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November 28, 2023

Council File No.: 23-0452
Council Districts: All
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The Honorable Members of the Los Angeles City Council
Neighborhoods and Community Enrichment Committee
c/o Office of the City Clerk
City Hall Room 395, City Hall
Los Angeles, CA 90012

Attention: Eric Villanueva, Legislative Assistant

**SUBJECT: CF NO. 23-0452 – SPAY NEUTER VOUCHER PROGRAM / MONETARY
VALUE ADJUSTMENT / SUBSIDIZED VETERINARY SERVICES – “REVISED REPORT”**

RECOMMENDATIONS:

The Department of Animal Services (Department) recommends that the City Council:

1. **APPROVE** the recommended rate increases to the free certificate and discount vouchers for the Spay and Neuter Program and Citywide Cat Program:
 - a. Authority for Expenditure and Free Certificate: \$120 for a cat, \$195 for a dog, and \$250 for a rabbit,
 - b. Discount Voucher: \$70 for a cat, \$130 for a dog or rabbit,
 - c. Mobile Spay and Neuter: \$150 for a cat, \$240 for a dog, and \$250 for a rabbit,
 - d. Citywide Cat Program Voucher: \$120;
2. **AUTHORIZE** the Department to amend all existing agreements with participants in the Spay and Neuter Program and Citywide Cat Program, including on-site spay/neuter clinic operators, mobile spay/neuter clinic operators, and spay/neuter voucher program participants, to apply the recommended new rates upon adoption of the new rates; and

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3. **AUTHORIZE** transferring/appropriating additional funds in the amount of \$4,222,735 to the Animal Sterilization Fund, Fund 842/06, in the following accounts in order to pay for the estimated increased expenditures based on the new rates for animal sterilization and the projected number of animals that will be sterilized in FY 2023-24:
 - a. Account No. 060005A, Spay and Neuter Program - \$3,222,735
 - b. Account No. 060053, Community Cat S/N Program - \$1,000,000

SUMMARY

On May 30, 2023, the City Council instructed the Department to report back on the following:

- The current Department spay/neuter voucher program, including amount of vouchers issued annually, the monetary value of the vouchers, and income threshold required to qualify for a voucher, and the number of veterinarians in the City who accept the vouchers compared to the overall number of veterinarians in the City;
- The average cost across veterinary clinics in the City for a full price spay/neuter;
- Suggested adjustments to the voucher program to increase the amount of veterinarians who accept the vouchers and to increase the amount of vouchers issued; and,
- Any additional veterinary services that could potentially be subsidized for adopters by vouchers, the cost of those services, and recommendations on how to move forward a voucher program for said service.

BACKGROUND

The City of Los Angeles requires all cats and dogs over four months of age to be spayed or neutered, except for specific exemptions, in order to humanely reduce the number of pets abandoned and euthanized each year. In 1991, the Department implemented a spay and neuter program where it provided a subsidy to City pet owners to sterilize their cats or dogs. Since its inception, the program has evolved to how it currently operates.

In May 2016, the City Council approved the reimbursement amounts (CF No. 16-0114) for the Department’s current Spay and Neuter Program for owned and adopted pets, which is comprised of the Discount Coupons and Free Certificates, Shelter Adoptions, and Mobile Van Spay and Neuter Clinics to fully fund or offset the cost of pet sterilization. The Discount Coupons are \$30 for a cat and \$50 for a dog or rabbit. Pet owners redeeming a discount coupon pay the cost difference for pet sterilization surgery. The Free Certificates, Shelter Adoptions, and Mobile Van Spay and Neuter Clinics are \$70 for a cat and \$125 for a dog or rabbit. The Discount Coupons are available to all City residents and Free Certificates are available to all low-income City residents that adopt or purchase cats, dogs, and rabbits outside of the City’s shelters and can be redeemed from the participating veterinarians that have a contract or a letter of agreement with the Department. City residents can receive and redeem a maximum of nine Free Certificates, consisting of three cats, three dogs, and three rabbits.

In 2016, the City Council adopted the Department’s recommendation to no longer require low-income residents to provide proof of income when applying for a Free Certificate. The Department developed an affidavit that can be submitted in lieu of proof of income (CF No. 16-0114-S1).

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In May 2022, the Department began the Citywide Cat Program, for which vouchers are issued and redeemed at \$70 for sterilizing free-roaming cats.

Cats, dogs, and rabbits adopted from the City’s six shelters are required to be sterilized upon adoption, unless the pet has a medical condition where the sterilization surgery cannot be performed at the time of adoption. These surgeries are performed by the onsite contractors at the City’s six shelters and by participating veterinary practices.

The Mobile Van Spay and Neuter Clinics travel to low-income areas in the City of Los Angeles to provide free sterilization surgeries. The operators advertise when they will be in the area in order for residents to bring their pets to be sterilized. The operators verify that the pet owners are low income to confirm that they qualify for this service. The low-income amount is based on the United States Department of Housing and Urban Development’s annual adjusted home income limits for the City.

