

**LESSONS LEARNED  
FROM THE 1984 OLYMPIC GAMES  
&  
THE LOS ANGELES BID FOR 2024**

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**ZEV YAROSLAVSKY**  
UCLA Department of History, UCLA Luskin School of Public Affairs  
**ALISA BELINKOFF KATZ**  
UCLA Luskin School of Public Affairs  
**CAITLIN PARKER**  
Ph.D. Candidate, UCLA Department of History

## LESSONS LEARNED FROM THE 1984 OLYMPIC GAMES & THE LOS ANGELES BID FOR 2024

We are often counseled not to repeat the mistakes of history. In the case of Los Angeles' bid for the 2024 Olympic Games, we can actually learn from history's successes. The principles that underpinned L.A.'s bid for the 1984 Olympics are as applicable today as they were then.

Thirty-one years ago last month, Los Angeles lit the torch at the Memorial Coliseum, commencing a watershed moment in the history of our city and of the modern Olympic Games. The three Olympiads that preceded the L.A. Games had each left a bitter after-taste: the 1972 Munich Games were marred by a terrorist attack that killed 11 Israeli athletes and coaches in the Olympic village; the 1976 Montreal Games saddled that city with a debt of nearly \$1.5 billion, which was not paid off until 2006; and the 1980 Moscow Games were crippled when 65 countries chose to boycott in response to the Soviet Union's invasion of Afghanistan in the prior year. In the aftermath of those three Games, the Olympic movement hit an all-time low. Indeed, few countries contemplated making a bid for the 1984 Games, and only Los Angeles pursued and was ultimately awarded the Games of the XXIII Olympiad.

Despite concerns about security, traffic congestion and cost controls, the '84 Games came out smelling like a rose and were widely regarded at the time as the most successful Olympic Games in history. There were no serious security problems; traffic was far better than expected and far smoother than normal; and the Los Angeles Olympic Organizing Committee generated a net profit of \$235 million. Its legacies include the LA84 Foundation, which was endowed with a portion of the profit to fund youth sports activities in Los Angeles, as well as several new sports venues which continue to serve the region to this day. Los Angeles and its residents hosted the world, and the consensus was that it was a worthwhile endeavor. Thirty-one years later, in the still vivid afterglow of those Olympics, the City of Los Angeles is bidding for the 2024 Games. If Los Angeles is selected, our city would become only the second in history to host three different summer games.

However, the successful and blissful 1984 Olympics was not an accident, and didn't parachute from the sky like manna from heaven. It was the product of difficult, sometimes painful negotiations within the city family, between the city and the United States Olympic Committee (USOC), between the city and the International Olympic Committee (IOC), and ultimately among all of these parties and the Los Angeles Olympic Organizing Committee (LAOOC) which ran the games. **How did Los Angeles pull this off when others couldn't? What were the historical circumstances that led the city and its Olympic organizing committee to success? What historical lessons can be learned by today's city officials and Olympics promoters from the '84 games? How can the pitfalls that were avoided 31 years ago be avoided again today?** Those are the questions we seek to address in the hope of catalyzing an open and transparent discussion of the 2024 bid, and insuring that community stakeholders and decision-makers are made aware of and benefit from the history of the Los Angeles Olympics experience.

## **The 1984 Olympics**

As the bidding process for the '84 Games got underway, Los Angeles was the only credible applicant. Teheran had put forward a half-hearted candidacy, but the growing Islamic revolution in Iran forced it out of the sweepstakes and left L.A. the only city bidding.

1978 became a pivotal year for the selection process. In Los Angeles, there was considerable public angst over the city getting stuck with a big bill for putting on the Olympics. The 1976 Montreal Games had become a poster child for profligate spending on an Olympics when the city was saddled with a \$1.5 billion bill for costs that were not anticipated in its bid. There was a high consciousness in Southern California of Montreal's predicament. Moreover, California was in the midst of a tax revolt as Howard Jarvis qualified an initiative to strictly limit property taxes throughout the state. The measure, which came to be known as Proposition 13, passed overwhelmingly in June, including among voters in the city and county of Los Angeles.

