

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

C.F. No. 15-0989

Date: January 11, 2016

To: Honorable Members of the Ad Hoc Committee on the 2024 Summer Olympics

From: Miguel A. Santana, City Administrative Officer 
Sharon M. Tso, Chief Legislative Analyst 

Subject: PROPOSED MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF LOS ANGELES AND LA24

SUMMARY

Per Council direction (C.F. No. 15-0989), the Office of the City Attorney, with support from the offices of the CAO and CLA, has worked with the Los Angeles 2024 Exploratory Committee (LA24) to negotiate and finalize a proposed Memorandum of Understanding (MOU) to be presented to Council for its consideration and approval. The MOU sets forth the general terms and parameters of the roles and responsibilities of the City and LA24 in relation to the Candidature Process to attract the 2024 Olympic and Paralympic Games. The agreement also incorporates Council's guiding principles including efforts to protect City finances, retain control over decision making on all issues affecting the City, and promote transparency throughout the Candidature Process.

This report and recommendations are focused solely on the MOU and are intended to highlight to the Council the key features of the agreement for its review and consideration. Other issues, including updates on the proposed Olympic Village and event venues, are expected to be addressed in a separate report in early February 2016.

BACKGROUND

In its special meeting on August 28, 2015, the Ad Hoc Committee on the 2024 Summer Olympics directed the City Attorney, with support from the CAO and CLA, to undertake the development of an agreement setting forth the general terms and parameters of the roles of the City and LA24 in relation to the Candidature Process. Per this direction, our offices worked with LA24's Legal Counsel on the development of a Memorandum of Understanding. At the time of the Ad Hoc Committee's meeting on November 18, 2015, the agreement was still in the process of being finalized. During the meeting, the Ad Hoc Committee reinforced the importance of the agreement to formalize the City's role in the Candidature Process. The MOU presented with this report was finalized shortly thereafter, consistent with expectations set by our offices during that meeting.

SUMMARY OF PROPOSED MEMORANDUM OF UNDERSTANDING

In addition to formalizing the City's role in the Candidature Process, Council provided a set of guiding principles (C.F. No. 15-0989, Motion 20A) that are incorporated in the proposed MOU. These include efforts to protect the City's existing and future General Fund base, maintain control over decision making processes on all issues affecting the City, subject any public funding commitments to approval by Council and the Mayor, and make the process as transparent as possible.

City's Role

Per the negotiated agreement, the Council will have a key role in the Candidature Process. The City will have the right to review, and Council will have the right to approve, all key agreements as they relate to the 2024 Summer Olympic and Paralympic Games (2024 Games). Representatives from LA24 will regularly meet with the Mayor, the City Attorney, the Council President and members of the Council to gather input and discuss proposed International Olympic Committee (IOC) agreements. The City, with LA24, will seek support for any potential financial liabilities or guarantees from other jurisdictions, including the State. Given the importance of security for an event of this magnitude, the City will also work with LA24 to seek assurances from the U.S. Government to designate the 2024 Games as a "National Special Security Event." This designation would make federal authorities responsible for the planning, coordination, and implementation of security operations for the 2024 Games.

Public Funding Commitments Subject to Approval

The MOU clearly establishes that LA24 may not obligate the City to expend funds related to the IOC Candidature without prior approval from both Council and the Mayor. It is also important to note that LA24 does not anticipate the City will be requested to expend funds related to the IOC Candidature.

Protecting the City's General Fund Base

Per the negotiated agreement, the City will retain an independent expert to analyze all projected revenues and expenditures contained in LA24's proposed operating budget for the 2024 Games. We expect the resulting report to be prepared and delivered to Council no later than September 2016 to provide reasonable time for review and comment prior to any Council vote on key guarantees and the Host City Contract.

Maintaining Control Over Decision Making Processes on Issues Affecting the City

The proposed MOU establishes that the City and LA24 are wholly independent entities. As such, neither party can incur any debts or obligations on behalf of the other, nor act as an officer, agent, or employee of the other.

Transparency

LA24 has committed to providing City residents with an opportunity to provide comments, recommendations, and other feedback regarding the IOC Candidature. This includes community outreach across the City, in cooperation and coordination with Council members. LA24 will also disclose its audited financial statements in addition to its IRS Form 990.

NEXT STEPS

We anticipate that LA24 and City staff will report in early February 2016 concerning the status of candidature-related activities, potential risks, and proposed mitigation strategies prior to the February 17, 2016 submission deadline for Stage 1 IOC submittals.

FISCAL IMPACT STATEMENT

There is no General Fund impact as a result of recommended actions.

RECOMMENDATIONS

That the Council, with approval of the Mayor:

1. Approve the Memorandum of Understanding (MOU) between the City of Los Angeles and LA24 and authorize the Mayor and City Council President to execute the MOU; and
2. Instruct the CAO and the CLA and request LA24 to present a progress report on the Candidature Process prior to the February 17, 2016, Stage 1 submission deadline to provide the Council with a comprehensive update on key issues including but not limited to the Olympic Village, the proposed venue plan, and any Stage 1 IOC submittal requirements.

Attachments

MAS:BC:AH