

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

C.F. No. 15-0989

Date: October 1, 2018

To: Honorable Members of the Ad Hoc Committee on the 2028 Olympics and Paralympic Games

From: Richard H. Llewellyn, Jr., City Administrative Officer

Sharon M. Tso, Chief Legislative Analyst

Subject: **REPORTING ACTIVITIES RELATED TO THE 2028 OLYMPIC AND PARALYMPIC GAMES****RECOMMENDATION**

That the Council NOTE and FILE the attached report inasmuch as it is submitted for informational purposes only.

SUMMARY

On August 11, 2017, the City Council approved actions to support efforts of Los Angeles Exploratory Committee (LA 2028) to bring the 2028 Olympic and Paralympic Games (2028 Games) to Los Angeles (C.F. 15-0989). This included approval of the Host City Contract (HCC) and a Memorandum of Understanding (MOU) between the City of Los Angeles, United States Olympic Committee (USOC), and LA 2028.

The HCC is the agreement between the City, the USOC, and the International Olympic Committee (IOC) that identifies contractual commitments of the parties relating to insurance, indemnification, event requirements, operations, deliverables, efforts to cooperate, and financial obligations of the parties. The HCC also includes an advance payment in the amount of \$180 million paid over five years to LA 2028 to support operations (\$20 million) and to begin the implementation of a Citywide Youth Sports Program (\$160 million).

The MOU is an agreement between the City, LA 2028, and the USOC that memorializes the relationship, roles and responsibilities between the parties relative to hosting the 2028 Games. The MOU provides financial and risk management protections to the City, reporting and transparency requirements, and other actions governing administration of the 2028 Games.

On September 13, 2017, the IOC subsequently approved the City of Los Angeles as the host of the 2028 Games. Since approval of the HCC and MOU, LA 2028 has initiated activity to prepare for the 2028 Games. This report provides a summary of the LA 2028's Annual Report for 2018 (Annual Report) and an update on the Youth Sports Program and Joint Marketing Program.

ANNUAL REPORT

The MOU between the City of Los Angeles and Organizing Committee for the Olympic Games (OCOG) requires LA 2028 to provide annual reports to the City Council. On April 2, 2018, LA 2028 transmitted the attached report to the City concerning the operations of the OCOG (Attachment A). We note that subsequent to release of the Annual Report, the LA 2028 has transitioned to an OCOG as of September 13, 2018. Discussions of the Management Structure and analysis of the OCOG will be included in the next annual report and will be based on the updated 2028 Games Foundation Plan and Games Budget.

Budget Formulation

LA 2028 is currently developing a Games Foundation Plan which will update the Games Concept for 2028. The Games Foundation Plan will also adjust the Games Budget to reflect the impact of the decision to award the 2028 Games to the City rather than the 2024 Games. KPMG will be retained to review the updated Games Budget in January 2019. An updated 2028 Games Budget and the KPMG report will be provided to the City by the end of the first quarter of 2019 as part of the OCOG's annual report covering activities of the OCOG in 2018.

Insurance and Risk Management Plan

The MOU requires the OCOG to obtain a range of insurance policies at its own expense, to include the City as an additional insured, and to incorporate contractual indemnification language into any venue use agreements it executes. The MOU additionally requires the OCOG to purchase insurance coverage for the HCC that will address unforeseen circumstances. The OCOG obtained an active Host City Contract 2028 insurance policy as of September 13, 2017. The OCOG will actively collaborate with the City's Risk Manager to develop an initial report of the LA 2028 insurance program and risk management strategy.

Additional Issues

The Annual Report also provides updates of the following items:

- Transition Period and Board Formation
- List of Contracts in Excess of \$1M
- Conflict of Interest Policies, Audited Financials, and Form 10-99
- Management Discussion and Analysis
- Youth Sports Programs

YOUTH SPORTS PROGRAM

Section II.7.2 of the HCC provides for the expenditure of up to \$160 million on youth sports programs and other sports programs in the City. This arrangement will fund the promotion and support of youth sports programs in Los Angeles leading up to the 2028 Games. Council approval of any allocation of funding from the Youth Sports Program is required by the terms of the MOU. LA28 is in the process of finalizing an analysis of the youth sports landscape in Los Angeles and that assessment will be utilized in the development of the Youth Sports Program.

