

**Community Services Report to
SPC on Community and Protective Services
2016 May 27**

2015 CIVIC PARTNER ANNUAL REPORT

EXECUTIVE SUMMARY

In order to best serve Calgarians, The City of Calgary partners with organizations working across the community to achieve shared strategic and operational objectives. Shared outcomes, two-way communication, interdependence and mutual accountability are central to these partnerships. The 14 partners referred to as Civic Partners directly and indirectly touch the lives of millions of Calgarians and visitors. They provide acclaimed cultural attractions; offer extensive educational programming in the arts, conservation, history and the sciences; bring the history of Calgary to life; inject funds into the local economy through tourism; offer recreational and sport opportunities for a range of abilities; gather business and arts community leaders to collectively build a stronger, more vibrant Calgary; and provide countless opportunities to learn, gather, and discover. In 2015, Civic Partners provided substantial return on The City's investment of operating and capital funding. The Calgary Parking Authority has been invited to report alongside Civic Partners and highlights of their activities are included in this report.

The Annual Report summarizes Civic Partners' 2015 accomplishments and challenges, including the impact of the current economic conditions and their suggestions for initiatives to stimulate the local economy. It provides a snapshot of governance and risk management practices, identifies investments in City-owned assets, and highlights key performance measures. Annual report templates for each Partner are included as attachments.

ADMINISTRATION RECOMMENDATION

That the SPC on Community and Protective Services recommends that Council receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 September 22 Council adopted CPS2014-0504, *ActionPlan 2015-2018 Civic Partner Business Plan and 2013 Annual Report*.

Attachment 1 provides a detailed listing of previous Council direction since 2004.

BACKGROUND

Civic Partner organizations are arms-length and separate entities from The City. Through partnerships, The City leverages the skills and expertise of other organizations to expand the programs, services, and amenities for Calgarians, and implement strategies to support the local economy. Partners offer Calgarians educational, culture, sport, and recreation opportunities; and parks and pathway systems. They also support Calgary's arts and technology sectors, lead Calgary's economic development and tourism strategies, and operate Canada's second busiest library system. In addition to The City, they are accountable to their boards of directors and a range of stakeholders including patrons and customers, partners, members, funders including corporate supporters, individual donors and foundations, federal and provincial governments, among others.

Each of the 14 Civic Partners has a unique history and relationship with The City including amenities of which several that were previously operated by The City that have evolved into separate entities, and organizations created by The City for strategic purposes or through provincial legislation. The Calgary Parking Authority is also included in this year's report.

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Partnering enables The City to:

- leverage operating and capital grant funding;
- effectively manage a range of diverse assets stewarded by Partners;
- strengthen community-driven economic development, tourism and promotion initiatives;
- enhance the city's arts and culture landscape;
- attract visitors from around the world to conventions, cultural attractions and events;
- connect communities, and build knowledge and skills through access to high quality library services, including emerging and vulnerable communities; and
- provide Calgarians of all ages with a wide range of sport, recreation, conservation, arts and cultural opportunities.

The 14 Civic Partners receive operating grants through the department of Community Services budget (Attachment 2). The level of funding varies by partner and for most, City funding makes up only a portion of their overall funding mix. Partners leverage The City's funding through private, corporate and other government funding as well as earned revenue streams. Calgarians also invest in partner organizations and contribute their expertise through membership and volunteerism.

Maintaining City-owned assets and ensuring they meet current and future service needs is critical. Partners that operate or manage City-owned land, assets and facilities receive capital grants to support lifecycle maintenance needs and leverage these funds by matching them. In 2015, Administration continued to work closely with Partners with City-owned capital assets through an Asset Management Program that includes completing Building Condition Assessments to better understand Partner asset management and lifecycle needs.

About the Annual Report

The Annual Report is a key part of the Civic Partners' accountability structure. It is an opportunity to demonstrate the value of the partnership for Calgarians, and the return on investments made by The City. Each organization completed a template focused on governance, risk management, 2015 results, performance measures, finance, impact of the current economic environment, priorities for 2015-16 and capital reporting, if applicable. A sample of the template is included in Attachment 3 and individual Civic Partner Annual Reports are included in Attachments 4 to 18.

