



# Contracting For Success

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# About the Speaker

- San Jose, CA
  - 1.2 mil human pop
- Six contracts
- Previous position
  - 4 contracts
- Stakeholder paper

([www.cashelteringreport.org](http://www.cashelteringreport.org))



# Why Do We Contract?

- What does Government want?  
(compliance, public concerns)
- What do we want? (care, humane treatment)
- Is it mutually beneficial?
- Is it a partnership?
- Do we have to?



# Types of Contracts

- No Industry Standard
- Species specific
- Full Service
- Sheltering
- Field



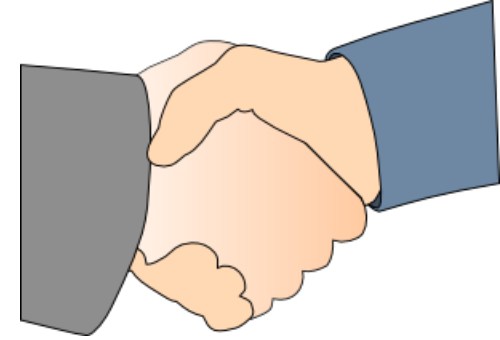
CONTRACT

# What is in a Good Contract?

- Ask “What do you want?”
- Know what they have (**important!**)
  - how many/year, sq/mileage, calls for service, the law.
- Performance measures - be willing to make your organization accountable.
  - Live release, Adoption, RTO, Intake reduction



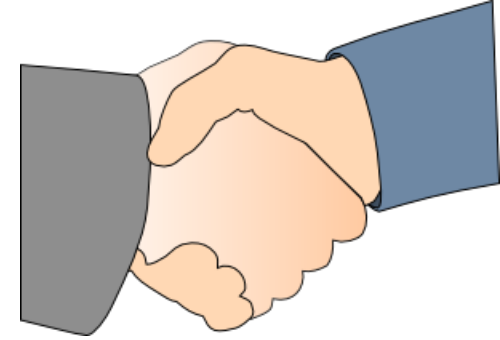
# Good Contract (cont)



- Fair compensation
  - Don't over/under charge
- Be transparent about the cost (former SJ contract)
- Clear outline of expectations/roles
  - payments, define nature of relationship
- Ability to adjust
  - COLA, medical, insurance, employee costs
  - Can go up or down



# Good Contract (cont)



- Funding for S/N
  - Targets (total number, geographic), reduce intake long term, grant matching
- Building maintenance/construction (overhead)
  - Annual fund
  - Asset management (vehicles, HVAC, big ticket items)
- Inputs are important too – cost per animal is a legitimate *starting* point

# How Much Can We Charge?

- Government - limits
- Non-profit
- Don't forget overhead! (San Jose 58%)





# When Contracts Aren't a Good Idea

- Too many – causing overcrowding in shelter
- Not enough compensation
- Doesn't incentivize positive outcomes



# Is it a Good Business Model for Us?

- To rely on contracts?
- Why do we have them?
  - Trying to help animals and people
  - We try to get some funding so fundraising can be done for other programs
- Usually end up subsidizing



# Philadelphia example



*Ex:*

*Philadelphia paid the Pennsylvania SPCA \$790,000 to handle animal control in 2000-2001, but Hendricks estimated the actual cost of the program at several million dollars more.*

*“We don’t have the resources to continue to subsidize animal control, nor do we have the desire to continue to simply process thousands of animals on their way to death,” Hendricks told Philadelphia Daily News staff writer Gloria Campisi.*

*Philadelphia now spends \$2.9 million a year to house impounded animals.*

# Are there differences between Dogs and Cats?

- Cost for care
- Volume
- Different laws apply
- Differing Community attitudes
- Priority of one species over another



# Offsetting Revenues

- Slippery Slope – know what you can reasonably collect – and who keeps what.
- Fees for services
  - Board/Impound/RTO (@risk - low rto)
  - Adoption (@risk - high euth)
  - Supplies and Merchandise
- Licensing



# What risk does your organization assume for the public issues like:

- Euthanasia of animals.
- Enforcement of laws.
- Poor housing/conditions.
- Image, public trust, fundraising



