

**Community Services Report to  
SPC on Community and Protective Services  
2017 April 27**

**2016 CIVIC PARTNER ANNUAL REPORT**

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**EXECUTIVE SUMMARY**

The City of Calgary partners with external organizations to deliver effective programs and services in targeted areas, develop and advance strategies, and construct and manage assets. The City of Calgary's 15 Civic Partner organizations provide acclaimed cultural attractions; offer educational programming in the arts, conservation, history and the sciences; support the local economy through tourism and economic development; offer a variety of recreational and sport opportunities; gather business and arts leaders to collectively build a stronger Calgary; and provide opportunities to learn, gather, and discover.

The City's relationships with Civic Partners are structured to steward public investment appropriately by balancing interdependence, mutual accountability, and autonomy and by integrating risk management practices. The Civic Partner Annual Report is one aspect of a broader accountability framework. It provides a snapshot of Civic Partners' key results for 2016, progress on performance measures, how they leveraged The City's investment, capital development plans, asset management, impact of the economic downturn, and risk management and governance practices.

While 2016 was a more stable economic environment than 2015, partners continued to experience challenges and responded by managing expenses, adjusting budgets, and proactively planning to diversify and supplement revenue streams. They turned to partnerships with other community organizations to leverage and amplify their work, and maintained strong governance and risk management practices. The City continued to support partners to manage City owned assets through capacity building, matching capital grants, and access to tools and resources.

Detailed annual report templates provided by each Civic Partner are included in Attachments 4 through 18. A summary of key performance measures is presented in a Results Based Accountability format on the first page of each partner's annual report template.

**ADMINISTRATION RECOMMENDATION**

That the Standing Policy Committee on Community and Protective Services recommend that Council receive this report for information.

**PREVIOUS COUNCIL DIRECTION / POLICY**

On 2014 September 22 Council adopted CPS2014-0504, *ActionPlan 2015-2018 Civic Partner Business Plan and 2013 Annual Report*.

A detailed listing of previous Council direction since 2004 is included in Attachment 1.

**BACKGROUND**

The City partners with 15 Civic Partner organizations that are arms-length and separate from The City.

Partnering allows The City to:

- leverage operating and capital grant funding;
- effectively manage a range of diverse assets stewarded by partners;

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- strengthen community-driven economic development, tourism and promotion initiatives;
- enhance the city's arts and culture landscape;
- attract visitors from around the world to conventions, cultural attractions, and events;
- connect communities, and build knowledge and skills through access to high quality library services, including support for emerging and vulnerable communities; and
- provide Calgarians of all ages with a wide range of sport, recreation, conservation, arts and cultural opportunities.

Each of the 15 Civic Partners has a unique history and relationship with The City, including amenities previously operated by The City that have evolved into separate entities, and organizations created by The City for strategic purposes or through provincial legislation.

In 2016, all Civic Partners received operating grants through the department of Community Services budget, and those managing or operating City-owned assets had access to a matched capital grant program. The level of grant funding varied by partner and for most, City funding was only part of their operational funding mix (Attachment 2). Partners leveraged The City's funding through donations, corporate sponsorships, government grants, and earned revenue streams. Calgarians also invested in partner organizations and contributed their expertise through membership, attendance, and volunteerism.

In 2016, all Civic Partners managing City-owned assets worked with The City to develop more comprehensive approaches to asset management. Strategic asset management helps Civic Partners make consistent, effective, and informed infrastructure decisions; create standardized approaches to asset management; demonstrate responsible stewardship of assets; prioritize projects based on need; and identify the funding required to optimize the maintenance and longevity of the assets. The information gathered also helps The City make informed decisions and identify key priorities.

In 2017 February, Council approved the *Investing in Partnerships Policy* (CP2017-01) to clarify and improve consistency of The City's practices related to partnerships, including relationship management, reporting requirements, and oversight of governance practices, risk management, and accountability. The policy defines two Civic Partner categories based on function and level of City investment - *Strategy Delivery Partners* and *Program and Service Delivery Partners*. Based on these categories, one additional partner, Calgary Sport Council Society (Sport Calgary), was invited to join the Civic Partner-Strategy Delivery category and they are included in this report. As implementation of the policy continues in 2017, Administration will review all City partnerships to determine if any additional entities meet the Civic Partner category criteria.

