Agenda – Executive Policy Committee - July 19, 2006

Moved by Councillor

That Rule 9.3 of the Procedure By-law be suspended in order that the following item, which was received too late to be placed on the regular agenda, may also be considered by Committee at this time.

ADDENDUM REPORTS

Item No. 16 Animal Services Special Operating Agency – 2006 Selection Report File GL-5.6.1

ALTERNATIVE SERVICE DELIVERY COMMITTEE RECOMMENDATION:

On July 17, 2006, the Alternate Service Delivery Committee concurred in the administrative recommendation Nos. 1 and 2 and recommends to the Executive Policy Committee and Council:

1. That the Animal Services Special Operating Agency 2006 Selection Report, including the 2006 budget, be approved, and the 2007–2008 Financial Projections, as outlined in Appendix B to the report from the Chief Operating Officer dated June 15, 2006, be received as information.

2. That the tax supported funding for the Animal Services Special Operating Agency of $1,018,850.00 for 2007 and $1,018,087.00 for 2008, be approved, subject to confirmation in the annual tax supported budget process as outlined in the Financial Projection attached as Appendix B to the report from the Chief Operating Officer dated June 15, 2006.

STANDING COMMITTEE RECOMMENDATION:

On July 17, 2006, the Standing Policy Committee on Protection and Community Services concurred in the administrative recommendation Nos. 3 and 4 and recommends to the Executive Policy Committee:

1. That the Animal Control By-law No. 2443/79, Section 22 (a) be amended to increase the pound fee for any dog impounded for any first offence from $45.00 to $50.00.

2. That the City Solicitor/Manager of Legal Services be requested to prepare and submit to Council the necessary by-law amendment for consideration.

DECISION MAKING HISTORY:

ALTERNATE SERVICE DELIVERY COMMITTEE:

On July 17, 2006, the Alternate Service Delivery Committee concurred in the administrative recommendation Nos. 1 and 2 and submitted its recommendation to the Executive Policy Committee and Council.

Further, on July 17, 2006, the Alternate Service Delivery Committee received a presentation from Tim Dack, Chief Operating Officer, Animal Services Special Operating Agency, titled "Animal Services Special Operating Agency 2006 – 2008 Selection Report."

STANDING COMMITTEE RECOMMENDATION:

On July 17, 2006, the Standing Policy Committee on Protection and Community Services concurred in the administrative recommendation Nos. 3 and 4 and submitted its recommendation to the Executive Policy Committee and Council.

RE: 2006 Selection Report Animal Services Special Operating Agency

FOR SUBMISSION TO: Alternative Service Delivery Committee

Standing Policy Committee on Protection and Community Services

ORIGINAL REPORT SIGNED BY: Tim Dack, COO Animal Services SOA

REPORT DATE: June 15, 2006

RECOMMENDATION:

1. It is recommended that Council approve the 2006 Selection Report for Animal Services Special Operating Agency including the 2006 budget, and receive as information the 2007 – 2008 financial projections as tabled in Appendix B.
2. It is recommended that Council approve the proposed tax supported funding for the SOA of $1,018,850 for 2007 and $1,018,087 for 2008, subject to confirmation in the annual tax supported budget process (See Financial Projection, Appendix B).
3. That the Animal Control By-Law No. 2443/79, Section 22 (a) be amended to increase the pound fee for any dog impounded for any first offence from $45.00 to $50.00.
4. That Council instructs the proper Officers of the City of Winnipeg to prepare and submit to Council the necessary by-law amendment for approval.

Report Summary

Key Issues:

- On October 26, 2005, Council approved a three year service agreement (2006 – 2008) with the Winnipeg Humane Society for general and specific services in the amount of $200,000 per annum, an increase of $75,000 over 2005. In addition Council adopted a subsidized cat spay and neuter program, to be administered by the Winnipeg Humane Society, to a maximum of $50,000 annually, to run concurrently with the service agreement.
- Overall funding between the Winnipeg Humane Society and the City of Winnipeg for a general service agreement and a subsidized spay and neuter program has increased by $125,000 annually.
- It is proposed that the Animal Services SOA operating grant be increased to $1,018,850 for 2007 and $1,018,087 for 2008 to offset the increased funding to the Winnipeg Humane Society.

- This report proposes that the pound fee for any dog impounded for the first offence be increased from $45.00 to $50.00. This will require an amendment to the Pound By-law No. 2443/79.

Implications of the Recommendation(s):

General Implications

( ) None

(X) For the organization overall and/or for other departments

(X) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s): This report proposes that the pound fee for any dog impounded for the first offence be increased from $45.00 to $50.00.

Policy Implications

( ) No

(X) Yes

Comment(s): This report proposes that the pound fee for any dog impounded for the first offence be increased from $45.00 to $50.00. An amendment to the Animal Control By-Law No. 2443/79 is required.

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s): Overall funding between the Winnipeg Humane Society and the City of Winnipeg for a general service agreement and a subsidized spay and neuter program has increased by $125,000. The Animal Services SOA operating grant will need to be increased to $1,018,850 for 2007 and $1,018,087 for 2008. This level of funding exists in the 2007 and 2008 Administrative Forecasts.

Report

REASON FOR THE REPORT:

The Animal Services Operating Charter stipulates that a Selection Report (summary of the annual business plan) will be provided to Council each year. Any revisions to the City of Winnipeg Pound By-law require council approval.

HISTORY:

Animal Services was designated by Council as a Special Operating Agency (SOA) effective January 1, 2000.

On October 26, 2005, Council approved a three year service agreement (2006 – 2008) with the Winnipeg Humane Society for general and specific services in the amount of $200,000 per annum. In addition Council adopted a subsidized cat spay and neuter program, to be administered by the Winnipeg Humane Society, to a maximum of $50,000 annually, to run concurrently with the service agreement. Overall funding between the Winnipeg Humane Society and the City of Winnipeg for a general service agreement and a subsidized spay and neuter program has increased by $125,000 annually effective 2006.

