



CSTA UPDATE

**BID EXPLORATION
2026 OLYMPIC AND PARALYMPIC WINTER GAMES**

CALGARY, ALBERTA, CANADA

PREPARED FOR
CITY COUNCIL, THE CITY OF CALGARY

PREPARED BY
CALGARY SPORT TOURISM AUTHORITY

DATE
JUNE 13, 2016

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EXECUTIVE SUMMARY

ABOUT THE CALGARY SPORT TOURISM AUTHORITY

The Calgary Sport Tourism Authority (CSTA) was established in 2005 and is a collaboration of community leaders in sport, business and government who are mandated to provide advice, due diligence and strategic direction in attracting major sport event opportunities to Calgary. The CSTA was recognized in the Calgary Civic Sports Policy as the “authority to provide expertise in bidding to host major sporting events.” The CSTA is committed to establishing Calgary as a premier host of major events and one of the preeminent winter sport cities in the world.

The CSTA is recognized internationally as a model of best practice for attracting and promoting sport tourism. It has a track record of investing in events ranging from amateur competitions to executing the feasibility and bid programs to host national and international events. Some recent examples include: the Canadian Open Volleyball Championship (2015); the PGA Shaw Charity Classic (2013); and the IIHF World Junior Hockey Championship (2012).

BACKGROUND

Recently, the CSTA undertook a preliminary review of the scope of work, potential costs and infrastructure required for Calgary to host the 2026 Olympic and Paralympic Winter Games (OPWG).

This exercise concluded that Calgary is a viable and logical Olympic host city, although there are upgrades to existing sport facilities needed and new facilities required to match the evolution of the Games. Additional work, through an in-depth study, is required to provide Calgary City Council with the information required to determine whether it wants to proceed with a bid for the OPWG. The Bid Exploration will produce a Master Hosting Plan which will maximize the use of existing facilities while contributing to the overall long term sustainability of Sport in Calgary and Canada through targeted upgrades/replacements while providing outstanding facilities for sport during the Olympic and Paralympic Games.

The Bid Exploration will also result in the development of a long-term renewal plan for Calgary's 1988 legacy facilities regardless of whether an International Olympic Bid is undertaken. Thus, even if City Council decides not to proceed with a bid, the Bid Exploration will provide valuable information on the investment required.

RECOMMENDATION

The City of Calgary endorse the Bid Exploration for 2026 Olympic and Paralympic Winter Games and contribute up to \$5 Million to support the Bid Exploration Committee in the preparation of the Master Hosting Plan (MHP) and related studies. Such a contribution will include any costs incurred up to \$300K by the City Administration to assist the Bid Exploration Committee.

The City's contribution will be subject to potential offsets that the Bid Exploration Committee (BIDEXCO) may raise through donations and other government contributions.

WHY NOW? A VISION IN CHALLENGING TIMES

The recent economic slowdown in Alberta has highlighted that The City of Calgary and the province should identify opportunities to stimulate and develop our economy. The benefits related to bidding for and hosting the OPWG are considerable and have the potential to align closely to the City's long-term goals.

Economic Opportunity

- Support Calgary's Economic Strategy, building on our energy by positioning Calgary as a hub for national and international investment. The media exposure in 2026 is expected to reach over 2.1 billion people.
- Approximately \$3.7 billion in added GDP to the Alberta economy.
- Approximately \$2.6 billion of additional labour income earned in Alberta.
- The creation and/or support of approximately 40,000 jobs (full-time equivalents) in Alberta.

Sport Development

- Accelerate sport infrastructure growth and investment by revitalizing facilities and venues for the next generation of world-class and recreational athletes.
- Forge stronger relationships with national and international sponsors, broadcasters and international sport federations; maintain and enhance Calgary as a leader in the world of sport.

Social Development

- Reinforce our volunteer ethos and create a shared sense of belonging with a new generation of Calgarians and Albertans.
- Provide a mechanism for addressing affordable housing challenges in Calgary and the Bow Valley.

Cultural Enrichment

- Support Calgary's Arts Development strategy: Living a Creative Life, by providing a global showcase for arts and culture.

AGENDA 2020

In late 2014, the International Olympic Committee (IOC) released *Agenda 2020*. This is a comprehensive set of recommendations to strengthen the confidence of the public in the Olympic movement. One of the key objectives of Agenda 2020 is to reform the bidding procedure and hosting requirements in order to reduce cost and complexity, and increase transparency and flexibility, for potential bid cities. The reforms to the bidding process reflected in *Agenda 2020* make a Calgary bid a significantly more feasible proposition given its emphasis on reuse of existing venues and sustainable solutions that are aligned with a community's needs.

TIMELINES

Should City Council move forward with the CSTA's recommendation, a separate Bid Exploration Committee would immediately commence work on a Bid Exploration and the development of a Master Hosting Plan. The Master Hosting Plan will identify the preferred options for sport venues, athlete and media villages and media facilities required for the Games, in the context of meeting Calgary's long term legacy requirements.

The project would involve two phases:

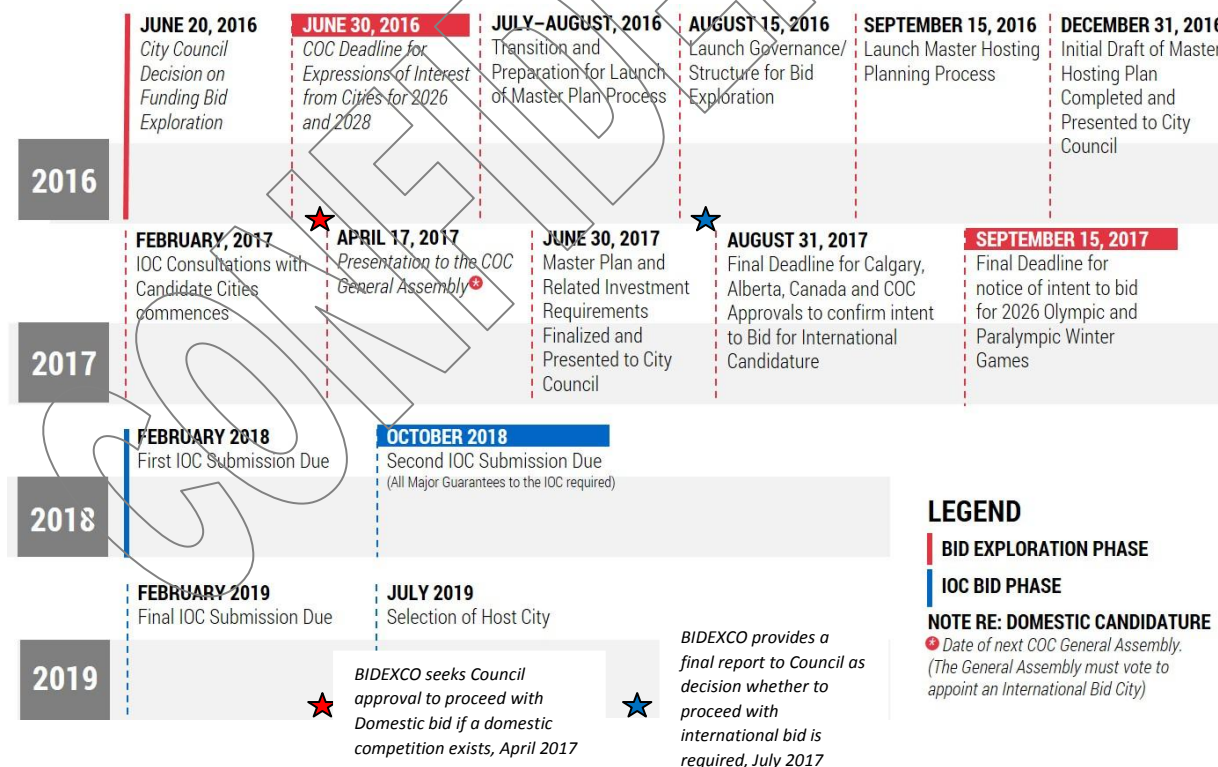
Phase 1: Bid Exploration (July, 2016 to September, 2017)

Bid Exploration Committee and governance structure is launched; Bid Exploration and Master Hosting Plan developed; Calgary commences preliminary discussions with Canadian and International Olympic Committee.

- The Bid Exploration Committee would report back to Administration regularly with updates and report to Council with its findings in January, April and July of 2017.

Phase 2: (Tentative – Based on results of Bid Exploration) International Bid Preparation Phase (September, 2017 – July, 2019).

