

OFFICE OF THE CITY MANAGER
DES MOINES, IOWA

ITEM 60

CITY COUNCIL COMMUNICATION 97-005
JANUARY 6, 1997 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
ISLAMIC BURIAL AREA AT GLENDALE CEMETERY	◆ RESOLUTION ORDINANCE RECEIVE/FILE	DONALD M. TRIPP PARK & RECREATION DIRECTOR

SYNOPSIS —

The Islamic Center of Des Moines has requested that approximately one-half acre of land (527 potential burial spaces) be set aside in Glendale Cemetery for the exclusive burial of members of the religion of Islam.

FISCAL IMPACT —

A licensing fee of \$21,372 or \$40.55 per lot will be collected for the exclusive use of a portion of Glendale Cemetery over approximately a 21-year period. This fee was determined as described in the attached memorandum from the City of Des Moines' Senior Right-of-Way Agent. The fee compares favorably over time with the premium paid by the Thai Dam community in 1977 (\$25.00 per lot) for a similar request.

The number of years covered by the licensing fee is determined by the number of years which is required to use the 527 spaces. It is estimated that approximately 25 burial spaces will be used annually. At that rate, the licensing fee will cover about 21 years of burials. The Islamic community has not previously utilized burial space at Glendale. The anticipated new revenues for space purchases and interment charges for 25 burials is currently $\$870 \times 25 = \$21,750$. A map of the proposed acreage is attached.

RECOMMENDATION —

Approve the exclusive use area as proposed.

BACKGROUND —

The Islamic Center of Des Moines approached the Park and Recreation Department during the summer of 1996 inquiring as to the feasibility of purchasing or leasing a portion of Glendale Cemetery to establish an Islamic Cemetery for the burial of members of the Islamic religion. Because a similar request had been made and granted to the Thai Dam Community of Des Moines in 1977, Park and Recreation Department staff initiated an investigation to determine the possibility of permitting this request. Following a favorable report from the City's Legal Department, the Park and Recreation Board's Citizens Cemetery Committee passed a favorable recommendation at its regular meeting on September 18, 1996. Determination of the actual exclusive use fee and a detailed drawing of the site was then made. On October 8, 1996, by Resolution # 11770, the Park and Recreation Board, at its regularly scheduled monthly meeting, unanimously approved the proposal as presented.

Attachments

CITY OF DES MOINES, IOWA

Engineering Department
Right-of-Way Division

TO: Hal Kinney
Senior Right-of-Way Agent

DATE: October 4, 1996

FROM: Karu Arulanandam
Right-of-Way Agent

SUBJECT: Fair "Exclusive Use" Fee For Portion
Of A Burial Block In Glendale Cemetery, 4909
University Avenue, Des Moines, IA 50311

As per Don McLaughlin's memo dated September 6, 1996, the Islamic Community in Des Moines desires to reserve a portion of a burial block for their exclusive use. They anticipate that they will need about 25 lots per year, but this could increase if the size of the community increases more quickly than expected.

The City has several set prices for the various types of lots, and prices differ on weekdays and Saturdays and for residents of the City of Des Moines and for non-residents. There is also an extra \$70 fee for "pre-need" lots as opposed to "at need" lots. A schedule of prices is attached as Exhibit 1.

The Purpose Of This Assignment

The purpose of this assignment is to determine a fair "exclusive use" fee for reserving a portion of a burial block.

Proposed Solution

I have approached this assignment using two options, as indicated on the following pages.

Recommendation

I would recommend that the premium be set at \$21,372 or \$40.55 per lot as indicated in Option 2. This would be a cash price and interest charges should accrue if paid in installments.

cc: Don McLaughlin, Parks
Andy Hennesy, Engineering
Emily Chafa, Legal

Option 1

I have discussed prices and purchase options with two local private cemeteries, both of which are considerably more expensive, although they do not charge the \$70 fee for "pre-need" lots. Both require full payment to reserve a lot, or a down payment and periodic payments for up to 10 years, with interest charges.

I have used the City's weekday "at need" rate to compute a discounted cash flow, assuming a sale of 25 lots per year, a \$30 per year price increase, and using a conservative discount rate of 8%, compounded monthly. I have then compared the net present value to today's cash price to determine the difference in revenue. The \$30 per year price increase was adopted for simplicity purposes. I could also have used a staggered increase of \$150 every 5 years, or a percentage increase, etc., with no vast end result. One of the local private cemeteries indicated that prices had quadrupled in the last 10 years, and so the estimated doubling of prices in 10 years is considered to be reasonable, considering the current low inflation and interest rates.

