

Animal-control fees debated

SANTA CRUZ COUNTY, SPCA DISAGREE ON AMOUNT OWED

Animal Shelter
In the latest move in a fight over the county's animal services, an auditor reports the animal agency owes more than \$700,000 for unauthorized expenditures. The agency defends its business practices.

By David L. Beck
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The Society for the Prevention of Cruelty to Animals owes Santa Cruz County \$715,117 as a result of unauthorized expenditures and "very troublesome" accounting records over the life of its three-year contract for animal services, according to a county auditor's report.

SPCA officials respond that the "crux of the matter" is really an interpretation of the contract. Under their interpreta-

tion, they say, it was perfectly all right to move money around for business purposes, and all they really owe is about \$229,000 for license and other fees that should have been turned over to the county.

The auditor's report, which formally goes to the board of supervisors today, is the latest salvo in an ongoing battle over who will provide animal control and care and for how much.

The SPCA wants about \$1.3 million for

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animal care alone. That's nearly as much as it received for both care (the shelter and related services) and control under the old contract. The county has held firm at \$750,000 for care.

The report from Auditor/Controller Gary Knutson follows a preliminary one released in April that found the SPCA liable to the county for \$377,000 in withheld fees and listed a similar amount in expenses it said were not allowable under the contract.

The final audit focuses mainly on payroll matters. For example, it notes that in 2001-02, the SPCA saved \$195,272 in

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salaries and benefits by having fewer people on staff than the contract called for. "Public entities cannot pay for services not provided," the audit footnotes.

At other times, the SPCA hired extra people, to the tune of \$171,737 during the current year and \$218,503 last year, again in violation of the contract, under the county's interpretation.

The SPCA argues that the contract was for a fixed amount of money, and that it had the right to move that money around as need arose. It points to a clause that permits the SPCA "to make transfers within the categories of 'Personnel,' 'Operating' and 'Capital Outlay.'"

"It clearly says we can transfer money between line items," said Doreen Lozano, the interim executive director. "And then you get the auditor's report saying, basically, if you're over-staffed, we don't pay, and if you're understaffed, we don't pay."

The work is seasonal, she explained, and new staff must be trained well in advance of, say, the spring "kitten season."

The important point, she said, is that "all the money was spent on the care and treatment of animals."

The auditor does give the board of supervisors an out. "The SPCA has been overpaid and I cannot approve the June payment without a final determination of allowable expenses," the report notes, "unless your board of supervisors finds public purpose in those expenses that were not authorized under the agreement."

Last week the board of supervisors voted to create a Joint Powers Authority to handle both care and control. The county, the city, Scotts Valley, Capitola and the University of California all chip in for these services, although the county pays the most.

But the county wants to put off its takeover until at least September because the clock is ticking and no one really thinks the new authority will

be ready to roll at midnight, June 30, when the SPCA contract ends.

The SPCA has offered to lease the shelter to the county for \$135,000 a month. It set a deadline of 5 p.m. Monday, which passed without a response.

"The bottom line is, we made this proposal on the sixth of June, to offer them a 60-day extension," said SPCA board chair Jennifer McHale. "Meanwhile, we've got staff that wants to know what's happening."

Both sides have weapons. The county has the money, although not as much as it had before the economy turned bad and the voters euthanized the county's utility tax in March. The SPCA owns the shelter and has the expertise.

And both sides agree that San Francisco's arrangement is a good model, if it can be followed in Santa Cruz. In San Francisco, the county keeps adoptable animals as long as space allows and then turns them over to the SPCA, which relies entirely on donations and its endowment. The catch is that the San Francisco SPCA is comparatively well off and, according to Lozano, could "operate almost two years without having to raise any additional dollars."

But the two sides are looking at the problem from different points of view.

Lozano talks about low euthanasia rates and the success of the spay and neuter program; for the first time in memory, she said last week, there are empty cages at the shelter during the height of what is normally the kitten season.

Supervisor Tony Campos, on the other hand, talks about money and mismanagement. "Are we ever going to address the issue that got us here today?" he said last week. "I'm not very happy with the way that this whole thing with the SPCA has been handled. But we'll take care of that when we get the auditor's report."

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