

May 15, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing the execution of a 2018 Regional Animal Services Interlocal Agreement for the years 2018-2022, contingent on the costs and the contract remaining materially the same.

FISCAL IMPACT

The King County 2018 Regional Animal Services Interlocal Agreement (ILA) will provide Bellevue and 23 other cities in the county with animal control, shelter care/adoption and pet licensing services from January 1, 2018 through December 31, 2022. Bellevue's current ILA for animal services expires on December 31, 2017.

Overall system costs are allocated among cities and unincorporated King County based 80 percent on usage and 20 percent on population. Costs to Bellevue are offset by pet licensing revenue collected in the city. Actual final costs each year are dependent on Bellevue's usage of services (field, shelter and licensing) and the amount of licensing revenue collected from Bellevue residents. Based on 2016 usage data and licensing revenue, Bellevue's 2018 cost estimate is \$73,668. The County's estimates have been conservative each year, and staff expects that the actual 2018 payment will be less than the estimated amount. Cost increases each year in the ILA are capped by inflation plus population growth. The 2017-2018 General Fund budget includes sufficient funding for the 2018 expenditure. Funding to cover future costs will be requested during the 2019-2020 and 2021-2022 biennial budget processes.

STAFF CONTACTS

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POLICY CONSIDERATION

Should the City enter into a five-year (2018-2022) animal services contract with King County?

BACKGROUND

King County provides animal control, shelter care/adoption and pet licensing services for 25 cities and unincorporated King County, including the city of Bellevue. Additionally, the County provides ancillary services such as animal cruelty investigations, adjudication of civil infractions, responses to public inquiries and public disclosure requests.

The fundamental purpose of an animal control program is to protect the health and safety of the public. The field service program provides protection from dangerous animals as well as reduces animal nuisances, both in neighborhoods and parks. Another primary purpose of the program is the humane care and treatment of animals in the community. Shelter services help reduce abandoned pets, over population and diseases, provides animal spay and neuter services, vaccinations and other medical services, and

adoption and rescue services. Licensing services provide pet owners specific benefits, such as being quickly reunited with a lost pet, a free ride home the first time the pet is lost, and services such as Vacation Pet Alert.

2018-2022 Draft Interlocal Agreement

With the current contract expiring at the end of this year, King County and partner cities began meeting in 2016 to negotiate a 2018-2022 successor ILA.

King County and the cities have developed a draft ILA for consideration. Key terms of the proposed ILA include:

- **Services:** Field control services, sheltering and pet licensing (same services as currently provided).
- **Term:** Five-year term (2018-2022), with one five-year extension, unless a city opts out by June 30, 2021.
- **Limited Re-Opening upon Notice of Termination:** If a party opts out of an extension, and the cost impact to remaining parties is not estimated to exceed 10 percent, the agreement is extended subject to reaching agreement on revised terms on costs and service levels.
- **Cost Model:** The cost model continues to be based on a shared cost model, with costs allocated based 80 percent on use and 20 percent on population; the use will be based on a three-year rolling average.
- **Latecomers:** Cities who want to join after the ILA is executed will be allowed, so long as this does not cause an increase in any city's costs payable to the County or a decrease in services.
- **City of Kirkland:** The city of Kirkland has indicated it will depart the system; therefore the current cost allocation model being considered does not include Kirkland.

See **Attachment A** for the 2018-2022 ILA Benefits of the Regional Animal Services System (information provided by King County).

The cities and County met in early 2017 to finalize the estimated cost allocation. Cities need to approve an agreement by June 1.

Proposed Overall System Costs and Cost Allocation Model

Overall System Costs

The ILA provides that costs allocable to participating cities may increase or decrease each year, but cannot increase by more than annual inflation (CPI-U) plus the rate of population growth for the County.

For 2018, King County's total system costs to be allocated are estimated at \$5.6 million, broken down in the following way:

- Field Cost: \$2.0 million
- Shelter Cost: \$2.9 million
- Licensing Cost: \$700,000

This represents an approximate 3.5 percent increase over 2017 allocable costs, minus an offset of costs due to Kirkland leaving the system. Kirkland's departure increases costs by \$280,000 for the overall system. King County has indicated that it will absorb 50 percent of that increase (\$140,000) by making program cost reductions that will not impact service levels. The remaining cost impact will be shared across the partner cities; the direct impact to Bellevue from Kirkland's departure is approximately \$10,000.

Cost Allocation

Total system costs (field control, licensing and sheltering services) are allocated based on a combination of service usage (80 percent) and population (20 percent). Field control is based on total calls for service, licensing is based on the number of licenses sold in a City, and sheltering is based on the total shelter intakes attributable to a city, except that cities contracting for shelter services with PAWS, located in Lynnwood, pay only a population-based charge. Cities that contract with PAWS include Lake Forest Park, Shoreline, Kenmore and Woodinville.

