
TO: GENERAL COMMITTEE

SUBJECT: SANDBOX ENTREPRENEURSHIP CENTRE

WARD: 2

PREPARED BY AND KEY CONTACT: K. DUBEAU, DIRECTOR OF CREATIVE ECONOMY, EXT. 4763

SUBMITTED BY: K. DUBEAU, DIRECTOR OF CREATIVE ECONOMY

GENERAL MANAGER APPROVAL: Z. LIFSHIZ, EXECUTIVE DIRECTOR OF INVEST BARRIE

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

RECOMMENDED MOTION

1. That a commitment of \$500,000 in capital contributions be made towards the Sandbox Entrepreneurship Centre Project through the creation of a capital project to be funded from the Strategic Priorities Reserve (GL 13-04-0410) and be released in two phases contingent upon target private sector capital contributions being secured as identified in the Financial Section 30 - 33 of Staff Report CE006-17.
2. That staff work with the Sandbox organization representatives and stakeholders to establish a formal operating entity and associated governance structure, to include representation from the City.
3. That staff be directed to work with the Sandbox organization to finalize architectural drawings in support of the Sandbox Entrepreneurship Centre.

PURPOSE & BACKGROUND

Purpose

4. City Council passed the motion 17-G-020 YEAR ROUND PERMANENT MARKET, which contained the following two directions to staff pertaining to the Sandbox Entrepreneurship Centre (excerpts from 17-G-020):
 - That the Sandbox Entrepreneurship Centre and Business Knowledge Exchange concept as presented to General Committee on December 12, 2016 be approved in principle, and used to guide the development of a business plan.
 - That staff in Invest Barrie continue discussions with the Entrepreneurship Ecosystem Community and Business Partners and prepare a project business plan for the establishment of an entrepreneurship centre and business knowledge exchange on the 2nd floor of the Transit Terminal, in collaboration with the market business plan relative to common matters such as facility maintenance and other operating synergies, and report back to General Committee with recommendations and associated costs.
5. The purpose of this Staff Report is to present Council with a project business plan for the establishment of an entrepreneurship centre and business knowledge exchange, as presented to

Council (16-G-305) in December 2016 jointly by staff and a representative of the entrepreneurship business community, and to seek direction to proceed with the establishment of the Centre.

Background

6. On February 18, 2015, City Council approved the 2014-2018 Strategic Priorities. A key focus area for the priorities is Building a Vibrant Business Community, which included the following objectives:
 - i) Build a global startup community
 - ii) Eliminate obstacles to business growth and investment
 - iii) Attract and retain a talented workforce
 - iv) Promote Barrie's strengths
7. To support and enable the development and growth of a global startup community in Barrie, staff undertook an effort to better understand the needs of the ecosystem by engaging in consultations with business leaders, founders of startup companies in Barrie, and key stakeholders in Barrie's entrepreneurship ecosystem. Through this process a comprehensive map of resources and services available within the community was created with the assistance of an organization called "StartUp Commons", an internationally-recognized leader in growing entrepreneurial ecosystems. Gaps in services were identified and partner organizations engaged to address these gaps.
8. A notable observation from the consultation process was the challenge that entrepreneurs experienced in navigating the myriad services and resources available to them, and the need for a coordinated service model to reduce the barriers faced by startups in accessing resources. During the same consultations, it was also established that Barrie's unique brand in support of building a global startup community was its ability to provide "One Degree of Separation from the Resources You Need to Succeed", which is realized through direct collaboration between the stakeholders in the ecosystem. Entrepreneurs confirmed that an integrated approach was needed by the community, and would provide a foundation for Barrie to build a unique and attractive offering.
9. In 2016 a group of Barrie-based business leaders, led by Craig Busch (CEO of the Busch Group of Companies) came together to discuss the establishment of an entrepreneurship centre that would facilitate "synergistic collisions" between individual entrepreneurs as well as with other ecosystem participants. The concept was discussed with staff from Invest Barrie, who were simultaneously looking for a solution that would help eliminate the service navigation challenge established during the consultation process, and which would also enable Barrie to uniquely fulfil the "One Degree of Separation" brand promise. During discussions between Mr. Busch and staff, it was established that the entrepreneurship centre that was being envisioned would also perform a "synergy centre" function, which addressed the navigation gap in the ecosystem. Staff from Invest Barrie and the group of Barrie-based business leaders agreed to collaborate on the effort to conceptualize, plan and recommend the establishment of an entrepreneurship centre that would be called the "Sandbox" Entrepreneurship Centre and Business Knowledge Exchange (abbreviated "The Sandbox").
10. Following multiple discussions with business leaders, as well as a consultation session with key entrepreneurship ecosystem stakeholders (that included entrepreneurs, the chamber of commerce, a co-working space with business incubation services, funders, service providers, etc.), an initial Sandbox concept with a business and governance model was created and presented to Council for consideration in December 2016. During the presentation it was requested that The Sandbox Entrepreneurship Centre be located on the 2nd floor of the Downtown Transit Terminal, a City-owned facility, and that the space be provided at no cost to the Sandbox as an in-kind contribution by the City of Barrie.

