



PO Box 1749
Halifax, Nova Scotia
B3J 3A5, Canada

Item No. 11.1.10
Halifax Regional Council
June 22, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in cursive script, appearing to read "Dan English".

Dan English, Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Wayne Anstey".

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: June 15, 2010

SUBJECT: Amendments to Administrative Order 20-Respecting Fees for Cemetery Services

ORIGIN

This report originated from Council Resolution of April 13, 2010 re Service Review-Burial Services and from staff.

RECOMMENDATION

It is recommended that Halifax Regional Council approve amendments to Administrative Order 20 to reflect changes in percent contributions to reserves and trusts already approved by Council, to provide clarity in application of fees and for fee increases as per attached Appendix 1, more particularly, that single grave lot fees be increased to \$1,400, and cremation lots be increased to \$1,050.

BACKGROUND

As a result of the Service Review for Burial Services, Council endorsed staff's effort to eliminate the subsidization of burial services by the taxpayer.

Recommendation 2 of the Service Review-Burial Services report (attached) as approved by Council changed the percentage of lot sales to be deposited into the trust or reserve from 90% to 15%. This has been written into the Administrative Order (AO).

Recommendation 3 indicated that HRM lot prices were about 11% below market on average and council endorsed an annual review of prices so as to ensure burial services were achieving closer to a full cost recovery model in comparison with the market and that HRM was not creating a climate of unfair competition in the private sector marketplace.

Recommendation 4 as approved by Council prescribed that in accordance with researched best practice in other municipal jurisdictions that the price of a cremation lot should be within 75% of the price of a standard (traditional casket) burial lot.

DISCUSSION

Lot Fees Increases

At the time of Service Review for burial services, staff determined that the charge for single grave lots was up to 31% lower than the local market prices and the charge for a cremation lot was up to 129% lower than the local market prices.

An updated review of current market prices for these two types of lots is illustrated in Appendix 2. As can be seen, the gap has widened in just one year and now the price gap for traditional lots is up to 52% and the gap for cremation lots is as high as 235%.

Staff, therefore, is recommending that charges be increased to be more in line with current market pricing.

Although, at first glance, it appears onerous that the charge for cremation lots is more than doubling, staff want to emphasize that it is inappropriate for the public sector to have such low prices such that a situation of unfair competition is created with the private sector.

As well, staff are responding to Council's approval of the Burial Services Service Review and moving the service toward a full cost recovery model on behalf of taxpayers. The past pricing structure has contributed significantly to a subsidization situation that Council considers inappropriate.

Clarity of Application of Fees

Staff is also asking for approval to change the words around the fee paid at time of purchase of the lot and at time of interment previously called a perpetual fee charge to maintenance charge to reflect the fact that this charge is taken into revenue in the year it is collected to cover maintenance costs of the lot which are usually higher in the year of interment than in subsequent years. The fee charged at the time of purchase of the lot, now to be called a maintenance fee, covers the increased maintenance costs in the year of the first interment. The fees for a subsequent interment are outlined in the additional charges section 2.2 of the AO entitled Interment Fees.

BUDGET IMPLICATIONS

Fee changes are to be effective July 1, 2010. Additional revenues from sales of lots are estimated to be \$50,000 to \$60,000 per year with 85% going to R855- Parks Cemeteries and 15% deposited in existing cemetery trusts or reserve, depending on the cemetery. Any realized surplus will be taken into the general operating results.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project, and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

Prices for Traditional Single Grave lots could be increased to within 10% of the local market price. This would mean HRM prices for these lots would be approximately \$1,525. Among the municipalities researched as part of the Service Review for Burial Services, however, the average price of a traditional single grave lot was \$1,300. Staff feel that a price of \$1,400 creates a fair balance between the local private sector marketplace and comparable municipal pricing in Canada.

