



COST ANALYSIS FOR ANIMAL SERVICES PROVIDED TO CONTRACT CITIES

RIVERSIDE COUNTY

Final Report

May 22, 2025



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EXECUTIVE SUMMARY

Introduction

The Riverside County Department of Animal Services (County) engaged the services of MGT Consulting Group (MGT) to conduct an in-depth review and analysis of their current contract cities billings vs the full cost of providing field and shelter services. MGT is pleased to present the County with this summary of findings describing the process/methodology used in the analysis and the outcome.

MGT performed the analysis using fiscal year 2023/2024 budgeted figures, staffing, and operational information. MGT worked with the County in the development of a contract agency billing methodology with a strong nexus between the rate charged and the cost of shelter services and field services provided. MGT built an intuitive and powerful model that the County can utilize for future rate adjustments.

Background

The County currently charges their contracting cities based on the following methodology:

Shelter Services

- ◆ Kenneling days = Kenneling days in month = \$34.10/day
- ◆ Large Animals = Daily charge per large animal (Horse/Cattle) = \$20/day
- ◆ Large Animals = Daily charge per large animal (Swine/Goat) = \$12/day
- ◆ Stray Dead = Charge per dead @ \$70
- ◆ Wildlife = \$138/per animal
- ◆ License Admin Fee = \$11.35/per license issued
- ◆ Operations & Maintenance = \$12.35/per impound = Fee varies per shelter
- ◆ Utilities = 30.5% of all utilities = billed every 6 months = City of Riverside instead of Operations and Maintenance.

Field Services

- ◆ ACO Fees = Annual Cost per ACO which is \$273,125 multiplied by the full-time equivalent (FTE) count assigned. These costs are then billed out monthly in 1/12 increments.
- ◆ ACO Overtime is charged \$170.15 per hour, generally with a two-hour minimum.

The current methodology does not allow the agencies to budget for the cost of shelter services provided since they are based on the incoming animals and length of stay. The unpredictability of these shelter costs can cause a burden on contracting agencies, making it hard for them to budget and pay timely. This can also cause a burden on the County in collecting these revenues. It also does not incentivize the agencies to promote animal licensing, spay or neutering of the animals, adoptions or other revenue generating activities within their jurisdictions.

This report is the culmination of an extensive study conducted by MGT in collaboration with the County's Animal Services management and staff. MGT would like to take this opportunity to gratefully acknowledge all management and staff who participated in this project for their time and participation.

Primary Objectives

The primary objective was to provide the County's decision makers with a clear picture of what the cost of providing shelter and field services are for each contracted city as well as for the unincorporated (county) areas, to provide more predictability to the charges to each contracting city and to provide a model calculating these costs that can be easily updated in the future.

This report presents the following methodology for County consideration:

- Bill each contract city for the full cost to the County of providing shelter and field services. The methodology MGT used to calculate the full cost to the contract cities and unincorporated area, and how these costs were allocated to the cities, is described below.

METHODOLOGY / PROCESS

Below is a brief discussion of the cost analysis allocation methodology and process utilized by MGT for calculating the full cost to the County for providing animal services to the contract cities.

Identifying the Costs

TOTAL ANIMAL SERVICES COST:

MGT utilized the adopted FY 2023-2024 animal service budget as a basis for this analysis.

The adopted budget of \$31,113,167 included the costs to cover the addition of the City of Hemet and the City of San Jacinto for services. The County also added two new administration positions. The adjusted grand total for animal services was \$39,478,743.

IDENTIFYING THE COST POOLS:

MGT looked at how the FY2023-2024 adjusted budget was allocated by program areas and assigned cost into three cost pools: shelter, field or split. The split cost pool was then broken down between shelter and field so there were only two cost pools to distribute.

Shelter Cost Pool:

MGT allocated costs from Riverside Shelter, CVAC Shelter, San Jacinto Shelter, Veterinary Services, and Programs – totaling **\$21,772,176** – directly to the shelter cost pool. However, only **\$15,371,606** of these costs are being included in the shelter cost calculation used for billing contract cities.

- ◆ Riverside Shelter: \$3,463,236
- ◆ CVAC Shelter: \$2,001,264
- ◆ San Jacinto Shelter \$3,473,860

- ◆ Veterinary: \$6,066,356
- ◆ Programs: \$366,890
- ◆ TOTAL TO BE DISTRIBUTED: 15,371,606

Field Cost Pool

MGT included costs from the field program area as listed in the budget and assigned those costs directly to field.

- ◆ Field: \$7,135,043

Split Costs

MGT took the costs identified as “split” and then broke them down into shelter and field. These costs consisted of Administration, Facilities, and Support, each uniquely supporting either shelter or field operations. The costs for each are listed below and the specific methodology for how these costs were split are described below:

- ◆ Administration: \$3,470,341
- ◆ Facilities: \$2,707,562
- ◆ Support: \$2,374,689

Percentage Of Cost Pools (Shelter and Field):

To determine the percentage for each of the two cost pools (Shelter and Field), MGT looked at the total costs identified as either shelter or field and divided the costs for each cost pool by the total cost amount. The results can be seen below in exhibit A.

