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<b>TO:</b>	<b>GENERAL COMMITTEE</b>
<b>SUBJECT:</b>	<b>SANDBOX – CAPITAL FUNDING REQUEST</b>
<b>WARD:</b>	<b>ALL</b>
<b>PREPARED BY AND KEY CONTACT:</b>	<b>S. SCHLICHTER, DIRECTOR OF ECONOMIC AND CREATIVE DEVELOPMENT, EXT. 5036</b>
<b>SUBMITTED BY:</b>	<b>S. SCHLICHTER, DIRECTOR OF ECONOMIC AND CREATIVE DEVELOPMENT</b>
<b>GENERAL MANAGER APPROVAL:</b>	<b>A. MILLER, RPP, GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT</b>
<b>CHIEF ADMINISTRATIVE OFFICER APPROVAL:</b>	<b>M. PROWSE, CHIEF ADMINISTRATIVE OFFICER</b>

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**RECOMMENDED MOTION**

1. That the review of the request for capital funding from the Sandbox received February 2, 2020 and the associated alternatives for General Committee consideration be received as outlined in Staff Report ECD011-20.
2. That the non-voting Board position designated for City staff, Executive Director of Invest Barrie be requested to be removed from the Sandbox Board composition, and that no City staff be designated to this position until such time as it is removed.
3. That the City of Barrie continue its annual partnership commitment of \$45,000 per year through the duration of the current lease (2022-2023), to be contemplated within the City's annual operating budget for the corresponding years.
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.

5. That the Director of Economic and Creative Development be authorized to execute the Memorandum of Understanding, subject to the satisfaction of the Chief Administrative Officer, General Manager of Infrastructure and Growth Management, and Director of Legal Services.
6. That staff in the Economic and Creative Development Department, in consultation with the Corporate Facilities and Legal Services Departments report back to General Committee at a future date regarding the Sandbox request for a two-year extension of their current five-year lease.
7. That the Sandbox report back to the City Building Committee in May of 2021 with a comprehensive report on their first two years of operation, financial standing, and updated business plan into their remaining lease term.

## **PURPOSE & BACKGROUND**

### **Report Overview**

8. On February 3, 2020 the Sandbox Centre delivered a presentation to the City Building Committee concerning 'Growing our Economy, Building Business and Community with the Sandbox'. As part of this presentation, the Sandbox made a request of Council to increase their capital contribution to the downtown entrepreneurship and business centre by \$300,000 to support additional and unanticipated build out costs associated with construction of the City-owned space.
9. The purpose of this Staff Report is to provide a report back to General Committee on the Sandbox capital funding request, including a construction project review, operational one-year review, factors pertinent to the City's investment, and to seek direction on the request for additional capital contributions and continuation of sponsorship and program funding.
10. Council has requested as part of Motion 17-G-252 a complete report back on the operations and impact of the Sandbox Centre after the 3<sup>rd</sup> year of operations. Given the lease for the Sandbox was signed in September 2018, with opening in April 2019, they would complete a comprehensive report back for mid-2022.
11. In October, 2020 staff received a formal request from Sandbox to extend the lease period by two years, from September 2023 to 2025 (included in Appendix 'D' - Sandbox Business Summary). An analysis of this request will be conducted by staff, with a separate follow-up to Council.

### **Background**

12. The Sandbox is located at 24 Maple Ave, above the Transit Terminal. They are a tenant of the City at this premises, with a lease term of 5 years that will expire September 18, 2023. 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.
13. Also located within the Sandbox is the Small Business Centre of Barrie, Orillia & Simcoe County funded in partnership between the City and Province and is part of the Economic and Creative Development Department. Prior to Covid-19, the Innovators Alliance Ontario CEO group also hosted sessions within the space. Georgian College's Henry Bernick Entrepreneurship Centre conducted mentorship meetings on-site two days per week, and the Simcoe County Entrepreneurship Ecosystem Council met there on a monthly basis. It is expected these meetings will return to the Sandbox as health requirements allow.

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14. 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:
- 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
15. In partnership with a key group of stakeholders from the local business community, led by Craig Busch of Busch Systems, consultations were held with Barrie's business leaders, startup company founders, and key entrepreneurship stakeholders. Invest Barrie also engaged with the internationally acclaimed organization 'Startup Commons' to map the gaps in business services locally. With these results, staff collaborated with major business stakeholders to determine how these gaps could be filled by building on existing services and assets, thereby streamlining local businesses' growth trajectories, and making Barrie's own economic growth sustainable and resilient.
16. This in-depth assessment and planning process resulted in the concept of the 'Sandbox Centre for Shared Entrepreneurship & Innovation', with 12 founding partner organizations including City of Barrie and Busch Group of Companies, and 5 additional community partners. The Sandbox' vision was to make business guidance and support freely available to all sectors and sizes of organizations, through formal support services and informal knowledge sharing.
17. As a centralized hub for business programs and services, the Sandbox is a platform for established businesses, aspiring innovators, and independent entrepreneurs to share expertise, energy, and opportunities in a united collision space. They have a core focus of connecting organizations of all sizes and stages in Central Ontario with professional development, peer support, and growth opportunities.
18. At time of writing, Sandbox reports having 35 private sector and community partners and 77 member companies. Duration of member terms were intentionally staggered, to increase consistency of revenue streams, and typically range from 3 to 5 years. They are currently staffed by 5.5 FTE's.
19. In its first year of operations from April 2019-2020 the Sandbox reported:
- 10,000+ visitors for meetings/events (40% estimated to be unique)
  - 1,500+ hours of hosted meetings
  - 80+ educational seminars, panel discussions & workshops
  - 5-year partnership with World Trade Organization Toronto (WTO-T) to deliver Trade Accelerator Program (TAP) for Simcoe County
20. Programming includes 90 peer group member sessions through its CNNX program which is geared toward executives in the business community, sharing expertise, challenges and lessons in specialized sessions. SBX CNNX is organized to collectively engage over meaningful roundtable discussions in a non-competitive setting and gives executives the opportunity to participate in the development and sharing of essential skills that will assist in the contribution of success to their teams and providing feedback on best practices.

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21. Public programming ranges from inspirational talks and national industry experts, including 3 Chief Economists, to niche events for socially-g geared enterprises, women in business, and other target demographics. Paid programs are coordinated with high-profile speakers or through third party partners such as the Word Trade Centre Toronto.
  22. Through membership, many businesses host private meetings with investors and prospective clients on-site, using the space to secure additional funding and revenue for their businesses.
  23. The current Board of Directors is comprised of eight members, including one Council representative and, at time of conception, a seat for Executive Director of Invest Barrie. The Invest Barrie seat has remained unfilled following the City's corporate restructuring in November 2019. Current Board members are: Craig Busch (Founder & CEO), Joanne McPhail (Chair), Councillor Sergio Morales (Council representative), Thomas Ambeau Sr. (Treasurer), David Jupp, Michelle Huggins, Jerry Price, Jamie Doran.
  24. Staff are recommending that given the Economic and Creative Development Department administers funding to the Sandbox Centre, the Invest Barrie seat at the Board remain unfilled and that the Sandbox formally remove the seat from its Board composition to prevent any conflicts of interest from arising.

#### Previous Council Direction

25. Since the inception of the Sandbox, there have been several Motions and approvals of Council. The following section outlines the directions of Council.
26. On December 12<sup>th</sup>, 2016, General Committee first received the presentation from Invest Barrie and the Sandbox (16-G-305), to establish an 'entrepreneurship centre and business knowledge exchange'. The Centre would support numerous strategic outcomes, including: downtown revitalization, talent attraction, and investment in a long-vacant City facility at 24 Maple Avenue.
27. The presentation provided feedback on business and stakeholder consultations regarding the centre concept, and included a letter of support and a financial commitment to the space from Georgian College. Next steps from the presentation included Invest Barrie and business leaders developing detailed operating, governance, programming and financial models to bring back to Council for consideration.
28. On January 30<sup>th</sup>, 2017, Staff presented a report to Council formally requesting an endorsement of the Sandbox concept in principle, as part of the overall assessment of the year-round downtown public market. Motion 17-G-020 provided the following Council direction specifically related to the Sandbox:
  - '...3. 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.
  4. 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...'



29. In October 23, 2017, the proposed business plan for the Sandbox was presented to General Committee (CE006-17). Subsequently, Motion 17-G-252 was adopted, providing the City's capital commitment and the following direction:

'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 released in two phases contingent upon target private sector capital contributions being secured as identified within the Financial section of Staff Report CE006-17.

2. That Invest Barrie 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 Invest Barrie and Facilities staff be directed to work with the Sandbox organization to finalize architectural drawings in support of the Sandbox Entrepreneurship Centre.

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.

5. That the Director of Creative Economy be delegated authority to negotiate and the Mayor and City Clerk be authorized to execute a five year lease agreement with the Sandbox Entrepreneurship Centre organizing entity with other specific terms associated of the lease agreement to be to the satisfaction of the Chief Administrative Officer and the form of the agreement to be to the satisfaction of the Director of Legal Services.

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)'.

30. Per paragraph 1 of Council Motion 17-G-252, the Financial Section of the report provided the following funding commitments to the Sandbox:

<b>Capital</b>	<b>Contributions</b>	<b>Notes</b>
Funded from Strategic Reserve	\$500,000 (matched at 50% with Private and Sponsor Contributions)	Phased implementation: City release \$300,000 of capital funding once the Sandbox has secured \$100,000 in private sector contributions for the initial build. 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.
<b>Operating</b>	<b>Contribution</b>	<b>Notes</b>
Corporate Sponsorship	\$20,000	Annual contribution. Currently funded from the Economic & Creative Development Budget.

Contracted Programming/Courses	\$25,000	Annual re-allocation of entrepreneurship program funding from operating budget to deliver programming.
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31. On June 18<sup>th</sup>, 2018, in response to a request for Board representation from the Sandbox, Motion 18-G-155 appointed the following:
- '1. That Councillor, A. Khan be appointed, as a non-voting member, to the Sandbox Board of Directors for a term ending November 30, 2018.
  - 2. That the Executive Director of Invest Barrie be appointed as a non-voting member to the Sandbox Board of Directors. (Item for Discussion 8.2, June 11, 2018)'
32. On October 1, 2018, Council passed Motion 18-G-201 approved the extension of use of the roof top space for the Sandbox, as follows:
- '1. That the extended roof top space, on the second floor of the Transit Terminal located at 24 Maple Avenue, be included in the total leasable space defined in the lease agreement between the City of Barrie and the Sandbox Entrepreneurship Centre.
  - 2. That the use of the extended roof top space for an outdoor patio be approved, subject to the Sandbox Entrepreneurship Centre meeting all building permit requirements and specified conditions of the lease. (CE010-18) (File: R05-SAN)'
33. On April 29<sup>th</sup>, 2019, Council approved Motion 19-G-103 regarding the key performance indicators (listed in Appendix 'A' of this report) as follows:
- '1. That the key performance indicators defined in Section 18 of Staff Report CE003-19 for Invest Barrie staff to report annually to Council on the benefits and impact of the City of Barrie's investment in the Sandbox Entrepreneurship Centre Project, and which cumulatively would be the basis for the three year assessment report to Council on the benefits of the project, be approved.
  - 2. That the Director of Corporate Facilities, in consultation with the Director of Legal Services, be authorized to enter a lease agreement to extend and formalize the temporary re-location of the transit terminal lunchroom facilities at 39 Dunlop Street West, pending completion of a new transit hub. (CE003-19) (FILE: R05-SAN)'

#### Lease Overview

34. On September 21, 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 beyond the 5-year term, or to request Sandbox Centre change its direction.
35. 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 for BIA levies, and to keep the facility to the standard of a first-class building.
36. Also included in the lease, and part of standard terms, were fit-up allowances provided by the Landlord for planned base-building upgrades that the Tenant would complete. These allowances included upgrades to the building's elevator, as well as replacement of the original rooftop air handling unit (component of HVAC system), Building Automation System, and fire alarm system.

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37. A request to extend the lease by two years, from 2023 to 2025, was received in October prior to this report. Given the timeframe, staff will be conducting a separate analysis of this ask and reporting back to Council.

