

Missoula Cemetery Board Meeting  
Thursday, February 4, 2010  
3:00pm  
Ruth Bennett Memorial Chapel

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

**Absent:** Pat McHugh

**Minutes**

1. Approval of board minutes: October 2009 - correct spelling of Mary Lou Cordis' name then approved unanimously.
2. Items involving guests: Bruce Bender, CAO. Discuss the City's financial situation, explain what was being asked of departments to assist with the budget, and clarify specific cemetery request.

Mr. Bender stated the City's financial state is similar to other government and private. Current budget year estimates, even with lower expectations and last year's 4% cut in December, are coming in still lower than predicted. The result is all departments need to help preserve the General Fund. First, all departments were asked to find 2.8% savings and not expend that amount. That was done. Next, the City is currently \$1.3M short going into next year. City Administration is so worried in fact that unions were approached to consider opening contracts freezing wages. This would result in \$700K into the general fund which would greatly reduce the expected deficit. Without this, the city will go into next year's budget \$2M in the hole.

That concern prompted City Administration to ask each department what would happen if an additional 5% was cut from the current FY10 budget. Last year's 3.75% savings is not additive to this request but they are one and the same thing. What this request does is quite shocking. For Police and Fire it amounts to position cuts. Fortunately, if the cuts are carried through, retirements and vacancies would allow for no layoffs in the department but no new hires would be added. Long story short, the worse thing to do in budgeting is general cuts. So the dilemma being faced is do you treat everyone equally? Critical functions are police, fire, streets.

**Issue:** City Administration has an obligation to review the cemetery budget. The cemetery currently requires over \$1/2M of general fund money to operate. Annual revenue is \$100K +/- . How does this revenue compare to the cost of burial activity? It doesn't even cover costs. Why is the cemetery being reviewed? The City is looking at the spending of \$1/2M of its budget and losing possibly 10 police and fire officers. A lot of money is being put into the cemetery while core city functions are being cut. The current cemetery ordinance was a historical movement of the city not to receive revenue any longer but to start reserving the money. That revenue would lessen the city's cost for the cemetery by \$80-100K. It makes sense to do that now. Administration is looking at other functions and has asked Mr. Waters why fees aren't higher to at least match cost of services. Mr. Waters has been made aware of the city's need for the cemetery revenue and the burden of the city to keep carrying cemetery functions.

Mrs. Gordon asked why the city's revenue was down so much? Where had it gone? Is the situation expected to get worse? Mr. Bender explained the city has been living off growth of new housing and commercial which offset the increase of core functions such as police, fire, and streets. Currently, all growth is dead, property taxes are no longer a reliable revenue source, and basic costs of living such as utilities continue to increase. He is advocating maintenance districts to diversify funding and help the City find a new base line. In previous years the City would have increased taxes. Last year was the first year that was not done as no one feels to raise taxes in a recessive economy is a responsible thing to do. However, the council will be reviewing that decision. Mr. Bender stated he believed Missoula had seen the worst of it the economic downturn but anticipates recovery will be slow. The concern is that past year's short term budget cuts have not fixed the problem. Cuts here and there are not sustaining the budget and the city is in a predicament to somehow figure that out. The problem now is to find a new operating base for the budget.

Mrs. Fraser stated that tax dollars were supporting this cemetery so raising fees would, in a sense, be double taxation. Mr. Bender wanted to know if the current prices were below market. Mr. Waters noted the prices were below the two local cemeteries. However, Mr. Waters stated that in the past the Council did not want the cemetery to charge more as it was tax payer supported. He continued that compared to the two other municipal cemeteries in Montana: Missoula Cemetery is higher than Billings but lower than Bozeman. Billings makes an issue about keeping prices low because the cemetery is tax payer supported. Mr. Waters stated this is an economic situation where a lot of families are hurting and raising fees would not be a good idea. The Missoula Cemetery would stand to lose more than gain. Mr. Bender asked what the comparison was to the local cemeteries. Mr. Waters said he did not do that comparison but the last time this was done, the Missoula Cemetery was lower than both. Mr. Bender asked when the fees were last raised. Mr. Waters stated 2001. Mrs. Jacobs noted that raising fees in a recessive economy is like raising taxes. Mr. Bender felt it would only affect a select group of people. There is a cost to do a burial and the fees should recover as much of that cost as possible. Again, the cemetery is over \$1/2M hit to general fund and we need to recover cost through revenue. He stated administration was obviously not asking that all cemetery costs be covered with cemetery revenue but it should come close to that. He urged the Board to look at the fact the current costs were substantially below market and raise fees. He understood fees had not increased in the past 10 years. In 2005 a decrease was made to niche wall fees. If people were doing their shopping and knew the Missoula Cemetery fees were below market then why wouldn't everyone come here? It's evidently not making a difference so raising fees should be no big deal.

