



TO: GENERAL COMMITTEE

SUBJECT: UNIVERSITY STEM HUB CAMPUS INVESTMENT IN BARRIE – LAKEHEAD UNIVERSITY

WARD: ALL

PREPARED BY AND KEY CONTACT: S. SCHLICHTER, DIRECTOR OF ECONOMIC AND CREATIVE DEVELOPMENT

SUBMITTED BY: S. SCHLICHTER, DIRECTOR OF ECONOMIC AND CREATIVE DEVELOPMENT

GENERAL MANAGER / EXECUTIVE DIRECTOR APPROVAL: B. ARANIYASUNDARAN, P. ENG., PMP, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT

CHIEF ADMINISTRATIVE OFFICER APPROVAL: M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That space at the Transit Terminal located at 24 Maple Avenue be renovated to support the creation of a Science, Technology, Engineering and Mathematics (STEM) University satellite hub of Lakehead University as the first phase of establishing a university presence in the City of Barrie.
2. That Capital Project 001292 Permanent Market Development be cancelled and a new Capital Project for the STEM Hub Campus – Lakehead University be created with the funding envelope identified in the proposed 2025 Capital budget be advanced and reallocated to this project, approved in the amount of \$6.5M and funded from the Tax Capital Reserve to support the opening of the campus for September 2026, with anticipated cashflow as follows:
 - a) 2025 – \$1.25M
 - b) 2026 – \$5.25M
3. That the Director of Facilities be delegated authority to negotiate and the Mayor and City Clerk be authorized to execute an initial five-year lease agreement with Lakehead University for 24 Maple Avenue under the following general terms and conditions and in a form that is to the satisfaction of the Director of Legal Services, Chief Financial Officer, and Chief Administrative Officer:
 - a) Five-year term – including an option for renewal, with terms to be negotiated
 - b) Basic rent of \$1 for the premises, with payment by the landlord of utilities, and to keep the facility to the standard of a first-class building for the premises
4. That a one-time commitment of \$1,000,000 in capital contributions be made towards Lakehead University to support the start-up capital required to equip and fit-out the space associated with developing a STEM Hub at 24 Maple Avenue through the creation of a 2025 Capital Project to be funded from the Reinvestment Reserve and released over two-years commencing in 2025 with a \$600,000 contribution.

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5. That to provide ongoing stability for Lakehead University over the start-up operations growing to full student complement, a further commitment to support operating for the first four years be added to the 2026 Budget and Business Plan and subsequent years in the following amounts:
 - a) 2026 - \$400,000
 - 2027- \$ 800,000
 - 2028 - \$600,000
 - 2029 - \$600,000
 6. That the Director of Economic and Creative Development be delegated authority to negotiate and the Mayor be authorized to execute a Memorandum of Understanding with Lakehead University under the following general terms and conditions and in a form that is to the satisfaction of the Director of Legal Services, Chief Financial Officer, and Chief Administrative Officer:
 - a) Alignment on strategic decisions and directions of Lakehead University with the City's strategic priorities;
 - b) Operational funding Commitments
 - c) City's recognition of its annual partnership funding contribution;
 - d) Commitment to program offerings to meet the needs of the local community and employers and fill needs not currently met by Georgian College, including engineering at the graduate and post-graduate levels.
 - e) 10-year vision for growth and establishing a larger presence as part of a phase 2 program
 7. That the Director of Facilities be delegated authority to negotiate and the Mayor and City Clerk be authorized to execute a property lease agreement for space in the downtown core to relocate the Barrie Police satellite office at 24 Maple Avenue, at a location acceptable to Barrie Police Services and for a term generally consistent with that of the Lakehead lease that is to the satisfaction of the Director of Legal Services, Chief Financial Officer, and Chief Administrative Officer.
 8. That staff be authorized to waive the City's Procurement By-law, where necessary, to meet the project timeline.

PURPOSE & BACKGROUND

Report Overview

9. The purpose of this Staff Report is to provide information related to the opportunity to develop a university STEM Hub at 24 Maple Avenue and the associated financial approvals and delegated authority needed to secure a university hub campus of Lakehead University for the City of Barrie.

