

State of Utah

Annual Report of the State Olympic Officer

Relating to the

State Budget Impacts from the

2002 Olympic Winter Games

A Report Prepared by
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Table of Contents

Report

Summary	1
I. Utah's Olympic Investment	1
II. Framework for Payment of State Services and Mitigation of Impact on State/Local Budgets ..	2
III. Estimated Economic Benefits to the State	2
IV. State Agency Services to be Provided and Estimated Budgetary Impacts	4
V. Recommendations	5

Report Tables

Table One – Net Tax Revenue Benefits to the State of Utah from the 2002 Olympic Winter Games	3
Table Two – General Fund Commitments to the 2002 Olympic Winter Games	5
Table Three – Budget Impacts on State Agencies from the 2002 Olympic Winter Games Prior to the State Revenue Increase Due to Positive Olympic Impacts	6
Table Four – Summary Fiscal Impacts to the State of Utah from the 2002 Olympic Winter Games	7

Appendix

I. Impact on State Services Due to Olympic Activity	8
Public Safety Command	8
Courts	10
Public Health	11
Transportation – Operations	12
Transportation - Projects	12
Economic Development - State Promotion	14
Economic Development - Housing	16
Other Governmental Services	16
II. Contractual Obligations	16
SLOC Purchase of State-Built Sports Facilities and Legacy Fund	17
Wasatch Mountain State Park - Soldier Hollow (Cross-Country / Biathlon Venue)	18
Weber State University (Ogden/Weber Ice Arena)	20
University of Utah - Student Housing (Athlete Village)	20
University of Utah Rice-Eccles Stadium (Ceremonies Venue)	21
University of Utah - Medical Services Agreement (Polyclinic in the Athlete Village)	22
University of Utah - Other Service Impacts	23
III. Indemnification Agreement	24

Appendix Tables

Appendix Table One – Impacts Absorbed by State Agencies for the 2002 Olympic Winter Games Prior to the State Revenue Increase Due to Positive Olympic Impacts	26
Appendix Table Two – State Agency Requests for New Funds for the 2002 Olympic Winter Games Prior to the State Revenue Increase Due to Positive Olympic Impacts	27

Summary

When Utah hosts the 2002 Olympic Winter Games (Games), people from around the world will visit our state and its communities, and economic activity will increase. The international audience should approach one-half the world's population in 200 countries. The Games provide a unique economic development opportunity to position Utah in the top tier of worldwide sites for athletic competition.

From 1996 to 2002, the increased economic activity from the Games should result in additional tax revenues for the state, and create some additional service demands on government as well. This annual report, which updates a similar report released June 14, 1999 provides an estimate of these impacts on state government through December 2002. Unlike previous reports that focused only on state funding sources, this report includes the budget impacts for both state and non-state funds (i.e. federal funds, fee collections, etc). It should be noted that:

- ▶ Significant investment has been made by both the public and private sector that will enhance the Games.
- ▶ The projected additional state tax revenues generated from the Games are projected to exceed the cost of Games related state government services by \$66.4 million over the six year period between 1996 and 2002.
- ▶ As the Salt Lake Organizing Committee (SLOC) properly sizes the Games within available revenue sources - which it is committed to do - all creditors and equity holders for the Games, including the state, will be repaid.
- ▶ A significant portion of the SLOC budget will provide legacy facilities and venues that should benefit Utah, national, and international athletes as well as sports enthusiasts for years to come.

I. Utah's Olympic Investment

To prepare for the Games, a consortium of Utah private and public sector entities, including SLOC, have committed significant infrastructure (constructed, planned, or under construction) that will benefit the quality of the Games and provide a greater economic base and ongoing economic activity in Utah for years to come. Although many of these items were not constructed specifically for the Games, several projects were accelerated to be completed in time for the Games, and all projects should improve the quality of the Games and the experience of those attending.

Utah has or will construct several sports venues that will be used during the Games, including the Utah Olympic Park, Soldier Hollow, Rice-Eccles Stadium, the E-Center, the Oquirrh Park speedskating oval, and ice arenas in Ogden, Provo, and Salt Lake City. In addition, many ski resorts are expanding facilities in anticipation of increased visitation to Utah resulting from the Games. Additional hotel capacity has or is being added and critical transportation projects are being constructed sooner than originally planned. Housing for the Olympic Village, media representatives, and public safety staff is being planned or has been constructed.

The Games are providing the state with excellent public relations and promotional opportunities as well. For example, the Department of Community and Economic Development (DCED) has aligned its *Utah!* Brand advertising platform with SLOC to maximize sponsorship opportunities and position Utah. DCED also participated as a sponsor of the SLOC mascot launch in 1999. In addition, DCED will participate in a non-SLOC media center for the Games as well. The center will seek to focus non-accredited media elements towards positive Utah events, venues and storylines for distribution to media outlets.

Utah Athletic Foundation - The non-profit Utah Athletic Foundation (UAF) was established under the direction of the legislature to own and operate state-built Olympic facilities following the Games. It is presently the intention that UAF will administer a \$40 million legacy fund, funded by SLOC, to help cover operational costs for the Utah Olympic Park and the Oquirrh Park Oval following the Games. Other responsibilities of the UAF include the promotion of winter sport and sports development programs, and the development and promotion of amateur athletic events.

II. Framework for Payment of State Services and Mitigation of Impact on State and Local Budgets

The state has developed a fair and equitable framework to cover the direct service costs that state and local government agencies will experience due to Games activity. At the state level, direct costs for services necessitated by the Games will either be 1) absorbed within existing state agency budgets, 2) paid with the incremental sales tax revenues resulting from Games related economic activity, 3) paid with federal funds, or 4) paid with related fee collections.

In previous reports, the impact on local governments was a concern. In order to mitigate these budgetary impacts, the legislature passed S.B. 272 - *Sales and Use Taxation of Admissions or User Fees – Olympic Winter Games of 2002*. This legislation exempts Olympics tickets from state sales tax. SLOC estimates this legislation will reduce its sales tax payments to the state by \$13 million. SLOC has agreed to place these savings in an escrow account that will earn at least \$2.0 million in interest by 2002. The resulting \$15 million plus will be used to reimburse local governments for the incremental overtime, winter clothing, and equipment costs for Utah Olympic Public Safety Command (UOPSC) officers during the Games.

Public safety has the largest budgetary impact on local governments resulting from the Games. With these costs mitigated, local governments should be able to pay their remaining Games related service costs from the additional local sales tax revenues generated from Games related economic activity and their \$29.5 million share of the \$58 million sales tax repayment due from SLOC March 7, 2002. (SLOC has already repaid \$1.0 million to the state).

III. Estimated Economic Benefits to the State

Statewide Benefits - According to the “*2002 Olympic Winter Games – Economic, Demographic, and Fiscal Impacts*” report released by the Governor’s Office of Planning and Budget (GOPB) in November 2000, the Games have and will generate significant economic activity in Utah. GOPB

estimates that Games related economic activity will generate \$66.4 million in new net tax revenue for state government between 1996 and 2002. State economic models calculate that state government has or will (1) receive \$186 million in new revenue from the economic activity created by the Games, and (2) incur \$112.7 million in additional indirect expenditures because of services provided to an enlarged economy and population. The state estimates it will receive \$147.2 million in direct federal funding for the Games as well. In addition, state agencies have requested or received incremental one-time appropriations of \$3.4 million state General Fund and \$3.5 million in other funds for a total of \$6.9 million. These costs are outlined in Table One.