The overall cost allocation model is beneficial to a city such as Bellevue, with a large population but with a relatively low usage of services given the size of the city. The County has focused efforts on increasing sales of pet licenses in order to increase the financial sustainability of the system.

The County has partnered with Bellevue in marketing and established online sales; the result is that Bellevue's license revenue has grown from \$275,000 in 2011 to over \$370,000 in 2016 (based upon a King County estimate in March). The regional model is structured so that pet licensing revenue generated within a jurisdiction is credited back to that jurisdiction and used as an offset to total program costs. As the City's pet licensing revenue increases, the total net cost to the city decreases. The County continues to work to increase the number of pets licensed in Bellevue. The County uses direct mail for new residents and, in addition to canvassing single family residences, will also focus on working with billing managers and owners of apartment buildings to license more pets in multifamily units. More information about pet licensing is included below in "Description of Services/Pet Licensing Services."

Bellevue's net cost estimate for 2018 is shown in the table below. About one-third of the cost increase in 2018 is due to Kirkland's leaving the system. The rest is the cost increase for services under the ILA, which is limited by inflation plus population growth, and was about 3.5 percent for 2018. Bellevue's 2018 share is also based on a three year average of usage, instead of using a "base" year for the estimate as was done in earlier years. In all cases, costs are subject to a true-up process the following year in June when either a city receives funds back from the County or pays additional funds to the County. The County estimates, as well as the City budget, for animal services payments have always been conservative, and each year, the City has always paid less than the estimated amount.

Bellevue's Cost Allocation and Net Cost Estimates

	Field	Shelter	Licensing	Total Costs	Pet Licensing Revenue	Net Cost to City
2018*	\$165,398	\$186,770	\$95,183	\$447,350	\$373,682	\$73,668
2017*	\$157,233	\$173,784	\$82,754	\$413,771	\$374,077	\$39,694
2016^	\$134,005	\$180,680	\$83,122	\$397,807	\$352,493	\$45,314
2015	\$151,380	\$167,315	\$79,674	\$398,369	\$343,824	\$54,545

* These are estimated numbers and subject to change. Based on 2016 usage data and licensing revenue.

^2016 numbers were estimated in 2015 and will be subject to a true-up in June of 2017. Preliminary estimates show that Bellevue's 2016 licensing revenue was about \$375,000, so the City's 2016 net costs are expected to decrease by about \$20,000.

The County's 2018 Estimated Payment Calculation is provided as **Attachment B**.

Description of Services

Shelter Care/Adoption Services

Shelter services are provided at the County's animal shelter in Kent. The majority of animals in the Kent facility are dogs and cats. However, as an "open shelter," the Kent facility accepts many types of animals, including livestock, birds, rodents, reptiles and fish. Additionally, unlike other local shelter facilities, the Kent shelter accepts dogs deemed dangerous and vicious.

The Kent shelter provides animal spay and neuter procedures, vaccinations and other medical services, as well as comprehensive adoption and rescue services. The shelter operates seven-days per week, 365 days a year. The Public Service Counter, which is the public-facing operation at the shelter, is open five days a week to provide services related to pet surrenders, adoption, license sales and pet redemption. The County has increased its success in finding homes for pets, partnering with other nonprofits and reducing its pet euthanasia rate. The County shelter now has a 90 percent live release rate, which is excellent for a public shelter that takes dangerous and vicious dogs that other nonprofit organizations will not.

Field Services

Field services provided by the County include responding to complaints as well as enforcement functions in parks and other public spaces. Examples include responding to complaints about barking dogs, investigations into allegations of vicious dogs, animal abuse, picking up stray, injured or deceased animals, and assisting local police and patrol services in parks.

For the provision of field services, the County has three districts: north, south and east. Bellevue and eight other cities along with a portion of unincorporated east King County make up the east district. The north and east districts are staffed by two animal control officers, and the larger south district is staffed by two animal control officers during regular service hours (which are seven-days a week from 7:30 a.m. to 6:30 p.m.). To maintain service delivery, the regional system has two additional officers to cover absences and to respond to emergency calls for field services throughout the system on a 24-hour basis.

The County categorizes calls for animal control field service into six categories to determine the level of priority. For example, a call related to an immediate threat to a person or animal would be considered a category 1 high priority call. A lower priority call would be a report of a person confining a non-threatening stray animal that needs to be picked up.

The County has implemented process improvements to increase its efficiency in handling cases by reducing the number of personnel "touches" per case. In addition, the County has increased its commitment to serving all residents. It has translated its popular online service pages into Spanish, Chinese, and Vietnamese and has plans for Russian and Korean translations next. Finally, it has established an interpreter service that the call center or the animal control officers in the field can access for assistance in communicating in real time with residents.

