

## The City's Evaluation Summary

### Summary

This attachment provides a summary of Administration's evaluation of the Calgary Bid Exploration's (CBEC) work. CBEC submitted their Report to City Administration on 2017 May 31 except for section 1 (Recommendations), sections 12.4 (Risks Associated with Not Bidding), and 12.5 (Risks Associated with Hosting). These remaining outstanding sections were received by The City on 2017 July 21. The City's Evaluation Team was tasked with conducting an objective, balanced and comprehensive review of CBEC's work. As outlined in the Funding Agreement between CBEC and The City, CBEC's mandate was to determine if it is feasible to submit a bid to host the 2026 Olympic and Paralympic Winter Games (OPWG).

Taking into account the timeframe and the information available at the time, The City's Evaluation Team and other subject matter experts assigned to this project believe the work produced by CBEC is robust, thoughtful, and well done. Moreover, it was determined that CBEC provided a valuable report regardless of Council's decision to pursue a 2026 Olympic Paralympic Winter Games (OPWG) bid.

### Who made up The City's Evaluation Team?

The City's Evaluation Team consisted of subject matter experts from Finance, Law, Recreation, Calgary Neighbourhoods, Corporate Economics, Planning, Transportation Infrastructure, Urban Strategy, the Deputy City Manager's Office and Calgary Police Service. Input was also sought from subject matter experts outside of the core team, including feedback from Intergovernmental and Corporate Strategy (ICS), Business Market Research, and Affordable Housing. As well, a consultant to The City (Penny Ballem) provided an independent evaluation of CBEC's full report.

### How did The City's Evaluation Team assess CBEC's work?

The Evaluation Team was asked to review CBEC's work, refer to Administration's Feasibility Assessment (C2017-0097) and complete an Assessment Tool to evaluate potential alignment between the Olympic Bid Exploration and other relevant City plans and policies, identifying any gaps, impacts, risks or other considerations.

The Evaluation Team findings are being utilised to clearly highlight the financial affordability and overall risk of the project and outline the areas for future work to determine prudence from a City work perspective.

### Evaluation Team Assessment - Gaps

The Evaluation Team identified gaps (areas which required more work) as well as inconsistencies within the report. Gaps that could be reasonably addressed by CBEC have been resolved in the report. Other gaps which exist due to limited availability of information and require future work include: further investigation to determine the positive and negative social/community impacts and societal benefits of a potential Games; reviewing the costs associated with the venue assumptions; creating a robust government relations plan; developing a vision and value proposition for hosting; legacy work for all phases of the potential bid and adding the rationale for why one venue option was recommended over another.

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Additional future work was also identified, such as the need to understand The City's debt capacity, the opportunity costs and the risks from a City perspective.

### **Evaluation Team Assessment - Impacts**

Feedback from the Evaluation Team highlights that an Olympic Bid has the potential to positively impact Calgary and region, including the opportunity to strategically plan social and cultural legacy; however, it was emphasised that to seize these opportunities it would require intentional and thoughtful planning. On the other hand it is important to proceed with caution and the negative impacts should be considered further.

### **Evaluation Team Assessment - Risks**

Most of the risks identified by the Evaluation Team are financial and legal in nature. CBEC and Administration identified similar risks and have concluded that further exploration is required to plan for risks at different phases and collaborate on mitigation strategies.

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**Evaluation Assessment Summary by Report Section**

Administration has prepared a high level table for ease of review. The table outlines a summary for each section of CBEC's report, accompanied by a summary of Administration's Evaluation Team's assessment for comparison.

<b>CBEC Recommendation</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
<p>CBEC reported to Council on 2017 July 24 that it was feasible for Calgary to host the 2026 Games but that more work was required for Council to determine whether it was prudent to do so based on many unresolved factors noted in their recommendation and reported verbally at Council.</p>	<p>Administration agrees that more work needs to be done prior to Administration recommending The City advance to a bid phase.</p> <p>Based on the recent addition of an Invitation phase by the IOC, Administration is recommending The City transition from the Exploration Phase to an Invitation Phase. In order to facilitate a smooth transition, Administration is recommending to develop a workplan in close consultation with CBEC, while a refined governance structure is to be determined in consultation with the Canadian Olympic Committee given their ownership of Canada's Olympic franchise.</p>
<b>Games Vision</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
<p>CBEC's report outlines how an Olympic bid could act as a framework and create alignment among Calgary's social agencies and Civic Partners. There would be new opportunities for cooperation and for thousands of Calgarians to work together under one unified vision. Social agencies could benefit from a renewed passion for volunteerism.</p>	<p>The Games Vision needs to be closely linked to the Games Legacy which is critical to the public and should include a strong social inclusion component. The Legacy work requires more focus and should be completed by Administration to ensure citizen service outcomes are the long-term objectives of a potential 2026 OPWG.</p>

