Report – Alternate Service Delivery Committee – November 8, 2007

Item No. 2 **Animal Services Special Operating Agency - 2008 – 2010 Business Plan (Selection Report)**
File GL-5.6.1

STANDING COMMITTEE RECOMMENDATION:

On November 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 2008 Business Plan (Selection Report) for the Animal Services Special Operating Agency including the 2008 budget be approved and the 2009–2010 financial projections, as outlined in Appendix B to the report from the Chief Operating Officer dated October 31, 2007, be received as information.

2. That tax supported funding for the Special Operating Agency in the amount of $1,056,651.00 annually for 2008 to 2010 be approved, subject to confirmation in the annual tax supported budget process as outlined in the Financial Projection (Appendix B) of the report from the Chief Operating Officer dated October 31, 2007.

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

Agenda – Council – November 21, 2007

Report – Alternate Service Delivery Committee – November 8, 2007

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 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 November 8, 2007, the Alternate Service Delivery Committee concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

Further on November 8, 2007, the Alternate Service Delivery Committee passed the following motions, namely:

1. That the Animal Services Special Operating Agency be directed to discuss with the Winnipeg Humane Society and report back, in thirty days, on possible partnerships and efficiencies for both agencies.

2. That additional funds be included in the subsidy provided to the Animal Services Special Operating Agency for the use of increased space at the Winnipeg Humane Society new facility for the City spaying/neutering program, utilizing any surplus funds that may remain from the 2007 Operating Budget as well as provision of additional funding in the 2008 Operating Budget.

Mr. T. Dack, Chief Operating Officer, Animal Services Special Operating Agency, provided a PowerPoint Presentation with respect to the 2008 - 2010 Business Plan (Selection Report) of the Animal Services Special Operating Agency.

RE: 2008 – 2010 Business Plan (Selection Report) - Animal Services Special Operating Agency

FOR SUBMISSION TO: Alternative Service Delivery Committee

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

REPORT DATE: October 31, 2007

RECOMMENDATION:

1. That Council approve the 2008 Business Plan (Selection Report) for Animal Services Special Operating Agency including the 2008 budget, and receive as information the 2009–2010 financial projections as tabled in Appendix B of the report from the Chief Operating Officer dated October 12, 2007.

2. That Council approve the proposed tax supported funding for the SOA of $1,056,651 annually for 2008 to 2010, subject to confirmation in the annual tax supported budget process (See Financial Projection, Appendix B the report from the Chief Operating Officer).

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

Report Summary

Key Issues:

- Funding for advertising/marketing will be reset to $90,000 in 2008 reducing to $50,000 in 2009 and 2010. The Agency intends to aggressively advertise the requirement for licensing and owner responsibilities to help achieve revenue budgets.

- The Agency is committed to continued increased enforcement of dog licensing. The revenue generated from licensing is applied directly against the Agency expenditures and is the main contributor to the Agency reducing its reliance on mill-rate support.

- In mid 2007 two temporary License Inspector positions responsible solely for the review, follow-up and enforcement of licensing were established. 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. Funding for these positions exists in the Agency's budget.

- The Agency intends to apply a CPI increase of 1.9% for 2008; 2.1% for 2009 and 2.0% for 2010 as provided by Corporate Finance to all fees for service and/or products

delivered by the Agency which are not established in the Pound By-law. (see attached notes to the financial statements.)

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): In mid 2007 two temporary License Inspector positions responsible solely for licensing were established. The Agency intends to establish 1-2 more

License Inspector positions over the next three years to aid in the review, follow-up and enforcement of licensing. These positions will be designated initially as temporary and funded by the salaries of the vacancies created by the retirement of existing Animal Services Officers.

Financial Implications

( ) Within approved current and/or capital budget

(X) Current and/or capital budget adjustment required

- Comment(s): The budgeted transfer from the Community Services Department to the Animal Services SOA for 2008-2010 is proposed at $1,056,651. This reflects an increase of $37,801 in civic accommodations charges.
- CPI increases apply to fees for services not established in the Pound By-law (Surrendered Animals, Dog Adoptions, Trap Rentals/Set Ups)

Report

REASON FOR THE REPORT:

The Animal Services Operating Charter stipulates that a Business Plan (Selection Report) (summary of the annual business plan) will be provided to Council each year.

