

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

C.F. No. 15-0989

Date: November 13, 2015

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 BID FOR THE 2024 SUMMER OLYMPIC AND PARALYMPIC GAMES

SUMMARY

Since the City Council's decision to adopt the Joinder Agreement between the City of Los Angeles and the United States Olympic Committee (USOC), the City has been formally advanced for consideration as a Candidate City to host the 2024 Summer Olympic and Paralympic Games (Games). As such, the Los Angeles 2024 Exploratory Committee (LA24), a private non-profit corporation separate and apart from the City of Los Angeles, has continued to develop its bid materials in collaboration with the City. In parallel, our offices have remained actively involved in the identification of potential financial risks to the City as a result of its candidacy and continue to work closely with the offices of the City Attorney, Mayor, and LA24 to develop mitigation strategies where possible.

As part of this ongoing effort, our offices have established a joint working group (Olympics Working Group) comprised of staff from the offices of the Mayor, CLA, City Attorney, and CAO to facilitate clear communication on all issues related to the City's candidacy. The Olympics Working Group has undertaken a review of all Candidature Process documents released by the International Olympic Committee (IOC) to identify and interpret Games requirements. It has also worked to identify any potential risks arising from the Candidature Process and develop potential mitigation strategies where possible.

This report and recommendations are intended to highlight to the Council the Candidature Process and related timelines and serve as an update on progress to date on key issues and directives.

CANDIDATURE PROCESS OVERVIEW

On September 16, 2015, the IOC marked the beginning of the Candidature Process by announcing the five candidate cities for the 2024 Summer Games, including Budapest, Hamburg, Paris, Rome, and Los Angeles. At that time, the IOC released a number of documents detailing the process and associated Games requirements. These documents included the Host City Contract Principles, Host City Contract Operational Requirements,

Candidature Process Olympic Games 2024, and Candidature Questionnaire Olympic Games 2024. According to these documents, Candidate Cities are required to develop more detailed Olympic Games plans through a three-stage process. Key dates and milestones as they pertain to this process are included in Attachment A.

During Stage 1, Candidate Cities are expected to develop their Games vision, concept, and legacy plans. This includes the integration of Games-related plans into the long-term development plans of each respective candidate city and region. The IOC also anticipates that each Candidate City will continue to build support for the Games both nationally and from across the local stakeholder spectrum and general public. This stage requires the submission of Candidature File – Part 1 on February 17, 2016, to be analyzed by the IOC Evaluation Commission's working group who will then submit a dashboard report to the IOC Executive Board (EB). In June 2016, the IOC EB will confirm (or decline to confirm) whether the Candidate City will advance to the next stage.

Stage 2 of the Candidature Process, entitled "Governance, Legal and Venue Funding," is designed to ensure Candidate Cities have the necessary legal and financial mechanisms in place to stage the Olympic Games. As part of this process, LA24 will need to secure a number of guarantees, including one from the City to commit to signing the Host City Contract without reserve or amendment. In accordance with Council's motion, we expect that some of these guarantees will be subject to the express authorization of the City Council and the Mayor. If the City Council and Mayor choose to authorize this commitment, the Candidature File – Part 2 will be submitted to the IOC on or before October 7, 2016. This file will be analyzed by the IOC Evaluation Commission's working group who will then submit a dashboard report to the IOC EB. In December 2016, the IOC EB will confirm (or decline to confirm) the Candidate City will advance to the next stage.

During Stage 3, entitled "Games Delivery, Experience and Venue Legacy", Candidate Cities develop operational plans around delivering the proposed Games concept. They will also develop legacy plans and Games experiences for all stakeholders with a focus on the athlete experience. Detailed financial projections will be developed to reflect the anticipated delivery costs and projected revenues of the proposed Games concept. As with each previous stage, a number of guarantees are required to be obtained from relevant authorities and organizations, potentially including the City of Los Angeles. The completed Candidature File – Part 3 should be submitted on or before February 3, 2017. The IOC Evaluation Commission's working group will then analyze each bid in addition to visiting each Candidate City. They will then publish the Evaluation Commission Report in July of 2017. After a 2024 Candidate City briefing, the IOC EB will designate cities to be submitted to the IOC Session for an election scheduled in Lima, Peru, in September of 2017.

