



**City of Kingston
Report to Council
Report Number 25-197**

To: Mayor and Members of Council
From: Craig Desjardins, Director, Office of Strategy, Innovation & Partnerships
Resource Staff: Troy Beharry, Manager, Partnership & Grant Development
Date of Meeting: August 12, 2025
Subject: Animation Studio – Municipal Capital Facility Agreement

Council Strategic Plan Alignment:

Theme: 5. Drive Inclusive Economic Growth

Goal: 5.3 Diversify Kingston's economic base.

Executive Summary:

The purpose of this report is to seek Council approval to enter into a Municipal Capital Facility Agreement (MCFA) with Limestone Animation Inc. for Portsmouth Town Hall, located at 623 King Street West, to support the attraction of a new, technologically advanced animation and digital content studio and production facility to Kingston. To qualify for MCFA support in this sector under Ont. Reg 603/06, the party receiving the support has to demonstrate that the facility is operated for a municipal purpose and will be available for public use. Those factors are described in this report.

This project will leverage municipally owned infrastructure to support the development of a new economic sector in the City and Southeastern Ontario, expand on the region's burgeoning film and television production industry, and aligns with the City's municipal purposes set out in Council's strategic goals related to economic development, innovation, and creative industries sector development.

This initiative builds on the City's past efforts, from 2019-2024, where Portsmouth Town Hall was used as a launching pad to host pre-commercial start-ups in the health innovation and life sciences space and support the growth of this priority economic sector for Kingston.

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As a future creative industries hub, the City has identified a first partner in Limestone Animation Inc., a pre-commercial firm, to operate from the municipal facility. Starting in Q4 of 2025, for up to (4) years, Limestone Animation Inc. will operate in Portsmouth Town Hall as a fully integrated animation studio, offering services across development, design, animation, visual effects, music composition, and international distribution, all under a single roof. Unlike traditional studios, Limestone Animation is being built from the ground up to leverage cutting-edge technologies, including artificial intelligence, to streamline workflows and increase production efficiency.

The studio's leadership is dedicated to reviving the in-person studio model, grounded in the belief that creative excellence is best achieved through regular face-to-face collaboration and the dynamic energy of a shared creative environment. This will facilitate the public use of the facility as Limestone Animation Inc. is also committed to supporting community arts and culture programs and events and will collaborate with local educational institutions, such as Queen's University and Loyalist College, to create training, research, and student placement opportunities at the animation studio. Additional public use will be facilitated through the provision of open houses, studio tours, demonstration days, workshops, animation camps, school visits, and mentorship for local youth, post-secondary students and community artists.

In return for promoting the municipal purpose of economic development and providing public uses in the space, the proposed MCFA will enable the City to offer a rent-free lease, exempt the leased space from property taxes, and provide facility operations and maintenance. It will also provide staff support for grant development and networking initiatives. These benefits serve as key incentives to reduce early-stage operational costs, to establish a strong presence in the Kingston community, and to support scalable growth. In turn, this framework will help attract additional pre-commercial animation start-ups and studios—such as Limestone Animation Inc.—to Kingston.

This initiative is being supported by the Municipal Accommodation Tax (MAT) development fund with up to \$250,000 to support Limestone Animation for the cost of equipment or other start-up related costs.

The proposed partnership is aimed at enhancing local and public opportunities, attracting future investment, and fostering sustainable growth of the arts and culture ecosystem. This support mechanism aligns with Council's strategic priorities of fostering economic growth, creative placemaking, and future-ready employment.

Recommendation:

That Council declare pursuant to Ont. Reg 603/06 s. 6(1) under Section 110 of the Municipal Act, 2001 that the municipal capital facilities are for the purposes of the municipality and are for public use; and

That the Director, Business, Real Estate & Environment, be delegated the authority to approve a lease agreement with Limestone Animation Inc. for space at 623 King Street West that embed the following benefits: rent-free, tax exemption, funds for facility operations and allocation of

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staff time, with said authority to be added to By-Law Number 2025-157, Delegation of Authority By-Law, as part of future amendments.

