

Missoula Cemetery Board Meeting
Thursday, April 22, 2010
1:30pm
Boyle, Deveny, & Meyer - 305 South 4th Street East

Present: Sharee Fraser, Carol Gordon, Mary Lou Cordis, Marjorie Jacobs, Pat McHugh, Ron Regan, Douglas Waters, Mary Ellen Stubb, Bruce Bender
Absent: None

Agenda

1. Approval of board minutes: February 2010 approved as submitted.
2. Items involving guests: Bruce Bender, CAO Re: FY11 Budget reduction request.

Mrs. Fraser stated the Board's priority is employees. If the Cemetery Board gives the requested revenue to the City then the Board wants City Administration to give something back as well - no employees / jobs lost. Mr. Bender stated layoffs / terminations were not intended at this time. He reviewed the City's financial situation again. Mr. Bender said he was hopeful to develop credibility with the public through establishing some maintenance districts to maintain services but all the details of this idea still needed to be worked out. He stated Mr. Waters had submitted a budget with a goal of 2% cuts and jobs were not on the table now. He could not say jobs were absolutely off the table, he can't say that for anybody, but it is not the intent at this time. He has other concerns with the cemetery at this time.

Mr. Bender stated the cost of services and fees were of concern and fee adjustments needed to be discussed. He would like to have the actual cost of burial services reviewed and then talk about fee adjustments. Mr. Waters said this meant a consultant would review the cemetery process. Fees were adjusted last time without this. Mrs. Fraser noted it was City Council who did not want fees raised. Mr. Waters noted the current fees were established a few years ago with a previous Council that wanted to keep costs low and reasonable as the cemetery is tax payer supported already. A different Council thinks change. Mr. Bender agreed and said economic times have things being looked at differently. He would like to remind the Board that the cemetery is a half million dollar burden on the City's General Fund and ways to reduce that burden need to be found.

Mr. Bender revisited the Administration's request of an additional 2% cut in all budgets. Mrs. Gordon asked if the 2% would be the last request or will City Administration continue to ask for more. Mr. Bender said the solution would be to generate more revenue. A poll was conducted on taxpayers to find they were in support of a tax increase of \$40/year if no jobs were lost. This concept will begin review with Council in May and while some members would be opposed to the idea of an additional tax, he felt the majority of Council members would be supportive. All other major cities in Montana have maintenance districts as separate assessments. Missoula can no longer live off growth but must look at alternative funding.

Mr. Waters informed the Board that the State Legislature repealed a number of cemetery laws, one of which now allows municipal cemeteries to establish maintenance districts. He would like Administration to work with the cemetery to create this. Mrs. Fraser agreed and asked if a vote should

be taken now. Mr. Waters said there was a process to go through in order to create the district. Mr. Bender said he had not reviewed this particular language and had not considered a district for the cemetery. He was concerned about funding maintenance districts for parks and public safety (streets, fire, and PD). As for the process, a public hearing is held and Council action taken. Maintenance districts do not have to be placed on a ballot or have a public vote, only notification of a public hearing. His only concern is how much people will want to pay in order to sustain the current level of services. Mrs. Fraser asked how long it takes to make a district. Mr. Bender said it needs to be done this summer. The budget is adopted in September and all revenue must be in place by then. Mrs. Fraser said the cemetery is interested in creating a district to offset maintenance on the cemetery. Mr. Bender said he was hesitant to be supportive as he already had major departments bringing forth maintenance district requests and he was not sure how many of these items to bring forward to taxpayers at one time. If the Cemetery Board recommends this to Council then, yes, this summer it would be necessary to have a public hearing on the subject.

Mrs. Fraser asked how much revenue should be asked in a maintenance district. Mr. Bender said a levy could be for the entire budget, however, he advised to go small with a cemetery request. He asked Mr. Waters how the language read. Mr. Waters read a short quote then explained that it looked like it allowed for improvements and operations on a piece of public property, however, Mr. Nugent had not had time to review the information. Mr. Bender said typically a district would be for operation then certain amounts of improvements. He advised the Board to introduce small portions of cost then incrementally increase by shifting more costs to the maintenance district. The critical point is to get the district established which opens the door and gives the ability in the future to place more budget needs into it. If the cemetery raises fees by maybe another \$100K then a maintenance district would be realistic. Mrs. Gordon asked if the cemetery maintenance could be lumped in a district with the parks. Mr. Bender said maintenance (mowing, turf, roads, etc.), maybe, but not burial costs. That was an interesting point that he had not considered. Mr. McHugh asked again whether this would require a levy vote. Mr. Bender assured the Board that no public vote was needed; the governing body makes the decision. Mr. Waters noted that according to Mr. Nugent, if enough protests were made, then the item would need to be placed onto a ballot. Mr. Bender was not aware of any protests on maintenance levies. SIDs could and do get protested but not maintenance levies.

