

April 15, 2016

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Mr. Scott C. Stiles, City Manager
11222 Acacia Parkway
Garden Grove, CA 92842

Dear Mr. Stiles:

In response to the letter to the Orange County Board of Supervisors dated March 28, 2016, Garden Grove's (City) concerns about rising costs of animal care services, as well as the cost implications to the City over the proposed new animal care center, OC Community Resources prepared the following information. The response does not address all aspects of OC Animal Care costs. The County has continually provided financial details in the past and is more than willing to work with City staff to answer any questions.

The concerns identified in the March 28 letter are addressed, as follows:

1. *Can the County provide adequate animal care with a less expensive shelter?*

Yes, the County currently provides adequate animal care in the current aging shelter. However, the need to replace the aging shelter is an irrefutable fact. Orange County will replace the outdated shelter to meet current shelter operational standards. The proposed replacement shelter is designed to be functional, not extravagant. The minimum requirements will include clinic facilities, operating rooms, housing for animals, customer service desks, offices and parking for service vehicles.

The County is extremely cost conscious and mindful of limited public resources. We ensured the shelter cost will not exceed \$35 million in the design/build process. Cities will have opportunity to participate in the process through the Design Advisory Board.

2. *Can the City be assured it will be allowed to participate in the new shelter design?*

The participation agreement states that the three City representatives on the Design Advisory Board will be selected by the members of the City Managers Association Animal Care Committee.

 **OC Animal Care**

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At least two of the representatives shall come from cities whose usage is more than 8% of the total shelter services. The County cannot assure Garden Grove of membership on the Design Advisory Board as the selection will be made by the city managers.

The County is committed to seeking input from all stakeholders and Garden Grove will have an opportunity to provide input to the County regardless of the Design Advisory Board composition. There will also be public presentations on the shelter design.

- 3. Also, the City of Garden Grove would benefit from data and supporting cost calculations for the uncollectible fee revenue planned to be written off by the County and billed to the City of Garden Grove.*

In context, the County collects approximately 95% of the animal care fee and licensing bills sent to residents. The uncollectable fee revenue represents the 5% that is billed and not collected.

Prior to Jan. 1, 2016, all OC Animal Care (OCAC) user fees were invoiced to the responsible party, recorded on the County's financial records as revenue, and credited to the contract cities (and the County) through the quarterly billing process, regardless of collection status.

Prior to 2016, Garden Grove received credit for the fees billed to Garden Grove residents even if residents failed to pay. The quarterly billings to Garden Grove were subsequently reduced based on the fees billed, not only based on fees received. In other words, the billings to the cities were lower than actual revenues supported.

Then, Garden Grove received credit for the revenue when the bill was sent.

Beginning Jan. 1, 2016, the County's method of recording fee revenue changed to cash basis, meaning that user fees will only be recorded as revenue and credited to the contract cities (and the County) when collected.

Now, Garden Grove receives credit when a Garden Grove resident pays their fee.

The uncollectable fee revenue will address the past revenue credited to Garden Grove that was never paid by the residents from FY 2009-10 through FY 2015-16. It is the County's policy to write-off uncollected fee revenue in excess of four years from the date of invoice.

If any contract cities terminate the agreement with OCAC, those cities are responsible for only for the City's share of the uncollected fee revenue as of the date services end, due to the fact that these funds have been previously credited to the City, and ultimately reduced the cost to the City.

City is not being asked to pay for the County's portion of uncollected revenue nor is the City being asked to pay for another city's uncollected revenue.

The amount of uncollected fee revenue that has been previously credited to Garden Grove through the quarterly billing process totals \$505,951.72 as of Jan. 31, 2016.

Please note, this amount has not been designated as being fully uncollectible. Since a significant amount of this revenue was invoiced fairly recently (during the first and second quarters of the current fiscal year), the County is still engaged in collection efforts. The County expects the uncollected revenue to decrease in the next few months due to our continued collection efforts. Collection on all fee revenues are undertaken by the Orange County Treasurer Tax Collector (TTC).

As requested included for reference is a breakdown of all outstanding and uncollected animal care fee amounts, organized by contract city, and the fiscal year these amounts were credited. The total amount of fee revenue credited to Garden Grove between FY 2010-11 through 2015-16, totals \$505,951.72. It is important to note that this total covers multiple fiscal years.

