

ANIMAL CONTROL SERVICES

Recommendation

The Commissioner of Legal and Administrative Services & City Solicitor, and the Senior Manager of Enforcement Services, recommend:

That a Vaughan task force be struck immediately to examine all aspects of building and operating our own animal shelter in Vaughan and that their findings be brought back to Council in October 2007.

Economic Impact

The economic impact in 2007 is nil. The costs in subsequent years is yet to be determined.

Communications Plan

Not applicable

Purpose

This report is to provide information relating to the future of Animal Services in Vaughan.

Background - Analysis and Options

Council, at its meeting of April 10, 2006 (Item 1, Report 17) directed:

“...the terms of reference for a joint site selection, costing, and feasibility study be brought back to Council when available.”

Subsequent to that direction, the Town of Richmond Hill published a Request for Proposal for a study to be conducted into the feasibility of either building a shelter for its own use, or to be shared by the municipalities. The City of Vaughan, Town of Aurora, and the Township of King, also participated in the process. The Pathwise Group was the successful proponent in the process.

It should be noted that Richmond Hill has now determined to develop its own animal shelter, not as a joint facility.

The Pathwise Group work included examining animal services in other municipalities to identify suitable comparisons and then evaluate potential sites supplied by each municipality.

The report is geared towards Richmond Hill and does recommend a facility built in Richmond Hill, which is of suitable size to manage the animal sheltering needs of the four participating municipalities for the next 20 years.

The preliminary information indicates little or no benefit to participate in a joint venture. Regardless of the cost sharing model Vaughan would be paying for construction and annual operating costs over a 20-25 year agreement. These costs would be in addition to enforcement costs.

It was proposed by the Pathwise Group that a 14,000 sq. ft. shelter would be required to manage the four municipalities and the projected growth over the next 20 years. Pathwise uses

Mississauga as a benchmark comparator as the population and number of households currently in that city, are the same as the four municipalities by 2026.

For background only, the Pathwise report has been attached. The report provides data with respect to projected demand over the next 20 years, which is useful.

The estimated construction costs for a facility are \$200. per sq. ft. This relates to a construction cost of \$2.8 Million for a 14,000 sq. ft. facility, not including the potential cost of land. Due to its size, the City of Vaughan would likely be required to pay at least 1/3 of that cost, albeit amortized over 20-25 years.

Given that Richmond Hill has now determined to proceed independently, Vaughan should pursue the option to build their own shelter of 3,000 – 4,000 sq. ft., resulting in an estimated construction cost of \$800,000.

The operating costs for the shared shelter facility were in excess of \$1.5 Million. This equates to a cost of \$500,000. per year for the City of Vaughan. The operating costs for an independent Vaughan-only shelter would be similar.

Finally, the cost of enforcing the Animal Control By-law would be approximately \$250,000. per year. This cost would be the same regardless of the option.

These costs, whether shared or borne solely by the City of Vaughan, represent a significant cost increase for the provision of animal services. For the past 25 years the private company, Kennel Inn Inc., has provided sheltering and enforcement services to most municipalities in York Region.

It appears as though there is no future in the services with Kennel Inn. The location of their facility is within the boundaries of the Oak Ridges Moraine, therefore preventing them from expanding or rebuilding. The company has indicated financial concerns. They indicated in 2006 that if one more municipality were to withdraw from using their services, they would have no alternative but to close down. It would be a reasonable conclusion to draw that one or more municipalities will be withdrawing, making any possibility of a renewable contract unlikely.

The City of Vaughan is now into year two of a three year contract with Kennel Inn. This year's costs are \$375,000., rising to \$400,000. in 2008.

Staff have canvassed other animal shelter providers such as the Humane Society, S.P.C.A., etc. No other provider will provide the service for Vaughan currently provided by Kennel Inn or accommodate the population of stray animals retrieved in Vaughan. Caledon, Brampton and Mississauga have all indicated they are at or near capacity and are unable to accommodate Vaughan's needs on a fee-for-service basis.

Options

There appears now to be only 1 option available to Vaughan – build a facility primarily for Vaughan use (and potentially provide service to an adjacent municipality on a fee-for-service basis until such time as we reach capacity). For Vaughan to build the facility there would be an estimated upfront capital cost of approximately \$1.0 Million.

There would be some opportunity to recoup some of the capital cost through the leasing of space to another municipality until the space is required for Vaughan-only operations.

Due to the time spent waiting for the recommendation of the consultant, and the extremely tight timelines in establishing a new facility, it is recommended that a Vaughan task force be struck immediately to examine all aspects of building and operating an animal shelter in Vaughan.

This task force should be made up of staff from Purchasing, Facilities, Real Estate, and Enforcement. This group should examine:

- the cost of building and operating a shelter
- the size requirements of the shelter
- location of shelter
- timelines for the project
- potential revenue offset possibilities

The group should report back to Council in October 2007 in order to move the project forward expeditiously.

Relationship to Vaughan Vision 2007

Not applicable

Regional Implications

Not applicable

Conclusion

The City of Vaughan requires a long term animal control service solution to be in place by June 2009. There is no longer a viable opportunity to develop a joint facility with other municipalities. Therefore, the City of Vaughan should immediately commence work on a City of Vaughan animal shelter project.