Table One
Net Tax Revenue Benefits to the State of Utah
From the 2002 Olympic Winter Games
1996 to 2002
(In millions)

Type of Funds	Incremental Revenue From the Olympics	Indirect Costs from a Larger Population and Economy	Agency Requests for Direct Expenditures due to Olympics	Net Revenue Benefits to the State
General Fund (sales tax)	\$75.1	(\$22.0)	(\$3.4)	\$49.7
School Funds (income & corporate franchise tax)	77.1	(60.4)	(0.0)	16.7
Departmental Collections (fees)	8.3	(7.8)	(0.5)	0.0
Indirect Federal Funds	16.5	(16.5)	(0.0)	0.0
Other	9.0	(6.0)	(3.0)	0.0
Subtotal – State Impacts	\$186.0	(\$112.7)	(\$6.9)	\$66.4
Direct Federal Funds	\$147.2	(\$0.0)	(\$147.2)	\$0.0
Total Impact	\$333.2	(\$112.7)	(\$154.1)	\$66.4

Table Four shows more detailed cash flow projections for the state from the Games. In addition to the additional net tax revenue the state estimates it will receive from the Games, the Olympic Special Revenue Fund, established by the legislature to account for the 1/32 of 1% sales tax diversion for construction of Olympic facilities, is projected to have a balance of over \$30.3 million on May 5, 2003. Present law calls for any unappropriated balance in this fund to be transferred to the General Fund on this date. Currently the fund has an available balance of only \$166,200. However, on March, 7 2002, SLOC is scheduled to make the \$58 million sales tax repayment, \$28.5 million of which will be deposited into this account. The account will earn interest on the repaid funds until May 2003.

IV. State Agency Services to be Provided and Estimated Budgetary Impacts

The services that state agencies will provide for the Games are divided into two categories.

1) State Services Obligated by Contractual Agreements - SLOC has or will enter into several contracts with the state to provide specific services or for exclusive use of state facilities. Facility purchase, rental or use agreements signed, or currently in final negotiation, include:

- ▶ Utah Olympic Park (Bobsled/Luge and Ski Jumps)
- ▶ Oquirrh Park (Speedskating Oval)
- ▶ Soldier Hollow (Cross-Country/Biathlon)
- ▶ University of Utah - Student Housing (Athlete Village)
- ▶ University of Utah - Rice-Eccles Stadium (Ceremonies)
- ▶ Weber State University - Ogden Weber Ice Arena (contract not directly with state)
- ▶ Utah Olympic Public Safety Command - Memorandum of Understanding

2) Required State Services Not Requested by SLOC - State agencies must provide appropriate service levels for public health and safety activities for both Utah citizens and out-of-state visitors during the Games. Every state agency, including higher education, has been asked to project the additional service needs they will face during the Games. State agencies have estimated what additional services are required, and will continue to work with SLOC, the federal government, and local governments to refine the service requirements for the following areas:

- | | |
|---------------------------------|-------------------------|
| ▶ Public Safety | ▶ Business Regulation |
| ▶ Courts | ▶ Transportation |
| ▶ Public Health and Environment | ▶ University Operations |

In addition, the state has a great investment opportunity from the Games. In order to maximize this opportunity, the state has provided funds to the DCED to help take advantage of these economic development opportunities.

Preliminary Budget Estimates for State Services - State agencies estimate the direct cost for state funded services they will provide for the Games to be \$8.9 million. However, only \$3.4 million of these costs require incremental legislative appropriations from state funds as shown in Table Two below. The remaining \$5.5 million in state funded costs will be absorbed. (Last year, estimated costs requiring additional legislative appropriations were reported to be \$31 million, including a \$7.3 million contingency.)

To date, the legislature has appropriated \$1.2 million General Fund to DCED. Additional state agency requests for appropriation of state funds are \$2.2 million, bringing total requested appropriations to \$3.4 million.

Table Two
General Fund Commitments
To the 2002 Olympic Winter Games
(In millions)

Source of Funds	Amount
Agency State Fund Requests	\$3.4
Absorbed within Existing Agency State Funded Budgets	5.5
<i>Subtotal – State Funds Absorbed and Requested</i>	8.9
<i>Reduction in State Funds Revenue due to Sales Tax Waiver on Olympic Tickets</i>	15.0
Total State Funds Committed to Games	\$23.9

In addition to state fund impacts, state agencies project there will be a \$181.1 million impact on their non-state funded budgets as well. This includes \$30.4 million absorbed from existing restricted and federal fund budgets, plus an additional \$150.7 million in additional federal funds and dedicated credits that agencies will collect because of the Games. These budget impacts include only those direct costs required specifically to accommodate visitor impacts from the Games. The total impact by state agency is shown in Table Three below. For more information on estimated expenditures, see the Appendix.

V. Recommendations

It is requested that the Governor recommend and the legislature appropriate an additional \$2.2 million General Fund to the Olympic Officer as a Finance - Mandated Program to cover Games related costs, as follows:

<i>Appropriated to Date</i>	\$ 1,240,000
FY 2001 Supplemental Requests	13,500
FY 2002 One-time Requests	1,946,600
FY 2003 One-time Requests	<u>217,000</u>
<i>New Requests</i>	2,177,100
Total Amount	<u>\$ 3,417,100</u>

The Division of Finance would then, under the direction of the Olympic Officer, reimburse state agencies based upon their actual costs incurred. Thus, it would operate similar to previous appropriations made by the legislature for Year 2000 Programming costs. It is recommended these appropriations be nonlapsing. Any unused balances after December 2002 could lapse back to the General Fund.

Table Three
Budget Impacts on State Agencies
from the 2002 Olympic Winter Games
Prior to State Revenue Increase Due to Positive Olympic Impacts

November, 2000

	Impacts Absorbed by Agencies		Agency Requests for Direct Expenditures		Total
	State Funds	Other Funds	State Funds	Other Funds	
Required State Services Due to Olympic Activities					
1					
2	1,375,700	2,172,000	0	14,503,000	18,050,700
3	690,000	310,000	0	0	1,000,000
4	0	0	227,000	0	227,000
5					
6	528,000	470,200	243,200	188,800	1,430,200
7	1,041,400	333,900	0	0	1,375,300
8	129,800	0	47,500	0	177,300
9	0	70,000	0	225,000	295,000
10	0	23,600,000	0	132,400,000	156,000,000
11	728,200	0	2,660,000	2,207,000	5,595,200
12	631,500	56,000	0	0	687,500
13	248,400	26,100	25,400	0	299,900
14	5,373,000	27,038,200	3,203,100	149,523,800	185,138,100
State Services Required due to Contractual Agreements					
15	0	389,000	214,000	1,200,000	1,803,000
16	168,500	230,800	0	0	399,300
17	0	1,739,700	0	0	1,739,700
18	0	45,000	0	0	45,000
19	0	1,000,000	0	0	1,000,000
20	168,500	3,404,500	214,000	1,200,000	4,987,000
21	0	0	0	0	0
22	5,541,500	30,442,700	3,417,100	150,723,800	190,125,100
Total Absorbed			Total Requested		154,140,900
Total State Funds			Total Other Funds		181,166,500

Notes: (1)

Table Four
Summary Fiscal Impacts
to the State of Utah
from the 2002 Olympic Winter Games
November, 2000