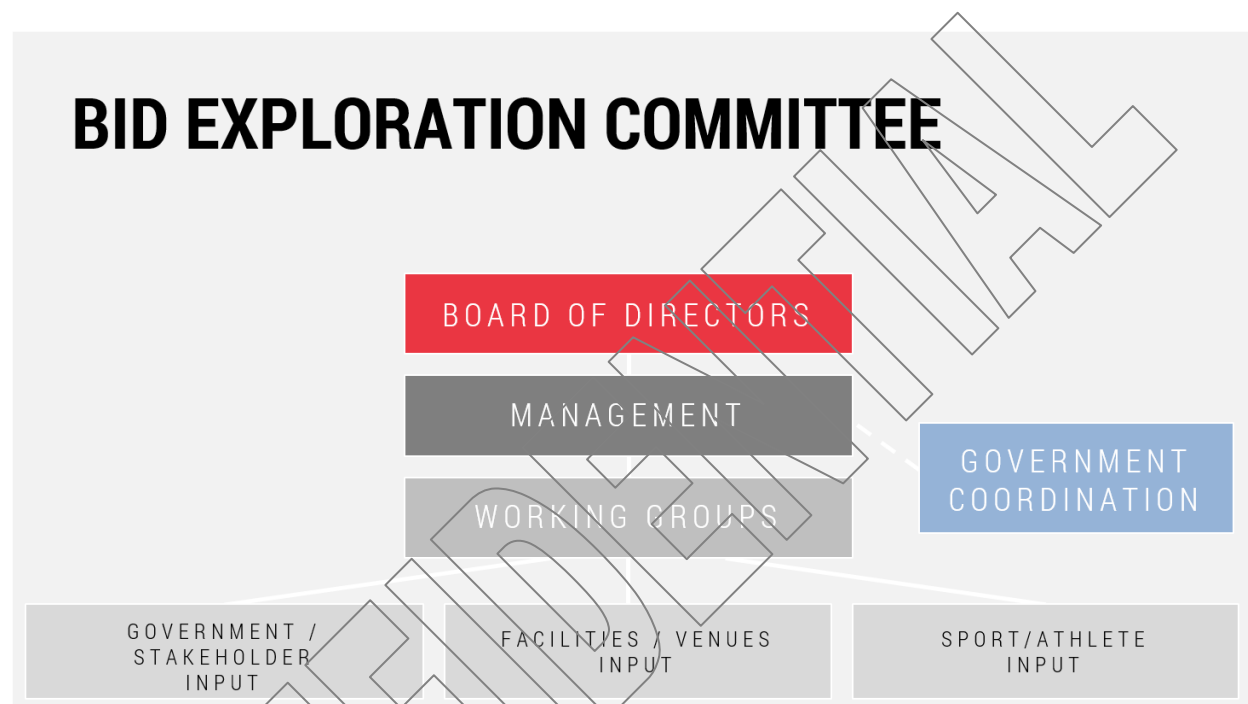
Should a decision be made to proceed with a Bid, the International Bid Phase runs from September, 2017 to July, 2019.



BID EXPLORATION COMMITTEE

A governance structure for a Bid Exploration Committee has been proposed by the CSTA. The Committee would guide the overall Bid Exploration effort, raise the necessary funds, develop an initial understanding to support the master plan.

The organizational structure will be collaborative and based on governance best practices, and will include the appropriate mix of skill sets and capacity to build and execute on the project.



The proposed Committee structure is illustrated in the following diagram:

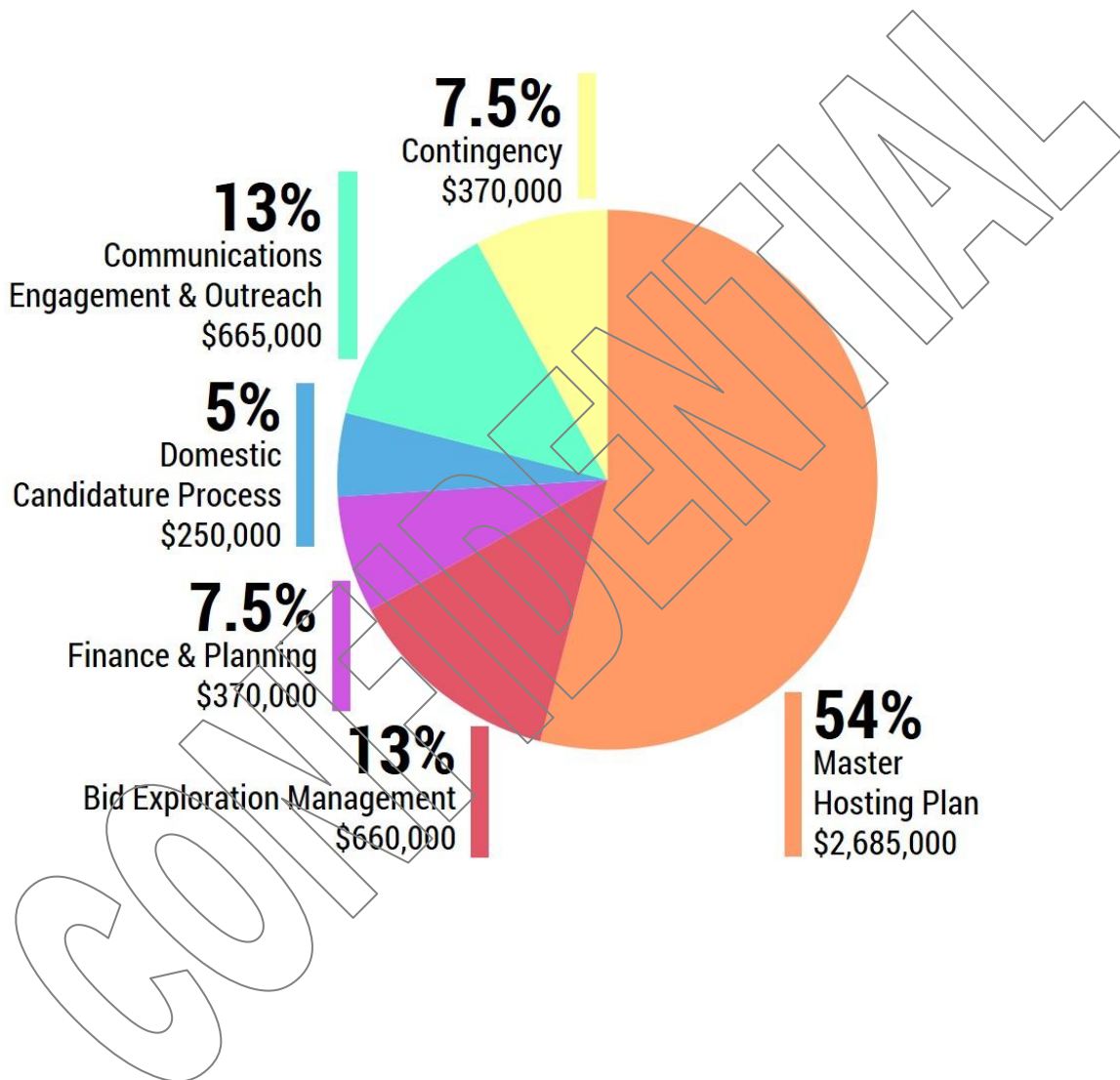
Roles and responsibilities

- **Board of Directors:** To oversee the core functions of governance and policy approval, major strategy decisions, finance and audit, fundraising and oversight of the master plan development. It is proposed that The City of Calgary and Government of Alberta would have representation on the board.
- **Management Team:** It is proposed that a small and dedicated Management Team will oversee the Bid Exploration work and strategy, coordinating finance, administration, fundraising, stakeholder and government engagement functions.
- **Volunteer Working Groups (WG):** It is proposed that volunteer working groups will provide advice, assistance and operational support to the Management Team.

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BID EXPLORATION BUDGET

An estimate of costs to support the activities of the organization over the next 14 months' projects expenditures of up to \$5 million including the cost of City of Calgary staff working on the Bid Exploration project. This budget assumes significant in-kind support of various organizations.



WHY EXPLORE A BID FOR THE OLYMPIC AND PARALYMPIC WINTER GAMES?

A SHARED EXPERIENCE FOR AN EVOLVING CALGARY

Not all legacies take the form of community facilities and sport venues. Calgary's volunteer spirit existed long before the 1988 Olympics and simply needed a shared experience, a defining moment, to bring it to life. Calgary has evolved considerably since hosting the world in 1988. Our population has almost doubled to over 1.2 million citizens with immigration fuelling much of the growth. Without question, this influx brings an incredible diversity of ethnic origins and a vibrancy of life to Calgary.

As new Calgarians are welcomed to the city, sport serves as an effective and meaningful way for new citizens to overcome cultural barriers, build relationships and establish lasting roots in a new community. Hosting the OPWG will significantly increase the sense of belonging in the community through widespread participation opportunities as volunteers, suppliers, employees, contractors and spectators offering all Calgarians a shared experience that will define our future, together.

CALGARY'S OLYMPIC LEGACY

Through preliminary discussions, Calgary's community stakeholders and venue owners communicated opportunities for community building, facility development, citizen engagement, affordable housing, economic development and cultural inclusivity in the City and province that would be gained from hosting the Games again.