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. The Agency's service consists of four sub-service areas:

Sub-Service	Description
Licensing	o Animal licensing and registration o Animal permits
Adoption/Education	o Adoption of unclaimed dogs o Public education programs on responsible pet ownership
Kenneling	o Kenneling and care for stray animals and dogs running at large picked up by the Agency o Quarantine kenneling for biting dogs
By-Law Enforcement	o Enforcement of all animal related by-laws o Neighbourhood dispute resolution o Investigation and response o Picking up injured animals o After hours emergency response o Investigation of illegal animal complaints

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 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.

Summary of Goals and Strategies:

Reduce reliance on the Agency's mill-rate support through the enforcement of by-laws and the education of pet owners as to their responsibilities, as it pertains to pet licensing.

- Improve follow process for delinquent accounts and no-license complaints.
- Develop online licensing capabilities.
- Continue with advertising/marketing campaigns.
- Implement Royal Mail Ad mail out of registration form to targeted neighbourhoods.
- Develop e-commerce capabilities such as
  - Online pet licensing invoicing
  - Online pet licensing
- Online new license payments
- Develop first time licensing program with local breed rescue organizations, veterinarians and recognized breeders.
- Review the feasibility of cat licensing.
- Explore other initiatives and/or partnerships to offset operating costs and encourage licensing.
- Continue adoption advertising to capital region. (Advertise dog adoptions in neighbouring municipalities and towns).

Increase customer service and satisfaction through improvement to response times and front line services delivery.

- Enhance web site.
- Develop on-line invoicing to dog owners.
- Develop on-line licensing process for new sales and renewals through the Agency web site (e-commerce).
- Continue with value added coupons for licensed dogs.
- Develop visitor tag program (Advertise with Tourism Manitoba/ Winnipeg).

- Develop partnerships and corporate sponsorships to offset costs of promoting the agency and its' services.
- Evaluate general Agency technological needs and upgrade as necessary.
- Support ongoing staff training and development.
- Review staff training need and Implement training specific to the Agency's services and to the changing face of the community.
- Address staffing shortfalls in the annual business plan.
- Prepare a service level agreement with host department.
- Develop and implement an information technology strategy.
- Update field equipment.

Improve health and safety of neighbourhoods through the enforcement of animal control bylaws and the administration of responsible pet ownership.

- Re-evaluate current practice of hiring generalist trained staff, opting instead to hire and train staff to target specific challenges.
- Improve follow process for delinquent accounts and no-license complaints.
- Enhance prevention and education programs.
- Amend Animal Control By-law to provide for mandatory rabies vaccination for cats.
- Strategize with community groups and industry service providers on how best to get the message out.
- Develop advertising campaign on cat ownership in conjunction with the Humane Society.
- Explore other opportunities for new partnerships.

Improve the Agency's public image by providing professional, caring and appropriate response to citizens/pet owner concerns and humane alternatives to unclaimed animals.

- Develop partnerships with external providers to establish alternative services, such as dog training, pet grooming, etc.
- Improve complaint response systems.
- Consult with Humane Society, veterinarian community and other rescue organizations to develop joint strategies.
- Design and implement a voluntary puppy registration program.
- Review and amend by-law as necessary.
- Enhance the marketing plan and communications strategy.

Human Resources:

The Animal Services Agency developed an accelerated dog licensing enforcement program in 2007 that focused resources specifically on licensing issues such as delinquent dog licenses, new dog licenses and follow-up on suspected owners of unlicensed dogs.

In mid 2007 two temporary License Inspector positions responsible solely for licensing were established. 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. Funding for these positions exists in the Agency's budget.

Animal Services will continue to accommodate various volunteer groups and student work experience placements to participate and learn while providing value added activities not typically performed by Agency staff.

Information Technology:

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 $9,641. In addition the Agency has budgeted $5,000/yr in 2008 and 2009 for computer hardware upgrades.

The Agency installed GPS technology in its service vehicles in 2006. $6,000/yr has been budgeted in 2008 -2010 for data storage and operating costs

Financial: (see Appendix B: 2008 – 2010 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: *(from non mill-rate sources)*

2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
$983,609	$1,120,495	$1,001,139	$1,315,250	$1,315,628

* As projected in the 2007 – 2009 Business Plan (Selection Report)

Licensing Revenue

Table 1:

Projected license sales and revenue for 2007-2010 (including deferred revenues);

Year	Active License Sales Targets	Revenue (includes deferred revenue)
2007 (projected)	32,640	$897,589
2008	48,000	$1,221,000
2009	56,000	$1,441,000
2010	56,000	$1,441,000

