
Business Case

Sustaining Alberta's Olympic Legacy

A Business Plan To Create A World-Leading Sports Institute In Alberta

Presented by the Calgary Olympic Development Association

Creating Canadian Olympic Winter Sport Excellence

Sustaining Alberta's Olympic Legacy

Overview

Alberta is currently an international leader in high-performance sport, due largely to the handling of the legacy of the 1988 Olympic Winter Games. Calgary Olympic Development Association ("CODA") was established with a unique mission:

Prudent management and utilization of its legacy assets will enable CODA to advance innovative programs and facility development in partnership with those who share its vision of Canadian Olympic winter sports excellence.

CODA's vision is ambitious: *to create Canadian Olympic Winter Sport Excellence*. It has been wonderfully successful, so far. The recent success of the Canadian athletes who trained in Alberta is extraordinary evidence of the Olympic legacy's impact. Prior to the 1988 Olympics, Canadian athletes won approximately three medals per Olympic Games. Since 1988, Canada has steadily increased its international success, and medal count, reaching its best Olympic performance of 24 medals in 2006. **Alberta based athletes won 16 of these medals.** Cindy Klassen and Clara Hughes are great examples of the Alberta training advantage.

Now CODA and Alberta are at a critical stage of change. Despite CODA's focus on creating and maintaining the strong foundation for high-performance sports, the facilities are aging, heavily used, and need increasing maintenance and modernization. Around the world, standards and the competitive bar are raised every year – be it training, or hosting international competitions which have the potential to draw millions of visitors to the province. CODA, despite its endowment funds, cannot continue to fund the necessary capital improvements for the Alberta's Olympic legacy facilities at Canada Olympic Park, and the Oval at the University of Calgary at a level that will allow Canadian athletes to compete on an equal playing field with the world's best. **The ability to remain a world leader is in doubt without substantial facility renewal.**

This document presents a business case for capital investment from the Government. It is not a request for any on-going operational funding. The initial investment support will create a facility based sports institute that will be self-sustaining. It will provide a renewed base for Canadian Olympic winter sport excellence. The upfront investment provides the building blocks to sustain CODA's mission, achieve the vision, and enhance Alberta's role as a world-leader in the development of winter sport excellence, as well as increasing community recreation opportunities, creating a healthier province and paying economic dividends.

Timing is important. Soon, the world returns to Canada for the 2010 Olympic Winter Games in Vancouver. Investing now will ensure world-class training facilities for Canadian athletes, and uphold Alberta's reputation as an international venue for events, training and sports research, all critical components to a culture of sport excellence. The road to the 2010 Olympic Winter

Games in Vancouver should – and must – go through Alberta to ensure a sustainable future for our athletes, let alone reinforce Alberta’s enviable global reputation as a province where being the very best is integral to how business works here.

Canada’s athletes need the best support to excel in 2010. **Canada’s high-performance sports community risks dispersing across the country after 2010**, losing the synergy benefits created by Calgary’s current high-performance system. This is no more evident than in the fact that Hockey Canada is in dire need of a new facility, and will leave Calgary in the very near future in order to meet their needs without the construction of the new Athletics and Ice Complex at Canada Olympic Park. Other national sport organizations and athletes have already left the province in search of newer facilities. Given this threat, and the emerging international model of facility based sports institutes, with a centralized support infrastructure highlights that Canada risks falling behind in future international sports competition. CODA is committed to working collaboratively with all stakeholders to ensure our plans deliver the best possible future for all the communities served, from Olympic athletes to small children taking their first ski lesson, thousands of recreational users to the neighbors who border our land.

The investment will pay off with gold: with dollars flowing through Alberta, and in opportunities and inspiration for Alberta youth. Olympic medalists are role models in their communities, and their inspirational impact on youth is significant.

The sport community has recognized the benefits of similar infrastructure investments from the Government of Alberta with the Canmore Nordic Centre after it was renewed to international standards. Last winter thousands of spectators cheered wildly as Alberta athletes, Sara Renner and Beckie Scott, stood on the winner’s podium after competing in a World Cup on home snow for the first time in 15 years. The Canmore investment has been an unmatched success from every perspective. *Now the rest of the job must be done.* This document outlines what is required *now* for Alberta and its athletes to remain the world’s best, and sustain Alberta’s living Olympic legacy.

Evolving Environment

Today, winning athletes need leading-edge facilities and support services unheard of 20 years ago: coaches, psychologists, advanced technologists, trainers, dieticians and much, much more. Countries around the world are developing facility-based sports institutes as their national high-performance sports centres. These institutes form a basis for operating efficiencies of national sport organization, access to world class support services and leading-edge sports research, benefits in coaching, cross-training and educating athletes, and hosting of national and international events. These sports institutes become hubs for tourism, attracting millions of dollars, as well as offering spin-off non-quantifiable benefits to local communities, both in the access to high quality facilities, and in the inspirational leadership models of locally trained winning athletes.

Evaluating Alternatives for Impacts and Risks

Against this backdrop, CODA, together with its partners Hockey Canada, the University of Calgary and other members of the sport community, considered the future for the Alberta Olympic legacy. They have extensively reviewed the following four options for the future:

- (1) The End of the Legacy: a bare maintenance model, as funded by the current endowment funds, allows the facilities to fall further behind international standards leading over time to loss of international events, and loss of the existing high-performance sports centre.

- (2) Maintaining the Legacy: with the Government's financial assistance, increasing maintenance to current facilities and expanding multi-sport training at Canada Olympic Park. This option is not self-sustaining and requires further endowment support to cover future operating deficits.
- (3) A World-Leading Olympic Legacy: With the Government's capital investment, creating a facility based sports institute. This option provides a basis for revenue generating programs that enable on-going self-sufficiency. Some critical capital investments are:
 - The Athletics & Ice Complex, the core facility with which Alberta will sustain its world leadership in sport development. It is a multi-sport, sport science, and athletic support services building, and will be the new home of Hockey Canada;
 - Integral to the sports institute are athlete support services including athlete housing and education opportunities like the National Sport School;
 - Expanded capacity and compliance to international standards for the Olympic Oval;
 - Additional training facilities for the snow and Nordic sports, such as freestyle aerials and snowboarding.
- (4) A Bold New Olympic Future For Alberta, including adding even further new facilities, is not self-sustaining, requiring initial and ongoing Government support.

| Table ES-1: Summary of Option Comparison | | | | |
|---|-------------|-------------|-----------|-----------|
| Option | 1 | 2 | 3 | 4 |
| Ranking re Competing International Venues | Low | Low | High | High |
| Total Score for Business and Operational (Positive) Impacts on Stakeholders | 1.4 | 2.3 | 3.7 | 3.7 |
| Rank by Business and Operational Impacts on Stakeholders | Almost None | Low | High | High |
| Total Risk Score | 4.5 | 4 | 3 | 3.1 |
| Risk Ranking | High | Medium-High | Medium | Medium |
| Net Operating Surplus (Deficit) of Primary Facilities | (\$2.9) | (\$39.0) | \$19.8 | (\$37.9) |
| Sustainability ranking | 3 | 4 | 1 | 4 |
| Total Capital Cost | \$0 | (\$121.0) | (\$276.0) | (\$334.9) |
| Total Capital Request to Government (net of other capital contributions) | \$0 | (\$110.0) | (\$222.5) | (\$288.7) |
| Total Need of Government Support (capital plus an Endowment for operating deficits) | \$0 | (\$141.0) | (\$222.5) | (\$317.0) |
| Ranking by Gross Cost to Government before accounting for Economic Impact | 1 | 2 | 3 | 4 |

An analysis of impacts on identified stakeholders concludes Options 3 and 4 provide the greatest positive benefits to a broad array of sports organizations, high-performance athletes, and sport science research at the University of Calgary, local governments and community associations, as well as Albertans at large, particularly young people. A qualitative risk assessment of the options further supports this ranking. Option 3 is well aligned with Government of Alberta Ministry objectives. Best of all, the Option 3 is self-sustaining, limiting the need for Government funding after the initial capital investment. It also provides economic benefits that payoff to the Government in higher tax revenues, as well as significant non-

quantifiable benefits in encouraging a healthy lifestyle for recreational users, especially youth, through grassroots participation.

Option 3 is the recommended option, based on the analysis summarized in the Table above, where the best ranked option is colored green, the poorest is red, and intermediate ones are orange and yellow.

| Table ES-2: Cost /Benefit Analysis and Economic Impact Effects | | | | | | | |
|---|------------------------------------|---------------------------------|--------|--------------------|---------------------------------|-----------------------------|--|
| Option | Fit with International Competition | Positive Impact on Stakeholders | Risk | Total Capital Cost | Total Requested from Government | Operational Surplus, PV* | Payoff in Extra Taxes on Economic Impact PV* |
| 3 | High | High | Medium | \$276,021,013 | \$222,523,221 | \$19,800,000 Sustainable | \$242,040,488 More than Offsets cost |

* present value of incremental impact for all levels of government, discounted to 2006\$ at 5.25%.

The 2006 and Actual Construction costs for larger capital items are presented in the table below. Table ES-3 demonstrates the effects of cost escalation over the construction period.

| Table ES-3: Option 3 Capital Items | 2006 \$'s | Actual Const \$'s |
|--|----------------------|--------------------------|
| Bobsleigh, Luge, Skeleton (Olympic Track) | | |
| Sub Total | \$9,622,422 | \$10,565,052 |
| Speed Skating (Olympic Oval) | | |
| Total Capital Costs for Speed Skating | \$26,905,144 | \$30,312,140 |
| Ski Jumping, Nordic Combined, Biathlon, and Cross Country Skiing | | |
| Canada Olympic Park & Canmore Nordic Centre | | |
| Sub Total | \$5,367,036 | \$6,321,815 |
| Alpine Ski Racing, Snowboard Racing and Half-pipe, and Freestyle Moguls and Aerials | | |
| Sub Total | \$7,647,055 | \$8,490,661 |
| Athletics and Ice Complex (AIC) Men's, Womens' and Sledge Hockey | | |
| Sub Total | \$131,250,000 | \$154,473,292 |
| Canada Olympic Park - Primary Support Infrastructure: | | |
| Sub Total | \$8,652,300 | \$9,631,788 |
| New Business Ventures | | |
| Sub Total | \$4,126,719 | \$4,737,444 |
| Capital Cost Sub-Total | \$193,570,676 | \$224,532,192 |
| Soft costs (calculated at 15% on 2006 \$'s) | \$29,035,601 | \$29,035,601 |
| Contingencies (calculated at 10%) | \$19,357,068 | \$22,453,219 |
| Total Capital Costs | \$241,963,346 | \$276,021,012 |
| Total CODA and Other Capital Contributions | \$53,497,792 | \$53,497,792 |
| Total Capital Cost to Government | \$188,465,554 | \$222,523,220 |

Option 3 will firmly entrench Alberta as the home of Canadian winter high-performance sport. The total capital investment is \$276 million; CODA and the sport community request the Government invest \$223 million to sustain the living Olympic legacy for future athletes, and to create a world-class sport institute. Costs for a renewal of Alberta's enviable Olympic legacy are beyond CODA's own resources. However once the facilities are built, CODA can fund the operations sustainability, using existing financial resources, and increased operational revenues from diverse recreational uses and 'grassroots' programs.

Furthermore, the economic impact presented below will generate tax revenues that will offset the requested Government investment.

Economic Impact

The spin-off economic benefits of the sports community and tourism sector are substantial. Over time, taxes from the impact offset the upfront requested \$223 million Government investment. An economic impact assessment was undertaken by Econometric Research Limited ("ERL"). The executive summary of the ERL report is appended in section 9. Table ES-4 shows that, if CODA were able to maintain the status quo, the economics benefits of taxes would total a present value of \$320 million over twenty years. Without funding support, the gradual loss of international tourism would reduce the tax benefits to \$250 million. However with the new sports institute, based on renewed facilities at Canada Olympic Park and the Olympic Oval, the Olympic legacy can be sustained, and through its economic impact, increase tax benefits to \$492 million in present value. The difference of \$242 million is comprised of \$161 million in additional federal taxes, \$60 million in added provincial taxes and \$21 million in extra taxes to local governments. The total tax impact to all three levels of government more than offsets the requested Government support of \$223 million. There are also non-quantified benefits for Albertans through the promotion of healthier lifestyles; these in turn have further tangible, although difficult to quantify, economic benefits associated with health costs. The annual economic impacts from option 3 are presented below:

Option 3

- Annual initial expenditures of \$59.7 million results in a province wide value added GDP of \$79 million
- 1,448 person years of employment are sustained in Alberta under option 3
- Total direct and indirect tax impact for all three levels of government are \$31.7 million annually. With \$21.1 million going to the federal government, while \$7.7 and \$2.7 million go to the province and local governments respectively
- Economic impact from initial expenditures of \$214 million on construction will result in \$227 million dollars of Value Added GDP in Alberta
- Initial construction will also result in a total of \$93 million in taxation for all three levels of government. \$62.9 million will accrue to the federal government while \$22.7 and \$8 million will accrue to the province and local governments

The economic impacts above result from the annual operations, both annual and initial capital expenditure, and incremental tourism spending from option 3. However, what is not captured in the economic impact assessment is the impact of the operational spending of many sport organizations located in Alberta that are located here as a direct result of the operations of CODA, COP, and the Olympic Oval. Table ES-5 below illustrates the current annual spending and the potential spending that could result under option 3.

| Table ES-4: Comparing Tax Impacts Present value, over twenty years, in 2006\$ | | | | |
|--|----------------------|---------------------|---------------------|----------------------|
| Current COP and Oval Tax Impacts | | | | |
| | Federal | Provincial | Local | Total |
| Incremental Tourism | \$63,277,527 | \$24,361,243 | \$8,625,804 | \$96,264,574 |
| Operations | 139,846,761 | 50,263,779 | 17,797,309 | \$207,907,849 |
| Annual Capital | 10,422,574 | 3,746,698 | 1,326,625 | \$15,495,898 |
| Total | \$213,546,861 | \$78,371,720 | \$27,749,738 | \$319,668,320 |
| Option 1 COP and Oval Tax Impacts | | | | |
| | Federal | Provincial | Local | Total |
| Incremental Tourism | 17,784,419 | 6,846,831 | 2,424,319 | 27,055,569 |
| Operations | 139,846,761 | 50,263,779 | 17,797,309 | 207,907,849 |
| Annual Capital | 10,422,574 | 3,746,698 | 1,326,625 | 15,495,898 |
| Total | 168,053,754 | 60,857,309 | 21,548,253 | 250,459,316 |
| PV of Option 3 COP and Oval Tax Impacts | | | | |
| | Federal | Provincial | Local | Total |
| Incremental Tourism | 75,734,007 | 29,105,967 | 10,305,794 | 115,145,768 |
| Operations | 181,443,784 | 65,393,083 | 23,154,256 | 269,991,122 |
| Annual Capital | 12,305,926 | 4,415,880 | 1,563,568 | 18,285,374 |
| Initial Capital | 59,809,197 | 21,614,959 | 7,653,383 | 89,077,539 |
| Total | 329,292,914 | 120,529,889 | 42,677,001 | 492,499,804 |
| Differential Total Tax Impacts of Various Options | | | | |
| Increment from Current Operations to Option 1 | | | | - 69,209,004 |
| Increment from Option 1 to Option 3 | | | | 242,040,488 |
| Differential Provincial Tax Impacts of Various Options | | | | |
| Increment from Current Operations to Option 1 | | | | - 17,514,411 |
| Increment from Option 1 to Option 3 | | | | 59,672,581 |

| Table ES-5: Induced Spending Impact from Sports Organizations | | |
|--|---------------|---------------|
| (Millions Annually) | Current | Option 3 |
| Own The Podium | \$12.0 | \$18.0 |
| Bobsleigh Canada | \$ 1.0 | \$ 1.5 |
| Luge Canada | \$ 0.7 | \$ 1.0 |
| Hockey Canada | \$ 5.7 | \$ 6.8 |
| Canadian Sport Centre Calgary | \$ 4.5 | \$ 4.5 |
| Athlete Assistance Program* | \$ 2.6 | \$ 3.9 |
| Total | \$26.5 | \$35.7 |

It is assumed that these organizations would cease to operate in Calgary under option 1 of this proposal and therefore the full economic impact of option 1 and 3 are certainly underestimated.

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Abbreviations

| | |
|--------|--|
| ACA | Alpine Canada Alpin |
| AIC | Athletics and Ice Complex |
| B.C. | British Columbia |
| BNTC | Bob Niven Training Centre |
| BSC | Bob Sleigh Canada |
| BWTC | Bill Warren Training Centre |
| CGC | Calgary Gymnastic Centre |
| CLA | Canadian Luge |
| CNC | Canmore Nordic Centre |
| COC | Canadian Olympic Committee |
| CODA | Calgary Olympic Development Association |
| COP | Canada Olympic Park |
| CSC-C | Canadian Sports Centre-Calgary |
| FIS | International Ski Federation |
| HC | Hockey Canada |
| MOU | Memorandum of Understanding |
| NSA | National Sports Associations |
| Oval | The Speed Skating Olympic Oval at the U of C |
| OCO | Organizing Committee of the Olympic Games |
| OTP | Own the Podium |
| PE | Physical Education |
| U of C | University of Calgary |
| VANOC | Vancouver Organizing Committee |

Organizational History and Cumulative Contributions

During the 1950s, 60s and 70s, the Calgary Olympic Development Association (“CODA”) organized Calgary’s Winter Olympic bid, and was successful on the fourth attempt when, in 1981, Calgary was awarded the 1988 Olympic Winter Games (“OWG”). At the conclusion of the Games, Legacy funds and ownership of Canada Olympic Park (“COP”) were transferred to CODA. CODA transitioned to become the Legacy Organization for the Games. CODA new mission became the following:

Prudent management and utilization of its legacy assets will enable CODA to advance innovative programs and facility development in partnership with those who share its vision of Canadian Olympic winter sports excellence.

This mission has been unique in the world; Canada was ahead of all other countries in creating such a leadership for sports excellence. While organizations in other venues have had mandates to manage legacy assets CODA has been unique in being a hub for many sports organizations, and having sufficient funds to advance innovative and successful sports programming.

By agreement with the Government of Canada and the Organizing Committee of the Olympic Games (“OCO”), CODA has used the income from the endowment funds to offset the operating loss at the Olympic Oval (the “Oval”) and at COP. By agreement, CODA also makes a contribution to the capital maintenance of both facilities. Prudent management of the endowment funds has permitted CODA to make investments of more than \$24 million in sport funding, and \$46 million (or \$52 million, converted to 2006) in capital as Table A-1 in the accompanying appendix indicates. Support for sport development is a crucial component of building athletic success and international competitiveness in Canada’s athletes. CODA helped organizations in luge, ski jumping and skeleton to grow and establish themselves as national sports organizations (“NSOs”). But such development programs were cut back or eliminated in recent years as endowment revenues funded increasing facility maintenance and rising operational deficits. CODA’s investments in winter Olympic sport have supported the steady improvement in Canada’s Olympic performance, culminating in the recent record of 24 medals in Torino. Alberta has become the centre for Canadian winter sport excellence, attracting the head office of many national sports organizations and generating top-notch research in sports medicine at the University of Calgary. The legacy facilities have been leveraged to be a living legacy of programs, services and sports excellence in Alberta.

Problem / Opportunity

The financial and facility legacy of the 1988 OWG has been extraordinarily successful. However, the facilities are 20 years old and, in many instances, no longer meet international standards. Moreover, the success of the Olympic programs has resulted in demands on the facilities that far exceed their original planned capacity. Many more athletes are training in these

facilities than was ever anticipated due to the international success of Canadian athletes resulting in increased performance in sport.

If the legacy facilities are not restored to world-leading standards, Alberta will no longer be able to host major international events. This will not only diminish Alberta's international reputation and bring to an end the global media attention that accompanies these events, but will also erode the considerable ongoing economic impact of winter Olympic sport in Alberta.

The recent success of Canadian athletes, including those raised in Alberta and those who have moved to Alberta to train, is an extraordinary testimony to the forethought behind the Olympic legacy. Prior to the 1988 Olympics, Canadian athletes won approximately 3 medals per Olympic games with a high of 7 medals in 1932. Canada has steadily increased its international competitiveness since the construction of the legacy facilities winning 5 medals in 1988, 7 in 1992, 13 in 1994, 15 in 1998, 17 in 2002, culminating in our best Olympic performance of 24 medals in 2006. Alberta based athletes won 16, or 66% of these medals. This may represent the peak of our competitive advantage as the age and standards of the training facilities in Alberta are falling behind those of the rest of the world.

CODA, recognizing the importance of being innovative and world leading in facility development, has undertaken projects such as the Ice House at Canada Olympic Park and the Farnham Glacier Project in the interior mountains of British Columbia. The Ice House, acting as a start training facility for track sports in the late summer season, is unique in the world today. It has provided our athletes with unprecedented technical training support and attracts heavy demand by international bobsleigh, skeleton, and luge athletes. Similarly, the Farnham Glacier is a summer training facility for Alpine, Snowboard and Freestyle athletes that allows them access to world-class training without having to travel to South America. CODA believes strongly that the elements in this proposal hold true to this innovative and world leading facility development philosophy and that athletes will reap the benefits in the form of medals for many years to come.

The prospect of reinvesting in the legacy provides the opportunity to support the success of the 2010 Olympics and secure the synergies that have benefited the high performance sport system, and hence to sustain an internationally competitive centre of excellence for years to come.

Current Situation

If Alberta's Olympic legacy loses momentum now, there is risk that Alberta will no longer be the province of choice for Canada's winter Olympic athletes, or for the hosting of international events.

If facility standards are not restored, or new additions made to the inventory of facilities, it is highly likely that many organizations and athletes will relocate to other provinces. There is significant risk that the critical mass of sport organizations, athletes, coaches, administrators, scientists, researchers, physicians and other support personnel who have been attracted to Alberta will disperse to other parts of the country. Dispersing would hurt the high performance sport system. Insufficient investment in facilities and programs would mean that the existing economic and social impact of the current athletic activity would be lost to Alberta.

Furthermore, the Government of Alberta has developed a memorandum of understanding ("MOU") with the Government of British Columbia, which aims to ensure the continued access of all athletes to high performance legacy facilities beyond 2010. Currently, the facilities would be challenged to fully support the spirit of the MOU, especially for sports such as Hockey Canada.

Over recent years, CODA has developed plans for increased investment, particularly at the Oval and COP, including the establishment of the Canadian Centre of Sports Excellence. With the Canadian focus of planning for the B.C. facilities for 2010, these plans could not be implemented to date. These upgraded Alberta facilities are critical to the success of Canadian athletes in 2010 and would ensure the success of the 2010 games for B.C. and for Canada, and the lasting legacy of the games in Alberta.

New facilities have already attracted some National Sport Organizations (“NSOs”) to B.C. ; many of those facilities are intended to be temporary or destined for other uses. The efficiency and economies of scale for the sports community can still be achieved through restoring Alberta’s facilities to gather a critical mass of NSOs back together as the 2010 events wind down.

There is still a window of time to sustain the momentum of the Alberta sports facilities, but the time is short. One key sports organization, Hockey Canada, is currently evaluating its alternatives, some of which require their commitment in very short order. An Alberta plan that accommodates their needs would have a good partner, bringing great and continuing benefits to Alberta.

This setting adds urgency to the decisions regarding the renewal of Alberta’s Olympic legacy.

Project Description

CODA's vision is ambitious: to create Canadian Olympic Winter Sport Excellence. This is a vision beyond facilities. It is programs and leadership, research and support services, and a culture of excellence in the high performance sports community. Alberta has known for decades that this creates winning athletes, and offers leadership, recreation, health and economic benefits for Albertans. This section describes the best option to renew and enhance the living legacy built from Alberta's 1988 Olympic facilities.

The project described here upgrades the legacy facilities, but more than that it creates a world-class sports institute, which will enable CODA to continue to deliver on its mandate, and achieve its vision. The plan is designed to create continued Canadian Olympic sport excellence, inspiring another generation of Canadians. The project timeline will support Canada's success at the 2010 Olympic Winter Games by providing updated training and competition facilities prior to the new facilities opening at the west coast. **The project will firmly position Alberta as Canada's centre for winter sport excellence now and for decades into the future, and will make the Alberta facilities sustainable for a whole new life cycle.** Sustaining Alberta's Olympic legacy will give Alberta youth the opportunity to achieve Olympic sport excellence and contribute to the health and wellness of the community at large.

Objectives

The recommended plan is a comprehensive project to:

- Re-invest in 1988 Olympic legacy facilities, and to construct new facilities in support of Canadian Olympic winter sport excellence;
- Increase the capacity of legacy facilities for users and visitors; and
- Ensure the facilities can be operated and maintained sustainably.

The operation of these improved facilities will:

- Provide long-term training, and competition opportunities at these facilities in accordance with world-leading international competitive, training and media standards;
- Improve opportunities for Alberta athletes and those from elsewhere in Canada to compete for and win Olympic and Paralympic medals, by centralizing coaching and support excellence in an efficient centre;
- Preserve and enhance the environment for research into such areas as sport performance, exercise physiology, sport and recreation equipment, and preventative health strategies; and
- Accommodate increased facility usage year round by Canadian athletes, as well as Albertans in the communities of Calgary and Canmore with high quality educational and recreational experiences that promote active and healthy lifestyles.

Anticipated Outcomes

This plan for investment and operation will:

- Ensure continued Olympic success for decades to come;
- Sustain and enhance youth sport development capacity throughout Alberta;
- Establish Alberta as the top winter Olympic sport and Paralympic training and competition centre in the world;
- Bring year-round training for summer sport athletes to Alberta;
- Promote economic impact through tourism opportunity and diversification; and
- Stimulate economic impact from increased sports tourism/recreational activity due to sustainable hosting of major international events that attract related international media attention.

