



COUNCIL REPORT

Report Date: March 22, 2024
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Meeting Date: April 10, 2024
[Submit comments to Council](#)

TO: Standing Committee on Policy and Strategic Priorities
FROM: General Manager of Arts, Culture and Community Services
SUBJECT: Mountain View Cemetery – Master Plan Phase 2

Recommendations

- A. THAT Council receive for information the update on the financial performance of Phase 1 of the Mountain View Cemetery Master Plan and other information described generally in this report and as presented in Appendix A.
- B. THAT Council approve in principle the financial plan for the Phase 2 implementation of the Mountain View Cemetery Master Plan as described generally in this report and as presented in Appendix B
- C. THAT Council approve an ongoing operating contribution for care and maintenance costs as described in this report and as presented in Appendix B. The annual contribution will be reviewed as part of the annual operating budget process beginning in 2025 Budget year.
- D. THAT Council approve an increase of \$2.8 million to the 2023-2026 Capital Plan and multi year capital budget to support the Capital investment for development of new Cemetery space anticipated in the Phase 2 plan. The source of funds is to be the Capital Financing Fund, to be repaid by revenue generated from the sale of the additional cemetery space.

Purpose and Executive Summary

This report provides a review of the financial performance of the Mountain View Cemetery Master Plan implementation (2009 - 2023) and identifies the future need for continuing operating contributions toward the long-term care and maintenance of the cemetery. It also provides an overview of Phase 2 of the MVC Master Plan, including details on the capital investment required to implement.

Council Authority/Previous Decisions

The Vancouver Charter S.331 gives Council powers in relation to cemeteries and related property.

June 18, 1998: City Council authorized the preparation of a master plan to guide cemetery development for the next hundred years.

March 7, 2000: City Council adopted the Mountain View Cemetery Master Plan, in principle. Council also approved several supporting recommendations and principles including directing staff to bring forward by-law amendments as required to implement the Master Plan.

July 31, 2003: The Mountain View Cemetery By-law was enacted. The first substantive change to the Cemetery By-law since 1964.

July 8, 2004: Council approved implementation of Phase 1 of the Mountain View Cemetery Master Plan and the supporting Financial Plan including an annual operating contribution of \$820,000 for seven years.

June 28, 2006: Council approved \$18.4 million in funding for Phase 1 from the Capital Financing Fund and extension of the annual operating contribution for 12 years.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

Mountain View Cemetery ("MVC") has been owned and operated by the City of Vancouver since 1887 and operates under the Mountain View Cemetery By-law. The 106-acre site borders Fraser Street from 31st Avenue to 41st Avenue and extends as far west as Prince Edward Street. With almost 150,000 interred remains, it is the only cemetery in Vancouver.

All cemeteries in British Columbia are governed by the Cremation, Interment and Funeral Services Act (CIFSA). The Province delegates the administrative authority for the CIFSA and its regulations to Consumer Protection BC, which regulates the operation of funeral services, interment facilities, cemeteries and crematoria in the Province. The CIFSA requires municipalities to adopt by-laws that govern administration and operation of their cemetery; rights and privileges of the operator; rates and charges; and the size, type and materials used for memorials. The CIFSA also regulates the establishment and management of care funds. These funds are mandatory, and the interest earned can be used only for the upkeep and repair of the cemetery.

Establishment: 1886 to 1964

During the first 40 years of operation cemetery staff provided no grounds maintenance for graves other than cutting the tall grass a couple of times per year. Families were responsible to maintain their own graves or hire private gardeners to do so. It was only in 1933 that a Cemetery Care Fund was established under the Cemetery Perpetual Maintenance By-Law. The care fund operated on the basis that grave owners would make a one-time contribution

toward an investment of protected principal. The interest generated from the fund would be used annually to pay for grounds maintenance which was limited to mowing the turf and leveling the grounds due to grave settlement.

When the fund was started in 1933, more than 40 years after the cemetery first opened, the cemetery had already sold more than 30,000 graves – about one-third of the entire site – without any contribution to the care fund. Over the next 30 years, the cemetery would sell an additional 60,000 graves.

Renovation: 1964 to 1986

In 1964, with the cemetery running out of graves from its original layout, fewer than 15% of the graves were under care and maintenance. The fee was still \$40 per grave – unchanged from its initial 1933 rate – and the grounds maintenance commitment was already requiring an annual operating contribution of \$120,000 per year.

