

Calgary Economic Development's collaborative energy makes us a conduit, connector, catalyst and storyteller for Calgary.

REVISED SUPPLEMENTARY REPORT TO CALGARY CITY COUNCIL: Calgary Economic Development Priorities

Opportunity Calgary: Retaining Talent & Accelerating Diversification –

As requested in the Priorities and Finance Committee on February 2nd, 2016 the following attachment presents additional details for each area of focus. New information is identified in Orange.

Current Environment

Calgary is at a turning point. Unemployment has now reached 7.7 per cent with some forecasting it will go as high as 12 per cent. Over 20,000 highly educated workers in the energy industry lost their jobs in 2015 and further layoffs are expected into 2016. Calgary's unemployment rate is now higher than the national average for the first time in over 20 years. Downtown office vacancies have reached 18 per cent with a significant amount of unutilized space not captured in reporting data. Industry experts say office vacancy downtown could reach a high of 30 per cent. With 1 per cent GDP contraction in 2015 and anticipation of continued economic slowdown throughout the majority of 2016, this is the first time since the early 1980's that Calgary will have two consecutive years of contracted GDP growth.

Funding Request and Leveraged Funding

In a high level assessment, research revealed Calgary provides less funding per capita when compared to Vancouver, Edmonton, Ottawa, Kitchener and Toronto. Now more than ever, investing in economic development will not only mitigate the impact of stubbornly low energy prices but advance the efforts to diversify the economy as laid out in the 10-year Economic Strategy – Building on our Energy. CED is requesting from the City, funding for \$7 million to be spent over three years, with the opportunity to move funding as economic conditions evolve and need shifts. CED is attempting to secure additional funding from both the provincial and federal government and anticipates somewhere in the range of \$100-\$400K/year. These initiatives will also be supported through CED's corporate partnership funding, which is currently budgeted to generate \$900K in 2016.

Input from Business Community

Over the past several months Calgary Economic Development has hosted hundreds of conversations with community and business leaders. Through individual conversations and roundtable discussions we heard Calgary needs to consider opportunities to help companies survive in the short-term, retain talent, stimulate the economy and accelerate diversification opportunities with both mid and long term impact. Specifically private sector recommended or agreed that Calgary Economic Development needs to address the negative tone regarding Calgary's economy and develop a campaign using the Be Part of the Energy brand to further promote counter cyclical and non-energy related opportunities, and support energy and pipeline literacy and advocacy. In addition to getting the Calgary story in select national and international markets, priority must be given to filling vacant commercial and industrial space – most notably in the core, retaining talent accelerating diversification and building a roadmap to strengthen Calgary's innovation ecosystem. The business community, particularly small businesses, are also asking for support for a local campaign to promote using local suppliers and businesses. As identified at Priorities and Finance committee on December 15, 2016 these initiatives have also been developed with the understanding that additional resources are required to accelerate the 10-year Economic Strategy for Calgary – Building on our Energy.

Stakeholders and partners

While the funding request is being made by Calgary Economic Development, as stated in the 10-year Economic Strategy for Calgary, there are many partners and stakeholders, many whom sit on the leadership and implementation team for the 10-year strategy, and play either a lead or supporting role in delivering the actions. The affected stakeholders have been identified in this report and Calgary Economic Development has had initial conversations with each of the stakeholders.

Be Part of the Energy campaign (\$1.5 million)

Alignment with Economic Strategy: ACCELERATED and REVISED

Collaborative Energy Strategy One: Tell Calgary's unique and compelling story with a unified approach.

Description

Over the past few years Calgary Be Part of the Energy has been an invitation for people from around the world to come to Calgary as not only a great place to make a living but make a life. Based on Calgary Economic Development's national research, by the end of 2014, 40 per cent of Canadians had had improved perception of Calgary. When the economy was strong, labour attraction was the primary focus of the campaign as finding skilled workers was one of the primary barriers for companies to grow. With the shift in the economy, Calgary has received an inordinate and undeserving amount of negative media.

