

Civic Partners Annual Report- Calgary TELUS Convention Centre
(Calgary Convention Centre Authority)

- 1. Organization Name: Calgary TELUS Convention Centre**
- 2. Fiscal Year: 2015**
- 3. Latest Annual Report available and web address: 2015/16 Fiscal Year**
www.calgary-convention.com

4. Current Vision, Mission and Mandate.

To manage, market and operate the Calgary TELUS Convention Centre in an efficient and market-competitive manner in order to maximize overall economic benefits to the city of Calgary while maintaining financial performance within an acceptable range.

GOVERNANCE

5. Identify any Board or senior management positions that will be vacant in 2016. Describe succession plans that are in place.

There are no Board vacancies expected in 2016. The Board is currently constituted as follows:

Tom Bornhorst – Chair
 Leslie Weekes – Vice Chair
 Darren Demchuk – Audit + Finance Committee Chair
 Levonne Louie – Governance + Human Resources Chair
 Georgine Ulmer
 Wellington Holbrook – term begins April 4, 2016
 Gillian Basford – term begins April 4, 2016
 Greg Yont – term begins April 4, 2016
 Mayor Naheed Nenshi
 Diane Colley Urquhart – Member of City Council
 Kurt Hanson – General Manager or designate

For the Board, the CCCA has a robust recruiting and vetting process approved by Council in 2015 which utilizes an external executive search firm to provide advice and guidance throughout the recruitment process. City Council approved the selection of 3 new Board members in March 2016.

With regard to senior management a new succession plan for the General Manager position was approved by the Board in November 2015. In 2016, the Board will be focused on recruiting a new General Manager for the Convention Centre, utilizing an executive Search firm. This new General Manager is expected to be in place by September.

For other senior management the following applies; 1.Key positions are identified; 2.Knowledge and skill sets are identified; 3.Potential candidates are recognized through ongoing performance management processes; 4.Training & development, cross training, mentoring, vertical and horizontal job changes are provided on an ongoing basis; 5. External recruiting is done if required. Employees are encouraged to discuss career goals with supervisors and the HR Director. While effort is made to assist employees to move into positions in which they have expressed interest, there is still an expectation that the individual, within reason, be prepared for the new role. Outside recruitment is also valued as a means of ensuring that new ideas and processes are introduced.

6. Describe any structural changes to your organization's governance model in the past year.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2013 November 18, at a Combined Meeting of Council, Council approved a series of Audit Committee recommendations contained in report 'AC2013-0654 Calgary Convention Centre Authority Governance Framework Audit.' Recommendations included:

1. That Council improve the governance framework between Council and the Authority by directing Administration to work with the Authority to: a) Establish and clearly define accountabilities with respect to specific outcomes, and roles and responsibilities. The ten principles outlined in the Framework of Principles for Governance Relationships with the City's wholly owned subsidiaries and current governance initiatives such as the Corporate Secretariat (e.g. model documents) should be considered; and b) Update the Operating Agreement accordingly;
2. Council direct Administration to improve the effectiveness of Council's oversight of the Authority by working with the Authority to: a) Review current reporting processes that support Council's oversight taking into account the observations in this report; b) Determine the appropriate process/processes for the Authority; c) Ensure that reporting processes include performance requirements, actual performance against goals, and information on the stewardship of The City's assets; and d) Consider streamlining reporting processes by excluding the Authority from Civic Partner reporting and continuing to report annually to Audit Committee; and
3. Council direct Administration to work with the Authority to improve board recruiting and vetting by obtaining Council approval to remove Authority vacancies from the Boards, Commissions and Committees advertisement and the regular appointment process of Council's Organizational Meeting and develop a robust recruiting and vetting process to bring forward candidates to Council.

In 2015 October, the Authority adopted a strategic candidate recruitment process to strengthen its governance model and ensure members have the experience and skills needed to guide the organization through a complex operating environment. On November 12, 2015, the Calgary Convention Centre Authority, through its Governance and Human Resources Committee, retained Conroy Ross to provide advice and guidance on the recruitment for 3 new board directors. There were 114 applications received and 22 pre-qualified candidates were interviewed, resulting in three highly skilled and experienced individuals being presented to Council for approval.

7. Summarize any activities in 2015 that increased your Board's knowledge and awareness about industry trends, impact of changing economic conditions, risks faced by the organization, or other information needed to make informed decisions.

