



BOARD OF ANIMAL SERVICES COMMISSIONERS
CITY OF LOS ANGELES
Monday April 27, 2009
10:00 A.M.
LOS ANGELES CITY HALL
200 N. Spring St.
Room 1060
Los Angeles, CA 90012

Tariq Khero, President
Kathleen Riordan, Vice-President
Irene Ponce
Archie J. Quincey, Jr.
Ruthanne Secunda

Sign language interpreters, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. For information please call (213) 482-9501.

Si require servicios de traduccion, favor de notificar la oficina con 24 horas por anticipado.

COMMISSION MEETING

1. ORAL REPORT OF THE GENERAL MANAGER

2. COMMISSION BUSINESS

- A. Approval of the Commission Meeting Minutes for March 9, and March 23 2009
- B. Oral Report by the Commission on Meetings and Events attended.

3. GENERAL MANAGER RECOMMENDS FOR BOARD ACTION

- A. Assembly Bill 233–Personal Income Tax Deduction for Pet Adoption Fees (Revised)

That the Board recommend to the Mayor and City Council that the City support Assembly Bill (AB) 233 as amended, which if approved would allow taxpayers a miscellaneous itemized deduction, up to \$100 per taxable year, for the qualified costs paid or incurred for the adoption of pets from a qualified animal rescue organization, beginning on or after January 1, 2010, and before January 1, 2015.

B. Three-Year Agreement for the Operation of the North Central Spay/Neuter Clinic

That the Board Award a three-year Agreement, with one three-year renewal option, substantially in the form as on file, to Downtown Spay/Neuter Plus Veterinary Clinic, Inc., to operate the North Central Spay/Neuter Clinic; and direct Staff to transmit the proposed Agreement concurrently to the Office of the Mayor, and the Office of the City Attorney for approval as to form, and subsequently to the City Council, and authorize the General Manager of the Department of Animal Services to execute the subject Agreement upon receipt of necessary approvals.

C. Operation of the West Valley Spay/Neuter Clinic

That the Board reject the proposal received from Value Vet, Inc., to operate the West Valley Spay/Neuter Clinic, direct Staff to consider recommendations by the Spay/Neuter Advisory Committee as well as all other options for providing low-cost spay/neuter services to residents in the West Valley area; and direct Staff to develop a specific plan of action which may include a new, revised Request for Proposals, or another alternative, and present such plan to the Board at a subsequent meeting for their consideration.

4. DISCUSSION ITEMS

A. Update on Spay & Neuter Program Expenditures (Continued from April 14, 2009)

B. Report by the City Attorney in regard to the status of Dangerous Dog Case DA 05331 NC ("Stu")

CLOSED SESSION: The Board of Animal Services Commissioners will meet in closed session with the City Attorney as its legal counsel pursuant to Government Code section 54956.9(a) to discuss pending litigation in Jeffrey Peter De La Rosa v. Animal Control Board of the City of Los Angeles, et al.; Los Angeles Superior Court Case # BS104836; Court of Appeal, Case # B202071.

5. PUBLIC COMMENT PERIOD - (Comments from the public on items of public interest within the Board's subject matter jurisdiction and on items not on the Agenda.)

Public Comments: The Brown Act prohibits the Board and staff from responding to the speakers' comments. Some of the matters raised in public comment may appear on a future agenda.

6. FUTURE AGENDA ITEMS

Requests from Commissioners for future Agenda Items.

7. ADJOURNMENT

Next Commission Meeting is scheduled for 10:00 A.M., May 11, 2009, Los Angeles City

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Hall, Room 1060, 200 North Spring Street, Los Angeles, California 90012

AGENDAS - The Board of Animal Services Commissioners (Board) meets regularly every second (2ndP) and fourth (4thP) Monday of each month at 10:00 A.M. Regular Meetings are held at City Hall, 200 North Spring Street, Room 1060, in Los Angeles, CA 90012. The agendas for Board meetings contain a brief general description of those items to be considered at the meetings. Board Agendas are available at the Department of Animal Services (Department), Administrative Division, 221 North Figueroa Street, 5thP Floor, Los Angeles, CA 90012. Board Agendas may also be viewed on the 2ndP floor Public Bulletin Board in City Hall East, 200 North Main Street, Los Angeles, CA 90012. Internet users may also access copies of present and prior agenda items, copies of the Board Calendar, as well as electronic copies of approved minutes on the Department's World Wide Web Home Page site at [Hhttp://www.laanimalservices.com/CommissionAgendas.htm](http://www.laanimalservices.com/CommissionAgendas.htm)

Three (3) members of the Board constitute a quorum for the transaction of business. The Board may consider an item not listed on the Board Agenda only if it is determined by a two-thirds (2/3) vote that the need for action arose after the posting of an Agenda. Some items on the Agenda may be approved without any discussion.

The Board Secretary will announce the items to be considered by the Board. The Board will hear the presentation on the topic and gather additional information from Department Staff. Once presentations have finished, the Board President will ask if any Board Member or member of the public wishes to speak on one or more of these items. Each speaker called before the Commission will have one (1) minute to express their comments and concerns on matters placed on the agenda.