**About the Annual Report**

The Annual Report is one component of the Civic Partners' accountability structure. It is an opportunity to demonstrate the value of partnerships, and the return on investments made by The City. To prepare this report, each partner completed a detailed template focused on governance, risk management, 2016 results, performance measures, finance, impact of the current economic environment, priorities for 2017-18 and capital reporting, if applicable. A sample of the template is included in Attachment 3 and individual Civic Partner Annual Reports

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are included in Attachments 4 to 18. A summary of key performance measures for each partner are presented in a Results Based Accountability on the first page of each template.

**INVESTIGATION: ALTERNATIVES AND ANALYSIS**

Nonprofit organizations across Alberta, including The City's Civic Partners, were impacted by the challenging economic conditions in 2016. Organizations that responded to the 2016 Alberta Nonprofit Survey<sup>1</sup> reported that revenue generation was more challenging than in 2015, with 29 per cent reporting decreased revenues, and 44 per cent reporting that revenues stayed the same (compared to 52 per cent in 2015). Corporate donation levels were most affected, and selected Civic Partners also experienced a reduction in the number and scale of corporate event bookings. Calgary also experienced a drop in visitors, from 8 million in 2015 to 7.2 million in 2016. Visitors injected \$1.6 billion into the local economy, down from \$1.7 billion in 2015.

Organizations responded by increasing fundraising efforts; and implementing cost control measures including reducing discretionary spending, programs, staff and staff benefits. Administration worked with partners to support sustainability through targeted strategies including a temporary reduction of a lifecycle grant match requirement, support for selected partners to develop phased cost management strategies that required regular progress reports, and support for partners to secure funds from other sources.

In 2016, Civic Partners shared a number of common challenges and solutions including developing strategies to adjust to a challenging economic environment, using the power of partnerships to enhance service and program delivery, continuing to focus on asset management, and supporting strong governance and risk management practices.

***Strategies to adjust to a challenging economic environment***

While 2016 was a more stable economic environment, it continued to be challenging and all partners identified economic-related impacts in their top three strategic risks. While the impact on partner operations was more significant in 2015, the majority of cultural attractions continued to see lower ticket sales, memberships and attendance; and most reported challenges securing funding, particularly corporate support. Partners adapted by monitoring and managing expenses, adjusting budgets, and proactively planning to diversify and supplement revenue streams. Looking ahead, some partners identified uncertainty about expenses with the implementation of the new provincial carbon levy and minimum wage increases.

***The power of partnerships***

To creatively respond to the challenging environment, many Civic Partners turned to partnerships with other community organizations to deliver and enhance their services for Calgarians. Many pointed to the value of additional partnerships to pool resources, access new audiences, target specific populations, and leverage other organizations' expertise.

***Using governance and risk management best practices***

Overall, the majority of Civic Partners aligned with governance best practices in the key areas of board recruitment, education, and risk management. Other best practices in place included term

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<sup>1</sup> Calgary Chamber of Voluntary Organizations (2016)

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limits for board appointments, and selecting new board members based on gaps or opportunities identified in a skills matrix. The sophistication of risk management practices and tools varied with the complexity of partner operations, but the majority had strong risk management oversight and mitigation controls in place. This is particularly important for partners managing and operating City-owned facilities and assets.

***Strategic asset management***

Asset management continued to be a priority for the nine Civic Partners that manage City-owned assets. In 2016, The City invested \$7.4 million in lifecycle funding and partners leveraged this funding by matching with \$4.6 million in contributions. An additional \$5.2 million was invested in lifecycle grant funding for the Calgary Public Library. For a small number of partners that continued to have lower revenues and challenges meeting The City's 50 per cent match requirement, a temporary 25 per cent match requirement was provided for 2016. Funding was allocated based on a review and prioritization of business cases received, alignment with requirements in legal agreements, adherence with funding program guidelines, and the availability of funds.

**Performance highlights**

Reporting performance in a Results Based Accountability (RBA) format helps tell the story of Civic Partners' impact on the quality of life for Calgarians. It provides a snapshot of their successes and challenges and presents context for the results. The following pages provide an overview of the high level results for groupings of partners including cultural attractions, economic partners and the Library.

