

# Rocky View County Cemetery Feasibility Study

LEFS  
ASSOCIATES

---

Rocky View County Feasibility Study

---

Date: November 5, 2020

Contact Information:

509-318 Homer St, **Vancouver** BC Canada, V6B 2V2 | p: 604.899.3806

51 Wolseley St, **Toronto** ON Canada, M5T 1A4 | p: 416 645 7033 | f: 415 645 7046

8 Boswell Crescent, **Whitehorse** YT Canada, Y1A 4T3 | p: 867.332.3806

info@elac.ca | www.elac.ca

## EXECUTIVE SUMMARY

Rocky View County (RVC) is considering options for the long-term management of the three cemeteries presently under its control. The Garden of Peace Cemetery (GOP) is the primary active site operated by RVC. This Feasibility Study was commissioned to help guide Council in their decision making for the future direction and governance of the GOP. This Feasibility Study comprehensively reviews the status of the market, site conditions, operations, governance and financial model for the GOP. The recommendations in this study will guide RVC's future actions and help to optimize its cemetery operations and leadership strategy.

Whether RVC continues to lead the operations of the GOP, depends on the philosophy of Council regarding RVC's role in supporting the cemetery as a community service to its residents. It is common practice for Canadian municipalities to subsidize this service to its residents. If the Council decides to pursue an outsourcing relationship or partnership, RVC may achieve benefits from the collaboration. However, RVC will always retain some responsibility for its cemetery sites, the quality of care and how it meets the needs of its residents.

If RVC continues with its current business model, it can expect to continue operating the GOP at loss for the next couple decades. However, the cemetery market's long term momentum is moving in RVC's favor and it can expect to eventually achieve operating breakeven in foreseeable future.

### KEY FINDINGS

#### Projected Demand and Current Supply

- In the next 25 years, the GOP can expect 5,600 casket and 4,800 cremation interments, as well as, 4,950 casket lot, 510 cremation lot, 380 niche and 260 scattering right-of-interment sales.
- The GOP has 35-40 years of developed casket lot sales, 5-10 years of developed cremation lot sales and 20-25 years of developed columbaria niche sales remaining, and
- The GOP has 35 acres of undeveloped land, which is expected to accommodate another 90 years of interment services.

#### Site Care and Operations

- The GOP has significant assets including its newly rebuilt crematorium, a well situated location with good frontage and visibility and a significant amount of undeveloped land;
- The GOP is well maintained and in good condition, offers a diverse range of interment and memorialization services, and
- The GOP's field work operations are appropriately resourced and meet best practices for site care.

#### Governance and Organizational Analysis

- The GOP's management and support operations are well resourced and provide good service. There is an opportunity to enhance RVC's records management, sales and marketing work, and
- The GOP may attract interest from contractors or a private company interested in establishing an outsourcing relationship or partnership, from which RVC may benefit.

## Financial Plan

- RVC intermingles revenue and expense from other departments in its Cemetery Service Report and accounts. This is a challenge in assessing the GOP as a discrete business unit;
- There is an opportunity to enhance RVC's financial management system, by tracking its cemetery revenue by interment form, time of sale (at-need/pre-need) and residency of those served. It can also improve its cost management, by grouping its expenses by site care and other costs;
- The GOP averaged a total, annual net loss of \$687,000 from 2015 to 2019;
- The GOP will reach its Operating Breakeven point in the next 20 years in a Status Quo scenario. The GOP can reach breakeven within the next 12 years, if it maintains annual rate increases of 3%, a marketing budget of 5% operating revenue for 5 years, and then 2% per year thereafter;
- The GOP's PCF interest income reflects a low average rate of return (1.6%). GOP is 1% funded for basic site care and is not forecast to become fully funded in the next 50 years, and
- After the GOP begins to achieve break even in 2032, it is proposed the GOP accelerate to the PCF Stability Point within the 50 years, by increasing its annual sales contributions from 25% to 60% and halting the annual withdraw of interest income to cover the GOP's current costs.

## RECOMMENDATIONS

The GOP's operations can be moved towards a more feasible model, by prioritizing strategies that will increase its market capture and improve operational efficiency. To do so, it is recommended that RVC:

- Commit to the short-term goal of accelerating the GOP towards operating breakeven in 15 years and a long-term plan to strengthen the PCF to self-supporting model within 50 years;
- Prepare a marketing plan. Retain a sales and marketing contractor to accelerate the GOP's promotion, revenue growth and market capture, as well as train RVC staff in this skill-set;
- Take advantage of the cremation trend, by partnering with the crematorium operator to cross-sell the GOP's range of cremated remains interment and memorialization options;
- Introduce new offerings including green burial, family vessels, estate lot options, new support services, as well as memorial wreathes, boulders, and statuary with engravings, and
- Train RVC staff to work with and enhance the cemetery records and financial management systems and procedures, to enable the provisions of better data to guide decision making.

RVC would also benefit from exploring the current opportunities for a strategic partnership, and further examining the feasibility of an alternate model. To do so, it is recommended that RVC:

- Review the governance options in this plan and go through the process (with Senior Leadership and Council) to identify RVC's expectations of a potential arrangement with an outside entity to be responsible for part of, or all, cemetery operations;
- Pending the outcome of Council's decision, undertake a review of the outcomes of the RPQ and RFP processes in 2016/17 to determine if any of the qualified proponents would be a good fit and if they are, consider re-issuing an updated version of the RFP to them, and
- In the event that those parties that expressed an interest previously are not interested now, then initiating a new RFP process to a broader potential market should be considered.

# TABLE OF CONTENTS

<b>Introduction.....</b>	<b>1</b>
<b>1 Cemetery Market + Needs Analysis .....</b>	<b>2</b>
1.1 Key Findings – Market + Needs Analysis .....	2
1.2 Regional Market Analysis.....	4
1.3 Demographic + Disposition Trends Analysis .....	8
1.4 Cemetery Demand Analysis.....	13
1.5 Inventory + Capacity (Supply) .....	17
1.6 Recommendations – Market + Needs Analysis .....	20
<b>2 Site Care + Operations Analysis .....</b>	<b>21</b>
2.1 Key Findings - Site Care + Operations Analysis.....	21
2.2 Detailed Site Care + Operations Review .....	22
2.3 Recommendations - Site Care + Operations .....	23
<b>3 Governance + Organizational Analysis .....</b>	<b>25</b>
3.1 Key Findings – Governance + Organizational Analysis .....	25
3.2 Governance Alternatives Review .....	26
3.3 Organizational Resources Review .....	31
3.4 Recommendations - Governance + Organizational Analysis.....	35
<b>4 Financial Plan.....</b>	<b>36</b>
4.1 Key Findings – Financial Plan .....	36
4.2 Product + Services Review .....	37
4.3 Cemetery Pricing Review .....	40
4.4 Historic Financial Performance .....	46
4.5 Perpetual Care Fund Sustainability Analysis.....	51
4.6 Financial Projection Scenarios.....	53
4.7 Recommendations – Financial Plan.....	61
<b>5 Implementation + Conclusion.....</b>	<b>63</b>
5.1 Short-term Implementation Schedule .....	63
5.2 Long-term Implementation Schedule .....	64
<b>Appendix .....</b>	<b>65</b>
Appendix A – Site Observations + Analysis.....	66
Appendix B – Cemetery Human Resources: Roles + Responsibilities .....	71
Appendix C – Governance Decision Map .....	73
Appendix D – Garden of Peace Cemetery Current Offerings .....	74
Appendix E – Detailed Price Benchmarking Study.....	80

# INTRODUCTION

Rocky View County (RVC) commissioned LEES+Associates in August 2020 to prepare a Cemetery Feasibility Study. This Feasibility Study includes a detailed market and operations analysis with defensible recommendations that will guide Council on their options for the long-term operation and the management of the cemeteries presently under control of RVC. These cemeteries include the Garden of Peace (GOP), Bottrell and Dalemead cemeteries. The GOP is the keystone active site among these three cemeteries.

## CEMETERY SITE OVERVIEW – THE VALUE

The GOP is an attractive cemetery site that has historically offered a reasonably good range of interment and memorialization services.

A significant asset at the GOP is the undeveloped land that slopes gently to the east. Although there are areas of water accumulation in the southeast corner, the majority of the property is suitable for cemetery development. An outside entity experienced in cemetery management would find this area attractive as it is part of the existing cemetery and has a viable plan. Although detailed engineering would be required, it is likely to receive direct approval from the Province and the Local Health Authority.

The small chapel and recently upgraded crematorium are additional assets that are well situated with good frontage and visibility. Parties interested in the cemetery, would most likely also be interested in the chapel and crematorium assets.

## STRATEGIC OPTIONS – THE PAST + THE FUTURE

RVC has historically examined its range of options in pursuit of greater cost recovery, including introducing cemetery projects at the GOP that could lead to greater revenue streams and cost efficiencies, through expansion of its services and the attendant (potential) net revenues.

A Request for Pre-qualifications (RPQ), followed by a Request for Proposal (RFP) process was undertaken by RVC in 2016/2017 to explore alternative governance options. This process yielded a strong interest in RVC's cemetery facilities. To address changes in the market since that time, this Feasibility Study includes an updated scan of the regional cemetery market served by RVC and the internal operations of the GOP.

This report summarizes the latest market research, projections, key findings and recommendations that resulted from a detailed analysis of RVC's current cemetery operations and financial performance. This will serve as a guide for pursuing alternative business models, new operational resources and practices, as well as the future development of new inventory, products and services in the future, if RVC decides to remain in the cemetery business.

# 1 CEMETERY MARKET + NEEDS ANALYSIS

This chapter identifies the communities served by Rocky View County's (RVC) cemeteries, their demographic profile, death rates, cremation rates, and burial trends, as well as other service providers within RVC's cemetery market area. These key variables will drive the demand for cemetery land and services for the foreseeable future.

The purpose of this analysis is to compare RVC's projected demand to the currently available cemetery inventory and land capacity, including the Garden of Peace Cemetery's (GOP) undeveloped lands. The findings of this analysis will inform the recommendations for RVC's future operations, development, and business model.

## 1.1 KEY FINDINGS – MARKET + NEEDS ANALYSIS

The following section is a summary of the key findings from this plan's market and needs analysis.

### Historic Demographic Trends, Interment Rates and Community Served

The Garden of Peace Cemetery (GOP) serves residents from the rural RVC electoral area and its surrounding small urban centers. This collective area is referred to in this report as the "RVC Market."

RVC's cemeteries also serve a significant number of the residents from the City of Calgary. Therefore, the total "Cemetery Market" served by RVC operated cemeteries, includes the RVC Market and the City of Calgary.

### Current Market Profile

- The average age of rural RVC residents is older, than the relatively younger residents of the region's urban centers, including Calgary and the rest of the Province of Alberta;
- The majority of the RVC Market's residents identify as Christian. One third of residents have no religious affiliation, and less than 5% follow other faiths;
- The majority of the RVC Market's residents have a European origin. A smaller, but significant portion of the RVC Market's residents are also of Asian and Indigenous origin;
- Currently, the RVC Market has 174,000 residents and the City of Calgary has 1,600,000 residents. The RVC Market grew three times faster than the City of Calgary from 2015 to 2019;
- From 2015 to 2019, the RVC Market's death rate averaged 3.6 deaths per 1,000 residents per year and the City of Calgary's death rate averaged 4.0 deaths per 1,000 residents per year, and
- Currently, the RVC Market's cremation rate (86%) is higher than the City of Calgary's cremation rate (79%), and the overall cremation rate in the Province of Alberta (75%). The trend towards cremation increasing is expected to continue over the next decade.

### Over the Past Five Years (2015 to 2019)

- In the GOP's Cemetery Market, there were:
  - 2,900 RVC resident deaths, averaging 580 deaths per year;
  - 2,450 RVC resident cremations, averaging 490 cremations per year;
  - 450 RVC resident burials averaging 90 burials per year;
  - 31,300 Calgary resident deaths, averaging 6,260 deaths per year;
  - 24,100 Calgary resident cremations, averaging 4,820 cremations per year, and
  - 7,200 Calgary resident burials, averaging 1,440 burials per year;
- The GOP served 2% of the Cemetery Market's residents choosing cremation and 10% of the Cemetery Market's residents choosing casket burial;
- 788 caskets and 422 cremations were interred at the GOP, averaging 158 casket and 84 cremation interments per year. Of 422 cremations, 232 cremations were interred within lots (55%), 41 within niches (10%) and 149 were scattered (35%), and
- 682 casket lots, 43 cremation lots, 32 niches and 22 scattering rights were sold at the GOP, averaging 136 casket lot, 9 cremation lot, 6 niche and 4 scattering sales per year.

### Project Demographic Trends, Interment Rates and Community Served Over the next 25 years

- RVC Market's population will grow approximately 200%, and the City of Calgary's population will grow approximately 40%;
- Due to the passing of the Baby Boomer generation, it is anticipated that:
  - RVC Market's death rate will increase to 4.0 deaths per 1,000 residents, and
  - The City of Calgary's death rate will increase to 4.4 per 1,000 residents.
- Due to the ongoing trend of more families choosing cremation:
  - RVC Market's cremation rate is projected to increase to 90% by 2023, and
  - The City of Calgary's cremation rate is projected to increase to 90% by 2030.
- There will be approximately 5,600 caskets and 4,800 cremations interred at the GOP, averaging 225 caskets and 190 cremations interments per year, and
- There will be approximately 4,950 caskets lot sales, 510 cremations lot sales, 380 niche sales, and 260 scattering rights sales at the GOP, averaging 200 casket lot sales, 20 cremation lot sales, 15 niche sales and 10 scattering rights sales per year.

### Supply: Inventory and Capacity

Our analysis of the GOP's inventory and capacity finds:

- There are **35 - 40 years** of developed casket lot sales remaining;
- There are **5 - 10 years** of developed cremation lot sales remaining, and
- There are **20 - 25 years** of developed columbaria niche sales remaining;

The methodology, analysis and key components of this analysis are outlined in sections to follow.

## 1.2 REGIONAL MARKET ANALYSIS

This section describes the GOP's market area, outlines its demographic characteristics that will affect demand for regional cemetery's land and services, and examines the service provider's participation in meeting that demand. The section is organized under the following headings:

- Catchment Area;
- Age Distribution;
- Religious + Ethnic Profile, and
- Cemetery Service Providers.

### CATCHMENT AREA

This analysis assumes the GOP serves the RVC rural area (electoral division), and the small urban municipalities located in the RVC limits, including Airdrie, Chestermere, Cochrane, Crossfield, Irricana, Beiseker, Bragg Creek and Langdon. These urban centers are within the boundaries of RVC, but are demographically measured by the Province separately from the rest of RVC. This collective area is referred to in this report as the "RVC Market."

The City of Calgary has been included in the catchment area for RVC cemeteries, due to the high number of Calgary residents who choose to inter at the GOP. RVC staff estimate that 90% of those interred at the GOP are from Calgary. Therefore, the primary "Cemetery Market" served by the GOP, includes the RVC Market and the City of Calgary.

RVC staff report that the GOP occasionally also services non-residents from outside this primary Cemetery Market. In the absence of detailed residency records for those served by the GOP, it is assumed in this analysis that the number of individuals from outside the Cemetery Market served by the GOP is small and immaterial to the long term projections in this study.

The RVC Market covers a total area of 3,836 km<sup>2</sup> and has a population of 174,000 as of 2019. The RVC Market and the City of Calgary have a combined population of approximately 1,800,000 and a total area of 34,661 km<sup>2</sup>.

The following figure outlines the primary catchment area of the RVC Market and the City of Calgary. It identifies the other two cemeteries operated by RVC, Bottrel and Dalemead Cemetery, and identifies active cemeteries comparable to the GOP in the region. These cemeteries have been used in this report for a benchmarking analyses.

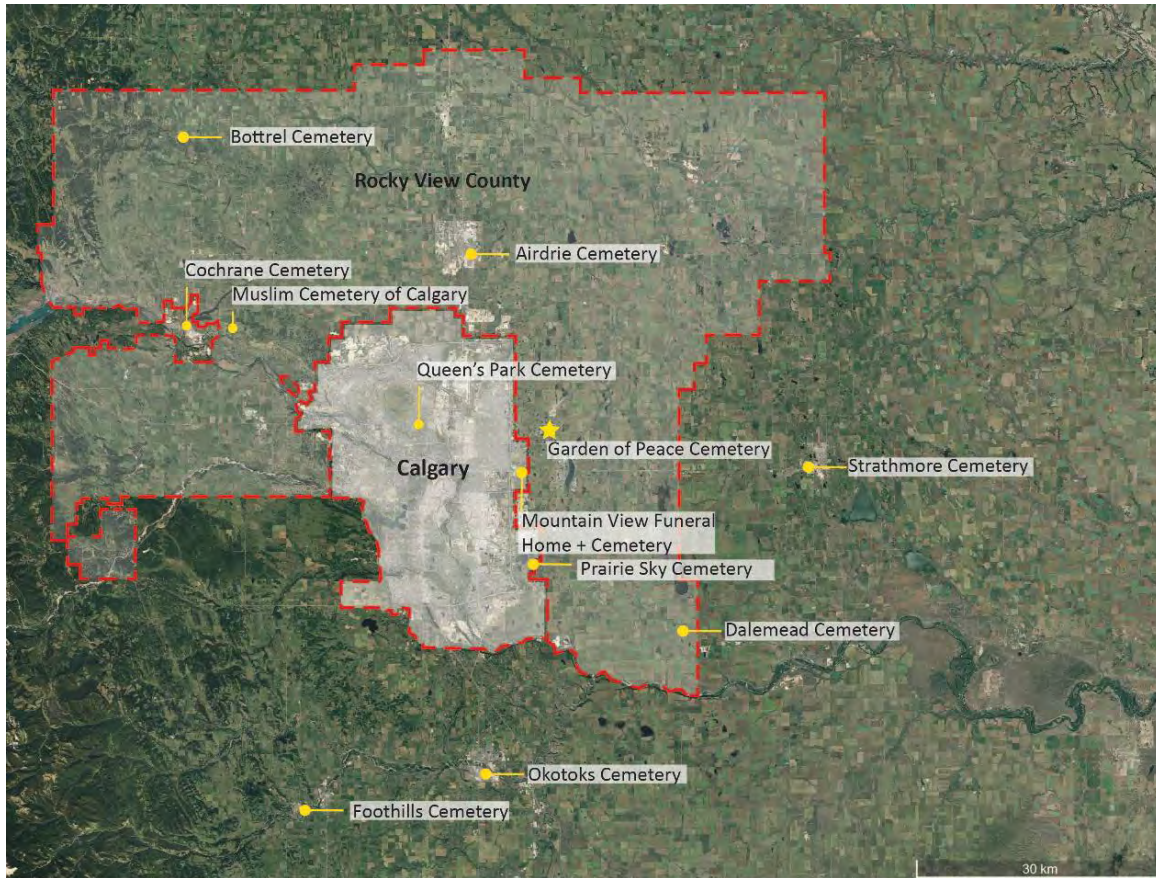


Figure 1: GOP Catchment Area and Comparable Cemetery Service Providers,  
Source: LEES+Associates + Google Earth.

