



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: RES 21-157, **Version:** 1

Adopt a Resolution to:

- a. Amend Article I.A. of the Monterey County Master Fee Resolution effective October 1, 2021 to adjust fees relating to oversight and services provided by the Health Department's Animal Services Division pursuant to the attached Fee Schedule; and
- b. Approve and authorize execution by Director of Health to implement reduced or waived fees program related to adoption and owner reclamation as warranted by the Animal Services Division.

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution to:

- a. Amend Article I.A. of the Monterey County Master Fee Resolution effective October 1, 2021 to adjust fees relating to oversight and services provided by the Health Department's Animal Services Division pursuant to the attached Fee Schedule; and
- b. Approve and authorize execution by Director of Health to implement reduced or waived fees program related to adoption and owner reclamation as warranted by the Animal Services Division.

SUMMARY/DISCUSSION:

The Health Department's Animal Services Division (HDASD) is requesting approval of new fee adjustments to the County Master Fee schedule, Article I.A., to more closely reflect, while still not exceeding, the actual and reasonable costs of services and benefits provided to the public by the HDASD. The HDASD fee schedule was last updated in in 2015 related to the Adoption of the County's Rooster Keeping Ordinance. A user fee study has not been conducted in recent years.

In April of 2021, the County contracted with MGT Consulting Group to perform an Animal Services user study using Fiscal Year 2019-2020 Adopted Budget figures, staffing and operational information. The study was performed under the general direction of the Animal Services Division staff. The primary goals of the study were to:

- Develop a catalog of the fees, including any new fees
- Streamline fees according to industry best practices
- Define what it costs the County to provide various fee-related services
- Compare full costs against current fee
- Survey what other counties charge for similar services
- Identify additional revenue potential
- Provide recommendations

The study's primary objective is to provide the County's decision-makers with the basic data needed to make informed pricing decisions. The report from this study is included in this Board Report. Recommendations are based on careful consideration of the results of the cost analysis, industry best practices and market comparisons.

In the study, \$361,862 of the County's costs were determined to be related to user fee services and this amount was the focus of the study. Based on the current individual fee levels, the HDASD generates fee-related revenues of \$201,651 and is experiencing a 56% overall cost recovery level, leaving 44% or \$160,211 to be

funded by other funding sources. This \$160,211 represents an opportunity for the County to adjust fees and revenues within the various fee categories.

Based on the findings of the study, adjusting fees to the proposed cost recovery recommended by Animal Services staff would increase the fee revenue to \$279,839. This would set the overall cost recovery level at 77%. This would represent an approximate \$78,238 increase in the revenue currently being collected for these activities by the County on an annualized basis.

Fees that were specifically highlighted with recommendations in the study for staff to consider included:

- **Dog License Fees** - Based on the volume provide by staff and the current fees charged, dog licensing fees cost the department a total of \$224,254 per year. This makes up over 60% of the total departments cost. The revenue generated was \$111,295 for an overall recovery of 49.6%. Based on these findings the recommendations were to increase all fees in the dog licensing fee categories. Those increase vary from as little as a \$2 increase to as much as a \$10 increase. With these recommended increases, the department can expect a forecasted revenue increase of about \$33,320 per year. This is an estimated increase based on the volume provided, that amount may change based on the volume received in future years.
- **Voluntary License for Cats** - The study found that a three-year license for an unaltered cat cost the department \$10. That fee was previously set at \$15. Based on our findings the recommendation is to decrease that fee to full cost or \$10.
- **Owned Kennel Fees** - This fee category was previously broken down and based on the number of animals and it included the licensing fee. The recommendation was to charge a single fee Owned Kennel (Animals owned for breeding, and/or showing) at \$168 per year but it does not include the licensing fee. This change will also allow for easier documentation internally for the Bureau.
- **Shelter Impound Fees** - There are five impound fees in total. All fees are for an impound in a one-year period. Two out of the five fees are recommended by MGT to be set at more than 100% of the cost. This was a policy decision based on these fees, starting with the 2nd impound being considered penalties. Every time the same animal gets impounded in a one-year period it is considered a re-occurring violation and the fee (penalty) will increase after each impound. This was set to discourage this continued activity. * Staff is recommending a clear penalty increase impound at a rate of 5%, 10%, 20% and 40%, which would make four out of the five fees above 100%
- **Adoption Fees** - There are currently four adoption fees, all of which recover less than 100% of cost. The MGT recommendation is to keep these fees at less than 100% of cost to encourage adoptions. However, staff would like to request approval to charge full costs for adoptions unless conditions warrant a reduction to 50% in order to adopt more animals (when kennels are full).
- **Head Removal fees** - Head removal fees were added as new fees and were categorized based on size, from small to extra-large, which largely effects the staff time and related costs. These fees were all recommended to be set at 100% cost recovery.
- **Proposed New Fees** - There are a total of 55 proposed new fees. Most of these fees are related to veterinary clinic services. They are all services and activities that are already being provided by clinic staff but were not previously on the fee schedule. 48 out of the 55 fees are recommended to recover 100% of cost. The other 7 fees have recovery levels ranging from 65% to 80% of cost and are services like spay/neuter that need to be a cost the community can reasonably afford when needed.