2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
$887,645	$1,025,750	$897,589	$1,221,000	$1,221,000

* As projected in the 2007 – 2009 Business Plan (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.
- In 2006, $474,537 of license revenue was deferred to 2007.
- $448,930 is projected to be deferred to 2008 revenues from 2007 license sales.
- Original budgeted active license sales targets for 2007 were 40,000. Actual active licenses sales for 2007 are projected to be 32,640. This reduction is projected to result in a $128,161 loss in license sales revenue for 2007.
- The Animal Services Agency has developed an accelerated dog licensing enforcement program starting in 2007 that focuses resources specifically on licensing issues such as delinquent dog licenses, new dog licenses and follow-up on suspected owners of unlicensed dogs. In mid 2007 two temporary License Inspector positions responsible solely for the review, follow-up and enforcement of licensing were established. Further expansion of this strategy may result in 1-2 more positions being reclassified as License Inspectors depending on the success of this initiative. Funding for these positions exists in the Agency's budget.
- 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. See Table 1 for projected yearly total active license sales.

Pound and Kennel Fees (see Appendix C: 2008 – 2010 Pound and Kennel Fees Projections)

	2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
Pound Fees	$28,085	$25,000	$23,407	$23,850	$23,850
Kennel Fees	$37,165	$41,705	$32,969	$41,800	$41,800

* As projected in the 2007 – 2009 Business Plan (Selection Report)

- The basic dog pound fees and projected revenue for running at large are:
    - first offence - $50 (410 offences)
    - second offence - $150 (27 offences), and;
    - third offence - $225 (2 offences).
- Kenneling fees are set at:
    - $19/day - 2007
    - $20/day – 2008
    - $21/day – 2009
    - $21/day - 2010
- Volumes for 2008 are based on returning 418 dogs to their owners annually with an average stay of 5 days.
- Pound and kennel fee revenue is expected to 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.

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	2010
$895,877	$1,020,101	$1,018,850	$1,056,651	$1,056,651	$1,056,651

Current Budget Period

- The financial projections reflect increased tax supported funding of:
  - $125,000 in 2006.
    - This amount includes an increase of $75,000 to the three year service agreement between the City of Winnipeg and the Winnipeg Humane Society for general animal related services from $125,000 in 2006 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 to run concurrent with the existing service agreement, and;
  - $37,801 in 2008
    - Effective 2008, the tax supported Bicycle Recovery Program (lower level of 1057 Logan Avenue) civic accommodation charge has been reduced. As a result the Agency's civic accommodation charge has been increased by an equivalent amount ($37,801) by Civic Accommodations. This increase is reflected in the transfer from tax-supported.

Expenses:

2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
$2,162,074	$2,341,075	$2,268,107	$2,397,345	$2,457,514

* As projected in the 2007 – 2009 Business Plan (Selection Report)

Salaries and Benefits

2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
$1,197,198	$1,313,806	$1,286,770	$1,354,176	$1,348,838

* As projected in the 2007 – 2009 Business Plan (Selection Report)

- 2008 Salary levels are based on existing grades and levels as per the collective agreements, which include two temporary Animal Services Officer (ASO) 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.
- Projections include an adjustment of 2% for 2008-2010 for both CUPE and WAPSO/WAPSO exempt staff. Employee benefits are estimated to be 18.95% of total gross salaries.

Services

2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
$596,472	$640,757	$602,759	$654,803	$692,806

* As projected in the 2007 – 2009 Business Plan (Selection Report)

- Advertising costs for 2008 increased to $90,000 and $50,000 thereafter.
- 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 commenced in 2007; $6,000 annually.
- Annual allocated departmental costs for I.T. system support; 2008 - $9,641, 2009 - $10,305, 2010 - $11,125.
- Projected 2008 costs include increased commissions to external license vendors as a result of projected increased license sales.

Materials, Parts and Supplies

2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
$31,226	$34,813	$31,500	$34,980	$35,213

* As projected in the 2007 – 2009 Business Plan (Selection Report)

Accommodations

2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
$169,952	$169,338	$169,338	$169,820	$208,536

* As projected in the 2007 – 2009 Business Plan (Selection Report)

- 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 2008-2010. The Agency leases the lower level to the Community Services Department, License Branch for storage of bicycles.
- Effective 2008, the tax supported Bicycle Recovery Program (lower level of 1057 Logan Avenue) civic accommodation charge has been reduced. Thus the Agency accommodation rate has been increase by an equivalent amount ($37,801) by Civic Accommodation. This increase is reflected in the transfer from tax-supported.

