

THE CHICAGO 2016 OLYMPIC GAMES AND MINORITY INCLUSION: ECONOMIC IMPACTS AND OPPORTUNITIES

Executive Summary

In April the United States Olympic Committee selected Chicago to be the U.S. applicant to participate in the international competition to host the 2016 Summer Olympic Games. It will compete against Rio de Janeiro, Madrid, Tokyo and others.

The Games would present an extraordinary opportunity for Chicago to tackle the problems that have so long blocked the economic growth of its south and west sides. Investing in public works and human capital can exploit the business and employment synergies created by Chicago 2016. Chicago Urban League is concerned about legacy structural changes that the Games would catalyze in infrastructure, employment, housing, commercial development, and blight eradication. The Olympic Games occupy a host city for 16 days. What's left after the closing ceremony is what really matters.

The Olympics have caused a significant amount of concern in Chicago's African American community. In past host cities, bids have involved limited consultation and an incomplete evaluation of the social and economic impacts. The average citizen has received little benefit and may even experience costs such as the destruction of existing communities for new projects and increased housing costs. The Games must not only be a boon for property developers, construction companies, equipment suppliers, and commercial sponsors but also provide returns to reach local residents and businesses.

Spending sources for the Olympic Games include the Olympic Organizing Committee (also referred to as Chicago 2016) budget and non-Olympic sources. Non-Olympic sources are comprised of private and public sector dollars. While these two budgets are complementary, they are also separate and distinct. As a rule, the Olympic Games do not in and of themselves create or finance urban transformation. Under rules established by the International Olympic Committee (IOC), revenue from ticket sales, broadcasting rights and sponsorships can only be appropriated to support the functioning of the Games themselves. All profits from the Games flow back to the Olympic committees, which then may use a portion of the surplus to fund the creation of a foundation to promote sports programs and Olympic values in the host city.

Industry sectors with the largest revenue potential include: Construction, Services, Transportation, Communications, and Utilities. This breakout provides an early indication of sectors that will likely require the Olympic Committee to seek vendors. The emphasis on service sector employment should fit well with African-American business and labor patterns. In Chicago, 73% of African-American-owned firms are in the Service, Retail and Construction sectors. 21% are in the professional service and transportation sectors.

The largest spending outlay will be construction-related, approximately \$1.5 billion. The City of Chicago has conducted preliminary research on potential development strategies to build a temporary, 95,000-seat stadium in Washington Park at an estimated cost of \$316 million. At the conclusion of the Olympics, \$50 million in legacy financing will be used to develop a 7,500-seat amphitheater for sporting and other events. The city also has discussed infrastructure, transportation, and wetland enhancements around Washington Park. There are plans to develop an \$80 million Aquatic Center in Douglas Park. Ownership of the center would be conveyed to the Chicago Park District following the Games. The city is proposing a \$1.1 billion Olympic Village located south of McCormick Place. Following the games, the Olympic Village will be converted into mixed-income housing. It should be noted that the three main Olympic venues are all located in or near African-American neighborhoods. Each has a sizeable under-employed population eager for work.

- **2016 Direct Spending: \$5B >**
- **Chicago 2016 Operations spending: \$3B**
- **Projected Full-time Jobs: 81,490**
- **Industry Sectors Generating Largest Revenue: Construction, Technology & Communications, Transportation, Services, Utilities**
- **Olympic Stadium Cost: \$316M**
- **Olympic Aquatic Center Cost: \$80M**
- **Olympic Village Cost: \$1.1B**

If Chicago wins the bid and the world's spotlight is on us, will we be revealed as a city of inclusion? Or will we be seen as a city of extreme haves and have-nots? Will we be seen as a city that nurtures neglected areas with the seeds of opportunity, or one that covers up its blighted communities?

Pierre de Coubertin revived the Olympics in 1896 and envisioned sports as a mechanism to unite different countries and social classes in the spirit of cooperation and democracy. He believed hosting the Olympics in a different location every four years promoted equality and progress throughout the world. The extent to which past Olympic ceremonies have brought about Coubertin's goals is debatable. The purpose of this paper is to link the economic impacts and opportunities a Chicago 2016 Olympic Games can provide to the African American community. The Chicago Urban League makes specific recommendations that will ensure African American inclusion before, during and after Chicago 2016 becomes a reality.

RECOMMENDATIONS

To the Chicago Olympic Organizing Committee:

Recommendation 1

Publish a detailed master procurement schedule noting contract availability for the Games, including requirements and application procedures. The schedule should include contracts for the Olympic Bid process as well as the Games. This schedule should be published no less than three months prior to the RFP deadline.

Recommendation 2

Immediately create an open and transparent bid process and notification system with the establishment of a website providing a ‘one stop shop’ with Olympic contract information.

Recommendation 3

Establish participation targets for African American owned and other minority owned firms. These targets should be regularly monitored by an independent specialist with quarterly results published. Participation targets should be set immediately.

Recommendation 4

Make diversity a procurement principle for all contracts and sponsorships (with respect to business enterprises and employees).

Recommendation 5

Institute a policy of priority hiring for residents of the communities in close proximity to the Olympic Stadium and other Olympic venues.

Recommendation 6

The decision-making body within the Olympic Committee overseeing contracts, investments and budget should have African-American membership proportionate to the city population.

To the City of Chicago:

Recommendation 7

Invest in public transit infrastructure serving and in proximity to the Olympic Stadium and other venues in the area.

Recommendation 8

Initiate strategies to increase commercial and retail investment and decrease retail leakage in communities surrounding the Olympic Stadium and other venues in the area.

Recommendation 9

Employ workforce development programs with the objective of increasing employment opportunities before, during, and after the Games with a particular emphasis on skill-based jobs.

Recommendation 10

Establish a commission attached to the Mayor’s Office to oversee revitalization inside the Olympic “ring” (within a one mile radius) of the aforementioned Olympic venues.

Recommendation 11

Enact affordable housing plans to ensure development does not lead to resident displacement.

To the African-American business community:

Recommendation 12

We recommend African-American firms lacking size, scale and capabilities form consortiums and joint ventures with other African-American firms.

Recommendation 13

The African American community should invest in and seek to increase their participation in tourism and hospitality industries with respect to business enterprise and employees.

Recommendation 14

Advocate for increased African American employment in the construction industry by promoting education and career paths within Chicago Public Schools and Chicago Community Colleges and by requiring Unions to provide an increased number of apprenticeships to reflect construction spending in the impacted communities.

Recommendation 15

African American businesses should build capacity and align growth around expanding markets that will be accelerated in the event of the Chicago 2016 Olympics. They should start now in investing in their businesses by tapping resources such as the Chicago Urban League's Entrepreneurship Center and other local and state resources.

To see the report in its entirety go to www.thechicagourbanleague.org.