Annual Selection Report 2002 – Animal Services Special Operating Agency
Files GL-5.6.1 (Vol. 6), L-4 Vol. 31)

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

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

Animal Services continues to provide animal control measures under The City of Winnipeg Act and related by-laws, including 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. The 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, 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
- an improved public image, and
- improving and increasing the value of products and services.

Service / Business Goals / Strategies Summary

The following table summarizes Animal Services goals and key strategies:

GOAL	STRATEGIES
1. To be financially self-sustainable to the greatest extent possible, (significantly less reliance on mill-rate support)	Increase license sales by: - Developing on-line sales capability through the internet - Increase new license sales through Veterinary clinics by offering increased commissions for new license sales - Establishing other external license vendor outlets - Develop partnerships with external providers to establish alternative services, such as dog training, pet grooming, etc. - Increase adoption advertising to capital region. (Advertise dog adoptions in neighboring municipalities and towns). - Explore other initiatives and/or partnerships to offset operating costs - Increase revenue from dog adoptions, reduce associated costs (Sterilization costs) - Establish 2-year dog licensing option
2. Improve Health And Safety of neighborhoods	- Enhance prevention and education programs - Reduce the number of stray dogs and dogs running at large
3. Improve Customer Service	- Improve complaint response systems - Explore various payment options available - Develop customer service survey - Establish 24 hr grace period for 1st time offense for dogs running at large which are wearing valid license
4. Improve Public Image	- Design and Implement advertising/marketing campaigns which promote the *new* image/identity of Animal Services - Design and implement a voluntary puppy registration program - Develop partnerships and corporate sponsorships to offset costs of promoting the agency and its' services - Develop value added programming - Development of Agency Profile handout - Develop visitor tag program (Advertise with Tourism Manitoba/Winnipeg)

HIGHLIGHTS / ISSUES:

MARKETING

The goals of the 2002 Marketing Plan are to:

- Increase active license by 14,000 over 2001 to 36,000 active licenses.
- Engage and encourage Veterinarians and other pet industry providers to be active participating partners in the licensing of dogs.
- Provide dog owners a tangible sense of value for licensing their dogs by improving benefits and adding usable value.
- Promote Animal Services as a contributing partner in the building of safe communities, safe families and safe pets.
- Promote a positive, caring and interactive image of Animal Services.
- Encourage and educate dog owners to be responsible.

INFRASTRUCTURE

IT Services

For 2002 the priorities are, the integration of existing modules with the Animal Services Information System (ASIS), the development of an integrated point of sale system with scanning capabilities and financial reporting systems.

Fleet

Animal Services currently maintains a fleet of seven specially equipped vans. One van was replaced in 2001 with the remaining six to be replaced in 2002.

FINANCIAL

Pro forma financial statements, as outlined in Appendix “B”, include a projected statement of financial position, projected statement of loss and deficit and a projected statement of cash flow.

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

In 2001 the Agency finished ahead of its original projections with a reduction in the projected retained deficit of approximately $106,000.00. Revenue increased approximately $100,000.00 over 2000 and approximately $139,000.00 was saved in expenses.

The 2002 - 2006 financial projections reflect a decrease in tax supported funding of $150,000.00 in 2003 when compared with the implementation year (2000) and a decrease in 2004 - 2006 of $300,000.00. The major challenge for the Agency in 2002 will be to increase active license sales to 36,000 from 22,000 in 2001. This growth is critical for the Agency to meet its long-term goals to reduce reliance on tax supported funding. The Agency must find innovative ways to encourage dog owners to buy a license. Although it is the law that dogs must be licensed,

enforcement alone cannot force compliance. The resources needed for a full-scale enforcement driven licensing program is prohibitive. The Agency must look to other initiatives, ways to develop partners to assist in promoting the importance of licensing and ways to add true and tangible value to licensing.

Financial Highlights

Revenue:

Pound Fees

2001 Budget	2001 Actual	Original 2002	Revised 2002
$17,500	$24,050	$20,000	$25,850

In 2001 there were 1,571 dogs impounded for various infractions. Of the dogs returned to their owners 531 were for running at large - 1st offence, 29 were for running at large - 2nd offence and 1 was for running at large - 3rd offence.

Pound fees for running at large 1st offence were increased to $40.00 in 2002 and will increase to $45.00 in 2003. Original figures for 2002 were based on 500 dogs being returned to their owners. The revised figure is based on 550 dogs being returned.

Kenneling

2001 Budget	2001 Actual	Original 2002	Revised 2002
$13,000	$36,641	$14,000	$28,875

Kennel fees for 2002 are increased to $14.00 per day. Revenue is based on 550 dogs with an average stay of 3.75 days. In 2001 there were 741 dogs returned to their owners of which 117 were biters and 63 with no charge for an average stay of 3.8 days.

