



Development Securities

Planning and Development Services Policy M9

Policy:	M9 – Development Securities
Policy Department(s):	Planning and Development Services
Adoption Date:	March 9, 2020
Adoption Reference:	CM20200309.025
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Policy Purpose

To establish a framework for the acceptance of securities to ensure obligations of developers, builders, or landowners under various planning and development related approval processes are met.

Policy Statement

The County of Grande Prairie regulates and administers various initiatives within the municipality in accordance with applicable standards, codes, and legislation. To ensure compliance with these requirements the County may require that deposits or securities be submitted in connection with the related approval processes including but not limited to:

- Pre-servicing, servicing, subdivision, or condominium development agreements
- Site plan, development permit, rezoning or land related applications
- The issuance of building permit or a conditional building permit
- Improvements to existing sites, where site plan, development permit or building permit is not required but the County deems it appropriate to enter into an agreement.

Definitions

“Irrevocable Letter of Credit” – means a Letter of Credit which is not subject to change or cancellation by the financial institution without prior consent from all parties involved.

“Letter of Credit” – means a guarantee by a bank or financial institution to pay a beneficiary an agreed upon amount on behalf of the bank’s customer based on an agreement between the beneficiary and the bank’s customer.

“Performance Bonds / Letters of Guarantee” – means an agreement between two parties guaranteeing work will be done to a contracted standard if work is not completed or substandard the beneficiary can request release of the funds to complete the work.

“Security Deposit(s)” – means an asset(s) held by the County as proof of commitment of a developer/landowner to fulfill the obligations outlined in a Performance Bond or Letter of



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Guarantee. Security deposits are released back to the developer/landowner upon fulfillment of the obligations.

“Surety Bond” – a contract between a principal (developer/landowner), obligee (County), and a surety (insurance, trust, or other bond issuing agency), in which the surety provides a financial guarantee that the principal will fulfill their obligations to the obligee.

Policy Guidelines

1. The County enters into Development Agreements with developers/landowners as a form of Performance Bond/Letter of Guarantee through various application processes involving the development, construction, or connection to infrastructure.
2. The security deposit(s) required by the Development Agreement shall be issued by a financial institution in the form of an Irrevocable Letter of Credit, cash, or such other security satisfactory to the Chief Administrative Officer and Director of Planning and Development. Where another form of security is requested for consideration the following criteria shall be used in deciding to accept the security:
 - 2.1. Value of security and un-secured equity available with the asset.
 - 2.2. Cash liquidity of the asset / security
 - 2.3. County's previous experience with the Developer / Landowner on projects of similar nature
 - 2.4. Other such items and circumstances deemed relevant by the Chief Administrative Officer and Director of Planning and Development in consultation with other County Departments.
3. For the purposes of this policy and notwithstanding the above, Surety Bonds are not considered acceptable forms of security.
4. Where development related security is required to ensure performance, the amount will be determined by the applicable County Department responsible for the required works in accordance with the relevant bylaw, policies, practices and standards (i.e.: Road Construction – Public Works Department, Playground Structure Construction – Parks and Recreation Department). The minimum initial security amounts required for each type of work to be completed shall be as outlined in the attached Schedule “A”.

Attachments

Schedule ‘A’ – Minimum Initial Security Amounts Required

References

Legal Authorities	Municipal Government Act, RSA 2000, c M-26
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Related Plans, Bylaws, Policies, Etc.	B1 - Policy Development County of Grande Prairie Land Use Bylaw County of Grande Prairie Minimum Design Standards County of Grande Prairie Design Guidelines County of Grande Prairie Inter-Municipal Development Plans County of Grande Prairie Municipal Development Plan County of Grande Prairie Area Structure Plans
Other	N/A

Revision History

Review Date	Description
March 7, 2022	Reviewed and Amended CM20220307.018
March 9, 2020	Adoption Date CM20200309.025



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Schedule A – Minimum Initial Security Amounts Required

Item	Minimum Initial % of Full Cost
Roads	50%
Water Distribution	50%
Sanitary Sewer Distribution	50%
Storm Sewer/Storm Water Management Facilities	50%
Service Connections	50%
Landscaping	50%
Second Stage ACP	100%
Park/Playground Equipment	50%

The initial security deposit required on an agreement may be increased up to 100% of the estimated full cost of the item under the following circumstances:

- The County has engineering concerns with the proposed plans.
- Construction commenced prior to written approval of the plans by the County.
- County's previous experience with the Developer / Landowner on projects of similar nature. For example, the developer/landowner is not in good standing or previously defaulted on an agreement.
- Any other circumstances deemed relevant by the Chief Administrative Officer and Director of Planning and Development.