



Board of Supervisors Memorandum

June 16, 2015

**City of Tucson Intergovernmental Agreement
for Animal Care Services, Fiscal Year 2015/16, with an Option to Extend
for Four Additional Years at One-year Increments**

Background

The County has no legal obligation, pursuant to State statute, to provide animal care services inside incorporated cities and towns. These services are provided for and with the consent of the jurisdictions. The County executes our responsibilities through an intergovernmental agreement (IGA). The County has had an IGA for these services with the City of Tucson since 1961. The current IGA became effective July 1, 2013, and expires on June 30, 2015.

The City of Tucson has raised concerns over some of the County charges for services pursuant to the IGA. These concerns related to administrative overhead charges, or administrative fees, and the City's capital cost share for shelter expansion, which have been discussed with the Board of Supervisors previously. At the Board's June 2, 2015 meeting, the Board was provided an opportunity to provide direction as to how to proceed with crafting an IGA with the City for next fiscal year. Prior to that meeting, the City indicated they would now pay their share of shelter expansion cost but that they believe the past charges for administrative overhead, or administrative fees, are not within the costs that could be charged by the County to the City through the present IGA.

The public discussion on June 2, 2015 did not provide clear direction regarding how to proceed, although several Board members were not comfortable with waiving the past due administrative overhead or administrative fees for Fiscal Years 2014 and 2015, which total \$472,952.32.

This memorandum and the attached IGA (Attachment 1) make specific recommendations for the proposed animal care services IGA with the City of Tucson.

History of Animal Care Operations Transitioning from a Euthanasia Model to Shelter Model

Pima County began modifying our animal care policy in 2009, at which time licensing fees were increased from \$12 to \$15. The County directed our revenue from this increase to the Spay and Neuter program. We had hoped other municipalities would also dedicate their revenue increase to this program; however, only Oro Valley has done so to date. Significant additional investment in the Spay and Neuter program is the solution to controlling the increasing costs for PACC services. Given the substantial increase in

donations PACC has received, it is now possible to direct these donations to the Spay and Neuter program.

Changing our animal care philosophy from euthanization to adoption requires increased investment. Table 1 below shows PACC expenditures from FY 2009/10 to FY 2014/15, along with total revenues received. These revenues are generated primarily from the County's share of licensing and intergovernmental agreements (IGAs) with participating jurisdictions. The next column shows the General Fund support that has more than doubled over this timeframe; hence, it is not solely the City of Tucson that is experiencing increased costs. The County has borne significant cost as well. The table also includes data from FY 2011/12 forward; the number of animals handled at PACC with the average length in stay and live release rate. Prior to 2009, it is likely the live release rate was approximately 25 percent; today it is at or over 80 percent. The increased live release rate illustrates the shift over time to the adoption model now applied at PACC.

Table 1: PACC Cost, Revenue and Pet Data, FY 2009/10 through 2014/15 to Date.

FY	Total Expenditures	Total Revenues	General Fund Support	Number of Pets Handled	Average Length of Stay (Days)	% Live Release Rate
2009/10	\$5,850,442	\$4,803,151	\$1,047,291	----	----	----
2010/11	5,849,329	4,715,123	1,134,206	----	----	----
2011/12	6,379,334	4,930,956	1,448,378	27,927	10.0	55
2012/13	6,319,953	5,341,826	978,127	26,593	8.6	64
2013/14	7,660,406	5,471,599	2,188,807	24,332	12.36	76
2014/15*	8,743,289	6,520,053	2,223,236	18,680	11.75	84
2015/16	8,801,390	6,495,555	2,305,835	----	----	----

*FY 2014/15 data through April 30, 2015.

The cost increases for animal care are directly related to how we now operate the PACC. These changes have been for the good.

City of Tucson Concerns over Administrative Fees and Shelter Capacity Increase

Responses to the City of Tucson's concerns over these two factors are summarized in my June 4, 2015 letter to Councilmember Steve Kozachik (Attachment 2). The concern over paying for increased shelter capacity should not be an issue at this point, since the City Manager has indicated the City will pay the full cost of this service.

With regard to administrative fees, my June 4 letter addresses the fact the County is charged these same costs in an IGA with the City for sewer billing services. Slide 9 of the

Tucson Water PowerPoint Presentation to the Mayor and Council water billing and collection charges shows the City charging the County \$414,107 in administration costs. These allocations represent the true cost of doing business and supporting the specific enterprise. The IGA that took effect when these charges were first assessed states these costs are included in the monthly invoice submitted to the City.

