



King County

Budget and Fiscal Management Committee

STAFF REPORT

Agenda Item:	8-10	Name:	Marilyn Cope, Jenny Giambattista, Polly St. John
Proposed No.:	2010-0325 2010-0326 2010-0327	Date:	June 15, 2010
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, King County Animal Care and Control Dwight Dively, Director, Office of Management and Budget Shelley De Wys, Budget Analyst, Office of Management and Budget		

SUBJECTS

2010-0325: An ordinance that amends King County Code Title 11 to implement the Executive's proposed Regional Animal Services program.

2010-0326: An ordinance that authorizes the Executive to enter into interlocal agreements with suburban cities interested in contracting with King County for Regional Animal Services.

2010-0327: 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

On June 1, 2010, the Executive transmitted a legislative package that would implement a new regional model for animal services in King County. The legislative package includes three ordinances. This staff report will address all three ordinances:

1. **Proposed Ordinance 2010-0325** would amend King County Code to reflect the Executive's proposal to implement a Regional Animal Services program. Significant changes include: a restructuring of fees, permits and penalties, creation of an Animal Bequest Fund for donations, acceptance of electronic payments, requirements for veterinarians and shelters to share information related to the transfer of pet ownership, clarification of authority and

responsibilities of the Board of Health and Board of Appeals, elimination of the King County Animal Care and Control Citizen's Advisory Committee and "King County Animal Care and Control" is renamed "Regional Animal Services".

2. **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, licensing and enhanced control), district service boundaries, a formula for establishing the cost of the services, responsibilities of both parties, duration of the contracts, etc.
3. **Proposed Ordinance 2010-0327** would appropriate \$3.24 million and 1.90 new FTEs to the Records and Licensing Division 2010 budget to implement a Regional Animal Services program in King County as negotiated with the 27 cities who have expressed their intent to participate in the new program. It would also delete proviso restrictions associated with eliminating animal services. Approval of the request will "draw down" the fund balance of the General Fund by \$2,685,521 but will not add to the 2011 projected deficit of \$60 million because animal services have been included in the deficit estimates.

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. The amendments to Title 11 do not require action by that date, but a delay in approval of the code revisions would impact the implementation of the revenue and marketing strategies that support the ILA and supplemental budget request.

BACKGROUND

Motion 13092

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.

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 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.

Budget 2010

As a result of this policy direction, the adopted 2010 budget included a number of provisos to terminate contract services if full cost recovery were not achieved. The 2010 budget did not include expenditure authority for sheltering services after January 1, 2010.

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 extension of staffing authority provided a common deadline for the Executive to work with cities, labor and stakeholders on a new Regional Animal Services model.

Joint Cities-County Work Group to Establish a New Regional Model

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 have sign two separate statements of intent to contract with the county for Regional Animal Services (see Exhibit C-1 of the Interlocal Agreement). The ILA attached to Proposed Ordinance 2010-0326 is that developed by the "Joint Cities-County Work Group" for Regional Animal Services.

Analysis of Proposed Changes to King County Code Title 11 Proposed Ordinance 2010-0325

Proposed Ordinance 2010-0325 would amend King County Code Title 11 to reflect the Executive's proposed Regional Animal Services program. Proposed operational changes to animal care and control services are implemented through the amendment to Title 11 as well as the ILA which will be discussed further as part of the analysis of Proposed Ordinance 2010-0326.

Executive staff expect to propose a more comprehensive code update, including alignment between K.C.C. Titles 2 and 11, at a later date. **The proposed ordinance does not change the policy goals established in Ordinance 15801 to reform animal services and establish a model humane program.**

The primary substantive changes to Title 11 include:

New Program Name

Most references to "animal care and control" are removed and replaced with the new program name: "regional animal services". References to the local "animal care and control" authority as it pertains to the county's authority and responsibilities required by state law are retained for alignment with the Revised Code of Washington.

Animal Bequest Fund and Solicitation of Donations

Creates a first tier "Animal Bequest Fund" to be managed by the Director of the Department of Executive Services (DES). Requires funds be used in accordance with donor restrictions and only for the purposes of animal services and transfers existing donations to the Fund. This fund will allow donated funds to be accounted for with greater transparency and appropriation authority so funds may be spent as programmatic needs are identified. The Executive is also authorized to accept and solicit gifts, bequests and donations in support of Regional Animal Services to be deposited in the Animal Bequest Fund.