In fact, the benefits to Calgary from hosting the 1988 OPWG were substantial and included:

- The establishment of Calgary as the national heart of winter sports in Canada, in addition to contributing to the expansion of the facilities at WinSport's Canada Olympic Park, helping them become Canada's top National Sports School for developing high performance athletes.¹
- World-leading high performance sport culture. The University of Calgary's High Performance Lab, and Canada Olympic Park's Markin McPhail Centre have become leading research and training centres for the high performance development of Canada's national team athletes.²
- Seven national sport organizations and sport performance leaders are located in Calgary and the Bow Valley including: Hockey Canada, Alpine Canada, Bobsleigh Canada Skeleton, Luge Canada, Canadian Sport Institute Calgary (CSIC), and Own The Podium.³

¹ WinSport Canada: http://www.winsport.ca/pdf/what_is_winsport.pdf

² University of Calgary High Performance Lab: <http://www.ucalgary.ca/hpl/>

³ WinSport Annual Report: <http://www.winsport.ca/pdf/2015%20Annual%20Report.pdf>

- Development of an internationally-celebrated endowment for several winter sport facilities including the Olympic Oval, Canada Olympic Park, the Canmore Nordic Centre that have become primarily public-use facilities that serve the recreational needs and preferences of thousands of Albertans every day.^{4 5}
- Major enhancements to the University of Calgary that established it as the elite winter sport post-secondary facility in Canada and the development of new student housing.⁶
- Catalyst for urban infrastructure including the expansion of the Light Rail Transit (LRT) lines and housing initially developed as the Media Village at Mount Royal College as well as major improvements to Calgary's transport and housing infrastructure.⁷
- Calgary has maintained and developed one of the most robust winter sport hosting legacies, including 8-10 World Cup and World Championship events each season generating substantial economic benefits to the region and providing Canadian athletes with the opportunity to compete on home ice and snow.⁸
- The enhancement of our volunteer spirit within a new generation of Calgarians.⁹
- Unparalleled promotion of The City of Calgary and the Bow Valley as a sports tourism destination, that resulted in a significant and lasting increase in the city's tourism and contributed to a strong "Calgary" brand internationally.¹⁰

BENEFITS TO HOSTING THE OPWG

Hosting the Olympic and Paralympic Winter Games in 2026 represents an opportunity for Calgary and Alberta to accelerate the achievement of our shared civic and provincial goals within four key pillars:

1. **Economic Opportunity** – Purposeful Development, Building Reputation
2. **Sport Development** – Enhancing Our Legacy and Sport Leadership
3. **Social Development** – Community Pride and Social Advancement
4. **Cultural Enrichment** – Celebrating Our Heritage and Embracing Our Future

Hosting the Games in 2026 offers the potential to focus our collective efforts to renew and refresh the facility legacies from Calgary 1988 that have given rise to a world-leading high performance sport culture while creating additional benefits for the community including affordable housing, bolstered volunteerism, unique tourism offerings, purposeful economic development and new, shared cultural traditions.

The CSTA has commissioned a Preliminary Economic Impact Analysis on hosting the 2026 OPWG by an independent 3rd-party. An excerpt from the report states that:

Given the significant investments and costs associated with hosting the Games, thoughtful and rigorous analyses of the potential benefits should be undertaken... Given

⁴ WinSport Canada: http://www.winsport.ca/pdf/what_is_winsport.pdf

⁵ National Post: <http://news.nationalpost.com/sports/rio-2016/1988-calgary-games-left-a-lasting-cultural-legacy-and-blueprint-for-how-to-do-things-right>

⁶ Globe and Mail: <http://www.theglobeandmail.com/news/national/education/university-of-calgary-to-spend-240-million-on-residences/article6524010/>

⁷ 1988 Olympic Media Village at Mount Royal: http://mtroyal.ca/facetime/Archive/FTDATA_eastREZ_021110

⁸ World Cups in the Bow Corridor:

http://www.winsport.ca/files/WinSportCanada_releases/WorldCupRoundtable_MediaRelease10%2021%202009_FINAL.pdf

⁹ Calgary Herald, 1988 Olympics transformed Calgary:

<http://www.calgaryherald.com/sports/1988+Olympics+transformed+Calgary/7932680/story.html>

¹⁰ World Cup Roundtable Initiative:

http://www.winsport.ca/files/WinSportCanada_releases/WorldCupRoundtable_MediaRelease10%2021%202009_FINAL.pdf

that estimates of the capital and operating costs for hosting the Games in Calgary are not available at this time our analysis is in large part based on the experience of the Vancouver 2010 Olympics and studies of other past Olympic events. The analysis assumes that the expenditures in Calgary will be of similar scope and composition to the expenditures incurred in Vancouver (adjusted for inflation and an expected increase in the number of events) and assumes similar spending patterns over time. We find that, assuming a total expenditure from public and private sources of approximately \$5.3 billion over the 7-year period between 2020 and 2026, the Games in Calgary could generate:

- *Approximately \$3.7 billion in added GDP to the Alberta economy;*
- *Approximately \$2.6 billion of additional labour income earned in Alberta; and*
- *The creation and/or support of approximately 40,000 jobs (full-time equivalents) in Alberta*

Benefits Pillar 1: Economic Opportunity – Purposeful Development, Building Reputation

- Increased government revenues (at federal, provincial and municipal level) as a result of the economic activity associated with the Games.
- “Induced” economic impacts of spending and re-spending of wages and salaries earned as a result of the Games.
- The economic impact of the Games to other provinces and territories in Canada as well as the feedback impact of increased economic activity in other provinces and territories to the province of Alberta.
- Increased Tourism visits and spending attributable to the Games.
- Additional investments in Transportation and meeting facility infrastructure which is being considered regardless of the Games but may be expanded or accelerated as a result of the Games.
- Attraction of foreign direct investment and increased export intensity associated with increased tourism exposure, international reputation, and policy signal of trade openness.
- Reinvigorating the “Calgary” brand from an economic development perspective. In today’s media dominated world, the exposure for Calgary and promotion will be tenfold over what it was in 1988.
- Increased job and small business opportunities for First Nations peoples.
- Shifting global perceptions of Alberta’s evolving place in the world by amplifying our message to international audiences through worldwide broadcasts reaching a cumulative total of over 2.1 billion people.
- Showcasing and positioning Calgary as the location of choice to visit, meet, start a business and invest serves the purposeful economic diversification objectives of Calgary Economic Development.
- Hosting an OPWG in Canada has traditionally brought significant provincial and federal investment to the Host City and served as a catalyst to achieve city and regional goals around facility development including affordable housing.
- Investment in modernizing the alpine, freestyle ski and snowboard facilities to create world class hosting facilities for future World Cup and World Championship competitions.
- Establishment of a Bid Legacy that focuses on building additional facility capacity and hosting major events throughout the bid exploration phase that further positions Calgary and the Bow Valley as a modernized and capable Olympic and Paralympic host.

Benefits Pillar 2: Sport Development – Enhancing Our Legacy and Sport Leadership

- The emergence of legacy sports and cultural industry clusters, driven by introduction of sports and cultural programs, investment in infrastructure, and cultural exchanges including First Nations.
- Enhancements to existing sport infrastructure and developing new facilities to replace aging sports infrastructure that are nearing the end of life cycles.
- Strengthening Calgary's place in the world of sport by forging stronger relationships with potential national sponsors, broadcasters and international sport federations.
- Maintaining and enhancing Calgary's sporting infrastructure to enable our athletes to benefit from world class training and competition facilities, supported by an infrastructure of committed professionals and volunteers.
- Accelerating civic infrastructural growth by targeting major projects and Council Priorities in arts, culture, sport and recreation facilities and transportation through increased senior government funding investment.

Benefits Pillar 3: Social Development – Community Pride and Social Advancement

- The conversion of Game facilities into affordable housing and community amenities, and the associated long-term improvements in health outcomes, security, educational attainment, job proximity, wealth accumulation, and settlement and integration of immigrants, as well as the corresponding avoidance of health care and social service costs.
- Improved labour market outcomes for individuals and employers, including First Nations, as a result of training and skill development programs, and technology transfer and adoption.
- Reinforcing the already strong volunteer ethos in Calgary for a younger generation by bringing a focus to volunteer contributions as part of what makes us Calgarians.
- As Calgary's population continues to grow and evolve through immigration reflecting a more diverse and vibrant way of life, bidding for and potentially hosting the OPWG provides the city with an opportunity to create a shared experience and build a sense of belonging and community.
- Energizing the community and building a stronger belief in what Calgarians and Albertans can achieve on the World Stage.
- Upgrades and expansion to student residences at post-secondary institutions and developing flexible housing solutions for athletes and media that can meet long term community needs for affordable and seniors housing as well as market housing.

Benefits Pillar 4: Cultural Enrichment – Celebrating Our Heritage and Embracing Our Future

- Enhancing and promoting Calgary Arts Development Authority's vision to develop a creative and connected Calgary through the arts by hosting a Cultural Olympiad that highlights our artistic diversity and welcomes artists and creators from across Canada.
- Expanding and celebrating Calgary's heritage while providing a global showcase for emerging arts and cultural voices and expressions.

- Opportunity to highlight First Nations culture, traditions and history on a world stage.

