

Milton Hydro

2016 Cost of Service

Oral Hearing

200 Chisholm Building

Background

- Milton Hydro required to vacate in 2009
 - Shared space at Lawson Road leased as temporary solution
 - Lease expired in 2014 but was granted a 1 year extension until Dec 2015.
- Search for a permanent solution commenced in 2010.
- Several options were explored – demonstrated in next slides



Requirements

New location for Milton Hydro

- Initial needs and requirements
 - 9-10 acre site
 - 26,000 Sq. Ft. of Admin space
 - 37,000 Sq. Ft. of Operations space
 - 65,000 Sq. Ft. of Outside storage
- Total space requirement of 128,000 Sq. Ft.

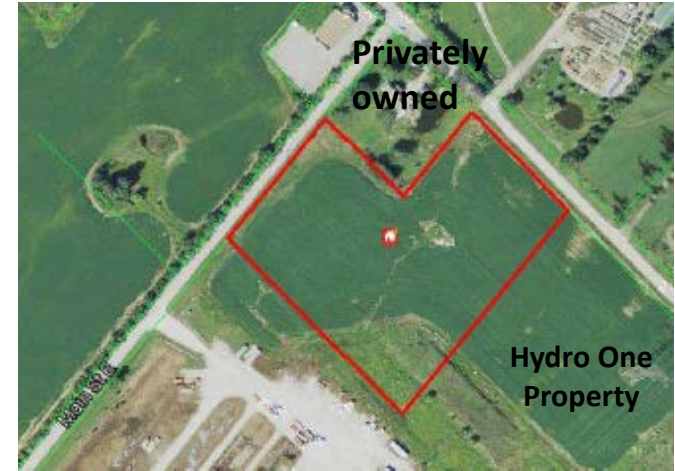
Initial Property Options Considered

Options	Description	Notes
1	MSSC building on Steeles Ave W. is a 54 acre site owned by Mitsubishi	It has been removed from the market due to environmental problems
2	99 Peru Rd. This is an 11 acre serviced parcel is shown as industrial on the C.2.B TOM Official Plan and backs on to Magna.	Advised by TOM that there is no guarantee of industrial zoning. Could be lengthy delay in ability to build
3	2995 Peddie Rd. This is a 14.4 acre parcel that is serviced and zoned industrial.	Land acquisition cost is 60% of budget and therefore too expensive.
4	Halton Hills Banquet Center Lands (35 acres) zoned "Green Lands" according to the TOM Official Plan Schedule "B"	The asking price would be more suited to residential development as the asking price is already at the top end of serviced industrial land for sale today – even if it could be re-zoned, no industrial developer would pay that amount to develop that site for industrial use.
5	Emery Investments owns 5 properties of various acreages north of the 401 along the new James Snow extension which now under construction.	Emery was fixated on large warehouse opportunities and while mildly interested, they pretty much told us that our type of build would be a "fill in" once the large acreages were packaged off
6	Robertson building on 10 acres of land on Bronte St. N. is currently zoned "Business Park"	TOM wants this land returned to residential and there is a potential environmental issue to the north of the property.
7	East side of 5th Line south of the CP rail line. Land is designated industrial M2 zoning.	At this time, they are not interested in a severance unless they can't complete a deal with one of the 2 buyers.
8	Orlando Corporation expressed initial interest in doing a package design build on property they own on 5th Line south of the CP rail tracks on the west side zoned future industrial.	The lands are being reserved for 580,000 Sq. Ft. and up buildings.
9	High Point Business Park. 3 parcels of land on Parkhill Drive of which 95% backs on to the Hwy 25 off ramp from the 401 totaling 15.61 acres (2.67, 5.9, and 7.04) are available.	We were informed by the TOM that a request for zoning change would be denied.
10	CN property on 1st Line	Probably the most cost efficient and most available property but outside of the development area and Region would not approve us building there.

Options Considered

	Option 11	Option 12
	Proposed New Construction @ Fifth Line & Main Street plus corner property	Proposed Buy & Renovate @ 200 Chisholm Drive
Use: (Sq. Ft.)		
Admin	26,000	32,800
Operations	37,000	59,028
Outside Storage	65,000	29,000
Total Space (Sq. Ft.)	128,000	120,828
Cost to Construct/Renovate:		
Admin	\$6,639,000	\$5,060,000
Operations	\$5,151,000	\$1,425,000
Total Cost to Construct	\$11,790,000	\$6,485,000
Total Land (acres)	6.4 +1.3(corner)	7
Land Cost	\$2,200,000+\$800,000	\$4,000,000
Site Development Cost	\$815,000	\$625,000
Total Land Costs	\$3,815,000	\$4,625,000
Building Value Pre Reno	\$0	\$3,390,000
Total Investment	\$15,605,000	\$14,500,000