***Economic Partner highlights***

In spring 2016, Council approved \$7 million from the Community Economic Resiliency Fund to accelerate **Calgary Economic Development's** (CED) implementation of the *Economic Strategy for Calgary: Building on our Energy*. In 2016, the funds were used to expand CED's out of market and local marketing campaigns, further develop Calgary as an inland port, support the new Calgary Film Centre, expand agribusiness initiatives, and focus on a real estate/head office strategy for Calgary.

CED's highlights from 2016 included:

- released survey results indicating 75 per cent of Canadians favourably perceived Calgary as a place to do business and invest, up from 68 per cent in 2014;
- increased in trade missions to 11 inbound and 26 outbound, including one of Alberta's most successful missions to China;
- supported or attracted 37 companies and films to come to Calgary, generating 1,561 direct and indirect jobs; and
- expanded the Stampede Investment Forum to include renewables and agribusiness.

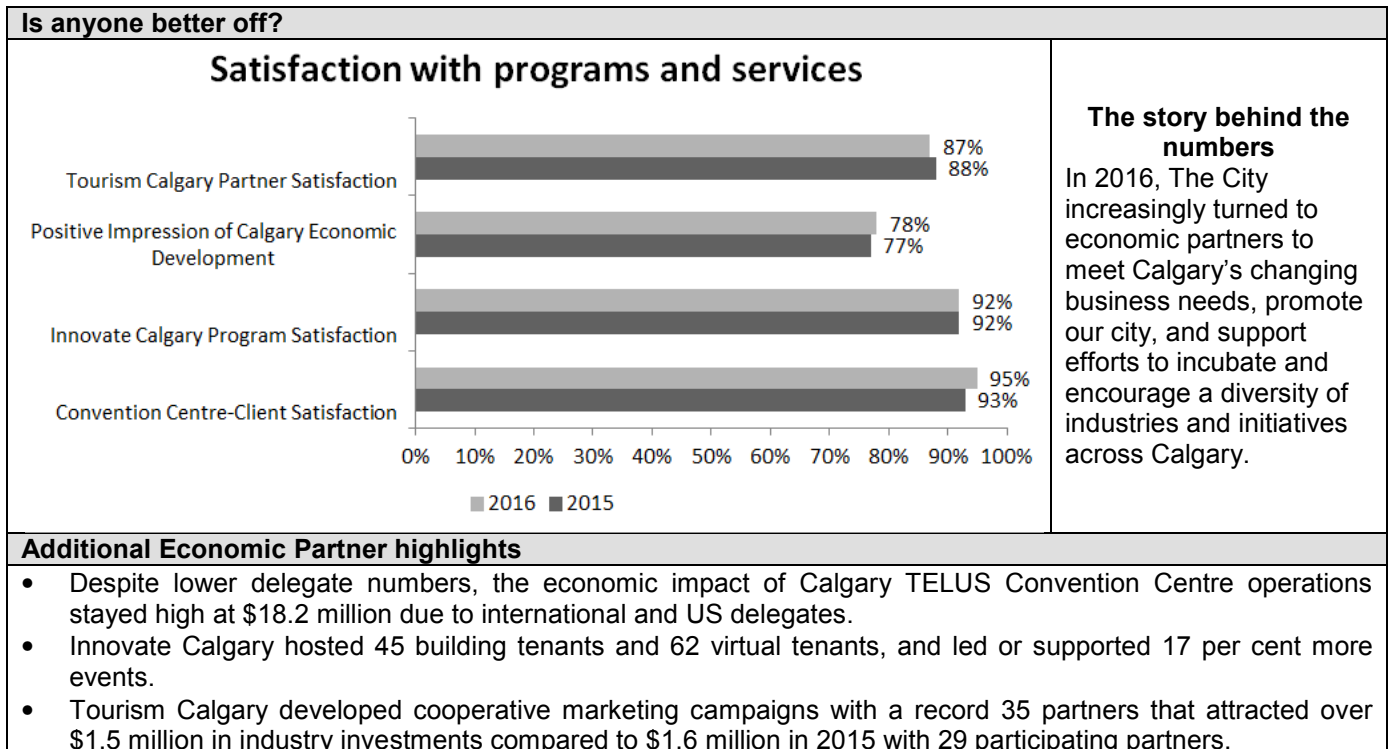
The **Calgary Convention Centre Authority** (the Authority) welcomed a new President and CEO in 2016 and focused on redefining its role in economic development. It worked with The City on asset management, reducing energy use by 30 per cent while continuing to look for opportunities to further reduce climate change impacts. Business at the TELUS Convention