Attachments

Pathwise Group Report

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Respectfully submitted,

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PathWise Group

Animal Control Shelter Feasibility Study

Town of Richmond Hill

**In association with Town of Aurora,
Township of King and City of Vaughan**

April 23, 2007

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SUMMARY OF RECOMMENDATIONS

1. Richmond Hill, Aurora, King and Vaughan adopt a governance model for animal services premised on municipal ownership and operation; agree to share a new animal services facility; and agree to each enforce its own animal services by-law within its own jurisdiction.
2. Richmond Hill be a host municipality—construct, own and operate an animal services facility and provide shelter services on a contractual basis to participating municipalities. Richmond Hill finance construction primarily through debenture and recoup participating municipalities' shares through purchase of service agreements.
3. King, Vaughan and Aurora be participating municipalities—agree to purchase animal shelter services from Richmond Hill on a long-term basis, contributing a fee based on a proportionate share of capital costs, based on full-cost recovery amortized over the life of the debenture and annual operating costs.
4. Early in the process other neighbouring municipalities—such as Markham and Whitchurch-Stouffville—be invited to participate, and if interest is expressed be asked for a commitment that enables Richmond Hill to prepare facility specifications with confidence as to the facility size requirements.
5. The preferred site locations for the animal services facility is first Richmond Green event barns, second Elgin Mills works facility and third Phyllis Rawlson Park. Should council be undecided among the preferred locations, staff should be authorized to tender a comparative cost analysis.
6. The preferred infrastructure delivery method is a design-build tender call for new construction and a traditional approach for renovation.

INTRODUCTION

Over 60 per cent of Canadian households have at least one pet—dogs, cats, birds and fish are the top four. Therefore, in 2006, over 86,700 households in Richmond Hill, Aurora, King and Vaughan shared their lives with a family pet. In 2026, about 150,000 households in the same municipalities will own at least one pet.

The Town of Richmond Hill in collaboration with the Town of Aurora, City of Vaughan and King Township, is investigating the feasibility of directly operating an animal services facility and enforcing the town's Animal Control By-law either on its own or in collaboration with one or more neighbouring municipalities.

It is our understanding that there is some public pressure for the town to provide animal services directly. Over 60 per cent of Canadians own some kind of pet with dogs the first choice and cats a close second. The value of the pet industry is approaching \$4 billion annually. As a result, the bar has been raised on acceptable standards for animal services. And it is not just pet owners who are concerned with the quality of services. "Canadians empathize with the situation of pets...including those that don't share their lives with a cat or a dog," as Ipsos Reid reported in 2001.

As seen in Table 1, by 2026 the region encompassing Richmond Hill, Aurora, King and Vaughan will be home to approximately 147,857 dogs and cats.

Table 1: Estimated Number of Dogs and Cats by 2026

Municipality	Estimated # of dogs & cats in 2026 ¹			
	Households 2026 ¹	Cats ²	Dogs ²	Total
Richmond Hill	75,300	27,183	23,795	50,978
Aurora	26,700	9,639	8,437	18,076
King	12,800	4,621	4,045	8,666
Vaughan	103,600	37,400	32,738	70,137
Total	218,400	78,843	69,015	147,857

¹Source: York Region

²Source: 2002 AVMA—number of dog-owning households = 0.361 x total households;
number of cat-owning households = 0.316 x total households.

This study is timely, in the face of projected population growth in the region and the relative dearth of operators who have expressed interest in contracting with the town to provide these services.

All four municipalities currently purchase animal services facilities and by-law enforcement services from a private sector operator, Kennel Inn. Until recently the Town of Markham also purchased services from Kennel Inn. Located in Aurora, Kennel Inn is responsible for enforcing the municipalities' animal control by-laws and ensuring that all dog owners have licensed their dogs. It also enforces the poop-and-scoop provisions, dogs running at large, and animal trespassing regulations of the by-law.

This arrangement is not sustainable for a number of reasons, including—

- The Oak Ridges Moraine limits expansion of the facility
- Proximity to residential neighbourhood restricts outdoor animal runs
- Location and visibility reduces ease of access for residents considering adoption
- Quality of care is not up to the standard of other municipal operations

Also, it is the opinion of staff that the owner is not interested in continuing to provide this service and operate the facility.

Throughout this report we refer to animal services and facilities—a community responsibility—rather than animal control and pounds that traditionally were hidden away places to warehouse unwanted pets. In Ontario, while municipal animal services generate revenues, they are not money-making enterprises. They are subsidized by the municipalities mandated to provide the service....the question is how the service should be provided....what governance model is most appropriate to meeting the needs of the municipality and addressing local circumstances.

Research included interviews with other animal service providers, site visits to neighbouring facilities, internet searches and meetings with the staff inter-municipal committee.

This issue has been under investigation by the inter-municipal Animal Control Ad Hoc Committee since it was established in the Fall of 2003 due to complaints concerning service provided by Kennel Inn. The committee comprises representatives from municipalities under contract to Kennel Inn—Aurora, King, Markham, Richmond Hill and Vaughan.

After extensive research on options, potential facility size and construction costs, the committee recommended issuance of an Expression of Interest to elicit proposals for enhanced services. In the Fall of 2004 the five respective councils agreed. The result was only three proponents—two only interested in providing wildlife services, and Kennel Inn. All three responses were deemed to be incomplete.

At the end of 2005, Markham Council directed staff to enter into a one-to-three year contract with PAWS in Whitby. Early in 2006 the remaining four municipalities were directed by their respective councils to extend contracts with Kennel Inn. Each municipality has established its own terms and conditions—Aurora and King each committed to one year, Vaughan and Richmond Hill both signed a three-year contract set to expire in May and July of 2009 respectively. At the same time agreement was reached to issue a RFP for the current feasibility study.

