurisdictions,
Used to Derive the Preliminary and Final Estimated 2010 PaymentSource: KC Office of Management and Budget and Animal Care and Control
Date: May 27, 2010

Proposed District	Jurisdiction	Population (1)	3-Year Average Control Calls	2-Year Average Shelter Intake	3-Year Average Active Licenses
200	Bothell (2)	33,240	195	NA	4,301
	Carnation	1,910	19	28	206
	Duvall	5,980	41	20	775
	Estimated Unincorporated King County	103,400	600	(see total below)	(see total below)
	Kenmore	20,450	176	NA	2,840
	Kirkland	49,010	286	136	4,995
	Lake Forest Park	12,820	83	NA	1,972
	Redmond	51,890	268	112	5,228
	Sammamish	40,670	199	49	4,719
	Shoreline	54,320	511	NA	6,280
Woodinville	10,670	108	NA	1,344	
220	Beaux Arts	315	2	0	45
	Bellevue	120,600	533	299	10,900
	Clyde Hill	2,815	14	2	346
	Estimated Unincorporated King County	92,800	950	(see total below)	(see total below)
	Hunts Point				
	Issaquah	26,890	195	99	2,379
	Mercer Island	22,720	86	23	2,071
	Newcastle	9,925	62	21	400
	North Bend	4,760	59	39	548
	Snoqualmie	9,730	49	35	771
Yarrow Pt	965	3	0	112	
240	Burien (includes North Highline Area X Annexation)				
	Estimated Unincorporated King County	48,200	750	(see total below)	(see total below)
	Kent (Includes Panther Lake Annexation)	113,180	1,202	2,481	9,996
	SeaTac	25,730	467	351	2,197
Tukwila	18,170	373	268	1,207	
260	Algona				
	Auburn	67,485	672	1,191	5,325
	Black Diamond	4,180	55	59	468
	Covington	17,530	297	197	2,260
	Enumclaw	11,460	175	191	1,017
	Estimated Unincorporated King County	59,700	750	(see total below)	(see total below)
	Maple Valley	20,840	220	173	2,250
Pacific					
City Totals		758,255	6,349	5,769	74,954
King County Unincorporated Area Totals		304,100	3,050	1,360	38,156
TOTALS		1,062,355	9,399	7,129	113,110

- Population and usage values have been adjusted to include 2010 annexations with effective dates of July 1, 2010 or earlier (i.e., Burien, Panther Lake).
- Bothell is opting for a 6 month option. They will not be included in allocations for 2011 and 2012.

Exhibit C-3

Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs

This Exhibit Shows the Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs to derive Estimated 2010 Payments. All values shown are based on annualized costs and revenues. The staffing levels incorporated in this calculation are for year 2010 only and except as otherwise expressly provided in the Agreement may change from year to year as the County determines may be appropriate to achieve efficiencies, etc.

Control Services: Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs

The calculation of 2010 (Annualized) Control Services Costs is shown below (all costs in 2010 dollars).

		Cost Methodology
1	Direct Service Management Staff Costs	\$109,400
2	Direct Service Field Staff Costs	\$683,300
3	Call Center Direct Service Staff Costs	\$209,300
4	Overtime, Duty, Shift Differential and Temp Costs	\$71,500
5	Facilities Costs	\$10,200
6	Office and Other Operational Supplies and Equipment	\$22,900
7	Printing, Publications, and Postage	\$45,000
8	Medical Costs	\$25,000
9	Other Services	\$80,000
10	Transportation	\$155,000
11	Communications Costs	\$35,600
12	IT Costs and Services	\$57,500
13	Misc Direct Costs	\$25,400
14	General Fund Overhead Costs	\$17,400
15	Division Overhead Costs	\$111,300
16	Other Overhead Costs	\$46,200
	2010 Budgeted Total Allocable Control Services Cost	\$1,705,000
17	Less 2010 Budgeted Total Non-Licensing Revenue Attributable to Control Services	\$6,500
	2010 Budgeted Net Allocable Control Services Cost	\$1,698,500

NOTES:

- 1 Management direct service staff consists of 0.40 FTE Animal Care and Control Manager, 0.40 FTE Operations Manager, and 0.17 Information Technology Manager.
- 2 Direct Service Field Staff Costs consist of 1.00 FTE Animal Control Officer Sergeant, 1.00 FTE Animal Control Officer Cruelty Sergeant, 6.00 FTE Animal Control Officers.
- 3 Call center costs for 1.00 FTE Administrative Assistant/Lead and 2.00FTE call takers.
- 4 These additional salary costs support complete response to calls at the end of the day, limited response to emergency calls after hours, and extra help during peak call times.
- 5 Facilities costs include maintenance and utilities for a portion (5%) of the Kent Shelter (which houses the call center staff operations and records retention as well as providing a base station for field officers). Excludes all costs associated with the Crossroads facility.
- 6 This item includes the office supplies required for both the call center as well as a wide variety of non-computer equipment and supplies related to animal control field operations (e.g., uniforms, tranquilizer guns, boots, etc.).
- 7 This cost element consists of printing and publication costs for various materials used in the field for animal control.
- 8 Medical costs include the cost for ambulance and hospital care for animals requiring emergency services.
- 9 Services for animal control operations vary by year but consist primarily of consulting vets and laboratory costs associated with cruelty cases.
- 10 Transportation costs include the cost of the maintenance, repair, and replacement of the animal care and control vehicles and cabs, fuel, and reimbursement for occasional job-related use of a personal vehicle.
- 11 Communication costs involve the direct service costs for telephone, cell phone, radio, and pager use.
- 12 Information technology direct costs include IT equipment replacement as well as direct services costs. Excludes approximately \$50,000 in service costs associated with mainframe systems.
- 13 Miscellaneous direct costs consist of all animal control costs not listed above including but not limited to contingency, training, certification, and bad checks.
- 14 General fund overhead costs included in this model include building occupancy charges and HR/personnel services. No other General Fund overhead costs are included in the model.
- 15 Division overhead includes a portion of the following personnel time as well as a portion of division administration non-labor costs, both based on FTEs: division director, assistant division director, administration, program manager, finance officer, payroll/accounts payable, and human resource officer.
- 16 Other overhead costs include IT, telecommunications, finance, and property services.
- 17 Non-licensing revenue attributable to field operations include animal control violation penalties, charges for field pickup of deceased/owner relinquished animals, and fines for failure to license.

Shelter Services: Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs

The calculation of 2010 (Annualized) Shelter Services Costs is shown below (all costs in 2010 dollars).

		Cost Methodology
1	Direct Service Management Staff Costs	\$154,900
2	Direct Service Shelter Staff Costs	\$1,280,200
3	Direct Service Clinic Staff Costs	\$399,100
4	Overtime, Duty, Shift Differential and Temp Costs	\$205,100
5	Facilities Costs	\$150,000
6	Office and Other Operational Supplies and Equipment	\$130,200
7	Printing, Publications, and Postage	\$5,000
8	Medical Costs	\$145,000
9	Other Services	\$200,000
10	Transportation	\$10,000
11	Communications Costs	\$13,200
12	IT Costs and Services	\$35,000
13	Misc Direct Costs	\$33,300
14	General Fund Overhead Costs	\$203,100
15	Division Overhead Costs	\$195,500
16	Other Overhead Costs	\$47,700
	2010 Budgeted Total Allocable Shelter Services Cost	3,207,400
17	Less 2010 Budgeted Total Non-Licensing Revenue Attributable to Shelter Services	\$202,500
	2010 Budgeted Net Allocable Shelter Services Cost	\$3,004,900

NOTES:

- 1 Management direct service staff consists of 0.60 FTE Animal Care and Control Manager, 0.60 FTE Operations Manager, and 0.17 Information Technology Manager.
- 2 Direct Service Shelter Staff Costs consist of 2.00 FTE Animal Control Officer Sergeants, 12.00 FTE Animal Control Officers, 1.00 FTE Placement Specialist, 1.00 FTE Volunteer Coordinator.
- 3 Direct Service Clinic Staff Costs consist of 2.00 FTE veterinarians and 2.00 FTE veterinarian techs.

- 4 These additional salary costs support complete processing of animals received late in the day, extra help during kitten season, and limited backfill for vet and vet techs when on vacation.
- 5 Facilities costs include maintenance and utilities for the majority (95%) of the Kent Shelter (which also houses the call center staff operations and records retention as well as providing a base station for field officers). It excludes all costs associated with the Crossroads facility.
- 6 This item includes the office supplies as well as a wide variety of non-computer equipment and supplies related to animal care (e.g., uniforms, food, litter, etc.).
- 7 This cost element consists of printing and publication costs for various materials used at the shelter.
- 8 Medical costs include the cost for ambulance and hospital care for animals requiring emergency services as well as the cost for consulting vets, laboratory costs, medicine, and vaccines.
- 9 Services for animal control operations vary by year but include costs such as shipping of food provided free of charge and sheltering of large animals.
- 10 Transportation costs include the cost of the maintenance, repair, and replacement of and fuel for the animal care and control vehicles used by the shelter to facilitate adoptions, as well as reimbursement for occasional job-related use of a personal vehicle.
- 11 Communication costs involve the direct service costs for telephone, cell phone, radio, and pager use.
- 12 Information technology direct costs include IT equipment replacement as well as direct services costs.
- 13 Miscellaneous direct costs consist of all animal care costs not listed above including but not limited to contingency, training, certification, and bad checks.
- 14 General fund overhead costs included in this model include building occupancy charges and HR/personnel services. No other General Fund overhead costs are included in the model.
- 15 Division overhead includes a portion of the following personnel time as well as a portion of division administration non-labor costs, both based on FTEs: division director, assistant division director, administration, program manager, finance officer, payroll/accounts payable, and human resource officer.
- 16 Other overhead costs include IT, telecommunications, finance, and property services.
- 17 Non-licensing revenue attributable to sheltering operations include impound fees, microchip fees, adoption fees, and owner relinquished euthanasia costs.

Licensing Services: Calculation of Budgeted Total Allocable Costs, Budgeted Total Non-Licensing Revenue, and Budgeted Net Allocable Costs

The calculation of 2010 (Annualized) Licensing Services Costs is shown below (all costs in 2010 dollars).

