



MIKE BONIN

City of Los Angeles

Councilmember, Eleventh District

August 28, 2015

Hon. Herb J. Wesson
200 N. Spring St.
Room 430, Los Angeles City Hall
Los Angeles, CA 90012

Dear President Wesson:

Thank you for forming the City Council's Ad Hoc Committee on the Summer 2024 Olympics. I am confident that this committee will ensure that the City of Los Angeles will aggressively pursue and secure its third Olympic Games, showcasing to the world the beauty and diversity of our City and its varied neighborhoods. I am equally confident that the committee will provide a transparent process for residents of Los Angeles, and will carefully and diligently safeguard the treasury of the City.

Thank you also for the opportunity you have provided members of the full City Council to submit questions to the committee. Like my colleagues and members of the public, I am still reviewing the proposed Joinder Agreement and accompanying documents and would like to ask several questions that have been raised by press coverage of the proposal. Through you and the committee, I would like to pose the following questions to the Office of the Mayor, the representatives from LA24, and the Office of the City Attorney:

- It has been reported that the City of Los Angeles is being asked to guarantee that it will cover any cost overruns. The City did not assume that responsibility in 1984. Why would it assume that responsibility now? Since LA is the only US city currently willing to bid on the 2024 games, have we used this strong negotiating position to ask the USOC to cover any costs or provide any financial guarantees?
- If the City signs the Joinder Agreement, does that commit the City to negotiate in good faith with the IOC and USOC over a contract? Or does it legally obligate the City to sign an eventual contract? What is the interpretation of the City Attorney?
- If the City signs the Joinder Agreement, does the City Council have the legal opportunity at a later date to halt the process or end the process? When specifically are those opportunities, and where specifically in the agreement is that indicated?
- The *Los Angeles Times* has reported that the Joinder Agreement states that no "legislative, rule-making or administrative action, referendum or other electoral action" is required for the City to enter into a contract with the IOC. The paper also states that a companion document to the agreement states that the final IOC contract "will require formal adoption by the Los Angeles City Council." These documents seem to conflict in their statements about what constitutes final approval from the City of Los Angeles. Has the Office of the City Attorney reviewed these

Westchester Office

7166 W. Manchester Boulevard
Los Angeles, CA 90045
(310) 568-8772
(310) 410-3946 Fax

City Hall

200 N. Spring Street, Room 475
Los Angeles, CA 90012
(213) 473-7011
(213) 473-6926 Fax

West Los Angeles Office

1645 Corinth Avenue, Room 201
Los Angeles, CA 90025
(310) 575-8461
(310) 575-8305 Fax



documents, and does that office feel comfortable that the final IOC contract will require City Council approval? Does the Office of the City Attorney feel that the City Council has the ability at a future date to reject the contract if it finds the terms unacceptable?

- If L.A. is awarded the Games, the Joinder Agreement requires the city to "execute and deliver a host city contract ... upon presentation by the IOC in accordance with the IOC's requirements." Who are the parties that negotiate that contract? Who represents the City of Los Angeles in those negotiations? If the City Council finds provisions of the contract troubling, can the City Council amend the contract? If so, where specifically does the Joinder Agreement state that?
- If the City of Los Angeles chooses to withdraw its bid at any time after the Joinder Agreement is signed, to what extent is the city or organizing committee liable for any costs to the USOC or the IOC? Are there any breakup fees or liquidated damage obligations that get triggered by such a withdrawal that are memorialized in any of the documents that have been made available to the City Council, in any other documents that have not yet been made available to the council, or in any side agreements?
- Does the Joinder Agreement preclude the enactment of a ballot measure that would limit or forbid or restrict the spending of any City funds on the 2024 Olympics, whether that measure is placed on the ballot by the City Council or by initiative? If the Joinder Agreement is signed, does the City Attorney opine that such an initiative would be legal?
- If the City of Los Angeles is being asked to guarantee that it will cover cost overruns, what role does the City of Los Angeles play in setting the budget of the Olympic Games? Does the City have a formal voting role and do City residents have a representative voice in how their tax dollars might be spent? Does the City have veto power over any budget decisions? If not, what incentive does the Host Committee have to keep costs down?
- Under what scenario would the City be obligated to spend public money to cover cost overruns? Are there other protections in place that would be relied upon before public money is used?
- Has the State of California been asked to cover (in full or in part) the City's potential financial obligations? Is there legislation pending to that effect? Have private citizens or corporate entities agreed to cover part of the costs of the Games? To what extent?
- While Los Angeles would be the official Host City for the games, many Olympic events would take place in other cities, such as Long Beach, Carson, or perhaps in unincorporated areas of Los Angeles County, such as Marina Del Rey. If the City of Los Angeles commits to cover cost overruns for the Olympics, to what extent would Los Angeles taxpayers be spared having to cover costs accrued by or in other cities or jurisdictions?
- The LA 24 budget provides for \$200 million for "City Operations." Presumably, this would cover all Olympic-related city costs, including security, transportation, and other city services. Is this a realistic amount of reimbursement for what is likely to be costs incurred by the City for the Olympics? How much was the city reimbursed by the organizing committee for the 1984 Games? What were the costs of city operations in more recent Olympics?
- There have been some public discussion of an insurance policy that would protect against cost overruns. Who would hold such a policy? The City or the organizing committee? If it's the latter, how would the City make a claim or be a beneficiary of such a policy?

- It has been stated publicly that we are making an assumption that the federal government will pick up the costs for security. Has the Federal government ever assumed 100% of the responsibility for the security for an Olympic Games? Has it ever assumed 100% of the security cost for analogous events such as a national political convention, the World Cup, the Super Bowl or the like? Given the ten figure cost for security at the London Olympics, if the federal government assumed even 90% of the security costs, would that not saddle the organizing committee or the City with at least \$100 million in security costs? Is this possible cost anticipated in the budget?
- One of the things that makes Los Angeles ready for the Olympics is that we already have so many athletic venues, and we will not to build many new facilities to host the games. Yet, many of those facilities have suffered from years of deferred maintenance. Are we anticipating in our budget forecasts the costs of making those repairs? If there are facilities outside of the City of Los Angeles that will need repairs for deferred maintenance, who will be responsible for those costs?
- The LA 24 budget states that the renovation of the L.A. Memorial Coliseum will cost \$800 million, \$300 million of which will come from the organizing committee, leaving a \$500 million gap. Olympics promoters were reported to have said that The University of Southern California would fund the remainder. However, Todd Dickey, Vice-President of USC was quoted in Wednesday's *LA Times* saying that USC has not made a commitment of that amount to their Coliseum renovation. Is this cost anticipated in the budget?
- The LA 24 budget also identified \$130 million in funding for the Broadcast Center with the balance coming from a non-organizing committee source(s) in an amount to be determined. Do we know what the required balance would be, and is there an identified source who will assume that liability?
- The Olympic Village is reportedly going to be financed and developed privately, and presumably that is the reason it doesn't show up in the LA 24 budget. What is the projected cost of the Olympic Village, and does that cost include acquisition costs associated with the project? What if the Village project is not financeable due to economic circumstances at that time; will the city be potentially responsible for its construction as occurred in London?

Thank you again for the opportunity to submit these questions. I am an enormous booster of the Olympic Games, and like most Angelenos, I am eager to see them here, and I am excited at the opportunity for Los Angeles to showcase itself on global level.

Regards,



MIKE BONIN

Councilmember, 11th District

cc: Mayor Eric Garcetti
Members, Ad Hoc Committee on Summer 2024 Olympics