

ORANGE COUNTY CEMETERY DISTRICT
Board of Trustees
February 6, 2018

MINUTES

The adjourned regular monthly meeting of the Orange County Cemetery District Board of Trustees was called to order by Chair Kelly Rivers 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 Chair Kelly Rivers
Roll Call by Mary Funk, Secretary.

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

ABSENT: Cynthia Ward, Vice Chair Fourth District

Staff: Tim Deutsch, General Manager
Dianna Torrence, Administrative Manager
Mary Funk, Board Secretary

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

CONSENT CALENDAR

- A. Approval of Minutes – Regular Board Meeting, January 9, 2017.
- B. Approval of December 2017 Check Registers (Claims) Nos. 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, and 130.
- C. Acceptance of the District Quarterly Investment Report and Certification for December 31, 2017, pursuant to Government Code Section 53646(b)(1).

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.

GENERAL MANAGER REPORTS

Interments and Interment Space Sales Reports – December 2017

The following interment and interment space sales for December 2017 were reviewed:

			<u>2017-2018</u>	<u>2016-2017</u>
ANAHEIM	Interments	5 (2 Urn)	35 (22 Urn)	31 (10 Urn)
	Lot Sales	2	16	9


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EL TORO	Interments	64 (23 Urn)	300 (103 Urn)	261 (98 Urn)
	Lot Sales	70	335	313
SANTA ANA	Interments	32 (7 Urn)	165 (23 Urn)	176 (29 Urn)
	Lot Sales	24	145	167
TOTAL	Interments	101 (32 Urn)	500 (148 Urn)	468 (137 Urn)
	Lot Sales	96	496	489

GM Deutsch reported that he is now providing a written summary memo of these reports to expedite meeting discussion. December was an extraordinarily busy month for El Toro Memorial Park with 70 space sales and 64 interments. That is the highest amount of space sales for El Toro since 2004. Pre-need activity has increased at El Toro with referrals from Santa Ana Cemetery and Anaheim Cemetery who are no longer offering pre-need purchases for full casket space. Overall, the District is tracking about the same as last year which had record sales, so activity has not eased up. GM Deutsch mentioned that, particularly at El Toro Memorial Park, interment services have been quite busy with many Persian families requesting burials within 24 hours after death due to cultural and religious requirements. This is difficult to accommodate because of the necessity to have the proper permits on hand which are provided by the mortuaries. Trustee Hatch asked about the inventory of available spaces remaining in the three District properties. A brief discussion followed on the longevity of the existing cemeteries and the urgent need for more land for a new cemetery.

Financial Reports – December 2017

The Board reviewed the Financial Reports for December 2017. Brenda Manriquez could not attend the meeting so GM Deutsch noted that expenditures are tracking normally and revenues are higher both when compared to the previous year and what was forecasted in the budget. Salaries and Benefits expenditures are higher than FY 2016-17 and also slightly higher than what was budgeted. This is largely due to salary increases that had not been included in the budget due to union negotiations, use of overtime, and an increase in filled positions. Trustee Hatch asked when union contracts are expiring. GM Deutsch replied that the current MOU ends on June 30, 2019. In the fall of 2018, the Personnel Committee will start preparing for labor negotiations that should begin sometime in January 2019. Counsel Quintanilla also explained that in the past we have hired Oliver Yee, a professional negotiator to help the District reach agreement with the Union. Mr. Yee was instrumental in helping the district transition to a 100% employee paid pension. Trustee Hatch also asked if office staff are unionized. GM Deutsch answered that they are non-represented employees, but the Board reviews their status at the same time labor negotiations are being discussed.

GM Deutsch reported that fund balances are good. He noted that Brenda Manriquez suggested that the Finance and Investment Committee may want to consider transferring money from the General Fund and Pre-Need Fund to outside investors, remembering that the District likes to keep 50% of its operating budget available in the General Fund. Trustee Hatch asked what kind of communication GM Deutsch has with our outside investors. GM Deutsch replied that he seeks their advice on a regular basis and did explain that one of our outside investors, Edward Jones, can no longer manage new funds for the district as there is a conflict of interest regarding our custodial account.



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January Investment Portfolio Changes

GM Deutsch explained that for the month of January the District had some changes in the Pre-Need Fund (Kreiser LT/FundX) due to a maturity in the Pre-Need Fund (Edward Jones) that was then transferred to Kreiser LT/FundX to invest.

December Interest Rates

GM Deutsch reported that rates were relatively flat for the quarter ending December 30, 2017. The biggest increase was with CalTRUST with an increase from 1.48 to 1.62. We will still continue to move funds from the Orange County Investment Pool (OCIP) to CalTrust when appropriate as CalTrust consistently outperforms the County.

Capital Projects Update

The Board reviewed the Capital Projects update. GM Deutsch said that the District made the final retention payment to Fast-Track Construction and the Santa Ana and Anaheim niche projects are complete. Both cemeteries have already sold their first niches. A presentation will be given later in the meeting on the upcoming El Toro Niche Project and District-wide restroom renovations.

