

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
January 2, 2024

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Cynthia Ward at 10:00 a.m., in the Board Room of the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

The Pledge of Allegiance was led by Trustee Anderson.
Roll Call by Board Secretary, Mary Funk.

PRESENT: Cynthia Ward, Chair Fourth District
Vladimir A. Anderson Third District
Noel Hatch Fifth District

ATTENDED
REMOTELY: Maribel Marroquin-Waldram, Vice Chair First District
Kelly Rivers Second District

STAFF: Tim Deutsch, General Manager
Brenda Manriquez, Finance and Accounting Manager
Mary Funk, Board Secretary

ALSO
PRESENT: Steve Quintanilla, General Counsel
Larry Ryan, RJM Design Group – Attended Remotely at 10:45 a.m.
Ian Goltz, IKG Environmental – Attended Remotely at 10:45 a.m.

GM Deutsch announced that both Vice Chair Maribel Marroquin-Waldram and Trustee Kelly Rivers were ill and unable to attend in person. Both were requesting to attend remotely.


MOTION: of Chair Ward, seconded by Trustee Anderson and carried by a roll-call vote of 3-0 (Vice Chair Marroquin-Waldram and Trustee Rivers absent for the vote), approved allowing Vice Chair Marroquin-Waldram and Trustee Rivers to attend the January 2, 2024 Board Meeting remotely.

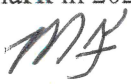
Trustee Kelly Rivers joined the meeting at 10:02 a.m.

PUBLIC COMMENTS – None

PRESENTATION OF AWARDS

GM Deutsch announced that he would be presenting outgoing Board Chair Kelly Rivers with a miniature gavel to be added to her plaque commemorating her third term of Board Chair. He congratulated Trustee Rivers for her dedicated service. GM Deutsch mentioned that at the February Board Meeting he would be announcing staff awards for those reaching milestone years of service, including Finance and Accounting Manager, Brenda Manriquez who reached her ten-year mark in 2023.


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CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, December 5, 2023.
- B. Approval of the January 2024 Check Registers (Claims) Nos. 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111,112 and 113.

MOTION: of Trustee Hatch, seconded by Trustee Anderson and carried by a roll-call vote of 4-0 (Vice Chair Marroquin-Waldram absent for the vote), approved the Consent Calendar.

Vice Chair Marroquin-Waldram joined the meeting at 10:10 a.m.

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – November 2023

The following interment and interment space sales for November 2023 were reviewed:

			<u>2023-2024</u>	<u>2022-2023</u>
ANAHEIM	Interments	5 (4 Urn)	35 (26 Urn)	32 (20 Urn)
	Lot Sales	4	13	15
EL TORO	Interments	66 (27 Urn)	369 (122 Urn)	375 (125 Urn)
	Lot Sales	67	472	479
SANTA ANA	Interments	24 (8 Urn)	98 (44 Urn)	75 (44 Urn)
	Lot Sales	4	34	29
TOTAL	Interments	95 (39 Urn)	502 (192 Urn)	482 (189 Urn)
	Lot Sales	75	519	523

GM Deutsch reported that Anaheim Cemetery had four space sales in November, for a total of 13 sales year-to-date compared to 15 sales from the previous year. All of the four sales were for in-ground cremation space. Staff conducted five interments in November, of which four were cremation and one was a casket interment. Year-to-date, staff have conducted 35 interments compared to 32 from the previous year.

El Toro Memorial Park had 67 space sales in November including 36 casket space sales, 16 niches and 15 in-ground cremation spaces. Compared to the 95 space sales that occurred in November 2022, the limitation on casket sales is becoming more apparent. Although year-to-date, El Toro has sold 472 spaces compared to 479 at this time in the previous year. GM Deutsch cautioned we will see those numbers continue to drop, as El Toro will not be able to continue matching last year’s numbers.