Licensing

2001 Budget	2001 Actual	Original 2002	Revised 2002
$377,470	$315,566	$685,928	$644,285

License fees rose from $30.00 and $15.00 annually in 2001 to $40.00 and $20.00 in 2002. Fees vary based on category. Dog licenses applicable to intact dogs are $40.00 annually. A 50% discount is offered for sterilized dogs bringing the fee to $20.00 annually. Licenses average 5 sterilized sales to 1 whole sale. Dangerous dog license fees are set at $75.00 annually. There is no charge for service dog licenses and for the first year dog adoptions done through the Humane Society and Animal Services. Revenues are projected to increase approximately $329,000.00 between 2001 and 2002 with $126,000.00 of this due to fee increases and $203,000.00 due to increased sales. Revenues are based on an average license fee of $23.33.

Trap Rental/Set-up

2001 Budget	2001 Actual	Original 2002	Revised 2002
$11,300	$4,395	$11,865	$5,250

2001 revenue projections were based on 140 skunk trap rentals. Actual skunk trap rentals for 2001 were 41 rentals. There was a significant drop in the requests for skunk traps, which could be a sign of natural downward trend in the skunk population or possibly just an isolated anomaly. Skunk populations were on an upward climb for the previous three years and it is uncertain if this is a reversing trend. 2002 numbers will give a better indication of what may be happening.

Expenses

Salaries and Benefits

2001 Budget	2001 Actual	Original 2002	Revised 2002
$1,062,803	$1,044,499	$1,087,751	$1,104,459

Animal Services will maintain its 2001 staffing numbers. The increase in 2002 over original projections is for Provincial Payroll Tax.

Services

2001 Budget	2001 Actual	Original 2002	Revised 2002
$486,580	$437,487	$542,317	$500,750

a) Audit fees were reduced by $3,000.00.

b) The advertising budget was reduced in 2002 by approximately $30,000.00.

c) Internal equipment rental was reduced by approximately $6,000.00 due to fleet replacement in 2002.

d) Printing, Binding and Photocopy was reduced by approximately $5,000.00.

Idea Bank Loan Financing

2001 Budget	2001 Actual	Original 2002	Revised 2002
$9,605	$746	$8,325	$7,986

Animal Services repays the loan in January when the Agency has a surplus of non-interest bearing cash and draws upon the credit line as needed in the third or fourth quarter of the year.

Initiatives

Dog owners must realize tangible value for buying a license. Value that is meaningful and pertinent to their individual lifestyles and sense of responsibilities.

New License Sales

- The Agency proposes increasing the commission for "new" license sales at all external dog license vendors. Currently all new sales and renewals provide a commission of $3.50 for each transaction to the vendor. The proposed rates will see the commission for "new" sales to increase to $5.00 per transaction. The intent of this increase is to encourage vendors to promote new license sales while receiving an increased benefit. Although this increased commission will increase the cost to the agency, in the long run it should be offset by increased new sales and subsequent renewals in following years. This change would require an amendment to the Animal Control By-law.

Multi-Year Licensing

- The Agency proposes to offer a two-year licensing option in 2002. Currently licenses are required to be renewed annually. It is proposed to offer a two-year license option with a 10% saving in the second year. This will offer convenience to dog owners and if combined with alternative payment options such as pre-authorized credit card debit it would make licensing virtually effort free for the dog owner. This licensing option would be cost neutral to the Agency as savings realized with reduced annual commissions, reduced postage and related stationary cost would off-set the 10% fee reduction in the second year. This option would require an amendment to the Animal Control By-law.

Added Value

- Beginning in 2002 the Agency will provide a coupon sheet with all new license sales and renewals. These coupons were developed in partnership with local retailers and provide at least $30.00 of savings for consumer products and services. This gives the dog owner an instant rebate on their investment.

- The Agency intends to amend its "First Ride Home Free" policy. Currently if a dog is picked up by Animal services and the dog is wearing a valid license and there is someone home at the time of pick-up the dog is returned home free of charge. However, today's lifestyles find many people not at home due to work or other personal activities or not able to get to Animal Services to retrieve their dog on the day of pick-up.

  One of the fundamental reasons for licensing a dog is so that the dog can be reunited with their family when lost. The Agency proposes to allow a grace period of 24 hours so that owners can make the necessary arrangements to retrieve their dog. This grace period will give back value to the owner for being responsible for licensing their dog and give some peace of mind and convenience to allow for arrangements to be made.