The Be Part of the Energy's out of market campaign will focus on three priority areas:

1. Promoting the counter cyclical opportunities for business and investment attraction to Calgary;
2. Energy literacy, in all its forms, and the social, environmental and economic imperative of pipelines; and
3. Changing perceptions of Calgary as an innovative, entrepreneurial and creative city promoting opportunities in non-energy industries including transportation, agribusiness, renewable energy and creative industries

The out of market campaign will include business events in key markets, advertising, social media and a YYC ambassador program. The City of Calgary's investment will be supported by funding from the private sector (estimated at \$500,000-\$1 million). This funding will allow for a campaign to run throughout the year in high potential markets.

In addition to the out-of-market campaign, and similar to the YYCisOPEN campaign following the 2013 flood, a local campaign will be implemented to encourage Calgary businesses and individuals to support local businesses and suppliers.

Rationale

Although gains have been made over the past few years to improve Canadian's perceptions of Calgary, weakening of our economy and provincial government instability has resulted in an intensely negative tone of the national media creating a reputational risk for the city. This negative media is having the reverse effect of the improved perceptions of Calgary gained through the Calgary. Be Part of the Energy campaigns conducted by Calgary Economic Development and Tourism Calgary over the last 4 years.

The negative media is also having an impact on both business and investment attraction and many leaders from private sector have reached out to Calgary Economic Development to take action to combat this negative media. During a downturn, the need to promote the opportunities in Calgary and influence the narrative about the city becomes even more critical.

There are positive opportunities and existing diversification in Calgary that are going unnoticed due to the focus on low oil prices and changes in government. We need a robust national marketing campaign to reframe the conversation, articulate the competitive advantages for businesses to come to Calgary, grow industries critical to the diversification of our economy, and to define Calgary's energy as the way we do business. In addition, Calgary also needs a local marketing campaign to support smaller businesses that are currently feeling the contraction in the economy.

Stakeholders: Calgary Regional Partnership, Innovate Calgary, Tourism Calgary, Calgary Chamber, Calgary Telus Convention Centre, The City of Calgary, Post-secondary institutions, Calgary Hotel Association, Calgary Airport Authority, Private sector, Industry associations, Media partners, Site selection firms, BRZ's.

Leveraged Funding

Calgary Economic Development has historically relied on private sector funding of marketing campaigns, resulting in the campaigns occurring late in the year when funding was secured. However, raising the funds during the downturn is proving challenging. The additional funds from the City of Calgary will ensure the marketing campaign can commence immediately and can be sustained throughout the year(s), but will continue to be supported with private sector funding.

Budget and Activities

National Campaign	
Pre marketing test research	\$30,000
Digital (website enhancements, content creation)	\$120,000
Contract labour	\$100,000
Advertising	\$610,000
Media relations	\$30,000
Social media	\$10,000
Events	\$100,000
<i>Subtotal</i>	<i>\$1,000,000</i>
Local Awareness Campaign	
Pre & post campaign research	\$25,000
Digital (website enhancements, content creation)	\$30,000
Contract labour	\$20,000
Social media promotion	\$10,000
Advertising	\$395,000
Events	\$20,000
<i>Subtotal</i>	<i>\$500,000</i>
Total Funding Request	\$1,500,000

Additional marketing activity is outlined under each initiative outlined in this plan. The specific marketing activity will complement the Be Part of the Energy campaign but will be much more targeted to specific industries and geographical regions.

WORKshift Worldwide – Calgary's Global Talent Hub (\$500,000)

Alignment with Economic Strategy: ACCELERATED and REVISED

People Energy Strategy One: Invest in equal opportunity and prosperity for all Calgarians.