Mayor Tom Bradley and the city council were well aware of public sentiment regarding bringing the Olympics to Los Angeles. The city had commissioned respected pollster Mervin Field to conduct a public opinion survey in most of L.A. County (excluding the Antelope Valley).<sup>1</sup> The results were telling. The survey showed that 70% of those surveyed favored the '84 Games coming to Los Angeles. However, support declined to 35% if any additional cost had to be borne solely by local taxpayers.<sup>2</sup>

In the midst of this political environment, a number of members of the Los Angeles City Council and several influential neighborhood organizations demanded that the city be held harmless from costs associated with the games. Olympics boosters warned that the International Olympic Committee would never agree to such a condition since they had always received commitments from the host city to assume all costs for organizing and staging the games.

Throughout the first half of 1978, a tug of war between Olympics boosters and doubters dominated the bid process. After difficult and sometimes contentious negotiations within the city family, agreement was finally reached between Mayor Tom Bradley and the city council skeptics on cost-control language that would be placed before the voters. The city council voted 12-1 to place City Charter Amendment "N" on the November, 1978 ballot. City voters approved it by a 74% - 26% margin.

Faced with the inevitability of a "no tax-supported Olympics," Bradley ratcheted up the city's negotiating position with the IOC. The back and forth between the Mayor and the IOC Chairman, Lord Killanin, is well documented in books, articles and press reports. The IOC was slow to take seriously the city's position that it would not put its taxpayers at risk. At one point the IOC was reported to have considered moving the 1984 Olympics to Mexico City, Munich, or

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<sup>1</sup> Kenneth Reich, "70% in Poll Back L.A.'s Bid for 1984 Olympics," *Los Angeles Times*, 9/1/1977.

<sup>2</sup> Official Report of the Games of the XXIIIrd Olympiad Los Angeles, 1984, Vol. 1., p. 8.

Montreal.<sup>3</sup> In order to send a clear message to Killanin and the IOC, Bradley asked the city council to withdraw its bid for the '84 Games on July 18, 1978.<sup>4</sup> That request was not acted upon as it immediately had the desired effect of bringing the IOC to the negotiating table with an openness to holding the city financially harmless.

The end result of the tumultuous negotiations between the IOC, the City of Los Angeles and the organizing committee was the final agreement, which was signed by Bradley and Killanin in October, 1978 at the White House in Washington, D.C.<sup>5</sup> The agreement held the city harmless from financial liability and allowed for the host committee, not the city itself, to be awarded the Games, with the United States Olympic Committee serving as the ultimate financial guarantor. Necessity being the motherhood of invention, history was made.

### **Fiscal Discipline**

In the aftermath of the 1978 negotiations, the Los Angeles Olympic Organizing Committee (LAOOC) went to work. Attorney Paul Ziffren was named its Chairman, and Peter Ueberroth was selected as its President, charged with the responsibility of staging and organizing the Games from scratch.

Ueberroth and his team had no recourse but to bring the Games in on budget. He had nowhere to turn if he didn't. No public entity, including the city, was financially responsible for the staging of the Games. In short, there was no "deep pocket" that could or would bail out the LAOOC.

The LAOOC calculated that it would have to make six times the revenue from sponsorship, television rights, and ticket sales compared to previous Games to make up for the lack of government funding.<sup>6</sup> Ueberroth succeeded in pioneering a new model of exclusive licensing and sponsorship. Rather than having hundreds of corporations participate as sponsors, he auctioned off the sponsorship rights for each product area and required each sponsor to make a minimum contribution of \$4 million and/or in-kind donations to the LAOOC.

This approach yielded excellent returns. Ueberroth's first success was landing a television contract with ABC for an unprecedented \$225 million - exceeding the television revenue of all prior winter and summer Olympic Games combined. Coca-Cola beat out Pepsi for the soft drink sponsorship by paying \$12.6 million. When Kodak persisted in offering only

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<sup>3</sup> Kenneth Reich, "Three Other Cities Cited as Potential Olympic Hosts," *Los Angeles Times*, 5/12/1978.

<sup>4</sup> Kenneth Reich, "Bradley Asks Council to Drop Olympics Bid," *Los Angeles Times*, 7/19/1978.

<sup>5</sup> Kenneth Reich, "Now It's Official! Bradley, Killanin Sign Official Pact," *Los Angeles Times*, 10/20/1978.