## AGE DISTRIBUTION

Statistics Canada census finds that the average age for the RVC Market is 36. Residents in the rural areas of RVC are older averaging 40, while those in its small urban centers are averaging 35. Residents in the City of Calgary are on par with the Province of Alberta, with an average age of 38.

Communities with an older age profile usually have a higher average death rate, increasing the anticipated need for cemetery land in the short-term. Rural areas have a greater proportion of their populations which are Baby Boomers, than the small towns and cities within the RVC Market.

## RELIGIOUS + ETHNIC PROFILE

Religious and ethnic affiliations often have a significant influence on an individual's end-of-life choices. Understanding the religious and ethnic profile of the RVC Market is important in understanding how the GOP can meet the communities demand for different types of interment and memorialization.

## Religious Distribution

Some religions require specific forms of disposition and interment, such as full body burial, while others prohibit certain options. As some groups discourage or even forbid cremation, we expect there will always be a segment of the population that will seek in-ground casket burial.

An example of religiously-based influence is the discouragement of cremation for those of the Jewish faith. Reform and Conservative Jewish authorities also frown on the practice, although the cremation rate is increasing within the Jewish community, worldwide.<sup>1</sup>

Since Vatican II in 1962,<sup>2</sup> cremation has been allowed by the Catholic Church provided the cremated remains are kept together and are not scattered. Catholics are more likely to choose interment in a cemetery due to church-mandated funeral and burial customs.<sup>3</sup> Some other branches of Christianity; however, oppose cremation, including minority Protestant and Orthodox groups, such as Greek and Serbian Christians. Most notably, the Eastern and Oriental Orthodox Churches still forbid cremation.

The following figure illustrates the current religious distribution of residents in the RVC Market.

*Figure 2: Religious Profile of the RV Market, Source: Statistics Canada.*

<sup>1</sup> Cremation Becoming Increasingly Popular Among Jews, Funeral Professionals Say,  
<http://www.haaretz.com/jewish/news/cremation-becoming-increasingly-popular-among-jews-funeral-professionals-say-1.447873>

<sup>2</sup> Changing Catholic Attitudes about Cremation,  
<http://www.catholicworldreport.com/2012/11/03/changing-catholic-attitudes-about-cremation/>

<sup>3</sup> Vatican issues new rules on Catholic cremation- Remains cannot be scattered, divided, or kept at home  
<http://www.cbc.ca/news/world/vatican-catholic-cremation-1.3820336>

Analysis of the RVC Market's religious distribution data from Statistics Canada finds that:

- 61% of the population identify as Christian. The largest Christian group that residents identify with is Catholic, followed by 24% of the population;
- 35% of the population reported having no religious affiliations, and
- The largest groups from other faiths that residents identify with is Muslim and Sikh, represented by a combined 3% of the population.

## **Ethnic Distribution**

An example of an ethnically based influence is the preference of many Italian and Portuguese families to be interred in mausoleum crypts or columbaria rather than being buried in graves.<sup>4</sup>

The following figure illustrates the current ethnic distribution of residents in the RVC Market.

*Figure 3: Ethnic Profile of the RVC Market, Source: Statistics Canada.*

Analysis of the RVC Market's ethnic distribution data from Statistics Canada finds that the majority of its residents are primarily of European origin. Asian and Indigenous residents are also strongly represented ethnic groups in the region.

In addition, understanding the current immigration trends that will impact the region's future ethnic distribution, which will also help inform decision-making about interment options and services that should be offered at the cemetery.

Analysis of the RVC Market's recent immigration trends (2011 to 2016) finds that:

- Recent immigrants make up less than 5% of the total population, and
- The largest group of first generation immigrants are from the Philippines.

<sup>4</sup> Space and ethnic practices put heavy demands on cemeteries,  
<http://www.sbs.com.au/news/space-and-ethnic-practices-put-heavy-demands-on-cemeteries>.

## 1.3 DEMOGRAPHIC + DISPOSITION TRENDS ANALYSIS

This section outlines the key demographic and disposition variables that will affect the future demand for lots and services offered at the GOP. These variables include historic and projected:

- Population growth;
- Deaths, and
- Disposition trends.

### CEMETERY MARKET PROFILE

The following graph summarizes the demographic and disposition trends that define the market profile of the communities served by the GOP from 2015 to 2019. This graph shows data from the Cemetery Market, which includes the RVC Market and City of Calgary. The Cemetery Market's population data aligns with the left vertical axis. It's death, cremation and traditional burial data aligns with the right vertical axis.

*Figure 4: The GOP's Cemetery Market Demographic + Dispositions Profile,  
Source: LEES+Associates, Province of Alberta Municipal Affairs and Vital Statistics.*

## POPULATION GROWTH

The following table summarizes the RVC Market and the City of Calgary's historic and projected population numbers.<sup>5</sup>

Community	Population 2015	Population 2019	Average Growth 2015- 2019	Population 2044	Average Growth 2020-2044
RVC Market	148,252	173,732	4.2%	532,144	4.4%
City of Calgary	1,520,783	1,773,632	1.4%	2,239,100	1.3%
<b>Cemetery Market</b>	<b>1,669,035</b>	<b>1,773,632</b>	<b>1.6%</b>	<b>2,771,244</b>	<b>1.8%</b>

Table 1: The GOP Cemetery Market's Historic and Projected Population, Source: LEES+Associates.

Analysis of the Cemetery Market finds that the total area's population will grow 56% by 2044.

## DEATHS

The "Baby Boom" generation in Canada includes those born between 1952 and 1965<sup>6</sup>. As this large cohort reaches its life expectancy, the average death rate will increase and the need for cemetery services will also grow. The average life expectancy of this cohort is about 80 years.

Statistics Canada expects the aging of the population to cause an increase in the need for cemetery and funeral-related goods and services starting in 2022, when the oldest of the Baby Boom generation reaches the age of 70. The number of deaths is expected to increase towards 2045, when the youngest members of this cohort turn 80.

The following table summarizes the RVC Market and City of Calgary's historic and projected death numbers.<sup>7</sup>

Community	Annual Deaths 2019	Deaths per 1,000 in 2019	Annual Deaths 2044	Deaths per 1,000 in 2044
RVC Market	615	3.5	2,124	4.0
City of Calgary	6,055	3.8	10,034	4.5
<b>Cemetery Market</b>	<b>6,670</b>	<b>3.8</b>	<b>12,158</b>	<b>4.4</b>

Table 2: The GOP Cemetery Market's Historic and Projected Death Rates, Source: LEES+Associates.

<sup>5</sup> The demographic data sources in this plan include the RVC Total Population by Electoral Division (2018) projections, the 2019 Alberta Municipal Affairs Population Lists and Calgary and Region Economic Outlook 2019-2024.

<sup>6</sup> Canada's Baby Boom Is Nothing like the One in the US," Robert L. Brown, Past President of the Canadian Institute of Actuaries, expert advisor EvidenceNetwork.ca,  
[http://www.huffingtonpost.ca/robert-l-brown/canada-baby-boom\\_b\\_6478760.html](http://www.huffingtonpost.ca/robert-l-brown/canada-baby-boom_b_6478760.html)

<sup>7</sup> The death data used in this plan is from Alberta Vital Statistics.

Analysis of the Cemetery Market's historic death numbers finds that over the past five years, there were:

- An average 4.0 deaths per 1,000 residents per year, and
- 34,200 deaths, averaging 6,840 deaths per year.

Analysis of the Cemetery Market's projected death numbers finds that over the next 25 years:

- Due to the passing of the Baby Boomer generation, the Cemetery Market's death rate will increase to 4.4 per 1,000 residents per year, and
- There will be 237,514 deaths, averaging 9.500 per year.

## DISPOSITION TRENDS

### National Cremation Rate

Disposition describes the manner in which human remains are handled after death. The most common disposition options are casket burial and cremation, with cremation being the preferred option across most of Canada. The national average cremation rate rose from 64.0% in 2009 to 73.1% in 2019. It is expected to continue to rise across the country.

The following map illustrates the preference for cremation in Canadian provinces and territories as of 2019.

*Figure 5: Map of 2019 Canadian Cremation Rates as a Proportion of Total Deaths,  
Source: Cremation Association of North America (CANA).*

## **Provincial Cremation Data**

In 2019, there were 26,232 deaths across Alberta, of which 19,595 families chose cremation. The cremation rate in Alberta has increased from 64.0% in 2009 to 74.7% in 2019. The Cremation Association of North America (CANA) predicts Alberta's cremation rate will rise to 78.7% by 2024.

## **Local Cremation Rate**

The RVC Market had 615 deaths in 2019, out of which 532 were cremated. The cremation rate in the RVC Market has increased from 82.7% in 2015 to 86.5% in 2019.

The City of Calgary had 6,055 deaths in 2019, out of which 4,752 were cremated. The cremation rate in the City has increased from 75.8% in 2015 to 78.5% in 2019.

This plan assumes that the Cemetery Market's cremation rate will continue to grow at approximately the same rate predicted for the Province by CANA. Given the region's religious and ethnic profile and our professional expertise, we anticipate that cremation will not rise beyond 90% of dispositions over the next 25 years.

## **Summary of Disposition Trends**

Analysis of the historic disposition trends in the Cemetery Market finds that over the past 5 years, from 2015 to 2019:

- There were 26,550 cremations, averaging 5,310 per year, and
- There were 7,650 casket burials, averaging 1,530 per year.

Analysis of the projected disposition trends in the Cemetery Market find that over the next 25 years, from 2020 to 2044:

- There will be 209,500 deaths that will result in cremation, averaging 8,380 cremations per year;
  - There will be 28,000 deaths that will result in casket burials, averaging 1,120 casket burials per year, and
  - There will be an increase in families choosing cremation from 5,300 per year in 2019 to 10,900 per year in 2044, due to the projected population growth and the increasing trend toward cremation.
-

## PROJECTED CEMETERY MARKET PROFILE

The following graph summarizes the demographic and disposition trends that will define the future market profile of the communities served by the GOP and the residents' need for cemetery space and services over the next 25 years. This graph shows data from the Cemetery Market, which includes the RVC Market and City of Calgary. The Cemetery Market's population data aligns with the left vertical axis. Its death, cremation and traditional burial data aligns with the right vertical axis.

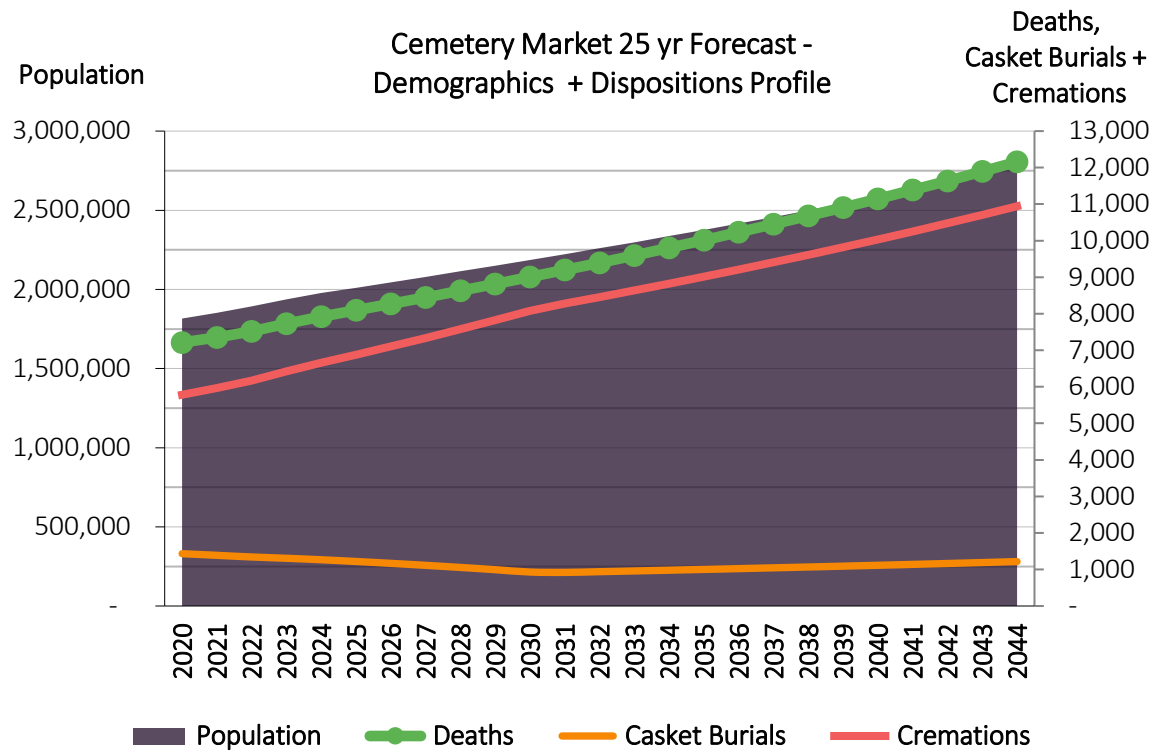


Figure 6: The GOP Cemetery Market's Demographic and Dispositions 25 Year Forecast,  
Source: LEES+Associates.

## 1.4 CEMETERY DEMAND ANALYSIS

### HISTORIC DEMAND

This section reviews the historic demand for RVC's interment services and cemetery space. Demand is measured in terms of the number of annual sales and interments at the GOP, as a proportion of the number of deaths in the Cemetery Market in the same year.

The following graph summarizes the GOP's historical sales and interments from 2015 to 2019. In this graph, the Cemetery Market's cremation and traditional casket burial data aligns with the left vertical axis, while the GOP's interments and sales align with the right vertical axis.

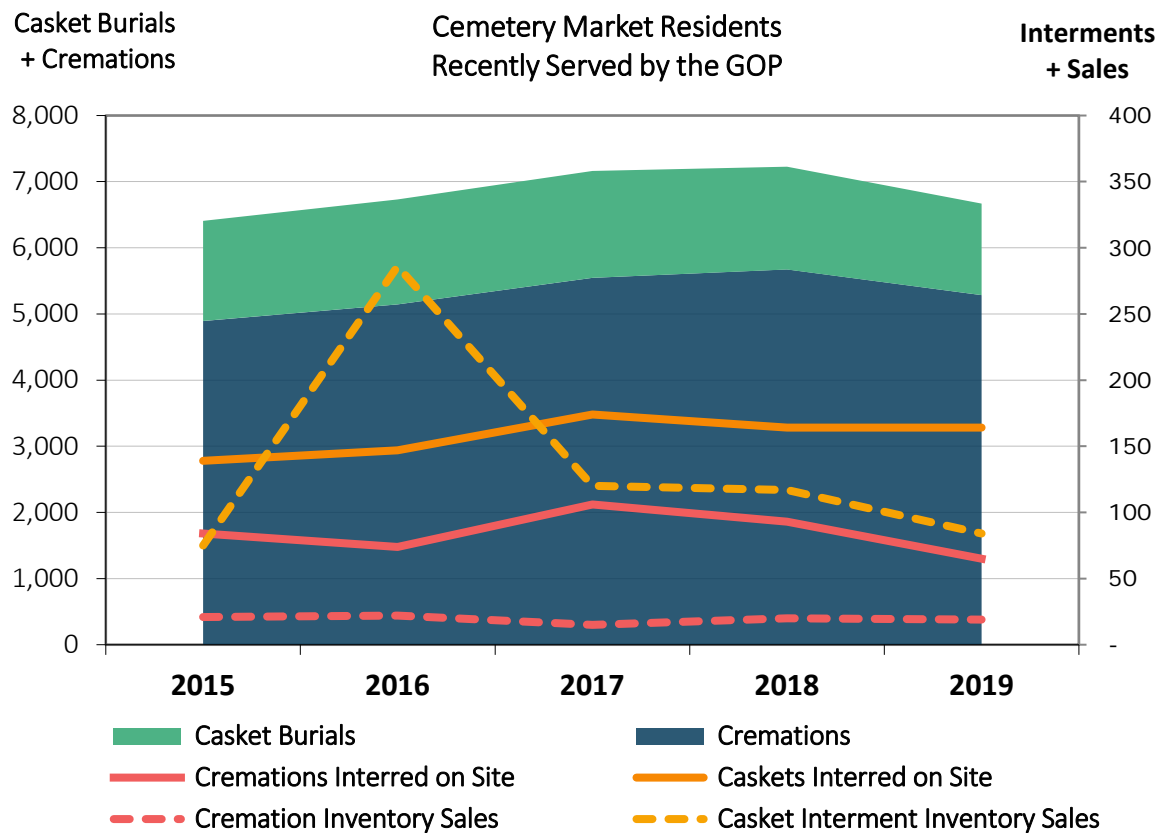


Figure 7: Cemetery Market Residents Recently Served by the GOP,  
Source: LEES+Associates and RVC's Cemetery Records.

Based on their experience providing services to families at the GOP, RVC staff estimate that only about 10% of interments and sales at GOP are from RVC residents and that most of the GOP's activity comes from the residents of City of Calgary.

This is a rough estimate, as the GOP records do not precisely track and report the residency of those who have been interred at the cemetery. Therefore, there is not sufficient data available at this time to accurately determine the GOP's market capture of each community within its market area.

Analysis of historic sales and interment numbers finds that from 2015 to 2019, the GOP:

- Served 10% of residents choosing casket burial in the Cemetery Market, and
- Served 2% of residents choosing cremation in the Cemetery Market.

The following table shows the breakdown of interments and sales over the past five years.

Interments	Total between 2015-2019	Average per Year
Full Body Burial	788	158
Cremation Interments	422 (232 lots, 42 niches, 148 scatterings)	84
Sales	Total between 2015-2019	Average per Year
Full Body Burial Lot	682	136
Cremation Inventory	97 (43 lots, 32 niches, 22 scatterings)	19

Table 3: The GOP's Interment and Sales over the last five years, 2015 to 2019,  
Source: LEES+Associates and RVC's Cemetery Records.

The GOP's market capture rate remained largely consistent over the past five years. Future projections of cemetery market demand in this analysis will assume that the proportion of the Cemetery Market that the GOP serves, will continue to remain consistent over the next 25 years.

## TRENDS IN CEMETERY SERVICES

The proportion of residents that choose to be buried in a cemetery varies significantly and is influenced by several factors. These include the:

- Attractiveness of the cemetery site;
- Diversity of the product and service options;
- The cemetery's ability to meet religious/ethnic traditions;
- Level of site operator community engagement;
- Site's proximity to residential areas and residents;
- Cemetery's level of universal accessibility, and
- Pricing.

A high cremation rate affects the total number of families choosing to inter at a cemetery. This is because most cremated remains in North America are not interred in cemeteries. Many families choose to scatter a family members cremated remains in unregulated areas such as public parks, private property, lakes, rivers and other outdoor places of personal meaning. This trend is expected to increase in correlation with the increasing trend toward cremation as a preferred method of disposition in the Province. In contrast, the majority of families choosing casket burial will inter in their local cemetery.

Market research by LEES+Associates over the past two decades, finds that a majority of Canadian municipal cemeteries will serve a market area that consists of one community and its surrounding rural area. These cemeteries typically provide service for 80%-90% of those choosing casket burial, and 10%-20% of those who choose cremation in their community.

