

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
August 4, 2020

MINUTES

The regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order via videoconference by Chair Hatch at 10:02 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 Chair Hatch.
Roll Call by Board Secretary, Mary Funk.

PRESENT:	Noel Hatch, Chair	Fifth District
	Maribel Marroquin, Vice Chair	First District
	Kelly Rivers	Second District
	William E. Nelson	Third District

ABSENT:	Cynthia Ward	Fourth District
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STAFF:	Tim Deutsch, General Manager
	Brenda Manriquez, Finance and Accounting Manager
	Mary Funk, Board Secretary

ALSO PRESENT: Steve Quintanilla, General Counsel

PUBLIC COMMENTS – None

CONSENT CALENDAR



- A. Approval of Minutes – Regular Board Meeting, July 7, 2020.
- B. Approval of August 2020 Check Registers (Claims) Nos. 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32.
- C. Acceptance of the Quarterly Investment Report for June 30, 2020.
- D. Economic Uncertainty Fund for Unanticipated Expenses in the General Fund

MOTION: of Trustee Nelson, seconded by Trustee Rivers and carried by a roll-call vote of 4-0 (Trustee Cynthia Ward absent for the vote), approved the Consent Calendar.

MANAGER REPORTS

A. Interments and Interment Space Sales Reports – June 2020

The following interment and interment space sales for June 2020 were reviewed:

	
Chair	Secretary

			<u>2019-2020</u>	<u>2018-2019</u>
ANAHEIM	Interments	7 (5 Urn)	76 (50 Urn)	79 (38 Urn)
	Lot Sales	12	47	28
EL TORO	Interments	68 (21 Urn)	691 (220 Urn)	626 (237 Urn)
	Lot Sales	71	730	720
SANTA ANA	Interments	33 (2 Urn)	309 (64 Urn)	375 (68 Urn)
	Lot Sales	11	164	261
TOTAL	Interments	108 (28 Urn)	1,076 (334 Urn)	1,080 (343 Urn)
	Lot Sales	94	941	1,009

GM Deutsch stated that El Toro Memorial Park had historically high numbers for the fiscal year ending on June 30th, with 730 space sales for the year and 691 interments completed. For the month of June alone El Toro had 71 space sales and conducted 68 interment services. GM Deutsch mentioned that it is positive that we are retaining families who cannot be served at Anaheim or Santa Ana, but it also means that El Toro’s inventory will deplete faster. GM Deutsch anticipates the current inventory of full casket spaces at El Toro to last for approximately eight years. This makes the development of a new fourth public cemetery even more essential. GM Deutsch also noted that 109 niches have now been sold in the Maureen Rivers Memorial Niche Garden. This represents about 14.2% of the overall niche inventory. In June, El Toro Memorial Park handled about 8 to 10 COVID cases, with 18 total cases since March.

Anaheim Cemetery also saw a slight increase in sales which are almost entirely cremation spaces. There have been a small number of casket sales when spaces have been returned to Anaheim Cemetery by families who no longer want them. Anaheim Cemetery has not conducted any COVID related burials.

Santa Ana Cemetery only had 11 casket space sales in June. GM Deutsch expects the cemetery to be completely sold out for casket space for Sections N and O in August. Due to the limited area where interments can occur, Santa Ana Cemetery is booked at least a week out. Families who need to inter sooner are often turning to El Toro Memorial Park. The District is currently not conducting any services on Sundays. For the month of June Santa Ana Cemetery conducted 33 interments. All but two of those were for casket interments. That is the highest number of interments for Santa Ana during this entire fiscal year.

Overall, the District conducted 1,076 interments for the 2019-20 fiscal year which is the second highest total since the District was formed. Last year the District also sold 941 interment spaces. That is 68 spaces less than the previous fiscal year, but is still above what was projected given the anticipated decrease in space availability at Santa Ana Cemetery.

GM Deutsch also reported that El Toro Memorial Park had 29 Pre-Need space sales in June, which is a good increase as these transactions have now re-started with the easing of COVID restrictions. He also noted that there are plenty of cremation spaces available at all three cemeteries.



Chair



Secretary

GM Deutsch said that staff will be going section by section in the coming months to improve the accuracy of the space availability numbers in Cemsites as it compares to the physical map books. He explained that there are a number of spaces that are showing as available in Cemsites that are not actually available when compared to the map books. Most of this is due to trees, bench placements, or utility lines that make spaces unusable for interments.

GM Deutsch also noted the extra year-end reports that appear in the Monthly Activity Report. These charts and tables show historical context of how the cemeteries have been used over the years.