The Strategic Plan Dashboard

GM Deutsch stated that staff at Santa Ana Cemetery will begin work on the next road closures, which will add approximately 240 new casket spaces at Santa Ana. GM Deutsch anticipates that these spaces will be ready for sale in the summer of 2018. Staff is working hard to keep enough space available to meet projected needs for the coming 24 months.

In the search for land for a fourth cemetery, GM Deutsch reported that the meeting with Supervisor Spitzer will be postponed until the City of Irvine elections in June. This election includes a ballot measure that can impact the future development of the Veterans Cemetery at the Great Park site. GM Deutsch stated that there are a number of potential parcels on the District’s “watch list” and the staff needs to make sure that any property we pursue offers longevity to the District. GM Deutsch also reported that staff will be sending a letter out to all of the 34 City Managers in Orange County informing them of the District’s critical need for land and that we will also be emailing them copies of the District newsletter to keep them informed of our services and community programs. GM Deutsch did note that it can be a hard sell to city managers as the construction and operation of cemeteries yields very little sales tax with little revenue potential for cities. They can also be viewed as unpopular by residents living next door.

GM Deutsch stated that staff has started sending family surveys out again along with a letter of condolence and general information on the cemetery. Staff hopes to present a report at the March Board meeting summarizing survey results for the last quarter of 2017.

GM Deutsch announced that total annual District revenues continue to exceed total annual District expenditures.

OC LAFCO Visit – Oral Presentation

GM Deutsch reported that he and Communications Manager, Mary Funk, met with Carolyn Emery and Luis Tapia from LAFCO who were going out to all the various districts in preparation for municipal services reviews. GM Deutsch stated that during the meeting he


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educated the LAFCO personnel on the District's mission and services and most importantly stressed the need to find more land to develop a fourth cemetery. In talking with Carolyn and Luis he learned that LAFCO meets regularly with members in six or seven different regional meetings. Because our District is unincorporated and not associated with any particular region, GM Deutsch asked if he could attend these meetings with the hopes of discussing our land needs with those in attendance. Carolyn Emery said he would get information on upcoming meeting times to GM Deutsch. Trustee Nelson thought that LAFCO conducted Municipal Services Reviews every five years. GM Deutsch explained that the last LAFCO Municipal Services Review for our District was in 2005 when Sam Randall was the General Manager. LAFCO reaffirmed that review in 2012 or 2013.

UNFINISHED BUSINESS - None

NEW BUSINESS

Award of Contract – El Toro Niche Project and District-wide Restroom Renovations

GM Deutsch presented an educational PowerPoint presentation to the Board on the details of the El Toro Niche Project and District-wide Restroom Renovations. During the presentation he described the various components of the project at each cemetery location. He also addressed changes in the scope of work from the original estimate to the time of bid and explained how several changes required by city and county planners increased overall project costs. Some notable examples of these changes include modifications for ADA requirements, costs to suspend the Santa Ana sewer tank so that sealer can be applied, retaining wall changes at El Toro that require caisson installations, permeable paver requirements, the requirement to use a certified landscape architect rather than in-house staff for El Toro project landscaping, and general construction cost increases due to inflation.

GM Deutsch stated that the original estimate for project costs was \$1.1 million. Bids were expected from seven General Contractors who participated in the mandatory site walks, but on bid day only two bids were received. The apparent low bidder was Horizons Construction Company with a bid of \$1,412,000. That leaves a difference from the original estimate of \$312,000. GM Deutsch also recommended including a 5% contingency of \$70,600 for a total amount to be authorized by the Board of \$1,482,600. GM Deutsch explained that in order to fund the project the Board will need to authorize the transfer of \$300,000 from the Capital Improvement Reserve Fund to the Building and Improvements (4200) Fund in the Approved 2017-18 District Budget.

Trustee Hatch asked if the District makes sure the general contractor and sub-contractors have the proper insurance. GM Deutsch said we always make sure the General Contractor's insurance requirements are met.

GM Deutsch also reported that for the El Toro niche projects, the estimated cost per niche is \$1,321.43 and the expected revenue per niche is \$3,525.57. The total revenue that is estimated to be generated by the sale and interment services for all niches in the new niche feature is \$2,326,875.


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MOTION of Trustee Nelson, seconded by Trustee Hatch and carried by a vote of 4-0 (Vice Chair Ward absent for the vote), authorized the transfer of \$300,000 from the Capital Improvement Reserve Fund to the Building and Improvements (4200) Fund in the Approved 2017-18 District Budget.

MOTION of Trustee Nelson, seconded by Trustee Marroquin, approved the award of the construction contract to Horizons Construction Company, for the construction and installation of a new niche structure, a public restroom facility, and landscape, utility and site improvements at El Toro Memorial Park; restroom improvements and sewer tank installation at the Santa Ana Cemetery; and restroom improvements at the Anaheim Cemetery in the amount of \$1,412,000, and authorize the General Manager to execute the requisite contract and approve any change orders up to 5% of the contract or \$70,600.

