

City Manager and Chief Financial Officer Report to
Combined Meeting of Council
2019 June 17

ISC: UNRESTRICTED
C2019-0187

2026 Olympic and Paralympic Winter Games Bid Project - Final Report

EXECUTIVE SUMMARY

Calgary benefited from national and international attention during the two and a half years from 2016 June 20 to 2018 November 19 that Council, together with Calgarians, examined whether Calgary should bid to host the 2026 Olympic and Paralympic Winter Games (OPWG) and succeeded at being shortlisted by the International Olympic Committee (IOC) as a Candidature City to be considered to host the Games should Council have chosen to proceed with a bid. Administration has been advised that Calgary is the first municipality to undertake such a comprehensive due diligence analysis into whether it is feasible and prudent to bid for and host an Olympic and Paralympic Winter Games. Attachment 1 documents the reports Council considered during the course of this examination.

On 2018 November 13, Calgarians were asked to vote on whether they were for or against Calgary hosting the 2026 OPWG. 56.4% of Calgarians who cast a vote voted against Calgary hosting the Games. This report responds to Council's resulting 2018 November 19 direction to disband the City Secretariat, wind up the Calgary Bid Exploration Committee (CBEC) and Calgary 2026 Bid Corporation (Calgary 2026) and provide a report:

- (a) outlining the detailed total costs expended by The City on the bid project, including costs expended for CBEC's work and the City Secretariat's work and any City funds provided to and expended by Calgary 2026 (Attachments 2, 3, 4, and 5);
- (b) outlining the value derived from the work undertaken by CBEC, Administration and the City Secretariat during the course of investigating whether Calgary should bid to host the 2026 OPWG (Attachment 6); and
- (c) providing recommendations in regard to which reports made to Council Committees and/or Council that were previously directed by the Committee or Council to remain confidential should be publicly released (Attachment 7).

The extensive work undertaken by CBEC, Administration, Calgary 2026, and the City and other orders of governments' Secretariats culminated in thorough documentation supporting a strong bid ready for submission to the IOC had Council chosen to proceed with the bid. Given IOC bid submission deadlines, work to prepare the bid documents had to be undertaken in parallel with continuing due diligence exercises, negotiations with other orders of government to fund the Games, public engagement, and the vote of the electors.

The total amount invested by The City to:

- undertake all analysis that Council believed was required to determine whether to bid to host the 2026 OPWG;
- prepare a bid submission to meet the IOC's requirements should Calgarians support pursuing a bid;
- provide Calgarians with an opportunity to vote on whether The City should host the Games; and
- incorporate and wind up CBEC and Calgary 2026;

was \$6,994,566.

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Council had approved a total budget of \$14,637,000 for this work (\$9,500,000 as a contribution toward bid development costs, \$3,337,000 to fund the work of the City Secretariat in 2018 and \$1,800,000 to fund the work of the City Secretariat in 2019). The \$6,994,566 expenditure was comprised of the following amounts:

• City share of Project costs (detailed in Attachment 2)	\$ 4,015,564
• City Secretariat costs (detailed in Attachment 5)	\$ 2,729,289
• City share of the cost of the Vote of the Electors (detailed in Attachment 5)	<u>\$ 249,713</u>
TOTAL	<u>\$ 6,994,566</u>

Supporting documentation, including audited financial statements for CBEC and Calgary 2026, is included in Attachments 2 through 5 of this report.

ADMINISTRATION RECOMMENDATIONS:

That Council:

1. Receive this report for information;
2. Approve the appropriation of \$107,832 from the commitment identified for the City Secretariat in the Fiscal Stability Reserve (FSR) and release the balance of the remaining commitment of **\$645,168** back to the FSR as uncommitted; and
3. Hold Attachment 7 confidential pursuant to Sections 16(1), 17(1), 21(1), 23, 24(1), 25(1), and 27(1) of the Freedom of Information and Protection of Privacy Act but after consideration of this report release to the public Attachment 7 and the documents referred to in it.

