



ADMINISTRATIVE REPORT

Report Date: March 31, 2010
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Meeting Date: April 20, 2010

TO: Vancouver City Council

FROM: General Manager of Financial Services and General Manager of Olympic Operations

SUBJECT: 2010 Olympic and Paralympic Winter Games - Cost Estimates

RECOMMENDATION

THAT Council receive this report for INFORMATION.

CITY MANAGER'S COMMENTS

Preparing for and hosting the 2010 Olympic and Paralympic Winter Games was a significant commitment on the part of the City of Vancouver. This report provides a summary of the financial resources allocated to preparing our City for the 2010 Winter Games. The report identifies that the City has expended \$554.3 million in direct support of the 2010 Winter Games: \$524.0 million for capital infrastructure and \$30.3 million in Games related operational expenditures.

The capital funding has been dedicated to build new infrastructure and civic facilities or to upgrade our existing capital assets, providing a sustainable legacy for the citizens of Vancouver. As well, within the programs funded through the Olympic Legacy Reserve, a number of additional legacies remain such as public art, decorative street lighting, and our digitized Olympic archives.

The City worked hard to attract external funding from other partners - the provincial and federal governments and private sector Olympic sponsors. In total, this levered an additional \$175 million investment in the infrastructure and program legacy of the Winter Games (24% leverage).

The projected expenditures documented in this report have been reported to Council over the last 7 years through numerous reports. This report is designed to provide an overall summary to Council and the citizens of Vancouver of the total estimated expenditure made by the city and its partners in relation to the 2010 Games.

Table 1: 2010 Winter Games Expenditure Summary (\$ million)

2010 Winter Olympic Expenditure	City Cost	External Recoveries	% External Recoveries	Total Cost
Capital Expenditure	524.0	144.2	21.6%	668.2
Operational Expenditure	30.3	30.7	50.3%	61.0
Total Expenditures	554.3	174.9	24.0%	729.2

COUNCIL POLICY

There is no applicable Council Policy.

PURPOSE

The purpose of this report is to update Council on the cost estimates for hosting the 2010 Olympic and Paralympic Winter Games (2010 Winter Games).

BACKGROUND

The City of Vancouver hosted the 2010 Winter Games between February 12 and March 21, 2010. The cost of the games was shared by three levels of government, Olympic and Paralympic sponsors, and the Vancouver Organizing Committee (VANOC). The City was responsible for key aspects of the Games that took place in Vancouver. This included the delivery of competition venues (PNE, Hillcrest, Trout Lake, Killarney and Britannia ice rinks), non competition venues (such as the Olympic and Paralympic Village in South East False Creek, the Protocol Centre at Coal Harbour Community Centre and LiveCity sites), other key infrastructure and a number of 2010 Games programs which supported our role as Host City. Most of this work has been the topic of a large number of Council reports over the last seven years; however, this report is the first to compile the total costs associated with the 2010 Winter Games.

DISCUSSION

The following discussion provides a summary of the City's 2010 Winter Games estimated expenditures. In preparing for the 2010 Winter Games, the City negotiated and benefited from a number of cost sharing opportunities for its capital and operational commitments through successful partnerships with VANOC, the Province of BC, the Government of Canada, and official Olympic sponsors. These recoveries reduced the City's overall investment in the 2010 Winter Games.

A summary of the 2010 Winter Games estimated expenditures is included in Table 2 with further details included in Appendix 1.

