



King County

Metropolitan King County Council
Budget and Fiscal Management Committee

Agenda Item No.: 11

Date: June 8, 2010

Polly St. John
Jenny Giambattista

Proposed No.: 2010-0327

Prepared By: Marilyn Cope

STAFF REPORT

SUBJECT: AN ORDINANCE that would provide a total of \$3.24 million and 1.90 new FTEs in supplemental appropriation authority for regional animal services in King County.

SUMMARY:

This proposed supplemental appropriation ordinance is one of 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, including changes to fees and fines.
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 supplemental Ordinance 2010-0327. Additional staff reports have been prepared for Proposed Ordinance 2010-0325 and Proposed Ordinance 2010-0326.

Proposed Ordinance 2010-0327 would provide supplemental appropriation authority of \$3.24 million. Of this amount, \$3,150,000 is for Records and Licensing and \$91,700 is for Public Health. This expenditure authority would provide for:

1. Expenditure authority for sheltering services for February through June 2010,
2. Implementation of the regional model beginning on July 1, 2010,
3. Enhanced service contracts for animal control,
4. Expenditure of animal bequest funds; and
5. One-time costs and strategic investments to reform measures.

The proposal would move 2.00 FTE positions from Public Health to Records and Licensing Services (RALS) and add 1.90 FTEs in RALS to implement the Executive's proposed regional model.

The proposal will appropriate funding for animal services through 2010. Approval of the request will "draw down" the fund balance of the General Fund by \$2,685,521. (This annual impact is similar to General Fund contributions in past years to support animal services, which has averaged \$2.65 million over the past four years.) However, the use of fund balance will not add to the 2011 projected deficit of \$60 million because animal services have been included in the deficit estimates.

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:

On November 9, 2009, the council adopted Motion 13092, directing the 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.

As a result of this policy direction, the adopted 2010 budget included a number of provisos to terminate these services if full cost recovery were not achieved. The 2010 budget did not include expenditure authority for sheltering services after January.

Because there is currently not enough animal sheltering capacity in the region, the Council adopted Ordinance 16750 in January, extending staffing authority for sheltering services through July 1, 2010; however, no expenditure authority was associated with the change in staffing or other costs associated with the provision of animal services.

The Council will be asked to act quickly on the new regional model because the Executive has terminated all existing animal service contracts with cities, effective July 1, 2010.

This staff report will concentrate on the proposed fiscal implications of the proposal.

ANALYSIS:

This supplemental request will delete proviso restrictions associated with ending animal services in King County and will fund the annual costs associated with those services.

Annual Costs to Provide Regional Animal Services

2010 Budget Appropriation

Expenditure authority for Animal Care and Control resides in the county's General Fund and is budgeted mainly in the Records and Licensing Services (RALS) appropriation unit. The 2010 budget appropriated \$3,398,246 in RALS and transferred \$39,047 from the General Fund to Public Health to support shelter veterinarians. Consequently, the 2010 budget included expenditure authority of \$3,437,293 for the provision of animal services.

Proposed Annual Costs

As shown in **Attachment 4**, all analysis for expenditures and revenues related to animal services costs are broken into two categories: (1) January through June 2010 "current" costs and (2) July through December 2010 costs associated with the new regional model. This exercise allowed the Executive to build a new budget that is essentially "zero based".

The estimated 2010 annual costs to provide direct animal services will be \$6,678,993¹. This amount includes costs incurred by the county for services to the cities and unincorporated area through June and implementation of the new model beginning in July.

Total Supplemental Request

The difference between the estimated costs of \$6,678,993 and already appropriated expenditure authority of \$3,437,293 is the amount of the requested supplemental appropriation – \$3,241,700 – as shown in the table below:

Table 1. 2010 Annual Costs for Animal Services

Existing/Proposed Expenditure Authority	Amount
2010 Budget Appropriation:	
RALS	\$ 3,398,246
Public Health	39,047
subtotal	\$ 3,437,293
Supplemental Request:	
RALS	\$3,150,000
Public Health	91,700
subtotal	\$ 3,241,700
Total 2010 Cost for Animal Services	\$ 6,678,993

General Fund Impact

The \$6.7 million in expenditure authority is proposed to be backed by \$3,993,473 in revenues. The revenues are not sufficient to support all expenditures; consequently, the General Fund must be used to support animal services. Approval of the request will "draw down" fund balance in the General Fund by \$2,685,521. This annual impact is similar to General Fund contributions in past years to support animal services, which

¹ Previously assumed and budgeted overhead costs totaling \$579,000 are included in the allocation model.

has averaged \$2.65 million over the past four years. However, the use of fund balance will not add to the 2011 deficit because animal services costs have been included in the estimated \$60 million deficit.

General Fund Support will Decrease in Out-Years

The new service model assumes increasing revenues from city contracts that will **decrease** General Fund contributions in the out years as shown in the table below:

Table 2. Anticipated General Fund contributions for Animal Services

Year	General Fund support
2010	\$2,685,521
2011	\$2,070,357
2012	\$1,591,321
2013	\$1,456,189
2014	\$1,320,825

The revenues from city contracts are estimated to increase in each year of the model. 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.

Service Allocation Costs

Proposed Ordinance 2010-0326 would approve a new Interlocal Agreement that allocates the costs for the new regional animal services model among participating cities and the county. Please see the staff report for the interlocal agreement, Proposed Ordinance 2010-0326 for a more detailed discussion of the cost allocation model.