SwimLA

In early 2018, the Mayor's Office identified the Citywide expansion of swimming lessons provided by the Department of Recreation and Parks (RAP) as an early opportunity for youth sports engagement. SwimLA is an initiative to double the number of young people who receive swimming lessons at City pools from 18,000 to 36,000 in 2018.

On September 15, 2018, Mayor Eric Garcetti announced that SwimLA surpassed the goal of enrolling more than 36,000 participants in classes this year. The program was able to provide scholarships to families with demonstrated financial need. RAP expanded hours at nearly 50 pools, adding more than 3,000 operating hours at 33 seasonal pools and 19 year-round pools across the City in order to support the expansion of swim classes.

RAP reports that of the 36,126 participants in the program, 60% enrolled in the preschool and beginner level aquatics programs, indicating that for many it was likely their first time learning to swim (Attachment B). The SwimLA program is available at every City pool, and drew nearly identical gender representation, with 49% of participants identifying as male, 48% as female, and 3% as other.

Funding for this program in the amount of \$1,325,000 has been tentatively identified as an allocation from the LA 2028 Youth Sports Programming funds. The request to authorize the use of these funds will be transmitted to Council for consideration and approval in a separate transmittal following its consideration by the Board of Recreation and Parks Commissioners. In the future, all Youth Sports Program actions must receive Council approval before any funds are allocated.

LA 2028 has engaged with the Boston Consulting Group to prepare a report that will help guide LA 2028 Youth Sports Programming funds. Boston Consulting Group has been evaluating youth sports programs in the Los Angeles area and is expected to identify opportunities for program expansion. This report will be presented to the Committee subsequent to its release.

PENDING AGREEMENTS

The HCC requires that the OCOG execute additional agreements. These include a Joint Marketing Program Agreement, Marketing Plan Agreement, Games Agreement, and a Youth Sports Plan. A summary of each agreement is provided on Attachment C. The City Administrative Officer and Office of the Chief Legislative Analyst will continue to monitor the operations of the OCOG and the development of the agreements and Youth Sports Program and provide status reports on a regular basis.

The City and LA 2028 plan to initiate development of the Games Agreement in October 2018. Among considerations in the Games Agreement are the method for identifying City services that will be needed to support the 2028 Games.

Attachment: A. LA 2028 Annual Report for 2018
B. Recreation and Parks, Citywide Aquatics Division Report on SwimLA
C. Summary of Agreements



April 2, 2018

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Dear Mayor Garcetti, City Attorney Feuer, City Administrative Officer Llewellyn, Chief Legislative Analyst Tso, and City Clerk Wolcott:

Pursuant to Sections (9)(b) and 12(a) of the Memorandum of Understanding made and entered by and among the City of Los Angeles, the United States Olympic Committee, and the Los Angeles 2024 Exploratory Committee ("LA 2028"), please find attached as Appendix A the LA 2028 Annual Report for 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Wasserman". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

CASEY WASSERMAN
Chairman, LA 2028

CC: **LA 2028**

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UNITED STATES OLYMPIC COMMITTEE

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APPENDIX A

LA 2028: First Quarter 2018 Update to the City of Los Angeles

I. Transition period & Board formation

The LA 2028 bid committee is currently in the process of transitioning to an organizing committee (OCOG). We are working closely with the International Olympic Committee (IOC) to finalize the OCOG's foundational documents. Once these documents are approved by the IOC, the OCOG will appoint its board of directors, consistent with federal and state laws, IOC requirements, and those requirements contained in Section 7 of the memorandum of understanding (MOU) between the City of Los Angeles, the United States Olympic Committee, and LA 2028. We anticipate this process will be completed in the spring of this year.

II. Budget update & KPMG process

In accordance with the IOC's requirements in the Host City Contract 2028, LA 2028 is actively developing a Games Foundation Plan that reflects any relevant updates to the Games Concept for 2028. Pursuant to that agreement and the MOU with the City of LA, the OCOG shall finalize its Games Concept and adjust the Games Budget in accordance with four additional years of operations and any additional commitments outlined in these documents. LA 2028 has committed to a formal review of an updated Games Budget within 18 months of the OCOG formation and prior to the OCOG's delivery of an updated Games Foundation Plan to the IOC.