General Manager Presentations
 Quarterly Business Plan Updates
 Sales Activities Updates
 Financial Statement Reporting including variance analysis
 Board Retreat
 Three Global experts in the meetings and convention sector were brought to Calgary to make presentations to the Board and staff on the latest trends in the sector
 Board and staff participation in on-going economic development strategic planning sessions

RISK MANAGEMENT

8. Describe the processes and structures your organization uses to identify and manage operational and strategic risks.

The Calgary TELUS Convention Centre continues the practice of safeguarding its assets by identifying the risks to which they are exposed. As risk management facilitators, the CTCC risk management team is responsible for overseeing the Centre's risk management plan and ensuring ongoing review of risks and submitting updates as needed. It also assists business units in business continuity planning to ensure that key CTCC services are maintained during major interruptions. *Corporate Policy CP-004* is the guiding document that affirms CTCC's

commitment to risk management. (On September 11, 2013 the risk management report was deferred to 2014 upon full complement of board membership. On June 11th, 2014 the Risk management report was approved for information only.)

The Risk Management Team is tasked with ensuring that:

- major risks faced by the CTCC are identified, prioritized, understood, and appropriately managed;
- risk management is integrated into CTCC's strategic business plan and consistently applied to the development and implementation of new systems, policies and future plans of the CTCC;
- the process includes CTCC-wide awareness of areas where risk management is needed;
- an environment exists where all CTCC staff assume responsibility for identifying and managing risk within their area with requisite management oversight and control;
- risk management awareness is included in orientation briefings for new staff and;
- management of risks is built into contracts, where applicable.

These objectives remain ongoing and are integral to a successful risk management program within the organization. All CTCC employees and its contractors are expected to contribute to minimizing risk, and it is the responsibility of directors and managers to promote risk awareness among their staff. They are to ensure that risk management controls and processes are included in the day-to-day operations and projects and shall, where applicable, identify any new risks.

Strategic risks are discussed on a regular basis at the board and committee meetings.

The CTCC has a strong financial control environment which is based on appropriate risk assessment, and policies and procedures which provide a system of formal controls (i.e. purchasing, investment, expense claim reimbursement policies, and signing authority). There is ongoing monitoring of the business plan and budget. Financial statements are produced on a monthly basis and reviewed by the Chair of the Audit & Finance Committee. Quarterly financial statements are reviewed by the Audit & Finance Committee and the full Board. Financial statements are disbursed to the management team on a monthly basis, and are discussed at the regular management meetings. The accounting team lead has a professional designation. The team is well trained and all members have been cross trained in all functions. There is appropriate segregation of duties.

9. What are your organization's top 3-5 strategic risks? For example, financial, governance, business risks, liability, talent management, reputation, or risks related to economic conditions.

Deferred Maintenance:

The Calgary TELUS Convention Centre's south building was built in 1975 and the north building in 2000 at which time some of the south building was updated as well. The buildings have been well maintained over the years by the Calgary Convention Centre Authority. The asset detail report commissioned by the City of Calgary and prepared by VFA in 2014 shows that the deferred maintenance in the facility is .40 for the south building and .19 for the north building. Some of the critical projects identified at the time have been since undertaken. However, there are items outstanding that are identified as currently and potentially critical. If these are not addressed, operating costs will continue to rise and the CTCC will be unable provide a quality product to its customers. Failure to keep up with the required maintenance will result in a less competitive product leading to fewer bookings and less revenue. This is a business reputation and financial risk.

Decline of Economy:

The current economic situation resulted in significant loss of bookings in 2015 and is projected to continue in 2016. The CTCC has a mitigation strategy in place that focuses on medium and smaller pieces of business. Internationally we will continue to pursue this market segment as these groups tend to have a higher spend which has a direct impact on the facility and within the city as delegates tend to stay at a destination for pre and post days.

Locally due to the current economic situation we have seen bookings decline. In 2014 we had a total of 572 events (International 3, Local 542, National 15, Provincial 15, US 2). In 2015 our total number of events was 458 (International 3, Local 420, National 21, Provincial 11, US 3).

Competitive Positioning of Facility:

Our competitiveness in the market has declined for the larger convention business. We must aggressively target other segments while still maintaining a presence in our key markets.

2015 YEAR IN REVIEW

10. What accomplishments in 2015 contributed to Action Plan's goals of building a prosperous economy, inspiring neighbourhoods, and a healthy and green city?