The GOP is distinct in that it captures an unusually large market area with multiple communities, which are served by several competing cemeteries. Consequently, the GOP captures a relatively small percentage of its total market area.

## PROJECTED DEMAND

This section estimates the projected demand for the GOP services and cemetery land. This analysis assumes that historic service rates, interment patterns, sales trends and average annual growth in the Cemetery Market will remain consistent and continuous over the next 25 years. It also assumes RVC will continue to develop cemetery inventory similar to its existing offerings to meet market demand.

The following graph shows the expected distribution of deaths by Cemetery Market residents and summarizes how the regional interment demand is expected to be accommodated over the next 25 years.

*Figure 8: Distribution of Deaths from the GOP Cemetery Market's Residents over the next 25 years,  
Source: LEES+Associates.*

The following graph summarizes the GOP's projected sales and interments over the next 25 years, from 2020 to 2044.

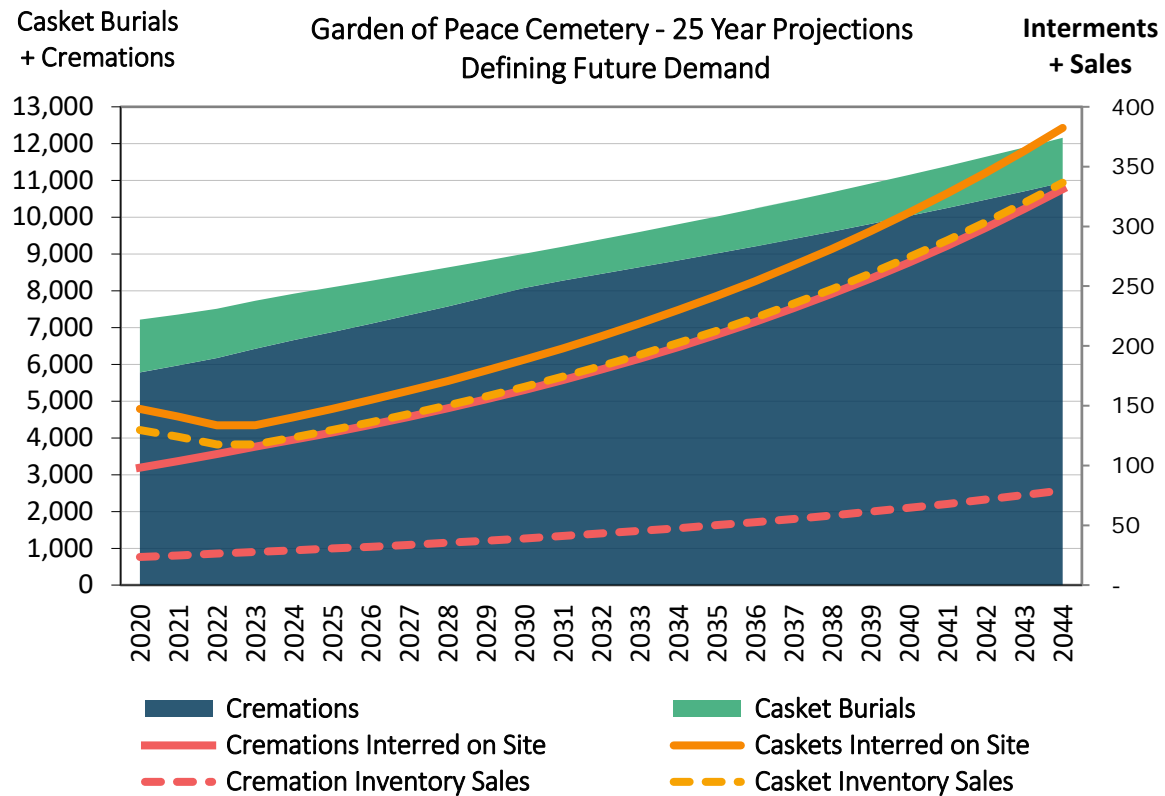


Figure 9: The GOP's 25 Year Projections – Defining Future Demand, Source: LEES+Associates.

Projections of sales and interment numbers over the next 25 years finds that the GOP can expect to:

- Inter 5,600 caskets and 4,800 cremations;
  - Averaging 225 casket and 190 cremation interments per year;
- Inter 4,800 cremated remains as follows: 2,630 will be interred in lots, 470 will be interred in niches, and 1,700 will be scattered.
  - Averaging 105 lot interments, 20 niche interments, and 70 scatterings per year.
- Sell 4,950 caskets lots, 510 cremations lots, 380 columbaria niches, and 260 scattering rights;
  - Averaging 200 casket lot sales, 20 cremation lot sales, 15 columbaria niches and 10 scattering right sales per year.

## **1.5 INVENTORY + CAPACITY (SUPPLY)**

This section of the report analyzes the current developed inventory and potential capacity of undeveloped land at the GOP, and compares it to the land needed to meet demand over the next 25 years.

### **SALES CAPACITY**

In this needs analysis, we compare the anticipated sales demand to the number of lots and niches available for sale, and then estimate the number of years of sales remaining.

In this plan, “sales” refers to all purchases of a right-of-interment for in-ground burial lot (“grave”) or columbaria niche that can accommodate a casket or an urn at the GOP. A sale often takes place significantly in advance of the need for interment services at municipal cemeteries.

The amount of inventory available for sale is usually a cemetery’s most limited resource and is the primary constraint for cemetery operations. A cemetery usually only sells a grave or niche once, whereas it is possible for a single lot or niche to accommodate multiple interments.

### **INTERMENT CAPACITY**

RVC is expected to continue interring residents at the GOP long after its final lot is sold. The total space available for interments includes lots and niches that are currently available for sale, as well as those lots and niches that have been purchased in advance of need, but are not yet occupied.

This needs analysis will consider the total potential number of spaces (lots and niches) available to accommodate an interment. In this plan, “interments” includes the opening and closing service provided to the purchaser of a right-of interment after they have died. At the GOP, interment entails the burial of the deceased’s casket or urn in a grave or placement of an urn within a columbarium niche.

### **CEMETERY INVENTORY – PLANNED LOTS + NICHES**

In this plan, “casket lots” refers to all in-ground burial lots at the GOP that could accommodate a full body burial.

“Interment spaces” refers to the total capacity of a lot or niche, as defined by the number of caskets and/or urns that could be placed within it.

According to the Cemetery Bylaw C-6947-2010, the interment capacity of a casket lot (approximately 4’ x 9’) is 2 full body burials and 4 sets of cremated remains.

The GOP has two lots areas that are designated specifically for in-ground cremation interments. The lots in these areas are approximately 4’ x 4’ and allow up to 4 urns. Casket lots are also often halved (approx. 4’ x 4’) as needed or when requested, and sold as cremation lots that can accommodate up to 4 urns. The GOP’s standard columbaria niches allow from 2 to 3 urns interments in the same niche.

The following figure summarizes the current distribution of inventory available for sale at the GOP.

*Figure 10: Distribution of the GOP's Inventory Available for Sale,  
Source: RVC's Cemetery Records.*

The following table summarizes the GOP's inventory that is available for sale, the projected average number of sales per year (over the next 25 years) and the estimated number of years of sales remaining.

Inventory Type	Available for Sale	Average Sales Per Year	Years of Sales Remaining
Casket Lots	8,095 lots	198	35 – 40 years
Cremation Lots	119 lots	20	5 – 10 years
Columbaria Niche	349 niches	15	20 – 25 years
<b>Total</b>	<b>9,479 spaces</b>	<b>233 sales</b>	

*Table 4: Summary of the GOP's Inventory Sales Capacity,  
Source: LEES+Associates and RVC's Cemetery Records.*

The casket lot inventory listed in the table above, includes 160 casket lots reserved for exclusive use by members of the Aga Khan.

Analysis of the GOP's inventory finds that:

- The number of interments consistently exceed the number of lot and niche sales over the past five years. Over the past five years, on average, there has been:
  - 1.2 times as many casket interments as there were casket lot sales;
  - 5.4 times as many cremation lot interments as there were cremation lot sales, and
  - 1.3 times as many niche interments as there were niche sales.
- To accommodate this level of interment demand individuals must regularly be interred in previously purchased interment spaces and/or lots and niches must regularly accommodate more than one interment, and
- RVC's cemetery records management system is not currently set up to report the precise number of its reserved inventory by inventory type. Therefore, at this time it is not possible to determine the total inventory available to accommodate interments to individuals that have bought lots and niches in advance of need.

In addition to the developed inventory available for sale, the GOP has approximately 35 acres of undeveloped land, available to be converted into additional interment space as needed. This is equivalent to an additional 90 years of cemetery lots sales.

## CONCLUSION

Cemeteries are unique in that their land use designation is legislated to remain unchanged in perpetuity. For this reason, it is prudent for communities to plan to have enough cemetery land capacity to meet community needs for at least 100 years.

This analysis of the community needs and trends finds that the GOP currently has less than 40 years of developed inventory ready and available to accommodate future demand. However, the GOP does have substantial undeveloped land available to develop into additional cemetery inventory as needed.

Therefore, RVC meets the best practice for the amount of cemetery land capacity that it has at hand, and it can expect to continue serving the community for the next 100 years.

## 1.6 RECOMMENDATIONS – MARKET + NEEDS ANALYSIS

The following is a summary of the recommendations that would enable RVC to leverage and benefit from future cemetery market trends, should it continue leading the operations of the GOP. It is recommended that RVC develop a:

- **Customer profile** for the GOP, by enhancing its records to track the residency of those who purchase inventory and are interred at the cemetery.
  - This will help RVC update and refine its measurement of community market capture, to guide its future pricing and marketing strategies.
- **Inventory profile** of the GOP's pre-purchased cemetery lots and niches expected to accommodate interments in the future, and
  - This will help RVC accurately measure the future obligation of the cemetery operator to continue interring individuals in lots long after the final grave is sold at the GOP.
- **Interment profile** for the GOP's inventory, to assess the average number of casket and urns interred in each lot or niche.
  - This will help to increase the precision of future land need assessments, by refining the precision on the projected rate of inventory use.

## 2 SITE CARE + OPERATIONS ANALYSIS

During this chapter we will assess the current site conditions and field work functions of the GOP. This includes identifying key opportunities and challenges, reviewing RVC's current staffing levels and resources dedicated to site care, maintenance and service delivery, and comparing RVC's policies and practices to the current and best practices at Canadian municipal cemeteries.

### 2.1 KEY FINDINGS - SITE CARE + OPERATIONS ANALYSIS

The following section is a summary of the key findings from the observations of conditions at the GOP site, as well as a detailed analysis of the cemetery's site care and operations.

#### SITE CARE + OPERATIONS REVIEW

- The GOP field work operations are appropriately resourced and exceeds best practices for site care;
- The GOP site is in good condition, aesthetically pleasing and visitor complaints are infrequent, and
- There are opportunities to enhance the performance measurement and efficiency of RVC staff's time on cemetery service delivery and site maintenance, through expanded records management and procedural documentation.

#### SITE CONDITION STRENGTHS

- The overall landscape character and vegetation is well maintained and appealing;
- The cemetery wayfinding is clear with discrete signage throughout the site and granite signs indicating the name of each section;
- The roads are well maintained;
- New columbaria are consistent in character and installed in numerous locations, increasing the interment options in burial areas, and
- The cemetery offers a variety of interment options and accommodations numerous religious practices.

#### SITE AREAS TO IMPROVE

- The current entrance lacks significance;
  - Walkable pathways connecting sections and gardens from the road are needed;
  - The vegetation character could be stronger by creating and following a vegetation strategy;
  - Edge conditions should be improved with fencing or vegetation to screen the views in and out of the cemetery, and
  - The location of the cemetery office should be reconsidered.
-

The methodology, analysis and key components of this analysis are outlined in sections to follow and in “Appendix A – Site Observations + Analysis.”

## 2.2 DETAILED SITE CARE + OPERATIONS REVIEW

This section provides a high-level review of RVC’s policies, practices and resources allocated to the GOP’s site care and on-site support systems.

### HUMAN RESOURCES

At its most active point in the season, the GOP has 6 Full Time Equivalent Employees (FTEs) dedicated to site care and maintenance. These include the following workers:

Staff Category	Number of Staff	Hrs/Week	% of Year Worked on Cemetery	Annual FTE
Lead Operations Coordinator	1	40	80%	0.80
Groundskeepers - Permanent	3	120	60%	1.80
<b>Full Time Field Workers</b>	<b>4</b>	<b>160 hrs</b>	<b>70%</b>	<b>2.60</b>
Groundskeeper – Temp	1	40	60%	0.60
Groundskeeper – Seasonal (5 months)	1	40	60%	0.25
<b>Part Time Field Workers</b>	<b>2</b>	<b>80</b>	<b>60%</b>	<b>0.85</b>
<b>Total Cemetery Field Workers</b>	<b>6</b>	<b>240 hrs</b>	<b>65%</b>	<b>3.45</b>

Table 5: Cemetery Site Care Resourcing Summary, Source: RVC’s Human Resources Records.

### FIELD WORK OVERVIEW

Grounds-keeping staff that maintain the cemetery are also responsible for summer maintenance of RVC’s parks, pathways and trails, municipal reserves, public utility lots, fire halls, grade sheds, campus grounds, roadway medians and ditches. Winter responsibilities include maintenance of pathways and parking lots. Grounds-keeping staff spend about 60% of their time on RVC’s cemeteries and 40% on RVC’s Parks work.

The majority of the maintenance work at the GOP is done by RVC Staff. However, occasionally a contractor will be hired for specialized tasks such as, spraying weeds, rodent control, trenching and in-ground disinterment. These contractors do not have ongoing contracts, they are used at an as-needed basis and paid per invoice.

RVC does not get many complaints about its cemeteries. When complaints are made RVC will complete a “Customer Service Request” (CSR). The CSR is then issued as a request to complete required work. Typical complaints are around cemetery maintenance, including the need for mowing or seeding, and sunken or damaged markers that need to be repaired.

These complaints typically come in the spring when RVC has just started its groundwork after the snow melts. Residents will call or email RVC to let them know sites require maintenance.

Additional information about the roles and responsibilities for RVC's Cemetery Field Workers can be found in "**Appendix B – Cemetery Human Resources: Roles + Responsibilities**".

## **STANDARD OPERATING PROCEDURES**

RVC has a detailed Standard Operating and Procedures (SOP) manual for the daily operations of the cemeteries that meets the best practices at Canadian cemeteries.

The SOP covers items such as office health and safety, maintenance procedures and grave locating and digging techniques. The current SOP does not include financial, records management, marketing and sales policies.

## **MAINTENANCE SCHEDULES, PROGRAMS + TASKS**

RVC does not have a formally documented maintenance program or standard schedule of care for the GOP. RVC has catalog of regular duties, however these are often impacted and driven by weather conditions. Task completed by RVC staff include, but are not limited to:

- Earth works;
- Excavation of lots;
- Standard lawn care;
- Marker installations;
- Equipment cleaning;
- Equipment cleaning;
- Tamping and leveling;
- Service set up and take down;
- Concrete ribbon installation, and
- Irrigation repair and maintenance.

## **2.3 RECOMMENDATIONS - SITE CARE + OPERATIONS**

The following section summarizes key recommendations that could enhance the GOP's site conditions and operations, and potentially attract more residents from its Cemetery Market area. This would enhance market capture, move the GOP more quickly towards operating break even and increase the feasibility of ongoing cemetery operations, assuming RVC continues with its present business model.

Should it continue leading the operations of the GOP, it is recommended RVC introduce a:

- **Time and cost tracking** system for RVC staff to allocate their time and costs for cemetery work to the Cemetery Financial Report accounts, separating it from what they spend at parks, trails, and other facilities;
  - Develop a profile of how much time grounds keepers spend on each task at to determine if there are time and cost efficiencies to be gained, and
  - If current tracking systems do not presently provide management with the necessary detail, investigate whether RVC's existing software's user fields and tracking codes can be enhanced to report this additional information.

- **Maintenance schedule and program** based on the average conditions from the past three years, using staff time sheets and expense records;
  - Defining a baseline maintenance schedule and program can be a helpful tool for long-term planning and budgeting, and
  - RVC should expect to examine and refine this schedule annually. It will be necessary for RVC to add guidelines how to adjust the schedule in the event of more extraordinary conditions.
- **Landscape development** plan to prioritize enhancement of the follow site characteristics:
  - The prominence of the GOP's entry, by adding a distinct sign and gate;
  - The walkability of the site, by adding pathways and accessible connections between the sections and gardens;
  - The landscape character, by adding a planting strategy;
  - The privacy of the GOP, by defining site's edge conditions with fencing or plantings, and
  - The prominence of the cemetery office, by moving it to a more central location that is easy to find upon arrival to the cemetery.

## **3 GOVERNANCE + ORGANIZATIONAL ANALYSIS**

In this chapter the governance functions and organizational systems of RVC's cemeteries are assessed. This includes reviewing RVC's staffing levels and resources dedicated to the GOP's management and administration, as well as identifying key opportunities and challenges related to the organization, records management and leadership guiding RVC's cemeteries.

Our analyses identify and consider the strengths and risks integral to RVC's current business model. This chapter also considers the range of alternatives available to RVC for its cemetery system's future governance, including but not limited to, private partnerships and contracting aspects or all of RVC's cemetery operations.

### **3.1 KEY FINDINGS – GOVERNANCE + ORGANIZATIONAL ANALYSIS**

The following section is a summary of the key findings from this plan's governance and organizational analysis.

#### **GOVERNANCE ALTERNATIVES**

- There are three primary governance models that are available to RVC for consideration: 100% RVC Control, Outsourcing Relationship(s) and a Private Partnership.
- If RVC chose to pursue an outsourcing relationship, it may find a suitable proponent for the following reasons:
  - An updated crematorium;
  - A well situated location with good frontage and visibility;
  - Significant amount of undeveloped land to expand the cemetery in the future, and
  - An established clientele.

#### **ORGANIZATIONAL RESOURCES**

- RVC's cemetery management and support operations are well resourced and provide good quality customer service and leadership, and
- There is an opportunity for RVC to enhance its resourcing further for its cemetery records management, sales and marketing.
  - The City recognizes these are key areas for its cemetery operations to develop in and has been steadily increasing staff time and budgets for these elements.

The methodology, analysis and key components of this analysis are outlined in sections to follow.

## 3.2 GOVERNANCE ALTERNATIVES REVIEW

### BENEFITS + CHALLENGES – MUNICIPAL CEMETERY GOVERNANCE MODEL

The following table summarizes the typical benefits and challenges of the most common, Canadian municipal cemetery governance model.

Benefits	Challenges
Community confidence in the operation based on the perception that the cemetery will always be there.	Cemeteries are often under-supported; marketing of municipal services is often not optimal.
Operational efficiencies through use of parks services.	Inefficiencies that can arise without a “business-like” approach to running the operation.
Optimize community’s heritage, culture, public art, architecture & environmental objectives, including preservation of historic structures & landscapes.	Organizational structures can limit cemetery services’ ability to be nimble/innovative.
Community focus for commemoration and memorialization across multiple layers of society.	Municipal cemeteries are rarely endowed with a clear mandate, which can limit their ability to extend into other areas, such as offering new products, services, or events.
Can be a net revenue generator if operated with both adequate autonomy and support.	Revenue, sales planning, and delivery can be hampered by a lack of business skills.
Quality of impartiality and service to the community can build community support.	Capital development and innovation is limited by taxpayer’s willingness to pay and/or borrow.
Credibility of operation due to length of operation and legislation regarding rights of perpetual interment.	Responsibilities for perpetual care significantly adds to the cost burden.

