Performance Audit of the Utah Olympic Legacy Foundation

Report to the Infrastructure and General Government Appropriations Subcommittee
February 9, 2018
Chapter I Introduction

Utah Olympic Oval

Office of the Legislative Auditor General
See Report: Page 5
Audit Scope and Objectives

Chapter II
Addresses the status of Olympic assets and future funding needs

Chapter III
Addresses the foundations financial status, operations and plans

Chapter III
Looks at how UOLF is meeting Legislative goals
Chapter II

Current UOLF Financial Model is Insufficient to Fund Future Capital Improvements
Capital Improvements Needed

2002

2017
Capital Improvements Needed

Utah Olympic Park

Roads & Guardrails

$2.3 Million

See Report: Page 11
Capital Improvements Needed

Utah Olympic Park

- Bobsled Track
- Retaining Wall
  - $5 Million
Capital Improvements Needed

Utah Olympic Oval

Oval Roof $1.75 Million
Capital Improvements Needed

Utah Olympic Oval

HVAC Equipment
$1.025 Million
Capital Improvement Needs Over the Next 10 Years: Nearly $39.3 Million

- Capital Improvements Needed to Meet Current Standards: $14.6 million
- Capital Improvements Needed to Meet 2002 Olympic Standards: $24.7 million

2019: $9,160,870
2020: $4,000,000
2021: $3,000,000
2022: $3,000,000
2023: $2,000,000
2024: $2,000,000
2025: $2,000,000
2026: $2,000,000
2027: $2,000,000
2028: $2,000,000
Estimated Capital Improvement Needs

- $80 M
- $70 M
- $60 M
- $50 M
- $40 M
- $30 M
- $20 M
- $10 M

Current Condition

World Cup Standards
- $70 M
- $60 M
- $50 M
- $40 M
- $30 M
- $20 M
- $10 M

Olympics Standards
- $80 M
- $70 M
- $60 M
- $50 M
- $40 M
- $30 M
- $20 M
- $10 M
Olympic Venues Are Expensive and Rarely Profitable

Olympic Venue Operating Costs

- Park Utilities: $700k
- Oval Utilities: $700k
- Park Operation and Maintenance: $2 million

For more information, see Report: Page 15-16
Capital Improvement Costs Would Reduce Legacy Fund

Projected Endowment Balance

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Endowment Earnings</th>
<th>Projected Income Loss</th>
<th>Future Capital Expenses</th>
<th>Projected Endowment Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
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<td></td>
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<td>2020</td>
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<td>2028</td>
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</tbody>
</table>
Legislature Supports Pursuing Another Winter Olympics

SCR 9, 2015 and 2018

“encourages Utah to be ‘ready, willing and able’ to host another Olympic Winter Games”
Capital Improvements Funding Options

1. Yearly Capital Improvement Stipend

2. Include Capital Improvement in the State Capital Improvement Fund

3. One-time Funding Year by Year
Chapter III

UOLF Has Significantly Increased Revenue but Substantial Operating Loses Still a Concern
### Winter Olympic Venues Typically Receive Government Support to Operate

<table>
<thead>
<tr>
<th>City, Olympic Year</th>
<th>Endowment or Fund Amount</th>
<th>Yearly Government Operational Subsidies</th>
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<tbody>
<tr>
<td>Salt Lake, 2002</td>
<td>$60 million</td>
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<tr>
<td>Lake Placid, 1980</td>
<td>Yes, $4.8 million</td>
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</tr>
<tr>
<td>Calgary, 1988</td>
<td>$130 million</td>
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</tr>
<tr>
<td>Lillehammer, 1994</td>
<td>Yes, $1.26 million</td>
<td></td>
</tr>
<tr>
<td>Nagano, 1998</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Vancouver, 2010</td>
<td>$110 million</td>
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</tbody>
</table>
UOLF Plans to Increase Revenue

- **29% Expense Increase**
- **78% Revenue Increase**

<table>
<thead>
<tr>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>$(8M)</td>
<td>$(4M)</td>
<td>$4M</td>
<td>$8M</td>
<td>$12M</td>
<td>$16M</td>
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</tbody>
</table>

Office of the Legislative Auditor General
See Report: Page 28
Increased Fundraising Offsets Some Costs
UOLF Seeks Land Lease Revenues, Not Land

- Open Space
- Hillside
- Non Developable
Chapter IV

UOLF is Meeting Legislative Goals
Legislature/UOLF Missions Aligned

Utah Legislature

1994 S.J.R 17

- Own, maintain, and operate the Winter Sports Park for the benefit of amateur athletes
- Assist in funding operating costs and winter sports development at Speed Skating Oval
- Foster the development of winter sports throughout the state
- Promote sport development programs for elite and developing athletes throughout the state
- Develop and promote amateur athletic events throughout the state
- Promote the ideals of the Olympic Movement

UOLF Core Missions

- **FACILITY:** Maintain, operate and enhance Olympic legacy facilities at world-class levels
- **CORE SPORT:** Engage and involve more people – especially Utah’s youth – in winter sport
- **PUBLIC PROGRAMS:** Inspire, educate, and entertain through Olympic-themed recreational public programs
- **SPORT FOR LIFE:** Promote & inspire Utah communities to embrace health & fitness
- **FOUNDATION ADMIN:** Ensure Utah’s Olympic legacy efforts continue in perpetuity
Increasing Sport Development and Venue Usage

- Total Usage of Utah Olympic Park: 12% increase (2013 - 2016)
- Total Usage of Utah Olympic Oval: 42% increase (2013 - 2016)
- Number of Competitions: 50% increase (2013 - 2016)
- SKI and Snowboard Medals Won: 1998 - 3, 2014 - 10
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