

The MCAAC Committee was not provided with a fair and reasonable opportunity to respond to the Staff report, which apparently was posted on Friday, December 11, 2020. Because staff failed to inform MCAAC that these documents had been posted, the MCAAC committee first learned about the report on Saturday, December 12, and has had one full business day to review a report with over 500 pages of documents. In spite of the limited opportunity to review the staff report, it is clear that there are numerous statements in the report which are inaccurate and not responsive to the direction provided to staff at the Commission's July 21, 2020 meeting.

Initially, the Foundation notes that the proposal it made on July 24 was not part of the RFP process. If you will recall, the initial RFP was for *“services and operations complementary to the Great Falls Animal Shelter.”* You might recall that our February submission responded to that RFP, with one paragraph suggesting that MCAAC would also be willing to consider assumption of all the City shelter's activities. Although this comment was not part of the formal proposal in response to the RFP, we wanted to demonstrate our willingness and flexibility to look at other options. But staff is correct that MCAAC was reluctant to submit a contract price for complementary services in February without knowing the City's cost of retained services, because that information was needed to ensure that any MCAAC proposal would generate substantial savings to the City.

Given that RFPs typically contemplate negotiations, (unlike invitations for bids where a “firm, fixed price” is sought), MCAAC thought it would be reasonable to have negotiations along those lines. But after a couple months, two things became clear. First, MCAAC did not believe that a proposal for complementary services would generate enough in savings, and second, it appeared that staff was unwilling to have such negotiations as they never offered to meet with us to further discuss our proposal. This led us on July 21 to make an entirely new proposal, that MCAAC could assume responsibility for all services currently performed by the City Shelter and thereby generate substantial savings for the City. This proposal was **not** a response to the RFP.

Consequently, staff's comments about compliance with the original RFP are inappropriate. For example, the statement on slide 5 that *“The most recent proposal lacked relevant program or service experience, project approach, procedures, or timelines to accomplish”* is an evaluation of our July proposal using RFP criteria that don't apply. If you will recall, at the July 21 meeting the Commissioners explicitly directed staff to review and validate **the July** proposal, not the proposal for complementary services submitted in February.

Slide 5 further states that *“the two proposals lacked some basic RFP requirements that cause concern; no key personnel or project team listing w/resumes or bio's detailing experience, minimal historical animal service data provided.”* This is the first time it has ever been suggested that staff expected MCAAC to submit bios or resumes or “historical animal service data.” It should be clear that after submitting several hundred pages in response to the initial RFP, operating for five years, managing

millions of dollars in funding and resources, and adopting out thousands of dogs and cats that MCAAC is managed effectively by the Board and staff.

Slide 7 also neglects to point out that the MCAAC provided a detailed schematic showing how 258 animals could be accommodated. It's true that this number is an increase from the February proposal; however, it is a different proposal and recognizes that a higher number of animals would need to be accommodated if GFAS was closed. That would require taking greater advantage of the 5,000 square feet available at MCAAC. That schematic showing our ability to safely accommodate 258 animals is on page 495 of the documents your staff has provided

Slides 6, 7 and 8 are all inaccurate where they state that if a contract is not provided to MCAAC, it would reorganize to pursue a different mission **other than adoption services**. That is not true; the Foundation stated under proposal one of its July proposal that it would "*reorganize the Animal Foundation's Mission.*" It is not clear what a reorganization would look like, but we never said that we would definitely end adoption services. We are far more likely to expand our educational and training programs than fully eliminate adoptions services. The point of this proposal was to demonstrate the financial burden that would be placed on GFAS if MCAAC reduced or ultimately eliminated adoption services.

Slide 8 also contains the statement that "*In the most recent presentation the AF reps stated that they would take over all GFAS duties including intake of strays. Conversely, during the Aug 12, 2020 meeting between staffs, an AF rep stated what we can't handle, we will not take in.*" That is inaccurate. What we said was that we would take in surrenders on the same basis that the City currently does, which is that the City will not take in surrenders with health or behavioral problems.

