



## MEMORANDUM

**TO:** Mayor and Council

**FROM:** Kimberly A. McNeeley, CPRP, Acting Director  
Austin Parks and Recreation Department

**DATE:** May 8, 2018

**SUBJECT:** Cemeteries Perpetual Care Fund

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As you may know, the Parks and Recreation Department (PAR) assumed management of the City's five historic cemeteries on November 1, 1986. Until March 2013, PAR used a contractor, InterCare Corporation, exclusively for cemetery sales, operations, maintenance and management. As a result of industry trends, severe deterioration and degradation of historic buildings, monuments and maintenance, as well as stakeholder input, a City of Austin Parks and Recreation Board Cemeteries Working Group recommended an alternative business model for the maintenance and management of the City's five historic cemeteries. The contract with InterCare Corporation was therefore terminated, and PAR assumed direct sales, operations and maintenance of the cemeteries, contracting only the interment and monument-setting functions of cemetery operations.

In assuming direct management of the five City cemeteries, PAR staff uncovered a number of operational and administrative challenges that not only required thorough research, but also required the development and implementation of new processes and procedures in accordance with established State and City laws and industry best practices. Systematically, PAR addressed a number of issues and recently uncovered an additional challenge related to the Perpetual Care Fund (PCF). Unfortunately, other immediate challenges associated with direct cemetery management prevented PAR from addressing this issue until this time.

Outlined below are the challenges associated with the PCF and the specific steps PAR intends to take to resolve the uncovered challenges.

### Challenges

Due to recent community member inquiries, PAR has examined the cemetery PCF. Through this examination, PAR realized the management and administration of the PCF has had a complex history. The challenges associated with the fund include:

- historically deficient record keeping;
- City code procedures that had not been followed for decades, long before PAR took over management of the cemeteries;
- City code outlined procedures that are antiquated and non-reflective of the current operational structure;
- lack of structure for accounting of plot specific maintenance investments;
- lack of understanding of the fund's original intent and how this corresponds to modern day regulations;
- and,
- lack of understanding of the benefits of the perpetual care fund.

### Recommended Actions

- 1) Complete a full internal audit to account for records associated with PCF investments to identify:
  - a. specific investors;
  - b. specific amounts invested;

- c. contractual maintenance obligations agreed upon with regards to the PCF investment; and,
  - d. accounting practices previously used to outline specific individualized plot care expenditures.
- 2) Revise *Austin Municipal Code of Ordinances Chapter 10-1: Cemeteries* to emphasize State regulations, reflect current industry best practices, and reflect current operational practices.
- 3) Explore and recommend legally allowable options for cemetery maintenance to ensure efficient procedures and compliance with PCF intent:
  - a. individual plot maintenance; and,
  - b. holistic cemetery maintenance.
- 4) Complete a thorough examination of the regulations associated with the PCF and the impacts related to sustainable long-term cemetery maintenance.
- 5) Evaluate legally allowable funding mechanisms related to sustainable long-term cemetery maintenance.

Because both the complex history and municipal code outline a varied degree of responsibility associated with a number of City departments, PARD intends to invite representatives from the Office of the City Clerk, the Financial Services Department and the Law Department to work collaboratively on addressing the outlined challenges. Until PARD can sufficiently resolve the issues, it is recommended that any collections or donations associated with the PCF be suspended.

Should you have any questions, please contact my office at (512) 974-6722.

Cc: Spencer Cronk, City Manager  
Sara L. Hensley, CPRP, Interim Assistant City Manager