*Table 6: Benefits and Challenges of the Average Canadian Cemetery Governance Model.  
Source: LEES+Associates.*

## ALTERNATIVE GOVERNANCE MODELS

The following section describes the three primary alternatives considered by municipalities for the governance of its cemetery operations. This review considers each model and places it in the context of RVC, outlining what RVC staff working with the GOP could expect from each model.

### Scenario 1: Cemetery Operations - 100% RVC Control

RVC is responsible for all duties associated with the cemeteries, including administration, interments and maintenance duties. Occasionally a contractor will be hired for specialized jobs, but they are not retained on long-term agreement or engaged for regular tasks.

Pros	Cons
RVC departments and staff can focus on their respective strengths in delivering the best site care and service to families. RVC is able to gain cost efficiencies in cemetery operations and achieve cost savings through internal controls and resource-sharing with other departments.	RVC has to invest time and resources into training to ensure its workers, as well as their back-ups, are available to serve grieving families. Grieving families cannot wait for staff to finish other duties. It only takes one disgruntled family to feel they've been let down to damage RVC's reputation.
At least one fully trained, permanent RVC staff member needs to always be on hand for the primary purpose of receiving and helping grieving family members. Historically, this has been achieved by RVC at the GOP.  A full time RVC support worker can gradually gain the knowledge and experience necessary to ensure RVC will provide services to a high standard. This full time support worker needs to be supported by other staff who know how to administer the cemetery in the absence of the full time-staff member to ensure the continuity of service.	If RVC does not retain a permanent staff member to undertake the cemetery work, there is a risk that the standard of service to families could fall below an acceptable level, with the risk of increasing mistakes and errors.  Staff turnover could leave casual staff to undertake the cemetery administration role. The additional burden of responsibility for cemetery administration may compromise their ability to carry out all their roles to the standard expected by RVC and the community.
RVC staff from a range of departments can have full control over cemetery operations and work together to improve the standard of service to families. RVC needs to provide precise information to field workers to ensure good site care and help them to prepare for any grave-side services.	Additional RVC resources will be required to be allocated to the cemetery's operations for training and improving the level of site care.

Table 7: Pros and Cons of Scenario 1: Cemetery Operations -- 100% RVC Control,  
Source: LEES+Associates.

**Scenario 2: Outsourcing Relationship -  
Cemetery Management + Administration retained under RVC Control.  
Field Work, Services and/or Site Care are outsourced to a Contractor.**

The second scenario is an alternate model where RVC is largely responsible for the administrative and oversight duties associated with the cemeteries. A contractor is retained on an agreement to be entirely responsible for some or all regular field work tasks, including opening, closing, and cemetery site care and maintenance duties, as directed by RVC staff.

Pros	Cons
<p>RVC staff can continue to focus on and enhance their performance in their current roles, which they are already familiar with.</p> <p>RVC would not need to train any additional staff for cemetery field work operations. RVC's responsibilities would be reduced.</p>	<p>RVC would lack some control over cemetery field work processes.</p> <p>There would need to be a regular inspections of the contractor's practices and condition of the cemetery sites, to ensure an enhanced level of site care, as RVC is ultimately accountable.</p>
<p>A contractor could potentially provide better site conditions and aesthetics for the public, as the cemetery contractor has experience in managing this unique landscape and should be specially trained in this field.</p> <p>Contractors often own more resources and specialized equipment dedicated to site care, which would be available for use at RVC's cemeteries.</p>	<p>Cemetery field operation tasks are handled by two parties, RVC and the Contractor.</p> <p>This involves the double handling of information and time coordinating between RVC and contractor cemetery staff.</p> <p>RVC staff would need to ensure the contractor is helping to enforce the bylaw (e.g. effectively managing adornments).</p>
<p>RVC's other departments would have less of its resources redirected to deliver cemetery services and site care.</p> <p>The additional responsibility of the cemetery site care may be compromising the ability of RVC staff to meet their other responsibilities.</p>	<p>RVC lacks private, comfortable meeting space for grieving families.</p> <p>The varying work habits, style and approach of RVC and contractor staff, creates a working environment that may not be compatible with the service-oriented approach and awareness needed when in the proximity of grieving family members or other members of the public.</p>

*Table 8: Pros and Cons of Scenario 2: Outsourcing Relationship - Cemetery Management + Administration retain under RVC Control. Field Work, Services and/or Site Care are outsourced to a Contractor. Source: LEES+Associates.*

### Scenario 3: Private Partnership - Outsourcing the Majority of Duties

The third scenario is for RVC to partner with a private enterprise, likely from the bereavement sector. In this scenario, RVC would partner to deliver all services to the public, manage administration and provide site care. With an improved mapping and enhanced records management system, necessary cemetery information could be easily shared between RVC and a partner, who could operate out of the existing chapel and crematorium.

Pros	Cons
<p>This model would allow RVC to focus on their primary roles and potentially deliver savings to RVC through cost and resource sharing arrangements with the private partner.</p> <p>RVC could expect a decreased spectrum of maintenance, human resources and administration costs in the short-term and extending in to the foreseeable future – IF a willing proponent emerges.</p>	<p>RVC would have the least amount of control over the quality of cemetery operations in this scenario. The process would largely be outsourced.</p> <p>RVC would need to be a regularly inspect of the private partners’ practices and records management as RVC, because ultimately RVC as Trustees of the cemetery are accountable.</p>
<p>The private partners’ staff could provide a better experience for the public, as they are usually well trained in the field of bereavement services.</p> <p>RVC would not need to train any staff to obtain a similar standard of service.</p>	<p>RVC would have less control over financial performance in this scenario. A partner would expect a revenue-sharing arrangement, if not full control of the site and operations. This could decrease revenue contributions to RVC’s long-term costs that will continue after the site becomes inactive.’</p>
<p>A private partner’s professional setting could provide a more suitable environment to meet with families than RVC is currently providing.</p>	<p>RVC staff would need to work with the private partner’s staff for quality control and quality assurance purposes. This entails providing support to ensure the cemetery’s bylaw is appropriately enforced and that families are being provided with accurate information about what is permitted at the cemeteries.</p>
	<p>The staff of the partner would require training in RVC policies on the administration of the cemetery system. RVC would need to confirm the partner it is complying with the contract with RVC bylaw, and any other regulations with regards to the cemeteries.</p>

Table 9: Pros and Cons of Scenario 3: Private Partnership - Outsourcing the Majority of Duties,  
Source: LEES+Associates.

## **FUTURE GOVERNANCE STRATEGY**

If RVC chooses to pursue an outsourcing relationship or partnership with a private enterprise, it may find several interested proponents through another RFP process.

In deciding how to optimize the governance model moving forward, it is important to consider and identify:

- The degree of control RVC wishes to retain over the GOP, as a community service;
- The amount of investment RVC is willing to consider, and
- The quality and capability of potential partners or alternative owner-operators to deliver some or all of the GOP's services to RVC's satisfaction.

**"Appendix C – Governance Decision Map"** outlines the best practices for decision making and the change management process typically followed by municipalities that are considering transitioning to an alternative governance model.

## **HISTORIC PRECEDENT**

This process in **Appendix C** was recommended by LEES+Associates in its communications with RVC staff in 2016. In response to the 2016 proposal, RVC explored the possibility of a private sector entity taking over the GOP from 2016 to 2017. A Request for Pre-qualification (RPQ) was issued with at least 3 qualified respondents.

RVC with the support of LEES+Associates, then issued a Request for Proposals (RFP) to the qualified firms. Communications ensued with at least one party between RVC and the proponent. Despite RVC's efforts to formalize a lease and operating agreement the proponent failed to receive the needed authorization from their executive board. An arrangement was never formalized via the contracts prepared.

Given RVC's experience in 2016/2017 we believe there could be interest from the private sector in the GOP. Whether that arrangement would include some or all of the cemeteries, all the services expected or part of them is not possible to determine at this time.

As well, given that the 2016 conversations did not proceed to detailed negotiations and an authorized contract, it is not yet known what requirements the Province will have when considering approval (or even if that approval is required).

### 3.3 ORGANIZATIONAL RESOURCES REVIEW

This section of the report provides an analysis of the roles and responsibilities of RVC staff directly involved with supporting and managing the cemetery system. The following figure outlines the current organization structure of the workers that are involved with its operations.

*Figure 11: RVC Organizational Chart for its Cemetery Operations,  
Source: LEES+Associates and RVC's Human Resources Records.*

A detailed description of the roles and responsibilities for the position in the above chart can found in “**Appendix B – Cemetery Human Resources: Roles + Responsibilities**”.

The position of Lead Administrator & Sales is new position that was established within the last 12 months. It is in the process of being fully developed. At this time, the focus of this role has been more administration than sales, with this person coming to understand all the processes in place and enhancing them further. This individual is expected to attend cemetery conferences when they occur and attend to direct sales inquiries made to RVC.

The following table summarizes all of RVC’s human resources directly allocated to its cemetery operations. This does not include any time spent by Council or the Executive Director for the purposes of governing oversight.

Staff Category	Number of Staff	Staff Hrs/Week	% of Year Worked on Cemetery	Annual FTE
Manager of Operational Services	1	37.5 hrs	33%	0.31
<b>Total Cemetery Field Workers</b>	<b>6</b>	<b>240 hrs</b>	<b>65%</b>	<b>3.45</b>
Lead Administrator & Sales	1	37.5 hrs	100%	0.94
Cemetery Customer Services & Sales	1	37.5 hrs	100%	0.94
Administrative Assistant - Temp	1	37.5 hrs	100%	0.94
<b>Total Support Workers</b>	<b>3</b>	<b>112.5 hrs</b>	<b>100%</b>	<b>2.82</b>
<b>Total Cemetery Staff</b>	<b>10</b>	<b>352.5 hrs</b>	<b>80%</b>	<b>6.58</b>

Table 10: Cemetery System-wide Resourcing Summary, Source: RVC’s Human Resources Records.

RVC’s Full Time Equivalent (FTE) hours allocated to cemetery operations is on par with similar municipal cemetery operations. However, the team of RVC staff are, on average, newer to GOP cemetery operations, than many of the municipal workers are to their roles and responsibilities at other cemetery operations analyzed by LEES.

## ADMINISTRATION, CUSTOMER SERVICE + RECORDS MANAGEMENT

This section of the report provides an analysis of the historic performance of RVC’s cemetery administration, customer service and records management.

### Interment Services

Purchasing of interment services is currently done directly by families on site or through a funeral home. Pre-need purchases are typically done at the cemetery site through RVC staff, where at-need purchases are typically through a funeral home. Payments are not accepted at the cemetery office and must be done via check or credit card, which are then sent to the main RVC office for processing. Families also have the option to go directly to the main office to process the payment.

## Community Engagement + Marketing

RVC is in the process of updating its existing strategy and producing new methods of marketing. In the near future they plan to have new brochures made up, an update from the current brochure which was printed in 2012. The current brochure includes information on cemetery bylaws, price lists, and a contact list for RVC, funeral homes and Alberta Health Services (AHS).

The GOP is located along the 16<sup>th</sup> Ave (TransCanada Highway), an ideal location in terms of marketing potential. The cemetery has recently updated its entry to the site, located at the intersection of Garden Road and 16<sup>th</sup> Ave by installing an information kiosk and large map at the entrance of the cemetery, to better market its presence to those who are driving by.

RVC primarily engages with the public through their website. The website is easily navigated and offers a great amount of information regarding the GOP's interment options, prices and contact information for RVC staff and local funeral homes.

There has been no pro-active pre-need sales, annual promotional events or tours planned or undertaken by RVC staff in the past year.

## Records Management

### Current System Status

RVC staff fill out timesheets and record time spend on a cemetery project in **Avanti Time & Attendance** tracking system.

RVC currently uses **Central Square Technologies** software (previously known as Stone Orchard) for their cemetery records management. This software has the capacity to integrate interment records with financial information, inventory data, and up-to-date electronic maps of grave locations.

Overall, RVC's cemetery records management system is not being used as efficiently as it could be. Related connections between names and transfers, interments, monuments etc. are complicated to view. It is also not set up to effectively track and report the:

- Residency of the GOP customers;
- The number of interments per lot, and
- Which lots were sold pre-need and are available for interment, but not for sale.

In addition, previous RVC staff were not trained in the most effective use of RVC's cemetery software. This had an administrative repercussion, as current staff now have to reconcile any subsequent errors in the cemetery's records.

### Enhancing the System

With Central Square's software, RVC could arrange to link digital records spatially with GIS mapping to improve RVC's cemetery site operations and customer service.

When these maps are linked to the cemetery's Central Square records, it would enable RVC to provide staff and site visitors with an app or online search option for their smartphones.

Either solution would take advantage of the power of GIS and the cemetery records management software already used by RVC. These options would direct staff, funeral homes and other GOP visitors easily to precise grave sites.

The iCemetery app is an available program in which cemeteries can subscribe to and get their data loaded on to. Alternatively, Central Square hosts an Online Search site which functions the same as the app but is using a browser. This option has direct upload capability to the webpage based on the client credentials configured in the system.

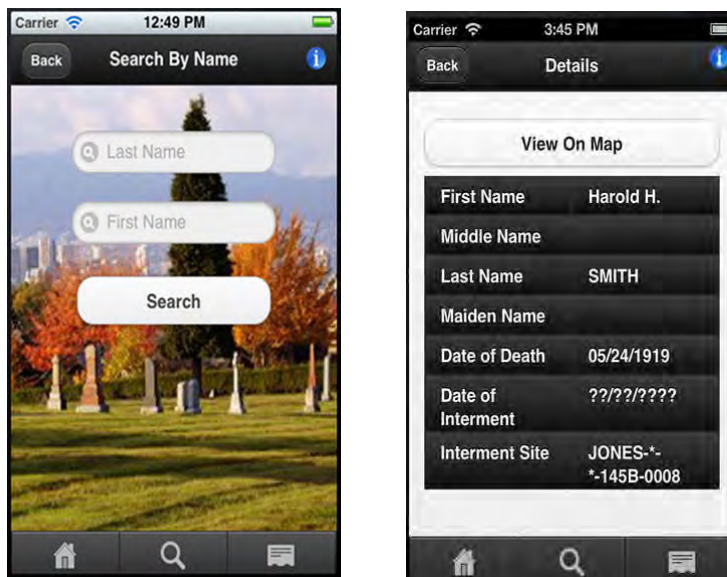


Figure 12: iCemetery App Grave Locator Screens, Source: LEES+Associates.

### 3.4 RECOMMENDATIONS - GOVERNANCE + ORGANIZATIONAL ANALYSIS

The following is a summary of the recommendations from this plan's governance and organizational analysis.

#### GOVERNANCE ALTERNATIVES

It is recommended RVC evaluated how it can optimize its cemetery's governance model by:

- Reviewing the governance options in this plan and with Senior Leadership and Council, identify the preferred path forward. If Council chooses to further explore the potential benefits of an alternate model, it will need to define RVC's goals and expectations from an arrangement with an outside entity, responsible for some or all cemetery operations.
  - Pending the outcome of Council's decision, RVC should review of the outcomes of RPQ 17-002 and RFP 17-013 issued in 2016 and 2017 to determine if any of the qualified proponents would be a good fit and if they are, consider re-issuing an updated version to establish an Operations Partnership for the GOP, and
  - In the event that Council chooses to revisit alternative governance options, and those parties that previously expressed an interest are not interested now, then initiating a new RFP process to a broader potential market should be considered.

#### ORGANIZATIONAL RESOURCES REVIEW

Assuming the Council decides that RVC will continue the leadership and operation of its cemeteries, it is recommended RVC:

- Invest in additional **training** for RVC support staff in the use of its cemetery software, as well as sales and marketing skill sets;
- Retain an experienced cemetery **sales and marketing contractor** to accelerate promotion and market capture growth in the short-term and train RVC staff;
- **Develop relationships** between the GOP and members of communities in the Cemetery Market. The primary goal of this initiative is to establish strategic partnerships which will raise the profile of the GOP in the region. This increased visibility is expected to accelerate revenue generation and market share growth;
- Expand RVC's **standing operating procedures**, by adding the GOP's cemetery sales process, records management and financial procedures to enhance the quality and consistency of the cemetery's administrative practices;
- Enhance the **cemetery records management** system settings to track, retrieve and report the residency of customers, number of interments per lot, and identify whether lots have been sold at-need or pre-need and other data;
- Undertake a **quality assurance review** of the cemetery records, and
- Arrange the **GPS and GIS** mapping of the GOP graves, and introduce iCemetery or an Online Search tool to RVC residents, staff, funeral homes and on-site contractors.

## 4 FINANCIAL PLAN

This chapter includes a benchmarking study of the Garden of Peace Cemetery's (GOP) services, an assessment of the GOP's financial performance and an analysis of the sustainability of RVC's cemetery operations. This includes a projection and evaluation of the cemetery's revenue streams, operating costs and Perpetual Care Fund (PCF).

This financial plan reviews the current range of RVC's cemetery offerings, prices, operating costs, and sales performance, as well as its financial tracking and reporting policies, procedures, and processes. It compares RVC's current practices, to its legislative requirements and to the best practices at other cemeteries in the region, the Province and across the Country.

### 4.1 KEY FINDINGS – FINANCIAL PLAN

The following section is a summary of the key findings from this plan's financial analysis.

- The GOP has a greater diversity of offerings than is typically available at other cemeteries;
- The GOP prices are on par with or higher than the rates at all regional cemeteries in RVC that were reviewed in this plan's price benchmarking study. All of GOP prices are lower than the current cemetery rates in the City of Calgary;
- The GOP has increased its rates annually, by between 2% and 7% per year, since 2015;
- The GOP averaged a total, annual net loss of \$687,000 from 2015 to 2019;
- The GOP is expected to reach its Operating Breakeven point within the next 20 years in a "Status Quo" scenario;
- The GOP can accelerate its progress to the Operating Breakeven point within the next 12 years by (2032) if it maintains annual cemetery rate increases of 3% per year and introduces a proactive marketing strategy;
- The GOP's PCF interest income reflects a relatively low average rate of return (1.6%), compared with other municipal cemeteries in Canada;
- The GOP is currently 1% funded for basic site care (50% of estimated care and maintenance expenses) and is currently forecast to become 22% funded in 50 years under projected status quo scenario conditions, and
- The GOP can accelerate to the PCF Stability Point within the next 50 years if it increases its annual sales contributions from 25% to 60% and halts the annual withdraw of interest income to cover current costs. These changes are projected to begin in 2033, after the GOP begins to regularly break even under the Alternate Scenario proposed in this plan.

The methodology, analysis and key components of this analysis are outlined in sections to follow.

