

**Community Services Report to
Priorities and Finance Committee
2019 May 14**

**ISC: UNRESTRICTED
PFC2019-0604**

Economic Strategy Update

EXECUTIVE SUMMARY

In 2018, Council approved *Calgary in the New Economy: An economic strategy for Calgary* (the refreshed Strategy), an update of *Building on our Energy: an Economic Strategy for Calgary* that was originally approved in 2014. The refreshed Strategy, stewarded by Calgary Economic Development Ltd., is a roadmap that guides collaborative economic development activities in Calgary across government, industry and educational institutions, and establishes shared priorities. To build on the collective action and momentum of the refresh process and improve collaboration and integration of actions between The City, community, and Calgary Economic Development, the Leadership and Implementation Team was reconvened with enhanced representation from the private sector and stakeholders. Four area of focus Leadership Teams were established to lead Talent, Innovation, Place, and Business Friendly. This report provides an update on implementation of the refreshed Strategy since the last progress report to the Priorities and Finance Committee in 2018 June. Attachment 2 to this report from Calgary Economic Development provide detailed updates on the activities and results within each of the four areas of focus.

ADMINISTRATION RECOMMENDATION:

That the Priorities and Finance Committee recommends that Council receive this report for information.

RECOMMENDATION OF THE PRIORITIES AND FINANCE COMMITTEE, 2019 MAY 14:

That Council receive Report PFC2019-0604 for information.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2018 June 25 Council approved the Priority and Finance Committee's recommendation in PFC2018-0668 10 Year Economic Update and Refresh as follows: That Council approve *Calgary in the New Economy: An Update to the Economic Strategy for Calgary*.

See additional Previous Council Direction in Attachment 1.

BACKGROUND

Calgary in the New Economy: An updated economic strategy for Calgary (the refreshed Strategy) was approved by Council in 2018 June as an update to *Building on our Energy: an Economic Strategy for Calgary* that was developed in 2013 and approved in 2014. Since 2014, global and local economic conditions had shifted, and the refreshed Strategy focused on new opportunities for Calgary to grow and diversify. Calgary Economic Development stewards the refreshed Strategy and it is a road map that brings together Calgary's community and business leaders, entrepreneurs, innovators, partners, including The City's Civic Partners and The City to collectively establish and build Calgary's core strengths and shared priorities. The goal of the strategy is that "Calgary is the city of choice in Canada for the world's best entrepreneurs. We embrace innovation and create solutions to meet the world's needs in food, health, energy and transportation."

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The refreshed Strategy is structured into four areas of focus that simplify and streamline the six energies in the previous version of the strategy: Talent, Innovation, Place, and Business Environment. To build on the momentum and energy of the refresh process' stakeholder engagement, four area of focus Leadership Teams were established to lead collaborative, cross-sector work within the four areas. Representatives from leading organizations including The City, Civic Partners, post-secondary and education institutions, not for profit agencies and the provincial and federal governments sit on these teams. A renewed Leadership and Implementation Team provides guidance for implementation of the refreshed Strategy and includes the chairs of each of the teams and increased private sector participation.

Success of the refreshed Strategy is based on cross-sector collaboration and participation and the teams take an active role in identifying priorities for their specific area of focus and setting performance measures to track results.

Economic Conditions

While Calgary saw a slight increase in the pace of growth in 2017, growth slowed to the national average in 2018. GDP rose to \$115.7 billion in 2018, close to the \$116.5 billion reached in 2014 before the downturn. Given the challenging economic conditions, significant community, City and partner energy continued to focus on implementing the Strategy and improving how resources, and expertise could be leveraged to strengthen and diversify the local economy.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Priorities since the refreshed Strategy was approved by Council include restructuring and reconstituting the Implementation and Leadership Team, creating areas of focus teams, identifying priorities, identifying potential "quick wins", gaining support of stakeholders in championing the refreshed Strategy, establishing an implementation plan, and identifying resourcing.

Collaboration has continued to be a driving theme for implementation. Across the community and within The City, there are a variety of ongoing strategies, plans and initiatives that align and compliment the refreshed Strategy. The refresh process highlighted opportunities for increased alignment of this work, and efforts to align have continued into 2019. The following are just a few examples of how The City is working alongside Calgary Economic Development and other key stakeholders engaged in economic development to better align and leverage each other's work:

- Collaboration to develop and implement a **Downtown Strategy for Calgary**, with an initial presentation to City Council on 2019 April 1 (C2019-0415), with a focus on how The City works alongside Calgary Economic Development, the Calgary Municipal Land Corporation and other key partners in this work.
- Work underway on a **resilience strategy for Calgary** is leveraging *Calgary in the New Economy* and The City's Resilience team worked alongside Calgary Economic Development to develop the economic component of the strategy and align it with the Strategy's four areas of focus: Talent, Place, Innovation, and Business Environment.

