



SHIELD
STORAGE CENTRES INC.
LOCK.STORE.SECURE

July 10th 2018

Susanne Murchison, CBCO
Chief Building Official
Development Services, Building Division
City of Kawartha Lakes

Adam Found
Manager of Corporate Assets
City of Kawartha Lakes

Juan Rojas
Director of Engineering and Assets
City of Kawartha Lakes

Re: Development Charge Relief Request and Discussion

Dear Susanne,

As per our discussion this morning regarding the Storage project I wish to discuss the opportunity for relief with respect to the pending Development Charges (DC's). As discussed in our meeting although the lands are zoned Industrial the City has deemed the storage use as a Commercial use and therefore Commercial DC's are applicable.

This is in itself a significant distinction as the DC rate between the two classes is more than double or 258% between building a similar project/building within the "Rural Area" vs the "Urban Area".

Albeit it a Commercial use there is a steep difference. The main difference between these two Classes of Service Area are that in an Urban Environment the municipal services (Water Treatment and Provisioning and Septic Treatment and Collection) are available for the developer to utilize (on a user pay basis). However, in the Rural Environment the City does not provide municipal services (as noted above) and the developer is responsible for the installation of a Health Department (HKPR) approved water and septic system/services. Including the installation of adequate Fire Protection dependant on the use of the land.

However, in the instance of a Self Storage Use there is not a requirement for Sewer (Municipal or Septic) or Water (Municipal or Well) to be installed rather only a requirement for adequate Fire Protection. Therefore, in the instance of a “Rural Area” Self Storage Land Use or Development the developer in the absence of City water, would only be obligated to install a dry hydrant and cistern system that would allow for adequate water distribution and storage. Such a system for a development the size of the one we are proposing would cost between \$30-\$45,000.00. This coupled with the fact that such a development would be paying \$72.55/sq. m or \$6.74/sq.ft for Rural Commercial DC’s or in the case of Rural Industrial \$32.75/sq.m or \$3.04/sq.ft (See Appendix 2 – Yellow Highlight) for DC’s creates a significant infrastructure and DC cost inequity between the service areas in regard to this land use.

In our situation we have an (1) existing water and sewer service (DC’s have been paid for) for the office building, but we are not increasing the size or use of those connections. The new buildings being proposed are effectively engineered Non-Serviced Steel Sheds. We have separately engineered, constructed, installed, tested and commissioned a Private Hydrant System with Double Check Valve Assembly (City Main Water is separated) that was subsequently tied to the City main by us through a City contractor. The total cost of this initiative has exceeded \$115,000.00 too which we are onside with as it is required through the code and is the “right approach” for this development. However, although we have installed a much more sophisticated and reliable Fire Protection System than that of a rural system or counterpart, we do not and will not utilize municipal water or sewer services. Furthermore, we have spent significant monies designing, constructing and operating an onsite Stormwater Management Plan in lieu of a City stormwater connection yet, we are made to pay a significant higher DC cost.

The Urban Commercial DC would be \$187.64/sq.m or \$17.44/sq.ft (See Appendix 2 – Yellow Highlight)

Development Charges are in part levied for two reasons.

1. To recover engineering infrastructure for collector roads, sanitary sewers, water mains and stormwater management specific to individual City Planning Areas as they relate to development related capital costs. (see Appendix 1 – Blue Highlights)
2. To recover city wide uniform costs for the provisioning of Library, Police/Paramedic, Parks and Rec., Health and Social Services, Public Works, Transit and Roads services as they to development related capital costs (See Appendix 1 – Non-Highlighted)

In large part the Urban DC’s encapsulates both points whereas the Rural DC’s typically are levied only on point 2. As in many cases the services within Point 1. are assumed directly by the land

owner/developer and there will be a “zero impact” on the City with regard to those infrastructure services described within Point 1.

DC's are typically service area dependant, however, in cases like this where there is a zero-impact on the City infrastructure in regard to the Engineering Infrastructure (specifically Sewer and Water) the DC's should take into consideration the Land Use as well as the service area contemplated.