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Centre continued to be impacted by the economic conditions, with the number of delegates dropping 14 per cent year over year and 28 per cent since 2014. The number of events also declined 40 per cent from 2015, from 458 to 279. To respond, management developed business optimization strategies in 2015/2016 that resulted in an operational efficiency ratio improvement of 25 per cent over the previous five year period. The CTCC continues to pursue small and medium business, and international conferences.

In 2016, following extensive stakeholder engagement, **Tourism Calgary** released *Destination Strategy: ultimate host city*, a ten year collective vision, strategy and action plan to achieve a sustainable tourism industry. It participated in the hosting of the JUNO Awards and JUNO week, led The Year of Music, and partnered with Calgary Economic Development on #LoveYYC. Visitors to Calgary declined 11 per cent in 2016, from 8 million in 2015 to 7.2 million and the economic impact declined from \$1.7 billion to \$1.6 billion. With the challenging economic conditions, Tourism Calgary worked with its partners to monitor the impact on available funding sources including Travel Alberta and the Calgary Hotel Association's Destination Marketing Fund, identified solutions, and sought to maximize investments in partnerships.



Inquiries for support from **Calgary Technologies Inc. (Innovate Calgary)** remained high in 2016 with 637 people contacting the organization for entrepreneurial support, a two per cent increase year over year, but a 79 per cent overall increase from 2014. It had capacity to serve 157 clients (11 per cent more than 2015) and was able to shift some content online, in order to meet growing demand without significant cost. Innovate Calgary continued to significantly leverage The City's operating grant with other sources of funding, earned income, volunteer

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mentors, and further partnerships. Satisfaction with the Innovators Toolkit program remained in the 90<sup>th</sup> percentile, reflecting the quality and targeted nature of its work.