Sandbox Construction

38. Throughout the pre-business planning, design and construction stage, Invest Barrie leadership participated in regular working group meetings with the Sandbox team and design team on the project. Facilities staff also participated on the working group to ensure design and construction relating to the base building components met the City's needs and standards.
39. Per the terms of the lease agreement, fit-up of the Sandbox space was the responsibility of the Sandbox. As such, the Sandbox hired a general contractor to complete the work at their own expense. All approvals of construction expenditures were under the purview of the Sandbox, with the exception of pre-identified tenant fit-ups agreed to in the lease. The City, through Facilities provided approvals for designs to ensure integration with the existing building.
40. Select base building fit-ups were pre-identified in the lease as the purview of the landlord. These included elevator upgrades, fire alarm system replacement, and select HVAC system upgrades. These expenses were accrued by the Sandbox and reimbursed by the City.
41. Construction of the Sandbox Centre was projected to last 4 months, with an original opening date of September 2018. Demolition began in August 2018, and new construction officially started in November. Doors opened in April 2019.
42. The demolition period for construction experienced unexpected delays due to inconsistencies between previous contractors' work and existing architectural drawings.
43. During the overall course of construction, the scope of the project experienced several alterations, with additional items. Some additional items were deemed necessary or valuable investments in the core building; when identified, the City (through Facilities) contributed additional funds to reimburse these items. These were within Facilities scope of scheduled and budgeted maintenance upgrades, as well as the Council-approved Capital Improvement Plan. Other additional items were deemed necessary or valuable by the Sandbox for their design and operations and were solely the responsibility of the Sandbox.
44. Some capital expenses were incurred after the primary construction was completed, due to unforeseen operational needs. These include the installation of additional interior glass doors to delineate meeting space and event space as well as a security system amongst some other minor capital needs. These expenses have been included in the overall capital investment costs identified.
45. The Sandbox provided staff with a construction cost summary, that staff divided into categories that related to the base building, interior fit-up, aesthetic fit-up and the patio. Patio construction costs are included as a point of reference, noting that Council approved the inclusion of the patio with no financial commitment (Motion 18-G-201).
46. A summary of work and associated definitions of categories is as follows:

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**Base Building:** defined as essential structural work necessary for tenant occupancy.

Base building elements initially identified as necessary were: interior demolition, elevator repairs/upgrades, and equivalent HVAC replacement.

Additional items were realized during construction, including: addition of a Building Automation System (BAS), replacement of fire alarm panel, and replacement of alarm devices for required digital upgrades. The cost of all additional items were covered by Corporate Facilities as standard base building improvements.

**Interior Fit-up:** defined as leasehold improvements and essential fixtures deemed necessary by the tenant for their operational needs.

Beyond walls, event space and furniture, additional building costs were incurred for interior fit-up requested by the Sandbox. These included the addition of insulation to the roof and exterior walls, to increase the unit's thermal R-value.

Also included were the replacement of existing functional electric base board heating with a perimeter boiler loop. The boiler room was constructed as a show piece, with stainless steel and a viewing window. A rationale for the exposed boiler room is provided in Appendix 'C'

While the above items add value to the building overall, they are not modifications generally made to a City facility. Assessment by Corporate Facilities determined that the return on investment would be realized in 20+ years.

Of the above items, the City contributed \$20,000 through Corporate Facilities towards the boiler system. This value was in lieu of necessary repairs to the existing electric baseboard heaters. In addition, \$19,280 was contributed through Invest Barrie for furniture in the Small Business Centre.

**Aesthetic Fit-out:** defined as non-essential fixtures and cosmetic chattels.

Given the vision for a premium business space that is innovative and progressive in design and open in concept to invite collaboration between members, these items were deemed beneficial by the Sandbox. These included indoor green wall, indoor waterfall fountains, and exterior fireplaces. The Sandbox was able to obtain partial donation for many of these items to minimize fiscal impact.

**Patio:** defined as any work undertaken specifically to achieve occupancy of the outdoor space.

Expenses pertaining to patio construction were identified separately, and included: removal of rooftop HVAC units, addition of an additional HVAC unit including extensive ductwork, fire rating of the roof structure, and addition of large patio doors and windows. Corporate Facilities contributed \$26,260 to replacement of the lower roof membrane, as this item would already be replaced during Council's term per the Capital Plan.

#### Capital Cost Summary:

47. Based on construction figures provided by the Sandbox and the City's fiscal records for expenses directly related to the Sandbox and expense reimbursement, a summary of capital costing for the Sandbox is as follows:

Expense Type	Total Cost	City Cont'n (above \$500k)	Notes
Base Building and Interior Fit-out	\$1,359,860	\$294,373	Contributed primarily as standard landlord expense and planned upgrades
Aesthetic Fit-out	\$301,575	\$0	
Patio Construction	\$348,634	\$26,260	Total includes an estimated 33% of the HVAC costs as required for patio construction
Total Capital Costs	\$2,002,119		
<b>Total City Contribution</b>	<b>\$820,634</b>	<b>\$320,634</b>	

48. Based on the analysis from staff, the City's total capital commitment totaled 50% of capital costs up to \$500,000 and additional contributions to building improvements of \$320,634, considered as part of standard repair, maintenance and planned upgrades and/or a standard landlord expense related to leasing space.
49. According to the Sandbox Business Summary report attached in Appendix 'D', 16 local businesses provided \$424,641 in capital contributions ie. Bertram Construction, Big Ass Openings, Barrie Metro Glass, Busch Systems, Chris Gariepy Construction Advisors, C2 Design, DV Bell, DV Systems, The Look Company, Mackinnon Construction, Napoleon, Netgain SEO, Norcab, Rival Business Solutions, Sarjeants
50. Further, the Sandbox reported an additional 15 local businesses provided \$588K+ in-kind and added value contributions in finishings and décor ie. Busch Systems, Barrie 360, Rock 95, Kool FM, Napoleon, Bradford Greenhouse Garden Gallery, The Look Company, Yanch, ModernFold, and POI Business Interiors. The Sandbox identifies that added value includes cost savings through competitive pricing, donation and discounts achieved through partnerships.

#### Fiscal Request – February 2020

51. On February 3, 2020 the Sandbox Centre delivered a presentation to City Building Committee concerning 'Growing our Economy, Building Business and Community with the Sandbox'. As part of this presentation, the Sandbox made a request of Council to increase their capital contribution to the downtown entrepreneurship and business centre by \$300,000 to support additional build out costs associated with construction of the City-owned space.
52. During the presentation, it was identified that the front-end capital investment has had a positive impact in attracting sponsors, members and users. Specifically, the presentation indicated 'Because we invested and created a 'wow' space, we have magnetized the sponsors and members needed to operationally fund our optimal program offerings'.
53. The presentation from the Sandbox also identified that 'Operationally, the City's funding represents 7% of the total operating overhead, with the remaining 93% generated from the private sector'. When including the facility at Fair market value, the Sandbox valued the City's contribution at 25%. Further, during the Sandbox presentation, it was stated that if the donated value of private sector expertise and management time was included, the City's operational contribution represented 16% of the Sandbox operational funding.

54. The presentation also identifies that the Sandbox has taken on a loan in the amount of \$500,000 to cover the overages, and an additional \$300,000 that remains unfunded is held by Busch Systems. The presentation identified that over the 5-year lease period, in addition to the unfunded \$300,000, Busch Systems and local Netgain are invested at \$375,000 in addition to \$600,000 in guarantees in support of the Sandbox.

## **ANALYSIS**

### **City Fiscal Contribution**

55. Motion 17-G-252 commits \$500,000 from the Strategic Priorities Reserve as a capital co-investment in the Sandbox. The staff report cites a total capital cost estimate of \$1,000,000, including furniture, technology, corporate setup, and the development of a website. This amount was calculated based on a conservative \$100/sq-ft estimate with 2.5% contingency.
56. The remaining 50 percent of capital funds were to be secured through Partner and Sponsor contributions. These contributions were collected as advance membership fees, prior to the Sandbox opening. Companies completed a Capital Campaign Pledge Agreement, outlining the years and amounts of their contributions, and membership coincided with the years committed.
57. An original business model developed by consultants at St. Clement's Group was presented to Council in 2016 identified estimated capital costs of \$1,450,000 and construction costs of \$150/psf, which is similar to the base building and interior fit-up costs incurred for the space, excluding patio and aesthetic fit-up expenses.
58. According to the Sandbox Business Summary report attached in Appendix 'D', the Sandbox designed the space to be attractive to its target business community, and to compliment and showcase Barrie's downtown waterfront.
59. The Sandbox report states the when demolition work commenced the unit did not meet code for intended zoning and that much of the tenant improvements were necessary for base building systems, structure, and framework. Any tenant improvements relating directly to Base Building were funded by Corporate Facilities, beyond Council's committed funding.
60. The Business Summary report from the Sandbox also identifies that the baseboard electric heaters were non-functional. City Facilities staff have confirmed that the heaters were largely functional at the time of construction but did provide funding towards the new heating system in recognition that repair or replacement of some heaters may have been required.
61. In addition to unforeseen construction expenses, the Sandbox also incurred opening operations and wage costs of \$203,398 over the 9 months prior to the completion of construction. These expenses were to support onboarding of staff in advance of opening, recruiting members and sponsors, and ramping up programming.
62. The Sandbox also identified in their Business Summary report, that the one million dollar capital start-up/capital costs was identified for the purposes of initial budgeting in relation to City contribution and the determination of a matching program for fundraising purposes, and that it was not intended to be the actual budget for the project. The early proposal to Council was to establish the funding formula to release the City's investment in the project.
63. The Business Summary report from the Sandbox also identifies that as construction progressed, it became apparent that capital costs and start-up costs would exceed the amount allocated in the



Staff report. The Founder pressed on in order to complete the facility and incurred many of excess costs were due to the condition of the building. Corporate Facilities verified that the condition of the building was par for its vintage. Repairs to the base building and related servicing were contributed under a capital project which was forecasted by City Staff within the Capital Plan approved by Council.

64. Further, costing was completed in 2017 for the project, and cost escalations also had impact as construction was predominantly completed in 2019. The report and presentation identifies that Busch Systems provided interim support via a short-term loan in addition to a bank loan required to complete the space.

#### Patio Construction

65. Approval of the rooftop patio renovation is likely to increase property value of the building, provide value to the City through future tenants, avoid future costs of roof and window replacements, and enable the sustainability of Sandbox' business model through the increased appeal and inspiration to businesses and talent in addition to increasing overall attendance capacity in the space for events.
66. Staff Report CE10-18 outlined that construction of the rooftop patio would have "no financial implications to the City of Barrie's capital plan" as the Sandbox would execute the project with corporate funding and in-kind materials and services.
67. This construction resulted in unanticipated additional costs related to the replacement and relocation of rooftop HVAC units, replacement of the rooftop membrane, and fireproofing of the first-floor unit below. Corporate Facilities assumed the cost of rooftop membrane replacement, due to the age and state of the old membrane and inclusion of this item was within the City's capital planning as part of repair and maintenance of the transit terminal.
68. Patio construction totaled approximately \$348,634, including approximately 33% of HVAC costs that were associated with the required construction of the patio space.

#### Value of the City's Capital Investment

69. The Transit Terminal at 24 Maple Avenue was originally built in 1992. In addition to the public transit centre space, it includes the second floor unit currently leased to Sandbox, and a main floor unit with panoramic views of the waterfront. Both additional units were vacant for a number of years prior to the Sandbox lease.
70. The second floor unit previously housed a dentist office, and City offices for Transit and the Small Business Centre. The main floor unit was previously leased by Burger King, who vacated in 2014. In the same year, the Small Business Centre was integrated into Invest Barrie and relocated to City Hall.
71. Zoning of the building posed major challenges for a traditional tenant, resulting in City departments being the primary occupants. Occupancy by the Sandbox required approval of a minor variance to section 4.6.2.1 of Zoning By-law 2009-141 to provide parking off-site.
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 2<sup>nd</sup> 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. Spin-off economic benefits of this investment such as increased

patronage by business professionals to the west side of downtown's BIA district are also notable and reviewed in the following sections.

73. Prior to renovations, a private estimate of rental value was \$8 per square foot net (plus TUMI – taxes, utilities, maintenance and insurance) for the second floor unit. An updated valuation has not been completed post-construction; however, discussion with a commercial real estate agent provided a cursory comparison to other downtown properties at approximately \$15-18 per square foot. A formal evaluation would be required to validate this number, which staff have not undertaken at this time. At the time of Sandbox' lease signing in 2018, TUMI was calculated at \$11.16 per square foot, with a 1.5% increase per year.
74. Installation of efficient HVAC, heating, and mechanical systems through the second floor construction have changed the perimeter heating system energy source from electricity to natural gas. This should reduce building utility costs moving forward, which are paid by the City.
75. The addition of the patio space provides additional usable square footage that would provide incremental add-on benefit and value to future tenants, pending their need for patio space.

#### Value of the City's Operational Investment

76. In addition to capital funds and in-kind rent, the City committed to operational funding for 3 years. This includes an annual contribution of \$25,000 and a \$20,000 annual Corporate Sponsorship. Of this, \$25,000 was re-allocated from an existing Invest Barrie budget item for a 6-12 month entrepreneurship education program. A program of this specific format has not yet been delivered.
77. General benefits of Corporate Sponsorship are outlined as: brand exposure & promotion, programming & engagement, and acknowledgement of the partnership. Sandbox identifies that many agreements include further customized elements to reflect the sponsors' organizational objectives.
78. In the Staff Report CE006-17, partner benefits were identified as:
  - 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
79. 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 'Community Partners' page. The Small Business Centre is also listed on the 'Get Connected' page, and Councilor Sergio Morales is included in the Board of Directors webpage.
80. A City Sponsorship Agreement or Memorandum of Understanding associated with the City's program funding have not been completed. As part of the recommendations of this report, staff will be pursuing the appropriate formalized agreements related to Sponsorship, MOU 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.
81. Due to the number of in-person visits to the Sandbox, overall traffic to the downtown has increased and has contributed to increased parking revenues in the City-owned parking lots in the immediate vicinity of the Sandbox.

