

New Casino & Convention Development in Toronto

Date:	April 5, 2013
To:	Executive Committee
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

The Ontario Lottery and Gaming Corporation (OLG) is undertaking modernization of casino gaming operations across Ontario. The OLG has identified 29 gaming zones, where it intends to issue a request for proposal for a private sector provider to develop and/or operate a casino in each zone. Two of the zones (C1 and C2) each include areas of Toronto and adjacent municipalities along the city's perimeter. A City Council resolution is required for the OLG to establish a new gaming site.

At the November 5, 2012 Executive Committee meeting, the City Manager presented a preliminary report, "Considering a New Casino in Toronto", and was directed to conduct a public consultation, provide further analysis, and report back with recommendations. This report responds to the requests of Executive Committee, and provides analysis on both the OLG C1 and C2 zones. City staff reviewed the issue of a new downtown casino and expanded gaming at the Woodbine site by evaluating key economic, city building, social, health, and fiscal criteria. A detailed analysis of specific study areas in the Port Lands, Exhibition Place, downtown core, and Woodbine is also provided for Council's consideration on possible locations.

Should Council consider new casino development, a citywide perspective should be taken to support the potential that exists in both the C1 and C2 zones. A standalone casino is not supported by staff. Any consideration of a new casino in the C1 zone requires that it be in the form of an urban, appropriately-sized entertainment complex that enhances Toronto as a convention and tourist destination. Increasing convention space would be a strategic economic development benefit that could be leveraged with a casino given the opportunities to co-locate these facilities and the synergistic relationship between the casino and convention business. Expanding convention space to bring Toronto into the top ten for convention space in North America has the potential to attract more tourists and would be a key economic driver for the City. It is critical that an appropriate sized

casino in the C1 zone include the development of a top-rate convention and trade show infrastructure to improve Toronto's competitiveness in attracting the largest class of events. An expanded gaming facility in the C2 zone should enable the entertainment and retail focus of the existing approved planning framework for Woodbine, and support a revitalization strategy for the area.

In addition, the cross-corporate staff analysis identified a number of other economic, social, health, planning and fiscal conditions to address impacts related to new casino development. The advice resulting from this analysis is found in the recommendations section of this report, and Appendix A as City conditions Council may wish to request of the OLG and the Province.

Given that the OLG has not selected a proponent and the City has not received a detailed proposal for a specific site in the C1 zone, the report also provides options for Council consideration. Should Council wish to pass the statutorily required resolution "supporting the establishment of a gaming site in the municipality" (O. Reg. 81/12), it is recommended the resolution be conditional upon the OLG meeting Council's requirements. A key requirement is for the OLG to report back to the City Manager following the procurement process, at which time Council can be advised whether the City's conditions are being addressed. If conditions have not been addressed to the satisfaction of Council, it could request that the Minister of Finance not agree to the business case for the proposed casino. Under the regulation as currently worded, the Minister must accept the business case before the OLG can establish a casino.

The following summary is outlined in three main sections. Section A outlines the results of a cross-corporate staff analysis and a possible approach to expanded gaming for Council's consideration. Section B outlines the results of the public consultation, stakeholder meetings and a telephone poll conducted by the City. Section C provides an overview of the staff recommendations and related implementation considerations.

SECTION A: APPROACH TO EXPANDED GAMING IN C1 AND C2

The OLG has provided an estimate of the size and scope of a new casino facility the market is contemplating in C1 based on results of a Request for Information (RFI). A resort-styled integrated entertainment complex has been suggested in the C1 zone with a maximum gaming floor of 250,000 square feet. The OLG has indicated interest in maintaining the Woodbine slot facility in the C2 zone with the possible introduction of table games and limited amenities subject to market demand.

The report outlines an approach to a new C1 casino development to better inform the OLG's procurement process and signal to the market the key opportunities and challenges from the City's perspective of a new casino development in the C1 zone. The report also considers the existing Woodbine gaming facility and the contributions it makes to the City and area. The approach described below provides a response to the OLG for Council's consideration that more appropriately reflects the economic, city building, social, health and fiscal objectives of the City.

1. Approach to Development

An integrated entertainment complex (IEC) is suggested in both zones (C1 and C2). Planning staff has noted in their analysis that a stand-alone casino is neither practical nor desirable. Economic development direction also supports an IEC, with a convention infrastructure focus in the C1 zone, and an urban entertainment and retail destination in the C2 zone. Through the public consultation process, community members were asked about their preference for either a stand-alone casino or IEC. In all three C1 study area locations, the results indicate a preference for an IEC, a casino with other integrated components (i.e. hotel, retail, convention, etc.).

1.1 C1 Zone: Convention and Trade Show Focused Development

Convention Development

An expanded first-rate convention centre is the most significant opportunity that could be leveraged as part of an IEC. A facility that can attract some of the largest conferences, conventions and trade shows in North America would deliver a significant increase in visitors to the city and ongoing economic and city building benefits. If City Council consents to host a casino in the C1 zone, then it should require that the proponent also builds and develops an operating plan for an associated convention centre that is competitive with other top-ranked North American facilities.

A top-rate convention centre is potentially a bigger tourism draw than a casino. The 10 largest convention centres in North America provide at least 813,000 square feet of total exhibit space (at least 600,000 square feet of contiguous space), in addition to 235,000 square feet of meeting space. Toronto does not have a facility comparable in scale and layout. For example, the Metro Toronto Convention Centre is currently ranked the 33rd largest in North America, with 460,000 square feet of exhibit space and a total of 122,000 square feet of meeting/ballroom space.

A convention venue of the scale described, geared towards the largest class of events, could attract over 130,000 additional visitors annually to Toronto, and generate an additional \$392 million of direct spending. The potential adverse impact on existing jobs and businesses resulting from a new casino are mitigated by the presence of a top rate convention centre providing a tourism draw for visitors from outside the region.

City Planning Analysis (C1 Zone)

As previously stated, the OLG has provided an initial estimate of market demand for an IEC in the C1 zone, with a casino gaming floor of up to 250,000 square feet (see Table 1). City Planning assessed the OLG estimates on the potential use, as well as the size and type of facility in the C1 zone that would be consistent with city building objectives. City Planning is of the view that the size, form and profile of the casino gaming floor should not exceed 135,000 square feet, with a regulated number of slot machines and table

games. The analysis also identifies that a format more suitable for Toronto's downtown area would consist of an urban entertainment complex, which would limit the casino related food, beverage and retail uses to 100,000 square feet, and leverage an increase in convention space. By taking this approach the following could be achieved:

- The profile of the casino facility would be reduced, achieving an improved fit and compatibility within the overall diverse urban character of the downtown area;
- Built form of the facility would be able to better integrate with the existing/planned context of the different study areas;
- Transportation and infrastructure impacts would be more manageable;
- The facility could be more of a tourist attraction rather than a large slot-focused operation as put forward by the OLG which is targeting primarily local patrons; and
- Market impact on existing restaurant and retail streets could be minimized where casino-related retail is limited.

City Planning's analysis also demonstrates that of the study areas considered the downtown core and Exhibition Place study areas are potentially suitable locations for a convention centre focused IEC.

OLG Market Estimate for a Potential Toronto C1 Casino

In order for the City's proposed conditions for convention infrastructure to be viable, the OLG estimates that at least 175,000 square feet of casino gaming floor is required. City Planning recommends a casino gaming floor with a maximum of 135,000 square feet to mitigate planning concerns. The OLG has stated that 135,000 square feet of gaming floor will not be sufficient to generate the revenues necessary to support the scale of the City's convention requirements.

Given the importance of developing a top-rate convention centre, and generating a fair hosting fee for Toronto, the OLG has indicated willingness to work with the City through its procurement process to determine the actual market interest and ability to deliver on the City's proposed conditions. The report recommends the OLG proponent provide two options of 135,000 and up to 175,000 square feet of gaming space, and outline the relative impacts on convention space potential, as well as the respective economic and fiscal benefits to the City. Table 1 compares the OLG's estimates of market demand with City proposed conditions (see Appendix A) required of an IEC in the C1 Zone.

Table 1. Comparison of OLG Initial Estimates to City of Toronto Conditions for C1 Zone

Component	OLG Estimate based on RFI Results	City of Toronto Conditions
Gaming Floor	Up to 250,000 ft ²	175,000 ft ² max
Food, Beverage, Retail	Up to 850,000 ft ²	Casino related: 100,000 ft ² Request market response for balance
Hotel	Up to 1,200 rooms	800 rooms
Entertainment	Up to 6,000 seats	Impact assessment and event mgmt plan
Convention	Up to 1,000,000 ft ²	Minimum of 1,048,000 ft ²
Parking	Up to 6,000 spaces	2,950 to 3,375 spaces (est.) Comprehensive parking review required

1.2 C2 Zone: Entertainment and Retail Focused Development

The report also addresses the current Woodbine slot facility's economic benefits and contributions to the City. The planning framework for Woodbine supports both the current gaming (slots and electronic games) as well as a potential full-service casino (slots and live dealer tables) in this area. The expansion has the potential to support additional development on this site that is in keeping with both the planning and economic framework approved by City Council in 2007, for Woodbine as an entertainment and retail destination. Given the rise in job losses in northwest Toronto and the threatened nature of the horse racing industry, expanding Woodbine supports broader revitalization plans for the area.

2. Economic Impact

C1 Zone

Table 2 and Table 3 provide an overview of the economic impacts associated with an illustrative IEC in the C1 zone. The jobs and GDP numbers reflect a development with an upper limit of 175,000 square feet of casino gaming floor, 1,048,000 square feet of convention and trade show infrastructure, 100,000 square feet of casino related retail and amenities, and an 800 room hotel, in the two C1 zone study areas that could be contemplated for a new casino and convention development—downtown core or Exhibition Place. The construction and operation of an IEC (as described above) in the Toronto C1 zone, at a cost of between \$2.0 billion and 2.3 billion, would generate approximately 6,200 to 7,000 construction related FTE jobs and a \$1.5-\$1.75 billion increase in GDP over a three-year period, as well as approximately 10,070 ongoing operations FTE jobs and a \$935 million annual increase in GDP related to operations.

Table 2. C1 Downtown: Total Jobs & GDP (Net) Construction

Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
C1: Downtown Core 3.1 million ft ²	4,200	1,200	1,600	7,000	\$1,745
C1:Exhibition Place 2.6 million ft ²	3,700	1,100	1,400	6,200	\$1,540

Table 3. C1 Downtown: Total Jobs & GDP (Net) Operations

Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Operations (Net) (Includes casino, convention, hotel, casino-related retail)	3,665	1050	725	5,440	\$625
Spinoff from new convention delegates	3,450	620	560	4,630	\$310
Total	7,115	1,670	1,285	10,070	\$935

C2 Zone

A similar set of economic impacts have been provided for an incremental expansion of the current gaming facility at Woodbine in Table 4 and 5. Projections are based on approximately 80,000 square feet of additional gaming floor and 450,000 square feet of food, beverage, retail space (for illustrative purposes), 170,000 square feet of meeting space, and an 800 room hotel. Expansion of the gaming facility and construction of additional amenities at Woodbine at a cost of about \$1.3 billion is expected to generate approximately 4,000 full-time equivalent jobs and a \$995 million increase in GDP related to construction over a three-year period and 1,600 (net) operations FTE jobs and a \$155 million annual increase in GDP related to operations. However, based on OLG's comments regarding their preference for no immediate expansion at Woodbine, the larger the size of a new C1 facility, the less likely an expansion in C2 will be pursued due to the proximity of the C1 and C2 gaming zones.

Table 4. C2 Woodbine: Total Jobs & GDP (Net) Construction

Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
C2: Expanded Woodbine 1.5 million ft ²	2400	700	900	4000	\$995

Table 5. C2 Woodbine: Total Jobs & GDP (Net) Operations

Integrated Complex	Direct FTEs	Indirect FTEs	Induced FTEs	Total FTEs	GDP (million)
Operations (Net)	1,115	285	200	1,600	\$155
Spinoff from new convention delegates	N/A	N/A	N/A	N/A	N/A
Total	1,115	285	200	1,600	\$155

Table 6 provides an overview of the described components of an integrated entertainment complex in both the C1 and C2 zone, the construction value, gross operating revenue and gross operating job impacts (not including spinoff from new convention delegates), and the revenues that will accrue to the City, Province and Federal Government.

Table 6. Economic & Financial Impact of New Casino & Convention Development (Illustrative Scenarios)

OLG Zone		C1 (Up to)		C2 ¹ (Expansion) (Up to)
Description	Location	Downtown Core	Exhibition Place	Woodbine
	Casino Floor	175,000 ft ²		80,000 ft ²
	Casino Related: Food, Beverage, Retail & Other	100,000 ft ²		450,000 ft ² ²
	Total: Food, Beverage, Retail & Other	Request market response		Request market response
	Hotel	800 rooms	800 rooms	800 rooms
	Convention & Trade Show Space Total (1,048,000 ft ²)	≤ 1,048,000 ft ² ³	313,000 ft ² ⁴ (For total of 1,048,000 ft ²)	170,000 ft ²
	Casino Parking	2,035 spaces	2,850 spaces	1,555 spaces
	Total Parking ⁵	2,950 spaces	3,375 spaces	4,215 spaces
Construction	Average Annual Income (FTE)	\$60,000	\$60,000	\$60,000
	Value	\$2.3 billion	\$2.0 billion	\$1.3 billion
Operations (Gross) (Includes casino, convention, hotel, casino- related retail)	Gaming Revenue	\$1.2 billion	\$1.2 billion	\$0.3 billion
	Non-Gaming Revenue	\$0.2 billion	\$0.2 billion	\$0.4 billion
	Total Revenue	\$1.4 billion	\$1.4 billion	\$0.7 billion
	Direct, Indirect and Induced Jobs (FTE)	10,200	10,200	4,855
	Average Annual Income (FTE)	\$45,000	\$45,000	\$45,000
	GDP	\$1.2 billion	\$1.2 billion	\$0.4 billion
City Revenues	Hosting Fees	\$148 million	\$148 million	\$32 million
	Property Taxes	\$19 million	\$19 million	\$15 million
	City Land Lease	N/A	TBD	N/A
Provincial Tax Revenues ⁶	Ongoing Operations	\$63 million	\$63 million	N/A
	Construction	\$211 million	\$183 million	\$119 million
Federal Tax Revenues	Ongoing Operations	\$51 million	\$51 million	N/A
	Construction	\$358 million	\$311 million	\$203 million

3. Hosting Fees

The City tabled terms with the OLG indicating Toronto receive a hosting fee from gaming revenues equivalent to the amount the Province receives through the OLG (i.e. equivalent to 50% of all government gaming related revenue), but no less than an annual

¹ The numbers in this column are incremental to the existing Woodbine gaming site.

² Note, the report does not specify an upper limit as a condition. Estimate used for illustrative purposes.

³ The MTCC site only requires an additional 475,000 ft² of space. Another site may require 1,048,000 ft².

⁴ Exhibition Place requires an additional 313,000 ft² of exhibit /meeting/ballroom space to meet the 1,048,000 ft² target.

⁵ The total parking is preliminary. A comprehensive review of parking would be required.

⁶ Provincial gaming revenues not included.

minimum of \$100 million. Based on these terms, the City estimates an annual hosting fee from a C1 casino, as described in Table 7, to be approximately \$111 to \$148 million per year, in addition to property tax revenues of \$19 million.

In C2, recommended hosting fees have been estimated based on the City receiving an amount equal to what the Province would receive from the new gaming revenues, beyond those associated with the existing slot operations at Woodbine (approximately \$600 million). The assumption being that the City continues to receive its current share of the Woodbine gaming revenue from existing operations (i.e. approximately \$15 million on \$600 million in gaming revenue). If Council does not support expansion of the Woodbine facility, executing the new standard municipal contribution agreement (MC Agreement) as currently proposed would continue the current entitlement of about \$15 million.

Table 7. Comparison of Hosting Fee Estimates- City vs. OLG (\$million)

	C1		C2	
	Low (135,000 sq.ft.)	High (175,000 sq.ft.)	Low (status quo)	High (expansion)
City Estimate	\$111	\$148	\$15	\$47
OLG Estimate	N/A	\$50 - \$100	\$15	N/A

Table 7 reflects the status of discussions as of mid-March. Subsequently, the Province has asked the OLG to review the MC Agreement to develop a standard approach and formula that is fair and provides equal treatment to all municipalities. City staff strongly advise that the revised municipal hosting fee formula must reflect the unique opportunity of a potential Toronto C1 casino. Projections for a new Toronto casino include more than \$1 billion in new gaming revenues annually, and a minimum of a \$2 billion investment in the development of an IEC with convention space, hotel and food, beverage, and retail. Furthermore, the new development and its operation would garner significant new revenues for the provincial and federal governments through sales and income tax which are inaccessible to the City. As a result, the hosting fee for a Toronto casino should reflect the magnitude of the potential development and operation, and the joint risks and contribution of partnering governments equally.

4. Social and Health Considerations

Staff assessed the conditions required to address the social and health impacts associated with expanded gaming in Toronto. The Medical Officer of Health has submitted a series of reports to the Board of Health (see decision history). The reports indicate problem gambling is a significant public health concern due to impacts on the health of gamblers and the community at large. Current estimates are that between 1.2 to 3.4% of people in Ontario are problem gamblers. The Medical Officer of Health also concluded that a casino located anywhere in the GTA will likely increase problem gambling and associated health risks for Toronto residents, with greater impacts on closer communities.

Social Considerations

A literature review was undertaken to identify social considerations and 'best practices' to be addressed in a Toronto Casino Social Contract. This work complements the research conducted by Toronto Public Health. One focus of the review was the relationship between crime and casino gambling. Findings indicate there is inconclusive evidence of a relationship between increased access to gambling and crime rates. Studies that found an increase in reported crime following the introduction of a casino into a community indicate increases tend to be small in magnitude and short-term in nature. A comprehensive literature review by Williams, Rehm, and Stevens (2011) outlines the relationship between gambling and crime may be mediated by a variety of factors, including extensive prior exposure to gambling; a small increase in availability of gambling relative to population size; existence of policies to protect against the negative impacts of gambling (e.g. effective programs to prevent problem gambling, limits on provision of readily available cheap alcohol, enhanced security/policing in casinos, etc.).⁷

Toronto Casino Social Contract

The report recommends a condition whereby the OLG and selected operators work with the City to implement a Toronto Casino Social Contract. There are four areas of focus:

- Harm mitigation strategies to address negative societal impacts
- Social procurement opportunities in the development and operation of a casino, and related facilities (i.e. convention centre, hotel, etc.)
- City and community use of space agreements for appropriate uses (i.e. local arts, culture, etc.).
- Measuring and monitoring systems to independently assess Social Contract implementation and effectiveness

A Toronto Casino Social Contract should be pursued to ensure investments support the social and economic well-being of the City.

5. Social Impacts of a New Casino in the GTA

The C1 and C2 gaming zones both include areas of adjacent municipalities, including Mississauga, Richmond Hill, Markham and Vaughan. The OLG has indicated there will be a casino in the Greater Toronto Area (GTA) in the C1 zone. It must be emphasized, regardless of whether a new casino is located in Toronto or in an adjacent municipality, there is potentially greater social and health risks associated with increased access to gaming. Addressing the adverse impacts of problem gambling is critical given the OLG's clear interest in increasing access to gaming, through a new casino in the GTA, and the establishment of an online gaming presence as part of their modernization plans.

Through the public consultation and poll (see section B), Toronto residents expressed an interest in being able to influence the nature of the development of a new casino if there was a chance it could be located along the city's perimeter. Fifty-three percent of poll

⁷ Williams, R.J., Rehm, J. & Stevens, R.M.G. (2011). The social and economic impacts of gambling. *Final report prepared for the Canadian Consortium for Gambling Research*. March 11, 2011.

respondents indicated they would "rather the casino be in Toronto than in an adjacent municipality so that Toronto could better plan for and decide on its development".

SECTION B: PUBLIC ENGAGEMENT

At the November 5, 2012 meeting of Executive Committee, the City Manager was directed to conduct public consultation. The City Manager's engagement plan included consultations with the public, stakeholder interviews and a telephone poll.

1. Methodology

The Environics poll was a telephone survey of 902 Torontonians, with representation from across the City of Toronto. The sample used yields a margin of error of 3.3% (at the 95% confidence level). The data was statistically weighted to ensure the sample's regional, age and gender composition reflects that of the City's population.

Stakeholder interviews were conducted with various organizations on the potential for expanded gaming in Toronto. Twenty-nine organizations were contacted for interviews; representatives of 19 organizations took part in the interviews.

Through the public consultation process, 17,780 feedback forms were completed, and 5 public meetings were held. The input from the forms reflects the views of the participants and is not to be interpreted as demographically or statistically representative of the views of the Toronto population. Respondents had the option to self identify their postal code. The approximate breakdown of respondents by former municipality is presented below.

Table 8. Approximate percentage of Feedback Form respondents by former municipality

East York	Etobicoke	North York	Scarborough	Toronto	York	Did not identify/ Other Municipality
3%	6%	9%	7%	45%	2%	29%

2. Highlights of Key Findings

Table 9. Public Views on a Casino in C1 and C2

	Environics Poll	Public Consultation Feedback Form
Views on a Casino	<ul style="list-style-type: none"> 50% opposed to a new casino 42% support a new casino 8% mixed feelings 	<ul style="list-style-type: none"> 71.3% opposed to a new casino 25.7% support a new casino 3% neutral/mixed feelings
C1 Zone: Location	Preferred locations for a casino in C1: <ul style="list-style-type: none"> Exhibition Place (36%) Port Lands (20%) Downtown Core (9%) 	Highly suitable for an IEC: <ul style="list-style-type: none"> Exhibition Place (18.1%) Downtown Core (16.2%) Port Lands (13.2%)
C2 Zone: Woodbine	Support for expanding gaming at Woodbine: <ul style="list-style-type: none"> 55% support 33% oppose 11% don't know/mixed feelings 	Suitability of expanded gaming at Woodbine: <ul style="list-style-type: none"> 35.8% suitable 46% unsuitable 18.2% neutral/mixed feelings

According to the poll, support for a casino is greater in the areas outside of the former City of Toronto, with support ranging from 43 to 46% in the former municipalities of North York, York, East York, Etobicoke and Scarborough. Opposition to a casino in the same five former municipalities ranges from 43 to 52%. Fifty-nine percent of residents in the former City of Toronto oppose a new casino, while 33% are in support.

Reasons for Opposition:

Sixty-one percent of poll respondents opposed to a casino cited concerns about social problems, and another 17% indicated crime is a concern. Public consultation respondents opposed to a new casino provided a range of reasons, and in particular focused on social and health impacts (e.g. problem gambling, impact on family cohesion, crime, etc.).