Approach and Methodology

11. Via a competitive process, staff in Invest Barrie engaged St. Clements Group Inc. to undertake stakeholder consultations in order to validate the models that had been established through initial rounds of consultation, and to develop a business plan for the Sandbox that would include operating, governance and financial models for the centre. The team at St. Clements have extensive experience in community and municipal entrepreneurship initiatives, with one of the executive team members being the founder of Ryerson University's highly acclaimed business incubator called the Ryerson Digital Media Zone (DMZ).
12. Key stakeholders in the start-up ecosystem were invited to engage in a visioning session to further develop the concept of the Sandbox Entrepreneurship Centre and to fully define the operational model. These organizations included: the Henry Bernick Centre at Georgian College, the Small Business Centre, the Chamber of Commerce, the downtown BIA, ventureLAB (the Regional Innovation Centre funded by the province of Ontario), staff in Invest Barrie, and the committee of Sandbox business leaders. In addition, St. Clements conducted interviews with specific entrepreneurs, service providers, funders and other ecosystem stakeholders to validate information that had been collected in earlier stages and to assist in the development of the detailed plan.
13. St. Clements developed a detailed business plan for the Sandbox Entrepreneurship Center based on the input of Barrie stakeholders, as well as their experience and understanding of best practices. The final report was delivered to the City of Barrie on July 25, 2017, and is attached as Appendix A. The report confirms that the envisioned model of co-locating essential services in support of entrepreneurship, with an integrated service delivery model, would provide a critical hub for entrepreneurship in the downtown core of the City, and engage businesses of all sizes and stages.
14. Following the completion of the St. Clements report, several developments in Barrie's entrepreneurship ecosystem resulted in the need for staff to make some changes to the revenue and operating models established in the report. In particular, the Henry Bernick Entrepreneurship Centre at Georgian College was successful in securing a positive vote from Georgian students and administration regarding a proposal to begin charging a per-semester fee for accessing the services of the Bernick Centre. As the fee would be charged to students and faculty, it would also be charged to any local businesses and startups that chose to make use of the services at the Bernick Centre. For this reason, staff and the sandbox business representatives undertook a revision of the business model proposed by St. Clements, and removed the Sandbox membership fees (to avoid duplicating membership fees) from the financial model, and instead developed a corporate and partner sponsorship model. Many members of the Sandbox business committee felt that this was a more effective model for the early years of the Sandbox, in order to build-up a critical mass of clients, and in order to ensure that all entrepreneurs could access the space without the potential impedance of a membership fee. In addition to the changes at the Bernick Centre, ventureLAB, a key Sandbox partner and the Regional Innovation Centre, initiated a restructuring of their organization to focus on later stage start-up companies, known as Scale-Ups. The re-focus resulted in ventureLAB reducing their presence in the Barrie community and re-evaluating their service offerings.
15. The revised business model was reviewed with key stakeholders and received agreement, subject to finalization of governance, financials and facility design.
16. Once the model had been established, staff engaged in the opportunity to focus on the connections between the Sandbox and the proposed Permanent Market project. To that end, staff engaged in discussions with Facilities and the BIA regarding the potential to link the Sandbox Entrepreneurship Centre and the Permanent Market initiative. Collaborative initiatives, such the potential to provide pop-up retail stalls in the Permanent Market, would help entrepreneurs get to market quickly. In addition, staff considered options to offer specialized food and retail entrepreneurship programs as

an additional path for synergies between the two projects. These ideas, as well other strong linkage opportunities with specialized food-based start-up entrepreneurs (a growing segment of the Barrie ecosystem), are an avenue for further investigation, should the Permanent Market project be approved by Council. .