EXTENDING THE LIFE CYCLE OF OLYMPIC LEGACY FACILITIES

The strength and capacity of Calgary and Alberta's Olympic facility legacy is admirable. Through an established endowment program, responsibly-managed by WinSport Canada, the legacy facilities have continued to expand to include increasing community participation and accessibility while maintaining world standards for Canada's developing and high performance athletes.

A number of these facilities will require renewal and revitalization to maintain their on-going viability and sustainability, including the Olympic Oval and Sliding Track.

WHY NOW?

There's a strong rationale for a timely bid exploration that underscores the need for purposeful economic development in challenging times, considers the life cycle of existing Olympic facilities that provide a competitive advantage for a potential bid based on the IOC's Agenda 2020 reforms, and provides an opportunity to create a defining moment for an evolving and increasingly diverse Calgary.

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IMPLICATIONS OF AGENDA 2020¹¹

The CSTA has been actively monitoring Olympic bidding and hosting for the years 2022, 2024 and 2026 as well as the most significant event currently taking place in the international bidding world - the IOC's release of Agenda 2020. The impetus for Agenda 2020 is to strengthen the confidence of the public in the Olympic movement. One of the key objectives is to reform the bidding procedure and hosting requirements in order to reduce cost and complexity, and increase transparency and flexibility, for potential bid cities. One of the fundamental decisions was to reshape the Olympic Games bidding process in the following ways:

1) DECREASE THE COST OF BIDDING

While the preparation of the Olympic Games plan and concept at the bidding stage will require the commitment of time and expertise by cities, the IOC will assist cities to reduce the costs. In particular, the IOC has decided to reduce the number of international meetings and presentations required from candidate cities, and the IOC will bear costs linked to the visit of its Evaluation Commission. Furthermore, the IOC will work to help reduce development costs and reinforce the flexibility of Olympic Games Management. The IOC is working with stakeholders to systematically review the level of services and Games preparation/delivery, with a view of containing growth in cost/complexity.

2) INCREASE TRANSPARENCY

The IOC will provide more clarity and transparency on Olympic Games delivery requirements and will also assist cities at all stages of the bidding process to have a comprehensive understanding of the Olympic Games hosting requirements.

3) INCREASE SUSTAINABILITY AND LEGACY

The IOC will take a more proactive position and leadership role with regard to sustainability, including the integration and implementation of sustainability measures that encompass economic, social and environmental spheres in all stages of their project. It will evaluate bidding cities by assessing key opportunities and risks. The IOC now actively promotes the maximum use of existing facilities. Olympic building developments are to be considered on the basis of sustainability and re-usability with the maximum use of existing facilities and the use of temporary and demountable venues where no long-term venue legacy need exists or can be justified; this will support the potential for Calgary to reuse many of its '88 legacy venues and help to make our bid more sustainable. The IOC will support cities in exploring options which create delivery solutions that are sustainable, creating positive impact and legacies for local communities.

4) SHAPE BIDDING PROCESS AS AN INVITATION

The newly implemented Invitation Phase allows possible host cities to present an Olympic project that best matches the sports, economic, social and environmental long term planning needs of their city and country. Following the invitation phase, cities wishing to submit a bid

¹¹ IOC Olympic Games Framework (May 2015), pp 17 – 19, and
Olympic Agenda 2020 – 20+20 Recommendations (December 2014), pp 1 – 25

provide three separate official submissions which form part of a single integrated process which allows work to mature at an appropriate rate with filings to the IOC mapped to a logical series of milestones with staged analysis by the IOC.

Agenda 2020 reforms are intended to encourage potential bid cities to consider hosting the Games within the context of long-term civic planning and facility requirements.

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SCOPE AND MAGNITUDE OF OLYMPIC AND PARALYMPIC WINTER GAMES

Hosting the 2026 Olympic and Paralympic Winter Games (OPWG) would require significant investments from all three levels of government. As the table below indicates, the private sector would contribute more than half of the funds with the three levels of government meeting the balance of the requirements.

While it is not possible to quantify the amount at this time, the support provided for the 2010 OPWG in Vancouver is indicative of the funding that a Calgary bid may require (without accounting for inflation).

The investments and costs were spread over a number of years and an indicative year has been provided for context.

Table 1: VANCOUVER OPWG COMPARATIVE INVESTMENTS AND COSTS

CATEGORY	FUNDING PROVIDED BY GOVERNMENT (THREE LEVELS)	FUNDING PROVIDED BY PRIVATE SECTOR, IOC AND TICKETS	TOTAL INVESTMENT/COST
Bid Committee	\$11 Million	\$26 Million	\$37 Million (in 2002 dollars)
Organizing Committee – Operating Costs	\$190 Million	\$1880 Million	\$2070 Million (in 2009 dollars)
Sport Venue Development and Endowment Capital Investments	\$770 Million	\$5 Million	\$775 Million (in 2007 dollars)
Infrastructure and Housing	\$250 Million	\$750 Million	\$1000 Million (in 2008 dollars)
Government Services and Programs	\$150 Million		\$150 Million (in 2009 dollars)
Security	\$850 Million		\$850 Million (in 2009 dollars)

In addition to the direct investments needed to support hosting of the Vancouver Games, the region benefited from three other major projects completed prior to the Olympics. The Sea to Sky Highway upgrade (accelerated to be ready for the Games and committed as part of the Bid), the expansion of the Vancouver Convention and Exhibition Centre (approved prior to award of the Games and underway before the Bid was awarded) and the construction of the Canada Line rapid transit project (approved subsequent to the award of the Games).

In the case of Calgary, preliminary discussions suggest that there are unlikely to be pressing needs for new transport infrastructure for a 2026 OPWG, however affordable housing could be a significant opportunity for investment given the need for media villages and the likelihood that investments in this category could be higher than Vancouver.

POTENTIAL COSTS AND FUNDING SUPPORT

As the Vancouver 2010 (Table 1) chart shows, Government is a minor funder of the Organizing Committee operating costs and a major funder of Sport Venue Development, Security Costs, and Government Services and Programs. The sources of funding for Housing and Infrastructure costs will be dependent on the scope and nature of the investments.

Major investments in transport infrastructure by government, if any are required, should only occur if they are already planned and required independently of the Olympics although they may need to be accelerated.

The investments in sport venue development or upgrades, student and other housing (village) costs are often more event dependent, although there have been upgrades and investments in the Calgary legacy facilities and student residences since 1988 and there is a clear need to plan for the replacement/upgrade of the Saddledome and McMahon Stadium, regardless of the Olympics. Upgrades to the Bob/Luge Track and Speedskating Oval are, or will also be, required as these facilities age. Security costs and government services and programs are directly attributable to the hosting of the Olympics.

Based on the Vancouver 2010 investments and costs summarized above in Table 1, and factoring in inflation the following table is indicative of the potential investments and costs that could accompany a Calgary Bid and Games if a bid were to move forward.

These examples are only illustrations of a pertinent reference point. A more in-depth assessment of investments and costs is necessary for a comprehensive bid and is one of the key outcomes from the proposed Bid Exploration work.

Table 2: INDICATIVE POTENTIAL INVESTMENTS AND COSTS FOR A CALGARY BID SCENARIO

PHASE/ELEMENT	INVESTMENTS/COSTS	FUNDING
Bid Committee	Between \$40 and \$50 Million CDN with 10-15% spent in the domestic and preparation phase.	Funding varies widely by country with government funding between 30% and 90% in most cases, other than the US.
Organizing Committee / Operating Costs	Costs will likely be in the \$2200-\$2400 Million (\$2.2 – 2.4 Billion) CDN range, based on Vancouver and the bids for 2018/2022 and allowing for inflation and increased size of the OPWG. The organizing costs include	IOC contributions, sponsorship and ticketing should cover approximately 90% of this cost with government support providing the balance.

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PHASE/ELEMENT	INVESTMENTS/COSTS	FUNDING
	all aspects of games operations other than security and government services.	
Sport Venue Development and Endowment Capital Investments	<p>Investments in the Oval, Snow Sports, Alpine, Ski Jumping, McMahon Stadium, Bob/Luge Track upgrades and arenas may be required. In addition a supplement may be needed for the endowment funds to support future operations and capital replacement may be required.</p> <p>Vancouver's investment in these areas was approximately \$775 Million in 2007 dollars.</p> <p>Calgary's requirements for investment will be determined through the Bid Exploration Process.</p>	The funding for venue investments will generally include the three levels of government as well as private participation. The existing Endowment Funds may also require some investment to secure future operating cost burdens of certain facilities.
Infrastructure and Housing	<p>There are three key elements of infrastructure that may be required:</p> <ul style="list-style-type: none"> • Housing for athletes/media • Exhibition facility expansions • Transport (at this stage no major investments have been anticipated for Calgary). 	<p>These elements have been subsidized by government. Village subsidies will depend on market conditions, the size of the development, type of development and financing costs. Private funding generally provides a significant portion of the Villages investment.</p> <p>The proposed expansion of the BMO Centre may negate or reduce the need for further investment.</p>
Security	Security costs, including military and border control services may be in the range of \$700 Million to \$900 Million; approximately \$850 Million was spent on the Vancouver Games.	Security costs are funded by the three levels of government.
Government Services and Programs	In Vancouver, governments spent approximately \$50 Million on services and over \$100 Million on programs	Funding provided by all three levels of government.

