



BOARD OF CEMETERY TRUSTEES
OF GREATER VICTORIA

March 7, 2018

Ms. Valla Tinney, Director Finance
District of Saanich
770 Vernon Avenue
Victoria, BC V8X 2W7

Ms. Suzanne Thompson, Director of Finance
City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

RE: Increase to the Borrowing Limit – Board of Cemetery Trustees of Greater Victoria

Dear Ms. Tinney and Ms. Thompson:

Ensuring the near and long-term financial sustainability of Royal Oak Burial Park is a priority for the Board of Cemetery Trustees. We write to update the correspondence of November 22, 2017 (attached) and to ensure alignment under the Charter.

The Board's motion has been revised to seek an amendment to the governing agreement to increase the Board of Cemetery Trustees' borrowing limit to \$3Million; and, requesting the District of Saanich and the City of Victoria to act as joint guarantors.

The increase in borrowing capacity is required to provide more cost-effective financing options to meet our repayment obligations for the two new burial areas which completed last year. The new areas include the introduction of double-depth plots and represent a strategic expansion that anticipates and meets the demands of the communities we serve for the next several decades.

We regret that expansion project cost estimates did not adequately take into consideration the potential for issues arising during construction. There were unforeseen expenditures that were not included in the original budget including unexpected geotechnical issues and construction cost inflation due to market conditions across the Capital Region.



BOARD OF CEMETERY TRUSTEES
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Letter to: Valla Tinney & Susanne Thompson

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RE: Increase to the Borrowing Limit – Board of Cemetery Trustees of Greater Victoria

Looking forward, we are confident in our decision. Two new burial areas have been successfully completed and are generating new revenue exceeding demand expectations, and we are meeting our loan obligations without interruption.

Under the leadership of our new Executive Director, who joined us following completion of the burial park expansion, a financial reporting review has been undertaken to ensure that the Board and future Boards have the benefit of improved reporting structures. Included in this correspondence is a *Cash Flow Analysis* which shows overall debt levels for the past eight (8) years and the approximate cash flows generated that are available to repay debt. This analysis is essentially saying there is a bigger margin being generated now and that differential can be used to pay down the debt that was incurred for the development.

We have a solid business plan in place that allows us to meet our long and near-term obligations and ensures the sustainable operation of the Royal Oak Burial Park for decades to come.

Royal Oak Burial Park has been a proud member of the Saanich and Victoria communities for the past 95 years. We are the largest municipal cemetery organization in BC, operating on a very successful not-for-profit, full cost recovery model. Since its inception, Royal Oak Burial Park has not received any taxpayer subsidy for operations or maintenance. We take pride in meeting our responsibilities, and in the exceptional quality of care that is provided to all families who seek bereavement services and support from our staff, and comfort and peace for their loved ones.

Thank you in advance for your support. Do not hesitate to contact me/us with any questions arising.

Yours sincerely,

Richard (Dick) Tuckey, Chair
Board of Cemetery Trustees of Greater Victoria

/attach.



MEMORANDUM

To: Mayor Richard Atwell & Members of City Council – District of Saanich - and
Mayor Lisa Helps & Members of City Council – City of Victoria

From: Richard (Dick) Tuckey, Chair
Crystabelle B Fobler, Executive Director

DATE: November 22, 2017

SUBJECT: **Increase to the Borrowing Limit – Board of Cemetery Trustees of Greater Victoria**

The Board of Cemetery Trustees of Greater Victoria approved the following motion at its meeting of October 31, 2017:

That the Board of Cemetery Trustees of Greater Victoria request the District of Saanich and the City of Victoria to approve:

- (i) An amendment to the governing agreement to increase the Board of Cemetery Trustees' borrowing limit to \$5 million; and that,*
- (ii) The District of Saanich and the City of Victoria act as joint guarantors.*

The governing agreement provides that any borrowing by the Board of Cemetery Trustees shall be guaranteed equally by the District of Saanich and the City of Victoria.

Historical Background:

There is precedent in the past for the Board arranging finances for major projects with the District of Saanich and the City of Victoria acting as guarantors:

1. In 1935, the building of the Burial Park Crematorium.
2. In 2002, both Councils endorsed a recommendation to increase the Board's borrowing limit by \$1.5 million and to act as joint guarantors. The impetus for this request was to help facilitate the purchase of the mausoleum.

