



**SHIELD**  
**STORAGE CENTRES INC.**  
LOCK.STORE.SECURE

November 1st 2018

Mr. Ron Taylor  
CAO  
City of Kawartha Lakes

Cc: Andy Letham, Jennifer Stover, Susanne Murchinson, Adam Found, Kathleen Fagan

**Re: Development Charge Discussion**

Dear Ron,

As per our discussions the enclosed is an overview of our position as it relates to the Development Charge (DC's) that are being proposed for the new development at 221 Main Street Bobcaygeon.

Further to your discussions with Andy and some of the background material you might or might not have been privy too the following is a final attempt to request staff to look for a mutually agreeable and appropriate solution in regard to the application of DC's for this development.

The City argument is that the Serviced Area was constructed and contemplated for such growth and if the development is within the Service Area then the DC's are applied in part for cost recovery and that regardless of the zoning the use has been deemed to be Commercial under the City DC Bylaw.

Agreed in some regard however,

1. The Development in question does not connect to these Services meaning it has a zero impact on the capital services (Sewer/Water/Storm).

We have submitted in the past that this is a **unique situation** that should require a unique solution. The development of "un-serviced buildings" is not contemplated within the current DC Bylaw too which there is not a current mechanism to look at these non-traditional builds. This issue is further compounded by the sheer size of the project as the warehousing nature of the square footage creates a significant multiplier for a very un-sophisticated structure and service need. Therefore, these unique elements of the development/buildings should suggest a closer look at the application of a blanket DC rate.

To reiterate from our prior communications. We have met all the Engineering, Planning and Building requirements and completed the Service requirement for Fire suppression through the installation of a private hydrant system which is effectively the only service required and it was done at our cost.

Furthermore, the application of a discounted DC, which is one option, for Sewer and Water in lieu of the standard fee does not preclude the City from charging more applicable DC's (specifically for the Sewer and Water Connections and Use) in the future through a DC charge if the future use or development should change.

Meaning if the future use should change and impact the City Sewer and Water infrastructure then future DC's would be triggered with the addition of those related building/use enhancements/services. The developer would simply be credited the current portion of DC's paid against the new DC's attributed to the project.

2. The Development in question is on Industrial Lands for which the use is permitted (not stated as a permitted use within the C zones) and is held to the Industrial zoning constraints/limitations and requirements.

In going through the Site Plan Process all our Engineering, Planning, etc was based on the Industrial requirements including but not limited to setbacks, lot coverage ratio and stormwater management. Given the Industrial zoning the storm water or effluent which is simply rain water was deemed to be industrial given the zoning was Industrial and a requirement of Engineering that we have a Certificate of Approval (C of A) from the Ministry of the Environment on Climate Care. (MOECC)

Given this designation we were made to have a further approval of our SWMP from the MOECC as the discharge was deemed to be industrial discharge. This was an added cost of \$6,200.00 to the Site Plan process because of the industrial distinction. A process the MOECC themselves call a "formality".

How can the City hold us to the Industrial standard from a zoning and engineering standpoint, allow the "use" only within the Industrial Zone and then contemplate charging Commercial DC's?

3. Growth begets/pays for growth.

It is understood that this area is considered a Serviced Area and as such the Services contemplated have been established to meet the needs of the current and future demands.

However, we did not create a further need for capacity/growth through this development nor does or did the proposed impact of the lands when the capacity study was completed. The constructed growth (Services) for the area that were contemplated as per the Development Charge Background Study for the Development Site would have been based on Industrial needs not Commercial and therefore the Current and/or Proposed/Future costing/allocation would have been allocated/budgeted on this basis.

Meaning it would be or have been based on the Industrial demands which are substantially lower than that of the Commercial demands. (See the CKL Background study which uses a rate factor of GFA for Non-Residential allocation). This area would have been identified as Industrial under the Master Plan and Zoning Mapping which in part with other elements would have been used in the creation of the Total GFA for Non-Residential (whether it be Industrial, Commercial or

Institutional) and therefore to recoup Commercial DC's for an area that contemplated Industrial capacity would be creating a surplus or overcharge for this area.

