

## **10 YEAR ECONOMIC STRATEGY UPDATE**

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### **EXECUTIVE SUMMARY**

This report provides an update on the implementation of Building on our Energy: An Economic Strategy for Calgary approved by Council on 2014 November 03. Over the past year, significant progress has been made with 61 per cent of tactics across all 32 actions in the Strategy underway as of 2016 Quarter 03. Based on feedback from stakeholders, Calgary Economic Development has made minor adjustments to the Strategy's priorities and actions to address Calgary's challenging economic environment.

### **ADMINISTRATION RECOMMENDATION(S)**

That the Priorities and Finance Committee recommends that Council:

1. Receive for information; and
2. Direct Calgary Economic Development Ltd. to provide an annual report on Building on our Energy: an Economic Strategy for Calgary to the Priorities and Finance Committee no later than May each year, commencing 2016 May.

### **PREVIOUS COUNCIL DIRECTION / POLICY**

On 2012 December 18, the Priorities and Finance Committee approved the Economic Strategy for Calgary Update (PFC2012-084) and directed Administration to continue collaborative work on a refresh of the Economic Strategy for Calgary over the course of 2013. Calgary Economic Development was directed to report back to the Priorities and Finance Committee by 2013 December.

On 2014 January 13, Council approved PFC2013-0813 after amendment, receiving the report for information, filing administration recommendation 2 and directing Calgary Economic Development to return to the Priorities and Finance Committee in 2014 March with a development strategy work plan.

On 2014 April 14, Council approved the Update to the 10-Year Economic Strategy for Calgary (PFC2014-0137) directing Calgary Economic Development Ltd. to report back to Council through the Priorities and Finance Committee with the Update to 10-year Economic Strategy for Calgary and Implementation Plan no later than 2014 July.

On 2014 July 28, Council approved the Update to the 10-Year Economic Strategy for Calgary – Deferral Report (PFC2014-0574).

On 2014 September 02, the Priorities and Finance Committee approved, after amendment, the recommendation to: 1. Accept the report Building on our Energy: an Economic Strategy for Calgary and implementation plan in Attachment 1, in principle; and 2. Request that Calgary Economic Development, return through the Priorities and Finance Committee, no later than 2014 October 14, with a final version reflecting the discussion at the 2014 September 02 Priorities and Finance Committee meeting (PFC2014-0609).

On 2014 November 03, Council adopted Building on our Energy: an Economic Strategy for Calgary including implementation plan, and directed Calgary Economic Development Ltd. to provide an annual report on the Strategy to the Priorities and Finance Committee no later than December, commencing 2015 December (PFC2014-0809).

## 10 YEAR ECONOMIC STRATEGY UPDATE

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### BACKGROUND

Building on our Energy: an Economic Strategy for Calgary (the Strategy) is a collaborative initiative that aligns with The City's existing strategies and draws on the energy of Calgary's global connections, entrepreneurs, innovators, communities and people to focus on economic development in Calgary. Implementation is built on engaging and collaborating with organizations across Calgary. Each of the Strategy's 32 actions is assigned to a lead organization with other stakeholders identified as providing support. Calgary Economic Development is leading or co-leading 16 actions. Representatives from another 27 lead organizations sit on a Leadership and Implementation Team that provide advice and guidance

Successful implementation of the Strategy and its 32 actions is being measured at two levels - progress on community wide core indicators and individual actions.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Strategy is a living document and feedback from the Strategy's lead organizations and stakeholders over the past year has been used to evaluate progress, challenges, and priorities, and to make minor adjustments to the Strategy's priorities and actions.

As economic conditions began to change at the end of 2014, feedback from the Leadership Team identified the need to strengthen collaboration, shift selected actions to priority level, increase engagement with both the private sector and post-secondary institutions, and increase outreach to the provincial government. They reinforced that Calgary Economic Development should stay the course on the Strategy's core focus and that the actions in the Strategy were even more important in the current economic environment.

