



TO: GENERAL COMMITTEE

SUBJECT: SANDBOX CENTRE – REPORT BACK AND LEASE EXTENSION REQUEST

WARD: ALL

PREPARED BY AND KEY CONTACT: C. POLLARD, SENIOR BUSINESS INNOVATION AND ENTREPRENEURSHIP OFFICER

SUBMITTED BY: S. SCHLICHTER, DIRECTOR OF ECONOMIC AND CREATIVE DEVELOPMENT, EXT. 5036
S. SCHLICHTER, DIRECTOR OF ECONOMIC AND CREATIVE DEVELOPMENT
R. PEWS, DIRECTOR OF CORPORATE FACILITIES

GENERAL MANAGER APPROVAL: B. ARANIYASUNDARAN GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT
D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

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

RECOMMENDED MOTION

1. That per Motion 20-G-267, the report back on operations and impact of the Sandbox Centre be received and the two-year lease extension through September 20, 2025 be approved in principle under the same general terms and conditions.
2. That to provide ongoing stability for the Sandbox Centre operations to continue their sponsorship efforts, a further 3-year lease extension be granted, thereby extending the term of the lease to September 18th, 2028, with the potential for a further 5-year period under the same general terms and conditions, with the following exceptions:
 - a) That the Sandbox be responsible for payment of their apportioned maintenance, utilities and property taxes on their space on an escalating scale, as follows:
 - i) Year 2026 – the Sandbox will remit 33% of apportioned maintenance, utilities and property taxes (where applicable) based on the calendar year beginning January 1, 2026.
 - ii) Year 2027 – the Sandbox will remit 66% of apportioned maintenance, utilities and property taxes (where applicable) based on the calendar year beginning January 1, 2027.
 - iii) Year 2028 and upon any renewals of the lease – 100% of apportioned maintenance, utilities and property taxes (where applicable) based on the calendar year beginning January 1, 2028 and any subsequent years.

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3. That the Director of Corporate Facilities, in consultation with the Director of Legal Services, be authorized to negotiate the extensions to the lease agreement under the general terms and conditions outlined in Staff Report ECD005-22, maintaining the overall intent of the agreement.
 4. That the City Clerk be authorized to execute the extension agreement in a format approved by the Director of Facilities and Director of Legal Services.
 5. That the City of Barrie continue its annual partnership commitment of \$35,000 per year through the duration of the lease extension (2024 - 2028), to be contemplated within the City's annual operating budget for the corresponding years.
 6. That the Sandbox continue to provide annual reports to Council addressing the value and impact to the City of Barrie via the metrics outlined in the Memorandum of Understanding.
 7. Prior to a five-year renewal being considered in 2028, the Economic and Creative Development Department present a report to General Committee assessing the Sandbox Centre's performance related to delivering value to the business, entrepreneurial and broader community and overall contribution to achieving the City's goals related to developing a robust entrepreneurial ecosystem.

PURPOSE & BACKGROUND

Report Overview

8. The purpose of this Staff Report is to provide a report back to General Committee with a review of Sandbox Centre (SBX) operations and to request an extension to their existing lease and corresponding annual partnership commitment of \$35,000.
9. Council requested as part of Motion 20-G-167 a complete report back on the operations and the impact of the Sandbox Centre after the 3rd year of operations prior to lease renewal.
10. On October 19th, 2020, City Council approved motion 20-G-167 regarding the Sandbox Centre, including a capital contribution to the renovated space, continued partnership funding and requested that the Sandbox report back to the City Building Committee with a comprehensive report on their first two years of operation, financial standing, and updated business plan into their remaining lease term.
11. Motion 20-G-267 also approved the extension of the current lease agreement by two-years, in principle, subject to the Sandbox successfully addressing the assessment parameters identified in motion 17-G-252, which state in paragraphs 4 and 6:

"4. That as a means of protecting taxpayers and ensuring a return on investment made by the City in the form of free rent, taxes, utilities, maintenance and insurance in a publicly owned prime waterfront location, a report be presented to General Committee after the Sandbox's first three years of operation assessing the Sandbox's ability to deliver value to the business, entrepreneurial and broader community, based on performance metrics to be determined by the Director of Creative Economy in consultation with the organizing entity.

6. That the assessment completed after the first three-year period of operation be utilized to determine whether the lease of the premise would continue after the initial five-year term or if the Sandbox Entrepreneurship Centre should undertake significant change in its direction prior to any decision to extend the lease beyond five years. (CE006-17) (File: R05-SAN) (P1/17)."

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12. As per the Council approved motions, the Sandbox delivered their report back to City Building Committee on October 26th, 2021. Staff provided a Memorandum to Council at that time indicating that they would report back to General Committee in Spring, 2022 to address the three-year assessment and any proposed lease amendments and associated authorizations to facilitate a two-year lease extension for the Sandbox to 2025.
 13. On March 11th, 2022, the Director of Corporate Facilities received a formal request from the Sandbox Centre to extend the lease period by five years. The request is attached as 'Appendix A' to this report. In a follow-up letter from the Sandbox, a further informal request was made for an automatic renewal for an additional five-year lease term. This letter is attached as 'Appendix B' to this report.
 14. The request for a longer-term extension for the Sandbox Centre is to provide the commitment and stability required to continue building a sustainable business model, and effectively plan and manage their business operations, including the development of long-term sponsorships.
 15. Of note is the Sandbox Centre's commitment to a model that gradually increases their contribution to the hard operational costs of the business, including property tax (where applicable) and utilities and maintenance.

