

Date: 2023-04-07

Subject: **Update: Altitude Accelerator Agreement Renewal**

Contact: Jasmine Danial, Coordinator, Innovation and Technology,
Economic Development

Report Number: CAO's Office-2023-346

Recommendations:

1. THAT the report titled: **Update: Altitude Accelerator Agreement Renewal (2023-346)** to the Committee of Council Meeting of April 26, 2023, be received; and
2. THAT the City of Brampton renew the funding agreement with Altitude Accelerator (formerly known as RICC) for four (4) additional years with a declining scale of financial assistance.
3. THAT the CAO be authorized to execute the grant agreement renewal with Altitude Accelerator based on content approved by the Director, Economic Development, and in a form satisfactory to the City Solicitor or designate.
4. THAT staff report back to Council on achievements and results of the Altitude Accelerator on an annual basis.

Overview:

- Altitude Accelerator is a technology scale-up organization that runs multiple programs in Brampton's Innovation District. These programs attract mature start-ups from the Region of Peel, including the Brampton Innovation District, offering them intensive support, mentorship, and investor funding expertise to help them grow quickly, scale operations, and attract investment.
- With a special focus on CleanTech, Altitude supports eco-friendly start-ups working on renewable energy, waste reduction, and water conservation, connecting them to market expertise and investors. This assistance includes specialized products, services and support targeted to CleanTech. The support also focuses on improving business models and making connections to market expertise and investment opportunities.

- Altitude also works within the Brampton community to champion and lead initiatives such as a new Brampton Angels Group, which helps Brampton start-ups access capital. It also works with larger businesses that have specific environmental goals, and it is looking to establish a future CleanTech Hub in Brampton.
- To continue supporting the Altitude Accelerator's success, the Brampton Economic Development Office recommends renewing a four year funding agreement with a declining scale of financial assistance, encouraging Altitude Accelerator to access alternative funding sources beyond the City's resources.
- This new arrangement will reflect financial assistance of \$100,000 base funding for the first year, \$75,000 for the second year, \$50,000 for the third year and \$25,000 for the fourth year. During the second to fourth year of the agreement, Altitude Accelerator will seek to secure external funding, and to help incentivize and support this transition, Brampton will provide additional funding - up to \$20,000 per year – to match any external sponsorship that is obtained.

Background:

Building the Innovation Ecosystem in Brampton

In the centre of Canada's Innovation Corridor, Brampton's award-winning Innovation District is a thriving entrepreneurial ecosystem. Home to a network of companies, educational institutions, incubators and accelerators in the heart of downtown, the Innovation District supports tech-enabled businesses at all stages of development.

Each year, many start-ups, entrepreneurs and large corporations plant roots in Brampton with the intent of commercializing their technology. With ready access to space, resources, and opportunities to network and pitch, the Innovation District is earning an international reputation as the leading location to establish a business. The Altitude Accelerator is an established partner in the Innovation District, assisting mature start-ups that have already begun their journeys through other Innovation District resources. It has a 10-year track record, having first been established in Mississauga.

In order for the City of Brampton to continue to be competitive in the Innovation Corridor, Brampton needs to support its innovation ecosystem to ensure that start-ups located in Brampton continue to have access to the same resources that start-ups have in other communities. These resources include access to incubators, accelerators, funding, networking and specialized mentorship. Fostering this strong ecosystem in Brampton will also work to attract and locate new businesses into Brampton from other underserved regions.

Provincially Funded Regional Innovation Centres (RICs)

Each region in Ontario has a provincially funded incubator/accelerator called a Regional Innovation Centre (RIC). For example, the Toronto region has MARS, the Kitchener-Waterloo region has Communitech, and the Peel Region has Altitude Accelerator.

The Peel Region's RIC, Altitude Accelerator, is a not-for-profit scale-up accelerator providing assistance and support to technology-based start-up entrepreneurs in the Region of Peel. It has been a partner of the City of Brampton since 2009 and is an integral part of the Brampton Innovation District and ecosystem.

Companies selected to participate in the incubator program are provided with access to technology and research facilities, links to business experts and advisors in the respective field of specialization and access to key business network programs. A company is eligible to stay in the incubator program for a period of 6-months and key performance thresholds are required to be met on this journey.

The City of Brampton has been a partner of Altitude Accelerator since 2009. Between 2012 and 2019 the City funded them in the amount of \$10,000. During this time Altitude Accelerator was located at the Xerox Research facility near the border of Oakville, in Mississauga, where it was inconvenient for clients, especially those residing in Brampton.