82. The Spirit Catcher Parking Lot and Bayfield St/Simcoe St. lots both experienced annual increases from 2017 through 2019. Note that this timing also coincided with other construction in the area, including Meridian Place and Streetscaping, which also impacted parking. A summary is provided below.

<b>Spirit Catcher Lot</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>2017</b>	\$ 3,378	\$ 8,122	\$ 16,604	\$ 4,438
<b>2018</b>	\$ 2,029	\$ 9,540	\$ 15,917	\$ 3,855
<b>2019</b>	\$ 3,170	\$ 8,080	\$ 18,165	\$ 6,764
<b>% Increase</b>	<b>-6%</b>	<b>-1%</b>	<b>9%</b>	<b>52%</b>

<b>Bayfield / Simcoe Lot</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<b>2017</b>	\$ 1,432	\$ 9,031	\$ 12,111	\$ 6,355
<b>2018</b>	\$ 7,658	\$ 9,790	\$ 10,692	\$ 7,145
<b>2019</b>	\$ 8,175	\$ 11,207	\$ 14,518	\$ 10,999
<b>% Increase</b>	<b>471%</b>	<b>24%</b>	<b>20%</b>	<b>73%</b>

83. Additional benefits to the City included the use of meeting space for both internal City staff meetings and Invest Barrie meetings with strategic partners, potential investors and business programs and events.

#### Value of the Small Business Centre in the Sandbox

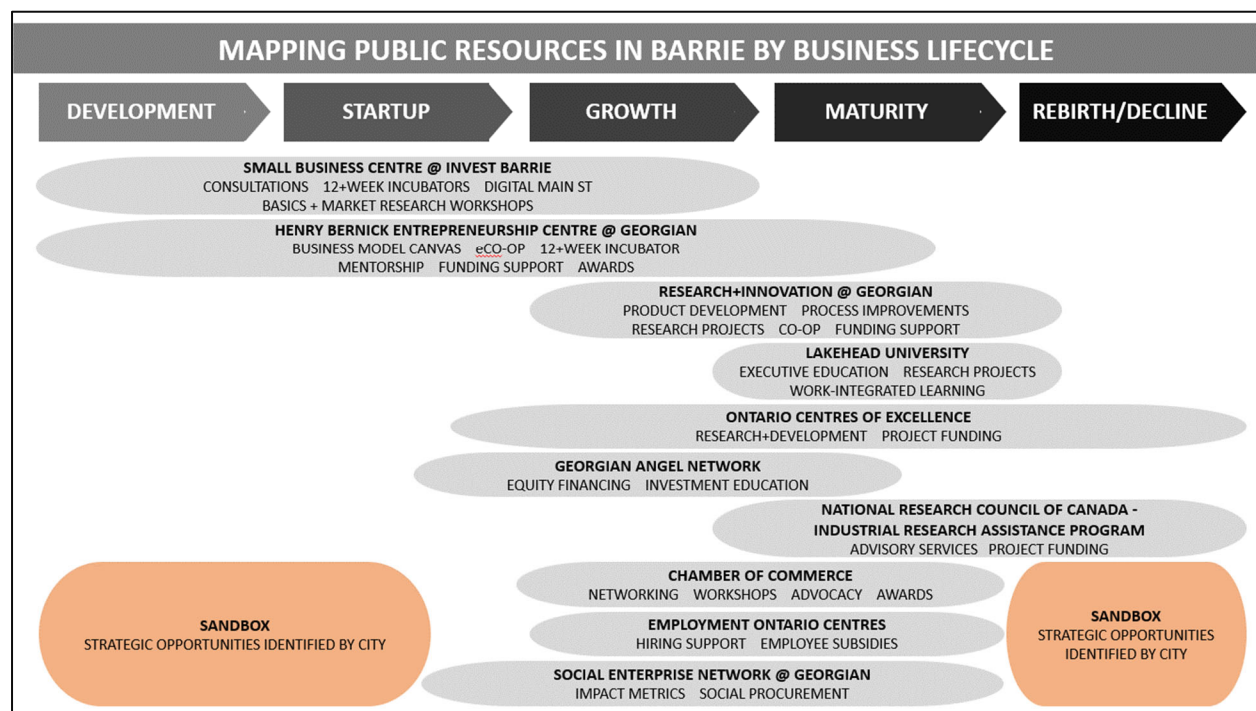
84. Moving the Small Business Centre (SBEC) to the Sandbox supported the 'Interconnected Service Model' proposed in the original business model. Overall the move has resulted in benefits to both organizations—most importantly increasing connectivity and cohesion across the business community.
85. More opportunities remain to build cohesion and integration between both service partners and diverse client bases. Improvements in communications and programming moving forward will further increase connectivity and coordination between partners and clients.
86. 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. The vision was for these essential programs to dovetail with unique Sandbox programming for innovators and established businesses, and create opportunities for meaningful interactions between the distinct participant groups.
87. In their first month at Sandbox, the SBEC saw a strong increase in walk-in clients, compared to previous levels. The increase then returned to previous rates following the opening month.
88. Through locating at the Sandbox, SBEC has strengthened synergies with local business service providers, including Georgian College's Henry Bernick Entrepreneurship Centre and BDC. This has led to increased referrals between programs, so business clients access more resources and supports—ultimately, improving their chances of success.
89. 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 on-site 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.

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Strategic and Economic Value of the Sandbox

90. When investigating the feasibility and objectives of the proposed Sandbox Entrepreneurship Centre in 2017, the consulting firm, St. Clements, was retained and outlined that the Sandbox would advance Council's Strategic Objectives and have a positive impact on the needs identified by the community.
91. Sandbox concluded their first year of operation in April 2020, and continue to expand and evolve their operations, programs, and services to support economic growth. Building on Council's previous priorities, the mission and vision of Sandbox strongly support Council's current 2018-2022 Strategic Priorities of:
- Growing our economy
    - Make it easier to do business
    - Help businesses grow
    - Support the creation of more stable and diverse jobs
92. 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:
- Fostering a safe and healthy city
  - Building strong neighbourhoods
    - Create great public spaces
93. Since opening its doors, Sandbox has attracted 10,000 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.
94. 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. This alignment would optimize the significant funding and resources provided to Barrie through the federal government, provincial government, and college, while identifying opportunities to augment and elevate these services. Staff report CE006-17 outlines that:
- '...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. (CE006-17 #20-21)'

This context is illustrated below, in relation to existing programs and services (with emphasis on publicly-funded).



95. To achieve this alignment, the report recommends 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, Georgian Angel Network, and StartUp Barrie "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)
96. While it is common for business owners to seek support or participate in programming from just one service provider, this model aims to increase referrals between service providers, thereby maximizing supports received and rates of business success. To date, there is strong anecdotal evidence that these referrals between service providers have increased and that business clients have experienced short-term benefits as a result. Tangible evidence of these benefits to the business community as a whole will take a minimum of 2-3 years to be visible at an aggregate level and will require tracking of all referrals across service partners to be demonstrated.
97. To achieve alignment with these service providers in its first year, Sandbox has co-developed unique programming series with local partners. These include XcelerateHER with the Henry Bernick Entrepreneurship Centre and BCorp workshops with BDC.
98. To build on these available supports and cultivate Barrie's reputation as a business hub, Sandbox has contracted national partners to deliver services not previously available to Barrie businesses locally, including the Trade Accelerator Program with World Trade Centre Toronto, and intellectual property supports with IP Osgoode out of York University.
99. This net new programming begins to address gaps in the entrepreneurial ecosystem, cultivates brand awareness outside of the City 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 benefit to the community.



100. In addition, 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.
101. Activating a previously unoccupied space in the West end of the Downtown is a catalyst in driving the revitalization to downtown and the west side of Dunlop Street. Benefits to the downtown include increased traffic driving spin-off spending and exposure for downtown merchants.

#### Operational Assessment of Sandbox

102. Since officially opening in April 2019, the Sandbox' business model has evolved to reflect changes from the original business plan, the needs of its members and applied operational priorities and processes. Shifts are generally expected in the course of a business' launch and are typically only realized as a business operation transitions from concept to practice.
103. 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 located 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.
104. The Sandbox 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.
105. SBX has partners with local ecosystem service providers to deliver programs and services to the community and includes programming related to the Women in entrepreneurship, and Intellectual Property support through IP Osgoode (Invest Barrie funded).
106. Consistent with recent financial requests from community organizations, staff requested an updated Business Plan to depict the organization's current operations, budget, and fiscal sustainability.
107. In their Business Summary Report, the Sandbox provides a 3-year fiscal projection demonstrating their sustainability into 2023 and is outlined in Appendix 'D'.

	2018	2019	2020 YTD	2020 Budget	2020 Revised Projected	2021	2022	2023
Revenue	\$ 143,292	\$ 521,497	\$ 306,657	\$ 574,350	\$ 425,000	\$ 500,000	\$ 575,000	\$ 661,250
Operating Expenses	\$ (149,230)	\$ (448,286)	\$ (169,307)	\$ (343,957)	\$ (270,000)	\$ (270,000)	\$ (330,000)	\$ (340,000)
<b>Net Operating Revenue</b>	<b>\$ (5,939)</b>	<b>\$ 73,211</b>	<b>\$ 137,350</b>	<b>\$ 230,393</b>	<b>\$ 155,000</b>	<b>\$ 230,000</b>	<b>\$ 245,000</b>	<b>\$ 321,250</b>
Debt Repayment								
Scotiabank (\$500,000)		\$ (17,857)	\$ (70,500)	\$ (94,000)	\$ (94,000)	\$ (91,000)	\$ (87,000)	\$ (83,000)
Bcap (\$40,000)			\$ -	\$ -	\$ -	\$ (9,500)	\$ (9,500)	\$ (9,500)
Busch (\$337,207)	\$ -	\$ (20,000)	\$ (37,984)	\$ (37,984)	\$ (37,984)	\$ -	\$ -	\$ -



108. At time of writing, Sandbox' revenues from membership renewal appear stable despite the pandemic. Some attrition is anticipated in the next year.
109. The Sandbox currently has applications in progress for additional grant funding. These applications focus on the delivery of specific programming, and include the County of Simcoe's In Market Special Project Fund (\$15,000), and the Federal government's Regional Innovation Ecosystems fund (\$2,600,000). The Sandbox continues to seek opportunities to attract additional funding, where strategically aligned with its role and purpose.

#### Key Performance Indicators

110. As a means of measuring benefits, impacts and outcomes related to the City of Barrie's investment in the Sandbox, Appendix 'A' outlines the indicators identified in April, 2019 of the Project's performance. These indicators will serve as the baseline for determining the Sandbox's ability to deliver value throughout its growth, and will be addressed as part of the cumulative summary report provided to Council at the three-year and five-year point of Sandbox operations. Additional metrics, as may become available and as the Sandbox programming evolves, could be included.
111. In addition to regular meetings of the Simcoe Entrepreneurship Ecosystem Council, members of Invest Barrie, Small Business Centre, Sandbox and Henry Bernick Entrepreneurship Centre continue to meet on a regular basis to review and align strategy with the intent of adding value and capacity to the business community and advancing the City's economic portfolio.
112. On Sandbox' opening in April 2019, Council directed Invest Barrie to report annually on the impact of the City's investment using pre-defined key performance indicators (KPIs) (Motion 19-G-103). These KPIs reflect three objectives:
1. Generate activity and investment in the downtown to support growth and intensification of a dynamic creative hub.
  2. Engage with existing businesses to support growth through the accelerated adoption of innovative technologies and business processes, peer to peer mentoring, and creation of collaboration opportunities with startups, scaleups and strategic programs with post-secondary partners.
  3. Raise visibility and profile of Barrie as a desirable location for startup companies and as a centre for innovation.
113. A preliminary report on the KPI's is attached as Appendix 'B'.
114. Supporting Objective 1 above, the Sandbox has become an asset for business attraction and investment attraction in the downtown. Business owners, developers, and professionals from the GTA, Simcoe County, Muskoka, and beyond have visited the Sandbox and made valuable introductions and associations with Barrie. Notably, the Georgian Angel Network hosted a sold-out Annual General Meeting onsite in October 2019. Gary Silverberg of Barrie Waterfront Developments has also recognized the Sandbox' role in helping establish Debut Condos' presence downtown:

*"Debut Condos has enjoyed an overwhelming response from people across the GTA and beyond since its launch in mid-August. We strongly believe that our neighbor, The Sandbox, has been a valuable partner for Debut giving us the opportunity to use their space and be exposed to their local business connections. This has been a bridge to establishing our presence in Barrie. We believe The Sandbox is bigger than itself – and will create a brilliant combination with its innovative and visionary environment which will be part of the future Farmers Market...This combination of innovation and entrepreneurs, combined with food related creativity and venues from Barrie and surrounding areas, is representative of*

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*what the cohort of millennials is seeking to be a part of. A new experience, tomorrow's experience, as they set their sights on living in Barrie and hopefully at Debut." - Gary Silverberg, Barrie Waterfront Developments*

#### Impacts of COVID-19

115. In response to the pandemic, Sandbox shifted to an online service model in March 2020. Their timely virtual programming resulted in additional milestones this year:
- 30+ peer learning sessions
  - 78+ online educational seminars, panel discussions & workshops
  - 2500+ online participants
  - Contract with World Trade Organization Canada for nation-wide program delivery
116. The space has implemented COVID-compliant practices and is currently open for use to existing members.
117. As with the nature this evolving business model, client needs, as well as pandemic response, some additional capital modifications may be required in future and would be the responsibility of the Sandbox.