PREVIOUS COUNCIL DIRECTION / POLICY

Outlined in Attachment 1.

INVESTIGATION

(a) DETAILED FINANCIAL INFORMATION

Outlined below is a summary of The City's investment during various phases of the due diligence exercise and bid development project (the "Project").

CBEC Expenditures:

On 2016 June 20, Council adopted the Calgary Sport Tourism Authority's recommendation that The City explore a bid for the 2026 OPWG. The CSTA felt that the benefits related to bidding for and hosting the Games would be considerable and had the potential to align closely to The City's long-term goals with respect to economic opportunity, sport development, social development, and cultural enrichment.

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CBEC's members were The City and Tourism Calgary. CBEC was incorporated on 2016 October 17 to bring together interested stakeholders, members and directors to initially explore, conduct research into, assess the feasibility of, and make recommendations to The City with respect to a possible bid to host the 2026 OPWG and determine whether it was viable to garner support to advance the bid. On 2017 July 24, the distinguished Calgarians appointed by Council to serve on CBEC's Board of Directors submitted their final detailed Feasibility Study and Conceptual Master Hosting Plan to Council. Their report focused on responding to two separate but inter-related questions:

- Is it feasible for Calgary to host the 2026 OPWG?; and
- Is it prudent for Calgary to bid and seek to host the 2026 OPWG?

CBEC concluded that while it was feasible to host the 2026 OPWG, additional due diligence should be undertaken to determine whether hosting the Games was prudent.

As indicated in the audited financial statements included as Attachment 3, CBEC's expenditures during the period 2016 October 17 to 2017 December 31 were \$2,898,047. This amount is included in the Final Summary of 2026 OPWG Project Costs included as Attachment 2.

As directed by Council, CBEC is now being wound up. Dissolution is anticipated by 2019 December 31. Any funds remaining in CBEC will be returned to The City at the time of CBEC's dissolution.

Transition Period Expenditures:

Following CBEC's report to Council, responsibility for continued due diligence and bid development-related work transitioned to Administration and between 2017 August and 2018 June, Administration undertook further analysis as to whether hosting the 2026 OPWG would be prudent. During this period, Administration worked with bid development consultants, negotiated arrangements with the Government of Canada (GoC) and Government of Alberta (GoA) to fund the bid, prepared submissions to the GoC and Canadian Olympic Committee (COC) required to officially bring forward Calgary as the Canadian Candidate City for a potential bid, and participated with the GoC, GoA and COC in the IOC's Observer Program at the 2018 OPWG in PyeongChang, South Korea to better understand venue, athlete, official, and spectator services and logistics required to host the Games.

Costs associated with this work, which were audited through The City's year-end external audit process, totalled \$2,674,440. This amount is included in the Final Summary of 2026 OPWG Project Costs included as Attachment 2.

Calgary 2026 Expenditures:

On 2018 June 7, Calgary 2026 was incorporated. Its members were the GoC, GoA, The City, the Town of Canmore, the COC, and the Canadian Paralympic Committee (CPC). Calgary 2026's mandate was to "support and promote the development of sport and amateur athletics in Canada through the development and promotion of a bid to hold the 2026 OPWG in the City of Calgary, the Town of Canmore and surrounding and other areas as needed to host the Games and, in particular, to develop, co-ordinate and present to the IOC a bid to have the City of

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Calgary named as the host city to stage the Games”. Each member appointed distinguished individuals to serve on Calgary 2026’s Board of Directors.

The GoC, GoA and Council had agreed to contribute a maximum of \$10,500,000, \$10,000,000 and \$9,500,000 respectively towards bid exploration and development costs. It is important to note that while each order of government bore its own Secretariat costs, the GoC and GoA agreed that their respective contributions could be utilized to fund some of the work undertaken by CBEC and Administration in addition to the work of Calgary 2026.