Background

16. The Sandbox Centre concept was developed by private business in 2016 and created in collaboration with Invest Barrie to realize Council's economic development priorities, through close collaboration with the private sector and regional network of business support services. The 2014-2018 Council Strategic Priorities were approved on February 18, 2015, and outlined a key focus on 'Building a Vibrant Business Community'. This included the following objectives:
 - (1) Build a global startup community
 - (2) Eliminate obstacles to business growth and investment
 - (3) Attract and retain a talented workforce
 - (4) Promote Barrie's strengths
17. As a tenant of the City at the 2nd floor of the Transit Terminal at 24 Maple Avenue, their doors opened in April 2019, after significant renovations to the ~9,000 square feet of the second-floor unit. The connected rooftop patio space of ~1,100 square feet was also renovated and subsequently opened in September 2019.
18. On April 29th, 2019, Council approved Motion 19-G-103 that adopted key performance indicators to support the assessment of the impact of the City of Barrie's investment into the Sandbox Entrepreneurship Centre project.
19. The metrics were incorporated as part of the Motion 20-G-167 that provided the following direction to Staff:

"4. That the City of Barrie be recognized as Founding Partners and an associated Memorandum of Understanding be created between Economic and Creative Development and the Sandbox that addresses the following:

 - Alignment on strategic decisions and directions of the Sandbox with the City's strategic priorities;
 - City's recognition and associated benefits of its annual partnership funding contribution;

- Program delivery to be delivered based on Invest Barrie’s operational program funding that is focused on the shared goals of advancing entrepreneurship and innovation within the community;
- General operational use of space in conjunction with the Small Business Centre, including use of meeting rooms and client resource support; and
- Commitment to provide success metrics in alignment with the key performance indicators identified in Staff Report CE003-19 that ensure return on taxpayer dollars.”

20. The Key performance indicators include metrics that support the following shared outcomes:
- i) Raising the visibility and profile of the City of Barrie and generating activity and investment in the downtown to support growth and intensification of a dynamic creative hub.
 - ii) Activating the Regional Innovation Cluster to better serve the established businesses, intrapreneurs, innovators, and SMEs seeking to scale.
 - iii) Engaging businesses through networking opportunities, business programming, professional development & access to talent, partnership resources, and a modern business hub and collision space through SBX.

Sandbox Centre Lease

21. On September 18, 2018 a lease for the operation of a shared entrepreneurship centre at 24 Maple Ave was signed between the City of Barrie and the Sandbox Centre for the term of 5 years. Per Motion 17-G-252, the lease was contingent upon a report back to Council at year 3 of operations, to determine whether the lease should continue or to request Sandbox Centre change its direction.
22. The lease outlines several conditions, some of which include a basic rent of \$1 for the premises, dedicated space for the City of Barrie Small Business Centre, payment by the landlord of utilities during normal business hours, and exemption from property taxes for the premises. The tenant is responsible to keep the facility to the standard of a first-class building.
23. In October 2020, Corporate Facilities received a formal request from the Sandbox Centre to extend the lease period by two years, from September 2023 to 2025. This request was identified in Staff Report ECD011-20 delivered to General Committee in October 2020. At that time Staff proposed that an analysis of the least extension request be conducted by staff, with a separate follow-up to Council.
24. Motion 20-G-267 approved this extension of the current lease agreement by two-years, in principle, subject to the Sandbox Centre addressing the assessment parameters identified in paragraph 11 of this report.
25. Subsequent to this approval, the Sandbox Centre has formally requested a lease extension for a total of 5 additional years, from 2023 to 2028 and the option to renew for a subsequent five-year period.
26. The Sandbox Centre is working towards retiring its capital investment and start-up loan by 2026. As the Sandbox Centre closes in on their debt horizon, the Sandbox Centre will be a position to start to incrementally contribute to the hard operational costs of the space in an effort to reduce the burden to the taxpayer and further add to its impact to the community.

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27. Given the Sandbox had not been operational for a full year pre-pandemic, there is limited data as to the actual utility and maintenance costs associated with the second floor of the building at 24 Maple. A reasonable estimate for the space is approximately \$4/year per square foot based on general market assessment and comparable applications used by the City. This is an estimate only and subject to change based on market rates and actual utilization.
 28. The Sandbox Centre is responsible for overall maintenance of the leased space to the standard of a first-class building while the City, as landlord, is responsible for overall maintenance of the facility. With private and City support, the Sandbox Centre has invested significantly in updating the interior.
 29. Upgrades completed in construction of the Sandbox have notably increased building value, rental value and energy efficiency of the unit, in addition to opening up 2nd floor panoramic views of the waterfront. As with all capital investments, these tangible benefits will have a long-term diminishing advantage as the building ages.
 30. Under the proposed recommendation, the space would continue to be leased at a rate of \$1 per year with substantial amendment to the lease related to a payment contribution schedule for maintenance, taxes (where applicable) and utilities. No further material changes are proposed for the lease. Minor language changes may be incorporated to the satisfaction of the Director of Corporate Facilities and the Director of Legal Services to maintain the intent of the overall terms of the agreement. Any future proposals of a material nature, outside of the current lease intent, would be subject to Council approval.

ANALYSIS

Objectives from Original Business Plan

31. A primary objective of City of Barrie's investment in and commitment to the Sandbox concept was the consolidation and unification of existing business support services. It was anticipated that this alignment would optimize the funding and resources within the ecosystem while identifying opportunities to augment and elevate these services and attract additional funding supports.
32. To achieve this alignment, Staff report CE006-17 recommended that core business services from the public and non-profit sectors be intentionally facilitated and curated as part of the centre's regular schedule. It outlines that consolidation of services and programs from partners like the Small Business Centre, Henry Bernick Entrepreneurship Centre, and Georgian Angel Network "are key to the success of the Sandbox, and many will provide a valuable in-kind contribution to the facility by delivering services at their own cost." (CE006-17 #21)
33. One key change in the operational model of the Sandbox from the original concept of the 'integrated service model' included partner co-location. Collaboration and coordination of all small business service providers in Barrie was identified as core to the operating model and unique to the value proposition for the Sandbox model from the St. Clements assessment. This included the proposed permanent tenancy of two additional "anchor organizations" within the Sandbox space who would support businesses as on-site guides: the Small Business Centre and Barrie Chamber of Commerce. The Chamber relocated in a south-end location, and the achievement of a centralized hub was not fully realized; an anticipated revenue source was also lost. The Chamber and Sandbox do collaborate to deliver service to businesses in the community.

