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November 8, 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**

**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: \$90 for a cat, \$165 for a dog or rabbit,
  - b. Discount Voucher: \$50 for a cat, \$85 for a dog or rabbit,
  - c. Mobile Spay and Neuter: \$150 for a cat, \$240 for a dog or rabbit,
  - d. Citywide Cat Program Voucher: \$90;
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 \$4,155,985 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. 06005A, Spay and Neuter Program - \$3,155,985
  - 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 Department's Spay and Neuter Program for owned and adopted pets 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. In May 2022, the Department began the Citywide Cat Program, for which vouchers are issued and redeemed at \$70 for sterilizing free-roaming cats. The Discount Coupons are currently \$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 Department reimburses participating veterinarians for the Free Certificates, Shelter Adoptions, and Mobile Van Spay and Neuter Clinics, which are \$70 for a cat and \$125 for a dog or rabbit. In May 2016, the City Council approved the current discount coupon and free certificate amounts (CF No. 16-0114).

The Discount Coupons and Free Certificates are available to all City residents that adopt or purchase cats, dogs, and rabbits outside of the City's shelters and can be redeemed from the participating 49 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, comprised of three cats, three dogs, and three rabbits. In 2016, the City Council adopted the Department's recommendation to make the Free Certificates available to City residents in order to make pet sterilizations accessible (CF No. 16-0114-S1). Low-income City residents are no longer required 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.

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

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performed at the time of adoption. These are classified as a D-300 animal. Pet owners that adopt a D-300 animal pay an additional \$40 and must have the pet sterilized in order for the Department to refund this amount. The cost of sterilization is \$70 for a cat and \$125 for a dog or a rabbit. 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 cats that do not own a person, and are 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. Individuals and rescues that participate in the program can apply for trapping permits with the City in order to trap free-roaming cats for sterilization. After the free-roaming cats are sterilized, the participants will release these cats where they trapped them, as these free-roaming cats will be familiar with the food and water sources for their survival.

As of the date of this report, five nonprofit veterinary practices operate the spay and neuter clinics at five of the six City-operated shelters. The nonprofit veterinary practices are on the Department's on-call list of spay and neuter operators, which were selected through a Request for Qualification process conducted in 2020. The on-call list has six practices that submitted qualifications to operate at the City's six shelters and five practices that submitted qualifications to operate mobile spay and neuter clinics. 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, and 16 have LOAs for Discount Coupons and Free Certificates. After conducting a search on the Southern California Veterinary Medicine Association (SCVMA) website with City of Los Angeles zip codes on the Office of Finance website, there are 79 veterinary practices registered with the SCVMA. According to the Great Vet website, there are 94 veterinary clinics in Los Angeles, but this may include practices in Los Angeles County. 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 for the Discount Coupons and Free Certificates and Citywide Cat Program that were issued and redeemed.

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Free Certificates	2019-20 Actuals			2020-21 Actuals			2021-22 Actuals			2022-23 Actuals		
	Issued	Redeemed	Total Cost	Issued	Redeemed	Total Cost	Issued	Redeemed	Cost	Issued	Redeemed	Cost
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
<b>Discount Coupons</b>												
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
<b>Community Cat Program</b>												
Cat (\$70)	-	-	\$0	-	-	\$0	97	25	\$1,750	6,066	3,992	\$279,440
<b>Total</b>	<b>27,108</b>	<b>10,842</b>	<b>\$878,470</b>	<b>45,137</b>	<b>15,106</b>	<b>\$1,276,360</b>	<b>38,073</b>	<b>17,572</b>	<b>\$1,544,870</b>	<b>64,788</b>	<b>28,330</b>	<b>\$2,433,230</b>

During the first full fiscal year of the COVID-19 Pandemic, the Department tracked a significant increase of the free certificates issued and redeemed. The free certificates redeemed increased as follows:

- FY 2019-20 to FY 2020-21, 39.33-percent increase.
- FY 2020-21 to FY 2021-22, 16.32-percent increase.
- FY 2021-22 to FY 2022-23, 61.22-percent increase.

In FY 2022-23, the total shelter adoptions were almost at pre-pandemic levels. The below table shows the number of free pet sterilizations reimbursed to contract veterinarians.