DISCUSSION:

Animal Services continues to provide animal control measures under the City of Winnipeg Charter and related by-laws. This includes animal licensing and registration, neighbourhood

dispute resolution, investigation and response to animal bites/attacks, stray dogs, illegal animals, injured animals, after-hours emergencies, and enforcement of related by-laws. This service also includes public education and the promotion of responsible pet ownership and care.

Animal Services continues to embrace and support the Community Services Department's vision, mission and values. The Agency also continues to work in partnership with the Veterinarian community and the Winnipeg Humane Society and other industry providers to ensure the human and animal populations of the City of Winnipeg can co-exist in harmony.

Strategic Direction:

Animal Services continues to build on the expectations of its stakeholders and remains committed to its goals and strategies, which are critical to improved customer service, core business operation and financial stability. These expectations relate to:

- shifting the cost base from the general taxpayer more towards the users of the system, with the objective of becoming financially self-sustainable to the greatest extent possible
- a strengthened commitment to public health and safety through increased public awareness and increased pet ownership education
- an improved public image, and
- improving and increasing the value of products and services.

Service / Business Goals / Strategies Summary:

The following table summarizes our Initiatives and Key Strategies.

GOALS	INITIATIVES	STRATEGIES	TIME FRAME/ACTION BY **
To be financially self-sustainable to the greatest extent possible, (significantly less reliance on mill-rate support)	Increase license sales to meet annual targets	- Develop online licensing capabilities. - Continue with advertising/marketing campaigns. - Improve follow-up process for no-license complaints.	Nov/06; COO, CSIT,CIT Ongoing; COO COO, FO/CC
	Maintain active license base	- Improve follow-up process for delinquent accounts.	Ongoing; COO, FO/CC
	Reduce service cost of licensing	- Develop on-line invoicing to dog owners. - Explore other initiatives and/or partnerships to offset operating costs.	Nov/06; COO, CSIT Ongoing; COO
	Increase adoptions.	- Increase advertising. - Continue adoption advertising to capital region. (Advertise dog adoptions in neighbouring municipalities and towns) - Advertise adoptions dogs on-line.	Ongoing; COO Ongoing; COO Ongoing; A/CEC
Improve Customer Service	Increase value to pet owners and to citizens at large.	- Enhance web site; - Continue with value added coupons for licensed dogs. - Develop partnerships and corporate sponsorships to offset costs of promoting the agency and its' services. - Develop and implement incentives for owners who license their dogs.	Ongoing COO Ongoing; SOA Ongoing; COO Ongoing COO
	Enhance I.T. systems to meet the challenges facing the Agency.	- Develop on-line invoicing to dog owners. - Develop on-line licensing process for new sales and renewals through the Agency web site (e-commerce). - Evaluate general Agency technological needs and upgrade as necessary.	Nov/06; COO, CSIT, CIT Nov/06; COO, CSIT, CIT Ongoing; COO, CSIT
Improve Health and Safety of neighbourhoods		- Amend Animal Control By-law to provide for mandatory rabies vaccination for cats. - Review and amend Animal Control By-laws in general	Sept/06; COO Sept/06 COO, FO/CC, Legal Services
Improve public image	Marketing/Advertising	See Appendix E	
All	General	- Enhance prevention and education programs. - Develop partnerships with external providers to establish alternative services, such as dog training, pet grooming, etc. - Improve complaint response systems	Ongoing; SOA, A/CEC Ongoing; COO Ongoing; SOA

GOALS	INITIATIVES	STRATEGIES	TIME FRAME/ACTION BY **
	Improve staff safety, service response and efficiencies	- Install GPS technology in Agency service vans - Upgrade two-way radio system	July/06; COO, CIT July/06; COO, CIT

Financial (see Appendix B; 2006 – 2008 Financial Projections)

Pro forma financial statements are attached which include a projected statement of financial position, projected statement of loss and deficit and a projected statement of cash flow (see Appendix B).

Tax supported funding for the Agency will continue to be reflected as a separate line item (Cost Center) in the Community Services Department budget.

Financial Highlights

Revenue:

2006 revenue includes a one-time transfer of $45,000 from the Fleet Management Agency, which represents the Animal Services Agency's past contribution to a communication equipment reserve. The reserve funds were re-distributed to contributing departments. The Animal Services Agency will be upgrading its two-way radio system and installing GPS technology in its service vehicles in 2006.

Mill Rate Support

2000	2001	2002	2003	2004	2005	2006	2007	2008
$1,250,000	$1,250,000	$1,250,000	$1,100,000	$950,000	$895,877	$1,020,101	$1,018,850	$1,018,087

← Current Budget Period →

- The 2006 - 2008 financial projections reflect increased tax supported funding of $125,000 in 2006 - 2008. This amount includes an increase of $75,000 to the service agreement between the City of Winnipeg and the Winnipeg Humane Society for general animal related services from $125,000 in 2005 to $200,000 for 2006 – 2008. The City of Winnipeg further agreed to contribute a maximum of $50,000 per year for 2006 -2008 for a subsidized cat spay and neuter program administered by the Winnipeg Humane Society.

Licensing (see Appendix C: 2006 – 2008 License Revenue Projections)

2005 Budget	2005 Actual	Original 2006*	Revised 2006
$973,060	$893,645	$1,179,400	$1,059,776

- Original projected active license sales targets for 2005 were 43,000. Actual active licenses sales were 39,630.

- Dog license terms vary from 8 months to 30 months. Licenses have staggered monthly renewals based on the first letter of the last name. As a result there will be unearned revenue on hand at year-end. In 2002 a new two-year licensing option was offered to dog owners. This has resulted in a slightly higher deferral for unearned revenues.
- $367,620 in 2004 license revenue deferred to 2005 revenues.
- $495,360 projected to be deferred to 2006 revenues from 2005 license sales.