The enclosed spreadsheet identifies the amount of uncollected fee revenue previously credited to Garden Grove for each fiscal year, from FY 2009-10 through FY 2015-16 (page 1 and 2), based on the same percentages used during the related quarterly city billing periods (page 3).

- 4. With a community as diverse as Garden Grove, it is essential that communication and public outreach by Orange County Animal Care be conducted in English, Vietnamese, and Spanish.*

The County strongly supports active community communication and outreach. Going forward OCAC will ensure that printed information is available in English, Vietnamese and Spanish. OCAC will also take steps to provide an open means of verbal communication for all three of these languages. If the City has additional outreach and engagement ideas, OCAC is open to discussions.

Additional City Concerns:

The County is mindful of budgetary constraints of participating contract cities and the cost of building of a new animal shelter. Similarly, some contract cities have indicated a desire to limit program costs while others desire a higher level of service. The 10 year service agreements allow the County to balance the needs of the different contract cities by allowing some customized levels of service and by allowing for a more affordable payment schedule over 10 years.

On May 5, 2016 OCAC has scheduled a budget workshop for the contract cities to provide input into the FY 2016-17 budget. It is our hope that this will make for a more open

budgeting process which allows for the cities to actively participate in the planning process.

- Cost Containment

Garden Grove has expressed interest in containing cost increases. The following options are available to Garden Grove to control animal care costs:

- The City may adopt a different fee structure from the County fees to offset the cost of services provided to Garden Grove.
- The City may seek non-profits to take impounded animals from Garden Grove as soon as the legal holding period at the shelter expires. This would reduce the lengths of stay for Garden Grove's animals thereby reducing shelter charges to Garden Grove.
- The City may request additional canvassing services to increase license compliance rates which will increase revenue credited to Garden Grove thereby decreasing the City payments to the County.

- Service Elements

County is aware that Garden Grove is considering assuming animal control field activities and contracting for shelter services separately in order to achieve long-term cost containment.

The following summary is provided to allow Garden Grove to compare the proposed service model with current services. Currently OCAC provides a full scope animal care and control program for Garden Grove that includes:

- 24/7 Animal Control Field Services. Officers are trained to handle wildlife, large animals and common pets. They issue citations for infractions.
- Vicious Dog: OCAC Officers are trained at collecting and presenting evidence in vicious dog investigations. Administrative hearings are moderated by attorneys retained by the Clerk of the Board and trained by County Counsel. Field services monitor designated dogs to ensure proper compliance with vicious dog maintenance restrictions, which are critical to public safety.
- Animal Cruelty: OCAC Officers are trained at conducting animal cruelty investigations, and preparing cases for prosecution by the District Attorney. Veterinary staff members conduct exams and write reports for cruelty investigations. OCAC also contracts for necropsies if needed. OCAC staff appear in court as witnesses.
- OCAC has a dedicated barking dog complaint employee, rabies control specialist, community outreach staff, dispatchers, canvassers and customer service staff that also serve Garden Grove.
- The County also handles lawsuits resulting from decisions made by OCAC employees. The city will need to assume that responsibility for cases arising from Garden Grove employees involved in handling and caring for animals.
- OCAC Chameleon data system is able to produce detailed reports on field and shelter services.
- OCAC animal business licensing unit issues permits and inspects animal related businesses such as groomers, kennels, pet shops, circuses, etc.

- OCAC's onsite clinic is staffed with veterinarians, registered veterinary technicians, and veterinary assistants to provide care for injured or sick animals.
- Kennel staff clean and care for animals being housed at the shelter.

Statistics from 2015 are currently being reviewed, but early numbers indicate at least a 93% system wide live release rate for dogs. This is the first time OCAC has witnessed the live release rate for dogs to be above 90%.

OCAC will continue to use a multi-model approach to improving outcomes of shelter animals by providing education, spay/neuter, diversion and other programs to the communities we serve, while also being respectful of cost considerations.

We are more than willing to meet you or to attend Council meeting to address any concerns regarding the OC Animal Care program. If you have questions on any items discussed in this letter, please contact me at 714-480-2788. You may also contact Dr. Jennifer Hawkins, Director, OC Animal Care at 714-796-6417, or Alan Young, Budget Analyst at 714-796-6411.

