



KING COUNTY
Signature Report

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

September 25, 2012

Motion 13740

Proposed No. 2012-0240.1

Sponsors Ferguson

1 A MOTION accepting the executive response to the 2012
2 Budget Ordinance, Ordinance 17232, Section 83, Proviso
3 P2, regional animal services of King County; and
4 authorizing the release of \$250,000 for regional animal
5 services.

6 WHEREAS, the 2012 Budget Ordinance, Ordinance 17232, contains a proviso in
7 Section 83, animal services fund, stating \$250,000 may not be expended or encumbered
8 until the executive transmits a report and a motion that acknowledges receipt of the report
9 and said motion is adopted by council, and

10 WHEREAS, the King County executive has transmitted to the King County
11 council the requested report;

12 WHEREAS, the King County council has reviewed the report developed by the
13 records and licensing services division;

14 NOW, THEREFORE, BE IT MOVED by the Council of King County:

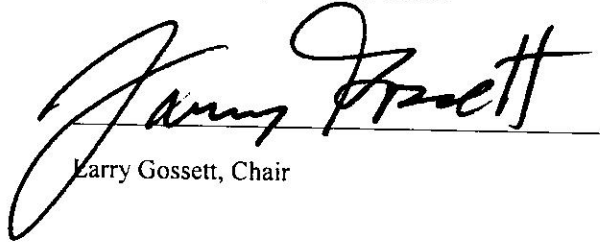
15 The proviso response is hereby accepted and the \$250,000 currently held in

16 reserve in Ordinance 17232, Section 83, Proviso P2, animal services fund; the \$250,000
17 restriction is hereby released.
18

Motion 13740 was introduced on 9/10/2012 and passed by the Metropolitan King
County Council on 9/24/2012, by the following vote:

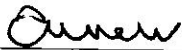
Yes: 9 - Mr. Phillips, Mr. von Reichbauer, Mr. Gossett, Ms. Hague,
Ms. Patterson, Ms. Lambert, Mr. Ferguson, Mr. Dunn and Mr.
McDermott
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Gossett, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. Status Report and Financial Plan Proviso Response

RALS - PROVISO #2: RASKC – Status Report and Financial Plan Proviso Response

Proviso general information

Response #1A. A description of the aligned financial incentives

The County has a financial interest in ensuring the cities continue to participate as partners in the regional model, for economies of scale and for the financial interests of the County (See Attachment B – ILA Pre-Commitment Estimated 2013 Payment).

The regional model continues the existing platform aligning financial incentives for both contract cities and the County to support desired outcomes. The model allocates costs to jurisdictions based on both their population and use of the system. This cost allocation model acknowledges the common value to all of a regional model (the population component) while also aligning costs with use of the system (the use component). On the revenue side, pet licensing revenue is allocated back to jurisdictions, creating a financial incentive for cities to partner with the County to increase pet licensing. The Regional Animal Services-King County (RASKC) Interlocal Agreement (ILA) is structured to share new revenue equally to

a) reduce the County contribution to the system and b) to reduce costs allocated to all jurisdictions - see Proposed Revenue Allocation Framework – attached).

Changes in the proposed 2013-2015 ILA include a provision for cities generating more revenues than costs to contribute their excess revenue back into the system. Additionally, the cost allocation model is shifted to assign 80% based on use and 20% based on population to provide better correlation between costs and use of the system.

Credits are provided for high use cities, but the incentive to work with the County to increase licensing and revenue remains, because these cities will benefit financially from that on-going effort. Assistance to other cities comes in the form of license support in order to increase license revenues within each city receiving the assistance. Cities receiving license revenue support for multiple years are required to provide specific in-kind assistance to help generate license revenues.

In the proposed 2013-2015 ILA, cities will continue to pay the County the difference between their cost allocation and their pet licensing revenue. Together in 2013, the cities are estimated to contribute nearly \$0.8 million to support services in 2013 on top of pet licensing revenue of \$1.67 million, for a total contribution of \$2.47 million.

Response 1B. Partnerships to increase revenue

In addition to partnering with the 25 ILA cities to maintain and increase licensing revenues, the ILA continues and expands the Joint County City Collaboration Committee (JCCC). During negotiations of the 2013-2015 ILA the JCCC defined a RASKC ILA Revenue Workplan (See Attachment C – ILA Proposed Revenue Allocation Framework). In addition, RASKC will be focusing on partnerships with the other shelter and animal welfare providers to seek grant resources available to support regional efforts to reduce euthanasia.

In response to County Council staff's inquiry regarding the level of magnitude estimates for the 13 workplan items identified by the RASKC Joint City County Collaboration Committee to increase revenue, RALS has generated the matrix below. The matrix depicts:

- a) The (relative) level of effort for implementation (includes the potential order of magnitude of time and resources to implement = y-axis, and
- b) The potential order of magnitude of revenue potential = x-axis).

It is noteworthy that of the 13 items, 9 are pet license revenue focused. Given RASKC current licensing rate of 20% represents a higher than average of pets licensed nationally, King County believes efforts should be made to maintain the high percentage, pursue and increase the licensing rate. Other items on the revenue work plan include:

- a) Two are levy & tax focused (both of which are controversial and will take significant time and resources to pursue implementation and have corresponding high order of magnitude revenue potential).
- b) One is for a 501 3C (which is a medium to high order of magnitude level to pursue implementation and has a medium level revenue potential).
- c) One is for increasing donations (which is a medium order of magnitude level to pursue implementation and has a low to medium level revenue potential).

RASKC JCCC – Revenue work plan items to increase revenue – order of magnitude chart

Low – order of magnitude level of effort – implementation - High		<ul style="list-style-type: none"> • Regional Levy – Feasibility • Regional Sales Tax - Feasibility
		<ul style="list-style-type: none"> • 501(c)3 Entrepreneurial pet store discounts • Partner with high volume license sales
	<ul style="list-style-type: none"> • Second penalty free period • Review licensing fee structure • Improve Donation Options • Increase donations thru licensing program • Licensing tool-box • Increase canvassing • Improve RASKC Website • Increase PSA, media spotlights • Utilize e-mail for outreach 	
	Low – Order of magnitude revenue potential - High	

Responses 1C & 1D. Economies of scale and consistent regulatory approach across participating jurisdictions

The model preserves significant economies of scale in the provision of quality, coordinated animal services, and full utilization of the County's existing infrastructure for these services. These economies of scale provide for better service delivery at a lower cost for cities and significantly for the County's unincorporated area. When all components of the system are taken into account, the proposed regional model provides a cost effective service for both the County and the individual cities.

The RASKC Regional model – continuing King County as a single service provider of Shelter Services, Animal Control Services, and Licensing Services – provides for both economies of scale and a consistent regulatory approach, including:

Effective and Efficient Service

- Provides a consistent level of service, common regulatory approach, and humane animal care across the region;
- Allows local police agencies to focus on law enforcement (including cruelty cases) instead of civil animal offenses (barking, off-leash, unlicensed animals);
- Builds economies of scale to provide a full range of services, making it less expensive to develop operations, training, licensing and care programs than it would be for cities to duplicate services at the local level;
- Provides a low-cost spay and neuter program which is key to reducing the population of homeless animals and thus reducing the costs of the system over time;
- Reduces the demand on individual jurisdictions to respond to communications from the media, advocacy groups and other interested parties (public disclosure requests);
- Use of volunteers and partnerships with private animal welfare groups increases humane animal treatment with minimal public cost: In 2011, RASKC volunteers contributed over 60,000 hours of support to the County animal services system, equivalent to 30 full time employees;
- Takes advantage of current technology – officers can access calls and database in the field; customers receive email notices prior to mailed renewal notices; residents can locate lost pets online or by phone; cities get detailed, monthly reports on level and types of activity in their jurisdiction;
- King County Board of Appeals hears appeals to civil offenses thus centralizing the adjudication to a forum that is familiar with the issues.