#### Considerations for Additional Capital Funding

118. The support of additional capital funds from the City will enable Sandbox to focus on the development of the ecosystem, and the needs of local sectors and businesses, by alleviating some of the fiscal pressure to pursue funding with a broader scope and focus.
119. The concept of the Sandbox was a business-led initiative that was developed in partnership with the City. Preliminary capital assessments completed by St. Clements Group identified the project cost in 2017 at approximately \$1.45M to complete. The staff report to Council that approved the City's contribution identified a conservative preliminary budget of \$1.0M, with a City contribution of 50% at \$500,000.
120. During the overall course of construction, which was under the direct approval of the Sandbox, the scope of the project experienced several alterations, with additional items that were deemed necessary or valuable investments in the core building. Where deemed appropriate, the City (through Facilities) contributed additional funds to reimburse these items. These were within Facilities scope of scheduled and budgeted maintenance upgrades, as well as the Council-approved Capital Improvement Plan and totaled an additional estimated \$320,624.
121. The complete Base Building and Interior Fit-up costs contribute most directly to the added value of the of the building and totaled approximately \$1,359,860. These costs reflect the addition of insulation to the roof and exterior walls, to increase the unit's thermal R-value and the replacement of existing electric base board heating with a perimeter boiler loop. The complete construction of the space totalled approximately \$2,000,000.
122. The overall standard to which the Sandbox space has been designed and fit-out is beyond the standard modifications generally made to a City facility and reflect the strategic value that a premium space has on perception building and creating an environment that is to inspire connection, creativity and innovation for all businesses in the City.
123. As landlords of tenants in numerous City facilities however, staff are sensitive to setting a precedent for retroactively funding certain types of capital expenses. Expenses beyond the purview of the City

as a landlord and strategic partner in this case may include furniture, staffing, and non-essential fit-ups. However, unique to the lease between the City and the Sandbox, at such time the Sandbox terminates its lease, all assets in the space become assets of the City, including the furnishings.

124. A significant number of Barrie-area companies have contributed funds towards Sandbox' capital build and ongoing operations. The facility itself has been transformed into a premier space and destination in the downtown that is valued by businesses and professionals locally and beyond.
125. After thorough analysis of the financial documentation and updated business model, Economic and Creative Development staff recognize the value of the Sandbox in developing a vibrant downtown, strengthening the local business community and contributing to many of the Economic and Creative Development Department goals and objectives regarding the entrepreneurial eco-system, innovation and downtown creative hub.
126. It is in the interest of the City to ensure that the Sandbox remains operational to deliver on gaps in the marketplace and to support Barrie's position within Central Ontario as a research and innovation hub.
127. In consideration of the impact of Covid-19 and the need for businesses to rebuild, pivot, find new revenue models and strengthen their overall resilience to withstand future economic disruptions is critical to the City's long-term economic strength. The Sandbox has a role in economic recovery.

**Alternative #1**

General Committee could choose to fully fund the additional capital request of \$300,000 from the Community Benefits reserve in 2020.

The support of additional capital funds from the City would support the additional and unanticipated costs of the project and will enable Sandbox to focus their efforts on addressing the needs of the ecosystem, including local sectors and businesses, by alleviating some of the fiscal pressure to pursue funding that may have a broader scope and focus.

**Alternative #2**

General Committee could choose not to fund the additional capital request of the Sandbox in 2020.

The City of Barrie has made economic recovery a priority following the COVID-19 pandemic, and Sandbox has the ability to efficiently support these efforts for sustainable prosperity.

There is risk that carrying the additional debt of the capital expenditure will negatively impact the sustainability and strategic impact of the Sandbox. This would be detrimental to Barrie's economy.

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**Alternative #3**

General Committee could choose to fund an amount of \$180,000 from the City's Community Benefits Reserve to bring the City's capital investment to 50% of total capital start-up costs of \$1,000,000 dollars.

The approach balances the support of the capital expenditure associated with the build out that reflects the percentage allocation initially committed to by Council. The initial commitment of 50% of the capital build out costs, then estimated at \$500,000 city contribution to an estimated \$1.0M project.

The total project was completed for \$2.0M and the City has contributed a total of \$820,624 to the capital upgrades to the space, leaving a remaining \$179,376 to achieve a 50% commitment.

**ENVIRONMENTAL MATTERS**

128. There are no environmental matters related to the recommendation.

**ALTERNATIVES**

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

**FINANCIAL**

130. The original capital funding request for Sandbox was for \$500,000 that was in matching funds to private sector fundraising. The funds were provided from the Council Strategic Priorities Reserve. The additional capital contributions from the private sector were ~\$424,641. In addition, the Sandbox receives operational support through sponsorship.
131. A significant portion of the additional unanticipated costs are related to the fixed assets of the building, which add value to the facility as a whole and in future potential rental rates. Reimbursing those costs presents a potential future return on investment; overall time and use of the space will diminish the value of the investment.
132. 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 \$90,000/year. 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 Sandbox lease is currently a 5-year lease that will expire in September, 2023.
133. The City also receives benefit in terms of meeting room access, offsetting facility rental costs that might be incurred through operational budgets.
134. The Sandbox has indicated that by creating a premium space, it has been able to attract the partners and sponsors needed to develop a sustainable operating model and is not asking for additional operating funds beyond the current partnership funding as committed in Council Motion 17-G-252, totaling \$45,000 per year and budgeted within the operating budget of Economic and Creative Development.
135. It would be prudent for the Sandbox to report back to City Building Committee in Spring of 2021 with a comprehensive report back on their second year of operation, updated business plan into their remaining lease term and addressing impacts and recovery plans associated with COVID-19.



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**LINKAGE TO 2018-2022 COUNCIL STRATEGIC PLAN**

136. The recommendation(s) included in this Staff Report the following goals identified in the 2018-2022 Strategic Plan:

Growing our economy

- i) Make it easier to do business
- ii) Help businesses grow
- iii) Support the creation of more stable and diverse jobs

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**APPENDIX 'A'**

**Sandbox Metrics (from Staff Report CE003-19 approved by Motion 19-G-103)**

***Objective: Generate activity and investment in the downtown to support growth and intensification of a dynamic creative hub.***

- I. Number of visitors to the Sandbox Centre, annually.
- II. Number of participating companies that are Sandbox members or clients, annually.
- III. Number of formal and active collaborative programs with other downtown organizations, in particular, with the downtown Georgian College and the BIA.
- IV. Observations regarding the impact of the Sandbox presence in terms of the Maple Avenue area foot traffic, security incidents and investments in nearby properties.
- V. Testimonials from Sandbox users, regarding the benefit of the initiative.

***Objective: Raise visibility and profile of Barrie as a desirable location for startup companies and as a centre for innovation.***

- I. Number of active provincial, national, and international partnerships established, annually.
- II. Number of participating companies from outside Barrie, annually.
- III. Number of referrals to ecosystem partners, such as Georgian College Research & Innovation, Lakehead University, National Research Council, Ontario Centres of Excellence, annually.
- IV. Social media metrics for Sandbox – number, reach, annually.

***Objective: Engage with existing businesses to support growth through the accelerated adoption of innovative technologies and business processes, peer to peer mentoring, and creation of collaboration opportunities with startups, scaleups and strategic programs with post-secondary partners.***

- I. Number of Sandbox members who are existing companies, by size of company (employees, revenue).
- II. Number of existing companies and number of their employees, engaged with Sandbox curriculum and programs.
- III. Testimonials from participating businesses, regarding the impact of Sandbox programs on their business growth.



**APPENDIX 'B'**  
Sandbox KPI's Year 1

**Key Performance Indicators – (April 2019 to April 2020)**

**a) Objective: Generate activity and investment in the downtown to support growth and intensification of a dynamic creative hub.**

# visitors to the Sandbox Centre, annually	10,000 total visitors 4,000 (40%) estimated unique visitors
# participating companies that are Sandbox members or clients, annually	77
# formal and active collaborative programs with other downtown organizations, in particular, with the downtown Georgian College and the BIA	3
Testimonials from Sandbox users, regarding the benefit of the initiative	See 'Inaugural Year in Review' report
Observations regarding the impact of the Sandbox presence in terms of the Maple Avenue area foot traffic, security incidents and investments in nearby properties	10,000 visitors

**b) Objective: Raise visibility and profile of Barrie as a desirable location for startup companies and as a centre for innovation.**

- Number of active provincial, national, and international partnerships established, annually.  
*Provincial (6): York University IP Osgoode, TechConnex, Lakehead University, Innovators Alliance, Georgian College*  
*National (2): World Trade Organization, Junior Achievement*
- Number of participating member companies from outside Barrie, annually.  
*Estimated at 10% of members*
- Number of referrals to ecosystem partners, such as Georgian College Research & Innovation, Lakehead University, National Research Council, Ontario Centres of Excellence, annually.  
*Currently not measurable. Infrastructure in development to be able to track and measure.*
- Social media metrics for Sandbox – number, reach, annually.

	Audience	Published Posts	Interactions	Clicks	Shares	Impressions	Sessions
2018-2019	1,796	819	3,889	859	640	208,603	201
2019-2020	3,026	1180	5,766	1,397	768	208,873	1,183
<b>YOY Growth %</b>	<b>68%</b>	<b>44%</b>	<b>48%</b>	<b>63%</b>	<b>20%</b>	<b>1%</b>	<b>488%</b>

**c) Objective: Engage with existing businesses to support growth through the accelerated adoption of innovative technologies and business processes, peer to peer mentoring, and**

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**creation of collaboration opportunities with startups, scaleups and strategic programs with post-secondary partners.**

- Number of Sandbox members who are existing companies, by size of company (employees, revenue).  
*7 Solopreneur, 70 SMEs*
- Number of existing companies and number of their employees, engaged with Sandbox curriculum and programs.  
*Infrastructure being reviewed to support report metric.*
- Testimonials from participating businesses, regarding the impact of Sandbox programs on their business growth.  
*See Annual Report in Appendix 'D'*



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## **APPENDIX 'C'**

### **Boiler Room Improvement Justification**

#### **WHY IS THE BOILER ROOM ON DISPLAY?**

*Typically, mechanical systems are the unseen heroes of the building. They need to work reliably but are hidden. Most people don't know or acknowledge why their building is warm or cold, they just know when it isn't.*

*We, the design team, felt that The Sandbox needed and deserved something different. You are not just building occupants, you are entrepreneurs and visionaries. The work you do here will change your lives, and potentially the lives of your communities. You do not see the world just as it is presented to you, but what it is made of, and what it could be.*

*We want to help inspire you to look at the world holistically, by showcasing mechanical features of this building we want you to see beyond the façade and into what makes the system work.*

*Hopefully by showcasing this element of the mechanical design will provoke thinking and conversations that might not have otherwise happened. It is my wish that by peeling back the layers of this building and revealing what makes it tick, you are inspired to do the same in your work.*

*Niss Feiner, C.Tech  
Delta-T Designs*

#### **SYSTEM DESCRIPTION**

This boiler provides the primary heating of The Sandbox via the baseboard convectors all along the perimeter. The control system monitors the outdoor temperature to adjust the water temperature accordingly. Space sensors feeding back to the Building Automation System (BAS) monitor the space temperature which open and closes valves to provide hot water to the convectors. The intelligent pump monitors the pressure changes and ramps up and down accordingly. The entire intent behind this design was to allow maximum comfort, but minimum energy use as practical.

Cooling and Ventilation are provided by two 15 Ton Roof Top Units (RTU's) complete with Energy Recovery Ventilators (ERV's). These ERV's exhaust stale building air and bring in fresh outdoor air while exchanging the energy between them. This reduces the amount of energy required to heat and cool the incoming air stream. The air flow is controlled by Variable Air Volume (VAV) boxes throughout the space that are controlled by the same sensors and BAS that provides for the perimeter heating.

The ERV's were sized to provide fresh air at a rate 50% above the ASHRAE 62.1 requirements to provide occupants with a fresh and healthy environment in which to conduct their work, and to ensure we don't waste energy over ventilating when not called for, the space sensors monitor Carbon Dioxide levels and increase the ventilation accordingly.

The RTU's are equipped with 4 stages of cooling via scroll compressors. This allows us to reduce the cooling capacity to match the building load as dictated by the BAS system and space sensors. Combined with a Variable Frequency Drive (VFD) for the main blower the air-flow adjusts to ensure that we have the proper amount of air required for ventilation, and cooling, while again minimizing energy use.