ANALYSIS

Strategic Objectives and Value Streams

17. The initial business model that was presented to Council in December 2016 identified four specific value streams that addressed the needs/gaps in the entrepreneurship and innovation ecosystem, as identified through consultations with Barrie's entrepreneurs and business leaders. These included: 1) an education centre, 2) a collision or meeting space, 3) a synergy centre that brings support services under one roof, and 4) an entrepreneurship brand for Barrie.
18. The St. Clements report found that the proposed Sandbox Entrepreneurship Centre would advance the Strategic Objectives defined by Council and would have a positive impact on the needs identified by the community.
19. Specific Performance Indicators have been identified in the report, which would provide the tracking and metrics needed by Council and stakeholders to ensure that the initiative is delivering the intended value. These metrics can be found in the St. Clements report, Appendix A.

Structure and Governance

20. The St. Clements report confirmed the primary organizations that would need to be resident in the Sandbox in order to achieve the integrated service delivery model and the desired "One Degree of Separation". The anchor organizations would include the Small Business Enterprise Centre, leveraging the current investment by the Province of Ontario and the City of Barrie, and the Barrie Chamber of Commerce, representing an array of established businesses in the City. Together with a Sandbox team, these organizations would have a full-time presence at the Sandbox location and act as guides for businesses, directing them to the appropriate resources. In addition, by including these organizations not as mere tenants, but rather as "engaged residents" of the Sandbox (with each organization delivering services that the Sandbox would otherwise need to secure separately), the operating model ensures that the Sandbox most effectively utilizes the existing resources and expertise in the community, and thereby maximizes the range of services and value that can be delivered through the centre.
21. The Henry Bernick Entrepreneurship Centre (a core service delivery partner), Georgian Angels, StartUp Barrie and ventureLAB would be able to deliver services in the space without requiring a full time presence. These partners would use the space to deliver key services, workshops, provide mentorship and referrals, and host/participate in events. These partners 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. For example, the Henry Bernick Entrepreneurship Centre will likely deliver an incredible value to the Sandbox through programs and paid mentors that will be contributed to the ecosystem at a value far greater than the small membership fee that entrepreneurs who use their service will incur.
22. With the opening of the Helen and Arch Brown Centre for Design and Digital Arts (DDA) in the downtown core, there is significant potential to engage the 250 DDA students in various Sandbox initiatives that can both support the students' startup ambitions, as well as seek to connect them established businesses for talent development, co-ops, and keystone projects.

23. The St. Clements report identified two potential governance models for the Sandbox, including a City-led Board and an independent, not-for-profit organization with a majority of voting Board members from the private sector. The St. Clements report recommends that an independent not-for-profit organization be responsible for the operations of the Sandbox Entrepreneurship Centre, including management of the space, partner organizations and overseeing service delivery across the ecosystem.

24. The Board of the independent organization would provide for 12 voting members, to include one representative each from the key stakeholders, and seven at-large business leaders, to be nominated to the Board.

City of Barrie – One Council member

Henry Bernick Centre – Georgian College – One member

Greater Barrie Chamber of Commerce – One member

Invest Barrie – One member

Ad-hoc Community Representative – One member

The at-large business leaders would be selected based on a matrix of skills and expertise needed to foster growth in the entrepreneurship ecosystem, including finance, marketing, accounting, legal, technology and investment. The representatives should be experienced entrepreneurs.