Administrative Services

2006 Actual	2007 Budget	2007 Projected	Original 2008*	Revised 2008
$165,036	$171,582	$163,582	$171,582	$157,000

* As projected in the 2007 – 2009 Business Plan (Selection Report)

- The Agency expects to continue purchasing administrative services from the City's Community Services Department for 2008 - 2010. Included in these services is assistance with respect to finance, human resources, strategic support and information technology. (see Table 2 for allocated costs)

Table 2:

	2008	2009	2010
Financial	22,500	22,500	22,500
Human Resources	21,000	21,000	21,000
Strategic	11,000	11,000	11,000
Information System	25,500	25,500	25,500
Corporate Service	55,000	55,000	55,000
Bad Debts	17,500	17,500	17,500
Credit Card Commissions	4,500	4,500	4,500
Total	157,000	157,000	157,000

- The City of Winnipeg incurs Corporate Services Charges 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 approximately $69,582 for 2007.
- Corporate Services Charges, 2008 to 2010 estimation, are based on the Agency estimated over 366 hours of corporate services at a rate of $150.00 an hour totaling roughly $55,000. Such services cover Agency utilization of legal services, financial services, human resource services and CAO Secretariat.

Financial Impact Statement

Date: October 29, 2007

Project Name:
2008 - 2010 Selection Report Animal Services Special Operating Agency

First Year of Program **2008**

	2008	2009	2010	2011	2012
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	$ 1,056,651	$ 1,056,651	$ 1,056,651	$ -	$ -
Less: Incremental Revenue/Recovery	135,000	135,000	135,000	-	-
Net Cost/(Benefit)	$ 921,651	$ 921,651	$ 921,651	$ -	$ -
Less: Existing Budget Amounts	$ 921,651	$ 921,651	$ 921,651	-	
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The budgeted transfer from the Community Services Department to the Animal Services SOA for 2008-2010 is proposed at $1,056,651. This reflects an increase of $37,801 in civic accommodations charges.
The $135,000 recovery to tax supported operations includes $80,000 in departmental internal service recoveries [HR, Finance, and IT] and $55,000 in Corporate Services Charges.

Cindy Fernandes, B. Comm (Hon), CMA
Manager of Finance and
Administrative Services

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

The Community Services Department
The Business Review and Credit Committee

External Consultation With:

THIS REPORT SUBMITTED BY:

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

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2008 Actual Expense and Revenue Comparisons with 2009 – 2010 Projections

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2008 – 2010 Pound and Kennel Fees Projections