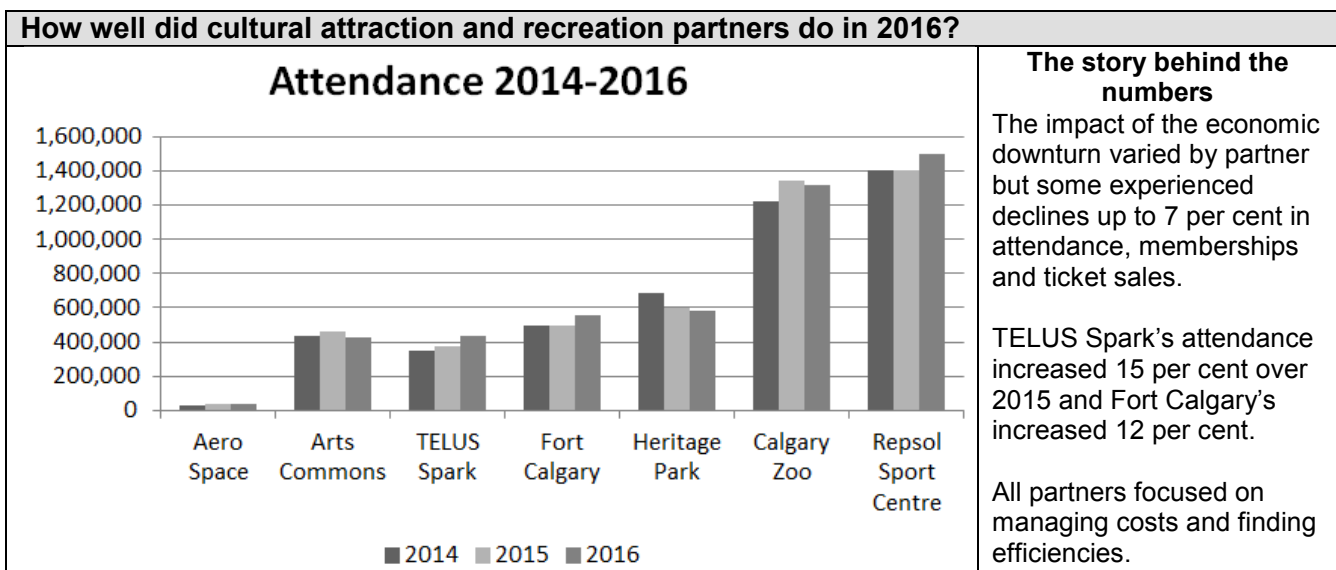
**Arts and Culture**

A vibrant arts sector helps attract businesses and visitors, supports high quality of life, and creates a sense of belonging for Calgarians. A 2016 arts engagement survey by Calgary Arts Development Authority (CADA) indicated that 91 per cent of Calgarians were engaged with the arts; 79 per cent believed that a strong arts and culture scene was key to creating a vibrant, safe, and prosperous city; and 86 per cent believed the arts bring people together and enabled people to connect to each other. In 2016, CADA collaborated with other Civic Partners including Tourism Calgary and Calgary Economic Development to continue to integrate the arts in building our city. CADA also collaborated with the Calgary Congress for Equity and Diversity in the Arts and Iniiitstsi Treaty Arts Society to ensure the arts contribute meaningfully to equity, diversity and inclusion in Calgary.

In spring 2016, Council approved \$5 million in Emergency Resiliency Funding to the non-profit sector, \$1 million of which was allocated for CADA to grant to arts organizations affected by the economic downturn. The program was oversubscribed with over \$2.5 million in requests for funding.

**Cultural attraction and recreation partner highlights**

Cultural attractions and recreation/sport-based Civic Partners contribute significantly to Calgary's economy and provide a range of leisure, sport, learning and recreational opportunities for Calgarians and visitors. Partners working in this sector include: Aero Space Museum (The Hangar Flight Museum), Calgary Centre for Performing Arts (Arts Commons), Calgary Zoo, Fort Calgary, Heritage Park, Lindsay Park Sports Society (Repsol Sport Centre), Calgary Science Centre Society (TELUS Spark), Parks Foundation Calgary, and Calgary Sport Council Society (Sport Calgary).



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**Additional highlights**

- Fort Calgary usage includes school programs, special events, admissions, and use of RiverWalk.
- Arts Commons' revenues from venue usage and ticket sales were down 19 per cent year over year but it pursued other streams of revenue to offset this loss.
- 8,000 high performance athletes visited the Repsol Sport Centre and 90 per cent of prime time was booked, compared to 85 per cent in 2015.
- Calgarians sponsored 29 per cent more benches through Parks Foundation Calgary (88 in 2016) and it partnered with communities on 19 projects including playgrounds and gardens.

**Calgary Public Library (the Library)**

Calgary's libraries are community hubs that ignite learning, discussion, invention and action. In 2016, economic conditions continued to be challenging and Calgarians turned to their local libraries to meet their reading, career, and skills development needs. In 2016, there were 6.3 million library visitors. Despite increasing hours of operation, children's programs were often over-subscribed, and every seat in the libraries was usually filled. Attendance in lifelong learning programs increased two per cent to 13,741 participants. An increasing number of cultural, community and educational partners also approached the Library to develop partnerships and collaborations to meet the changing needs of Calgarians.