Governance options and their implications were presented at a workshop hosted by Richmond Hill council for council members and staff of Richmond Hill, Aurora, King and Vaughan. The purpose of the workshop was to gain a common understanding of the challenges and options regarding provision of municipal animal services. Questions raised at the workshop are addressed throughout this report.

This feasibility study provides recommendations to the Town of Richmond Hill and its partners—Aurora, King and Vaughan—on what, where, who, when and how to implement municipal animal services. The discussion and recommendations are presented in four major components:

- Examples from other municipalities
- Governance and finance options
- Capital and operating funding options
- Location and infrastructure delivery options

The report concludes with an overview of steps that need to be taken to ensure timely implementation of the recommended approach.

APPROACHES TO DELIVERY OF ANIMAL SERVICES

While most municipalities in Ontario operate their own services, other models can be found. Some contract out the service to a private sector service provider, others to a humane society and still others to a municipal service provider, both with and without by-law enforcement services included. Some enter into a partnership agreement with neighbouring municipalities to provide shared animal services.

Municipal animal services are governed by the Ministry of Agriculture and Food respecting cleanliness and space per animal, and the SPCA concerning care and cruelty issues. While municipalities are not required to provide animal services, the Municipal Act gives them authority to do so. As one committee member said, it has become a "duty of care" for local municipalities to provide this service. Animal service provision is not a regional responsibility, and variations as to how the service is provided speak to local circumstances.

A number of questions were asked at the workshop about the availability of hard statistics: there simply is not good data available. Every municipality and each Humane Society operate differently. As a result the most useful information is gleaned from other experiences and then tested for applicability in the local context. Considerable comparative information has been provided by the staff ad hoc committee in reports to respective councils over the past three years.

No apparent threshold exists at which a municipality provides the service and below which it does not. For example, while a number of larger municipalities have no shelter, Georgina and Caledon both have an animal services facility. In the case of Caledon there was political will, municipally-owned land and construction funds provide by the Rotary Club. Having built too small a facility, Caledon has already reached capacity. Georgina provides service to Newmarket, Whitchurch-Stouffville and East Gwillimbury and has no surplus capacity to extend services to other municipalities.

The following case studies offer some key messages.

Mississauga—Owns, operates an animal services facility and enforces the municipal by-law. The facility annual operating budget is approx \$1.7 million of which over \$1million is for staff. The municipality spent 1.2 million to build the facility and \$1.5 million for a recent expansion.

From discussions with Mississauga staff three key messages were stressed—

- Build to industry standards
- Build for future growth upfront
- Work to enhance job satisfaction and retain staff

PAWS—Began as a partnership among Pickering, Ajax and Whitby to jointly deliver animal services, it has recently disbanded. Pickering has indicated that it wants to own and operate its own facility and currently contracts services from Clarington. Currently, Ajax contract facility services and Markham contracts facility and enforcement services from Whitby. Markham and Whitby are not adjacent resulting in significant travel time for patrol and enforcement staff, as well as residents coming to pick up a lost pet or adopt a new pet. The operating budget is about \$800,000/year.

The prime lessons learned from the PAWS experience are twofold—the facility requires one organizational lead; it can't operate effectively or efficiently when led by committee. Conflicts can arise between policy and revenue generation decisions. For example, from a pragmatic perspective municipalities that contract services should be located within a reasonable distance from the facility. Costs increase if vehicles have to make multiple trips to and from distant facilities, as well residents are less likely to visit and therefore adopt animals from a facility that is far away from the homes.

Oakville Humane Society—Owns and operates an animal services facility and provides full services, including enforcement for Oakville at a cost of about \$600,000/year; and partial services for Milton for about \$195,000/year. Its annual operating budget is approximately 1.5 million. Its operation includes 25 FTE, 14 PTE and 140 volunteers.

The key messages gleaned from our research indicate the importance of understanding the difference between municipal and Humane Society mandates and reaching agreements upfront to resolve potential conflicts. For example, Oakville and the Humane Society have come to agreement around who pays for long stays. The municipal contract pays for five days past the by-law requirements, and longer stays are paid for out of the Humane Society budget. Also, when a third party enforces different municipalities' by-laws, it is much simpler and more cost efficient if the by-laws are uniform.

Kennel Inn—Initially Kennel Inn was contracted to provide animal services for Aurora, King, Markham, Richmond Hill and Vaughan. Markham did not renew the most recent contract and now purchases services from Whitby. Kennel Inn, for the most part, consists of temporary structures and it has no outdoor runs because of its proximity to residences. Current fees are about one-third to one-half of the industry average and this is reflected in the quality the facility. Construction of a permanent facility and expansion are limited by the Oak Ridges Moraine. Location and visibility limits ease of access for residents considering adoption and volunteers.

Calgary Animal Services Facility—The facility is housed in an award-winning architectural building that has gained some acclaim. The facility, 21,000 square feet situated on 2.5 acres, cost \$3.5 million to build in 2000. The annual operating budget is \$3.5 million. Our research indicates that the facility operates under different legislation and enforcement officers are designated "Special Constables" with additional powers to strongly enforce compliance. Further, for a variety of reason the facility began operations with a detailed data base that has assisted with a high level of compliance.

Each of the above examples, in whole or in part, demonstrates credible operating models for Richmond Hill and its partners.