* As projected in the 2005 – 2009 Selection Report

Projected license sales and revenue for 2006-2008;

Year	Active License Sales Targets	Average License Fee	Revenue
2006	44,000	$27.00	$1,059,776
2007	47.000	$27.00	$1,232,550
2008	50,000	$27.00	$1,313,550

Pound and Kennel Fees (see Appendix D: 2006 –2008 Pound and Kennel Fees Projections)

	2005 Budget	2005 Actual	Original 2006*	Revised 2006
Pound Fees	$23,925	$27,791	$25,650	$25,125
Kennel Fees	$36,399	$43,142	$28,350	$28,350

- The basic dog pound fees for running at large are: first offence - $45 for the first quarter 2006 and there after $50, second offence - $150 and third offence - $225. Pound revenues are based on 425 -1st offences, 29 - 2nd offences and two - 3rd offences per year.
- Pound fee projections based on a Pound By-law amendment to raise the Pound fee first offence from $45.00 to $50.00.
- Kenneling fees will be set at $18 per day commencing in 2006 and will increase annually by $1 per day. 2006 volumes are based on 450 dogs annually with an average stay of 3.5 days.
- There is an assumption that pound and kennel fee revenue will decrease slightly due to more licensed dogs taking advantage of the 'free ride home program' for licensed dogs picked up running at large for the first time.

Court Fines

2005 Budget	2005 Actual	Original 2006*	Revised 2006
$100,000	$0	$100,000	$15,000

- It was identified in the original 2000-2004 Business Plan that fines collected pursuant to the Pound By-law by the City of Winnipeg would be transferred to the Agency. To date this

has not occurred. The Agency intends to enter into discussions with Corporate Services to access this funding.

- Originally it was thought that $100,000 of fine revenue was available. Reviews of court documents shows that the amount actually collected is far less than the amount of fines assessed. The Agency intends to approach the Justice Department with the assistance of Legal Services to determine if there is a process the Agency can take to collect delinquent fines.

Expenses:

Salaries and Benefits

2005 Budget	2005 Actual	Original 2006*	Revised 2006
$1,280,902	$1,260,244	$1,324,976	$1,282,479

- Salary levels are based on existing grades and levels presently in place, which include the creation of two temporary license canvasser positions and a five-month term clerical position. The CUPE staff complement will consist of an Office Administrator, three Clerk A's, one Clerk C, one Education/Adoption Coordinator, two Kennel Attendants, ten ASO I's and two ASO II's. The WAPSO/WAPSO exempt positions include a Chief Operating Officer and a Field Operations/Court Coordinator. The projections are based on the above staffing levels and include an adjustment of 1.75% for 2006 and 2.25% for 2007-2008 for CUPE staff. Projections for WAPSO/WAPSO exempt staff include an adjustment of 3% for 2006-2008. Employee benefits are estimated to be 18.42% of total gross salaries.

Services

2005 Budget	2005 Actual	Original 2006*	Revised 2006
$490,610	$454,248	$500,222	$641,507

- Internal equipment rental (fleet) is projected to increase approximately $10,000 over 2005 costs
- The Agency pays approximately $55,000 for a service contract with Scotia Enterprises for providing animal control services in the Charleswood/Tuxedo section of the city.
- Overall funding between the Winnipeg Humane Society and the City of Winnipeg for a general service agreement and a subsidized spay and neuter program has increased by $125,000

Materials, Parts and Supplies

2005 Budget	2005 Actual	Original 2006*	Revised 2006

$38,075	$29,798	$39,713	$40,587

Accommodations

2005 Budget	2005 Actual	Original 2006*	Revised 2006
$169,477	$169,477	$171,254	$171,254

- The Agency will continue to occupy 1057 Logan Avenue, first level of the building only. (12,296 square feet) Civic Accommodations established the rental rate for 2005 and it is expected to increase by 2.5% per year. The Agency leases the lower level to the Community Services Department, License Branch for storage of bicycles.

Administrative Services

2005 Budget	2005 Actual	Original 2006*	Revised 2006
$165,343	$169,367	$165,487	$171,582

- The Agency expects to continue purchasing administrative services from the City's Community Services Department for 2006 - 2008. Included in these services is assistance with respect to finance, human resources, strategic support and information technology.
- The City of Winnipeg incurs corporate costs that relate to the operation of the individual departments. The Agency will share in paying these costs. It is anticipated that the Agency's share of these costs will amount to 18% of the total or approximately $69,582 yearly.

* As projected in the 2005 – 2009 Selection Report

Financial Impact Statement

Date: June 15, 2006

Project Name:

First Year of Program **2006**

	2006	2007	2008	2009	2010
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 1,020,101	$ 1,018,850	$ 1,018,087	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 1,020,101	$ 1,018,850	$ 1,018,087	$ -	$ -
Less: Existing Budget Amounts	1,020,101	1,018,850	1,018,087		
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The 2006 Adopted Budget for the Community Resource, Protection & Safety Services Division, of the Community Services Department, includes a grant to the Animal Services SOA for $1,020,101 equalling the financial request of the "2006 Selection Report - Animal Services Special Operating Agency". Similarily, the 2007 and 2008 Administrative Forecasts include an operating grant to Animal Services consistent with this Selection Report. No tax supported budget adjustments are required to accomodate the funding requirements of Animal Services for 2006, 2007, or 2008.

