

Staff Report



To Committee of the Whole
Service Area Infrastructure, Development and Environment
Date Tuesday, February 3, 2026
Subject **Water and Wastewater Servicing Allocation Policy and Bylaw**

Recommendation

1. That Guelph City Council approve the Water and Wastewater Servicing Allocation Policy attached as Attachment-1 to this report.
2. That Guelph City Council delegate authority for the administration of the Water and Wastewater Servicing Allocation Policy to the Deputy CAO of Infrastructure Development and Environment.
3. That Guelph City Council approve the Water and Wastewater Servicing Allocation Bylaw provided as Attachment-2 to this report and give effect to the delegation of authority.

Executive Summary

Purpose of Report

The purpose of this report is to share with City Council the Water and Wastewater Servicing Allocation Policy (the Policy) and the enacting Bylaw for consideration and approval.

Key Findings

Section 86.1 of the [Municipal Act, 2001, S.O.2001, c.25](#) (the Act) authorizes a municipality, through a bylaw, to adopt a policy providing for the allocation of water supply and sewage capacity in the municipality. Pertinent sections of the City's Official Plan with reference to Water and Wastewater Servicing Allocation include:

- Section 6.1.6 "Prior to permitting a development proposal, the City shall ensure there is adequate provision for overall municipal water, wastewater treatment, and solid waste and stormwater management facilities to accommodate the development;"
- Section 6.1.14 "The City's servicing requirements for planned development and projected growth will be monitored to ensure that the sustainable water and wastewater system capacities are not exceeded and to provide sufficient lead time for the planning, design, approval, financing and construction of new facilities as required," and:
- Section 6.1.15 ".The City will specify procedures for the allocation of water supply and wastewater treatment capacity for development applications approved under the [Planning Act](#). Such procedures will include reserve capacity allocations for the following:

- Residential infill and intensification development within the built-up area;
- Residential development within the greenfield area; and
- Non-residential development in both the existing built-up and greenfield area.”

Water and wastewater servicing capacity for the City’s water and wastewater treatment plants is approved by the [Ontario Ministry of the Environment, Conservation and Parks](#). Based on the finite nature of this servicing capacity it is essential that servicing capacity be actively managed to meet the needs of existing customers and community growth as well as to inform timing of new plant infrastructure investments to bring forward additional servicing capacity.

The Water and Wastewater Servicing Allocation Policy and enacting Bylaw ensure transparency and consistency in the process for servicing capacity allocation as part of Building and Planning application approvals.

The Policy has been developed and refined through a Public Engagement Program which included a stakeholder survey and 30-day draft bylaw public review period through the Have Your Say engagement platform as well as direct meetings with local stakeholders.

Through processes defined in the Policy, to reserve servicing allocation, proponents are required to request Formal Capacity Checks of both the water and wastewater linear infrastructure as well as water and wastewater plant capacity to ensure sufficient servicing capacity for a proposed development under a planning or building application. Following completion of a Formal Capacity Check, the proponent will be provided with written confirmation of the City’s ability or inability to service the proposed development and, if successful, the servicing capacity will be held against the planning or building application in the City’s Plant Capacity Tracking Model for a reservation period the lesser of:

- Four years (48 months) from the date of completion of the Formal Capacity Check and confirmation of servicing capacity, in writing from the City to the Proponent; and
- Three years (36 months) from the date of full execution of Site Plan Control Agreement or Subdivision Agreement or date of issuance of the community planning permit or building permit.

Within the reservation period, proponents are expected to attain substantial performance of construction of servicing to their project, or the servicing allocation may lapse and no longer be reserved for the project.

In accordance with changes to the [Municipal Act, 2001](#) implemented through [Bill 185](#) in 2024, the Policy and Bylaw introduced the “Use it or Lose it” policy provisions through which the City can reclaim and reallocate lapsed servicing capacity at the expiry of the defined reservation periods. As part of Policy processes, the General Manager of Planning and Building Services will provide 60 days’ notice to proponents with planning applications and approved projects that are at risk of lapsing. Proponents can then elect to submit an extension request to the General Manager of Planning and Building Services in advance of the lapsing date for consideration. Proponents will be provided with outcomes of the evaluation of the extension request, in writing, within 60 days of receipt of the extension request. Should the General Manager of Planning and Building Services elect not to

grant the extension request, proponents may appeal the decision to the Deputy Chief Administrative Officer (DCAO) of Infrastructure, Development and Enterprise for consideration. Through this process, the decisions of the DCAO are final.