The new regional animal services model breaks contracting cities into four geographical areas:

1. Area 200 includes Bothell², 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.

King County will continue to be responsible for service provision within the unincorporated areas of the county.

The proposed model allocates 2010 costs (less non-licensing revenue) for animal services in three specific areas: control services – \$1,698,500, shelter services – \$3,004,900, and licensing services – \$898,400. These total allocated costs equal

² Bothell has agreed to a six month contract rather than a 2.5 year contract

\$5,601,800. The cost allocation assumptions are based on both population and use of the system. Unincorporated King County allocations for service provision are included in the model and are assumed in all cost estimates. *These annualized cost estimates will be discussed in more detail in a subsequent staff report.*

2010 Development and Implementation Costs incurred by King County

The proposal includes an initial investment in the first year of the model by the county to develop and implement the proposal. These transitional costs are excluded in the cost allocation calculation shown above. As shown in **Attachment 5**, these costs include \$542,500 for one-time implementation costs and \$533,200 for general operations and reform efforts.

One Time Implementation Costs - \$542,500

These costs are associated with model implementation and include contract negotiation, IT system upgrades, the move from the mainframe computer, and transitional license marketing support. It is anticipated that the IT systems will be upgraded and moved off the mainframe computer by December 2011; however, the first six months associated with IT support is included.

The County is also providing one-time 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. Any revenue generated will offset the cities cost of animal services.

General Operations and Reforms - \$533,200

The costs assumed for general operations and reforms include salary upgrades and reclassifications, some consultant costs, and one new administrative position. The executive notes these costs are necessary to implement the new model.

Incentives to Participate in the New Regional Model

The new regional model proposal includes financial incentives from the county to encourage city participation. The new regional model includes transition funding for cities with high per capita costs and residential credits for cities whose use is low relative to population. *Attachment C-1 to the Interlocal Agreement is a spreadsheet that details the assumed cost allocations to cities, including transitional funding and residential credits for each city.*

Transitional Funding Credits - \$325,000 in 2010 (1/2 year)

The Transition Funding Credit has been calculated to offset costs to certain cities on a declining basis over four years. In the first full year of the model, county credits for this purpose equal \$650,000 and declines each year thereafter, lessening the burden to the General Fund. According to the Executive transmittal letter, 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.

Cities qualifying for this credit are those that under the cost allocation formula (allocating costs generally based half on population and half on usage), would pay the highest per capita costs in 2010.

The Transition Funding Credit begins at an annual amount of \$650,000 and 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.

Resident Usage Credits to Cities - \$139,761 in 2010 (1/2 year) and \$279,521 thereafter
The county will provide credits to cities especially impacted by the cost allocation methodology. These include resident usage credits and impact mitigation credits.

The Resident Usage Credit has been calculated to offset the costs of certain cities 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.

- (1) The resident usage credit 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.
- (2) The impact mitigation credit limits overall net cost increases to contracting cities resulting from cities opting out of the model earlier in the negotiation process to not more 10 or 15% greater than in the previous model (including the residential use credit), depending on whether Bothell is contracting.

Model Revenue Assumptions

As shown in Table 3, the new model assumes 2010 revenues from a number of sources. Revenues anticipated to be generated by the new model in 2010 include pet licensing revenues from King County unincorporated area and contract cities, new city contract revenues for July through December of 2010.

Table 3. Assumed Revenue Sources

Revenue Source	2010 Regional Model
Non-License Revenue	127,000
Pet License Revenue	1,534,938
New City Contract/ Licensing Revenue	537,535
Increased Fines and Fees (5)	31,000
Enhanced Services Contracts	150,000
Donations to Bequest Fund	100,000
Total Revenues	2,480,473

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Pet Licensing Revenues

Licensing revenues are based on 2009 actuals and does not include assumptions in 2010 for the economic downturn. *Staff analysis will compare how license revenues from City of Seattle may have been impacted and how they compare with the county assumptions).*

The new model assumes that pet licensing revenue is allocated back to jurisdictions. Further, contracting cities must pay the county the difference between their cost allocation and their pet licensing revenue. If a city generates more licensing revenue than the service costs, the county will remit the difference back to the city. As a result, executive staff have noted that under this model, cities will be motivated to actively participate in the marketing of licenses.

Non-Licensing Revenues

Non-licensing revenues are anticipated to contribute nearly \$1 million on top of pet licensing revenue to support services in the first year of the model. The revenues from city contracts are estimated to increase in each year of the model, as transitional support provided to cities declines. As noted earlier in this report, the county's estimated General Fund contribution under the new regional model will decrease in the out years.

Payment Period

The 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).

FTE Changes and New Positions

Proposed Ordinance 2010-0327 deletes the 2010 RAL budget proviso that the number of FTES be reduced from 41.60 to 27.60 by July 1, 2010. This proviso inadvertently included a term limited temporary (TLT) position. The actual number of FTEs dedicated to animal services in the 2010 budget was actually 40.60.

