



MSR/SOI Report

Orange County Cemetery District

November 9, 2005





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EXECUTIVE SUMMARY

Introduction

The purpose of this report is to provide a comprehensive review of the municipal services provided by the Orange County Cemetery District. To comply with the requirements of the Cortese-Knox-Hertzberg Act of 2000, the following report includes the municipal service review and sphere of influence (SOI) review/update for the Orange County Cemetery District.

This report is organized into seven sections:

1. *Executive Summary* – Provides an overview of the report's structure and content.
2. *Introduction* – Explains the statutory requirements related to municipal service and sphere of influence reviews and a summary of the environmental review required under the California Environmental Quality Act (CEQA).
3. *Agency Overview* – Presents an overview of cemetery district law, the history Orange County Cemetery District, and an overview of services provided by the district.
4. *Review and Analysis of Service Provision* – Thoroughly examines the Orange County Cemetery District's structure and service provision as they pertain to the nine municipal service review (MSR) determinations required by law.
5. *The Nine Determinations* – Summarizes LAFCO staff's nine MSR determinations based on the analysis of the Orange County Cemetery District's structure and service provision.
6. *Sphere of Influence Update* – Provides staff analysis and recommendations related to the Orange County Cemetery District's sphere of influence update.
7. *Statement of Determinations* – Addresses the four sphere of influence determinations that LAFCO must by law address in completing a sphere of influence review and update.



MSR Summary

The Orange County Cemetery District is Orange County's sole public cemetery district. The district has two mandates: 1) to preserve and maintain the county's public cemeteries now and into perpetuity and 2) to provide reduced cost interment services to the county's residents.

The nine determinations are examined in great detail beginning on page 20 of this report. Based on its analysis of the Orange County Cemetery District's structure and service provision, LAFCO staff came to the following conclusions:

- ◆ OCCD's organizational structure and infrastructure is sound and adequate for the district to maintain the county's public cemeteries and provide reduced cost interment services to the county's residents.
- ◆ OCCD operates with a high degree of transparency and is highly accountable to the public.
- ◆ OCCD is fiscally solvent. All of the Orange County Cemetery District's expenditures appear to be based on efficient methods of operation. The district's Board of Trustees recognizes that it will be a challenge to assure the long-term care of the district's cemeteries through its endowment fund and is actively researching means to bolster the endowment.
- ◆ OCCD provides efficient and cost effective services. The district may benefit from collaborations with privately-owned cemeteries in close proximity to the district's own cemeteries as a means to reduce costs (i.e., sharing facilities and equipment). Further, the district's fees are far enough below those of the county's privately held cemeteries that the district could raise many of its fees and still provide burial services to county residents at fees below the county average.
- ◆ While staff does not recommend the privatization of the district's cemeteries in whole or in part, privatization is certainly an option that the district's Board could explore at some time in the future.

SOI Summary

The Orange County Cemetery District is the county's sole public cemetery district. The district's service territory and sphere of influence boundaries are coterminous with the county's boundaries. The Commission first established the district's sphere of influence on August 3, 1983. The Commission updated the district's sphere on June 6, 1984 with



the LAFCO project that reorganized the three cemetery districts into one countywide public cemetery district.

Staff recommends that the Commission re-affirm the Orange County Cemetery District's current sphere of influence. Given the fact that the Orange County Cemetery District is the county's sole public cemetery district, the district's sphere of influence boundaries, as well as its service territory, are coterminous with the county's boundaries.



INTRODUCTION

Statutory Requirements

In 2000, the State of California Legislature broadened LAFCO's authority by directing the agency to conduct comprehensive reviews of the delivery of municipal services provided in the County and any other area deemed appropriate by the Commission. Additionally, legislators directed LAFCOs to complete sphere of influence reviews and updates of agencies under LAFCO's jurisdiction not less than every five years.

Overview of Municipal Service Review (MSR) Law—Government Code §56430

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires that LAFCO review municipal services before updating the spheres of influence and to prepare a written statement of determination with respect to each of the following:

1. Infrastructure needs or deficiencies;
2. Growth and population projections for the affected area;
3. Financing constraints and opportunities;
4. Cost avoidance opportunities;
5. Opportunities for rate restructuring;
6. Opportunities for shared facilities;
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
8. Evaluation of management efficiencies; and
9. Local accountability and governance.

The MSR process does not require LAFCO to initiate changes of organization based on service review findings; it only requires that LAFCO make determinations regarding the provision of public services per Government Code Section 56430. MSRs are not subject to the provisions of the California Environmental Quality Act (CEQA) because they are only feasibility or planning studies for possible future action that LAFCO has not approved (Cal. Pub. Res. Code § 21150). The ultimate outcome of conducting a service review, however, may result in LAFCO taking discretionary action on a change of organization or reorganization.



Overview of Sphere of Influence (SOI) Law—Government Code §56425

LAFCO is also charged with adopting a sphere of influence for each city and special district within the county. A sphere of influence is a planning boundary that designates the agency's probable future boundary and service area. Spheres are planning tools used by LAFCO to provide guidance for individual proposals involving jurisdictional changes. Spheres ensure the provision of efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands. The Cortese-Knox-Hertzberg (CKH) Act requires LAFCO to develop and determine the sphere of influence of each local governmental agency within the county, and to review and update the SOI every five years. In determining the SOI, LAFCO must address the following:

1. Present and planned land uses in the area, including agricultural and open-space lands;
2. Present and probable need for public facilities and services in the area;
3. Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide; and
4. Existence of any social or economic communities of interest in the area if LAFCO determines that they are relevant to the agency.