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- ***Enough for All*** is a City and United Way funded poverty reduction strategy stewarded by Vibrant Communities Calgary (VCC) with support from Momentum. To reflect how Calgary's economic environment has changed since it was first accepted by Council in 2013 May, *Enough for All* was refreshed in 2018. Given the connection between the economic strategy and poverty reduction, VCC and Calgary Economic Development participated on each other's refresh committees to leverage each other's knowledge, and increase alignment.
- To update the ***Centre City Plan*** Administration is working alongside key stakeholders including Calgary Economic Development, Calgary Arts Development Authority and other Civic Partners that support economic development, arts and culture, and vibrancy in the downtown core to align the update of the plan with the refreshed economic strategy, and other Civic Partner strategies.

The research undertaken to refresh the Strategy in 2018 has continued in 2019 to further understand the clusters of industries that are Calgary's best opportunities for growth. Activities within the four areas of focus prioritize seven industry clusters where Calgary has strength: energy, agribusiness, transportation and logistics, tourism, creative industries, life sciences, and financial services. Research also indicated that Calgary had opportunities related to digitization of all industries through artificial intelligence and adjacent advanced technologies.

The launch of the Council approved \$100 million Opportunity Calgary Investment Fund (OCIF) supports implementation of the refreshed Strategy. Alignment with the refreshed Strategy is built into the criteria for investment. In 2018, Opportunity Calgary Investment Fund Ltd. was established as a wholly owned subsidiary of The City, and administrative support is provided by Calgary Economic Development through a Service Agreement. As of Q1 2019, OCIF's Board of Directors had announced three projects for a total combined investment of \$14.5 million.

Progress to date

As part of the refresh process, Calgary Economic Development has revisited and adjusted the Leadership and Implementation Team structure. Current priorities of the Leadership Implementation Team include being a champion for the refreshed Strategy, and supporting talent attraction efforts.

Calgary Economic Development build on the energy and engagement of the refresh process and created four areas of focus Leadership Teams for Talent, Innovation, Place, and Business Environment. Once struck, each of the four teams had the opportunity to define their priorities, performance measures, and quick wins. These grassroots priorities are being used to develop a full implementation plan for the refreshed Strategy and Calgary Economic Development will integrate the performance measures for the four areas into a single metrics scorecard.

Collective strategy highlights from each of the four areas of focus are included below. Calgary Economic Development's organization-specific results for 2018 are also included in CPS2018-0538 *2018 Civic Partner Annual Report*. A detailed summary of implementation results since 2018 June from Calgary Economic Development are included in Attachment 2.

Area of Focus: Talent - *Calgary is Canada's destination for talent*

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Talent Leadership Team chairs: Dr. Ed McCauley, President, University of Calgary; Dr. David Ross President, SAIT; and Dr. Greg Bass, CEO, Calgary Academy.

Snapshot of current state: Measures proposed to date identify that Calgary's unemployment rate has remained unchanged since 2018 June, employment in technology fields increased to a ten year high in 2017, and net migration of people aged 20 to 39 increased in 2017-2018.

Committee defined objectives:

- Increase community understanding of the Calgary labour market.
- Create and deploy development pathways to in demand skills.
- Strengthen linkages between post-secondary and young technology firms.
- Enhance experiential learning programs across the community.
- Advocate for Calgary in provincial and federal programs and funding allocations.
- Leverage funds and seek co-investment to achieve community goals.

Area of Focus: Innovation - Calgary is Canada's leading B2B Innovation Ecosystem

Innovation Leadership Team chairs: Terry Rock, President and CEO, Platform Calgary (Calgary Technologies Inc.); Judy Fairburn, Creative Destruction Labs Director, Co-Founder Evok Innovations

Snapshot of current state: Startup Genome estimated there are 150-250 startups in Calgary compared the global average of 1010 in surveyed communities. In 2018, there was \$120 million in venture capital deals in Calgary.

Committee defined objectives:

- Tell Calgary's technology story.
- Address technology challenges of large enterprises.
- Facilitate early adoption of local technology by large enterprises.
- Strengthen connectivity between service delivery agencies.
- Establish Calgary as the place where businesses can transform.
- Enhance access to talent and experiential learning programs (Talent crossover).
- Advocate for Calgary in provincial and federal programs and funding allocations.

Area of Focus: Place - Calgary is Canada's most liveable city.

Place Leadership Team chair: Michael Brown, President and CEO, Calgary Municipal Land Corporation

Snapshot of current state: In 2018, 83 per cent of Calgarians agree that Calgary is a great place to make a life. The 2018 Civic Census recorded 43,492 people living in the Centre City.

Committee defined objectives:

- Increase vibrancy and sense of pride in the downtown.

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- Spur investment in the downtown.
- Include diverse voices in developing and deploying actions and initiatives.