WHO IS LA24?

LA24 is a private non-profit corporation separate and apart from the City of Los Angeles that has submitted a bid on behalf of the City to host the 2024 Summer Olympic and Paralympic Games. Since its inception, LA24 has worked closely with the Office of the Mayor on all City-related issues. Its relationship with the City expanded to include the offices of the CAO, CLA,

and City Attorney as early as August 25, 2015, with collaboration increasing over time as LA24 continued to build its organization and staff key positions.

During a working group meeting convened on November 5, 2015, LA24 presented its strategy of building a small, focused organization consisting of approximately 20 full time employees while relying on the technical expertise of its engaged advisors where needed. This approach was adopted in response to the compressed timeline created by the USOC's late decision to put the City of Los Angeles forward as its Candidate City. Its current organization chart can be found in Attachment B.

LA24's Board of Directors currently consists of five members, and is chaired by Casey Wasserman. According to its presentation to the Olympics Working Group on November 5, they anticipate expanding the board to no fewer than 60 members in the coming months to reflect the diversity of the City. In addition to members required by the IOC, including the Chairman and CEO of the USOC, LA24 expects to draw its board members from a collection of civic leaders and non-profit organizations across the City. On November 12, 2015, LA24 announced the appointments of two Vice Chairs to join Olympic swimming champion Janet Evans in the same capacity on the Board of Directors. They are former NBA star and Olympic champion Magic Johnson and local labor leader Maria Elena Durazo. The same morning, LA24 also announced its appointment of financial executive Gene T. Sykes as Chief Executive Officer. Going forward, Mr. Sykes will be responsible for supervising all aspects of LA24's day-to-day operations and activities.

STATUS OF THE MEMORANDUM OF UNDERSTANDING

In its special meeting on August 28, the Ad Hoc Committee on the 2024 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 City's role in relation to the Candidature Process. Per this direction, our offices have been working with LA24's Legal Counsel on development of a Memorandum of Understanding. Progress continues to be made towards a final agreement. The final Memorandum of Understanding will be presented to Council for consideration in accordance with Council instruction on this matter.

OLYMPIC VILLAGE UPDATE

As part of the Candidature Process, the IOC invites candidate cities to present solutions for the Olympic Village(s) that fit within the overall Olympic Games concept and the City's long-term development plans. As highlighted in a joint CAO/CLA report, C.F. No. 15-0989, to the Ad Hoc Committee on the 2024 Summer Olympics, the Olympic Village must focus on accommodating the needs of no fewer than 16,000 athletes and supporting personnel. This includes the provision of residential space and services, dining halls, training facilities and meeting rooms, media facilities, and a polyclinic among other requirements.

LA24's original bid package proposed an Olympic Village concept addressing these features and requirements to be situated on a site near the Los Angeles River currently owned and operated by Union Pacific Corporation known as the Los Angeles Transportation Center or the

Piggyback Yard. As of November 5, 2015, this location was still envisioned as the site of the proposed Olympic Village. Noting many of the issues raised in the joint CAO/CLA report C.F. No. 15-0989, however, LA24 has initiated a process to identify potential alternatives sites should any of the inherent risks and issues with this location threaten their ability to successfully deliver a fiscally responsible Games.

In collaboration with the City, LA24 and its technical advisor have identified and undertaken a preliminary review of potential alternative Olympic Village sites. Alternative sites are being evaluated based on the minimum size of the proposed parcel(s), the development potential for each location, geographic distance from proposed competition venues, and any anticipated environmental, entitlement, and/or resident displacement issues.

Going forward, LA24 and its technical advisor will continue their due diligence on these potential Games-feasible alternative sites in parallel to efforts related to the original proposed site. LA24 and its technical advisor expect the site of the Olympic Village to be determined prior to the submission of its Candidature File – Part 1 on or before February 17, 2016.