To align with The City's implementation of Results Based Accountability (RBA), Civic Partners' existing organizational performance measures are reported following RBA's three key questions: "How much did you do?", "How well did you do it?" and "Is anyone better off?". This is the first year reporting in an RBA format and not all Partners have measures that answer the question "Is anyone better off." Administration will continue to work with Partners when requested to support their ongoing improvement of performance measures and reporting.

This year's Annual Report template includes additional information not collected in previous years about governance and risk management practices. This focus aligns with The City's Integrated Risk Management and encourages proactive risk management practices and best practices for good governance.

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INVESTIGATION: ALTERNATIVES AND ANALYSIS

Impact of a challenging economic environment

2015 was a challenging year for Calgary's economy and non-profit organizations. Across the city there were reports of significant decreases in revenue sources, particularly corporate donations, investment income, earned income, individual donations and foundation grants.¹ The City's Civic Partners reported similar challenges. The majority of Partners listed the financial impact of an uncertain economic environment as one of their top three strategic risks.

While each Partner relies on a different combination of revenue sources to support its operations, many reported reduced revenue from sources including fundraising, events (including catering), membership, food and beverage sales, and ticket sales (where applicable). The most significant reductions were reported in corporate sponsorship and community investment funding. For example, Parks Foundation Calgary reported that corporate donation levels had dropped off almost completely in 2015 and Talisman Centre started to see effects on member recruitment and retention. Many also expressed concern about low renewal rates for multi-year sponsorship agreements that are coming up in 2016. The Calgary Parking Authority also saw a decreased demand for parking, and projects that 2015 parking revenues will be lower by \$2 to \$5 million. Innovate Calgary (Calgary Technologies) faced a 50 per cent increased demand for its services to support innovation entrepreneurs. It projects that low vacancy rates in the building it owns will have a significant impact on its 2016/17 revenues.

In this environment, Partners underlined the importance of The City's grants remaining stable and identified a number of impacts if grants amounts needed to be reduced including:

- reducing or eliminating programs and services;
- re-prioritizing facility maintenance and improvement projects;
- losing the ability to secure matched funding from other levels of government;
- reducing part time and full time staff; or
- increasing fees.

On the other hand, Partners suggested a number of initiatives and projects that could stimulate Calgary's economy including capital projects such as expansion of existing facilities, redevelopment of facilities at end-of-life, and investment in shovel ready pathway and park projects; establishing investment funds that would support musicians as entrepreneurs; increasing marketing to draw additional conventions; and investing in cultural artifacts, such as historically significant railway cars, to draw new visitors to Calgary's cultural attractions.

Governance and risk management

The template gathered additional information about Partners' risk management practices and governance. The following are some highlights:

- The majority of Partners engage in ongoing board education and training to ensure board members have the information they need to make informed strategic and operational decisions.

¹ Calgary Chamber of Voluntary Organizations 2015 Fall Economic Climate Survey

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- Administration supports Partners where needed to help ensure best practices for governance are in place.
- The sophistication of risk management practices varies between Partner organizations, but many have strong risk management oversight and mitigation controls in place.

Asset management

Asset management continued to be a priority for Partners that manage City-owned assets, and in 2015 all undertook lifecycle maintenance during the course of the year. The City invested \$5.4 million towards lifecycle grants through its Civic Partner Grant Program and Partners leveraged this funding by matching with \$5 million in contributions. Some partners, however, have indicated that declining fundraising and other revenues exacerbated the challenges of meeting The City's requirement for a 50 per cent match to access capital lifecycle funds. Administration is developing options to address this issue.

The Civic Partner Asset Management Program provides funding and project management support for Partner-specific asset studies and tools including building condition assessments, asset management plans, asset management software and additional studies if required (e.g. lighting audit, hazardous materials assessment and flood resiliency study). In alignment with The City's Corporate Energy Plan, the studies also identify opportunities to improve the energy efficiency to help reduce energy consumption and environmental impacts, and lower operating costs. The suite of tools will help Civic Partners make consistent, effective and informed infrastructure decisions; create standardized approaches to asset management; demonstrate responsible stewardship of assets; and identify the funding required to optimize the maintenance and longevity of the assets.

