

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER


Date: June 18, 2026

CAO File No. 0130-02183-0000

Council File No. 26-0832

Council District: --

To: The City Council

From: Matthew W. Szabo, City Administrative Officer 

Reference: Transmittal from the Board of Animal Services Commissioners dated June 2, 2026

Subject: **ACCEPTANCE OF THE GRANT AGREEMENT WITH THE AMERICAN SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (ASPCA) AND BEST FRIENDS ANIMAL SOCIETY - ANIMAL SERVICES DEPARTMENT**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize the General Manager, or designee, to accept funds in the amount of \$14,220,000 and execute a grant agreement with the American Society for the Prevention of Cruelty to Animals (ASPCA) and Best Friends Animal Society (BFAS) to fund salaries and related costs of 23 new positions for a performance period of six years upon date of execution, subject to the approval of the City Attorney as to form;
2. Authorize the Controller to:
 - a. Establish a new interest-bearing fund entitled Animal Services Grant to be administered by the Animal Services Department;
 - b. Establish a receivable from the American Society for the Prevention of Cruelty to Animals (ASPCA) and Best Friends Animal Society (BFAS) in the amount of \$14,220,000;
 - c. Appropriate a total of \$14,220,000 to Animal Services Grant Fund TBD, Department 06, Account No. XXXXXX, ASPCA-BFAS Grant;
3. Instruct the Department of Animal Services to report annually to the City Council on the status of the grant program, including regarding the hiring and attrition of the grant-funded positions, expenditure of grant funds, number of training sessions conducted in accordance with the grant terms, and other relevant grant-related performance metrics;
4. Authorize the Animal Services Department to prepare Controller instructions for any technical adjustments, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions; and,

5. INSTRUCT the City Clerk to place on the Council Agenda for the first regular Council meeting on July 1, 2026, or shortly thereafter, the following actions relative to authority and funding for the grant-funded positions:
- a. That the City Council, subject to the approval of the Mayor, authorize the Controller to transfer \$1,240,660 from Animal Services Grant Fund No. TBD, Department 06, Account XXXXXX to Fund No. 100, Department 06, Account 001010 – Salaries, General, for 2026-27 salary expenses;
 - b. That the City Council, subject to the approval of the Mayor, authorize the Controller to transfer \$2,026,990 within Animal Services Grant Fund No. TBD, Department 06, from Account XXXXXX to Account No. 06E299 – Reimbursement of General Fund Costs, and further transfer to Fund No. 100, Department 06, Revenue Source Code 5361 – Related Cost Reimbursement – Others, for 2026-27 to reimburse for the fringe benefits and related costs;
 - c. Authorize by resolution position authority for 23 positions in the Department of Animal Services consisting of one Director of Field Operations (Class Code 4321-0), three District Supervisors (Class Code 4320-0), and 19 Animal Care Technicians (Class Code 4310-0), for the term of July 1, 2026 through June 30, 2027, subject to allocation by the Civil Service Commission; and,
 - d. Authorize the Animal Services Department to prepare Controller instructions for any technical adjustments, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

SUMMARY

The Animal Services Department (Department) requests authority to enter into a grant agreement (Agreement) with the American Society for the Prevention of Cruelty to Animals (ASPCA) and Best Friends Animal Society (BFAS) and accept funding in the amount of \$14,220,000 to fund salaries and related costs for 23 positions consisting of one Director of Field Operations, three District Supervisors, and 19 Animal Care Technicians for a performance period of six years upon date of execution, subject to approval of the City Attorney as to form. The Agreement terms do not require a matching provision; however, it does include a best-efforts clause in which the City is to use its best efforts to continue the positions for three years following the grant term. Any costs incurred beyond the \$14.22 million grant award will be the responsibility of the City.

BACKGROUND

In 2024, the ASPCA and the BFAS approached the Department to offer financial support aimed at improving animal welfare outcomes. Following extensive consultations with the Mayor's Office and the Department, an agreement was drafted to expand shelter management capacity and establish program specialists, ensuring dedicated staffing for core operational functions including adoptions, fostering, and community engagement.

Under the Agreement, the ASPCA and BFAS will provide funding for salaries and related costs for 23 positions over a three-year period. The six-year term of the Agreement provides a performance window to accommodate the recruitment and hiring process, providing the necessary time to backfill vacancies and ensure the full use of the grant funds.

The Agreement stipulates that the ASPCA and BFAS will each provide two advisory consultants within six months of the effective date. These four consultants will be stationed across the City's six Animal Care Centers to provide the Department with shelter operations and medical expertise. They will also provide training in shelter operations and animal welfare to help the Department meet the positive outcome goals. The consultants must comply with all Department rules and regulations.