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PHASE/ELEMENT	INVESTMENTS/COSTS	FUNDING
	such as celebration sites, First Nation initiatives and sport development.	

BID COMMITTEE COSTS FOR A CALGARY BID SCENARIO

The Vancouver 2010 Olympic and Paralympic Bid Committee spent approximately \$37 Million CDN bidding from 2000 to 2003. These costs included the cost of formulating the master hosting plan, preparation of the Bid Application and Bid Books, local, national and international communications, international relations and event production, as well contributions to sport development in BC during the Bid. Recent summer Games bid budgets have ranged from \$55 Million US to \$75 Million US and Winter Games bid costs generally amount to approximately 70% of Summer Olympic Bid costs.

OPWG OPERATING COSTS

The organizing committee costs for an Olympic and Paralympic Winter Games in Canada are likely to be in the range of \$2200-\$2400 Million (\$2.2-\$2.4 Billion) by 2026 and will be funded approximately 90% by private sources. The range will be determined in part by cost sharing agreements with government, level of service requirements of the IOC, cost parameters for items such as venue rental and workforce accommodation.

The broad cost categories include:

- Marketing and Communications, Culture, Ceremonies and Torch Relay
- Workforce – paid, contracted and volunteer
- Temporary Venue Infrastructure (overlay, power, broadcast support and look)
- Games Operations including transportation, workforce accommodation, food services, cleaning and snow management, security integration, athlete/media village operations, logistics, venue management
- Technology, Sport, Media Services, Paralympics

The Organizing Committee costs are funded by a combination of:

- IOC contribution (formerly a share of TV revenues)
- Share of the IOC International Sponsorship program
- Domestic sponsorship, Licensing and merchandising (net of the IOC/COC share)
- Ticketing, Government support

SPORT VENUE DEVELOPMENT AND ENDOWMENT INVESTMENT

The cost of venue development will be based on existing sport infrastructure, legacy objectives of the three levels of government, as well as the cost of construction in the region.

There are a number of models for the delivery of sport and venue infrastructure:

- Organizing Committee led (the Vancouver model)
- Government led – either split by level of government (the Calgary '88 model) or through one agency (the London 2012 model)
- Owner led – venues developed by public/private supported by grants from senior government or the Organizing Committee.

Each model may utilize different procurement and contracting methodologies to further transfer risk to the private sector or to the eventual “venue owner”.

In Canada, it is typical to develop a “capital” budget during the bid that outlines the investment required to provide the necessary sport and venue infrastructure and then work with the three levels of government to identify a cost sharing formula. Future venue owners such as the post-secondary institutions, private owners, municipalities, etc. will often participate in the investment funding.

It is beyond the scope of this report to estimate the cost of the investments that would be required, or the potential private and public sector partnership revenues that could be generated to help cover the costs of new and renovated sport infrastructure. This is one of the key deliverables of the proposed Bid Exploration.

INFRASTRUCTURE AND HOUSING INVESTMENTS *(All figures in approximately 2008 dollars)*

Some level of housing development is necessary to deliver the athlete villages and potential media villages. The funding for these infrastructures is quite varied – usually involving all three levels of government and the private sector.

SECURITY COSTS

The cost is partly a factor of increased threat assessment, expectations from participant countries and the general increase in security costs as a response to evolving world conditions.

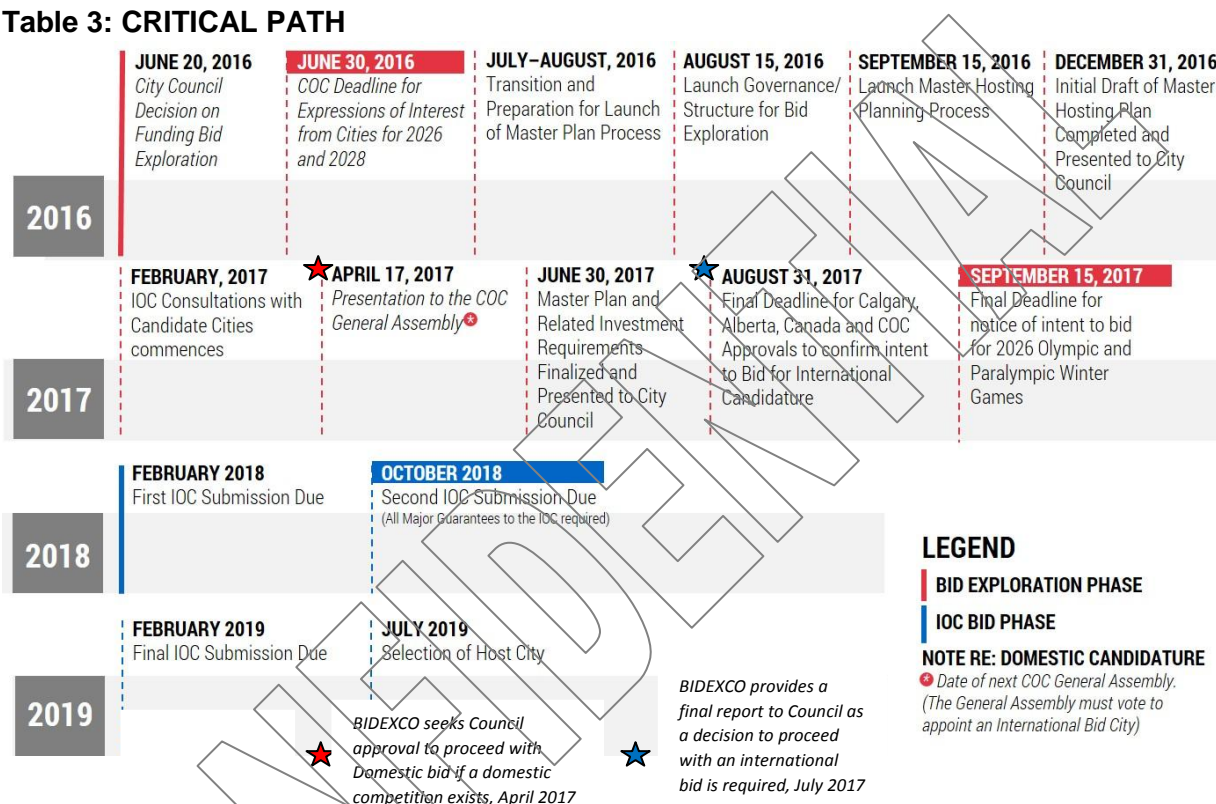
GOVERNMENT SERVICES AND PROGRAMS

All levels of governments will incur costs to support an OPWG. Border services, highway and road maintenance, health services, regulatory enforcement, city beautification and look programs, traffic management, public transit enhancement, food safety, language services are all considered to be elements within a Government Services Program. In addition to the delivery of essential services the three levels of government invested in: Tourism promotion, Celebration programs, Economic Development, First Nations, sport development Protocol and Hosting Programs.

DELIVERY PLAN FOR BID EXPLORATION PHASE

The table below sets out the Critical Path for the Bid Exploration Phase as well as the major milestones for the International Bid Phase. The Critical Path also includes a reference to the potential for a Domestic Bid process, which the COC may elect to hold in 2016/2017. The dates for the COC process are indicative only at this stage.

Table 3: CRITICAL PATH



OVERVIEW OF THE MASTER HOSTING PLAN

The development of the overall Master Hosting Plan (MHP) for hosting the Games, in conjunction with its key stakeholders, is the most critical and complex task facing the Bid Exploration. The MHP will underline the physical legacy for the Games, have a major impact on overall cost and feasibility, and be of critical importance to future funding discussions with government. Upon completion of the MHP, the Bid will initiate high level venue and concept studies for new or renovated venues identified in the MHP to provide a better estimate of cost, potential delivery strategies, risk mitigation and post games use as well as financing options to serve as a basis for government funding determination.

The preliminary survey reports prepared for the CSTA on both Media facilities and Sports Venues demonstrate that Calgary has a deficiency of sport, meeting and entertainment facilities and that some of the existing facilities are nearing the end of their useful lives. Calgary's ability to host events and continue its leadership role in winter sport will eventually be compromised – impacting tourism, economic and sport development opportunities. Therefore, work on a MHP would be valuable with or without an Olympic Bid, as there is a need for a long term event and

sport facility renewal strategy and the work undertaken by the Bid Exploration Committee would provide a strong foundation for such a strategy.