Collaboration

While Partners' operations and facilities vary widely, they often face similar challenges and can learn from each other's experiences and decisions. In 2015, Administration launched Civic Partner Networking sessions with the Partners' Facility Managers. The sessions encourage communications, networking and peer learning amongst Partners, and are a forum for sharing information about City initiatives and other topics of interest. The initial session in late 2015 featured a guest speaker from Waste and Recycling who focused on The City's waste diversion program. Partners had the opportunity to discuss their barriers to recycling, and learn from each other, and gain information about the support available from The City. Potential future topics include WIFI (session held in January 2016), business continuity planning, security, Asset Management Program, National Energy Code, and Building Maintenance Bylaw.

Performance highlights

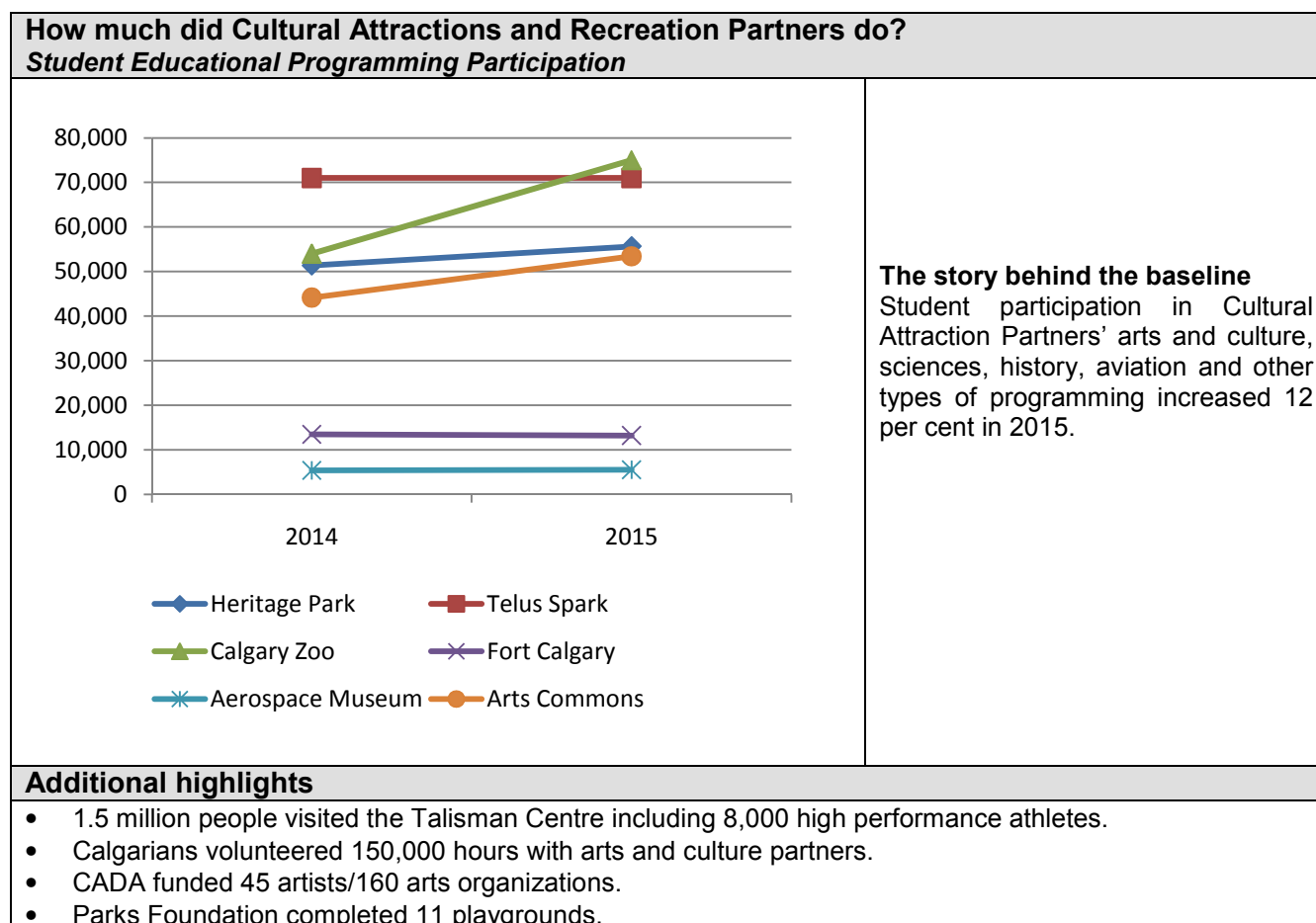
Reporting performance in a Results Based Accountability (RBA) format helps tell the story of Civic Partners' impact on the quality of life for Calgarians. It provides a snapshot of their successes and challenges while providing the opportunity to present some context for results. The performance measures included in the annual report focus at the level of a Partners' programs and services, and the impact on the Calgarians they serve. The following pages provide an overview of the high level results for groupings of partners including Cultural Attractions, Economic Partners and the Library. Detailed performance measure results for each partner are included in Attachments 4 to 18.