Environmental Review

Municipal service reviews (MSR) are subject to the California Environmental Quality Act (CEQA) and LAFCO is the lead agency. The MSR proposal is considered Categorically Exempt from CEQA pursuant to section 15262 of the CEQA guidelines. This section exempts basic data collection, research, experimental management, and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource. This type of exemption may be used strictly for information gathering purposes, or as part of a study leading to an action that a public agency (in this case LAFCO) has not yet approved, adopted, or funded. The information gathered for the municipal service review will not have an effect upon an environmental resource.

LAFCO is the lead agency under CEQA for sphere of influence reviews. Staff, in conjunction with legal counsel, reviewed the CEQA guidelines and recommends that the Commission consider the sphere of influence update for the Orange County Cemetery District exempt from CEQA under CEQA Local Guidelines 3.01: the sphere review is not an enactment and, therefore, not a project within the definition of "project" contained in CEQA Guidelines Section 21065. The review determined that no modification to OCCD's existing sphere of influence, which encompasses the entirety of Orange County, is warranted.



AGENCY OVERVIEW

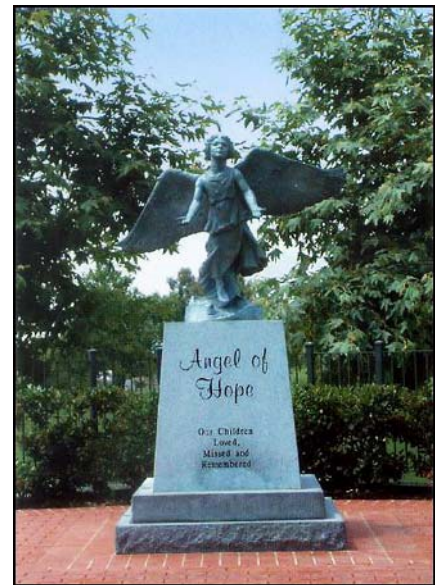
History of Cemetery District Law

Public cemetery districts originated over 90 years ago with the passage of Senate Bill 524, authored by Senator Louis H. Roseberry of Santa Barbara in 1909. The State of California revised the Public Cemetery Law in 1921 with the passage of Senate Bill 155, which delineated public cemetery districts' powers in twelve sections.

Five years later, in 1926, the State Legislature enacted legislation allowing counties to form cemetery districts for the preservation and maintenance of abandoned cemeteries. This legislation resulted from public concern that many cemeteries, privately owned and operated at the time, were abandoned, neglected, and/or falling into disrepair.

The State Legislature revamped the Public Cemetery District Law with another major revision in 1939. It was during this time that the law, organized into 135 sections, became part of the state's Health & Safety Code. That revision marked that last major overhaul to the law for more than six decades. Following the 1939 revision, the Legislature amended the state laws that create and control cemetery districts with nearly 60 bills in 63 years.

In early 2003, prompted by correspondence submitted by two prominent public cemetery groups, Senator Tom Torlakson, chair of the Senate Local Government Committee, convened a 21-member working group committed to reviewing and revising the government code that governs public cemetery districts. The result of the working group's efforts was Senate Bill 341, which effectively consolidated the statutes that govern these agencies and addressed other statutory and constitutional changes enacted since the 1939 restructuring of the statute. SB 341 was signed into law by California Governor Gray Davis in July 2003 as Chapter 57 of the Statutes of 2003 and took effect on January 1, 2004.



History of the Orange County Cemetery District

The Orange County Cemetery District is one of California's 253 public cemetery districts. While it is now the only public cemetery district in Orange County, that wasn't



always the case. The 1926 legislation that enabled counties to form cemetery districts for the preservation and maintenance of abandoned cemeteries resulted in the formation of not one but *three* separate and independent public cemetery districts:

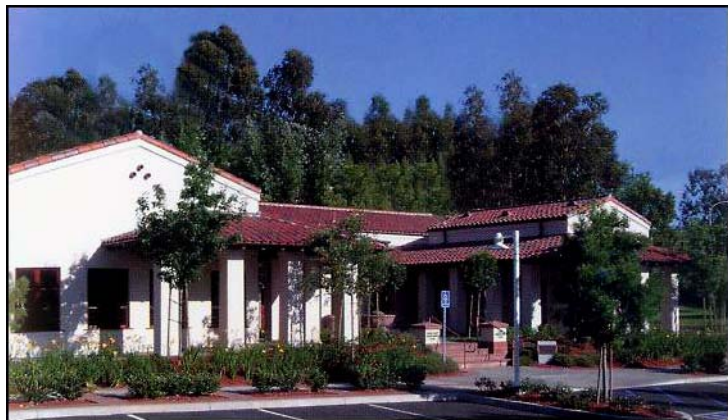
1. Cemetery District No. 1 (comprised of the Santa Ana Cemetery and El Toro Memorial Park)
2. Cemetery District No. 2 (comprised of the Anaheim Cemetery)
3. Magnolia Memorial Park Cemetery District

Orange County's three independent cemetery districts remained separate for nearly sixty years. On June 6, 1984, LAFCO approved the consolidation of the three cemetery districts into one district: the Orange County Cemetery District. LAFCO's consolidation of the districts became effective in 1985, and the Orange County Cemetery District has been the county's solitary public cemetery district ever since.

By the mid-1990s, Magnolia Memorial Park was reaching its peak capacity, and the district sold that cemetery to the Omega Society, a cremation association, in September 1994. That left the district the three cemeteries it oversees today.