PUBLIC INPUT AT BOARD MEETINGS – **Public Participation on Agenda Items.** Members of the public will have an opportunity to address the Board on agenda items after the item is called and before the Board takes action on the item, unless the opportunity for public participation on the item was previously provided to all interested members of the public at a public meeting of a Committee of the Board and the item has not substantially changed since the Committee heard the item. When speaking to an agenda item other than during Public Comment (see Public Comment below), the speaker shall limit his or her comments to the specific item under consideration (California Government Code, Section 54954.3).

Public Comment. The Board will provide an opportunity for public comment at every regular meeting of the Board. Members of the public may address the Board on any items within the subject matter jurisdiction of the Board as part of Public Comment.

Speaker Cards. Members of the public wishing to speak are to fill out one speaker card for each agenda item on which they wish to speak and present it to the Board secretary before the item is called.

Time Limit for Speakers. Speakers addressing the Board will be limited to one (1) minute of speaking time for each agenda item except in public comment which is limited to three (3) minutes. The Chairperson, with the approval of a majority of the Board, may for good cause extend any speaker's time by increments of up to one (1) minute. Total speaker time on any agenda item will be limited to ten (10) minutes per item and fifteen (15) minutes for Public Comment, unless extended as above.

Brown Act. These rules shall be interpreted in a manner that is consistent with the Ralph M.

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Brown Act, California Government Code Section § 54950 et seq.

STANDARDS OF CONDUCT. Speakers are expected to behave in an orderly manner and to refrain from personal attacks or use of profanity or language that may incite violence.

All persons present at Board meetings are expected to behave in an orderly manner and to refrain from disrupting the meeting, interfering with the rights of others to address the Board and/or interfering with the conduct of business by the Board.

In the event that any speaker does not comply with the foregoing requirements, or if a speaker does not address the specific item under consideration, the speaker may be ruled out of order, their speaking time forfeited and the Chairperson may call upon the next speaker.

The Board, by majority vote, may order the removal from the meeting of any speaker or audience member continuing to behave in a disruptive manner after being warned by the Chairperson regarding their behavior. Section 403 of the California Penal Code states as follows: "Every person who, without authority of law, willfully disturbs or breaks up any assembly or meeting that is not unlawful in its character, other than an assembly or meeting referred to in Section 302 of the Penal Code or Section 18340 of the Elections Code, is guilty of a misdemeanor".

VOTING AND DISPOSITION OF ITEMS – Most items require a majority vote of the entire membership of the Board (3 members). When debate on an item is completed, the Board President will instruct the Secretary to "call the roll". Every member present must vote for or against each item; abstentions are not permitted unless there is a Conflict of Interest for which the Board member is obliged to abstain from voting. The Secretary will announce the votes on each item. Any member of the Board may move to "reconsider" any vote on any item on the agenda, except to adjourn, suspend the Rules, or where an intervening event has deprived the Board of jurisdiction, providing that said member originally voted on the prevailing side of the item. The motion to "reconsider" shall only be in order once during the meeting, and once during the next regular meeting. The member requesting reconsideration shall identify for all members present the Agenda number and subject matter previously voted upon. A motion to reconsider is not debatable and shall require an affirmative vote of three members of the Board.

When the Board has failed by sufficient votes to approve or reject an item, and has not lost jurisdiction over the matter, or has not caused it to be continued beyond the next regular meeting, the issue is again placed on the next agenda for the following meeting for the purpose of allowing the Board to again vote on the matter.



APPEAL AGENDA

**BOARD OF ANIMAL SERVICES COMMISSIONERS
CITY OF LOS ANGELES**

Monday, April 27, 2009 at 10:00 A.M.

**LOS ANGELES CITY HALL
200 N. Spring St.
Room 1060
Los Angeles, CA 90012**

Commissioners:
Kathleen Riordan, Vice-President
Tariq Khero
Irene Ponce
Archie J. Quincey, Jr.
Ruthanne Secunda

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ADMINISTRATIVE APPEAL HEARING 10:00 A.M.

Dangerous Animal Revocation – DR 08374 WL (Continued from March 23, 2009)

Appellant: David Corwin
Complaining Witness: Lynn Goodpasture
Field Operations Supervisor, West Los Angeles Animal Shelter, Lt. Jesse Castillo
Hearing Coordinator, Department of Animal Services, Ross Pool, Management Analyst

II

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EDWARD A. BOKS
General Manager

Report to the Board of Animal Services Commissioners

Edward A. Boks, General Manager

COMMISSION MEETING DATE: April 27, 2009

PREPARED BY: Linda Barth

REPORT DATE: April 22, 2009

TITLE: Assistant General
Manager

SUBJECT: Assembly Bill 233—Personal Income Tax Deduction for Pet Adoption Fees
(Revised)

BOARD ACTION RECOMMENDED:

That the Board recommend to the Mayor and City Council that the City support Assembly Bill (AB) 233 as amended, which if approved would allow taxpayers a miscellaneous itemized deduction, up to \$100 per taxable year, for the qualified costs paid or incurred for the adoption of pets from a qualified animal rescue organization, beginning on or after January 1, 2010, and before January 1, 2015.

