



COST ANALYSIS FOR ANIMAL SERVICES PROVIDED TO CONTRACT JURISDICTIONS

COUNTY OF SANTA BARBARA PUBLIC HEALTH

Report

March 18, 2022



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EXECUTIVE SUMMARY

Introduction

The County of Santa Barbara Public Health Department (County) engaged the services of MGT Consulting Group (MGT) to conduct an in-depth review and analysis of their current contract jurisdiction billings vs the full cost of providing field and shelter services. MGT is pleased to present the County with this summary of findings describing the process/methodology used in the analysis and the outcome.

MGT performed the analysis using fiscal year 2021/2022 budgeted figures, staffing, and operational information and made certain known adjustments as requested by the Public Health Department (PHD) and described later in this report. The current methodology utilized by the County to administer animal services costs to their contracting jurisdictions was based on a per capita (population) basis. MGT did not change this methodology to allocate costs. Population figures were updated using January 1, 2021 information from the Department of Finance, as provided by PHD

Primary Objectives

The primary objective was to provide the County's decision makers with a clear picture of what the cost of providing field and/or shelter services are for each contracted jurisdiction as well as for the unincorporated (county) areas and to provide a model calculating these costs that can be easily updated in the future.

METHODOLOGY / PROCESS

Below is a brief discussion of the cost analysis allocation methodology and process utilized by MGT for this engagement.

Identifying the Costs

TOTAL ANIMAL SERVICES COST:

Due to the impact of the pandemic on Animal Services, the County decided to have MGT use the adopted FY2021-2022 operating plan budget and to make certain known adjustments rather than using FY2020-2021 actual expenditures.

Some of the adjustments that were made to the budget include:

- A new county veterinarian position. The County had been using a contract veterinarian in prior years. Those costs were decreased in the budget and costs for a new County position were added. The difference between the costs was an increase of \$26,900.

- The County decided to include \$345,300 in salary savings which was based on historical usage. This savings helped to offset the labor costs allocated with providing animal services.
- Due to the pandemic, a three-year average for revenue was used to offset the cost of services. This approach allowed for a better representation of typical revenues, since using FY2020-2021 would be understating the revenues due to COVID-19.

The total cost of animal services to be distributed was \$5,932,511. This amount does include \$510,411 in countywide cost allocation costs (also referred to as countywide overhead). Government Code Section 51350 does not allow for the distribution of countywide overhead costs to contracting jurisdictions. The \$510,411 was directly allocated to the unincorporated area (County) leaving \$5,422,100 to be allocated out based on per capita.

IDENTIFYING THE FOUR COST POOLS:

The \$5,422,100 represents costs from four program areas within animal services. We will call these areas cost pools. The four cost pools consist of Shelter, Field, Administration, and Veterinary.

Administration Costs:

Administration costs of \$1,175,900 were distributed to the three remaining cost pools (shelter, veterinary and field) based on the percentage of labor to the total labor costs. To determine the percentage for each of the three cost pools, MGT looked at the total labor costs within shelter, veterinary and field services, minus the salary savings, and divided the labor for each cost pool by the total labor amount. The results can be seen below in exhibit A.

Administration Allocation Information				
	Shelter	Veterinary	Field	Grand Total
Labor	\$1,752,500	\$ 513,800	\$1,284,200	\$3,550,500
%	49.36%	14.47%	36.17%	

EXHIBIT A – ADMINISTRATION ALLOCATION PERCENTAGES

Once the administration allocation percentages were determined, MGT applied the percentages to the \$1,175,900 and allocated out the administration costs to the three cost pools as seen below in exhibit B.