Chair Hatch asked about the psychological importance of maintaining functioning cemeteries as cemeteries sell out for interment space. GM Deutsch answered that even when no more spaces are available for sale, it will take years for families to use the pre-need that has been purchased. Like Anaheim, we will eventually reduce staffing and focus on maintenance as fewer and fewer interments occur, but each cemetery will always have to be staffed to answer visitor questions and provide needed maintenance. GM Deutsch also explained that this is why it is important for us to complete all major capital projects for the existing cemeteries now, so in the years ahead we can focus our time and resources on developing the new fourth public cemetery.

B. Financial Reports – June 2020

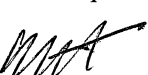
Brenda Manriquez reported that these numbers are very close to the figures the District will have for the auditors. She mentioned a major expense accrual that was about \$20,000 for the Orange County Water District’s replenishment assessment. Brenda also stated that she has accrued the property tax received in July. She stated that sales were well ahead of budget projections and service revenue was slightly below projections.


The District will use all of the Economic Uncertainty Fund to help offset unanticipated expenses such as the crane rental for the monument removal, added security costs, and equipment maintenance. Salaries and wages are about \$60,000 higher than the previous fiscal year due to increased use of overtime and retroactive negotiated pay increases. While this was anticipated, it was not included in the budget.

Brenda Manriquez reported that the last piece of equipment, the passenger van, has been received and is included in the report. For capital projects, \$513,406 has been paid to date to Ben’s Asphalt and the Balance Sheet now shows the carryover of \$470,000 that will be used to complete the Santa Ana Project as Assigned for Capital Projects. The Balance Sheet shows \$2.8 million in Unassigned Funds. After maintaining the required operating expenses, Brenda Manriquez estimates that the District will be able to move \$800,000 to \$900,000 as Committed Funds. This will put the District at just over \$11 million for new cemetery development.

Brenda Manriquez also stated that the District earned a total of approximately \$780,000 in interest revenue between all four funds. She also reported that credit card transactions have soared with \$300,000 in sales showing in the July reports.

Trustee Nelson asked for confirmation that the District was approximately \$250,000 over budget which is partially offset by the \$183,783 from the Economic Uncertainty Fund. Brenda Manriquez confirmed that this was correct. Trustee Nelson requested that the Economic


Chair


Secretary

Uncertainty Fund be added in the Year To Date Budget column in the financial report so that it shows that the Economic Uncertainty Fund is being applied to the overage. Brenda Manriquez said that she would make that adjustment to the report.

C. Interest Rates – June 2020

GM Deutsch stated that the downward trend in interest rates is continuing with a considerable drop in the pooled funds of the OCIP and CalTRUST. If this trend continues, we could see interest rates drop below 1%. For now, the District will continue to stay with OCIP and CalTRUST and watch what rates do.

Trustee Nelson remarked that as the District reinvests it would appear that some yields are now as low as 0.42%. Trustee Nelson questioned whether it would be wiser when investments mature to move those funds to OCIP or CalTRUST that offer better rates. GM Deutsch said he would check to see if he has the authority to move money from one fund to another. He stated it would be his recommendation to move funds to CalTRUST. The District would probably need to set up separate Endowment Income and Endowment Principal funds so they don't get mingled. GM Deutsch stated that Trustee Nelson's idea makes sense if the interest rate decline continues. Such transfers would be done with the idea of reinvesting those funds when rates improve.

Chair Hatch asked about the annual turnover for investments maturing. GM Deutsch said he would put together a summary that shows what funds are coming due. GM Deutsch stated he would like to schedule a Finance and Investment Committee to discuss this further.

D. Investment Portfolio Changes – July 2020

GM Deutsch noted that with interest rates on the decline and some yields now as low as 0.42% he is keeping terms short so the District's money is not tied up for long periods of time and can be reinvested quickly when rates pick up. Chair Hatch asked GM Deutsch where he thought the economy was headed. GM Deutsch said that until lifestyles change and we are able to go back to some sense of normalcy, he expects interest rates to remain low. Chair Hatch asked if this is something the District can take advantage of in terms of obtaining financing for the development of the new cemetery. GM Deutsch said that the Finance and Investment Committee should certainly consider that and hopes to schedule that committee meeting later in August.

E. Capital Projects Update

GM Deutsch explained that he has been meeting with staff to get their feedback on design components for the new cemetery, prior to the District's submittal to the City of Anaheim. There are some issues like whether or not to install pre-set crypts that the design team needs to consider now that could impact geotechnical issues like grading and compaction. GM Deutsch will discuss this in more detail with the Board at the September Board Meeting.

