



Board Agenda Item 12

DATE: April 22, 2025

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, County Administrative Officer
David Luchini, RN, PHN, Director, Department of Public Health

SUBJECT: Presentation on the 2024 Animal Center Internal Operations & Climate Assessment report prepared by Hatching LLC.

RECOMMENDED ACTION(S):

Receive presentation on the 2024 Animal Center Internal Operations & Climate Assessment report prepared by Hatching LLC and provide direction to staff.

The recommended action will allow the Board to receive a presentation regarding Hatching LLC's assessment report of the Fresno County Animal Shelter. The details in the presentation include current financial standing of shelter operations, current financial needs, and a long-term proposal to sustain County Animal Control and Animal Shelter Operations.

ALTERNATIVE ACTION(S):

If your Board chooses not to pursue recommended actions, as described in the presentation of the final report by Hatching LLC (Hatching) for the Fresno County Animal Shelter, the current contracted provider, Fresno Humane Animal Services, will have to terminate the existing agreement due to lack of sufficient County funding to provide the required services.

FISCAL IMPACT:

There is no Net County Cost (NCC) associated with the recommended action. There may be an increase in FY 2025-26 NCC depending on the direction provided by the Board, up to an annual amount of \$5.1 million for Animal Shelter funding. Sufficient appropriations and estimated revenue will be included in all future budget requests for the duration of the existing contract term with Fresno Humane Animal Services.

DISCUSSION:

On October 22, 2019, your Board approved County Agreement 19-562 with FHAS to serve as the County's shelter-master and animal control agency, which includes animal care and adoption services, field service operations, rabies control, dangerous dog citations, enforcement of leash laws, dog licensing and improving outcomes for animals taken into the County shelter. When the Agreement was executed, animal control and shelter operations were housed at the former 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 allowed for a re-evaluation of FHAS' compensation after one year of operations in the new shelter. FHAS moved into the new shelter at 1510 West Dan Ronquillo Drive, Fresno, California 93706 in April 2022.

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

On June 18, 2024, your Board approved Amendment I (24-328) to County Agreement 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 annual maximum compensation by \$1,000,000 to cover identified shortfalls in compensation to FHAS from January 2024 to December 2025. In January 2025, the monthly advance payments resumed the payment of \$142,901, as established in the original Agreement budget.

On July 9, 2024, your Board approved County Agreement 24-387 with Hatching to evaluate the County's animal services program, including shelter and field operations, and to provide recommendations for appropriate funding and operational efficiencies. Hatching is a widely recognized consultant group specializing in animal sheltering and control operations. The City of Fresno Animal Shelter utilized Hatching to provide evaluation and consultation services for their animal shelter and control operations while still under contract with Fresno Humane Animal Services (FHAS). During their evaluation, Hatching became very familiar with FHAS' operations, the community and its needs. Hatching conducted a site visit at the County's animal shelter from September 2, 2024, to September 6, 2024, to observe 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 (which would be an increase of \$117,099 from the original amount) to reimburse FHAS for costs incurred to fulfill the Agreement scope of work. Without further intervention, FHAS would face a shortfall in operating expenses, and would not have adequate County revenue to continue providing crucial animal control, rabies control and shelter services. Hatching submitted their final report to the County in December 2024.

On December 17, 2024, your Board approved Amendment II (24-696) to Agreement 19-562 with FHAS to increase the FY 2024-25 annual maximum compensation by \$702,594 to a contract total of \$12,476,280. This Amendment II increased monthly advance payments to \$260,000 per month from January 2025 to June 2025 (the minimum necessary monthly payment to reimburse FHAS for costs incurred to fulfill the Agreement scope of work). In July 2025, the monthly remittance will revert back to the original monthly payment of \$142,901.

The final report from Hatching (Report) provides several fiscal and operational recommendations. The recommendations are split into a phased approach. Phase 1 is titled Stabilization, which focus on addressing immediate needs like staffing gaps, increasing budget oversight, and stabilizing operations through hiring key positions (e.g., Business Manager, Medical Coordinator). Phase 2 is titled Sustainability and aims to create more consistent service delivery by improving internal processes, building community programs, and increasing onsite medical capabilities. Phase 3 is titled Transformation and focuses on long-term growth by expanding medical services, implementing comprehensive community outreach, and increasing adoption and foster rates.

The fiscal recommendations made in the Report include a monthly compensation of approximately \$397,000 and an additional \$336,000 for one-time vehicle purchases, which would mean a \$5.1 million annual budget for phases 1 through 3. This would mean an approximate annual increase to current compensation levels of \$3 million.

Staff request direction from your Board regarding the next steps in addressing the recommendations made in the Report. Based on that direction, staff will return to your Board with a new animal services agreement before July 1, 2025.

REFERENCE MATERIAL:

BAI #66, December 17, 2024
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 - Hatching Final Report Document

CAO ANALYST:

Amina Flores-Becker