



Cemeteries Funding Structure, Fee Schedule and Bylaw Amendments

Date	March 9, 2022
To	Executive Committee
From	City Planning & Community Development
Service Area	Parks, Recreation & Cultural Services
Item No.	EX22-26

RECOMMENDATION

The Executive Committee recommends that City Council:

1. Approve the recommended Cemeteries Financial Model in Appendix A which proposes funding major capital infrastructure projects – specifically upgrades to the Administration Building, maintenance shops and future expansions - from current contributions to capital.
2. Approve the Cemeteries Fee Schedule for 2022, 2023 and 2024, as set out in Appendix C, and that the 2022 rates come into effect on the first date of the month following passage of the fee schedule by City Council.
3. Approve the amendments to *The Cemeteries Bylaw, 2008-27* as described in this report and Appendix B.
4. Direct the City Solicitor to prepare the necessary amendments to *The Cemeteries Bylaw, 2008-27* to give effect to the Fee Schedule and the additional amendments as described in this report to be brought forward to a meeting of City Council following approval of these recommendations by City Council.
5. Approve these recommendations at its meeting on March 16, 2022.

ISSUE

Through the 2022 budget process, Council approved \$1.7 million in funding from the Cemeteries Reserve to expand the Riverside Memorial Park Cemetery (Riverside Cemetery). While this expansion is required to accommodate the interment needs of the community, the funding of the project creates a deficit in the Cemeteries Reserve of \$395,000.

In addition to the Riverside expansion, major capital projects anticipated at the cemeteries within the next 10 years include upgrades to both the Riverside maintenance shop and the Riverside Administration Building at an estimated cost of \$3.6 million. It is important to note that smaller annual capital projects such as new columbaria, fence repairs at Regina Cemetery, and other general capital maintenance are also required. Given the need for these capital projects to proceed so that reliable service can be maintained and the fact that the Cemeteries Reserve is currently in a deficit position, Administration is recommending a new financial model for the cemeteries program.

This report also recommends updates to *The Cemeteries Bylaw 2008-27* (Cemeteries Bylaw), the majority of which are housekeeping changes or revisions to add more information or clarity to current processes.

IMPACTS

Financial Impact:

Cemeteries Financial Model

A Cemeteries Financial Model has been developed to assess and monitor the revenues and expense of the cemetery service and ensure there are adequate funds to continue to provide consistent and reliable services. The Financial Model can be adjusted to the changing economic climate and priority of capital projects. The Model is intended to provide a long-term financial plan to the Cemeteries operations and will be reviewed annually as part of the budgeting process.

With major capital projects required in the next 10 years, it is recommended that major capital projects – specifically, upgrades or replacements of the Administration Building, maintenance shops and future expansions - be funded by current contributions to capital and that all remaining capital expenses be funded by cemetery revenues. Within the first 10 years, the two projects identified in the Model include the planned upgrades to the Riverside maintenance shop and the upgrade and potential expansion of the Riverside Administration Building. These projects have an estimated cost of \$3.6 million over the next 10-year period (2032).

Funding major capital projects from the general capital fund will require the projects to be prioritized against other capital projects and will limit the financial impact on the Cemetery Reserve. At the end of 2021, the Cemetery Reserve's balance is a deficit of \$395,000. Within the recommended financial model it is estimated the Cemetery Reserve will remain in a deficit until 2029.

Cemeteries Bylaw & Fee Schedule

Approval of the proposed fee schedule will help ensure there is funding available to meet increased operating expenses and inflation while continuing to address smaller capital infrastructure requirements. The cemeteries expenditures and revenues reflected in the proposed 2022 Operating and Capital Budgets are based on the overall fee increase included in this report.

Policy and/or Strategic Impact:

The recommendations proposed in this report support long-term management and maintenance of cemeteries assets. This initiative supports the *Design Regina: The Official Community Plan Bylaw 2013-48* (OCP), specifically:

- Financial Policies
 - Goal 1: Use a consistent approach to funding the operation of the City
 - Goal 2: Ensure the City services and amenities are financially sustainable
 - Goal 3: Ensure the sustainability of the City by understanding and planning for the full cost of capital investments, programs and services in advance of development approval and capital procurement
- Infrastructure Policies:
 - Goal 1: Meet regulatory requirements and industry best practices for design, construction and operation of infrastructure.
 - Goal 2: Ensure infrastructure decisions result in long-term sustainability.
 - Goal 3: The infrastructure needed for growth will be planned from a long-term perspective.

Environmental Impact:

City Council set a community goal for the City of achieving net-zero emissions and sourcing of net-zero renewable energy by 2050. In support of this goal, City Council asked Administration to provide energy and greenhouse gas implications of recommendations so that Council can evaluate the climate impacts of its decisions. The recommendations in this report have limited direct impacts on energy consumption and greenhouse gas emissions.