Respectfully yours,



Steve Franks, Director
OC Community Resources

SAF:ay

Cc: Orange County Board of Supervisors
Frank Kim, County Executive Officer
Mark Denny, Chief Operating Officer
Maria Stipe, Deputy City Manager, Garden Grove

Uncollected Animal Care Invoices
(as of 01/31/16)

	FY09/10		FY10/11		FY11/12		FY12/13	
	Control	Shelter	Control	Shelter	Control	Shelter	Control	Shelter
Anaheim	\$ 152.69	\$ -	\$ 82,339.89	\$ 12,657.47	\$ 172,903.84	\$ 21,495.29	\$ 275,582.40	\$ 43,023.40
Brea	\$ 23.80	\$ -	\$ 12,424.34	\$ 935.04	\$ 24,673.74	\$ 1,648.61	\$ 41,337.36	\$ 3,562.31
Cypress	\$ 23.39	\$ -	\$ 13,616.34	\$ 1,465.74	\$ 26,080.99	\$ 1,976.21	\$ 41,640.20	\$ 5,025.41
Fountain Valley	\$ 29.34	\$ -	\$ 16,092.04	\$ 1,706.77	\$ 31,709.98	\$ 2,430.64	\$ 52,542.36	\$ 5,173.83
Fullerton	\$ 64.07	\$ -	\$ 34,889.01	\$ 4,025.90	\$ 68,673.69	\$ 6,626.13	\$ 115,078.37	\$ 15,712.34
Garden Grove	\$ 75.96	\$ -	\$ 40,390.56	\$ 8,234.19	\$ 90,439.12	\$ 13,833.49	\$ 139,153.97	\$ 22,624.93
Huntington Beach	\$ 95.30	\$ -	\$ 52,081.35	\$ 4,273.44	\$ 112,110.74	\$ 7,397.59	\$ 183,368.29	\$ 15,479.10
Laguna Hills	\$ 16.24	\$ -	\$ 11,782.49	\$ 664.47	\$ 21,765.43	\$ 1,352.70	\$ 32,403.65	\$ 2,247.65
Lake Forest	\$ 38.90	\$ -	\$ 21,776.97	\$ 1,387.57	\$ 41,842.17	\$ 2,303.82	\$ 69,198.44	\$ 4,770.95
Orange	\$ 82.69	\$ -	\$ 43,187.18	\$ 5,947.64	\$ 87,906.08	\$ 8,877.11	\$ 141,122.42	\$ 17,387.48
Placentia	\$ 27.42	\$ -	\$ 14,074.80	\$ 1,270.31	\$ 30,021.29	\$ 2,420.07	\$ 47,242.70	\$ 5,110.22
Rancho Santa Margarita	\$ 22.65	\$ -	\$ 12,332.64	\$ 690.53	\$ 24,486.11	\$ 1,268.16	\$ 42,094.45	\$ 2,480.90
San Juan Capistrano	\$ 20.70	\$ -	\$ 11,003.10	\$ 918.53	\$ 20,545.82	\$ 1,151.91	\$ 35,280.60	\$ 2,417.28
Stanton	\$ 16.97	\$ -	\$ 6,785.25	\$ 1,153.05	\$ 13,415.76	\$ 2,293.25	\$ 20,744.39	\$ 3,371.47
Tustin	\$ 29.05	\$ -	\$ 15,129.27	\$ 1,726.31	\$ 31,709.98	\$ 2,652.56	\$ 52,845.20	\$ 5,958.39
Villa Park	\$ 4.98	\$ -	\$ 2,613.24	\$ 169.37	\$ 4,972.28	\$ 232.50	\$ 8,782.30	\$ 466.49
Yorba Linda	\$ 44.77	\$ -	\$ 23,840.06	\$ 1,485.28	\$ 48,503.14	\$ 2,177.01	\$ 84,188.91	\$ 4,792.16
County	\$ 83.97	\$ -	\$ 40,849.02	\$ 4,162.70	\$ 80,588.39	\$ 4,861.27	\$ 131,583.03	\$ 11,683.54
Subtotal	\$ 852.88	\$ -	\$ 455,207.54	\$ 52,864.31	\$ 932,348.57	\$ 84,998.32	\$ 1,514,189.02	\$ 171,287.86
Santa Ana	\$ 6.12	\$ -	\$ 3,255.08	\$ 12,279.63	\$ 5,816.62	\$ 20,681.55	\$ -	\$ 40,754.55
Grand Total	\$ 859.00	\$ -	\$ 458,462.62	\$ 65,143.94	\$ 938,165.19	\$ 105,679.87	\$ 1,514,189.02	\$ 212,042.41

