

## **Considering a New Casino in Toronto**

<b>Date:</b>	October 22, 2012
<b>To:</b>	Executive Committee
<b>From:</b>	City Manager
<b>Wards:</b>	All
<b>Reference Number:</b>	

### **SUMMARY**

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#### *OLG Modernization Plan*

At the request of the Ontario Ministry of Finance, the Ontario Lottery and Gaming Corporation (OLG) initiated a process in December 2010 to identify ways to expand and modernize gaming across the province. Through its analysis, the OLG identified 29 zones in which the Crown Corporation intends to offer a gaming venue. Provincially sanctioned gaming venues (either slots-at-racetracks or casinos) currently operate in 24 of the 29 gaming zones, including Woodbine Racetrack in Toronto.

Two of the 29 gaming zones, identified as C1 and C2 in OLG's *Modernizing Lottery and Gaming Report*, include parts of Toronto. The C1 zone (see map in Attachment 2) is split into three distinct areas around the GTA: the central Toronto waterfront, a western section including parts of south-western Toronto and south-eastern Mississauga, and an area along Highway 407 including parts of Markham and Richmond Hill. The C2 zone (see map in Attachment 2) includes the Woodbine Racetrack and stretches north along Highway 427 covering parts of Mississauga, Brampton and Vaughan.

#### *Purpose of Report*

On May 14, 2012, the Executive Committee requested the City Manager to consult with the OLG and any necessary provincial officials on their ongoing process for the selection of future casino locations in the Greater Toronto Area, and report back to Executive Committee with analysis on hosting a new casino in Toronto. The purpose of this report is to present Executive Committee with a summary of the provincial government process to license new gaming venues; the municipal planning process; the pros and cons of various gaming and development options including anticipated financial, economic and social impacts; and relevant background information. The report also provides the basis for informed public discussion and consultation.

### Economic Impacts

The economic impacts of a casino depend on its location and the form that it takes, including amenities. It is difficult to assess the implications of a casino in Toronto without a specific proposal. However, the City has engaged an external consultant to examine different scenarios. The table opposite estimates the economic impacts of an illustrative integrated entertainment complex and a standalone casino, both within the central Toronto waterfront (C1 zone) and at Woodbine (C2 zone). There will be a gaming venue in both zones but the economic impacts will differ, as described below.

#### C1 Zone

The analysis indicates that an integrated entertainment complex located within the Toronto portion of the C1 Zone would generate between \$1.9 billion and \$2.4 billion in construction expenditures and 6,800 to 8,500 Full-Time Equivalent (FTE) construction related jobs over a three-year period.

Based on an estimate that 36.5 percent of the total gaming and non-gaming revenue generated by this type of development through ongoing operations is net new spending in Toronto, an integrated entertainment complex in the C1 zone would generate net annual GDP of about \$640 million and result in between 5,850 and 7,300 net new jobs. Certain elements added to a casino, such as new convention space, could benefit local businesses and the city more broadly. It is within City Council's discretion to specify the amenities or limitations that should be attached to any new casino in Toronto.

A standalone casino within the C1 zone, without significant hotel, retail and entertainment amenities attached would generate between \$0.8 and \$1.1 billion in construction expenditures, and between 2,900 and 3,800 construction and related jobs over a three-year period.

Ongoing operations at a standalone casino, based on an estimate that 30 percent of total revenue is net new spending in Toronto, would generate net annual GDP of \$315 million and between 2,700 and 3,600 net new jobs. Without associated amenities, casino patrons could seek hotels and other services in the surrounding area.

#### C2 Zone

An integrated entertainment complex in the Toronto portion of the C2 zone would generate between \$1 billion and \$1.3 billion in construction expenditures and 3,600 to 4,400 FTE construction related jobs over a three-year period.

Ongoing operations at an integrated complex, again based on an estimate that 36.5 percent of total revenue is net new spending in Toronto, would generate net annual GDP of \$495 million and between 4,400 and 5,100 net new jobs.

A standalone casino at Woodbine is not expected to require significant additional construction given the existing facility, but would generate net annual GDP of \$270 million and between 2,100 and 2,700 net new jobs.