That Council approve a Municipal Capital Facility Agreement between Limestone Animation Inc and The Corporation of the City of Kingston for 623 King Street West in order to exempt the premises from taxation for municipal and education purposes, effective upon the execution of the Municipal Capital Facility Agreement; and

That in accordance with Section 110(6) of the Municipal Act, 2001, the by-law attached as Exhibit B to Report Number 25-197, be presented and given all three readings to provide an exemption to all of 623 King Street West, from taxation for municipal and school purposes, following the approval and execution of the associated lease; and

That in accordance with Section 110(8) of the Municipal Act, 2001 the Clerk be directed to give written notice of the passing of the by-law to the local school boards having jurisdiction in the area in which the property is located and to the Municipal Property Assessment Corporation as required by Section 110(5) and (8).

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Authorizing Signatures:

ORIGINAL SIGNED BY DIRECTOR

**Craig Desjardins, Director, Office
of Strategy, Innovation &
Partnerships**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services

Jennifer Campbell, Commissioner, Community Services

p.p.

Neil Carbone, Commissioner, Corporate & Emergency Services

Not required

David Fell, President & CEO, Utilities Kingston

Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer

Ian Semple, Commissioner, Transportation & Infrastructure Services

Not required

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Options/Discussion:**Analysis**

In accordance with Section 110 of the Municipal Act, 2001 and Ontario Regulation 603/06, a municipality may enter into an agreement respecting municipal capital facilities used for cultural, recreational or tourist purposes, only if council has declared by resolution that the municipal capital facilities are for the purposes of the municipality and are for public use. The proposed Municipal Capital Facility Agreement (MCFA) with Limestone Animation Inc. is compliant with these legislative provisions and reflects the City's broader objectives of fostering inclusive economic growth, innovation, and cultural engagement.

Purposes Uses of the Municipality

The proposed use of Portsmouth Town Hall as the launch site for Limestone Animation Inc. and future animation start-ups and studios represents a strategic and high-impact investment in Kingston's growing creative economy. This initiative directly advances the City's Integrated Economic Development Strategy (IEDS), which identifies creative industries as a key sector for inclusive, sustainable growth and positions Kingston to expand its role in high-value digital content production. The project also aligns with Kingston's Creative Industries Strategy and Music Strategy, which call for enhanced infrastructure, stronger institutional partnerships, and the development of industry clusters in screen-based media, music, and digital storytelling. By repurposing a municipally owned heritage asset for a forward-looking purpose, this initiative embodies the City's commitment to innovation-led economic development.

The global animation sector represents one of the fastest-growing segments of the content economy, with projected growth from US\$400 billion in 2024 to over US\$896 billion by 2034. While Ontario and Canada have experienced considerable success in this field, Eastern Ontario lacks the infrastructure and industry presence needed to participate meaningfully in this opportunity. The establishment of Limestone Animation Inc. in Kingston is designed to close that gap and position the city as Canada's next animation innovation hub. Anchored by strong educational institutions, a skilled workforce, and competitive production incentives, Kingston is uniquely suited to house a modern, technologically advanced animation studio that can respond to current global production trends.

Limestone Animation Inc. will also help serve as a catalyst for cluster development in the region. Its approach is notably distinct: the studio will operate as a fully integrated content creation facility—combining development, design, animation, visual effects, music composition, and international distribution under one roof. It will also leverage cutting-edge technologies including artificial intelligence, enabling shorter production cycles and reduced per-minute production costs, giving it a competitive edge over legacy studios. Furthermore, the studio's commitment to the in-person model of collaborative creativity sets a foundation for a vibrant, community-connected workplace that supports innovation and mentorship.

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This project is expected to generate significant local employment, with a projected 127 new production-based jobs over a four-year period, spanning roles in animation, design, sound engineering, post-production, and project management. These will include high-wage positions with salaries ranging from \$50,000 to \$225,000, contributing meaningfully to the city's tax base and economic diversification. In addition to direct job creation, the studio will serve as a key partner in workforce development, collaborating with Queen's University, St. Lawrence College and Loyalist College to offer co-op placements, internships, and real-world project experience for students in game design, animation, film, and computer science.