The proposed ordinance would move 2.00 vet tech positions from Public Health, allowing the consolidation of all FTEs dedicated to animal services in one appropriation unit. The regional model would also reconfigure FTE positions to reflect the move from a seven to five day a week provision of service, add a new administrative position, and fund a new vet tech from the bequest fund. The table below shows the FTE changes assumed for the regional service model:

Table 4. FTE Changes in the Regional Model

Crosswalk Item	FTEs	Changes
2010 appropriation for Animal Services	40.60	
move vets from PH		2.00
new administrator		1.00
new vet techs		2.00

Crosswalk Item	FTEs	Changes
volunteer coordinator		1.00
move regulatory services manager to RAL		(1.00)
sales and marketing coordinator		0.40
pet licensing supervisor		(0.50)
cut field positions		(9.00)
add sheltering positions		6.00
cut customer service specialist		(1.00)
add enhanced officers		2.00
Total Animal Services Changes	40.60	2.90
add FTE to RAL administration		1.00
Total RAL Appropriation FTE Changes		3.90

Although there appears to be a reduction in field positions and an increase in sheltering positions, this change reflects that some field staff have been working in the shelter for the last few years. Consequently, these changes reflect a budget “clean up” by changing the positions to reflect current operations. Also, the cut in field staff is partially achieved by reducing regular control service from seven days per week to five days per week, which, because of scheduling and oversight needs, makes a significant difference in the number of positions required. *Staff analysis continues.*

Proviso Changes

Proposed Ordinance 2010-0327 will delete proviso restrictions associated with ending animal services and amend a proviso regarding canvassing activities.

- 1 Proviso P2 regarding canvassing activities would be amended to allow canvassing on Sundays. These functions had previously not been allowed on Sunday or unless the activities are specified in a full cost recovery contract. This change would allow the new model assumptions for increased licensing revenues to be implemented by providing the ability to reach pet owners during non-work hours when they might be more readily available.
- 2 Proviso P3 specified how animal care and control funding should be expended with specific amounts for control, shelter, and licensing functions. It is deleted to allow the new model to be implemented.
- 3 Proviso P4 would reduce FTEs for animal services. It is deleted to allow the new model to be implemented.
- 4 Proviso P5 specified that funding should be available in quarterly increments based upon revenue reports. It is deleted to allow the new model to be implemented.

Issues

Council staff is analyzing possible impacts to the county that may result from implementation of the new service model. *This analysis is ongoing.*

- Limits on City Contributions

The costs to cities are capped by the limits set in the interlocal agreements discussed above. Therefore, if the costs of the regional model exceed the cost inflator cap, the county would be liable for those costs.

In addition, council staff has asked for additional information on the potential cost impacts to the county if the cities assumed to participate in this model, decide not to participate.

- Maintenance Costs Associated with County Shelter Facilities

It does not appear that the new regional contract assumes any revenues for maintenance of the county's sheltering facilities. Consequently, it would be the sole responsibility of the county to maintain the facilities. Maintenance or major repairs are usually funded from the Building Repair and Replacement Fund or the Major Maintenance Reserve Fund which are heavily supported from General Fund transfers.

Executive staff has noted that the collaborative initiatives in the contract – that will be pursued by the joint city county committee – include long term planning for repair or replacement of the Kent shelter.

It is hoped that implementation of the model will result in reductions in the homeless animal population and will increase private sector partnerships for shelter capacity. Until the model is implemented, the long term facility needs to meet capacity requirements are unknown. Some unanticipated costs could be incurred by the county over the next 2.5 years without the inclusion of maintenance in the contract assumptions. *Staff analysis continues.*

- Burien Non-Participation in the Regional Model

The City of Burien does not plan to participate in the new regional model. According to Executive staff, the city does not currently have a system or plan in place for the provision of animal services. There are concerns as to how Burien's animal care needs could affect the county. *Staff analysis will continue.*

NEXT STEPS:

As noted throughout this staff report, analysis of the Executive's proposal is on-going. The committee will discuss the regional animal services model again at its next meeting on June 15.

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, OMB

ATTACHMENTS:

1. Proposed Ordinance 2010-0327
2. Transmittal Letter, dated June 1, 2010
3. Fiscal Note
4. Outline of Costs for 2010 Animal Services and General Fund Contributions
5. Excluded Elements



KING COUNTY
Signature Report

Attachment I
1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

June 8, 2010

Ordinance

Proposed No. 2010-0327.1

Sponsors Patterson

1 AN ORDINANCE making a supplemental appropriation of
2 \$3,150,000 to records and licensing services, \$91,700 to
3 public health and emergency medical services general fund
4 transfers, and \$91,700 to public health for regional animal
5 services; and amending the 2010 Budget Ordinance,
6 Ordinance 16717, Sections 30, 46 and 93, as amended, and
7 Attachment K, as amended and adding a new section to
8 Ordinance 16717.

9 **STATEMENT OF FACTS:**

- 10 1. King County animal care and control has provided services to the
11 unincorporated areas of King County and by contract to the majority of
12 cities in the county in exchange for retention of their pet licensing revenue
13 since the mid-1980s.
- 14 2. The county general fund contribution to the provision of animal
15 services has increased over the years culminating in a general fund
16 contribution of nearly \$3 million in recent years.
- 17 3. Motion 13092, adopted by the metropolitan King County council on
18 November 9, 2009, directed the county executive to end the provision of
19 animal shelter services by King County for contract cities and for

20 unincorporated King County as soon as possible but no later than January
21 31, 2010, and to enter into new full cost recovery contracts with cities for
22 animal control and licensing services by June 30, 2010.