Reasons for Support:

According to the poll, 44% of those who support a casino cited job creation, followed by 38% citing revenues as the top reasons. Public consultation respondents who supported a casino provided a range of reasons including enhanced economic development, employment, reduced taxes and revenues for other City projects and services.

Revenue:

According to the poll, residents who were asked if "there is a minimum amount of annual revenue to the City of Toronto which might address or balance any concerns you may have about a new casino": 40% would not support a casino for any amount; 32% would support a casino for amounts ranging from \$0 to 150 million; 27% don't know.

According to the poll,

- 58% of residents disagreed when asked if they would rather have the City raise property taxes to generate revenue than approve the establishment of a new casino. 38% indicated they would prefer the City to raise property taxes.
- 46% of residents agreed that they would support a casino if the revenue was dedicated to a specific City service rather than to general revenues. 47% of residents disagreed.
- Among residents that would support a casino if the revenue is directed to a specific City service, transit (33%), infrastructure (32%) and social services (29%) were the preferred service to direct revenue.

In the consultation feedback form, participants were asked whether revenue generated for the City of Toronto from the casino would influence their position on a casino.

Approximately two-thirds (66.9%) of the respondents indicated that the amount of revenue would not have an influence on their position, while 26.8% said it would.

The final reports on the public consultation and Environics poll are included as Appendices F and G to this report.

SECTION C: RECOMMENDATIONS AND IMPLEMENTATION CONSIDERATIONS

1. Overview

In summary, the report considers the opportunities and challenges of new casino development in Toronto, inclusive of the results of the public consultation, and the telephone poll. City Planning has indicated that a new casino in the Toronto C1 zone should be appropriately sized to the unique urban context of the downtown area and be limited to 135,000 square feet of gaming area. However, OLG has indicated that a minimum of 175,000 square feet of gaming area is required to finance the scale of the City's convention requirements.

The focus of staff's consideration of a casino in the C1 zone is the concurrent expansion of convention facilities. A convention facility has a potential annual impact of \$392 million of additional spending in Toronto, and supports the City's long term economic development and tourism objectives. The estimated annual financial benefits of \$111 million (135,000 ft²) to \$148 million (175,000 ft²), combined with a convention focused IEC could provide potential fiscal and economic benefits to Toronto.

There are also significant social and health impacts for Toronto residents as reported by the Medical Officer of Health. In making a decision, Council must be cognizant of the OLG decision that there will be a new GTA casino and that social and health impacts will affect Toronto residents with any GTA location. Thus, the social and health impacts must be weighed against economic and fiscal benefits with a Toronto location.

If Council agrees to proceed with a new casino in the C1 zone, the report recommends the OLG proponent provide options for 135,000 and up to 175,000 square feet of gaming space, and outlines the respective economic and fiscal benefits to the City, for Council's consideration. Outlined below is the process before Council with respect to giving consent to establish a new casino, and receiving additional information from the OLG and proponent on their ability to meet the City's conditions.

2. Municipal Consent

As previously noted, under the Ontario Lottery Gaming Corporation Act (OLGCA), a municipality must pass a resolution supporting the establishment of a gaming site. The following requirements exist for each of the two gaming zones in Toronto:

- Toronto C1 zone: A resolution from Council supporting the establishment of a gaming site.
- Toronto C2 zone: A Council resolution is not required to maintain the current gaming use at Woodbine. If Council supports the expansion of the existing gaming facility into a casino by adding live dealer table games, Council is advised to approve a supporting resolution.

The recommendations in this report have been prepared based on the requirement to pass consent under the legislation, and the staff advice regarding conditions that Council may wish to attach to its consent.

3. Recommendations

- The report proposes two options for Council consideration with respect to the C1 gaming zone:
 - a) Consent to establish a new casino gaming site within the downtown core or Exhibition Place study areas subject to the City's attached conditions, and the OLG entering into an agreement providing Council an additional step to consider a report from the City Manager advising on whether the OLG and proponent have addressed the City's conditions.
 - b) Do not provide consent to establish a new casino in the C1 zone.
- The report also recommends Council consent to the expansion of the existing Woodbine slot facility to include live dealer gaming tables in the C2 zone, supporting Council approved plans for the area as an urban entertainment and retail destination.
- Given the increase in access to gaming in the GTA under the OLG's modernization plan, the report also recommends the Province increase the proportion of gaming revenue dedicated to problem gambling interventions under the Ontario Problem Gambling Strategy.

4. Key Conditions

The following provides a summary of the key conditions if supporting expanded gaming:

C1 Gaming Zone

- The OLG and proponent provide the City with options for a new C1 casino with a gaming floor of 135,000 and up to 175,000 square feet of gaming space, including the specifications of required convention infrastructure, and the hosting fee for Council's consideration.
- The proponent will develop convention and trade show meeting space concurrent with the casino, that includes at least 813,000 square feet of total exhibit space (600,000 square feet of contiguous exhibit space), in addition to 235,000 square feet of meeting/ballroom space.
- The successful proponent will work with the City's Economic Development and Culture Division to minimize impacts to existing jobs and businesses, including demonstrating how the facility will contribute positively to existing businesses in the vicinity (e.g. agreements to purchase blocks of tickets from nearby theatres).
- The OLG and proponent will consider location options in the downtown core study area and Exhibition Place areas where a new C1 casino could be contemplated.

C1 and C2 Gaming Zones

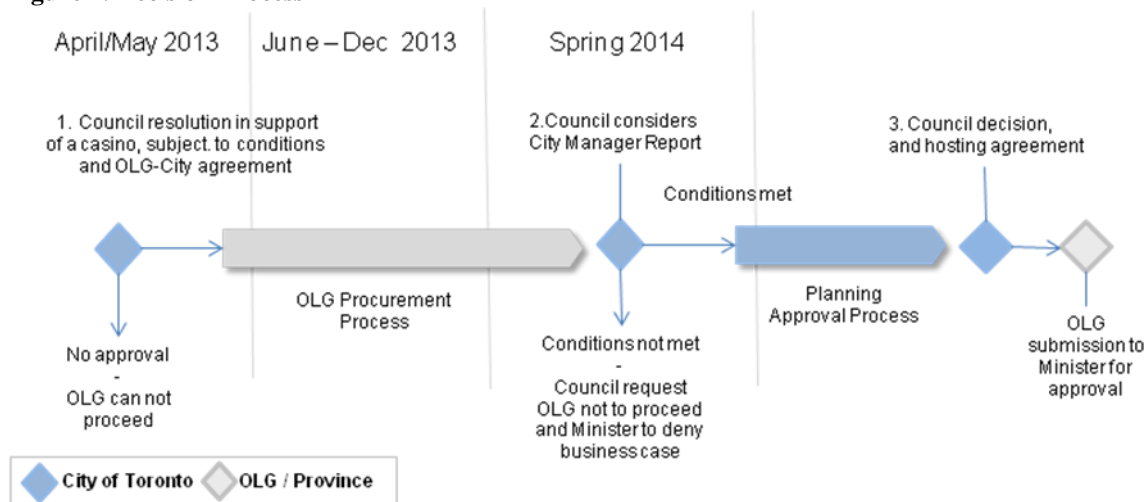
- The proponent will be responsible for funding transportation and other infrastructure it requires related to any casino development.

- The OLG must require the selected proponent(s) of an IEC (includes casino, convention centre and hotel), to execute and to implement a Toronto Casino Social Contract. Elements include harm mitigation strategies, social procurement opportunities, community use of space agreements for appropriate uses, and measuring and monitoring systems.
- A casino proposal should achieve consistency with City policies and guidelines respecting planning, development, transportation, infrastructure and urban design.
- Toronto should receive a hosting fee from gaming revenues that is equivalent to the total share the Province receives.
 - In the C1 Zone, the City must receive a hosting fee from the gaming revenues received by OLG that is equivalent to the amount that the Province receives (either directly or through retention by OLG), but no less than an annual minimum of \$100 million (adjusted annually to inflation).
 - For an expanded C2 gaming facility, the City must receive a hosting fee equal to the sum of: (i) the \$15 million which it currently receives from the existing Woodbine slot operation; and (ii) the amount received by the Province (either directly or through retention by OLG) from any gaming revenue received by OLG exceeding the \$600 million it currently receives from the existing Woodbine slot operation.

5. Decision Process

Given the significance of the issue, the following decision process is proposed, should Council consent to a new casino in the Toronto C1 zone.

Figure 1. Decision Process



This process would allow the OLG to include the Toronto C1 lands in its procurement process subject to entering into an agreement with the City. This agreement would ensure that the OLG include City conditions in its procurement process and ultimately within its business case which it will submit to the Minister of Finance for approval. This process

would provide for an additional report by the City Manager to assess the results of the OLG procurement process and how City conditions will be met by the OLG and the proponent. If conditions have not been met to the satisfaction of Council, it could request that the Minister of Finance not agree to the business case for the proposed casino. Under the regulation as currently drafted, Ministerial agreement is required.

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Attachments

Appendix A: City of Toronto Conditions
Appendix B: City Planning Analysis
Appendix C: Economic Development
Appendix D: Toronto Casino Social Contract
Appendix E: Social Considerations of Establishing a New Casino in Toronto
Appendix F: DPRA Final Report on Public Consultation
Appendix G: Environics: Toronto Resident Casino Survey

RECOMMENDATIONS

The City Manager recommends:

1. City Council consider the following options with respect to a new casino and convention facility in the OLG C1 zone:

Consent to establish a new casino

- a. That City Council consent to supporting the establishment of a new casino gaming site in the Toronto OLG C1 zone within the Exhibition Place or downtown core study areas (see map in Appendix A), as required under O.Reg 81/12, subject to:
 - i. The OLG entering into an agreement with the City, in a form satisfactory to the City Solicitor whereby it
 - A. commits to meeting all of the City's conditions set out in Appendix A and these recommendations (the "Conditions"); and to implementing the Conditions including throughout its procurement process and in the development of the OLG business case required by O. Reg. 81/12;
 - B. commits to following the process set out in these recommendations; and
 - C. refrains from either seeking Ministerial approval of a business case for a casino or authorizing the establishment of a gaming site in Toronto until City Council has granted all planning approvals and entered into a hosting agreement securing a hosting fee.
 - ii. the OLG submitting a report to the City Manager once it has selected a proponent through its procurement process and before Ministerial approval of the business case has been obtained under O. Reg. 81/12;
 - iii. the report (described in part ii) providing the necessary information (as outlined in the planning assessment requirements and any other required documents) to the City Manager in order to assess how the OLG and proponent have met or have contractually committed to meet the Conditions including a fair hosting fee, and providing casino options with respect to the size, location and design of the casino and the convention development and demonstrating that the Conditions are being addressed; and
 - iv. Council considering a report from the City Manager, in consultation with the City Solicitor and other City officials as required, advising of the

information provided by the OLG in its report described in (ii) and (iii), and including:

- A. a description of how the proponent and/or OLG as appropriate have met or committed to meeting the Conditions; or
 - B. advice that the proponent and OLG have failed to meet or demonstrate enforceable commitments to meet the Conditions and an option for Council to request that Ministerial approval of a business case for a casino be denied on basis of failure to meet the conditions;
- v. That City Council state that any Council resolution under 1(a) supporting the establishment of a gaming site in C1 will be void, should the OLG fail to meet the requirements set out in the recommendations and Appendix A, unless Council waives any unmet conditions when it considers the report from the City Manager, as described in recommendation 1(a)(iv).

and authorize the City Manager to negotiate and enter into an agreement (noted in 1(a)(i), in a form satisfactory to the City Solicitor.

OR

Do not provide consent to establish a new casino

- b. That City Council NOT support the establishment of a new gaming site, per Regulation 81/12 of the OLG Act, in the C1 zone.
2. That City Council support an expansion of the gaming site in the OLG C2 zone at the existing Woodbine location, including additional slot machines and the introduction of live gaming tables, subject to the terms and conditions found in Appendix A, and authorize the City Manager to enter into a hosting agreement with the OLG, in a form satisfactory to the City Solicitor, the terms of which shall include a commitment by the OLG to satisfy these conditions and which shall be in place for as long as the site is a gaming site.
3. That City Council request the Ontario Government to confirm that any new casino or expansion of existing facilities in the City of Toronto must comply with the City of Toronto's planning process, including Council approval, and that Provincial Ministerial Zoning Orders are not to be utilized.
4. That City Council request the Ontario Government increase the proportion of gambling revenue dedicated to problem gambling interventions under the Ontario Problem Gambling Strategy to support increased prevention, treatment and research addressing problem gambling in the Toronto region, in order to mitigate the social and health consequences of increased access to gaming in Toronto or an adjacent municipality where a new gaming site may be established.

5. That City Council request the Province to amend any legislation and regulations as may be required to ensure that the conditions set out in Appendix A can be met by the OLG and can be secured by the City.

FINANCIAL IMPACT

Economic Considerations

As shown in the following table, the construction and operation of an integrated entertainment complex in the Toronto C1 zone, including significant new convention space; a hotel; food, beverage and retail space; and parking, at a cost of between \$2.0 billion and 2.3 billion would generate 6,200 to 7,000 construction related full time equivalent (FTE) jobs over a three-year period and 5,440 ongoing operations FTE jobs. Development of a major, top ten, convention centre facility in downtown Toronto would attract over 130,000 new visitors annually to Toronto and additional spending of about \$392 million annually. This increased spending would generate 4,630 FTE direct, indirect and induced jobs.

Table 10. Employment Impact of New Casino Development in C1 and C2

	C1 Downtown Core	C1 Exhibition Place	C2 (Expansion)
Construction Jobs (FTE, 3-year period)	7,000	6,200	4,000
Construction Jobs Average Full-Time Annual Compensation	\$60,000	\$60,000	\$60,000
Operations Jobs (FTE, Gross)	10,200	10,200	4,855
Operations Jobs Average Full-Time Annual Compensation	\$45,000	\$45,000	\$45,000
Operations Jobs (FTE, Net)			
Operation of Integrated Complex	5,440	5,440	1,600
Additional Convention Delegates	<u>4,630</u>	<u>4,630</u>	<u>N/A</u>
Total	10,070	10,070	1,600

Similarly, expansion of the casino and construction of an integrated entertainment complex at Woodbine at a cost of about \$1.3 billion is expected to generate 4,000 full-time equivalent jobs related to construction over a three-year period and 1,600 (net) operations FTE jobs.

Average annual compensation at OLG facilities is approximately \$40,000 to \$60,000 including benefits on a full-time basis. However, the average hourly wages for employees in the accommodation, retail and food service industries in Toronto translate to a full-time equivalent annual salary of approximately \$35,000. There is currently a 60/40 percent full-time/part-time split of jobs at all OLG facilities. Based on the above information for an integrated complex staff are conservatively utilizing \$45,000 for the average full time annual compensation for operations jobs.

Net new spending in Toronto related to an integrated entertainment complex also has an impact on gross domestic product (GDP). In C1, a new complex, including the gaming

operations and associated amenities would have a net GDP impact of \$625 million. This includes the GDP generated directly by the activities required to support a convention centre. There is an additional GDP impact that results from spending by out-of-town delegates at a new C1 convention centre during their visit, including at other hotels. This impact is estimated at \$310 million. Construction will also have a significant one-time GDP impact during the 3-year construction period estimated at \$1.75 billion in the downtown core, and \$1.54 billion at Exhibition Place.

An expanded Woodbine is expected to generate annual net GDP of \$155 million through IEC operations and \$995 million during construction. New convention space at Woodbine is expected to attract mostly local meetings and delegates, and so no spinoff impact is projected.

Therefore the combined C1 and C2 developments are projected to generate \$2.5 billion to \$2.75 billion of construction value and ongoing annually GDP for the IEC operations of about \$1.1 billion.

Table 11. GDP Impact of New Casino Development in C1 and C2

	C1 Downtown Core	C1 Exhibition Place	C2 (Expansion)
3-year Net GDP Impact (Construction)	\$1.75 billion	\$1.54 billion	\$995 million
Annual Net GDP Impact (IEC Operations)	\$625 million	\$625 million	\$155 million
Annual Net GDP impact (Spinoff from convention centre)	\$310 million	\$310 million	N/A
Total Annual Net GDP Impact	\$935 million	\$935 million	\$155 million

If Council is to consider hosting a casino in Toronto, it should do so in a manner that seeks to create jobs and support local businesses and economic growth.

Federal and Provincial Tax Revenues

As a result of both the construction investment and the net new spending that could come to Ontario and Canada as a result of expanded gaming in Toronto, both the provincial and federal governments will receive new tax revenues. Provincial taxes could increase by \$63 million annually and an additional \$211 million over a 3 year construction period if a new IEC is located in the downtown core and \$183 million during the construction period if located at Exhibition Place. Federal taxes could stand to increase by \$51 million annually related to ongoing operations, and an additional \$358 million over a 3 year period related to construction if an IEC is located in the downtown core, and \$311 million related to construction if located at Exhibition Place.

Financial Considerations

Direct financial benefits to the City include hosting fees, property taxes and potential revenue from the sale or lease of City owned land if the City becomes involved in a casino development. These potential revenues could have a positive impact on the fiscal

sustainability of the City by providing flexibility to meet capital growth and state of good repair pressures (e.g. transit expansion, affordable housing, etc.).

Hosting Fees

OLG remits the entirety of its profit from lotteries, gaming sites, and other related businesses to the Province as defined by a statutory payment structure. The City's recommended hosting fee approach provides flexibility regardless of how gaming profits flow to the Province. However, the recommended approach will require Provincial acceptance, cooperation, and an appropriate legislative/regulatory framework to ensure its success.

City staff have provided the financial terms to the OLG that staff would recommend to Council should Council elect to host a new casino. The terms indicate that the City should receive a share of gaming proceeds equal to that of the Province in order to reflect the partnership and the joint stake of both the host community and the OLG in the undertaking. This proposed revenue sharing structure is also sometimes referred to in this report as the City receiving 50% of all government gaming-related revenues. The City's terms also requested an annual guaranteed minimum (or floor) of \$100 million.

Even with equal sharing, the Province (and Federal Government) would earn a premium through increased income and sales tax revenues associated with the construction, operation and enhanced tourism that a new development is expected to create. The City does not share in these benefits, aside from a marginal net increase in property taxes.

These terms result in hosting fee estimates shown below for each site under a low and high revenue scenario.

Table 12. Summary of Requested Hosting Fees at Recommended Equal Sharing Formula

	Proposed City Revenue Share	Total Estimated Annual City Revenue	Average City's Share of Estimated Total Gaming Revenue	Annual Minimum	Escalation to Minimum Requested
C1	Equal share of government gaming-related revenues	Up to \$148 M	12.0%	\$100 M	Yes - CPI
C2 expansion at Woodbine	Sum of (a) an equal share of incremental government gaming revenues; and (b)\$15 M	Up to \$47 M	5.4%	No	N/A
C2 status quo	Standard MC Agreement	\$15 M	2.5%	No	N/A

C1 Development

City staff sought the advice of Ernst & Young (E&Y) to estimate the hosting fee potential of a C1 casino limited in gaming floor area of 135,000 and 175,000 square feet. The estimates are based on average space per gaming stations figures confirmed by OLG,

E&Y estimates for gaming revenue per slot machine or gaming table, and typical government share of gaming-related revenue shared with the City on a 50/50 basis. Staff estimate the City would receive revenue of up to \$148 million per year from a C1 casino.

C2 Development

The larger the size of a new C1 casino, the less potential there may be to expand the existing C2 gaming facility due to the proximity of the C1 and C2 zones. However, based on assumptions that up to 1,500 new slots and 150 tables could be added in a major expansion of the facility and related development, the City would receive up to \$47 million from an expansion to Woodbine in the C2 zone, inclusive of the City's estimated \$15 million entitlement under the standard MC Agreement, and assuming a 30% reduction in C2 gaming revenues due to competition from C1.

If Woodbine slots is not expanded and continues its operation as is (at 3,000 slot machines), Woodbine gaming revenues could be reduced by competition from a new C1 operation by as much as 30%. However, under the currently proposed formula, the City's annual revenue from Woodbine would only be modestly affected – from the current \$15 million down to \$13 million, as the currently proposed revenue sharing formula in the agreement attributes a very small municipal share to gaming revenue over \$500 million.

It should be noted that these outcomes are based on several key assumptions, the most significant of which is the City receive a fair share of all government gaming revenues. Other key assumptions include the number of slots and tables, gaming-related revenue per table/slot machine, and cannibalization impacts. Generally, slot machines can generate higher gaming revenues per floor area.

City Estimates vs. OLG position

The differences between the City staff and preliminary OLG position on a hosting fee are shown in the table below. According to the OLG, in C1, a casino floor area of at least 175,000 square feet is required in order to create sufficient revenues to support the City's convention space requirements. City Planning's analysis indicates the casino gaming floor should not exceed 135,000 square feet. The impact of the two floor areas are shown in Table 13. The OLG estimates were provided without any formula basis therefore City staff are unable to assess the reasons for the differences.

In regard to C2, the OLG maintains that at present, expansion is not its intention but has indicated that a small or modest expansion may be considered. To date, the OLG has indicated it expects the status quo revenue stream to be maintained. City staff provided an estimate for a further expansion at C2, outlined in Table 13.

Table 13. Comparison of Hosting Fee Estimates- City vs. OLG (\$million)

	C1		C2	
	Low (135,000 sq.ft.)	High (175,000 sq.ft.)	Low (status quo)	High (expansion)
City	\$111	\$148	\$15	\$47

Estimate				
OLG Estimate	N/A	\$50 - \$100	\$15	N/A

Table 13 reflects the status of City-OLG discussions as of mid-March. Subsequently, the Province has asked the OLG to review the MC Agreement to develop a standard approach and formula that is fair and provides equal treatment to all municipalities.

City staff strongly advise that the revised municipal hosting fee formula must reflect the unique opportunity of a potential Toronto C1 casino. As noted within this report, projections for a new Toronto casino include more than \$1 billion in new gaming revenues annually, and a minimum of a \$2 billion investment in the development of an integrated complex with convention space, hotel and food, beverage, and retail. Furthermore, the new development and its operation would garner significant new revenues for the provincial and federal governments through sales and income tax which are inaccessible to the City. As a result, staff recommend that the hosting fee for a Toronto casino should reflect the magnitude of the potential development and operation, and the joint risks and contribution of partnering governments equally.

Property Taxes, Potential Leases, and Other City Revenues

Incremental City property taxes and revenues from land sale or lease are dependent on form, size, location and operations of a casino. These have yet to be determined, however, based on the top range of the proposed parameters for the new C1 and expanded C2 facilities, incremental annual municipal property taxes (before impact of any required demolitions) are estimated to be up to \$19 million at C1 and \$15 million at C2, respectively.

