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Security Policy

Purpose

To provide a transparent, consistent, and accountable framework for the acceptance, administration, management, and release of security. Security is held to ensure that the municipality has sufficient money available to complete any outstanding work in the event that the applicant does not or cannot complete the works required of them under their respective agreement(s).

Scope

This policy applies to all agreements and arrangements in which the Municipality of Middlesex Centre requires the provision of security to ensure the fulfillment of financial obligations, performance requirements, and municipal approvals. This includes, but is not limited to:

- Development agreements and related projects
- Construction works
- Utility Franchise Agreements
- Road occupancy, road entrance and overweight load/weight permits and approvals
- Municipal facility use, construction, or improvement requirements
- Any other municipal applications or processes where the provision of security is deemed necessary by the Municipality

This policy governs all forms of security accepted by the Municipality, including cash deposits, letters of credit, holdbacks, and surety bonds.

The policy applies to all parties involved in such agreements or activities, including municipal staff, applicants, developers, contractors, and property owners.

Definitions

Agreement: Any agreement, permit, approval, or authorization that requires a party to complete works, satisfy conditions, or fulfill obligations to the Municipality.

Assumption of Works: The process by which the municipality assumes ownership of applicable lands and infrastructure.

Authorization to Commence Work: Letter issued by the municipal engineer confirming the Developer can proceed with construction.

Cash: Cash, debit, or cheque.

Certified Cheque: A cheque certified by a financial institution confirming that sufficient funds have been reserved for payment.

Developer: Any individual, corporation, partnership, landowner, applicant, or authorized agent responsible for undertaking or proposing development, site alteration, construction, servicing, or other works requiring municipal approval.

Development Agreement: An agreement associated with any form of development which is not listed under Subdivision Agreement, including but not limited to site plans and applicable consent applications.

Holdback: Funds retained as security to ensure the completion of works, correction of deficiencies, compliance with applicable agreements or legislation, and fulfillment of all obligations to the satisfaction of the Municipality.

Interim Certificate of Provisional Acceptance: A certificate issued by the municipal engineer certifying that the servicing works have been fully completed and reconstructed road works up to granular B.

Letter of Credit: An irrevocable standby letter of credit issued by a Canadian financial institution acceptable to the Municipality, in a form satisfactory to the Municipality, including an automatic renewal clause, and subject to any minimum credit rating requirements established by the Treasurer.

Municipality: The Municipality of Middlesex Centre

Site Alteration Agreement: An agreement between the Municipality and a property owner or applicant governing site grading, filling, excavation, erosion control, and site restoration works.

Subdivision Agreement: An agreement between the Municipality and a Developer governing the construction and completion of works associated with a plan of subdivision.

Surety Bonds: A pay-on-demand surety bond issued by a surety company licensed in Ontario, meeting any minimum financial strength or credit rating requirements established by the Municipality, and compliant with the Planning Act, Ontario Regulation 461/24, and any form requirements satisfactory to the Municipality.

Warranty Period: A period of at least one year commencing on the issuance date of the Certificate of Provisional Acceptance by the municipal engineer and continuing until the Municipality finally accepted the works.

Roles & Responsibilities

1) Staff involved with security:

- a) Responsible for implementing and adhering to the requirements set out in this policy.
- b) Calculation of the security required and coordinating with the applicant.
- c) Collecting security and recording it into the financial system.
- d) Increasing, reducing, and releasing security as required.
- e) Tracking security held.
- f) Managing agreements and reporting any defaults in the agreement.

2) Manager/Department Designate:

- a) Monitoring compliance with agreements, permits, approvals and obligations.
- b) Recommending reductions, releases, or draws on security.
- c) Preparing and maintaining documentation supporting any draw on security.
- d) Ensuring authorization is obtained prior to drawing on security.

3) Director of Public Works & Engineering or their designate:

- a) Approval of the security release, in whole or in part.
- b) Approval of security draws related to agreements, permits, approvals, and municipal works.
- c) Oversight of departmental administration of this policy.

4) Director of Finance or their designate:

- a) Maintaining authority and responsibility for this policy.
- b) Maintaining accurate records of securities.
- c) Safeguarding security.
- d) Processing approved security releases, refunds, reductions, and transfers of unclaimed securities to revenue when authorized by the Municipality.
- e) Executing draws on Letters of Credit and Surety Bonds when authorized by the Municipality.

Procedure

Forms of Security

Acceptable forms of security include Cash, Certified Cheque, holdback, an irrevocable Letter of Credit, and a Surety Bond, as defined in this Policy.

No interest shall be paid on any security held by the Municipality. Cash and Certified Cheque securities shall be deposited into the Municipality's bank account upon receipt. Letters of Credit and Surety Bonds shall be stored in a fireproof safe.