In response, Calgary Economic Development adjusted the Strategy slightly. For example, in 2015 private sector roundtables for the Alberta Budget and royalty review were added to increase engagement of the private sector and provincial government. To capitalize on the strength of Alberta's agriculture and bio industry, Calgary Economic Development added the following action with seven supporting tactics under Entrepreneurial Energy: *Support opportunities emerging from agriculture and bio industry in support of a healthy regional economy*. Looking ahead, Calgary Economic Development will continue to monitor Calgary's economic conditions, consult with stakeholders, and adjust the Strategy as needed.

### Stakeholder Engagement, Research and Communication

#### **2015 Highlights and Accomplishments**

Over 60 per cent of tactics from across all 32 actions in Strategy are underway as of Q3 2015 (Attachment 1). The following section highlights key achievements and activities in each of the Strategy's areas of focus.

#### Global Energy

Q3 2015 - 60% of Global Energy tactics commenced.

Hosting and participating on trade missions in 2015 were key activities to help strengthen Calgary's international trade relationships. In 2015, Calgary Economic Development participated in three trade missions - two with the Consider Canada City Alliance to China and Europe, and

## **10 YEAR ECONOMIC STRATEGY UPDATE**

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one to China with Nexen. Calgary Economic Development also participated in the World Energy Cities Partnership in Brazil and increased the number of inbound trade missions they hosted, from 16 in 2014 to 21 in 2015.

In 2015, Calgary Economic Development, together with The City of Calgary supported the Climate Change Review process and the economic opportunities that would arise in striving for a low carbon future.

Looking ahead, Calgary Economic Development is increasing its outreach to the Government of Alberta's new Ministry of Economic Development and Trade to find new ways of working together on international trade.

### Entrepreneurial Energy

Q3 2015 - 60% of Entrepreneurial Energy tactics had been initiated.

The transportation and logistics sector continued to drive job growth in 2015. To build on this sector's strength, Calgary Economic Development and the Calgary Regional Partnership worked with other stakeholders to secure Foreign Trade Zone and Inland Port designations for Calgary. A number of organizations, industry associations and the private sector will continue to use these designations to market Calgary and grow the transportation and logistics sector.

Efforts to grow Calgary's tourism industry continued with Tourism Calgary launching a three year corporate strategy that will help energize the Calgary brand. Early in 2016, Tourism Calgary will develop a Destination Strategy to build on Calgary's role as a regional destination, gateway to the mountains, and business centre. In 2016, Tourism Calgary will also partner with Calgary Arts Development Authority and the National Music Centre to celebrate the Year of Music.

Diversifying Calgary's economy is an important element of the Strategy and in 2015, Calgary Economic Development launched new initiatives aimed at building Calgary's agriculture sector including an Agriculture Business Advisory Committee. In 2016, Calgary's creative industries will have new resources to draw business to Calgary with the opening of the Calgary Film Centre.

### Innovative Energy

Q3 2015 - 60% of Innovative Energy tactics started.

Innovate Calgary led a number of initiatives in 2015 aimed at strengthening Calgary's ability to innovate. Working with Calgary Economic Development, they launched Kinetica, an energy technology accelerator, and AlbertaIN, a collaboration of 75 service providers establishing a one-stop shop for entrepreneurs seeking start-up support. They also introduced the Alberta Venture Mentoring Service that has already matched 12 start-up companies with mentoring companies.

On the community side, exploration into opportunities to launch locally-based social enterprises continues and efforts to secure provincial funding for this work may develop. Efforts to engage

## **10 YEAR ECONOMIC STRATEGY UPDATE**

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students included an Innovate Calgary program that brought their clients and engineering students together to work on projects, and entrepreneurial programming for students at the University of Calgary.

