

Dale Cemetery
Recommendation from Citizens Finance Advisory Committee (CFAC)
October, 2010

Summary and Recommendation

The Citizens Finance Advisory Committee, hereinafter to be referred to as the “CFAC” was asked to review the operations of Dale Cemetery, hereinafter referred to as “Dale” and agreed to compare these operations with other cemeteries in the area. The CFAC has done this review from a business perspective.

The CFAC did the following:

- visited Dale on two occasions and spoke with the Executive Director, George Weeks, of the Dale Cemetery Management Corporation;
- analyzed Dale financials from 2004-2009;
- visited and interviewed personnel to determine current operations at comparable cemeteries: Oakwood, (Mount Kisco) Sleepy Hollow, (Sleepy Hollow) and Ferncliff, (Hartsdale), St. Augustine was not available for a meeting;
- reviewed the Town Cemetery Law and spoke with the NYS Division of Cemeteries; and finally
- analyzed potential changes to Dale’s operations.

Based upon the review there is a structural problem with Dale’s operations, and it needs a drastic change, which requires realigning Dale’s expenses with its revenue. Therefore, the CFAC is recommending two options which will maintain Dale and allow for the continued operation and significantly reduces the projected deficits at Dale.

Dale Cemetery History and Status

A) Dale (Brief Overview)

Dale Cemetery encompasses 37 acres, roughly between Havell Street and Dale Avenue in the Town of Ossining. Approximately 35 acres are currently used and laid out for cemetery operations. There is another 2.5 acres which was created by filling in a ravine over the last 2 years.

The present cemetery configuration provides for approximately 11,000 interment sites, not including the new acreage. Of these 1,000-1,300 interment sites are unused. The number of unused presold sites has not been determined.

Dale’s operation is managed by the Dale Cemetery Management Corporation, a not-for-profit organization, incorporated in 2004 specifically for this purpose. The Corporation has five full time employees. There is a 10 year contract between the Corporation and the Town of Ossining

commencing in August, 2004. The Town Attorney has informed the CFAC that this agreement could be terminated at the Town's discretion.

The above information may change as we get better information from Dale on its operations.

B) Acquisition by the Town of Ossining

The Town of Ossining acquired Dale Cemetery in August, 2004 from the Dale Cemetery Association. Prior to the acquisition the Dale Association had made a request to New York State to borrow funds from the Cemetery's Permanent Fund as the Association wanted to make improvements to Dale. This request was denied. The Town then acquired Dale under the New York State law governing abandoned cemeteries, which requires such cemeteries to be taken over by the municipality in which they reside. The CFAC does not have any evidence that the Town prepared a business analysis for the purposes of determining the level/degree of operation of Dale in the best interest of the Town populace.

At the time of acquisition the Town obtained the Cemetery's Permanent Fund of \$343,298 and State aid of \$202,699. The State Aid was used to purchase an excavator, erect a fence and to develop a cemetery survey. Of the Permanent Fund there is \$31,950 left in four CDs to be used as a Perpetual Care Fund on four plots within the cemetery. The remaining amounts from the Permanent Fund and State Aid were used by the Town to support the operating deficit at Dale for the 2004-2006 fiscal years.

C) Dale Operations 2005 – 2009

Attachment A "*Summary of Dale's Operations*" which shows since 2005 the number of interments at Dale have decreased 29% from 61 to 43 per year. Also in that time Dale has had an annual operating deficit that total \$1,051,381. To close the gap between revenue and expense the Town has used \$697,464.15 of taxpayer money.

Review of Other Cemeteries

In May and June 2010 Asher Banks, CFAC member, conducted interviews with cemetery management at Ferncliff, Oakwood and Sleepy Hollow cemeteries. All cemetery managers were willing to divulge details about their operation and were very candid. They also provided thoughts and suggestions on Dale's operations.

As you review the information gathered below please note that all the cemeteries are financially strong and have either developed current revenue streams or are in the process of implementing plans to carry the cemetery into the future. The management staff also noted that mausoleums are the future of the cemetery business.

Oakwood

Oakwood Cemetery comprises 50 acres in the Village of Mt. Kisco of which six acres are unusable (location is on the other side of the Metro North tracks). There are two employees. The

Executive Director handles all the office work and also does interments, cutting the grass, etc. A part time employee is hired during the summer. The total budget is about \$125,000 per year. The revenue is about \$200,000 per year the cemetery has been profitable over the past 7-8 years.

