Report - Alternate Service Delivery Committee - March 12, 2007

Item No. 4 **Animal Services Special Operating Agency - 2007-2009 Selection Report**
File GL-5.6.1

COMMITTEE RECOMMENDATION:

On March 14, 2007, the Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submits the following to Council:

1. That the 2007 Selection Report for Animal Services Special Operating Agency, including the 2007 budget, be approved, and the 2008–2009 Financial Projections, as outlined in Appendix B to the report from the Chief Operating Officer dated November 28, 2006, be received as information.

2. That tax supported funding for the Animal Services Special Operating Agency in the amount of $1,018,850.00 for 2007, 2008 and 2009 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 November 28, 2006.

3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report - Alternate Service Delivery Committee - March 12, 2007

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On March 14, 2007, the Executive Policy Committee concurred in the recommendation of the Alternate Service Delivery Committee and submitted the matter to Council.

COMMITTEE RECOMMENDATION:

On March 12, 2007, the Alternate Service Delivery Committee concurred in administrative Recommendation Nos. 1 and 2 and submitted the matter to the Executive Policy Committee and Council.

Further, the Alternate Service Delivery Committee recommends to the Standing Policy Committee on Protection and Community Services that favourable consideration be given to Recommendation Nos. 3 and 4 in the report from the Chief Operating Officer dated November 28, 2006.

Further on March 12, 2007, the Alternate Service Delivery Committee received a PowerPoint Presentation titled “Animal Services Special Operating Agency Selection Report 2007-2009” from Tim Dack, Chief Operating Officer, Animal Services Special Operating Agency, and Clive Wightman, Acting Director of Community Services.

RE: 2007 - 2009 Selection Report Animal Services Special Operating Agency

FOR SUBMISSION TO: ASD Committee

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

REPORT DATE: December 12, 2006

RECOMMENDATION:

1. That Council approves the 2007 Selection Report for Animal Services Special Operating Agency including the 2007 budget, and receive as information the 2008–2009 financial projections as tabled in Appendix B of the report from the Chief Operating Officer dated November 28, 2006.

2. That Council approve the proposed tax supported funding for the SOA of $1,018,850 for 2007, 2008 and 2009, subject to confirmation in the annual tax supported budget process (See Financial Projection, Appendix B the report from the Chief Operating Officer dated November 28, 2006).

3. That Council approve the proposed increase to $19.00/day in the kenneling fees for 2007 and to $20.00/day for 2008 and to $21.00/day for 2009, commencing January 1 of each respective year. (See Appendix E)

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:

- Reclassification of vacated Animal Services Officer I positions.

  The Agency will reclassify a number of Animal Services Officer positions vacated in the next three years through retirement to be responsible for the review, follow-up and enforcement of licensing. Initially it is anticipated that 1.5 positions would be vacated in 2007 increasing to 2 positions in 2008. These positions will be designated as temporary and funded by the salaries of the vacated existing Animal Services Officer I positions.

- Increased enforcement of dog licensing.

  The Animal Services Agency intends to develop an accelerated dog licensing enforcement program starting in 2007 that will focus resources specifically on

licensing issues such as delinquent dog licenses, new dog licenses and follow-up on suspected owners of unlicensed dogs.

It is estimated that there can be follow ups of 160 delinquent licenses, suspected unlicensed dogs and new dog licenses per week per position, of which will result in new licenses sold or renewed. Allowing for two weeks of recognized public holidays on which no follow ups would occur there is the potential for 4,000 new licenses to be realized per position yearly. In 2007 with the creation of 1.5 temporary positions responsible solely for licensing this will result in 6,000 new licenses being sold and with 2 positions in 2008 there will be an additional 8,000 new licenses sold. (See Table 1, page 7 for projected yearly total active license sales.)

- By-law amendment to the City of Winnipeg Pound By-law No. 2443/79

  The Animal Services Agency proposes to increase the daily kenneling fee for dogs by $1.00 each year commencing in 2007. Therefore, The City of Winnipeg Pound By-law No. 2443/79 will require amending to delete the words and figures “$15.00 for each day or any part thereof in 2003 and $16.00 for each day or any part thereof commencing in 2004” where they appear in clause (e) of subsection 21(5) and in subsections 22(b) and (c), and substituting the words and figures “$19.00 for each day or any part thereof in 2007 and $20.00 for each day or any part thereof commencing in 2008 and $21.00 for each day or any part thereof commencing in 2009”,and; delete the words and figures “$16.00 for each day or part thereof” where they appear in subsection 22(a) and substituting the words and figures “$19.00 for each day or any part thereof in 2007 and $20.00 for each day or any part thereof commencing in 2008 and $21.00 for each day or any part thereof commencing in 2009”.

