

NOTE CITY HALL LOCATION!!!



A G E N D A
EUGENE BUDGET COMMITTEE
Monday, May 17, 2010
McNutt Room, City Hall
777 Pearl Street, 5:30 p.m. – 7:15 p.m.

Public Hearing in Council Chamber
7:30 p.m. – 8:30 p.m.

- 5:30-5:35 p.m. I. MINUTES APPROVAL
Action Required. Review of minutes from the May 3, 2010 meeting.
- 5:35-7:15 p.m. II. INTRODUCTION OF INTENDED MOTIONS
Committee discussion.
- 7:15-7:30 p.m. III. ADJOURN FOR BREAK
- 7:30-8:30 p.m. IV. PUBLIC HEARING ON THE FY11 BUDGET RECOMMENDATION
Speakers are allotted up to 3 minutes to address the committee on topics related to the recommended FY11 Budget.

We are committed to access for all participants. All events are held in wheelchair accessible rooms. For individuals who are hearing impaired, an interpreter, note taker or FM assistive listening system (if available) can be provided with one week notice prior to the event. Materials can be made available in alternate formats if requested in advance and are available on the City's website at www.eugene-or.gov/budget. To arrange for services or for more information about the session, please contact the Finance Division at (541) 682-5512.

NOTE CITY HALL LOCATION!!!

A G E N D A
EUGENE BUDGET COMMITTEE
Wednesday, May 19, 2010
McNutt Room, City Hall
777 Pearl Street, 5:30 p.m. – 9:00 p.m.



- 5:30-6:00 p.m. I. PUBLIC COMMENT
This is an opportunity for members of the public to comment on budget priorities. Comments will be limited to three minutes per person and may be less, depending on the number of persons wishing to comment. Budget Committee members may ask clarifying questions of those testifying and will be given an opportunity to comment on what they have heard from the public at the end of the public comment time.
- 6:00-7:30 p.m. II. MOTIONS, DISCUSSION AND COMMITTEE ACTION
- 7:30-7:40 p.m. III. BREAK
- 7:40-9:00 p.m. IV. MOTIONS, DISCUSSION AND COMMITTEE ACTION CONTINUED
- 9:00 p.m. V. ADJOURN

We are committed to access for all participants. All events are held in wheelchair accessible rooms. For individuals who are hearing impaired, an interpreter, note taker or FM assistive listening system (if available) can be provided with one week notice prior to the event. Materials can be made available in alternate formats if requested in advance and are available on the City's website at www.eugene-or.gov/budget. To arrange for services or for more information about the session, please contact the Finance Division at (541) 682-5512.



MEMORANDUM

City of Eugene
100 W. 10th Avenue, Suite 400
Eugene, Oregon 97401
(541) 682-5021
(541) 682-5802
www.ci.eugene.or.us

Date: May 13, 2010
To: Budget Committee Members
From: Mia Cariaga, Assistant Finance Director AIC, (541) 682-5408
Subject: May 17th and May 19th Meetings

Please find the following included in this packet:

- Agenda for May 17, 2010 meeting
- Agenda for May 19, 2010 meeting
- Minutes from the May 3, 2010 meeting
- A memo addressing various committee questions including several in regard to Animal Services (previously sent electronically on May 7, 2010)

Staff continues to work on answers to questions posed at recent meetings. In the interest of time, answers to any outstanding questions will be issued electronically.

Please review the draft minutes from the 5/3/10 Budget Committee meeting. If you have any edits to those minutes, please send them to Pavel Gubanikhin electronically at cefnp@ci.eugene.or.us prior to next Monday's meeting and he will compile a list of changes for the committee's review and approval.

At the meeting on Wednesday, Chair John Barofsky stated that the committee may start taking action on final motions at the Work Session scheduled for Monday, May 17, 2010. This will occur if time permits the committee to reconvene after the Public Hearing; the Work Session at 5:30 p.m. will be used to continue the discussion of intended motions. Final motions will otherwise be addressed at the meeting on Wednesday, May 19, 2010. As a reminder, staff is available to assist you in forming motions. As always, if you need help or additional materials, please feel free to call me at (541) 682-5408.

MINUTES

Eugene Budget Committee
Downtown Library—Bascom-Tykeson Room—100 West 10th Avenue
Eugene, Oregon

May 3, 2010
5:30 p.m.

PRESENT: John Barofsky, Chair; Claire Syrett, Vice Chair; George Brown, Andrea Ortiz, George Poling, Chris Pryor, Jennifer Solomon, Betty Taylor, Alan Zelenka, Terry McDonald, Mary Ann Holser, Shanda Miller, Joseph Potwora, Ramin Shojai, Doug Smith, members; Mayor Kitty Piercy, City Manager Jon Ruiz, Assistant City Manager Sarah Medary, Sue Cutsogeorge, Kristie Hammitt, Pavel Gubanikhin, Larry Hill, Mia Cariaga, Central Services Department; Police Chief Pete Kerns; Fire Chief Randy Groves; City Attorney Glenn Klein; Rene Grube, Mike McGee, Library, Recreation and Cultural Services; Scott Luell, Planning and Development; Keli Osborn, City Manager's Office; Kurt Corey, Public Works; Jeff Perry, Municipal Court; Karen Gaffney, Lane County Department of Human Services.

ABSENT: Mike Clark, member.

Mr. Barofsky called the meeting to order and welcomed those present. He outlined the procedures for providing public comment.

PUBLIC COMMENTS

Deb Frisch gave to examples of what she characterized as the pathology of Eugene's financial decision-making. She said cutting \$200,000 from animal control services while paying high attorney fees to pursue civil suits was an example of failure to prioritize. She said agreeing to rent 1.9 acres of City-owned commercially zoned property to the University of Oregon for zero dollars per month was an example of failure to maximize the return on assets. She asserted that the property would be used to plant a garden, which was an illegal use.

Zachary Vishanoff commented that it was opportunistic for the City to increase parking fees near the campus and take advantage of the parking shortage that would be created when the University's basketball arena was completed. He asked if a public hearing on the vacation of Moss Street had been scheduled and urged the City to conduct extensive outreach to the public, particularly the student population, on that issue. He suggested an article in the *Register Guard*.

City Manager Jon Ruiz replied that a hearing had not yet been scheduled on the Moss Street vacation. He agreed that public out reach was important, but noted the City did not have any control over what articles were printed in the newspaper.

Scott Bartlett stated he had been a Eugene resident since 1965. He had served on Lane County's Animal Services Committee and through that process learned that prior to 1978 the Sheriff's Office had a contract with Greenhill for animal control. He said that was before the advent of spay and neutering clinics and thousands of animals were euthanized each year. There had been great progress since then through the

partnership between the County and the City and very few animals were euthanized now. He said initially Lane County Animal Services (LCAS) had 32 employees; now there were 15. The agency was working on a shoestring budget. He urged the committee to explore options for avoiding significant budget cuts.

Mr. Barofsky called for comments from committee members.

Ms. Syrett asked for a copy of the intergovernmental agreement between the City and the University for use of property for a community garden. She hoped the committee would have a serious discussion of the impact of the proposed \$200,000 cut on LCAS and was concerned that no options or alternatives were being proposed. She noted that the issue had been discussed during the last budget cycle, but it did not appear that efforts were made during the interim to resolve the matter.

ANIMAL SERVICES PRESENTATION

Keli Osborn, City Manager's Office, and Jeff Perry, Municipal Court, jointly presented information on animal services. The City provided two core services: the City of Eugene spay/neuter clinic and a contract with LCAS for animal services to City residents. Both services were provided out of the same facility. They listed the services provided through the clinic, including vaccinations, and said it was a challenge to maintain the balance between cost recovery and the provision of low cost services. No reductions to the spay and neuter clinic budget were proposed for FY11.

The LCAS contract included enforcement, shelter and adoption, licensing and registration, cattery services, administration of the spay/neuter low-income voucher program and community outreach, education and training. A 2010 report to the Lane County Board of Commissioners (BCC) found the LCAS facility to be in poor condition and over capacity. Solutions included building or remodeling the facility through public partnerships or through public/nonprofit collaboration. Those recommendations were pending FY11 budget outcomes for the City and the County.

Statistics on LCAS activity levels for FY09 were reviewed, along with a ten-year history of the City's direct financial contributions to LCAS. The City's payment had increased by about \$163,000 over that period; the FY10 payment level was slightly less than \$700,000. The City's contract also allowed LCAS to retain license fee revenues up to a cap of \$357,000; County license revenue for FY10 was estimated at \$250,000. The city manager was recommending a review and consideration of alternative models, reduction of the City's FY11 direct contribution by \$200,000 and lifting the cap on license fee revenues with Lane County retaining 95 percent of revenue and applying 5 percent toward low-income spay/neuter vouchers. The City of Calgary's approach placed enforcement services with the city, while the bulk of animal services were provided by the local humane society.

Staff concluded the presentation with a review of the current LCAS funding structure and a comparison of enforcement and licensing procedures among Lane County, Eugene and Springfield. Potential long-term solutions included collaboration with Lane County and Springfield in determining the desired scope and level of services; exploring public, private and nonprofit alternatives; and considering a competitive process to assess options for cost-effective services.

Mr. Ruiz stressed the need for a community discussion of animal services and sustainable funding. He said enforcement and care were equally important and best outcomes would address community safety, protection of companion animals and prevention services such as spay/neuter programs. In order to provide those services in the best way possible there should be collaborative exploration of alternative models during the coming year before investing in a new facility.

Mr. Barofsky invited comments, questions and suggestions from the committee.

Ms. Holser stated it was a public health responsibility to properly care for animals. She said the LCAS budget was small compared to public safety and a \$200,000 reduction had a disproportionate impact that could cause a setback on the reforms that had been made over the years. She said it was a public responsibility to care for animals and was not certain about delegating the responsibility to a nonprofit organization. She indicated that she would not support the proposed budget cut of \$200,000.

Ms. Syrett commented that the lack of discussion with the County before the reduction was proposed would make collaboration more difficult. She felt a 29 percent reduction in the LCAS contract was disproportionate. She said animal services had a citywide impact and the City should demonstrate leadership in promoting collaborative discussions. She was concerned with the impact on public safety if there was a decrease in LCAS enforcement activity.

Mr. Smith said the City's contribution to LCAS for animal services was comparable to the expenditures of other similarly-sized communities. He said there did not appear to be a national organization for animal control that could assist communities with their efforts. He asked what costs were included in the materials and services category. Ms. Osborn said that it included supplies such as equipment and vaccines for the spay/neuter clinic and miscellaneous supplies for LCAS.

Ms. Taylor pointed out that the proposed budget included \$200,000 for economic development initiative, which was the same amount as the cut to LCAS. She questioned whether the City could contract with Greenhill Humane Society instead of the County. She said she had observed LCAS employees driving around in expensive vehicles and being more involved with enforcement than services, although she had not been to the LCAS facility. She asked how LCAS spent its funds.

Ms. Miller agreed with the concept of exploring alternative models and ways to increase efficiency and effectiveness; however, the conversation about animal services might be a lengthier one about collaboration and new models and somewhat misaligned with the budget process. She proposed maintaining the current level of LCAS fund or decreasing it by a smaller amount than \$200,000 and exploring options during the interim. She asked what were the estimated dog population, the current licensing compliance rate, and any efforts to increase that rate. Ms. Osborn said the County was conducting educational clinic in communities to provide information on licensing and vaccination requirements and increase compliance rates.

Ms. Solomon pointed out that in 2007 the County had completed an exhaustive study of animal services and the report was widely distributed. She said the County should take the lead on exploring long-term solutions, but it did not seem to be a high priority. She asked what conclusions the County had drawn from the study and whether any actions had been taken to pursue solutions. Mr. Ruiz said staff would determine what the County had done to address issues raised in the report. He said that the City's financial situation is different now than it was in 2007, and that there were new challenges to sustaining existing services.