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34. The intended role of the Sandbox Centre was to serve as collaborators, responding to the needs of the entrepreneurial community, driving connection with business and entrepreneur support service partners, and delivering programming that nurtures innovation and fills gaps within our start-up ecosystem.
 35. This collaborative model has been effective both pre-pandemic and post pandemic. Partners including the Small Business Centre, the Henry Bernick Entrepreneurship Centre and the Georgian Angel Network work closely together to coordinate programming and, where possible, hosting events and workshops at the Sandbox Centre. Regional Entrepreneurial Ecosystem Meetings are typically hosted at the Sandbox Centre as are The Georgian Angel Network regular monthly meetings.
 36. Pre-pandemic, The Henry Bernick Entrepreneurship Centre was utilizing the Sandbox Centre to host mentorship sessions 2 days per week, and also to deliver the Further Faster Program (a 7-week business training program for entrepreneurs in partnership with Invest Barrie). While programs have been running virtually, the intent is for regular activity to resume taking place in person once public health measures permit, providing the opportunity to introduce program participants to other support organizations, mentors, and business collaborators within the system of entrepreneurial supports.
 37. To date, the Sandbox Centre has co-developed and delivered several unique programs with local partners. This includes XclerateHER, an initiative designed to connect women entrepreneurs to events, peer groups, mentorship, funding, and support in order to address the specific needs of women entrepreneurs.
 38. The collaborative development model of programming reduces duplication, maximizes resource utilization, and increases access and referrals between service providers, thereby maximizing supports received and rates of business success.

Sandbox Deliverables and Performance Metrics

39. The Sandbox Centre has not been able to complete a full-year of operations with a fully-open and programmed space due the pandemic. Having opened in April 2019, the impacts of COVID-19 had the Sandbox Centre shift to virtual operations in early Spring, 2020.
40. Like many of the businesses and organizations in the City, the Sandbox Centre had to quickly pivot their operations to virtual formats, highlights included:
 - i) Experts in Residence: Free virtual access to receive instant information and expertise from the Sandbox network experts in business law, finance, marketing, accounting, e-commerce, communications and more to support with COVID-19 recovery and strengthening. 470 hours of learning reported.
 - ii) CNNX peer learning groups transitioned to virtual, allowing for more opportunities for connection without geographical barriers. Notable thought leaders were engaged on to share expertise and experience including the President of FedEx Express Canada, Past MCO of Rogers Media, SickKids Foundation Manager of Culture and DEI. Over 900 hours of CNNX peer groups have been delivered.

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- iii) The Sandbox Centre developed and launched a SBX Member online platform to create a digital space where the SBX community experience could continue in a virtual environment.
41. In relation to the performance metrics identified in the MOU, the following was reported by the Sandbox Centre as part of their 2020/21 impact report:
- Partnerships Driving Innovation and Economic Growth include:
- o 6 provincial partners, 2 national partners, 4 international partners
 - o 45 – active collaborations with business and ecosystem partners
 - o 4 dedicated programs designed to help companies diversify, nurture innovation, and invest in research and development
- Enhancing Connectivity Among Our Business Community
- o 3,000+ connections made
 - o Membership: 43 companies, 575 employees engaged
 - o 470 hours of learning to date
 - o 33% of session participants reside outside of Barrie
 - o Of those engaged in programs, 70% general public, 30% SBX members
42. Building on these available supports and cultivating Barrie's reputation as a business hub and driver within a 'Regional Innovation Cluster', the Sandbox Centre has been contracted by national and regional partners to deliver programming and services not previously available in the Barrie community, including the Trade Accelerator Program with World Trade Centre Toronto.
43. The Trade Accelerator Program allows participants to take part in an innovative, hands-on initiative designed to accelerate the strategic development of their business and better prepare for expansion into international markets. The Sandbox Centre is a delivery partner of the program for the World Trade Centre Toronto and runs cohorts of the program both in-person and online. The SBX was recently selected to launch and deliver the first women-led cohort offered to women-owned or led businesses across the province. Overall community impact includes:
- o 100+ companies have benefitted from the SBX involvement in TAP
 - o 56% of companies owned/led by underrepresented groups
 - o Participating companies experienced total revenue growth of +21% and +33% of export revenue growth after one year
 - o 2.9 jobs created per company, average annual salary of \$68K
44. Key partnerships have also been developed to fill gaps in the ecosystem of supports including IP Osgoode from York University (in partnership with Invest Barrie) and IP Innovation Clinic.
45. Recognizing that the future economy is driven by innovation and digitalization and Intellectual property protection isn't as simple as declaring ownership of a particular product or asset, IP innovation clinic, Invest Barrie and the Sandbox Centre have officially partnered to better equip early-stage ventures seeking to commercialize their products. IP Innovation Clinic provides free intellectual property (IP) legal information, awareness and education to the Sandbox Centre members and the local business community. As the first intellectual property legal clinic of its kind, IP Innovation Clinic has the largest operation to date in Canada. IP Innovation Clinic supports small and medium-sized enterprises through Osgoode Hall Law School's Intellectual Property Law and

Technology Program. To date, 1,018 entrepreneurs have been supported through online IP resources.

46. This net new programming begins to address gaps in the start-up ecosystem, cultivates brand awareness outside of the City of Barrie in key target areas for talent attraction, and brings high-level programming to business locally, raising their profile in a more global community. All of which drive economic benefit to the community.

Sandbox Centre Business Model

47. The business model for the Sandbox Centre primarily relies on revenues generated through Corporate sponsorship and membership revenues for enhanced services. The City of Barrie remains a Founding Partner and contributed \$45,000 per year in operational and programming supports in the first 3-years of operations with a further \$35,000 per year in years 2022 and 2023 as approved by Council.
48. The Sandbox Centre has also received funding through Simcoe County for program delivery through the In-Market Special Project Fund, has an application submitted through Federal Economic Development Agency for Southern Ontario and continues to seek opportunities to attract additional Provincial and Federal funding, where strategically aligned with its role and purpose.
49. Privately generated funding through sponsorship continues to be a key revenue driver for the Sandbox. Demonstrating stability in the security of location and partnership of the City of Barrie in the shared goals and objectives of building a robust business support ecosystem are deemed as critical components for the Sandbox Centre to renew and attract sponsorship for the next 5-year operating period.
50. Since officially opening in April 2019, the Sandbox Centre business model has evolved to reflect changes from the original business plan, the needs of its members and applied operational priorities and processes in addition to the business disruption of the COVID-19 Pandemic. Shifts are generally expected in the course of an organization's lifecycle, especially in the early years when taking a business model from concept to practice.
51. The Sandbox Centre positions itself as playing a key role in building and activating the Research and Innovation Cluster of Central Ontario (RICCO) to better serve the needs of start-ups, established businesses, intrapreneurs, innovators, and SMEs seeking to scale their growth in our region. Further, they are seeking to model their operations incorporating the best of innovation clusters globally. Successful clusters are ecosystems of proximate organizations that include commercial, not-for-profit, academic, and municipal/government partners. They foster a competitive and collaborative atmosphere that inspires creativity and innovation.