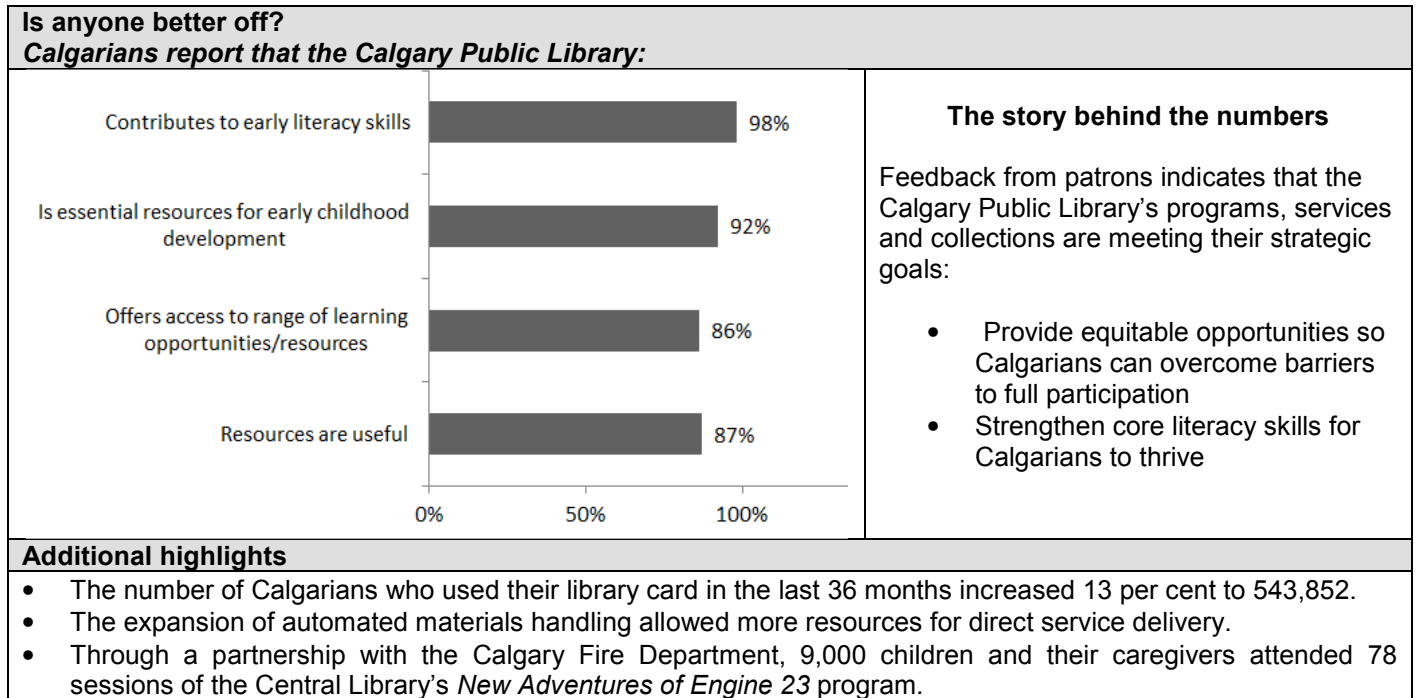
The Library continued to reach out to underserved neighbourhoods and vulnerable Calgarians through its book truck service, and distributed 94 per cent of available *Sunlife Arts+Culture Pass* tickets to low income Calgarians to increase access to local cultural attractions and amenities. Through a continued focus on children and early literacy, programs in this area increased by 33 per cent, from 3,485 to 4,635.

The City's investment in the Library was leveraged through both volunteer support and fundraising revenues. The Library continued to have more volunteers per capita than any other library in Canada with 2,657 volunteers contributing 68,218 hours. The Calgary Public Library Foundation raised \$6.25 million, \$1.25 million lower than in 2015, but still provided almost \$2 million to the Library to support operations, programs and collections.

With a range of City-owned assets to maintain, the Library invested in a variety of capital projects to replace worn out equipment, fixtures and furnishings, and to extend the lifecycle of major building components. In 2016, The City provided \$5.2 million in library lifecycle grant funding to support this work. The Library renovated the Nose Hill, Signal Hill, Fish Creek and Village Square locations. Relocating both the Shaganappi location to Westbrook Transit station and the Glenmore Square location to Quarry Park, resulted in significant increases in visits (121 percent increase at Westbrook and 137 per cent at Quarry Park when compared year over year).

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**New Central Library (NCL)**

By December 2018, the New Central Library will offer Calgarians 240,000 square feet of library space including gathering spaces, a physical collection of over 600,000 books and spaces for programs and technology. In 2016, construction of the NCL progressed on time and on budget. Milestones included completion of all elevator cores; approximately 80 per cent of concrete and metal superstructure; approximately 40 per cent of the curtain wall; and various interior installations including stairwells. The Library continued to focus on preparing for opening day including piloting and testing programs and services at existing locations, undertaking promotion and community engagement, and getting staff ready to serve patrons in the new environment.

