

Response to 2nd Cemetery Workgroup Meeting Questions and Request for Information

1. What is the status of the cemetery operation fund and what is the fund balance?

The City maintains two trust and agency accounts for all financial activity related to municipal cemetery operations; The Perpetual Care Principal and Perpetual Care Interest funds. The Perpetual Care Principal fund currently has a balance of \$981,217.04 and cannot be used for expenses other than transferring interest generated from the principal of the fund. The Perpetual Care Interest Account is the operating fund that receives the interest from the Perpetual Care fund as well as income from the contractor from cemetery operations. As of February 27, 2012, the calculated balance in the fund is \$525,874 and this includes the recent payment by the City of Austin to InterCare Corporation in the amount of \$225,622 for reimbursement as per the terms of the current agreement. This fund is also use to pay for authorized expenses related to cemetery operations outside of the cemetery contract and as approved by the City.

Perpetual Care Principal Fund (7780)

	Balance Sheet Account Summary								
	2005	2006	2007	2008	2009	2010	2011	2012	Total
Beginning Balance	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	
Revenues	-	-	-	-	-	-	-	-	\$ -
Expenses	-	-	-	-	-	-	-	-	-
Ending Balance	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ 981,217	\$ -

Perpetual Care Interest Fund (7781)

	Balance Sheet Account Summary								
	2005	2006	2007	2008	2009	2010	2011	2012	Total
Beginning Balance	\$ 355,457	\$ 316,150	\$ 426,329	\$ 642,843	\$ 812,559	\$ 799,035	\$ 744,283	\$ 745,605	
Revenues	31,150	110,179	231,443	200,188	64,106	20,675	32,658	8,889	\$ 699,289
Expenses	70,457	-	14,929	30,472	77,630	75,427	31,337	225,622	525,874
Ending Balance	\$ 316,150	\$ 426,329	\$ 642,843	\$ 812,559	\$ 799,035	\$ 744,283	\$ 745,605	\$ 528,872	\$ 173,414

Revenue Detail

Investment Income	\$ 31,150	\$ 109,484	\$ 69,676	\$ 66,048	\$ 41,609	\$ 20,675	\$ 9,080	\$ 1,589	\$ 349,311
Non Recurring Income	-	695	161,767	134,141	22,497	-	23,578	7,300	349,978
Total Revenue	\$ 31,150	\$ 110,179	\$ 231,443	\$ 200,188	\$ 64,106	\$ 20,675	\$ 32,658	\$ 8,889	\$ 699,289

