



SUMMARY REPORT

Agenda Date: 5/17/2022

To: Board of Supervisors

Department or Agency Name(s): County Administrator's Office and Department of Health Services

Staff Name and Phone Number: Christel Querijero, 565-7071, Tina Rivera, 565-7901

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

Animal Services Organizational Placement

Recommended Action:

- A) Accept report on Animal Service organizational placement.
- B) Adopt staff recommendation to keep Animal Services within the Department of Health Services.

Executive Summary:

In 2020, the County engaged consulting company Harvey M. Rose to conduct an Animal Services Performance Review. This review included an evaluation of organizational placement, service delivery, and governance options for Animal Services within and outside the County structure. Given the Board's interest to receive a staff recommendation on the organizational placement of Animal Services in the earlier part of the calendar year, staff did not have sufficient time or resources to fully revisit the analysis and assumptions in the consultant's report. However, based on report findings, staff re-evaluated current Animal Services staffing needs and examined existing facility needs.

This Board item highlights the key findings from the Harvey M. Rose Report and includes recommendations for the placement of the Animal Services function, which is currently housed in the Department of Health Services. Staff recommend keeping Animal Services within the Department of Health Services (DHS).

Furthermore, the County Administrator's Office recommends adding, as part of upcoming budget decisions, an Animal Care and Control Director position (annual \$262,753 salary and benefits) and increasing investments in facility upgrades in order to improve the County's Animal Services performance.

Discussion:

Background:

In September 2010, the Board of Supervisors approved an organizational transfer of Animal Care and Control from the Agricultural Commissioner's Office to the Department of Health Services. The County's Animal Services function remains in the Department of Health Services to date, residing in the Public Health Division. A September 2020 Animal Services Performance Review Report prepared by consultant Harvey M. Rose Associates LLC (Attachment A) revisited the organizational placement of this Animal Services function within and outside the County structure. Key findings from the Harvey M. Rose report include:

1. Animal Services has successfully implemented improvements to its operations since its move to the

Department of Health Services in 2010.

2. The most beneficial placement options for the Animal Services function are contracting out, creating a standalone department, or remaining in DHS.
3. There are opportunities to increase cost recovery from current contracts with Sonoma County for services provided by the Animal Services Unit.
4. The Animal Services facility needs physical upgrades to improve public interactions and the overall experience for the animals at the shelter.

Placement Options

The Harvey M. Rose report evaluated each placement option based on the following criteria:

- cost
- performance
- governance
- willingness of the potential placement partner, and
- timeline for completing the transfer of functions.

The Consultant report concluded that contracting would be the most beneficial placement option for the County based on the criteria above. However, staff determined that contracting Animal Services was not a preferable option based on concerns and risks with reduced oversight of the program and services with contracting out, and concerns about the effects on current employees. Given these drawbacks in the contracting model, staff's placement investigation primarily focused on the options to either create a standalone department or keep the Animal Services function within DHS.

Recommendation to Remain Within Department of Health Services

The Harvey M. Rose report identified the option of remaining within DHS as the least disruptive placement option. This option would not require transition activities such as identifying additional office space, conducting meet and confer activities, and increasing contract administration activities. Staff recommends that Animal Services remain in DHS with an increased investment in the facilities and the division's organizational structure and staffing, and shifting to a direct billing structure for DHS' administrative overhead costs currently billed to Animal Services. In this direct billing structure, DHS admin staff such as payroll clerks, accountants, and administrative aides would track their time spent on Animal Services' support work and directly bill the Animal Services unit for this work. Continued placement in DHS allows for continued support of the Animal Services, utilizing staff who are familiar with the program's history both operationally and fiscally. DHS has executed several key recommendations from prior studies in order to improve animal welfare and the program's operational and fiscal stability.

In this option, Animal Services would continue to receive operational support from existing DHS administrative division staff. Animal Services as currently organized incurs prorated costs for DHS's administrative support functions such as DHS human resources, accounting, and information technology services through a DHS created cost allocation plan (budgeted at \$452,143 for FY22-23). DHS allocates most of its administrative costs to the Animal Services Unit (and DHS's other operating divisions) on the basis of FTE count; and most fiscal services costs are allocated on the basis of gross expenditures.

The Harvey M. Rose report recommended considering an adjustment in DHS' administrative cost recovery methodology to better align administrative charges to Animal Services with that division's actual use of DHS

administrative services (as determined by direct billing time tracking) and relieve the administrative cost burden. DHS is still in the process of revising the methodology to track applicable costs for the Animal Services program by having all support units identify time spent on Animal Services directly in their daily timecoding. If switching Administrative overhead for Animal Services to direct billing, it is possible that other DHS divisions would be required to take on more charges to support the department's overall administrative support costs.

