

City of Warman
AGENDA
Executive Committee of Council Meeting
Monday, January 19, 2015 at 3:30 PM

Call to Order

Welcome and Introductions

Discussion Items

**South Saskatchewan Watershed Stewards - Board Chair Ben Buhler, and Board
Coordinator Rene Grills**

Before and After School Program

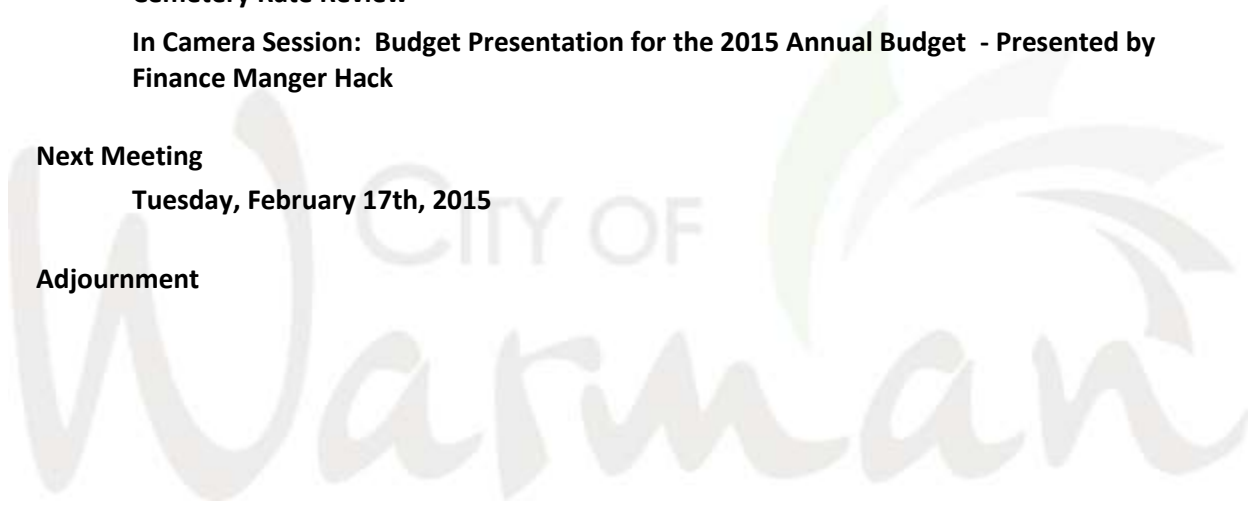
Cemetery Rate Review

**In Camera Session: Budget Presentation for the 2015 Annual Budget - Presented by
Finance Manger Hack**

Next Meeting

Tuesday, February 17th, 2015

Adjournment





Warman Memorial Gardens Rate Review (2)

1.0 Executive Summary

Administration presented a revised rate structure for Warman Memorial Gardens to the Environmental Health and Wellness Committee and Council in December 2014. The Committee and Council were in favour of increasing the rates to cover the projected capital cost of construction; however, administration was tasked with reviewing some additional options.

2.0 Capital Cost Recovery

Warman Memorial Gardens Phase I has 628 full grave sites and 96 cremation plots. Assuming that the majority of plots are sold to residents, estimated revenue from plot sales is \$338,000 (628 Plots at \$500 and 96 Cremation Plots at \$250). This would leave \$207,116 to be covered by tax payers (\$545,116 estimated cost less \$338,000 in plot sale revenue). In order to have plot sales cover the construction cost of Warman Memorial Gardens an increase of 61.28% is required.

3.0 Original Proposed Fee Structure

The original recommended changes to the current fee structure are as follows:

Item	Current Charge	Proposed Charge	Percentage Increase
Resident Cemetery Plot	\$500	\$810	62.00%
Resident Cremation Plot	\$250	\$405	62.00%
Resident Child Plot	\$150	\$243	62.00%
Resident Infant Plot	\$150	\$100	-33.33%
Resident Columbarium (Top Row)	\$1,000	\$1,620	62.00%
Resident Columbarium (Bottom Row)	\$850	\$1,377	62.00%
Non-Resident Cemetery Plot	\$750	\$1,200	60.00%
Non-Resident Cremation Plot	\$280	\$800	185.00%
Non-Resident Child	\$350	\$500	42.86%
Non-Resident Infant	\$350	\$250	-
Non-Resident Columbarium (Top)	\$1,000	\$2,000	100.00%
Non-Resident Columbarium (Bottom)	\$850	\$2,000	135.29%
Cremation Remains Internment	\$240	\$240	-
Perpetual Care (In Addition to Above)	\$100	\$150	50.00%

Although impossible to determine what the final surplus will be when all plots are sold, due to different scenarios regarding plot sales, administration has conducted an estimate based on two likely scenarios:

Both scenarios include a total of 724 plots (628 regular plots and 96 cremation plots), split amongst the different categories. Both scenarios include a majority of sales to Resident Cemetery Adult Plots.

