



REPORT

THE CITY OF SAN DIEGO TO THE PARKS AND RECREATION BOARD

DATE ISSUED: May 8, 2023

REPORT NO.: 201

ATTENTION: Parks and Recreation Board Agenda of May 18, 2023

SUBJECT: Information Item #201: Update on the 10 Year Service and Lease Agreement with San Diego Humane Society

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE BOARD.

Issue:	10 Year Service and Lease Agreement with San Diego Humane Society
Director's Recommendation:	Receive update.
Other Recommendations:	None.
Fiscal Impact:	Total animal services contract cost not-to-exceed \$222,413,170.
Water and Energy Conservation Status:	Not applicable.
Environmental:	None. Exempt pursuant to the California Environmental Quality Act (CEQA) Section 15301.

Background

The San Diego Humane Society (SDHS) has provided animal services to the City of San Diego ("City") since July 1, 2018 via a five-year service agreement set to expire on June 30, 2023. The City plans to continue its successful partnership with SDHS via a longer-term agreement.

About San Diego Humane Society

SDHS has served San Diego County since 1880 and is San Diego's oldest nonprofit organization. It offers San Diegans a wide range of programs and services that strengthen the human-

animal bond, prevent cruelty/neglect, provide medical care, educate the community on the humane treatment of animals, and provide safety net services for all pet families needing assistance with keeping their pets.

SDHS currently serves as the animal services care provider for 14 local jurisdictions, including the City, within San Diego County. It has campuses (shelter locations) located in El Cajon, Escondido, Oceanside, and San Diego.

SDHS collaborates with shelters and rescues in San Diego County and beyond to support regional animal welfare efforts. In addition to operating their shelter co-located with the City-owned animal shelter (located at 5480 Gaines Street, San Diego, CA 92110), SDHS operates a state-of-the-art behavior center to provide specialized behavior intervention for animals showing fear, anxiety, and stress in the shelter environment; a kitten nursery to care for thousands of orphaned and neonatal kittens per year; and a world-class wildlife rehabilitation center for injured, orphaned, or ill wild animals.

A critical part of SDHS' mission is to keep animals out of its shelters by providing programs and services to keep pets with their families. SDHS offers community support services such as assistance with veterinary care, a community pet pantry, eviction and housing support, military support, behavior, and training services and more.

SDHS also provides an array of community engagement services at no additional cost to the City including public education, community events, pet education clinics, and affordable community veterinary assistance programs, among others.

About the Existing Contract

On July 1, 2018, the City entered into a five-year agreement with SDHS to provide animal services, including, but not limited to the following:

- Shelter of stray, surrendered, injured, and/or or lost animals within City boundaries
- Lost pet reunification
- Animal adoption services
- Coordination and management of the City's dog licensing program
- Response to cases of animal abuse, cruelty, and neglect
- Medical and veterinary services, including animal spay/neuter services
- Animal field services that include humane enforcement of local, State, and federal laws
- Educational outreach

Since then, the City has enjoyed a successful partnership with SDHS which has resulted in the following:

- Sheltering of over 70,900 animals.
- Provision of over 75,400 Humane Law Enforcement field services including:
 - Responded to over 21,300 Priority 1 calls for service.
 - Issued over 9,000 citations or written warnings for code or law violations.
 - Submitted nearly 200 misdemeanor or felony cases for prosecution to the City or District Attorney.
- Hosting of nearly 3,000 community events, including deployment of Mobile Veterinary Services, impacting 131,554 San Diego residents.

- Reunification of over 12,700 lost pets with their families.
- Adoption of nearly 42,000 pets to new families.

These efforts have enabled SDHS to demonstrate its ability to provide city residents with exceptional service, particularly when it comes to quality of care, services for at-risk communities, as well as community engagement. SDHS has excelled in supporting the City in educating residents on leash laws, the health and welfare of animals, and the importance of pet adoptions. Because of these factors, the City opted to continue its relationship with SDHS via a longer-term agreement.

Discussion

On January 20, 2023, the City began formal negotiations with SDHS to develop a new contract that would ensure uninterrupted delivery of animal care services to begin on July 1, 2023. The current contract was used as a baseline to determine what services, service levels, and outcomes the City wanted from a new contract. Once determined, these items became contract terms negotiated between SDHS and the City.

Costs for each term were developed resulting in an estimated total amount of approximately \$16,810,152 for SDHS' ongoing operating costs (net of projected revenues) for Fiscal Year 2024. This amount represents an increase of \$1,936,152 from the City's Fiscal Year 2023 animal services budget of \$14,874,000 due to higher personnel and non-personnel costs, specifically, wage increases due to labor market forces, adjustments to the living wage, as well as sharp increases in the cost of utilities, fuel, and supplies.

A key term of the contract that was developed and negotiated was its duration (or the length of the contract life). A period of ten (10) years was determined based on the timing of a pending ten-year lease agreement of the City's property at 5480 Gaines Street, San Diego, CA 92110. The City wanted both agreements to run parallel with one another for ease of contract management purposes, especially in the event the City opts to retain another animal services provider or choose to provide animal care services in house. As a result, both agreements are set to begin on July 1, 2023 and end on June 30, 2033 (Fiscal Year 2024 to Fiscal Year 2033).

Cost to the City for a ten-year animal services contract term will be up to, not to exceed, \$222,413,170, of which \$16,810,152 is projected to be expended in Fiscal Year 2024. Compensation to SDHS will be revisited in the third and sixth year of the contract should there be an expansion or contraction of service costs due to extraordinary circumstances such as the high inflation that was experienced beginning 2022 which continues at a slower pace today.

Costs to the City related to the Gaines Street facility may require one-time funding up to \$2,200,000 to address agreed-upon deferred maintenance costs, as well as costs to acquire and install specified equipment related to the care and shelter of animals. The lease requires SDHS to pay a one-time consideration fee in the amount of \$100 in exchange for use of City-owned property.

Once all the terms were agreed to, both the animal services contract and Gaines Street lease were finalized and presented to both the Community and Neighborhood Services Committee (April 20, 2023) and the City Council (April 24, 2023) for review and approval.

At City Council, City staff from the Parks and Recreation Department (P&R) and the Department of Real Estate Assets and Airport Management (DREAM) presented Item #606 (“Ten Year Agreement for Animal Services with San Diego Humane Society”) and Item #607 (“10-Year Public Service Lease with the San Diego Humane Society for City-Owned Real Property Located at 5480 Gaines Street, San Diego, CA 92110”).

These reports, including the contract, lease, and supporting documents, can be found via the following link:

<https://sandiego.hylandcloud.com/211agendaonlinecouncil/Meetings/ViewMeeting?id=5528&doctype=1&site=council>

Both items were passed unanimously by the City Council.

Next Steps


At the April 24, 2023 Council meeting, staff was asked to provide the City Council with additional information on the administrative citation process, specifically, the cost of associated fees, as well as what the City’s authority is to set fines related to animal welfare (apart from that of the County) and how fines are calculated currently.

Staff plans to present an informational update to the City Council on these items in Fall 2023. The date for this City Council meeting is yet to be determined as of the date of this report.

Respectfully submitted,



Gina Dulay
Deputy Director, Community Parks II
Parks and Recreation Department



Tim Graham
Program Coordinator, Community Parks II
Parks and Recreation Department

GD/tg