Cindy Fernandes, B. Comm (Hon), CMA

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services
Corporate Finance

External Consultation With:

THIS REPORT SUBMITTED BY:

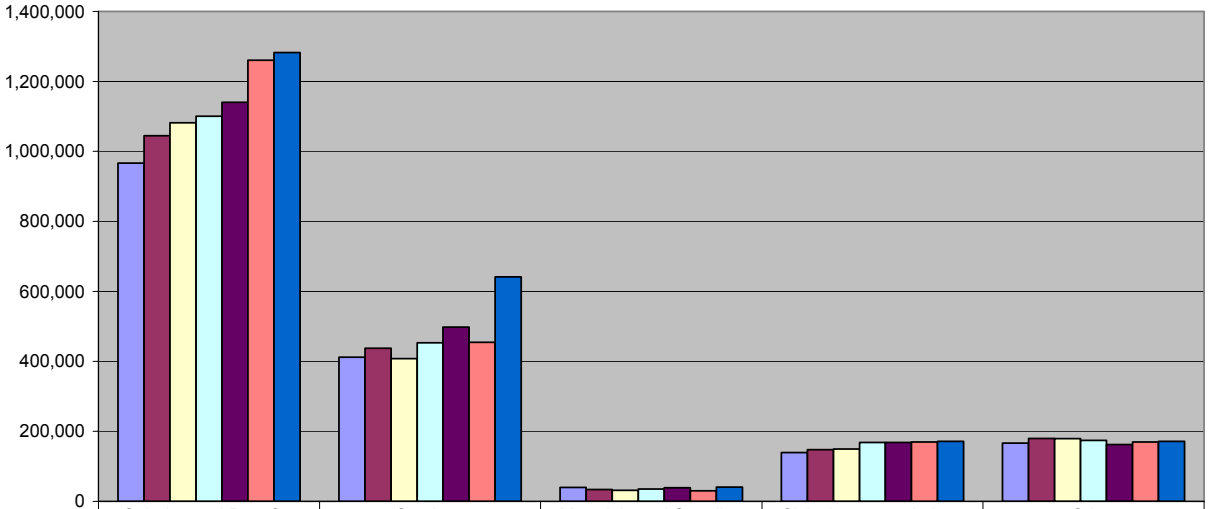
Department: Animal Services SOA
Division
Prepared by: Tim Dack, COO
File No.

Appendix Index;

Appendix A: Page 13
2000 – 2005 Revenue and Expense Comparisons (Including 2006Projections)
Appendix B: Page 14
2006 – 2008 Financial Projections and Notes
Appendix C: Page 23
2006 – 2008 License Revenue Projections
Appendix D: Page 24
2006 – 2008 Pound and Kennel Fees Projections
Appendix E: Page 25
Communications/Marketing Plan

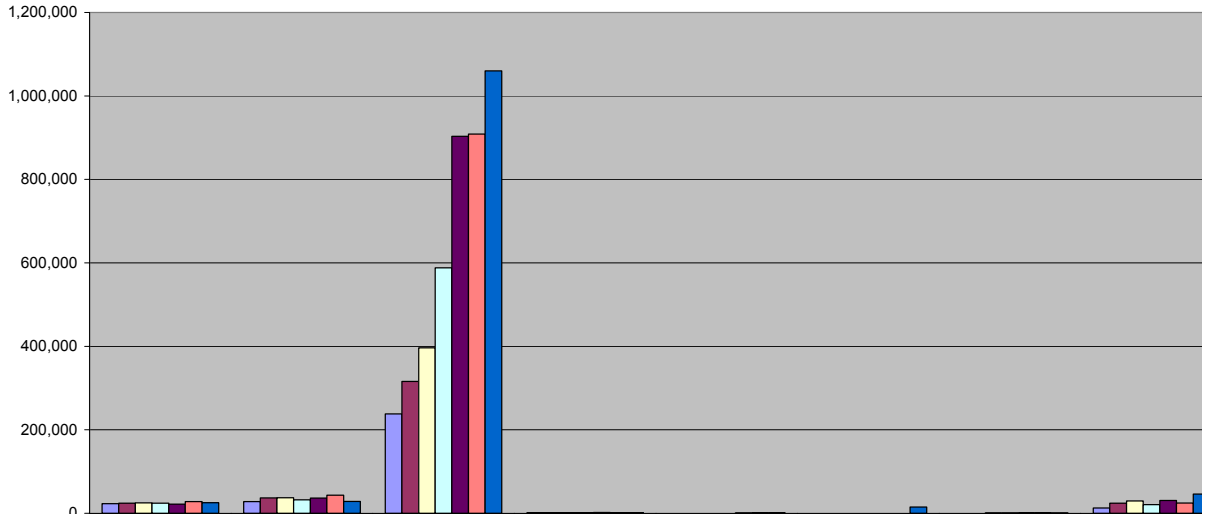
APPENDIX A: 2000 – 2005 Expense and Revenue Comparisons with 2006 Projections

Expense Comparisons 2000-2005 with 2006 Projections



	Salaries and Benefits	Services	Materials and Supplies	Civic Accommodations	Other
2000	966,293	411,639	39,191	139,238	166,531
2001	1,044,499	437,487	33,651	147,527	179,732
2002	1,081,767	407,698	31,131	149,598	178,756
2003	1,100,050	452,847	34,761	168,215	174,191
2004	1,140,121	498,227	39,056	168,326	161,950
2005	1,260,244	454,248	29,798	169,477	169,367
2006	1,282,479	641,508	40,587	171,254	171,582

Revenue Comparisons 2000-2005 Actuals with 2006 Projections



	Pound Fees	Kenneling Fees	Dog Licensing	Excess Animal Permit	Cat Permits	Court Fines Accrued	NSF Cheque Charges	Others
2000	23,000	27,786	237,708	1,200			175	12,854
2001	24,050	36,641	315,566	1,320			120	23,805
2002	24,539	37,120	396,298	1,140			340	29,690
2003	23,970	32,241	587,916	900			480	20,491
2004	21,880	36,399	903,523	1,800	350		600	30,662
2005	27,791	43,142	908,645	1,560	650		660	24,385
2006	25,125	28,350	1,059,776	1,620	1,000	15,000	500	46,000