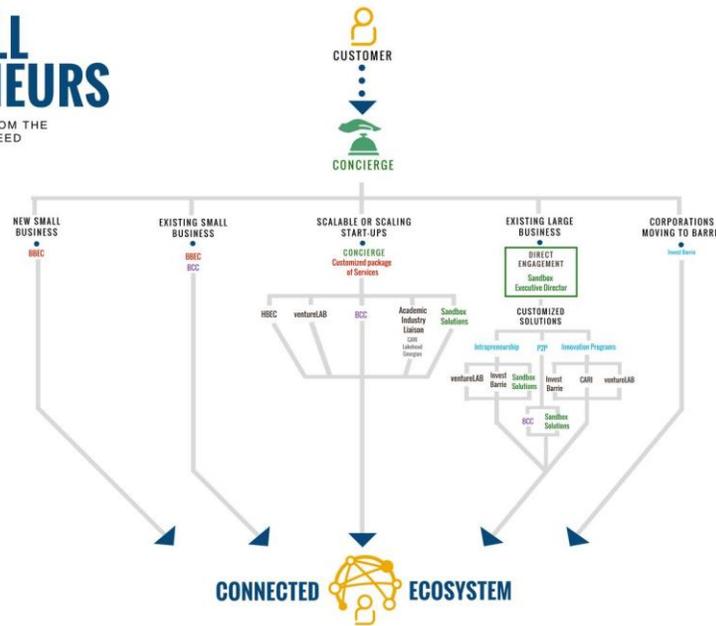
25. An Advisory Board with non-voting members would be established to provide strategic advice to the Sandbox Board, and provide an additional engagement channel for other stakeholder organizations.

Operating Model

26. The Sandbox Entrepreneurship Centre would have a staff of 2.5 FTEs, including an Executive Director responsible for reporting to and managing the Board, securing and engaging with corporate partners and sponsors on an ongoing basis, and overseeing the strategic development and programming of the Sandbox. A full-time Operating Manager would oversee “gap programming” (identifying and securing programming that is not already being delivered by existing partners, but where a new need exists), client relationships, events, budget, data management and reporting. A half-time concierge will be the primary interface with clients, performing initial assessments and developing customized packages that will guide them to the appropriate resources and services.

27. The model is designed to harness the collective resources of the ecosystem, with the Sandbox providing targeted supports and addressing gaps in the system. The figures below describes the workflow in detail, and the breadth of stakeholder engagement.

CITY OF BARRIE
**HELPING ALL
ENTREPRENEURS**
ONE DEGREE OF SEPARATION FROM THE
RESOURCES YOU NEED TO SUCCEED



THE
**ENTREPRENEUR
ECOSYSTEM**

CORE Henry Bernick Entrepreneurship Centre
Invest Barrie
Greater Barrie Chamber of Commerce
Greater Barrie Business Enterprise Centre

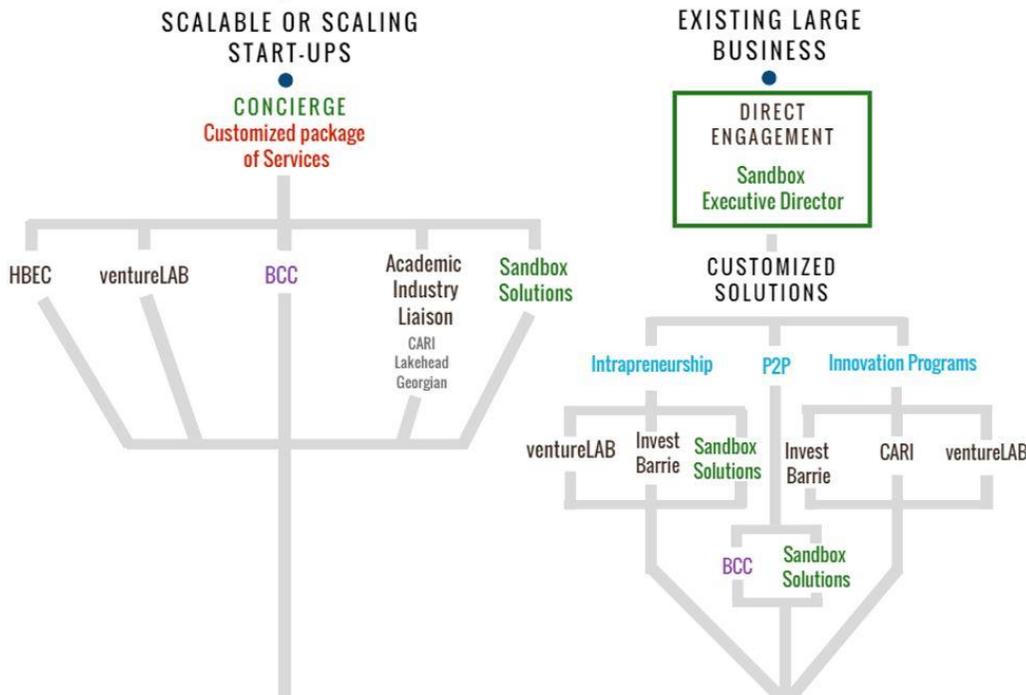
PARTNERS BIA // ventureLAB // Georgian College // Lakehead University // Barrie Public Library

