

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: September 8, 2014
	Agenda Item No. 48 Roll Call No. <u>14-1416</u> Communication No. <u>14-433</u> Submitted by: Benjamin R. Page, Park and Recreation Director

AGENDA HEADING:

Approval of amendment of the Schedule of Cemetery Fees.

SYNOPSIS:

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

FISCAL IMPACT:

Amount: New fees include annual rate adjustments for cemetery services and non-select spaces as well as introductory rates associated with a new premium product option, establishment of Saturday day segment prices, and marketing strategy pricing of popular high-demand amenities and locations. Every space sold in a new area will have a higher fee than its counterpart in another area of that cemetery and will therefore result in additional revenue, as will every newly-priced service option that is utilized, but it is not possible to accurately predict the overall increase.

Funding Source: Additional revenue will be deposited into Fiscal Year (FY) 2015 Operating Budget, Cemetery, G001 PK200220, page 156.

ADDITIONAL INFORMATION:

On April 8, 2013, by Roll Call No. 13-0614, City Council approved revisions to the Schedule of Cemetery Fees, as required by Municipal Code Sec. 34-69. The fee changes align existing pricing with the competition and demand in the marketplace and establish pricing for new cemetery areas, products and services. Differential pricing was introduced to generate additional revenue through sales based on amenities, location, quantity, and demand. Pricing, product, and service options are now assessed on an ongoing basis to make adjustments according to consumer demand, trends, and depletion of inventory in high sales areas of the cemeteries; purchases are in the same manner driven to lower sales and demand areas through price stabilization and possibly even reduction. Fees have since been established through City Council action as new areas in the City’s cemeteries are opened to sales and all fees are being assessed annually at a minimum, to determine where adjustments should be made to address the market and operating expenses.

Pricing categories/fees now being recommended for approval are outlined in red on the current price list (attached to the Roll Call) and address newly opening cemetery areas, Saturday time parameter pricing, and proposed adjustments to the existing fees as a result of the annual review. At its June 4,

2014 meeting, the Citizen Cemetery Advisory Committee (CCAC) voted unanimously to recommend that the Park and Recreation Board (Board) forward these fees to the City Council with a recommendation for adoption; at its July 22, 2014 meeting, the Board unanimously voted to recommend approval of the fee changes to City Council.

Details regarding some of the recommendations follow:

- **Newly opening Glendale Lower Block M double-space lots** - When price adjustments were made in 2013, only the upper portion of Glendale's Block M, which overlooks that cemetery's pond, was open for sales and prices were increased nearly 18%, from \$3,250 to \$3,825 for a two-space lot. Block M was and continues to be the highest-priced area of the municipal cemeteries. Differential pricing was not introduced with the April 2013 fee changes due to the fact that virtually all of the lots near roadways, walkways and amenities such as trees or pond-proximity - areas that would have been assigned higher prices - were already sold.

In FY 2014, 48 spaces were sold in Glendale Block M, more than in any other section of the cemeteries. Only 141 of 816 spaces remain in Upper Block M so, to expand location/amenity options to customers, staff plans to open the lower portion of the block – over 900 spaces – for sales upon approval of the pricing structure. A differential pricing range of \$3,975 - \$4,250 is recommended by staff for Lower Block M, with the lower prices being assigned to middle portions of the block, higher prices assigned to lots near the roadway and walkways, and the top price allocated to the area closest to the pond. Some customers pre-planning their future need for space at Glendale are waiting for approval of the fee structure so that they can proceed with their purchase of spaces in this new area.

It is recommended that Upper Block M be increased by \$25 to \$3,850, intentionally keeping the price less than the lower portion of the block to price it according to demand and assure sellout.

- **Glendale Block N single in-ground cremation spaces** - On December 9, 2013, by Roll Call No. 13-1904, City Council approved introductory pricing for Block N; only the upper-most portion of the block was slated for opening. Included in the various types of spaces platted in that area are 128 in-ground cremains spaces priced at \$750 with an upright monument and both perennials and annuals planting allowed, and \$650 with a flush marker and annuals only allowed. That inventory of spaces likely would not have depleted for a few years; however, the purchase of all of those spaces is presently under consideration by the Laotian Community. Staff is therefore proceeding with surveying and establishing pricing for additional inventory of this type of space in Block N at this time. A range of differential prices is proposed to address the various attributes of these new spaces, including proximity to the roadway, sidewalks and pond which, given the new location in this block, will now become available for this type of space in Block N.
- **Introduction of Saturday day segment pricing** - Until the past two years, it had been customary operating procedure for several cemetery staff to be assigned to work a full 8-hour Saturday shift, accruing 12 hours of time-and-a-half credit on a rotating basis each weekend, to accommodate the possibility of the public scheduling Saturday services. This resulted in both the loss of weekend personal time for field staff and also the build-up of high balances of compensatory time for them. Use of that compensatory time the following week typically created staffing shortages on weekdays, especially following the reduced staffing implemented with the FY2013 budget. In 2013, Human Resources and Parks management negotiated an agreement with union stewards and cemetery staff that now results in employees working on Saturdays only if services are scheduled and for a minimum number of people and hours required to accommodate those services. Through

the agreement, staff must be scheduled to begin their work day by no later than 9:00 a.m. and for a minimum number of hours that would result in them being credited with eight (8) hours of compensatory, time-and-a-half pay. Therefore, at a minimum they would work from 9:00 a.m. until 2:30 p.m.; additional time-and-a-half hours are worked only if the timing of afternoon services necessitates staff staying later to finalize work associated with those interments.

