

Mobilization of Capital Indicators and Case Studies

Indicators of Mobilization of Capital

Based on Statistics Canada building classification codes:

- *Commercial* refers to all buildings used to house activities related to the tertiary sector, such as stores, warehouses, garages, office buildings, theatres, hotels, funeral parlours and beauty salons.
- *Institutional* refers to expenditures made by the community, public and government for buildings and structures like schools, universities, hospitals, clinics, churches, homes for the aged.
- *Industrial* refers to all buildings used for manufacturing and processing; transportation, communication and other utilities, and agriculture, forestry and mining.

Non-Residential Building Permits Issued in Edmonton (constant dollars)

Classification	2019		2020		2021	
	Permits Issued	Value (\$ millions)	Permits Issued	Value (\$ millions)	Permits Issued	Value (\$ millions)
COMMERCIAL	1,358	\$687.6	1,440	\$831.1	1,689	\$775.8
INDUSTRIAL	107	\$155.8	111	\$119.2	139	\$162.2
INSTITUTIONAL	243	\$209.5	261	\$419.8	394	\$258.7
Total	1,708	\$1,052.9	1,812	\$1,370.0	2,222	\$1,196.7

Notes

- Administration obtained the data in the table above from edmonton.ca.
- Building permit values capture the estimated costs of construction when the permit is issued. The final cost of construction may differ.
- Administration converted the 2019 and 2020 values to 2021 dollars using the average of the quarter one, quarter two and quarter three Building Construction Price Index for non-residential buildings to account for construction price increases.
- The fourth quarter Building Construction Price Index was not released at the time of drafting this report.
- Non-residential construction expenditure (both capital and repair) in Alberta has typically accounted for 65 to 70 per cent of total non-residential expenditure in recent years. The share is in relation to total non-residential capital and repair expenditures.

Mobilization of Capital Case Studies

City of Edmonton

There are 275 projects currently on the go in all parts of the city. Major projects include converting Yellowhead Trail to a freeway, building the Valley Line West and Southeast LRT, widening Terwillegar Drive, improving Jasper Avenue and revitalizing many city parks and neighbourhoods. These investments greatly support Edmonton's and the region's economic recovery. The City is investing over \$1 billion in projects that support thousands of jobs and hundreds of businesses in and around Edmonton.

Air Products

In the spring of 2021, world-leading hydrogen producer Air Products approached the City with its intent to build, own, and operate a new net-zero hydrogen complex. The facility is expected to be operational by 2024 and will be built on a large site in Edmonton's Aurum Industrial area, with room for expected future expansion phases. It will provide a cornerstone for transformation to an Edmonton-centred net-zero energy economy fueled by hydrogen. The estimated value of the initial stage of this investment is in the order of \$1.3 billion and will create 2,500 new jobs.

This development will achieve net-zero through the combination of carbon capture achieving 95 per cent removal of CO₂ coming from the complex, with the captured CO₂ permanently sequestered by leveraging the Alberta Carbon Trunk Line, and a power generation facility fueled 100 per cent by hydrogen to produce clean electricity for the entire facility and export to the grid which offsets the remaining 5 per cent of CO₂. The 30 tonnes-per-day hydrogen liquefaction facility is the first of such liquid hydrogen operations around the world to provide clean hydrogen to the growing industrial and mobility hydrogen markets across Western Canada.

Air Products viewed Edmonton as being competitive, both provincially and nationally, when it comes to taxes and streamlined processes for a major city. Contributing factors included having no provincial sales, payroll, or capital tax; Alberta's eight per cent provincial corporate tax, and the City of Edmonton having no machinery and equipment tax or municipal business taxes. City Council also set Edmonton's overall 2021 property tax rate increase at zero per cent.

The City communicated that Edmonton welcomes major ventures aligned with city-building objectives, and understands that the timing of approvals and clarity of the process is critical.

Polykar Inc.

