

To: Delegation during the AMO Conference, August 2025

From: FONOM Board

Date: August 1, 2025

Subject: Making the NORDS Program Permanent and Expanding Eligibility to Support Rural and Northern Infrastructure Needs

ISSUE:

The Northern Ontario Resource Development Support (NORDS) pilot program has proven to be a vital financial mechanism for addressing infrastructure degradation in Northern Ontario communities resulting from natural resource sector activity. However, despite the program's success, the temporary nature of the pilot and its limited eligibility criteria leave critical infrastructure gaps, particularly in rural municipalities impacted by intensive agricultural operations. To support equitable and sustained infrastructure investment across the North, the Ministry of Northern Economic Development and Growth must be made permanent in the NORDS program and expanded in scope to recognize additional forms of industrial impact on municipal assets.

RECOMMENDATION:

The Federation of Northern Ontario Municipalities (FONOM) strongly urges the Ministry of Northern Economic Development and Growth to:

- Make the Northern Ontario Resource Development Support (NORDS) program permanent, ensuring ongoing and reliable support for municipalities impacted by natural resource sector activity.
- Expand program eligibility to include infrastructure degradation caused by agricultural machinery and operations, particularly in rural municipalities where such activity has a comparable impact to resource extraction industries.
- Encourage and formalize the continued use of multi-year stacking of NORDS allocations, allowing communities to plan and deliver large-scale infrastructure projects that support long-term economic development and community well-being.
- By taking these steps, the Ministry will help secure Northern Ontario's infrastructure resilience and support inclusive, regionally sensitive economic development.

ANALYSIS:

1. Proven Effectiveness of the NORDS Pilot Program

Since its launch, the NORDS pilot program has delivered timely, flexible, and much-needed funding to municipalities across Northern Ontario. Communities such as the City of North Bay have used the program not only to address immediate infrastructure needs but also to strategically plan and stack multi-year allocations to advance significant capital projects. These investments have had direct and measurable benefits for community growth, economic development, and long-term planning.

2. Infrastructure Pressures Tied to Natural Resource Development

Northern Ontario's municipal road systems, water services, and other critical infrastructure assets face growing strain from industrial activities, including mining, forestry, and other resource extraction sectors. The heavy equipment and high traffic volumes associated with these sectors accelerate wear and tear, creating financial and operational burdens that small and mid-sized municipalities often struggle to manage without targeted external support.

3. Overlooked Impact of Agricultural Activity

Rural municipalities are increasingly facing similar challenges due to the size and intensity of agricultural operations. The frequency and weight of modern farm machinery are placing undue stress on rural roads and bridges, yet these impacts currently fall outside the scope of the NORDS pilot. This exclusion creates a disparity in access to support and overlooks a significant contributor to municipal infrastructure degradation in many Northern and rural areas.

4. Need for Predictable, Multi-Year Investment Tools

The ability to stack NORDS allocations over multiple years has emerged as one of the program's most valuable features. This flexibility allows municipalities to aggregate funding for transformative infrastructure projects rather than being limited to smaller-scale, short-term interventions. Formalizing this feature would ensure continued planning certainty and fiscal efficiency, enabling communities to leverage other funding programs and partnerships more effectively.

5. Alignment with Broader Economic Development Objectives

The Community Support program of the Ministry promotes infrastructure and economic development investments as cornerstones of regional growth. Making NORDS permanent and expanding its eligibility aligns with these goals by directly supporting the foundational assets communities need to attract investment, sustain population growth, and support industrial activity. Moreover, incorporating impacts from agricultural activity into the funding framework would advance equity among Northern and rural municipalities.

To: Delegation during the AMO Conference, August 2025
From: FONOM Board
Date: August 1, 2025
Subject: An addition to the Ministry of Transportation

ISSUE

The Federation of Northern Ontario Municipalities (FONOM) urges the Premier and the Minister of Transportation to appoint a Deputy Minister or establish an Associate Minister specifically responsible for Northern Ontario Transportation. With Northern Ontario positioned to become the economic engine of Ontario and Canada for the next century, the Province needs a dedicated team to address the region's unique transportation challenges, enhance current infrastructure, and plan for future growth.

RECOMMENDATION:

The Federation of Northern Ontario Municipalities (FONOM) recommends that the Government of Ontario immediately strengthen its commitment to Northern Ontario's transportation infrastructure by appointing a Deputy Minister of Transportation or establishing an Associate Minister specifically responsible for Northern Ontario Transportation.

