

Calgary Transportation & Logistics Sector Opportunities

From Study to Action

Calgary Region as a Transportation Hub
December 2, 2010
Calgary



Presentation Objectives



Summarize key messages from Calgary
Transportation and Logistics Opportunities Study

Explore need and options for collective action to
address Calgary T&L Sector issues and opportunities

Identify a champion(s) to move initiative forward

Calgary Transportation & Logistics Opportunities Study

Mandate

- Study initiated by Calgary Economic Development (client)
- Private and public sector Steering Committee

Objectives

- Identify strengths and weaknesses of Calgary's T&L Sector
- Identify issues and opportunities for collective action
- Identify need and strategy for new, Calgary specific, T&L industry "council"

Scope

- Focus on T&L sector in Calgary and surrounding region
- Secondary research. Extensive industry consultation process.
- Input from Steering Committee, Joint Committee of CLC & Chamber



What Does Calgary's T&L Sector Look Like?



Major distribution center / hub for Western Canada

- Central position (geographic & population/markets)
- Several major Distribution Centers (DCs) already in Calgary
- Significant population within 1 day drive



Critical mass of T&L sector players/ activity:

- Both CN, CP have presence, terminals
- Major center for trucking activity/companies
- Calgary international airport
- Significant presence of 3PLs



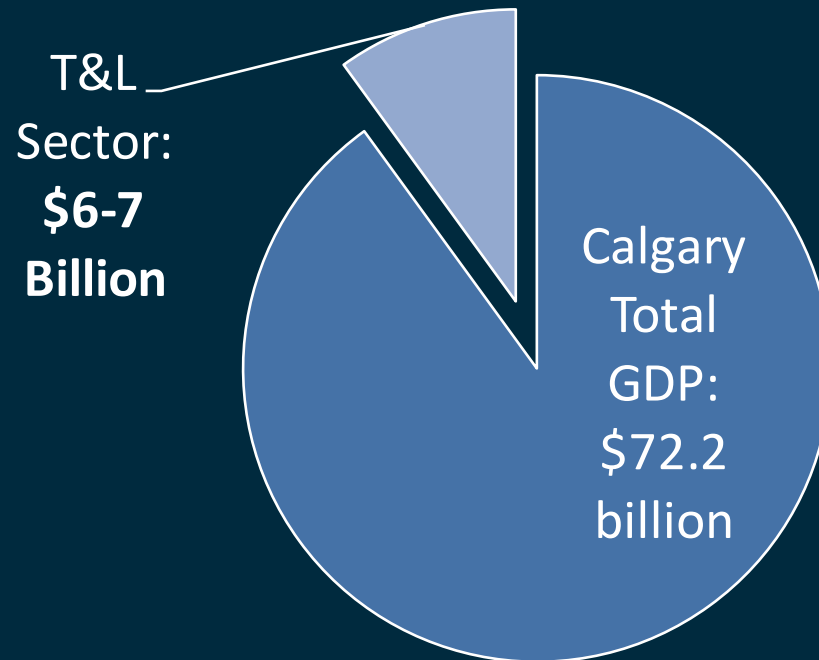
Cross of Asia-Pacific Corridor & Canamex Corridor

- Strategic location for imports & exports

Economic Impact: GDP, Support to Other Sectors

T&L Sector represents 8-10% of total economic activity

Transportation underpins the competitiveness of all other sectors of the economy



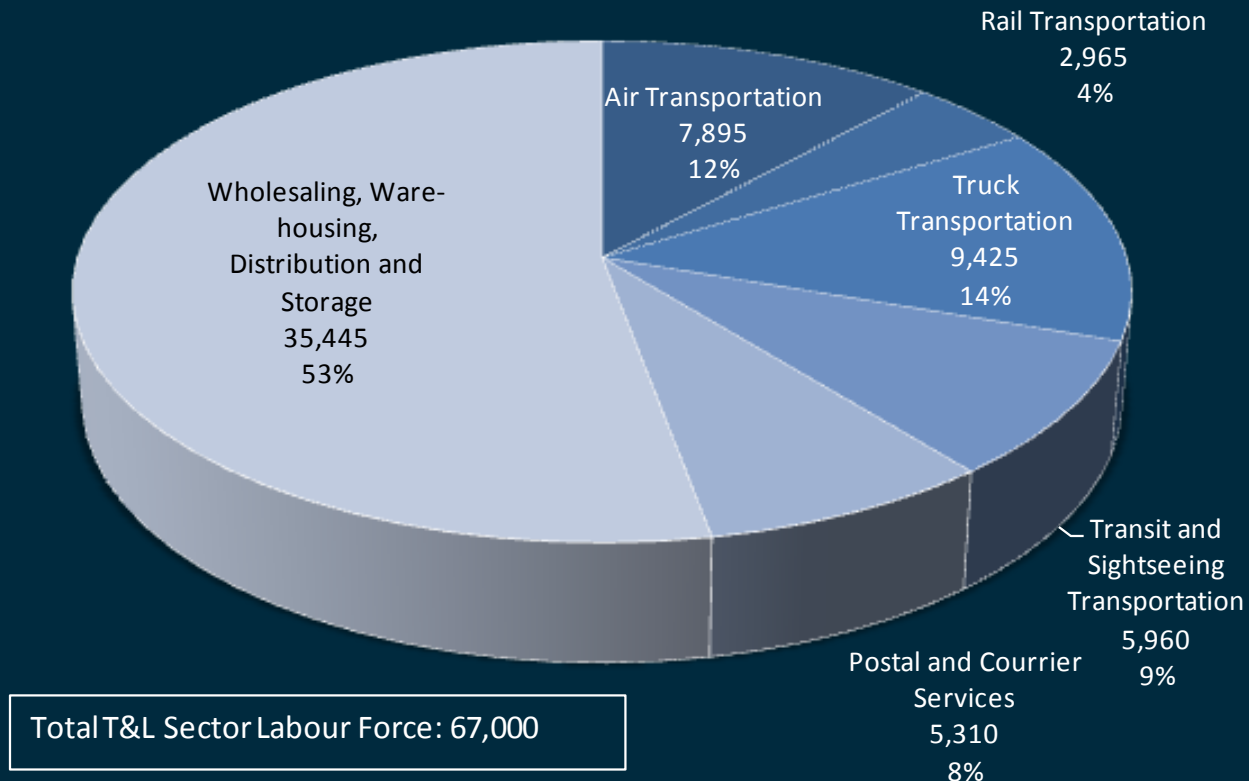
Source: CPCS Analysis of 2006 Census data for Calgary CMA



