

May 14, 2026

Intergovernmental Relations and Partnerships Branch
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Submitted online

Re: Frontenac Municipal Services (FMS) Submission to ERO Posting 026-0302: Communal Drinking Water and Wastewater System Municipal Consent Requirements

Frontenac Municipal Services (FMS) is a publicly owned municipal services corporation established by the County of Frontenac and its four lower-tier municipalities to plan, implement, operate, and manage communal water and wastewater systems.

FMS was created to address a long-standing gap in rural Ontario: the lack of scalable, professionally managed water and wastewater infrastructure to support housing and economic development. Our model is designed to ensure that communal systems are not only approved and more commonly used, but sustainably owned, operated, and financially managed over the long term.

FMS appreciates the opportunity to provide comments on proposed legislative amendments to municipal consent requirements for non-municipal communal drinking water and wastewater systems.

Overall Position

FMS supports the Province's objective to create a more predictable and transparent framework for municipal consent.

However, predictability must be balanced with appropriate municipal risk management, long-term accountability, and system sustainability. Municipal consent is an important safeguard that helps determine whether infrastructure can be responsibly integrated into a community over the long term.

If municipalities are required to provide consent where criteria are met, those criteria should be comprehensive, enforceable, aligned with lifecycle ownership and operational realities, and structured to minimize the transfer of long-term financial and operational risk to municipalities.

Without appropriate safeguards, the proposed framework may unintentionally shift long-term operational and financial risk to municipalities.

Alignment with Provincial Policy Direction

FMS is encouraged by the Province’s framing of communal systems under the proposed *Building Homes and Improving Transportation Infrastructure Act, 2026*.

The Province has identified that communal systems can enable housing in areas without access to traditional infrastructure, support small to mid-scale rural development, and require a strong regulatory framework to ensure safety, financial sustainability, and proper long-term operation.

This framing reflects the realities of rural Ontario and aligns with how communal systems are increasingly being advanced in practice—including through FMS.

As the Province moves toward implementation, it will be important that communal systems are recognized as long-term public-serving infrastructure requiring defined ownership structures, professional and accountable operation, and long-term financial sustainability.

FMS encourages the Province to ensure that forthcoming regulations reflect these principles and support the sustainable long-term operation of communal systems.

1. Standardized Provincial Consent Framework – With Enforceable Criteria

FMS supports the creation of a standardized, criteria-based municipal consent framework. For the framework to be effective, consent criteria should be clear, objective, and consistently applied across Ontario.

Municipal consent decisions should be supported by detailed engineering and system design, defined operational plans, confirmed operating authority, and comprehensive financial planning. Consent should not be based solely on conceptual servicing approaches.

FMS recommends that the Province ensure:

- Criteria are measurable and consistently applied across Ontario;
- Applications include complete technical, operational, and financial documentation; and
- Approval is contingent on demonstrated long-term system viability.

2. Municipal and MSC Authority to Manage Risk Must Be Preserved

Municipalities—and by extension municipal service corporations—carry long-term responsibility for ensuring communal systems remain safe, functional, and financially sustainable. This includes managing risks related to system performance, financial sustainability, and public health and environmental protection.

A mandatory consent framework should preserve the ability of municipalities to exercise appropriate due diligence and establish conditions necessary to support long-term operational success.

FMS's approach to communal servicing includes professional engineering design, construction oversight and commissioning, performance validation prior to operation, and long-term operational planning supported by reserve funding.

To support responsible implementation, FMS recommends that municipalities retain the authority to:

- Require agreements governing ownership, operation, and performance;
- Verify operator qualifications and governance structures; and
- Impose conditions necessary to address long-term operational and financial risk.

3. Formal Recognition of Municipal Service Corporations (MSCs) Is Essential

Municipal service corporations are an important part of the solution for delivering communal systems in rural Ontario. They provide centralized technical expertise, professional utility management, and more consistent application of technical and operational standards across multiple municipalities. The MSC model also provides important governance, financial, and risk management benefits that support the long-term sustainability of communal systems.

From a risk management perspective, the MSC structure can help distribute operational and financial risk across a broader regional utility framework, rather than concentrating risk within a single lower-tier municipality. This provides smaller rural municipalities with access to shared technical capacity and utility oversight that may not otherwise be available locally.

The model also provides important financial management advantages. As a separate municipal entity, an MSC can support utility-related financing and long-term asset management without directly impacting the borrowing capacity of an individual municipality. This is particularly important in rural communities where municipal borrowing capacity may already be constrained.