Impacts to the City

52. The City of Barrie has received recognition and benefits from the partnership and associated funding of the Sandbox Centre. Recognition of the City's contribution and commitments as a Founding Partner is currently made through logo placement on the facility's sponsorship wall and inclusion in TV monitor rotation throughout the facility. On the Sandbox website, the Invest Barrie and Small Business Centre logos are included on the 'Partners' page.

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53. A Memorandum of Understanding has been created outlining the agreement related to sponsorship and programming expectations, as directed by Council to ensure the City receives full value for its partner/sponsor contribution and overall capital and operational investments. Highlights from the MOU include:
- The SBX works to recognize and acknowledge the Partner within the physical space and through digital platforms where it's a fit.
 - When appropriate and mutually beneficial, SBX and the Partner will collaborate on delivering events, workshops, seminars, and other learning opportunities.
 - The SBX will provide operational space to the Partner in conjunction with the Small Business Enterprise Centre (SBEC).
 - The SBX will provide 100 six-month Memberships for SBEC clientele (valued at \$50,000 in-kind per year).
 - The SBX and the Partner will provide one another mutually agreed upon in-kind contributions.
 - The SBX will provide success metrics in alignment with providing a strategic benefit back to the community.
 - The Sandbox facility provides a premium showcase space for investment attraction opportunities through Economic & Creative Development and talent attraction to the City. The City has received significant benefit and achieved cost savings by utilizing meeting space in the Sandbox for several Invest Barrie meetings and events.
54. Moving the Small Business Centre to the Sandbox supported the 'Interconnected Service Model' proposed in the original business model. Overall, the move has resulted in benefits to both organizations—most importantly increasing connectivity and cohesion across the business community.
55. The presence of SBEC within the Sandbox ensures core programming for “business basics” are consistently available on-site, as well as expertise and advisory services on business planning for small, pre-start, and newly acquired businesses. These essential programs dovetail with unique Sandbox programming for innovators and established businesses and create opportunities for meaningful interactions between the distinct participant groups.
56. Re-locating to the Sandbox has also led to stronger relationships between SBEC and their key clients and volunteers. Client touchpoints have increased, as individuals attend other events onsite and make a point of visiting SBEC staff. This has boosted repeat consultation rates and contributed to an expanded mentorship program. SBEC has also effectively brokered some introductions between youth entrepreneurs with Sandbox sponsors for financing supports.

The Future of Barrie's Start-up Ecosystem

57. To best inform the three-year review, Staff completed a review of the start-up ecosystem in Barrie to better understand its progress and current state, the cohesiveness of services and supports, including the impacts of the Sandbox Centre, and best identify where Invest Barrie can continue its role in advancing the local entrepreneurial ecosystem.
58. The review consisted of interviews with key business and entrepreneur service support stakeholders including The Sandbox Centre, Georgian College's Henry Bernick Entrepreneurship Centre, the Barrie Chamber of Commerce, the BIA and more. Research was also conducted on other Regional Innovation Centres and municipalities to understand best practices in the

entrepreneurship space. The summary report can be found as attached in Appendix 'B' of this report.

59. Findings identified that the City of Barrie plays a strategic, yet critical supportive role in the local entrepreneurial/start-up ecosystem. The City of Barrie has provided the physical space for the Sandbox Centre to serve as a hub for the business community to network with peers, learn new skills, work on, and grow their businesses. Physical space is key to any entrepreneurial ecosystem and plays an important role for both support organizations and businesses by serving as a centralized catalyst for activity.
60. Looking at other regions, a physical and virtual hub for the business community to connect, learn and grow their business is a critical component to any effective start-up ecosystem.
61. The start-up ecosystem in Barrie is anecdotally described as unique, supportive, and authentic. Building on this positioning and perception directly serves to support investment attraction to the City of Barrie with entrepreneurs and businesses alike.
62. Further, through the Sandbox Centre and the ecosystem partners, Invest Barrie can strategically support amplifying the success stories coming from the business community. This support will translate into helping Barrie based businesses start, grow and scale their operations in the City of Barrie and therefore creating jobs and helping us grow our economy.
63. The Sandbox is also a valuable facet of downtown revitalization, by demonstrating investment in downtown spaces, attracting skilled talent to the core, and supporting success of the Downtown Barrie BIA. In doing so they further support Council's Priorities of:
 - Supporting a Vibrant & Safe Downtown
 - Engage the BIA and partners to ensure a vibrant, safe, and welcoming downtown
 - Revitalize the west end
 - Improve and expand public spaces for residents in the City centre
64. Since opening its doors, Sandbox has attracted visits to Barrie's downtown, resulting in increased business to local restaurants and caterers, as well as an increase of revenues to the City through the increased utilization of adjacent parking lots.

ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS

65. There are no environmental and climate change impact matters related to the recommendation.

ALTERNATIVES

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

Alternative #1

General Committee could decide not to extend the lease at the close of the current two-year extended term, September, 2025.

This alternative is not recommended as Staff believe that this course of action would have a significant negative impact on the support available to the local business community.

Alternative #2

General Committee could alter the proposed recommendation by extending the lease for a shorter term and/or altering/eliminating the renewal period.

Although this alternative is available, it would significantly impact the Sandbox Centre's ability to secure long term financial partnerships and progress towards a sustainable business model.

Privately generated funding through sponsorship continues to be a key revenue driver for the Sandbox, demonstrating stability in the security of location and partnership of the City of Barrie in the shared goals and objectives of building a robust start-up ecosystem are deemed as critical components for the Sandbox Centre to renew and attract sponsorship for the next 5-year operating period.

Alternative #3

General Committee could choose to alter the maintenance, utility and property tax proposed contribution funding formula.