Implications of the Recommendation(s):

General Implications

(X) None

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

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

( ) Involves a multi-year contract

Comment(s):

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

( ) No

(X) Yes

Comment(s): The Agency intends to reclassify a number of Animal Services Officer positions vacated in the next three years through retirement to be responsible for the review, follow-up and enforcement of licensing. Initially it is anticipated that 1.5 positions would be vacated in 2007 increasing to 2 positions in 2008.follow-up and enforcement of licensing. These positions will be designated as temporary and funded by the salaries of the vacated existing Animal Services Officer I positions.

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):

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.

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 an accelerated dog licensing enforcement program starting in 2007 that will focus resources specifically on licensing issues such as delinquent dog licenses, new dog licenses and follow-up on suspected owners of unlicensed dogs. - Develop online licensing capabilities. - Improve follow-up process for no-license complaints.	Feb/07: COO: CSD HR June/07; COO, CSIT,CIT 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.	June/07; 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.	June/07; COO, CSIT, CIT June/07; COO, CSIT, CIT Ongoing; COO, CSIT
Improve Health and Safety of neighbourhoods		- Amend Pound By-law to provide for mandatory rabies vaccination for cats. - Review and amend Pound By-laws in general	June/07; COO Sept/07; COO, FO/CC, Legal Services
Improve public image	Marketing/Advertising		
All	General	- Develop partnerships with external providers to establish alternative services, such as dog training, pet grooming, etc. - Improve complaint response systems	Ongoing; COO Ongoing; SOA
	Improve staff safety, service response and efficiencies		Ongoing; COO, FO/CC

Human Resources

The Animal Services Agency is anticipating the retirement of 1.5 Animal Services Officer positions in 2007, increasing to 2 positions in 2008. The Agency proposes to review and amend these position classifications to facilitate licensing enforcement. These new temporary positions will be responsible for the review, follow-up and enforcement of licensing. All other Animal Services Officer duties aligned with the original Animal Services Officer I classification will be distributed among the remaining Animal Services Officers. These positions will be designated as temporary and funded by the salaries of the vacated existing Animal Services Officer I positions.

The Agency will hire two temporary Animal Services Officer I (1FTE) to provide for vacation relief and extra help during the summer period. Funding for these positions exists in the Agency's budget.

Information Technology

The Agency intends to replace aging computer hardware over the next three years. $5,000/yr has been budgeted in 2007-2009 for computer hardware upgrades. An additional $10,000 is included in 2007 for handheld technology to assist Officers aligned with the proposed accelerated licensing program.

Allocated costs for infrastructure support from CIT have been transferred to the Agency beginning in 2007. These services include; TSM back-up, VPN support, Network service support and Email and Active Directory support. Cost for these services is approximately $9,916. Mill rate support from the City of Winnipeg to the Agency has been increased by $7,200 for support for network services.

The Agency installed GPS technology in its service vehicles in 2006. $6,000/yr has been budgeted in 2007-2009 for data storage and operating costs

Financial (see Appendix B; 2007 – 2009 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 included 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.

2005 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
$1,006,833	$1,197,724	$1,074,020	$1,290,424	$1,120,495

Mill Rate Support

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

2005	2006	2007	2008	2009
$895,877	$1,020,101	$1,018,850	$1,018,850	$1,018,850

Current Budget Period

- The 2007 - 2009 financial projections reflect increased tax supported funding of $125,000 implemented in 2006. 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. The City of Winnipeg further agreed to contribute a maximum of $50,000 per year for a subsidized cat spay and neuter program administered by the Winnipeg Humane Society.
- The 2007 – 2009 tax support funding includes $7,200 for support of fiber optic network connections to the Agency. This represents the Agency's portion of funding transferred to the Community Services Department for services previously funded by CIT.