ATTACHMENTS

- Appendix 1 Amended Administrative Order 20
- Appendix 2 Comparison of Lot prices to Local Private Sector Market
- Appendix 3 Service Review-Burial Services; COW Report, April 13, 2010

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Brian Phelan, Superintendent Parks & Open Spaces, 490-4867



Report Approved by: _____
Peter Verge, Manager Municipal Operations, 490-4673



Financial Approval by: _____
Cathie O'Toole, CGA, Director of Finance, 490-6308



Report Approved by: _____
Ken Reashor, P.Eng., Acting Director Transportation and Public Works , 490-4855

APPENDIX 1

Halifax Regional Municipality
Administrative Order Number 20
Respecting Fees for Cemetery Services

BE IT RESOLVED as an Administrative Order of the Council of the Halifax Regional Municipality as follows:

1. **SHORT TITLE**

The Administrative Order may be cited as Administrative Order Number 20, Fees for Cemetery Services Administrative Order.

2. **CEMETERY FEES**

Whereas By-Law C-700 provides for the sale of burial rights and the provision of other services related to municipal cemeteries, the schedule of fees is as follows:

Schedule of Fees - HRM Cemeteries

Old Price New Price

1. Lot Fees

A. Single grave lot	\$1,100	\$1,400
B. Cremation lots (holds up to 4 cremations)	\$500	\$1,050
C. Infant lots (in special infant sections)	\$100	\$200
D. Half lots (lot size 40" x 36")	\$350	\$600

An additional fee for maintenance care in the amount of \$150 will be added to each of the lots mentioned above and provides for the first interment in the lot. Subsequent interments are outlined in section 2 below.

15% of the proceeds of the lot sales will be deposited in a trust or reserve to provide for perpetual care of the lots.

2. Interment Fees

A. Standard interment	\$550	\$785
B. Double depth/vault/oversize (where site conditions permit)	\$700	\$1,000
C. Cremation interment	\$250	\$400

3. Additional Fees

A. Transfer fees (no tax payable)	\$60	\$100
B. Research fee (per hour)	\$40	\$50
C. Foundation/ mark administration fee	\$40	\$75
D. Vault rental (handling fee)	\$100	\$200
E. Rental fee (per month)	\$50	\$50
F. Maintenance care for all subsequent interments	\$100	\$150
G. Standard disinterment	\$550	\$800
H. Cremation disinterment	\$225	\$400

- I. Weekend / Holiday rate (additional \$500 flat rate added to price)
- J. Burials after 4:00 pm Mon- Fri (additional \$150 flat rate added to price)

Tax is payable on all fees.

Amendment # 1

Notice of Motion:

December 11, 2007

Approved:

February 5, 2008

APPENDIX 2

CATHOLIC COMMISSION	Fees	Current % Higher Than HRM	Proposed % Higher Than HRM
Single Grave Lot	\$1,675	52%	20%
Cremation Lots	\$1,675	235%	60%
DARTMOUTH MEMORIAL			
Single Grave Lot	\$1,675	52%	20%
Cremation Lot*	\$1,100	120%	5%
OAKRIDGE MEMORY			
Single Grave Lot	\$1,675	52%	20%
Cremation Lot	\$1,125	125%	7%

*Note: This is 2009 Pricing for Cremation Lots at Dartmouth Memorial - Lots are sold out

Schedule of Fees - HRM Cemeteries

	Old Price	Proposed Price
1. <u>Lot Fees</u>		
A. Single grave lot	\$1,100	\$1,400
B. Cremation lots	\$ 500	\$1,050



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 5 (ii)
Halifax Regional Council
Committee of the Whole
April 13, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

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SUBMITTED BY:

Dan English, Chief Administrative Officer

A handwritten signature in cursive script, appearing to read "Wayne Anstey".

Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: February 25, 2010

SUBJECT: Service Review - Burial Services

ORIGIN

Council recommendation approval August 11, 2009. Moved by Councillor Smith, seconded by Councillor McCluskey that Halifax Regional Council authorize staff to commence review of the following services: Visitor Information Centres; Burial Services - Plot Provision and Interment; Water Quality Sampling; Marketing Services - Publications; and Recreation.

RECOMMENDATION

It is recommended that Council expand burial services - plot provision and interment through amendments to the Cemetery By-law and/or Administrative Order and include additional columbarium services as per the detailed recommendations in this report.

