



## **One Calgary 2019-2022 Business Plan & Budget Summary Calgary Convention Centre Authority (Calgary TELUS Convention Centre) (Board Approved)**

**One Calgary Line of Service:** Economic Development and Tourism

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

### **1. What are your organization's priorities and actions for 2019-2022?**

With a vision to increase our direct, indirect and induced economic impact while guiding Calgary to be the second busiest convention city in Canada, our organizational priorities are to:

1. Drive and support the economic development of our city
2. Increase our profitability
3. Enhance our role as a community hub for all Calgarians and
4. Establish Calgary as a leading destination for conventions

We will achieve these priorities by executing on a clear and targeted action plan that aligns with the Economic Strategy for Calgary, Tourism Calgary's Destination Strategy and One Calgary 2019-2022. Our action plan is led and supported by a strong volunteer Board of Directors made up of committed Calgarians and an executive team that are driven by performance and efficiency.

Some of the key actions being undertaken by the CTCC from 2019-2022 include but are not limited to:

1. **Targeting our markets.** While continuing to market and sell Calgary to our traditional Canadian and US markets, Calgary's TELUS Convention Centre (CTCC) is spearheading the establishment of a Calgary representative in London England to attract new business from Europe. This is a result of identifying a market opportunity for Calgary in Europe of over 1,000 conferences per year that rotate into North America and fit Calgary's air service, hotel and convention capacity. China and Mexico remain market opportunities that we are developing along with our partners. These foreign visitors provide an enhanced economic impact of 2.5 times that of our domestic delegates due to their length of stay and spending patterns.
2. **Rejuvenating our space.** To ensure that Calgary remains a competitive convention city, it is crucial that the CTCC be renovated and updated with new technology, space configurations and activation opportunities so that we can better serve our community and our visitors. To meet the needs of the changing convention industry and the demands of global Professional Conference Organizers (PCOs), we must provide a convention offering which creates unique experiences and engagements with visitors and Calgarians alike. This requires investment and partnerships that will allow the CTCC to deliver modern forward-looking offerings.
3. **Developing new Conventions.** The CTCC has conducted third party research to determine events that could be successful in Calgary. With this intelligence, the CTCC is developing important events for Calgary that will elevate our city's profile, increase CTCC profitability and positively impact our economy. These events will launch in 2019 beginning with the Forward Summit in February. In partnership with the

indigenous community, this will be an important gathering of Aboriginal leaders from Canada and the world to discuss “Empowering Indigenous Economies”. This event will be followed by two other major events held in typically slow convention periods.

4. **Working with our community.** Beginning with our neighbourhood and branching throughout our entire city, the CTCC is actively creating partnerships designed to deliver our services more effectively and efficiently. The CTCC has spearheaded the coordination of services and space availability with Arts Commons, Glenbow Museum, Aspen Properties, The Hyatt, The Marriott, The Palliser and Le Germain to provide unique options for PCOs as a one-stop-shop. This will allow us to offer PCO’s over 250,000 square feet of space, doubling our current offering of the CTCC alone.
5. **Engaging our partners.** To ensure a One Calgary voice in our markets; CTCC will collaborate with the Calgary Stampede, Meetings and Conventions Calgary and engage with the Calgary Hotel Association, Calgary Economic Development, the Calgary Airport and Tourism Calgary.

## **2. Outline how your priorities align with the Citizen Priorities for 2019-2022 and Council Directives (see attached summary)**

The CTCC is a city owned facility, which serves as a meeting place for both visiting delegates and Calgarians. As such, it provides a venue for networking, education, business-to-business activities, celebrations, fundraising activities and cultural events.

The Centre also contributes by attracting convention groups to the City, many of which have affiliation with associations, cultural and educational organizations or primary industry sectors in Calgary. Bringing groups like these into the city also serves as a means of showcasing local leaders, businesses, talent and investment opportunities while introducing business travellers to the city.

