



Council Report

Report Number: ED2022-045
Meeting Date: December 13, 2022
Title: **Kawartha Lakes Innovation Cluster Partnership**
Description: Proposed three (3) year partnership agreement between the City of Kawartha Lakes and the Innovation Cluster-Peterborough and the Kawarthas at Launch Kawartha, 165 Kent St. Lindsay.
Author and Title: Rebecca Mustard, Manager of Economic Development

Recommendations:

That Report ED2022-045, **Kawartha Lakes Innovation Cluster Partnership**, be received;

That the Mayor and Clerk be authorized to execute the Business Counselling Services Partnership Agreement attached as Appendix B on behalf of the Corporation of the City of Kawartha Lakes being an Agreement with the Innovation Cluster-Peterborough and the Kawarthas;

That the existing Lease Agreement between the City of Kawartha Lakes and the Innovation Cluster- Peterborough and the Kawarthas be terminated (Appendix C); and

That an annual amount of \$20,000 for the term of the Agreement, up to a total of \$60,000, be allocated from the Economic Development Reserve 1.32080.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

The City of Kawartha Lakes and the Innovation Cluster-Peterborough and the Kawarthas (Innovation Cluster) have jointly delivered the Kawartha Lakes Innovation Cluster Pilot Project (Pilot Project) since October 21, 2019. The purpose of the project being to provide specialized support for high growth entrepreneurs and businesses in Kawartha Lakes.

The Pilot Project was extended beyond the original mandate of December 31, 2020 at the Council Meeting of December 15, 2020, when Council adopted the following resolution to extend both components of the Pilot Project, the Business Counselling Services Agreement and the Lease Agreement:

CR2020-437

That Report ED2020-028, **Kawartha Lakes Innovation Cluster Pilot Project Extension**, be received; and

That the Mayor and Clerk be authorized to execute a revised agreement with the Innovation Cluster - Peterborough Kawartha as outlined in Appendix A to Report ED2020-028.

Carried

CR2020-438

That Report RS2020-027, **180 Kent St. Lease – Innovation Cluster – Peterborough and the Kawartha**, be received; and

That the Mayor and Clerk be authorized to execute the Lease Agreement attached as Appendix A on behalf of the Corporation of the City of Kawartha Lakes, being a Lease Agreement with the Innovation Cluster - Peterborough and the Kawarthas.

Carried

At that meeting, the Lease Agreement was extended until December 31, 2023 recognizing that the space will be surplus to the City's needs for that period of time. The Lease Agreement includes a 60-day termination clause allows the City to terminate the lease early, such as where the underlying service agreement is not renewed.

The pilot project was extended again for another one-year period at the December 14, 2021 Council Meeting:

CR2021-653

That Report ED2021-033, **Kawartha Lakes Innovation Cluster Pilot Business Counselling Services Agreement Extension**, be received; and

That the Mayor and Clerk be authorized to execute the Business Counselling Services Agreement attached as Appendix C on behalf of the Corporation of the City of Kawartha Lakes being an Agreement with the Innovation Cluster-Peterborough and the Kawarthas.

Carried

Kawartha Lakes Innovation Cluster Pilot Business Counselling Services Agreement concludes December 31, 2022. This report requests consideration for an ongoing partnership between the municipality and the Innovation Cluster at a new location.

Rationale:

The City of Kawartha Lakes has a comprehensive economic development program that is guided by the corporate Strategic Plan and the Economic Development Strategy. These strategic documents recognize the importance of supporting development of high growth companies locally through specialized programming and expertise. To deliver this, the Kawartha Lakes Innovation Cluster pilot project was initiated in late 2019. The terms of the pilot project are defined in a Business Services Agreement. Since the pilot program commenced operations at the Lindsay Cube at 180 Kent Street, Lindsay, in early 2020, the pilot has been a fitting complement the City's economic development program through mentorship, access to capital, and training for high growth companies in Kawartha Lakes.

The entire project has taken place during the pandemic. This limited the in-person mentor programming and closed the Lindsay Cube office space at 180 Kent to clients for a significant portion of the pilot timeframe. As a result, the pilot program outcomes are in-keeping with the original agreement intent; however, the actual number of Innovation Cluster clients located at the Lindsay Cube are less than anticipated. A total of 12 companies were supported during the pilot project timeframe.