Licensing (see Appendix C: 2007 – 2009 License Revenue Projections)

2005 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
$908,645	$1,059,766	$925,000	$1,232,550	$1,025,750

* As projected in the 2006 – 2008 Selection Report

- 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.
- $453,157 in 2005 license revenue deferred to 2006 revenues.
- $463,157 is projected to be deferred to 2007 revenues from 2006 license sales.
- Original projected active license sales targets for 2006 were 44,000. Actual active licenses sales for 2006 are projected to be 34,000. This reduction is projected to result in a $134,766 loss in license sales revenue for 2006.

The Animal Services Agency intends to develop an accelerated dog licensing enforcement program starting in 2007 that will focus resources specifically on licensing issues such as

delinquent dog licenses, new dog licenses and follow-up on suspected owners of unlicensed dogs. The Agency will reclassify a number of Animal Services Officer positions vacated in the next three years through retirement to be responsible for the review, follow-up and enforcement of licensing. Initially it is anticipated that 1.5 positions would be vacated in 2007 increasing to 2 positions in 2008. These positions will be designated as temporary and funded by the salaries of the vacated existing Animal Services Officer I positions.

It is estimated that there can be follow ups of 160 delinquent licenses, suspected unlicensed dogs and new dog licenses per week per position, of which will result in new licenses sold or renewed. Allowing for two weeks of recognized public holidays on which no follow ups would occur there is the potential for 4,000 new licenses to be realized per position yearly. In 2007 with the creation of 1.5 temporary positions responsible solely for licensing this will result in 6,000 new licenses being sold and with 2 positions in 2008 there will be an additional 8,000 new licenses sold. See Table 1 for projected yearly total active license sales.

Table 1:

Projected license sales and revenue for 2006-2009 (including deferred revenues);

Year	Active License Sales Targets	Average License Fee	Revenue
2006 (projected)	34,000	$27.50	$925,000
2007	40.000	$27.50	$1,025,750
2008	48,000	$27.50	$1,221,000
2009	56,000	$27.50	$1,441,000

Pound and Kennel Fees (see Appendix D: 2007 –2009 Pound and Kennel Fees Projections)

	2005 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
Pound Fees	$27,791	$25,125	$25,650	$25,000	$25,000
Kennel Fees	$43,142	$28,350	$27,000	$29,194	$41,705

The basic dog pound fees for running at large are: first offence - $50, second offence - $150 and third offence - $225. 2007 pound revenues are based on 410 -1st offences, 27 - 2nd offences and two - 3rd offences per year.

- Kenneling fees will be set at $19 per day commencing in 2007 and will increase annually by $1 per day. 2007 volumes are based on 439 dogs annually with an average stay of 5 days.
- The City of Winnipeg Pound By-law No. 2443/79 will require amending to delete the words and figures “$15.00 for each day or any part thereof in 2003 and $16.00 for each day or any part thereof commencing in 2004” where they appear in clause (e) of subsection 21(5) and in subsections 22(b) and (c), and substituting the words and figures “$19.00 for each day or any part thereof in 2007 and $20.00 for each day or any part thereof commencing in 2008 and $21.00 for each day or any part thereof commencing in 2009”,and; delete the words and figures “$16.00 for each day or part

thereof" where they appear in subsection 22(a) and substituting the words and figures "$19.00 for each day or any part thereof in 2007 and $20.00 for each day or any part thereof commencing in 2008 and $21.00 for each day or any part thereof commencing in 2009".

- 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.

Expenses:

2005 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
$2,083,451	$2,312,614	$2,339,428	$2,343,129	$2,341,075

Salaries and Benefits

2005 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
$1,260,244	$1,282,479	$1,288,815	$1,300,173	$1,313,806

- 2006 Salary levels were based on existing grades and levels presently in place, which include two temporary Animal Services Officer I positions (1FTE) and one temporary Clerk A position. The CUPE staff complement will consist of an Office Administrator, two 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 an anticipated retirement of 1.5 Animal Services Officers positions in 2007 increasing to two positions in 2008. These positions will be reclassified to be responsible only for the review, follow-up and enforcement of licensing. These positions will be designated as temporary and funded by the salaries of the vacated existing Animal Services Officer I positions.
- Projections also include an adjustment of 2.25% for 2007-2009 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 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
$454,248	$641,507	$644,073	$654,803	$640,757

- Advertising costs reduced for 2007 – 2009 from $90,000 to $40,000 annually.
- 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.
- Annual funding to the Winnipeg Humane Society for a general service agreement - $200,000; and a subsidized spay and neuter program - $50,000.
- Annual data transfer handling cost for GPS commencing in 2007; $6,000 annually.