GOVERNANCE AND FINANCE OPTIONS

The approach taken to governance can range from warehousing unwanted animals to pro-actively engaging the community to assume greater responsibility for pets—depending on how proactively the municipality chooses to be in setting and achieving its goals. Proactive leadership can bring considerable benefits. If a municipality actively educates its community to assume responsibility for its pets, long-term stays in the facility diminish and the incidence of euthanasia is reduced.

Governance is about—Who sets and enforces policy? Who is accountable? Who recruits and manages staff? Who owns and operates the facility and the jurisdiction within which it patrols? Who is financially responsible?

The first issue that needs to be address is whether animal services are best seated within government, set up as an arms-length corporation, contracted out to a third party or some combination of the three. To assess viable options core functions were determined and criteria established.

Four core functions are associated with animal services—

- Provide a facility
- Operate the facility
- Enforce municipal animal control by-laws
- Conduct patrol services

The following criteria was used to assess options—

- Mandate—visible, quality service, leadership, education
- Value for money—standards set by the industry and expected by the public
- Accountability—financial, policies, staff
- Transparency—clear relationship with service provider

Two or three options could be considered for each core function.

Municipalities have two options regarding the ownership of an animal services facility—

- Directly own or lease an animal services facility
- Enter into a partnership to create an arms-length agency that owns or leases an animal services facility.

Municipalities have three options concerning operation of the facility—

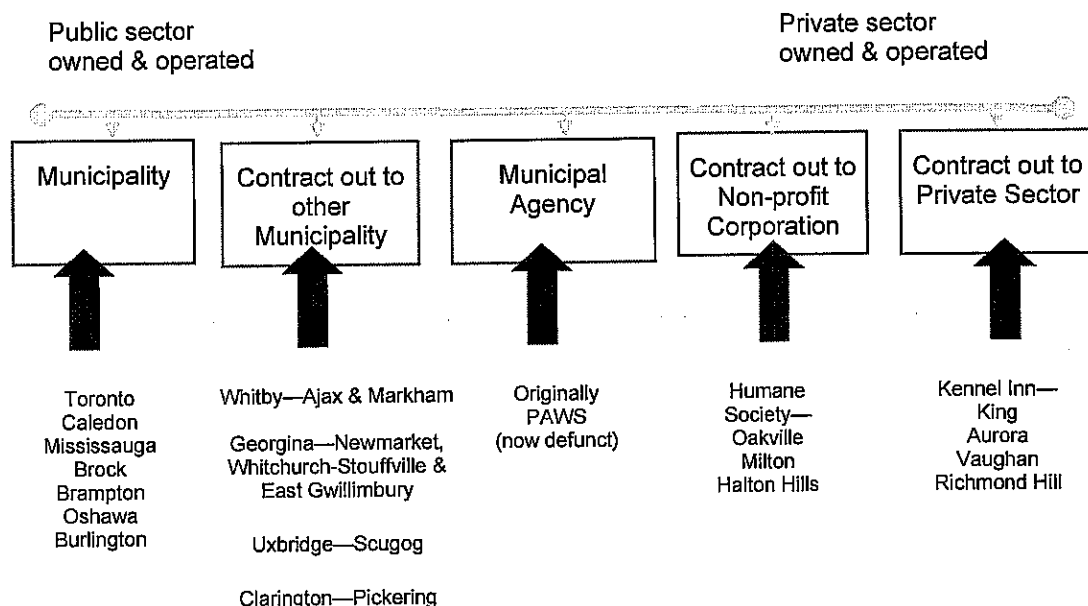
- Directly operate a facility (may agree to provide neighbouring municipalities animal services under a purchase of service agreement)
- Partner with other municipalities to create an arms-length agency that operates the facility
- Outsource operation of the facility to the Humane Society, private sector, or a neighbouring municipality

Municipalities have three options when it comes to enforcement—

- Enforce its own animal control by-law
- Partner with other municipalities to create an arms-length agency that will enforce partner animal control by-laws
- Outsource enforcement to the private sector, Humane Society or neighbouring municipality

The following five governance options as depicted in Figure 1, are reviewed on the next five pages.

Figure 1: Governance Options—a continuum



Source: PathWise Group

Option 1: Municipality Owns and Operates Facility Strictly for Own Residents

Mandate

- To own and directly operate facility and enforce by-laws

Service Area

- Service operates solely within municipality's boundaries

Structure & Accountability

- Municipal Animal Services Unit within current corporate structure
- Direct accountability to council
- Annual budget approval with variance reporting
- Financial relationship may not be transparent (e.g. if licence fees are allocated to general revenue, for example)

Roles & Responsibilities

- All staff are municipal employees
- Policies set by municipality

Strengths

- Easiest option to implement policy-driven approach (e.g. Opportunity to change the perception of animal control; can direct a policy driven approach to achieve long-term results (e.g. animal control facility as a community responsibility, and education re. cat ownership)
- Facility can be built/leased where municipality wants it, gaining visibility for a quality service the municipality can be proud of
- Securing animal control services for the long term
- Direct financial accountability, ensure value for money
- Provide leadership and education to community
- By-law enforcement is a core competency of government (existing function)

Weaknesses

- Restricted access to revenues, increase to civil service
- May politicize services and increase direct advocacy (e.g. Animal rights activists may access councillors, municipal policies may become focus of advocacy)
- Policy decisions (e.g. quality of life versus euthanasia) may be controversial, and therefore, relationship with Humane Society may be adversarial

Examples

- Brock, Brampton, Burlington, Caledon, Mississauga, Oshawa and Toronto

Option 2: Municipality Owns and Operates the Facility and Accepts Contracts for Services

