

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 29, 2013

Item 1, Report No. 4, of the Committee of the Whole (Working Session), which was adopted, as amended, by the Council of the City of Vaughan on January 29, 2013, as follows:

By receiving the following Communications:

- C5. Mr. Guido Masutti, dated January 23, 2013;***
- C8. Mr. Frank Greco, dated January 28, 2013; and***
- C11. Ms. Andrea Kuprejanov-Hatzis, dated January 28, 2013.***

**1 ONTARIO LOTTERY AND GAMING CORPORATION (OLG)- ENTERTAINMENT AND CASINO
COMPLEX ECONOMIC IMPACT REVIEW**

The Committee of the Whole (Working Session) recommends:

- 1) That the recommendation contained in the following report of the Executive Director, dated January 22, 2013, be approved;
- 2) That staff continue to collect information on this subject as may be required by Council to make a decision at a later date regarding whether the City of Vaughan should host an entertainment complex with a casino;
- 3) That the resulting staff report include the development of terms and conditions for such a proposal;
- 4) That the report be submitted to an evening meeting of Committee of the Whole in March, 2013;
- 5) That the following deputations and Communication be received:
 1. Ms. Rossana Burgos, Lady Nadia Drive, Maple;
 2. Mr. Guido Masutti, Riverview Avenue, Woodbridge;
 3. Mr. Paul Gonzalez, Broomlands Drive, Vaughan;
 4. Mr. Mario G. Racco, Checker Court, Thornhill;
 5. Mr. Roger Dickinson, Donhill Crescent, Kleinburg;
 6. Ms. Maureen Lynett, Glenlake Avenue, Toronto;
 7. Ms. Maxine Poverine, Ohr Menachem Way, Thornhill, and Communication C3, dated November 5, 2012, from Mr. Alexander Greer; and
 8. Mr. Kevin Hanit, Queensbridge Drive, Concord; and
- 6) That the following Communications be received:
 - C1 Presentation material, titled "An Integrated Entertainment and Casino Complex in Vaughan", dated January 22, 2013; and
 - C2 Presentation material, titled "OLG Responsible Gambling Strategy: Presentation to the City of Vaughan", dated January 22, 2013.

Recommendation

The Executive Director in consultation with the City Manager recommends:

1. THAT the Staff report and presentation be received; and,
2. THAT the presentation by OLG be received; and,
3. THAT Council provide direction to Staff as to next steps in the OLG process.

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Contribution to Sustainability

Green Directions Vaughan embraces a *Sustainability First* principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations.

The City's New Official Plan 2010 clearly articulates that one of the City's principles that support the long-term vision of the Vaughan Metropolitan Centre (VMC) is that the downtown will be a model of sustainable development. To that end, Vaughan Holding's Inc. has developed plans for a District Energy System to service the VMC. The integrated entertainment and casino complex project with hotel, performance venue, convention space, restaurant, retail and mixed use would be an ideally suited project to be a significant catalyst and customer of the newly developed District Energy system.

Economic Impact

A permanent facility could provide significant benefits to Vaughan including additional revenue, new jobs, capital investment and property taxes. The OLG has communicated to staff that an integrated entertainment and casino complex in Vaughan with an anticipated capital investment of \$1.0 - \$1.5B by a private sector gaming operator would:

- Generate an OLG hosting fee of \$20 to \$25 Million per year
- Produce approximately \$16.3 to \$24.5 Million in property taxes
- Create 8,000 – 10,000 direct permanent jobs
- Create 3,000 construction jobs

Communications Plan

Staff will continue working with the OLG to communicate to Council information regarding the OLG modernization process. If the City moves forward in the OLG Modernization process and identifies through a Council resolution that defines the terms and conditions under which Vaughan would consider being a host municipality, Staff will create a formal communications plan.

Purpose

As per Item 2, Report No. 42 of the Committee Of The Whole Working Session (October 23, 2012) this report provides Council with an update of the economic impacts of an OLG facility using analysis undertaken in the City of Toronto.

Background - Analysis and Options

As part of the Ontario Government's new direction to OLG in July of 2010, OLG was asked to complete a comprehensive strategic review of the lottery distribution network and land-based gaming facilities. The result of the review was an OLG report to government on March 12, 2012 titled, *Modernizing Lottery and Gaming in Ontario: Advice To Government*.