LA 2028 will use the remainder of fiscal year 2018 to update the Games Budget for the 2028 Games, building on the strong foundation of the 2024 Games Budget already vetted by KPMG and approved by Council. A review of an updated Games Budget will be performed by KPMG commencing in approximately January 2019. The goal is to provide an updated 2028 Games Budget and KPMG report to the City by the end of the first quarter of 2019 as part of the OCOG's annual reporting requirements.

III. Insurance & risk management plan

The OCOG obtained an active Host City Contract 2028 insurance policy as of September 13, 2017, which is the date of the City's signature of the Host City Contract. The OCOG will actively collaborate with the City's assigned risk manager(s) to develop an initial report of the LA 2028 insurance program and risk management strategy.

IV. List of contracts in excess of \$1M

Contract	Value	Purpose
Lease Agreement	\$9,398,788.63 (10 years)	10-year office lease
AECOM Technical Services, Inc.	\$1,980,000 from 10/1/17 to 06/30/19.	Technical consulting and planning related to the development of a masterplan for the Games and legacy strategy, and several technical appraisals and inventory projects

V. Conflict of interest policies, audited financials, and Form 10-990

Per the MOU, we have provided the City with LA 2028's conflict of interest policy as well as the last available Form 10-990 and audited financials.

VI. Management Discussion and Analysis

No Management Discussion and Analysis (MD&A) is available during this period of transition to an OCOG and ongoing development of an updated Games Foundation Plan and Games Budget. The inaugural MD&A will be included with the next report and will be grounded in the updated 2028 Games Foundation Plan and Games budget.

VII. Youth sport

Per the MOU, LA 2028 is working with the City to launch a youth sports program by approximately September 2019. To support the design of this program, LA 2028 is identifying the landscape of youth sport programming offered throughout Los Angeles, including existing programs offered by the City's Recreation and Parks Department.

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**City of Los Angeles
Department of Recreation and Parks
Citywide Aquatics Division
SwimLA**

SwimLA is a targeted recreational youth aquatic program which offers affordable swim lessons for children ages 4 - 17 at all City pools. SwimLA creates a safer and healthier Los Angeles by building children's swimming skills, providing water safety education, keeping children active and reducing drownings. The program focuses on reducing and eliminating financial barriers that may prevent parents from enrolling kids in swim lessons.

During the summer 2017 Learn-to-Swim program, RAP offered 2,348 swim classes citywide. 1,452 swim classes at seasonal facilities and 896 swim classes at year-round facilities during normal operating hours. At the end of season, the total swim class registration was 18,193.

This summer, RAP offered additional swim lessons through SwimLA at its 49 city swimming pools, which include seasonal (33) and year-round (16) facilities. Through a city-wide, targeted bi-lingual educational, advertising and promotional campaign, RAP's Aquatics Division reached a wider audience and provided over 36,000 swim lessons – a 100% increase from RAP's traditional enrollment numbers.

For the 2018 SwimLA program, in addition to the 2,348 swim classes offered during normal operating hours, RAP added an additional 2,504 swim classes totaling 4,852 swim classes citywide. This was accomplished by adding up to two operational hours at swimming pools for additional classes. At the end of the season, the total swim class registration was 36,126.

The cost of the 2018 SwimLA program is approximately \$1,125,000.

Attachment C

Summary of LA 2028 Agreements

Annual Report	A report of the financial condition is required to be issued to the Mayor and City Council annually by March 31.
Joint Marketing Program Agreement (JMPA)	The JMPA will be updated to formally identify shared responsibilities and combine the marketing and commercial rights of the OCOG and the USOC for the term beginning January 1, 2021 and ending December 31, 2028. It is anticipated the updated JMPA will be appended to the next Annual Report from the OCOG to be submitted by March 31, 2019.
Marketing Plan Agreement (MPA)	Marketing and commercial sales activity for the 2028 Games shall begin on January 1, 2019, with activation rights to begin on January 1, 2021. The MPA is required by the HCC to be complete by December 31, 2018.
Games Agreement	The OCOG is validating its Games Plan and updating its Games Budgets for 2028 ahead of entering into a Games Agreement with the City by September 14, 2019.
Youth Sports Plan	The City and LA 2028 are developing the Youth Sports Plan which will be provided for Council approval in conjunction with the Games Agreement by September 14, 2019. Up to \$160 million in cash and in-kind value will be available to initiate a Citywide youth sports program and activities.