Mandate

- Host municipality owns and directly operates facility and enforces its own by-laws plus contracts for services from other municipalities, which may optionally include by-law enforcement

Service Area

- Host municipality and participating municipalities boundaries depending upon services contracted

Structure & Accountability

- Municipal Animal Services Unit within current corporate structure
- Direct accountability to council
- Annual budget approval with variance reporting
- Contract defines relationship for services

Roles & Responsibilities

- Staff are municipal employees
- Policies set by municipality

Strengths

- Same as Option 1
- Plus increased revenue, leveraging of economies of scale and greater opportunity to attract and retain skilled staff

Weaknesses

- Same as Option 1
- Additional capital costs to ensure facility sized to accommodate participating municipalities
- Serving municipalities not within close proximity can increase costs (travel time, gas) and discourage pet owners from retrieving or adopting pets
- Financial relationship may not be transparent

Examples

- Whitby provides services to Ajax and Markham
- Clarington provides services to Pickering
- Georgina host a facility providing services to Newmarket, Whitchurch-Stouffville and East Gwillimbury
- Uxbridge host a facility providing services to Scugog

Option 3: Municipal Arms-length Agency Owns and Operates Facility

Mandate

- To establish a limited share municipal arms-length agency or special purpose entity to own and operate an animal services facility and optionally enforce by-laws

Service Area

- Service catchment area for patrols is defined by the municipal boundaries of the partners

Structure & Accountability

- Arms-length agency with municipal shareholders, may report to board of directors or inter-municipal committee
- Agency head reports to board of directors or committee
- Indirect accountability to municipal councils through committee and operating agreement among partners
- Funding based on an agreed upon formula and services

Roles & Responsibilities

- Staff are agency employees
- Policies set by board or committee

Strengths

- Arms-length agency may enable municipalities to distance themselves on controversial issues
- Opportunity to share costs of facility construction and operation among partners
- Provides opportunity to optimize ancillary revenues such as sale of goods and supplementary services

Weaknesses

- Committee leadership can be difficult; require process for conflict resolution
- Indirect accountability may put councils at loggerheads
- Requires explicit policy for funding contingencies
- Less control than owning and operating
- Location may not be best for all partners

Example

- PAWS—Pickering, Ajax and Whitby entered into a partnership agreement to provide shared services (patrol, facility and enforcement). Subsequently, Pickering left partnership and purchases services from Clarington, and Markham purchases services from Whitby, now sole proprietor of PAWS.

Option 4: Municipality Owns Facility but Contracts-out Services

Mandate

- To operate a facility owned by a municipality and optionally enforce by-laws

Service Area

- Services operate solely within boundaries of owner municipality or within boundaries of participating municipalities as per any contractual agreements

Structure & Accountability

- Outsource operation to either private sector or Humane Society/non-profit provider
- Independent agency provides services on a contractual basis
- Indirect reporting relationship to municipal council—Purchasing staff monitors contract compliance and reports to council at agreed upon intervals

Roles & responsibilities

- Policies set by service provider
- Staff hired and managed by service provider

Strengths

- Independent operator may enable municipality to distance itself on controversial issues
- Ownership of facility provides a safety net for municipality, should the contract with the service provider not be renewed

Weaknesses

- Few private sector service providers available to bid on contract; difficult to ensure competitive pricing and performance standards
- No obvious non-profit providers other than Humane Societies
- Humane Societies have a different mandate and philosophy than municipalities, which can result in adversarial relationships
- Less control than own and operate

Example

- Georgina owns the facility and purchases services jointly with Newmarket, Whitchurch-Stouffville and East Gwillimbury for patrol services performed under one contract; all animals are impounded at one centre, while each municipality is responsible for its own licensing.

Option 5: Municipality Purchases Animal Services

Mandate

- To purchase animal services from a private sector, municipal or Humane Society/non-profit provider that will own and operate a facility and optionally enforce by-laws

Structure & Accountability

- Outsource shelter ownership and operation
- Non-profit/Humane Society provider typically reports to board of directors, with or without municipal reps.
- Independent agency provides services on a contractual basis
- Indirect reporting relationship to municipal council—staff monitors contract compliance and reports to council at agreed upon intervals

Roles & Responsibilities

- Staff hired and managed by service provider
- Policies set by service provider

Strengths

- Independent operator may enable municipality to distance itself on controversial issues
- Provides opportunity to optimize ancillary revenues such as sale of goods (e.g. pet supplies) and supplementary services (e.g. cremation urns, grooming)

Weaknesses

- Few private sector service providers (other than Kennel Inn) to bid on contract; difficult to ensure competitive pricing and performance standards
- No obvious non-profit agency providers other than Humane Societies (Newmarket Humane Society facility is at capacity)
- Humane Societies have a different mandate and philosophy than municipalities, which can result in adversarial relationships

Examples

- All services contracted out to a local Humane Society that owns and operates the facility—Oakville, Milton and Halton Hills
- All services contracted out to private sector, Kennel Inn, that owns and operates the facility—King, Aurora, Vaughan and Richmond Hill (previously Markham)

RECOMMENDED OPTION

In total, five options were assessed for suitability of the roles of each party and the degree to which the option strengths out-weigh its weaknesses (see Figure 2).

