

**Juneau Arctic Winter Games 2014**  
**Response to Assembly Questions/Concerns**  
September 17, 2010

The CBJ Assembly has requested that the Juneau 2014 Arctic Winter Games Organizing Committee respond to its concern relating to the timing of the Games in relation to the Gold Medal Tournament and to provide a projected budget and explanation of estimated costs for hosting the 2014 Arctic Winter. This document is an attempt to provide that information.

**Gold Medal Tournament will not be impacted by the Arctic Winter Games**

The Organizing Committee has had numerous discussions with community members and leaders, and it appears that most people in Juneau are in favor of hosting the Games as long as the Games do not upset Juneau's ability to host the Gold Medal Tournament and that the Games do not have a negative financial impact.

The persons involved in hosting the Gold Medal Tournament have been contacted and for the 2014 Tournament, they have volunteered to move the event to the President's Day school break held in February. The Juneau School District has offered to assist by inserting in-service days to facilitate the smooth operation of the Tournament. The School District has been very supportive of the Arctic Winter Games and looks forward to working collaboratively on the Games.

**Budget Discussion**

The following is a discussion of the financial impact the Games will have on the CBJ budget. It is important to point out that the Games are actually operated by a separate non profit entity. However, CBJ must guarantee that sufficient funds are available to successfully host the Games.

**Cost of hosting the Games**

Attached is a spreadsheet that outlines historical budget data for the 2006 bids by Kenai and Juneau and proposed budget data for Juneau's 2014 bid. In 2003, Kenai and Juneau (as well as Fairbanks) submitted bids for the 2006 Games which were eventually held in Kenai. The Kenai bid documents along with the operations manual were made available and Column "C" of the attached spreadsheet details the budget from Kenai's bid. Column "E" states Juneau's 2006 bid budget. Column "G" was the amount Kenai actually spent on the Games. There are several scenarios under which Juneau could host the 2014 Games. The attached spreadsheet provides a low and high budget estimate, for both operating costs related to the Games and capital costs needed to host the Games.

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**Operating Costs.** Columns "I" and "K" provide a low estimate of the operating costs of the Games while Columns "M" and "O" provide a high estimate of the operating costs of the Games. The low estimate reflects holding costs to the absolute minimum. As an example, under Volunteer and Protocol expenses, costs to clothe the 2,000 volunteers in distinctive Arctic Winter Games clothing is estimated at \$128,000 or \$64 per person. This amount could be lowered by simply providing a \$10 vest. The administration costs can be lowered by bringing the twelve paid staff members on later than planned which could have a possible negative impact on the planning process but it could potentially save \$200,000. Examples throughout the budget can be found where costs could be lowered by offering a less sophisticated product.

The operating costs of the Games would total \$3,825,000 under the low estimate and \$4,750,000 using the high estimate. There is not a detailed breakdown of the Kenai operating expenses but a total of \$5.6 million was spent on hosting the Games in addition to the capital costs. The operating costs in Juneau are considered to be lower due to the "compaction" of Juneau. The Kenai Games stretched from Alyeska ski resort in Girdwood to Homer with Kenai and Soldotna located in between. There was a need for increased infrastructure for everything from computer lines to traffic signals. Juneau has a better infrastructure to host the Games.

**Capital Costs.** The major capital cost to host the Games will be the construction of one or more facilities to house the opening and closing ceremonies; an additional NHL size sheet of ice and a curling rink. The facility for the opening and closing ceremonies needs to be able to seat 1,500 spectators and allow up to 2,000 athletes to enter and participate as part of the ceremonies. Historically, the ceremonies have often occurred in a hockey rink that had at least 1,500 spectator seats and room on the covered ice for participants to gather or sit. The curling rink could stand alone, potentially put into a vacant mall space if one were available, or all three needs could be met under the roof of one facility.

The International Committee of the Arctic Winter Games does not specify whether facilities are temporary or permanent, although it is widely agreed that permanent facilities would be a lasting benefit to the community. Columns "I" and "M" outline the costs associated with hosting the Games by using temporary facilities while Columns "K" and "O" outline the costs associated with constructing permanent facilities.

Assuming one new permanent facility to house the needed sheets of ice and the space and seating for the opening and closing ceremonies, it is estimated that this facility would cost between \$7 and \$10 million. This range is based on the level of amenities of the facility as well as who actually builds the facility. The Dimond Park Field House was constructed by the Juneau Community Foundation with State of Alaska Funds for a lower cost than what the CBJ could build the building. A temporary facility(s) to house these functions is estimated at 50% to 70% of the cost of a permanent facility. Capital costs range from a low of \$3.5 million in Column "I" to a high of \$10 million in Column "O". As a comparison, Kenai had more capital facilities in place to host the Games and spent \$3.5 million on capital costs.

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**Revenue sources to fund the Games**

Funding is potentially available from the following sources:

**Federal funds.** Homeland Security funds (bunks beds, food, IT reimbursement, ect.) of \$750,000 to \$1,000,000 has been placed in the budget. Kenai received \$3.1 million for the 2006 Games however the political landscape has changed considerably.

**State funds.** The State of Alaska currently has \$1 million in the Governor's budget for Alaska Arctic Winter Games start up funding as well as \$400,000 for each of the next 3 years for monies to defray the operating costs of the Games. This is in addition to the \$250,000 for Team Alaska (which cannot be considered for use in funding the Games). The Juneau and Fairbanks organizing committees as well as the State Legislative Delegations are discussing the possibility of asking for up to \$10 million in state funding for the 2014 Alaska Arctic Winter Games with the funds going to the city which is awarded the bid.

**Merchandise Sales.** It is estimated that \$400,000 to \$500,000 will be sold for merchandise bearing the Juneau Arctic Winter Games logo and other related sales.

**Tickets Sales.** Spectators pay to view the opening and closing ceremonies as well as cultural galas. Revenue from those events is estimated to be \$200,000.

**Donations – Cash.** It is estimated that \$300,000 to \$500,000 can be raised locally over the three years leading up to the Games.

**Donations – in Kind.** It is estimated that local companies will provide \$200,000 in kind services and products during the three years leading up to the Games.

**Sponsorships.** As these are the Alaska Arctic Winter Games, it is estimated that \$500,000 will be secured from state and national sponsors in the three years leading up to the Games.

**Foundation funding.** It is estimated that \$1 million of Foundation funding can be obtained if permanent facilities were built.

**City and Borough Funding.** The CBJ will be required to fund the difference between money raised and money spent. This amount ranges from \$2.7 million to \$5.3 million.

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**Summary**

It is recommended that Juneau plan for the use of temporary facilities when developing the bid package for the Games. The facilities could be built in the summers of 2012 & 2013. That would leave the summer of 2011 to raise funds. In addition, Juneau would know what State funds were made available in the 2011 budget by June of 2011. If funding is positive and sponsorships and foundation funds are developed, Juneau could construct permanent facilities. If the funding does not develop, the temporary facilities would be sufficient to host the 2014 Arctic Winter Games. In 2006, the Kenai Borough spent \$3.1 million to host the Games. It is projected to cost the CBJ from \$2.7 million to \$5.3 million to build the needed facilities and host the Games.