

**Community Services Report to  
Regular Meeting of Council  
2016 June 20**

CITY OF CALGARY  
**RECEIVED**  
IN COUNCIL CHAMBER

JUN 20 2016

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Receive for Corporate Review  
CITY CLERK'S DEPARTMENT

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C2016-0537 - Corrected  
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**CSTA UPDATE**

**EXECUTIVE SUMMARY**

The Olympics is both a sport and cultural movement which promotes the practice of sport all over the world and disseminates the Olympic values. Tourism Calgary through the Calgary Sport Tourism Authority (CSTA) has worked to undertake an initial evaluation to recommend a Bid Exploration for the 2026 Winter Olympic and Paralympic Games (OPWG).

Beyond the inherent value of the Olympic experience, hosting such a large scale, international event has the potential to create jobs, increase volunteer opportunities, enhance civic pride, invest in new and existing infrastructure as well as advance other key municipal priorities. As a result of preliminary studies conducted by CSTA, CSTA recommends a Bid Exploration to further assess the feasibility and sustainability of a Calgary bid for 2026 OPWG, before officially requesting Calgary City Council to authorize a bid. If approved, a Bid Exploration would be initiated after The City of Calgary files an Expression of Interest to the Canadian Olympic Committee (COC), required 2016 June 30. The proposed Bid Exploration would launch in 2016 July and be conducted over a 14 month period. The timeline includes multiple stage gates, with a report back to Council in 2017 April, providing a recommendation regarding whether The City should submit a bid to the Canadian Olympic Committee to become Canada's nominee for the for 2026 OPWG. The Bid Exploration would provide Council with the due diligence required to decide upon a notice of intent to bid for the 2026 OPWG.

Administration has reviewed the CSTA proposed Bid Exploration with respect to: the timing of a Bid Exploration for the 2026 OPWG; the return on investment of up to \$5.0 million of City funds for deliverables and outcomes of the Bid Exploration; and the governance model and structure for the proposed Not-for-Profit Corporation – Bid Exploration Committee (BIDEXCO) to conduct the Bid Exploration, (see Attachment 1- Bid Exploration Committee, page 29). Attachment 6 outlines fundamental terms and conditions (including conditions relating to the management and release of funds) proposed for inclusion in a Funding Agreement between The City and BIDEXCO. The governance model and the composition of the board of directors of BIDEXCO would have to be satisfactory to Administration prior to the release of any City funds.

The intent of the Bid Exploration is to assess the feasibility including the investments required and risks associated with hosting the OPWG. The completion of this work will support The City in determining if it's feasible and sustainable to proceed with a bid and, if a bid is pursued, how best to position Calgary as a strong host city. Furthermore, the outcome of the work would provide information that would assist in considering future infrastructure and sport venue investment whether an Olympic bid proceeds or not.

Administration's view is that assisting in funding CSTA's proposed Bid Exploration is an investment as the deliverables will assist Calgary in maintaining its current position as a national and international sport training centre in addition to evaluating the viability of an Olympic bid for 2026.

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**ADMINISTRATION RECOMMENDATIONS**

That Council:

1. Adopt the Calgary Sport Tourism Authority's (CSTA) recommendation that The City of Calgary endorse a Bid Exploration (see Attachment 1) and request that the Mayor send a letter to the Canadian Olympic Committee (COC) expressing Calgary's interest in hosting the 2026 Olympic and Paralympic Winter Games (OPWG);
2. Approve a one-time increase in 2016 to operating budget program # 426 of up to \$5.0 million (\$4.7 million – BIDEXCO work, \$0.3 million – Administration support) from the Fiscal Sustainability Reserve (FSR);
3. Subject to BIDEXCO signing a funding agreement with The City of Calgary that:
  - (a) contains the fundamental terms and conditions outlined in Attachment 6;
  - (b) includes such other terms and conditions as may be deemed required by the General Manager, Community Services; and
  - (c) is in content and form satisfactory to the General Manager, Community Services and City Solicitor, respectively;Approve funding in an amount of up to \$5 million to BIDEXCO for the purpose of carrying out the Bid Exploration.
4. Authorize the General Manager, Community Services to negotiate and the General Manager, Community Services and City Clerk to execute the agreement referred to in recommendation 3;
5. Direct the General Manager of Community Services, to advise Council when the Funding Agreement is executed and to report to Council on the status of this initiative on a quarterly basis commencing 2016 September which includes progress of the Bid Exploration no later than Q1 2017 and, with a recommendation regarding the notice of intent to bid for 2026 OPWG by 2017 April (stage gates to be outlined in a Funding Agreement);
6. Direct that the report, Attachment 1, Attachment 2 and Attachment 3 remain confidential pursuant to Sections 23(1)(b), 24(1)(a), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act* until such time as Council adopts the recommendations contained in this report.
7. Direct that Attachment 4 and Attachment 5 remain confidential pursuant to Section 16 (1) of the *Freedom of Information and Protection of Privacy Act* until such time as the International Olympic Committee (IOC) has awarded an Olympic and Paralympic Winter Games (OWPG) to Calgary.
8. Direct that Attachment 6 remains confidential pursuant to Section (23(1)(b), 24(1)(a), 24(1)(g) and 25(1)(b) of the *Freedom of Information and Protection of Privacy Act* until such time as a Funding Agreement between The City and BIDEXCO is signed.