Scope

The plan includes facility additions at COP and at the University of Calgary's Oval, with some smaller additions at the Bill Warren Training Centre in Canmore. The total cost is expected to be \$276 million, of which \$54 million is available through CODA capital contributions, debt financing and other capital sources. The remaining \$223 million is requested from Government. A little over 50 per cent of the total capital cost is construction of a new 500,000 square foot Athletic and Ice Complex, containing four ice rinks, six gymnasiums, sport medicine facility, offices for provincial and national sport organizations, as well as health and fitness facilities, and sports medicine and research facilities. A further \$30 million is designated for the speed skating facilities at the Oval including a new roof and added space for research, offices and programming. Another \$25 million is designated for facilities used by downhill and cross-country based sports, and the Olympic Track for bobsleigh, skeleton and luge. Full details on the estimated costs by facility are included in the Appendix and an accompanying binder of capital information.

Technology and Standards:

The upgrades will conform to the latest construction and safety standards in facility design, will utilize the latest technologies appropriate to current international sport requirements, and will strive to achieve the highest standards for both training and event hosting capabilities.

Timeframe:

Development of the project will occur in three phases over three years with targeted completion deadline for most of the facilities by November 2008. The ambitious schedule is intended to prioritize facilities with the greatest impact on athlete development for the 2010 games. In particular the core facilities in the Athletic and Ice Complex would be completed in time for Hockey Canada training and events through 2009. Overall, the construction will ensure that Alberta follows through on the spirit of its MOU with B.C. on Olympic legacy planning and cooperation.

Detailed projected scheduling is included in an accompanying binder of construction plans. Further details on the timing of construction spending are presented in a Section 11. The high-level project schedule is shown on the next page.

| Table 3-1 High Level Project Schedule | | | | | | | |
|---------------------------------------|---------------|--------------|------------|------|------|------|------|
| | April-June/06 | July-Sept/06 | Oct-Dec/06 | 2007 | 2008 | 2009 | 2010 |
| Project Approval | ■ | | | | | | |
| Project Master Planning | | ■ | ■ | | | | |
| Phase 1 Design | | ■ | | | | | |
| Phase 1 Construction | | | ■ | ■ | | | |
| Phase 2 Design | | | ■ | | | | |
| Phase 2 Construction | | | | ■ | | | |
| Phase 3 Design | | | | ■ | | | |
| Phase 3 Construction | | | | | ■ | | |
| Completion of jumps and AIC | | | | | ■ | ■ | ■ |

Organization:

It is proposed that the overall *Sustain the Olympic Legacy* Project be overseen by the CODA Board. Project leadership would be part of the CODA management structure. Some component projects specific to the Oval may be overseen by the University of Calgary's management. External engineering, procurement and construction companies will be retained for design and construction.

Out of Scope

The current CODA business plans include a number of projects that are not part of the *Sustain the Legacy* Project. These CODA projects will support high performance sport, but are being financially sustained through independent sources. These projects are included in the business model, regardless of the option considered, as they are expected to proceed regardless of the Sustain the Legacy program. An example is Camp Green at Farnham Glacier in the East Kootenays of B.C. . A partnership with the organizing committee of the Vancouver 2010 Olympic and Paralympic Games, Camp Green, which is easily accessible from Alberta, will provide much-needed on-snow summer training for Canadian developing and high performance athletes. As well, CODA is planning a number of new (self financing) recreational activities at COP to increase the recreational options for the community.

These projects are out of scope to the incremental project presented in this report, however they are included in the business model that comprehensively models CODA's financial future. They are common to all models, so they net out of comparisons between options.

CODA and primary stakeholders in the sports community have identified the stakeholders who will benefit and/or be positively impacted by the Sustain the Olympic legacy project. Table below lists the major stakeholders, and Table 4-1 describes the business requirements and/or objectives of each, as identified by CODA, and the reason for believing the group is impacted. Those requirements form the basis for the analysis of the Business and Operational Impacts (see section 7).

| Table 4-1 List of Identified Stakeholders | | |
|--|--|--|
| | Internal stakeholders – those parts of the existing sports supported by CODA | External stakeholders: other organizations with which CODA interacts |
| Primary, impacted to a great degree | COP Operation Bill Warren Training Centre & Beekie Scott High performance training centre on Haig Glacier Calgary Olympic Development Association (CODA) Camp Green on Farnham Glacier Olympic Oval Canadian Sport Centre-Calgary University of Calgary Faculty of Kinesiology | City of Calgary Own The Podium 2010 Town of Canmore Local and Regional Public and Catholic Education Boards Calgary Gymnastic Centre Calgary Track and Field Council Sport clubs Community Associations: Cougar Ridge, Scenic Acres, Valley Ridge, Bowness, Silver Springs, Tuscany, Coach Hill, Greenwood, Patterson Heights, West Springs, Montgomery, Ranchlands, Rocky Ridge, Royal Oak |
| Secondary, impacted to a lesser degree | Speed Skating Canada Hockey Canada Bobsleigh Canada Skeleton Canadian Luge Association Alpine Canada Alpin Canadian Free Style Ski Association Cross Country Canada (Ski) Biathlon Canada NSO Ski Jumping Canada & Nordic Combined Canada | Government VANOC Canadian Olympic Committee Canadian Paralympic Committee |

CODA has also reviewed the goals of various Government of Alberta Ministries, such as Community Development, Health and Wellness, Education, Advanced Education, Economic Development & Travel Alberta, International & Intergovernmental Relations, and Innovation and Science. Table 4-3 presents a summary of relevant goals with comments on how the Sustain the Legacy project is strategically aligned with each. It is clear that the repeated emphasis on

- health and well being of Albertans;
- positioning Alberta where it can be world leading; and
- creating sustainable financial situations

all make this project an excellent fit with the Government of Alberta priorities.

For the primary internal stakeholders, the main requirements are upgrading of facilities and equipment to new international standards, especially at COP and the Oval. The Oval needs new program space, meeting rooms and new technology. The BWTC cannot house sufficient athletes to be a training centre and host for international events. Cross-training space is insufficient for the Canadian Sport Centre-Calgary, currently housed at the U of C. Hockey Canada is another stakeholder, which needs expanded facilities for programming and administrative functions; this need is urgent. The particular needs of each of the stakeholders are individually annotated in Table 4-2 on the following pages.

There are repeated themes of wellness, education and research within the Government of Alberta. All make an investment in sports aligned with Government priorities. The particular interests of various Government of Alberta Ministries are noted in Table 4-3. Later, section 6 assesses the extent to which each of the capital plan options considered impact these perceived stakeholder needs and Ministry interests.

Table 4-2: Stakeholder Analysis

| Stakeholders | Related Business Requirements and/or Organizational Objectives | Explanation/Rationale |
|---|---|--|
| Primary Internal | | |
| Canada Olympic Park Operation | Strategy to be a leading Olympic nation requires building enough capacity to facilitate a large body of recreation, novice and development athletes. Many of the structures at COP were temporary (e.g. freestyle, aerial, teahouse, ATCO centre and tent), constructed for the Games only. Some facilities (e.g. K114 and Track) have become outdated. International standards for facilities and event hosting ¹ have changed significantly. New sports added to the Olympic program since 1988 include snowboard, freestyle, aerials and skeleton. Steady improvement in Olympic performance has attracted increased demand and more competitors. | Changes in sport technical requirements and technical skill levels have driven the competitive environment away from the 1988 facilities. Significant investment is required to replace these structures and to address increased demand. Continued hosting of international events requires Legacy facilities comply with new standards. |
| Bill Warren Training Centre & Beckie Scott High performance training centre on Haig Glacier, and the Canmore Nordic Centre. | The summer, high altitude training centre for the national team and a key component in the success of Alberta's cross country skiers. Site of the Nordic events of the 1988 Olympic Winter Games. Site of 2005 World Cup and 1990 World Championship Events. Located at the Canmore Nordic Centre, the BWTC is the home of Cross Country Canada and the training and sport sciences base for the national team. Host to critical components of World Cup Events. Haig glacier camp is a high altitude facility enabling summer training for cross country Canada, biathlon and nordic combined comparable to other leading Nordic nations | The 2005 upgrades to the CNC made it the top international Nordic training and competition centre in the world, but require expanded sport training and support service capacity, expanded sport science facility, better training area and increased coaching and administrative offices. BWTC need more on-site accommodation for elite athletes who train year-round in Canmore, expanded gym space and facilities and an expanded performance laboratory. CNC needs to service the needs of elite athletes, development athletes and recreational school programs. |
| Calgary Olympic Development Association | Custodian of Alberta's Olympic Legacy, owner and operator of COP, the Bill Warren Training Centre, the Haig Glacier Camp, and Farnham Glacier | As a partner in the Canadian High performance sport system, CODA's ability to focus on a national vision for sport has been limited by the maintenance |

¹ Event staging facilities: media centre, doping control, team meeting rooms, Ice House, Festival tent, ATCO centre, teahouse, start buildings.

Table 4-2: Stakeholder Analysis

| Stakeholders | Related Business Requirements and/or Organizational Objectives | Explanation/Rationale |
|-------------------------------|--|--|
| (CODA) | Camp, and the primary funding agency for the Oval, the National Sports School and a myriad of sport development initiatives. As steward of the Olympic Legacy, CODA plays a key leadership role in developing Canada's Olympic Sport Excellence. | requirements of Legacy facilities. Funds previously dedicated to sport development have now been redirected to facility maintenance. The projects will renew CODA's mandate and enable winter sports excellence. Investing now, before the 1988 facilities deteriorate further will extend their useful life. |
| Camp Green on Farnham Glacier | Alpine, freestyle and snowboard athletes need access to affordable on-snow summer training, a key competitive factor in preparing athletes for 2010. The high altitude facility at Farnham glacier camp enables summer training for Alpine, Snowboard and freestyle comparable to other leading nations. | CODA has formed a partnership to construct and operate the camp running from July to October each year. Access to summer on-snow training in Canada for National, national Development and national junior team athletes in three sports increases effectiveness of training budget by eliminating international travel. |
| Olympic Oval | Recognized world wide for their programs, fast ice, training centre and the ability to host high caliber international events, the Oval is currently supporting three times the number of athletes for which it was planned. The Oval is the National Training centre for Speed Skating Canada Long Track and Short Track National Teams as well as Canadian Cycling Association and Paralympics Team. There are new, much higher standards for hosting international events. Deferred regular maintenance, structural deficiencies, and outdated and unsupported equipment (e.g. scoring and timing) are the Oval's current priorities. | The Oval requires significant investment to meet ISU standards for future international events, more program space, locker rooms, offices, meeting space, and new technology. The sustainment projects will extend the useful life of the Oval and preserve it as the leading facility of its kind in the World. |
| Canadian Sport Centre-Calgary | Located at the U of C, the CSC-C has become the country's top sport centre, supporting Alberta's growing population of elite athletes and benefiting from the partnership of Sport Canada, CODA and U of C. | The CSC-C has no space for its sport service personnel. Current weight-training and cross-training space is inadequate. CSC requires additional facility space close to training facilities. |
| University of Calgary | The U of C has been a key contributor to the Oval's success over the past 20 years. Its | As a founding partner with CODA, the U of C has made a financial commitment to operate and maintain the |

Table 4-2: Stakeholder Analysis

| Stakeholders | Related Business Requirements and/or Organizational Objectives | Explanation/Rationale |
|---------------------------|---|---|
| | amenities are unmatched in Canada with World Class Facilities, numerous faculty disciplines, residences/food services, research and laboratory opportunities, sport medicine and financial stability securing the University as the current host to many national teams including Wrestling, Swimming, Gymnastics, Athletics, Speed Skating, Cycling and all high performance Varsity Teams and Clubs. The U of C is also home to the CSC-C. | Oval as a leading legacy facility from the 1988 Winter Olympics. The U of C is working diligently with the limited capital funds available to sustain the Oval as a World-class facility. No major capital expenditure will be provided by the U of C; however, future operating funds are committed. |
| Faculty of Kinesiology | Known world wide for the Human Performance Laboratory and Sport Medicine Program, this Faculty provides significant ongoing financial support and space, shares staff, and research opportunities, which benefit national programs, the CSC-C and High Performance athletes that train in the Calgary corridor. Alberta students and athletes have unparalleled opportunities from the Oval and the Faculty's commitment to high performance sport. | To sustain and enhance the High Performance Sport presence in Alberta there is a definite need for expansion of program and research space within the Oval that will benefit the entire Faculty and all Albertans. The Faculty supports the Oval's mandate in its research, as well as some salaries and space for Oval programs and has a vested interest in maintaining the Oval as a World-class Facility. |
| Secondary Internal | | |
| Speed Skating Canada | Speed Skating Canada has enjoyed unprecedented success as a result of the training and competitive opportunities provided by the Olympic Speed Stating Oval and the partnership of the U of C and CODA. Recreational, Novice and development recruitment into the sport has outstripped the capacity of the oval | Without the Oval, the sport governing body would not be able to achieve their internal mandates and goals. Eliminating the need to travel for off-season training optimizes development budgets. |
| Hockey Canada | Hockey Canada programs and staff has increased dramatically since 1988. New women's, junior and age-class programs have been added with the attendant need for ice, dressing rooms, offices, storage etc. Higher facility standards for | Father David Bauer and the connected office complex are insufficient to meet Hockey Canada's administrative and programming needs. Investment is needed to retain a world leading training and administrative centre in Calgary. Planned facility provides enhanced |

Table 4-2: Stakeholder Analysis

| Stakeholders | Related Business Requirements and/or Organizational Objectives | Explanation/Rationale |
|-------------------------------------|--|---|
| | international hockey federations challenge the performance advantage of Hockey Canada. | opportunity for grassroots hockey programming throughout Alberta |
| Bobsleigh Canada Skeleton | Canada has become a world power in Bobsleigh and Skeleton due to the training and competitive opportunities provided by the Olympic Track, Ice House and the Bob Niven Training Centre. The track is also key to developing grass roots programs. | The track needs investment to retain an international competitive position and retain Bobsleigh Canada offices in Calgary. |
| Canadian Luge Association | The CLA has developed a strong core of talented young athletes with international potential due to the training and competitive opportunities provided by the Olympic Track, Ice House and the Bob Niven Training Centre. The track also is vital in development of grass roots programs. | The track needs investment to retain an international competitive position and Luge Canada offices in Calgary. |
| Alpine Canada Alpin | The ACA has operated from an Alberta base for many years and considers Camp Green on Farnham Glacier its secret weapon in the battle for 2010 success. A new FIS slalom slope at COP will be a key early season training venue. The ski terrain at COP provides an important development facility. | Housing national offices at COP gives dryland training convenient to seasonal training venues at Nakiska, Panorama, Farnham, and Lake Louise. |
| Canadian Free Style Ski Association | The CFA has consistently produced medal-winning performances from limited facilities. An FIS mogul and aerial site at COP will provide the long-needed training venue. Summer training at altitude on Farnham Glacier will enhance this program. | Cost advantage of training at COP as opposed to a training facility at Whistler Access to gymnastic centre at COP provides superior cross training opportunities |
| Cross Country Canada (Ski) | The Bill Warren Training Centre is the home of the CCC and the training base for the national team. The Beckie Scott High Performance Training Centre on Haig Glacier is a key component in the development of elite athletes. The Nordic trails at COP provide an important training venue and a key facility to develop grassroots sports. | The sprint trails at COP allow athletes to train during the week in an urban environment providing opportunities for advanced education and employment that is not as available when training at CNC. |

Table 4-2: Stakeholder Analysis

| Stakeholders | Related Business Requirements and/or Organizational Objectives | Explanation/Rationale |
|---|---|--|
| Biathlon NSO | The CNC provides a state of the art training and competition venue; COP supports overall development of the sport through grass roots programming and accessible training space. | Training venues at COP allow athletes to train during the week in an urban environment providing opportunities for advanced education and employment that is not as available while training at CNC |
| Ski Jumping Canada & Nordic Combined Canada | COP is the home of Nordic jumping in Canada, providing year-round training and competition on six jumps. Ongoing improvements to the K38 and K89 jumps will support the training requirements of this sport's developing athletes, while the balance of the facilities encourages the growth of the sport. | Training venues at COP allow athletes to train during the week in an urban environment providing opportunities for advanced education and employment. The Calgary exposure of the sport through the facilities at COP aids recruitment of new athletes to the sport. |
| Primary External | | |
| City of Calgary | Council's priorities include "more capital funding for City facilities and civic partners" and "restore/improve existing parks and sport facilities." Calgary Civic sport policy (Nov 2005), the first in North America, entrenches in policy the importance of sport at the municipal level. Calgary benefits from the national and international tourism generated by training and competition at the sporting venues. The residents have adopted a culture of winter sport and continued the spirit of volunteerism developed in 1988. | The new AIC will address serious shortages of recreational ice, indoor field house and gymnasium space. The creation of the sport tourism council is designed to attract sport events to the city and build upon the Olympic facilities within Calgary |
| Own The Podium 2010 | This new national initiative (see appendix) needs a permanent home. It resides temporarily at COP. The organization created to deliver medal performances in 2010 is planning to invest \$110 million to fulfill its mandate. OTP has set up offices at COP and is anxious to leverage its investments by partnering with leading edge sport programs and facilities. | Roger Jackson is the President of OTP and has influenced its temporary residence at COP. However, as a program funding body, it needs its permanent home close to the greatest amount of NSO head offices and training facilities. With new facilities, COP can secure the tenancy of OTP and a significant portion of its annual programming budget of \$12 million (rising to \$18 million if OTP becomes the primary funder of summer Olympic sport programming as well). |
| Town of Canmore | The CNC has created an image for the town as a major international sport tourism destination and | The enhancement of CODA's facilities at the CNC and Haig Glacier will further increase number of athletes |

Table 4-2: Stakeholder Analysis

| Stakeholders | Related Business Requirements and/or Organizational Objectives | Explanation/Rationale |
|---|---|--|
| | the town has embraced this sports heritage. | living and training in Canmore. |
| Local and Regional Public and Catholic Education Boards | Currently, approximately 55,000 students at Calgary schools learn to ski, snowboard, or mountain bike at COP in their physical education (“PE”) curriculum. These numbers will increase with new facilities, as COP will be able to deliver high caliber, sport specific training and skill development to students in a wider variety of sport. | The school system lacks the resources to commit specific certified coach level support to young students to ensure that they develop necessary physical strength, skill and fitness. COP can provide increased PE program delivery for area students and also serve to train and certify Alberta PE teachers. |
| Calgary Gymnastic Centre | The CGC has experienced incredible success since establishing a new facility at COP several years ago. The success was so great that they have outgrown their new space and require expansion. High performance athletes in other sports such as freestyle skiing and aerials have benefited greatly from opportunities to cross train in this facility. | The future success and growth of the CGC would be greatly assisted by moving into the new AIC at COP and would provide greater proximal cross training opportunities to athletes while allowing COP to utilize CGC’s current space as warehousing and maintenance facilities. |
| Calgary Track and Field Council | This group is currently searching to build a new indoor field house to service varsity and high performance track and field athletes because Calgary is one of the few major cities without an adequate indoor training facility. | The Calgary climate makes the outdoor training season for track and field very short, increasing the importance of having a year round indoor facility to aid development of track and field athletes from novice through varsity and elite athletes. Local programs benefit from retention of internationally recognized coaches. |
| Sport clubs | Calgary Association of Disabled Skiers, Southern Alberta Freestyle Team, Foothills Nordic Club, Calgary Ski Club, Bragg Creek Ski Club, Foothills Bobsleigh, Calgary Bobsleigh, Paskapoo Ski Club, Sunshine Ski Club, Team Panorama, Windermere Valley Ski Club, Calgary Disabled Ski School, Skimeisters Alpine Racing Club, Lake Louise Ski Club, National Alpine Racing Club, Alberta Masters, Banff Alpine Racers, Calgary Alpine Race Club, Fortress Ski and Snowboard Club, | All recreational, novice, and development level athletes will benefit from having increased access to training facilities with a potential to progress into the elite athlete development stream. |

Table 4-2: Stakeholder Analysis

| Stakeholders | Related Business Requirements and/or Organizational Objectives | Explanation/Rationale |
|-------------------------------|--|---|
| | Kananaskis Alpine Ski Club, Avenue Athletics, Sunshine Snowboard Club, Calgary Snowboard Club, Riders on Board, Altius Nordic Ski Club, Calgary Gymnastics Club, | |
| Local Community Associations | Unprecedented population growth on Calgary's west side (e.g. Cougar Ridge, Scenic Acres, Valley Ridge, Bowness, Silver Springs, Tuscany, Coach Hill, Greenwood, Patterson Heights, West Springs, Montgomery, Ranchlands, Rocky Ridge, Royal Oak) has many new communities without adequate access to community recreational opportunities. Sports facilities in older NW communities are around 30 years old and need significant investments. | The new facilities at COP are designed with the needs of both high performance and recreational users. This symbiotic relationship between community recreation and high performance sport will be the basis for a long term sustainable legacy business model at COP. |
| Secondary External | | |
| Government | (see next table for alignment with Government of Alberta Ministry responsibilities) | |
| VANOC | Requires expert knowledge and experience in the hosting and operation of World Cup events and the Winter Olympic Games | CODA continues to act as a key advisor to VANOC officials in helping them plan their facilities and will be a strong source of expert support in preparing them to host World Cup and Olympic Events. |
| Canadian Olympic Committee | The COC acknowledges the need for facility-based 'institutes' like those developed by Australia, the US and other leading sport nations. The COC is advocating for a single body in Canada to manage the investment in high performance Olympic sport. | The COC has endorsed this business case and sees the renewal of and the additions to Alberta's Olympic Legacy Facilities as a crucial step in maximizing Canada's Olympic performance. The OTP program expends funds raised by VANOC and the COC in support of top medal performance in 2010. |
| Canadian Paralympic Committee | The Paralympics Committee requires increased training facilities. | Paralympics athletes will use the alpine training facilities as well as the gymnasium space, and ice facilities at the AIC. |

Table 4- 3: Strategic Alignment of Project with Government of Alberta Ministry Goals

| Ministry | Major Responsibilities of Ministry positively effected by proposed project | Explanation for Believing in Alignment |
|-----------------------|--|---|
| Community Development | <p>Promotes community development</p> <p>Protects human rights and promotes fairness and access</p> <p>Preserves, protects, and presents Alberta’s history, culture, provincial parks, and protected areas</p> | <p>The new plan for COP preserves and protects Alberta’s Olympic legacy. The high performance facility is operated sustainably by providing fair public access and exposure to sport and recreation at COP.</p> |
| Health and Wellness | <p>Promotes wellness and works to prevent disease and injury</p> <p>Engages in cross-ministry initiatives to address challenges to the population’s health and wellness</p> | <p>COP currently provides introductory ski, snowboard and mountain bike lessons to 55,000 students per year. Increased exposure and awareness of these sports and other sports at COP promotes active lifestyles for students. This exposure of young students to the Olympic Sports at COP forms a strong foundation for the recruitment of young athletes into the high performance development system. The success of homegrown athletes on the international and Olympic stage promotes active living in all Alberta youth. One example, “Sport for Life” jointly developed with AADAC, brings together high performance athletes and school children in seminars across Alberta to show children the positive results of making active and health conscious decisions.</p> |
| Education | <p>Teacher development and certification</p> <p>Supports special needs students</p> | <p>COP will be able to expand its PE programming and skill development programs to include the education and certification of skills development coaches for school districts across Alberta.</p> <p>The CODA sponsored National Sports School will continue to service the special needs of high performance athletes in a new environment at the AIC allowing students class rooms closer to training locations.</p> |
| Advanced Education | <p><i>Apprenticeship and Industry Training:</i></p> <p>Develops program standards with industry</p> <p>Certifies learners</p> | <p>COP offers apprenticeships to help vocational and technical school students</p> |

Table 4- 3: Strategic Alignment of Project with Government of Alberta Ministry Goals

| Ministry | Major Responsibilities of Ministry positively effected by proposed project | Explanation for Believing in Alignment |
|--|--|---|
| | <p><i>Adult Learning:</i> Funds education providers, including research Approves programs of study Licenses and certifies education providers</p> | |
| <p>Economic Development & Travel Alberta</p> | <p>Develops or assists with economic development plans and policies Provides business information and market intelligence Promotes increased trade with Alberta Attracts investment to Alberta Supports industry development and regional economic development Assists with tourism marketing and development</p> | <p>The rejuvenated legacy facilities and the new AIC will allow the Calgary Sports Council to bid to host new sporting events that will bring national and international focus and promotion to Alberta.</p> |
| <p>International & Intergovernmental Relations</p> | <p>Promotes the interests of and secures benefits for Alberta: As an equal partner in a revitalized, united Canada From strengthened international relations From greater trade and investment liberalization, domestically and internationally</p> | <p>Investing in Alberta’s legacy facilities aligns with the spirit of the MOU between Alberta and BC, which aims to ensure the continued access of all athletes to high performance legacy facilities beyond 2010. As many of the Olympic facilities in Vancouver are intended to be temporary or converted to different uses later, Alberta has a clear role to play in the continued facility support for high performance sport.</p> |
| <p>Innovation and Science</p> | <p>Provides strategic leadership for science and research in Alberta Manages and funds investments in science and research in three priority areas: energy research, information and communications technology, and life sciences Facilitates technology commercialization and development to build knowledge-intensive industries in Alberta</p> | <p>Project indirectly and directly enhances the Canadian Sport Centre – Calgary, based at the University of Calgary, to continue research as a world leader in sport science research and development.</p> |

The environmental analysis compares the state of sport and facility development in North America, and the developing trends internationally around sports institutes. The comparison presents strengths, weaknesses, opportunities and threats for three specific facilities (CODA/COP, Salt Lake City and VANOC) and a generic world-class sports institute. The specific cases are included as they illustrate the potential success if COP can be reinvigorated and established as a sports institute and also illustrate the potential difficulties if its facilities were to lose relevance to the sport community, as happened in Salt Lake City.

Trend to Sports Institutes

A generic sports institute is included to illustrate the trend developing among leading Olympic Nations to create facility-based Sport Institutes aimed at refining the sport delivery system and giving athletes a strong competitive edge. This information is summarised from a study undertaken by Robert Bettauer, former COC “A” Director for Tennis Canada, and current President of the Canadian Sport Centre – Ontario.