Beyond economic impacts, Limestone Animation Inc. will significantly enhance Kingston's visibility and branding within the global creative economy. The studio's marketing efforts, content distribution, and participation in national and international industry events will raise Kingston's profile as a centre for digital production and creative innovation. This visibility will help attract additional investors, studios, and creative professionals to the region, reinforcing Kingston's reputation as a destination of choice for both talent and capital in the creative industries sector.

Public Use

While the animation studio will operate as a private business, Limestone Animation Inc. is committed to investing in and delivering a range of community-facing uses and public benefits that meet the criteria for "public use" under the Section 110 of the Municipal Act, 2001 and Ontario Regulation 603/06.

Specifically, the animation studio will:

- Provide public access through open houses, studio tours, and participation in civic events such as Doors Open Kingston, demonstration days, and downtown cultural programming.
- Collaborate with the City and local institutions on educational outreach, including workshops, animation camps, school visits, and mentorship for local youth and post-secondary students.
- Contribute to public cultural life through screenings, animation showcases, and digital storytelling installations at local venues and community festivals.
- Partner with municipal and community organizations to develop animated public service announcements and civic awareness campaigns on topics such as climate action, transit, tourism and public health.
- Support the City's Arts & Culture Services programs and events, specifically where strong connections exist with the animation sector – this could include Cultural Grants and Awards that directly support the local sector, including arts and culture organizations, events, projects, and artists, such as the City of Kingston Arts Fund (CKAF). CKAF supports a wide range of artistic disciplines, including media arts and animation. Its Project Grants and Creation Grants are particularly relevant for animators and digital storytellers, as they fund the development of new work, experimentation, and community-engaged projects. Award recipients could also receive direct and free access to the animation studio to work on these community projects.

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- Create extensive opportunities for skills development, particularly as this project aligns with current programs being offered at local universities and colleges and the City's professional development programs for artists. For example, current students and recent graduates from Queen's University's new Animation Theory and Practice program and Computer Science faculty, as well as students from Queen's Film School and Loyalist College's Animation and Game Design Programs will be given opportunities for hands on skills development at the studio; opportunities that would otherwise not be available anywhere in Southeast Ontario.

These activities will be documented and monitored through annual reporting requirements included in the MCFA, ensuring that the studio's public contributions are measurable and consistent with the terms of the tax exemption.

In this context, the facility's designation as a municipal capital facility is warranted not only on economic development grounds for the support being provided to the tourism and art and culture sectors, but also due to its substantial and ongoing public use. This designation supports the City's long-term strategic objectives of expanding the creative industries, increasing public access to culture and technology, and enhancing Kingston's profile as a hub for inclusive innovation.

Limestone Animation Inc. intends to lease Portsmouth Town Hall commencing in the 4th quarter of 2025.

The proposed MCFA would:

- Provide a rent-free lease, provide an exemption from municipal and education property taxes for a period of four (4) years, provide facility operations and maintenance, and provide staff support for grant development and networking across the creative industries ecosystem;
- Be conditional on the execution of a lease agreement and achievement of performance milestones (e.g., job creation, investment, community engagement);
- Ensure compliance with public accountability and reporting provisions.

Background on the Animation Market and the Opportunity in Kingston

The City of Kingston has prioritized creative industries, including digital media and animation, as an emerging economic driver in the Kingston Integrated Economic Development Strategy and the Creative Industries Strategy recommendations. With global demand for animated content accelerating, the animation industry represents a high-growth opportunity that aligns with Kingston's assets in education, culture, and innovation.

Kingston's animation ecosystem is at an early stage of formation, with foundational elements aligning to support the emergence of a sustainable and dynamic creative cluster. The city benefits from a strong educational pipeline, including Queen's University's new animation-

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focused certificate program (with its first graduating class in 2025), as well as complementary programs in film, media, design, and computer science at both Queen's, St. Lawrence College and Loyalist College. These institutions are not only producing creative talent, but also fostering research, innovation, and collaborative partnerships. In parallel, Kingston offers a high quality of life, accessible real estate, and proximity to major markets, making it an attractive location for creative industry professionals and entrepreneurs.