SUMMARY:

At the meeting of March 23, 2009, the Board considered a recommendation by Staff to recommend City support of AB 233. The Board held action pending more information such as how the deduction would work with non-government adoption fees. The bill has been modified since the Commission's first consideration.

To restate the background information, on February 5, 2009, Assemblyman Cameron Smyth (R-Santa Clarita), introduced a bill that acknowledges the high cost of sheltering animals in California by proposing in AB 233 to add Section 17239 to the Revenue and Taxation Code, which would establish a tax deduction that would incentivize residents to adopt a pet from their local animal shelter or private rescue organization (with 501(c)(3) status). The proposed deduction was originally limited to \$300 per year.

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Subject: Assembly Bill 233–Personal Income Tax Deduction for Pet Adoption Fees
(Revised)

Under the modified language, this bill would allow a taxpayer to deduct the expenses paid or incurred to adopt an animal from a qualified animal rescue organization as a miscellaneous itemized deduction not subject to the 2 percent of adjusted gross income limitation on such deductions.

This bill would define a “pet” as any animal adopted from a qualified animal rescue organization that is not used for the production of income or in a taxpayer’s trade or business. This bill now would also clarify that a “qualified animal rescue organization” would mean a public animal control agency or shelter, a humane society shelter, or rescue group.

For purposes of this bill, a rescue group would be a non-profit group under Internal Revenue Code (IRC) section 501(c)(3) whose primary purpose is to rescue and place dogs, cats, or other animals removed from a public animal control agency or shelter or that have been surrendered or relinquished by a previous owner.

The maximum deduction allowed by this bill would be \$100 for each taxable year, beginning on or after January 1, 2010, and before January 1, 2015. This bill would also limit the deduction associated with any one adoption to \$100 per pet. This bill would allow a taxpayer who adopts two pets in one year to deduct the fees paid or incurred, in excess of \$100, in the following years.

The State’s analysis, accounting for the deduction rules, tax rates, the learning curve about the deduction, and other factors, suggests a potential revenue loss ranging from \$840,000 in 2010 to approximately \$1.2 million in 2013. With an estimated \$250 million spent by local governments on sheltering pets, this minor tax revenue decrease from the effects of the deduction would logically be significantly less than the savings to local governments from sheltering fewer animals. With home foreclosures on the rise across the State, more and more pets are being abandoned or dropped off at shelters. A tax deduction will encourage individuals and families looking for a pet to visit their local shelters, thereby helping to relieve the pressure on these facilities.

AB 233 is sponsored by the American Society for the Prevention of Cruelty to Animals (ASPCA) and the Humane Society of the United States (HSUS). Formal support by the City of Los Angeles will allow the Department to advocate for the bill and speak in its support, and will serve as an important endorsement to elected State officials considering the bill.

FISCAL IMPACT:

Support for the bill has no direct fiscal impact. If the tax deduction is approved and succeeds as an incentive for increased adoptions or for the adoption of some pets

Subject: Assembly Bill 233–Personal Income Tax Deduction for Pet Adoption Fees
(Revised)

sooner than the average number of days a pet is held before adoption, the City will save some cost of care, estimated below.

<i>Potential for Savings with Tax Deduction Incentives</i>	1% increase in adoptions	Savings at average total cost	5% increase in adoptions	Savings at average total cost	10% of adoptions happen 5 days faster than average	Savings at 5 days of daily cost
Cats Adopted 2008: 6,929	69	\$13,512	346	\$67,558	693	\$45,593
Dogs Adopted 2008: 14,065	141	\$38,589	703	\$49,352	1407	\$104,573
		\$52,101		\$116,910		\$150,166

Approved:

Edward A. Boks, General Manager

BOARD ACTION:

_____ Passed

Disapproved _____

_____ Passed with noted modifications

Continued _____

_____ Tabled

New Date _____

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EDWARD A. BOKS
General Manager

Report to the Board of Animal Services Commissioners

Edward A. Boks, General Manager

COMMISSION MEETING DATE: April 27, 2009 **PREPARED BY:** Anthony Sanchez

REPORT DATE: April 23, 2009 **TITLE:** Management Analyst II

SUBJECT: **Three-Year Agreement for the Operation of the North Central Spay/Neuter Clinic**

BOARD ACTION RECOMMENDED:

That the Board:

1. Award a three-year Agreement, with one three-year renewal option, substantially in the form as on file, to Downtown Spay/Neuter Plus Veterinary Clinic, Inc., to operate the North Central Spay/Neuter Clinic;
 2. Direct Staff to transmit the proposed Agreement concurrently to the Office of the Mayor, and the Office of the City Attorney for approval as to form, and subsequently to the City Council, and authorize the General Manager of the Department of Animal Services to execute the subject Agreement upon receipt of necessary approvals.
-

SUMMARY:

On September 22, 2008, the Board directed Staff to re-release a Request for Proposals (RFP) for the operation of the Spay/Neuter Clinics at the West Valley and North Central Animal Care Centers, as the previous RFP did not yield responsive proposals for these locations. Staff released the RFP on November 5, 2008. Staff advertised the RFP with an announcement letter sent to approximately 230 veterinarians in the Los Angeles area; an advertisement in the November 10, 2008, *Los Angeles Daily Journal*; a posting on the Department's website, and a posting on the City of Los Angeles Business Assistance Virtual Network (www.labavn.org). On January 27, 2009, a proposal was received from Downtown Spay/Neuter Plus Veterinary Clinic (DSN), to operate the North Central Spay/Neuter Clinic.