We align with the Citizen Priorities as follows:

1. P1: Conventions introduce new industries and thought leaders to Calgary. Apart from the direct and indirect economic impact of the Meetings and Conventions industry, (US\$845billion in the United States in 2016), convention and conferences expose Calgarians to global thought leaders while introducing Calgary to the world as an opportunity for business and return tourism visits.
2. P2: All six sectors of the Economic Strategy are enhanced by targeting conventions that bring together the global community surrounding each of them. Studies show that conventions lead to future leisure travel that boost the tourism sector of the economy. Attracting more conventions to our city drives to future economic opportunity and tourism.
3. P3: Calgary’s Convention Centre’s location is a critical hub for bringing businesses together that will help revitalize the downtown core. This provides a catalytic environment, which makes Calgary interesting from a foreign direct investment point of view. Conventions are often the first exposure that a businessperson has to a city; it creates a justification for a visit. The CTCC is focused on playing this role to create investment and tourism leads for the city.
4. N1: The CTCC has been a central meeting point for Calgarians for 44 years. Purposely designed to be Canada’s first Convention district in 1974, the CTCC is an anchor for Calgarians to innovate, meet, learn and grow. By hosting conventions, graduations, weddings and speaker series, the CTCC is a trusted place where people of all backgrounds come together in a safe and inviting place.

5. N3: Stephen Ave has been the core of the Calgary community since 1889. Now a Canadian National historic site, it represents an important time in Canada's history. The CTCC brings Canadians to Calgary to step back in time and discover the significant impact Calgary has had on the country in its relatively short history. The CTCC Rejuvenation plan will enhance our section of Stephen Ave, which will activate the area and give Calgarians and visitors reasons to be downtown and engage in our culture and arts community in a safe and welcoming community hub.
6. N5: The CTCC is operated in an efficient and environmentally sustainable way and is a positive contributor to our city's economic success and green city initiatives. Solar panels on our roof, composting in our kitchen and high efficiency doors and skylights are examples of our contribution. This environmental leadership has reduced our power consumption by 25%.
7. M1: CTCC's highly trained and certified security team control and/or monitor the Convention district including the C-Train platform, Stephen Ave and 9<sup>th</sup> Ave contributing to 24-hour safety and security in our district. This creates a zone of comfort in the downtown for Calgarians and visitors.
8. M2: At no additional cost to the City, CTCC's Maintenance and Engineering teams conducts daily inspections, cleaning, and enhancements, when necessary, to ensure the walking areas and public transit stops around the Convention Centre provide a safe environment and desirable access to the City's properties.
9. H1: As a public asset, the CTCC is constantly evaluating our impact on the environment and sharing our initiatives with Calgarians. The CTCC is COR certified from the Government of Alberta demonstrating that exemplary health and safety standards for the organization have been met. The CTCC has also achieved its Gold Level Quality Standard certification, meeting the rigorous audit requirements of the AIPC, the international association of congress centres in the world.
10. H4: The CTCC invites Calgarians from all quadrants to use the Centre. We are proud to have events that attract people of all ages drawn from Calgary's culturally diverse communities. The CTCC team proactively engages Calgarians to identify ways to support events of all types.
11. W5: CTCC has been initiating and developing events that will bring various groups together. One of these events is the Forward Summit. An inaugural event designed in collaboration with the indigenous community to "empower Indigenous economies"

### **3. Which of your programs and services are funded by The City's operating grant?**

The programs and services offered by the CTCC are supported by the city's operating grant by offsetting the repairs and maintenance costs of the facilities. It is imperative that the Centre be maintained and operated in a market competitive manner so that it can continue to attract meeting and convention delegates and therefore achieve its mandate.

The CCA will use additional City funding to support operations and rejuvenation of the CTCC. Strategic investment will do more than simply make us sustainable. It will change our offering to broaden our markets, capture more business and allow the CTCC to activate high yield conventions with a future goal of returning a dividend to the City on a regular basis. In addition to this, the CTCC estimates that any city investment will add significantly to the enterprise value of the organization over the next 5 - 10 years.\*

\*The CTCC is composed of valuable city-owned real estate, an important community landmark and a profitable business. The return on the requested investment will directly strengthen the City's balance sheet, allow the CTCC to attract more visitors and investors, and exponentially return taxes and jobs to Calgary.