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Cultural Attraction and Recreation/Sport Partner Highlights

Attractions and recreation/sport-based Civic Partners contribute significantly to Calgary's economy. Through their facilities, they provide a wide range of leisure, sport, learning and recreational opportunities to the public. These Civic Partners include: Aero Space Museum, Arts Commons, Calgary Zoo, Fort Calgary, Heritage Park, Talisman Centre, TELUS Spark and Parks Foundation Calgary.

The following are some highlights of their performance in 2015.



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How well did they do it? <i>Cultural Attractions' attendance year over year</i>															
<table border="1"> <thead> <tr> <th>Attraction</th> <th>Attendance Change (%)</th> </tr> </thead> <tbody> <tr> <td>Aero Space</td> <td>19%</td> </tr> <tr> <td>Arts Commons (ticket sales)</td> <td>6%</td> </tr> <tr> <td>TELUS Spark</td> <td>7%</td> </tr> <tr> <td>Calgary Zoo</td> <td>9%</td> </tr> <tr> <td>Fort Calgary</td> <td>Stable</td> </tr> <tr> <td>Heritage Park</td> <td>-11%</td> </tr> </tbody> </table>	Attraction	Attendance Change (%)	Aero Space	19%	Arts Commons (ticket sales)	6%	TELUS Spark	7%	Calgary Zoo	9%	Fort Calgary	Stable	Heritage Park	-11%	<p>The story behind the baseline Despite the economic challenges, most cultural attractions continued to see growth in attendance rates. This is a reflection of successful marketing efforts and services that are valued by patrons and visitors.</p> <p><i>*2014 was Heritage Park's 50th anniversary and attendance jumped 15 per cent. Compared to attendance rates in 2013, 2015 attendance is 3 per cent higher.</i></p>
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Additional highlights															
<ul style="list-style-type: none"> • 85 per cent of Talisman's prime time was booked in 2015. • Arts Commons' revenues increased 17 per cent. • Heritage Park had 23 per cent more international visitors. • Parks Foundation completed 93 per cent of the Rotary/Mattamy Greenway. • Calgary Zoo attendance grew to over 1.35 million. • Calgary Zoo reached 10 per cent more people with wildlife conservation education and interpretative programs. 															

Economic Partner highlights

2015 was the first full year that **Calgary Economic Development** (CED) led implementation of the *Economic Strategy for Calgary: Building on our Energy* alongside a number of stakeholders including Tourism Calgary, Innovate Calgary (Calgary Technologies), and the Calgary Convention Centre Authority. To address Calgary's economic challenges, CED worked with stakeholders to adjust the Strategy and build on areas of opportunity including the addition of an action and seven supporting tactics under Entrepreneurial Energy related to *agriculture and bio industry*. CED provided an annual progress report to the Priorities and Finance Committee in 2015 December and reported that activity was underway or completed in three quarters of the 32 action areas.