Table 2 - City of Vancouver 2010 Winter Games Expenditures (\$millions)

Winter Olympic Expenditures	Legacy Reserve	Other City Funding	Total City Funding	External Recoveries	% External Recoveries	Total Costs
CAPITAL EXPENDITURES						
Olympic Venues	-	73.8	73.8	65.6	47.0%	139.4
Non-Competition Infrastructure	-	120.9	120.9	39.0	24.4%	160.0
Civic Facilities Preparation for Olympic Games	-	3.2	3.2	0.8	20.0%	4.0
South East False Creek - Civic Infrastructure ¹	-	299.8	299.8	30.0	9.1%	329.8
Neighbourhood Energy Utility	-	26.2	26.2	8.8	25.1%	35.0
Total Capital Expenditures	-	524.0	524.0	144.2	21.6%	668.2
OPERATIONAL EXPENDITURES						
Dedicated Olympic Operations	-	5.9	5.9	1.0	14.5%	6.9
Olympic Legacy Reserve Initiatives	20.0	2.5	22.5	14.1	38.5%	36.6
Olympic Support - Games Time Incremental Resources	-	1.9	1.9	15.7	89.3%	17.6
Total Operational Expenditures	20.0	10.3	30.3	30.8	50.4%	61.0
TOTAL EXPENDITURES	20.0	534.3	554.3	174.9	24.0%	729.2

¹Excludes market loan to developer, Millennium Development Corporation, of up to \$969M and future recoveries and revenues.

1. 2010 Winter Games Expenditures

Capital Costs	\$524.0M City Costs	\$668.2M Total Costs
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Capital costs were incurred to provide competition venues and to ensure the City's infrastructure and facilities supported our role as Host City during the Games.

Competition Venues	\$73.8 M City Costs	\$139.4M Total Costs
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The City of Vancouver was responsible for providing a number of different venues for the Olympic Games. This included the curling venue at the Vancouver Olympic Centre (or Hillcrest Community Centre), short-track speed skating and figure skating venue at the Pacific Coliseum, and practice ice rinks at Trout Lake, Killarney, and Britannia. New facilities were built at Hillcrest and Trout Lake while the remaining facilities were upgraded. Included in the Hillcrest cost estimates is \$35.8 million for the aquatic pool (built at the same time as the curling venue to take advantage of planning and construction synergies) and \$12.8 million for the post Games conversion of the facility to its final legacy of community centre, library and daycare facility (underway now).

Non-Competition Infrastructure	\$120.9M City Costs	\$160.0M Total Costs
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The City undertook a series of infrastructure improvements that were part of the overall preparation for the 2010 Winter Games. This included City related responsibilities in the completion of the Canada Line project (including the Olympic Village Station), redesign and reconstruction of Granville Mall, other key transportation projects (Granville Bridge strengthening, Expo Deck repairs, Trout Lake road improvements), the construction of the Olympic Street Car Demonstration Line between Cambie Street and Granville Island (all in

support of the 2010 Winter Games transportation plan). Other work was done to support the Cultural Olympiad, including the renovation of the City's civic theatres (Queen Elizabeth Theatre, Queen Elizabeth Playhouse, and Orpheum Theatre) and an enhanced Public Art program.

Civic Facilities Preparation **\$3.2M City Costs** **\$4.0M Total Costs**

This category includes maintenance, renovation, and key security upgrades at civic facilities which included City Hall, PNE and the Central Library in preparation for the 2010 Winter Games.

SEFC Civic Facilities **\$299.8M City Costs** **\$329.8 Total Cost**

As the Host City, the City of Vancouver was responsible for building the Vancouver Olympic and Paralympic Athlete's Village. The South East False Creek Athlete's Village included the following civic infrastructure: 252 housing units; a 45,000 square foot community centre; a waterfront park and plaza; the Salt Building (a reconstructed heritage facility); and the reconstruction of 1st Avenue.

Neighbourhood Utility **\$26.2M City Costs** **\$35.0M Total Costs**

The Neighbourhood Energy Utility (NEU) is a community energy system that provides space heating and domestic hot water to all buildings within South East False Creek (SEFC) using sustainable heat sources.

Operational Expenditures **\$30.3M City Costs** **\$61.0M Total Costs**

Operational costs were incurred for operational planning between 2005 and 2010, design and implementation of legacy initiatives, and for operations during the Games.