**4. Identify 3-5 performance measures that you will use to evaluate your organization's performance from 2019-2022. Provide measures in the RBA format of how much you will do, how well you will do it, and Is anyone better off. (See attached sample)**

The CTCC follows industry best practices guided by industry standards in monitoring our performance and economic impact. These measurements include:

1. Tracking the annual number of conventions including number of delegates
2. Tracking the number of out of town delegates
3. Calculating the direct and indirect economic impact to Calgary from the activity at the CTCC
4. Monitoring increases in occupancy levels at the CTCC and the Convention District
5. Tracking the number of community events and local meetings
6. Analysing annual financial results

Calgary citizens are better off with an activated, energized CTCC that is focused on being a community hub and a welcoming neighbourhood for out of town visitors. A successful CTCC brings economic benefit, energizes the downtown core and brings Calgarians together; building community spirit and pride.

The CTCC is continuously benchmarking against highly regarded industry measurements systems guided by associations such as, the Conventions Centres of Canada (CC of C), International Association of Venue Managers (IAVM), and the Association des Palais de Congres(AIPC), all well known as delivering excellence in convention centre management.

**5. Identify how you will leverage resources from 2019-2022. Please provide specific examples.**

- Growth in new and existing markets. Based on market research done by the CTCC, the team will focus on bringing more delegates from the European and Chinese markets. These markets bring delegates that make a more significant economic impact on Calgary than our traditional North American delegates do. They stay longer, spend more and want to engage with our business and academic community.
- Focus on our prime sized conventions. Medium conventions with 500 – 2500 delegates are ideal for Calgary's hotel capacity. With moderated hotel rates, bringing more of these events to our city is not only feasible but also ideal. This fits the convention size we have today, allowing us to build a business for the long term.
- Focus on operational efficiencies and cost controls while maximizing utilization levels & revenues.
- Fulfill our role as a driver of economic development. The CTCC is a significant marketing organization for the city of Calgary. Global studies continue to demonstrate that conventions lead to economic

development and tourism. We take this responsibility very seriously and continue to initiate connectivity internationally.

- Secure adequate marketing funding to allow market share growth for conventions, meetings and incentive travel. The CTCC is working with the Calgary Stampede, the Calgary Hotel Association and other agencies to leverage funding and assets to accelerate Calgary's profile across Canada, North America, Europe and China.
- Work closely with Provincial and Federal Government Ministries to seek funding and marketing support for Calgary-specific initiatives. Leverage their initiatives in order to ensure Calgary is well represented at both levels.
- Identify and connect with strategic industry groups. Through our Calgary Champions program, the CTCC engages academia and industry associations to leverage the connections and thought leadership in our city to bring multiple events to Calgary over the next 3 to 8 years, which is our target window for attracting Conventions.
- Retain people in an environment that emphasizes health and safety, encourages individual growth and development, and recognizes the importance of teamwork.
- Provide an environmentally friendly facility.

The CTCC has been a good steward of the support that the city has provided to date. By re-investing the financial surpluses garnered from efficient operations since 2006, the CTCC has invested \$6.8M of its earned operating reserves on major capital expenditures, which include renovations and upgrades to the building as well as machinery and other equipment.

The City receives significant revenue through the CTCC operations. This includes positive revenue from the Convention Centre parkade (estimated \$500,000/yr) naming rights for the of \$3M, retail lease payments & taxes as well as rent relief for Calgary Economic Development.

<b>Tangible Capital Assets as of December 31 2017</b>	
<b>Category</b>	<b>Cost</b>
Renovations	6,827,559
Building Enhancements	2,125,156
Computer equipment	522,743
Other Equipment	5,143,454
<b>Total</b>	<b>14,618,912</b>
<b>Funded By</b>	
CTCC Operating Reserve	6,830,690
Major Replacement Reserve	2,711,977
CPRiP Funding	4,686,314
City of Calgary MSI	289,890
WED	100,040
<b>Total</b>	<b>14,618,912</b>

\*This chart shows the investment made by the CTCC & the City in the facility since 2006.