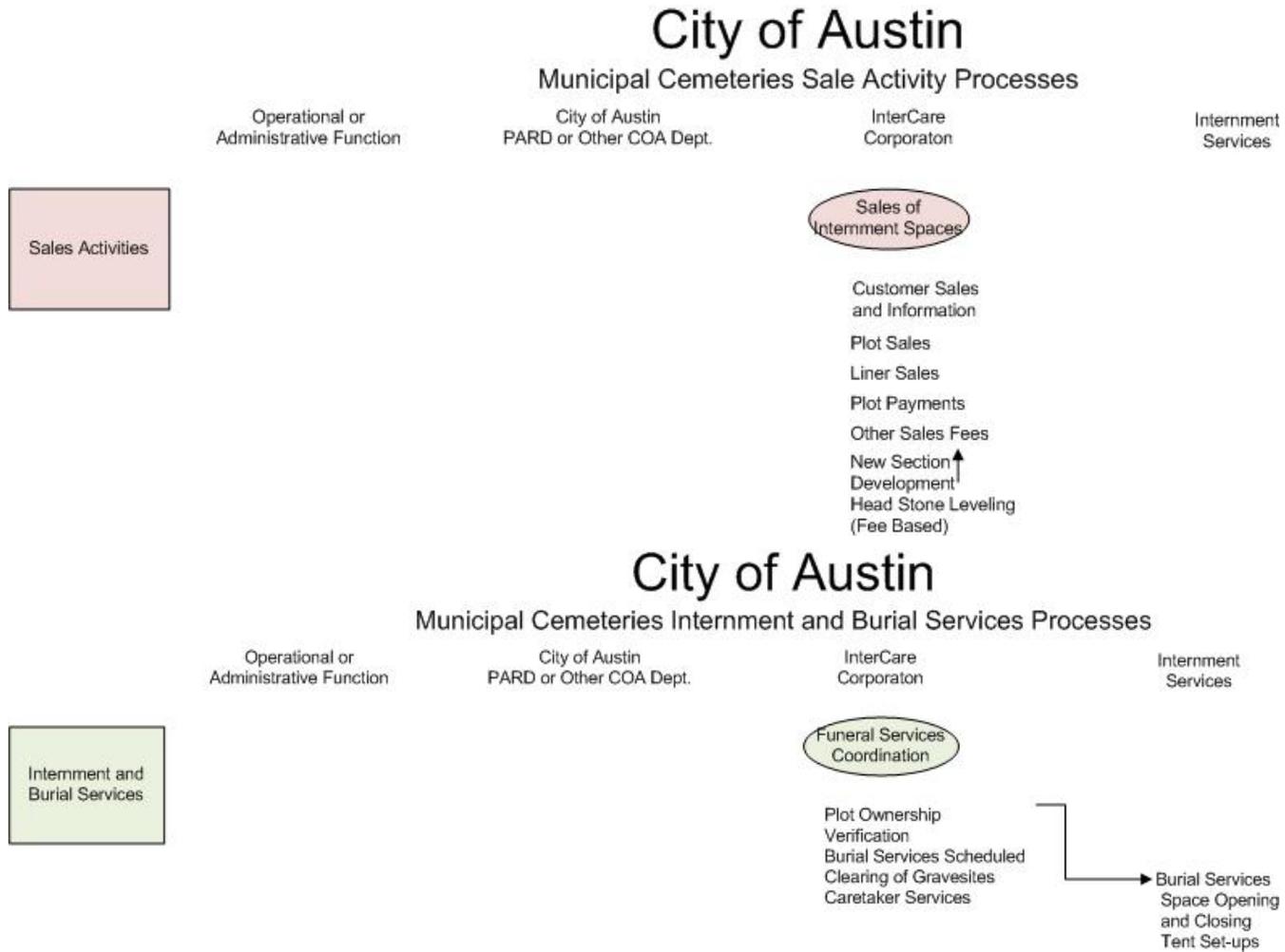
Expense Detail

Services Other	\$ 70,457	\$ -	\$ -	\$ 14,198	\$ 77,525	\$ 69,696	\$ 3,017	\$ 225,622	\$ 460,515
Interdepartmental Charge	-	-	14,929	16,274	105	5,731	-	-	37,039
Consulting Others	-	-	-	-	-	-	28,320	-	28,320
Total Expense	\$ 70,457	\$ -	\$ 14,929	\$ 30,472	\$ 77,630	\$ 75,427	\$ 31,337	\$ 225,622	\$ 525,874

2. What are the City's and what are the Contractor responsibilities?

The tables below identify what management and operational areas that the City, InterCare Corporation, and Internment Services assume in current municipal cemetery operations.

City of Austin Municipal Cemeteries Administrative Processes			
Operational or Administrative Function	City of Austin PARD or Other COA Dept.	InterCare Corporaton	Internment Services
<div style="border: 1px solid black; background-color: yellow; padding: 5px; width: fit-content; margin: 0 auto;"> Cemetery Administration </div>	<ul style="list-style-type: none"> Contract Compliance Financial Review and Oversight Protection of the Public Trust Historic Preservation 	<ul style="list-style-type: none"> Staffing of Administrative and Maintenance Personnel Hiring and management of staff Living Wage Compliance Record Keeping Burial Statistics Performance Measure Reporting Customer Service Response to Owner Requests Opening and Closing of Cemeteries Customer Complaint Process Accounting and Reporting Financial Reports Accounting System Maintenance Tax Payments Insurance Liability Insurance Auto Insurance Workers Compensation Property Insurance Equipment Equipment Acquisition and Maintenance Spoils Collection, Processing and removal Rules and Policy Enforcement 	



City of Austin

Municipal Cemeteries Grounds and Monuments Processes

Operational or
Administrative Function

City of Austin
PARD or Other COA Dept.