<sup>6</sup> Official Report of the Games of the XXIIIrd Olympiad Los Angeles, 1984, Vol. 1., p. 304.

half of Ueberroth's \$4 million floor for the film supply sponsorship, the LAOOC offered Fuji Film seventy-two hours to sign a contract - which resulted in a \$7 million deal.<sup>7</sup>

These sponsorships were sold in record amounts and covered the majority of the Games' expenditures. In fact, television revenues alone ultimately accounted for nearly half of the Games' budget. All revenues were immediately deposited into interest bearing accounts, which due to the high interest rates of that period (in excess of 20% in 1979) yielded most of the operating budget for the LAOOC into the early '80s. Every receipt was valued, and every expenditure had to be justified. This rigorous fiscal discipline enabled the LAOOC to return a \$235 million profit, ensuring that this Olympiad was recognized as an unprecedented success.

It is unlikely that this result would have been possible but for the unprecedented architecture of these Games, stemming from the constructive skepticism of city officials. Specifically, it is hard to imagine that a conventionally run Games, with municipal financial involvement, could have come anywhere close to the '84 success. The city charter's prohibition on directly or indirectly appropriating funds, issuing bonds, lending credit, or levying general taxes (see below) in "aid or furtherance of the promotion of the 1984 Summer Olympic Games" essentially forced LAOOC to run a Spartan, business-like and financially successful 16 day event. As a recent newspaper editorial commented, "Those Games succeeded not despite the skepticism but because of it."<sup>8</sup>

### **City of Los Angeles Olympic Tax Levies**

One thing Charter Amendment N permitted was the levying of special taxes that could be used for certain expenditures related to the Olympics. The measure provided that "the City of Los Angeles shall not be prohibited from enacting admissions, ticket, parking and similar attendance-connected taxes on Olympic Games events and/or increasing the Transient Occupancy (Bed) Tax rate for the purpose of raising funds to be used in connection with the promoting, staging, hosting or conducting of said 1984 Olympic Games."<sup>9</sup>

In fact, the City Council did enact, and the Mayor signed, a tax on Olympic tickets and raised the bed tax on hotel rooms. These taxes, which would be paid only by tourists and area residents who chose to attend the games, were not controversial with the public. Funds raised by these taxes were deposited into an Olympic Trust Fund and used to offset security and other costs related to the staging of the '84 Games.<sup>10</sup>

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<sup>7</sup> Peter Ueberroth, *Made in America*, (New York: Morrow Company, 1985), p.72.

<sup>8</sup> Editorial Board, "In 2024, Olympics bid, L.A. must hold officials' feet to the flame," *Los Angeles Daily News*, 7/28/2015.

<sup>9</sup> LA City Charter.

<sup>10</sup> "The Region: City's Olympic Costs Near \$2.3 Million," *Los Angeles Times*, 3/25/1983.

## **1984 vs. 2024**

As the City of Los Angeles contemplates another bid to host the Olympics, it must be mindful of significant changes to the Games' financial structure, required capital investments, and security costs. These changes could put the city at greater financial risk if it chooses to put its treasury forward as the financial guarantor of the Games.

Two principal changes that affect finances and revenues are noteworthy. In 1984 the LAOOC controlled the sale of television rights, received the proceeds and negotiated their distribution to the IOC, the USOC and to itself. Today the protocols are reversed. The IOC controls the television rights negotiation, receives the proceeds and determines how they will be distributed to the local organizing committee at its sole discretion.<sup>11</sup>

In 1984 the LAOOC controlled the sale of sponsorships for the Games. Today, the IOC negotiates the global sponsorship rights for the top product categories (e.g. the official car, the official soft drink, etc.) The IOC receives the proceeds and determines how they will be distributed at its sole discretion. Moreover, the host city organizing committee is required to enter into a Joint Venture Marketing Agreement with the USOC which transfers a large portion of marketing revenues from the organizing committee to itself.