All securities required under the terms of an agreement or permit must be received and accepted by the Municipality prior to the commencement of any work or activity or, where applicable, prior to the issuance of an Authorization to Commence Work.

The provision, acceptance, reduction, or release of security does not limit or prejudice the Municipality's ability to exercise any rights or remedies available under legislation, agreement, or otherwise at law, nor does it limit the proponent's liability for costs or obligations exceeding the value of the security provided.

Security Requirements

Development

The Municipality requires that security be provided for all development projects. The security required for each type of development agreement is as follows:

- Subdivision Agreements – Security shall be provided in an amount equal to 100% of the estimated cost of all on-site and off-site works and services, inclusive of a 10% contingency, 5% engineering, and applicable taxes.
- Development Agreements – Security shall be provided in an amount equal to 50% of the estimated cost of all on-site works and services, and 100% of the estimated cost of all off-site works and services, inclusive of a 10% contingency, 5% engineering, and applicable taxes.
- Site Alteration Agreements – Security shall be provided for erosion and sediment control measures in the amount of \$40,000 for sites less than 5.0 ha and \$60,000 for sites greater than or equal to 5.0 ha, or such other amount as may be established by the Municipality's Fees and Charges By-law, as amended from time to time.
- Temporary Use Agreements – Security amounts as specified in the Fees and Charges By-law, or as otherwise applicable.

Security must be provided for each individual phase of development whether it is a subdivision application or other development application. Authorization to Commence Work will not be issued until the required securities are received.

Estimated costs must be certified by the Developer's consulting engineer including allowances for contingency (10%), engineering (5%), and applicable taxes for works and services. See Appendix A for security calculation forms.

All submitted cost estimates are subject to review and verification by the Municipality. The Municipality may require revisions, additional breakdowns, third-party quantity reviews, or updated estimates where, in its opinion, the submitted estimate does not reasonably reflect the cost of completing, maintaining, repairing, or remedying the works.

The Municipality's acceptance of any estimate does not relieve the proponent of responsibility for actual costs incurred.

The Municipality may, at any time and from time to time, require the Developer to provide additional security in such amount and form as the Municipality may deem necessary to secure the faithful performance of the Developer's obligations under their agreement, including but not limited to circumstances where:

- The estimated cost of the works, or any part thereof, increases due to changes in design, specifications, or market conditions;
- Additional works are required by the Municipality or any regulatory authority;

- The municipal engineer determines that the security previously provided is insufficient to cover the cost of completion, maintenance, and repair of the works, including the Warranty Period; and/or
- The Developer requests an extension of time for completion of the works.

Any additional security required under this paragraph shall be delivered within ten (10) days of a written request. The Developer shall provide additional or replacement security in a form and amount satisfactory to the Municipality. Failure to provide such security within the time specified shall constitute a default under the applicable agreement.

Reduction and Release of Development Security

So long as the Developer is not in default under the agreement, the amount of the security may be reduced from time to time to an amount which, in the opinion of the municipal engineer, is adequate to secure the faithful performance of the remaining obligations of the Developer, provided that no reduction in the security shall be made until the following has first been filed with the municipal engineer:

Either:

- An Interim Certificate of Provisional Acceptance issued by the Developer's engineer confirming the portion of the works that have been installed, constructed, and completed to the date of the certificate, including the value of the completed works; and
- An estimate prepared by the Developer's engineer of the cost required to complete the remaining works, including the Warranty Period, and to satisfy all remaining obligations under the Agreement;

or

- Such other documentation, certification, or security reduction process as may be expressly permitted under the applicable Agreement.

Where any portion of the security is drawn upon by the Municipality, the proponent shall, upon written request, provide replacement security in an amount sufficient to restore the required security to the level determined by the Municipality. Failure to provide replacement security shall constitute a default.

Security shall not be reduced to less than ten percent (10%) of the value of the site development works, or seventy-five thousand dollars (\$75,000), or otherwise as specified in the agreement, until the Municipality has finally accepted the works by their agreement.

Upon fulfillment of financial and/or performance obligations, the expiration of any warranty periods and the Assumption of Works, the Municipality will return the remaining balance of the security. All permits associated with the property must be completed and closed.

Roads and Municipal Right-of-Way Security Requirements

The Municipality may require security for any work, activity, permit, approval, authorization, agreement, or process occurring within or affecting the municipal right-of-way, including boulevards, sidewalks, roadways, and related municipal infrastructure. Security shall be provided to protect municipal assets and ensure the satisfactory restoration of any disturbed municipal property.

Security requirements include, but are not limited to:

- Road Occupancy Permit – Security shall be provided in a minimum amount established by the Municipality's Fees and Charges By-law, as amended from time to time.
- Road Entrance Permit – Security shall be provided in a minimum amount established by the Municipality's Fees and Charges By-law, as amended from time to time.
- Moving Permit – Security shall be provided in a minimum amount established by the Municipality's Fees and Charges By-law, as amended from time to time.

