

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

## Accelerating Innovation and Diversification - Calgary Economic Developments Priorities

Calgary is at a turning point. Unemployment has now reached 7 per cent with some forecasting it will go as high as a 12 per cent. With over 20,000 highly educated workers in the energy industry losing their jobs in 2015, Calgary's unemployment rate is now equal to 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 even be 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 has had two consecutive years of contracted GDP growth. 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.

A recent competitive study conducted by pWc for Calgary Economic Development indicated that Calgary has one of the most ethnical diverse, highly educated and youngest workforce compared to ten global cities. The asset of strong talent combined with affordable downtown office space, provides an opportunity for Calgary to take advantage of short-term counter cyclical opportunities, combat the negative media coverage of Calgary and Alberta, and advance diversification opportunities outlined within the Economic Strategy for Calgary. Calgary Economic Development will lead the effort to build on our strengths to generate jobs and fill downtown commercial space, change the narrative about opportunities in Calgary and Alberta, while accelerating diversification in the areas of logistics, renewables, agribusiness and innovation.

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 required to implement the resilience action plan and consideration will be given to opportunities for City employee secondments. The initiatives will commence immediately with resources and activities extend into 2018. The economic environment is changing rapidly. Calgary Economic Development requests the ability to move allocated funds to address the needs of this changing environment.

Action	Investment	Timeline	Metrics
Out of market and local <b>Marketing Campaign</b> to promote Calgary's opportunities and support local businesses	\$1,500,000	Short - mid term	<ul style="list-style-type: none"> <li>An improvement of national perceptions about Calgary</li> <li>Increase in business and investment confidence.</li> <li>Similar to the YYCisOPEN Flood campaign, encourage Calgarians to shop local and use local suppliers</li> </ul>
Calgary as a <b>Global Talent Hub</b> with WORKshift Worldwide to immediately deploy workers	\$500,000	Short	<ul style="list-style-type: none"> <li>20 companies engaged/attracted</li> <li>2000 direct/indirect jobs</li> <li>Decrease or hold in unemployment</li> <li>Downtown vacancy 15 per cent</li> </ul>
Attract new investment to Calgary's Downtown core through a <b>Head Office/Real Estate Action Plan</b>	\$750,000	Short - Medium	<ul style="list-style-type: none"> <li>10 companies engaged/attracted</li> <li>20 local expansions</li> <li>500 direct/indirect jobs</li> <li>500 leads</li> <li>Downtown vacancy 15 per cent</li> </ul>

<b>Accelerate Diversification</b> in top-sectors including Logistics, Film & Creative Industries, Agribusiness, and Renewables	\$3,925,000	Short-Medium	<p><b>Logistics</b></p> <ul style="list-style-type: none"> <li>• 20 companies engaged/attracted</li> <li>• 15 local expansions</li> <li>• 3000 direct/indirect jobs</li> <li>• Canada's busiest Inland Port within 2 years</li> <li>• 1000 attraction leads</li> <li>• \$75 million in capital investment</li> <li>• 2Mft<sup>2</sup> industrial development</li> </ul> <p><b>Film and Creative Industries</b></p> <ul style="list-style-type: none"> <li>• 3 companies engaged/attracted</li> <li>• 5 local expansions</li> <li>• 500 direct/indirect jobs</li> <li>• 30% increase in television, film and digital media production</li> </ul> <p><b>Renewables</b></p> <ul style="list-style-type: none"> <li>• 10 companies engaged/attracted</li> <li>• 20 local expansions</li> <li>• 500 direct/indirect jobs</li> <li>• 500 trade &amp; investment leads</li> </ul> <p><b>Agribusiness</b></p> <ul style="list-style-type: none"> <li>• 10 companies engaged/attracted</li> <li>• 15 local expansions</li> <li>• 500 direct/indirect jobs</li> <li>• 300 trade &amp; investment leads</li> </ul>
Build an <b>Innovation Movement</b>	\$325,000	Medium – Long	<ul style="list-style-type: none"> <li>• 10 companies engaged/attracted</li> <li>• 20 local expansions</li> <li>• 500 direct/indirect jobs</li> <li>• 50 innovation entrepreneurs</li> </ul>
<b>Total Request</b>	<b>\$7,000,000</b>		<ul style="list-style-type: none"> <li>• 83 companies engaged/attracted</li> <li>• 95 local expansions</li> <li>• 7300 direct/indirect jobs</li> <li>• Downtown vacancy 15 per cent</li> <li>• 2,500,000 ft<sup>2</sup> space absorbed</li> </ul>

## Be Part of the Energy campaign

### 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.

Be Part of the Energy 2.0 will focus more on promoting the counter cyclical opportunities for business and investment attraction to Calgary and continue to change perceptions of Calgary as an innovative, entrepreneurial and creative city – and more than just an oil and gas town. The 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.