Option #1 - Original Proposal Scenario #1			
Plot Type	Number	Rate Option #1	Revenue
Resident Cemetery Plot	440	810	356,076
Resident Cremation Plot	72	405	29,160
Resident Child Plot	31	243	7,630
Resident Infant Plot	15.7	100	1,570
Resident Columbarium (Top Row)	N/A	1620	-
Resident Columbarium (Bottom Row)	N/A	1377	-
Non-Resident Cemetery Plot	94.2	1200	113,040
Non-Resident Cremation Plot	24	800	19,200
Non-Resident Child Plot	31.4	500	15,700
Non-Resident Infant Plot	15.7	250	3,925
Non-Resident Columbarium (Top)	N/A	2000	-
Non-Resident Columbarium (Bottom)	N/A	2000	-
TOTAL	724		546,301
Capital Cost			569,894
Surplus/Deficit			- 23,593

Option #1 - Original Proposal Scenario #2			
Plot Type	Number	Rate Option #2	Revenue
Resident Cemetery Plot	471	810	381,510
Resident Cremation Plot	72	405	29,160
Resident Child Plot	16	243	3,815
Resident Infant Plot	6	100	600
Resident Columbarium (Top Row)	N/A	1620	-
Resident Columbarium (Bottom Row)	N/A	1377	-
Non-Resident Cemetery Plot	113	1200	135,600
Non-Resident Cremation Plot	24	800	19,200
Non-Resident Child Plot	16	500	8,000
Non-Resident Infant Plot	6	250	1,500
Non-Resident Columbarium (Top)	N/A	2000	-
Non-Resident Columbarium (Bottom)	N/A	2000	-
TOTAL	724		579,385
Capital Cost			569,894
Surplus/Deficit			9,491

Based on the above the stated rates in the original proposal will likely result in an approximate break-even point for the cemetery based on distribution of sales.

On top of the plot sale costs, administrations original recommendation included a \$150 perpetual care fee charge for all residents and non-residents alike.

Once all plot sales are completed and assuming an interest rate of 2.00% the City of Warman can expect \$2,235 in annual interest revenue as seen by the calculation below:

Option #1 - Perpetual Care on all Plots Scenario #1	
Opening Balance	3,150
Warman Memorial Gardens Estimated Perpetual Care	108,600
Total Balance Once All Plots in Phase 1 are sold	111,750
Estimated Annual Interest Return	2.00%
Annual Interest Revenue Phase I	2,235

4.0 Option #2

The second option in revising the Warman Memorial Gardens fee structure is twofold:

1. Make all resident and non-resident plots the same price
2. Potentially only requiring non-residents to pay the perpetual care charge. This reasoning is based upon the surviving residence property of the deceased resident would continue to provide property tax revenues to the community (in perpetuity) and non-residents provide no taxation benefit or revenue generation opportunities and therefore should be subject to a perpetual care fee to the community.

The first point in this option would require the following pricing in order to break even on plot sales.

Item	Current Charge	Proposed Charge	Percentage Increase
Resident Cemetery Plot	\$500	\$900	80.00%
Resident Cremation Plot	\$250	\$500	100.00%
Resident Child Plot	\$150	\$250	66.67%
Resident Infant Plot	\$150	\$100	-33.33%
Resident Columbarium (Top Row)	\$1,000	\$1,620	62.00%
Resident Columbarium (Bottom Row)	\$850	\$1,377	62.00%
Non-Resident Cemetery Plot	\$750	\$900	20.00%
Non-Resident Cremation Plot	\$280	\$500	185.00%
Non-Resident Child	\$350	\$250	78.57%
Non-Resident Infant	\$350	\$100	-71.43%
Non-Resident Columbarium (Top)	\$1,000	\$1,620	62.00%
Non-Resident Columbarium (Bottom)	\$850	\$1,377	62.00%
Cremation Remains Internment	\$240	\$240	-
Perpetual Care (In Addition to Above)	\$100	\$150	50.00%

The above pricing model, under the same scenarios as option #1, would result in the following projections:

Option #2 - Same Rates for Residents and Non-Residents Scenario #1			
Plot Type	Number	Rate Option #2	Revenue
Resident Cemetery Plot	440	900	395,640
Resident Cremation Plot	72	500	36,000
Resident Child Plot	31	250	7,850
Resident Infant Plot	15.7	100	1,570
Resident Columbarium (Top Row)	N/A	1620	-
Resident Columbarium (Bottom Row)	N/A	1377	-
Non-Resident Cemetery Plot	94.2	900	84,780
Non-Resident Cremation Plot	24	500	12,000
Non-Resident Child Plot	31.4	250	7,850
Non-Resident Infant Plot	15.7	100	1,570
Non-Resident Columbarium (Top)	N/A	2000	-
Non-Resident Columbarium (Bottom)	N/A	2000	-
TOTAL	724		547,260
Capital Cost			569,894
Surplus/Deficit		-	22,634