In 2016, new opportunities are expected as the Provincial and Federal governments focus on new innovation and commercialization programs as tools to diversify and strengthen the economy. Provincially, the Alberta Investment Management Corporation has been directed to invest \$500 million in technology companies.

### People Energy

Q3 2015 - 40% of People Energy Tactics commenced.

The economic downturn focused new attention on the need to retain and create jobs and provide the training Calgarians need to find meaningful work. In 2015, implementation focused on outreach to Calgary's post-secondary institutions, industry association, private sector and government to support, enhance and launch programs. Calgary Economic Development hosted webinars covering best practices in retaining workers and launched the connector program, a program designed to build networks for new Canadians, Aboriginal People and youth. Organizations from across the community also continued implementation of the Enough for All strategy.

With changes at both the provincial and federal government levels in 2015, progress in this area was less than others in the Strategy. In 2016 as both levels of government focus their attention on programs and services to support Alberta's employers and labour force, it is anticipated there will be more activity in this area.

### Community Energy

Q3 2015 - 80% of community energy tactics started.

Efforts to foster more compact growth, efficient use of land, complete communities and transit oriented developments continued with the Mainstreets project, discussions with developers and the completion of Calgary's Pedestrian Strategy. A new planning system being launched will add an "explore" phase, providing opportunities for proactive discussions with Administration about potential development related issues before applying for a development permit. Calgary Economic Development brought key stakeholders together to discuss the potential for the CalgaryNEXT development in the West Village and explored a number of possible development scenarios that will impact the centre city. Calgary Economic Development has restructured the organization to focus on downtown office space.

In 2016, Calgary Arts Development Authority will launch SpaceFinder, a tool to help artists find and book art space. This new resource will support cultural vibrancy in communities across Calgary. Efforts to increase opportunities for recreation and sport included the development of a Playfield Strategy, monitoring the use of Fair Calgary for recreation opportunities, and continued development of recreation amenities.

## 10 YEAR ECONOMIC STRATEGY UPDATE

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### Collaborative Energy

Q3 2015 - 60% of tactics underway, 30% completed.

As economic conditions began to change in 2015, feedback from the Leadership Team identified the need to strengthen collaboration, shift selected actions to priority level, increase engagement with both the private sector and post-secondary institutions, and increase outreach to the Provincial government.

Implementation of the Strategy in 2015 demonstrated the value of collaborative action. The 27 stakeholders that sit on the Leadership and Implementation Team gathered twice in 2015 and Calgary Economic Development staff and Board held over 100 meetings with Board and staff from these stakeholder organizations. Members of the Leadership Team have reached out to hundreds of stakeholders to implement actions.

Increased engagement of the private sector is one of Calgary Economic Development's priorities for 2016, including the identification of private sector ambassadors to increase private sector involvement.

### ***Measuring Success***

The Strategy includes a broad range of metrics that assess community, wellness, labour force participation and employment of marginalized groups, and community perceptions. Core indicators measure long term trends related to Calgary's sense of community, sustainable development, and shared prosperity. Supplementary indicators are shorter term measures used to assess progress on the Strategy's individual actions.

By 2015 Quarter 03, many core indicators had declined slightly or remained the same as 2014 (Attachment 02). Core indicator data suggest that the economic slowdown is affecting not only employment, incomes, and Calgarians' ability to earn a living, but may also be affecting their perception of the quality of life in Calgary. While Calgary Economic Development and the Strategy's Leadership Team are seeking ways to adjust the Strategy's actions to affect positive change in the short term, it is anticipated that the macro-economic conditions will continue to have a significant impact on Calgary's economy.

The supplementary indicators selected for each action are population level measures identified in collaboration with lead organizations and other stakeholders (Attachment 03). Data collected during this initial year of implementation provides a baseline that will be used to measure progress as implementation continues. Selected indicators in the areas of Global, Entrepreneurial, People and Community energy have been collected to this point. While there is limited data collected in the area of Innovative Energy, Innovate Calgary (Calgary Technologies Inc.) will focus on developing common indicators in 2016 that can be used to measure progress across the organization. In 2016, Calgary Economic Development will also work with the Leadership Team to evaluate all supplementary indicators to select those that are most meaningful and have high quality, timely data.

