



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 04/16/2024

DATE: April 2, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Authorize the Town Manager to Negotiate an Animal Services Agreement between the Town of Los Gatos and the Silicon Valley Animal Control Authority (SVACA), and Direct Staff to Bring Back an Agreement for the Town to Become a Member of the SVACA.

RECOMMENDATION:

Authorize the Town Manager to negotiate an Animal Services Agreement between the Town of Los Gatos and the Silicon Valley Animal Control Authority (SVACA), and direct staff to bring back an agreement for the Town to become a member of the SVACA.

BACKGROUND:

On July 1, 2004, the Town of Los Gatos and City of San Jose Animal Care Services (SJACS) entered into a twenty- year agreement (Attachment 1) for animal control services for the Town. At the time, the Town Council decided to terminate the existing agreement with SVACA and leave this Joint Powers Authority (JPA). The Council was interested in entering into contract negotiations with the City of San Jose due to rising costs of the proposed shelter plan by SVACA and the withdrawal of the City of Cupertino from the SVACA JPA, which also contributed to increased costs to the Town's cost sharing for animal services under the SVACA JPA.

In 2004, SJACS required the Town to pay a one-time contribution for capital costs of \$300,000 plus an initial annual operating cost payment of \$164,000. At the term end (June 2024) of the twenty-year agreement, the Town's annual FY 23/24 operating costs to the SJACS will be approximately \$262,345.34, an increase of 60% from the original annual service cost payment.

On June 30, 2024, the existing Animal Care Services agreement between the Town of Los Gatos and SJACS will expire. As a part of long-term budget strategies, the Town Council directed staff

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Support Services Captain

Reviewed by: Town Manager, Assistant Town Manager, Finance Director, and Town Attorney

BACKGROUND (continued):

to explore opportunities for reducing costs and improving operational efficiencies. The Animal Control Services contract provides an opportunity to determine potential cost savings.

DISCUSSION:

The Police Department and Town Manager's Office completed an analysis of available contractual Animal Control Service agencies in the region which identified SVACA as a competitive alternative provider in addition to SJACS.

Animal care services currently being provided to the Town by SJACS require support from the Town Attorney's Office, Code Compliance Officer, and Police Department for qualified cases related to criminal violations and conducting administrative hearings for municipal code violations. These coordinated efforts would continue under both service provider options. As a part of conducting research, staff sought out comparisons related to annual operating service costs, operational capabilities, service delivery models, governance models, and the regionalization of animal services and resources which would improve service levels to the community.

Operational Cost Comparisons

At the end of the current term agreement, SJACS provided the Town with a proposed renewal agreement (Attachment 2), which included a revised 3-year initial term and an operating cost for FY 2024/25 of \$289,185, an increase of 10.2% from FY 2023/24. For FY 2025/26 and FY 2026/27, annual operating costs would increase by 4% each year of the initial term which would equal annual costs of \$300,752.40 (FY 2025/26) and \$312,782.50 (FY 2026/27). The Town would not be responsible for paying an initial capital lump sum cost as was required in 2004.

In addition, annual domestic pet licensing fees paid to SJACS are reimbursed to the Town on a quarterly basis based on the Town's fee schedule. For reference, in FY 2023/24 the Town anticipates a reimbursement from SJACS in the amount of approximately \$25,000. See chart below for annual operating costs proposed by the City of San Jose revised agreement renewal options.

DISCUSSION (Continued):

INITIAL TERM	YEARLY COMPENSATION (% Increase from Prior Year)
July 1, 2024 through June 30, 2025	\$289,185.00 (+10.2%)
July 1, 2025 through June 30, 2026	\$300,752.40 (+4%)
July 1, 2026 through June 30, 2027	\$312,782.50 (+4%)
1st OPTION TERM	YEARLY COMPENSATION (% Increase from Prior Year)
July 1, 2027 through June 30, 2028	\$325,293.80 (+4%)
July 1, 2028 through June 30, 2029	\$338,305.55 (+4%)
July 1, 2029 through June 30, 2030	\$351,837.77 (+4%)
2nd OPTION TERM	YEARLY COMPENSATION (% Increase from Prior Year)
July 1, 2030 through June 30, 2031	\$365,911.28 (+4%)
July 1, 2031 through June 30, 2032	\$380,541.73 (+4%)
July 1, 2032 through June 30, 2033	\$395,769.64 (+4%)

SVACA’s annual operating costs and one-time capital/joint equipment contribution costs are determined by voting members of the JPA Board of Directors on an annual basis. The Town would be a new participating member under the current SVACA JPA. Therefore, the Town would incur an initial one-time contribution towards capital costs or a joint maintenance payment to offset equipment additions or to supplement other contributions made by participating agencies. The initial contribution of capital costs for the Town is anticipated to be less than \$100,000 and SVACA has indicated that the amount would likely be allocated to supplementing costs of a new vehicle or equipment items.