Economic Impact: Jobs

Total Calgary T&L Sector Labour Force: 67,000 jobs

- Wholesaling, warehousing, DC activity represents 53%



Source: CPCS analysis of estimates from the 2006 Census, Statistics Canada
Note: Calgary Census Metropolitan Area



Strengths & Weaknesses I

- Transportation Infrastructure
 - ✚ No major issues: relatively uncongested network provides access to available land
 - Public transit access to industrial parks is an issue (re: labour)
- Labour
 - Shortages of less skilled labour (across sectors)
 - ✚ But deep pool of skilled labour

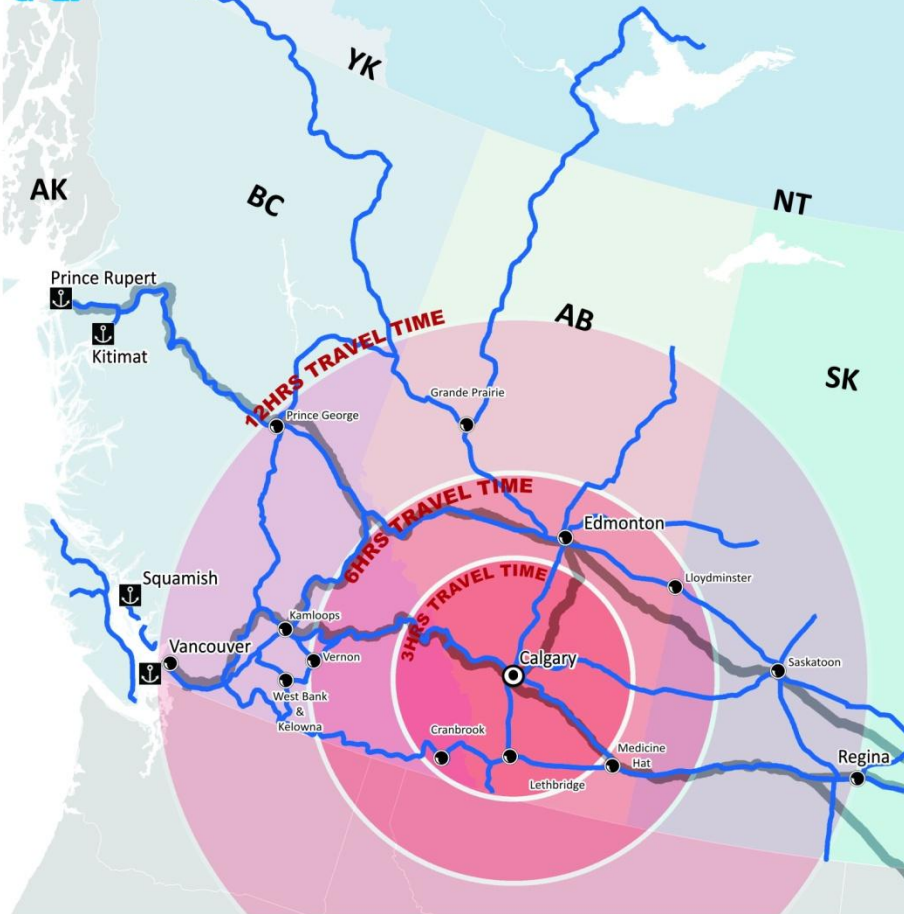
Strengths & Weaknesses II

- *Serviced* Land Availability and Cost
 - A challenge for some stakeholders
 - + A strength relative to Vancouver, a weakness relative to Winnipeg/Saskatchewan
- Economic Diversification
 - + Energy boom has been a strength because of above average growth
- Clustering & Critical Mass
 - + Large concentration of T&L firms

Strengths & Weaknesses III: Geographical Position

Calgary is centrally located to serve Western Canada
 But Calgary is no Chicago (3% of American population within 800km, compared to 28% from Chicago)