The report concluded that by 2017-18, OLG will be: A modern, sustainable organization, which will increase net profit to the Province by an additional \$1.3 billion annually – all while upholding responsible gambling standards.

The report identified where and how gaming will be offered in the province across all types of games and all channels through the creation of geographic areas called, "Gaming Zones".

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Gaming Zones

OLG has identified 29 gaming zones where existing or new gaming facilities would be permitted following municipal and other approvals. OLG originally based the zones on a business model that is designed to maximize revenue and create value for the province. Factors such as proximity of a gaming location to other gaming facilities and residential areas were measured to determine the zones.

The zones for the location of OLG gaming facilities are being further refined by OLG. The geographic areas may be adjusted based on ongoing discussions with relevant stakeholders, information received, and through the OLG procurement process. A portion of Vaughan was originally identified as part of a gaming zone which also includes the current OLG site, Woodbine Racetrack and Slots.

OLG's Procurement Process for Modernization

On May 17, 2012, OLG announced a new competitive and transparent procurement process to seek input from potential vendors as it expands regulated private-sector gaming in Ontario. The multi-stage process includes:

- *Request for Information (RFI)* – (Now underway) allows the OLG to gather valuable information from potential regulated vendors and help determine the range of options available in the market and assess potential vendor interest, as well as risks. The RFI was issued on May 17, 2012 and closes on July 4, 2012. The RFI is published on MERX tendering system (www.merx.com). The RFI will be followed by an RFP in the fall of 2012.
- *Request for Pre-Qualification (RFPQ)* – (potential release summer 2012) gives vendors interested in the RFP an opportunity to submit information on their financial and technical capabilities. OLG will then select pre-qualified vendors.
- *Request for Proposal (RFP)* – (potential release fall 2012) gives the selected vendors the opportunity to bid on specific products and/or services within the gaming business, and identify sites. Once the bidding process is complete, OLG will select vendors to become the regulated private sector providers for gaming and lottery gaming sites.

OLG has confirmed that the RFPQ and RFP process to select a private operator for a GTA integrated casino and entertainment gaming facility will begin in April, 2013 and likely run until late 2013. OLG will focus the RFP process only with municipalities which are interested in hosting a facility.

Significant Entertainment and Tourist Potential for Vaughan

The City's Economic Development Strategy states that in order to support the City as a destination, there are opportunities for enhancement of the existing entertainment amenities that are currently found in the area. Overall, there are a number of creative and cultural industry strengths dispersed across the city, making it difficult for residents and tourists to package these amenities into coordinated "Vaughan experiences". By creating stronger virtual and physical connections, a hub and spoke concept, radiating out from a central location, the city can enhance the overall quality of its cultural and tourism industries.

Therefore, the private sector (through the OLG RFP process) could fund and build an entertainment district anchored by a gaming facility in an appropriate area in Vaughan, such as the Vaughan Metropolitan Centre, and bring benefits that support the City's economic development strategy, and be a catalyst for arts, culture and tourism development such as;

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- Build a performing arts/concert styled venue(s).
- A convention facility with the ability to host international-sized conventions.
- Create annual revenue to the municipality from gaming proceeds.
- Anchor a Forbes Five Star rated accommodation(s).
- Generate large scale direct and indirect job creation.

The private sector infrastructure investment is expected to be realized in the next five years to achieve the desired goals of the OLG modernization process.

Research and Information Overview

Per Council direction, staff has researched and gathered further information from a number of sources as they relate to the economic impact of an integrated entertainment complex with a casino if located in the City of Toronto. These sources include;

- Meetings with OLG Representatives
- City of Toronto Staff Reports
- Independent Consultancy Reports
- Media Articles; and
- OLG Modernization Documents

The Economic Impact Of Locating An OLG Integrated Casino Complex In Toronto

The City of Toronto commissioned an economic impact analysis by Ernst and Young, titled "*Potential Commercial Casino in Toronto*" dated October 26, 2012 to "determine the potential financial and economic impacts of a casino operation in order to assist the City in its decision making process." (Source: Commercial Casino Study in Toronto Study, p. 5)

The full report in addition to the financial and economic impact gave an overview of gambling in Ontario and Toronto, identified potential locations for a casino complex in Toronto, the social impacts of a casino in Toronto and public consultation process.

