

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	April 8, 2013
	Agenda Item No.	57
	Roll Call No.	<u>13-0614</u>
	Communication No.	<u>13-160</u>
	Submitted by:	Benjamin R. Page, Director of Park and Recreation

AGENDA HEADING:

Approval of amendment of the Schedule of Cemetery Fees.

SYNOPSIS:

Approve adoption of proposed revisions to the Schedule of Cemetery Fees, as is required by Municipal Code Sec. 34-69.

FISCAL IMPACT:

Amount: \$376,565.00 projected additional yearly revenue

Funding Source: Fiscal Year (FY) 2014 Recommended Operating Budget, Cemetery, GE001 PKS010400, page 163

ADDITIONAL INFORMATION:

Municipal Code Sec. 34-69 requires cemetery fees to be adopted by City Council in a schedule of fees; this action is to approve changes to the schedule. These fees were last amended on June 9, 2008, by Roll Call No. 08-1017. Staff has comprehensively reviewed fees charged for various products and services provided by Des Moines' seven (7) municipal cemeteries and is recommending revisions and additions outlined in the Schedule of Fees attached to the roll call for this action.

The City's cemetery expenses have increasingly exceeded revenue since FY1997; the percentage of operating subsidy has fluctuated between 17% and 49% for the past 20 years, except in FY1997 and FY1999, when the percents of subsidy were 1% and 8% respectively. The amount of subsidy peaked in FY2011 at 49%. The City Council committed to correcting this trend through expense reductions and revenue increases when it adopted the FY2013 Amended and FY2014 Adopted City budgets. The FY2014 Adopted Budget reflects a subsidy of \$464,388, with expenditures budgeted at \$1,403,280 and revenue budgeted at \$938,892.

Since adoption of the budgets, changes including staff reductions, operating efficiencies, closing of one office, and other changes in methods of doing business have been implemented and have put expenses well on the track toward meeting the budgeted goals. Only so many cuts can be made, however, without affecting customer service, appearance of the cemeteries, and insufficient staff support. Park and Recreation's cemetery management believes various methods of increasing revenue hold greater potential for meeting and exceeding the budget projections and further reducing the subsidy than do

additional major expense reductions, although efficiencies will continue to be implemented in that regard.

New marketing measures have increased sales, new cremains structures have been added, areas of the cemeteries opened to increase sales opportunities, and several dozen dead trees have been removed while additional trees and floral areas have improved appearances. These and other planned measures can affect revenues; however, all of these combined will not impact cemetery income and the bottom line nearly as much as increased fees. Staff believes that through implementation of the recommended fee changes, along with attainment of the budgeted level of expenses, the operating subsidy can be reduced to a level of approximately \$100,000, or 7%, by the end of FY2014.

As is reflected on the attached Cemetery Revenue by Category spreadsheet, staff is recommending changes to nearly every product/service revenue category. The additional revenue resulting from these changes is projected at a total of \$376,565 annually, based on actual sales and burial numbers for FY2012 (which reflected a 13% increase to 372 space sales and 4% increase to 479 burials, as compared to the previous two years) and conservative sales estimates for new product categories and pricing levels. Staff has a high degree of confidence that the FY2012 sales and burial levels will at the least be maintained and will more likely increase and that these conservative projections will be realized.

In developing the recommended changes outlined in the documents, staff did not focus on a pre-determined total revenue dollar or percentage of increase goal, but rather addressed each category of product and service on its own merits, assessing factors such as strength of that category in the competitive market, staff expense involved, marketability, etc. Staff considered inflationary increases for various operating expenses since the last price increase five years ago, reviewed the prices of area competitors, determined which of the City's cemetery services have competition in the marketplace and which, among the major competitors in the area, are offered nearly exclusively by Des Moines Municipal Cemeteries. Also considered were the marketability of the City's various seven cemeteries and specific areas within them. Pricing and sales projections of cremains niches were set based on sales history of existing structures and differential pricing based on consumer demand for various features was applied. Some products/services/geographic areas were priced at a level which would "push" sales to other areas with lower sales, in order to promote sales in those areas. Higher prices for some particular products/services are recommended based on location, desired views, gravesite features such as allowances for above-ground monuments as compared to flush ones, amenities such as roadways and trees/gardens, allowance of the planting of perennials and annuals, proximity to various features such as Glendale's lake and entrances, ability of the customer to make a choice of location as compared to not being able to make that choice, newly opened blocks within cemeteries, etc.

As a part of the revision process, Cemetery management sought input from Carlton Peterson, the longtime director of Hamilton's Funeral Homes and a member of the Park and Recreation Board's standing cemetery subcommittee, the Citizen Cemetery Advisory Committee (CCAC), to gain the funeral industry's perspective on the proposed changes; his suggestions have been integrated into the fees being proposed. At its February 6, 2013 monthly meeting, the CCAC thoroughly reviewed the proposed fees and, with the exception of further increasing the recommended rate for the Woodland Cemetery space fee, voted unanimously to move the fee recommendations forward to the Park and Recreation Board. The Park and Recreation Board, at its March 26, 2013 meeting, voted unanimously to recommend to City Council that it approve the proposed fee schedule.

Staff recommends these fees to be implemented effective the date following City Council approval.

PREVIOUS COUNCIL ACTION(S):

Date: June 9, 2008

Roll Call Number: [08-1017](#)

Action: [Amendment](#) to Schedule of Fees for Chapter 34 of the Municipal Code regarding cemetery fees. Moved by Hensley to receive, file and approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Park and Recreation Board

Date: March 26, 2013

Resolution Number: Recommend City Council approval of amendment of the Schedule of Cemetery Fees.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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CITY OF DEER BONES
CEMETERY OPERATING SUBSIDY

	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 Amended	FY2014 Recommended	FY2014 Adj. for Prof. Rev. Incr.	
EXPENDITURES	1,050,446	931,239	1,039,139	1,018,029	1,187,747	1,155,687	1,139,516	1,310,976	1,424,619	1,575,936	1,525,415	1,443,511	1,546,730	1,476,906	1,698,461	1,718,374	1,743,323	1,447,568	1,403,280		
REVENUES	863,104	926,427	850,529	937,714	991,763	880,656	922,230	1,042,246	1,176,952	964,756	1,134,241	1,116,545	1,090,953	1,014,784	906,900	879,573	930,053	937,965	938,892	1,303,457	
SUBSIDY	187,342	4,812	188,610	80,315	195,984	275,031	217,286	268,730	247,667	611,180	391,174	326,966	455,778	462,122	791,560	838,801	813,270	509,603	464,386	99,823	
Actual/Budgeted	18%	1%	18%	8%	17%	24%	19%	20%	17%	39%	26%	23%	29%	31%	47%	49%	47%	35%	33%		
Projected																				47%	7.1%

Cemetery Operating Subsidy FY1996 - FY2014