CPCS TRANSPORTATION STRATEGY CONSULTANTS



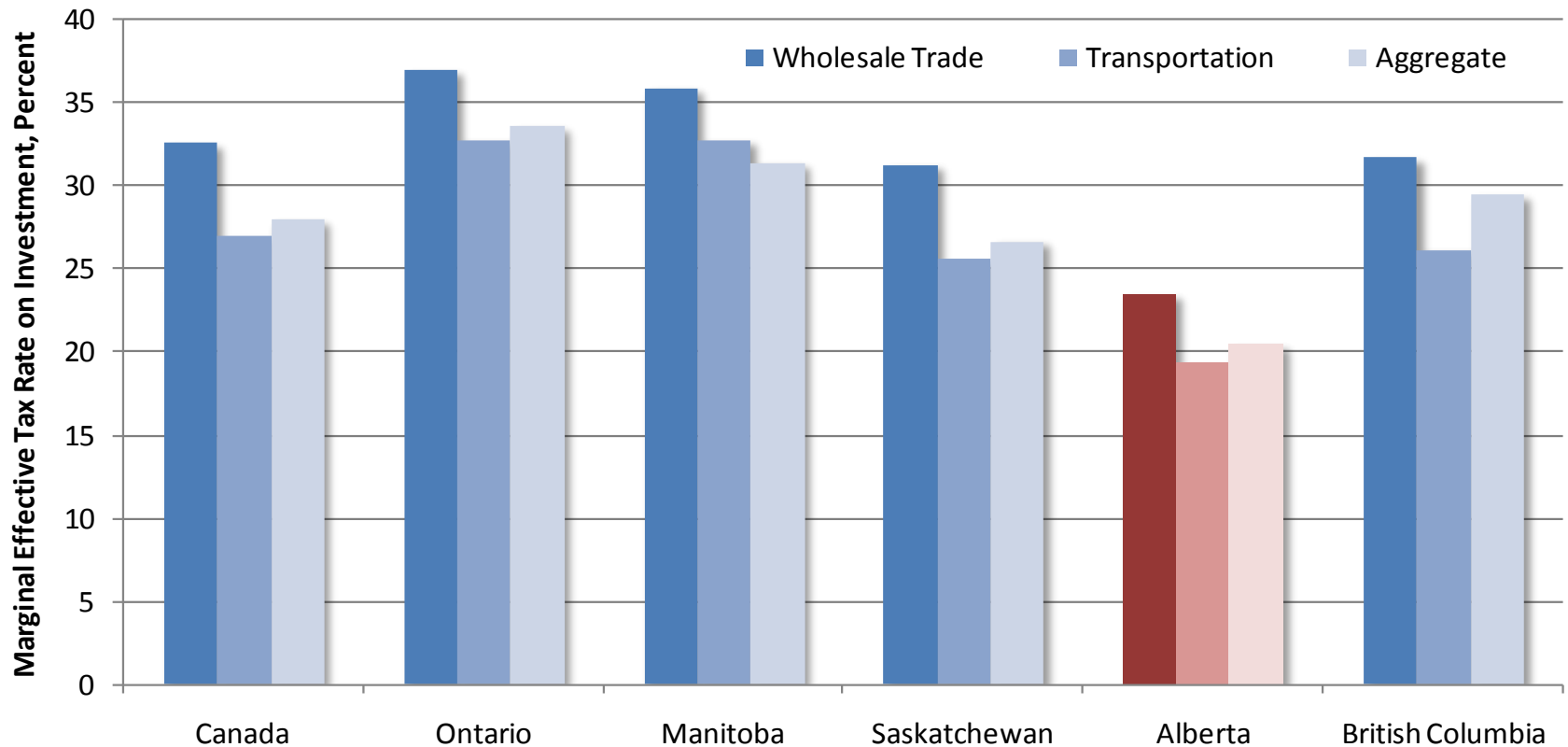
Legend

- Ports
- CN & CP Core Mainline
- National Highway System
- Calgary
- Other Cities



Strengths & Weaknesses VI: Taxes

+ Low marginal effective tax rate on capital investments



Source: CPCS analysis of data from the School of Public Policy, University of Calgary.