OCCD Today

The Orange County Cemetery District's mission statement is as follows: "To manage and maintain, Orange County's public cemeteries in a manner that preserves their beauty and dignity, and offers affordable interment services for county residents." As their mission statement suggests, OCCD preserves and maintains the County's three public cemeteries and provides a wide variety of interment options for county residents.



In addition to traditional burial services, the district offers a "pre-need" program, which enables county residents to purchase individual and/or family plots and burial services before they require them. This safeguards individuals from future price increases and ensures that family members can be laid to rest in the same location if they so choose.



A five-member Board of Trustees oversees the Orange County Cemetery District. The district's General Manager, appointed by the district's Board, oversees the district's day-to-day operations and manages the district's 22 full-time staff members.

OCCD's Cemeteries

The Orange County Cemetery District has the charter to preserve and maintain Orange County's three public cemeteries:

- Anaheim Cemetery
- El Toro Memorial Park
- Santa Ana Cemetery

In all, the district's three cemeteries encompass a combined area of approximately 72 acres.

Anaheim Cemetery, founded in 1867, is the oldest and smallest of the district's three cemeteries. Its 16 acres house the district's only mausoleum, the first ever built on the west coast, erected in 1914. Being the oldest and the smallest, Anaheim Cemetery is very close to reaching its full burial capacity. It has only 100 traditional grave spaces left. Unless new space is identified, the district anticipates these will be sold out by 2006, after which the district will only offer only niches and urn garden spaces at this location.



The 25-acre El Toro Memorial Park, located in the city of Lake Forest, was established 1896. It is the youngest of the district's cemeteries. El Toro Memorial Park is home to OCCD's district headquarters. With over 10,000 lawn spaces remaining, this cemetery will be the last of the three to sell out. The district projects that lawn burial locations at El Toro Memorial Park will be available until 2025.



Santa Ana Cemetery, founded in 1870, sits on 29-acres bordered on two of its four sides by private cemeteries – the Evangelical Lutheran Cemetery and Fairhaven Memorial Park. Its more than 5,000 lawn spaces will last the district until approximately 2020.



Each of the cemetery's grounds is open to the public seven days a week from 8 a.m. to 5 p.m. Business hours are Monday through Friday, 8 a.m. to 5 p.m.



REVIEW & ANALYSIS OF SERVICE PROVISION

This section of the report addresses the nine determinations in accordance with Government Code Section 56430. The determinations are statements that draw conclusions, based on data related to agency operations and services, infrastructure, population and growth projections, and fiscal data. The nine municipal service review determinations are interdependent and some of the issues related to each of the nine determinations may overlap.

Infrastructure Needs or Deficiencies

This determination addresses the adequacy of existing and planned infrastructure needed to accommodate future growth and the efficient delivery of public services.

The Orange County Cemetery District offers a full range of services to the public, including traditional lawn interment as well as mausoleum interment, urn niches and gardens, and cremain scatter gardens. The services offered vary by cemetery. *Table 4a, OCCD Cemeteries*, provides a side-by-side comparison of the cemeteries under OCCD's purview in terms of size, capacity, and the services offered at each location.

Table 4a, OCCD Cemeteries

	<i>Anaheim Cemetery</i>	<i>El Toro Memorial Park</i>	<i>Santa Ana Cemetery</i>
Yr. Est'd	1867	1896	1870
Location	1400 East Sycamore Anaheim, CA 92805	25751 Trabuco Road Lake Forest, CA 92630	1919 E. Santa Clara Santa Ana, C 92705
Size	16 acres	25 acres	29 acres
Total Gravesites	13,611 gravesites	20,672 gravesites	26,491 gravesites
List of Services	Ground interments, mausoleum crypts, urn gardens, niches, and scatter gardens	Ground interments, family estates, urn gardens and niches, and scatter gardens	Ground interments as well as urn gardens, niches, and scatter gardens

Gravesite space is a finite resource. While OCCD estimates that its current land resources will enable the district to offer burial plots to the public for another 20 years, the district will be challenged to meet future demand for services beyond 2025 due to the limited availability of land for future cemetery expansion.



The former Marine Air Station at El Toro, recently annexed to the City of Irvine, has a parcel designated for development as a cemetery, though the land use designation may change as plans for development of the Great Park continue. OCCD is not pursuing the acquisition of this or any other territory at this time.

Once the Orange County Cemetery District reaches “build-out” at each of its three cemetery locations, and provided it does not acquire additional land, the district will lose the revenue generated through the sale of gravesites and related services. Even so, the district is charged with the preservation and maintenance of its cemetery sites into perpetuity. The district has an endowment fund for this purpose. Since 1985, a portion of the burial charges at all three of the district’s cemeteries is invested in the endowment to fund the long-term upkeep and conservation of the cemeteries.

OCCD inherited approximately 20,000 unendowed graves with the 1985 consolidation of Orange County’s cemetery districts. The district’s Board of Trustees recognizes that it will be a challenge to assure the long-term care of the district’s cemeteries. This makes the continuation of the property tax critical. Further, according to a study commissioned by the district’s Board and completed in January 2005, the endowment is adequate to serve the district’s needs through 2025. However, the study indicated that the district’s burial rights “have been maintained at a level that is 30-40% below those of private cemeteries. In order to generate sufficient revenues, district officials project that they will have to increase operating revenues by 8% per year. This would result in the doubling of burial fees in nine years.”¹

The district intends to update the endowment study periodically as a long-term financial planning tool. Further, the Board is actively researching what actions are necessary to bolster the endowment and ensure that the district’s cemeteries are properly cared for into perpetuity while fulfilling its mandate to keep service fees affordable. For starters, it has invested the endowment funds outside of the Orange County Treasurer in order to secure a greater return on investment.