A proposal was also received from Value Vet, Inc., to operate the West Valley Spay/Neuter Clinic. However, the evaluation of that proposal is addressed in a separate Report. This Report

addresses only the recommendation for the operation of the North Central Spay/Neuter Clinic.

To evaluate DSN's proposal, staff initially reviewed all required documents, secured the respective approvals from the City's Office of Contract Compliance, and verified that all veterinarians named hold a valid California veterinary license.

Staff formed an evaluation panel consisting of City employees selected for their expertise in shelter operations, veterinary medicine, and administrative operations, areas which are all key to understanding the relationship between a spay/neuter clinic operator and the care centers' daily operational issues. Each panel member certified that they had no conflict of interest, and that they were able to evaluate the proposal fairly.

Panel members evaluated the proposal according to criteria listed in the RFP: the proposer's experience and qualifications, their proposed services, their overall business plan, and their proposed compensation to the City. Number scores were used only to identify strengths and weaknesses in the proposal. On March 17, 2009, the panel interviewed DSN's representatives to discuss any areas in the proposal which needed further clarification. Subsequently, the panel offered their recommendation to award the agreement to operate the North Central Spay/Neuter Clinic to DSN, for the reasons indicated below.

Experience and Qualifications:

DSN is a new company formed by Dr. Alex Taub, DVM, formerly of Culver Palms Animal Hospital in Culver City, where he participated in the Department's spay/neuter program and treated animals from the West Los Angeles and South Los Angeles Animal Care Centers. DSN recently opened a veterinary clinic in Downtown Los Angeles to provide veterinary services to the downtown community. Dr. Taub is experienced in high-volume spay/neuter and is a former volunteer with the Department; he is DSN's primary veterinarian and would be so at the North Central clinic. Dr. Taub has also worked at Century Veterinary Group, and their prospective office manager has worked at multiple full-service veterinary clinics. A Chief Financial Officer will focus on the management of the clinic, and they have secured the help of a business consultant to help track performance levels. Although a new company, DSN's veterinarian and management demonstrate overall adequate experience and qualifications to meet the Department's needs.

Proposed Services:

DSN made clear that their priority is to spay and neuter animals, and other services are offered as ancillary to sterilizations. They expressly state in their proposal that they do not intend to compete with other veterinary clinics; rather, they are competing against public opinion and barriers to spay/neuter. As such, their specific goal is to offer affordable spay/neuters in order to reduce euthanasia.

In calendar year 2008, 4,447 dogs and cats were adopted (including New Hope rescues) from North Central; of these, approximately 66% were unaltered. DSN confirmed that they are able to meet this demand, and are even hopeful that the number will increase. Although Dr. Taub does not sterilize rabbits, DSN will seek an additional veterinarian to do so. They offer ancillary services such as dental work, vaccinations, etc., stressing the need to obtain prior consent from the pet owners for additional services. They would not charge an additional fee for pregnant animals or animals in heat. The panel found that DSN shows familiarity with Department policies (Dr. Taub is a former volunteer and participant in the Department's Spay/Neuter Voucher Program) and they are willing to conform to them.

DSN's prices to the public are as follows (includes e-collars, pain medication, etc.):

		Spay	Neuter
Dogs:	under 20 lbs	\$85	\$65
	20 – 40 lbs	\$95	\$75
	40 – 60 lbs	\$100	\$85
	60 – 80 lbs	\$120	\$100
	over 80 lbs	\$200	\$120
<hr/>			
Cats:		\$95	\$65

The panel found these prices to be appropriate and agreed that DSN offers excellent proposed services.

Business Plan:

DSN's business plan covers all major areas of their operation; key areas include flexible hours to accommodate care center needs, oversight of administrative functions by their CFO (leaving their primary veterinarian to perform surgeries and handle medical issues), new equipment for the clinic, and staffing assistance from Veterinary Staff Unlimited, a Los Angeles-based veterinary staff employment service. They are aware of the care center's needs and are flexible enough to accommodate adjustments to their operating plan if needed (e.g. operating hours, protocols, etc.). DSN states that they would be able to start up approximately four to six weeks after receiving keys to the clinic. They will develop an outreach plan to educate the public on the benefits of sterilizing pets, through volunteers (to help distribute information at locations such as L.A. Live, Dodger Stadium, etc.), and by partnering with various local animal welfare organizations. The panel found that overall DSN provided an excellent business plan.

Compensation to City:

DSN proposes a 2% discount for care center surgeries, with an option to renegotiate this amount after the first year. Should these terms be accepted, any renegotiated percentages after the first contract year would be subject to Board approval. The table below estimates the amount of compensation in discounted spay/neuter surgeries in the first year of the contract:

Average cost of a sterilization at regular price:*	\$69
Approximate number of surgeries each year at North Central:**	2,935
Cost of surgeries at regular price:	\$202,515
Discount %:	2%
Cost of surgeries at discounted price:	\$198,465
Savings to Department:	\$4,050

*Estimate based on recent data from the South Los Angeles Spay/Neuter clinic.

