

Toronto 2008: chair of Olympic bid discusses city's potential for hosting games

According to Steve Hudson, chair of the executive committee for Toronto's bid, there is "an excellent opportunity to use the 2008 Olympic bid as a catalyst to transform our city and our waterfront." He believes that the private sector will play a key role in this transformation.

His speech, delivered on October 25 at the Ontario Club in Toronto, outlined successes from previous Olympic Games and how the lessons learned can be applied to Toronto.

Mr. Hudson notes that there has been a dramatic evolution in the Games over the last three decades, in the way they are operated, the opportunities for private sector involvement, and the legacy they create.

In 1976, Montreal was the first Olympic City to utilize substantial marketing and sponsorships. Los Angeles in 1984 reported \$288 million in television revenues, and launched the era of profitable Olympic Games.

The Calgary Games were an immediate commercial success, posting a \$90 million profit. "But it was the legacy that truly made them remarkable and set the stage for the next evolution," says Mr. Hudson. This legacy includes the following: a \$60 million foundation to fund the development and operation of sports facilities and events; a \$50 million endowment to the Canadian Olympic Association for grants to athletes; and the PetroCanada Scholarship and Olympic Legacy Coaching Fund that each provide as much as \$2 million over four years for athletes and coaches.

The Barcelona Olympics in 1992 were an excellent example of how great an impact the Games can have on a city's infrastructure and

economic prosperity. Mr. Hudson notes that "Barcelona literally went from depression to economic boom." A major goal of the organizing committee was to leave behind a number of useful investments after the Olympics were over. Of the \$10 billion invested in capital and infrastructure related to the Barcelona Olympics, 60 percent went toward projects not directly related to the Games. Close to \$7 billion was spent on roads, telecommunications and residential infrastructure. Moreover, Mr. Hudson notes, 33 percent of the total investment was funded through the private sector.

Mr. Hudson believes the model for the Olympic Games in the new millennium will be based on public-private partnerships. Sydney, for example, has slated two-thirds of the \$3 billion infrastructure budget to come from the private sector. The first transportation project was a \$700 million rail link from the airport to the city centre, which Mr. Hudson points out has been a dream for Toronto for many years. A 35-year concession with \$250 million from the private sector and \$450 million from the public sector made this project a reality in Sydney. The rail link was also supplemented by a \$700 million toll road over the same route, funded entirely by the corporate sector with a 48-year concession. Condominiums, houses and hotels were also built with substantial private funding.

The most interesting model in Sydney was the Olympic Stadium, Mr. Hudson says. Over \$300 million of the \$570 million in private capital was raised through an IPO. Individuals can purchase a share in the stadium and tickets for all events in the venue for \$10,000.

He outlined the following keys to success involving the private sector for the Sydney Olympics:

1. **Broad outcome requirements for RFPs.** Government left the details to the bidders. Turnkey solutions maximized opportunity for private sector creativity in design and financing.
2. **Assessments based on outcomes.** Successful proposals met the outcome requirements with the lowest amount of government support.
3. **True risk sharing.** The public and private sectors shared risks equally. Neither of the transport projects had government revenue guarantees.

The result of the Sydney Games has been the creation of new construction consortia that can compete domestically and internationally, and "they helped create a sophisticated Australian market for private infrastructure debt and equity financing," Mr. Hudson says.

As for the prospects for Toronto, Mr. Hudson notes that the city is one of ten bidding for the 2008 Olympics, with Beijing deemed to be the front runner. He observes, however, that in eight of the last nine Olympic bids, the second or third ranked city has won. He believes Toronto's chances rely on an image as "an honest, lower risk player."

The Toronto 2008 Olympic Bid organization has developed five core principles for its work:

1. Support for cultural diversity
2. Being "green" with strong environmental values
3. Political stability and support from all levels of government
4. Creating a legacy for sport, culture and the arts
5. Fiscal responsibility

Mr. Hudson stresses that the grand ideas are still evolving, but "our goal is to have a world class city - no matter how the bid turns out. Based on an estimated \$1 billion dividend,

\$600 million is targeted at Olympic-specific infrastructure. The remaining \$400 million is available "to turn Toronto into one of the most competitive cities in North America," he adds.

Mr. Hudson points out that the bid holds the "magic ingredients" of partnership and initiative to develop the vision of a world-class city and waterfront. He notes that the opportunities for public-private partnerships will be a major part of the success.

NOTE:

The International Olympic Committee (IOC) released its recommendations for reform of the host city bidding process on October 30. They include adding more IOC members who are directly involved in sport, such as athletes, presidents of sports federations and heads of national Olympic committees.

At the full IOC meeting on December 11 & 12, 2000, members will rule on whether to restrict IOC members' visits to bid cities, or to ban them altogether. Phyllis Burke, spokesperson for the Toronto Olympic Bid organization, does not believe that this decision will adversely affect the Toronto initiative, "since it puts more emphasis on technical bids."

By February, 2000, the bid group should know the dates of critical milestones, and will present its plan to City Council. If the IOC decides, sometime in 2001, to award the Games to Toronto, a new organization will be formed to develop and issue RFP's for Olympics-related infrastructure. **Ms. Burke believes experience has proven that the private sector can be very creative in designing and implementing projects when they are focussed on hosting an Olympic Games.**

Mayor Mel Lastman announced on November 3 that Toronto would go ahead with a major waterfront revitalization, whether or not the Olympic bid is won. He emphasized that the private sector will play a key role in the success of this initiative.