Growth and Population Projections

In terms of population, Orange County is the second largest county in California and is second in density just behind the County/City of San Francisco. Orange County currently has over three million residents and is expected to grow to 3.5 million people by the year 2020.

¹ Grand Jury 2004-2005 Report on the Orange County Cemetery District



The Orange County Cemetery District is the county's only cemetery district. While the county's population is projected to increase by nearly a half-million people in the next decade and a half, the vast majority of the county's residents utilize private cemeteries or other means of interment for the deceased. Still, there is a finite amount of space available to the district at its three cemetery locations, and the space will eventually be filled.

For the purposes of this report, staff forecasted OCCD's service needs based upon past usage rates, which have remained fairly consistent in recent years. During fiscal year 2004-2005, for example, the district's three cemeteries sold 881 burial rights and performed 788 total interments.

The district estimates that it has 15,000 additional grave and nearly 1,200 urn spaces available that likely provide the district an additional 15-20 years of capacity based upon projected burial rates.

Each of OCCD's three cemeteries has a specific burial capacity and is at a different stage in reaching its full capacity. *Table 4b, OCCD Cemeteries' Capacity Comparison*, provides a snapshot of each cemetery's capacity and its longevity in offering additional burial sites to the public.

Table 4b, OCCD Cemeteries' Capacity Comparison

	<i>Anaheim Cemetery</i>	<i>El Toro Memorial Park</i>	<i>Santa Ana Cemetery</i>
<i>Total gravesites</i>	13,611	20,672	26,491
<i>Remaining gravesites</i>	160	9,734	5,137
<i>Remaining urn spaces</i>	593	269	309
<i>Approx. # burials/yr.</i>	N/A	700	350
	Spaces available until ~2006	Spaces available until ~2025	Spaces available until ~2020

The cemeteries may reach full capacity sooner or later than projected based on burial trends. For example, OCCD estimates that cremation burial accounts for 30% of the district's services, whereas cremation burial accounts for up to 50% and more at many private cemeteries. Cremation burial requires substantially less space than traditional ground burial, so a shift toward cremation would afford the district more space for a longer period.

While the district indicates it has sufficient space to accommodate projected service demand over the next 15-20 years, the three cemeteries will eventually reach their maximum burial capacities. As explored earlier in this section under the heading



“Infrastructure Needs or Deficiencies,” the district is charged with the preservation and maintenance of its cemetery sites into perpetuity and has an endowment fund for this purpose. The endowment study recently commissioned by the district’s Board indicates that the endowment is sufficient to maintain the cemetery sites until 2025, and the Board is actively exploring what must be done to maintain the sites beyond 2025.

Financing Constraints & Opportunities

The Orange County Cemetery District is a non-enterprise district and is dependent upon the property tax subsidy. The district generates revenue from other sources: 1) the sale of burial rights and other services to the public; 2) the district’s income from investment interest; and 3) a land-use agreement with a communications company for a cell phone relay station on the district’s property. The remainder of the district’s operating expenses is subsidized by its portion of the 1% of Proposition 13 property tax revenue allocated to the county’s special districts. OCCD’s portion of the Prop 13 property tax revenue is \$853,961 annually.

To ease state revenue shortfalls, the state required OCCD (and all other California special districts) to return a portion of its property tax revenue to the state’s coffers in fiscal years 2003 and 2004. OCCD returned a total of \$84,511 each year.

As demonstrated in *Table 4c, OCCD Revenues vs. Expenses*, OCCD is currently in a stable financial position.

Table 4c, OCCD Expenses vs. Revenues

OCCD – Operating Revenues vs. Expenses (FY 2003- 2004)			
REVENUES:			
Program Revenue:	\$	1,623,604	
(charges for burial fees, plot sales and other sales)			
General Revenue:	\$	1,529,864	
(property taxes, investments, other revenues)			
Endowment Revenue:	\$	186,868	
TOTAL REVENUE:	\$	<u>3,040,336</u>	
EXPENSES:			
Employee Salaries/Benefits:	\$	1,238,259	
Services & Supplies:	\$	784,797	
Depreciation Expense:	\$	225,824	
TOTAL EXPENSES:	\$	<u>2,248,880</u>	
TOTAL REVENUE:	\$	3,040,336	
TOTAL EXPENSES:	-	\$ 2,248,880	
FY 2003-2004 SURPLUS:	\$	<u>791,456</u>	
<small>SOURCE: FY 2003-2004 OCCD Audited Financial Statements 2004 budget surplus was put into the district’s undedicated reserves.</small>			



OCCD's "pre-need fund" is related to those people who purchase burial rights and other funeral services in advance of needing them. The district invests these moneys into its pre-need fund, which is held by the Orange County Treasurer, and withdraws the necessary amount from the fund when a family member requests the pre-paid services. The district currently has more than \$1 million in its pre-need fund.

Evaluation of Management Efficiencies / Cost Avoidance / Opportunities for Shared Facilities

While these are three separate determinations, management efficiencies, cost avoidance, and facilities sharing are inter-related. As public agencies, special districts must maintain an efficient management system while providing services in a cost effective and logical manner.

The Orange County Cemetery District's charge is to provide reduced-cost interment options for all residents countywide. That mandate severely limits the district's revenue generating potential in comparison to private cemeteries. Further, OCCD is a one-of-a-kind agency. It is the only public cemetery district in Orange County, and unlike most special districts, it must compete with private enterprise for business. Seventy percent of the district's business comes from referrals by independent mortuaries.

