

Civic Partner Annual Report 2015- Calgary Economic Development Ltd.

- 1. Organization Name: Calgary Economic Development**
- 2. Fiscal Year: 2015**
- 3. Latest Annual Report available and web address: 2015/16 Fiscal Year – still being drafted**
- 4. Current Vision, Mission and Mandate.**

Mission:

We collaborate to advance opportunities in achieving economic success, embracing shared prosperity and building a strong community for Calgary. - See more at:

<http://www.calgaryeconomicdevelopment.com/about#sthash.FaS2oalu.dpuf>

Mandate:

Calgary Economic Development works with business, government and community partners to position Calgary as the location of choice for the purpose of attracting business investment, fostering trade and growing Calgary's workforce. - See more at:

<http://www.calgaryeconomicdevelopment.com/about#sthash.FaS2oalu.dpuf>

GOVERNANCE

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

Corporate Governance & Effectiveness Committee leads the search for replacing new Board Members. It is encouraged that potential Board Members sit on one of our eight industry advisory committees in advance of sitting on the Board. Action Calgary corporate partners are the first audience to be approached for Board positions then the broader business community is approached. Two Board positions will become vacant at the 2016 AGM and will be filled prior to the AGM.

2015 was a year of transition for Calgary Economic Development senior management with a new President & CEO appointed in June, and an acting CFO in place throughout the year. The CFO position will be filled by Q2 2016. In addition the organization restructured creating two new Vice President positions to better meet the needs of the business community and reflect the priorities within the 10-year Economic Strategy for Calgary: *Building on our Energy*. These positions were filled by Managers within CED that have great depth in Economic Development.

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

In 2015 there were no changes to the structure of the governance model at Calgary Economic Development.

In 2009 a Board of Directors was established for the Calgary Film Centre (CFCL), a wholly owned subsidiary of Calgary Economic Development. There are currently four CED Board and management representatives on the CFCL Board and the CED Film Commissioner serves as the COO of the Calgary Film Centre. A General Manager has been recruited who will work with the COO through the transition period and will, over time, report directly to the CFCL Board of Directors. Moving forward, Calgary

Economic Development will have at least 2-3 representatives on the CFCL board.

Calgary Economic Development's Audit Committee is advised on any budget discrepancies immediately and brings the audited financials forward to the Board on an annual basis.

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.

Throughout 2015, Calgary Economic Development hosted events to raise awareness of industry trends, impact of changing economic conditions, risks faced and other information needed to make informed decisions. Board members are invited to the events and summaries of the events are often included in the Board meeting packages.

1. Awareness of Industry Trends:

- a. Advisory Committees – Calgary Economic Development has Advisory Committees for each of the key industries identified in the Economic Strategy for Calgary. Board members are invited to participate in these meetings.
- b. The CED Board Chair and Chair of the Economic Strategy Board Committee participate on the Economic Strategy Leadership and Implementation Team, gaining information first hand from other team members.
- c. Throughout the year, Board members are invited to participate in industry roundtables organized for members of the municipal, provincial and federal governments. The roundtables provide Board members with the opportunity to learn about industry trends from private sector stakeholders.

2. Changing Economic Conditions:

- a. The Chief Economist for RBC presented at the 2015 Board retreat providing an overview and forecast of the Canadian and Alberta economies.
- b. Signature events – Calgary Economic Development hosts our Report to the Community and Economic Outlook. Each event brings in keynote speakers and panel presenters to provide insight into the impact of changing economic conditions. The Governor of the Bank of Canada, Stephen Poloz, was the keynote speaker at 2015 Economic Outlook.
- c. News Headlines – Calgary Economic Development prepares daily news headlines that presents articles related to the goals of the Economic Strategy or mention Calgary Economic Development or our Action Calgary Partners. The News Headlines are shared with the Members of the Board.

3. Risks faced by the organization:

- a. Calgary Economic Development management has generated an Enterprise Risk Matrix that is reviewed by the Board Audit Committee and presented to the entire Board to increase understanding with respect to financial, reputational, safety and operational risks faced by the organization.
- b. Select Board members have participated in Institute of Corporate Directors courses

RISK MANAGEMENT

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

Identified risks and proposed mitigating strategies are identified by Senior Management and discussed with the Audit Committee before being presented to the Board of Directors. The information is collected in an Enterprise Risk Matrix (attached).