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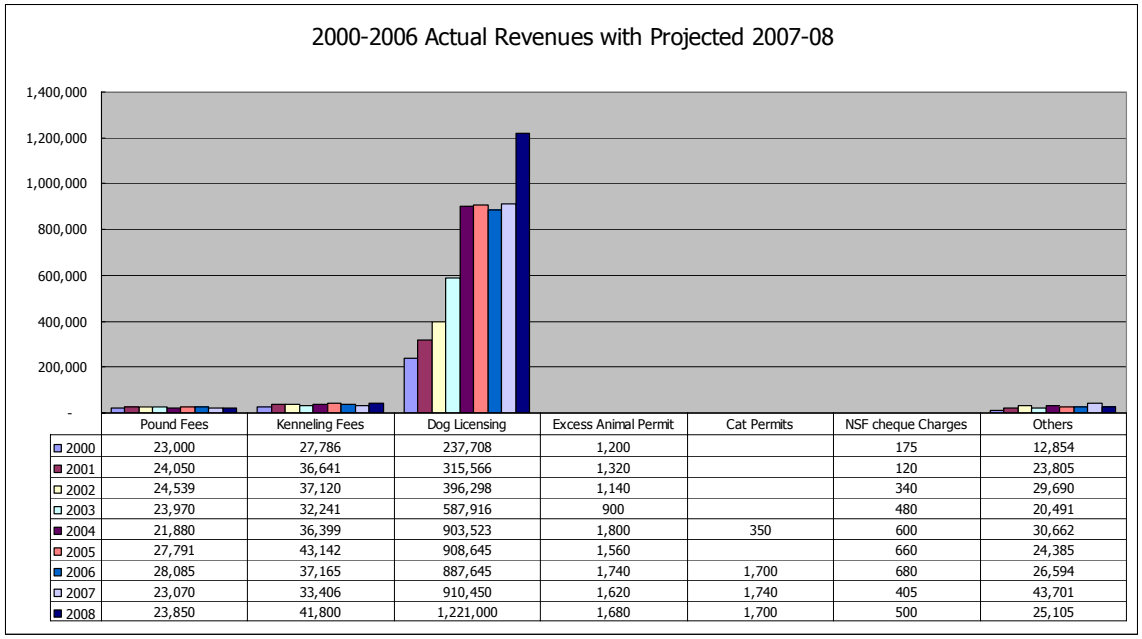
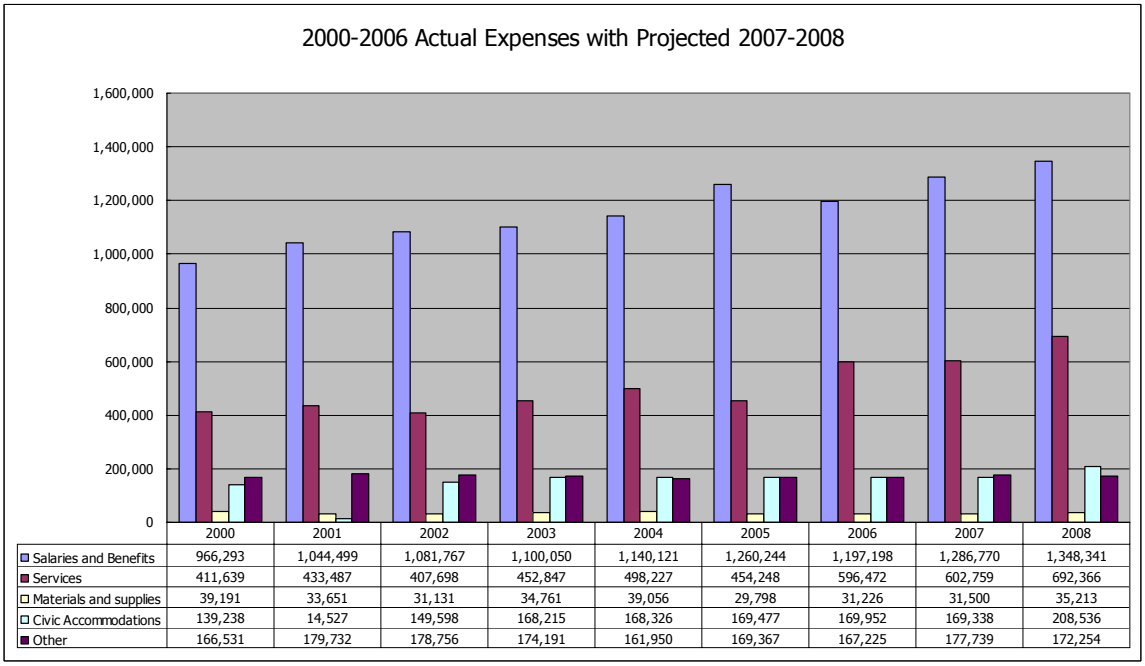
Communications/Marketing Plan

APPENDIX A: 2000 – 2006 Actual Expense and Revenue Comparisons with 2007 – 08 Projections



	Pound Fees	Kenneling Fees	Dog Licensing	Excess Animal 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		660	24,385
2006	28,085	37,165	887,645	1,740	1,700	680	26,594
2007	23,070	33,406	910,450	1,620	1,740	405	43,701
2008	23,850	41,800	1,221,000	1,680	1,700	500	25,105



	2000	2001	2002	2003	2004	2005	2006	2007	2008
Salaries and Benefits	966,293	1,044,499	1,081,767	1,100,050	1,140,121	1,260,244	1,197,198	1,286,770	1,348,341
Services	411,639	433,487	407,698	452,847	498,227	454,248	596,472	602,759	692,366
Materials and supplies	39,191	33,651	31,131	34,761	39,056	29,798	31,226	31,500	35,213
Civic Accommodations	139,238	14,527	149,598	168,215	168,326	169,477	169,952	169,338	208,536
Other	166,531	179,732	178,756	174,191	161,950	169,367	167,225	177,739	172,254