		Cost Methodology
1	Direct Service Management Staff Costs	\$60,000
2	Direct Service Licensing Staff Costs	\$423,900
3	Overtime, Duty, Shift Differential and Temp Costs	\$30,000
4	Facilities Costs	\$13,100
5	Office and Other Operational Supplies and Equipment	\$3,300
6	Printing, Publications, and Postage	\$166,000
7	Other Services	\$15,000
8	Communications Costs	\$5,000
9	IT Costs and Services	\$85,000
10	Misc Direct Costs	\$2,000
11	General Fund Overhead Costs	\$25,300
12	Division Overhead Costs	\$54,800
13	Other Overhead Costs	\$60,000
	2010 Budgeted Total Allocable Licensing Services Cost	\$943,400
14	Less 2010 Budgeted Total Non-Licensing Revenue Attributable to Licensing Services	\$45,000
	2010 Budgeted Net Allocable Licensing Services Cost	\$898,400

NOTES:

- 1 Management direct service staff consists of 0.17 Information Technology Manager and 0.33 Licensing Section Manager.
- 2 Direct Service Licensing Staff Costs consist of 0.5 FTE Pet License Supervisor, 1.00 FTE Sales and Marketing Manager, 2.80 FTE Customer Specialists, 1.00 FTE Fiscal Specialist, and 1.00 Administration Assistant.
- 3 These additional salary costs support overtime costs as well as a limited non-jurisdiction specific marketing effort. These costs do not include the enhanced transitional licensing support to be provided by King County to certain cities.
- 4 Facilities costs include maintenance and utilities for the portion of the King County Administration building occupied by the pet licensing staff and associated records.
- 5 This item includes the office supplies required for the licensing call center.
- 6 This cost element consists of printing, publication, and distribution costs for various materials used to promote licensing of pets, including services to prepare materials for mailing.

- 7 Services for animal licensing operations include the purchase of tags and monthly fees for online pet licensing hosting.
- 8 Communication costs involve the direct service costs for telephone, cell phone, radio, and pager use.
- 9 Information technology direct costs include IT equipment replacement as well as direct services costs. Excludes approximately \$120,000 in service costs associated with mainframe systems.
- 10 Miscellaneous direct costs consist of all pet licensing costs not listed above including but not limited to training, certification, transportation, and bad checks.
- 11 General fund overhead costs included in this model include building occupancy charges and HR/personnel services. No other General Fund overhead costs are included in the model.
- 12 Division overhead includes a portion of the following personnel time as well as a portion of division administration non-labor costs, both based on FTEs: division director, assistant division director, administration, program manager, finance officer, payroll/accounts payable, and human resource officer.
- 13 Other overhead costs include IT, telecommunications, finance, and property services.
- 14 Non-licensing revenue attributable to licensing operations consists of licensing late fees.

Exhibit C-4

Transition Funding Credit ("T"), Resident Usage Credit ("U") and Impact Mitigation Credit ("M") Calculation and Allocation

Transition Funding Credit

The Transition Funding Credit has been calculated to offset costs to certain cities on a declining basis over four years. Cities qualifying for this credit, as shown below, are those that under the basic Animal Services cost allocation formula (allocating costs generally based half on population and half on usage), would pay the highest per capita costs in 2010.

To determine the initial level of the Transition Funding Credit, \$250,000 has been allocated to Cities with preliminary estimated 2010 cost allocations (before considering offsetting Licensing Revenue) exceeding \$6 per capita; an additional \$400,000 was allocated to the Cities with preliminary estimated 2010 cost allocations (before considering offsetting Licensing Revenue) exceeding \$8 per capita. (The per capita cost allocations used to qualify for this credit may be derived from Exhibit C-1 in column caption "Estimated Total Cost Allocation" divided by the population for the jurisdiction as shown in Exhibit C-2.)

The Transition Funding Credit declines over time: 50% of the annual amount (since the service year is six months, rather than a full year) is allocable to each qualifying City in calculating the Estimated 2010 Payment; 100% of the amount is allocable again in calculating the 2011 Estimated Payment; 66% of the amount is allocable in 2012. If the Agreement is extended for an additional two years, 33% of the amount is available in 2013; no Transition Funding Credit is allocable in 2014.

The credit is only available to a qualifying City if that City has agreed to a 2.5 Year Agreement. Application of the credit can never result in the Estimated Payment Amount being less than zero (\$0) (i.e., cannot result in the County owing the City an Estimated Payment).

The allocation of the Transition Funding Credit is shown in Table 1 below.

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Table 1: Transition Funding Credit – Initial Contract Period and Extension Period

Jurisdiction	Initial 2 1/2-Year Contract Period			2-Year Extension Period	
	2010 Transition Funding (1/2 year)	2011 Transition Funding	2012 Transition Funding	2013 Transition Funding	2014 Transition Funding
Carnation	\$836	\$1,674	\$1,105	\$552	\$0
North Bend	\$2,086	\$4,172	\$2,753	\$1,376	\$0
Kent	\$167,417	\$334,834	\$220,990	\$110,495	\$0
SeaTac	\$11,275	\$22,551	\$14,884	\$7,442	\$0
Tukwila	\$7,962	\$15,925	\$10,510	\$5,255	\$0
Auburn	\$99,824	\$199,649	\$131,768	\$65,884	\$0
Black Diamond	\$1,832	\$3,664	\$2,418	\$1,209	\$0
Covington	\$7,682	\$15,364	\$10,140	\$5,070	\$0
Enumclaw	\$16,592	\$33,903	\$22,376	\$11,188	\$0
Maple Valley	\$9,133	\$18,265	\$12,055	\$6,027	\$0

Notes:

1. The transitional funding credit is the same regardless of which cities sign an Agreement.

Resident Usage Credit

The Resident Usage Credit has been calculated to offset the costs of certain cities agreeing to a 2.5 year Agreement that have a low use of King County animal services relative to their population. The amount of the credit is different depending on whether the City of Bothell is receiving service during a given Service Year. The credit has been determined by comparing the estimated cost Cities would pay on an annualized basis in 2010 if the regional payment model was based solely on usage (including estimated costs payable to PAWS by cities that will be contracting for shelter services with PAWS) to the cost payable under the adopted model (which incorporates both usage and population, including estimated costs payable to PAWS by Northern Cities that will be contracting for shelter services with PAWS). The credit is set so that no City that has a Preliminary Estimated 2010 Cost Allocation after considering 2009 Licensing Revenue (as shown in **Exhibit C-1** in the column captioned "Estimated Net Cost Allocation") of over \$5,000 (an annualized cost) pays more than 120% above what it would pay under a usage-based model that assumes all cities that expressed interest in participating as of May 5, 2010 sign an Agreement; *provided that*, a City must sign a 2.5 year Agreement to qualify for the credit; and *provided further*, that credits are fixed in amount as shown in **Table 2** below and will not change regardless of which Cities sign the Agreement. As annualized, the credit is carried forward each year without change through 2012. Application of the credit can never result in the Final Estimated Payments for any Service Year being less than \$2,750 for receipt of Animal Services in that year if Bothell is served under an Agreement in such Service Year and not

less than \$2,875 for receipt of Animal Services in that year if Bothell is not served (for Northern Cities with PAWS contracts in effect as of July 1, 2010, calculations are made inclusive of a City's actual payments for such year to PAWS for shelter services). These minimum values are annualized (thus, for example, in 2010, if Bothell is served, the Final Estimated Payments cannot be less than $\$2750 \div 2 = \$1,375$).

Table 2: Resident Usage Credit (Annualized Values) (1)

Jurisdiction	For Service Years in which the City of Bothell Is Receiving Animal Services under an Agreement	For Service Years in Which the City of Bothell Is Not Receiving Animal Services
Kirkland	\$20,084	\$20,433
Kirkland PAA(2)	\$16,465	\$16,935
Redmond	\$34,961	\$35,692
Sammamish	\$9,140	\$14,815
Bellevue	\$91,697	\$93,703
Mercer Island	\$25,113	\$26,143
Newcastle	\$8,796	\$9,071
Snoqualmie	\$3,958	\$4,144

Notes:

1. The residential usage credit does not change with time; it only varies based on whether Bothell is receiving services. Thus, if Bothell signs a 6 month Agreement (e.g., ending December 2010), the credit payable in 2010 will be one half the value in column 2 above; the credit payable in 2011 will be the amount in column 3.
2. Kirkland will receive this credit from and after the time the Kirkland PAA is annexed, in addition to the credit noted in the row above labeled "Kirkland."

Impact Mitigation Credit

The purpose of this credit is to limit the impact to Contracting Cities signing for a 2.5 year Agreement as a result of three cities (Burien, Algona and Pacific) deciding as of May 5, 2010, that they would not participate in the model, as compared to the costs presented to all cities in April, 2010, and assuming all other Cities shown in **Exhibit C-1** sign the Agreement. The amount of the credit is sized to ensure that a City's Preliminary Estimated Payment *after* applying the Residential Use Credit and the Transition Funding Credit is not greater than 10% more than the Preliminary Estimated 2010 Cost from the April 2010 model and not greater than 15% more than such Cost if Bothell does not contract for service past December 2010; *provided* that the credit amounts are fixed as shown in **Table 3** below and will not change regardless of which Cities sign the Agreement; *provided further* that only Cities signing a 2.5 year agreement qualify for the

credit; and *provided further that* application of the credit can never result in the Estimated Payment Amount, of less than \$2,750 for receipt of Animal Services in that Service Year if Bothell is served under an Agreement in such Service Year and not less than \$2,875 for receipt of Animal Services in that year if Bothell is not served (for Northern Cities with PAWS contracts in effect as of July 1, 2010, calculations are made inclusive of a City's actual payments for such year to PAWS for shelter services). These minimum values are annualized (thus, for example, in 2010, if Bothell is served, the Final Estimated Payments cannot be less than $\$2750 \div 2 = \$1,375$).

The allocation of the Impact Mitigation Credit is shown on Table 3.

Table 3: Impact Mitigation Credit (Annualized Values) (1, 2)

Jurisdiction	For Service Years in which the City of Bothell Is Receiving Animal Services under an Agreement	For Service Years in Which the City of Bothell Is Not Receiving Animal Services
Bothell (2)	\$475	
Carnation		\$81
Duvall	\$865	\$1,693
Kirkland	\$10,473	\$17,107
Redmond	\$8,098	\$12,945
Shoreline (2)		\$4,373
Woodinville (2)		\$1,585
Bellevue	\$1,334	\$2,797
Newcastle	\$2,170	\$1,498
Yarrow Point		\$35
Kent	\$49,065	\$41,536
SeaTac	\$7,953	\$4,645
Tukwila	\$5,644	\$2,783
Enumclaw	\$169	

Notes:

1. These credits do not change over the period of the Agreement.
2. These credits assume that these cities' costs to shelter animals at PAWS exceed their estimated rebate by greater than \$2,750 in Column 2 situation (Bothell served) and \$2,875 in the Column 3 situation (Bothell not served). At reconciliation, if a City with a PAWS shelter contract cannot demonstrate this, it will not receive the credit. Regardless of how great a PAWS shelter contract cost is, the credit cannot exceed the amount shown here.

Exhibit C-5

Transitional Licensing Revenue Support Services Provided in 2010

The Cities that will receive Transitional Licensing Revenue Support Services in 2010 are listed below. These Cities have been selected by determining which cities in 2009 had the lowest per-capita licensing revenue amongst all cities to which the County was then providing animal care and control services, and (as shown in **Exhibit C-1**).

City of Bellevue
City of Kent
City of SeaTac
City of Tukwila
City of Enumclaw

The Transitional Licensing Revenue Support Services to be provided in 2010 are detailed in Section 7 of the Agreement. The 2010 Estimated Payment for these Cities incorporates the estimated revenue expected to result from these services.

