

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 14, 2009

TO: HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 100: USE OF ANIMAL SHELTER FEES

This memorandum is in response to Councilman Krupicka's question regarding whether or not the license fees collected by the Animal Welfare League could be used to cover the proposed FY 2010 contract increase of \$36,589.

The City's contract with the Animal Welfare League of Alexandria (AWLA) to manage the City's Vola Lawson Animal Shelter, signed in October 2004 and renewed in May 2008, provides for an increase in cost annually to reflect any increase in the CPI-U for the Metropolitan Washington-Baltimore Region as published by the United States Bureau of Labor Statistics. However, in no event shall costs be increased in excess of 3.5 percent. During the FY 2010 budget development process the CPI-U was 4.9 percent, therefore the increase budgeted for the AWLA contract was 3.5 percent, or \$36,589. If the CPI-U used to develop the FY 2010 operating budget goes lower than 3.5 percent prior to the approval of the FY 2010 budget, as well as the next contract year, the amount of the increase to the AWL contract could be adjusted downward accordingly. Currently, this inflation measure is running at 1.0 percent, so a technical re-estimate of this budget item is being made to reduce the increase to \$10,454.

Another term of this contract is that the AWLA will operate the City dog and cat licensing programs. The license fees (\$10 for dogs; \$5 for cats) are deposited into the City's General Fund. Although the amount of fees collected has varied from year to year based on the number of dogs and cats licensed, over the last four years the AWLA has collected and deposited an average of \$49,000 annually to the City's General Fund. OMB, based on the actual amount of revenues received in FY 2008 of \$58,121, has budgeted \$62,000 in AWLA license fee revenues for FY 2010.

Based on the average amount of fees collected by the City over the last four years (\$49,000) and the OMB proposed revenue estimate for FY 2010 (\$62,000), the fee revenue from the licensing of dogs and cats should be more than adequate to cover the 1.0 percent expected increase in the contract with the AWLA for FY 2010 (\$10,454) without an increase in the fees actually charged to the public. However, the fees would have to be set-aside to cover this increase in the contract and not deposited directly into the General Fund, so there would be no net savings to the General Fund.