Section by section renovations began in 1964 to create new graves by closing many pathways and some roadways. A care fund contribution became mandatory on all new graves. The fee remained \$40 per grave until 1981 when it was increased to \$110 – the entire grave fee.

Closure: 1986

When the availability of space was again becoming depleted, a decision was made to cease the sale of graves to the public effective April 1, 1986. The care fund principal was just over \$2 million and was generating \$210k in annual interest. At this time, the annual costs for grounds maintenance exceeded \$580k and required an annual operating contribution of \$370k.

A team of consultants was engaged in 1995 to lead an exploration of the potential for reopening the cemetery. The 1998 Vision Plan indicated there was potential and additional work was approved to build a more comprehensive plan.

The Mountain View Cemetery Master Plan was received by Council March 7, 2000. It was the foundational document that informed a revised 2004 financial plan. In 2006, Council gave approval to proceed with implementation of Phase 1 of the Master Plan. In December 2008 - more than 22 years after closure - MVC was reopened to the sale of grave space to the public.

Reopening: 2008

Phase 1 of the MVC Master Plan implementation was completed in 2008 and resulted in the creation of more than 2,200 niche spaces for cremated remains and the construction of 3 new buildings: the cemetery office, a works yard and the Celebration Hall. In 2011, more spaces were created to provide space for in-ground cremation lots and in 2012 the cemetery was able to reactivate the sale of full casket graves resulting from a reclamation process.

The costs for construction and implementation of Phase 1 were sourced internally through borrowing from the Capital Financing Fund (CFF). This funding was approved as part of Phase 1 and based on the business case in the financial plan.

In terms of service provision, between 2009 and 2023 the cemetery performed more than 6,500 interments, installed more than 4,800 new markers and monument foundations, and completed more than 1,300 niche panel inscriptions on the new columbaria. Reopening the cemetery also resulted in more than 4,000 families being able to acquire space in MVC and the new Celebration Hall hosted more than 1,000 memorial services.

An internal audit of MVC was completed in 2017 including a recommendation to report to Council on the financial details on the Phase 1 actual performance as compared to the business plan and a recommendation for Phase 2 of cemetery operation. At the same time, a consultant team was engaged to create schematic plans and construction cost estimates to inform the expense side of the Phase 2 project.

Discussion

The review of Phase 1 resulted in 3 key learnings that inform the Phase 2 plan: the Phase 1 financial plan was optimistic; the historical under-funding of MVC maintenance cannot be overcome in one generation; and that the cemetery can support future operations and capital costs for new inventory from revenue generated by the sale of existing and newly created inventory.

Review of the Phase 1 (2009 to 2023) Financial Plan

When the Phase 1 financial plan was created, the cemetery had already been closed to the sale of space for more than a decade and lacked the historical data to inform projections in the model. Estimates were generated based on death rates and market assumptions with segmented products and compounding growth predictions. The anticipated sales volume was not achieved and anticipated revenues were not realized. A summary of the projected and actual volumes and revenues is provided in Appendix A.

Financially, Phase 1 has generated \$40.2m in revenue with \$27.3 m directly from the sale of new space and \$7.7m in new contributions to the Cemetery Care Fund. Fees for cemetery services generated an additional \$5.2m. Annual revenues have increased from an average of \$192,000 between 2001 and 2007 to more than \$2,000,000 between 2009 and 2023.

In addition to these revenues, \$11.7 million in tax-funded operating contributions, \$3.0m in additional borrowing and \$1.5 million in care fund interest earnings, funded \$30.2 million in operating expenses and \$18.5 million in payments to the CFF loan.

Phase 2 Investment and Financial Plan

The financial model for Phase 2 builds upon the learnings from the Phase 1 plan. Using 15 years of historical sales and focusing on a few core product types, the financial plan for the next phase is also structured to allow for improved tracking of performance to inform annual review and adjustments.

The funding and construction that support Phase 2 of the 100-year Mountain View Cemetery Master Plan implementation will enable a continuation of service and associated revenues. Over the next 15 years work will progress in 6 stages to create more than 6,200 new interment spaces for sale. With an estimated capital cost of \$12 million the financial plan projects revenues of \$65 million including more than \$11 million in contributions to the Care Fund.

A summary of the historic sales volumes and financials with projections from the Phase 2 plan is provided in Appendix C.

