

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
July 3, 2018

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Kelly Rivers at 10:01 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 Marroquin.
Roll Call by Administrative Manager Dianna Torrence.

PRESENT: Kelly Rivers, Chair Second District
Cynthia Ward, Vice Chair Fourth District (Arrived at 10:05 a.m.)
Maribel Marroquin First District
William E. Nelson Third District
Noel Hatch Fifth District

Staff: Tim Deutsch, General Manager
Dianna Torrence, Administrative Manager
Brenda Manriquez, Staff Accountant
Bud Bales, El Toro Memorial Park Cemetery Manager
Bill Stelter, Anaheim Cemetery Manager
Julio Amarillas, Santa Ana Cemetery Manager

Also Attending: Steve Quintanilla, Law Offices of Quintanilla & Associates

PUBLIC COMMENTS - None

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, June 5, 2018.
- B. Approval of July 2018 Check Registers (Claims) Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17.
- C. Adoption of Orange County Cemetery District Resolution 2018-04, approval of the District's Overhead Rate for FY 2018-19.
- D. Adoption of Orange County Cemetery District Resolution 2018-05, approving the Annual Maximum Appropriations Limitation for the Fiscal Year 2018-19.
- E. Authorized the General Manager to designate any remaining project funds as Assigned Fund Balance.

MOTION of Trustee Hatch, seconded by Trustee Nelson and carried by a vote of 4-0 (Vice Chair Ward absent for the vote), approved the Consent Calendar.


Chair


Secretary

GENERAL MANAGER REPORTS

GM Deutsch introduced the three Cemetery Managers present for the meeting including: Bud Bales from El Toro Memorial Park, Julio Amarillas from Santa Ana Cemetery and Bill Stelter from Anaheim Cemetery. GM Deutsch said that the Managers are present to answer any questions the Board has during the budget presentation.

Trustee Hatch said that Supervisor Bartlett had given him a letter she had received from Bill Gibbons regarding the maintenance around his wife's gravestone at El Toro Memorial Park. GM Deutsch replied that he had already spoken with Mr. Gibbons and believed the issue had been resolved. GM Deutsch requested that he get a copy of the letter so Cemetery Manager Bud Bales can read it and make sure there are no other remaining problems.

Vice Chair Ward arrived at 10:05 a.m.

Interments and Interment Space Sales Reports – May 2018

The following interment and interment space sales for May 2018 were reviewed:

			<u>2017-2018</u>	<u>2016-2017</u>
ANAHEIM	Interments	6 (2 Urn)	73 (38 Urn)	66 (26 Urn)
	Lot Sales	2	24	19
EL TORO	Interments	40 (15 Urn)	569 (202 Urn)	540 (202 Urn)
	Lot Sales	51	601	595
SANTA ANA	Interments	24 (6 Urn)	306 (47 Urn)	347 (58 Urn)
	Lot Sales	20	240	333
TOTAL	Interments	70 (23 Urn)	948 (287 Urn)	953 (286 Urn)
	Lot Sales	73	865	947

GM Deutsch reported that sales and services for Anaheim Cemetery continue to exceed last year's numbers. Most of the cremation interments have been in-ground. This is surprising, considering the limited inventory. At El Toro Memorial Park, interment space sales and interment services continue to exceed last year's numbers. El Toro has benefited from referrals from Anaheim and Santa Ana. El Toro Memorial Park did have two full casket spaces sold back to the cemetery. At Santa Ana Cemetery the inventory continues to diminish. We will be adding spaces in about two weeks for the most recent road closures. Staff is working on finalizing the mapping and pin locations. This should add approximately 360 spaces and supply about a year's worth of inventory. Overall, services are lower than last year, however we are projecting it will still reach over 1,000 for the fiscal year. Trustee Hatch asked if the lower service numbers were of any concern. GM Deutsch answered that it is only due to the lack of inventory. There are many families who want to purchase space at Anaheim and Santa Ana for advanced planning, but we are turning them away to save space for families who are at-need. GM Deutsch noted that you will be seeing an increase in inventory at Santa Ana when the July numbers are reported. Chair Rivers said she would like the Board to visit the other cemeteries.


Chair


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Financial Reports – May 2018

The Board reviewed the Financial Reports for May 2018. Brenda Manriquez stated that property tax revenue is good through May and exceeded budget expectations. The last property tax payment will be reflected in the June reports. The District added another \$16,000 in interest through June. Expenses are on track. GM Deutsch reminded the Board that we do have the Economic Uncertainty in play which is 5% of Services and Supplies and Salaries and Benefits. This is in place to cover unanticipated expenses that were not included in the budget such as staff over time, higher utilities, etc. GM Deutsch will report to the Board at the August Meeting as to whether or not any of the Economic Uncertainty Fund was used. This reporting is required for audit purposes.

