



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

COUNCIL POLICY

TITLE: Financial Security	NO. FIN - 14
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POLICY:

This is a policy that establishes the forms of financial security that the municipality will accept for bonding of works and services, development permit landscaping works or other matters that require a financial guarantee.

PROCEDURE:

In accordance with Council Policy Plan-27, Subdivision and Control Bylaw 1997, No. 2175, and in any other situation where a monetary deposit is required to guarantee completion of certain works so that a permit or permission may be granted, the following procedure and policies must be followed.

DEFINITIONS:

Agreement: shall mean the written document that details the works, services or other matters that shall be undertaken by the owner/applicant in consideration of the approval of subdivisions, development permits and other issues. The form of the agreement shall be consistent with the form detailed in Plan-27 or Bylaw 2175, and shall be prepared by the municipality at the owner/applicant expense.

Letter of Credit: shall be issued by a recognized financial institution in the amount determined by Esquimalt, shall be irrevocable and shall meet the requirements listed under 'Methods of Payment' in this policy.

Performance Bond: shall mean for the purposes of this policy, the combination of a monetary deposit (Letter of Credit) and an Agreement that details the terms and conditions under which the deposit is being held.

Subdivision Servicing Agreement: shall be executed prior to final approval of any subdivision plan, where the owner wishes to register before the works are completed. The process and agreement are detailed in Bylaw 2175.

FINANCIAL SECURITY:

Amount of Security

The financial security shall be based on either an estimate by a registered professional or by a contractor competent in the works to be completed. A copy of the estimate shall be provided to the municipality, and shall include a contingency amount.

EFFECTIVE DATE: April 18, 2006	APPROVED BY: Council	REFERENCE:	AMENDS:	PAGE 1 OF 2
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The amount of the security to be held by the municipality shall be 120% of the aforementioned cost estimate.

METHODS OF PAYMENT:

There are two methods of financial security that will be accepted by the municipality.

Cash

- payment by cash or certified cheque
- funds will be held in a separate deposit account
- no interest payment will be paid on the deposit

Irrevocable Letter of Credit

- shall be in the name of the Corporation of the Township of Esquimalt
- shall be for a minimum of one year
- shall be automatically renewed by the Bank for additional one year periods
- demands for payment by the Township shall be in writing, and will bear the date and number of the Letter of Credit
- partial demands shall be permitted
- partial reductions shall be permitted
- demands made shall be honored without inquiry by the Bank as to the municipalities right to make demand