In addition, the MSC model addresses one of the longstanding challenges associated with privately owned communal systems: the requirement for Municipal Responsibility Agreements (MRAs). Under current MECP policy, privately owned communal systems typically require an MRA to secure municipal backstop responsibility in the event of operational or financial failure.

Because an MSC is a wholly municipally owned entity and is treated as a municipal owner under existing MECP policy, systems owned or operated by an MSC are generally exempt from MRA requirements.

This distinction is significant. The MSC model already provides the municipal accountability, oversight, and long-term operational structure that MRAs are intended to secure, while avoiding the administrative and legal complexity often associated with privately owned communal systems.

Without explicit recognition of MSCs, the proposed framework risks overlooking how communal systems are being implemented in practice across many rural communities, particularly where smaller municipalities may not have in-house utility expertise.

FMS recommends that the Province:

- Explicitly recognize municipal service corporations within the regulatory framework;
- Enable municipalities to rely on MSCs for technical review and consent evaluation; and
- Align consent authority with entities responsible for long-term ownership and operation.

4. Municipal Consent Must Be Integrated with Existing Approval Processes

One of the primary barriers to timely infrastructure delivery is the lack of coordination between approval processes, and the related delays that this can create.

Municipal consent, Environmental Compliance Approvals, *Safe Drinking Water Act* requirements, and *Planning Act* approvals are often treated as separate processes, resulting in duplication of technical reviews, increased project costs, and delays in housing development.

FMS supports a more coordinated approvals approach that improves clarity and predictability for municipalities, proponents, and regulators.

FMS recommends that municipal consent:

- Be clearly positioned within the approvals sequence, such as aligning with ECA applications;
- Be supported by standardized technical submission requirements; and
- Be coordinated with *Planning Act* approvals where appropriate to avoid duplication.

5. Financial Assurance and Lifecycle Sustainability Must Be Non-Negotiable

Long-term financial sustainability is one of the most important components of successful communal system implementation. Without appropriate planning, communal systems can create significant long-term liabilities for municipalities and users.

FMS's approach includes lifecycle financial modelling, dedicated reserve funding for capital replacement, and rate structures that reflect true system costs over the life of the infrastructure.

FMS recommends that regulations require:

- Demonstrated long-term financial sustainability;
- Legally enforceable reserve funding mechanisms;
- Clear allocation of financial responsibility to benefiting users; and
- Safeguards that help minimize future municipal financial exposure.

6. Regulatory Equity Between Proponents Is Required

A consistent challenge in communal system delivery is the imbalance between private and municipal proponents. Municipal and MSC-led systems are often subject to higher scrutiny despite being responsible for long-term operation and compliance.

The Province should ensure that regulatory expectations related to technical standards, financial sustainability, and operational accountability are applied consistently across all proponents.

FMS recommends that the Province ensure:

- Equivalent technical and financial standards for all proponents;
- Clearly defined long-term operational accountability; and
- Consistent expectations related to financial sustainability and system management.

Without regulatory equity, there is a risk of creating inconsistent long-term accountability expectations between proponents.

7. Implementation Considerations

The effectiveness of the proposed framework will depend significantly on implementation through regulation and guidance. Without clear direction, municipalities may be required to interpret requirements independently, leading to inconsistency across Ontario.

To support effective implementation, FMS recommends that the Province provide:

- Standardized submission templates;
- Clear evaluation criteria;
- Defined timelines for municipal decisions; and
- Guidance regarding conditions, agreements, and technical expectations.

Conclusion

Frontenac Municipal Services supports the Province's efforts to enable communal servicing as a tool to support housing and economic development in rural Ontario.

To ensure the success of this framework, it will be important that the regulatory approach reflects the realities of long-term system ownership, operation, and financial sustainability.

To summarize, FMS recommends that the Province:

1. Establish clear, enforceable provincial criteria for consent;
2. Preserve municipal and MSC authority to manage long-term risk;
3. Explicitly recognize municipal service corporations;
4. Integrate municipal consent with existing approvals frameworks;
5. Require robust financial and operational sustainability measures;
6. Ensure regulatory equity between proponents; and
7. Provide clear implementation guidance and timelines.

FMS remains committed to supporting safe, sustainable communal servicing and would welcome the opportunity to continue working with the Province as this framework is developed.