
TO: GENERAL COMMITTEE

SUBJECT: SANDBOX ENTREPRENEURSHIP CENTRE UPDATE

WARD: 2

PREPARED BY AND KEY CONTACT: A. KELLY, SENIOR BUSINESS INNOVATION AND ENTREPRENEURSHIP OFFICER, EXT # 5459

SUBMITTED BY: K. DUBEAU, DIRECTOR OF CREATIVE ECONOMY

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

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

RECOMMENDED MOTION

1. That 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.

PURPOSE & BACKGROUND

Report Overview

3. The purpose of this Staff Report is to provide members of Council with an update on the Sandbox Entrepreneurship Centre project; to present key performance indicators of the Project's benefits and impact over the three year assessment period for Council review; and to recommend a solution to housing the transit driver's lounge, which was displaced as a result of the Sandbox Centre being located on the second floor of the Transit Terminal in downtown Barrie. .
4. On October 23, 2017, City Council adopted Motion 17-G-252 regarding SANDBOX ENTREPRENEURSHIP CENTRE (WARD 2) as follows:
 - a) That a commitment of \$500,000 in capital contributions be made towards the Sandbox Entrepreneurship Centre Project through the creation of a capital project to be funded from the Strategic Priorities Reserve (GL 13-04-0410) and be released in two phases contingent upon target private sector capital contributions being secured as identified in the Financial Section 30 - 33 of Staff Report CE006-17.
 - b) That staff work with the Sandbox organization representatives and stakeholders to establish a formal operating entity and associated governance structure, to include representation from the City.

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- c) That staff be directed to work with the Sandbox organization to finalize architectural drawings in support of the Sandbox Entrepreneurship Centre.
 - d) 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, the Sandbox Entrepreneurship Centre organizing entity be required to sign a three year lease for the premises and after the three year lease period, the benefit to the community be assessed in the form of a report back to General Committee and Council approval be required prior to any renewal or new lease agreement.
 - e) 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 the satisfaction of the Director of Legal Services.
 - f) 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 of the Sandbox Entrepreneurship Centre should undertake significant change in its direction prior to any decision to extend the lease beyond five years.
5. A Working Group was struck following Council's Motion 17-G-252 and continues to meet weekly for coordination of facility design, construction, and program planning. The group includes representatives from Facilities, Invest Barrie (including the Small Business Enterprise Centre), the Sandbox Board of Directors, and the Sandbox leadership team. The focus of the initial work was to finalize the architectural design and build for the space.
 6. Sandbox established a formal operating entity as a registered Not-for-Profit in May of 2017, and established a Board of Directors in the Spring of 2018. There is one voting seat held by a City Council representative, and one non-voting seat held by a senior staff member. The Board has been meeting monthly, with a majority of representatives being from the business community. In January 2019, an Advisory Committee was established with key thought leaders from the provincial and national innovation ecosystem, lending their advice and guidance to the evolution of the Sandbox model.
 7. In August 2018, the Sandbox organization entered into a five year lease with the City of Barrie Facilities Department to formalize their occupation of the second floor of the Transit Terminal.
 8. In the Fall of 2018, Sandbox hired three full time staff members to take on the development of programming, marketing and operations for the project.
 9. During the architectural design process, Sandbox inquired about the opportunity to extend the leased space on the second floor to include a rooftop patio. Staff assessed that this was structurally feasible and that the renovation would add significantly to the value of the property owned by the Municipality. Council Motion 18-G-201 on October 1, 2018, approved extension of the lease between the City of Barrie and the Sandbox Entrepreneurship Centre to include the rooftop patio.
 10. The construction and renovation of the space has been underway for the last year, with the opening of the Sandbox Entrepreneurship Centre taking place on April 8, 2019.

