

Procedure **DRAFT**

Financial Loss During Major Construction Projects



This procedure falls under the Financial Loss During Major Construction Projects Policy.

Program Impacted	Economic Development <i>Edmonton has a diverse and prosperous economy that thrives locally and globally.</i>
Approved By	City Manager
Date of Approval	TBD
Approval History	n/a
Next Scheduled Review	March 2025

Application

- This procedure allows for the implementation of a financial assistance program for businesses with an establishment located in an area undergoing major construction carried out by or on behalf of the City where it is determined there may be financial impacts to the business due to the construction.
- Administration may:
 - designate any work area or portion thereof;
 - set the start and end dates for the work period;
 - modify the list of documents required to make application under the program;
 - modify the minimum gross profit loss under the program;
 - modify the maximum amount of financial assistance available to an establishment in a given fiscal year;
 - make a decision to end the financial assistance program.

Eligibility

- A business may file an application under the program for each eligible fiscal year. For the purposes of this program, an eligible fiscal year is a completed fiscal year that ran during the work period and for which an establishment located in a designated area has a gross profit loss of more than 10%, calculated in accordance with guidance provided in the application.
- In order to benefit from the financial assistance program, establishments must:

- Carry out retail sales, rent products, or deliver services directly to consumers through the establishment.
- Be located in one of the eligible areas as determined by Administration.

Ineligibility

- The following businesses are ineligible under the program:
 1. a business whose establishment:
 - a. has moved to an area other than one of those designated by Administration during the work period;
 - b. businesses acquired or established after the start of the work period;
 - c. is installed inside an LRT station or an educational institution, except if the establishment has a direct access to the public roadway;
 - d. does not have a valid occupancy certificate.
 - e. ceased its operations or declared bankruptcy within 90 days of submitting its application.
 2. Massage therapy activities and the following activities cited under the North American Industry Classification System (NAICS, 2022):
 - a. Professional, scientific and technical services (sector 54) other than interior design services (class 54141) and photography services (class 54192)
 - b. Finance and insurance services (sector 52)
 - c. Health care and social assistance (sector 62)
 - d. Real estate (sub-sector 531), other than self-storage mini-warehouses (class 53113).
 3. Online businesses where presence of customers is not required.

Requirements

- To receive assistance, businesses must file an application and provide all documentation required by Administration.
- For the purposes of filing an application, businesses may be required to provide the following, as well as any other documentation identified in the application or by Administration:
 - the current registration statement from Alberta's business registry;
 - where required, a copy of the lease confirming that the applicant is the lessee of part or all of the building located in the designated area;
 - a copy of the valid occupancy certificate;
 - a copy of a valid business license;
 - the financial statements of the establishment for any eligible fiscal year and any comparable fiscal year, if available audited financial statements will be provided;

- the business's income tax returns related to any eligible fiscal year and any comparable fiscal year;
- the notices of assessment for the business received from the Canada Revenue Agency in accordance with the Income Tax Act, for any eligible fiscal year and any comparable fiscal year;
- a solemn declaration(s) as provided for in the application;
- a calculation of the gross profit loss as provided for in the application.
- Only one application may be filed for an establishment per 12-month period.
- An application must be filed no later than 12 months following the end of the work period.

Financial Assistance

- The amount of subsidy is equivalent to the percentage that represents the loss of gross profit calculated as provided for in the application, less 10%.
- Despite the foregoing, the maximum subsidy is \$20,000 per eligible fiscal year per establishment.
- Where the program requirements have been met and it has been determined that the application meets the requirements of the program, Administration approves the subsidy application; otherwise, the application is rejected.
- Prior to approval, in addition to the documents listed in this procedure, Administration may, before approving the application, require any other document in order to confirm that the eligibility conditions under the program are met, or to confirm the calculation of the gross profit loss.

Program Oversight

- Administration may, at any time before or after a subsidy is paid, verify compliance with the eligibility conditions under the program as well as the financial information submitted for the purposes of the program. Where applicable, Administration will inform the business in writing.
- A verification may be carried out within a maximum of twenty-four months following the payment of the subsidy.
- For verification purposes, the business must keep all documents related to the subsidy application for twenty-four months following the payment of the subsidy.
- For a verification, Administration may require any document, including but not limited to, audit reports, general ledgers, sales tax records and filings, any financial report, any sales record, any invoice, or proof of payment.
- All documents required for verification purposes must be submitted within 60 days of the date the request is made. Failure to provide the required documents may result in the applicant being deemed ineligible; if the assistance has already been paid it may be required to be reimbursed.

- For the purposes of verification, Administration or their authorized representative may, for the purposes of the program, visit, examine and take pictures of any immovable or movable property.
- Every person must allow Administration or their authorized representative access to the premises without hindering their work.
- At its sole discretion, Administration may undertake an audit or review of the organization for the sole purpose of validating information provided as part of an application under the program. Where an audit or review is completed the work will be completed at the expense of the program and the report will be the property of Administration. The applicant must not prevent the audit or review work from being completed. Failure to comply may render the applicant ineligible; if the assistance has already been paid it may be required to be reimbursed.
- Any misrepresentation, attempted fraud or actual fraud will result in the cancellation of the assistance under the program. In such a case, the business may not file another application under the program in any future years.
- Where applicable, if any amount paid under the program is required to be reimbursed, reimbursement must be made in cash to the city within 60 days of written notice being issued.

Definitions

- “business”: a legal person established for a private interest, a general, limited or undeclared partnership, or a natural person carrying on a sole proprietorship, who pursues business activities, except for a work period prior to September 21, 2017, where the word business means a legal person established for a private interest or a natural person carrying on a sole proprietorship;
- “commercial activities”: retail sales, product rental or consumer service delivery, excluding massage services and the following activities within the meaning of the North American Industry Classification System (NAICS, 2022):
 - professional, scientific and technical services (sector 54) other than interior design services (level 54141) and photographic services (level 54192);
 - finance and insurance services (sector 52);
 - health care and social assistance (sector 62);
 - real estate services (subsector 531), other than self-storage mini-warehouses (level 53113);
- “designated area”: the work area determined by ordinance of the executive committee;
- “establishment”: any premises in an immovable located in a sector determined by ordinance of the executive committee where a business is engaged in commercial activities;
- “fiscal year”: the 12-month period during which the business is engaged in commercial activities and for which a tax return has been filed or financial statements have been prepared;
- “gross profit”: excess of an establishment’s revenues over all of its variable costs;
- “gross profit loss”: the difference between the gross profit recorded in an eligible fiscal year and the gross profit for the year preceding the work period, calculated in accordance with schedule 1 to this by-law;

- “revenues”: total gross revenues that an establishment generates for a business;
- “variable costs”: costs with a variation that is directly proportional to the revenues or level of commercial activity of an establishment, namely the cost of merchandise retailed, or the costs directly attributed to services rendered;
- “work”: major work carried out in an area designated by Administration where:
 - construction or repair work or any other major public infrastructure project that causes impediments to automobile traffic such that access to the businesses is disrupted as determined by Administration.
 - construction or repair work or any other major public infrastructure project that lasts a minimum planned or actual duration of 36 months,
 - construction or repair work or any other major public infrastructure project is carried out by the city or a related entity.