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.

Calgary Economic Development identifies risks in four broad categories:

1. Financial
2. Reputational & Relevance
3. Safety & Security
4. Sustainability & Operational

Within each category identified risks are assigned a low, medium or high probability of occurrence. The Enterprise Risk Matrix identifies one high risk item, six medium risk items and 13 low risk items. The matrix also assigns a low, medium or high potential impact to each identified risk. Using these categories results in the following strategic risks:

- Financial Risk: Reduction of revenue – medium probability with high potential impact.
- Financial Risk: Operating deficit – high probability with medium potential impact.
- Financial Risk: Calgary Film Centre – medium probability with high potential impact.
- Reputational Risk: Calgary Film Centre – medium probability with high potential impact.
- Sustainability & Operational Risk: Loss of key staff - medium probability with high potential impact.

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?

As an organization focused on prosperity, Calgary Economic Development's outcomes and impacts are aligned with Council's priorities. Accomplishments for 2015 include:

- First full year of implementation of Building on our Energy: a 10-year economic strategy for Calgary with activity underway or completed in three-quarters of the 32 specific actions.
- Conducted Benchmarking Calgary's Competitiveness study with Monitor Deloitte versus 11 global cities.
- WORKshift held a *Future of Work* conference in Calgary with 200 national participants.
- The Global Business Centre (GBC) celebrated its fifth year of operation. Over these first five years the GBC served as a landing pad for almost 40 companies, half of which established permanent offices in Calgary.
- Calgary Film Centre secured an anchor tenant, William F. White International, in advance of 2016 opening.
- Engaged more than 300 local businesses through surveys about the economy.
- Supported 24 inbound trade missions and five outbound missions including trips to China, Brazil and Europe.
- Calgary Connector Program with Bow Valley College and Calgary Immigrant Employment Council created 224 connections for 100 people that supported 24 job offers.
- Careers in Manufacturing organized 19 tours of the shop floor at local factories for 396 high school

students.

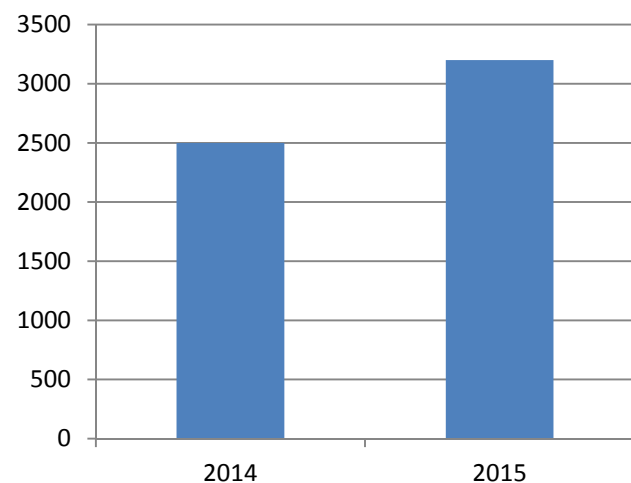
- Conducted “scout” trips that resulted in five major film & TV productions shot in Alberta in 2015 and potential for more in 2016.

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.

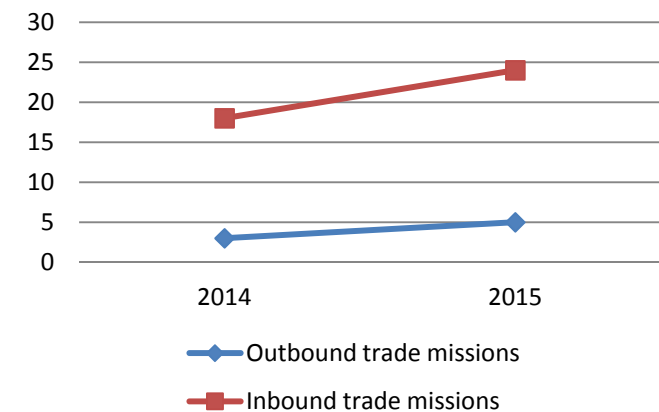
Performance measure highlights

How much did we do?

