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Date February 6, 2026
To Council – February 18, 2026
From Andy Grozelle, Chief Administrative Officer
Report No. CAO 08-26
Report Title Legislation Update – Water and Wastewater Public Corporations Act

Recommendation

That Report CAO 08-26 entitled Legislation Update – Water and Wastewater Public Corporations Act be received for information; and,

That Council endorse the attached Mayors Letter for distribution to the Honourable Minister of Municipal Affairs and Chief Administrative Officer of Elgin County.

Executive Summary

In November 2025, the *Water and Wastewater Public Corporations Act, 2025, S.O. 2025, c. 14, Sched. 16*, received Royal Assent. This legislation enables many communities to access external debt financing without affecting their municipal debt limits.

Staff have concerns that applying this legislation locally would introduce significant and unnecessary bureaucracy, increase costs, and result in a loss of local control over critical infrastructure.

Background

The *Water and Wastewater Public Corporations Act, 2025* permits the Minister of Municipal Affairs to issue transfer orders for assets without requiring the consent of local municipalities. As a result, it is important for Aylmer to clearly articulate its concerns to ensure that local interests are not overlooked should broader structural changes be considered.

In this context, it may be reasonable to consider system integration for communities such as St. Thomas, Central Elgin, and Southwold, given their close geographic proximity. However, the same rationale should not be applied to Aylmer, which is distinct due to both its size and its distance from these systems.

Late in the previous term, regional discussions were held among municipal administrators regarding potential participation in a large-scale wastewater treatment plant in Central Elgin. A preliminary review determined that the distances involved would be highly cost prohibitive. In addition, local geographic constraints would result in significant additional costs, as sewage would need to be pumped uphill for most of its journey and routed through valleys and other physical obstacles.

This preliminary review concluded that there is no reasonable potential for Aylmer's wastewater system to be integrated with larger urban systems. This assessment is unlikely to change unless significant intensification occurs along the Highway 3 corridor between Aylmer and St. Thomas. Such intensification is not currently planned and would require substantial amendments to applicable Official Plans.

Aylmer represents approximately 90% of the lagoon system and owns the majority of the associated infrastructure. The Town has effectively managed administrative costs related to this system and has negotiated favourable cost outcomes in the 2026 lagoon and pump station management contract with the Ontario Clean Water Agency (OCWA). In addition, Aylmer has in-house expertise that is implementing major capital improvements to the lagoon and planning effectively for the system's long-term needs.

With respect to the water system, Aylmer accounts for approximately 95% of the allocations on the Aylmer and Area Secondary Line. During the previous term, the Primary Board examined a transition to a separate legal entity. While this was not supported by a sufficient number of member municipalities, the Primary Board currently operates in a manner similar to a separate corporation. Staff have concerns that a transition of the Primary and Secondary Boards under the *Water and Wastewater Public Corporations Act, 2025* could reduce local input. This could affect Aylmer's ability to influence key decisions, including significant upcoming capital costs associated with servicing Yarmouth Yards in St. Thomas.

Analysis

It is important to note that the implementation of a wastewater public corporation could present some potential long-term benefits for Aylmer. As the largest urban settlement area in Elgin County, it is reasonable to anticipate that Aylmer would be a primary beneficiary of funding for projects beyond expansions related to the City of St. Thomas. Such funding could support the future development of a wastewater treatment plant, as a regional board would be more likely to prioritize investments in urban areas where larger customer bases and intensification exist, rather than in rural expansions.

Despite these potential long-term benefits, Town staff believe that the risks associated with including Aylmer in a public wastewater corporation outweigh the anticipated advantages. In particular:

- Geographic constraints and associated costs make it unlikely that Aylmer's wastewater system will ever be interconnected with other systems; it will continue to function as an independent system.
- Including an independent wastewater system within a broader public corporation would introduce unnecessary bureaucracy, additional approvals, and administrative complexity.
- Inclusion in a public corporation is likely to result in significant delays to tendering processes and would eliminate the competitive advantage Aylmer currently realizes through early tendering of capital projects.
- Aylmer has been highly effective in negotiating agreements with the Ontario Clean Water Agency (OCWA) for lagoon system management and in containing operational costs. Inclusion in a public corporation is anticipated to significantly increase operating costs without providing additional benefits to users.
- Aylmer has dedicated staff managing major capital projects related to the lagoon system. These staff will continue to be required for large-scale road reconstruction and other infrastructure projects. Removing wastewater oversight from their responsibilities and transferring it to a public corporation would duplicate expertise and is not a cost-effective approach.
- Localized response to water and wastewater issues is critical for timely identification and resolution. Centralizing these responsibilities outside of Aylmer would likely negatively impact response times and service outcomes.
- Aylmer has a sufficient user base to fund the future development of a wastewater treatment facility, even in the absence of current record levels of provincial grant funding.
- Existing agreements related to the lagoon system allow for growth in neighbouring municipalities and form part of ongoing boundary adjustment negotiations.
- A loss of local decision-making authority over the wastewater system is anticipated to hinder or delay growth in Aylmer and negatively affect local economic development.

- The Elgin Primary Water Board is currently managing the water system effectively. Should this Board be replaced by a public corporation, Aylmer would expect representation on secondary lines to be primarily based on shareholder interest as determined by current and projected allocations.

While the *Water and Wastewater Public Corporations Act, 2025* offers clear benefits with respect to issuing debt for large-scale projects and encouraging cross-municipal servicing, it is less advantageous in situations where systems already have sufficient user bases to support expansion and where agreements are in place to provide servicing beyond municipal boundaries.

Although the Town of Aylmer currently has a cross-border servicing moratorium in place, this is a temporary measure intended to address two specific issues: the completion of ongoing lagoon upgrades and optimization projects prior to considering further service expansions, and the discouragement of “parasitic” development at municipal boundaries, which is widely recognized as poor planning practice. This moratorium excludes wastewater servicing for the Ontario Police College and Springfield, which are governed by separate agreements. As noted previously, servicing expansions remain a component of boundary adjustment negotiations.

Finally, several aspects of a transition to a public corporation remain unclear. A key concern is whether Aylmer would retain ownership and control of existing in-town infrastructure. Currently, the Secondary Water Line enters the Town and supplies the new water tower. If this relationship were altered and in-town water lines were transferred to a public corporation, residents could experience significant impacts during service disruptions, including issues related to staffing capacity and emergency response to watermain breaks. In a more complex scenario, where Town assets are divided between two public corporations, Aylmer could be required to obtain approvals from up to three governing bodies for a single full road reconstruction project.

Conclusion

While the *Water and Wastewater Public Corporations Act, 2025*, represents legislation that will assist some jurisdictions, applying such orders to the Town of Aylmer is both unnecessary and would complicate systems and processes that are currently functioning at a high level. Staff are recommending that the attached letter be sent to the Honourable Minister of Municipal Affairs as well as the Chief Administrative Officer of Elgin County.

Respectfully submitted,

Andy Grozelle
Chief Administrative Officer

Appendix

Attachments

1. Attachment A: Draft Letter

Follow Up

In adopting this report, what follow up action is required?

By-law

Agreement(s)/document(s) to be signed by Mayor and/or Clerk

Social media/Website update or communication

Other communication – Specify: Letter to be sent to the Honourable Minister of Municipal Affairs and Chief Administrative Officer of Elgin County