- Annual allocated departmental costs for I.T. system support; 2007 - $9,916, 2008 - $12,891, 2009 - $16,758.
- Projected 2007 costs include increased commissions to external license vendors as a result of projected increased license sales.

Materials, Parts and Supplies

2005 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
$29,798	$40,587	$66,100	$42,267	$34,813

- 2-way radio system upgrade in 2006 plus purchase of GPS for agency vehicles - $36,000. (Funded by a $45,000 transfer 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 has upgraded its two-way radio system and installed GPS technology in its service vehicles in 2006.)

Accommodations

2005 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
$169,477	$171,254	$171,254	$173,076	$169,338

- 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 2007- 09. The Agency leases the lower level to the Community Services Department, License Branch for storage of bicycles.

Administrative Services

2005 Actual	2006 Budget	2006 Projected	Original 2007*	Revised 2007
$169,367	$171,582	$163,582	$171,695	$171,582

- The Agency expects to continue purchasing administrative services from the City's Community Services Department for 2007 - 2009. 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 2006 – 2008 Selection Report

Financial Impact Statement

Date: December 12, 2006

Project Name:
2007 - 2009 Selection Report Animal Services Special Operating Agency

First Year of Program **2007**

	2007	2008	2009	2010	2011
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	$ 1,018,850	$ 1,018,850	$ 1,018,850	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 1,018,850	$ 1,018,850	$ 1,018,850	$ -	$ -
Less: Existing Budget Amounts	$ 1,018,850	$ 1,018,850	1,018,850		
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

The Community Services Department
The Business Review and Credit Committee
Corporate Legal Services

External Consultation With:

THIS REPORT SUBMITTED BY:

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

Appendix Index:

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2005 Actual Expense and Revenue Comparisons with 2006 – 07 Projections

Appendix B:

2007 – 2009 Financial Projections and Notes

Appendix C:

2007 – 2009 License Revenue Projections

Appendix D:

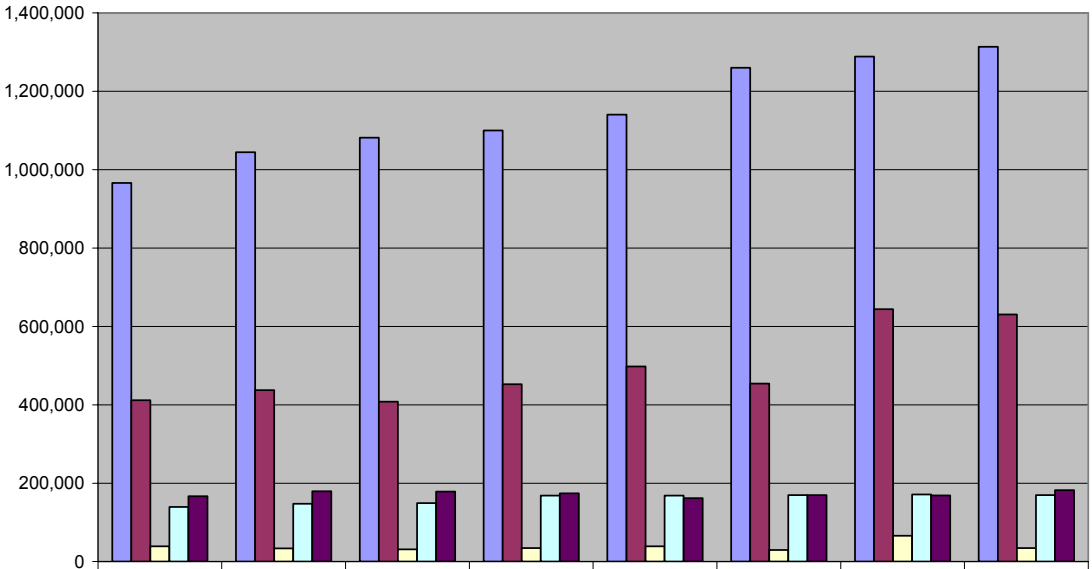
2007 – 2009 Pound and Kennel Fees Projections

Appendix E:

Draft Amendment to the Pound By-law 2443/79

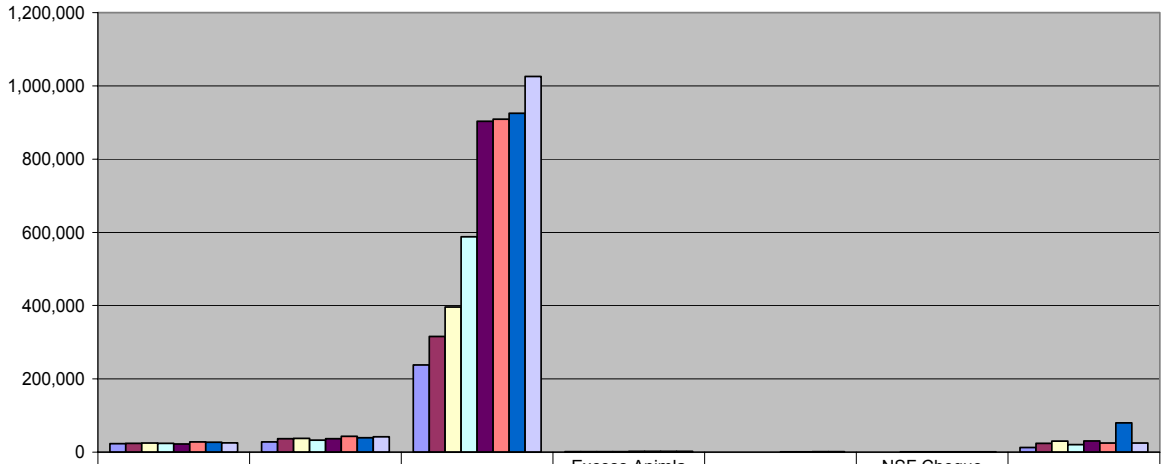
APPENDIX A: 2000 – 2005 Actual Expense and Revenue Comparisons with 2006 – 07 Projections

2000 - 2005 Actual Expenses with Projected 2006 - 07



	2000	2001	2002	2003	2004	2005	2006	2007
Salaries and Benefits	966,293	1,044,499	1,081,767	1,100,050	1,140,121	1,260,244	1,288,815	1,313,806
Services	411,639	437,487	407,698	452,847	498,227	454,248	644,073	630,841
Materials and Supplies	39,191	33,651	31,131	34,761	39,056	29,798	66,100	34,813
Civic Accommodations	139,238	147,527	149,598	168,215	168,326	169,477	171,254	169,338
Other	166,531	179,732	178,756	174,191	161,950	169,367	169,185	182,361

2000-2005 Actual Revenues with Projected 2006 - 07



	Pound Fees	Kenneling Fees	Dog Licensing	Excess Animla Permit	Cat Permits	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	27,000	39,000	925,000	1,620	1,000	500	79,900
2007	25,000	41,705	1,025,750	1,680	1,000	500	24,860

APPENDIX B: 2007 – 2009 Financial Projections and Notes

Projected Statement of Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

As At December 31		Actual 2005	Proj 2006	2007	2008	2009
Assets						
CURRENT	*Note 7*					
Cash		$6,893	($0)	$ (0)	$ (0)	$ (0)
Due from City of Winnipeg						
Receivables		47,467	40,000	40,000	40,000	40,000
Inventory		13,852	12,000	12,000	12,000	12,000
Prepaid expenses		36,218	31,000	31,000	32,000	32,000
		104,430	83,000	83,000	84,000	84,000
EQUIPMENT	*Note 7*					
Computer equipment		76,126	76,126	91,126	96,126	101,126
Furniture and other equipment		72,416	73,005	73,005	73,005	73,005
Communication Radios		-	35,000	35,000	35,000	35,000
		148,542	184,131	199,131	204,131	209,131
Less: accumulated depreciation		145,770	150,278	160,659	172,644	185,608
		2,772	33,853	38,472	31,487	23,523
		$ 107,202	$ 116,854	$ 121,471	$ 115,487	$ 107,523
Liabilities						
CURRENT	*Note 7*					
Accounts payable & accrued liabilities		$57,032	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Vacation and overtime payable		43,476	50,000	55,000	57,000	57,000
Deferred revenue		453,157	420,750	495,000	594,000	693,000
Due to City of Winnipeg - Line of Credit		197,456	431,794	519,894	436,401	206,926
		751,121	952,544	1,119,894	1,137,401	1,006,926
LONG-TERM	*Note 7*					
Retirement allowance		117,000	147,000	162,000	177,000	177,000
		868,121	1,099,544	1,281,894	1,314,401	1,183,926
CAPITAL DEFICIENCY						
Deficit		(760,919)	(982,691)	(1,160,423)	(1,198,915)	(1,076,404)
		107,202	116,854	121,471	115,487	107,523