Minimum security amounts shall be established by Council through the Municipality's Fees and Charges By-law, as amended from time to time and may vary based on the nature, scope, duration, and potential risk associated with the proposed activity.

Release of Roads and Right-of-Way Security

Where the permit holder is not in default of any permit conditions, approval requirements, or municipal obligations, security may be released in accordance with the following:

- Road Occupancy Permit and Road Entrance Permit securities shall be retained for a minimum period of sixty (60) days following notification by the permit holder that the work has been completed. Prior to release, the Municipality shall inspect the works and confirm that all disturbed municipal lands and infrastructure have been restored to the Municipality's satisfaction.
- Moving Permit securities may be released no earlier than seven (7) days following completion of the move, provided that no damage to municipal property has occurred.

Use of Security

The Municipality may retain all or a portion of the security to recover costs associated with:

- Damage to municipal roads, boulevards, sidewalks, utilities, or other municipal infrastructure;
- Restoration of disturbed municipal lands;
- Cleanup, maintenance, or repair work required as a result of the permitted activity; and
- Any failure to comply with permit conditions, approval requirements, or municipal standards.

Where the Municipality incurs costs exceeding the value of the security, the permit holder shall remain responsible for all additional costs incurred by the Municipality.

Community Services Securities and Deposits

The Municipality may require the provision of security deposits to protect municipal facilities, parks, open spaces, lands, buildings, structures, equipment, and other municipal assets from damage, excessive cleaning costs, restoration costs, or other liabilities arising from their use by an applicant, permit holder, renter, or event organizer.

Circumstances Requiring a Deposit

A security deposit may be required for:

- The rental or use of any municipal facility, hall, pavilion, arena, community centre, park, sports field, or other municipally owned recreational facility.
- Events involving the service, sale, or consumption of alcohol.
- Events involving large attendance, amplified sound, vendors, temporary structures, or activities deemed by the Municipality to pose an elevated risk of damage or additional maintenance requirements.
- Access to private property through municipal parks, open spaces, trails, walkways, or other municipal lands where vehicles, equipment, materials, or construction activities may result in damage to municipal assets.

- Any other circumstance where the Municipality determines that municipal assets may be at risk of damage, restoration costs, extraordinary maintenance, or cleanup costs.

Deposit Amount

Security deposit amounts vary depending on:

- The type of facility or municipal property being used;
- The nature and duration of the activity;
- The anticipated risk of damage;
- Whether alcohol is being served;
- The type of equipment accessing municipal property; and
- Any other factor deemed relevant by the Municipality.

Inspection and Release

The Municipality may inspect the subject facility, park, municipal land, or municipal asset before and after the permitted use or activity.

Where the Municipality determines that:

- No damage has occurred;
- Restoration is not required;
- Additional cleaning is not required; and
- All terms and conditions of the permit, licence, agreement, or rental contract have been satisfied,

The security deposit shall be returned to the applicant without interest.

Use of Deposit

The Municipality may retain all or a portion of the security deposit to recover costs incurred by the Municipality associated with:

- Repairing damage to municipal property;
- Restoring disturbed lands;

- Replacing damaged municipal assets;
- Extraordinary maintenance;
- Cleanup costs;
- Contractor or staff costs incurred by the Municipality; or
- Any breach of a permit, rental agreement, licence, or approval conditions.

If the costs incurred exceed the amount of the security deposit, the applicant shall remain responsible for all additional costs incurred by the Municipality.

Building

The Municipality may require that security be provided for a conditional building permit. Under the Building Code Act, a conditional building permit may be granted to allow construction to begin while certain final plans or approvals remain outstanding. Examples of outstanding requirements may include a Nutrient Management Strategy, approval for lead-lined walls (e.g., for dental offices), final architectural drawings, roof truss designs, or similar documentation. Also, a conditional permit may be issued to permit construction up to a defined stage, such as completion of the foundation, while the applicant works to secure the remaining approvals.

Minimum security amounts may vary based on the nature, scope, duration, and potential risk associated with the proposed activity.

Release of Building Security

Upon fulfillment of financial and/or performance obligations, and closure of all permits associated with the property, the Municipality will release the security.

Other Security

The Municipality may require security for reasons other than those noted above. The amount of security required shall be determined by the Municipality at its sole discretion.

Release of Other Security

Upon fulfillment of financial and/or performance obligations, the Municipality will return the security.

Failure to Provide or Maintain Security

Where required security is not provided, is insufficient, expires, is revoked, or is not replaced to the satisfaction of the Municipality, the Municipality may, without prejudice to any other available remedy:

- Refuse to issue any permit, approval, authorization, or agreement;
- Suspend or revoke any permit, approval, authorization, or agreement already issued;
- Issue stop-work directions; and/or
- Draw upon any existing security to address outstanding obligations or risks.