EXECUTIVE SUMMARY

"Show me the manner in which any community cares for its dead, and I will measure with mathematical exactness the tender sympathy of its people, their respect for the laws of the community and their loyalty to high ideals". PM Gladstone, Great Britain

Provision of cemetery services by local government has a long history in HRM, Nova Scotia, Canada and the world. Additionally, religious institutions have been active in this role for hundreds of years. More recently there has been an upsurge of private sector involvement in the service as the opportunity for profit becomes increasingly evident. There is a strong case for local government to remain in this area of service to citizens since respectful treatment of human remains (regardless of means or religious affiliations) is a human ideal.

HRM's cemetery services has revealed itself to be an area of great opportunity for the taxpayer. Best practice indicates that this service can be and is (in many other jurisdictions) delivered at no net cost to the general rated taxpayer.

With some additional well managed effort, cemetery services can be transformed from an annual expense of some \$400,000 to a revenue stream of \$55,000 to over \$100,000 per year in the medium term creating a net gain to the taxpayer of some \$500,000 per year.

The 19 recommendations contained in this report detail the management strategies and steps necessary to create this impact. Key changes are:

- 1) Operate cemetery services in a business-like manner but with a public eye on the future.
- 2) Make the highest and best use of the cemetery land available.
- 3) Increase revenue opportunities by expanding service choices to residents.
- 4) Make cemetery services a "cost recovery" service for HRM taxpayers ie no cost to tax rate.
- 5) Change the contribution to the Perpetual Care fund from 90% to 15% in the near term.
- 6) Do a thorough strategic review at least every 5 years

BACKGROUND

On August 11th, 2009 Council selected Burial Services to undergo a Service Review Process. This service was chosen as it is not mandated by regulation or legislation and has no direct linkage to Community Outcomes or Council Focus Areas.

SHORT HISTORY

Burial Services have long been an offering of the pre-amalgamation cities of Dartmouth and Halifax. The Fairview Cemetery was taken over by the City of Halifax in 1944 and the City of Dartmouth had a long history of providing burial services at St Paul's, Mount Hermon, Dartmouth Common and St Peter's Cemeteries. Partnerships with Cemetery services private companies have worked well over the years in Dartmouth and an agreement with the Old Burying Ground Foundation is successfully maintaining St. Paul's Cemetery in Halifax.

In 2000, Mount Hermon Cemetery was expanded by approximately 735 square meters and a reserve fund set up to provide for perpetual care for Dartmouth cemeteries as none existed up to that point.

In 2008 Fairview Lawn Cemetery was expanded by approximately 3000 square meters and an effort to sell plots was initiated. A very successful sale ensued.

Legal

The Halifax Charter states in section 61 (5)(d) that "The Municipality may sell deeds for cemetery lots and certificates of perpetual care." So although the Charter (and the former MGA) provide that municipalities **may** provide these services, HRM is not **required** to provide cemetery services.

There are two other acts of the province which apply to cemeteries. The Cemeteries Protection Act which provides for the provincial government to preserve and protect any cemeteries deemed abandoned. And the Cemetery and Funeral Services Act which does not apply to municipalities or to churches but does apply to private businesses operating as cemeteries or offering funeral services.

HRM is governed by its own By Law C-700 and by Administrative Order 20 for the provision of cemetery services.

HRM administers 6 Cemetery Trust accounts for Fairview and Camphill which are funded via a 90% contribution of plot sales in the applicable cemetery. Only Fairview Trusts are active for contributions as Camphill has been closed to further plot sales. The interest from the trusts are used for upkeep of the cemetery grounds.

Cemeteries	Square meters
Camp Hill	64,701
Mount Hermon	30,708
Saint Paul's, Dartmouth	8,221
Dartmouth Common (Park Avenue)	included in Saint Peter's below
Saint Peter's	19,366
Fairview Lawn	104,864
Saint Paul's (Old Burying Ground), Halifax*	7,752

*St Paul's Cemetery (The Old Burying Ground) is not owned by HRM but is the property of St Paul's Church and is managed by The Old Burying Ground Foundation.

There are 5.1 Full Time equivalent positions employed in Cemetery Services. There are 3 trucks, a mini-excavator, a tilt deck trailer and 2 RVT's (trucksters) employed in the service.