Customer Service

- Provides a single access point for residents searching for a lost pet or seeking animal control help;
- Provides one single point of contact for citizen complaints;
- Pet Adoption Center is open and provides services 7 days a week;

- A regional, uniform pet licensing program that is simpler for the public to access and understand, with a broad range of accompanying services to encourage licensing, marketing, partnering with third parties to encourage license sales, and database management;
- Online licensing sales increase the ease of compliance for pet owners.

Public Health and Safety

- Provides the ability to identify and track rabies and other public health issues related to animals on a regional basis;
- Reduces public health threats through routine vaccination of animals;
- Provides capacity to handle unusual and multi-jurisdictional events involving animals that often require specialized staff, such as: horse cruelty, animal hoarding, loose livestock, dog-fighting, animal necropsies and quarantine, holding of animals as evidence in criminal cases and retrieval of dead animals;
- Provides consistent and knowledgeable services to over 4800 callers per year. Calls are dispatched on a prioritized basis. Emergency response services are available 24 hours per day;

Animal Welfare

- Reduces pressure on non-profit shelters through capacity at public shelter. Non-profit animal welfare groups contribute by accepting transfers of publicly sheltered animals for care and adoption;
- Animals find new homes and are not euthanized for capacity. Euthanasia rates have been reduced;
- Engages customers through foster homes and other volunteer programs (on-site and adoption events);
- Provides regional response to animal cruelty cases;
- Provides regional preparedness planning and coordination for emergency and disaster response;
- Provides regional capacity for seasonal events (kitten season);
- Coordinates across jurisdictions for sheltering space and allows for regional measurement of and accountability for animal welfare outcome;
- Benefit fund allows private donors to contribute to the heroic care of animals—these services are not publicly funded and are not usually available in publicly funded animal service programs.

Response 1E. Collaborative initiatives that have been undertaken and their effectiveness at developing a fiscally sustainable program

See responses to items above (financial incentives and revenue partnerships).

Response 2. Status of the interlocal agreement renewal discussions with each city participating in the program

The 2010-2012 ILA (Section 11) identified specific areas for collaboration between the County and City.

Section 11 - Animal Services Interlocal Agreement (2010-2012)

- a) Proposals to update animal services codes, including fees and penalties;
- b) Exploring the practicability of engaging a private for-profit licensing system operator;
- c) Pursuing linkages between County and private non-profit shelter and rescue operations to maximize opportunities for pet adoption, reduction in homeless pet population, and other efficiencies;
- d) Promoting licensing through joint marketing activities of cities and the County, including recommending where the County's marketing efforts will be deployed each year;
- e) Exploring options for continuous service improvement, including increasing service delivery efficiencies across the board;
- f) Studying options for repair and/or replacement of the Kent Shelter;
- g) Reviewing results of a compensation and classification study;
- h) Reviewing the results of the County's calculation of the Reconciliation Adjustment Amounts;
- i) Reviewing preliminary proposed budgets for Animal Services;
- j) Providing input into the formatting, content and details of periodic system reports ;
- k) Reviewing and providing input on proposed Animal Services operational initiatives

The 2013-2015 ILA (Section 11) identified additional areas for collaboration between the County and City.

Section 11 - Animal Services Interlocal Agreement (2013-2015) – added collaborative ideas

- a) Providing input on Animal Control Services response protocols with the goal of supporting the most appropriate use of scarce Control Services resources countywide;
- b) Establishing and maintaining a marketing subcommittee with members from within the Joint City-County committee membership and additional staff as may be agreed;
- c) Collaborating on response and service improvements, including communication with 911 call centers;
- d) Developing alternative dispute mechanisms that may be deployed to assist the public in resolving low-level issues such as barking dog complaints;
- e) Working with Contracting Cities to plan disaster response for animal sheltering and care;
- f) Ensuring there is at least one meeting each year within each Control District between the County animal control officer representatives and Contracting Cities' law enforcement representatives;
- g) Identifying, discussing and where appropriate taking action to implement or recommending to third parties actions to implement ideas to generate additional revenue to support operation and maintenance of the Animal Services system.

Additional RASKC collaborative efforts include:

RASKC use of volunteers is increasing as have the opportunities for volunteers to serve. In 2011, we had 1230 volunteers performing valuable services to the program, including:

- a) Fostering animals that have special needs or are too young to be adopted;
- b) Helping clean cages and other work in the shelter;
- c) Walking dogs;
- d) Greeting the public;
- e) Helping at off-site events;
- f) Staffing the Barn Cat and Mission Reunite programs;
- g) Working on special projects.

Our barn cat program provides feral cats to local farms to work as barn cats. Feral cats lack the behavior traits for a safe, suitable adoption due to lack of socialization from being born or raised without considerable human involvement. This program has virtually eliminated the need to euthanize feral cats. It has reduced medical care and sheltering costs as well, since many of these cats had long stays in the shelter previously.

We have worked with the King County Employee Giving program and receive donations of from employees to offset vet care costs.

Our Mission Reunite – Help and Hope for Lost Pets provides assistance to owners looking for lost pets. The program also works to compare found animals with animals reported as lost on local web site. Returning the lost animals to owners reduces sheltering and care costs associated with stray animals.

We continue to work closely with adoption partners (formerly called rescue groups) to take animals for adoptions to be completed by local non-profits. There has been a slight increase in the percentage of animals transferred to our rescue partners since 2009.

Response #3. The level of cost recovery each current participating city actually pays for services rendered

See Attachment B -ILA Pre-Commitment Estimated 2013 Payment

Response #4. The status of discussions with other jurisdictions or entities to join the program and the expected level of cost recovery level from each

- a) Last fall RALS conducted outreach to 26 current contracted Cities and conducted additional outreach to other cities;
- b) 25 Cities signed letters of intent to remain in the RASKC program; the ILA was sent to the County Council and to 25 Cities for execution in mid-May;
- c) On May 31, the City of Burien inquired about RASKC participation and requested cost information;
- d) ILA allows post ILA execution (“Latecomers”) to join during term of agreement, although latecomers are not provided an avenue to benefit from certain credits.

Response #5. Qualitative and quantitative analysis explaining the expected revenues for 2012 through 2015, including a detailed analysis of each revenue source

The financial model for the Interlocal Agreement (ILA) for Regional Animal Services of King County (RASKC) is predicated on a combination of revenue sources to fund the delivery of animal control, sheltering, and pet licensing services. There are five general funding source categories contemplated in the financial model:

1. Pet License Fees

All dogs, and nearly all cats (the City of Mercer Island is the one exception), that are eight (8) weeks or older, are required to have a valid pet license, per King County Code and substantially similar municipal code for the 26 city partners in the RASKC program.

Pet Licensing is a service category established in the ILA, as well as a functional workgroup within the RASKC program. The workgroup administers a licensing program that annually processes nearly 100,000 pet licenses and generates nearly \$3.0M (2012) in revenue. The ILA allocates Pet License revenue to each jurisdiction based on the pet owners address and city of residence.