Description

Calgary is an excellent position to swiftly launch an initiative designed to employ Calgarians on remote projects and occupy downtown commercial space. This would involve conducting a scan of market with labour constraints and high demand for skills held by the Calgary population recently displaced from the energy and related industries. Other locations such as Victoria and Vancouver have already been actively engaged in placing their workers on remote work placements for projects abroad while they remain at home. (In 2014 Microsoft announced a 400 person Microsoft Canada Excellence Centre in Vancouver to focus on research and training in cloud and mobile applications). Research conducted would result in the implementation of a WORKshift worldwide program making it easy for foreign project managers to recruit Calgarians and set up remote offices. The effort would be supported by marketing collateral to be used by Calgary Economic Development and other recruitment firms that would pitch Calgary as a Global Talent Hub for out of market companies experiencing labour constraints.

Rationale

Calgary Economic Development's WORKshift program provides us with the expertise and technology to support the case for remote workforce. The current economic environment for the energy sector has resulted in the availability of approximately 20,000 knowledge workers, including IT professionals and engineers in Calgary. It's critical that we create an environment that allows Calgary to retain this talent. There is an opportunity for Calgary Economic Development to ignite change; to lead an initiative to keep Calgarians in Calgary, provide them with meaningful employment, support Calgary-based businesses, absorb some of the real estate surplus while at the same time advancing diversification in innovation.

Stakeholders: APEGGA, PSAC, EnForm, CEPA, Citrix GoToMeeting, Rogers, KPMG, Shaw Business, recruitment firms, private sector.

Leveraged Funding: Calgary Economic Development will pursue funding from the provincial government to support this initiative, however, it is unknown how much funding is available.

Budget and Activities

Research	\$100,000
Lead Generation	\$50,000
Business Development Activities (Missions and Events)	\$50,000
Marketing (Advertising, media relations, collateral, digital)	\$300,000
Total Funding Request	\$500,000

Head Office/Real Estate Action Plan (\$750,000)

Alignment with Economic Strategy: NEW Action

Community Energy goal: Calgary is a vibrant, urban and prosperous community that offers people friendly neighbourhoods, diverse housing and inspirational spaces.

Description

Calgary is not alone in facing a downturn in its primary industry. Others such as Detroit, Pittsburgh and Rochester have all successfully attracted new headquarters to their city to revitalize and diversify their economy. Calgary Economic Development will explore best practice cases of regions that have built on their established and emerging industry strengths to foster diversification and a subsequent head office growth strategy. Recent merger announcements provide us with immediate opportunity to attract and expand headquarters in Calgary including Dow/Dupont, Shaw/Wind Mobile and Shaw Media/Corus Entertainment. In addition, Calgary Economic Development will work with the real estate community and the City of Calgary to look for other opportunities to repurpose underutilized buildings for such things as a post-secondary downtown hub, incubation space, urban farming, working labs, urban housing.

Rationale

Calgary's downtown office vacancy rate is already approaching 20 per cent. With an additional 3.5 million ft² coming online in the next 2 years, this will continue rise and likely surpass 25 per cent. This vacancy includes both head and sub-lease expirations. Calgary Economic Development must assess Calgary's current industry strengths and develop and execute on an aggressive head office attraction/real estate action plan to foster industry diversification and mitigate slowing absorption of downtown office space.

Stakeholders: CED's Commercial Real Estate Advisory Committee, City of Calgary, CMLC, OLSH.

Leveraged Funding – not available at this time

Budget and Activities

Research	\$50,000
Lead Generation	\$75,000
Business Development Activities (Missions and Events)	\$125,000
Marketing (Advertising, media relations, collateral, digital)	\$125,000

Contracted Business Development Manager	\$375,000
Total Funding Request	\$750,000

Accelerate Diversification (\$3.925 million)

Description

The Economic Strategy for Calgary is a roadmap to purposeful diversification in Calgary. The Strategy sets forth actions in Transportation and Logistics, Creative Industries, Agribusiness and Renewable Energy. Accelerating diversification is about rapidly advancing the implementation of the Economic Strategy. We know the sectors we need to focus on and have high level strategies already developed. In order to shorten the horizon of implementation and see short to midterm impact, resources need to be put in place to validate or update strategies, create a take-to-market action plan, and target high potential opportunities and markets. In some cases stakeholder collaboration needs to be strengthened, market research needs to identify top investors and/or opportunities and site visits need to be deployed.

