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Board of Health

April 3, 2000

To: Budget Advisory Committee and the
Policy and Finance Committee

From: Secretary, Board of Health

Subject: Toronto Humane Society Contract

Recommendation:

The Board of Health, at its meeting on April 3, 2000, recommended the adoption of the joint report (February 17, 2000) from the Medical Officer of Health, Commissioner of Community and Neighbourhood Services and the Chief Administrative Officer, with respect to the City's purchase of service contract for animal sheltering with the Toronto Humane Society.

Background:

The Board of Health had before it a joint report (February 17, 2000) from the Medical Officer of Health, Commissioner of Community and Neighbourhood Services and the Chief Administrative Officer recommending that:

- (1) the City of Toronto extend its current contract with the Toronto Humane Society to December 31, 2000 under the existing terms and conditions for funding and service levels;
- (2) City Council approve \$50,000.00 as a one-time payment to the Toronto Humane Society to address possible funding inequities since 1991, but that this money not be included in their base contract fee of \$726,000.00;
- (3) the Medical Officer of Health report back to the Board of Health by June 2000, on priorities and options for standardized levels of shelter services across the City for 2001 and beyond, along with the associated financial implications;

- (4) the City of Toronto develop a new costing approach for shelter services to take effect in 2001, based on the consultants' reviews of the Toronto Humane Society costing methodology and the City's costs to run municipal animal shelters;
- (5) changes in service levels and associated costs be negotiated with the Toronto Humane Society by a staff team under the direction of the Chief Administrative Officer, with the assistance of an external facilitator to improve the working relationship between the City and the Toronto Humane Society;
- (6) the accounting services of Wynville-Erse Associates Inc. be extended in order to verify the cost estimates for the City's operations and to support the negotiation of a new funding arrangement with the THS;
- (7) implementation of Recommendation Nos. (4), (5) and (6) be the subject of a further report from the Medical Officer of Health, at a total cost not to exceed \$50,000.00;
- (8) that this report be referred to the Policy and Finance Committee and to the Budget Advisory Committee for consideration during the 2000 operating budget process; and
- (9) that the appropriate City officials be authorized and directed to take the necessary steps to give effect thereto.

The Board of Health also had before it a communication (February 21, 2000) from the Secretary, Board of Health, advising that the Board, on February 21, 2000, deferred consideration of this matter together with the following Recommendation No. 1(d) contained in the report (February 17, 2000) from the Medical Officer of Health respecting Year 2000 budget implications of the Animal Services Review:

“1(d) the following recommendation contained in the Humane Society of the United States be approved in principle:

‘the City of Toronto contract with the Toronto Humane Society for the provision of animal sheltering for the region formerly associated with old City of Toronto.’”.

The Board also had before it during consideration of this matter the following communications:

- (March 28, 2000) from Mr. Jack Slibar, Chief Executive Officer, Toronto Humane Society;
- (April 3, 2000) from Ms. Liz White, Director, Animal Alliance of Canada and Mr. Barry MacKay, International Programme Director, Animal Protection Institute; and
- (April 3, 2000) from Mr. Brian Cochrane, President, Toronto Civic Employees Union, Local 416.

The following persons addressed the Board in connection with the foregoing matter:

- Ms. Liz White, Director, Animal Alliance of Canada; and
- Mr. Allan Andrews, Wynville-Erse Associates Inc.

Secretary
Board of Health

Attachment

Y. Davies/es
Item No. 3c,d

c: Medical Officer of Health
Ms. Jane Speakman, Legal Services
Interested Persons

(Joint Report dated February 17, 2000 from the Medical Officer of Health,
Commissioner of Community and Neighbourhood Services and the Chief Administrative Officer
addressed to the Board of Health)

Purpose:

To report on issues and staff recommendations regarding the City's purchase of service contract for animal sheltering with the Toronto Humane Society (THS). The report includes an assessment of the proposed \$100,000 increase in fees to the THS and the recommendations regarding the THS made by the Humane Society of the United States (HSUS) during its external review of Animal Services.