It is possible that the city may be asked to assume total financial responsibility for staging and operating the Olympics before it knows how much television and sponsorship revenue it will receive from the IOC. While the IOC is expected to give Rio de Janeiro, the host of the 2016 Games, \$1.5 billion in such revenues, the amount that will be available in 2024 has not been confirmed and won't be for some time.<sup>12</sup>

In the area of capital investments, Los Angeles clearly has an advantage over other bidders, as it did in 1984, due to the large number of existing sports venues in and around the city. Most of the stadia and arenas that are required for the Games already exist (and that does not include the possible privately financed construction of a new football stadium in either Carson or Inglewood long before 2024). There will undoubtedly be costs associated with adapting these existing facilities to the specific sporting event that they will host, but they are a fraction of the cost to build from scratch. For some sports, technology has advanced to the point that temporary venues will suffice. For others, the organizers may wish to build facilities that will remain as a legacy for the public to enjoy.

The Coliseum will require considerable upgrades, including restoring the track, building new suites and other features that have been publicly discussed. Some, if not all, of these costs may be covered by the University of Southern California, which has committed to upgrading the Coliseum as part of their lease with the State of California and the Coliseum Commission.

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<sup>11</sup> [www.olympic.org/olympic-broadcasting](http://www.olympic.org/olympic-broadcasting)

<sup>12</sup> David Wharton and Peter Jamison, "2024 Olympics in L.A. Would Pay their Own Way, Mayor Says," *Los Angeles Times*, 8/10/2015.

However, the extent of those improvements, or how they will be paid for, has not been made public at this point.

Los Angeles will also have to provide a new Olympic village housing approximately 17,000 athletes and coaches. In 1984 the LAOOC housed the athletes at UCLA and USC, at very little cost. Today, due to security requirements, the IOC requires a single unified village. Promoters of the Games believe that the village can be privately financed and built, and that the housing units can be sold at the conclusion of the Games. Such an outcome would be a significant legacy of these Olympics to the city. However, other cities have had mixed results profitably disposing of village housing units. Even with a private housing developer, if this proposal runs into trouble, and the city has signed the IOC guarantee, it could end up owning the units and going into the real estate business. No one can be certain how that will turn out.

There are a few other venues that need to be built, including potentially a new velodrome, a new swim stadium and an international broadcast center, among others. In 1984, the new venues were financed largely through corporate sponsorships (e.g. the McDonald's swim stadium at USC). Organizers must consider whether revenues in 2024 will be sufficient to cover these costs. However, as in 1984, Los Angeles is better positioned than any other city to host the Olympic Games due to its plethora of athletic venues new and old.

The Olympics can also be a catalyst for building or accelerating important infrastructure projects. Nothing focuses one's attention like a deadline. Such was the case with double-decking the roadways inside LAX in 1984. Today, Los Angeles is expanding its mass transit system and may wish to expedite the completion of certain projects if awarded the 2024 Games – such as finishing the Purple Line to Westwood, where a number of venues are proposed. There are a number of other capital improvements that can be accelerated to meet the opening day deadline. Investments in projects like these, which are not part of the Games' budget, can pay huge dividends for generations to come and would be an asset to this undertaking.

In 1984, the LAOOC's cost for security at the Olympics was \$35.3 million. By contrast, London spent \$1.6 billion on security in 2012.<sup>13</sup> Obviously, the world has become a much more complicated place in the intervening years. In the post 9/11 era, security costs have risen exponentially, especially for the Olympic Games, arguably the biggest international stage. It is hard to imagine how the organizing committee or the city could shoulder such a financial obligation on its own. The level of financial participation by the United States government would be determinative as to whether these Olympics could break even, let alone produce a surplus.

Other issues separate the '84 from the '24 fiscal outlook. The Paralympics which follow the Games were not a part of the 1984 Olympics. They are now a vital and inspirational part of the Olympic experience. The host city will bear the responsibility for organizing and staging the Paralympics in 2024, and its cost needs to be factored into the overall Games budget. The

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<sup>13</sup> Sylvan Lane, "Security for Boston Olympics may need \$1b in US funds," *Boston Globe*, 1/13/2015.

length of time between the selection of the host city and the opening ceremony has been stretched from five years to seven – adding to the organizing committee’s costs.

