

COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL

(1) DEPARTMENT Health Agency General Services	(2) MEETING DATE 4/7/2015	(3) CONTACT/PHONE Jeff Hamm, 781-5500 Machelle Vieux, 781-5200	
(4) SUBJECT Submittal of a report regarding options for improvements to the County's Animal Shelter Facility located at 885 Oklahoma Avenue, San Luis Obispo. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board receive and file this report on options for improvements to the County's Animal Shelter Facility, and provide direction to staff as to how to proceed.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? N/A
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. <u> </u>) <input checked="" type="checkbox"/> Board Business (Time Est. <u>60</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No		(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>07/22/2008, 08/05/2008,</u> <u>10/07/2008, 12/14/2010, 01/07/2014</u>
(17) ADMINISTRATIVE OFFICE REVIEW Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Director, Health Agency, 781-5500
Machelle Vieux, Interim Director, Department of General Services 781-5200

DATE: 4/7/2015

SUBJECT: Submittal of a report regarding options for improvements to the County's Animal Shelter Facility located at 885 Oklahoma Avenue, San Luis Obispo. All Districts.

RECOMMENDATION

It is recommended that the Board receive and file this report on options for improvements to the County's Animal Shelter Facility, and provide direction to staff as to how to proceed.

DISCUSSION

Background/Context

The Animal Services Division provides animal care and control services throughout the unincorporated regions of the county, as well as within each of the seven incorporated communities. Each city contracting with the Division is assessed an annual service fee based upon their proportionate use of both field services and animal sheltering together with the operational costs associated with each of these functions.

The division operates a single animal shelter to house and care for stray and owner relinquished animals. This shelter, located at 885 Oklahoma Avenue in San Luis Obispo, is the county's only open intake animal shelter and receives approximately 4,500 animals annually. Dogs and cats account for roughly 92% of the animals handled at the shelter with the remainder comprised of a wide variety of animals ranging from rabbits, alligators, and emus to guinea pigs, monkeys, and snakes.

The Animal Services shelter was constructed in approximately 1975 on a site which had formerly been a landfill utilized in the 1940's by the US Army and Camp San Luis Obispo. As initially designed, the structure totaled 6,600 square feet and was intended primarily for the kenneling of dogs, with less than 38 square feet dedicated to the care and housing of cats; no accommodations were made for other types of animals. Since then, additional building modifications were constructed to accommodate dog runs adjacent to the kennels, corrals for ranch animals, a small structure for cats, night drop-off kennels, an expansion for staff administration, and renovation for the public lobby. Current industry standards and public expectations of animal shelters have shifted substantially and many of the shelter's original design features and characteristics are now outdated or inconsistent with the current understanding of humane animal sheltering. The consequences of these design issues relative to their impact on humane animal care are further compounded by the effects of deferred maintenance, heavy utilization, and harsh environmental conditions. Over time, roofing leaks have developed, walls and door frames have begun to deteriorate, and the capacity of electrical and drainage systems have been overloaded. The lack of heating, poor ventilation, and general facility layout promotes stress, illness, and behavioral problems in sheltered animals. The austere and unwelcoming environment often discourages the general public from visiting or lingering at the shelter and thus has an adverse effect on adoption and stray reclaim rates.

These adverse impacts have been especially notable with regards to cat housing. In the mid to late 1990's the amount of space available for cat housing was expanded by 400 square feet. However, many of the fundamental challenges in

providing humane animal care persisted. Subsequently, your Board approved \$997,900 in FY 2007-08 for a remodel project to expand and improve the division's cat housing facilities.