As a revenue source, Pet Licensing contributes nearly 38% of the revenues that support the Animal Services Fund, and 47% of the RASKC program allocable under the ILA. The ILA Pre-commitment Estimated Payment Calculation avoids speculation or forecasting future pet licensing revenue and instead relies upon the most recent experience (2011) to inform the model. Pet licensing revenue in 2011 is low from a historical perspective, thus it is a more conservative base when used within the cost allocation model for 2013. In working with the RASKC City/County Workgroup, the group consensus was to use 2011 activity and revenue because the trends for both system usage and revenue were down relative to previous years and because 2011 was the most current data available. In addition, using a relatively low revenue estimate would not appear to overstate revenue in the model resulting in an understatement of net cost.

Pet License Types and associated fees

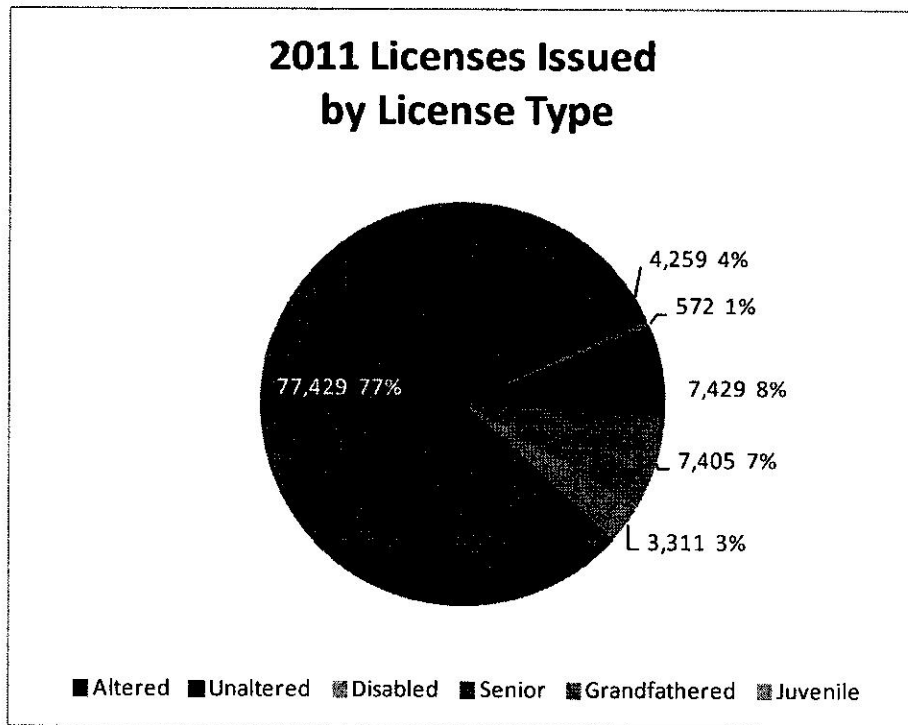
King County Code (KCC), Section 11.04.035 License fees and Penalties, establishes the various types of pet licenses and their respective fees. The following animal license and registration fees apply:

Pet license - dog or cat:	
Unaltered	\$60.00
Altered	\$30.00
Juvenile pet license - dog or cat	\$15.00
Discounted pet license - dog or cat	\$15.00
Replacement tag	\$5.00
Transfer fee	\$3.00
Guard dog registration	\$100.00
Exotic pet	
New	\$500.00
Renewal	\$250.00

Licenses Issued by License Type

Pet Licenses for altered pets is overwhelmingly the largest single category of pet license types issued annually. As noted in the 2011 Licenses Issued by License Type chart (Table 1) below, 77% of the pet licenses issued in 2011 are for altered pets. Discounted Pet Licenses are the second most common type of pet license issued and sold annually. Discounted pet licenses include those sold to Senior Citizens and Disabled pet owners, and they combine for 9% of Pet Licenses issued overall in 2011. Pet Licenses for unaltered pets is technically the fourth most common type of pet license issued, however, it is the third most common license sold. Senior citizens that purchased a Senior Lifetime Pet License for their altered pet prior to June 30, 2010, have their licenses grandfathered for the life of their pet. These Senior Lifetime Pet Licenses are automatically renewed each year; they do not have revenue associated with them.

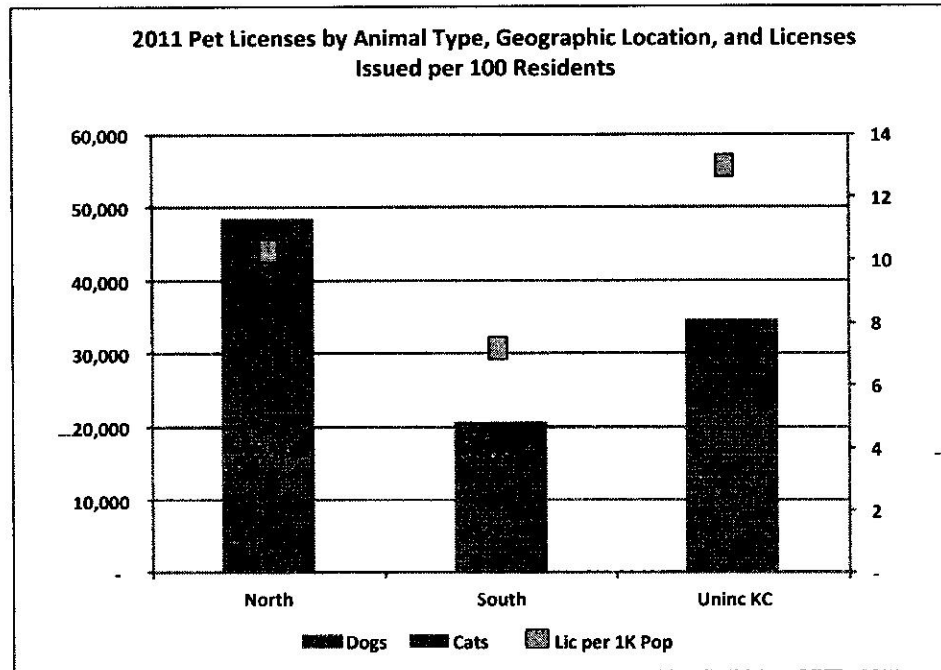
Table 1: 2011 Licenses Issued by License Types



Annual sales by Animal Type (Dog/Cat) and Geographic Location(North, South, Unincorporated King County)

The 2011 Pet Licenses by Animal Type, Geographic Location, and Licenses Issued per 100 Residents (Table 2) below, shows there are more licensed dogs in the RASKC program than there are cats, and there are more licenses sold per capita in unincorporated King County than there are in cities