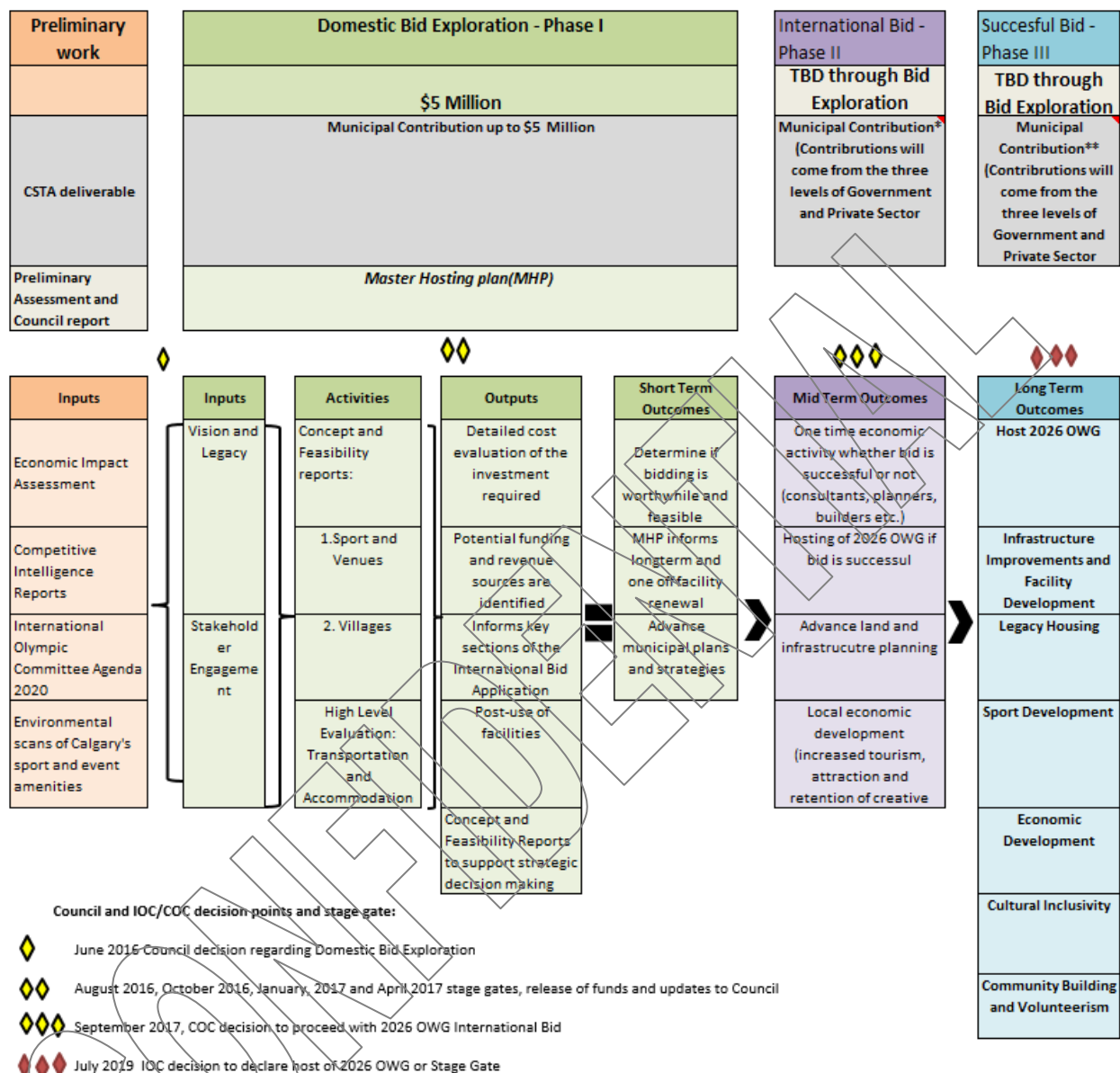
A long term renewal plan would be invaluable for Calgary and, provided it keeps an Olympic profile in the planning framework (as it will drive much of the baseline design / operating criteria and long-term sustainability operating models). The City of Calgary would then be set up for a sound strategy that would also support a strong bid.

DOMESTIC BID EXPLORATION

The following table summarizes the domestic Bid Exploration process as well as providing an indicative overview of the International Bidding phase and the Hosting phase. The outputs from the domestic Bid Exploration phase will underpin the decision making process by The City, the COC and the other levels of government in terms of whether or not to bid. This work will also provide the foundation for the International Bid phase submissions to the IOC and future venue renewal strategies for Calgary and region.

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Table 4: BID EXPLORATION PROCESS



Given the scope of the Bid Exploration work, the detailed steps for each area have not been included in the report but have been summarized into scope of work statements that summarize the work to be carried out in this phase of planning. This phase of planning activity will also be informed by the IOC Application Questionnaire which sets out the framework of information required by the IOC to assess any future Bid submissions.

The domestic bid exploration has been broken into four sub-sections:

1. Master Hosting Plan Framework
2. Feasibility Framework
3. Vision Framework
4. Accommodation and Transportation

1. MASTER HOSTING PLAN (MHP) FRAMEWORK

The overall objective of developing the MHP is to maximize the use of existing facilities while contributing to the overall long term sustainability of Sport in Calgary and Canada through targeted upgrades/replacements while providing outstanding facilities for sport during the Olympic and Paralympic Games.

As part of the MHP, concepts for the Olympic Village and Media Villages in the City and the Olympic Village in the mountains must be developed that meet athlete and media requirements, providing both a high level of service during the OPWG and providing meaningful community legacies and/or viable market based solutions. The feasibility work set out below will also provide the underpinning to avoid any pitfalls that have hampered the pursuit of viable legacies in past OPWG.

Developing the MHP will require a comprehensive engagement with venue owners such as The City, Stampede, post-secondary institutions, WinSport, mountain communities, etc. Solutions to the challenges identified in the early work undertaken by the CSTA must reflect a joint effort between the institutions (including their consultant/master planning teams), local and provincial Government and the Olympic Bid Exploratory Team to ensure that the plan meets the legacy needs of the City and region.

The OPWG have evolved considerably since 1988. A number of new sports and events have been added, the scope of media and broadcast coverage has expanded dramatically and each of the Olympic Villages – both mountain and city – are larger than the athletes village in 1988. In addition to new sports such as slopestyle, snowboard and ski cross and skeleton, certain sports have evolved, such as ski jumping, in a manner which makes the existing facilities unable to host the current competition.

The work plan set out for the Bid Exploration plan includes:

- A thorough understanding of the needs of the existing OPWG program and likely changes over the next cycle from a venues perspective.
- Consultation with sport, at the local and national level, to identify key legacy aspirations
- A detailed assessment of all of the available venues, including where applicable studies of the mountain terrain and environment.
- A careful analysis of the long term development plans of the major stakeholders including the City and mountain region communities, the University, Stampede Park, Winsport and others.
- A collaborative process to match Olympic needs with the legacy aspirations of the stakeholders and the development of options for meeting the Olympic requirements within the identified needs and legacy goals.

This work will underpin the development of the MHP which must be fully aligned with the long term needs of the City and regions and which will meet the short term needs of the Games. Upon completion of the MHP, the BIDEXCO will conduct a more detailed review of each

element of the proposed MHP that involves new construction or major renovation to assess concept development, potential costs, legacy operation and potential delivery strategy

This work will provide the foundation for the MHP for the Games and would be an important step towards the development of the Bid Application – the IOC’s first step in the formal international bid process, should a decision to proceed with a bid be made.

Scope of Work

- Develop a MHP for hosting the OPWG – reflecting the current and anticipated Games program and requirements; particularly the exponential growth in associated space requirements, security impacts and technical infrastructure.
- Identify options for meeting requirements and impacts on future development plans of the venue owners and the region. The MHP would address Competition Venues, Media Facilities, Villages, and at a high level, Accommodation and Transport.
- Provide a preliminary assessment of investments required to enact the MHP and potential sources of funding.

2. FEASIBILITY FRAMEWORK

The development of the initial MHP would provide the basis for more detailed review of any proposed new venues or major renovations that may be included in the MHP. This work involves either the Bid Exploration or its partners “drilling down” on MHP elements to provide the detail that would be required to support “in principle” funding discussions with the three levels of government and support the decision making process on whether to proceed with a Bid.

Initial feasibility work would also support the development of future partnership agreements with venue owners that would support the Bid Application and Candidature file. The focus at this phase of planning will be to prepare high level venue feasibility reviews for new venues and villages to better estimate potential cost, develop potential delivery strategies, and outline risk mitigation and post games use as well as financing options. Designs may be advanced to a high level concept stage to assist in developing cost estimates.

A key part of this due diligence will be the engagement of a cost consultant (i.e. a firm of quantity surveyors) to provide order of magnitude cost estimates of the proposed facility construction and renovations. Future funding discussions with senior government and venue owners will require the BDEXCO and its venue stakeholders to provide initial cost estimates based on the proposed projects and solid experiential experience. This work can be undertaken by a local firm with specific knowledge of the Calgary cost environment and past experience with major projects.

Scope of Work

- Develop concepts for new venues or major renovations (in some cases the commissioning of high level venue concept designs) including high level functional programming to support cost estimates.
- Develop delivery and feasibility options for specific projects including potential business models for long term operations, financing options and risk management.

3. VISION FRAMEWORK

The IOC Application file requires that Applicant Cities provide a clear rationale for their reasons for bidding and articulate the key benefits to the City, Province, Country and sport as well as the key legacies planned from hosting the Games. This rationale is also of critical importance to the public, to Sport and the COC and to the local, provincial and federal governments as an input to a decision on proceeding with the Bid.