At this stage, securing a first company mover is essential to catalyzing the ecosystem. The presence of a committed, innovative anchor studio—such as Limestone Animation—will provide proof of concept for the region's capacity to support digital content production at scale. This first studio is expected to attract additional investment, stimulate the formation of satellite and spin-off companies, and drive demand for ancillary services such as post-production, audio engineering, and game development. Moreover, it will serve as a magnet for both local graduates and experienced professionals seeking opportunities in a creative environment that embraces technological innovation and collaborative, in-person production models. As demonstrated by case studies such as Halifax, and in Kingston within other sectors, early government support and the successful launch of an initial studio can trigger a self-reinforcing cycle of cluster development. In Kingston, the first mover will play a critical role in setting the tone, defining standards, and demonstrating the region's readiness to compete in a global content economy.

Animation Sector Context

The animated film and TV series market is expanding rapidly, supported by a combination of technological innovations (including artificial intelligence) and more platforms acquiring new content at a higher rate than ever before. By way of example, Netflix spent \$17 billion on new content in 2024, while Disney spent more than \$25 billion and both are on track to exceed these levels in 2025. In the Canadian context, mass success in animation is proven. Canadian franchise, Paw Patrol, has generated \$14 billion in combined retail, television, and film sales since 2014. Paw Patrol is owned by Canadian toy company Spin Master and produced by Guru, an Ontario animation studio.

In recent years, physical production in the film and TV industries has been rocked by production shutdowns and strenuous on-set safety protocols during the Covid-19 pandemic, immediately followed by dual-strikes brought on by the American writers and actors unions. While the industry struggled to get back on its feet and return to pre-pandemic physical production levels, one bright spot has been the continued growth and strong success of the animation sector.

The upward trajectory of animated content is largely driven by the global streaming giants, such as Netflix and Disney+. In recent comments at the UBS Global Media & Communications Conference, Ted Sarandos, co-CEO of Netflix, offered some insight into why animated content is such a high priority. On Netflix, 8 out of the top 10 most watched movies ever streamed were animated films. The reason for this is animated content is much more "re-playable", meaning audiences are more likely to re-watch animated content than they are live action. A household's viewership hours are a key driver of success in the streaming industry as it results in reduced

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“churn” – the rate at which subscribers cancel subscriptions. This is reflected in the shift in content balance toward animation.

In 2019, Netflix surpassed Disney for the first time in amount spent on animation. That year, Netflix’s entire content budget was USD \$11.1 billion and animation accounted for more than 10%. Since then, the company’s content budget has ballooned by nearly double and Sarandos has stated that the percentage allotted to animation will continue to grow into 2025 and beyond.

Ontario has been seeing the upside of this rapid expansion in the animation industry. In 2022, animated production investment in the province was \$269 million, an increase of 35% over the previous year. For years, Toronto has been the centre of Ontario’s animation industry, but in recent years there has been a major shift as talent and studios move further away from the Greater Toronto Area due to a spike in the cost of living. Cities such as Hamilton and Halifax have successfully attracted talent communities from the animation industry and saw a boost to their local industries.

While the major global content buyers are rapidly expanding their spend on animation, they are also famously cost-conscious. Ontario’s highly skilled talent pool, combined with globally competitive multi-layered federal, provincial and regional tax incentives accessible to productions in Kingston and outside of the Greater Toronto Area (GTA), further solidify the case for Limestone Animation. By combining regional/provincial and federal production tax credits, along with additional tax credits that apply specifically to animated production, with other Canadian content funds, Limestone Animation will often be able to cover more than 50% of production costs, making the studio an attractive partner for Canadian and international studios, networks and streaming platforms.

Limestone Animation will be strategically located in Kingston benefiting from partnerships with Tourism Kingston (that house the Film & Media Office and Music Office) and municipal government support, lower operational costs, and lower costs of living. Kingston's proximity to major cities including Toronto, Ottawa, and Montreal will provide access to a talent pool of creative professionals looking for an affordable lifestyle tied with a vibrant arts scene. The studio will also seek partnership opportunities for talent development with local educational institutions, including the Animation and Game Design program at Loyalist College and the newly launched animation certificate program at Queens University.

