



CORTLAND RURAL CEMETERY

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TO: Mayor Tobin & City Council Members
FROM: John Hoeschele, Treasurer Cortland Rural Cemetery Board of Trustees
DATE: July 12, 2018
RE: Financial issue/sustainability at CRC & proposed solution

For 165 years, the Cortland Rural Cemetery (CRC) has successfully provided burial and memorial services to the Cortland community – as an independent, non-profit, and non-denominational organization located on 44-acres in the heart of the City of Cortland. As has been well-publicized, we've seen significant declines in burials/lot sales and associated revenues over the past 40 years (see chart in addendum) due to a wide range of factors, even as we've seen corresponding increases in expenses (wages, fuel, worker's comp). To the credit of many and with some outside help (see fundraising efforts in addendum), we've been able to operate despite these trends – even as many Upstate New York cemeteries like ours have failed, have been abandoned, or have been absorbed by their respective municipalities (e.g.: Homer's Glenwood, McGraw, among many others).

Putting aside these best efforts, reduced expenses (see cost-cutting measures in addendum), and a few recent years 'in the black' – we are experiencing a tremendously bad Spring and Summer season, down ~50% in burial revenue and ~70% lots sale revenue compared to last year. While these revenues from operations form ~40% of our ~\$120-150K operating budget -- the other 60% of income being investment interest, donations, grants, and revenue received from a parking lot lease arrangement we have with ASC/SUNY Cortland -- this shortfall leads us to anticipate a cash shortage for payroll and/or monthly operating expenses by end of this summer.

Is there a chance we'll see an uptick in revenues between now and then that might see us through the mowing season? This remains a possibility. But what is *certain* is that this downturn (the latest in years of decline) demonstrates we cannot continue to sustain what is essentially an unsustainable enterprise without substantial support from the City. Also a certainty, we would argue, is that the City, the neighborhoods around us, and our nearest neighbor – SUNY Cortland – can ill afford to allow our operation to fail... Complete with the tall grass, graffiti, vandalism, and other public safety dangers that would ensue.

One possible solution: To help the CRC remain an independent cemetery and avoid a full-blown, tax-payer funded 'takeover' of the cemetery by the City -- we propose the City install parking meters or kiosks on the two roads adjacent to the cemetery (Prospect Terrace and James Street), and then share a portion of the resulting revenues with the cemetery. Roughly calculating 100 cars/day x 8/hrs x \$1/hr x 5/weekdays for revenues as high as \$4,000/wk – or ~\$208,000/yr -- this arrangement offers the following advantages:

- 1)** If the above ballpark calculation holds water, a revenue share of \$60,000/year to the cemetery would fund ~50% of our current operating budget, forestalling for years (or even preventing) a City 'takeover.'
- 2)** Currently, the CRC operates on an annual budget of between ~\$120-150K; were the City to manage the cemetery using DPW staffers -- taxpayers could expect to fund multiples of that cost.

Leaving aside particulars and matters related to logistics/execution – such as formalized financial calculations, meter types, installation, enforcement, payment (coin, CC, printed permits, etc.) – we appreciate your consideration, count on your understanding, and look forward to a cooperative discussion of this concept.

Addendum

Preliminary Q&As:

Q: "Why not just raise rates?"

A: The CRC, like the City, is limited by NYS in our ability to raise rates – not to mention pricing pressure based on market demand.

Q: "We hear the cemetery has a sizeable Permanent Maintenance Fund and Endowment: Can you explain these funds?"

A: The PMF (~\$790K) is State-mandated savings account that is reserved for maintaining the cemetery after we can no longer sell plots or conduct burials; we cannot access the principle of this account but we do access the interest for operations. The Endowment (\$438K) is a donor-restricted fund we obtained when the CRC Foundation disbanded in 2016.

Q: "Why can't the cemetery just tap into those funds?"

A: We are prohibited by NYS law and Court orders from accessing the principle on these assets. In fact, a previous administration of the cemetery inappropriately utilized ~\$250K from the PMF to pay its expenses in the 1980s/90s – and we're having to pay those funds back today, which compounds our financial hurdles.

Q: "Isn't the Town or County on the hook for some financial assistance?"

A: No. Because the CRC is located entirely within City limits, neither of those municipalities are 'on the hook' to help us (even though we've received very modest help from them).

Q: "How do we avoid the precedent of 'playing favorites' with non-profits located within the City?"