InterCare
Corporaton

Interment
Services

Grounds and
Monument
Maintenance

Grounds Maintenance

Major Tree Care
Major Tree Removal
Major Landscaping

Continual Maintenance
of Burial Sites
Scheduled Mowing and Edging
Grass Planting and
Shrub Maintenance
Gravesite Revegation
Litter Control
Placement and
Removal of Flowers
Monitoring of Tree Health
Minor Tree Care
to include pruning
Scheduled Irrigation
Debris Collection and Removal
Perimeter Erosion control
Minor Tree Removal, Non-native
and permitted
Grave Leveling and re-seeding
Removal of Non-native vegetation
Weeding and cleaning
of Dead Vegetation

Monument Maintenance

Monument Site Designation and
approval
Monument Installation Coordination
Headstone Leveling (Fee Based)

City of Austin

Municipal Cemeteries Facility Repair and Maintenance Processes

Operational or Administrative Function	City of Austin PARD or Other COA Dept.	InterCare Corporaton	Internment Services
<p>Facility Repair, Maintenance and Improvements</p>	<p>Major Building Repair Roof Repairs Roof Replacement Water Main Replacement Irrigation System Upgrade or Replacement Upgrade Sewer/Water Lines Major Road Repair Building Foundation Repair Restore Historic Buildings Interior Renovation Roadway Development Sign Development/Installation Environmental Remediation</p>	<p>Minor Irrigation Repairs Routine Building Repair Service Restrooms Dailey Minor Fence Repair/Replacement Minor Bathroom Repair Wall Repair Paint Minor Plumbing Maintenance Sign Maintenance City Code Compliance Public Bench Location Gate Repair Minor Infrastructure Improvement</p>	

City of Austin

Municipal Cemeteries Customer Service and Compliance Processes

Operational or Administrative Function	City of Austin PARD or Other COA Dept.	InterCare Corporaton	Internment Services
<p>Customer Service and Governmental Compliance</p>	<p>Law Enforcement Services Security Patrols Austin City Code - Chapter 10 Production of Cemetery Rules and Regulations 311 Customer Service and Complaint Resolution</p>	<p>Tree Ordinance Enforcement of Cemetery Rules Water Conservation Guidelines ADA Compliance Historic Preservation Posting of Cemetery Rules and Regulations 311 Customer Service and Complaint Resolution</p>	

3. Please provide an analysis of the most recent InterCare Corporation invoice.

On November 30, 2011, PARD received an end-of-year reconciliation statement from InterCare Corporation (ICC), the City's municipal cemetery operator that reflected the revenues, approved expenses and Retained Revenue Estimate (RRE) for FY 2010/2011. The reconciliation statement as submitted included a request for water expense reimbursement that is not an eligible reimbursement, an updated reconciliation was requested and received December 9, 2011 that removed this expense reimbursement and listed only contractually authorized payments. A completed review of the updated reconciliation and supporting documentation finds that the invoice is accurate and should be accepted for payment in the amount of \$225,621.85 based on the financial terms and conditions stated in the current operating agreement and as detailed below.

Figure 1: FY 2010/11 Cemetery Financial Reconciliation

Gross Operating Revenue	\$ 1,261,762.75
Less Time Sales	(101,242.72)
Adjusted Gross Operating Revenue	<u>\$ 1,160,520.03</u>
Less Subcontractor Payments	398,372.00
Net Retained Revenue	<u>762,148.03</u>
Less Retained Revenue Estimate	<u>976,729.88</u>
Difference Payment/(Subsidy)	\$ (214,581.85)
Less Approved Adjustments	
Spoils Removal	(4,990.00)
Audit Services	(5,500.00)
Oakwood Roof Protective Covering	(550.00)
Adjusted Payment/(Subsidy)	<u>\$ (225,621.85)</u>

The 2011 subsidy for ICC is the largest calculated to date and is payment for the difference between Net Retained Revenues (NRR) and the Retained Revenue Estimate (RRE) of \$214,581.85. The total subsidy also includes approved expenses in the amount of \$11,040 for spoils removal in April 2011, annual audit services and the installation of a protective covering on the Oakwood annex storage building roof to stabilize the roof from further deterioration. The current contract with ICC, (Exhibit B, Section 5.2(A)(2)(i)), states that in the event the NRR is less than the RRE, then the City shall remit 100% of the difference to the contractor. The audit for 2010/11 is scheduled to be conducted spring 2012 and delivered to the City this summer.

Gross Operating Revenues includes all plot sales, time sales payments received, deeds, setup and monument fees and liner sales. The City of Austin also receives 20% of the interment fees and the remaining 80% is remitted to Interment Services (IS) an ICC subcontractor for interment services. For 2010/11, Interment Services was paid \$398,372, 34% of the total adjusted gross revenues of \$1,160,520. The City allows the public to purchase cemetery plots on an extended payment plan called "time sales". Revenues from these time sales transactions are booked when payments are received, so a reduction from the current year's sales for time sales payments still owed is made calculate the Adjusted Gross Operating Revenue. As of September 30, 2011, there was an aged trial balance of \$101,243 in time sales for 64 customers, an average balance of \$1,581 per customer. The aged time sales balance represents 8% of the total gross operating revenue for the fiscal year.