Care and Maintenance

In the 15 years since the cemetery reopened to the sale of space in December 2008, the care fund principal has increased from under \$3 million to now exceed \$10 million. With grave prices at or near market rates, the funding per grave has ranged from \$7,400 in 2011 to more than

\$8,500 in 2023.

The annual costs for providing grounds maintenance for the cemetery have increased since 1986 to more than \$900k and are projected to exceed \$1 million in 2025.

The revenues forecasted in the Phase 1 plan supported the assumption that the cemetery's need for an annual operating contribution funded by property taxes could be alleviated over 10 to 12 years. The revised financial model for Phase 2 confirms that it will take many decades for the market rate structure of the cemetery fees to make up for almost a century of operating the cemetery with little or no care and maintenance contribution from families.

The historical basis and continuing implications of these decisions has informed the recommendation to tie the annual operating contribution directly to the variance between actual care and maintenance costs and the revenue generated from the care fund. This connection will also serve to highlight the relationship between the performance of the care fund with the annual operating funding required for the grounds maintenance.

The regulations under the *Cremation, Interment and Funeral Services Act* default that a care fund administered by a municipality may only be invested in securities approved by the regulator or as if the care fund was a reserve. The Cemetery Care Fund has been historically invested as a reserve fund. The relationship between the interest earnings from the fund and the ongoing costs of care and maintenance highlights the need for a shift in investment strategy. Staff will explore potential changes to the investment strategy under current authority to be more aligned with the *Trustee Act* to achieve improved returns. Those higher returns will then have an impact on the annual operating contribution required to fund the gap in the grounds maintenance costs.

Financial Implications

The recommendations in this report are being made as part of a financial review on the best way to manage the long-term financial responsibilities of the City to support the care and maintenance of the cemetery.

Setting the annual operating contribution to cover the difference between the care fund earnings and the costs to maintain the cemetery aligns with the purpose of the fund as defined in the Provincial Act. It clarifies the relationship between the historical establishment of the fund, the rates charged for care and maintenance and the decision in the 1960's to assume maintenance responsibility for the entire cemetery. This realignment also creates a clear financial picture of the need to manage the investment and growth of the care fund principal. More optimal investment returns will reduce the operating contribution required.

As the Care fund balance increases from the continued sale of new space and investment income is increased, the annual operating contribution required to support the care and maintenance of the cemetery will reduce over time. The level of the annual operating contribution will depend on timing of the sale of space and the resulting revenue, as well as investment returns achieved.

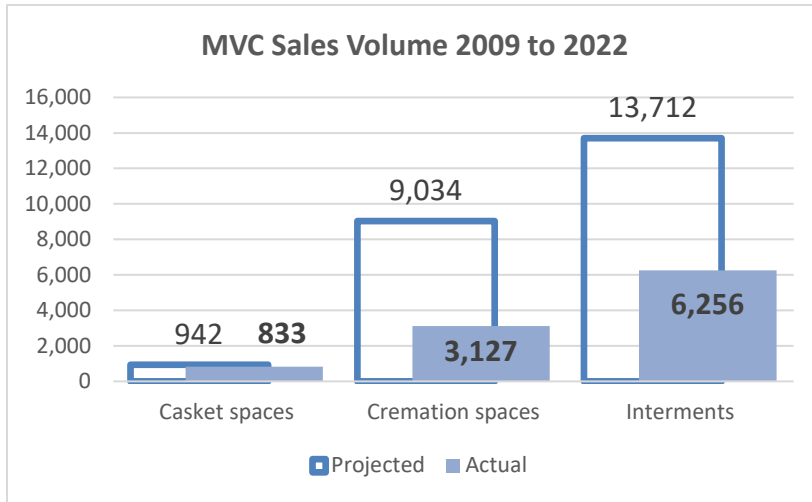
The recommendations above are based on a financial forecast built using 15 years of historical data from Phase I of the master plan. The forecast includes assumptions about demand for space and annual fee increases to cover costs. Costs include an inflationary increase aligned to other City forecasts. As with any forecast there is risk associated with the assumptions made. Staff will monitor results on a regular basis and adjust timing of investment and creation of new space to match demand as well as ensure that annual fees are set at a rate aligned with market conditions and cost recovery of both operational and capital costs.

Legal Implications

There are no legal implications associated with this report's recommendations.