23 4. The 2010 Budget Ordinance, Ordinance 16717, Section 30, provided
24 funding for animal care and control for sheltering services only through
25 January 31, 2010.

26 5. With the adoption of Ordinance 16750, extending FTE authority for
27 animal sheltering services through June 30, 2010, the county recognized
28 that there is currently not sufficient sheltering capacity in the region to
29 close the King County animal shelter. The extension of FTE authority
30 provided for a common deadline for the county to work with cities on a
31 new regional model for animal services, inclusive of animal sheltering,
32 animal control, and pet licensing functions. Without further amendment to
33 the 2010 Budget Ordinance, Ordinance 16717, FTE authority for animal
34 services will be reduced from 41.6 to 27.6 by July 1, 2010.

35 6. A regional model for animal services enables the county and the cities
36 to provide for better public health, safety, animal welfare and customer
37 service outcomes at a lower cost than jurisdictions are able to provide for
38 on their own. This is accomplished through: properly aligned financial
39 incentives, partnerships to increase revenue, economies of scale, a
40 consistent regulatory approach across participating jurisdictions and
41 collaborative initiatives to reduce the homeless animal population and

42 leverage private sector resources while providing for a level of animal care
43 respected by the community.

44 7. Beginning in January 2010, a joint cities-county work group began
45 meeting on a weekly basis to develop a new regional animal services
46 model for King County and individual cities to consider. The work group
47 included representation from King County and the cities of SeaTac,
48 Tukwila, Kent, Bellevue, Redmond, Sammamish, Shoreline and Lake
49 Forest Park.

50 8. On February 26, 2010, the executive transmitted to the council an
51 implementation plan for entering into new animal services contracts with
52 cities. The implementation plan included documents developed by the
53 joint cities-county work group for regional animal services including
54 working principles, a common interests statement and an adopted scope
55 and purpose statement outlining specific timelines and deliverables for
56 entering into new interlocal agreements between the county and the cities
57 for animal services by the end of June.

58 9. Consistent with the implementation plan, the county executive sent to
59 cities notice of termination of all existing animal services agreements
60 between the county and cities, effective July 1, 2010.

61 10. Consistent with the implementation plan, the joint cities-county work
62 group for regional animal services developed an agreement in principle for
63 a new regional animal services model that defines services, expenditures,
64 and cost and revenue allocation methodologies for animal shelter, animal

65 control and pet licensing services. The agreement in principle and
66 supporting materials were shared with all cities, the county council, and
67 the public in early April through presentations to city managers and
68 administrators, the suburban cities' association public issues committee,
69 the regional policy committee, numerous city council meetings and
70 through individual meetings with county and city officials and staff.

71 11. Consistent with the implementation plan, the work group developed
72 an interlocal agreement for animal services based on the agreement in
73 principle.

74 12. The proposed interlocal agreement includes a cost allocation
75 methodology that is based on system use and population and shares
76 defined regional animal system costs between the county and all
77 participating cities.

78 13. The twenty-seven cities who have twice indicated interest in
79 participating in the new regional model would together contribute nearly
80 \$1 million in new revenue to the county for animal services in the first
81 year of the interlocal agreement. As a result, the county's general fund
82 contribution under the new regional model for animal services is estimated
83 to be less in 2010 and 2011 than in recent years and significantly less in
84 years thereafter.

85 14. The executive has transmitted proposed legislation to the council that
86 would authorize the county to enter into the interlocal agreements for

87 animal services with cities. Supplemental appropriation and FTE
88 authority is needed to implement the proposed interlocal agreements.

89 15. Some cities have indicated interest in entering into contracts with the
90 county for full-cost recovery enhanced animal control services. The
91 executive has transmitted proposed legislation to the council that would
92 authorize the executive to enter into such contracts with cities.

93 Supplemental appropriation and FTE authority is needed to implement
94 these enhanced animal control service contracts.

95 16. King County and cities participating in the interlocal agreement have
96 a mutual interest in increasing program revenue to support animal
97 services, including through: (a) changes to pet license fees; (b) programs,
98 penalties and other incentives to increase pet license sales; (c) enforcement
99 of city and county codes requiring the licensing of pets; (d) gifts, bequests
100 and donations that promote animal welfare; and (e) entrepreneurial
101 programs for raising revenue, such as sponsorships, advertising, naming
102 rights, concessions and fundraising events. The executive has transmitted
103 proposed legislation to the council that would enable revenue generation
104 through these mechanisms in partnership with cities and would incent
105 change to reduce system use and cost. Supplemental appropriation and
106 FTE authority is needed to implement these mechanisms and generate
107 revenue.

108 17. King County residents and volunteers regularly donate funds to King County
109 to enhance the welfare of animals generally or through specific means such as

110 providing for animals' special medical needs or supporting spay/neuter services.
111 Expedient access to these funds for use in the manner in which they were donated
112 is critical to the welfare of animals in King County's care. The executive has
113 transmitted to the council proposed legislation that would establish a tier one
114 animal bequest fund for these donations and has taken steps to include the
115 regional animal services program in this year's employee charitable campaign.
116 Supplemental appropriation and FTE authority is necessary to access and utilize
117 these funds for their intended purpose.