APPENDIX B: 2006 – 2008 Financial Projections and Notes

Projected Statement of Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

As At December 31		Actual 2005	2006	2007	2008
Assets					
CURRENT	*Note 7*				
Cash		$ 6,893	$ 7,000	$ 7,000	$ 7,000
Due from City of Winnipeg		-	-	-	-
Receivables		47,467	40,000	40,000	40,000
Inventory		13,852	10,000	12,000	12,000
Prepaid expenses		36,218	30,000	31,000	32,000
		104,430	87,000	90,000	91,000
EQUIPMENT	*Note 7*				
Computer equipment		76,126	76,126	76,126	101,126
Furniture and other equipment		72,416	72,417	72,417	72,417
Communication Radios		-	35,000	35,000	35,000
		148,542	183,543	183,543	208,543
Less: accumulated depreciation		145,770	149,882	157,494	171,115
		2,772	33,661	26,049	37,428
		$ 107,202	$ 120,661	$ 116,049	$ 128,428
Liabilities					
CURRENT	*Note 7*				
Accounts payable & accrued liabilities		$ 57,032	$ 50,000	$ 50,000	$ 50,000
Vacation and overtime payable		43,476	50,000	55,000	57,000
Deferred revenue		453,157	534,600	571,050	607,500
Due to City of Winnipeg - Line of Credit		197,456	201,277	127,549	43,081
		751,121	835,877	803,599	757,581
LONG-TERM	*Note 7*				
Retirement allowance		117,000	117,000	117,000	117,000
		868,121	952,877	920,599	874,581
CAPITAL DEFICIENCY					
Deficit		(760,919)	(832,216)	(804,550)	(746,153)
		107,201	120,661	116,049	128,428

See accompanying notes to the financial statements

Projected Statement of Loss and Deficit

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the year ended December 31		Actual 2005	2006	2007	2008
Revenues (Schedule 1)	*Note 5*	$ 1,006,833	$ 1,197,724	$ 1,327,836	$ 1,408,978
Expenses					
	Note 6				
Salaries and Benefits (Schedule 2)		1,260,244	1,282,479	1,300,173	1,339,107
Services (Schedule 3)		454,248	641,507	647,647	650,894
Material, parts and supplies (Schedule 4)		29,798	40,587	42,267	42,964
Civic Accommodations (Schedule 5)		169,477	171,254	173,076	174,943
Other					
Depreciation		255	4,112	7,612	13,621
Administrative services (Schedule 6)		169,367	171,582	171,695	171,810
Interest/financing (Schedule 7)		62	1,094	660	170
		2,083,451	2,312,614	2,343,129	2,393,509
Loss from operations		(1,076,618)	(1,114,890)	(1,015,293)	(984,531)
Other					
Grant from the Province of Manitoba		23,659	23,493	24,109	24,841
Grant from the City of Winnipeg	*Note 5*	895,877	1,020,101	1,018,850	1,018,087
Net Income (Loss)		(157,082)	(71,296)	27,666	58,397
Deficit, beginning of year		(603,837)	(760,919)	(832,216)	(804,550)
Surplus(deficit)		$ (760,919)	$ (832,216)	$ (804,550)	$ (746,153)

See accompanying notes to the financial statements

Projected Statement Change in Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the year ended December 31		**Actual 2005**	**2006**	**2007**	**2008**
Net inflow (outflow) of cash related to the following activities					
Operating					
Net earnings (loss) for the year		$ (157,083)	$ (71,298)	$ 27,667	$ 59,161
Non-cash items related to operations					
Depreciation		255	4,112	7,612	13,621
Increase(decrease)Retirement Allowance	Schedule 8	(3,227)	-	-	-
Working capital from operations		(160,055)	(67,186)	35,279	72,782
Net change in working capital other than cash assets	Schedule 8	75,879	98,472	38,450	37,450
		(84,176)	31,286	73,729	110,232
Financing					
Due to Line of Credit	Schedule 8	-	3,821	(73,728)	(84,468)
Due to/from the City of Winnipeg	Schedule 8	89,204	-	-	-
		89,204	3,821	(73,728)	(84,468)
Investing					
Purchase of equipment		(3,027)	(35,000)	-	(25,000)
Proceeds from disposal of equipment			-		
		(3,027)	(35,000)	-	(25,000)
Increase (decrease in cash assets)		2,002	106	1	765
Cash position, beginning of year		4,891	6,893	6,999	7,000
Cash position, end of year		$ 6,893	$ 6,999	$ 6,999	$ 7,764

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL PROJECTION
THREE YEARS ENDING DECEMBER 31, 2008

1. DESCRIPTION OF BUSINESS

Animal Services, Special Operating Agency commenced operations on January 1, 2000. The Agency is entering its seventh year of operations. Animal Services continues to work towards its goals;

- To be financially self-sustainable to the greatest extent possible, (significantly less reliance on mill-rate support)
- Improve Health and Safety of neighborhoods
- Improve Customer Service
- Improve Public Image

Since 2000 Animal Services has brought in the following new programs and initiatives:

- Adoption program to give strays a second chance
- Volunteer program to enhance the adoption program
- Work placement for students in our community
- Enhanced Free Ride program
- Added-value coupon strip
- Multi-year licensing
- Numerous retail outlets for license sales
- Enhanced education programs
- Increased Marketing Campaigns
- Revamped fines schedule
- 3 per page invoice printing for paper/printing economies and bar-coding for new technology
- Automatic electronic payments through Banking Institutions

2. ACCOUNTING POLICIES

The projected financial statements have been prepared on the basis of generally accepted accounting principles. The projections include the following significant accounting policies:

Inventory

Inventory is stated at the lower of cost and net realizable value.