Table 2: 2011 Pet Licenses by Geographic Location

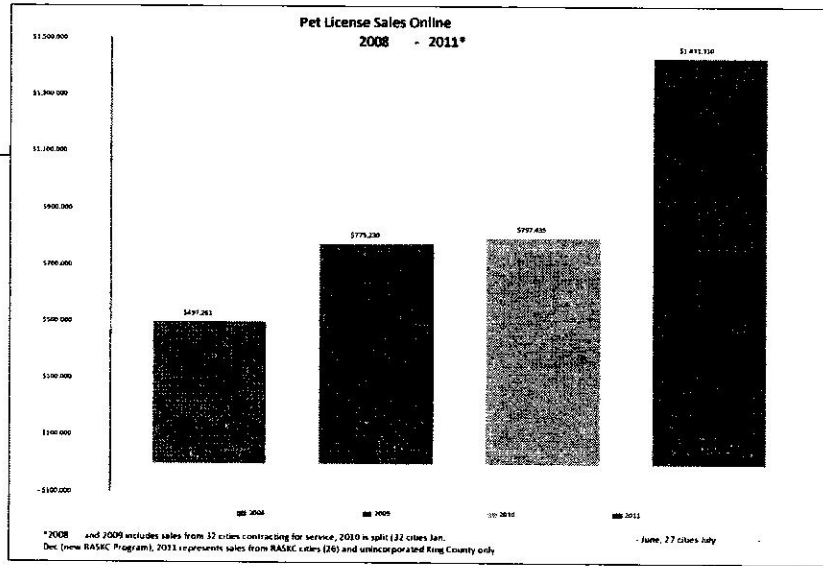


Online Sales of Pet Licenses

Customers have shifted their preferred method of purchasing new and/or renewed pet licenses from a predominantly paper based and mail oriented process to purchasing from the County's ePet website. Sales online have almost tripled since 2008, and from 2010 to 2011 online sales increased nearly 80%. Although the dramatic shift is significant, in June 2010, five (5) cities with a combined population of nearly 180,000 residents chose not to join the regional animal services model; the 2011 high point was effectively achieved despite a 15% reduction in the population served.

RASKC's Pet Licensing section has significantly streamlined operations, starting with implementing a new pet licensing management system in December 2010. In January 2011, RASKC began shifting to new, permanent license tags, completing the transition with the last batch of renewals at the end of 2011. With permanent tags, licensing activities can be completed more efficiently, renewal notices are sent via email, customers are linked to the online ePet licensing application, and new license tags are mailed only as needed. RASKC is working on updates to the ePet system that will streamline the online process and incorporate functionality intended to increase efficiencies for both the customer and Licensing staff.

Table 3: Pet License Sales Online



Jurisdiction License Fee Comparison

Table 4: Pet License Fees – Local

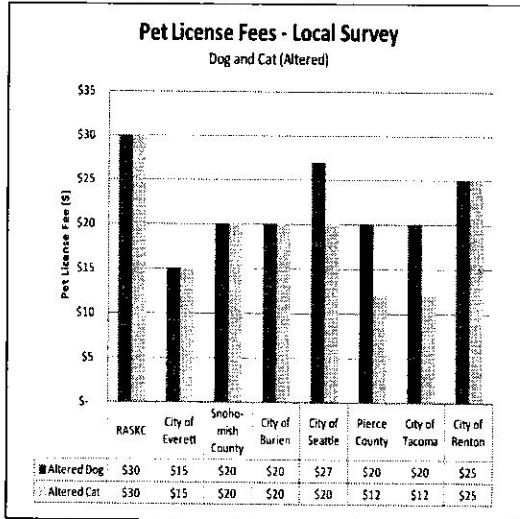
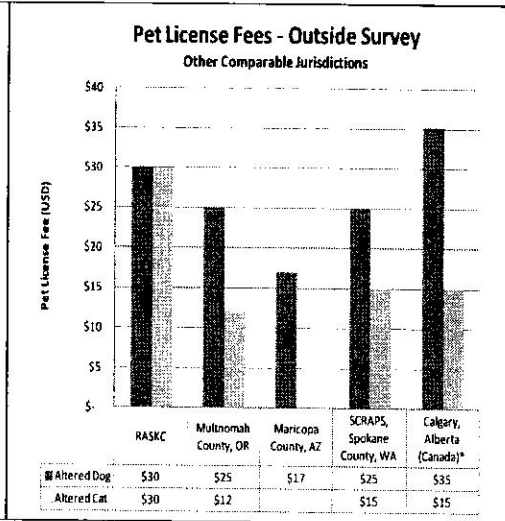


Table 5: Pet License Fee - Outside



Pet License Fee History 2008-Present

License Fees in King County have been changed twice in the last four years. In 2008, the Altered Pet License fee was increased from \$20 to \$30, and the Unaltered Pet License fee was increased from \$60 to \$90. In 2010, the Unaltered Pet License Fee was reduced back to the \$60 level, and two new discounted license types were established (Senior and Disabled) at \$15 (altered pet only). Senior Lifetime Pet Licenses were no longer available after June 30, 2010; previously purchased Senior Lifetime Pet Licenses were grandfathered.

Estimated Rate of License Compliance

When evaluating pet license compliance, there is little external data to rely on or to assist with local validation. Short of local surveys or some other mechanism to obtain actual pet populations in local King County communities, King County has used the American Veterinary Medical Association (AVMA) methodology to gauge pet license compliance. The AVMA methodology is a relatively standard measure often used in the industry, and it is the method used by RASKC. The chart below (Table 6) shows the estimated rate of pet license compliance in 2011 for RASKC jurisdictions, including unincorporated King County.

Table 6: 2011 Estimated Pet Licensing Compliance

**Regional Animal Services of King County (RASKC)
2011 Estimated Pet Licensing Compliance**

American Veterinary Medical Association (AVMA) - Formula									
Jurisdiction	2011 Population ¹	AVMA Estimated Households (Pop/2.5)	Est. # of Dog Owning Households (DOH) (Pop x .372)	Estimated Dog Population (DOH x 1.7)	Est. # of Cat Owning Households (COH) (Pop x .324)	Estimated Cat Population (COH x 2.2)	Estimated Pet Population (Cats and Dogs)	RASKC 2011 Licenses ²	Estimated 2011 Pet License Compliance
Lake Forest Pk	12,610	5,044	1,876	3,190	1,634	3,595	6,785	1,936	28.53%
Beaux Arts	300	120	45	76	39	86	161	34	21.06%
Duval	6,715	2,686	999	1,699	870	1,915	3,613	740	20.48%
Kenmore	20,780	8,312	3,092	5,257	2,693	5,925	11,181	2,280	20.39%
Auburn ⁴	70,705	28,282	10,521	17,886	9,183	20,199	38,045	7,754	20.38%
Yarrow Point	1,005	402	150	254	130	287	541	108	19.97%
Shoreline	53,200	21,280	7,916	13,457	6,895	15,168	28,626	5,649	19.73%
Kirkland ⁴	67,522	27,009	10,047	17,080	8,751	19,252	36,332	6,890	18.96%
Carnation	1,780	712	265	450	231	508	958	179	18.69%
Woodinville	10,940	4,376	1,628	2,767	1,418	3,119	5,887	1,081	18.36%
Covington	17,640	7,056	2,625	4,462	2,286	5,030	9,492	1,735	18.28%
North Bend	5,830	2,332	868	1,475	756	1,662	3,137	564	17.98%
Clyde Hill	2,985	1,194	444	755	387	851	1,606	287	17.87%
Enumclaw	10,920	4,368	1,625	2,762	1,415	3,114	5,876	982	16.71%
Black Diamond	4,160	1,664	619	1,052	539	1,186	2,238	372	16.62%
Sammamish	46,940	18,776	6,985	11,874	6,083	13,384	25,257	4,191	16.59%
Maple Valley	22,930	9,172	3,412	5,800	2,972	6,538	12,338	2,033	16.48%
Bellevue	123,400	49,360	18,362	31,215	15,993	35,184	66,399	10,332	15.56%
Mercer Island	22,710	9,084	3,379	5,745	2,943	6,475	12,220	1,885	15.43%
Kent	118,200	47,280	17,588	29,900	15,319	33,701	63,601	9,381	14.75%
Snoqualmie	10,950	4,380	1,629	2,770	1,419	3,122	5,892	869	14.75%
Redmond	55,150	22,060	8,206	13,951	7,147	15,724	29,675	4,373	14.74%
Issaquah	30,690	12,276	4,567	7,763	3,977	8,750	16,514	2,099	12.71%
SeaTac	27,110	10,844	4,034	6,858	3,513	7,730	14,587	1,812	12.42%
Tukwila	19,050	7,620	2,835	4,819	2,469	5,432	10,250	1,148	11.20%
Newcastle	10,410	4,164	1,549	2,633	1,349	2,968	5,601	599	10.69%
All Cities (ILA)	774,632	309,853	115,265	195,951	100,392	220,863	416,814	69,313	16.63%
Unincorporated M	266,763	106,705	39,694	67,480	34,572	76,059	143,540	31,232	21.76%
RAS King County	1,041,395	416,558	154,960	263,431	134,965	296,923	560,354	100,545	17.94%