We have made a point to build this project properly and with the approval and blessing of all City Departments. We have invested significant dollars to create a business within the City that will generate DC's, Building Permit Fees and the accrual of significant property tax dollars in perpetuity, all to the benefit of the City. However, to levy DC's at the suggested rate on a project/use that has a zero-impact will effectively equate to a DC cost that would be **58.49% of the total building cost** (See Appendix 3, 4 and 5 for an overview of the DC's for Urban Commercial vs Rural Commercial vs Rural Industrial for Buildings 1 and 2 as well as the total project of 9 buildings), which is exorbitant and inequitable compared to **24.41% of the total building cost** in a Rural Commercial setting or **12.64%** in a Rural Industrial setting respectively. All of which will have effectively the same service/infrastructure impact.

We are not requesting that we do not pay DC's, quite the contrary. We are asking however, that the City evaluate the project on a “use and impact basis” vs simply a service area basis. We have taken one of the last pieces of industrial lands within the City (Bobcaygeon) and created a positive land use while maintaining the onsite infrastructure (Fire Prevention, SWMP, etc) installed at our costs which affords a zero-impact to City Sewer and Water services.

As such we believe that our DC's for this use and impact should be commensurate with those of a Rural Industrial land use at \$32.75/sq.m which would have a similar impact on City infrastructure and services or at minimum be reduced by the Water and Sewer components of the DC Bylaw for Commercial DC's. This would equate to an adjusted Commercial DC rate of \$72.55/sq. m or \$6.74/sq. ft. as no City Water or Sewer services are being utilized. (See Appendix 6 for a DC review) This rate would be equivalent to the Rural Commercial Rate which still equates to a DC cost of 24.41% of the total building cost. A DC number that we would still like to see discounted for the Commercial Roads Related DC's as albeit a Commercial use it is a “passive Commercial use” on Industrial Lands whereby the buildings/units are capped and are not attended daily by the users and therefore, traffic use would not be the same as a traditional Commercial/Retail use such as a Hardware Store.

The application of a discounted DC in lieu of the standard fee does not preclude the City from charging more applicable DC's if the future use or development should change. Meaning if the use should impact the City Sewer and Water infrastructure then future DC's would be triggered with the addition of those related services.

This would mean we would pay the current/in year Urban DC "discounted as per the above" for the erection of these nine (9) non-serviced pre-engineered buildings. Any other construction that was not within this use would be applicable to the standard DC's.

I look forward to hearing back from you after your discussions with Adam and Juan (Cc'd hereto)

Thanks and Take Care

Jay Allen

Owner

Shield Storage Centres Inc

Appendix 1 – Non-Residential Development Charge Breakdown by Service

2018 City of Kawartha Lakes Non-Residential Development Charges				
Service	Electricity Generation (\$/500KW of NGC)	Industrial (\$/meters squared of GFA)	Commercial (\$/ meters squared of GFA)	Institutional (\$/meters squared of GFA)
Health and Social	\$0	\$0.00	\$0.00	\$0.00
Library	\$0	\$1.36	\$1.36	\$1.36
Parks and Recreation	\$0	\$1.17	\$1.17	\$1.17
Fire	\$506	\$2.83	\$6.80	\$4.86
Paramedic	\$70	\$0.39	\$0.95	\$0.68
Police	\$483	\$1.95	\$4.66	\$3.34
Airport	\$0	\$0.15	\$0.39	\$0.28
Transit	\$0	\$0.29	\$0.68	\$0.48
Administration	\$133	\$0.74	\$1.78	\$1.28
Roads and Related	\$5,051	\$26.11	\$60.10	\$42.90
Water Treatment	\$0	\$9.60	\$22.08	\$15.80
Water Distribution	\$0	\$11.67	\$27.32	\$19.54
Sewage Treatment	\$0	\$6.61	\$15.19	\$10.88
Sewage Collection	\$0	\$22.26	\$50.50	\$36.23
Total	\$6,243	\$85.13	\$192.98	\$138.80

Appendix 2 – Aggregate Non-Residential Development Charges by Service Area

2018 City of Kawartha Lakes Non-Residential Service Area Development Charges				
Service Area	Electricity Generation (\$/500KW of NGC)	Industrial (\$/meters squared of GFA)	Commercial (\$/meters squared of GFA)	Institutional (\$/meters squared of GFA)
Urban-Lindsay	\$6,243	\$85.13	\$192.98	\$138.80
Urban-NWT	\$6,243	\$62.87	\$142.48	\$102.57
Urban-Other	\$5,760	\$82.89	\$187.64	\$134.98
Rural-Ops	\$6,243	\$34.70	\$77.21	\$55.87
Rural-Other	\$5,760	\$32.75	\$72.55	\$52.53