Present-Day:

Royal Oak Burial Park (ROBP) is a full-service burial and cremation provider, well-known and well-regarded in the community as well as in the Bereavement Sector across Canada. ROBP is keenly aware of the



REPORT TO THE BOARD OF CEMETERY TRUSTEES OF GREATER VICTORIA ON THE PROPOSED EXPANSION OF ROYAL OAK BURIAL PARK

current and potential future needs of the families we serve. In recognition of that need, and in an effort to address our rapidly diminishing supply of full casket and in-ground cremation plots, an expansion was initiated in early 2016 after careful review by the Board under its mandate of ensuring all activities are fully funded from Burial Park operations. In addition, reference for the future need of this expansion was made in our 2005 Master Plan: *"...expansion into the areas proposed in the Master Plan will be optimized to promote the continued fiscal viability of the Burial Park and maintain its independence from tax subsidized operations and maintenance, in perpetuity"*.

A Line of Credit was secured through our banking institution and construction commenced, as indicated above, in early 2016 with a proposed completion date of November, 2016. Unfortunately, the project experienced a few delays including uncooperative weather conditions and was finally completed in late spring of 2017 with a final cost of \$2.1 million; as such, we need to increase our allowable borrowing limits with the City of Victoria and the District of Saanich accordingly. We are requesting to move to a \$5 million limit to accommodate future development projects; however, it should be noted, there are no major projects contemplated at the present time.

By approving the above-noted recommendation, the Board will be in a position to facilitate the arrangement of financing this new development, either through a commercial loan or pursue financing through the Municipal Finance Authority.

The Board is confident it can meet all repayment commitments and would not have undertaken this expansion development if there was any doubt in its ability to look after its responsibilities.

As some of you may be aware, Royal Oak Burial Park has been a proud member of the Saanich and Victoria communities for the past 95 years. We are the largest municipal cemetery organization in British Columbia operating on a very successful not-for-profit, full cost recovery model. Since its inception, ROBP has not received any stakeholder taxpayer subsidy for operations and maintenance, something we are very proud of and fully intend on continuing.

It is our sincere hope you will support the Board of Cemetery Trustees of Greater Victoria in this matter and we look forward to your response.

Respectfully submitted,

Richard (Dick) Tuckey, Chair
Board of Cemetery Trustees of Greater Victoria

Crystabelle B. Fobler, CIM
Executive Director

/cbf

Board of Cemetery of Trustees of Greater Victoria

December 31, 2017

To review historical debt levels and cash flows generated for repayment

	2017	2016	2015	2014	2013	2012	2011	2010
Bank indebtedness	37,561	136,042	102,879	22,815	270,404	155,929	-	-
Long term debt								
MFA	869,041	928,304	984,746	1,038,499	1,089,693	1,138,450	1,138,452	1,184,884
Bank debt	1,819,791	1,329,312	-	-	-	17,487	19,430	-
Capital lease	35,054	-	-	-	-	-	-	-
Total debt outstanding	2,761,448	2,393,658	1,087,624	1,061,314	1,360,098	1,311,865	1,157,882	1,184,884
Maximum	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Incremental debt above maximum	1,261,448	893,658	(412,376)	(438,686)	(139,902)	(188,135)	(342,118)	(315,116)
Operating revenues	3,104,059	2,626,029	2,719,792	2,407,579	2,343,524	2,136,206	2,320,197	2,441,978
Operating expenses	(2,938,488)	(2,829,728)	(2,616,255)	(2,574,123)	(2,335,054)	(2,221,216)	(2,325,856)	(2,407,990)
Operating contribution margin	165,571	(203,699)	103,537	(166,544)	8,470	(85,010)	(5,659)	33,988
Add: Capital Fund: Amortization expense	376,338	291,007	367,423	288,066	350,203	314,384	415,310	529,923
Net cash flow available for payback to reduce incremental debt below maximum	541,909	87,308	470,960	121,522	358,673	229,374	409,651	563,911