Shortly thereafter, Animal Services also contracted with the Humane Society of the United States (HSUS) to perform a general review and assessment of the Division's operations. While many of the recommendations generated in the HSUS report were related to operational processes, a large number were directed at needed structural improvements in the shelter facility. The shelter's design and condition also pose a challenge to the full implementation of some of the operational recommendations. In light of the 2008 HSUS report, the scope of the cat facility remodel was reassessed and the County contracted with an architectural consulting firm, Shelter Planners of America (SPA), specializing in animal shelter design to conduct a needs assessment analysis. The report produced by SPA in 2009 identified seven major projects, to be completed in two phases, which were needed to bring the shelter up-to-date. In light of SPA's recommendations, the planned remodel was refocused to address the first phase projects – remodel of the customer service interface area, construction of a new cat wing, and remodel of the dog kenneling area.

Over the past decades, new programs to assist pet owners and the public's interest in animal care and treatment shifted the facility's design emphasis from increasing the housing capacity to increasing pet adoptions by showcasing animals and improving the quality of the environment for animals. Despite the building modifications over the years, the existing building's infrastructure and service areas continued to deteriorate. Housing for dogs and cats is inadequate, and the facility does not meet new codes required by the Americans with Disabilities Act (ADA).

In 2010, the County contracted with Ravatt Albrecht & Associates to develop design plans for Phase I of the remodel. Quickly, it became apparent that the scope of this project exceeded the available funding and the dog kennel remodel component of the remodel was dropped. The ability to design a remodel which could be constructed within budget was further complicated by soil stability and potential methane off-gassing issues resulting from the shelter's location on an abandoned landfill. During the environmental permitting process it was determined that a permit was required through CalRecycle, adding additional time and cost to the development process. Since then, the project received a post landfill closure permit through CalRecycle, and a permit from the Air and Water Quality Control Boards. These issues required several hazard mitigation measures and design features which substantially increased anticipated project cost. To address concerns raised during design, the project was augmented with an additional \$269,700 and the design of the remodel was significantly scaled back to the minimum level necessary to support sheltering operations.

In October 2013, the Board authorized public bidding for construction improvements of the Animal Services Cattery and Lobby Expansion project. The total project cost funded as of October 2013 was \$1,267,600. The total cost included the estimated construction cost, facility assessment and master plan, project management, professional services, design, construction management, camera security system, laundry facilities, and contingency. The construction portion of the total cost was estimated at \$894,950.

In November 2013, the County received five construction bids from contractors for the Animal Services Cattery and Lobby Expansion project. Bids ranged between \$1,245,200 and \$1,382,000. The lowest bid received exceeded the estimated construction cost by \$350,250, which was 39% above the engineers estimated construction cost. In January 2014, staff recommended and the Board rejected all bids for the Animal Services Cattery and Lobby Expansion project. In light of the significant disparities between the project budget, operational needs, and projected construction costs, the project was reassessed and an effort was made to identify design modifications and alternative operational measures which might bring construction costs within budget. During this reassessment, the identification of additional structural problems, including the development of a large sinkhole directly adjacent to the building, caused concern that further investment and attempts to rehabilitate the facility may not be fiscally responsible.

Projects Currently Funded for the Animal Shelter

There are currently three facility projects associated with the Animal Shelter:

Animal Services Cattery and
Lobby Expansion

The original budget for the overall project was \$1,267,600. The construction portion was estimated at \$894,950 in 2013. Actual bids ranged between \$1,245,200 and \$1,382,000. Overall project costs have escalated due to inflation by approximately 4% to 5% per year.

Replace Roof on Animal Shelter	Originally estimated at \$141,700. Revised estimate is between \$160,000 and \$180,000 due to on-going degradation of the roof, inflation and the market environment.
Repair and Paint Kennel Gates, Doors, Walls, and Ceiling at Animal Services	Originally estimated at \$156,000 for painting. Because of significant deterioration, repairs are needed prior to painting, raising the estimated costs between \$740,000 and \$840,000.