The BAS has been setup to monitor room occupancy and scheduled occupancy. During scheduled un-occupied times the ERV is locked out as well as the cooling. Heating is reduced to ensure it doesn't get

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too cold, but energy isn't wasted on keeping an un-occupied space at a temperature for human comfort. As the schedule changes to occupied the BAS uses an optimal start algorithm to minimize the unoccupied warm up or cool down period while still achieving comfort conditions by the start of the scheduled occupied period.

The boardrooms are monitored with motion sensors to detect space occupancy. If the board room is not in use, then cooling is setback and ventilation are reduced, further saving energy.

With all these systems working in harmony this space should provide a comfortable and healthy environment with minimal interruption and energy use.

*Niss Feiner, C.Tech*  
*Delta-T Designs*

## APPENDIX 'D'

### Sandbox Business Plan

# SANDBOX

## Business Summary

### Overview

[The Sandbox](#) Centre (SBX) was launched in 2016 by 12 founding partner organizations and five community partners including City of Barrie, Busch Group of Companies, and corporations from diverse sectors in the greater Barrie area. SBX's mandate is to grow SMEs and scale businesses' innovation skillsets, mindsets, processes, and partnerships. SBX caters to start-ups, established and scaling businesses by providing networking opportunities, business programming, professional development & access to talent, partnership resources, and a modern business hub & collision space.

More than 100 founders, sponsors, members, and partners have committed time and resources to help us develop into a beautifully shared and collaborative ecosystem that will drive community innovation, growth, and resiliency.

SBX opened its doors in April 2019. In the first operating year (pre-COVID-19):

- 10,000+ business individuals visit for meetings/events
- 1,500+ hours of hosted meetings
- 80+ educational seminars, panel discussions & workshops
- 35+ Private sector and community partners
- 77 member companies
- SBX secured 5-year partnership with World Trade Organization Toronto (WTO-T) to deliver Trade Accelerator Program (TAP) for Simcoe County

\*See **SBX Inaugural Year in Review Report** for additional details, Appendix A

In March 2020, SBX rapidly shifted to an online model to support its network and community through extremely challenging circumstances. Our reputation quickly spread, and we became a central hub for timely support in an unfamiliar and evolving business climate:

- 30+ peer learning sessions
- 78+ online educational seminars, panel discussions & workshops
- 2500+ online participants
- Built off the success and reputation of TAP Simcoe County, WTO Canada contracted SBX to deliver digital programming for all of Canada.

Today, our community is faced with evolving challenges and opportunities. SBX is enhancing our vision by taking on a leadership and collaborative role to help re-imagine *work-life-live* in our city and our region. We have a tremendous opportunity to keep commuters home, to attract a broad range of talent and new residents to our region, and to spur entrepreneurship for those re-thinking their career options.

- Debut Condo development is leveraging the SBX to showcase Barrie to its target clientele
- Multi-national furniture company is developing a creative design installation in the SBX space to attract designers, developers, and clients
- Building on our network to include other innovation centres and entrepreneurship networks ie. McMaster Innovation Park, Ryerson's Women's Entrepreneurship Knowledge Hub, and others to be disclosed soon.

- SBX team is developing a targeted program of communication for commuters.

#### **Background | Creating a Cluster to Support Innovation & Growth**

The vision of the SBX Founders was in response to a large gap in resource support and connectivity for business innovation and growth. Other communities are supported through provincially and locally funded innovation hubs that support early-stage businesses to grow and mature into globally competitive firms.

SBX believes a vibrant entrepreneurial ecosystem contributes to economic development and improved quality of life of a region, leading to high-quality careers and diverse employment opportunities.

There are 17 Regional Innovation Centres (RICs) in Ontario all connected through the Ontario Network of Entrepreneurs ([ONE](#)). The closest RICs are in Markham, Toronto, Sudbury, and North Bay.

SBX plays 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.

We are modeling the RICCO after key features of the best 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.

SBX has partnered with ecosystem partners such as Georgian College to build on the successes of similar, but different, clusters by adopting best practices such as: centering our services downtown (Barrie); being located near transit facilities; offering incubation services & cutting-edge curriculum that focuses on scaling businesses; creating attractive work & social spaces for member companies; and creating an environment that promotes peer learning, excitement, and recognition of success.



Capital & Pre-Opening Investments

Capital & Pre-Opening Investments by Category	City of Barrie Contributions	Capital Investment Costs	In-Kind Contributions	Additional Value Provided
Base Building Construction Materials	\$ -	\$ 7,720	\$ -	\$ -
Capital Contributions	\$ (500,000)	\$ -	\$ 89,280	\$ -
Communications & Data Infrastructure	\$ -	\$ 170,494	\$ -	\$ -
ELECTRIC	\$ (5,504)	\$ 169,904	\$ 5,000	\$ -
ELEVATOR	\$ (107,835)	\$ 107,835	\$ 6,018	\$ -
Engineering & Outsourced Consultants/Services	\$ -	\$ 18,602	\$ -	\$ -
Exterior Windows, Doors & Walls	\$ -	\$ 94,990	\$ 25,000	\$ -
FIRE PANEL AND SAFETY	\$ (27,627)	\$ 38,445	\$ -	\$ -
Furniture & Fixtures	\$ (19,280)	\$ 171,357	\$ 26,000	\$ 200,000
General Contractor & Project Management	\$ -	\$ 191,597	\$ 20,500	\$ 60,000
HVAC	\$ (156,296)	\$ 385,636	\$ -	\$ -
Interior Drywall Partitions/T-Bar Ceiling	\$ -	\$ 95,635	\$ -	\$ -
Interior Finishes	\$ -	\$ 127,825	\$ -	\$ -
Interior Signage/Wayfinding	\$ -	\$ 400	\$ 40,000	\$ -
MAIN ROOFING AND PATIO ROOFING	\$ (60,532)	\$ 32,287	\$ -	\$ -
Millwork	\$ -	\$ 61,411	\$ 11,018	\$ -
Misc. Enhancements	\$ -	\$ 8,175	\$ 28,600	\$ -
Plumbing	\$ -	\$ 28,290	\$ -	\$ -
Pre-Opening Operations & Wage Costs	\$ -	\$ 203,398	\$ 13,000	\$ -
Start-Up Costs	\$ -	\$ 25,722	\$ 35,000	\$ -
Structural Metals & Moveable Walls	\$ -	\$ 52,993	\$ -	\$ -
<b>Grand Total</b>	<b>\$ (877,074)</b>	<b>\$ 1,992,718</b>	<b>\$ 299,416</b>	<b>\$ 260,000</b>

**Start-Up Considerations**

- The SBX designed the space to be attractive to its target business community, and to compliment and showcase Barrie's downtown waterfront.
  - 16 local businesses provided \$424,641 in capital contributions ie. Bertram Construction, Big Glass Openings, Barrie Metro Glass, Busch Systems, Chris Gariepy Construction Advisors, C2 Design, DV Bell, DV Systems, Elevator 1, The Look Company, Mackinnon Construction, Napoleon, Netgain SEO, Norcab, Rival Business Solutions, Sarjeants
  - 15 local businesses provided \$588K+ in-kind and added value contributions in finishings and décor ie. Busch Systems, Barrie 360, Rock 95, Kool FM, Napoleon, Bradford Greenhouse Garden Gallery, The Look Company, Yanch, ModernFold, and POI Business Interiors.
    - Note: Added value is made-up of cost savings through more competitive bids obtained and aggressive discounts negotiated through partnerships.
- The SBX space was 29 years old when demolition work commenced and did not meet code for intended zoning.
- Invest Barrie engaged St. Clements Group Inc. to validate the SBX business model in August 2017. The report suggested a leasehold improvement budget of \$150/square foot and capital cost budget of \$1,450,000.
- Construction was initiated upon approved leasehold agreement, Sept. 2018.
- Much of the tenant improvements were necessary for base building systems, structure, and framework.

- Work completed substantially enhanced the property value (yet to be assessed).

## Construction Overview

- HVAC: City \$156,296 | SBX +\$229,340

### Mechanical-Heating, Ventilation and Air Conditioning (Main Roof):

- Existing 3 rooftop units feed 2nd floor of Sandbox space.
  - 1 unit required replacement, 2 required repair and all relocated.
  - Ductwork required replacement.
  - Existing ventilation did not meet code.
  - Substantial expenses included gas piping, sheet metal, electrical, duct work, and crane rental.
- Interior Perimeter Heat
  - Base board electric heaters were non-functional.
  - New HVAC design considered improved ventilation, energy efficiencies
- HVAC Monitoring Standard
  - Setpoint was adopted into the mechanical contractors bid.
- Plumbing: SBX \$28,290
  - All washrooms and plumbing were brought up to useable standards.
- Exterior, Doors & Walls: SBX \$94,990
  - New exterior south window and doors provide daylight and patio access.
- General Contractor & Project Management: SBX \$191,597
  - SBX contracted C Design 2 and Ken Mackinnon for design and construction management.
- Pre-opening Operations & Wage Costs \$203,398
  - SBX initiated programming and support for its membership and sponsors in August 2018, 9 months prior to completion of construction.

Capital Investments & Start-Up Costs vs Actuals						
	St. Clements Report Pre-Opening Assumptions	City Pre-Opening Assumptions	Pre-Opening Actuals	St. Clements Assumptions vs Actuals	City Assumptions vs Actuals	
Leasehold Improvements	\$ (1,200,000)	\$ (800,000)	\$ (1,465,279)	\$ (265,279)	\$ (665,279)	
Furniture	\$ (80,000)	\$ (80,000)	\$ (127,825)	\$ (47,825)	\$ (47,825)	
Technology	\$ (20,000)	\$ (20,000)	\$ (170,494)	\$ (150,494)	\$ (150,494)	
Contingency	\$ -	\$ (25,000)	\$ -	\$ -	\$ 25,000	
WebDev and Branding	\$ -	\$ (25,000)	\$ -	\$ -	\$ 25,000	
Start-Up Costs	\$ (150,000)	\$ (50,000)	\$ (25,732)	\$ 124,278	\$ 24,278	
<b>TOTAL</b>	<b>\$ (1,450,000)</b>	<b>\$ (1,000,000)</b>	<b>\$ (1,769,520)</b>	<b>\$ (339,520)</b>	<b>\$ (769,520)</b>	

Operating Assumptions vs Actual						
	St. Clements Report Pre-Opening Assumptions	City Pre-Opening Assumptions	Pre-Opening Actuals	St. Clements Assumptions vs Actuals	City Assumptions vs Actuals	
Salaries	\$ (198,250)	\$ (215,000)	\$ (159,242)	\$ 37,008	\$ (55,758)	
Operating Overhead	\$ (172,400)	\$ (42,500)	\$ (44,156)	\$ 128,244	\$ 1,656	
<b>TOTAL</b>	<b>\$ (370,650)</b>	<b>\$ (257,500)</b>	<b>\$ (203,398)</b>	<b>\$ 165,252</b>	<b>\$ (54,102)</b>	

In or about August of 2017, Invest Barrie commissioned St. Clements to deliver a Business Plan outlining the then current vision for the Sandbox and the estimated capital and start-up costs in the amount of \$1.45 million. Subsequently, on October 16, 2017, Staff provided a Staff Report which referenced the St. Clements report (Appendix A of Staff Report R05-SAN) but did not adopt the estimated costing. Rather, for the purposes of initial budgeting in relation to City contribution and the determination of a matching program for fundraising purposes, the Report suggested a \$1 million capital/start up cost. This was by no means an actual budget for the project. This was an early proposal to Council to support an initiative to come, upon the founders raising sufficient community funds to trigger the City's investments.

We then commenced to fundraise and meet regularly with the City for almost one year, creating a plan for the Sandbox. Access to the premises was granted a year later in September 2018. At that time, Sandbox commenced to review and plan for the necessary renovations. As we progressed, it became apparent that capital costs and start-up costs would exceed the amount allocated in the Staff report, and would certainly come closer to the costs suggested by St. Clements. In true entrepreneurial spirit, our founder pressed on to complete. Many of the excess costs were due to the condition of the building. It was determined that the patio and new access points were crucial to the overall space and have become a highlight of the Sandbox, overlooking the Bay and the spirit-catcher. In addition, the costing was done in 2017 for what became largely a 2019 project and cost escalations in construction during this time were common. In the end, the project was completed for \$339,000 over the initial St Clements projection. Busch Systems provided interim support via a short-term loan.