Although this alternative is available, it is not recommended. The Sandbox Centre has demonstrated a commitment to fiscally contributing to the hard operational costs with their occupancy of the space. The timing proposed strikes a balance between the Sandbox Centre completing their debt repayment on the capital improvements made to the facility to support their tenancy and scaling into funding their operational costs, including maintenance, taxes and utilities.

Alternative #4

General Committee could choose to discontinue operational partnership funding for the years 2024 through 2028.

Although this alternative is available, retaining the annual founder partnership operational funding supports the outcomes and deliverables as outlined in the Memorandum of Understanding.

FINANCIAL

67. The City provides the second floor of the transit terminal via lease for \$1/year to the Sandbox for approximately 9,000 square feet of space, which represents an in-kind value of approximately \$160,000/year based upon current market estimates and the improvements made to the space. This value is not a direct cost to the taxpayer.
68. Under the current terms of the lease, the landlord is responsible for the utilities and the tenant was exempted from the payment of property tax (where applicable) on the property. As such, these are direct costs to the taxpayer.

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69. Given the Sandbox has not been operational for a full year pre-pandemic, there is limited data as to the actual utility costs associated with the second floor of the building at 24 Maple for maintenance, gas, water and hydro. A reasonable estimate for the space is approximately \$4/year per square foot based on general market assessment and comparable applications used by the City. This is an estimate only and subject to change based on market rates and actual utilization.
70. Based on that estimation, at approximately 9,000 square feet of leased space, the monthly operating costs for the space would be approximately \$3,000 or \$36,000 per annum.
71. The Sandbox Centre is working towards retiring its capital investment and start-up loan by 2026. As the Sandbox Centre closes in on their debt horizon, the Sandbox Centre will be a position to start to incrementally contribute to the hard operational costs of the space in an effort to reduce the burden to the taxpayer and further add to its impact to the community.
72. Upgrades completed in construction of the Sandbox have notably increased building value, rental value and energy efficiency of the unit, in addition to opening up 2nd floor panoramic views of the waterfront. As with all capital investments, these tangible benefits will have a long-term diminishing advantage as the building ages.
73. The City strategically located its Small Business Centre in the Sandbox as part of achieving the overall vision for integrated service and had an offsetting benefit of creating additional space capacity within City Hall. The City also receives benefit in terms of meeting room access, offsetting facility rental costs that might be incurred through operational budgets.
74. The City of Barrie remains a Founding Partner and contributed \$45,000 in operational and programming supports in the first 3-years of operations and a further \$35,000 in years 2022 and 2023 as approved by Motion 20-G-267. This funding is incorporated into the Economic and Creative Development annual budget.
75. Retaining the annual founder partnership operational funding supports the outcomes and deliverables as outlined in the Memorandum of Understanding.

LINKAGE TO 2018–2022 STRATEGIC PLAN

76. The recommendation(s) included in this Staff Report support the following goals identified in the 2018-2022 Strategic Plan:
- Growing Our Economy
 - Fostering a Safe and Healthy City
 - Building Strong Neighbourhoods
 - Offering Innovation and Citizen Driven Services
 - Improving the Ability to Get Around Barrie
77. Given the challenges and pivots that took place over the past two years, the Sandbox Centre has established its role in the ecosystem and the opportunity continues for it to grow and continue to



complement what's being offered by partner organizations. In stable economic conditions, the Sandbox Centre has the opportunity to build on their strong foundation of successes and continue to add value and serve unmet needs in the ecosystem. From developing talent, attracting businesses, building capacity to serve the business community, and helping to foster strategic collaborations, the Sandbox Centre's leadership role in the business support space is critical to the City's ability to achieve its business attraction, retention and talent goals.

APPENDIX "A" - Lease Renewal Request – Sandbox Centre- March 11, 2022

BARRISTON
LAW

RESPOND TO: 151 FERRIS LANE, SUITE 202, BARRIE, ONTARIO, L4M 6C1

March 11, 2022

By EMAIL ONLY: RICK.PEWS@BARRIE.CA

The Corporation of the City of Barrie
Barrie City Hall
70 Collier Street, P.O. Box 400
Barrie, ON
L4M 4T5
Attention: Rick Pews, Director, Corporate Facilities

Dear Mr. Pews:

RE: **SANDBOX LEASE EXTENSION REQUEST**

We act on behalf of the Sandbox Centre for Shared Entrepreneurship & Innovation (the "Sandbox"). Please accept this letter as our client's formal request for a five (5) year extension of the lease between Sandbox and The Corporation of The City of Barrie for the premises municipally known as 24 Maple Street, Barrie, Ontario, dated September 21, 2018 and currently expiring on September 20, 2023.

We look forward to hearing from you and/or the City's Legal Department in this regard. Please contact the undersigned with any additional comments or questions.

Yours very truly,

BARRISTON



Per: Joanne C. McPhail

/j/b

JMcPhail@barristonlaw.com

cc. Stephanie Schlichter, Director, Economic and Creative Development

We deliver peace of mind.

APPENDIX “B” - Background and Additional Lease Renewal Request – Sandbox Centre

SANDBOX

City of Barrie Mayor, Councillors and Staff,

We’re building a community of experts, influencers, entrepreneurs, and advisors to fuel the success of our companies and put more-Barrie and Simcoe County businesses on a path to greater success.

Since the inception of the Sandbox Centre (SBX), we stand true to our mission of uniting, strengthening, and growing the Barrie and connected Simcoe County business community. Our commitment and impact to supporting our local businesses has never been more critical than over these past two years.

While the pandemic presented multiple challenges to the entrepreneurial ecosystem, SBX had a pivotal 2021. We supported 700+ businesses through our programs, launched an equity, diversity and inclusion accelerator and grew our partnerships provincially, nationally and internationally, adding significant value for our membership and partners. We supported 40+ local companies in their expansion to global markets through the World Trade Organization’s Trade Accelerator Program (TAP). The caliber of participants was high, with 40+ companies participating, +\$143.8M in combined revenue and 714 total employees. After three years, on average, TAP companies hire 2.8 employees and their average total revenue increases +21% and export revenue increases of +33% per company. In addition to this, 85% of companies pursued at least one new export market after completing the program.