Prosperous Economy:

The Calgary TELUS Convention Centre is an economic driver for Calgary. Convention business promotes significant financial boosts to numerous downtown and city wide businesses including hotels, restaurants, transportation, retailers, attractions and post secondary educational institutions. The success of international conventions in Calgary brings a direct economic benefit of \$329 CDN per day for every non-resident attendee in attendance. Through our partnerships with Tourism Calgary, Travel Alberta, Meetings and Conventions Calgary, The Calgary Stampede, The Calgary Downtown Association and Calgary Economic Development, the Calgary TELUS Convention Centre is working hard to promote synergies and resources for the benefit of improving Calgary's image and reputation as a quality convention city. Research has proven that convention attendees can promote future city investment, encourage leisure travel and foster repeat business, further improving economic success.

Another economic development initiative is our Calgary Champion program (Ambassador program). We work with educational institutions, like the University of Calgary, local businesses and international associations to bring conventions to the city.

An example of our program is the International Society for Prevention of Child Abuse and Neglect (ISPCAN). The CTCC worked with the Faculty of Social Work at the University of Calgary for over 7 years to bring the convention to Calgary. A key selling point in winning the bid was the fact that the city is known worldwide for innovation in the social work world. Over 1,500 delegates will attend the convention in August. The Faculty of Social Work is confident the event will be so successful that they plan to bid for another congress for 2020.

To date we have 51 potential Ambassadors in the pipeline. In 2014 there were 4 Champions recognized for conventions that have taken place and in 2015 there were 2. Recognition involves a dinner, award and name installed on our Wall of Champions.

Healthy & Green City:

Reducing energy use and climate change impacts:

- Completion of lighting retrofits
- Renovation of south building washrooms (reduce consumption of energy, water, sewage with efficient retrofits)
- Identified operating savings in lighting, power, air
- Exploration of a waste management system to divert food waste from the landfills

All the above initiatives will result in energy efficiencies and reducing the carbon footprint

Inspiring Neighbourhoods:

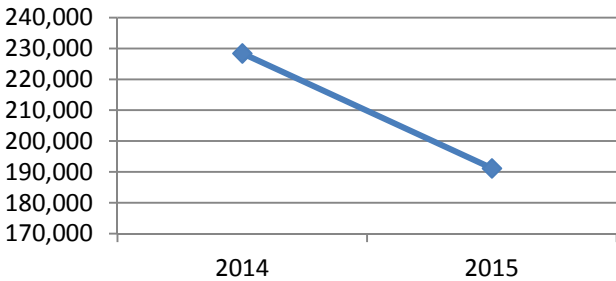
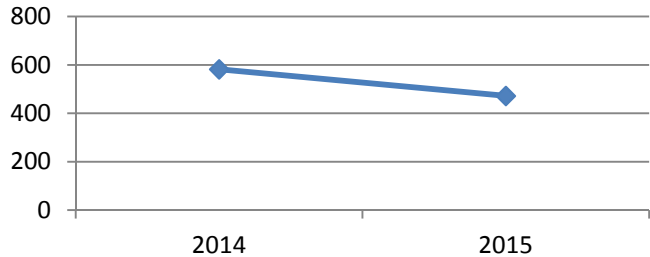
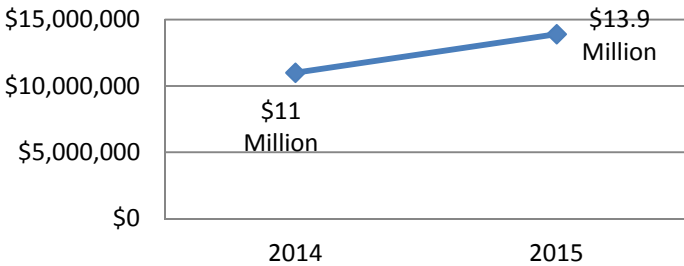

Inclusive, safe, cultural, active, strong neighborhoods:

- The CTCC is a great venue for education, networking and attracting new business/academic/research visitors
- Silver Action Calgary partner with Calgary Economic Development
- Title partner of Soul of the City
- Safety: Liaison with police department to ensure safety in/around premises
- Cultural: Host/sponsor of annual First Flip breakfast on Stephen Avenue during Stampede and various cultural / social events throughout the year in partnership with various key stakeholders
- Active: Outdoor yoga sessions, running/walking groups

A new initiative through the utilization of our digital signage was implemented in collaboration with other cultural entities (Glenbow Museum, Calgary Philharmonic Orchestra) to promote and advertise their programs. This partnership has shown tremendous benefit to all parties as it encourages the use of our signage for community projects and leverages our client base in improving the success of partner activities.

11. Using your organization's existing performance measurement data, please provide selected 2015 performance measures that describe how much you did, how well you did it, and how Calgarians are better off. If needed, provide a brief description why these measures are meaningful.

