

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF OCTOBER 30, 2012

Item 2, Report No. 42, of the Committee of the Whole (Working Session), which was adopted, as amended, by the Council of the City of Vaughan on October 30, 2012, as follows:

By approving the following:

That the item be deferred pending a report by staff to Council on the economic impacts of a casino in Vaughan, based on the analysis undertaken in Toronto; and

That once received, Council determine the next steps going forward.

**2 ONTARIO LOTTERY AND GAMING CORPORATION (OLG)- ENTERTAINMENT AND CASINO
COMPLEX CITIZEN FEEDBACK AND VIEWS**

The Committee of the Whole (Working Session) recommends:

- 1) That Clause 1, contained in the following report of the Executive Director, dated October 23, 2012, be approved;
- 2) That staff request OLG to provide the City with an assessment of the social impacts of an Entertainment and Casino Complex, and their approach to mitigate any negative impacts, and include historical information from other existing casinos in the Province;
- 3) That, to better inform Council, staff proceed with undertaking an economic and social impact analysis of being a host site for the OLG Entertainment and Casino Complex;
- 4) That the social impact analysis include data on a casino located in Vaughan versus a casino in a neighbouring municipality;
- 5) That analysis be undertaken of the impact on the Vaughan Metropolitan Centre should the casino be located at the subject site;
- 6) That C1, presentation material entitled, *“Residents’ Perspectives on a Entertainment/Casino Complex in Vaughan (Study Highlights)”* dated October 23, 2012, be received; and
- 7) That the following deputations be received:
 1. Mr. Paul Godfrey, OLG, Yonge Street, Toronto;
 2. Mr. Larry Flynn, OLG, Yonge Street, Toronto;
 3. Mr. Paul Pellizzari, OLG, Yonge Street, Toronto; and
 4. Mr. Mario G. Racco, Checker Court, Thornhill.

Recommendation

The Executive Director in consultation with the City Manager recommends:

1. That the Staff report and the presentation by Pollara be received, and;
2. Staff request OLG to provide the City with an assessment of the social impacts of an Entertainment and Casino Complex, and their approach to mitigate any negative impacts, and;
3. To better inform Council, Staff proceed with undertaking an economic impact analysis of being a host site for the OLG Entertainment and Casino Complex.

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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.

Economic Impact

If recommendation one is approved, the costs associated with undertaking an economic impact analysis could range from \$25,000 to \$35,000.

Communications Plan

N/A

Purpose

As per Report No. 29 of the Committee of the Whole, this report provides Council with an update to the consultation process to assess the interest and support of the residents and businesses in Vaughan of having an OLG facility located within the City of Vaughan as part of a world class cultural and entertainment district.

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".

In addition the report identified that the OLG initiatives will result in:

- New private sector capital investment - an additional \$3 billion
- Employment growth by more than 2,300 net new lottery and gaming industry jobs.
- Employment growth of an estimated 4,000 service sector jobs in hotels, restaurants, entertainment centres, and retail.

Gaming Zones

OLG identified 29 gaming zones where existing or new gaming facilities would be permitted following municipal and other approvals. OLG based the zones on a business model that is designed to maximize revenue 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 proposed zones for the location of OLG gaming facilities have not been finalized. The geographic boundaries may be adjusted based on ongoing discussions with relevant stakeholders, municipalities and information received through the OLG procurement process. A portion of Vaughan has been identified as part of a gaming zone which also includes the current OLG site, Woodbine Racetrack and Slots.

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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.

OLG is continuing conversations with municipalities across the province to gauge interest in participating in the process, and will focus the RFP process only on communities which are interested in having a facility.

- *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.

Entertainment and Tourist Potential for Vaughan

The City's Economic Development Strategy clearly articulates 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;

- 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 to ten years to achieve the desired goals of the OLG modernization process.

Understanding Citizen's Views

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:

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- 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.

The Consultant

Due to the timing of the OLG process and to prepare a report back to Council in a timely manner, Staff followed the Council approved purchasing policy guidelines to undertake a single source contract. The contract, in the amount of \$20,000, to undertake the qualitative and quantitative research was awarded to Pollara Research. Pollara is one of Canada's leading public opinion and market research firms providing strategic advice based on accurate measurement of opinions, attitudes and perceptions. Leading the project was Executive Vice President, Mr. Robert Hutton.