## 4.2 PRODUCT + SERVICES REVIEW

A review of the GOP's current diverse range of cemetery products and services at the GOP is summarized in "Appendix D – Garden of Peace Cemetery Current Offerings".

### NEW INTERMENT + MEMORIALIZATION OPTIONS

This section identifies new products and services RVC could introduce at the GOP.

#### Family Vessels

Family vessels are a new interment option recently introduced to the North American market. They have designed features for placement at key locations, such as along pathways and in cremation gardens. These vessels are granite urns about 30" tall with an interior capacity of about 14 cubic feet. Each vessel securely accommodates up to eight nested urns or ten sets of commingled remains. Like a columbarium, each vessel is owned by the cemetery, which sells families a right-of-interment for its use.

Family vessels are intended as a premium cremation interment option and have been placed in several cemeteries in Canada including at Royal Oak Burial Park, in Victoria (BC), Kelowna Memorial Park in Kelowna (BC), and in the Town of Slave Lake Cemetery, Slave Lake (AB).

Since these vessels are a relatively new offering in North America, the introduction of family vessels would require marketing to increase awareness. As such, family vessels should be installed in phases, beginning with one or two display units placed on display in the cemetery.



Figure 13: Family Vessel and Scattering Garden at Shuswap Cemetery, BC, Source: LEES+Associates.

## **FAMILY ESTATE PLOTS**

Family estate burial plots vary in the number and type of interments permitted, and in size and features, between cemeteries across North America. The premium price of a family estate typically reflects the associated development cost and ongoing maintenance of the landscape features included.

Traditional in-ground burial family estates typically permit the interment of cremated remains, in addition to full body remains. These estates typically include a combination of interment spaces and landscape features such as the following mix of offerings:

- Two double depth lawn crypts, (four traditional in-ground burials);
- Cremation lots (16 cremation interments);
- Market foundation;
- Granite memorial bench;
- Planting beds, and
- Fencing, with an arched gate feature that includes bronze name plate.

## **GREEN BURIAL**

Green Burial emerged out of Europe in the 1990's as a simpler form of full body interment and is now attracting increasing interest across North America. Also known as "natural burial," "country burial" or "woodland burial," green burial is defined as an earth burial with:

- No embalming;
- A fully biodegradable casket or shroud;
- No use of burial lot liners or concrete vaults;
- A form of habitat restoration of the grave site such as planting with native species, and
- A communal marker, no marker, or at most a simple marker made of local and natural materials.

Jewish, Muslim and the Bahá'í communities are the religious groups that have traditionally interred the deceased according to green burial principles. Most recently, the Catholic Church has begun to actively embrace green burial, based on the tenets of green burial aligning well with their core beliefs and practices.

Consumers across North America are increasingly seeking environmentally sustainable products and services, including from within the bereavement sector. Green Burial often appeals to those that would otherwise not choose to be interred in a conventional cemetery. An increasing number of cemeteries are now offering green burial interment options, either in a dedicated section with full habitat restoration, or anywhere within the cemetery, which typically means without the onsite habitat restoration component.

Most people have heard of Green Burial and are curious to learn more about it – which makes a cemetery simply committing to providing green burial a potential marketing opportunity. Media and social network sites are especially attuned to stories about Green Burial.

The Canadian based Green Burial Society of Canada or GBSC (<http://www.greenburialcanada.ca/>) is a non-profit organization who offers a certification program to qualifying service providers and lists the Canadian cemeteries currently offering green burial. Currently there are no certified green burial cemeteries in Saskatchewan.

Offering green burial at the GOP would not require a bylaw update to allow burials to take place as there is already a “green burial” section listed in the bylaw.



Figure 14: Green Burial at Royal Oak Burial Park, BC, Source: Wayne Warden.

## MEMORIALIZATION OPTIONS

With increasingly mobile families and people choosing not to inter the cremated remains of their loved ones in a cemetery environment, there is potentially larger market for selling memorization without interment. These memorialization options enable people to memorialize family members or friends without interment, or individuals whose remains are interred or scattered elsewhere.

In addition, to its existing options offered by the GOP, RVC could offer plaques or engravings on wreaths, rock markers and statuary.

Figure 15: Examples of Engraved Boulder and Memorial Wall Options, Source: LEES+Associates.

## 4.3 CEMETERY PRICING REVIEW

This section analyzes the pricing of offerings at the GOP, as compared with other cemeteries in the region and across Canada.

### MARKET TRENDS

Cemetery pricing in Canadian cemeteries tends to follow consistent market trends. For example, large urban centers often have higher rates than small towns and rural communities due to the increased demand relative to local supply. Cemeteries in large urban centers also tend to offer a greater diversity of offerings than small towns and rural communities. Families value a variety of interment options and are willing to pay a premium to accommodate their culture, religious and personal preferences.

The following figure shows the pricing continuum for typical Canadian cemetery offerings:

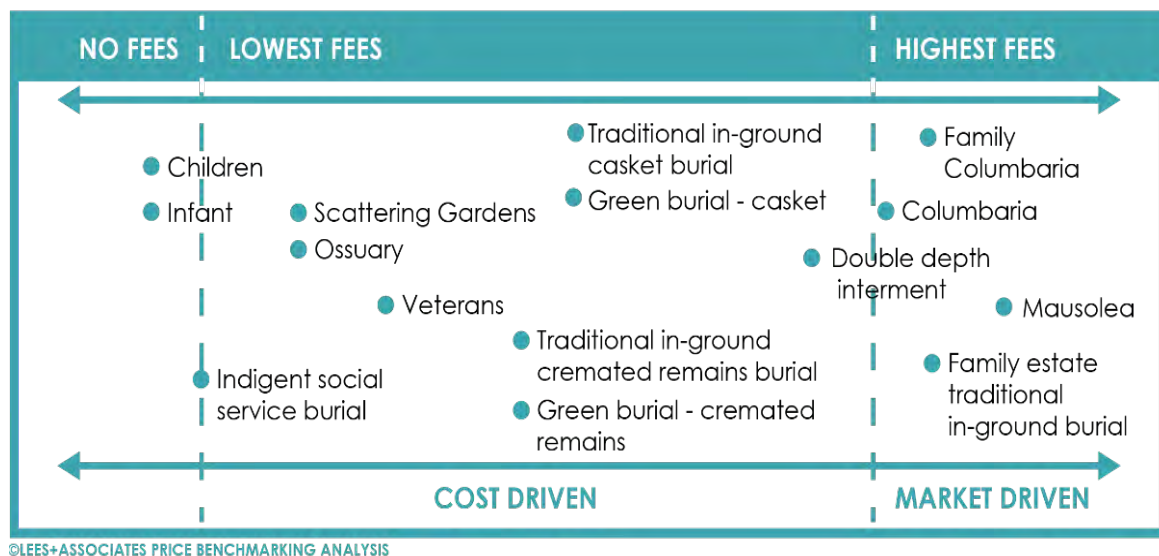


Figure 16: Pricing Continuum for Typical Canadian Cemetery Offerings, Source: LEES+Associates.

### PRICE BENCHMARKING

Best practices for cemetery pricing entail annually comparing the rates of communities with similar landscapes, climate, and demographic profiles. This involves reviewing the rates of other cemeteries with similar business models, climate conditions, as well as population, ethnic and religious composition.

The price benchmarking study in this plan reviewed the GOP's rates relative to the averages at municipal cemeteries across Canada, and at select municipal cemeteries in cities and towns situated within and near the RVC Market.

The following table summarizes the resident rates (rounded up to the nearest dollar and including Perpetual Care Fund fees) and the comparative findings for the primary offerings and services available at all the cemeteries in this study.

Cemetery Offering	GOP Rates <sup>8</sup>	Regional Rates <sup>9</sup>	Canadian Rates <sup>10</sup>	Price Comparison: GOP's Relative Position
<b>Casket and Cremation Lots / Niches (Resident)</b>				
Adult Casket Lot	\$3,034 to \$3,759	\$1,485 to \$1,749	\$1,250 to \$2,500	Regional: Higher Canadian Average: Higher
Child + Infant Lot	\$935 to \$1,205	\$670	\$400 to \$1000	Regional: Higher Canadian Average: Higher
Cremation Burial Lot	\$2,097 to \$3,255	\$930 to \$1,139	\$500 to \$1,500	Regional: Higher Canadian Average: Higher
Columbaria Niche	\$3,713 to \$5,569	\$1,937 to \$3,385	\$1,000 to \$5,000	Regional: Higher Canadian Average: On par
<b>Opening and Closing Services</b>				
Adult Casket Burial <sup>11</sup>	\$936 to \$1,350	\$915 to \$1,120	\$750 to \$2,000	Regional: On par Canadian Average: On par
Child + Infant Burial	\$500	\$251 to \$616	\$250 to \$1,000	Regional: On par Canadian Average: On par
Cremation Burial	\$410	\$300 to \$405	\$250 to \$750	Regional: Higher Canadian Average: Higher
Niche Interment	\$246	\$256	\$100 to \$500	Regional: On Par Canadian Average: On par
Scattering <sup>12</sup>	\$93	\$140	\$150 to \$250	Regional: Below Canadian Average: Below

Table 11: Price Benchmarking Summary of Prime Offerings,  
Source: LEES+Associates, the GOP and Regional Cemetery Price Lists.

Detailed results of the price benchmarking study for the GOP can be found in “**Appendix E – Detailed Price Benchmarking Study.**”

<sup>8</sup> These rates are rounded up to the nearest dollar, and including the Perpetual Care Fund fee.

<sup>9</sup> The average of comparable cemeteries situated around Rocky View County.

<sup>10</sup> The average rates for a spectrum of low to high quality offerings within LEES+Associates price analyses for cemetery plans from 2014 to 2019.

<sup>11</sup> The lower rate is the summer fee, with the lowest cost vault option. The higher rate is the winter fee with the highest cost vault option. There is an additional premium for double depth burials.

<sup>12</sup> The listed price is for scattering only, a premium is added for a memorial plaque

## NON-RESIDENT PRICING

A significant number of Canadian municipal cemeteries charge a non-resident premium on inventory sales. Non-residents typically pay a premium on top of the resident rate, ranging from **25% to 150%** on cemetery lot, crypt and niche sales. Less commonly, some communities also choose to charge premium on their cemeteries' interment services.

Cemeteries that charge a non-resident premium, usually define a "non-resident" as an individual that did not reside or own property in the cemetery operator's municipality for a minimum of **one year**, prior to that individual's date of death. Less commonly, some communities choose to make the required period of residency or property ownership longer, requiring five or ten years of local residence.

Alternatively, some North American communities intentionally opt to list and/or present their cemetery offerings at the upper end of the regional market price spectrum and then offer their residents a "**discount**" – rather than charge a "premium" to non-residents.

Community surveys undertaken by LEES+Associates have historically found that most resident respondents typically support a pricing policy whereby non-residents pay more than residents.

## Precedents

Among the communities in this plan's price benchmarking study, Cochrane Cemetery offers a resident discount of 35% on its lot and niche sales. The Okotoks Cemetery and Foothills Cemetery also charge non-resident premiums.

Premiums at the Okotoks cemetery include:

- \$1,441 for a flat marker lot, an extra 57%,
- \$1,727 for an upright marker burial lot, an extra 57%;
- \$346 to \$620 for a cremation lot, an extra 40% - 48% depending on the size of lot and marker type, and
- \$976 to \$1,017 for a columbaria niche, an extra 40%.

Premiums at the Foothills cemetery include:

- \$1,400 to \$2,000 for a casket lot, an extra 70%;
- \$700 for a cremation lot, an extra 70%, and
- \$1,000 for a columbaria niche, and extra 50%.

## **Customer Residency Profile**

RVC does not currently track the residency of those interred at the cemetery, nor does it charge a non-residents premium.

To better understand the market area and determine whether a non-resident premium is appropriate and what borders to use in defining non-residency, RVC needs to develop a customer residency profile for the GOP. This can be done by creating a tracking spreadsheet for RVC staff to record the community of residence for every sale and interment transaction that the GOP records over the next year.

A more long-term solution would be for RVC staff to set up and define new resident and non-resident revenue accounts and tracking codes in its cemetery records management and financial system software.

If RVC approves a non-resident premium, it should be sure to include the communities that provide the GOP with the majority of its sales and interments within its definition of “resident.”

An important consideration in this process should be whether RVC staff estimates are correct, and the majority of the GOP’s sales and interment do come from Calgary residents. If so, then RVC should consider whether a non-resident premium would deter their primary customer base.

## **SEASONAL PRICING**

It is a common practice for Canadian cemeteries to charge a premium for opening and closing during the winter, particularly in regions with climates where conditions result in more labour time and effort for each interment.

The GOP is charging \$85 to \$256 (depending on the interment service) premium for seasonal interment services. This is an extra 20% to 27% depending on the service it is applied to.

Among the communities in this plan’s price benchmarking study, the Cochrane Cemetery charge a winter interment premium. This includes:

- \$260 for a casket interment, an extra 19%, and
- \$60 for a cremation interment, an extra 17%.

## **SERVICE-ORIENTED PRICING STRATEGIES**

Some Canadian communities have a social services policy, that direct its cemetery staff to offer free services or a discounted rate to select residents. This may include rates for:

- Indigents residents (for those on disability and low-income households);
  - Emergency responder including members of the police, fire, and ambulance service;
  - Veterans and their spouses, and
  - Infants and children.
-

The rate of discount is most commonly 50% of the normal standard cost for a cemetery product and service. Offering discounts to these select residents often encourages good will from the community and can mitigate the resident reaction to other price increases at the cemetery.

RVC follows a common pricing practice of offering discounted rates to families for infant, child, low income and military lot sales. Military lots at a discounted rate and are reserved for veterans, veteran Allies and their spouses. A proof of service must be provided at the time of sale. Low income families can get a subsidy for 50% off lot prices through the Government of Alberta.

## **PRICE CHANGES**

The GOP's standard practice has been to increase its rates annually by between 2% and 7% per year over the past five years.

Increasing fees annually by the rate of inflation, at a minimum, is in line with practices from the majority of cemeteries LEES+Associates have analyzed over the past two decades. Consumer Price Index reports from the International Monetary Fund finds that inflation has ranged from 2% to 3% in North America over the past decade.

A business case for greater price increases is typically expected to be justified to the community by the cemetery owner-operator identifying a significant gap between the:

- Current cemetery rates and the regional average rate;
- Cemetery's operating revenue and expenses, and/or
- The Perpetual Care Fund's (PCF) projected balance and the projected balance needed to be fully funded. A PCF is fully funded when its future income is expected to support future care and maintenance costs.

In addition, greater price increases can also be supported by a commitment by the owner/operator to develop and improve a cemetery site's infrastructure, aesthetic, and interment capacity.

## **PRICING – NEW OPTIONS**

The following section gives recommendations on price points for options that are currently not offered at the GOP.

### **Family Vessels**

Family Vessels are currently offered at Canadian cemeteries with the typical rates ranging from \$6,000 to \$13,000 each, depending on their size and quality of positioning within the cemetery. Services for placing a nested urn or comingling remains within the vessel are typically \$200 for each vessel interment.

### **Green Burial**

Green Burial should be just as valued and considered as valuable as traditional burial ground, and for that reason should be priced at the same rates as traditional burial.

### Additional Service Fees

Extraordinary rates charged by other cemeteries in Province of Alberta that are not currently listed in the Cemetery's price schedule and that could also be an extra, include:

- Surrender/Sell Backs;
- Concrete slab for lanterns;
- Chairs for graveside services;
- Pallbearer - Assistant Service;
- Reservation fee for adjacent lots;
- Replacement right-of-interment certificates, and
- Reservation of a chapel or other provided gathering space.

The fees for these services range significant across cemeteries for these services.

### STRATEGIC POSITIONING

Cemetery demand is relatively inelastic, meaning that there is usually little adverse resident response to price changes. This means the GOP can expect to increase their rates with little risk of losing revenue to residents choosing to be interred elsewhere, provided they are within the regional rate range expected (this is also known as the fair market value for cemetery services).

Currently, the majority of the GOP's rates are more expensive than the neighboring cemeteries and the Canadian average. However, rates are consistently below the rates offered by Calgary's cemetery. This may be a key reason why RVC staff have observed that a significant majority of the families interred at the GOP are City of Calgary residents. RVC should consider this if they choose to introduce a non-resident premium in the future.

Overall, a prudent approach to price growth will be necessary in the coming years to ensure RVC does not increase the GOP's rates entirely out of the fair market value range for the region.

Cemeteries with a wide and diverse range of interment and memorialization options, like GOP, are often perceived as being more attractive and as having a higher-quality, premium value. This enables them to often charge higher rates than other sites.

Almost all municipal cemeteries are run as a service to their communities, and these municipalities support their cemetery system, subsidizing them with tax dollars to some degree. RVC will need to decide where its business model sits on this spectrum of cost recovery. There is an understanding that few municipal cemeteries operate a full break-even cost recovery model. It is even more unusual for a municipal cemetery to operate a "for profit" model.

## 4.4 HISTORIC FINANCIAL PERFORMANCE

This section of the report examines the financial sustainability of RVC's cemetery operations and assesses RVC's capacity to continue funding its services to the region and support the long-term care and maintenance of its cemetery sites.

A comprehensive financial plan typically reviews key performance indicators, that reflect the short-term and long-term sustainability of a cemetery system, including the:

- **Operating Break Even point:** This is the point in time when a cemetery can fund itself while meeting the service expectations of the community. This measure indicates when a cemetery is able to cover its operating costs with its reliable sources of annual revenue, and
- **Perpetual Care Fund Stability point:** This is the point in time at which a Perpetual Care Fund (PCF) is expected to generate enough income to meet its long-term site care and maintenance costs.

This section also reviews RVC's financial practices and compares them to legislative requirements, as well as current and best practices for cemeteries in the region, Province and across Canada.

### FINANCIAL MANAGEMENT

The effectiveness and ease of reporting from RVC's financial management system is currently challenged by the intermingling of the interdepartmental revenue and expenses from RVC's cemetery, parks, trails and other facilities.

The best practice for municipal financial reporting is to track and report its cemetery system as an independent business unit. It will become increasingly important to distinguish its performance from the rest of RVC's financials if there is a decision to transition the GOP's operations to a different governance model in the future.

RVC has an opportunity enhance its financial management by taking measures to enhance its capacity to provide more detailed reporting of the cemetery's key performance indicators. An operator's effectiveness in the measurement and assessment of their cemetery's financial performance often correlates to the number of tracking codes and account categories in the cemetery's financial management system.

## Revenue

RVC has an opportunity to enhance the reporting of its cemetery's revenue by expanding its existing revenue accounts structure. Sophisticated financial management systems have accounts to track cemetery revenue for each type of sale or service by the:

- Form of interment (e.g. casket lot, cremation lot, niche, etc.);
- Time of sale (at-need/pre-need – before or after death), and
- Residency of the individual who purchased the sale or service.

This information is not presently available to RVC staff without extensive time spent to examine the GOP transaction records and general ledger.

The following graph summarizes the distribution of revenues reported by RVC Cemetery's Services Financial Reports, from 2015 to 2019.