Ms. Solomon commented that based on complaints from her constituents she did not see how a reduction in already strained animal services would help citizens feel safer. Mr. Ruiz said the City was reducing funding in some budget areas without reducing services or raising fees, and his intent was to examine how to maintain services with less money, perhaps using a different service model.

Mr. Zelenka asked about the impact of the \$200,000 reduction on LCAS and why the number of licenses issued was low given the City's high dog population. Kristie Hammitt, Central Services, replied that adult dogs were required to be licensed, but not all owners were willing to license their dogs. She said LCAS

had done a good job of working with the public to encourage licensing. She said the County had provided a memorandum indicating how services would be affected by the proposed cut; the City wanted to review all services offered and determine what would best meet the City's needs.

Mr. Zelenka asked for information on what percentage of households licensed their dogs. He questioned why there was no requirement to license cats and asked for an estimate of the revenue from cat licenses. He also asked for an estimate of the revenue that could be generated from a surcharge on pet food, both in Eugene and countywide.

In response to a question from Mr. Potwora, Ms. Osborn said the City could revisit the percentage of licensing revenue the County retained as part of its contract negotiations. She said the revenue percentage retained by the County was in addition to the City's direct financial contribution. Mr. Perry said there was little revenue derived from enforcement activities and fines were assessed by the Municipal Court.

Mr. Potwora asked for information about the fee schedule for licensing dogs and the compliance rate. He observed that animal services funding could consist of enforcement action fines, licensing or public funding and it was time to find alternatives.

Ms. Ortiz commended LCAS for the quality of services being provided. She said LCAS was an integral part of the community. She asked how much additional revenue LCAS would realize if the County retained 100 percent of license fees. Ms. Osborn estimated that it would be around \$9,000.

Ms. Ortiz remarked that the committee's operating rules required that any funds restored to LCAS be deducted elsewhere in the budget. She was not certain that a \$200,000 cut was the wisest choice, but hoped that the proposal would generate discussions of sustainable solutions for funding animal services.

Mr. Barofsky agreed with the need to look at the larger picture during the budget process and the question was whether the loss of two enforcement officers was a price the City was willing to pay to begin the conversation about better models.

Mr. McDonald asked how alternative service models might differ from the current structure. Mr. Ruiz said there were several jurisdictions, including Calgary and Washoe County, Nevada, that had public/nonprofit partnership models.

Mr. McDonald asked how long it would take to implement a different approach to providing animal services. Ms. Osborn said a model that retained enforcement in the public sector, but moved other services to a nonprofit would require a competitive request for proposals (RFP) process could take one to four years, but there would be interim strategies in place much sooner.

Mr. McDonald asked what the next steps would be if the proposed LCAS reduction was adopted and whether the council or the Budget Committee would be presented with recommendations and alternatives during the interim or the next budget cycle. Mr. Ruiz said the City would need to follow the County's lead.

Mr. McDonald said if the proposed cut was adopted, the first step should be how to implement a nonprofit or public/private partnership model, followed quickly by an RFP process before FY11. Mr. Ruiz agreed that staff wanted to complete that process during FY11 and present a recommendation in the next budget cycle, with the goal of providing better services.

Mr. Poling noted that he had submitted a list of written questions and asked that responses be provided to the entire committee. He questioned whether the County had decided to reduce the number of enforcement

officers as because that was the most visible way to illustrate the impact of a budget cut. In response to Ms. Taylor's concerns about LCAS vehicles being driven throughout the area, he explained that officers responded to calls for service and transported animals and were not generally driving around looking for violations.

BREAK

The committee took a break from 6:50 p.m. to 7 p.m.

ANIMAL SERVICES (CONTINUED)

Mr. Barofsky reconvened the meeting and introduced Karen Gaffney, Lane County Department of Human Services, who was available to respond to animal services questions.

Mr. Smith asked what percentages of cats and dogs were claimed by owner, adopted or euthanized. Ms. Gaffney replied that during 2009 LCAS had a live-release rate (owner, adoption or transfer) was about 93 percent. She indicated that she would provide details to the committee.

Mr. Smith asked if there was a national organization that could provide assistance on shelter management. Ms. Gaffney said the County's 2007 study included a thorough review of best practices nationally and ten recommendations related to licensing, volunteers, foster programs and other aspects of service. She said there were a number of national organizations that provided information and training resources used by LCAS.

Ms. Holser asked to have the County's 2007 report summarized and sent to the Budget Committee. She said the budget proposal would reduce the number of animal control officers, result in less effectiveness and fewer fines. She said the cuts were proposed without consultation with the County. She did not feel it was necessary to explore alternatives in other communities when there was a good study with specific recommendations already available. She felt there was no excuse for poorly funding core animal services when there were no alternatives in place.

Ms. Taylor asserted that cats should be licensed, perhaps on a voluntary basis. Ms. Gaffney noted that the Calgary model included mandatory cat licensing, although it took several years of community conversations to implement.

Ms. Ortiz asked if the issue of animal services was on the BCC's list of priorities. Ms. Gaffney said that staff had engaged with commissioners in discussions of the topic through the past year. She said animal services were important to the BCC and the County Administrator's proposed budget included funding for a continued service level from the County.

Mr. Potwora asked how the costs of licenses and enforcement actions were set. Ms. Gaffney said each jurisdiction established its own license fee.

Mr. Potwora expressed an interest in increasing the license fees and fines to help fill the budget gap. He thought that 3.5 enforcement officers was thin coverage. Ms. Gaffney encouraged the City to review its fine for failure to license a dog; the County's fine is \$250 while the City's is \$40.

Ms. Syrett asked how the fine for licensing noncompliance could be increased. Ms. Hammitt explained that the municipal court judge established the fine schedule.

Mr. Barofsky reminded committee members that if funding to LCAS were to be restored, there should be a similar reduction elsewhere in the budget. Mr. Ruiz added that restoring \$200,000 to LCAS would be an ongoing, not a one-time, expense and any compensating reductions would also need to be ongoing.

POLICE PRESENTATION: STRATEGIES & DOWNTOWN SAFETY INITIATIVE

Police Chief Pete Kerns presented information on policing strategies and downtown safety. He said Eugene's problem with high rates of property and behavior crimes was a consequence of low police staffing and criminal justice capacity. He said Eugene's police officer staffing per capita was below both the national and state average in 2008; Lane County had the fewest jail beds per 1,000 arrests in the state. Eugene's index and behavior crime rates were significantly higher than national and state averages, as was the number of arrests per officer.

Chief Kerns explained how data led policing (DLP) maximized use of authorized staffing through crime analysis, prevention and directed patrols. He said that DLP had resulted in a considerable reduction in specific offenses in targeted areas and was regarded as an effective strategy for using available resources. The FY11 budget reflected repurposing to support DLP and downtown safety initiatives, including allocations for a crime analyst, operations analyst, forfeiture analyst/supervisor and downtown officers.

Chief Kerns provided an overview of the City's downtown strategy and the proposed urban renewal plan amendment that would provide support for downtown development and safety. He described the downtown safety initiative components and the status of each:

- Downtown work crew – in progress
- Seasonal and more consistent lighting – in progress
- Better coordination with Downtown Eugene, Inc.(DEI), private security, red capped guides, parole and probation officers – in progress
- Address sales and consumption of fortified wine and malt liquor – in progress
- Automated crime reporting – in progress
- Downtown Public Safety Zone adjustments – in progress
- Enhance CAHOOTS contract and add two police officers to downtown program – part of FY11 proposed budget
- Business Improvement District – discussion phase, not yet funded
- Add five additional police officers, one sergeant, one community service officer (CSO) to existing officers downtown - discussion phase, not yet funded
- Umbrella strategy to coordinate downtown issues – discussion phase, not yet funded
- Addition of jail beds – discussion phase, not yet funded
- Overnight facility for alcohol/drug abusers – discussion phase, not yet funded

Chief Kerns stated that the enhanced CAHOOTS contract would provide a second van to provide assistance to the homeless and those suffering from mental health problems. He said the vans would have slightly different purposes and were equipped to provide shelter and some medical care.

Ms. Ortiz asked if Eugene's police personnel costs were comparable to communities elsewhere in the country, for example in Florida. She asked if the per capita statistics included all police department employees. She agreed with the need for an additional CAHOOTS van. Chief Kerns replied that the per capita data included only sworn officers.

Ms. Ortiz said that local elected officials and community members should be willing to be advocates if legislative action was necessary to address the sale of fortified beverages.

Mr. McDonald commented that jail bed capacity had been a concern for many years. He noted that two departments had been subjected to cuts in the proposed budget: animal control and Municipal Court. He asked how that impacted EPD and downtown safety. Ms. Hammitt responded that in the Municipal Court budget the city prosecutor's office was reduced by one-half position and the court by a full position. She said that was possible because streamlining operations had improved efficiency while maintaining services.

Mr. McDonald said it was important to slow down offenders, especially repeat and serial offenders and questioned how that was being achieved in the budget. Ms. Hammitt said there were no reductions in the jail services contracts and cases would still be processed in the same way. She said the intent was to maintain sanctions at their current level. She said there was a difference between jailable and nonjailable offenses and the focus was on the former; contract reductions did not include jail services.

Mr. McDonald asked if the goal was for serial offenders to spend more time in jail. Ms. Hammitt said that was the goal and the City was exploring options for adding jail beds and sanctions to efficiently handle chronic offenders.

Mr. McDonald asked where jail beds were included in the proposed budget. Ms. Hammitt replied that jail beds were part of the Municipal Court budget, as was the work crew arrangement with the County. She said discussions with the City of Springfield to acquire additional jail beds were in progress.

Mr. McDonald asked how many jail beds the City contracted for in various jurisdictions. Ms. Hammitt replied that the Municipal Court contracted for 15 beds; other beds were available through the County for state offenses. She said additional beds would be for the Municipal Court.

Mr. McDonald observed that EPD's arrests per officer statistic was about triple the national average. He asked if that meant officers had to spend time away from other duties in order to go to court. Chief Kerns clarified that Lane County had approximately 200 jail beds for local offenders; Eugene leased 15 beds. He hoped to add 10 beds to that amount during the next fiscal year to address behavior crimes. He said the statistics of 60 arrests per officer per year likely reflected the repeated arrests of certain offenders and noted it was expensive to keep arresting the same individual and adding jail beds would help to assure those offenders were accountable by being able to hold them for trial and sentencing. He acknowledged that 10 more beds was not adequate, but was an improvement.

Mr. McDonald asked what percentage of funds in the proposed urban renewal plan amendment was allocated to Farmers' Market improvements. Mr. Ruiz replied that \$500,000 of \$17.5 million was allocated for the Farmers' Market.

Mr. Brown congratulated EPD for the decrease in property crimes. He asked if the additional police officers funded through the urban renewal plan would only patrol in downtown. Chief Kerns said the officers would focus on behavior crimes, which was concentrated in or near downtown, but would direct their efforts wherever there was a need in the community through DLP. He said the officers would also be involved in problem-solving policing.

In response to a question from Mr. Brown, Chief Kerns said that jail beds were less expensive through the City of Springfield.

Mr. Zelenka also congratulated EPD on the property crime decrease. He asked about the number of volunteers participating in the Seniors on Patrol program and their duties. Chief Kerns replied that there were 101 participants involved in graffiti abatement, home vacation checks, assisting homeowners to catalogue possessions, certain types of investigations, program development and cold cases.

Mr. Zelenka indicated he was willing to work with legislators if necessary on the issue of fortified wine and malt liquor. He noted that downtown police officers would also address property crimes.

