

June 14, 2010

Mr. Demian Hardman  
Contra Costa County Department of Conservation and Development  
651 Pine Street  
Martinez, California

Re: Financial viability concerns with the proposed Creekside Memorial  
Park Cemetery, County File No. LP 052096

In researching the need for the Creekside Memorial Park Cemetery we spoke with operators of other local cemeteries. Most had heard of the Creekside Memorial Cemetery proposal, and most questioned the financial viability of locating a cemetery on this site. While they felt that a new cemetery in the 'Highway 680 corridor' would probably be needed eventually, they wondered why this particular site had been chosen. Given the extensive grading, high percentage of steep slopes, large size, lack of water and sensitive environmental issues, this site would require additional development and operational costs, which would likely mean that the cemetery operation would not become profitable for many years (ref our memo to you of 3/2/2010). One could also question whether this proposed site is really in the 'Highway 680 corridor' at all, since although it appears close as the crowflies, the driving distance is actually 7-10 miles from Highway 680, and takes 15 to 20 minutes because the route is through residential areas.

These issues with the proposed site concern us because they show that the proposed site will not only cost more to develop, but is also not located where the need is (i.e. it is not in the Highway 680 corridor). Unless sufficient funding is identified to properly design, build and maintain the facility, the result may become a blight and a financial burden to the County, hurting everyone in the Tassajara Valley. Note that the project requires that all of the grading and landscaping be done at the beginning of the project; this will entail moving 500,000 cubic yards of soil, and will permanently alter the ridgeline and destroy habitat. If the applicant were to run out of funds after the grading had been done, we would be faced with a destroyed ridgeline and many acres of destroyed habitat, and all for nothing.

Since this is an irreversible use of the land, it makes sense to be extremely careful in determining if this use is appropriate and sustainable. One of the key parts of this determination should be a thorough review of the applicant's business plan. New cemeteries of this size can require investments of many millions of dollars, and may not be profitable for many years. Note that our analysis (ref. our memo to you of 4/30/2010) has shown that there is already sufficient cemetery capacity in the area to meet the projected need for the foreseeable future, which makes it even more important to understand how the applicant plans to fund it until it can become self-supporting. Key elements that should be included in the business plan are the following:

1. Current and forecast market demand, including the impact of increasing cremation rates
2. Competitive assessment
3. Marketing strategy
4. Pros and cons of this cemetery versus others in the area

5. Experience of the proposed operator in the cemetery business
6. End of life plans (i.e. when the cemetery is full, how will its operating costs be covered)
7. Estimated construction costs
8. Estimated operational costs
9. Timeline to financial breakeven, and how expenses will be met until that time
10. Ongoing operational profitability

Further, we have recently seen that the proposed New Farm project, located on the property immediately to the north of the applicant's site, includes a cemetery of about 27 acres. This further compounds the issue since if both projects were to be approved, they will have to compete not only with existing cemeteries in the area, but also with each other. We have seen no discussion of how this will affect the applicant's ability to follow through on this project.

We believe the County should request that the applicant include a business plan with at least the elements described above as part of the application so that a thorough review can be made before considering the issuance of the special use permit.

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