The previous IGA with the City mentions administrative expenses, but it is not clear as to which specific administrative expenses should be reimbursed to the County. It is for this reason I recommend waiving this charge to the City for the last two fiscal years.

These are real costs and affect the budget of PACC. The fiscal impact of waiving the nearly \$500,000 for two years of administrative or internal cost allocation fees for the City can be offset by a one-time \$500,000 donation to PACC. Such would offset the negative impact of the City not paying the administrative overhead for the last two years.

Funding Spay and Neuter Programs from Donations

I also propose that in the coming fiscal year, the County pay for spay and neuter programs through donations; especially since donations have increased dramatically and many donors request that their donation be used for the program. Table 2 below shows donations received by fiscal year.

**Table 2: PACC Donations History,
FY 2008/09 through FY 2014/15*.**

FY	Amount
2008/09	\$120,325.91
2009/10	150,086.98
2010/11	145,569.60
2011/12	184,182.18
2012/13	247,878.92
2013/14	530,281.35
2014/15*	358,045.53

*Through April 30, 2015.

The County had previously credited donations proportionately to reduce each jurisdiction's contribution. In the future, the full cost of the Spay and Neuter program will be paid by donations, which has been the desire of most donors. This will eliminate the need for a jurisdiction to earmark the previous licensing fee increase for our spay and neuter program.

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **City of Tucson Intergovernmental Agreement for Animal Care Services, Fiscal Year 2015/16, with an Option to Extend for Four Additional Years at One-year Increments**
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Recommendation

I recommend the Board of Supervisors:

1. Waive the Fiscal Years 2013/14 and 2014/15 County administrative fees totaling \$472,952 charged to the City of Tucson; and
2. Approve the attached Intergovernmental Agreement with the City of Tucson for animal care services for the period July 1, 2015 through June 30, 2021.

Respectfully submitted,



C.H. Huckelberry
County Administrator

CHH/mjk – June 9, 2015

Attachment

- c: Jan Leshar, Deputy County Administrator for Medical and Health Services
Dr. Francisco Garcia, Director, Health Department
Kim Janes, Chief of Internal Affairs, Pima Animal Care Center
Martha Durkin, Interim City Manager, City of Tucson
Michael Ortega, Incoming City Manager, City of Tucson

ATTACHMENT 1

**INTERGOVERNMENTAL AGREEMENT
BETWEEN
PIMA COUNTY AND THE CITY OF TUCSON
FOR ANIMAL CARE AND ENFORCEMENT SERVICES**

This Intergovernmental Agreement (hereinafter "Agreement") for the period of July 1, 2015 through June 30, 2016 is entered into pursuant to A.R.S. § 11-952 by and between the City of Tucson (hereinafter "the City"), a body politic and corporate of the State of Arizona and Pima County, (hereinafter "the County") a political subdivision of the State of Arizona.

RECITALS

WHEREAS, The City desires to enter into an agreement with the County for the provision of animal control services within the geographical jurisdiction of the City relating to enforcement of the City Code Article I, Section 4-28 of Article II, Article III, and Article V of Chapter 4, and Section 16-31(b)(3) of Article IV of Chapter 16, (hereinafter City Animal Control Ordinances) as amended from time to time, and having to do with rabies vaccination and dog licensing requirements, dog license fees, leash laws, sheltering and humane care of surrendered and stray animals, animal cruelty and neglect, dangerous animals, diseased animals, biting animals, animal waste, and excessive noise; and

WHEREAS, Pursuant to A.R.S. § 11-1013, the County operates the Pima Animal Care Center for the intake and sheltering of stray and surrendered animals; and

WHEREAS, The County has the experience and expertise to enforce City Animal Control Ordinances, and is engaged in certain activities relating to vaccination and licensing activities, rabies control, stray and surrendered animal intake; and

WHEREAS, The City and the County may contract for services and enter into agreements with one another for joint and cooperative action pursuant to A.R.S. § 11-951, et seq.

NOW, THEREFORE, the City of Tucson and the County, pursuant to the above and in consideration of the matters and things set forth herein, do mutually agree as follows:

AGREEMENT

- 1.0 Purpose.** The purpose of this Agreement is to set forth the responsibilities of the parties for the provision of animal control services within the geographical jurisdiction of the City relating to enforcement of the City Code Article I, Section 4-28 of Article II, Article III, and Article V of Chapter 4, and Section 16-31(b)(3) of Article IV of Chapter 16, (hereinafter City Animal Control Ordinances) as amended from time to time, and having to do with rabies vaccination and dog licensing requirements, dog license fees, leash laws, sheltering and humane care of surrendered and stray animals, animal cruelty and neglect, dangerous animals, diseased animals, biting animals, animal waste, and excessive noise.