Formula Source: American Veterinary Medical Association - U.S. Pet Ownership & Demographics Sourcebook (2007 Edition)

¹ OFM July 2011 Population Report

² Preliminary 2011 Annual License Count (Excluding reissues, US Service Tags)

³ Pierce portion of Auburn included.

⁴ Includes June 2011 Annexation (population pro-rated)

June 14, 2012

Regional Animal Services of King County

2. Non-Pet Licensing Program Revenue

King County Code (KCC) Section 11.04.035 License Fees and Penalties, establishes fees, fines, and other charges that RASKC is authorized to charge. These fees and fines include civil penalties, pet license fines, fees for adoption, kenneling, animal redemption, and more. All RASKC member cities have adopted Title 11 KCC by reference or have adopted substantially similar municipal code, including the fee table cited above. Fees prescribed by KCC may be waived by the Manager of Regional Animal Services, when to do so would further the goals of the Regional Animal Services Section and are in the public interest.

Non-pet licensing program revenue is generated exclusively by RASKC program operations, particularly Control Services (in the field through the issuance of Notice and Orders) and Shelter Services (at the Pet Adoption Center through fees for service). There are 15 separate revenue accounts that collectively represent non-pet licensing revenue, each account may represent one or more of the 26 non-license fees authorized by KCC.

As a revenue source, revenue from civil penalties and fees for service are estimated to be \$205,812 in the 2013 model, representing just over 3% of program revenues annually. The 2013 Pre-commitment Estimated Payment Calculation (Attachment C-1 of the 2013 ILA) is based on experience from 2011, adjusted to exclude the City of Auburn. In the past year, the “no tolerance” policy established in late 2010 started to show a more significant impact on overall program revenue, if only to partially offset a combination of fees (Hauling, Adoption, Kenneling, and Redemption) that have declined with the downward cycle of animal intakes. In 2012, additional resources have been put in place to help bolster revenue through more aggressive follow up and collection activity.

The Non-Licensing Program Revenue Matrix (Table 7) below, identifies each of the non-licensing revenue accounts, the associated fees and/or fines, the 2013 estimate, and a description of the variables and methodology used for the 2013 estimate.

Table 7: Non-Licensing Program Revenue Matrix

Revenue Account	Associated Fee/Fine (s)	Annual Estimate (2013)	Variables that Impact Revenue	2013 Revenue Forecast Methodology
Pet License Fines	\$250 – Unaltered dog or cat \$125 – Unlicensed Altered dog or cat	\$29,185	<ul style="list-style-type: none"> • Number of Officers in the Field • # of calls received • # of calls responded to • Rate of licensing compliance • No tolerance Policy • Effectiveness of collection efforts 	Based on 2011 actual revenue through December, by 10% for reduced service area anticipated for 2013.
Late Fees	\$15 – Late 45 – 90 days following license expiration \$20 – Late 90 – 135	\$13,265	<ul style="list-style-type: none"> • # of pet owners that do not renew their pet Licenses on time. • # of notices issued to 	Based on 2011 actual revenue through December. This revenue is likely to increase

	days following license expiration \$30 – Late 135 days following license Expiration		pet owners • Ability to process late fee via ePets.	if/when processing late fees can be done online.
Civil Penalties	\$50 – No previous similar violations \$100 – one previous similar violation \$1,000 (max) – double the rate of the previous penalty \$500 – vicious animal violation within one year \$1,000 vicious animal subsequent violations within one year \$25 First leash law violation within one year \$50 Additional violations within one year \$500 Animal abandonment	\$32,515	<ul style="list-style-type: none"> • # of Officers in the Field • # of calls received • # of calls responded to • # of repeat offenses • Civil Penalty level set by code. 	Based on 2011 actual revenue through December, by 10% for reduced service area anticipated for 2013.
Deceased Pickup	\$50 Fee for in-field pick up of an owner's deceased Unlicensed Pet	\$240	<ul style="list-style-type: none"> • # of calls requesting service for unlicensed pets • Availability of officers to provide low priority service requests 	Based on 2011 actual revenue through December, low dollar revenue source, no further adjustments
Humane Euthanasia	\$50 – Owner requested euthanasia of unlicensed Pet	\$2,146	<ul style="list-style-type: none"> • # of customers with unlicensed pets requesting service. • General customer knowledge of service availability 	Based on 2011 actual revenue through December, low dollar revenue source, no further adjustments
Pet Adoption	\$75 - \$250 per animal based on adoptability	\$68,697	<ul style="list-style-type: none"> • # of animals available for adoption • Quality of animals available for adoption • Types of animals available for adoption • Market demand for animal adoptions • Marketing efforts • Perception of the program 	Based on 2011 actual revenue through December, reduced by 16% based on fewer animal intakes (Auburn) for 2013
Micro-chipping	\$25 – Optional microchipping for	\$22,439	<ul style="list-style-type: none"> • # of animals adopted out 	Based on 2011 actual revenue through

	adopted pets.		<ul style="list-style-type: none"> # of customer requesting service Availability of staff to perform the service. 	December, reduced by 16% based on fewer animal intakes (Auburn) for 2013
Kenneling	\$20 per 24 hours or portion thereof	\$19,025	<ul style="list-style-type: none"> # of stray animals picked up by the general public and delivering them to the Pet Adoption Center. # of stray animals picked up by Animal Control Officers in the field. Length of stay in the shelter Owner's ability to find a lost pet 	Based on 2011 actual revenue through December, reduced by 16% based on fewer animal intakes (Auburn) for 2013
Animal Control Hauling	Impound or Redemption – \$45 – Livestock, small \$45 – Livestock, large or actual cost	\$275	<ul style="list-style-type: none"> # of livestock picked up or impounded 	Based on 2011 actual revenue through December, low dollar revenue source, no further adjustments
Spay – Neuter Deposit	\$150 (deposit) per animal	\$200	<ul style="list-style-type: none"> # of unaltered animals leaving the shelter pending spay or neuter surgery. 	Based on 2011 actual revenue through December, low dollar revenue source, no further adjustments
Impound/Redemption	\$45 - First impound within one year \$85 - Second impound within one year \$125 - Third impound within one year	\$17,825	<ul style="list-style-type: none"> # of stray animals redeemed by their owner Pet owner's willingness and ability to retrieve their pet. 	Based on 2011 actual revenue through December, reduced by 16% based on fewer animal intakes (Auburn) for 2013
Misc. non-fee revenue	N/A	\$1,000 \$-200 \$700	<ul style="list-style-type: none"> NSF Check Fees from customer Cash over/short activity Other misc. fees 	Based on 2011 actual revenue through December, low dollar revenue source, no further adjustments

3. Contract Services

Cities that contract for animal services with King County pay the County based on a cost allocation formula detailed in the ILA. In general, program cost is allocated based on Usage (80%) and Population (20%) for each of the three (3) program categories (Control, Shelter, and Licensing) to establish the base year cost (2013), the allocated cost for each jurisdiction, expressed as percentage of the budgeted net allocable cost, results in a calculated "Load Factor." The established Load Factor is then used to allocate inflationary increases in years 2014 and 2015. Inflationary increases are limited per the

terms of the ILA to the sum of the CPI-U (Seattle-Tacoma-Bremerton) plus population growth.

