

## OLYMPIC BID EXPLORATION

---

### EXECUTIVE SUMMARY

This report provides an update regarding the work of the Calgary Bid Exploration Committee (CBEC). CBEC submitted their Report to City Administration on 2017 May 31. City Administration has assessed the report submitted by CBEC on the basis of the Council approved Feasibility Assessment. Taking into account the timeframe and the information currently available, CBEC provided a substantial, detailed report. It was determined by CBEC that two sections of their Report, the Risk Assessment and a Final Recommendation, would be presented directly to Council on 2017 July 24.

As of 2017 July 18, the date of required filing of this Administration Report, CBEC's Board had not determined their final recommendation. Administration requires additional time to assess CBEC's final recommendation and the Risk Assessment prior to making their recommendation to Council on whether a 2026 Olympic Paralympic Winter Games (OPWG) bid for The City of Calgary is feasible and prudent. Upon submission of the above noted deliverables on 2017 July 24, CBEC's mandate, as per the Funding Agreement, will be fulfilled.

Council directed Administration to align the Olympic Bid Exploration work with the International Olympic Committee's (IOC) original timeline of 2017 September which was the time an interested city would have had to declare interest in a bid. As of 2017 July 11, the IOC officially released a new bid declaration deadline. The IOC declared the date to express intent to bid has now been moved to 2018 October. In addition to CBEC's Recommendation and Risk Assessment, City Administration will need to consider numerous factors in determining whether to pursue a bid or not and when an official decision is required by City Council. These factors include but are not limited to: the implications of the IOC's revised timeline, financial capacity of The City of Calgary and other orders of government along with further understanding IOC's statement that "CBEC's 2026 OPWG draft budget may be overstated and that opportunities exist for significant savings", which was issued following CBEC's 2017 June 19 presentation to Council.

### ADMINISTRATION RECOMMENDATION(S)

1. Receive Calgary Bid Exploration Committee's Recommendation for information.
2. Direct Administration to report back to Council on 2017 July 31 with
  - a) a summary of Administration's review and analysis of Calgary Bid Exploration Committee's Report and Recommendation; and
  - b) Administration's recommendations regarding next steps for a 2026 Winter Olympic and Paralympic Bid Exploration.

### PREVIOUS COUNCIL DIRECTION / POLICY

On 2017 June 19, (C2017-0541), Administration and CBEC provided Council with a report that provided an update on the Olympic Bid Exploration work CBEC and Administration had done to date. Council received this report for information.

On 2017 January 23 (C2017-0097), Council endorsed Administration's Feasibility Assessment, gave authority to the General Manager of Community Services and the Deputy City Manager to make content changes, unless they are material in nature, and received for information

## **OLYMPIC BID EXPLORATION**

---

Administration's project governance structure and CBEC's updates including a refined funding agreement and CBEC's report delivery milestones.

On 2016 October 3 (C2016-0810), Council adopted Administration's recommendations: 1) that The City of Calgary assume a controlling interest in CBEC; 2) Authorize the General Manager , Community Services to exercise all the powers and voting rights of The City as a shareholder of Calgary Bid Exploration Committee when such action is required subject to the General Manager; and 3) Authorize the Mayor to execute on behalf of The City all company resolutions and related documents, including a unanimous members' agreement, required to establish the appropriate shareholder and governance structure of Calgary Bid Exploration Committee.

On 2016 September 26 (C2016-0738), Council adopted the amended deliverables, milestones and timelines and authorized the General Manager, Community Services to make such further amendments to the deliverables, milestones and timelines as he deems required once the same have been discussed with the Board of Directors for the Calgary Bid Exploration Committee.

On 2016 June 20 (C2016-0537), Council approved "CSTA Update" which endorsed a Bid Exploration for the 2026 OPWG. Council approved the formation and funding for BIDEXCO (\$4.7 million for BIDEXCO work and \$0.3 million for Administration support), for the purpose of carrying out the bid exploration to determine a recommendation regarding the notice of intent to bid for the 2026 OPWG and the General Manager of Community Services has the authority to negotiate and execute the Funding Agreement.

### **BACKGROUND**

CBEC has conducted an in-depth and thorough investigation utilizing Administration's Feasibility Assessment (approved by Council C2017-0097), to determine if a bid for 2026 OPWG is feasible and prudent for Calgary. Their recommendation will be presented at the 2017 July 24 Regular Meeting of Council.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Administration has provided several updates to ALT, Council and internal stakeholders. A key component to the review of CBEC's report was relying on The City's Evaluation team which utilizes the expertise from all City Departments including: Community Services, Chief Financial Office, Deputy City Manager's Office, Transportation, Planning & Development, and Corporate Administration.