Ms. Holser questioned how cutting the Municipal Court's budget would help with public safety concerns and holding offenders accountable. Ms. Hammitt stated that all of the crimes being cited did not go through Municipal Court; some went to Circuit Court. She said changes in processing Municipal Court cases brought about efficiencies that allowed reductions in certain contracts, but not in the level of service.

Ms. Taylor asked for a definition of "other sex crimes." Chief Kerns said it was a broad category and he would provide details to the committee.

Ms. Taylor asked if EPD volunteers could conduct DLP. Chief Kerns said the data was considered intelligence information and could not be made available to volunteers.

Ms. Syrett questioned why the CAHOOTS funding was in the public safety budget and not considered part of social services. She asked how the funds for CAHOOTS vans would be spent. She was pleased that the officers being added through the downtown safety initiative would be available elsewhere in the community as needed. She asked if there was a role for EPD volunteers in downtown.

Mr. Poling requested a breakdown of data on the CAHOOTS call loads for downtown compared to the rest of the community.

Mr. Potwora asked what percentage of habitual nonviolent offenders could be rehabilitated over time. Chief Kerns said he could not answer that question, but it was clear from studies that the earlier the criminal justice system intervened in an offender's criminal activity the likelier they were to be rehabilitated; the longer an offender went without intervention the more difficult it was for them to change.

Mr. Potwora asked what percentage of fees or fines levied by the Municipal Court went into the General Fund. Ms. Hammitt replied that 100 percent of the revenue, other than parking-related fines, went into the General Fund; the total was about \$2.7 million annually.

Mr. Potwora asked what percentage of assessed fines was actually collected. Ms. Hammitt said the collection rate varied by type of charge and fine amount; parking fines were paid at a much higher rate than, for example, misdemeanor fines. Mr. Perry said there was an internal collection program that worked with people on payment of fines; those who did not pay were turned over to an external collection agency with more resources for pursuing payment.

Mr. Barofsky pointed out that decisions regarding the urban renewal plan amendment would be made by the City Council and were not part of the budget recommendations from the committee; they would be included in a supplemental budget when the amendment was approved.

Ms. Miller asked for clarification on the operation of two CAHOOTS vans. Chief Kerns said presently the CAHOOTS van responded to calls from throughout the community; a second CAHOOTS van would focus on downtown and engage in more problem-solving activities.

Ms. Ortiz expressed support for acquisition of a second CAHOOTS van. She asked for clarification of the distinction between “wet beds” and the services provided through Buckley Center. Chief Kerns said Buckley Center had a sobering station where someone could go voluntarily and also had some detox beds available. People at Buckley Center could not use alcohol or drugs while staying there. A wet bed was transitional housing that provided a safer residential environment for an alcoholic who was still drinking, but working toward a better lifestyle.

Mr. McDonald commented that Mayor Piercy had established a community task force two years ago to examine the problem of homelessness. He said the task force concluded that wet beds were critical to diminishing the amount of repetitive bad behavior on the street. He was surprised that solution had not been placed on the priority list. He asked if there was a plan and timeline for making that type of housing available. Mr. Ruiz replied that there was no plan at this point; that type of housing would represent a sizable investment for the City.

Mr. McDonald noted the amount of public safety resources used by habitual offenders and said a mandated program through the courts was necessary to slow the rate of return to the streets for those individuals. He suggested that increasing the number of CAHOOTS van was not going to solve the problem. Chief Kerns said there was no one solution the problem, but felt the combination of strategies in the downtown safety initiative would greatly improve the situation. He agreed with the need to improve services to those people who were drug- and alcohol-addicted and chronically homeless.

In response to a question from Ms. Solomon, Chief Kerns explained that CAHOOTS drivers were EMTs, not police officers, and were employed by White Bird; under the City’s contract with White Bird the vans were dispatched by EPD dispatchers. He said the initial cost included acquisition of the van, plus operation and maintenance; in subsequent years the budget paid for operation (personnel, fuel) and maintenance only for both vans. He pointed out that CAHOOTS handled calls that were formerly handled by officers the fire department. He said CAHOOTS provided outstanding service to the community.

Ms. Syrett requested a memorandum providing details of the downtown work crew and how it would intersect with Municipal Court. She stressed the importance of maintaining the other human services that were needed by those the CAHOOTS vans encountered. She asked for statistics on the CAHOOTS calls in the downtown core. Mr. Perry said the City was negotiating with DEI for management of the downtown community service work crew program. He said the work crew would be an option available to the court for individuals to perform community service.

Mr. Barofsky expressed hope that the city manager would convene the Budget Committee to solicit its opinions on a supplemental budget containing urban renewal funds since that funding would be part of the current discussion if the urban renewal plan amendment had already been approved by the council.

Ms. Holser commended CAHOOTS for their effective crisis intervention. She was interested in receiving more details on how the second van would be used.

Ms. Ortiz asked if the downtown work crew, which was funded through the Council Contingency for the coming summer months, would provide cleanup services on the weekend. Mr. Perry said there were no plans at this time for weekends, but that could be considered in the future, depending on the number of people in the program. He said the current shift began early in the morning.

Ms. Ortiz suggested establishing a schedule that would attract the most participants and provide cleanup services during the times they were most needed.

Mr. Poling commented that the work crew schedules should be established to allow those who had jobs to fulfill their community service obligations.

In response to a question from Ms. Miller, Chief Kerns said it was illegal to camp along Amazon Creek in or around Amazon Park, as well as other City parks. He said being passed out in the park was not a crime, but if they had a campsite it would be a crime.

COMMITTEE DISCUSSION/INFORMATION REQUESTS

Ms. Ortiz favored an increase in animal control fines and asked what amount would be feasible, given the County's fine schedule. She also asked how much additional revenue would be generated if the fine for failing to license a dog was increased by various amounts. Ms. Hammitt pointed out that the judge established the baseline fine schedule.

Mr. Potwora asked for the same information related to licensing fees. He noted that while the budget reduced FTE count by 80, the response to a question indicated that equated to between four and seven employees actually leaving the organization. He requested a detailed breakdown of the 80 FTEs. He reiterated his interest in hearing from union leadership and asked whether volunteers could be used for animal control.

Mr. Poling asked for a comparison of animal control fine schedules among Eugene, Springfield and Lane County.

Ms. Solomon commented that the dog license requirement was triggered when owners had their pets vaccinated for rabies.

Ms. Holser remarked the ability to make people comply with court sanctions was an important element in the system.

Ms. Taylor said that retaining City employees was good for the economy and perhaps the \$200,000 budgeted for economic development and \$200,000 budgeted for the Olympic Trials could be reduced in order to retain the four to seven employees who would be leaving City employment. Mr. Ruiz replied that the City had made a commitment to contribute to the Olympic Trials and the \$200,000 for economic development was a one-time investment; retaining staff would require an ongoing funding source.

Ms. Taylor expressed concern with increasing animal control-related fines. She said there was much injustice in the laws related to dogs.

Mr. Barofsky asked staff to provide responses to questions from the committee as early as possible via e-mail, to be followed by the written responses. He said that public testimony would be scheduled for 7 p.m. at the May 5 Budget Committee meeting.

ADJOURN

The meeting adjourned at 8:50 P.M.

(Recorded by Lynn Taylor)



City of Eugene
100 W. 10th Avenue, Suite 400
Eugene, Oregon 97401
(541) 682-5021
(541) 682-5802
www.ci.eugene.or.us

MEMORANDUM

Date: May 7, 2010
To: Budget Committee Members
From: Mia Cariaga, Assistant Finance Director AIC, (541) 682-5408
Subject: Committee Requests and Answers

Please find the following included in this correspondence:

- Information requested at the May 3, 2010 meeting below. Answers are provided for some requests and staff are working on answers to others as noted.
- A memorandum from Kristie Hammitt, Central Services Director, regarding Animal Services.

As always, please feel free to contact me if you need additional information or assistance. We look forward to seeing you next Wednesday.

#	Date Requested	BC Member	Question/Information Request	Department
1.	5/3/10	Syrett	Request for copy of UO/COE contract for Ferry Street property.	CS

A copy of this contract was included in the meeting packet issued on May 6, 2010.

2.	5/3/10	Taylor	Did LCAS purchase new trucks in recent years?	CS
----	--------	--------	---	----

According to Lane County staff, LCAS has purchased one truck since 2007.

3.	5/3/10	Miller, Potwora	What is LC doing to promote compliance?	CS
----	--------	-----------------	---	----

Please see Item 4 below.

4.	5/3/10	Solomon	What were conclusions from LC report produced in 2007? Request for summary. What has LC Commission done in regard to animal service since that report was completed?	CS
----	--------	---------	--	----

With assistance from Lane County staff, we are providing this brief status overview on key recommendations from animal services reports produced in 2003 and 2007. Lane County staff will be providing copies of the reports and additional information to the Budget Committee.

November 2003 – Animal Regulation Advisory Task Force, Final Report

- a. Targeted spay/neuter voucher programs: Implemented
- b. Supplementary new revenue streams to address general fund pressures: Increased use of donations and volunteers. Report included initial study (conducted by ECONorthwest) of design and feasibility of a surcharge on pet food. Based on assumptions at that time, revenue estimates ranged from \$100,000 to nearly \$700,000, depending on the surcharge amount (1 to 5 percent) and whether levied at wholesale or retail. Both Eugene and Lane County adopted ordinances to require reporting of rabies vaccinations allowing for follow-up on licensing sales.
- c. LCAS outreach and public education: Implemented
- d. Expanded kennel facilities: some facility improvements have occurred, more substantive upgrade and expansion on hold pending budget decisions and identification and funding source(s).
- e. Code modernization to address animal abuse/neglect, public health:
Lane County: Implemented
City of Eugene: The Eugene City Code remains largely unchanged. The City Council in March 2005 adopted an ordinance concerning the filing of rabies vaccination certificates. The Eugene Human Rights Commission Accessibility Committee also has recommended code changes to address protection for service animals; as a result, City staff has had preliminary discussion with Lane County about code updates, and has provided information to the Municipal Court Judge. Staff anticipates requesting a council work session in 2010 to discuss concepts.
- f. Countywide cohesion and accountability. Increased partnerships among LCAS, Greenhill, and the Lane County Veterinary Medical Society. More work remains on uniform codes.

September 2007 – Save Adoptable Animals Report & Recommendations

Top Ten Recommendations

- a. Euthanasia: Lane County has developed a written Euthanasia Policy and established a euthanasia review committee.
- b. Foster/Rescue Programs: Increased use of volunteers to care for special needs or other shelter animals.
- c. Trap/Neuter, Return or Release Programs: A partnership for TNR was developed among Lane County, City of Eugene, Greenhill Humane Society, and Lane County Veterinary Medical Society to provide no-cost spay/neuter for feral cats.
- d. Spay/Neuter Programs: LCAS emphasizes spay and neutering for animals before adoption and last year launched a bully breed voucher program with Eugene Spay/Neuter and Greenhill Humane to target very low cost spay/neuter for these dogs that are over-represented in the shelter.
- e. Volunteer Participation: Increased use of volunteers to a current average of 600 hours per month.
- f. Enhanced Treatment: LCAS has created a Certified Veterinary Technician position to provide medical care in collaboration with a very part time veterinarian. LCAS also established a contract for a part time behavior and training coordinator to assess animals and work with staff to create behavior modification plans.