The following items were included in the scope of the capital project for Animal Services Cattery and Lobby Expansion, which was started but construction not awarded because the bids exceeded the project budget:

- 2,070 square foot addition to the front of the facility for a new cattery. The additional space in cattery rooms allows for cats to move freely, while maintaining a controlled health environment and facilitate prospective owners' search to adopt a pet. Separate cat kennel rooms are included to isolate adoptable cats, newly admitted cats held for assessment, and kittens.
- 830 square foot expansion for a public lobby with restroom, direct access to the animal holding areas, a kennel manager's office and a public service room and a separate office for the shelter manager, enabling communication with administration and ability to respond directly to the animal service areas.
- Camera security system to monitor activities.
- A new fire suppression system with alarms and seismic restraints. The new addition exceeds square foot limits in current State Fire Marshal regulations thus triggering the requirement to bring the entire facility up to the fire safety requirements. The existing facility has a limited fire suppression system for the kennels with no fire detection.
- Special helical core system foundation system to address additional problems associated with supporting a structure over a landfill. Geological studies revealed poor soils conditions which must be addressed with expanding the footprint of the facility.

The following items within the funding allocated for the capital project Animal Services Cattery and Lobby Expansion were accomplished:

- The Shelter Planners of America facility assessment and master plan study provided a long term projection of facility requirements and operational needs. The report prioritized the recommendations and formed the basis of phase 1 of the project scope.
- Design of the new cattery and renovation work began in January 2011 with the architectural firm of Ravatt Albrecht and Associates. Additional professional services included a site survey, soils engineering, code reviews, fire safety engineering, hazardous materials evaluation, security systems consultant, and professional engineering for the landfill mitigation requirements.
- General Services managed the project administration and coordinated the efforts from the master planning stage in 2009 through the Landfill permitting in 2013. Staff also facilitated the development of design options for the cattery and remediation measures. Staff prepared the scopes of work, requests for proposals, bidding, negotiations, consultant selection, and document review, design reviews, contract oversight and administration.
- Expanded the laundry capacity within the Sheriff's Honor Farm which included upgrade of electrical transformer, purchase of new washer and dryer and new water heater. However, the Honor Farm laundry facility was destroyed by fire in the summer of 2011. Since then, the Honor Farm laundry facility was re-built and insurance funding replaced the laundry equipment at the current Animal Shelter facility.

A separate maintenance project was developed and funded to replace the roof on the Animal Services Facility. The initial scope was to replace the entire roof. To date, a roof inspection has been conducted, minor repairs to patch leaking areas have been performed, caulking and sealing around clerestory windows completed, and some dry rot repairs to the roof decking has been completed. However, the full roof replacement project was placed on hold while waiting a decision on the future of the capital improvement project.

Another maintenance project was developed and funded with the initial intent to paint the kennel areas, including the doors, walls, trim, and ceiling at Animal Services. Site investigation showed that the doors and door frames have significant dry rot and are severely deteriorated, the metal kennel gates have corrosion and many are beyond repair. The walls and wainscoting have damage that requires replacement. Adding an acoustical ceiling to prevent birds from

perching and nesting on the exposed surfaces would require modifications to the lighting and fire sprinkler system. Prior to any painting of the facility, the project will require removal and replacement of kennel cage gates, doors and frames, existing wainscoting and drywall, and baseboards. Because of the extensive repairs that needed to be performed on the walls, ceiling, and doors prior to painting, the painting project could not be done within the funded budget.

Options

Two options are presented to the Board for consideration:

1. Continue with the current designed project to expand the cattery and lobby areas, repair the kennel gates, doors, walls, and ceiling of the existing animal shelter, and renovate the vacated cattery area, or
2. Construct a new animal shelter on an available parcel at the County Operations Center on the east end of Oklahoma Avenue.

Option 1:

The current Animal Services Cattery and Lobby Expansion project design includes a 2,070 square foot addition to the front of the facility for a new cattery and an 830 square foot expansion for a public lobby. The project was intended to address the phase 1 portion of the SPA recommendations and designed with features to provide a safer, and healthier environment for animals, clients, volunteers and staff.