- In addition to pre-authorized credit card debit the Agency will be pursuing other options for license payment such as Telepay, On-line payment, etc.

BY-LAW AMENDMENTS

The following two By-Law amendment recommendations provide convenience and value to dog owners and provide an incentive for external vendors to pursue new licenses.

a) Increase the service fees payable to external dog license vendors from $3.50 for each license sold to $5.00 for each **new** license sold and maintain the service fee of $3.50 for annual renewals only, which requires amendments to City of Winnipeg By-Law No. 2443/79 (The Animal Control By-Law).

b) Create a two year dog licensing option in addition to the existing one year license, with a 10% fee reduction in the second year, which again requires amendments to City of Winnipeg By-Law No. 2443/79 (The Animal Control By-Law).

PERFORMANCE MEASUREMENT

2001 was the second full year of operation for Animal Services as a Special Operating Agency. The Agency was able to begin establishing benchmarks in 2000 for various services it delivers. Appendix "A" details comparisons of various services, revenues and expenditures for 2000 – 2001.

2002 ADVISORY BOARD MEMBERS:

From Civic Government Agencies:

- Department Head or Designate (ex-officio)
  Kelly Goldstrand, Manager Community Resources, Protection and Safety Services Division

- Agency Head (ex-officio)
  Tim Dack, Chief Operating Officer, Animal Services

- Corporate ASD Initiative Representative and Chairperson
  Betty Holsten Boyer, Manager of Financial and Business Initiatives

- Agency Staff Representative
  Ted Turk, Animal Service Officer

From Non-Government Agencies:

- Business Representatives external to government
  John Hindle, Owner, Home Run Sports
  One vacant position

- Humane Society Representative
  Brent Thomas, Past President, Winnipeg Humane Society

- Veterinarian Association Representative
  Dr. Lisa Sawka

- Executive Member of the Canadian Union of Public Employees
  Dale Eccles

The Alternate Service Delivery Committee recommends:

I. That the proposed tax supported funding for the Animal Services Special Operating Agency of $1,250,000.00 for 2002; $1,100,000.00 for 2003; $950,000.00 for 2004 - 2006 be adopted in principle, subject to confirmation in the annual budget process outlined in Financial Projections, shown on Appendix "B" - Note 5 j.

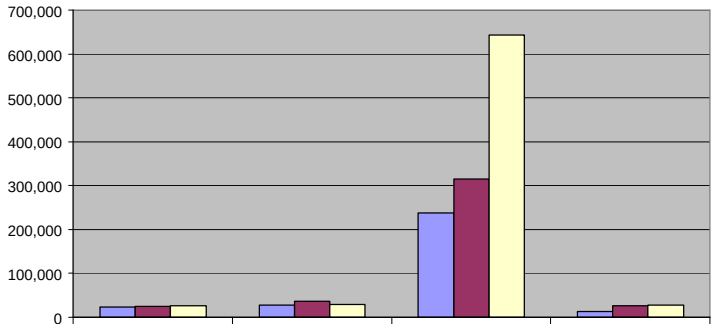
II. That an increase in service fees payable to external dog license vendors from $3.50 for each license sold to $5.00 for each new license sold and maintain the service fee of $3.50 for annual renewals only, be approved, and that the Animal Control By-law No. 2443/79 be amended accordingly.

III. That a two year dog licensing option in addition to the existing one year license, with a 10% fee reduction in the second year, be approved, and that the Animal Control By-Law No. 2443/79 be amended accordingly.

IV. That the City Solicitor/Manager of Legal Services be requested to prepare the necessary by-law for submission directly to Council for approval.

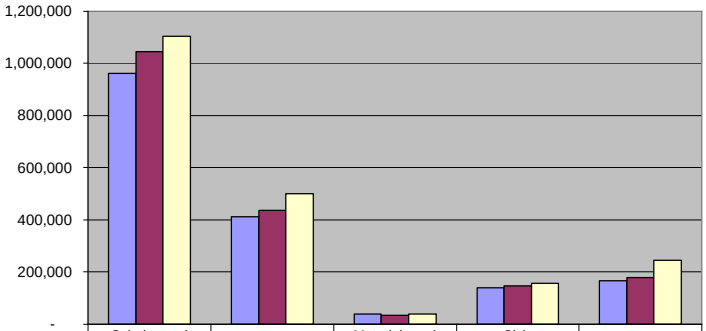
Appendix A: 2000 - 2001 Operational Statistics