The city’s ability to raise ticket and hotel bed taxes in support of the games has changed as well. Due to Proposition 218, another of the Jarvis movement’s statewide initiative measures, the city may not impose or raise a tax without a 2/3 vote of the people. And while this may not be impossible to achieve, contractual agreements with some hotels will limit the amount of revenue to be collected. Some of the city’s most recently-built hotels have agreements with the city that enable them to retain the full value of transient occupancy taxes (hotel bed tax) paid by their guests for years into the future in order to underwrite the original construction of the hotels.<sup>14</sup>

L.A.’s Olympic organizers believe that due to the abundance of ready-made venues, enormous sponsorship opportunities, and a huge audience base, 2024 revenues will far exceed expenditures. They have confidently predicted a surplus of \$150 million.<sup>15</sup> Additionally, Olympic proponents have argued that no city’s guarantee has ever been needed in order to balance the books. Still, Olympic history is rife with cost overruns and budget increases, for which the host cities have assumed liability.<sup>16</sup> Whether it’s a “guarantee” or the city stepping in at its own discretion to “close a budget gap” – it is a distinction without a difference.

### **How to Structure a 2024 Bid**

Like the 1932 and 1984 Games, the 2024 Games could, if managed properly, bring a raft of positives to the Los Angeles region and to the Olympic movement. The city could once again showcase itself as not only a center for sport, but also an economic and cultural Mecca. As was done in 1984, L.A. could join an international Arts Festival to the Games that would entertain and delight the world. Hosting the Games could mark another watershed moment in Los Angeles history when fiscal discipline, creativity and vision create a whole that is bigger than the sum of its parts: an international festival of sports and culture.

But all these things are dependent on achieving a fiscally successful Games. It may be that the conditions which allowed city leaders to refuse to guarantee the costs of the 1984 Games no longer exist – we no longer have the upper hand in negotiations since there are several other viable bidders for 2024. However, the Olympic Charter does NOT require that the host city itself guarantee all costs. Rule 33, Bye-Law 2.4 reads: ***“Each candidate city shall provide financial guarantees as required by the IOC Executive Board, which will determine whether such guarantees shall be issued by the city itself, or by any other competent local,***

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<sup>14</sup> Ryan Villancourt, “Developer Seeks Tax Break for Wilshire Grand Project,” *Downtown News*, 8/6/2010; Shane Phillips, “Do Hotel Subsidies Make Sense for Los Angeles,” *Urban One*, 12/15/2014.

<sup>15</sup> David Wharton and Peter Jamison, “2024 Olympics in L.A. Would Pay their Own Way, Mayor Says,” *Los Angeles Times*, 8/10/2015.

<sup>16</sup> Bent Flyvbjerg and Allison Stewart, “Olympic Proportions: Cost and Cost Overrun at the Olympics 1960-2012,” *Saïd Business School, Oxford University*, June 2012.



**regional or national public authorities, or by any third parties.”**<sup>17</sup> The city could provide the guarantee with negotiated limits, or could ask the state, the USOC, or other private parties to share the financial burden, or could limit its liability by securing insurance. It could sign a side agreement with the private organizing committee, giving the city some level of control over expenditures. Finally, city officials could consider passing an ordinance, or asking voters to approve a charter amendment prohibiting or strictly limiting the city’s financial liability – as was done for 1984. Such a ballot measure, if approved, would insulate the city from financial liability and incentivize the organizing committee to live within its budget.

The question is whether hedging our commitment in any way could still yield a successful outcome when the IOC chooses the host city in 2017. Los Angeles’ boldness in 1984 was perhaps only possible due to a lack of other bidders. This time around, there are several European cities that apparently are willing and able to sign the guarantee. The history of the guarantee after 1984 is instructive. Los Angeles’ success in running the games on a private-sector model encouraged the IOC to adopt similar revenue-raising strategies (and to retain much of the revenue for itself), but it never changed the requirement for a host city guarantee, only loosening it up in 1991 to allow another party to assume the liability.