Historical financial information: 5 years of annual operating results

	2005/06	2006/07	2007/08	2008/09	2009/10 Forecast
Revenues	\$193,050	\$217,036	\$218,601	\$434,375	\$180,000
Expenses	\$668,076	\$603,501	\$673,188	\$654,285	\$470,900
Net cost	\$475,026	\$386,465	\$454,587	\$219,910	\$290,900

HRM has expended approximately \$3.9 million on cemeteries over the last 11 years.

Current balance of Trusts as at March 31, 2009	\$3,057,389*
Current balance of Reserve as at March 31, 2009	\$ 134,843*

*Upon sale of lots, 90% of the proceeds are placed in a trust or reserve to provide for a principal balance which will generate interest income. This income is used to pay for care and maintenance of the cemetery plots and grounds.

DISCUSSION

Stakeholder identification

The key stakeholders involved are:

Cemetery staff and management
Families of deceased
Burial lot and Niche lot holders
Trust funds

Funeral Services companies
Last Post Fund
Private cemeteries and columbariums
Old Burying Ground Foundation

Stakeholder/Client Consultation results

Staff have consulted with a number of stakeholders in the course of the review. Some comments received from the following groups include:

Last Post Fund

HRM offers a valuable service to veterans and should continue to do so. The Last Post fund started in 1985 by the Department of Veterans Affairs had established a separate in ground cemetery at Fairview Lawn many years ago. Last Post built a columbarium on Fairview Lawn Cemetery land in 2002 of which HRM will take ownership. The prices charged by HRM are proven to be the cheapest in the region as Last Post does an annual price comparison report. (See attachment to this report) **APPENDIX 1**

Funeral Services Companies

HRM staff are helpful and accommodating. They serve the funeral services clients well. One funeral director felt HRM was "sitting on a goldmine" and that HRM should remove the limit on the number of cremated remains which could be interred in a lot. There should be a Board of Directors established to oversee the operation of the cemeteries. Any closed cemeteries should be reopened and this would be very lucrative as many old families would be interested in accessing ancestral plots for a reduced fee as compared to the private market. The Cemeteries should be maintained by HRM as a historical site.

There was some concern for the quality of maintenance of the cemeteries maintained by contracted services particularly at Mount Hermon and Camp Hill.

Private Cemeteries and Columbariums

Would not like to see HRM expand the business of providing plots or niches as they would see this as direct competition.

Old Burying Ground Foundation

Find HRM support for their cemetery to be invaluable and feel that HRM should continue to support them since this is a very historic site.

Data report

Service Output/Product

- 1) Respectful interment of human remains
- 2) Perpetual care of lots
- 3) Research of historical records
- 4) Vault rentals

By Law C-700 prescribes the types of services HRM offers and AO 20 details the pricing. HRM is not a full service funeral provider. For example, HRM does not offer individual pre-payment plans, sales of monuments, caskets or urns, transportation of remains, chapel services or cremations.

Clients

- 1) Families of deceased
- 2) Last Post fund
- 3) Other trust fund trustees
- 4) Funeral Services companies
- 5) Historical researchers
- 6) Tourists

Service Volume

Year	Plot sales	Burials	Type-C/T*	% C/T
2005/06	54	282	186/96	66%/34%
2006/07	52	277	209/68	75%/25%
2007/08	59	254	179/75	71%/39%
2008/09	436	240	188/57	77%/23%
2009/10**	50	250	185/65	74%/26%

*Type breakdown-C-Cremation, T-Traditional

**Forecast for 2009/10

Service Standards

Grass cutting and grounds maintenance standards are in place and are imbedded in contracts with landscape service providers. The only other service standard is that interment and plot sales services are supplied on demand.

Performance Measures

None except for client satisfaction and grass cutting/landscape contract measures

Cost Allocation

See attached **APPENDIX 3**

Revenues

See attached **APPENDIX 3**

Environmental Scan

See attached data **APPENDIX 2**

Among the 5 municipalities surveyed all of them put far less than 90% of plot sales into a perpetual care and maintenance fund. The norm is between 15% and 40%. Nova Scotia's own cemetery law regulating private cemeteries requires that only 15% be set aside.