Event attendance



Trade missions



Story behind the baseline

Participation at CED events increased 22%. This reflects CED’s role as a conduit, connector, catalyst and storyteller.

Story behind the baseline

Both inbound and outbound trade missions increased in 2015 as CED sought to attract business investment, foster trade and develop Calgary’s workforce resulting in increased prosperity for Calgary.

How well did we do?

Business Centre Tenants that went on to open a Calgary office



Story behind the baseline

In 2015, the Global Business Centre celebrated its fifth year of operations. It is a hub for local and international businesses to expand their business abroad or test the Calgary market. In 2015, half of “graduated” tenants had opened a Calgary-based office.

Detailed performance measures

	Performance Measure	2014 results	2015 results	What story does this measure tell about your work? Why is it meaningful?
How much did you do?	Outbound trade missions	3	5	
	Inbound trade missions	18	24	
	Global Business Centre events	10	51	
	Workforce best practice events	7	8	
	Connector Program connections	0	224	
	Careers in Manufacturing tours	0	19	
	Soul of the City events	5	4	
	Film scouting and FAM tours	18	18	
	Film production activity	\$160m	\$175m	
	Research requests fulfilled	661	492	
	Business outreach surveys conducted	0	300	
	Number of participants at signature events (Economic Outlook, Report to the Community and Soul of the City)	2500	3200	
	Website visits		377,000	
	Facebook Followers	19,000	22,700	
	Twitter Followers	6500	12,300	
	LinkedIn Followers	3000	4400	
	Instagram Followers	0	5700	
	Media value generated	\$1.7million	\$1.6million	
How well did you do it?	Percentage businesses recall seeing more communications from CED in past year	N/A	39%	<p>Calgary Economic Development serves as a conduit, connector, catalyst and storyteller to attract business investment, foster trade and develop Calgary's workforce resulting in increased prosperity for Calgary. Businesses perceptions of our programs and services informs us if we are delivering the best programs to achieve our intended outcomes.</p> <p>Based on Calgary Economic Development's Annual Client Survey.</p> <p>Calgary Economic Development is the primary marketing and communications agency for Calgary. This work drives our ability to attract investment and jobs to Calgary. These indicators inform the effectiveness of our marketing efforts to improve potential investors' perceptions of Calgary.</p> <p>Based on Calgary Economic Development's National Perceptions Research. Results for 2016 not yet available.</p>
	Percentage businesses believing CED is delivering excellent experiences	N/A	51%	
	Percentage businesses likely to:			
	- Continue working with CED	86%	84%	
	- Recommend CED to others	87%	83%	
	Businesses expressing overall positive impression of CED	77%	78%	
	Percentage positive impressions of Calgary in Canada	58%		
	Percentage improved perceptions of Calgary in Canada	34%		
	Percentage recall of communications for Calgary in Canada	19%		
	Percentage Global Business Centre tenants 'graduating' to open offices in Calgary		50%	
	Percentage Economic Strategy actions initiated		75%	

How are Calgarians better off?	Percentage business rating positive business performance over past 12 months	41%	29%	<p>Positive business performance results coupled with plans for expansion, capital expenditures and hiring lead to job growth, increasing incomes and increased overall prosperity of the community.</p> <p>Based on Calgary Economic Development's Annual Client Survey and Business Retention Survey.</p> <p>Calgary Economic Development's activities in 2015 resulted in:</p> <ul style="list-style-type: none"> 5 new tenants in the Global Business Centre 9 business attraction success stories 224 connections through our connector program and 23 job offers
	Percentage businesses with expansion plans	32%	N/A	
	Percentage businesses with plans to increase capital expenditures	29%	N/A	
	Percentage businesses with plans to increase hiring	22%	33%	

FINANCES

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

From a revenue perspective, we partner with other orders of government and businesses to leverage the City's base grant to generate additional revenue to support our business plan activities. CED targets a 35-40% ratio or revenue from outside the base grant. Maintaining this ratio is going to prove particularly challenging through these tougher economic times. CED leveraged the following support for operational activities in 2015:

- Action Calgary (AC) revenue earned was \$898,416 (this includes general AC funds of \$855,000, plus \$43,416 for AC Specific Activities);
- Other sponsorship revenue was \$96,911;
- Revenue recognized from other orders of Government was \$225,154.25;
- Approximately \$500,000 of in-kind services received, primarily focused on marketing activities; and
- CED has reduced the number of CED-led missions and partnered with other orders of government and private sector to reduce cost and gain efficiencies in the market place.