Figure 2: Summary of Governance Options

		Services*		
		Shelter only	Shelter & enforcement	
	Option 1	Own & operate facility strictly for own residents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Option 2	Own & operate facility & accepts contracts for service from nearby municipalities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Option 3	Partnership to own and operate facility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Option 4	Own facility but contract out services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Option 5	Purchase services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

The results of this analysis indicate that no compelling reason exists to create a special purpose entity, as it does not appear to provide any added benefits other than providing an 'arms-length' operator of the service to enable the municipality to distance itself on issues such as euthanasia and length of stay for unclaimed pets.

Outsourcing is not a viable option as there is a lack of interested contractors, diminishing the competitive bid process. Repeated attempts by staff to solicit interested operators as show there to be few, if any private sector service providers interested in contracting for services. Speculation is that even Kennel Inn may be exiting the field. Similarly, Humane Societies are the only evident non-profit service providers for domestic animals. They have a different mandate and philosophy than municipalities, which can make contracting services less than ideal. In any event the local Humane Society is operating at full capacity and has indicated to staff that it cannot contemplate assuming additional responsibilities.

Neighbouring municipalities are either in the same situation as Richmond Hill, Aurora, Vaughan and King, or have indicated that they are not interested in purchase of service agreements with other municipalities, such as Toronto and Mississauga.

The only two viable options, therefore, are to own and operate a municipal animal services facility for a single municipality or for one municipality be the host—owning and operating the facility—and enter into purchase of service agreements with neighbouring municipalities.

We recommend that enforcement not be shared but remain within the purview of each municipality. Not only is by-law enforcement a core municipal competency but each animal control by-law is slightly different so enforcement within one's own jurisdiction is more efficient. As well, it provides local visibility for animal services.

Richmond Hill is geographically central to all three municipalities collaborating on this initiative and, as discussed later, it has a number of viable municipally-owned sites. As the lead municipality on the RFP, it has demonstrated a leadership role in resolving this matter as soon as possible. We would recommend that Richmond Hill construct/renovate, own and operate an animal services facility; and consider being a host municipality, providing services to neighbouring municipalities under purchase of service agreements.

King, Vaughan and Aurora should also consider whether they wish to construct, own and operate their own facilities or contract shelter services from host municipality. Interest in participation by other neighbouring municipalities such as Markham and Whitchurch-Stouville should be identified as soon as possible and commitments made so that the host municipality can accurately determine the scale of facility required.

CAPITAL AND OPERATING FUNDING OPTIONS

Once the governance approach has been determined, several options can be considered for funding the capital and operating costs of the facility.

If the decision is to own and operate an independent facility, funding is straightforward. While local fund raising should be considered, the municipality would likely debenture some or all of the capital costs, which would include:

- Land acquisition, if the preferred location is not municipally owned
- Construction or renovation to build the facility, including outdoor animal runs
- Equipment, vehicles and furniture

Depending on municipal finance policies, operating costs may be offset by licensing fees, fines and service charges and the remainder funded through general revenues. Animal services provision is not a net revenue generator, and is municipally subsidized.

Two key cost drivers are community education, and of course, operational effectiveness and efficiency. An aggressive public education program can not be underestimated, especially one targeting students—as was done with the 3Rs program. It can markedly enhance by-law compliance, reducing the number of long-term stays in the facility and thus the incidence of euthanasia. The effectiveness of education and licensing compliance among dog owners is evidenced by the number of dogs picked up by patrols and residing long-term in a facility. Education among cat owners, combined with licensing, which many municipalities do not currently require for cats, has a long way to go. This too can be seen by the number of cats picked up, residing in a facility and the incidence of euthanasia among the cat population. Even those municipalities that license cats have not yet begun to address the issue of feral cats roaming neighbourhoods. The issue of community education, particularly among public school students and visibility of the facility are address later when assessing potential facility locations.

If the decision is to share a facility among neighbouring municipalities, capital costs can either be shared upfront or the host municipality can pay the costs and recoup them from participating municipalities over time.

The most transparent method is for the host municipality to finance the facility primarily through debentures and purchase of service agreements with participating municipalities. Sharing capital costs may be based on—full capital cost recovery amortized over the life of the agreement e.g. 25 years or term of financing plus contribution to an agreed upon capital replacement reserve. Shares would be prorated proportionate to each—host and participating—municipality's share of residential households.

Operating costs may be shared by the host and participating municipalities based size of population, number of households or proportionate share of residential assessment base. There are various permutation and combinations that may be considered. For example, Georgina and its partnering municipalities use an approach based on a combination fee attributed to annual share of capital costs, maintenance and use.

As to the scale of a facility and the point at which operating costs may decline, there is no magic number. Each municipality investing in an animal services facility develops a business case to determine the scale of facility required to service current and future needs, the cost points where economies of scale kick in, opportunities to generate revenue through particular services and the level of licensing fees. In Calgary, while working under different legislation, licensing and by-law infractions are serious business and reflected in the charges imposed. Revenue-generating services that are provided at some facilities, include sale of pet accessories—leashes, bowls, beds, toys—as well as specialty services such as individual or group cremation, returning the ashes in specially crafted urns.

Purchase of service agreements among municipalities are critical to the successful sharing of a facility and the most time sensitive aspects of the proposed approach to governance. On the one hand the host municipality requires solid assurance from councils of participating municipalities that they are committed—will guarantee their participation—so that facility specifications can be drawn up and construction tendered without undue risk. On the other hand participating municipalities are loath to sign on the bottom line before they know the full financial implications. The two-pronged approach may assist in reaching agreement among municipalities. Once all councils have agreed to the basic governance structure, staff may proceed to determine the preferred location and draft facility specifications as well as a purchase of service agreement.