GUARANTEES

According to IOC documents, the successful Candidate City Organizing Committee for the Olympic Games (OCOG) will receive grants and benefits with an estimated value of \$1.7 billion from the IOC to support the planning, organizing, financing, and staging of the Games. In exchange, the IOC seeks a number of guarantees from the Host City and or other parties to protect itself from financial exposure resulting from OCOG commitments above and beyond technical Games requirements.

While each stage requires a number of guarantees from relevant authorities and organizations, the first deliverable to the IOC, due in February 2016 as part of Stage 1, requires LA24 to submit seven guarantee letters. The guarantees are presented in full in Attachment C, though a summary of each can be found below:

- **G 1.1:** Guarantee from the federal government affirming respect for the Olympic Charter, acknowledging the importance of the Games and the Olympic image, providing for visa and transit related authorizations, and committing to ensuring the host city and OCOG completely fulfill their obligations under the Host City Contract and other related agreements
- **G 1.2:** Guarantee from the region, host city, and other venue cities affirming their support for the Olympic Charter and committing to fulfilling all obligations under the Host City Contract and other relevant agreements
- **G 1.3:** Confirmation from the national, regional, and city authorities that all levels of government support the candidature, there are no legal obstacles to hosting the Games, the proposed plan aligns with existing development plans, and that all levels of government will cooperate to ensure the delivery of all Games and legacy related services

- **G 1.4:** Guarantee from the relevant authority confirming that new Games related venues will not be located in environmentally protected areas, that all Games-related development projects comply with applicable environmental legislation, and that measures are taken to mitigate any unfavorable environmental or social impacts
 - **G 1.5:** Guarantee from the National Paralympic Committee or other relevant national organization representing people with disability affirming support of the candidature to host the Games
 - **G 1.6:** Guarantee from the city authorities and the Candidature Committee confirming the Host City's and future OCOG's unconditional participation in The Olympic Partner (TOP) Program and other IOC marketing programs
- G 1.7:** Confirmation from a national tourism board of the accommodation rating system used in the United States, and of the existing hotel inventory

Three of the seven guarantee letters relate to the City and may require the City to be a signatory. The City Attorney's Office, in consultation with the Mayor's Office, CAO, and CLA, is working with LA24's legal team to seek clarity on the required content of the guarantee letters and determine what, if any, formal approval process is required. We anticipate greater clarity on the guarantees after LA24's technical working session with the IOC scheduled for later this month. The CAO and CLA will report, as needed, when additional information is available.

OTHER ISSUES

Our offices continue to be engaged in discussions around a number of additional issues including:

- *Insurance and Risk Management:* In accordance with the City's interest in protecting its existing and future General Fund base and LA24's commitment to staging a fiscally responsible Games, LA24 has engaged a specialist firm to advise on the development of a Games-specific insurance package. We anticipate greater clarity on this issue following a technical working group session with the specialist firm scheduled for next month.
- *Security:* LA24 has engaged a nationally recognized expert to advise on all security-related matters, including the attainment of a National Special Security Event (NSSE) designation from the federal government for the Games. LA24 has shared that early indications, based on discussions with the Department of Homeland Security, suggest that the Olympics would meet NSSE criteria and merit logistic and financial support from the federal government.
- *Event Venues:* LA24, along with its technical advisor, continue their due diligence on all proposed venues to assess Games feasibility.

NEXT STEPS

We anticipate next steps to include:

- Conclusion of negotiations and finalization of Memorandum of Understanding with LA24
- Review of insurance and risk management plan during technical working group session
- Report to the Ad Hoc Committee on the 2024 Summer Olympic and Paralympic Games on status of candidature-related activities, potential risks, and proposed mitigation strategies prior to the February 2016 IOC submittals

FISCAL IMPACT STATEMENT

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

RECOMMENDATIONS

That the Council:

- Instruct the City Administrative Officer, Chief Legislative Analyst, and City Attorney to continue to work with LA24 to identify potential risks related to the proposed Games concept and develop mitigation strategies where possible to avert any dependence on City funds to cover financial obligations arising exclusively from staging the Games and report back as information becomes available
- Request a progress report on the Candidature Process from the Los Angeles 2024 Exploratory Committee ahead of the February 17, 2016, Stage 1 submission deadline

Attachments

MAS:BC:AH