EXHIBIT A – ADMINISTRATION ALLOCATION PERCENTAGES

Percentage of Cost Pools			
	Shelter	Field	Total
Budgeted Costs	\$15,371,606	\$7,135,043	\$22,506,649
% Split	68.30%	31.70%	

Administration Costs:

Administration costs of \$3,470,341 were split between shelter and field based on the ratio of the budgeted amounts identified as either shelter or field.

Once the administration allocation percentages were determined, MGT applied the percentages to the \$3,470,341 and allocated the administration costs to the two cost pools as seen below in exhibit B.

EXHIBIT B – ADMINISTRATION COST ALLOCATIONS

Administration Allocation to Cost Pools		
Shelter Administration	68.30%	\$2,370,243
Field Administration	31.70%	\$1,100,098

Facilities Costs:

Facilities costs of \$2,707,562 were split between shelter and field based on the same ratio as the Administration costs. MGT applied the percentages to the \$2,707,562 and allocated the facilities costs to the two cost pools as seen below in exhibit C.

EXHIBIT C – FACILITIES COST ALLOCATIONS

Facilities Allocation to Cost Pools		
Shelter Administration	68.30%	\$1,849,264
Field Administration	31.70%	\$858,298

Support Costs:

Support costs of \$2,374,689 were split between shelter and field. There are four areas within support that were considered when allocating these costs: Counter (shelter), Call Center (supports both field and shelter operations), Licensing (shelter) and Rabies control (field).

Out of the four areas of support, only the call center needed to be broken down further between field and shelter. To do this, the number of calls and types of calls were evaluated and assigned to either the shelter or field. This created a percentage split that could be applied to the costs within the call center directly to the appropriate operations center (field or shelter).

MGT applied the percentages to \$2,374,689 of costs and allocated the support costs to the two cost pools as seen below in exhibit D.

EXHIBIT D – SUPPORT COST ALLOCATIONS

Support Allocation Information			
	Shelter	Field	Grand Total
Counter	\$ 1,264,522		\$ 1,264,522
Call Center	\$ 344,240	\$ 94,840	\$ 439,080
Licensing	\$ 572,300		\$ 572,300
Rabies		\$ 98,787	\$ 98,787
Total	\$ 2,181,062	\$ 193,627	\$ 2,374,689

Methodology and Distribution of Costs

After the two cost pools were established, MGT applied the following methodology to distribute the costs to the various contracting cities and the unincorporated areas of the County:

SHELTER COSTS DISTRIBUTION:

Shelter Costs are distributed to each contracted agency based on three allocation statistics:

- ◆ Average length of stay
- ◆ Annual number of impounded animals multiplied by the average length of stay
- ◆ Per capita

Each of these allocations are weighted based on how they impact the shelter's resources. The weighted allocation are listed exhibit E below:

EXHIBIT E – SHELTER ALLOCATION BASIS

Shelter Allocations		
1	AVERAGE LENGTH OF STAY	50.00%
3	IMPOUND	30.00%
4	PER CAPITA	20.00%
		100.00%

Based on the statistics in each area, each contracted city was then assigned a percentage. This percentage was then applied against the portion of the shelter cost pool assigned to that allocation. For example, under the average length of stay allocation, a weight of 50% of the shelter's cost pool for a total of \$9,470,472 was assigned. The total average length of stay days is 204.83. Out of 204.83 days, the City of Blythe's average length of stay was 8.79 days which equated to 4.29% of the total, therefore the city received an allocation of 4.29% of the cost or a total of \$400,288. This same methodology was applied to each of the three allocations.

The statistics used in the allocation basis are based on the prior year's information. In basing the distribution on the prior year, the cost to provide services will become more predictable for the contracted cities so they can budget accordingly. Costs would then be billed out in twelve equal increments, thus providing predictable costs per month for the contracted city.

Please note that out of the shelter costs to distribute, \$285,599 does not get distributed to any of the contracting cities and is assigned directly to the unincorporated area (County) costs. This cost is the countywide allocation costs also referred to as COWCAP charges which government code section 51350 does not allow for the distribution of countywide overhead costs to contracting cities.

FIELD SERVICE UNIT DISTRIBUTION:

The field service unit cost is allocated based on the full cost to provide services per Animal Control Officer (ACO) assigned to the contracted agency and then divided by the number of full-time animal control officers. Each field service unit is comprised of the total costs associated with providing services. Some of the costs that were considered include but are not limited to communication equipment, insurance, cleaning and custodial supplies, food and supplies, fuel, GPS, vehicle maintenance, field equipment, personnel services, and county counsel services. A fully burdened annual cost is developed and then applied to each ACO field unit assigned to the contracted city.