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<b>Public Engagement and Community Impact</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
The public engagement and research commissioned by CBEC showed that approximately 60% of respondents are in favour of moving forward with a bid for the 2026 OPWG, but the support is conditional on a bid and final hosting plan being Calgary focused and economically viable. Public support will likely slide if either of these two conditions are not addressed in the Invitation Phase.	Administration's evaluation of CBEC's public engagement and community impact section indicates the work was well done. CBEC demonstrated a strong approach in determining relevant stakeholders for engagement. CBEC has concluded that continued public engagement would be necessary if a 2026 OPWG bid were to progress. Administration has had discussions with The City's research and engagement teams to discuss a planned approach to proactively gauge public sentiment and collect both qualitative and quantitative input if this work were to proceed into the Invitation Phase.
<b>Government Relations and Stakeholder Engagement</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
CBEC has gleaned the perceptions of stakeholders including Treaty 7 First Nations and Métis Nation, federal and provincial government representatives, civic and national sports organizations and venue operators. Treaty 7 First Nations inclusion needs to be tangible, respectful and leave a meaningful legacy for their communities. Initial conversations with both the provincial and federal governments have occurred. Support for a potential 2026 OPWG bid is high amongst national, regional and local sport organizations and venue operators.	Administration believes CBEC's stakeholder and government relations plan requires further development.  Intergovernmental Corporate Strategy (ICS) strongly suggests that should a formal submission for the 2026 OPWG be pursued, a revised strategy for government engagement be developed by Administration which reflects the opportunities identified by ICS.
<b>Master Facilities Plan (MFP)</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
CBEC's Master Facilities Plan (MFP) includes sport competition venues, athletes' villages and media facilities. Through the development of their MFP all existing 1988 facilities in Calgary have been assessed and CBEC has included a plan to promote their long-term sustainability.	Administration's evaluation of CBEC's MFP was that it was well researched and presented; however, further investigation is required before deciding to proceed with a bid.  Understanding the IOC's Host City Contract (to be released in early 2018) for up-to-date

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<p>CBEC's MFP include the following assumptions:</p> <ul style="list-style-type: none"><li>• A new 18,000 seat events centre will be built and fully operational prior to 2026. CBEC also assumes OPWG hockey will be played on an NHL-sized ice surface.</li><li>• The addition to the BMO Centre known as Hall F will be completed prior to 2026.</li><li>• The Canmore Nordic Centre's \$10 million revitalization, currently in the design phase, will be funded and completed prior to 2026.</li><li>• Lake Louise Ski Resort's Master Redevelopment Plan will be substantively approved by Parks Canada prior to 2026.</li><li>• The proposed \$20 million (\$10 million of which is funded) upgrade and revitalization of the WinSport Sliding Centre will be funded and completed prior to 2026.</li></ul>	<p>project prerequisites for hosting and assessing, and comparing it against The City's funding ability will be critical.</p> <p>The MFP should include details on why one venue option was recommended over another. If an option is a viable back up it would provide resiliency to the proposed venue and accommodation plan.</p> <p>Other areas for further development include determining the future operational viability of any new facility and the operating cost impacts associated with upgrades to existing facilities to determine more precisely the scale and allocation of the proposed operating endowment.</p> <p>Relocation of Victoria Park Transit Centre for event housing presumes that a suitable site has been identified and is available for purchase or is already owned by The City. All aspects of the Victoria Park accommodations component need to be confirmed and coordinated within City departments (Transit, Facility Management) and possibly other stakeholders.</p>
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<b>Capital Cost Summary</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
<p>CBEC's Finance and Investment team has evaluated the financial and economic impacts of potentially hosting the 2026 OPWG with the help of consultants, including the Boston Consulting Group (BCG), created financial forecast summaries for each of the phases of prospectively bidding for and hosting the OPWG. CBEC developed Class 5 capital cost estimates for the proposed MFP concept. All costs are in current (2017) Canadian dollars. Each individual project cost estimate includes a 10 per cent design phase contingency and a 5 per cent construction phase contingency. CBEC recommends that a \$100M capital reserve be included within the overall budget to reflect the uncertainties inherent at this stage of the planning process.</p>	<p>Administration's evaluation of CBEC's finance and investment assessment was that it provided a great synopsis of high level costs but would require further exploration if a bid were to proceed. Administration's initial considerations for further development include, that in addition to capital investments required for the OPWG, CBEC has assumed, at Administration's direction, that significant other capital assets will be available (Event Centre, Fieldhouse and BMO Centre expansion). The City directed CBEC to not include some of the prerequisites as part of the MFP budget estimate as they were facilities that The City was concurrently reviewing independently.</p> <p>These facilities should be included in the next stage of MFP costing.</p> <p>Although these are required prerequisites; these investments could exceed \$1 billion in total with the responsibility for funding not identified at this point. OPWG capital / infrastructure costs appear to have been identified with a reasonable level of confidence since they are largely refurbishment of existing assets.</p>
<b>Games Operations: Cost and Funding</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
<p>CBEC financial estimates to date suggest revenues from a prospective 2026 OPWG of approximately C\$2,190 million and costs of approximately C\$2,380 million yielding an estimated financial deficit of C\$190 million. In addition, they have included a 10 per cent contingency worth approximately C\$235 million yielding an estimated total deficit of C\$425 million.</p>	<p>Operating revenues and expenses were primarily based on comparison to other OPWG, mostly the 2010 Vancouver Games. Despite a projected operating gap of \$425M (including a \$235M contingency). There are risks in both the underlying revenue and expense assumptions. The actual gap could be much higher. At this stage, it appears The City would be responsible for any operating gaps.</p>