Area of Focus: Business Environment

Business Environment Team chair: Stuart Dalglish, General Manager, Planning and Development, The City of Calgary

Led by The City in collaboration with Calgary Economic Development and other key stakeholders, this pillar's priorities were informed by the research undertaken during the Strategy refresh process, and results of City Business Perspectives research.

Committee defined objectives:

- Service: To ensure The City is providing a customer service experience that supports and helps business navigate through each and all services, there must be an open and ongoing dialogue with the business community.
- Value: Service alignment with policy goals, service cost and collaboration with the business community to equip them with information, resources and dedicated support programs to strengthen their resilience and contribute to business continuity
- Innovation: The City will and must continue to be innovative in ways in which we serve businesses, meeting current, and being prepared for, emerging needs.

Full details about the refreshed Strategy's timelines, governance are included in Attachment 2, along with performance measures, activities and results for each of the four areas of focus (Talent, Innovation, Place, and Business Friendly).

Stakeholder Engagement, Research and Communication

The revised area of focus Leadership Team structure and refreshed Leadership Implementation Team engages a broad range of business leaders, community leaders, entrepreneurs, innovators, members of the provincial government, and members of Administration. This collaborative approach helps support and encourage alignment and leveraging strategies, plans and activities.

Strategic Alignment

The refreshed Strategy closely aligns with Council Directives for *One Calgary 2019-2022*; the Calgary resiliency strategy and forthcoming *Downtown Strategy*, both currently under development; Capital Infrastructure Investment Principles; *Good Movement Strategy*; Recreation Master Plan; the Municipal Development Plan; *Corporate Industrial Land Strategy*; imagineCALGARY; Centre City Plan; the *Cultural Plan for Calgary*; *Foundations for Home: Calgary's Corporate Affordable Housing Strategy*; *Enough for All* poverty reduction strategy; and the Calgary Metropolitan Region Board.

It also aligns with related Civic Partner strategies including Tourism Calgary's *Destination Strategy*, Calgary Arts Development Authority strategy *Living a Creative Life*, and The Calgary Convention Centre Authority's work on establishing a Convention Centre District.

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Social, Environmental, Economic (External)

The refreshed Strategy is a key method of delivering Council Directives for *One Calgary 2019-2022*, in particular those related to a Prosperous City and is aligned with the Economic Development and Tourism Line of Service.

One of the core values of the refreshed Strategy is inclusivity noting a vision of community where Calgary is safe and diverse, our community values individual contributions, and there is a shared sense of ownership in decision making and implementing initiatives. Inclusivity and diversity of different populations is built into a number of the areas of focus, most notably Talent and Place.

Financial Capacity

Current and Future Operating Budget:

Through One Calgary, Calgary Economic Development was allocated the following operating funding for its core work, including implementation of the refreshed Strategy: 2019: \$10.1 million, 2020: 10.3 million; 2021: \$10.3 million and for 2022, \$10.3 million.

In 2017 and 2018, Council approved \$100 million be allocated to the Opportunity Calgary Investment Fund, and approved the establishment of a new City of Calgary wholly owned subsidiary, Opportunity Calgary Investment Fund Ltd., to manage the Opportunity Calgary Investment Fund. As of Q1 2018, funding for three initiatives has been announced worth a total of \$14.5 million.

Current and Future Capital Budget:

There are no capital budget impacts from this report.

Risk Assessment

Calgary Economic Development Ltd, a City of Calgary wholly owned subsidiary and Civic Partner, stewards the refreshed Strategy. As stewards, they are responsible for implementation and identifying and mitigating and risks related to this work, including assessing the capacity of partners to deliver on actions identified in the Strategy. A new implementation plan for the refreshed Strategy is under development.

In terms of managing overall risk, Calgary Economic Development has an Enterprise Risk Matrix that identifies risk facing its operations and mitigation strategies. Implementation of the refreshed Strategy is included on Calgary Economic Development's corporate balanced scorecard that is monitored by the board of directors.

The City's exposure to risk related to Calgary Economic Development as a City of Calgary partner is also identified, tracked, and mitigated through existing controls under The City of Calgary's Principle Corporate Risk program (Partnership Risk) and the Service Risk Register for the Economic Development and Tourism Line of Service. Mitigation includes Calgary Economic Development participation in the accountability framework for Civic Partners that includes an annual financial review and inclusion in the Civic Partner Audit Report, and reporting to the

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Standing Policy Committee on Community and Protective Services as part of the Civic Partner Annual Report.

REASON(S) FOR RECOMMENDATION(S):

Since *Calgary in the New Economy* was approved in 2018 June, Calgary's collective efforts to strengthen and diversify our economy, and address challenges and emerging opportunities have increased through a new level of collaboration and leveraging of activities, priority setting and resources.

ATTACHMENT(S)

Attachment 1: Previous Council Direction

Attachment 2: Calgary in the New Economy Progress Report