Under the CKL Background study the allocation of capital asset costing/services is approximately as follows:

Industrial: 1%  
Institutional: 1%  
Commercial: 6-12%  
Residential: 85-93%

Whereas the other related services (Fire, Health, other) are typically:

Industrial: 1%  
Institutional: 1%  
Commercial: 3-7%  
Residential: 91-93%

Effectively the Commercial rates are much more heavily weighted than that of the Industrial as the Commercial use has much more Service impact.

Again, we are not suggesting we do not pay DC's, we are suggesting that applying a blanket rate to this unique development (Un-Serviced Large Square Footage Warehousing) needs a unique solution when determining the appropriate DC level.

Also note from the Background Study Electricity Generation Developments are included within the forecast of Industrial Development. As these developments do not produce gross floor area similar to other industrial developments, a charging mechanism is deemed to be used in lieu of GFA. Each 500 kilowatts of nameplate generating capacity is deemed to be equivalent to a residential single detached unit, as it relates to roads and related, fire, police, paramedic and administration services only. Yet there is no impact for Sewer or Water as they are not contemplated in the use? How is this any different than an un-serviced warehouse space?

Furthermore, if being treated as industrial should they not have to also seek and meet the MOECC Storm Water Requirement for industrial runoff?

### **Significant Financial Disparity:**

The result of the applying standard Commercial DC's to this unique development has significant financial consequences that are simply unbalanced. Please see the attached overview/analysis of the DC allocation based on the different Service areas and Zonings. This spread sheet breaks down the building costs in comparison to the DC costs in regard to 1, 2 and a total 9 building buildout. Again, this development is a hybrid to the existing Zoning and DC Bylaws and requires a hybrid approach.

As discussed throughout these meetings and past few months we are not objecting to paying DC's rather we are looking to pay a DC rate that is "Fair and Reasonable" in relation to the development being proposed, the zoning and use contemplated and the impact it has on city wide Services.

To pay over \$530,000.00 for DC's for the development of 30,000 square feet of un-serviced, zero Service (Water, Sewer, Storm) Impact pre-engineered steel warehousing that has a total cost of approximately \$1,050,000.00 is not reasonable, inequitable and might be considered punitive in regard to the current and future capacity proposed in relation to the Service impact.

It would be our ideal solution to see either the Industrial DC Rate applied to this project given the Zoning and Un-Serviced Warehousing nature of the development or have a discounted Commercial DC applied that has the Capital Services of Sewer and Water removed as their capacity (which would be based on Industrial demands) are not and will not be utilized and if required in the future will be charged accordingly on an new development proposal on these lands. Either option would effectively put this development in line with all other Self-Storage facilities within a similar jurisdiction.

I understand that this might not be an option within today's DC framework however, an agreement to modify the framework to contemplate the need for an "Un-Serviced Commercial or Industrial" class which reflects a commensurate DC Rate within the up and coming DC Bylaw review/enhancement would be agreeable.

I look forward to meeting with you next week.

Thanks and Take Care



Jay Allen

Owner

Shield Storage Centres Inc.



### **Other Questions:**

When was the change made to the Self Storage Use within the DC Bylaw. The addition of the Commercial Designation for DC's for Self Storage regardless of zoning?

Why would such a change be made, when every neighbouring municipality deems this use as Industrial?

When was the DC Bylaw enacted (I believe it was 2015) and was it appealed?

If the change/addition was made after enactment of the DC Bylaw what was the mechanism to make the change?

### **Other Self Storage Alternatives and Issues:**

The CKL is littered with these containers and in fact there are several instances where owners have created storage facilities/business made up of them. Below is an example of 43 containers set up for self storage that are a prime example of the disparity in the DC argument. This make shift storage center is equivalent to 6,880 square feet of storage or a DC obligation of \$118,726.36 (Comm. DC) or \$53,927.41 (Indust. DC) without a site plan agreement, fire or stormwater management plan or any of the other regulatory requirements that needed to be obtained by us.







management plan or any of the other regulatory requirements that needed to be obtained by us