Uncollected Animal Care Invoices
(as of 01/31/16)

	FY13/14		FY14/15		FY15/16		Total
	Control	Shelter	Control	Shelter	Control	Shelter	
Anaheim	\$ 136,768.51	\$ 31,715.40	\$ 109,361.87	\$ 36,687.32	\$ 39,559.38	\$ 19,817.33	\$ 982,064.79
Brea	\$ 20,202.71	\$ 2,146.74	\$ 15,154.35	\$ 3,289.85	\$ 5,238.95	\$ 1,187.98	\$ 131,815.77
Cypress	\$ 21,803.68	\$ 2,836.21	\$ 16,228.28	\$ 3,548.60	\$ 5,666.61	\$ 2,041.57	\$ 141,953.22
Fountain Valley	\$ 24,776.90	\$ 3,274.96	\$ 20,166.02	\$ 4,103.07	\$ 6,500.57	\$ 2,314.37	\$ 170,820.85
Fullerton	\$ 56,948.76	\$ 13,428.90	\$ 45,403.37	\$ 17,890.84	\$ 16,850.16	\$ 6,960.71	\$ 402,552.25
Garden Grove	\$ 71,357.48	\$ 16,703.86	\$ 53,338.52	\$ 19,424.87	\$ 19,779.69	\$ 10,595.06	\$ 505,951.72
Huntington Beach	\$ 92,856.21	\$ 11,532.87	\$ 71,476.01	\$ 12,678.84	\$ 26,451.33	\$ 5,957.52	\$ 595,758.59
Laguna Hills	\$ 15,628.51	\$ 1,096.88	\$ 11,693.90	\$ 1,829.75	\$ 3,977.32	\$ 765.59	\$ 105,224.58
Lake Forest	\$ 34,611.43	\$ 3,729.38	\$ 26,848.25	\$ 4,029.14	\$ 9,879.15	\$ 1,777.58	\$ 222,193.75
Orange	\$ 70,137.70	\$ 14,713.81	\$ 53,338.52	\$ 14,065.01	\$ 19,116.80	\$ 6,863.91	\$ 482,746.35
Placentia	\$ 23,328.41	\$ 2,695.18	\$ 18,853.44	\$ 4,731.46	\$ 6,265.35	\$ 1,847.98	\$ 157,888.62
Rancho Santa Margarita	\$ 21,498.73	\$ 1,660.98	\$ 17,600.52	\$ 2,273.32	\$ 5,794.91	\$ 879.99	\$ 133,083.89
San Juan Capistrano	\$ 16,543.35	\$ 2,146.74	\$ 14,020.75	\$ 1,811.26	\$ 4,789.89	\$ 809.59	\$ 111,459.54
Stanton	\$ 10,520.65	\$ 955.85	\$ 8,531.78	\$ 5,452.27	\$ 3,143.37	\$ 1,610.38	\$ 77,994.44
Tustin	\$ 26,225.40	\$ 4,324.83	\$ 21,001.30	\$ 4,768.43	\$ 7,163.46	\$ 2,947.96	\$ 176,482.13
Villa Park	\$ 4,497.96	\$ 344.73	\$ 3,758.76	\$ 535.99	\$ 1,304.39	\$ 202.40	\$ 27,885.37
Yorba Linda	\$ 42,006.38	\$ 3,510.00	\$ 32,575.88	\$ 3,973.69	\$ 11,611.21	\$ 1,971.17	\$ 260,679.66
County	\$ 64,038.77	\$ 12,426.04	\$ 51,250.33	\$ 14,212.87	\$ 17,919.33	\$ 5,315.13	\$ 438,974.38
Subtotal	\$ 753,751.53	\$ 129,243.38	\$ 590,601.85	\$ 155,306.57	\$ 211,011.88	\$ 73,866.21	\$ 5,125,529.90
Santa Ana	\$ 8,614.74	\$ 27,453.25	\$ 6,025.94	\$ 29,516.19	\$ 2,822.62	\$ 14,132.61	\$ 171,358.92
Grand Total	\$ 762,366.27	\$ 156,696.63	\$ 596,627.79	\$ 184,822.76	\$ 213,834.50	\$ 87,998.82	\$ 5,296,888.82