Mrs. Jacobs explained the cemetery does not have money to market itself. Mortuaries that service the people have their own cemetery so marketing is not readily done at that level either. Cremations have also cut away business. Since the cemetery was established, it has been owned by the city. The City has an obligation to maintain and operate it like a park. Mr. Bender agreed. The cemetery should be maintained as a park but suggested the city get out of the burial business all together. That's a question he'll have to ask the Mayor and Council to review. Could the cemetery be maintained as a park? Could arrangements be made with a private company to conduct burials by contracting that service out? Park level service is a whole new area to be thinking about. Mr. Waters disagreed with simply maintaining the cemetery. There are several factors at play but one is the cemetery has several thousand files verified for pre-need services where all these people will be coming here in the future. This cemetery will be in the burial business for years. Mr. Bender explained he did not say burial services would not be provided. The idea is to look at different avenues to provide that service.

Mrs. Fraser stated that would require a major ordinance change to which Mr. Bender felt that was not a problem. Mrs. Fraser indicated 'following' the ordinance seems to be the problem. Going before Council means that changes would need to meet both Council and Board satisfaction. An agreement needs reached allowing the Cemetery Board to follow the ordinance to the letter. Mr. Bender asked if Mr. Waters had taken part in the approved ordinance wording. Mr. Waters confirmed and said everyone worked very hard on the current wording which Council, including the current Mayor, approved unanimously. The ordinance wording was directed to build long-term funding for cemetery equipment and capital improvements which would reduce that burden from the general fund. To reach this goal, the care fund was restricted from any spending for ten years. Mr. Bender inquired if wording allowed for any expenditure out of this fund? Mr. Waters repeated no spending was allowed and provided Mr. Bender with a copy of the approved ordinance. Mrs. Fraser noted that over the years, the cemetery's care fund had purchased all cemetery equipment except 1-1/2 mowers which were financed through the general fund. Mr. Bender stated the use of care fund money for the last mowers was because the cemetery was forced by Administration to do so. Mrs. Fraser clarified she was referring to long-term equipment purchases dating back to earlier inceptions of the care fund. Mr. Waters re-enforced that according to City Attorney Nugent expenditure of the current care fund would need an ordinance change directed and approved by City Council.

Mr. Bender repeated this was basically a ten year plan. Mr. Waters agreed. He also noted the fund was to be in place for the care, maintenance, and improvement of cemetery property with the idea to reduce some of the burden on general funding. Mr. Bender said the Board's use of care fund money to cover last fiscal year's shortage did not follow the current ordinance. Mr. Regan agreed but as Mr. Bender said earlier, Administration forced the Cemetery Board to agree to that exception. Mrs. Fraser agreed the ordinance should have been changed rather than forcing the Board to agree to go against it.

Mr. Bender stated that if cemetery revenue averaged \$100K/annually, after ten years about \$1M would be in the care fund. The cemetery budget = \$600K annually. It was kind of interesting but misrepresented to think this account would fund cemetery operation. Mr. Regan clarified it was intended to ease the burden of the city. He added no cemetery makes money unless it has a revenue source such as owning its own funeral home. Mr. Bender agreed that made sense and stated the Mayor's interest is that everyone helps during these tight times. This is why cemetery revenue has been requested to be returned to the general fund. How much is currently in the Care Fund? Mr. Waters stated by fiscal year end, and after purchasing the backhoe, a balance of approximately \$350K would remain. Mr. Bender stated this was still a decent fund for capital improvements.