	Previous Fiscal Years		Remaining Fiscal Years		Total	
	Thru FY 1999	FY 2000	FY 2001	FY 2002		FY 2003
General Fund						
1	7,890,000	6,809,000	11,240,000	26,117,000	1,023,000	53,079,000
2			(1,253,500)	(1,839,600)	(110,000)	(3,203,100)
3	0	0	0	(107,000)	(107,000)	(214,000)
4	0	0	0	0	0	0
5	0	0	0	0	0	0
6	0	0	(1,253,500)	(1,946,600)	(217,000)	(3,417,100)
7	7,890,000	6,809,000	9,986,500	24,170,400	806,000	49,661,900
8	0	0	900,000	0	30,356,900	31,256,900
9	(7,890,000)	(6,809,000)	(10,886,500)	0	0	(25,585,500)
10	0	0	0	24,170,400	31,162,900	55,333,300
School Funds						
11	256,000	892,000	2,264,000	12,626,000	718,000	16,756,000
Olympic Special Revenue Fund						
12	63,353,000	2,363,100	0	0	0	65,716,100
13	4,513,500	338,000	137,700	(582,400)	1,262,800	5,669,600
14	0	28,000	0	58,622,800	0	58,650,800
15						
16						
17	(60,267,100)	(1,283,200)	(997,400)	(123,600)	(130,200)	(62,801,500)
18	(302,400)	(211,700)	(216,200)	(222,700)	(172,000)	(1,125,000)
19	0	(900,000)	(1,000,000)	0	0	(1,900,000)
20	0	0	(700,000)	0	0	(700,000)
21	0	(2,208,600)	0	(25,712,300)	(4,332,200)	(32,253,100)
22	0	0	(900,000)	0	(30,356,900)	(31,256,900)
23	7,297,000	(1,874,400)	(3,675,900)	31,981,800	(33,728,500)	0
Post Games Legacy Fund						
24	0	0	0	40,000,000	0	40,000,000

Appendix

I. Impact on State Services Due to Olympic Activity

State agencies now estimate the cost for direct services the state will provide for the Games from state funds to be \$8.9 million. Of this amount, only \$3.4 million requires legislative appropriations. The remaining \$5.5 million in state funded costs can be absorbed within existing budgets. To date, the legislature has appropriated \$1.2 million General Fund to DCED.

Additional state agency requests for appropriation of state funds are \$2.2 million, bringing total requested appropriations to \$3.4 million. Last year, estimated costs were reported to be higher at \$31 million, including a \$7.3 million contingency. The estimated costs for Olympic related state agency expenditures are shown in:

- Appendix Table One – Impacts Absorbed by State Agencies for the 2002 Olympic Winter Games Prior to the State Revenue Increase Due to Positive Olympic Impacts Appendix
- Table Two – State Agency Requests for New Funds for the 2002 Olympic Winter Games Prior to the State Revenue Increase Due to Positive Olympic Impacts

For most state agencies, the impacts will be minimal enough to absorb within existing resources. However, the impact on critical public health and safety services will require additional resources and funding to protect the public interest during the Games. The areas for which impacts are anticipated include:

\$	Public Safety	\$	Business Regulation
\$	Courts	\$	Transportation
\$	Public Health and Environment	\$	University Operations

These agencies will continue to work closely with SLOC, local governments, and the federal government to define more specifically what services are needed and how costs will be shared. The related plans and cost estimates will undergo continual refinement as the Games approach. Each area of required state services is discussed in more detail below.

Public Safety Command - \$34.1 M

Service Impacts - During the Games, it is anticipated that generally SLOC will provide perimeter access control, security, and crowd management ‘within the fence’ at all Olympic venues. The remaining security and public safety issues surrounding Games visitors and activities will be dealt with by federal, state and local governments although there may be sharing of resources between SLOC and the Utah Olympic Public Safety Command (UOPSC). To coordinate public safety efforts across government agencies, the 1998 State Legislature passed S.B. 159 - *Government Relationship to the Olympics* that established UOPSC in UCA 53-12. This new statute gives UOPSC responsibility for coordinating Olympic public safety efforts across all government agencies. Essential public safety services for which UOPSC is responsible include:

Appendix

\$ Police Services	\$ Tactical Response	\$ Traffic Control
\$ Fire Protection	\$ Dignitary Protection	\$ In-Transit Security
\$ Emergency Medical Services	\$ Infrastructure Protection	\$ Intelligence
\$ Public Works	\$ Aviation Support	\$ Communications
\$ Emergency Management	\$ Explosive Ordinance Disposal	\$ Crime & Fire Protection

Utah's public safety planning and operations activities are designed to provide integrated services. This is in contrast to the largely uncoordinated public safety services that characterize other international events held in the United States. State and local governments will pool resources and work significant overtime to meet the public safety demands of the Games. Federal agencies are also significantly involved in UOPSC and its planning efforts, and will play a major role in various public safety initiatives.

General Assumptions

The assets needed to carry out the public safety mission for the Games will come from five sources:

- \$ SLOC
- \$ Local Government Agencies
- \$ State of Utah
- \$ Federal Government
- \$ Private Sector

Some of the required public safety assets will be provided as donated material goods. For example, UOPSC will need additional aircraft during the Games. It is expected these aircraft will be provided by a federal agency. Other requirements, including overtime, will be funded from the \$15 million in the UOPSC escrow account, into which the redirected sales tax on Olympic tickets will be deposited by SLOC.

The cost projections included in this report are based upon the best current estimate of the resources UOPSC will be asked to provide and what resources will be donated. The budget estimates provided for public safety in this report assume that federal support for the 2002 Winter Games will be comparable to the federal support for the 1996 Atlanta Summer Games.

Further refinements to public safety cost projections will be made as UOPSC's planning process continues. Actual costs will be related primarily to three factors:

- \$ The identified security threats for the Games
- \$ The level of federal material, personnel, and other support provided
- \$ The cost of public safety housing

Appendix

Preliminary Cost Estimates - Based upon the assumptions discussed above, UOPSC estimates its public safety costs for both the 2002 Winter Games and Paralympics will be \$34.1 million, as outlined below.

Public Safety – Preliminary Costs Estimates

Type	Federal Funds <i>Appropriated</i>	Federal Funds <i>To Be Requested</i>	Other Funds	Total Costs
Planning	\$4.0	\$0.0	\$0.0	\$4.0
State Costs – Absorbed	0.0	0.0	4.6 ⁽¹⁾	4.6
UOPSC - Games	3.0	7.5	15.0 ⁽²⁾	25.5
Total	\$7.0	\$7.5	\$19.6	\$34.1

(1) – Base costs absorbed by state agencies for officers assigned to UOPSC

(2) – UOPSC escrow account into which redirected sales tax will be deposited by SLOC

Law enforcement services comprise the largest component UOPSC’s public safety operation. This includes overtime, equipment, training, uniforms, housing, food, transportation, telecommunications and related assets for an estimated 3,500 police officers who will be used for the Games. It does not include base salaries and benefits or provisions for departmental issued equipment, which is covered by existing state and local government budgets.

Fire and Emergency Medical Services (EMS) are the second largest component of UOPSC’s public safety operation. This covers additional fire and EMS vehicles needed to fulfill increases in projected call volume, equipment to properly stock the additional vehicles, and temporary facilities to house fire apparatus and ambulances. It also covers overtime, training, winter clothing, housing and per diem, telecommunications equipment, and transportation.

Public works and emergency management costs, which comprise the biggest remaining component, are not expected to exceed \$750,000.

Courts - \$227,000

Service Impacts – With the huge influx of people during the Games, it is likely that crime activity will increase. Although most additional crime is expected to result from minor infractions, the courts will experience a temporary increase in court activity.

Preliminary Cost Estimates - The Administrative Office of the Courts estimates \$227,000 in additional state funds is needed, in addition to fee revenue, to address the impact of the Games. This covers additional interpreters, overtime, court clerks, and court security. The judiciary anticipates using senior judges to fill in for judges handling the Olympic Courts for evening and weekend hours.

Appendix

Public Health - \$3.0 M

Service Impacts - Utah will experience additional demand for public health and environmental management services due to the increase in visitors, competitors, dignitaries, and business activities surrounding the Games. Areas of particular concern include infectious disease control strategies including sanitation and safety inspections for temporary food, waste, and wastewater facilities, as well as immunization management for foreign visitors.