**Stakeholder Engagement, Research and Communication**

Ongoing, two way communication with partners is critical to maintain effective, mutually beneficial relationships. Information provided by partners in their annual report templates is the basis for this report. Supporting effective partnerships will continue to be a focus throughout 2017 as the *Investing in Partnerships Policy* and related Frameworks are implemented.

**Strategic Alignment**

In *ActionPlan*, Civic Partners are the external leads for four strategic actions under the Prosperous City Council priority:

- P1: Strengthen Calgary's position as a global energy centre and location of choice for international talent, investment and innovation through enhanced business development, marketing and place-making initiatives.



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- P2: Advance purposeful economic diversification and growth.
- P9: Cultivate the city's talent, diversity and energy to enable Calgarians to live creative lives.
- P10a: Expand our library system.

Civic Partners also support the delivery of actions under A City of Inspiring Neighbourhoods, and a Healthy and Green City. Administration identified a number of internal Civic Partner-related actions under a Well Run City.

**Social, Environmental, Economic (External)**

Civic Partners play an integral role in maintaining a high quality of life for Calgarians by providing cultural attractions; offering educational programming in the arts, conservation, history and the sciences; supporting the local economy through tourism and economic development; offering a variety of recreational and sport opportunities; gathering business and arts leaders to collectively build a stronger Calgary; and providing opportunities to learn, gather, and discover. They offer services, facilities and public spaces and embrace diversity, inclusiveness and creativity. They facilitate fair access to programs through The City's Fair Entry program and other internal subsidy programs.

Civic Partners engage in environmental stewardship and community sustainability strategies such as public education and awareness related to public spaces and natural resources. They continue to review their operational practices to reduce consumption of resources and their impact on the environment.

Civic Partners are key contributors in attracting, retaining and nurturing economic development in the city. Partnerships are also a way for The City to leverage expertise and resources, as well as explore alternate service delivery approaches to improve the quality of life of Calgarians.

**Financial Capacity**

**Current and Future Operating Budget:**

There are no operating budget implications as a result of this report. Attachment 2 details the operating grants allocated in 2016 and budgeted in 2017 and 2018.

**Current and Future Capital Budget:**

There are no capital budget implications as a result of this report. Attachment 2 details the capital grants allocated in 2016 and budgeted in 2017 and 2018.

**Risk Assessment**

Civic Partner annual reporting is one of several accountability mechanisms to mitigate financial and reputational risks. This includes financial monitoring of performance and risk management practices reported to the Audit Committee, regular review of financial statements and regular review of legal agreements.

**REASON FOR RECOMMENDATION:**

The Civic Partner Annual Report highlights the value of The City's Civic Partners, supports accountability, and provides an opportunity for Council to gain an overview of the current accomplishments, challenges, and future strategic direction of the Civic Partners.

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**ATTACHMENTS**

- Attachment 1: Previous Council Direction
- Attachment 2: Civic Partners Grant Funding 2015-2018
- Attachment 3: Civic Partner Annual Report Template
- Attachment 4: Calgary Public Library Board
- Attachment 5: Lindsay Park Sports Society (Repsol Sport Centre)
- Attachment 6: Calgary Sport Council Society (Sport Calgary)
- Attachment 7: Parks Foundation, Calgary
- Attachment 8: Calgary Arts Development Authority Ltd.
- Attachment 9: Calgary Centre for Performing Arts (Arts Commons)
- Attachment 10: Heritage Park Society
- Attachment 11: The Calgary Zoological Society
- Attachment 12: Fort Calgary Preservation Society
- Attachment 13: Aero Space Museum of Calgary
- Attachment 14: Calgary Science Centre Society (TELUS Spark)
- Attachment 15: Calgary Technologies Inc. (Innovate Calgary)
- Attachment 16: Tourism Calgary- Calgary Convention and Visitors Bureau
- Attachment 17: Calgary Convention Centre Authority (Calgary TELUS Convention Centre)
- Attachment 18: Calgary Economic Development Ltd.