

Missoula Cemetery Board Special Meeting  
Friday, February 20, 2009  
10:00am  
Mayor's Conference Room

**\*\*February 26, 2009 - Board Chairperson, Sharee Fraser polled board members by telephone for approval of these minutes and motions. All approved unanimously.**

**Agenda**

Present: Sharee Fraser, Pat McHugh, Mary Lou Cordis, Marjorie Jacobs, Carol Gordon, Douglas Waters, Mary Ellen Stubb, Ron Regan, Bruce Bender, Brentt Ramharter

Discussion Item: Cemetery Budget / Cemetery Care Fund

Recap City's situation: Mr. Bender explained that basically the annual cost increase to meet salary for FY10 is \$1million. This year there is not expected revenue to meet those increases. No growth = no taxes. That sustained city's inflationary cost and salary in the past. Not proposing any tax increases, sensitivity to the community where people are laid off and unemployed means the City must be creative in the FY10 budget. Administration is in the process of asking departments to come forward with a budget enabling the city to meet requirements within the budget. This means a 3.75% cut in each department. Last FY, departments were asked to 'save' that amount which gave each department a good run at trimming back. Some departments are saving by not filling positions. Others can supplement that cut with their revenues. Cemetery's budget needs approximately \$21,000 in reductions. The cemetery could supplement it with revenue currently not coming into the General Fund. According to the current ordinance, the cemetery's revenue goes directly into a trust fund. Administration recommends loosening that ordinance to supplement budget requirements. That could happen through the budget process.

Mr. Ramharter added that the General Fund typically has 4-5% savings in reserve. However, last year surcharges ate up that savings. Now the City has to re-build those reserves. Administration does not want to freeze or reduce the labor force if at all possible. The cemetery is currently normally staffed. Administration understands the reduction request will hit some departments harder than others but it cannot be helped. Departments need to be creative in adjusting their budgets for FY10. The Mayor is letting offices tell council how best they can meet these cut backs. City Council will be asked to take a more limited view on department budgets, allowing Department Heads to know the best reduction means. The cemetery is small enough that the administration understands it is a question of reducing staff or using the cemetery's revenue stream to meet the reduction need. All reductions will be needed for 2-3 years.

Mrs. Fraser voiced concern that the Care Fund is cemetery revenue and, if opened, should only be used for cemetery budget purposes.

Mr. Ramharter explained that the General Fund is currently fully supporting the cemetery. The intent of having capital set aside was a good idea but the cemetery would not ever become totally self sufficient. That would mean having anywhere from \$10-13 million in the bank. Mr. Bender added that the goal of the fund while honorable and wise was supported by the City Administration while possible. Mr. Ramharter stated Mr. Waters is facing a very difficult managerial issue: reducing staff or maintaining that revenue source.

Discussion ensued over the concerns of opening the Care Fund for use. Mr. Bender understood the Cemetery Board's concern for using cemetery revenue for cemetery purpose and only as much as needed without depleting the fund. Mrs. Fraser discussed options for earmarking the revenue for specific cemetery projects.

Mr. Waters explained the amount needed to cover FY09 reductions is \$21,500 plus \$22,000 for the mower decks. FY10 amount will be approximately \$21,000. The cemetery's backhoe is scheduled for replacement in FY10 and can no longer be 'pushed out' into a future year for replacement. Mr. Ramharter said a lease program could spread out costs into the future allowing for operations not to lapse and obligations would be ongoing as a regular part of the cemetery budget. He could compile a cash flow with realistic projections for the Cemetery Board to review. Mr. Bender agreed that averaging the cost obligations of the cemetery over the years would level the budget and keep it from extreme fluctuations. He would like to see an example of the obligations averaged over the next ten years leveled against the cemetery's budget. Mr. Bender understands the Board's goal of using the Care Fund for projects. However, in the current situation, he cautioned on focusing on improvements when operations and critical pieces of equipment are at risk of funding. He suggested the board concentrate on sustaining services and operations. Mrs. Cordis stated the projects mentioned would generate some type of revenue in the long run. Mr. Waters urged the board to look at a 2-3 year projection for equipment and staff. He agrees with Mr. Bender. Without funding, he will need to cut office and maintenance staff along with programs like Stories and Stones. He is not concerned about new projects but about getting through the next few years with jobs intact. He will vote against all board decisions for new projects at this time.