CED's performance measures showcase a number of its successes in 2015 including:

- celebrated the Global Business Centre's fifth year of operations. 50 per cent of tenants have gone on to establish Calgary offices (20 of 40 tenants);
- hosted events that drew 3,200 guests;
- hosted 24 outbound and five inbound missions- an increase of six outbound and two inbound over 2014; and
- conducted 300 business outreach surveys to better understand their needs; and

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- commissioned a Benchmarking Calgary's Competitiveness Study that compared Calgary to 11 other cities and identified the city's strengths, and areas for improvement and opportunities.

The **Calgary Convention Centre Authority** adopted new best practices by gaining Council's approval to be removed from City Clerk's Boards, Commissions and Committees recruitment process, and adopting instead a robust recruiting process to put candidates before Council for approval.

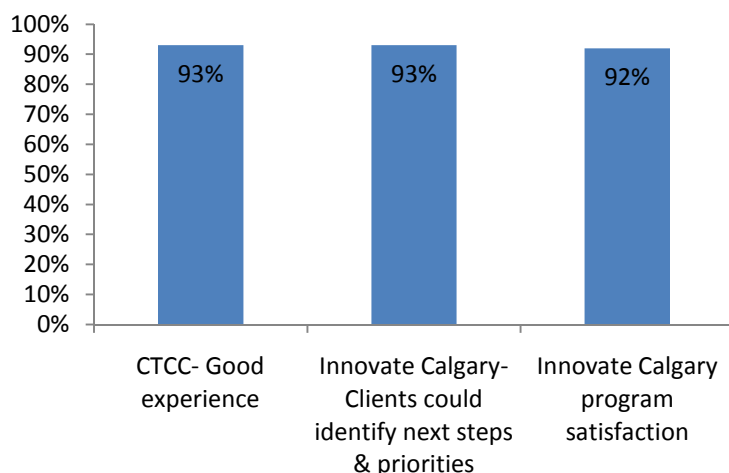
In 2015, **Tourism Calgary** focused on the development of a comprehensive Destination Strategy that will be released in 2016. Typically, business travel makes up 25 per cent of Calgary's overnight travelers, and with its sharp decline since fall 2014, Tourism Calgary shifted its focus to leisure, sport, and culture related travel. For example, they secured funding from both the federal and provincial governments through the Calgary Sport Tourism Authority and developed cooperative marketing campaigns that attracted over \$1.5 million in partner investments to increase its reach.

Innovate Calgary reported a 50 per cent increase in demand for its programs and services. The number of clients it assessed for readiness to enter its programs jumped 33 per cent, from 335 to 500 and it formally engaged 16 per cent more clients. Innovate continued to be a leader with the launch of Kinetica Innovation Centre at SAIT, the creation of AlbertaIN (a collaboration of over 80 innovation service providers), and co-creation of the Western Canadian Innovation Office. Client satisfaction levels in the 90th percentile reflect the quality and targeted nature of its work. With Calgary's high vacancy rates, it anticipates a 60 per cent turnover or renewal of space in the building it owns by 2017. This will affect the revenue available to meet the growing demand for its program and services.

Economic Partner performance highlights:

Is anyone better off?

Results from selected Economic Partners' programs and services



The story behind the baseline

Calgary TELUS Convention Centre and Innovate Calgary all reported high levels of satisfaction for a number of programs and services, including the ones depicted in the chart. While this reflects the quality of their services, it also reflects the benefit to the user is gaining from their service.

*CTCC-Calgary TELUS Convention Centre

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Additional Economic Partner highlights

- 50 per cent of CED's Global Business Centre tenants graduated and opened their own Calgary offices.
- Economic impact of Calgary TELUS Convention Centre delegates rose 21 per cent (\$2.9M) to \$13.9M in 2015 by drawing in more national and international delegates.
- 92 per cent of Innovate Calgary's clients were satisfied with the Innovator's Toolkit series and results show it led in changes to their practices and approaches.
- Innovate Calgary assessed 33 per cent more potential clients and supported 16 per cent more clients.