If the development were to be located at Exhibition Place, the developer would be required to enter into a lease agreement on market value terms. Potential lease revenues have been estimated based on market values provided by the City's Real Estate Division, but specifics about important factors such as land footprint requirement and location are yet to be determined. Furthermore, should Council elect to host a casino situated on City lands, commercially sensitive negotiations between the City and proponent would ensue. As a result, providing an estimate for lease revenue potential is not feasible or advisable at this time.

Depending on the location, size and scope of the development, there will be related infrastructure improvements required to service the development, including new, upgraded or expanded transit, transportation, sanitary sewer and water services. It is expected that the successful proponent(s) would be responsible for all infrastructure costs required to service the development that are typically a direct developer responsibility. Also, it is expected that all normal costs of development inclusive of building permit fees, development charges, application s. 37 agreements under the Planning Act (where available), etc. would be borne by the proponent.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

Executive Committee

On May 14, 2012, Executive Committee considered two member motions referred by City Council related to casinos. Executive Committee referred both items to the City Manager requesting that he consult with the OLG on the process for the selection of future casino locations in the Greater Toronto Area. The City Manager was also asked to report back on the pros and cons of hosting a commercial casino in Toronto, "including projected job creation, revenue to the City, tourist attraction, and social impact".

- EX20.15: No Casino without a Referendum
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX20.15>

At its May 14, 2012 meeting, Executive Committee requested the City Solicitor to report to the October 9, 2012 Executive Committee on the "appropriateness of, and any ways and means, to facilitate a ban on lobbying by the gambling industry, casino organizations and agencies that regulate gaming". The City Solicitor concluded that a ban is not appropriate and that "the City's current regulatory regime is sufficient to effect transparency." See the following:

- EX23.9: "Lobbying Related to a Casino Proposal"
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX23.19>

At the November 5, 2012 meeting of Executive Committee, the City Manager submitted a report responding to the directives of the May 14, 2012 meeting (see EX20.15). The report provides a summary of the provincial government process to license new gaming venues, the municipal planning process, and the pros and cons of various gaming and development options. The report included preliminary analysis of anticipated financial, economic and social impacts. Ernst & Young was engaged by the City to conduct a study of the potential impacts of a commercial casino, and the final consultant report was included as Attachment 1 to the City Manager report. See the following:

- EX24.1: "Considering a New Casino in Toronto", City Manager Report to Executive Committee November 5, 2012
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX24.1>

The Committee authorized the City Manager to conduct public consultations based on the staff report and technical report by Ernst & Young, and report back. Direction was also given to report on a temporary casino, establishing a "social contract", and recommendations on preferred locations, size and type of facility and potential revenues from a hosting arrangement. The purpose of this report is to provide the additional analysis requested from Executive Committee.

The issue of a new casino in Toronto has also been discussed at meetings of Toronto and East York Community Council, Etobicoke York Community Council, Scarborough Community Council and the Board of Health.

Toronto and East York Community Council

Toronto and East York Community Council (TEYCC) requested several reports from staff with respect to a new casino in the Toronto and East York District.

In response to direction received at the February 14, 2012 and September 11, 2012 meeting of TEYCC, the Chief Planner and Executive Director, City Planning submitted two reports to the October 10, 2012 meeting. The reports addressed zoning regulations governing casinos, actions to prohibit casinos under the zoning by-laws, parking standards, and parking capacity within the Front Street and John Street precinct.

- TE18.55: Zoning Status of Casinos in Toronto and East York
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.TE18.55>
- TE19.19: Zoning Status of Casinos in Toronto and East York
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.TE19.9>

Per the direction of the October 10, 2012 meeting of TEYCC, City Planning and Transportation Services provided further information on various aspects of a new casino in the Toronto & East York District. The report dated November 2, 2012, was provided to TEYCC but was deferred to the January 22, 2013 meeting.

- TE20.47: Response to Various Motions Respecting Casinos in Toronto and East York District"
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.TE20.47>

At the November 6, 2012 meeting, direction was given to staff, requesting additional analysis. The report, "Response to Various Motions Respecting Casinos in Toronto and East York District – Fourth Supplementary Report" was submitted to the January 22, 2013 meeting. The report addresses potential impacts to surrounding land uses, transportation, and the Port Lands Acceleration Initiative amongst other matters.

- TE21.29: "Response to Various Motions Respecting Casinos in Toronto and East York District", January 22, 2013
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.TE21.29>

At the February 26, 2013 meeting, four reports were presented in response to directives to staff from the January 22, 2013 meeting of TEYCC. The reports respond to directives requesting further analysis on a range of planning related issues, restrictions on the use of Exhibition Place lands, and legal mechanisms for securing conditions from the OLG.

- TE22.15: "Response to Various Motions Respecting Casinos in Toronto and East York District - Fifth Supplementary Report", Report from the Director, Community Planning, Toronto and East York District
<http://www.toronto.ca/legdocs/mmis/2013/te/bgrd/backgroundfile-56318.pdf>
- TE22.15a: "Casino in Toronto and East York District - Exhibition Place", Report from the City Solicitor
<http://www.toronto.ca/legdocs/mmis/2013/te/bgrd/backgroundfile-55991.pdf>

- TE22.15b: "Response to Motion Respecting a New Casino - Securing Conditions from OLG", Report from the City Manager and City Solicitor
<http://www.toronto.ca/legdocs/mmis/2013/te/bgrd/backgroundfile-56324.pdf>
- TE22.15c: "Use of Exhibition Place Grounds as a Public Event Space", report from the General Manager, Economic Development & Culture
<http://www.toronto.ca/legdocs/mmis/2013/te/bgrd/backgroundfile-56371.pdf>

In addition to the above reports TEYCC on November 6, 2012, established a sub-committee comprised of the Councillors for Wards 14, 18, 19, 20, 28 and 30. The purpose of the subcommittee was to conduct public consultation with Business Improvement Areas and local business representatives in the casino zones identified by OLG in the Toronto and East York District. A meeting was held on January 11, 2013.

- TZ1.2: Public Consultation with Business Improvement Areas and Local Business Representatives in the Casino Zones Identified in the Toronto and East York District
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.TZ1.2>

Etobicoke York Community Council

At the November 6, 2012 meeting of Etobicoke York Community Council, a member motion was received for information. The motion recommended support for a casino in the C2 zone at Woodbine Racetrack.

- EY20.29. Support for a Casino at Woodbine Racetrack
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EY20.29>

Scarborough Community Council

At the February 14, 2012 meeting of Scarborough Community Council, the following motion was adopted: "That Scarborough Community Council support, in principle, the development of casino(s) in Toronto."

- SC13.32: Scarborough Position Statement on the Development of Casinos
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.SC13.32>

Board of Health

The Medical Officer of Health submitted a report to the November 19, 2012 meeting of the Board of Health providing a review of the health impacts of gambling. The Board endorsed the Toronto Public Health (TPH) Position Statement on Gambling and Health and recommended Council not invite OLG to expand gambling in Toronto. In addition to recommending Toronto Public Health's participation in the City Manager's public consultation process, the Board made recommendations to support research on problem gambling. A request for further analysis on broader community health impacts of a casino was also requested. The Medical Officer of Health provided a second report to the Board of Health at the February 11, 2013 meeting. See the following:

- HL18.1: "The Health Impacts of Gambling Expansion in Toronto"
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.HL18.1>

- HL19.4: "Community Health Impacts of a Casino in Toronto"
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.HL19.4>

ISSUE BACKGROUND

The Ontario Lottery and Gaming Corporation (OLG) is a Provincial Crown Corporation reporting to the Minister of Finance, and since 2000 has been responsible for the province's lotteries, casinos and slot facilities. The Alcohol and Gaming Commission of Ontario (AGCO) is responsible for establishing and enforcing regulatory standards.

The OLG provides a range of lottery and gaming services that includes dozens of instant ticket games available at approximately 10,000 retailers across the province. The OLG's 24 gaming facilities include 14 slot facilities at racetracks, 5 OLG casinos offering both table games and slot machines, 1 charity casino, and 4 resort casinos. Currently, Toronto has a slots gaming facility at a permanent location at Woodbine Racetrack, and a temporary casino at the annual Canadian National Exhibition (CNE) held on Exhibition Place grounds. In the report "Considering a New Casino in Toronto" at the November 5, 2012 meeting of Executive Committee, the City Manager provided a summary of the history of gaming venues in Toronto, in addition to an overview of existing gaming locations in Toronto, Ontario and other regions in Canada.

OLG'S Modernization Plan

In July 2010, the Government of Ontario directed OLG to modernize commercial and charitable gaming. Based on this direction, OLG launched a Strategic Business Review, and in March 2012, delivered a report to the Minister of Finance outlining a plan to modernize lottery and gaming in Ontario⁸. OLG is pursuing several strategic changes to the operations and delivery of lottery and gaming services including pursuing private sector investment, implementing new technology, expanding lottery distribution, and building an internet gaming platform to deliver online lottery tickets, slots and casino games. A key strategic initiative is the reconfiguration of existing slot and casino gaming sites, and developing new gaming sites in markets OLG describes as under-served. The modernization plan OLG is pursuing will significantly expand access to gaming to residents in Toronto and across Ontario through online and gaming facility distribution channels. The focus of this report is specific to the OLG's interest in gaming facilities.

In the OLG's modernization plan, the agency has identified 29 zones across Ontario for locating gaming facilities; 24 out of 29 gaming zones currently host a slot⁹ or casino¹⁰ gaming facility. Gaming zones are specific geographic areas where regulated service providers will be permitted to operate a single gaming facility. In each zone, the OLG will define the geographic boundaries, the types and number of games offered (e.g. slots, tables), betting limits, and responsible gambling policies that will apply to all zones

⁸ Modernizing Lottery and Gaming in Ontario: Strategic Business Review. OLG, March 12, 2012.
http://www.olg.ca/assets/documents/media/strategic_business_review2012.pdf

⁹ The term slot facility in this report refers to a gaming facility that offers only slot machines.

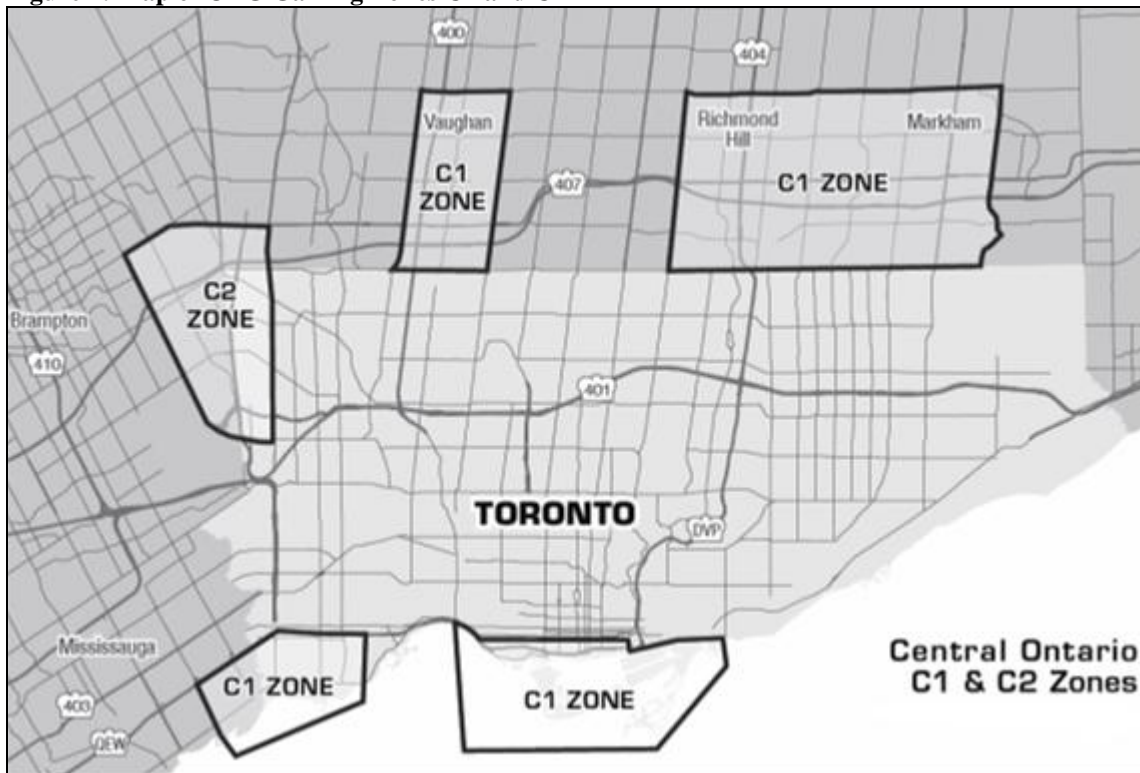
¹⁰ The term casino in this report refers to a gaming facility that offers slot machines and live dealer table games.

across the province. These zones have been determined by the Province to maximize the gaming market in Ontario.

Toronto has two gaming zones located within its boundaries, C1 and C2. Both the C1 and C2 zones contain areas of neighbouring municipalities, resulting in the potential for a casino gaming facility being located in close proximity to the city's border in an adjacent municipality (see figure 1).

The **C1 zone** is split into four distinct areas around the GTA and includes the central Toronto waterfront, a western section including parts of southeastern Mississauga, a third section in the northeast along Highway 407 that includes areas of Markham and Richmond Hill, and more recently a fourth area in Vaughan was included. The **C2 zone** includes the Woodbine racetrack in Toronto and stretches north along Highway 427 to include areas of Mississauga, Brampton and Vaughan. The OLG Modernization Plan would like to see a gaming facility located in both the C1 and C2 zones.

Figure 2: Map of OLG Gaming Zones C1 and C2



In the 24 zones with existing gaming facilities (which includes Woodbine Racetrack in C2), the OLG will engage the private sector to acquire the existing capital assets (i.e. gaming equipment, and where appropriate land and buildings) and assume operational responsibility for the existing site. The service provider may relocate an existing site only with the approval of the new host municipality, OLG and the Province. In the 5 new gaming zones identified by OLG (which includes C1), the OLG will seek to engage the private sector to develop the new casino gaming site in addition to operating the facility.

Municipal Consent to Establish a Gaming Site

The OLG has the authority to establish a gaming site in a municipality. However, a regulation under the Ontario Lottery and Gaming Corporation Act, 1999 (OLGCA), provides for a number of preconditions to OLG authorization. In particular, a resolution from the municipal council supporting establishment of the gaming site in the municipality is required. O.Reg 81/12 of the OLGCA, subsection 2(3) sets out the following requirement:

"In the case of a proposed gaming site to be established at premises in a municipality... (i) the municipal council..., seeks public input into the establishment of the proposed gaming site and gives the Corporation, in writing, a description of the steps it took to do so and a summary of the public input it received; and (ii) the municipal council..., passes a resolution supporting the establishment of the gaming site in the municipality...and gives a copy of the resolution to the Corporation."

A resolution from Council in support of a casino in the C1 zone is required to establish a new casino. With respect to the C2 zone, a Council resolution is not required to maintain the current gaming use at Woodbine. If Council supports the expansion of the existing gaming facility into a casino by adding live dealer table games, Council should pass a resolution indicating its support. City Council may wish to attach conditions to a resolution supporting the establishment of a gaming site.

Given that the OLG has not selected a proponent and the City has not received a detailed proposal for a specific site, this report does not provide a definite recommendation to Council on the establishment of a new casino in the C1 zone. This report recommends to Council that should it wish to proceed with establishing a new casino in the C1 zone, it provide conditional consent dependent on the OLG entering into an agreement with the City, enabling Council to receive more detailed information on the ability of the OLG and proponent to meet City conditions. The detailed terms of this agreement and other related decision-making process and implementation matters are discussed in Section C of this report. Section A outlines the analysis conducted by staff on the key social, health, economic development and planning conditions that should be included in the OLG's procurement process, should Council choose to consent to a new casino in the Toronto C1 Zone.

COMMENTS

Section A. Approach to Expanded Gaming in C1 and C2

1. Introduction

As previously stated, the OLG has provided an indication of its interest in a large resort style integrated entertainment complex in the C1 zone with a gaming floor of up to 250,000 square feet, while maintaining the current gaming use at Woodbine in the C2 zone with possible introduction of table games and limited amenities in the future. In the absence of a specific development proposal, staff conducted an analysis on the issue of expanded gaming through literature reviews and comparisons to other jurisdictions in addition to reviewing existing policies and practices as they pertain to the OLG's proposals for gaming in Toronto.

Expanded gaming has been considered from a citywide perspective looking specifically at the C1 and C2 zones together to identify locations where a new casino may or may not make sense, and what the social costs and other adverse impacts may be. The analysis also identifies the economic development and city building opportunities associated with new casino development. A study area analysis was also conducted to provide more refined information on possible locations. The recommendations and conditions outlined in this report have been informed by a cross-corporate exercise, in addition to the City's consultation (see Section B).

The report provides a response to the OLG for Council's consideration that more appropriately reflects the city building, economic development, social, health, and fiscal objectives of the City. The following section of the report provides an overview of the analysis conducted by City staff, with more fulsome analysis in each area included in appendices to the report.

2. City Planning

2.1 Methodology

At the November 5, 2012 meeting of the Executive Committee, City staff were requested to report on the recommended and alternate locations for a new casino, including the size and type of facility required for those locations. City staff were also directed to report on the possibility of a temporary casino in the C1 zone. The report from the City Manager presented at the November 5, 2012 Executive Committee meeting provided, among other matters, information on the pros and cons of various gaming and development options and also identified two types of facilities that could be considered in a Toronto context:

- Integrated entertainment complexes which would include a casino, hotel, retail and restaurants and convention or meeting room space; and

- Standalone facilities, which were identified as including casino floor area and other ancillary, amenity uses.

This section of the report summarizes the citywide planning analysis undertaken by City Planning staff as provided in Appendix B – City Planning Analysis and Directions – and responds to the directions received from Executive Committee as outlined above.

The decision process on whether to host a new casino in the C1 zone, as stipulated in Ontario Regulation 81/12, is not based on a detailed proposal for a specific site accompanied by development applications submitted under the *Planning Act* with supporting documentation. The analysis completed by City Planning was therefore a due diligence exercise. Should City Council consent to a new casino in the C1 zone, complete development applications submitted under the Planning Act would be reviewed in accordance with the City's standard practices.

Citywide Analysis

From a planning perspective, casinos have significant city building implications that have to be understood both at a citywide level and an area specific basis. From a citywide perspective, the analysis assessed existing characteristics of the C1 and C2 zones, taking into account economic development priorities for the City and other potential uses that could be included. Furthermore, it assesses casinos from the perspective of conformity with the Official Plan, other land use objectives, fit as it relates to the form, size and scale of the casino as suggested by the OLG, design considerations and transportation.

A review of international examples and other research was undertaken to inform City Planning's review. Staff surveyed information available regarding a range of existing and proposed international casino complexes to gain a better understanding of types of facilities, size, other components and location. For some casino complexes, more information was available (staff reports, planning rationale, traffic studies, floor plans etc.) and was reviewed in detail. City Planning staff also contacted planning staff in other cities and discussed their experience with casinos.

City Planning staff also sought to gain a better understanding from the OLG on its approach to casino modernization within the C1 and C2 zones to assess and provide direction on the size and form of a new casino, including other associated uses, in the absence of a development application and a specific site.

Based on discussions with the OLG, it is understood that OLG is suggesting a casino model for the C1 zone that presumes a large, integrated resort-styled complex. The casino floor area would have between 3,500 to 5,000 slots and 200 to 300 tables resulting in a casino gaming floor area of between 150,000 to 250,000 square feet excluding back of house areas. With respect to restaurant and theatre uses, OLG has identified a ratio of restaurant (100,000-150,000 square feet) and theatre seats (3,000 to 6,000 seats) based on slot and table positions. It has also suggested a certain amount of retail (500,000 to 700,000 square feet), hotel (800-1200 rooms) and convention space (600,000-1,000,000

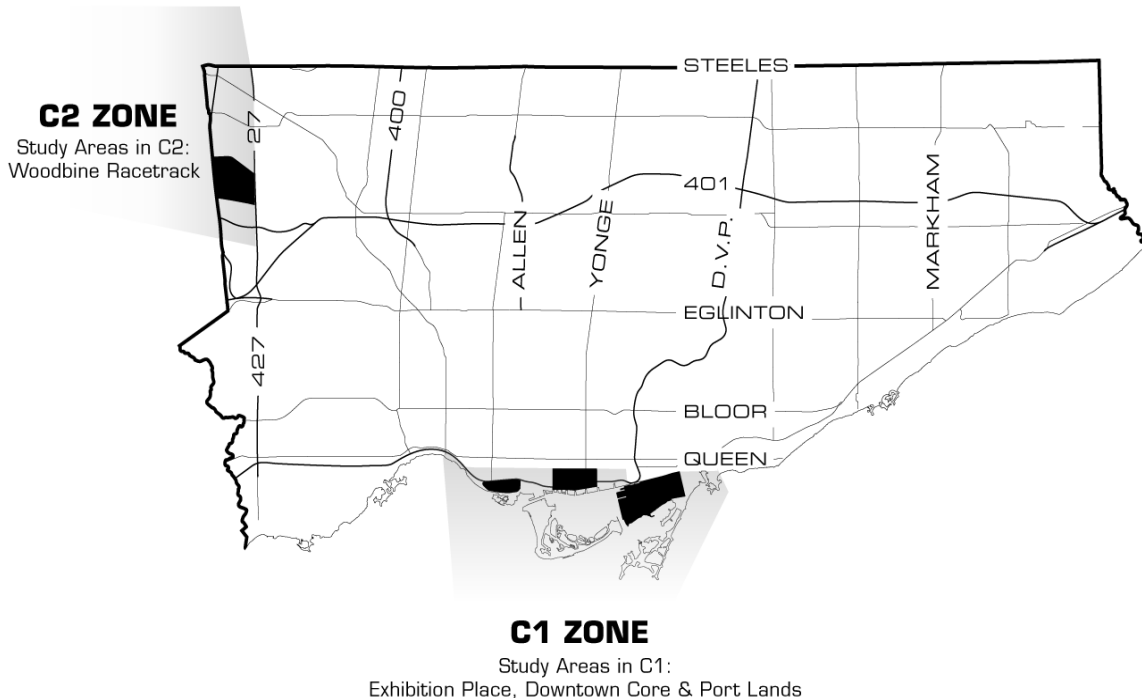
square feet) may be feasible within the C1 zone based on a review of other large international resort complexes as well as input received from potential operators through its RFI. No expansion is currently being considered by the OLG for the existing facility at Woodbine in the C2 zone, however OLG has indicated that a modest expansion could be considered in the future.