The agreement should set out guiding principles as clearly as possible including—

- Overriding facility operating policy(ies)
- Roles, responsibilities and expectations
- Mechanisms for determining capital and annual operating costs
- Funding formula for capital and operating costs
- Terms of payment
- Mechanism to annually review fee based on inflation, share of population/households and increased costs to operate facility
- Performance feedback mechanism

Once the facility location and specifications are known and agreement is reached in principle—approved by each council—the host municipality may proceed to tender the construction or renovation with some degree of certainty.

Practically speaking, municipalities in southern York Region will likely be seeking services in the future, given the number of municipalities without facilities and requiring contracted services to service the anticipated pace of growth in both population and pets.

RECOMMENDED OPTIONS

In terms of the capital and operating funding, it is much less cumbersome if the host municipality finances the facility on its own and recoups from participating municipalities. Contributions should be based on full-cost recovery amortized over the life of the agreement apportioned according to each municipality's share of residential households.

Operating contributions should be based on a proportionate share of operating costs determined by the number of households in the municipality relative to the total number of households in the host and participating municipalities. It is important to spend time early in the process to develop a purchase of service agreement satisfactory to all the parties will pay dividends over the long term. Upfront it provides certainty to the host municipality, thereby reducing its risk in tendering construction of a facility. Over the term of the agreement it provides predictability not only financially but in terms of policy direction, performance standards, and service delivery.

LOCATION AND INFRASTRUCTURE DELIVERY OPTIONS

Facility location assessment criteria were developed before sites were identified for consideration. Criteria included—

- Highly visible—storefront location would be ideal, encouraging people walking by to adopt a pet and volunteer at the facility; a place where people, especially children congregate
- Accessible—easy for the public to pick up stray pets, drop in and consider adopting a pet; inviting to children; and easy for staff and volunteers to get to work
- Educational forum—appropriate for school groups to come on educational excursions
- Capacity—able to accommodate the size of facility projected to meet local needs to 2021 as identified in official plans, as well as potential future expansion
- Compatible—fits well into the community and with adjacent land uses
- Conform with relevant official plan and zoning by-laws

To determine the approximate scale required should the decision be to share a facility, the Mississauga facility was used as a proxy. The current size of Mississauga is within the range of the household growth to 2026 anticipated for the combined Richmond Hill, Vaughan, Aurora and King. The size of the Mississauga facility is about 14,000 square feet. Based on industry standards, staff estimates that construction costs today would be in the order of \$150-to-\$200 per square foot, which means a capital budget in the order of \$2.1-to-2.8 million.

Again, it is important that if other neighbouring municipalities are going to be invited to participate in a shared facility—Markham and Whitchurch-Stouffville for example—discussions should occur early in the process so that the host municipality can establish the scale of facility required.

REVIEW OF MUNICIPALLY-OWNED SITES

Potential sites were discuss with staff from each of the four municipalities, site visits were carried out, and using the assessment criteria the following short list of viable locations was derived. All three preferred locations are situated in Richmond Hill.

Richmond Green—located on Elgin Mills Road it includes vacant barns used for events that appear to be suitable for retrofit to an animal services facility. The site is highly visible to the public, routinely visited by children, and has good access and parking. Noise from outdoor pet runs should not raise issues among neighbours. An animal services facility would in fact complement current uses on the site.

Works Facility—located at 1250 Elgin Mills Road the site includes a vacant municipal office building with a sizable yard. It has good access and parking, is easy to find and visible to public. Noise from outdoor animal runs should be easily accommodated. The building would require retrofit.

Phyllis Rawlson Park—located on Leslie Street, north of 19th Avenue; the site has good access and parking and is well maintained, but is not as visible to the general public on daily basis as the other two sites. Outdoor animal runs should pose no problems if well designed. The location currently attracts dog owners, visiting the site to exercise their pets. The site would require new construction for a facility.

Other sites considered were the vacant Hydro building in Aurora; a works site at the south-west corner of Highway 407 and Dufferin Road and the Earth Ranger Wild Life Education Centre at the Kortright Centre in Vaughan; and a vacant site at the north-west corner of Dufferin and Miller Side Road in King. Some of these locations we unavailable and others were deemed not suitable.

INFRASTRUCTURE DELIVERY OPTIONS

Infrastructure delivery concerns how the facility will get built or renovated. Municipalities have several options, including:

- Design-build-own—Municipality issues tender call for proponent to design, build and own facility; municipality leases facility
- Design-build-finance—Municipality issues a tender call for proponent to design, build and finance facility and municipality leases facility for life of financing then owns it
- Design-build—Municipality issues a tender call for proponent to design and build a new facility on Town-owned or leased property; municipality owns facility
- Traditional delivery—Municipality issues a tender call for development design, then issues another tender call for construction or renovation of facility; municipality owns facility

Depending on the preferred location we would recommend that municipality consider design-build for new construction and traditional delivery for renovation. The design-build option reduces administrative time as it does not typically require two tender calls and may encourage innovation.

RECOMMENDED OPTIONS

It would be hard to envision a better location for an animal services facility than Richmond Green, short of a mainstreet commercial site that is sure to be more costly to acquire and build. Not only municipally owned, the location already attracts visitors to a range of sport and cultural activities, including groups of school children, and is appealing to dog walkers. The barns themselves comprise an exterior shell with next to no interior elements, which may make reuse of the buildings an affordable option. Once the specifications have been drafted, a site appraisal would be prudent to confirm the feasibility of a retrofit option and estimate a likely construction budget. This will provide the host and participating municipalities with a more concrete idea of the likely capital program.

