

Non-Competitive Contract with DocuPet Inc. for the Provision of Pet Licensing Services

Date: June 2, 2025

To: General Government Committee

From: Executive Director, Municipal Licensing and Standards and the Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request City Council authority to enter into a non-competitive contract with DocuPet Inc. for the provision of pet licensing services. The initial term of the contract will be for five years, commencing on October 17, 2025 to October 17, 2030, inclusive, with a total value of \$680,730 net of all applicable taxes and charges. The contract also provides the City the option to extend the agreement for five (5) additional separate one (1) year periods, at the sole discretion of the City. If all of the extension options are exercised, there would be a total potential contract value of \$1,537,136 net of all applicable taxes and charges.

Toronto Municipal Code Chapter 349, Animals, establishes rules and regulations for responsible pet ownership in the City, including a requirement for every owner of a dog or cat to obtain a pet licence. Pet licences help identify missing pets and return them to their owner so that these animals spend less time in a shelter and they allow members of the public and City staff to easily identify the owners of pets in the City. Revenue from pet licensing fees, as well as additional donations received during the pet licensing process, is used to fund Toronto Animal Services' programs, including spay/neuter programs, veterinary care and the rescue of sick, injured or distressed domestic animals and wildlife.

In 2023, the City entered into a no-cost, two-year pilot with DocuPet Inc., a Kingston-based Canadian company that provides online pet licensing services to municipalities, with the goal of improving pet licensing revenue and uptake, streamlining program administration, and enhancing customer experience. This pilot, which has shown success in increasing the rate of pet licensing, expires in October 2025. A market scan has shown that apart from DocuPet Inc., there are no other service providers in Canada that offer the pet licensing services that meet the needs of Toronto Animal Services. As there are no options on the market for similar systems, and considering the privacy, technology and cybersecurity work that went into developing and establishing the pilot throughout 2023 and 2024, staff recommend approval of this non-competitive

procurement to have DocuPet Inc. provide pet licensing services to the City for the five (5) year term with the option of extending the agreement for five (5) additional one (1) year periods, as described in this report.

Non-competitive procurements may be undertaken where both the proposed procurement and supplier can be justified in good faith based on an exception set out in Toronto Municipal Code Chapter 195, Procurement. These procurements will be proceeding under the exception code related to an absence of competition where the Supplier has specialized experience and the City has determined in good faith that both the proposed procurement and the selected supplier, along with the terms and conditions of the contract are beneficial to the City (Toronto Municipal Code, Chapter 195, Procurement, Section 7.1B.).

City Council approval is required in accordance with Municipal Code Chapter 195- Purchasing, where the current request exceeds the Chief Purchasing Officer's authority of the cumulative five-year commitment for each supplier, under Article 7, Section 195- 7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards and the Chief Procurement Officer recommend that:

City Council authorize the Executive Director, Municipal Licensing and Standards, to negotiate and enter into a non-competitive contract with DocuPet Inc. for the provision of Pet Licensing Services from October 17, 2025 to October 17, 2030, inclusive, in the amount of \$680,730 net of all applicable taxes and charges (\$692,711 net of HST recoveries), with the option to extend the agreement for up to five (5) additional separate one (1) year periods, at the sole discretion of the City for a total potential contract amount of \$1,537,136 net of all applicable taxes and charges (\$1,564,190 net of HST recoveries), on terms and conditions satisfactory to the Executive Director, Municipal Licensing and Standards and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total potential contract award, including five (5) option years, is \$1,537,136 net of all applicable taxes and charges and \$1,736,964 including all applicable taxes and charges. The total potential cost to the City including five one-year optional periods is \$1,564,190 net of HST recoveries.

Funding in the amount of \$32,626 net of HST recoveries is available in the 2025 Operating Budget for Municipal Licensing and Standards. Additional funding required for the initial contract period will be requested in the 2026-2030 Operating Budget Submissions for Municipal Licensing and Standards. Should the City exercise the five (5) one-year option periods, additional funding will be requested in the 2030-2035

Operating Budget Submissions for Municipal Licensing and Standards. Additional funding details follow in Table 1 to follow.

Should the report be adopted, the current budget for pet licensing will be reallocated towards the costs paid to DocuPet Inc. Any additional costs incurred by the City as part of the DocuPet Inc. contract will be fully recovered by pet licensing fee revenue and absorbed into Municipal Licensing and Standards' operational budget.

