COUNCIL MEETING
8/14/2023
☑Received Before Meeting
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CITY OF PALO ALTO

PETS IN NEED REVISED TERM SHEET

2023-2027

AUGUST 14, 2023

www.cityofpaloalto.org

STAFF RECOMMENDATION

Staff recommends the Council approve:

1. a proposed Term Sheet with Pets in Need for operations of the Palo Alto Animal Shelter and direct staff to return to Council for approval of an Agreement reflecting these terms, and
2. an interim payment to Pets in Need in the amount of $55,535 per month beginning June 2023 and each month until a new Agreement is executed and authorize the City Manager to execute any contract amendment necessary.

PREVIOUS COUNCIL ACTIONS AND DISCUSSIONS

February 2022

- Council passed a motion to continue negotiating a new Agreement with Pets in Need

March 2023

- Study Session to review draft term sheet
- Included a high-level estimate of the in-house model for comparison

June 2023

- Council directed staff to negotiate an agreement with PIN and bring back to Council in August with the following:
  - No TNR changes
  - Review number of surgeries
  - Higher revenue opportunities
  - Consider 3-year contract
  - Level of service and termination clause
  - Reporting and oversight
  - Spayed and neutered metrics

KEY TERMS OF NEW AGREEMENT (2023-2027)

Agreement term and levels of service:

- Five-year term with option to extend five years
- *Shelter open to public 7 days per week / 40 hours per week*
- *Wait time for spay/neuter surgeries no longer than one month*
- *Vaccination clinics once per week*

Compensation:

- Annual compensation of $1.4M for Year 1 with annual increase
- *$20k contingency for unforeseen costs*
- *Interim compensation of $55k/month beginning June 2023 until a new Agreement is executed*

**New or revised terms are in italics*

KEY TERMS OF NEW AGREEMENT (2023-2027)

Capital improvements:

- City to allocate $2.5M in FY2024 for capital improvements ($1.5M increase)
- *If costs exceed $2.5M City and PIN will renegotiate*
- PIN can fund additional improvements with City review/approval
- Prioritized list of capital projects

**New or revised terms are in italics*

KEY TERMS OF NEW AGREEMENT (2023-2027)

Reporting requirements:

- Continue monthly reports with minor modifications
- *Submit quarterly financial reports*

Policies and procedures:

- *Continues current practice of not releasing feral cats, and both parties will work together to develop a transparent and human feral cat program.*
  - *Note: "…or cause them to be released." was removed.*
- Animal welfare policies
- Corrective Action Plan in lieu of penalties

**New or revised terms are in italics*

FY24 PROPOSED BUDGET AMENDMENTS

Adds $0.5M to Adopted Operating budget

Adds $1.5M to Animal Shelter Renovation CIP (PE-19002) in Adopted Capital Budget

Additional budget needs include:

- $170k in additional funding depending on outcome
- $20k contingency fund
- Interim compensation of $55k per month until Agreement with PIN is executed, if approved by Council

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