



Agenda Item

Orange City Council

Item #: 3.3.

4/28/2026

File #: 26-0111

TO: Honorable Mayor and Members of the City Council

FROM: Jarad Hildenbrand, City Manager

1. SUBJECT

Agreement with the County of Orange for animal care, control, and shelter services

2. SUMMARY

The City of Orange has contracted with the County of Orange for animal care, control, and shelter services since 1976. The City of Orange approved the most recent agreement with the County of Orange in 2016 for a ten-year term. The ten-year agreement will expire on May 30, 2026. The proposed agreement incorporates new terms and extends animal care and control services for an additional five years.

3. RECOMMENDED ACTION

Approve the agreement with the County of Orange for animal care, control, and shelter services for a five-year term with first year totaling \$1,828,025 ; and authorize the Mayor and City Clerk to execute on behalf of the City.

4. FISCAL IMPACT

The estimated expense for this agreement in Fiscal Year 2026-2027 is \$1,828,025 and will be funded through the General Fund (100)

100-0000-56999 Other Repair/Maintenance Services

This agreement is for five years. The first year is projected to cost \$1,828,025 but may be lower dependent on actual service volume and offsetting license fee revenue. Future installments will be requested in conjunction with the annual operating budget.

5. STRATEGIC PLAN GOALS

Goal 1: Maintain Strong Emergency and Safety Services.

Goal 2: Enhance Public Communication Strategy and Quality of Life.

6. DISCUSSION AND BACKGROUND

Background

The City of Orange (City) first entered into an agreement with the County of Orange (County) for animal care, control, and shelter services in 1976. The City approved the most recent agreement with the County in 2016 for a ten-year term ending May 30, 2026. Fourteen Orange County cities contract with the County for similar services. These cities include Anaheim, Cypress, Fullerton, Huntington

Beach, Lake Forest, Placentia, San Juan Capistrano, Brea, Fountain Valley, Santa Ana, Tustin, Yorba Linda, Villa Park, and Orange (Contract Cities).

To negotiate a new agreement with the County, the Orange County City Manager's Association (OCCMA) appointed five city managers to a subcommittee exclusively tasked with negotiating a new agreement on behalf of the Contract Cities. The cities represented on the OCCMA subcommittee included Fountain Valley, Lake Forest, Placentia, Yorba Linda, and Villa Park.

After settling on agreed terms, Orange County Animal Care (OCAC) staff presented the revised five-year master provision agreement (New Agreement) to the Orange County Board of Supervisors on February 24, 2026. The Orange County Board of Supervisors approved the New Agreement and authorized the OCAC director to execute individual New Agreements with each of the Contract Cities. As of this writing, several Contract Cities have approved their respective New Agreements with several others scheduled before the May 30, 2026, expiration date.

New Agreement Terms

Many OCAC services and operations will not change should the City Council approve the New Agreement. However, some of the key changes or additions include the following:

- Should the County decide to no longer use the OCAC facility in Tustin, the New Agreement details how a transition would proceed. Under this scenario, Contract Cities reserve the right to continue to lease the facility for shelter purposes at \$1/year plus all operating costs, utility costs, maintenance, improvements, and any other costs incurred to operate the shelter.
- If a new city wishes to contract with OCAC, then the new city must pay for the shelter's expansion to accommodate the new city's service needs. If it is determined the new city will not trigger a shelter expansion, then the new city must pay 5% above its actual costs. This is a "fair share" provision since the original Contract Cities (including Orange) have helped service the new facility's construction debt for the past 10 years.
- If OCAC intends to incorporate any new service category, then OCAC must provide 12-month notice to the Contract Cities with the Contract Cities reserving the right to respectively opt-in or out of the proposed service addition.
- OCAC will modify its billing process to ensure more predictability since actual costs can fluctuate due to unanticipated events requiring greater OCAC services (e.g., animal hoarding cases). OCAC will bill in equal installments based on a city's Notice of Intent amount or actual utilization costs, whichever is greater. This will help alleviate a significant "true up" bill at the end of the year, thereby allowing cities to project its year-end expenditures more accurately.

Aside from the above changes, OCAC's services will continue in the new agreement. As proposed, OCAC's services to the Orange community include, but are not limited to:

- Emergency response service
- Patrol services
- Animal cruelty investigations
- Emergency transportation of injured animals

- Deceased animal disposal
- Response to requests from law enforcement for assistance
- Animal license issuance and renewals
- Veterinary services
- Rescue group coordination
- Public education and outreach services

OCAC Current and Projected Costs

OCAC Tustin Shelter - Final Payment

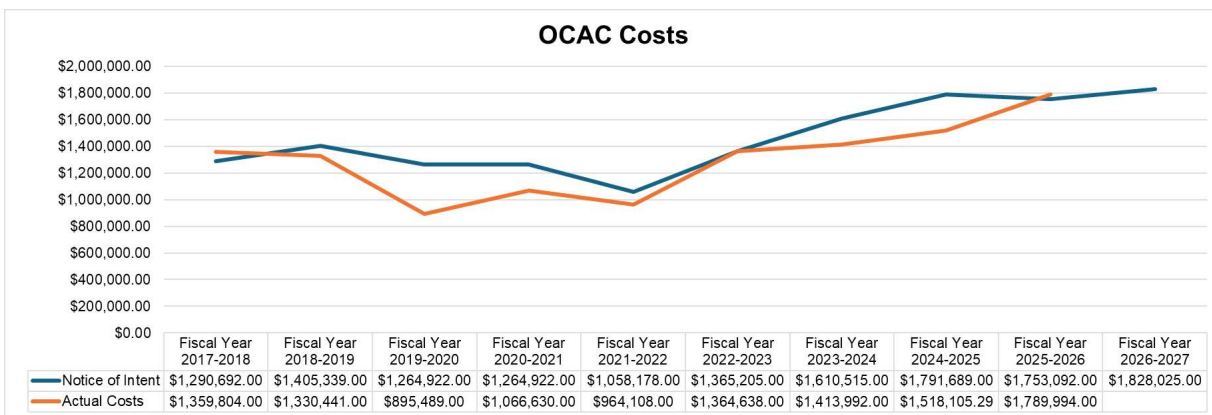
Under the current term, two parallel agreements have been in effect since May 2016 - the OCAC Services Agreement and the OCAC Shelter Participation agreement (Participation Agreement). The former focuses on the provision of animal care, control, and shelter services where the Participation Agreement codified the City’s debt service obligation for the OCAC shelter in Tustin.

