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CITY CLERK'S DEPARTMENT

Tricia Smith
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Committee
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Olympic Games Department

Lausanne, 17 November 2017

Dear Tricia,

Further to recent discussions by Calgary City Council, we understand a number of clarifications have been requested, particularly in regard to remarks made recently in the Canadian media regarding savings to the Olympic Games Organising Committee (OCOG) budget. Please find information which addresses these areas below which we would kindly ask you to share with your team and the Calgary City Council ahead of their meeting on Monday.

Olympic Winter Games 2026 - operational budget

The IOC is determined that the cost of organising the Olympic Games and bidding to host the Olympic Games must be significantly reduced. These were fundamental principles of [Olympic Agenda 2020](#) which set out the IOC's strategic roadmap for the future.

The IOC has publicly communicated its ambition to achieve a potential cost saving of several hundred million in regards to hosting the Olympic and Paralympic Winter Games to help ensure balanced OCOG budgets, to enable simplified Games delivery and to allow more cities to consider future Olympic bids. We would like to expand on this today to give you some insight into how we are making this happen.

To assist us, we have put together a group of worldwide Olympic Games experts, including past Organising Committee leaders, to examine how we can reduce costs in all areas of Games organisation and delivery under a plan entitled "Games Management 2020". This plan comprises more than 100 measures to reduce costs across the entire spectrum of Games planning and delivery, with all stakeholders committed to working in partnership to deliver the most sustainable projects for each OCOG.

The process for implementation is the following: ongoing validation of measures by all stakeholders culminating in ratification by the full IOC Session in PyeongChang immediately prior to the opening of the Olympic Winter Games, at which time they will become public. We are already implementing certain measures and, as a result, have been able to assist the Tokyo organisers to make savings of USD 2.2 billion to the overall cost of Games. We

have also taken several measures with respect to the Olympic Winter Games PyeongChang 2018 such as optimising capacities, in mountain venues in particular. This has enabled the Organising Committee to substantially reduce the costs from both a temporary construction and operational standpoint.

Whilst you will understand that we cannot go into the full detail of the proposed measures today, let me give you some examples of the areas we are looking into:

- Simplified delivery of technology and energy services by applying new solutions and adapting the level of resilience in some areas
- Additional IOC resources and the delivery of end-to-end solutions to ensure that each OCOG does not re-invent the wheel
- A shorter planning cycle with most OCOG activities starting only 4 years instead of 7 years before the Games
- The transfer from the OCOG to the International Federations (IFs) of some delivery responsibilities - recognising the IFs regularly deliver World Championships and other events
- A reduction in venue requirements and a strong push to use existing venues, irrespective of location and spectator capacity, to reduce costs for temporary and/or permanent works
- A reduction in the number and scope of pre-Games test events based on local experience and expertise
- Optimisation of the fit-out period for venues to allow for shorter rental periods and operating costs
- Adapting Olympic Village(s) capacities and service levels
- Creation of additional revenues by reducing accredited seating and selling these seats to the public
- A reduction in transport service levels by merging client groups or replacing dedicated vehicles by public transport where appropriate
- A reduction in space requirements for parking, security and logistics
- A refinement of requirements for the International Broadcast Centre to reduce overall costs
- Extensive data captured at past Games will allow organisers to better estimate spaces and services to what is actually required and consumed by the stakeholders

The cost of security is another area we are looking at closely. There is no one size fits all security model and we wholeheartedly support espousing a new approach towards a risk-based security assessment. We are aware of the model used at the Toronto 2015 Pan American Games and encourage you to look at their delivery model.

I hope that these examples demonstrate that the IOC is looking across all areas of planning and operation from the venue plan to a new governance model, with the full buy-in of all Olympic Movement stakeholders.

Ultimately of course the level of savings that can be achieved will be dictated by the local context and influenced by factors such as the amount of construction or redevelopment involved, the level of expertise in the city and region, the structure and capacity of energy, technology, etc. The figure we have mentioned represents what we believe to be a potential maximum saving.