Trustee Hatch commented that the District is just holding its own and it underscores the importance of developing Gypsum Canyon. GM Deutsch agreed adding that without Gypsum Canyon, there will be no growth and the District will only be able to offer residents cremation

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options. As of the end of November, El Toro Memorial Park had approximately 877 casket spaces remaining. He and Deputy General Counsel, Colin Kirkpatrick, and working on rescinding the easement agreement with Fairhaven that will allow Santa Ana Cemetery to close three additional roads to create new casket interment space. This will help to take some of the pressure off El Toro Memorial Park.

Trustee Hatch asked if other cemeteries see the District as competition. GM Deutsch said that they are certainly aware of our pricing and understand how attractive that is to customers. He also noted that Fairhaven is also running out of space and has been closing some roads.

GM Deutsch said that there are approximately 206 niches left in the Maureen Rivers Memorial Niche Garden and that the District will need to add additional niches in the near future.

Staff at El Toro Memorial Park conducted 66 interment services in November for a total of 369 interments year-to-date, just short of last year's 375 interments for the same time period.

Santa Ana Cemetery sold four cremation spaces in November including three niches and one in-ground space. Year-to-date, Santa Ana Cemetery has sold 34 spaces which is just ahead of the 29 spaces sold last year at this time. Staff conducted 24 services in November with a year-to-date total of 98 interments, well ahead of the 75 interments conducted by the same time last year.

Overall, the District had 75 space sales for November compared to 101 in November 2022. Year-to-date, the District is just slightly behind with 519 space sales in 2023 and 523 space sales in 2022. This gap will widen now that El Toro is no longer selling pre-need. The current budget does not account for the prohibition of pre-need sales at El Toro since that decision was made after the budget was approved. GM Deutsch said that staff will account for that in the upcoming budget and the District will have to take a careful look at expenses as revenues drop off. For interment services, District-wide we have conducted 502 interments year-to-date, which is ahead of last year's pace of 482 interments.

GM Deutsch reported that, as expected, the Income Statement still shows that El Toro Memorial Park is carrying the other two cemeteries.

B. Financial Reports – November 2023

Brenda Manriquez stated that in November the District received a large chunk of property tax revenue which is slightly below what was budgeted, however the District is expecting to receive another large deposit from property taxes in December. Interest income through the first five months is already almost \$420,000 which far exceeds budget expectations, and does not include interest in the Endowment Funds. Sales are still over budget for now, but as we move farther away from Pre-Need sales, we will see that come more into line. Brenda Manriquez also reported that more Pre-Need is being used by families and accounting is now doing quarterly entries to capture that revenue in a more timely fashion. She also reported that Miscellaneous Revenue is also ahead of budget predictions, primarily due to the cell phone tower leases.

For expenses, Salaries and Benefits are in line with normal trends. For Services and Supplies, the 1900 Account for Professional/Specialized Services Brenda Manriquez noted that the \$13,239 variance is largely due to the timing of auditor invoices. She also mentioned that the


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variance in the 1410 Account for New Cemetery Maintenance is slightly overbudget due to unexpected repairs required for the flag pole and flag weathering.

Trustee Hatch asked if the Board needs to approve additional funding for that account. Brenda Manriquez stated that they have the ability to move money between Accounts and at the end of the year overages can be offset with the Economic Uncertainty Fund.

Brenda Manriquez also informed the Board that Account 1920 for Special Events & Programs is up substantially over last year, but is right on target for the budget. The increased spending is occurring because the District is doing more live events now that the pandemic has subsided. GM Deutsch asked if that included the donation the District made to Wreaths Across America for the Santa Ana Cemetery event. Brenda Manriquez replied that it did not.

Brenda Manriquez also noted that in Buildings and Improvements there was about \$360,000 in charges through November 2023. The bulk of this was for the new cemetery with about \$10,000 for the Santa Ana Cemetery gate and fence repairs. There have been no equipment purchases through November 2023.