Trends I

— Labour

- Negative perceptions of T&L occupations

+ Growth of Rail Intermodal

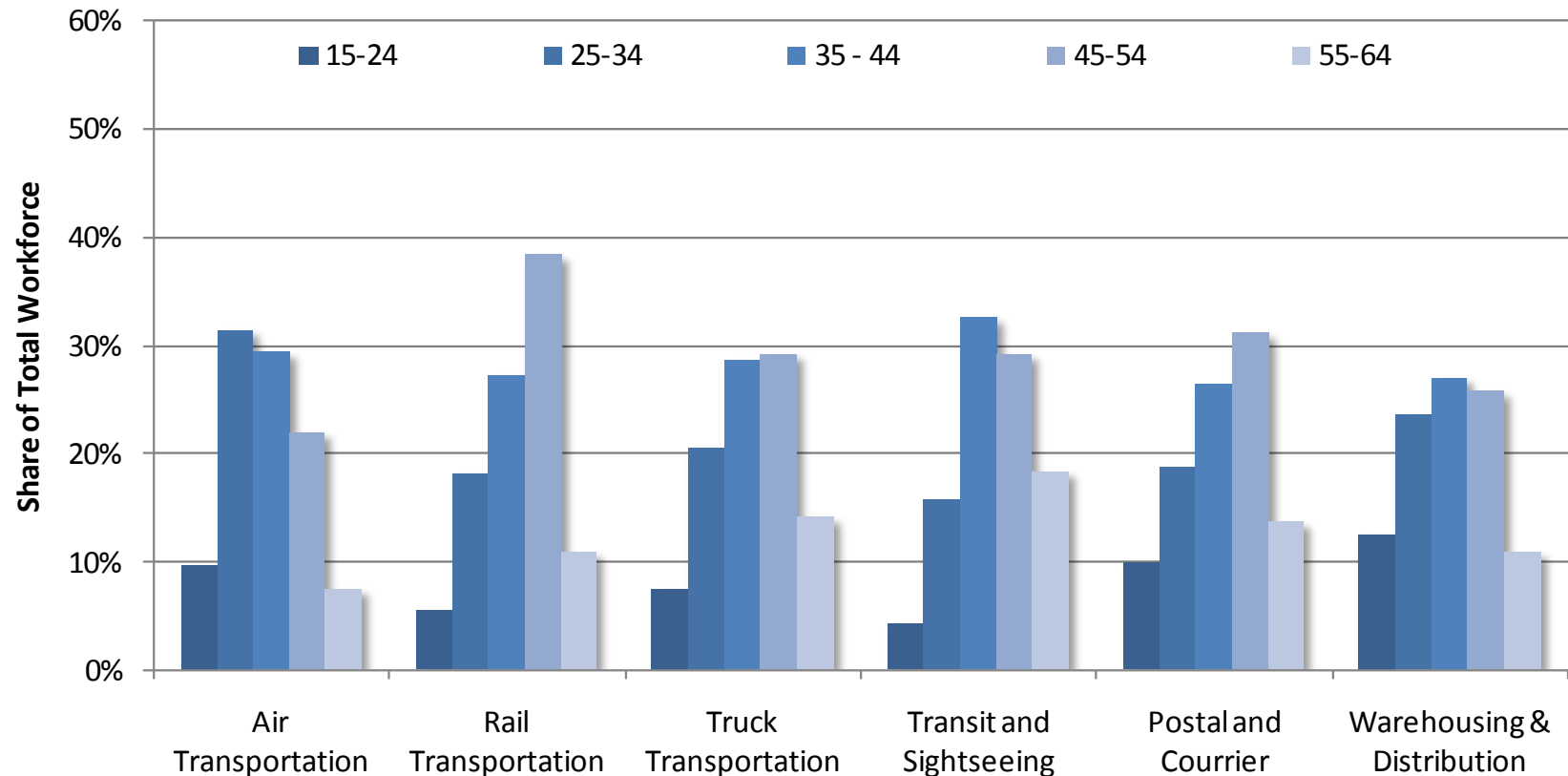
- Importance of the North American intermodal terminal network

+ Emergence of Calgary as a Distribution Hub for Western Canada

