

Communitech Partnership

Finance and Corporate Services Committee

April 22, 2024

History

- 1997 – Communitech established by founders
- 2010 – Communitech Hub at the Tannery; \$500K investment
- 2016 – Communitech capital expansion; \$300K/year over 5 years
- 2021 – Business recovery; \$500K/year over 3 years

Partnership Request

- Communitech is requesting annual funding of \$500,000 from 2024 – 2027
- City of Kitchener Funding is used to leverage senior levels of government (ex: FedDev)

Pandemic Impact - Communitech

- Communitech had to change to virtual service model
- Founders/companies located both within and outside of region
- Reduced the funnel of scaling companies that have the potential to locate in office space in Downtown Kitchener

Pandemic Impact – Downtown Kitchener

- Companies changed their office model – fully remote, hybrid, reduced footprint, etc.
- Impact to DTK is 1M sq ft of empty office space representing 27% vacancy impacting the downtown vibrancy
- Pipeline of onsite scaling companies needs to be re-established

New Programming 2024 - Communitech

- New City-funded programming is to be onsite, in person at the Communitech Hub
- Regenerate the future office pipeline for DTK
- Funding has been allocated to specific programs
- Specific metrics established against the programming and outcomes

Program Component	Number of Businesses/Year	Cost to Deliver
1. Support/incubate founders exploring entrepreneurship	450*	\$200,000
2. Discovery Stage Bootcamp	30-50	\$40,000
3. Validation Stage Bootcamp	20	\$20,000
4. Startup Intensive Track	10	\$20,000
5. Communitech Founder Showcase Event	-	\$20,000
6. Fierce Founders	60-75	\$200,000
7. Medtech Innovation	-	No additional cost
8. Peer2Peer Networks	-	No additional cost
9. Make It Kitchener Co-working Area & Recognition	-	No additional cost
10. Kitchener Digital Innovation Lab	-	No additional cost
Total:	570-605	\$500,000

Proposed Programming (Investment Shown is Annual)

1) Supporting Founders exploring entrepreneurship (\$200,000)

- Create and execute a combination of community outreach and a series of discovery and validation stage programs for early-stage tech startups
- Incubate 450 new startups annually, with the number of new startup companies to be reported quarterly and annually.
- One new Startup Program Manager, one part-time contractor, one half time program coordinator to be added

6) Fierce Founders (\$200,000)

- Support underrepresented founders;
 - 30 companies through Bootcamps;
 - 10-15 companies per year focused on pre-validation, idea refinement and identifying potential markets;
 - One-on-one coaching;
- Deliver 'Uplift'
 - 7-month program
 - 10 companies with each receiving \$10,000
- Deliver 'Intensive Track'
 - 9-12 month program
 - 10 companies focused on finding product market fit, growing revenue and investment attraction.

9) Make It Kitchener Coworking Area & Recognition

(no additional investment required by the City)

- Communitech will establish a coworking area within the Hub, branded Make It Kitchener
- Free workspace for Founders of City-supported programs
- Participant awareness of the City's support for these programs.

10) Kitchener Digital Innovation Lab in Area 151

Expectations for City-funded Programs

- Communitech would prioritize:
 - Founders looking to operate their business in the region
 - Founders whose industry focus lends itself to in-person office
- Communitech would encourage resident founders ready for permanent office space to transition from the Hub
- City staff to facilitate connections to office owners

Reporting Metrics to City of Kitchener

- Quarterly & Annual Reporting
- Based on the metrics for each program
- Relevant to goals of the City's investment:
 - Volume of startups in each program
 - Physical delivery of programming at the Hub
 - Companies graduating from the Hub
 - Companies landing in Downtown Kitchener
 - Overall jobs created for the region

Economic Development Investment Fund 2.0

- \$110 million
 - \$10 million from Reserves
 - \$20 million from Debt Revenue
 - \$80 million from Future Land Sales
- Reserves (\$10 million)
 - \$5 million spent
 - \$2,750,000 allocated/notionally allocated
 - \$2,250,000 unallocated
- Years 1 & 2 Reserves, Years 3 & 4 Future Lands Sales

Make It Kitchener 2.0

City-Wide Startup Network (\$7.5 million)

\$1.25M from Reserves

\$250,000 for operations of SDG Idea Factory (approved)