The role of the Utah Department of Health (Health), the Utah Department of Environmental Quality (DEQ), and the Utah Department of Agriculture and Food (Agriculture) will focus on policy and coordination, surveillance and investigation, and medical facility inspections. The greatest impact on food, drinking water, and wastewater inspections will be felt at the local government level. Health, DEQ, and Agriculture have entered into a written agreement with six Wasatch Front county health departments to participate in the Environmental and Public Health Alliance. This alliance coordinates planning, resource sharing, and creates common protocols and rules to prepare for the Games. The local health departments include:

- | | |
|--------------------------|--------------------------|
| \$ Davis County | \$ Utah County |
| \$ Salt Lake City/County | \$ Wasatch County |
| \$ Summit County | \$ Weber/Morgan Counties |

Several federal agencies are involved in this effort as well. The essential Public Health issues that will be addressed by these agencies include:

- | | | |
|-------------------------|---------------------------------|---------------------------|
| \$ Health Education | \$ Emergency Response | \$ Sanitation and Waste |
| \$ Communicable Disease | \$ Outbreak Control | \$ Drinking Water Systems |
| \$ Immunization | \$ Safety and Injury Protection | \$ Health Inspections |

Preliminary Cost Estimates - The estimated cost for increased service responsibilities for the three state agencies are shown in the table below. Federal funds represent the largest portion of other funds.

Public Health Impacts on State Agencies

State Agency	State Funds Absorbed	State Funds Agency Request	Other Funds	Total Costs
Health	528,000	243,200	659,000	1,430,200
DEQ	1,041,400	0	333,900	1,375,300
Agriculture	129,800	47,500	0	177,300
Total	\$1,699,200	\$290,700	\$992,900	\$2,982,800

Appendix

In addition to the cost estimates for the three state agencies, the local health departments estimate they will need \$1.4 million in additional funds to meet their needs, and are looking to the state to assist them. It should be noted that this \$1.4 million local estimate could change significantly depending upon the individual fee structures approved by each of the six impacted counties.

Transportation Operations - \$295,000

Service Impacts - Since the Department of Transportation (UDOT) already provides timely snow removal and road maintenance during the winter months, it anticipates covering the costs of snow removal and maintenance during the Games through its normal budget appropriation. The department does anticipate some increased overtime expenses associated with the operation of the new Traffic Operations Center. This center will expand operations to twenty-four hours per day during the Games, using the Advanced Traffic Management System currently under development.

Preliminary Cost Estimates - UDOT anticipates receiving federal funding of \$225,000 to cover additional expenses at the Traffic Operations Center. If federal funding is not available, UDOT may need state funding to cover its Games related activities. UDOT also anticipates absorbing an estimated \$70,000 in additional maintenance costs from transportation funds.

Transportation Projects - \$156 M

Service Impacts - The Utah Department of Transportation (UDOT) is accelerating projects from the long-range transportation plan in order to provide critical transportation systems in time for use by visitors during the Games. This means several projects originally scheduled for completion over the next 20 years could be completed by 2002. The acceleration of these projects will provide improved transportation systems for all Utahns much sooner than originally scheduled. Some key projects that could enhance transportation for the Games include:

- \$ Intelligent Transportation System Expansion outside of I-15 / I-215 Belt Route
- \$ SR 248 Reconstruction: US 40 to Park City
- \$ I-80 Silver Creek & Kimball Junction
- \$ US 89 & I-84 (Cornia Drive) Interchange
- \$ I-215 & 3500 South - Interchange Reconfiguration

Although I-15 reconstruction in Salt Lake County will be completed before 2002, the related costs are not included in this report. The state planned to complete I-15 widening regardless of whether or not Salt Lake City was selected as host for the 2002 Olympic Winter Games.

New Transportation Projects - These projects were not originally included in the state's long range transportation plan, and it is likely these projects would not have been funded in the short term, if not for the Games. This includes:

Appendix

- \$ Winter Sports Park Access Roads
- \$ Soldier Hollow Access road
- \$ Snowbasin Access Road from Trappers Loop (not funded through the State of Utah)
- \$ Venue Loading/Unloading
- \$ Transportation Studies
- \$ Temporary Park & Ride Lots

Preliminary Cost Estimates - Every effort is being made to accelerate the federal funds for the planned projects to coincide with the accelerated construction schedules. Depending on the type of federal funding obtained, local matching funds could be required. It is difficult to determine exactly how much additional federal funds the state has or will receive directly due to the Games. Generally, the budget impacts identified in this report include those projects that directly impact transportation to/from Olympic venues for which the state has received discretionary federal funds. Since the state planned to complete the I-15 reconstruction project even if Utah was not selected as an Olympic host city, its costs are not included as a budget impact due to the Games.

The estimated Olympic related funding for UDOT projects that directly benefit transportation for the Games is \$156 million. This includes \$14.4 million for venue access roads and \$81.6 million for accelerated projects. It is estimated that the state will receive \$132.4 million in discretionary federal funds for these projects, and allocate \$23.6 million in state resources. The estimated Olympic related funding for each of the related projects is shown below. Many of these projects are also receiving non-Olympic related federal and state transportation funds. Thus, the amounts below do not reflect the total cost of these projects.

UDOT Transportation Projects Estimated Olympic Related Funding (millions of dollars)

Project Name	Olympic Related Federal Funds	Matching State Resources	Total Olympic Related Resources
Intelligent Transportation Systems	7.0	1.2	8.2
SR 248 Reconstruction: US 40 to Park City	7.2	0.6	7.8
I-80 Silver Creek & Kimball Junction	49.0	3.0	52.0
US 89 & I-84 (Cornia Drive) Interchange	2.0	9.8 ⁽¹⁾	11.8
I-215 & 3500 South – Interchange Reconfiguration	1.6	0.2	1.8
Winter Sports Park Access Roads	3.0	1.4	4.4
Soldier Hollow Access Road	9.4	0.6	10.0
Venue Loading/Unloading	11.0	0.4	11.4
Transportation Studies	6.8	0.0	6.8
Temporary Park & Ride Lots	30.8	5.2 ⁽²⁾	36.0
Bus Maintenance Facilities	4.6	1.2	5.8
Total	\$132.4	\$23.6	\$156.0

(1) – State match from Centennial Highway Fund

(2) – State match from donated private property

Appendix

Utah Transit Authority Projects - UTA is independent from the State of Utah, so the following data is provided for information purposes only and are not included as state budget impacts.

The North/South Light Rail System (TRAX) was completed in December 1999. It is a big success with commuters, with ridership exceeding all predictions. Congress has appropriated \$240.3 million for this project, and it is anticipated to appropriate another \$1.0 million.

Congress did not appropriate funds for the entire Airport to University Light Rail System as hoped, but did agree to fund \$84.6 million for the downtown Salt Lake City to the University of Utah line. Construction on that line began in the summer 2000. UTA hopes to complete the University Light Rail line prior to the 2002 Olympic Winter Games. UTA has also received \$1.7 million for park & ride lots.

UTA planned to complete these two light rail systems regardless of whether or not Salt Lake City was selected as host for the 2002 Olympic Winter Games.