Trustee Hatch asked about the impact of a possible recession in 2020. GM Deutsch answered that the District is actually in a good position should a recession come. The need for cemetery services remains the same and the District cemeteries have the advantage of being the lowest cost.

Brenda Manriquez reported that the District did overspend by about \$107,000 for the operating expenditures, but \$170,000 has been budgeted for Economic Uncertainty, so it is just a matter of moving those funds. GM Deutsch also noted that some of that is offset by revenue that is generated by those operations.

The last piece of budgeted equipment, the golf cart for Santa Ana, is in this May report. There was also a minor expenses in the 4200 Buildings & Improvements account. We did get a large invoice in from Horizons Construction which will be in the June Financial Reports.

The Balance sheet shows \$2.7 million as unassigned, and \$3.1 million in cash with the County. Brenda explained that we are intentionally allowing these funds to remain, as staff anticipates large payments due to Horizons for the capital project now in progress. It doesn't make sense to move those funds only to have to move them back three months later. GM Deutsch stated that normally our goal is to keep the unassigned balance around \$1.5 to \$1.6 million.

GM Deutsch said that next month the financial reports will show a transfer of \$100,000 from the Endowment Principal Fund in the Orange County Investment Pool to Wells Fargo. Trustee Nelson asked for clarification that those funds were moved from the County to an outside investment and GM Deutsch responded that this was correct.

Vice Chair Ward asked if unsold spaces are an asset that is not reported. GM Deutsch said that was correct because it represents future revenue. Vice Chair Ward and Trustee Nelson both questioned whether this should be treated like inventory. GM Deutsch said he would check with the auditors because it would only make our financial position look better.

May Investment Portfolio Changes

GM Deutsch reported that we purchased a four-year CD that fits well in our portfolio. It is unique in that it offers a range in maturity rates.


Chair
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Capital Projects Update

GM Deutsch stated that work was halted on the El Toro Project when a permit was required for the retaining wall. While the contractor was waiting for the permit, work was moved to Anaheim and construction is well underway on the restroom remodel. This will actually work well, since it will be nice to have public access to these restrooms during Dia de los Muertos. Work is beginning again at El Toro and the next step is to build a pad for equipment to drill caissons for the retaining wall. We are still on track to finish the niches in October and Santa Ana by the end of December. Vice Chair Ward asked about possible noise disturbances. GM Deutsch said that they are constantly monitoring this to make sure services and neighboring residents are impacted as little as possible. Trustee Hatch asked GM Deutsch to explain the layout of the project at El Toro in reference to the photos provided in the Board report. Trustee Nelson requested that when the Board discusses the budget later in the meeting, he would like to know how these capital projects carry over.

The Strategic Plan Dashboard

GM Deutsch said that some major developments have occurred in regards to the status of the veterans cemetery. After the results of the election, it appears clear that the Veterans group, which we have worked with over the last three to four years, is giving up on the Irvine location and is now focusing on the Gypsum Canyon site. GM Deutsch explained that he, Trustee Nelson and seven veterans all attended the County Board Meeting to address the Board, because the Gypsum Canyon site was listed on the agenda as a closed session item. However, due to advice from the County's legal counsel, the Board pulled that item from the agenda. Fortunately, the Board still allowed those attending to comment. GM Deutsch was able to communicate the District's willingness to assist in any way possible in regards to the development and operation of not only a veterans cemetery, but also present the case for the vital need for a new public cemetery as well.

GM Deutsch went on to describe specifics about the Gypsum Canyon site, stating that it is 288 acres and is zoned unrestricted open space. He explained that our architect examined that site three years ago and felt it could be divided into two parcels, one with 90 acres and the other with 84 acres. Trustee Hatch asked if the Veterans Group needed all that acreage. GM Deutsch said that he has been told that there are 150,000 veterans in Orange County that could potentially use the cemetery. On the other hand there are 3.6 million Orange County residents, less those 150,000 veterans, who could also benefit from a public cemetery. It is also possible that there is additional developable land beyond the 174 acres suggested by the architect.

GM Deutsch reported that he had received an email on July 2nd from Thomas Miller, Supervising Deputy County Counsel who is the lead attorney for all real estate and planning matters. He has requested a meeting per the Board's directive to explore the Gypsum Canyon Site as a veterans cemetery and would like input from the Orange County Cemetery District. He is to report back to the Board of Supervisors on August 14th on the disposition of the property.