Total Allocation to each receiving cost pools	Receiving
Shelter Admin	\$ 580,415.36
Veterinary Services Admin	\$ 170,166.86
Field Admin	\$ 425,317.78
	\$ 1,175,900.00

EXHIBIT B – ADMINISTRATION COST ALLOCATIONS

Shelter / Veterinary / Field Costs:

Based on our discussions with PHD, MGT was able to determine that veterinary costs would only be incurred if the contracting jurisdiction received shelter services; therefore, the shelter and veterinary cost pools were combined. This left two cost pools to be distributed to the contracting jurisdictions and unincorporated area. The cost for shelter service to be distributed was \$3,642,541.75 and field services \$1,779,558.25. As noted, prior in this report, the \$510,411 for the Countywide CAP costs were only allocated to the unincorporated area and was not included in the shelter or field service costs that were allocated. In addition, the salary savings of -\$345,300 are part of the totals for shelter and field services.

Methodology and Distribution of Costs

The County is currently using a per capita methodology, based on population, to allocate animal services costs out to the contracting jurisdictions. MGT updated the population information based on data that was available as of January 1, 2021 and used the same methodology to allocate out the shelter and field cost pools. It should be noted that the population for the City of Lompoc was reduced by the prison population thus reducing their population by 1,962.

MGT took the contracting jurisdiction’s population, added the unincorporated population and determined what the percentage each of the jurisdictions was to the total population. The results were then applied to the cost pools to allocate out for shelter and for field services.

	Buellton	Guadalupe	Lompoc	Santa Barbara	Santa Maria	Solvang	Goleta	Chumash	Unincorp.	Total Population
Shelter Distribution	5,435	8,346	40,531	93,055	107,445	5,512	32,339	250	133,351	426,264
	1.28%	1.96%	9.51%	21.83%	25.21%	1.29%	7.59%	0.06%	31.28%	100.00%
Field Distribution	5,435	8,346	40,531		107,445	5,512	32,339	250	133,351	333,209
	1.63%	2.50%	12.16%	0.00%	32.25%	1.65%	9.71%	0.08%	40.02%	100.00%

EXHIBIT C – POPULATION

	Buellton	Guadalupe	Lompoc	Santa Barbara	Santa Maria	Solvang	Goleta	Chumash	Unincorp.
Total Shelter Costs	\$ 46,443.55	\$ 71,318.84	\$346,348.41	\$795,180.27	\$ 918,146.73	\$ 47,101.54	\$276,345.55	\$ 2,136.32	\$1,480,374.12
Total Field Service Costs	\$ 29,026.52	\$ 44,573.21	\$216,462.57	\$ -	\$ 573,827.95	\$ 29,437.76	\$172,711.82	\$ 1,335.17	\$ 881,740.69
Total Cost	\$ 75,470.08	\$115,892.04	\$562,810.98	\$795,180.27	\$1,491,974.68	\$ 76,539.29	\$449,057.37	\$ 3,471.48	\$2,362,114.80

* Unincorporated area received a direct allocation of the Countywide CAP costs. \$340,853.57 towards shelter costs and \$169,557.43 towards field services costs.

EXHIBIT D – COST ALLOCATION BY JURISDICTION BASED ON POPULATION PERCENTAGE

Offsetting Funding Sources

Now that the costs per jurisdiction are identified, several offsetting factors can be applied in order to reduce the burden on the jurisdictions. The allocation of these four offsets use the same methodology as applied to allocating the cost of shelter and field services.

- Revenue Offset
- Tobacco Settlement (TS) Net County Cost (NCC) Funding
- Tobacco Settlement (TS) Funded Positions
- General Fund Contribution (GFC) Funded Positions

REVENUE OFFSETS

As mentioned prior in this report, PHD took a three-year average for the revenues. This was a better representation of the typical revenues collected. The total revenue amounts were broken into two categories: distribute to all and distribute to all except City of Santa Barbara. The City of Santa Barbara does their own licensing and field services, therefore some revenue categories related to these two areas would not be credited to the city.

TS NCC FUNDING OFFSET

In FY2021-2022, \$225,800 is listed as an additional source of funding from TS NCC. This amount is used to help balance the Animal Services budget. The original allocation was made in FY2014/2015 of \$25,800 and then an additional \$200,000 was added in FY2016/2017. The total amount of \$225,800 has been used to offset animal services in the FY2021-2022 budget.