This dedicated leadership position would ensure that the unique transportation challenges of the North, including higher construction and maintenance costs, the vastness of the region, and its critical role in provincial and national economic development, are fully represented and prioritized within the Ministry of Transportation. A senior official focused solely on Northern Ontario would be positioned to address long-standing concerns regarding underinvestment, safety, and insufficient communication from ministry staff. Furthermore, with Ontario embarking on significant projects such as the return of the Northlander, increased development in the Ring of Fire, and the transportation of nuclear waste through the region, it is imperative that transportation planning keep pace with these transformational initiatives. The Province must recognize Northern Ontario not as a peripheral region but as a vital economic corridor whose infrastructure must be modernized and future proofed.

This recommendation aligns with provincial interests in economic development, road safety, and regional equity. It reflects the urgent need for strategic oversight and coordinated investment to ensure Northern Ontario can fulfill its growing role as the economic engine of Ontario and Canada for the century ahead.

ANALYSIS:

Northern Ontario's transportation system is markedly different from that of the rest of the province, influenced by its vast geography, harsh climate, and limited infrastructure. The construction and maintenance of highways north and west of the Canadian Shield are significantly more expensive. However, these roads are critical lifelines, connecting residents to healthcare, employment, and essential services. Highways 11, 17, and 69 are the region's counterparts to southern Ontario's 400-series highways, yet they continue to suffer from chronic underinvestment. The high costs associated with maintaining Connecting Links further strain municipal budgets.

With major provincial initiatives such as the revival of Ontario Northland, the return of the Northlander, and upcoming developments like the Ring of Fire and the nuclear waste repository in Ignace, Northern Ontario is poised to become a national corridor for economic growth, critical minerals, and energy logistics. Yet, frequent highway closures, fatal accidents involving large trucks, and a lack of regional data and communication from the Ministry of Transportation raise safety and planning concerns. Progress has been slow despite promises, including the highly publicized 2+1 highway expansion, and many municipalities report inadequate responses to local issues.

To address these challenges, appointing a Deputy Minister or Associate Minister responsible for Northern Ontario Transportation would provide essential leadership and accountability. This would ensure that the region's unique needs are adequately prioritized in provincial planning and investment decisions. Such a step is necessary for modernizing infrastructure, enhancing safety, and supporting Northern Ontario's growing role in both Ontario's and Canada's future.

To: Delegation during the AMO Conference, August 2025
From: FONOM Board
Date: August 1, 2025
Subject: Expand Extended Producer Responsibility to the ICI Sector

ISSUE

The Federation of Northern Ontario Municipalities (FONOM) is calling on the Province of Ontario to amend Ontario Regulation 391/21: Blue Box to ensure producers are fully responsible for the end-of-life management of their products and packaging from all sources — including the industrial, commercial, and institutional (ICI) sectors. While the current regulation requires producers to manage recyclable materials from “eligible” residential sources, it excludes ICI settings such as provincial government buildings and municipal facilities. As a result, these sectors must either absorb the cost of recycling or send materials to landfills, further straining Ontario’s already limited landfill capacity. This regulatory gap creates an inconsistency that undermines the principles of extended producer responsibility. For example, a soda can consumed at home falls under producer responsibility. Still, the same can consumed at Queen’s Park becomes ineligible, leaving the government to bear the cost of recycling. This discrepancy highlights the urgent need to update the regulation to ensure fairness, environmental accountability, and the long-term sustainability of Ontario’s waste management system.

RECOMMENDATION:

In light of the current limitations of Ontario Regulation 391/21: Blue Box, the Federation of Northern Ontario Municipalities (FONOM) strongly recommends that the Province of Ontario amend the regulation to require producers to assume full responsibility for the end-of-life management of their products and packaging from *all* sources — including Industrial, Commercial, and Institutional (ICI) properties. At present, the regulation restricts producer accountability to "eligible" sources, primarily residential, while excluding significant waste streams generated by the ICI sector. This regulatory gap places a disproportionate financial and operational burden on municipalities, public

institutions and government facilities, who are left to manage and fund the recycling or disposal of these materials.

These excluded materials, often identical to those generated in residential settings, either end up in landfills or must be recycled at cost to the ICI sector, including municipal governments and even provincial buildings such as Queen's Park. With landfill capacity in Ontario nearing critical limits, and the creation of new sites proving both costly, problematic and time-consuming, it is imperative that the Province act to strengthen its Extended Producer Responsibility framework. Ensuring producers are responsible for recycling their products regardless of the point of consumption will create a fairer, more sustainable system that aligns with the objectives of a circular economy and helps alleviate pressure on municipal waste infrastructure.