Study Area Analysis

A detailed review of "study areas" in the C1 zone was undertaken to provide advice on possible locations that may or may not be appropriate for a new casino as well as to advise on potential area specific conditions should Council decide to host a new casino in the C1 zone. A detailed review of Woodbine was also undertaken to better understand this facility and the existing gaming facility in the broader city context. The study area analysis was completed in consultation with other City Divisions and discussions with Toronto Transit Commission and Metrolinx staff. City Planning staff also met with other stakeholders such as Waterfront Toronto and the Canadian National Exhibition.

The study area analysis identified opportunities and challenges of introducing a casino use within the C1 zone and expanding existing facilities in the C2 zone. The analysis focused on five themes: existing planning framework, urban fabric, place making/public realm, transportation and infrastructure. This report defines possible requirements for considering a new casino use within suitable areas, recognizing that the form and scale of a new casino facility may vary depending on the specific locational context in keeping with a citywide strategy for these uses.

Figure 3. Study Areas in the C1 and C2 Zones in Toronto



2.2 Key Findings

The City Planning analysis included in Appendix B demonstrates the following with respect to the OLG proposal and casinos more generally:

- A casino in Toronto's downtown area (C1 zone) is not required or important for revitalizing this area or fundamental to sustain what is perceived to be one of the most successful downtowns in North America. As such, a casino is not an essential land use for Toronto's downtown area.
- A casino in the C1 zone is not comparable to high impact and high value land uses that internationally ranked cities seek out and are measured against; a large downtown casino is unlikely to advance Toronto's international ranking, especially considering casinos are more prevalent and becoming more common in cities.
- A casino located in the C1 zone is an entertainment use and could be located in areas designated as *Mixed Use Areas*, and potentially some areas designated as *Regeneration Areas*, subject to satisfying other development criteria (i.e. appropriate form and scale).
- A casino with 150,000 - 250,000 square feet of casino gaming floor with up to 5,000 slot machines and 300 tables as estimated by the OLG would have negative impacts and could detract from the diversity and appeal of the City's *Downtown and Central Waterfront* character that is key to the City's continued success.
- A casino gaming floor area of between 150,000 - 250,000 square feet with up to 5,000 slot machines and 300 tables would dominate and destabilize the character of surrounding areas. It would have a sizeable footprint, dominate the lower storeys of a building which are the most critical in achieving a high-quality pedestrian environment and potentially take away from the physical character and retail vitality of its surroundings instead of coexisting and strengthening its neighbours.
- The OLG's estimated market interest in a casino gaming floor of between 150,000 - 250,000 square feet with up to 5,000 slot machines and 300 table games would be amongst the larger casinos found internationally and one of the largest slot operations.
- Other negative impacts associated with a casino in Toronto's downtown area include the typical auto-oriented travel behaviour of casino patrons, which could be difficult to mitigate, and counter to efforts underway to address transportation congestion. Reducing the size of the casino would assist in managing the transportation impacts.
- Larger international resort casinos are typically not located immediately within downtown areas. They tend to be located in rural areas on large plots of land such as the Foxwoods and Mohegun Sun or on the periphery of downtown areas. Other resort casinos are located in areas designated and planned for casino resorts such as the Venetian Macao and the numerous Las Vegas resorts.
- Increasing convention space would be a strategic economic development benefit that could be leveraged with a casino given the opportunities to co-locate these facilities and the synergistic relationship between the casino and convention business.

- Addressing the insular and inwardly focused nature that casinos have in the past exhibited is possible through appropriate design measures, especially when form and scale are reduced.
- Woodbine has an existing gaming facility located within a large grandstand complex. It also has been planned to expand to an urban entertainment and retail centre, with City Council granting approval for the expansion in 2007. Nothing has changed and indeed, as a revitalization strategy for Woodbine, given the range of non-residential uses contemplated including office uses, the rise in job losses in northwest Toronto and the threatened nature of the horse racing industry, there are likely more reasons today to support the approved planning framework for Woodbine.

2.3 Citywide Strategy for Casino Uses in Toronto

Should City Council determine that casino uses be expanded in Toronto, the optimum response to OLG's modernization strategy, which anticipates a casino gaming floor area of between 150,000 - 250,000 square feet within a resort complex in the C1 zone, is to adopt an approach that maximizes city building benefits and minimizes potential negative consequences of a casino. It also requires approaching casino uses from a citywide perspective because the context at Woodbine is significantly different than Toronto's downtown area. Looking at casino expansion options that address the locations together helps achieve a better fit, reduces the potential for adverse impacts and increases the possibility for leveraging economic benefits. As such, a strategy that builds on the best city building potential that both Woodbine (C2) and Toronto's downtown area (C1) offer is required.

In this regard, if Council consents to a new casino in the C1 zone, it is City Planning's suggestion that the existing slot operation at Woodbine and the approved planning framework be capitalized upon. Maintaining the success of Toronto's downtown area, which has been built on diversity, balance, transit-supportive uses, active streets and emerging residential neighbourhoods is of paramount importance. Any consideration to a new casino in the C1 zone requires that it be in the form of an urban, appropriately-sized entertainment complex that is consistent with the character of suitable study areas and enhances Toronto as a convention and tourist destination.

Expanding convention space to bring Toronto into the top ten for convention space in North America has the potential to attract more tourists and would be a key economic driver for the City and is further detailed in Section 3 – Economic Development. It is acknowledged that a convention centre use, especially one that positions Toronto to be competitive with other top-ranked North American facilities, requires the facility to be a considerable size. The built form impacts would be considerable if the majority of the building was located above grade, and likewise, difficult to integrate into the dense, urban fabric of the downtown.

Within the downtown area, a strategy for delivering the convention facility should be consistent with the strategy adopted in 1994 for the original expansion of the Metro Toronto Convention Centre. This strategy placed the majority of the building below

grade, with a small at grade structure (20,000 square feet) located within Olympic Park. Alternatively, an incremental expansion to the existing facility in Exhibition Place can be accommodated within the planned expansion work undertaken by Exhibition Place.

2.4 C1 – Toronto's Downtown Area

Given the importance of maintaining and enhancing the character of Toronto's downtown area, a casino floor area as proposed by OLG of between 150,000 - 250,000 square feet would not be an appropriate fit. It raises significant planning concerns, causes complex repercussions and would be particularly impactful on downtown Toronto's character.

The built form and massing of development proposals across the city are commonly refined through the development review process to reduce impact and improve compatibility. For larger one-off land uses like a casino, the typical approach to new development is particularly important to reduce the potential for unintended consequences. Based on the review of international precedents and city building objectives for the C1 zone, a casino format more suitable for Toronto's downtown area would consist of an appropriately-scaled entertainment complex with the following components:

- A casino gaming floor area of 135,000 square feet and total footprint which would not exceed 175,000 square feet inclusive of back-of-house functions. This floor area takes into account the OLG's assumptions for floor area per slot position (30 square feet per slot machine) and table games (225 square feet per table game). City Planning staff have applied a 30% assumption for back of house functions which is a reasonable amount of space for an urban facility;
- More emphasis on table games and significantly less emphasis on slot machines with no more than 1,500 slot machines and 400 live-dealer table games. This direction is based on a review of international precedents and achieving a desired profile for the C1 zone that is differentiated from other casinos in Ontario and North America;
- An urban form that is designed to fit within its local context, which could include distributing the casino floor area on multiple levels that also provides an appropriate mix of uses consistent with existing development and planned objectives for specific areas;
- Limited casino-related food/beverage and retail uses of up to 100,000 square feet. This approach recognizes that should a more comprehensive redevelopment of a site in the downtown study area that additional retail associated with residential and office uses may be provided subject to a detailed review that would not be unlike other recent redevelopments. Significant retail associated within the Port Lands and Exhibition Place would not be in keeping with the planning framework for these areas;
- Increasing contiguous convention space to bring Toronto to within reach of the top ten convention facilities in North America while also ensuring that built form impacts are minimized;
- Hotel accommodation that may assist in creating a "tourist destination" as well as making the convention space more desirable and marketable. Within Exhibition

Place, the existing lease with HK Hotels would need to be resolved prior to considering a hotel component;

- Potentially limited theatre space depending on the specific site; and
- Other features and attributes that ensure a positive contribution to the overall character of the downtown core (C1 zone) are included in Appendix B (City Planning Analysis and Directions), including general and study area specific conditions.

Many comments during the consultation focused on the adverse impact on the reputation and image of the city. Refocusing and calibrating the profile of the casino to a live-dealer table focus, reducing its size and scale and ensuring a high quality design could address this concern. This, in turn, could assist in making the facility more of a tourist destination and distinguish it from other iconic resort casinos in North America. Furthermore, it would assist in ensuring that the facility does not dominate the character of the downtown and potentially take away from the vitality of its surroundings. Controlling the facility's size and profile would enable Toronto's downtown area to continue to be highly diverse, catering to the widest range of people and activities.

While the suggested casino gaming floor area of 135,000 square feet is still considered to be a large casino, by situating the casino on a large site with a distribution of floor area on multiple levels, its physical presence and impact would be reduced. By way of a comparison to the downtown area's urban context, City Planning's recommended concept for a casino (including back of house functions), would be comparable to the base buildings of the Shangri-La or the TIFF Lightbox. With the addition of food, beverage and retail uses, the facility size would increase and could be up to 275,000 square feet. These uses would contribute to the diversity of uses and allow for activity at grade while minimizing potential impacts on existing restaurant and retail streets. Limiting the food, beverage and retail uses would also address concerns expressed during the consultation regarding impacts on neighbouring businesses.

In summary, by reducing the size and scale of the casino, regulating the number of slot machines and table games, appropriately limiting the associated food, beverage and retail uses and leveraging a convention centre expansion, the following could be achieved:

- The profile of the casino facility would be reduced, achieving an improved fit and compatibility within the overall diverse urban character of the downtown area;
- Built form of the facility would be able to better integrate with the existing/planned context of the different study areas;
- Transportation and infrastructure impacts would be more manageable;
- The facility could be more of a tourist attraction rather than a large slot-focused operation as put forward by the OLG which is targeting primarily local patrons; and
- Market impact on existing restaurant and retail streets could be minimized where casino-related retail is limited.

2.4.1 Transportation Strategy

A strategic approach to dealing with parking and transportation is required for a new casino in the C1 zone. Casinos have traditionally been located in low-density areas with limited transit service, with large surface parking lots that are generally free of charge. The assessment City staff have taken considers casino experience from other jurisdictions, combining the policy approaches and characteristics that are unique to Toronto and the potential study areas within the C1 zone that are under consideration. The key factor is that the lowest auto use and parking demand occurs in the downtown core. This area is well served by transit, but is also constrained by congestion at key times. These factors, as well as the mixed land use and opportunities for shared trips, all combine to influence travel behaviour.

The City's Draft Citywide Zoning By-law includes a parking rate of 25 spaces for each 100 square metres of a "gaming establishment". While "gaming establishment" is defined in the draft by-law, the use is not permitted in any proposed zones. Unlike other uses, the parking rate for a "gaming establishment" is applied to the entire city. For most other land uses, the Draft Citywide By-law has established five separate categories for parking standards based on the City's growth areas and proximity to transit. This approach allows for lower parking rates in higher intensity and transit accessible areas. No separate parking study was conducted to determine the parking rate in the Draft Citywide Zoning By-law for a "gaming establishment". If a new casino was contemplated in the downtown, this parking ratio would need to be reviewed in concert with a specific proposal.

A preliminary, overall parking approach was developed to gain a better understanding of the potential parking demand from a new casino in the C1 zone, which utilizes the Draft Citywide By-law's rate as a starting point. For the purposes of this evaluation and in the absence of a detailed transportation and parking study, this is considered to represent, more or less, an unconstrained demand for parking. Furthermore, in the context of discussing the study areas under consideration in the C1 zone, the parking rate has been adjusted to reflect the local transportation characteristics, including modal split patterns, transit service, land use patterns, the potential for shared trips, and shared parking opportunities, among other factors. As such, the harmonized By-law's parking rate was adjusted to reflect the automobile mode share in a particular area and the potential auto-oriented characteristic of casinos. For a casino gaming floor area of 250,000 square feet, between 2,900 and 5,000 parking spaces would be required depending on the specific location.

The parking approach for a casino floor area of 135,000 square feet for the specific study areas are identified in the summaries below. There may be additional parking required for other uses, such as new convention space or hotel. City Planning staff would rely on the submission of a development application to comprehensively review a proposal and adjust the total parking supply to minimize the parking supply and to manage travel demand.

Transit

City Planning staff consulted with the Toronto Transit Commission (TTC) on potential transit upgrades that may be required should City Council consent to a new casino. The TTC advises that all of the study areas are currently provided with local transit service. The TTC would increase these services as required to serve any increase in ridership that would be generated by a casino (employees and visitors). This could be funded through normal transit fare revenue and on-going City subsidies for transit operations.

The TTC also advises that capital upgrades for higher order transit (LRT or subway) to service a new casino development are likely not required from a ridership perspective. Should a proponent want to expand higher-order transit to service their development, this would be done at the proponent's discretion and funded entirely by the proponent. Moreover, any expansion should not detract from other citywide transit expansion programs.

There are well-studied transit expansion projects (LRT) associated with three of the study areas. The costs are in the range of \$250M to \$600M. An extension of the Finch West LRT is estimated to cost \$250M, the Bremner LRT to Exhibition Place \$550M and the Portlands LRT via East Bayfront at over \$500M (excludes other infrastructure costs such as new bridge crossings).

2.5 C1 Study Area Summaries

The following provides summaries for the analysis undertaken for the three study areas in the C1 zone. The full assessments are included in Appendix B (City Planning Analysis and Directions).

2.5.1 Port Lands Study Area Summary

The Port Lands are located east of downtown between the Inner Harbour and Leslie Street and south of Lake Shore Boulevard. The lands are approximately 356 hectares (880 acres) and were created in the early 20th century as a new district to serve the city's growing industrial sector. The legacy of former industrial uses has left the lands contaminated with obsolete or substandard infrastructure to support redevelopment without significant investment. The area is also challenged by a high-water table, making below-grade parking difficult to achieve. Another significant construction challenge is the distance to bedrock.

The Port Lands are a key piece of revitalization of Toronto's waterfront that will be developed over an extended period. The lands are largely underutilized and present a significant opportunity to create new urban districts with a mix of housing types and employment uses. The vision for the Port Lands is for a live-work community developed with a compact urban form serviced by a network of fine-grained public streets, and parks and open spaces.

A large, integrated resort complex would be inconsistent with the emerging vision for the Port Lands. An entertainment complex in an urban form with a casino gaming floor area of 135,000 square feet designed to achieve pedestrian-scaled blocks could be accommodated from a limited built form perspective. However, the ability to achieve this while leveraging the necessary infrastructure to allow for development within the immediate future is unlikely.

In addition:

- Feedback received during the Port Lands Acceleration Initiative, endorsed by City Council in October 2012, was generally not in support of a casino use and indicated it would be incompatible with the emerging vision in the Port Lands;
- The ability to leverage new convention space of a significant size in the Port Lands is not feasible. It is also not desirable to establish a further area in Toronto for convention facilities given the existing, competing locations; and
- There is a lack of amenities, public transit and a limited street network serving the Port lands currently.

In the absence of fully implementing the required infrastructure upgrades, a much higher reliance on the automobile would result, and consequently, the provision of parking would also increase. Given the difficulty in achieving below-grade parking, this would subsequently result in a need to accommodate extensive surface or above-grade structured parking which is not in keeping with the vision established for the Port Lands.

Waterfront Toronto, the public corporation responsible for implementing plans for the revitalization of Toronto's *Central Waterfront* area, has expressed concern with respect to a casino development in the Port Lands. An overview of the Port Lands Acceleration Initiative, endorsed by Council in 2012, was provided to the OLG by Waterfront Toronto and City staff, which included an overview of infrastructure requirements, timing for development, costs and the vision for revitalization in the Port Lands.

For the reasons noted above, the Port Lands are not a suitable location for a new casino. Should City Council consent to a new casino, the Port Lands should not be considered.

2.5.2 Exhibition Place Study Area Summary

The Exhibition Place lands are organized in a campus-like setting on 192 acres of land located within the Central Waterfront area, with a clustering of heritage resources and open spaces. The lands are an important asset for the City in their ability to host major public events and celebrations and are the City's only dedicated "exhibition" grounds. Exhibition Place is also an important venue for business, commerce, trade and consumer shows along with conferences and conventions.

A large, integrated resort-styled complex that includes significant retail and service uses, such as proposed by the OLG, is not in keeping with the planning framework for Exhibition Place. It would be a complete departure from the planned function of this area and would require an Official Plan amendment. Moreover, a comprehensive review,

potentially leading to a Precinct Plan or master planning exercise that takes into consideration surrounding areas, would be required prior to advancing any specific proposal for a large, integrated resort-styled complex.

A casino floor area of 135,000 square feet (with a total footprint of 175,000 square feet including back of house) could be accommodated with ancillary food and beverage facilities and some limited retail uses. As the character of the area and existing development is distinct in Toronto's downtown area, the form of the complex should manifest itself in keeping with the existing campus-like setting, core development principles and in accordance with planning work undertaken by Exhibition Place in its Structure Plan, Direct Energy Centre expansion plans and the Festival Plaza Master Plan.

Based on a preliminary assessment of parking, a casino gaming floor area of up to 135,000 square feet would require up to 2,200 spaces. This is based on the proposed harmonized by-law parking rate of 25 spaces/100 m² and adjusted for the existing modal split characteristics of this area of the city, the site specific transportation characteristics of Exhibition Place, as well as the potential auto-oriented tendency of casino patrons. This results in an estimated auto mode of 70% for a casino in Exhibition Place. Through the review of a development proposal, staff would identify appropriate mitigation measures to address pedestrian, transit and traffic impacts, and would comprehensively address parking within the grounds. Any new parking would be required to be located below grade in accordance with the planning framework and replace any existing surface parking.

There is an existing network of servicing infrastructure within Exhibition Place that ties into a well-distributed servicing network on the perimeter of the area. The internal servicing is likely not of suitable capacity and location to support a significant development without improvements. Other infrastructure improvements will likely be necessary to address the impacts of rainfall storm events affecting the combined sewer and the Strachan Sanitary Pumping Station and surface flooding on Lake Shore Boulevard. A Functional Servicing Study outlining the infrastructure works (internal and external to the site) necessary to support the development would be required to be submitted with a development application.

The Canadian National Exhibition (CNE), a 135-year tradition in Toronto and the largest fair in Canada, was considered as part of the study area analysis. City Planning met with Canadian National Exhibition Association (CNEA) representatives to gain a better understanding of their functional requirements, constraints and concerns. The potential sites explored as part of this exercise were identified within Exhibition Place's Structure Plan. The Structure Plan was developed in consultation with the CNEA.

Additional study area directions recommended by City Planning to include as part of the City's consent are included in Appendix B, should Council consent to a new, permanent casino, and include the Exhibition Place study area as a potential site for a new casino in the C1 zone.

2.5.3 Downtown Core Study Area Summary

The boundaries of the downtown core study area are King Street to the north, Spadina Avenue to the west, Jarvis Street to the east and Queens Quay to the south. These boundaries were selected as they represented a large enough area to complete a preliminary planning analysis. This is generally a dense, built-up urban area with numerous heritage buildings and has the highest growth of the four study areas, as well as more development activity than many other areas in the city.

A large, integrated resort-styled complex as proposed by OLG with a casino gaming floor area of between 150,000 - 250,000 square feet with an emphasis on slot machines would not be a suitable fit for the downtown core study area. A casino gaming floor area of 135,000 square feet, with a total footprint of 175,000 square feet (inclusive of back-of-house functions), within an entertainment complex in an urban form that leverages convention centre space would be more appropriate.

The casino gaming floor area, associated back of house functions and limited ancillary retail and service uses (up to 100,000 square feet) could be accommodated in a three- to four- storey base building. The casino gaming floor of 135,000 square feet would have a reduced profile and would not overly dominate the frontage of a larger site. It would more appropriately fit with the scale and diversity of the downtown context. Ancillary retail and service uses, provided at grade, would also be achievable and would help to enliven the street edge. Limiting the retail and services uses would minimize impacts on neighbourhood shopping, entertainment and restaurant districts.

A small theatre component or other type of arts and culture venue within the base building could also be possible, depending on the size of a specific site. It would need to be demonstrated that impacts on existing nearby venues are minimized and a strategy would need to be developed for dispersal, given other major events that occur on a regular basis in Toronto's downtown area. A hotel component, in a tall building element above the base building, could be provided if it satisfied development criteria for tall buildings in the City. The provision of an entertainment complex with a casino floor area of up to 135,000 square feet and the uses noted above would meet the mixed-use objectives for development by providing a wide range of uses for a variety of people while balancing the form and scale of these uses.

Based on the preliminary approach for parking, a casino gaming floor area of 135,000 square feet would require up to 1,570 new parking spaces. This is based on the proposed harmonized zoning by-law's parking rate for gaming establishments and factoring in the existing modal split characteristics in the downtown core and potential auto-oriented tendency of casino patrons. Thirty percent of all trips into the downtown area over 24 hours are made by automobile drivers. This rate was adjusted to 50% to reflect the potential prevalence of casino patrons driving to the facility.

The traffic generated by this range of parking will require careful evaluation through the review of a development application to identify appropriate mitigation measures to address pedestrian, transit and traffic impacts, as well as taxi queuing, pick-up/drop-off

needs, tour bus accommodation, and servicing requirements. A particular area of concern will be the peak hour impact on current conditions, and access to/from the Gardiner/Lake Shore corridor, which experiences regular congestion delays.

The study area is supported by a well-distributed network of servicing infrastructure. While some capacity is available in the infrastructure network, both the Skydome Pumping Station and the Scott Street Pumping Station are operating at capacity with Simcoe Street Pumping Station operating near capacity. A detailed functional servicing study in support of the future proposal is required to determine the necessary improvements to service a particular site.

Should Council consent to a new, permanent casino, suggested City Planning directions to include as part of the City's consent are included in Section 4 of Appendix B (City Planning Analysis and Directions)

2.6 C2 (Woodbine)

Woodbine Racetrack is an existing entertainment destination in the northwest quadrant of Toronto. The site is comprised of approximately 266 hectares of land, adjacent to major roads and highways, Rexdale Boulevard, Hwy 27 and Hwy 427. The site is also located near Lester B. Pearson International Airport.