Economic Development: State Promotion - \$5.6 M

Service Impacts - The Olympics offers a unique opportunity for Utah to promote business development and tourism in the state. Although these programs are not required for Utah to host the Games, they offer the state a unique opportunity to promote its culture, business activities, and way of life. The Department of Community and Economic Development (DCED) has identified the following opportunities:

- \$ Business Development
- \$ Film Development
- \$ Travel Development
- \$ Cultural and Community Events

Business Development and Film Development - The Division of Business and Economic Development seeks to capitalize on the positive business opportunities created by the Olympics and to perpetuate the economic vibrancy of the Olympics by converting one-time Olympic economic activity into successful ongoing economic development activities. Key components of this Olympic economic legacy strategy include:

- \$ Targeted industry business recruitment focusing on a defined set of industry targets through both national and international recruitment activities and through the coordination of business activities by Utah industry associations and companies.
- \$ Business development strategies promote the expansion and retention of existing Utah businesses including the revitalization of rural Utah.

Appendix

- \$ Business and national development activities define and achieve product development goals to stimulate the creation of viable business venues throughout the state.
- \$ Film development optimizes opportunities for new visual projects within the state, which enhance Utah's image nationally and globally.
- \$ International development seeks to expand foreign market share for Utah products, to increase foreign capital investment in Utah firms, and the creation of a positive business image in the global marketplace. An important component of this strategy is the loaned executive program, which seeks to utilize loaned executives from key foreign countries as part of Utah's international development team.
- \$ A hospitality and information center will be provided, which will also serve as a media information center and technology showcase. The hospitality component will be used as a hosting center for invited foreign visitors, corporate executives and site consultants. The information component will be used for visitors and Utah residents seeking Olympic information.

Travel Development - Travel Development will continue to pursue Olympic opportunities by creating and expanding *Utah!* Brand awareness in the national and international tourism industries. Travel Development has aligned its advertising platform with SLOC to maximize Utah Travel Development sponsorship opportunities and position Utah. Advertising efforts will focus on co-branding opportunities with Olympic sponsors to maximize the scope and reach of Utah's brand awareness and to optimize limited advertising dollars.

Another major Olympic focus for Travel Development will be its participation in the non-SLOC media center to be operated during 2002. The center will seek to focus non-accredited media elements toward positive Utah events, venues, and storylines that will be distributed by local and national media outlets worldwide.

Cultural and Community Events - Staff from the Utah Arts Council have participated directly with cultural staff from SLOC and with SLOC's contract consultants preparing master plans for Olympic cultural activities derived from Utah themes. The demand for Utah Art Council staff participation and technical assistance has increased significantly since FY 1999 and is projected to escalate during FY 2002 creating an acute need for additional staff resources with special expertise on current and indigenous artistic values.

Preliminary Cost Estimates - DCED estimates \$5.6 million in additional state investment is needed to promote these activities that will benefit the Utah economy. To date, DCED has absorbed \$0.7 million and the legislature has appropriated \$3.5 million in total funds. DCED is requesting an additional \$1.4 million General Fund to invest in Games related economic activity. It should be noted that this is an investment opportunity for the state, and not a service requirement for the Games.

Appendix

Economic Development - Housing

Service Impacts - DCED recognizes that the development of new housing in time for the Games could benefit both Utahns and Games visitors. If additional housing is constructed prior to the Games, it could be rented to the media and other Olympic visitors during the Games, and then be available for Utah families after the Games.

Preliminary Cost Estimates - DCED estimates a \$1.0 million state funds grant could be combined with Olympic rental charges to fund the development of much needed housing. However, since the state is not required to provide housing for the Games, it is recommended this request be viewed as an investment opportunity rather than an impact on state services from Games activity. This \$1.0 million amount is not included in any tables in this report.

Other Governmental Services - \$299,900

Service Impacts - Many regulatory state agencies will experience an increase in demand for services resulting from the increased business activity surrounding the Games. Examples of impacted business regulation programs include:

- Consumer protection (temporary business customer complaints, potential ticket fraud)
- Professional licensing (out of state professionals and technical workers)
- Corporations (protect the use of certain Olympic words used by corporations)
- Labor Commission (workplace safety, anti-discrimination, fair housing)
- Tax services (temporary businesses, out of state employees)
- Financial Institutions (temporary bank branches, ATMs, and currency exchange)

Preliminary Cost Estimates - In most cases, existing resources plus user fees can be used to offset the Games related service costs. The impacted agencies estimate they can absorb most of the Games related costs by redirecting \$248,400 of existing General Fund resources. These agencies anticipate \$26,100 in user fees will be generated from Games activity as well. It is estimated that only \$25,400 in new General Fund is needed to meet their service demands.

II. Contractual Obligations

SLOC has contracted with the state for the use of several state-owned facilities. Each of the existing contracts is discussed below.

Appendix

SLOC Purchase of State-Built Sports Facilities and Legacy Fund

Contractual Requirements - On July 14, 1999 SLOC purchased state-built winter sports facilities (Utah Olympic Park and Oquirrh Park Oval) from the state for \$99 million. Of that amount, \$59 million is dedicated to repay the state and local governments for the sales tax diverted to the Utah Sports Authority to construct those facilities. The remaining \$40 million is dedicated to establish a legacy fund to operate those state-built facilities following the Games. Under the terms of this agreement, the ownership and operation of the facilities, and management of the legacy fund, will be turned over to the non-profit Utah Athletic Foundation no later than May 1, 2002.

SLOC has already repaid \$1.0 million of the \$59 million sales tax repayment, including \$28,000 cash plus \$972,000 in value-in-kind refrigeration equipment used by the Utah Sports Authority. The remaining \$58 million was scheduled to be paid by SLOC on January 10, 2002 - about one month prior to the Games. During the 2000 General Session, the Utah legislature passed S.J.R. 11 - *Resolution Addressing Olympic Financing* that allows SLOC to defer the \$58 million payment by up to 56 days, until March 7, 2002. This resolution requires SLOC to pay interest to the state on the \$58 million for these 56 days at a rate of 7% or the Eurodollar rate plus 1%, whichever is greater. At 7%, the additional interest payment is estimated to be \$622,800.

This change by the legislature also necessitated passage of S.B. 211 - *Olympic Financing Amendments*. This legislation delays the repayment to local governments for their proportionate share of the \$59 million until March 15, 2002. Initially, local governments were to be repaid on January 15, 2002. Local government will receive their proportionate share of the interest SLOC is required to pay for deferring the payment by 56 days.

Salt Lake City's reimbursement for its share of the sales tax diversion will not be made until May 5, 2003 since it has an indemnification agreement with the state (discussed in the last section of this report). Salt Lake City will receive the interest earned on its share between March 15, 2002 and May 5, 2003.

SLOC's \$40 million legacy payment is currently due by March 7, 2002 as well. However, S.J.R. 11 - *Resolution Addressing Olympic Financing* allows SLOC to negotiate with the state to defer up to \$20 million of this payment amount for up to one year. Once again, if this payment is deferred, SLOC will be required to pay interest to the state at a rate of 7% or the Eurodollar rate plus 1%, whichever is greater.

Preliminary State Budget Impacts - The State's portion of the sales tax repayment, or \$28,528,000 (\$29.5 million less the \$972,000 value-in-kind payment) will be deposited into the Olympic Special Revenue Fund.

In addition, another \$4.5 million in excess diverted state sales tax has been collected and deposited into the Olympic Special Revenue Fund. To date, the legislature has appropriated or allocated all but \$166,200 of these excess collections. This includes 1) funding for the Olympic

Appendix

Officer, 2) \$1.9 million in appropriations to the Department of Community and Economic Development for promoting the Games, 3) a \$700,000 appropriation for a day lodge at the Soldier Hollow venue, plus 4) a \$900,000 transfer to the General Fund.

The \$40 million payment to the legacy fund is expected to provide sufficient funding for the operation and maintenance of the state-built Olympic facilities (Utah Olympic Park and Oquirrh Park Oval) up to twenty years following the Games. It should be noted that the legacy fund, by law, is not permitted to support the Soldier Hollow cross-country / biathlon venue that will be constructed by SLOC and owned by the state Division of Parks & Recreation (discussed below).

