

# Salt Lake Winter Olympics-2002

## Financing and Financial Success



**SALT LAKE 2002**



# Financial Highlights of Olympics I/2

- I. State Govt./Local Govt./Olympic Committees (Bid & Organ.)
  - Decades of Effort with IOC to Bid on Games
  - New Strategy---Fund, Plan, and Build Facilities
- II. 1989-Utah Citizens Approve Olympic Earmarking Sales Tax
  - \$ 60 Million over 10 years-years 1990 to 1999
  - To be Repaid from SLOC Olympic Revenues
- III. 1990-Utah Sports Authority Created by Law
  - Olympic Sites Identified with Local Govt's
  - Local Partnership Contracts and Construction Begins
  - Ut. Sports Auth.- Commissions Utah Financial Model



# Financial Highlights of Olympics 2/2

IV. 1995 SLC Chosen to host 2002 Olympic Games

---Salt Lake Organizing Committee (SLOC) Formed

---Line of Credit of **\$25 M** by 5 local banks

V. 1997-Utah Leg. Restructures Security Interest

---**Repayment** of \$ 60 Million to post games

VI. 1997-Nations Bank Sponsorship +**300 M. LOC**

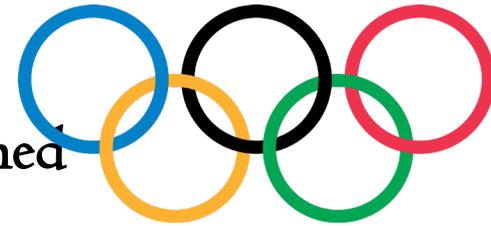
VII. 2000-Final Olympic Ops Cash Budget \$ 1 Billion...

VIII. Olympic Games-----2002-----Feb 8-24

IX. Post Games---Major Venue Contracted Use Payments

X. May 2002---\$ 76 Million Endowment to Utah

Athletic Foundation



# SLOC Operating Lines of Credit

1996 to 2002

## I. 1996--5 Local Bank Consortium---Line of Credit **\$ 25 M**

- Provided Working Capital from 1996 to 1998
- Secured by Initial Broadcast and SLOC revenues
- Maximum used **\$ 12.3 Million**
- Paid off and Canceled by June of 1998



## II. SLOC Cash Flow Projections---Need **\$170 M** Line of Credit by Jan 2002

- Negotiated **\$ 50 Million SPONSORSHIP** from **NationsBank**
  - Included option for up to **\$170 M** Line of Credit
  - Required **State of Utah to assume 2<sup>nd</sup> Position**
  - Required amount of Cancellation Insurance **\$150 M to \$300 M.**

## III. SLOC proactively managed all Contracts & Cash Flows

- **NONE** of the Line of Credit was ever used.

# How to Create an Olympic Budget??

## Compare Other Winter Games???

### **NO---** True Comparable **Cash** OPERATING BUDGETS of prior Games:

- 1980 Lake Placid USA \$ 100 Million
- 1988 Calgary Canada \$ 818 Million
  - Includes \$ 369 Million Govt. Support
- 1992 Albertville France \$ 849 Million
  - Includes \$ 288 Million Govt. Support
- 1994 Lillhammer Norway \$ 1.2 Billion
  - Includes \$ 822 Million Govt. Support
- 1998 Nagano Japan \$ 2.7 Billion
  - Includes over \$ 1.0 Billion Govt. Support
- 2002 Salt Lake City \$ 1.0 Billion
  - Federal, State, Local Govt Support **not Budgeted** in Ops Bud



### **Outlier---**

- 2014 Sochi Russia—Reported Operations \$ 6.0 Billion
  - Reported Govt. Support beyond Operations exceeded \$ 45 Billion

# Overview: SLOC Olympic Financial Model

- **UNIQUE SLOC OLYMPIC MODEL:**
  - I. A 7 year--One EVENT---Not a BUSINESS or “Going Concern”
  - I. No Annual Cycle to Manage Operations
  - II. Narrow 17 day EVENT PERIOD---Risks High
    - i. Weather ; World Events; Security etc.
  - III. Shared Operating Rev.---IOC; USOC: NGB's; etc
  - IV. **TIMING: Op. Revenues 50% by Dec 31./Op. Expenses 70% before Games**
  - V. Need Major **LINE OF CREDIT**--\$170 Million to 3/6/2002
  - VI. Event Cancellation Insurance required by the bank
  - VII. **Endowment** \$76 million & Repay State Sales Tax \$60M
  - VIII. Venues and Infrastructure---Need Community Partners



# 2002 SLOC Olympic Budgets

## Operating Cash Revenues:

## Operating Cash Expenses:

\* LINE OF CREDIT FINANCING REQUIRED----ESTIMATED **\$170 MILLION**

### \* Revenues 50% Before Games

- BROADCAST/TV \$ 443 M
- US/Local MKT. \$ 240 M
- TICKETING \$ 183 M
- INTERNATIONAL MKT \$ 45 M
- OTHER \$ 119 M

**TOTAL REVENUES \$1,030 M**

### \* Expenses 70% Before Games

- OPERATIONS \$ 557 M
- VENUE DEVELOPMENT \$ 337 M
- REPAY SALES TAX \$ 60 M
- **ENDOWMENT/Legacy** \$ 76 M

**TOTAL EXPENSES \$1,030 M**

### Value in Kind

- Goods and Services Mkt \$ 248 M

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Fed./State/Local Govt. est.