? Greening of Supply Chains

Trends II: Retirement of the Baby Boom Generation

Aging T&L Sector Labour Force



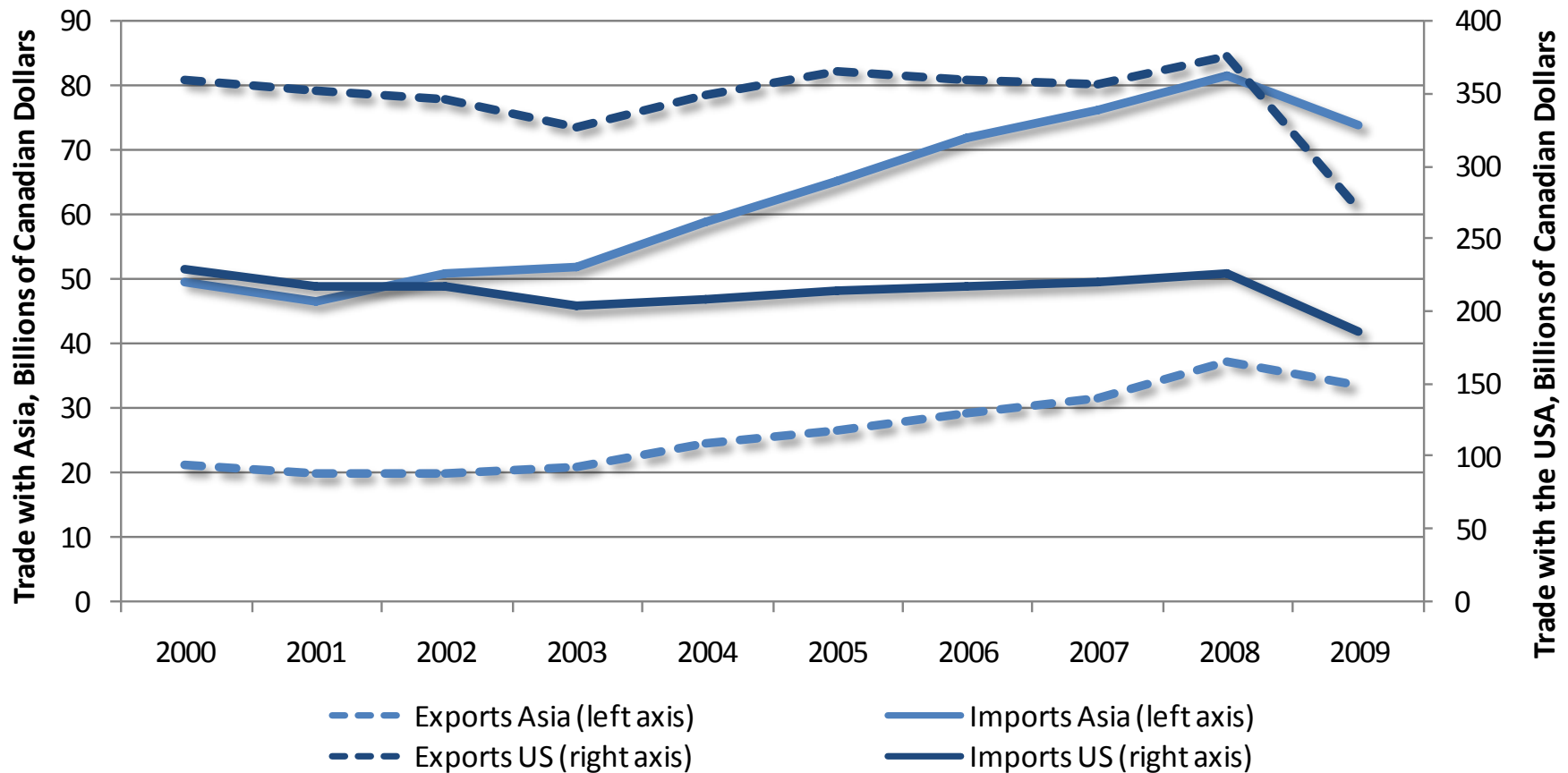
Source: CPCS analysis of data from Statistics Canada 2006 Census of Canada, Calgary Census Metropolitan Area.