Exhibit C-6:

Summary of Calculation Periods for Use and Population Components

This Exhibit restates in summary table form the Calculation Periods used for calculating the usage and population components in the formulas to derive Estimated Payments. See Exhibit C for complete formulas and definitions of the formula components.

ER is estimated Licensing Revenue attributable to the City

CFS is total annual number of Calls for Service originating in the City

A is the number of animals in the shelter attributable to the City

I is the number of active paid regular pet licenses issued to City residents

Pop is Population of the City expressed as a percentage of all Contracting Parties; D-Pop is

Population of the City expressed as a percentage of the population of all jurisdictions within a Control District

Calculation Periods -- Service Year 2010

Component	Estimated 2010 Payment (Exhibit C-1)	Final Estimated 2010 Payment	Reconciliation Payment Amount (determined June 2011)
ER	2009	Same	Actual 2010 (July-December)
CFS	2007-2009	Same	Actual 2010 (July-December)
A	2008-2009	Same	Actual 2010 (July-December)
I	2007-2009	Same	Actual 2010 (July-December)
Pop, D-Pop	July 2009 OFM report, adjusted for annexations known approved to occur in or prior to 2010	Same	US Census (published April 2011)

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Calculation Periods -- Service Year 2011

Component	Preliminary Estimated 2011 Payment (published August 2010)	Estimated 2011 10 Payment (published December 2010)	Reconciliation Payment Amount (determined June 2012)
ER	2007-2009	Same	Actual 2011
CFS	2007-2009	Same	Actual 2011
A	2008-2009	Same	Actual 2011
I	2007-2009	Same	Actual 2011
Pop, D-Pop	July 2010 OFM report, adjusted for annexations known approved to occur in or prior to 2011.	Same (corrected if necessary for annexations approved after August 2010 and effective during or before 2011)	July 2011 OFM report, adjusted for annexations approved after April 2011 to take effect in 2011

Calculation Periods: Service Year 2012

Component	Preliminary Estimated 2012 Payment (published August 2011)	Estimated 2012 10 Payment (published December 2011)	Reconciliation Payment Amount (determined June 2013)
ER	Actual 2010	Same	Actual 2012
CFS	Actual 2010	Same	Actual 2012
A	Actual 2010	Same	Actual 2012
I	Actual 2010	Same	Actual 2012
Pop, D-Pop	July 2011 OFM report, adjusted for annexations known approved to occur in 2012.	Same (corrected if necessary for annexations approved after August 2011 and effective during or before 2012)	July 2012 OFM report, corrected if necessary for annexations approved after April 2012 to take effect in 2012

Exhibit C-7

Payment and Calculation Schedule

Service Year 2010 (July 1, 2010 – December 31, 2010)

Item	Date
Final Estimated 2010 Payment calculation provided to City by County	August 1, 2010
2010 Estimated Payment payable by City (or County, if a credit is calculated)	January 15, 2011
Reconciliation Adjustment Amount for 2010 calculated by County; City notified	On or before June 30, 2011
Reconciliation Adjustment Amount for 2010 payable by City (or County, if a credit is calculated)	August 15, 2011

Service Year 2011

Item	Date
Preliminary estimate of 2011 Estimated Payments provided to City by County	August 1, 2010
Final Estimated 2011 Payment calculation provided to City by County	December 15, 2010
First 2011 Estimated Payment due	June 15, 2011
Second 2011 Estimated Payment due	December 15, 2011
2011 Reconciliation Adjustment Amount calculated	On or before June 30, 2012
2011 Reconciliation Adjustment Amount payable	August 15, 2012

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Service Year 2012

Item	Date
Preliminary estimate of 2012 Estimated Payments provided to City by County, (together with notice of reminder of deadline for giving notice of intent not to automatically extend Agreement an additional two years.)	August 1, 2011
Final Estimated 2012 Payment calculation provided to City by County	December 15, 2011
Notice of Intent not to Automatically Extend Agreement due	May 1, 2012
First 2012 Estimated Payment due	June 15, 2012
Second 2012 Estimated Payment due	December , 2012
2012 Reconciliation Adjustment Amount calculated	On or before June 30, 2013
2012 Reconciliation Adjustment Amount payable	On or before August 15, 2013

If the Agreement is extended past December 31, 2012, the schedule is developed in the same manner as described above for years 2011 and 2012.

See Section 4 of Agreement for additional details on Extension of the Agreement Term for an additional two years.

Dates for remittal to County of pet license sales revenues processed by Cities (per section 3.c)	Quarterly, each March 31, June 30, September 30, December 31
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Exhibit D Reconciliation

The purpose of the reconciliation calculation is to adjust payments made each Service Year by Contracting Parties to reflect actual use, population, licensing rates and licensing and non-licensing revenue data as compared to the Estimated Payments made. To accomplish this, an **Adjusted Payment "AP"** calculation is made each June for each Contracting City, *using the same formulas from Exhibit C but substituting actual values* as described below (with one additional component calculation related to Enhanced Service Contracts).

For Service Year 2010, **AP** is calculated based on actual values from the six month period of the Agreement from July-December 2010, compared against the 2010 Final Estimated Payment for the same six month period, thus:

$$EP - AP = R$$

For Service Years 2011 and beyond, **AP** is an annualized number, and is compared to the total Estimated Payments owed by the Party for the Service Year ("**EP x 2**") to determine a **Reconciliation Adjustment Amount ("R")**, thus:

$$(EP \times 2) - AP = R$$

The value of "**R**" can be positive or negative; *provided that* in no event shall a City receiving a Transition Funding Credit for the Service Year pay less than \$0 for receipt of Animal Services in that year, and in no event shall a City receiving a Resident Usage Credit or Impact Mitigation Credit for the Service Year pay less than \$2,750 (annualized) for receipt of Animal Services in that year if Bothell is served, nor less than \$2,875 (annualized) for receipt of Animal Services in that year if Bothell is *not* served in such year (for Northern Cities with PAWS contracts in effect as of July 1, 2010, calculations are made inclusive of a City's actual payments for such year to PAWS for shelter services).

As described in **Exhibit C**, the amount of the Estimated Payment(s) ("**EP**") for each Service Year are derived from applying **Budgeted Net Allocable Costs** and *historical (Calculation Period)* use, population and licensing data to the formulas set forth in **Exhibit C**. **These formulas are restated below, substituting actual value components (denoted by an "A" in subscript) for purposes of calculating "AP."** **Terms not otherwise defined here have the meanings set forth elsewhere in Exhibit C or the body of the Agreement.**

$$AP = [AC + AS + AL - AR - T - U - M]$$

Where:

$$AC = \{[(C_A \times .25) \times .5] \times CFS_A\} + \{[(C_A \times .25) \times .5] \times D-Pop_A\} + O$$

$$AS \text{ (for "Northern Cities" with shelter contracts with PAWS)} = (S_A \times .5 \times Pop_A) \div 2$$

$$AS \text{ (for all other cities)} = [S_A \times .5 \times Pop_A] + (ESP_A \times Pop_{2A}) + (S_A \times .5 \times A_A)$$

$$AL = [(L_A \times .5 \times Pop_A) + (L_A \times .5 \times I_A)]$$

And where:

"AC" is the City's adjusted share of the Control Services Cost for the Service Year.

"AS" is the City's adjusted share of the Shelter Services Cost for the Service Year.

"AL" is the City's adjusted share of the Licensing Services Cost for the Service Year.

"T" is the Transition Funding Credit, if any, for the Service Year, provided that the Transition Credit will be limited if necessary so that the value of AP is not less than zero.

"U" is the Resident Usage Credit, if any, for the Service Year, provided that the Resident Usage Credit will be limited if necessary so that the value of AP is not less than \$2,750 (annualized) for receipt of Animal Services in that year if Bothell is served and not less than \$2,875 (annualized) for receipt of Animal Services in that year if Bothell is not served (for Northern Cities with PAWS contracts in effect as of July 1, 2010, calculations are made inclusive of a City's actual payments for such year to PAWS for shelter services).

"M" is the Impact Mitigation Credit, if any, for the Service Year, provided that the Impact Mitigation Credit will be limited if necessary so that the value of AP is not less than \$2,750 (annualized) for receipt of Animal Services in that year if Bothell is served and not less than \$2,875 (annualized) for receipt of Animal Services in that year if Bothell is not served (for Northern Cities with PAWS contracts in effect as of July 1, 2010, calculations are made inclusive of a City's actual payments for such year to PAWS for shelter services).

"AR" is Actual Licensing Revenue attributable to the City, based on actual Licensing Revenues received from residents of the City in the Service Year. (License Revenue that

cannot be attributed to a specific Party (e.g., License Revenue associated with incomplete address information), will be allocated amongst the Parties based on their respective percentages of total AR).

"CA" is **Adjusted Budgeted Net Allocable Control Services Cost** for the Service Year, which equals the County's Budgeted Total Allocable Costs for Control Services in the Service Year, *less* the Actual Total Non-Licensing Revenue attributable to Control Services in the Service Year.

"CFS_A" is the actual total annual number of Calls for the Service Year for animal control services originating within the City *expressed as a percentage* of the CFS_A for all Contract Parties within the Control District. Calls responded to by an Animal Control Officer dedicated to the City per an Enhanced Service Contract are not included in the calculation of CFS_A.

"D-Pop_A" is the **Adjusted Population** of the City, *expressed as a percentage* of the Population of all jurisdictions within the applicable Control District (pro-rated if necessary to account for annexations over 2,500 occurring during the Service Year)

"Pop_A" is the Adjusted Population of the City *expressed as a percentage* of the Population of all Contracting Parties (pro-rated if necessary to account for annexations over 2,500 occurring during the Service Year)

"O" is the Support Cost Adjustment Factor amount associated with Enhanced Control Service, if any, as further described in **Exhibit D-1**.

"SA" is the **Adjusted Budgeted Net Allocable Shelter Services Cost** for the Service Year, which equals the County's Budgeted Total Allocable Costs for Shelter Services *less* Actual Total Non-Licensing Revenue attributable to Shelter operations (i.e., adoption fees, microchip fees, impound fees, owner-surrender fees, from all Contracting Parties) in the Service Year.

"ESP_A" is the sum of all reduced shelter costs allocable to all cities qualifying for such reduced charge in the Service Year (thus incorporating values of **Pop_A**).

"AA" is the sum of the actual number of animals that during the Service Year that were: (1) picked up by County Animal Control Officers from within the City, (2) delivered by a City resident to the County shelter, or (3) delivered to the shelter that are owned by a resident of the City, *expressed as a percentage* of the total number of animals in the County shelter during the Service Year.

"LA" is the **Adjusted Budgeted Net Licensing Services Cost** for the Service Year, which equals the County's Budgeted Total Allocable Costs for License Services in the Service Year *less* Actual Total Non-Licensing Revenue attributable to License Services (for example, pet license late fees) in the Service Year.