Performance measure highlights

How much did we do?	
Number of delegates 	Number of events 
Story behind the baseline The economic downturn has mostly affected the local business segment. There was a 16% drop in delegates compared to 2014 and 19% less events. Local business is scaling back, cancelling or changing their meeting/events formats. They are adapting to the changing economic times to maintain and grow business levels.	
How well did we do it?	
Economic impact 	Is anyone better off? Clients satisfaction 
Story behind the baseline With more US and delegates from outside Alberta, the direct economic impact for the city, based on non-Calgarians at a two day event, increased 21% from \$11 million to \$13.9 million. This increased revenue helped support local Calgary businesses.	
Story behind the baseline Almost all clients rated their experience as good or excellent. Quarterly client satisfaction surveys were initiated in 2015.	

Performance measure highlights

****Please note, the CTCC will focus on stronger evaluation in the future. The RBA is a new way of performance measurement for the facility and was not implemented in 2015.**

	Performance Measure	2014 results	2015 results	What story does this measure tell about your work? Why is it meaningful?
	Number of events	582	472	Facility utilization; enhanced reputation for the city; Community Hub
	Number of delegates	228,423 (213,639 local)	191,192 (170,431 local)	People spending in, and gaining exposure to Calgary; making connections; Calgary-based innovations showcased
	Economic impact Based on non-Calgarians at event for 2 days)	11M	13.9M (higher National + US delegates)	Direct economic impact for the city. Increased revenue for Calgary businesses, helping to drive growth
	Number of full time equivalents	100	94	Providing employment for Calgarians; personal service for clients
	Quarterly Client Satisfaction Surveys	N/A started 2015	93% overall experience (good/excellent)	City reputation enhanced; experience leaves good impression with visitors

CAPITAL REPORTING

12. Provide a summary of your organization's 2015 capital development, including specific lifecycle/maintenance projects.

Capital Expenditures to December 31, 2015	
Additions	December 31, 2015
CTCC South Building Washroom Finishes	\$ 641,027
N Bldg Kitchen Room Floor	9,856
Building - Misc	21,654
Security Equipment - Misc	31,650
Communication Equipment - Misc	18,156
Computers - Misc	2,574
Housekeeping Equipment - Misc	13,684
Office Equipment - Misc	2,101
Software - Misc	22,963
Total Additions	763,665

Glenbow Electrical Upgrades	144,213
TOTAL ADDITIONS CTCC & GLENBOW IN 2015	\$ 907,878
Funding	
Major Replacement Reserve	151,327
City of Calgary - MSI	144,213
City of Calgary - CPRiiPs	332,731
Operating Reserve	279,607

13. What funding was leveraged to support capital activities in 2015?

- Major Replacement Reserve
 - \$180,000 annual allocation from City Operating Grant
- Operating Reserves
 - Operating surpluses are transferred to the reserve fund
- City of Calgary
 - Based on availability of funds
 - Through CRiiPs

FINANCES

14. What resources were leveraged to support operational activities in 2015?

Resources are used to achieve earned revenues which provide the majority of the funds required to operate the Centre. Other funding is received to provide services to the Glenbow and to the retail spaces in the Centre, which supports labor efficiencies. The \$1.578,207M operating grant received from the City of Calgary helped to offset the cost of utilities in the facility.

The CTCC leverages resources to increase business potential by partnering with;

- Meetings & Conventions Calgary
- Calgary Hotel Association
- Calgary Economic Development
- Calgary Stampede
- Calgary Downtown Association
- Travel Alberta
- Energy Cities Alliance
- Destination Canada
- Professional Convention Management Association
- Meeting Professionals International

15. Do you anticipate any changes to plans and/or budget projections for 2016-2018?

The decline in the economy as a result of reduced oil prices has negatively impacted the centre's revenues in the short term. Expenses will be adjusted where and when possible.



16. What would be the operational impact if your grant(s) from The City were reduced?

For the past number of years, the CCCA's operating and major replacement reserves have been the main source of funding for capital expenditures. Projects granted under the CRiIP funding will only be completed if the Centre has sufficient funds to cover its share of the capital costs without jeopardizing operating cash flows. In light of the reduced earned revenue resulting from the economic downturn, it may be necessary to discuss increased operating and capital funding from the City.

17. Please describe the impact, if any, of the economic downturn on your organization's operations or revenues.

Most affected was the local business segment. There was a drop of 37,231 attendees in 2015 over 2014. Local business is scaling back, cancelling or changing their meeting/events formats. We will adapt to the changing economic times as necessary in order to maintain and grow business levels.