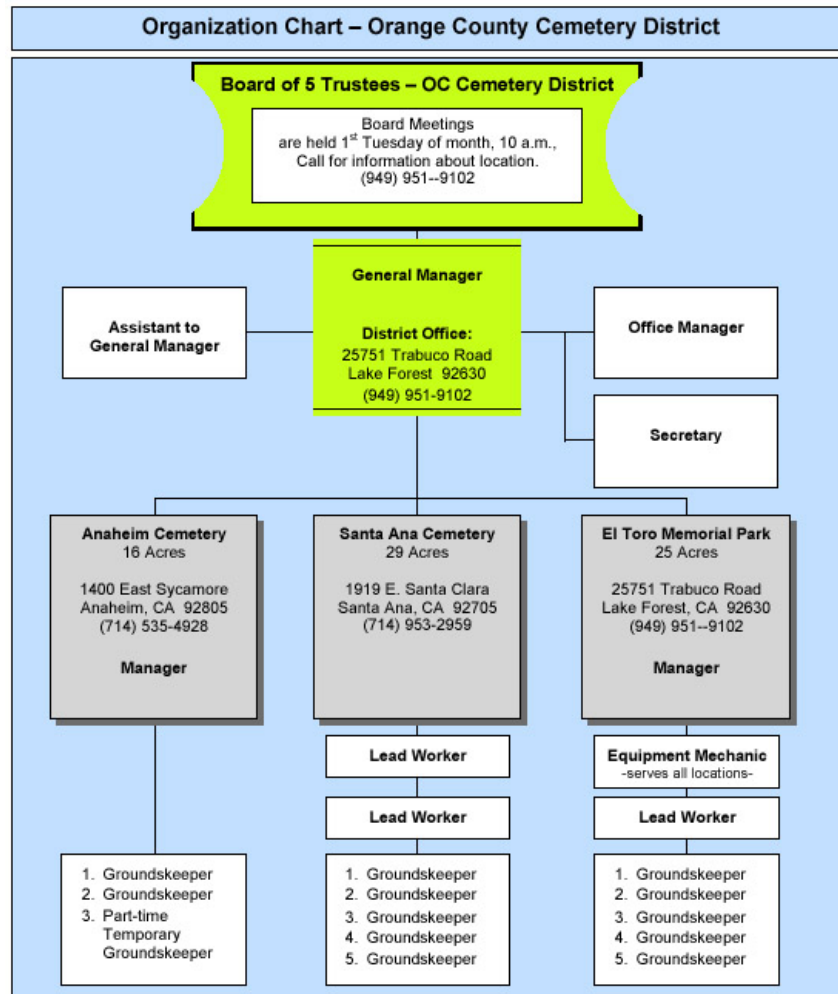
All of OCCD's expenditures appear to be based on efficient methods of operation. The majority of costs associated with district operation and service provision are related to maintenance and staff salaries and benefits. The district has been diligent in minimizing costs in both regards. For instance, the district has disallowed the use of monuments for new burials in its cemeteries, opting instead for flat grave markers. In doing so, the district saves the expense of caring for the monuments and simplifies the care of the cemeteries' grounds.

OCCD has 22 full-time employees and has done what it can to minimize staffing costs while retaining a capable and knowledgeable work force. For example, the district uses an outside contractor to set grave markers as a means to safeguard the district from workers' compensation claims. The district's lead workers and groundskeepers, unionized since 1992, have agreed to forego salary increases through 2007. Further, the district's sole equipment mechanic is shared by all three cemetery locations.

Figure 4d, OCCD Organizational Chart, as prepared by the Orange County 2004-2005 Grand Jury, demonstrates the district's current organizational structure. The district's staffing is efficient and enables the district to effectively fulfill its mandates.



Figure 4d, OCCD Organizational Chart



Regarding other cost avoidance mechanisms, the cemeteries' diverse locations throughout the county make it difficult for the district's cemeteries to share facilities, equipment, staff, etc. However, OCCD may want to consider collaborating with privately owned cemeteries in close proximity to the district's cemeteries, particularly in the case of Santa Ana Cemetery. Santa Ana Cemetery is bordered on two sides by private cemeteries, Lutheran Cemetery and Fairhaven Memorial Park, and the property line it shares with Fairhaven is not marked with fences, hedges, or any other physical demarcation.

Opportunities for Rate Restructuring

Public cemetery districts exist to provide a low-cost option for the interment of county residents. The Orange County Cemetery District is required to provide burial for



deceased residents subject to a reasonable fee to cover land, administrative costs, and the endowment fund that will ensure the proper care and preservation of the cemeteries in the future.

The Orange County Grand Jury compiled a report on OCCD in 2005. As part of its report, the Grand Jury compared the fees charged by the district's three cemeteries against those charged by private sector cemeteries in Orange County. The Grand Jury's findings are detailed in *Figure 4e, Fee Comparison, OCCD vs. Private Sector Cemeteries*.