Concessions and Sponsorships

Authorizes the Director of DES to enter into concession agreements with vendors to sell animal-related products and services. Proceeds would be applied to Regional Animal Services. The Director of DES is also authorized to enter into advertising, sponsorship, and naming rights agreements.

Shelter and Foster Transfers

Recognizes transfers to other shelters and foster homes as a legitimate means by which animals may exit the King County animal shelter.

Voucher Program

Authorizes the manager of Regional Animal Services to set the value of spay/neuter vouchers issued with unaltered pet licenses.

Board of Appeals Authority

Clarifies enforcement procedures by specifying notice and order requirements and standards for the Board of Appeals' review of animal control enforcement matters. The Regional Animal Services program will bear the burden of providing a preponderance of evidence for violations cited and remedies imposed. The Executive does not anticipate a significant impact on the Board Appeals' workload.

Information Sharing and Reporting

Requires veterinarians and shelters to either sell licenses when transferring animals to a new owner or make animal license application materials available to the new owner. Changes the existing reporting requirement on animal transfers from quarterly to monthly and adds new information requirements such as email addresses and microchip numbers. The Executive has requested an amendment to this reporting requirement that would address input received from Seattle Human Society. The amendment would clarify that veterinarians and shelters are only required to provide microchip and/or license number and owner contact information as available.

Board of Health Authority

Removes licensing authority over kennels, catteries, grooming facilities and pet shops which are now governed by the Board of Health code. The new Board of Health regulations were adopted in 2008 and went into effect on March 1, 2010.

Citizen's Advisory Committee

Eliminates the King County Animal Care and Control Citizen's Advisory Committee. This committee has not been active since 2008.

Licensing Program Changes

Electronic Payments

Authorizes the acceptance of electronic payments (e.g., credit and debit cards) for pet licensing related services. The use of electronic payments may result in increased compliance as citizens have a convenient option for payment. Electronic payments may also increase the accuracy of record keeping (data management has been an ongoing concern with the animal services program, as recently noted in the 2009 Auditor's report).

Unaltered Juvenile Licenses

Enables purchase of a juvenile license for unaltered pets up to six months of age in lieu of an adult unaltered license.

Discounted Licenses

Creates a new "discounted license" fee available to seniors and disabled individuals. The "lifetime license" for seniors is eliminated and seniors would need to purchase annual licenses, at a discounted rate for newly licensed pets. Seniors who have previously purchased the "lifetime license" would be exempt from purchasing an

annual discounted license on animals with "lifetime license" (in essence, these animals are grandfathered into the licensing program).

Amnesty

Eliminates the provision that allows pet owners to avoid penalties if they immediately purchase a license when caught with an unlicensed animal, a significant disincentive to pet licensing. The Regional Animal Services manager is authorized to provide periods of amnesty for payment of outstanding licensing fees and late penalties.

Restructuring of Fees, Permits and Penalties

Fees, permits and penalties are adjusted and reorganized into four categories

1. Licenses and Registration Fees
2. Business and Activity Permits
3. Civil Penalties
4. Service Fees

The elasticity of the fees, permits and penalties is unknown and as such, staff cannot determine impacts on compliance. Council revisions to the proposed fees, permits and penalties may have impacts on the Executive's revenue projections. **A table of the proposed fees, permits and penalties can be seen on the next page of the staff report.**

Table 1: Fees proposed in Proposed Ordinance 2010-0325

	Subject	Current	Proposed	Executive Notes
License Fees & Business Permits	Altered pet license	\$30	No change	
	Unaltered pet license	\$90	\$60	
	Discounted pet license	n/a	\$15	Replaces "Senior Lifetime License"; available to persons who are disabled.
	Juvenile pet license	\$5	\$15	Available as an alternative to an altered license for animals up to six months old.
	Guard dog registration	\$100	No change	
	Exotic pet	\$500 new \$250 renewal	No change	
	Service and police dogs	\$0	No change	
	Late fees for licensing	\$15/\$20/\$75	\$15/\$20/\$30	For 45/90/135 days late.
	Private animal placement permit	\$25/\$10	\$15/\$0	Consolidates individual and organizational permits. No charge for those who foster King County shelter animals.
	Hobby kennel/cattery	\$50	No change	
	Commercial kennel or cattery/pet shop/grooming shop	\$250/\$250/\$150	Fees eliminated	These facilities are now governed by BOH code.
	Civil Fines	Civil penalty: general	"up to \$1000"	\$50/\$100/ double previous**
Civil penalty: vicious animal or animal cruelty		n/a	\$500/\$1000*	New category
Leash law violation		\$25/\$50	No change	
Unlicensed pet – altered		\$75	\$125	
Unlicensed pet – unaltered		\$75	\$250	
Service Fees	Adoption fee	\$75	\$75 - \$250	Based on adoptability
	Spay/neuter deposit	\$50	\$150	Deposit is returned upon timely proof of spay/neuter.
	Impound fee	\$45/\$85/\$90**	\$45/\$85/\$125**	
	Livestock impound fee	\$100	\$100 or actual sheltering cost	Whichever is greater
	Kenneling fee	\$12	\$20	Per day for impounded animals
	In-field pick-up	\$20	\$75	For unlicensed pets
	Owner-requested euthanasia	\$20	\$50	For unlicensed pets
	Microchip	\$25	No change	Optional