In contrast to Toronto's downtown area, the North Etobicoke area where Woodbine is located would benefit from economic development and growth. Compared with Toronto as a whole, it has relatively high unemployment levels. While the area has traditionally had a solid manufacturing base, between 2001 and 2011, the area north of Eglinton and west of the Humber lost 14,300 jobs (16.8%). Rexdale and Northwest Etobicoke lost 8,100 jobs (13.6%).

Woodbine is an existing facility that has had a large slot operation since 2000 in the grandstand building. There is a total of 3,000 slot machines (2,756 slot machines and 244 electronic table games) within a casino floor area of 150,000 square feet. Slot machines are permitted through a Ministerial Zoning Order (O. Reg 688/98). This slot operation recently underwent a \$100 million upgrade, which resulted in an increase in slots from 2,700 to 3,000 machines; the expanded Woodbine facility opened on December 15, 2012. The Site Specific By-law for Woodbine approved in 2007 by City Council, with a grandstand seating capacity of 8,878 and a casino facility with 3,000 slot machines, requires 3,750 parking spaces for both the racetrack and casino. The existing supply of parking on site is 10,500 parking spaces.

Woodbine also has an approved planning framework that supports its current casino use, and would permit its expansion to include live dealer table games and some additional slot machines. Moreover, the planning framework supports and encourages the emergence of an entertainment complex in a series of buildings connected by a high quality public realm.

The 2007 Council approved development concept for Woodbine included hotel, meeting and conference facilities, retail, theatre and office space. It was approved as a *Transformative Project* with the desired effect of transforming the area's potential. The area is planned to be an urban entertainment and retail attraction with a world-class horse track facility as its focal point. The plans developed for Woodbine include a phased approach to redevelopment on the site, including consideration to an interim internal expansion to its slot operation. Moreover, its recent facility upgrade included structural upgrades and knock-out panels which would allow for the slot operation to be expanded into a multi-storey facility or a westward building addition. While the partnership between the Cordish Company and Woodbine Entertainment Group (WEG) has ended, WEG retains the ability to expand its facilities through the planning approvals received to date.

WEG advises that an interim internal expansion to the slot operation could accommodate up to 3,500 slot machines and/or electronic table games and 100 live dealer table games, through a reallocation of space within the grandstand with an existing parking supply that exceeds the current by-law requirements and preliminary approach for addressing parking for casino uses. WEG further advises that a westward addition to the existing grandstand of 125,000 square feet could physically accommodate an additional 1,500 slot machines, 50 table games and associated back of house functions, bringing the total up to 5,000 slot machines and 150 table games. This addition would also accommodate 350 hotel rooms and an expansion to meeting and exhibition space. Future phases would include building out the entertainment and retail vision for the site, including 450 additional hotel rooms, 170,000 square feet of additional convention or new entertainment uses and 450,000 square feet of retail/entertainment uses.

Any expansion would need to ensure that the policies contained within the Official Plan (Site and Area Specific Policy 296) for Woodbine are addressed and additional directions outlined in Section 4 of Appendix B.

The planning framework for Woodbine supports both the current gaming (slots and electronic games) as well as a potential full-service casino (slots and live dealer tables) in this area. Advantages to expanding gaming facilities at Woodbine from a citywide perspective include:

- the potential for additional development on this underutilized site,
- opportunities to better integrate the site into the larger context;
- the potential to spur development related to the Council approved plans;
- it would not destabilize adjacent areas;
- uses, built-form and scale are more easily accommodated and impacts are more easily mitigated;
- the expansion, both in the interim and with the westward addition, has the potential to create local employment opportunities for residents of the nearby neighbourhoods in the short-term, with full build-out of the entertainment complex, additional employment opportunities would be created; and

- given the proximity of the site to Pearson International Airport, the facility could attract travellers waiting for connecting flights, and in particular if enhanced transit accessibility to/from the airport is achieved.

2.7 Standalone Casinos

The October 22, 2012 Executive Committee report identified that Council could decide to host a standalone casino only. The report noted that while this type of project would generate lower total revenues, casino patrons may seek services, such as hotels and restaurants, in the surrounding area. Notwithstanding this approach, there would still be some on site restaurant and retail space provided in a standalone casino as is found in other standalone casinos in North America. Ancillary retail and restaurant uses are generally already permitted as-of-right in existing By-laws.

In the downtown core, a stand-alone casino is neither practical, nor desirable. Recognizing the character of the Exhibition Place grounds, the expansion plans for the Direct Energy Centre and the existing lease for a 400-room hotel, a new casino may manifest itself differently in Exhibition Place. In all other locations, a standalone casino would compromise the City's mixed-use objectives.

2.8 Temporary Casino

The Executive Committee requested the City Manager to report on the possibility of a temporary casino in Toronto. The OLG has indicated that once the host municipality has passed a resolution supporting the establishment of a new casino, the agency could seek to establish a temporary casino while the preferred proponent selected through the OLG's RFP process obtains planning and permit approvals and during construction.

A temporary casino would raise the same issues as a permanent facility, including similar transportation and parking concerns, etc. The City should not entertain a temporary structure to accommodate this type of facility. There is also the potential risk that a temporary casino could become a permanent fixture, despite the Province's current indication that only one new casino will be entertained in the C1 zone. Moreover, the Woodbine facility, which has a large slot operation currently, does not necessitate the need for a temporary casino in the City. Expansion at the existing Woodbine facility could be accommodated within the planned vision for the area.

3. Economic Development

3.1 Leveraging Additional Convention/Conference Space and Tourism

An expanded first-rate convention centre for Toronto is the most significant opportunity that could be leveraged as part of an integrated entertainment complex. A facility that can attract some of the largest conferences, conventions and trade shows in North America would deliver a significant increase in visitors to the city and ongoing economic and city-building benefits. If City Council consents to host a casino in the C1 zone, then it should require that the proponent also builds and develops an operating plan for an associated convention centre that is competitive with other top-ranked North American facilities.

A new convention centre is potentially a bigger tourist draw than a casino, and would respond to a need that has been previously identified as a factor holding Toronto back as a tourist destination. Unlike many other cities that have a single major convention area, there are three areas within the city that compete for conferences and exhibitions/trade shows: the Metro Toronto Convention Centre in the downtown core, Direct Energy Centre at Exhibition Place and the Toronto Congress Centre, close to the airport. While the total amount of space is considerable, as a result of this fragmentation, none of these facilities provides both the scale and the mix of exhibition and meeting space required by some of the largest meetings and events seeking a host city and venue.

The Metro Toronto Convention Centre (MTCC) includes 460,000 square feet of exhibition space, but it is divided between the North (200,000 square feet) and South (260,000 square feet) buildings. Although the North and South building are physically connected, they are not contiguous. The MTCC also provides 122,000 square feet of total meeting/ballroom space. Based on the mix and an associated hotel, the MTCC is considered an all-in-one convention centre but is ranked as only the 33rd largest in North America. The MTCC buildings could be expanded and upgraded at the current site to provide more contiguous space and more meeting space. This site is in close proximity to many amenities that serve as a draw to event planners including hotels and restaurants.

The Direct Energy Centre (DEC), located at Exhibition Place, includes approximately 750,000 square feet of contiguous exhibition space. The DEC is connected by an underground walkway to the Allstream Centre which provides 122,000 square feet of meeting space. The requisite scale of convention centre could be achieved at the DEC with some exhibition space and much more meeting space added. There are few amenities in the immediate vicinity, notwithstanding plans to build a new hotel within Exhibition Place.

There are also two large convention centres, Toronto Congress Centre and International Centre, located near Woodbine and Toronto Pearson Airport. The Toronto Congress Centre is comprised of one million square feet in two buildings. The brand new North building offers 300,000 square feet of exhibit space and the South Building has 350,000

square feet of exhibit space. In addition, between both buildings there are 70 meeting rooms and two ballrooms - one at 27,000 square feet in the North Building, and a 10,000 square foot ballroom in the South Building. The International Centre includes six exhibition halls with 500,000 square feet of exhibit space and a 48,000 square foot Conference Centre. These two facilities in northwest Toronto are seen as more targeted to regional events and shows than the downtown facilities.

As shown in the table below, the Destination Marketing Association International (MINT) database show that there are 864 conventions attracting over 3,000 delegates each year in North America out of 2,500 that attract over 700 delegates. About 540 of these meetings have over 3,000 delegates and require at least 300,000 square feet of contiguous space. If they also require significant meeting space, this mix is not currently available in Toronto.

Table 14. Market Demand for Visitor-Based Conventions in North America by Facility Size¹¹

Delegates/ Event	MTCC/TT Events	MINT Events	Events Segmented by Exhibit Space Requirements					
			<200,000	200,000 - 299,999	300,000 – 399,999	400,000 – 599,999	600,000 – 799,999	800,000+
3,000 – 4,999	4	341	-	171	170	-	-	-
5,000 – 9,999	45	289	13	90	128	45	13	-
10,000+	90	234	10	42	60	81	16	26
Total	139	864	23	302	358	126	28	26
Cumulative % Total			3%	38%	79%	94%	97%	100%

To be competitive for these larger events, convention centres increasingly need to provide a mix of large contiguous exhibition space to accommodate trade shows, information booths and displays, combined with significant meeting space that can hold keynote addresses and breakout sessions. The largest conventions and conferences use both of these features and need them to be in close proximity. This type of venue is also flexible enough to accommodate a range of smaller trade shows and meetings in between larger events. Beyond the meeting facilities, event organizers are also looking for other amenities like hotel, retail and restaurants within close proximity to the convention space.

While there are several metrics used to compare convention facilities, and several different rankings, the most important factors are contiguous exhibition space and meeting/ballroom space. The ten largest convention centres in North America provide at least 813,000 square feet of total exhibit space including at least 600,000 square feet of contiguous exhibit space. Ten convention centres in North America with exhibit space also provide at least 235,000 square feet of associated meeting space. A facility of this scale and layout is not currently available in Toronto.

¹¹ Source: MTCC, Destination Marketing Association International (MINT)

A convention venue of this scale, geared towards the largest class of events, could attract over 130,000 additional visitors annually to Toronto, and generate an additional \$392 million of direct spending each year.

The requirement to leverage significantly upgraded convention facilities from a casino could be accomplished by expanding existing facilities in the downtown which are located in OLG's C1 zone, and are within study areas that City staff have reviewed as potential locations for a casino development. These sites are also close to the city core, which would encourage convention and conference attendees to spend additional time in Toronto and visit other attractions.

3.2 Employment

There are new jobs associated with both the construction and the ongoing operations of a casino/IEC in the C1 and C2 zones. The following table provides a summary of employment projections on both a gross and net basis, and is based on the following illustrative example of a C1 and C2 development. Projections for C1 are based on an IEC with 175,000 square feet of casino gaming floor area, approximately 1,000,000 square feet of convention and meeting space, hotel (800 rooms), and 100,000 square feet of retail/consumer space. Projections for C2 are based on an expansion of the existing Woodbine facility, with 80,000 square feet of additional gaming floor, hotel (800 rooms), 170,000 square feet of meeting space, and 450,000 square feet of retail/consumer space (see Appendix C for details).

Table 15. Employment Impacts

	C1 Downtown	C1 Exhibition Place	C2 (Expansion)
Construction Jobs (FTE, 3-year period)	7,000	6,200	4,000
Construction Jobs Average Full-Time Annual Compensation	\$60,000	\$60,000	\$60,000
Operations Jobs (FTE, Gross)	10,200	10,200	4,855
Operations Jobs Average Full-Time Annual Compensation	\$45,000	\$45,000	\$45,000
Estimated Percent of Incremental Revenue	53%	53%	33%
Operations Jobs (FTE, Net)	5,440	5,440	1,600

Construction Jobs

In C1, an integrated entertainment complex in the downtown core, including significant new convention space; a hotel; food, beverage and retail space and parking, would carry an estimated construction value of up to \$2.3 billion. Based on this construction value, the complex would generate an estimated 7,000 full-time equivalent jobs related to construction over a three-year period.

A complex located at Exhibition Place that expands on existing convention space at the Direct Energy Centre would have an estimated construction value closer to \$2 billion. Construction of this development would generate an estimated 6,200 construction related jobs for a three-year period.

Similarly, expansion of the casino and construction of an integrated entertainment complex at Woodbine is expected to cost about \$1.3 billion and to generate 4,000 full-time equivalent jobs related to construction over a three-year period. The current median hourly wage in the construction industry in Toronto is \$23.00, and average annual income on casino related construction sites is projected at \$60,000 including benefits.

Toronto currently leads all other North American cities in terms of high-rise buildings under construction, which has led to high employment rates within the industry. This current construction boom has been driven primarily by an extended period of new residential condominium development. The pace of this new development is expected to slow down. Pre-sales of residential condominium units, a leading indicator, declined from 20,886 units in 2011 to 14,005 units in 2012, slightly below the 5-year average of 14,909 for Toronto. Current construction activities related to the Pan/Parapan American Games will also be completed by 2015.

Therefore, while there are relatively few unemployed skilled trade workers today, demand fluctuates over time. Development of an IEC would mitigate job reductions as other major building projects slow down or end. High levels of construction activity serves to push up wages and/or extend the period during which construction workers and associated suppliers are in strong demand.

Operations Jobs

Once construction is complete, a new casino development would require significant direct and indirect employment to support ongoing operations. An integrated complex in C1, either Downtown or at Exhibition Place as described above, is projected to generate up to \$1.2 billion annually in gaming revenues, and \$200 million in non-gaming revenues. Based on this level of revenue, an estimated 10,200 direct, indirect and induced FTE jobs, primarily in the service sector, would be generated.

An expanded IEC at Woodbine is projected to generate, beyond its current revenues, an additional \$266 million in gaming revenues and \$400 million in non-gaming revenues. Given the very limited non-gaming facilities at the existing Woodbine site, development of the site in accordance with current land use permissions would generate a major increase in non-gaming spend. Based on this level of revenue, an estimated 4,855 direct, indirect and induced FTE jobs, primarily in the service sector, would be required. This is in addition to the current level of direct and indirect jobs at Woodbine and its suppliers.

These are however gross employment projections related only to expanded casino gaming in Toronto. While new facilities will generate significant employment they will do so in part by displacing jobs from elsewhere in the city and region. The following sections discuss the net employment impacts and the quality of the jobs added.

Net New Jobs

There is an essential distinction to be made between gross jobs related to a new casino development, and net new jobs created in the city of Toronto. Visits to a new gaming and entertainment complex that divert spending from other venues and businesses in Toronto do not generate an overall benefit since employment at the casino replaces employment elsewhere. Net job creation is generated by incremental spending, which is a function of spending by out-of-town visitors, and of Toronto capturing some of the current spending by GTA residents at out-of-town gaming facilities.

Casino spending is most likely to replace spending on close substitutes. For most people gambling is a form of entertainment and it is expected that a cannibalization impact will affect entertainment businesses and other discretionary expenditures. However, because the market area of a casino is much larger than the city of Toronto, the cannibalization of spending by local residents is expected to be broadly spread across the region, regardless of the location of a new facility.

Determining the net economic impact from a casino in the C1 zone requires distilling the total gaming revenue into revenue from new spending within the city and revenue from redistributed spending that already exists within the city.

- Toronto residents currently spend \$400 million at OLG gaming facilities outside the city. It is estimated that \$250 million of this spending would be captured by a new casino in downtown Toronto. While this spending is not new to the Province of Ontario, it is new spending within the city of Toronto.
- Similarly, GTA residents currently spend about \$600 million at OLG gaming facilities outside Toronto. It is estimated that \$120 million of this spending would be captured by a new casino in downtown Toronto.
- Tourists are expected to account for about 20%, or ~\$246 million, of the total gaming spend. About 50% (\$123 million) of this total tourist gaming spend is expected to come from the redistribution of spending by 'existing' tourists. The other 50% represents new spending by new tourists attracted to Toronto by the casino/integrated entertainment complex, including increased visitorship due to the expanded convention space, and increased spending by existing tourists generated by the new attraction.
- There will also be some redistribution of spending by Toronto residents away from goods and services that were obtained from outside Toronto (such as from trips formerly taken outside the city). While very difficult to measure, for these purposes it was assumed that 10% of the new casino spending by Toronto residents was formerly made outside the city – or about \$72 million.

Based on the above calculations, the estimated net new spend for a casino in C1 is \$565 million, or 47% of the total gaming spend. Rounded up this means that about half of the casino floor expenditure is redirected from other expenditure previously made in Toronto. Thus the substitution effect for gaming is 50%. The same substitution effect (i.e. 50%) is assumed for retail/amenity expenditures. The convention centre and hotel are expected to attract a higher level of visitors (80%) and thus a lower level of substitution (20%).

The expanded gaming floor at Woodbine included in the illustrative example could accommodate an additional 1,500 slots (i.e. an increase from 3,000 to 4,500 slots) and 150 tables and generate potential gaming revenues of about \$1.25 billion. However, development of a new casino in downtown Toronto would reduce the total potential gaming revenue at Woodbine by about 30% or \$371 million. The total gaming revenue must also be reduced by the gaming revenue generated by the existing slot operations which is about \$600 million. Incremental new gaming revenue would therefore be about \$266 million. For the purposes of this analysis, 40% of this spending would be new to the city based on visits to the casino that would otherwise have been to other OLG facilities outside Toronto. The convention centre (80%) and hotel (50%) at Woodbine are expected to attract a higher level of visitors, while retail/amenity expenditures are expected to be about 50% new and 50% redistribution.

In some other locations that have introduced a casino, there has been a negative impact on the surrounding businesses (e.g. Atlantic City). Many of the negative impacts result from the development of an insular, inward facing, development whereby the casino complex becomes the primary entertainment venue in the area at the expense of the venues in the surrounding community. The planning considerations articulated in this report explicitly seek to avoid this situation by among other things, identifying conditions that would require any proposed integrated entertainment complex to be integrated with the surrounding businesses and community as well as with the various internal elements to the development. This integration could be achieved through an appropriate mix and scale of amenities including a convention centre, design, and marketing.

Excluding the impact of new convention delegates described below, the illustrative casino complex would generate an estimated 5,440 direct, indirect and induced FTE jobs related to a development within the C1 Zone, and 1,600 direct, indirect and induced FTE jobs related to a development within the C2 Zone.

Development of a major, top ten, convention centre facility in downtown Toronto would attract well over 130,000 new visitors to Toronto and additional spending of about \$392 million. Convention centre operations are estimated to generate 635 (gross) and 505 (net) FTE direct, indirect and induced jobs and about \$40 million in additional GDP. The increased spending by convention centre delegates would generate 4,630 FTE direct, indirect and induced jobs (in addition to the 5440 FTEs associated with the ongoing operations of the IEC). To support businesses and jobs in the vicinity of a new gaming facility, a casino operator(s) would be required to submit a business plan describing how the facility will contribute positively to existing businesses, for example, agreements to purchase blocks of tickets from nearby theatres.

A new, smaller (170,000 ft²) convention space at Woodbine is expected to serve a primarily local and regional market. It is estimated to generate about 190 (gross) and 100 (net) FTE direct, indirect and induced jobs, and increase the net GDP within the city by an additional \$7.6 million.

Job Quality

Beyond the number of net new jobs in Toronto associated with a gaming complex, it is necessary to evaluate the quality of the jobs gained. Average annual compensation at OLG facilities is approximately \$40,000 to \$60,000 including benefits on a full-time basis, however not all jobs are full-time. The average hourly wages for employees in the accommodation, retail and food service industries in Toronto translate to a full-time equivalent annual salary of approximately \$35,000. For economic analysis staff are utilizing a \$45,000 average annual salary including benefits.

There is currently a 60/40 percent full-time/part-time split of jobs at all OLG facilities. Some positions are also eligible for tips. Employees at the Woodbine casino including cage and coin cashiers, slot attendants, shuttle bus drivers, housekeepers and security guards earn between \$15 and \$20 an hour. This is lower than the median hourly wage in Toronto of \$20.22, but on par with the median wage among workers without post-secondary education credentials (\$17.00), which are not required in these job classifications. At Woodbine, 71 percent of employees are unionized while the average at all OLG operated sites is 28 percent. Because OLG facilities operate 24 hours, shifts occur at all times of the day.

3.3 Impact on Existing Jobs and Businesses

Much of the research on the impact of a casino on the local economy has been prepared by, or on behalf of groups with an established position, either supporting or opposed, to gaming. Not surprisingly, the findings of these reports are mixed indicating both net positive and net negative impacts. As would be expected, the results also vary with the local characteristics and circumstances of the region. While it is difficult to draw clear conclusions, the most common findings about the magnitude of the economic impact on the local economy vary with:

- the number of visitors from outside the region (i.e. the value of exported visitor services);
- the amount of current spending by local residents on similar activities at venues outside the region that would be recaptured; and
- the availability of a local labour force and supply chains for required goods and services.

The first two factors relate to new money that comes into the local economy, i.e. if there were no visitors or recaptured local spending, the total amount of wealth within the community would remain the same. The third relates to opportunities for local residents and businesses to earn wages and revenues through employment and/or entrepreneurship.

If Council is to consider hosting a casino in Toronto, it should do so in a manner that seeks to create jobs and support local businesses and economic growth, and accounts for all three variables listed above. Given the variability of the research findings, this is the approach taken by City staff.

Regarding the number of visitors, an extensive literature review conducted for the U.S. National Gambling Impact Study Commission¹² found evidence that even a casino that primarily serves a local or regional market will draw some patrons from outside the state. Estimates in regard to the percentage of out-of-market visitors attracted to an integrated entertainment complex range considerably from a low of about 5% up to 85% in the unique circumstance of Las Vegas. A casino located in downtown Toronto will likewise attract some percentage of tourists. It is the fourth largest city in North America and a recognized international city accessible by air, rail and road. Over 65 airlines operate out of Toronto Pearson Airport providing service to 177 global destinations.

Some tourists may come primarily to visit a casino; for others it will be just one among many points of interest. Based on tourist visits to casinos and integrated resorts in other locations, tourists could account for about 10% (\$120 million) of gaming revenue at an integrated entertainment complex in the C1 Zone (downtown). The non-gaming spend by tourists in the illustrative complex is estimated to be about \$80 million.

As previously noted, development of a major convention centre facility would attract about 130,000 new visitors to Toronto and additional spending approaching \$400 million. Some of this estimated new spend would be at an integrated entertainment complex and is included in the total visitor spend discussed above. A new casino in downtown Toronto would also recapture a significant proportion of the approximately \$400 million currently being spent by Toronto residents at casinos outside Toronto and to similarly attract additional spending by GTA residents in surrounding regions. These amounts would be net new spending within the city of Toronto, although not within Ontario.