Personnel Expenses

The \$14.22 million grant funding supports the salaries and related costs of one Director of Field Operations, three District Supervisors, and 19 Animal Care Technicians, while establishing maximum funding limits for these classifications based on their respective program. The positions will provide additional shelter management, expand the Citywide Cat Program, and establish an Adoption and Return Home Program and a Foster Program as shown in the table below.

Position Funding by Program

Program	Classification	Count	Funding Limit
Shelter Management	Director of Field Operations	1	\$1,500,000
Shelter Management	District Supervisor	3	\$3,600,000
Citywide Cat Program	Animal Care Technician	3	\$1,530,000
Foster Program	Animal Care Technician	6	\$2,490,000
Adoption and Return Home	Animal Care Technician	10	\$5,100,000
	Total	23	\$14,220,000

The Agreement stipulates that these funding amounts represent the maximum contributions provided by the ASPCA and BFAS. Should grant funds be exhausted prior to the completion of the three-year employment term, due to increased direct or indirect costs, the City is to use its best efforts to maintain the funded positions. Additionally, under the Agreement the City shall employ reasonable measures to manage the Department's budget to ensure that funding remains available for the full three-year tenure of these positions and three years following the end of the Agreement. The projected three-year cost for the 23 grant-funded positions is outlined in the tables below.

Three-Year Position Cost Projections by Classification

Classification	Count	Funding Limit	Year 1	Year 2	Year 3	Total
Director of Field Operations	1	\$1,500,000	\$440,692.68	\$453,913.46	\$467,531.79	\$1,362,137.94
					Difference	\$137,862.06

Classification	Count	Funding Limit	Year 1	Year 2	Year 3	Total
District Supervisor	3	\$3,600,000	\$984,277.40	\$1,013,805.72	\$1,023,942.98	\$3,022,026.10
					Difference	\$577,973.90

Classification	Count	Funding Limit	Year 1	Year 2	Year 3	Total
Animal Care Technician	19	\$9,120,000	\$3,685,357.82	\$3,794,695.02	\$3,907,317.49	\$11,387,379.34
					Difference	(\$2,267,370.34)

Note: The calculations include average weighted salary identified in the 2026-27 Wages and Count calculation, Cost Allocation Plan 48 rates for all three years, and a three-percent estimated salary increase for year two and three. The Difference is calculated as the total for all three years minus the total funding limit provided in the Agreement.

Current projections indicate salary savings within management classifications of \$137,862 for the Director of Field Operations and \$577,973 for the District Supervisors, alongside a \$2,267,370 shortfall in the Animal Care Technician classification. Should it become necessary to adjust the maximum funding amounts to ensure the full use of the grant, the Department may request an amendment, under Section 16 of the Agreement, to use savings from management positions to offset the Animal Care Technician shortfall. The projected General Fund impact for these positions is estimated at up to \$2,267,370 for the initial three-year period. Should the grantors approve the reallocation of funds between programs through an amendment to the Agreement, the impact would be reduced to an estimated \$1,551,534. In accordance with the Agreement’s best-efforts clause in which the City is to use its best efforts to continue the positions for three years following the grant-funded three years, funding requests to continue these positions should be submitted by the Department through the annual budget process.

Reporting Obligations and Payment Structure

The Agreement specifies that funding will be provided in quarterly installments. To receive these payments, the Department must submit written notice to the ASPCA and BFAS confirming that a job offer for each grant-funded position has been accepted, the required background check has been completed, and a start date has been scheduled. Upon receipt of this notice, the ASPCA and BFAS are required to issue an electronic payment within 14 business days to fund the position for the current quarter. Furthermore, no later than 30 days prior to the beginning of each quarter, the Department must provide written notice to the ASPCA and BFAS specifying the total funding required for the upcoming quarter; the grantors shall then issue the corresponding electronic payment within 14 business days.

At the end of each calendar year and the final quarter prior to the end of the term, the Department is required to provide written notice to the grantors that includes the title of the position, the dates of employment, and any amounts paid by the ASPCA and BFAS that were in excess of the amounts owed. Upon review, the ASPCA and BFAS may, at their discretion, authorize the Department to apply such overpayments as credits toward future funding or require the Department to return all or a portion of the amount. Should a refund be requested, the Department shall remit the payment within 30 days of the ASPCA and BFAS written notice.

Due to the payment structure of the Agreement, the City is not required to front fund position expenses. It is recommended that the Department work with the ASPCA and BFAS to ensure funding is available for each position prior to their start date to reduce any potential General Fund impact from delays in payment processing.