Mr. Waters stated the process would be for the Board to support the idea and get Council support. As this is mid-April, language for a district would need written, amount to be assessed established, and this would take some time in order to do a good job. He does not see this happening by July 1st. Mrs. Fraser asked if the consultant would have actual cost of burials by summer. Mr. Bender said yes, the consultant was already on board. His work would consist of interviewing staff to see what the sequence of a burial is, how much time it takes from notification to laying the final sod on top. Once this information is compiled, the consultant will do the final math and give a recommendation for fee adjustment. Mr. Regan asked if the budget could simply be divided by the number of burials done in a year as all the work done at the cemetery is for burials. Mr. Bender said no, daily maintenance could not be included. Mr. Regan asked whether it would be cost effective to include daily labor for maintenance of the cemetery. Mr. Bender said that was a separate issue. Maybe an annual maintenance fee assessment should be established as an ongoing revenue source. There currently is no maintenance cost in the cemetery's fee structure. Mr. Waters agreed the cemetery budget was not fine tuned to accurately show costs in line items. Mr. Bender said that's what the consultant will determine.

Mrs. Gordon reminded Mr. Bender the current ordinance has language that prohibits accessing the Care Fund money until FY15 and asked if he planned on changing this. Mr. Bender said yes. He was not in

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the CAO position in 2006 when the current wording was approved but said holding revenue as an intent to self sustain the cemetery simply was not possible at the current revenue rate. Mr. Waters explained the Care Fund intent was not to become totally independent but was to reduce funding needs by providing the cemetery a way to replace equipment and provide for improvements. The cemetery cannot compete with public safety departments in the current CIP process and needed a way to meet its needs. Mr. McHugh added the columbarium and fountains were an example. Mrs. Fraser added mowers and irrigation were paid from the Care Fund. Mr. Waters said the Care Fund was built with the sale of surplus equipment with this money paying for the columbarium and paving projects. An example of the cemetery's thrifty budgeting strategy is reflected in the way Mr. Regan purchases irrigation supplies in smaller chunks until an entire section can be laid out. Mr. Bender noted the backhoe was purchased with CIP money. Mr. Regan contradicted - the backhoe was purchased fully with Care Fund money. He added that the City has only funded 1-1/2 mowers over the past ten years while Care Fund money has been used to pay the majority of equipment replacements.

Mr. Regan asked Mr. Bender how long this plan of taking cemetery revenue was to last? What about the possibility of taking only a percentage of revenue until FY15? Instead of front loading this idea, he suggested back loading as a way for the cemetery to get the revenue back again to finish its goal. Mr. McHugh asked Mr. Waters for a recommendation. Mr. Waters said he wanted the Board to think about it and set a goal, it was not his decision to make. Mrs. Fraser said she wanted this discussed and asked Mr. Bender what the best route would be. Mr. Bender said the request is for 100% of cemetery revenue to General Fund. Mrs. Fraser asked for how long. Mr. Bender replied for the first year but he realistically sees a two year problem. He said the Board could negotiate a change to this next year. He appreciates the Board wanting to have an agreement outlined but it is difficult for the Council to forecast the future.

Mrs. Jacobs noted that Administration is looking at current revenue as continuing. If revenues go down, how will the budgeted difference be made up? People currently have options but if fees are dramatically changed she believes revenues will drop. Has Administration considered that revenue may lower and not stay at current levels? Mr. Waters stated he has been considering two for one grave sale options but a crematory or funeral home on site would be the answer to revenues. Currently the cemetery is holding approximately 3,000 pre-need files noting continued future revenue. Mrs. Jacobs knows pre-arrangements will continue to bring in revenue but if Administration is basing the budget on current cemetery revenue and that goes down because cemetery rates have increased, who will kick in the difference?