118 18. Over the past few years, the council has led an effort to reform animal
119 services and has conducted a number of studies. Certain strategic investments are
120 recommended by these studies to improve accountability, improve service
121 delivery and further reduce costs. These recommendations include upgrading
122 data systems, external reviews, a non-represented position to support innovative
123 organizational partnerships, an increase in veterinary support to reduce disease
124 outbreak and support the transfer of animals to other organizations, and a
125 dedicated volunteer coordinator to facilitate the better care for animals and the
126 movement of animals into foster care. Supplemental appropriation and FTE
127 authority is needed to implement these reforms.

128 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

129 SECTION 1. Ordinance 16717, Section 30, as amended, is hereby amended by
130 adding thereto and inserting the following:

131 RECORDS AND LICENSING SERVICES - From the general fund there is
132 hereby appropriated to:

156 ~~3. \$855,983 for licensing activities))~~

157 ~~P4 PROVIDED FURTHER THAT:~~

158 ~~Of this appropriation, the number of budgeted FTEs shall be reduced from 41.6 to~~
159 ~~27.6 by July 1, 2010,~~

160 ~~P5 PROVIDED FURTHER THAT:~~

161 ~~Of the \$3,237,294 restricted by this proviso, funds shall be available for~~
162 ~~expenditure or encumbrance in quarterly increments as follows:~~

163 ~~1. January 1, 2010, \$1,034,323 is available for expenditure or encumbrance upon~~
164 ~~the receipt by the council of an implementation plan from the executive for terminating~~
165 ~~existing city contracts and entering into full cost recovery contracts by June 30, 2010.~~

166 ~~The implementation plan shall include specific milestones with projected completion~~
167 ~~dates for each milestone. The implementation plan shall include a status report on the~~
168 ~~number and date of layoff notices issued related to animal care and control.~~

169 ~~2. An additional \$743,323 shall be made available for expenditures or~~
170 ~~encumbrance on April 1, 2010, July 2, 2010, and October 1, 2010 upon receipt of a~~
171 ~~quarterly revenue report.~~

172 ~~The revenue report releasing funds on April 1, 2010, shall report on the months of~~
173 ~~January and February 2010. The revenue report releasing funds on July 2, 2010, shall~~
174 ~~report on the months of March, April and May 2010. The revenue report releasing funds~~
175 ~~on October 1, 2010, shall report on the months of June, July and August 2010.~~

176 ~~Each revenue report shall identify the number of new cost recovery contracts for animal~~
177 ~~control and licensing, a summary of the terms of the contracts, licensing revenue by city~~
178 ~~and the number of licenses sold by city. Based on this information, the executive shall~~

179 ~~provide an updated revenue projection for 2010 and assess whether revenue projections~~
180 ~~are on target to achieve annual revenues of \$3,200,000 in 2010. If the revenue estimate is~~
181 ~~not on target to achieve the 2010 revenue estimates of \$3,200,000 the executive shall take~~
182 ~~immediate actions to reduce expenditures and report those actions to the council.~~

183 ~~Any report or plan required to be submitted by this proviso must be filed in the~~
184 ~~form of a paper original and an electronic copy with the clerk of the council, who shall~~
185 ~~retain the original and provide an electronic copy to all councilmembers and to the~~
186 ~~committee coordinator for the government accountability and oversight committee or its~~
187 ~~successor)).~~

188 SECTION 2. Ordinance 16717, Section 46, as amended, is hereby amended by
189 adding thereto and inserting the following:

190 PUBLIC HEALTH AND EMERGENCY MEDICAL SERVICES GF
191 TRANSFERS - From the general fund there is hereby appropriated to:

192 Public health and emergency medical services GF transfers \$91,700

193 SECTION 3. There is hereby added to Ordinance 16717, as amended, a new
194 section to read as follows:

195 Animal bequest \$100,000

196 SECTION 4. Ordinance 16717, Section 93, as amended, is hereby amended by
197 adding thereto and inserting the following:

198 PUBLIC HEALTH - From the public health fund there is hereby appropriated to:

199 Public health \$91,700

200 The maximum number of additional FTEs for public health shall be: (2.00).

201 ERI EXPENDITURE RESTRICTION:

202 Of this appropriation, \$30,000 shall be expended solely for Youth Eastside
203 Services.

204 P1 PROVIDED THAT:

205 Of this appropriation, \$25,000 shall only be expended or encumbered if, by
206 March 1, 2010, the executive transmits to the council a plan for conducting a periodic
207 evaluation of the collaboration between Public Health and HealthPoint at the Northshore
208 public health center and its impacts on the health of the community. The plan shall
209 include identification of jointly agreed-upon evaluation measures, data sources needed to
210 implement the measures and the process and timeline for collecting, evaluating and
211 reporting on the data to the council. The evaluation plan shall include, but not be limited
212 to: (1) a plan for evaluating the impact on access to family planning services; (2) a plan
213 for evaluating how the collaboration at Northshore might serve as a model for other
214 collaborations between the county and community service providers; and (3) a plan for an
215 initial evaluation report to be completed in 2010. Further, of this appropriation, an
216 additional \$25,000 shall only be expended or encumbered if the executive transmits to the
217 council by August 1, 2010, the initial evaluation report identified in the plan.

218 The plan required to be submitted by this proviso must be filed in the form of a
219 paper original and an electronic copy with the clerk of the council, who shall retain the
220 original and provide an electronic copy to all councilmembers and to the committee
221 coordinator for the law, justice, health and human services and lead staff for the board of
222 health or their successors.