Background

10. On April 19th, 2023, Lakehead University provided Barrie City Council with an update concerning their Orillia Campus that identified the potential to offer undergraduate and graduate degree-level programming in Barrie as part of their future growth in the region.
11. Following the presentation and as part of the overall working relationship with Invest Barrie and Lakehead University, several discussions have occurred over the opportunity to leverage the potential to establish a physical presence in Barrie.
12. Staff were provided confidential delegated authority to pursue the opportunity to bring a university campus to Barrie, with a preference for downtown Barrie and leveraging City-owned property.

Program Opportunity

13. Currently Lakehead University has more than 8,500 students across its main campus in Thunder Bay and their campus in the City of Orillia with a total GDP economic impact of \$3.6 Billion. The Orillia campus has more than 2,100 students participating in more than 20 undergraduate and graduate programs across 6 Faculties of Study. Overall, they employ 253 people in the area.
14. Barrie's economy and that of the surrounding region is evolving, and the need for a skilled workforce in areas like engineering, technology, and innovation is critical to support the future growth of the area and Lakehead's broader regional growth strategy.
15. Building on the Georgian College and Lakehead University established diploma to degree programming in the faculty areas of engineering and computer science and to meet the needs of the community and growth, the vision for Lakehead University is to establish a STEM Hub in Barrie, offering graduate and post-graduate degree programming across the engineering, and computer science disciplines including mechatronics and, electrical and software engineering.
16. Lakehead University has proposed a phased approach that is responsive and responsible to ensure the delivery of programming that meets the needs of community, surrounding region and student needs, while taking a phased approach to growth to ensure a sustained commitment and presence within Barrie.
17. Over an initial five-year period, Lakehead expects to grow program enrolment to 700 students across these disciplines, in addition to professors and support staff and it would ideally offer student programming in Barrie in the 2026 academic year.
18. The longer-term vision includes establishing a more permanent STEM Hub location in another space leased or owned by Lakehead to support continued enrolment growth across these disciplines, in addition to opportunities to introduce new programming in response to community needs.
19. For the first five-years of operation, classroom, instructional labs, research space, faculty and administrative space needs are estimated at 16,000sf in addition to common area spaces. Growth is anticipated to require 25,000 – 30,000 sf of learning spaces over a 10-year trajectory.

Site Opportunity

20. A physical location is the most significant capital investment. In absence of a provincial capital program, the establishment of any university institution requires the raising of funds to support the capital and start-up costs associated with programming. The programs themselves become operationally sustainable once student capacity is achieved.

21. In order to achieve a program launch and student enrolment for September 2026, utilizing pre-built space is most suitable.
22. The exit of Barrie Transit from 24 Maple Avenue to the new Allandale Transit Hub, and the current occupancy of the 2nd floor with the Sandbox Centre for entrepreneurship and Small Business Centre, locating a university STEM Hub on the first floor of 24 Maple Avenue provides a unique opportunity to leverage a city-owned vacant space to achieve a strategic objective to bring a university campus into Barrie and drive more activity into downtown Barrie.
23. The main floor of 24 Maple Avenue includes approximately 7,000 square feet of interior space that is currently occupied by Barrie Transit and Barrie Police Service's downtown branch. The outdoor courtyard space is approximately 15,000 square feet and provides a unique opportunity to support additional educational spaces using modular buildings that can meet the needs of Lakehead University for its first 5-years of start-up and ramp up of enrolment and programming.
24. Given the growth projections of Lakehead University for the STEM Hub, it is anticipated that the available space would accommodate the first five years of operations. Following the five-year period, it is anticipated that the site would be at full utilization and the need for a more permanent solution would be required.
25. Further, the site at 24 Maple Avenue provides for a re-adaptive use to a planned vacant space and can meet the timing needs for a September 2026 academic year, based on the construction timeline of the Barrie Allandale Transit Terminal.