**Based on adoptions and NH rescues at North Central in 2008; assumes 66% are unaltered.

DSN also proposes to pay the Department 2% of their gross income in the first year, 2.5% in their second year, and 3% in their third year. The Department has no data with which to estimate DSN's potential for gross income, but DSN estimates \$150,000 in gross income in their first year (excluding payments for surgeries from the Department), which would yield \$3,000 in payment to the Department. Thus, in the first year, the Department would have:

Savings to Department in spay/neuter surgeries:	\$4,050
+ Percentage of gross income:	+ \$3,000
= Estimated total to Department in first year:	= \$7,050

The panel found that DSN offered adequate compensation to the City for the use of the clinic, and acknowledged DSN's strong overall value; provision of low-cost spay/neuter services, increased convenience for adopters, added services, and promotion of the importance of spay/neuter.

Recommendation:

The panel recommended DSN be awarded the agreement to operate the North Central Spay/Neuter Clinic, as they showed sufficient experience, a flexible operating plan to accommodate care center needs, provision of low-cost sterilizations for the public, and adequate compensation to the Department for the use of the clinic. Their goal of providing low-cost spay/neuter surgeries to reduce euthanasia is directly in line with the Department's goals. Department management concurs with the panel's recommendation.

FISCAL IMPACT:

There is no impact to the General Fund. Funds to pay shelter animal sterilizations will be used from Fund 543, Spay and Neuter Trust Fund; Fund 842, Animal Sterilization Trust Fund; and Fund 841, Veterinary Medical Trust Fund, in accordance with trust fund limitations and as they would be paid to an outside veterinarian providing sterilization on adopted animals or animals qualifying for coupons. The amount of the discount off Board-approved reimbursements, and any other fees paid, will provide funding for more sterilizations.

Approved:

Edward A. Boks, General Manager

BOARD ACTION:

_____ Passed

Disapproved _____

_____ Passed with noted modifications

Continued _____

_____ Tabled

New Date _____

**BOARD OF
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EDWARD A. BOKS
General Manager

Report to the Board of Animal Services Commissioners

Edward A. Boks, General Manager

COMMISSION MEETING DATE: April 27, 2009 **PREPARED BY:** Anthony Sanchez

REPORT DATE: April 23, 2009 **TITLE:** Management Analyst II

SUBJECT: **Operation of the West Valley Spay/Neuter Clinic**

BOARD ACTION RECOMMENDED:

That the Board:

1. Reject the proposal received from Value Vet, Inc., to operate the West Valley Spay/Neuter Clinic;
 2. Direct Staff to consider recommendations by the Spay/Neuter Advisory Committee as well as all other options for providing low-cost spay/neuter services to residents in the West Valley area;
 3. Direct Staff to develop a specific plan of action which may include a new, revised Request for Proposals, or another alternative, and present such plan to the Board at a subsequent meeting for their consideration.
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SUMMARY:

On September 22, 2008, the Board directed Staff to re-release a Request for Proposals (RFP) for the operation of the Spay/Neuter Clinics at the West Valley and North Central Animal Care Centers, as the previous RFP did not yield responsive proposals for these locations. Staff released the RFP on November 5, 2008. Staff advertised the RFP with an announcement letter sent to approximately 230 veterinarians in the Los Angeles area; an advertisement in the November 10, 2008, *Los Angeles Daily Journal*; a posting on the Department's website, and a posting on the City of Los Angeles Business Assistance Virtual Network (www.labavn.org). On January 27, 2009, a proposal was received from Value Vet, Inc., to operate the West Valley Spay/Neuter Clinic.

A proposal was also received from Downtown Spay/Neuter Plus Veterinary Clinic (DSN), to operate the North Central Spay/Neuter Clinic. However, the evaluation of that proposal is addressed in a separate Report. This Report addresses only the recommendation for the operation of the West Valley Spay/Neuter Clinic.

To evaluate Value Vet's proposal, staff initially reviewed all required documents, secured the respective approvals from the City's Office of Contract Compliance, and verified that all veterinarians named hold a valid California veterinary license.

Staff formed an evaluation panel consisting of City employees selected for their expertise in shelter operations, veterinary medicine, and administrative operations, areas which are all key to understanding the relationship between a spay/neuter clinic operator and the care centers' daily operational issues. Each panel member certified that they had no conflict of interest, and that they were able to evaluate the proposal fairly.

Panel members evaluated the proposal according to criteria listed in the RFP: the proposer's experience and qualifications, their proposed services, their overall business plan, and their proposed compensation to the City. Number scores were used only to identify strengths and weaknesses in each proposal. On March 17, 2009, the panel interviewed Value Vet's representatives to discuss any areas in the proposal which needed further clarification. Subsequently, the panel offered their recommendation to reject the proposal from Value Vet, Inc., to operate the West Valley Spay/Neuter Clinic, for the reasons indicated below.