Security; Transportation; Infrastructure <sup>7</sup>  
 Projects; Public Health; etc. \$ 637 M

# Olympic Capital/Infrastructure Challenge

## • MAJOR INFRASTRUCTURE & VENUES

I.	Ski Jumps; Bobsled/Skeleton Track-----	\$ 74 Million
II.	Super Downhill-----	\$ 106 Million
III.	Other Ski Events Park City/Deer Valley	\$ 18 Million
IV.	Speed Skating Oval_____	\$ 34 Million
V.	Soldier Hollow Cross Country_____	\$ 28 Million
VI.	E Center ---Hockey Rink-----	\$ 59 Million
VII.	International Broadcast Center-----	\$ 47 Million
VIII.	Olympic Village-----	\$ 134 Million
IX.	Opening and Closing Ceremonies Venue---	\$ 52 Million
X.	Curling; Steiner; Peaks Ice Rinks-----	\$ 34 Million
XI.	Medals Community Plaza-----	\$ 5 Million
XII.	Highways and Security-----	\$ 328 Million
		<u>\$ 906 Million</u>

## Partner Share

State Road	\$ 4 M
Fed Rd./Donor	\$ 91 M
None	\$ 0
None	\$ 0
Govt--Sewer	\$ 11 M
Local Sport Debt	\$ 52 M
Local Conv Ctr	\$ 42 M
Univ Rev Bond	\$ 102 M
Univ. Rev Bond	\$ 44 M
Local Sport Rec	\$ 18 M
Local Donor	\$ 5 M
Govt Funding	\$ 273M
	<u>\$ 642 M</u>

NET \$ 264 SLOC

# Olympic Capital/Venue Cost Challenge

- Venues with underlying **non-SLOC FINANCING**:

I.	E Center ---Hockey Rink-----	\$ 59 Million
	Municipal Lease Rev. Bonds and Other Debt	<b>\$ 52 M</b>
II.	Olympic Village-----	\$ 134 Million
	UofU Student Housing--Univ Rev Bond	<b>\$101 M</b>
III.	Opening and Closing Ceremonies Venue---	\$ 52 Million
	UofU Football Stadium---Univ. Rev Bond	<b>\$ 44 M</b>
IV.	Curling; Steiner; Peaks Ice Rinks-----	\$ 34 Million
	Community Sport/Rec Ctrs. Funding	<b>\$ 18 M</b>

Total Financed Venue Costs            \$ 279 Million

**Non SLOC Financing Amount \$ 215 M**

Net SLOC Obligation    \$64 M

# I---E-Center – Hockey Venue



- **Men and Women:** Gold Canada; Silver USA; Bronze(Men) Russia; (Women) Sweden

## E-Center – (210,000 sq. ft.)

- Utah Grizzlies(ECHL) Hockey Venue
- Community Partnership w/SLOC
- Project Cost \$ 49 million (**with Bond Costs \$ 59 million**)

**(SLOC Use Payment---\$ 7.5 M**

Use Period 2/01/02 to 3/14/02)

### □ Financing the Project

- Municipal Lease Rev Bonds \$34 million
- **Tax exempt Bond \$7.5 M**
  - **Security SLOC Payment**
- Other Bonds \$ 7.3 million
- Govt. Support – Remainder

# II---Olympic Athlete Village



## UofU new Student Housing

- 912,000 sq. ft.
- Accommodate 3,500 students post Games
- Project Cost \$ 120 million plus Fort Douglas Land etc. of \$14 M  
**(SLOC Use Payment---\$ 23 M**  
Use Period 2/01/02 to 3/14/02)

## □ UofU Financing the Project

- July 1998 [Utah Building Ownership Authority Capital Appreciation Lease Revenue Bonds](#) \$23 Million—Due May 1, 2005
- Balance Rev Bond \$101 Million plus \$ 10 Million other funds



# III---Opening/Closing Ceremonies



## UofU Football Stadium

- Renovation and Expansion 1998
- Project Cost \$ 52 Million
- Seating Capacity to 50,000 seats  
**(SLOC Use Payment---\$ 8 M  
Use Period 11/2001 to 3/2002.**

### □ Financing the Project

- **UofU Revenue Bonds \$52 M**
  - SLOC Ceremonies Agreement
  - \$ 8 Million 1/2/2003
- Net \$ 44 Million paid from Donors, Football Games, Concerts, etc.



# Overview: 2002 Olympic Main Statistics

- Salt Lake City Selected by IOC in June 1995-
  - GAMES February 2002
  - I. 212,000 tickets (138,000 school children attended)
  - II. 2,399 athletes; 77 Teams; 78 Events
  - III. Employees 13--1995; 7,600---Feb 2002
  - IV. Volunteers: 24,000; (less than 1% attrition)
  - V. CASH + VIK Budget
    - Expense Operating **\$1.2 Billion** ; Op. Revenues \$1.3B
  - I. 43 U.S. Medals (previous high 34)
  - II. 11,520 Torchbearers; 46 States; 13,500 miles.
  - III. \$ 2 million to 9/11 Fund
  - IV. 42 Separate SLOC Operating Departments or Units----Flat Org. Chart---



# Final Thoughts...

## Financially

- Successful Olympics!
- Legacy of Sports, Venues, and Endowment
- Positive Utah Economic Impact
- Overwhelming positive outcome

## but, a High Risk Event...

- Operating Revenues are Shared with IOC and USOC
- High Infrastructure/Capital Costs
- Some Services controlled by IOC
- IOC and USOC---no liability
- Weather Events uncertain
- Government partner critical
- Long prep period---7 years too long
- Etc. etc. etc.



# Final Final...

“Far and away, the most successful Olympics, summer or winter, in history.”

*NBC Sports Dick Ebersol*



## Why seek the Olympic Games Again?

“It’s about sharing our very best with the world, passing along the Olympic spirit, and inspiring the best in mankind. That’s the biggest reason we should pursue another Olympics in Utah.”

*Natalie Gochnour is an associate dean and director of the Kem C. Gardner Policy Institute at the University of Utah.*