



Cemetery Management and Operations

Feasibility Review & Recommendations

*Presented to the Austin City Council
Audit and Finance Committee*

*In Response to Austin City Council Resolution
Regarding Cemetery Management
and Operation*

September 26, 2012

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Presentation

- I. August 24, 2012 Council Resolution
- II. Current Cemetery Operations
- III. Contractor Revenue and Expenses
- IV. Comprehensive Cemetery Management
- V. City Managed Operating Requirements and Revenues
- VI. Funding Options for Future Cemetery Management
- VII. Pressing Trends and Issues
- VIII. Plan of Action

Austin City Council Resolution

- Direct the City Manager to:
 - Explore the feasibility of reassigning all or some cemetery operations, maintenance and management responsibilities to Public Works and/or other City departments
 - Explore whether any operations currently under the responsibility of the City could be affordably provided through public/private partnerships (P3) with local funeral homes
 - Determine the fiscal impact of reassigning cemetery responsibilities and calculate required budget adjustments
 - Provide a report to the City Council Audit and Finance Committee at its September 26, 2012 meeting.
- Staff Response to Date:
 - Established a City-wide Cemetery Team—PARD (lead), Public Works, Austin Water, Watershed Protection, Building Services, City Clerk, Law, Budget Office
 - Briefed the City-wide Team on Cemetery Operations; site tours
 - Departments conducted feasibility reviews and prepared recommendations

Current Cemetery Operations

- City-owned Cemeteries
 - Oakwood, Oakwood Annex, Evergreen, Austin Memorial Park, Plummers
 - Austin Memorial Park and Evergreen Cemeteries – generate revenue for maintenance of all sites; and contractor payments
- City's Cemetery Contractor--- InterCare Corporation, Gene Bagwell
 - Contract expires 2016; Limited cemetery management and operations
 - Plot Sales, Record Deeds, Burial Services, Grounds and Facility maintenance, Records Management and Retention and Office Administration
- City of Austin Cemetery Responsibilities in Current Agreement
 - Contract Oversight and Enforcement
 - Infrastructure and Capital Improvements (Buildings, Roads and Utilities)
 - Historic Preservation
 - Major Landscaping, Tree Maintenance
 - Spoils Management

Contractor Revenue and Expenses

	2010	2011	2012 Est.
Revenue	\$1,353,956	\$1,160,520	\$1,102,356
Expenses	1,349,278	1,386,141	1,367,022
Profit/(Shortfall)	\$4,678	(\$225,621)	(\$264,666)

Comprehensive Cemetery Management

Sales, Administration & Management

SALES

Burial Plots , liner, burial services, headstone setting, other fee-based services

Records Management
Research, Recordation,
Retention, Preservation

Accounts Managment &
Payment Collections

Compliance Monitoring &
Complaints Resolution

Budgeting & Financial
Monitoring

Operations, Maintenance & Tree Care

Routine/Monthly
Grounds Maintenance

Daily Custodial Services

Irrigation & Landscaping

Spoils Management &
Removal

Tree Care & Monitoring

Building & Sign
Maintenance

Equipment Repair & Storage

Property Security &
After Hours Call-Back

Interment & Burial Services

Plot Ownership
Verification

Space Opening/Closings
& Re-interments

Pre- & Post- Graveside
Sevice Set-up & Clean-up

Monument Setting,
Installation & Re-setting

Grave Leveling &
Re-vegetaion

City Managed Operating Requirements and Revenue

City Cemetery Management Team provided staffing, operating and capital estimates for city managed cemetery operations. (Full Year Funding)

- Estimates for capital needs do not include potential water infrastructure needs

	2013	2014	2015	2016
Revenues				
Cemetery Revenue	\$ 1,118,530	\$ 1,135,308	\$ 1,152,338	\$ 1,169,623
Operating Expenses				
Grounds Maintenance	\$ 1,080,066	\$ 1,112,468	\$ 1,145,842	\$ 1,180,217
Burial Services	313,545	322,951	332,640	342,619
Sales and Administration	371,052	382,184	393,649	405,459
Contractuals	323,496	333,201	343,197	353,493
Commodities	295,100	303,953	313,072	322,464
Total Annual Expenses	2,383,259	2,454,757	2,528,399	2,604,251
One-Time and CIP Expenses				
One Time Contractuals	527,500	-	-	-
One Time Commodities	138,500	-	-	-
One Time Capital Expense	1,588,152	477,900	573,095	-
Total One-Time Expense	2,254,152	477,900	573,095	-
Total	\$ 4,637,411	\$ 2,932,657	\$ 3,101,494	\$ 2,604,251
Profit/(Shortfall)	\$ (3,518,881)	\$ (1,797,349)	\$ (1,949,156)	\$ (1,434,628)
New FTE's Required	29			

Funding Options for Future Cemetery Management

1. General Fund Annual Subsidy
2. Cemetery Ad Valorem Tax; Up to 5¢ per \$100 valuation can be dedicated for cemetery maintenance (Texas Health and Safety Code, Ch. 713 Sec. 006)
3. Increase cemetery fees and dedicate a percent of revenue to the Perpetual Care Fund
4. Seek other funding opportunities such as historic preservation grants, green belt and trail funding, Public/Private Partnerships (P3)
5. Add cemetery services; such as addition of columbarium for cremated remains, “green” burials and other offerings
6. Sell revenue generating cemeteries; City continues to manage historic cemeteries

Pressing Trends and Issues

1. City utilities have restrictions on use of funding and resources beyond their core business services
2. Current model is not sustainable
 - 28% decrease in number of graves sold from 2010
 - Reduction in revenues required an increase in the subsidy payments to InterCare in FY 2011 and 2012
 - Business model has not kept pace with industry trends, i.e. cremations
3. Perpetual Care Interest Fund expected to be **fully expended by 3rd Quarter 2013** due to reduced sales and increasing expenses
4. After extensive negotiations and public input InterCare:
 - notified City it would not sign restated agreement, August, 2012
 - requested increase in retained revenue and burial revenues (~\$100k/year)
5. City denied InterCare's request for an increase

Pressing Trends and Issues

6. City anticipates notice of contract termination Sept. 2012
 - Begins 180 day wind down period
 - ICC will cease operations as soon as March 31, 2013
7. PARD will require a for Budget Amendment in order to fund interim cemetery operations for FY 2012/13.
8. PARD will concurrently draft a scope of work for a Request for Proposal (RFP) for all or part of municipal cemetery operations; Estimate award May 2013

Plan of Action

1. Response to Resolution: Allow city staff time to explore long-term options for city cemetery management and report back early 2013
2. PARD to submit for FY 2013 a Budget Adjustment to assume short term management of cemetery operations
3. PARD to request City Council approval to expand current contract expense authority to allow for additional transition time from contractor to city
4. New RFP process option will require expedited solicitation and procurement through Purchasing Department



Questions?

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