Trustee Nelson thanked GM Deutsch for the detailed PowerPoint presentation and excellent summary of the project and associated costs.

Board of Trustees – Ad Hoc Committee – Land Acquisition & Development

GM Deutsch explained that in the pursuit of finding land for a fourth cemetery he has been working with a Board selected Ad Hoc Committee. That committee included current Board Trustee Bill Nelson and former Trustee Leslie Keane. With Trustee Keane’s departure from the Board, GM Deutsch would like to see another Board member appointed to this Ad Hoc Committee. With his legal expertise, GM Deutsch recommended that Trustee Noel Hatch be appointed to serve on this Ad Hoc Committee with Trustee Nelson. Chair Rivers asked Trustee Hatch if he would be willing to serve. Trustee Hatch replied that he would be happy to do so.

MOTION of Trustee Hatch, seconded by Trustee Marroquin and carried by a vote of 4-0 (Vice Chair Ward absent for the vote), approved the appointment of Trustee Noel Hatch to the Ad Hoc Committee for Land Acquisition & Development.

ITEMS FOR FUTURE AGENDAS

GM Deutsch said he would like to discuss recommendations for off-site board meetings or gatherings at Anaheim Cemetery and Santa Ana Cemetery, as suggested in January by Chair Rivers. This would give new Board Members a chance to become more familiar with the District’s other two properties and give Trustees a chance to meet staff members at Santa Ana Cemetery and Anaheim Cemetery. GM Deutsch also suggested discussing at a future Board Meeting changing the start time of meetings to 10:00 a.m. as this seemed to work well for everyone at the meeting today. Trustee Nelson said we do need to discuss this when Trustee Ward is present since he thought the meeting time had been set at 11:00 a.m. to better accommodate her schedule.

CLOSED SESSION

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


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The Board adjourned to closed session at 11:18 a.m. The Board reconvened from closed session at 11:34 a.m. General Counsel Steve Quintanilla of the Law Offices of Quintanilla and Associates stated that no reportable action took place in closed session.

BOARD COMMENTS

ISDOC Quarterly Meeting, Fountain Valley, January 25, 2018

Chair Rivers reported that Midway City Sanitation was the featured speaker and gave an interesting presentation. A lobbyist group also presented. Overall, she stated it was a good meeting with the usual lunch.

Trustee Nelson did not attend the ISDOC Quarterly Meeting.

CSDA Professional Development Committee Meeting, Sacramento – February 1, 2018

Trustee Nelson stated that the committee reviewed all the activities for the year, noting that, once again, there was record attendance at workshops, webinars and conferences. The association earned \$425,000 in revenue from these professional development offerings.

CSDA Board Meeting, Sacramento – January 19, 2018

Trustee Nelson reported that in closed session they discussed the CEO's evaluation and merit increase. His evaluation was excellent with many comments marking that he exceeded expectations. Trustee Nelson said that he pushed for a 10% increase for the CEO as several others in his staff had already received a 10% increase. It seemed only fair that he enjoy the same benefit, since he hired and developed his staff. The Board also discussed finances and looked back on another great year with revenues exceeding budget expectations. As of the renewal deadline of January 4th, 74% of members had paid their dues.

ISDOC Executive Committee Meeting, Fountain Valley, February 6, 2018

Trustee Nelson gave his report on CSDA to the ISDOC Executive Committee with highlights from 2017. He reported that seventy new members joined CSDA in 2017. They conducted legislative tours that educated politicians and staffers on the various special districts that serve their constituents. CSDA tracked 854 legislative measures and directly lobbied on 123 of them. Of the 51 bills CSDA opposed, only 8 became law. Conversely, 37 of the 72 bills CSDA supported became law. CSDA was also instrumental in supporting desirable outcomes with the Little Hoover Commission.

ANNOUNCEMENTS

The Communications and Public Relations Committee will meet at 10:00 a.m. on February 15, 2018 at El Toro Memorial Park.

The CAPC Annual Conference will be held in San Luis Obispo on Feb. 22-24 2018. Chair Rivers, Trustee Nelson, and Board Secretary Mary Funk will attend.

The Finance and Investment Committee will meet at El Toro Memorial Park on February 28, 2018 at 1:00 p.m.

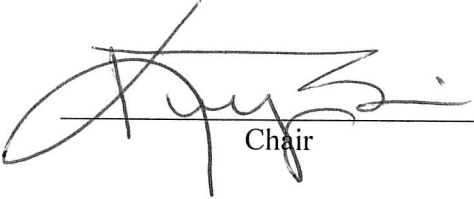

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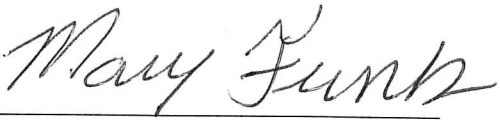
The ISDOC Executive Committee Meeting will be held on March 6, 2018 in Fountain Valley.

The next regular meeting will be held on **Tuesday, March 6, 2018**, at 11:00 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 11:46 a.m.



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