Oakwood did 80 in ground interments in 2009 at an average price of \$2,000. Oakwood's endowment funds total \$1.5 million. There is also a cellular tower on the property which brings in \$115,000 per year. This revenue is not included in the previously discussed cemetery revenue.

There are plans to build both a Crematorium and Mausoleum complex on the property. Oakwood has preliminary plans and cost estimates for both projects. The Crematorium is expected to cost \$500,000-\$1,000,000. The Mausoleum with both inside vaults and outside vaults was roughly estimated two years ago at \$1.2 million and should bring in \$4 million over its life. There are also plans to erect a Cremains Garden in the Mausoleum complex. Financing these projects will not be an issue for Oakwood.

Sleepy Hollow

Sleepy Hollow Cemetery comprises 90 acres in the Village of Sleepy Hollow. They recently acquired an additional five acres from the Rockefeller Family. There are 10 full time employees, one consultant to handle Mausoleum sales and three part-time employees. The operating budget is \$1.1 million. On an operating basis, excluding costs associated with the Mausoleum, the cemetery breaks even.

Sleepy Hollow did 200 interments in 2009 at an average price of \$1,700 per interment. About 70% are full in ground burials. This is down from 400 burials per year. The cemetery recently completed a Mausoleum at a cost of \$3 million. Sales over the lifetime of the Mausoleum are expected to be \$12 million. However, sales are disappointing even with a marketing consultant on staff.

Sleepy Hollow is in the early stages of developing/building a Cremains Garden.

Ferncliff

Ferncliff is the largest and strongest financially of the three cemeteries. It comprises 75 acres in the Town of Greenburgh, 20 of which are unused, has three mausoleums and a crematorium. There are 50 employees, 16 are allocated to burials and cremations. They also hire five part time employees for the same purposes (included in the total). The total budget for operations is \$7-\$8 million with salaries of about \$3 million. They have not been profitable on an operating basis for the past 10-15 years. However, they have endowment funds totaling \$160 million. The interest from the endowment funds more than covers the operating deficit.

Ferncliff does between 1,000 and 2,000 interments per year. They conduct 365 full body interments in ground in 2009. The rest of the interments are niche in ground or mausoleum interments. The average revenue per in ground interment is \$3,000. The mausoleums generate the majority of the revenue. The costs vary from \$20,000-\$40,000 per vault or \$400,000-

\$700,000 for a room. Ferncliff is completing its third mausoleum at a cost of \$50 million. Over the life of the mausoleum it is expected to generate \$125 million of revenue.

It should also be noted that revenue from the Crematorium is not significant. Most cremations are done by funeral homes with no family in attendance. Only 5% of cremations result in a burial at Ferncliff. Ferncliff does not have a cremains garden but is in the process of developing one at a cost of \$400,000.

Cemetery Marketing Activity

The CFAC inquired as to the marketing practices employed by other cemeteries. These cemeteries found that marketing had not meaningfully increased revenues. Unlike many products and services the decision to use a cemetery is mostly driven by factors that cannot be influenced by marketing, such as:

- family members already buried at cemetery;
- prior plot purchases by family or fraternal organizations;
- ease of access by family members; and
- family or personal ties to a specific town, village, etc.

Dale's operational performance underlies this issue as the CFAC believes the Town has significantly expanded resources at Dale only to see its revenues and market share decline. Finally, if the CFAC were to uncover a marketing strategy that could conceivably over time increase revenues and over many years breakeven such a strategy could be easily duplicated by other cemeteries in the area. This action would eliminate the benefit of the strategy. Moreover, these cemeteries have clear competitive advantages such as central location, "ritzier" locations, direct access from primary roads, large endowments and physical attributes that suggest that any novel strategy would benefit them more than Dale.

Take Away

As noted above, all of the cemeteries reviewed are financially strong with Endowment Funds including Permanent Funds required by the State. The Permanent Funds will increase over time as the State mandates that at least 10% of all revenues be put into a Permanent Fund. Also they all have or continue to plan for improvement in different types of burial activities whether it is Mausoleums, Cremains Gardens and possibly Crematoriums. Staffing appears to be right sized at all cemeteries given the activity to be supported.

Dale Recommendation

The CFAC did not spend significant time reviewing additional revenue sources for Dale. It was determined that an additional revenue source would mean a significant capital investment. Considering the present economic and the uncertainty of success, the CFAC does not believe an additional capital investment would be prudent. *For instance, the Sleepy Hollow Mausoleum's expectation for sales has not been met.* This would present a significant and undue risk to the financial stability of the Town.