Experience and Qualifications: Value Vet currently operates four full-service veterinary clinics in Los Angeles, the first of which was established in 2000. In January 2009 they began operating the Department's West Los Angeles Spay/Neuter Clinic. Value Vet has approximately 25 full-time employees altogether, including four full-time veterinarians. Each of their locations is capable of at least 20 sterilizations in a day, and can accommodate more as needed. The company's owners demonstrate thorough experience and familiarity with veterinary clinic operations. The panel acknowledged that Value Vet shows excellent experience and a proven track record in operating a spay/neuter clinic.

Proposed Services:

In calendar year 2008, 5,032 dogs and cats were adopted (including New Hope rescues) from West Valley; of these, approximately 60% were unaltered, or about 250 each month. Value Vet confirmed that they are able to meet this demand and that sterilizing all adopted dogs and cats from the care center would be their priority. Sterilization of rabbits will depend on the veterinarian to be selected by Value Vet for this location. Value Vet would be willing to waive fees for pregnant animals for pet owners who cannot afford additional fees. They would operate the clinic as a full-service veterinary clinic; a proposed schedule is to sterilize adopted animals in the morning, and provide services to the public in the afternoon. The panel acknowledged that Value Vet could accommodate the care center's sterilization needs. However, they expressed concern about their proposed spay/neuter prices to the public, listed below:

		Spay	Neuter
Dogs:	under 25 lbs	\$165	\$150
	25 – 50 lbs	\$175	\$160
	51 – 75 lbs	\$200	\$175
	over 75 lbs	\$280	\$240

	Spay	Neuter
Cats:	\$135	\$90

Prices include exam but do not include e-collar, blood work, take-home pain medication and antibiotics. Value Vet sets these prices based on The Veterinary Fee Reference published by the American Animal Hospital Association (AAHA). Although Value Vet's proposal shows these prices to be in the lower 25th percentile (according to AAHA), the panel did not find these prices low enough to be considered low-cost and were concerned that Value Vet's pricing may not meet the public's needs.

During the interview, Value Vet indicated that their proposal at West LA did not lend itself to modified fees as they have an existing veterinary clinic across the street and could not compete with their own clinic. They do not have a veterinary clinic close to West Valley, however, and this proposal allows more flexibility. As an example, they stated that one way they would address the price concern would be by holding special events (such as a monthly "low-cost" days), and by referring low-income customers to organizations such as Pet Orphans (who, according to Value Vet, may be able to assist customers in paying for sterilizations). The panel did not find Value Vet's proposed alternatives sufficient to establish them as a provider of true low-cost spay/neuter services, given the demographics of the San Fernando Valley. Although the panel acknowledged that Value Vet showed strength in their proposed services to the Department, the panel did not find that Value Vet is able to offer low-cost spay/neuter, and stated that because of this, Value Vet's proposal misses much of the intent of the RFP and considered this to be a material flaw in their proposal.

Business Plan:

Value Vet demonstrates a solid plan; key areas include flexible hours to accommodate care center needs, oversight of administrative functions from their main office in Simi Valley, new equipment for the clinic, and an ability to find qualified staff (as demonstrated in their West Los Angeles clinic). The panel found no indication that Value Vet would find difficulty securing qualified staff or starting operations. However, Value Vet's business plan lacked in community outreach (based on accepting vouchers and word of mouth, but to the panel, did not show a strong sense of communicating to the public the need to sterilize pets), and lacked low-cost services as mentioned above.

Compensation to City:

Value Vet does not offer a discount to the Department for spay/neuter surgeries, but does offer a percentage of their revenue as compensation to the City for the use of the clinic:

Year	Percentage of gross income	Value Vet's estimated annual payment to Dept.
1	2%	\$7,809
2	2.5%	\$8,293
3	3%	\$10,648
If renewed for an additional three years:		
4	3.5%	not indicated in proposal
5	4%	"
6	4.5%	"

Recommendation:

The panel acknowledged Value Vet's strong experience and qualifications, proven track record,

proven ability to establish a Department spay/neuter clinic, and strong areas in their business plan. However, the panel found that Value Vet's proposed sterilization fees to the public do not meet the RFP's requirement to offer low-cost spay/neuter in the San Fernando Valley area. This was significant enough for the panel to recommend that Value Vet's proposal to operate the West Valley Spay/Neuter Clinic should be rejected. Department management concurs with the panel's recommendation.

If the Board approves this recommendation, the West Valley Spay/ Neuter Clinic will temporarily remain closed to public animal's surgery, but can be used for shelter animal surgeries. However, the Department will continue to consider all options to provide additional spay/neuter services for members of the public in the West Valley area. Initially, Staff will study the recommendations of the Spay/Neuter Advisory Committee regarding self-operation of the Spay/Neuter Clinic, or other operating scenarios, as well as other options such as the release of another RFP with different parameters.

FISCAL IMPACT:

There is no impact to the General Fund in rejecting Value Vet's proposal. Consideration of alternatives for providing spay/neuter services in the West Valley area, as described above, will include an analysis of their fiscal impact to the Department; such impact will be presented to the Board along with the recommendation.

