



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.ci.kirkland.wa.us

MEMORANDUM

To: Marilynne Beard, Interim City Manager
From: Erin Leonhart, Intergovernmental Relations Manager
Date: April 23, 2010
Subject: ANIMAL SERVICES OPTIONS – LETTER OF INTENT

RECOMMENDATION

It is recommended that the City Council provide direction as to the preferred animal services option below and authorize the City Manager to sign a letter of intent to King County similar to the attached draft (Attachment A). The options for animal services provision are:

- Option A – Regional model/new contract with King County;
- Option B – Sub-regional consortium of cities starting on January 1, 2011 (new contract with King County July 1-December 31, 2010); or
- Option C – Sub-regional consortium of cities starting on July 1, 2010.

Contingent upon approval from the City of Bellevue City Council and City of Redmond City Council, staff recommends pursuing option C. In the absence of approval from these two partners, the sub-regional option does not exist so Option A would be the alternate recommendation.

On April 15th, the Council Public Safety Committee recommended pursuing the sub-regional option if it is available.

BACKGROUND

The issue of animal services and options for service were discussed at the April 20th Council Study Session. Details of the options continue to emerge as of the writing of this memorandum. The basic proposals for the King County/Regional model and the Sub-Regional model are included for reference (see April 20th Council Packet for details). Additional materials will be provided to the City Council as they are available.

Recap of Materials Provided for April 20 Study Session

Following is a summary of the materials provided in the previous Council packet. Please note that the figures provided below do not reflect any additional work performed by King County or Bellevue, but reflect the original estimates.

Regional Model/New Contract with King County

In anticipation of the termination of contracts, a small work group consisting of staff from King County and representatives from cities in sub-regions of the county was formed and began meeting in January. This group developed a proposed Agreement in Principle ("AIP") for a new regional model for animal services under which King County would continue to provide animal control, licensing and sheltering services, if it is adopted by a sufficient number of cities. This AIP was distributed to cities on April 7th.

As the work group reviewed data about the present system, it became clear that cities face very different circumstances with respect to animal services: some are very heavy users of the shelter and control operations; others use it much less. The reasons could relate to demographics, behavior, the geographic proximity of the County shelter or nonprofit shelters, or some combination of factors. The licensing revenue generated by the system also varies dramatically among jurisdictions on a per capita basis, in part based on where the County has in the past focused marketing efforts.

Economies of scale exist in providing animal services: the more cities that participate in a regional system, the lower the costs are for everyone. Conversely, if the geographic distribution of cities participating in the regional system starts to look like a patchwork, the service delivery becomes more challenging and inefficient; at some point, the County will not be willing or able to effectively provide service.

Summary of the Agreement in Principle

The AIP represents a departure from the existing King County Animal Care and Control Services arrangement. The primary difference is that animal control officers will be dedicated to each of four districts five days per week (currently officers work seven days per week), while allowing individual cities or a sub-regional group to contract for higher levels of service as Kirkland currently does. The Parks & Community Services Department has prepared an interlocal agreement to continue this supplemental service through 2010 for the Council's consideration at the April 20th meeting. In the event Kirkland proceeds with a sub-regional option before 2011, the 30-day cancellation clause could be exercised and alternative arrangements would be made.

Operations at the King County Kent shelter will be augmented through closure of the Crossroads shelter and concentration of staff resources in Kent. Due to improvements at the Howard Hansen Dam, the flood threat in Kent has been significantly reduced. King County has a contingency plan in the event of a flood (including temporary facilities at another King County site, agreements with regional partners and a continued lease for the Crossroads shelter facility).