The cash sale price at today's price is:	\$168,640
Estimated NPV	\$131,568
Indicated Premium	<u>\$ 37,072</u> (\$70.35 per lot)

Option 1 Calculations

Cash price if all 527 lots sold today at "at need" prices for residents on weekdays:

$$527 \text{ lots} \times \$320 = \$168,640$$

Estimated sales at 25 spaces per year calculating a DCF at 8% compounded monthly for 21 years:

Mos.	Year	25 Spaces x Cost (Estimated)	Total Revenue	Compounded Monthly PV at 8%
12	1	25 x \$320	8,000	7,387
24	2	25 x \$350	8,750	7,460
36	3	25 x \$380	9,500	7,479
48	4	25 x \$410	10,250	7,451
60	5	25 x \$440	11,000	7,383
72	6	25 x \$470	11,750	7,283
84	7	25 x \$500	12,500	7,153
96	8	25 x \$530	13,250	7,001
108	9	25 x \$560	14,000	6,831
120	10	25 x \$590	14,750	6,645
132	11	25 x \$620	15,500	6,448
144	12	25 x \$650	16,250	6,242
156	13	25 x \$680	17,000	6,030
168	14	25 x \$710	17,750	5,813
180	15	25 x \$740	18,500	5,594
192	16	25 x \$770	19,250	5,375
204	17	25 x \$800	20,000	5,156
216	18	25 x \$830	20,750	4,940
228	19	25 x \$860	21,500	4,726
240	20	25 x \$890	22,250	4,516
252	21	27 x \$920	24,840	4,655
				NPV \$131,568

Indicated Premium: \$168,640 - \$131,568 = \$37,072

Option 2

Although the lots are to be reserved for "exclusive use", they are to be sold as needed at "at need" prices. As mentioned earlier, the City currently charges \$70 per lot more for "pre-need" lots. I have thus computed a discounted cash flow using the \$70 fee and allowing for increases every 5 years. I have again used a conservative discount rate of 8%, considering the current low inflation and interest rates.

The indicated premium using this method is \$21,372 or \$40.55 per lot.

This compares favorably with the \$25.00 per lot premium paid by the Thai Dam community in 1977.

Option 2 Calculations

Pre-need prices are currently \$70/lot more

Mus.	Year	25 Spaces x Cost (Estimated)	Total Revenue	Compounded Monthly PV at 8%
12	1	25 x \$70	1,750	1,616
24	2	25 x \$70	1,750	1,492
36	3	25 x \$70	1,750	1,378
48	4	25 x \$70	1,750	1,272
60	5	25 x \$70	1,750	1,175
72	6	25 x \$85	2,125	1,317
84	7	25 x \$85	2,125	1,216
96	8	25 x \$85	2,125	1,123
108	9	25 x \$85	2,125	1,037
120	10	25 x \$85	2,125	957
132	11	25 x \$100	2,500	1,040
144	12	25 x \$100	2,500	960
156	13	25 x \$100	2,500	887
168	14	25 x \$100	2,500	819
180	15	25 x \$100	2,500	756
192	16	25 x \$120	3,000	838
204	17	25 x \$120	3,000	773
216	18	25 x \$120	3,000	714
228	19	25 x \$120	3,000	659
240	20	25 x \$120	3,000	609
252	21	27 x \$145	3,915	734
				NPV \$21,372

Indicated Premium: \$21,372 (\$40.55 per lot)

Franklin Ave.

Library

DES MOINES

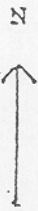


GLENDALE CEMETERY

4909 University Avenue
Des Moines, Iowa 50311

Steve Kuelner
Superintendent

(515) 271-4722
Fax (515) 271-8720



hedge

Block 41

BLOCK 37-A
37-B

BLOCK 38
38-C

39

38-B

MASONIC

BLOCK 37

38-A

sign

BLOCK 49
Veterans

VETS 35

vets 35

VETS 35

vets 35

34

BLOCK 31

BLOCK 30-B

30-A

29

28

CEMETERY

BLOCK 33

BLOCK 32

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BLOCK 25

55 th Street

BLOCK 50
Veterans

BLOCK R

BLOCK G

24

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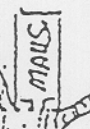
17-2

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14

BLOCK K

JEWISH CEMETERY



UNIVERSITY AVE

VETS office