OTHER OPTIONS

Option 1 – Status Quo: Cemetery fees funds all operational and capital expenses, including major capital infrastructure projects. Annual fee increases remain at four per cent.

- This option has the benefit of not impacting the amount of general revenue currently set aside for funding general capital projects.
- However, this option is not recommended as the revenue generated will not be sufficient to cover either the operating or capital costs anticipated for the next few years resulting in a deficit balance in the Cemeteries Reserve until 2035.

Option 2 – Increase fees by eight per cent per annum and continue to fund all capital expenses from the reserve.

- This option has the benefit of not impacting the amount of general revenue currently set aside for funding general capital projects and it results in a positive balance in the Cemeteries Reserve by 2027.
- However, this option is not recommended as increasing fees eight per cent annum would have a significant financial impact to the customer and the City has historically positioned its cemetery services as an affordable option to the community

A summary of all three funding model options is presented in Appendix A.

COMMUNICATIONS

Information about the new rates will be distributed to funeral homes and monument suppliers in the Regina area and will be available at City Hall, Riverside Cemetery and Regina.ca/cemeteries. Administration will work with Communications & Engagement to ensure the public is made aware of any fee changes.

DISCUSSION

The City has provided cemetery services since 1883 and operates two municipal cemeteries, Regina Cemetery and Riverside Cemetery. Regina Cemetery is a historical cemetery and as such has limited capacity to accommodate future interments. Riverside Cemetery, which opened in 1953, serves as the main City operated cemetery. It is home to the cemeteries administration and operations staff and it accommodates approximately 97 per cent of all City interment services. There is also one privately owned cemetery within the Regina area, Regina Memorial Gardens, which offers a range of services, including premium interment options.

City cemeteries consider the needs of all citizens, with designated areas for different cultural and religious groups, while providing affordable options to the community. Cemeteries are regulated provincially by *The Cemeteries Act, 1999* (the “Act”), which sets out requirements related to consumer protection as well as maintenance of cemeteries. The City is required by the Act to provide lots at no charge for indigent burials when requested to do so by the Provincial government.

Proposed Funding Model

The City cemeteries have operated on a cost recovery basis since 1987. Any operating surpluses are transferred to the Cemetery Reserve. Conversely, any operating deficits are withdrawn from the Reserve to fund the shortfall. The Reserve is used to fund minor capital projects and infrastructure restoration projects within the cemeteries program.

Revenues come from two main sources: fees and charges for goods and services provided and interest income generated by the Perpetual Care Trust Fund, which has a balance of \$2.2 million and generates approximately \$101,000 in interest revenue each year. The money held in this fund is required by the Act to be held in trust for the long-term care and maintenance of the cemeteries, therefore the income earned by the fund is required to be used only for the care and maintenance. Under the Act (section 26), the City would not be permitted to use the money from the Perpetual Care Trust Fund to pay for capital projects.

In the past two decades, there has been minimal capital investment in the aging infrastructure at the City's cemeteries. However, the Riverside Cemetery requires development of additional internment space as the existing space is almost depleted. Consequently, through the 2021 and 2022 budget cycles, Council approved \$1.7 million in funding from the Cemeteries Reserve to undertake this expansion resulting in a deficit balance in the Reserve of \$395,000.

In addition to the Riverside expansion, cemeteries asset condition assessments indicate that \$3.6 million in major capital projects are required within the next 10 years including upgrades to both the Riverside maintenance shop and the Riverside Administration Building

To plan for these pressures, the Parks, Recreation & Cultural Services Department began working with the Financial Services Department to create a Cemeteries Financial Model that would fund the upcoming capital investments and return the reserve to a positive balance. The recommended model assumes full cost recovery for operations and annual minor capital repairs and refurbishment. It also accommodates planning for major infrastructure renewal and/or expansion while considering shifting consumer preferences regarding services.

As part of the development of the model, several options were explored, ranging from increasing cemeteries fees to help fund capital requirements, to using general revenues as the funding source. Administration has also explored the funding models of other municipalities in Western Canada, as detailed in Appendix E.

In creating the model, the following assumptions were considered:

- Interest earned through the Perpetual Care Trust Fund has been used to subsidize annual operational expenses of the two municipal cemeteries since 1999 and this practice will

continue going forward. On average over the last three years, the fund has generated approximately \$101,000 annually.