From an economic impact analysis, the report identified that a casino located in an integrated entertainment complex could potentially generate \$35 to \$250MM in an one time land sale, generate annual property taxes of \$22 to \$30MM in addition to an annual OLG hosting fee in the range of \$17 to \$168MM.

Since the release of the Ernst and Young Report, Staff in Toronto used that report and further research and information from the OLG to complete the following economic impact summary:

Port Lands, Exhibition Place or Downtown	During Construction (3-4 year timeframe)	In Operation
Integrated Entertainment Complex with a Casino	\$1.9 - \$2.4B in construction expenditures 6,800 – 8,500 jobs	Increased economic activity of \$640MM/year Hosting fee \$50-\$100MM 5,800 – 7,300 jobs
Standalone Casino	\$0.8 - \$1.1B in construction expenditures 2,900 to 3,800 jobs	Increased economic activity of \$315MM/year Hosting fee \$50-\$100MM 2,700 – 3,600

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The City of Toronto also identified that “with any new development, the City could generate additional property taxes. If a new casino is established in Toronto, annual tax revenue is estimated to range from \$10 million to \$27 million depending on the development and the location. A new casino could also realize land sale or lease revenue if it is situated on City-owned lands.

A number of critical variables including the site, scale of the development, commercial terms with the operator and the rules governing operations will affect the development opportunity, and the expected gaming revenues which would in turn impact the value of the hosting fee.

The City of Toronto and OLG are concentrating their discussions on an appropriate funding model for a new integrated entertainment complex facility at the downtown, Port Lands and Exhibition Place locations. According to the OLG the annual hosting fee for an integrated, destination gaming and entertainment facility located in the downtown/waterfront area of Toronto would be in the \$50 to \$100MM range.” (Source: City of Toronto: Casino Consultation Website)

It should also be noted that the direct hosting fee has no restrictions placed on it by the OLG, therefore, all hosting fee revenue can be used by the host municipality as they choose.

The Economic Impact of Locating an OLG Integrated Casino Complex In Vaughan

A permanent facility could provide significant benefits to Vaughan including additional direct revenue, create new jobs, capital investment and additional property taxes. Following multiple staff meetings with representatives of the OLG, an integrated entertainment complex with a casino could generate;

- An Annual OLG hosting fees of \$20 to \$25 Million
- Property Taxes that range from \$16.3 to 24.5 Million*
- Approximately 8,000-10,000 direct jobs
- Approximately 4,000 indirect jobs
- Approximately 3,000 construction jobs (three to four year period)
- Capital Investment of \$1.0 to \$1.5B
- Strengthen tourism market
- Be a catalyst for other development

Noting the above, the annual OLG hosting fee directly to the City of Vaughan could be \$20 to 25 Million if a permanent Integrated Entertainment and Casino complex was located within the City. These funds could be used by the City at its own discretion.

The OLG estimates that 60 percent of total jobs at the facility will be related to gaming, with 20 percent in management and supervisory roles (avg. compensation \$60 - \$100,000) and the remaining 80 percent in floor staff (avg. compensation \$40 - \$60,000).

In addition to a permanent facility, OLG has also made Staff aware that it has plans to have a phased approach while the permanent site is completed. OLG provided the following information about a “Phase 1” site if it was located in Vaughan:

- Annual OLG hosting fees of \$10-\$15MM (two to three year period)
- 2,000 Direct jobs
- Approximately 500 construction jobs (six to 12 months)
- Capital Investment of \$200MM
- Increased property taxes

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***Property Taxes** have been calculated using 2012 Tax Information and a projected capital investment of \$1.0 to \$1.5B. A discount of 15% was applied for MPAC purposes based on discussions with OLG.

Proportion of Taxes \$1.0B

City:	\$2.4MM
Region:	\$4.3MM
Education:	\$9.6MM
TOTAL:	\$16.3MM

Proportion of Taxes \$1.5B

City:	\$3.7MM
Region:	\$6.4MM
Education:	\$14.4MM
TOTAL:	\$24.5MM

Impact of an Integrated Entertainment and Casino Complex on Residential Development

The opportunity for Vaughan to be the site of an entertainment and casino district located in an appropriate area of the City such as the Vaughan Metropolitan Centre has potential to be a catalyst for development of the City's new downtown.