Leading sport performance nations, such as Australia, Norway, the U.S, the U.K., France, Germany and of course the Russians and Chinese, all use variations of facility based Sport Institutes to train and prepare their top and developing athletes. These Institutes are given the resources, authority and leadership to deliver improved high performance results for their respective countries. Their locations have the ability to focus resources, and to create a culture of sports excellence. The location of a Sport Institute must be predicated on the needs of a critical mass of identified sports, athletes and coaches. Factors such as sport culture, sport specific needs, access to facilities, climate, traditional links of certain sports to certain regions, community interest, language and partnership potential must be considered.

Assessing the Venues

Table 5-1 on the next page provides a short summary of the strengths, weaknesses, opportunities and threats, which are dealt with in detail in Table 5-2 on the following pages.

In the report noted above, Bettauer comments “The legacy facilities from the 1988 Winter Olympics and CODA’s ongoing financial and facility support have resulted in most Winter Sport Federations establishing Centres of Excellence in Calgary and a number of Summer Sport Federations have also followed suit. Additionally CODA has developed a proposal for a major Centre of Excellence model, which mirrors many of the characteristics of a Sport Institute, including new or renewed sport facility development. The existing facilities in Calgary along with the support of CODA, University of Calgary, and CSC – Calgary, make this location the most logical to support and endorse for Sport Institute development.”

A Sport Institute should be located at a facility hub that has priority access to world-class sport specific training facilities, as well as general training facilities. This is the situation in Alberta and COP. Alberta can create the most successful sport institute based on the models of Australia and the US, ensuring the relevance of the sport facility infrastructure in Calgary post 2010. Quick action can establish Alberta as the lasting centre of the high performance sport community, and the home of programs such as Own The Podium and other national high

performance initiatives. Timely action will allow Alberta to support Vancouver in 2010 and share in the economic benefits of international training demand leading up to the 2010. COP is currently a national asset but provincial funding gives Alberta the opportunity to take ownership of national Olympic and Paralympic success in 2010 and beyond, and lead national pride in the sports field.

Table 5-1: Summary of Alternative Venues

| | CODA/Oval Proposal Alberta Winter Olympic Centre | Salt Lake City Legacies: 2002 Olympic Facilities | Future Facilities Vancouver/Whistl er 2010 Legacies | Other Sport Centres / Institutes |
|---|---|---|--|---|
| Strength | Many: a strong international reputation, and a history as a centre of sports excellence and as a viable business operation, as well as a history of mutually benefits with U of C | Fairly new facilities | Current Olympic focus, Federal and Provincial | World-class sport specific training, and synergy through interaction. Hosting venue and research centre |
| Weakness | Some from its very success: higher than expected usage of facilities and so continued requirement for maintenance investments. | No viable business operation, and limited endowment forces a low priority for sports excellence | Venues are widely dispersed and remote. Limited culture of winter sport. | Many rely solely on corporate sponsorship, with fluctuating funds. |
| Opportunity | A major opportunity to step up the centre of excellence to the emerging sports institute model, and ensure that athletes regroup here after the 2010 Olympics. | 2010 Olympics in B.C. may prompt more North American events at this venue. | Provincial MOU with Alberta to share CODA's venue design and operating expertise with Vanoc. | Nations can propel their high performance sport system through focus |
| Threat | Risks of unfavorable interest from world visitors in Canada in 2010, and diminishing international hosting, and even local usage as facilities deteriorate. | Failure to attract sufficient international events. | Some siting issues, such as stability of their Oval site. | State of international competition is never static; standards always rising. |
| International Competitive Position for Canadian Sport Excellence and Hosting ² | | | | |
| | 3 (Current) | 4 | 2 | 1 |
| | 1 (Proposed) | 4 | 2 | 1 |

On balance any plan which does not sustain facilities at a level sufficient to be a centre of excellence, standing comparable to sports institutes around the world will put Canadian athletes at a disadvantage relative to their competitors in future athletic competitions. Even within Canada, the B.C. facilities are not intended to remain a sports centre of excellence, as the 2010 Olympic concentrate more on a legacy for recreational use. The success of each of the options considered for CODA's future is assessed relative to this international environment at the end of Section 6, after providing some details about each option.

² 1= World standard; 2= very good; 3=losing some ground; 4= not keeping up with world standards.

TABLE 5-2: COMPARING ALBERTA AND ALTERNATIVE VENUES

| CODA/Oval Proposal Alberta Winter Olympic Centre | Salt Lake City Legacies: 2002 Olympic Facilities | Future Facilities Vancouver/Whistler 2010 Legacies | Other Sport Centres / Institutes |
|---|--|--|---|
| Strengths | | | |
| <p>Olympic heritage Strong international reputation Legacy endowment Financial stability Proven management ability History of successful event hosting Provincial culture of winter sport Affordable housing, real estate Culture of volunteerism History of producing sport excellence Viable business operation History of hosting international events Well-attended events Proximity to complementary facilities at U of C, Canmore, Nakiska, Banff Proximity to world's best glacier training sites Vibrant provincial economy Strong provincial and municipal corporate presence Currently home to head offices of NSO's and OTP Good land base (600 acres) Altitude training advantage Climate and Clean air Municipal infrastructure Regional, national and international transportation links Core competency in business functions (IT, HR, PR, Accounting, Event Management, R&D) support sport organizations Alignment with provincial goals regarding tourism, education, health</p> | <p>Recently constructed facilities (2000-1) Lower capital maintenance requirement Supportive and well-funded National Olympic Committee Regional transportation system Affordable housing, real estate Legacy endowment Altitude Clean air and environment</p> | <p>Olympic and Paralympic enthusiasm focuses attention of public and private funds on Vancouver NSO focus due to Games and new facilities (i.e. Freestyle and snowboarding have moved from Calgary to Vancouver) Culture of sport and recreation Proximity to alpine facilities and terrain Vibrant economy Media attention Provincial commitment Federal commitment Strong tourism sector Newest facilities International transportation system Vancouver seen as major international city Olympic and Paralympic enthusiasm focuses attention of public and private funds on Vancouver</p> | <p>The best sports institutes try to accomplish the following: Provision of world-class sport specific training facilities Support of full time world-class calibre coaches Direct support from Performance Enhancement Teams, which include full time experts in sport medicine and sport science providing specific support to athlete training groups, including applied sport science research. Synergy created through interaction of athletes and coaches from different sports learning best practices from each other and being motivated by the proximity to other champions Links to high schools, colleges and/or universities for athlete education support Venue for hosting of provincial/national/international events Ability to provide direct or enhanced access to athlete accommodation and nutritional requirements. Facility based Sport Institute creates a dynamic multi-sport environment, that together with sport specific experts, provides the best opportunity for our athletes and coaches to train at world-class standards comparable to their competition Focal point for high performance sport development and activities including</p> |

TABLE 5-2: COMPARING ALBERTA AND ALTERNATIVE VENUES

| CODA/Oval Proposal Alberta Winter Olympic Centre | Salt Lake City Legacies: 2002 Olympic Facilities | Future Facilities Vancouver/Whistler 2010 Legacies | Other Sport Centres / Institutes |
|---|---|--|--|
| <p>and wellness and economic diversification Strong international reputation Legacy facility operator and event host City amenities Educational and employment opportunities for athletes Feeds the development athletes into high performance stream Established body of sports officiating and technical expertise</p> | | | <p>media and community awareness. Housing of all integral parts within the same facility Cross training opportunities Trained sport expertise sharing resources Research & Development</p> |
| Weaknesses | | | |
| <p>1988 Olympic business case included a twenty-year horizon Aging facilities and infrastructure Facilities designed and built to 1988 specifications Facilities operating far in excess of original design capacities Many infrastructure parts designed and built to host a two-week event, not ongoing training and competition environment CODA's capital infrastructure has grown substantially to support the evolving demands of additional sports and additional athletes Limitations on drawing on endowment funds Unlikely federal funding due to timing of related Vancouver investment and optics of provincial surpluses Economic pressures force CODA to deviate from its' mandate Capital maintenance issues</p> | <p>Questionable track record in staging events Unproven management capabilities No viable business operation Dependant on tourism Is not home to American NSO's (located around sports institutes in Colorado and San Diego etc.) limiting the economic benefits of being a national and international training centre Limited culture of winter sport Limitations on endowment Limited sponsor support Place Low priority on international event hosting Lack of volunteer support Lack of track record in facility management Due to under funded endowment all operational</p> | <p>Many of the new facilities are designed to be temporary or to be converted to other non Legacy uses (i.e. their Oval) Facility subsidy is solely dependent on Legacy endowments. No supplemental business operation. Cost of housing, real estate Availability of land Lack of a comprehensive legacy plan Currently house very few NSO's Limited culture of winter sport Widely dispersed remotely located venues Lack of sporting officials and technical expertise in certain events Lack of sporting officials and technical expertise in certain</p> | <p>It's limited to provincial and local resources because of centralization of NSOs Requirement for athletes to relocate for training Political perception of regional inequity Many of these international sport institutes do not have the operational strength of CODA and COP in that they do not have an endowment fund but must instead rely on corporate sponsorship solely as in the case of the United States or annual government funding as in the case of Australia and New Zealand. This can lead to fluctuations in funding beyond the control of the institute and sport community Many international sport institutes must start from scratch without legacy facilities to form a base for the institute (as in the case of Colorado Springs in the United States that started only with</p> |

TABLE 5-2: COMPARING ALBERTA AND ALTERNATIVE VENUES

| CODA/Oval Proposal Alberta Winter Olympic Centre | Salt Lake City Legacies: 2002 Olympic Facilities | Future Facilities Vancouver/Whistler 2010 Legacies | Other Sport Centres / Institutes |
|---|---|--|---|
| <p>constrain operational sustainability Restricted capital resources restrict investment in facilities Existing sport system and developmental infrastructure insufficient to maintain existing performance standards, or achieve challenging new standards. All nations comparable to Canada have facility based Sport Institutes as a vital component of their sport system</p> | <p>decisions prioritize business over sport Widely dispersed and remotely located facilities</p> | <p>events Dispersed ownership of venues</p> | <p>the buildings of an abandoned army base) These international institutes don't possess the internationally renowned facility expertise that exists in Alberta. Our experts from the Oval and COP are always the first people recruited to assist in the planning and hosting of Olympic Games and World Cups around the world</p> |
| <p>Opportunities</p> | | | |
| <p>NSO's interested in staying in Alberta Hockey Canada looking for new home. AIC can secure HC's home in Calgary. Profile of the AIC will acknowledge Alberta's contribution to Canadian success in winter sports Awareness level to embed Alberta's image as home of winter sports excellence Excitement over 2006 Olympic successes General awareness of Olympic events in build-up to 2010 Opportunities to host events leading up to and in association with 2010 Games Widen the 2010 spotlight to profile Alberta 20th anniversary of 1988 games Time to invest to extend the life of depreciating sport assets before they</p> | <p>Partnership to share resources, information on best practices, and organize a series of international events in North America Good transportation connections between Alberta and Utah The advent of the 2010 Olympics in Vancouver may lead to separate North American series on the Bobsleigh/Skeleton, Luge World Cups which could lead to more events being hosted in North America at this facility</p> | <p>Provincial MOU with Alberta Share CODA's venue design and operating expertise with Vanoc Cooperate to recruit, develop and organize event officials</p> | <p>To out perform those nations who have not adopted a facility based sports institute idealism</p> |

TABLE 5-2: COMPARING ALBERTA AND ALTERNATIVE VENUES

| CODA/Oval Proposal Alberta Winter Olympic Centre | Salt Lake City Legacies: 2002 Olympic Facilities | Future Facilities Vancouver/Whistler 2010 Legacies | Other Sport Centres / Institutes |
|--|---|---|---|
| <p>deteriorate beyond economic viability Increasing public concern over health and wellness Speculation that Calgary's Oval may be needed as a back-up to Vanoc's plan for Richmond</p> | | | |
| Threats | | | |
| <p>Sports lose significance to Alberta culture without the NSO's, affecting the numbers of Albertans recruited into Olympic Winter sports and diminishing Alberta's reputation as an active and competitive province Potential unfavorable comparison between Alberta and Vancouver sites if Alberta sites old and dated Competition from other provinces trying to attract NSO's, OTP, federal funding Exponential depreciation of assets as they enter the latter stages of their life cycle Loss of critical mass and synergies resulting from Olympic legacy Loss of relevance and leadership role for high performance sport Efforts of other nations to improve their medal counts</p> | <p>Diminished international reputation as a result of failure to attract international events Limited endowment income may force closure or re-deployment of Legacy facilities. In danger of being excluded from FIBT and ISU events due to lack of resources and support facilities for those events</p> | <p>Alberta may be seen as the hero of the 2010 games despite the efforts of BC to host the games as Alberta will send more Olympians to the podium than any other province Recent concern over stability of land where Oval is to be constructed Success of games may be judged on the lack of permanent facilities as a legacy for the community</p> | <p>The competition is never static for high performance sports success, and for a share of the high performance sports economic and social benefits. The growing international incidence of sports institutes focusing on sports excellence makes the status quo a threatened, and deteriorating outcome.</p> |

This section introduces a range of options considered in reaching the recommendation in this report. Four alternatives are summarized here. Further details on the capital costs and facilities investment included in each option are provided in the Appendix. The business and operational impacts, economic impact and risks of the options are presented in later sections of this report.

Option 1: The End of the Legacy

Option 1 represents a status quo of basic maintenance of legacy facilities, funded by the CODA endowment fund, which is only equipped to maintain the existing facilities. No provincial capital investment is requested. The result is a gradual deterioration in the standards of the facilities or a running down of the endowment funds. The economic impact is not the status quo, as this option entails the likely loss of the critical mass of athletes and sports organization working in Alberta, and a loss of sports tourism from past levels. Olympic performance declines to pre-1988 levels.

| | |
|---|-------|
| Option 1 Total Capital Costs (millions with projected escalation) | \$2.9 |
| Minus CODA contributions | \$2.9 |
| Total Capital Costs to Government | \$0 |
| Total Contribution required from Government | \$0 |

Pros:

- Low Cost

Cons:

- 1988 Legacies facilities deteriorate and close due to insufficient re-investment.
- Ski Jumps operate through to 2010 then close
- Bobsleigh Track remains a training venue through to 2010 and likely replaced by new Whistler facility as Canadian event and training centre
- Track ceases to be a viable competition venue by 2008
- Speed Skating Oval will not meet international competition standards by 2007 or 2008
- Hockey Canada and other leading sport partners (i.e. NSOs) likely re-locate to other jurisdictions.
- Overall, Canadian winter sport training facilities will disburse to other jurisdictions, i.e. Vancouver/Whistler, Quebec, Ontario, etc.
- Alberta athletes, coaches, officials, and sport professionals (i.e. sport science and administration) will no longer be world leaders in winter sports
- COP continues to operate as a recreational facility, but no longer draws international events, causing declining tourism economic impact of international athletes training and competing in Alberta
- Rapid decline of sport development benefits Alberta-wide, particularly in winter sports.

Option 2: Maintaining the Legacy

Option 2 restores the Oval and the Bobsleigh Track to current standards and expands multi-sport training at COP. This option secures Alberta as a regional and national training centre but does not expand capacity to host international events. It may position COP poorly to compete with other emerging training centres and facilities for athletes and events. Option 2 is not operationally sustainable as it does not provide the new business revenue from recreational programs, and sustained operational deficits completely deplete the Sustainability Fund after 2023 and then erode the other endowment funds thereafter. It thus requires additional support, equivalent to an endowment fund of over \$31 million. This option does not meet the needs of some NSO's including Hockey Canada and possibly Own The Podium; they likely relocate to other provinces. This means the loss of \$12 million in programming money annually from OTP that would have otherwise been spent at training facilities located in Alberta. Furthermore, the loss of Hockey Canada's head office would mean the loss of \$5.7 million annually related to their Alberta operations.

| | |
|---|--------------|
| Option 2 Total Capital Costs (millions with projected escalation) | \$121 |
| Minus other contributions | \$11 |
| Total Capital Cost to Government | \$110 |
| Endowment fund required to maintain | \$31 |
| Total contribution required from Government | \$141 |

Pros:

- Maintains 88 Olympic facilities
- Extends relevance of legacy to the sport community by 10 to 12 years, but a shorter horizon than in Option 3
- Track remains viable training venue beyond 2010
- Oval continues to function as a training venue and event hosting facility for at least 10 years.
- Canadian winter sport training less likely to disburse to other jurisdictions in the next few years.
- Alberta likely retains sport organizations and expertise (coaching, etc.) related to sliding sports, Nordic sports, and speed skating
- COP continues to operate as a recreational facility and can continue to provide support to 88' facilities

Cons:

- Some NSO's (Hockey Canada and OTP) likely re-locate to other jurisdictions.
- Decline of sport development benefits Alberta-wide, particularly in winter sports.
- Not enough new revenue generating business lines for CODA to increase its annual funding of sport or event hosting support
- Alberta athletes, coaches, officials, and sport professionals (i.e. sport science and administration) continue to benefit although more modern fixtures being built for 2010 Olympics begin to erode this advantage.
- No support for the Alberta/BC MOU for initiatives leading to 2010.
- Erosion of Alberta's position as the centre of winter sport excellence in Canada.
- Competitive position of Canada's athletes begins steady decline as training facilities not at world leading standard.

Option 3: A World-Leading Olympic Legacy

Option 3 creates world-leading facility standard. This option allows CODA to continue on its mission to advance innovative programs and facility development; and to fulfill its vision of creating Canadian Olympic winter sport excellence. This option creates a world leading sport institute for Canada housed in facilities ranked with the world's best. Those sport organizations currently located in Alberta remain and others return or re-locate to Alberta. This option requires capital support from the Government, but creates a sustainable operating model and broad community benefits.

| | |
|---|-------|
| Option 3 Total Capital Costs (millions with projected escalation) | \$276 |
| Less other contributions | \$54 |
| Total Capital Cost to Government | \$223 |
| Endowment fund required to maintain | \$0 |
| Total contribution required from Government | \$223 |

Pros:

- Enables facilities to host international events and training including some of the new winter Olympic sports of Freestyle skiing and Snowboarding
- Extend life of Legacy facilities by 25 years
- Athletics & Ice Complex, replacing many of the buildings at COP, makes a bold statement at the entry to the City of Calgary, symbolizing Alberta's commitment to sport, Canadian Olympic athletes and the community.
- The AIC brings together multi-sport, sport science, and athlete support services into a sport institute model
- The new business lines created with the AIC make for a long term sustainable business operating model with no need for an additional endowment funds
- CODA can restore annual funding to sports and provide money in support of organizations that want to host international events, restoring its relevance to winter sports in Canada.
- OTP keeps its head office at COP. If OTP becomes the main funding body for summer Olympic sport as well, a further \$18 million dollars of annual programming dollars is spent at the AIC and other venues at COP and within Alberta.)
- Alberta likely retains sport organizations and expertise (coaching, athletes, officials and other sport professionals.) related to all sports, especially winter sport training.
- Increases participation in winter sport through facility and entry-level sport development programs of COP, Canmore Nordic Centre, and the Oval.
- Provides much-needed indoor training space (gyms, running track, strength & flexibility equipment) for summer and winter sport athletes
- The AIC also serves the recreational, and health and wellness needs of over 100,000 area residents by providing several new communities with access to the AIC recreational components and several older communities with an alternative to their own deteriorating facilities.
- Provides for all Alberta athletes the opportunity to enjoy the benefits of these facilities and programs on a multi-day camp basis.
- Opportunity to engage other financial partners in facility and program development
- Enhances Alberta's winter sport tourism potential.
- Supports the Alberta/BC MOU for initiatives leading to 2010 and maintains Alberta's position as the centre of winter sport excellence in Canada.
- Jumps continue to operated as a training centre.

Cons:

- Higher cost to Government than options 1 or 2

Option 4: A Bold Olympic Future for Alberta

Option 4 is an ambitious plan to upgrade existing facilities and add new facilities, matching current Olympic standards and so, suitable to support a future Calgary winter Olympic bid. This option has all of the facilities of Option 3, plus some additional facilities that do not provide sufficient revenue potential to be self-sustaining. Hence the revenues of Option 4 do not cover expected increases in operating costs. The sustainability fund under this option is depleted by 2014 and erodes other endowment funds. This option is assumed to be covered by additions to the endowment funds to avoid that erosion.

| | |
|---|-------------|
| Option 4 Total Capital Costs (millions with projected escalation) | \$335 |
| Minus other contributions | \$46 |
| Total Capital Cost to Government | \$289 |
| Endowment fund required to maintain | \$28 |
| <hr/> Total contribution required from Government | <hr/> \$317 |

Pros:

- Extend life of Legacy facilities by 25 years
- Provides a new set of competition ski jumps
- Alberta establishes itself as the premier winter sport centre in the world
- Opportunity to engage other financial partners in facility and program development
- Positions Alberta as capable of hosting all international winter events up to and including Winter Olympic Games.
- Increases the attractiveness for coaches, athletes, officials and other sport professionals to stay and/or re-locate to Alberta.
- Hockey Canada remains in Alberta
- Alberta likely retains sport organizations and expertise (coaching, etc.) related to all sports
- Canadian winter sport training facilities likely remain in Alberta.
- Increases participation in winter sport through facility and entry-level sport development programs of COP, Canmore Nordic Centre, and Oval.
- Provides all Alberta athletes the benefits of these facilities and programs on a multi-day camp basis, greatly increasing the high quality educational and recreational opportunities for Albertans' health and wellness
- Enhances Alberta's winter sport tourism potential
- Supports the MOU between the Province of Alberta and the Province of B.C. for initiatives leading to 2010 and enhances Alberta's position as the centre of winter sport excellence in Canada.

Cons:

- This operation is not operationally sustainable as it depletes the Sustainability Fund by 2014 and begins to erode the other endowment funds as well
- High capital investment by the Government and other partners
- Requires an additional endowment of over \$28 million

An Initial Comparison of the Options

Throughout this report, rankings are assigned to these four Options, comparing them on various dimensions. The first comparison below summarizes the Option by their positioning of Alberta relative to the competitive environment for international sports excellence, briefly described in Section 5. This ranking is supported by a detailed table 5-1, which discusses the strengths, weaknesses, opportunities and risks of Alberta against some other venues. There, the position of Alberta's current situation was noted as a rank 3, relative to the international sports institute model, which ranked 1. The proposed capital plan was noted as raising Alberta to a rank of 1.

Here, each Option is ranked for its positioning of Alberta relative to the emerging world standard of focused sports institutes, as centres of excellence. Because Option 3 and 4 allow Alberta to support the 2010 Olympics and provide world-class facilities, up to the standards for international events, training and support services, they both rank 'high' among the four options. Option 2 is more modest, as the facilities would only support training, and potentially national event hosting, as it does not fully maintain the Alberta facilities at international standards. Option 1 is ranked 'poor', as the facilities would not for long remain a training facility for Canadian athletes.

Overall, the Options impact as follows:

| Option | 1 | 2 | 3 | 4 |
|--|-----|-----|------|------|
| Fit ³ of Alberta relative to Competing International Venues | Low | Low | High | High |
| Ranking among Competing International Venues | 3 | 3 | 1 | 1 |

3

| | | |
|---|---|---|
| 1= poorly positioned to support international athletes and compete for international events | 1= moderately positioned to support international athletes and compete for international events | 1= well position to support international athletes and compete for international events |
|---|---|---|

This section provides a summary of an assessment of the business and operational impacts (high, medium, low or none) of each Option, relative to the stakeholders identified in Section 4. These impacts represent the opportunities, in contrast to the risks of the options outlined in the next Section.

For each stakeholder group, a separate score is assigned for each aspect of the impact, based on the stakeholders' objectives presented earlier. The scope of each Option changes the impact on each stakeholder, either through the facilities available or the synergy available to operations. Impact is rated as a positive outcome i.e. a low impact is less positive than a high impact. The intent is to demonstrate the relative success of each Option in meeting the goals of the identified stakeholders.

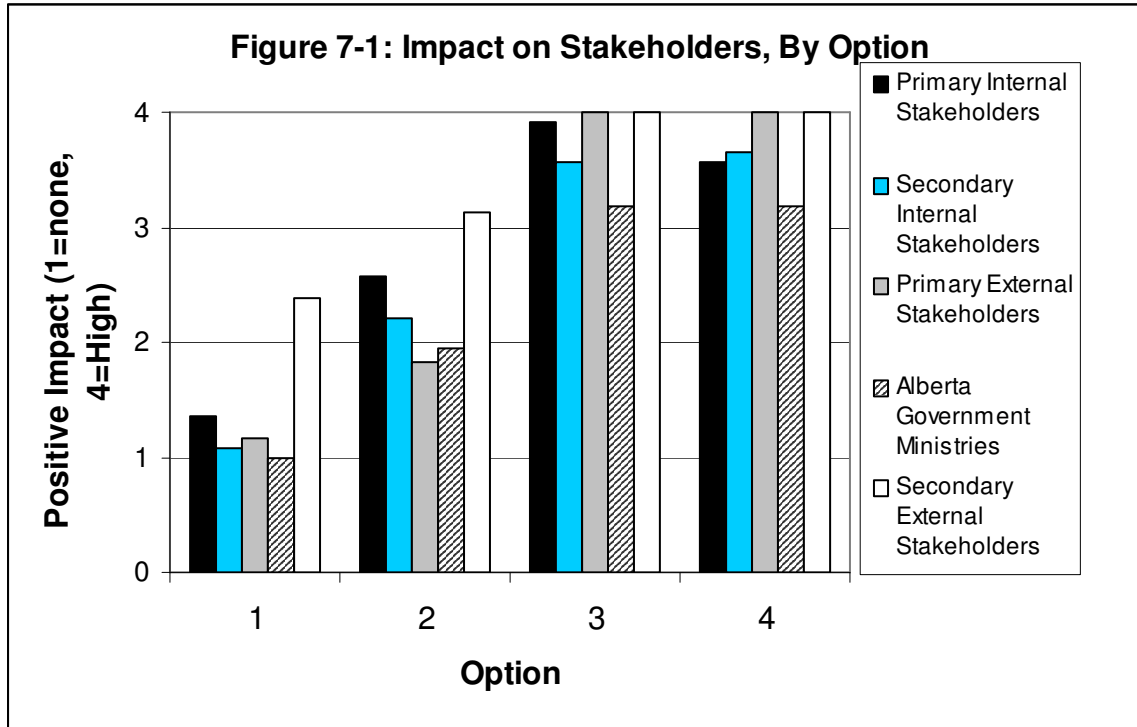
The following guidelines were used:

- High** indicates that the magnitude of impact is significant; stakeholder support and preparation is critical to the Option's success
- Medium** indicates that there is a manageable impact to the stakeholder
- Low** indicates the alternative will have a minor impact to the stakeholder
- None** indicates that the stakeholder will not be impacted by the alternative

| | | | | |
|--------|------|-----|--------|------|
| IMPACT | None | LOW | MEDIUM | HIGH |
| SCORE | 1 | 2 | 3 | 4 |

The total impact score for each stakeholder is tallied from the separate types of impacts. The overall impact of the Option on all stakeholders is tallied by averaging all stakeholders, effectively equally weighting all stakeholders, and all types of impacts.