- g. Cooperation/Networking: Networks have been expanded with rescue organizations and other shelters in the state to assist in placement of LCAS animals, including a red alert system that helps get information out to partners about special needs animals.
- h. Enhanced Adoption Program: In addition to the networks above, efforts include expanded advertising (TV PSA, monthly Register Guard full-page ad) focused on adoptions, an enhanced website for viewing animals, work with PetFinder (national website), improved information in the kennel about animals, and support for animal retention.
- i. Review and Revise Dog Licensing Codes: Lane County has conducted outreach campaigns to expand licensing. County has conducted a door-to-door licensing canvass each of the last two summers, as well as outreach campaigns to expand licensing. Each summer licensing clinics are held at a variety of locations. Licensing information was included with tax statements and in other county mailings, and is available in vet offices and other pet-friendly locations. Many local vets sell licenses, and the County established an on-line licensing option. To date, there has not been significant discussion of licensing code revisions and the limits on companion animals allowed per household has not been eliminated – however, Eugene has bumped up the number of allowed adult dogs from two to three.
- j. Shelter Animal Care: Programs have been implemented to reduce and limit shelter kennel stress.

5.	5/3/10	Zelenka, Potwora, Miller	What percentage of dogs are licensed? What is the estimated dog population?	CS
----	--------	--------------------------------	--	----

Based on 2009 available information, Lane County estimates that 39 percent of Eugene’s dogs are licensed.

Lane County staff estimates that Eugene’s households have 40,737 dogs and 48,049 cats -- based on the 2000 U.S. Census and data from the American Pet Products Manufacturers Association (APPMA) 2007-2008 National Pet Owners Survey.

6.	5/3/10	Zelenka, Taylor	Why don’t we license cats? What is potential revenue?	CS
----	--------	--------------------	---	----

The Humane Society of the United States, the American Humane Association, the National Animal Control Association, the National Association of State Public Health Veterinarians, and others support cat licensing. However, implementing a successful cat licensing program has challenges. Many community members may see this as more intrusion or have indoor cats and do not see a need. Revenue projections for cat licensing in Eugene are difficult to estimate, and it could take some time to recoup upfront investments for implementation.

7.	5/3/10	Zelenka	How much of a surcharge would the City need to charge per pound for pet food to get to 200K?	CS
----	--------	---------	--	----

Please see the attached report developed by ECONorthwest for Lane County as part of the 2003 report issued by the Animal Regulation Advisory Task Force (Appendix I of full report referenced in memo from Kristie Hammitt).

8.	5/3/10	Potwora	What does it cost to license a dog?	CS
----	--------	---------	-------------------------------------	----

Please see attachment on dog licenses.

9.	5/3/10	McDonald	What are other animal control models?	CS
----	--------	----------	---------------------------------------	----

Initial research shows that there are a variety of public, private and non-profit options. For more information, please see attached memorandum from Kristie Hammitt.

10.	5/3/10	McDonald	What is timeline to implement new partnership if City contracts with another entity? Would we see something in next budget cycle?	CS
-----	--------	----------	---	----

Please see the attached memorandum provided by Kristie Hammitt. We intend for the process outlined in this memo to be completed prior to FY12 budget preparation.

11.	5/3/10	Smith	What percentage of animals at LC shelter are adopted? What percentage are returned to owner? What percentage are euthanized?	CS
-----	--------	-------	--	----

The following includes data for the first three quarters in FY10, Eugene only:

Dogs impounded: 471
 Dogs returned to owner "off the truck": 54
 Dogs returned to owner: 253
 Dogs adopted: 159
 Dogs transferred: 26
 Dogs euthanized: 32

Cats impounded: 331
 Cats returned to owner: 11
 Cats adopted: 247
 Cats transferred: 10
 Cats euthanized: 35

Note: Numbers do not include all dogs and cats picked up and returned to owner before arriving at shelter.

12.	5/3/10	Ortiz	Request for comparison of COE EPD employee compensation to other cities (example, FL).	EPD
-----	--------	-------	--	-----

Staff research is in process; answer to be provided as soon as possible.

13.	5/3/10	Ortiz	In regard to law enforcement per capita, do others factor in corrections officers?	EPD
-----	--------	-------	--	-----

Locally and nationally only officers with full arrest powers are counted in sworn totals. Corrections officers in most states including Oregon do NOT have full arrest powers so are included in the civilian FTE counts along with community service officers.

14.	5/3/10	Syrett	How does Whitebird use City funds?	EPD
-----	--------	--------	------------------------------------	-----

Whitebird contracts with the City of Eugene/Police Department to provide services through their CAHOOTS program. Crisis Assistance Helping Out on the Streets (CAHOOTS) is a mobile crisis intervention team that has been integrated into the City of Eugene's public safety system. They provide free response for a broad range of non-criminal crises including intoxication, disorientation, substance abuse and mental illness

problems as well as dispute resolution and street facilitation. The van is dispatched through Central Lane Communications and provides an excellent service to people in crisis and relieves officers from spending hours assisting people in non-criminal situations that would otherwise require police services for assistance. This model program has no fees for service and can provide transportation to treatment services when no other options are available for people. The service is confidential, voluntary and serves all ages within the Eugene city limits.

By contract, CAHOOTS must staff the vans with a minimum of two people. Medical training such as EMT, RN, or First Responder is required for at least one staff person and one person is designated as a transport officer. CAHOOTS is required to turn in any collected contraband substances to EPD and to maintain an inventory list. They also provide records and reports of expenditures.

15.	5/3/10	Syrett	Is there a role for Senior Patrol downtown?	EPD
-----	--------	--------	---	-----

The Eugene Police Department’s volunteer program is titled Volunteers in Policing (VIP). The 18-member Senior Patrol is a specific program within the VIP. Seniors on Patrol are currently involved in several activities downtown that are appropriate for civilian volunteers. They drive through the downtown area periodically in their specially marked vehicles, provide periodic theft from vehicle prevention service at the downtown parking garages, and as uniformed volunteers provide a positive presence on foot during the First Friday ArtWalks. There may be a role in the future for volunteers to serve as “Public Ambassadors” in the downtown area. We will explore these possibilities as downtown services are developed.

The nature of the downtown environment is such that officials such as police, private security, and even public works and facilities maintenance staff are routinely confronted by violent persons or crowds. This often includes being drawn into incidents involving people who are under the influence of alcohol or drugs or who engage in violent behavior due to psychological disorders and we have seen an increase in the number of incidents with armed subjects. Because they wear uniforms that clearly identify them as being affiliated with the Police Department, Senior Patrol would become targets in ways very different from other downtown patrons and with significantly higher risk. Because of the crowds and close proximity of potentially dangerous bystanders, even calling for help by radio would leave them vulnerable too long to be appropriate if they were mere witnesses to a violent crime. Senior Patrol volunteers are not trained, equipped, or physically prepared to deal with these types of incidents.

16.	5/3/10	Poling, Syrett	Request for statistics on CAHOOTS: call load for downtown area versus the rest of the City. Types of calls?	EPD
-----	--------	----------------	---	-----

Below is the call record broken down to the Downtown Beat 2 versus the rest of the City of Eugene. For the purposes of this analysis, the geographical area of EPD Patrol Beat 2 was used; EPD has six beats. This area combines the Downtown Public Safety zone plus the Whiteaker area, spanning an area of approximately Chambers to Hilyard, the Whitaker neighborhood, and some of the West University neighborhood. Please see attached map that provides the exact boundaries.

Type of call	Downtown Beat 2	Other
Assault	2	2
Assist Fire	27	50
Assist outside agency	4	7
Assist Public	243	482
Welfare check	238	518
Trespassing	7	9

Deceased/ Death calls	1	7
Disorderly	7	24
Disoriented	17	32
Syringes	12	22
Intoxication	155	230
Mental illness	6	12
Person stop	22	10
Subject down	14	104
Suicidal subjects	9	27
Traffic Hazard	13	23
Transport	384	722
Other	83	62
Total calls	1,244	2,343
	35%	65%

17.	5/3/10	Potwora	What percentage of court fees goes to the GF? Amount? Of amount, what is collection rate?	CS
-----	--------	---------	---	----

Please see the attached Municipal Court Revenue summary for FY05 to FY09.

100% of all non-parking related fines imposed through Municipal Court go directly to the City's General Fund. There are also state and county assessment fees that are charged by the court and passed on to those agencies.

The budgeted General Fund revenue for 2010 is approximately \$2.3 million. 2009 actual revenue was just over \$2.5 million.

Collection rates are difficult to quantify because the court financial system allows for only limited reporting, longer term payment plans are offered to defendants, judges can offer alternative sentences (such as work crew and community service) to pay off fines and a large portion of fines are referred to the City's contracted collection agency. Rather than a specific collection rate staff has provided the following financial figures from calendar year 2009:

Total fines, fees and assessments imposed by Municipal Court: \$6,762,694*

Fines paid in full within 60 days of citation: 21%

Total amount deemed uncollectable and referred to collection agency: 29%

*Total amount includes all fines, state and county assessments and admin fees imposed. In addition, the figure includes accounts that are on payment plans, warrant status and suspension (which delay payment).

18.	5/3/10	Poling	Request for comparison of COE animal control fees and fines to Springfield and LC.	CS
-----	--------	--------	--	----

Please see the attachments comparing fines and fees from the City of Eugene, City of Springfield and Lane County.

NOTE: Licensing and related fees are established at the discretion of the City Manager through an administrative order process. Municipal Court fines are authorized by the Presiding Judge by Judicial Order.

Court fine sanctions are periodically reviewed to determine their effectiveness and are established independent of the budgetary process.

19.	5/3/10	Ortiz, Potwora	In regard to a fee for unlicensed dogs, how much of an increase is feasible? Looking at incremental increases, what would get us to 25K, 50K, 75K, etc?	CS
-----	--------	-------------------	---	----

Fines for animal related violations are set by the Presiding Judge. Court fines are sanctions intended to correct behavior and are not established to recover costs or help balance the budget. Considerations for increasing court fines include the need to align rates with other communities, the effectiveness of the sanction in correcting behavior, the capability of the defendant to reasonably pay fines and other factors as determined by the Presiding Judge.

Please see attachment detailing total animal citations dispositioned in 2009 and revenue received.



MEMORANDUM

City of Eugene
100 West 10th Ave, Suite 400
Eugene, Oregon 97401
(541) 682-5524
(541) 682-5802 FAX
www.eugene-or.gov

Date: May 7, 2010
To: Budget Committee
From: Kristie Hammitt, Central Services Executive Director
Subject: City of Eugene Animal Services

This memorandum responds to a number of questions concerning animal services that have been put forward by Budget Committee members as well as questions forwarded to City staff by Councilor Poling.

Budgetary Context

Proposed reductions to animal services contract funding for FY11 were developed within the context of the City's continuing budgetary challenge. In the last fiscal year, the City of Eugene faced and dealt with a \$12 million deficit by implementing service adjustments, changing service delivery, and reducing the number of staff positions. This year the City faces a nearly \$6 million deficit, with the likelihood of additional deficits in the future. The proposed, sustainable budget makes difficult choices to reduce service levels in programs throughout the organization and makes a net reduction of over 36 positions. This approach reflects a deeper look at all services in light of community priorities identified through Eugene Counts and similar processes, efforts to balance public safety services, and an evaluation of the contractual cost increases over the past several years. Reduction in funding the City's animal services contract with Lane County Animal Services (LCAS) is proposed within this context. The Spay and Neuter Clinic is part of the City's animal services budget, but it is not part of the contract with the County and no funding reductions are proposed for the Clinic.

All facets of our public safety delivery system were asked to reduce, reorganize, and increase efficiency in addressing the FY10 and FY11 budget deficit. With the exception of animal services, all public safety service functions have made changes. For example, the Eugene Police Department has completely realigned its service model to 'live within their means' by reallocating their resources to address community priorities utilizing data to adjust deployment. The Eugene Fire Department is consolidating fire administrative services with the City of Springfield and projecting a savings of \$258,000. The Municipal Court and City Prosecutor have reduced their budgets by \$363,000 (7.8 percent) from FY10 to FY11.