Revenues



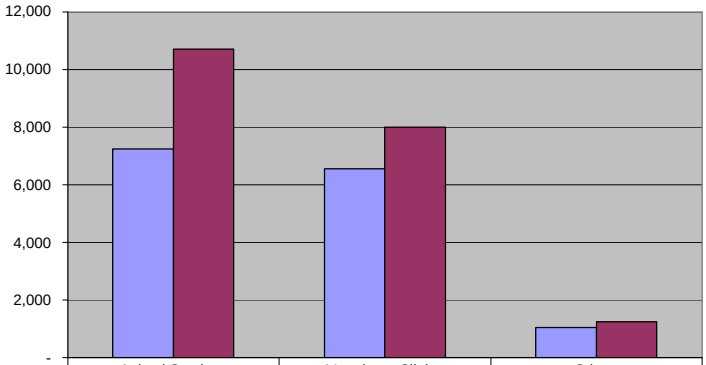
	Pound Fees	Kenneling Fees	Dog Licenses	Other
2000	23,000	27,786	237,708	12,854
2001	24,050	36,641	315,566	25,295
2002	25,850	28,875	644,285	26,945

Expenses 2000 - 2002



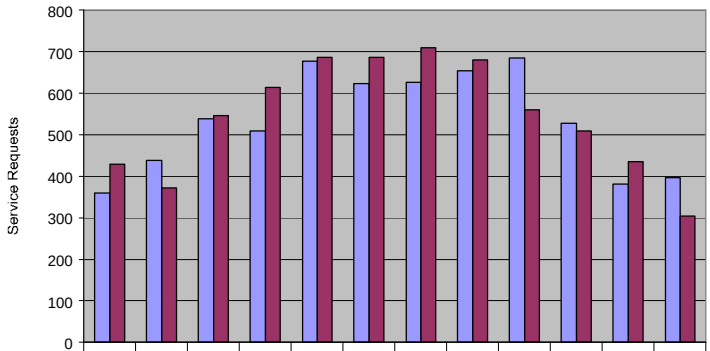
	Salaries and Benefits	Services	Materials and Supplies	Civic Accommodations	Other
2000	961,093	411,639	39,191	139,238	166,531
2001	1,044,499	437,487	33,651	147,527	179,732
2002	1104459	500750	39,828	156,456	245,436

2000 - 2001 License Sales



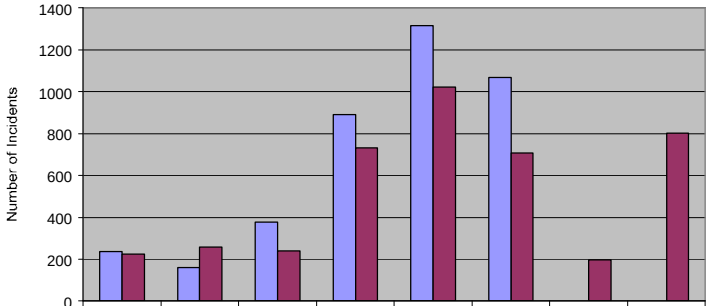
	Animal Services	Veterinary Clinics	Others
2000	7,238	6,561	1,059
2001	10,699	7,994	1,242

2000-2001 Service Requests



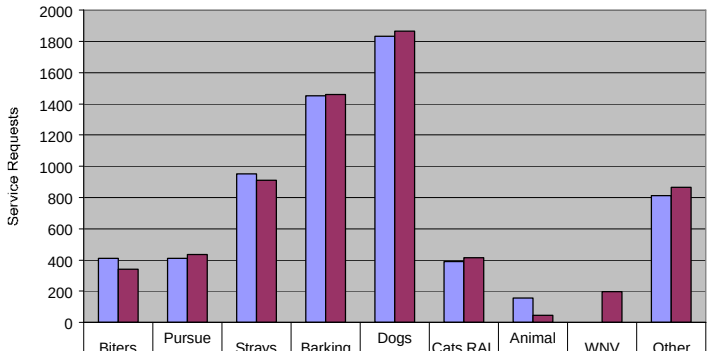
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
2000	360	438	538	509	677	623	627	654	685	527	382	396
2001	429	372	546	614	687	686	710	681	560	510	435	304

2000-2001 Action Taken



	Biters Handled	Assist Police	Offence Notices Served	License Notices Left	Verbal Warnings	Warning Cards Left	West Nile Virus	Barking Letters
2000	237	161	378	890	1316	1067	0	0
2001	225	259	241	733	1024	707	198	802