Dedicated Olympic Operations **\$5.9M City Costs** **\$6.9M Total Costs**

Established in 2005, the Olympic Operations Office was integral to the planning and execution of the City's participation in the 2010 Olympic Games. The annual budget was established at \$0.75 million for 2005 and annualized at \$1.0 million per year starting in 2006. The staff working in this unit were located at the VANOC facility at Gravelly Street and worked closely with VANOC and other partners in preparing for the Games.

Olympic Legacy & Other Initiatives **\$22.5M City Costs** **\$36.6M Total Costs**

In 2007, Council established an Olympic Legacy Reserve that would build to a total of \$20 million over the four years 2007-2010. The intent of the reserve was to strategically invest in initiatives that would support our role as the Host City during the games and ensure the participation of our citizens in Games related activities - examples of this included celebration sites (LiveCity Yaletown and Downtown), our Torch Relay Celebrations, community sport investments and many other initiatives. It was in this area of expenditure that the City was successful in obtaining private sector partnerships with official Olympic Sponsors as well as government partners. The many initiatives funded through the Olympic Legacy Reserve have been the subject of Council reports and are referenced in Appendix 2.

Operational Games Time Support \$1.9M City Costs \$17.6M Total Costs

As the Host City, Vancouver was responsible for providing support to the urban domain (non-venue areas, including celebration sites) during games time. This included police services, fire and rescue services, by-law enforcement, transportation, sanitation, and snow removal services. These functions were incremental to our normal level of service and were therefore cost shared with the Provincial and Federal Governments (cost recovery pending). The City incurred a total of \$1.9M additional expense for providing these services which included a loss of \$1.5 million in reduced parking revenues related to games-time parking restrictions.

2. Other Related Issues:**Planning for the 2010 Winter Games:**

Hosting the 2010 Winter Games required a significant amount of planning effort by City staff. Other than the dedicated Olympic Operations Support noted above, most of the planning effort was provided through the redeployed of staff and was not an incremental cost to the City. However, to provide a sense of the financial commitment, staff have taken a retrospective look at the amount resources that have been redirected to this planning effort. It is estimated that approximately \$21.3 million has been incurred over a five year period towards planning, of which, most relate to transportation and security planning. Given that the majority of security related planning costs have been fully reimbursed by the Integrated Security Unit (ISU), the net estimated cost to the City is approximately \$14.2 million. Though not tracked as rigorously as the direct costs, knowing the level of commitment required to plan for a Winter Games is invaluable for future host cities.

Staff Deployment:

All city staff were deployed to support our role as Host during February and March of 2010 - either by working at their regular jobs and thus ensuring the continuity of city services, or as one of the 485 employees (at an estimated cost of \$2.5 million) who were part of the Host City Team with responsibilities related to our role in Protocol functions (Vancouver House and Coal Harbour Protocol Operations Centre), activation of our Emergency Operations Centre at ECOMM, community celebrations including the Torch Relays and our Live sites, our economic development program through VEDC, and the Street Car Demonstration Line.

South East False Creek - Market Housing:

The SEFC Olympic Village development included civic infrastructure as noted above and a large market development. As has been reported to Council on a number of occasions, the City took on the role of financier of the market project. This report has not included in the above analysis any information in regard to the market loan of up to \$969M to the developer, Millennium Development Corporation, nor any future recoveries and revenues. This issue has been the subject of numerous reports to Council and our next update on the financing of the Olympic Village will be reported to Council at a future date.

CONCLUSION

The City of Vancouver has invested an estimated \$554.3 million in capital and operational expenses related to hosting the 2010 Winter Games. The City's investment levered an additional \$174.9 million (24%) through partnerships with senior levels of government and Olympic sponsors - bringing the total investment to \$729.2 million. This investment has created a sustainable legacy of city assets for the use of our citizens for years to come.

