

**AGENDA ITEM**

**SILICON VALLEY  
ANIMAL CONTROL AUTHORITY**

**Fiscal Year 2022-23 Proposed Operating Budget**

**RECOMMENDED MOTION**

That the Board of Directors approve the fiscal year 2022-23 Operating Budget Option Two as presented.

**DISCUSSION**

In May 2020 the Board approved a 5% reduction in SVACA’s 2020-21 operating budget due to the pandemic. In March 2022, staff prepared two operating budget options and the Board of Directors approved the option which included the use of up to \$50,000 in operating reserve funds to hold member agency contributions flat.

For 2022-23, staff has once again prepared two options for consideration. Option One increases member contributions overall by 3.66%. Option Two includes the above plus the use of up to \$70,000 in operating reserve funds which results in an overall .06% decrease.

Either option will allow SVACA to continue to operate in the same manner since the pandemic began with the expectation to return to most prepandemic operations in 2022-23. Unfortunately, inflation is impacting SVACA’s operating expenses as vendors, suppliers, etc. continue to increase their costs. Staff anticipates an operating budget surplus (reserve funds will not be required) for 2021-22 due to the omicron surge and continued staffing challenges due to the state of the employment market. The following tables list the proposed 2022-23 contribution options.

TABLE 1. 2022-23 Proposed Operating Budget Option One Comparison with 2021-22

Member	2021-22	2022-23 Option 1	21-22 v. 22-23 Difference	Percent Increase 21-22 v. 22-23
Campbell	\$308,194	\$319,484	\$11,290	3.66%
Mountain View	\$479,053	\$496,608	\$17,555	3.66%
Monte Sereno	\$30,794	\$31,903	\$1,109	3.60%
Santa Clara	\$1,062,366	\$1,101,269	\$38,903	3.66%
Total	\$1,880,407	\$1,949,264	\$68,857	3.66%

TABLE 2. Proposed Operating Budget Option One Comparison 2019-20 to Present

Member	2019-20	2020-21	2021-22	2022-23 Option 1	Percent Decrease 19-20 v. 22-23
Campbell	\$325,162	\$308,530	\$308,194	\$319,484	1.75%
Mountain View	\$505,433	\$479,573	\$479,053	\$496,608	1.75%
Monte Sereno	\$32,470	\$30,847	\$30,794	\$31,903	1.75%
Santa Clara	\$1,120,841	\$1,063,542	\$1,062,366	\$1,101,269	1.75%
Total	\$1,983,907	\$1,882,491	\$1,880,407	\$1,949,264	1.75%

TABLE 3. 2022-23 Proposed Operating Budget Option Two Comparison with 2021-22

Member	2021-22	2022-23 Option 2	21-22 v. 22-23 Difference	Percent Decrease
Campbell	\$308,194	\$308,004	\$190	.06%
Mountain View	\$479,053	\$478,758	\$295	.06%
Monte Sereno	\$30,794	\$30,783	\$11	.04%
Santa Clara	\$1,062,366	\$1,061,719	\$647	.06%
Total	\$1,880,407	\$1,879,264	\$1,143	.06%

TABLE 4. Proposed Operating Budget Option Two Comparison 2019-20 to Present

Member	2019-20	2020-21	2021-22	2022-23 Option 1	Percent Decrease 19-20 v. 22-23
Campbell	\$325,162	\$308,530	\$308,194	\$308,004	5.28%
Mountain View	\$505,433	\$479,573	\$479,053	\$478,758	5.28%
Monte Sereno	\$32,470	\$30,847	\$30,794	\$30,783	5.20%
Santa Clara	\$1,120,841	\$1,063,542	\$1,062,366	\$1,061,719	5.28%
Total	\$1,983,907	\$1,882,491	\$1,880,407	\$1,879,264	5.28%

Contribution Percentage

In an ongoing effort to decrease annual operating contribution fluctuations due to cost allocation recalculations, staff prepared the proposed budget contribution with percentages remaining unchanged as services required by member agencies remained static over the last decade. Table 5 shows the proposed contribution percentage.

TABLE 5. Contribution Percentage

Member	Contribution Percentage
Campbell	16.39%
Mountain View	25.48%
Monte Sereno	1.64%
Santa Clara	56.50%

Revenue

Program fees were reduced as the Outreach Coordinator’s salary is now paid with funds from the Animal Assistance Fund and the Friends of SVACA. We are optimistic that we will be able to return to prepandemic revenue as long as the virus cooperates.