Limestone Animation has also worked to ensure its vision aligns with Kingston’s Integrated Economic Development Strategy, specifically utilizing advances in technology, innovation (AI) and international trade (content distribution), retaining and growing Kingston workforce, helping local business ecosystem grow in sustainable fashion, and encouraging investment into the community to prepare Kingston for the future and building the foundation for an animation and digital media industry geographic “cluster”.

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Indigenization, Inclusion, Diversity, Equity & Accessibility (IIDEA) Considerations

The Limestone Animation Inc. initiative aligns strongly with the City of Kingston's commitments under its Indigenization, Inclusion, Diversity, Equity, and Accessibility (IIDEA) work plan by advancing inclusive workforce development, creative representation, and accessible public engagement. As a new employer in the creative industries sector, Limestone Animation Inc. has committed to creating a work environment and recruitment practices that reduce organizational and systemic barriers for historically excluded groups. This includes intentional efforts to attract, recruit, and retain equity-deserving individuals—including women, Indigenous peoples, racialized persons, persons with disabilities, and members of the 2SLGBTQIA+ community—into a range of roles across creative, technical, and administrative functions.

The initiative also presents an opportunity to promote accessible digital content creation and the inclusion of accessible formats in animation output, aligning with AODA requirements and broader City goals around inclusive communications.

From an organizational culture standpoint, Limestone Animation Inc. has expressed a commitment to fostering a collaborative, respectful, and inclusive studio environment, supported by staff training on anti-oppression, unconscious bias, and inclusive storytelling. The company also intends to engage community organizations, post-secondary institutions, and youth-serving agencies to ensure underrepresented groups are aware of and supported in accessing career opportunities in the animation sector—thus supporting the IIDEA Work Plan priorities of community engagement and inclusive talent pathways.

This initiative has the potential to shift the demographic makeup and cultural accessibility of the creative industries sector in Kingston, while embedding inclusion and accessibility principles into the foundation of a new and visible cultural employer. In doing so, it reflects the City's broader goals of building inclusive economic opportunity and equitable public participation.

Existing Policy/By-Law

The City's Revenue Leasing and Licensing Policy supports the use of an MCFA for property tax exemption where a strategic Council direction is being met.

Notice Provisions

The Clerk shall provide written notice of the passing of the associated by-law to the local school boards having jurisdiction in the area in which the property is located and to the Municipal Property Assessment Corporation as required by Section 110(5) and (8).

Financial Considerations

- Total operating costs of the facility are estimated at \$220,000 for the 4-year term of the lease. This includes repair & maintenance services, utilities, contracted services

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(including winter maintenance), high-speed internet, and building insurance. These operating costs are currently built into the City's operating budget projections.

- The total property tax exemption resulting from the MCFA is approximately \$62,000 for the 4-year term of the lease.

Contacts:

Craig Desjardins, Director, Strategy, Innovation & Partnerships, 613-929-1758

Other City of Kingston Staff Consulted:

Danika Lochhead, Director, Arts and Culture Services

Alan McLeod, Senior Legal Counsel & Deputy City Solicitor, Legal Services

Evan Embacher, Property Specialist, Business, Real Estate & Environment

Jeffrey Walker, Manager, Taxation & Revenue

Exhibits Attached:

Exhibit A – Limestone Animation Inc.

Exhibit B – Draft Municipal Capital Facility By-Law

Overview – Limestone Animation Inc.

Company Profile

Limestone Animation will be a full-service animation studio with development, design, animation, F/X, music composition and international distribution under one banner. The studio will be designed differently as it leverages the latest technologies, including artificial intelligence, and builds its processes to be faster and more efficient than legacy studios. Studio executives are committed to bringing back the in-studio model for workers, believing that creative work can only excel with ongoing in person interactions and group energy.

The mission of Limestone Animation is to be a next generation leader in the Canadian animation industry, with a reputation for captivating original content that entertains, inspires, and puts Kingston on the map as a go-to destination for quality, value-driven content.

The studio will be a leader in R&D, committing a percentage of its time and resources to harvesting innovation in both content onscreen and building on the software and tools of the industry.

