



Board Agenda Item 66

DATE: December 17, 2024

TO: Board of Supervisors

SUBMITTED BY: David Luchini, RN, PHN, Director, Department of Public Health

SUBJECT: Amendment II to Agreement with Fresno Humane Animal Services

RECOMMENDED ACTION(S):

- 1. Approve and authorize the Chairman to execute Amendment II to Agreement with Fresno Humane Animal Services effective January 1, 2025, with no change to the term of January 1, 2020 to December 31, 2025, increasing the maximum compensation by \$702,594 to a total of \$12,476,280; and**
- 2. Adopt Budget Resolution increasing FY 2024-25 appropriations for the Department of Public Health Org 56204762 in the amount of \$702,594 (4/5 vote).**

There is a \$702,594 increase in Net County Cost (NCC) associated with the recommended actions. Approval of the first recommended action will allow the County to remit more adequate payments to Fresno Humane Animal Services (FHAS) for the cost of services provided under the Agreement scope of work.

Approval of the second recommended action will increase the Department's appropriations for FY 2024-25 to account for an increase in NCC. While the animal shelter is located in District 1, services are provided countywide.

ALTERNATIVE ACTION(S):

Should your Board not approve the recommended action, the vendor will have to terminate the existing agreement due to lack of sufficient County funding to provide the required services.

FISCAL IMPACT:

There is a \$702,594 increase in NCC associated with the recommended actions, which will allow the County to more adequately compensate FHAS for the cost of services provided under this agreement. The additional NCC will be funded from Unassigned Fund Balance. As such, these funds are classified as Unassigned for financial reporting purposes in compliance with Governmental Accounting Standards Board (GASB) statement 54. The recommended amendment will increase the total maximum compensation of the agreement from \$11,773,686 to \$12,476,280 and increase the FY 2024-25 appropriations in the amount of \$702,594 in the Department's Org 5620.

DISCUSSION:

On October 22, 2019, your Board approved Agreement A-19-562 with FHAS to serve as the County's shelter-master and animal control agency, including animal care, field service operations, enforcing leash laws, dog licensing and improving outcomes for animals taken into the County shelter. When the agreement

was written, animal control operations were housed at the prior County morgue located at 760 W. Nielsen, Fresno, California 93706 while the new County shelter was under construction. The Department projected an increase in operational costs once the new shelter was complete and included language in the Agreement that allows for a re-evaluation of FHAS' compensation after one year in the new shelter. FHAS moved into the new shelter at 1510 West Dan Ronquillo Drive, Fresno, CA 93706 in April 2022.

In January 2024, the Department and FHAS began conducting a review of the operational costs to fulfill their contractual obligations and determined the contract compensation was not sufficient.

On June 18, 2024, your Board approved Amendment I to Agreement A-19-562 with FHAS to reduce the contract term by four years from the original term of January 1, 2020 through December 31, 2029 to January 1, 2020 through December 31, 2025, which decreased the overall maximum compensation from \$18,931,792 to \$11,773,686. Additionally, Amendment I increased the FY 2023-24 and FY 2024-25 maximum compensation by \$1,000,000 to remit more adequate payments to FHAS from January 2024 to December 2025. In January 2025, the monthly advance reverts back to \$142,901, as established in the original Agreement budget.

On July 9, 2024, your Board approved Agreement A-24-387 with Hatching LLC (Hatching) to evaluate the County's animal services program, including shelter and field operations, and provide recommendations for appropriate funding and operational efficiencies. Hatching conducted a site visit at the County's animal shelter from September 2, 2024 to September 6, 2024, during which time, Hatching observed shelter operations and field services.

On November 6, 2024, Hatching provided the County with their preliminary findings and determined \$260,000 is the minimum necessary monthly payment to reimburse FHAS for costs incurred to fulfill the Agreement scope of work. Without intervention, FHAS will face a shortfall in operating expenses, and will not have adequate County revenue to continue providing crucial animal control, rabies control and shelter services. Hatching anticipates submitting their full report to the County in December 2024.

Approval of the recommended action will allow the County to review Hatching's final report, re-evaluate the animal services program, and develop all necessary procurement and contractual documents. The Department plans to return to your Board with a new animal services agreement before July 1, 2025.

REFERENCE MATERIAL:

BAI #51, July 9, 2024
BAI #66, June 18, 2024
BAI #7, October 22, 2019

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Amendment II to Agreement with FHAS
On file with Clerk - Budget Resolution

CAO ANALYST:

Ronald W. Alexander, Jr.