The Citywide Cat Program vouchers are for free-roaming within the City of Los Angeles. City residents (individuals) and rescue organizations that register for the program can be issued vouchers. Individuals can be issued five vouchers at once for an individual location and 100 vouchers for citywide locations, and can be issued more vouchers after redeeming for sterilizations. Rescues can be issued an unlimited amount.

Currently, five nonprofit veterinary practices operate the spay and neuter clinics at five of the six City-operated shelters. The Department has letters of agreement with 44 veterinary practices that accept either or both of the Discount Coupons and Free Certificates. In November 2023, the Department anticipates executing a contract for one Mobile Van Spay and Neuter Clinic. The Department has letters of agreement with 19 veterinary practices for the Citywide Cat Program, of which three are contractors at the City’s shelters. According to the United States Bureau of Labor Statistics May 2022 report, 2,480 veterinarians are employed in the Los Angeles/Long Beach/Anaheim area. The Department has agreements with 12 veterinary practices that are not located in the City of Los Angeles.

From FY 2019-20 to FY 2022-23, the below table shows the number of free certificates and discount vouchers that were issued and redeemed.

	2019-20			2020-21			2021-22			2022-23		
	Issued	Redeemed	Total Cost	Issued	Redeemed	Total Cost	Issued	Redeemed	Cost	Issued	Redeemed	Cost
Free Certificates												
Cat (\$70)	10,725	3,994	\$279,580	20,925	7,103	\$497,210	15,872	7,967	\$557,690	25,005	11,592	\$811,440
Dog (\$125)	8,813	3,635	\$454,375	16,255	5,236	\$654,500	14,311	6,695	\$836,875	21,625	9,357	\$1,169,625
Rabbits (\$125)	320	127	\$15,875	908	192	\$24,000		395	\$49,375	928	465	\$58,125
Discount Coupons												
Cat (\$30)	2,996	1,283	\$38,490	3,515	1,405	\$42,150	3,635	1,266	\$37,980	5,771	1,580	\$47,400
Dog (\$50)	4,099	1,744	\$87,200	3,422	1,138	\$56,900	4,006	1,178	\$58,900	5,278	1,315	\$65,750
Rabbit (\$50)	155	59	\$2,950	112	32	\$1,600	152	46	\$2,300	115	29	\$1,450
Community Cat Program												
Cat (\$70)	-	-	\$0	-	-	\$0	97	25	\$1,750	6,066	3,992	\$279,440
Total	27,108	10,842	\$878,470	45,137	15,106	\$1,276,360	38,073	17,572	\$1,544,870	64,788	28,330	\$2,433,230

The below table shows the number of free pet sterilizations reimbursed to on-site contracted veterinarians for sterilizations conducted at the time of adoption.

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Free Certificates	2019-20		2020-21		2021-22		2022-23	
	Redeemed	Total Cost	Redeemed	Total Cost	Redeemed	Cost	Redeemed	Cost
Cat (\$70)	8,637	\$604,590	4,900	\$343,000	7,019	\$491,330	8,341	\$583,870
Dog (\$125)	7,063	\$882,875	3,753	\$469,125	5,680	\$710,000	6,952	\$869,000
Rabbits (\$125)	610	\$76,250	310	\$38,750	671	\$83,875	749	\$93,625
Total	16,310	\$1,563,715	8,963	\$850,875	13,370	\$1,285,205	16,042	\$1,546,495

Mobile spay and neuter contractors stopped operating during the COVID-19 pandemic. In FY 2021-22, funds were identified to execute contracts with three mobile spay and neuter operators. However, only one of the approved providers responded that they will participate in the program.

AVERAGE COST OF STERILIZATION SURGERIES AND RECOMMENDED INCREASES

The Department communicated with its contractors and LOA veterinarians regarding how the pandemic, increased cost of materials, overhead, the veterinarian shortage, and inflation have affected their overall costs to operate their practices. The veterinary practices that Department staff spoke with indicated that participating in the Spay and Neuter Program is now done at a financial loss to their businesses and that continued participation in the Spay and Neuter Program may not be sustainable. All of the veterinary practices with LOAs are either small businesses or nonprofit organizations.

To determine the cost of sterilization surgeries and the recommended increases, the Department surveyed its veterinary partners, of which 13 responded with their rates. The tables below show a comparison of the average responses with the current rate and the Department’s recommended increases.

Authority of Expenditure, Free Certificate, and Citywide Cat Program				
Animal	Current Rate	Average Survey Response	Proposed Rate	Percentage of Rate Increase
Cat	\$70	\$121	\$120	72.86%
Dog	\$125	\$195	\$195	56.00%
Rabbit	\$125	\$202	\$250	100.00%

Discount Coupon				
Animal	Current Rate	Average Survey Response	Proposed Rate	Percentage of Rate Increase
Cat	\$30	\$72	\$70	140.00%
Dog	\$50	\$132	\$130	164.00%
Rabbit	\$50	\$132	\$130	164.00%

Mobile Spay and Neuter				
Animal	Current Rate	Average Survey Response	Proposed Rate	Percentage of Rate Increase
Cat	\$70	\$150	\$150	114.29%
Dog	\$125	\$240	\$240	92.00%
Rabbit	\$0	\$0	\$250	25000.00%

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In order for the Department to pay the estimated number of surgeries if the recommended rates are adopted, the Department will need an appropriation of \$4,222,735 in the Animal Sterilization Fund (\$3,222,735 for the Spay and Neuter Program and \$1,000,000 for the Citywide Cat Program). The estimates and calculations are in the below tables.