"IA" is the actual number of active paid regular pet licenses (e.g., excluding buddy licenses or temporary licenses) issued to City residents during the Service Year.

If the resulting calculation shows that the City's AP for the Service Year is *less than* EP for Service Year 2010 (EP x 2 for Service Years 2011 and beyond), the difference ("R") shall be paid to the City by the County not later than August 15; provided that R shall be limited such that in no event shall the City pay less than zero for Animal Services for the Service Year if the City received a Transition Credit, and not less than \$2750 (annualized) in that year if Bothell is served and not less than \$2,875 (annualized) for receipt of Animal Services in that year if Bothell is not served (for Northern Cities with PAWS contracts in effect as of July 1, 2010, calculations are made inclusive of a City's actual payments for such year to PAWS for shelter services).

If the resulting calculation shows that the City's AP is *more than* the EP for the Service Year, the difference ("R") shall be paid by the City to the County not later than August 15.

Exhibit D-1

Calculation of Support Cost Adjustment Factor Associated with Enhanced Control Service ("O")

The Support Cost Adjustment Factor is intended re-allocate certain indirect costs associated with Animal Control Officers (ACOs) when an Enhanced Control Service Contract is in place for any Contracting Party and the Enhanced Service is being provided during Regular ACO Service Hours as defined in Exhibit A, Part I, Section 2.a.

If a Contracting Party purchases Enhanced Control Service during any part of a Service Year, and that Enhanced Control Service is provided **during Regular ACO Service Hours**, then a Support Cost Adjustment Factor ("O") will be calculated for all Contracting Parties *in the same Control District*. This calculation will be applied as part of the reconciliation process.

If no Contracting Party within the Control District purchased Enhanced Control Service during any part of a Service Year, or if Enhanced Control Service was purchased but was **not provided during Regular ACO Service Hours**, then there is no Support Cost Adjustment Factor (that is, the value of "O" is zero).

If "O" is not zero, its value will be calculated as follows:

First, identify the *Non-Direct Service Support Costs for Control Services in a single Control District* (including the management, animal cruelty sergeant, call center and IT costs and general overhead costs; excluding salary, benefits, vehicle and equipment costs).

Second, divide this Non-Direct Service Support Cost number by 2 (since half these costs are funded through the population-based factor in calculation of "CA"), to derive the *Allocable Support Costs*.

Third, divide the *Allocable Support Costs* by 6 (the number of regular ACOs funded in the base service model) **plus** the number of Enhanced Animal Control Service Officers providing service in the Control District. *For example*, if a City (or Cities) in the Control District has purchased .5 FTE equivalent of Enhanced Service, the divisor is 6.5. The resulting dollar amount is then multiplied by the FTE equivalent for the Enhanced Service officer (in this example, .5) to derive the *Support Cost Adjustment Factor*.

The *Support Cost Adjustment Factor* is then applied as follows to determine the value of "O" for each Contracting Party in the Control District:

1. One Half the Support Cost Adjustment Factor multiplied by the Contracting Party's percentage of Calls for Service (CFSA) is applied as a **reduction in costs for all Contracting Parties** in the Control District.
2. One Half the Support Cost Adjustment Factor (shared pro rata if Parties are sharing an Enhanced Control Service officer within the same Control District) is applied as an **addition in costs** for the Contracting Party purchasing Enhanced Service.

A hypothetical example follows, based on 2010 *Annualized Costs*, assuming .5 FTE Enhanced Control Service purchased by 1 City in a Control District:

Total Allocable Control Service Costs in the base model (excluding costs of enhanced service officer):	\$1,698,500
Allocable Control Service Costs per District ($\$1,698,500 \div 4$)	\$424,625
<i>Non-Direct Service Support Costs for Control Services in a Single Control District</i>	\$196,450
<i>Allocable Support Costs (allocable based on Use)</i> ($\$196,450 \div 2$)	\$98,225
<i>Support Cost Adjustment Factor</i> ($\$98,225 \div 6.5$) x .5FTE	\$7,556
Assume 4 Parties in Control District	
City A % of Calls for Service, actual (CFSA) = 20%	
City B CFSA = 30%	
City C CFSA = 10%	
County CFSA = 40%	
Assume City A purchases .5 FTE Enhanced Control Service for the full Service Year. Resulting 2010 annualized costs for "O" shown for each City and County in the rows below:	
City A value of "O" is an additional cost of ($\$7,556 \div 2$) - [20% x ($\$7,556 \div 2$)] = $\$3,778 - \$756 = \$3,022$	\$3,022
City B value of "O" is a cost reduction of 30% x ($\$7,556 \div 2$)	- \$1,133
City C value of "O" is a cost reduction of 10% x ($\$7,556 \div 2$)	- \$378
County value of "O" is a cost reduction of 40% x ($\$7,556 \div 2$)	- \$1,511

Exhibit E

Enhanced Control Services Contract (Optional)

Between City of _____ ("City") and King County ("County")

The County is prepared to offer Enhanced Control Services to the City subject to the terms and conditions as described herein. **The provisions of this Exhibit are optional and shall not be effective unless this Exhibit is executed by both the City and the County and the City and the County have entered into the underlying Agreement.** The Parties may agree to enter into this Enhanced Control Services Contract ("Contract") at any point during the term of the Animal Services Interlocal Agreement between the City and the County dated effective July 1, 2010 ("Agreement") and prior to August 1, 2011.

A. The County shall provide enhanced Control Services to the City in the form of an animal control officer dedicated to the City ("Dedicated Officer") as described in **Attachment A (Enhanced Service Options Matrix)**. Such services shall be provided for the period of time and cost described on **Attachment A** and may not be for a term of less than one year except as per subparagraph 1 below. Costs identified in **Attachment A** are for one (1) year of service, in 2010 dollars, and include the cost of the employee (salary, benefits), equipment and animal control vehicle for the employee's use. Thus, the cost for service for July 1 through December 31, 2010 will be one-half the amount shown in **Attachment A**. Annual costs are subject to adjustment each year, limited by the Annual Budget Inflation Cap (as defined in the Agreement).

1. Notwithstanding the foregoing, a City requesting enhanced control services beginning in July 2010 can require that its Contract term end on December 31, 2010, in the event the County implements (at the County's expense) an additional 2 days per week of Control Services countywide beginning in January 2011 (resulting in 7-day per week/8 hour day minimum). If such additional service is not funded by the County, the City's Contract for enhanced Control Services will remain in effect for such longer period as the City has requested (not less than one-year in total).

B. Services of the Dedicated Officer shall be in addition to the Animal Services otherwise provided to the City by the County through the Agreement. Accordingly, the calls responded to by the Dedicated Officer shall **not** be incorporated in the calculation of the City's Calls for Service (as further described in **Exhibit C and D** to the Agreement). However, if the City is requesting that the Enhanced Service occur during Regular ACO Service Hours, the City will pay a Support Cost Adjustment Factor as part of the

Reconciliation Adjustment Amount, calculated per **Exhibit D-1** of the Agreement, in addition to the costs described herein.

C. The scheduling of work by the Dedicated Officer shall be determined by mutual agreement of the contract administrators identified in Section 16 of the Agreement, and the mutual agreement of officials of other Cities named as contract administrators that have committed to sharing in the expense of the Dedicated Officer; provided in the event the parties are unable to agree, the County shall have the right to finally determine the schedule of the Dedicated Officer in order to best meet the requests of multiple cities in light of work rules applicable to the Dedicated Officer.

D. Control Services to be provided to the City pursuant to this Enhanced Services Contract include Control Services of the type and nature as described under the Agreement with respect to Animal Control Officers serving in Control Districts, and include but are not limited to, issuing written warnings, citations and other enforcement notices and orders on behalf of the City, or such other services as the Parties may reasonably agree.

E. The County shall provide the City with a general quarterly calendar of scheduled service in the City, and a monthly report of the types of services offered and performed.

F. An FTE will be scheduled to serve 40 hour weeks, however, with loss of service hours potentially attributable to vacation, sick leave, training and furlough days, a minimum of 1600 hours per year will be provided. Similarly, a half-time FTE will provide a minimum of 800 hours per year. The County shall submit to the City an invoice and billing voucher at the end of each calendar quarter, excepting that during the 4th quarter of each year during the term of this Contract, an invoice shall be submitted to the City no later than December 15th. All invoiced amounts shall be payable by the City within 30 days of the invoice date.

G. The City or County may terminate this Enhanced Services Contract with or without cause upon providing not less than 3 months written notice to the other Party; provided that, if the City is sharing the Enhanced Control Services with other Contracting Cities, this Contract may only be terminated by the City if: (1) all such other Contracting Cities similarly agree to terminate service on such date, or (2) if prior to such termination date another Contracting City or Cities enters into a contract with the County to purchase the Enhanced Control Service that the City wishes to terminate; *provided further*: except as provided in Paragraph A.1, a Contract may not be terminated if the term of service resulting is less than one year.

H. All terms of the Agreement, except as expressly stated otherwise in this Exhibit, shall apply to this Enhanced Control Services Contract. Capitalized Terms not defined herein have those meanings as set forth in the Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Enhanced Services Contract to be executed effective as of this ____ day of _____, 201__.

King County

City of _____

Dow Constantine
King County Executive

By:
Mayor /City Manager

Date

Date

Approved as to Form:

Approved as to Form:

Deputy Prosecuting Attorney

City Attorney

Exhibit E: Attachment A

ENHANCED CONTROL SERVICES OPTION REQUEST

(to be completed by City requesting Enhanced Control Services; final service terms subject to adjustment by County and agreement by City and will be confirmed in writing executed and appended to Exhibit E)

City _____

Requested Enhanced Control Services Start Date: _____

Requested Enhanced Control Services End Date: _____ *

*term of service must be at least one year, except as provided in Paragraph A.1 (alternate service end date must be provided in event sales tax vote is not approved).

% of Full Time Equivalent Officer (FTE) requested: _____ (minimum request: 20%; requests must be in multiples of either 20% or 25%)

General Description of desired services (days, hours, nature of service):

Cities with whom the City proposes to share the Enhanced Control Services, and proposed percentages of an FTE those Cities are expected to request:

On behalf of the City, the undersigned understands and agrees that the County will attempt to honor requests but reserves the right to propose aggregated, adjusted and variously scheduled service, *including but not limited to adjusting allocations of service from increments of 20% to 25%*, in order to develop workable employment and scheduling for the officers within then-existing workrules, and that the City will be allowed to rescind or amend its request for Enhanced Control Services as a result of such proposed changes.

Requests that cannot be combined to equal 50% of an FTE, 100% of an FTE, or some multiple thereof may not be honored. Service must be requested for a minimum term of one-year, except as permitted by Paragraph A.1. Service may not extend beyond the term of the Agreement.

City requests that alone or in combination with requests of other Cities equal at least 50% of an FTE will be charged at the rate in Column 1 below.

City requests that alone or in combination with other requests for Enhanced Control Services equal 100% of an FTE will be charged at the rate in Column 2 below.

Cities may propose a different allocation approach for County consideration.