**multiple rates indicate increase with successive offenses

Alignment with City of Seattle

Licensing Fees: As shown in the table below, the proposed licensing fees are generally higher than the City of Seattle's licensing fees. In addition, the City of Seattle offers two year licensing options and does make a fee distinction between cats and dogs.

Fines: The proposed fines are the same as the City of Seattle's fines with the exception of the fine for an unaltered pet. The proposed King County fine is \$250 for an unlicensed, unaltered pet, whereas the City of Seattle's fine is \$125 regardless of whether the pet altered.

Subject	King County Proposed	City of Seattle
Altered Cats	\$30	\$15
Unaltered Cats	\$30	\$25
Altered Dogs	\$60	\$27
Unaltered Dogs	\$60	\$47
Juvenile pets (up to 6 months)	\$15	\$15
Senior/Disabled	\$15	50% discount
Adoption fee (includes spay/neuter, vaccinations, license)	\$75-250	\$152-\$237 (also includes microchipping)
Fines for unlicensed unaltered pets	\$250	\$125
Fines for unlicensed altered pets	\$125	\$250
Late fees for licensing	\$15/\$20/\$30 For 45/90/135 days late	\$15 (for 30+ days late)
Impound fee first offense	\$45	\$45
Second impound within one year	\$85	\$85
Third impound within one year	\$125	\$125

Legal Review

The proposed amendments to Title 11 have been reviewed by the Prosecuting Attorney's Office.

Public Hearing

The Chair of the Council will provide for a discretionary public hearing on Proposed Ordinance 2010-0325 at the Council meeting on June 14, 2010 and an advertised public hearing at the Council meeting on June 21, 2010.

Analysis of Interlocal Agreement Proposed Ordinance 2010-0326

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).

Proposed Ordinance 2010-0326 establishes a new ILA with the following substantive provisions:

Suite of Services

The county will provide the city with Regional Animal Services, including control services, shelter services, licensing services, and cities 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 6 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 continue to be involved in response to complaints of animal cruelty.
- In addition to district field officers, 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 and other 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 cities authorize the county to enforce these codes and perform animal licensing. The cities retain independent enforcement authority. The cities 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

⁽¹⁾ Bothell has agreed to a six month contract rather than a 2.5 year contract

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

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 marketing program would be developed in consultation with cities 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 fiscal impact of the transitional subsidy will be discussed in the section of the staff report for Proposed Ordinance 2010-0327.

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 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 section of this 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 long term 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 twice expressed their 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.

Cities with law enforcement contracts with the King County Sheriff's Office (KCSO) that do not participate in the Regional Animal Services program (and do not provide an alternative means of animal services), may impact KCSO's workload as residents are likely to call upon Sheriff's officers to handle complaints (using the 911 system).

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.

Analysis of Supplemental Budget Appropriation Proposed Ordinance 2010-0327

Proposed Ordinance 2010-0327 would provide supplemental appropriation authority of \$3.24 million, delete proviso restrictions associated with ending animal services in King County, and adjust FTE authority to support a new regional services model. This section of the staff report will discuss both the supplemental request and the cost allocation model

The supplemental request would approve expenditure authority of \$3,150,000 for Records and Licensing and \$91,700 for Public Health, which would be accomplished through a General Fund transfer. This expenditure authority would provide for:

1. 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.

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 15**, 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 the 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 Table Two:

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

Table 2. 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 2010 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. The Office of Management and Budget (OMB) has confirmed that 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. However, approval of the animal services package will commit the county to the provision of animal services through the end of the 2.5 year period in 2012. As a result, approval of the animal services package will affect the Council's policy choices as they work to prioritize budgets in 2011 and 2012.

General Fund Support to 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 3. 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.