For Orange, this amount was \$2.7 million with a less than one percent interest applied annually. Over the ten-year term, these annual payments ranged from \$271,000 - \$292,000. The City will be making its final debt service payment this year with no other payments scheduled or incorporated in the New Agreement.

OCAC Services Agreement Costs

Every year, OCAC provides the City with an annual estimate in the form of a Notice of Intent (NOI). Since entering the current OCAC agreement, the City’s *actual* costs have generally come under the NOI (see Table 1 - OCAC Costs). Overall, OCAC costs have been based on the number of animal control and animal shelter services Orange received (minus license/fee revenue) in the previous fiscal year. The average cost increase since Fiscal Year 2017-2018 is 5%.

Table 1: OCAC Costs



However, for Fiscal Year 2026-2027, OCAC has modified its approach. For this year, the NOI was calculated by averaging the Contract Cities’ net cost totals while incorporating the fee revenues from the last two fiscal years. With this in mind, the New Agreement’s preliminary cost for Orange in Fiscal Year 2026-2027 is projected to be \$1,828,025. This represents a 2% increase from the City’s

estimated actual costs for Fiscal Year 2025-2026.

To help control costs going forward, the City may modify select fee categories pursuant to the consumer price index annually until full cost recovery is achieved. For reference, provided below is a summary of the adopted fee schedules for each of the Contract Cities. In general, Orange is on par with all the Contract Cities except for the sterilized dog, puppy, and sterilized dog (senior owner) fee categories. In those instances, Orange has the second highest fees behind Fullerton.

City	Unsterilized Dog	Sterilized Dog	Puppy: 4-6 months	Unsterilized Dog (Senior Owner: 60 Years and Up)	Sterilized Dog (Senior Owner: 60 Years and Up)	Late Fee	Unsterilized Cat	Sterilized Cat	Replacement Tag	Transfer Fee
Anaheim	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Brea	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Cypress	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Fourtain Valley	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Fullerton	\$159.00	\$51.00	\$51.00	\$159.00	\$25.50	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Huntington Beach	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Lake Forest	\$159.00	\$20.00	\$20.00	\$159.00	\$10.00	\$20.00	\$9.00	\$9.00	\$9.00	\$9.00
Placentia	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
San Juan Capistrano	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Tustin	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Villa Park	\$159.00	\$28.00	\$28.00	\$159.00	\$14.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00
Orange	\$159.00	\$42.00	\$42.00	\$159.00	\$21.00	\$48.00	\$9.00	\$9.00	\$9.00	\$9.00

Cost Analysis

When evaluating Orange County’s larger cities on a per capita basis, OCAC is generally on par with what other agencies are paying. For example, in looking at Orange County cities with over 100,000 in population and removing those cities already on contract with OCAC, the per capita costs range from \$10-\$14 per person. With a FY27 estimate of \$1,828,025, and a population of roughly 139,000, Orange’s per capita cost will be \$13 per person, thereby falling within the range of Orange’s neighboring cities with different service models. Additionally, in many of these cities, the city adopts a hybrid approach where full-time employees are hired for licensing and control services, and the city execute a contract a non-profit entity (e.g., humane society) for shelter services. Overall, by contracting this service to OCAC, the City avoids adding to its unfunded accrued liability, thereby lessening costs in the long run.

Service Analysis

Regarding service quality comparisons, the City of Lake Forest’s decision to use BakerTilly (BT) as an objective third-party evaluator of two proposals is informative. Recently, Lake Forest received two proposals for animal control and care services. One was from OCAC and the other was from Mission Viejo Animal Services (MVAS). While BT’s analysis focused on Lake Forest, the analysis also made general observations after visiting both locations and meeting with their respective staff members. BT recommended that Lake Forest stay with OCAC and concluded that while MVAS offers an enrichment-driven environment with advanced capabilities, *“OCAC is a high-capacity shelter with clean, organized facilities and positive volunteer engagement. It has strong sanitation, medical care, quarantine protocols, and customer service scores (83% to 91% would highly recommend). They operate in a transparent manner with public facing statistics on animal intakes and outcomes with a save rate of 83% (domestic dogs and cats) in 2025.”*

BT’s analysis then went on to describe OCAC’s facility as *“clean, orderly, and appropriately designed to manage a large and diverse animal population with its role as a regional municipal shelter.”*

Conclusion

OCAC provides comparatively cost effective and quality services with a state-of-the-art facility that the Orange community has helped fund for the past 10 years. OCAC staff meets regularly with the

Contract Cities and has been responsive and professional to City staff when concerns or issues arise. Therefore, in consideration of costs and service quality, staff recommend that the City Council continue the City's partnership with OCAC and approve New Agreement for a five-year term.

7. ATTACHMENTS

- Agreement for Provision of Orange County Animal Care Services
- Orange County Animal Care - Notice of Intent