Free Certificates	2019-20 Actuals		2020-21 Actuals		2021-22 Actuals		2022-23 Actuals	
	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
<b>Total</b>	<b>16,310</b>	<b>\$1,563,715</b>	<b>8,963</b>	<b>\$850,875</b>	<b>13,370</b>	<b>\$1,285,205</b>	<b>16,042</b>	<b>\$1,546,495</b>

The Department’s last contracts for Mobile Spay and Neuter Clinics expired in FY 2020-21. The below table shows the statistics from the last two fiscal years

Free Certificates	2019-20 Actuals		2020-21 Actuals	
	Redeemed	Total Cost	Redeemed	Total Cost
Cat (\$70)	3,538	\$247,660	2,024	\$141,680
Dog (\$125)	3,826	\$478,250	862	\$107,750
<b>Total</b>	<b>7,364</b>	<b>\$725,910</b>	<b>2,886</b>	<b>\$249,430</b>

During the COVID-19 Pandemic, the mobile spay and neuter contractors stopped operating. When two of the three contractors returned to operation in FY 2020-21, the Department intended to execute new contracts, but suspended contract negotiations due to lack of funds. In FY 2021-22, funds were identified to execute contracts with three mobile spay and neuter operators. When the task order solicitations were issued, only one of the five on the on-call list responded that they will participate in the program. One has not continued operating since closing during the pandemic, one accepted, but declined, stating they preferred to continue with a LOA, which does not require a number of sterilizations to be done, and one expressed interest, but that the reimbursement rate would cause them to perform sterilizations for the City at a financial loss.

**AVERAGE COST OF STERILIZATION SURGERIES AND RECOMMENDED INCREASES**

The Department communicated with its contractors and LOA veterinarians regarding how the pandemic, increased cost to materials, overhead, the veterinarian shortage, and inflation have affected their overall costs to operate their practices. The veterinary practices that

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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 that the Department work with are small businesses or nonprofit organizations.

To determine the cost of sterilization surgeries and the recommended increases, the Department surveyed the veterinary practices on the on-call list and LOAs, 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.

<b>Authority of Expenditure, Free Certificate, and Citywide Cat Program</b>				
<b>Animal</b>	<b>Current Rate</b>	<b>Average Survey Response</b>	<b>Proposed Rate</b>	<b>Percentage of Rate Increase</b>
Cat	\$70	\$121	\$120	72.86%
Dog	\$125	\$195	\$195	56.00%
Rabbit	\$125	\$202	\$200	61.60%

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

<b>Mobile Spay and Neuter</b>				
<b>Animal</b>	<b>Current Rate</b>	<b>Average Survey Response</b>	<b>Proposed Rate</b>	<b>Percentage of Rate Increase</b>
Cat	\$70	\$150	\$150	114.29%
Dog	\$125	\$240	\$240	92.00%

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 \$4,155,985 in the Animal Sterilization Fund, \$3,155,985 for the Spay and Neuter Program and \$1,000,000 for the Citywide Cat Program. The estimates and calculations are in the below tables.

<b>Authority for Expenditure</b>						
	<b>FY 2022-23</b>		<b>FY 2023-24</b>			
<b>Animal</b>	<b>No. of Surgeries</b>	<b>Current Rates</b>	<b>Est. No. of Surgeries</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Expenditure Increase</b>
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	\$ 164,600	\$ 61,725
<b>Totals</b>	<b>16,042</b>	<b>\$1,546,495</b>	<b>17,645</b>	<b>\$1,701,000</b>	<b>\$2,756,765</b>	<b>\$1,055,765</b>

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<b>Free Certificate</b>						
	<b>FY 2022-23</b>		<b>FY 2023-24</b>			
<b>Animal</b>	<b>No. of Surgeries</b>	<b>Current Rates</b>	<b>Est. No. of Surgeries</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Expenditure Increase</b>
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	\$ 102,400	\$ 38,400
<b>Totals</b>	<b>21,414</b>	<b>\$2,039,190</b>	<b>23,556</b>	<b>\$2,243,195</b>	<b>\$3,639,655</b>	<b>\$1,396,460</b>

<b>Discount Coupon</b>						
	<b>FY 2022-23</b>		<b>FY 2023-24</b>			
<b>Animal</b>	<b>No. of Surgeries</b>	<b>Current Rates</b>	<b>Est. No. of Surgeries</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Expenditure Increase</b>
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
<b>Totals</b>	<b>2,924</b>	<b>\$ 114,600</b>	<b>3,216</b>	<b>\$ 126,040</b>	<b>\$ 313,800</b>	<b>\$ 187,760</b>

<b>Mobile Spay and Neuter</b>						
	<b>FY 2022-23</b>		<b>FY 2023-24</b>			
<b>Animal</b>	<b>No. of Surgeries</b>	<b>Current Rates</b>	<b>Est. No. of Surgeries</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Expenditure Increase</b>
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
<b>Totals</b>	<b>0</b>	<b>\$ 0</b>	<b>5,491</b>	<b>\$ 504,930</b>	<b>\$1,020,930</b>	<b>\$ 516,000</b>

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

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.

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**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 \$4,155,985 increase to the ASF in the current fiscal year.

Respectfully submitted,



Staycee Dains  
General Manager