

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: June 1, 2001

SUBJECT: Fiscal Impact Statement: “Chesapeake Regional Olympic Games Authority Act of 2001”

REFERENCE: Bill Number 14-187 as Introduced

Conclusion

Funds are sufficient in the District’s FY 2001 budget and the FY 2002 through FY 2005 budget and financial plan because no additional staff or resources will be required. Any additional costs associated with the provisions of the proposed legislation are beyond the horizon of the District’s financial plan. They can therefore be comfortably accommodated as the activities and the costs required by the components of proposed legislation reveal themselves. The District is planning to insure itself against losses, however remote the possibilities are, with a commercially underwritten policy that will offset any potential negative impact to the District’s finances.

The overall expectations for hosting an event of this nature is that there will be a tremendous positive economic impact to the region including the District of Columbia. The economic benefits of hosting this event are expected to be positive.

Background

The proposed legislation is to obtain the Council of the District of Columbia’s approval to enter into covenants with the State of Maryland, the City of Baltimore and the Commonwealth of Virginia. The proposed legislation would enter the District of Columbia into a regional consortium for the purpose of hosting the 2012 Olympic Games. This makes the District a 28 percent participant in protecting the International

Olympic Committee (IOC) from financial losses. The District share is capped at \$49 million.

Financial Plan Impact

Funds are sufficient in the District's FY 2001 budget and the FY 2002 through FY 2005 budget and financial plan. The proposed legislation will not require any additional staff or resources. The District of Columbia will participate with the State of Maryland, the City of Baltimore and the Commonwealth of Virginia in a consortium is to compete as a region to host the 2012 Olympic Games. The IOC is requiring that the regional consortium protect them from financial losses. The proposed legislation establishes a participation to ensure that IOC losses will be recovered. The District's participation percentage is 28 percent not to exceed \$48 million.

The possibility of an Olympic games event hosted in the continental United States resulting in financial losses is very remote. Even considering the probability, the District payment to the regional consortium for repayment to the IOC could not come due until FY 2013.

If the IOC selects the regional consortium, which would happen in 2003, the District would make arrangements to insure itself against losses with a commercial underwriter. Funds required to offset the costs of premium payments will need to be considered in future developments of the District's budget and financial plans.

Costs for competing for the games against other regions will be offset with private funding.