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

Shorter term declines in business/sponsorship revenue, will result in slow draw down of retained earnings.

Operations	2016	2017	2018
City Base Grant	\$ 5,367,212	\$ 5,584,179	\$ 5,808,765
Other City Grants	\$ 3,576,149	\$ 2,072,000	\$ 1,108,500
Other Government Revenue	\$ 443,303	\$ 390,969	\$ 398,788
Corporate/Private Revenue	\$ 2,045,487	\$ 2,008,277	\$ 2,048,250
Expenses	\$ 11,485,418	\$ 10,062,194	\$ 9,367,838
Net Income	-\$ 53,267	-\$ 6,770	-\$ 3,535
Opening Resrv	\$ 932,903	\$ 879,636	\$ 872,866
Ending Resrv	\$ 879,636	\$ 872,866	\$ 869,332
Capital	NA	NA	NA
-Base Grant includes increases for rent and steward ship of the Economic Strategy			
-2016 represents 2016 Revised Budget including \$200,000 for BPOTE			
-2017 & 2018 adjusted to reflect Resiliency Fund Revenues & Expenses			
-Assumes 2% growth in Revenue* & Expense* for 2017 & 2018			
-Forecasting gradual drawdown of Retained Earnings			
-Revenue (Government & WORKshift) presumes some stability in funding			

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

CED's core staff intensive business development services directed towards business retention, expansion and attraction are funded by the City's operating grant. In addition, all administration and overhead cost are also covered by the City's operating grant.

If there was a reduction in CED's operating grant it would impact our ability to offer the services to both local businesses and incoming investors and/or businesses considering Calgary. With the \$4.5 million from the City's base grant, CED currently services eight sectors including Energy, Sustainable & Renewable Energy, Financial Services, Real Estate, Transportation and Logistics, Manufacturing, Creative Industries and Emerging industries. Collectively these industries represent a significant portion of the economy.

With our leveraged revenue from outside sources (private sector and other orders of government) we often have to match this revenue \$0.50/dollars. A reduction in the City's base grant would limit our ability to secure this additional funding.

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

Calgary Economic Development is seeing a significant decline in participation of event sponsorship opportunities within our partnership community due to limited or reduced funds available for sponsorship related activities.

The support of our Action Calgary Partnerships is critical to the work we do and we are especially grateful for the ones who are able to stand alongside us during this time. Our partners and Calgary companies are faced with difficult financial decisions resulting in reduced contributions to the Action Calgary and corporate sponsorship programs. This reduces Calgary Economic Development's ability to advance our strategies towards diversification and long term prosperity for the businesses and citizens of Calgary.

LOOKING FORWARD

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

The following priorities and deliverables are detailed in Calgary Economic Development's three year strategy.

1. Accelerate Sector Diversification
 - 25 new investments attracted
 - 1300 jobs created or retained
 - 13 trade deals supported
 - 8 new Action Calgary partners
 - \$100 million in new investment attracted
 - 3 new development projects initiated
 - 25 new job offers through the connector program
 - 4 new market entrants through the Global Business Centre
 - 2 tenants graduated from the Global Business Centre
 - \$90,000 in revenue earned through the Global Business Centre
 - \$160 million in film projects attracted
2. Inspire Stakeholder Collaboration
 - \$300,000 of provincial/federal funding generated
 - 20% of actions in the Economic Strategy completed
 - Improvements in 30% of core indicators
 - Economic Strategy goals incorporated into provincial and federal government priorities
 - 65% utilization rate of Calgary Film Centre in first year of operations
 - Increased awareness and partners support to the film industry
 - Increased external funding achieved for the Calgary Film Centre
 - WORKshift gains 30 new employer clients
 - WORKshift increases revenue by 30%
 - 8 new Action Calgary Partners achieved
 - 85% retention of Action Calgary Partners
3. Enhance Calgary's Image
 - 70% of respondents on National Perceptions Survey have a 'favourable' impression of Calgary
 - Diversity or innovation cited in the top 10 reasons why perceptions are improving
 - Oil/Tar sands fall out of top 3 reasons for diminishing perceptions
4. Build an Authentic Brand for Calgary Economic Development
 - Improved perceptions of CED in client survey showing higher awareness of our core services from <30% to 34%
 - Increased awareness of the Economic Strategy in our client survey from 22% to 28%
 - Increase awareness of tag line from 63% to 66%
 - Increase research use from 27% to 30%
5. Build Organizational Excellence
 - 80% employee satisfaction
 - CED acknowledged as employer of choice

