

# **Request for Council Approval for CGSCDC Funding: Expansion of Surface Operations at the NORCAT Underground Centre**

## **Background**

On May 31<sup>st</sup> 2019, NORCAT presented to the Community Economic Development (CED) Committee of the City of Greater Sudbury Community Economic Development Corporation (CGSCDC, operating as the Greater Sudbury Development Corporation, or GSDC) seeking support of \$300,000 split evenly over two years (2019 and 2020). The funding will support the construction of a new \$3.98 million surface operations facility at the NORCAT Underground Centre (Fecunis Mine) in Onaping and will leverage NORCAT's own internal funding sources as well as requested support from FedNor and NOHFC.

Following the CED Committee's endorsement of NORCAT's request, at the regular meeting of the GSDC Board of Directors on June 19<sup>th</sup> 2019, motion 2019-036 supporting the project was passed unanimously. The funding is conditional on NORCAT being approved from the other funding sources and includes a provision that the City of Greater Sudbury's contribution be recognized on all communication materials including a specific media event onsite.

As per the agreed terms of partnership, any funding amounts in excess of \$250,000 require the joint approval of both the GSDC and City Council.

## **Project Summary**

The GSDC Board is seeking Council's ratification of the funding decision related to NORCAT's Surface Expansion at their Underground Centre. The funding and proposed plan represents an opportunity for NORCAT to advance their goal of becoming the "global one-stop shop for all that is the future of mining technology, innovation, and skilled labour training and development," as governed by their five year strategic plan.

Since 2010, NORCAT has transformed the Underground Centre in Onaping beyond an exclusive focus on training towards a unique, 'one-of-a-kind' facility that accommodates the development, testing, and demonstration of new technologies being developed for the global mining industry.

The demand to access the facility from mining technology companies has grown steadily over this time, along with increasing visitor traffic including regular foreign delegations.

- To date, the NORCAT Underground Centre has supported 160 unique projects by approximately 75 companies
- All of these companies are focused on commercializing technology to make mining more "green/clean", more efficient, more productive, safer, and more competitive.

To deliver on their mandate to become a "global one-stop shop" for the future of mining, NORCAT is moving forward with the construction of a new state of the art surface facility to support the underground testing and training operations. The surface expansion will facilitate more technology development, testing, and demonstrations and will ultimately spur additional investment, research dollars and the creation of sustainable jobs in the community.

The current above ground facility consists of three trailers which is inadequate for the increasing number of value-added activities being pursued at NORCAT Underground. The proposed facility will create much needed office space, induction rooms, delegation hosting/reception areas, and showcase/demonstration facilities that will serve to realize exceptional value for mining clients.

The funding request of \$300,000 from the GSDC, split evenly between 2019 and 2020, is entirely for capital and capital development for the surface facility; it is not operational in nature. As NORCAT realizes revenue from training and the use of the Underground Mine for testing purposes, the new facility will support the development of additional revenue streams to support their operations.

Previously, the GSDC approved NORCAT for \$300,000 over two years in 2016 and 2017 in support of two critical personnel and the procurement of consumables at the Underground Centre. Both of these positions are now regular full-time employees. Furthermore, this investment helped NORCAT to attract a number of private sector investments, including the attraction of Boart-Longyear's technology development and demonstration operations.

### **Economic Impact**

This project realizes a positive economic impact, job creation and supports international recognition within the global mining sector that NORCAT brings to the City of Greater Sudbury, and aligns with the City's support for the renewal and expansion of projects that directly advances Council's Growth and Development goals as outlined in Council's recently adopted 2019-2027 Strategic Plan under both "Business Attraction, Development and Retention" and "Economic Capacity and Investment Readiness".

The project also advances three objectives within the Economic Development Strategic Plan *From the Ground Up* including: a global leader in mining supply and services; a robust entrepreneur ecosystem; and one of the most integrated education and innovation ecosystems in Ontario.

This project will create and/or maintain a significant number of construction and engineering jobs during the design and building of the project. Given the value of the project, NORCAT anticipates approximately 40 temporary jobs will be created during the construction period. In addition, NORCAT anticipates continued growth in both its training & development and its technology innovation businesses. From a NORCAT perspective, they anticipate hiring an additional three to four new resources to support this growth.

From an indirect perspective, NORCAT will support the creation of 125 to 150 new skilled labour jobs per year with graduates of their various mine training and development programs. From a technology and innovation perspective, they estimate that their portfolio companies will create 30 to 40 new jobs per year as a result of the continued growth and commercialization of these technologies into the marketplace.

Finally, the expanded facility will support more investment in research and development by mining and mining technology companies, incentivize more companies to locate offices in Sudbury because of the proximal value proposition of the NORCAT Underground Centre. In brief, it will enable a "soft landing

commercialization place” for technology / IP developed in our local academic institutions, and lastly, it will bring more global mining companies to Greater Sudbury and to engage with and buy more products from local mining technology companies based in the community that are showcasing their innovative products in the NORCAT Underground Centre.

### Project Financing

<b>TABLE 2: PROJECT FINANCING</b>				
	<b>Funding Type*</b>	<b>Funding Status**</b>	<b>Activities Funded</b>	<b>Total Funding</b>
<b>NORCAT</b>	Financial	Approved	Underground Centre Expansion	\$680,000
<b>NOHFC</b>	Financial	Pending	Underground Centre Expansion	\$1,500,000
<b>FedNor</b>	Financial	Pending	Underground Centre Expansion	\$1,500,000
<b>GSDC Amount Requested</b>	Financial	Requested	Underground Centre Expansion	\$300,000
	<b>TOTAL</b> <i>*e.g. cash, conditional contribution, etc.</i> <i>**e.g. confirmed, pending approval, etc.</i>			<b>\$3,980,000</b>
	<b>GSDC as % of total project costs</b> <i>(GSDC Amt Requested / Total Funding)</i>			<b>8.0%</b>

### Conclusion

The NORCAT Underground Centre has become a preferred location for mining technology companies to develop, test, commercialize, and showcase new and innovative products that will not only further Northern Ontario's brand as a leader in mining technology, but also will enhance the productivity, competitiveness, and environmental performance of the mining industry.

NORCAT’s role as a designated regional innovation centre enables them to offer clients value-added business support as they develop, test, and install / showcase their technologies with the desired outcome to grow their businesses. This not only benefits Greater Sudbury, but will also benefit Canada more broadly with the creation and accelerated growth of start-ups and small-medium enterprises - the key driver of job creation in Canada and Greater Sudbury.

The total cost of the project is \$3.98 million to be spent over the next two years and the amount requested from the GSDC represents 8% of the total project.

The GSDC, based on a completed due diligence review of the project and recommendation of the Community Economic Development Committee, approved the requested funding to NORCAT of

\$300,000 at the regular meeting of the Board of Directors on June 19<sup>th</sup>, 2019. A copy of the resolution passed at this meeting has been attached for Council's consideration.

Attachments

- 1) GSDC Board of Directors Motion 2019-036 – June 19<sup>th</sup>, 2019
- 2) Proposed NORCAT Surface Facility Conceptual Design