Attachment 03 also captures the opportunities, activities, and challenges related to the Strategy's actions. Activities are underway in all areas of focus and while there are a number of

## **10 YEAR ECONOMIC STRATEGY UPDATE**

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challenges that can be overcome through changes in approach, many are connected to the changing economic conditions in Calgary and need to be monitored.

### ***Annual Reporting***

In 2014 October, Council directed Calgary Economic Development to report to the Priorities and Finance Committee no later than December each year, starting in 2015. With Calgary Economic Development's Annual Report to the Community and Annual Report to the Standing Policy Committee on Community and Protective Services in the spring of each year, Administration recommends that to streamline reporting, Council direct Calgary Economic Development to provide updates to the Priorities and Finance Committee no later than May each year, starting 2016 May.

### **Stakeholder Engagement, Research and Communication**

Initial engagement for the development of the Strategy included outreach to 490 stakeholders. The 26 stakeholders sit on the Leadership and Implementation Team and throughout 2015 they reached out to hundreds of stakeholders to implement actions. Calgary Economic Development is designing a strategy for its 11 advisory committees and will connect each committee's work directly to the Strategy and Calgary Economic Development's new three-year Corporate Strategy.

All of Calgary Economic Development's external communication connected to the Strategy including media interviews, blogs and social media. In 2015, 28 articles with 2,000,000 viewers were written that reference the Strategy.

### **Strategic Alignment**

The Economic Strategy closely aligns with Action Plan 2015-2018, the Municipal Development Plan, Corporate Industrial Land Strategy, imagineCALGARY, Centre City Plan, and Enough for All (The Calgary Poverty Reduction Initiative).

Calgary Economic Development is a member of The City's Resiliency Team which provides an ongoing opportunity to align their work with City programs and initiatives related to economic development. Calgary Economic Development also participates on the Implementation Leadership Council for the Calgary Poverty Reduction Strategy and the Stewardship Group for imagineCALGARY to ensure continued alignment throughout the implementation of the Economic Strategy.

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

The Strategy is a key method of delivering on the following Council Strategies in Action Plan 2015-2018:

- 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.
- P2. Advance purposeful economic diversification and growth.
- P3. Support civic, business and community partners, as well as business revitalization zones to collaborate and attract local and global investment.

## 10 YEAR ECONOMIC STRATEGY UPDATE

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### Financial Capacity

#### Current and Future Operating Budget:

Funding for implementation of the Strategy is included in Action Plan 2015-2018.

#### Current and Future Capital Budget:

There are no impacts regarding this request.

### Risk Assessment

Many of the risks identified in PFC2014-0809 including lack of leadership, continuity, and accountability are mitigated by the Strategy's design and collaborative implementation approach.

While adopting a collaborative model for implementation is a valuable approach, it increases risk as it requires organizations from across the community to invest time and resources for the Strategy to be a success. To mitigate this risk, Calgary Economic Development continues to monitor implementation of the Strategy to assess if further changes to the model are required and to assess if changing economic conditions or other factors are affecting the ability of lead organizations to implement actions.

A consideration is that progress of the Strategy's implementation is constrained by levels of resourcing allocated to this work.

### REASON(S) FOR RECOMMENDATION(S):

Continued collaborative implementation of the Building on our Energy: an Economic Strategy for Calgary will help strengthen Calgary's trade and investment, foster purposeful diversification, channel innovation and creativity, support the development of strong communities, and reinforce that every citizen should benefit in the region's prosperity.

### ATTACHMENT(S)

1. Q3 2015 Community Progress Report
2. Q3 Core Indicator Update
3. Q3 Supplementary Indicator Update