Factors for consideration of annual operating costs for SVACA are established based on jurisdiction size and population, estimated number of field service calls, estimated boarding and intake of animals into the shelter, and other JPA members’ jurisdictional needs and contributions.

SVACA staff provided an initial estimate for the FY 24/25 annual operational cost to the Town in the amount of \$239,000. The estimate was based on the last three years of statistical data from the Town. Future annual operating costs are determined through JPA approval and vote, with anticipated three to four percent Consumer Price Index increases on an annual basis. Annual licensing fees, spay and neuter fees, and adoption fees collected by SVACA from residents in each jurisdiction are applied to each individual participating agency’s annual payments the following year.

The SVACA JPA has demonstrated a capability of controlling costs and limiting the fiscal impact to its member agencies. When comparing the recent history of proportionate costs charged to by SVACA and SJACS based on service level and operations, there is a clear distinction between

DISCUSSION (Continued):

the two operations. In addition, if the Town is a member of the JPA, Los Gatos would have a seat on the Board to decide these matters.

Service Capabilities

Both SJACS and SVACA provide professional full-service animal control services to jurisdictions in the Santa Clara County. SJACS currently serves the City of San Jose, City of Cupertino, City of Saratoga, and Town of Los Gatos. SVACA serves the City of Campbell, City of Monte Sereno, City of Mountain View, and City of Santa Clara, with each participating agency having at least one appointed member to the JPA Board of Directors.

SJACS and SVACA both operate in a 24/7 capacity to respond to priority one related calls for service. SJACS has limited or delayed response capabilities for priority two and priority three related calls for service (one hour or more) based on staffing resources available, on recognized holidays, and after specific hours of the day. Due to the fact that Monte Sereno and Campbell currently utilize SVACA services, staff believes that field responsiveness and geographical availability for priority calls, follow up investigation, and proactive routine patrols within the Town will increase with SVACA serving neighboring jurisdictions.

Governance Model

SVACA has an established JPA agreement (Attachment 3) in which each member agency has a board representative from their respective city/town council. This model gives each jurisdiction direct control by its elected officials over the Authority's operations, including budgetary decisions made related to operational costs, facility improvements, staffing, and SVACA program management. All actions by the JPA require the Board's approval. Currently, Santa Clara receives two votes, and Mountain View, Campbell and Monte Sereno have one vote each. New voting procedures may need to be established if Los Gatos were to join the JPA.

The JPA has successfully maintained effective intergovernmental relationships and coordination of services through its Technical Advisory Committee (TAC). This group is comprised of staff from the member agencies who meet regularly to ensure smooth operations and service delivery to their respective communities and address operational concerns with flexibility and localized respective control. Staff's experience with administering contractual or shared services maintained and operated solely by another single jurisdiction is less desirable based on the limitations to control operations and budgeting, particularly during dynamic and challenging economic times. The JPA model would provide the Town with an active role in animal service from both an operational perspective and in its governance.

CONCLUSION:

After considering the history of the existing long-term contractual relationship, comparing service provided, governance, and costs for the two service providers, staff believes entering

CONCLUSION (Continued):

into the SVACA JPA will result in improved operational efficiencies, better services to the community and long-term savings to the Town for animal services.

Staff recommends Town Council approve authorization for the Town Manager to negotiate an animal services agreement between the Town of Los Gatos and the Silicon Valley Animal Control Authority (SVACA), and direct staff to bring back an agreement for the Town to become a member of the SVACA JPA.

FISCAL IMPACT:

The estimated fiscal impact is an estimated \$50,000 reduction in FY 24/25 operating costs for the first year, with increased savings to the Operating Budget in future years. The Town would defer annual revenues from animal licensing under the existing SJACS agreement, estimated at \$25,000 per year which would be applied to SVACA's annual contribution maintenance fund to align with other participating agencies.

Becoming a member of SVACA may incur a one-time capital expense or equipment contribution by the Town to be determined by the SVACA JPA upon approval and acceptance of the Town as a participating member agency. When considering both ongoing operating and one-time capital costs, SVACA would offer the Town net savings in future years of operational costs in comparison to SJACS built-in 4 percent increase annually, with a minimum 3-year optional agreement terms.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. SJACS Original Agreement 2004
2. SJACS Proposed Renewal Agreement 2024
3. SVACA JPA Agreement 2012