Guarantees

The purpose of the OCOG's budget deficit guarantee is to ensure that Games organisers will be able to meet all their financial obligations during the organisation and delivery of the Olympic and Paralympic Games. During the candidature process, the IOC will undertake an in-depth assessment of the opportunities and risks of each 2026 project. The financial components proposed will also be studied in detail, in collaboration with the candidature committee.

The IOC is open to discussing the deficit guarantee. During the Dialogue Stage and then, if applicable, in the Candidature Stage, the candidature committee must be able to demonstrate that the budget for the Olympic and Paralympic Winter Games 2026 is credible and that the overall financial model including the deficit guarantee is solid. This reflects the greater flexibility, introduced by Olympic Agenda 2020 for all the guarantees the candidature committees need to provide. This extends also to the signatories of the Host City Contract where the IOC is open to discussing signature by the bodies or parties who bear the greatest financial and delivery responsibility.

It is important to point out that the IOC contributes substantially to the Organising Committee's revenues. It allows the OCOG to make use of the Olympic symbols in the framework of its commercial partnership programme. In addition, an IOC financial contribution of USD 925 million is expected for the Olympic and Paralympic Winter Games 2026. Our commitment to co-construction begins from working with you from day one to assist interested cities in putting together a coherent project for each local context through our offer of Interactive Working Sessions in your city, and making available to you the best Olympic Winter Games expertise at our cost – costs that were previously incurred by cities. As has been the case in the past this contribution could evolve favourably depending, in particular, on the income generated by the TOP Programme. The OCOG's financial results will not have any impact on the above-mentioned contribution.

You will appreciate that it is fundamental we ensure a fair, equal and transparent candidature process. As such, the timelines for the Candidature Process 2026 have been published and we cannot adjust these for individual cities. We will of course discuss the impact of city submissions and guarantees as they are received. By working together throughout the project, assisting to construct the best possible plan and discussing every budget element in the context of Games Management 2020, we trust that you will develop a project that works first and foremost for Calgary, Alberta and Canada.

The Candidature Process 2026

The above objective is clearly expressed in the very first recommendation of Olympic Agenda 2020 and formed the basis of the Candidature Process 2026 (add link): *"Recommendation 1: Shape the bidding process as an invitation. Introduce a new philosophy: the IOC to invite potential candidate cities to present an Olympic project that best matches their sports, economic, social and environmental long-term planning needs."*

On this basis, for example, the IOC is open to some dispersion of the project to ensure that cities only build or renovate where there is a clear and proven legacy need. As with all of the measures we are studying, sustainability and legacy must be the key drivers.

Through this dynamic new process, we are committed to working collaboratively and in the spirit of dialogue and co-construction with all Interested and Candidate Cities to ensure that any venue proposed for the Games makes sense first and foremost for the local population. We will continue to assist interested cities in putting together a coherent project for each local context through Interactive Working Sessions, and making available the best Olympic Winter Games expertise. This additional support, provided by the IOC,

along with reducing the candidature stage from two years to one, will reduce the costs for a Candidate City by approximately 20 to 30 percent.

Transparency and good governance are integral to the Candidature Process 2026, as we hope you will have seen from the documentation we have shared with CBEC and the COC. Our commitment to transparency is demonstrated by the fact that all of our candidature information, reports and documentation, including the Host City Contract, are published on our website www.olympic.org, as was already the case for the 2024/2028 Candidature Process.

The IOC is fully committed to protecting the integrity of sport. Credibility is one of the three pillars of Olympic Agenda 2020. As part of this reform programme, a new IOC governance system has been introduced. It is strong and comprehensive also with regard to the election of host cities for the Olympic Games, as we have significantly strengthened the prevention and the sanctioning system.

With the support and expertise we are offering to Interested Cities and their NOCs, we are excited to work with Calgary and look forward to discussing our extensive suite of initiatives with you when we meet in January, to analysing your proposals with you and, wherever possible, to help you in reducing costs.

I sincerely hope that you will see that the new initiatives we have introduced through Olympic Agenda 2020, the Candidature Process 2026 and Games Management 2020 are not just words but concrete action. Should it be helpful, I would be happy to come to Calgary to meet with any party relevant to this process to discuss these measures in further detail.

Regards,



Christophe Dubi
Olympic Games Executive Director

Cc: Chris Overholt, CEO, COC
Jolan Storch