### Financial Highlights

	2018	2019	2020 YTD	2020 Budget	2020 Revised Projected	2021	2022	2023
Revenue	\$ 145,292	\$ 521,497	\$ 508,857	\$ 574,550	\$ 429,000	\$ 500,000	\$ 575,000	\$ 661,250
Operating Expenses	\$ (149,230)	\$ (445,288)	\$ (189,507)	\$ (545,957)	\$ (270,000)	\$ (270,000)	\$ (350,000)	\$ (540,000)
<b>Net Operating Revenue</b>	<b>\$ (5,939)</b>	<b>\$ 73,211</b>	<b>\$ 157,350</b>	<b>\$ 238,593</b>	<b>\$ 159,000</b>	<b>\$ 230,000</b>	<b>\$ 245,000</b>	<b>\$ 321,250</b>
Debt Repayment								
Scotiabank (\$500,000)		\$ (17,857)	\$ (70,500)	\$ (84,000)	\$ (84,000)	\$ (91,000)	\$ (87,000)	\$ (85,000)
Scap (\$40,000)			\$ -	\$ -	\$ -	\$ (9,500)	\$ (9,500)	\$ (9,500)
Busch (\$517,207)	\$ -	\$ (20,000)	\$ (57,984)	\$ (57,984)	\$ (57,984)	\$ -	\$ -	\$ -

- 2020 YTD revenue reflects invoices issued. However, 2020 Account Receivable (AR) currently sits at outstanding revenue of \$103,491. Sponsor/Member attrition is expected due to the pandemic.
- 2018-2020 expenses reflect Barrie's in-kind facilities contribution ~\$90K annual.



Capital Investments & Start-Up Costs vs Actuals						
	St. Clements Report Pre-Opening Assumptions			St. Clements Assumptions vs Actuals		City Assumptions vs Actuals
	City Pre-Opening Assumptions	Pre-Opening Actuals	Assumptions vs Actuals			
Leasehold Improvements	\$ (1,200,000)	\$ (800,000)	\$ (1,465,279)	\$ (265,279)	\$ (665,279)	
Furniture	\$ (80,000)	\$ (80,000)	\$ (127,825)	\$ (47,825)	\$ (47,825)	
Technology	\$ (20,000)	\$ (20,000)	\$ (170,494)	\$ (150,494)	\$ (150,494)	
Contingency	\$ -	\$ (25,000)	\$ -	\$ -	\$ 25,000	
WebDev and Branding	\$ -	\$ (25,000)	\$ -	\$ -	\$ 25,000	
Start-Up Costs	\$ (150,000)	\$ (50,000)	\$ (25,722)	\$ 124,278	\$ 24,278	
TOTAL	\$ (1,450,000)	\$ (1,000,000)	\$ (1,789,320)	\$ (339,320)	\$ (789,320)	
Operating Assumptions vs Actual						
	St. Clements Report Pre-Opening Assumptions			St. Clements Assumptions vs Actuals		City Assumptions vs Actuals
	City Pre-Opening Assumptions	Pre-Opening Actuals	Assumptions vs Actuals			
Salaries	\$ (196,250)	\$ (215,000)	\$ (159,242)	\$ 37,008	\$ (55,758)	
Operating Overhead	\$ (172,400)	\$ (42,500)	\$ (44,156)	\$ 128,244	\$ 1,656	
TOTAL	\$ (368,650)	\$ (257,500)	\$ (203,398)	\$ 165,252	\$ (54,102)	

	2018	2019	2020 YTD	2020 Budget	2020 Revised Projected	2021	2022	2023
Revenue	\$ 143,292	\$ 521,497	\$ 306,657	\$ 574,350	\$ 425,000	\$ 500,000	\$ 575,000	\$ 661,250
Operating Expenses	\$ (149,230)	\$ (448,286)	\$ (169,307)	\$ (343,957)	\$ (270,000)	\$ (270,000)	\$ (330,000)	\$ (340,000)
<b>Net Operating Revenue</b>	<b>\$ (5,939)</b>	<b>\$ 73,211</b>	<b>\$ 137,350</b>	<b>\$ 230,393</b>	<b>\$ 155,000</b>	<b>\$ 230,000</b>	<b>\$ 245,000</b>	<b>\$ 321,250</b>
Debt Repayment								
Scotiabank (\$500,000)		\$ (17,857)	\$ (70,500)	\$ (94,000)	\$ (94,000)	\$ (91,000)	\$ (87,000)	\$ (83,000)
Bcap (\$40,000)		\$ -	\$ -	\$ -	\$ -	\$ (9,500)	\$ (9,500)	\$ (9,500)
Busch (\$337,207)	\$ -	\$ (20,000)	\$ (37,984)	\$ (37,984)	\$ (37,984)	\$ -	\$ -	\$ -



## SANDBOX

- Busch Systems guaranteed Scotiabank loan, which Sandbox has undertaken to pay over time.
- The pandemic thrust SBX into a major support role for the business community. Response to online programming received an overwhelming response in Barrie, Simcoe County, and even resulted in participation from across Canada and into the US. We are confident in our business model post-pandemic.
- SBX is evolving its business model to expand digital engagement strategy for wider reach both within the community and beyond.
- SBX believes it has demonstrated real value and impact and will continue to do so. It has contributed over \$1.1M in leasehold improvements and has secured a term loan to finance a portion of that.
- The SBX leasehold agreement was executed on September 21st, 2018 for a 5-year term. Given the delays to the SBX opening, the length of the SBX loan terms, securing multi-year sponsors and the impacts of COVID, the SBX humbly requests to extend the term to 2025.

### Summary

Our original founders had an incredible vision and set out to build something truly special in our region. Preliminary budgeting was done on an estimated basis, in order to create a goal for going out to the community to raise funds and access the matching program that the City agreed to. In the end, we encountered some additional costs as we worked our way through the project, much like other construction projects, particularly through 2017-2019. With an entrepreneurial spirit, we made some calls on the fly and moved ahead to get the job done. In the end, we have created something of true value to the community. We have not only substantially improved and modernized a capital asset owned by the City, but we would argue we have built something priceless. The Sandbox stands as a hub of entrepreneurship in the heart of the City, a showcase for an innovative and cohesive business community which stands ready to assist in the attraction and retention of people to the best place to live, work and grow.

### Appendices

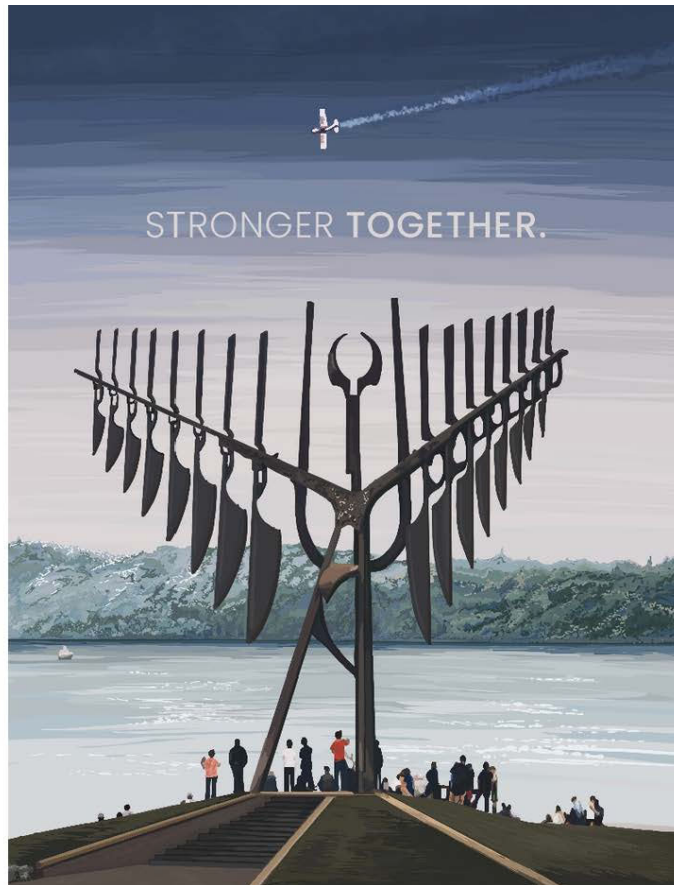
Appendix A: SBX Inaugural Year in Review Report (attachment)

APPENDIX 'E'

Sandbox Year in Review







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A LOOK  
**INSIDE**

<b>3</b>	LETTER FROM OUR MANAGING DIRECTOR
<b>4</b>	STORY OF SANDBOX
<b>8</b>	ECOSYSTEM
<b>9</b>	2019 HIGHLIGHTS
<b>19</b>	THE YEAR AHEAD: 2020 VISION
<b>20</b>	IN GRATITUDE
<b>24</b>	YEARBOOK



SBX | INAUGURAL YEAR IN REVIEW

LETTER FROM

*Danielle Lazarevska*

SBX MANAGING DIRECTOR

Since day one, the Sandbox set out to unite, strengthen and grow the business community, while also increasing the positive economic impact on our region. With this as a guiding star, we're honoured to witness the magic that happens when our business community comes together with passion and purpose. When networks are expanded and knowledge is shared, market opportunities are uncovered and our community accelerates.

We've experienced tremendous change over this past year and there's a lot to do as we make our region the best place to live, work, and do business. We excitedly invite you to join us in this journey as we discover, try new things, and create new connections - maybe even some global ones!



SBX | INAUGURAL YEAR IN REVIEW

STORY OF

## SANDBOX

A powerful vision made into reality. From pen to paper, blueprints to a fully functioning and thriving physical space. The Sandbox Centre was a mere idea of passion poised to create a place where the surrounding business community could share innovation, attract knowledge, and magnetize entrepreneurs and thought leaders for the betterment of all.

The vision of the Sandbox was launched in 2016 with the intent to create critical mass for local entrepreneurs, intrapreneurs, and business leaders of various stages in Central Ontario. How would we develop this critical mass you ask? By implementing a model that builds a network of shared innovation, identifies synergies and gaps to fill, and creates a consolidated home for the business community to access a wide variety of resources so that growth and success can be accelerated.

.....

WE CONNECT PEOPLE  
AND THEIR IDEAS TO  
BUSINESS  
RESOURCES THROUGH  
COLLABORATION AND  
SHARING OF  
KNOWLEDGE

.....

SBX | INAUGURAL YEAR IN REVIEW

STORY OF  
**SANDBOX**



CEO CNNX GROUP WITH GUEST SPEAKER JEFF LEHMAN, MAYOR OF BARRIE

“ This is just the beginning, and our hope is that by sparking ideas and shifting mindsets throughout the people who enter our space or visit us online, we can accelerate resiliency and growth of companies in the region, while increasing diversity of the region's economy.  
- CRAIG BUSCH, SBX Founder & CEO, Busch Systems ”

