OFFICE OF THE STATE COMPTROLLER
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Public Authorities by the Numbers: Olympic Regional Development Authority

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Introduction

Growth in the number, cost and influence of public authorities has necessitated increased disclosure and oversight of their activities, which historically have been less transparent than those of State agencies. Both the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009 established additional accountability mechanisms for public authorities as State policy.

This profile – focusing on the Olympic Regional Development Authority – is part of Comptroller DiNapoli's continuing effort to improve the accountability and transparency of New York's public authorities.

Olympic Regional Development Authority – Background

The Olympic Regional Development Authority (ORDA) was established in 1981 to operate, manage and maintain the Olympic venues and facilities constructed in and around Lake Placid for the 1980 Winter Olympic Games. In addition, the Authority was required to develop and implement a plan to maximize year-round utilization of the facilities for the economic benefit of the region and to minimize the costs of maintenance to the State and local governments.

ORDA operates Whiteface Mountain Ski Area, the Olympic Center, the Olympic Jumping Complex and the Olympic Sports Complex in Lake Placid. The Authority venues include a museum, training facilities, restaurants, and banquet and conference facilities, providing access to various year-round recreational activities. ORDA also manages the Gore Mountain Ski Resort in North Creek. The resort includes restaurants and banquet facilities and offers various year-round recreational activities in addition to skiing.

The State Fiscal Year (SFY) 2012-13 Enacted Budget transferred the operation, maintenance, and management of the Belleayre Ski Center in Highmount from the

Department of Environmental Conservation to ORDA. The legislation also requires that Delaware and Ulster counties be represented on the ORDA Board of Directors and requires ORDA to support and promote recreational activities in addition to skiing at the Belleayre facility.

This expansion in ORDA's responsibilities comes at a time when the Authority continues to grapple with financial challenges. Annual infusions of cash from New York State and the Town of North Elba, as well as periodic funds from public authorities including the Empire State Development Corporation (ESDC) and the New York Power Authority (NYPA) have helped to support the Authority's operations. ORDA's dependence on State appropriations to augment operating revenues is one source of its current challenges. The Authority received $4.7 million in State appropriations in its 2012 fiscal year, compared to just over $8.0 million in 2008. Fluctuations in operating revenues are another challenge; such revenues decreased by $3.1 million in the Authority's 2012 fiscal year due to warm weather that winter, according to ORDA's 2012 financial statements.

This report provides an overview of ORDA's finances, and identifies issues with respect to certain financial transactions, including the procurement and use of lines of credit to address cash flow issues as well as the Authority's reliance on resources from other public authorities. This report also raises questions regarding ORDA's use of employee advances and other administrative mechanisms. A closer examination of these issues may provide opportunities for ORDA to improve the efficiency and cost-effectiveness of its operations. The broad scope of entities with a financial stake in ORDA demonstrates the importance of ensuring that the operations and finances of even a relatively small public authority, such as ORDA, be transparent and that the Authority be fully accountable to the public.

Olympic Regional Development Authority by the Numbers

The data in this report have been submitted by ORDA to the Office of the State Comptroller, primarily through the Public Authorities Reporting Information System (PARIS) maintained by the Office of the State Comptroller. PARIS was created by the Office of the State Comptroller in response to a need for greater accountability and transparency through more timely data collection and analysis. The system was fully implemented in November 2007 and is jointly managed by the Office of the State Comptroller and the Authorities Budget Office.