Mr. Hutton has extensive experience in advanced research design and analysis, particularly in the areas of loyalty, branding, advertising testing, segmentation, perceptual mapping, innovative non-linear online design, panel building, and social media. Mr. Hutton has undertaken research initiatives across Canada, Asia Pacific, Europe and the United States.

Research Methods

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** – The focus groups (2) which were held Saturday, July 21, had a good mix of age (18 or older), income, education, and representation from all five Vaughan communities. Each focus group was split by gender, as to better address potentially different reactions/attitudes and consideration set among men and women, and to ensure that those opinions were explored in sufficient depth.

Key Findings included; (Complete Report Attachment 1: Dated July 25, 2012)

- Benefits associated with casinos outweigh the drawbacks
- A casino in the GTA would be welcome (but not in Toronto)
- Casino in Vaughan as a concept is viewed in a positive light, but when discussed in the context of crime, women's views can be swayed. Men don't see it as an issue.
- Traffic congestion is a big concern for everyone.
- All agree that the City has an obligation to explore the fiscal viability of this opportunity.
- The opportunity must be examined in the context of the City's other priorities

- **Survey** – An on-line survey was created using information gained from the focus groups. The survey took the respondent 10-12 minutes to complete and was completed by 500 residents during August 10 and 18. The survey was carefully designed to ensure that it covers various perspectives, was statistically sound and presented the discussion of a casino in a relevant and unbiased context, thus giving residents a comprehensive picture of what such an endeavor could mean to the City. Furthermore, the survey was designed to ensure that the respondents' answers were based on a good understanding of the subject matter rather than on reactionary, surface answers typical of a flash poll. The results were weighed by age and gender to 2006 Canada Census proportions to ensure that the results are representative of the opinions of the general public. The results are accurate $\pm 4.38\%$ nineteen times out of twenty. Key findings included; (Complete Report Attachment 2: Dated August, 2012)

- In general, the overall trends in attitudes hold true across demographic segments
- Overall, positive or neutral impressions of casinos outweigh negative ones.
- For a majority (78%), casino visits are seen as an entertainment destination, an outing that offers shows, restaurants, nightlife, with gambling being only a part of that experience. Only 22% go there exclusively to gamble.

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- In terms of advantages associated with a casino, a majority think of the economic benefits a casino brings: jobs (61%) and revenues for the city (55%) and businesses (54%).
 - As for drawbacks- social issues and an increase in traffic congestion are on the minds of nearly seven-in-ten citizens (each), while worries about undesirable populations are mentioned by 61%.
 - A majority (59%) agree that benefits of having a casino /entertainment district are too great NOT to consider it, even in light of potential drawbacks.
 - Yet a vast majority (77%) agree (40% strongly) that the City of Vaughan has a financial obligation to assess the financial benefits of such development within the city's boundaries.
 - Citizens feel even more strongly about the city's obligation to assess social impact of such development in Vaughan (85% agree, 51% strongly).
- **Information Session** – The information session gave residents the opportunity to learn about the topic from different perspectives. To this end, staff was in attendance at the information session which included presenters from the following organizations: Pollara, who presented the findings of the survey and OLG, who explained the concept and expansion of gaming in the GTA. The Information Session was attended by approximately 125 citizens and business owners. From the market researcher's experience, it is important to note that civic "open houses" tend to attract a highly unrepresentative section of the population, that typically comprise activists on both sides of an issue, and individuals with a motivated political agenda. They virtually never form a valid representation of a population.
- At the conclusion of the session, Pollara found that the questions written on the cards, from those in attendance, were completely consistent with the focus groups and survey and could be grouped into three categories:
1. Economic impact questions- which were by far the majority, often very specific;
 2. Location queries- which typically involved details about the suggested site and site impacts, and;
 3. Social concerns- which were generally formed around perceptions and lack of factual information.

Regional Implications

NA

Conclusion

The OLG has taken an open and transparent approach to modernize all aspects of its business by 2017-18 with the objectives of:

1. Becoming more customer-focused.
2. Expanding regulated private sector delivery of lottery and gaming.
3. Renewing OLG's role in oversight of lottery and gaming.

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 or Highway 427 and Highway 7 could potentially provide the City with a significant non-taxation revenue source.

This fact was echoed throughout all of the research undertaken. Citizens 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.

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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.

Attachments

Attachment 1 - Residents' perspectives on a casino in Vaughan, July 2012

Attachment 2 - Residents' Perspectives on a Casino/Entertainment District in Vaughan,
August 2012

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.)