



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Matt Loesch

**SUBJECT:** See Below

**DATE:** June 10, 2026

Approved

Date:

6/12/26

**COUNCIL DISTRICT:** Citywide

**SUBJECT:** First Amendment to the Agreement between the City of San José and the City of Milpitas for Animal Care and Services

## RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute the First Amendment to the Agreement between the City of San José and the City of Milpitas for animal care and services, extending the term by nine years through June 30, 2035 and increasing compensation by \$8,627,205, for a total compensation not to exceed \$10,282,901.64 for the period of July 1, 2023 through June 30, 2035.

## SUMMARY AND OUTCOME

If approved, City of San José's Animal Care and Services (SJACS) will continue to provide animal care and services for the City of Milpitas (Milpitas) for the period of July 1, 2026, through June 30, 2035.

## BACKGROUND

The City of San José has provided animal care and services to Milpitas continuously since July 1, 2001. The provided services include the following: emergency and public safety response, stray animal pick-up, bite investigations, quarantine, animal crime investigations, animal nuisance complaints, animal licensing, dead animal pick up, animal shelter services, and after-hours emergency response.

The initial term of the current agreement with Milpitas<sup>1</sup> initiated on July 1, 2023 and expires on June 30, 2026. Staff from Milpitas expressed their intent to exercise the additional options of this contract and continue receiving services from SJACS, even though there are two additional options with three-year terms each on the current agreement. SJACS staff indicated that the compensation baseline requires a realignment to the cost to deliver services. SJACS staff and the Milpitas representatives began discussions on this amendment in November 2025.

## **ANALYSIS**

Milpitas has approximately 80,000 residents. During 2024-2025, SJACS responded to 1,022 calls for service within Milpitas city limits and additionally, impounded and cared for 491 animals from Milpitas.

In developing a new agreement, staff first evaluated the services that SJACS has provided to Milpitas. The goal of this analysis was to ensure that agreements accurately reflect the level of service delivered and that the methodology is applied consistently with other contract jurisdictions. The analysis of the Milpitas contract identified that the contract amount needed to be adjusted from the prior agreement term. This proposed amendment to the agreement includes overhead expenses, supplies and equipment, and contracted services to achieve cost recovery of services provided to Milpitas. The analysis was shared with Milpitas, which agreed to both the structure and level of the amended costs.

The 2023 agreement has the first year of the first option term with a yearly compensation of \$596,627.86, effective for Fiscal Year 2026-2027. With the current calculations of the current cost of service, the amended agreement will have Fiscal Year 2026-2027 compensation amount of \$711,339.00 due to San José, a 19% increase. The next Fiscal Year 2027-2028 has an additional increase to \$859,092.00, a 17% increase. Thereafter, the increases per year are 4% through the end of the agreement.

At the request of Milpitas, staff applied the same methodology specifically to Field Services costs, along with an appropriate administrative oversight. If Milpitas elects to scale back services from SJACS to field only, this amendment allows for that adjustment.

## **EVALUATION AND FOLLOW-UP**

If this agreement is approved, SJACS will continue to provide field and shelter services to Milpitas from July 1, 2026, to June 30, 2035.

---

<sup>1</sup> <https://sanjoseca.govnita.com/api/workspace/Contracts/files/1976514134174/view>

**FISCAL IMPACTS**

The term of the proposed First Amendment is from July 1, 2026, through June 30, 2035, increasing compensation by \$8,627,205 for a total agreement compensation not to exceed \$10,282,901.64 for the period of July 1, 2023 through June 30, 2035. The agreement supports continued regional service delivery and represents a small portion of the overall Animal Care and Services operating budget.

**Agreement Contract – Annual Term**

July 2023 through June 2024:	\$530,400.00
July 2024 through June 2025:	\$551,616.00
July 2025 through June 2026:	\$573,680.64
July 2026 through June 2027:	\$711,339.00
July 2027 through June 2028:	\$859,092.00
July 2028 through June 2029:	\$893,455.00
July 2029 through June 2030:	\$929,194.00
July 2030 through June 2031:	\$966,361.00
July 2031 through June 2032:	\$1,005,016.00
July 2032 through June 2033:	\$1,045,217.00
July 2033 through June 2034:	\$1,087,025.00
<u>July 2034 through June 2035:</u>	<u>\$1,130,506.00</u>
Total Amount of Compensation:	\$10,282,901.64

Revenues generated from this contract agreement will continue to offset all direct costs, indirect costs, and personnel costs associated with providing animal care, calls for services response, and shelter services to Milpitas.

**Agreement Contract – Annual Term (Field’s Services Only)**

July 2026 through June 2027:	\$279,161.00
July 2027 through June 2028:	\$290,327.00
July 2028 through June 2029:	\$301,940.00
July 2029 through June 2030:	\$314,018.00
July 2030 through June 2031:	\$326,578.00
July 2031 through June 2032:	\$339,641.00
July 2032 through June 2033:	\$353,227.00
July 2033 through June 2034:	\$367,356.00
<u>July 2034 through June 2035:</u>	<u>\$382,050.00</u>
Total Amount of Compensation:	\$2,954,299.00

Revenues generated from this contract agreement will continue to offset all direct costs, indirect costs, and personnel costs associated with providing calls for field services in response to Milpitas. The agreement supports continued regional service delivery and represents a small portion of the overall Animal Care and Services operating.

### **BUDGET REFERENCE**

The table below identifies the fund and appropriation for the contract recommended to be amended as part of this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2026-2027 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
001	R090	Revenue from Local Agencies	\$18,705,579	\$711,339	219	6/9/2026 N/A

\* The 2026-2027 Proposed Operating Budget was released on May 2, 2026, approved on June 9, 2026, and is scheduled to be adopted on June 16, 2026, by the City Council.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office, City Manager's Budget Office, and the Planning, Building, and Code Enforcement Department.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City Council Agenda website for the June 23, 2026 City Council meeting.

### **BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT**

No board, commission, or committee recommendation or input is associated with this action.

### **CEQA**

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

HONORABLE MAYOR AND CITY COUNCIL

June 10, 2026

**Subject: First Amendment to the Agreement between the City of San José and the City of Milpitas for Animal Care and Services**

Page 5

**PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

*/s/*

Matt Loesch

Director, Department of Public Works

For questions, please contact Monica Wylie, Deputy Director, Public Works, at [Monica.Wylie@sanjoseca.gov](mailto:Monica.Wylie@sanjoseca.gov) or (408) 459-5953.