



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Health
Department No.: 041
For Agenda Of: April 19, 2022
Placement: Departmental
Estimated Time: 60 Minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Van Do-Reynoso, MPH, PhD, Director
Director(s) Public Health Department
Contact Info: Angela Yates, Animal Services Director, Public Health
Department 805-319-8646
SUBJECT: Animal Services City and Jurisdictional Contract Fee Scenarios Presentation

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors consider the following recommendations:

- a) Receive and file a report and presentation on Animal Services City and Jurisdictional Contract Fee Scenarios; and
- b) Provide direction to staff on city and jurisdictional contract fee for Fiscal Year 2022-23 based on one of the four options, or any other option:
 - Scenario A: Total costs with continued Tobacco Settlement and General Fund Contribution support
 - Scenario B: Total costs without Tobacco Settlement support
 - Scenario C: Total costs without General Fund Contribution support
 - Scenario D: Total costs with the removal of Tobacco Settlement and General Fund; and
- c) Provide any additional direction to staff; and
- d) Determine that the above recommended actions are not a “Project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to Sections 15378(b)(4) and 15378(b)(5) of the CEQA Guidelines, since they consist of the creation of governmental funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and are

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organizational or administrative activities of government that will not result in direct or indirect physical changes in the environment.

Summary Text:

This item is on the Agenda to provide a presentation reviewing city and jurisdictional contract fee calculation scenarios as calculated and presented by MGT Consulting Group, Inc. (MGT), and obtain Board direction on the city and jurisdictional contract fee for Fiscal Year 2022-23 based on one of the four options presented or any other option. Using the activity-based costing analysis provided by MGT, four possible per capita scenarios for the upcoming FY 2022-23 city and jurisdictional contracts have been analyzed and prepared. These scenarios range from continuing the existing Tobacco Settlement and General Fund Contribution subsidies to cities to full cost recovery.

Background:

On May 18, 2021, your Board received a presentation on the new vision for Animal Services and options for the current year FY 2021-2022 contract amounts for participating cities and the Santa Ynez Band of Chumash Indians. It was explained in the board letter that the department had entered into an Agreement with MGT to provide a full cost analysis for all jurisdictions including the unincorporated area, as it is the best practice to have an independent external review to determine full cost and to compare fee structures with other comparable counties.

The department provided scenarios that varied from continued General Fund and Tobacco Settlement sharing, as well as status quo with a Cost of Living Adjustment (COLA). At that hearing, a 2% COLA was approved as it provided for continuity and stability during the pandemic, and allowed for the external analysis to be completed by MGT before revising the contract fees.

The MGT analysis has been completed and calculates full cost recovery using the per capita method already established historically and currently in use for city and jurisdictional contracts. The study further isolates the local subsidies of Tobacco Settlement and General Fund as allocated per jurisdiction. Within this analysis, your board can choose any scenario or combination of scenarios with which to approach full cost recovery for our city and jurisdiction partners.

Animal Services currently contracts with the cities of Buellton, Goleta, Guadalupe, Lompoc, Santa Maria, and Solvang, and the Santa Ynez Band of Chumash Indians for full services consisting of both field and sheltering services. The City of Santa Barbara, under a grandfathered agreement, only contracts for sheltering services and has their own officers in the field. Continuing this model as status quo, MGT calculated the costs of field services separately from sheltering services. This rebasing approach, along with an activity-based costing analysis that detailed and updated costs for services performed by shelter and field staff, resulted in sheltering costs equaling 67% and field costs equaling 33% of Animal Services budget.

In addition to the calculation of full-cost recovery, the MGT analysis also details the current local supports of Tobacco Settlement and General fund dollars that were used to add specific staffing and offset losses of general fund dollars during times of economic downturn. The following chart details how these subsidies impact the calculated costs per jurisdiction through four scenarios:

- Scenario A: Total costs with continued support
- Scenario B: Total costs without Tobacco Settlement (TS) support
- Scenario C: Total costs without General Fund Contribution (GFC) support
- Scenario D: Total costs with the removal of Tobacco Settlement and General Fund funding

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Scenarios:

Four scenarios are presented on the following chart for your review and consideration: A) No change to GFC and TS support; B) No TS support; C) No GFC support; D) No TS or GFC support.

MGT Analysis December 2021	FY 21-22 Current Contracts With Support	FY 22-23 Scenarios			
		A	B	C	D
Cities and other Jurisdictions		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
Solvang	\$ 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.

The origin of Tobacco Settlement and General Fund support: In 2015 an American Humane Association (AHA) consultant report and resulting recommendations were received by your Board. Based on the extensive recommendations, the Board approved adding new positions with funding from Tobacco Settlement and additional General Funds to prevent burdening the cities with the increased costs. A total of seven positions were approved utilizing Tobacco Settlement and General Funds between FY 2014-15 and FY 2016-17. No additional new positions have been added to Animal Services since FY 2016-17. The city and jurisdictional contract fees have included this support as a cost offset through the current FY 2021-2022 contracts.

Due to the fact that the previous two years of operations was impacted by COVID-19, the MGT analysis used the adopted FY 2021-2022 operating plan budget and made certain known adjustments:

- A recently approved new regular employee veterinarian position was added and contract veterinarian costs were decreased, which resulted in a net cost increase of \$26,900, to be funded by a release of funds previously granted by your Board.
- A large allowance for salary savings was made to match historical usage.
- A three previous year’s average of actual deposits was used to better estimate revenues to be used as an offset to costs. This approach allowed for more representative revenues, as just using the previous year would be understated, due to COVID-19.
- In using the current year’s budget and not the previous year’s actual, the department was able to incorporate new practices for savings – some learned from adapting to COVID-19 - which will operationally continue into the future. It is important to note that when comparing the costs used

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in the MGT study to the Animal Services estimated actual costs for current year, the difference was negligible: approximately 1%.

Performance Measure:

N/A

Fiscal and Facilities Impacts:

Budgeted: Yes, a 2.5% placeholder was included in the Public Health Department’s recommended FY 2022-2023 budget.

Fiscal Analysis:

The recently submitted Animal Services budget included a placeholder increase pending deliberation and direction from your Board. A 2.5% Cost of Living Adjustment was added to match the Local SEIU 620 wage increase for FY 2022-2023. The placeholder amount added up to \$50,200 for all jurisdictions, was only used to balance the budget until Board direction is received. Thus, this was not presented as a scenario because it was not part of the MGT study.

Fiscal analysis is dependent on the direction received. The unincorporated area represents 32% of the County’s population. Any reduction in Tobacco Settlement will affect the unincorporated allocation and will need to be backfilled with General Fund in order to continue current operations. The full Tobacco Settlement allocation to the unincorporated area in the MGT analysis is \$135,700.

Key Contract Risks:

N/A

Staffing Impacts:

Legal Positions:

0

FTEs:

0

Special Instructions:

N/A

Attachments:

- A. Animal Services City & Jurisdictional Contract Fee Options Presentation
- B. MGT Cost Analysis for Animal Services Contract Jurisdictions

Authored by:

Angela Yates, Animal Services Director