Rationale - Distribution Centre and Inland Port Implementation

Alignment with Economic Strategy: ACCELERATED

Entrepreneurial Energy Strategy One Action Four: Solidify the region's position as Western Canada's premiere distribution and logistics hub.

Calgary is already recognized as a strategic and critical transportation and supply chain hub in Western Canada. Key transportation assets located in Calgary (CP intermodal yard and YYC Calgary International Airport) or within the Calgary region (CN Rail intermodal yard) support the efficient and sophisticated flow of goods through Calgary. Combined with a set of dedicated stakeholders, transportation and logistics is an industry which can be advanced quickly for measurable results.

Stakeholders: Calgary Regional Partnership, Calgary Logistics Council, Calgary Airport Authority, Government of Canada, Government of Alberta, Calgary Region municipalities, Transportation and logistics firms, Van Horne Institute, Cargo Logistics Canada, Supply Chain Management Association, Calgary TELUS Convention Centre.

Leveraged Funding: City of Calgary funding will be leveraged to apply for funding from Western Economic Diversification.

Budget and Activities

Research	\$200,000
Lead Generation	\$200,000
Business Development Activities (missions and events)	\$500,000
Marketing (Advertising, media relations, collateral, digital)	\$1,100,000
Contracted Business Development Manager	\$375,000
Total Funding Request	\$2,375,000

Rationale - Develop a Talent Pipeline for the Creative Industries

Alignment with Economic Strategy: ACCELERATED

Entrepreneurial Energy Strategy One Action Five: Grow the creative industries and digital economy.

The growing role of creativity in the global economy has been well documented: the shift from physical to intellectual pursuits, from manual to technologically driven enterprise. Combined with the rapid evolution of technology – digital broadband, internet, cell phones, iPads and beyond – and the convergence of television, film, and interactive media – the creative industries are increasingly viewed as a compellingly dominant sector for current innovation and future global economic growth for Canada.

Stakeholders: Calgary Film Centre, Government of Alberta, Alberta Film Commission, Alberta Foundation for the Arts, Calgary Arts Development, Post-secondary institutions, Digital Alberta, C-Space, Calgary Regional Partnership, Calgary TELUS Convention Centre.

Leveraged Funding: City of Calgary funding will be leveraged to apply for funding from the Government of Alberta's Ministry of Culture and Tourism.

Budget and Activities

Program Development	\$25,000
Operating Costs	\$125,000
Business Development Activities (missions and events)	\$100,000
Marketing (Advertising, media relations, collateral, digital)	\$125,000
Total Funding Request	\$375,000

Rationale - Agribusiness Action Plan

Alignment with Economic Strategy: ACCELERATED

Entrepreneurial Energy Strategy One Action Seven: Support opportunities emerging from agriculture and bio-industry in support of a healthy regional economy.

Calgary and Alberta is a world-class producer of agricultural products and is a leader in the areas of agricultural education, agri-tech, agribusiness and sustainable/integrated chemical production. In addition, Calgary is an established transportation hub with expertise in moving goods around Canada, North America and the world. With current and forthcoming global trade deals (S.Korea FTA, CETA, TPP, NAFTA, etc), we need to pursue creating added-value products and actively pursue business expansion, retention, trade and investment attraction opportunities to grow the agribusiness sector and support purposeful economic diversification.

Stakeholders: Calgary Economic Development's Agribusiness Advisory Committee (Agrium, Calgary Stampede, AdFarm, Innovate Calgary, Calgary Eats, Canadian Beef Centre of Excellence, Food Processing Development Centre, Genome Alberta, Calgary TELUS Convention Centre, Dow AgroSciences, Bayer Crop Science, AltaGenetics, SunTerra Group, Gordon Foods, Ag For Life, District Ventures, Glacier Farm Media, Vantage Foods, UFA, Cargill, ALMA) Agricultural marketing and producers associations, Government of Alberta, Government of Canada, Post-secondary institutions.