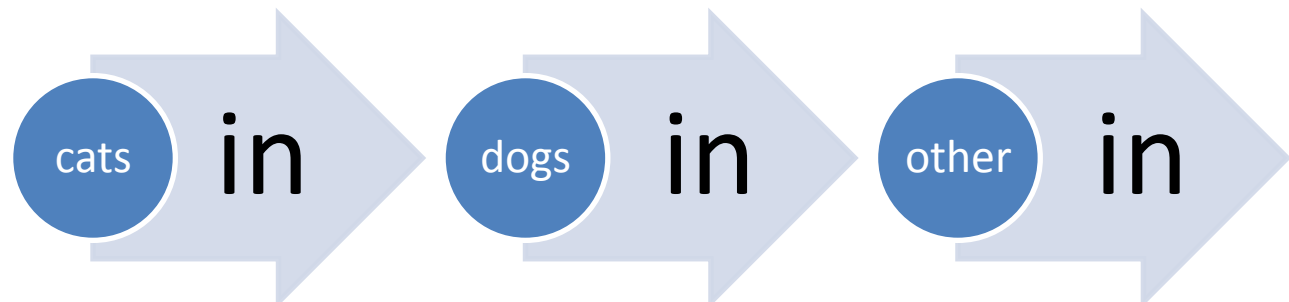


# Figuring Out the Costs

- Establish a base cost
- How much will it cost them to get what they want.
- Try to avoid too many variables that will change the amount
- Don't include items like fundraising unless there is a specific request/funding

# Pay for Intake (examples)

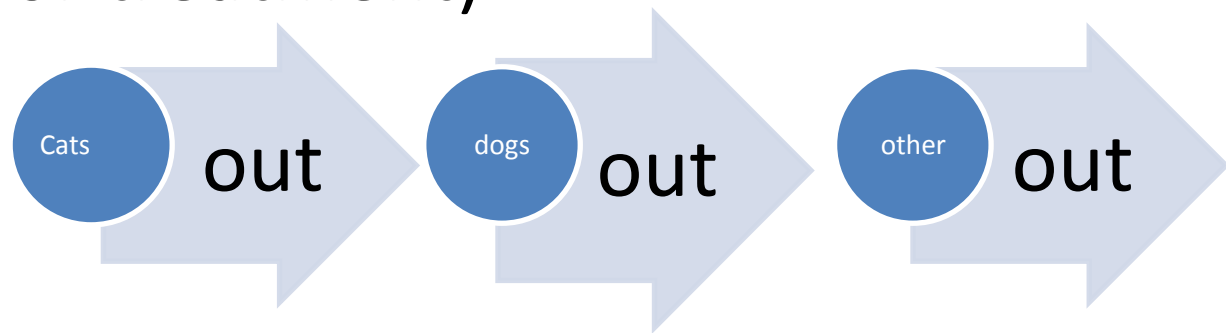
- Minimum hold plus euthanasia – (cheapest)
- Per animal – flat rate (easiest)
- Per animal Per day (includes LOS)
- Field services – hourly/flat rate per animal pick up.





# Pay for Outcomes (examples)

- *Not mutually exclusive from intake*
- Establish a TNR program
- Increase animals adopted, rto, rescue, s/n
- Live release rate increase
- Save all healthy and treatable animals (includes cost for treatment)
- Reduce intake



# Simple example

- 1,000 animals per year at \$85 = \$85,000
- Each additional positive outcome = \$50 more

@ 50% LRR = \$85K + \$25K = \$110,000

@ 75% LRR = \$85K + \$37.5 = \$122,500

Premium of \$85/animal above 75% (costs)

@ 85% LRR = \$85K + \$37.5K + \$8.5K = \$131,000

# Negotiating

- All at once
- In steps
- Incentives and investments (like low cost S/N)
- Connecting contract fees to results
- Try to keep it simple
- New vs. renewal



# Finding Your Balance

- Your organizational:

- Goals

- Values

- Future

- Public Trust

-Don't sacrifice these just to keep a contract – this is ultimately their problem to solve, not yours.



- Know yourself as an organization, and you will find the right balance.
- You are in control!

Questions/Comments  
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