Another standard best practice is that cemeteries are treated as a 100% cost recovery service. That is, there is no cost to the general rated taxpayer. Where sufficient revenues are not generated to cover regular maintenance the staff endeavour to cut back in order to end their fiscal year at a net zero position. If surpluses occur decisions are made around setting aside funds for recapitalization of assets.

It is also standard practice that these municipalities provide citizens with access to columbariums as an alternative to in ground burial.

RECOMMENDED APPROACH

Funding Changes

There is a strong case for providing citizens access to respectful treatment of remains as a public service without the intervention of a For Profit Entity, such as Funeral Services firms and Private Cemetery firms. Municipal participation in cemetery services acts as a price control similar to the Utility and Review Board for the monopoly provided for services like sewer and water by Public entities. The prices charged by HRM should be set based on comparable fees charged but also keeping in mind the need for the perpetual care aspect of the service and reasonable access of citizens to this service.

HRM also provides, as do all other municipalities researched, preferential treatment for veterans and para military (eg RCMP, Police) members. This is a valid role for government as it continues to show respect and support for our military personnel.

HRM has already carried a significant burden of cost for the cemetery services over the last many years. (\$3.9 million in 11 years). A change in approach is necessary to recoup that investment as well as to provide the ancillary benefits of peaceful and beautiful public open space and to maintain a rich cultural heritage.

1) Best practice indicates the general rated tax payer should not be required to subsidize cemetery services in their local municipality. It is, therefore, recommended that HRM take on the principle of cost recovery for HRM cemeteries. A budget should be established which produces at least a net zero cost to the taxpayer.

At amalgamation staff at HRM determined that the City of Dartmouth had not maintained perpetual care funds for its cemeteries. In order to rectify the situation it was decided to place 90% of proceeds from sale of plots into the trusts for Fairview and Camphill and to provide for the Dartmouth Cemeteries from those funds. As well, as mentioned earlier, a reserve fund was established in 2000 for Mount Hermon cemetery. The current trust and reserve fund levels are sufficient to maintain an acceptable level of care for HRM cemeteries and so a change to the formula for perpetual care is determined to be appropriate. As HRM has over contributed for the last 11 years the minimal percent contribution is recommended for the next 5 years.

2) HRM should deposit 15% of sale of plots into a perpetual care fund from which the interest earned will provide care and maintenance of all cemeteries.

3) Currently HRM prices are about 11% below market. HRM fees should be reviewed annually (next review 2010/11) to ensure the cost recovery principle for cemetery services is protected.

4) The cremation plot fee should be increased to within 75% of the standard plot price as is the practice in all five municipalities researched across the country. This would require increasing the current price from \$500 per lot to at least \$825 per lot. This increase will also bring the price more in line with local charges for cemetery plots.

Revenue Opportunities

Research has indicated that cemetery services is a growth industry. No one can dispute that the demographics of HRM's population indicates that HRM is on the cusp of a very large bubble of need for respectful treatment of human remains.

5) All of the municipalities researched provided columbarium services directly to citizens. Columbariums provide niches for the interment of cremated remains and are becoming more popular as an option for citizens. They have a number of advantages:

- a) They use valuable land space very efficiently
- b) They require very little annual maintenance
- c) They have a short and very high Return on Investment cycle
- d) They can be built as an indoor facility offering increased comfort and security

The only columbarium HRM currently operates was built by the Department of Veterans Affairs in 2002 and is almost 75% full. When it is full, the ownership will revert to HRM. Currently DVA receives all of the proceeds of the sales of niches. Veterans pay \$2,728 per double niche. HRM sets aside \$90 per sale in a trust for perpetual care and sets aside no funds for recapitalization. Two other private columbariums in the area charge about the same amount for a double niche although they provide inside columbariums.

HRM should build the next columbarium from its own resources by taking a loan from the Service Improvement Reserve. Payback could be achieved within 5 years with a significant boost to revenue streams as soon as niches begin to sell.

The return on investment over the life of each columbarium is approximately \$300,000 or 214%.

HRM should further consider restricting the sale of traditional casket burial lots in future in order to encourage more efficient use of HRM cemetery land resources.