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		Actuals 2005	Proj 2006	2007	2008	2009
Revenues (Schedule 1)	*Note 5*	$ 1,006,833	$ 1,074,020	$ 1,120,495	$ 1,315,250	$ 1,534,820
Expenses						
	Note 6					
Salaries and Benefits (Schedule 2)		1,260,243	1,288,815	1,313,806	1,354,176	1,388,792
Services (Schedule 3)		454,248	644,073	640,757	654,803	677,336
Material, parts and supplies (Schedule 4)		29,798	66,100	34,813	34,980	35,150
Civic Accommodations (Schedule 5)		169,477	171,254	169,338	169,820	170,735
Other						
Depreciation		255	4,508	10,381	11,985	12,964
Administrative services (Schedule 6)		169,367	163,582	171,582	171,582	171,582
Interest/financing (Schedule 7)		62	1,094	398	-	-
		2,083,451	2,339,427	2,341,075	2,397,345	2,456,560
Loss from operations		(1,076,618)	(1,265,406)	(1,220,580)	(1,082,095)	(921,740)
Other						
Grant from the Province of Manitoba		23,659	23,534	23,998	24,753	25,401
Grant from the City of Winnipeg	*Note 5*	895,877	1,020,101	1,018,850	1,018,850	1,018,850
Net Income (Loss)		(157,082)	(221,771)	(177,732)	(38,492)	122,511
Deficit, beginning of year		(603,837)	(760,919)	(982,691)	(1,160,423)	(1,198,915)
Surplus(deficit)		$ (760,919)	$ (982,691)	$ (1,160,423)	$ (1,198,915)	$ (1,076,404)

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	Proj 2006	2007	2008	2009
Net inflow (outflow) of cash related to the following activities						
Operating						
Net earnings (loss) for the year		$ (157,082)	$ (221,771)	$ (177,732)	$ (38,492)	$ 122,511
Non-cash items related to operations						
Depreciation		255	4,508	10,381	11,985	12,964
Increase(decrease)Retirement Allowance	Schedule 8	(3,227)	30,000	15,000	15,000	-
Working capital from operations		(160,054)	(187,263)	(152,351)	(11,507)	135,475
Net change in working capital other than cash assets	Schedule 8	75,879	(18,378)	79,250	100,000	99,000
		(84,175)	(205,641)	(73,101)	88,493	234,475
Financing						
Due to Line of Credit	Schedule 8	89,204				
Due to/from the City of Winnipeg	Schedule 8		234,336	88,101	(83,493)	(229,475)
		89,204	234,336	88,101	(83,493)	(229,475)
Investing						
Purchase of equipment		(3,027)	(35,588)	(15,000)	(5,000)	(5,000)
Proceeds from disposal of equipment						
		(3,027)	(35,588)	(15,000)	(5,000)	(5,000)
Increase (decrease in cash assets)		2,002	(6,893)	(0)	0	(0)
Cash position, beginning of year		4,891	6,893	(0)	(0)	(0)
Cash position, end of year		$ 6,893	$ (0)	$ (0)	$ (0)	$ (0)

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL PROJECTION
THREE YEARS ENDING DECEMBER 31, 2009

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 three years ending December 31, 2009. 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 $1,018,850 for 2007, 2008 and 2009.
(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.

5. ASSUMPTIONS – REVENUE

(a) Pound Fees

The basic fees for running at large are: first offence - $50, second offence - $150 and third offence - $225. Pound revenues are based on 410 -1st offences, 27 - 2nd offences and two - 3rd offences per year.

(b) Kenneling Fees

Kenneling fees will be set at $19 per day commencing in 2007 and will increase annually by $1 per day to $21 by 2008. 2007 volumes are based on 439 dogs annually with an average stay of 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
2007	$27.50	40,000
2008	$27.50	48,000
2009	$27.50	56,000

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

2007 permit revenue is based on 8 renewals and 12 new applications with a modest annual increase to follow.