11. Since October 2018, Sandbox has been undertaking programming in advance of the opening of the facility, including launching peer groups for Human Resources, Sales and CEO Roundtables, and a number of innovation related workshops. Participation from local and regional businesses in these sessions has been very strong. The program offerings for the full first year of Sandbox operations has been defined in partnership with the City and stakeholder organizations.
12. In October 2018 Sandbox successfully raised \$100,000 in private sector capital contributions and, consistent with the adopted two-phase funding model, the City of Barrie's initial contribution of \$300,000 was subsequently released from the Strategic Priorities Reserve. In January 2019, after the Sandbox exceeded their target of raising \$300,000 in private capital, the City of Barrie's final contribution of \$200,000 was released.
13. Financial support from the business community includes 65 member companies, 22 sponsor companies, and 10 corporate contributors to capital investments.
14. Key performance indicators were developed by the Director of Creative Economy, Invest Barrie staff, the Sandbox Managing Director, and representatives from the Sandbox Board of Directors to identify the benefits and impact of the City of Barrie's funding contributions. The KPIs were adopted by the Sandbox Board of Directors in February 2019.
15. Following Sandbox's possession of the Transit Terminal second floor, the lunchroom facilities used by the primary transit operator for Barrie Transit was moved to a temporary location at 39 Dunlop Street West at the intersection of Maple Avenue. Facilities and Transit worked with the property owner to ensure access, amenities, and setup of the unit were suitable. The occupation of the unit took effect in November 2018 under a license agreement with the Facilities Department. Re-location to this premise was intended to be temporary during construction.

ANALYSIS

Leadership and Operations

16. The Sandbox Centre has recruited and hired a Managing Director and 3 FTEs. The team members have been actively leading consultations and events throughout the community in advance of their opening on April 8, 2019. Their programming to date has reached 415 participants at six events.
17. In January 2019 the organization's founding Mission, Vision, and Values statements were approved by the Board of Directors. The statements were developed through extensive stakeholder consultations and facilitated working sessions involving key partners in the Entrepreneurship and Innovation Ecosystems. They were crafted with the aim of highlighting the Sandbox's unique role and approach to filling gaps in services, resources, and skill development opportunities in Barrie and Central Ontario. Staff from Invest Barrie played a central role in this process and ensured alignment with Council's strategic priority of Growing Our Economy. The Sandbox Centre's Vision, Mission, Goals and Values can be found in Appendix "A".
18. The Sandbox is well positioned for growth, with strong governance in place and industry-leading knowledge and expertise at the Board, Advisory, and management levels. Collectively, these groups are harnessing best practices from entrepreneurship and innovation ecosystems provincially and nationally, and pursuing opportunities to expand their programming with an approach and curricula that are unique in Canada.

Key Performance Indicators

19. A comprehensive set of Key Performance Indicators was developed in collaboration between city staff and Sandbox representatives. Some of the indicators were not necessarily easily measured and are more qualitative than quantitative in nature. The metrics identified are core to assessing the benefit of the Sandbox initiative.
20. As a means of measuring benefits, impacts and outcomes related to the City of Barrie's investment in the Sandbox, the following are proposed as indicators 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 monitored and presented annually to Council, with a 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.
 - a) 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.
 - b) 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.
 - c) 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.

Transit Lunchroom Facility

- 21. Weekly communication between the Sandbox, the construction management firm, and City of Barrie staff from Facilities, Invest Barrie, and IT has ensured consistent progress throughout the renovation process. Leasehold improvements to the second floor Transit Terminal began in October 2018 and are scheduled for completion in early April 2019.
- 22. At the time of re-location of the transit terminal lunchroom in September 2018, the interim lunchroom site at 39 Dunlop Street West was intended to fill a temporary need until construction could be completed. With the pending opening of the Sandbox Entrepreneurship Centre, it has become clear that the logistics pertaining to relocating the driver's lunchroom back to the second floor of the Transit Terminal would not be synergistic with the operations of the Entrepreneurship Centre, and is not recommended.
- 23. With the recently announced launch of the second phase of Public Transit Infrastructure Fund (PTIF) program it is anticipated that submissions for funding for the Allandale Hub will be scheduled for late summer early fall. Subsequently, once funding is secured, an estimated date of completion for the Allandale Hub could be provided, which would then be the final location of the driver's lunchroom facilities.
- 24. For these reasons, staff are recommending a longer-term lease at the Dunlop street location, which will serve to keep the lunchroom in the existing location until the relocation to the Allandale Transit Hub can occur. Since transit employees have been using the interim space since November 2018 and the space could continue to support the transit's operational needs, and given the impractical nature of moving the lunchroom back to the second floor of the Transit Terminal where the Sandbox is located, staff see the extension of the existing location as the best option.