*Figure 17: Distribution of RVC's Cemetery Revenue from 2015 to 2019,  
Source: LEES+Associates and RVC's Financial Records.*

Non-operating revenue reported by RVC includes:

- Perpetual Care Fund Interest withdrawn by RVC;
- Federal and Provincial grants;
- Interdepartmental revenue, and
- Transfers from RVC's capital and carry over reserves.

## EXPENSES

### Cost Allocations

RVC staff estimated that approximately 85% of expenses allocated to the annual Cemetery Services Financial Report for 2019 was for cemetery operations. The remaining 15% were costs accrued for the maintenance of parks, trails, and other RVC facilities.

RVC reports that all staff labour costs for the workers listed in **Appendix B** were allocated to the GOP's financial accounts, even though some of their time spent and costs were related to other RVC departments.

Non-cemetery expenses allocated are expected to be off-set by the interdepartmental revenue reported. Interdepartmental revenue is intended to cover all the costs associated with cemetery staff working for other departments, based on historical numbers and an estimate of hours that will be needed in the current year to complete the requested work and average annual increases.

There is uncertainty to what degree the allocated estimated interdepartmental revenue and the actual interdepartmental expenses posted (which intermingle within the same expense accounts as the cemetery's operating costs) actually match. This has not been reconciled by RVC staff.

An in-depth review of non-cemetery cost allocations is warranted to refine RVC's estimate of interdepartmental revenue, provide RVC with a clearer picture of the actual cost of cemetery operations and improve the accuracy of future budgeting decisions.

The following graph summarizes the distribution of expenses reported by RVC's Cemetery's Services Financial Reports, from 2015 to 2019.

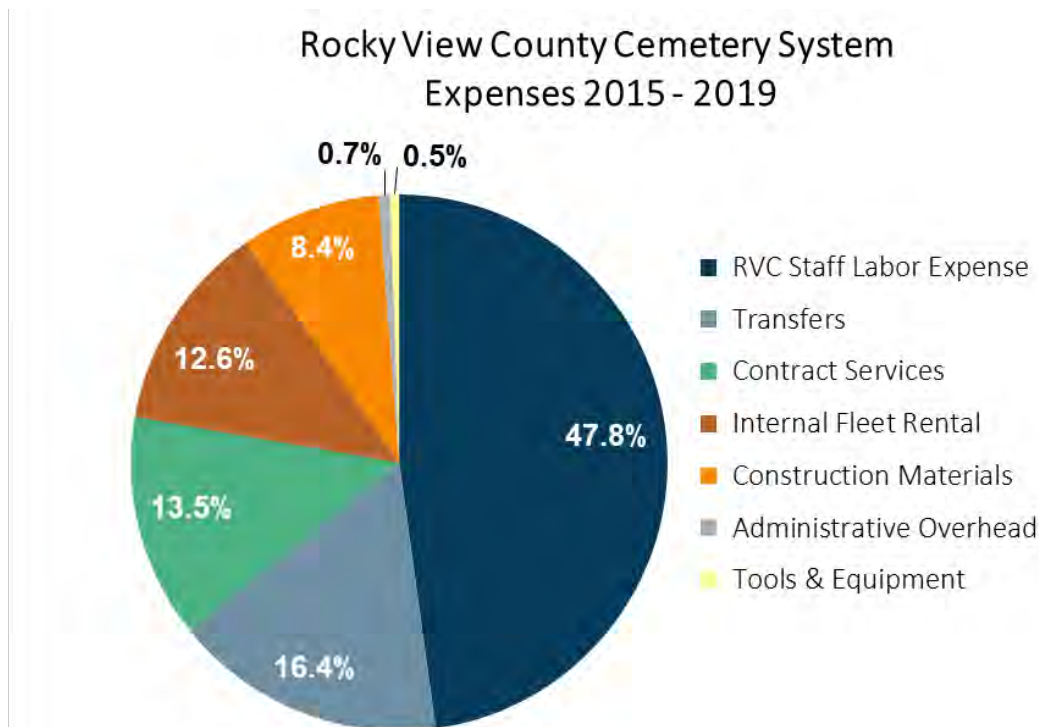


Figure 18: Distribution of RVC's Cemetery Expenses from 2015 to 2019,  
Source: LEES+Associates and RVC's Financial Records.

## Care and Maintenance

Currently, RVC's care and maintenance costs are co-mingled with other operating costs within "function" based expense accounts.

However, RVC was able to provide LEES with a proportional estimate of maintenance cost by reviewing its 2019 expense transactions. It was estimated that site care is related to the following proportions of RVC's cemetery expense accounts:

- Salary and Benefits - 93%;
- Contracted Services – 52%;
- Tools & Equipment – 50%;
- Construction Materials – 100%, and
- Internal Fleet Rental – 70%

Overall, RVC's cemetery site care and maintenance costs amounted to 69% of its total cemetery expenses from 2015 to 2019.

Sophisticated financial management systems track all cemetery costs related to site care and maintenance costs separately from other operating costs, and report them together in a single cost center or account group. This makes the tracking and reporting of care and maintenance costs easier to extract and relate to the performance of the cemetery's Perpetual Care Fund.

## Marketing Budget

From 2015 to 2019, RVC has not historically created a budget for cemetery marketing.

RVC has recently created new marketing budget of \$5,000 per year, starting in 2020. This is less than what cemeteries in Canada usually spend on promotion.

The cemeteries LEES+Associates have assessed typically invest 2% to 5% of projected gross revenue in sales and marketing. Municipal cemeteries in Canada commonly budget a minimum of 1% of annual revenue in promotion and community engagement.

North American cemeteries usually employ a diverse mix of standard and online marketing methods. A Pre-need Sales Strategy is a common successful approach for cemeteries to increasing short-term cash flows. Whereas community engagement and public education is often an important component of a cemetery's long-term and enduring market share growth.

Cemetery sales often correlate to a cemetery owner's investment in community engagement, and promotional initiatives. This means RVC has an opportunity to increase its market capture and consequently its revenue by increasing its investment in the connection and communication with the communities it serves.

## HISTORIC OPERATING FINANCIAL PERFORMANCE

The following graph summarizes the historic operating performance of the GOP by calendar year, as reported by RVC staff from 2015 to 2019.

*Figure 19: RVC's Cemetery System Operating Financials, 2015 to 2019,  
Source: LEES+Associates and RVC's Financial Records.*

Most municipalities in Canada run their cemeteries at an operating loss and support their operations with tax dollars. This is consistent with the GOP's current financial performance.

A review of the GOP's historic performance finds that over the past five years (2015 – 2019), RVC's cemetery operations averaged, an annual:

- Net loss of \$687,000;
- Revenue of \$1,056,000. RVC's cemeteries averaged an annual:
  - Operating revenue from sales and services of \$566,100 (54% of total revenue), and non-operating revenue of \$489,000 (46% of total revenue).
- Expense of \$1,743,000, 2015 to 2019. RVC's cemeteries averaged an annual:
  - Gross operating expenses of \$1,458,000, and non-operating expenses of \$286,000 in transfers to reserve funds, and
- Increase in operating revenue by 9% per year, and in operating expenses by 8% per year.

## 4.5 PERPETUAL CARE FUND SUSTAINABILITY ANALYSIS

### SUSTAINABILITY

An important factor in the future sustainability of a cemetery system is the adequacy of its Perpetual Care Fund (PCF). A cemetery operator's obligation for site care and maintenance begins at the time a cemetery is established, extends through the period during which they are active and generating revenue, and continues after the site is full and no longer generating revenue.

Most Canadian cemeteries contribute a percentage of its annual sales revenue to the principal of a Trust Fund, which is then expected to fund the perpetual care of the cemetery into the future. The PCF principal is expected to generate investment income (e.g. interest, dividends, etc.) which is either retained in the fund to compound growth on the investment income or withdrawn annually to pay for present day site care and maintenance costs.

Planning for a fully funded PCF, involves comparing the investment income and maintenance costs projected to the time the cemetery site is expected to become inactive. The future investment income (interest, dividends, capital gains, etc.) generated by the PCF will need to be equal to, or greater than the projected maintenance cost.

When the investment income needed is established, it is possible to identify the PCF end balance and appropriate revenue contributions necessary over the period of the cemetery's active life span, to reach that end balance.

### LEGISLATION + REGULATIONS

Cemeteries are unique facilities and services, in that they are constrained in their governance by their Provincial legislation, which stipulates that cemetery owners must provide "care and maintenance" of their properties in perpetuity. The majority of Canadian provinces have this kind of legislation in place.

This legislation typically mandates that cemeteries establish a Perpetual Care Fund (PCF), which is to be managed very conservatively. Access to the PCF's principal is restricted and investment income can only be spent on cemetery care and maintenance. The income generated by a PCF is primarily intended to help offset inflation and provide the required monies to maintain the cemetery site in the future.

Alberta provincial legislation mandates 15% of interment rights purchases to a PCF for all privately owned cemeteries. While Alberta religious and municipal cemeteries are exempt from this PCF requirement, it is a good practice that helps municipalities move their cemeteries towards financial sustainability. The City of Calgary sets aside 40% of the rights purchased towards their care and maintenance fund.

Contributing more than the minimum is a proactive strategy since the minimum contributions are usually not adequate to fully fund the long-term perpetual care of a cemetery. RVC currently contributes 25% of its cemetery sales to its Perpetual Care Fund.

## HISTORIC PCF PERFORMANCE

The following graph summarizes the historic performance of RVC's PCF over the past five years, from 2015 to 2019. In this graph, the PCF end balance aligns to the left vertical axis, while the year's interest income and maintenance costs align to the right vertical axis.

*Figure 20: RVC Cemetery System's PCF Performance, 2015 to 2019,  
Source: LEES+Associates and RVC's Financial Records.*

As of December 31, 2019, RVC's PCF balance was \$697,500.

RVC currently meets and exceeds the Provincial annual contribution minimum requirements for their PCF, by contributing 25% of every inventory sale is to their PCF.

RVC does formally withdraw 100% of the PCF's interest income each year to cover its current year site care and maintenance costs, reporting it as annual cemetery revenue.

It is a best practice for municipal cemeteries to retain its interest income within its PCF portfolio and not withdraw these funds unless the cemetery system is determined to be materially funded (75% or more). The reason for this is to enable municipalities to take advantage of compound interest, which can accelerate the growth of the PCF toward full funded status.

RVC's PCF earned an average annual interest of 1.6%, approximately \$6,800 per year, from 2015 to 2019. This rate is at the low end of the average returns most municipal cemeteries' PCF earn. Municipal PCF investment income tends to range between 1% and 5% per year, typically averaging 2%. However, the overall value of the annual interest earned by the PCF is currently very low compared with RVC's cemetery maintenance costs.

RVC's site care and maintenance costs in 2019 was \$1,359,000. However, maintenance work usually decreases when cemeteries become inactive due to less use, on-site traffic and reduced expectations. Consequently, care costs of inactive sites can decrease as low as 50% of an active site's costs. Therefore, if GOP became inactive today, maintenance costs could potentially become as low as \$679,500 per year.

Based on these numbers, the PCF can be considered 1% funded for the basic site care and maintenance of the GOP as an inactive site.

In order for the RVC's PCF to be financially sustainable in the long-term it will need to accelerate the growth of its PCF through a variety of measures, including stopping the annual withdraw of its annual interest income to cover the current year's site care and maintenance, as it has historically done.

## 4.6 FINANCIAL PROJECTION SCENARIOS

To identify the best strategy for RVC's future operations, two scenarios are presented in this section: **"Scenario 1: Status Quo"** and **"Scenario 2: Alternate Model."**

The "Status Quo" assumes a scenario where there are no changes to RVC's cemetery system operations. In this scenario, financial performance is only driven by the anticipated changes in the population size, death rate, disposition and interment trends in the community.

The "Alternate Model" represents the most optimal scenario that would result from this plan's recommended changes to operations (including, but not limited to price changes, adding new offerings, promotional initiatives, etc.), as well as changes driven by demographics and community preferences.

On the revenue side of the equation, projections are related to number of families who choose to be interred in RVC's cemeteries and anticipated adjustments in pricing. On the expense side of the equation, costs are primarily related to inflation and the anticipated value of prearranged contract agreements that exist.

The assumptions that apply to these financial scenarios examined include:

- Demographic, disposition and interment trends will be a primary driver of future revenue;
- The proportion of the total market served will not change significantly in the next 50 years unless if RVC invests in new community engagement, customer service, sales and marketing initiatives;
- Annual cost increases will be equivalent to the historic rate of inflation, 2% per year;
- Annual interest income will continue to average 1.6% per year, as has been historically earned over the past 5 years, and
- RVC will develop additional cemetery land into new lots as needed and continue serving its residents for the next 50 years.

Forecasts do not include projections for new revenue streams adopted by RVC or extraordinary capital costs for acquiring land, engineering, development and new infrastructure.

Graphs in this section illustrate the key aspects of each financial scenario. These graphs show the revenues, expenses, profits or losses (net income) and Perpetual Care Fund (PCF) changes over the next 50 years. PCF graphs refer to both “**Active Maintenance Cost,**” which is the cost of maintaining RVC cemetery system as an active site and “**Inactive Maintenance Cost,**” which is the cost of maintaining RVC cemetery as an inactive site.

## SCENARIO 1: STATUS QUO

In this scenario, it is assumed that RVC’s offerings, funding sources and current financial practices in its cemetery operations will **remain the same** as in the past five years. All cemetery prices are assumed to increase by only **2% per year** to offset the anticipated increase in expense by the anticipated annual rate of inflation. The primary driver of changes in this scenario are the projected demographic and disposition changes over the next 50 years.

The following graph summarizes the projected position of RVC cemeteries’ operating financials over the next 50 years under the Status Quo Scenario.

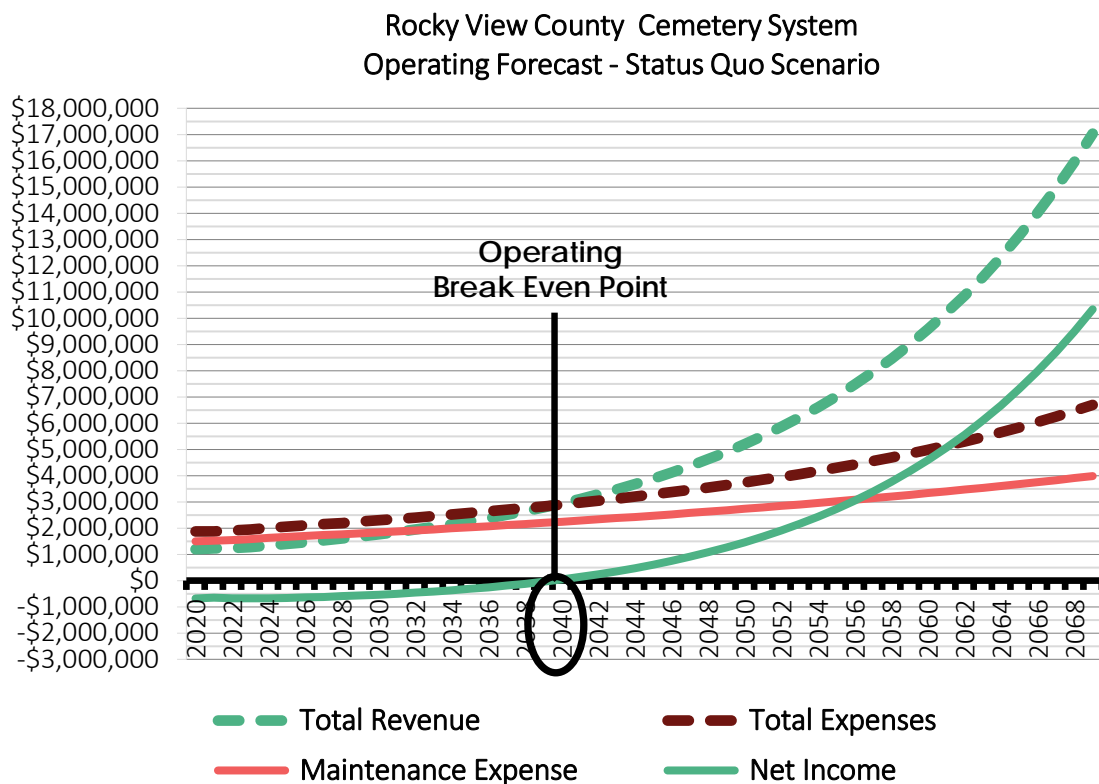


Figure 21: RVC Cemetery System - 50 Year Operating Financials Forecast, Status Quo,  
Source: LEES+Associates.

Significant population growth expected in the Cemetery Market, as well as an increasing death rate projected by the bereavement sector due to the upcoming passing of the Baby Boom Generation is projected to boost sales at the GOP, over the next 25 years. In addition, the impact of the trend towards cremation is expect to subside in the near future, as cremation rate growth in Alberta begins to level off around 90% in the next five years.

This market momentum is expected to substantially drive the future demand for the GOP's services and enhance its financial sustainability in the foreseeable future. Under status quo conditions, the GOP is expected to exceed its operating break-even point within **20 years (2040)**, and RVC should begin to plan how to manage this future profit.

RVC may be challenged by the communities it serves in the coming years and be asked to justify its continued price increases, since the GOP's cemetery rates are already at the high end of the normal fair market value range. After the GOP begins to break even, RVC should emphasize and communicate the need to prioritize and commit to closing the gap on the sustainability of its Perpetual Care Fund.

The following graph summarizes the projected position of RVC's PCF over the next 50 years under the Status Quo Scenario.

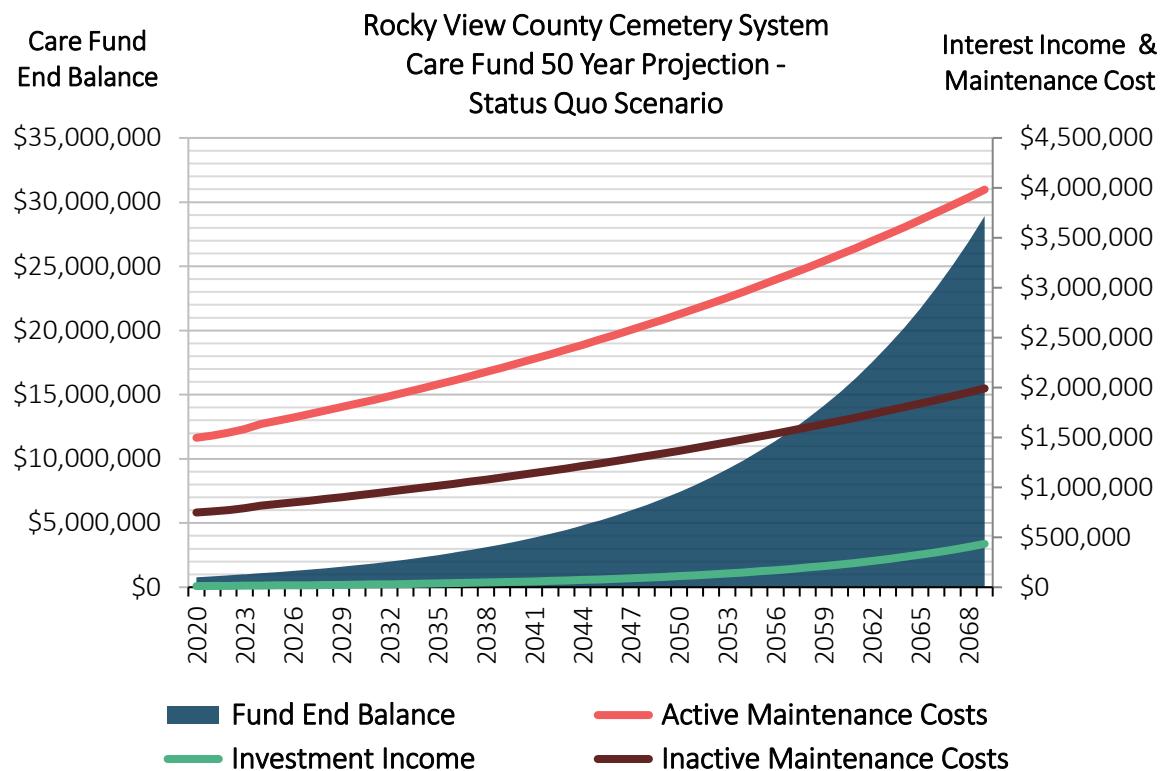


Figure 22: RVC Cemetery System - 50 Year Perpetual Care Fund Forecast, Status Quo,  
Source: LEES+Associates.