In FY10, LCAS received a contract increase of 1.5 percent in addition to a \$100,000 license revenue cap increase approved by the Budget Committee. In FY10 the City will provide up to \$936,000 to LCAS, in direct contract payments and City dog license revenue retained by the County. For FY11 the City must balance this service cost with other high priority community services. The proposed FY11 contract reduction of \$200,000 in contract payments is an estimated 10 percent decrease to the total LCAS budget.

Below is a financial summary of the City’s animal services program including appropriations for the Spay/Neuter Clinic and the Animal Control contract with Lane County. City dog license revenue retained by LCAS under the contract is also shown and this amount is in addition to City appropriations for direct contract payments to Lane County. Total City resources going to LCAS is shown in the bottom row of the table.

	FY08 Actual	FY09 Actual	FY10 Budget	FY11 Proposed
Spay/Neuter Clinic				
Personal Services	\$280,132	\$275,505	\$273,610	\$285,393
Materials & Supplies	<u>156,654</u>	<u>190,251</u>	<u>146,751</u>	<u>143,713</u>
Total Expenses	436,786	465,756	420,361	429,106
Spay/Neuter Revenue	<u>442,029</u>	<u>450,786</u>	<u>465,000</u>	<u>500,000</u>
Surplus/(Deficit)	5,243	(14,970)	44,639	70,894
*Animal Control Contract – contractual payments to LCAS.	659,824	677,956	688,500	488,500
Total Appropriations	1,096,610	1,143,712	1,108,861	917,606
City License Revenue - retained by LCAS in addition to contract payments.	193,783	252,079	247,280*	247,280
Total City resources going to LCAS – *contract payments plus **retained dog license revenue	853,607	930,035	935,780	735,780

* Estimate based on license revenue for first three quarters of FY10 (County could recover up to \$357,000).

** Proposal is to lift cap on license revenues; this assumes flat revenue.

Policy Context

The City’s goal for animal services has been and remains clear: in light of service priorities and within our budgetary constraints, to ensure that effective, efficient and humane animal services continue to be available so as to benefit community health, safety and quality of life. Discussions with LCAS staff have focused on possible code changes to improve outcomes and better align Lane County and City of Eugene, and on options for better animal services facilities. The animal services facilities, co-owned by Eugene, Springfield and Lane County, have been found to be substandard, inadequate in capacity and in need of substantial renovation and expansion or replacement. Such a project would require substantial capital investment, but as yet there is no revenue stream to fund such a project. The convergence of capital needs and program budgetary challenges make this a good time to comprehensively examine the way animal services are currently funded and delivered in the community. We would like to find ways to improve the service system, within budgetary constraints, by reviewing alternatives and engaging in broader community discussion about desired service level and how to fund and provide those services into the future.

The City’s contract with Lane County for animal services includes enforcement, animal shelter and adoption services, licensing and animal registration, cattery services, Spay/Neuter Clinic vouchers, and community outreach, education and training. It does not include the City’s Spay/Neuter Clinic, which is operated directly by the City. The current contract with Lane County for animal services expires at the end of this fiscal year.

City staff intends to execute a contract extension for services at a reduced funding level. It may be that the FY11 contract will be for only part of the fiscal year, pending the outcome of the comprehensive animal services review process. A conversation with LCAS staff on the proposed funding reduction and specific changes in service level has been started and will continue. The funding reduction will initially result in a change in service level in FY11, but the specific change in service will be the subject of negotiation between the City and Lane County. The City has not entered into contractual discussions with any local non-profit or private companies to provide services and there are no memos to cease the existing partnership with LCAS. Changing the service model, if that is the conclusion of the review, will require thoughtful evaluation and may require a phased approach. The proposed reduction in program funding recognizes a reduction in FY11 services while the City deals with our budget deficit and consider other models for service delivery. The intent is to redefine and improve animal service delivery within the community.

In FY11 we will ask our community service partners at Lane County, the City of Springfield and local non-profit organizations to join the City in taking a fresh, collaborative look at the range of animal services in the community. We would like to investigate and assess the feasibility of alternative models for provision of effective, efficient and humane animal services within the community's budgetary constraints. We expect that a review of license and other animal service fees will be part of this process. City staff already regularly reviews Spay/Neuter Clinic fees, and we expect to propose changes within the next few months to better meet spay/neuter cost recovery goals while staying within the financial capabilities of members of the community.

At the May 3, 2010 Budget Committee Meeting several Lane County reports were referenced. These documents can be accessed over the internet.

- The 2010 Lane County Animal Facility Report can be found at: http://www.lanecounty.org/BCC_Info/Meeting_Info/2010/OrderText/4-7/W11b.pdf .
- The 2007 Lane County Save Adoptable Animals Report can be found at: <http://www.lanecounty.org/Departments/HHS/LCAS/Documents/SAATF.pdf>
- The 2003 Lane County Animal Regulation Task Force Final Report can be found at: http://www.lanecounty.org/Departments/HHS/LCAS/Documents/LCARA_Report.pdf

Other local communities are faced with similar animal service budgetary constraints and have completed or are conducting similar studies. City staff is researching how other communities fund and provide for animal services, and we are gathering available reports and studies. The range of animal service models includes public, public/private and public/non-profit partnerships.

For instance, in 2009, Multnomah County and the City of Portland established a task force to develop a feasibility study for animal services in their community. One of the main focuses of the Multnomah County/Portland study was the analysis of fees and rates which resulted in the development of an initiative to re-brand licensing and create a value-added benefit to the animal owner. Several communities identified in this study for implementation of innovative animal service models are listed below. This report can be found at: <http://www.co.multnomah.or.us/dbcs/pets/Taskforce%20Web%20Doc.pdf> . Additional community models are identified in the 2010 Lane County Animal Facility Report (link above).

- **Best Friends Animal Society - Kanab, Utah**
Best Friends is a non-profit entity that operates a large sanctuary for homeless animals, provides adoption and sheltering, spay/neuter and educational programs to the public.

- **Calgary Humane Society – Calgary, Canada**

Calgary Humane Society is a large non-profit that provides licensing, public education and enforcement, adoption programs, and operates an animal shelter along with many other services. Calgary Humane Society is an excellent example of a non-profit animal service function that plays a substantial role in its community and public partners. Calgary Humane Society recently built a new state of the art animal facility after raising \$10 million through a funding campaign.

- **Washoe County - Reno, Nevada**

Washoe County partners closely with Nevada Humane Society to provide animal services out of a shared new animal facility. Nevada Humane Society took over the adoption and sheltering function from Washoe County. Nevada Humane Society also includes: spay/neuter services, sheltering and veterinary care, a wellness center for shelter animals and training, and behavior assessment for companion animals.

Conclusion

The proposed \$200,000 reduction in FY11 animal services contract funding is part of the proposed strategy to address the City's \$6 million deficit and achieve a sustainable City budget. It also illustrates the importance of a fresh, comprehensive review of the community's animal services system to try to ensure that effective, efficient and humane animal services continue to be available into the future, notwithstanding ongoing budget constraints. City staff intends that the comprehensive review described above be completed in FY11, and that the results of this effort inform preparation of the City's FY12 proposed budget.

An Initial Study of the Design and Feasibility of a Potential Surcharge on Pet Food

Prepared for

Lane County

by

ECONorthwest

99 W. Tenth, Suite 400
Eugene, OR 97401
(541) 687-0051

July 2003

ECONORTHWEST

ECONorthwest prepared this report for Lane County and the Lane County Animal Regulation Task Force. ECONorthwest remains solely responsible for the report's contents. We prepared this report based on information derived from government agencies, trade and professional literature, and personal communications. Any statements nonfactual in nature constitute our current opinions, which may change as more information becomes available. As time passes, the results of this report should not be used without accounting for more recent data and relevant assumptions.

For more information regarding the contents of this report, please contact:

Kristin Lee
541-687-0051
lee@eugene.econw.com.

An Initial Study of the Design and Feasibility of a Surcharge on Pet Food

Lane County hired ECONorthwest to conduct an initial study of the design and feasibility of a potential county-wide surcharge on the prices of cat and dog food sold at either the wholesale or retail level. This report is intended to be an introductory *overview* of the economic issues related to the potential surcharge rather than a thorough analysis of the important issues involved in designing and implementing such a surcharge.

We understand that a surcharge on pet food was suggested by members of the Lane County Animal Regulation Task Force as a potential funding source for a “euthanasia-reduction” program. In this report we present the results of our research to assist county staff, the task force, the Board of Commissioners, and citizens of Lane County in evaluating this potential source of funding and possibly conducting additional study.

We reviewed trade literature, studies, news articles, and legislation. We spoke with individuals in the local and statewide, retail and wholesale grocery, pet-food, and pet-supply industry. We also spoke with staff in Lane County, Multnomah County, the City of Eugene, the City of Ashland, and with members of the task force. This report describes the findings of this research.

This report is divided into the following sections:

- An Overview of Relevant Data on Pets, Pet Food, and the Pet Food Industry
- Possible Structure of a Surcharge on Pet Food Purchases in Lane County
- Estimates of the Gross Revenues of a Pet Food Surcharge
- Background Information and Sources of Information

SECTION 1. AN OVERVIEW OF RELEVANT DATA ON PETS, PET FOOD, AND THE PET FOOD INDUSTRY

In this section we present data on pet ownership, pet food sales, and the pet food industry in the United States. To our knowledge, similar data at the county level do not exist. Nonetheless, the national data are useful (1) as general background information for policy decisions and (2) as a basis for understanding this report’s assumptions about

Lane County pet populations, pet food sales, and potential revenues from a surcharge on sales of cat food and dog food.

According to one study, Americans owned 58 million dogs and 72 million cats in 2000. Table 1 presents estimates of the number of pets in the United States and the percentage of U.S. households that own pets. Other than freshwater fish, dogs and cats were by far the most popular pets. Table 1 also indicates that roughly 38 percent of U.S. households owned at least one dog, and 34 percent owned at least one cat in 2000. Nearly 60 percent of all households owned a pet of any kind. These data are generally corroborated by the results of other studies.¹

Table 1. U.S. Pet Populations and Pet Ownership Rates, 2000

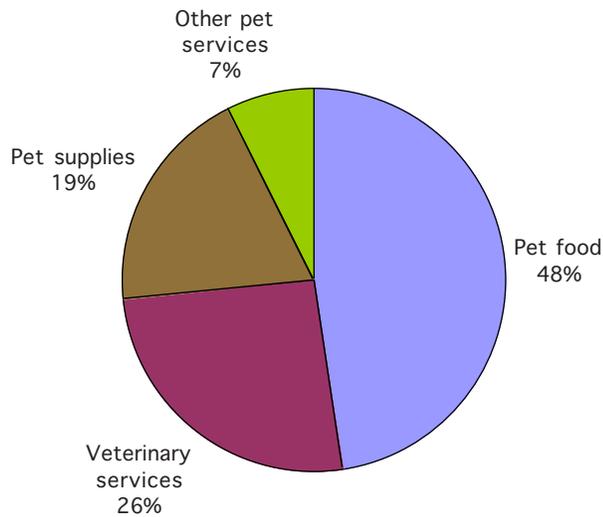
	U.S. Pet Population (Millions)	U.S. Households Owning Pets (%)
Dogs	58.4	38.4%
Cats	72.0	34.8%
Freshwater fish	90.5	11.5%
Birds	16.0	6.0%
Small mammals	13.0	5.1%
Reptiles and amphibians	7.6	3.3%
Marine fish	6.1	1.3%
Total	263.6	59.9%

Source: Dvoko, J. 2001. *The Pet Industry: Food, Accessories, Health Products and Services*. Business Communications Co., Inc.

