



July 30, 2026

Premier Doug Ford
Legislative Building, Room 28, Queen's Park
Toronto, Ontario
M7A 1A1
Sent Via Email: Premier@ontario.ca

Dear Premier Ford,

On behalf of the Federation of Northern Ontario Municipalities (FONOM), representing 110 municipalities across Northeastern Ontario, I am writing to request that the Province undertake a comprehensive review of how provincially mandated and shared municipal service costs are apportioned among Ontario municipalities.

FONOM also believes this review should include Ontario's unincorporated communities. While these communities operate under governance models different from those of incorporated municipalities, many contribute to provincially mandated and shared services through Local Services Boards and regional organizations. Their unique circumstances should be taken into account to ensure that any modernized cost-apportionment model is equitable, transparent, and reflective of all communities affected by provincial funding formulas.

This issue has been brought forward by several municipalities, including the Municipalities of Calvin and Mattawan, which have identified significant inequities that can arise when Current Value Assessment (CVA) is used as the primary basis for allocating the costs of provincially mandated services, shared municipal services, and regional service boards. FONOM believes these concerns warrant a broader provincial discussion.

FONOM believes this presents an opportunity for the Province to demonstrate leadership on an issue affecting municipalities across Ontario, not just those in Northern Ontario. Rather than focusing solely on a review of Current Value Assessment, we encourage the Province to undertake a broader examination of Ontario's municipal cost apportionment model to ensure it continues to reflect the realities facing municipalities today.

Current Value Assessment remains an important component of Ontario's property assessment system and should continue to play a role in determining municipal

capacity. However, experience has shown that relying primarily on CVA to allocate the costs of provincially mandated and shared municipal services can lead to unintended inequities, particularly in rural and Northern municipalities. Communities with significant industrial assessment, hydro corridors, pipelines, resource infrastructure, provincial parks, Crown land, or large acreages may appear to have a strong assessment base while possessing a relatively small residential tax base, limited-service levels, and a reduced ability to absorb increasing costs. In many cases, these municipalities contribute disproportionately toward regional and provincially mandated services despite receiving fewer local services and facing unique geographic and infrastructure challenges.

FONOM is not advocating for the elimination of Current Value Assessment. Rather, we believe the Province should consider a **Modernized Municipal Cost Apportionment Model** that continues to recognize assessment capacity while incorporating additional measures such as permanent population, household count, service availability, geographic isolation, and overall municipal fiscal capacity. Such an approach would better reflect the realities faced by municipalities across Ontario while creating a more equitable and sustainable framework for allocating shared costs. The examples provided by the Municipality of Calvin demonstrate that even a partial hybrid model can significantly reduce disparities while preserving the underlying principles of assessment-based apportionment.

FONOM also recognizes that any changes to long-established funding formulas must be implemented thoughtfully. Municipalities currently benefiting from the existing model should be provided with sufficient time to adjust their financial planning. Accordingly, should the Province determine that changes are appropriate, FONOM would support a phased implementation over a three to four-year period. A gradual transition would allow municipalities to adapt while minimizing financial disruption and maintaining stability throughout Ontario's municipal sector.

We respectfully request that the Province establish a provincial working group involving the Ministry of Finance, the Ministry of Municipal Affairs and Housing, MPAC, the Impact Assessment Corporation, municipal associations including FONOM, AMO, and ROMA, **representatives of Ontario's unincorporated communities and Local Services Boards, and municipal finance professionals representing urban, rural, Northern, and unincorporated communities.** Such a working group could examine the strengths and limitations of the current model and develop recommendations that ensure Ontario's

municipal cost apportionment framework remains fair, transparent, and sustainable for decades to come.

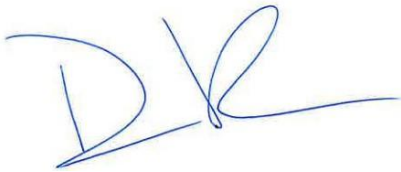
Premier, municipalities across Ontario recognize that property assessment and municipal funding are complex subjects with significant financial implications. Our request is not intended to shift costs from one municipality to another without careful consideration. Rather, we are seeking a collaborative review to determine whether Ontario's existing formulas continue to reflect today's municipal realities and whether

refinements could improve fairness while maintaining stability across the province.

FONOM looks forward to working collaboratively with your government, MPAC, Impact Assessment Corporation, AMO, ROMA, and municipal partners to develop solutions that strengthen Ontario's municipal funding framework and ensure a fairer distribution of shared costs for municipalities of every size.

Thank you for your consideration. We look forward to the opportunity to discuss this important issue further.

Yours,



Dave Plourde, President of FONOM

cc: The Honourable Peter Bethlenfalvy, Minister of Finance

The Honourable Rob Flack, Minister of Municipal Affairs and Housing

AMO

ROMA

Municipality of Calvin

Municipality of Mattawan

MPAC