Impact of current economic conditions on Municipal Cemetery Operations.

A 29% decrease in the number of burial plots sold and 7% decrease in burials services from the prior contract year, resulted in reduced revenues of \$193,436. These two factors resulted in the largest component the RRE exceeding the NRR. As indicated on the table below, there is an approximate 50% decrease in the total number of plots sold since 2009, up to this time, annual sales had been fairly consistent with an average annual sale of 546 plots per year. Last years sales of 277 plots are the lowest number sold since 1992. On the expense side, an increase in the RRE from the prior year of \$24,751 and an increase of Subcontractor Payments of \$9,168 also contribute to the calculated difference and subsidy. The tables below that detail the revenue, expense and burial activity since 2006, the beginning of the current contract year.

Figure 2: Municipal Plot Sales by Year

Year	Total Space Sales	% Change from Prior Year	Total Sales	
			Total \$ Space Sales	\$ Average Space Sale
2006	596	34%	\$ 739,035	\$ 1,240
2007	563	-6%	887,800	1,577
2008	538	-4%	882,777	1,641
2009	577	7%	747,700	1,296
2010	388	-33%	887,376	2,287
2011	277	-29%	614,000	2,217
	11,059			
Average	546			

Figure 3: Municipal Burials by Year

	Total	%Var. Prior Yr.	Total	
			Burial Sales	%Var. Prior Yr.
2006	570	-3%	347,610	
2007	552	-3%	375,015	7.31%
2008	546	-1%	404,611	7.31%
2009	478	-14%	438,785	7.79%
2010	516	7%	387,310	-13.29%
2011	482	-7%	477,915	18.96%
Total	4,908			
Average	545	-3%		

Available funding for this payment is in the Perpetual Care Interest Trust Account (7781/8600) that has a current fund balance of \$745,604. Upon approval, this payment of \$225,622 and revenues to date of \$8,889 provide a current estimated fund balance of \$528,872 resulting in a 29% decrease to the fund. The Perpetual Care Interest account is the Trust and Agency account that the City deposits operating revenues and remits payment for authorized expenses and end of year reconciliations.

Current sales and burial activity indicates that 2011/12 is likely to be similar as this last contract year. This is due in part to local economic conditions which have been steadily decreasing as of 2006. PARD is working with InterCare Corporation to review fees, control expenses and negotiate the same RRE for 2012 as 2012 of \$976,730 so that we may balance operations for the rest of this fiscal year.

**4. Describe the complaint process between the current and restated agreement.
How will public input and complaint tracking are improved.**

PARD has historically worked with Mr. Bagwell to facilitate complaint intake and resolution. Currently ICC and PARD log complaints through the City's 311 system as this is the departments dedicated customer service intake system. There have been challenges getting the 311 system to accurately route cemetery complaints, and PARD staff continues to with the City' 311 department enhance this service.

The draft restated agreement includes language specific to complaint intake. Section III (B) is dedicated to further defining the both the PARD and ICC's commitment to improving public responsiveness. The proposed updated language is provided:

B. Customer Service and Complaints Resolution. Contractor will staff and maintain the two offices at Austin Memorial Park and Oakwood .

1. Cemetery office business days and hours of operation. The hours and days of operation shall be as follows:

a. The Austin Memorial Park office is open Monday thru Saturday between 8:00 am and 4:30 pm. The Oakwood office is open Monday thru Friday between 8:00 am and 11:00 am and between 1:30 pm to 4:30 pm. The cemetery offices are closed on Sundays and the following major holidays:

- i. Thanksgiving
- ii. Christmas
- iii. New Year
- iv. July 4th

b. New Customer Information Packet. Within 30 days of execution of this Contract, Contractor and City shall develop, and Contractor shall begin distributing at the point of sale, a customer information packet that clearly outlines the following:

- i. Cemetery Rules and Regulations
- ii. Requirements for headstone purchase, delivery and installation
- iii. Instructions on how to update customer contact information.
- iv. Frequently asked questions and answers
- v. Information on notices of routine cemetery clean-up and typical schedule
- vi. Complaint intake and resolution process
- vii. Cemetery website address
- viii. How to make suggestions and recommendations
- ix. Contact information for volunteer groups serving the City's cemeteries.

c. Opening and closing of cemeteries: Cemetery gates are to be opened at 8 a.m. and locked at 7p.m. each day during daylight savings time. Gates shall be opened at 8 a.m. and locked at 6 p.m. during Central Standard Time. The gates are open 365 days a year.

d. At closing time, Contractor shall tour the grounds to ensure that all citizens are out of the cemetery before entrances are locked.

