

Presented To: City Council

Presented: Tuesday, Mar 22, 2016

Report Date Sunday, Feb 28, 2016

Type: Managers' Reports

Request for Decision

Ratification of GSDC Recommendation for NORCAT Funding 2016-2017

Resolution

WHEREAS the purpose of the report dated February 28, 2016 from the Acting Chief Administrative Officer regarding support for the Northern Centre for Applied Technology (NORCAT) is to conform with the agreed terms of partnership between the City of Greater Sudbury Community Development Corporation (GSDC) and City Council, being that all funding requests in excess of \$250,000 are to be jointly approved;

THEREFORE be it resolved that upon recommendation by the GSDC Board, the City of Greater Sudbury hereby authorizes financial support to NORCAT in the amount of \$300,000, in support of the Underground Technology Testing Centre and the Simulation Training Centre.

Signed By

Report Prepared By

Paul Reid
Business Development Officer
Digitally Signed Feb 28, 16

Division Review

Ian Wood
Director of Economic Development
Digitally Signed Feb 28, 16

Recommended by the C.A.O.

Kevin Fowke
Acting Chief Administrative Officer
Digitally Signed Mar 9, 16

Finance Implications

If approved, \$150,000 will be funded in each of 2016 and 2017 from the City of Greater Sudbury's grant to the GSDC, subject to the terms outlined in the funding agreement between the recipient and the GSDC,

Summary

On January 29, 2016 the Community Economic Development (CED) Committee, a sub-committee of the board of the City of Greater Sudbury Community Development Corporation (GSDC), reviewed a funding request from NORCAT for \$300,000 in support of their \$800,000 project to support continued operations of a simulator training facility and test bed mine. This project will sustain two jobs and support the creation of up to 60 jobs over the next three years.

Following a presentation and upon review of the proposal, the CED Committee recommended approval of the project to the GSDC Board of Directors. The attached motion to approve this funding, subject to ratification by Council, was passed by the GSDC Board on February 10, 2016.

Funding for 2016 would be subject to completion of a funding agreement and funding renewal for 2017 would be subject to a review of the 2016 deliverables as outlined in the agreement.

Background

Under the terms of the City of Greater Sudbury Community Development Corporation (GSDC) Funding Guidelines, economic development investments with a total value of \$250,000 or more require the approval of Council upon recommendation of the GSDC Board.

The Northern Centre for Advanced Technology (NORCAT) is a non-profit organization that empowers clients, staff and community partners to drive a culture of productivity, innovation and life-long learning. The Centre has been in operation for 20 years, growing to approximately \$5 million in annual revenues and directly employing 50 people in Northern Ontario.

As Sudbury's Regional Innovation Centre, NORCAT helps to start and accelerate the growth of innovative companies by providing health and safety training; entrepreneurial and innovation services; and through the operation of an incubator. NORCAT operates an Underground Technology Testing and Innovation Centre and Simulation Training Centre. These centres allow businesses to test innovative mining products and processes prior to commercialization in the market; or to provide training to staff and clients.

NORCAT is requesting \$300,000 in funding over two years to assist with the operational/programming costs of the Centres, including support for operating costs associated with the technology development and testing activities of SME clients. Funding will also support wages for the Manager of the Underground Technology Testing Centre and the Manager of eLearning/Simulation Training.

These positions were created two years ago when NORCAT undertook a two million dollar investment into the mine including the acquisition of a training simulator. At that time, the GSDC provided \$200,000 (\$100,000 per year for 2 years) to assist with wages to establish these positions. NORCAT is seeking additional assistance because the downturn in the global mining sector and the fall in commodity prices has resulted in some clients postponing simulator training and a number of large commercial clients who are either unable to pay the full cost of the Underground Technology/Testing Centre or who are not using the Centre due to reductions in their operating budgets.

Against this backdrop, the NORCAT Innovation Mill has helped more than 25 small local technology companies to test their products at the Underground Technology and Testing Centre over the past two years. These are companies who cannot afford to pay the full cost of using the facility. The assistance of these funds from the GSDC will allow NORCAT to continue support innovative local companies such as Jannatec, Maestro Ventilation, Clickmox, Symboticware, K4 Integration, and Tesman. These companies are then able to grow their businesses and create additional jobs in our community.

