

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 17, 2016**

Item 19, Report No. 21, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on May 17, 2016.

**19**

**ANIMAL SERVICES CONTRACT – TOWNSHIP OF KING**

**The Committee of the Whole recommends approval of the recommendation contained in the following report of the Director of By-law & Compliance, Licensing & Permit Services, dated May 3, 2016:**

**Recommendation**

The Director of By-law & Compliance, Licensing & Permit Services, in consultation with the Deputy City Manager of Community Services and Director of Financial Planning and Development Finance and Deputy City Treasurer, recommends:

1. That an Animal Services Agreement with the Township of King be renewed for a further three (3) year period, retroactively beginning May 1, 2016 with two (2) additional one (1) year renewal provisions;
2. That the Mayor and City Clerk be authorized to sign the necessary agreements for continuance of the Animal Services Agreement with the Township of King.

**Contribution to Sustainability:**

Care and control of animals is a unique area of public service that contributes to current and future sustainability of the quality of life within the City. Currently Vaughan Animal Services, a Unit within By-law & Compliance, Licensing & Permit Services ("BCLPS"), delivers animal services including, but not limited to, public education, outreach, awareness, by-law enforcement and shelter services within the City of Vaughan and provides contracted services to the Township of King. Service agreements provide a much needed service to smaller communities, while providing the City of Vaughan an avenue of revenue generation to off-set costs associated with the delivery of animal services as a whole.

**Economic Impact**

The proposed three (3), plus two (1) year optional renewals Service Level Agreement ("SLA") is projected to generate \$200,000 in annual revenue beginning in 2016, with an annual 2% increase thereafter. The revenue generated through this SLA will fully recover Vaughan's marginal costs of providing animal services to the Township of King as well as assist in off-setting fixed labour and other costs of operations.

The projected \$200,000 in annual revenue is approximately \$36,000 less than the revenue generated in the final year of the existing contract. For 2016, the net impact is a decrease in revenue of approximately \$23,000. The adjustment in the contract price was the result of a refinement to the cost allocation made to more closely reflect the direct and indirect cost of delivering services to King. Even at the revised revenue amount, the SLA will still continue to deliver a net benefit to the City.

The costs to deliver services under this agreement and the associated revenues from the SLA are accounted for within the current 2016 operating budget.

**Communication Plan**

This Report and the decision of Vaughan City Council will be communicated to the Township of King accordingly.

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 17, 2016**

Item 19, CW Report No. 21 – Page 2

#### **Purpose**

This Report is seeking Council's approval for City staff to be authorized to renew an SLA for three (3) years, with two additional one (1) year renewal provisions in order to continue to provide animal services to the Township of King.

#### **Background - Analysis and Options**

Currently animal control and sheltering services are provided by the City of Vaughan to the Township of King through an SLA which expires on May 1, 2016. The City has been providing animal services to the Township of King since 2011.

City Staff met with Township of King staff in late 2015 and early 2016 to review the existing contract and discuss options for an SLA renewal. The Township of King confirmed they were interested in renewing its SLA with the City of Vaughan and in maintaining the same level of service as provided through the existing contract.

In continuing to provide animal services to the Township of King, the City's requirement was to ensure that revenue generated from the SLA renewal continued to appropriately recover all marginal costs of service delivery and assist in offsetting fixed labour and other costs of operations. As such, revenues were determined on the basis of an allocation of direct labour costs and a percentage of shelter costs based on the average number of animals coming into the shelter from the Township of King.

While the cost allocation methodology used is similar in principle to what was used in the existing agreement, staff refined the cost allocation in the service agreement renewal to more closely reflect the direct and indirect costs of service delivery to King. The result of this refinement has been an adjustment to the contract price. The proposed annual revenue of \$200,000 beginning in 2016 represents a decrease of approximately \$36,000 from the revenue generated in the final year of the existing contract. For 2016, the net impact is a decrease in revenue of approximately \$23,000. Even at the revised revenue amount, the SLA will still continue to deliver a net benefit to the City.

As the revenue produced through the existing SLA assists in off-setting Vaughan Animal Services' fixed operating costs and provides a much needed service to the Township of King, City staff believe that continuing to provide such services through the renewal of the SLA is of mutual benefit to both municipalities.

In order to proceed with the recommendations specified above and for Vaughan Animal Services to continue to provide animal services to the Township of King after May 1, 2016, Council's approval is required to authorize the Mayor and City Clerk to sign the necessary agreements and documents related with the above noted recommendations.

#### **Relationship to Term of Council Service Excellence Strategy Map (2014-2018)**

This report's recommendations support Council's priorities by off-setting existing operating costs, assisting in meeting Council's annual tax rate targets.

The recommendations are also consistent with the Vaughan Service Excellence Strategic Initiative of Operational Performance by ensuring financial sustainability as well as managing growth and economic wellbeing.

This report is consistent with the priorities set by Council and the necessary resources are allocated within the current operating complement accordingly.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 17, 2016**

Item 19, CW Report No. 21 – Page 3

**Regional Implications**

Not applicable.

**Conclusion**

The current Animal Services Agreement with the Township of King expires on May 1, 2016.

Through discussions, the City of Vaughan and the Township of King have agreed to a three (3) year renewal, with two additional one (1) year renewal provisions, should it be required.

To continue service delivery of animal services to the Township of King beyond May 1, 2016, City staff require the approval of City Council to authorize the Mayor & the City Clerk to sign the necessary agreements.

**Attachments**

None.

**Report prepared by:**

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Supervisor, Animal Services