

CITY OF CALGARY  
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DEC 05 2017

ITEM: 6.1 PFC2017-1188  
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# Economic Development Investment Fund (EDIF)

## Report to Priorities & Finance Committee

December 05, 2017 | Mary Moran



**calgary** economic  
development  
be part of the energy™

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

# Agenda

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**01**

EDIF  
Steering  
Committee

**02**

State of the  
Economy

**03**

EDIF  
A New Tool

**04**

Funding  
Comparison

**05**

Estimated  
Economic Impact

**06**

Overview

**07**

Examples  
Potential Projects  
for EDIF  
Investment

**08**

Recommendations



# EDIF Steering Committee

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**1. Jim Gray**

**Chairman of the Energy Group**

Brookfield Asset Management

**2. Scott Hutcheson**

**Executive Chairman**

Aspen Properties

**3. Barry Munro**

**Partner**

EY

**4. Ian Bruce**

**Former CEO**

Peters & Co. Limited

**5. Cheryl Gottselig**

**Q.C., Partner**

Burnet, Duckworth & Palmer (BD&P) Law Firm

**6. Steve Allan**

**Chair of the Board**

Calgary Economic Development

**7. Mary Moran**

**President and CEO**

Calgary Economic Development

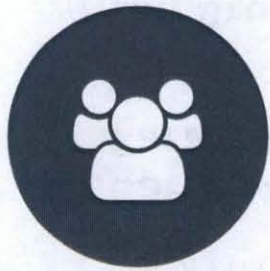
**8. Michael Brown**

**President and CEO**

Calgary Municipal Land Corporation



## State of the Economy - Calgary



**8.3%**

Unemployment  
rate  
(Oct, 2017)



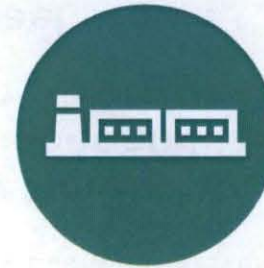
**163K**

Population  
(2011-2016)



**27.4%**

Downtown office  
vacancy  
(Q3, 2017)



**7.6%**

Industrial Real  
Estate Vacancy  
(Q3, 2017)



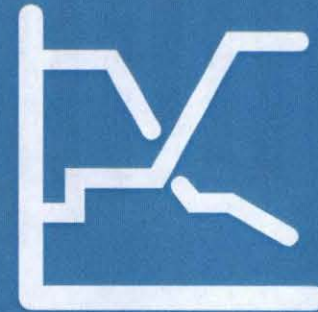
**4.6%**

GDP increase  
forecast  
(Oct, 2017)

## State of the Economy



Oil and Gas:  
**structural change**



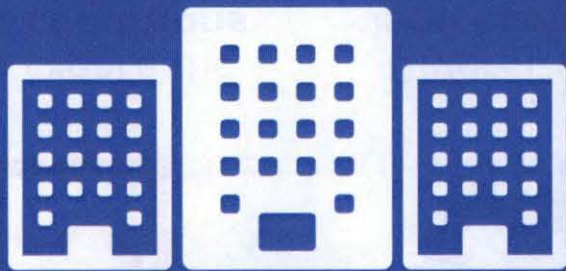
**GDP growth** does not  
correlate to **office  
space absorption**  
or **job creation**



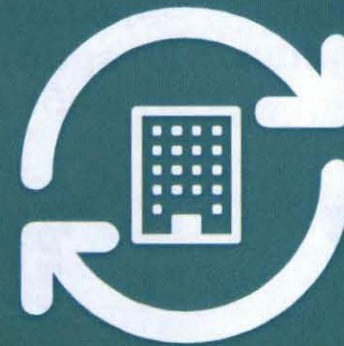
# Annual Real GDP and Unemployment in Calgary: Jobless Recovery



## EDIF – A New Tool



**Attract new business  
and investment to  
Calgary**



**Support the retention  
and growth of  
Calgary-based  
companies and jobs**



# EDIF – A New Tool



The goals of the EDIF include, but are not limited to:



Help **create** the  
**right conditions**  
for **growth**



**Diversify** the  
local **economy**



**Leverage**  
municipal **funds** for  
additional private  
and public sector  
**investments**



**Create**  
**employment lands**  
and **stimulate**  
**employment**



# EDIF – A New Tool

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**The goals of the EDIF include, but are not limited to:**



**Create a return on investment (both direct and indirect)**



**Support downtown office vacancy reduction**



**Increase the assessment base**

# Guiding Principles



**Strategic**  
and catalytic investments



**Decisions**  
made based on solid non-political risk/reward and cost/benefit analysis



**Not business as usual**  
outside the box thinking



**Deal making**  
and deal closing mechanisms



**Utilize third-party objective validation**  
where appropriate



**Calgary must be bold**  
and innovative to compete



**Fast**  
nimble, responsive and rigorous processes



**Generate return on investment**  
(ROI) and material impact



**Leverage funding**  
partnerships and expertise



**Transparency**  
and accountability



# Funding Comparison

Jurisdiction	Funding Value	Funding Per Capita
Calgary	*Current: \$10 M	\$8
Calgary	*Recommended: \$100 M	\$80
Kitchener	\$110 M	\$550
Pittsburgh	US \$60 M	US \$170