Polykar has committed to developing a 50,000 square foot plastic manufacturing facility in the City, worth \$20 million dollars. This investment lead came through Edmonton Global and was collaboratively supported by the City and Edmonton Global. The company has been successful in Eastern Canada and saw a growing market in the West. The first stage of the company's expansion west was the transport by rail of polyethylene pellets from Alberta to Quebec with the supply of finished products shipped back to Alberta. Expanding Polykar's production west to supply the Alberta market creates a more efficient supply chain. Polykar met with the City to discuss the business case for Edmonton. The company ended up choosing a four-acre site in Remington's Discovery Business Park in Edmonton for the facility.

The City worked directly with Polykar after the announcement to open a dialogue about the next steps for the development. A pre-investment consultation with Edmonton Global and Invest Alberta was facilitated by the City to discuss the Enhanced Services Permitting program to ensure a transparent and smooth permitting and building process. The development permit was approved in a record 41 days. Amir Karim, President and CEO of Polykar stated the reasons for selecting Edmonton were "its dynamism, its openness to the manufacturing sector, and most importantly, its highly qualified, skilled, and diverse labour force".

The construction of this facility is phase one of what will become a \$40 million investment to create an industry-leading centre of excellence for the development and commercialization of flexible and compostable packaging. The new plant will employ a total of 70 employees within the first two years of operation. The development will also incorporate a cutting-edge recycling facility, positioning the company to actively participate in Edmonton's efforts to divert plastic waste from landfills. This will contribute to the province's stated goal of creating a circular plastics economy. Through the Polykar Foundation, a donation of \$50,000 was made to the University of Alberta's Faculty of Extension to fund a new pilot program entitled, "Micro-Credentials: Communication Skills for the Workplace."

Labatt Breweries

Labatt Breweries of Canada is investing \$119 million in Alberta as part of its \$461.5 million national capital program focused on sustainability, with \$69 million going directly into the existing Edmonton brewery. The expansion supports new technology, equipment, product lines, and upgrades to the brewhouse and control room. It will also fund 30,000 square feet of new warehouse space in the new "ready-to-drink" building that supports expanded brewing types and capacity. The facility will now be able to produce Labatt's products that have not been made

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locally before. The investment also contributes to the growth of local and provincial beverage supply chains. Edmonton's Labatt brewery serves an estimated 3,000 retail outlets with products from 144 local Alberta suppliers.

The project will result in an initial 25 new jobs in Edmonton, as the number of people employed at the site will increase from 180 to 205. This project was mobilized with Labatt working closely with Edmonton Global. The City approved development and building permits for this project in less than 40 days.

Future Fields

Future Fields is an Edmonton startup in the lab-grown meat sector. From 2019 to the beginning of 2021 Future Fields secured support and funding from Ag Fund, Rocket Seeder, Startup TNT, iRamp, GreenSTEM, Applied Pharmaceutical Innovation, Y Combinator, and the University of Alberta Health Accelerator to develop an alternative growth media that costs a fraction of the current media being used in the sector. This resulted in a significant opportunity with the new patented technology, as cell growth media makes up 95 per cent of the cost to produce lab-grown meat.

In 2021 the company needed assistance to commercialize the new technology, and open its own location outside the shared accelerator space to begin manufacturing and distribution. Future Fields executed a successful round of seed funding to cover the remaining costs of the expansion, equipment, labour, and an initial supply of input materials to ramp up manufacturing which totaled \$2.2 million. The company has since opened its location in Edmonton, and announced the shipment of its first product - a proprietary version of their growth factor protein - to worldwide cellular meat producers. It is also now the Founding Member of Cellular Agriculture Canada, is an active supporter of other new Edmonton entrepreneurs, and advocates for policies and business practises that promote diversity and inclusion, specifically targeting improved representation of women in STEM.

Entos Pharmaceuticals

Life sciences are a major contributor to the economy in the Edmonton Metropolitan Region which is home to 60 per cent of Alberta's life science companies. This sector generates 7.5 per cent of the region's total gross domestic product.

Entos Pharmaceuticals develops next-generation nucleic acid-based therapies using their proprietary Fusogenix drug delivery system. The technology is applicable to a wide range of therapeutic types.

Announced in January 2022, Entos Pharmaceuticals entered into a research and collaboration agreement with Eli Lilly and Company. Under this agreement Entos

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Pharmaceuticals will receive an initial payment of \$50 million and will be eligible to receive up to \$400 million in potential developmental and commercial milestone payments for each of a number of programs under the agreement, as well as royalties upon the successful development and commercialization of products.