FONOM therefore urges the Ministry of the Environment, Conservation and Parks to act on this recommendation and amend Ontario Regulation 391/21 to include ICI sources within the scope of producer responsibility under the Blue Box program.

ANALYSIS:

Under Ontario Regulation 391/21: Blue Box, producers are responsible for managing the end-of-life of their products and packaging only from designated "eligible" sources, which primarily include residential areas. The Industrial, Commercial, and Institutional (ICI) sectors—such as provincial government facilities and municipalities that are members of the Federation of Northern Ontario Municipalities (FONOM)—are excluded from this producer responsibility. As a result, products and packaging from these sectors often end up in landfills or must be recycled at a significant cost to the public sector.

With Ontario's landfill capacity approaching critical limits and the process of siting new landfills being costly and time-consuming, this regulatory gap places undue strain on municipalities and taxpayers. Furthermore, the current system creates a contradictory situation where the same recyclable item—like a soda can—is covered by producer responsibility when consumed at home but excluded when consumed at a government facility or business, thereby shifting costs to the government.

Environmental groups argue that expanding producer responsibility to include the ICI sectors is a necessary and positive step. This change would align with the principles of a

circular economy and promote equitable ecological stewardship. By amending the regulation to hold producers accountable for all sources, Ontario can enhance waste diversion, reduce reliance on landfills, and demonstrate leadership in sustainable waste management practices.

To: Delegation during the AMO Conference, August 2025
From: FONOM Board
Date: August 1, 2025
Subject: Policing costs for all communities in Northern Ontario

ISSUE

The Federation of Northern Ontario Municipalities (FONOM) is increasingly concerned about the unsustainable and inequitable costs of policing services that burden communities in Northern Ontario—both those served by the Ontario Provincial Police (OPP) and by municipal forces. These communities, often characterized by low population densities, geographic isolation, and limited tax bases, are disproportionately affected by rising policing costs. This situation threatens the sustainability of municipal budgets and the delivery of other essential public services.

FONOM urges the Government of Ontario to commit to the phased implementation of a \$100 million Northern Ontario Policing Grant over the next three years to support the 157 municipalities in the region. This grant aims to create a more equitable and predictable policing cost structure that is responsive to the unique economic and demographic realities of Northern communities.

RECOMMENDATION:

Given the increasing financial pressures faced by municipalities across Northern Ontario—including limited revenue capacity, aging infrastructure, and rising operating costs—it is crucial for the Province of Ontario to reassess and enhance its support for community policing.

FONOM recommends that the Government of Ontario establish a Northern Policing Grant to alleviate the disproportionate burden that policing costs place on small and rural municipalities served by the Ontario Provincial Police and municipal forces.

Specifically, FONOM recommends the following:

1. Introduce a \$100 million Northern Policing Grant, phased in over three years (2026–2029), for the 157 Northern Ontario communities.
2. Each eligible municipality should receive:
 - A base grant of \$60,000
 - An additional allocation based on population to ensure an equitable distribution of the remaining funds.

****Funding Cap Mechanism: **** To avoid overcompensation, if the sum of the base grant and the population-based allocation exceeds the amount each community would have otherwise received under the 2024 OPP billing (plus CPI adjustment), the funding should be capped at that maximum amount.

****Annual Inflation Adjustment: **** After the third year, the total grant fund should increase annually by at least the Consumer Price Index (CPI) to keep pace with inflation and rising costs.

This funding mechanism will help provide Northern municipalities with the financial stability needed to maintain safe communities without compromising their ability to invest in critical infrastructure and services. It also reflects the principle of fairness, acknowledging that Northern Ontario communities face unique economic and geographic challenges that are not shared equally across the province.

FONOM urges the Government of Ontario to include this recommendation in the next provincial budget process and to collaborate with municipalities to ensure a sustainable, long-term solution to policing affordability in Northern Ontario.

ANALYSIS:

Policing costs in Northern Ontario have become increasingly unsustainable and inequitable. The Federation of Northern Ontario Municipalities (FONOM) has identified that the current funding and billing frameworks—especially those related to the Ontario Provincial Police (OPP)—do not account for the economic realities of the region. Municipalities in Northern Ontario face a combination of systemic and structural challenges that make it difficult to absorb continually rising policing costs, including

low population densities, limited own-source revenue, geographic isolation, and aging infrastructure.