Limestone Animation studios will be strategically located in Kingston benefiting from partnerships with Tourism Kingston and municipal government support, lower operational costs and lower costs of living. Kingston's proximity to major cities including Toronto, Ottawa, and Montreal will provide access to a talent pool of creative professionals looking for an affordable lifestyle tied with a vibrant arts scene.

The studio will also seek partnership opportunities for talent development with local educational institutions, including the Animation and Game Design program at Loyalist College and the newly launched animation certificate program at Queens University. A key success driver is the additional regional tax credits available to studios outside of the Greater Toronto Area. By combining regional/provincial and federal production tax credits, along with additional tax credits that apply specifically to animated production, with other Canadian content funds, Limestone Animation will often be able to cover more than 50% of production costs, making the studio an attractive partner for Canadian and international studios, networks and streaming platforms.

Revenue Model

Limestone Animation will primarily generate revenue via three key streams:

- Original IP (Intellectual Property) Production: 100% owned content
 - Limestone Animation creates or acquires IP and sell licenses it to buyers (primarily television networks and streaming platforms) to fund production. Additional revenue is derived from distributing completed

productions to international territories and sub-licensing successful IP to merchandise and consumer product partners, expanding brand presence to categories including games, toys, and other ancillary products.

Service Production

- Limestone Animation is hired to provide animation services to an outside production, this could include executing the entire animation pipeline from start to finish or specific segments of the pipeline, depending on the client's needs. Limestone Animation does not own the underlying IP or benefit from downstream revenue opportunities, but the arrangement provides significant cash flows and creates employment opportunities for artists and studio staff in between in-house productions.

Hybrid

- Limestone Animation creates or acquires original IP and sells the underlying rights to a larger platform or studio (such as Netflix or Disney) who in turn pays Limestone to produce content based on the IP. This is a common arrangement in the television production industry. Generally, both partners share revenue that is then generated downstream.

Leadership Team

Limestone Animation's leadership team includes national and international sector expertise and experience that ensures implementation success including:

Co-Founder & Co-CEO: Sean Connolly - A seasoned executive who has created and/or developed 35+ TV series. He has an outstanding reputation in unscripted content (co-creator of the worldwide hit Netflix series, *Blown Away*). In animation, he recently brought to greenlight *Globe Bros*, based on Heather Greenwood Davis' family story (which was featured in Oprah's Little Book of Happiness), and launched the must-watch series *Riley Rocket* from Emmy Award-winning creator Matthew Gerard (lead song composer on Disney's *High School Musical* and *Hannah Montana*).

Co-Founder & Co-CEO: Donnie MacIntyre - An industry veteran who has been responsible for the distribution of over 5,000 hours of content around the world. His industry experience and connections to the major buyers such as Disney, Paramount, NBCUniversal, Bell Media, BBC, and Netflix led to one of the largest title deals of Canadian-made animated content with *The Cat in the Hat* (voiced by Martin Short). From November 2022 until September 2024, Donnie has served as the Kingston Film Commissioner and is deeply knowledgeable of the local talent and growth opportunities the region has to offer.

Consultant: Pam Westman - One of Canada's leading brand strategists and media executives. As the former President of Nelvana Enterprises (a division of Corus Entertainment), Pam oversaw the brand development, management and monetization of the vast Nelvana Animation Studio portfolio, which includes *Babar, Franklin and Max & Ruby*. Previously, Pam was the Executive Vice President of HIT Entertainment, a global entertainment company responsible for landmark children's content including *Bob the Builder, Barney and Friends* and *Thomas the Tank Engine*.

Technical Advisor: Justin Jackson - With wide-ranging experience in animation, VFX and video game development and a specialty in utilizing evolving AI technologies, Justin is experienced in building pipeline efficiencies that translate to lowering costs of production. He currently works for gaming powerhouse Ubisoft and leads college programmes in Animation & Game Development at Loyalist College.

Support for the Animation Sector

Tax credits and grants funds will include the Canadian Film or Video Production Tax Credit (CPTC) that covers 25% of qualified labour expenditures, the Ontario Film and Television Tax Credit (OFTTC) that covers 35% of labour expenditures and an additional 10% of labour expenditures for being located in Kingston, Ontario, a region outside of the Greater Toronto Area bringing the total credit cover 45% of eligible labour expenses.