In 2019, the City of Brampton's Economic Development Office began discussions with Altitude Accelerator to relocate their offices from Mississauga into the Brampton Innovation District. Subsequently, the Council Resolution C398-2019 (CW413-2019), confirmed by By-law 267-2019, authorized the City of Brampton to enter into a grant agreement with Altitude Accelerator of up to \$100,000 per year for three (3) years.

This funding, which was an increase for them, allowed them to relocate their offices from Mississauga to Brampton, to 6 George St S, and to continue to provide their services directly within the Brampton Innovation District.

Current Situation:

Closing the Innovation Gap

Altitude Accelerator focuses on several key industries such as information communication technology (ICT), advanced health technologies, aerospace, materials and manufacturing and clean technologies (CleanTech). Its business training, sales and marketing support and mentorship services draw entrepreneurs from the Peel region into the Brampton Innovation District and help them develop, commercialize and scale their businesses to create new economic activity and employment opportunities. The Covid-19 pandemic significantly impacted Altitude Accelerator there was a pivot that accelerated the shift to digital platforms that enabled a broader reach for startups and

mentors. The pandemic also led to decreased in funding opportunities and stricter selection processes, making it more challenging for Altitude to conduct their work and secure opportunities for Startups.

The Altitude Accelerator currently employs eight (8) employees. The 2019 funding agreement includes a number of key performance indicators (KPIs), and over the last three (3) years, Altitude Accelerator has successfully delivered the following results:

- It has provided services to over 600 start-up companies and entrepreneurs.
- It had a total of 54 companies graduate from their Incubator and Investor Readiness programs.
- It actively engaged with eleven (11) new industry partners and collaborators that provided support to Altitude Accelerator members.
- It hosted more than 3,600 individual participants in training, information sessions and events both virtually and in-person across Brampton.
- Over the last three (3) years, it has hosted 100% of their in-person events in the City of Brampton.

New Funding Terms & KPIs

As a result of their success, and to continue to deliver these results, the Economic Development Office is recommending that we enter into a new funding agreement with Altitude Accelerator for four (4) additional years with a declining scale of financial assistance, with an option to match funding.

This new arrangement will reflect financial assistance of \$100,000 base funding for the first year, \$75,000 for the second year, \$50,000 for the third year and \$25,000 for the fourth year. Further, Altitude Accelerator will actively seek to secure external funding from the second to the fourth year of the agreement. To help incentivize and support this transition Brampton will provide matching funding - up to \$20,000 per year - of any sponsorship that is obtained externally.

Year	Base Financial Assistance	Additional Contributions (The City to match up to this value, pending Altitude Accelerator securing external sponsorship)
2023	\$100,000	Not applicable in first year
2024	\$75,000	Up to \$20,000
2025	\$50,000	Up to \$20,000
2026	\$25,000	Up to \$20,000
Total	\$250,000	Up to \$60,000

These efforts will ensure that the Altitude Accelerator has sufficient funding to continue their operations in Brampton and removes the risk of the accelerator relocating.

Corporate Implications:

Financial Implications:

Sufficient funding is available in Economic Development's operating budget to fund the 2023 payment of \$100,000 for the Accelerator Grant Agreement.

Departmental staff will ensure that sufficient funds are requested for the 2024-2026 payments through subsequent operating budget submissions, pending Council approval.

Other Implications:

Legal Services will review and approve the Funding Agreement renewal as to form.

Term of Council Priorities:

Living the Mosaic – 2040 Vision:

Fulfills the 2040 Vision Goal of leveraging community partnerships to build relationships with local organizations.

This report also achieves the following Term of Council priorities:

Brampton is a City of Opportunities: Public sector investments like this are vital to the work of the Economic Development team in attracting jobs to Brampton.

Conclusion:

As a result of Altitude Accelerator's success, and to continue to deliver these results, the Economic Development Office is recommending that we renew the Funding Agreement with Altitude Accelerator for an additional four (4) years with a declining scale of financial assistance and option to match funding. This new arrangement will ensure that the Altitude Accelerator has sufficient funding to continue their operations in Brampton and removes the risk of them relocating.

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Attachments:

- Appendix A: Stages of Brampton Innovation District Startup Services
- Appendix B: Altitude Accelerator Overview Slide Deck