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<p>million. The use of the contingency reflects both the level of diligence and work put into the estimate, but also the recognition of uncertainty remaining.</p>	
<p><b>Security</b></p>	
<p><b>CBEC Section Summary</b></p>	<p><b>City Evaluation Team Assessment Summary</b></p>
<p>CBEC has created a security framework that minimizes risk and maintains reasonable security costs. Based on this work, CBEC has produced security concept plans and developed corresponding capital and operating cost forecasts. The primary cost estimate for providing security for the 2026 OPWG is \$612 million, including \$102 million contingency. It is important to note that security threat levels and technology may change in the future which could impact these cost estimates.</p>	<p>Administration deemed CBEC's security plan to be well done. The plan aligned with current law enforcement ideologies on planning and staffing major events and proposed legacy plans aligned with best practices. The development of a scale-able, intelligence led, technology driven and financially prudent plan was determined to be comprehensive and effective. As CBEC noted, security threat levels and technology may change in the future which could impact cost estimates.</p>
<p><b>Economic Benefits</b></p>	
<p><b>CBEC Section Summary</b></p>	<p><b>City Evaluation Team Assessment Summary</b></p>
<p>CBEC commissioned two independent economic impact reports from recognized experts –Deloitte LLP (Deloitte) and the Conference Board of Canada (Conference Board). CBEC provided Deloitte and Conference Board with the same base information and they worked separately to complete their analyses and reports. Each of the reports indicate hosting the 2026 OPWG could provide a wide range of economic benefits to Calgary, Alberta and Canada. The Deloitte and Conference Board reports provided similar statistics and estimated that Alberta's resulting share of the direct and indirect Canadian GDP impacts could be approximately 83 per cent (Deloitte) to 84 per cent (Conference Board) and the greater Calgary area's share of the Alberta GDP impacts could be as high as 70 per cent (Conference Board).</p>	<p>The City's economist and two contracted academics conducted peer reviews of the economic impact reports conducted by Deloitte and the Conference Board. The academic evaluation of the economic impact reports suggests bidding and hosting the games should be based more on a full cost benefit analysis rather than estimates that are used in the conventional input-output model.</p>

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<b>Impacts</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
<p>CBEC used The City's Triple Bottom line framework to identify the social, sport and cultural, economic and environmental impacts. CBEC highlighted positive and negative considerations for Calgary, with a focus on the hosting stage of a potential Games. CBEC also hired a consultant with a PhD in Olympic Impacts to complete a macro level assessment of Games impacts.</p>	<p>Strong alignment is evident between the Olympic values and the goals of The City. Many examples of impacts to Calgary and region have been highlighted. This section could benefit from further exploration to ensure that negative impacts are minimised and positive impacts maximised.</p>
<b>Environmental Stewardship</b>	
<b>CBEC Section Summary</b>	<b>City Evaluation Team Assessment Summary</b>
<p>CBEC demonstrated alignment with City environmental stewardship, and further suggests the development of additional strategies to: reduce and offset climate change and carbon management; to deliver a zero waste Games; and to align between the IOC principles for smart low carbon transportation solutions with the carbon management strategy and the development of Games mobility plans. The environmental footprint of the Games is minimized through the strong reuse and revitalization of existing facilities.</p>	<p>CBEC identified the potential for many environmental impacts along with accompanying mitigations. Administration agrees the environmental impacts are certainly minimised with the re-use of existing facilities. The transportation section of CBEC's report requires additional work.</p>
<b>Legal and Statutory Aspects to Hosting the Games</b>	
<b>CBEC Section Summary</b>	<b>Assessment Summary</b>
<p>CBEC has clearly outlined the IOC requirements for bidding and hosting, including an overview of the candidature phases which includes:                      Stage 1: vision, games concept and strategy                      Stage 2: governance, legal and venue funding                      Stage 3: games delivery, experience and venue legacy                      The information is derived from the 2024 Host City Contract (HCC) the Games, and will need to be re-assessed upon receipt of the 2026 HCC.</p>	<p>This section contains a good summary of the required guarantees as part of the bid process, as well as a very high-level overview of some of the key components of the pending HCC.                      The HCC is planned for release by the IOC in the spring of 2018.</p>

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<p>High level COC requirements are also outlined.</p>	
<p><b>SECTION 12: Risk Assessment</b></p>	
<p><b>CBEC Section Summary</b></p>	<p><b>Assessment Summary</b></p>
<p>CBEC completed a risk assessment and detailed registry for the bidding and hosting stages of a potential games. CBEC noted that a comprehensive risk assessment is premature until the HCC is released by the IOC.</p>	<p>Administration agrees that the HCC will provide valuable information. In the meantime, the development of a risk assessment from a City perspective would assist in determining the financial, legal, reputational and other risks needing to be mitigated before advancing to a potential bid.</p>