



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Economic Development Division**

|                           |   |
|---------------------------|---|
| <b>TO:</b>                | Mayor and Members<br>General Issues Committee   |
| <b>COMMITTEE DATE:</b>    | June 20, 2018   |
| <b>SUBJECT/REPORT NO:</b> | Innovation Factory Request for Funding Renewal Option - 2018 (PED18132) (City-Wide)           |
| <b>WARD(S) AFFECTED:</b>  | City Wide   |
| <b>PREPARED BY:</b>       | Norm Schleeahn (905) 546-2424 Ext. 2669<br>Carolynn Reid (905) 546-2424 Ext. 4381             |
| <b>SUBMITTED BY:</b>      | Glen Norton<br>Director, Economic Development<br>Planning and Economic Development Department |
| <b>SIGNATURE:</b>         |   |

**RECOMMENDATION**

- (a) That the request by Innovation Factory to exercise their renewal option of the City's 2018 Annual Community Partnership contribution of \$50 K, per previous General Issues Committee (GIC) Report PED16123, be approved;
- (b) That this \$50 K annual contribution for the Innovation Factory be funded from the Economic Development Investment Reserve Account No. 112221;
- (c) That City staff, together with Innovation Factory, report back to City Council with an annual review of the Municipal Funding Program prior to the approval of a renewal option for 2019 and subject to satisfactory Key Performance Indicator results of the previous year.

**EXECUTIVE SUMMARY**

At its meeting of April 16, 2014 the General Issues Committee (GIC) approved Report PED14056 which supported a community partnership contribution of \$50 K to Hamilton's Innovation Factory (IF) for the 2014 calendar year. In addition, IF has exercised their \$50 K renewable option in 2015 (Report PED15090), 2016 (Report PED16123) and 2017 (Report PED17105) having satisfied the Committee members Key Performance Indicators (KPIs).

Between the three primary funding sources (Provincial Ministry of Economic Development and Growth/Ministry of Research and Innovation, the City of Hamilton, and Community Partners), IF continues to increase the number of programs offered and clients served, many achieving significant outcomes. Innovation Factory has firmly embedded itself as the commercialization arm supporting Hamilton's innovation and research community.

***Alternatives for Consideration – See Page 4***

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: This request can be accommodated through the Economic Development Investment Reserve with no impact on the Levy.

Staffing: N/A

Legal: N/A

**HISTORICAL BACKGROUND**

Innovation Factory, under the leadership of Executive Director David Carter, is Hamilton's not-for-profit Regional Innovation Centre and was established to service a gap (the commercialization of intellectual property) that existed in our Community.

Officially launched in November 2010, its core function is to accelerate the innovation process for knowledge-based companies in Hamilton and to simplify the economic and social impact of key ideas and discoveries. Innovation Factory's primary focus is to strengthen Hamilton's next generation of job creators and foster innovation across all sectors while drawing on expertise from Hamilton's universities and college to create an ecosystem of entrepreneurship and innovation.

At its meeting of April 16, 2014, GIC approved Report PED14056 which supported a Community Partnership contribution of \$50 K to Hamilton's IF for the 2014 calendar year. In addition, at its meeting of July 6, 2015, GIC approved Report PED15090 which provided for a \$50 K renewable option for 2015. Further, at its meeting of June 1, 2016, GIC approved Report PED16123 which provided for a \$50 K renewable option for 2016, 2017 (Report PED17105) and 2018 with IF having to satisfy Committee members that the KPIs have been met.

In addition to the City of Hamilton's annual financial contribution to IF and those of IF's Community Partners, the Provincial Ministry of Economic Development and Growth/Ministry of Research and Innovation has committed funding to 2018. The Ministry made a \$445 K contribution in 2017. The City of Hamilton's annual financial contribution is approximately 5% of IF's Budget.

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*OUR Vision: To be the best place to raise a child and age successfully.*

*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

Justin Hogeterp, (CEO of Fluid Media Inc.), is the current Chairperson of the IF Board of Directors. Norm Schleeahn, Manager Business Development of the City's Economic Development Division, is on his second term as an IF Board Member where he represents the City of Hamilton in an oversight capacity. The 2017 audited financial statements for Innovation Factory, completed by Grant Thornton, are currently available if Council requires same.

### **INNOVATION FACTORY KPIs AND NOTABLE INDICATORS (SINCE INCEPTION)**

- Total number of clients since inception = 1,600;
- \$160 M + (government programs and private investor) in total funds clients have raised with IF support;
  - Of note, this represents an increase of over 125% from 2016
- Over 24,600 hours spent in client meetings; and,
- Over 400 events with attendance at over 24,600.

### **INDUSTRY BREAKDOWN (2017)**

|                                     |             |
|-------------------------------------|-------------|
| Innovation Communication Technology | 41%         |
| Other Miscellaneous                 | 13%         |
| Life Sciences                       | 25%         |
| Advanced Manufacturing              | 17%         |
| Clean Technology                    | 4%          |
| <b>Total</b>                        | <b>100%</b> |

### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

N/A

### **RELEVANT CONSULTATION**

Innovation Factory, Executive Director David Carter; and,  
Innovation Factory Board of Directors.

### **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

The City of Hamilton has long been criticized for the lack of required infrastructure necessary for the development and growth of an innovation-based economy. The performance and presence of IF strategically located at McMaster Innovation Park, home to The Fraunhofer Project Centre, McMaster Automotive Resource Centre, the Forge (Hamilton's campus lead accelerator) and the City's over-achieving Small Business Enterprise Centre have significantly contributed to changing this perception.

The work of Innovation Factory is in alignment with the 2016-2020 Economic Development Action Plan, particularly the goal to have “entrepreneurial individuals, organizations and companies experience Hamilton as a place where innovative ideas and entrepreneurial people thrive”.

## **ALTERNATIVES FOR CONSIDERATION**

Provision of a reduced community partnership contribution by the City of Hamilton or eliminate the annual contribution. Either option would require the Innovation Factory to scale back the number of clients it serves and/or terminate existing programs and services. The result would most certainly have an impact on meeting their current KPIs and literally handicap one of the best performing Research and Innovation Centres in the Province of Ontario.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

### **Strategic Objective**

- 1.1 Continue to grow the non-residential tax base.
- 1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

### **Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner*

### **Strategic Priority #3**

Leadership & Governance

*WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in*

## **APPENDICES AND SCHEDULES ATTACHED**

N/A

CR/dt