TABLE 1
JOINT CITIES-COUNTY WORK GROUP FOR REGIONAL ANIMAL SERVICES
OUTLINE OF TERMS FOR AGREEMENT IN PRINCIPLE (ABBREVIATED)

	CONTROL	SHELTER	LICENSING
Services	<p>4 districts, each staffed with 1 Animal Control Officer, 5-day/week, 8-hour/day (TBD: M-F or T-S).</p> <p>Regionally shared resources</p>	<p>Humane standards of care</p> <p>Kent Shelter remains open</p> <p>Crossroads Shelter closes</p> <p>PAWS serves Northern Cities under separate contract</p>	<p>Administration of licensing system; marketing, education and outreach to maintain and increase licensing sales.</p> <p>County will absorb costs of using mainframe IT system.</p>
Cost Allocation	<p>Allocate one quarter of total costs to each district.</p> <p>Within each district, allocate costs to jurisdictions by combination of 50% calls for service and 50% population.</p>	<p>Allocate costs by 50% shelter intake 50% and population.</p> <p>Northern Cities pay half of the population-based factor for regional system benefits.</p>	<p>Allocate by 50% usage and 50% population</p>
Revenue Allocation	<p>Control revenues netted from total control costs before allocation.</p>	<p>Shelter revenues netted from total shelter costs before allocation.</p>	<p>Regular licensing fees allocated to jurisdiction of resident buying license.</p>

The proposed system costs to be allocated are \$5.6 million (annualized for 2010). The AIP seeks to balance the different situations of cities by proposing a cost allocation methodology based on both population and usage factors (a 50-50 split), which results in a subsidy from jurisdictions with higher licensing revenue and/or lower usage to jurisdictions with lower licensing revenue and/or higher usage. Licensing revenues (\$3.2 million) are credited to jurisdictions based on the residence of the person buying a pet license. The cost allocation formula is intended to:

- (a) Provide incentives to minimize use of the system and decrease the homeless pet population (use component); and
- (b) Recognize that the system benefits everyone and that animals don't respect jurisdictional boundaries (population component).

Additionally, the cost allocation was designed to balance burdens across jurisdictions in hopes of maximizing participation and preserving a regional system.

The City will be responsible for animal services in the Annexation Area beginning in June 2011 so projected annualized regional program (King County) costs for both the existing city and the Annexation Area are included in Table 2 to demonstrate a projected annual cost for the larger city.

The AIP proposes a 2.5 year agreement, during which time the parties, through a Joint Cities-County Committee, will focus on increasing system revenue and reducing system costs. Parties would be allowed to terminate for convenience upon six months' notice to effectively contract with King County through 2010 only. The City must state its intention to take advantage of the

six month contract extension no later than May 5, 2010. The projected cost for six months of service is also included in Table 2.

TABLE 2
CITY OF KIRKLAND AND ANNEXATION AREA
ESTIMATED ANNUALIZED REGIONAL PROGRAM COST ALLOCATION

AREA	ESTIMATED COST ALLOCATIONS				2009 LICENSING REVENUE	EST NET COST ALLOCATION
	ANIMAL CONTROL	SHELTER	LICENSING	TOTAL		
Kirkland	\$50,147	\$97,540	\$38,979	\$186,666	\$159,211	(\$27,455)
<i>Annexation Area**</i>	<i>\$34,400</i>	<i>\$68,200</i>	<i>\$27,300</i>	<i>\$129,900</i>	<i>\$111,100</i>	<i>(\$18,800)</i>
Kirkland & AA	\$84,547	\$165,740	\$66,279	\$316,566	\$270,311	(\$46,255)
Kirkland -6 Months	\$25,074	\$48,770	\$19,490	\$93,334	\$79,606	(\$13,728)

**The Annexation Area allocation amounts are rough estimates based on Kirkland and the nearby city use values. These are 2010 annualized values so the cost allocations may be higher in future years.

Under the proposed regional system, Kirkland's licensing revenue would not cover expenses requiring a payment to King County of the difference ("Estimated Net Cost Allocation"). Previous studies indicate that Kirkland's license revenue is sufficient to cover costs based on actual use. However, the 50/50 cost distribution model allocates more costs to Kirkland to "balance" the regional system.

Sub-Regional Consortium of Cities

Staff from Kirkland, Bellevue and Redmond began discussing options for animal services in 2009 when the King County Executive announced his intent to discontinue King County Animal Care and Control. A sub-regional model for animal services is being developed where the City of Bellevue Police Department would conduct the field services portion (the City of Bellevue's Police Chief is developing an option for sub-regional service delivery). Estimates for this option may be on the low end as there are costs that may not have been captured.