A: We don't see ourselves as competing with other non-profits, who provide invaluable services in their own right. Further, NYS itself has made an exception for (and recognized the pressure facing) cemeteries like ours, by allowing and even encouraging municipalities to support us with cash or services. (See NYS Municipal Law, Section 1, 165-a – enacted May 5, 2010.)

Q: "Can you break down the cemetery's revenue sources at a top level?"

A: The cemetery's annual operating budget varies but can reasonably be pegged between ~\$120-150K, \$90-95K of which is wages:

- revenues through operations (burials, plot sales, foundations): ~\$40K
- investment income on our PMF/endowment: ~\$18K
- parking lot lease with SUNY Cortland/ASC when we can retain 100% of it (vs. splitting to pay back PMF): \$32K
- donations secured through two newsletter mailings per year: ~\$20K (mind you, this is contingent upon a couple big donors who give \$5-10K each year from Trust funds)
- grants: ~\$10-20k yr/ based on what grant apps are in the pipeline and/or secured in any given year

Conservative total: \$120K

Q: "What measures has the cemetery taken to cut costs?"

A: Additional cost-cutting efforts include:

- Seasonal staffing where possible (min wage)
- Staff housing to offset salaries
- Moved to mowers w/ 2-3 year trade-in plan (vs. 'wear out and buy new for \$30K')
- Gas from Cortland County depot
- In-house 990 filings (saving ~\$2K/yr)
- Volunteers (annual sweep-out event & summer youth program)
- Donated trucks

- Sold unused cemetery barn (to dentist's office)
- Use pre-owned equipment where feasible (e.g, backhoe)
- In-house repairs where feasible, including welding
- Move to CRC-burials vs. contract
- Obtained/packaged grants to fund operational items:
 - new section signs, water stations, office renovation, office ramp, Chapel repair

Q: "What has the cemetery done to raise funds itself?"

A: Here is a rough fundraising summary (2000-2018)

Foundation fundraising summary (CRCF formed in 1998 and disbanded in 2017)

- Endowment campaign (2007-2009): \$312,000 (current: ~\$411K)
 - McDonald Foundation:
 - Technology & Transformation (2011): \$30,000
 - Operation Greenspace (2013): \$30,000
 - Cortland Community Foundation:
 - for roads (2012) \$8,000
 - Roof Repair Campaign \$5,000
 - CNY Community Foundation / Fenstermacher Fund (2011): \$6,000
 - Wilkins:
 - for gen maintenance (2011) \$4,000
 - Roof Repair Campaign (2014) \$3,000
 - Roof Repair Campaign (2013-2014, misc orgs/donors): \$28,000
(tally is sans aforementioned CCF and Wilkins contributions)
 - Pumpkinfest Committee (tractor tires) \$500
 - CNY Arts art show (2015): \$1,500
 - 2x annual newsletter solicitations averaging \$15,000/yr x 16 years ~\$240,000
- Approx total: \$668,000**