Wasatch Mountain State Park - Soldier Hollow (Cross-Country / Biathlon Venue)

Contractual Requirements - Wasatch Mountain State Park has been selected to host the cross-country/biathlon events for the Games. SLOC contracted with the state Division of Parks & Recreation (Parks) to provide for the development of this venue at Wasatch Mountain State Park's Soldier Hollow. The construction of permanent facilities by SLOC will provide a legacy to Utah citizens, including 23 kilometers of cross-country/biathlon trails with snow making equipment on a portion of the trails, a shooting range, parking areas, pedestrian paths, a competition management building, and limited support structures.

Under the terms of the agreement, SLOC is responsible to design and construct, at its own cost, all permanent and temporary facilities needed for the Games, following review and approval of both Parks and the state Division of Construction & Facilities Management (DFCM). The state will retain ownership of the land and the permanent improvements made by SLOC. During the test event stage, prior to the Olympics, security for the Soldier Hollow site will be supplied through Parks. The funding for security personnel will be handled through existing budgets.

The cash outlay required by Parks under the terms of the agreement is to provide sewer, water, and utility lines from the park boundary to the venue stadium, to operate and maintain the park once it is completed, and to provide a venue representative for SLOC from November 1, 2001 through the end of the Games. During the periods the facility is used by SLOC, Parks is required to provide the same level of support at the site as during non-use periods.

In addition, during the 2000 session, the state legislature made a one-time appropriation of \$700,000 from the Olympic Special Revenue Fund to Parks for the construction of a day lodge at Soldier Hollow.

Soldier Hollow Legacy Foundation Concession Contract

Parks is currently negotiating with the Soldier Hollow Legacy Foundation (a non-profit organization) to operate the cross/country/biathlon facilities at Soldier Hollow. Under the proposed terms of this agreement, the foundation is required to provide winter recreation

Appendix

activities and to organize and host ski races at the site, and is also allowed to host summer activities.

During the operation period of November 1 and March 31 of each fiscal year, the foundation is required to operate and maintain the day lodge and competition building, and maintain the trail system. The foundation is responsible to pay all expenses incurred at these sites during the operation period, including utilities, janitorial, maintenance and repairs. Parks is required to operate the day lodge from April 1 to October 30 each year, and to pay all related costs. In addition, Parks is required to provide normal operating levels of law enforcement and snow removal at the site year round. If the foundation requires additional security for events, it must contract for these services.

Under the proposed terms, the foundation will pay Parks \$1,000 per year plus a minimal percent of gross revenues. The contract requires Parks and the foundation to coordinate their respective fee structures so those citizens are not required to pay two fees when using the park.

Local Government Contractual Requirements

Under the terms of the agreement, several local governments have agreed to provide infrastructure improvements for Soldier Hollow as well:

Wasatch County	Operate & maintain access road (constructed by UDOT with federal/state funds) Arrange for construction of main sewer line to park boundary
Charleston Water Conservancy District	Construct water tank and culinary water system to within 300 ft. of stadium Provide culinary water (at SLOC expense) during SLOC Use Periods
Midway Irrigation Company	Constructed snow making water system main line to park boundary Provide irrigation water (using Parks water shares) during SLOC Use Periods

SLOC has agreed to pay up to \$1.4 million towards the cost of developing these items. In addition, Wasatch County has received a \$2.2 million federal grant for these projects.

Preliminary State Budget Impacts - The cost to Parks for the sewer line is estimated to be \$300,000. Wasatch County is overseeing and advancing the cost of this construction, which will then be reimbursed back to them by Parks with park fee collections at \$100,000 per year for fiscal years 2001, 2002, and 2003. In addition, Parks has installed an irrigation water line from the park boundary to the stadium site at a cost of \$89,000. This was also paid from park fee collections.

Including the \$700,000 appropriated from the Olympic Special Revenue Fund for the day lodge, this brings the total development costs at Soldier Hollow for the state to an estimated \$1,089,000.

Appendix

The annual operating costs for the cross-country/biathlon venue through 2002 is estimated to be \$107,000 annually, net of fee revenues and SLOC support. Parks is requesting a General Fund increase to cover this amount.

Potential Park Enhancements - In addition to the contractual requirements, Parks has identified additional development opportunities at Soldier Hollow that would greatly enhance the post-Games use and financial stability of the park. Potential enhancements include group camping sites, a tubing hill, trailhead facilities, additional support buildings, and a possible golf course.

Based upon these projections, the annual General Fund amount needed to operate Soldier Hollow following the Games is projected to be \$107,000. The percentage of General Fund needed to subsidize Soldier Hollow operations after the Games is much less than the state-wide parks system average of 60%. For the state-wide parks system, fees cover 40% of operations costs, while at Soldier Hollow it is projected that fees will cover about 70% of these costs if requested federal grants are received to construct campgrounds and a tubing hill.

In addition, Parks is currently negotiating with the state Olympic Public Safety Command (UOPSC) to provide housing for public safety officers at Wasatch Mountain State Park and Jordanelle State Park during the Games. All costs related to this housing will be paid for by UOPSC outside of Park's budget. In addition, Parks may gain some capital improvements installed at these two parks by UOPSC related to the housing. Parks is also working with the Heber Valley Railroad to develop a small off-loading ramp that can move about 10% of the visitors for the Olympic Games, and will enhance the park and the railroad after the Games.

Weber State University (Ogden/Weber Ice Arena)

Some Olympic events will be held at the Ogden Weber Ice Arena located on the campus at Weber State University. The university estimates it will absorb \$399,300 in total costs related to these events, including \$168,500 in General Fund.

NOTE: The following language was provided by the University of Utah.

University of Utah - Student Housing (Athlete Village)

Contractual Requirements - SLOC has agreed to pay the University of Utah \$31.6 million for exclusive rights to use newly constructed student housing and the existing historic buildings at Fort Douglas for the Athlete Village. SLOC's exclusive use period is from January 9, 2002 through March 3, 2002 for the entire village, plus a smaller portion of the village through March 27, 2002 for use during the Paralympic Games.

The University is required to construct housing to facilitate 4,000 guests including a clinic facility to provide medical services. In addition, the University is required to upgrade 10 historical

Appendix

buildings in the Officer's Circle to current building code. SLOC intends to place service centers for the International Zone in these historical buildings. The cost for these upgrades is covered by SLOC's payment, and is capped by the agreement at \$3.0 million. It is hoped that sponsors can be obtained to help reduce this amount.

Under the terms of the agreement, the University is required to provide its normal ongoing level of utility services for the village area during SLOC's exclusive use period at no cost to SLOC, and to provide training for SLOC staff on equipment and systems in place. SLOC may negotiate with the University for additional staff and support services at SLOC's expense.

Estimated Budget Impacts - Overall, the University of Utah is receiving a significant financial benefit from its Athlete Village agreement with SLOC. There are only limited incremental direct University costs associated with the Village Agreement, yet the University is receiving \$31.6 million to help offset the total construction costs of \$120 million for new student housing.

In a three-way agreement, the State Building Ownership Authority issued revenue bonds to provide funds to help pay for the construction of the student housing, and the bonds will be repaid by SLOC in a lump sum amount of approximately \$31.6 million on May 15, 2005. The value of this bond in April 2002 is approximately \$28 million.