Option #2 - Same Rates for Residents and Non-Residents Scenario #2			
Plot Type	Number	Rate Option #2	Revenue
Resident Cemetery Plot	471	900	423,900
Resident Cremation Plot	72	500	36,000
Resident Child Plot	16	250	3,925
Resident Infant Plot	6	100	600
Resident Columbarium (Top Row)	N/A	1620	-
Resident Columbarium (Bottom Row)	N/A	1377	-
Non-Resident Cemetery Plot	113	900	101,700
Non-Resident Cremation Plot	24	500	12,000
Non-Resident Child Plot	16	250	4,000
Non-Resident Infant Plot	6	100	600
Non-Resident Columbarium (Top)	N/A	2000	-
Non-Resident Columbarium (Bottom)	N/A	2000	-
TOTAL	724		582,725
Capital Cost			569,894
Surplus/Deficit			12,831

As seen with the above, this scenario would result in similar revenue as option #1.

The differences between these strategies has minimal to no impact financially, but instead is a decision based upon structure. For instance, is a resident of the City of Warman entitled to a discount or cheaper grave site than a non-resident.

In administrations review of other Municipal rates, it was found that only 3 out of 14 municipalities charged residents cheaper rates than non-residents (Warman, Martensville and North Battleford), while the remaining 11 municipalities had a standard rate for residents and non-residents alike.

Another consideration to be taken into account when determining whether to have separate resident and non-resident rates is life span of the cemetery itself. With Martensville's cemetery recently opening, if this option is selected it will result in substantially cheaper costs for Martensville residents to purchase a plot in Warman (\$1,200 for a residential plot in Martensville, compared to \$900 non-resident plot in Warman). Due to this financial incentive, it likely shortens the life span/capacity of the cemetery as plots will be purchased at a quicker rate due to the financial incentive for non-residents.

On the other hand, there has been an increased focus on regional partnerships in recent years and having the same rates for residents and non-residents would support this.

5.0 Perpetual Care

The second consideration in option #2 is perpetual care and potentially only requiring non-residents to pay the perpetual care charge. This reasoning is based upon the surviving residence property of the deceased resident would continue to provide property tax revenues to the community (in perpetuity) and non-residents provide no taxation benefit or revenue generation opportunities and therefore should be subject to a perpetual care fee to the community.

Some considerations when evaluating this option is as follows:

1. If only non-residents are charged perpetual care, the fund will see minimal growth over the life of the cemetery, due to the fact that only a small percentage (approximately 25%) of plots are expected to be sold to non-residents. Perpetual care under this scenario is as follows:

Option #2 - Perpetual Care on non-residents only Scenario #1	
Opening Balance	3,150
Warman Memorial Gardens Estimated Perpetual Care	24,795
Total Balance Once All Plots in Phase 1 are sold	27,945
Estimated Annual Interest Return	2.00%
Annual Interest Revenue	559

This option results in \$1,676 less annually than option #1.

2. Property taxes are levied based on a property and not a specific resident. So although a resident may be leaving behind a home within Warman that will continue to pay property taxes (from a different resident); these taxes are typically used to provide service to the home and current home owners/residents. Essentially taxes would be used to subsidize services to previous residents under this option.

3. Perpetual Care is a user fee; by charging perpetual care the ultimate users of the cemetery are bearing the majority of the cost of future maintenance.

6.0 Recommendation

Based on the above administration is changing the original recommendation to the following:

1. Making the resident and non-resident fees the same
2. Applying perpetual care to all plot sales.

The proposed fee structure is as follows:

Item	Current Charge	Proposed Charge	Percentage Increase
Resident Cemetery Plot	\$500	\$900	80.00%
Resident Cremation Plot	\$250	\$500	100.00%
Resident Child Plot	\$150	\$250	66.67%
Resident Infant Plot	\$150	\$100	-33.33%
Resident Columbarium (Top Row)	\$1,000	\$1,620	62.00%
Resident Columbarium (Bottom Row)	\$850	\$1,377	62.00%
Non-Resident Cemetery Plot	\$750	\$900	20.00%
Non-Resident Cremation Plot	\$280	\$500	185.00%
Non-Resident Child	\$350	\$250	78.57%
Non-Resident Infant	\$350	\$100	-71.43%
Non-Resident Columbarium (Top)	\$1,000	\$1,620	62.00%
Non-Resident Columbarium (Bottom)	\$850	\$1,377	62.00%
Cremation Remains Internment	\$240	\$240	-
Perpetual Care (In Addition to Above)	\$100	\$150	50.00%