An FTE will be scheduled to serve 40 hour weeks, however, with loss of hours potentially attributable to vacation, sick leave, training and furlough days, a minimum of 1600 hours per year will be provided. A half-time FTE will provide a minimum of 800 hours per year. For example, a commitment to purchase 20% of an FTE for enhanced service will result in provision of not less than 320 hours per year.

Hours of service lost for vacation, sick leave, training and furlough days will be allocated on *pro rata* basis between all cities sharing the services of that FTE.

<p align="center">Column 1: Aggregate of 50% of an FTE Requested by all Participating Cities</p>	<p align="center">Column 2: Aggregate of 1 FTE Requested by all Participating Cities</p>
<p>Cost to City: (% of Half-Time FTE requested) x \$75,000/year in 2010*</p> <p><i>Example:</i> if City A requests 25% of an FTE ** and City B requests 25% of an FTE**, then each city would pay \$18,750 for Enhanced Control Services from July 1, 2010 through December 31, 2011.</p> <p>** (50% of a Half-Time FTE)</p>	<p>Cost to City: (% of FTE requested) x \$115,000/year in 2010 *</p> <p><i>Example:</i> If City A requests 25% of an FTE and City B requests 25% of an FTE and City C requests 50% of an FTE, Cities A and B would pay \$14,375 and City C would pay \$28,750 for Enhanced Control Services from July 1, 2010 through December 31, 2011.</p>

*2010 annual cost; subject to annual inflator adjustment as described in Paragraph A.

Request Signed as of this ___ day of _____, 2010.

City of _____

By: _____

Its _____

June 1, 2010

The Honorable Bob Ferguson
Chair, King County Council
Room 1200
COURTHOUSE

Dear Councilmember Ferguson:

I am pleased to transmit to the council a legislative package that would implement a new regional model for animal services in King County. The development of this new regional model reflects the principles of partnership, service excellence, performance and accountability, and financial sustainability that are a central focus of my reform agenda and the Countywide Strategic Plan that I have proposed to the council. The new regional model is also built upon the foundation of work on animal services that the county council has led over the past few years. I appreciate the collaboration and partnership of the county council, the many cities in the county, our employees, and the volunteers and private animal welfare organizations who have contributed to the development of this model.

Recent Background

On November 9, 2009, the council adopted Motion 13092, directing the county executive to end the provision of animal shelter services by King County no later than January 31, 2010. The motion also directed the executive to enter into new full cost recovery contracts with cities for animal control and pet licensing services no later than June 30, 2010. In adopting the motion, the council also articulated some of the long-term objectives that I share: protection of public health and safety, a commitment to animal welfare that is respected by the community, strengthening of partnerships between the county and cities by providing for a smooth transition to new service delivery, and financial sustainability.

One of my first actions as Executive was to charge my Director of Strategic Initiatives with developing a path forward for animal services that does not compromise these shared objectives. Because embarking on this work was to require negotiation with cities, labor, and

private animal welfare organizations, in January I met with councilmembers individually to share the outline of our path forward in order to ensure that the county was united in its position before entering into intensive negotiations with other entities.

A key fact that I communicated in my meetings with councilmembers is that there is currently not enough animal sheltering capacity in the region to close the county's Kent animal shelter, as envisioned by Motion 13092. In late January, the council adopted Ordinance 16750, extending staffing authority for animal sheltering services through June 30, 2010. This extension of staffing authority provided a common deadline for the county to work with cities on a new regional model for animal services, inclusive of animal sheltering, animal control, and pet licensing functions.

In January 2010, my staff began negotiation through a Joint Cities-County Work Group for Animal Services on new contracts between the county and the cities for animal services. In February 2010, in response to a proviso in the 2010 adopted budget, I transmitted to the council an implementation plan for entering into new contracts with cities. The transmitted implementation plan included a proposed outline for a new regional model for animal services as well as three documents developed by the Work Group: working principles, a common interests statement, and a purpose and scope statement outlining specific timelines and deliverables for entering into new contracts by the end of June. The implementation plan also documented the work and outreach with our employees, our volunteers and private organizations in the region.

In accordance with the implementation plan, I have terminated all existing animal services contracts with cities, effective July 1, 2010.

A New Regional Model for Animal Services

The Joint Cities-County Work Group for Animal Services has accomplished a tremendous amount of work in a short time. The Work Group met weekly to develop an agreement in principle by the end of March, supported by detailed background and financial information. I want to extend my thanks to the cities of Shoreline, Lake Forest Park, Redmond, Bellevue, Sammamish, SeaTac, Tukwila, and Kent for the participation and dedication of their staff in this effort.

Members of the Work Group shared the agreement and supporting materials with all cities, the county council, and the public in early April through presentations to the City Managers/Administrators meeting, the Suburban Cities' Association Public Issues Committee, the county council's Regional Policy Committee, numerous city council meetings and with individual county councilmembers and county council staff. Earlier this month, the agreement and supporting materials were presented at the council's Government Accountability & Oversight Committee.

The result of the Work Group's effort is that 27 cities have twice submitted statements of interest in participating in the new regional model. Together, these cities contribute nearly \$1.

million in additional revenues to the County in the first year of the contract. Over this next month, cities will formally consider adoption of new contracts with the county for animal services, to be effective July 1, 2010. The package I am transmitting today provides the mechanism for the county to also enter into these contracts and to implement this new regional model. The transmittal package includes:

- Roadmap to Reform: Attached to this letter is a document outlining a roadmap to reform for the County's provision of animal services. This roadmap was developed by our new management team, including our new County Administrative Officer, our new interim manager of Records and Licensing Services and our new Manager of Regional Animal Services, Ken Nakatsu. In developing this roadmap, the management team drew heavily upon past reports and studies that have been conducted under the leadership of the county council. The management team also benefited greatly from the ideas of our employees, volunteers, and private parties who have been involved in the council's efforts in this area over the years. The roadmap documents some of the significant reforms already undertaken, some of the reforms incorporated in the interlocal agreement negotiated with the cities, and a set of reforms that are now underway or will be undertaken in the future. These reforms are critical to the county's ability to deliver effective, accountable services that are respected by the community, fiscally responsible, and work to achieve innovative partnerships that will reduce costs in future years.
- A proposed ordinance authorizing the executive to enter into interlocal agreements for animal services with cities in King County. The interlocal agreement negotiated with cities appears as Attachment A to the proposed ordinance. It has undergone legal review through both the Prosecuting Attorney's Office and cities' legal counsel and is under consideration by 27 cities who have twice affirmed their interest in participating in the new regional model. The interlocal agreement defines services, expenditures, cost allocation methodologies and establishes a city-county committee to pursue innovative service improvements and cost reductions. The transmittal package includes the following supporting documents:

Background/Introduction on Agreement in Principle: A narrative document describing the historic contracting relationship between cities and the county and summarizing the Joint Cities-County Work Group process.

Outline of Terms for Agreement in Principle: A summary of the key elements of the Work Group's agreement in principle for regional animal services that is the basis for the negotiated interlocal agreement.

Animal Service Interlocal Agreement Summary of Terms: A summary, by section, of the key provisions of the interlocal agreement.

- A proposed ordinance amending King County Code related to animal services. The ordinance proposes a variety of code changes that support the new regional model and the roadmap to reform including: changes and simplifications to fees related to animal

services; code changes that support revenue generation and innovative partnerships; and elimination of obsolete provisions of the code including fees and sections of the code that are now addressed by recently adopted provisions of the Board of Health code. The transmittal package includes the following supporting documents:

Summary of Proposed Code and Fee Amendments: A summary of proposed amendments to Title 11 of the King County Code, including a table of fees.

- A proposed ordinance making a 2010 supplemental appropriation of \$3.2 million, backed by \$2.5 million in revenue. The ordinance would provide supplemental appropriation authority for: the King County Animal Shelter for February through June; implementation of the regional model in the second half of the year; enhanced service contracts for animal control; expenditure of animal bequest (donated) funds; and one-time costs and strategic investments in the roadmap to reform. The transmittal package includes the following supporting documents:

Fiscal Note: A summary of the expenditure and revenue categories for 2010 through 2014 that support the new regional model and the roadmap to reform. To be fiscally prudent, the fiscal note does not include estimates of revenue increases or cost reductions that may result from the strategic investments that support the roadmap to reform.

Budget Detail for Animal Sheltering, Animal Control and Pet Licensing: Line item budget detail for the three lines of business that are included in the new regional model for animal services and are allocated to cities.

Budget Crosswalk: A table showing the relationship between current appropriations and revenues, proposed expenditures and revenues supporting the new regional model and the roadmap to reform, and the expenditures and revenues that are allocated to cities in the new regional model.

Financial Sustainability

As I have indicated in previous transmittals to the council, a regional model for animal services is the only reasonable path to achieving the public health, safety, and animal welfare outcomes that are important to our residents. At the same time, a regional model is the only approach that will lead to significant and lasting cost reductions and financial sustainability for these services. The new regional model and roadmap to reform that I am proposing with transmittal of this legislative package supports financial sustainability through the following mechanisms:

- Properly Aligned Financial Incentives: The new regional model establishes properly aligned financial incentives for both contract cities and the county that support desired outcomes and increase revenue over time. The model allocates costs to cities based on both their population and use of the system. This cost allocation model acknowledges the common value to all of a regional model (the population component) while also encouraging cities and the county to work with their residents to undertake initiatives that

will reduce use of the system (the use component). On the revenue side, pet licensing revenue is allocated back to jurisdictions, creating a financial incentive for cities to partner with the county to increase pet licensing. Code and fee changes are also proposed to incent behavior that will reduce system use and cost.

- New and Increasing Source of County Revenue. In the new regional model, contracting cities must pay to the county the difference between their cost allocation and their pet licensing revenue. Together, the cities are estimated to contribute nearly \$1 million in revenue, on top of pet licensing revenue, to support services in the first year of the model. These revenues are estimated to increase in each year of the model, as transitional support provided to cities declines. This new revenue is a stable source of funding because if licensing revenues for a city decrease, then city net payments increase a commensurate amount. As a result, the county's estimated general fund contribution under the new regional model is less in the second half of 2010 and in 2011 than it has been in recent years and is significantly less in out years.
- Economies of Scale. The new regional model preserves significant economies of scale in the provision of quality, coordinated animal services, fully utilizing the county's existing infrastructure for these services. These economies of scale provide for better service delivery at a lower cost for cities and, significantly, for the county's unincorporated area.
- Strategic Investments and Reductions. The Joint Cities-County Work Group analyzed the budgets for the new regional model in-depth, reallocating the budget to support continued cost reduction and revenue generation over time. A significant reduction in the regional model is the move to four service districts for control with five-day per week service, reduced from daily service. At the same time, the regional model includes increased support in other areas, based on recommendations from past reports and studies. An increase for veterinary services (in part funded through bequest funds) will improve animal care and reduce costs through reducing disease outbreak and supporting the transfer of animals to other organizations. A new dedicated volunteer coordinator will increase volunteer participation and encourage the transfer of animals into foster care.

