



MEMO

To: Standing Budget Committee
From: Jeff Dixon, General Manager
Subject: Addressing motion from SBC
Date: November 21, 2018
c.c.:

As directed by the Standing Budget Committee, SMG has reviewed the proposed increases to electricity and landscaping costs submitted in the 2019 Operating Budget of the Meridian Centre.

- Landscaping

SMG has determined that the landscaping budget is projected accurately for 2019. In 2017 & 2018, SMG used full time staff to manage parts of the landscaping of the venue grounds. With the addition of regular tenant events in the summer of 2019, it has been determined that SMG labour allocation will not be available for landscaping, and a 3rd party will be required on a regular basis. Proposed budget has been based on the scope of work required and quotes received. 2019 Landscaping budget of \$15,000 is based on a monthly service contract (May to November) to cut lawns, trim gardens and remove dead vegetation from gardens plus budget for replacement plants, shrubs and trees.

- Hydro (Electricity)

As directed, SMG has reviewed the historic costs for utilities at the Meridian Centre. On the Income Statement, Utilities costs include Hydro, Heat (Gas), Telephone and Water/Sewage. Heat (Gas), Telephone and Water/Sewage are trending to 2018 annual budget and have been budgeted accordingly for 2019. Hydro is the one utility with a significant difference to 2018 budget YTD. After additional review of historical monthly usage compared to the projected 2019 events and venue usage, SMG is recommending a revision to the 2019 Utilities budget cost be reduced to \$585,238 from the original proposed budget of \$627,080, reduction of \$41,842, resulting in a net 1.5% decrease in our overall 2019 Budget Operating costs compared to the Total Operating Expenses in the 2018 budget.

Meridian Centre's revised 2019 Net Operating Loss would then be \$625,189 which is only a \$713 – or a 0.001% - increase over the 2018 Budget Net Operating Loss. SMG believes that this demonstrates, despite reductions in budgeted 2019 revenue, costs have been held lower due to efficiencies in operating.

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