June 1, 2006

Councillor Margaret McCarthy  
Chair, Public Works, Infrastructure and Environment Committee  
71 Main Street West, 2nd Floor  
Hamilton, Ontario  
L8P 4Y5

Dear Councillor McCarthy:

RE: City of Hamilton Cemeteries Request for Proposals

Approximately three years ago Park Lawn Company Limited submitted a proposal to the City of Hamilton. The proposal involved taking over the counselling services provided at the five main City cemeteries, the construction of a mausoleum at one of the cemeteries and carrying out the sales of all ground burial plots, crypts, niches and monuments at the five locations.

The proposal was in response to a request from City personnel and was premised on the idea that the City wished to enter into a long term relationship with a cemetery operating company that could provide the City with strong financial guarantees and a solid business plan to counter what, at the time, was a large money losing operation. Senior Park Lawn executives spent considerable energy tailoring a detailed proposal that we believed addressed all of the major issues.

Over the past three years we have continued to meet with City staff who produced an assortment of computer-modeled spreadsheets that were intended to show a comparison between net revenues to the City which would be generated by entering into an agreement with Park Lawn and the revenues being generated by the cemeteries in a City-managed scenario.

In the end we understand that staff has reached the conclusion that having the City continue to manage the cemeteries was more desirable than entering into an agreement with Park Lawn. While we are not privy to the staff report we are aware of two major operating assumptions in the most recent spreadsheets that would tend to skew the conclusions.
Councillor Margaret McCarthy  
June 1, 2006  
Page 2

The first relates to a dramatic increase in cemetery revenues that apparently have been achieved by City personnel over the past few years and are projected to continue for the foreseeable future.

The second relates to a category called “Additional City Expenditures” that would be required, according to City staff, to manage any Park Lawn agreement. These expenditures are projected to cost the City $212,000 in the first year increasing to $523,000 in the fourth year and ballooning to over $1,000,000 in year 10. We question the need for these expenditures since it was our understanding that one of the reasons the City was interested in getting assistance in managing its cemetery operations was to reduce costs. Nevertheless, introducing this assumption clearly makes the Park Lawn proposal appear less attractive.

In conclusion, we are disappointed that we were not able to reach agreement with the City of Hamilton. We believe that the Park Lawn proposal will result in a substantial improvement to the financial results. While we question some of the assumptions made in the staff projections, we congratulate you on the dramatic increase in revenues that you have achieved and wish you continued success in the future.

Yours truly,

[Signature]

Frank Mills  
President

cc: Members of the City of Hamilton Council  
I. Bedioui, Legislative Assistant, Clerk’s Office