Scope of Work

- Describe the overarching vision for the Games – including motivation, benefits and contribution to the Olympic movement.
- Review the vision with key leaders in Calgary to ensure there is consensus on the vision/goals.

4. TRANSPORTATION AND ACCOMMODATION

A preliminary assessment of transport planning should be completed once the MHP is sufficiently developed to confirm locations and capacities. The transport assessment would be supported by an Olympic transport expert in close association with Calgary and regional transport planners and would identify peak and average loads, mode splits and capacity requirements. The purpose would be to identify/confirm any minor infrastructure works that would be required to support the overall MHP and/or identify synergies with legacy aspirations.

A comprehensive inventory assessment of current, planned and likely accommodation will need to be developed to ascertain the full extent of supplementary accommodation required for the media and to identify options for the accommodation of security forces. The IOC provides guidance in these areas as noted below:

Scope of Work for the Bid Exploration Phase

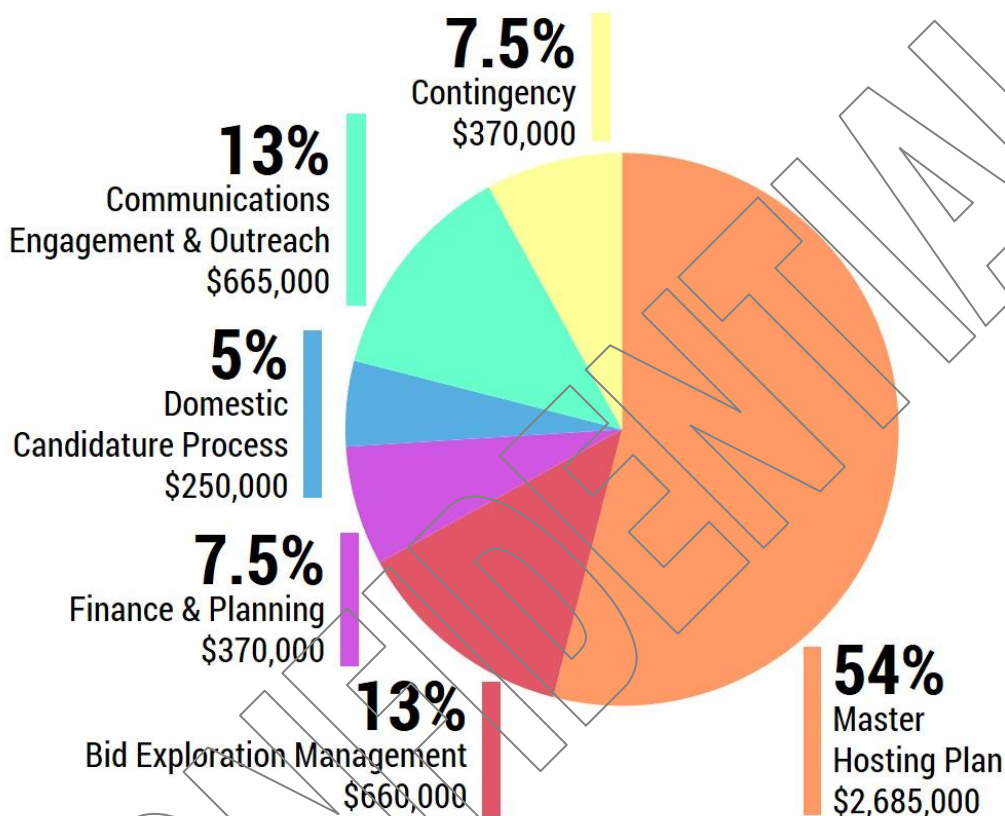
- Appoint a transport working group and, with appropriate expert advice, develop a high level concept for transport solutions including identification of any potential transport challenges and identify any planned/required infrastructure to meet legacy and Olympic requirements.
- Develop an overall inventory of actual and anticipated accommodation resources and based on indicated gaps develop solutions for media villages and/or alternative accommodation to meet the Olympic requirements in concert with the City of Calgary.

JUNE 13, 2016

BID EXPLORATION BUDGET

An estimate of costs to support the key activities of the organization over the next 14 months has been prepared. The budget has been reviewed with the CSTA Board and a subcommittee created to conduct a detailed review into the bid exploration scope of work and budget.

Graph 1: BID EXPLORATION BUDGET



The budget projects expenditures of approximately \$5 Million and reflects an allowance for City staff support of \$0.3 million.

MASTER HOSTING PLAN

Approximately 54% of the budget is allocated to the costs to complete the master planning exercise outlined above. This includes allowances for local architectural and engineering support, sport experts, mountain design expertise and Olympic expertise in villages, operations and facility requirements. The bulk of the expenditure is on local architectural and engineering expertise.

COMMUNICATIONS, ENGAGEMENT AND OUTREACH

13% of the budget is allocated for communications, community relations, website, and stakeholder outreach.

BID MANAGEMENT

13% of the budget is allocated to the cost of a small core staff team as well as costs to support the BIDEXCO volunteer Board of Directors and Working Groups.

FINANCE AND PLANNING

Approximately 7.5% of the budget is allocated for the costs of administering the Bid Exploration's activities including financial management, legal, human resource services, office equipment and software, as well as allowances for financial and sponsorship planning for future phases should the Bid proceed.

DOMESTIC CANDIDATURE PROCESS

5% of the budget has been set aside as an allowance for the Domestic Candidature Process. The scope of this process is still under development by the COC and more information will be available shortly. If the Domestic Candidature Process does not include a bidding component, savings would likely accrue in this budget category.

CONTINGENCY

A contingency of approximately 7.5% of all variable expenditures is provided for to address unforeseen items if they should occur.

GOVERNANCE AND ORGANIZATIONAL STRUCTURE

A Bid Exploration Committee (BIDEXCO) and related governance structure has been proposed by the CSTA to guide the overall Bid Exploration effort, raise the necessary funds, develop initial understandings to support the master plan and enter into the Bid City Agreement between the Bid, The City of Calgary and the Canadian Olympic Committee (COC).

The organizational structure will be collaborative and based on governance best practices, fostering and promoting the values and principles of diversity and inclusiveness while ensuring there is an appropriate complement of skill sets that have capacity to build and execute a comprehensive Bid Exploration process. The final organizational structure will be determined after consultation with the City Administration. The BIDEXCO will need to be led by Calgary citizens who not only possess the requisite core competencies to deliver a world class event but who can engender support from a broad range and variety of stakeholders.

One of the fundamental pillars of the CSTA's event bidding and evaluation framework is to identify local champions that are community leaders and competent third party organizations with an appropriate level of business acumen and experience to lead and execute bid programs and/or successfully stage and host major events. In keeping with past practice, a careful selection process of members is being undertaken by the CSTA and City Administration. The intent is to select a diverse and skilled Board that will oversee the Bid Exploration, pending a decision to move ahead with the project.

A draft manual and governance structure has been created for the BIDEXCO and has been developed based on best practices from other bids and large multi-sport events. A corporate entity for the BIDEXCO has been incorporated under the federal *Canadian Not-for-Profit Corporations Act* (the "Act"). Included in the draft board manual are:

- Proposed by-laws of the Corporation
- Proposed terms of Reference for: Members, Board of Directors, Board Chair, General Manager
- Proposed terms of Reference for three "Management Advisory/Working Committees," including: Stakeholder and Government Planning and Integration, Master Plan Development, Sport and Athlete.

The proposed organizational structure is subject to City approval.

The proposed structure includes:

A Board of Directors will oversee the core functions of governance and policy approval, major strategy decisions, finance and audit, fundraising as well as oversight of the master plan development.

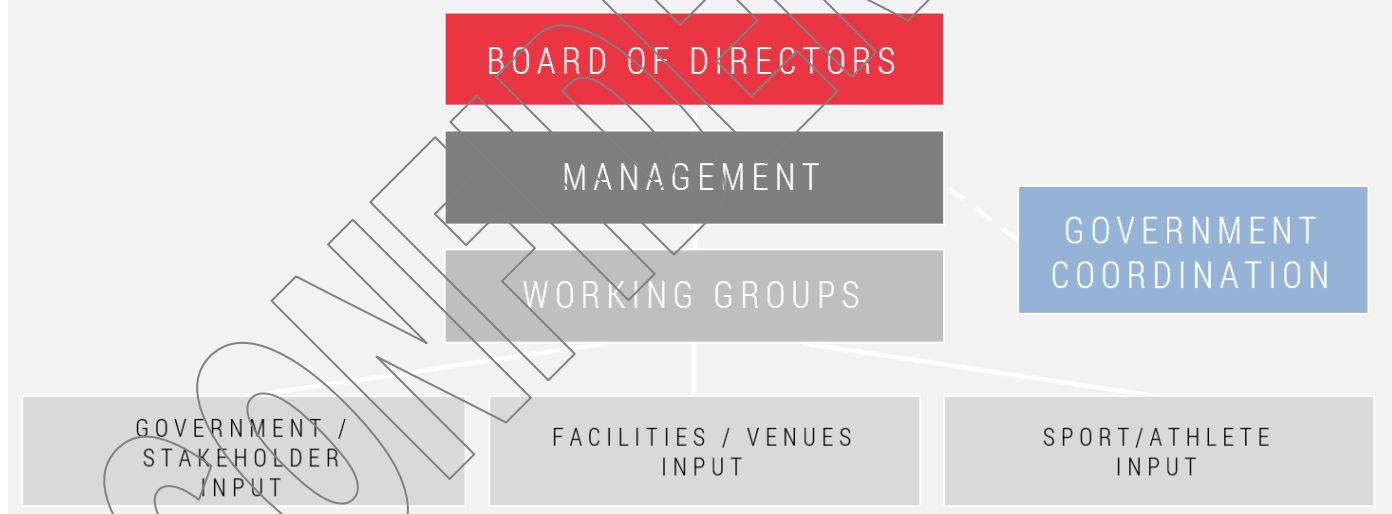
A small and dedicated Management Team will be required to oversee and manage the Bid Exploration work and strategy, coordinating the core organizational functions of communications, finance, administration, fundraising, stakeholder, and government planning.