- Unplanned Staff Attrition below 10% (3% pts below average of last 7 years)
- 1 lateral/upward internal move
- 10% increased productivity
- 75% board effectiveness on all three metrics (from current 67%)
- 50% increased board engagement on committees and events

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

There are two projects or initiatives that warrant further discussion by Council in 2016/17:

1. Calgary Film Centre Ltd. has assumed \$13 million in debt to complete the construction of the Calgary Film Centre. In addition, the Calgary Film Centre is projected to incur \$233,000 of utilities (sewer and water) and property taxes for the facility. We would welcome a conversation to renegotiate these items.
2. Calgary Economic Development consistently receives feedback from business stakeholders that the City must continue to improve red tap and minimize the cost associated to delays in issuing development and building permits. Calgary Economic Development would welcome a discussion in how they can support City Council and Administration in addressing this, in particular during a time of economic downturn and a need for construction projects to keep people employed.

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

CED, in its business and trade development role, assists local companies with expansion and relocation requirements as well as assisting foreign direct investment for new business operations and investment in Calgary. CED staff work with staff from Planning, Development & Assessment to facilitate local business investment and future development. Specific opportunities to stimulate the Calgary economy if supported by a strategic investment by The City include:

- Work with the University of Calgary, Calgary Municipal Lands Corporation, Calgary Economic Development in building a Research Hub by the university and Innovate Calgary's building
- To complement the research hub, strengthen of the innovation ecosystem in Calgary and grow the number of innovation related jobs in Calgary remains a high priority for Innovate Calgary and CED. This initiative could be supported by a strategic investment from The City of Calgary as outlined in the original Resiliency Funding request.
- Rezoning areas of the downtown to facilitate the repurposing of existing office buildings into mixed-use facilities. Uses might include residential, light industrial or indoor farming.
- Rezoning areas to support agribusiness activities within the limits of The City of Calgary.
- Potentially offer discounts on the purchase of City owned land to attract transportation and logistics companies and corporate headquarters.
- Work with the University of Calgary and CED on the potential opportunities for Foothills Athletic Park.
- Continue to work with CED on the CalgaryNEXT options and the Stampede property development.
- Advance discussions about CED's role in supporting Green-line TOD development.

Calgary Economic Development Enterprise Risk Matrix 2016 (Draft)

Category	Risk	Probability	Potential Impact(s)	Management Ownership	Board Ownership	Mitigating Strategies
FINANCIAL	Reduction in Revenue	Medium	High	CEO	Board	<ul style="list-style-type: none"> - Manage program activity to available funding - Identify other revenue sources (e.g. CHA) - Educate City Council around value CED brings - Importance of Economic Diversity Activity & Measurement - Post Activity Analysis of Impact
	Operating Deficit	High	Medium	Senior Management	Audit Committee/Board	<ul style="list-style-type: none"> - Ensure Senior Management takes accountability for their budgets - Ensure spending decisions are impactful (post initiative evaluation)
	Fraud	Low	Low-Med	CFO	Audit Committee	<ul style="list-style-type: none"> - Internal controls including segregation of duties and oversight/review of results - Fraud Risk Assessment, including interviews with Board members - Approval processes in place & reviewed regularly - Procedures - Reconciliations
	Calgary Film Centre	Medium	High	CEO/Film Commissioner	CGE/Board	<ul style="list-style-type: none"> - Create Risk Assessment for CFCL