Economic Benefits

This investment will immediately retain two highly skilled jobs at NORCAT and continue to build upon the success of the first two years of the project. Further economic and social benefits of this investment will be derived from the acceleration of the creation of knowledge economy jobs and wealth in the community. Based on the experience of similar sized jurisdictions to Sudbury and the economic output benchmarks of other innovation centres in Canada, NORCAT expects the following metrics over the next 5 years:

Innovation and Entrepreneurship Metrics and Goals

- Continued progress toward the creation of 100 FTE direct jobs over the next 3 years
- Investment capital in the range of \$15 to \$20 million
- Portfolio ventures annualized revenue in the range of \$15 to \$20 million

Simulator/ eLearning Metrics and Goals

- Total “would be” or existing miners trained using simulation technology: 200 to 400 per annum
- Productivity improvement in mining operations 15% to 20% improvement over baseline

Small and medium sized enterprises (SMEs) will be able to showcase their technology to potential investors and customers at the Underground Centre allowing them to demonstrate the technology at work in the environment it was designed for. This will lead to increased investment in early stage mining technologies and will also help to generate sales for firms who are demonstrating their proven innovations. Furthermore, it enhances Sudbury's brand as a global centre of mining innovation.

From a training and development perspective, continuing to operate a state of the art e-learning/ simulator service will serve to draw more talent and brand eminence to Sudbury as a leader in training and innovation. It also produces safer and more productive workers, thereby enhancing the competitiveness of our local companies on the global stage.

Importance of Municipal Funding

Prior to requesting funding from the GSDC, NORCAT completed an internal review of their operations and made adjustments in an effort to reduce costs. The value of the services and staffing outlined above are suggested to be vitally important to ensuring continued economic growth for our community despite the downturn in the global economy. Without support from the City of Greater Sudbury, NORCAT will have to cut back on its support for start-up technology companies and may not be able to maintain the full time positions of Manager, eLearning/ Simulator TrainingCentre and Manager, Underground Technology Testing and Innovation Centre.

Approval of these funds will allow NORCAT to continue helping innovative startup companies and maintain two full time positions that are crucial to fulfilling NORCAT's mandate to help start and accelerate the growth of innovative companies in Sudbury.

Conclusion

Funding from the City of Greater Sudbury through the GSDC demonstrates the city's ongoing commitment to support our community's position as “The Global Leader in Mining Supply and Services,” outlined in *From the Ground Up*, Greater Sudbury's economic development strategic plan.

NORCAT has proven success in stimulating and supporting private sector technology and training; acting as a catalyst to accelerate development and economic activity for local small and medium sized companies. This project will ensure that NORCAT's facilities and programs continue uninterrupted in these challenging times and position our community and companies for a return to growth in the future.

As indicated in the attached resolution, the GSDC Board has determined that, based on the information received, NORCAT Innovation Mill's request represents a sound economic development opportunity for this community.



CITY OF GREATER SUDBURY COMMUNITY DEVELOPMENT CORPORATION
GSDC Regular Meeting of February 10, 2016
Motion 2016-006

Moved by: Nick [Signature]

Seconded by: Teresa [Signature]

WHEREAS NORCAT's Innovation Mill is the only non-profit regional innovation centre in the world with an operating mine designed to allow start-ups, small/medium enterprises, and international companies to design, test and pilot new technologies in an operating mine environment; and

WHEREAS the NORCAT's strategy is to offer a springboard to enable private sector leadership, and NORCAT's Training and Development model is an innovation leader and includes equipment simulation training;

THEREFORE BE IT RESOLVED, THAT the Greater Sudbury Development Corporation Board of Directors supports and recommends that the City of Greater Sudbury Council support and ratify the funding request of \$300,000 to the Northern Ontario Centre for Advanced Technology (NORCAT) proposal, to be funded by the Economic Development Fund as follows:

- 2016 - \$150,000
- 2017 - \$150,000

BE IT FURTHER RESOLVED THAT the Greater Sudbury Development Corporation Board of Directors indicates to the City of Greater Sudbury Council that, based on the information received, NORCAT Innovation Mill's request represents a sound economic development opportunity for this community.

[Signature]
Chair of the Meeting