*\*Funding from Reserves*

# Estimated Economic Impact

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Estimated Impact: Calgary EDIF \$100 Million	
Jobs	3,600
Leveraged Funds	\$238 Million
GDP Value	\$300 Million
Potential Incremental Investment	\$300 Million



# Scope & Criteria

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Scope	Criteria
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## Out of Scope

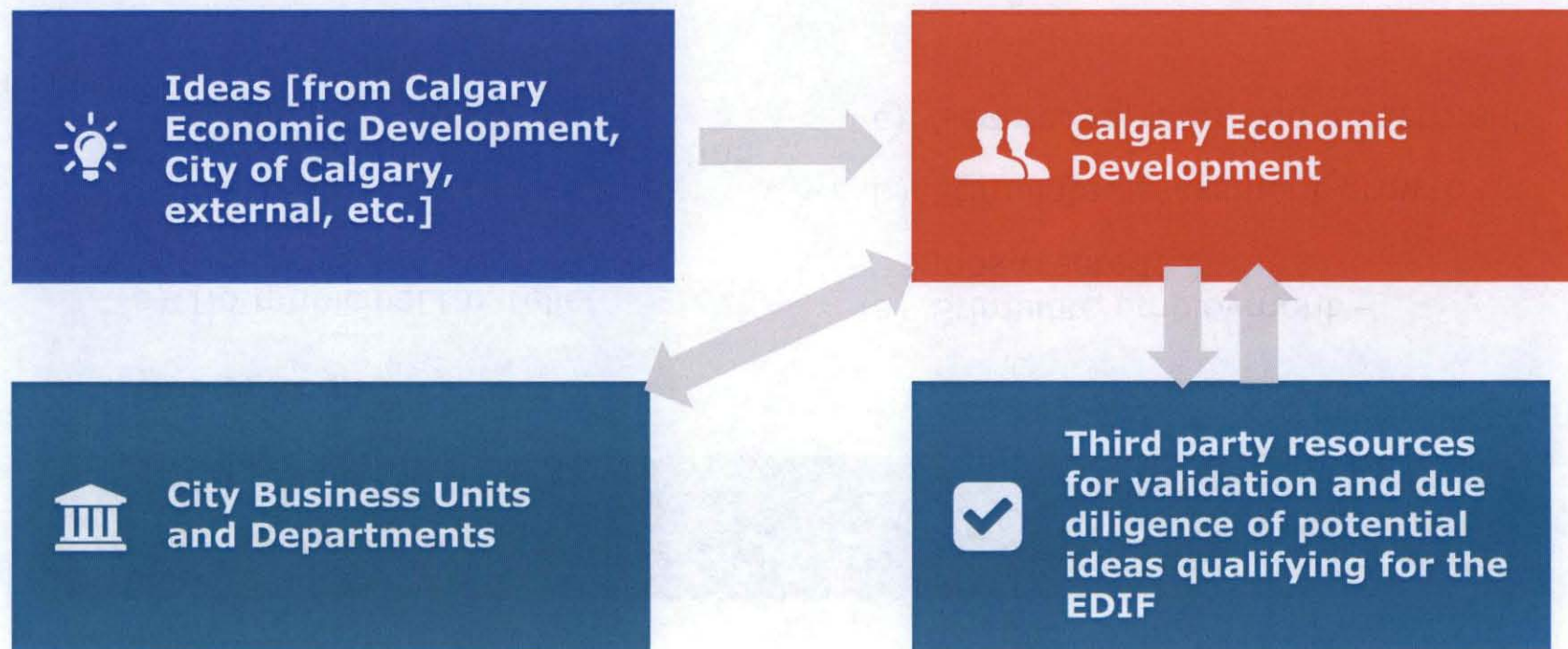
- a) No municipal tax relief
- b) No loans
- c) No communications, marketing or public relations

- a) Stimulate employment – jobs created
- b) Stimulate assessment growth
- c) Generate a return on investment

## Area of Applicability

The EDIF is applicable for eligible approved projects within Calgary.

# Intake and Review Process





# Examples

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## Potential Ideas for Future EDIF Investment in Calgary



- 1) Post-Secondary Institutions Downtown Campus
- 2) Logistics and Distribution Centre – Inland Port Strategy
- 3) Autonomous Systems Testing Site
- 4) Agri-Zone Development
- 5) Office to Residential Conversion

# Administration's Recommendations

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## **That the Priorities & Finance Committee recommends that Council:**

1. Approve an additional allocation of \$90 million for the long-term funding value of the Economic Development Investment Fund (EDIF) for a total of \$100 million; and,
2. Direct Administration and CED to report to Priorities & Finance Committee with the EDIF Terms of Reference, including a strong governance structure, no later than 2018-Q1.





# thank you.

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