A 2015 shift to standardized OPP billing models (under Section 5.1 of the Police Services Act) aimed to streamline cost distribution, but for small and rural municipalities in Northern Ontario, it created new affordability issues. In 2024, Northern municipalities received billing notifications from the OPP with an average annual increase of 17.8%, representing approximately 7.7% of the average municipal tax levy. These sharp increases, combined with pre-existing infrastructure deficits, are forcing many municipalities to choose between funding policing and maintaining essential services like roads, water systems, and recreational facilities.

The estimated annual cost of OPP services in the Northeast is approximately \$43 million. After grants, the 2025 police levy for the four largest Northeastern Ontario cities is projected to reach \$174 million. These figures underscore the magnitude of the financial burden placed on Northern municipalities, many of which are already operating at or near their fiscal capacity.

FONOM's proposed \$100 million Northern Ontario Policing Grant is designed to alleviate this pressure in a fair and targeted manner. The model includes:

A base grant of \$60,000 per municipality, recognizing the fixed costs of policing services regardless of population size.

Population-based allocations to ensure larger communities receive proportionate support.

A funding cap to prevent surplus funding beyond each community's 2025 OPP cost (adjusted annually for inflation), ensuring accountability and program sustainability.

An annual Consumer Price Index (CPI) adjustment beginning in Year 4 to maintain the fund's relevance in real economic terms.

The model was tested using example communities to demonstrate impact and feasibility:

Example Allocations Based on the Model

Year One (2026 – \$34M Total Fund)

Community A (Population 1,513): \$101,320.03 (Cap: \$284,949.50)

Community B (Population 8,057): \$280,036.67 (Cap: \$2.56M)

Community C (Population 41,145): \$1,183,669.95 (Cap: \$21.03M)

Year Two (2027 – \$67M Total Fund, CPI ~3%)

Community A: \$160,160.60 (Cap: \$293,497.98)

Community B: \$593,373.40 (Cap: \$2.64M)

Community C: \$2,783,799.00 (Cap: \$21.66M)

Year Three (2028 – \$100M Total Fund, CPI ~3%)

Community A: \$217,306.61 (Cap: \$302,302.91)

Community B: \$897,686.29 (Cap: \$2.72M)

Community C: \$4,337,845.65 (Cap: \$22.31M)

These examples demonstrate how the proposed grant structure provides meaningful relief across communities of various sizes while maintaining fiscal discipline through the cap mechanism.

Moreover, by reallocating financial responsibility in a predictable and needs-sensitive way, the grant would allow Northern municipalities to stabilize policing budgets, reinvest in critical infrastructure, and enhance public service delivery. It would also better align the Province's policing cost-sharing model with its broader commitments to community safety, fiscal responsibility, and regional equity.

This analysis supports the urgent need for a dedicated, phased-in Policing Grant program tailored to the realities of Northern Ontario. Without provincial action, many municipalities in the North will face increasingly difficult trade-offs between public safety and core service delivery.

To: Delegation during the AMO Conference, August 2025
From: FONOM Board
Date: August 1, 2025
Subject: Provincial Review of **Mandated** Public Health Programs

ISSUE

The Federation of Northern Ontario Municipalities (FONOM) recognizes and appreciates the efforts of the Office of the Chief Medical Officer of Health and the Ministry of Health to modernize and strengthen Ontario's public health system through the current review of the funding model for provincially mandated public health programs. We support this initiative and wish to contribute constructively to the process.

RECOMMENDATION:

FONOM wholeheartedly commends the Ministry of Health and the Office of the Chief Medical Officer of Health for their proactive initiative in reviewing the funding model for Ontario's Public Health Mandated Programs. This critical undertaking comes at a pivotal moment, and we sincerely appreciate the Ministry's dedication to fortifying the province's public health system for the future.

As dedicated municipal partners, we recognize our shared responsibility to deliver essential public health services. Our municipalities not only provide substantial financial support through health unit levies, but we also play an active role in enhancing the overall well-being of our communities.

We enthusiastically support the participation of Northern Medical Officers of Health (MOHs) in the funding review process. However, FONOM respectfully emphasizes that municipalities' voices must also be represented equitably. We should not be viewed merely as automatic funding sources; rather, we are strategic partners within the public health system, bringing invaluable local insights and priorities.

Therefore, FONOM earnestly requests that the Ministry of Health formally acknowledge our organization as an equal stakeholder in discussions concerning the funding review of the Public Health Mandated Programs. Together, we can pave the way for a healthier future for all Ontarians.

ANALYSIS:

The Federation of Northern Ontario Municipalities (FONOM) supports the Ministry of Health's funding review for public health-mandated programs. This review is crucial to ensure the sustainable public health system meets Northern Ontario's unique needs.