ENVIRONMENTAL MATTERS

- 25. There are no environmental matters related to the recommendation.

ALTERNATIVES

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

Alternative #1 General Committee could decide against authorization to enter a lease for the drivers' lounge at 39 Dunlop Street West.

This alternative is not recommended as the purpose and focus of the entrepreneurship centre are not complementary to having the transit driver's lunchroom facilities co-located on the second floor, and will raise logistical issues regarding access and security of the space and resources within the space.

Alternative #2 General Committee could amend the performance indicators as outlined.

Although this alternative is available, communications with the Sandbox Working Group, Board of Directors, and staff members may cause a lag in the collection of the revised data points, thereby risking the omission of these data in the short-term.

FINANCIAL

27. The cost of the proposed lease is estimated to be \$ 7,200 for the remainder of 2019. These costs will be managed through the existing 2019 operating budgets. Potential future costs will be assessed and if required, incorporated as part of the 2020 budget submission. Therefore, there is no financial impact for the recommended motion.
28. No additional staff resources will be required to implement the recommendation.

LINKAGE TO 2018-2022 STRATEGIC PLAN

29. The recommendations included in this Staff Report support the following goals identified in the 2018 - 2022 Strategic Plan:
- Growing Our Economy
 - Fostering a Safe and Healthy City
 - Building Strong Neighbourhoods
 - Offering Innovation and Citizen Driven Services
 - Improving the Ability to Get Around Barrie
30. Having a dedicated space to support innovation and entrepreneurship in partnership with the private sector, along with the co-location of stakeholders in the ecosystem, will streamline services for business development and servicing, while facilitating connections to expertise and resources previously not visible to companies.
31. Having a dedicated space for established businesses, entrepreneurs, and startups to gather will boost collaboration between diverse companies and build stronger local supply chains. This will strengthen Barrie's economic resiliency and attract outside companies to the region.
32. The Sandbox's location at the Transit Terminal will increase the presence and activity of businesses and professionals in the downtown, boosting revitalization of Dunlop Street West and the Downtown Barrie BIA district. The presence of the Sandbox will support intensification and business growth, and act as one of the anchor organizations in the downtown 'Creative Corridor'.
33. Relocation of the Small Business Enterprise Centre from City Hall to the Sandbox will increase cohesion and coordination of programming and services between stakeholder organizations, creating seamless client referrals, access to resources and improved service delivery to businesses.
34. The launch of innovative new programming and relocation of existing programs and events from Georgian College to the Sandbox will increase usage of transit infrastructure and attract participants from the College and outside municipalities to downtown Barrie. Sandbox programming is fully integrated with the Georgian College innovation and entrepreneurship curriculum and resources, including the Advanced Technology Centre.

APPENDIX "A"

Sandbox Entrepreneurship & Innovation Centre Mission, Vision, Values Statements

SANDBOX

VISION

Sandbox, where business and community are united for people & companies to grow through a culture of innovation.

MISSION

Sandbox connects people & their ideas to business resources; where guided collaboration and sharing of collective knowledge support their journey to success.

GOALS

- Establish the Sandbox as a business hub that is open and accessible to the entire business community
- Create value for our businesses and community
- Build a network of sharing and innovation
- Bring together resources, businesses, organizations and ideas
- Facilitate the sharing of knowledge + insights
- Identify synergies & fill gaps
- Build a strong and vibrant ecosystem in Central Ontario

VALUES

- We believe in giving back through sharing for the betterment of all
- We believe in building stronger communities to create positive change
- We believe in creating collisions to spark ideas and shift mindsets
- We believe in supporting a sustainable future for our youth