The housing of Olympic athletes at the University of Utah will impact the operations and profits of several University auxiliaries during SLOC's exclusive use period. All these auxiliaries have locations within SLOC's exclusive use area at the Athlete Village, and will therefore have their operations limited. The University projects these auxiliaries, which operate like independent businesses, will experience the following reductions in profits from either reduced revenue and/or increased costs:

Residential Living (lost rentals, relocation and storage costs)	\$1,704,700
Athletics (increased room and board costs)	<u>35,000</u>
Total Impact on Auxiliaries from Village Agreement	<u>\$1,739,700</u>

These auxiliaries will deal with these impacts by reducing operating expenses and capital expenditures in both FY 2001 and FY 2002. In the case of Residential Living (Athlete Village), the University has taken into account the lost rental revenue in its debt repayment schedule for the newly constructed student housing.

University of Utah - Rice-Eccles Stadium (Ceremonies Venue)

Contractual Requirements - SLOC has agreed to pay the University of Utah \$8,345,000 in cash plus \$250,000 in HVAC equipment for exclusive rights to use the expanded Rice-Eccles Stadium for the Opening and Closing Ceremonies during the Games. This payment will be used by the

Appendix

University to help offset the cost to expand and renovate Rice-Eccles Stadium to 46,500 permanent and 3,500 temporary seats. The total cost to expand the stadium was over \$50 million.

SLOC's exclusive use period is from November 25, 2001 through March 15, 2002. Under the terms of the rental agreement, the University will cover the cost of all utility usage during the use period, as well as all normal maintenance, scheduled custodial service, some snow removal, and normal security. SLOC will cover the costs for all temporary facilities, additional utility hookups, additional security, and operating ceremony events.

Under the terms of the agreement, SLOC also receives various use rights for other University facilities, with limited time durations, including the Huntsman Center, hospitality areas, meeting rooms, and parking lots.

Estimated Budget Impacts - Overall, the University of Utah is receiving a significant financial benefit from its stadium rental agreement with SLOC. SLOC is required to make a single cash payment of \$8,345,000 to the University on January 1, 2003 (\$8.0 million plus nine months interest), plus provide HVAC equipment valued at \$250,000. The interest is included in the payment since it was originally agreed SLOC would pay the University on April 15, 2002. The terms of this contract will impact several University auxiliaries during SLOC's exclusive use period. This includes the terms providing SLOC use of the Huntsman Center and parking lots. The University projects these auxiliaries, which operate like independent businesses, will experience the following reductions in profits from either reduced revenue and/or increased costs:

Rice-Eccles Stadium (increased support costs; lost events)	\$ 35,000
Athletics (increased parking costs)	<u>10,000</u>
Total Impact on Auxiliaries from Rice-Eccles Stadium Agreement	<u>\$ 45,000</u>

These auxiliaries will deal with these impacts by reducing operating expenses and capital expenditures in both FY 2001 and FY 2002.

University of Utah - Medical Services Agreement (Polyclinic in the Athlete Village)

Contractual Requirements - The University of Utah and Intermountain Health Care (IHC) entered into an agreement for the University to provide a Polyclinic at the Athlete Village. *SLOC is not directly involved with this agreement.* IHC is SLOC's direct contractor for health services.

Under the terms of the agreement between the University and IHC, the University of Utah will provide staffing, equipment and supplies for the Village Polyclinic, along with medical offices for

Appendix

the individual National Olympic Committees (NOCs). In return, the medical center and its staff will benefit from exposure to and networking with the international sports medicine community.

The Polyclinic at the Athlete Village will be a multi-specialty facility that is free of charge to all athletes and officials. The University is already obligated to provide a suitable Polyclinic facility as part of the Athlete Village agreement. By internal arrangements, the medical center has agreed to pay half the cost (about \$400,000) of finishing space in the basement of the new University Guesthouse. Student Housing will bear the remaining cost for the space that will be used as conference facilities after the Games. A substantial amount of the related equipment and supplies are expected to be donated, and at least some of the NOC medical spaces should be located in existing buildings.

The agreement also obligates the medical center to equip and staff the Polyclinic. This could cost as much as \$1.0 million if half the equipment and supplies are donated or loaned, but the medical center will try to obtain all these materials at virtually no cost. Staffing the facility will be accomplished through a combination of paid and volunteer staff.

Under the IOC Medical Code, every national team is entitled to an office and examining room for use with its own athletes and officials. As part of the negotiations with SLOC, the University has obtained an assurance of best efforts to locate these spaces within the new student housing or existing buildings on Fort Douglas. If these spaces were to be placed in temporary structures, the additional cost would be about \$1.3 million.

There will be first-aid stations in the Athlete Village and at all Olympic events held on campus. These will be staffed by EMS personnel from the University or other volunteers, and will be stocked with supplies through the same system as the Polyclinic.

Estimated Budget Impacts - The guidelines for this contract are outlined in an informal agreement among the University Medical Center, IHC, and the Salt Lake Olympic Bid Committee. A realistic estimate of the total costs for performance on this contract is \$1.0 million. In exchange, the medical center will obtain immediate exposure and substantial volunteer opportunities. In addition, the medical center and health sciences should obtain significant subsequent benefits from the information exchange that will occur with the international sports medicine community.

University of Utah - Other Service Impacts

The agreements for the Athlete Village, Rice-Eccles Stadium, and the University Medical Center will have other service impacts on University operations as well. This includes Olympic Coordination, Environmental Health and Safety, Risk Management, and Plant Operations. The University is absorbing most of these costs within existing General Fund budgets. Once again,

Appendix

SLOC is providing the University close to \$40 million in rental payments, which far exceed any costs borne by the University related to the Games.

The total estimate for absorbed costs for other service impacts are:

Olympic Coordination	\$ 495,000
Environmental Health and Safety (including Fire Marshall)	5,000
Plant Operations (maintenance, utilities, snow removal)	<u>131,500</u>
<i>Subtotal Absorbed General Fund</i>	<i>631,500</i>
Athletics	<u>56,000</u>
<i>Subtotal Absorbed Others Funds</i>	<i>56,000</i>
Total Budget Impact	<u>\$ 687,500</u>

III. Indemnification Agreement

In late 1990, Salt Lake City became concerned with legal and financial issues related to the Host City Agreement between Salt Lake City, the Salt Lake Olympic Bid Committee, the Utah Sports Authority, and the International Olympic Committee (IOC) for the 1998 Winter Games. On May 14, 1991 an inter-local agreement among the State of Utah, the Salt Lake Olympic Bid Committee, and Salt Lake City was signed by former Utah Governor, Norman Bangerter. The key points of this agreement include:

- ▶ Recognition that Salt Lake City and SLOC indemnified the IOC in the Host City Agreement
- ▶ SLOC indemnifies Salt Lake City and the State of Utah
- ▶ The State of Utah indemnifies Salt Lake City

It should be clearly noted that the State of Utah has not indemnified SLOC or the IOC, but has indemnified Salt Lake City.

In order to significantly reduce any legal risk of liability or financial loss, SLOC is required to do the following:

- \$ All Olympic construction contractors provide payment and performance bonds, and maintain adequate workers compensation and other insurance.
- \$ All Olympic contracts must be in writing and all contractors, subcontractors, and vendors must agree to waive any claims for payment against the State of Utah, Salt Lake City and the IOC for goods and services provided to the organizing committee.
- \$ SLOC shall maintain \$100 million in liability and other insurance to protect against all insurable risks.

Appendix

§ To the fullest extent permitted by the Constitution and laws of the State of Utah, the State and SLOC shall indemnify and hold harmless Salt Lake City from liability or loss.

On July 7, 1994, Utah Governor Michael O. Leavitt sent a letter to Salt Lake City reaffirming the State's commitment under the contract. Subsequent legislative action has also given substance to the 1991 agreement.