Table 1: Financial Impact Summary (Net of HST Recoveries)

Cost Centre: MS5040, GL Account: 6610	
Dates	Total Net of HST Recoveries
October 17, 2025 to December 31, 2025	\$32,626
January 1, 2026 to October 16, 2026	\$97,084
October 17, 2026 to December 31, 2026	\$34,472
January 1, 2027 to October 16, 2027	\$103,417
October 17, 2027 to December 31, 2027	\$34,969
January 1, 2028 to October 16, 2028	\$104,908
October 17, 2028 to December 31, 2028	\$35,435
January 1, 2029 to October 16, 2029	\$106,304
October 17, 2029 to December 31, 2029	\$35,874.00
January 1, 2030 to October 16, 2030	\$107,622
Sub-total - Initial Contract Period	\$692,711
Option Year 1: October 17, 2030 to December 31, 2030	\$38,593
Option Year 1: January 1, 2031 to October 16, 2031	\$115,779
Option Year 2: October 17, 2031 to December 31, 2031	\$40,925
Option Year 2: January 1, 2032 to October 16, 2032	\$122,774
Option Year 3: October 17, 2032 to December 31, 2032	\$43,409.00
Option Year 3: January 1, 2033 to October 16, 2033	\$130,228
Option Year 4: October 17, 2033 to December 31, 2033	\$46,059
Option Year 4: January 1, 2034 to October 16, 2034	\$138,176
Option Year 5: October 17, 2034 to December 31, 2034	\$48,884
Option Year 5: January 1, 2035 to October 16, 2035	\$146,652
Sub-Total - Option Periods	\$871,479
Total Net of HST Recoveries	\$1,564,190

The City Treasurer and Chief Financial Officer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

City Council, at its meeting of July 23, 24, 25, 26, 27 and 30, 2018 adopted 2018.LS27.3 - Specialty Dog Tag Pilot Project, and authorized the Executive Director, Municipal Licensing and Standards to undertake a pilot to partner with private issuers of dog tags on pet licensing, if staff believed the project was feasible and achieves the goals and objectives of Toronto Animal Services. The City Council Decision document can be viewed at: [Agenda Item History - 2018.LS27.3](#)

COMMENTS

Toronto Municipal Code Chapter 349, Animals (Chapter 349), establishes rules and regulations for responsible pet ownership and pet licensing in the City. Municipal Licensing and Standards, through Toronto Animal Services (TAS) is responsible for administration and enforcement of Chapter 349, including the administration of pet licensing.

Pet licences help identify pets who are lost and allow anyone who finds the pet to help return it home. They allow the City to quickly identify the owners, which means that a lost animal may spend less time in an animal shelter. Pet licensing is beneficial not only for the pet owners, but for the community as well. Revenue from pet licensing fees, as well as additional donations received during the pet licensing process, is used to fund Toronto Animal Services' programs, including spay/neuter programs, veterinary care and the rescue of sick, injured or distressed domestic animals and wildlife.

Under Chapter 349, any person in Toronto who owns a dog or a cat is required to obtain a licence for their pet every year, which includes paying a fee and acquiring a pet licence tag.

Table 2: Pet Licensing Fees

Pet/Tag	Pet Licensing Fee*
Dog (Spayed/Neutered)	\$25
Dog (Not Spayed/Neutered)	\$60
Cat (Spayed/Neutered)	\$15
Cat (Not Spayed/Neutered)	\$50

*Fee discounts are available for pet owners who are over the age of 65 and for low-income households.

Pilot Program for Pet Licensing

In July 2018, City Council adopted the Specialty Dog Tag Pilot Project, which authorized the Executive Director, Municipal Licensing and Standards to undertake a pilot project with private issuers of dog tags on pet licensing, if staff believed the project was feasible and achieved the goals of Toronto Animal Services.

