

ITEM X

SALT LAKE CITY COUNCIL STAFF REPORT
OLYMPIC BUDGET ANALYSIS – FISCAL YEARS 2001-02, 2002-03

DATE: May 7, 2002
BUDGET FOR: **OLYMPIC REVENUE AND EXPENSES**
STAFF REPORT BY: Michael Sears
cc: Rocky Fluhart, David Nimkin, Steve Fawcett, John Sittner, Susi Kontgis, and DJ Baxter

The Administration forwarded an updated accounting of Olympic related revenue and expenditures through May 2, 2002. Olympic costs were \$10,760,362, including costs in the following General Fund Departments: CED, Fire, Management Services (Olympic Planning), Police and Public Services.

The following table summarizes the costs and offsetting Olympic related revenue.

<u>Salt Lake City Olympic Costs and Offsetting Revenue</u>	
Salt Lake City Olympic Related Cost	\$10,760,362
Less reimbursements & other Olympic related revenue:	
UOPSC MOU	(3,903,289)
SLOC City Services Agreement	(1,044,276)
New licensing fees	(180,000)
Various additional grants	(369,322)
Sponsorship revenue	(429,000)
Sale of food and merchandise	(438,688)
Kennedy grant for the Imagination Celebration	(100,000)
Profit for the RDA and Gallivan Plaza	(93,000)
Rental income from Salt Lake Sports Complex	(2,029,168)
Anticipated sales tax spike from Olympic sales	<u>(1,400,000)</u>
Amount of costs not offset by Olympic related revenue	<u>\$773,619</u>

ANALYSIS OF OLYMPIC BUDGET

The total quantifiable cost of hosting the Olympics was \$10,760,362. The major reimbursement categories were the UOPSC (statewide public safety) MOU (memorandum of understanding) at a cost of \$3,903,289 and the SLC City Services Agreement with the Olympic Organizing Committee (SLOC) at a cost of \$1,044,276. Total Olympic reimbursements totaled \$6,364,575. The General Fund contribution was approximately \$4,395,787.

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The approved Biennial Olympic expense budget was \$13,356,152. The actual Olympic expenses totaled \$10,760,362 for an expenditure savings of \$2,595,790. Only one category in the Biennial Olympic Expense budget was over the appropriated budget, the Olympic Planning Office.

The budgeted Biennial Olympic revenue budget was \$9,177,170. The actual Olympic reimbursements and revenue received was \$6,364,577, for a shortfall in anticipated revenue of \$2,812,593. This shortfall amount offset with the expenditure savings of \$2,595,790 results in a net fiscal impact of -\$216,803. This figure is only a comparison of budgeted amounts to actual amounts. The total contribution from the City is the difference between actual Olympic expenditures and actual Olympic reimbursements and revenue. This amount is approximately \$4,395,787.

The General Fund contribution amount of \$4,395,787 is offset with additional one-time revenue to the City in the amount of \$2,222,168. The City anticipates additional income from an Olympic Sales Tax spike of \$1,400,000 resulting in a total additional one-time revenue figure of \$3,622,168. The General Fund contribution amount of \$4,395,787 minus the anticipated additional one-time Olympic revenue results in a quantifiable cost to the City of \$773,619 for hosting the Olympics.

The transmittal from the Administration contains the reimbursement to the City of \$4,400,000 in sales taxes that were loaned to the Salt Lake Organizing Committee for the construction of Olympic Venues. If the Olympics were not profitable there was a chance that the loan would not be reimbursed. The reimbursement did occur to the State and the City will have this additional amount of one-time loan reimbursement money available for appropriation. All Utah cities made a similar loan and received reimbursement notwithstanding whether they hosted the Olympics or had an Olympic Venue in their city boundaries. Because this repayment is actually general sales tax dollars that were held for the development of Olympic facilities, the Council may wish to consider the loan repayment as non-Olympic revenue, rather than Olympic revenue for determining total cost reimbursements and other offsets to Olympic costs.

The Council Office has received a question from a constituent about how the sales tax 'spike' has been calculated and has made the Administration aware of the inquiry. They will be prepared to respond to any questions the Council may have about the calculation.