In considering the DHS placement option, Human Resources, the County Administrator's Office, and DHS reviewed Animal Services' current staffing levels and identified a need for additional positions to improve the services and operations. Suggested changes include re-establishing the Animal Care and Control Director (deleted in 2019), which would function as the division head, and reclassifying the current Animal Services Health Program Manager to a more appropriate operational manager class. The County's Human Resources department reviewed these job classifications, confirmed the scope of responsibilities for these positions and provided estimated costs. The estimated annual cost of this recommended additional positions and reclassification is \$283,861.91. See Attachment B for more details on FTE recommendations.

The Animal Care and Control Director was deleted in 2019 for budget savings, and the Public Health Division Director was not used by the department from late 2020 through March 2022. Concurrently, the COVID pandemic put significant strain on the Health Services Department. Without these two positions being utilized by the Department coupled with the Department's capacity the last two years, leadership oversight of the Animal Care and Control division was limited. The Department recently filled the Public Health Division Director, and with the addition of the Animal Care and Control Director, there will be more capacity, leadership, and expertise to better manage the division and make operational and service improvements. A changed cost recovery methodology and direct billing structure are expected to improve the division's fiscal sustainability.

Standalone Department

This option would require creating a new County Department. A standalone department would need additional staffing including a Department Director and administrative support staff to perform the administrative and fiscal work currently done by DHS staff. The current Animal Services Unit within DHS has 30 full-time employees (FTEs). The recommendation for the standalone department is 34 FTEs. Additional positions include a Department Director, an Administrative Services Officer, an Executive Assistant, and an Accountant II. The recommendation that the current Animal Services Health Program Manager be reclassified to a different job class to function as an operational manager is still applicable in this option. The estimated cost of these recommended additional positions and staff changes is \$814,516. These costs will be partially offset by the removal of DHS's Administrative Overhead charges currently billed to Animal Services (budgeted at \$452,143 for FY22-23). If Animal Services were moved from DHS, DHS's other divisions and units would need to pay for an increased percentage of DHS' overall administrative support costs. See Attachment B for more details on FTE recommendations.

Adding four new FTEs to support a standalone Animal Services department would require additional workspace. General Services and DHS staff identified four options for additional space and alternate office space configurations to accommodate an increase of four FTE:

- Reconfigure current workspaces to create a new office layout within the current program footprint; costing approximately \$30,000.
- Convert Animal Services current multipurpose room to cubicles; costing approximately \$18,000

(including electrical, cabling, and furniture). This option is not ideal as this room is the only large meeting room for all staff meetings, volunteer orientations, and dog training.

- Larger renovation of an adjacent building currently occupied and used part time by the Ag Commissioner - Weights and Measures. Costs of these renovations is estimated at \$3.5 million (including drywall, insulation, lighting, flooring, HVAC, electrical, cabling, and furniture).
- Lease nearby space for four staff; estimated cost for one-time moving costs into a nearby leasing space for four staff is up to \$50,000. Further research into current market rate is needed to determine ongoing annual cost for this potential lease.

In addition to increased staffing and space requirements, it is estimated that a new department would require an increase in approximately \$100,000 in services and supplies annually.

The Harvey M. Rose report recommended establishing an oversight commission should the County choose to create a standalone County department for Animal Services. Regardless of placement within the County, the Board of Supervisors ultimately has oversight authority over animal services operations and employees. A commission for Animal Services could be created to hold public meetings to receive community input, provide input to Animal Service management on operations and services, and make recommendations to the Board of Supervisors.

Establishing a new department would take an estimated 6-9 months. Some of the work to establish a new department includes establishing a department head position and conducting the recruitment, planning for implementing the operational changes, and meeting and conferring with affected employees.

Placement Option Cost Comparison

The FY22-23 recommended budget for Animal Services is \$6.7 million. The estimated costs for the unit to remain in DHS with one recommended additional position is approximately \$7 million. The estimated cost for the standalone department is \$7.2 million. Additional details are outlined in Attachment C.