Prior to 2024, the City provided pet licensing services in-house through toronto.ca, by phone, through Canada Post, or in-person at Toronto Animal Services facilities and mobile clinics. Pet licensing was managed by TAS staff using an in-house solution called ePet, which had limited capabilities, was reaching end of life and required modernization. Additionally, the City has experienced decreasing levels of pet licence uptake - the number of pet licences issued in 2023 was 24% less than in 2017. While it is unknown how many dogs and cats reside in Toronto homes, the number of pet licences likely represents a small amount of the number of pets in Toronto. Leveraging third-party expertise and modernizing the pet licensing process are both parts of the strategy to increase compliance with pet licensing requirements.

To address the decreasing pet licensing numbers, the need for modernization of the City's pet licensing system and as directed by Council, staff reviewed options to pilot a project with private issuers of tags on pet licensing with the goal of improving pet licensing revenue and uptake, streamlining program administration and enhancing customer experience.

After a review of available service providers, staff identified DocuPet Inc. (hereby referred to as "DocuPet") as the only suitable service provider to collaborate with on a pet licensing pilot as authorized by Council, as it was the only program that met the requirements of the City available on the market. DocuPet is a Kingston-based Canadian company that provides online pet licensing services to municipalities, including 62 in Ontario (such as Niagara Falls, Waterloo and Guelph). While staff identified other service providers that operate in the general field of online pet services, DocuPet was the only one that provided third-party pet licensing services in Canada.

Terms of the Pet Licensing Pilot

After DocuPet was identified as a potential supplier for the pilot, a Memorandum of Understanding (MOU) was negotiated between DocuPet and the City of Toronto in October 2023. The MOU established a two-year pilot project for DocuPet to provide online pet licensing services on behalf of the City of Toronto and at no cost to the City. These pet licensing services included the intake and processing of pet licence applications and renewals, operation of a customer care centre, marketing to promote awareness of the city pet licence requirements, and communication to clients about their pet licence, including renewal notices and the provision of the physical pet licence tag.

Pet licensing fees were unchanged and there were no additional required costs or fees for pet owners as a result of the City undertaking the pilot with DocuPet. Revenue from pet licensing fees, and additional donations made to Toronto Animal Services, are collected by DocuPet but are transferred in full from DocuPet to the City.

While a standard City of Toronto pet tag comes at no additional cost to pet owners beyond the standard City licensing fee, the pilot MOU permits DocuPet to offer customizable and stylized licensing tags, as well as other pet-related products for sale to pet owners during the licensing process. While residents have the option to purchase these items, they are not required to do so in order to obtain a City pet licence, and the City does not promote or endorse those products. Under the terms of the pilot MOU, DocuPet is not permitted to use City data - such as information collected from residents

solely registering their pet for a City licence or making a donation to the City - to send any non-City related communications to residents, except where a resident has explicitly signed up to receive marketing information or has purchased a product other than the standard City pet tag required to obtain a City licence.

After the pilot was agreed to in October 2023, staff conducted a series of technology, cyber security and privacy assessments to ensure that customer data was safe and maintained in accordance with the pilot MOU and applicable legislation and city policies. Following these assessments and the establishment of the necessary technology systems, the DocuPet pilot was launched to the public in May 2024.

Pet Licensing Pilot Results

Since the launch of the DocuPet pilot, Toronto Animal Services has seen pet licensing rates improve. Between June 2024 and March 2025, the total number of pet licence registrations issued increased 6.6% over registrations in the same period in 2023-2024.

This increase in pet licences is a significant milestone as there has been a general decline in the annual rates of pet licences issued since 2017, despite the likelihood that the number of pets has increased in the City. In addition to the increase of pet licence rates, the consumer experience has improved with the implementation of DocuPet, with over 75% of all pet licences issued since May 2024 having applied online using the new DocuPet system.

The DocuPet system has functionalities not present under the previous in-house licensing system, such as the ability for an owner to create and maintain a single account for all their pets, capabilities for notifications to be received by email and an online lost pet finder function. These new functionalities were implemented under the pilot and enhanced the customer experience by providing more modernized options for pet owners.

The DocuPet system also allows for new models of pet licensing that were not previously possible under the City's ePet system, including automatic licence renewals, where a licence is auto-renewed without the need of completing new documentation, and multi-year licensing, where a customer purchases a higher-fee licence that lasts multiple years instead of requiring an annual renewal. While these models were not implemented as part of the pilot project, staff continue to consider whether these models are feasible and recommended for future consideration as part of the City's pet licensing process.