Historic Revenue Allocation Percentages

	FY09/10		FY10/11		FY11/12		FY12/13		FY13/14		FY14/15		FY15/16	
	Control	Shelter	Control	Shelter	Control	Shelter	Control	Shelter	Control	Shelter	Control	Shelter	Control	Shelter
Anaheim	17.77%	19.92%	17.96%	19.43%	18.43%	20.34%	18.20%	20.29%	17.94%	20.24%	18.33%	19.85%	18.50%	22.52%
Brea	2.77%	1.79%	2.71%	1.42%	2.63%	1.56%	2.73%	1.68%	2.65%	1.37%	2.54%	1.78%	2.45%	1.35%
Cypress	2.72%	1.81%	2.97%	2.25%	2.78%	1.87%	2.75%	2.37%	2.86%	1.81%	2.72%	1.92%	2.65%	2.32%
Fountain Valley	3.42%	2.38%	3.51%	2.62%	3.38%	2.30%	3.47%	2.44%	3.25%	2.09%	3.38%	2.22%	3.04%	2.63%
Fullerton	7.46%	6.87%	7.61%	6.18%	7.32%	6.27%	7.60%	7.41%	7.47%	8.57%	7.61%	9.68%	7.88%	7.91%
Garden Grove	8.84%	11.67%	8.81%	12.64%	9.64%	13.09%	9.19%	10.67%	9.36%	10.66%	8.94%	10.51%	9.25%	12.04%
Huntington Beach	11.09%	6.64%	11.36%	6.56%	11.95%	7.00%	12.11%	7.30%	12.18%	7.36%	11.98%	6.86%	12.37%	6.77%
Laguna Hills	1.89%	1.17%	2.57%	1.02%	2.32%	1.28%	2.14%	1.06%	2.05%	0.70%	1.96%	0.99%	1.86%	0.87%
Lake Forest	4.53%	1.97%	4.75%	2.13%	4.46%	2.18%	4.57%	2.25%	4.54%	2.38%	4.50%	2.18%	4.62%	2.02%
Orange	9.63%	7.23%	9.42%	9.13%	9.37%	8.40%	9.32%	8.20%	9.20%	9.39%	8.94%	7.61%	8.94%	7.80%
Placentia	3.19%	1.97%	3.07%	1.95%	3.20%	2.29%	3.12%	2.41%	3.06%	1.72%	3.16%	2.56%	2.93%	2.10%
Rancho Santa Margarita	2.64%	1.04%	2.69%	1.06%	2.61%	1.20%	2.78%	1.17%	2.82%	1.06%	2.95%	1.23%	2.71%	1.00%
San Juan Capistrano	2.41%	1.21%	2.40%	1.41%	2.19%	1.09%	2.33%	1.14%	2.17%	1.37%	2.35%	0.98%	2.24%	0.92%
Stanton	1.98%	5.09%	1.48%	1.77%	1.43%	2.17%	1.37%	1.59%	1.38%	0.61%	1.43%	2.95%	1.47%	1.83%
Tustin	3.38%	2.57%	3.30%	2.65%	3.38%	2.51%	3.49%	2.81%	3.44%	2.76%	3.52%	2.58%	3.35%	3.35%
Villa Park	0.58%	0.25%	0.57%	0.26%	0.53%	0.22%	0.58%	0.22%	0.59%	0.22%	0.63%	0.29%	0.61%	0.23%
Yorba Linda	5.21%	2.54%	5.20%	2.28%	5.17%	2.06%	5.56%	2.26%	5.51%	2.24%	5.46%	2.15%	5.43%	2.24%
County	9.78%	7.400%	8.91%	6.39%	8.59%	4.60%	8.69%	5.51%	8.40%	7.93%	8.59%	7.69%	8.38%	6.04%
Subtotal	99.29%	83.52%	99.29%	81.15%	99.38%	80.43%	100.00%	80.78%	98.87%	82.48%	98.99%	84.03%	98.68%	83.94%
Santa Ana	0.71%	16.48%	0.71%	18.85%	0.62%	19.57%	0.00%	19.22%	1.13%	17.52%	1.01%	15.97%	1.32%	16.06%
Grand Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%