An understanding of trends in the pet industry is useful for evaluating how a surcharge on sales of pet food might be structured. The pie chart in Figure 1 presents data on total sales of pet-related goods and services in 2000. Total U.S. sales in these categories amounted to over \$27 billion. At roughly \$12 billion, pet food accounted for the largest share of pet-related spending. The trade literature explains that the pet supply sector (pet beds, collars, leashes, food bowls, cat litter, toys, animal carriers, etc.) is the fastest growing sector of the pet industry. Sales of pet supplies, however, are likely more sensitive to swings in the economy than are sales of pet food, for example.

¹ The American Veterinary Medical Association also produces independent estimates of pet populations in the United States.

Figure 1. Spending on Pet-Related Goods and Services (2000)



Source: Dvoko, J. 2001. *The Pet Industry: Food, Accessories, Health Products and Services*. Business Communications Co., Inc.

Pet food and pet supplies are sold in a variety of retail outlets including grocery stores, pet stores, feed stores, discount stores, mass merchandisers, club stores, and veterinary clinics. Pet superstores, such as PetsMart and Petco, represent a relatively new and growing retail outlet for pet food and supplies.

The trade literature describes dramatic changes in the pet food industry over the last several decades involving an increase in the types of food and supplies available for pets. As the pet food industry has grown, consolidation has become a dominant force at the manufacturing, distributing, and retail levels. At the retail level, national chains dominate the supermarket and pet superstore categories.

The market for pet food can be divided by animal type, and then divided even further into these categories: dry food, canned food, moist or semi-moist food, and treats. Total U.S. retail sales of pet food, by animal type, are presented in Table 2. Dog and cat food comprise the largest segments of the pet food market.

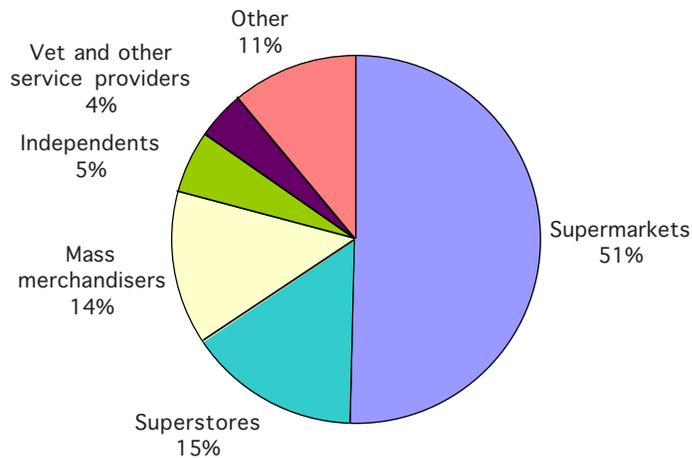
Table 2. Retail Sales of Pet Food (2000)

Type of Pet Food	Sales (rounded)
Dog food	\$6.384 billion
Cat food	\$5.15 billion
Bird food	\$675 million
Fish food	\$398 million
Small mammal food	\$135 million
Reptile food	\$93 million
Total	\$12.83 billion

Source: Dvoko, J. 2001. *The Pet Industry: Food, Accessories, Health Products and Services*. Business Communications Co., Inc.

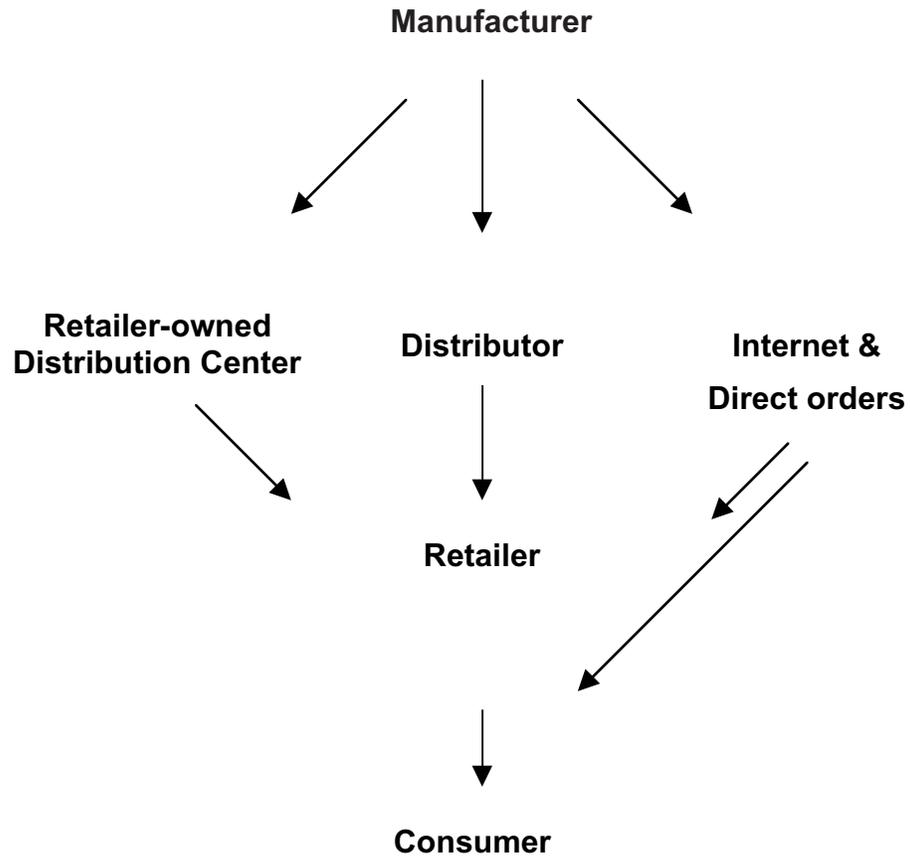
The pie chart in Figure 2 shows that supermarkets were the dominant retailers of pet food in 1999. The trade literature explains that, historically, supermarkets have been the major retailers of pet food but that superstores and mass merchandisers—Walmart, Target, etc.—are strong competition for the supermarkets. Independent stores and veterinary clinics maintain much smaller shares of the national pet food market.

Figure 2. Retail Sales of Dog and Cat Food by Retail Outlet (1999)



Source: Dvoko, J. 2001. *The Pet Industry: Food, Accessories, Health Products and Services*. Business Communications Co., Inc.

Figure 3. Major Distribution Pathways in the Pet Food Industry



Source: ECONorthwest

Figure 3 is a rough illustration of the major pathways that pet food travels from manufacturer to consumer. Some distribution occurs along a traditional pathway from manufacturer to independent distributor to retailer. Independent grocery and pet-supply stores frequently utilize such a distribution system. An individual store might be serviced by more than one distributor, but it might also make purchases directly from manufacturers.

The large, national, retail chains typically operate somewhat differently. Rather than utilize independent distributors, the major retailers often operate their own regional distribution centers that facilitate the distribution of pet food and other products among multiple retail outlets throughout a region. Management of the supply

of goods is frequently orchestrated at a regional or national level by a central purchasing department. In addition to purchasing through local retail establishments, consumers may also make purchases through catalogues and over the internet. Our conversations with representatives of several local retail establishments confirm that the distribution of pet food in Lane County occurs along these multiple pathways.

SECTION 2. DESIGN OF A FUNDING MECHANISM

Our research indicates that several other states and counties have proposed a pet food surcharge or tax, but we believe no pet food taxes are currently levied. Nevertheless, the various proposals might be useful in identifying difficulties and/or innovative ideas that might help shape a policy in Lane County. We have identified pet food surcharge proposals in at least these three locations: Multnomah County (proposed in 1999), the State of Maine (proposed in 2003), and the State of Kentucky (proposed in 2001).

Based on our understanding of the pet food industry and of local taxation systems, we outline and summarize many of the important components of a county surcharge on pet food in this section. Because the proposed surcharge could be implemented in any number of ways, we provide brief descriptions of various options, along with advantages and disadvantages of those options. This discussion is summarized in Table 3.

Possible Components of a Pet Food Surcharge

Product Definition: Cat food and dog food, including or excluding treats

Collection: Wholesale or retail; possible handling fee

Rate: 1-5% wholesale or retail

Incidence: All purchasers of cat and dog food in the County

Possible Exemptions: Rebates, exemptions, or discounts for low-income residents, animal shelters, volunteers raising guide dogs, prescription-only food

Product Definition. Of primary importance is defining exactly *what* is to be subject to the surcharge. A clear definition will ease implementation, but an overly detailed definition might not keep up with changes in products. *Pet food* is a broad term. It seems useful to limit the surcharge to cat food and dog food for two reasons. First, cats and dogs are the most common pets, and they are owned by the most households. Excluding the smaller categories of pet food (bird food, fish food, etc.) may simplify the administration of the surcharge.² Second, Lane County's animal problems are dominated by cats and dogs, so there would be some connection between the surcharge and the programs funded by the surcharge.

² Definitions of "cat food" and "dog food" could be adopted using industry guidelines.

Collection. An important consideration in determining the proper collection mechanism is the relative ease or difficulty of collecting the surcharge. A surcharge at the *distributor/wholesale* level is attractive because there would be fewer firms for the County to monitor than at the retail level. Difficulty arises, however, because of the various distribution pathways and because most distributors are not based in Lane County. Nevertheless, other wholesale taxes have established provisions to cope with similar difficulties.

Like most states, Oregon levies wholesale taxes on cigarettes and beer, and these taxes have mechanisms for dealing with the complexities in wholesale distribution pathways. As we understand it, the state assesses a \$1.28 tax per pack of cigarettes sold in Oregon. All packs of cigarettes sold must have an Oregon tax stamp, which are purchased by distributors directly from the state. If retailers purchase unstamped cigarettes to resell, they must file reports and submit the appropriate taxes to the state. The tax is technically a tax on consumers that is “pre-paid” by distributors for convenience.

A pet food surcharge might be structured similarly. Lane County retailers could be required to sell only pet food for which a surcharge has been collected. The surcharge might be collected by distributors that register with the county and do regular business in the county. Retailers would be responsible for collecting the surcharge on any other pet food they purchase for resell from distributors that do not collect the surcharge.

Lane County retailers utilize a variety of distributors.

Large retailers such as Safeway and Albertson’s operate their own distribution centers that order directly from manufacturers.

Some retailers purchase certain pet foods directly from the manufacturer.

A number of other distributors supply stores in Lane County. These distributors include Unified Grocers, Associated Grocers, and a number of smaller, specialty distributors.

Alternatively, at the *retail* level a surcharge could be levied directly on consumer sales of cat and dog food. Because the number of individual retailers in the county exceeds the number of distributors, the difficulty of a retail surcharge would lie in monitoring and enforcing the surcharge across so many establishments. The advantage at the retail level is that it might be easier to identify all of the establishments where pet food is sold in the county.

The county currently assesses two retail taxes: a car-rental tax and a transient room tax, which are taxes commonly assessed across the country at the local level. The car-rental tax is collected by approximately 10 establishments in the county. According to county staff, this tax is fairly easy to administer and requires little staff time.³ The transient

³ We understand that there are primarily two people involved in administering this tax for the county. One person is minimally involved in processing the receivables. The other person spends approximately 16 hours a year monitoring, reporting, and managing the program.

room tax is collected by over 200 establishments in the summer and by roughly 150 establishments in the off-season. Some cities assess a higher “room tax” than others. The City of Eugene administers this tax for the county, and the city is currently paid an administrative fee of \$16,500 a year. The establishments collecting this tax keep a handling fee of 5 percent of the revenues they collect.