A request for proposals for licensing services garnered one proposal from a professional licensing company that would charge a nominal set-up charge plus a per-license fee to provide a full range of services. Finally, conversations with Seattle Humane Society have resulted in a proposed flat fee for any stray animal brought to the shelter by the City/animal control officer or by a Good Samaritan. These unit costs were analyzed using historical data to derive Kirkland's estimated costs of a sub-regional program in Table 3. Although the projected cost for the last six months of 2010 is higher than that projected for the regional option, it is projected that those costs would be recovered during the first full year of the program. The full year projections use 2011 rates although the City of Kirkland will not be responsible for animal services in the Annexation Area until June 1, 2011.

TABLE 3
CITY OF KIRKLAND AND ANNEXATION AREA
ESTIMATED ANNUAL SUB-REGIONAL PROGRAM COSTS

NOTE: INFORMATION LIKELY TO CHANGE, UPDATES WILL BE PROVIDED WHEN AVAILABLE

AREA	ESTIMATED COST ALLOCATIONS				2009 LICENSING REVENUE	EST NET (COST)/REVENUE
	ANIMAL CONTROL	SHELTER	LICENSING	TOTAL		
<i>2010 ONE-TIME PLUS 6 MONTHS (JULY-DECEMBER) *</i>						
Kirkland	\$52,441	\$14,738	\$11,580	\$78,758	\$63,684	(\$15,074)
<i>PROJECTED FULL YEAR KIRKLAND AND ANNEXATION AREA</i>						
Kirkland	\$55,463	\$29,475	\$21,160	\$106,098	\$159,211	\$53,113
Annexation Area**	\$36,720	\$21,375	\$13,825	\$71,920	\$111,100	\$39,180
Kirkland & AA	\$92,183	\$50,850	\$34,985	\$178,018	\$270,311	\$92,293

*Includes one-time costs of \$27,214 for field services (vehicle, equipment, etc.) and \$1000 for licensing set-up.

**The Annexation Area allocation amounts are rough estimates based on Kirkland and the nearby city use values.

If a city chooses to separate from the regional system, King County has stated there will be no transfer of revenues for pet licenses sold before the end of a city's contract. As a result, the sub-regional group and, therefore, Kirkland would incur costs before revenues from new license sales would be received. There is also likely to be a delay in licensing revenues since King County has been the regional provider for over 20 years.

It should be noted that these costs and revenues are estimates. The cities would be entering a new line of business and there are likely to be unexpected costs to deliver this service. In addition, it would take time to ramp-up staff and equipment for animal control services and transfer licensing. This additional time may result in a delay of services so staff would create a contingency plan for the transfer period. One option during the ramp-up period would be to sign a regional contract with King County through December 2010. Another option would be to address only high-priority field calls during this period (in 2008, 25% of Kirkland's field calls for service were considered high-priority).

Summary of Actions Since Last Study Session

Since the last materials were prepared, the City of Bellevue City Council directed their staff to carefully review the estimates for the subregional model and to return with more refined estimates. Bellevue City Council expressed concern about the cost of the regional model. Bellevue staff was also directed to initiate further discussions with King County to determine if the cost allocation model could be modified to reduce costs. We understand that the discussions are occurring and Kirkland participated in a conference call with King County staff on April 23rd. As of the due date for this packet, neither revised estimates from Bellevue or a revised regional cost allocation formula were available.

Next Steps

Due to the July 1st termination of existing King County services, there is a very strict timeline for this decision. The full proposed timeline for the Regional Animal Services process is shown in Table 4. The proposed services and related costs are contingent upon participation from all 30 jurisdictions included in the AIP. As a result, there are two check-in points to determine costs and interest. The key decision dates are highlighted.