Authority for Expenditure						
	FY 2022-23		FY 2023-24			
Animal	No. of Surgeries	Current Rates	Est. No. of Surgeries	Current Rates	Proposed Rates	Expenditure Increase
Cat	8,341	\$ 583,870	9,175	\$ 642,250	\$1,101,000	\$ 485,750
Dog	6,952	\$ 869,000	7,647	\$ 955,875	\$1,491,165	\$ 535,290
Rabbit	749	\$ 93,625	823	\$ 102,875	\$ 205,750	\$ 102,875
Totals	16,042	\$1,546,495	17,645	\$1,701,000	\$2,756,765	\$1,096,915

Free Certificate						
	FY 2022-23		FY 2023-24			
Animal	No. of Surgeries	Current Rates	Est. No. of Surgeries	Current Rates	Proposed Rates	Expenditure Increase
Cat	11,592	\$ 811,440	12,751	\$ 892,570	\$1,530,120	\$ 637,550
Dog	9,357	\$1,169,625	10,293	\$1,286,625	\$2,007,135	\$ 720,510
Rabbit	465	\$ 58,125	512	\$ 64,000	\$ 128,000	\$ 38,400
Totals	21,414	\$2,039,190	23,556	\$2,243,195	\$3,665,255	\$1,422,060

Discount Coupon						
	FY 2022-23		FY 2023-24			
Animal	No. of Surgeries	Current Rates	Est. No. of Surgeries	Current Rates	Proposed Rates	Expenditure Increase
Cat	1,580	\$ 47,400	1,738	\$ 52,140	\$ 121,000	\$ 69,520
Dog	1,315	\$ 65,750	1,446	\$ 72,300	\$ 187,980	\$ 115,680
Rabbit	29	\$ 1,450	32	\$ 1,600	\$ 4,160	\$ 2,560
Totals	2,924	\$ 114,600	3,216	\$ 126,040	\$ 313,800	\$ 187,760

Mobile Spay and Neuter						
	FY 2022-23		FY 2023-24			
Animal	No. of Surgeries	Current Rates	Est. No. of Surgeries	Current Rates	Proposed Rates	Expenditure Increase
Cat	0	\$ 0	3,299	\$ 230,930	\$ 495,850	\$ 263,920
Dog	0	\$ 0	2,192	\$ 274,000	\$ 526,080	\$ 252,080
Rabbit	0	\$ 0	0	\$ 0	\$ 0	\$ 0
Totals	0	\$ 0	5,491	\$ 504,930	\$1,020,930	\$ 516,000

Citywide Cat Program						
	FY 2022-23		FY 2023-24			
Animal	No. of Surgeries	Current Rates	Est. No. of Surgeries	Current Rates	Proposed Rates	Expenditure Increase
Cat	3,992	\$ 279,440	20,000	\$1,400,000	\$2,400,000	\$1,000,000
Totals	3,992	\$ 279,440	20,000	\$1,400,000	\$2,400,000	\$1,000,000

In FY 2022-23, the Department’s Animal Sterilization Fund (ASF) revenue was \$1,125,205.82. The revenue consists of adoption revenue, donations, and dog license subsidies. Since FY 2011-12, the Department has submitted a budget request for a General Fund supplement through the budget request process as the ASF revenue is insufficient to fund the Spay and Neuter Program reimbursements submitted every fiscal year. The FY 2023-24 Adopted Budget provided \$2.4 million for the Spay and Neuter Program. The Department has submitted a request in its August Financial Status Report to transfer \$500,000 from the Unappropriated Balance for the Citywide Cat Program.

ADDITIONAL VETERINARY SERVICES THAT COULD POTENTIALLY BE SUBSIDIZED FOR ADOPTERS

At present, the Department does not have any programs for veterinary services that could potentially be subsidized for adopters.

FISCAL IMPACT

The total amount of funds available for animal sterilization for the Department varies year to year. The FY 2023-24 Adopted Budget provided \$2.4 million for the Spay and Neuter Program to supplement the projected revenue to reimburse participating veterinary practices. The Department estimates that the \$500,000 from the Unappropriated Balance for the Citywide Cat Program will fund approximately three months of free-roaming cat sterilizations and that the program will need additional funds to fund sterilizations for the remainder of the fiscal year. Increasing the rates as described in this report will result in a \$4,222,735 increase to the current fiscal year expenditures and, therefore, require an increase to the ASF.

Respectfully submitted,



Staycee Dains
General Manager