2022 Activities

In 2022, the pilot program continued to support high growth entrepreneurs in Kawartha Lakes through a mixed service delivery model of virtual and in-person services. The Business Counselling Services Agreement has a requirement of six (6) workshops and

ten (10) clients with eight (8) being physically present in the Lindsay Cube incubator space. The Innovation Cluster continued to provide the majority of services in an online format due to pandemic restrictions. The 2022 outcomes to date are as follows:

- A total of eight (8) local companies were Innovation Cluster clients in 2022, six (6) located at the Lindsay Cube, and two (2) floater clients.
- Two (2) Kawartha Lakes companies made investment pitches to the Peterborough Region Angel Network for seed funding.
- Six (6) virtual events were organized by the Innovation Cluster and promoted to a Kawartha Lakes audience.
- Of the clients supported in 2022, the annual economic impact is calculated at \$1,271,889.21. The economic impact is a calculation of revenue and investment (personal investment, private capital, bank, grant funding).
- The Start Up Visa program continues to attract interest from international entrepreneurs.

An overview of project outcomes is attached to this report as Appendix A.

Although the number of clients located at the Lindsay Cube (total of 6) falls short of the total number of clients in the Business Services Counselling Agreement (total of 8), the shortfall is attributed to the closure of 180 Kent due to pandemic restrictions.

2023 to 2025 Opportunities

It is the recommendation of both City Staff and the Innovation Cluster to continue the Business Counselling Services Agreement following the conclusion of the pilot project (Appendix D). The program opens possibilities for local entrepreneurs to access specialised services in their own community, and international entrepreneurs to launch their Canadian operations in Kawartha Lakes.

The proposed Business Services Counselling Partnership Agreement (Appendix B) proposes a three (3) year continued partnership between the City and the Innovation Cluster at a new location, the Kawartha Lakes CFDC Launch Kawartha space across the road from 180 Kent St., to 165 Kent St. Lindsay. This request terminates the current Lease Agreement between the City and Innovation Cluster (Appendix C).

The proposed agreement outcomes are as follows:

- A minimum total of 36 clients over the three (3) years (16 physically located at Launch Kawartha, 20 floater clients)
- A minimum of six (6) in-person events

- One (1) Peterborough Regional Angel Network (PRAN) event in Kawartha Lakes per year
- Innovation Cluster Staff presence in Lindsay for 25% of a regular work week.

The City's contribution to this partnership is a total of \$60,000 over the three years paid on a quarterly basis. An annual contribution of \$20,000 will contribute \$18,000 rent and \$2,000 as a contribution to staff mileage.

At the termination of the Innovation Cluster lease agreement at 180 Kent St., Staff will follow the established processes for the reallocation of the space.

Other Alternatives Considered:

Council may decide to end the pilot project without further contribution to the Kawartha Lakes Innovation Cluster partnership. If this decision were to be made, Staff recommend opening discussions with the Innovation Cluster prior to terminating the Lease Agreement.

However, due to the success of the pilot program and opportunity for program growth post pandemic in the new Launch Kawartha space, this is not recommended.

Alignment to Strategic Priorities:

The Pilot Project Extension directly implements the 2020-2023 Kawartha Lakes Strategic Plan Goal; A Vibrant and Growing Economy.

This Goal identifies the action to create an environment to attract business to Kawartha Lakes, and specifically within that action, to create an Innovation Centre to support and encourage high growth new businesses. This project furthers that direction.

Financial/Operation Impacts:

The proposed three (3) year Business Services Counselling Partnership Agreement is an annual cost of \$20,000 for a total contribution of \$60,000. This amount will fund the physical location of the Innovation Cluster at the KLCDFC Launch Kawartha space, and contribute mileage to Innovation Cluster Staff delivering programming in Lindsay.

In 2021 the Business Incubator Reserve was reallocated to the Economic Development Reserve contributing \$155,813.10 to the Economic Development Reserve account. It is requested that the amount of \$60,000 be drawn from the Economic Development Reserve.

Kawartha Lakes Strategic Consultations:

Innovation Cluster- Peterborough and the Kawarthas
Kawartha Lakes CFDC
City Solicitor
Director of Community Services

Attachments:

Appendix A – Innovation Cluster Letter of Intent



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Document

Appendix B – Proposed Business Counselling Services Partnership Agreement



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Document

Appendix C – Existing Lease and Business Services Counselling Agreement



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Innovation Cluster - Le

Appendix D- Innovation Cluster 2022 Overview



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Document

Department Head email: rholy@kawarthalakes.ca

Department Head: Richard Holy, Director of Development Services