Category	Risk	Probability	Potential Impact(s)	Management Ownership	Board Ownership	Mitigating Strategies
REPUTATIONAL & RELEVANCE	Negative media coverage/tarnished reputation	Low	High	CEO/VP Marketing & Communications	CCE/Board	<ul style="list-style-type: none"> - Ensure consistency in messaging - Ensure official spokesperson have media training - Respond to all queries in timely and respectful manner - Crisis communication plan
	Strategic Alignment	Low	Medium	CEO/VP Research & Strategy	Board	<ul style="list-style-type: none"> - Maintain strong municipal government and private sector relationships to ensure strategic alignment to Market and Shareholder needs - KPI calibration and alignment to achieve organizational objectives and Economic Strategy - Communicate accomplishments against strategic plan
	Staff Conduct & Effectiveness	Low	Medium-High	CEO/Senior Management	P&C	<ul style="list-style-type: none"> - Annual staff acknowledgement of Policies and Procedures - Staff adherence to Policies and Procedures - Staff training and development
	Board Composition & Effectiveness	Low	Medium	CEO	CGE	<ul style="list-style-type: none"> - Board Effectiveness Survey conducted annually - Use of evaluation matrix to compose diverse and skilled Board - Board Member discipline on determining conflict of interest
	WORKshift	Medium	Medium	CEO/CFO	CGE/Board	<ul style="list-style-type: none"> - All CED procedures apply to WORKshift - Protect WORKshift IP - Create Risk Assessment for WORKshift
	Calgary Film Centre	Medium	High	CEO/Film Commissioner	CGE/Board	<ul style="list-style-type: none"> - Create Risk Assessment for CFCL

Calgary Economic Development Enterprise Risk Matrix 2016 (Draft)

Category	Risk	Probability	Potential Impact(s)	Management Ownership	Board Ownership	Mitigating Strategies
SAFETY & SECURITY	Death or injury to staff, volunteer or guest	Low	High	CFO/Senior Management	P&C	<ul style="list-style-type: none"> - Ensure appropriate Health & Safety Practices, including emergency procedures and evacuation drills - Sufficient insurance coverage (liability & recovery cost)
	Theft	Low	Medium	CFO	Audit Committee	<ul style="list-style-type: none"> - Property insurance - Physical asset tracking and audit - Security access cards - Cameras in Convention Centre
	Damage to Assets	Medium	Medium	Senior Management	Audit Committee	<ul style="list-style-type: none"> - Reparation conditions in GBC Facility Agreement

Category	Risk	Probability	Potential Impact(s)	Management Ownership	Board Ownership	Mitigating Strategies
SUSTAINABILITY & OPERATIONAL	Technology - loss of data	Low	High	CFO	Audit Committee/Board	<ul style="list-style-type: none"> - Disaster recovery plan and Emergency Response Solution - Data backed up regularly (hourly or daily based on server type) - Servers and equipment checked regularly; replaced/upgraded when needed - Automated data integrity check for back-up - Off-site Data back-up - Climate controlled server rooms - Hosted Environment - Data loss and business interruption insurance
	Disrupted or significantly diminished operations	Low	Med-High	Senior Management	Audit Committee/Board	<ul style="list-style-type: none"> - Business Continuity Plan - Contingency for GBC - Create Cloud based IT environment
	Shareholder Relationship	Low	Medium	CEO	Board	<ul style="list-style-type: none"> - Regular meetings with Mayor, Council and Administration - Board and Committees include members from City Administration and/or Council - Create and communicate meaningful KPIs
	Government regulations/legislation changes	Low	Medium	Senior Management	CGE/Board	<ul style="list-style-type: none"> - Adhere to all regulatory requirements - Monitor changes in legislation that have a potential impact on operations/policies - Strengthen government relations
	Non-compliance with Human Rights or Employment Standards	Low	Medium	HR/CFO	Board/P&C	<ul style="list-style-type: none"> - Ensure policies comply with legislation with attention to employer's duty to accommodate and communicate policies to staff - Build an inclusive, diverse and respectful workforce - Provide ongoing support and counsel to all levels of management - Keep abreast of current legislative changes and requirements
	IP	Low	High	CFO	CGE/Board	<ul style="list-style-type: none"> - Be cognizant of issues of infringement and agile in responding to them - Create inventory of Intellectual Property
	Loss of key staff	Medium	High	HR/CFO/CEO	P&C/Board	<ul style="list-style-type: none"> - Competitive Salary and Benefits - Create robust succession and retention plan