223 P2 PROVIDED FURTHER THAT:

224 Of this appropriation, \$25,000 shall only be expended or encumbered if, by
225 March 1, 2010, the executive transmits to the council a report on the activities of the
226 department of public health to help assure access to family planning/sexually transmitted
227 disease services for teens in the Kent area and the community surrounding the Northshore
228 public health center. The report shall address how the department is: (1) helping clients
229 who accessed services in 2009 transition to a new source of care; (2) working in
230 partnership with other community based organizations to promote culturally competent
231 access to services; (3) reprioritizing the work of family planning health educators
232 including through locating the educators with other community providers in the Kent and
233 Northshore communities; and (4) planning to evaluate the impact of these efforts on
234 access to family planning/sexually transmitted disease services and the health of the
235 community. The report shall also include a review of the dedicated financing sources
236 available for family planning in 2010 and an assessment of the outlook for dedicated
237 family planning funding over the next three years.

238 The report required to be submitted by this proviso must be filed in the form of a
239 paper original and an electronic copy with the clerk of the council, who shall retain the
240 original and provide an electronic copy to all councilmembers and to the committee
241 coordinator for the law, justice, health and human services and lead staff for the board of
242 health or their successors.

243 ~~((P3 PROVIDED FURTHER THAT:~~

244 ~~Of this appropriation, the number of budgeted FTEs shall be reduced by 2.00 by~~
245 ~~July 1, 2010)).~~

246 P4 PROVIDED FURTHER THAT:

247 Of this appropriation, \$50,000 shall only be expended or encumbered if, by June
248 30, 2010, the executive transmits to the council a scope of work for facilities planning for
249 the long-term delivery of public health center services in South King County, where the
250 need for such services is highest. The scope of work shall focus on innovative ways of
251 delivering services in partnership with other health safety net and community
252 organizations to meet the needs of the population in a feasible and financially sustainable
253 manner.

254 The scope of work required to be submitted by this proviso must be filed in the
255 form of a paper original and an electronic copy with the clerk of the council, who shall
256 retain the original and provide an electronic copy to all councilmembers and to the
257 committee coordinator for the law, justice, health and human services and lead staff for
258 the board of health or their successors.

259 P5 PROVIDED FURTHER THAT:

260 Of this appropriation, \$163,074 and 1.00 FTE shall only be expended or
261 encumbered for environmental health services for animal-related businesses after the
262 King County board of health adopts regulations and full-cost recovery permit fees for
263 animal-related businesses. Further, the amount expended or encumbered for
264 environmental health services for animal-related businesses shall be equal to the amount
265 of revenue projected to be collected through the fees adopted by the board. No county
266 general fund or state public health funding shall be used to support this expenditure or
267 FTE authority.

268 SECTION 5. Attachment A to this ordinance hereby amends Attachment K to
269 Ordinance 16717, as amended by adding thereto and inserting therein the amounts listed
270 in Attachment A to this ordinance.
271

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. Budget Transparency Crosswalk

Budget Transparency Crosswalk

SECTION	FUND	APPROX SECTION	APPROPRIATION/SECTION	EXPENDITURE BUDGET CHANGE	FTE CHANGE
30	0010	0470	RECORDS AND LICENSING SERVICES	3,150,000	3.90
	0010	0470.6434	RALS ADMINISTRATION		-
	0010	0470.1530	RALS ANIMAL CARE AND CONTROL	3,066,609	2.90
	0010	0470.1550	RALS RECORDS AND LICENSING SERVICES	83,391	1.00
	0010	0470.1437	RECORDS MANAGEMENT MAIL SERVICES		-
46	0010	0696	PUBLIC HEALTH AND EMERGENCY MEDICAL SERVICES GF TRANSFERS	91,700	-
93	1800	0800	PUBLIC HEALTH	91,700	(2.00)
	1800	0800.8078	PROVISION: PUBLIC HEALTH CENTER BASED SERVICES		-
	1800	0800.8041	PROVISION: REGIONAL AND COMMUNITY BASED PROGRAMS		-
	1800	0800.8184	PROTECTION: REGIONAL AND COMMUNITY BASED PROGRAMS		-
	1800	0800.8067	PROTECTION: ENVIRONMENTAL HEALTH FIELD BASED SERVICES	91,700	(2.00)
	1800	0800.8036	PROTECTION: INFECTIOUS DISEASE PREVENTION AND CONTROL		-
	1800	0800.8027	PROTECTION: PREPAREDNESS		-
	1800	0800.8114	PROMOTION: REGIONAL AND COMMUNITY BASED PROGRAMS		-
	1800	0800.8034	PROMOTION: HEALTH PROMOTION AND DISEASE/INJURY PREVENTION		-
	1800	0800.8049	ORG ATTRIBUTES: REGIONAL AND CROSS-CUTTING SERVICES		-
	1800	0800.8026	ORG ATTRIBUTES: CROSS-CUTTING BUSINESS SERVICES		-
	1800	0800.8030	PROVISION: EMS GRANTS		-
New	4590	New	ANIMAL BEQUEST	100,000	

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

The Honorable Bob Ferguson

June 1, 2010

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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

FISCAL NOTE

Ordinance/Motion No.: 2010-
Title: Implementation of Regional Animal Services Model
Affected Agencies: RALS (Animal Care and Control) and Public Health
Note Prepared By: Shelley De Wys
Note Reviewed By: Carrie Cihak