In addition to regularly reporting regarding the grant-funded positions, the Department is also required to report quarterly regarding the grant activities and results. These reports may contain animal-related information, such as (a) impounds by date; (b) outcomes by date and type; (c) medical histories; (d) kennel inventory; (e) euthanasia information by shelter and date; (f) length of stay; (g) spay/neuter/sterilization reports; (h) animals to foster by date; (i) community cat program inventory and release by shelter; and (j) animals impounded as personal property.

The Agreement also provides that ASPCA and BFAS meet at least annually with the Mayor and present at least annually to the Board of Animal Services Commissioners. The Agreement further requires the Department to request that it be granted the opportunity to present to the City Council regarding the Agreement annually. To facilitate this annual Council presentation request, it is recommended that the Department report annually to the City Council on the status of the grant program, including related to hiring and attrition of the grant-funded positions, expenditure of grant funds, the number of training sessions conducted in accordance with the grant terms, and other relevant grant-related performance metrics.

Administrative and Operational Expenses

The Agreement does not include funding for administrative oversight or the necessary operational equipment, including computers, telephones, and office supplies, required to support the 23 newly authorized positions. The reporting obligations, hiring, backfilling, invoicing, and annual reconciliation procedures provided in the Agreement require dedicated administrative staff support over the six-year term. The Department currently lacks a dedicated grants unit or any full-time personnel assigned to this work; consequently, these responsibilities must be absorbed by existing staff. This approach may create an operational strain resulting in delays in the timely execution of these requirements, or delays to other administrative operations of the Department, and potential overtime costs to accommodate the new workload.

The establishment of a Grants Unit consisting of one Management Analyst and one Administrative Clerk may alleviate the workload and provide dedicated staff to administer the grant Agreement. The direct and indirect costs for these two positions at 12 months funding are \$319,955 as detailed in the table below.

Department Administrative Staff Cost Projections

Classification	Count	Six-Months			Nine-Months			Ongoing		
		Direct	Related	Total	Direct	Related	Total	Direct	Related	Total
9184-0 Management Analyst	1	\$61,105	\$39,794	\$100,899	\$91,657	\$50,026	\$141,683	\$122,210	\$60,258	\$182,468
1223-0 Accounting Clerk	1	\$44,257	\$34,152	\$78,408	\$66,385	\$41,562	\$107,947	\$88,513	\$48,973	\$137,487
			Total	\$179,307		Total	\$249,630		Total	\$319,955

Our initial review suggests that additional staff including a Management Analyst and Accounting Clerk may be necessary, but the specific additional workload is uncertain. The Department should assess the workload and submit a request as part of the budget process should the workload be sufficient enough to justify the positions.

In addition, the initial quotes for the purchase of computers (\$26,995) and cellphones with monthly recurring charges (\$19,021) require additional funding in the amount of \$46,016 for the three-year employment period. These additional expenses will need to be absorbed by the Department.

FISCAL IMPACT STATEMENT

Approval of the recommendations within this report will authorize the Animal Services Department to execute a grant agreement with ASPCA and BFAS and accept funding in the amount of \$14,220,000 to fund 23 positions to provide additional shelter management, expand the Citywide Cat Program staff, and establish an Adoption and Return Home Program and a Foster Program. Due to the timing of the grant Agreement, the related costs for the first year of the Agreement were not included in the 2026-27 Departmental revenue receipts. Increased General Fund revenue in the amount of \$2,026,990 is anticipated based on the first year hiring plan, but will be offset by increased City expenditures such for the benefits and pensions of the new employees.

There are no matching requirements associated with this Agreement. The projected General Fund impact of the Agreement is up to \$2,267,370, which includes salaries and related costs required to fully fund the 19 ACT positions for three years. This amount may be reduced to \$1,551,534 with savings from other position classifications should an amendment to the Agreement be granted. An additional General Fund impact is for the purchase of computers and cellphones (\$46,016), which must be absorbed within existing budgeted funds. Finally, the Agreement does not provide funding for administrative support staffing, and this workload therefore must be absorbed by the Department. Should the Council wish to authorize additional administrative support staffing at a later time, the estimated General Fund impact is \$319,955 annually. Additional funding to continue the grant-funded positions beyond term of the Agreement, in accordance with the Agreement's best-efforts provision, will be subject to Council review and approval through the annual budget process.

FINANCIAL POLICIES STATEMENT

The recommendations in this report are in compliance with the City's Financial Policies in that all grant funds will be utilized to fund grant activities.

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