2.0 Term/Effective Date. This Agreement is effective for one (1) year from July 1, 2015 through June 30, 2016. The Parties shall have the option to extend this Agreement for up to four (4) additional one (1) year periods or any portion thereof. Any modification, termination, or extension shall be made by formal written amendment executed by the Parties. Ninety days prior to the expiration, County will utilize data for the prior twenty-four month period to determine the percentage of the Pima Animal Care annual budget attributable to City and provide City with the adjusted annual cost of services for the next fiscal year.

3.0 Scope of Services.

3.1 The County Enforcement Agent, herein before designated by the Pima County Board of Supervisors to be Pima Animal Care Center (PACC), and all employees thereunder, shall be referred to as "City Enforcement Agents" for the purpose of this Agreement. The City Enforcement Agents shall, but are not limited to:

3.1.0 Administer and enforce the provisions of the City Animal Control Ordinances and state and County law, and all services related thereunder, including amendments to said laws as may be passed from time to time.

3.1.1 Pursuant to this Agreement, be granted limited police powers necessary from time to time to carry out duties imposed by this Agreement, together with any and all such further powers as may be necessary for such agents to engage in vaccination, licensing, seizure of stray, dangerous, neglected, diseased or abused animals, and other activities arising from their duties as City Enforcement Agents.

3.1.2 Collect such fees as may be rendered applicable by the City Animal Control Ordinances. All fees collected by the City Enforcement Agents as a result of this Agreement shall be retained by City.

3.2 The City Attorney shall prosecute and the City Court shall handle criminal and civil matters arising out of the enforcement of the City Animal Control Ordinances, as amended, pursuant to this Agreement. All fines collected by the City Court as a result of enforcement of the City Animal Control Ordinances, as amended, shall be retained by City.

3.3 Field Enforcement Within Jurisdiction

3.3.1 Complete field services shall be provided from 6:00 a.m. to 9:00 p.m. by two full shifts of Animal Care Officers operating seven days per week, holidays included. Emergency enforcement response services will be provided by a minimum of one Animal Care Officer from 9:00 p.m. to 6:00 a.m. daily, holidays included.

3.3.2 The County shall provide staffing levels, administrative support, materials, supplies, and equipment sufficient to ensure the provision of animal control services in the City.

3.3.3 Dead animal pickup services shall be provided during one shift operating seven days per week, holidays included.

3.4 Licensing of Animals

- 3.4.1 The County shall provide staffing levels, administrative support, materials, supplies, and equipment sufficient to ensure the provision of licensing services in the City.
- 3.4.2 The Pima Animal Care Center shall maximize the number of dogs vaccinated and licensed within the geographical jurisdiction of the City. Dog vaccination requirements and spay/neutering information shall be distributed to all owners of licensed dogs and other interested parties upon request.
- 3.4.3 License applications shall be processed and returned, electronically or via mail, to the applicant within ten (10) working days. A licensing reminder program shall be conducted to improve compliance with license regulations.
- 3.4.4 Should Pima Animal Care Center consider outsourcing the licensing functions to take advantage of online registration via the Internet, Pima Animal Care Center shall ensure that day-to-day licensing and registration operations, including telephone services, remain equivalent to those currently provided by the Center.

3.5 Pima Animal Care Center Shelter

- 3.5.1 The County shall staff, equip, furnish, support and maintain the Pima Animal Care Center, and provide all facilities and vehicles, including replacements, maintenance, repair, gasoline, and oil as necessary for the operation of the Pima Animal Care Center.
- 3.5.2 Humane treatment of all animals housed at the Pima Animal Care Center shall be provided, including provision of adequate food, water, shelter, and timely and appropriate veterinary care in accordance with nationally accepted shelter care standards. The Pima Animal Care Center shall develop a strategy and procedures to further reduce euthanasia of saveable animals through effective adoption and rescue programs. If necessary, animals shall be euthanized in such a manner that provides for humane treatment of the animal and in accordance with the standards set forth by the American Veterinary Medical Association Guidelines for the Euthanasia of Animals: 2013 Edition. Effort shall be made to decrease shelter intake through but not limited to owner education and community wide spay/neuter programs.
- 3.5.3 Animal Welfare Community Outreach. The Pima Animal Care Center shall refine and increase outreach and educational efforts at schools, neighborhood association meetings, etc. in order to increase public awareness of health and safety issues related to animals, to promote responsible ownership/companion animal guardianship, including compliance with licensing and other City Animal Control Codes, and to disseminate information regarding vaccination clinics, spaying and neutering, and care of animals.

