

OLYMPIC BID UPDATE

EXECUTIVE SUMMARY

This report provides Council an update on whether it is prudent for The City to submit a bid to host the 2026 Olympic and Paralympic Winter Games (2026 OPWG). The Calgary Bid Exploration Committee (CBEC) reported to Council on 2017 July 24, that it was feasible for Calgary to host the 2026 Games but that more work was required to determine whether it was prudent to do so, as noted in their recommendations and verbal report to Council.

As part of the continuing work associated with CBEC's final report, and as directed by Council, Administration has moved forward with the Invitation Phase of the Olympic Bid, now identified as the Dialogue Stage by the International Olympic Committee (IOC). This work is being conducted by a project team consisting of members of Administration and consultants (the City Project Team) and its work includes determining if a bid for the 2026 OPWG can meet the five Principles endorsed by Council (the five Principles).

In September, Administration advised Council that the IOC would not release the Host City Contract (HCC) between the IOC and the host city for the 2026 OPWG until July 2018. Administration had anticipated that it would deliver its analysis of the five Principles to Council at that time and then Council would decide whether or not to proceed with the formation of a formal Bid Corporation (BidCo).

As part of the ongoing research and work, The City's Project team has recently become aware of several key changes to the IOC's 2026 Candidature Process which impact The City's decision-making process, timelines and budget. The most significant change is the requirement that candidate cities submit their formal bid book and agree on core Guarantees to the IOC by January 2019. This means that the bid book must be substantially completed by late 2018. Therefore, if Calgary is going to proceed with a competitive bid, The City will need to begin the formation of a BidCo in early Q1 2018. The bid corporation will need to conduct a significant amount of work prior to Administration receiving the Host City Contract in July 2018 while addressing the Council endorsed five Principles.

These changes to the bid process indicate that Administration's current sequential work plan needs to be revised to accommodate multiple streams of work. In summary, the City Project team will continue to complete the following using current funding, as endorsed by Council 2017 August 2 (C2017-0616):

- analysis of the five Principles and report to Council by July 2018;
- ongoing discussions with the provincial and federal governments about formally participating in a BidCo.

Additional funding will be required as The City will now need to act as the de facto BidCo and complete the following work, until a formal BidCo is in formed:

- commence the work required to remain competitive in the process;
- bid design and development towards a bid book;
- formation of a bid corporation in early 2018 to take over the work of the bid; and
- transition that work to a formal BidCo.

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Council had authorized Administration to use the remaining \$1.5 million of CBEC's budget to conduct its analysis of the five Principles. The additional work summarized above will require additional funds in the order of \$2.0 million; however, the exact amount requires further investigation and refinement. Administration will return to Council 2017 November 20 with a formal funding request. The amount to be requested excludes the funds that will be required for the operation of the bid committee itself, funding for which will need to be negotiated with the other orders of government, the Canadian Olympic Committee and private sector sponsors.

Administration has prepared the following report identifying off-ramps throughout the Dialogue Stage, as well as the opportunities and risks attributed to pursuing the next phase following the release of the new process and timelines from the IOC.

ADMINISTRATION RECOMMENDATION(S)

That Council:

1. Receive this report for information.
2. Direct Administration to report back to Council 2017 November 20, with a formal funding request to deliver on the additional work required for the Dialogue Stage.

PREVIOUS COUNCIL DIRECTION / POLICY

See Attachment 1 Previous Council Direction.

BACKGROUND

On 2017 August 2, Council received Administration's Evaluation Summary and directed The City of Calgary to not move forward with a bid for the 2026 OPWG unless five Principles could be satisfied (C2017-0616, Attachment 4). Council further directed Administration to close out the Exploration Stage and to lead the Invitation Phase (now referred to as the Dialogue Stage) internally and to utilize the remaining funds appropriated to CBEC for this work. A workplan, governance structure and associated timeline was provided to members of Council in 2017 September.

On 2017 September 29, IOC released the "Candidature Process Olympic Winter Games 2026" document which provides an outline for a new candidature process that aligns with IOC's Agenda 2020 reforms. While Agenda 2020 is intended to result in cost savings for interested host cities; the new candidature process has substantial implications to City timelines and deliverables. On 2017 October 17 the IOC further released the "Candidature Questionnaire Olympic Winter Games 2026". This document is where interested cities will populate their games vision, concept, experience and delivery. A BidCo should be in place to oversee the development and finalisation of the bid components. The BidCo would see membership from all key stakeholders, including but not limited to Canadian Olympic Committee, The Town of Canmore, The Government of Alberta, The Government of Canada and The City of Calgary. The Candidature Questionnaire also includes a list of the guarantees; however, it is anticipated by Administration that these guarantees will not be finalized until the release of the Host City Contract, which the IOC is targeting to release by 2018 July.