PUBLIC PARTNERS BDC // NRC & IRAP // Community Futures // OCE // Centres of Excellence

NFP PARTNERS Start-up Canada // BNIs // Co-Working

PRIVATE PARTNERS Law Firms // Banks // Accounting // GAN // Executive Coaching // Marketing

A closer look at the Scaling and Existing Business Services:



Financial

28. The capital costs for the Sandbox Entrepreneurship Centre are based on the startup costs for getting the space operational. This includes fitting up the shell-ready space on the second floor of the Transit Terminal using an estimate of \$100/sq-ft, furniture, technology, corporate set up and the development of a website. The capital costs are estimated to be \$1,000,000, including a small contingency of 2.5%.
29. The model assumes a capital co-investment from the City of Barrie of \$500,000. Council may consider allocating funds from the Strategic Reserves for that investment. The remaining capital funds would be secured through Partner and Sponsor contributions.
30. A phased implementation would ensure that significant private sector contributions are secured prior to releasing the funding from the City. The proposed funding model would have the City release \$300,000 of capital funding once the Sandbox has secured \$100,000 in private sector contributions for the initial build. This would allow the project construction to begin. Subsequently, the remaining \$200,000 of the City's portion of the capital funding would be released once a total of \$300,000 in private capital had been raised. The final \$200,000 in capital funding required to finish the build-out would come from the remaining portion of the private capital to be raised. The capital campaign would be driven by business leaders, led by Mr. Craig Busch of the Busch Group of Companies.
31. The annual operating costs for the Sandbox Entrepreneurship Centre would be \$247,000 the first year, with minor escalations in the subsequent years. This assumes that the City of Barrie would waive the rent and TUMI (Taxes, Insurance, Maintenance, Utilities) costs for the facility, estimated to be \$89,280 in Year 1, and escalating to \$91,978 in Year 3. As the vast majority of these costs

are already incorporated into the City's budget for the facility, there would be minimal impact to the tax base. The exact number will be established after the Sandbox moves into the facility, and an assessment will be made as to whether there are incremental facility costs.

32. The annual revenues for the Sandbox will be primarily generated through a combination of rental revenues from stakeholder tenants, partner contributions and corporate sponsorship. Additional revenues from room rentals and events also contribute to the revenues. The model assumes an annual contribution from the City of Barrie of \$20,000. It also includes a re-allocation of an existing entrepreneurship budget item from Invest Barrie of \$25,000, initially used to support the delivery of the local BUILD workshops from ventureLAB (a 6-12 program aimed at assisting new entrepreneurs with business planning and startup). These workshops would continue to be delivered at the Sandbox Entrepreneurship Centre.
33. The Corporate Sponsor model is based on securing the following:
- 5 Corporate Sponsors at \$25,000 each, with a three year commitment = \$150,000
 - 2 Sponsors at \$10,000 each, with a three year commitment = \$ 20,000
 - 5 Sponsors at \$1,000 each, with a three year commitment = \$5,000
 - Re-allocation of City of Barrie entrepreneurship budget = 25,000
34. Busch Systems has indicated a commitment for a five year Corporate Sponsorship of \$25,000, with additional high potential partners identified.
35. The Corporate Sponsorships would be structured with renewals being offset, to provide for a stable financial base. The Corporate Sponsorship model will be based on a significant value proposition for the sponsoring companies. These sponsors will be able to leverage benefits such as:
- Access to the Peer-to-Peer network in the Sandbox for business executives
 - Access to intrapreneurship and other innovation programming for established businesses
 - Ability to provide presentations and other content to the entrepreneurs, as a way of establishing expertise and relationships with early-stage entrepreneurs.
 - Ability to send staff to best-practice workshops and peer sessions for topics such as marketing, public relations, human resources,