In this regard, the staff memo dated December 10 has numerous statements about verbal comments made during the August 12 meeting between City and Foundation representatives. We have quite a different recollection of that meeting. In fact, staff specifically stated at that meeting that the Foundation should respond in detail to the memorandum of August 3 and essentially assume that the August 12 meeting had not happened. The MCAAC proposal was to be evaluated using the information that was provided in writing by Ms. Kinzler and staff. Please note that the Foundation provided a detailed response to the memo of August 3 and updated slides 6-9 of its July proposal to provide fiscal data in compliance with what the City Finance Director had requested. All that documentation was submitted to staff and Ms. Kinzler on October 22, and in the 7 weeks subsequent to submitting this information, MCAAC was never told that there was a problem with this information or data.

Rather than get bogged down with the 507 pages of documents you have been buried with, I suggest you initially look at pages 470-484 and 490-492. Those 18 pages include the following: Our response to staff's memorandum of August 3, 2020, with detailed past and future budget information requested by your staff; a 4-page document prepared by our CPA which contains the agreed-upon assumptions and methodology to

be used for a proposed contract with the City; and the updated slides from the July meeting which reflect the adjusted financials.

Slide 9 also contains information about other cities where animal services have been outsourced. This too is not a relevant comparison. For example, the numbers include county residents; however, the counties are not parties to the contracts in question. Further, the Billings contract does not provide a valid comparison because the City of Billings owns the facility where Yellowstone Valley Animal Shelter provides the contracted services. Thus, YVAS has no costs for building construction, utilities, maintenance, property taxes, etc. The contracts in question are all very different. Without looking at the terms of each contract and reviewing what services are being provided and at what cost, the data has little relevance to the cost of doing business in Great Falls.

Staff's supporting report also contains inaccuracies. For example, paragraph 5 (pages 2-3) lists numerous essential functions performed by GFAS; Licensing Program Management, Hoarding Case Management, Emergency Management Preparedness and Response, CCHD Isolation and Quarantine duties, and Law Enforcement and Court Testimony functions. The memo then states that *"these core services were absent from the presentation and not covered in any manner."*

This statement is also inaccurate. MCAAC's response to that question is on pages 473-474 of the staff packet and is included here.

MCAAC believes it is fully capable of handling all the services addressed in the question.

The MCAAC currently issues licenses in addition to managing associated recordkeeping and bookkeeping. A partnership would entail an increased number of licenses which can readily be handled by our fulltime staff. If you are referring to the permit programs referenced in Code section 6.1.090, we note the major role played by the animal control officers in investigating the permit requests and in recommending approval or disapproval of these permits. Center staff has the capability of handling the functions currently handled by City Shelter staff.

Regarding hoarding/quarantine issues, Foundation Board and staff have recently had conversations with the Sheriff's Office and believe that MCAAC is capable of handling all actions needed to address such issues. The Center staff thoroughly document all animal intakes and maintain twice-daily records of care, feeding, litter use, and overall health and temperament of every animal in the Center. While animal control officers generally would be expected to provide testimony pertaining to observation or seizure of dangerous and/or nuisance domestic animals, the Foundation staff are fully capable of providing any needed evidence pertaining to the care and condition of any animals subsequent to them being placed in the Center, and for holding such animals for an extended period. Staff will be trained and directed to cooperate with law enforcement and staff from the City Prosecutor's Office.

At the bottom of page 3 of staff's memorandum, it is inexplicable why staff states that MCAAC did not forward to the Commission or staff the MCAAC slides from its July 21 presentation. In fact, the Board President provided 18 power point slides with detailed proposals regarding services to be offered and financials. These have been displayed on the City's website.