APPENDIX B: 2008 – 2010 Financial Projections and Notes

Projected Statement of Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

As At December 31		Actual 2006	Adopted Budget 2007	Projected Actual 2007	Variance	Proposed Budget 2008	Projected Budget 2009	Projected Budget 2010
Assets								
CURRENT	*Note 7*							
Cash		$2,082	$0	$450	$450	$450	$450	$450
Due from City of Winnipeg								
Receivables		45,074	40,000	40,000	$0	40,000	40,000	40,000
Inventory		7,115	12,000	12,000	$0	12,000	12,000	12,000
Prepaid expenses		28,178	31,000	31,000	$0	31,000	32,000	32,000
		82,449	83,000	83,450	$450	83,450	84,450	84,450
EQUIPMENT	*Note 7*							
Computer equipment		76,126	91,126	76,126	($15,000)	96,126	101,126	101,126
Furniture and other equipment		107,786	73,005	73,005	$0	73,005	73,005	73,005
Communication Radios		-	35,000	35,000	$0	35,000	35,000	35,000
		183,912	199,131	184,131	($15,000)	204,131	209,131	209,131
Less: accumulated depreciation		147,045	160,659	150,278	($10,381)	172,644	185,608	199,057
		36,867	38,472	33,853	($4,619)	31,487	23,523	10,074
		$ 119,316	$ 121,472	$ 117,304	($4,168)	$ 114,937	$ 107,973	$ 94,524
Liabilities								
CURRENT	*Note 7*							
Accounts payable & accrued liabilities		$52,147	$ 50,000	$ 50,000	$0	$ 50,000	$ 50,000	$ 50,000
Vacation and overtime payable		45,785	55,000	50,000	($5,000)	57,000	57,000	57,000
Deferred revenue		514,700	495,000	495,000	$0	594,000	693,000	693,000
Due to City of Winnipeg - Line of Credit		275,188	434,708	497,420	$62,712	433,839	234,771	91,539
		887,820	1,034,708	1,092,420	$57,712	1,134,839	1,034,771	891,539
LONG-TERM	*Note 7*							
Retirement allowance		129,000	162,000	147,000	($15,000)	162,000	177,000	177,000
		1,016,820	1,196,708	1,239,420	$42,712	1,296,839	1,211,771	1,068,539
CAPITAL DEFICIENCY								
Deficit		(897,504)	(1,075,236)	(1,122,117)	($46,880)	(1,181,902)	(1,103,798)	(974,015)
		119,316	121,472	117,304	($4,168)	114,937	107,973	94,524

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 2006	Adopted Budget 2007 *note 1*	Projected Actual 2007	Variance	Proposed Budget 2008	Projected Budget 2009	Projected Budget 2010
Revenues	*Note 5*	$ 983,609	$ 1,120,495	$ 1,001,139	($119,356)	$ 1,315,608	$ 1,535,633	$ 1,637,154
Expenses								
	Note 6							
Salaries and Benefits		1,197,198	1,313,806	1,286,770	($27,036)	1,348,341	1,463,222	1,493,640
Services		596,472	640,757	602,759	($37,998)	692,366	662,008	681,910
Material, parts and supplies		31,226	34,813	31,500	($3,313)	35,213	35,380	35,550
Civic Accommodations		169,952	169,338	169,338	$0	208,536	208,536	209,271
Other								
Depreciation		1,275	10,381	10,381	$0	11,985	12,964	13,449
Administrative services		165,036	171,582	163,582	($8,000)	157,000	157,000	157,000
Interest/financing		914	398	3,776	$3,378	3,269	1,901	597
		2,162,074	2,341,075	2,268,107	($72,968)	2,456,710	2,541,011	2,591,418
Loss from operations		(1,178,465)	(1,220,580)	(1,266,968)	($46,388)	(1,141,102)	(1,005,378)	(954,264)
Other								
Grant from the Province of Manitoba		21,779	23,998	23,507	($491)	24,666	26,831	27,396
Grant from the City of Winnipeg	*Note 5*	1,020,101	1,018,850	1,018,850	$0	1,056,651	1,056,651	1,056,651
Net Income (Loss)		(136,585)	(177,732)	(224,612)	($46,880)	(59,786)	78,104	129,783
Deficit, beginning of year		(760,919)	(897,504)	(897,504)	$0	(1,122,117)	(1,181,902)	(1,103,798)
Surplus(deficit)		$ (897,504)	$ (1,075,236)	$ (1,122,117)	($46,880)	$ (1,181,902)	$ (1,103,798)	$ (974,015)

Note 1: The original Adopted 2007 Budget accumulated deficit was $1,160,423 assuming a 2006 year end deficit of $982,691. The 2006 actual deficit was $897,504. This is reflected in the Adopted Budget 2007 column above.