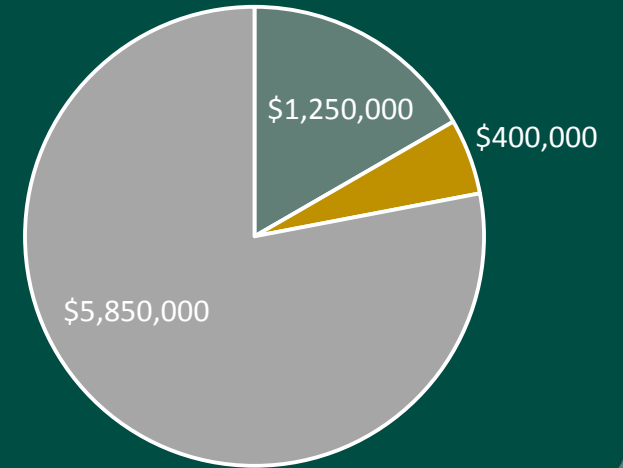
\$1,000,000 proposed for Communitech

\$400,000 of Debt Revenue

Construction of SDG Idea Factory (approved)

\$5,850,000 Future Land Sales

Unallocated/Future



■ Reserve Revenue ■ Debt Revenue ■ Future Land Sale Revenue

Figure 3: Working Age Population by Market

Market Category	Market	Working Age Population (2022, Thousands)	Share of Overall Population	Average Annual 5-Year Growth (2017-2022)
Powerhouse Markets	Shanghai	18,460	74.6%	-0.3%
	Beijing	16,512	75.6%	-0.2%
	New York Metro	13,332	66.1%	-0.6%
	Bengaluru	11,466	74.9%	2.4%
	Tokyo	9,149	64.8%	0.2%
	Paris	8,061	65.3%	0.1%
	London	6,341	69.4%	0.9%
	Toronto-Waterloo	5,062	69.3%	1.5%
	San Francisco Bay Area	4,399	67.4%	-1.0%
	Singapore	4,119	72.3%	-0.1%
	Boston	3,293	67.2%	-0.1%
	Seattle	2,756	68.3%	0.5%
	Established Markets	Shenzhen	15,620	85.5%
Delhi-Gurugram		15,106	74.0%	2.0%
Guangzhou		15,006	77.7%	3.1%
Sao Paulo		11,878	52.5%	2.7%
Mexico City		11,676	52.6%	0.9%
Buenos Aires		9,758	63.0%	0.5%
Mumbai		9,588	75.2%	0.1%
L.A.-Orange County		8,735	68.2%	-0.9%
Seoul		6,911	73.1%	-0.9%
Bogota		6,300	56.2%	1.5%
Chicago		6,247	66.1%	0.8%
Dallas-Ft. Worth		5,387	67.4%	1.6%

Market Category	Market	Working Age Population (2022, Thousands)	Share of Overall Population	Average Annual 5-Year Growth (2017-2022)
Established Markets	Hong Kong SAR	5,060	67.4%	-0.6%
	Madrid	4,554	67.0%	1.0%
	Santiago	4,337	51.8%	0.7%
	Washington, D.C.	4,260	67.0%	0.1%
	Atlanta	4,194	67.5%	1.0%
	Barcelona	3,731	65.9%	0.8%
	Sydney	3,535	66.6%	1.0%
	Melbourne	3,382	67.1%	1.4%
	New Taipei City	2,915	71.4%	-0.7%
	Guadalajara	2,850	52.3%	1.7%
	Rome	2,724	64.5%	-0.6%
	Montreal	2,467	56.4%	3.9%
	Berlin	2,465	66.4%	0.5%
	Tel Aviv	2,087	61.2%	1.9%
	Milan	2,060	64.1%	0.0%
	Vancouver	1,979	69.6%	1.7%
	Manchester	1,882	65.6%	0.7%
	Austin	1,694	70.2%	2.7%
	Stockholm	1,594	65.6%	1.3%
	San Jose, Costa Rica	1,500	46.9%	1.5%
Lyon	1,228	64.2%	0.7%	
Helsinki	1,134	65.8%	0.8%	
Warsaw	1,129	62.2%	-0.2%	
Budapest	1,121	65.6%	-0.8%	