The average impact by stakeholder group is shown in Figure 7-1. Option 3 and 4 and a similar impact on many stakeholder groups, although the impact on the primary internal stakeholders is more positive for Option 3. There is a noticeably more positive impact from Option 3 and 4 for most stakeholder groups, than there is for even Option 2, and certainly Option 1.



The individual scores assigned by stakeholder, including Government Ministries are shown in Table 7-1. The Options produce total scores as follows:

| Option | 1 | 2 | 3 | 4 |
|---|-------------|-----|------|------|
| Total Score for Business and Operational Impacts on Stakeholders | 145 | 263 | 424 | 411 |
| Average Impact Score for Business and Operational Impact on All Identified Stakeholders, including Government | 1.4 | 2.3 | 3.7 | 3.7 |
| Ranking for Business and Operational Impact on Stakeholders | Almost None | Low | High | High |

The capital investment required for Option 2, improves the business and operational success of the stakeholders, by avoiding advancing deterioration of the existing Legacy facilities. However, Options 3 and 4 produce further improvements, with very similar total scores for positive impact.

| Table 7-1: Business and Operational Impact By Stakeholder | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Stakeholder | Option 1 | Option 2 | Option 3 | Option 4 |
| Primary Internal Stakeholders | | | | |
| COP Operation | | | | |
| Olympic Performance Outcomes | Low | Medium | High | High |
| Operational Efficiency | None | Low | High | Medium |
| Quality Customer Service | None | Medium | High | High |
| Quality Community Service | None | None | High | High |
| Event Hosting Effectiveness | None | Low | High | High |
| Sport Development effectiveness | None | Low | High | High |
| Long-term Sustainability | None | None | Medium | None |
| Deferred Maintenance Liability | Low | Medium | High | Medium |
| IMPACT SCORE | 10 | 17 | 31 | 27 |
| CODA Operation | | | | |
| Creating Winter Sports Excellence | Low | Medium | High | High |
| Operational Efficiency | None | Low | High | Medium |
| Quality Customer Service | None | Medium | High | High |
| Increased Funding to Sport | None | Medium | High | High |
| Establishment of Sports Institute | None | Low | High | High |
| Sport Development effectiveness | None | Low | High | High |
| Long-term Sustainability | None | None | High | None |
| Deferred Maintenance Liability | Low | Medium | High | Medium |
| IMPACT SCORE | 10 | 19 | 32 | 27 |
| Olympic Speed Skating Oval | | | | |
| Olympic Performance Outcomes | None | Medium | High | High |
| Operational Efficiency | None | Low | High | Medium |
| Quality Customer Service | None | Medium | High | High |
| Service Greater Number of Athletes | None | Medium | High | High |
| Event Hosting Effectiveness | None | Medium | High | High |
| High Performance Research and Development | None | None | High | High |
| Long-term Sustainability | None | Low | High | Medium |
| Deferred Maintenance Liability | Low | High | High | Medium |
| IMPACT SCORE | 9 | 21 | 31 | 28 |
| Farnham Glacier Camp (Alpine Sports) | | | | |
| Olympic Performance Outcomes | Low | Medium | High | High |

| Table 7-1: Business and Operational Impact By Stakeholder | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Stakeholder | Option 1 | Option 2 | Option 3 | Option 4 |
| Operational Efficiency | None | Low | Medium | Medium |
| Quality Customer Service | Medium | Medium | High | High |
| High Performance Research and Development | Low | Medium | High | High |
| IMPACT SCORE | 8 | 11 | 15 | 15 |
| Bill Warren Training Centre & Beckie Scott High Performance Training Centre on Haig Glacier Camp (Nordic Sports) | | | | |
| Olympic Performance Outcomes | Low | High | High | High |
| Operational Efficiency | Low | Medium | High | High |
| Accommodating Athlete Needs at CNC | Low | High | High | High |
| Event Hosting Effectiveness | Low | High | High | High |
| High Performance Research and Development | None | Medium | High | High |
| IMPACT SCORE | 9 | 18 | 20 | 20 |
| Canadian Sports Centre | | | | |
| Olympic Performance Outcomes | Low | Medium | High | High |
| Quality Customer Service | Low | Medium | High | High |
| Training Space for Athletes | None | Medium | High | High |
| Space for Staff at Training Facilities | None | None | High | High |
| Sport Development effectiveness | None | Low | High | High |
| IMPACT SCORE | 7 | 12 | 20 | 20 |
| University of Calgary | | | | |
| Operational Efficiency | None | Medium | High | Medium |
| World Class Facility | None | Medium | High | High |
| Long-term Sustainability | None | Low | Medium | None |
| IMPACT SCORE | 3 | 8 | 11 | 8 |
| Faculty of Kinesiology | | | | |
| Program and Research Space | None | Low | High | High |
| World Class Facility | None | Medium | High | High |
| IMPACT SCORE | 2 | 5 | 8 | 8 |
| Secondary Internal Stakeholders | | | | |
| Speed Skating Canada | | | | |
| Maximized Training Resources | None | Medium | High | High |
| Athlete Recruitment and Development Space | None | Medium | High | High |
| IMPACT SCORE | 2 | 6 | 8 | 8 |

| Table 7-1: Business and Operational Impact By Stakeholder | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Stakeholder | Option 1 | Option 2 | Option 3 | Option 4 |
| Hockey Canada | | | | |
| Need for New Office Space | None | None | High | High |
| Need for Ice, Dressing Room and Storage Facilities | None | None | High | High |
| World Leading Training Centre | None | None | High | High |
| Grass Roots Hockey Programming Development | None | None | High | High |
| IMPACT SCORE | 4 | 4 | 16 | 16 |
| Bobsleigh Canada | | | | |
| Sustained International Competitiveness | None | Medium | High | High |
| Athlete Development | None | Medium | High | High |
| Keep Head Office in Calgary | None | Medium | High | High |
| IMPACT SCORE | 2 | 6 | 8 | 8 |
| Luge Canada | | | | |
| Sustained International Competitiveness | None | Medium | High | High |
| Athlete Development | None | Medium | High | High |
| Keep Head Office in Calgary | None | Medium | High | High |
| IMPACT SCORE | 2 | 6 | 8 | 8 |
| Alpine Canada Alpin | | | | |
| Proximal Offices to Training Facilities at COP, Nakiska, and Farnham Glacier | None | None | High | High |
| Athlete Development | None | Medium | High | High |
| FIS Slalom Training Facilities | None | None | High | High |
| IMPACT SCORE | 3 | 5 | 12 | 12 |
| Free Style Ski Association | | | | |
| Access to Gymnastics Cross Training | Medium | Medium | High | High |
| Cost Advantages to Training at COP over Whistler | None | Medium | High | High |
| IMPACT SCORE | 4 | 6 | 8 | 8 |
| Cross Country Canada | | | | |
| Mid Week Sprint Training in an Urban Environment | None | Medium | High | High |
| High Altitude Pre Season Training and Research | Medium | Medium | High | High |
| IMPACT SCORE | 4 | 6 | 8 | 8 |
| Biathlon Canada | | | | |
| Mid Week Sprint Training in an Urban | None | Medium | High | High |

| Table 7-1: Business and Operational Impact By Stakeholder | | | | |
|--|-----------------|-----------------|-----------------|-----------------|
| Stakeholder | Option 1 | Option 2 | Option 3 | Option 4 |
| Environment | | | | |
| Support for Grass Roots Athlete Development | None | Medium | High | High |
| IMPACT SCORE | 2 | 6 | 8 | 8 |
| Ski Jumping Canada/Nordic Combined Canada | | | | |
| Training Facility Support | None | Medium | Medium | High |
| Growth of the Sports | None | Medium | Medium | High |
| IMPACT SCORE | 2 | 6 | 6 | 8 |
| Primary External Stakeholders | | | | |
| City of Calgary | | | | |
| Shortage of Facilities | None | Low | High | High |
| Sport Policy | None | Low | High | High |
| Sport Tourism and Event Hosting | None | Medium | High | High |
| Reputation for Sports Excellence | None | None | High | High |
| IMPACT SCORE | 4 | 8 | 16 | 16 |
| Own the Podium | | | | |
| Long Term Head Office at COP | None | Low | High | High |
| Facility Based Sports Institute | None | Low | High | High |
| World Leading Training Facilities for Winter and Summer Sport | None | Low | High | High |
| IMPACT SCORE | 3 | 6 | 12 | 12 |
| Town of Canmore | | | | |
| International Reputation for Hosting Sporting Events | Low | High | High | High |
| Economic Impact from International Travelers and Athletes | Low | High | High | High |
| IMPACT SCORE | 4 | 8 | 8 | 8 |
| Local and Regional Public and Catholic Education Boards | | | | |
| Educational In-Service Capabilities | None | None | High | High |
| Daily Physical Activity mandate | None | None | High | High |
| Sport School Support | None | None | High | High |
| IMPACT SCORE | 3 | 3 | 12 | 12 |
| Calgary Gymnastics Centre | | | | |
| Expansion and Growth of Facilities | None | None | High | High |
| IMPACT SCORE | 1 | 1 | 4 | 4 |
| Calgary Track Council | | | | |

| Table 7-1: Business and Operational Impact By Stakeholder | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Stakeholder | Option 1 | Option 2 | Option 3 | Option 4 |
| Need for Year Round Indoor Training Facility | None | None | High | High |
| Athlete Development | None | None | High | High |
| IMPACT SCORE | 2 | 2 | 8 | 8 |
| Sports Clubs | | | | |
| Increased Access to Training Facilities | Low | Medium | High | High |
| IMPACT SCORE | 2 | 3 | 4 | 4 |
| Community Associations | | | | |
| Recreational Facilities to Meet Population Growth | None | None | High | High |
| Recapitalization of Aging Facilities | None | None | High | High |
| IMPACT SCORE | 2 | 2 | 8 | 8 |
| Secondary External Stakeholders | | | | |
| VANOC | | | | |
| 2010 Olympic Performance Outcomes | Low | Medium | High | High |
| Venue Development Expertise | High | High | High | High |
| Volunteer, Coaching, & Sport Professional Development | Medium | Medium | High | High |
| Event Hosting Efficiency | Medium | Medium | High | High |
| IMPACT SCORE | 12 | 13 | 16 | 16 |
| Canadian Paralympics Committee | | | | |
| 2010 Paralympic Performance Outcomes | Low | Medium | High | High |
| Training Venues | None | Medium | High | High |
| IMPACT SCORE | 3 | 6 | 8 | 8 |
| Canadian Olympic Committee | | | | |
| 2010 Performance Outcomes | Low | Medium | High | High |
| Facility Based Sports Institute | Low | Medium | High | High |
| IMPACT SCORE | 4 | 6 | 8 | 8 |
| Subtotal, Excluding Government | 123 | 220 | 354 | 341 |
| Alberta Government Ministries | | | | |
| Alberta Community Development | | | | |
| Promotes community development | None | Medium | High | High |
| Protects human rights and promotes fairness and access | None | None | High | High |
| Preserves, protects, and presents Alberta's history, culture, provincial parks, and protected areas | None | Medium | High | High |
| Health and Wellness | | | | |
| Promotes wellness and works to prevent disease and injury | None | Low | High | High |
| Engages in cross-ministry initiatives to | None | Low | High | High |

| Table 7-1: Business and Operational Impact By Stakeholder | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| Stakeholder | Option 1 | Option 2 | Option 3 | Option 4 |
| address challenges to the population's health and wellness | | | | |
| Education | | | | |
| Teacher development and certification | None | Medium | Medium | Medium |
| Supports special needs students | None | None | None | None |
| Advanced Education | | | | |
| Develops program standards with industry | None | None | None | None |
| Certifies learners | None | None | Medium | Medium |
| Licenses and certifies education providers | None | None | High | High |
| Economic Development & Travel Alberta | | | | |
| Develops or assists with economic development plans and policies | None | Medium | High | High |
| Provides business information and market intelligence | None | None | None | None |
| Promotes increased trade with Alberta | None | Low | Medium | Medium |
| Attracts investment to Alberta | None | Low | Medium | Medium |
| Supports industry development and regional economic development | None | Low | Medium | Medium |
| Assists with tourism marketing and development | None | Low | High | High |
| International & Intergovernmental Relations | | | | |
| Supports the Alberta/BC 2010 MOU | None | Low | High | High |
| Promotes the interests of and secures benefits for Alberta: | None | Medium | High | High |
| As an equal partner in a revitalized, united Canada | None | Medium | High | High |
| From strengthened international relations | None | None | None | None |
| Innovation and Science | | | | |
| Provides strategic leadership for science and research in Alberta | None | Low | Medium | Medium |
| Facilitates technology commercialization and development to build knowledge-intensive industries in Alberta | None | Low | High | High |
| ALBERTA GOV IMPACT SCORE | 22 | 43 | 70 | 70 |
| Total Business, Operational And Stakeholder Impact Scores | 145 | 263 | 424 | 411 |

Regardless of the Option chosen, the future is uncertain. This section summarizes an analysis of the risks impacting the Options. These risks have influenced the selection of the recommended Option. The major risks impacting the future of the high performance sports industry in Alberta are identified as follows:

- Risk 1: Loss of ability to host international and national level events.
- Risk 2: Loss of economic impact from International event tourism
- Risk 3: Loss of sport science research capabilities
- Risk 4: Reduction of Canadian Olympic Medal performance in 2010
- Risk 5: Damage to the Canadian High Performance Development System
- Risk 6: Loss of community leadership and volunteerism
- Risk 7: Reduced ability for Alberta to meet the spirit of the Alberta/BC MOU on 2010 initiatives
- Risk 8: Cost Overruns and schedule delays in construction projects

Each Risk is evaluated for both its probability and its impact if it were to occur. The scoring is shown in the illustration below:

Probability of Risk

High indicates that the event is high likely to occur

Medium indicates that the event is likely to occur

Low indicates that the event is not likely to occur

Impact of Risk

High indicates that the event has a significant impact to the project, if it occurs

Medium indicates that the event will impact the project

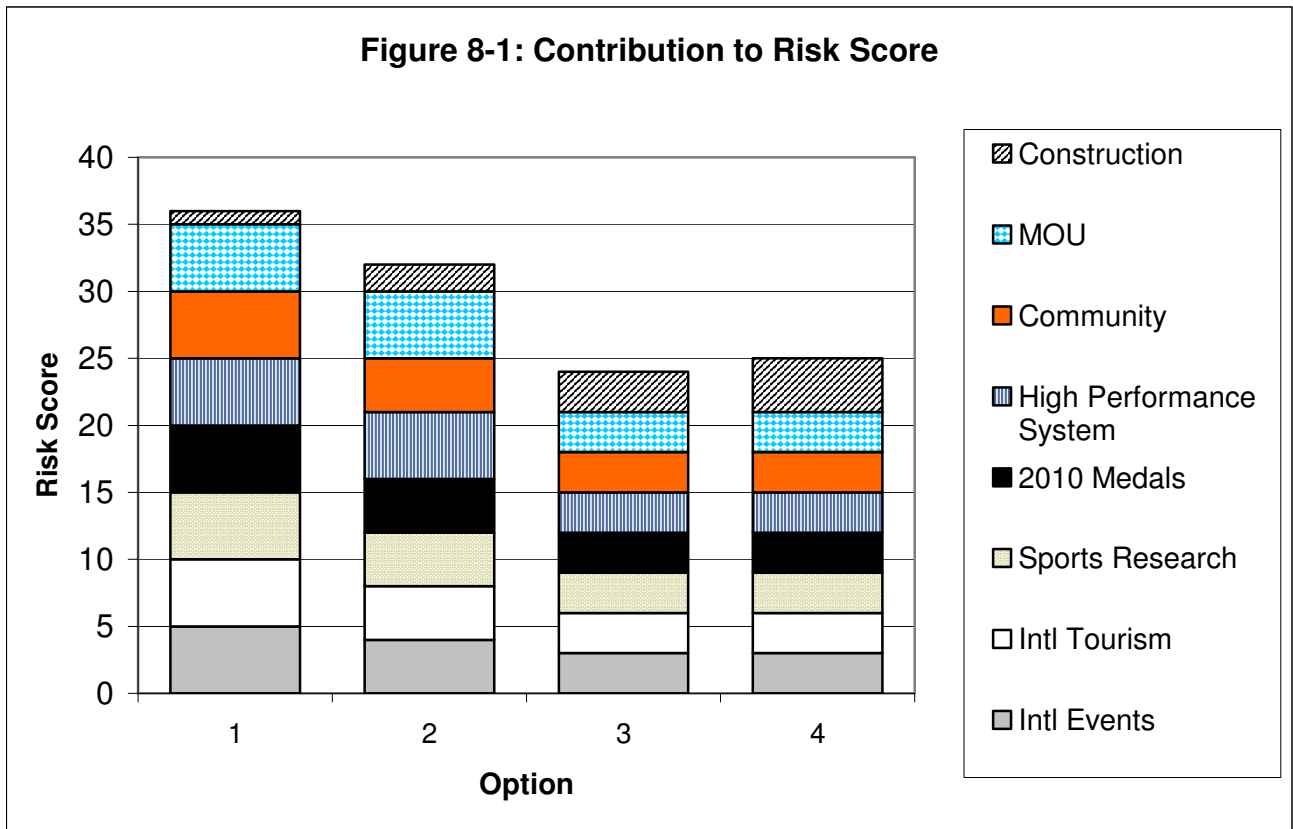
Low indicates that the impact is relatively minor to the project, even if it occurs.

| | | | | |
|--------------------|----------|---------------|----------|----------|
| PROBABILITY | H | 3 | 4 | 5 |
| | M | 2 | 3 | 4 |
| | L | 1 | 2 | 3 |
| | | L | M | H |
| | | IMPACT | | |

Table 8-1 presents the review of each major risk as it affects each Option, and assigns a score to each. For most risks (1-7), the Options differ by their probability of the negative outcome occurring, rather than by their potential impact. For Option 8 the potential impact is higher for the larger investment projects. A score is assigned to each Option for each associated risk to provide a means of tallying the relative assessment of the Options.

Where possible, a mitigation strategy is identified for each Option relative to each risk. These mitigation strategies reflect the most effective method for minimizing the risk.

The contribution of each risk to the aggregate score is shown in Figure 8-1. All of the first seven risks, have a stronger (negative) score for Options 1 and 2. Risk 8 fares worse for Options 3 and 4.



The aggregate score is shown below, and weights each risk equally.

| Option | 1 | 2 | 3 | 4 |
|--------------------|------|-------------|--------|--------|
| Total Risk Score | 36 | 33 | 24 | 25 |
| Average Risk Score | 4.5 | 4 | 3 | 3.1 |
| Ranking for Risks | High | Medium-High | Medium | Medium |

The overall tally of Table 8-1 shows that Options 3 and 4 have the lowest risk scores. This and the frequent absence of mitigation alternatives for Options 1 and 2 add weight to the recommendation of Option 3.

Table 8-1: Evaluating the Risks of the Options

| Risk | Value lost if risk occurs | Option 1 | Option 2 | Option 3 | Option 4 |
|--|---|--|---|--|--|
| | Impact | Probability | Probability | Probability | Probability |
| Risk 1: Loss of ability to host international and national level events. | High The exposure of Calgary and Alberta to European markets as a result of hosting international events will be lost. The importance of the legacy facilities as training venues will diminish and result in obsolescence | High The Oval is rapidly losing its ability to host ISU standard events. The ski Jump facilities at COP no longer meet international standards. The track needs upgrades to remain eligible to host FIBT events. Many new Olympic events do not have training and event hosting facilities in Alberta. | Medium Not all facilities in this option meet rising international standards. Alberta may lose out against newly developed facilities in other cities such as Vancouver for events. There is a moderate probability of this risk. | Low The Sports Institute infrastructure provides world-class sport support facilities and services making the Bobsleigh track, Oval, freestyle mogul runs, slalom facility and the AIC the first choice for event organizing committees. COP and Oval have the tools and reputation required to compete for and host international events. | Low This option is protected from the impact of losing international hosting abilities, and in fact is likely to gain the ability to host international ski jumping events. |
| Risk Score | | 5 | 4 | 3 | 3 |
| Mitigation strategy | | No strategy available as international sport federations dictate facility standards | Concentrate resources on retaining national events and training | Risk is low so no mitigation strategy is required | |
| Risk 2: Loss of Economic Impact from International athletes and event tourism | High The economic impact analysis shows the significant impacts that are due to international athletes training and competing in Calgary and the annual operations of the Oval and COP which will all be diminished under this option | High This option does not maintain the facilities to current or evolving standards for international events, and so induces a high probability of losing the value of these events. | Medium Facilities in this option are limited to regional or national capability. Particularly after 2010 likely to lose competitive advantage for international events. Moderate | Low This option is protected from the impact of losing international hosting abilities. New world leading facilities at COP will allow it to attract more national and international events, | Low This option is protected from the impact of losing international hosting abilities, as this option has all of the benefits of option3 plus the added benefit of having the ability to host |

Table 8-1: Evaluating the Risks of the Options

| Risk | Value lost if risk occurs | Option 1 | Option 2 | Option 3 | Option 4 |
|--|--|--|---|--|--|
| | Impact | Probability | Probability | Probability | Probability |
| | | | probability of losing economic benefits of international athletes and events tourism. | and to accommodate more athletes at these events. | international ski jumping events. |
| Risk Score | Each option is paired with the high impact | 5 | 4 | 3 | 3 |
| Mitigation strategy | | No strategy available as international sport federations dictate facility standards | Partner with other venues and attend to needs of international federation athletes | Risk is low so no mitigation strategy is required | |
| Risk 3: Loss of sport science research capabilities | High Value The Faculty of Kinesiology has have built a world-renowned reputation for sports research. This research is beneficial to society and particularly to Canada's Olympic Medals potential. | High As facilities deteriorate without reinvestment, many athletes will leave. There is a higher probability of reduced synergy and funding for research at the Kinesiology Faculty. | Medium With limited facilities and a partial massing of athletic disciplines, this option has a moderate probability of losing sport science research capability. | Low As this option will draw new athletes and allow for research facilities, the probability of losing sport research capability is low. | Low As with Option 3, this option provides the lowest probability of losing sport research capability, as facilities and activities will attract research opportunities. |
| Risk Score | Each option is paired with the high impact | 5 | 4 | 3 | 3 |
| Mitigation strategy | | No strategy available | Provide financial Incentive Support for researchers who remain | Ensure that research facilities are constructed in critical areas | |
| Risk 4: Reduction in Albertan Olympic Medal Performance | High value Alberta youth have benefited and been inspired by Albertans who won medals in Olympic and International events. Fewer medals reduce the | High This option will see the rapid decline of the legacy facilities, and many athletes and NSOs will leave the city thus | Medium This option will not provide Albertan athletes with the competitive advantages enjoyed in the last 2 | Low The ongoing competitive nature of this facility will draw more NSOs to Alberta and create more opportunities | Low As with Option 3, there is a high probability of developing champions locally, and a low |

Table 8-1: Evaluating the Risks of the Options

| Risk | Value lost if risk occurs | Option 1 | Option 2 | Option 3 | Option 4 |
|--|---|---|--|--|---|
| | Impact | Probability | Probability | Probability | Probability |
| | exposure of Alberta's youth to high performance sport, leading to fewer future athletes then identified and brought into the development system. Furthermore local heroes inspire more general public involvement in sports, contributing to health and wellness. | reducing the number of Albertans inspired to enter the development system. | Olympic Games. Raises the risk of losing inspirational effects of local heroes on local youth. Probability is moderate of losing benefits of Alberta Olympic medal performances. | for Albertans and Alberta based athletes to become Olympic champions in 2010 and beyond. There is only a low probability of losing the inspirational and spin-off benefits of local medals. | probability of losing the benefits of locally won medals. |
| Risk Score | Each option is paired with the high impact | 5 | 4 | 3 | 3 |
| Mitigation strategy | | No strategy available. | | Market and promote nationally the benefits of critical massing of sport knowledge and expertise at COP centre of excellence | |
| Risk 5: Damage to the Canadian Performance Development System | High Value Already there is synergy from the co-location of sports organization, working closely together for the betterment of sport in Canada. This synergy has added to competitive gains Canada has enjoyed. This option will see the dispersal of sport knowledge and expertise throughout the country (and potential to other countries eroding the competitive gains that Canada has made in the international arena | High This option will see the dismantling of synergies gained from the massing of NSOs in Alberta, and the resultant economies of scale in sport administration and critical mass of sport intelligence and expertise. There is a high probability that this risk will occur. | High This option will retain some sports knowledge and expertise around speed skating and Bob, skeleton, luge but will see departure of other NSOs e.g. Hockey. Regional and national scope of the facilities will not encourage top sport science, and athlete support professionals to stay within Alberta. High probability due to incomplete | Low Option 3 facilities will draw in leading expertise from around the world to conduct research. The sports institute offers more support services and retains a critical mass of NSOs. The probability of loss to the sport development system is low. | Low As with Option 3, the world leading nature of this facility based sports institute will draw leading expertise, athletes and support professionals, creating a low probability for this risk. |