Trends III: Globalization and Growing Trade with Asia



General trend of increasing trade with Asia

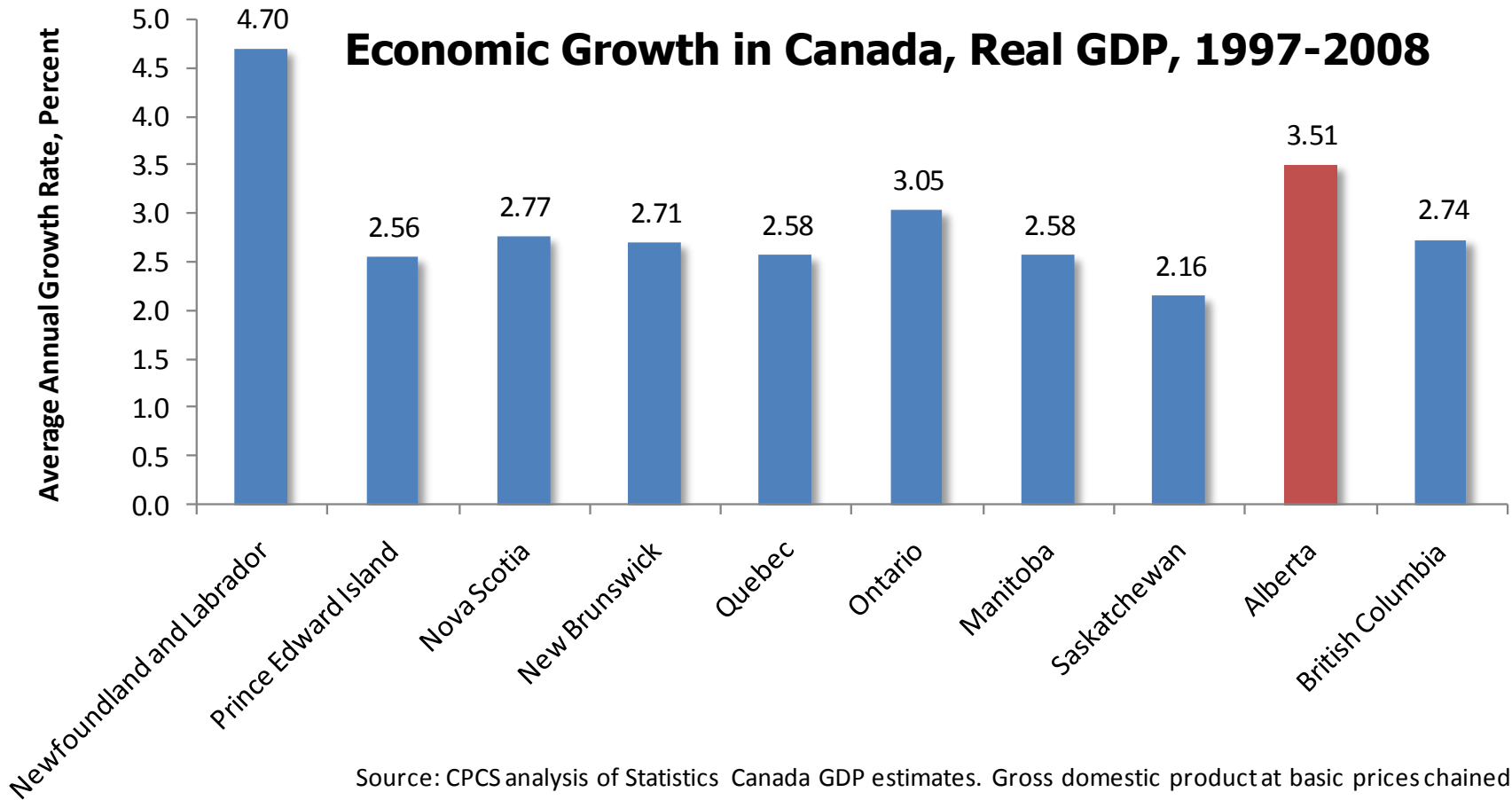


Source: CPCS analysis of data from Statistics Canada obtained through Industry Canada Trade Data Online



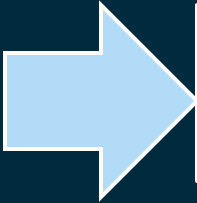
Trends IV: Strong Economic Growth

Strong economic growth relative to other provinces



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Needs of Calgary's T&L Sector