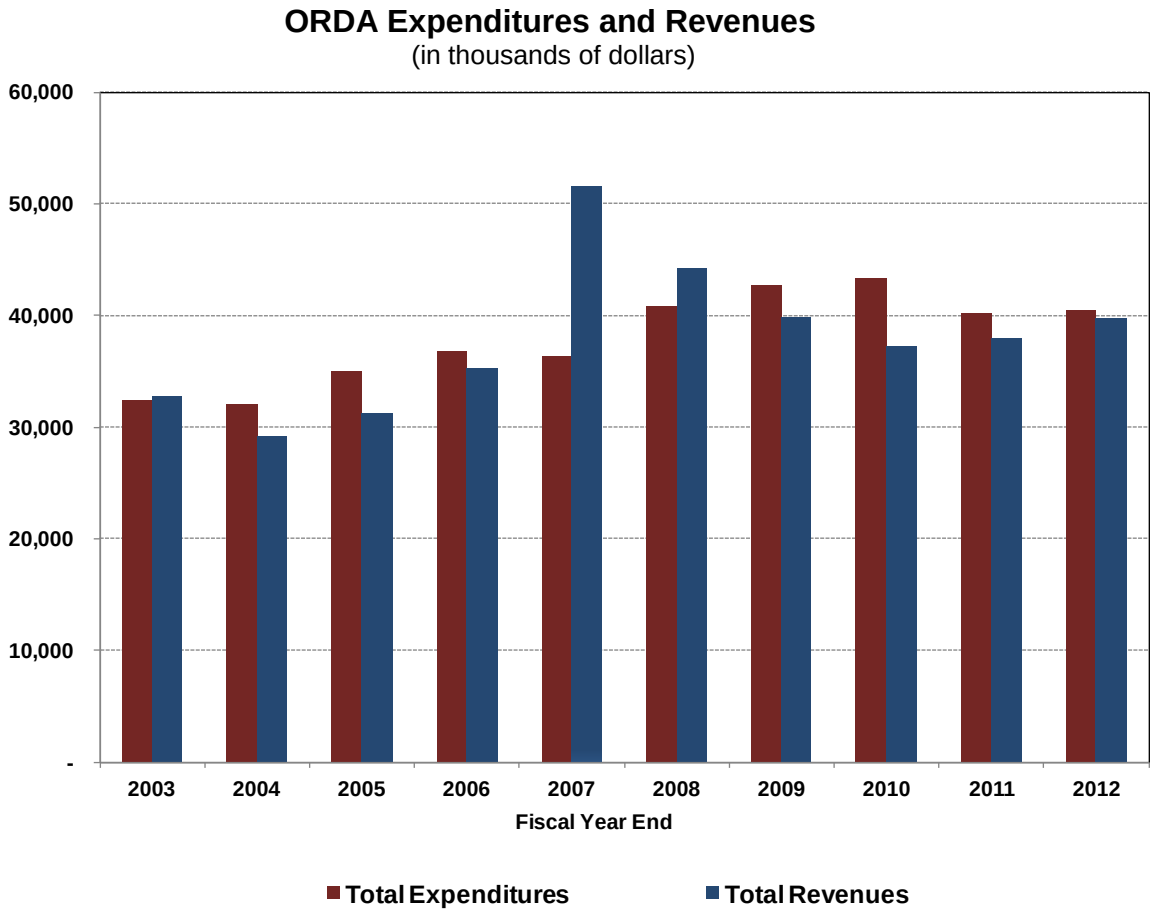
Unless otherwise stated, the data in this report are for the fiscal year (FY) ended March 31, 2012. The information and numbers are self-reported by ORDA and have not been verified by the Office of the State Comptroller. Competitive and noncompetitive bid contract data includes all active contracts, regardless of contract award date or contract end date, and reflects the total value over the life of the contract.

Expenditures and Revenue

Self-reported expenditures for ORDA for FY 2012 totaled $40.4 million. Total revenues, including capital contributions, reported for the same period were $39.7 million. ORDA's major categories of expenditures include: payroll and related employee expenses, which represents 52 percent of total expenses; utilities and fuel, which represents 11 percent of the total; contractual services, which represents 5 percent of the total; and event-related costs, which represents 4 percent of total expenditures.

The primary source of ORDA's revenues is derived from skiing, skating and other activities at the Authority's various venues, with smaller amounts of non-operating revenue from other sources such as New York State appropriations and grants.

Figure 1



Sources: PARIS, ORDA Financial Statements
Note: Revenues include capital contributions.