Table 8-1: Evaluating the Risks of the Options

| Risk | Value lost if risk occurs | Option 1 | Option 2 | Option 3 | Option 4 |
|--|---|--|---|--|---|
| | Impact | Probability | Probability | Probability | Probability |
| Risk Score | Each option is paired with the high impact | 5 | critical mass. 5 | 3 | 3 |
| Mitigation strategy | | No strategy available | Individually address needs of sports not covered in options capital proposal | No requirement | |
| Risk 6: Loss of Community Leadership and Volunteerism | High Athletic success produces community leaders as those individuals leave sport and take up positions of responsibility and leadership within the community. Also the high performance sports system is one of the current leading areas of volunteer involvement in Alberta. Losing these leadership skills, or the volunteer attitude would diminish the sense of community and pride in Alberta. | High The rapid decline and closure of these facilities will have a detrimental effect on the leadership that now exists through the graduation of athletes into our communities. | Medium Preservation of these facilities allows home grown athletes to continue to develop but not be part of the international sports community, limiting leadership development opportunity. Similarly enthusiasm for volunteerism may be damaged. Due to loss of international events | Low Facilities in this option are world leading and provide the best opportunity to produce Olympic champions. The hosting of International events increases the probability of the enthusiastic community participation, volunteerism and leadership. | Low As in Option 3, the probability of this risk is low because the world-class facilities, and hosting of international events, creates the best opportunity to produce Olympic champions and engage the community in volunteerism and leadership development. |
| Risk Score | Each option is paired with the high impact | 5 | 4 | 3 | 3 |
| Mitigation strategy | | No strategy available | Provincial promotion of the importance of volunteerism to amateur sport and athletic success | Continue to cultivate our great network of volunteers supporters and use that group to recruit the next generations of volunteers | Continue to cultivate our great network of volunteers supporters and use that group to recruit the next generations of volunteers |

Table 8-1: Evaluating the Risks of the Options

| Risk | Value lost if risk occurs | Option 1 | Option 2 | Option 3 | Option 4 |
|---|--|---|---|---|---|
| | Impact | Probability | Probability | Probability | Probability |
| Risk 7: Reduced ability for Alberta to meet the spirit of the Alberta/BC MOU on 2010 | High Value The MOU provides for partnership initiatives on event hosting, facility developments and related collaborative tourism initiatives (e.g. cross promotion), expanding the opportunities beyond what any one city can undertake on their own. | High With the rapid decline and closure of the legacy facilities, Alberta will not be able to host international events | High While Alberta could host national events, facilities in this option are likely to not meet international standards, reducing probability of joint hosting of international events and cross promotion. | Low This option is protected from this risk by incorporating new world leading facilities. The probability of joint hosting, and collaborative initiatives is high (and the probability of this risk is low). | Low This option includes the facilities of Option 3, plus capacity to host international ski jumping events. The probability of not meeting the spirit of the MOU is low. |
| Risk Score | Each option is paired with the high impact | 5 | 5 | 3 | 3 |
| Mitigation strategy | | No strategy available | | No requirement | |
| Total Risk Score | | 35 | 30 | 21 | 21 |
| Risk 8: Cost or schedule Overruns in facility construction | Moderate probability <i>The superheated nature of the construction industry in Alberta currently means that most projects are at (moderate to high) risk of falling behind schedule, or going over their original budget.</i> | Low Impact and low probability, as only the most basic capital is involved in this option. <i>With little capital investment the impact of overruns is small.</i> | Moderate Impact <i>The impact is scaled in proportion to the total capital of the Options</i> | High Impact <i>Ambitious capital plans increase the impact of cost overruns.</i> | High Impact <i>Ambitious capital plans increase the impact of cost overruns.</i> |
| | | 1 | 2 | 3 | 4 |
| | | | <i>Intensive Project management & Regular reviews of project risk</i> | | |
| Total Risk Score | | 36 | 32 | 24 | 25 |

This section presents the economic impact of the CODA plans, as well as a financial assessment, and a qualitative or non-financial assessment. A summary of assumptions completes the section.

Economic Impact:

CODA retained an external consultant, Econometric Research Limited (ERL) to provide an independent assessment of the economic impact of the current operations at COP and the Oval as well as the recommended development plan. The Executive Summary of their report is replicated below, and the full body of their report is provided in the Appendix. Some context may assist interpretation of their results. Their report was undertaken some weeks ago, with preliminary estimates of capital costs at \$214.5 million (prior to modeling of cost escalation). Since then the capital costs have been further refined and currently are \$276 million for Option 3. This means that the economic impact of Option 3 is a little larger than that shown by ERL, in particular in the total taxes paid on the initial capital expenditures.

Also note that their Development Scenario (also called their Option 2 in the Tables in body of their report in the Appendix) is equivalent to Option 3 in this report. Their base case is neither exactly Option 1 nor Option 2, as it focuses on continuing the status quo operation. While it is understood that the economic impact of current operations is not sustainable, the projection is done to illustrate the net negative impact when compared to this report's Option 1 with "no government capital investment" which sees a deterioration of operations and impacts from the current status quo; For this reason, summary discussion in the ERL report also notes the ERL base case, less tourism, to better describe a future impact without additional funds.

| Situation | Option | ERL | Use For comparison |
|----------------------------------|--------|---|--|
| No government capital investment | 1 | | ERL base case less tourism expenditures |
| Status Quo | | Base Case | |
| Investment of \$141 million | 2 | | Not undertaken |
| Investment of \$276 million | 3 | Development Scenario (on \$214.5 million) | This comparison underestimates the economic impact |
| Investment of \$335 million | 4 | | Not undertaken |

**Executive Summary of Economic Impact Report
by Econometric Research Limited.**

The staging of the Winter Olympic Games in Calgary in 1988 not only broadened and showcased the City's recreational/leisure base and expanded and diversified its tourism infrastructure; it also created substantial economic, social and cultural benefits to the community, the entire province and even the nation. A part of these impacts continue to be made until today as the Facilities are maintained and used by athletes and visitors.

The 1988 Olympic Legacy Facilities are now 18 years old; time and higher than expected usage have taken a heavy toll on the facilities and equipment. New investment is needed to maintain their original functionality. Substantial new investment will, however, be required to meet higher international standards that would enable the Facilities to attract international competitions and continue as viable venues for developing world-class athletes.

The Calgary Olympic Development Association engaged the services of Econometric Research Ltd. (ERL) to assist in estimating the economic impact of the current operations of Canada Olympic Park (COP) and the Olympic Oval and the projected operations under a development oriented option. Specifically ERL was retained to report on:

- The economic impact of the annual and major capital expenditures on Calgary and Alberta.
- The economic impact of the operational expenditures under the two options on Calgary and Alberta.
- The economic impact of incremental visitors and athletes' expenditures under the two options on Calgary and Alberta.
- Any other significant qualitative impacts that may ensue on current and projected activities.

The economic impacts of the Facilities are not independent of the expenditures profiles of the various activities and departments of COP and the scenarios that bound their magnitudes. Two major scenarios were identified:

- Base Case Scenario where the existing pattern is assumed to continue unchanged with no new investment in upgrading and expanding the infrastructure and offerings.
- Development Scenario where a major expansion investment in the infrastructure and menu of sport offerings is envisaged.

Three different types of impacts were estimated:

- Incremental tourism expenditures by visitors and athletes
- Operational expenditure
- Capital expenditure

Typically incremental tourism impacts and operational impacts are additive signifying recurrent impacts. Capital impacts are not recurrent but since they are annualized here all three impacts may be added for the total impact of COP. The impacts of the new proposed investment are presented separately.

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A summary of key results in the **Base Case Scenario** include:

- A total of \$20 million in 2006 dollars will be spent by athletes and visitors to the Canada Olympic Park in Calgary and \$17.3 million in Alberta on food, lodging and transportation and other tourism related expenditures.
- These expenditures would not be made in Calgary or Alberta in the absence of the Olympic Park.
- The expenditures in Alberta are smaller than in Calgary because the expenditures of Albertans from outside Calgary are incremental to Calgary but not to Alberta.
- The annual expenditures will generate and even sustain a nontrivial economic impact in Calgary that includes \$11 million in value added, \$7.5 million in wages and salaries, 275 person years of employment and \$4.6 million in tax revenues to the three levels of government. A total of \$32,811 effective wage is associated with these impacts.
- The Alberta impacts are larger despite the fact that the level of expenditures is lower. This is because Alberta's economy is much larger than Calgary's and can retain a larger share of these impacts.
- Alberta's Gross Provincial Product (GPP) will rise by about \$19 million, wages and salaries will increase by \$10.5 million, tax revenues will rise by \$7.3 million and 349 Albertans will owe their full time equivalent jobs to these expenditures with an effective wage of \$34,473.
- The federal government is seen to collect the largest share of tax revenues on both Calgary and Alberta impacts with \$3.1 million on the Calgary impacts and about \$4.8 million on the Alberta impacts.
- The provincial government also derives tax revenues on these impacts but they are far lower than those of the federal government. The provincial tax revenues on the Calgary impacts exceed \$1.1 million and \$1.8 million on the Alberta wide impacts.
- The local government in Calgary collects \$394 thousand and all local governments in Alberta a total of \$653 thousand on the provincial impacts.
- Calgary's income is augmented by \$31 million annually on account of the operational expenditures in the Base Case Scenario. A total of \$22.8 million will be the share of wages and salaries sustaining an effective wage of \$34,917. A total of 654 Calgarians owe their full time equivalent jobs to these expenditures.
- The GPP of Alberta will be permanently increased by \$39.1 million. A total of 757 Albertans will owe their full time equivalent jobs to these recurrent operational expenditures with an effective wage of \$34,776. The direct wage is typically higher at \$36,760. A total of \$15.7 million will be collected in taxes by all three levels of government on these impacts.
- The annual capital expenditures are modest at \$3.3 million and so are their economic impacts. Neither Calgary nor Alberta seems to retain a large share of these expenditures as machinery is typically imported.
- The income impact in Calgary is less than 40% of the initial capital expenditure. A total of \$1.2 million is the income impact in Calgary and the provincial impact is \$2.9 million.
- A very small labour contingent is sustained by the annual capital expenditures in Calgary or the Province. A total of 27 person years in Calgary and 48 person years in Alberta are associated with these expenditures.

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- The three levels of government collect together \$547 thousand on the Calgary impacts and \$1.2 million on the Alberta impacts of annual capital expenditures.

A summary of key results in the **Development Scenario** include.

- The economic impacts under this scenario are all contingent on the large capital expenditure of \$214.5 million needed to upgrade and expand the Legacy Facilities and offerings.
- A total of \$25 million will be expected in new tourism expenditures in Calgary and \$21 million in Alberta. These incremental tourism streams of expenditures will sustain a total of \$14 million in income, \$9.8 million in wages and salaries, and 352 person years of employment at an effective wage of \$27,872 in Calgary.
- The Alberta wide impacts are naturally higher despite the lower volume of expenditures. A total of \$22.5 million in income is expected, \$12.6 million in wages and salaries at an effective wage of \$30,628. A total of 412 Albertans will be employed in full time equivalent jobs on account of these incremental expenditures.
- The total taxes collected on the incremental tourism expenditures under this scenario are substantial. The federal government is expected to collect \$4.1 million on the Calgary impacts and \$5.8 million on the Alberta impacts. The provincial government will collect \$1.4 million on the Calgary impacts and \$2.2 million on the Alberta impacts. Calgary's local government is expected to collect \$519 thousand and all local governments in Alberta will be expected to augment their revenues by \$791 thousand.
- Operational expenditures will increase to \$35 million per year. This steady flow of operational expenditures will sustain a steady income impact of \$41.7 million in Calgary and \$51.6 million in Alberta.
- A large complement of employment will be sustained by these expenditures in both Calgary and Alberta. A total of 981 jobs will be sustained in Alberta of which 843 will be in Calgary.
- A relatively high effective wage of \$35,178 will be sustained by these operational expenditures.
- Total tax revenues of all three levels of government will exceed \$17.1 million on the Calgary impacts and over \$20.8 million on the Alberta wide impacts.
- The annual capital expenditures will rise slightly under the development scenario to \$3.9 million and will therefore make limited impacts.
- A total of \$3.5 million will be the income impact in Alberta of which \$1.5 million will be made in Calgary.
- A total of 55 person years will be associated with the annual capital expenditures of which 31 will be in Calgary.
- Wages and salaries will rise by \$2 million in Alberta and Calgary's share of these will be a half (\$1 million).
- Total taxes collected by all levels of government will exceed \$1.4 million in Alberta of which \$654 thousand will be collected in Calgary.
- The new capital program involves the expenditure of \$214.5 million to sustain COP.
- This large capital expenditure will result in a massive temporary increase in all economic indicators in the City with some repercussions on the Alberta economy.
- Total GPP of Alberta will rise temporarily by \$227.3 million of which \$113.8 million will be in Alberta.

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- Employment will increase by 3,134 person years over the construction phase with 1,730 of these person years will be in Calgary.
- Wages and salaries associated with this project will rise one time by \$142.4 million in Alberta with Calgary claiming a share of about \$90 million.
- Total taxes will be augmented by a one time increase of \$94 million of which \$51 million will be claimed in Calgary. The federal government will benefit most with a tax collection share of \$62 million. The provincial government will claim \$22.7 million and Calgary's local government will collect \$4 million.

It is crucial to recognize that the net cost of the proposed capital project is substantially lower than the total cost of \$214 million, because of the large tax revenues that will be generated by the economic impact of the spending of new tourists, and operational and capital expenditures. The total taxes collected on the three impacts will add up to a large share of the capital cost of the expansion program. The present value of the provincial taxes on these impacts over a period of 20 years discounted at the standard discount rate of 5.25% is about \$100 million (see ES-3 PV of Option 3, \$29.1 million on incremental tourism impacts, \$65.4 million on operations and \$4.4 million on annual capital expenditures). To this it is possible to add the \$22.7 million impact of the initial capital for a total of \$120.5 million. If federal government taxes (\$329.3 million, PV) were included, the total rises to about \$450 million; and local taxes bring the total impact to \$492.5 million.

Some of these benefits would have continued under the Base Case Scenario. The Base Case Scenario includes \$319.7 million of tax benefits, however under CODA's Option 1, CODA related tourism expenditures would stop in 2009, reducing the economic impact of incremental tourism from \$96.3 to \$27.1 million (see ES-4, Option 1), and bringing the total economic impact of Option 1 down to \$250.5 million. The difference between the \$492.5 million and the \$250.5 is the tax impact of undertaking CODA's recommended Option 3. This difference of \$242 million is made up of \$161 million federal taxes, \$59.7 million provincial taxes and \$21.1 million to local governments. These figures suggest that the net cost to Government of the new investment program is much smaller than the \$214.5 million.

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Table 9-1: Economic Impact Summary

| Current Scenario – Due To Annual Operation, Capital And Tourism | | | Option 1 Scenario - Due To Annual Operation And Capital After 2009 | | |
|--|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Typical Year, 2006\$ | From Calgary Impact | From Alberta Impact | Typical Year, 2006\$ | From Calgary Impact | From Alberta Impact |
| Initial Expenditure | \$50,086,800 | \$47,390,492 | Initial Expenditure | \$29,999,562 | \$29,999,562 |
| Value Added | | | Value Added | | |
| Total | \$44,307,088 | \$60,849,059 | Total | \$33,152,755 | \$42,054,367 |
| Employment, total | 956 | 1,154 | Employment, total | 681 | 805 |
| Taxes | | | Taxes | | |
| Federal | \$12,366,092 | \$16,175,069 | Federal | \$9,224,400 | \$11,382,124 |
| Provincial | \$4,380,270 | \$5,936,252 | Provincial | \$3,266,490 | \$4,091,014 |
| Local | \$1,550,958 | \$2,101,899 | Local | \$1,156,593 | \$1,448,539 |
| Total | \$18,297,320 | \$24,213,220 | Total | \$13,647,483 | \$16,921,677 |
| | | | | | |
| Option 3 - Due to annual operation, capital and tourism | | | Option 3 - Due to Initial Capital Expenditure | | |
| Typical Year, 2007\$ | From Calgary Impact | From Alberta Impact | 2007\$ | From Calgary Impact | From Alberta Impact |
| Initial Expenditure | \$64,914,363 | \$59,793,152 | Initial Expenditure | \$214,469,396 | \$214,469,396 |
| Value Added | | | Value Added | | |
| Total | \$57,766,019 | \$77,608,177 | Total | \$113,839,001 | \$227,267,408 |
| Employment, total | 1,226 | 1,448 | Employment, total | 1,730 | 3,134 |
| Taxes | | | Taxes | | |
| Federal | \$16,194,682 | \$20,759,222 | Federal | \$35,283,936 | \$62,949,180 |
| Provincial | \$5,745,484 | \$7,619,815 | Provincial | \$11,424,547 | \$22,749,744 |
| Local | \$2,034,351 | \$2,698,010 | Local | \$4,045,182 | \$8,055,186 |
| Total | \$23,974,517 | \$31,077,047 | Total | \$50,753,665 | \$93,754,110 |

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**Table 9-2: Comparing Tax Impacts
Present value, over twenty years, in 2006\$**

| Current COP and Oval Tax Impacts | | | | |
|---|----------------------|---------------------|---------------------|----------------------|
| | Federal | Provincial | Local | Total |
| Incremental Tourism | \$63,277,527 | \$24,361,243 | \$8,625,804 | \$96,264,574 |
| Operations | 139,846,761 | 50,263,779 | 17,797,309 | \$207,907,849 |
| Annual Capital | 10,422,574 | 3,746,698 | 1,326,625 | \$15,495,898 |
| Total | \$213,546,861 | \$78,371,720 | \$27,749,738 | \$319,668,320 |
| Option 1 COP and Oval Tax Impacts | | | | |
| | Federal | Provincial | Local | Total |
| Incremental Tourism | 17,784,419 | 6,846,831 | 2,424,319 | 27,055,569 |
| Operations | 139,846,761 | 50,263,779 | 17,797,309 | 207,907,849 |
| Annual Capital | 10,422,574 | 3,746,698 | 1,326,625 | 15,495,898 |
| Total | 168,053,754 | 60,857,309 | 21,548,253 | 250,459,316 |
| PV of Option 3 COP and Oval Tax Impacts | | | | |
| | Federal | Provincial | Local | Total |
| Incremental Tourism | 75,734,007 | 29,105,967 | 10,305,794 | 115,145,768 |
| Operations | 181,443,784 | 65,393,083 | 23,154,256 | 269,991,122 |
| Annual Capital | 12,305,926 | 4,415,880 | 1,563,568 | 18,285,374 |
| Initial Capital | 59,809,197 | 21,614,959 | 7,653,383 | 89,077,539 |
| Total | 329,292,914 | 120,529,889 | 42,677,001 | 492,499,804 |
| Differential Total Tax Impacts of Various Options | | | | |
| Increment from Current Operations to Option 1 | | | | - 69,209,004 |
| Increment from Option 1 to Option 3 | | | | 242,040,488 |
| Differential Provincial Tax Impacts of Various Options | | | | |
| Increment from Current Operations to Option 1 | | | | - 17,514,411 |
| Increment from Option 1 to Option 3 | | | | 59,672,581 |

Quantitative Analysis – Financial Benefits and Costs

The analysis below depicts the full costs of operations under four separate options. The cost analysis considers a reasonable lifecycle period of 25 years for capital projects. The next three tables summarize the financial benefits and costs. The first table (Table 9-3) presents the net present value of the net operational impacts of each option at COP, the Oval and the new AIC, and derives a sustainability ranking. The second table (Table 9-4) presents the impacts of the capital expenditures. The third table (Table 9-5) combines the Capital expenditures from Table 9-4 with some summary numbers from the economic impact discussed earlier (see Table 9-2).

A full break down of costs and cash flows is dealt with in a CD included in the Appendix. The Tables on the next page depict summary figures only. The operational cost impacts illustrated below demonstrate what the impact would be if the operating conditions were to change in 2006. The full timing effects of these changes are dealt with in the pro forma of each option, including in the CD.

| Table 9-3: Operation Impact on Primary Facilities, and Sustainability Ranking | | | | |
|--|--|--|--|--|
| Millions of dollars, net present value to 2006 | | | | |
| | Option 1 | Option 2 | Option 3 | Option 4 |
| Revenues, All Facilities | | | | |
| General Revenues, COP | \$225.6 | \$296.0 | \$302.8 | \$302.8 |
| General Revenues, Oval | \$14.0 | \$14.0 | \$14.0 | \$14.0 |
| General Revenues, AIC | - | - | \$113.0 | \$121.1 |
| Support from 88 Legacy Endowment | 170.6 | 156.7 | 166.3 | 149.8 |
| University of Calgary Support | 20.2 | 21.9 | 22.0 | 28.9 |
| Total Consolidated Revenues | 430.4 | 488.6 | 618.1 | 616.6 |
| Expenses, All Facilities | | | | |
| Operating Expenses, COP | \$317.3 | \$379.3 | \$365.8 | \$387.9 |
| Operating Expenses, Oval | \$75.3 | \$80.4 | \$80.7 | \$101.6 |
| Operating Expenses, AIC | - | - | \$83.3 | \$96.8 |
| Routine Capital Expenditures | \$33.5 | \$60.3 | \$40.2 | \$40.2 |
| Sport Development Expenses | \$7.1 | \$7.2 | \$28.3 | \$28.1 |
| Total Consolidated Expenses | \$433.2 | \$527.2 | \$598.3 | \$654.6 |
| Net Operating Surplus (Deficit) | (\$2.9) | (\$39.0) | \$19.8 | (\$37.9) |
| Assessment of Sustainability and Endowment Risk | | | | |
| Implications for 88 Legacy Endowment | Gradual But Eventual Depletion | Rapid erosion of Endowment | Endowment Preserved and Enhanced | Rapid erosion of Endowment |
| Probability of Reduction of Endowment | High | High | Low | High |
| Impact: Size of Endowment Reduction | Medium-high | High | Low | High |
| Mitigation Strategy 1 | Increase size of endowment to cover renewal capital | Increase size of Endowment to cover Operating Deficits | No mitigation needed; endowment would grow | Increase size of Endowment to cover Operating Deficits |
| Mitigation Strategy 2 | Plan to close targeted facilities over next 20 years | Plan to close targeted facilities over next 10 years | No mitigation needed; endowment would grow | Plan to close targeted facilities over next 10 years |
| Sustainability Ranking ⁴ | 3 | 4 | 1 | 4 |
| Cost implications to Governments (endowment injection) in millions | \$0. | 31.1 | Not applicable | 28.3 |

4

| | | | | |
|--|-------------------------------|--------------------------------------|--------------------------------------|---------------------------------|
| 1= sustainable and in growth position; | 2= sustainable with no growth | 3= gradual decline of sustainability | 4 = rapid decline of sustainability; | 5= unsustainable in short term. |
|--|-------------------------------|--------------------------------------|--------------------------------------|---------------------------------|

| Table 9-4: Capital Cost /Benefit Analysis and Economic Impact Effects In millions of dollars (Including Projected Escalation) | | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Option 1 | Option 2 | Option 3 | Option 4 |
| AIC for Men's, Womens' and Sledge Hockey | 0.0 | 0.0 | 154.5 | 165.4 |
| Speed Skating (Olympic Oval) | 0.0 | 27.6 | 30.3 | 37.4 |
| COP- Primary Support Infrastructure: | 0.0 | 16.9 | 9.6 | 10.8 |
| Sliding Sports Bobsleigh, Luge, Skeleton (Olympic Track) | 0.0 | 15.8 | 10.6 | 19.5 |
| Bob Niven Athletic Training Centre | 0.0 | 21.0 | 0.0 | 0.0 |
| Other ⁵ | 2.4 | 16.9 | 19.5 | 39.5 |
| Capital Cost Sub-Total | 2.4 | 98.0 | 224.5 | 272.5 |
| Soft costs (calculated at 15% on 2006 \$'s) | 0.4 | 13.1 | 29.0 | 35.2 |
| Contingencies (calculated at 10%) | 0.2 | 9.8 | 22.5 | 27.3 |
| Total Capital Costs | 2.9 | 121.0 | 276.0 | 334.9 |
| Project Investor Contributions | | | | |
| CODA Capital Contributions | 1.5 | 6.2 | 31.5 | 24.2 |
| Other Capital Contributions | 1.4 | 4.8 | 22.0 | 22.0 |
| Total Capital Cost to Government, prior to offsetting Economic Impacts | 0.0 | 110.0 | 222.5 | 288.7 |
| Cost Rankings (1=lowest; 4= highest cost) | 1 | 2 | 3 | 4 |
| Further cost for an endowment to fund operating deficits (see previous Table) | \$0. | 31.1 | \$0 | 28.3 |
| Total (Gross) Cost to Government, prior to offsetting Economic Impacts | 0.0 | 141.1 | 222.5 | 317.0 |
| Cost Rankings ⁶ | 1 | 2 | 3 | 4 |

| Table 9-5: Capital Cost /Benefit Analysis and Economic Impact Effects In millions of dollars | | |
|---|-----------------|-----------------|
| | Option 1 | Option 3 |
| Total Capital Costs | (\$2.9) | (\$276.0) |
| Contributions from CODA and others | 2.9 | 53.5 |
| Total Capital Cost to Government, prior to Economic Impacts | 0.0 | (\$222.5) |
| Further cost for an endowment to fund operating deficits (see previous Table) | \$0. | \$0 |
| Taxes on the Direct and Induced Economic Benefits (from Table 9-2) | | |
| Federal | 168.1 | 329.3 |
| Provincial | 60.9 | 120.5 |
| Local Government | 21.5 | 42.7 |
| Total, 3 levels of Government | 250.5 | 492.5 |

⁵ Ski Jumping, Nordic Combined, Biathlon and Cross Country Skiing Alpine Ski Racing, Snowboard Racing and Half-pipe and Freestyle Moguls and Aerials New Business Ventures

⁶ Ranking By Gross Capital Cost before consideration of Economic Impacts

| | | | |
|-----------|------------|----------|------------|
| 1= lowest | 2= between | 3 = high | 4= highest |
|-----------|------------|----------|------------|

The costs and benefits illustrated above represent those of CODA, COP, and the Oval. There are further benefits to Alberta not included above from the many national sport organization whose head offices are in Calgary due to the operation of the Olympic Legacy facilities. These organizations range from the newly formed Own the Podium organization, Hockey Canada, Luge Canada, Bobsleigh-Skeleton Canada, the Canadian Sport Centre Calgary, and over 200 carded athletes who make Calgary their home due to the training facilities that exist in the city. The annual operating budgets of these organizations and athletes are significant as shown next in Table 9-6:

| Table 9-6: Induced Spending Impact from Sports Organizations | | |
|---|---------------|---------------|
| (Millions Annually) | Current | Option 3 |
| Own The Podium | \$12.0 | \$18.0 |
| Bobsleigh Canada | \$ 1.0 | \$ 1.5 |
| Luge Canada | \$ 0.7 | \$ 1.0 |
| Hockey Canada | \$ 5.7 | \$ 6.8 |
| Canadian Sport Centre Calgary | \$ 4.5 | \$ 4.5 |
| Athlete Assistance Program* | \$ 2.6 | \$ 3.9 |
| Total | \$26.5 | \$35.7 |

*Based on \$13,000 annual stipend from Sport Canada

However, note that the current level of annual spending is not likely to be sustained in Option 1. Hence the entire \$26.5 would be lost direct spending in Option 1, along with its induced economic impact and taxes. Alternatively, the entire \$35.7 million can be considered *extra* annual spending related to Option 3 relative to Option 1.