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Appendix 1 - 2010 Winter Games - Cost Estimates (\$millions)

2010 Winter Games Cost Estimates (\$ Millions)	Total City Funding	External Recoveries	% External Recoveries	Total Costs
CAPITAL EXPENSES				
Olympic Venues	73.8	65.6	47.0%	139.4
Vancouver Olympic Centre (Hillcrest Community Centre)	47.4	40.3	45.9%	87.7
Trout Lake Rink (Replacement)	13.7	2.8	17.0%	16.5
Killarney Rink (Replacement)	12.8	2.7	17.5%	15.5
Britannia Community Centre (Renovation)	-	0.3	100.0%	0.3
Pacific Coliseum (Renovation)	-	19.5	100.0%	19.5
Non-Competition Infrastructure	120.9	39.0	24.4%	160.0
Canada Line - Cambie Street Restoration and Enhancement	7.8	9.3	54.5%	17.1
Canada Line - Utility Relocation	0.6	8.6	93.6%	9.2
Canada Line Station	20.3	7.8	27.8%	28.1
Canada Line (including Olympic Village Station)	28.6	25.7	47.3%	54.4
Civic Theatres - Queen Elizabeth, Playhouse, & Orpheum	64.5	-	0.0%	64.5
Granville Mall Reconstruction	13.4	10.4	43.7%	23.8
Olympic Street Car Demonstration Line	8.0	0.5	5.9%	8.5
Granville Bridge Strengthening	2.2	2.3	51.1%	4.4
Expo Deck Repairs	2.2	-	0.0%	2.2
Public Art	1.9	0.2	7.3%	2.1
Trout Lake Road Improvements	0.2	-	0.0%	0.2
Civic Facilities Preparation for Olympic Games	3.2	0.8	20.0%	4.0
City Hall Preparations (eg. Cleaning; North Lawn; Renovations (1,2,3))	2.0	-	0.0%	2.0
Other Facilities (eg. Planaterium Roof, Forum, Security, etc)	1.2	0.8	39.4%	2.0
South East False Creek - Civic Infrastructure¹	299.8	30.0	9.1%	329.8
Proposed Affordable Housing	80.1	30.0	27.3%	110.1
Civic Centre	36.0	-	0.0%	36.0
Salt Building	15.1	-	0.0%	15.1
Waterfront, Park, Plaza and Internal Streetscapes	142.9	-	0.0%	142.9
First Avenue Reconstruction	20.7	-	0.0%	20.7
Land Investment (Maywood Property)	5.1	-	0.0%	5.1
Neighbourhood Energy Utility	26.2	8.8	25.1%	35.0
TOTAL CAPITAL EXPENDITURES	524.0	144.2	21.6%	668.2

¹Excludes market loan to developer, Millennium Development Corporation, of up to \$969M and future recoveries and revenues.

Appendix 1 - 2010 Winter Games - Cost Estimates (\$millions) - CONTINUED

2010 Winter Games Cost Estimates (\$ Millions)	Legacy Reserve	Other City Funding	Total City Funding	External Recoveries	% External Recoveries	Total Costs
OPERATIONAL EXPENSES						
Dedicated Olympic Operations	-	5.9	5.9	1.0	14.5%	6.9
Olympic Legacy Reserve Initiatives	20.0	2.5	22.5	14.1	38.5%	36.6
Economic Development/Tourism	0.9	-	0.9	-	0.0%	0.9
Participation in Beijing 2008 Summer Olympic and Paralympic Games	0.3	-	0.3	-	0.0%	0.3
2010 Olympic and Paralympic Torch Relay	0.3	-	0.3	0.1	20.0%	0.4
Public Art	1.7	1.5	3.2	0.8	20.3%	4.0
Live Site	5.0	-	5.0	13.0	72.2%	18.0
Host City/Protocol	6.4	-	6.4	-	0.0%	6.4
Look of the City (Banners, Gateway, Light the City, Pavillion)	1.9	-	1.9	0.2	7.5%	2.0
Sustainability Initiatives	1.2	-	1.2	0.1	4.2%	1.2
Signing and Decorative Lighting	1.2	1.0	2.2	-	0.0%	2.2
Records and Archives, Information Technology, & Contingency	1.3	-	1.3	-	0.0%	1.3
Olympic Support - Games Time Incremental Resources	-	1.9	1.9	15.7	89.3%	17.6
Police - Urban Domain	-	-	-	10.0	100.0%	10.0
Games Urban Support (Fire, By-law, Litter, Transportation, Snow)	-	0.4	0.4	5.7	93.6%	6.1
Parking Revenue Loss	-	1.5	1.5	-	0.0%	1.5
TOTAL OPERATING EXPENSES	20.0	10.3	30.3	30.8	50.4%	61.0
TOTAL OLYMPIC COSTS	20.0	534.3	554.3	174.9	24.0%	729.2