Staff also may want to canvass the construction industry to determine whether there is some interest in responding to a design-build tender call under these circumstances.

NEXT STEPS

While the Kennel Inn contract does not expire until Spring, 2009, time is short. Much has to be accomplished to successfully open an animal services facility and for enforcement officers to hit the streets in advance of the end of the Kennel Inn contract.

The first step is for each council to approve a governance option. Municipal collaboration is a time-intensive process, so it is important that if a facility sharing option is adopted, participating municipalities approve a purchase of services agreement in principle as soon as possible to provide some certainty to the host municipality when making decisions regarding site selection and construction tenders. The scale of the facility will be based on municipal commitments to participate and future population projections. Then staff can draw on other municipal experiences such as Mississauga's to draft specifications for an animal services facility (see Figure 4).

Figure 4: Projected Timeline

Key Elements	Detailed Actions	2007												2008												2009		
		A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M			
Council Decision-making	Councils approve governance option—establish host and participating municipalities																											
	Councils approve POS agreements in principle (and received draft operating budget) and confirm commitment to participating																											
	Host council approve preferred location(s) and site analysis tender call																											
	Councils approve POS agreements, FTE complement increase for enforcement staff and tender call for enforcement vehicles																											
Construct New Facility*	Host council approve location, capital program, infrastructure delivery mechanism and design/construction or renovation tender call																											
	Councils approve FTE complement increase for enforcement staff in operations budgets, and enforcement vehicles in capital budgets and issuance of tender call for vehicles																											
Renovate Existing Facility*	Councils approve POS agreements (note budget approval timing issue)																											
	Tender (e.g. design/build)																											
Furnish & Equip Facility	Award																											
	Award design																											
Create Visual Identity	Design submitted																											
	Tender renovation																											
Prepare Operating Budget	Award renovation																											
	Renovate (*revise timeline after site assessment)																											
Recruit & Train By-Law Staff	Tender call for equipment and furnishings																											
	Award tender																											
Purchase By-Law Enforcement Vehicles	Establish name, logo, look, etc																											
	Order signage																											
Draft Communication Plan	Staff prepare annual budgets and draft purchase of service agreements																											
	Councils approve capital program, draft operating budgets and purchase of service agreements																											
Complete Facility	Prepare job descriptions for by-law enforcement staff and procedural manuals																											
	Post job call and/or advertise																											
Plan Launch	Hire and train																											
	Prepare job descriptions for shelter staff and procedural manuals																											
Facility Launch	Post job call and/or advertise																											
	Hire and train																											
Facility Launch	Confirm municipal capacity to maintain vehicles (maintenance and garage) and make arrangements																											
	Tender call for animal services by-law enforcement vehicles (consider joint tender)																											
Facility Launch	Award tender																											
	Take possession of vehicles																											
Facility Launch	Establish inter-municipal communication staff team to collaborate on joint plan																											
	Prepare web material for municipal websites, get approvals from participating municipalities																											
Facility Launch	Develop and launch facility website																											
	Draft and distribute media notification, media releases																											
Facility Launch	Draft and print brochures and other collateral																											
	Arrange tour for mayors, councillors and senior management prior to opening																											
Facility Launch	Prepare public information materials to be posted and distributed at community centres, pet stores, etc.																											
	Establish inter-municipal staff team to plan opening event																											
Facility Launch	Organize logistics, invitations, media, etc.																											
	Construction and landscaping completed																											
Facility Launch	Facility furnished and equipped																											
	On site training and orientation for facility staff																											
Facility Launch	Tour of facility by host and participating municipalities' mayors, councillors and senior management																											
	Facility fully operational																											
Facility Launch	Launch event																											
	Kennel Inn contract ends																											
Facility Launch	By-law enforcement staff hit the streets																											

CONCLUSION

The approach we are recommending for governance and finance has a number of benefits when assessed against the criteria outlined earlier—

- Clear mandate and transparency in decision making
- By-law enforcement is a core competency of municipalities
- By performing this function each maintains visibility on the street
- Clear accountability to council
- Greater transparency as finances, policies and staff are directed by council
- Greater value for money than building and maintaining several facilities in relatively close proximity and cost efficiencies in purchasing supplies and equipment
- Long-term security of service provision
- Greater opportunity to attract and retain skilled staff and higher job satisfaction as scope of work in facility of this size is more varied

In summary, the following provides a quick comparison of the recommended approach to the current situation with Kennel Inn.

Recommended Option

- Purpose-built or renovated facility to industry standards and public expectations
- Capacity to handle growing demand for services projected to 2031
- Location has capacity to provide full array of outdoor facilities and expand if required
- Highly visible and easily accessed by public, staff and volunteers—community involvement, returning pets to owners and adoptions more likely
- Capacity to provide public education and accommodate school groups
- Capacity for ancillary revenues from limited retail and additional services

Kennel Inn

- Poor quality, temporary shelter facilities, constrained site
- Limited capacity to handle current demand, no capacity to handle growth
- Location is constrained by ORM and proximity of residences--expansion not possible, outdoor dog runs not permitted
- Residents are less likely to visit and therefore adopt animals from a facility that is inaccessible, hence more animals require care in the facility and maybe higher incidence of long-term pet accommodation or euthanasia

The recommended approach offers clear advantages to Richmond Hill and its partners, as well as to resident households and their pets.