Trustee Hatch asked if the veterans group is open to the concept of a two-cemetery site. GM Deutsch and Vice Chair Ward both agreed that the veterans group is well aware of our need for land and would support the use of the land for both veterans and the public. Vice Chair Ward also mentioned that education still needs to take place that this would not be a national cemetery as it is too close to Riverside's national cemetery. This would be a state veterans cemetery. Vice


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Chair Ward also said she is encouraged because the Orange County Cemetery District is being seen as a stakeholder in this issue. Trustee Nelson then gave some additional background saying that three years ago Supervisor Spitzer approached him with interest in making the Gypsum Canyon site a veterans cemetery. Trustee Nelson told Supervisor Spitzer that the Orange County Cemetery District would certainly be interested in helping with this endeavor but would also like to receive land for a public cemetery and would be willing to operate both. Trustee Hatch asked if there are other stakeholders. GM Deutsch said probably the Department of Veteran Affairs, the Orange County Parks Department, and the City of Anaheim would all be considered stakeholders.

Trustee Hatch asked if GM Deutsch believed the establishment of cemeteries at Gypsum Canyon will actually come to fruition. GM Deutsch said that he was confident this will come about. GM Deutsch said we should determine to what extent the District can actually be involved in the operation of the veterans cemetery. Trustee Nelson cautioned that the Board of Supervisors is currently only talking about a veterans cemetery. Trustee Hatch and Trustee Nelson both agreed that we need a plan to approach the Supervisors and how we are going to work with this group. Both Vice Chair Ward and GM Deutsch felt that this site has had the most potential for us. Vice Chair Ward also suggested that, if it is possible, before the meeting with Thomas Miller, we should try to get a copy of whatever agreement exists between the Irvine Company and the County regarding land use restrictions for the Gypsum Canyon site. We should confirm that Supervisor Spitzer is correct that cemetery use is permitted.

GM Deutsch also updated the Board on the status of Trustee stipend payments. Staff has contacted the County and was informed that this decision came from their legal counsel and not the auditor-controller’s office. GM Deutsch said he is working with Joe Sturgis at the County on this issue and has learned that other County boards are also expressing their displeasure with the pay issue. GM Deutsch has investigated the possibility of outsourcing Trustee compensation to CBiz, an accounting services company who can provide Trustee Pay with 1099’s starting at \$79 a month. The Board questioned if staff could simply cut the checks and issue the 1099’s at the end of the year. Brenda Manriquez said that she can issue 1099’s.


The Board agreed to move the Committee Reports to this part of the meeting.

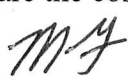
COMMITTEE REPORTS

Finance and Investment Committee Meeting, May 31, 2018

A. 2018-19 District Fee Review and Adoption by Resolution No. 2018-06

GM Deutsch explained that the Finance and Investment Committee met on June 11th and one of the items discussed was a review of the Master Fee Schedule. Each year staff goes through a process to determine if any of the fees need to be revised based on several factors, including comparable interment space fees in other Orange County cemeteries, Consumer Price Index percentages, current staff labor rates, the District Overhead Rate, and benefit percentages. There are basically three kinds of fees. They are: the Endowment Care Fees which are for the perpetual maintenance of the parks; Interment Service Fees, which are direct costs for conducting services; and Interment Space Fees, which are the costs charged for selling interment rights to a space. The Committee


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recommends a \$25 increase to all Endowment Care Fees; a four percent increase to all interment space fees with the exception of infant space which will remain at \$350; and some minor changes to some of the interment service fees. El Toro Memorial Park is also adding a new fee that will charge families \$75 to witness the installation of a marker.

MOTION of Chair Nelson, seconded by Trustee Hatch and carried by a vote of 5-0, adopted Orange County Cemetery District Resolution No. 2018-06, approving the District’s Master Fee Schedule, to be effective August 6, 2018.

B. 2018-19 Fiscal Year Budget

GM Deutsch gave a PowerPoint presentation highlighting the various components of the 2018-19 Fiscal year budget. Topics of the presentation included General Fund Revenue Projections, General Fund Expense Projections, General Fund Capital Improvements, 10-Year Projections, and Designations for Additional Revenue. Each Cemetery was then featured covering staff, interment options, history of interment services and space sales, upcoming capital improvements, and maintenance and operation projects. At the end of each presentation the Cemetery Managers answered questions about their respective parks. Trustee Ward asked all three Cemetery Managers if there is anything they need that is not included in the budget. No one had any suggestions. GM Deutsch explained that he sits down with the Managers to ask what they feel their upcoming needs will be as a part of the annual budget planning process. Trustee Nelson recommended that next year, the Cemetery Managers should give the presentations on their respective cemeteries.