**Budget and Activities**

<b>National Campaign</b>	
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>
<b>Local Awareness Campaign</b>	
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>
<b>Total Funding Request</b>	<b>\$1,500,000</b>

**WORKshift Worldwide – Calgary’s Global Talent Hub**

**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.

**Budget and Activities**

Research	\$100,000
Lead Generation	\$50,000
Business Development Activities (Missions and Events)	\$50,000
Marketing	\$300,000
<b>Total Funding Request</b>	<b>\$500,000</b>

**Head Office/Real Estate Action Plan**

**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 ft<sup>2</sup> coming online in the next two 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.

**Budget and Activities**

Research	\$50,000
Lead Generation	\$75,000
Business Development Activities (Missions and Events)	\$125,000
Marketing	\$125,000
Contracted Business Development Manager	\$375,000
<b>Total Funding Request</b>	<b>\$750,000</b>

**Accelerate Diversification**

**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 market. 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

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.

### Budget and Activities

Research	\$200,000
Lead Generation	\$200,000
Business Development Activities (missions and events)	\$500,000
Marketing	\$1,100,000
Contracted Business Development Manager	\$375,000
<b>Total Funding Request</b>	<b>\$2,375,000</b>

## Rationale - Develop a Talent Pipeline for the Creative Industries

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.

### Budget and Activities

Program Development	\$25,000
Operating Costs	\$125,000
Business Development Activities (missions and events)	\$100,000
Marketing	\$125,000
<b>Total Funding Request</b>	<b>\$375,000</b>

## Rationale - Agribusiness Action Plan

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 actively pursue business expansion, retention, trade and investment attraction opportunities to grow the agribusiness supports purposeful economic diversification.

### Budget and Activities

Research	\$100,000
Lead Generation	\$50,000
Business Development Activities	\$150,000
Marketing	\$100,000
Contracted Business Development Manager (2 years)	\$375,000
<b>Total Funding Request</b>	<b>\$775,000</b>

## Rationale - Renewable Energy

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.

### Budget and Activities

Research	\$50,000
Lead Generation	\$50,000
Business Development Activities	\$150,000
Marketing	\$150,000
<b>Total Funding Request</b>	<b>\$400,000</b>

## Building an Innovation Movement

### Description

Calgary has an opportunity to emerge from this downturn as a centre of innovation comparable to those such as Tel Aviv, Austin, Boulder, Boston and Manchester. It means innovation has to be embraced in everything we do from business and education techniques, to building and development, to the creation of technology. Calgary Economic Development will benchmark these leading cities and provide City of Calgary and the Government of Alberta with recommendations on how develop *policies*, evolve and enhance *programs*, create *places* and attract and retain *people* to showcase Calgary's innovations and innovators to the world.

### Rationale

In many ways, Calgary is an innovative city. However, Calgary is not recognized as an innovation centre. All major Canadian cities have been criticized on the global stage as lacking innovation. Although Calgary has a highly educated labour force and innovation happens in pockets throughout the city, the effort is not co-ordinated nor is there a city-wide commitment to embrace innovation. Calgary has existing infrastructure and agencies to build from: Innovate Calgary, 7 post-secondary institutions (many with innovation programs), cSpace, etc. It is up to Calgary Economic Development, with support from civic partners and the City of Calgary to enable an innovation movement that should be government supported but innovator and entrepreneur lead.

### Budget and Activities

Research	\$200,000
Study Tours	\$125,000
<b>Total Funding Request</b>	<b>\$325,000</b>

### Summary by Category

Category	Totals	Ratio
Research	\$ 700,000	10%
Lead Generation	\$ 425,000	6%
Business Development	\$ 1,075,000	15%
Marketing	\$ 3,400,000	49%
Contract Personnel	\$ 1,125,000	16%
Other (programming, operating costs, benchmarking)	\$ 275,000	4%
<b>Total</b>	<b>\$ 7,000,000</b>	<b>100%</b>

### Risks

Each year Calgary Economic Development solicits up to \$2.5 million of private sector funding to primarily support our marketing and inbound investment event efforts in telling Calgary's story. Calgary Economic Development is the only civic agency that promotes the full spectrum of the business, investment and job opportunities in Calgary across Canada and in key markets around the globe. As our private sector partners face declining revenues and are forced to lay off thousands of their own employees, it becomes increasingly difficult for them to continue their support to us. As a result, there is considerable risk we will not receive our targeted revenues from the private sector in 2016. This will hamper our results to conduct the marketing and business development campaigns that Calgary needs more than ever before, leading us to request additional support from the City of Calgary. Given the rapidly changing of the current economic condition, Calgary Economic Development needs to have the flexibility to reallocate funds based on emerging need, including potentially backfilling the loss of private sector funding.