Leveraged Funding: City of Calgary funding will be leveraged to apply for funding from Global Affairs Canada ICCI funding program. In addition, Western Economic Diversification already committed to financially support the inclusion of Agribusiness in the annual Stampede Investment Forum.

Budget and Activities

Research	\$100,000
Lead Generation	\$50,000
Business Development Activities	\$150,000
Marketing (Advertising, media relations, collateral, digital)	\$100,000
Contracted Business Development Manager (2 years)	\$375,000
Total Funding Request	\$775,000

Rationale - Renewable Energy

Alignment with Economic Strategy: ACCELERATED

Global Energy Strategy Two Action Two: Collaborate with high growth energy-related industries to maximize investment and trade opportunities.

A focus on renewable energy builds on the Economic Strategy for Calgary to establish Calgary as a centre for responsible energy development. Right now the world is focused on climate change and both the Provincial and Federal governments fully invested in progressing renewable energy to address climate change. Calgary based companies already own and operate greater than 50 per cent of wind power generation in Canada. Oil and gas companies have long been technology innovators and their work, along with the research conducted by our regional post-secondary institutes, can be leveraged to open opportunities in the renewable energy space

Stakeholders: CANWEA, CANSIA, June Warren-Nickle's Energy Group, Alberta Innovates, Greengate Power, Husky Energy, CSV Misdstream, Student Energy, Imaginea Energy, ATB Financial, Shell Canada, Solarmax, Enbridge, Enmax, Enerkem, Questor Technologies, ConocoPhillips Canada, xEroCor Tubulars Inc, Government of Alberta

Leveraged Funding: City of Calgary funding will be leveraged to apply for funding from Global Affairs Canada ICCI funding program.

Budget and Activities

Research	\$50,000
Lead Generation	\$50,000
Business Development Activities	\$150,000
Marketing (Advertising, media relations, collateral, digital)	\$150,000
Total Funding Request	\$400,000

Building an Innovation Movement (\$325,000)

Alignment with Economic Strategy: ACCELERATED and REVISED

Innovative Energy Strategy Two: Promote a culture of innovation throughout industry, the public sector, educational institutions and community agencies. All four actions support the innovation movement concept. This Strategy Two has three identified leads of which Calgary Economic Development is one.

Proposed Development of Innovation Framework

On 2 February 2016 Calgary Economic Development requested \$325,000 to work with Innovate Calgary, the Calgary Chamber and other key stakeholders to identify the gaps in our innovation ecosystem and develop a roadmap to address those gaps and build a robust ecosystem and culture of innovation. Calgary Economic Development, Calgary Chamber, Innovate Calgary and The City including Analytics Calgary will return to PFC no later than May 2016 with a high level assessment of the current ecosystem and a plan to bring together leaders in the innovation space to develop a Innovation Framework that identifies quick wins, addresses the culture of innovation for innovation to take place.

Ultimately we desire an innovation ecosystem that creates stronger linkages to advance opportunities, improve our competitiveness and provide an environment where innovators and entrepreneurs flourish. Building an innovation movement takes time, commitment and coordination. Innovation has to be embraced in everything we do from business and education techniques to the creation of technology. Development of an Innovation Framework will solidify our approach to understanding the gaps in policy, programs, places and people and lay the groundwork for a roadmap that allows us to collectively can fill those gaps.

Stakeholders: Innovate Calgary, Calgary Chamber, TRICO Foundation, EPIC YYC, Makerspace, Innovation service providers, Post-secondary institutions, Calgary Public Library, Momentum, The City of Calgary, Government of Alberta, Government of Canada, Calgary Regional Partnership, Technology consultancies, Calgary Arts Development, Beakerhead, A100, First 2000 days network, Crowd funders, Seed Ups, Accelerator YYC, Startup Calgary, ARC Financial, select entrepreneurs and innovators.