To advance the growth of the company and the region's pharmaceutical sector, Entos Pharmaceuticals announced plans to establish an \$80 million commercial manufacturing facility in Edmonton. The Government of Alberta committed to contribute \$15.5 million of the project cost, contingent on the remainder of the funding coming from the federal government and private investment.

Horizon Media Canada

In November 2021, Horizon Media announced its expansion into Edmonton. The company identifies Edmonton as an opportunity for further investment. Since the news release in November, the company has announced it secured Alberta Blue Cross as a client and will be hiring local talent out of Edmonton in order to support growth in the region.

Venture Capital Investments Recorded for Edmonton Startups

The Start Alberta Deal Flow Platform is Alberta's centralized deal-flow directory for provincial tech companies and innovators to connect to investment, programming, and resources. Investments are stored in the directory, providing users with a customizable dashboard that provides a critical forum for telling Alberta's entrepreneurial success story, and enticing investors to invest in what Alberta has to offer. After setting up the dashboard for investor activity within the City of Edmonton, there were \$41.38 million in total investments recorded across 16 companies in 2021. According to Edmonton Global, 2021 saw a reported \$179 million raised by companies headquartered in the Edmonton Metropolitan Region.

Additional Evidence of Capital Mobilization in the Edmonton Metro Region

- The Maclab Garneau Project is a \$220 million two-tower development adjacent to the University of Alberta, adding 6,600 square feet of commercial retail space, 260 underground parking stalls with provisions for car share and electric vehicle parking, 175 student residences (493 beds), 260 market residential high-rise units, and 12 single-family townhomes.
- Dow Chemical plans to build a net-zero ethylene and derivatives complex at its existing site in Fort Saskatchewan. Dow Chemical selected this site in part for its carbon capture infrastructure, availability of local raw materials, and attractive government partnerships.
- Cielo Waste Solutions is planning to construct a \$150 million renewable diesel plant in Fort Saskatchewan. Access to rail transport, local raw materials, and

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- customers for their waste products played a role in this investment decision.
- The Shell/Silicon Ranch Scotford Solar Farm is a \$100 million investment to build a 58-megawatt solar farm adjacent to Shell's Scotford refinery and chemicals park near Edmonton. This project will support 150 workers for construction.
 - The Imperial Oil Strathcona Renewable Diesel Refinery will produce more than 1 billion litres per year of renewable diesel from locally sourced and grown feedstocks. The project is expected to realize about 3 million tonnes per year in emissions reductions in the Canadian transportation sector and will create 600 jobs during construction.
 - The Edmonton International Airport (EIA) City Solar Project is an estimated \$169 million investment by Alpin Sun to develop a 627 acre, 120-megawatt solar farm. Construction of the project will support up to 120 workers for one year, with a peak of 250 workers.
 - The EIA Critical Infrastructure Enhancement Project (ACIP) is a \$43 million capital infrastructure investment project which includes infrastructure upgrades to meet federal safety standards.
 - EIA Expanding Western Canadian Air Cargo Export Capacity Project is a \$36 million capital investment in infrastructure which will attract more international cargo flights to the EIA. Construction of the project supports 360 direct jobs and more operating jobs will be created when it is complete.
 - Edmonton Screen Industries Office:
 - Provided \$219,308 in grants and support to 65 applicants operating in Edmonton's screen industries.
 - The Gil Cardinal Legacy Award is given annually to emerging Indigenous filmmakers through a combination of \$1,500 cash and in-kind services valued at \$1000. This grant helps build the capacity of Indigenous filmmakers to make a demo for their first professional-quality film, short film, documentary, web, mobile, VR experience or television project.
 - Explore Edmonton, in partnership with the City, secured \$1.48 million in federal grant funds for Downtown Spark. The project supported 750 businesses and maintained 800 jobs.
 - Innovate Edmonton's Accelerate Edmonton division is expected to create 270 new emerging technology firms, 6,000 new jobs, and \$1.5 billion in technology revenue by 2030. Investments made by the City of Edmonton, Alberta Innovates, and Prairies Economic Development Canada made this program possible.