

2016 Olympic Games in Rio: Opportunities Ahead

TRENCH, ROSSI E WATANABE ADVOGADOS
ASSOCIATED WITH BAKER & MCKENZIE INTERNATIONAL, A SWISS VEREIN

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For additional information:

Anna Mello, Rio de Janeiro
Tel: +55 21 2206 4915
anna.t.mello@bakernet.com

Joaquim Muniz, Rio de Janeiro
Tel: +55 21 2206 4921
joaquim.p.muniz@bakernet.com

José Roberto Martins, São Paulo
Tel: +55 11 3048 6826
j.roberto.martins@bakernet.com

Maria Beatriz Mello, São Paulo
Tel: +55 11 3048 6829
beatriz.mello@bakernet.com

Francisco Todorov, Brasília
Tel: +55 61 2102 2014
francisco.todorov@bakernet.com

Tulio Coelho, Brasília
Tel: +55 61 2102 5018
tulio.coelho@bakernet.com

Claudio Moretti, Porto Alegre
Tel: +55 51 3220 0910
claudio.m.moretti@bakernet.com

Rio de Janeiro has just been elected to host the XXXI Olympic and the XV Paralympic Games, to be held in 2016. Co-host cities include Brasília, Belo Horizonte, Salvador and São Paulo. The Games will follow FIFA's 2014 World Cup, which has been awarded to Brazil early this year.

As the first South American city to host the Games, Rio will have a unique opportunity to expand its airports and transport infrastructure, double its hotel capacity, clean up its waterways, upgrade its telecom network, implement an innovative sustainability program, among several other major projects.

This E-Alert outlines the initial steps already taken, the Games' envisioned budget, and the main areas requiring investment.

Initial Steps

Rio's project counts on strong popular and government support. The city and state of Rio de Janeiro have passed certain "olympic acts", which are intended to facilitate the financing and general conduction of the projects. The Federal Government and the co-host cities are in the process of passing similar acts.

An Olympic Board composed by government representatives will be established to resolve high-level and strategic matters. An Olympic Development Authority (ODA) will be created to deliver capital works, infrastructure and government services.

The Games' budget: expected revenues and expenditures

The Organising Committee for the Olympic Games (OCOG) has proposed a budget with revenues/expenditures in the range of **USD 2.82 billion**.

The contributions of the International Olympic Committee (IOC) and major sponsors are estimated to account for 31% of the Games' total revenue. Domestic sponsorship is expected to reach USD 570 million (nearly 20% of total revenue).

Ticket sales and licensing fees should represent USD 406 million (nearly 14% of total revenue). Public authorities have pledged a USD 692 million contribution in the form of subsidies (approximately 25% of the total revenue).

Major expenditure items include venue operations, amounting to USD 685 million (24% of expenditure); Games' workforce, USD 342 million (12%); technology, USD 488 million (17%); administration, USD 169 million (6%); and transport, USD 165 million (6%). The expenditure budget includes a contingency of USD 244 million (9% of expenses).

The non-OCOG capital investment budget is considerably higher and includes: USD 5.5 billion for transport infrastructure (international airport, roads and railways); USD 1.2 billion for environmental management systems; USD 770 million for power/electricity infrastructure; USD 813 million for security equipment; USD 479 million for competition venues; USD 427 million for the Olympic Village; USD 812 million for the Barra Media Village; and USD 203 million for the International Broadcast Centre / Main Press Centre (IBC/MPC).

The federal, state and city governments pledged to provide guarantees for the financing and delivery of said infrastructure.

The competition venues

The competition venues will be distributed among four zones – Barra, Copacabana, Maracanã, and Deodoro. There will be 34 competition venues, 18 of which are already operational, 8 will undergo permanent infrastructure works, 7 will be temporary and 9 will be constructed as permanent legacy venues.

Barra will be the centre of the Games. It is located in an expanding area of the city and requires considerable infrastructure and accommodation development.

Maracanã, the most densely populated of the zones, will host the Opening and Closing ceremonies (in the Maracanã stadium), and the athletics games. The plan for this zone includes a major redevelopment of the Port and a general urban revitalization.

Copacabana, a major tourist destination, will host outdoor sports events in temporary venues, mostly at its iconic beach.

Deodoro requires the most significant investments in infrastructure. The construction of new venues as foreseen in the plan are intended to bring significant social improvement.

Venues outside Rio de Janeiro will host the soccer (football) competitions in the cities of **Brasília, Belo Horizonte, Salvador and São Paulo.**

Transport infrastructure

Rio's transport infrastructure concept for the Games is predicated on a High Performance Transport Ring connecting the 4 Olympic zones, from the heavily populated zones of Maracanã (downtown) and Deodoro (north-west), through Barra and Copacabana.

Different modes will be used to serve the Olympic zones and surrounding areas: metro, upgraded suburban rail and 3 new bus rapid transit corridors ("BRT").

Rio's International Airport will be expanded to increase its capacity from 15 to 25 million passenger/year by 2014 (for FIFA's World Cup).

The estimated cost of such projects is as follows:

- remodelling and increasing capacity of Rio's International Airport: USD 400 million;
- completing Rio 's motorway bypass and other road projects in Barra and surrounding João Havelange Stadium: USD 600 million;

- extending capacity of suburban train and metro: USD 1.31 billion;
- 3 BRT lines connecting the olympic zones: USD 1.23 billion;
- new rolling stock for suburban rail (70%), metro (15%) and BRT buses (15%): USD 1.35 billion.

The Olympic Village

The site of the Olympic Village occupies 75 hectares and will comprise 34 apartment blocks of 12 floors each. It will also include a training centre for 11 olympic and 8 paralympics' sports, including a 400-meter athletics track, a swimming pool and indoor facilities.

The Olympic Village Park, located 600 meters from the Village and to be connected by a secured bridge, will provide tennis and beach volleyball courts, football (soccer) fields and water-based activities, including windsurfing and canoeing/kayaking.

After the Games, the Olympic Village will be converted into a residential community offering medium-to-high class homes.

Accommodation

Rio's accommodation plan pledges to reach an inventory of 48,000 rooms, in compliance with IOC's requirements. Currently Rio has approximately 20,000 rooms. The plan calls for the creation of approximately 13,000 hotel rooms, 25,000 rooms in newly built villages, 8,500 rooms in cruise ships and 1,700 rooms in "apartment hotels".

Telecommunication

Telecommunication in Brazil is a rapidly growing, open and competitive market. Still, strong investment will be required to host the Games, particularly considering the expected high capacity needs of the 2016 world. Investment should come primarily from the private sector.

Environment – "Green Games for a Blue Planet"

Rio's commitments with the IOC include the cleaning and regeneration of Rio's waterways and lakes. The government was urged to implement new water treatment and sewage systems, and to carry out education campaigns.

Rio de Janeiro proposed to develop an innovative Sustainability Management Plan (SMP) for the 2016 Games, integrating economic, environmental and social elements into its vision of "Green Games for a Blue Planet". The SMP includes measures on renewable energy and energy conservation, including solar heating and cells, as well as clean fuel transportation, a carbon-neutral Games and green building and procurement guidelines.

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The Brazilian team of Baker & McKenzie is a specialized and multidisciplinary working group to specific projects related to the 2014 FIFA's World Cup and Rio's 2016 Olympic Games.