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The deadline for an interested city to enter the Dialogue Stage process has been extended to 2018 March 31. In 2018 October, the IOC will invite interested cities with hosting capacity, which have participated in the Dialogue Stage, to participate in the Candidature Stage. The deadline to submit a bid book to the IOC, has however been accelerated to early in 2019 from what Administration previously assumed to be mid 2019. See attachment 2 Dialogue Stage – Revised Timelines. The funding required for the complete development of the bid book and Candidature Stage requirements is estimated to be in the order of \$25-30 million (inclusive of costs already incurred). It is expected the funding for the work would be shared by the key stakeholders of the BidCo, however the ultimate funding model for this work and source of funding for The City of Calgary's share has not been determined.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Throughout the Bid Exploration phase and now into the Dialogue Stage, The City of Calgary has continued to review the associated risk versus the benefits in its investigation on whether or not to pursue a 2026 OPWG bid.

Since the September update to members of Council, significant timeline changes have transpired that suggest Administration revisit the workplan and its resourcing if The City of Calgary is truly to be a successful candidate city. Most notably, this includes the need to advance bid design and development along with initiating the inception of a BidCo to meet the accelerated timelines; this work is in addition to delivering on the 2017 September Workplan shared with members of Council to address certainty around the five Principles.

Prior to the creation of a BidCo, Council approval will be sought to endorse both the funding model between the key stakeholders and funding source for The City of Calgary's share. The total cost for this is estimated to be between \$25-30 million, inclusive of the funds previously allocated and potentially approved through this report. The variance is a result of the IOC's suggestion that the costs of bidding should be reduced through their new processes, however these reductions are not clear to the Project Team at this point in time and the costs are also entirely dependent on the future competitive landscape.

With the changes to the IOC process in mind, Administration also desires to update Council on other evolving aspects where work has been advanced. These areas include; the potential Preliminary Rationale for Hosting, Financial Picture, Stakeholder Interest and the Competitive Landscape.

Preliminary Rationale for Hosting: An initial draft vision, mission, benefits and legacy statements are taking shape. Attachment 3 Preliminary Rationale for Hosting, provides some of potential benefits of hosting the OPWG 2026.

Financial Picture: Administration has continued to refine both the operating budget and capital investment for sport and media facilities. Overall, the financial picture is evolving to maximise both the physical and non-physical legacy opportunities; however, all 5 principles still need to be addressed. Administration will conduct a similar process for the media and athletes villages / housing component of the bid. Direct conversations with the IOC are scheduled to commence 2018 January to further identify opportunities for cost savings.

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Stakeholder Interest: Conversations are occurring with other orders of government, impacted municipalities and the Canadian Olympic Committee (COC). Interest exists with all key parties to be kept apprised of the project status. While funding remains a top concern, Administration has not been advised by other orders of government to not proceed at this juncture.

Competitive Landscape: The competitive landscape is changing; a strong contender has dropped out of the process while some new cities are suggesting they could join. The competitive landscape is summarised below:

- Innsbruck, Austria is not proceeding due to referendum results from 2017 October.
- Sion, Switzerland is participating in the Dialogue Stage, but will need to abide by numerous referendum results at national and local levels.
- Stockholm, Sweden has also participated in the Dialogue Stage to date, but it is unclear if they will proceed.
- Sapporo, Japan; Telemark, Norway; and 3 Cities in the USA (Reno, Salt Lake, Tahoe) are considering joining the Dialogue Stage, but some experts believe that all but Norway are targeting 2030.
- Paris 2024 and LA 2028 were awarded together in 2017 September, a first for the IOC, which suggests that while the IOC's focus is on one good candidate for 2026, a dual award for 2026 and 2030 from the 2026 competition is possible.

While the five Principles will be addressed through the work streams contained within Administration's Workplan (Attachment 4), an update specific to each of the Principles is provided below.

Five Principles:

1. *Capital Cost Funding Model:* Ongoing conversations occurring with Sport Canada and submission of their business case is pending development of a vision and supporting legacy plans. At the provincial level, brief conversations have occurred with the Premier's Office and the Ministry of Culture & Tourism. More detailed conversations are anticipated to occur prior to the end of November.
2. *Security Model:* Administration believes CBEC's proposed security plan is sound and results in reduced security costs. Funding for this aspect of games hosting will be addressed concurrently with the work for Principle 1.
3. *Operating Costs:* IOC has indicated numerous times they can reduce the operational costs for games hosting. Direct meetings with the IOC are currently being scheduled in Calgary for mid-January 2018.
4. *Financial Structure:* Administration is revisiting the Master Facilities Plan as prepared by CBEC through a lens to reduce operating and capital expenditures. This work along with that of Principle 1 will determine what may ultimately be required in terms of financial support from the City and associated debt capacity implications.
5. *Financial Guarantees:* These will be further investigated with the IOC beginning in 2018 January, final clarity will not be realized until the release of the Host City Contract in 2018 July.