4.0 Payment. The City will reimburse the County approximately \$4,884,300¹ for Fiscal Year 2015-2016 services payable in 12 equal monthly installments of approximately \$404,025 due on the 28th of each month. This total cost is the estimated cost of service for the City of Tucson. Actual cost may vary and will be based on documented services provided to the City or City residents. Additionally, within sixty days of the effective date of this Agreement, City will reimburse County \$238,049.85 for the City share of the animal shelter expansion costs incurred in Fiscal Year 2013-2014.

4.1 City will reimburse the County for expenses associated with providing the scope of services outlined in Section 3. Annual costs of service units are projected below. The City may elect to reduce its overall costs by declining or reducing the scope of Enforcement services provided to City by County.

Administrative Service Charges	\$353,090.00
Operations and Management	\$354,710.00
Education	\$47,260.00
Enforcement	\$1,396,250.00
Licensing	\$306,780.00
Shelter	\$1,583,270.00
Emergency Sheltering Expansion and animal Response Services	<i>Contingency - based on emergency</i>
Veterinary Services	\$509,970.00
Spay/Neuter Services	\$221,960.00 ²
Community Cat Project	\$111,010.00
	\$4,884,300.00

4.2 City will reimburse County for County indirect service expenses associated with providing PACC administrative systems support such as Finance, Human Resources, Procurement, Legal and other indirect County support services based on the federally approved internal cost allocation plan. Such services are listed as Administrative Service Charges.

¹ The annual allocation is based on the average of the previous two full fiscal years' ratio of expenses incurred in the provision of animal services to the City as compared to the total expenses for services provided for all jurisdictions. For example, Fiscal Year 2015/16 allocation to the City is 55.49% of the total budget and represents an average of the City's percent allocation of total animal services expenditures incurred by the County for Services in the City for Fiscal Years 2013/14 and 2014/15. The County will provide the City the annual estimated expenses for PACC and the City's estimated share of expenditures for Fiscal Year 2016/17 no later than January 30, 2016.

² Contingent on the amount of donations or gifts received by County these expenses may be reduced or eliminated.

- 4.3 Donations to or solicited by County, PACC, Friends of PACC, PACC Partners or other sources are for the sole benefit of PACC and PACC retains sole discretion as to their use except as such use may be limited by the donor. All donations collected will be allocated to spay/neuter efforts or as directed by the donor to other PACC cost of service units prior to allocating net expenses to the City. Should budget restrictions prevent the City from paying for the full Fiscal Year 2015-2016 intergovernmental agreement amount set out in Section 4.0, the City may adjust enforcement service levels and or types to mitigate funding shortfalls.
 - 4.4 County will waive Fiscal Year 2013-2014 and 2014-2015 administrative County overhead charges of \$472,952.32.
 - 4.5 All payments received from constituents on behalf of the City will be deposited regularly with the Pima County Treasurer's Office into a Fiduciary Agency Account. The County will submit a statement to the City monthly for actual costs incurred on behalf of the City, and will instruct the Pima County Treasurer's Office to remit to City all revenues collected on behalf of the City on a monthly basis. Any interest earned on the Account shall be credited to the City.
- 5.0 Reporting.** The County will provide the City the following information:
- 5.1 Monthly
 - 5.1.1 By jurisdiction, a statement of period-end and year-to-date receipts, disbursements, and the balance of the County Rabies Control Fund.
 - 5.1.2 By jurisdiction, the percentage of administrative services allocated, the number and types of dog licenses issued, the number of calls that resulted in a response from the Pima Animal Care Center, the number of animals processed at the shelter, the number of animals adopted, the number of animals euthanized, the number of animals spayed and neutered, the number of dead animals picked up, the number of animals that died in the kennels and the number of educational event units performed.
 - 5.1.3 The total Pima County Animal Care adopted budget, including operating revenues by revenue source and operating expense by type of expense.
 - 5.2 Quarterly: The County will perform an audit to assure correct cost allocation and to verify jurisdictional information on a quarterly basis. If, pursuant to paragraph 4.1, the outcome of the audit indicates an overpayment by the City or results in additional funds being due to City, County shall transfer the additional funds to the Account within ninety (90) days following the end of the quarter. If, pursuant to paragraph 4.1 the outcome of the audit indicates an underpayment by the City or in additional funds being due to the County, the amount of the underpayment will be billed to the City by the County in the next monthly statement.
 - 5.3 Fiscal Year End: The County shall prepare a final financial report for each Fiscal Year that includes the following information:
 - 5.3.1 By jurisdiction, a statement of period-end and year-to-date receipts, disbursements, and the balance of the County Rabies Control Fund.