Attachment B "*Comparing neighboring cemeteries*" demonstrates that Dale has a very high number of employees when compared to the activity at Dale. The Oakwood cemetery does 80 interments per year and employs two people, whereas Dale does 43 interments per year and employs five people. The organizational structure at Dale is a problem and needs to be drastically changed. As staffing accounts for two-thirds of the operating expense, it would be most appropriate to reduce staffing to levels that are reasonable for the operations at Dale.

The Town Supervisor requested that the CFAC provide a recommendation that would reduce the total outlay from the Town to not more than \$50,000 per year. In order to meet that target and provide financially prudent scenarios the CFAC sees two options, they are as follows:

- 1) Develop an Oakwood model in which there would be two employees at about \$68,000 total compensation, includes FICA, Workers Compensation and Unemployment Insurance & Disability costs. Adding 2009 normal expenses, less Consultant and Capital Improvement cost of \$52,000, total cost at Dale would be \$120,000. This is in line with Oakwood expenditures. Assuming total revenue of \$100,000, Dale revenue for 2009 were \$102,830.51, the deficit would be \$20,000. The additional \$30,000 to reach the \$50,000 targeted deficit would be used as a reserve, for Dale, should anything go wrong or something unforeseen occurs at the cemetery. These funds could also be used if the Town desires to start a modest Cremains Garden; or
- 2) Discontinue the active operation of Dale. The New York State Division of Cemeteries Law requires once a Town takes over a cemetery its only obligation is to provide minimal maintenance to the cemetery, which includes mowing the cemetery three times a year. The CFAC believes that this requirement would be achievable with one full time cemetery employee who can provide the labor (with the right equipment) and administrative support. There are several options for an interment to occur including using employees or an outside burial care company. However there should be at least one full time employee dedicated to Dale to act as the knowledgeable resource on interments including how a burial would be performed.

The CFAC has determined that the Town is not equipped and does not have the necessary resources to make Dale a success in the long term. Therefore, the Town should not be in the cemetery business other than to meet its legal obligation (i.e. mowing the lawn three times a year). However, the above two options afford the most flexibility for the Town without closing the cemetery while reducing the financial and tax drain on the Town populace. It would also allow for restarting Dale as an operating cemetery when and if conditions change.

Other Areas for Further Study

1) There are Cemetery Care Companies which will maintain and provide interment services. The CFAC has not discussed costs etc. with them but has had a brief conversation in which it is clear that they will not be a management company for Dale. For completeness the Town might want to go further with a discussion.

2) The CFAC in its reading of the Cemetery Law does not see a preclusion of a sale of unused cemetery property. Oakwood seven years ago sold one acre of its property to the Village of Mt. Kisco. The Town should if it decides that the newly reclaimed 2 1/2 acres were excess property not to be used for cemetery operations look into the possibility of selling this acreage.

Report Date: 5/17/2010
 Account Table: 032F
 Account No. Description

TOWN OF OSSINING
DALE CEMETERY
 Expense Comparison Control Report

| Original Budget | Adjusted Budget | 2009 Actual Expense | Available Balance | 2008 YTD Expense | 2007 YTD Expense | 2006 YTD Expense | 2005 YTD Expense | 2004 YTD Expense |
|-----------------|-----------------|---------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
|-----------------|-----------------|---------------------|-------------------|------------------|------------------|------------------|------------------|------------------|

Type E
 Expense
 INDEPENDENT AUDIT
 DEPT 1320

032.1320.0438 MISCELLANEOUS
 Total 0.00
 INDEPENDENT AUDIT
 DEPT 1680
 032.1680.0475 VILLAGE OSS CONTRACTUAL
 Total 0.00
 CENTRAL DATA PROCESSING
 DEPT 8810
 032.8810.0201 EQUIPMENT
 032.8810.0203 CAR
 032.8810.0401 SUPPLIES
 032.8810.0405 CONFERENCE
 032.8810.0406 TELEPHONE
 032.8810.0409 ELECTRICITY
 032.8810.0410 WATER
 032.8810.0411 GASOLINE
 032.8810.0413 CONSULTANT
 032.8810.0416 UNIFORMS
 032.8810.0417 EDUCATION
 032.8810.0419 MAINT./REPAIR
 032.8810.0436 POSTAGE
 032.8810.0438 MISCELLANEOUS
 032.8810.0442 IMPROVMENTS/CAPITAL
 032.8810.0466 LEGAL NOTICES
 032.8810.0467 LIABILITY INSURANCE
 032.8810.0472 DALE MGMT CONTRACT PMT
 032.8810.0474 HEATING-NATURAL GAS
 032.8810.0492 CONTRACTUAL/MISC
 Total 1,000.00
 CEMETERIES
 Expense 333,381.00