With the use of DocuPet, Toronto Animal Services staff resources that were previously dedicated to managing pet licensing administration were able to be reallocated to other priority areas within Toronto Animal Services.

During the term of the pilot, Toronto Animal Services received privacy complaints related to the provision of customer information to DocuPet as a part of the pilot. The Privacy Office made a number of recommendations to ensure transparency with the public which were all implemented by Toronto Animal Services, including enhancing notification to the public about DocuPet's use of information and revising the Notice of Collection statement to clarify how data collected by DocuPet can be used. Specifically,

DocuPet must now clarify that if residents wish to have their data used only for City-licensing purposes, they must purchase only the City standard tag offered through the DocuPet website. TAS is committed to continued collaboration with the Privacy Team and Chief Information Security Officer to complete all required assessments and address any privacy related matters that may arise.

Adopting DocuPet for Pet Licensing Administration

Given the success of the pilot with DocuPet and with the two-year pilot coming to an end in October 2025, staff recommend continuing using DocuPet services via a non-competitive procurement.

As there are no options on the market for similar systems, staff recommend that City Council authorize the Executive Director, Municipal Licensing and Standards to negotiate a non-competitive contract with DocuPet.

While the DocuPet pilot was at zero-cost to the City, continuing the services through this non-competitive procurement will incur costs to the City. Specifically, while the technology and administration of the pet licensing system will continue to be provided by DocuPet at no cost to the City, the City will be responsible for both paying credit card processing fees and for the cost of letters sent through Canada Post, costs which were covered by DocuPet during the pilot. The costs incurred by the City as part of the DocuPet contract will be fully recovered by pet licensing fee revenue.

Credit card processing fees are charged on a per transaction basis with a base cost of \$0.30 plus 2.9% of the total purchase price. While the actual number of credit card transactions will vary year to year, it is estimated that the annual cost of credit card transaction fees to the City will average \$61,348 per year over the initial five (5) year term of the contract. Under the proposed partnership, the City will be responsible for paying \$1.85 per mailed letter, which will cost an estimated average of \$74,852 per year.

It should be noted that under the previous in-house model of pet licensing, credit card processing fees and costs for mailing renewal letters and pet tags were incurred directly by Toronto Animal Services and included as part of Municipal Licensing and Standards' Operating Budget. Transitioning from in-house pet licensing management to DocuPet is projected to have an annual net benefit of approximately \$440,000 due to increased revenues from higher pet licensing uptake and decreased costs related to pet licensing administration. Table 3 below provides a breakdown of the projected annual benefit.

Table 3: Projected Annual Benefit of Moving to DocuPet

		2023 actuals (pre-pilot)	Annual projected benefit (DocuPet)*
Sales	Volume	61,885 licences	65,268 licences
	Revenue	\$1,213,002	\$1,457,434

Costs	Mailed Letters Volume	63,850 letters mailed	41,082 letters mailed
	Mailed Letters Cost	\$88,730	\$74,212
	Credit Card Costs	\$26,556	\$53,253
	Staffing Costs	\$255,138 (3 full time employees)	\$43,586 (0.5 full time employees)
Net Benefit (Revenue – Cost)		\$842,578	\$1,286,383

*Note: The annual projected benefit is based on the projected volume of pet licence sales in 2025. It is estimated that sales will increase 5% annually under DocuPet

City staff have reviewed the pricing for the credit card processing and mailing fees that are proposed by DocuPet against other similar credit card processing fees and have found them comparable.

Throughout the term of the contract, staff will continue to monitor the market to determine whether any new pet licensing service providers become available that would meet the requirements of the City. Should new service providers be identified, staff will consider options for a competitive procurement process at the end of the term with DocuPet.

Implementation

Awarding this contract to DocuPet will provide continuity of service for pet owners in Toronto and will continue to allow the successful project of Toronto Animal Services to continue. Should the recommendation in this report be adopted, Municipal Licensing and Standards staff, in collaboration with Technology Services, will continue to work with DocuPet to refine the technology systems to transition from the current pilot to a longer-term contract. As part of the transition to DocuPet, Toronto Animal Services will continue to explore the feasibility of implementing new practices and processes, including multi-year licences, to enhance pet licensing in Toronto.

The Fair Wage Office has reported that DocuPet Inc. has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

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SIGNATURE

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