Financial Investment

26. To establish a university presence within the city, funding in the form of capital and start-up costs associated with both capital equipment fit-out and programming will need to be secured as universities are not funded for these types of activities. In absence of provincial capital funding for these costs, a university would typically look to private fundraising in addition to public commitments, including a municipal contribution.
27. The financial investment at the municipal level needed to support the establishment of the first phase of the Lakehead University STEM Hub in downtown Barrie includes a mix of the provision of space, one-time start-up capital equipment contribution and an annual funding contribution over the first 4 years of program start-up over the enrolment growth period.
28. The overall commitment proposed for consideration by General Committee is summarized as:
 - a) The creation of a new capital project that would replace Capital Project 001292 Permanent Market Development for the provision of space at 24 Maple Avenue on the main floor, including the 2nd floor Small Business Centre (if required) that would be renovated to support educational and common spaces, in addition to the inclusion of modular facilities in the courtyard, with the funding envelope of \$6.5M
 - b) A one-time commitment of \$1,000,000 in capital contribution to Lakehead University to support the start-up costs associated with equipping the educational spaces and funded over a two-year period commencing in 2025 with a \$600,000 contribution, and the remaining in 2026.
 - c) Provision of ongoing stability for Lakehead University over the start-up operations growing to full student complement, in the form of a cash contribution of \$400,000 in 2026, \$800,000 in 2027 and \$600,000 in years 2028 and 2029
 - d) A lease for the proposed space at 24 Maple Avenue for a five-year period at an annual basic rent of \$1 for the premises and the inclusion of utilities, with the option to renew, based upon the transition to the Phase 2 campus.

- e) The relocation of the Barrie Police Service from 24 Maple Avenue to another location within the downtown.

ANALYSIS

29. The City of Barrie has a history of identified need for a university campus. Barrie continues to be one of the fastest growing municipalities in Ontario and one of the few among the 25 urban growth centres in the Greater Golden Horseshoe without a university campus.
30. Barrie generally maintains a low participation rate in university studies in all age categories when compared to the Ontario average even though Barrie remains one of the youngest communities in Ontario.
31. Based on 2021 Census data 25.4% of Barrie residents aged 25 to 64 had a bachelor's degree or higher, tracking lower than 36.8% in Ontario and 32.9% in Canada. Further, 42.8% of Barrie's youth aged 18 to 24, were reported to be attending a post-secondary institution compared to 51.5% in Ontario and 50.2% in Canada.
32. While attainment of a post-secondary certificate or diploma remained higher than the provincial and federal rates, there remains an overall gap between the provincial and federal rates of post-secondary attainment as a whole.
33. Among 16 Census Metropolitan Area (CMA) in Ontario, Barrie (CMA) has the third-lowest proportion of the youth population aged 18 to 24 attending university, with only 22.2% enrolled between September 2020 and May 2021.
34. In contrast, CMAs such as Guelph, Toronto, Ottawa-Gatineau, Kingston, and Kitchener-Cambridge-Waterloo, all of which host major university institutions, report university attendance rates above 35%.
35. The 2022, the County of Simcoe Labour Market analysis was completed and provides important data and insights by examining employment, business, and educational opportunities and how they fit together
36. The research also examined occupational trends using the National Occupational Classification (NOC) system. There are four primary skill levels which describe the relationship between the skill and education level required to be employed within an occupation:
- Skill level A: university education
 - Skill level B: college education, apprenticeship, or an equivalent level of on the-job experience
 - Skill level C: secondary school and/or on the-job training
 - Skill level D: only on-the-job training
37. The study identified that 21% percent of the top 100 jobs advertised in the manufacturing sector required NOC skill level A (university education), demonstrating an opportunity to build additional programming to fill the need for a workforce within manufacturing by offering credentials at an undergraduate degree or higher.
38. While the STEM Hub programming being proposed by Lakehead University in the areas of engineering and computer science are applicable beyond the scope of manufacturing, the manufacturing sector continues to be a key sector and employer across Barrie and the greater Simcoe County Region. Recent investment announcements by Honda of Canada, further solidify the significance of ensuring a trained talent pool for this sector in addition to the growing demand

for skills in automation, artificial intelligence, robotics, and Industry 4.0 technologies. The presence of a STEM Hub in Barrie with programming that supports the needs of local employers would position the city to be more attractive to businesses, investors, highly skilled jobseekers, entrepreneurs, innovators, and students.

39. Access to university undergraduate, graduate and post-graduate programming extends access to a complete spectrum of post-secondary opportunities to residents, increasing access and the retention of talent after graduation.
40. Having an increased presence by a university can boost the local economy by increasing demand for goods and services, such as housing, dining, and entertainment. A university would create employment opportunities, not only in academia but also in administrative, support, and service sectors.
41. Given that Lakehead has an established presence in the area, a strong track record in STEM programming, existing partnership with Georgian College, and has contemplated Barrie as part of their growth strategy, they are best positioned to establish a physical presence in the immediate future.