TS FUNDED POSITIONS OFFSET

The TS has provided funding of \$179,700 towards shelter and admin positions in the FY2021-2022 budget. This amount has been used to offset the cost for services.

GFC FUNDED POSITIONS OFFSET

The GFC has allocated an additional \$414,876 to help fund additional positions in the FY2021-2022 budget.

These four funding sources were allocated as an offset to each jurisdiction based on the same percentages used to distribute the shelter and field services costs. Should any of these funding sources be reduced or discontinued, cost for services would increase and would either need to be funded by the general fund, distributed to all of the contracted jurisdictions and unincorporated area or services would need to be reduced, thus reducing the cost.

Outcome and Next Steps

The costs of providing animal services have been clearly identified by jurisdiction as well as several offsetting funding sources that can be used to reduce this cost. Individual results vary, with some contract costs increasing while others may be decreasing. With this information the County has many options as to how to move forward. MGT has laid out several sample scenarios to be considered that are based on various funding sources being available or removed. These are just four potential scenarios the County may consider. MGT recommends seeking guidance from the Board of Supervisors as to how the department should proceed in regard to updating the contract costs and what, if any, offsets to apply to each of the contracting jurisdictions.

SCENARIO A

If full cost recovery is implemented for shelter and field services and all offsetting funding sources are applied, then the overall increase in contract costs for jurisdictions is \$144,100 or 7.2% and the unincorporated area would be reduced by \$15,700.

SCENARIO B

If full cost recovery is implemented for shelter and field services but TS funding was removed from the offsetting funding sources, then the overall increase in contract costs for jurisdictions is \$414,000 or 20.6% and \$120,000 for the unincorporated areas.

SCENARIO C

If full cost recovery is implemented for shelter and field services but GFC funding was removed from the offsetting funding sources, then the overall increase in contract costs for jurisdictions is \$418,600 or 20.8% and \$125,000 for the unincorporated areas.

SCENARIO D

If full cost recovery is implemented for shelter and field services but both TS and GFC funding was removed from the offsetting funding sources, then the overall increase in contract costs for jurisdictions is \$688,200 or 34.3% and \$260,700 for the unincorporated areas.

MGT Analysis December 2021 Cities and other Jurisdictions	FY 21-22	FY 22-23 Scenarios			
	Current	A	B	C	D
	Contracts With Support	Total Costs With Support	Total Costs Without TS	Total Costs Without GFC	Total Costs Without TS/GFC
Buellton	\$ 42,400	\$ 43,800	\$ 49,300	\$ 49,500	\$ 55,100
Guadalupe	\$ 61,900	\$ 67,300	\$ 75,800	\$ 76,100	\$ 84,600
Lompoc	\$ 341,700	\$ 326,700	\$ 368,000	\$ 369,500	\$ 410,700
Santa Barbara	\$ 418,000	\$ 541,900	\$ 608,300	\$ 605,300	\$ 671,600
Santa Maria	\$ 830,800	\$ 866,000	\$ 975,400	\$ 979,500	\$ 1,088,800
Svang	\$ 47,200	\$ 44,400	\$ 50,000	\$ 50,300	\$ 55,900
Goleta	\$ 264,500	\$ 260,700	\$ 293,600	\$ 294,800	\$ 327,700
Chumash	\$ 2,200	\$ 2,000	\$ 2,300	\$ 2,300	\$ 2,500
Unincorporated	\$ 1,601,000	\$ 1,585,300	\$ 1,721,000	\$ 1,726,000	\$ 1,861,700
Ave % increase for City Contracts		7.2%	20.6%	20.8%	34.3%
Amt of Increase for City Contracts		\$ 144,100	\$ 414,000	\$ 418,600	\$ 688,200
Amt of Increase for Unincorporated		\$ (15,700)	\$ 120,000	\$ 125,000	\$ 260,700

Increases per city vary due to population changes and contract type. Santa Barbara contacts only for Shelter Services.

EXHIBIT E – VARIOUS SAMPLE SCENARIOS FOR CONTRACT JURISDICTION CHARGES