- Interment frequency has remained consistent over the past number of years, at an average of 600 interments annually. This limits the opportunity for increased revenue to fund rising operating costs and planned capital expenditures without raising fees and charges for the goods and services provided.
- Interment type trends have shifted over the years from traditional (casket) interments to cremation interments. In 2021, the City's traditional interments were 36 per cent of the total compared to 44 per cent in 2009. As cremation services are more economical, this change has an impact on revenues, the balance in Cemeteries Reserve and planned capital expenditures.
- An inflation factor of up to three per cent has been applied to annual operating expenses such as labour, equipment, material, fuel, and utility costs. This is Administration's best estimate while taking into account the current volatility in inflationary pressures.
- The cemeteries capital program provides resources for the installation of new cemeteries assets, infrastructure, preventative maintenance of existing assets, and a variety of both in and above ground cremation options.

To keep fees affordable, the recommended model, included in Appendix A, includes:

- Funding the major capital projects such as the planned upgrades/expansion of the Riverside Cemetery's maintenance shop and administration building from general revenues through Current Contributions.
 - This practice is in alignment to the policy of other western municipalities as outlined in Appendix E. Cemetery services in almost every major municipality reviewed receive funding through general revenue in some way. Typically, to help with capital expenditures.
- Increasing fees by approximately four per cent each year to cover inflationary operating costs as well as minor capital maintenance.
 - In the municipalities reviewed, operational expenses are mostly covered by revenues, however, no municipal cemetery advised that they were solely funded by cemetery fees & charges.

The recommended funding model will help ensure the City can address aging infrastructure, maintain existing levels of service, fund operating expenses and minor capital projects, keep increases to fees for service affordable and return the Cemetery Reserve to a positive balance by 2029.

Proposed Fee Schedule

As a result of the above analysis, for most fees, Administration is recommending a four per cent fee increase effective April 1, 2022, January 1, 2023, and January 1, 2024. This approach was

developed to ensure the cemeteries have sufficient revenue to maintain service levels, support restoration of assets and provide for additional interment options to meet customer needs.

The proposed fee schedule is provided in Appendix C. These fees are consistent with those provided by other municipally operated cemeteries in the prairie provinces. It should be noted that several fees in the proposed schedule will remain unchanged. These items generate minimal sales yet represent a reasonable value to the customer. Other fees will be increased to maintain cost recovery levels.

There are also four new fees in the schedules to accurately reflect the services offered, as outlined below.

- a) Oversize Opening for Casket Interment - This fee is required to accommodate for the additional time and labour it takes to dig a wider hole. This new fee is similar to the current oversize urn charge.
- b) Infant Casket Disinterment - Currently the City does not have a fee to cover this specific service.
- c) Cremation (Niche) Disinterment - Currently the City does not have a fee to cover this specific service.
- d) Purchase and Installation of Precast Monument Foundation (child) - The foundations for a child lot are much smaller than a foundation for an adult traditional lot. As such there should be a lower associated fee instead of charging the adult fee.

Proposed Bylaw Amendments

In addition to amending the Bylaw with the new fees schedule, Administration is proposing several amendments to provide more information on current business practices and provide better transparency and clarity around cemeteries rules and regulations. Most of the new information being added is surrounding interment scheduling and memorial installations and removals.

As to many of the other Bylaw amendments, the information has remained much the same but has been reworded, moved to a new section or put under a new heading as part of general housekeeping practices. Appendix B outlines all the proposed amendments. The most significant proposed amendments to the Bylaw are highlighted below:

- a) Change to the definition – “Authorized Decision Maker” to “Interment Rights Holder”
Change in terminology for clarification as “Authorized decision maker” is a term used in *The Funeral and Cremation Services Act* for a different purpose. Throughout the Bylaw,

“Licensee, or if the Licensee is deceased, the authorized decision maker” is replaced with “interment rights holder”.

b) Removing Non-Conforming Memorials

There is no consistency or guidelines as to why a non-conforming memorial should be approved or denied. Schedule “C” and Schedule “D” outline detailed specifications to be followed to ensure consistency, safety to visitors and staff and allow for operational accessibility. With the Riverside Expansion Project going forward, it is even more important to maintain consistency into the future.

c) New Offenses and Penalties:

“No person shall advertise, host or carry on any tour, event or commercial activity to be held in a cemetery or offer any goods or services in a cemetery except pursuant to a written contract between the City and the person”

This language will be consistent with our Cemetery Tours and Event Policy currently being developed.

DECISION HISTORY

2008 - The *Cemeteries Bylaw-2008*, was developed and approved by Council. The Bylaw outlines cemeteries rules, regulations, memorial specifications and fees.

Respectfully submitted,

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Laurie Shalley, Director, Parks, Recreation & Cultural Services

2/14/2022



Autumn Lawson, Director, Planning & Development Services

2/21/2022

ATTACHMENTS

Appendix A - Cemeteries Financial Model Funding Options

Appendix B - Proposed Bylaw Amendments

Appendix C - Schedule A - Proposed Fee Schedules

Appendix D - Western Canada Cemetery Fee Review

Appendix E - Western Canada Cemetery Funding Models