The county would fund a select and strategic set of reforms recommended in several past reports and studies that are expected to improve accountability and generate the largest service improvements and cost reductions. These reforms include: upgrading and moving our data systems off the aged mainframe, external reviews to ensure accountability and identify system improvements, and the addition of a position to support innovative organizational partnerships and a long-term solution to the aging Kent shelter facility. In addition, the county would assume financial responsibility for some one-time costs associated with transition to the new regional model such as for the Crossroads facility lease and consulting associated with development of the interlocal agreement.

- Stability and Partnership to Focus on Reform. Finally, the two and one-half year interlocal agreement creates a stable environment to allow sufficient time for true system improvement and reform. The interlocal agreement also establishes a committee of county

The Honorable Bob Ferguson

June 1, 2010

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and city representatives to work in partnership on collaborative initiatives, such as innovative organizational partnerships and spay/neuter campaigns, to reduce cost and improve service.

The new regional model includes transition funding for cities with high per capita costs, one-time marketing efforts for cities with low licensing rates, and credits for cities whose use is low relative to population. In the first year of the new regional model, this county support totals \$1 million and declines each year thereafter. While a significant expense to the county, this support was necessary to reach consensus across jurisdictions that vary significantly regarding use and revenue generation as well as the value they place on animal welfare. This support also establishes a smooth transition for cities in difficult financial times – a principle articulated in the council’s adopted motion. This county support enables a regional solution that will achieve better outcomes and greater cost efficiencies for the county and cities in years to come.

Again, I want to thank the council, cities, and our employees, volunteers, donors, and private partners for their support and ideas that have influenced this new regional model for animal services. We could not have reached this milestone without their support, dedication and flexibility during this time of significant challenge and change. I look forward to their continued involvement and collaboration as we undertake the challenge of launching the new model and continuing along the roadmap to reform.

If you have any questions regarding the new regional model for animal services and the legislative package that would implement it, please contact Carrie S. Cihak, Director of Strategic Initiatives, at (206) 263-9634.

I certify that funds are available.

Sincerely,

Dow Constantine
King County Executive

Enclosures

cc: King County Councilmembers
ATTN: Tom Bristow, Chief of Staff
Anne Noris, Clerk of the Council
Fred Jarrett, Deputy County Executive, King County Executive Office (KCEO)
Rhonda Berry, Assistant Deputy County Executive, KCEO
Frank Abe, Director of Communications, KCEO
Carrie S. Cihak, Director of Strategic Initiatives, KCEO
Patti Cole-Tindall, Labor Relations Manager, KCEO

The Honorable Bob Ferguson

June 1, 2010

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Dwight Dively, Director, Office of Management and Budget

Lorrie McKay, Customer Service Director, KCEO

Sung Yang, Government Relations Director, KCEO

Caroline Whalen, County Administrative Officer

Lorraine Patterson, Interim Director, Records and Licensing Division

Ken Nakatsu, Manager, Regional Animal Services



Joint Cities-County Work Group for Regional Animal Services

Background/Introduction on Agreement in Principle to Provide a Regional System

Animal control, sheltering and licensing are discretionary local services that historically were provided by individual jurisdictions and King County. While discretionary, the services address public health, safety, and animal welfare outcomes that are important to our residents. After being approached by leadership of the Suburban Cities Association in the mid 1980s, King County agreed to provide animal control, sheltering and licensing functions on behalf of cities on a regional basis, in exchange for keeping all pet licensing revenue.

Current Service Arrangements

Thirty-five cities have an animal services contract with the County (Seattle, Renton, Skykomish and Milton do not have contracts). Most cities contract for all three service components: control, shelter, and licensing. Two cities contract for shelter only (Des Moines, Normandy Park); one city contracts for shelter and field only (Newcastle). Five cities currently purchase a higher level of animal control services (Auburn, Shoreline, Kirkland, Tukwila, SeaTac).

The service arrangement has not been revisited since its inception and, over time, the gap between system revenue and system cost has grown to a level that is not sustainable for the County. In recent years, the County has contributed in nearly \$3 million annually from the County general fund to support the services. Based on direction from the County Council to enter into new cost-recovery arrangements with the cities, the County recently issued termination letters to cities for the existing animal services contracts, effective July 1, 2010.

Joint Cities-County Work Group

In anticipation of the termination of contracts, a "Joint Cities-County Work Group for Regional Animal Services" has been meeting since January to develop a proposed "Agreement in Principle" for a new regional animal control system. This "Agreement in Principle" is intended to define a new basis for animal services contracts that could, if adopted by a sufficient number of cities, preserve the benefits of a regional animal services system (see Attachment 1). The alternative to a regional model is that cities will have to either operate their own individual systems or create subregional arrangements for service delivery. Under any delivery option – local, subregional or regional – cities will have to begin paying something for animal services to continue.

As the Work Group reviewed data about the present system, it became clear that cities face very different circumstances with respect to animal services: some are very heavy users of the shelter and control operations; others use it much less. The reasons could relate to demographics, behavior, the geographic proximity of the County shelter or nonprofit shelters, or some combination of factors. The licensing revenue generated by the system

also varies dramatically among jurisdictions on a per capita basis, in part based on where the County has in the past focused marketing efforts.

Economies of scale exist in providing animal services: the more cities that participate in a regional system, the lower the costs are for everyone. Conversely, if the geographic distribution of cities participating in the regional system starts to look like a patchwork, the service delivery becomes more challenging and inefficient; at some point, the County will not be willing or able to effectively provide service.

Summary of the Agreement in Principle

The “Agreement in Principle” represents a departure from “business as usual” in the delivery of animal services by the County (see Attachment 2). The primary difference in **control** services will be having animal control officers dedicated to each of four districts 5-days per week (see Attachment 3), while allowing cities individually or collectively within each district to contract for higher levels of service. Operations at the Kent **shelter** will be improved with limited resources through closing the Crossroads shelter and concentrating staff resources in Kent, expanding the foster and volunteer network, and instituting other practices to reduce the number of animals and their length of stay. **Licensing** functions will continue to include licensing administration as well as marketing and education, with more incentive for cities to participate in increasing licensing revenues.

The proposed system costs to be allocated are \$5.6 million (annualized for 2010 – see Attachment 4). This reflects a reduction of about \$800,000 from estimates provided to cities in early 2010, achieved through cost reductions and the County absorbing some costs. The “Agreement in Principle” seeks to balance the different situations of cities by proposing a cost allocation methodology based on both population and usage factors (a 50-50 split). Licensing revenues (\$3.2 million) are credited to jurisdictions based on the residence of the person buying a pet license. A variety of allocations were considered before arriving at this methodology. The County is proposing to provide transitional funding to those participating cities that have the highest per capita costs. The County is also proposing to provide enhanced licensing marketing support for cities with the lowest licensing revenue per capita and credits for jurisdictions with low use relative to their population.

The Agreement in Principle proposes a 2.5 year agreement, during which time the parties, through a Joint City-County Committee, will focus on increasing system revenue and reducing system costs. The Agreement in Principle identifies several of these collaborative initiatives, including an exploration of alternative licensing systems and ways to further reduce shelter operation needs. Parties would be allowed to terminate at the beginning or end of the contract period for convenience upon six months notice. Contracts could be extended by mutual agreement for an additional 2 years.

The Work Group concluded that to maximize system efficiency, a “menu” approach to the purchase of services is not practicable. For example, it is not efficient for a limited number of field officers to drop animals at multiple shelters. Similarly, the more licensing systems

or different field systems the County shelter must interface with, the greater the administrative complexities, inefficiencies, and costs.

The Agreement in Principle is described in the attached tables and map, together with a timeline and steps for adoption, and related information.

Attachments available upon request.

**JOINT CITIES-COUNTY WORK GROUP FOR REGIONAL ANIMAL SERVICES
OUTLINE OF TERMS FOR AGREEMENT IN PRINCIPLE**

CONTROL	SHELTER	LICENSING
<p>Parties <i>Assumes the following cities do not participate:</i> <i>Algona, Burien, Des Moines, Federal Way, Hunts Point, Medina, Milton, Normandy Park, Pacific, Renton, Seattle, Skykomish.</i></p>	<p>Bothell, Kenmore, Lake Forest Park, Shoreline, Woodinville ("Northern Cities") will contract for primary shelter services with a private nonprofit shelter. If the private shelter is closed, animals from these cities will be brought to the County shelter. The County will also seek to contract with the same private shelter for sheltering of animals from part of the north County unincorporated area.</p>	
<p>Services</p>	<ul style="list-style-type: none"> ▪ Humane standards of care ▪ Kent Shelter remains open ▪ Crossroads Shelter closes ▪ Northern Cities served by a private shelter under separate contract ▪ Seek future partnerships for adoption, technical assistance with other nonprofit animal welfare organizations 	<p>Administration of licensing system; marketing, education and outreach to maintain and increase licensing sales. County will absorb costs of using mainframe IT system.</p>
<p>Cost Allocation</p>	<p>4 districts, each staffed with 1 Animal Control Officer, 5-day/week, 8-hour/day. 6 total officers to cover sick leave, vacation leave, other. Cities may coordinate sub-regionally to purchase higher level of service. Regionally shared resources: 1 field sergeant; 1 animal cruelty sergeant; 3 FTE call center open 5-day/8-hour.</p>	<p>Allocate by usage and population (50% usage/50% population).</p>
<p>Revenue Allocation</p>	<p>Allocate one quarter of total costs to each district. Within each district, allocate costs to jurisdictions by combination of usage (calls for service) and population (50% usage/ 50% population).</p> <p>Control revenues (e.g., fines for control violations) netted from total control costs before allocating costs.</p>	<p>Licensing penalty revenue netted from total licensing costs before allocating costs. Regular licensing fees allocated to jurisdiction of resident buying license.</p>

**JOINT CITIES-COUNTY WORK GROUP FOR REGIONAL ANIMAL SERVICES
OUTLINE OF TERMS FOR AGREEMENT IN PRINCIPLE**

<p>Payment Method/ Timing</p>	<p>Payment for July-December 2010 services due January 2011. Estimated fees for July-December 2010 service based on 50% of estimated annualized 2010 regional program cost allocation.</p> <p>For services in 2011 and 2012, semi-annual payments due June 15 and December 15, estimated based on prior year usage, population and revenue, applied to current year budgeted costs.</p> <p>Reconciliation calculated each June based on prior year's actual usage, allocable actual costs and actual revenues. Reconciliation amounts payable August 15. Reconciliation for 2010 fees (calculated in June 2011) based on half of estimated annualized 2010 regional program cost, and actual July-December revenues and usage.</p>
<p>Cost Inflation Cap</p>	<p>The total cost for control, shelter and licensing collectively allocable to the cities (excluding any costs associated with purchases by cities of additional services) will not increase by more than population growth (for the service area) plus inflation per year.</p>
<p>Contract term and termination provisions</p>	<p>Contract Term: 2½ years (July 1, 2010 through December 31, 2012) or six months (July 1, 2010 through December 31, 2010).</p> <ul style="list-style-type: none"> ▪ If some cities decide not to participate and costs for remaining participants increase as a result over certain specified limits, the Agreement will go into effect for only six months or 60 days (depending on the specific cost limits exceeded). ▪ Option to extend service contract for 2 additional years upon mutual agreement.
<p>Services Purchased</p>	<p>Cities must purchase all three services from the County under the contract. Limited exception will be made as follows:</p> <ul style="list-style-type: none"> ▪ Northern Cities contracting with a private non-profit shelter will pay no shelter usage component charge but will pay a regional sheltering charge equal to one-half the population-based sheltering charge (incorporated into current cost estimates).