Mrs. Fraser asked if the cemetery foregoes future revenue does that mean no layoffs and no line item cuts because the cemetery had fulfilled its obligation to assist in general funding? Mr. Bender said he did not know but the revenue was a good start. There remains a high inequity here as the cemetery has not been touched with cutbacks. While other departments gave 7% cuts, the cemetery gave 3% from the care fund reserve. Others have had to cut operations, the cemetery has not. Next year the need is for 5% baseline cuts. The question remains - Is it equitable to maintain a budget like the cemetery's that has not reduced its general fund obligation? Agreeing to change the ordinance and bring back revenue is logical. It is more than the current required percentage cutback but there is still an inequity here. Cemetery revenue of \$80K would equal a 15% budget contribution which could counter the cemetery's lack of line item cuts. Mrs. Fraser repeated - if the Cemetery should do this, will you guarantee jobs are safe? Mr. Bender said he could

not. The cemetery would be in a position of strength, however, and changing the wording in the ordinance could be done to the cemetery's advantage.

Mr. Bender expressed regards for everyone here at the cemetery and stated everyone had done a great job. He said Mr. Waters had done well directing cemetery improvements. These budget decisions were not a statement about the services that have been provided. The upcoming decisions are tough but must be done.

Mr. Regan asked whether Administration would be in support of building a crematory / mortuary with the remaining \$350K in the care fund. The cemetery has to make money to survive so would Administration support investing the money in something like that? Mr. Bender said this would place the city in direct competition with private sector and the cemetery is in too weak a position to do that. The City is property tax supported, should it compete with private sector? This would also mean taking on another service with expenses. What is the ability to get into the market? With the cemetery having no budget to market itself it would be too tough. Although a mortuary would put the cemetery in a good position there would still be an issue with people knowing about the service offered here. Has an analysis been done to find out why people come here? The government already provides services so this idea would be questionable. Mr. Regan stated he figured it didn't hurt to bring different options to the table. Without having a mortuary onsite, burial decisions are made during emotional times when families do not shop around for the best deal. He said Mrs. Stubb puts on a good thing with Stories and Stones which lets a lot of people know about this cemetery. Mrs. Fraser stated public opinion is this cemetery is full. Mr. Waters agreed that most burial decisions were made in emotional times and if a mortuary can handle all aspects of the funeral and burial, families do not ask questions or inquire any further into other options. Mr. Bender said that means the cemetery needs to get people to consider burial here before death.

Mr. Regan said he understood how hard this was for Administration and appreciated their past support in areas such as upgrading the cemetery irrigation system. Mr. Regan has rolled equipment out rather than purchase it unnecessarily which may be a shot in the foot if there is not money available to buy it when needed. The cemetery has never tried to burn money just because it could. The care fund is for such emergencies. Without this fund, how would equipment be replaced when it goes down? The care fund is a type of insurance for maintaining cemetery operations.

Mrs. Fraser stated how proud she was of the cemetery staff and how well they have stayed within budget guidelines. The cemetery doesn't ask for more than what is needed. Mr. Bender re-stated the upcoming decisions had nothing to do with performance levels. He has the highest admiration and trust for what has been done in the last few years. He can visibly see the improvements. Today's comments are not a reflection on how the cemetery is handled. Today is about realities and looking around to see where the city is putting its money. What burdens does the city have? This is an early warning. He appreciated the board's invitation to come talk with them now rather than wait until last minute.

Mrs. Jacobs wanted to know if revenue was turned over to the city with no guarantees, then what additional cuts may the Cemetery face? Mr. Bender said the cemetery would be in a strong position with the contribution of \$80K to the general fund. The cemetery would be more than fulfilling the required obligations required of departments. Realistically, other departments have cut line items or staff but the cemetery has not. That concept has put the cemetery in a vulnerable situation. Therefore, the cemetery needs to justify what it has done to reduce its operational budget. Return of revenue is an option. He suggested the Cemetery Board be prepared to defend its decisions to Council. The ordinance wording could be changed in such a way that it places a limited time for revenue to be given back to the general fund

before it was again deposited into the cemetery's care fund. Mr. Waters said the board had even more leverage with the amount of past care fund money that has been used for equipment purchases. Mr. Regan asked Mr. Bender if he would stand behind the cemetery knowing what has already been sacrificed. Mr. Bender said it would be up to the board to make a good argument and be prepared to answer the question of whether the cemetery's choices are fair.