Mrs. Jacobs voiced concern that the Care Fund would be depleted within three years. Mr. McHugh agreed unless the capital items were spread out over time by averaging the payment amount. Mrs. Fraser asked if capital costs would need purchased all at once. Mr. Bender said no. The cemetery would only borrow each year the amount needed for that year. That way, the cemetery would still be adding to the Care Fund, the amount would just be lessened. Revenue would go toward the debt first, then into the Care Fund.

Mrs. Jacobs was concerned the Care Fund would not have any contributions but would be depleted. Mr. Bender stated that was not Administration's intention. However, the Care Fund was vulnerable unless the cemetery board came forward with a pro-active approach of taking a portion of annual revenue to meet the required budget cuts and an annual contribution to support CIP purchases over time. He urged the board to take control and be pro-active. That would be the only way to maintain the Care Fund. Otherwise, the entire fund amount could be taken.

All board members agreed the Care Fund should not be taken in full. Mr. McHugh reviewed with the board that the cemetery is funded by the General Fund. The cemetery has revenue that could be used to meet its budget. The board needs to lay out a plan for usage of the Care Fund which would include equipment funding. Mr. Ramharter stated he would work with Mr. Waters and would be able to present a cost flow analysis of equipment purchases over the next ten years for board review. Mr. Bender re-stated the benefits of equalizing payment amounts over time for an average payment each year once this schedule was in place.

Mr. Waters asked the board for direction for next week's budget meeting. He and Mr. Regan stated the value of the 5-month position filled in FY09 and the need to cover the costs to keep it. If the board is willing to use Care Fund money to cover the budget shortfall, could this position be maintained in that amount? Mr. Bender and Mr. Ramharter said yes. Mr. Bender noted that the FY09 savings amount already included the cut of the last half of that position. So, unless the board approves meeting FY09s reductions through use of the Care Fund, the position would not be filled until July 1<sup>st</sup>. Mr. Waters noted advertising needed done right away in order to meet maintenance commitment and the position is needed beginning in April. Mr. Bender re-stated that the position was cut as part of the current year's savings so that would be a problem unless the board wishes to supplement with Care Fund money. Think about it.

At that point, Mr. Bender and Mr. Ramharter left the meeting.

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The Board continued their discussion amongst themselves, voicing their concerns and ideas for the future. These discussions will be placed onto regular board meeting agendas as warranted in the future.

The following motions were made:

Motion: Mr. McHugh moved to expend current year revenue to pay for the five-month seasonal position, meet the debt reduction of 3.75%, and pay the \$22,000 for mower decks. Note: This motion was not formally voted on or approved. **2/26/2009 - Motion approved unanimously via telephone poll conducted by Mrs. Fraser, Board Chairperson.** Discussion continued and the following motions were made:

Motion: Mr. McHugh moved that this fiscal year, the cemetery will cover the shortfall resulting from the 3.75% required cuts paid for by revenue accumulated in the Care Fund. Mrs. Cordis seconded. All approved unanimously.

Mr. Waters requested the board expand that motion to cover FY10 and future fiscal years shortfalls by using the Care Fund. All board members approved of the concept but want to see and vote on the impact yearly before making motions. Mr. McHugh noted that once Mr. Ramharter presents the rolling stock debt information, the board can review it. Once they know why the machinery is needed, agree on how it should be funded, then they can give approval for purchase. Mrs. Jacobs agreed that the board must review the cemetery situation each year before making decisions.

Mr. Waters stated he needed direction for FY10 due next week. How is the cemetery to meet the required 3.75% budget cuts?

Motion: Mr. McHugh moved to support the continued use of cemetery revenue to cover the budget shortfall of 3.75% for FY10. Mrs. Gordon seconded. All approved unanimously.

The board unanimously stated the need to evaluate cemetery revenue and expenditures each year. They would like to have the five-month seasonal position evaluated at the January 2010 meeting to determine the need and impact on the cemetery if the position were not funded. Mr. Waters and Mr. Regan agreed and noted they felt this position was essential to the cemetery. Mr. McHugh voiced his preference to keep the position if it is proven to enhance the cemetery rather than unidentified future projects.