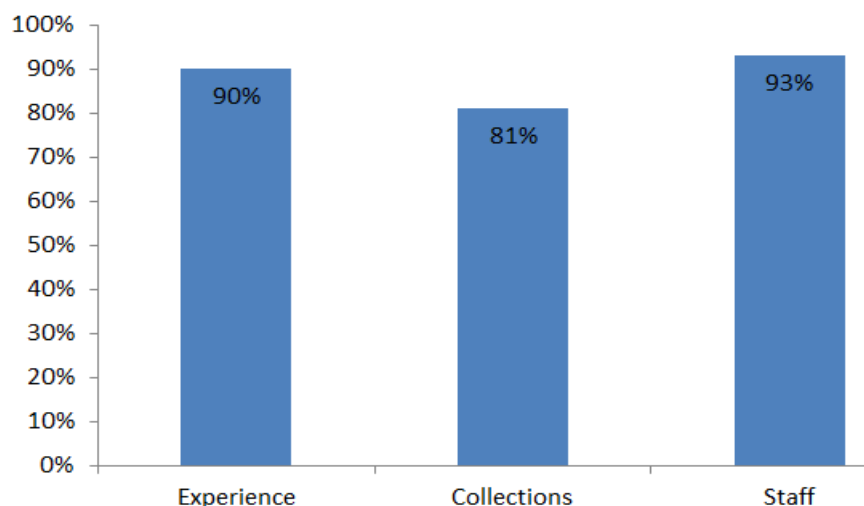
Calgary Public Library (the Library)

Calgary's libraries are community hubs and social incubators that help support, inspire and shape our community and economy. In 2015, as the economy slowed, Calgarians turned to their local libraries to meet their reading, career and skills development needs.

Library performance highlights:

Is anyone better off?

Calgarians satisfaction with the Library



The story behind the baseline

The Library has high levels of satisfaction with their services and staff, an indication that their services and staff are helping meet the needs of Calgarians. Continued growth in patronage is an indication that Calgarians see this as a valuable service.

Additional highlights

- 2015 saw a record 6.3 million visits to Calgary's libraries
- Patrons increased 28 per cent.
- The Library offered 3,400 early literacy programs.

The Library continues to remove barriers and increase access by removing library card fees and launching a new mobile book truck service, the first of its kind in 25 years. Its focus on children and early literacy continued in 2015 with the distribution of approximately 135,000 membership cards to students from kindergarten to grade 12; Library Month at Your Daycare outreach program; and, along with the YMCA, Reading Buddies, Math Minds and Computer Buddies programs five days a week. The Library delivered 3,485 early literacy programs and the number of patrons ages zero to four rose 15 per cent to 21,351. Access to local cultural attractions and

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amenities for low income Calgarians was supported through the distribution of 13,000 tickets used under the Sunlife Arts + Culture pass.

The City's investment in the Library was leveraged through both volunteer support and fundraising revenues. 2,500 Calgarians contributed 57,000 hours of volunteer time to support the Library's operations, an increase of 200 volunteers and 17,000 hours over 2014. The Library continues to have more volunteers per capita than any other library in Canada. In 2015, The Calgary Public Library Foundation raised \$7.4 million, 31 per cent more than in 2014, and provided almost \$2 million to the Library to support operations, programs and collections.

With a range of assets to maintain, the Library invests in a variety of capital projects to replace worn out equipment, fixtures and furnishings, and to extend the lifecycle of major building components. In 2015, The City invested \$5.2 million in library lifecycle grant funding. The Library refurbished the Judith Umbach Library in Thornhill and Forest Lawn Library, and carried out lifecycle work at a number of other locations. In 2015, capital work started on a new location in Westbrook that has now replaced the Shaganappi location. Looking ahead, five locations are nearing the end of their life and feasibility of redeveloping these sites will need to be assessed (Forest Lawn, Louise Riley, Calhoun, Southwood, and Judith Umbach).