Impact of the above legislation on the fiscal affairs of King County is estimated to be (1,2,3,4):

Revenue to:

Fund Title	Fund Code	Revenue Source	2010 Regional Model (4)	2011	2012	2013	2014
General Fund (Animal Care and Control)	0010	Non-License Revenue (5)	127,000	254,000	254,000	254,000	254,000
General Fund (Animal Care and Control)	0010	Pet License Revenue	1,534,938	3,030,308	3,092,808	3,155,308	3,217,808
General Fund (Animal Care and Control)	0010	New City Contract/ Licensing Revenue	537,535	1,192,397	1,471,059	1,745,918	2,025,504
General Fund (Animal Care and Control)	0010	Increased Fines and Fees (5) Enhanced Services	31,000	66,000	67,000	69,000	71,000
General Fund (Animal Care and Control)	0010	Contracts	150,000	308,040	317,004	326,387	336,505
Animal Bequest Fund	4590	Donations to Bequest Fund	100,000	200,000	200,000	200,000	200,000
TOTAL			2,480,473	5,050,745	5,401,871	5,750,614	6,104,817

Expenditures from:

Fund Title	Fund Code	Department	2010 Regional Model (2)	2011	2012	2013	2014
RALS (Animal Care and Control)	0470	Animal Care and Control	3,171,400	6,575,601	6,496,756	6,753,068	7,019,958
RALS (Animal Care and Control) - One-Time Costs to Implement Model	0470		542,500	0	0	0	0
Animal Bequest Fund	4590		100,000	200,000	200,000	200,000	200,000
TOTAL			3,813,900	6,775,601	6,696,756	6,953,068	7,219,958

Expenditures by Categories:

	2010 Regional Model (2)	2011	2012	2013	2014
Salaries and Benefits	2,542,393	4,471,409	4,450,278	4,659,617	4,878,871
Supplies	221,550	328,780	315,093	317,394	319,408
Services and Other Charges	456,557	657,560	639,930	655,048	670,406
Intergovernmental Service	493,400	1,117,852	1,091,455	1,121,009	1,151,273
Transfer to other funds	100,000	200,000	200,000	200,000	200,000
TOTAL	3,813,900	6,775,601	6,696,756	6,953,068	7,219,958

Assumptions:

- The fiscal note submitted with the ordinance extending shelter operations from February to June 30, 2010 presented expenditure and revenue impacts associated with that action. From February through June, anticipated expenditures in Public Health were estimated at \$109,000 and anticipated expenditures in RALS Animal Care and Control functions were estimated at \$966,000. The costs included in the previous fiscal note are not included here.
- The current 2010 adopted appropriation for RALS Animal Care and Control functions is \$3,398,246. The estimated cost of general animal care, control and licensing functions for January through June 2010 (thereby including the fiscal impact of extending shelter operations to June per note 1 above) is \$2,834,347 (excluding RALS and General Fund overhead costs). Combining this cost for the general operations in the first six months of 2010 with the costs presented above for the implementation of the Regional Animal Services Model in the last six months of 2010 (\$3,218,900, which also excludes RALS and GF overhead) and one time costs in 2010 (\$495,000), results in a total annual cost of \$6,548,246. The difference between this annual cost and the current 2010 appropriation is \$3,150,000, the requested budget supplemental amount for RALS Animal Care and Control functions.
- The current 2010 adopted appropriation for the shelter veterinarians in the Public Health budget is \$39,047. The estimated cost of the veterinarians for January through June (thereby including the fiscal impact of extending shelter operations to June per note 1 above) is \$130,747 (excluding overhead costs). The difference between this six month cost and the current 2010 appropriation is \$91,700, the requested budget supplemental amount for Public Health.
- These values represent the anticipated King County unincorporated area and contract city revenues and expenditures for July through December of 2010 and annual amounts in outyears. If the regional model were not implemented, pet licensing and other revenues would likely decline. However, because the extent of any such decreases are not known at this time, this fiscal note presents the anticipated revenue associated with the new model for July through December 2010 and annually for outyears (i.e., total expected revenues provided instead of incremental revenue changes). Similarly, the failure to implement a regional model would likely result in reduced operating costs. However, because the extent of such reductions is not known at this time, the total anticipated costs for the new regional model from July through December 2010 and annually thereafter are shown here. As noted above, RALS and General Fund overhead costs are excluded from these values as they are already appropriated and therefore not impacted by model adoption.
- Excluding enhanced services revenues, current non-licensing revenues are estimated at \$254,000 annually. New non-licensing fines and fee changes are anticipated to result in \$157,000 in new revenue in 2010 and approximately \$330,000 in new revenue in outyears. However, in the regional cost allocation model, these non-licensing revenues are deducted from the regional model expenditures to reduce net costs to all participating jurisdictions (including the County unincorporated area). Therefore, only the portion of these new costs that are associated with reduction to the net King County unincorporated area allocation is indicated here.

