



COUNCIL REPORT
Engineering and Public Works
For the May 28, 2019 Council Meeting

DATE: May 22, 2019 File: Westbank Cemetery Bylaw No. 0166
TO: Jim Zaffino, CAO
FROM: Stacey Harding, Parks and Fleet Operations Manager
RE: Westbank Cemetery Fee Review

RECOMMENDED MOTION:

THAT Council approve the Westbank Cemetery Fees be increased to reflect industry averages plus a ten percent increase, per year, over the next four years (2019 – 2022).

RATIONALE:

To ensure the Westbank Cemetery is operated in a cost effective manner, periodic operational reviews and cost comparisons are conducted. A recent review of comparable Okanagan Valley cemetery fees provided an overall industry average which fee increases have historically been based upon. A further internal, financial, review of actual operating costs vs revenue concluded insufficient revenue for true financial self-sustainability.

Based on these reviews, it is recommended a fee increase be implemented based on the industry average plus a ten percent increase, per year, over the next four years (2019 – 2022).

Should Council approve the recommendation to increase the Westbank Cemetery Bylaw Fees a Westbank Cemetery Bylaw, operational review, will be brought forward at a future date for approval.

LEGISLATIVE REQUIREMENTS:

Compliance with the *BC Consumer Protection Act*

BACKGROUND:

Since the dissolution of the Westbank Irrigation Improvement District in December 2010, the Westbank Cemetery has been operated by the City of West Kelowna. The last service review and bylaw revision was completed on December 8, 2015.

Since the City started operating the Westbank Cemetery, approximately \$1,400,000 in capital improvements have been completed and were funded through internal borrowing from reserves. The projects have enhanced the aesthetics and beautification of the facility but also added service options. The range of services offered at the Westbank Cemetery include,

- Full size burial plots
- In ground cremation plots
- Columbarium niches
- Mausoleum crypts

- Family Estate Columbaria's
- Scatter garden
- Ossuary
- Memorialization Plaque Wall

Service Review Process

Service reviews are not only good business practice but establish due diligence if the facility is audited by Consumer Protection B.C. Our service reviews have two components; firstly, a comparison of **Fees** to similar cemetery services offered within our region. This is to identify if we are competitive and to ensure we are fairly and equitably maximizing revenue. Additionally, an internal cost vs revenue analysis has been done to confirm that the facility is operated at a break-even rate. Secondly, the **Operational** component, which looks at providing industry leading client burial services by using the most cost effective measures. The Operational change recommendations will also be brought back for Council's review at a future meeting.

Fee Comparison to establish an Industry Average

To date, a review of plot and service fee rates from other Okanagan Valley cemeteries has been compared with the City of West Kelowna rates. The intent is to not over charge yet not under charge; rather to be at the industry average.

Understanding Fee Breakdowns

Firstly there are two rate classes, resident and non-resident rates. The non-resident rate is a 18% surcharge for non tax paying clients.

When purchasing a plot, crypt or niche clients pay the base fee plus a care fund fee or often called the Perpetual Care Fund and a Maintenance Fee. The Care fund, 33.33% for plots, 11.63% for niches, is accumulated over the operating life of the facility and used for the care and operating expenses after the cemetery is full. This is a mandated requirement in the Provincial legislation. The second fee is the Maintenance Fund which is a 15% City fee intended to help fund ongoing annual or unforeseen maintenance costs.

A notable fee change is the inclusion of the opening and closing fee and the first shutter engraving for both the Mausoleum and Columbarium in the total plot cost. This was done to simplify the client's purchase experience.

An example of the fee breakdown is shown below,

| | Burial Plot Base Fee | Care Fund 33.33% | Maintenance Fund 15 % | Total Cost |
|---------------|-------------------------|---------------------|--------------------------|------------|
| Current Rates | \$ 614.83 | \$ 204.92 | \$ 92.22 | \$ 911.98 |

New Fee Structure Example

| Casket Plot | | Industry Average | Recommended 10% Increase each year for four years | | | | Alternate Recommendation 35% Increase |
|-------------|--------------|------------------|--|------------|------------|------------|--|
| City | Current Fees | | 2019 | 2020 | 2021 | 2022 | |
| CWK | \$ 911.98 | \$ 1,186.62 | \$1,305.28 | \$1,435.81 | \$1,579.39 | \$1,737.33 | \$ 1,601.94 |
| Kelowna | \$ 1,714.00 | | | | | | |
| Peachland | \$ 1,635.00 | | | | | | |
| Vernon | \$ 1,420.00 | | | | | | |
| Penticton | \$ 1,400.00 | | | | | | |
| Oliver | \$ 1,142.00 | | | | | | |
| RDOS | \$ 495.00 | | | | | | |
| Osoyoos | \$ 775.00 | | | | | | |