New Central Library

In 2018, the New Central Library (NCL) will offer Calgarians 240,000 square feet of library space including gathering spaces, physical collection of over 600,000 books and spaces for programs and technology. In 2015, construction of the NCL progressed on time and on budget. Milestones included the encapsulation of the LRT tunnel; completion of the pilings, foundations, and grade beams; installation of the District Energy thermal supply lines; and mechanical and electrical under-slab installations. The project's architects, DIALOG and Snøhetta, were awarded a 2015 Canadian Architect Award of Merit for the New Central Library's design. Planning for services at the new library began and selected programs, approaches and designs were tested and piloted at existing community library locations.

Stakeholder Engagement, Research and Communication

Ongoing, two way communication with Partners is critical to maintain an effective, mutually beneficial relationships. Administration worked with Partners to prepare this Annual Report and provided additional support about RBA where needed. Focusing on effective partnerships will continue throughout 2016 with the development of a Partnership Policy and Framework that will include consistent procedures and agreements, and a focus on effective asset management, among other key elements.

Strategic Alignment

In *ActionPlan*, Civic Partners are the external leads for four strategic actions under the Prosperous City Council priority:

- 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.

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- P9: Cultivate the city's talent, diversity and energy to enable Calgarians to live creative lives.
- P10a: Expand our library system.

Civic Partners also support the delivery of actions under A City of Inspiring Neighbourhoods, and a Healthy and Green City. Administration identified a number of internal Civic Partner-related actions under a Well Run City.

Social, Environmental, Economic (External)

Civic Partners play an integral role in maintaining a high quality of life for Calgarians by offering learning, culture, arts, tourism, heritage preservation, and parks and active living opportunities. Civic Partners offer services, facilities and public spaces and embrace diversity, inclusiveness and creativity. They facilitate fair access to programs through The City's Fair Entry program and other internal subsidy programs.

Civic Partners engage in environmental stewardship and community sustainability strategies such as public education and awareness related to public spaces and natural resources. They continue to review their operational practices to reduce consumption of resources and their ecological footprint on the environment.

Civic Partners are key contributors in attracting, retaining and nurturing economic development in the city. Partnerships are also a way for The City to leverage expertise and resources, as well as explore alternate service delivery approaches to improve the quality of life of Calgarians.

Financial Capacity

Current and Future Operating Budget:

There are no operating budget implications as a result of this report. Attachment 2 details the operating grants allocated in 2015 and budgeted in 2016 and 2017.

Current and Future Capital Budget:

There are no capital budget implications as a result of this report.

Risk Assessment

Civic Partner annual reporting is one of several accountability mechanisms to mitigate financial and reputational risks. This includes financial monitoring of performance and risk management practices reported to the Audit Committee, regular review of financial statements and regular review of legal agreements.

REASON FOR RECOMMENDATION:

The annual report process highlights the value of the Civic Partners, supports accountability and provides an opportunity for Council to gain an overview of the current accomplishments, challenges and future strategic direction of the Partners.

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ATTACHMENTS

- Attachment 1: Previous Council Direction
- Attachment 2: Civic Partners Operating Grant Overview
- Attachment 3: Civic Partner Annual Report Template
- Attachment 4: Aero Space Museum of Calgary
- Attachment 5: Arts Commons (Calgary Centre for Performing Arts)
- Attachment 6: Calgary Arts Development Authority Ltd.
- Attachment 7: Calgary TELUS Convention Centre (Calgary Convention Centre Authority)
- Attachment 8: Calgary Economic Development Ltd.
- Attachment 9: Calgary Parking Authority
- Attachment 10: Calgary Public Library Board
- Attachment 11: Innovate Calgary (Calgary Technologies Inc.)
- Attachment 12: The Calgary Zoological Society
- Attachment 13: Fort Calgary Preservation Society
- Attachment 14: Heritage Park Society
- Attachment 15: Parks Foundation Calgary
- Attachment 16: Talisman Centre for Sport and Wellness (Lindsay Park Sports Society)
- Attachment 17: TELUS Spark (Calgary Science Centre and Creative Kids Museum)
- Attachment 18: Tourism Calgary (Calgary Convention and Visitors Bureau)