Equipment

Equipment is recorded at cost and is depreciated on a straight-line basis over the estimated useful life of the asset using the following annual rates:

Computer equipment	25%

Furniture and other equipment	20%

3. FINANCIAL PROJECTION

This financial projection is an estimate of the financial position, results of operations and change in cash flow, for the operations of Animal Services Special Operating Agency, using management's assumptions that reflect the Agency's planned course of action for the five years ending December 31, 2008. Management's judgment has been used in the assumptions and the most probable set of economic conditions, together with the hypotheses stated in note 4 below. The hypotheses are consistent with the purpose of the information, but are not necessarily the most probable in management's judgment. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this projection. Therefore, the actual results achieved during the projected period will vary from the projections and the variations may be material.

4. HYPOTHESES

The financial projection has been prepared based on the following hypotheses:

(a) That the City of Winnipeg will agree to provide an annual operating grant of $1,020,101 for 2006 and $1,018,850 for 2007 and $1,018,087 for 2008.
(b) That the City of Winnipeg will extend an line of credit for up to $300,000, sufficient for the Agency to carry on operations.
(c) That the Agency will be allowed to purchase any support services required to sustain ongoing operations.
(d) That fine revenue collected on behalf of actions taken by Animal Services, by Corporate Services (Legal Services) will be transferred to the Agency.

5. ASSUMPTIONS – REVENUE

(a) Pound Fees

The basic fees for running at large are: first offence - $45 for the first quarter 2006 and there after $50, second offence - $150 and third offence - $225. Pound revenues are based on 425 -1st offences, 29 - 2nd offences and two - 3rd offences per year.

(b) Kenneling Fees

Kenneling fees will be set at $18 per day commencing in 2006 and will increase annually by $1 per day to $20 by 2008 where they will remain. 2006 volumes are based on 450 dogs annually with an average stay of 3.5 days.

(c) Dog Licenses

The following fees and volumes were derived based on the Agency's analysis of the market:

Year	Average License Fee	Anticipated Sales
2006	$27.00	44,000
2007	$27.00	47,000

2008 $27.00 50,000

Dog license fees applicable to intact dogs are $45 annually. A 50% discount is offered for sterilized dogs bringing this fee to $22.50 annually. Dangerous dog license fees are set at $75 annually. There is no charge for service dog licenses and for the first year dog adoptions done through the Humane Society and Animal Services.

(d) Excess Animal Permit

2006 permit revenue is based on 26 renewals and one new application with a modest annual increase to follow.

(e) Surrendered Animals

Revenues are based on 72 turnovers at a fee of $67.50. The fee was never increased since it was introduced in 2001. An inflationary component has been applied to the fee (2001-2006) and was based on the Consumer Price Index.

(f) Trap Rentals/Set Ups

A fee of $60 is charged on skunk trap rentals and an administration fee of $10 on cat trap rentals. A planned expenditure for additional traps in 2006 is reflected in the income.

(g) Dog Adoptions

Adoption fees are $171 for dogs less than four months, $141 for dogs over four months, $111 for sterilized dogs and $100 and $50 for senior and senior, sterilized dogs. Adoptions include a health check by a veterinarian, vaccinations, spaying or neutering, microchip, first license and other value-added items. In an effort to stimulate sales the Agency introduced a discount for senior citizens of 20% and a reduced fee for dogs seven years and older. After costs, the Agency expects to net approximately $48 per animal with 200 animals adopted annually.

(h) Grant from the City of Winnipeg

The Agency has negotiated an annual operating grant from the City of Winnipeg in the amount of $1,020,101 for 2006 and $1,018,850 for 2007 – 2008. This grant represents the mill rate support of operating costs. This amount has increased by $125,000 for each year to offset the increase service agreement funding with the Winnipeg Humane Society.

YEAR	FUNDING AMOUNT
2000	$1,250,000
2001	$1,250,000
2002	$1,250,000
2003	$1,100,000
2004	$950,000

2005	$895,877
2006	$1,020,101
2007	$1,018,850
2008	$1,018,087

6. ASSUMPTIONS – EXPENSES

(a) Salaries and Employee Benefits

The Agency expects to operate with the following staff levels over the next five years:

	2006	2007	2008
WAPSO	2	2	2
CUPE	20	20	20

Salary levels are based on existing grades and levels presently in place, which include the creation of two temporary license canvasser positions and a five-month term clerical position. The CUPE staff complement will consist of a an office administrator, three clerk A's, one clerk C, one education/adoption coordinator, two kennel attendants, ten ASO I's and two ASO II's. The WAPSO/WAPSO exempt positions include a Chief Operating Officer and a Field Operations/Court Coordinator. The projections are based on the above staffing levels and include an adjustment of 1.75% for 2006 and 2.25% for 2007-2008 for CUPE staff. Projections for WAPSO/WAPSO exempt staff include an adjustment of 3% for 2006-2008. Employee benefits are estimated to be 18.42% of total gross salaries.

(b) Professional and Consulting Services

The Agency pays $200,000 annually to the Winnipeg Humane Society for related services and approximately $55,000 for a service contract with Scotia Enterprises for the Charleswood pound. In addition to the related annual services payments the Winnipeg Humane Society negotiated an additional $50,000 to subsidize their cat spay/neuter program, thus building a stronger partnership with the Winnipeg Humane Society.

(c) Audit Fee

The Agency expects to pay $9,095 annually for audit fees in 2006 through 2008.

(d) Auto Allowances

Two staff members are provided with "required" auto allowances and three staff members are provided with "regular" auto allowance.

(e) Office Equipment Maintenance

The Agency expects to pay $5,000 annually in office equipment repairs and maintenance.