Approved:

Edward A. Boks, General Manager

BOARD ACTION:

_____ Passed	Disapproved _____
_____ Passed with noted modifications	Continued _____
_____ Tabled	New Date _____



CITY OF LOS ANGELES
L A ANIMAL SERVICES



Date: April 27, 2009

To: Board of Animal Services Commissioners

From: Edward A. Boks, General Manager

Subject: Mobile Clinic and Other Spay/Neuter Program Payments and Vendors

At the Board's special meeting on April 14, 2009, questions arose about spay/neuter program payments and authorized vendors, in connection with an update on the surgeries performed by the Sam Simon Mobile Spay/Neuter Clinic. The Board requested clarification on the various issues and questions raised.

□ Basis For and Process of Reimbursing Veterinary Service Providers

Each fiscal year for the last several years, the Department has been budgeted \$810,000 for the Spay/Neuter Trust Fund (which also receives the \$7/\$2 dog license surcharge) and \$300,000 to the Sterilization Trust Fund (which is used in combination with the spay/neuter fees paid by adopters to fund veterinary service providers sterilizing adopted pets). The Trust Funds are not cleared at the end of the fiscal year; instead, the balances carry forward into the next fiscal year on a rolling basis.

There is no specific encumbrance of the funds or allocation of the \$810,000 among various programs as part of the Mayor- and Council-approved Budget. The actions of the Council specific to spay/neuter programs generally approve Department recommendations, accept Department reports, or provide general direction in regard to increasing effectiveness of services to low income areas (example, Council File 99-1209, "DIRECT that the Department of Animal Regulation dedicate funding for pet sterilization for free spay/neuter surgeries to those areas of the City most limited by income"). As mentioned, use of the Mobile Clinics is considered an effective strategy to comply with that directive.

The Controller's "User Department Manual" describes the procedures and methods for making expenditures in the City (Section 1.4). An "expenditure" is defined in the Manual as a charge against an appropriation account for payment of goods delivered or services rendered. A Payment Voucher (PV) is used to initiate a disbursement of City funds to a vendor, an individual, or a corporation, where a warrant (check) is generated. Upon receipt of an invoice, the Department verifies and certifies that services covered by the invoice have actually been received (in our case, by review of the completed coupons and other forms submitted by veterinary service providers) and that these services are in accordance with the specifications of the original authority (that the fees charged match the Department's established fees). The Manual describes two types of PV's: encumbered expenditure or a direct expenditure. Veterinary services are paid as

Direct Expenditures. The Controller's Office receives and reviews all PV's to veterinary service providers for all programs. The City Attorney reviews and must approve Authority for Expenditure documents which encumber blocks of funds for these payments throughout the year. This arrangement with the Controller and City Attorney has been in place for many years.

Veterinary service providers can become an authorized service provider for one or any of the spay/neuter programs (including adoptive animals, \$30 discounts, or \$70 certificates) by contacting the Department and signing a form which outlines the guidelines for the program(s) under which they wish to provide services. They must also provide a Los Angeles Business Tax Registration Certificate and become registered by the Controller as a Vendor. The two Mobile Clinics providing services in Los Angeles City have been paid with the same process and oversight steps as other veterinary service providers.

Veterinary service providers are paid consistently for each element of the program, i.e. discount coupons are always reimbursed at \$30, adopted animals are reimbursed at \$60 male, \$68 female, and plus \$50 for large dogs, and so on. Rates for programs have been recently reviewed and some new rates established by action of the Board. On March 27, 2007, the Board approved changes to the fees for Free Certificates (from \$60 to \$70) and increased the reimbursement for adopted dog and cat sterilizations by \$20 each category. The rates for Mobile Clinics ("The **mobile spay and neuter vans** are currently charging the City \$60 for cats and \$80 for dogs") were used as part of the justification for raising the Free Certificates to \$70, but the Mobile Clinic rates were not adjusted in that report, nor were the \$30 coupon amounts recommended for change. The rates were established based on average costs of services in the Los Angeles area, with the goal of retaining veterinarian service providers in the program by reimbursing them a fair but moderate fee for service. Rates were not established on a vendor-by-vendor basis by assessing what each veterinary service provider might otherwise charge or how they are financially structured.

❑ Reviews and Audits of the Spay/Neuter Program

The Controller performs quarterly evaluations of all payment processes of all City Departments under a program called "Certification and Fiscal Monitoring Evaluation." This Department has exceeded the minimum acceptable standards in all 23 quarterly evaluation reports completed. The Controller has not directed the Department to change or cease current practices for review and payment of reimbursements to veterinary service providers or to cease payments to any provider.

Controller's Audits of the Spay/Neuter Program in 2002 and again in 2008 recommended many improvements that would conform to standard contracting and accounting rules. The recommendations for the Department seen in both audits include new procedures to better track and control expenditures, alignment of records with the City's financial system, and placing veterinary service providers under contracts as more typical in the City. These recommendations were emphatic and were justified in detail, however, again, at no time has the Controller directed the Department to change

or cease current practices for review and payment of reimbursements to veterinary service providers or to cease payments to any provider.

After the 2002 Spay/Neuter Program Audit, the Department's management at that time did not effectuate most of the recommendations of the Controller. Current management supports and intends to implement the Controller's 2008 recommendations and is working to do so. Although the spay/neuter program has successfully functioned and paid for services under the purview of the Controller and the City Attorney for nearly two decades with only modest detailed direction by the Commission or the Council, the future program will be more thorough and transparent in its accounting and contracting practices.

