



Report to Council

Department: Corporate Services
Division: Finance and Business Services
Date: April 7, 2025
Prepared by: Kate Giurissevich, CPA/CA, Director, Corporate Services/Treasurer
Report Number: Finance and Business Services-2025-03
Subject: Acceptance of Surety Bonds Policy
Number of Pages: 10

Recommendation(s)

That Finance and Business Services Report 2025-03 entitled Acceptance of Surety Bonds prepared by Kate Giurissevich, CPA, CA, Director, Corporate Services/ Treasurer dated April 7th, 2025 be received, and

That Council approve the attached Acceptance of Surety Bonds Policy.

Purpose

Council approval is required for Policies regarding the acceptance and form of securities on developments.

Background and Discussion

Currently, the Town of Essex prescribes for the issuance of securities on certain Developments within the Municipality, as referenced in the Town's Development Standards Manual, adopted in February 2022. The Town currently only allows for cash or Letter of Credit for the security type to be remitted, as it is the lowest risk and most timely guarantee of cash in the case of

default on any commitments as outlined in a Development Agreement or Subdivision Agreement.

In recent years, many Developers have inquired about remitting Surety Bonds instead of cash or Letter of Credit. This is because surety bonds do not place an encumbrance on the Developers funds, which in turn allows them more cash-flow to continue developing.

At the time, Administration consulted neighbouring municipalities and sought legal advice, all of which led to a status quo approach for the type of securities permitted.

However, the landscape for security types continued to evolve through legislation, and in November 2024, *Ontario Regulation 461/24* made pursuant to Section 70.3.1 of the *Planning Act* came into force, which provides that landowners and applicants for approvals in respect of land use planning matters may stipulate that a surety bond will be used to secure their approval-related obligations.

Furthermore, in December 2024, a decision summary was made by the Ministry of Municipal Affairs and Housing as below:

Decision summary

The government brought into force a regulation under the Planning Act that authorizes landowners to stipulate that pay-on-demand surety bonds are to be used to secure municipal obligations that are conditions of land-use planning approvals. A wider acceptance of pay-on-demand surety bonds may help homebuilders to free up funds for housing projects

Within the new legislation, was the introduction of minimum bond requirements which further mitigates the Municipalities risk in accepting these forms of security.

Given this, as well as the appetite in the Development Community, Administration is recommending the adoption of a policy, attached to this report, to assist in the fair administration and risk mitigation of such a security. Following Council's adoption of the policy

and as a part of a larger review, Administration will also make the appropriate amendments to the Town's Development Standards Manual.

Financial Impact

There is no financial impact associated with this report. Given the parameters within the policy, it is believed that the use of a surety bond by a developer will have the ability to sufficiently fund any deficiencies throughout the development process if required.

Consultations

Director, Legislative Services/Clerk, Joseph Malandrucolo

Director, Development Services, Lori Chadwick

Director, Infrastructure Services, Kevin Girard

Chief Administrative Officer, Doug Sweet

Link to Strategic Priorities

- Embrace asset management best practices to build, maintain, and continuously improve our municipally owned infrastructure.
- Leverage our Town's competitive advantages to promote jobs and economic investment.
- Take care of our natural environment and strengthen the sense of belonging to everyone who makes Essex "home".
- Deliver friendly customer service in an efficient, effective, and transparent manner while providing an exceptional working environment for our employees.
- Build corporate-level and community-level climate resilience through community engagement and partnership and corporate objectives.

Report Approval Details

Document Title:	Acceptance of Surety Bonds - Finance and Business Services-2025-03.docx
Attachments:	- Appendix A.pdf - Surety Bond Acceptance Policy.docx
Final Approval Date:	Mar 24, 2025

This report and all of its attachments were approved and signed as outlined below:



Doug Sweet, Chief Administrative Officer - Mar 24, 2025 - 4:03 PM