In terms of an available labour force and supply chain, Toronto is clearly large enough and has a diverse enough economy that an integrated entertainment complex could be primarily staffed and supplied by local residents and businesses. A new development that brings over 100,000 new visitors and approximately \$400 million in net non-gaming spend to Toronto creates opportunities to support local businesses and jobs. This net new spend by itself, however, is not sufficient to achieve this objective. An insular, inward facing development that strives to capture all of the net new spend would clearly not be desirable. In some other locations where casinos have taken this form, there has been a negative impact on surrounding businesses, and after an initial boost, little ongoing economic benefit.

Conversely, an integrated, outward facing development would support local businesses and jobs. The conditions proposed in this report would require an integrated, outward facing development and for the proponent to submit a business plan describing how the facility will contribute positively to existing businesses and jobs. For example, the proposed conditions would undersize the amenities relative to the scale of the casino and convention centre. Local businesses would satisfy the remaining demand. The proposed conditions also provide for theatre space to accommodate additional demand from tourists, but not to decrease overall demand for local theatres and concert halls. Existing

¹² National Gambling Impact Study Commission. 1998, *The Regional Economic Impact of Casino Gambling: Assessment of the Literature and Establishment of a Research Agenda*.

venues could provide these amenity services, e.g. through the sale/purchase of blocks of tickets from nearby theatres.

3.4 Federal and Provincial Tax Revenues

As a result of both the construction investment and the net new spending that could come to Ontario and Canada as a result of expanded gaming in Toronto, both the provincial and federal governments will receive new tax revenues. Based on the amount of gaming and non-gaming revenue that is estimated to be net new spending in Ontario, Provincial taxes stand to increase by \$63 million annually. The Province could collect an additional \$211 million in tax revenues over a 3 year period related to construction if an IEC is located in the downtown core and \$183 million over a 3-year construction period if a complex is located at Exhibition Place. The amount of out-of province spending at an expanded Woodbine facility is assumed to be negligible, but there are estimated new revenues to the Province of \$119 million over a 3 year period from construction.

Table 16. Provincial Tax Revenue Impact

Incremental Tax Revenues (Provincial)	Ongoing Operations C1	Construction Downtown Core (C1)	Construction Exhibition Place (C1)	Construction C2
Corporate Income Tax	\$6 million	\$40 million	\$34 million	\$22 million
Personal Income Tax	\$15 million	\$94 million	\$82 million	\$53 million
Sales Tax	\$28 million	\$77 million	\$67 million	\$44 million
Property Tax	\$14 million	N/A	N/A	N/A
Total	\$63 million	\$211 million	\$183 million	\$119 million

The federal government will also receive additional tax revenues. Based on the amount of spending that is estimated to be from outside of Canada, Federal taxes stand to increase by \$51 million annually from the ongoing operations of a complex in C1. The federal government could also receive an additional \$358 million over 3 years related to construction if a new IEC is located in the downtown core, \$311 million over 3 years if a complex is located at Exhibition Place, and \$203 million from new construction at Woodbine.

Table 17. Federal Tax Revenue Impact

Incremental Tax Revenues (Federal)	Ongoing Operations C1	Construction Downtown Core (C1)	Construction Exhibition Place (C1)	Construction C2
Corporate Income Tax	\$6 million	\$51 million	\$45 million	\$29 million
Personal Income Tax	\$31 million	\$258 million	\$224 million	\$146 million
Sales Tax	\$13 million	\$49 million	\$42 million	\$28 million
Total	\$51 million	\$358 million	\$311 million	\$203 million

At the municipal level, the assessed value increases due to a new IEC in C1 and an expanded facility at Woodbine are estimated to generate an additional \$19 million and \$15 million in property taxes respectively.

3.5 Summary of Economic Impacts

The following table assembles all the size assumptions which informed the analysis in this section for both C1 and C2 and summarizes the total gross and net economic impacts.

Table 18. Economic and Financial Impact of a New Casino & Convention Development (Illustrative Scenarios)

OLG Zone		C1 (Up to)		C2 ¹³ (Expansion) (Up to)
Description	Location	Downtown Core	Exhibition Place	Woodbine
	Casino Floor	175,000 ft ²		80,000 ft ²
	Food, Beverage, Retail & Other	100,000 ft ²		450,000 ft ²
	Hotel	800 rooms	800 rooms	800 rooms
	Convention & Trade Show Space Total (1,048,000 ft ²)	≤ 1,048,000 ft ² ¹⁴	313,000 ft ² ¹⁵ (For total of 1,048,000 ft ²)	170,000 ft ²
Construction	Direct, Indirect and Induced Jobs (FTE 3 yr period)	7,000	6,200	4,000
	Average Annual Income (FTE)	\$60,000	\$60,000	\$60,000
	Value	\$2.3 billion	\$2.0 billion	\$1.3 billion
Operations (Gross)	Gaming Revenue	\$1.2 billion	\$1.2 billion	\$0.3 billion
	Non-Gaming Revenue	\$0.2 billion	\$0.2 billion	\$0.4 billion
	Total Revenue	\$1.4 billion	\$1.4 billion	\$0.7 billion
	Direct Jobs (FTE)	6,840	6,840	3,385
	Indirect Jobs (FTE)	2,015	2,015	890
	Induced Jobs (FTE)	1,355	1,355	580
	Average Annual Income (FTE)	\$45,000	\$45,000	\$45,000
	GDP	\$1.2 billion	\$1.2 billion	\$0.4 billion
Operations (Net)	Direct Jobs (FTE)	3,665	3,665	1,115
	Indirect Jobs (FTE)	1,050	1,050	285
	Induced Jobs (FTE)	725	725	200
	GDP	\$625 million	\$625 million	\$155 million
Spinoff from new Convention Centre Delegates	Direct Jobs (FTE)	3,450	3,450	N/A
	Indirect Jobs (FTE)	620	620	N/A
	Induced Jobs (FTE)	560	560	N/A
	GDP	\$310 million	\$310 million	N/A

¹³ The numbers in this column are incremental to the existing Woodbine gaming site.

¹⁴ The MTCC site only requires an additional 475,000 ft² of space. Another site may require 1,048,000 ft².

¹⁵ Exhibition Place requires an additional 313,000 ft² of exhibit/meeting/ballroom space to meet the 1,048,000 ft² target.

OLG Zone		C1 (Up to)		C2 ¹³ (Expansion) (Up to)
City Revenues	Property Taxes	\$19 million	\$19 million	\$15 million
Provincial Tax Revenues ¹⁶	Ongoing Operations	\$63 million	\$63 million	N/A
	Construction	\$211 million	\$183 million	\$119 million
Federal Tax Revenues	Ongoing Operations	\$51 million	\$51 million	N/A
	Construction	\$358 million	\$311 million	\$203 million

4. Public Health Considerations

Toronto Public Health (TPH) prepared two Board of Health (BOH) reports that explore the issue of gaming from a public health perspective. In November 2012, the Medical Officer of Health (MOH) reported to the BOH on research regarding the potential impact of a new casino on problem gambling in Toronto¹⁷. The detailed findings were also discussed in the technical report *The Health Impacts of Gambling Expansion in Toronto*¹⁸ and the *Toronto Public Health Position Statement on Gambling and Health*¹⁹, also considered by the Board of Health in November 2012.

Problem gambling is a significant public health concern because of its impact on the health of gamblers and the community at large. Current estimates are that between 1.2 to 3.4% of people in Ontario are problem gamblers. TPH analysis of Canadian Community Health Survey data indicates that the form of problem gambling that is associated with the most severe health impacts affects an estimated 11,000 people in the Greater Toronto Area (GTA). The MOH's first report concluded that hosting a new casino in Toronto is anticipated to increase the prevalence of problem gambling in the city, and the associated negative health impacts. This report also concluded that a casino located anywhere in the GTA will likely increase problem gambling and associated health risks for Toronto residents, with greater impacts on communities closer to the casino. The TPH Position Statement outlined ten strategies that are recommended by experts as ways to address and prevent problem gambling and its negative health impacts. The BOH endorsed the Position Statement and also recommended to Council that, based on health evidence pointing to severe health risks associated with problem gambling, the OLG not be invited to expand gambling in the city of Toronto.

In February 2013, at the request of the BOH, the MOH reported on the broader community health impacts of a casino, including assessment of the health implications of potential employment, economic development, crime, social safety net and neighbourhood impacts. The report *Community Health Impacts of a Casino in Toronto*²⁰ which reviews available evidence from other jurisdictions, indicate that increased employment and income, if generated as expected, could have positive impacts on health,

¹⁶ Provincial gaming revenues not included.

¹⁷ <http://www.toronto.ca/legdocs/mmis/2012/h1/bgrd/backgroundfile-51871.pdf>

¹⁸ <http://www.toronto.ca/legdocs/mmis/2012/h1/bgrd/backgroundfile-51873.pdf>

¹⁹ <http://www.toronto.ca/legdocs/mmis/2012/h1/bgrd/backgroundfile-51872.pdf>

²⁰ <http://www.toronto.ca/health/gambling/index.htm>

although shift work and irregular hours could reduce any health benefits to casino workers. On the other hand, increased motor vehicle traffic could increase injuries and air pollution-related illness. The evidence is inconclusive concerning the potential health impact of a new casino on crime and local economic development. Overall, expansion of gambling through introduction of a new casino is anticipated to have greater adverse health-related impacts on Toronto's population than beneficial impacts.

5. Social Considerations

On November 5, 2012, Executive Committee directed City staff to "give consideration... to the establishment of a signed 'social contract' between the City and the Ontario Lottery and Gaming Corporation" (OLG) and report back to Committee as part of this report. An inter-divisional staff working group²¹ was formed to:

- identify potential elements of a Toronto casino 'social contract' based on the previous experiences of the City and the experience of other jurisdictions;
- assess the feasibility of implementing 'social contract' elements through discussions with OLG staff; and
- review social considerations related to the establishment of a new casino in Toronto.

The working group met with OLG procurement and responsible gaming staff to review existing policies and practices. Issues discussed included OLG procurement practices, responsible gaming supports, opportunities to address social considerations raised by a new casino, and the feasibility of implementing potential social contract conditions Council may wish to impose. The approach to a social contract is based on peer-reviewed literature, 'best practice' approaches employed by other jurisdictions, and the City's prior experience leveraging partnerships with the private sector, organized labour, community stakeholders, and other orders of government. A summary of key findings that informed staff recommendations on a social contract can be found in Appendix E of this report.

5.1 Overview

Four areas of focus were identified for inclusion in a social contract, to ensure investments contribute to strengthening Toronto's social, economic and urban fabric:

- Social procurement opportunities in the development and operation of a casino and related facilities (i.e. convention centre, hotel, etc.)
- City and community use of space agreements for appropriate uses (i.e. local arts, culture, etc.)
- Harm mitigation strategies to address negative societal impacts
- Measuring and monitoring systems to independently assess Social Contract implementation and effectiveness.

The inclusion of a Toronto Casino Social Contract will help to establish expectations and establish commitments between government, the private sector, institutions and society on how the social benefits of a casino will be realized and the negative societal impacts will be addressed. The inclusion of a social contract within the required agreements will

²¹ The Social Contract Working Group was chaired by the Executive Director, Social Development, Finance & Administration (SDFA), and included representatives of the City Manager's Office (CMO), Toronto Public Health (TPH), Economic Development and Culture (EDC), Toronto Employment and Social Services (TESS) and the Purchasing and Materials Management Division (PMMD).

clearly define the relationship between the casino and related operator(s), the Ontario Government, the City of Toronto and the greater community. The terms that make up the Toronto Casino Social Contract will emphasize commitment from all parties towards:

- *Partnership* – working together to build sustainable community and city-wide relationships and initiatives which benefit Toronto residents.
- *Open and Inclusive Dialogue* – identifying priorities, developing solutions and avoiding marginalization of residents throughout the development and operation of a new Toronto casino.
- *Strengthening Toronto through Investment* – supporting economic opportunities for individuals, communities and the city, with a focus on vulnerable groups disproportionately impacted by economic uncertainties (e.g. youth, unemployed and underemployed individuals and newcomers).
- *Addressing Impacts on Toronto's Social Fabric* – proactively addressing the negative impacts of problem gambling through prevention, intervention, treatment and harm mitigation initiatives based on internationally recognized 'best practices'.
- *Independent Monitoring and Analysis* – supporting regular independent monitoring and analysis of the social, health, employment and economic impact of casino operations on Toronto communities and residents to keep the Toronto Casino Social Contract relevant, transparent and accountable to Torontonians.

The Toronto Casino Social Contract seeks to support sustainable social development, expanded economic opportunity and contribute to the vitality of Toronto's neighbourhoods. The following provides a summary of the key findings with respect to a social contract that inform recommended conditions outlined in Appendix A in this report. For further details on a Toronto Casino Social Contract see Appendix D.

5.2 Social Procurement Opportunities

Social procurement strategies allow public and private sector organizations to use their purchasing power to add social and economic benefits to communities. City staff identified two areas where social procurement strategies could advance the City's social and economic priorities while benefiting a private sector operator(s):

- opportunities resulting from the development of a Toronto casino(s), convention centre and related amenities; and
- opportunities resulting from the operation of a Toronto casino(s) and related facilities.

5.2.1 Development Focused Social Procurement Opportunities

As part of the potential development of a Toronto casino and the related facilities that comprise an IEC, the City has the opportunity to work with the developer(s) to implement social procurement strategies that will effectively meet the developer's workforce requirements while providing employment and skills training opportunities for

unemployed and underemployed Toronto residents. Based on experience and best practices identified from developments in other jurisdictions, the City believes the implementation of social procurement practices as part of development of an IEC in Toronto would provide both local and city-wide benefits to residents. An example of how the City can work with local developments to secure added-value is the Regent Park Revitalization Initiative. This was a collaborative effort by the City of Toronto, Toronto Community Housing and private sector developers to provide significant local employment and training opportunities, with the potential to advance the economic health of the local community through the revitalization of Regent Park (see Box 1).

This report requests that OLG include a requirement that casino and relevant operator(s) develop a joint Employment and Labour Market Plan with the City of Toronto to support development and operations.

Box 1: Regent Park Revitalization Initiative

The Regent Park redevelopment process continues to provide local employment and training opportunities with the potential to advance the economic health of the local community. To capitalize on the opportunity, Toronto Community Housing (TCHC) created a goal for local residents to receive job readiness training and supports and to fill at least 10% of the total years of construction-related employment generated through the revitalization. TCHC, Toronto Employment and Social Services (TESS) and community-based partners collaborated on this initiative. Proponents wishing to bid on Regent Park RFPs for aspects of the revitalization were required to outline in their proposal the specific ways they would contribute to this 10% goal. To date, over 1,600 residents have received service through the Regent Park Employment Engagement Initiative. Thirty-eight (38) employers have been engaged to date, and a total of 570 residents have been hired into a range of construction and ongoing service positions. In addition, numerous networking and recruitment events, information sessions, and skill-building workshops have been held.

5.2.2 Operations Focused Social Procurement Opportunities

Working with the OLG and relevant operators, the City has the opportunity to develop an effective strategy to ensure meaningful employment opportunities afforded by a new casino are accessible to Toronto's unemployed and underemployed, particularly in regards to youth, newcomers and marginalized residents. By working with the OLG and the casino (and related) operator(s) to leverage ongoing procurement requirements through the implementation of a supply chain diversity policy, the City can help mitigate the potential cannibalization of local business opportunities. A supply chain diversity policy will provide additional supports to local entrepreneurs and small businesses from diverse communities to gain valuable competitive experience and market exposure without compromising cost or quality for casino and related facilities operator(s). Examples illustrating how the City can work with local developers to secure agreements that support operational requirements and provide added-value include the Woodbine Live! Development Agreement Community Improvement Plan, and Pan/Parapan Am Games Toronto 2015 – Supply Chain Diversity Policy (see Box 2 and 3).

This report requests the OLG to include a requirement that casino and related operator(s) implement a supply chain diversity policy that encourages opportunities for local businesses; and ensures a casino(s) utilizes a skilled supply base that resembles the diversity and multicultural heritage of Toronto without significantly compromising cost or quality of casino operations.

Box 2. Woodbine Live! Development Agreement Community Improvement Plan

In 2007, City Council approved a proposal by Woodbine Entertainment Group (WEG) and Cordish Companies to transform the Woodbine area into an entertainment destination, through a multi-phase project including entertainment, retail, hotel, office and residential components. The City worked with WEG to develop a Community Improvement Plan (CIP) that incorporated employment-focused initiatives into Woodbine Live!'s operations, including:

- WEG develop and implement a Local Hiring and Employment Strategy;
- WEG/Cordish Companies construct and fund the ongoing operations of an Employment Centre within 2km of the Woodbine Live! site operated by TESS;
- WEG establish an apprenticeship program for local residents in partnership with Woodbine Live!, the general contractor, the Ministry of Training, Colleges and Universities, and other relevant stakeholders; and
- Woodbine Live! work with the City to develop and implement measures to monitor and report on the progress of the CIP's employment-focused initiatives.

The Woodbine Live! development agreement and the related CIP reached in 2007 established a precedent for the City in securing social procurement employment and skills training commitments for local area residents as part of ongoing operations of a large-scale private sector development. In February 2013, WEG ended its partnership with the Cordish Companies and is reviewing options to proceed with the development.

Box 3: Pan/Parapan Am Games Toronto 2015 – Supply Chain Diversity Policy

Building on best practices identified by the City of Toronto and other stakeholders, TO2015 has committed to a procurement strategy for the 2015 Pan/Parapan Am Games that emphasizes a diverse roster of suppliers and encourages opportunities for local businesses. TO2015 recognizes that "diverse suppliers" are sometimes overlooked or excluded from procurement opportunities due to reasons of internal capacity, limited marketing expertise, etc. To enhance the positive economic impact of the Pan Am Games on Ontario businesses, TO2015 wants to utilize a skilled supply base that resembles the diversity of the region without compromising cost or quality. To support the achievement of this goal, TO2015 will:

- Make 100% of TO2015's procurement tenders available to diverse suppliers;
- Use diversity as one of the measureable evaluation criteria in TO2015's tenders;
- Size procurements in a way that best fits diverse supplier capacity; and
- Where capacity exists, obtain a quotation from at least 1 diverse supplier for all purchases under \$10,000.

TO2015 has created a Supplier Diversity Advisory Council that consists of local business leaders with a network of diverse suppliers to act as an intermediary between TO2015 and the supply base and provide advice on procurement matters. TO2015 has also developed program evaluation tools and metrics to track the effectiveness of their supplier diversity efforts.

5.3 City and Community Use of Space Agreements

Access to community space remains a persistent challenge for many Toronto community-based service organizations and resident groups. While policies and programs exist to support community access to City facilities at reasonable costs, a number of festival and cultural events cannot be easily accommodated in many community-based City facilities (e.g. The annual STOMP Urban Dance Competition & Showcase, the Manifesto Festival of Music and Art). Festivals and cultural events often are important components of community based programming, serving as catalysts for engagement, outreach, social innovation and creative civil society activity while providing important revenue generation opportunities that support the continued provision of community-based services and supports accessed by many Toronto residents.

The City has the opportunity to assist larger community-focused festivals and cultural events by working with the OLG and the Toronto casino(s) and related operator(s) to ensure community event organizers can access suitable live event and/or large venue facilities for appropriate uses, at a reduced or no cost for a limited number of facility operational hours as part of the Toronto Casino Social Contract.

5.4 Harm Mitigation Strategy

As previously discussed, among researchers and problem gambling service providers a consensus exists that effective harm mitigation strategies are required to address the negative social, economic and health impacts of problem gambling that may be accentuated by increased access to gambling in local communities.

As a new casino affords greater numbers of Toronto residents the opportunity to engage in casino gambling, increased investments are needed to:

- strengthen community-based problem gambling prevention and awareness services;
- to strengthen the capacity of responsible gambling support services in Ontario casinos to proactively identify and respond to problem gambling behaviour of casino patrons; and
- to implement systems to monitor the effectiveness of harm mitigation strategies.

In anticipation of the introduction of a new casino, the City has the opportunity to work with the OLG and Ministry of Health and Long-Term Care to review opportunities to strengthen harm mitigation measures to address the negative impacts of problem gambling as part of a Toronto Casino Social Contract.

This report requests the OLG to work with the City of Toronto, Medical Officer of Health, and the casino operator(s) to review and consider implementation of the harm mitigation measures outlined in the Medical Officer of Health's report (see Public Health Considerations). Recommendation #4 requests the Province to increase the proportion of gaming revenue dedicated to problem gambling interventions under the Ontario Problem

Gambling Strategy, in order to support increased prevention, treatment and research addressing problem gambling in the Toronto region.

5.5 Independent Monitoring and Assessment of Toronto Casino Social Contract

A Toronto Casino Social Contract will contain a variety of recommended measures to address harm mitigation, social procurement, employment and training opportunities and enhanced community benefits. In keeping with the City's 'best practices', a transparent active performance measurement mechanism is recommended, in the form of an independent Toronto Casino Social Contract Monitoring Working Group. This group will be mandated to independently monitor, assess and regularly report on the progress made implementing the terms of the Toronto Casino Social Contract, including related social procurement/employment initiatives, in addition to the social, economic and health impacts of a casino. The efforts of the Working Group will be funded from casino revenues.

The Working Group will include representatives of the OLG, Social Development, Finance & Administration, Toronto Public Health and the Toronto Police Service, and invite representatives from the Ministry of Health and Long-Term Care, the Centre for Addiction and Mental Health and relevant research and community-based stakeholders. The OLG will represent the private sector operator(s) for the purposes of both representation on the working group and in regards to specific commitments/requirements of the casino and related operator contained in a Toronto Casino Social Contract.

6. Financial Arrangements

6.1 New Standard Municipal Contribution Agreement (MC Agreement) for Woodbine Slots

The City currently shares in the proceeds of the Woodbine slots facility based on an agreement that expires on March 31, 2013. Under the current agreement with the OLG, the host municipality received a hosting fee calculated as 5% of the revenue on the first 450 slot machines, and 2% on machines in excess of 450. For the year ended December 31, 2012, the City of Toronto received \$15.1 million from OLG from Woodbine, or an average of about 2.5% on gaming revenues of \$593 million, from a range of between 2,000 to 3,000 slot machines operated during the year.

Unlike the current OLG gaming modernization plan, at the time the original Woodbine agreement was implemented, the Province did not provide the City an opportunity to reject hosting the Woodbine slot facility, and the revenue agreement was not so much negotiated as presented to the City.

The new standard municipal contribution agreement (MC Agreement) for all racetrack casinos in Ontario would provide a similar level of revenue to the City, effective April 1, 2013, but with less variation should operations be modified or market conditions change.