	FY22-23 Recommended Budget	Remaining in DHS with Oversight improvements	Stand-alone Dept costs
Description			
Salaries and Employee Benefits	\$4,034,913	\$4,318,777	\$4,849,431
DHS Administrative Overhead	\$452,143	\$452,143	0
Services and Supplies	\$2,192,927	\$2,192,927	\$2,292,927
Other Financing Uses	\$27,234	\$27,234	\$27,234
Total Expenditures	\$6,707,217	6,991,081	\$7,169,592

The table above includes ongoing annual expenses and does not include the one-time office renovation or moving associated with a standalone department. As referenced above, the estimated costs for these renovations or moving expenses range from \$18,000 to \$3.5 million. Furthermore, the table above does not include an annual office space leasing cost for the standalone option as leasing may not be required.

Additional research into current market rate would be needed to determine the annual leasing cost if this option was selected.

The table above also does not include the capital costs that are outlined below. These costs would be funded through the County's Capital Improvement Plan and are recommended regardless of placement option.

Office Space and Facility Upgrades

As outlined above, creating a standalone office would increase the number of staff and require one-time workspace renovation costs ranging from \$18,000 to \$3.5 million, or annual leasing costs.

In addition to office space needs, the Harvey M. Rose report identified the need for physical upgrades to the Animal Services facility. Prior Animal Service assessments identified issues with the facility, and it has been a source of community concern as well. The facility functions as a shelter, adoption center, administrative office, and point of public contact for all Animal Services programs (including licensing, veterinary, and enforcement actions).

There are currently two Animal Services capital projects included in the County's Capital Improvement Plan including fencing (\$150,000) and chiller replacement (\$521,506). The FY22/23 Capital Budget recommends using Facilities Accumulated Capital Outlay (ACO) fund balance to complete these projects.

DHS identified additional needed improvements to the shelter facilities including:

- specialized animal pens that have radiant heat flooring
- HVAC systems that can more adequately regulate temperature and ventilation for the health and safety of animals
- larger shelter areas to keep emergency rescued animals during periodic crisis like fire and earthquake
- increased veterinarian space for labs, spaying and analysis

	FY22-23 Recommended Capital Budget	Recommended for FY23 -24 Capital Improvement Plan
Description		
Fencing	\$150,000	0
Chiller replacement	\$521,506	0
Specialized animal pens	0	TBD
HVAC systems	0	TBD
Larger emergency rescue shelter areas	0	TBD
Increased veterinarian space	0	TBD
Total Capital Improvement Costs	\$671,506	TBD

The table above includes costs for the two projects included in the FY22-23 Capital Budget. The additional projects are still being scoped out to determine estimated costs. Additional facility upgrades will be included in the 2023-2028 Capital Improvement Plan for future budget considerations.

Cost Recovery Opportunities

In addition to organizational placement, the Harvey M. Rose report also evaluated the County's cost recovery for animal services provided to the City of Santa Rosa and the Town of Windsor. The County no longer has an Animal Services contract with the Town of Windsor but remains in contract to provide services to the City of Santa Rosa. The report identified potential areas for increasing cost recovery through this contract including modifying billing methods and correcting billing discrepancies. DHS staff are still exploring these recommendations and plan to return to the Board with an update at a later date.

Strategic Plan:

NA

Prior Board Actions:

September 28, 2010 -- Report on Budgetary and Operational Impacts of Moving Animal Care and Control

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses			
Additional Appropriation Requested		\$283,862	\$283,862
Total Expenditures		\$283,862	\$283,862
Funding Sources			
General Fund/WA GF		\$283,862	\$283,862
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources		\$283,862	\$283,862

Narrative Explanation of Fiscal Impacts:

The combined cost for re-establishing the deleted Animal Care and Control Director position and reclassifying the Animal Services Health Program Manager to a more appropriate operational manager class is \$283,862. Staff will include funding adjustments as a CAO recommendation to account for these staffing recommendations at the FY 2022-23 Budget Hearings. Any adjustments to positions will return to the Board in the first quarter of FY 22-23.

There are currently two Animal Services capital projects included in the County's Capital Improvement Plan including fencing (\$150,000) and chiller replacement (\$521,506). These projects are included in the FY22/23 Capital Budget, using Facilities Accumulated Capital Outlay (ACO) fund balance to pay for the project costs. The additional facility upgrade costs identified in this report are still being scoped to determine specific amounts. These additional facility upgrades recommendations will be included in the 2023-2028 Capital Improvement Plan for future budget considerations.

Narrative Explanation of Staffing Impacts (If Required):

None

Agenda Date: 5/17/2022

Attachments:

Attachment A: Harvey M. Rose Associates, LLC report

Attachment B: FTE scenarios

Attachment C: Cost comparison

Attachment D: Presentation

Related Items “On File” with the Clerk of the Board:

None