An ecosystem built on value-driven partnerships.

We currently work with 160+ partners and members, to curate and deliver impactful programs to address strategic priorities and challenges in our business communities

7 Elements	Construction	Insurance Store	RBC
Advantage HR	Advisors	Kool FM	RBC Wealth Management
Alectra	City of Barrie	Larche	Resources Ink
Always Bearded	Cosmopolitan	Lorne Steinberg	Rival Business Solutions
Aspen & Ivy	Academy	Mackinnon Construction	Rock 95
AutoIQ	Delta-T Designs	Making a Difference PR	RVH Foundation
Barrie 360	DV Bell	Marquee Benefits	Sarjeants
Barrie Metro Glass	DV Systems	McBride Robillard Financial Solutions	Scotiabank
Barriston Law	DWNTWN Barrie	MediPharm Labs	Simcoe County
BDC	EDC	Mindful Entrepreneur	Suiteworks
BDO	Electric Motor Coil	Modern Fold	Sun Life Financial
Beauty & Babes	Elevator One	Moore Packaging	Taylor Made
Bertram Construction	Emergency Management Training	MPC	The Look Company
Big Glass Openings	ESC	Murphy’s Paint Services	The Other Half
BMO	Flying Monkeys	Napoleon	Thrive State
Botree	Four I’s Inc	National Bank	Tribridge
Bradford Greenhouses Garden Gallery	Gel Agency	Near North Customs Brokerage	Trooper Pet
Brotech	Georgian Angel	Netgain SEO	VETTA Spa
Busch Group	Network	Norcab	White Tuque
C2 Design	Georgian College	Ovation Speaker Training	Yanch
Canplas	Gerrit’s Engineering	Parker Coulter Real Estate	Zenetec
CFO Centre	Grant Thornton	Plan A	
Chris Gariepy	Grow Vantage	POI Business Interiors	

SANDBOX

From our founding partners to capital contributors and from our sponsors to members – together, we've developed into a collaborative ecosystem that is driving community innovation, growth, with a newly defined perspective on resilience.

SBX has emerged as a centre point for connection, innovation, and support for our business community.

We have come to be recognized as a hub for entrepreneurship in the heart of the city, a showcase for innovation, and a more connected business community.

2019 was about launching after years of vision and planning. 2020/21 was about pivoting and evolving. In 2022 we have renewed focus and momentum, enhancing our programs, and growing our partnerships and memberships.

The downtown core is poised for huge transformation with multiple condo projects (including our newest next door neighbour Debut Condos), the exciting new public market, as well as all the municipal and regional growth that drives the local business opportunities. The location, facility design, and event programming of SBX positions us as the hub that unites the business community. Whether it's supporting the local agri-food sector through the market, connecting new residents to the business community, or supporting new businesses to come, we have an important role to play.

City of Barrie and SBX stand united in our shared commitment to making sure our local businesses receive the support they need to grow and thrive.

The City of Barrie has played an important role in making our vision a reality and their continued support allows SBX to develop and grow our membership, programming, and initiatives.

As SBX continues to enhance and expand our partnerships, we need to solidify and plan a longer-term commitment on the building lease. This is critical to our ability to retain and grow our multi-year partnerships – effectively if we are asking our Business Sponsors and Members to make longer term commitments to the future of the SBX, we need to provide the same assurance back to the SBX Sponsors and Members. We're asking for the City of Barrie to consider extending the existing SBX lease for an additional five years, with an automatic renewal for an additional five (5) years thereafter. Our private sector funds from Sponsors and Members continue to allow us to maximize on the City's investment and remain committed to reporting back annually on the significant positive impact the SBX is making in Barrie. If you haven't already, we encourage you to take a peek at our annual reports: [2019/20](#) and [2020/21](#).

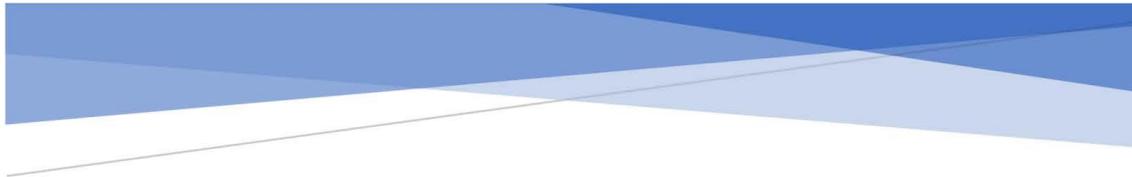
The future is bright! SBX is working hard to retire its capital investment and start-up loan by 2026/27. Once our start-up loans and debt are retired, we agree that the SBX can contribute to the building's property taxes on a scaling up, growing basis based upon future cashflow of the SBX.

We are energized and focused as we have been gaining recognition for successfully implementing our aligned vision and mission.

With Gratitude,

Danielle

APPENDIX "C" - Barrie Start-up Eco-System Staff Analysis – Executive Summary



BARRIE STARTUP ECOSYSTEM MAPPING & REVIEW- SUMMARY

Prepared by Invest Barrie April 2022

Abstract

The purpose of this report was to assess the current state of the startup ecosystem in Barrie and is intended to help guide how Invest Barrie can best support the ecosystem moving forward.

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Background

The City of Barrie is a well-regarded and talked about innovation and entrepreneurship ecosystem in southern Ontario. In recent years, the City of Barrie has seen significant growth and entrepreneurial activity, despite the challenges presented because of the global pandemic. The local ecosystem of entrepreneurs, support providers and academic institutions have continued to creatively support one another as well as show up for the community in the face of uncertainty. As the pandemic has inevitably resulted in shifting of priorities and direction for some, it's important to have a clear understanding of what the ecosystem looks like today as we plan for the future.

To build on the culture of innovation and best support entrepreneurship initiatives in the city, Invest Barrie will continue to work with the ecosystem partners to execute on and support The City of Barrie City Council Strategic priorities of:

- **Growing Our Economy**
 - o Make it easier to do business and help businesses grow
 - o Provide serviced employment lands for end users
 - o Support the creation of more stable and diverse jobs
 - o Support small businesses
 - o Support tourism industry growth

- **Supporting a Vibrant & Safe Downtown**
 - o Engage the BIA and partners to ensure a vibrant, safe, and welcoming downtown
 - o Revitalize the west end
 - o Improve and expand public spaces for residents in the City centre

The following report was created to assess the current state of the start up ecosystem in Barrie, Ontario. Elements of the StartUp Commons framework were used in mapping out and assessing the current state of the ecosystem and will also help guide the identification of opportunities. The findings in this document will also be used to inform decisions around how Invest Barrie can best support the local entrepreneurial ecosystem.