The hosting fee formula under the new standard MC Agreement is structured as follows:

Table 19. Hosting Fee Formula under the New Standard Agreement

Gaming revenue (slots only)	Hosting Fee
\$ 0 to \$65 million	5.25% on the first \$65 million
\$65 million to \$200 million	3.00% on the next \$135 million
\$200 million to \$500 million	2.5% on the next \$300 million
Over \$500 million	0.5% on the remainder

The new standard MC Agreement for hosting revenues does not proportionately compensate a municipality for hosting a large facility in a major urban setting. For example, depending on the type of casino development contemplated in C1, E&Y estimated that gaming revenues would be up to \$1.4 billion. According to the MC Agreement, the City's hosting fee would be approximately \$18 million – just over 1%. OLG has acknowledged that this formula is inappropriate for a large urban development as contemplated for C1 in Toronto. Staff would recommend that a modified new standard agreement be proposed. Staff would not recommend executing the current new standard agreement while the possibility of a new or expanded casino is still being considered by Council, or a modified new standard agreement is being considered by OLG.

6.2 Hosting Fee

The City's opportunity to influence activities (such as location, size, and gaming interfaces) and negotiate revenue sharing, at either C1 or C2/Woodbine, stems from authority provided by the Province via regulation, requiring municipal consent for hosting new or expanded gaming sites.

In regard to establishing an appropriate hosting arrangement, City staff attempted to set clear expectations about the compensation the City should receive. During discussions with OLG, City staff suggested that a share of gaming proceeds on par with that of the Province best reflects the joint stake of both the host community and the OLG in the undertaking.

Even with equal revenue sharing, the Province (and Federal Government) would earn a premium through increased income and sales tax revenues associated with the construction, operation and enhanced tourism that a new development is expected to bring. The City does not share in these benefits, aside from a marginal net increase in property taxes.

Gaming revenues accrue to the Province directly through required revenue sharing payments by OLG into the Provincial consolidated revenue fund from OLG's revenue from the operation of gaming sites, and through any revenue retained by OLG.

Currently, the OLGCA together with Ontario Regulation 199/00 requires the OLG to pay 20% of its revenue derived from Ontario commercial casinos into the Provincial consolidated revenue fund. There is currently no regulation imposing a similar requirement that would apply to a Toronto casino, but the City should anticipate that a regulation could be made along these lines. Furthermore, the OLGCA requires OLG to pay all revenue remaining, after all required payments and any optional capital expenditures have been made, to the Provincial consolidated revenue fund as directed by the Minister of Finance.

As the amount of the contribution to the Provincial consolidated revenue fund prescribed for a Toronto casino can affect the viability of the project and the amount of revenue shared with the City, the City's recommended hosting fee approach is designed to capture both revenue paid directly to the Province and revenue benefitting the Province indirectly through retention by the OLG, and is designed to guarantee a minimum \$100 million payment to the City. However, this recommended approach will require Provincial acceptance, cooperation, and an appropriate legislative/regulatory framework.

City staff tabled a term sheet with OLG in early 2013, describing a hosting fee resulting in the City receiving a share of gaming proceeds equal to that received by the Province (either directly or through OLG) including revenue from all forms of gaming, and other ancillary revenue such as cover charges and licensing fees from C1 casino operations, and subject to a provincial guarantee of a minimum amount of \$100 million per year, adjusted for inflation. The requested guaranteed minimum of \$100 million for a new C1 casino would provide revenue predictability to the City and protection against business risks, resulting from hosting a casino in Toronto. The City's hosting fee terms did not include any City participation in non-gaming revenue, such as revenues associated with

entertainment, conventions or retail aspects of the development, nor any share of HST or income tax revenues.

The City revenue estimates resulting from this approach assumed that the City's share of gaming revenue would be approximately 12%, vs. the current 2- 5% across the Province (average of about 2.5% at Woodbine slots). This approach was previously estimated to generate \$168 million annually for the City, consistent with the large integrated entertainment complex scenario in C1 described in the E&Y study.

OLG did not table any term options of its own, but indicated for the purposes of the City's public consultations that Toronto could expect to receive in the order of \$50 million to \$100 million if it were to host a new 'iconic' casino complex in C1, depending on the location and scope.

6.3 New City Scenario

The OLG revenue, or profit, from a casino, is the residual of gaming revenues after payments to, or funds retained by, the operators and developers. Both gaming revenue and operator/developer costs are impacted by the size, gaming mix, and quality of the venue, and size and quality of the related facilities. The recommended conditions will affect these parameters, and therefore the estimated government revenue, and the City's hosting fees, which are summarized in the table below.

Table 20. Estimated Government Revenue and City Hosting Fee

	C1		C2	
	Low (135,000 sq ft)	High (175,000 sq ft)	Low (status quo)	High (expansion, net of cannibalization)
Gaming Revenue	925	1,232	600	866
City's Hosting fees	111	148	15	47

C1 Development

Under the scenarios described in this report, a C1 casino would be limited in gaming floor area to between 135,000 and 175,000 square feet. For the purposes of estimating gaming revenue and potential hosting fees, staff assumed 400 gaming tables and 1,500 slot machines for a casino floor area of 135,000 square feet. For a casino floor area of 175,000 square feet, staff assumed 400 gaming tables and 2,830 slot machines. These estimates are based on average space per gaming station figures confirmed by OLG. Using advice regarding revenues per gaming stations from the City's consultant, staff estimate gaming revenue of up to \$925 million (135,000 square feet) and up to \$1.23 billion (175,000 square feet) could be generated. Based on the nominal assumption of 24% of gaming-related revenues paid to the government by OLG, and therefore a 12% hosting fee equivalent to half of those proceeds, the City would receive a fee of between \$111 million and \$148 million per year.

C2 Development

For the C2 zone, staff collaborated with E&Y to develop gaming revenue and hosting fee estimates consistent with an expanded Woodbine facility, from the current 3,000 slot machines to an IEC, containing 4,500 slots and 150 tables. The estimated gaming revenue potential is approximately \$870 million, after cannibalization from a C1 casino, conservatively estimated at 30%, whether in Toronto or outside the city's boundaries.

In C2, hosting fees again have been estimated based on the recommended approach of the City receiving an amount equal to what the Province receives from the new gaming-related revenues beyond those associated with the existing slot operations at Woodbine (\$600 million), and the assumption that the City continues to receive its current share of the Woodbine gaming revenue from existing operations (i.e. \$15 million on \$600 million in gaming revenue), as if it executed the standard MC Agreement. If C2 expansion is approved, a new C2 agreement could be required to put this into effect, and therefore execution of the standard MC Agreement is not recommended at this time.

These C2 estimates apply to a major expansion at Woodbine. However, based on OLG's stated intent to establish a new IEC in C1 while maintaining Woodbine as a locals-focused facility (with the possible addition of table games and limited amenities subject to market demand), staff believe that the larger the size of a C1 casino, the less likely that OLG would proceed with an expansion at C2, irrespective of whether or not the City provides its consent.

Basis for Estimates

It should be noted that these outcomes are based on the assumptions regarding the number of slots and tables, estimates of gaming revenue per table/slot machine, and the conditions described in this report. Generally, slot machines generate higher gaming revenues per floor area as compared to tables. Changes to these assumptions would affect the estimated revenues. These estimates have been developed based on research by and advice from E&Y in discussions with OLG and the City in regard to gaming revenue potential. E&Y assumes that the OLG/Provincial residual government share of gaming revenue after operating expenses and developer share is 24%, and that it is shared equally with the City. The actual government residual share will depend on scope and scale of the development, and negotiations between OLG and the proponents. The City share of that residual (i.e. 12%) depends on the final outcome of discussions with OLG.

In arriving at the gaming revenue potential, staff assumed that the slot machines in both the C1 and C2 zones would achieve a high productivity in line with the existing Woodbine operation (being currently one of the most productive sites in the Province), with modest growth in C1. For gaming table productivity, staff assumed a significant location premium for the new C1 or C2 casinos, being in the GTA, of up to 30% as compared to those in the existing resort casinos in Ontario, such as Windsor and Niagara.

Should Council amend the conditions that were the basis of these revenue estimates, for example altering the maximum number of slot machines at a specific location, the revenue estimates would change in accordance with the marginal revenue estimate for each machine.

City Estimates vs. OLG Position

The difference between the staff and preliminary OLG position are shown in the table below. According to OLG, in C1 a casino floor area of at least 175,000 square feet is required in order to create sufficient revenues to support the City's suggested convention space requirements. The respective hosting fee estimates for two floor area sizes are shown in the table.

In regard to C2, the OLG maintains that at present, expansion is not its current intention but has indicated that a small or modest expansion may be considered in the future. Therefore the OLG expects the status quo revenue stream to be maintained. Staff provided an estimate for the possibility of a further expansion at C2.

Table 21. Comparison of City and OLG estimates for hosting fees (\$millions)

	C1		C2	
	Low (135,000 sq ft)	High (175,000 sq ft)	Low (status quo)	High (expansion)
City Estimate	\$111	\$148	\$15	\$47
OLG Estimate	n/a	\$50 - \$100	\$15	n/a

Table 21 indicates there is a difference in the estimate for a C1 zone casino hosting fee. The City's hosting fee estimate (\$111 to \$148 million) is based on a 50/50 sharing of government gaming-related revenues. The OLG has indicated a potential hosting fee for a C1 casino in the range of \$50 to \$100 million. However, because the OLG's estimate is not supported by a formula, assessing the reasons for the difference between the City and OLG estimate for a C1 hosting fee is not possible.

OLG cautioned staff that the City's estimate of the government share of revenue (24%) may be high, depending on the amount required to compensate for the investment in the facilities. More importantly, OLG takes the view that after accounting for cannibalization of revenue at OLG facilities outside Toronto, net returns from a new C1 facility are modest. This approach is an additional obstacle to obtaining agreement on the City's proposed hosting fee formula.

The OLG position on C2 is that no expansion is currently planned for the Woodbine facility. Therefore, City consent may not result in any new activity or new revenue from that location and so the status quo revenue stream for that location would be maintained (subject to City execution of the new MC Agreement).

Recent Developments

The table above reflects the status of discussions as of mid-March. Subsequently, the Province directed OLG to apply a standard approach to all municipalities. The standard MC Agreement would provide fees to the City of less than \$20 million in C1. A modified standard formula could result in fee revenues similar to those in the tables above.

The true value of a casino to the government sector and potential share to the host cannot be known until a proposal is selected and operations begin. Accordingly, the staff recommendation is for a revenue contribution formula that reflects the joint risks and contributions of the parties, rather than a specific dollar figure, but guarantees a minimum contribution to the City.

Property Taxes

Property taxes will be payable by the casino operator to the City, dependent on the assessed value of the development. In the absence of a definitive value, staff used the suggested conditions for development size and use, and estimated property values per square foot developed in consultation with E&Y and the City's Real Estate Division, to determine potential municipal property taxes. The results are shown in the table below as revenue to the City, and indicate approximately \$19 million per year for a new C1 IEC and up to \$15 million per year for an expanded Woodbine facility in C2. These are the highly preliminary estimated gross tax revenues from a casino development, including related retail, convention, hotel, restaurant and entertainment space expected from the proponent, but not taking into account potential demolitions or alternative uses. These revenues help defray municipal costs, including those associated with municipal services provided to the development site.

Land Leases or Sales

If the development were to be located at Exhibition Place, the developer would be required to enter into a lease agreement on market value terms. Potential lease revenues have been estimated based on market values provided by the City's Real Estate Division, but specifics about important factors such as land footprint requirement and location are yet to be determined, and so providing a figure for lease revenue potential is still not feasible or advisable at this time.

Other City Revenues

Depending on the location, size and scope of the development, there will be related infrastructure improvements required to service the development, including new, upgraded or expanded transit, transportation, sanitary sewer and water services. It is expected that the successful proponent(s) would be responsible for all infrastructure costs required to service the development that are typically a direct developer responsibility.

Also, it is expected that all normal costs of development inclusive of building permit fees, development charges, application s. 37 agreements under the Planning Act, would be borne by the developer.

The following table summarises the City revenues including estimated hosting fees, property taxes and lease revenues:

Table 22. City Revenue Estimates

City Revenue Estimates	C1		C2	
	Low (135,000 ft ²)	High (175,000 ft ²)	Woodbine (status quo ²²)	Expansion
Casino configuration				
No. of slots	1,500	2,830	3,000	4,500
No. of tables	400	400	0	150
Gaming revenues	925	1,232	600	1,238
Cannibalization adjustment @ 30% of C2	n/a	n/a	n/a	(372)
Gaming revenue net of cannibalization	925	1,232	600	866
Expected City Revenues				
Hosting Fees	111	148	15	47
Property taxes	19	19	0	15
Lease revenues	tbd	tbd	n/a	n/a
Total revenues (annual)	130	167	15	62

²² There are currently approximately 3,000 slot machines at the Woodbine Slots facility.

Section B. Public Engagement

1. Overview

The City Manager implemented a multi-channel public engagement plan on the issue of establishing a casino in Toronto. Regulation 81/12 of the OLGCA, requires the potential host municipality to conduct public consultation on establishing a gaming site. At the November 5, 2012 meeting of Executive Committee, the City Manager was directed to conduct a public consultation. The City Manager's engagement plan included consultations with the public, a phone poll of Toronto residents and stakeholder interviews. The following is a synthesis of the key findings from all consultation activities.

2. Public Consultation

The firm DPRA was retained to conduct the consultation with the public in January 2013 to gather input on the public's views on a casino, possible locations for a casino, and what the public would like Council to consider when making a decision on this matter.

The public provided input to the consultation through Open Houses, Feedback Forms, and phone, letter and email comments. There were five Open House Discussions held across the city. The first Open House on January 9, 2013, was held in the City Hall Rotunda and included poster boards with information on the casino decision process, financial, economic development, social, health and planning considerations. City staff were available to answer questions, and tables were available where participants could engage with each other or fill out a Feedback Form. Facilitation staff assisted in table discussions as requested. Two computers were also available for participants to complete their Feedback Forms online. Based on feedback from initial participants, the format for the remaining four Open House events was enhanced to include a presentation by City staff, more formal facilitated discussion groups and an open microphone session.

In total, 17,780 Feedback Forms were completed. The forms consisted of 11 questions. Participants could answer some or all of the questions, as desired. The input from the Feedback Forms reflect the views of the participants and was not intended to be, nor to be interpreted, as demographically or statistically representative of the views of the Toronto population.

Table 23. Approximate % of Feedback Form respondents by former municipality (based on postal code)

East York	Etobicoke	North York	Scarborough	Toronto	York	Did not identify postal code/ Other Municipality
3%	6%	9%	7%	45%	2%	29%

DPRA also documented input, comments, concerns and questions raised by the public during the Open Houses which included open microphone sessions, one-on-one discussions with staff, facilitated small group discussions, and flipchart notes. In all, 123

participants made use of the open microphone session to make statements. See Appendix F for the full report from DPRA on the consultation.

2.1 Key Findings from the Public Consultation

2.1.1 Views on a Casino

Among the 17,780 completed Feedback Forms, *66.3% indicated they were “strongly opposed” to a casino in Toronto and another 5% “somewhat opposed”*. Respondents gave a variety of reasons for opposing a casino including:

- Concern casinos attract illegal activities;
- Severe impacts to problem gamblers and their families;
- Concern the projected revenues from a new casino will not materialize;
- Concern the cost of additional social services needed to respond to the social impacts caused by gambling will offset revenue;
- A casino is viewed as not aligning with the residential neighbourhood focus in Toronto, nor fit with the image of Toronto as a vibrant, world class city;
- Concern about adverse impacts to existing local businesses and cultural activities; and
- Concern current congestion would be further stressed by a casino

Those “strongly in favour” or “somewhat in favour” of a casino represented 21.2% and 4.5% respectively, of all Feedback Form respondents. Respondents who were in favour of a casino cited some of the following reasons:

- An integrated entertainment complex, has the potential to expand the city’s cultural, entertainment and convention opportunities for local residents and tourists;
- Enhanced economic development in the city;
- Reduced taxes and minimized tax increases;
- Generation of additional revenue for other City projects and services;
- Benefits of increased and ongoing employment, particularly in the trades, hospitality, convention and tourism sectors,
- Believe that the risks of social and health problems associated with gambling, are regulated and manageable

Another 3.1% indicated they were neutral or had mixed feelings. Participants who were neutral or had mixed feelings towards a casino in Toronto indicated they needed more information before making a decision. Specifically they wanted more accurate data on:

- Potential revenue generation;
- More specifics around the commitment that the City could make on a social contract;
- Additional information on the potential impact on local businesses; and
- Firm commitments and sufficient funding to address the social issues around problem gambling

Many participants felt that the views of all Toronto residents should be taken into account, using a referendum, before a decision is made by City Council on whether or not to provide consent for a new casino in the city.

2.1.2. Potential Site Areas

Participants commented on various features, challenges and opportunities associated with the three areas being studied by the City in OLG's Zone C1: Downtown Core, Exhibition Place and the Port Lands; and one area being studied by the City in Zone C2: Woodbine. The following gives a high level summary of respondents' views on each study area as a possible casino location. See Appendix F for further details.

Downtown Area (Downtown Core Study Area)

Many respondents indicated that a casino in the downtown area would be unsuitable either as a standalone casino (81.1%) or as an integrated entertainment complex (IEC) (68.8%). For the respondents who felt that a casino in the downtown area may be suitable, a larger proportion selected an IEC (24.6%) as more suitable than a standalone casino (11.5%). The primary concern regarding the downtown core is the management of traffic congestion, additional transit needs and parking facilities required to accommodate a new casino development. Other reasons for opposition include the existence of sufficient entertainment, restaurant and cultural facilities, and the belief that a casino does not fit with the existing residential and commercial land uses. Those who supported a casino in the location indicated the facility's design and integration with existing urban form is important. Many businesses and union representatives expressed an interest in the economic and employment benefits from a large convention facility.

Exhibition Place

Many respondents indicated that a casino would be unsuitable at Exhibition Place, either as a standalone casino (76.4%) or as an IEC (63.4%). Among those who felt Exhibition Place would be suitable, the preference was for an IEC (27.4%) over a standalone casino (14.2%). Reasons for opposition include the possible loss of the Canadian National Exhibition (CNE), proximity to existing residential neighbourhoods of Parkdale and Liberty Village, and public access to the waterfront. Those supporting a casino at Exhibition Place, preferred the location over the downtown core stating the area is better suited to handling traffic congestion and the lands are currently underutilized.

Port Lands

Many respondents saw a casino as unsuitable in the Port Lands as a standalone casino (79.0%) or an IEC (68.1%). Those who indicated the Port Lands may be suitable for a casino preferred an IEC (22.3%) to a standalone facility (11.0%). Opposition to a casino located in the Port Lands was largely focused on a casino not being aligned with the objectives of the Port Lands Acceleration Initiative (PLAI) which proposes mixed uses, including residential and green space. Those in favour suggested a casino could serve as a catalyst for redevelopment, attracting investment for transit and other needed infrastructure.

Woodbine

Many respondents offered their views on whether there should be an expansion to gaming options at the Woodbine Racetrack. 38.5% of respondents felt expanding gaming operations at Woodbine is unsuitable, compared to those who felt it was suitable (21.2%).

However, there was less opposition to a casino at this location relative to the other Toronto locations. Participants opposed to a casino or expanded gaming at Woodbine indicated it is not a suitable tourist location due to its distance from downtown, in addition to poor transit access. Some participants indicated concern for the impact a casino might have on surrounding neighbourhoods under development. Participants and stakeholders who were in favour of the Woodbine site for expanded gaming had a variety of reasons, including the existence of a successful operation; the facility is socially accepted and provides local employment. Further reasons include accessibility by highways, close to the airport; has land available for additional buildings and parking; minimal impact on surrounding communities; and support for the horse racing industry.

Location in Other Municipalities

A larger proportion of respondents (27.1%) indicated their preference for a casino in the City of Toronto compared to an adjacent GTA municipality (19.4%), while 53.5% preferred neither location. Those who preferred to have a casino in Toronto over another municipality stated that Toronto should benefit from having both the revenue and the control over how it is developed, since the city will have to deal with the social problems.

2.1.3 Revenues

Respondents were asked whether revenue generated for the City of Toronto from the casino would influence their position on a casino. Two-thirds (66.9%) of the respondents indicated that the amount of revenue would not have an influence on their position, while 26.8% said it would. When asked about a minimal amount of annual revenue required, 62.1% indicated that regardless of how much revenue a casino might generate for the City they were opposed to a new casino. 14.4% indicated they did not know what level of revenue would address or balance their concerns, while 14.5% indicated a minimum of \$100 million or more is required to balance their concerns. 8.9% indicated a revenue range of \$0 to \$50 million is the minimum amount of annual revenue to the City that would address their concerns about a casino.

Participants raised concerns about the limited number of studies, research and/or statistics available to determine whether the casino would be revenue positive or negative. Participants felt it was very important for the City to get the best deal possible. Attendees of the Open House discussions were interested in the details of any revenue-sharing agreement, particularly the percentage of total revenue received by the Province and Federal Government and the potential need for the City of Toronto to demand a greater share of all revenue from the establishment of a casino in Toronto. There were questions about the ultimate use of the revenue generated from the casino, particularly how the money would be spent, the actual hosting fees, and the total revenue expectations.

2.1.4 Conditions

Participants indicated that many of the planning, urban design, health, and social contract conditions listed in the Consultation Guide should be required of any casino operator. Conditions that were of particular importance to participants included:

- Limiting hours of operations;
- Reducing maximum bet size;
- Prohibiting ATMs in a casino;
- Restricting the number of electronic gaming machines;
- Providing sufficient funding for services to problem gamblers and their families;
- Ensuring full-time, well-paying jobs;
- A design that ensures full integration with surrounding communities/businesses;
- Managing or avoiding pedestrian congestion, traffic, transit and parking; and
- A reputable casino operator with a track record of success.

3. Stakeholder Interviews

Stakeholder Interviews were conducted with various organizations on the potential for a new casino in Toronto and/or the expansion of Woodbine Racetrack for gambling. Twenty-nine organizations were contacted for interviews; representatives of 19 organizations took part in the interviews. The invitation letter and discussion questions for the stakeholder interviews are provided in DPRA's report in Appendix F.

3.1 Key Findings from Stakeholder Interviews

Some stakeholders indicated there is evidence problem gambling tends to increase with availability and proximity to a casino. From a public health perspective, some stakeholders felt it would be exposing people to increased risk and therefore a casino in Toronto is a wrong approach to social policy. Many stakeholders indicated that should the City consent to a casino, there are a number of design and operational measures that could be put in place to help manage the facility from a public health perspective. It was also noted that if a casino development goes forward, there needs to be a specific commitment to provide more support for individuals with gambling concerns through appropriate prevention measures, counselling and treatment support.