Some costs have been excluded from the total cost to distribute. This includes overtime and overtime holiday, which are charged separately, and costs for leased vehicles, which have been pulled out and directly charged through a separate vehicle charge for field leadership vehicles. Additional costs were then added for the ACO's vehicles. The vehicle costs are based on the annual amortized cost of the vehicles which is a separate cost outside of the Animal Service's annual budget.

It is important to note that out of the field costs to distribute, \$146,164 does not get distributed to the contracting cities and is assigned directly to the unincorporated area (County) costs. This cost is the countywide cost allocation plan charges also referred to as COWCAP charges. Government code section 51350 does not allow for the distribution of countywide overhead costs to contracting cities.

Total costs for fieldwork and the annual cost per unit of fieldwork are listed in exhibit F.

FIELD WORK CALCULATION		
8,970,983.96	Total Annual Field Work Budget*	
34.00	Total Field Work Units Available	
\$ 263,852.47	Annual Per Unit Cost of Field Work	

EXHIBIT F – FIELD WORK COSTS PER UNIT

Additional charges for vehicle costs are then applied for each field service unit.

	Annual	Monthly
Field Work Vehicle Charge (per unit)	\$22,857.00	\$1,904.75
Leadership Vehicle Charge (per unit)	\$11,911.77	\$992.65
Field Work Licensing	\$6,428.57	\$535.71

EXHIBIT G – FIELD WORK VEHICLE COSTS

Offsetting Funding Source

Offsetting revenues were applied to reduce the total costs of services.

REVENUE OFFSETS:

The County identified \$2,860,714 in revenues that were offset against the total cost of services. Of this amount, \$2,831,305 was attributed to shelter costs and \$29,409 toward field services. The revenue offsets identified are listed below as Exhibit H.

Account Code	Account Description	Amount Budgeted
720000	County Animal License	802,000
720020	Kennel Permits	22,000
773200	Adoption-Auction Fees	301,000
773240	Impounds Boards Disposal	353,258
773250	Spay & Neuter Clinic Fees	355,500
775560	Other MH Charges for Services	150
777090	Collections Program	643,200
777520	Reimbursement for Services	300,000
777880	Credit Card Fees	60,000
781480	Program Revenue	23,606
Total non-contract Revenue		2,860,714

EXHIBIT H – REVENUE OFFSETS

Offsetting revenues will vary from year to year. As the offsetting revenues increase the cost of services will receive a larger offset. Cities are encouraged to promote the services that result in offsetting revenue so that the offsetting revenues can continue to grow, thus reducing the overall cost to the cities that receive services.

Summary of Costs

FULL COST OF SERVICE ALLOCATION

The full cost allocation to each contract city, based on the methodology described in the preceding section, is shown below as Exhibit I.

Full Cost of Service Allocations					
Agencies	Billed Amount FY 23-24	Full Cost Shelter Services	Full Cost Field Services	Total Cost	Increase / Difference
<i>Unincorporated</i>		\$3,959,476	\$4,625,667	\$8,585,143	
Blythe	\$105,258	\$508,773	\$0	\$508,773	\$403,515
Calimesa	\$19,696	\$490,831	\$0	\$490,831	\$471,135
Cathedral City	\$302,844	\$773,517	\$149,311	\$922,828	\$619,984
Coachella	\$473,109	\$895,577	\$298,621	\$1,194,199	\$721,090
Desert Hot Springs	\$5,803	\$524,761	\$0	\$524,761	\$518,958
Eastvale	\$274,649	\$1,765,403	\$149,311	\$1,914,713	\$1,640,064
Hemet	\$652,593	\$911,982	\$298,621	\$1,210,603	\$558,010
Indian Wells	\$8,652	\$195,499	\$0	\$195,499	\$186,847
Indio	\$1,122,002	\$1,090,551	\$872,040	\$1,962,591	\$840,589
Jurupa Valley	\$1,553,130	\$1,436,626	\$585,331	\$2,021,956	\$468,826
La Quinta	\$365,855	\$729,517	\$298,621	\$1,028,138	\$662,283
Palm Desert	\$361,994	\$602,726	\$298,621	\$901,348	\$539,354
Perris	\$451,116	\$1,144,147	\$0	\$1,144,147	\$693,031
Rancho Mirage	\$35,036	\$871,129	\$0	\$871,129	\$836,093
Riverside	\$3,417,510	\$2,190,847	\$2,259,874	\$4,450,721	\$1,033,211
San Jacinto	\$441,303	\$849,583	\$298,621	\$1,148,204	\$706,901
Totals	\$9,590,550	\$14,981,468	\$5,508,972	\$20,490,440	\$10,899,890

EXHIBIT I – FULL COST SUMMARY

The costs of providing animal services have been identified for each contracting city and the offsetting revenues have been applied. Individual results vary. In fiscal year 2023-2024, contract cities paid \$9,590,548. At full cost recovery, contracted cities would pay \$20,490,440, which is an increase of \$10,899,890 or 114%.