Under status quo conditions, the GOP is not expected to exceed its PCF stability point in the foreseeable future.

In 50 years, RVC's PCF will reach a balance of \$28,900,000 and generate an investment income of \$463,000 per year, assuming the historic interest rate of 1.6% per year continues into the future.

Comparatively, the projected active maintenance costs will be increase from the current \$1,600,000 per year, amplified by inflation, to \$4,000,000 per year over the next 50 years.

It is expected that care costs may decrease to as low as \$2,000,000 (50% of active site costs) if it became inactive in 2069. This assumes RVC would maintain the cemetery at a more basic level of care, due to less site traffic and decreased use of the site by residents.

This is a long-term "snapshot" of the Perpetual Care Fund's break-even status. The GOP's operations are **not** expected to become inactive within 50 years. RVC has enough cemetery land capacity to continue serving its market area for well over 50 years.

However, 50 years is considered to be the maximum period of projection for a PCF analysis with a reasonable degree of precision. Projecting further into the future is significantly less certain.

## **PERPETUAL CARE FUND GROWTH STRATEGIES**

RVC's PCF is not adequately funded at this time, as it is not expected to be able to cover the cemetery's future basic care in the foreseeable future.

However, the GOP has an extraordinary amount of undeveloped land available which will enable it to continue serving the region for several more generations. This is a significant asset, which is not available to most municipal cemeteries. Therefore, RVC has the luxury of time. The time when the GOP is expected to become fully reliant on its PCF to fund its ongoing care, is well beyond the 50 year period of projection in this plan.

That being said, it would be best practice for RVC to consider its options to accelerate the process of its PCF becoming self-sustainable. The primary benefit of moving the PCF to fully-funded status more quickly is that this would give RVC access to an enhanced annual interest income that could:

- Fully fund in perpetuity, the cemetery maintenance costs with PCF income – decreasing the reliance on other RVC interdepartmental funds to support the GOP site care;
- Potentially enable RVC to fund ongoing cemetery site care at a higher level than the minimum, basic site care provided to inactive sites across Canada, and
- Eventually eliminate the need for RVC to increase prices to RVC and Calgary residents, which is currently necessary to offset increasing site care costs due to inflation.

There are four common strategies available to RVC to accelerate PCF growth, including:

- Increasing prices for casket lot, cremation lot and columbaria niche sales;
  - Increasing prices increases revenue, inherently increasing the PCF portion for each sale. This strategy risks rates rising above the regional average, and
  - This is the optimal strategy for a cemetery that is not close to breaking even or generating an annual profit from its operations.
- Increasing the percentage of each sale contributed;
  - This is the optimal strategy for a cemetery that is breaking even and generating an annual income from its operations, as it will decrease short-term profits, and
  - This strategy will delay a cemetery from reaching its Operating Break Even point if implemented before a cemetery operation fully achieves costs recovery.
- Compounding investment income;
  - This entails making no further interest withdrawals to offset current care and maintenance costs. This would entail covering the site care costs with other RVC funds in the short-term (e.g. a tax subsidy), and
  - This strategy will accelerate PCF growth, so it reaches the PCF stability point in the next 50 years. However, it will delay the GOP from reaching its Operating Break Even point if implemented before it fully achieves costs recovery.
- Increasing the principal in the PCF through an increase in the annual fixed contribution from the sale of RVC assets, or from RVC's general tax or interdepartmental funds;
  - This strategy increases the annual contribution, thereby increasing the principal's earning base and future interest income to cover site care, and
  - This is the optimal strategy for a cemetery with funds to reallocate from other departments, or excess land and other resources to sell to fund this PCF growth.

## SCENARIO 2: ALTERNATE MODEL

RVC's current strategy, "Scenario 1: Status Quo," is a viable path towards short-term financial sustainability for its operating financial performance. It is a less optimal approach to achieve long-term sustainability, due to RVC's underfunded PCF.

Scenario 2 is an alternative model that explores options for RVC to optimize its financial model, provides RVC with a strategy to mitigate the risk of lost market capture, while accelerating the GOP towards operating break even and a fully funded PCF.

This can be achieved by:

1. Increasing sales by increasing the number revenue streams. This can be done by adding new interment, memorial and support service options and premiums;
2. Increasing sales by significantly increasing cemetery site promotional initiatives, with a focus on growing pre-need revenue in the short-term, and
3. Increasing prices annually by 3%, to offset the impact of inflation and increase RVC's rate of cost recovery - while maintaining the GOP's rates within the fair market value range for cemetery services in the region.

This scenario assumes that over the next five years, that RVC will make a significant investment in time and resources to develop a detailed promotional plan, hire a sales and marketing firm to lead its initiatives and train staff in cemetery marketing methodology, to sustain an ongoing proactive sales program in the years to come.

Therefore, the key assumptions under Scenario 2 for the GOP operations are that RVC will:

- Increase all cemetery rates by **3% per year** to offset inflation and slowly close the GOP's cost recovery gap over time;
- Introduce a marketing budget of **5% of operating revenue** from 2021 to 2025 - \$36,000 (2021), \$38,000 (2022), \$42,000 (2023), \$47,000 (2024), and \$53,000 (2025);
- Increase the GOP's market capture and operating revenue by **5% per year** over the next five years, due to the net effect of new revenue streams and promotional initiatives expected to raise the cemetery's profile in the market area, and
- Introduce a marketing budget of 2% of operating revenue from 2026 forward, to sustain the GOP's higher market capture levels.

The following graph summarizes the projected position of RVC cemeteries' operating financials over the next 50 years under the Alternate Scenario.

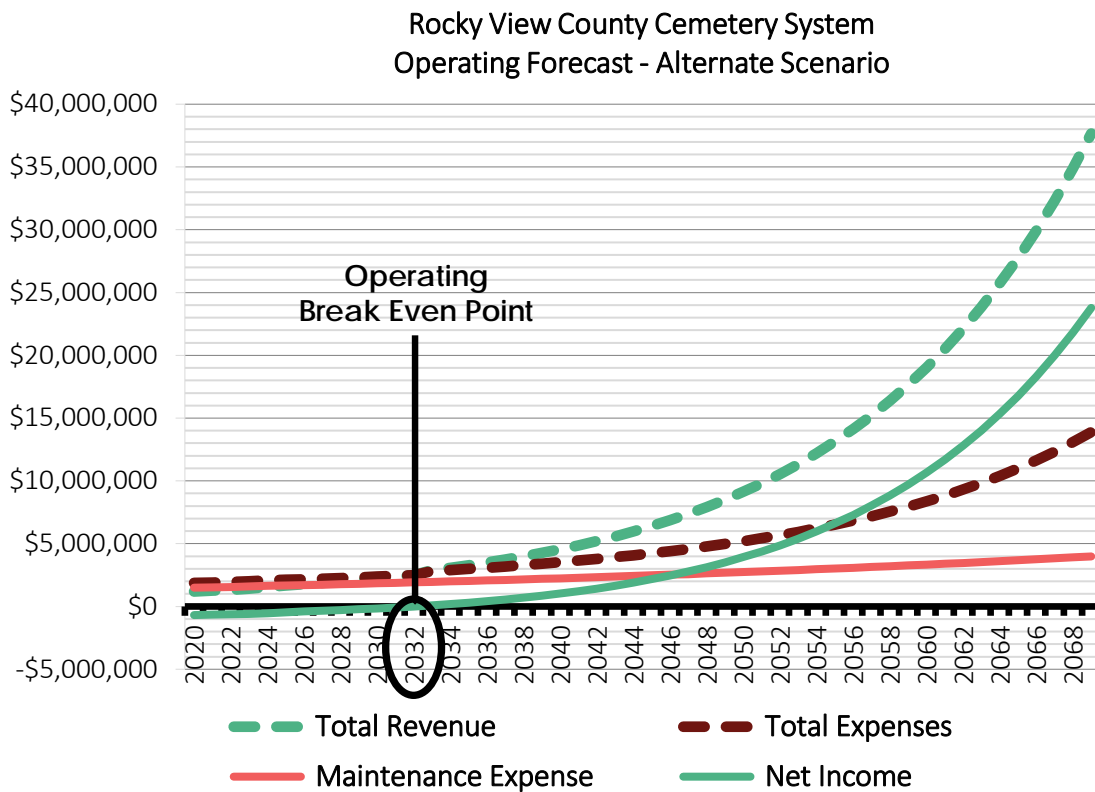


Figure 23: RVC Cemetery System - 50 Year Operating Financials Forecast, Alternate Scenario, Source: LEES+Associates.

Under alternate conditions, the GOP is expected to exceed its operating break-even point within **12 years (2032)**. This is eight years faster to reach the operating break-even point, than under the status quo scenario.

Once RVC's cemetery operations reach the short-term goal of consistently and reliably meeting operating break even, then RVC should consider redirecting a greater proportion of its revenue to the Perpetual Care Fund.

This would significantly accelerate the GOP towards the active site care PCF stability point. At this point, the PCF would be able to reliably fund 100% of the GOP's future maintenance costs at a basic level of care.

The key assumptions under Scenario 2 for the GOP's PCF practices are that RVC will:

- Increase annual sales contributions in 2033 from 25% to 60%, after GOP operations begins to regularly breakeven, and
- Stop withdrawing the PCF's interest income to cover current site care costs, to take advantage of compounding and accelerate the growth of the PCF balance.

The following graph summarizes the projected position of RVC's Perpetual Care Fund over the next 50 years under the Alternate Scenario.

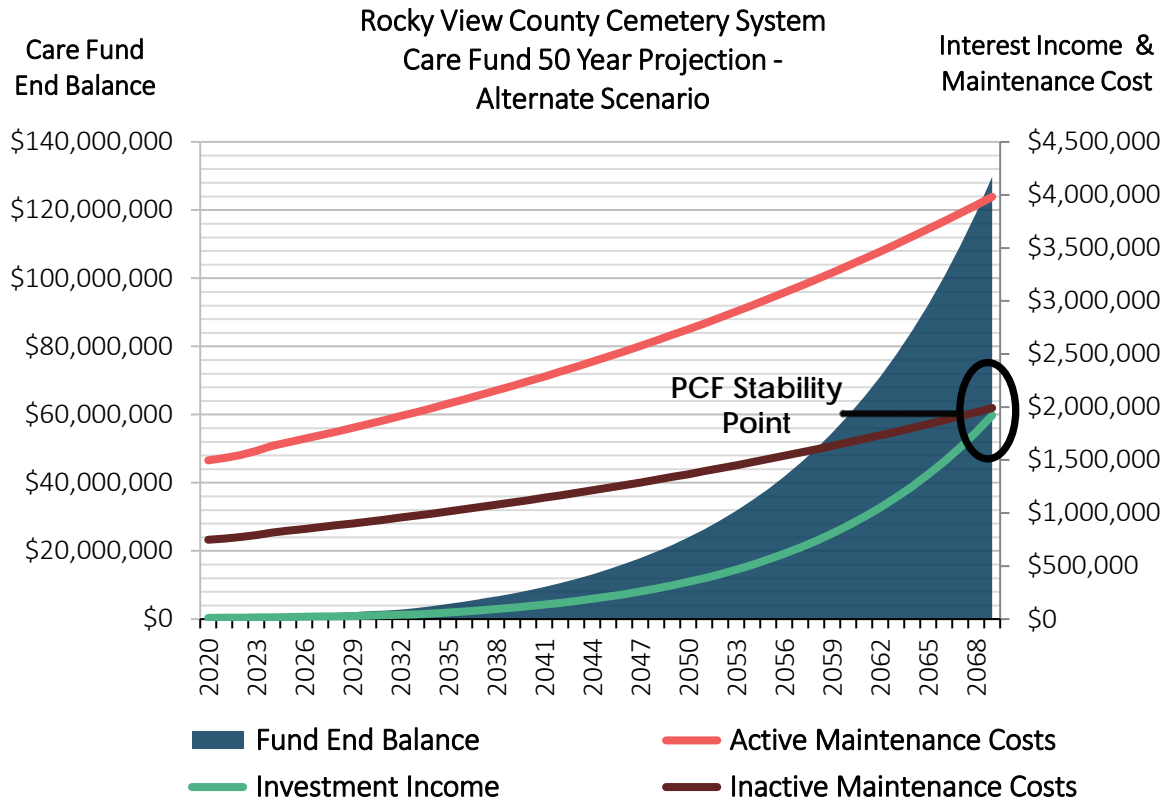


Figure 24: RVC Cemetery System - 50 Year Perpetual Care Fund Forecast, Alternate Scenario, Source: LEES+Associates.

Under this alternate scenario, the GOP is expected to exceed its PCF stability point and be fully funded for basic site care coverage within **50 years (2069)**.

In 50 years, the PCF will reach a higher balance of \$130,000,000 and generate a higher investment income of \$2,000,000 per year. This matches the expected balance of the cemetery's inactive basic care costs within 50 years.

## 4.7 RECOMMENDATIONS – FINANCIAL PLAN

The following recommendations are expected to improve future operating financial performance and ensure reliable, long-term care and maintenance funding. Should it continue leading the operations of the GOP, to achieve a more feasible and financially sustainable cemetery operations, RVC should:

- Expand the GOP's range of offerings by introducing innovative alternatives, including green burial, family vessels, family estate lot options, as well as new support services and memorial options including wreathes, boulders, and statuary with engravings;
- Pursue a cross-selling strategy to take advantage of the growing cremation trend, by partnering with the on-site crematorium operator to sell to cremation customers the GOP's range of cremated remains interment and memorialization options;
- Increase the GOP's basic scattering services fee from \$93 to \$150;
- In 2021, develop a customer residence profile and assess whether a non-resident premium is appropriate for the GOP;
- In 2022, if a non-resident premium is approved, RVC will need to define qualifying criteria for residency and non-residency, and add them to the cemetery bylaw;
- If approved, introduce a 25% non-resident premiums in 2022. Update the GOP's price list, to list one column for resident rates and one column for non-resident rates;
- Begin transitioning, the GOP's financial data to a distinct set of account ledgers that are separate from RVC parks, trails and other RVC facilities;
- Implement an Alternate Model that introduces strategic price increases, a new marketing budget and new revenue streams. This includes:
  - A marketing budget of 5% of operating revenue from 2021 to 2025, including \$36,000 (2021), \$38,000 (2022), \$42,000 (2023), \$47,000 (2024), \$53,000 (2025).
  - A marketing budget of 2% of operating revenue from 2026 forward, and
  - Maintaining cemetery rates increases of 3% per year from 2021 forward.
- Prepare a detailed marketing plan and budget for promotional initiatives to include in future financial projections, with the objective to preserve and enhance the GOP's community engagement and grow its market capture;
- Determine if the RVC's cemetery operation's progress towards the Operating Break-Even point should be accelerated;
  - The current rate of progress for Operating Break-Even meets best practices for financial sustainability. However, there are benefits to acceleration if the short-term cost is deemed reasonable by Council.

- Commit to a long-term strategy intended to strengthen the PCF. After the cemetery begins to consistently and reliably achieve operating break-even, plan to stop the withdrawal of interest income and increasing the percentage of annual sales contributed to the PCF from 25% to 60%.
- Review and assess all interdepartmental cost allocations to the GOP;
  - Cost allocations should be supported with documented methodology and rationale, and reconciled to ensure they accurately reflect an appropriate proportion of RVC interdepartmental revenue allocated to offset these costs.
- Enhance its financial management systems by adding:
  - New revenue sub-accounts (to track interment form, time of sale and residency),
  - A new site care and maintenance cost center or expense account group, and
  - Documentation to guide future financial management and reporting protocols.
- Revisit this plan in five years to review and evaluate RVC's resident response to the new offerings, promotional initiatives, price increases and changes in operations.

## CONCLUSION

Rocky View County should plan for its cemetery system to continue operating at an annual loss for the next couple decades. However, the cemetery market's long term momentum is moving in RVC's favor and eventually achieving operating breakeven is possible in the foreseeable future.

To achieve this primary goal, substantial changes to cemetery operations will need to be implemented. In particular, a dedicated investment in community engagement, sales initiatives and raising the overall public profile of the GOP will be necessary for RVC to increase its service volume and gain the additional revenue, as well as achieve the cost efficiencies that are expected to come from economies of scale.

## 5 IMPLEMENTATION + CONCLUSION

This Feasibility Study comprehensively reviews the status of the GOP's market, site conditions, operations, governance and financial model. The outcome of this analysis is a list of recommendations to guide to RVC's future operations and leadership strategy. The recommendations in this plan may be implemented sequentially or concurrently.

### 5.1 SHORT-TERM IMPLEMENTATION SCHEDULE

The following timetable is proposed for the short-term implementation of the key recommendations in this strategic plan.

#	PHASE 1: SHORT-TERM RECOMMENDATIONS (2021 – 2025)
1.	Maintain ongoing price increase of 3% per year. Increase the scattering fee to \$150.
2	Develop a GOP customer profile throughout 2021. Update the bylaw to define resident/non-resident and introduce a non-resident premium in 2022.
3.	Prepare a detailed marketing plan and budget – 5% of projected operating revenue. \$36,000 (2021), \$38,000 (2022), \$42,000 (2023), \$47,000 (2024), \$53,000 (2025).
4.	Retain an experienced cemetery sales and marketing contractor to accelerate the GOP's promotion and train RVC staff.
5.	Develop a cross selling strategy with the on-site crematorium operator to sell to cremation customers the GOP's range of cremated remains offerings.
6.	Begin transitioning, the GOP's financial data to a distinct set of account ledgers that are separate from other departments.
7.	Enhance records reporting to better track cemetery activity, inventory, revenue and expenses by residency, interment form, and time of sale.
8.	Create a distinct cost center or accounts group to track site care and maintenance costs.
9.	Review and assess all interdepartmental cost allocations. Introduce time and cost tracking to reconcile the level of effort to the expenses being allocated to the GOP financial ledger.
10.	Train the GOP's staff in the procedures and effective use of its records management system. Assign a worker to a quality assurance review of the cemetery records.
11.	Add the GOP's cemetery sales processes, records management, and financial management procedures to RVC's standing operating procedures,
12.	Develop a landscape development plan that includes planting and wayfinding strategies.
13.	Discuss with Senior Leadership and Council RVC's expectations for a potential arrangement with an outside entity to be responsible for cemetery operations, should it choose to pursue this option.
14.	Review the 2016/2017 RPQ and RFP outcomes. Determine if previous proponents would be a good fit. Consider re-issuing an updated version of the RFP to them. If those parties are not interested, then a new RFP process to a broader market should be initiated.