In ERL's economic impact assessment of the current operation, the initial expenditure due to operational spending was \$27 million annually. The resultant total tax impact was \$208 million (present value over 20 years) of which \$50.3 million represented Provincial taxes. These tax impacts related only to the operation of the Oval and COP without taking into account the spending of visitors coming to those facilities, it is therefore likely that the \$35.7 million of operational spending by the sports organizations listed above would generate a similarly multiplied impact. These organizations depend on the operations of COP, the Oval and CODA is non-trivial and the impact is in addition to economic impact estimated by ERL. When one considers the sizable annual spending of these organizations in Alberta, **it is evident that the investment will return great financial benefits to Government.**

Option 1 – Status Quo, the End of the Legacy

This option has no sport related capital expenditure and has the best projected NPV of all the options. The capital expenditures that do occur under this option support new lines of business, as it is considered necessary for CODA's future viability to find new sources of revenue. However, even with these new business lines and the closure of many of the high performance training aspects of COP, the PV of cash flows is negative at (\$2.9) million over 25 years. The economic impact analysis showed the impact of current operation but no analysis was done to show the negative impact that would occur if the sport related facilities and associated international training and tourism were to disappear. It is however intuitive to assume that the negative impact would be in the 10's of millions. What is also not captured in the analysis is the loss of those national sport organizations that would slowly exit the city in favor of other cities such as Vancouver. Due to the loss of social benefits and value that these facilities provide the province beyond mere quantifiable terms, this option cannot be considered a viable option.

Option 2 – Maintaining the Legacy

This alternative requires the second lowest capital expenditure and has a 25-year projected NPV of (\$141) million but it is intended to maintain the facilities for training and not attracting the international events that Alberta currently enjoys. An economic impact assessment was not undertaken for this option. Annual operational impacts would likely be less than that of current operations due to the loss of international events and international athletes training at these facilities, although there are some offsetting capital expenditures to take into account. Overall, this option does not sustain CODA's vision of creating winter Olympic sports excellence and is not operationally sustainable. This option is not recommended for implementation.

Option 3 – A World Leading Olympic Legacy

This option is the only one to have a positive PV of cash flows from operations as new revenues generated from the addition of the Athletics and Ice complex more than offset its operating and financing costs. The PV of cash flows is \$20 million, the only positive, i.e. sustainable, option. While this option has the second highest capital expenditure, the sustainability of the option under the current endowment structure ensures this Option will not require an additional endowment.

This option secures the hosting of most international events and results in an *annual* Value Added economic impact for Alberta of \$77.6 million, which is 30% greater than that of the current operations (estimated at \$60.8 million, see the top panel in Table 9-1). It is also considerably higher than the annual \$42 million of Value Added likely under Option 1 where tourism spending declines. Under Option 3, the offices of Hockey Canada, Own the Podium, Canadian Sport Centre, Canadian Luge Association, Bobsleigh Canada Skeleton, as well as the current 200 carded athletes with their collective annual spending of \$26.5 million would be assured to stay in Calgary. In addition to this the new facilities that serve both summer and winter athletes would have the ability to attract as much as 100 additional athletes to Calgary, with some related spending increases by the NSOs. Furthermore, the summer sport components could attract an increase in OTP programming funding of approximately \$6 million annually. This option fulfills CODA's vision and mission by creating for its stakeholders a facility based sport institute in Canada that is unparalleled in the world today. The total cumulative tax revenue from option three for all three levels of government is estimated at \$329.3 million; the increase of \$242 million over Option 1 exceeds the initial costs of the constructing the facilities. Moreover the social benefit of building Olympic Champions who will inspire our nations youth into active lifestyles, and the leadership that these athletes will bring to communities throughout Alberta and across the country may far exceed all of those costs and revenues. For all of these reasons this is the option that is recommended for implementation.

Option 4 - A Bold Olympic Future for Alberta

This alternative has the worst 25-year NPV of negative \$310 million. This option represents a bold attempt to build and maintain new venues for ski jumping and in so doing it holds the potential for hosting international ski jumping events. The additional capital costs in this option are not accompanied by offsetting revenues as in Option 3 because there are no recreational programming uses for the new capital projects under this plan that could make them sustainable. Option 4 represents the best possible attempts to meet the training and event hosting requirements of a full range of Olympic winter sports, but given its higher cost and lack of associated revenues it is not recommended as the best option.

Sensitivity Analysis

Sensitivity analysis was conducted on costs to determine potential variance based on assumed and predicted escalation rates varying by -10% to +10% of their assumed/predicted values.

The results indicate the costs expressed in 2006 \$'s vary in a narrow range (-7% to +8%), but the "As Constructed" or dollars of the day have a high sensitivity (-4% to +21%) to positive variations in the assumed/predicted escalation rates.

At this level of uncertainty, it is expected that the \$276 million total capital costs for the Option 3 plans could vary between \$265 and \$335 million. As discussed in Section 11, rigorous project management will be required to manage costs, as well as schedules, with regular re-evaluation of emerging risks. Mitigation will require maintaining a list of priority construction components and those that can be deferred until sufficient revenue is generated.

Qualitative Analysis – Non-Financial Benefits & Costs:

The brief description of the non-quantifiable costs and benefits associated with each option is listed in the tables below. The descriptions below are qualitative; the quantification of those impacts is beyond the scope of this analysis but it does impact the economic impact and induced economic benefits that were listed in the previous section.

Option 1 does provide the benefit to taxpayers of reduced public funding for sports infrastructure. However there are associated costs in

- Loss of international events, sports programming and athletes training in Alberta. These losses impact employees in the hospitality industry and in the personal training and athletic development fields.
- Loss of reputation for CODA, impacting employees and others involved in the organization; and
- Residents, particularly youth, lose the opportunity to view in person international athletic events.

Option 2 preserves the legacy facilities for the use of Alberta residents, particularly youth. As well the Option allows for increased utilization for regional and national athletes training for international competition. However, it foregoes the opportunity to be a preferred destination for international athletes and tourists. It also lacks the benefits of centralizing high performance summer athletes programs, which is a loss to Canadian athletes and researchers. As a result, Canadian medal performances suffer in future Olympic games.

Option 3 has a cost to other provinces in the loss of national sport organizations that re-locate to Alberta. However there are efficiencies gained, and cross-fertilization of training and coaching methods, which will improve the overall functioning of the sports community. Furthermore, this option offers several benefits:

- Attracting new athletes, coaches and national sport federation personnel
- Increased importance and reputation as an interdisciplinary international training destination, benefiting visiting athletes as well as home-grown ones
- Potential to attract new program funding (e.g. summer athletic training, and Own the Podium) which will benefit the local community, and all athletes training here
- Inspirational impact on health and wellness, and development sports, for Albertans, reducing health care costs.

Option 4 offers some additional benefits over Option 3, in particular the creation of a new world standard ski jumping site, able to host international ski jumping events.

The qualitative benefits position the options in ranking 1 (Option 3); 2 (Option 4); 3 (Option 2) and 4 (Option 1).

Assumptions

In options 2, 3, and 4 the operational scenario presented in option 1 is brought forward to 2007 and then the model incorporated the projected 2006 operational impacts of the other options and brought those numbers forward based on the assumptions below:

Assumptions common to all Options

| | |
|--|-------|
| Discount rate for present value calculations | 5.25% |
| Utility cost escalation | 3% |
| Maintenance escalation to 2010 | 8% |
| Maintenance escalation after 2010 | 3% |
| Sport development costs | 2% |
| Investment fees after 2006 % of total fund value | 0.5% |
| All other costs | 3% |
| Cost of Sales (Food) | 33% |
| Cost of Sales (Retail) | 65% |
| General revenue escalation | 3% |
| Ski hill revenue escalation | 3% |

Assumptions varying by Option

| | Option 1 | Option 2 | Option 3 | Option 4 |
|---|----------|----------|--------------|----------|
| Wages after 2009 as % of 2006 | 80% | 100% | See Appendix | |
| Wages escalation | 3% | 2% | 2% | 2% |
| Annual capital expenditures | -1% | 3% | 3% | 3% |
| Competing and training revenue after 2009 | 20% | 70% | | |
| Ski Jumping Costs after 2010 | \$0 | | | |
| Farnham Glacier costs after 2010 | \$0 | | | |
| Change for 2009 relative to 2006 | | | | |
| Facility rentals and tours revenue | 20% | 100% | 100% | 100% |
| Public rides and sled storage | 50% | 100% | 100% | 100% |
| Sponsorship and donations | 50% | 100% | 100% | 100% |
| Misc. revenue | 50% | 100% | 100% | 100% |
| Food and beverage revenue | 80% | 100% | 100% | 100% |
| Retail | 80% | 100% | 100% | 100% |
| Sport development costs after 2009 | 50% | 50% | 100% | 100% |
| Assumed increase relative to Option 1 | | | | |
| for advertising expense | | 10% | 10% | 10% |
| For professional fees | | 20% | 20% | 20% |

Option 1 assumes

- Additions of new space will drive operating costs of \$15/sq.ft. at COP and \$13/sq.ft. at the Oval

Option 2 assumes

- Incremental building space will drive operating costs at \$15/sq.ft. and so with approximately 124,904 of incremental space in option 2 the operating expenses will be approximately \$1,873,560 more than option 1. This value will be shown to increase across maintenance, supplies, utilities, staffing

- Farnham Glacier will not be operated past 2010
- competition and training revenue will decline after 2009 due to international teams opting to train in Vancouver or other North American sites

Option 3 assumes

- 88,284 sq.ft. of new space in option 2 will not be required as it will be incorporated into the AIC. Therefore operating costs on this space will be captured in the AIC section and will thus reduce the operating costs within the COP section by \$1,324,260
- Since the AIC will replace many aging facilities that the average annual capital will be reduced by 20% to \$2,000,000 annually. The AIC section allows for a capital fund contribution of 412,000 annually specific for that building

Option 4 assumes

- Incremental building space added to the AIC will drive operating costs at \$15/sq.ft. and so with approximately 39,060 of incremental space in option 4 the operating expenses will be approximately \$585,900 more than option 3.
- The addition of new track, ski jump expansion, and summer water ramp will increase repairs and maintenance supplies and utilities by 20% in option 4 over those values in option 3 for an increase of \$542,640.
- the addition of expanded seating capacity will allow the AIC to attract 20 special events averaging \$25,000 per event for a total addition to revenue of \$500,000
- Since the AIC will replace many aging facilities that the average annual capital will be reduced by 20% to \$2,000,000 annually. The AIC section allows for a capital fund contribution of 412,000 annually specific for that building

The legacy from the facilities built for the 1988 Olympics in Calgary have provided a 20-year base for the high-performance sports community in Alberta. Working together, this sports community has been able to gain efficiencies in operation and effectiveness in medal success in winter sports. The operation, training and international events have added to the economic vitality of Alberta, and positioned Alberta as an international sport tourism industry. Spin-off benefits have included world-class sport science research. Alberta-based athletes have had access to excellent training facilities, and their success has inspired youth in health and fitness activities as well as the first steps on development for future competitions. Canada won 24 medals in the 2006 Olympics in Torino; 16 of these medals were won by Alberta based athletes. Cindy Klassen, Beckie Scott and Clara Hughes all benefited from Alberta training facilities and centre of sports excellence. The success of the facilities, and more importantly, the operations housed there has spurred western pride and volunteerism.

But the facilities are aging and, without significant investment, will deteriorate very soon. Already they are inadequate to the rising standards for hosting international events and competitions. Currently some sports organizations are beginning to disperse to locations with better facilities, detracting from the critical mass. The pending 2010 Olympics in B.C. create further need for Alberta training facilities. Alberta has the opportunity to not just restore the facilities, but to *Sustain the Legacy*: to restore the synergy available from gathering a critical mass of sports organizations; and to create a world leading facility based sports institute, a sustainable facility that will match the best models in the world and support the success of Canadian athletes in 2010 and beyond.

Most comparable nations are developing facility based sports institutes that can house centres of excellence for the sports community and related research. Alberta has the opportunity to match these models, to create a world leading facility, create a sustainable business model, and to support the high performance sport system through the critical mass of NSOs gathered back together in Alberta. Locally training athletes will continue to inspire another generation of Alberta youth to sports and leadership, health and wellness.

Table 10-1 on the next page brings together the qualitative assessments presented earlier, and Table 10-2 summarizes the economic impact of the recommended case.

| Table 10--2: Summary of Option Comparison | | | | |
|--|-------------|-------------|-----------|-----------|
| Option | 1 | 2 | 3 | 4 |
| Ranking re Competing International Venues | Low | Low | High | High |
| Total Score for Business and Operational (Positive) Impacts on Stakeholders | 1.4 | 2.3 | 3.7 | 3.7 |
| Rank by Business and Operational Impacts on Stakeholders | Almost None | Low | High | High |
| Total Risk Score | 4.5 | 4 | 3 | 3.1 |
| Risk Ranking | High | Medium-High | Medium | Medium |
| Net Operating Surplus (Deficit) of Primary Facilities | (\$2.9) | (\$39.0) | \$19.8 | (\$37.9) |
| Sustainability ranking | 3 | 4 | 1 | 4 |
| Total Capital Cost | \$0 | (\$121.0) | (\$276.0) | (\$334.9) |
| Total Capital Request to Government (net of other capital contributions), Prior to adjusting for taxes | \$0 | (\$110.0) | (\$222.5) | (\$288.7) |
| Total Need of Government Support (capital plus an Endowment for operating deficits | \$0 | (\$141.0) | (\$222.5) | (\$317.0) |
| Ranking by Gross Cost to Government before accounting for Economic Impact | 1 | 2 | 3 | 4 |

| Table 10-2: Summary of Cost and Economic Impact In millions of dollars | | | |
|---|-----------------|-----------------|--------------|
| | Option 1 | Option 3 | Extra |
| Total Capital Costs | (\$2.9) | (\$276.0) | |
| Contributions from CODA and others | 2.9 | 53.5 | |
| Total Capital Cost to Government, prior to Economic Impacts | 0.0 | (\$222.5) | |
| Net Operating Surplus (Deficit) of Primary Facilities | (\$2.9) | \$19.8 | |
| Further cost for an endowment to fund operating deficits (see previous Table) | | \$0 | |
| Taxes on the Direct and Induced Economic Benefits (from Table 9-2)* | | | |
| Federal | 168.1 | 329.3 | 161.2 |
| Provincial | 60.9 | 120.5 | 59.7 |
| Local Government | 21.5 | 42.7 | 21.2 |
| Total, 3 levels of Government | 250.5 | 492.5 | 242.0 |

* present value, of taxes on direct and induced annual operating and capital, plus tourism where applicable for all levels of government

Recommendations

CODA recommends that the Government support Option 3 to Sustain the Olympic legacy, by providing capital funds for the development of the identified facilities and the establishment of a

facility based sport institute, in order to fully reap the sport and community, health and leadership benefits for Albertans.

Project Responsibility

The project will be undertaken under the guidance of the CODA Board, with a designated program manager in the CODA senior management to oversee the component projects, their integration and start-up, and to ensure that the key facilities are in place to support Canadian and Alberta athletes training for the 2010 Olympics.

Description:

The overall project will involve the investment of \$276 million in 3 primary locations: COP, the Oval at the U of C, and in Canmore. The new AIC at COP will account for over half of the capital, and will establish a multi-use, centre of excellence which will house many national sports organizations, the national sport school, training and research facilities, ice rinks and gymnasiums. By providing recreational and grass-roots development programs, the facilities will be operated in self-sustaining manner by CODA, once the initial investment is completed. A \$25 million investment at COP will refurbish the current day lodge, address water and sewer upgrades, enhance security, upgrade audiovisual equipment and many other needed improvements, including expanded on-site accommodation for athletes. The roughly \$30 million investment at the Olympic Oval will re-roof, renovate and expand the office and programming areas, as well as bringing the timing and technical facilities up the new international standards, in order to support continued hosting of international events.

Implementation Strategy

The timeline for the project begins in June 2006, with roughly \$30 million of detailed design, and procurement contracting on all components of the project. Ideally, the majority of the capital would be spent in 2007, when investment would reach nearly \$90 million, bringing cumulative expenditures to over \$90 million. However the actual progress of construction will be paced with the timing of funding commitments and release of specific funds from sponsors. CODA will undertake short term borrowing to bridge the gap between commitment and release of funds, but will only undertake components of the overall plan where the funds have been committed to see the component through to functionality.

An illustration of adjustments to the construction timeline is outlined below. The basic building blocks of the construction investment plan are laid out, at a high level, in Table 11-1 below, in 2006 dollars; the colours mark the priority for starting the project components immediately. In the body of the report, best efforts have been made to estimate the total expenditures (\$276 million in dollars of the day), incorporating inflation and escalation of costs specific to this project. In this section, inflation is set aside to examine the timing of funds and the potential for deferring portions of the project. The total investment is \$242 million in 2006\$. Table 11-1 shows that \$168.1 million, plus its share of the contingency must be initiated immediately, other projects could be deferred somewhat.

| | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
|---|------|------|------|------|------|-------|
| Bobsleigh, Luge, Skeleton | 2.9 | 6.2 | 2.0 | 0.0 | 0.0 | 11.1 |
| Speed Skating, Cycling (Oval) | | | | | | |
| Immediate | 2.0 | 7.6 | 2.7 | 0.0 | 0.0 | 12.4 |
| Remainder | 3.0 | 11.4 | 4.1 | 0.1 | 0.0 | 18.6 |
| Ski Jumping, Nordic Combined (COP) | 0.6 | 1.4 | 0.4 | 0.4 | 0.2 | 3.0 |
| Ski Jumping, Nordic Combined, X-Country (Canmore) | 0.9 | 1.7 | 0.2 | 0.2 | 0.2 | 3.2 |
| Alpine Ski Racing, Snowboard Racing, Half-pipe, Freestyle | 2.1 | 5.3 | 1.3 | 0.0 | 0.0 | 8.8 |
| AIC- Hockey, Basketball, Track & Field, Cross Training | 10.7 | 40.4 | 71.6 | 28.2 | 0.0 | 150.9 |
| COP-Primary support infrastructure | 2.7 | 5.6 | 1.5 | 0.2 | 0.0 | 10.0 |
| New Business Ventures | 0.7 | 2.8 | 0.9 | 0.3 | 0.0 | 4.7 |
| | | | | | | |
| Subtotal, excluding contingency | 25.6 | 82.6 | 84.7 | 29.4 | 0.4 | 222.6 |
| Aggregate Contingency | | | | | | 19.4 |
| Total with contingency | | | | | | 242.0 |
| Highest Priority for Immediate Start | 13.4 | 50.8 | 75.3 | 28.5 | 0.0 | 168.1 |
| Medium-high Priority | 8.6 | 24.4 | 7.7 | 0.4 | 0.2 | 41.4 |
| Medium-low Priority | 0.9 | 1.7 | 0.2 | 0.2 | 0.2 | 3.2 |
| Lowest priority | 2.7 | 5.6 | 1.5 | 0.2 | 0.0 | 10.0 |
| Subtotal | 25.6 | 82.6 | 84.7 | 29.4 | 0.4 | 222.6 |

Table 11-2 first compares the highest priority expenditure path against the initial funds commitment. With a funding commitment of \$137 million from the Government of Alberta, the highest priority project groups can be launched. By 2010, an additional \$17.9 million of other funding will be needed to complete the highest priority items. However these funds can start flowing as late as 2008 and still keep this portion of the project on time.

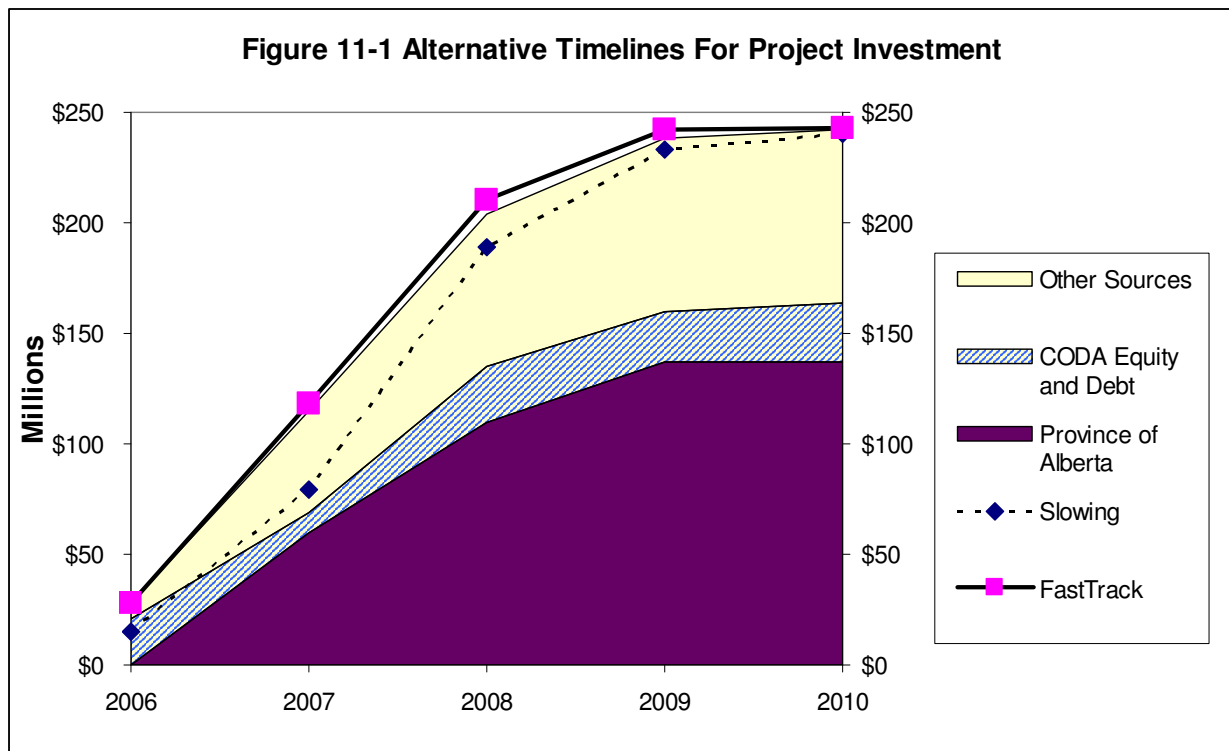
| Table 11-2 TimeLine of Funds Availability Compared to One Investment Plan | | | | | | |
|--|------|-------|-------|-------|-------|-------|
| (\$millions, 2006) | | | | | | |
| | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
| Highest Priority Total by year, | 13.4 | 50.8 | 75.3 | 28.5 | 13.4 | 168.1 |
| Cumulative, with contingency | 14.6 | 69.8 | 151.6 | 182.7 | 182.7 | 182.7 |
| Funding Sources, Cumulative | | | | | | |
| Government of Alberta Funds | 0.0 | 60.0 | 110.0 | 137.0 | 137.0 | |
| CODA, from cash | 4.0 | 4.3 | 4.0 | 8.0 | 11.7 | |
| CODA, debt | 18.8 | 7.7 | 23.4 | 19.8 | 19.8 | |
| subtotal | 22.8 | 72.0 | 137.4 | 164.8 | 164.8 | |
| Other sources, for highest priority | 0.0 | 0.0 | 14.2 | 17.9 | 17.9 | |
| Subtotal Funding | 22.8 | 72.0 | 151.6 | 182.7 | 182.7 | |
| Cumulative Total, all Priorities | | | | | | |
| | 27.6 | 114.9 | 204.3 | 238.4 | 242.0 | |
| Additional Funding for these remaining priorities (cumulative) | | | | | | |
| | 4.8 | 42.9 | 52.7 | 55.7 | 59.3 | |
| Additional Funding for these remaining priorities (annual) | | | | | | |
| | 4.8 | 38.0 | 9.8 | 3.0 | 3.6 | 59.3 |

The lower part of Table 11-2 looks at the whole of the project, including the groups of lower priority. An additional \$59.3 million is needed, bringing to \$77.2 million the total of funds from other government and private sources. There is a shortfall starting in 2006 and growing in 2007 and delayed starts will likely be necessary on some components. Continued discussions will proceed with potential funders to reach commitment as early as possible in order to have the necessary facilities in place to support the 2010 preparation activities. However the implementation strategy involves continued prioritization and sequencing of individual project components.