Limestone will also access the Ontario Computer Animation and Special Effects Tax Credit (OCASE) that subsidizes 18% of eligible Ontario labour expenditures directly related to computer animation and special effects activities and will apply to the Canadian Media Fund (CMF) which can fund grants up to 25% towards a Canadian Broadcasters' contribution to a project.

Other major media organizations in Canada have dedicated support funds, including the Rogers Fund and Shaw Rocket Fund, providing from \$100,000 to \$1,000,000 per project.

Technology in the Animation Sector

For the past two decades, little had changed in the methods and technology used to create animation. However, we suddenly find ourselves in the midst of technological advancements not seen in a very long time. Artificial intelligence and the closing gap between traditional animation tools and engines used for the development of video games and interactive media are creating new and inventive means for animators to create visually exciting content in more streamlined, cost-effective and expedited ways.

Exhibit A to Report Number 25-197

For example, Unreal Engine, a platform used to create immersive gaming content since the 1990s, has advanced to the point that it is now capable of producing visuals that are comparable to the highest end animated feature films. Traditionally, using legacy software and tools, because of time involved to digitally render and the cumbersome nature of the workflow, all creative decisions needed to be carefully taken into consideration early – before active animations began. The cost of going back and changing things was huge in terms of time and money.

Utilizing new technologies like Unreal Engine, artists can today manipulate a scene in real time just as a filmmaker could on the set of a live action, physical production. The opportunities arising from this creative freedom are immense and countless hours of valuable time can be saved by permitting artists to experiment with multiple options quickly and efficiently.

Likewise, AI presents options to reduce or eliminate some of the more time-consuming elements of the animation process. For example, using traditional methods, animators were left with no choice but to spend an immense amount of time synching characters' mouth movements with a voice actor's recorded audio. AI technology can handle this task almost instantly. As an organization, Limestone Animation will always emphasize creative talent over technology, but the idea is to utilize technology to handle some of the more mundane, monotonous tasks, freeing the artists to spend their time to innovate and experiment.

Larger, established animation studios are not in a position to easily pivot to these emerging technologies. With vast overhead and years of investment in traditional tools and techniques, it would be like turning an ocean liner around. As a start-up that is embracing these technologies from the ground up, Limestone Animation will hold an edge that makes it far more attractive to potential partners due to the efficiency and cost-effectiveness – and room to innovate more for a better final product.

Limestone Animation intends to partner with local educational institutions such as Queen's University, St. Lawrence College and Loyalist College to support the research and development of proprietary tools that take advantage of these recent advancements to solidify the studio as an industry leading, tech-forward production hub. The coordinator of Loyalist's Animation and Game Design program has already agreed to work with the studio as a consultant to identify technologies, tools and platforms currently available that the studio can utilize to create a unique, highly streamlined animation pipeline that will position Limestone as an industry leader.

The studio also intends to collaborate with Queen's University to create research and employment opportunities for Masters and PhD students in the Computer Science (and related) programs to conduct R&D and develop tools specifically applicable to the needs of this rapidly growing production business. The goal is to work with local institutions and talent to develop advanced technologies suited for these unprecedented changes in the animation industry right here in Kingston.

Workforce Development - Animation Sector

The attraction of an animation studio to Kingston presents a transformative opportunity for local and regional workforce development, especially within the creative and digital industries. The establishment of a professional production environment will create a direct and sustained demand for a wide range of skilled talent—from animators, storyboard artists, and visual effects specialists to technical directors, producers, and post-production technicians. This demand will help anchor existing educational offerings in the region, particularly programs at Queen’s University and St. Lawrence College that focus on animation, media, design, game development, and computer science. The presence of a working studio provides students with local pathways into high-value employment through co-operative education placements, internships, and applied learning projects, effectively closing the gap between education and industry.

Moreover, the studio's operations will help retain creative talent in Kingston that might otherwise migrate to larger urban centres. Graduates and mid-career professionals will benefit from meaningful employment opportunities in their field, contributing to both population retention and economic diversification. The studio's commitment to in-person collaboration also reinforces the development of soft skills—such as teamwork, communication, and creative problem solving—that are essential to innovation-driven industries.

