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**TO:** Honorable Mayor & Members  
Fort Lauderdale City Commission

**FROM:** Lee Feldman, City Manager

**DATE:** October 2, 2012

**TITLE:** Motion to approve a five-year contract extension for cemetery management services – Contract 785-9854 – annual revenue \$776,911

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**Recommendation**

It is recommended that the City Commission approve a five (5) year extension and first amendment to contract with CFS Funeral Services, Inc. for cemetery management services in the estimated amount of \$776,911 for the first year of the renewal term beginning October 1, 2013, increasing revenue by 5% annually for management and administrative fees paid to the City by the Contractor and estimated 5% annually of cash receipts greater than \$3.5 million, for an estimated cumulative total of \$4,888,856 for five years.

**Background**

The City owns four cemeteries consisting of Evergreen Historic Cemetery, Lauderdale Memorial Park, Sunset Memorial Gardens and Woodlawn Cemetery. Three of these cemeteries are active, providing final disposition of human remains. Woodlawn no longer provides this service. Since 1993, the cemetery system has been operated by the private sector.

The right to exercise this extension is dependent upon: a) the Contractor being in compliance with all terms and conditions of the agreement; (b) the Contractor timely completing the capital improvement plan; and (c) the City and Contractor agreeing upon a new five-year capital improvement plan. The Contractor is in compliance with all the terms and conditions of the agreement. The Contractor has completed, in a timely manner, the capital improvements proposed by the Cemetery Board of Trustees with modifications. Please see Exhibit 1.

The management agreement provides for the management, operations and maintenance of the cemeteries. The current agreement requires either party must give written notice to the other party no less than 365 calendar days prior to the end of the current term of its desire to extend the term an additional five years. This requirement is so that, if preparations are needed, a one year window would allow for a smooth transition of this

365 day a year operation. Therefore, this extension will be effective October 1, 2013 through September 30, 2018.

Compensation to the City General Fund from the contractor is based on an annual fixed management fee, administrative fee, and 5% of cash receipts greater than \$3.5 million. The fixed management fee and administrative fee increase annually by 5%. Capital improvements consist of garden development, mausoleums and other projects to improve or replace structures or infrastructure on the properties. In accordance with the City Ordinance the Cemetery Perpetual Care Trust Fund will continue to be funded at the current rates.

At its meeting held on July 12, 2012, the Cemetery System Board of Trustees unanimously voted to recommend the contract extension with CFS Funeral Services, Inc., for the additional five year term.

Payment to City	Payable	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Total	Notes
		2014	2015	2016	2017	2018		
Management Fee	October	\$670,407	\$703,550	\$738,727	\$775,664	\$814,447	\$3,702,795	(1)
Admin Fee	Quarterly	\$63,814	\$67,004	\$70,355	\$73,872	\$77,566	\$352,611	(1)
5% > \$3.5 Cash	November	\$42,690	\$42,690	\$42,690	\$42,690	\$42,690	\$213,450	(2)
<b>Total</b>		<b>\$776,911</b>	<b>\$813,244</b>	<b>\$851,772</b>	<b>\$892,226</b>	<b>\$934,703</b>	<b>\$4,268,856</b>	
<b>Capital Expense</b>		<b>\$200,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$10,000</b>	<b>\$10,000</b>	<b>\$620,000</b>	<b>(3)</b>
<b>Grand Total</b>		<b>\$976,911</b>	<b>\$1,013,244</b>	<b>\$1,051,772</b>	<b>\$902,226</b>	<b>\$944,703</b>	<b>\$4,888,856</b>	

**Notes:**

- (1) These fees are fixed and increase annually by 5%.
- (2) This number estimated since cash receipts would be audited and 5% paid in November for the prior fiscal year.
- (3) Capital improvements proposed :
  - A. \$120,000, discretionary capital projects with approval of the Department and Cemetery Board of Trustees.
  - B. \$350,000, Phase III Mausoleum Construction at Sunset Memorial Gardens.
  - C. \$150,000, Garden Development at Lauderdale Memorial Gardens.

**Resource Impact**

There is a positive fiscal impact to the city in the amount of \$4,888,856 for the five year contract term.

First year revenue in the amount of \$776,911 to be deposited into PKR062201-N251 pending approval of the fiscal year 2014 general fund operating budget.

	SUB				INDEX	SUB		
FY	FUND	FUND	FUND NAME	INDEX #	NAME	OBJECT #	SUBOBJECT NAME	AMOUNT
2014	001	01	General Fund	PKR062201	Cemeteries	N251	O&M Agreement	776,911.00

**Attachment**

Exhibit 1 - Capital Improvement Plan

Exhibit 2 - Extension and First Amendment to Agreement

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Department Director: Phil Thornburg, Parks and Recreation