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## CITY OF KELOWNA

# MEMORANDUM

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**Date:** April 20, 2001  
**File No.:** 4100  
**To:** City Manager  
**From:** Cemetery Manager  
**Subject:** Kelowna Memorial Park Cemetery - Promontory Green

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### **RECOMMENDATION**

THAT the City of Kelowna proceed with the design and construction of a major interment facility at Kelowna Memorial Park Cemetery subject to Council approval of the project at Final Budget;

AND THAT the proposed project be funded by borrowing \$1,000,000 from existing reserves.

### **BACKGROUND**

Over the last 3 years significant changes have occurred to improve the Kelowna Memorial Park Cemetery, including:

- The construction of the first columbaria. Sales from this project are over 70% in the first 14 months of operation.
- Restoration of the Heritage Section. Contributions from Federal, Provincial and Community sources have exceeded \$ 100,000.
- Implementation of the "one-stop-shop" at the cemetery that will enhance customer service. This included renovation of an existing building to accommodate the Cemetery Manager and allow sales from this office.
- Retaining consulting expertise to design and layout the land purchased in 1998 from the Kelowna Golf and Country Club to provide a variety of interment options in order to maximize the limited area.

The approved Cemetery Master Plan suggested that on large cost items such as a mausoleum, a Private/Public partnership should be investigated. Staff investigated a Private/Public partnership and there was only one company that expressed interest.

Upon discussion with that company, and with other municipalities the company has dealt with, the best financial arrangement that could be provided was an 85/15 split. Out of Kelowna's 15% portion, 10% must be allocated to a Statutory Care Fund. The remaining 5% would have to cover operational costs and any remaining would be profit to the Cemetery Operation.

This agreement did not meet the business plan goals of self-sufficiency in operations and ensure that the commodity pricing formula included a portion towards replacement funds for future development. With that proposal the company took the risk in development but also retained all of the net profits. The proposal included an extremely large complex, which could take considerable time to sell; therefore the 5% return to the City could be insufficient to cover the annual heating/air-conditioning and other operational expenses.

After discussion with the City consultant, staff pursued a plan to implement a mausoleum and other interment options as a City of Kelowna business operation. The current design provides a variety of interment options with 128 mausoleum crypt spaces, over 200 columbaria, in ground burial for caskets and in ground burial for cremated remains. This meets the business plan goals of small development projects and will not over build the market place.

The Promontory Green will offer an exciting architectural design to include a water feature as well as offer options that would be affordable to all, from well priced mausoleum crypts starting at \$8,500 to cremated remain scattering that includes memorialization at \$300. The design will meet and create new options such as a 3 x 6 family plot for cremated remains that can have an upright marker. Provincial Cremation rate is at 75%, but less than 20% are interred in Cemeteries. By offering the Promontory Green to this community a greater amount of families will have the opportunity to have a focal point – a place for remembering, reflecting and celebrating a life lived.

The recommendation to finance \$1,000,000 for the completion of The Promontory Green will include approximately \$300,000 in site development for grading, roads, surveying new plots, in ground crypts and other infrastructure. The Promontory Green Mausoleum portion of the project is estimated at \$700,000 for the water feature and interment garden and crypts. The consultant suggests that the project could be phased to address funding concerns. The first phase would include building the upper section, lower walls and prepare a base for the addition of the cornerstone estates. Design-Build Tender Documents have been prepared for the Mausoleum portion of the project. By tendering the project as Design-Build, program adjustments can be made to ensure costs are within budget. For example the 4-cornerstone estates could be installed as phase two in the event tendered costs are greater than budget. The estates could be pre-sold and installed two at a time when one unit is completely sold if a decision is made to phase in the project.

Finance has assisted in the development of the business plan to review and model the viability of the project. Appendix I show the anticipated revenues and expenditures over the next five years. Appendix II is a summary of the 5-year model showing the various line items per year. Sales levels in each of the years have been scaled back from the original estimated sales level to provide a more conservative outlook. Sales in 2002 are now estimated at 80% of the original projected sales and include sales of only 16 mausoleum crypts. Sales of the higher end products will determine the success of this development initiative.

By internally financing the capital program there will be some flexibility to borrow at different intervals to match phasing of the capital program and to repay the funds earlier if sales are higher than projected. If sales are lower than expected the Cemetery Operating Reserve or the Cemetery Replacement Fund may be used to ensure that there is no taxation impact from this program.

**CONCLUSION**

By investing in the KGCC land purchased in 1998, the future of the Cemetery may realize an additional 20 years of interment life and meet the Cemetery Master Plan goals of self-sufficiency with funds for future development. The business plan of the first phase called the "Promontory Green" estimates 5-Year Gross Revenue Projections from sales to generate reserves as follows:

Operating Reserve	\$ 94,271
Care Fund Reserve	\$449,137
Replacement Reserve	\$791,770
Debt Repayment	\$640,699

If this proposal is approved, a report to City Council will follow recommending fees for the new interment options. A Final Budget submission has been prepared for consideration by Council.