36. The three year business model for the Sandbox Entrepreneurship Center is included below:

	YEAR 1	YEAR 2	YEAR 3
Capital Costs			
Leasehold Improvements (Note 1)	\$ 800,000	\$ 2,000	\$ 2,000
Furniture	\$ 80,000	\$ 2,000	\$ 2,000
Equipment and Technology	\$ 20,000	\$ 2,000	\$ 2,000
Corporate Setup - legal and accounting	\$ 50,000		
Web Development and Branding	\$ 25,000		
Contingency	\$ 25,000		
Total Startup Costs	\$ 1,000,000	\$ 6,000	\$ 6,000



Capital Contributions

City of Barrie Strategic Reserve	\$ 500,000	\$ -	\$ -
Partners and Sponsorship	\$ 500,000	\$ -	\$ -
Total Capital Contributions	\$ 1,000,000	\$ -	\$ -
Net Capital Cost	\$ -	\$ 6,000	\$ 6,000

Operating Expenses

Salaries (per year including benefits)			
SEC Executive Director	\$ 110,000	\$ 111,650	\$ 113,325
SEC Operating Manager	\$ 75,000	\$ 76,125	\$ 77,267
Concierge (Supplementing SBEC Admin) (Note 2)	\$ 30,000	\$ 30,600	\$ 31,212
Operating Overhead (per year)			
Legal and Accounting	\$ 6,000	\$ 6,120	\$ 6,242
Travel	\$ 1,000	\$ 1,020	\$ 1,040
Meeting/Conferences	\$ 1,000	\$ 1,020	\$ 1,040
CGL, E&O, insurance and banking	\$ 5,000	\$ 5,100	\$ 5,202
Marketing, including web, social print	\$ 12,000	\$ 12,240	\$ 12,485
Office supplies	\$ 5,000	\$ 5,100	\$ 5,202
Software including CRM (Note 3)	\$ 4,000	\$ 4,080	\$ 4,162
Dedicated internet	\$ 6,000	\$ 6,120	\$ 6,242
Facility Rent (8000 sq-ft at \$11.16/sq-ft) (Note 9)	\$ 89,280	\$ 90,619	\$ 91,978
City in-kind contribution for Facility Rent	\$ (89,280)	\$ (90,619)	\$ (91,978)
Miscellaneous Expenses	\$ 2,500	\$ 2,550	\$ 2,601
Contributions to Annual Capital Reserve	\$ -	\$ 6,000	\$ 6,000
Total Operating Expenses	\$ 257,500	\$ 267,725	\$ 272,021

Revenues

City Contribution for first 3 years	\$ 20,000	\$ 20,000	\$ 20,000
Room Rentals (Note 4)	\$ 6,750	\$ 6,750	\$ 10,125
Events (Note 5)	\$ 8,000	\$ 9,600	\$ 11,200
Long term leases (Note 6)	\$ 48,000	\$ 48,000	\$ 48,000
Partner Contributions (Note 7)	\$ 0	\$ 10,000	\$ 15,000
Corporate Sponsors (Note 8)	\$ 175,000	\$ 175,000	\$ 175,000
Total Revenues	\$ 257,750	\$ 269,350	\$ 279,325
Net Operating Revenue or (Expenses)	\$ 250	\$ 1,625	\$ 7,304

Notes:

1. 8000 sq-ft at \$100/sq-ft from a shell ready space.
2. Concierge Salaries covered by SBEC for core services. The \$30K is for incremental hours and service.
3. Software licenses at \$250/month.
4. Room rental \$25/hour. 5 rooms available, but realistically not all rooms will be rented regularly. Year 1 & 2, estimated 2 rooms rented for 3 hours each week for 45 weeks in a year. Year 3 this increases to 3 rooms/week.
5. There will be a quarterly event which will have a charge of \$20/event. This will involve multiple partners, paid speakers, etc. Year 1 - 100 participants, Year 2 - 120, Year 3 - 140.
6. An anchor tenant that takes space at the Sandbox and participates in the service delivery and support of entrepreneurs, becomes a part of the ecosystem. This means that they will benefit from shared space like boardrooms, event space etc. These tenants are effectively partners that will pay a flat fee for space rather than a "per square foot" cost. This is in recognition of their assistance in delivering services at the sandbox.
7. Partners are: Georgian College, Lakehead University, Barrie Public Library.
8. Includes \$25k from Invest Barrie that is currently allocated to local BUILD program.
9. Rent includes TUMI of \$11.16/sq ft - TUMI: Taxes, utilities, maintenance and insurance - includes cleaning.

Implementation & Timeline

37. The Sandbox initiative would begin as soon as possible, with a targeted launch date of September 2018.
38. Staff in Facilities have initiated the procurement process for the demolition work to return the 2nd Floor of the Transit Terminal to shell-ready space. This work is expected to be completed by the end of 2017.
39. The Sandbox would begin to secure the corporate capital contributions and operating sponsorships immediately upon approval by Council.
40. The governing structure, including the establishment and recruitment of the Sandbox board of directors, and the development of bylaws, will begin shortly after approval of the process by Council.
41. A preliminary floor plan has been designed by members of the Sandbox business leaders. This will need to be finalized with the key stakeholder groups and approved by staff. Following that, a cost estimate will need to be prepared and again reviewed by staff and approved by the Sandbox board. This would be ready by the end of January.
42. The final floor plan and associated reviews and permits would be completed by the end of March 2018.
43. A competitive tender for the construction would be released at the end of March and a successful candidate selected by the end of April 2018.
44. Construction is expected to take approximately 4 months.
45. On-boarding of the partners, agreement on services and programs, hiring of Sandbox Staff and development of operating processes will begin shortly after the establishment of the board of directors.

46. The Sandbox Entrepreneurship Centre would open in September of 2018. This aligns to the critical lease date for the Chamber of Commerce. A detailed project plan will be developed for the operating components after approval by Council.

Value Overview

47. The Sandbox Entrepreneurship Centre model being proposed would address a known challenge in the Barrie entrepreneurship community, largely a result of fragmentation between the different groups supporting start-ups and existing businesses. The approach of co-locating the Small Business Center with the Chamber of Commerce provides a unique and stable base to support a connected ecosystem. Both organizations have a focus specifically on Barrie-region businesses, while others in the ecosystem have broader mandates.
48. While co-location and synergy centre models have been implemented in other communities, none have anchored the collaboration with a Chamber and a Small Business Centre, with each partner adding a specific domain expertise to the broader synergy system. The Sandbox Entrepreneurship Centre will effectively connect start-ups with existing businesses of all sizes, and provide an opportunity to strengthen the engagement of larger businesses through Peer-to-Peer programs and innovation-focused events. The model has the necessary ingredients to deliver on the Barrie brand of "One Degree of Separation from the Resources You Need to Succeed".
49. Investments made by the City, Georgian College and local entrepreneurs in growing the start-up community in Barrie have been successful in growing engagement and securing funding results for local companies. The number of entrepreneurs engaged in the Barrie ecosystem more than doubled the City's 2017 target, and recent grant and investment announcements for local companies has exceeded \$750,000 in 2017. The collaboration efforts will continue to yield dividends as Barrie's start-up ecosystem continues to mature and grow. Having a designated place will accelerate the growth of the start-up community, create the opportunity for connections, and strengthen our existing business organizations and support services.
50. The location of the Sandbox Entrepreneurship Centre on the 2nd floor of the transit terminal will help to reinforce engagement with newly opened Arch and Helen Brown Design and Digital Arts Centre in the downtown core. The close proximity of the two facilities will create co-op opportunities for the 250 students, and provide local businesses with access to digital design and media supports. The Sandbox Entrepreneurship Centre will also support those students seeking to start their own companies in the same location as they are doing their studies and projects.
51. The financial investment being proposed for consideration by General Committee is summarized as:
- Capital investment of \$500,000 for leasehold improvements
 - Providing an in-kind contribution on an annual basis, the Rent, Taxes, Utilities, Maintenance and Insurance (TUMI). As the majority of these costs are already incorporated into the budget, there would be little impact to the tax base.
 - A direct contribution to the operating costs of \$20,000 per year, with the ability to review after 3 years.
52. The capital investment required could be supported through a transfer from the Strategic Reserves Fund.
53. There is a potential space-related benefit to the City in moving the Small Business Centre to the 2nd floor of the Transit Terminal, freeing up space at City Hall.

