



The Corporation of the
City of Sault Ste. Marie

COUNCIL REPORT

May 12, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Jeffrey King, Solicitor
DEPARTMENT: Legal Department
RE: Update – Performance Bonds and Letters of Credit

Purpose

The purpose of this report is to respond to the follow-up to a 2019 Council resolution:

Whereas the City requires residential developers to provide a letter of credit when they begin a development;

Whereas it can be challenging for a smaller residential developer to provide a letter of credit prior to beginning a development;

Whereas the City has accepted Performance Bonds but does not generally do so for residential developments;

Whereas smaller developers who may not be able to offer a line of credit may be able to post a performance bond;

Whereas the City wants to make every reasonable effort to be development friendly;

Now Therefore City Council directs City Staff to consider accepting Performance Bonds in lieu of letters of credit and report back to City Council on the appropriateness and advisability of doing so.

Background

Staff reported to Council in September 2019 regarding the above resolution and received direction to advance a pilot project using a subdivision bond when it was appropriate in the situation.

Analysis

A pilot was successfully conducted with Ficmar Development Inc. to develop a phase of the Greenfield Subdivision. As the development continued to different phases, the parties continued to work under a subdivision bond. As the

subdivision's final aspects wrapped up, the remaining bond was reduced to a nominal amount.

While staff implemented and ran this pilot, the provincial government implemented Ontario Regulation 461/24: Surety Bonds—Section 70.3.1 of the Act [*Planning Act*], which took effect on November 20, 2024. This regulation confirms that landowners and applicants for approval of land use planning matters may stipulate that a surety bond meeting the regulation's criteria be used to secure an obligation imposed by the municipality as part of land use planning. Similar criteria were created and requested by staff under the City's pilot project to mitigate the usual risks bonds carry as opposed to a letter of credit.

The new Regulation requires the City to accept surety bonds for land use planning matters, such as site plan control and subdivision agreements, from developers qualified by a surety and able to offer the appropriate bond amount. The surety vets the developer to ensure that financial and other required means, such as operational practice and equipment, exist to complete the project being bonded.

Financial Implications

There is no financial impact to this report.

Strategic Plan / Policy Impact / Climate Impact

This is an operational matter not articulated in the corporate Strategic Plan.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Solicitor dated May 12, 2025 concerning Performance Bonds and Letters of Credit be received as information.

Respectfully submitted,

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Solicitor

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