Mrs. Cordis again asked about personnel guarantees. Mr. Bender said the cemetery has not cut back like other departments but has more personnel than four years ago. Mr. Regan disagreed and said staff had not changed since 2002. Mr. Bender said his research noted additional personnel had been added in the last three years. Mr. Regan stated the overall number of cemetery personnel had been cutback but resulted in lack of good service so a new seasonal position was requested two years ago. This position was negotiated down to be a five-month seasonal. Mr. Bender said that would be an easy cut. Mr. Regan agreed that position would be the first cut from the cemetery budget. Mrs. Cordis cautioned that all public complaints of reduced cemetery services would be directed to City Administration. Mr. Waters explained this seasonal position had been brought on to assist with flower care obligations. Flower care will not be cut because it brings in \$10K of revenue and it would take a Council ordinance change to abolish this service. Mr. Bender agreed that keeping that revenue source would be beneficial to the cemetery. He stated that Council would make changes as it sees fit but the Board giving up revenue would be a strong overture in helping the city. Council will look at the cemetery's \$80K as a way to keep a fireman or police officer and that is important.

Mrs. Jacobs noted that the care fund's \$350K looked good today but won't take long to spend on cemetery needs. Once the money is gone, the cemetery will be knocking at the city's door for money to provide necessary services. The city can't simply close the doors to the cemetery. Mr. Bender suggested the board realistically look at how long it would take to deplete this fund using the current replacement schedule. His estimate would be seven years. At that time, the cemetery would have no options. Building the fund and expending only interest is a good intention but it is not meeting its goal. Mrs. Jacobs agreed that once the money was depleted the cemetery would need money simply to function and the city has an obligation to provide cemetery services. Mr. Bender suggested the board strongly look at wording in the ordinance to build in some kind of protection for rebuilding the care fund over time. He suggested the board empathize with Council and recognize the dire straits the city is in at this time. It could be a matter of five years or so before the cemetery could begin rebuilding the care fund. Mr. Waters stated it was important that all parties (Board, staff, and Council) work for long term planning to promote stability down the road. Mr. Bender cautioned that no other department has a reserve fund like the cemetery. Mr. Regan asked again if Mr. Bender would support the cemetery. Mr. Bender did not comment. Mrs. Cordis noted this fund had already been depleted numerous times to assist the city's budget. Mr. Bender understood that and acknowledged that the care fund is a great concept. In good times it could be kept but not now.

Mr. Regan hoped that Mr. Bender had a better understanding of the care fund's designation and purpose. Mr. Bender said he did, however other items needed to be reviewed as well. The cemetery has financial obligations to maintain more than just equipment. What planning has been done for facilities maintenance? Mr. Waters said he had backed off that area in the last few years due to lack of funding. Equipment and line items are necessary to operate. Mr. Bender said in reality, buildings upkeep only add to the already mounting operations cost that have to be considered in the overall review of the cemetery. Think about things carefully. Good Luck.

3. Public comment: None.
4. Financials:
  - a. Revenues: Through January 2010 - reviewed.
  - b. Expenditures: Through January 2010 - reviewed. Last year the cemetery turned back almost \$17K to general fund but will be unable to do that this year.
5. Motions needed. (*Full board attendance is needed*)
6. New or Continuing Items for Discussion:
  - a. FY 10 / FY11 Budget - tabled.
7. Informational Items (*These items require NO immediate board action but are strictly informational item*)
8. Adjourned at 4:16pm. Next meeting: April 1, 2010 - Mr. Waters wants the Board to come back with ideas for the budget based on today's discussion. No meeting will be held in March. Mrs. Jacobs will be absent in April.

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