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- e. Hours of operation to be subject to change by the City and shall be reviewed quarterly to ensure citizen satisfaction. Changes may be considered non-controllable cost as referenced in Paragraph F.1. below.
2. Specialized services. The Contractor agrees to be responsive to reasonable requests from private citizens for services that are above and beyond those services routinely provided.
3. Complaints Intake. Contractor is responsible for providing to customers a process for communicating needs and complaints through a system approved by the City. At a minimum, Contractor shall:
 - a. maintain a website with sufficient email accounts and phone numbers to facilitate public information and access to information and requests for assistance;
 - b. document and track the timely resolution of all complaints received from the City through its 311 public information program, the 311 case tracking systems;
 - c. report to the City, as a part of the semi-monthly City inspections per Section III.A.1.f herein, the status and resolution of all 311 assigned cases.
 - d. assign an individual case number for complaints of concerns received onsite or informally outside of the 311 public information program and include the status and resolution of each case as specified in 3.c above. The City may amend, replace or substitute the 311 public information program and Contractor agrees to use such program.
4. Notices. Contractor shall display in a conspicuous location in all business offices a customer complaints phone number and contact name.
5. Customer Complaint Process. Contractor will address customer complaints within 24-48 hours providing a recommended solution and timeline. Contractor will
 - a. treat everyone with respect and dignity;
 - b. interact with customers one-on-one to develop a clear understanding as to whom they will communicate with and once a decision is made, stick to it;
 - c. follow through until the complaint has been resolved, and
 - d. maintain a record of all complaints received and the resolution or final disposition per City records retention schedules.

5. Why is InterCare allowed to store and stage equipment at Austin Memorial Park for use at other cemeteries?

PARD has allowed ICC to place equipment used for operations and maintenance to be staged at both Austin Memorial Park and Evergreen cemeteries. Oakwood, Oakwood Annex and Plummers do not have dedicated areas to place equipment nor is there enough burial activity to support equipment placed at these locations.

The current agreement states in Section 3.3.5 that the contract is required to submit a list of the types and quantities of equipment planned for use at each cemetery. It does not specifically grant ICC specific locations to place equipment, however, in 1990 when ICC assumed operations from PARD, ICC maintained use and placement of equipment in the same locations.

3.3.5 Maintenance Specifications

At a minimum, maintenance standards which call for mowing and trimming to keep grounds in an aesthetically pleasant and safe condition shall be met. Such mowing and trimming shall be accomplished on a 14 day cycle in order to maintain the grass in accordance with the species and varieties to a height between 1 ½ to 3 inches but not more than 4 inches.

The boundaries of cemeteries are fenced, with maintenance of right of way being the responsibility of the contractor (from fence to street). The Plummers Cemetery boundary is indicated on the map in Exhibit C.

All equipment necessary to accomplish the maintenance shall be obtained by the contractor. The contractor shall submit a list of types and quantities of all equipment, and number of pieces of each, planned for use on the cemeteries. Equipment currently in use at the facilities which is not permanently installed will not be available to the contractor and should not be included in the inventory.

The restated agreement continues this requirement and also provides approved locations for work and staging areas for each cemetery. Please refer to the draft restated agreement found on the City of Austin cemetery website. http://www.austintexas.gov/sites/default/files/files/Parks/Cemeteries/draft_restated_cemetery_agreement_1024201_exhibits.pdf

The draft language in the restated agreement is:

- II. Background.
 - A. The City has operated cemeteries since receiving what is known as the Oakwood Cemetery from the State of Texas in 1856. Five cemeteries are currently operated under the auspices of the City:
 - 1. Oakwood,
 - 2. Oakwood Annex,
 - 3. Evergreen,
 - 4. Plummers, and
 - 5. Austin Memorial Park (AMP).
 - B. Attachment I includes a map of each Cemetery depicting the authorized uses including boundaries for burial grounds, business office, maintenance facilities and other ancillary buildings, authorized boundaries for staff maintenance and equipment storage and grounds, and authorized limits to onsite spoils storage, where it applies.