Figure 11-1 shows one example of an altered construction timeline. The solid top line shows the cumulative investment (including contingency) as outlined in Table 11-2 above. The solid areas show the funding sources: the Government of Alberta in the solid dark area; CODA accumulated contribution from cash flow and debt, with the solid yellow area the remaining need for funds. The dotted line shows the impact of arbitrarily deferring each of lower priority blocks as follows: one year for medium-high priority; two years for medium-low priority and three years for lowest priority. This deferment plan would still have 99% of the overall plan completed by the end of 2010, but would free up considerable room in 2007 as other funding plans and commitments are finalized. This is only one example of an alternative timeline for the investment components. Some alternatives could if needed defer some subcomponents or finishing work to beyond 2010.

In either of these plans the AIC is scheduled to be more than 75% complete by the end of 2008. In even the slower of these two options, over 85% of the projects at the Oval are scheduled to be completed by the end of 2008. The AIC facility will be functional in time for Hockey Canada's

needs in 2009. Renovation of the Oval programming and office space is spread over two years, 2007-2008, as well as having the roof replacement completed by the end of 2007.



At COP, water line replacements and electricity infrastructure upgrades would be completed first, along with the addition of new snow making and grooming equipment. Most other major project components at COP (e.g. new athlete accommodation, day lodge refurbishment, the new ski lift, new start houses and expanded seating capacity in viewing areas) are expected to require two years. Most of these improvements will be adjusted as needed dependent on CODA's cash flow over the years 2007-2010, and other funding commitments.

There is an opportunity for a major international festival in either the winter season of 2008-09 prior to the 2010 winter season, or in November/December of 2009 immediately prior to the 2010 Winter Olympics. This festival would be the celebratory opening of the Next Legacy. Selective prioritization of individual projects within the blocks above will continue to ensure that sufficient functionality is available to support such visible and critical milestones.

Due to the fixed start dates of the Olympics and any other potential events in the lead up to the Olympics, schedule management will be crucial to success of the project. The planned project design and construction period coincides with intense construction activity in Alberta, making resources a critical concern. Furthermore there is always uncertainty in costs, and the current estimate of \$276 capital cost is considered to have a range -4% to +17%; there is more cost uncertainty for any components delayed further. Regular risk review of the project will be undertaken, with the external contractors, to identify and plan for emerging issues. As described above, mitigation plans include maintaining a list of facilities not on the critical path to support activities related directly to the 2009 and 2010 events, so that some components can be deferred if needed in order to complete the priority items on time and within the budget. Within the CODA Board, the Facilities Committee will be responsible to receive and advise on the results of the risk review undertaken by the project manager.

TABLE A-1: CODA ENDOWMENT FUNDING FOR SPORT GRANTS AND CAPITAL EXPENDITURES (Millions of dollars of the day)

| | 1989/ 90 | 1990/ 91 | 1991/ 92 | 1992/ 93 | 1993/ 94 | 1994/ 95 | 1995/ 96 | 1996/ 97 | 1997/ 98 | 1998/ 99 | 1999/ 2000 | 2000/ 2001 | 2001/ 2002 | 2002- 2003 | 2003- 2004 | 2004- 2005 | Total |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Alpine | 139 | 120 | 110 | 125 | 115 | 125 | 115 | 115 | 115 | 150 | 320 | 320 | 320 | 220 | 150 | 150 | 2,709 |
| Biathlon | 52 | 75 | 57 | 25 | 50 | 30 | 20 | 40 | 48 | 55 | 90 | 90 | 110 | 120 | 50 | 50 | 962 |
| Bobsleigh | 66 | 55 | 55 | 105 | 115 | 60 | 60 | 65 | 70 | 90 | 250 | 305 | 255 | 395 | 250 | 250 | 2,446 |
| Skeleton | - | - | - | - | - | - | - | - | 20 | 20 | 45 | - | 50 | - | - | - | 135 |
| CrossCountry | 86 | 50 | 54 | 25 | 40 | 40 | 40 | 60 | 58 | 65 | 110 | 110 | 140 | 180 | 125 | 125 | 1,308 |
| Curling | - | - | - | - | - | 40 | 40 | 40 | 45 | 50 | 60 | 65 | 65 | 50 | 33 | 33 | 520 |
| FigureSkating | 8 | 5 | 5 | 30 | 40 | 40 | 30 | 25 | 16 | - | 25 | 25 | 25 | 25 | 13 | 13 | 324 |
| Freestyle | 55 | 35 | 45 | 30 | 55 | 55 | 50 | 60 | 65 | 80 | 130 | 155 | 205 | 205 | 100 | 100 | 1,425 |
| Hockey | 8 | 15 | 35 | 100 | 40 | 35 | 30 | 250 | - | - | 50 | 125 | 125 | 100 | 50 | 50 | 1,013 |
| Luge | 45 | 35 | 55 | 40 | 55 | 65 | 90 | 80 | 90 | 300 | 300 | 300 | 300 | 300 | 200 | 200 | 2,455 |
| SpeedSkating | 51 | 45 | 35 | 50 | 55 | 50 | 50 | 50 | 60 | 80 | 105 | 125 | 125 | 125 | 63 | 63 | 1,131 |
| SkiJumping | 93 | 80 | 60 | 30 | 55 | 40 | 40 | 100 | 200 | 325 | 384 | 384 | 384 | 434 | 300 | 300 | 3,209 |
| /NoridcCombined | - | - | - | 25 | 25 | 20 | 20 | - | - | - | - | - | - | - | - | - | 90 |
| Snowboarding | - | - | - | - | - | - | - | 25 | 40 | 100 | 300 | 325 | 375 | 225 | 150 | 150 | 1,690 |
| SharedAllocation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Bob/Luge | - | - | - | - | - | 20 | 20 | 20 | 20 | 10 | - | - | - | - | - | - | 90 |
| XC/Biathlon | - | - | - | - | - | 10 | 40 | 12 | 25 | 30 | - | - | - | - | - | - | 117 |
| FASTCO | - | - | - | - | - | - | - | 15 | 20 | 20 | - | - | - | - | - | - | 55 |
| SJ/NC | - | - | - | - | - | - | 40 | - | 100 | - | - | - | - | - | - | - | 140 |
| OtherSports | - | - | - | 15 | 58 | 15 | - | - | - | - | 15 | 55 | 80 | - | - | - | 238 |
| SnowSports(CSSA) | - | - | - | - | - | - | - | - | - | - | - | 80 | 75 | 75 | - | - | 230 |
| FarnhamGlacier | - | - | - | - | - | - | - | - | - | - | - | - | - | 250 | 300 | 300 | 850 |
| CSCC | - | - | - | - | - | 100 | 100 | 100 | 100 | 125 | 125 | 175 | 175 | 200 | 100 | 100 | 1,400 |
| CWFSportGrants | 150 | 152 | 150 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | - | - | - | 1,452 |
| TOTAL | 753 | 667 | 661 | 700 | 803 | 845 | 885 | 1,157 | 1,191 | 1,600 | 2,409 | 2,739 | 2,909 | 2,904 | 1,883 | 1,883 | 23,988 |

| | | | | | | | | | | | | | | | | | | | |
|---|-------|-----|-----|-----|-----|-------|-----|-------|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| Capital Investment Funded by Endowment | 2,079 | 671 | 641 | 826 | 476 | 2,134 | 772 | 1,519 | 866 | 5,047 | 2,012 | 7,635 | 5,763 | 2,196 | 2,647 | 2,434 | 5,357 | 2,700 | 45,775 |
|---|-------|-----|-----|-----|-----|-------|-----|-------|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|

| Table B-1: Construction Component List and Sources of Capital Funds In expected dollars of the day, i.e. incorporating expected inflation | | | | |
|--|-----------------|-------------------|-------------------|-------------------|
| | Option 1 | Option 2 | Option 3 | Option 4 |
| Bobsleigh, Luge, Skeleton (Olympic Track) | | | | |
| Sled Storage/Workshop/Finish Area | - | 1,090,000 | 1,090,000 | 1,090,000 |
| Lighting | - | 269,145 | 269,145 | 269,145 |
| Replace Start Houses/Wind mitigation/hosting | - | 2,270,000 | 2,270,000 | 2,270,000 |
| Upgrade Timing / Audio Visual Equipment/Display Screens | - | 1,521,913 | 1,521,913 | 1,521,913 |
| Replace Water Line | - | 1,613,200 | 1,613,200 | 1,613,200 |
| Additional Shades | - | 1,004,475 | 1,004,475 | 1,004,475 |
| Enhance hosting facilities: BNTC, bleachers, walkways, washrooms, public safety, fencing | - | 6,185,750 | 1,000,000 | 1,000,000 |
| Improve Track Safety for Athletes and Officials/Risk Management | - | 594,050 | 594,050 | 594,050 |
| Plant equipment replacement | - | 414,200 | 414,200 | 414,200 |
| Replace Isolation Valves | - | 248,520 | 248,520 | 248,520 |
| Sprint Track | - | 539,550 | 539,550 | 539,550 |
| Reconfigure track to world leading status with a second, more technically challenging, course | - | - | - | 8,907,480 |
| Total Capital Costs for Sliding Sports | 0 | 15,750,802 | 10,565,052 | 19,472,532 |
| Speed Skating (Olympic Oval) | | | | |
| Replace timing system (ISU hosting and broadcast standards) | - | 806,600 | 806,600 | 806,600 |
| Upgrade to audio and visual system | - | 797,905 | 797,905 | 797,905 |
| Building hardware and electrical upgrades | - | 335,960 | 335,960 | 335,960 |
| Repair entire roof, add snow slide stops | - | 3,226,400 | 3,226,400 | 3,226,400 |
| Replace Skylight Glazing Units (25) | - | 96,792 | 96,792 | 96,792 |
| Concrete Floor Repair | - | 41,995 | 41,995 | 41,995 |
| Replace existing signage | - | 83,990 | 83,990 | 83,990 |
| Replace damaged doors, frames and hardware | - | 120,990 | 120,990 | 120,990 |
| Replace flashing at buttresses and sloped glazing | - | 40,330 | 40,330 | 40,330 |
| Provide permanent, lockable access to roof | - | 64,528 | 64,528 | 64,528 |
| Upgrade lighting panel, hardware and software | - | 64,528 | 64,528 | 64,528 |
| Replace Fire Alarm system | - | 112,924 | 112,924 | 112,924 |
| Improve in-field access for hockey, public skaters | - | 167,980 | 167,980 | 167,980 |

| Table B-1: Construction Component List and Sources of Capital Funds In expected dollars of the day, i.e. incorporating expected inflation | | | | |
|--|-----------------|-------------------|-------------------|-------------------|
| | Option 1 | Option 2 | Option 3 | Option 4 |
| Replace remainder of MCC contactors | - | 161,320 | 161,320 | 161,320 |
| Increase capacity of interior roof drainage system | - | 241,980 | 241,980 | 241,980 |
| Replace solar shades with new double shade system | - | 241,980 | 241,980 | 241,980 |
| Research and development laboratory | - | 163,500 | 163,500 | 163,500 |
| Replace running/sprint lanes with new Mondo track | - | 369,556 | 369,556 | 369,556 |
| Replace Pubic Address sound system | - | 503,940 | 503,940 | 503,940 |
| Refinish underside of roof deck in white | - | 576,312 | 576,312 | 576,312 |
| Replace Ice Resurfacing Equipment | - | 604,728 | 604,728 | 604,728 |
| Replace roof bracing | - | 645,280 | 645,280 | 645,280 |
| Full television broadcast facilities | - | 797,905 | 797,905 | 797,905 |
| Full renovation of existing programming areas | - | 9,762,998 | 9,762,998 | 9,762,998 |
| Office and programming expansion (30,000 square feet) | - | 7,567,499 | 7,567,499 | 7,567,499 |
| Additional 5,000 sq. ft. of research and development space. | - | | 839,900 | 839,900 |
| Seating Expansion to 3,500 spectators | - | | 1,874,321 | 1,874,321 |
| Development of loading ramps on West Side of Oval | - | | | 293,965 |
| New In-Field Access, New Headers, Separate Cooling Zones | | | | 6,810,000 |
| Total Capital Costs for Speed Skating | - | 27,597,920 | 30,312,140 | 37,416,105 |
| Ski Jumping, Nordic Combined, Biathlon, and Cross Country Skiing | | | | |
| Canada Olympic Park | | | | |
| K-38 Upgrades | 200,000 | 218,000 | 218,000 | 218,000 |
| Large Bowl Stabilization | 400,000 | 436,000 | 436,000 | 436,000 |
| K-18 Tile Replacement | - | 47,524 | 47,524 | 47,524 |
| K-18 Out-run Extension | - | 356,430 | 356,430 | 356,430 |
| Judge Towers (3) Refurbishment | - | 131,345 | 131,345 | 131,345 |
| Tower Upgrades (Rooms, Elev., Kitchen/Stor., HVAC, FP, etc.) | - | 315,228 | 315,228 | 315,228 |
| Public Address System | - | 535,020 | 535,020 | 535,020 |
| Staging Building Refurbishment | - | 320,787 | 320,787 | 320,787 |
| New biathlon range at Canada Olympic Park | - | 142,190 | 142,190 | 142,190 |
| 2.5 km nordic trail at Canada Olympic Park | - | 476,408 | 476,408 | 476,408 |
| K89/114 Wind Screens | - | | | 1,340,700 |
| Lower start gates on K114 | - | | | 670,350 |

| Table B-1: Construction Component List and Sources of Capital Funds In expected dollars of the day, i.e. incorporating expected inflation | | | | |
|--|-----------------|------------------|------------------|-------------------|
| | Option 1 | Option 2 | Option 3 | Option 4 |
| Widen East side of jump bowl (10 meters) to create safe jump conditions | - | | | 670,350 |
| K-114 Regrade landing hill to modern profile and concrete, install summer jumping surface, tiles and watering system | - | | | 9,384,900 |
| K-114/K-89 Transport Lift | - | | | 1,970,175 |
| K114 timing/distance electronics | - | | | 670,350 |
| Upgrade lighting for K89 and K114 | - | | | 602,500 |
| Refurbish spectator seating on East bank of Large Bowl | - | | | 944,000 |
| Expansion of Nordic Centre into national nordic, nordic combined, and biathlon training centre (7.5 km lighted trails) | - | | | 2,054,574 |
| Canmore Nordic Centre | | | | |
| Becky Scott High Performance Training Centre on Haig Glacier | | 2,323,171 | 2,323,171 | 2,323,171 |
| Bill Warren Training Centre expansion | - | 1,019,712 | 1,019,712 | 1,019,712 |
| Total Capital Costs for Ski Jumping, Nordic Combined, Biathlon and Cross Country Skiing | 600,000 | 6,321,815 | 6,321,815 | 24,629,714 |
| Alpine Ski Racing, Snowboard Racing and Half-pipe, and Freestyle Moguls and Aerials | | | | |
| Canada Olympic Park | | | | |
| Snowmaking and grooming replacement | | 2,222,510 | 2,222,510 | 2,222,510 |
| Ski Lift replacement | | 3,918,792 | 3,918,792 | 3,918,792 |
| FIS Free Style Aerial Ski Facility | | 594,050 | 594,050 | 594,050 |
| FIS Free Style Mogul Ski Facility (doubles as Alpine slalom course) | | 415,835 | 415,835 | 415,835 |
| FIS Super Pipe Upgrade (snowmaking, lighting, groomer) | | 310,650 | 310,650 | 310,650 |
| Ski Slope Lighting Enhancement | | 426,054 | 426,054 | 426,054 |
| Novice Area expansion (development and recruitment) | | 483,960 | 483,960 | 483,960 |
| FIS Alpine Slalom facility (development, training, and recruitment) | | 118,810 | 118,810 | 118,810 |
| Freestyle Aerials summer water ramp | | | | 1,613,200 |
| Farnham Glacier | | | | |
| Camp Green on Farnham Glacier | - | - | - | - |
| Total Capital Costs for Alpine Ski Racing, Snowboard Racing and Half-pipe and Freestyle Moguls and Aerials | | | | |
| | 0 | 8,490,661 | 8,490,661 | 10,103,861 |
| | | | | |
| | | | | |

| Table B-1: Construction Component List and Sources of Capital Funds In expected dollars of the day, i.e. incorporating expected inflation | | | | |
|--|-----------------|-------------------|--------------------|--------------------|
| | Option 1 | Option 2 | Option 3 | Option 4 |
| Men's, Womens' and Sledge Hockey | | | | |
| Athletic and Ice Complex (529,000 sq.ft.) | | | 154,473,292 | 154,473,292 |
| 4 Ice rinks: 211,000 sq.ft. | | | | |
| 6 gymnasiums: 60,000 sq.ft. | | | | |
| Gymnastics centre: 30,000 sq. ft. | | | | |
| 8 sheets of curling ice 20,000 sq. ft. | | | | |
| Expand office complex by additional floor to accommodate additional sport offices (PSO's, NSO's, OTP, summer sports) (15,560 sq.ft. @217.91 sq.ft.) | | | | 4,361,091 |
| Expand main arena to seat 5,000 (21,000 sq.ft. @ 217.91) | | | | 5,885,793 |
| Relocation of Sport Hall of Fame (Toronto) | | | | 656,725 |
| Total Capital Costs for Men's, Womens' and Sledge Hockey | 0 | 0 | 154,473,292 | 165,376,901 |
| Athlete Training Centre (Bob Niven Training Centre) | | | | |
| Expand Bob Niven Training Centre: Offices (59370 sq.ft. @ 217.91/sq.ft.) | 0 | 15,370,826 | 0 | 0 |
| Expand Bob Niven Training Centre: Gymnasium (9173 sq.ft. @ 217.91/sq.ft.) | 0 | 2,374,879 | 0 | 0 |
| Expand Bob Niven Training Centre: Fitness Facility (10141 sq.ft. @ 217.91/sq.ft.) | 0 | 2,625,493 | 0 | 0 |
| Athlete Accommodation Renovation (8000 sq ft @ 60/sq ft) | 0 | 593,832 | 0 | 0 |
| Total Capital Costs for Training Centre | 0 | 20,965,030 | 0 | 0 |
| Canada Olympic Park - Primary Support Infrastructure: | | | | |
| Refurbish or Replacement of Tea House/Atco Conference Centre | - | 4,948,600 | - | - |
| Operations/Warehouse/Storage | - | 1,855,725 | - | - |
| Roads/Parking Lots/Sidewalks/Stairs/Pedestrian X-Walks/Fencing/Security | - | 545,000 | 545,000 | 545,000 |
| Day Lodge and Hall of Fame Refurbishment | - | 2,621,850 | 2,621,850 | 2,621,850 |
| Landscaping/Pagentry/Signage/Lighting | - | 643,318 | 643,318 | 643,318 |
| Electrical System Deficiencies Correction | - | 1,209,900 | 1,209,900 | 1,209,900 |

| Table B-1: Construction Component List and Sources of Capital Funds In expected dollars of the day, i.e. incorporating expected inflation | | | | |
|--|------------------|--------------------|--------------------|--------------------|
| | Option 1 | Option 2 | Option 3 | Option 4 |
| Intersection Sign/Entrance | - | 964,650 | 964,650 | 964,650 |
| Water/Sewer Distribution System Upgrade | - | 806,600 | 806,600 | 806,600 |
| Communications Backbone | - | 594,050 | 594,050 | 594,050 |
| Transformer Replacement / Distribution Upgrade | - | 806,600 | 806,600 | 806,600 |
| Kitchen Refurbishment | - | 545,000 | 100,000 | 100,000 |
| Buildings Management System | - | 415,835 | 415,835 | 415,835 |
| Refrigeration | - | 414,200 | 414,200 | 414,200 |
| First Aid Station | - | 170,250 | 170,250 | 170,250 |
| Water / Sewage Conveyance Usage Reduction | - | 178,215 | 178,215 | 178,215 |
| Fuel Tanks / Feed Pumps | - | 161,320 | 161,320 | 161,320 |
| Playing Fields - All weather | - | - | - | 1,135,000 |
| Total Capital Costs for Primary Support Infrastructure | 0 | 16,881,113 | 9,631,788 | 10,766,788 |
| New Business Ventures | | | | |
| Tourist Zip-line Ride | 735,750 | 868,185 | 868,185 | 868,185 |
| Athlete accomodation (10,000 sq.ft @ 217.91) | - | - | 2,695,874 | 2,695,874 |
| Snow Tubing Park | 735,750 | 868,185 | 868,185 | 868,185 |
| New Retail Shop (1400 sq. ft. @ 200) | 280,000 | 305,200 | 305,200 | 305,200 |
| Total Capital Costs for New Business Ventures | 1,751,500 | 2,041,570 | 4,737,444 | 4,737,444 |
| Capital Cost Sub-Total | 2,351,500 | 98,048,911 | 224,532,192 | 272,503,345 |
| Soft costs (calculated at 15% on 2006 's) | 352,725 | 13,141,717 | 29,035,601 | 35,157,228 |
| Contingencies (calculated at 10%) | 235,150 | 9,804,891 | 22,453,219 | 27,250,335 |
| Total Capital Costs | 2,939,375 | 120,995,519 | 276,021,013 | 334,910,908 |
| CODA Capital Contributions | | | | |
| Sliding (Bobsleigh, Luge and Skeleton) | 0 | 0 | 0 | 0 |
| Bob Niven Training Centre | 0 | 0 | 0 | 0 |

| Table B-1: Construction Component List and Sources of Capital Funds In expected dollars of the day, i.e. incorporating expected inflation | | | | |
|--|------------------|--------------------|--------------------|--------------------|
| | Option 1 | Option 2 | Option 3 | Option 4 |
| Bill Warren Training Centre ⁷ | 0 | 846,234 | 846,234 | 846,234 |
| Becky Scott High Performance Training Centre ⁸ | 0 | 2,000,000 | 2,000,000 | 2,000,000 |
| Nordic Sports (Ski Jumping, Nordic Combined, Biathlon, and XC) (1) | 0 | 200,000 | 1,250,000 | 0 |
| Olympic Oval (2) | 0 | 985,562 | 2,300,000 | 0 |
| FIS Alpine, Snowboard and Free Style Sports facilities | 0 | 700,000 | 1,250,000 | 0 |
| Camp Green on Farnham Glacier | 0 | 0 | 0 | 0 |
| New Business Ventures | 1,495,625 | 1,495,625 | 1,495,625 | 1,495,625 |
| Primary Support Infrastructure | 0 | 0 | 2,531,250 | 0 |
| Debt Financing | 0 | 0 | 19,811,091 | 19,811,091 |
| Total CODA Capital Contributions | 1,495,625 | 6,227,421 | 31,484,200 | 24,152,950 |
| Other Capital Contributions/Sources | | | | |
| Government of Alberta Grant for Ski Jumps | 600,000 | 600,000 | 600,000 | 600,000 |
| University of Calgary - Oval Capital Reserves (2) | - | 1,000,000 | 1,200,000 | 1,200,000 |
| Camp Green Donation | - | 0 | 0 | 0 |
| Free Style Facility Donation | - | 1,000,000 | 1,000,000 | 1,000,000 |
| Joint Venture partnerships | 843,750 | 2,189,375 | 4,213,592 | 4,213,592 |
| Other Sources (ie. Supplier sponsorship) | - | 0 | - | - |
| AIC Naming Rights and Sponsorship ⁹ | - | 0 | 15,000,000 | 15,000,000 |
| Total Other Capital Contributions | 1,443,750 | 4,789,375 | 22,013,592 | 22,013,592 |
| Total Capital Cost to Government | - | 109,978,723 | 222,523,221 | 288,744,366 |
| Additional Endowment Requirement¹⁰ | - | 31,031,417 | - | 28,265,361 |
| Total Capital Cost and Endowment from Government | - | 141,010,140 | 222,523,221 | 317,009,727 |

⁷ Funds for the Bill Warren Centre must come from BWTC-HAIG Fund.

⁸ Funds for the Becky Scott High Performance Training Centre must come from BWTC-HAIG Fund.

⁹ Options 3 and 4 assume that due to the high profile event and public nature of the AIC that it could attract significant private naming rights and sponsorship that the BNTC is currently unable to attract due to the fact that it is not capable of hosting events and has no public access.

¹⁰ Endowment or equivalent needed to fund future operating deficits.