- 5.3.2 By jurisdiction, the percentage of administrative services allocated, the number and types of dog licenses issued, the number of calls that resulted in a response from the Pima Animal Care Center, the number of animals processed at the shelter, the number of animals adopted, the number of animals euthanized, the number of animals spayed and neutered, the number of dead animals picked up, the number of animals that died in the kennels and the number of educational event units performed.
- 5.3.3 The total Pima County Animal Care adopted budget including operating revenues by revenue source and operating expenses by type of expense.

- 6.0 **Legal Jurisdiction.** Nothing in this Agreement shall be construed as either limiting or extending the legal jurisdiction of the City or the County. This Agreement and all obligations upon the City or County arising therefrom shall be subject to any limitations of budget law or other applicable local law or regulations.
- 7.0 **Audit.** The City shall have the right to audit the books of the County relating to the Pima Animal Care Center and to the collection of licensing fees and other fines and fees, said fees and fines to be deposited in the County Rabies Control Fund and designated as City receipts, in accordance with A.R.S. § 11-1011.
- 8.0 **Termination.** Either party may terminate this Agreement by giving written notice to the other party not less than six (6) months prior to the termination date. In the event of termination, each party shall be liable for its proportionate share of the costs and expenses incurred or arising out of performance of activities required by this Agreement occurring prior to the termination date. Termination of this Agreement shall not relieve either party from liabilities or costs already incurred under this Agreement.
- 9.0 **Assignment of Rights.** Neither party to this Agreement shall assign its rights under this Agreement to any other party without written permission from the other party to this Agreement.
- 10.0 **Construction of Agreement.**
 - 10.1 Construction and interpretation. All provisions of this Agreement shall be construed to be consistent with the intention of the parties as expressed in the Recitals hereof.
 - 10.2 Captions and headings. The headings used in this Agreement are for convenience only and are not intended to affect the meaning of any provision of this Agreement.
- 11.0 **Conflict of Interest.** This Agreement is subject to the provisions of A.R.S. § 38-511, the pertinent provisions of which are incorporated herein by reference.
- 12.0 **Severability.** In the event that any provision of this Agreement or the application thereof is declared invalid or void by statute or judicial decision, such action shall have no effect on other provisions and their application, which can be given effect without the invalid or void provision or application, and to this extent the provisions of the Agreement are severable. In the event that any provision of this Agreement is declared invalid or void, the parties agree to meet promptly upon request of the other party in an attempt to reach an agreement on a substitute provision.

- 13.0 No Joint Venture.** It is not intended by this Agreement to, and nothing contained in this Agreement shall be construed to, create any partnership, joint venture, or employment relationship between the parties or create any employer-employee relationship between the City and any County employees or between the County and any City employees. Neither party shall be liable for any debts, accounts, obligations nor other liabilities whatsoever of the other, including (without limitation) the other party's obligation to withhold Social Security and income taxes for itself or any of its employees.
- 14.0 No Third Party Beneficiaries.** Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties not parties to this Agreement or affect the legal liability of either party to the Agreement by imposing any standard of care different from the standard of care imposed by law.
- 15.0 Compliance with Laws.** The parties shall comply with all applicable federal, state, and local laws, rules, regulations, standards, and executive orders, without limitation to those designated within this Agreement.
- 15.1 **Anti-Discrimination.** The provisions of A.R.S. § 41-1463, Executive Order Number 2009-09 issued by the Governor of the State of Arizona, and Tucson City Code §28-138 are incorporated by this reference as a part of this Agreement.
- 15.2 **Americans with Disabilities Act.** This Agreement is subject to all applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.
- 16.0 Workers' Compensation.** An employee of either party shall be deemed to be an "employee" of both public agencies, while performing pursuant to this Agreement, for purposes of A.R.S. § 23-1022 and the Arizona Workers' Compensation laws. The primary employer shall be solely liable for any workers' compensation benefits, which may accrue. Each party shall post a notice pursuant to the provisions of A.R.S. § 23-906 in substantially the following form:
- 16.1 All employees are hereby further notified that they may be required to work under the jurisdiction or control or within the jurisdictional boundaries of another public agency, pursuant to an intergovernmental agreement or contract, and under such circumstances they are deemed by the laws of Arizona to be employees of both public agencies for the purposes of workers' compensation.
- 17.0 Non-Waiver.** The failure of either Party to insist upon the complete performance of any of the terms and provisions of this Agreement to be performed on the part of the other, or to take any action permitted as a result thereof, shall not constitute a waiver or relinquishment of the right to insist upon full and complete performance of the same, or any other covenant or condition, either in the past or in the future. The acceptance by either Party of sums less than may be due and owing it at any time shall not constitute an accord and satisfaction.