Through implementation of the Policy, staff intend to conduct early consultation with proponents on formal planning applications to confirm the availability of servicing for their project needs. Furthermore, with respect to the “Use it or Lose it” provisions of the Policy, initial focus of policy implementation will be formal planning approvals aged ten years or more which are yet to proceed to construction, and which have not been delayed as a result of pending City linear infrastructure improvements.

The completion of Formal Capacity Checks and Informal Capacity Checks are subject to fees as defined in the City’s [User Fees Bylaw](#).

Through detailed models developed by staff to track unallocated servicing, capacity within the City owned Water and Wastewater treatment plants are measured to be 16,474 m³/day and 4,805 m³/day respectively when taking into account approved planning development commitments as of December 31, 2024.

Available servicing capacity shall be reported on an annual basis to Guelph City Council as part of the annual Growth Management and Affordable Housing Monitoring Report. Further, under the Policy, the General Manager of Environmental Services will give notice to City Council should water supply or wastewater treatment unallocated plant servicing capacity come to reach ten per cent or less of total water or wastewater rated treatment capacity for these respective processes.

Strategic Plan Alignment

The Water and Wastewater Servicing Allocation Policy and Bylaw align to the Future Guelph Strategic Plan’s “Improve Housing Supply”, “Environment” and “People and Economy pillars”. Through the Policy, projects with capacity allocations are encouraged to expedite construction of new homes sooner with defined lapsing periods. Furthermore, the Policy seeks to ensure best management of remaining servicing capacity holdings and to support future Economic Development investments.

Future Guelph Theme

City Building

Future Guelph Objectives

City Building: Improve housing supply

Financial Implications

The completion of Formal Capacity Checks and Informal Capacity Checks are subject to fees as defined in the City’s [User Fees Bylaw](#). Fees for servicing capacity checks are paid by proponents currently and are defined on a cost recovery basis based on the scope and complexity of the servicing analysis to be completed and need for staff to engage external parties run detailed infrastructure modelling assessments, where required.

Report

Background

In June 2024, [Bill 185, Cutting Red Tape to Build More Homes Act, 2024](#), received royal assent within the Ontario Legislature. As part of the many changes brought forward, Bill 185 included revisions to the [Municipal Act, 2001](#) (the Act) that allowed municipalities to enact, through bylaw, servicing allocation policies, including “Use it or Lose it” servicing provisions, through which decisions of Council would not be appealable by proponents to local planning tribunals.

To date, the City has worked to assess and confirm adequate servicing needs for local developments as part of Building Permit and Planning applications. However, beyond staff-level Standard Operating Procedures to guide this technical work, no formal servicing policy exists at this time to guide staff processes or to provide transparent process expectations for local stakeholders on how/when servicing allocation is formally completed through the development process.

Lack of a formal servicing policy poses inherent risks for local stakeholders and the City. For local stakeholders, the absence of a policy to define when servicing allocation is formally completed as part of the development approval process means that a project may be at risk of moving to implementation until the time of execution of the final Site Plan or Subdivision Agreement, at which time formal capacity allocation occurs. This creates the potential for delay in advancing these respective projects following years of progressive work and financial investment.

For the City, there is risk of potential over allocation of servicing capacity in absence of an approved servicing allocation policy, which, if permitted to occur, may result in level of service impacts to existing customers and insufficient servicing capacity to support existing approved development commitments. Furthermore, over allocation poses regulatory compliance risks should City owned water and wastewater treatment plants come to surpass [Ministry of Environment Conservation and Parks](#) approved operational thresholds of these respective servicing systems.

In addition, lack of formal processes to define how and at what time servicing capacity is allocated leaves the City without a means to define how servicing decisions are made and best managed as staff work to allocate remaining finite servicing volumes in advance of new servicing capacity being designed, constructed and commissioned.

Finally, with reference to legacy planning approvals which possess past project servicing allocations but are yet to proceed to construction, the lack of servicing allocation policy and “Use it or Lose it” provisions leaves the City limited recourse to reclaim these capacity approvals and reallocate these capacity volumes to more shovel-ready Planning approvals in meeting local housing and other Official Plan Objectives.