The estimates for 2013 rely on preliminary usage, population and revenue data, and the known jurisdictions that have communicated their non-binding intent to participate in the RASKC program for the three year period (2013-2015). The deadline to provide final and binding notice to the County and return signed Interlocal Agreements committing to participate in the RASKC program is July 1 (subject to an Implied 2013 Payment test, and, for the County, a Minimum Contiguity of Service Condition being met). On August 1, RASKC will reissue a Preliminary 2013 Estimated Payment Calculation for the cities that have committed and signed their respective ILA agreements.

The 2013 revenue estimate for ILA contract services will be based on the Preliminary 2013 Estimated Payment Calculation due August 1, and the final net cost estimated for each jurisdiction to be paid to RASKC. The 2013 Pre-Commitment Estimated Payment Calculation provides the backup that supports the revenue estimate for this revenue source as shown in the 2013 Financial Plan.

The Final 2013 Estimated Payment Calculation will be issued on or before December 15, 2012, following adoption of the 2013-14 Adopted Budget.

In addition to the base cost for program participation, the 2013 ILA includes opportunities for member cities to purchase Enhanced Animal Control Services. The agreement allows cities to purchase enhanced services either by FTE (or a portion thereof), or by the hour. While four cities have purchased enhanced services for the past 2.5 years, it is likely that the current requests will expire and not be renewed. The 2013 ILA will now include at least one weekend day of Animal Control (field) Services. This change addresses a significant service interest from cities, weekend coverage, and reduces the need for purchasing enhanced services going forward. The new option to purchase additional Animal Control Support on an hourly basis, increases flexibility and allows cities to target infrequent events, problem areas, or other special needs as may be necessary or desirable.

4. County General Fund Contribution

King County's General Fund Contribution is based on the following three components:

Unincorporated King County Cost Allocation – This portion represents King County's cost allocation as a customer of Regional Animal Services. While there are 25 cities represented in the 2013 ILA, the unincorporated portion of King County is effectively considered a separate jurisdiction and as such is allocated a proportional share of the cost based on the same methodology as is used for all other jurisdictions. Unincorporated King County represents 26% of the RASKC program based on population. In addition, in the 2013 ILA model, Unincorporated King County represents 34% of calls for service, 32% of animal intakes, 32% of licenses, and 33% of licensing revenue. As a jurisdiction, unincorporated King County is the largest consumer of services in the program (although the City of Kent has a slightly greater percentage (34%) of animal intakes). Based on the 2013 Pre-Commitment Estimated Payment

Calculation, the County's net cost for unincorporated King County is \$809,195 (\$1,500,000 - \$808,000).

County Sponsored Program Support – King County is the services provider and generally sets policy with respect to the animal services it provides by contract. The county has provided animal services to suburban cities for more than 30 years. In the past several years, the County has focused considerable effort to improve the overall performance of the program, particularly with respect to operating the Pet Adoption Center. During negotiations for the 2010 Interlocal Agreement, the County agreed to cap certain cost elements, and to exclude others entirely. In part, the effort was intended to reduce the overall allocable costs under the agreement in order to gain city support and willingness to join the program. The purpose was to effectively provide time for transitioning, to establish the framework of a regional animal services model, and leverage County expertise, economy of scale, and community support into a cost effective, high performance, and financially sustainable program. As revenues increase, there are mechanisms in the 2013 ILA that direct excess revenue to the County to offset County sponsored support. The County Sponsored Program Support for 2013 is estimated to be \$846,133.

Program Credits – There are effectively three program credits that are intended to help lower the net cost of participating in the RASKC program for certain jurisdictions. The 2013 ILA significantly changed the allocation of cost from the original agreement. The population component of the allocation was reduced from 50% down to 20%, and the usage component was increased from 50% to 80%. This change in allocation methodology was essential to keeping low usage cities with relatively large populations in the program. However, the shift in cost to those jurisdictions with relatively high usage was an impact that would have forced those cities into seeking lower cost alternatives, and to leave the RASKC program. Shelter credits represent the largest portion of the credits provided to cities, they are allocated to jurisdictions with animal intakes per capita that are greater than the average intakes per capita for the entire system.

The Transition Funding credit is a carryover from the 2010 ILA, essentially fixing the scheduled amount for 2013 for the duration of the 2013-15 agreement. Licensing Support is the remaining credit, it is somewhat variable, with an upward limit for the County (\$90,000 overall), and potential for cost recovery depending on the success of Pet Licensing sales.

5. New Regional Revenue

Increasing revenue was a primary focus of the Joint City/County workgroup that negotiated the terms of the ILA (see responses to financial incentives and partnerships to increase revenue provided above). Recognizing that in order to increase financial sustainability and keep the regional model together over the long term, all participating jurisdictions must collaborate on effective, long term financial strategies that lower the general fund contributions for all RASKC members, and establish a more sustainable financial model. Additional information related to the long term strategy is provided below in response to the request for, "a strategy and timeline for implementing a sustainable, long term regional

animal services program that reflects the values and interest of King County and its regional partners based on a full cost reimbursement model.”

Response #6. A description of all program elements supported by the general fund including but not limited to salary differentials, FTE positions and other County services

Description	FTE	Budget(3)
Credit Card Service		15,000
Prosecuting Attorney's Office		113,859
Overtime for Field Services		41,920
Pet Licensing Program Manager	0.67	72,678
Unincorporated King County Pet License Marketing Support		75,039
Project Program Manager 3 (RASKC Administration)	1.00	115,252
Regional Animal Services Manager – Salary Differential		31,117
Consulting Services - not included in the ILA		10,000
Remote Field Office – not included in the ILA		16,000
Information Systems Process Alignment		35,100
Overhead not allocable in the model		7,950
Foster Coordinator (1)	1.00	72,215
Clinic Veterinarian (2)	1.00	138,593
Volunteer Coordinator (2)	1.00	101,410
	4.67	846,133

(1) This position was approved in the 2012 Adopted Budget

(2) This position was shifted to county-sponsored support as part of the 2013-2015 ILA

(3) Estimated 2013 cost

Response #7. A strategy and timeline for implementing a sustainable, long term regional animal services program that reflects the values and interest of King County and its regional partners based on a full cost reimbursement model

The proposed ILA defines a collaborative approach between the County and Cities and identifies near and long term revenue opportunities to be pursued– see response to item above (partnerships to increase revenue).