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While clarity around the five Principles remains unresolved and many unknowns within the overall bid process exist, there have been indications from the IOC and the changes to the competitive landscape that suggest that the five Principles could be satisfied and that Calgary could mount a successful bid for the 2026 OPWG. However, due to the revised 2026 Candidature Process an increased investment is required to ensure that Calgary can mount a competitive bid should Council choose to proceed. Without that investment, it will not be possible to proceed with a competitive bid.

The revised timelines, and work plan are detailed in the following attachments: Attachment 2 Dialogue Stage – Revised Timelines and Attachment 4 Dialogue Stage – Revised Work Plan.

Stakeholder Engagement, Research and Communication

Public appetite for a project of this magnitude is of great interest to all orders of government. As such, a key area of the workplan includes developing communications, citizen engagement, stakeholder relations and government relations plans. Administration continues to work with The City's Intergovernmental and Corporate Strategies (ICS) and Customer Service & Communications (CSC) teams to complete this work.

Strategic Alignment

The Municipal Development Plan, Calgary Transportation Plan, existing Area Structure Plans, Infrastructure Investment Plans and the Triple Bottom Line will continue to be used during the Dialogue Stage to ensure alignment at the municipal level. These documents will also continue to guide the initial OPWG 2026 vision, mission, benefits and legacy plans to help shape Calgary's future and meet the needs of Calgarians from now to 2026 and beyond.

Social, Environmental, Economic (External)

Extensive community consultation has been built into The City's existing plans and policies. The 2026 OPWG Bid Exploration utilized these strategic plans as a foundation and as a result citizen's social, environmental and economic priorities will be reflected in the initial draft OPWG 2026 vision, mission, benefits and legacy plans. Should Calgary choose to proceed to the Candidature Stage, these plans will be further refined by a BidCo and other key stakeholders prior to their inclusion in a formal bid book.

Financial Capacity

Current and Future Operating Budget:

As endorsed by Council (C2017-0616) in 2017 August, the remaining Bid Exploration funds will be applied to the Dialogue Stage. With the accelerated timelines and further clarity on required deliverables from the IOC, Administration needs to further investigate the amount of funds required to ensure adequate resources are available to accomplish all deliverables up until the IOC release of the Host City Contract (HCC) in Q3 2018. Administration will complete the financial assessment and return to Council 2017 November 20 with a formal funding request in the order of \$2.0 million. Should City Council choose to end the project at any time, any unused funds would be returned to the appropriate funding source.

Current and Future Capital Budget:

No capital budget impacts for the Dialogue Stage as a result of this report.

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Risk Assessment

As discussed above, Administration continues to review risk to ensure it falls within an acceptable range to The City, while the opportunity and benefits are growing. Although the near-term financial risk would increase slightly with the request for additional funds, Administration believes the additional investment will result in further clarity for the purposes of addressing the five Principles.

Furthermore, The City can end the process at any point during the Dialogue Stage if it is determined the Principles cannot be adequately addressed, or it is found there is no viable ability or value in progressing to the Candidature Stage.

REASON(S) FOR RECOMMENDATION(S):

The intent of this report is to provide members of Council with a project update given much has transpired since the last update in 2017 September.

On 2017 November 20 Administration will be requesting Council support for an increased level of commitment to the Dialogue Stage of the bid process as a response to the accelerated timelines and further detail received on IOC deliverables. Administration has revised the timelines, work plan, and is conducting a thorough investigation into the additional funding required.

Based on the work ahead, Administration will require an increase to operating budget program #426 to ensure Administration can respond to the increased demands of the Candidature Stage and ensure this pace can be sustained to accomplish project deliverables until the International Olympic Committee releases the 2026 Host City Contract. Administration will return to Council 2017 November 20 with a formal funding request once the financial implications have been fully investigated.

The guarantees and the information contained within the Host City Contract will address key components of the five Principles endorsed by Council (C2017-0616, Attachment 4), making this milestone a critical off-ramp if required. Armed with this information, City Council and all orders of government can make a confident determination whether to proceed or not with a bid. The additional investment will ensure that should Council decide to proceed with a bid, The City of Calgary is strongly positioned for a successful Candidature Stage. Alternatively, should Council and other orders of government decide not to proceed, the decision will be made with the utmost due diligence.

ATTACHMENT(S)

1. Previous Council Direction
2. Dialogue Stage – Revised Timelines
3. Preliminary Rationale for Hosting
4. Dialogue Stage – Revised Work Plan