The City of Ashland has a 5 percent food-and-beverage tax. City staff gave us a rough estimate that administration costs are roughly \$50,000 a year, and the revenues are \$800,000 to \$ 1,000,000 a year. More than 100 establishments in Ashland collect the tax, and staff routinely spend additional effort gaining compliance from several establishments. Retailers keep 5 percent of their collected revenues as a handling fee.

A surcharge at either the retail or wholesale level would require creating a new collection mechanism, as none currently exists. We have not estimated the collection costs that would be borne by the distributors or retailers, but it’s likely that useful data do exist on the costs of collecting general sales taxes in other states. The County might consider including a handling fee to cover the distributor/retailer costs of collecting and reporting. Incidentally, neither option described above would capture the unknown number of mail-order or internet sales.

Rate: Establishing the amount, or rate, of the surcharge would involve comparing the revenues and the costs with any potential negative effects or unintended consequences.

At which tax rate will policy goals be met efficiently and equitably? The ideal rate will depend upon a combination of these factors: the expected revenues, the collection and enforcement costs, the net revenues, the net revenues desired, the possible incentives to avoid the tax, and any handling fees.

Avoidance: What is the likelihood that individuals would shift their purchases to retailers outside of the county to avoid the tax? To the extent that occurred, the expected revenues would be lower. It seems unlikely that such a shift would occur for small purchases due to the additional travel costs and time, which would potentially outweigh any savings.

Incidence: The surcharge would be paid by those making purchases of dog food and cat food in Lane County. Which consumers would bear the highest burden? As with general sales taxes, lower-income individuals with pets would possibly pay a higher percentage of their income on the surcharge than individuals with higher incomes. Also, individuals with more cats and dogs would likely spend more on the surcharge than individuals with fewer cats and dogs. We present the

average surcharge per pet in Section 3. If there are social concerns about the distribution of the surcharge, these might be handled by exemptions for certain individuals, organizations, or products as described below.

Exemptions: Would exemptions for particular consumers or for particular products reduce any actual or perceived inequities in the tax without significantly reducing revenues or increasing the cost of administering the surcharge?

Exemptions based on social concerns could be made for certain consumers, such as low-income residents, animal shelters, nonprofit agencies, volunteers raising guide dogs, etc. In addition, exemptions could be made for prescription food sold for medical reasons and sold only by a veterinarian. The criteria for these exemptions would need to be explicit. Eligibility criteria for low-income exemptions could be based on existing programs. Hillsborough County, Florida has a “sterilization rebate” program that issues vouchers for low-income and indigent residents. The eligibility criteria include enrollment in one of any of a number of local or federal programs such as Medicaid, Food Stamps, WIC, and Section 8 housing, or income below an established percentage of the federal poverty line. These criteria are fairly broad because the sole intent of the program is to provide vouchers to low-income residents to encourage spaying and neutering of pets.⁴

In Lane County, a surcharge exemption could be made at the point of purchase or through a refund program administered by the county. We have not estimated the costs of operating such a program or the extent that such a program would reduce the gross revenues of the surcharge. Many cities and counties operate spay and neuter rebate programs and analyzing these programs would provide some insight into the costs of administering a rebate program in Lane County.

We summarize our analysis of the major elements of a pet food surcharge in Table 3. The first column, *surcharge design*, lists an important issue to consider in designing the surcharge. The second column identifies *potential difficulties* arising from this particular proposal. The third column specifies *options for addressing difficulties* identified in the second column.

⁴ [Http://www.hillsboroughcounty.org/animsvcs/rebate.html](http://www.hillsboroughcounty.org/animsvcs/rebate.html) accessed July 11, 2003.

Table 3. Structure and Important Considerations of a Pet Food Surcharge

Surcharge Design	Potential Difficulties and Issues to Address	Options for Addressing Difficulties
<u>Define the Product:</u> Which pet foods would be subject to the surcharge?	Limiting the proposal to only cat and dog food may ease the administration of the surcharge. “Treats” are sometimes included in the definitions of food.	Make explicit that foods <i>marketed</i> for cats and dogs (as opposed to, say, canned tuna) are included. Make explicit the inclusion or exclusion of “treats.” Consider exemptions for foods available by prescription only.
<u>Design the Collection Mechanism:</u> Would the surcharge be applied at the retail or wholesale level? How often would funds be remitted to the county? What kind of oversight or enforcement would the county exercise?	Wholesale: Fewer establishments but usually located outside of the County. Retail: More establishments but easier to locate. Either: The county has no existing relationship with these firms and no existing structure for collecting the surcharge.	Require registration of distributors and retailers within the county. Quarterly remission of revenues is customary for other taxes. Consider including a handling fee for the distributor/retailer collecting the funds.
<u>Determine the Rate:</u> Would the surcharge be levied as a percentage of the price or as a rate per pound? At which rate would policy goals be met efficiently and equitably?	Pet food is typically pre-packaged in various sizes.	A flat percentage rate is likely easier to implement than a rate per pound.
<u>Minimize Avoidance:</u> What opportunities exist for individuals to avoid the surcharge by changing the nature or location of their purchases?	Because neighboring counties have not implemented a surcharge, county citizens could avoid paying the surcharge by making their purchases outside of the county.	If the rate is low enough, it is less likely that residents will travel outside the county, incurring additional costs, to purchase pet food. Require that residents remit fees on out-of-county purchases.
<u>Consider the Incidence of the Surcharge:</u> Who pays? Is the surcharge fair? How might any perceived inequities be addressed?	The surcharge would be paid by individuals making purchases of dog food and cat food in Lane County. As with sales taxes, this surcharge might be more difficult for lower-income residents.	To address issues of social equity, the county could consider exemptions for low-income individuals, non-profit agencies, animal shelters, etc.
<u>Consider Exemptions:</u> Would exemptions on particular products or for particular individuals reduce any potential or perceived inequities?	Any rebates or exemptions would require additional costs to administer.	An exemption could be handled as a limited rebate or discount.
<u>Examine Potential Unintended Consequences:</u> Would a surcharge on pet food purchases have any negative impacts?	Possibilities include decreased spending on pet food or other items, mostly by low-income residents.	Negative impacts would likely be limited to the lowest income levels. These problems could be addressed through exemptions.

Source: ECONorthwest

SECTION 3. ESTIMATED REVENUES OF A SURCHARGE ON DOG FOOD AND CAT FOOD IN LANE COUNTY

In this section, we briefly outline our approach for estimating the potential revenues from a surcharge on sales of cat food and dog food in Lane County, and we present our estimates. We emphasize that, because there are no readily available and comprehensive data on pet food sales in Lane County, these are estimates based largely on national data. We outline the methods and data sources below.

One of the difficult aspects of analyzing the feasibility of the surcharge is making estimates of how pet food sales would respond to the changes in prices. We have found no studies of the sensitivity of pet food purchases to price. Pet food is subject to general sales taxes in many other states, but we know of no studies comparing pet food purchases *with* versus *without* general sales taxes. We do not know if slightly higher pet food costs will cause consumers to purchase less pet food, spend less on other purchases to make up for the increased cost of pet food, or shift their purchases to retailers outside of the county. We do not have enough information to quantify and predict how people will, on average, make those tradeoffs.

Lacking data on actual pet food sales in Lane County, we use an indirect method to calculate the potential revenues from a surcharge on pet food at either the retail or wholesale level. First, we estimate the number of cats and dogs in Lane County based on national surveys and Census data for Lane County, which is the method suggested by the American Veterinary Medical Association for estimating pet populations. Second, we calculate the average annual expenditures on food for Lane County cats and dogs, based on other studies. Finally, we assume these expenditures occur in Lane County and that the surcharge will not affect these expenditures. To be clear, these estimates are rough. We describe the data sources and method in more detail in the Appendix.

Table 4 shows the assumptions we use to get a rough estimate of the possible revenues of a surcharge on dog and cat food in Lane County. These assumptions are based on national studies, Census data, and data reported in trade literature.

Table 4. Assumptions

Number of Dogs in Lane County	76,559
Number of Cats in Lane County	102,988
Annual Food Expenditure per Dog	\$99.50
Annual Food Expenditure per Cat	\$61
Average Retail Mark-up of Pet Food	25%

Source: ECONorthwest

Using these assumptions, we calculate the potential gross revenues of 1 percent, 3 percent, and 5 percent surcharges at the retail and at the wholesale level. These results are presented in Table 5.

Table 5. Potential Gross Revenues of a Wholesale or Retail Surcharge on Cat Food and Dog Food in Lane County

	1% Surcharge		3% Surcharge		5% Surcharge	
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail
Cat Food	\$50,258	\$62,822	\$150,774	\$188,468	\$251,290	\$314,113
Dog Food	\$60,940	\$76,176	\$182,822	\$228,528	\$304,704	\$380,881
Total	\$111,199	\$138,998	\$333,597	\$416,996	\$555,995	\$694,994

Source: ECONorthwest

Note: Columns may not sum due to rounding.

The data in Table 5 are initial estimates. The actual revenues might be lower or higher. In addition, the estimates do not take into account the following items: a possible reduction in revenues from shifts in consumer spending in response to the surcharge; a reduction in revenues for the exemptions and/or handling fees discussed in Section 2; the possibility that some county residents purchase pet food outside the county, over the internet, etc.; and a possible increase in revenue from sales of pet food to shoppers and travelers from outside of the county. Additional research could reduce some of these uncertainties.

Assuming the entire surcharge is passed on to the consumer, the data in Table 6 reflect the average annual cost of the surcharge per pet. These are averages. Households with more than one animal or households that spend more than the average amount on pet food would pay a higher annual surcharge. Households that do not own pets would pay nothing.

Table 6. Average Annual Surcharge Per Pet (in 2002 dollars)

	1% Surcharge		3% Surcharge		5% Surcharge	
	Wholesale	Retail	Wholesale	Retail	Wholesale	Retail
\$/cat/year	\$0.49	\$0.61	\$1.46	\$1.83	\$2.44	\$3.05
\$/dog/year	\$0.80	\$1.00	\$2.39	\$2.99	\$3.98	\$4.98

Source: ECONorthwest

Estimating Costs

The estimates presented in Table 5 are *gross revenues* not *net revenues*. The distinction is important. The costs of implementing and managing the surcharge are essential to consider in evaluating its feasibility. We do not provide an estimate of the costs or the net revenues in this report. Instead, in this section we outline the types of costs that are likely to be incurred by a surcharge on dog food and cat food, and we highlight information gleaned from our limited research into the costs associated with other taxes. We recommend the county undertake additional research on the costs of this proposal.

The types of costs associated with a pet food surcharge:

- **Implementation Costs.** These costs include the initial costs of communicating the requirements of the program to the public and to the firms involved in collecting the surcharge. Implementation would also involve costs associated with establishing the necessary procedures for collection, monitoring, enforcement, and reporting.
- **Ongoing administrative costs.** Administration of the surcharge would involve processing payments from firms, reporting, monitoring, and enforcing the requirements of the program.
- **Collection costs borne by distributors or retailers.** These include bookkeeping and reporting costs. Although these costs are not directly borne by the County, they are part of the full costs of the program.
- **Costs associated with administering a rebate program.** If the surcharge includes exemptions, then there would be costs associated with communicating the exemption criteria and possibly administering a rebate or discount program.

NEXT STEPS

The county asked that this report provide guidance for decisionmaking and for possible future work on the proposal. If it chooses to pursue the proposed surcharge, we recommend the county consider the following steps:

1. Investigate programs that could serve as a model for the proposed surcharge. As mentioned previously, several other jurisdictions have proposed a surcharge on pet food purchases. Though none have been enacted, analyzing these proposals might help the county evaluate the various options. In addition, more extensive investigation of other wholesale and retail taxes would be useful in anticipating and managing potential difficulties. Personal interviews would be quite valuable.