Expenses

1. *Personnel Services*

Cost of Living Adjustment (COLA)

SVACA Policy states that COLAs will be considered annually and based on the US Department of Labor San Francisco – Oakland – Hayward Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) by taking the average of the figures reported for the calendar year preceding the new fiscal year and will go into effect on the first day of the new fiscal year. The Board will review and approve all COLAs. The

average rate for 2021 is 4.1%. CPI-W averages follow in Table 6 while SVACA's recent COLA history is in Table 7.

The Board approved a COLA of 1.5% for FY 2021-22 and a one-time 5% non-pensionable compensation in December 2021. Staff recommends the approval of the 4.1% COLA as well as reviewing SVACA's financial state this autumn as was done in 2021 to consider additional nonpensionable compensation if appropriate. Hopefully the virus will be well under control and economic conditions will continue to improve locally and nationally.

Table 6. CPI-W Data

2016	2017	2018	2019	2020	2021
2.8%	3.1%	3.9%	3.0%	1.5%	4.1%

Table 7. Recent COLA History

FY 17	FY 18	FY 19	FY 20	FY 21
2.8%	3.1%	3.9%	0	1.5%

### Positions

The proposed budget includes the funding of the Outreach Coordinator's salary with the Animal Assistance Fund, the Registered Veterinary Technician position being reactivated (the Veterinary Assistant position will not be filled) and the Executive Assistant salary range increased by 3% to remain competitive with other similar positions. Staff also once again adjusted overall personnel expectations due to the pandemic and employment market.

### CalPERS

Classic contributions decreased .02% from 10.34% to 10.32% and PEPRA decreased .12% from 7.59% to 7.47%. The unfunded accrued liability payment increased to \$47,428 from \$35,000 in 2021-22. Actuarial valuations are based on assumptions regarding future plan experience including investment return and payroll growth.

## 2. *Materials, Services and Supplies*

### Animal Care

Staff and the Friends of SVACA have collectively continued to solicit donations through various means. Staff is recommending up to \$70,000 of the Animal Assistance Fund be used for care and veterinary services. Friends of SVACA will also continue to assist with expenses as well as other programs like low cost spay/neuter for qualifying residents and placement partners.

### Volunteers and Outreach

These items have been reduced to zero as the Friends of SVACA will fund these programs which is another long-term goal that has been accomplished.

## 3. *Professional and Contract Services*

### Risk Management

Liability will increase by approximately \$8,800 and workers' compensation insurance will decrease by approximately \$5,400.

### Reserves

For 2021-22, the Board approved the use of up to \$50,000 of operating reserves if necessary although at this time it does not appear the funds will be used. 2022-23 Option One does not include reserves but up to \$70,000 could be used in 2022-23 Option Two. The reserves spreadsheet is attached to this report.

### Long Term Center Capital Needs

As stated in JPA sections 5.4, 6.3.3 and 6.3.4, all members will be responsible for their proportional share of future capital expenses. In the past, the Board elected to review needs annually and contribute amounts needed for that given fiscal year. Anticipated center capital needs for the next fifteen years (attached) were once again updated.

Needs could of course shift and staff will continue to stretch out the lives of these items as much as possible through proper maintenance. Overall, the outlook is excellent as the Capital Project Improvement Fund (CPIF), the Animal Assistance Fund and the Reserve for Unknown Losses could be used to cover expenses for at least the next fifteen years. Projects and maintenance could also be deferred if necessary.

For 2022-23, staff is recommending the CPIF be used for IT (computer) upgrades at a total not to exceed \$35,000.

### **CONCLUSION**

Staff has always strived to present the most cost-effective operating budget possible but due to COVID-19 it is quite difficult to predict what the future holds. As has been done in the past, staff will work to reduce expenses and increase revenue during the year. SVACA had a 10% operating budget surplus (\$239,539) in 2020-21 which once again demonstrated the sound fiscal responsibility practiced at the agency. Staff is recommending that the 2022-23 Operating Budget Option Two be approved as presented.