18.0 Force Majeure. A party shall not be in default under this Agreement if it does not fulfill any of its obligations under this Agreement because it is prevented or delayed in doing so by reason of uncontrollable forces. The term "uncontrollable forces" shall mean, for the purpose of this Agreement, any cause beyond the control of the party affected, including but not limited to, failure of facilities, breakage or accident to machinery or transmission facilities, weather conditions, flood, earthquake, lightning, fire, epidemic, war, riot, civil disturbance, sabotage, strike, lockout, labor dispute, boycott, material or energy shortage, casualty loss, acts of God, or action or non-action by governmental bodies in approving or failing to act upon applications for approvals or permits which are not due to the negligence or willful action of the parties, order of any government officer or court (excluding orders promulgated by the parties themselves), and declared local, state, or national emergency, which, by exercise of due diligence and foresight, such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligations by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

19.0 Notification. All notices or demands upon any party to this Agreement shall be in writing, unless other forms are designated elsewhere, and shall be delivered in person or sent by mail addressed as follows:

Pima County:
Francisco Garcia, MD, MPH, Director
Pima County Health Department
3950 South Country Club Road
Tucson, Arizona 85714

City of Tucson:
Martha Durkin, Interim City Manager
City Hall Tower
255 West Alameda Street, 10th Floor
Tucson, Arizona 85701

Kim Janes
Chief of External Affairs
Pima Animal Care Center
3950 S. Country Club
Tucson, Arizona 85715

Joyce Garland, Budget and Internal
Audit Program Director
City Hall Tower
255 West Alameda Street, 4th Floor
Tucson, AZ 85701

20.0 Remedies. Either party may pursue any remedies provided by law for the breach of this Agreement. No right or remedy is intended to be exclusive of any other right or remedy and each shall be cumulative and in addition to any other right or remedy existing at law or in equity or by virtue of this Agreement.

21.0 Indemnification. Each party (as "indemnitor") agrees to indemnify, defend and hold harmless, the other party (as "indemnitee") from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of the bodily injury of any person (including death) or property damage, but only to the extent that such claims, which result in vicarious/derivative liability to the indemnitee, and are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees or volunteers.

22.0 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same

instrument. The signature pages from one or more counterpart may be removed from such counterpart and attached to a single instrument.

23.0 Legal Arizona Workers Act.

- 23.1 City hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to City's employment of its employees, and with the requirements of A.R.S. § 23-214 (A) (together the "State and Federal Immigration Laws"). City shall further ensure that each subcontractor who performs any work for City under this Contract likewise complies with the State and Federal Immigration Laws.
- 23.2 County shall have the right at any time to inspect the books and records of City and any subcontractor in order to verify such party's compliance with the State and Federal Immigration Laws.
- 23.3 Any breach of City's or any subcontractor's warranty of compliance with the State and Federal Immigration Laws, or of any other provision of this section, shall be deemed to be a material breach of this Contract subjecting City to penalties up to and including suspension or termination of this Contract. If the breach is by a subcontractor, and the subcontract is suspended or terminated as a result, City shall be required to take such steps as may be necessary to either self-perform the services that would have been provided under the subcontract or retain a replacement subcontractor, as soon as possible so as not to delay project completion.
- 23.4 City shall advise each subcontractor of County's rights, and the subcontractor's obligations, under this Article by including a provision in each subcontract substantially in the following form:

"Subcontractor hereby warrants that it will at all times during the term of this Contract comply with all federal immigration laws applicable to Subcontractor's employees, and with the requirements of A.R.S. § 23-214 (A). Subcontractor further agrees that County may inspect the Subcontractor's books and records to insure that Subcontractor is in compliance with these requirements. Any breach of this paragraph by Subcontractor will be deemed to be a material breach of this Contract subjecting Subcontractor to penalties up to and including suspension or termination of this contract."

24.0 Entire agreement. This instrument constitutes the entire agreement between the parties pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein. Any exhibits to this Agreement are incorporated herein by this reference.

IN WITNESS WHEREOF, the County has caused this Agreement to be executed by the Chair of the Pima County Board of Supervisors, upon resolution of the Board of Supervisors, attested to by the Clerk of the Board, and the City of Tucson has caused this Agreement to

PIMA COUNTY:

CITY OF TUCSON:

Chair, Board of Supervisors Date

City Mayor Date

ATTEST

ATTEST

Clerk of the Board Date

City Clerk Date

APPROVED AS TO CONTENT

APPROVED AS TO CONTENT



Department Director or designee 6-9-15
Date

Department Director or designee Date

ATTORNEY CERTIFICATION

The foregoing Agreement between Pima County and the City of Tucson has been reviewed pursuant to A.R.S. § 11-952 by the undersigned who have determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to those parties to the Agreement.