Financial Implications and Impact Statement:

This report presents recommendations requiring an additional \$100,000 for 2000 within the Public Health Operating Budget representing a one time increase of \$50,000 to the THS contract and \$50,000 to cover expenses associated with costing the City's shelter services and contract re-negotiations. This increase cannot be absorbed within the Public Health 2000 Operating Budget request without substantial impact on animal services and/or other public health programs.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

- (1) the City of Toronto extend its current contract with the Toronto Humane Society to December 31, 2000 under the existing terms and conditions for funding and service levels;
- (2) City Council approve \$50,000.00 as a one-time payment to the Toronto Humane Society to address possible funding inequities since 1991, but that this money not be included in their base contract fee of \$726,000.00;
- (3) the Medical Officer of Health report back to the Board of Health by June 2000, on priorities and options for standardized levels of shelter services across the City for 2001 and beyond, along with the associated financial implications;
- (4) the City of Toronto develop a new costing approach for shelter services to take effect in 2001, based on the consultants' reviews of the Toronto Humane Society costing methodology and the City's costs to run municipal animal shelters;
- (5) changes in service levels and associated costs be negotiated with the Toronto Humane Society by a staff team under the direction of the Chief Administrative Officer, with the assistance of an external facilitator to improve the working relationship between the City and the Toronto Humane Society;
- (6) the accounting services of Wynville-Erse Associates Inc. be extended in order to verify the cost estimates for the City's operations and to support the negotiation of a new funding arrangement with the THS;
- (7) implementation of Recommendation Nos. (4), (5) and (6) be the subject of a further report from the Medical Officer of Health, at a total cost not to exceed \$50,000.00;
- (8) that this report be referred to the Policy and Finance Committee and to the Budget Advisory Committee for consideration during the 2000 operating budget process; and
- (9) that the appropriate City officials be authorized and directed to take the necessary steps to give effect thereto.

Background:

At its meeting of November 15, 1999, the Board of Health adopted a joint report from the Medical Officer of Health, the Commissioner of Community and Neighbourhood Services and the Chief Administrative Officer which recommended that:

- (1) the contract between the Toronto Humane Society (THS) and the City be extended to June 30, 2000. The contract purchases animal sheltering and related services for the south region (Wards 19 to 26), for a total of \$363,000.00 (\$726,000.00 annually);

- (2) the THS contract be amended to require the THS to hold stray cats and dogs for a minimum of five days, pursuant to the City's harmonized by-law; and
- (3) a staff team from Public Health, Finance and the CAO's Office review the financial status of the THS and report back on outstanding issues, including the suggested additional \$100,000 per annum, to the Board of Health for its consideration with respect to future terms for a purchase of service contract.

Also, on November 15, 1999, the Board of Health adopted a staff recommendation that the report of the external review of Toronto Animal Services conducted by the Humane Society of the United States (HSUS) be referred to the Animal Services Advisory Committee for public deputation and recommendations back to the Board of Health in time to inform the 2000 budget process.

General issues and staff recommendations arising from the review are dealt with in a separate report on this agenda, while this report provides a staff response to the key recommendations that relate specifically to the Toronto Humane Society.

The Animal Services Advisory Committee held a public meeting for this purpose on January 17, 2000; its recommendations to the Board of Health appear in a separate report on this agenda, and should be considered in conjunction with this staff report.

Comments:

(1) Contractual Costs under Existing Terms for Service Delivery

Mr. Allan Andrews of Wynville-Erse Associates Inc., was retained as an independent consultant to review the financial status of the THS; Mr. Andrews formerly served as Auditor for the Municipality of Metropolitan Toronto.

Mr. Andrews interim findings can be summarized as follows:

- (a) the THS costing methodology developed by Peat Marwick in 1991 is "not unreasonable in principle" but difficult and cumbersome to apply in practice, since detailed data for many kinds of operating variables are applied proportionately to City-related shelter activities without written agreement on how these data should actually be calculated or applied;
- (b) the allocation formula was updated significantly during this review with THS agreement, to estimate actual costs based on 1999 THS operations and financial data. However, these estimates are imprecise;
- (c) THS sheltering costs in 1999 were 11 percent-13 percent higher than in previous years, raising a question as to whether the 1999 costs should be the basis for determining a reasonable fee for 2000;

- (d) the THS has likely not been underpaid prior to 1999;
- (e) any fee increases negotiated in future would be better based on the City's operating costs in municipal shelters, adjusted for:
 - (i) acceptable operating differences
 - (ii) non-contentious costs not borne by the City (e.g. property taxes)
 - (iii) a reasonable factor for overhead and administration costs.

The Year 2000 contractual fee of \$826,000.00 proposed by the THS represents a 13.8 percent increase over the existing contract fee of \$726,000.00 (which, if approved, would be retroactive to January 1, 2000). It is important to note that the THS's request for an additional \$100,000.00 in 2000 applies solely to services that are already being provided under the existing contract. The THS does provide additional services (e.g., after-hours emergency pick-up) as do the City's shelters, even though this is not required or paid for in the current THS contract. As well, the THS has expressed repeated interest in picking up responsibility for shelter services (and possibly other unspecified field services) beyond the south region, specifically in East York and York. Both of these issues raise the possibility that future fee increases may be expected by the THS over and above the \$100,000.00 increase being sought for existing services.