In response to [Bill 185](#), a cross departmental project began work in mid 2024 on robust allocation tracking models to manage unallocated plant servicing capacity and the creation of associated Standard Operating Procedures to ensure consistency through the ongoing administration of these processes. Through these tracking models, available unallocated servicing capacity within the City owned Water and Wastewater treatment plants are measured to be 16,474 m³/day and

4,805 m³/day respectively when taking into account approved planning development commitments as of December 31, 2024. At this time, Water Services and Wastewater Services continue to design and implement new water supply and wastewater treatment capital projects in accordance with recommendations of [2022 Water Supply Master Plan Update](#) and [2022 Wastewater Treatment and Biosolids Master Plan](#) to advance new servicing capacity to meet our Provincial growth directives.

Water and Wastewater Servicing Allocation Process Overview

The complete Water and Wastewater Servicing Allocation Policy is included as Attachment-1 to this report. For reference, the following is a summary of key terms and processes of the Policy:

- Proponents are required to complete Formal Capacity Checks (defined in the Policy and described below) of all servicing systems to confirm and hold necessary servicing for development needs for their planned project and to ensure required servicing needs are represented in the City's allocation tracking models.
- Proponents are able to request a Formal Capacity Check or an Informal Capacity check:
 - Through a Formal Capacity Check the City's ability to service proposed developments is validated through both linear infrastructure modelling for water and wastewater as well as a water and wastewater treatment plant capacity allocation tracking models. Through a Formal Capacity Check, completed in support of an active planning or building application, proponents will be provided written confirmation of the City's ability to service the project, and, if confirmed, associated servicing capacity will be held against the project for a period of 48 months, four years, from the date of completion of the Formal Capacity Check, within the City's plant capacity tracking model.
 - Through an Informal Capacity Check the City will assess its ability to service property based on the defined scope requested by the proponent. This may include evaluation of both linear infrastructure modelling and plant models or a lone service assessment(s) requested by the proponent (i.e., evaluation of wastewater linear servicing capacity only). As these capacity checks are not completed in support of formal planning applications, no servicing capacity will be held in the City's plant capacity allocation tracking model.
- To support the City's Economic Development objectives, a capacity check specific to Economic Community Investment Proposals is defined under the Policy. This check is meant to expedite completion of capacity checks allowing the City to validate suitable servicing capacity as part of competing with other communities to attract new business investment. Following the completion of a Formal Capacity Check for an Economic Development Investment Proposal, associated capacity will be held within the City's plant capacity tracking model for 12 months or until the time at which it is known if Guelph secures this investment or if the capacity hold will be eliminated as a result of the investor choosing another community.

- The requirement for post secondary institutions to complete Formal Capacity Checks, to ensure adequate servicing needs, are allocated to their private developments before securing a building permit.
- Servicing capacity is formally allocated to projects at the time of Site Plan Approval, Subdivision Approval, and/or building permit approval. Thereafter proponents will have a 36 month, (three year), lapsing period within which they are to reach Substantial Performance of servicing to their development, as defined in the [Ontario Construction Act](#).
- Water and Wastewater Servicing capacity is allocated on a "First Come First Served" Basis.
- Servicing allocation is specific to an application and property and is non-transferable between properties/persons/corporations.
- Available servicing capacity shall be reported on an annual basis to Guelph City Council as part of the annual Growth Management and Affordable Housing Monitoring Report.
- Notice will also be provided by the General Manager of Environmental Services to City Council should water supply or wastewater treatment unallocated plant servicing capacity come to reach ten per cent or less of total water or wastewater rated treatment capacity for these respective processes.

"Use it or Lose it"

In accordance with the Policy, should a Formal Capacity Check in support of an active planning application surpass 48 months in duration without either reaching site plan or subdivision approval or submitting an extension request to the General Manager of Planning and Building Services, the capacity hold associated with the project within the City's plant allocation tracking model will be released and returned to the volume of unallocated servicing capacity for each respective plant asset.

Similarly, should a 36 month lapsing period coming from Site Plan Approval, Subdivision Approval or Building Permit issuance without either reaching substantial performance of site servicing or submitting an extension request to the General Manager of Planning and Building Services, the capacity hold associated with the project within the City's plant allocation tracking model will be released and returned to the volume of unallocated servicing capacity for each respective plant asset.

Lapsing Period Extension Requests and Appeals

As the project comes to approach a lapsing period date of six months, the proponent will receive notice from Planning Services of the potential loss of their servicing capacity allotment should the project not be completed in the defined timeline or a request for an extension is not submitted.