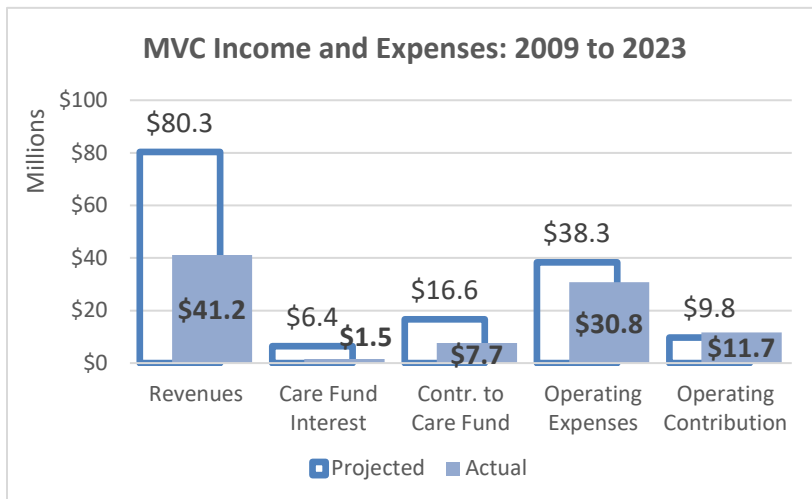
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APPENDIX A MVC PHASE 1 FINANCIAL PLAN – PROJECTED vs. ACTUAL



% of Projected Volumes

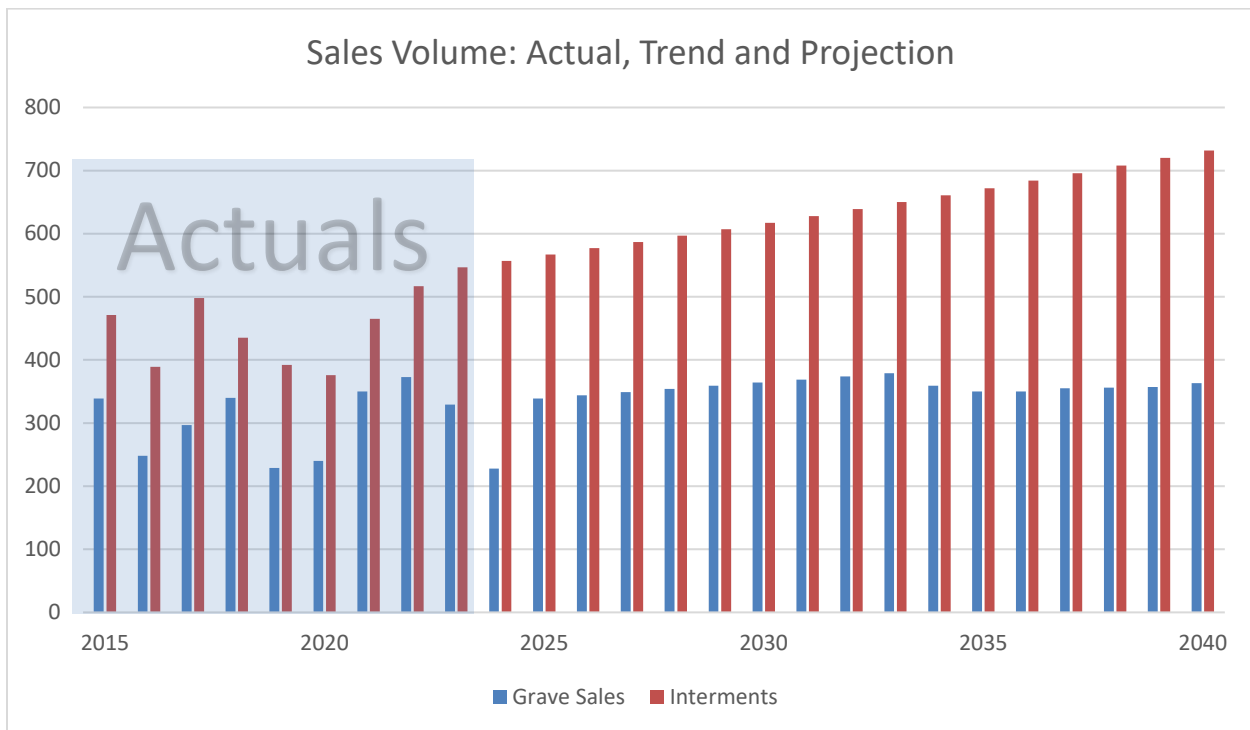
- 88% of casket graves
- 35% of cremation spaces
- 46% of interments