Since it is recommended that a different approach be used as the basis for future contracts, i.e. one that is based on the City's costs to operate municipal shelter services, it would be premature to grant a substantial fee increase to the THS under the current contract.

(2) External Review Recommendations Applicable to THS

The HSUS recommended a service delivery model in which, "the new City of Toronto (would) continue to deliver animal control services through a combination of a publicly administered program of direct service, supported by contractual agreements for the provision of certain services with the Toronto Humane Society and other agencies or individuals as appropriate."

In general, the consultant recommended that:

- (a) Toronto Animal Services continue with its efforts to standardize policies, procedures and animal control services for the New Toronto, and maintain authority and accountability for the citywide program.
- (b) Toronto Animal Services maintain responsibility for direct provision of all animal control field services citywide, and for operations of animal sheltering services in the regions formerly associated with the cities of Etobicoke, North York and Scarborough.
- (c) The York and East York shelters be closed and the animals from these centres be housed at either the three city owned shelters or the Toronto Humane Society.
- (d) The City of Toronto contract with the Toronto Humane Society for the provision of animal sheltering for the region formerly associated with the old City of Toronto.

The HSUS recommended expansion of the THS contract to include compensation for the services they provide outside of the current contract, where these are also provided by the city's municipally operated animal centres. They envisioned that the cost of these additional services would be dealt with through a Request For Proposals process and/or contract re-negotiations directly with the THS. These services would include:

- (a) animal adoptions
- (b) intake of all owner-surrendered animals (with no right to refuse to accept these animals)
- (c) shelter of protective custody animals (following eviction, hospitalization or incarceration)
- (d) emergency veterinary care of stray injured animals.

The HSUS also recommended provision of additional new services across the City, both at municipal animal shelters and via contractors. Of these, the following are currently provided by THS at no cost to the City:

- (a) emergency after-hours service for pick up of injured stray animals and wildlife
- (b) emergency veterinary care 24 hours/day year round, for stray domestic animals
- (c) veterinary consultation, support for minor treatments, vaccination program, sterilization of adoption animals
- (d) emergency veterinary care 24 hours/day year round for stray domestic animals.

HSUS recommends that animal sheltering and related services be standardized across the City and that contractor(s) be compensated accordingly if they provide such services under contract. The HSUS also recommended use of a facilitator to assist in the negotiation of the contract and to improve the working relationship between the City and the THS.

Staff support these HSUS recommendations, on the proviso that any increases to the fees paid to external contractors (THS and others) not be financed at the expense of other municipal animal services or public health programs.

Conclusions:

This report provides a staff response to the issues and recommendations arising from the external review of Toronto Animal Services, as they pertain to the Toronto Humane Society. The THS's costing methodology was used to evaluate their request for an additional \$100,000.00 in contract fees based on existing services. Based on the financial review of THS operations conducted by the City, it is recommended that the current fee of \$726,000.00 remain fixed until the expiry of the current contract, with an additional one-time payment of \$50,000.00 to the THS in view of possible past funding inequities.

The Medical Officer of Health will report back to the Board of Health on priorities and options for standardized levels of shelter services across the City, along with the associated financial implications. Policy decisions on city-wide service levels and costs should form the basis for future discussions with external suppliers. Operational efficiencies are being explored in this

context, as outlined in a separate report on this agenda related to the overall review of Animal Services.

Future contract negotiations with the THS are likely to be challenging and will require dedicated staff resources and an external facilitator to help improve the working relationship between the City and the THS.

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The Board of Health also submits the following communication (February 21, 2000) from the Secretary, Board of Health:

The Board of Health at its meeting on February 21, 2000, had before it a joint report (February 17, 2000) from the Medical Officer of Health, Commissioner of Community and Neighbourhood Services and Chief Administrative officer, respecting the City's purchase of service contract for animal sheltering with the Toronto Humane Society.

The Board of Health also had before it the following communications:

- (February 21, 2000) from Ms. Liz White, Director, Animal Alliance of Canada;
- (February 21, 2000) from Ms. Eva Leiva, Etobicoke; and
- (Undated) from Ms. Stephanie Brown, Toronto.

The Board of Health deferred consideration of this matter, together with the following Recommendation No. 1(d) contained in the report (February 17, 2000) from the Medical Officer of Health respecting Year 2000 Budget implications of the Animal Services Review, to its meeting scheduled to be held on April 3, 2000:

“1(d) the following recommendation contained in the Humane Society of the United States report be approved in principle:

‘the City of Toronto contract with the Toronto Humane Society for the provision of animal sheltering for the region formerly associated with the old City of Toronto.’”;

and, further, directed that a copy of the correspondence received from the Toronto Humane Society by Toronto Public Health with respect to this matter, be included in the agenda for such meeting.