

**Topic: Policy C-458 Development Agreement Security****Introduction:**

Development Agreements (DAs) are contracts between developers and the County requiring developers to construct municipal improvements such as water lines, sanitary and storm drainage systems, roads, and other infrastructure necessary to service their new subdivision or development. To secure a developer's obligations under a DA, the County requires the developer to provide security.

Administration is proposing a new Development Agreement Security Policy (C-458) and corresponding procedure that takes a risk-based security approach and standardizes how security is calculated, collected, administered, reduced and ultimately released.

**Facts (Background Information):****Legislative Background**

The County is authorized to require security for a Development Agreement imposed as a condition of subdivision approval under section 655(1)(b)(vi) of the Municipal Government Act. The County is also authorized to require security for a Development Agreement that is imposed as a condition of a Development Permit under section 650(1)(f) of the Municipal Government Act and section 7.50.1.3.6 of the County's Land Use Bylaw No. 2025-12.

Administration has updated the policy to better align with County processes, developer feedback and regional best practices, while strengthening risk mitigation.

**Development Agreement Securities Background**

The current Development Agreement Securities Requirements Policy C-PD01 was approved June 26, 2012. The current Policy is not aligned to current regional practices and applies rigid rules that causes delays to development due to frequent variance requests.

Upon review of the current policy, Administration found the following:

- Not aligned with other municipalities in the province;
- Lacks clear, risk-based criteria for determining security amounts;
- Does not account for a developer's past performance;
- Does not allow development bonds as a security option; and
- Has resulted in frequent variance requests, creating delays and uncertainty.

## Policy Framework Review:

The proposed policy improves how DA securities are managed by providing clarity and consistency, streamlining administrative processes and continuing to protect the County's financial and infrastructure interests. A clear, consistent, risk-based framework is intended to reduce reliance on variances while supporting business-friendly development.

While the policy establishes the requirement for security and overall governance framework, the administrative procedure provides the standards and decision-making tools used by Administration and developers. Below is an overview of the key components of this policy implementation.

### Developer Categorization

Developers are categorized based on specific criteria listed in the administrative procedure and assigned a Category A-D. Criteria for assigning developers to Categories A-D is based on past performance and level of risk.

### Risk Based Security Amounts

The amount of security required is based on the category the developer is classified (i.e. level of risk to the County). Security is based on a percentage of total construction costs for off-site municipal improvements based on the developer's category.

### Timing of Endorsement

Many developers entering into development agreements with the County have requested expedited subdivision plan endorsement (title to lots issued prior to the completion of infrastructure). Administration proposes allowing expedited endorsement for Category A and B developers with a demonstrated performance history, subject to the provisions for additional security.

The County often works with first-time developers, which would typically be categorized as Category C developers. To manage risk, Category C and D developers would not be eligible for expedited endorsement and would be required to complete construction to County standards prior to allowing titles to be created and sold.

### Bareland Condominium Subdivisions

For bareland condominium applications, the on-site roads and servicing (e.g. water and sanitary) are privately owned and operated. In the current policy, the County requires a development agreement to help ensure these private developments are designed and built to an acceptable standard, but they are not required to meet County standards. The Alberta Safety Codes Act regulates safety related items such as water distribution and sanitary holding tanks, which require safety code permits.

Developer Category	Description
A	Lowest level of risk <ul style="list-style-type: none"><li>• Proven past performance</li><li>• Lower security</li></ul>
B	Medium level of risk <ul style="list-style-type: none"><li>• Limited projects but proven past performance</li><li>• Moderate security</li></ul>
C	Medium-high level of risk <ul style="list-style-type: none"><li>• No proven past performance</li><li>• High security</li></ul>
D	High level of risk <ul style="list-style-type: none"><li>• Major issues with past performance</li><li>• Highest security</li></ul>

The condominium association is obligated to maintain private infrastructure. In the event of a major financial burden of the condominium association, residents could potentially request support from the County by way of compensation or general assistance. However, Administration has confirmed that the County is not required to support private infrastructure owned by a condominium association.

Administration is proposing that development agreements no longer be required for on-site private improvements in bareland condominium developments as the infrastructure is privately owned by the condominium association, not the County. In addition, the safety related items are already regulated through permits and safety codes. Clarifying that on-site private infrastructure does not require a development agreement reduces costs to developers and aligns County security requirements with actual risks and legal responsibilities.

### **Delegation of Authority**

Under the current policy, any variance requires Council approval. The proposed policy provides Council direction for the overall governance framework to collect securities for development agreements, and it delegates the authority to the Director of Planning & Development Services to implement the policy via an aligned administrative procedure. This adds clarity and consistency which allows for streamlined implementation.

### **Development Agreement Template**

Administration is proposing to use a new Development Agreement template which has been developed with legal review. The new template envisions determining the amount of security and the timing of security in accordance with the new proposed policy and procedure documents.

Overall, Draft Policy C-458 modernizes the County's approach to development agreement security by applying a standardized, risk-based model that considers developer performance and sets consistent rules for administering securities, while supporting timely development and strengthening financial protection for the County.

### **Public Consultation**

Administration sent the proposed policy and procedure to industry partners for review in early May. Feedback will be received until May 15. At the time of this report, no feedback had been received.

### **Conclusion/Summary:**

The proposed policy and administrative procedure provide a clear, consistent, risk-based framework for development agreement securities. Administration that Council approve Policy C-458 - Development Agreement Security, as presented.

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