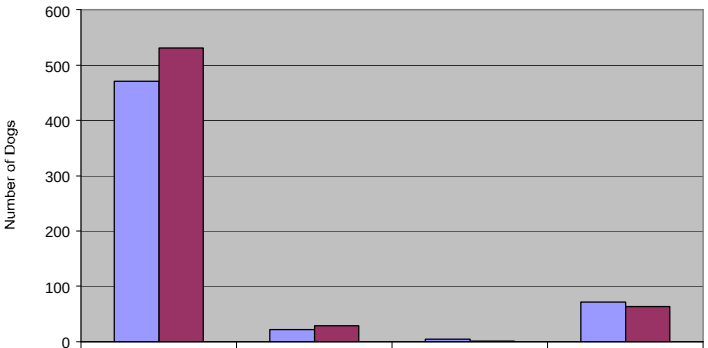
2000 -2001 Service Requests Types



	Biters	Pursue Humans	Strays	Barking	Dogs RAL	Cats RAL	Animal Traps	WNV	Other
2000	410	411	954	1453	1832	389	156	0	811
2001	340	434	911	1458	1866	415	47	198	865

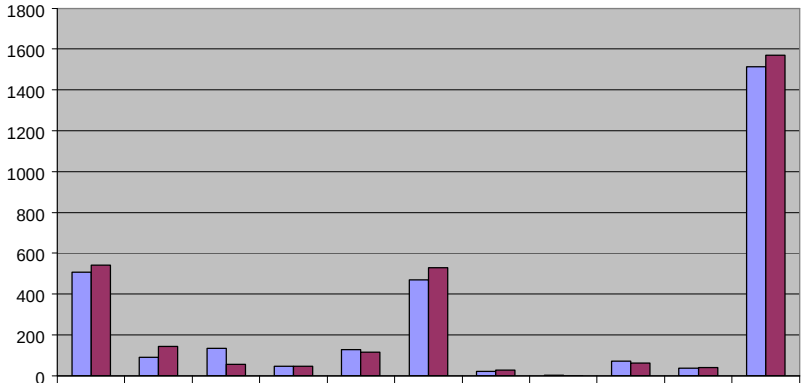
Report of the Alternate Service Delivery Committee dated February 14, 2002

Running At Large Breakdown



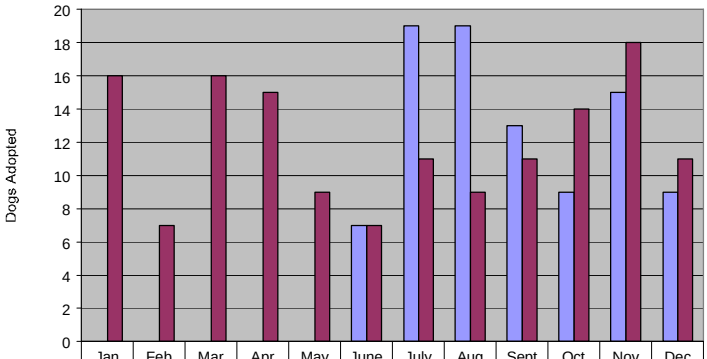
	RAL* 1st Offence	RAL* 2nd Offence	RAL* 3rd Offence	Returned No Charge
2000	471	22	4	71
2001	531	29	1	63

2000 - 2001 Disposition of Impounded Dogs



	Euthanized	Adopted	Humane Society	Breed Rescue	Biters Returned to Owners	Returned R.A.L. 1st offence	Returned R.A.L. 2nd offence	Returned R.A.L. 3rd offence	Returned No Charge	Other	Total Dogs:
2000	507	91	136	45	130	471	22	4	71	37	1514
2001	542	144	57	45	117	531	29	1	63	42	1571

2000-2001 Adoptions



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
2000	0	0	0	0	0	7	19	19	13	9	15	9
2001	16	7	16	15	9	7	11	9	11	14	18	11

2000 - 2001 Pound Analysis Comparisons

		Year of 2001		Year of 2000	
Average Days Impounded:					
All Dogs	Total Days Impounded	13659	**= 8.78**	11842	**= 7.98**
	Total Dogs Dealt With	1555		1484	
Biters	Total Days Impounded	1896	**= 10.59**	1896	**= 10.09**
	Total Dogs Dealt With	179		188	
Strays (non adoption candidates)	Total Days Impounded	6086	**= 5.44**	6002	**= 5.47**
	Total Dogs Dealt With	1118		1097	
Adoption Candidates	Total Days Impounded	5677	**= 22.00**	3944	**= 19.82**
	Total Dogs Dealt With	258		199	

Disposition:

All Dogs

	2001 Total	2001 % of YTD total	2000 Total	2000 % of YTD total
Beginning Dogs on hand	34		26	
New Pickups	1537		1488	
Total Dogs	1571		1514	
Euthanized	452	28.77%	412	27.21%
Adopted	144	9.17%	91	6.01%
Humane Society	57	3.63%	136	8.98%
Breed Rescues	24	1.53%	30	1.98%
Paw Pleasers	21	1.34%	15	0.99%
U of M	90	5.73%	95	6.27%
Biters Returned to Owners	117	7.45%	130	8.59%
Returned R.A.L. 1st offence	531	33.80%	471	31.11%
Returned R.A.L. 2nd offence	29	1.85%	22	1.45%
Returned R.A.L. 3rd offence	1	0.06%	4	0.26%
Returned No Charge	63	4.01%	71	4.69%
Other	6	0.38%	1	0.07%
Not Approved/Deceased	9	0.57%	7	0.46%
On hand at end of month	27	1.72%	29	1.92%
Total Dogs:	1571	100.00%	1514	100.00%

Strays Picked Up:	**2001**	**2000**		**2001**	**2000**
Male		765	Unclaimed-Known Owner	109	86
Female		632	Dogs P.U. Current License	48	68

Appendix B: 2001–2005 Financial Projections

Projected Statement of Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

As At December 31		Actual 2001	2002	2003	2004	2005	2006
Assets							
CURRENT	Note 7						
Cash		$ 1,757	$ 300	$ 300	$ 300	$ 300	$ 300
Due from City of Winnipeg		31,043	115,222	214,542	122,756	245,538	351,166
Receivables		27,682	35,000	40,000	45,000	45,000	45,000
Inventory		11,043	9,043	8,000	7,000	7,000	7,000
		71,525	159,565	262,842	175,056	297,838	403,466
EQUIPMENT	Note 7						
Computer equipment		74,500	74,500	74,500	74,500	74,500	74,500
Furniture and other equipment		70,000	70,000	70,000	70,000	70,000	70,000
		144,500	144,500	144,500	144,500	144,500	144,500
Less: accumulated depreciation		65,250	97,875	130,500	88,625	107,250	125,875
		79,250	46,625	14,000	55,875	37,250	18,625
		$ 150,775	$ 206,190	$ 276,842	$ 230,931	$ 335,088	$ 422,091
Liabilities							
CURRENT	Note 7						
Accounts payable & accrued liabilities		$ 46,044	$ 95,627	$ 75,000	$ 70,000	$ 100,000	$ 105,000
Vacation and overtime payable		40,484	40,000	38,000	35,000	36,000	36,000
Deferred revenue		140,786	335,952	373,280	410,608	447,936	466,600
Due to City of Winnipeg - Idea bank Reserve		150,000	-	-	-	-	-
		377,314	471,579	486,280	515,608	583,936	607,600
LONG-TERM							
Retirement allowance		102,000	109,000	111,000	75,000	80,000	86,000
		479,314	580,579	597,280	590,608	663,936	693,600
CAPITAL DEFICIENCY							
Deficit		(328,539)	(374,389)	(320,438)	(359,677)	(328,848)	(271,509)
		150,775	206,190	276,842	230,931	335,088	422,091

See accompanying notes to the financial statements

Projected Statement of Loss and Deficit

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the years ended December 31		Actual 2001	2002	2003	2004	2005	2006
Revenues	Note 5	$ 401,552	$ 731,955	$ 988,705	$ 1,084,644	$ 1,180,618	$ 1,248,633
Expenses	Note 6						
Salaries and Benefits		1,044,499	1,104,459	1,130,634	1,157,463	1,184,961	1,213,047
Services		437,487	500,750	478,459	481,500	483,485	485,629
Material, parts and supplies		33,651	39,828	39,853	41,079	41,105	41,132
Civic Accommodations		147,527	156,456	165,842	175,794	186,340	197,520
Other							
Depreciation		32,625	32,625	32,625	32,625	18,625	18,625
Administrative services		130,392	199,979	199,979	199,979	199,979	199,979
Interest/financing		16,715	12,832	6,936	5,478	5,801	6,320
		1,842,896	2,046,929	2,054,328	2,093,918	2,120,296	2,162,252
Loss from operations		(1,441,344)	(1,314,974)	(1,065,623)	(1,009,274)	(939,678)	(913,619)
Other							
Grant from the Province of Manitoba		19,060	19,124	19,574	20,035	20,507	20,958
Grant from the City of Winnipeg	Note 5	1,250,000	1,250,000	1,100,000	950,000	950,000	950,000
Net Income (Loss) for the year		(172,284)	(45,850)	53,951	(39,239)	30,829	57,339
Deficit, beginning of year		(156,255)	(328,539)	(374,389)	(320,438)	(359,677)	(328,848)
Deficit, end of year		$ (328,539)	$ (374,389)	$ (320,438)	$ (359,677)	$ (328,848)	$ (271,509)