The following repairs which are not currently designed in the capital project need to be included as part of Option 1:

- Roof replacement
- Replacement of kennel cage gates
- Replacement of facility doors and door frames
- Replacement of wainscoting
- Repair and painting of drywall
- Modifications to the fire alarm and sprinkler system
- Installation of a dropped ceiling
- Renovation of the vacated cattery area into spaces for an infirmary, medical evaluation room, and technician office.

However, the following areas of concern listed in the HSUS and SPA needs assessment report will not be addressed in Option 1. It is expected that these items will need to be addressed in phase 2 within the next 10 to 15 years at a current cost estimate of \$5.5 million to \$6.0 million:

- Noise and gutter drainage for cleaning in the dog kennel area
- Visitor area for dog viewing
- Elimination of the night drop and surrender area or monitoring/staffing for animals brought to the shelter after hours.
- Improvements in heating, ventilation, and air conditioning for animals.
- Circulation to improve the layout of the facility for efficient operations, and improve the visitor experience
- Building security to prevent animals from being taken after hours
- Dedicated animal examination and medical room to eliminate the need to use single rooms for multiple, incompatible functions.
- Animal intake area to enable staff to receive and segregate feral cats, medical needs animals, and quarantine animals.
- Sally port relocation to enable animal control to properly transfer animals into the shelter.
- New administration area to provide staff and volunteer sufficient room for training, preparing reports, and performing normal operations.

Option 2:

Construct a new 15,000 square foot facility (approximate) to fully address the facility needs and implement many of the recommendations contained in the HSUS and SPA report. Programming is required to define the proper size for the facility.

- Expanded public lobby area to provide a welcoming reception and viewing area to facilitate pet adoption.
- Indoor-outdoor dog kennel area for animal enrichment and to provide volunteers and staff sufficient area to work with animals and for visitors to view pets.
- Sally port, dog and cat intake rooms with public area and office, which will enable a path of travel to provide an

- appropriate receiving and entry area, and not expose incoming animals to others while being moved to holding areas.
- Administration and training area which will accommodate staff, volunteers, and be conducive for proper operations of the Animal Shelter.
 - An open concept cattery area which will enable cats to interact and play with others and encourage the public to interact with animals.
 - Kennel area with sound attenuation features and offset kennel cage configuration which will reduce stress for dogs by minimizing noise and line of sight to other animals.
 - Cleaning system which will reduce pet stress and improve sanitary conditions.
 - Animal play and interaction area with families considering pet adoption.
 - Separate isolation and quarantine area to reduce stress on sick animals and not subject healthy animals to undesirable conditions.
 - Isolation area for feeding and care of kittens and other young animals.
 - Central utility core which will not be disruptive to animals while facility maintenance actions are being performed.
 - Heating, ventilation, and air conditioning system upgrades for pet and visitor comfort.

Although Option 1 is generally expected to be completed in a shorter timeframe than Option 2, with either option, the timeframe to complete the facility will depend on funding, design, bidding, and the construction period. Funding will need to be identified and allocated to the project. After funding is available, the design and review process will begin to develop documents for bidding, which may take six months to nine months. Upon award of a construction contract, it is estimated that the construction will take approximately one to two years because of time required for submittals, construction phasing, material lead times, and seasonal impacts.

Agreement with Woods Humane Society

Animal Services maintains an active and cooperative relationship with Woods Humane Society, which operates a limited intake animal shelter directly adjacent to the division's facility on County owned property. In consideration for the right to occupy this property, Wood accepts the transfer of 300 dogs and cats from the Animal Services shelter annually. Under a separate agreement, Woods also performs spay and neuter surgeries on dogs and cats placed up for adoption by the division.

The potential for expanding this existing relationship was considered during the assessment of alternatives for addressing Animal Services' current shelter needs. This resulted in the identification of two possible options in which a portion of the division's animal sheltering burden could be shifted to Woods.