| Cremation Plot | | Industry Average | Recommended 10% Increase each year for four years | | | | Alternate Recommendation 35% Increase |
|----------------|--------------|------------------|--|-----------|-----------|-----------|--|
| City | Current Fees | | 2019 | 2020 | 2021 | 2022 | |
| CWK | \$ 607.57 | \$ 533.95 | \$ 587.35 | \$ 646.08 | \$ 710.69 | \$ 781.76 | \$ 720.83 |
| Kelowna | \$ 800.00 | | | | | | |
| Peachland | \$ 779.00 | | | | | | |
| Vernon | \$ 425.00 | | | | | | |
| Penticton | \$ 434.00 | | | | | | |
| Oliver | \$ 361.00 | | | | | | |
| Kamloops | \$ 590.00 | | | | | | |
| Osoyoos | \$ 275.00 | | | | | | |

| Open/Close Casket Plot | | Industry Average | Recommended 10% Increase each year for four years | | | | Alternate Recommendation 35% Increase |
|------------------------|--------------|------------------|--|-------------|-------------|-------------|--|
| City | Current Fees | | 2019 | 2020 | 2021 | 2022 | |
| CWK | \$ 726.00 | \$ 884.75 | \$ 973.23 | \$ 1,070.55 | \$ 1,177.60 | \$ 1,295.36 | \$ 1,194.41 |
| Kelowna | \$ 945.00 | | | | | | |
| Peachland | \$ 1,015.00 | | | | | | |
| Vernon | \$ 1,068.00 | | | | | | |
| Penticton | \$ 1,386.00 | | | | | | |
| Oliver | \$ 686.00 | | | | | | |
| RDOS | \$ 660.00 | | | | | | |
| Osoyoos | \$ 592.00 | | | | | | |

| Open/Close Cremation Plot | | Industry Average | Recommended 10% Increase each year for four years | | | | Alternate Recommendation 35% Increase |
|---------------------------|--------------|------------------|--|-----------|-----------|-----------|--|
| City | Current Fees | | 2019 | 2020 | 2021 | 2022 | |
| CWK | \$ 220.00 | \$ 254.00 | \$ 279.40 | \$ 307.34 | \$ 338.07 | \$ 371.88 | \$ 342.90 |
| Kelowna | \$ 413.00 | | | | | | |
| Peachland | \$ 224.00 | | | | | | |
| Vernon | \$ 322.00 | | | | | | |
| Penticton | \$ 294.00 | | | | | | |
| Oliver | \$ 210.00 | | | | | | |
| RDOS | \$ 110.00 | | | | | | |
| Osoyoos | \$ 239.00 | | | | | | |

FINANCIAL IMPLICATIONS:

The cemetery is set up to be a self-sustaining service, completely funded by user fees. The proposed new fees are meant to be sufficient to cover the operating costs of the cemetery. Based on actual costs, the historically suggested industry average increase would not cover the annual operating expenses.

The maintenance fund, collected at the time of sale, is meant to help cover expenses as sales and expenses fluctuate. Currently the maintenance fund has a balance of approximately \$23,000.

In 2018, the cemetery expenses came in slightly under budget, as did revenue. They are directly linked as the delivery of service is driven by the sale of a plot.

In 2019, the operating budget is \$168,000.

COUNCIL REPORT/RESOLUTION HISTORY:

| Date | Report Topic/Resolution | Resolution No. |
|------------|--|----------------|
| 2015-05-26 | <p><u>It was moved and seconded</u></p> <p>THAT Council award the Westbank Cemetery Expansion Project to Arterra Construction Ltd. for the lump sum value of \$693,850; and</p> <p>THAT Council authorize the Mayor and General Manager of Administrative and Protective Services to execute the contract.</p> <p><u>CARRIED UNANIMOUSLY</u></p> | C219-15 |
| 2014-10-14 | <p><u>It was moved and seconded</u></p> <p>THAT Westbank Cemetery Amendment Bylaw No. 0166.01, 2014 be adopted.</p> <p><u>CARRIED UNANIMOUSLY</u></p> | 357-14 |
| 2014-09-30 | <p><u>It was moved and seconded</u></p> <p>THAT Council give first, second and third readings to Westbank Cemetery Bylaw No. 0166.01, 2014.</p> <p><u>CARRIED UNANIMOUSLY</u></p> | 338-14 |
| 2014-09-09 | <p><u>It was moved and seconded</u></p> <p>THAT Council amend the 2014 – 2023 Financial Plan to include \$65,000 to proceed with detailed plans and construction drawings for Phase 3 of the Cemetery; and</p> <p>THAT Council direct staff to allocate \$65,000 from Reserves for Future Expenditures.</p> <p><u>CARRIED UNANIMOUSLY</u></p> | 332-14 |

ALTERNATE MOTIONS:

Council approve a Fee Schedule based on 2019 Okanagan Valley industry averages plus a one-time increase of 35%.

Respectfully submitted,




Stacey Harding
Parks and Fleet Operations Manager



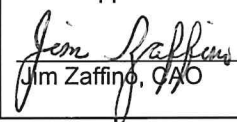
Warren Everton
CFO



Bob Kusch
Parks, Recreation and Culture Manager



Allen Fillion
Engineering and Public Works General
Manager

Approved for Agenda
 May 23, 2019
Jim Zaffino, CAO

Powerpoint: ☒ Yes ☐ No