METHODOLOGY

Key ecosystem stakeholders (business service providers), select Regional Innovation Centers/Innovation Hubs and municipalities were researched and interviewed as part of this process. This insight is intended to help guide how Invest Barrie can best support in advancing the local entrepreneurial ecosystem moving forward.

Setting the Stage

What is a start up ecosystem? [\(Link\)](#)

A start-up ecosystem is formed by people, start-ups in their various stages and various types of organizations in a location (physical and/or virtual), interacting as a system to create new start-up companies. These organizations can be further divided into categories: universities, funding organizations, support organizations (like incubators, accelerators, co-working spaces etc.), research organizations, service provider organizations (like legal, financial services etc.) and large corporations.

People from these roles are regarded as linked together through shared events, activities, locations and interactions. As startup ecosystems are generally defined by the network of interactions among people, organizations and their environment, they can come in many types but are usually better known as startup ecosystems of specific cities or online communities. In addition, resources like skills, time and money are also essential components of a start-up ecosystem. The resources that flow through ecosystems are obtained primarily from the people and organizations that are active part of those startup ecosystems. By events and meetings with and between organizations and different people, these interactions play a key role in the movement of resources through the system helping to create new potential startups or strengthening the already existing ones and hence influencing the quantity of startups built.

Ecosystem Players

For the purpose of this report, the following subset of regional support organizations comprise the Barrie startup ecosystem.

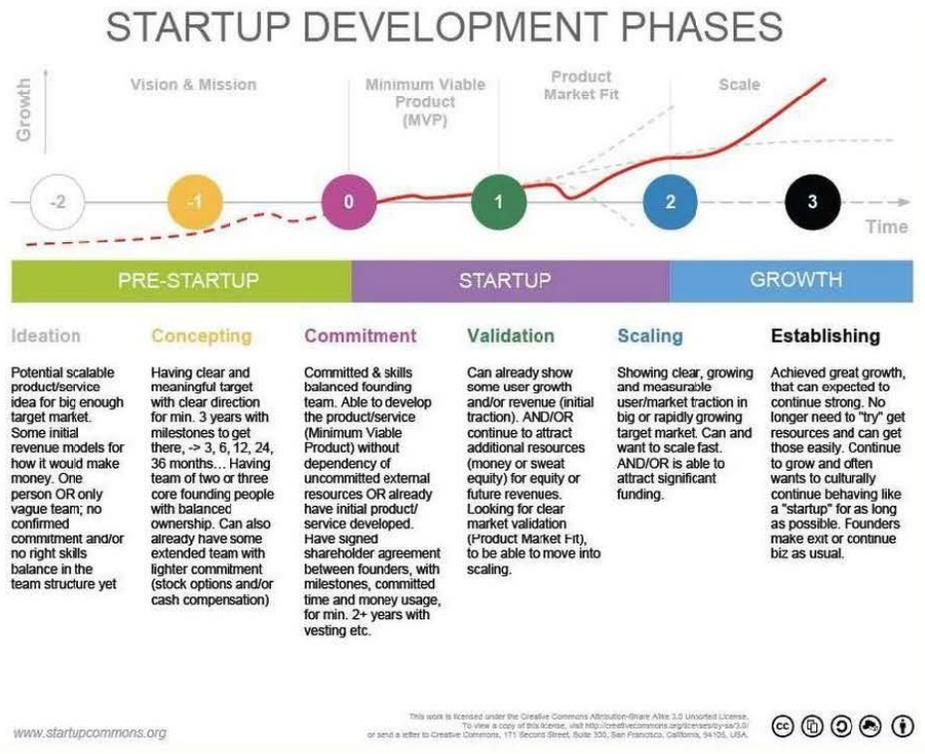


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Mapping the Ecosystem

Startup Development Phases Framework from the StartUp Commons identify three main phases:

- **Pre-Startup or Formation (-2-0)**- is about inspiring and attracting new talent and providing access to entrepreneurial education, ideas and knowledge to help build the right mindset, understanding and abilities for the journey ahead, typical issues to avoid or solve, what steps to take in what order and about available support along the way.
- **Startup or Validation (0-2)** - is where the support focus shift to initial product development, strengthening core team via mentoring or new team members, supporting team and product validation and customer development.
- **Growth (2+)** - focus becomes mostly about additional resourcing, understanding growth KPI's, creating processes for scaling various business operations, improving financials and help expand business internationally.



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KEY LEARNINGS

The Startup ecosystem in Barrie is authentic, connected and collaborative.

- The local ecosystem made up of entrepreneurs, support providers and academic institutions is unique in its ability to work collaboratively towards common goals. Having different types of organizations work as well together as they do is unique and not common in all ecosystems.
- The players in the ecosystem are innovative in their thinking, eager to problem solve and keen to collaborate to build a better support system here in Barrie for our entrepreneurs with a shared priority to keeping businesses, knowledge, and talent in the region.
- Entrepreneurs that have used the ecosystem supports and resources would describe the energy in Barrie as unlike any other regions. Barrie is authentic and well connected. Entrepreneurs feel well supported and don't feel small in our ecosystem. Their voices are heard, and they can make a single call to access what they need. Barrie has a small-town feel, but has all the tools, knowledge and resources required to build and grow a successful business.
- There is a strong sentiment of giving back that is driving some of the innovation and collaboration we see in the ecosystem. Whether it's a small company that's just starting out or a large well-established company in the city, there is a desire to share, inspire and give back for the greater good of the local economy.

Ecosystem partners are keen to keep the collaborative momentum going.