(e) Surrendered Animals

Revenues are based on 72 turnovers at a fee of $67.50. The 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 2007 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 $1,018,850 for 2007, 2008 and 2009. This grant represents the mill rate support of operating costs.

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	$1,018,850
2009	$1,018,850

6. ASSUMPTIONS – EXPENSES

(a) Salaries and Employee Benefits

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

	2007	2008	2009
WAPSO	2	2	2
CUPE	20	20	20

2006 Salary levels are based on existing grades and levels presently in place, which include two temporary Animal Services Officer I positions (1FTE) and one temporary Clerk A position. The CUPE staff complement will consist of an Office Administrator, two 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 an anticipated retirement of 1.5 Animal Services Officers positions in 2007 increasing to two positions in 2008. These positions will be reclassified to be responsible only for the review, follow-up and enforcement of licensing and designated as temporary. These temporary positions will be funded by the salaries of the vacated existing Animal Services Officer I positions. Projections also include an adjustment of 2.25% for 2007-2009 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 $10,000 annually for audit fees in 2007 through 2009.

(d) Auto Allowances

In 2007, 3.5 staff members are provided with "required" auto allowances, increasing to 4 in 2008 and 3 staff members are provided with "regular" auto allowance.

(e) Office Equipment Maintenance

The Agency expects to pay $2,500 annually in office equipment repairs and maintenance.

(f) Telephone

The Agency expects to pay $13,300 annually for land and mobile phone services in 2007 – 09. Additional costs of approximately $2,200/year 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 $3,000 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 2007 the Agency will review its technology needs and upgrade equipment as needed. The Agency has budgeted $5,000 for 2007, 2008 and 2009 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: 2007 – 2009 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
2006	34000	$ 27.50	$ 935,000	$ -	$ 935,000	$ 453,157	$ (463,157)	$ 925,000
Whole $45								
Sterilized $22.50								
2007	40000	$ 27.50	$ 1,100,000	$ -	$ 1,100,000	$ 420,750	$ (495,000)	$ 1,025,750
Whole $45								
Sterilized $22.50								
2008	48000	$ 27.50	$ 1,320,000	$ -	$ 1,320,000	$ 495,000	$ (594,000)	$ 1,221,000
Whole $45								
Sterilized $22.50								
2009	56000	$ 27.50	$ 1,540,000	$ -	$ 1,540,000	$ 594,000	$ (693,000)	$ 1,441,000
Whole $45								
Sterilized $22.50								

APPENDIX D: 2007-2009 Pound and Kennel Fee Projections

Pound Fee Projections 2007 - 2009

ANTICIPATED DECREASE PER YR BECAUSE OF FREE RIDE HOME

Pound Fees: Year		Charge	X	Estimated Redeemed Dogs	Estimated Days in Kennel	Estimated Budget Revenues
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	5	$41,705.00
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	5	$41,800.00
2009	Basic Fee	$50.00	X	375		$18,750.00
		$150.00	X	25		$3,750.00
		$225.00	X	2		$450.00
						$22,950.00
	Kennel Fee	$21.00	X	402	5	$42,210.00

APPENDIX E: Draft Amendment to the Pound By-law 2443/79

THE CITY OF WINNIPEG

BY-LAW NO. /2007

A By-law of THE CITY OF WINNIPEG to amend By-law No. 2443/79 being The Pound By-law.

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

By-law No. 2443/79 is amended by:

(1) deleting the words and figures "$15.00 for each day or any part thereof in 2003 and $16.00 for each day or any part thereof commencing in 2004" where they appear in clause (e) of subsection 21(5) and in subsections 22(b) and (c), and substituting the words and figures "$19.00 for each day or any part thereof in 2007 and $20.00 for each day or any part thereof commencing in 2008 and $21.00 for each day or any part thereof commencing in 2009";

(2) deleting the words and figures "$16.00 for each day or part thereof" where they appear in subsection 22(a) and substituting the words and figures "$19.00 for each day or any part thereof in 2007 and $20.00 for each day or any part thereof commencing in 2008 and $21.00 for each day or any part thereof commencing in 2009".

DONE AND PASSED in Council assembled, this day of , A.D., 2007.

_____
Mayor

_____
City Clerk

Approved as to content and details:

_____
Chief Operating Officer – Animal Services

Certified as to Form:

_____
City Solicitor/Manager of Legal Services