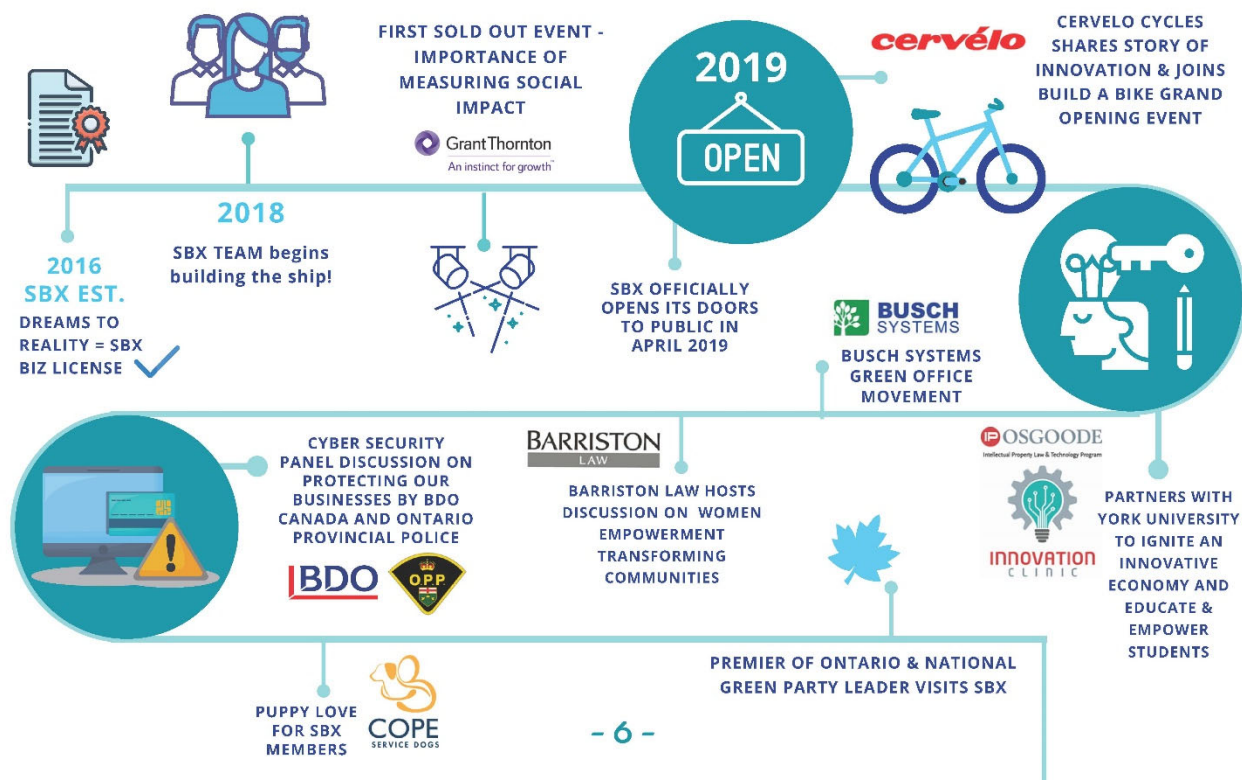
VISITORS   
**10,000 +**

EVENTS HOSTED   
**80 +**

  
BOARDROOM HOURS  
**1,500+**

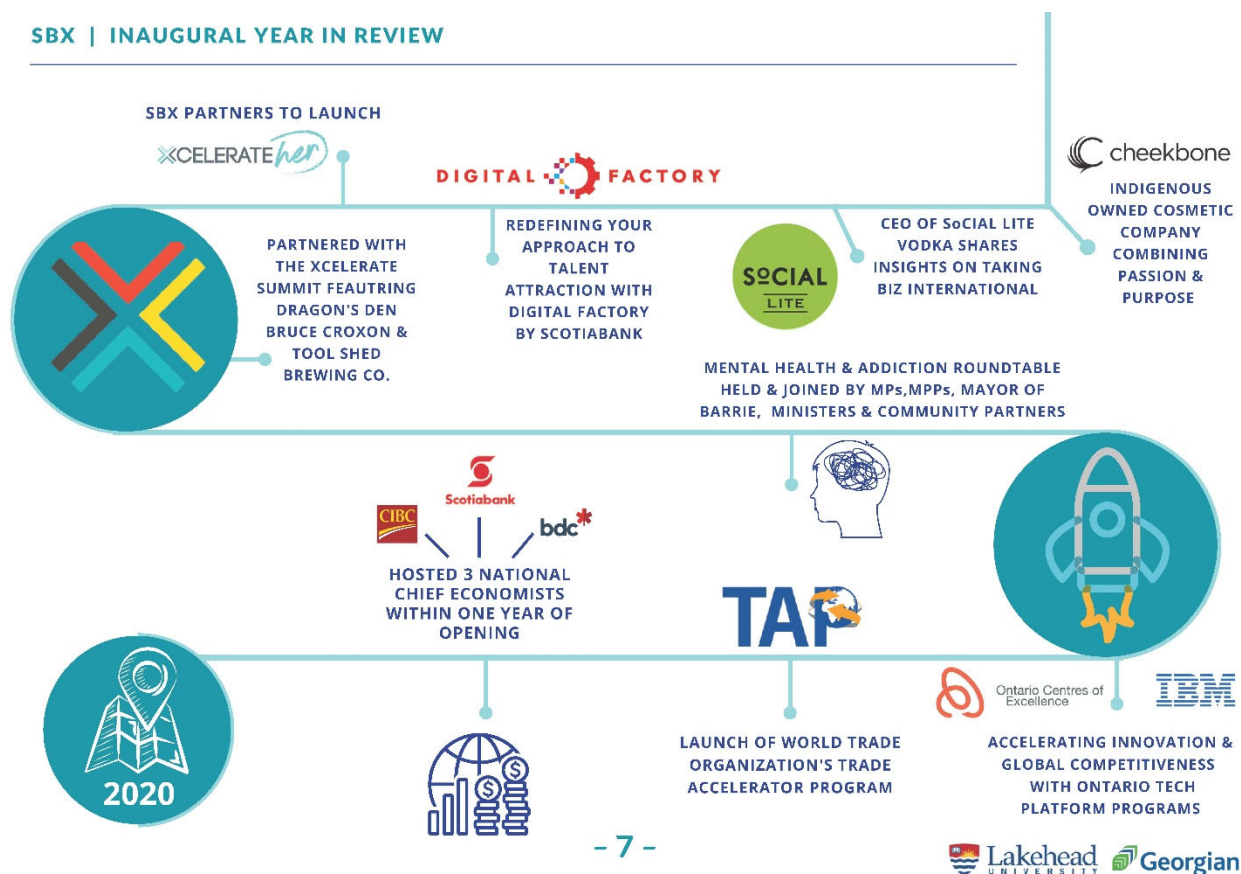
BAGS OF POPCORN CONSUMED   
**2,500 +**

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## SBX | INAUGURAL YEAR IN REVIEW



SBX | INAUGURAL YEAR IN REVIEW

## OUR ECOSYSTEM



SBX | INAUGURAL YEAR IN REVIEW

2019 HIGHLIGHTS

## KNOWLEDGE SHARING

Making connections is in our DNA. No seriously! Since the inception of what is now SBX, our mission, vision, and values all point back to connecting members of the business community to the resources they need to grow and succeed. Over the past year we have effectively nurtured relationships and grown our network of resources to position SBX at the forefront of many meaningful conversations.



*The Sandbox Center is a forum where Barrie businesses can come together and discuss common issues. The goal is to share and help all of us improve, as individuals, businesses, and as a community, through knowledge exchange and collaboration. The objective is to make our organizations better places to be, our companies more efficient, and to continue fostering success into the Barrie and Simcoe County region.*



- SCOTT ELLIOT

Owner and CEO, The Sarjeant Company Ltd

CONNECTIONS MADE

1,800+ 

PARTICIPANTS LEARNED  
NEW IDEAS, TOPICS &  
TRENDS

84% 

CNNX SESSIONS HELD

50+ 

HOURS OF  
COLLABORATION

130+ 

SBX | INAUGURAL YEAR IN REVIEW

2019 HIGHLIGHTS

**COLLABORATION**

**IP OSGOODE INTELLECTUAL PROPERTY LAW & TECHNOLOGY PROGRAM**

Through the partnership with York University IP Osgoode Law Innovation Clinic, SBX was able to support our business community through their mandate of igniting an innovative economy and educating and empowering students. The program enabled Innovation Clinic Fellows to provide pro-bono one-to-one intellectual property law services to inventors, entrepreneurs, and start-up companies in order to assist with the innovation and commercialization processes, while gaining real word experience.

— “ —

*The innovation clinic is a wonderful service. I would like to send my appreciation and gratitude to everyone that is involved in this program. It has been a wonderful experience and is helping me in moving forward in my business.*

— IP OSGOODE PARTICIPANT

— ” —



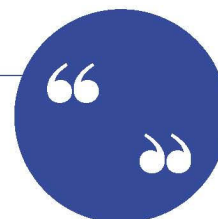
67%

APPLICANTS  
SUPPORTED WITH  
IP AGREEMENTS,  
TRADEMARKS &  
COPYRIGHT

SBX | INAUGURAL YEAR IN REVIEW

2019 HIGHLIGHTS

**CONNECTEDNESS**



**MARYLYNN WEST-MOYNES**  
**PRESIDENT & CEO, GEORGIAN COLLEGE**

IN ONE SHORT YEAR OF BEING OPEN, SANDBOX IS PLAYING A KEY ROLE IN NURTURING INNOVATIVE SKILLSETS, MINDSETS, AND PARTNERSHIPS WITHIN OUR BUSINESS COMMUNITY. BOTH GEORGIAN COLLEGE AND THE SANDBOX ARE ENJOYING A HIGH LEVEL OF COLLABORATION AS WE WORK TOGETHER TO CATALYZE THE FORMATION OF A NEW RESEARCH AND INNOVATION CLUSTER IN CENTRAL ONTARIO; A NETWORK OF ORGANIZATIONS AND RESOURCES THAT CAN ACCELERATE THE GROWTH OF OUR LOCAL INDUSTRY AND ENERGIZE OUR COMMUNITIES.



**TY SHATTUCK**  
**CEO, MCMASTER INNOVATION PARK**

SANDBOX CENTRE IS AN INCREDIBLE ASSET TO THE INNOVATION ECOSYSTEM. THERE IS AN INCREASING NEED FOR INNOVATION CENTRES LIKE SBX WHO TRULY SUPPORT ENTREPRENEURS, START-UPS, AND BUSINESSES AT ANY STAGE BY REACHING BEYOND REGIONAL BORDERS TO ACCESS KNOWLEDGE AND RESOURCES, WHILE ENSURING GROWTH AND SUCCESS.



SBX | INAUGURAL YEAR IN REVIEW

2019 HIGHLIGHTS

DRIVING ECONOMIC GROWTH

TRADE ACCELERATOR PROGRAM

SBX launched a partnership with World Trade Organization Toronto to deliver the award-winning Trade Accelerator Program (TAP). This program allowed SMEs in Simcoe County to overcome export barriers and become empowered to export outside of Canada. Cohort 1 included 13 companies and saw some incredible results. Take a look!

— “ —

*We were starting our process of learning about exporting our product, but felt overwhelmed with all the logistics and didn't know where to begin. This program became available 4 months later at the Sandbox, and I believe what we learned through TAP would have taken us 1-2 years. The export plan was the most beneficial activity for me and we are now ready to confidently begin exporting.*

— ” —  
- SBX TAP PARTICIPANT

33%

AVG GROWTH  
IN EXPORT  
SALES AFTER 1  
YEAR

44%

COMPANIES HIRED  
NEW STAFF IN  
PAST 6 MONTHS

71%

OF PARTICIPANTS  
HAVE ENTERED  
INTO NEW  
MARKETS



**SBX | INAUGURAL YEAR IN REVIEW**

**2019 HIGHLIGHTS**

# **WOMEN IN BUSINESS**



Our early investors understand how the sharing economy model impacts rapid growth. We were fortunate to have some of those investors be connected to the Sandbox Centre for Shared Entrepreneurship & Innovation here in Simcoe County. Through those introductions we've been able to raise the capital we needed to expand our team and operations. The SBX has served as a critical support, unlocking access to mentors, partners, as well as the local foodpreneur ecosystem in addition to attracting investors.

**- MARCIA WOODS**  
CEO, FRESHSPOKE



SBX Hosts Scotiabank Women's Initiative Panel discussion with Leading women entrepreneurs. Sensor Technology, Richmond Media Inc, Barriston Law, Celestica, ReMAP, Chickapea



Jennifer Harper, Founder & CEO of Cheekbone Beauty Cosmetics Inc. Combining Passion & Purpose Sponsored By Botree Inc.

SBX | INAUGURAL YEAR IN REVIEW

2019 HIGHLIGHTS

## WOMEN IN BUSINESS



**DID YOU KNOW?  
STARTUP INVESTING IS  
IMBALANCED.**

VENTURE CAPITAL DOLLARS HAVE POURED INTO STARTUPS IN RECENT YEARS. BUT THE MEDIAN INVESTMENT FOR FEMALE FOUNDERS IS OFTEN HALF – OR EVEN LESS – OF THE MEDIAN THAT MALE FOUNDERS RECEIVE.

- BMO FOR WOMEN



SBX HOSTS SPONSOR BMO ALLIANCE FOR WOMEN MENTORING EVENT

SBX IS COMMITTED TO PROVIDING SUPPORT RESOURCES TO WOMEN IN BUSINESS SUCH AS MENTORING, ACCESS TO CAPITAL AND MUCH MORE

SBX | INAUGURAL YEAR IN REVIEW

2019 HIGHLIGHTS

## WOMEN IN BUSINESS



*The partnership forming the XcelerateHER initiative has been integral in creating a space to provide support and business resources to women entrepreneurs. The Sandbox has been the hub for this activity to take place. There are over 10,000 women owned businesses within the region and the need for specific programming exists in order to grow and scale them.*

**- SARA BENTHAM**

DIRECTOR, GEORGIAN COLLEGE HENRY  
BERNICK ENTREPRENEURSHIP CENTRE



SBX | INAUGURAL YEAR IN REVIEW

2019 HIGHLIGHTS

## COMMUNITY IMPACT



BICYCLES HELP YOU TO SEE THE WORLD. THEY TAKE YOU NEW PLACES, KEEP YOU FIT AND SIMPLY PUT - ARE FUN! THE SBX BUILD A BIKE EVENT WAS PURPOSE-FUELED, OFFERING YOUTH WHO MAY NOT HAVE OTHERWISE EXPERIENCED ALL THE JOY THAT BICYCLES OFFER! WHEN THE COMMUNITY UNITES WITH THE PURPOSE TO LEARN TOGETHER AND GIVE-BACK, MAGIC HAPPENS. WHERE WILL YOUR BIKE TAKE YOU? THANK YOU, SANDBOX.



- LOUISE JACKSON

### BUILD A BIKE PARTNERS



20

COMPANIES

40

BIKES  
DONATED

20+

TOOLS  
USED



**SBX | INAUGURAL YEAR IN REVIEW**

2019 HIGHLIGHTS

**COMMUNITY IMPACT**



**BDO CANADA CYBER SECURITY & PROTECTING LOCAL BUSINESSES PANEL DISCUSSION**



**GRANT THORNTON PREVENTING HUMAN TRAFFICKING PANEL DISCUSSION**



**BUSCH SYSTEMS GREEN OFFICE MOVEMENT**



**SOCIAL IMPACT  
EVENTS HOSTED**

**6**

**PARTICIPANTS LEARNED NEW  
IDEAS, TOPICS & TRENDS**

**370+**



**WATER BOTTLES SAVED  
FROM LANDFILL**

**4,000+**



SBX | INAUGURAL YEAR IN REVIEW

2019 HIGHLIGHTS

## COMMUNITY IMPACT

B CORP | A MOVEMENT OF ENTREPRENEURS

### WHAT IS B CORP?

BUSINESSES THAT MEET THE HIGHEST STANDARDS OF VERIFIED SOCIAL AND ENVIRONMENTAL PERFORMANCE, PUBLIC TRANSPARENCY, AND LEGAL ACCOUNTABILITY TO BALANCE PROFIT AND PURPOSE.