Figure 4e, Fee Comparison, OCCD vs. Private Sector Cemeteries*

* Cost comparison study done by Grand Jury in December 2004

Cemeteries in Orange County	Grave Space Prices		Endowment Fee		Ash Scatter	Weekend Sur-charge	Setting of Marker	Lot Transfer	Contract Service Charge	Burial Vault	Urn Vault	Opening/Closing Grave
	Adult	800-2000		200								
District Cemeteries	Baby	150		60	75	300-400	125	50	75	195	60	700
	Urn	400-1500		100								
Private Cemetery 1	Adult	1400-2000		150	150	300	220-240	150	-	325-995	90	1600
	Baby	445-700		150								
	Urn											
Private Cemetery 2	Adult	1600-6995	10% of grave	160-700	150	245-500	400-250	150	-	395-1895	100-1000	85-350
	Baby	225-325		23-32								
	Urn											
Private Cemetery 3	Adult	7000	complete burial	200								
	Baby											
	Urn											
Private Cemetery 4	Adult	2270-2770	70		-	300-350	130-150	-	-	395-2395	295-495	1400
	Baby	325										
	Urn											
Private Cemetery 5	Adult	1200-2200	15% of grave	180-330	0-450	225-325	-	-	-	425-2860	-	52-620
	Baby											
	Urn											
Private Cemetery 6	Adult	300-3290	150		100-550	-	130-270	225	-	295-595	99-549	1400
	Baby											
	Urn											
Private Cemetery 7	Adult	3990-8500	75		-	-	from 650	-	95	from 1095	-	-
	Baby											
	Urn											
Private Cemetery 8	Adult	from 1750	-		-	-	-	-	-	350	150	-
	Baby											



The Board of Trustees reviews and adopts the district's fee schedule annually. As is demonstrated in *Figure 4e*, the district's cemeteries offer many of the same services as the private sector cemeteries but at considerable cost savings. The district's Board remains committed to providing low-cost burial services to county residents. Even so, OCCD's fees are far enough below those of the county's private cemeteries that the district could raise many of its fees and still provide burial services to county residents at fees below the county average.

Government Structure Options

The Orange County Cemetery District has existed in some fashion since 1926 when the State Legislature enabled counties to form cemetery districts for the preservation and maintenance of abandoned cemeteries. The district exists to provide county residents a low-cost place of burial and effectively fulfills that mandate.

Given the fact that the Orange County Cemetery District is the county's sole public cemetery district, the district's sphere of influence is coterminous with the county's boundaries, as is its actual service territory.

For a period of nearly sixty years beginning in 1926, OCCD was not one but *three* separate and independent public cemetery districts:

1. Cemetery District No. 1 (comprised of the Santa Ana Cemetery and El Toro Memorial Park)
2. Cemetery District No. 2 (comprised of the Anaheim Cemetery)
3. Magnolia Memorial Park Cemetery District

In June of 1984, LAFCO approved the consolidation of the three cemetery districts into one district: the Orange County Cemetery District. LAFCO's consolidation of the districts became effective in 1985, and OCCD has been the county's solitary public cemetery district ever since.

Further consolidation of the district is not possible, which leaves privatization the only alternative government structure option to explore. Staff is not recommending the privatization of the district's cemeteries in whole or in part. However, privatization is certainly an option that the district's Board can explore at some time in the future. Magnolia Memorial Park, for example, had nearly reached its maximum capacity by the mid-1990s. Rather than hold on to the cemetery, the district





opted to sell it to a private cremation society in late 1994. The cemetery changed hands again in 2001 and is now owned and maintained by the Rose Drive Baptist Church of Yorba Linda.

Local Accountability & Governance

A five-member Board of Trustees appointed by the Orange County Board of Supervisors governs the Orange County Cemetery District. Each supervisor appoints one person from his/her district to serve a fixed four-year term on the OCCD Board of Trustees. Board members may serve more than one term if reappointed by his/her respective Supervisor at the end of the four-year term. *Table 4f, OCCD Board of Trustees*, details the current composition of the district's Board.

Table 4f, OCCD Board of Trustees

	<i>Board Trustee</i>	<i>Appt. Details</i>	<i>Compensation</i>
DISTRICT 1	Vivien Owen	Originally appointed 02/07/1989; currently serving fourth term.	\$100 per meeting, not to exceed \$400/month Necessary expenses for traveling in connection with Board business (e.g., meetings, conferences, etc.)
DISTRICT 2	Maureen Rivers	Originally appointed 11/02/1993; currently serving third term.	
DISTRICT 3	William E. Nelson	Originally appointed 07/22/2003; currently serving first term.	
DISTRICT 4	Frank C. Brix, Sr.	Originally appointed 10/21/1986; currently serving fourth term.	
DISTRICT 5	Leslie Keane	Originally appointed 03/27/2001; currently serving second term.	

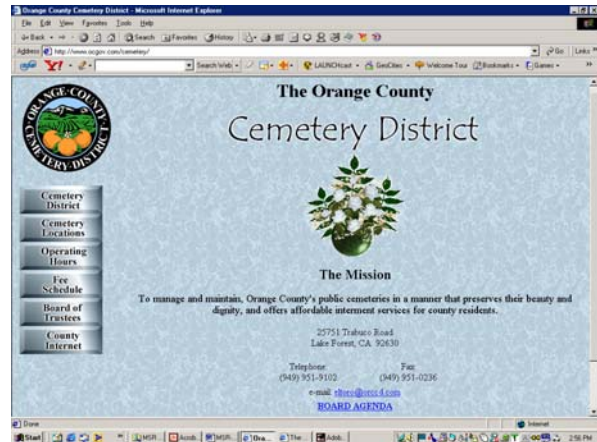
According to a fact sheet provided by the district, the OCCD Board of Trustees' major function is "to define district goals and objectives, act as custodian to district property, establish policies, review district operations, approve management plans, communicate with elected officials, and review district claims for payment." The Board convenes regularly to fulfill these functions on the first Tuesday of each month at 10 a.m. at the district office located at the El Toro Memorial Park, 25751 Trabuco Road in Lake Forest. The meetings are open to the public and conducted in accordance with the Brown Act as required by law.

The Board has also established various advisory committees to help fulfill its mandates. Those committees include: budget, personnel and benefits, investments, and public relations. The Board makes committee assignments based on an individual trustee's experience, background, and personal preference.