6) The limit currently in place within the by law on the number of cremated remains that can be interred in a single lot should be increased. This will provide for more efficient use of the land and will allow citizens access to less expensive options.

7) The cemeteries currently closed to interments of cremated remains should be considered for re-opening for this purpose. There would be challenges associated with establishing guidelines to allow for descendants to be buried in the family plot, concerns about unknown capacity in an old plot and potentially increased maintenance costs associated with disturbing the grounds, however, there is a strong case to efficiently use any space available as well as to reduce costs to citizens.

8) HRM should negotiate an increase to the rental fee with the current operator of the existing crematorium building which HRM owns in Mount Hermon Cemetery. (The leasee owns the actual cremation equipment) OR HRM should consider converting this building to an indoor or outdoor columbarium. Further financial analysis is needed to determine the best outcome for HRM taxpayers. Recommendation is for \$20,000/year.

9) HRM owns a 125 unit Vault at Fairview Lawn Cemetery. The restriction for interments in frozen ground no longer exists due to modern equipment advances. Vault rental revenues have reflected this fact as only 4 requests were received last year and only 2 this year. HRM should consider converting this facility to an indoor columbarium.

10) There is a chapel at Fairview Lawn Cemetery which is never used for services. HRM should consider converting this facility to an indoor columbarium.

11) In the past there was a chapel at the Camphill Cemetery which has now been demolished. HRM should consider taking advantage of the concrete pad that is still in existence there to build an indoor or outdoor columbarium.

12) Fairview and Mount Hermon cemeteries should be redesigned and planned to optimize the allocation of land and plots between standard, cremation and columbarium or mausoleum space. Demand for cremation of remains should drive the decision making. The recommended financial model reflects this redesign.

13) The concept of memorial trees, bushes, benches etc should be promoted to citizens and will enhance the beauty of the cemeteries at no cost to HRM taxpayers.

Cost Saving Opportunities

14) The highest cost to Cemetery Services over the years has been staff time spent on general maintenance. This cost is about \$265,000 per year. It is anticipated that this cost would be greatly reduced through the establishment of a contract with a private company to provide these services on demand and to ensure performance is at municipal standard. It is also suggested that a private company be used for all interment/disinterment requirements. An RFP for these services should be issued.

It should be noted that no loss of full time jobs would occur with this change. Staff currently utilized in cemetery services would be redeployed to other services within HRM. However, it is also anticipated that the overall requirement for internal labour staff would diminish over time and the total number of FTE's assigned to unskilled labour could be reduced through attrition.

15) HRM should increase the percent of Supervision/Administration effort allotted to cemetery services. The existing allotment has the Supervisor's position dedicated at 60% to Cemetery operations and 40% to the Winter Works program. A full time Cemetery Administrator/Supervisor is required in order for more time to be spent on monitoring productivity, designing promotional campaigns, scanning the environment for opportunities, seeking cost savings and project managing columbarium and other revenue enhancement strategies in future. The Administrator/Supervisor position would also be responsible for ensuring a cost neutral operation on behalf of HRM taxpayers.

To enhance the ability of the Supervisor to control costs and performance of the service contract provider, control of the contract for Cemetery Grass Cutting/Landscaping/Litter clean up and Interment/Disinterment work should reside with the Supervisor and not with the centralized Contracts and Administration division of TPW.

Controls and Procedures

- 16) MOU's should be prepared for the relationships HRM cemetery services has with:
- a) Last Post Fund-Department of Veterans Affairs
 - b) NS Department of Community Services

17) A number of procedural issues arose during a process mapping exercise recently completed. The following issues should be addressed.

- a) Serial numbered receipts and sales transaction forms (Status: Complete)
- b) Database of transactions and inventory of lots (maps) (Status: Student coop planned)
- c) Guidelines for rights to burial should be established
- d) Improve processes for capturing costs to be charged to private trusts for care of lots
- e) Prepare vault rental agreements and get signatures for pick up of remains
- f) Deposit funds greater than \$500 every day or purchase a small safe or use existing large safe in the vault.