### **DOCUMENTS ATTACHED**

FY 2022-23 Proposed Operating Budget  
FY 2021-22 and 2022-23 Operating Budget Comparison  
Reserves Table  
Anticipated Center Capital Needs

### **FISCAL IMPACT**

\$1,879,264 from the Member Agencies

# SVACA 2022-23 Proposed Operating Budget

Total Annual

<b><u>REVENUE</u></b>	
Interest	\$ 25,000.00
Licensing	\$ 190,000.00
Program Fees	\$ 215,000.00
<b>Total Fee Revenue</b>	<b>\$ 430,000.00</b>
<b><u>Member Agency Contributions</u></b>	
Campbell	\$ 319,484
Mountain View	\$ 496,608
Monte Sereno	\$ 31,903
Santa Clara	\$ 1,101,269
<b><u>OPTION ONE - Total Contributions</u></b>	<b>\$ 1,949,264</b>
<b>Total Revenue</b>	<b>\$ 2,379,264.07</b>
<b><u>DEDUCTIONS</u></b>	
Operating Reserve Fund	\$ -
	\$ 70,000.00
	\$ 70,000.00
<b><u>OPTION TWO - Revised Contributions</u></b>	
Campbell	\$ 308,004.38
Mountain View	\$ 478,757.51
Monte Sereno	\$ 30,782.96
Santa Clara	\$ 1,061,719.23
<b>Total</b>	<b>\$ 1,879,264.07</b>

# SVACA 2022-23 Proposed Operating Budget

	# of Pos	Annual Salary
<b>EXPENDITURES</b>		
<b>Personnel Services</b>		
<b>Salaries</b>		
Regular Salaries		\$ 1,365,555.00
Total Overtime		\$ 35,000.00
<b>Total Salaries</b>	<b>17</b>	<b>\$ 1,400,555.00</b>
<b>Benefits</b>		
Health Insurance		\$ 235,260
Life/AD&D Insurance		\$ 1,646
Dental Insurance		\$ 21,336
Vision Insurance		\$ 3,264
STD/LTD		\$ 5,221
Cal PERS/1959 Survivor Benefits		\$ 180,779
Medicare		\$ 20,308
SUI		\$ 36,414
<b>Total Benefits</b>		<b>\$ 504,229</b>
<b>Annual Personnel Costs</b>		<b>\$ 1,904,784</b>

# SVACA 2022-23 Proposed Operating Budget

	Total Annual
<b>Materials, Services &amp; Supplies (MS&amp;S)</b>	
Office & General Supplies	\$ 2,500.00
Bank Charges	\$ 16,000.00
Postage/Shipping	\$ 8,000.00
Printing	\$ 2,500.00
Computer Supplies/Licenses	\$ 10,600.00
Recruitment and Retention	\$ 3,500.00
Training and Education	\$ 2,000.00
Travel	\$ 1,500.00
Advertising	\$ 500.00
Copy Machine Charges	\$ 8,000.00
Field Service Equipment	\$ 500.00
Fuel and Vehicle Maintenance	\$ 25,000.00
Uniforms	\$ 1,000.00
Volunteers	\$ -
Outreach and Education	\$ -
Animal Care	\$ 20,000.00
Dues and Subscriptions	\$ 2,000.00
Return to Owner Hardship Fund	\$ 2,000.00
<b>Total MS&amp;S</b>	<b>\$ 105,600.00</b>

# SVACA 2022-23 Proposed Operating Budget

	Total Annual
<b>Facility Expenses</b>	
Custodial	\$ 42,000.00
Electric, Gas, Water, Refuse	\$ 90,000.00
Maintenance and Repair	\$ 41,000.00
Communications	
Telephone/Fax	\$ 9,000.00
Wireless Communications	\$ 7,300.00
<b>Total Facility Expenses</b>	<b>\$ 189,300.00</b>
 <b>Professional and Contract Services</b>	
Contract Veterinarians	\$ 10,000.00
Wildlife Center Contract	\$ 25,480.00
Accounting Services	\$ 20,000.00
Investigations	\$ 1,000.00
Computer Maintenance Contract	\$ 18,000.00
Payroll Preparation	\$ 4,000.00
Workers' Comp. Insurance	\$ 42,000.00
Liability Insurance	\$ 54,100.00
Legal Services	\$ 5,000.00
<b>Total Professional Services</b>	<b>\$ 179,580.00</b>
 <b>Capital Expenses</b>	
Animal Transport Vehicle	\$0.00
<b>Subtotal</b>	\$ 2,379,264.07
 <b>GRAND TOTAL</b>	 <b>\$ 2,379,264</b>

Silicon Valley Animal Control Authority  
Proposed Operating Budget Comparison  
2021-22 v. 2022-23