It is important to point out that while Animal Services makes every attempt to recover costs for services, adoption out of unclaimed pets and reuniting pets to their families is also a goal of Animal Services. Often,

Animal Services encounters situations where a well-intentioned pet owner finds their pet in the shelter but has difficulty in paying for impound fees. Reducing adoption fees may temporarily increase adoptions and open up much needed kennel space when animal intakes increase. If Animal Services does not reduce or waive fees, it means the animal stays in the shelter, with euthanasia as a potential outcome. Having flexibility to work with a pet owner regarding fees when there are financial difficulties can save the life of the pet and reunite a family. In those cases, Animal Services also offers other resources to assist the pet owner to be successful in pet ownership including spay/neuter resources and low-cost veterinary resources.

HDASD is also requesting to implement a reduced or waived fee program related to Animal Adoption and Owner Reclamation fees in order to reduce financial or compassionate hardship related barriers for residents to adopt or reclaim pets. HDASD is requesting specifically to be able to reduce new adoption fees (adoption, spay/neuter and microchip) and related owner reclamation fees (boarding, impound, surrender, vaccines, euthanasia, and license fees) to 50% for the following situations or to waive completely when the situation warrants:

- An animal has been up for adoption for a minimum of one month or HDASD needs to specifically increase animal adoptions via adoption “specials” due to increased animal intake. For example, if shelter intake suddenly increased and kennel space is limited, offering a promotional reduction adoption rate can provide additional kennel space to account for increased intake.
- To facilitate a pet being returned to its owner when fees are not able to be collected. Does not apply to repeated impounds, potentially dangerous or vicious dog or other impounds related to violations. A payment schedule may be offered if even a 50% reduction is not deemed to be viable unless waiving of fees is approved.

Attached, for reference, is Animal Services’ proposed policy regarding a reduced or waived fee program as well as the public request form for reduced or waived fees.

Adoption of the proposed fees based on the results of the fee study and staff recommendations will contribute to the self-sufficiency of the indicated programs and may minimize impact on the General Fund for indicated programs/services.

By definition, the addition of these charges are not a ‘tax’ and are exempt from voter approval pursuant to Article XIII C section 1(e)(1)-(3) of the California Constitution (Prop. 26; charges imposed for specific benefit conferred/privilege/service or product, and/or reasonable regulatory costs provided or granted to the payor). As such, they reflect no more than the actual cost of the service/benefit received by the payor.

OTHER AGENCY INVOLVEMENT:

The office of the County Counsel has reviewed, and approved as to legal form, the proposed amendment to Article I.A. of the Monterey County Master Fee Resolution. The Health Department finance staff participated in and reviewed the fee study and recommendations and approves of fee changes.

FINANCING:

The recommended fee adjustments are intended to improve on the recapture of costs associated with the provision of the indicated services, and do not exceed actual costs for providing these services. As such, the fees represent a charge imposed for the specific service provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the County for

providing the regulatory service to that payor. Anticipated revenues resulting from the proposed fee adjustments may result in a need to modify the FY 2020-21 Adopted Budget and such action will be presented to the Board for consideration, at that time.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Cindy Burnham, Animal Services Administrator, 769-8796

Approved by:

Date: _____

Elsa Mendoza Jimenez, Director of Health, 755-4526

Attachments:

Attachment 1 - Resolution

Attachment 2 - Animal Services Current Fee Schedule

Attachment 3 - Animal Services Proposed Fee Schedule

Attachment 4 - MGT User Fee Study

Attachment 5 - Request for reduced or waived fees policy and form