Strategic Needs

Operational Needs

Investment Attraction Needs

Ensuring the Sector has All the Labour it Needs

Greening Supply Chains from Top to Bottom

Ring Road

Marketing & Business Attraction

Sharing Best Practices

Raising T&L Sector Issues with Government with One Voice: Advocacy

Public Transit Access to Industrial Parks




Taking Advantage of Globalization: Growing Trade with Asia

Linkages with Other Similar Organizations

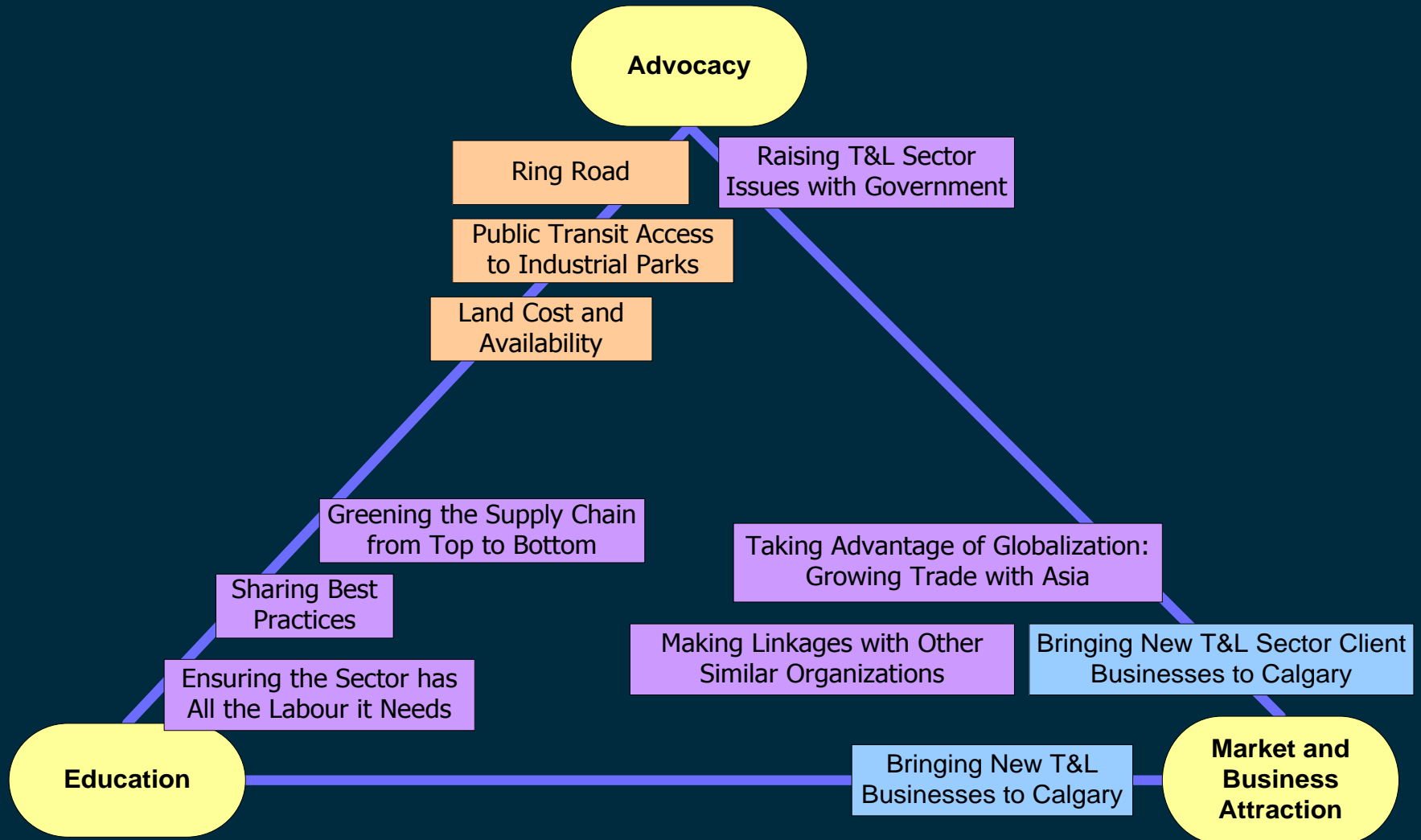
Land Cost and Availability

Opportunities to “tweak”
but, no fire burning = limited urgency

Typical Impetuses for Creation of T&L Councils

Impetus	Description	Relevance to Calgary
Disposition of a Major Parcel of Surplus Land	The disposition of a major parcel of surplus land is the motivation for several of the US T&L sector organizations (e.g. KC SmartPort, Memphis, Alliance Texas).	
T&L Infra-structure Capacity Limitations	Infrastructure capacity limitations, either in terms of land or infrastructure such as roads, bridges, port facilities, etc., (e.g. Vancouver Gateway Council).	Limited
Excess T&L Infra-structure Capacity	Excess T&L infrastructure capacity is common a motivation for T&L sector organization (e.g. Halifax Gateway / Atlantic Gateway, CentrePort Canada, Memphis).	
Economic Development	Opportunity to attract investment.	

Collective Action for Calgary's T&L Sector: Focus on Niche Needs/Opportunities



Recognizing different interests of infrastructure and non-infrastructure players

Infrastructure Players

- Alberta Transportation
- Calgary International Airport Authority
- Calgary Regional Partnership
- Calgary Transit
- Canada Border Services Agency
- City of Calgary Transportation Department
- CN
- CP
- Logistics/business park developers
- Rocky View County
- Transport Canada

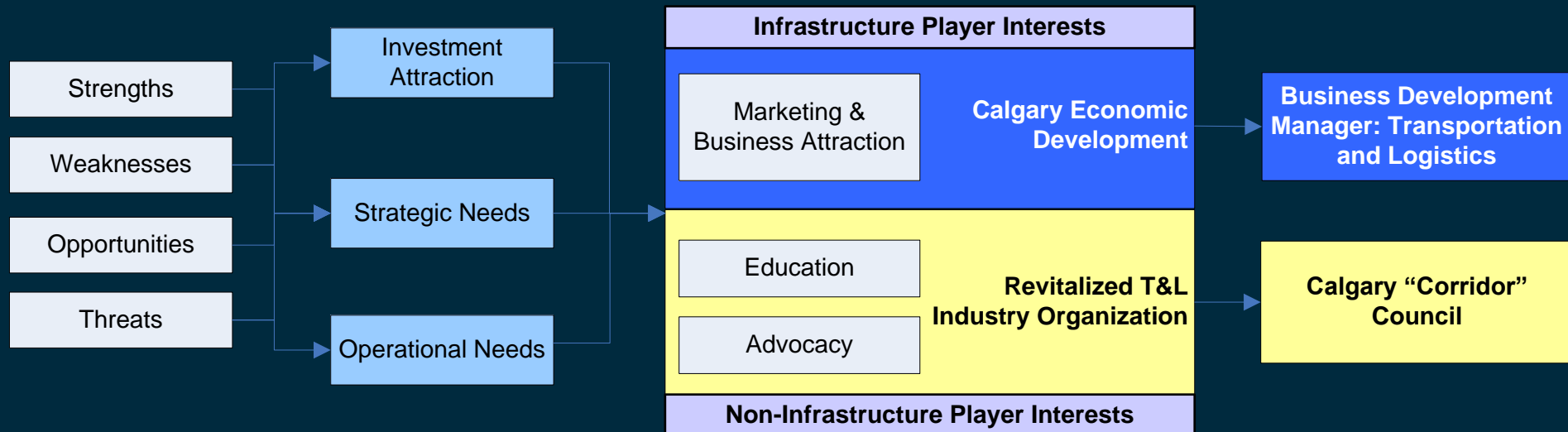
Non-Infrastructure Players

- 3PLs
- Airlines
- Courier companies
- Freight forwarders
- Shippers with logistics operations
- Trucking companies
- Warehouse providers



Matching Interests to Initiatives

Aligning initiatives and actions with interests of infrastructure and non-infrastructure players



Two T&L Sector Promotion & Development Functions:

Calgary “Corridor” Council (CCC)

Representing interests of all, including non-infrastructure players

Business Development Manager (within CED) focused on T&L Sector Investment Attraction

