



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Community Services**

**Meeting Date: May 6, 2024**

Report #:2403-2827

### **TITLE**

Approval of Contracts with the City of Los Altos and Town of Los Altos Hills to Provide Regional Animal Care and Control Services; (CEQA status – not a project.)

### **RECOMMENDATION**

Staff recommends the City Council approve and authorize the City Manager to execute regional animal care and control services contracts with the City of Los Altos and Town of Los Altos Hills for a period of five years effective July 1, 2024 through June 30, 2029.

### **BACKGROUND**

The City of Palo Alto (City) provides animal care and control services to the City of Los Altos and the Town of Los Altos Hills. The existing regional animal care and control contracts with Los Altos and Los Altos Hills were originally signed in 2004 and extended for two additional five-year terms. The current contracts expire on June 30, 2024. Since 2019, animal care and shelter services are provided by Pets in Need through a contract with the City. Animal control services are provided directly by the Palo Alto Police Department.

Historically, the compensation associated with the contracts has been based on an annual percentage of animals handled by Palo Alto for each partner agency. Under this cost structure, Los Altos is responsible for 11.3% and Los Altos Hills is responsible for 4% of animal care and animal control costs. This percentage was derived from an average percentage of animals handled by Palo Alto over a ten-year period and Palo Alto's total costs for animal control and shelter services. Los Altos has been responsible for \$148,000 and Los Altos Hills has been responsible for \$51,000 annually, based on the average of the previous three fiscal years.

### **ANALYSIS**

Agreements with Los Altos and Los Altos Hills will terminate on June 30, 2024 and have been re-evaluated for scope and cost of services. The new agreements (Attachments A and B) reflect a similar scope to the current agreement with an adjusted compensation model. To provide assurance to all parties that the partner agencies are paying for animals handled in their jurisdictions only, the agreement will shift from an average percentage-based model to actual

program costs (animal care and animal control). The actual program costs will be derived from the number of animals handled in each jurisdiction as compared to all animals handled each fiscal year.

Prior to Pets in Need (PIN) operating the Animal Shelter, the City was responsible for licensing of animals and remitted the associated revenue from licenses from Los Altos and Los Altos Hills animals back to those agencies. With the City taking back the function of animal licensing, which was done by PIN during the five-year term (2019-2024) of the contract with PIN and the City, revenue from licenses issued in Los Altos and Los Altos Hills will be remitted back to those agencies.

### **FISCAL/RESOURCE IMPACT**

The City Council approved a new five-year agreement with Pets in Need on March 18, 2024, to provide animal care and sheltering services to the City of Palo Alto, Los Altos and Los Altos Hills at the Palo Alto Animal Shelter. The new agreement with PIN represents increased costs to the City to operate the shelter. In Fiscal Year 2025, the cost to operate the shelter will be \$1.4 million and animal control costs are estimated to be \$715,000, for a total estimated cost of \$2.1 million. This increase in costs also translates to higher costs for Los Altos and Los Altos Hills.

The provision of animal care and control services to Los Altos and Los Altos Hills is expected to result in annual revenue of \$416,000 in FY 2025. This is derived from the anticipated revenue from both agencies less licensing revenue remitted back to each agency. Expected costs to Los Altos and Los Altos Hills in Fiscal Year 2025 are \$326,000 and \$154,000, respectively. Expected revenue from licensing that will go back to Los Altos and Los Altos Hills is \$46,000 and \$18,000, respectively. The FY 2025 Proposed Operating Budget includes \$218,000 in revenue from both cities. The net impact will be an increase of \$198,000 in revenue from both cities, after factoring in the returned licensing revenue. Staff will bring forward budget adjustments to the FY25 Proposed Budget during the Amendments to Proposed phase.

Animal control services provided to Los Altos and Los Altos Hills are accomplished with existing staff resources and no additional staff is allocated to specifically serve Los Altos and Los Altos Hills.

### **STAKEHOLDER ENGAGEMENT**

Staff from the Palo Alto Police Department and Community Services Department worked with representatives from Los Altos and Los Altos Hills on the development of the agreements. Following City Council approval, staff from both partner agencies will recommend approval to their respective Councils.

### **ENVIRONMENTAL REVIEW**

Council action on this item is exempt from CEQA review under section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

**ATTACHMENTS**

Attachment A: Contract between City of Palo Alto and City of Los Altos for Animal Care and Control Services.

Attachment B: Contract between City of Palo Alto and Town of Los Altos Hills for Animal Care and Control Services.

**APPROVED BY:**

Kristen O'Kane, Community Services Director

## Workflow Report For Item #2403-2827

**Department:**

Community Services

**Division:**

Division N/A

This report indicates who this report will be routed to according to the set workflow at the time it was created. If you need additional review, please use the peer review function. To check the current status of the report, please search for the item in Tasks.

Workflow Step	Assigned User(s)
Originator	Kristen O'Kane
Division Manager Review	Robert Gonzalez
Department Head Review	Kristen O'Kane
Purchasing Manager Review	Albert Lujan
Department Budget Manager Review	Rene Escobar-Mena
ASD Review	Christine Paras
Legal Review	Tim Shimizu
Department Head Review (Second)	Kristen O'Kane
ACM Review	Kiely Nose
CM Review	Ed Shikada
Department Head Review (Third)	Kristen O'Kane
Clerk Review (Final)	Mahealani Ah Yun
Approve Item On Agenda	Automated Step