In paragraph 7a. (page 4), the analysis used by the City is faulty as the analysis assumes the Center had been open for some years. However, the Center opened its doors in August of 2015. At that time, it went from 100% fundraising organization with a handful of fundraising staff to a fundraising organization and an adoption center. Regarding the animal adoption side, the budget follows a start-up business with revenues increasing each year as well as the increase in staffing required with anticipated program growth. The analysis also does not consider the two large fundraising campaigns that have been explained numerous times. The first was the campaign finalized in 2015 that allowed the Center to finish construction of the building and open the doors. The second was campaign in 2017 and 2018 to pay off the construction loans. These campaigns not only contradict the City's statement "fundraising and donations are not a reliable revenue stream" but also demonstrates the community support for the Center. The fact that the Foundation was able both open the doors and pay off the debt in such a short amount of time is a rare and impressive feat for any private or non-profit organization. In addition, we have addressed the City's concerns regarding how donations would be affected by a partnership numerous times in the past, and strongly disagree with the assessment. We have seen strong evidence that fundraising would actually increase.

Responding to paragraph 7b., we never promised an immediate decrease in the \$475,000 and addressed this during the discussion of Endowments. In addition, the City states "*The AF notes that the \$190,400 personnel costs for Fundraising and Education will not be charged against the \$475,000 City Contract, but with the mixing of the staff percentage times and consolidation of Animal Shelter services into one entity, it was recommended that total personnel costs are appropriate.*" This is inaccurate. The narrative included with the budget is very clear about the segregation of duties and separation of fundraising costs.

In paragraph 7c., staff states that "*the future forecast of operational expenses is calculated at a flat rate that does not factor in fixed costs, statewide property tax caps, and the city's budgetary process that would never allow budget growth from \$607,716 in FY 2020 to more than \$1,041,335 in one year.*"

That statement regarding taxes is incorrect. While Montana law limits the authority of a **city** to increase taxes by more than a certain amount each year, that law does not limit the ability of the City to shift money around within its departments. Therefore, the statement that the process would "never allow" budget growth within one department from \$607,716 to \$1,041,335 is incorrect. Relevant portions of Montana Code are provided here.

See MCA Section 15-10-402 and 420, the latter of which states: (1) (a) Subject to the provisions of this section, a **governmental entity** that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half of the average rate of inflation for the prior 3 years.

Paragraph 7e. now proposes a pilot program which is entirely different than that proposed in a letter from the City Manager on June 5, 2020. At that time, the City Manager suggested sending excess or overflow animals to MCAAC (a “yet to be determined number of animals,”). The staff memo now seems to suggest that MCAAC could play a much larger role in taking animals from the GFAS. This new proposal is completely at odds with the City’s earlier description of a pilot program and lacks detail. In any event, neither the Board or MCAAC Committee have had any time to digest this suggestion.

It is not possible in the limited time available to address cost savings. Initially, staff conceded that a cost savings of \$185,000 per year was likely (see page 5 of MCAAC’s October 22 response to staff questions). The refined figures MCAAC submitted on that date showed a savings of \$134,000 in 2021, but also noted that the cost savings to GFAS by having the Center open and effectively subsidizing the City shelter is \$300,000.

As stated above, we submitted responses to staff questions and financials in good faith, using the assumptions and methodology agreed upon on August 12. We were never advised that the assumptions, methodology or financials would be disputed until the last-minute staff report. It is not possible or practical for the Board and this Committee to dissect all of the City’s revised numbers given one full business day to do so. It is only fair to give MCAAC the opportunity to meet again with staff and review staff’s disagreement with our financials and the methodology and assumptions agreed to in August.

In short, MCAAC was not given a fair and reasonable opportunity to respond to staff’s report. MCAAC again requests the opportunity for further dialogue regarding the financials provided by the City within the last few days. As mentioned earlier, in the 22 months since this conversation was begun, City staff has only met with us once and that was at Commission direction. The taxpayers, animals and supporters of MCAAC and the City deserve better.