APPENDIX 2 - OLYMPIC LEGACY RESERVE APPROVALS

RTS	Approval Date	Project	Olympic Legacy Reserve	Other City Funding	External Funding	Total Funding
7533	7/22/2008	2008 Beijing Torch Relay (Program Development)	20,000			20,000
7612	10/14/2008	Business and Tourism Initiatives	200,000			200,000
7693	10/28/2008	Enhanced Transportation Signing	200,000			200,000
8009	6/2/2009	Environmental Sustainability	150,000			150,000
7376	5/27/2008	Funding Allocation for the 2010 Host City Communications Program	1,400,000			1,400,000
8005	3/24/2009	Information Technology - Technical Infrastructure	150,000			150,000
6933	7/22/2008	Live City Vancouver	4,800,000		13,015,000	17,815,000
6933	9/18/2007	2010 Winter Games Live Site Concept Plan - Live Site Design - Phase II	200,000			200,000
7689	10/28/2008	Look of the City - Gateways	110,000			110,000
7959	5/19/2009	Look of the City - Light the City	486,450			486,450
7611	9/16/2008	Look of the City - Street Banners	650,000		150,000	800,000
7949	3/24/2009	Look Of the City - Vancouver House	603,550			603,550
07949 / 07767	3/24/2009	Host City Pavilion - Vancouver House	946,450			946,450
7767	11/25/2008	Award of Consulting Agreement - Vancouver House-Design Development	53,550			53,550
7232	4/1/2008	Olympic and Paralympic Community Celebrations Program	1,000,000		2,056	1,002,056
7119	1/29/2008	Olympic and Paralympic Public Art Program	1,500,000	1,500,000	750,000	3,750,000
7666	9/30/2008	Look of the City - Public Art Program	150,000			150,000
7710	10/28/2008	Olympic Decorative Lighting	1,000,000	1,000,000		2,000,000
6743	7/12/2007	Participation in Beijing 2008 Summer Olympic and Paralympic Games	254,000			254,000
7659	3/24/2009	Protocol and Hosting	2,000,000		67,495	2,067,495
7971	3/24/2009	Records & Archives - 2010 Winter Games	582,000			582,000
7555	10/14/2008	Social Sustainability	1,000,000		50,000	1,050,000
6773	7/12/2007	Vancouver Economic Development Commission's 2007-2010 Strategic Plan for the 2010 Olympic and Paralympics	330,000			330,000
7612	10/14/2008	Volunteer Ambassador Program (Funding allocation to Tourism Vancouver for the City Host Volunteer Program)	200,000			200,000
07612 / 07955	5/5/25009	Host City Deployment	800,000			800,000
07533 / 08162	7/23/2009	2010 Olympic and Paralympics Torch Relays	280,000		40,000	320,000
8241	7/9/2009	VEDC - 2010 Foreign Direct Investment Program Funding	379,450			379,450
		Project Contingency	554,550			554,550
Total Approvals			20,000,000	2,500,000	14,074,551	36,574,551