Value and Impact of a University STEM Hub in Downtown

42. With recent Provincial announced investment in the creation of a Regional Innovation Centre in Barrie, combined with the work of the Sandbox Centre and Henry Bernick Entrepreneurship Centre, a university STEM Hub will continue to develop a reputation for Barrie as an innovation hub, and support the overall education, innovation and research capabilities in across central Ontario as a whole.
43. Lakehead University currently measures their overall economic impact of their Orillia campus at \$328M. The addition of a STEM Hub in the downtown will add vitality to the Dunlop Street East corridor with incremental student activity.

Value of the City's Capital Investment in 24 Maple Avenue

44. The Transit Terminal at 24 Maple Avenue was originally built in 1992. In addition to the public transit centre space, it includes the second-floor unit currently leased to Sandbox, and a main floor commercial unit with panoramic views of the waterfront. Both additional units were vacant for several years prior to being leased to the Sandbox Centre and The Mexican House.
45. Upgrades completed in the construction of the Sandbox and the main floor restaurant space have notably increased building value, rental value and energy efficiency of the facility.
46. With the planned relocation of Barrie Transit to the Barrie Allandale Transit Terminal, a significant portion of the first floor of the transit terminal will become vacant, with the exception of a portion of the space currently allocated to the Barrie Police Service.
47. Prior visions for the vacant space included its redevelopment for a permanent market that was to include the relocation of the Barrie Farmer's Market. This project was held for future consideration by Council given the desire of the Barrie Farmer's Market to remain in its current location at City Hall.
48. Given the investments made by the City to support the creation of the Sandbox to foster innovation and promote entrepreneurship and the future potential for the establishment of a Regional Innovation Centre in Barrie, renovating the space to support a university presence through a STEM Hub provides a more complimentary use in the immediate term, while retaining opportunities for

re-visioning the use of the space in the longer term as Lakehead University grows into more permanent space in their second phase.

49. The available square footage within the first floor of the transit terminal and associated configuration is not sufficient on its own to satisfy the needs of Lakehead University. The addition of space currently used by the Barrie Police Service and introduction of modular units to be installed on the courtyard space provides for a cost-effective, temporary solution intended for phase one of the project, over a permanent build, and increases overall utilization of the site.
50. Overall costing to renovate the space would include hard costs such as: demolition, site works, servicing, fixtures and the modular units. Washroom facilities will need to be upgraded to meet Building Code requirements for the student population, and worn finishes original to the building will be updated to provide a modern, inviting space for future student use.
51. A significant cost-driver of this project phase will be the acquisition of the modular units, as they will need to be designed and delivered to meet the space standards identified by the University. These modular units will serve as classrooms, instructional labs, and research spaces.
52. The benefit of modular spaces is that they are moveable and, as such, have the potential to be re-used to meet future space needs for the city.

Implementation & Timeline

53. To meet a September 2026, start date, site plan development will need to be initiated immediately in collaboration with Lakehead University to qualify space needs and to meet a 2026 September occupancy.
54. The scheduled movement of Barrie Transit is currently planned for late summer/early fall of 2025 and is subject to the substantial completion of construction of the Barrie Allandale Transit Terminal. To meet the start date of September 2026, construction would have to start immediately following the Barre Transit operations move to their new location at the Barrie Allandale Transit Station.
55. Further, in consultation with Barrie Police Service, a new space in the downtown core will need to be identified for relocation with appropriate lease and fit-out of space.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

56. As part of the development approval process, any environmental matters will be addressed.

ALTERNATIVES

57. The following alternatives are available for consideration by General Committee:

Alternative #1

General Committee could choose to not to pursue a university presence for the City of Barrie.

This alternative is not recommended as a university has been a longstanding ambition of the city to increase access to post-secondary education at the university level to increase resident participation, increase attractiveness of the city as an investment destination, and to meet the talent needs of employers. With the projected growth and new residents entering Barrie, offering increased degree and diploma programs will allow for a continued emphasis on solving labour needs.

Alternative #2

General Committee could choose not to support a municipal contribution or alter the recommended contribution.

Although this alternative is available, consultation with Lakehead University has determined that the funding model presented for Council consideration is the level of commitment required to establish a presence for the 2026 academic year and to secure program delivery in this first phase.

FINANCIAL

58. In June 2014, to support a response from a provincial RFP process to establish a university satellite campus, the City of Barrie made a commitment for \$14M over 10-years for a downtown campus with Laurentian University. Staff were further directed to undertake all necessary work to be "university ready" in terms of meetings with the provincial government, site selection, project planning, etc. with the goal of successfully bringing a university campus to downtown Barrie. Barrie was unsuccessful in its bid and there have been no further provincial funding commitments to develop university satellite campuses.