On the Balance Sheet, Brenda Manriquez explained that the \$1.627 million in Assigned – Land Development is what is over and above the required minimum fund balance. Staff may recommend marking those funds as Committed for New Cemetery Development or we may opt to use those funds for next year’s budget depending on how things progress between now and the end of the fiscal year. There is currently \$15,155,000 in committed funds for New Cemetery Development. Between those funds, the loan amount of \$19,955,000 and pre-need funds, the District has \$50 million available for the new cemetery development. GM Deutsch stressed that he has made it clear to everyone that \$50 million is the most the District can contribute to this project. Brenda Manriquez added that the next debt service payment is coming due in March.

Chair Ward noted that the District seems to be repairing the flags quite often and asked if this will be an ongoing expense. GM Deutsch answered that the District has never owned a flagpole of this magnitude and there have been some things we have learned during this process. We are now having scheduled maintenance on the pole itself every three months to detect issues before serious failures occur. We will also be coordinating flag lowerings when the weather calls for significant winds or rain. This will help to extend the life of the flags. We are also going to slightly decrease the size of the flags so they do not undergo as much stress from the elements.

GM Deutsch also mentioned that he was contacted by Stephanie Wade from Hero’s Hall about coordinating the retiring of used flags by burying them with Veterans rather than having those flags burned. Chair Ward also asked about the work that has been accomplished by Idea Hall. GM Deutsch replied that they have created a booklet as well as a video on the project. The next step is to get the Granicus Website up and running. This should happen in January, but Idea Hall is only providing some of the content.

Investment Portfolio Changes - December 2023

GM Deutsch stated that the District is increasing yields to a certain extent. He was happy to report that the District was able to purchase the Capital Impact Corp Bond at a rate of 5.6% for a five-year term. The District is still keeping terms short on the Endowment Income funds to

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maximize liquidity. There are a number of investments coming due in the next six months including \$566,000 in the UBS Endowment Principal and Income Funds, \$1.7 million in the Stifel Endowment Principal and Income Funds, and \$1.2 million in the Stifel Pre-Need Fund. GM Deutsch also mentioned the pooled rates, noting that California Class is still outperforming the other funds by 120 basis points.

D. Capital Projects Update

GM Deutsch reported that he met with DGS and CalVet on December 1st and discussed the submittals to the City of Anaheim as well as cost estimates. The District has requested an in-person meeting and GM Deutsch will be providing the date and time when it is coordinated.

On December 7th there was a development team meeting with County Staff to go over submittals for Anaheim with status reports and due dates. GM Deutsch said that he also attended a Veteran Suicide awareness event at the Great Park hosted by Supervisor Wagner where he gave an update on the progress of the cemetery development.

On December 9th OC Parks held a Wilderness Tour on the adjacent property.

On December 11th he attended an in-person meeting with CalVet Under Secretary Keith Boylan and staff at the County CEO Board Room. GM Deutsch stated that although CalVet did not release their cost estimate it was a good meeting, particularly when they took Mr. Boylan for a tour of the site, which he had never seen before. It was very helpful for Mr. Boylan to actually be on the property and see for himself what the area looks like.

On December 18th a virtual meeting was held with Assemblymember Quirk-Silva, Supervisor Wagner, CalVet Undersecretary Boylan, County CEO Frank Kim, and County Real Estate Director James Campbell.

On December 20th, the development team submitted updated documents to the City of Anaheim. GM Deutsch hopes to get this before the Anaheim City Council in March or April. He also stated that a collaborative letter was sent out by Assemblymember Sharon Quirk-Silva’s office regarding the December 18th meeting.

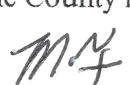
Finally, on December 22nd OC Parks held a morning hike on the adjacent property. GM Deutsch stated that December was a busy month and all the deadlines were met.

GM Deutsch reported that all of the fence and gate repairs at Santa Ana Cemetery are complete.

He also mentioned that \$700,000 has been budgeted for the Gypsum Canyon Cemetery Development for Consulting Services and Purchases. The Board will be discussing well drilling later in the meeting.