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Dennis Radford, Cemetery Manager

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cc. Director of Parks & Leisure Services  
Parks Manager  
Financial Planning & Systems Manager

## Appendix I

### The "Promontory Green" Gross Revenue Projections Over Five Years

#### Parks - Cemetery Operations

	5 Yr. Totals
<b><u>Operating Expenditures</u></b>	
Loan Payment/yr. @ 7% amt. 10 years	<b>\$640,699</b>
	\$2,807,047
<b><u>Appropriations &amp; Transfers</u></b>	
	\$1,240,907
<b><u>Revenues &amp; Recoveries</u></b>	
Cemetery Care Fund	<b>\$449,137</b>
Cemetery Care Fund Interest	<b>\$217,763</b>
Cemetery Replacement Fund	<b>\$791,770</b>
	\$4,142,225
<b>120 Net Operations</b>	<b>\$94,271</b>

## Appendix II

### The "Promontory Green" Gross Revenue Projections Over Five Years

		Schedule I							
		At % of Estimate							
Parks - Cemetery Operations		Promontory	75%	80%	85%	90%	95%		
		Plots							
		Promontory	75%	80%	85%	90%	95%		
		Maus. &							
		Niches							
SubClass		Proposed	Actual	Proposed	Proposed	Proposed	Proposed	Proposed	5 Yr. Totals
Description		2000	2000	2001	2002	2003	2004	2005	
<b><u>Operating Expenditures</u></b>									
1	Adm. Management	\$116,145	\$67,837	\$116,500	\$122,325	\$128,441	\$134,863	\$141,606	\$643,736
2	Cemetery Maintenance	\$55,030	\$32,585	\$55,272	\$56,377	\$57,505	\$58,655	\$59,828	\$287,638
3	Burials	\$30,950	\$40,252	\$30,950	\$31,569	\$32,200	\$32,844	\$33,501	\$161,065
4	Maintenance Contracts	\$180,000	\$138,072	\$183,600	\$187,272	\$191,017	\$194,838	\$199,709	\$956,436
5	Utilities	\$3,780	\$4,999	\$8,000	\$8,240	\$8,487	\$8,742	\$9,004	\$42,473
7	Loan Payment/yr. @ 7% amt. 10 years	\$15,800	\$0	\$71,189	\$142,378	\$142,378	\$142,378	\$142,378	\$640,699
8	Funeral Home Service Fees	\$2,260	\$5,085	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$75,000
		\$403,965	\$288,830	\$480,511	\$563,161	\$575,029	\$587,320	\$601,026	\$2,807,047
<b><u>Appropriations &amp; Transfers</u></b>									
9	Cemetery Care Fund	\$62,745	\$39,449	\$32,008	\$32,008	\$32,008	\$28,633	\$19,588	\$144,243
10	Cemetery Replacement & Dev. Fund.	\$58,482	\$24,343	\$18,983	\$18,983	\$18,983	\$15,608	\$6,563	\$79,118
11	Columbarium Care Fund		\$8,118	\$1,130	\$1,130	\$1,130	\$1,130	\$1,017	\$5,537
12	Columbarium Replace. Fund		\$37,949	\$5,650	\$5,650	\$5,650	\$5,650	\$5,085	\$27,685
13	Promontory Garden Care Fund		\$0	\$48,422	\$51,650	\$54,879	\$63,169	\$81,237	\$299,358
14	Promontory Garden Replace. Fund		\$0	\$116,345	\$124,102	\$131,858	\$144,677	\$167,986	\$684,967
		\$121,227	\$109,859	\$222,538	\$233,522	\$244,507	\$258,866	\$281,475	\$1,240,907
<b><u>Revenues &amp; Recoveries</u></b>									
	Plot Sales (Sections A-E)	\$64,365	\$50,503	\$37,965	\$37,965	\$37,965	\$31,215	\$13,125	\$158,235
	Bennett Memorial Columbarium	\$22,600	\$75,637	\$11,300	\$11,300	\$11,300	\$11,300	\$10,170	\$55,370
	Promontory Green Sales	\$25,200	\$0	\$164,768	\$175,752	\$186,737	\$207,846	\$249,223	\$984,325
	Burial Services	\$230,836	\$187,018	\$297,085	\$297,135	\$297,135	\$297,135	\$297,135	\$1,485,625
	Sub-Total	\$343,001	\$313,158	\$511,118	\$522,152	\$533,137	\$547,496	\$569,653	\$2,683,555
	Cemetery Care Fund	\$67,243	\$52,067	\$81,560	\$84,788	\$88,016	\$92,932	\$101,842	\$449,137
	Cemetery Care Fund Interest	\$28,000	\$36,353	\$35,261	\$39,241	\$43,379	\$47,674	\$52,209	\$217,763
	Cemetery Replacement Fund	\$58,483	\$62,292	\$140,978	\$148,734	\$156,490	\$165,934	\$179,633	\$791,770
		\$496,726	\$463,870	\$768,916	\$794,915	\$821,022	\$854,036	\$903,337	\$4,142,225
120	Net Operations	(\$28,466)	\$65,181	\$65,868	(\$1,768)	\$1,486	\$7,850	\$20,836	\$94,271