Projected Statement Change in Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the year ended December 31	Actual 2006	Adopted Budget 2007	Projected Actual 2007	Variance	Proposed Budget 2008	Projected Budget 2009	Projected Budget 2010
Net inflow (outflow) of cash related to the following activities							
Operating							
Net earnings (loss) for the year	$ (136,585)	$ (177,732)	$ (224,612)	($46,880)	$ (59,786)	$ 78,104	$ 129,783
Non-cash items related to operations							
Depreciation	1,275	10,381	10,381	$0	11,985	12,964	13,449
Increase(decrease)Retirement Allowance	12,000	15,000	15,000	$0	15,000	-	-
Working capital from operations	(123,310)	(152,351)	(199,231)	($46,880)	(32,801)	91,068	143,232
Net change in working capital other than cash assets	76,137	79,250	(20,265)	($99,515)	106,000	98,000	-
	(47,173)	(73,101)	(219,496)	($146,395)	73,199	189,068	143,232
Financing							
Due to Line of Credit							
Due to/from the City of Winnipeg	77,732	88,101	232,864	$144,763	(68,199)	(184,068)	(143,232)
	77,732	88,101	232,864	$144,763	(68,199)	(184,068)	(143,232)
Investing							
Purchase of equipment	(35,370)	(15,000)	(15,000)	$0	(5,000)	(5,000)	-
Proceeds from disposal of equipment							
	(35,370)	(15,000)	(15,000)	$0	(5,000)	(5,000)	-
Increase (decrease in cash assets)	(4,811)	-	(1,632)	($1,632)	0	0	(0)
Cash position, beginning of year	6,893	-	2,082	$2,082	450	450	450
Cash position, end of year	$ 2,082	$ -	$ 450	$450	$ 450	$ 450	$ 450

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL PROJECTION
THREE YEARS ENDING DECEMBER 31, 2010

1. DESCRIPTION OF BUSINESS

Animal Services, Special Operating Agency commenced operations on January 1, 2000. Effective Jan 1, 2008 the Agency will be entering its ninth 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
- Established two License Inspector positions to specifically enforce pet licensing

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%

Budget Column

The 2007 adopted budget information, from the Council approved 2007-2009 Business Plan (Selection Report) - Animal Services Special Operating Agency, has been added to the financial statement to facilitate effective analysis and comparison. 2006 Surplus (Deficit) is updated with 2006 actual figures.

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, 2010. 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 $1,056,651 for 2008, 2009 and 2010.
(b) That the City of Winnipeg will extend a line of credit as detailed in the Financial Statements contained within the Council approved annual Business Plan (Selection Report) prepared by the Agency, 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) Consumer Price Index are assumed at 1.9% for 2008; 2.1% for 2009 and 2.0% for 2010 as provided by Corporate Finance.

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 were set at $19 per day effective 2007 and will increase annually by $1 per day to $21 by 2009. 2008 volumes are based on servicing 418 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
2008	$27.50	48,000
2009	$27.50	56,000
2010	$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 license period for dogs adopted through the Humane Society and Animal Services.

(d) Excess Animal Permit

2008 permit revenue is based on 8 renewals and 12 new applications with a modest annual increase to follow.

(e) Surrendered Animals

Projected revenue are based on 72 turnovers at a fee of $67.50 net tax effective Jan 1, 2007. Surrendered fee will be adjusted annually according to CPI as follows:

	2008	**2009**	**2010**
Surrendered Fee	$ 68.78	$ 70.23	$ 71.63

(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. Skunk Trap rental price are to be factor in CPI as follows:

	2008	**2009**	**2010**
Skunk trap rental prices	$61.14	$62.42	$63.67

(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 for senior intact dogs and $50 for 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. With some exception, adoption fees will be adjusted to reflect inflation according to CPI as follow:

	2007	2008	2009	2010
Less than four months Old	$ 171	$ 174	$ 178	$ 181
Over four months	$ 141	$ 144	$ 147	$ 150
Sterilized dogs	$ 111	$ 113	$ 115	$ 118
Senior intact dogs	$ 100	$ 102	$ 104	$ 106
Senior sterilized dogs	$ 50	$ 51	$ 52	$ 53

(h) Grant from the City of Winnipeg

The Agency has requested an annual operating grant from the City of Winnipeg in the amount of $1,056,651 for 2008, 2009 and 2010 in the Phase I budget submission of the Community Services Department. This grant represents the mill rate support of operating costs. The increased grant of $37,801 is due to changes made by Civic Accommodation. See note (6j).