The first such scenario to be considered was for Woods to assume the animal sheltering function for the division in their current facility. However, this arrangement was deemed to be unfeasible for three reasons. First, though open to the idea of assuming responsibility for sheltering dogs and cats surrendered by their owner or those that have completed any mandated holding periods, Woods is not amenable to managing those animals until all ownership issues have been resolved. This would require Animal Services to continue sheltering stray animals for a minimum of 5 days. Confiscated, quarantined, and custodial impound animals would have to be held even longer. Secondly, Woods is not interested in expanding the scope of their operation to include the many other animal species currently handled by Animal Services. As a result, the division would need to maintain a sheltering capacity for livestock, reptiles, exotic, and other non-traditional animals and the need to maintain a County facility would not be eliminated. Lastly, the cost proposed by Woods in order for them to perform this service was prohibitive.

A second option was also considered in which Woods would construct a new facility on County owned property in the Templeton area. This facility would be operated and maintained by Woods, but jointly occupied by Animal Services and serve as a north county satellite for the division where stray dogs and cats from the area could be held for owner redemption then transferred to the main Animal Services shelter if unclaimed. Though there are both public service and operational benefits to this arrangement, it would only be expected to result in a relatively modest increase in return to owner rates. Moreover, it does not address the continuing need to house animals originating from the south and coastal sections of the county. Consequently, the need for Animal Services to maintain a central shelter facility would not be substantially impacted by this mode.

OTHER AGENCY INVOLVEMENT/IMPACT

Representatives from Animal Services, Health Agency, and volunteer groups have been involved from the beginning of the project through the plan review process. The County Administrative Office has provided general oversight of the project.

For the Animal Services Addition and Renovation project, County Counsel has reviewed the General Conditions for form and legal effect. The Environmental Development office has reviewed and approved the project. CalRecycle has approved a post landfill closure permit. The Air Quality and Water Quality control boards have both reviewed the project and issued their approval of the project.

FINANCIAL CONSIDERATIONS

The Animal Services Addition and Renovation project has been funded for a total of \$1,267,600. The Project was originally funded \$997,900 in FY 2007-08 from Facility Planning Reserves for a small addition to the existing facility of approximately 1,800 square feet and some minor renovation work. The project was augmented by \$135,700 with a request for a security surveillance system, and again in FY 2011-12 with an additional \$160,000 for costs associated with moving the laundry to the Honor Farm, and to provide additional funding for the addition.

Two other projects at the Animal Services facility were created as maintenance projects to replace the roof and to repair and paint the kennel gates, doors, walls, and ceiling.

Table 1 below shows the funded budget for each project, the funds expended, and the funds remaining within the project.

Table 1

Project Title	Funded Budget	Funds Expended	Funds Remaining
Animal Services Cattery and Lobby Expansion	\$1,267,600	\$606,000	\$661,600
Replace Roof at Animal Services Facility	\$ 141,700	\$ 23,000	\$118,700
Repair and Paint Kennel Gates, Doors, Walls, and Ceiling at Animal Services	\$ 156,000	\$ 22,000	\$134,000
Total	\$1,565,300	\$651,000	\$914,300

Estimated costs for the two options are as follows:

Option 1 – Repair and Renovate Existing Animal Shelter

Description	Cost Estimate
• Cattery and Lobby Expansion • Restore Kennel Gates/Walls/Doors/Ceiling • Replace Roof • Renovate Existing Cattery • Fire Protection and Seismic Upgrades • Foundation System	\$3.3 million to \$3.8 million
Total Option 1	\$3.3 million to \$3.8 million

Option 2 – Construct New Animal Shelter at County Operations Center

Description	Cost Estimate
• New 15,000 square foot facility • Kennels • Cattery • Visitor Area • Administration Spaces • Foundation System • Fire Protection System • Furniture and Equipment • Sally Port Area	\$8.0 million to \$8.5 million

• Animal Intake • Examination and Medical Area	
Extend utilities (water/sewer, electric, natural gas, phone/data) and road. Note: For illustrative purposes. It is unknown at this time if project costs related to infrastructure will be shared by other projects and funding sources.	\$1.6 million to \$2.2 million
Total Option 2	\$9.6 million to \$10.7 million

