

City of Montreal

Financial Assistance Program for Establishments in an Area undergoing Major Work

Program Overview

- The City of Montreal, in January 2019, launched a financial assistance program aimed at reducing the impact of work sites for establishments located in areas affected by major construction.
- Financial assistance can reach a maximum of \$40,000 per financial year and is calculated based on a gross benefit loss calculation.
- The gross benefit loss of greater than 5% is funded up to the maximum allowed under the program.
- Two key program changes were implemented for 2021:
 - The maximum financial assistance was previously \$30,000 but was updated to \$40,000 in 2021.
 - The gross benefit loss previously allowed for losses exceeding 15% to be compensated, but that threshold was lowered to 5% in 2021.

Financial Structure

- The total value of financial assistance that may be awarded for the life of the program is \$26.2 million, as set out in the city bylaw.
- The financial assistance program under the Bylaw ends on whichever of the following dates occurs first:
 1. the date determined by ordinance of the executive committee;
 2. the date on which the subsidies awarded under the program reach the total value of assistance; \$26.2 million (or such further amount if amended);
 3. when the funds earmarked for the program are exhausted.

Amount of the Subsidy Awarded

- The amount of subsidy is equivalent to the percentage that represents the loss of gross benefit calculated in accordance with the calculation grids included in the bylaw, less 5 per cent. Despite the foregoing calculation, the maximum subsidy is \$40,000 per eligible fiscal year per establishment.
- For each establishment, the gross benefit loss is calculated by comparing the gross benefit recorded during an eligible fiscal year with the gross benefits recorded during one or more fiscal years preceding the beginning of the construction work, according to the following criteria:

Attachment 3

- For establishments located in the designated area at least two years prior to construction, the comparison is with the average gross profits of the last two fiscal years preceding the construction.
- For establishments located in the designated area one year prior to construction, the comparison is with the gross profit of the last fiscal year preceding the construction.
- For establishments located in the designated area for less than one year, the comparison is with the gross profits of the months preceding the construction extrapolated over 12 months.

“Eligible fiscal year” is defined as a full fiscal year during which major infrastructure construction was undertaken and an establishment located in a designated area experienced a gross profit loss of 5 per cent or more.

Eligible Businesses

The program is for businesses with an establishment in areas affected by major construction work, not building owners. An “establishment” is defined as a unit in a building determined by ordinance where a business conducts its commercial activities.

To be eligible for financial assistance under this program, businesses must operate in retail sales, product rental or consumer service delivery industries.

The following business activities are excluded:

1. Massage services;
2. Professional, scientific and technical services other than interior design services and photography;
3. Finance and insurance services;
4. Health care and social assistance services;
5. Real estate services, other than self-storage mini-warehouse services.

The program uses the North American Industry Classification System (NAICS) industry sectors and codes to better define the business activities either included or excluded.

Further, the following businesses are ineligible under the program:

- A business whose establishment:
 - ceases its operations or declares bankruptcy within 40 days following the filing of the application;

Attachment 3

- has moved to an area other than one of the areas designated by the executive committee during the work period;
 - is acquired or installed after the beginning of the work period;
 - is installed inside a metro station or an educational institution, except if the establishment has a direct access to the public roadway;
 - does not have a valid occupancy certificate;
- a business listed in the Register of Enterprises Ineligible for Public Contracts (REIN) in accordance with the Act respecting contracting by public bodies (CQLR, chapter C-65.1).

Eligible Areas

Worksites Covered by the Program

Two types of worksites are covered under the financial assistance program:

- 1) Major underground infrastructure construction sites run by the City, including the reconstruction of water or aqueduct conduits for a projected or actual duration of at least 6 months.
- 2) Public infrastructure construction sites run by the City or by the Société de transport de Montréal (STM), that cause vehicular traffic hindrances for a projected or actual duration of at least 36 months.

The Program applies retroactively to City-run construction sites as of January 1st, 2016, and to STM-run sites as of September 21, 2017.

List of Eligible Areas

Eligible areas and dates for the application of the program are designated by Montréal's executive committee. These areas are mapped out and posted publicly as shown in Attachment 1.

Application Process

A business with several establishments must file a separate application for each one.

Only one application may be filed for an establishment for every 12-month period.

No subsidy is paid if the business ceases its commercial activities, goes bankrupt or sells its establishment during the analysis of its application.

Attachment 3

For the purposes of a subsidy application, businesses must submit an application form, along with the following documents:

1. the current Information Statement in Québec's Enterprise Register,
2. a document establishing the mandate of any person acting on the applicant's behalf;
3. where required, a copy of the Lease confirming that the business leases part or all of a building located in one of the designated areas;
4. a copy of the valid Occupancy Certificate;
5. the applicable Calculation Grid filled out in accordance with schedule 1:
 - A - for establishments having completed at least two fiscal years in the designated area;
 - B - for establishments having completed only one fiscal year in the designated area; or
 - C - for establishments having completed less than one fiscal year in the designated area;
6. the financial statements of the establishment for any eligible fiscal year and any comparable fiscal year to be considered in accordance with the provisions in schedule 1, if available;
7. the business's income tax returns related to any eligible fiscal year and any comparable fiscal year to be considered in accordance with the provisions in schedule 1;
8. if available, the notices of assessment for the business received in accordance with the Income Tax Act, R.S.C., 1985, c. 1 (5th Supp.) and the Taxation Act (CQLR, chapter I-3) for any eligible fiscal year and any comparable fiscal year to be considered in accordance with the provisions in schedule 1;
9. the solemn declaration in schedule 2 to this by-law, filled out and signed before a duly authorized person.