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|  <div style="text-align: center;"> <h1 style="margin: 0;">Council<br/>Communication</h1> <p style="margin: 0;">Office of the City Manager</p> </div> | <b>Date:</b>             | March 26, 2012  |
|   | <b>Agenda Item No.</b>   | <b>35</b>   |
|   | <b>Roll Call No.</b>     | [ ]   |
|   | <b>Communication No.</b> | <b><u>12-137</u></b>  |
|   | <b>Submitted by:</b>     | <b>Donald M. Tripp,<br/>Director of Park and<br/>Recreation</b> |

## AGENDA HEADING:

Approve the reduction of the allocation of funds deposited into the Cemetery Perpetual Maintenance Fund from 30 to 20 percent of cemetery space sales.

## SYNOPSIS:

Approval of the reduction of the annual allocation of funds deposited into the Cemetery Perpetual Maintenance Fund from the present 30 percent to 20 percent of cemetery space sales, which is the percentage required by the Des Moines Municipal and Iowa Codes.

## FISCAL IMPACT:

Amount: \$37,900 increase in annual revenue is projected based on 12-fiscal year average space sales.

Funding Source: FY2012 Operating Budget, Park and Recreation GE001 PKS010400 (Cemeteries) page 181.

## ADDITIONAL INFORMATION:

Both the Des Moines Municipal Code (Chapter 34) and the Iowa Code (Chapter 5231) require that a minimum of 20% of the gross selling price of cemetery interment spaces be deposited into a Perpetual Maintenance Fund. The Iowa Code further requires that the funds deposited from the sale of interment rights be the greater of 20% of the gross selling price or \$50. Currently the Schedule of Fees adopted by City Council states that 30% of all space sale fees be placed in the Perpetual Maintenance Fund. A review of Finance Department records indicates that historically the City allocated 20% to the fund until it was raised to 30% in 1993.

The current balance of the Perpetual Maintenance Fund is \$3,700,000. Only the interest from these funds can be used for care and maintenance of the cemeteries, and only for certain cemetery operating budget costs such as mowing and raking. The interest revenue from this account, which varies from year to year, currently is budgeted at \$100,000 annually.

Given the fact that the percentage of cemetery space sales that is currently being deposited into the Perpetual Maintenance Fund exceeds the statutory requirements, Parks and Recreation staff recommends that, as a part of the strategy to increase revenues to the cemetery operating budget, the percentage be revised by lowering it to the level allowed under State requirements. The decrease will result in approximately \$37,900 in additional annual space sales revenue going directly to the

operating budget for daily operation and maintenance costs not otherwise funded by the interest on the Perpetual Maintenance Fund. Staff feels this move will better provide for current cemetery needs, which outweigh the unknown needs of the future. Perpetual maintenance funding requirements are such that adequate funds would still be available when needed.

The Citizens Cemetery Advisory Committee considered and unanimously approved this recommendation at their October 12, 2011 meeting and the Park and Recreation Board considered and unanimously approved this recommendation at their January 24, 2012 meeting.

**PREVIOUS COUNCIL ACTION(S): NONE**

**BOARD/COMMISSION ACTION(S):**

Board: Parks and Recreation Board

Date: January 24, 2012

Resolution Number: 12-005

Action: Approve the proposal to reduce the allocation of funds deposited into the Cemetery Perpetual Maintenance Fund from 30 to 20 percent of cemetery space sales. Moved by Jensen to approve. Second by Gelb. Motion carried.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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