	Annual/2021-22	Proposed 2022-23	Difference	
<b>REVENUE</b>				
Interest	\$ 28,000.00	\$ 25,000.00	\$ (3,000.00)	
Licensing	\$ 175,000.00	\$ 190,000.00	\$ 15,000.00	
Program Fees	\$ 300,000.00	\$ 215,000.00	\$ (85,000.00)	
<b>Total Fee Revenue</b>	\$ 503,000.00	\$ 430,000.00	\$ (73,000.00)	
<b>Member Agency Contributions</b>				<b>Percent Change</b>
Campbell	\$ 308,193.77	\$ 319,484.38	\$ 11,290.61	3.66%
Mountain View	\$ 479,053.45	\$ 496,607.51	\$ 17,554.06	3.66%
Monte Sereno	\$ 30,794.33	\$ 31,902.96	\$ 1,108.63	3.60%
Santa Clara	\$ 1,062,365.81	\$ 1,101,269.23	\$ 38,903.42	3.66%
<b>OPTION ONE - Total Contributions</b>	\$ 1,880,407.35	\$ 1,949,264.07	\$ 68,856.72	3.66%
<b>Total Revenue</b>	\$ 2,383,407.35	\$ 2,379,264.07	\$ (4,143.28)	-0.17%
<b>Deductions</b>				
Operating Reserve Fund	\$ -	\$ -	\$ -	
<b>Total Deductions</b>	\$ -	\$ 70,000.00	\$ 70,000.00	
<b>OPTION TWO - Revised Contributions</b>				<b>Percent Change</b>
Campbell	\$ 308,193.77	\$ 308,004.38	\$ (189.39)	-0.06%
Mountain View	\$ 479,053.45	\$ 478,757.51	\$ (295.94)	-0.06%
Monte Sereno	\$ 30,794.33	\$ 30,782.96	\$ (11.37)	-0.04%
Santa Clara	\$ 1,062,365.81	\$ 1,061,719.23	\$ (646.58)	-0.06%
<b>Revised Contributions</b>	\$ 1,880,407.35	\$ 1,879,264.07	\$ (1,143.28)	-0.06%

Silicon Valley Animal Control Authority  
Proposed Operating Budget Comparison  
2021-22 v. 2022-23

<b>EXPENDITURES</b>			
	Annual Salary	Annual Salary	Difference
<b>Personnel Services</b>			
<b>Salaries</b>			
Regular Salaries	\$ 1,464,434.00	\$ 1,365,555.00	(98,879.00)
Overtime/Standby	\$ 32,000.00	\$ 35,000.00	3,000.00
<b>Total Salaries</b>	<b>\$ 1,496,434.00</b>	<b>\$ 1,400,555.00</b>	<b>(95,879.00)</b>
<b>Benefits</b>			
Health Insurance	\$ 221,100.00	235,260.00	14,160.00
Life/AD&D Insurance	\$ 1,743.12	1,646.28	(96.84)
Dental Insurance	\$ 22,188.00	21,336.00	(852.00)
Vision Insurance	\$ 3,327.00	3,264.00	(63.00)
STD/LTD	\$ 4,358.04	5,221.44	863.40
Cal PERS	\$ 158,228.00	180,776.88	22,550.88
Medicare	\$ 21,698.29	20,308.05	(1,390.24)
SUI	\$ 53,871.62	36,414.43	(17,457.19)
<b>Total Benefits</b>	<b>\$ 486,514.08</b>	<b>504,229.07</b>	<b>17,714.99</b>
<b>Annual Personnel Costs</b>	<b>\$ 1,982,948.08</b>	<b>1,904,784.07</b>	<b>(78,164.01)</b>
<b>Materials, Services &amp; Supplies (MS&amp;S)</b>			
<b>Office &amp; General Supplies</b>			
Bank Charges	\$ 2,000.00	\$ 2,500.00	\$ 500.00
Postage/Shipping	\$ 18,000.00	\$ 16,000.00	\$ (2,000.00)
Printing	\$ 8,000.00	\$ 8,000.00	\$ -
Computer Supplies/Licenses	\$ 2,500.00	\$ 2,500.00	\$ -
Recruitment and Retention	\$ 10,600.00	\$ 10,600.00	\$ -
Training and Education	\$ 3,500.00	\$ 3,500.00	\$ -
Travel	\$ 2,000.00	\$ 2,000.00	\$ -
Advertising	\$ 1,500.00	\$ 1,500.00	\$ -
Copy Machine Charges	\$ 500.00	\$ 500.00	\$ -
Field Service Equipment	\$ 10,000.00	\$ 8,000.00	\$ (2,000.00)
Fuel and Vehicle Maintenance	\$ 500.00	\$ 500.00	\$ -
Uniforms	\$ 25,000.00	\$ 25,000.00	\$ -
Dues and Subscriptions	\$ 1,000.00	\$ 1,000.00	\$ -
Volunteers	\$ 2,000.00	\$ 2,000.00	\$ -
Animal Care	\$ 500.00	\$ -	\$ (500.00)
Outreach and Education	\$ 20,000.00	\$ 20,000.00	\$ -
Return to Owner Hardship Fund	\$ 500.00	\$ -	\$ (500.00)
<b>Total MS&amp;S</b>	<b>\$ 110,100.00</b>	<b>\$ 105,600.00</b>	<b>\$ (4,500.00)</b>