### WHY DOES SBX CARE?

- B CORPS FORM A COMMUNITY OF LEADERS AND DRIVE A GLOBAL MOVEMENT OF PEOPLE USING BUSINESS AS A FORCE FOR GOOD
- CONNECTING OUR REGION TO A MOVEMENT THAT BUILDS RELATIONSHIPS, ATTRACTS TALENT, AMPLIFIES VOICE & IMPROVES IMPACT

### WHO IS B CORP CERTIFIED?

SBX SUPPORTED AND CELEBRATED BARRISTON LAW & BUSCH SYSTEMS ACHIEVE B CORP ACCREDITATION. BARRISTON LAW BECAME THE FIRST B CORP™ CERTIFIED LAW FIRM IN ONTARIO, THE THIRD IN CANADA, AND 35TH IN THE WORLD.





SBX | INAUGURAL YEAR IN REVIEW

## THE YEAR AHEAD: 2020 VISION

JOINT LETTER FROM

*Craig Busch & Joanne McPhail*

SBX FOUNDER & BOARD CHAIR

2019 was an exciting year of growth, innovation and progress. On behalf of the Sandbox Board of Directors, we are proud to share this report on our first year of operations. SBX officially opened in April of 2019 (which was years in the making), and as expected there was so much to learn. We are so proud of the impact that the Sandbox has already had, as we have helped our region to grow and thrive. This has truly been a transformative year that was made possible by your support and generosity.

Certainly, the impact of COVID-19 in early 2020 cannot go unmentioned. But this challenge simply underscored the importance of doing right by our community and adapting to change. By nurturing innovation and connecting dots,

our business community was able to easily navigate all of the incredible resources that our ecosystem has to offer. By identifying and filling gaps, we were able to provide essential programming during an incredibly challenging time. We are committed to measuring impacts, not just initiatives, and remaining agile and responsive to the changing landscape with which businesses are faced.

For the year ahead, we know that curating a culture of innovation and entrepreneurship in our region will be more needed than ever. So, we continue to dream big, celebrate discovery, and seek out opportunities to accelerate our business community. From our place of passion to yours, we want to extend our gratitude to everyone who has been a part of our journey.

SBX | INAUGURAL YEAR IN REVIEW

## IN GRATITUDE

FROM OUR BOARD OF DIRECTORS



**FOUNDER**  
CRAIG BUSCH  
CEO, BUSCH SYSTEMS



**CHAIR**  
JOANNE MCPHAIL  
CO-MANAGING PARTNER,  
BARRISTON LLP



**TREASURER**  
THOMAS R. AMBEAU  
CEO, AMBEAU CONSULTING



**KELLY MCKENNA**  
EXECUTIVE DIRECTOR,  
DOWNTOWN BARRIE BIA



**GERRY PRICE**  
CEO & PRESIDENT, THE  
LOOK COMPANY



**SERGIO MORALES**  
COUNCILLOR, CITY OF BARRIE



**JAMIE DORAN**  
EXECUTIVE DIRECTOR, RESEARCH,  
INNOVATION AND  
ENTREPRENEURSHIP, GEORGIAN  
COLLEGE



**DAVID JUPP**  
VP SALES & MANAGING  
PARTNER AT NEAR NORTH  
CUSTOMS BROKERS



**SCOTT GARRETT**  
INTERIM BOARD MEMBER  
PRESIDENT, BARRIE  
CONSTRUCTION ASSOCIATION

When you show up to give and share, inspiration and valuable experiences that are received can't be quantified. Over the past year generosity and selflessness have been shown in so many ways. We would like to thank and recognize each and every partner, member, and friend of the Sandbox for contributing to a community of innovation. In the following pages you will find rock-star individuals and organizations who have shown dedicated support, for which we are deeply grateful.



- 20 -

SBX | INAUGURAL YEAR IN REVIEW

## IN GRATITUDE



### FOUNDING PARTNERS

- BERTRAM CONSTRUCTION
- BIG GLASS OPENINGS
- BARRIE METRO GLASS
- BUSCH SYSTEMS
- CHRIS GARIEPY CONSTRUCTION ADVISORS
- C2 DESIGN
- CITY OF BARRIE
- DV BELL
- DV SYSTEMS
- ELEVATOR 1
- THE LOOK COMPANY
- MACKINNON CONSTRUCTION
- NAPOLEON
- NETGAIN SEO
- NORCAB
- RIVAL BUSINESS SOLUTIONS
- THE SARJEANT COMPANY LTD.

### FOUNDING MEDIA PARTNERS

- BARRIE 360
- 107.5 KOOL FM
- ROCK 95

### PLATINUM SPONSORS

- AUTO IQ
- BARRISTON LAW
- BDO CANADA
- BUSCH SYSTEMS
- GRANT THORNTON
- THE LOOK COMPANY
- NETGAIN SEO
- THE SARJEANT COMPANY LTD.
- SCOTIABANK

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SBX | INAUGURAL YEAR IN REVIEW

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## IN GRATITUDE

### GOLD SPONSORS

- ANGEL TOURS
- BDC BUSINESS DEVELOPMENT BANK OF CANADA
- BMO BANK OF MONTREAL
- BOTREE INC.
- CIBC
- THE CFO CENTRE
- DOWNTOWN BARRIE BIA
- EXPORT DEVELOPMENT CANADA
- LARCHE
- MEDIPHARM LABS CORP.
- NATIONAL BANK
- RBC ROYAL BANK
- SIVA CREATIVE
- TD BANK

### COMMUNITY PARTNERS

- CITY OF BARRIE
- DOWNTOWN BARRIE BIA
- GEORGIAN COLLEGE
- INNOVATORS ALLIANCE
- JA CENTRAL ONTARIO
- MACLAREN ART CENTRE
- SMALL BUSINESS CENTRE OF BARRIE, ORILLIA & SIMCOE COUNTY
- TECH CONNEX
- THINKFUEL MARKETING
- TOWN OF INNISFIL
- WORLD TRADE CENTRE TORONTO
- XCELERATEHER
- YORK UNIVERSITY IP OGOODE INNOVATION CLINIC

### SILVER SPONSORS

- GEORGIAN ANGEL NETWORK
- NOBLE INSURANCE
- THE MADISON GROUP OF RBC DOMINION SECURITIES
- PEACOCK FAMILY TRUST
- PIE MEDIA GROUP
- SQUAREFOOT

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## IN GRATITUDE

### MEMBERS

- ACCOLADE WEIGHT LOSS
- ACTION FIRST AID
- ALECTRA UTILITIES CORPORATION
- ANGEL TOURS
- ARC (ALISON REID CONSULTING)
- BARRIE METRO GLASS
- BARRIE PRESS INC.
- BARRISTON LAW
- BDC
- BDO CANADA
- BEAUTY & BABES
- BELT CONVEYOR GUARDING
- BERTRAM CONSTRUCTION
- BIOFIT CLEANROOMS
- BMO BANK OF MONTREAL
- BOTREE INC
- BROTECH PRECISION CNC INC.
- BUSCH SYSTEMS
- CANPLAS INDUSTRIES LTD.
- CIBC
- CENTRAL ONTARIO BROADCASTING
- COMMUNITY HEALTHCARE CONSULTING
- CURBEX MEDIA
- DRIVEWISE
- ELECTRIC MOTOR COIL COMPANY
- ELEVATOR ONE INC.
- EMERGENCY MANAGEMENT & TRAINING
- ENVIRONMENTAL SYSTEMS CORPORATION
- ESS DIRECT
- FOUR I'S INC.
- GEL AGENCY
- GEORGIAN COLLEGE
- GEORGIAN INTERNATIONAL
- GERRITS ENGINEERING LIMITED
- GRANT THORNTON
- HENRY BERNICK ENTREPRENEURSHIP CENTRE
- INNSPACE
- KEMPENFELT WINDOWS
- LINEAR TRANSFER AUTOMATION INC.
- MCBRIDE ROBILLARD FINANCIAL
- MEDIPHARM LABS CORP.
- MOLDED PRECISION COMPONENTS
- MOORE PACKAGING
- MTP MEXICO



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## IN GRATITUDE

### MEMBERS

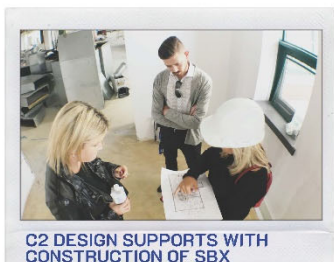
- NATIONAL BANK
- NEAR NORTH CUSTOMS BROKERS INC.
- NETGAIN SEO
- PARKER COULTER REALTY INC.
- PLUMBTECH PLUMBING INC.
- PREMIER HEALTH & BENEFITS
- PRODOMAX AUTOMATION LTD.
- PSYCHOLOGY MATTERS
- PYROPHOBIC SYSTEMS LTD.
- RBC ROYAL BANK
- REDLINE BREWHOUSE
- RENEGADE DIGITAL MEDIA INC.
- RIVAL OFFICE SOLUTIONS INC.
- RVH FOUNDATION
- SEE IT WHEN YOU BELIEVE IT INC.
- SENSOR TECHNOLOGY LTD.
- SIMCOE COUNTY
- SIVA CREATIVE
- SOCAN
- SOLID GROUND MORTGAGE SOLUTIONS
- SPORTS MEDICINE AND REHABILITATION
- STONEBROOKE PERSONAL WEALTH MANAGEMENT
- SUITEWORKS BUSINESS CENTRE
- TD BANK GROUP
- THE CFO CENTRE
- THE FLYING MONKEY
- THE LOOK COMPANY
- THE SARJEANT COMPANY LTD.
- THRIVE STATE
- TNR INDUSTRIAL DOORS INC.
- TOWN OF INNISFIL
- TRIBRIDGE SOLUTIONS
- VEEVA SYSTEMS
- VETTA SPA

### SPECIAL THANK YOU TO:

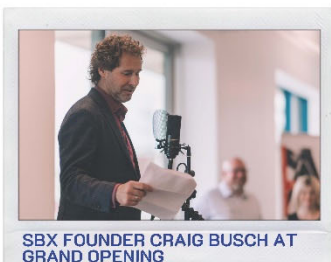
- CREATIVE ARTWORK DESIGN BY AMBER CAMPBELL, GRAPHIC DESIGNER, BARRIE, ON (PAGE TWO)
- SPIRIT CATCHER IMAGE REPRODUCTION: RON BAIRD, SPIRIT CATCHER 1986, COLLECTION OF THE MACLAREN ART CENTRE, BARRIE



SBX | INAUGURAL YEAR IN REVIEW // YEARBOOK



C2 DESIGN SUPPORTS WITH  
CONSTRUCTION OF SBX



SBX FOUNDER CRAIG BUSCH AT  
GRAND OPENING



SBX FOUNDING TEAM



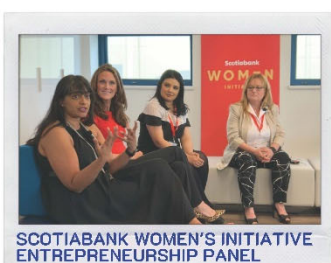
GRANT THORNTON LLP PREVENTING  
HUMAN TRAFFICKING PANEL DISCUSSION



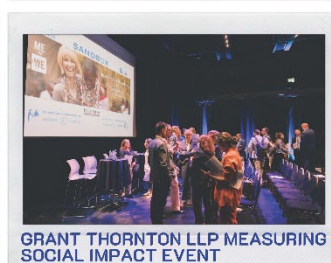
MAYOR OF BARRIE & WARDEN OF  
SIMCOE COUNTY, SBX GRAND OPENING



BUSCH SYSTEMS GREEN OFFICE  
MOVEMENT EVENT

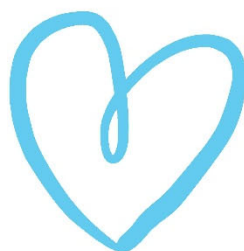
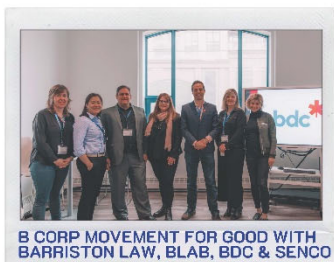


SCOTIABANK WOMEN'S INITIATIVE  
ENTREPRENEURSHIP PANEL



GRANT THORNTON LLP MEASURING  
SOCIAL IMPACT EVENT

**SBX | INAUGURAL YEAR IN REVIEW // YEARBOOK**



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