Staff requested OLG to provide input on the impact of a casino on residential development. OLG provided information on the following case studies which staff is further reviewing;

- *The Crown Melbourne* (Melbourne, Australia): Located approximately 0.2-0.5 km away from two residential high-rise developments: Eureka Tower (550 condos) and Melbourne Tower. The casino and entertainment complex preceded the development of these two residential towers.
- *Marina Bay Sands* (Singapore, Singapore): Located approximately 1 km from two condo developments: Sail @ Marina Bay (1,110 condos) and Marina Bay Residences (425 condos). Both towers were built within 1-2 years of the casino / entertainment complex opening.
- *Gran Casino De Barcelona* (Barcelona, Spain): Located approximately 0.3 km away from residential complexes. Mainly apartment buildings (10 floors in height) with small shops beneath.
- *Other European examples*: There are many major casinos in London, England and Paris, France that are located within 1 km of residential areas.
- Many other North American examples of casinos co-located with residential including; Vancouver, Calgary, Edmonton, Cleveland, and Pittsburgh.
- A reputable Toronto based developer has proposed a plan that includes integration of gaming, entertainment, office, and residential buildings.

The concept of an "Entertainment Complex" without a Casino that is comprising uses such as; a conference centre, hotel, performing arts centre, retail and office have been contemplated in two locations in the City through the City's New Official Plan 2010- Highway 427 & 7 and the Vaughan Metropolitan Centre. If either of these locations is deemed appropriate for an integrated casino and entertainment complex, the City will have full planning authority as with any construction project. Including the urban design requirements that will be paramount to the integration of the built form into the fabric of the City.

Provincial Public Consultation Process

The public consultation process can take many forms in Ontario. The Ontario Lottery and Gaming Corporation Act had required that municipalities hold a referendum in regard to being a site for a

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casino. However, on June 1, 2012 the Province replaced this regulation (347/00) with regulation that provided greater flexibility for the municipality to undertake public consultation.

The new regulation (81/12) refers to seeking public input into the establishment of a gaming site but does not set out specific methods or quantity of public consultation that must be undertaken.

The following is an excerpt from Regulation 81/12 subsection 2(3) for a proposed gaming site to be established in a municipality:

- The Municipal Council or the council of the band, as the case may be, seeks public input in to the establishment of the proposed gaming site and gives the Corporation, in writing, a description of the steps it took to do and a summary of the public input it received, and
- The municipal council or the council of the band, as the case may be, passes a resolution supporting the establishment of the gaming site in the municipality or on the band's reserve and gives a copy of the resolution to the Corporation.

Vaughan's Consultation Process

As reported to Council at Committee of the Whole Working Session on October 23, 2012, Staff undertook a research initiative that engaged the Vaughan Community as it relates to the OLG's expansion of gaming in Ontario and the opportunity of siting a large-scaled entertainment and casino complex in the Greater Toronto Area.

To that end, the following objectives were set:

- Assess residents' general attitudes toward casinos;
- Determine citizens views as pros and cons of having a casino in the GTA and specifically in the City of Vaughan; and
- Understand attitudes toward trade-offs between potential economic benefits and social issues associated with a casino.

Given the nature of the subject matter, staff recognized that it was important to use more than one type of research method to better understand residents' views. Therefore, three different methods were adopted to meet the objectives: focus groups, on-line survey and an information session.

The residents' views on Vaughan being the site for the OLG's entertainment and casino complex, either positive or negative, confirmed that the City had a fiscal responsibility to investigate all aspects related to the economic impact of an entertainment and casino complex in the City.

Potential Social Impacts

During the consultation process in Vaughan, residents expressed a strong need about the City's obligation to assess the social impact of such a development in Vaughan – also, the consultation process identified that women and families with children are somewhat more concerned that a casino may compromise the safety of the community, and they are likely to seek more assurance from the City on this front.

A report was prepared by Toronto Public Health in consultation with the Centre for Addiction and Mental Health, Problem Gambling Institute of Ontario, titled; *The Health Impacts of Gambling Expansion in Toronto – Technical Report*, November 2012 (ATTACHMENT 2) in response to OLG's Modernizing Lottery and Gaming in Ontario: Strategic Business Review (March 2012).

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The report states that gambling has been identified as an issue by the public health community in Canada and internationally since the 1990's. Furthermore, the report identifies that "available evidence indicates that the prevalence of problem gambling increases with access to gambling, including proximity to casinos.