Other

18) Currently the Old Burying Grounds receives approximately \$25,000 (\$15,000 mowing and \$10,000 capital grant) per year in support from HRM through grass mowing and landscaping and through a capital grant for non-profits. As this cemetery provides a rich cultural experience for visitors and residents, it is recommended that this relationship continue.

19) Besides the annual review conducted by the Business Manager as part of the annual budget process, there should be a 5 year strategic review conducted so as to do a thorough scan of new opportunities and challenges for cemetery services.

Analysis of Recommended Approach

Priority Alignment

Cemetery Services contributes to **Community Outcome Areas and Goals:**

Diverse Recreation, Leisure and Cultural Choices

_____ 1) Preserve, develop and celebrate HRM's arts, culture and heritage

Well Planned and Engaged Communities

_____ 2) Smart growth and sustainable, compact and efficient development

Cemetery Services contributes to **Council Focus Areas:**

Infrastructure

_____ 3) Community beautification-Urban forest, landmarks and cultural landscapes

Stakeholder/Client impact

Citizens and visitors:

Staff anticipate that these stakeholders will be pleased with the proposed plan as follows:

- 1) the cost of burial services will be more reasonable
- 2) the choices will be increased ie columbarium
- 3) the taxpayer will realize savings
- 4) the land will be efficiently used

Funeral services firms:

These companies should not be concerned with the changes except possibly for the increase to cremation plot fees. Also, the company currently benefiting from the low rental fee for the crematorium will face an increase in costs.

Last Post:

Any future columbariums will be paid for and provided by HRM. The current significant return on investment to the Department of Veterans affairs will cease. The service to veterans will continue however.

Community Services:

No impact to Community Services

Cemetery firms:

These firms may feel increased competition but it is anticipated that demand for these services will outstrip supply in the decades to come.

Financial plan

The current cost to HRM taxpayers will be reversed from about \$400,000 per year to a revenue source of some \$55K to \$100K per year. See attached. **APPENDIX 3**

BUDGET IMPLICATIONS

The attached Financial Analysis presents a conservative scenario of revenues and costs that take into account the recommendations of this service review. Various sensitivity scenarios were considered taking into account low, medium and high demand for the service. The low demand scenario was chosen for presentation. The **five year average annual** income and expenses are presented below. (Cost Centre R855)

Direct Revenue	\$552,000
Direct and Indirect Costs	<u>\$483,000</u>
Net revenue	\$ 69,000

The Perpetual Care Trusts would increase in this 5 year period by approximately \$200,000 as new lot sales would contribute 15% per sale to the trust balance.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

Option 1: Phase out Cemetery Services altogether (and then maintain current care)

Analysis

The existing allocation of land to additional plots would be realigned to the highest demand and revenue potential. No additional columbarium service would be offered for Veterans once the existing structure is full. No additional columbariums for other citizens would be built.

Obligations to existing plot holders would be honoured. The existing policy of no additional interments in older, closed cemeteries would be maintained.

Care and maintenance of cemeteries would be based on interest income from trusts only and not be subsidized by the general rated taxpayer or by any current year revenue surpluses.

Priority Alignment

Cemetery Services contributes to **Community Outcome Areas and Goals:**

Diverse Recreation, Leisure and Cultural Choices

_____ 1) Preserve, develop and celebrate HRM's arts, culture and heritage

Well Planned and Engaged Communities

_____ 2) Smart growth and sustainable, compact and efficient development

Cemetery Services contributes to **Council Focus Areas:**

Infrastructure

_____ 3) Community beautification-Urban forest, landmarks and cultural landscapes

Stakeholder/Client impact

May compromise the desire to have a well maintained cemetery as service is at the mercy of the interest income earned on cemetery trusts.

Will not provide a price control for citizens on burial/interment services within HRM.

Will not allow the taxpayer to recoup some of the expenses already incurred.

Will halt service provided to Veterans and clients of Community Services.

Financial plan

Current annual expense would eventually be reduced to zero.

Will reduce revenue opportunity for the taxpayer by \$193,600 for interments and perpetual care over the life of the columbarium and will lose the benefit of the sales of the niches for each columbarium in the amount of \$440,000 for a total revenue loss of \$633,600.