Representing interests of infrastructure players

Organization and Operations

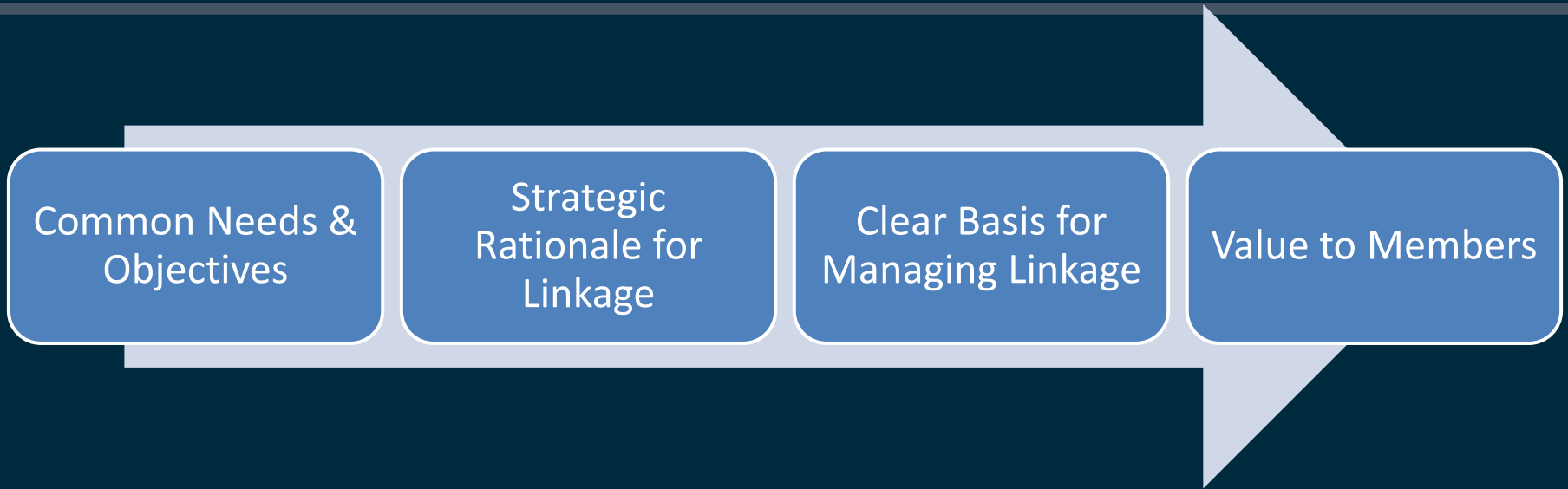
Calgary Corridor Council

- Not-for profit structure
- Private sector Board, representative of T&L sector interests
- **Need for Champion(s)**
- Lean organization. Part time ED or consultant initially
- Linkages with other organizations
- Sunset clause

BD Manager, T&L

- Operate within existing CED governance and mandate
- One person with significant T&L sector experience (private sector)
- Link to CCC

Organization and Operations: CCC - Linkages



- Linkage with Joint Committee of Calgary Logistics Council (CLC) and Calgary Chamber will require early attention as creating a duplicate structure would be of limited value

Communications & Marketing Plan Outline

- Launch Phase (six months)
 - Purpose: launch CCC
 - Driven by one or more champions
 - Starting point: strategic planning session for senior representatives of key players in Calgary's T&L sector
 - Discuss coordination/consolidation with existing CLC/Chamber of Commerce Joint Committee
 - Agree on "jumping off points" (i.e. short term priorities) for the CCC
 - Solicit interest and identify next steps to establish CCC's initial Board of Directors and membership
- On-Going Phase
 - Low cost strategy at first involving website and quarterly newsletter

Jumping Off Points: CCC

Education

Identify key gaps in skills required in Calgary's T&L sector by means of a human resources situational analysis

This should be done by:

- Engaging with and leveraging the work of exiting human resources sector councils
- Working with educational institutions
- Leveraging work of CTL, the Chamber of Commerce
- Engaging with the members of CCC on needs, priorities and issues

Advocacy

Contribute to Alberta's Strategic Transportation Plan 2050, recently launched by the Government of Alberta and scheduled to be complete by December 2010.

Conduct study on the economic impact of Calgary's T&L sector.

Advocate for the re-launching of the completion of the Calgary Ring Road.

Advocate for transit service to logistics parks on the outskirts of the city to improve access to labour and reduce environmental impacts from commuting



Jumping Off Points: BDMT&L

- Develop marketing strategy, including identification of marketing priorities, target audiences, message, communication strategy, etc.
- Develop marketing plan: objectives in terms of who to meet, message, where to meet, and when to meet: shippers (importers and exporters), T&L dependent industries, freight forwarders & 3PLs, shipping lines, air lines with a potential interest in western Canada
- Target: Identify priority markets (e.g. China), priority target audiences. Initiate contact with 75-100 potential investors with an interest in western Canada.



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Need for a Champion

Why?

- Lead T&L sector into action. Create and drive momentum.
- Face of Calgary Corridor Council when engaging with government

What?

- Pull together initial Board of Directors
- Work with industry to identify priorities. Lead action.

Who?

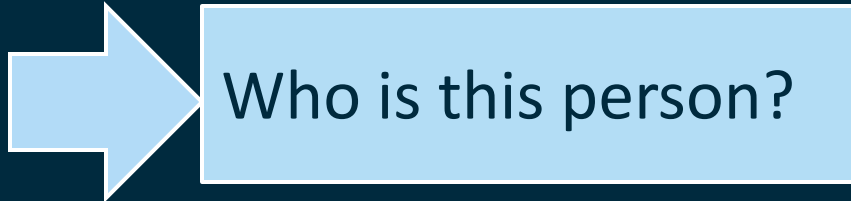
- T&L sector leader from private sector
- Connected. Informed. Influential. Passionate. Time to dedicate.

When?

- If not now, when?

Moving Forward

- Identifying a champion(s): key characteristics?



- Institutional roll-out: establishing Board of Directors
- How to best coordinate with CLC, Chamber, others to minimize redundancy?
- Refining strategy, confirming jumping off points, in line with industry interests?
- Role of CED?
- Other thoughts and actions?

Questions & Comments?

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