Appendix Table One
State of Utah
Impacts Absorbed by State Agencies
for the 2002 Olympic Winter Games
Prior to State Revenue Increase Due to Positive Olympic Impacts
November, 2000

	Previous Fiscal Years		Remaining Fiscal Years			Total	
	Thru FY 1999	FY 2000	FY 2001	FY 2002	FY 2003		
State Funds							
Required State Services Due to Olympic Activities							
1	Public Safety Command						
2	Public Safety	115,200	380,000	600,500	280,000	0	1,375,700
3	Others	0	107,500	107,500	475,000	0	690,000
4	Courts	0	0	0	0	0	0
5	Public Health						
6	Health	8,000	16,500	128,000	375,500	0	528,000
7	Environmental Quality	85,600	266,300	354,200	335,300	0	1,041,400
8	Agriculture and Food	0	38,800	54,500	36,500	0	129,800
9	Transportation - Operations	0	0	0	0	0	0
10	Transportation - Venue Access Roads	0	0	0	0	0	0
11	Economic Development - State Promotion	155,000	278,200	245,000	50,000	0	728,200
12	University of Utah (1)	0	161,500	166,500	303,500	0	631,500
13	Other Governmental Services	0	22,500	49,000	163,400	13,500	248,400
14	Subtotal - Services Due to Olympic Activities	363,800	1,271,300	1,705,200	2,019,200	13,500	5,373,000
State Services Required due to Contractual Agreements							
15	State Parks - Soldier Hollow	0	0	0	0	0	0
16	Weber State University	0	24,800	60,800	82,900	0	168,500
17	University of Utah - Athlete Village (1)	0	0	0	0	0	0
18	University of Utah - Rice-Eccles Stadium (1)	0	0	0	0	0	0
19	University of Utah - Hospital (1)	0	0	0	0	0	0
20	Subtotal - Contracted Services	0	24,800	60,800	82,900	0	168,500
21	Contingency for State Services	0	0	0	0	0	0
22	Total - State Funds (Line 14 + Line 20 + Line 21)	363,800	1,296,100	1,766,000	2,102,100	13,500	5,541,500
Other Funds (Federal Funds, Dedicated Credits, Restricted)							
Required State Services Due to Olympic Activities							
23	Public Safety Command						
24	Public Safety	0	86,000	86,000	2,000,000	0	2,172,000
25	Others	0	80,000	80,000	150,000	0	310,000
26	Courts	0	0	0	0	0	0
27	Public Health						
28	Health	55,500	55,500	152,200	207,000	0	470,200
29	Environmental Quality	22,400	80,300	100,900	130,300	0	333,900
30	Agriculture and Food	0	0	0	0	0	0
31	Transportation - Operations	0	0	0	70,000	0	70,000
32	Transportation - Venue Access Roads	0	229,000	14,000,000	9,371,000	0	23,600,000
33	Economic Development - State Promotion	0	0	0	0	0	0
34	University of Utah (1)	0	0	0	56,000	0	56,000
35	Other Governmental Services	0	0	13,000	13,100	0	26,100
36	Subtotal - Services Due to Olympic Activities	77,900	530,800	14,432,100	11,997,400	0	27,038,200
State Services Required due to Contractual Agreements							
37	State Parks - Soldier Hollow	89,000	0	100,000	100,000	100,000	389,000
38	Weber State University	0	39,400	46,100	145,300	0	230,800
39	University of Utah - Athlete Village (1)	0	0	0	1,739,700	0	1,739,700
40	University of Utah - Rice-Eccles Stadium (1)	0	0	0	45,000	0	45,000
41	University of Utah - Hospital (1)	0	0	0	1,000,000	0	1,000,000
42	Subtotal - Contracted Services	89,000	39,400	146,100	3,030,000	100,000	3,404,500
43	Contingency for State Services	0	0	0	0	0	0
44	Total - Other Funds (Line 36 + Line 42+ Line 43)	166,900	570,200	14,578,200	15,027,400	100,000	30,442,700
45	Total Impact (Line 22 + Line 44)	530,700	1,866,300	16,344,200	17,129,500	113,500	35,984,200

Notes: (1) University of Utah will receive close to \$40 million in rental payments for use of the Athlete Village and Rice-Eccles Stadium, which far exceeds the related cost to the University.

Appendix Table Two
State of Utah
State Agency Requests for New Funds
for the 2002 Olympic Winter Games
Prior to State Revenue Increase Due to Positive Olympic Impacts
November, 2000

	Previous Fiscal Years		Remaining Fiscal Years			Total
	Thru FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	
State Funds (General and School Funds)						
Required State Services Due to Olympic Activities						
1	Public Safety Command					
2	Public Safety	0	0	0	0	0
3	Others	0	0	0	0	0
4	Courts	0	0	0	227,000	227,000
5	Public Health					
6	Health	0	0	0	243,200	243,200
7	Environmental Quality	0	0	0	0	0
8	Agriculture and Food	0	0	13,500	34,000	47,500
9	Transportation - Operations	0	0	0	0	0
10	Transportation - Venue Access Roads	0	0	0	0	0
11	Economic Development - State Promotion	0	0	1,240,000	1,310,000	110,000
12	University of Utah (1)	0	0	0	0	0
13	Other Governmental Services	0	0	0	25,400	25,400
14	Subtotal - Services Due to Olympic Activities	0	0	1,253,500	1,839,600	110,000
State Services Required due to Contractual Agreements						
15	State Parks - Soldier Hollow	0	0	0	107,000	107,000
16	Weber State University	0	0	0	0	0
17	University of Utah - Athlete Village (1)	0	0	0	0	0
18	University of Utah - Rice-Eccles Stadium (1)	0	0	0	0	0
19	University of Utah - Hospital (1)	0	0	0	0	0
20	Subtotal - Contracted Services	0	0	0	107,000	107,000
21	Contingency for State Services	0	0	0	0	0
22	Total - State Funds (Line 14 + Line 20 + Line 21)	0	0	1,253,500	1,946,600	217,000
Other Funds (Federal Funds, Dedicated Credits, Restricted)						
Required State Services Due to Olympic Activities						
23	Public Safety Command					
24	Public Safety	2,925,000	1,078,000	3,000,000	7,500,000	0
25	Others	0	0	0	0	0
26	Courts	0	0	0	0	0
27	Public Health					
28	Health	0	0	188,800	0	0
29	Environmental Quality	0	0	0	0	0
30	Agriculture and Food	0	0	0	0	0
31	Transportation - Operations	0	0	25,000	200,000	0
32	Transportation - Venue Access Roads	0	38,800,000	56,000,000	37,600,000	0
33	Economic Development - State Promotion	0	1,207,000	600,000	400,000	0
34	University of Utah (1)	0	0	0	0	0
35	Other Governmental Services	0	0	0	0	0
36	Subtotal - Services Due to Olympic Activities	2,925,000	41,085,000	59,813,800	45,700,000	0
State Services Required due to Contractual Agreements						
37	State Parks - Soldier Hollow	0	0	700,000	250,000	250,000
38	Weber State University	0	0	0	0	0
39	University of Utah - Athlete Village (1)	0	0	0	0	0
40	University of Utah - Rice-Eccles Stadium (1)	0	0	0	0	0
41	University of Utah - Hospital (1)	0	0	0	0	0
42	Subtotal - Contracted Services	0	0	700,000	250,000	250,000
43	Contingency for State Services	0	0	0	0	0
44	Total - Other Funds (Line 36 + Line 42+ Line 43)	2,925,000	41,085,000	60,513,800	45,950,000	250,000
45	Total Impact (Line 22 + Line 44)	2,925,000	41,085,000	61,767,300	47,896,600	467,000
						154,140,900

Notes: (1) The University of Utah will receive close to \$40 million in rental payments for use of the Athlete Village and Rice-Eccles Stadium, which far exceeds the related cost to the University.