Trustee fundraising summary

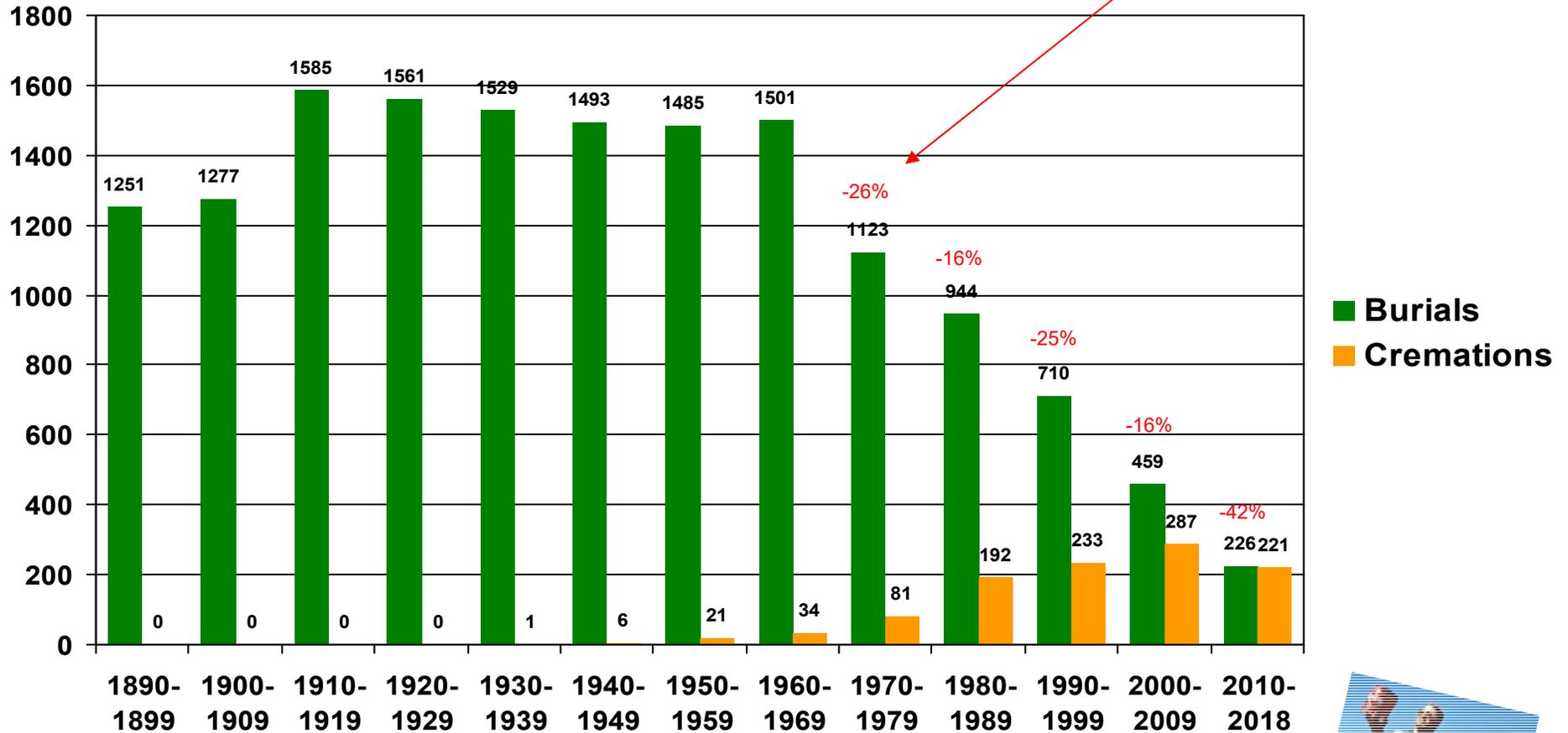
- McDonald Foundation (ADA ramps, office, chapel): \$35,000
 - Wilkins (scanner, 2016): \$1,500
 - 2x annual newsletter solicitations \$30,000
now a CRC's function, averaging \$15,000 / year
- Approx total: \$66,500**

Current efforts by Trustees:

- NYS Parks (supported by Assemblywoman Lifton) \$10,000 (tbd, but promising)
- Application under consideration by Wilkins Foundation \$3-7K (decision due in Aug)
- Direct appeal sent to top-50 donors ???

The data

Decline in all burial compared to previous decade



- NYS implements Perm Maintenance Fund Law (1949)
- Those buried in the CRC prior to 1853 (approx 10,000) are essentially being maintained for "free"
- PMF fees collected during 1950s-90s worth far less today when adjusted for inflation

- Projection for current decade
 - 368 burials
 - 250 cremations
- National trend, re: Cremations: *As a percentage of US deaths, cremations have risen from 3.6% in 1960 to 40.8% in 2010 (source: Cremation Association of North America).*



Burial Tally, 2010-present

Year	Full-body	Cremations	Total
2010	31	22	53
2011	17	15	32
2012	27	30	57
2013	32	36	68
2014	25	29	54
2015	25	31	56
2016	24	24	48
2017	35	29	65
2018 (Jan- June)	10	5	15

Year (Jan- June)	Total Burials / Rev value	Plot & Niche Sales / Rev value
2017	23 / \$16,000	26 / \$16,555
2018	15 / \$9,400	12 / \$9,523



A critical new update to the NYS municipal law

An act to amend the general municipal law, in relation to voluntary assistance to public cemetery corporations -- became a law May 5, 2010. The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The general municipal law is amended by adding a new section 165-a to read as follows:

§ 165-a. Voluntary municipal assistance to public cemetery corporations.

Any municipal corporation may appropriate and provide funding to a public cemetery corporation as defined in article fifteen of the not-for-profit corporation law. In lieu of or in addition to providing funding to a public cemetery corporation, any municipal corporation may provide goods and/or services to a public cemetery corporation as defined in article fifteen of the not-for-profit corporation law.

§ 2. This act shall take effect immediately.