❑ City Council Actions Relative to Recent and Current Mobile Spay/Neuter Clinic Programs

The information below summarizes the various actions by the City Council that were mentioned during the April 14, 2009, meeting.

In January of 2001, a motion was introduced in Council to accept use of a Mobile Spay/Neuter Clinic, to be leased to the City for \$1 annually, and a donation of \$279,000 to equip the Mobile Clinic and to equip and/or refurbish three shelter spay/neuter clinics, from the Coalition for Pet and Public Safety.

The Motion's stated purpose for reviving the in-house clinics was to "...provide sterilization services for dogs/cats adopted from City Shelters and...provide low-cost veterinary services to the public." The purpose of the Mobile Clinic was to perform "...6,500 free spay/neuter surgeries annually in low-income areas of the City..."

In approving the Motion in March of 2001, Council also directed the Department to conduct a Request for Proposal (RFP) for an entity to operate all four clinic venues, three in-shelter plus the Mobile. During that initial RFP process, the funds identified to pay a contractor were to be used for coupons in the low income areas to later be served by a Mobile Clinic (Council File 01-0197). No operator was successfully identified for the in-shelter clinics at that time.

A new RFP was authorized by Council in April of 2004. Council approved a contract award with the Sam Simon Foundation and authorized staff to negotiate a contract on July 5, 2005. (Council File 01-0197-S2)

Almost concurrent with the contract approval was a Motion by Councilmembers Smith and Cardenas identifying \$564,038 in surplus prior-year funds in all spay/neuter accounts (both those used for sterilization of adopted animals and those in funds for low-income spay/neuter services) which the Department was directed to use in fiscal year 2005-2006 "...to develop additional outreach activities...for the spaying and neutering of pets utilizing mobile veterinary spay and neuter vans that are able to go into areas identified as having a significant need [emphasis added]." (Council File 01-0197 was used again for this Motion) This motion did not restrict the Department as to

which mobile spay and neuter van operators could provide services and be reimbursed. It was approved by the City Council on July 8, 2005.

As a result, at various times since July 2005, both the Sam Simon Foundation and Amanda Foundation have been paid for providing free surgeries in low income areas at the established reimbursement rate of \$60 for cats and \$80 for dogs. The Amanda Foundation was the first to receive such reimbursements, during the 2005-2006 fiscal year. After the end of that fiscal year on June 30, 2006, the Department continued reimbursing surgeries for both providers, Amanda without a contract and Sam Simon with one.

On September 11, 2006, the Board voted to request Mayor and Council approval of an assumption agreement to Amanda Foundation for taking over the Mobile Clinic contract from Sam Simon, and approval of an agreement with Sam Simon to operate the South Los Angeles Animal Care Center spay/neuter clinic until an RFP yielded a new contract award. Council approved the request and contracts in April of 2007. (Council File 06-2836).

The South LA agreement with Sam Simon was never executed because, in the same general time frame, an RFP had been circulated and the Board had made a contract award recommendation (for Dr. Eric Jones) in January 2007 which was subsequently approved by the Council and Mayor (Council File 07-2044). With the arrival of Dr. Jones at South LA, Sam Simon expressed a willingness to continue providing spay/neuter services to low income residents for the City, in effect by exchanging roles with the Amanda Foundation. The Amanda Foundation had continued to provide surgeries and be reimbursed on the same basis as it had been since the summer of 2005, until the contract could be approved and executed.

The Mobile Clinic assumption contract with Amanda was executed on May 31, 2007, and this assumed contract expired in August 2008. The contract did not have a rollover clause or other provision to continue after expiration on the same terms if mutually agreed. Amanda has continued providing surgeries under the same non-contract process as they had from the second half of 2005 through May 2007.

At the same time, Amanda told the Department that obtaining a new contract was necessary for the organization to provide certainty of employment to its medical team and achieve economies of scale with its suppliers. After discussions with Amanda and internal consideration by the Department and the City Attorney, on October 28, 2008, the Board authorized the issuance of that RFP and on April 14, 2009, recommended to the City Council that the Amanda Foundation to be awarded a new three year-agreement with a three-year renewal provision.

The Department has sustained Mobile Clinic spay/neuter services because they are acknowledged by Council, identified in the Controller's audits, and known by the Department to effectively provide needed services in low-income areas. Therefore, reimbursement for spay/neuter services to low income residents by both Mobile Clinics continued until March 13, 2009, when we requested that the Sam Simon Foundation cease reimbursement requests.

Sam Simon provides as value-added in low income areas the offer of free surgery for removal of masses and other pet health problems. This service is provided much less frequently than the spay/neuter surgeries, and is only supposed to be offered to dog and cat owners of low income who would not be financially able to pay for the service at a private veterinarian. Further, the pet must be sterilized to receive the free surgery, so the offer can be in inducement to have spay/neuter for a pet owner who wants/needs help and might otherwise not spay or neuter his pet. These ancillary services are funded entirely by the Sam Simon Foundation's resources, as are all the spay/neuter surgeries it conducts at this time.