The County and city partners in the RASKC program recognize the need to create a financially sustainable program into the future. Revenues from license sales contribute approximately 50% of the current funding for the regional system. The majority of additional funding now is provided by King County and cities. In the proposed 2013-2015 Agreement, the estimated net King County General Fund cost for the system is \$2.64 million. Over the next three years, RASKC will work with city partners to create a financially sustainable regional program guided by the following principles:

The 2013-2015 ILA has been termed the bridge to sustainability, and is based on the following principles for financial sustainability:

- a) Meet or exceed the euthanasia rate target established through County policy;
- b) Meet or exceed the service expectations of municipal partners and other program stakeholders;
- c) Generate new license and non-license system revenues to methodically reduce the General Fund contribution to the regional system and to lower allocable costs during the three year term;
- d) Lower costs through service efficiencies and partnerships with private providers and businesses; and
- e) Develop a financially desirable service model by the end of 2014: system revenue and cost projections for the regional program in 2016 should result in an affordable and valued service for the County and city partners.

Response #8. A revised financial plan that reflects the analysis required by this report.

See Attachment A to Report - 2013/2014 Biennial Proposed Financial Plan

**2013/2014 Biennial Proposed Financial Plan
Animal Services Fund / 000001431**

	2011 Actual ¹	2012 Adopted	2012 Estimated ²	2013 Projected	2014 Projected ³
Beginning Fund Balance		192,317	67,602	259,919	266,677
Revenues¹³					
Taxes	-	-	-	-	-
City Pet Licensing Revenue ⁸	1,843,537	2,092,534	2,092,534	1,671,819	1,705,255
County Pet Licensing Revenue ⁸	852,150	864,212	864,212	808,870	825,047
Animal Business Licensing	1,500	2,400	2,400	1,500	1,500
Pet Licensing Late Fees ¹⁰	13,425	55,305	55,305	13,265	13,398
Civil Penalties/Pet License Fines ¹⁰	79,924	112,000	112,000	61,700	62,317
Animal Adoption Fees ¹⁰	88,919	134,375	134,375	68,697	69,384
City Reimbursement for RASKC Services ⁹	1,037,800	1,256,993	1,256,993	788,476	813,707
City Rebate ⁹	(68,895)	(65,319)	(65,319)	(9,618)	(9,618)
Enhanced Services ⁹	76,020	308,641	308,641	248,166	255,611
Other Misc. Fees ¹⁰	68,503	93,300	93,300	63,650	64,272
Other Financing Sources (General Fund Transfer) ¹¹	2,048,416	1,951,101	1,951,101	2,644,860	2,754,000
Miscellaneous Revenue (Donations)	94,456	200,000	200,000	200,000	200,000
Federal Grants	-	-	-	-	-
State Grants	-	-	-	-	-
Total Revenues	6,135,755	7,005,542	7,005,542	6,561,385	6,754,873
Total Biennial Revenues					13,316,258
Expenditures					
Wages, Benefits and Retirement	(3,956,554)	(4,506,746)	(4,506,746)	(4,428,143)	(4,560,987)
Capital	-	(30,000)	(30,000)	(30,000)	(30,900)
Direct Services	(984,709)	(1,089,382)	(1,089,382)	(895,843)	(922,718)
Intergovernmental Services	(1,126,890)	(1,187,097)	(1,187,097)	(1,200,641)	(1,236,660)
Total Expenditures	(6,068,153)	(6,813,225)	(6,813,225)	(6,554,627)	(6,751,265)
Total Biennial Expenditures					(13,305,892)
Estimated Underexpenditures ⁴		-	-	-	-
Other Fund Transactions					
GAAP Adjustment	-	-	-	-	-
Total Other Fund Transactions					
Total Biennial Other Fund Transactions					
Ending Fund Balance	67,602	384,634	259,919	266,677	270,285
Reserves					
Expenditure Reserves					
Equipment Replacement Reserve ⁵	-	-	-	(30,000)	(30,000)
Donation Funded Support Reserve ⁵	-	(208,000)	-	-	-
Cash Flow Reserves					
Cash Flow Fund Balance Reserve ⁷	-	-	-	(150,000)	(200,000)
Mandated & Rate Stabilization Reserves					
Rainy Day Reserve @ 0 days of expenditures ¹²	-	-	-	-	-
Total Reserves	-	(208,000)	-	(180,000)	(230,000)
Reserve Shortfall	-	-	-	-	-
Ending Undesignated Fund Balance	67,602	176,634	259,919	86,677	40,285

Financial Plan Notes:

¹ 2011 Actuals are based on ARMS 14th Month.

² No changes have been made from 2012 Adopted financial plan.

³ 2014 expenditures include the following inflation assumptions: Expenditures in out years are based on an inflationary factor of 3% per year.

⁴ Underexpenditures have not been estimated and are not calculated into the Financial Plan. As additional experience is gained with the RASKC model,

⁵ Equipment Replacement Reserve intended for replacement of truck boxes used for transporting animals by Animal Control Officers. All existing truck boxes are 17 to 23 years old and will need to be replaced over the next 10 years.

⁶ The Donation Funded Support Reserve (\$208,000) in 2012 is shown here to align with the 2012 Adopted financial plan and represents a reserve for Donation-Funded Expenditures from the Animal Bequest Fund. In 2013, the Animal Bequest Fund will have a separate Financial Plan, so the reserve has been excluded from the Animal Services financial plan for out years.

⁷ Cash Flow Fund Balance Reserve: Sets aside fund balance to offset fluctuations in revenue/expenditures that result in periods of negative fund balance. This reserve will help avoid negative fund balances that would require interfund loaning at an increased cost to the Animal Services Fund.

⁸ Pet Licensing revenues in out years is based on a conservative revenue growth assumption of two percent per year. Increased focus on marketing activities and more active city participation in pet licensing sales may yield actual growth at a higher rate.

⁹ City Reimbursement is Per ILA, allocable costs to cities is capped at CPI + population growth, projected at 3.2% for 2014. Estimated and actual city reimbursement is also dependent upon fluctuations in revenue that could have the effect of increasing or decreasing the net final cost to cities, and the anticipated revenue contemplated from it. City Rebates reflect the payments made to northern cities contracting with PAWS for sheltering services. Cost allocation for cities using PAWS (Shoreline, Lake Forest Park, Kenmore, and Woodinville) are intended in the ILA to be net of their respective PAWS costs.

¹⁰ Other fees and fines in out years are based on a conservative revenue growth assumption of one percent per year. Increased activities may yield higher actual growth rate. Non-fee based accounts (Non Court NSF Check Fees, Cashiers Over Short, and Other Misc Revenue) are not included in the revenue growth calculation. Other Miscellaneous Fees category consists of the following revenue accounts: Spay Neuter Fees, Animal Control Hauling, Animal Control Deceased Pick Up, Animal Control Euthanasia, Animal Control Adopt Microchip, Kenneling, Animal Redemption, Non-Court NSF Check Fees, Cashiers Over Short, and Other Miscellaneous Revenue.

¹¹ The General Fund Contribution includes unincorporated King County's net final cost allocation for services per the RASKC Model (\$809,195), KC Sponsored program support (\$846,133), Transition Funding (\$148,614), Shelter Credits (\$750,000), Licensing Support (\$90,918). The proposed 2013, as well as current existing ILA terms structure revenues such that if pet licensing and other fees and fines decline, cities' portion of costs are capped based on inflation (CPI-U plus population growth), leaving the County-funded portion to increase accordingly. Note that increased marketing and active city participation in revenue activities planned for 2013-2015 may lead to higher licensing revenues, decreasing the County-funded portion. Licensing Support is estimated to cost a total of \$60,006 to achieve the full Licensing Support Target for all eligible cities combined. Since the full amount of the target (\$90,918) is a financial liability under the contract, the entire amount has been calculated into the GF transfer.

