



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 6/18/2019

Agenda Placement: 6EE

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Steven Lederer - Director of Public Works
Public Works

REPORT BY: Chris Lewis, Staff Services Analyst II - (707) 259-8363

SUBJECT: Approval of Agreements with the City of American Canyon, City of Napa and Town of Yountville for Animal Shelter Services

RECOMMENDATION

Director of Public Works requests approval of and authorization for the Chair to sign the following revenue agreements for the County to provide Animal Shelter Services for the term July 1, 2019 through June 30, 2022 with compensation amounts to be a proportionate share of operating costs, expenses incurred, and contributions to establish a fund balance:

1. A revenue agreement with the City of American Canyon;
2. A revenue agreement with the City of Napa; and
3. A revenue agreement with the Town of Yountville.

EXECUTIVE SUMMARY

The County has provided animal shelter services to the Cities of American Canyon and Napa and the Town of Yountville (the "Partners") under Agreement Nos. 7298, 7299, and 7296, respectively, since 2009. Those agreements expire as of June 30, 2019. The Director of Public Works requests approval of new Partner agreements which maintain the scope of services provided by the Animal Shelter to the partners and the allocation methodology for receiving payment for services. The agreements introduce a new mechanism to build a fund balance for the Animal Shelter over time to be used for operational contingencies and provides a payment collection timeline to support overall fund stabilization.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	Animal Shelter
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	This action will result in a savings to the County General Fund by recouping a significant portion of all Shelter costs from the Partners. The County will build up to a 60-day operational contingency over time and collect payments for services in advance to ensure a positive cash flow.
Is the general fund affected?	Yes
Future fiscal impact:	Each year the County will collect a proportionate share of all expenditures from the Partners based on population.
Consequences if not approved:	If not approved, the County would not have the capacity to meet cash obligations or manage unexpected expenditures in a timely manner.
Additional Information:	Prior to 2009, the County fully funded the Animal Shelter. This cost share arrangement has resulted in millions of dollars of saving to the County over the years.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

The Napa County Animal Shelter supports the secure and sanitary temporary housing, physical and behavioral health, medical treatment, adoption, placement or other disposition of permissible stray, impounded, or surrendered domestic animals, livestock, exotic pets, and wildlife that originate from within the boundaries of the unincorporated area and the incorporated municipalities.

In 2008, the County successfully negotiated cost-sharing agreements for Animal Shelter services with the Cities of Napa, American Canyon, and the Town of Yountville. On July 1, 2009, the County began receiving payments for services in accordance with a compensation structure that was modeled after other California counties whereby city partners shared net County costs based on their population proportion of all the participating municipalities. The agreements were renewed in Fiscal Year 2013-14 and are once again up for renewal.

The scope of shelter services provided to the Partners will remain the same. Additionally, there were no proposed changes to the cost allocation methodology which assigns the total revenue required by the Partners after budgeted discretionary revenue such as license fees, adoption fees, and donations are applied. Each Partner, including the unincorporated County, is allocated a percentage of the required budget based on proportion of population.

Under the terms of the current agreements, the Partners make quarterly retroactive payments to the County for services rendered and there is no mechanism to build a fund balance for unplanned expenses. The County

engaged the Partners in early 2019 to discuss strategies that allow the Shelter to meet its cash obligations in a timely manner and reduce the impact of unexpected expenditures in any given fiscal year. The County proposed new agreement terms which include advanced biannual collection of payments for services, a budgeted account line for contingency expenditures of 3% of operating costs, and a provision which authorizes the County to convert any excess payments received to fund balance, not to exceed 60-day operating capital, at the end of the fiscal year rather than return unused revenue to the Partners, as is the current practice. The establishment of an operating contingency was included in the County's recommended Fiscal Year 2019-20 budget, tentatively approved by the Board of Supervisors on June 11, 2019 and scheduled for final adoption on June 18, 2019.

On May 18, 2019, the American Canyon City Council passed a resolution authorizing the City Manager to execute the new contract. On June 4, 2019, the Town of Yountville and the City of Napa councils approved the contracts. Today's action will finalize approval of the revenue agreements for the term July 1, 2019 through June 30, 2022 for Animal Shelter Services.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Leigh Sharp