Beyond direct employment, the studio will stimulate the growth of ancillary roles and businesses in areas such as sound engineering, digital asset management, script writing, marketing, and project coordination. This ripple effect will contribute to the formation of a creative cluster that supports entrepreneurial activity and small business growth. The visibility and credibility of having a globally connected studio in Kingston will also enhance the city's ability to attract external talent and investment, while encouraging further program development in local institutions to align with industry needs.

Limestone Animation plans to create numerous secure, professional employment opportunities (typical salary range: \$50k - \$225k). The studio will initially be set up to handle 2 – 3 simultaneous productions and is targeted to reach this number of simultaneous productions (combined in-house productions and service work contracts) by the end of its second year in operation. Production capacity will expand as it becomes established in the industry. Job occupations that will be part of the studio include:

- Studio Manager
- Studio Technical Manager/IT Director
- Coordinators/Administrative Assistants
- Business Development Director
- Head of Accounting/Finance
- Content Development Executives
- Producer

Exhibit A to Report Number 25-197

- Production Coordinator
- Director
- Assistant Director
- Designers (7-9 people per production)
- Storyboard Artist
- Animator (approximately 20 people per production)
- Assistant Leica Editor
- Leica Editor
- Picture Editor
- Technical Director
- Sound Editor

By-Law Number 2025-XXX

A By-Law to Authorize an Agreement for the Provision of a Municipal Capital Facility at 623 King Street West, Kingston, Ontario

Passed: [Meeting Date]

Whereas Section 110(1) of the *Municipal Act, 2001* (the “Act”) provides that a municipality may enter into agreements for the provision of municipal capital facilities; and

Whereas Section 110(6) of the Act states that the council of a municipality may exempt from all or part of the taxes levied for municipal and school purposes land or a portion of it on which a municipal capital facility is or will be located that is the subject of an agreement under Section 110(1) of the Act; and

Whereas pursuant to Ontario Regulation 603/06 enacted under the Act, a municipality may enter into an agreement under Section 110(1) of the Act for the provision of municipal facilities related to the provision of cultural, recreational and tourism uses; and

Whereas pursuant to section 6 of Ontario Regulation 603/06, recipients of benefits arising from municipal capital facility agreements related to the provision of cultural, recreational and tourism uses must show that the facilities are related to a municipal purpose and will be available for public use; and

Whereas, in accordance with the above requirements, Limestone Animation Inc., as tenant (the “Tenant”), enter into a lease agreement (the “Lease”) with The Corporation of the City of Kingston, as landlord (the “City”), whereby the City agreed to lease the building municipally known as 623 King Street West, Portsmouth Town Hall, Kingston (the “Premises”) to the Tenant for purposes of a municipal facility for an animation studio; and

Whereas Council is desirous of entering into an agreement with the Tenant for the provision of a municipal capital facility at the Premises;

Therefore be it resolved that the Council of the City hereby enacts as follows:

1. Pursuant to Section 110 of the *Municipal Act, 2001* the City is authorized to enter into an agreement with the Tenant for the provision of a municipal capital facility for a cultural and tourism service at the Premises, in accordance with Section 2(1)(16) of Ontario Regulation 603/06 (the “Agreement”).

2. The Premises are exempt from taxation for municipal and school purposes.

3. This By-Law shall be deemed repealed:

(a) If the City ceases to own the Premises without having assigned the Agreement to the new owner of the Premises;

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(b) If Limestone Animation Inc. ceases to use the Premises for purposes of an animation studio that meets the municipal purpose of economic development and provides public uses in the space;

(c) When the Lease, or any renewal or extension of the Lease, expires or is otherwise terminated for any reason whatsoever; or

(d) If the Agreement is terminated for any reason whatsoever.

4. Sections 1 and 4 of this By-Law shall come into force on the day that this By-Law is enacted. Sections 2 and 3 of this By-Law shall come into force on the day that the Agreement is entered into by the City and the Tenant.

Given First and Second Readings

Given Third Reading and Passed