¹² No Rainy Day Reserve has been established for the Animal Services Fund.

¹³ Except as otherwise noted, the financial plan assumes status quo for revenue sources that RASKC plans to work to increase with cities going forward. Revenues exceeding the status quo projections would contribute to lowering projected fund costs.

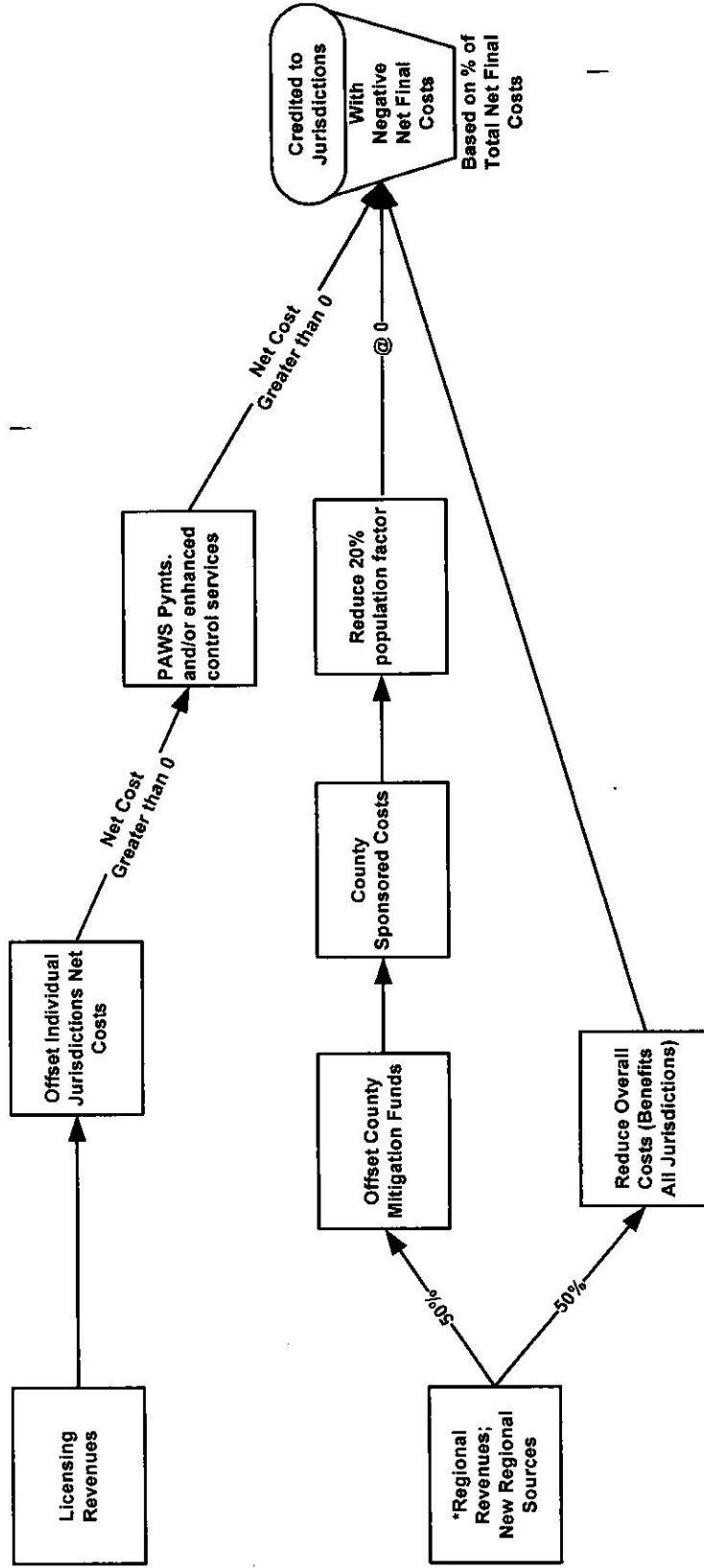
Regional Animal Services of King County
Pre-Commitment Estimated 2013 Payment Calculation (Annualized)

Animal Control District Number	Central	Shelter	Licensing	Total Allocated Costs (1)	Estimated Total Program Revenue (2)	Estimated Net Costs with Shelter Credits (3)	Estimated Net Costs with Program Revenue (4)	Estimated Net Costs with Program Revenue and Shelter Credits (5)	Estimated Net Costs with Program Revenue, Shelter Credits, and Estimated Revenue from Other Sources (6)	Estimated Net Costs with Program Revenue, Shelter Credits, and Estimated Revenue from Other Sources (7)
Budgeted Total Allocable Costs										
Budgeted Non-Licensing Revenue	\$1,770,487	\$2,819,960	\$673,640	\$2,819,960	\$5,264,607	\$0	\$0	\$0	\$0	\$0
Budgeted New Regional Revenue (60%)	\$90,040	\$112,507	\$13,265	\$112,507	\$265,612	\$0	\$0	\$0	\$0	\$0
Budgeted Net Allocable Costs	\$1,860,447	\$2,707,453	\$660,375	\$2,707,453	\$5,058,275	\$0	\$0	\$0	\$0	\$0
Animal Control Districts										
200	24,118	\$3,497	\$1,238	\$3,497	\$6,654	\$1,700%	\$4,954	\$4,954	\$4,954	\$4,954
220	\$1,066	\$1,183	\$1,952	\$4,241	\$6,885	0.130%	\$2,346	\$2,346	\$2,346	\$2,346
500	\$1,732	\$1,894	\$3,311	\$6,937	\$11,577	2.280%	\$4,640	\$4,640	\$4,640	\$4,640
SUB-TOTAL FOR DISTRICTS 200 (which includes unincorporated area)										
	\$14,232	\$16,746	\$2,746	\$16,746	\$30,928	0.029%	\$13,182	\$13,182	\$13,182	\$13,182
SUB-TOTAL FOR DISTRICTS 220 (which includes unincorporated area)										
	\$1,066	\$1,183	\$1,952	\$4,241	\$6,885	0.130%	\$2,346	\$2,346	\$2,346	\$2,346
SUB-TOTAL FOR DISTRICTS 500 (which includes unincorporated area)										
	\$1,732	\$1,894	\$3,311	\$6,937	\$11,577	2.280%	\$4,640	\$4,640	\$4,640	\$4,640
TOTAL FOR CITIES										
	\$15,130	\$19,823	\$8,009	\$19,823	\$49,490	2.440%	\$20,168	\$20,168	\$20,168	\$20,168
Total King County Unincorporated Area Allocation										
	\$559,125	\$853,080	\$203,861	\$853,080	\$1,676,065	31.985%	\$822,985	\$822,985	\$822,985	\$822,985
Total King County Unincorporated Area Allocation										
	\$1,690,447	\$2,707,453	\$660,375	\$2,707,453	\$5,058,275	100.00%	\$4,640,390	\$4,640,390	\$4,640,390	\$4,640,390

Sources: Regional Animal Services of King County
Date: Jan 30, 2012 (Final) Updated E-16.12
Numbers are estimates only for the purpose of negotiation discussions. The numbers and allocation methodology are subject to change while negotiations are underway.

Proposed Revenue Allocation – Framework

5-16-12



*Note: Any new revenue source identified specifically for capital improvements or other specifically designated purposes would go solely for that purpose.