Chair Ward asked if the CalVet funding is from restricted funds or from the general fund. GM Deutsch answered that \$24.5 million is earmarked for the State Veterans Cemetery and the other \$19 million is still in the County coffers. The project will have to acquire some Federal Funding. It will be important for the District to get a decision about funding clarified by this summer and determine if the County is going to commit that \$19 million to the project. GM Deutsch also


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noted that Federal grants would only cover structural building costs, niches, road development, etc. They would not cover grading and utilities. Those would be County expenses. Overall, in terms of funding the \$24 million is state money that would be only for the Veterans Cemetery. The County has \$19 million.

AUDIT UPDATE

Brenda Manriquez announced that the audit is in its final processes. There was a delay with the GASB regulations regarding online subscriptions. Brenda Manriquez stated that she expects to bring the audit results to the Board at the February Board Meeting. She was able to get a deferral for submitting for the Annual Comprehensive Financial Report to the end of January.

NEW BUSINESS


A. Approval of Construction Contract – Groundwater Exploration Well Drilling, Gypsum Canyon Cemetery Development

GM Deutsch welcomed Larry Ryan of RJM and Ian Goltz from IKG Environmental who both joined the meeting remotely at 10:55 a.m. GM Deutsch explained that in order to get water to the Gypsum Canyon site through the City of Anaheim, the District would have to connect 24” mains from the closest water source which is at Santa Ana Canyon Road. The cost to the District would be between \$5 to \$6 million. However, if a well can be successfully drilled, it could result in significant cost savings to the District and the concept must at least be explored.

GM Deutsch asked Mr. Goltz to provide a summary of the proposal before the Board. Mr. Goltz stated that he has worked with a number of developers on groundwater wells and brings 35 years of experience in water supply and related environmental issues. He stated that, fortunately, our project site sits right along the Santa Ana River which provides a wonderful aquifer. He believes there is a high likelihood of securing some degree of sustainable water for the site. He has reviewed the work completed by GMU and determined the best location to drill the well. Mr. Goltz stated that the District will need a rate of 500 gallons per minute on a daily basis to meet the project’s needs. He is hopeful that the well will meet 2/3 to 3/4 or even 100% of the demand. He stated that an RFP was prepared and sent out to seven well drilling contractors. In response, the District received two qualified bids that correlate with our expectations. The next step is to secure the proper permits, drill, and then test the results.

Trustee Hatch asked what the net result would be to costs. GM Deutsch said that if the well could meet 100% of our need then rather than \$5 to \$6 million, it would be substantially less. GM Deutsch noted that when Fain Drilling completed the well at Santa Ana Cemetery the total cost was only \$400,000. Of course, that was several years ago so costs will have gone up. We will also still need to consider fire suppression needs. If we go with a well, we may need to install a water tank on the upper pad. The District will have to find out about those requirements from the City of Anaheim and the OC Fire Authority. But even so, both GM Deutsch and Larry Ryan stated that, if the well is successful, costs will be greatly reduced.

GM Deutsch added that on the Board report he had forgotten to include a ten percent contingency and would like that added to any motion.


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MOTION of Trustee Hatch, seconded by Trustee Anderson, and carried by a roll-call vote of 5-0, approved the proposal to Fain Drilling & Pump Company, Inc., in the amount of \$167,854.00, with change orders up to 10% of the contract or \$16,785.00, and authorized the General Manager to execute the requisite construction contract.

Chair Ward asked if one well would be sufficient or would there be multiple wells. Mr. Goltz stated that he is hopeful one well would suffice, but they will have to test and see. He added that when Fain drills for the test, that will be the final well location and given the area, Mr. Goltz believes there is a high probability of success. GM Deutsch said that another benefit is that no sound barriers will have to be installed while they are drilling as there are no neighbors nearby who may be bothered by the noise. Mr. Goltz added that OC Water District is in support of the project and are very interested to see what we find when we test, adding that what we are drawing should not impact the aquifer in any meaningful way, nor should the District’s use of the aquifer impact any other current users.