(f) Telephone

A 2% rate increase has been forecast annually through to 2008. Additional costs for a call service have been incurred due to reduced police services.

(g) Advertising

The Agency uses extensive advertising to help build its revenue base. The methods of advertising include billboards, bus posters, newspaper ads and brochures as well as game sponsorships at sporting events. Special emphasis will be placed on enhancing the Agency's website to aid the Agency's adoption program and provide timely information to the public

(h) Equipment Rental, Internal

Equipment and Material Services provides fleet services for SOA vehicles. The Agency operates seven vehicles. Costs are expected to increase incrementally by 3% per year. The Agency will be giving consideration to tendering maintenance services with other contractors during the three-year period.

(i) Training/Workshops/Tuition

The Agency expects to incur costs of $5,000 annually to provide training to staff.

(j) Civic Accommodations

The Agency will continue to occupy 1057 Logan Avenue, first level of the building only. (12,296 square feet) The rental rate for 2006 was established by Civic Accommodations and it is expected to increase by 2.5% per year.

(k) Depreciation

Depreciation is based on rates identified in note 2.

(l) Interest on Operating Line of Credit

The Agency has negotiated a line of credit with an interest rate of prime plus 2.5%.

(m) Administrative Charges

The Agency expects to purchase administrative services from the City's Community Services Department. Included in these services is assistance with respect to finance, human resources, strategic support and information technology.

(n) General Government Charges

The City of Winnipeg incurs corporate costs that relate to the operation of the individual departments. The Agency will share in paying these costs. It is anticipated that the Agency's share of these costs will amount to/or approximately $69,582 yearly.

7. ASSUMPTIONS – CASH RECEIPTS AND DISBURSEMENTS

(a) Cash on hand

Petty cash of $150 will be available for incidental expenditures. Change funds of $150 are available for the cash register float.

(b) Inventory

The Agency requires inventory in respect to animal supplies and retail sales. A physical inventory count is done on December 31st.

(c) Equipment

On start-up, the Agency acquired equipment from the City of Winnipeg. In 2006 the Agency will review its technology needs and replace its communication radios and implement the use of GPS. The Agency has budgeted $35,000 for acquisitions and has assumed that all dispositions will be made at net book value and there will be no gain or loss resulting from the disposition of assets.

(d) Accounts Payable and Accrued Liabilities

Accounts payable will be paid on the basis of 30-day terms and it has been assumed that accounts payable will be nominal at year-end. Accrued liabilities include such items as unpaid contract fees, salary accruals and other year-end payables.

(e) Deferred Revenue

Dog license terms vary from 8 months to 30 months. Licenses have staggered monthly renewals based on the first letter of the last name. As a result there will be unearned revenue on hand at year-end. In 2002 a new two-year licensing option was offered to dog owners. This has resulted in a slightly higher deferral for unearned revenues.

APPENDIX C: 2006 – 2008 Dog License Revenue Projections

Projection of Revenues

	Actual Sales Number Sold	Average Price	Current Yr Sales	under Accrued 2005 Sales	Total	Recognition of Previous Yr Deferred	Current Year Deferred	License Sales
2005	35149	$ 27.39	$ 962,769	$ 3,948	$ 966,717	$ 367,671	$ (440,743)	$ 893,645
Whole $45								
Sterilized $22.50								
2006	44000	$ 27.00	$ 1,188,000	$ -	$ 1,188,000	$ 406,376	$ (534,600)	$ 1,059,776
Whole $45								
Sterilized $22.50								
2007	47000	$ 27.00	$ 1,269,000	$ -	$ 1,269,000	$ 534,600	$ (571,050)	$ 1,232,550
Whole $45								
Sterilized $22.50								
2008	50000	$ 27.00	$ 1,350,000	$ -	$ 1,350,000	$ 571,050	$ (607,500)	$ 1,313,550
Whole $45								
Sterilized $22.50								

APPENDIX D: 2006-2008 Pound and Kennel Fee Projections

2006-2008 Pound and Kennel Fee Projections

ANTICIPATED DECREASE PER YR BECAUSE OF FREE RIDE HOME						Estimated
Pound Fees:				Estimated	Estimated	Budget
Year		Charge	X	Redeemed Dogs	Days in Kennel	Revenues
2006	Basic Fee	$50.00	X	420		$20,475.00
		$150.00	X	28		$4,200.00
		$225.00	X	2		$450.00
						$25,125.00
	Kennel Fee	$18.00	X	450	3.5	$28,350.00
2007	Basic Fee	$50.00	X	410		$20,500.00
		$150.00	X	27		$4,050.00
		$225.00	X	2		$450.00
						$25,000.00
	Kennel Fee	$19.00	X	439	3.5	$29,193.50
2008	Basic Fee	$50.00	X	390		$19,500.00
		$150.00	X	26		$3,900.00
		$225.00	X	2		$450.00
						$23,850.00
	Kennel Fee	$20.00	X	418	3.5	$29,260.00

NOTE: The 2006 $50.00 Basic Fee Estimated Budget Revenue is prorated at 25% being earned at the present fee rate of $45.00 and 75% at the revised fee amount of $50.00.

Appendix E: Communications/Marketing Plan

Marketing (See Appendix E)

The highlights of the 2006 Marketing Plan are to;

- Increase active license by 4,000 over 2005 to 44,000 active licenses.
- Engage and encourage Veterinarians and other pet industry providers to be active participating partners in the licensing of dogs.
- Provide dog owners a tangible sense of value for licensing their dogs by improving benefits and adding usable value.
- Promote Animal Services as a contributing partner in the building of safe communities, safe families and safe pets.
- Promote a positive, caring and interactive image of Animal Services.
- Encourage and educate dog owners to be responsible.

Introduction & Background:

Animal Services Agency provides enforcement of animal control by-laws, licensing of dogs, and control of stray and unwanted animals, animals running at large, abandoned pets and community incidents of animal bad behavior.