ENVIRONMENTAL MATTERS

54. There are no anticipated environmental impacts.

ALTERNATIVES

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

Alternative #1

General Committee could decide to not to proceed with an investment in the Sandbox Entrepreneurship Centre.

This alternative is not recommended, as the proposed project will directly support several of Council's stated strategic objectives. Further, the project has the support and endorsement from local business leaders, the Chamber of Commerce, the Henry Bernick Centre at Georgian College and the Small Business Center.

If City Council decides not to invest in the Sandbox Entrepreneurship Centre, the rate of growth of Barrie's start-up community will be slower than what could be possible, and the resulting economic impacts delayed. The proposed centre provides an opportunity to create a physical space to house the Barrie start-up brand, and to build meaningful, impactful collaborations with key stakeholder groups, beyond general partnering activities.

Alternative #2

General Committee could decide to proceed with an investment in the Sandbox Entrepreneurship Center on a smaller scale.

This alternative is not recommended as it would compromise the business model that has been generated, impacting the prospects for long term sustainability. The model is also predicated on leveraging the City's investment to generate funding in Corporate sponsorships and partnerships. Lowering the City's investment in the Sandbox Entrepreneurship Centre could potentially reduce the level of interest and commitment from the private sector.

FINANCIAL

56. The capital contribution of \$500,000 will be funded through the Strategic Priorities Reserve in 2018. The annual in-kind contribution for the facility, estimated at \$89,280, will be funded through the existing facility base budget starting partway through 2018 (estimated September, 2018). The operating contribution of \$20,000 will be included in the 2019 operating budget. The additional \$25,000 operating contribution will be funded through Invest Barrie's existing entrepreneurship base budget.

LINKAGE TO 2014-2018 STRATEGIC PLAN

57. The recommendations included in this Staff Report support the following goals identified in the 2014-2018 Strategic Plan:
- Vibrant Business Environment

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- Responsible Spending
 - Inclusive Community
 - Well Planned Transportation
58. Having a dedicated space and place for entrepreneurs to gather will significantly enhance the ability of stakeholder organizations to deliver services in a cohesive manner, and provide a physical place for Barrie's startup brand, a necessity to attract the calibre of start-ups capable of competing on a global scale, while still ensuring that main street entrepreneurs have access to the tools and networks to help reduce failure rates and increase successes.
59. Co-location of organizations providing services and supports to startups and businesses will remove barriers and inefficiencies for businesses in accessing those services.
60. Having a dedicated space to support innovation and entrepreneurship, along with co-location of the stakeholders in the ecosystem, will result in Barrie being able to deliver on "One Degree of Separation from the Resources Needed to Succeed", an important asset to attract top entrepreneurial talent. It will also provide a way to engage students at Georgian College and Lakehead University as they explore starting their own companies, and naturally locating them in the same community.
61. Key stakeholder groups in the start-up ecosystem have validated both the need and the interest in investing in the Sandbox Entrepreneurship Centre initiative. In this way, the City is leveraging additional investment from the private sector, into the community.
62. By locating an entrepreneurship hub in the downtown core and moving current programming from Georgian College, City and Chamber offices, increased usage of transit infrastructure will result from concentration of the entertainment district.
63. The Sandbox Entrepreneurship Centre being located in the downtown core will ensure ease of access not only for students and start-ups, but also for main street retail businesses and existing Barrie companies.



Appendices Appendix A – St. Clements Report