**JOINT CITIES-COUNTY WORK GROUP FOR REGIONAL ANIMAL SERVICES
OUTLINE OF TERMS FOR AGREEMENT IN PRINCIPLE**

<p>Joint City-County Committee</p>	<p>A committee composed of 3 county representatives (appointed by County) and representatives from contracting cities (appointed by cities) shall meet not less than twice each year to review service issues and make recommendations regarding efficiencies and improvements to services. Members may not be elected officials. The committee shall review and make recommendations regarding the conduct and findings of the collaborative initiatives. Subcommittees to focus on individual initiatives may be formed, each of which shall include membership from both county and city members of the Joint City-County Committee. Recommendations of the Joint City-County Committee are non-binding.</p>
<p>Ongoing Collaborative Initiatives</p>	<ul style="list-style-type: none"> ▪ Update of animal services codes as means to increase revenues and incentives for residents to license, retain, and care for pets. ▪ Explore practicability of private for-profit licensing system. ▪ Pursue linkages between County and private non-profit shelters and rescue operations to maximize opportunities for pet adoption, reduction in homeless pet population, and other efficiencies. ▪ Promote licensing through joint marketing activities of cities and the county. ▪ Explore options for increasing service delivery efficiencies across the board. ▪ Study options for Kent Shelter repair/replacement. ▪ Complete compensation and classification study for shelter staffing benchmarked with other publicly operated shelters. ▪ Review annual reconciliation calculations. ▪ Review preliminary proposed budgets for animal services. ▪ Provide input into contents of periodic system use reports. ▪ Review and provide input on operational initiatives.

**JOINT CITIES-COUNTY WORK GROUP FOR REGIONAL ANIMAL SERVICES
OUTLINE OF TERMS FOR AGREEMENT IN PRINCIPLE**

**County Transition
Funding, Marketing
Support and other
Credits**

The County shall establish an initial annualized level of **transition funding** for cities contracting for the full 2.5 year term as follows:

- \$250,000 shall be allocated by population to those cities with an estimated per capita 2010 regional model costs above \$6 per capita.
- An additional \$400,000 shall be allocated by population to cities with an estimated per capita 2010 regional model costs above \$8 per capita.

Transition funding decreases over time. Cities will receive:

- One-half of the initial annualized level for the second half of 2010.
- The initial annualized level in 2011.
- 66% of the initial annualized level in 2012.
- 33% of the initial annualized level in 2013, if the city and County enter into a 2-year extension agreement.
- 0% in 2014.

In addition, the County shall provide in 2010 **enhanced licensing marketing support** to the cities with the lowest 2009 licensing revenue per capita. For each unit of enhanced licensing marketing support, the County will provide \$20,000 in services estimated to generate 1,000 licenses or \$30,000 in licensing revenue.

- Two cities over 100,000 in population shall each receive 2 units of enhanced licensing marketing support (estimated \$60,000 in licensing revenue in each city).
- Three cities under 30,000 in population shall share one unit of enhanced licensing marketing support (estimated \$10,000 in licensing revenue in each city).

The county will provide credits to cities especially impacted by the cost allocation. These include:

- The **resident usage credit**, which limits the cost allocation in the regional model to no more than 20% greater than the charge would be under a usage-only model for all cities whose net cost is greater than \$5,000; and,
- The **impact mitigation credit** which limits overall net cost increases to contracting cities resulting from cities opting out of the model earlier in the negotiation process to not more than 10 or 15% greater than in the previous model (including the residential use credit), depending on whether Bothell is contracting.

Animal Services Interlocal Agreement Summary of Terms

Document Dated May 28, 2010

This document provides a section by section summary of the proposed Animal Services Interlocal Agreement. It is not intended as a comprehensive interpretation of the Agreement: for complete terms and conditions, please refer to the Agreement.

Generally: This Agreement replaces the existing animal services agreements that have been in place for nearly two decades. The new Agreement has been offered to all Cities other than the City of Seattle. The Agreement will go into effect on July 1, 2010. Cities may choose to sign up for a term of either 6 months or 2.5 years. Services provided are divided into three categories: control (officers responding to events in the field); shelter; and licensing. Cities must purchase all three services. Costs of animal service are generally allocated between the parties based on two factors: population (50%) and system use (50%). All pet licensing revenues are credited to the jurisdiction in which they are generated as an offset against costs otherwise payable. Three types of subsidies are offered to various cities based on various criteria, in order to mitigate impacts of the cost allocation model.

Cities have been requested to provide two separate statements of interest leading up to the circulation of the final form of Agreement. This is because the Animal Services system costs are to be divided between all participating jurisdictions: if some cities that indicated they were interested ultimately decide not to sign the Agreement it will impact the costs for the remaining parties. If, as a result of some cities not signing the Agreement, the estimated 2010 costs for a City that has signed the Agreement increase by more than 5% or \$3,500 (whichever is greater), the Agreement will only go into effect for that City only for 60 days (unless waived).

A section by section summary of the Agreement follows:

Recitals. The Recitals note the benefits of a regional animal services system and the authorities for entering into the Agreement.

Section 1. Definitions. Key definitions are set forth in this section. Other definitions appear in Exhibit C (describing the payment formula, summarized below).

Section 2. Services Provided. The County will provide the City with Animal Services, which include Control Services, Shelter Services and Licensing Services, all as described in Exhibit A (summarized below). A City may request Enhanced Control Services, as detailed in Exhibit E (summarized below).

Section 3. City Obligations. Cities will adopt animal codes with substantially similar license, fee, penalty, enforcement, redemption, impound and sheltering provisions as the County Code, (as now in affected or later amended). The City authorizes the County to enforce these City codes and carry out animal licensing and certain administrative appeals. The City retains independent enforcement authority. The City will help promote pet licensing, and will transmit any pet licensing revenue received to the County quarterly.

Section 4. Term. Cities can choose whether to enter into the Agreement for a term of 6 months (ending December 31, 2010) or 2.5 years (ending December 31, 2012). The Agreement cannot be terminated for convenience. The Agreements with a 2.5 year term will be automatically extended for another 2 year *if no Party asks to be released*: notice of intent not to automatically extend the Agreement must be received by May 1, 2012. If any Party seeks not to extend its Agreement, the County will convene all remaining Parties to decide how to proceed.

Section 5. Compensation. Cities will pay for animal services every six months, based on the estimated cost of those services (derived from historical use and revenue data, and the most recent budget data). If a City generates more licensing revenue than the service costs, the County will remit the difference back to the City.

Section 6. Reconciliation of Estimated Payments and Actual Costs and Revenues. Every June, a reconciliation amount will be calculated to determine the difference between the Estimated Payments made, and the actual costs of service allocable to the Parties based on actual use, revenue and population data. Any "Reconciliation Adjustment Amounts" determined to be owed are due August 15.

Section 7. Transitional Licensing Revenue Support Services. The County is providing one-time marketing services in 2010 to the five cities with the lowest per capita revenue (Bellevue, Enumclaw, Kent, SeaTac, Tukwila). The program involves canvassing residents to increase the number of pet licenses issued (and thus, the licensing revenue attributable to these cities to be offset against their cost of Animal Services).

Section 8. Mutual Covenants/Independent Contractor. The County is an independent contractor and County staff providing services are not deemed City employees. The County is responsible for the performance of its personnel.

Section 9. Indemnification and Hold Harmless. Cross indemnifications are included. The County is responsible for validity of its codes but is not responsible for unique City code provisions not in County Code.

Section 10. Dispute Resolution. The parties will first meet together to attempt to resolve any disputes. If this is not successful, it may be followed by mediation (binding

or nonbinding as parties choose). Mediation costs are to be shared equally between the parties.

Section 11. Joint City-County Committee and Collaborative Initiatives. An advisory group composed of 3 county representatives and one representative from each contracting City is created to review operational and policy issues and make recommendations regarding same. Initiatives to be pursued include but are not limited to: updating the animal services code to enhance revenues and compliance incentives; exploring service delivery efficiencies; studying options for repair or replacement of the Kent shelter and reviewing the annual reconciliation calculations.

Section 12. Reporting. The County will provide the City with reports not less than twice each year summarizing call response on and system usage data for each City and the County as well as the Animal Services system as a whole. The form and contents of the report will be developed in consultation with the Joint City-County Committee.

Section 13. Amendments. Amendments that do not affect payment responsibilities, indemnification, duration or termination of the Agreement may be approved by the County and two-thirds of all Contracting Cities (in number and percentage of total Estimated Payments made); other Amendments require unanimous approval.

Section 14. General Provisions. This section includes standard “boilerplate” provisions—severability, force majeure, notices, records, venue, etc.

Section 15. Terms to Implement Agreement. Because it is unknown how many Parties will ultimately approve the Agreement, or for what term (6 months or 2.5 years) and any City declining to sign will impact the cost for all others, this Section limits the amount by which a Party’s costs for 2010 and for 2011 (estimated) may increase and still have the Agreement go into effect as proposed. These limits may be waived by the City (or the County, as applicable). Depending on which of these tests are met or waived, an Agreement may go into effect for the full requested term or only 6 months. If none of the tests are met (or waived) the Agreement will go into effect for 60 days only: if this occurs, the costs payable by the City for services for that 60 day period will be determined using the formulas in Exhibit C and there will not be a reconciliation of this short-term contract payment.

Exhibit A: Animal Services Description

Control Services

- The Call Center for the public or cities requesting a response by an Animal Control Officer will operate Monday through Friday, at least 8 hours a day. After hours, callers will hear a recording directing calls to 911 or asking the caller to leave a message for response the next business day.

- The County will be divided into 4 geographic Control Districts that will be staffed by six animal control officers, with a goal of providing service by at least one officer in each Control District for at least 8 hours per day, 5 days per week, except as staffing availability is reduced due to vacation, sick leave, training, etc.
- Calls are classified as either "High Priority" or "Lower Priority." The County will use its best efforts to ensure all High Priority Calls are responded to during regular animal control officer hours on the day received.
- Additional control resources will be available regionally, including an animal control sergeant providing oversight, an animal cruelty sergeant to investigate cases, and two officers on call after regular service hours for emergency response.
- Cities can opt to contract for "enhanced control services" (See Exhibit E for terms of service).