Option 2: Continue with offering in ground burials indefinitely. Do not proceed with additional Columbarium service.

Analysis

The existing allocation of land to additional plots would be realigned to the highest demand and revenue potential. No additional columbarium service would be offered for Veterans once the existing structure is full. No additional columbariums for other citizens would be built.

The existing policy of no additional interments in older, closed cemeteries would be maintained.

Additional land would be sourced for more cemeteries to be under HRM jurisdiction in the near term.

Care and maintenance of cemeteries would be based on interest income from trusts only and not be subsidized by the general rated taxpayer.

Priority Alignment

Same as above except land use would not be sustainable in the medium to long term.

Stakeholder/Client impact

Will not optimize use of land for cemeteries and will cause pressure to find additional cemetery land in the medium term.

Will limit choice to citizen and will miss the opportunity to recoup expenses already incurred.

Financial plan

Will be difficult to achieve an annual net zero expense budget and still maintain standard.

Will reduce revenue opportunity for the taxpayer by \$193,600 for interments and perpetual care over the life of the columbarium and will lose the benefit of the sales of the niches for each columbarium in the amount of \$440,000 for a total revenue loss of \$633,600.

ATTACHMENTS

- 1) Brief Price Comparison - Local
- 2) Municipal Comparative - Canada
- 3) Financial Prospective- Recommended Approach

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Catherine Sanderson, CMA Senior Manager 490-1562

Report Approved by:



Brian Phelan Superintendent, Parks and Open Spaces 490-4867

Report Approved by:



Brad Anguish, Director Business Planning and Information Management
Ken Reashor, Acting Director, TPW

Report Approved by:



Cathie O'Toole, CGA Director Finance

APPENDIX 1 LOCAL PRICE COMPARISON

LAND INTERMENTS (includes plot, opening/closing, and perpetual care fee)

	Catholic Commission	%	Dartmouth Memorial	%	Oakridge Memory	%	HRM
Traditional Interment	\$2,675	31%	\$2,250	11%	\$2,250	11%	\$2,035
Cremation interment	\$2,400	129%	\$1,800	43%	\$1,450	38%	\$1,050

% column shows amount higher than HRM pricing

COLUMBARIUM FEES

	Dept of VA	Heritage Oak	St. John's
Double	\$2,728	\$2,800	\$2,500
Single	\$2,106	\$1,800	\$2,300

APPENDIX 2 MUNICIPAL COMPARISON

	Calgary	Edmonton	Hamilton	Regina	Saskatoon
Standard I	\$2,664	\$2,144	\$1,675	\$1,655	\$2,195
Cremation I	\$1,409	\$1,352	\$ 911	\$ 940	\$1,190
Columbariums	\$2,301	\$3,800	\$1,986	\$1,995	\$2,195
PC fund %	40%	15%	28%	25%	15%
Cost Neutral ?	Yes	Yes	Yes	Yes	Yes

APPENDIX 3 FINANCIAL PROSPECTIVE - RECOMMENDED APPROACH

<i>REVENUE</i>	Year 1	Year 2	Year 3	Year 4	Year 5
Sale of lots*	\$270,900	\$206,200	\$206,200	\$206,200	\$206,200
Sale of niches	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Last Post	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
Interments/ Maintenance	\$162,500	\$162,500	\$162,500	\$162,500	\$162,500
Crematorium	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Interest trusts	\$ 93,100	\$ 94,200	\$ 95,300	\$ 96,400	\$ 97,500
TOTAL	\$602,000	\$538,400	\$539,500	\$540,600	\$541,700
<i>EXPENSES</i>					
Direct/Indirect	\$170,300	\$170,300	\$170,300	\$170,300	\$170,300
Contract	\$284,800	\$284,800	\$284,800	\$284,800	\$284,800
Columbarium	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000
TOTAL	\$483,100	\$483,100	\$483,100	\$483,100	\$483,100
NET SURPLUS	\$118,900	\$ 55,300	\$ 56,400	\$ 57,500	\$ 58,600

* Sales higher in Year 1 as the balance of traditional full size lots is sold out. In order to continue with this choice for citizens, additional land would need to be made available