As we continue to move towards medium to small meetings and events, we are also jointly working with Meetings + Conventions Calgary to confirm city wide events. This is a Team Calgary approach and involves our other partners like the Calgary Stampede where we jointly work on proposals utilizing both venues. Also sales efforts are supported with Travel Alberta particularly in the US as they have in market sales representatives who provide direct leads.

LOOKING FORWARD

18. Based on your business plans for 2015-2018, what are your priorities and deliverables for 2016-2017?

The CTCC will continue to shift our business mix to the medium to small conventions. We will assess the potential of new revenue streams (digital screen opportunities).

With our partners we will support and participate in opportunities that benefit the city of Calgary. (ie: Calgary Economic Development 10 year strategy, Calgary Awareness Branding, Soul of the City.)

We have consistently provided support to local non profit organizations and will continue by providing a "charitable" rate (25% discount) to use the facility. This strengthens our community presence as a proactive business leader. In 2014 we assisted 5 major non profits and in 2015 we hosted 6 high end social events.

Our CTCC sales team will continue to aggressively secure groups in our key markets and research new opportunities in the SMERF market. While not typically the norm, we are seeing that with the SMERF (Social, Military, Educational, Religious, Fraternal) market there are opportunities to be explored.

Currently, we have 17 confirmed bookings for 2017 and 61 tentative. The tentatives include: International 1, Local 39, National 8, Provincial 9, US 4.

Through Meetings + Conventions Calgary we will continue to initiate sales and marketing efforts in our key markets with our partners Travel Alberta and Calgary Stampede. These include plans to strengthen our US presence with support from industry associations like MPI and PCMA.

Meetings and Conventions Calgary has produced 63,386 definite room nights for 2016 which is 189% above our annual pace target. So far for 2017, 28,597 definite room nights have been confirmed 139% ahead of pace, with 24,189 tentative room nights still in the sales funnel. Due to the fall off of business travel and subsequent deficiency in room bookings for the Calgary Hotel Association members, Meetings and Conventions Calgary is initiating participation, in partnership with Travel Alberta, in some new trade events in an attempt to generate short term room night leads.

Marketing efforts will shift to more content based initiatives, which have a larger reach, and will continue with showcasing the centre as a forum for intellectual knowledge transfer (Intellectual Capital).

We have opportunities to reduce operating costs through our environmental projects. The CTCC and Glenbow Museum have implemented major retrofits to the building ie: chillers, lighting, variable frequency drives. Our savings for utilities have been dramatic.

Utility (Electricity) Cost Savings CTCC & Glenbow Combined	2015	2014
Total Consumption Kwh	9,994,990	11,217,884
Reduction Kwh from average (7 year, 2007 to 2013)	(2,206,753)	(983,860)
Reduction %	-18%	-8%
Dollar Value of Reduction @ \$0.11/Kwh	(242,742.86)	(108,224.58)
Actual Electricity Expense	1,323,743	1,394,761

19. Are there any additional projects or initiatives in 2016-17 that may require further discussion or decisions by Council?

We will be asking Council and administration to convene all stakeholders in the city who are involved in providing conventions, trade shows, meetings and related services to have a robust discussion on what is required in this sector to ensure the future economic prosperity for Calgary as a whole. A truly focused convention centre looks at what is best for the community in terms of being both a hub for local events and an economic stimulator by attracting new investment into the community and thereby raising the tax base and reputation of the city. With over 40 years of successfully delivering on both of these mandate elements, we look forward to an inclusive conversation with Council, Administration and other external stakeholders on how that City's mandate and the community's needs continue to be met.

20. Identify any specific opportunities/projects that would directly stimulate the Calgary economy if supported by a strategic investment by The City.

The Calgary TELUS Convention Centre takes the position that it is a catalyst for both community gatherings and economic development and diversification. We are aligning ourselves with the City's strategic plan and Calgary Economic Development to determine the key industrial sectors we will assist in attracting to Calgary. Resources will be allocated to research, identify, and target key organizations in important markets for Calgary. The key objective of this strategy is to attract potential investors to Calgary in order to see firsthand the extraordinary capability that businesses and organizations have in terms of a "can-do" attitude, highly educated workforce, strong infrastructure, business and research focus, and best in class living environment.

The Centre also sees itself continuing as a hub for the community. The organization focuses on what is best for the city. Our goal is simple – to expand the economic prosperity and diversity of Calgary while ensuring that the people of Calgary have a gathering place that meets and exceeds their expectations for service. The convention centre will bring an investment plan forward to the City that asks for minor enhancements of the centre and funds to enhance marketing efforts in key national and international targeted sectors, which are in alignment with the City's and Calgary Economic Development's strategic plans.