See accompanying notes to the financial statements

Projected Statement Change in Financial Position

CITY OF WINNIPEG ANIMAL SERVICES - SPECIAL OPERATING AGENCY

For the years ended December 31	Actual 2001	2002	2003	2004	2005	2006
Net inflow (outflow) of cash related to the following activities						
Operating						
Net earnings (loss) for the year	$ (172,284)	$ (45,850)	$ 53,951	$ (39,239)	$ 30,829	$ 57,339
Non-cash items related to operations						
Depreciation	32,625	32,625	32,625	32,625	18,625	18,625
Retirement Allowance	11,800	7,000	2,000	(36,000)	5,000	6,000
Working capital from operations	(127,859)	(6,225)	88,576	(42,614)	54,454	81,964
Net change in working capital other than cash assets	26,681	238,947	10,744	25,328	68,328	23,664
	(101,178)	232,722	99,320	(17,286)	122,782	105,628
Financing						
Due to City of Winnipeg - Idea Bank Reserve	50,000	(150,000)	-	-	-	-
Due from the City of Winnipeg	52,284	(84,179)	(99,320)	91,786	(122,782)	(105,628)
	102,284	(170,719)	(99,320)	91,786	(122,782)	(105,628)
Investing						
Purchase of equipment				(74,500)		
Proceeds from disposal of equipment						
	-	-	-	(74,500)	-	-
Increase (decrease) in cash assets	1,106	(1,457)	-	-	-	-
Cash position, beginning of year	651	1,757	300	300	300	300
Cash position, end of year	$ 1,757	$ 300	$ 300	$ 300	$ 300	$ 300

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL PROJECTION
FIVE YEARS ENDING DECEMBER 31, 2006

1. DESCRIPTION OF BUSINESS

On March 20, 1997, Council adopted a document entitled "Reshaping our civic government". The document identified the development of Special Operating Agencies (SOA) as one of the five strategic initiatives needed to create a more affordable and fundamentally better Civic government.

On September 24, 1997, Council adopted the strategic direction with regard to SOA's identified in the report entitled "Special Operating Agencies Initiative". Consistent with the foregoing process, the Animal Services Division of the Community Services Department prepared a feasibility study and presented it to Standing Committee on Fiscal Issues on December 8, 1997.
On December 17, 1997, Council adopted the recommendations contained in the report from the Standing Committee on Fiscal Issues, directing Animal Services to prepare an operating charter and business plan for operations as a SOA.

The Agency commenced operations on January 1, 2000.

2. ACCOUNTING POLICIES

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

Inventory

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

Equipment

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

Computer equipment	25%
Furniture and other equipment	20%

3. FINANCIAL PROJECTION

This financial projection is an estimate of the financial position, results of operations and change in cash flow, for the operations of Animal Services – Special Operating Agency, using management's assumptions that reflect the Agency's planned course of action for the five years ending December 31, 2006. 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 $1,250,000 in 2002 with declining grant balances per schedule.
(b) That the City of Winnipeg will extend an operating loan and provide long-term lending sufficient for the Agency to commence operations.
(c) That the Agency will be allowed to purchase any support services required to sustain ongoing operations.
(d) Corporate Services (Legal Services) will transfer the right to collect fine revenue to the Agency.

5. ASSUMPTIONS – REVENUE

(a) Pound Fees

Effective 2002 a basic fee of $40 for 1st offence running at large and $150 2nd offence will be levied. Revenues are based on 515 1st offences per year and 35 2nd offences per year. The 1st offence fee will rise to $45 for 2003 to 2006 with the 2nd offence remaining constant.

(b) Kenneling Fees

Kenneling fees will be set at $14 per day commencing in 2002 and will increase annually by $1 per day to $17 by 2005 where they will remain. Volumes are based on 550 dogs on an annual basis with an average stay of 3.75 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
2002	$23.33	36,000
2003	$23.33	40,000
2004	$23.33	44,000
2005	$23.33	48,000
2006	$23.33	50,000

License fees rose from $30 and $15 annually in 2001 to $40 and $20 in 2002. Fees vary based on category. Dog licenses applicable to intact dogs are $40.00 annually. A 50% discount is offered for sterilized dogs bringing the fee to $20.00 annually. Licenses average 5 sterilized sales to 1 whole sale. Dangerous dog license fees are set at $75.00 annually. There is no charge for service dog licenses and for the first year dog adoptions done through the Humane Society

and Animal Services. Revenues are projected to increase approximately $329,000 between 2001 and 2002 with $126,000 of this due to fee increases and $203,000 due to increased sales.