Calgary Olympic Development Association

Financial Statements
June 30, 2005



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AUDITORS' REPORT TO THE DIRECTORS

We have audited the balance sheet of Calgary Olympic Development Association as at June 30, 2005 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Calgary, Canada
September 8, 2005

Calgary Olympic Development Association

Balance Sheet

As at June 30, 2005



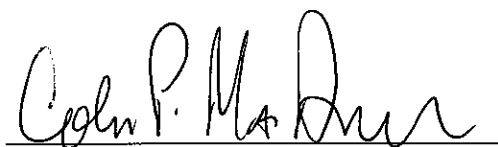
| | Operating Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2005 \$ | Total 2004 \$ |
|--|-------------------------|--------------------------|-------------------------|---------------------|---------------------|
| Assets | | | | (Notes 2 & 3) | (Notes 2 & 3) |
| Current assets | | | | | |
| Accounts receivable | 791,939 | 16,806 | 165,994 | 974,739 | 1,408,664 |
| Inventories | 503,434 | - | - | 503,434 | 467,605 |
| Prepaid expenses and deposits | 110,538 | - | - | 110,538 | 170,929 |
| | <u>1,405,911</u> | <u>16,806</u> | <u>165,994</u> | <u>1,588,711</u> | <u>2,047,198</u> |
| Investments (notes 2 and 3) | 11,439,564 | 12,657,740 | 141,091,008 | 165,188,312 | 147,373,271 |
| Property, plant and equipment (note 4) | - | 81,205,985 | - | 81,205,985 | 80,022,793 |
| | <u>12,845,475</u> | <u>93,880,531</u> | <u>141,257,002</u> | <u>247,983,008</u> | <u>229,443,262</u> |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Cheques issued in excess of bank balances | 460,814 | (54,310) | - | 406,504 | 427,154 |
| Bank indebtedness (note 5) | - | 1,030,000 | - | 1,030,000 | 1,503,475 |
| Accounts payable | 1,434,202 | 15,123 | 134,836 | 1,584,161 | 3,319,745 |
| Deferred revenue and deposits | 954,084 | - | - | 954,084 | 1,282,906 |
| Current portion of obligation under capital lease (note 6) | - | 323,965 | - | 323,965 | - |
| Current portion of term loan (note 6) | - | 63,272 | - | 63,272 | 314,041 |
| | <u>2,849,100</u> | <u>1,378,050</u> | <u>134,836</u> | <u>4,361,986</u> | <u>6,847,321</u> |
| Long Term liabilities | | | | | |
| Obligation under capital lease (note 6) | - | 3,000,002 | - | 3,000,002 | - |
| Term loan (note 6) | - | 572,870 | - | 572,870 | 636,249 |
| Fund Balances | | | | | |
| Unrestricted | 9,996,375 | - | - | 9,996,375 | 7,308,778 |
| Internally restricted (note 7) | - | 12,184,907 | - | 12,184,907 | 5,771,703 |
| Externally restricted (note 7) | - | 528,826 | - | 528,826 | 459,334 |
| Invested in property, plant and equipment | - | 76,215,876 | - | 76,215,876 | 77,569,027 |
| Endowment (note 8) | - | - | 141,122,166 | 141,122,166 | 130,850,850 |
| | <u>9,996,375</u> | <u>88,929,609</u> | <u>141,122,166</u> | <u>240,048,150</u> | <u>221,959,692</u> |
| | <u>12,845,475</u> | <u>93,880,531</u> | <u>141,257,002</u> | <u>247,983,008</u> | <u>229,443,262</u> |

Commitments and contingencies (note 9)

See accompanying notes to financial statements.

Approved by the Board of Directors


Director


Director

Calgary Olympic Development Association

Statement of Operations

For the year ended June 30, 2005



| | Operating Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2005 \$ (Notes 2 & 3) | Total 2004 \$ (Notes 2 & 3) |
|--|-------------------------|--------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Revenues | | | | | |
| Investment: | | | | | |
| Interest, dividends, capital gains and losses | 770,611 | 90,454 | 7,566,512 | 8,427,577 | 6,240,189 |
| Unrealized investment appreciation (note 2) | 757,809 | 109,871 | 7,377,789 | 8,245,469 | - |
| Instructional and lift tickets | 4,506,206 | - | - | 4,506,206 | 4,395,897 |
| Food and beverage | 3,051,037 | - | - | 3,051,037 | 2,814,143 |
| Facility rental and tours | 1,053,117 | - | - | 1,053,117 | 1,127,329 |
| Equipment rental | 1,020,133 | - | - | 1,020,133 | 1,045,423 |
| Retail | 965,943 | - | - | 965,943 | 868,264 |
| Other revenue (note 4) | 666,823 | 250,000 | - | 916,823 | 940,086 |
| Sponsorships and donations | 300,823 | - | - | 300,823 | 325,729 |
| Saddledome Foundation | 295,562 | - | - | 295,562 | 270,780 |
| Competition and training | 158,915 | - | - | 158,915 | 172,807 |
| Tourist rides and sled storage | 121,439 | - | - | 121,439 | 87,272 |
| | <u>13,668,418</u> | <u>450,325</u> | <u>14,944,301</u> | <u>29,063,044</u> | <u>18,287,919</u> |
| Expenses | | | | | |
| Operating | | | | | |
| Wages and benefits | 8,969,035 | - | - | 8,969,035 | 8,608,069 |
| Depreciation and amortization | 2,437,928 | - | - | 2,437,928 | 2,451,858 |
| Supplies and services | 1,861,419 | - | - | 1,861,419 | 1,543,179 |
| Repairs and maintenance | 1,489,184 | - | - | 1,489,184 | 892,948 |
| Utilities | 1,142,098 | - | - | 1,142,098 | 1,140,057 |
| Cost of goods sold: Food and beverage | 1,027,709 | - | - | 1,027,709 | 917,143 |
| Retail | 514,725 | - | - | 514,725 | 484,025 |
| Advertising and exhibits | 546,184 | - | - | 546,184 | 536,157 |
| Professional fees | 445,184 | - | - | 445,184 | 426,327 |
| Investment fees | 27,469 | 3,795 | 273,150 | 304,414 | 313,708 |
| Interest and bank charges | 310,319 | - | - | 310,319 | 204,702 |
| Insurance, licenses and property tax | 256,621 | - | - | 256,621 | 189,722 |
| Travel and meetings | 114,236 | - | - | 114,236 | 97,778 |
| Bad debts (recovery) | (34,895) | - | - | (34,895) | 112,153 |
| | <u>19,107,216</u> | <u>3,795</u> | <u>273,150</u> | <u>19,384,161</u> | <u>17,917,826</u> |
| Sports development | | | | | |
| Olympic Oval-operating expenditures (note 8) | 1,825,840 | - | - | 1,825,840 | 1,917,982 |
| -capital expenditures (note 8) | - | - | 1,424,136 | 1,424,136 | 686,085 |
| Sport grants | 1,082,500 | - | - | 1,082,500 | 1,100,098 |
| Development grants (note 11) | 612,854 | - | - | 612,854 | 522,845 |
| Canmore training facilities (note 11) | 263,393 | - | - | 263,393 | 238,089 |
| Farnham Glacier training facility (note 11) | 107,074 | - | - | 107,074 | 223,444 |
| National Sport School (note 11) | - | 41,450 | - | 41,450 | 66,441 |
| Scholarships and bursaries | - | 35,131 | - | 35,131 | 26,000 |
| Other | - | - | - | - | 10,839 |
| | <u>3,891,661</u> | <u>76,581</u> | <u>1,424,136</u> | <u>5,392,378</u> | <u>4,791,823</u> |
| | <u>22,998,877</u> | <u>80,376</u> | <u>1,697,286</u> | <u>24,776,539</u> | <u>22,709,649</u> |
| Excess (deficiency) of revenues over expenses | <u>(9,330,459)</u> | <u>369,949</u> | <u>13,247,015</u> | <u>4,286,505</u> | <u>(4,421,730)</u> |

See accompanying notes to financial statements.

Calgary Olympic Development Association

Statement of Changes in Fund Balances

For the year ended June 30, 2005



| | Operating Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2005 \$ (Notes 2 & 3) | Total 2004 \$ (Notes 2 & 3) |
|--|-------------------------|--------------------------|-------------------------|--------------------------------------|--------------------------------------|
| Balance – Beginning of year | | | | | |
| As previously reported | 7,308,778 | 83,800,064 | 130,850,850 | 221,959,692 | 226,381,422 |
| Change in Accounting Policy for Investments (note 2) | 1,208,136 | 300,536 | 12,293,281 | 13,801,953 | - |
| As restated | 8,516,914 | 84,100,600 | 143,144,131 | 235,761,645 | 226,381,422 |
| Excess (deficiency) of revenues over expenses | (9,330,459) | 369,949 | 13,247,015 | 4,286,505 | (4,421,730) |
| Inter-fund transfers: | | | | | |
| Transfer from Endowment Fund for operating costs (note 8) | 6,315,890 | - | (6,315,890) | - | - |
| Transfer of excess net investment income from OCO Trust to Next Legacy Fund (note 7) | - | 8,953,090 | (8,953,090) | - | - |
| Transfer from Next Legacy Fund for operating costs (note 7) | 628,992 | (628,992) | - | - | - |
| Transfer from Next Legacy Fund for capital costs (note 7) | 2,128,070 | (2,128,070) | - | - | - |
| Transfer from Canmore Fund for capital costs (note 7) | 20,603 | (20,603) | - | - | - |
| Transfer from National Sport School Operating fund for deficit (note 7) | 113,214 | (113,214) | - | - | - |
| Investment in property, plant and equipment | 1,603,151 | (1,603,151) | - | - | - |
| Balance – End of year | 9,996,375 | 88,929,609 | 141,122,166 | 240,048,150 | 221,959,692 |

See accompanying notes to financial statements.

Calgary Olympic Development Association

Statement of Cash Flow

For the year ended June 30, 2005



| | 2005 \$ | 2004 \$ |
|--|-------------|-------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess (deficiency) of revenues over expenses for the year | 4,286,505 | (4,421,730) |
| Items not affecting cash: | | |
| Depreciation and amortization | 2,437,928 | 2,451,858 |
| Interest, dividends, capital gains and losses | (8,427,577) | (6,240,189) |
| Unrealized investment appreciation (note 2) | (8,245,469) | - |
| Investment fees | 304,414 | 313,708 |
| Withholding taxes | 103,367 | 81,797 |
| Loss (gain) on disposal of property, plant and equipment | 124,558 | (14,488) |
| Withdrawals from investment portfolio | 10,564,579 | 11,194,134 |
| | 1,148,305 | 3,365,090 |
| Changes in non-cash working capital items | (1,553,155) | (173,616) |
| | (404,850) | 3,191,474 |
| Investing and financing activities | | |
| Disposal of investments (net of purchases) | 1,508,901 | 376,925 |
| Contribution of funds | (70,419) | (336,275) |
| Acquisition of property, plant and equipment | (3,902,394) | (3,282,351) |
| Proceeds on disposal of property, plant and equipment | 405,832 | 89,834 |
| Decrease in bank indebtedness | (473,475) | (30,000) |
| Repayments of term loan | (314,147) | (349,710) |
| Repayments of capital lease | (70,551) | - |
| Proceeds on advance of capital lease (note 6) | 3,341,753 | - |
| | 425,500 | (3,531,577) |
| Change in cash | 20,650 | (340,103) |
| Cheques issued in excess of bank balances - beginning of year | (427,154) | (87,051) |
| Cheques issued in excess of bank balances – end of year | (406,504) | (427,154) |

See accompanying notes to financial statements.

Calgary Olympic Development Association

Notes to Financial Statements

For the year ended June 30, 2005



1. Nature of organization

The Calgary Olympic Development Association (“CODA”) was incorporated on April 4, 1979 under the Societies Act of the Province of Alberta as a non-profit organization and is registered as a tax-exempt Canadian Amateur Athletic Association under the Income Tax Act. CODA’s mission is the prudent management and utilization of its legacy assets to enable CODA to advance and sustain innovative programs and facility development in partnership with those who share its vision of Canadian Olympic Winter Sport Excellence.

In fulfilling its mission, CODA maintains and operates the facilities located at Canada Olympic Park (“COP”) in Calgary, the Bill Warren Training Centre (“BWTC”) in Canmore and the high altitude training facility at the Haig Glacier. In addition, CODA provides funding for two thirds (2/3) of the operating and capital expenditures of the Olympic Oval at the University of Calgary. CODA also provides funding to Canada’s Olympic Winter Sport organizations.

In addition, CODA is trustee of the Endowment funds established under the terms of the Olympic Endowment Fund and the OCO Trust Fund as outlined in Note 8. These funds, in addition to Operating and Restricted Funds, are professionally managed in accordance with the CODA Investment Policy as outlined in Note 3.

2. Significant accounting policies

Fund accounting

CODA follows the restricted fund method of accounting. The Operating Fund includes the assets (except for the property, plant and equipment) and liabilities related to the operations of CODA while the Restricted Fund includes the assets and liabilities of the National Sport School Fund, The Next Legacy Fund, other restricted funds with specific purposes and all property, plant and equipment of COP, Canmore facilities and the Farnham Glacier project. The Endowment Fund includes the assets and liabilities of the Olympic Endowment Fund (OEF) and the OCO Trust Fund.

Investments

Effective July 1, 2004, CODA adopted the market value method of accounting for its investments in bonds and debentures, and marketable securities. This accounting policy was adopted on a prospective basis, and amounts for periods prior to July 1, 2004 have not been restated. The excess of the market value of the investments over the associated cost as at July 1, 2004 of \$13,801,953 has been recorded as an increase in the carrying value of the investments, and as a corresponding increase to the respective fund balances.

In accordance with Accounting Recommendations issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants in 2005, it is necessary to classify investments such as those held by CODA into one of three categories depending on the nature of the investments and the investment objectives and activities. CODA has classified its investments as held for trading purposes and, accordingly, has recorded these investments on the balance sheet at their market value based on market prices as at the end of the reporting period. Investment income includes interest and dividends earned in each period, and realized and unrealized gains and losses on the investments. The amount recorded for unrealized gains and losses each period is the change in the difference between the cost and the market value of investments held at the beginning and the end of each period. Accordingly, this amount is dependent on the changes in the market value of the investments held, as well as the timing of the sale of the investments. At the time of the sale of an

Calgary Olympic Development Association

Notes to Financial Statements

For the year ended June 30, 2005



investment, any amounts previously recorded for unrealized gains or losses are now included in realized gains and losses.

Donated services

CODA relies on the services provided by volunteers, the value of which has not been recognized in the financial statements.

Revenue recognition

Contributions restricted by third parties related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions for endowment are recognized as revenue in the Endowment Fund. Investment income earned on endowment is recognized as revenue of the Endowment Fund. Investments in funds have been internally pooled and net investment income is allocated proportionately to the net assets of the funds.

Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on a weighted average basis.

Property, plant and equipment

Property, plant and equipment purchased by CODA are recorded at historical cost while property, plant and equipment donated to CODA are recorded at estimated fair value where such value can be reasonably estimated, otherwise the assets are recorded at nominal value. CODA capitalizes all direct costs on land held for development. Direct costs include property taxes, interest expense incurred on acquisition of land and consulting fees. All land held for development is recorded at the lower of cost or net realizable value.

The cost of property, plant and equipment is amortized over the estimated useful life of the asset using the following methods and rates:

| | |
|-------------------------------|----------------------------|
| Facilities | 5% - 30% declining balance |
| Buildings | 5% declining balance |
| Equipment | 20% declining balance |
| Equipment under capital lease | 5% declining balance |
| Vehicles | 20% declining balance |
| Other: Ski rental equipment | Straight-line over 3 years |
| Furniture and fixtures | 20% declining balance |
| Computers | Straight-line over 3 years |
| Signage and pageantry | 20% declining balance |
| Building improvements | Straight-line over 5 years |

Calgary Olympic Development Association

Notes to Financial Statements

For the year ended June 30, 2005



Financial instruments

Accounts receivable, investments, cheques issued in excess of bank balances, bank indebtedness, obligations under capital lease, term loan and accounts payable constitute financial instruments. Investments have been recorded at market value and for the other financial instruments, there is no significant differences between the carrying value of these amounts and their estimated market values due to their short-term nature.

Credit Risk – CODA is exposed to credit risk on its accounts receivable from its customers however CODA believes there is no significant concentration of credit risk.

Interest Rate Risk – CODA is exposed to interest rate risk on bonds and debentures held in investments, bank indebtedness, obligations under capital leases as well as interest rate price risk on the term loan. Additional information on these amounts is provided in Notes 3, 5, 6 and 12.

Foreign Currency Exchange Risk – CODA is exposed to foreign currency fluctuations on marketable securities and bonds and debentures held in foreign denominated currencies in Investments. Based on the investment policy approved by the Board of Directors, investments denominated in foreign currencies provide the organization with significant diversification of foreign currency risk by holding investments that are not denominated in Canadian dollars.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

3. Investments

Investments are pooled with investment fund managers and are allocated to the funds as follows:

| Type of Investment | Operating Fund \$ | Restricted Fund \$ | Endowment Fund \$ | Total 2005 \$ (at market) | Total 2004 \$ (at cost) |
|---------------------------------|-------------------------|--------------------------|-------------------------|------------------------------------|----------------------------------|
| Cash and short term equivalents | 316,099 | 349,759 | 3,898,633 | 4,564,491 | 6,104,623 |
| Bonds and debentures | 2,019,431 | 2,234,476 | 24,906,855 | 29,160,762 | 29,111,174 |
| Marketable equity securities | 9,092,786 | 10,061,059 | 112,146,789 | 131,300,634 | 111,960,382 |
| Accrued income | 11,248 | 12,446 | 138,731 | 162,425 | 197,092 |
| Total | 11,439,564 | 12,657,740 | 141,091,008 | 165,188,312 | 147,373,271 |

Investments at Market Value, June 30, 2004

161,175,224

Calgary Olympic Development Association

Notes to Financial Statements

For the year ended June 30, 2005



Investments are professionally managed in accordance with CODA's Investment Policy and are comprised of the following:

Bonds and debentures represent investments in government and corporate bonds and debentures substantially all denominated in Canadian dollars with acceptable credit rating and have an average term of 6.3 years (2004 - 5.5 years).

Marketable equity securities are investments in equity securities of domestic and foreign issuers that are traded on recognized stocks exchanges. CODA has placed limitations on holdings of securities in any one issuer as well as minimum market capitalization.

Cash and short term equivalents are readily liquidated securities with a term to maturity of not more than one year.

As of June 30, 2005, the investment target and ranges with the asset classes from the Investment Policy as well as the actual holdings in marketable equity securities, bonds and debentures and cash and accrued income are as follows:

| Asset Class | Lower Range % | Target % | Upper Range % | Total 2005 % | Total 2004 % |
|-------------------------------|---------------|----------|---------------|--------------|--------------|
| Marketable equity securities: | | | | | |
| Canada | 30.0 | 35.0 | 40.0 | 38.9 | 36.1 |
| Global | 35.0 | 40.0 | 45.0 | 40.5 | 42.2 |
| Bonds and Debentures | 20.0 | 25.0 | 30.0 | 17.7 | 17.8 |
| Cash and accrued income | 0.0 | 0.0 | 20.0 | 2.9 | 3.9 |
| | | | | 100.0 | 100.0 |

4. Property, plant and equipment

| | 2005 | | 2004 | |
|-------------------------------|-------------|-----------------------------|------------|------------|
| | Cost \$ | Accumulated depreciation \$ | Net \$ | Net \$ |
| Land | 45,888,978 | - | 45,888,978 | 45,758,796 |
| Facilities | 41,866,227 | 21,054,649 | 20,811,578 | 21,622,443 |
| Buildings | 20,367,629 | 11,164,146 | 9,203,483 | 9,685,354 |
| Equipment | 5,311,495 | 4,508,826 | 802,669 | 1,731,023 |
| Equipment under capital lease | 3,341,753 | 111,392 | 3,230,361 | - |
| Vehicles | 2,410,580 | 1,541,202 | 869,378 | 840,647 |
| Other | 2,078,932 | 1,679,394 | 399,538 | 384,530 |
| | 121,265,594 | 40,059,609 | 81,205,985 | 80,022,793 |

Calgary Olympic Development Association

Notes to Financial Statements

For the year ended June 30, 2005



During the year, CODA disposed of a small parcel from original lands for proceeds of \$72,800. Interest costs incurred in relation to the acquisition of land of \$41,647 (2004 – \$53,049) were capitalized and recorded to Land. As of June 30, 2005, Land consists of the following amounts:

| | 2005 \$ | 2004 \$ |
|----------------------------|-------------------|-------------------|
| Land – Canada Olympic Park | 31,854,122 | 31,926,922 |
| Land held for development | 12,369,575 | 12,369,575 |
| Land development costs | 1,665,281 | 1,462,299 |
| | <u>45,888,978</u> | <u>45,758,796</u> |

In the current year CODA received payments of \$250,000 (2004 - \$330,000) from a tenant in relation to the construction of a gymnasium at Canada Olympic Park. These payments have been recorded as other revenue in the Restricted Fund.

In the current year CODA did not receive any donations of property, plant and equipment. As of June 30, 2005, property, plant and equipment in the following amounts have been donated to the Association and recorded as restricted assets:

| | Cost \$ |
|----------------------|-------------------|
| Government of Canada | 77,669,486 |
| OCO 88 | 2,316,845 |
| Private sector | 1,400,000 |
| | <u>81,386,331</u> |

5. Bank Indebtedness

Bank indebtedness includes advances under CODA's credit facility as of year end. On June 16, 2005, CODA renewed its credit facility in the amount of \$1,800,000 with a Canadian chartered bank. The facility bears interest at the bank's prime rate and is collateralized by an assignment of accounts receivable and a first fixed charge on a portion of CODA's land held for development.

6. Long Term Debt

a) Term Loan

In 2003, CODA established a term loan facility with a Canadian chartered bank in the amount of \$1,300,000 to finance the construction of a gymnasium. Security on the facility is a first fixed charge on a portion of CODA's land held for development. In 2004, CODA elected to fix \$750,000 at a rate of 5.9% per annum amortized over five years with the balance remaining as a floating loan facility at the bank's prime rate.

Calgary Olympic Development Association

Notes to Financial Statements

For the year ended June 30, 2005



During the fiscal year ended June 30, 2005 principal payments of \$60,064 (2004 - \$53,687) and \$253,977 (2004 - \$296,023) were made on the fixed and floating loans respectively. These payments retired the floating loan facility with the remaining balance comprised entirely of the fixed loan facility.

| | 2005 | 2004 |
|---------------------------|-----------------|------------------|
| | \$ | \$ |
| Term Loan | 636,142 | 950,290 |
| Less: Current portion | <u>(63,272)</u> | <u>(314,041)</u> |
| Long term portion of loan | <u>572,870</u> | <u>636,249</u> |

Repayments of this facility over the next five years are as follows:

| Year ending | Amount |
|---------------------|---------------|
| | \$ |
| 2006 | 63,272 |
| 2007 | 67,574 |
| 2008 | 71,671 |
| 2009 | 76,016 |
| 2010 | 80,624 |
| 2011 and thereafter | 276,985 |

b) Obligation under Capital Lease

During the year, CODA established a lease facility with a Canadian chartered bank in the amount of \$3.5 million. Advances under this facility of \$3,341,753 were made during the year to finance the purchase and installation of a chairlift. The interest rate on the lease is variable based on 221 basis points above the 90-day Banker's Acceptance interest rate and as of June 30, 2005 was 4.8%. Lease payments of \$70,551 of interest and principal were made throughout the winter season. Accrued interest of \$52,764 was included in the current portion of obligation under capital lease as at June 30, 2005.

| | 2005 | 2004 |
|--|------------------|-------------|
| | \$ | \$ |
| Obligation under Capital Lease – principal portion | 3,323,967 | - |
| Less: Current portion | <u>(323,965)</u> | <u>-</u> |
| | <u>3,000,002</u> | <u>-</u> |

Calgary Olympic Development Association

Notes to Financial Statements

For the year ended June 30, 2005



Repayments of this facility over the next five years are as follows:

| Year ending | Amount |
|-----------------------|------------------|
| | \$ |
| 2006 | 423,306 |
| 2007 | 423,306 |
| 2008 | 423,306 |
| 2009 | 423,306 |
| 2010 | 423,306 |
| 2011 and thereafter | <u>2,045,977</u> |
| | 4,162,507 |
| Less imputed interest | <u>(838,540)</u> |
| | 3,323,967 |
| Less current portion | <u>(323,965)</u> |
| | <u>3,000,002</u> |

7. Restricted Funds

a) Internally Restricted

The CODA Board of Directors have established the following internally restricted funds for the specific programs outlined below:

| | 2005 | 2004 |
|---|-------------------|------------------|
| | \$ | \$ |
| The Next Legacy Fund | 9,287,166 | 2,700,580 |
| Haig Glacier / Bill Warren Training Centre Fund | 2,788,239 | 2,808,843 |
| The National Sport School Operating Fund | 53,729 | 208,393 |
| National Sport School Scholarship Fund | 33,977 | 35,012 |
| Dennis Kadatz Scholarship Fund | 21,796 | 18,875 |
| | <u>12,184,907</u> | <u>5,771,703</u> |

Calgary Olympic Development Association

Notes to Financial Statements

For the year ended June 30, 2005



Next Legacy Fund

The Next Legacy Fund was established by Board of Directors resolution in June 1999 to transfer investment income in excess of the capitalized amount of \$57,944,285 from the OCO Trust fund. The Next Legacy fund can be accessed by Board of Director resolution to fund operating deficits of CODA and for purposes consistent with the OCO Trust agreement. During the year, investment income of \$8,953,123 (2004 - nil) was transferred from the OCO Trust Fund to the Next Legacy Fund. Subsequent to year-end, the Board of Directors will consider additional restrictions on access to the Next Legacy Fund.

| | 2005 | 2004 |
|--|--------------------|------------------|
| | \$ | \$ |
| Balance – Beginning of Year | 2,700,580 | 7,873,693 |
| Change in Accounting Policy for Investments (Note 2) | 252,507 | - |
| Balance – Beginning of Year as restated | <u>2,953,087</u> | <u>7,873,693</u> |
| Investment income (net of fees) | 138,051 | |
| Transfer from OCO Trust Fund | 8,953,090 | 248,078 |
| Transfer to Operating Fund for operating costs | (628,992) | (5,421,191) |
| Transfer to Operating Fund for capital costs | <u>(2,128,070)</u> | <u></u> |
| | <u>9,287,166</u> | <u>2,700,580</u> |

Haig Glacier / Bill Warren Training Centre

The Haig Glacier/Bill Warren Training Centre Fund was established on December 21, 1989 as a result of the Windup Agreement between CODA, OCO '88 and the Canadian Olympic Association. Under the terms of the agreement, OCO '88 transferred \$4,750,000 to CODA pending consideration by CODA of the development of a training centre at Canmore. In 1992, CODA developed the Bill Warren Training Centre at the Canmore Nordic Centre and in 1996, the Haig Glacier summer camp was developed. To date, capital expenditures of \$1,961,760 have been spent on the Canmore training facilities.

| | 2005 | 2004 |
|--|------------------|------------------|
| | \$ | \$ |
| Balance – Beginning of Year | 2,808,842 | 2,810,442 |
| Change in Accounting Policy for Investments (Note 2) | 262,863 | - |
| Balance – Beginning of Year as restated | <u>3,071,705</u> | <u>2,810,442</u> |
| Transfer of investment income to Operating Fund | (262,863) | |
| Canmore capital costs | <u>(20,603)</u> | <u>(1,600)</u> |
| | <u>2,788,239</u> | <u>2,808,842</u> |