For the 1996 Games, the city of Atlanta was prohibited by its state constitution from accepting certain IOC obligations. Instead, in 1989 the Georgia Legislature created a semi-autonomous governmental agency known as “MAOGA” – Metropolitan Atlanta Olympic Games Authority - to enable the bid process to proceed. A tripartite agreement was executed among MAOGA, the city and the local organizing committee through which that committee accepted all financial responsibility for the games.<sup>18</sup> The IOC allowed this approach, but was ultimately unhappy with it. According to Olympic historian Holger Preuss, quoting from an interview with IOC Executive Committee member and Los Angeles Olympian Anita DeFrantz, after Atlanta the IOC decided that “in the future, there would be no games again which would be completely financed by private bodies.”<sup>19</sup>

Since 1996, a governmental body has always guaranteed the cost of the games. Sometimes the financial responsibility has been shared between the host city and its state and federal government, as was done in Sydney, Australia in 2000<sup>20</sup>. In 2002, the State of Utah participated heavily in underwriting the Salt Lake Games.<sup>21</sup>

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<sup>17</sup> IOC Charter, December 8, 2014, Available [http://www.olympic.org/Documents/olympic\\_charter\\_en.pdf](http://www.olympic.org/Documents/olympic_charter_en.pdf)

<sup>18</sup> Matthew Burbank, Gregory Andranovich and Charles H. Heying. *Olympic Dreams: The Impact of Mega-Events on Local Politics*, (Lynne Rienner Publishers, 2001), p.87.

<sup>19</sup> Holger Preuss, *The Economics of Staging the Olympics: A Comparison of the Games, 1972-2008*, (Edward Elfar Publishing, 2004), p.13.

<sup>20</sup> Official Report of the XXVII Olympiad: Sydney 2000 Olympic Games, 2001, Vol. 1, p.22.

<sup>21</sup> Official Report of the XIX Olympic Winter Games: Salt Lake 2002, 2002, Vol. 1, p. 11.

Boston withdrew its bid for 2024 largely due to the guarantee issue. The city tried to minimize its exposure by spreading the risk to others. In response to the USOC's question "Is your city willing to sign the Host City Contract unedited?" Boston hedged its bets:

Recognizing the substantial risks undertaken by the City of Boston in executing the Host City Contract, Boston 2024 and the City of Boston have been developing a structure in our bid to minimize exposure by the City of Boston to such risks. The City of Boston will agree to the terms, without reservation, but will benefit from indemnities from Boston 2024, insurance policies, investment from the business community and other protections.<sup>22</sup>

It should also be noted that one of the things that sunk the Boston bid was the fact that key elements of the initial bid documents were heavily redacted when first released in February, and only fully released in response to a subpoena filed by a Boston City Councilor in late July, 2015.<sup>23</sup> This included the response quoted above, which was part of an analysis of "Political + Public Support."

### **Joinder Agreement**

The Los Angeles City Council is being asked to approve a document called the "Joinder Agreement" with the USOC. That document binds the city by reference to the terms of a "Bid City Agreement" between the private committee which is organizing the bid effort (the bid committee) and USOC; however, to date the Bid City Agreement has not been made available to the city council or the public. If Los Angeles is awarded the Games in 2017, it will be required, by virtue of having signed the Joinder Agreement in 2015, to sign a Host City Contract, a Joint Marketing Programme Agreement, and potentially other documents – even though no one in Los Angeles knows what they will say.

It is the Host City Contract that traditionally includes the host city's guarantee of financial support for the Games. Bid organizers claim that Section 5.1 (e) of the "Disclosure Schedules" resolves this issue by giving the city council an opportunity to review and approve the final IOC contract. However, neither the context of Section 5.1 (e), nor the rest of the "Disclosure Schedules", has been made available to the City Council or the public. Furthermore, and most importantly, lawyers who have reviewed these documents believe that this protection is meaningless because approval of the Joinder Agreement renders all future city council actions a formality.

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<sup>22</sup> Hayden Bird, "In Fact, Mayor Walsh Did Agree to Sign a 2024 Taxpayer Guarantee," BostInno.com, 7/31/2015.

<sup>23</sup> Hayden Bird, "Facing Subpoena, Boston 2024 is Still the Most Transparent Olympic Bid in Recent History," BostInno.com, 7/20/2015.

Many other sections of the Joinder Agreement are also problematic, such as Section 2.02 which requires the city to commit today to provide funding for activities that haven't been fully fleshed out. Finally, the Agreement appears vague as to the impact on the city's obligations with respect to this agreement if a citizen sponsored initiative prohibiting or limiting the expenditure of city funds on the 2024 Games is approved by the voters.