Administration's Evaluation Team's preliminary assessment, of CBEC's 2017 May 31 submission, has concluded that CBEC's work was well organized and researched. CBEC's Master Facilities Plan and Security Plan suggest ideas and initial estimates that may be used for other large scale events. In particular, CBEC's report includes detailed lifecycle costs to sustain and/or upgrade 1988 Olympic facilities to maintain Calgary's reputation as a Winter Sport City. CBEC's work regardless of a bid or not will provide The City with many long lasting benefits.

Through the execution of their stakeholder and government relations plan, CBEC has gleaned the initial perceptions of stakeholders including Treaty 7 First Nations and Métis Nation, Federal and Provincial Government representatives, civic and national sports organizations and venue

## **OLYMPIC BID EXPLORATION**

---

operators. CBEC's stakeholder and government relations plan requires further development and should be led by The City which reflects opportunities identified by Intergovernmental & Corporate Strategy (ICS) as part of their evaluation of CBEC's report.

### **Stakeholder Engagement, Research and Communication**

CBEC's methodologies included full public engagement through a number of channels and this feedback has been incorporated into their Report. Additional engagement was conducted subsequent to CBEC's 2017 June 19 presentation to Council. All stakeholder and public engagement will be taken into consideration as CBEC makes their recommendation.

### **Strategic Alignment**

The Municipal Development Plan, Calgary Transportation Plan, existing Area Structure Plans and Infrastructure Investment Plans and the Triple Bottom Line have been used throughout the exploration process to ensure alignment. These plans exist to shape the future of Calgary and meet the needs of citizens now and in the future. Extensive community consultation is built into the process of developing these strategic plans and as a result reflects citizen priorities.

### **Social, Environmental, Economic (External)**

Extensive community consultation is built into the plans and policies that have been used in guiding CBEC's work. The 2026 OPWG Bid Exploration utilizes these strategic plans and as a result reflects citizen's social, environmental and economic priorities.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

CBEC has spent less than the amount anticipated in the Funding Agreement and as of 2017 July 4, CBEC has received three instalments from The City of Calgary totalling \$3 million.

The operating budget pertaining to a potential 2026 OPWG bid is difficult to predict without confirmation of financial support from the other orders of government. As well, possible sponsorship funding has not yet been confirmed and this would have implications to operating budget.

An in-depth analysis of all financial components is essential before Administration can declare the intent to bid or not.

#### **Current and Future Capital Budget:**

A 2026 OPWG bid will have a significant impact on The City's current and future capital budget. A more in-depth analysis is required including a clear understanding of the financial investment intent of the other orders of government and the International Olympic Committee (IOC).

### **Risk Assessment**

At this point it is not possible to identify the nature or extent of legal, financial or other risk to which The City might be exposed or the risk mitigation, management or transfer strategies available to The City given there is a lack of detailed information regarding the bid process for the Games and the IOC Host City Contract for 2026 OPWG has not yet been released.

## **OLYMPIC BID EXPLORATION**

---

Any city exploring a potential OPWG bid must give significant consideration to both the operating and capital costs associated with bidding and hosting an OPWG.

The City of Calgary is currently facing significant challenges as it balances a number of potential opportunities with their financial implications, including the OPWG. Debt levels are expected to increase as the recently approved GreenLine Stage 1 construction is scheduled to be completed by 2026. Given the current assumptions around existing debt, GreenLine debt and other future debt both directly and indirectly associated with the OPWG, there is concern that debt levels could exceed appropriate amounts. There is also concern that currently there is no identified debt or interest repayment source should debt be required to support the 2026 OPWG. A more in-depth analysis of the CBEC findings is required, including a clear understanding of the financial investment intent of the other orders of government and the International Olympic Committee (IOC) and how long term financial implications to The City could be minimized.

### **REASON(S) FOR RECOMMENDATION(S):**

Administration requires additional time to review and analyze CBEC's final recommendation and Risk Assessment. These recommendations provide this additional time by directing Administration to report back to Council on 2017 July 31 with a summary of Administration's review and analysis of CBEC's Report and Recommendation along with next steps.

### **ATTACHMENT(S)**

None