**Papers**

# Major Construction Project Scope/Cost Financial Accounting Case Study:

**A Project to build a permanent "Olympic Village" to house athletes for the 2010 Winter Olympics held in Vancouver BC Canada.**

**Published here: December 2020**

## Introduction

There is no doubt that the presentation of the Winter Olympics in 2010 was a great success. However, the project to create housing for the competing athletes coming from all over the world, and to have the built housing to be a lasting legacy that would contribute to Vancouver's tight housing market was quite another story. Part of the problem was the challenge of designing accommodation for a large host of athletes over a very short period, while at the same time designing accommodation for a much smaller group of family needs over the long term.

At the time, there was much criticism from representatives of the competing interests, and there was obviously very poor management of the whole endeavor that involved a significant loss of tax payers money, and the bankruptcy of one of the main building contractors.

The challenge in this case study is to review the status of the resulting built environment as it appears from the perspective of some ten years later. In other words, from this perspective, should the original investment be seen as an overall financial success, or an abject failure?

Note that not all of the relevant information is included in the documentation provided below. Search on the Internet will be necessary to draw you to your particular findings and enable you to document support for your final conclusions.

### Exhibit #1: Found in *The Province News*, September 29, 2014 (edited) – Part 1[1]

Various Vancouver city hall functionaries attended a celebration dinner a couple of weeks back to congratulate themselves on their stewardship and final sale of the Olympic Village. No one should be celebrating the Olympic Village financial disaster and certainly not the Vision crowd who created many, if not most, of the problems and the financial losses.

A complete description of how this Olympic Village financial fiasco occurred in the first place is contained in my report to the community, which was published by the Vancouver Sun on Oct. 16, 2010. My investigations at that time were made as a result of a direct request by <JP>[2], chairman of the Olympic Games, and I was given complete access to all the files concerning the project.

To begin with, the project got off to a significantly delayed start during the period when Vision/COPE controlled city hall in 2002 to 2005. Then the city saddled the developer with a contaminated site that took months to clean up, following which they demanded every possible change they could dream up to the project's design.

The serious delays, misjudgments and changes ended up costing the project and, ultimately, Vancouver taxpayers well over $100 million because at the end of the day Vancouver only got $70 million of the $170 million still owed on the original sale of the city-owned land.

The upfront foul-ups were bad enough, but the final financial coup de grâce came from Mayor <GR>, whose propaganda team decided that the key way to win the Vancouver civic election of 2008 was to blame the Olympic Village financial mess entirely on their political opposition. This tactic was a distortion of the facts but it made for very effective politics.

Unfortunately for Vancouver taxpayers, <GR>'s strategy included a crushing debasement and slagging of the project itself. The mayor called the project a "train wreck" and a multitude of other negative adjectives that put a massive black-death stigmatization on the remaining assets. Anyone would realize that these dangerous comments, made at every political opportunity, would drive down both the value of the assets and the ultimate recovery for taxpayers. But <GR> and his political strategists only cared about being elected so the ultimate suffering of taxpayers did not matter.

**Exhibit #2: *The Province News*, September 29, 2014 (edited) – Part 2**[3]

After Robertson's gang took control, the following occurred:

1) The city was forced to effectively take over the financially plagued Olympic Village project.

2) Realtors working on the project estimate that Robertson's negative comments reduced its value by $50 million to $70 million.

3) Receivers had to be brought in, which sent further danger signals, and harmed the project's value even further.

4) The marketing agent then had to spend millions upon millions of what would end up being taxpayer dollars rebranding the project for the third time.

5) Prices of condos were heavily discounted and many very smart investors got to pick up suites for a song, later flipping them for up to a $500,000 profit, all courtesy of the Vancouver taxpayer.

6) Receiver fees, interest charges on the debt and marketing fees went off the Richter scale because it took so long to sell the suites.

And then we came to the final funeral of the patient as the last 67 suites were sold in a bulk deal for $91 million, funnily enough, just before the upcoming 2014 election, with the final results being:

■ Only $70 million was recovered on the remaining $170 million owed by the developer on the original land purchase from the city. Therefore, taxpayers lost about $100 million directly attributable to all the delays at the project's inception, followed by the things that <GR>said to harm the project's value. That last $100 million could have built 1,000 social housing units, or bought the whole Arbutus rail corridor.

■ Millennium Southeast False Creek Properties Ltd., the original developer, suffered losses on the project estimated at $400 million — separate from what Vancouver taxpayers lost.

■ The final bulk purchaser paid $91 million to take direct control of the original development company, which included the 67 remaining suites that were worth about $71 million; the remaining $20 million was paid to acquire the estimated $400 million in tax losses.

■ Canadian taxpayers are now paying for the city's mistakes because about $104 million of otherwise payable income taxes — 26 per cent of $400 million — may never get paid, which harms the entire Canadian social system.

Meanwhile, members of Vision Vancouver host dinner parties to congratulate themselves on this boondoggle and their website trumpets this financial disaster as a great success. This false propaganda, which frames Vision's failure as a civic success, is the final outrageous insult to Vancouver taxpayers.

Exhibit #3: According to an email sent from Neighborhoods for a Sustainable Vancouver October 1, 2014

**Exhibit #3: *The Province Opinion Editorial,* September 31st 2014 (edited)**[4]

Based on the opinion editorial, the city lost $100 million on the land while the developer who bought the last 67 units, <AD&C>, gets more than enough tax credits out of the deal to cover his costs, effectively getting the units for free with further possible profits.

In summary:

■ Only $70 million was recovered on the remaining $170 million owed by the developer on the original land purchase from the city. Therefore, taxpayers lost about $100 million directly attributable to all the delays at the project's inception, followed by the things that <GR> said to harm the project's value. That last $100 million could have built 1,000 social housing units, or bought the whole Arbutus rail corridor.

■ Millennium Southeast False Creek Properties Ltd., the original developer, suffered losses on the project estimated at $400 million — separate from what Vancouver taxpayers lost.

■ The final bulk purchaser paid $91 million to take direct control of the original development company, which included the 67 remaining suites that were worth about $71 million; the remaining $20 million was paid to acquire the estimated $400 million in tax losses.

■ Canadian taxpayers are now paying for the city's mistakes because about $104 million of otherwise payable income taxes — 26 per cent of $400 million — may never get paid, which harms the entire Canadian social system.

---

[1] As reported by <RM>, a developer, former director of the Urban Development Institute and a former vice president of the Non-Partisan Association

[2] Full names have been replace to avoid embarrassment.

[3] Also as reported by <RM>.

[4] According to an email from *Neighborhoods for a Sustainable Vancouver*, October 1, 2014