### **Recommendations**

A pre-requisite for a fiscally responsible 2024 bid is for the bid committee to conduct its business in an open and transparent manner. The city and the bid committee should take the following steps to ensure the transparency and credibility of the process:

- All documents concerning the staging of the Games in Los Angeles which have already been signed, which will be signed, or which are referenced in documents which have been or will be signed, should be made public
- All documents which have been or will be submitted to the USOC and the IOC, directly or by reference, including detailed spending and revenue projections, should be made public
- The city's Chief Administrative Officer should prepare and make available to the public an analysis of the proposed budget and of the financial commitments being asked of the city in connection with the Games, based on the above documents
- The City Attorney should publicly share his legal analysis of the commitments the city is being asked to undertake in connection with this bid
- The City Council should conduct hearings to air these issues and hear from the public on these important matters

The city should also seek to limit its financial liability for the games. While there are many reasons to be sanguine about a 2024 Olympic budget, there are also reasons for concern. Thus:

- The most direct way to insulate the city from financial liability for the 2024 Olympics is to enact a Charter Amendment or voter-approved ordinance analogous to Charter Amendment N, the cost-control measure for the 1984 Games
- The Joinder Agreement must not preclude a Charter Amendment or voter-approved ordinance that would limit or prohibit the expenditure of city funds on the 2024 Olympics
- The City Council must make clear that its approval of the Joinder Agreement, if given, does not constitute its acceptance of sole financial responsibility for the Games

- The City Council could insist on retaining the authority to approve any aspect of the organizing committee's budget that would impact the city treasury beyond a mutually agreed-upon threshold
- The city and the bid committee should negotiate with the IOC, pursuant to IOC Rule 33, to allow for financial guarantors other than the city such as the USOC, the State of California, private entities or insurance companies

Olympic Charter Rule 33 is an invitation for candidate cities to constructively negotiate with the IOC to find a mutually acceptable means by which the IOC's objective of being held harmless, and the city's interest in holding its taxpayers similarly harmless, can both be achieved. If Los Angeles is nominated as the American bid city, as appears likely, it will have approximately two years to explore such an agreement.

Such an exercise would be worthwhile. In 2004, the *Los Angeles Times* published a series of articles on the legacy of the 1984 Games. In one of these stories, it was argued that in a city with no discernible sense of community, "no event but the Olympics had ever forged communal bonds in Los Angeles." According to the *Times*' Bill Dwyre, "The city that is too big to work, worked."<sup>24</sup>

It is this spirit that animates Angelenos' reported 81% support for another Olympic bid, as the USOC claimed recently. But it is doubtful that we would have experienced near-universal satisfaction with the Games if the local taxpayers had been stuck with the bill in 1984. At that time, the Mayor and city council concluded that the Olympics were not worth the risk of putting our treasury on the hook for financing the games or guaranteeing their cost overruns. The principle of financially protecting the city remains as valid today as it did in 1984.

### **Addendum**

In the days immediately following the release of this paper and a companion op-ed piece in the Los Angeles Times, the Bid City Agreement together with associated Disclosure Schedules, the budget and the preliminary Bid Book were released to the public by the bid committee. The City's Chief Administrative Officer and Chief Legislative Analyst released a joint analysis of these documents and the City Attorney recommended substantial changes to the Joinder Agreement.

The final Joinder Agreement that was approved by the City Council on Tuesday, September 1 ensures that Council approval will be required prior to the execution of any future agreements with the IOC or the USOC, including any agreement requiring the city to guarantee the cost of the Games. It does not preclude a Charter Amendment or voter-approved

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<sup>24</sup> J.A. Mangan and Mark Dyreson, *Olympics Legacies: Intended and Unintended*, (New York: Routledge, 2010), p.123.

ordinance that might seek to limit or prohibit the expenditure of city funds on the 2024 Games. In addition, the City Council approved other recommendations to ensure its role in future negotiations, and adopted a set of guiding principles for the negotiations that promise to fully protect the City's existing and future General Fund base and to require City Council and Mayoral approval of any commitment of public funds.