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### PREVIOUS COUNCIL DIRECTION / POLICY

On 2016 April 25, Council received for information the verbal in-camera update, VR2016-0023 Calgary Sports Policy Update.

On 2005 November 11, Council adopted CSPS005-74 Calgary Civic Sport Policy to enrich the quality of life for Calgarians by ensuring a wide range of participant, spectator, and volunteer opportunities in the city; to advance sport objectives in our community; and provide The City of Calgary with a framework outlining clear direction for the future of sport in Calgary and The City's role in doing so.

### BACKGROUND

Calgary's 1988 Winter Olympic Games is recognised internationally as a model for creating a lasting legacy post-Olympics. The Calgary Games Committee was intentional in building permanent sport infrastructure and a sustainable operating model rather than temporary amenities commonly erected for similar events. The committee's strategic decisions continue to benefit Calgarians at all levels of sport. It is this same vision, fiduciary responsibility and drive for sustainable infrastructure that positions Calgary well as the potential host for the 2026 Winter Olympic and Paralympic Games (OPWG).

Calgary Sport Tourism Authority (CSTA), operated by Tourism Calgary, was established in 2005 and is a collaboration of citizens and leaders from the private sector, Calgary Economic Development, Tourism Calgary, Calgary Sport & Entertainment, Canadian Sport Institute, WinSport, Calgary Hotel Association and The City of Calgary. As delineated in the Civic Sport Policy, CSTA's framework is a platform of research and due diligence, pursuing major sport and cultural events that help to advance social, cultural and economic objectives, while enhancing Calgary's brand and improving quality of life for its residents. Based on event selection criteria developed by CSTA, members work together to evaluate and recommend sporting event opportunities that bring significant benefits across a broad range of municipal priorities.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

Administration has reviewed the proposed Bid Exploration document provided by CSTA (Attachment 1). Specifically, Administration did an investigation and analysis according to the following items:

1. **Timing of Bid Exploration:** That a Bid Exploration has merit for the 2026 Olympic and Paralympic Games.
2. **Return on Investment:** That the Bid Exploration deliverables and outcomes have sufficient return on investment for City funding.
3. **Funding Agreement and Management of Funds:** The release of City funds will be governed by the terms and conditions of a funding agreement to be entered into between The City and BIDEXCO. The fundamental terms and conditions of that agreement are outlined in Attachment 6. The agreement will also contain such other terms and conditions as the General Manager, Community Services, deems required.



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### **Timing of Bid Exploration**

As part of its 20-year sport event monitoring, bidding and hosting strategy, the CSTA has worked with Olympic experts to conduct preliminary studies into the scope of work, potential costs and infrastructure required for Calgary to host the OPWG. The studies touched on the infrastructure requirements including villages, accommodations, sport facilities and media facilities. The preliminary studies concluded that Calgary is a viable Olympic host city, though upgrades to existing sport facilities are needed and some new facilities are required to match the evolution of the OPWG.

The opportunity to complete a Bid Exploration would further investigate the feasibility of hosting the OPWG including infrastructure requirements as well as potential future uses for the infrastructure. The City is keen on the opportunity to potentially explore legacy housing created by athletes' housing and media facilities, as well as the potential enhancements of sport facilities that would continue to attract athletes to Calgary well after the completion of the OPWG.