For the Santa Ana Cemetery Asphalt project, Phases One and Two are complete. The last of the paving for Phase Three was completed on August 3rd and a final slurry should take place at the end of August. GM Deutsch reported that the staff at Santa Ana were extremely helpful during the construction project. The project did take a toll on the grounds at the cemetery, but he knows staff will work hard to restore the grounds to a beautiful condition.


Chair


Secretary

As is mentioned later in the agenda, the El Toro Paving project has been awarded and he expects work to begin in late August or early September. Staff is also working with the landscape and irrigation design team on a beautification plan for El Toro's front slope that faces Trabuco Road. Before work can begin on that project, cell phone lines for the cell tower must be rerouted so they no longer impact interment spaces nearby. GM Deutsch explained briefly about the installation of the drainage basins that took place in the Santa Ana project and noted that the El Toro project will also have one basin installed in the back part of the cemetery that is prone to standing water.

For new equipment, the golf cart for El Toro has been ordered and the other three pieces of equipment will also be ordered shortly if not this week.

Chair Hatch asked if this marks the end of large capital improvement projects for the three existing cemeteries. GM Deutsch answered that it does. There will be regular slurry resurfacing at all three cemeteries and master planning for the development of future niches. But once El Toro's projects are complete the District will be focusing on the development of the new fourth cemetery.

GENERAL COUNSEL REPORT

Counsel Quintanilla stated that he will not always have something to report, but he will discuss any topic of relevance that he learns about and report to the Trustees under this agenda item.

He did state that he has heard of companies and organizations having suits brought against them by their employees because they were required to go to work during the pandemic and then they either became ill with COVID or a family member died from COVID as a result of their attendance at work. Counsel Quintanilla stated that because the District allowed Telecommuting and followed the recommended guidelines for safe practices, those measures greatly mitigate the District's risk for these types of claims.

UNFINISHED BUSINESS

A. COVID-19 Update

GM Deutsch reported that not much has changed with the precautions District staff are taking to minimize the risk of exposure to COVID-19. The offices are still on lockdown and staff wear masks when in common areas and are doing their best to practice six-foot social distancing. For services, families with non-COVID related deaths can have up to 50 people at the graveside service, but protective face coverings and social distancing are still required. If the death is COVID related, only 25 people can attend the graveside service and they must all stay in their vehicles until staff have closed the grave and left the area.

So far, the District has been fortunate with no staff members contracting the virus. We have had three scares where employees were concerned they might be ill. In those situations, they were told to go home immediately and self-quarantine until they could take a COVID test and get a negative result. In all three cases the employee tested negative and they have been able to use the emergency leave for the time they were self-quarantining. The offices also have paper masks to give to people coming to appointments who were not wearing a mask.


Chair


Secretary

NEW BUSINESS

A. Equipment Purchase Approval

GM Deutsch stated that every August or September staff presents purchase orders for equipment that was included in the new fiscal year budget. Cemetery Manager Bud Bales has put together purchase orders for a New Holland Backhoe B95C, a New Holland Boomer Tractor, and attachments for an existing tractor that will make it more useful for work on maintenance projects at the new cemetery. The new backhoe and tractor are both for El Toro Memorial Park.

GM Deutsch said the District takes advantage of trade-in values on old equipment and also participates in joint power alliances that afford the District discounted pricing on equipment and vehicles.

MOTION: of Trustee Rivers, seconded by Trustee Nelson and carried by a roll-call vote of 4-0 (Trustee Cynthia Ward absent for the vote), approved the purchase of the following equipment:

1. New Holland Backhoe B95C in the amount of \$91,641.24 to Scott Equipment;
2. New Holland Boomer Tractor in the amount of \$30,190.24 to Scott Equipment and;
3. New Holland Backhoe & Loader attachments in the amount of \$18,275.80 to Scott Equipment and;

authorize the General Manager to execute purchase orders.

B. Award of Contract – El Toro Memorial Park Asphalt & Concrete Project

GM Deutsch explained that the El Toro Memorial Park asphalt project will be very similar to the one just finishing at Santa Ana Cemetery. El Toro Memorial Park will only have one drainage basin installed in the upper area of the park that does not have enough fall. The District looked at five contractors of which three participated in the job walk. All contractors bid on a common scope of work. All American Asphalt was the apparent low bid at \$416,000. GM Deutsch pointed out that there was a substantial difference between All American’s bid and the next lowest bid, which was Ben’s Asphalt at \$579,499. GM Deutsch explained that All American produces their own asphalt and are able to recycle asphalt as well, where other companies have to pay for that. GM Deutsch recommended that the Board allow for a 5% contingency for possible change orders. Since this is a fairly straightforward project there should be little unanticipated expenses, but it is always prudent to have that cushion.