The Board employs a General Manager who has full authority and responsibility for the district's day-to-day operations, which include the administration and control of revenues and expenditures, execution of district policies and procedures, and overall management of the district's 22 full-time employees. The district's current General Manager, Sam Randall, retired on September 16, 2005. He remains the district's interim General Manager through the Board's recruitment of his successor. The Board will likely name his replacement in November 2005.

The Orange County Cemetery District maintains its own public website at through the County of Orange at <http://www.ocgov.com/cemetery/>. The website features easily accessible information about the district's three cemetery locations, its fee schedule, and hours of operation. It also highlights information on the Board of Trustees, including a listing of Board members, meeting time and location, and the current Board agenda. The district has also committed to publishing time, date, and location information regarding public ceremonies, observances, vigils, and other special programs on its website.





THE NINE DETERMINATIONS

Infrastructure Needs or Deficiencies

The Orange County Cemetery District's infrastructure is sound and adequate for the district to serve the county. The district does not currently appear to have any deficiencies that would prevent it from providing burial services to the county's residents. Even so, gravesite space is a finite resource. The district will be challenged to meet future demand for services beyond 2025 due to the limited availability of land for future cemetery expansion. Further, the district is charged with the preservation and maintenance of its cemetery sites into perpetuity. It has an endowment fund for this purpose, which is sufficient to maintain the cemetery sites until 2025. The Board is actively exploring what must be done to maintain the sites beyond 2025 and also ensure the continuation of property revenues.

Growth and Population Projections

The Orange County Cemetery District serves all of Orange County by providing reduced-cost burial services. Orange County currently has over three million residents and is expected to grow to 3.5 million people by the year 2020. While OCCD is the county's only public cemetery district, the vast majority of county residents utilize private cemeteries or other means of interment for the deceased. The district anticipates that it has an additional 15-20 years of capacity based upon projected burial rates. Staff did not identify any issues related to growth and population projections other than the foreseeable need for another cemetery in south Orange County.

Financing Constraints & Opportunities

The Orange County Cemetery District's revenues are adequate to provide burial services for the county. The district is financially solvent and operates efficiently. Staff did not identify any financial constraints of which the district was not already aware. The district's Board of Trustees recognizes that it will be a challenge to assure the long-term care of the district's cemeteries through its endowment fund and property tax revenue. The Board is actively researching what actions are necessary to bolster the endowment and ensure that the district's cemeteries are properly cared for into perpetuity while fulfilling its mandate to keep service fees affordable.



Cost Avoidance Opportunities

All of the Orange County Cemetery District's expenditures appear to be based on efficient methods of operation. The majority of costs associated with district operation and service provision are related to maintenance and staff salaries and benefits. The district has been diligent in minimizing costs in both regards. Even so, the district may benefit from collaborations with privately-owned cemeteries in close proximity to the district's own cemeteries as a means to reduce costs.

Opportunities for Rate Restructuring

The Orange County Cemetery District is funded by a combination of property tax revenue, interest income received from accounts, revenue generated from "pre-need" and "at need" services, and proceeds from a land-use agreement with a communications company for a cell phone relay station on the district's property. As OCCD is a public cemetery district, there is no variance in the tax revenues the district collects. The Board of Trustees revisits the district's fee schedule annually and adopts its fees for the year.

The district provides burial services for significantly less cost than privately-held cemeteries; that is one of the district's goals. Even so, OCCD's fees are far enough below those of the county's privately held cemeteries that the district could raise many of its fees and still provide burial services to county residents at fees below the county average.

Opportunities for Shared Facilities

Like most public cemetery districts throughout the state, the Orange County Cemetery District owns and maintains its public cemetery grounds and utilizes its own equipment or contract equipment to provide services. The district could explore opportunities for sharing facilities and equipment with privately owned cemeteries in close proximity to the district's own cemeteries as a means to reduce costs.

Government Structure Options

Because the Orange County Cemetery District is the county's only public cemetery district, further consolidation of the district is not possible. Cemetery privatization is the only alternative government structure option to explore. While staff does not recommend the privatization of the district's cemeteries in whole or in part, privatization is certainly an option that the district's Board could explore at some time in the future.



Evaluation of Management Efficiencies

The district's organizational structure is sound and efficient. A five-member Board of Trustees appointed by the Orange County Board of Supervisors governs the Orange County Cemetery District. The Board employs a General Manager who has full authority and responsibility for the district's daily operations and overall management of the district's 22 full-time staff. Staff did not identify any issues regarding the district's management efficiency.

Local Accountability & Governance

The Orange County Cemetery District's Board of Trustees is appointed by the Orange County Board of Supervisors to fixed four-year terms and is therefore certainly held accountable to the public. All cemetery district meetings are conducted in public in accordance with the Brown Act. The district maintains a public website providing general information, including a listing of Board members and the monthly meeting agenda. Staff did not identify any issues related to the district's local accountability or governance.