One of the key factors contributing to the viability of hosting the OPWG has been the introduction of the International Olympic Committee (IOC) Agenda 2020 framework. Forty recommendations were approved as part of Agenda 2020 through the IOC and fully applied in the bid process for the 2024 Olympic Games. Key recommendations that make the opportunity more attractive for Calgary include; decreasing the cost of bidding, increasing transparency, increasing sustainability and legacy, and shaping the bidding process as a prescreening exercise. With the focus on increased sustainability and legacy, Calgary would leverage existing 1988 Olympics facilities (some of which are approaching the end of lifecycle), and of re-purposing new athlete and media housing facilities after the OPWG.

In addition, there is an opportunity to further develop Calgary's economy throughout the bidding and hosting phases, and subsequent to the OPWG. Maintaining Calgary's profile as a national and international sport training centre that continues to invest in infrastructure, further establishes Calgary as one of the premier sport cities in the world.

As Calgary's population continues to grow and new Calgarians settle in our city, sport serves as a meaningful way to overcome cultural barriers, build relationships and establish lasting roots in a new community. Hosting the OPWG would potentially offer widespread participation opportunities for volunteers, suppliers, employees, contractors and spectators offering all Calgarians a shared experience in this legacy event.

All of the considerations previously outlined provides a compelling rationale for a Bid Exploration. The exploration would consider the lifecycle of existing Olympic facilities, underscore the need for purposeful economic development, job creation and build on the volunteer and community spirit Calgary has become known for.

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### **Return on Investment**

Upon completion of the proposed Bid Exploration, The City would receive a Master Hosting Plan (MHP) which would contribute to determining whether or not to proceed with an international bid application. The MHP would include:

1. Vision and Legacy Plan
2. Concept and Feasibility Plans including:
  - Sport and venues;
  - Accommodations and villages; and
  - Transportation.

The first major deliverable involves the engagement of key stakeholders to develop a Vision and Legacy Plan. The information gathered throughout this process would support The City in determining if the OPWG is a prudent part of the city's future, if sport development is a key strategy to advance municipal priorities and if we proceed, determine a lasting legacy. A growing foundation of vision and legacy will shape the next set of deliverables where the bulk of the work resides for the Bid Exploration.

CSTA has proposed a Bid Exploration Committee (BIDEXCO) and related governance structure to guide the overall Bid Exploration efforts, raise the necessary funds and develop initial understandings to support the MHP. Supported by subject matter experts and other consultants, the BIDEXCO will complete scenario based planning to develop concept and high level feasibility reviews for each of the following areas: sport and venues, accommodations and villages. Once concept plans have been selected, feasibility reviews including cost estimates for each scenario will follow. A preliminary review of transportation needs will also be conducted. The culmination of this work can be used to inform a thorough IOC Bid Application and will permit The City to make an evidenced-based decision to proceed, or not, with an international bid for the OPWG in 2026 or at a later date.

The greatest and most immediate benefit to The City is the ability to leverage the proposed plans yielded by the MHP exercise to make strategic decisions on short term City infrastructure needs and inform a much needed long term infrastructure renewal plan for Calgary. Both of these outcomes would be realized whether The City decides to proceed with a bid or not.

If Calgary proceeds with a Bid Exploration, the findings would verify the potential mid to long range benefits, also setting a framework for an intentional approach to economic development, advancement of city infrastructure, promotion of civic participation and creation of a vibrant and active city.

### **Funding Agreement and Management of Funds**

CSTA has requested up to \$5.0 million from The City to fund the Bid Exploration. It is contemplated that the Bid Exploration work would be undertaken by the Board of Directors and employees of a new company incorporated pursuant to the Canada Not-for-profit Corporations Act. A Fundamental Terms and Conditions have been proposed and would inform a formal Funding Agreement between the recently formed company BIDEXCO and Administration.

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Attachment 6 outlines fundamental terms and conditions to be included in a funding agreement between The City and BIDEXCO. The agreement will address such matters as the timing and distribution of funds (based on the timing of work), governance and board composition matters and Administration's role. The selection of board and committee members will be considered against a skills matrix, demonstrating a high level of experience, diversity, and representation from sports, recreation, culture and first nation's backgrounds.

Through its Funding Agreement with the BIDEXCO, The City would establish a phased release of funds which provides additional opportunities to review, manage and approve funds, as well as provide BIDEXCO an opportunity to solicit donations from other sources of funding. Within the Bid Exploration there are four stage gates where the release of funds may be reviewed and approved by The City, see Attachment 6.