Deputy County Attorney 6-9-15
Date

City Attorney Date

ATTACHMENT 2



COUNTY ADMINISTRATOR'S OFFICE

PIMA COUNTY GOVERNMENTAL CENTER
130 W. CONGRESS, FLOOR 10, TUCSON, AZ 85701-1317
(520) 724-8661 FAX (520) 724-8171

C.H. HUCKELBERRY
County Administrator

June 4, 2015

The Honorable Steve Kozachik
Tucson City Councilmember
Ward 6 Council Office
3202 E. First Street
Tucson, Arizona 85716

Re: **Pima Animal Care Center Funding**

Dear Councilmember Kozachik:

I very much appreciate your past support of the Pima Animal Care Center (PACC) and its evolving mission from a euthanasia shelter to an adoption shelter. This transition has occurred over the last two to three years with expected increased costs. We will not retreat from this model because of our increased fiscal responsibility. Your past efforts to increase spay/neuter contributions and your support of PACC is appreciated.

I notice in your two recent newsletters, dated May 26, 2015 and June 1, 2015, you have expressed concern regarding PACC – its operation and the present discussions between the City and County regarding a renewed intergovernmental agreement (IGA). In your May 26 newsletter, you addressed the tent expansion cost and administrative fees.

The tent expansion cost was required to significantly increase shelter capacity to accommodate significant longer animal stays in our facility to promote adoption. This cost is real and the City's share, based on utilization, would be \$238,049.85. Once the new facility is completed, the tent will no longer be necessary; but it is likely it will be needed for at least another two years, perhaps three, before we are able to open the new PACC. At that point, the tent will have been used approximately six years. I am sure it will have residual value, and we will auction the tent and proportionally reimburse all of our partners for their investment in allowing us to increase shelter capacity in the short term. I continue

The Honorable Steve Kozachik
Re: **Pima Animal Care Center Funding**
June 4, 2015
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to view the increased shelter capacity provided by the tent as a legitimate City expense. I freely admit we do not have the word "tent" in our IGA, but we do have language regarding increasing adoption and relying less on euthanasia and providing more humane treatment to animals. That is what the tent allows us to do.

In your May 26 newsletter, you also discussed administrative fees and felt they were inappropriate. I have indicated to the City that if there was, for some reason, a reluctance to pay these administrative fees, I would hope the City would relinquish the administrative fees charged to the County. I am enclosing a chart, which is Slide 9 from the PowerPoint presentation provided to the Mayor and Council regarding Tucson Water revised billing and collection charges. Slide 9 shows administrative service charges of \$414,107 being charged to the County.

The cost factors in animal care administrative fees are identical. They are developed through an identical process of internal cost allocations, and they are appropriate and legitimate costs. In the interest of compromise and knowing the fiscal conditions of the City, I have recommended to the Board of Supervisors that they waive the fees for the last two fiscal years, assuming the City will acknowledge in the future that these are legitimate costs and will pay the County for same.

In your June 1 newsletter, you discuss our live adoption rate of 80 percent. We are able to achieve this rate through our many community partners that help move Pima County toward a no-kill community model. We work in partnership with rescue organizations but we do not require they take animals. We do provide a certain level of financial support because we unilaterally agreed a number of years ago to waive adoption, rescue and licensing fees for animals adopted in this process. The County also funded feral cat alteration or spay/neuter to help local community feral cat efforts several years before we had the now greatly expanded community cat project. We have worked well with our community partners, and we appreciate their efforts. If we were to provide some operational compensation that would be a cost that, again, would increase the City's share of expenses. This share would be disproportionately higher to the City than any other participating jurisdiction due to the service levels provided by the rescue organizations located within the City.

I appreciate your past efforts to increase the City's contribution to the spay/neuter program by dedicating the licensing increase from \$12 to \$15 to this effort. Unfortunately, that did not occur. We have significantly increased community donations to PACC and will be using increasing amounts of these donations, as desired by the donors, for the spay/neuter program. It is through these community donations that we will significantly increase our investment in the spay/neuter program.

The Honorable Steve Kozachik
Re: **Pima Animal Care Center Funding**
June 4, 2015
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I hope this letter provides you additional information upon which to make an informed decision regarding the County's provision of animal care services. I look forward to continuing our PACC services to the City of Tucson after June 30, 2015 through a new IGA for these services.

