

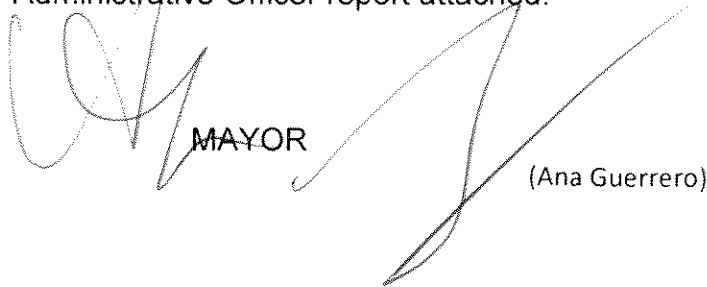
0150-10302-0000

**TRANSMITTAL**

TO The Council	DATE JAN 27 2015	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 11	

**Proposed Contract with Value Vet, Inc. for spay/neuter clinic services at the West Los Angeles Animal Care Center**

Approved and transmitted for your consideration. See the City Administrative Officer report attached.

  
MAYOR  
(Ana Guerrero)

MAS:JCY:04150039t

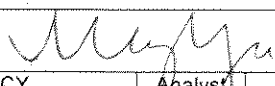
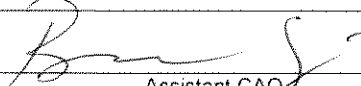
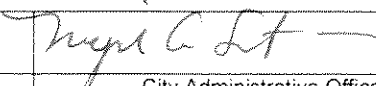
Report From  
**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**  
**Analysis of Proposed Contract**  
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 01-26-15	C.D. No. 11	CAO File No.: 0150-10302-0000
Contracting Department/Bureau: Animal Services		Contact: John Chavez, (213) 482-9558	
Reference: Board of Animal Services Commissioners transmittal dated October 30, 2014			
Purpose of Contract: To provide spay/neuter clinic services to the public and for shelter animals adopted from the West Los Angeles Animal Care Center			
Type of Contract: (X) New contract ( ) Amendment		Contract Term Dates: One year, from January 6, 2015 through January 5, 2016, with five one-year renewal options, for a maximum of six years	
Contract/Amendment Amount: \$500,000 per year			
Proposed amount \$ 500,000 + Prior award(s) \$ 0 = Total \$ 500,000 per year			
Source of funds: Animal Sterilization Trust Fund			
Name of Contractor: Value Vet, Inc.			
Address: 2216 Agate Court #B, Simi Valley, California 93065			
	Yes	No	N/A*
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested	X		
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: %			
			*N/A = not applicable ** Contracts over \$100,000

**COMMENTS**

The Animal Services Department (ASD) requests authority to execute a contract between the City of Los Angeles (City) and Value Vet, Inc. (Value Vet) to provide animal spay/neuter surgeries at the West Los Angeles Animal Care Center Spay/Neuter Clinic, located at 11361 West Pico Boulevard. The term of this contract is one year, beginning January 6, 2015, with five additional one-year renewal options for a maximum contract term of six years. The proposed contract amount is not to exceed \$500,000 per year.

On July 29, 2014, the ASD issued a Request for Proposals (RFP) to solicit contract spay/neuter services for the West Los Angeles Animal Care Center. In addition to posting the opportunity on the City's Los Angeles Business Assistance Virtual Network (LABAVN) system, the Department contacted all known spay/neuter service providers in the Los Angeles area. Value Vet was the only service provider to submit a proposal, and was selected by the Department as satisfactorily meeting the service requirements. Subsequently, on October 28, 2014, the Board of Animal Services Commissioners (Commission) reviewed and approved the ASD's recommendations to contract with Value Vet for the operation of the West Los Angeles Animal Care Center Spay/Neuter Clinic.

		
JCY	Analyst	City Administrative Officer
04150039	Assistant CAO	

Under the proposed agreement, Value Vet will perform spay and neuter surgeries on qualified animals adopted from the West Los Angeles Animal Care Center. The number and type of animals referred to the Clinic will depend on the number of adoptions that day and the Department's needs. The Department reserves the right to perform the spay/neuter surgeries with its own staff, or to send animals to off-site veterinarians in the event that Value Vet is unable to accommodate all of the Care Center's spay/neuter needs. Value Vet will also perform spay/neuter surgeries on animals brought to the Clinic by members of the public, and may offer microchipping and vaccination services.

In addition, Value Vet will accept \$30 discount coupons and \$70 free sterilization certificates issued to City residents by the ASD as full payment for spay/neuter surgeries. The Department will reimburse Value Vet at the discounted value of the coupons and certificates. Spay and neuter rates are set by the Commission; current rates are detailed in the Commission-Approved Spay/Neuter Rates chart below. For all spay/neuter surgeries Value Vet performs on animals adopted from the West Los Angeles Care Center, the Department will reimburse Value Vet at the Commission-approved rates.