CSTA and BIDEXCO will solicit donations to offset the \$5.0 million Bid Exploration costs, in accordance with the rules governing fundraising efforts established by the COC and IOC. The goal is to match up to \$1 million from the private, corporate and public sector; therefore, reducing the funds released by The City. Any additional funds raised will be spent proportionally to City funds. A proposed Bid Exploration financial breakdown is included in CSTA's document Attachment 1 Graph 1 page 26, and outlines key activities and milestones over the next 14 months. Expenditures totaling up to \$5.0 million were divided within major categories with the majority (54 per cent) allocated to the development of the Master Hosting Plan (MHP).

Administration will require \$0.3 million of the \$5 million to fund Administration's costs associated in assisting with the Bid Exploration.

In addition, CSTA has proposed a governance model with supporting documentation for BIDEXCO. CSTA suggested that The City be represented on the Board of Directors of BIDEXCO. Administration proposes that The City appoint two representatives to assist the Board of Directors of BIDEXCO in its work. The final organizational structure, articles, bylaws, shareholder agreement, board composition, terms of reference and Committee composition will have to be satisfactory to Administration prior to advancement of any funds by The City.

Part of 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 execute bid programs and/ or successfully host major events. CSTA and Administration will work together to establish a selection process to select a diverse and skilled Board that would oversee the Bid Exploration. The organizational structure will be collaborative, 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.

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

Calgary's community stakeholders, venue owners and facility operators shared with CSTA past experiences about how the 1988 Olympics shaped their view of the City and its place in the world. They communicated the significant potential for the advancement of Calgary and

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Alberta's goals for community building, facility development, citizen engagement, affordable housing, economic development and cultural inclusivity that would arise from hosting the Olympic Games again.

Through preliminary discussions, CSTA has aligned objectives and identified partnerships with numerous community stakeholders including The City, Tourism Calgary, Calgary Economic Development, Calgary Sport Council and other sports organizations and associations. CSTA has completed preliminary plans to engage key stakeholder groups further in the Bid Exploration as part of a stakeholder outreach plan. Consultations would also include sport, at the local and national level to identify key legacy aspirations.

### Strategic Alignment

Exploring an Olympic bid aligns with Council Priorities for 2015-2018 in the following ways:

- P2 Advance purposeful economic diversification and growth.
- P3 Support civic, business and community partners, as well as business revitalization zones, to collaborate and attract local and global investment.
- P5 Seek out partnerships with other governments and community partners to achieve community well-being.
- W2 Be as efficient and effective as possible, reducing costs and focusing on value for money.

The outcomes and deliverables of this phase also align to specific tactics in the Economic Strategy for Calgary's strategy one, *Tell Calgary's unique and compelling story with one voice* and strategy two, *Build and promote Calgary as a city to live a creative, active life*, as outlined below:

- Support the investigation of convention space needs
- Support sport and sport tourism development
- Support efforts to increase hotel rooms in the Centre City
- Promote Calgary as a destination for national and international sporting events
- Attract and leverage world class events and festivals
- Redefine western values to focus on Calgary's spirit of neighbours helping neighbours, welcoming newcomers and a 'can-do' attitude

Should The City eventually decide to proceed with pursuing an Olympic bid and potentially hosting the 2026 OPWG, the outcomes would align with nearly all of Council's Priorities for 2015-2018. A sampling is included below:

- P1 Strengthen Calgary's position as a global energy centre and location of choice for international talent, investment and innovation through enhanced business development, marketing and place-making initiatives
- N9 Provide great public spaces and public realm improvements across the city to foster opportunity for well used public spaces and places for citizen connections and urban vitality.
- H8 Continue to invest in indoor and outdoor recreation facilities that address the changing needs of Calgarians.

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Further alignment is evident with the Civic Sport Policy; Festival and Events Policy, Calgary's Civic Arts Policy, Poverty Reduction Strategy and Capital Plan objectives; Recreation Master Plan Outcomes Focused Planning goals; Centre City Plan vision and principles; Sustainability Direction 2020 objective; Calgary Economic Development Strategy areas of focus; Municipal Development Plan objectives, imagineCalgary targets and the International Olympic Committee Agenda 2020 recommendations. Further, Administration is currently developing a Civic Cultural Plan of which the potential OPWG can serve as a catalyst in these discussions and in realizing outcomes of the Civic Cultural Plans/vision for Calgary.