MOTION of Trustee Nelson, seconded by Trustee Hatch and carried by a vote of 5-0, adopted Orange County Cemetery District Resolution 2018-07, approving the budget for Fiscal Year 2018-19 and;

District Fund Budget Units

754 General Fund.....	\$5,368,324
756 Endowment Income	\$200
757 Pre-Need	\$225,300

C. 2017-18 Audit Engagement Letter & Proposed Fee

GM Deutsch stated that the District will be preparing a Comprehensive Annual Financial Report (CAFR) which will require assistance from our auditing firm. The CAFR displays the District’s sound financial practices and can be submitted to GFOA to receive the Certificate of Achievement for Excellence in Financial Reporting Award. The cost for Vavrinek, Trine, Day and Co. to perform the audit review, Gann Limit Review, and to assist with the development of the CAFR is \$14,500. This is \$1,500 more than the 2016-17 audit. The Finance and Investment Committee recommended that we accept the proposal from VTD. This increased amount is included in the proposed 2018-19 Fiscal Year Budget that was just approved.


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BOARD COMMENTS

ISDOC Quarterly Meeting, Fountain Valley, June 28, 2018

Chair Rivers said that Chris Epting was an excellent speaker. He is a local historian and spoke on Roosevelt and how he established many national parks. Trustee Nelson also found it very interesting and said he was a great presenter.

ANNOUNCEMENTS

The Special District Leadership Academy is being held in Napa from July 8-11th. Trustee Marroquin will be attending. Trustee Nelson commented that this means we will retain our Gold status.

The next ISDOC Executive Committee will meet in Fountain Valley on July 10 and August 7, 2018. Trustee Nelson will attend.

The CSDA Fiscal Committee Meeting will be held in Sacramento on August 15, 2018.

The CSDA Board Meeting will be held in Sacramento on August 31, 2018.

The CSDA Annual Conference will be held in Indian Wells from September 24 – 27, 2018. Trustee Nelson, Chair Rivers, and GM Deutsch will attend.

The CAPC Annual Education Seminar and Area Meeting will be held in South Lake Tahoe from Oct. 5-6, 2018. Kelly Rivers will attend.

CLOSED SESSION

Public Employee Performance Evaluation pursuant to Government Code Section 54957.6:

Employee's Title: General Manager

Conference with Labor Negotiator pursuant to Government Code Section 54957:

District's Designated Representative: General Counsel Steven B. Quintanilla.

Unrepresented Employee: General Manager

Conference with Legal Counsel – Potential Initiation of Litigation Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9: (One potential case)

The Board adjourned to closed session at 12:12 p.m.

The Board reconvened from closed session at 12:56 p.m. Steve Quintanilla of Law Offices of Quintanilla and Associates stated that no reportable action took place in closed session.

UNFINISHED BUSINESS - None


Chair


Secretary

NEW BUSINESS

CSDA Board of Directors Election 2018

GM Deutsch explained that there are two candidates for the CSDA Southern Network Director. GM Deutsch said he is not familiar enough with the candidates to make a recommendation. The two candidates are incumbent Jo MacKenzie of the Vista Irrigation District, and Joseph Kelly of the Big Bear Airport District. The voting process is now electronic. GM Deutsch has the login information and will submit our ballot before the deadline of August 10, 2018.

Trustee Nelson recommended Joseph Kelly. Trustee Hatch felt that Jo MacKenzie has a great deal of experience with CSDA, but felt that it might be good to have someone new. Trustee Ward agreed that it might be time to bring in someone new, but also said she is not familiar with the personalities.

Trustee Nelson agreed that Mr. Kelly has only been around for 3 ½ years and it is good to have new people who have fresh ideas. That is why he is not running for the Board again. The Board unanimously agreed to support Joseph Kelly. No motion was made.

General Manager Annual Compensation

Counsel Quintanilla stated that the Brown Act requires the Board to report specific dollar amounts for the compensation of executives. He announced that the Board had made an offer to the General Manager for a five percent increase based on an annual salary \$139,193. That would result in an annual increase \$6,959.65 for a total annual salary of \$146,152.65. Counsel Quintanilla explained that we allow the Board to amend the General Manager’s employment agreement by Minute Order. That way we do not have to bring back an amendment to the Board next month to revise the General Manager’s employment agreement. Once the Board approves the increase in a motion, it will be recorded in the minutes and a Minute Order will be generated.

MOTION of Chair Rivers, seconded by Trustee Marroquin and carried by a vote of 5-0, approved a five percent (5%) increase in annual compensation for the General Manager. Based on an annual salary of \$139,193, the five percent increase is \$6,959.65 for a total annual compensation of \$146,152.65, to take effect July 6, 2018.

ITEMS FOR FUTURE AGENDAS

Nothing was noted.

The next regular meeting will be held on **Tuesday, August 7, 2018**, 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 1:05 p.m.


Chair


Secretary


Chair


Secretary