Fifth & Main



200 Chisholm

Outside Storage

200 Chisholm



Waterloo North



24 acres total

228,100 Sq. Ft. of
outside storage

Guelph Hydro



13.8 acres total

104,700 Sq. Ft. of
outside storage

Cambridge



8.9 acres total

140,600 Sq. Ft. of
outside storage

Outside Storage Space Comparisons

Cambridge

Guelph

Waterloo

Fifth and Main

200 Chisholm

Property Size

8.9 acres site

13.8 acres site

24 acres site

7.7 acres site

7 acres site

Outside Storage Space

140,600 Sq. Ft.

104,700 Sq. Ft.

228,100 Sq. Ft.

65,000 Sq. Ft.

29,000 Sq. Ft.

Original Property Listing - 200 Chisholm Drive



> Building Area:	1st Floor Office - 10,437 SF 2nd Floor Office - 9,563 SF Total Office - 20,000 SF Mezzanine - 12,800 SF Warehouse - 59,028 SF Total - 91,828 SF	> Lighting:	New T5 throughout
> Shipping:	1 truck level door, 3 drive-in doors	> Bay Size:	40' X 80'
> Clear Height:	30 feet	> Cranes:	2 X 10 ton, 1 X 5 ton
> Zoning:	M2	> Power:	3000 amps, 600/347 volts
		> Building Age:	Built in 1991
		> Land Size:	7 acres
		> Rental Rate:	\$6.75/SF Net
		> Additional Rent:	TBC

First Floor

[illegible]

Second Floor

[illegible]

Admin & Operation Space

	Listing	As Filed in Cost of Service	Reconciled as Admin/ Operations
Office	20,000	43,618	32,800 (admin)
Mezzanine	12,800		
Warehouse	59,028	48,210	59,028 (Operations)
Total	91,818	91,818	91,818

- Approximately 44,000 Sq. Ft. of building was renovated and listed as office in original cost of service submission.
- Space within the warehouse was renovated to accommodate Operations for areas such as a Metering shop, Lines Locker Room and System Control Room area.
- Because of building and fire codes regulations, the full Mezzanine was enclosed adding 12,800 Sq. Ft. to the original office space of 20,000 Sq. Ft.. Total Admin area = 32,800 Sq. Ft.. (appr 5000 Sq. Ft. of future space)

Future Mezzanine Space



Incremental Cost to renovate vacant 5000 Sq.
Ft. of Mezzanine was approximately \$101,000

Admin Space

Recent Decisions & Comparison

	PowerStream	Waterloo North	Enersource	Innisfil Hydro	Hydro Ottawa	Milton Hydro	
	EB-2008-0244	EB-2010-0144	EB-2012-0033	EB-2014-0086	EB-2015-0004	EB-2015-0089	
Function	Admin	Admin/Ops	Admin	Admin/Ops	Admin/Ops	Admin/Ops	Admin only
Status	<u>Approved</u>	<u>Approved</u>	<u>Granted</u>	<u>Settlement</u>	<u>Granted</u>	<u>Applied</u>	
In-Service	2008	2011	2012	2014	2016 -18	2015	2015
Total Sq. Ft.	92,000	104,000	79,000	36,172	351,000	91,828	32,800
FTEs	250	117	150	41	622	61.5	41.5
Sq. Ft./FTE	368	889	527	882	564	1,493	790