SPHERE OF INFLUENCE UPDATE

Government Code Section 56425 identifies the following factors that should be considered by LAFCO when determining an agency's sphere of influence:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The Orange County Cemetery District is the county's sole public cemetery district. The district's service territory and sphere of influence boundaries are coterminous with the county's boundaries. The Commission first established the district's sphere of influence on August 3, 1983. The Commission updated the district's sphere on June 6, 1984 with the LAFCO project that reorganized the three cemetery districts into one countywide public cemetery district

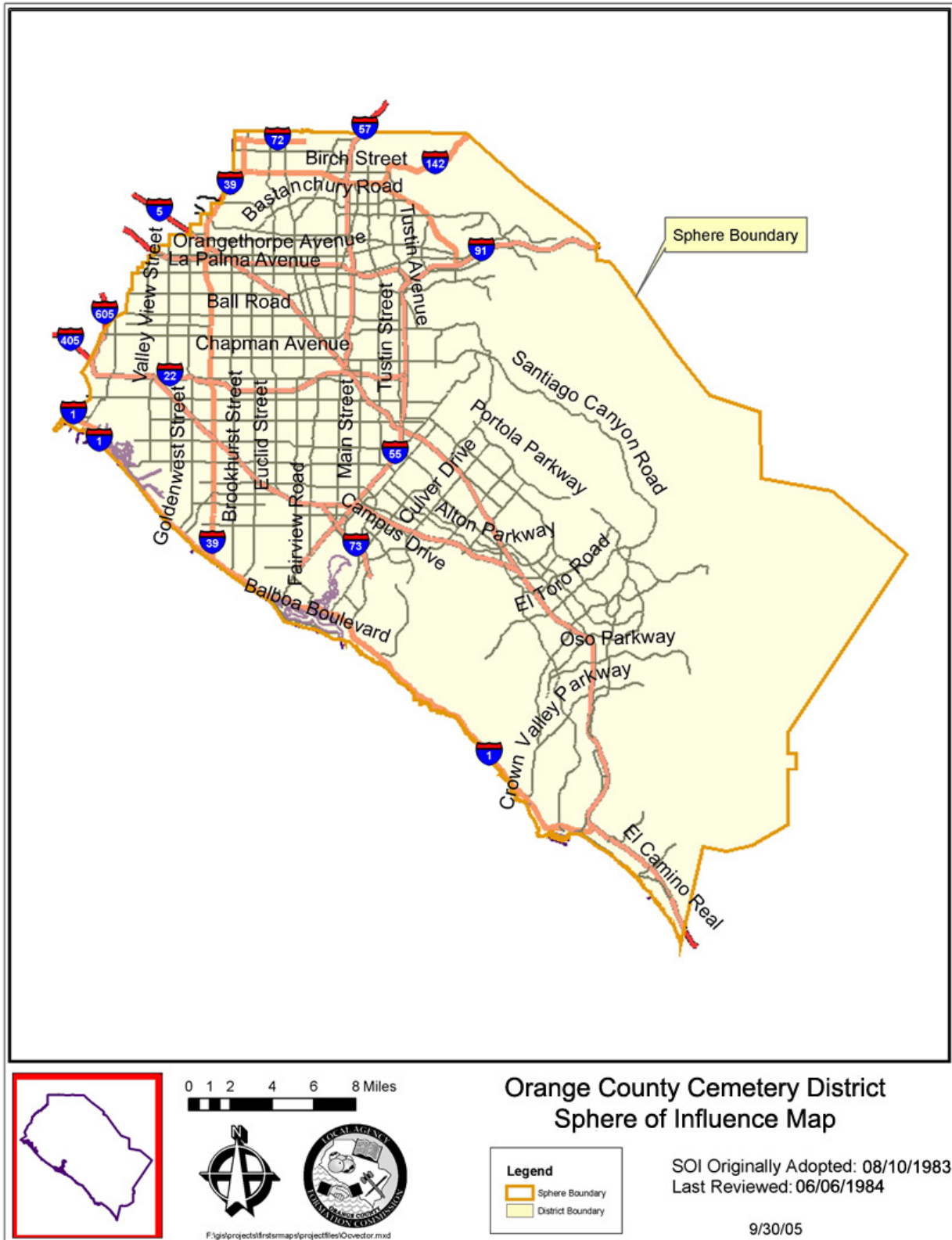
The statement of determinations that follows is based on the analysis of the Orange County Cemetery District's municipal service provision, which precedes this section of the report.

Recommendations

Staff recommends that the Commission re-affirm the Orange County Cemetery District's current sphere of influence. Given the fact that the Orange County Cemetery District is the county's sole public cemetery district, the district's sphere of influence, as well as its service territory, is coterminous with the county's boundaries. (See *Figure 6a, OCCD Map.*)



Figure 6a, OCCD Map





STATEMENT OF DETERMINATIONS – ORANGE COUNTY CEMETERY DISTRICT

The present and planned land uses in the area, including agricultural and open-space lands

Given the fact that the Orange County Cemetery District is the county's sole public cemetery district, the district's sphere of influence is coterminous with the county's boundaries as is its service boundaries. Land use throughout the county is varied and includes residential (single- and multi-family), commercial, industrial, public/semi-public, park and recreation, and open space.

The present and probable need for public facilities and services in the area

The Orange County Cemetery District performs approximately 780 burials per year and sells 880 burial rights. The district estimates that it has 15,000 additional grave and nearly 1,200 urn spaces available that likely provide the district with an additional 15-20 years of capacity based upon projected burial rates. Once the district's three cemeteries reach full capacity, the district will care for and maintain its cemeteries into perpetuity with the endowment fund established for that purpose in addition to its property tax subsidies.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

Presently, the Orange County Cemetery District estimates that it has 15,000 additional grave and nearly 1,200 urn spaces available. The district projects that it has an additional 15-20 years of capacity based upon projected burial rates. The district is encouraged to investigate land acquisition alternatives for service provision beyond 2025.



The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

The Orange County Cemetery District's sphere of influence is coterminous with the county's boundaries, as is the district's service territory. The district has displayed the ability to provide those services required by the Health and Safety Government Code Section 9000 et seq. and appears capable of continuing to do so for the foreseeable future.