Summary of Priorities

The following table summarizes the key initiatives that will require additional support from the City of Calgary allowing Calgary Economic Development to accelerate our efforts in attracting business, investment, creating jobs and retaining talent. Three additional contracted staff resources are requested to implement the initiatives in this report. These positions would be offered as one year contracts extendable for an additional year to a maximum of three years. Consideration will also be given to opportunities for City of Calgary employee secondments. The initiatives will commence immediately with resources and activities extending into 2018. Calgary Economic Development requests the ability to move allocated funds to address the needs of our rapidly changing economic environment.

Summary of Initiatives

Action	Investment	Timeline	Metrics
<p>Out of market and local Marketing Campaign to promote Calgary's opportunities and support local businesses</p> <p>Economic Strategy Alignment: Reinforcing existing action</p>	\$1,500,000	Short – mid term	<ul style="list-style-type: none"> • An improvement of national perceptions about Calgary • Increase in business and investment confidence. • Similar to the YYCisOPEN Flood campaign, encourage Calgarians to shop local and use local suppliers
<p>Calgary as a Global Talent Hub with WORKshift Worldwide to immediately deploy workers</p> <p>Economic Strategy Alignment: Revising existing action</p>	\$500,000	Short term	<ul style="list-style-type: none"> • 20 companies engaged/attracted • 2000 direct/indirect jobs • Decrease or hold in unemployment • Downtown vacancy 15%
<p>Attract new investment to Calgary's Downtown core through a Head Office/Real Estate Action Plan</p> <p>Economic Strategy Alignment: New action</p>	\$750,000	Short – mid term	<ul style="list-style-type: none"> • 10 companies engaged/attracted • 20 local expansions • 500 direct/indirect jobs • 500 leads • Downtown vacancy 15%
<p>Accelerate Diversification in top-sectors including Logistics, Film & Creative Industries Agribusiness, and Renewables</p> <p>Economic Strategy Alignment: Accelerating existing actions</p>	\$3,925,000	Short – mid term	<p>Distribution Centre & Inland Port</p> <ul style="list-style-type: none"> • 20 companies engaged/attracted • 15 local expansions • 3000 direct/indirect jobs • Canada's busiest Inland Port within 2 years • 1000 attraction leads • \$75 million in capital investment • 2MFt² industrial development <p>Film and Creative Industries</p> <ul style="list-style-type: none"> • 3 companies engaged/attracted • 5 local expansions • 500 direct/indirect jobs • 30% increase in television, film and digital media production <p>Renewables</p> <ul style="list-style-type: none"> • 10 companies engaged/attracted • 20 local expansions • 500 direct/indirect jobs • 500 trade & investment leads <p>Agribusiness</p> <ul style="list-style-type: none"> • 10 companies engaged/attracted • 15 local expansions • 500 direct/indirect jobs • 300 trade & investment leads
Total Request	\$6,675,000		<ul style="list-style-type: none"> • 83 companies engaged/attracted • 95 local expansions • 7300 direct/indirect jobs • Downtown vacancy 15% • 2,500,000 ft² space absorbed

Summary by Category

Category	Totals	Ratio
Research	\$ 500,000	7.5%
Lead Generation	\$ 425,000	6.5%
Business Development	\$ 1,075,000	16%
BPOTE Out of Market Campaign \$1,000,000		
BPOTE Local Campaign \$500,000		
Marketing components of Accelerating Diversification		
Advertising (key publications and geo-targeted) \$950,000		
Social Media and Public Relations \$190,000		
Collateral \$95,000		
Events in Calgary and out of market \$380,000		
Digital, media and content creation \$285,000		
	\$ 3,400,000	51%
Contract Personnel	\$ 1,125,000	17%
Other (programming, operating costs, benchmarking)	\$ 150,000	2%
Total	\$ 6,675,000	100%
Innovation	\$325,000	