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

An Olympic Bid Exploration would continue to establish Calgary as a leader in the sport development industry enhancing Calgary's profile as a host city for major sport and cultural events and position sport as an integral part of Calgary's culture. Albertans continue to demonstrate resiliency throughout difficult times, and this project has the potential to tell our story and share our vision on an international stage.

The potential Bid Exploration would inform The City's Infrastructure Investment Plans and allow a strategic approach to prioritizing which City infrastructure is due to be life-cycled, re-purposed or enhanced, as well as opportunities to advance the affordable housing initiative for the future, and invest in sports or cultural amenities that will be enjoyed for years to come.

The proposed Bid Exploration demonstrates The City's commitment to economic development, creation of new jobs, encouragement of innovation, and the importance of having social and cultural aspect of the city while mitigating financial risk.

### **Financial Capacity**

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

CSTA has prepared a Bid Exploration funding request for up to \$5.0 million to deliver a Master Hosting Plan (MHP) over the next 14 months. CSTA has stated that they will continue to pursue other funding sources, including private, corporate and other levels of government, to reduce the \$5.0 million amount. Release of funds will be subject to a Funding Agreement.

Within the \$5 million amount is \$0.3 million which is required to support Administration's role in the Bid Exploration work. As such, Administration is requesting that Council approve a one-time increase in 2016 to operating budget program #426 of up to \$5.0 million (\$4.7 million – Bid Exploration Committee work, \$0.3 million – Administration support) from the Fiscal Sustainability Reserve (FSR).

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

There are no capital budget implications associated with initiating the Bid Exploration. Future capital budget requirements will be identified at the completion of the Bid Exploration.

### **Risk Assessment**

Advancing the Bid Exploration will provide additional information to help identify and minimize financial and other risks associated with further pursuing the 2026 OPWG. The upfront investment of up to \$5.0 million will determine if bidding is worthwhile and feasible and



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contribute to a much needed long term sports facility renewal strategy. Armed with this information, The City will be well positioned to determine how to engage and to what extent other orders of government would be required to participate and support an OPWG bid.

Furthermore, Administration has developed a risk registry to evaluate specific risks associated with undertaking the Bid Exploration. The identified issues primarily fall into four categories: financial risk, impact to citizens, reputation risk and delivery of services. However, to mitigate there will be clarity on the return on investment, with consideration to economic times. The documented issues may either be accepted or mitigated with sound project planning and strategic communications to avoid and mitigate actual risk.

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

Administration supports CSTA's recommendation of an Olympic Bid Exploration for the following reasons:

Council's priority to build a prosperous city in a time of economic hardship requires a vision and strategic platform. Pursuing the 2026 OPWG demonstrates Administration's commitment to economic development and creating a vibrant, active and creative city.

Calgary's lasting legacy from the '88 Olympics positions the city well in terms of feasibility and sustainability of hosting future games. Furthermore, the IOC Agenda 2020 gives Calgary an advantage for being selected as an ideal location to host the 2026 OPWG.

An up to \$5.0 million investment to proceed with the Bid Exploration would advance a potential international bid, but would contribute to a long term facility renewal plan whether Calgary proceeds with a bid or not. The exploration phase would determine opportunities to invest in infrastructure that advances Calgary's strategic economic development goals, leverages community infrastructure, and promotes a proud, creative and healthy city.

A governance model is proposed for the Bid Exploration Committee that meets best practices; the selection of the board and committee members will be based on required skills and competencies to drive the project forward; and a Funding Agreement will be in place to mitigate financial risk on behalf of The City. The Funding Agreement will incorporate the process for the distribution of funds, associated reporting requirements, and a clear signing authority.

Alberta's civic pride is resilient and growing in strength. Pursuing an Olympic bid provides an international platform for Alberta to tell our story and demonstrate a commitment towards economic development and our ability to thrive during challenging times.

### **ATTACHMENT(S)**

- Attachment 1 – CSTA - Bid Exploration 2026 Olympic and Paralympic Winter Games
- Attachment 2 – CSTA – Bid Exploration 2026 Olympic and Paralympic Winter Games – Appendix A
- Attachment 3 – CSTA – Bid Exploration 2026 Olympic and Paralympic Winter Games –

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- Appendix B
  - Attachment 4 – CSTA – Bid Exploration 2026 Olympic and Paralympic Winter Games –  
Appendix C
  - Attachment 5 – CSTA Report Preliminary Economic Impact Analysis
  - Attachment 6 – Fundamental Terms and Conditions
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