Sincerely,



C.H. Huckelberry
County Administrator

Enclosures

CHH/anc

c: The Honorable Mayor and Council, City of Tucson
Jan Leshner, Deputy County Administrator for Medical and Health Services
Dr. Francisco Garcia, Director, Health Department



CITY OF
TUCSON



**Revised Billing and
Collection Charge**



Current Approach

- Identify applicable costs
- Exclude costs not related to billing service
- Determine shared portion of each expense
- Determine number of accounts and % revenue
- Allocate costs
- Calculate charge



Assessment of Current Methodology

Generally adheres to industry standard practice

- Limits the cost recovery to those costs associated with the provided service
- Aims to recover these costs from each utility based on the extent that each utility causes the cost to be incurred
- Generally consistent with the approach used by other utilities



Peer Utilities

- Denver Water, CO
- El Paso Water, TX
- City of Greenville, SC
- Northeast Ohio Regional Sewer District
- Charlotte-Mecklenburg Utilities, NC





Opportunities for Improvement

Revisit/Update Applicable Costs

- Evaluate each cost center & line item to determine whether costs are related to billing and collection services
- Confirm that current excluded costs are not related to billing and collection



Opportunities for Improvement

Include Capital Costs

- Tucson Water has significant capital investment in assets related to billing and collection
- Consistent with the approach used by other utilities

Improvement Made: Revised/Updated Shared O&M Costs

\$ Shared Under Proposed Approach	Variance from Current Approach	Explanation
\$ -----	\$ (274,795)	Repair Shop transferred to Metering.
\$ 933,945	\$ 13,233	Added new customer support staff.
\$ 3,026,945	\$ 629,805	Includes former Repair Shop costs and general cost increases.
\$ 2,158,795	\$ 361,395	Includes general cost increases related to Metering Services.
\$ 368,795	\$ 158,595	Two additional staff to support Billing System.
\$ 182,668	\$ 55, 968	More equitable sharing of costs and two additional staff.
\$ 23,426	\$ (346,398)	Revised allocation of shared costs to reflect current situation.
\$ 1,077,000	\$ 611, 714	Increase in collections services costs and a reduction for IT support charges.
\$ 3,025,100	\$ 253,500	Increases for software system maintenance, bank fees, and postage.
\$ 10,796,194	\$ 1,463,017	



Improvement Made: Included Capital Element

- Capital component based on % of net book value (NBV) of TW assets represented by NBV of billing and collection assets
- % applied to debt service and cash capital
- Allocated based on incremental costs associated with customer service





Proposed Charges

Operating Expenses	Tucson Water	Pima County	Environmental Services
Maintenance Support Services (FKA Meter Repair Shop)	\$ ----	\$ ----	\$ ----
Solutions Center (FKA Billing Office)	\$ 589,566	\$ 311,430	\$ 32, 959
Westside Metering Services	\$ 2,632,592	\$ 369,215	\$ 24,647
Eastside Metering Services	\$ 1,877,850	\$ 263,264	\$ 17,581
Low Income Program	\$ ----	\$ ----	\$ ----
Financial Services	\$ 150,506	\$ 122,982	\$ 95,274
New Services	\$ 147,961	\$ 34,707	\$ ----
General Expense	\$ 12,773	\$ 2,567	\$ 8,086
Administrative Service Charges	\$ 662,894	\$ 414,107	\$ ----
Billing System (FKA Pueblo Utility Billing System)	\$ 1,145,002	\$ 1,155,286	\$ 724,812
Subtotal: Operating Expenses	\$7,219,134	\$ 2, 673, 658	\$ 903, 358
Capital Costs			
Rate Funded Capital	\$ 592,433	\$ 138,061	\$ 24
Debt Service	\$ 1,564,490	\$ 364,589	\$ 63
Subtotal: Capital Costs	\$ 2, 156, 922	\$ 502,650	\$ 87
Total Allocated Cost	\$ 9,367,057	\$ 3,176,308	\$ 903,446
Calculated Monthly Billing	\$ 3.47	\$ 1.14	\$.53



Impacts

Current charge/bill to County	\$0.82
Proposed charge/bill to County	\$1.14
Difference \$0.32 or 39%	



Key Drivers of Increases

Inclusion of the collection services charged to Tucson Water from the City of Tucson

provides for all processing of the bill collection and payment of the Utility bills

Inclusion of a capital component

Should have included in the past to be more in line with cost of service & industry standards

Increases in costs associated with services provided