Outline of Costs for 2010 Animal Services Supplemental and General Fund Contributions

Attachment 4

	Animal Care and Control	Public Health	Total Direct Services	RALS, GF and PH Overhead (No Suppl Required)	Total
E1. Estimated Costs for Jan-June Service Provision (E1)	\$2,834,347	\$130,747	\$2,965,094	\$276,000	\$3,241,094
E2. Regional Animal Services Model Costs (July - December) (E2)	\$2,624,400	\$0	\$2,624,400	\$303,500	\$2,927,900
E3. Operational Costs Not Included in Above Estimates (E3)	\$547,000		\$547,000		\$547,000
E4. One Time Costs Associated with Model Development and Implementation (E4)	\$542,500		\$542,500		\$542,500
E5. Total Cost of Animal Services Operations	\$6,548,246	\$130,747	\$6,678,993	\$579,500	\$7,258,493
E6. Current 2010 Adopted Budget	(\$3,398,246)	(\$39,047)	(\$3,437,293)		
E7. Supplemental Request (E5 less E6)	\$3,150,000	\$91,700	\$3,241,700		
Revenues					
R1. Anticipated Jan-June Revenues, Current Fees and License Amounts (R1)	\$1,500,000				
R2. Anticipated July-Dec Revenues, Current Fees and Licensing (R2)	\$1,661,938				
R3. Anticipated New Licensing and Regional Model Contract Revenue (R3)	\$537,535				
R4. Enhanced Services Contract Revenue (R4)	\$150,000				
R5. New King County Revenues Associated with Policy/Fee Changes (R5)	\$44,000				
R6. Use of Bequest Fund to Support Additional Vet Tech and Other (R6)	\$100,000				
R7. Total Anticipated Annual Revenues	\$3,993,473				
R7. Anticipated General Fund Contribution (E6 less R7)	\$2,554,774	\$130,747	\$2,685,521	\$579,500	\$3,265,021

Notes:

- E1. This cost is based on anticipated spending for the first six months of the year, including the cost to extend the shelter operation through June.
- E2. This represents 6 months of costs per the regional animal services model.
- E3. This cost involves various elements that were not included in the model including: mainframe costs, Crossroads utilities and lease costs, King County unincorporated area only marketing, additional vet support requested by Public Health, and the cost of accepting credit cards.
- E4. This cost accounts for one-time costs associated with developing and implementing the regional model, including the consultant's time, IT project work, and transitional marketing effort costs.
- R1. This represents anticipated revenues for the first six months of the year.
- R2. This represents anticipated licensing and non-licensing revenues for the last six months of 2010, assuming current fees and charges.
- R3. These revenues include new licensing revenue associated with the transitional marketing effort for 5 cities as well as contract payments from cities, incorporating transition funding and credits.
- R4. This estimates the revenue expected for the last six months of this year from new enhanced service contracts
- R5. This revenue includes new revenue from implementation of no tolerance policies, increased adoption fees, and increased impound and euthanasia request fees.
- R6. This revenue consists of a transfer from the bequest fund to resource additional vet support.

Elements Excluded from Regional Animal Services Cost Allocation (2010 Annualized Costs)

Excluded Elements	2010 Annualized Cost
<u>General Operations</u>	
Certain annual mainframe costs (1)	\$170,000
Crossroads lease, utilities, deferred maintenance (2)	\$70,000
King County unincorporated area license marketing	\$50,000
Additional control overtime/duty pay for evening and weekends	\$40,000
Enhanced services contracts	(3)
Credit card related costs (4)	<u>\$24,000</u>
Subtotal	<u>\$354,000</u>
<u>Reform Agenda</u>	
Upgraded salary for regional animal services manager	\$27,000
Additional intake vet tech salary and benefits	(5)
Additional administrator III position salary and benefits	\$105,100
Additional salary for reclassification of veterinarian to medical director	\$13,300
Expert consultant reviews of operations (6)	<u>\$33,800</u>
Subtotal	<u>\$179,200</u>
Total	\$533,200
<u>Regional Model Development and Implementation (One-Time)</u>	
IT systems upgrade and move off mainframe	\$350,000
Legal consulting costs to develop contract	\$45,000
Transitional marketing effort in 5 cities	\$100,000
IT model development support and upgrade planning (7)	\$27,500
Transitional retirement, vacation, and sick payout/other transitional wages	<u>\$20,000</u>
Total	<u>\$542,500</u>

Notes:

1. It is anticipated that the IT systems will be upgraded and moved off the mainframe by December 2011. The costs excluded from the model represent the anticipated cost savings from this effort. Therefore, it is anticipated that animal services computer system costs will be decreased by at least this amount by no later than December 2011.
2. The Crossroads lease expires in December 2011. No Crossroads costs are anticipated beyond this date.
3. The cost associated with enhanced services is estimated at \$300,000 (2010 annualized). However, these costs are 100% revenue backed and therefore are not shown above or included in the totals.
4. It is anticipated that these costs will be significantly offset by the ability to collect fees, fines, and license payments in the field as well as in the shelter.
5. The salary and benefits associated with an additional vet tech is about \$80,000. However, this position will be resourced with funds from the bequest fund, and therefore costs are not shown above or included in the totals. The bequest fund will also be used to support other direct services such as medical procedures. These costs are not shown above as they will be incurred in relation to the amount of donations received.
6. The cost shown in represents a 2010 value. In out years, this amount is decreased to \$10,000 annually.
7. This item represents IT support costs from January to June 2010. IT support included report generation in support of the regional model as well as planning for the IT systems upgrade and move from the mainframe. This cost for July through December 2010 and for out years is included in the regional model.