A casino located anywhere in the GTA will likely result in increased health risks from problem gambling, with a greater effect on closer communities compared to those further away. All potential sites in the GTA have vulnerable populations nearby. Therefore, any expansion in gambling access in the GTA over and above current levels will likely increase problem gambling rates and the associated health risks in Toronto and nearby communities."

Although the report was prepared for the City of Toronto, the Toronto Public Health Report proposes through a position statement on gambling and health a set of recommendations in the broader context of gambling expansion in Ontario. The position statement recommends that to address the negative impacts on health, all gambling should be regulated and operated so as to minimize health impacts by:

1. Limiting hours of casino operation: no 24-hour access to venues, closed at least six hours per day;
2. Restricting the number of electronic gaming machines (EGMs) and slowing down machine speed of play and features that promote false beliefs of the odds of winning;
3. Eliminating casino loyalty programs;
4. Prohibiting ATMs on the gambling floor;
5. Prohibiting casino credit and holding accounts;
6. Reducing maximum bet size;
7. Mandating a daily loss maximum;
8. Implementing strong casino self-exclusion programs, including a mandatory player card system;
9. Issuing monthly individual patron statements which include full membership medians and averages to compare against personal record of loss, frequency and duration of play.
10. Designating areas for alcohol purchase and not providing alcohol service on casino floors to reduce impaired judgment.

The Toronto Public Health report concludes that "While there are many interventions available for problem gambling, much remains unknown about how to treat problem gambling. Only a minority of problem gamblers (one to two percent per year) seeks or receives treatment.

Furthermore, there is limited evidence on the effectiveness of interventions to prevent problem gambling. There is currently a need for better evidence on how to effectively mitigate the negative health and social impacts of problem gambling and a need for ongoing and rigorous monitoring and evaluation of the health, social and economic impacts of casinos."

Safety For Vaughan Residents

In preparing this report, staff met with York Regional Police to understand the implications on York Regional Police if a casino was to locate in Vaughan, possibly in the Vaughan Metropolitan Centre (VMC). At the meeting York Regional Police indicated that they don't anticipate an increase in crime as a result of a casino other than what would be expected to result for many new large developments and/or influx of people.

Therefore, if a casino is to open in York Region, attracting more visitors and tourists to the area may result in increased workload pressures.

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OLG Decision Process

The OLG is seeking from Vaughan Council a declaration of its interest in being a host municipality for an integrated entertainment and casino complex to continue in the OLG RFPQ and RFP process. The OLG process requires that Vaughan Council formally pass a resolution to that effect. The resolution could additionally contain specific terms and conditions that Vaughan would see as necessary to being a host municipality.

The OLG will choose a preferred operator in late 2013. If the preferred gaming operator has a site in Vaughan, then the City will begin the planning application process with OLG and the gaming operator.

Regional Implications

The OLG anticipates an investment of \$1.0 to \$1.5B in capital investment by the preferred gaming operator if the casino located in Vaughan. This would generate approximately \$4.3 to \$6.4 Million dollars in property tax for the Region. In addition, Staff have highlighted in the report that York Regional Police have noted that attracting more visitors and tourists to the area may result in increased workload.

Conclusion

As the City continues to position itself as the gateway of economic activity to the Greater Toronto Area this opportunity may accelerate its city building process and strengthen its arts, culture and economic base. This advantageous competitive position will significantly contribute to Vaughan being the key economic development driver of the GTA over the next twenty years, and suggest that Vaughan will increasingly be the gateway for goods, business, people and investment travelling to and from the GTA.

OLG has confirmed that an entertainment/gaming complex will be built in the GTA. If built outside Toronto the entertainment complex will be based on a capital investment in the range of \$1 to \$1.5 billion when complete. A facility of that scope and scale is expected to generate \$20 to \$25 million dollars annually in direct revenue to the host municipality and \$16.3 to \$24.5 Million in property tax. In addition, the City could anticipate an additional 8,000 to 10,000 new jobs and more than 3,000 construction jobs during the three to four years of construction.

Given that OLG has made the decision to locate an entertainment/gaming complex in the GTA the primary issue for Council is to weigh the relative financial, economic and other benefits of having the facility located within the City of Vaughan versus a neighbouring municipality.

Attachments

Attachment 1 – OLG Presentation
Attachment 2 – Toronto Public Health Report

Report prepared by:

Tim Simmonds, Executive Director, Office of the City Manager

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)