Trustee Nelson asked if All American bid on the Santa Ana project. GM Deutsch answered that they did not. Chair Hatch asked if there are varying grades of asphalt. GM Deutsch said he is not aware of any differences and thought the main considerations are the thickness of the asphalt and the compaction. Our interior roads in the cemetery will have four inches of asphalt, where city streets would have six inches. The quality of the asphalt from All American should not be an issue.


Chair


Secretary

MOTION: of Trustee Nelson, seconded by Trustee Rivers and carried by a roll-call vote of 4-0 (Trustee Cynthia Ward absent for the vote), approved the award of the construction contract to All American Asphalt, for the removal of the deteriorating asphalt curbs and roadways, replacing the curbs with concrete and repaving the roads and installation of a drainage tank at the El Toro Memorial Park in the amount of \$416,999.99, and authorize the General Manager to execute the requisite contract and approve any change orders up to 5% of the contract or \$20,849.99.

C. Operational Area Agreement

GM Deutsch stated that this item could have been placed on the Consent Calendar, but the District’s involvement with this group has been very beneficial during the COVID-19 pandemic, so he thought it was worthwhile to brief the board on this agreement. GM Deutsch reported that over the last two to three years the County of Orange Operational Area Emergency Management Division has been working on updating the Orange County Operational Area Agreement. The last time it was updated was in 1995. This group oversees all emergencies in the County of Orange and also coordinates with outside agencies such as FEMA. GM Deutsch briefly explained the importance of being involved as well as the three levels of membership including Signatory, Collaborative and Associate. The District is designated as a Signatory Member, which provides full voting rights on policy issues, administration and coordination. The level of membership, however, will also require more involvement and GM Deutsch plans to update his training as well. GM Deutsch recommended that the District remain as a Signatory Member.

GM Deutsch stated that during the pandemic, the District was able to receive information and directives prior to release to the press and public which allowed staff to better prepare for and respond to any concerns. Staff was also able to secure needed personal protective equipment more quickly, which enabled us to continue to provide essential services. Counsel Quintanilla’s only concern was that involvement in groups like this can sometimes require a lot of time and effort.

In the event of an emergency the District would most likely be utilized as a site for mass graves or potentially as a safe open area where triage could be performed. GM Deutsch said that an area for mass graves is something to consider in the development of the new cemetery.

MOTION: of Trustee Nelson, seconded by Trustee Marroquin and carried by a roll-call vote of 4-0 (Trustee Cynthia Ward absent for the vote), authorized the execution of the Operational Area Agreement and directed the General Manager to send a supporting letter to indicate the selected membership.

ITEMS FOR FUTURE AGENDAS

GM Deutsch said he plans to have an update from the new cemetery development team at the September Board Meeting.


Chair


Secretary

BOARD COMMENTS

A. ISDOC Quarterly Meeting, July 32, 2020 (Video Conferenced)

Trustee Nelson reported that the main speaker was Supervisor Wagner who spoke for about ten minutes. The member focus portion of the meeting was on South Coast Water District. Trustee Rivers and Trustee Marroquin also reported that they attended the video conference. GM Deutsch mentioned that South Coast Water is working on a new tunnel project and they will have tours where people can walk the tunnel.

ANNOUNCEMENTS

Chair Hatch said that it seems many of the Veterans have a strong feeling about locating the proposed Veterans Cemetery in Irvine and he wondered if there was going to be anything on the November ballot regarding the issue. GM Deutsch said he would try to get a statement from the City of Irvine about the status of the Veterans Cemetery. GM Deutsch said he would pass that information on to the Trustees at the September Board Meeting.

Trustee Nelson stated that he had received an email regarding the swing gates now installed separating Santa Ana Cemetery from Fairhaven Memorial Park. The email inquired as to whether some kind of animosity existed between the two cemeteries. Trustee Nelson wanted to know how GM Deutsch had responded. GM Deutsch stated that he had not received the email and was unaware of it. He stated that there was no ill will between the two cemeteries and the installation of the gates had been a mutual decision to enable both cemeteries to better control traffic and safeguard their properties, particularly after the shooting that occurred at Santa Ana Cemetery. GM Deutsch requested that Trustee Nelson forward the email to him so he could respond.

The next regular meeting will be held on **Tuesday, September 1, 2020**, 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 11:25 a.m.



Chair



Secretary



Chair



Secretary