Municipalities are key partners in delivering public health services. They co-fund local public health units through municipal levies and participate actively in planning and implementation. FONOM urges the Ministry to include municipal representatives alongside Medical Officers of Health in this review process.

Medical Officers of Health in the North have shown strong interest in shaping the funding model, and FONOM emphasizes that municipal voices must also be included. Excluding them could lead to a funding model that doesn't reflect local needs or financial capacities.

FONOM believes involving municipalities will improve outcomes, transparency, and accountability. We are committed to being a constructive partner in this process.

To: Delegation during the AMO Conference, August 2025
From: FONOM Board
Date: August 1, 2025
Subject: Provincial/Municipal Fiscal Review

ISSUE

Ontario's current provincial-municipal fiscal framework is no longer sustainable. Municipalities are increasingly being asked to shoulder responsibilities that fall under provincial jurisdiction—such as housing, public health, homelessness prevention, and social services—without the funding tools or support required to meet these growing demands. Nearly one-third of municipal spending now goes toward provincially mandated services, yet provincial contributions have not kept pace, leaving a gap of almost \$4 billion annually. At the same time, municipal revenues—largely dependent on property taxes—do not grow with inflation or the economy, further eroding local governments' fiscal capacity. With unprecedented growth in population and housing needs, rising infrastructure costs, and mounting social challenges, municipalities are being stretched beyond their limits. This imbalance threatens not only local service delivery but also the long-term prosperity and quality of life for communities across Ontario.

RECOMMENDATION:

The Federation of Northern Ontario Municipalities (FONOM) strongly recommends that the Province of Ontario undertake a comprehensive Provincial-Municipal Review of programs, responsibilities, and funding models, in partnership with the Association of Municipalities of Ontario (AMO) and FONOM itself. This review is urgently needed to address the growing fiscal imbalance between municipal obligations and available revenue tools, which is undermining the economic prosperity and quality of life of Ontario's communities.

Current fiscal arrangements place a disproportionate burden on municipalities, with nearly one-third of municipal spending directed toward services under provincial

jurisdiction—including health, housing, and social services. Municipal expenditures in these areas now outpace provincial contributions by approximately \$4 billion annually. Compounding the issue, municipal revenues—primarily from property taxes—do not grow in line with inflation or the broader economy, leaving municipalities financially constrained and ill-equipped to respond to increasing responsibilities and demand.

As Ontario faces historic population growth, escalating infrastructure needs, and compounding social challenges such as homelessness, mental health crises, and the impact of the James Bay migration, municipalities are being asked to do more with less. This is further exacerbated by inflation, rising interest rates, and the limitations of regressive revenue tools that disproportionately impact low-income residents and small businesses.

FONOM believes the Province has both the capacity and the responsibility to invest more significantly in the long-term prosperity of Ontario communities. A structured review—focused on social and economic prosperity, service responsibility realignment, and sustainable funding—will support evidence-based policy decisions, reinforce intergovernmental collaboration, and ensure municipalities remain viable partners in delivering critical services and infrastructure.

FONOM urges the Honourable Rob Flack, Minister of Municipal Affairs and Housing, to lead this review in collaboration with AMO and FONOM, and to formally commit to this initiative in the upcoming legislative session.

ANALYSIS:

Ontario’s current provincial-municipal fiscal framework is increasingly unsustainable and misaligned with the scale and complexity of the challenges municipalities are tasked with addressing. Nearly one-third of municipal expenditures support services that fall under provincial jurisdiction—from housing and homelessness to public health and social services—resulting in a structural imbalance that has grown to nearly \$4 billion annually.

At the same time, municipal revenue sources, especially property taxes, are static and do not keep pace with inflation or economic growth, leaving local governments without the necessary tools to manage rising costs or invest in urgently needed infrastructure.

This strain is further exacerbated by population growth, inflation, high interest rates, and policy shifts that transfer additional responsibilities onto municipalities without providing corresponding resources.

Municipalities are at the forefront of tackling critical social issues—including the housing crisis, mental health and addiction support, and assistance for James Bay migration—yet they are constrained by fiscal tools designed for a different era. Without a fundamental realignment of provincial and municipal responsibilities and funding mechanisms, Ontario risks undermining its economic potential and the well-being of its communities.

A comprehensive Provincial-Municipal Review is urgently needed to establish a fairer, more efficient, and sustainable fiscal partnership.

In conclusion, the Province must modernize its approach to municipal funding through a comprehensive review that addresses the economic, demographic, and social challenges faced by Ontario's municipalities, particularly those in the North. The sustainability and stability of municipal finances depend on this action.