Of the \$30,000,000 in committed funds, as indicated in the audited financial statements for Calgary 2026 included as Attachment 4, \$6,708,241 was expended by Calgary 2026 in the development of its Draft Hosting Plan Concept and formal bid documents suitable for submission to the IOC had Council opted to proceed with the bid. This amount is included in the Final Summary of 2026 OPWG Project Costs included as Attachment 2.

As directed by Council, Calgary 2026 was dissolved on 2019 May 31. \$400,000 (The City’s share of which is \$126,680) is being held by a trustee for an eight year period to deal with any unanticipated liabilities for Calgary 2026 or any related expenses. Agreements are in place to secure the proportionate return of these funds to the GoC, GoA and The City in the event that any funds remain at the end of the eight year period.

Council adopted a motion arising on 2018 November 19 requesting that the Mayor “advocate with the Province and Federal Government to continue their Olympic and Paralympic funding commitments to The City of Calgary, and report back to PFC on an as needed basis”. However, it should be noted that various orders of government provided funding to the project at various times and only \$16,319,740 of the \$30,000,000 committed was ever advanced. Further, funding agreements between orders of government did not contemplate The City being able to retain any unexpended committed funds if Council did not choose to proceed with the bid. Attachment 2 outlines funds returned to each order of government on 2019 May 31 after Project contributions and costs were reconciled.

City Secretariat Expenditures:

Once Calgary 2026 was incorporated, each order of government established a Secretariat comprised of its employees and consultants to undertake due diligence reviews of Calgary 2026’s Draft Hosting Plan Concept and negotiate cost sharing arrangements to fund the Games should Council choose to proceed with the bid and should Calgary be selected by the IOC as the host city for the 2026 OPWG. Each order of government bore its own Secretariat-related costs.

In The City’s case, Secretariat members provided many reports to Council’s 2026 OPWG Assessment Committee and Council, outlining legal, financial, risk management, and other advice and analysis in regard to Calgary 2026’s Draft Hosting Plan Concept and the status of negotiations with other orders of government and responding to Council members’ inquiries. Secretariat members also assisted Council and its citizen-led Engagement Advisory Sub-Committee with public engagement initiatives prior to the 2018 November 13 vote of the electors.

Council approved a budget of \$3,337,000 for the City Secretariat’s work in 2018 and a budget of \$1,800,000 for the City Secretariat’s work in 2019, the latter amount being approved subject to

Approval(s): Glenda Cole Q.C. and Carla Male concurs with this report. Author: Sheryl McMullen, Mike Tolfree, Dawn Lundquist, Lesley Thomson, Chris Jurewicz, and Glenda Cole

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Calgarians voting in favour of proceeding with the bid. As indicated in Attachment 5, total costs for The City's Secretariat for the period 2018 June 7 to 2019 May 31 were \$2,729,289. As indicated in recommendation 2, final approval is required for the \$107,832 incurred by Administration in 2019 to undertake the work required to wind up CBEC and Calgary 2026. This amount is included in the City Secretariat costs outlined in the Executive Summary section of this report.

Vote 2018 Expenditures:

As indicated in Attachment 5, the GoA contributed \$2,000,000 towards the \$2,249,713 cost of holding Vote 2018, leaving a net cost of \$249,713 to be funded by The City.

(b) VALUES AND BENEFITS OF CONSIDERING WHETHER TO BID FOR AND HOST THE 2026 OPWG

Values and Benefits Generally

Attachment 6 outlines the values and benefits derived from the work of CBEC, Calgary 2026, Administration, and the City Secretariat organized into seven themes:

- relationship development;
- infrastructure knowledge;
- financial modeling;
- competency development;
- corporate strategic planning;
- community engagement; and
- risk management.