| | | | | | | | | |
|------------|------------|------------|----------|------------|------------|------------|------------|-----------|
| 0.00 | 1,419.09 | 1,419.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00 | 1,419.09 | 1,419.09 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.00 | 3,957.06 | 3,957.06 | 0.00 | 3,802.63 | 6,387.09 | 11,773.94 | 12,233.05 | 1,181.48 |
| 0.00 | 3,957.06 | 3,957.06 | 0.00 | 3,802.63 | 0.00 | 0.00 | 0.00 | 0.00 |
| 10,000.00 | 7,649.15 | 7,649.15 | 0.00 | 7,345.95 | 6,387.09 | 11,773.94 | 12,233.05 | 1,181.48 |
| 0.00 | 500.00 | 500.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1,100.00 | 935.00 | 848.53 | 86.47 | 958.29 | 841.69 | 782.97 | 1,567.32 | 3,325.59 |
| 0.00 | 0.00 | 0.00 | 0.00 | 876.77 | 1,294.10 | 1,415.62 | 1,482.07 | 1,482.07 |
| 2,000.00 | 2,500.00 | 2,271.83 | 228.17 | 1,577.43 | 1,628.23 | 1,205.56 | 799.38 | 514.06 |
| 0.00 | 0.00 | (144.25) | 144.25 | 1,089.89 | 869.82 | 1,082.87 | 942.91 | 130.27 |
| 0.00 | 0.00 | 0.00 | 0.00 | 869.51 | 455.08 | 367.05 | 127.29 | 253.01 |
| 8,500.00 | 6,145.33 | 6,070.46 | 74.87 | 8,603.43 | 5,649.73 | 4,475.09 | 1,776.53 | 1,425.00 |
| 18,000.00 | 17,870.00 | 3,600.00 | 0.00 | 22,530.00 | 24,980.00 | 25,490.00 | 11,076.97 | 1,425.00 |
| 1,500.00 | 1,467.00 | 1,467.00 | 0.00 | 1,377.00 | 1,090.50 | 0.00 | 0.00 | 0.00 |
| 1,500.00 | 775.00 | 705.85 | 69.15 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 25,000.00 | 27,236.06 | 27,236.06 | 0.00 | 29,424.48 | 23,487.40 | 29,190.31 | 82,506.33 | 17,435.37 |
| 150.00 | 127.00 | 0.00 | 127.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 1,000.00 | 859.45 | 859.45 | 0.00 | 353.00 | 614.96 | 95.00 | 2,545.54 | 1,995.00 |
| 10,000.00 | 10,627.00 | 8,865.00 | 0.00 | 10,975.95 | 12,858.58 | 0.00 | 88,808.76 | 0.00 |
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 6,000.00 | 5,100.00 | 4,718.33 | 381.67 | 3,135.00 | 5,208.07 | 3,860.05 | 6,212.54 | 3,017.02 |
| 247,631.00 | 247,631.00 | 247,631.00 | 0.00 | 229,215.00 | 208,785.40 | 206,616.32 | 231,162.52 | 60,529.57 |
| 0.00 | 589.01 | 589.01 | 0.00 | 2,665.90 | 884.36 | 753.40 | 1,593.69 | 841.89 |
| 1,000.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 333,381.00 | 330,011.00 | 312,867.42 | 1,111.58 | 320,997.60 | 295,035.01 | 287,108.48 | 442,834.90 | 90,648.26 |
| 333,381.00 | 335,387.15 | 318,243.57 | 1,111.58 | 324,800.23 | 295,035.01 | 287,108.48 | 442,834.90 | 90,648.26 |