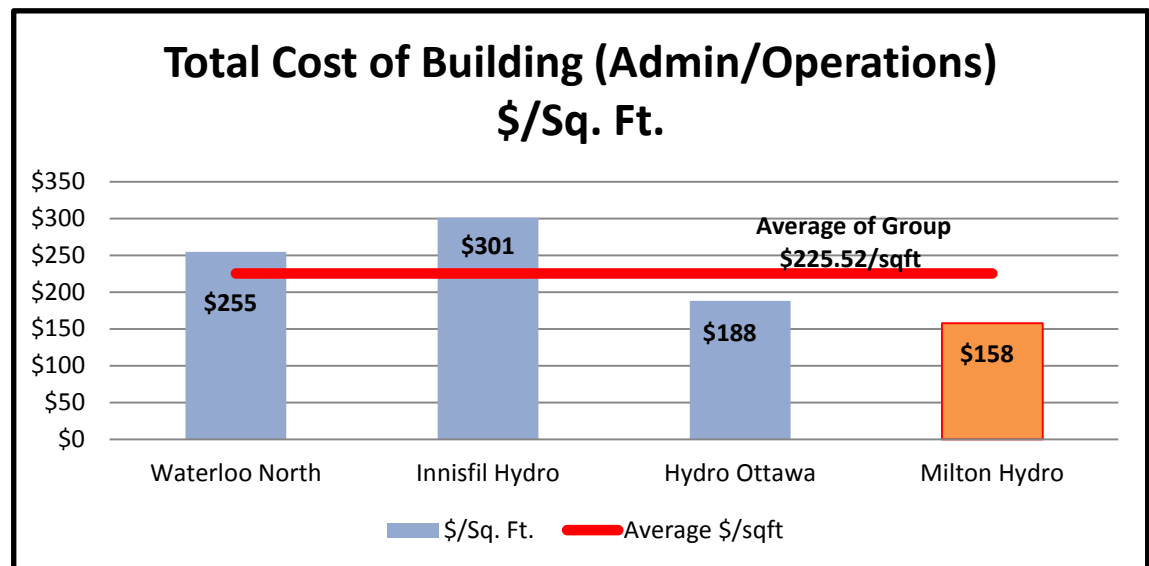
	Milton Hydro		Milton Hydro		Milton Hydro		Milton Hydro		Milton Hydro	
	EB-2015-0089		EB-2015-0089		EB-2015-0089		EB-2015-0089		EB-2015-0089	
Function	Admin/Ops	Admin only	Admin/Ops	Admin only	Admin/Ops	Admin only	Admin/Ops	Admin only	Admin/Ops	Admin only
Status	<u>Applied</u>		<u>Deduct inside storage of 36000 Sq. Ft. (65000-29000)</u>		<u>Deduct inside storage and 5000 Sq. Ft. of admin</u>		<u>As applied within 2021 projected employees</u>		<u>Deduct inside storage and 2021 projected employees</u>	
In-Service	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Total Sq. Ft.	91,828	32,800	55,828	32,800	50,828	27,800	91,828	32,800	55,828	32,800
FTEs	61.5	41.5	61.5	41.5	61.5	41.5	69.5	46.5	69.5	46.5
Sq. Ft./FTE	1,493	790	908	790	826	670	1321	705	803	705

Cost to Construct

Recent Decisions & Comparison

	PowerStream	Waterloo North	Enersource	Innisfil Hydro	Hydro Ottawa	Milton Hydro	Milton Hydro
	EB-2008-0244	EB-2010-0144	EB-2012-0033	EB-2014-0086	EB-2015-0004	EB-2015-0089	EB-2015-0089
Function	Admin	Admin/Ops	Admin	Admin/Ops	Admin/Ops	Admin/Ops	Admin/Ops
Status	<u>Approved</u>	<u>Approved</u>	<u>Granted</u>	<u>Settlement</u>	<u>Granted</u>	<u>Applied</u>	<u>With 2021 Projected employees</u>
In-Service	2008	2011	2012	2014	2016 -18	2015	2015
Total Cost (\$K)	\$27,700	\$26,500	\$18,000	\$10,900	\$66,000	\$14,500	\$14,500
Total Sq. Ft.	92,000	104,000	79,000	36,172	351,000	91,828	91,828
FTEs	250	117	150	40.5	622	61.5	69.5
\$/Sq. Ft.	\$301	\$255	\$228	\$301	\$188	\$158	\$158
\$/FTE	\$110,800	\$226,496	\$120,000	\$265,854	\$106,109	\$235,772	\$208,633

Milton Hydro's building was constructed for \$158/Sq. Ft. which was 30% below the group average.



200 Chisholm Cost Analysis

	Size	Cost
Total Land (Acres)	7.0	
Land Cost		\$4,000,000
Site costs		\$625,000
Total Cost Allocated to Land		\$4,625,000
Use: (Sq. Ft.)		
Administration	27,800	\$ 5,062,000
Future	5,000	\$ 100,200
Operations	59,800	\$ 1,323,000
Outside Storage	29,000	
Use Totals	120 ,800	\$ 6,485,200
Building Value Pre-renovation		\$ 3,390,000
Total Building Investment		<u>\$ 14,500,200</u>
Construction Building Cost / Sq. Ft*		\$ 108
Total Building and land Cost / Sq. Ft*		\$ 158

* Costs are prior to an annualized revenue offset of \$87,975 for the full 5 years (the gain from the sale of Fifth and Main property)

200 Chisholm Drive

The Purchase and Renovation of 200 Chisholm was a prudent and cost effective decision

