



## STAFF REPORT INFORMATION ONLY

### Animal Services Revenues

<b>Date:</b>	May 5, 2008
<b>To:</b>	Board of Health
<b>From:</b>	Medical Officer of Health
<b>Wards:</b>	All
<b>Reference Number:</b>	

#### **SUMMARY**

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Through the budget process, Toronto Animal Services (TAS) was directed to increase revenues by \$95,000 in 2008 in order to avoid service reductions in the areas of wildlife field response and owner surrender of pets. The 2008 budget approved by Council includes this additional revenue. The Medical Officer of Health was directed to report to the Board of Health on the details of achieving this additional revenue.

Additional revenue can be generated either by increasing fees or volume. A change to fees and charges requires substantial business and financial analysis to reasonably predict the impact of the adjustments for service users and TAS operations. A preliminary analysis indicates that fee adjustments large enough to generate the full increase of \$95,000 in 2008 may have adverse effects on the achievement of program objectives. Although the budget was premised on potential fee adjustments to be implemented in the spring, this timeframe does not provide Animal Services sufficient time to fully investigate and analyze the situation and to mitigate potential impacts. Animal Services will undertake this analysis during 2008.

Without adjusting fees and charges, there are only two service areas where volumes can possibly be increased to impact revenue: licensing and adoptions. However, it should be noted that licensing already has a very aggressive revenue target to achieve, and program expenditures in this area have already been reduced. It is too early in the year to forecast revenue achievement.

To improve the lives of animals and achieve required revenues, Animal Services will make every effort to increase the number of animals adopted by the public through a public awareness campaign that promotes TAS animal adoptions and the requirement to license pets.

## **Financial Impact**

There are no financial impacts for the City resulting from this report.

## **DECISION HISTORY**

Budget Committee - February 25, 2008 Decision Document

[www.toronto.ca/legdocs/mmis/2008/bu/decisions/2008-02-25-bu27-dd.pdf](http://www.toronto.ca/legdocs/mmis/2008/bu/decisions/2008-02-25-bu27-dd.pdf)

Executive Committee – March 25, 2008 Decision Document

[www.toronto.ca/legdocs/mmis/2008/ex/decisions/2008-03-25-ex18-dd.pdf](http://www.toronto.ca/legdocs/mmis/2008/ex/decisions/2008-03-25-ex18-dd.pdf)

## **ISSUE BACKGROUND**

As part of the 2008 Operating Budget request, Toronto Public Health submitted service level reductions to achieve the City's target of zero net increase over the 2007 Operating Budget. These service reductions included the elimination of field response for injured or distressed wildlife, as well as the elimination of pet owner surrender services.

At its February 25, 2008 meeting, Budget Committee recommended that these two services be reinstated. Among other recommendations, Budget Committee directed that Animal Services' revenues be increased by \$95,000 to help compensate for the resulting increased budgetary pressure.

## **COMMENTS**

Revenue within TAS is a function of both fees and volume.

Prior to making any adjustments to fees and charges, it is prudent to analyze a number of factors including the relationship between policy objectives and fee increases (or decreases); the history of the fee (e.g. last increase or decrease); the cost to provide the service, the potential impact on the market; the impact on the community; and the fees and charges of other service providers, including neighbouring municipalities.

A preliminary analysis has indicated that fee increases to generate additional revenue of \$95,000 in 2008 may be large enough to impair program objectives and place an unreasonable burden on the community. Animal Services is currently dealing with a number of significant issues (i.e. program review and the dog and cat licensing strategy), which means that a more comprehensive analysis cannot be completed until later in the year. However, Animal Services is still required to increase revenues in the short term.

Animal Services revenue comes from a number of sources, primarily: owner surrender fees; adoption fees; impound fees; and dog and cat licence fees. Increased volume can only be obtained from adoptions and licences.

Volume in licensing is directly related to expenditure. Advertising and staffing expenditures in the dog and cat licensing strategy were reduced by \$275,000 through the budget process, while the revenue target was maintained. Although the strategy is proving to be successful, at this early point in the year it is not financially defensible to project additional licensing revenues in 2008.

A remaining option is to increase adoptions through an effective communications campaign. The Ipsos-Reid survey conducted in 2007 indicated that public awareness of Animal Services is relatively low. To increase adoptions this awareness must increase. The public needs to learn that Animal Services offers four prime locations where healthy, lovable animals are available for adoption seven days per week.

Increasing the adoption rate also has the benefit of reducing euthanasia rates, decreasing shelter costs (over a long period of time), increasing licensing rates, and overall, is consistent with the core objectives of Animal Services.

Both adoption and licensing results will be closely monitored throughout the year. A complete review of fees and services will be undertaken in 2008, and service efficiencies will be sought throughout the year.

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## **SIGNATURE**

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