There is awareness among some stakeholders that the social issues associated with problem gambling are harmful for individuals, families and the community and can have a negative impact on Toronto's international image. Stakeholders generally felt that a casino should not be located near residential areas. Some views were expressed that Woodbine may be the most appropriate location if developing a casino in Toronto.

In the event that City Council consents to a casino, stakeholders offered a number of potential conditions or requirements from a regulatory and public safety perspective including transparency and accountability in the casino's revenue stream; ensuring the casino operator work with Toronto Police Service to ensure public safety; and designing the facility to address crowd control and congestion.

Many stakeholders representing business interests were of the opinion that a casino has the potential to boost Toronto as a tourist destination and provide new cultural and entertainment opportunities. The support for a casino as a driver of a new convention centre is shared by several business organizations. Other business interests are concerned

that a casino would have negative impacts on their businesses. A number of stakeholders offered their opinions on the impact of a casino on employment, particularly as the city looks to replace any manufacturing jobs that it is losing. Most supported the job opportunities associated with the development of an integrated complex, particularly one that includes convention space, hotel and restaurants. These include jobs in trades, cleaning, security, food and beverage, and gaming. Stakeholders also provided input to each of the areas being studied by the City. A summary of the stakeholder interviews is provided in DPRA's report in Appendix F.

4. Environics Poll

In February 2013, Environics was engaged by the City to conduct public opinion research regarding the establishment of a casino in Toronto. The poll complements staff research and analysis, data from the public consultations and input from stakeholder interviews conducted by DPRA (see above). The objectives were to confirm public awareness of the issue; validating or addressing any gaps in data from the public consultation; and advancing the City's understanding of the findings of the public and stakeholder consultations.

Questions were included from the public consultation Feedback Form, additional questions related to revenue, and prior visits and experience at casinos, in addition to cross tabs with demographic data e.g. gender, income levels, location. The method for conducting the survey was a ten minute, live operator Computer Automated Telephone Interview (CATI) random digit dialing (RDD) telephone survey of 902 Torontonians, with representation from across the City of Toronto. Of the 902 person sample, 175 individuals were drawn from each of Etobicoke, Scarborough, North York and former City of Toronto – the more populous former Toronto municipalities – and 100 each from York and East York, to ensure representation from across the City of Toronto and provide comparison data between areas. The sample used yields a margin of error of 3.3% (at the 95% confidence level). The data was statistically weighted to ensure the sample's regional, age and gender reflected that of the City's population. The Toronto Resident Casino Survey conducted by Environics is attached in Appendix G.

4.1 Key Findings

4.1.1 Views on a Casino in Toronto

- Torontonians are somewhat more likely to oppose a new casino in the city than support. Residents who oppose a casino are more likely to "strongly oppose" (36%) than "strongly support" (16%). Opposition is greatest from residents of the former City of Toronto, women, seniors and those with university or post-graduate degrees.

Table 24. Extent to which poll respondents support or oppose the possibility of a new casino in Toronto

Strongly support	Somewhat support	Mixed feeling	Somewhat opposed	Strongly opposed	Don't know
16%	26%	8%	14%	36%	1%
42%			50%		

- In all of the former municipalities opposition was greater than support, with opposition ranging from 59% (former City of Toronto) to 43% (Etobicoke) and support ranging from 33% (former City of Toronto) to 46% (North York, York and East York).
- Those who opposed a new casino cited social problems (61%) such as gambling addictions as the number one reason for opposition.
- Those who support a new casino cited job creation (44%) and revenues (38%) as the two top reasons for their support.
- Residents who have not been to a casino in the past five years, or who did not enjoy past casino experiences are more likely to oppose a new casino.
- If a new casino was built in the city, residents are evenly split on if they would attend. Of the respondents who identified themselves as potential casino goers, most (71%) say that they would be willing to take public transit to the casino if parking is limited.

Revenue

- A majority of residents (58%) disagree that the City should raise property taxes to generate revenue rather than approve a casino. Opposition to raising taxes over approving a casino ranged from 61% (Etobicoke) to 46% (the former City of Toronto). Those who strongly oppose a casino are more likely to agree to an increase in property taxes (68%) while almost half (42%) of those who somewhat oppose a casino disagree with a property tax increase.
- To a large proportion of residents (40%) no amount of revenue would alleviate their concerns about a new casino. Of residents who oppose a casino, only one in ten say they would be swayed from their view by additional revenue, while 17% say that any amount of revenue would balance their concerns.
- If the revenues from a casino were to be dedicated to a specific service, transit (33%) and infrastructure (32%) are the top choices. Residents of former City of Toronto are the strongest supporters of dedicating casino revenue to transit (47%).

Location

- Of the possible locations, residents would prefer the casino go in Exhibition Place first (36%), followed by the Port Lands (20%), and Downtown (9%). Thirty-three percent (33%) of respondents indicated that they "don't support a casino anywhere".
- When asked if they would "rather the casino be in Toronto than in an adjacent municipality so that Toronto could better plan for and decide on its development" a majority (53%) agreed that they would rather it be in Toronto. Those most likely to agree with this statement were residents of Scarborough (59%). Those who had mixed feelings about a casino overall, were more likely to prefer it to be located in Toronto (60%).
- 80% of residents were aware of the current slots at Woodbine Race Track and a majority (55%) supported expanded gaming at this site. 33% were opposed to expanded gaming at Woodbine.

Section C: Implementation Considerations

1. OLG Procurement Process

The OLG has outlined a three-step procurement process for inviting private sector proponents to submit proposals for a casino gaming facility. To gauge initial private sector interest in the gaming market, the OLG issued a Request for Information (RFI)²³ on May 17, 2012, for all opportunities province wide.

Based on the feedback from the RFI process the OLG will initiate the second step, a Request for Pre-Qualification (RFPQ) to pre-qualify service providers who will be eligible to participate in the Request for Proposal (RFP) process. RFPQs are being issued in phases, with the OLG bundling some of the 29 gaming zones where appropriate. The first phase of RFPQs were released November 30, 2012 with three separate RFPQs for the Ottawa area, and gaming bundles in Ontario East, and Ontario North. The OLG is currently targeting spring/summer 2013 for the release of RFPQs for the remaining gaming zones, including C1, subject to municipal consent being provided (see below).

The third step is the RFP process. After a vendor list has been established, the RFP for the specific gaming opportunity will be distributed to the respective pre-qualified vendor list to make formal bids on an opportunity to operate specific aspects of the OLG business. The OLG is targeting mid 2013 to begin releasing RFPs.

2. OLG Requirements to Establish a Gaming Site

The OLG has the authority to establish a gaming site in a municipality. However, a regulation (O. Reg 81/12) under the OLGCA, provides for a number of preconditions to OLG authorization²⁴. In particular, the OLG must:

- Obtain a municipal council resolution supporting the establishment of the proposed gaming site.
- Obtain a report from the municipality about the required public consultation.
- Prepare a business case for the proposed gaming site that sets out the costs, viability, and adequacy of responsible gaming features for the proposed site, and provide a copy and any additional information requested to the Minister of Finance for review.
- Obtain approval of the prepared business case from the Minister of Finance.
- Provide public notice when establishing the new gaming site.

2.1 Municipal Consent to Establish a Gaming Site

The following regulated requirements exist for each of the two gaming zones in Toronto:

²³ Summary of Request for Information #1213-001-Modernizing Land Based Gaming in Ontario.
http://www.olg.ca/assets/documents/modernization/summary_of_gaming_RFI.pdf

²⁴ http://www.e-laws.gov.on.ca/html/source/regs/english/2012/elaws_src_regs_r12081_e.htm

- Toronto C1 Zone: A resolution from Council supporting the establishment of a gaming site.
- Toronto C2 Zone: No Council resolution is required to maintain the current gaming use at Woodbine. If Council supports the expansion of the existing gaming facility into a casino by adding live dealer table games, Council is advised to approve a resolution indicating its support.

City Council may wish to make its resolution conditional. This would be a unique way of giving consent and is not specifically contemplated in the OLGCA. Appendix A of this report specifies conditions for Council's consideration. The means of securing City conditions would be dependent upon the location and the nature of the proposed development and may include a combination of the following tools:

- the hosting agreement;
- agreements and by-laws pursuant to the *Planning Act*, subject to OMB appeal;
- land leases; and
- appropriate legal agreements with financial security if required by the City.

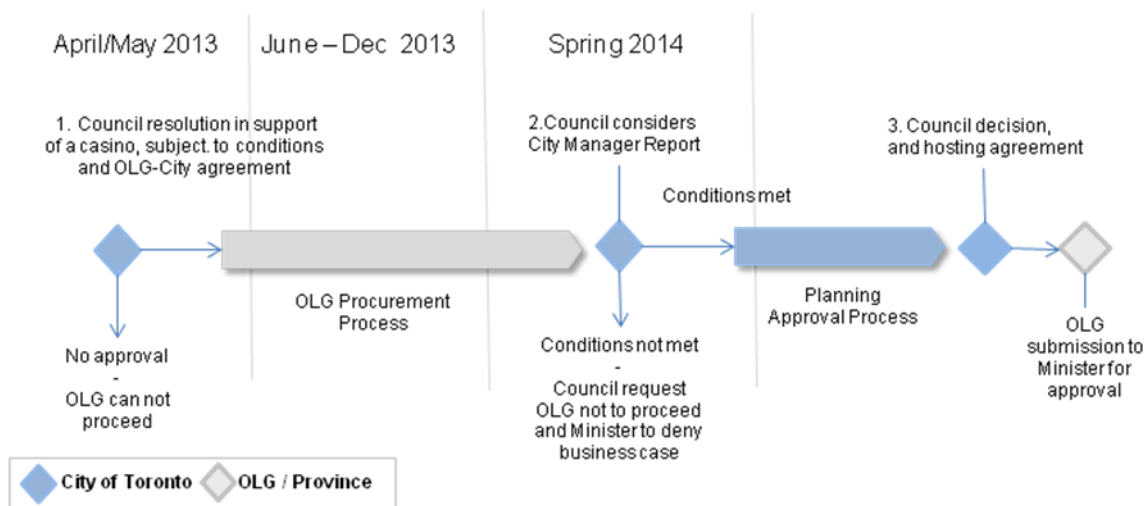
The requirement for Council to pass a supporting resolution to establish a gaming site is the only Council decision recognized under the OLGCA. Once the resolution has been passed, Council has consented to a casino, although not to a particular casino. If there is to be another step at which Council can consider and perhaps reject the notion of a particular OLG casino, the OLG must agree to this step in writing. As a result this report recommends as a condition to consent that the OLG enter into an agreement with the City prior to initiating its procurement process, to commit to meeting City conditions and to the refined process discussed in section 2.2 below.

The recommendations to this report also include a statement that any Council resolution in support of establishing a gaming site will be void if the conditions are not met (unless Council chooses to waive a condition). This is unprecedented but is recommended anticipating Council's wish to make its consent conditional. Under the current regulation, the consent is also a precondition to establishing a gaming site.

2.2 Decision Process

Recommendation 1 of this report outlines two options to Council with respect to providing consent (i.e. supporting resolution) to a new casino in the Toronto C1 zone – a. consent or b. do not consent. Should Council decide to consent to a new casino in the C1 zone, recommendation 1a specifies that consent is subject to agreement by the OLG to provide an additional step requiring the OLG and proponent(s) to report back with specific information on ability to meet City conditions prior to establishing a gaming site. Given the significance of the issue, the following process has been established to provide greater clarity to Council on actual market interest in the C1 zone and the ability of the OLG and the proponent to meet the City's conditions.

Figure 4 . Decision Process



Step 1. Consent to a new casino in the Toronto C1 zone

- If Council decides not to consent to establishing a new casino in the C1 zone, per O. Reg. 81/12 of the OLGCA, the decision prohibits the inclusion of Toronto C1 lands in the OLG procurement process.
- If Council decides to proceed with hosting a new gaming facility in the Toronto C1 zone, O. Reg. 81/12 of the OLGCA requires that Council pass a resolution indicating support for the establishment of the new gaming site. This would allow the OLG to include the Toronto C1 lands in its procurement process. If Council pursues this option, it is recommended consent be provided subject to the OLG entering into an agreement (recommendation 1a.i.) prior to initiating the procurement process, agreeing to a refined process for establishing a gaming site in Toronto's C1 zone.
- The agreement, described in recommendation 1a.i. requires:
 - The OLG to include the City's Conditions (Appendix A) in their procurement process and in their business case that will eventually be submitted to the Minister of Finance for approval. Ministerial approval of the OLG's business case is a precondition under the OLGCA for the OLG to establish a gaming site.
 - The OLG to commit to the process outlined (figure 4).
 - The OLG to refrain from seeking Ministerial approval of the business case or authorizing the establishment of a gaming site in Toronto until after Council has received a report from the City Manager and considered staff advice on the matter, and also after hosting agreement execution and planning approvals.
- The OLG will report to the City Manager following their procurement process:

- The OLG will conduct a procurement process to select a private sector operator to develop and operate a new facility in the C1 zone.
- The submission of a report to the City Manager by the OLG would occur following the OLG procurement process and include information relating to how the proponent has met or has contractually committed to meet City conditions. In addition, options with respect to the size, location and design of the casino and the convention centre would be provided, demonstrating how the conditions are being addressed by the OLG and the proponent.
- Specifically, the OLG will provide options of 135,000 and up to 175,000 square feet of gaming floor as required under City condition 1a in Appendix A, in order to provide clarity on actual market interest in delivering a C1 zone casino development with required convention space and a fair hosting fee.

Step 2. Council Consideration of City Manager Report

- The City Manager in consultation with the City Solicitor and other City officials will prepare a report for Council to assess how the proponent has met or has contractually agreed to meet City conditions (Appendix A). City Planning has identified the minimum required information needed to review whether the planning conditions have, or will be, satisfied in Section 4 of Appendix B.
- At this stage, advice will be provided to Council on whether the conditions have been addressed by the OLG procurement process. If Council requirements have not been met, Council can choose to request that Ministerial approval of the OLG business case for the casino be denied. Ministerial approval is required before the OLG can establish a gaming site, as previously described above.

Step 3. Planning Approvals and Hosting Agreement

- Any new casino or expansion of existing facilities in Toronto must also comply with the City's planning approval process. The proponent would be required to submit required *Planning Act* application(s), including supporting documentation. Likewise, if the OLG agrees to expand casino facilities at Woodbine, some planning approvals may be required.
 - Where a rezoning or Official Plan amendment would be required, additional public consultation on the proposal would be undertaken by City Planning staff in accordance with the City's standard practices.
 - The City also has the opportunity to utilize holding provisions, where applicable, to ensure critical conditions are secured.
 - The proponent will be required to pay all associated application fees, and any increases in height and/or density could be subject to Section 37 of the *Planning Act*.
 - All planning approvals are subject to potential appeal to the Ontario Municipal Board.
 - See Appendix B for further detail on the City Planning Approval Process.

- The City and OLG will enter into a hosting agreement which includes securing a fair hosting fee. The terms of the hosting agreement which includes key conditions such as convention infrastructure and a fair hosting fee should reflect the terms committed to by the OLG and the proponent when reported to Council in step 2 above.
- The OLG will submit a business case to the Minister of Finance for approval, as required under the OLGCA, only once City planning approval has been given for the proposal, and a hosting agreement with the City has been secured. Refraining from seeking Ministerial approval to establish a gaming site is a key condition under the agreement between the City and the OLG, which outlines the refined decision process that has been described in steps 1 to 3.

CONCLUSION

The report comprises three main sections. Section A outlines the requested analysis on the issue of expanded gaming development in Toronto, and an approach for Council's consideration. Section B provides an overview of the City's multi-channel engagement strategy and the results of public consultation, stakeholder meetings and a public opinion poll on the matter. Section C provides an overview of implementation considerations, should Council seek to expand gaming in Toronto. More specifically section C outlines the process for Council, should it support the establishment of a new casino, to be advised on the ability of the OLG and proponent to meet City conditions following the completion of the OLG's procurement process.

Taken together, the information in this report seeks to inform Council's decision on whether or not to consent to a new casino in the Toronto C1 zone. The report also recommends the expansion of the existing gaming facility at Woodbine in the C2 zone to include live dealer table games.

Approach to Expanded Gaming

Should Council consider expanding gaming in Toronto, a citywide perspective should be taken to support the potential that exists in both the C1 and C2 gaming zones. From a staff perspective, it is critical that a casino development in the C1 zone include the development of a top-rate convention and trade show infrastructure to improve Toronto's competitiveness in the convention and trade show market. An expanded gaming facility in the C2 zone should enable the entertainment and retail focus of the existing approved planning framework for Woodbine, and support a revitalization strategy for the area. An integrated entertainment complex (IEC), as opposed to a standalone slot box is suggested in both zones (C1 and C2). The strategy outlined for both gaming zones has been developed to support economic development and city building objectives.

C1 Zone

City planning has indicated that an appropriate sized casino gaming floor of 135,000 square feet, limited casino related food, beverage and retail uses (100,000 square feet), while leveraging an increase in convention space in an urban entertainment complex form could help to mitigate land use impacts. The planning analysis suggests this approach supports better integration of the facility within the existing/planned context of potential locations. City Planning's analysis also demonstrates that the downtown core and Exhibition Place study areas are potentially suitable locations for a convention centre focused IEC.

As previously noted, a casino in the Toronto C1 zone should be used to drive the development of convention and trade show infrastructure to improve Toronto's competitiveness in attracting the largest events. A top-rate convention centre is potentially a bigger tourism draw than a casino. To achieve the City's key condition of

new convention infrastructure, the OLG believes a minimum casino gaming floor of 175,000 square feet is required to generate enough revenues for the facility to be viable. This requirement conflicts with City Planning analysis placing an upper cap on the gaming floor at 135,000 square feet. As a result, further information on actual market interest and ability to meet the City's conditions based on both options is required before a definite recommendation can be presented to Council.

The table below compares the OLG's estimates of market demand with City proposed conditions required of an IEC in the C1 Zone.

Table 25. Comparison of OLG Initial Estimates to City of Toronto Conditions

C1: Integrated Entertainment Complex		
Component	OLG Proposal based on RFI Results	City of Toronto Conditions
Gaming Floor	Up to 250,000 ft ²	175,000 ft ² max
Food, Beverage, Retail	Up to 850,000 ft ²	Casino related : 100,000 ft ² Request market response for balance
Hotel	Up to 1200 rooms	800 rooms
Entertainment	Up to 6000 seats	Impact assessment and event mgmt plan.
Convention	Up to 1,000,000 ft ²	Minimum of 1,048,000 ft ²
Parking	Up to 6,000 spaces	2950 to 3765 spaces (est.); Comprehensive parking review required.

One of the City Manager's recommended options is for Council to consent under the Reg. 81/12, conditional to the OLG entering into an agreement with the City to include City conditions in its procurement process. The OLG would then report back to the City and provide the City with a proposal for 135,000 square feet and up to 175,000 square feet of gaming floor, and outline the specifications of related convention infrastructure and hosting fee, in addition to how other key conditions will be met. This information is to be presented to Council by a report from the City Manager, which will outline how the OLG and proponent will meet the conditions, with advice from staff on whether Council should request the Minister of Finance to withhold approval of the OLG's business case to establish a gaming site, per the process described in section C of the report.

Appendix A provides a complete list of conditions to be included in the OLG's procurement process. The following provides a brief summary of other key conditions required to address economic, social, health and other key concerns.

To minimize impacts to existing businesses and jobs, a number of conditions have been outlined. Recommended conditions include the requirement for the proponent to undertake an economic impact assessment, developing an event management plan to coordinate with other events in proximity to the site, and requiring the proponent to demonstrate how the facility will contribute positively to existing businesses in the vicinity (e.g. agreements to purchase blocks of tickets from nearby theatres). The development of top rated convention infrastructure alongside a new C1 casino is potentially a bigger tourism draw than the casino itself. A requirement of the operator to develop an international marketing plan to attract tourists both nationally and internationally is necessary to ensure the casino is not targeted primarily at local patrons, which may have adverse impacts on existing businesses.

To address the impacts of any new development on existing transportation the planning analysis recommends that any proposal must encourage a transit focused approach, in addition to requiring the proponent to undertake a transportation study. Similarly, the proponent should also prepare an infrastructure strategy that addresses servicing requirements to support the development. Importantly, the proponent will also be responsible for the costs of any proponent requested transportation and other infrastructure improvements related to the casino development.

The analysis also looked at what conditions are required to minimize the social and health impacts associated with expanded gaming in Toronto (in both C1 and C2). The report recommends the OLG work with the City to implement a Toronto Casino Social Contract to ensure investments support the social and economic well-being of the City. The report also recommends Council request the OLG and casino operator(s) to work with the City of Toronto and Medical Officer of Health to review and consider implementing harm mitigation measures to address the negative impacts of problem gambling.

Finally, Toronto should receive a fair hosting fee from gaming revenues. The City proposed terms with the OLG indicating Toronto must receive a hosting fee from gaming revenues equivalent to the amount the Province receives through the OLG (i.e. equivalent to 50% of all government gaming related revenue), but no less than an annual minimum of \$100 million. Based on these terms the City estimates an annual hosting fee from a C1 casino, to be approximately \$111 to \$148 million per year, in addition to property tax revenues of \$19 million (based on the assumptions described in this report).

In C2, hosting fees have been estimated based on the City receiving an equal amount as the Province of the new gaming revenues beyond those associated with the existing slot operations at Woodbine (\$600 Million). The assumption being that the City continues to receive its current share of the Woodbine gaming revenue from existing operations (i.e. \$15 million on \$600 million in gaming revenue). If Council does not support expansion of the Woodbine facility, executing the new standard municipal agreement ("MC Agreement") as currently proposed would continue the current entitlement of about \$15 million.

The recommendations section of this report, and Appendix A outline in detail conditions Council may wish to consider if supporting a new or expanded casino gaming facility. As a result, the report provides a response to the OLG for Council's consideration that more appropriately reflects the economic development, city building, social, health, and fiscal objectives of the City.

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SIGNATURE

Joseph P. Pennachetti, City Manager

ATTACHMENTS

- Appendix A: City of Toronto Conditions
- Appendix B: City Planning Analysis
- Appendix C: Economic Development
- Appendix D: Toronto Casino Social Contract
- Appendix E: Social Considerations of Establishing a New Casino in Toronto
- Appendix F: DPRA Final Report on Public Consultation
- Appendix G: Environics: Toronto Resident Casino Survey

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