Report Date: 5/17/2010
 Account Table: 032F
 Account No. Description

TOWN OF OSSINING
DALE CEMETERY
 Revenue Comparison Control Report

| Dept 0032 | Type R | Revenue | Original Budget | Adjusted Budget | 2009 Actual Revenue | Available Balance | 2008 YTD Revenue | 2007 YTD Revenue | 2006 YTD Revenue | 2005 YTD Revenue | 2004 YTD Revenue |
|---------------|--------|-----------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 032.0032.2190 | | SALE OF CEMETERY LOTS.. | 30,158.00 | 30,158.00 | (29,500.00) | 658.00 | (38,431.30) | (22,700.00) | (28,350.00) | (50,450.00) | (9,680.00) |
| 032.0032.2191 | | INTERMENTS - OPENING CHARGE | 50,000.00 | 50,000.00 | (46,140.00) | 3,860.00 | (45,120.00) | (42,515.00) | (49,360.00) | (56,695.00) | (25,580.00) |
| 032.0032.2192 | | INSCRIPTION FEES.. | 300.00 | 300.00 | (250.00) | 50.00 | (375.00) | (175.00) | (280.00) | (150.00) | (125.00) |
| 032.0032.2193 | | FOUNDATION FOR PLOT FEES | 7,500.00 | 7,500.00 | (9,163.00) | (1,663.00) | (7,525.00) | (7,340.00) | (9,824.50) | (11,740.00) | (3,150.00) |
| 032.0032.2401 | | INTEREST AND EARNINGS.. | 600.00 | 600.00 | (161.99) | 438.01 | (591.51) | (3,086.33) | (3,710.43) | (2,898.00) | (1,721.93) |
| 032.0032.2410 | | RENTAL OF PROPERTY.. | 12,000.00 | 12,000.00 | (12,000.00) | 0.00 | (10,000.00) | 0.00 | | | |
| 032.0032.2680 | | INSURANCE RECOVERIES.. | 0.00 | 0.00 | 0.00 | 0.00 | (10,000.00) | 0.00 | | | |
| 032.0032.2770 | | UNCLASSIFIED REVENUES.. | 0.00 | 0.00 | (280.06) | (280.06) | (1,411.13) | (166.71) | (230.00) | (2,140.00) | (649.33) |
| | | DALE CEMETERY ASSOCIATION | | | | | | | | (217.63) | (343,298.42) |
| | | STATE AID | | | | | | | | | (202,699.00) |
| 032.0032.4795 | | APPROPRIATED FUND BALANCE | 0.00 | 5,376.15 | 0.00 | 5,376.15 | 0.00 | 0.00 | | | |
| 032.0032.5032 | | TRANSFER FROM GENERAL FUNC | 232,823.00 | 224,323.00 | (224,323.00) | 0.00 | (225,254.15) | (174,929.00) | (72,962.06) | 0.00 | 0.00 |
| Total | | Revenue | (333,381.00) | (330,257.15) | (321,818.05) | (8,439.10) | (338,708.09) | (250,912.04) | (164,715.99) | (124,290.63) | (586,903.68) |

Changes in Fund Balance

| | 2009 YTD | 2008 YTD | 2007 YTD | 2006 YTD | 2005 YTD | 2004 YTD |
|--|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Unappropriated Fund Balance, Beginning of Year | 25,104.15 | 11,196.29 | 55,319.26 | 177,711.15 | 496,255.42 | 0.00 |
| Add: Revenues | 321,818.05 | 338,708.09 | 250,912.04 | 164,716.99 | 124,290.63 | 586,903.68 |
| Less: Expenditures | (318,243.57) | (324,800.23) | (295,035.01) | (287,106.88) | (442,834.90) | (90,648.26) |
| Unappropriated Fund Balance, End of Year | <u>28,678.63</u> | <u>25,104.15</u> | <u>11,196.29</u> | <u>55,319.26</u> | <u>177,711.15</u> | <u>496,255.42</u> |

Dale Comparison Chart
Attachment B

| | Dale | Oakwood | Fernciff | Sleepy Hollow |
|--|--|--|--|--|
| Land (acres) | 37 | 50 | 75 | 90 |
| # of Internments per year | 43 per year/ | 80 per year | 1000-2000 per year | 200 per year |
| Total # of employees | five (5) employees (three (3) laborers and two (2) administrative staff) | two (2) employees | fifty (50) employees; sixteen (16) of them are exclusive to burials and cremations | ten (10) full time employees, one consultant to handle Mausoleum sales |
| Operating Budget | \$330,000 per year | \$125,000 per year | \$7-\$8 million | \$1.1 million per year |
| Endowment Funds/Additional Investments/Permanent Funds | \$31, 950 left in four CDs to be used as a Perpetual Care Fund on four plots within the cemetery | \$1.5 million (all fund types) | \$160 million (all fund types) | \$10 million (all fund types) |
| Current/Future Capital Projects | Cremains Garden plan has been developed | in the process of completing a Crematorium and a Mausoleum | in the process of completing third Mausoleum | recently completed a Mausoleum |
| Marketing | Website | Website | Website, Brochures, Ads on television and radio, events for funeral directors | Website |
| Clientele | Ossining | Northern Westchester | Bronx, Southern Westchester | Central Westchester, International Community |