For either of the two optional courses of action presented, the cost of the project is recommended to be financed, either by an “internal” loan or an “external” municipal bond issuance. In an internal loan, the County will provide the means of financing and the debt service costs will be borne by the Animal Services Division budget. Such a loan would be made at an interest rate that equals the investment rate of return currently being realized by the general treasury. That rate is currently approximately 0.25%. In addition to the low interest rate, one additional advantage of an internal loan is the lack of the substantial overhead costs that are required with a public or municipal type of debt. The major disadvantage to the internal loan alternative is that the County puts up the cash for the project, depleting the means of financing other projects queued up in the County’s adopted Five Year Capital Improvement Plan.

In an external bond method of financing, additional costs are incurred, increasing the total amount financed. Bond market interest rates are also higher—currently expected to be between 3% and 4%. While more costly, an external financing mechanism would allow the County to preserve its capital for other desired projects.

In either case, the debt service obligation will be reflected as an increased operating expense in the Animal Services Division’s annual budget, and spread among the County and cities, as are other operating expenses.

Each of the seven cities contracting with the County for the provision of an animal care and control program is assessed a contract service fee. The division calculates this fee annually by assessing the relative level of use received by a city in each of four service categories (field services, animal sheltering, licensing, and humane education). The operational costs for each category are then allocated to the city based upon their proportionate usage. The fees from each service category are then totaled to determine each city’s overall service cost. The total revenue received from a city in the form licensing revenue, fines, fees and other sources is then credited against the overall service cost. The remaining balance constitutes the city’s contract service fee.

For the less expensive of the two alternative projects under consideration, the funding requirements are not large enough to warrant the higher costs of an external bond financing arrangement. Therefore, an internal borrowing would be indicated. Assuming total project costs of approximately \$3.8 million (the high end of the estimated range), an interest rate of 0.25% over twenty (20) years, annual debt service costs would be approximately \$195,000, shared between the County and the cities as depicted in the following table. These numbers are estimates, offered for illustrative purposes.

County of SLO	City of Arroyo Grande	City of Atascadero	City of Grover Beach	City of Morro Bay	City of Paso Robles	City of Pismo Beach	City of San Luis Obispo
41%	14%	24%	7%	7%	23%	4%	20%
\$79,950	\$27,300	\$46,800	\$13,650	\$13,650	\$44,850	\$7,800	\$39,000

For the replacement shelter alternative, both internal and external loan options are available. Assuming a total project cost of \$10.0 million, and financed internally at the same terms previously identified, annual debt service costs would be approximately \$512,600, shared between the County and the cities as follows:

County of SLO	City of Arroyo Grande	City of Atascadero	City of Grover Beach	City of Morro Bay	City of Paso Robles	City of Pismo Beach	City of San Luis Obispo
41%	14%	24%	7%	7%	23%	4%	20%
\$210,166	\$71,764	\$130,024	\$35,882	\$35,882	\$117,898	\$20,504	\$102,520

If financed externally, additional costs of approximately \$1.0 million would be incurred, bringing the total amount to be

financed to \$11.0 million. At an interest rate of 3.5%, amortized over the same twenty (20) year duration, the annual debt service obligation would increase to approximately \$735,000, to be allocated between the County and the cities as follows:

County of SLO	City of Arroyo Grande	City of Atascadero	City of Grover Beach	City of Morro Bay	City of Paso Robles	City of Pismo Beach	City of San Luis Obispo
41%	14%	24%	7%	7%	23%	4%	20%
\$301,350	\$102,900	\$176,400	\$51,450	\$51,450	\$169,050	\$29,400	\$147,000

RESULTS

Scheduled and funded improvements to the existing facility have been largely deferred over the past several years, largely in recognition of the increasingly complex and expensive nature of improving a building located on top of an abandoned landfill. The direction provided to staff by the Board regarding how to proceed will allow staff to do just that, and move forward on either improving or replacing the current deficient building.

ATTACHMENTS

1. Location Map