

**City Manager's Office Report to
Olympic and Paralympic Winter Games Council Committee
2018 May 15**

**ISC: UNRESTRICTED
OPC2018-0644
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2026 Olympic and Paralympic Winter Games Council Committee Work Plan Update

EXECUTIVE SUMMARY

This report is an update on the work done to-date that was requested by the 2026 Olympic and Paralympic Winter Games (2026 OPWG) Council Committee on 2018 May 1 including an overview of budget spent to-date.

ADMINISTRATION RECOMMENDATION:

That the 2026 Olympic and Paralympic Winter Games Council Committee recommend that Council:

1. Receive this work plan update for information;
2. Forward Report OPC2018-0644 directly to the 2018 May 16 Strategic Meeting of Council as Urgent Business.

PREVIOUS COUNCIL DIRECTION / POLICY

At the 2018 May 1 meeting of the 2026 OPWG Council Committee (OPC2018-0578), Administration was directed to bring regular workstream updates back to the 2026 OPWG Council Committee.

BACKGROUND

The Calgary Bid Exploration Committee (CBEC), formed in 2016 July, was directed to explore the financial feasibility of hosting the 2026 Olympic and Paralympic Winter Games (OPWG). CBEC's Final Report and Recommendations (C2017-0616), submitted to Council 2017 July 24, concluded that it would be feasible for Calgary and the Bow Valley Region to host the 2026 OPWG in a financially responsible manner. At that time, City Council directed City Administration to further explore whether it is prudent of hosting the 2026 OPWG. Since 2017 August City Administration and subject matter consultants, with support from a volunteer Advisory Panel, have continued the exploration work. The volunteer Advisory Panel comprises former CBEC members and subject matter experts needed to complete the work. Work regarding the preparation of a potential bid will transition to a corporation created for the purpose of submitting a potential bid ("BidCo") with support from City Administration.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Work Completed To-Date

Since taking the project over from CBEC in 2017 August, The City has continued to work on clarifying and confirming the benefits, risks, costs, and details of potentially bidding for and hosting the 2026 OPWG. This work falls under bid development work streams as well as City Administration work streams.

The bid development work streams include:

- Venue Use and Infrastructure
- Operational Themes and Bid Development
- Financing
- Security

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- Vision, Legacy, Sustainability, Government Submissions and Guarantees

The City Administration work streams to-date include:

- Planning and Reporting
- Legal
- Finance
- Communications/Issues Management

A list of the activities delivered by the City project team under each work stream since 2017 August is included in Attachment 1.

There is more work to be done in both the bid development and City administration work streams. Once BidCo is ready, it will take over the bid development work streams. A City project team will continue to deliver the City administration work streams, as above, with the addition of two more work streams: Programming and Essential Services.

Budget Spent To-Date

The Bid Budget starts with the formation of CBEC to undertake the initial feasibility work, and has been built-up in successive steps as follows:

- In 2016 June Council approved \$4.7 million for CBEC work and \$0.3 million for Administration support.
- In 2017 November Council approved an increase of \$2 million with \$1 million of the total funds being held until financial commitment was received from the other orders of government.
- With the confirmation of shared BidCo funding in place by the Government of Alberta and the Government of Canada, the additional \$1 million was released.
- In 2018 March (C2018-0266), Council approved an additional \$2.5 million in funding to the project, bringing The City's total funding related to a potential bid for the 2026 OPWG to \$9.5 million.

On 2018 March 29, the Government of Canada (GoC), the Government of Alberta (GoA) and The City of Calgary (The City) committed funding to the development of the Bid Corporation (BidCo). The GoC's contribution to BidCo is \$10.5 M and the GoA's contribution is \$10 M. The total funding for a BidCo to \$30M, when the City of Calgary's contribution of \$9.5 M is included. Administration will be reviewing GoC and GoA funding agreements.

As of 2018 April 30, the City has spent \$5.20 million completing the activities for the work streams listed in this report. Attachment 2 outlines the details of expenditures by the City project team since 2017 August.

Stakeholder Engagement, Research and Communication

The work stream activities (Attachment 1) are informed by the International Olympic Committee (IOC) bid requirements and the Council-endorsed Five Principles (C2017-0616). The Five Principles endorsed by Council on 2017 November 20 are:

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1. We believe that is reasonable for the capital costs for the facilities to host the 2026 OPWG be borne by entities including the municipal, provincial and federal governments given that the assets will generate long term benefits for the community.
2. We believe that is reasonable that the security costs for hosting the 2026 OPWG be borne by other orders of government, in addition to their contribution to the capital costs for the 2026 OPWG, given the international nature of the event.
3. We believe that Canadian taxpayers should not contribute to the direct operating costs of hosting the 2026 OPWG (other than security costs). We believe that it is reasonable for the operational cost of the 2026 OPWG should be covered by ticket sales, sponsorship, broadcast rights, IOC contributions and other earned revenues.
4. The City has limited debt capacity and it would be challenging for The City to incur additional debt with respect to the 2026 OPWG including the facilities that are already being contemplated by The City. Thus, there must be a financial structure that accommodates the cash flow and debt level constraints of The City.
5. We believe that if the IOC requires financial guarantees in the host city contract, such guarantee must be provided by an entity other than The City or deemed to be at a level acceptable to The City.

The activities have also been informed by the IOC Interactive Working Sessions in 2018. These sessions are offered by the IOC to Interested Cities as an opportunity to learn more about IOC processes and requirements.

To date, these activities have been completed by the City project team, with the support of consultants familiar with the IOC processes and requirements and with subject matter expertise in exploring, bidding for and hosting an OPWG.

Strategic Alignment

This report aligns with the Municipal Development Plan, Council direction as outlined in the 2015-2018 Action Plan, and the Leadership Strategic Plan.

Social, Environmental, Economic (External)

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.

Financial Capacity

Current and Future Operating Budget:

The funding associated with the work outlined in this report has been approved through previous Council direction.

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Current and Future Capital Budget:

No capital budget impacts as a result of this report.

Risk Assessment

The City of Calgary's investment in this project will be accompanied by investment from the other orders of government.

The work that has been completed to-date can be used to inform and support The City's strategic direction and Council Priorities whether Calgary moves forward with a bid for the 2026 OPWG or not. The evaluation of Calgary's sport infrastructure and legacy projects has identified what upgrades would be required to continue providing the required infrastructure for both the public and high-performance athletes, and to maintain Calgary's international standing as a winter sport city.

The work that has been completed could be transitioned to Calgary Economic Development to use in their economic development, job creation and marketing activities to help boost Calgary's economy, including bidding on large scale events, trade shows and sport competitions.

REASON(S) FOR RECOMMENDATION(S):

The work plan and budget review provides transparency regarding the activities undertaken by the 2026 OPWG Project team to-date.

ATTACHMENT(S)

1. Work Stream Activities, August 2017 – April 2018
2. Bid Budget Expenditures, August 2017 – April 2018