Silicon Valley Animal Control Authority  
Proposed Operating Budget Comparison  
2021-22 v. 2022-23

	Total Annual Costs		Total Annual Costs	Difference
<b>Facility Expenses</b>				
Custodial	\$ 15,000.00	\$ 42,000.00	\$ 27,000.00	
Electric, Gas, Water, Refuse	\$ 90,000.00	\$ 90,000.00	\$ -	
Building Maintenance and Repair	\$ 40,000.00	\$ 41,000.00	\$ 1,000.00	
Communications		\$ -		
Telephone/Fax	\$ 10,000.00	\$ 9,000.00	\$ (1,000.00)	
Wireless Communications	\$ 7,300.00	\$ 7,300.00	\$ -	
<b>Total Facility Expenses</b>	\$ 162,300.00	\$ 189,300.00	\$ 27,000.00	
<b>Professional and Contract Services</b>				
Contract Veterinarians	\$ 10,000.00	\$ 10,000.00	\$ -	
Wildlife Center Contract	\$ 24,738.00	\$ 25,480.00	\$ 742.00	
Accounting Services	\$ 16,000.00	\$ 20,000.00	\$ 4,000.00	
Investigations	\$ 1,000.00	\$ 1,000.00	\$ -	
Computer Maintenance Contract	\$ 16,000.00	\$ 18,000.00	\$ 2,000.00	
Payroll Preparation	\$ 3,800.00	\$ 4,000.00	\$ 200.00	
Workers' Comp. Insurance	\$ 47,380.00	\$ 42,000.00	\$ (5,380.00)	
Liability Insurance	\$ 45,315.00	\$ 54,100.00	\$ 8,785.00	
Legal Services	\$ 10,000.00	\$ 5,000.00	\$ (5,000.00)	
<b>Total Professional Services</b>	\$ 174,233.00	\$ 179,580.00	\$ 5,347.00	
<b>Capital Expenses</b>				
Vehicle Replacement Fund	\$ -	\$ -	\$ -	
<b>Total Capital Expenses</b>	\$ -	\$ -	\$ -	
<b>Subtotal</b>	\$ 2,429,581.08	\$ 2,379,264.07	\$ (50,317.01)	
<b>Reserve</b>				
<b>GRAND TOTAL</b>	\$ 2,429,581.08	\$ 2,379,264.07	\$ (50,317.01)	

2021-22 SVACA Reserves

2/15/22

**Unrestricted**

Capital Project Improvement Fund	\$	566,999.00
Operating Reserve Fund	\$	385,733.00
Reserve for Unknown Losses	\$	203,003.00
Vehicle Replacement Fund	\$	15,507.00
<b>Total:</b>	<b>\$</b>	<b>1,171,242.00</b>

**Restricted**

Animal Assistance Fund	\$	1,954,198.00
Chubz Fund	\$	4,486.00
<b>Total:</b>	<b>\$</b>	<b>1,958,684.00</b>

SVACA Center Capital Anticipated Needs

2022-2037

3/22

			<u>Capital Reserves</u>
<b>2022-23</b>		Current Amount	\$ <b>566,999</b>
computers	\$ 35,000	2022-23	\$ (35,000)
	\$ 35,000		\$ 531,999
<b>2026-27</b>		2026-27	\$ 531,999
hvac 1	\$ 400,000		\$ (400,000)
	\$ 400,000		\$ 131,999
<b>2027-28</b>		2027-28	\$ 131,999
hvac 2-4	\$ 225,000		\$ (237,000)
parking lot resurface	\$ 12,000		\$ (105,001)
	\$ 237,000		
<b>2028-29</b>		2028-29	\$ (105,001)
computers	\$ 40,000		\$ (108,000)
interior paint	\$ 42,000		\$ (213,001)
exterior paint	\$ 26,000		
	\$ 108,000		
<b>2028-29</b>		2028-29	\$ (213,001)
hvac 5	\$ 65,000		\$ (65,000)
	\$ 65,000		\$ (278,001)
<b>2033-34</b>		2033-34	\$ (278,001)
computers	\$ 42,000		\$ (42,000)
	\$ 42,000		\$ (320,001)
<b>Total</b>	\$ 887,000		