% of Projected Values

- 51% of revenues
- 24% of Care Fund Interest
- 46% of contribution to Care Fund
- 80% of expenses
- 120% of operating contribution

**APPENDIX B
PHASE 2 – HISTORIC ACTUALS AND PLAN PROJECTIONS**



Projected VOLUME	2024	2025	2026	2027	2028	2029	2030	2035	2040
Grave Sales	228	339	344	349	354	359	364	350	363
Casket Grave	60	61	62	63	64	65	66	30	15*
Cremation Lot	73	74	75	76	77	78	79	84	92
Cremation Estate	26	26	26	26	26	26	26	26	26
Niche	69	178	181	184	187	190	193	210	230
Interments	557	567	577	587	597	607	617	672	732
Casket Interment	60	61	62	63	64	65	66	71	76
Cremation Interment	497	506	515	524	533	542	551	601	656
Services	623	633	644	656	668	680	692	752	817
Celebration Hall	113	115	117	119	121	123	125	135	146
Markers / Foundations	307	312	317	323	329	335	341	371	405
Marker Reset	61	62	63	64	65	66	67	72	77
Inscriptions	142	144	147	150	153	156	159	174	189

* The MVC Master Plan recognized that the capacity for traditional casket graves was limited. The current model projects the availability of casket space will be essentially depleted by 2040

APPENDIX B (cont'd)
PHASE 2 - HISTORIC ACTUALS AND PLAN PROJECTIONS

The forecast includes assumptions about demand for space and annual fee increases to cover costs. Costs include an inflationary increase aligned to other City forecasts. As with any forecast there is risk associated with the assumptions made. Staff will monitor results on a regular basis and adjust timing of investment and creation of new space to match demand as well as ensure that annual fees are set at a rate aligned with market conditions and cost recovery of both operational and capital costs.

Projections from the current model – subject to annual budget process and approvals.

	\$ '000 (thousands)	2024	2025	2026	2027	2028	2029	2030	2035	2040
	Program Fees	(3,096)	(3,681)	(3,812)	(3,946)	(4,085)	(4,227)	(4,374)	(4,357)	(4,080)
	Cost Recoveries	(28)	(28)	(29)	(29)	(30)	(31)	(31)	(34)	(38)
	REVENUES	(3,124)	(3,709)	(3,841)	(3,976)	(4,115)	(4,258)	(4,405)	(4,391)	(4,118)
OPERATIONS	Salaries & Benefits	1,089	1,132	1,177	1,201	1,225	1,249	1,274	1,407	1,553
	Equipment & Fleet	542	553	564	575	587	598	610	674	744
	Supplies & Materials	176	180	183	187	191	194	198	219	242
	Other Expenses	365	372	380	387	395	403	411	454	501
	EXPENDITURES	2,172	2,237	2,304	2,350	2,397	2,445	2,494	2,754	3,040
	Net Operating pos'n	(952)	(1,473)	(1,537)	(1,626)	(1,718)	(1,813)	(1,911)	(1,638)	(1,078)
CARE and MAINTENANCE	Care Fund Earnings	(283)	(305)	(357)	(414)	(476)	(544)	(654)	(873)	(1,033)
	Cost Recoveries	(14)	(15)	(15)	(15)	(15)	(16)	(16)	(18)	(20)
	REVENUES	(297)	(319)	(371)	(429)	(491)	(559)	(670)	(891)	(1,052)
	Salaries & Benefits	800	832	865	883	900	918	937	1,034	1,142
	Equipment & Fleet	190	194	198	202	206	210	214	236	261
	Supplies & Materials	48	49	50	51	52	53	54	60	66
	Other Expenses	80	82	83	85	87	88	90	99	110
	EXPENDITURES	1,118	1,156	1,196	1,220	1,244	1,269	1,295	1,429	1,578
Operating Contribution	(821)	(837)	(825)	(791)	(753)	(710)	(625)	(538)	(526)	
Loan Payment	952	1,473	1,537	1,626	1,718	1,813	1,911	1,578		
NET POSITION								(60)	(1,078)	