Table 12: Short-term Implementation Schedule for Recommendations proposed for RVC's Cemetery Operations, Source: LEES+Associates.

## 5.2 LONG-TERM IMPLEMENTATION SCHEDULE

The following timetable is proposed for the long-term implementation of the key recommendations in this strategic plan.

#	PHASE 2: LONG-TERM RECOMMENDATIONS (2026 FORWARD)
15.	Update the marketing budget – 2% of projected operating revenue.
16.	Assign a member of RVC staff to developing relationships between the GOP and members of communities in RVC and City of Calgary. Establish strategic partnerships, and achieve revenue generation and market share growth.
17.	Add new interment and inventory options (including green burial, family estate lots, family vessels, and new columbaria options), memorial choices (including wreaths, boulders, and statuary) + support services.
18.	Prioritize development and enhancement of the GOP's entry, wayfinding, pathways, planting strategy and edge conditions. Relocate the office to a more central site.
19.	Develop and implement a new maintenance program and task schedule.
20.	In 2033, increase RVC's annual contributions from 25% to 60%
21.	In 2022, stop the withdrawal of interest income from the PCF to cover current costs.
22.	Map the GOP's graves using GPS and GIS services. Introduce iCemetery or an Online Search tool to community residents, RVC staff, funeral homes and on-site contractors.
23.	Revisit this plan in five years to review and evaluate the community's response to the new offerings, price increases and changes in operations.

*Table 13: Long-term Implementation Schedule for Recommendations proposed for RVC's Cemetery Operations, Source: LEES+Associates.*

This Feasibility Study charts a path forward that will address the GOP key issues and will move this important service towards long-term sustainability, regardless of the business model chosen by RVC to pursue in the future. The recommendations in this plan provide RVC with guidance for a range of feasible options for the GOP's future governance.

Should Council choose to continue supporting RVC's cemetery operations, this plan provides clear direction on how it can achieve the capacity necessary for timely response and the resources it will require to effectively meet all the future needs of the communities it serves over the next 50 years.

# APPENDIX

Appendix A – Site Observations + Analysis

Appendix B – Cemetery Human Resources: Roles + Responsibilities

Appendix C – Governance Decision Map

Appendix D – Garden of Cemetery Current Offerings

Appendix E – Detailed Price Benchmarking Study

## APPENDIX A – SITE OBSERVATIONS + ANALYSIS

### ACCESS AND CIRCULATION

A traffic light along Hwy #1 makes Garden Road and the GOP easily accessible from all directions. Visibility of the cemetery from the west is sufficient with a large sign situated on the corner of Hwy#1 and Garden Road, however the sign is not as visible from the north or west.

The current cemetery entrance lacks significance in the threshold between public and sacred space. Currently, the entrance road into the cemetery has a several small directional and informational signs that contributes to the ease of navigating the cemetery, but distract from the welcome and cemetery sign. Improvements to the gate and sign should be made to provide adequate prominence.

The cemetery has recently increased their wayfinding and signage by installing an information kiosk and large map at the entrance of the cemetery. This plus the discrete signage placed along the roads through the cemetery and section markers, the cemetery is easily to navigate.

The roads in the cemetery area are well maintained and easily navigated. The walking circulation could be improved by establishing structured and connecting walking paths between the sections and upgrading the pathways from the road to the gardens.



Figure 25: Garden Road Entrance Sign and Information Board, Source: Rocky View County.

## LANDSCAPE CHARACTER

The overall landscape character of the GOP is visually appealing. The lawn and vegetation are well maintained, and the site can attribute character to its fluctuating topography. The overall landscape aesthetic could be improved by establishing a planting strategy and a consistent planting palette throughout the cemetery.

The cemetery is not enclosed by a fence, and vegetation has been planted to mitigate the exposure. However, some areas are open - offering very little privacy. The edges of the cemetery could be improved with a fence and/or implementing a planting strategy and consistent planting palette that includes vegetation that would screen the cemetery.

An optimal planting strategy would consist of species that are effective screens in both summer and winter and should be established on all sides of the cemetery, including the edges that boarder farmland.



Figure 26: Cemetery Edge Conditions, Source: LEES+Associates.

## INTERMENT OPTIONS

The GOP offers a variety of interment options and caters to specific religious preferences.

New columbaria have been installed in various locations throughout the cemetery, offering interment alternatives in sections that previously only offered in ground interment. Each columbaria is accessible from the road by a concrete pathway. The new columbaria differ in size, but maintain a consistent character through the use of the same materials and colours. The area immediately surrounding the columbaria could be improved by adding additional planting and benches.

Plantings would create privacy and benches will allow visitors to spend more time at the columbaria. It has been expressed that the pavers and cobbles surrounding the existing columbaria will be replaced with concrete pathways and pads to match the new columbaria. This will improve the overall symmetry of the cemetery and reduce the amount of maintenance needed.



Figure 27: Chinese Section, Source: LEES+Associates.



Figure 28: Cemetery Edge Conditions, Source: LEES+Associates.

## BUILDINGS AND OPERATIONS YARD

The cemetery office building is not located in an easy to find location. From the entrance, signs must be followed to find the building located at the opposite corner of the cemetery.

It is our understanding that RVC will be doing renovations on the building in the near future to improve its overall appearance and functionality, including a new roof before winter 2021. The operations yard and garage are located behind a fence adjacent to the office building. The fence effectively screens the yard from visitors, however with the gates open the operations yard is in full view from the cemetery office.

The first building that is visible when entering the cemetery is the chapel, making it an ideal building to house the cemetery's office. Along with being in a direct line of vision from the entrance, this building overlooks the cemetery, making it an ideal spot to introduce new clients to the cemetery. When renovating and adding additions onto the building to accommodate a cemetery office, the chapel and crematorium should also be considered. The acoustics in this area are slightly better than the current location of the office building, which is adjacent to Hwy# 1 and the operations yard.

The exterior of the chapel and crematorium is in decent condition, however, the aesthetic is dated. Improvements to the crematorium and washrooms have been made. The chapel area is drastically dated and should be renovated. Fencing has been installed around the crematorium side of the building to add privacy for families attending a witness cremation.



*Figure 29: Crematorium Side of Chapel Building, Source: LEES+Associates.*

## **APPENDIX B – CEMETERY HUMAN RESOURCES: ROLES + RESPONSIBILITIES**

### **MANAGEMENT + GOVERNANCE**

#### **Manager of Operational Services – Management + Governance Role**

The Manager of Operational Services (Manager) is the primary RVC employee assigned to cemetery operations. They report to the Executive Director of the Operations Division, who reports to the Chief Administrative office and ultimately to RVC Council.

With respect to the cemetery, the Manager of Operational Services' responsibilities include working with the Executive Director to develop long and short-term strategies for the department, ensuring departmental goals and business plans are aligned with council strategies. They also provide coordination, collaboration and direction to ensure that services are provided to staff, residents and stakeholders in a timely, accurate, effective and efficient manner.

### **FIELD WORK**

#### **Lead Operations Coordinator – Field Work Leadership Role**

The Lead Operation Coordinator (Lead Ops) reports to the off-site Manager of Operations Services. The responsibility of the Lead Ops includes planning, supervising, scheduling, and overseeing work of cemetery operational employees and various associated equipment. Lead Ops will collaborate with the Manager on cemetery expenditure forecasting, workloads, resources, and capital purchases. They are also expected to establish and provide necessary training for a safety culture and follow the responsibilities outlined in the health and safety manual, and maintain records of work orders, maintenance, and repair schedules.

#### **Ground Keepers – Field Work Front Line**

The groundkeepers report to the Lead Operation Coordinator. RVC has four types of groundkeepers including, Groundskeeper I, II, III and Seasonal Groundskeeper.

The Groundkeepers I and Groundskeeper II are responsible for maintaining RVC cemeteries. They provide assistance in preparation for cemetery services, maintain the grounds, install and maintain memorials, and are expected to have and show exceptional customer service when interacting with the public.

Groundkeeper III are equipment operators who in addition to the responsibilities of Groundkeeper I and Groundskeeper II, will provide assistance in preparation of cemetery services including opening and closing of graves, assuring the memorialization and interment processes are in compliance with the policies and procedures, and maintain the cemetery by operating a variety of equipment.

Seasonal Groundkeepers are expected to assist Groundskeeper I and Groundskeeper II members in seasonal maintenance and daily cemetery maintenance operations.

## **SUPPORT WORK**

### **Lead Administrator & Sales – Support Leadership Role**

The Lead Administration & Sales (Lead Admin) reports to the off-site Manager of Operations Services. This individual is responsible for the daily tasks associated with the cemetery business, contracts and directly supervise the cemeteries administrative employees.

They are tasked with ensuring burial documentation and financial reporting is complete and follows the policies and procedures established by the Alberta Cemeteries Act and RVC. They work with the funeral directors to ensure services meet the families' requirements and provincial legislation. They are in charge of entering the appropriate data into RVC's cemetery software. Lead Admin will collaborate with the Manager on cemetery expenditure forecasting, workloads, resources, and capital purchases.

### **Receptionist / Customer Service Representative – Support Role**

The Receptionist reports to the Lead Administration and Sales. The Receptionist is the first point of contact for families seeking cemetery services. They provide administrative support to the cemetery team, including undertaking data entry into the cemetery software and provide exceptional customer service to the families seeking cemetery services.

The Receptionist also works on memorial and marker design and orders. This moves RVC closer to becoming a "One Stop Shop" for the cemetery needs of its families. This provide another complementary revenue stream to cemetery operations, as well as ensures consistency in the materials and installation techniques used at the GOP.

## APPENDIX C – GOVERNANCE DECISION MAP

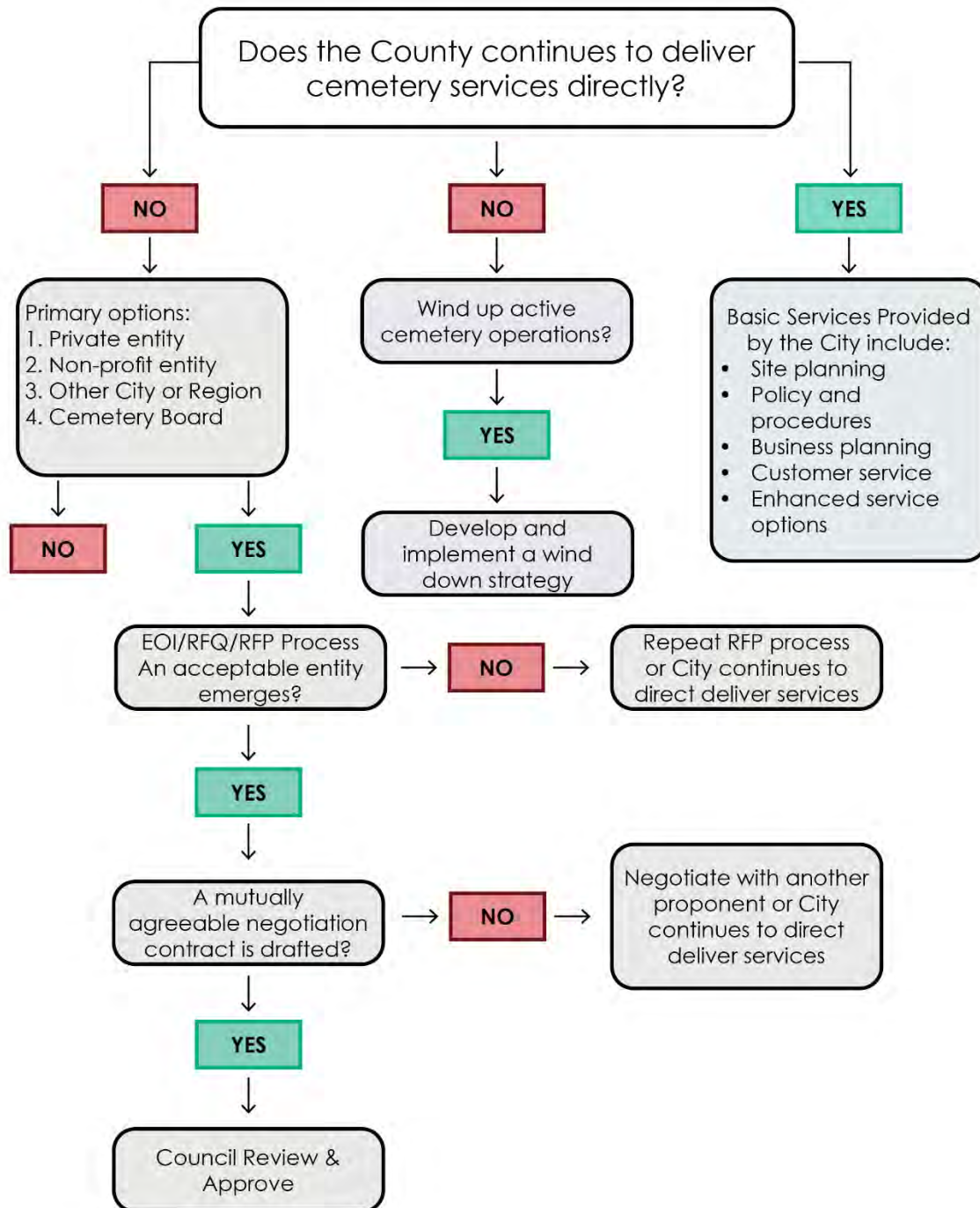


Figure 30: Municipal Cemetery Governance Model Decision Map, Source: LEES+Associates.

## APPENDIX D – GARDEN OF PEACE CEMETERY CURRENT OFFERINGS

### In-ground Interment Options

The Garden of Peace Cemetery (GOP) currently offers in-ground interment services for full body and cremated remains.

Full body casket burial lots are offered in 4'x9' plots for adults or children, and in 4'x4.5' lots for infants. Double depth burials are not recommended in the gardens of Sermon on the Mount or Gethsemane due to the high water table.

The Garden of Peace also offer 2'x4' or 4'x4' cremation lots for the interment of cremated remains only. There are two sections in the cemetery that allow only cremation; Memory and Remembrance. If requested, full body lots in other sections of the cemetery can be split in half and sold as a cremation lot.



Figure 31: Remembrance Cremation Section at the GOP, Source: RVC Staff.

## Designate Sections

The GOP offers dedicated sections to the following residents:

- Roman Catholics;
- Chinese ethnicity;
- Muslims, including members of the:
  - Afghan Shia Muslim Association;
  - Ahmidayya Muslim Community;
  - Hussaini Association;
  - Ismaili Community, and
  - Anjumane Vajihi.
- Other religious groups, including:
  - Zoroastrian Association;
  - Fijian Community; and
  - Hambastegi Cultural Association.
- Pregnancies that do not make it to term, interred in the Silent Hopes area, and
- Veterans and their spouses, interred in the Field of Honor.



Figure 32: Hussaini Association Section at the GOP, Source: LEES+Associates.



Figure 33: Chinese Section the GOP, Source: LEES+Associates.

## Above Ground Interment Options

In addition to in-ground burial, the GOP also offers columbaria niches for the above-ground interment of cremated remains. Two to three interments are allowed in one standard niche. The cemetery offers **standard columbaria**, as well as **family columbaria**.

Family columbaria vary significantly in size, price and design. A family columbarium is essentially the same as a standard columbarium, except they are scaled for a single family, which holds the right-of-interment to all the niches or other features. All of its memorialization is dedicated to members of that family. Custom features can be added to meet personal family tastes, customs, and religious practices as well as accommodate cemetery standards. Personalized engraving can be added to the roof line, side walls and doors for added detail.

When a family columbaria is requested, the family is required to purchase the number of lots the columbaria will be placed on. There are not designated spots in the cemetery for family columbaria, the cemetery staff work with the families in choosing an appropriate location. Family columbaria are offered at the Okotoks Cemetery, but have not been listed as an option at the other cemeteries identified as comparison cemeteries.

Columbaria niches are growing in popularity with the rising cremation rate with North American customers. RVC recently added numerous columbaria throughout the cemetery and currently has 40-45 years of standard columbaria niche sales remaining.

Columbaria construction costs vary widely, depending on size, design details and associated amenities placed in the adjacent landscape. All installations typically have high return on investment (typically ~200% or more), are very profitable due to the rising demand for niches, and have a relatively low cost of interment - the simple opening and closing of a niche. It takes significantly less time and cost to inter an urn in a niche (known as “inurnment”) than within an in-ground lot.

Columbaria also preserve interment land capacity, take up minimal space and can often be placed in areas unusable for other types of interment, both of which are assets in terms of conserving cemetery space.



Figure 34: Family Columbaria at the GOP, Source: LEES+Associates.



Figure 35: Columbaria at the GOP, Source: LEES+Associates.

## Memorialization Options

A wide variety of memorialization options are available at the GOP. Current options include:

- Flat and upright markers and monuments;
- Plaques,
- Bronze vases;
- Memorial benches;
- Columbarium inscriptions, and
- Memorial trees and shrubs.

Of the comparable communities studied in this plan, Okotoks Cemetery also offers memorial bench and tree options. The City of Calgary, Airdrie Cemetery and Cochrane Cemetery offer its residents vases, columbarium inscriptions and plaques.

## Scattering Garden

In addition to in-ground cremation lots and columbaria niches, GOP offers scattering as a cremation interment option. Families are given the option to scatter all or a portion of the ashes into the garden. Plaques can be purchased by the family for the memorial wall located in the scattering garden.

It is also common for an in-ground or above ground ossuary to be installed in a scattering garden, allowing for a portion of the cremated remains to be scattered and the remainder to be placed in the ossuary. This is done due to the plant life's inability to break down the high PH of cremated remains.



Figure 36: Scattering Garden at the GOP, Source: LEES+Associates.

## ADDITIONAL SERVICES

Canadian cemeteries often bill fees for additional complementary and support services. These include the following extraordinary fees in the GOP's price list:

- Tent rental;
- Plot transfers;
- Bench permit;
- Snow removal;
- Administration;
- Interment vaults,
- Marker re-leveling;
- Marker re-finishing;
- Vases and installation;
- Memorial Marker Discard fee;
- Releveling flat marker;
- Flat marker installation;
- Seasonal service premium;
- Surcharge for late funerals;
- Disinterring caskets and cremated remains;
- Cement and plastic liners for casket burials;
- Saturday, Sunday and Holiday burial premiums., and
- Urgent accommodation fee for unplanned services.

APPENDIX E – DETAILED PRICE BENCHMARKING STUDY

Figure 37: Detailed Price Benchmarking of the RVC Market and City of Calgary Cemeteries, Sources: Regional Cemetery Bylaws, Price List and Websites.