ORDA relies on numerous sources of funding to support its operations. In addition to revenue generated from its own operations, the Authority receives ongoing State and local assistance, as well as other external resources, including capital contributions from ESDC. For example, in 2007 ORDA reported capital contributions, described in its financial statements as capital appropriations and grants, totaling nearly $23 million, more than $20 million of which was through ESDC.

The Authority's financial statements for FY 2012 detail other sources of revenue and capital contributions, in addition to operating revenues, totaling $16.7 million or 42 percent of total revenue. This amount includes $4.7 million in appropriations from the State and $902,645 in appropriations from the Town of North Elba. ORDA's financial statements also include $2.7 million in New York State working capital grants, $7.2 million in capital contributions from ESDC and $1.2 million in other capital contributions.

Figure 2 provides additional detail from ORDA's statements of revenues, expenses and changes in net assets for the past six years. For FY 2012, ORDA reported an operating loss of $16.9 million and a decrease in net assets of $742,000.

Figure 2

ORDA Summary Statement of
Revenues, Expenses and Changes in Net Assets
(in thousands of dollars)

	2006	2007	2008	2009	2010	2011	2012
Operating Revenues	$ 20,302	$ 21,047	$ 24,884	$ 24,232	$ 24,628	$ 26,054	$ 22,982
Operating Expenses	36,191	35,509	40,335	42,081	42,766	39,786	39,928
Operating Loss	**(15,889)**	**(14,462)**	**(15,451)**	**(17,849)**	**(18,139)**	**(13,732)**	**(16,945)**
Non-Operating Revenue/(Expense)	6,950	6,698	8,948	8,105	7,092	4,924	7,815
Loss Before Capital Contributions	**(8,939)**	**(7,765)**	**(6,503)**	**(9,744)**	**(11,046)**	**(8,808)**	**(9,131)**
Capital Contributions	7,356	22,853	9,925	6,935	5,015	6,486	8,389
Increase (Decrease) in Net Assets	**(1,583)**	**15,088**	**3,422**	**(2,809)**	**(6,032)**	**(2,322)**	**(742)**
Net Assets, Beginning of Year	37,686	36,103	51,191	54,613	51,804	45,772	43,450
Net Assets, End of Year	**$ 36,103**	**$ 51,191**	**$ 54,613**	**$ 51,804**	**$ 45,772**	**$ 43,450**	**$ 42,709**

Sources: PARIS, ORDA Financial Statements

ORDA also utilizes other means of addressing its cash flow challenges that stem, in part, from seasonal fluctuations in operational revenue and from anticipation of grant funding. One such method of cash flow management makes use of lines of credit with private financial institutions (see the Debt section of this report for more information).

Debt

ORDA does not have any long-term bonds outstanding. However, the Authority does maintain several capital lease obligations which, on a present value basis, totaled more than $11 million for FY 2012. The capital lease obligations include various equipment leases for the ski centers, including nearly $5 million in leases with NYPA for energy efficient compressors and snowmaking equipment.[1]

In addition, as previously noted, ORDA maintains a line of credit with a private financial institution with an available amount of $3.5 million. The amount outstanding was $3.1 million for FY 2012. The outstanding balance reported on the line of credit in 2012 is 158 percent higher than the outstanding balance carried in 2005. The balance outstanding on the line of credit has been as high as $4.3 million, as reported in 2008.

Funds from the line of credit are used to pay for projects in anticipation of grants from the ESDC. However, these funds are also used to pay expenses when operating revenues are insufficient. For example, according to the Management's Discussion and Analysis provided with ORDA's audited financial statements for FY 2012, $2.5 million in funds from the line of credit have been used to fund operations "over the past several years."[2] In addition, prior year financial statements specified various amounts as being used for operations; however, it is unclear to what extent this practice has been used over the years or if the borrowings are used only to smooth the seasonality of revenue receipts.