- Significant progress has been made in recent years among ecosystem partners to effectively partner and deliver on key initiatives, for example, XcelerateHER, Xcelerate Summit, etc.
- There is a strong interest to resume regular ecosystem meetings for the purpose of providing updates and more importantly, collaboratively addressing issues and moving opportunities forward.
- There is appetite for hybrid/in-person programming, networking and social events as both partners and members feel that these events, particularly those at the Sandbox, help strengthen their connection to the business community.
- The pandemic has inevitably resulted in shifting of priorities and direction for some support organizations, while also providing an opportunity for some to realign goals and re-visit how value is being delivered.
- At the same time, key ecosystem partners have significantly strengthened and solidified working relationships allowing for these deeper relationships to drive strategic and planning activities.
- While there are some feelings that the pandemic stalled progress in some areas and as a result left parts of the ecosystem feeling disjointed, there is strong interest to pick up where things were left off and continue to build on the pre-pandemic momentum.

A physical innovation hub is a must-have in any effective Startup ecosystem or business community.

- A physical hub within an ecosystem, like the Sandbox Centre, is 100% necessary in any well-rounded start up and business community.
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- The Sandbox Centre plays an important and lead role in being the voice of the entrepreneurial ecosystem and driving innovation for the region.
- While the region falls within an Ontario Network of Entrepreneurs (ONE) Regional Innovation Centre (RIC) service area, the closest physical hub is located 90km + away.
- The ecosystem has collectively recognized the need for a localized solution and the Sandbox Centre plays a key role in filling this need for programming and connections within the ecosystem by creatively drawing on key partnerships.
- The Sandbox Centre is primarily funded by private enterprise, a model that is unique in Ontario and gives the Sandbox the ability to lever strategic partnerships to help advance the ecosystem.
- The Sandbox is perceived by users as “the nucleus” of the ecosystem and the glue that connects these users to the tools, resources and supports they need to learn and grow.
- There are a good number of support organizations. Continuing to champion the messaging of the role and value propositions of each organization across the ecosystem remains an important in communications to the broader community.

Gaps in support are well understood and partners are actively seeking ways to address these gaps.

- Early-stage companies are well supported with a variety of programming, mentorship and other supports in our ecosystem through the Small Business Centre, Sandbox, and HBEC.
 - Niche programs, like the TAP program geared to companies that are growing/scaling, are very well regarded among stakeholders and essential for rounding out the supports available.
 - There is strong interest in bringing more tailored/tactical programming to the region.
 - The main gap in programming currently is for businesses looking to scale their operations. These companies need the tools, hands-on specialized support, and funding to implement the systems required to scale.
 - Encouragingly, the programming and support gaps in the ecosystem are well understood and partners are actively seeking federal, provincial, and other local funding to address these gaps.
-



OPPORTUNITIES

As we imagine the future of our local Startup ecosystem and how we might strengthen our cohesiveness and position the ecosystem as a united front that's funding ready, there are some opportunities to consider.

- **Continue to build a shared vision for the ecosystem**
 - o Align on where we are today vs. where we want to go in the future and what we need to do to get there.
 - o Continue to value proposition and role of key partners and socialize this information
 - **Enhance ecosystem activities & strengthen partnerships**
 - o Create a tool for users to understand and navigate ecosystem supports (currently underway – HBEC initiative)
 - o Reinstate regular monthly meetings to share updates and move initiatives forward
 - o Actively coordinate event calendars, communications, and outreach activities
 - o Coordinate strategic marketing efforts, leveraging existing plans/budgets
 - o Coordinate grant writing efforts (where applicable)
 - **Build on niche, value-add programming**
 - o Conduct a needs assessment among our local entrepreneurs
 - o Identify unique programming that addresses gaps in our supports based on a needs assessment of our entrepreneurs and businesses.
 - o Find opportunities to build on existing effective programming models and content. For example, could Peer-to-Peer learnings be leveraged into professional development content?
 - o Explore social entrepreneurship/ social innovation programming & supports.
 - o Explore sector specific programming (e.g. Artrepreneur 2.0, Health Venture).
 - **Creatively address gaps in support for SMEs**
 - o Explore options for piloting a program for SMEs looking to scale including customized support (i.e. embedded executives) and funding.
 - o Prioritize R&D business development to support SMEs.
 - **Build on talent retention & skills development activities**
 - o Continue to deliver skills development/professional development programming.
 - o Showcase the community, businesses, opportunities; can be sector specific.
 - **Explore business attraction programming & supports**
 - o Support in the attraction of international entrepreneurs
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ROLES – City of Barrie, Georgian College and Sandbox Centre

The City of Barrie's role [Lead & Support]

Invest Barrie [Support]

- Resource support and strategic investment to enable initiatives aligned with our goals in support of the broader ecosystem
- Provide space for the Sandbox to continue operating as an innovation hub in our ecosystem
- Support on activities to strengthen the ecosystem & build capacity
- Provide access to intelligence to inform decision making (i.e. the business data survey)
- Provide advocacy support for small business at various levels of government
- Support in moving projects forward by strategically partnering (e.g. funding applications)
- Support in promoting initiatives, events, entrepreneurs and partnerships in the community

Small Business Center [Lead]

- Lead the delivery of programming for early-stage businesses
- Lead the execution of digital adoption programming (Digital Mainstreet)
- Co-lead key ecosystem events (i.e. Xclerate Summit)
- Provide 1:1 coaching and advisory services for businesses

Georgian College's role [Lead]

- Lead research and innovation activities in the region
- Deliver key entrepreneurship programming (i.e. Further Faster, eCommerce Rockstars)
- Lead the development of new entrepreneurship focused programming and events
- Provide ecosystem with access to a diverse mentor network
- Leverage access to one of the primary sources of talent in the region

Sandbox Centre's role [Lead]

- Serve as the physical & online hub of the entrepreneurship ecosystem locally (and beyond).
 - Lead in delivering engaging networking opportunities to bring the business community together.
 - Lead the ecosystem building/ strengthening activities including:
 - Host monthly ecosystem meetings
 - Be the centralized voice for the ecosystem, actively promoting ecosystem events and programs
 - Lead a needs assessment of entrepreneurs regionally
 - Focus on partnering and delivering niche programming to address the identified gaps.
 - Engage the private sector in supporting the local business community
 - Work with key partners to explore business attraction and talent retention opportunities.
 - Access strategic partnerships and funding as a not-for-profit entity.
-