TABLE 4 – REGIONAL ANIMAL SERVICES
REVISED Timeline for Confirming and Adopting New Interlocal Agreements

<i>Date*</i>	<i>Item</i>
April 7	Distribute Agreement in Principle to cities
April 30 Extended to May 5	Initial statements of interest in contracting from cities due to King County (including statement of whether city wishes to contract only for the first 6 months).
May 7	Adjusted costs circulated to all parties based on May 5 indications of interest. If costs have increased due to some Cities declining to participate, a second statement of intent will be requested from Cities later in May.
May 26	Second statement of intent due to King County.
May 28	Results of second statement of intent circulated to all parties
May 28	FINAL Interlocal Agreement (ILA) circulated, including final estimated costs only those parties indicating interest as of May 26.
May 27-June 3	Interested parties confer and determine whether/how to proceed
Mid-late June	All participating jurisdictions adopt legislation approving ILA by approximately mid- to late June in order for agreement to become effective July 1.

**NOTE: All dates after April 7th were revised on April 24th.*

In addition to the Regional Animal Services timeline, the sub-regional option for services is contingent upon decisions to be made by the City of Bellevue and City of Redmond City Councils. The schedules for Council action in those two cities are:

- City of Bellevue City Council – Scheduled to take action on May 3rd; and
- City of Redmond City Council – Scheduled to consider on April 27th and take action on May 4th.

Staff must submit a Statement of Interest to King County by May 5th expressing one of the following three interests:

- Regional model/new contract with King County – 2.5 year contract;
- Regional model/new contract with King County – 6 month contract (sub-regional consortium of cities starting on January 1, 2011); or
- No new contract with King County (sub-regional consortium of cities starting on or near July 1, 2010).

King County has also asked jurisdictions signing new contracts to state if there is interest in purchasing “enhanced” animal control (field) services in addition to the services provided in the

base-level regional model. Kirkland currently has an enhanced agreement with King County for off-leash patrol on a part-time basis. This will continue to be an option in the regional model and King County is in the process of developing specific cost estimates.

Staff is currently working with King County and the Cities of Bellevue, Redmond, Mercer Island and Clyde Hill on potential revisions to both the Regional and Sub-regional model and associated costs. Staff anticipates receiving new information from Bellevue and King County by Friday, April 30th. Once updated information is received by Kirkland, a revised staff report will be forwarded to Council with a target of noon Monday.

May 5, 2010



King County Regional Animal Services – City Statement of Interest

Carrie Cihak, Director of Strategic Initiatives, King County

By email: carrie.cihak@kingcounty.gov

City of Kirkland

(A) Base Services:

Based on information provided in early April, and subject to later review and consideration of revised cost projections and proposed contract language:

____ The City of Kirkland is seriously interested in participating in the regional animal services model through a contract with King County for (*select one*)

_____ **6 months (July-December 2010** _____ **2.5 years (July 2010 – December 2012).**

Please include Kirkland in the list of potential contract cities for purposes of refining the cost calculations that will be shared in early May with all interested jurisdictions. I understand that in late May, Kirkland will be asked to indicate a preliminary commitment to the contract based on refined numbers developed as a result of this initial statement of interest. I further understand that I will need to sign a new contract with King County by June 30th to continue receiving regional animal services.

____ The City of Kirkland is not interested in participating in the regional animal services model.

Please do not include my jurisdiction in further cost calculations. I understand that Kirkland will no longer receive animal services from King County as of July 1, 2010.

(B) Enhanced Control Services

Some cities have expressed interest in purchasing “enhanced” animal control (field) services in addition to the services provided in the base-level regional model. This will continue to be an option in the regional model and we are in the process of developing specific cost estimates. Please indicate below if your city is interested in contracting for enhanced animal control services.

____ The City of Kirkland is seriously interested in contracting for enhanced animal control services. I estimate that we will be interested in having an enhanced animal control officer in for ____ hours per week. I understand that the availability of enhanced animal control services at less than the equivalent of one full-time position may be dependent upon the interest of other cities in receiving these services.

Sincerely,
City of Kirkland

Marilynne Beard, Interim City Manager