Contracts

In FY 2012, ORDA reported 304 active procurement contracts with a total value of more than $27 million. Of those, 107 procurement contracts were entered into through a competitive bidding process, with a total value of $19 million.

Figure 3

ORDA Procurement Data
For Fiscal Year Ended March 31, 2012

Award Process	Number of Contracts	Value of Contracts (in thousands of dollars)
Competitive Bid	107	19,056
Noncompetitive Bid	120	5,272
Non-Contract Procurements	47	1,710
Purchased Under State Contract	30	1,441
Total	**304**	**27,479**

Note: Columns may not add due to rounding.

[1] New York State Olympic Regional Development Authority, March 31, 2012 and 2011 Financial Statements.
[2] *Ibid*.

While contracts awarded through a noncompetitive process represented nearly 40 percent of the total number of ORDA's procurements, these contracts represent only 19 percent of the total value of the Authority's procurements.

Employment

During FY 2012, ORDA reported 204 full-time and 1,106 part-time employees in operational, administrative, managerial and executive titles. The seasonal nature of certain ORDA operations drives a heavy reliance on part-time employees. ORDA indicates that "Management has taken extraordinary steps to decrease personal service expense in the past several years, so much so that more cuts in that area would be unproductive, even detrimental to ORDA's bottom line."[3]

Figure 4

ORDA Employee Data
For Fiscal Year Ended March 31, 2012

Compensation Category	Full-Time Employees	Part-Time Employees	Percentage of Total Employees	Total Compensation	Percentage of Total Compensation
				(in millions of dollars)	
Less than $25K	38	1,084	85.6%	4.8	38.1%
Between $25K and $50K	130	21	11.5%	5.4	42.8%
Between $50K and $100K	34	1	2.7%	2.1	16.7%
Over $100K	2	-	0.2%	0.3	2.4%
Total	**204**	**1,106**		**12.6**	

Total compensation for employees during FY 2012 was $12.6 million. In addition, ORDA reported employee advances totaling more than $38,000 in its 2012 fiscal year. The details of why this mechanism is used, and whether it is an appropriate use of Authority resources, remain unclear. The number of staff at the Authority has risen 38 percent since 2008, while compensation has risen 20 percent over the same period.

Conclusion

ORDA was the primary means through which New York State managed the Olympic venues and facilities constructed in and around Lake Placid for the 1980 Winter Olympic Games, and used in the decades since then. ORDA provides New Yorkers with access to year-round recreational activities in and around these facilities, including at the Whiteface Mountain Ski Area, the Olympic Center, the Olympic Jumping Complex and the Olympic Sports Complex in Lake Placid, as well as the Gore Mountain Ski Resort in North Creek.

[3] *Ibid*.

In SFY 2012-13, ORDA's responsibilities were expanded to include the maintenance and operation of the Belleayre ski center. This comes at a time when the Authority continues to rely on financial assistance from New York State, State public authorities, and the Town of North Elba, as well as a line of credit, to meet its spending needs.

ORDA and its venues remain an essential part of the North Country economy. In addition to operating and maintaining the various facilities under its control, the Authority hosts national and international sporting events, drawing competitors and spectators from around the country and throughout the world. ORDA also provides venues and services for meetings, conferences and special events, encourages participation in winter sports, and promotes tourism in the Adirondack region. It is because of this vital role, along with continuing fiscal pressures at the State and local levels, that Comptroller DiNapoli has highlighted ORDA. These factors underscore the need to ensure that ORDA's operations, along with its use of financial assistance from the State and other entities, are efficient and effective.

Both the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009 were attempts to extend to public authorities the kind of financial and other oversight to which other government agencies are subject. However, despite these efforts, there are still aspects of public authority operations that remain relatively free of scrutiny.

This overview and additional profiles of public authorities are part of Comptroller DiNapoli's continuing effort to strengthen government accountability, improve public access to information, and provide New York's taxpayers and decision makers, along with the users of public authority facilities, with data that can serve as the basis for sound planning and policies.