

	ADMINISTRATIVE POLICY	Policy No: AP-1054-21
		Approved By: City Manager
		Effective Date: February 11, 2022
		Division: Planning & Infrastructure - Engineering

DEVELOPMENT SECURITY

POLICY STATEMENT

The City may exercise its authority to require Development Security for agreements where it is a project owner or requires specific performance from other parties. A well-defined Development Security policy will ensure adherence to the City's Municipal Development Standards in a consistent manner and provide a consistent approach to establishing Security amounts. All Development Security received by the City shall be administered in accordance with this policy and its standards.

1. PURPOSE

- 1.1 To provide direction to Administration on the implementation and management of Development Security requirements and administration; and
- 1.2 To establish when Security is required, acceptable forms of Security, and when Security may be reduced, released or drawn upon.

2. DEFINITIONS

- 2.1 "City" means the municipal corporation of the City of Spruce Grove in the Province of Alberta.
- 2.2 "Construction Completion Certificate" means an assurance in writing issued by the developer's engineer, and approved by the City, that construction of the Municipal Improvements have been completed in accordance with the Development Agreement.
- 2.3 "Development Agreement" means an agreement between a developer or property owner, and the City that defines the terms and conditions under which a development must be carried out.
- 2.4 "Development Bond" means an irrevocable Security issued by a surety company licensed to transact the business of suretyship in the Province of Alberta and Canada.

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- 2.5 “Development Permit” means the document authorizing a development that is issued by a development officer, under the City’s Land Use Bylaw.
- 2.6 “Final Acceptance Certificate” means an assurance in writing issued by the developer’s engineer, and approved by the City, that the improvement and maintenance has been completed as herein required.
- 2.7 “Letter of Credit” means an irrevocable Security issued by a chartered bank, credit union or treasury branch.
- 2.8 “Municipal Development Standards” means the standards and specifications set out for the design, construction and installation of Municipal Improvements, including any alterations or amendments to such standards and specifications which may be agreed upon in writing by the City and the Developer, and shall include any additional conditions imposed by the City.
- 2.9 “Municipal Improvement” means and includes:
- (a) water mains including all fittings, valves, pressure reducing valves, hydrants and other related appurtenances;
 - (b) water connections from water mains to the property of each lot in accordance with municipal specifications;
 - (c) sanitary sewer mains including all manholes and other related appurtenances;
 - (d) sanitary sewer connections from the sanitary mains to the property of each lot in accordance with municipal specifications;
 - (e) storm sewer system including pipe, catch basins, culverts, manholes, ditches, swales and other related appurtenances;
 - (f) storm water management facilities;
 - (g) concrete sidewalks and asphalt trails;
 - (h) concrete curbs and gutters;

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- (i) roads with gravel base and asphalt surface;
- (j) lanes with gravel base and asphalt surface;
- (k) street lighting with underground wiring;
- (l) underground power distribution;
- (m) underground telephone distribution;
- (n) underground cable television distribution;
- (o) natural gas distribution mains;
- (p) landscaping, including uniform fencing and subdivision identification signs;
- (q) traffic signs and street name signs;
- (r) Third Order Alberta Survey Control Monuments complete with survey ties;
- (s) mail boxes including concrete pad and entails coordination of site locations with Canada Post; and
- (t) transit stops.

2.10 “Security” means an irrevocable Letter of Credit, irrevocable Development Bond or cash deposit.

3. RESPONSIBILITIES

3.1 The City Manager and General Manager of Planning and Infrastructure, or designate, must ensure the implementation of this policy and any related administrative procedures.

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4. SECURITY STANDARDS AND EXPECTATIONS

4.1 Security is required when:

- (a) A developer enters into a Development Agreement with the City;
- (b) A Development Permit is issued for a major development project that include or impact municipal infrastructure;
- (c) A developer enters into any other agreement with the City that requires security.

4.2 The types of Security that may be accepted include:

- (a) An irrevocable Letter of Credit issued by a chartered bank, credit union, or treasury branch and shall contain the following terms and conditions:
 - (i) A statement that the said irrevocable Letter of Credit is issued in favour of the City;
 - (ii) An acknowledgement by the issuing financial institution that the City shall be entitled to draw on the said irrevocable Letter of Credit in accordance with the provisions of the Development Agreement, and an undertaking by the issuing financial institution to promptly honour and pay draws made by the City;
 - (iii) An automatic renewal/extension clause, and there must be a clause that the financial institution must notify the City in writing by registered mail of any expiration and/or termination of the Letter of Credit at least 30 days in advance.
- (b) An irrevocable Development Bond issued by a qualified surety company, with a rating of A+ or better, authorized to transact the business of suretyship in Alberta, and shall contain the following terms and conditions:
 - (i) The surety company will make payments to the City for the amounts as stated in the statement of claim, up to the bond amount, within seven (7) business days after the surety's receipt of such demand

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from the City. The statement of claim, as set out in the Development Agreement, shall be accepted by the surety company as conclusive evidence that amount is payable and all payments shall be made free and clear without deduction, set-off, or withholding;

(ii) An automatic renewal/extension clause, and the surety company must notify the City in writing by registered mail of any intent to terminate the bond at least 60 days in advance. The developer must deliver to the City, not less than 30 days prior to termination of the Development Bond, replacement Security in the amount of the Development Bond in a form acceptable to the City. If the replacement Security is not provided by the developer, or it is not accepted by the City, the Development Bond may be drawn on or will need to remain in effect.

(c) A cash deposit in the form of a certified cheque or bank draft; no payment of interest will be made on a cash deposit;

4.3 Security may be reduced by the following amounts when:

(a) Construction is completed for a Development Permit

- (i) The Security may be reduced by 100% of the full value for Engineering items when completed under a Development Permit; and
- (ii) The Security may be reduced by 50% for the full value of the Landscaping items completed under a Development Permit.

(b) All Construction Completion Certificates have been issued for the work completed as defined in the Development Agreement.

- (i) The Security may be reduced to 10% of the estimated costs of the Municipal Improvements plus 115% of the estimated costs of any remaining deficiencies and outstanding work.
- (ii) Once the deficiencies and outstanding work have been rectified the security can be further reduced to the 10% of the estimated costs of the Municipal Improvements.

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- 4.4 Subject to the terms of the Development Agreement, Securities may be fully released when:
- (a) Construction is complete;
 - (b) All landscaping has passed applicable warranty period;
 - (c) All engineering and landscaping as-built and record drawing packages have been submitted and accepted by the City;
 - (d) There are no further deficiencies and Final Acceptance Certificates have been issued and approved by the City.
- 4.5 Security may be forfeit, and a Letter of Credit or Development Bond may be drawn upon, under the following circumstances:
- (a) A non-performance or failure to complete work to City standards;
 - (b) A failure to comply with an order to repair deficiencies;
 - (c) Where restoration of the site to its pre-development condition is required and there is failure to do so in a timely manner;
 - (d) Any other default.

RELATED DOCUMENTS

Policy 2,021 - Municipal Development Standards
Development Agreement

APPROVAL

City Manager: Original Signed by Dean Screpnek

Date: February 10, 2022