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	$1,056,651
2009	$1,056,651
2010	$1,056,651

6. ASSUMPTIONS – EXPENSES

(a) Salaries and Employee Benefits

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

	2008	2009	2010
WAPSO	2	2	2
CUPE	20	20	20

2008 Salary levels are based on existing grades and levels presently in place, which include two temporary Animal Services Officer (ASO) 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. Projections also include an adjustment of 2% for 2008-2010 for CUPE staff. Projections for WAPSO/WAPSO exempt staff include an adjustment of 2% for 2008-2010. Employee benefits are estimated to be 18.95% of total gross salaries. Retirement Allowance is accumulated provision for sick time severance payable.

(b) Professional and Consulting Services

The City of Winnipeg negotiated a three-year service contract with the Winnipeg Humane Society for the period 2006-2008 at a cost of $200,000 annually. In addition to the annual service contract payments, the City of Winnipeg has agreed to pay the Winnipeg Humane Society a maximum of $50,000/yr to subsidize their cat spay/neuter program. This amount is paid at a rate of $20.00/procedure to a maximum of $50,000/yr. The City also pays approximately $55,000 for a service contract with Scotia Enterprises for the provision of animal control services in the Charleswood/Tuxedo area. Mill-rate support to the Agency was increase in 2006 by $125,000 to offset the increased costs associated with negotiated contracts with the Winnipeg Humane Society. Same figures are applied to 2010 for comparison purpose since no new contract is negotiated yet

(c) Audit Fee

The Agency expects to pay approximately $10,000 annually for audit fees in 2008 through 2010.

(d) Auto Allowances

In 2008, one staff member is provided with "regular" auto allowance, and three staff members are provided with "occasional" 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 2008 – 2010. 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.

(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 (12,296 square feet) only. Effective 2008, the tax supported Bicycle Recovery Program (lower level of 1057 Logan Avenue) civic

accommodate charge has been reduced. Thus the Agency accommodation rate has been increase by an equivalent amount ($37,801) by Civic Accommodation. This increase is reflected in the transfer from tax-supported.

(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. It is anticipated that the Agency's share of these costs will amount to/or approximately $80,000 yearly.

(n) Corporate Service

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 approximately $69,582 for 2007. Corporate Services Charges, 2008 to 2010 estimation, are based on the Agency estimated over 366 hours of corporate services at a rate of $150.00 an hour totaling roughly $55,000. Such services cover Agency utilization of legal services, financial services, human resource services and CAO Secretariat..

7. ASSUMPTIONS – CASH RECEIPTS AND DISBURSEMENTS

(a) Cash on hand

Petty cash of $150 will be available for incidental expenditures. Change funds of $300 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 reviewed its technology needs and upgraded equipment as needed. The Agency has budgeted $5,000 for 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 of unearned revenue.

APPENDIX C: 2008-2010 Pound and Kennel Fee Projections

Pound and Kennel Fee Projections

ANTICIPATED DECREASE PER YR BECAUSE OF FREE RIDE HOME

Year		Charge	X	Estimated Redeemed Dogs		Estimated Days in Kennel	Estimated Budget Revenues
2008	Pound 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	X	5	$41,800.00
2009	Pound 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	X	5	$42,210.00
2010	Pound 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	$22.00	X	402	X	5	$44,220.00

APPENDIX D: Communications/Marketing Plan

The highlights of the 2008 - 2010 Marketing Plan are to;

- Achieve active license sales as detail in Table 1 (page 8).
- 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 mill-rate support
- 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 Officer
- 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
- By-law enforcement
- Licensing

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
- Provide Handouts/Literature promotes responsible pet ownership

Responsibility:	Agency Head, with support from the Strategic & Information Systems Services Division.
Timeline:	Year round
Budget	$10,000

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
- Community Services Department Newsletter

- City wide email to staff
- Local newspaper advertising
- Posters and handouts/giveaways
- Royal advertising mail out

Responsibility: Agency Head with support from the Strategic & Information Systems Services Division
Timeline: Spring of each year
Budget: $45,000

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
- Community Services Department newsletter

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
- Community Services Department Newsletter

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