No work shall proceed and no approvals shall remain in force unless and until satisfactory security has been provided and accepted by the Municipality.

Where a default occurs, the Municipality may draw upon and apply the security, in whole or in part, to fund or undertake any work, service, remediation, repair, maintenance, enforcement action, or administrative activity necessary to fulfill the obligations secured, including administrative costs, staff costs, consultant costs, contractor costs, legal costs, and any other costs incurred by the Municipality in managing or completing such work.

Unclaimed Security

Cash, Certified Cheque, and holdback securities that remain unclaimed for five (5) years after becoming eligible for release shall be recognized as revenue by the Municipality.

Policy Review

This policy will be reviewed once every four (4) years, or as necessary.

Appendix A



Development Security Calculation

Project Name:
Development Address:
Developer:

Date:

Section	Cost Estimate		
Item #	Item	Total Cost of Work	Notes
On-site Works			
1	Roadworks (fine grade & granular B)	\$ -	
2	Sanitary Sewers and Appurtenances	\$ -	
3	Storm Sewers and Appurtenances	\$ -	
4	Watermains and Services	\$ -	
5	SWM	\$ -	
6	Curbs and Gutter	\$ -	
7	Sidewalks/Walkways	\$ -	
8	Roadworks (granular A & base coat asphalt)	\$ -	
9	Surface Asphalt	\$ -	
10	Earthworks	\$ -	
11	Street signs, posts	\$ -	
12	Electrical servicing	\$ -	
13	Street lighting	\$ -	
14	Erosion and sediment control	\$ -	
15	Landscaping	\$ -	
16	Retaining walls	\$ -	
17	Fencing	\$ -	
18	Line Painting	\$ -	
19	Misc.	\$ -	Add items as required
	Subtotal	\$ -	
	Engineering (5%)	\$ -	
	Contingency (10%)	\$ -	
	HST (13%)	\$ -	
	Total On-site Works	\$ -	
Off-site Works			
20	Roadworks (fine grade & granular B)	\$ -	
21	Sanitary Sewers and Appurtenances	\$ -	
22	Storm Sewers and Appurtenances	\$ -	
23	Watermains and Services	\$ -	
24	SWM	\$ -	
25	Curbs and Gutter	\$ -	
26	Sidewalks/Walkways	\$ -	
27	Roadworks (granular A & base coat asphalt)	\$ -	
28	Surface Asphalt	\$ -	
29	Earthworks	\$ -	
30	Street signs, posts	\$ -	
31	Electrical servicing	\$ -	
32	Street lighting	\$ -	
33	Erosion and sediment control	\$ -	
34	Landscaping	\$ -	
35	Retaining walls	\$ -	
36	Fencing	\$ -	
	Line Painting	\$ -	
	Misc.	\$ -	Add items as required
	Subtotal	\$ -	
	Engineering (5%)	\$ -	
	Contingency (10%)	\$ -	
	HST (13%)	\$ -	
	Total - External Works	\$ -	
Security Requirements			
On-site Works		50%	\$ -
Off-site Works		100%	\$ -
Total Security Required			\$ -

Subdivision Security Calculation

Subdivision Name:
33M#:
Developer:
No. of Lots:

Date of Registration:
Date:
Reduction #:
No. of Blocks

Section	Cost Estimate		
Item #	Item	Total Cost of Work	Notes
On-site Works			
1	Roadworks-subdivision (fine grade & granular B)	\$ -	
2	Sanitary Sewers and Appurtenances	\$ -	
3	Storm Sewers and Appurtenances	\$ -	
4	Watermains and Services	\$ -	
5	Curbs and Gutter	\$ -	
6	Sidewalks/Walkways	\$ -	
7	Roadworks (granular A & base coat asphalt)	\$ -	
8	Surface Asphalt	\$ -	
9	Earthworks	\$ -	
10	Street signs, posts	\$ -	
11	Electrical servicing	\$ -	
12	Street lighting	\$ -	
13	Erosion and sediment control	\$ -	
14	Retaining walls	\$ -	
15	Landscaping	\$ -	
16	Line Painting	\$ -	
17	Fencing	\$ -	
18	Misc.	\$ -	
	Subtotal	\$ -	
	Engineering (5%)	\$ -	
	Contingency (10%)	\$ -	
	HST (13%)	\$ -	
	Total Subdivision Works	\$ -	
Off-site Works			
19	External Road Works	\$ -	
20	Other:	\$ -	
	Subtotal - External Works	\$ -	
	Contingency (5%)	\$ -	
	Engineering (10%)	\$ -	
	HST (13%)	\$ -	
	Total - External Works	\$ -	
Security Requirements			
	On-site Works	100%	\$ -
	Off-site Works	100%	\$ -
	Total Security Required		\$ -