Accessibility Scan

A report intended to help address the questions "How accessible is Calgary from a physical infrastructure perspective?" and "How well is the City of Calgary meeting the needs of people with disabilities?" forms Appendix A to the values and benefits report. Ensuring accessibility and inclusion were shared priorities of The City, the GoC, GoA, Town of Canmore, and Calgary 2026 and in the course of responding to requests from Council for information as to how hosting the Games could accelerate making Calgary a more accessible city, the City Secretariat asked Calgary Neighbourhoods to assess current accessibility in Calgary. The scan was developed through consultation with service owners within The City and includes information about the following:

- accessibility policies and strategies;
- accessibility review processes and roles;
- business unit specific initiatives;
- comparison to other Canadian municipalities; and
- opportunities.

Enhancing accessibility and inclusion are continuing priorities for Council. This scan can be used to advance work required to achieve accessibility goals as it helps identify gaps and integration opportunities across City service lines. The information in the report will also support

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Administration's concerted effort to coordinate accessible activities, programs, services, and Calgary's built environment.

Engagement and Communication

During the fall of 2018, the City Secretariat supported the work of the Council-appointed, citizen-led Engagement Advisory Sub-Committee whose mandate was to provide citizens with balanced information to assist them in making an informed decision during the 2018 November 13 vote of the electors and to assist Council's 2026 OPWG Assessment Committee and Council in understanding Calgarians' views through the delivery of their "What we Heard" report. The Executive Summary of the "What we Heard" report indicated that:

"The engagement program from initiation to close, spanned eight weeks. The project team interacted with approximately 30,000 residents and received input from over 7,700 participants through four weeks of online engagement, six open houses and 13 pop-up events, and a workshop with non-profit, public and private sector and organization leaders. The project team also ran a parallel Indigenous engagement stream to reach Treaty 7 First Nations and the Metis Nation of Alberta Region 3. The team's communication program was viewed more than 5.5 million times using traditional and digital promotions to invite Calgarians to participate in the online and in-person engagement".

The Sub-Committee ensured that citizens were presented with fact-based and balanced information about Calgary 2026's Draft Hosting Plan Concept. Highlights of the Sub-Committee's work included:

Engaging New Canadians

A highlight of the engagement program was the Sub-Committee's success in engaging new Canadians and citizens whose first language was other than English. Tactics included providing a downloadable engagement toolkit in traditional Chinese, Filipino and Punjabi. The Sub-Committee's What We Heard Report, prepared by Context Research Ltd., was made available in the same languages. The toolkit and the What We Heard Report were downloaded 293 times in languages other than English. The services of interpreters were also offered at many of the six public open houses.

Leveraging the use of Cultural Brokers

The Sub-Committee members also secured the services of "cultural brokers" who acted as a bridge between the engagement program and various cultural groups. Their role was to involve and enable conversations with participants of different cultural backgrounds for the purpose of gathering input into the engagement program. ActionDignity is a community-based organization that facilitates the collective voice of Calgary's ethno-cultural communities towards full civic participation and integration. This organization played a key role in distributing the toolkit and gathering feedback across their community networks.

Indigenous Engagement

Government to government Indigenous engagement helped strengthen the connection between The City and Treaty 7 First Nations and the Metis Nation of Alberta. The City values every

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opportunity to enhance its relationship with Indigenous communities and will continue to seek opportunities to strengthen these relationships.

The information generated through the 2026 OPWG engagement program should continue to be used by Council and Administration to inform The City's priorities going forward.

Communicating engagement opportunities and Vote 2018

The City's communications team also supported the Vote 2018 engagement program to ensure that citizens knew how they could participate and where to find information on the OPWG bid and Vote 2018. A number of communication channels were used including print ads in newspapers, community newsletters, radio ads, paid social media promotions, digital displays at LRT stations and City facilities, two Reports to Calgarians, and online ads. Radio ads were translated into Chinese and South Asian languages on Fairchild Radio and Red FM. Advertisements were included in Kerby News for seniors, student newspapers at the University of Calgary, SAIT and Mount Royal University, and community newsletters. This campaign generated more than 12 million impressions.