Proponents may submit a request for extension up to 60 days in advance of their use it or lose it expiry date to the General Manager of Planning and Building Services for consideration based on the following criteria:

- Demonstration of firm commitments and feasibility of application to complete construction
- Extent of new community housing advanced by the proposal
- Job creation coming from investment
- Alignment of application with City's strategic growth objectives/nodes

- Conformity to the goals and objectives of the City's Official Plan

The General Manager's decision will be provided to the proponent in writing within 60 days' receipt of an extension request. If the General Manager chooses not to grant the extension, and if the proponent disagrees with that result, the proponent can elect to appeal the extension request to the DCAO of Infrastructure, Development and Environment for review and decision. Through this process decisions of the DCAO are final.

Policy Implementation and Rollout

Through the implementation of the Policy, staff seek to conduct early consultation with proponents on formal planning applications to confirm the availability of servicing for their project needs.

In working to communicate Policy requirements, staff will be working to develop a dedicated webpage in late Q1 2026. These future web materials will include more detailed information on process requirements in submitting Policy extension requests and appeals processes to help guide local proponents seeking to utilize these aspects of the Policy in the future.

With respect to the 'Use it or Lose it' provisions of the Policy, initial focus of policy implementation will be formal planning approvals aged ten years or more that are not yet ready to proceed to construction and that have not been delayed as a result of pending City linear infrastructure improvements. Following approval of the Policy, the General Manager of Planning and Building Services will provide notice to applicable project owners of a 36 month lapsing period that will be initiated for servicing capacity holds for their respective projects in accordance with the terms of the new Policy, and also their need to progress to substantial performance of servicing for their project within this lapsing period to avoid the risk of losing associated project capacity holds.

Financial Implications

The completion of Formal Capacity Checks and Informal Capacity Checks are subject to fees as defined in the City's [User Fees Bylaw](#). Fees for servicing capacity checks are currently paid by proponents and are defined on a cost recovery basis based on the scope and complexity of the servicing analysis to be completed and need for staff to engage external parties to run detailed infrastructure modelling assessments, where required.

Consultations and Engagement

The stakeholder engagement process for the Water and Wastewater Servicing Allocation Policy process launched on May 21, 2025, with a public facing notice announcing the project and directing interested members of the community to the project website for more information and for information on how to participate in future phases of the engagement through the Have Your Say Platform. In addition to this digital notification of project commencement, staff also attended the Grand Highlands Home Builders/City monthly liaison meeting in May to introduce the project to these local stakeholders and to solicit the association's participation and feedback through planned engagements.

Phase 1 of the engagement included a questionnaire on the Have Your Say platform seeking stakeholder feedback on common elements of municipal water and wastewater servicing allocation policies and open-ended questions regarding key

considerations the City should take into account in looking to form a local Allocation Policy. This month long engagement began on May 26th and concluded on June 25th, 2025.

Based on feedback attained through Phase 1 engagement, and stakeholder requests for greater context on the Policy and its workings, staff initiated Phase 2 of the engagement on September 22nd which brought forward a Plain Language Bylaw Document for a 30-day public review period on the Have Your Say Platform. Following promotion of this engagement, staff conducted presentations at the September 24th Grand Highlands Home Builders/City monthly liaison meeting as well as presentations to the City's Planning Environment and Water and Economic Development and Tourism Advisory Committees of Council on October 14th. The 30-day public review period closed at 12pm on October 22nd with comments received from three stakeholders on the Policy.

Following the closing of Phase 1 and Phase 2 engagements respectively, summary reports were developed and shared through the Have Your Say platform to share engagement findings by Phase 2. With Phase 2 engagement comments coming to focus on certain sections or concepts within the draft plain language bylaws the report followed a question and answer format to provide direct response to these questions and context as to how stakeholder feedback was used through Policy refinement. Further, with many of these questions coming from Grand Highland Homebuilder Association (GHHBA) members, a follow-up meeting took place with the GHHBA on January 9, 2026; responses to their questions were discussed and the revised Policy incorporating Phase 2 stakeholder feedback was shared.

The final draft of the Water and Wastewater Allocation Policy was shared with both the Planning Environment and Water and Economic Development and Tourism Advisory Committees of Council to gain feedback at their respective January 2026 meetings in advance of bringing this Policy to Council. The draft Final Policy received the endorsement of each respective Advisory Committee as part of their January 2026 meetings.

Attachments

Attachment-1 Water and Wastewater Servicing Allocation Policy

Attachment-2 Water and Wastewater Servicing Allocation Bylaw – 2026 - 21193

Attachment-3 Water and Wastewater Servicing Allocation Policy – Staff Presentation

Departmental Approval

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