Due to increased staffing expense, other cemeteries in the area limit the timing of services to Monday-Friday or to completion prior to noon on Saturdays. Des Moines cemetery management believes it is important to continue to offer the option of Saturday services and is encouraged to do so by metro area funeral-related businesses; however, this accommodation comes at a higher staff expense to the City's cemeteries. Saturday rates have been established for several years, but at this time, given the efficiency of changes made to Saturday staffing, management is now recommending pricing categories that are intended to incentivize the public to schedule funeral services on Saturday morning/early afternoon timeframes or weekdays, thereby allowing workers to complete associated work at minimal additional expense to cemetery operations. It should be noted that Saturday ranks second highest in the total number of services held daily in the seven municipal cemeteries. The level of these Saturday prices and the time-breaks have been both suggested and recommended by the CCAC of the Board, which includes representation of the funeral service industry in its membership.

Most frequently, given the nature and customary lack of urgency of cremain interments, the timing of final memorial activities is extremely flexible. The City's interment pricing in this category is also lower; however, timing of a service can result in higher cemetery operation overtime staffing expense than other types of interments. Therefore, day-part incentive pricing is now being introduced for the timing of cremain services.

Introduction of day-incentive pricing is also being recommended for infant burials. Several years ago the City eliminated opening/closing fees for burials of babies and children up to eight (8) years of age; this is not generally the case for other metro area cemeteries. To this time, no limitations have been in place regarding the day of the week or time of the day that these free services can take place; however, free comes at a higher staff expense to the City when services take place on Saturdays or late in the day on weekdays. Therefore, staff is recommending weekday morning/early afternoon parameters for this free service through the establishment of pricing for services held later in the day on a weekday or anytime on a Saturday.

The recommended incentive pricing for these important categories of customer service will allow the municipal cemeteries to continue to be flexible and at the same time more cost-efficient.

- **Scattering Memorial** – At the time of fee changes in 2013, sales for the option of cremain scattering in the designated area at Glendale were extremely low; therefore, an increase in pricing was not recommended. However, since then, scattered interments have increased dramatically, it is believed due to rejuvenation of the memorial structure and landscaping enhancements made to that area. Therefore, an increased price is recommended to align it more closely with other types of cremain interments in the municipal cemeteries.

A four (4) percent (\$35) increase has been recommended for the base-price, weekday grave opening and closing rate; likewise, a four (4) percent (\$30) increase is recommended for the basic cemetery space (flush monument, no planting, chronologically located). Price changes for other areas/services are recommended based on demand, remaining inventory, price differential as compared to newly-

introduced areas, price alignment, etc. It is important to note that the City has a wide range of location options and amenities not generally offered in metro cemeteries; and therefore, also has a wide range of pricing specific to 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 entrances or Glendale's pond and Laurel Hill's vistas, 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.

Cemetery management is continuing to evaluate the City's municipal cemetery product offerings and services and will be establishing or changing existing fees and establishing new pricing categories on an ongoing basis to stay in alignment with demand and the marketplace and address ever-changing cultural trends that affect this industry.

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

PREVIOUS COUNCIL ACTION(S):

Date: December 9, 2013

Roll Call Number: [13-1904](#)

Action: [Amended](#) Schedule of Fees for Cemeteries. ([Council Communication No. 13-587](#)) Moved by Hensley to adopt. Motion Carried 7-0.

Date: April 8, 2013

Roll Call Number: [13-0614](#)

Action: [Amended](#) Schedule of Fees for Cemeteries. ([Council Communication No. 13-160](#)) Moved by Hensley to adopt. Motion Carried 7-0.

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. ([Council Communication No. 08-347](#)). Moved by Hensley to receive, file and approve. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Board: Park and Recreation Board

Date: November 26, 2013

Resolution Number: 13-091

Action: Recommend City Council approval of amendment of the Schedule of Cemetery Fees for Municipal Code Chapter 34 Cemeteries.

Board: Park and Recreation Board

Date: March 26, 2013

Resolution Number: 13-022

Action: Recommend City Council approval of amendment of the Schedule of Cemetery Fees for Municipal Code Chapter 34 Cemeteries.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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