Mr. Bender asked what grounds the Board had to say people were actually shopping for burial needs. Mrs. Jacobs agreed most people do not 'shop' for the best deals as the funeral homes 'handle' their needs at time of service. Mr. Bender understands people choose the Missoula Cemetery for history purposes not cost. Mr. Waters explained that he originally tried to mimic St. Mary's and Sunset cemeteries' pricing structure for the columbarium. However, this proved not to be well received. Once the prices were lowered, the walls began to sell quite rapidly. He quoted sales in 2008-2009. People have asked more questions, liked what they saw and have purchased. Mr. Bender felt knowledge of services may be a factor; the public may need to become more aware of the cemetery.

Mr. McHugh asked what the ordinance change would entail. Mr. Bender said once the wording was done a public hearing would be held then the Council could act. Mr. Waters stated last time the process order was to present the changes to: a)Conservation Committee, b)City Council, c)Public hearing, d)City

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Council approval, e)Thirty day protest period, f)Signed into law. Mr. McHugh stated the support of the Board is required and the ordinance should be changed for a time period then the financial situation should be re-examined. This would allow the immediate budgetary issues to be resolved. Mr. Bender stated Administration has already placed Cemetery revenue into the General Fund budget. If the Board does not initiate the changes, Administration would have it changed by Council action. However, the Board's involvement and consultation is wanted. Mr. McHugh said he felt the Board could support a temporary change for possibly two years. Mr. Bender suggested this would be a good possibility. Mr. McHugh clarified the Board wished to regain the revenue source for cemetery improvements and advertising for public awareness. The Care Fund is the cemetery's resource for capital projects that wouldn't get funded in order to enhance the cemetery and increase burials. What the cemetery has done has been great but there is more that could be done rather than accumulating the fund. The Board views the Care Fund as a means of performing direct enhancements of the cemetery after the proposed two year period.

Mr. Waters told Mr. Bender it would be good to involve a few council people in the rewording of the ordinance, possibly some of the ones that voted on this, and have input on wording for a possible maintenance district. He had not made contact with any of them yet. Mr. Bender stated the budget review process in June is the time to go before Council. Discussion ensued as to 'how' to make the initial contact for developing a maintenance district. Mr. Bender stated it would be best to go to 'their table' to influence not to ask them to come to the cemetery as that could be construed as going around the Mayor. By June the overall financial situation would be known and recommendations could be made.

Mr. McHugh noted it would be beneficial to have the Cemetery Board come up with a solution which Mr. Bender supported prior to going before Council. The Board's goals are to preserve jobs, work out wording for voluntary relinquishment of revenue for a two year period, and wording assuring the return of that revenue after the allotted period.

Mr. McHugh stated he did not know that he agreed with valuation of burial cost in determining a fee structure. Mr. Regan agreed and stated that burials take a lot more time than people realize. Mr. Bender re-stated to keep mowing and general maintenance time separate from the burial process. Do not include daily maintenance in this equation. Mr. Regan agreed to that but wanted Mr. Bender to realize that winter burials required ground thawing time which could reach 36 hours for that task alone. Mr. Bender suggested an additional fee be assessed for winter burials. Mr. Regan noted that no one can choose when they die. While funeral homes can set high prices that get paid without thought, more people are thinking about burial costs and many are choosing cremation and shelving the ashes. The cemetery has a good master plan and somehow the cemetery needs to promote that plan like Mr. McHugh suggested but it all takes money. The question is how to get the families here. Cemetery staff has good ideas for advertising but we have to get ahead of funeral homes when promoting ideas.

Mr. Waters said that Mr. Regan had moved out mowers to assist with the City's financial situation this year. However, the cemetery would like reassurance that if a mower goes down completely during this fiscal year, Administration grants the cemetery funds to replace that mower with the least amount of down time. Would Administration allow such flexibility? Mr. Bender stated this wording would need to be written into the proposed ordinance changes. Mr. Waters noted the cemetery staff is aware of a

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number of areas that need tweaking in the current ordinances to make them better so this is not a bad process to be working on. Mr. Bender suggested there be wording for emergency replacement of equipment put into the proposal. Mr. Regan said he did not look for this to be needed but should have some kind of insurance just in case. The cemetery has tried to save money at every corner from fuel reduction to surplus equipment to purchasing multi-function equipment and not replacing until absolutely necessary. Mr. Bender agreed the cemetery has done some major improvements. The decisions being made at this time have nothing to do with performance but are strictly financial necessities. Mr. Waters wanted Mr. Bender to be aware that the cemetery also supports and works with other departments such as police, streets, and parks. Mr. Bender noted that other departments have also assisted the cemetery.