2. Estimate the costs of administering the surcharge. As described above, a more detailed study of the costs of administering other taxes and/or rebate programs in other areas would provide insight into the potential costs of this program.

3. Refine revenue projections. A more extensive review of the professional and trade literature would help reduce the uncertainty associated with the revenue projections.

Appendix. Additional Information

In this Appendix we provide more information about the assumptions we describe in the report and we provide a list of sources of additional information.

Table 7 shows the data used to estimate the number of cats and dogs in Lane County. As described in the report, this is an *indirect* method for estimating pet food sales in Lane County. The American Veterinary Medical Association provides estimates of pet populations for Oregon and the Pacific Northwest, and the AVMA surveys indicate that Oregon and the Pacific Northwest have higher rates of cat ownership than the U.S. as a whole and approximately the same rate of dog ownership as the U.S. We took this information into account in estimating the pet population in Lane County.

Table 7. Lane County Pet Population Estimates

Variable	Estimate	Data Source
Lane County Households	132,546	Estimate based on 2002 Census estimates
Dogs		
% Households with dogs	36.1%	Estimate based on various studies [range: 36.1-39%]
Avg # dogs in dog-owning households	1.6	AVMA [Range: 1.5-1.6]
Dogs in Lane County	76,559	ECONorthwest calculation
Cats		
% Households with cats	37%	Estimate based on various studies [Range: 31.6-45%]
Avg # cats in cat-owning households	2.1	Estimate based on various studies [Range: 2.1-2.2]
Cats in Lane County	102,988	ECONorthwest calculation

Source: ECONorthwest

Table 8 summarizes the range of estimates of pet food sales per pet derived from different studies. We used an average of the various estimates.

Table 8. Annual Expenditures for Pet Food per Pet

	Range of Reported Annual Expenditures	ECONorthwest Estimate
Cat Food (including treats)	\$53-\$74	--
Cat Food only	\$50-\$72	\$61
Dog Food (including treats)	\$113-\$133	--
Dog Food only	\$90-\$109	\$99.50

Source: ECONorthwest

ADDITIONAL SOURCES OF INFORMATION

American Veterinary Medical Association. 2002. *U.S. Pet Ownership & Demographics Sourcebook*.

Dvoko, J. 2001. *The Pet Industry: Food, Accessories, Health Products and Services*. Business Communications Co., Inc.

American Pet Products Manufacturers Association, Inc. 2003. *The 2003/2004 APPMA National Pet Owners Survey*.

Packaged Facts. 2002. *The U.S. Pet Food Market*.

Mintel. 2001. *The U.S. Pet Food Market*. Chicago.

Euromonitor International. 2003. *Pet Food and Pet Care Products in the United States*. February.

IRI. 2002. *IRI Insights on Pet Food Purchase Behavior by Lifestage*.

The Pet Food Institute.

Association of American Feed Control Officials, Inc.

U.S. Census Bureau.

Comparison of Current Animal Service Fees and Fines - May 7, 2010

Animal Violations - Base Fine Comparisons				
Eugene Code	Violation	Eugene	Lane County	Springfield
4.335	Animal Abuse- Second Degree	\$190	\$287	\$750**
	First Degree	\$290	\$472	\$1500*
4.340	Animal Neglect-Second Degree	\$190	\$287	\$750**
	First Degree	\$290	\$472	\$1500*
4.350	Animal Abandonment	\$190	\$472	\$120
4.365	Care of a Stray Animal	\$140	\$287	\$120
4.370	Impoundment of Animals	\$115	\$472	\$120
4.375	Failure to Surrender an Animal	\$290	\$472	
4.380	Resisting an Officer	\$290	\$472	
4.390	Impound, Redeem, Sale 8,9	\$290	\$472	\$120
4.395	Licenses, Fees & Exceptions	\$65	\$287	\$120
4.403	Rabies Vaccination Certificate	\$115	\$287	\$120
	2nd offense	\$180	\$287	\$120
4.405	Use of Watchdog	\$140	\$190	\$120
4.410	Reporting a Biting Animal	\$190	\$472	\$120
4.415	Quarantine-Biting Animals	\$190	\$472	\$120
4.425	Dog At Large	\$65	\$142	\$150
	2nd offense	\$75	\$142	\$150
	3rd offense	\$85	\$142	\$150
	4th offense	\$125	\$142	\$150
4.427 (1)	Dogs-Certain Areas Prohibited	\$75	\$287	\$120
4.430	Continuous Annoyance	\$150	\$190	\$120
	2nd offense	\$175	\$190	\$120
	3rd offense	\$200	\$190	\$120
	4th offense	\$225	\$190	\$120
4.435	Potentially Dangerous Dog	\$190	\$190-472	none-cite for vicious dog \$300***
4.445	Regulation of Potentially Dangerous Dog	\$190	\$472	
4.450	Dangerous Animals	\$190	\$190-472	\$300***
4.455	Livestock at Large	\$190		\$120
4.460	Tethering Horses on Street	\$90		\$120
4.465	Dog Waste Matter	\$65	\$190	\$120
4.470	Removal of Carcasses	\$90		\$120
4.475	Animal Euthanasia	\$275		
4.480	Selling, Trading, Bartering or giving away animals in certain locations prohibited	\$190	\$287	\$120
4.485	Sale of Baby Chicks, Ducklings & Rabbits	\$165	\$287	\$120
4.490	Dog in Season (Estrus)	\$75	\$190	\$120
4.500	Interference - Police Dog:			
	Second Degree	\$330		1500*
	First Degree	\$780		1500*

* Class A Misdemeanor, ** Class B Misdemeanor, *** Class C Misdemeanor

Comparison of Current Animal Service Fees and Fines - May 7, 2010

Animal License Fee Comparisons			
Type of Fee	Eugene	Lane County	Springfield
Dog Regular (not spayed/neutered) - 1 year	\$35	\$35	\$20
Dog Regular (not spayed/neutered) - 2 years	\$55	\$55	
Dog Regular (not spayed/neutered) - 3 years	\$70	\$70	
Dog Spay/Neuter - 1 year	\$15	\$15	\$10
Dog Spay/Neuter - 2 years	\$25	\$25	
Dog Spay/Neuter - 3 years	\$35	\$35	
Dog Regular - Senior Citizen - 1 year	\$35	\$35	\$5
Dog Regular - Senior Citizen - 2 years	\$55	\$55	
Dog Regular - Senior Citizen - 3 years	\$70	\$70	
Dog Spay/Neuter - Senior Citizen - 1 year	\$10	\$10	\$5
Dog Spay/Neuter - Senior Citizen - 2 years	\$17	\$17	
Dog Spay/Neuter - Senior Citizen - 3 years	\$25	\$25	
Juvenile Dog (under 6 months) voluntary registration & ID	\$5		
Cat Regular (voluntary) - registration & ID	\$8	\$8	
Cat Spay/Neuter (voluntary) - registration & ID	\$5	\$4	
<i>The following are in addition to license fee.</i>			
Non-Commercial Kennel (1-8 dogs)		\$150	
Commercial Kennel	\$100	\$250	
Commercial Breeder (1-10)		\$350	
Commercial Breeder (3-10)	\$200		
Commercial Breeder (over 10)	\$300	\$350	
Watchdog/Guard dog Permit	\$25	\$25	\$20
Duplicate License	\$2		
Late Fee for failure to timely renew license	\$10		
Dangerous Behavior(DB) - Class C - License		\$25	
Dangerous Behavior(DB) - Class C - Renewal		\$25	
Dangerous Behavior(DB) - Class C - Collar		\$15	
Dangerous Behavior(DB) - Class B - License		\$100	
Dangerous Behavior(DB) - Class B - Renewal		\$50	
Dangerous Behavior(DB) - Class B - Collar		\$15	
Dangerous Behavior (DB) - Class A - License		\$200	

Comparison of Current Animal Service Fees and Fines - May 7, 2010

Type of Fee	Eugene	Lane County	Springfield
Dangerous Behavior (DB) - Class A - Renewal		\$100	
Dangerous Behavior (DB) - Class A - Collar		\$15	
Potentially Dangerous Behavior (PDB) Level 1 - License	\$25		
Potentially Dangerous Behavior (PDB) Level 1 - Renewal	\$25		
Potentially Dangerous Behavior (PDB) Level 1 - Collar	\$15		
Potentially Dangerous Behavior (PDB) Level 2 - License	\$100		
Potentially Dangerous Behavior (PDB) Level 2 - Renewal	\$50		
Potentially Dangerous Behavior (PDB) Level 2 - Collar	\$15		
Potentially Dangerous Behavior (PDB) Level 3 - License	\$100		
Potentially Dangerous Behavior (PDB) Level 3 - Renewal	\$50		
Potentially Dangerous Behavior (PDB) Level 3 - Collar	\$15		
Potentially Dangerous Behavior (PDB) Level 4 - License	\$100		
Potentially Dangerous Behavior (PDB) Level 4 - Renewal	\$50		
Potentially Dangerous Behavior (PDB) Level 4 - Collar	\$15		
Potentially Dangerous Behavior (PDB) Level 5 - License	\$200		
Potentially Dangerous Behavior (PDB) Level 5 - Renewal	\$100		
Potentially Dangerous Behavior (PDB) Level 5 - Collar	\$15		
Impound Fees - First Impoundment within 1 Year	\$25	\$25	\$25
Impound Fees - Second Impoundment within 1 Year	\$50	\$50	\$50
Impound Fees - Third and Subsequent Impoundment within 1 Year	\$100	\$100	\$100
Impoundment Care (per day)	\$10	\$10	\$10
Handling Fee for Unwanted Animals - Single Animal	\$20	\$20	\$20
Handling Fee for Unwanted Animals - Litter	\$20	\$20	\$20

2009 Animal Violations

EUGENE CODE	Description	Count
4.350	ANIMAL ABANDONMENT	1
4.335(1)	ANIMAL ABUSE-2	2
4.410	ANIMAL BITE FAIL REPORT	1
4.430	ANIMAL CONTIN ANNOYANCE	8
4.390(9)	ANIMAL FAIL TO RECLAIM	2
4.375	ANIMAL FAIL TO SURRENDER	4
4.340(2)	ANIMAL NEGLECT-2	39
4.480	ANIMAL PROH SALE CTY PRP	1
4.425	DOG AT LARGE	328
4.445	DOG FL COMPLY DANGER REQ	28
4.395(1E)	DOG FL DISPLAY LICENSE	10
4.465	DOG FL REMOVE WASTE MAT	1
4.395(1A)	DOG NO LICENSE	95
4.427	DOG PROHIBITED AREA	2
4.403	FAIL TO UPDT RABIES VACC	2
4.455	LIVESTOCK AT LARGE	2
	Total Citations	526
	Total citations Imposed	\$37,808.29
	Unpaid citations	\$18,611.62
	Citation revenue	\$19,196.67

Municipal Court Revenue - FY05 through FY09

Title	FY05	FY06	FY07	FY08	FY09
Turnover to State	\$ 371,452	\$ 382,970	\$ 379,777	\$ 333,416	\$ 249,801
Turnover to Lane County	\$ 54,478	\$ 64,773	\$ 69,803	\$ 61,795	\$ 48,186
Fines/Fees to General Fund	\$ 2,960,413	\$ 3,056,452	\$ 2,915,776	\$ 2,602,202	\$ 2,194,907
Animal Violations	\$ 12,535	\$ 15,733	\$ 17,471	\$ 14,037	\$ 18,356
Defense Attorney Reimbursement	\$ 8,430	\$ 6,037	\$ 5,457	\$ 4,078	\$ 2,347
Total	\$ 2,981,378	\$ 3,078,222	\$ 2,938,704	\$ 2,620,317	\$ 2,215,609