Pet Licensing Services

Pet licensing services are an essential public safety component of the animal control system. Pet licenses allow for quicker reunification of lost pets with their owners, more effective engagement with pet owners, vacation alerts and a free ride home the first time a pet is lost. Pet license sales are a critical component

in the County’s regional animal services business model because these sales fund almost all of the critical public services provided by the County in the system.

Pet licensing services supported by the County include specific Bellevue-focused marketing; education and outreach; online license sales; in-person sales at many locations, including Bellevue City Hall, Crossroads Mini-City Hall and at King County facilities. The County also provides outreach and information on pet safety and licensing through partnerships with businesses; sending renewal reminders and late notices; compliance enforcement in conjunction with animal control officers; door-to-door canvassing; social media efforts and mailing license tags.

Bellevue has significantly increased pet license sales by partnering with the County and leveraging staff and volunteers who are out in the community already as part of their job or at public events. This includes park rangers who educate park users and staff/volunteers at booths for special events in the City, such as National Night Out, Bellevue Arts Festival and the Downtown 4th of July celebration. The City has spent minimal direct dollars on marketing, with less than \$1,000 spent each year since 2014 for automated calls to remind pet owners to relicense. Over the past three years, Bellevue has logged an average of about 1,300 hours of primarily staff and some volunteer time that contribute to pet licensing marketing.

In summary, the City’s usage for the three services and revenue generated is provided below. The numbers indicate that shelter intakes and calls for service have stayed relatively consistent over the last three years. An upward trend is clearly seen in Bellevue’s licensing sales, which can be attributed to the strong partnership with the County to continue targeted outreach efforts that grow the City’s revenue base with new licenses and consistent renewals.

Year	Shelter Intakes from Bellevue	Calls for Field Service in Bellevue	Licenses - Number Sold to Bellevue Residents	Licenses -Revenue Generated from Bellevue Sales
2016	151	331	13,371	\$373,682
2015	166	381	12,595	\$324,176
2014	168	329	11,817	\$311,634

Local Animal Services Option

In 2012, Bellevue explored options for providing animal control services at a local level (Bellevue-only) or at a “subregional” level with nearby cities. After considering the alternatives and costs, the City Council chose to remain a partner in the regional system. Recent follow-up work on the previous alternatives studied lead Bellevue staff to conclude that the biggest challenge for Bellevue is securing a local animal shelter partner. This challenge looms even larger than it did in 2012 because the Humane Society, located in Eastgate, has indicated it is not interested in contracting with local municipalities for shelter services. With limited shelter options and several surrounding jurisdictions remaining in the regional system, establishing a cost competitive local option would be extremely challenging.

A local Bellevue option would likely include the provision of field control services using in-house staff, the provision of pet licensing through a combination of in-house services and a third-party vendor, and contracting out for shelter/adoption services. Below are some considerations for comparing a regional and local model based on information available to date.

Comparison of Regional v. Local System Considerations

Considerations	King County Regional System	Local Option
System service delivery	Established system and high level of experience in service delivery.	Learning curve; would take time to establish model and implement services.
Control/Governance	Low level of City involvement and control.	High – City runs the system.
Costs	Costs are known and predictable within the ILA term. Unknown in long term.	Unknown. Would need to include start-up costs and hire staff/contractors for all services. Shelter costs and field staffing costs to provide same level of coverage as current system could be high. But, potential for self-sufficiency and the ability to control costs in long term is high.
Shelter	Shelter provides full services and accepts a wide range of animals.	No current feasible option. Would also require construction of an animal holding cell for after-hours shelter holds.
Field Services	Shared animal control officer; 24 hour, 7 day a week coverage.	Officers would be dedicated to Bellevue and would be Bellevue staff. Coverage would depend on number of officers hired for back-up and to cover nights/weekends/vacations.
Licensing	Full support and partnership with County for marketing and sales. Requires continued work with County to maintain upward trend of license revenues.	May be able to reduce costs through third-party vendor, but would still require increased City staffing.
Ancillary services (public disclosure, prosecutions, investigations)	Included in costs.	City would need to provide.
Impacts to Bellevue Police	Limited and do not appear to be increasing. In all cases, emergency calls go to 911 for dispatch.	Police and other staffing resources would be impacted for animal related issues, depending on animal control officer staffing levels.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Adopt the Resolution authorizing the execution of a 2018 Regional Animal Services Interlocal Agreement for the years 2018-2022, contingent on the costs and the contract remaining materially the same.
2. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No. 9270 authorizing the execution of a 2018 Regional Animal Services Interlocal Agreement for the years 2018-2022, contingent on the costs and the contract remaining materially the same.

ATTACHMENTS

- A. 2018-2022 ILA Benefits of a Regional Animal Services System (provided by King County)
- B. 2018 Estimated Payment Calculation
- C. 2018 Regional Animal Services Interlocal Agreement
Proposed Resolution No. 9270

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

N/A