Animal Services is dedicated to continuously improving its service delivery and to becoming an active partner in the Winnipeg Community. It has adopted strategies designed to improve customer service, enhance financial stability and better fulfill the expectations of stakeholders.

These strategies include:

- A commitment to making the service self-sustaining to the greatest extent possible, by generating revenues to offset the cost of operations to the general taxpayer.
- A renewed and strengthened commitment to improving community health and safety through increased public awareness of the many services that Animal Services provides.
- A commitment to the provision of courteous, professional and prompt service
- A commitment to improving and increasing the value and appeal of products and services, and enhancing the public image of Animal Services.

Communication/Marketing Objectives:

Conduct an annual wide scale promotions and advertising campaign designed to increase consumer awareness and satisfaction relative to the mandate, services and licensing requirements of Animal Services. The goal of the campaign would be to achieve 90% target market awareness at the end of the five-year planning period.

Continue to expand the number of distribution outlets for dog licenses to include appropriate municipal offices.

Optimize advertising/promotional opportunities by partnering with external service providers such as the Humane Society, veterinarians, and other industry members.

Enhance service options to include license purchases through the use of the Internet, telephone banking and automatic renewal options.

Target Audience:

- Mayor and Councilors
- Chief Administrative
- Animal Services Agency Advisory Board
- Winnipeg Citizens
- Dog Owners
- Cat Owners
- The Winnipeg Humane Society
- Veterinarians

Challenges:

Strong enforcement of by-laws is essential to increasing license sales. Failure to do this more stringently and failure to impose significant penalties for non-adherence will seriously jeopardize Animal Services' ability to meet forecasted revenue targets.

Although the awareness of the Animal Services Mandate is increasing (as indicated by increases license revenues), as is the importance and value of the Agency's services to the health and safety of the community, significant promotional dollars are still required to address these issues.

Opportunities:

To continue to enhance the Animal Services Agency's image through targeted Community outreach programs/services, Promotional Campaigns, and Animal Services Programs.

Targeted Community Outreach Programs/Services include:

- Continued relationships with the Winnipeg Humane Society, City Veterinarians
- Participation in special events such as the Teddy Bears Picnic and Great Manitoba Dog Party
- School programming /contests
- Community Relations Bill Board Campaign

Promotional Campaigns include:

- Advertising through professional sport venues
- Leisure Guide Advertising
- Annual city wide campaigns designed to increase awareness
- Door-to-Door Campaigns
- Earned media
- Animal Services Web site

Animal Services Programs

- Dog Adoption Program
- Volunteer Services program
- Sale of goods

Strategies:

1. **Continue the Community Relations out reach programs to further enhance the Animal Services Agency image as an Agency who cares about animal owners and their pets. The emphasis on these outreach programs include the agency's mandate, licensing requirements, purchase options.**

Vehicles for Community Relations outreach include:

- Static displays in shopping mall, community centers
- Participation in high profile special events such as the Great Manitoba Dog Party, Teddy Bear's Picnic
- Participation in the Winnipeg Humane Society's Bow Wow Ball
- School programming and contests
- Photos with Santa
- Walk for Guide Dogs

Responsibility: Agency Head, with support from the Strategic & Information Systems Services Division.
Timeline: Year round
Budget $8,000

2. **Conduct an annual promotions and advertising campaign in the spring and fall of each year using integrated media to encourage dog owners to license their dogs.**

Promotional Vehicles include:

- Advertising through professional sport venues
- Leisure Guide Advertising Spring/Summer
- Door-to-Door License renewal Campaigns
- Television commercials with local entertainers
- Radio commercials with local entertainers
- Bill Boards
- Bus Shelters
- Animal Services Agency Web site
- Civic Pulse Newsletter
- Community Services Department Newsletter
- City wide email to staff
- Local newspaper advertising

- Posters and handouts/giveaways

Responsibility: Agency Head with support from the Strategic & Information Systems Services Division
Timeline: Spring of each year
Budget: $30,000

3. Highlight Animal Services programs (Adopt a Pet, Volunteers Program and Photos with Santa), success stories and services through earned media to demonstrate the benefits of the Animal Services programs.

Vehicles include:

- News releases
- Radio spots
- City TV Breakfast Show
- Story's with associated photo's in the Winnipeg Free Press Community Review section and or the Community Newspapers
- Customer Testimonial on the Web site
- Civic Pulse Newsletter
- Community Services Department newsletter
- City wide email to staff

Responsibility: Agency Head with support from Animal Services staff and the Strategic & Information Systems Services Division.
Timeline: on-going
Budget: $10,000

4. Continue to provide responsible pet owners who license their dogs with value added coupon promotions. Seek out additional sponsorship to help support promotions for this program to include:

- Either radio or TV spots with local entertainers
- Paid advertising in the Winnipeg Free Press, Winnipeg Sun or Community Newspapers
- Prize giveaways to owners of licensed dogs
- Value added coupon program ("Pawsitive Points")
- Promotions on the Animal Services web site
- Leisure Guide Advertising
- Civic Pulse Newsletter
- Community Services Department Newsletter
- City wide emails to Civic Staff

Responsibility: Agency Head with support from the Strategic & Information System Services Division
Timeline: on-going annually
Budget: $10,000 plus sponsorship $ to cover costs

5. **Develop in consultation with Corporate Education courses in advance customer care services for Animal Services Agency staff.**

Responsibility: Agency Head
Timeline: on-going
Budget: N/A

6. **Work in partnership with the Winnipeg Humane Society on a Cat Ownership Awareness and Responsibility campaign.**

    - Develop advertising campaign on cat ownership
    - Participate in community action groups
    - Advertise in local media

Responsibility: Agency Head
Timeline: ongoing
Budget: $15,000