GENERAL COUNSEL REPORT

Counsel Quintanilla reported on some of the new laws that might have an impact on the District. He stated that AB 1572 prohibits the use of potable water on non-functioning turf. He added that it is unclear what “non-functioning turf” means. He also noted that paid sick leave is being increased from three to five days and employees will now be allowed to roll over five days, if this is not addressed in the MOU. Counsel Quintanilla also reported that temporary workers who perform similar work as regular employees may request to be added to the District’s bargaining unit. GM Deutsch said that we hire landscape vendors who retain their own employees who are paid prevailing wages. There is also a new law that employers cannot discriminate against employees who use cannabis at home. In another law, bargaining units can now apply for restraining orders for their members where before employees would have to ask their agency to file restraining orders on their behalf. A brief discussion was also had about the long list of State recognized holiday and which ones the District offers. GM Deutsch said that the District currently recognizes 11 paid holidays and these are negotiated with the union.

ITEMS FOR FUTURE AGENDAS

GM Deutsch said he is hoping to schedule a strategic planning meeting ahead of the February Board Meeting.

BOARD COMMENTS

Trustee Anderson informed the Board that he has been placed on CSDA’s Fiscal Committee. GM Deutsch instructed Trustee Anderson that when he attends a meeting he needs to report out at the next Board Meeting.

GM Deutsch also congratulated Trustee Hatch on being selected to serve as the Mayor of Laguna Woods for 2024.

A. **Angel of Hope Candlelight Service, El Toro Memorial Park, Dec. 6th at 7:00 p.m.**
Trustee Rivers stated that it was a beautiful event and well attended.


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B. Wreaths Across America, El Toro Memorial Park and Santa Ana Cemetery, December 16th at 9:00 a.m.

Trustee Rivers stated that she attended El Toro’s program and that she likes to attend this event. It just gets better every year and is so well received. Trustee Anderson also attended El Toro’s program and enjoyed it as well. GM Deutsch said that he attended Santa Ana’s Program and it was a much better program this year with a singer and some inspirational readings. He gave an impromptu talk helping volunteers understand where the boundaries of the cemetery are and how to spot the Veteran graves. There were also about 50 Disney volunteers present and the company had donated 100 wreaths.

C. Orange County Cemetery District Staff Holiday Luncheon

Trustee Anderson reported Chair Ward, Trustee Rivers and Trustee Anderson all attended this event which was held at El Toro Memorial Park. Chair Ward stated that she enjoyed stopping by with her husband, Richard and she hopes that staff felt appreciated. Trustee Anderson stated that he enjoyed the event immensely. Trustee Rivers said that the games were amazing and she appreciated Brenda Manriquez forwarding them on to her. It was a great event.

ANNOUNCEMENTS

A. ISDOC Quarterly Luncheon, January 25, 2025 in Fountain Valley Featuring Supervisor Don Wagner

Trustee Anderson, Trustee Hatch, Trustee Rivers and Vice Chair Marroquin-Waldram would all like to attend this event. Board Secretary, Mary Funk said she would get them all registered. Chair Ward said she was interested and would check her calendar to see if she could attend.

B. CAPC Annual Conference, March 14-16, 2024 in San Diego, CA

GM Deutsch announced that the CAPC Annual Conference will be held in San Diego this year, making it very easy for those interested to attend. Trustee Rivers, Trustee Anderson, Vice Chair Marroquin-Waldram and GM Deutsch will all be attending. Trustee Hatch also expressed an interest in attending and said he would let staff know if he wanted to go.

The next regular meeting will be held on **Tuesday, February 6, 2024**, at 10:00 a.m., at the Orange County Cemetery District, 25751 Trabuco Rd., Lake Forest, CA 92630.

There being no further business, the meeting was adjourned at 11:43 a.m.

DocuSigned by:
Cynthia Ward
Chair

Mary Funk
Secretary

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