

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 2
OF THE REGIONAL CHAIR**

**For Consideration by
The Council of The Regional Municipality of York
on October 27, 2005**

**1
COMMONWEALTH GAMES BID CITY AGREEMENT**

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize the Chair and Regional Clerk to execute the Bid City Agreement with the Commonwealth Games Association of Canada.

2. PURPOSE

The purpose of this report is to seek approval from Regional Council to enter into a Bid City Agreement with the Commonwealth Games Association of Canada Inc. governing the Region's bid to host the 2014 Commonwealth Games.

3. BACKGROUND

The Region submitted an Intent to Bid on the 2014 Games on July 21, 2005. The bid process was outlined in a report to Regional Council on September 22, 2005 indicating that the formal bid must be submitted on November 1st together with the balance of the non-refundable bid deposit of \$55,000.00.

In order to participate in the bid process, the Region must also enter into the Bid City Agreement with the Commonwealth Games Association of Canada Inc. ("CGC"). The

Bid City Agreement sets out the financial and legal obligations of the successful bidder from submission of the bid to CGC until conclusion of the 2014 Games.

4. ANALYSIS AND OPTIONS

4.1 Canadian Bid City

4.1.1 Governance

If selected as the Canadian Bid City (the “Bid City”), the Region would be required to incorporate a non-profit corporation (“Bidcom”) for the purposes of submitting the international bid. At least one-third of the members of the Board and Executive Committees of Bidcom must be named by CGC and all members must be approved by CGC. The Region would also be required to appoint a CEO of Bidcom for the term February 1, 2006 to December 1, 2007. CGC is to participate in the hiring process and approve the selection of the CEO.

4.1.2 Financial

The Bid City is responsible for all expenses and assumes all liabilities associated with the bid. It must also carry appropriate insurance and name CGC as an additional insured. The Bid City must also:

- Pay all travel and expenses for three CGC board members and two staff members to attend the Melbourne 2006 Games;
- Send a delegation to the 2006 Games and host a hospitality suite for the duration of the Games;
- Pay all travel and expenses for two CGC members to attend all international bid meetings; and
- Pay all the travel and expenses for six CGC members and staff for site visits to the Bid City and attendance at the bid presentation in Sri Lanka in October 2007.

4.1.3 Right to Withdraw

If selected as the Bid City, the Region could only withdraw its bid prior to submission through the International Commonwealth Games Federation if it determines, having acted reasonably and in good faith, that the financial or other assistance of governments (federal and provincial) is not satisfactory to the Region. However, the Region would not have the right to withdraw its bid unless it has used its best efforts acting reasonably and in good faith to procure the government’s assistance.

CGC can require the Bid City to withdraw its bid to the International Selection Committee if CGC, acting reasonably and in good faith, is of the opinion that:

- The financial or other governmental assistance is not satisfactory;
- The Government of Canada hosting policy is not satisfactory;

- The win ability factor or the international bidding climate does not provide the Bid City or Canada with a fair chance to be successful; or
- There is an unfavourable political, economic and social climate (i.e. economic depression, severe disease epidemic or terrorism).

4.2 International Host City Selected by Commonwealth Games Federation

The Bid City Agreement sets out a number financial and legal obligations that would become applicable should the Region be selected as the international Host City.

4.2.1 Organizing Committee

If selected as the Host City, the Region would have to incorporate an organizing committee as a non-profit corporation. The Bid City Agreement sets out the specific requirements for membership on the Board, Articles of Incorporation and CGC participation in the hiring of the CEO and Vice-President.

4.2.2 Financial Obligations

Contributions to 2014 Canadian Team

The Organizing Committee must make the following contributions to the 2014 Canadian team participating in the Games:

- Training support fee of \$5,000,000.00 to cover the cost of preparation for the Canadian team. This fee is to be paid to CGC 48 months prior to the Games;
- Air travel for the Canadian team, including athletes and officials (up to 750 people);
- Accommodation to athletes and certain team officials (750 people for 21 days);
- \$350,000.00 to cover the costs of uniforms for the Canadian team.

CGC Members

The Organizing Committee must pay the travel and expenses of CGC members to attend meetings, site visits (international meetings relating to the Games, annual CGC meetings and accommodation during the duration of the Games).

Delegation to 2010 Games

The Organizing Committee must send a delegation to the 2010 Delhi Games and other international sport conferences whenever appropriate prior to the 2014 Games.

Hosting Fee

The Organizing Committee and host city are jointly liable to pay a “Hosting Fee” in the amount of \$10,000,000.00 (Canadian) in consideration for CGC granting host city rights. Ten percent of the Hosting Fee is payable upon signing the Host City Agreement and fifteen percent is payable on February 1st of each year from 2008 to 2014.

Sports Legacy Fund

The Organizing Committee must establish the Sports Legacy Fund and provide a minimum financial guarantee \$20,000,000.00 to develop sports at the local, regional, provincial and national levels. This amount does not include other types of legacies the Bid City may propose in its application. The first payment is to be made from the fund within 180 days of the conclusion of the Games and paid in full within one year.

Fifty percent of the annual earnings of the Sports Legacy Fund must be allocated for national programs outside the Bid City's province and the remaining funds are to be allocated locally and regionally. All profits of the Games go to the Sports Legacy Fund.

4.2.3 Sponsorships

Sponsorship for the Games are governed by the terms of the Bid City Agreement. CGC does not permit any sponsorships from tobacco companies. Rights and ownership of all broadcast footage, logos, etc. are to be transferred to CGC within 180 days of the conclusion of the Games.

4.2.4 Legacies

Sport Development Committee

The Organizing Committee must establish a Sport Development Committee by 2009 to develop sport at the local, regional and provincial level by assisting in the development, more services and training prior to the Games. The Committee must also contribute to the ongoing promotion of sports and physical activities regionally, with an emphasis on youth.

Elite Athletes with Disabilities

The Organizing Committee must also develop an elite athletes with disabilities ("EAD") program to support and promote disabled athletes. The EAD legacy must ensure that EAD Games are integrated within the sports schedule of events, that a variety of disabilities are represented and that a gender balance is achieved.

Infrastructure

The CGC must approve in advance the infrastructure plan of the Organizing Committee in order to maximize the sports legacy left after the Games. The Organizing Committee must ensure that all sports facilities being built for the Games remain as sports facilities after the Games, and that the owners of such facilities provide access free of charge to athletes training in commonwealth Games sports.

5. FINANCIAL IMPLICATIONS

The September 22, 2005 report to Regional Council outlined the costs associated with submitting the bid. The financial obligations imposed by the Bid City Agreement as outlined in this report would be incurred in addition to the actual costs of hosting the Games.

Should the Region be successful in its international bid, the costs set out in this report will be the subject of future budgets commencing in 2008. These costs and the future revenue streams will be the subject of future reports.

6. LOCAL MUNICIPAL IMPACT

There is no specific local municipal impact identified by this report.

7. CONCLUSION

Although the costs imposed on the successful bidder by the Bid City Agreement are substantial, they are typical of those costs incurred by other host municipalities. If the Region is selected as the successful Canadian bid, Regional Council will receive further reports outlining the revenue sources proposed to cover the costs of the games, including government funding and corporate sponsorships.

Respectfully submitted,

**October 25, 2005
Newmarket, Ontario**

**Bill Fisch
Regional Chair**

***(Report No. 2 of the Regional Chair was adopted, without amendment, by
Regional Council at its meeting held on October 27, 2005.)***