**6. Provide your board approved budget projections covering 2019-2022:**

The following Board Approved budget projections are contingent upon capital support.

<b>Operations (000's)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
City of Calgary proposed operating grants	1,743	1,743	1,743	1,743
Other operating grants	0	0	0	0
Earned revenue from operations	21,663	23,745	26,054	26,952
Donations & fundraising revenue	0	0	0	0
Operating expenses	23,389	24,322	25,648	26,551
<b>Net of revenue and expenses</b>	<b>17</b>	<b>1,166</b>	<b>2,149</b>	<b>2,144</b>
Opening operating reserves	5,517	5,534	6,700	8,849
<b>Ending operating reserves</b>	<b>5,534</b>	<b>6,700</b>	<b>8,849</b>	<b>10,993</b>
<b>Capital (000's)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Opening capital reserves	200	200	200	200
Requested City of Calgary lifecycle & upgrade grants	12,500	12,500	12,500	12,500
Other City of Calgary capital grants	180	180	180	180
Other capital revenues	0	0	0	0
Capital expenditures	12,680	12,680	12,680	12,680
<b>Ending capital reserves</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

**7. What are the key financial risks or challenges related to your organization's budget projections for 2019-2022? Provide specific examples and the year in which challenges are anticipated.**

The Calgary TELUS Convention Centre has operated for many years with either no increase or a limited increase to its operating grant. The recent economic downturn and the decreasing competitiveness of the product has had a negative impact on earned revenues. Despite this, it has operated in a prudent and fiscally responsible manner collectively engaging employees to contribute to cost efficiencies throughout all

areas of operation without compromising safety and security or service to its customer base. To fulfill its mandate, the CTCC will continue to look at operational efficiencies and additional revenues streams.

1. The Calgary TELUS Convention Centre's south building was built in 1974 and the north building in 2000, at which time some of the south building was updated. The buildings have been well maintained over the years by the Calgary Convention Centre Authority, however, given the advances of technology and the way that people convene, the Centre needs to be rejuvenated. We have built a plan for renovation and rejuvenation of the CTCC to better service Calgarians and out of town delegates.
2. Hotels and other venues have increased their capacity to host events. This has increased competition for a variety of available meeting space in our community. We have re-developed our business strategy to stay competitive in this market. This strategy also allows us to differentiate our offering to international groups.
3. Decline of Economy:  
The beginning of 2017 was still a difficult economic climate. By Q3 2017, the Convention Centre began to see an uptick in activity as the economy began to slowly pick up. Our Q3 and Q4 were stronger than Q1 and Q2 but not enough to increase delegate numbers. Our new leadership structure was completed in Q3 and our new strategy began implementation in late 2017. The results of our new strategic direction will be more evident in 2019 and 2020 as we see the results of multiple strategic changes

Given the current risk profile, the CTCC Board has adopted a rejuvenation plan, which will not only mitigate the risk to the Centre but will accelerate it toward a bright and activated future. Our location includes the best hotel connectivity in Canada, as well as restaurants, shopping and entertainment.

The CTCC's Rejuvenation Plan will accelerate the activation of Calgary's downtown core. Rejuvenation includes 1) Re-energizing the facilities and the area surrounding us, 2) Active engagement with multiple partners in the city, 3) Proactively targeting key markets and industries, 4) Engaging with PCOs to define our ideal offering, and 5) Support and develop new events that will stay in Calgary and benefit our City and its citizens.

Historically, the CTCC has delivered an economic impact return to Calgary of 19:1; \$19 of direct economic impact for every \$1 invested by the city of Calgary. With the requested capital investment, the CTCC projects that it will maintain this ratio over the next 20 years delivering between \$720 Million and \$1 billion in economic impact to Calgary.