Shelter Services

- Shelter for animals will be provided at the existing Kent Shelter. The Bellevue shelter will be closed to the public. The public service counter at the Kent Shelter will be open not less than 30 hours a week. Targeted capacity of the Shelter is 7,000 animals per year.
- Some cities in North King County plan to contract for shelter services with the Progressive Animal Welfare Society (PAWS) located in Lynnwood; for such Cities, the County will deliver cats and dogs picked up in these jurisdictions to the PAWS shelter and will not provide routine sheltering for their cats and dogs.

Licensing Services

- The County will operate and maintain a unified pet licensing system for Contracting Cities. The County will seek private sector partners to advertise/encourage licensing and will provide licenses and application forms and materials to Cities to use in selling licenses. The County will mail annual renewal forms and a reminder and late notice as applicable to the last known address of all persons who purchased a pet license in the previous year. There will be limited sales and marketing efforts to maintain and increase license sales.

Exhibit B: Control Service District Maps

The 4 Control Districts have boundaries as shown in the maps in Exhibit B. Two maps are included, one for 2010, the other for 2011 and beyond. District boundaries cannot be changed without unanimous consent of the parties, since it affects pricing for all parties.

Exhibit C: Calculation of Estimated Payments

This exhibit provides the detailed formulas and definitions to be used to calculate the Estimated Payments each year. In general, these formulas may be described as follows:

- The Estimated Payment(s) for each Service Year are derived from allocating the budgeted Animal Services costs (net of estimated non-licensing revenue) using historical use, population and licensing data.
- From year to year, the total allocable costs for all Contracting Parties (before considering any offsetting revenue) cannot increase by more than the combined total rate of inflation (based on the CPI-U for Seattle, Tacoma Bremerton) and rate of population growth in the combined service area (the “Annual Budget Inflator Cap”).
- **Control Services** costs are equally shared among the 4 geographic Control Districts. Each Contracting Party located within a Control District is allocated a share of Control District costs based 50% on the Party’s relative share of total Calls for Service within the Control District and 50% on its relative share of total population within the Control District.
- **Shelter Services** costs are allocated among all Contracting Parties based 50% on their relative population and 50% on the total shelter intake of animals attributable to each Contracting Party, except that Cities contracting for shelter services with PAWS will pay only a population-based charge and that charge will be one-half the regular shelter services cost population component payable by other Cities.
- **Licensing Services** costs are allocated between all Contracting Parties based 50% on their relative population and 50% on the number of licenses issued to residents of each Contracting Party.
- **Licensing revenue** is to be attributed based on the residency of the individual purchasing the license. The amount of licensing revenue estimated to be generated from the **Transitional Licensing Revenue Support Services** (per Section 7 of the Agreement) is included in the calculation of the Estimated 2010 Payment.
- Each Estimated Payment covers the cost of six months of Animal Services.
- Three credits are applicable to various cities to reduce the amount of their Estimated Payments: a **Transition Funding Credit** (for cities with high per-capita costs); a **Resident Usage Credit** (for cities with low usage as compared to population); and an **Impact Mitigation Credit** (for cities whose projected costs were most impacted by decisions as of May 5 of certain cities not to participate in the regional Agreement). Application of these Credits is limited such that the Estimated Payment cannot fall below zero (before or after the annual reconciliation calculation) with respect to the Transition Funding Credit, or below \$2,750 or \$2,850 (both amount are annualized) with respect to the Resident Usage Credit and Impact Mitigation Credit (depending on whether Bothell received Animal Services in the Service Year).
- Estimated Payments are reconciled to reflect actual revenues and actual usage as well as changes in population. The reconciliation calculation occurs in June of the year following the Service Year. The reconciliation calculation and payment process is described in **Exhibit D**. The receipt of Transition Funding Credits,

Resident Usage Credits, or Impact Mitigation Credits can never result in the amount of the Estimated Payments as reconciled falling below the limits described in the paragraph above (\$0, \$2,750 or \$2,875 (annualized), depending on the credit and whether Bothell received service under an Agreement during the Service Year).

Exhibit D: Reconciliation

The purpose of the reconciliation is to adjust payments made for a Service Year to reflect actual use, population, licensing rates, licensing revenue and non-licensing revenue all as compared to the initial calculation of Estimated Payments. A reconciliation calculation is made each June using the same formulas from Exhibit C but substituting actual values. If the calculation shows that the City's actual use was greater than its estimated use, the City will remit the difference to the County by August 15. If the reverse is true, the County will remit the difference to the City by such date.

Exhibit E: (Optional) Enhanced Control Services Contract

Cities may purchase enhanced control service. Service hours requested (alone or in combination with other cities) must equal work for at least a half-time equivalent employee or a full time equivalent (or multiples thereof). Attachment A to Exhibit E is a short form for Cities to complete if they wish to request enhanced service.



King County
Dow Constantine
King County Executive

Regional Animal Services of King County Roadmap for Reform

The Roadmap for Reform of King County animal services begins with creation of a new regional animal services model jointly developed by King County and its city partners. The model preserves a regional service approach, which best provides for public health, safety, customer service and animal welfare.

Many improvements have been made over the last two years. At the Kent shelter, the welfare of both dogs and cats has improved with facility modifications and more effective cleaning protocols; the addition of a new trailer for cat adoptions; a new partnership with PIMA Medical Institute and expansion of veterinary services to limit the spread of disease; and improvements to animal comfort and care through the purchase of better cages and bedding, higher quality pet food, and additional exercise and socialization.

The county has also reduced the euthanasia rate at its shelter from 40 percent in 2006 to 17.6 percent in 2009. Adoptions and foster care placements have increased dramatically, from 4,525 in 2006 to 6,062 in 2008, largely due to the work of the many dedicated volunteers.

Under the leadership of County Executive Dow Constantine, the county has put in place a new management team that includes a new County Administrative Officer, a new interim manager for Records and Licensing Services, and a new manager of Regional Animal Services. Among other reforms, this new management team is taking a more proactive role on the prevention and investigation of animal cruelty, in support of a trend begun in 2009 that has seen the prosecution of more animal cruelty charges than ever before. In March, the team put in place procedures to systematically identify all new calls about animal cruelty, follow up weekly with field sergeants, and provide guidance to the animal cruelty sergeant when pursuing the most-serious cases.

More must still be done. This Roadmap to Reform outlines actions, some of which are already underway, to address remaining deficiencies in animal care, disease prevention, shelter overpopulation, systems management, and animal cruelty investigation that have been identified as areas for improvement in the Animal Services Strategic Plan and in past reports and studies that have been conducted under the leadership of the King County Council.

IMMEDIATE ACTIONS: Next Two Months

- Implement a new model for Regional Animal Services of King County by entering into new contracts with cities.
- Improve data collection and management through technology upgrades that support real-time access to data in the field and more robust tracking of animals in the shelter.

Animal Sheltering and Welfare

- Hire an external relationships and field operations manager, ideally with proven experience in animal services, to improve animal care, manage the animal population, work with community partners, and develop operating procedures and ensure that those procedures are followed.
- Hire a full-time volunteer coordinator, essential for increasing the number of volunteers and effectively managing them, maintaining animal care within available resources and moving animals quickly through the shelter system – in particular during the approaching peak summer season.
- Hire a veterinary medical director and two additional veterinary technicians to provide a higher level of care in the Kent shelter, in part through the use of funds donated for improved animal care.
- Manage the population at the Kent shelter within available resources to ensure proper care for animals through expanded use of existing shelter capacity elsewhere in the region, expanded use of foster families, and new policies regarding pet retention and field pick-ups.
- Provide a more consistent level of care at the Kent shelter by consolidating all staff at one facility.
- Prepare for the upcoming summer peak shelter population by filling new positions, utilizing short-term temporary employees, and aggressively recruiting foster families and volunteers.
- Increase adoption activities, including through the use of donated retail space at the Kent Station shopping mall and lower adoption fees during peak season.

Animal Control & Animal Cruelty

- Refine and continue to establish procedures to systematically identify all new calls about animal cruelty, follow up weekly with field sergeants, and provide guidance to the animal cruelty sergeant when pursuing the most serious cases.
- Work with the Sheriff's Office on developing procedures for responding quickly and more effectively to potential animal cruelty cases and issues of public safety, engaging police earlier in the investigation of serious cases, establishing policies and procedures for after-hours dispatch.

- Work with the King County Prosecuting Attorney on developing procedures to more clearly establish the actions that animal service officers can take in potential animal cruelty cases, particularly with regard to the seizure or impoundment of healthy animals in situations where other animals have died or been harmed, and to clarify when criminal as opposed to civil actions can be taken.

Pet Licensing

- Create incentives to promote pet licensing, which both supports the return of animals to their homes and is critical to the funding of services, through expanded partnerships with cities and private organizations, a “no-tolerance” policy for enforcement of licensing, and changes to the structure of license fees.

MID-TERM ACTIONS: Six to Nine Months

- Engage outside experts to review shelter, veterinary clinic, and field operations, objectively evaluate the progress that has been made, and identify additional improvements that are needed.
- Accept credit card transactions both at the Kent shelter location and in the field to improve customer service and increase revenues.
- Work with city partners to develop performance measures and regular reports on performance to increase accountability for regional partners and the public, and identify opportunities to improve services, reduce costs and increase revenues.

Animal Sheltering and Welfare

- Implement measures that continue to improve animal care and welfare as identified through outside experts and new staff.
- Continue to develop volunteer and foster networks and partnerships with other animal welfare organizations.

Animal Control and Animal Cruelty

- Install laptops in animal control trucks for real-time access to and entry of dispatch and other data.
- Consider establishing operating bases in north or east county to provide consistent field services and a connection with and accountability to these communities.
- Implement procedures with the King County Sheriff’s Office and other police agencies to respond quickly and more effectively to potential animal cruelty cases and issues of public safety, and engage police earlier in the investigation of serious cases.
- Implement a systematic method for sorting through the 1,000 reported animal cruelty calls received annually, the vast majority of which turn out not to involve cruelty, so that animal control officers and law enforcement can more effectively pursue actual cruelty cases.

- Implement new policies and training for police dispatchers for callout of animal control officers for after-hours emergencies.
- Implement actions related to work with the King County Prosecuting Attorney regarding potential animal cruelty cases.

Pet Licensing

- Evaluate changes to pet licensing fees and marketing efforts and continue to develop partnerships to increase the number of pets who are licensed.

LONG-TERM ACTIONS and CONTINUOUS IMPROVEMENT: The Next 2.5 Years

- Continue to improve animal care and service delivery through continuous review and development of procedures to guide shelter and field operations and provide ongoing staff training.
- Foster innovative partnerships and joint programs with other organizations, including feral cat groups, spay/neuter programs, rescue groups, private shelters, and private-sector licensing partners to reduce the homeless animal population in the region.
- Increase donations and grants by seeking funding from foundations, animal welfare groups, and individual donors.
- Make improvements to existing facilities to prevent overcrowding, noise, and the spread of disease, as well as plan for the development of new regional sheltering space to ultimately replace the capacity provided by the Kent shelter.