Mrs. Jacobs wanted to make sure she understood that when talking about funding requirements, shifting to a maintenance district opens the door so more financial responsibility could be shifted from General Fund to the district. Would Administration decide the amount? Mr. Bender said no, this would be a mutual thing to work on. The maintenance district could provide more financial support to the cemetery once established. Mrs. Jacobs asked that once people allow a district then could all cemetery cost be shifted to the district? Mr. Bender stated levies are an annual decision by Council. Council would take scrutiny from a public hearing and discussion to determine if any additional amounts should be asked. Mrs. Jacobs clarified that each shift in Council may change support for districts? Mr. Bender said yes. Districts would be reviewed each year and could increase, decrease, stay the same, or go away altogether. This is much different than a mill levy which states an amount with a lifespan. Mrs. Jacobs said that was good to know as she had not understood that.

Mr. Regan wanted clarification that the current request from Administration is for the cemetery to reduce their bottom line budget by 2% plus give up 100% of cemetery revenue for FY11. Mr. Bender stated yes, all departments were asked to reduce a total of 4% by this fiscal year. Mr. Regan asked what the cemetery did then. Mr. Bender said the cemetery supplemented with Care Fund money but did not reduce its bottom line. This is the first pain the cemetery has had to feel. He then thanked the Board for their time, questions, and deliberation of service.

Discussion followed amongst members:

Mr. Regan noted that Mr. Bender was just looking at graves but should be looking at hand watering flower boxes. If this was done, Administration would see that raising rates to cover these costs would mean no one could come to this cemetery. Mrs. Jacobs was concerned that Administration had not considered the possibility that revenue could drop and would they come back to the cemetery for even more money if that happened. She noted we don't know if people are shopping but if higher rates are quoted to them then scattering ashes or going somewhere else will be a much higher possibility. Mr. McHugh agreed. It seemed Administration was presuming a certain revenue amount to solve their budget crises. If the cemetery did not meet that presumed amount, then would Administration be back to take more? Mr. Waters said he had not talked to Mr. Bender about that. Current revenue was the wording being used and Mr. Bender would not make assurances on anything.

Concern was voiced over what other departments were doing. It is not known for a fact what other departments are doing. Mr. McHugh voiced concern that the cemetery had already suffered 2% and was being asked to give another resulting in a total of 4% reduction. Mr. Waters said the initial 2.75% reduction was not reduced from line items but taken from the Care Fund. Mrs. Fraser voiced concern over losing line items by reducing the cemetery bottom line. Once this is done, it will not be returned.

Mr. Waters stated Mrs. Fraser had hit it on the head. The cemetery does not have the budget flexibility that other larger departments have. Mr. McHugh wondered what figure the 2% reduction was being calculated on. Mrs. Jacobs wondered why the cemetery's budget seemed so exorbitant to the City. Mr. Waters stated that until a year ago, it was not even considered. Mrs. Jacobs felt the cemetery was being leaned on by an unrealistic amount. Mr. McHugh felt it was because the cemetery tends to be under the radar in the whole scheme of things. Reducing cemetery funding will not create a lot of political issues compared to reducing public safety. Mr. Regan understood that but operations will not be able to run on the same level with the reduction of budget. Mr. McHugh said it is hard to determine the value of the cemetery in terms of the City. If a revenue source is available, Administration will require it instead of taking jobs. Mr. Waters noted the Mayor made a public statement that jobs would be a last resort.

3. Public comment: None.

4. Financials:

- a. Revenues: March 2010. Mr. Waters noted the difference in grave sales & reduction in monument foundations over the past two years. Interest is noted through March.
- b. Expenditures: March 2010. I.T. is requiring departments to have individual space on the new server for all files. Other departments have budgeted for this and now the cemetery needs to cover their costs. Mr. Waters believes the money to pay for this can be found within the current budget but won't leave any wiggle room.

5. Motions needed. (*Full board attendance is needed*)

6. New or Continuing Items for Discussion:

- a. FY 10 / FY11 Budget - Tabled.
- b. Revenue / Ordinances - Tabled.

7. Informational Items (*These items require NO immediate board action but are strictly informational item*)

8. Adjournment. Next meeting: June 3, 2010. (May 6, 2010 - Canceled). Adjourned at 3:05pm.

**To conserve costs, please bring your agenda and any pertinent documents with you to meetings.