(c) RESULT OF THE REVIEW OF CONFIDENTIAL REPORTS

Council directed that Administration review all reports to Council or Council Committees previously kept confidential and provide recommendations as to which could now be made public due to the passage of time. Cover reports, attachments, distributions, and PowerPoint presentations presented to Council, the OPWG Assessment Committee and/or the Priorities and Finance Committee between 2016 June 20 and 2019 November 18 were reviewed.

According to the City Clerk's office, 96 report numbers relating to the 2026 OPWG bid project were generated. As report numbers are generated for cover reports, verbal reports and administrative enquiries, not every report number resulted in the creation of an actual document. Included in the 96 report numbers were 180 attachments, 49 presentations and 73 distributions. Report numbers, attachments, presentations, and distributions therefore totalled 398.

39 of these documents were directed by Committees or Council to be held confidential for various reasons allowed under the Freedom of Information and Protection of Privacy Act. These reasons included situations in which documents contained legal advice, evaluative personal information, information revealing another organization's trade secrets or sensitive proprietary, commercial or financial information provided to The City in confidence, information revealing a pending policy or budget decision, information revealing advice, recommendations or deliberations, information potentially impacting negotiations with other orders of government or organizations, information that could harm The City's competitive advantage, or information which if released would constitute an unreasonable invasion of an individual's privacy. The other 359 documents were made publicly available.

Administration now recommends the release of 27 of the 39 documents initially kept confidential. These documents are described in Attachment 7. The balance of the documents should remain confidential because they include sensitive proprietary information of another organization, evaluative or other personal information the release of which would unreasonably violate an individual's privacy or contain legally privileged information.

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Financial Capacity

Current and Future Operating Budget:

Council approved a total of \$3,337,000 to the end of 2018 to fund The City's Secretariat. To 2019 May 31, total City Secretariat expenditures were \$2,729,289 as noted in the Executive Summary and Attachment 5. Releasing any funds required for the Secretariat's work in 2019 remained subject to Council deciding to submit a bid for the 2026 OPWG.

As Vote 2018 did not support proceeding with a bid, work on the bid was terminated in 2018 November but significant legal, financial and administrative work was required in 2019 to wind up CBEC and Calgary 2026. While The City's cost to do this work was not known, **\$750,000** was held in the FSR as funds committed for the wind up. Now that The City's cost has been determined as being \$107,832, recommendation 2 seeks Council approval for the appropriation of that amount and the release of the balance of **\$645,168** back to the FSR as uncommitted funding.

Current and Future Capital Budget:

None.

Risk Assessment

The City Secretariat maintained detailed risk registers outlining risks, risk assessments and risk mitigation strategies throughout its due diligence exercise. An opportunity of the magnitude of hosting the OPWG brought with it inherent legal, financial, reputational, operational, and other risk that The City needed to identify and choose to intentionally accept, manage, mitigate, monitor, transfer, or avoid. The nature and extent of those risks changed significantly over time and the Secretariat ensured that the 2026 OPWG Assessment Committee and Council were provided with current risk information and advice in every report. The City benefited from the fact that a risk manager was specifically assigned to serve as a member of the City Secretariat. The City's Integrated Risk Management framework and tools were used throughout the City Secretariat's work.

The only remaining action on this project is to conclude the wind up of CBEC. Dissolution is expected to occur prior to 2019 December 31.

REASONS FOR RECOMMENDATIONS

On 2018 November 19, Council directed the City Manager and Acting Chief Financial Officer to provide a final report to Council on this project.

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ATTACHMENTS

1. Attachment 1 – Previous Council Direction
2. Attachment 2 – Final Summary of 2026 OPWG Project Costs
3. Attachment 3 – CBEC Audited Financial Statements
4. Attachment 4 – Calgary 2026 Audited Financial Statements
5. Attachment 5 – City of Calgary OPWG Secretariat and Vote 2018 Cost Summary
6. Attachment 6 – 2026 OPWG Project: Values and Benefits Report
7. Attachment 7 – Confidential Documents Recommended for Release (Confidential)