A volunteer Working Group (WG) will provide advice, assistance and operational support to the Management team. The use of volunteer working groups to support the management team

is a common practice for CSTA initiatives, as well as past Olympic Bids in Canada and abroad. This WG is an operational working group with external members that possess a broad range of specified skills and experience specific to: Stakeholder and Government Planning and Integration, Sport and Athlete Engagement, Master Plan Development.

A Government Planning and Coordination Committee will be created to assist in ensuring that there is a strong flow of information and coordinated planning between the BIDEXCO and city, provincial and federal officials working on aspects of the Bid Exploration process.

BID EXPLORATION COMMITTEE



PROJECT LAUNCH

In order to maintain continuity, strong governance and a seamless transition from the CSTA's stewardship of the Olympic Bid Evaluation to the new BIDEXCO, the CSTA has struck a sub-committee of its board to provide strategic input and expertise, as well historical knowledge and support through a three-month period to equip the new BIDEXCO with the strongest possible foundation to embark on its work and challenges ahead. Furthermore, the CSTA/Tourism Calgary have agreed to second their Executive Director (responsible for overseeing the Olympic due diligence for the last number of years) to the BIDEXCO as the project and continuity lead during the transition period.

GOVERNMENT ENGAGEMENT

It is proposed that The City of Calgary will be integrated into the decision making and bid exploration planning through four key mechanisms. The BIDEXCO will consult with the Government of Alberta concerning its role in the process.

1. Representation on the Board of Directors.
2. Participation on a Government Planning and Coordination Committee for Integration with the General Manager of the BIDEXCO.
3. Inclusion in the planning streams of venue evaluation, media village and transportation, as required to ensure full and appropriate integration.

At this stage the project can only function as a bid exploration committee – given that a decision to bid will follow a more comprehensive analysis of investments, costs, and related benefits. It should be noted that only the COC can initiate a bidding process domestically and appoint a city to advance a bid internationally, and the COC will establish additional governance requirements for an International Bid Committee. Bid organizations routinely evolve over time, based primarily on the stage of the project and the progression from a Bid Exploration, (sometimes done concurrently with a Domestic Bid Candidature when a competition is called by the National Olympic Committee) and then finally to an International Bid Candidature.

If Calgary is accepted as an international bid applicant by the COC, the Bid's structure will evolve in terms of board membership and governance to reflect the obligations and responsibilities of an international bid.

ORGANIZATIONAL FUNCTIONS

A small and dedicated Management Team will be required to oversee and manage the Bid Exploration work and strategy, as well as ensure the core organizational functions of communications, finance, administration, fundraising, stakeholder, government planning and integration are soundly coordinated and that initial planning is conducted for the next phase of bidding to be ready to advance in the event of a decision to proceed with a bid. Preparations and planning work has been completed by the CSTA within the following key functions:

- Communications
- Stakeholder, government planning and integration
- Fundraising
- Finance, administration and legal
- Special initiatives

COMMUNICATIONS

As the Bid Exploration team commences its outreach to venue owners and governments, its planning activities will attract public and media attention. Given the wide domestic and international audience that will closely monitor responses to this attention, it's critical that the Bid Exploration team carefully manages the project's reputation and messaging. As well, the IOC carefully monitors the worldwide media clippings – effectively once the Bid exploration goes public it will receive scrutiny from IOC staff and Members. It is critical that the BIDEXCO abide by the governing bid rules from the start – even though it is not a formal bid. For instance, criticism of, or comparison to, other cities in statements, reports, etc. is against the IOC Ethics

rules and could permanently impact a Bid City's chances. The CSTA has developed a communications plan for the Bid Exploration.

STAKEHOLDER, GOVERNMENT PLANNING AND INTEGRATION

This function is intended to engage key stakeholders to inform them of the feasibility study, the pending Bid Exploration program, and to build broad consensus and support; ultimately finding synergies between Olympic requirements and the stakeholders' requirements and long-range capital plans. The provincial and local governments will be involved in many facets of the Bid Exploration activities and the public image of the project. Accordingly, a coordination process is needed, so that timely and focused support and strong two-way communications are in place. In the bid phase, governments will need to supply funding, assist in planning, and make commitments to future delivery of services, facilities, funding and infrastructure.

Therefore, the CSTA has developed a preliminary Stakeholder Outreach Matrix that identifies stakeholder groups; including all three levels of government, sport venues, non-sport venues, national sport organizations, local ambassadors, as well as the Town of Banff and Canmore. The CSTA has conducted a number of initial exploratory discussions with key stakeholders and venue owners central to the delivery of the Games.

FUNDRAISING

The focus of this function will be to ensure that there is a robust understanding of the opportunities and constraints associated with Olympic Bid fundraising and to develop the longer term strategy for how to raise the needed funds for conducting an international (and potentially domestic) bid if Calgary should proceed past the Exploration. There are a multitude of complex rules governing fundraising and sponsorship of Olympic Bids, established by the IOC and the COC that must be adhered to by all parties before any significant fundraising is undertaken. Funding for the Bid Exploration phase is anticipated to be a mix of public and private sources. At this stage, only donations can be solicited from third parties and no downstream rights of any kind can be promised by the Bid Exploration team.

The CSTA proposes that the BIDEACO endeavors to raise private investment under the appropriate parameters mentioned to compliment and reduce any civic funding committed to the exploration process.

FINANCE, ADMINISTRATION, LEGAL

In order to ensure an orderly and well supported implementation of the Bid Exploration, the Committee will require administrative, financial and some legal support. As such, outsourced pro bono support for legal and human resource requirements has been secured for the short term.

A provision for basic and daily accounting services will be provided by Tourism Calgary in the short term and through the transitionary period as the Bid Exploration advances through the first phase and launch of its work. All accounting/financial tracking and reporting will be aligned to a Funding Agreement developed and agreed upon between The City of Calgary and the Bid Exploration Committee. Of note, all relevant trademarks and website domains related to "Calgary 2026" have been appropriately secured by the CSTA and The City of Calgary.

SPECIAL INITIATIVES: A WINTER SPORT EVENT BIDDING STRATEGY, 2017-2019

In the current competitive global environment, it is increasingly important for cities interested in acting as major event hosts to develop a deliberate and coordinated sport event bidding and acquisition strategy to develop hosting capacity in the years preceding a Bid. The CSTA has identified the sport events within Olympic winter sport disciplines that Calgary has hosted, as well as future events that should be considered for investment between 2017 and 2019 to increase the Cities capacity and experience in winter sport hosting and build a foundation of experience to support a potential future OPWG Bid. Various events are recommended for targeted acquisition where hosting capacity has not been well-established and major facility upgrades are not required.

SUMMARY OF RISK ANALYSIS

A thorough and robust risk analysis is a key element of the CSTA framework for major event bid evaluation and is a pillar of the due diligence that it is mandated to provide. The overall risk assessment for the Bid Exploration phase is low and mitigation tactics have been identified, developed or engaged for all of the current outlined risk components.

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CONCLUSION

Hosting the Olympic and Paralympic Winter Games in 2026 represents an opportunity for Calgary and Alberta to accelerate the achievement of our shared civic and provincial goals within four key pillars:

1. *Economic Opportunity* – Purposeful Economic Development and Reputation Building
2. *Social Development* – Community Pride and Social Advancement,
3. *Cultural Enrichment* – Celebrating Our Heritage and Embracing Our Future, and
4. *Sport Development* – Enhancing Our Legacy and Sport Leadership.

Hosting the Games in 2026 offers the potential to focus our collective efforts to renew and refresh the facility legacies from Calgary 1988 that have given rise to a world-leading high performance sport culture while creating additional benefits for the community including affordable housing, bolstered volunteerism, new tourism offerings, purposeful economic development and new cultural traditions.

Given the significant benefits and the potential for strong alignment between City and Region's needs and the Olympic requirements, a careful and thorough evaluation of the merits of bidding is clearly warranted.

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