Capital Cost Implications

59. Capital Project 001292 Permanent Market Development is currently an approved project in the 2024 Capital Plan with no expenditures incurred in 2024. For 2025, the proposed project funds are distributed as follows:
- a) 2025 – Design - \$50,000
 - b) 2026 – Design - \$200,000
 - c) 2027 – Construction - \$2.75M
 - d) 2028 – Construction - \$3.5M

The funding source assigned for this project is Tax Capital.

60. Deleting Project 001292 and establishing a new capital project for the STEM Hub Campus – Lakehead University with the same budget allocation will provide for the renovation of 24 Maple Avenue. However, to meet a September 2026 occupancy, the funding would need to be advanced and approved for 2025 and 2026 at an order of magnitude of:
- a) 2025 - \$1.25M
 - b) 2026 - \$5.25M
61. Overall impact to the 2025 and 2026 capital budget would be a net increase of \$6.25M on the Tax Capital Reserve, which would be offset by lower draws of \$2.75M and \$3.5M in the following two years.

62. While a high-level capital cost estimate has been completed, further refinement of the project scope in collaboration with Lakehead University on space layout and overall design and additional detailed technical work will be required to refine the capital costs of renovating the space. It is expected that the capital funding envelope of \$6.5M currently allocated to the Permanent Market Development will be adequate to deliver the project. As costing is refined, the capital project allocation will be refined and any cost savings identified as part of the City's capital reporting process to Council.
63. Further, the modular units proposed for the project are moveable structures that can be utilized both in a temporary form, such as for this project, or a more permanent form. As such, this initial investment has the future potential to offset future capital project costs for municipal space.
64. A one-time capital contribution commitment of \$1,000,000 to Lakehead University to support the start-up capital required to equip the space is proposed to be funded from the Reinvestment Reserve and released over two-years commencing in 2025 with a \$600,000 contribution.
65. The Reinvestment Reserve is currently forecast to have a negative balance at year-end of approximately \$555 thousand. The current 5-year forecast shows that this deficit is expected to grow to around \$6 million. Finance staff are working on a long-term strategy to allow the reserve to fund the commitments it currently has as well as this ask.

Operating Impacts

66. In addition to the one-time capital expenditures, impacts to the City's operating budget will occur in the form of ramp-up funding commitment to Lakehead University in addition to operating costs for the Transit Terminal Facility.
67. Operating impacts for ramp-up funding will result in new net budget increases over a four-year period starting in 2026 and subsequent years in the following amounts:
 - a. 2026 - \$400,000
 - b. 2027- \$ 800,000
 - c. 2028 - \$600,000
 - d. 2029 - \$600,000
68. The city provides the second floor of the transit terminal via lease for \$1/year to the Sandbox for approximately 10,000 square feet of space. As part of the current lease agreement, the city assumes the taxes, maintenance and utilities for the space.
69. In the case of a university occupancy, MPAC assigns exempt tax class on university campuses. As such, for the lease to Lakehead University, the city would be supporting utility and overall maintenance costs of the facility.
70. Further, the province would provide a revenue contribution to the City in lieu of property tax collection. This is equivalent to \$75 per full-time student enrolled at the 24 Maple Avenue campus. Based upon enrolment projections, this would result in an estimated initial revenue of \$10,000 in 2026 and incrementally growing to \$52,000 over a five-year period.
71. The current operating budget for the Transit Terminal facility, including the first and second floors, is approximately \$770,000. Most of these operating costs have been transitioned to the facility operations of the Barrie Allandale Transit Terminal to support Barrie Transit. Additional operating budget will need to be added to the 2026 operating budget and subsequent years to support the occupancy of the space by Lakehead University. While actual costing is not yet known, current

estimates are \$450,000 per year with consideration for escalation year-over-year with increased student enrolment.

LINKAGE TO 2022-2026 STRATEGIC PLAN

72. The recommendation(s) included in this Staff Report support the following goals identified in the 2022-2026 Strategic Plan:

- Affordable Place to Live
 - Open for business environment to help encourage job creation
 - Develop and attract talent to support our employers

- Thriving Communities
 - Create and foster programs and opportunities to support community wellness