(d) Excess Animal Permit

Permit revenues are based on year 2000 sales with an annual increase of 10% per year.

(e) Surrendered Animals

2002 revenues are based on 2001 actual collections from turnovers plus invoiced turnovers sent in for collections (success rate of 30%). An increase of 2.5% is incorporated into 2003 to 2006.

(f) Trap Rentals/Set Ups

In order to recoup rising costs associated with the rental programs a fee of $60.00 has been imposed on skunk/squirrel trap rentals. An administration fee of $10.00 has also been imposed on cat trap rentals. 2002 revenues are partially based on 2001 with an increase of 5% projected for each of the following years.

(g) Dog Adoptions

Adoptions include a fee of $171 for dogs less than 4 months, $141 for over 4 months and $111 for sterilized dogs. Adoptions include a health check by a veterinarian, vaccinations, spay and neutering, microchip, first license and other value added items. After costs, the Agency expects to net approximately $70 per animal with 143 animals adopted annually.

(h) Sale of Animals

The City of Winnipeg currently has a commitment with the University of Manitoba Medical College to provide dogs for their programs. The Agency expects that this relationship will continue.

(i) Court Fines

Provincial legislation has been amended for the imposition of minimum fines. The Agency expects to collect fines based on historical fines collected. The provincial government in respect of administration will withhold one-half of the total fines collected.

(j) Grant from the City of Winnipeg

The Agency will be negotiating an annual operating grant from the City of Winnipeg. Anticipated grant requirements are detailed in the following table.

2002	2003	2004	2005	2006
$1,250,000	$1,100,000	$950,000	$950,000	$950,000

6. ASSUMPTIONS – EXPENSES

(a) Salaries and Employee Benefits

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

	2002	2003	2004	2005	2006
WAPSO	2	2	2	2	2
CUPE	20	20	20	20	20

Salary levels are based on existing grades and levels presently in place. The projections are based on the above staffing levels and include an adjustment of 2.5% per year. Employee benefits are estimated to be 16.2% of total gross salaries.

(b) Professional and Consulting Services

The Agency pays $125,000 annually to the Winnipeg Humane Society for related services and approximately $55,000 towards a service contract with Scotia Enterprises for the Charleswood pound.

(c) Audit Fee

The Agency expects to pay $7,000 annually for audit and actuarial fees based on 2000 and 2001 expenses.

(d) Auto Allowances

Two staff members will be provided “required” auto allowances. One further staff position will be provided “regular” auto allowance.

(e) Office Equipment Maintenance

Significant systems enhancements will be required in 2002. Thereafter these needs will diminish.

(f) Telephone

A 10% rate increase has been forecasted annually through to 2006.

(g) Advertising

The Agency intends to use extensive advertising to build its revenue base. Advertising will take the form of billboards, bus posters and brochures as well as game sponsorships at sporting events.

(h) Equipment Rental, Internal

Equipment and Material Services will provide fleet services for SOA vehicles. The Agency will operate seven vehicles. Costs are expected to increase incrementally by 1.5% per year with a slight decline in the maintenance portion due to new fleet vehicles coming on line in 2002. The Agency will be giving consideration to tendering maintenance services with other contractors during the five-year period.

(i) Training/Workshops/Tuition

The Agency expects to incur costs of $6,000 annually to provide training to staff.

(j) Civic Accommodations

The Agency will continue to occupy 1057 Logan Avenue, but will only rent the first level of the building that totals 12,296 square feet. The rental rate established by Civic Accommodations is expected to increase by 6% per year.

(k) Depreciation

Depreciation is based on rates identified in note 2.

(l) Interest on Idea Bank Loan

The Agency has negotiated with the City of Winnipeg a loan to cover start-up costs. This loan will be treated as a line of credit, being repaid at the beginning of the year when funds are available and being drawn on when funds are needed towards the end of the year. Interest is charged at prime plus 1% per annum.

(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. The Agency expects that the cost of these services will total $130,397 annually.

(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 .18% of the total that equals 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 2004, the Agency will need to replace computer equipment with updated technology. The Agency 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 18 months for first license and 12 months thereafter. Licenses have staggered monthly renewals based on the first letter of the last name. As a result, depending on the renewal date, there will be unearned revenue on hand at year-end. The Agency will accrue 40% of all license fees collected as deferred revenue.

(f) Due to City of Winnipeg – Idea Bank Reserve

The City has agreed to advance up to $500,000 to assist in establishing Agency operations. The City has taken security over the assets of the Agency and interest is charged on the outstanding balances prime plus 1% per annum.