The total cost for services under the proposed contract is not to exceed \$500,000 per year. The Department reported that the cost to the City to operate the West Los Angeles Spay/Neuter Clinic in Fiscal Year 2013-14 was approximately \$89,100. Funding for spay/neuter surgeries is provided through the Animal Sterilization Trust Fund (ASTF). The ASTF is established under Los Angeles Administrative Code Section 5.199 to provide funding for pet sterilization services to residents of the City of Los Angeles. A portion of funds from each paid dog license sold in the City (\$2.00 for unaltered dogs and \$7.00 for altered dogs) is deposited into the Fund to support the cost of animal sterilization. Additionally, \$545,218 has been appropriated in the General Fund 2014-15 Adopted Budget to support the Fund. Along with public donations, the Fund is expected to receive \$1.57 million in 2014-15 to support animal sterilization services.

In consideration of the no-cost use of a City facility, Value Vet will compensate the City at a rate of five percent of the Clinic's adjusted gross monthly income (gross income excluding voucher income). This will result in an average payment of \$3.92 to the City for each animal sterilized, as calculated below:

**Commission-Approved Spay/Neuter Rates**

<b>Surgery</b>	<b>Current Commission-Approved Fee</b>	<b>5% Payment to the City (Non-Voucher)</b>
Male Cat	\$60.00	\$3.00
Female Cat	\$68.00	\$3.40
Male Dog under 50 lbs.	\$60.00	\$3.00
Male Dog over 50 lbs.	\$110.00	\$5.50
Female Dog under 50 lbs.	\$68.00	\$3.40
Female Dog over 50 lbs.	\$118.00	\$5.90
Rabbits (all)	\$65.00	\$3.25
Average Payment to the City		\$3.92

Funds received will be deposited into the ASTF to further the City's spay and neuter efforts. Though City facility costs are an expense of the General Fund, depositing receipts from Value Vet into the ASTF may still benefit the General Fund in that increased revenue into the ASTF reduces the need for a General Fund appropriation to the ASTF. The amount needed from the General Fund to support the ASTF is determined through the annual budget process.

The proposed agreement also includes the use of the facilities at the West Los Angeles Animal Care Center as governed in the facility license agreement with the General Services Department (attached to and described in Section IV of the proposed contract). Value Vet is in compliance with the standard provisions for City contracts.

In accordance with Charter Section 1022, the Personnel Department reviewed the ASD's request to contract and determined that although City classifications could perform the required work, the workload exceeds current staffing availability and is of limited duration, which would result in layoff at the end of the work project.

City facilities that are purchased, constructed, or renovated using proceeds from the sale of bonds or other debt-financing are generally restricted to public benefit use. The proposed contract to employ a for-profit contractor to provide spay/neuter clinic services at the bond-funded West Los Angeles Animal Care Center is in compliance with existing bond requirements. Tax Counsel has reviewed the proposed contract and confirms that the private use that will result from the addition of a contracted spay/neuter clinic is well below the threshold allowed by the Internal Revenue Service (IRS) for private use of facilities financed by tax-exempt bonds. Therefore, the tax-exempt status of the bonds is not at risk as a result of this proposed contract. The private use analysis is cumulative; therefore, any future contracts must also be reviewed for compliance with the IRS requirements to maintain the tax-exempt status of the bonds.

## **RECOMMENDATIONS**

That the City Council:

1. Authorize the General Manager of the Los Angeles Animal Services Department (ASD), or designee, to execute an agreement between the City of Los Angeles and Value Vet, Inc. for spay and neuter and related services at the West Los Angeles Animal Care Center for a term of one year, from January 6, 2015 through January 5, 2016, with five one-year extension options, at an amount not to exceed \$500,000 per year, subject to the approval of the City Attorney as to form and legality; and,
2. Direct the ASD to remit to the Animal Sterilization Trust Fund any payment derived from five percent of Value Vet, Inc. adjusted gross revenue receipts.

## **FISCAL IMPACT STATEMENT**

Approval of the recommendations will authorize the Los Angeles Animal Services Department to execute a contract with Value Vet, Inc. for spay and neuter services at the West Los Angeles Animal Care Center for a maximum period of six years at a cost not to exceed \$500,000 per year. Funding for this purpose is available in the Animal Sterilization Trust Fund to support animal sterilization services, including a \$545,218 appropriation in 2014-15 from the General Fund. There is no

additional impact to the General Fund. Execution of the proposed contract agreement complies with the City's Financial Policies in that budgeted funds are used for budgeted purposes and that ongoing costs are supported by ongoing revenues.

*MAS:JCY:04150039*

Attachment