## Estimated Economic And Fiscal Impacts

Zone		C1	C1	C2	C2
Development		Integrated Entertainment Complex	Standalone Casino	Integrated Entertainment Complex	Standalone Casino
<b>Description</b>	Gaming Floor	300,000 ft <sup>2</sup>	300,000 ft <sup>2</sup>	300,000 ft <sup>2</sup>	150,000 ft <sup>2</sup>
	Slots	4,500	3,500	3,500	3,000
	Tables	250	150	150	100
	Hotel	800 rooms	N/A	800 rooms	N/A
	Meeting & Exhibition Space	300,000 ft <sup>2</sup>	N/A	300,000 ft <sup>2</sup>	N/A
	Other Amenities	450,000 ft <sup>2</sup>	100,000 ft <sup>2</sup>	450,000 ft <sup>2</sup>	100,000 ft <sup>2</sup>
	Parking	3,600 spaces	3,600 spaces	3,600 spaces	3,600 spaces
	Total Building & Parking	3,800,000 ft <sup>2</sup>	2,300,000 ft <sup>2</sup>	3,800,000 ft <sup>2</sup>	400,000 ft <sup>2</sup>
<b>Construction</b>	Jobs	6,800 – 8,500 FTEs	2,900 – 3,800 FTEs	3,600 - 4,400 FTEs	No Change
	Annual Income	\$60,000	\$60,000	\$60,000	No Change
	Value	\$1.9 billion – \$2.4 billion	\$0.8 billion – \$1.1 billion	\$1.0 billion – \$1.3 billion	No Change
<b>Ongoing Operations (Gross)</b>	Gaming Revenue	\$1,400 million	\$1,020 million	\$1,000 million	\$790 million
	Non-Gaming Revenue	\$350 million	\$80 million	\$250 million	\$63 million
	Total Revenue	\$1,750 million	\$1,100 million	\$1,250 million	\$853 million
	Jobs	16,000 – 20,000 FTEs	9,000 – 12,000 FTEs	12,000 – 14,000 FTEs	7,000 – 9,000 FTEs
	Annual Income	\$45,000	\$45,000	\$45,000	\$45,000
	GDP	\$1.75 billion	\$1.05 billion	\$1.35 billion	\$0.90 billion
<b>Ongoing Operations (Net)</b>	Jobs	5,850 – 7,300 FTEs	2,700 – 3,600 FTEs	4,400 – 5,100 FTEs	2,100 – 2,700 FTEs
	GDP	\$640 million	\$315 million	\$495 million	\$270 million
<b>City Revenues</b>	Hosting Fees	\$106 million - \$168 million	\$66 million - \$120 million	\$70 million - \$120 million	\$32 million - \$95 million
	Property Taxes	\$27 million	\$10 million	\$12 million	No Change
	City Land Sale/Lease	\$0 - \$250 million	\$0 - \$200 million	\$0	\$0

### Hosting Fees, Property Tax Revenue, and Potential Proceeds from City –owned Lands

The consultant has also examined several scenarios to estimate the hosting fees that the City could seek from OLG if it agrees to host a casino. The analysis indicates that the City could receive hosting fees of \$106 million to \$168 million for an integrated entertainment complex in the C1 zone, and \$70 million to \$120 million at Woodbine. An integrated entertainment complex could also generate \$27 million per year in additional property taxes.

A standalone casino would generate somewhat less revenue of \$66 million to \$120 million in C1 hosting fees, \$32 million to \$95 million in C2, and up to \$10 million in new property taxes, depending on the site.

The City could also realize additional land sale or lease revenue if the casino is situated on City-owned lands. The consultant estimates the revenue potential to be between \$35 million and \$250 million, depending on location.

### Health and Social Impacts

The Medical Officer of Health (MOH) has prepared a technical report on the public health impacts of gambling and of expanded access to gaming venues. The key findings are summarized herein. The MOH's report concludes that increasing access to gambling through any means (including a casino) is associated with an increase in the prevalence of problem gambling which presently affects 0.2% of the population. Consequently, a casino located anywhere in the GTA will likely increase health risks for Toronto residents and nearby communities.

The OLG contributes approximately \$40 million annually – 2 percent of its annual slot revenues – to the provincial government's programs to fund the treatment, research, prevention and public awareness of problem gambling. The corporation additionally spent \$12.9 million in 2011/12 on internal responsible gambling initiatives including staff training and self-exclusion programs. OLG works with other provincial agencies including CAMH to develop staff training, and the Ontario Problem Gambling Research Centre to conduct research.

### Planning Review

As with any major development, a casino/entertainment complex would have social and neighbourhood impacts that would have to be addressed, including problem gambling, increased traffic and increased competition for entertainment expenditures. The Provincial requirement for municipal consent provides an opportunity for City Council to shape the development before proposals have been prepared by setting out conditions to reduce or mitigate negative impacts and improve the likelihood of a positive contribution to the surrounding community and the City as a whole. The proponent of any proposed development would subsequently also be subject to the City's planning and development review and approvals processes.

### Strategic Considerations

A key issue for Council, as well as residents and businesses, to consider is that the OLG Modernizing Lottery and Gaming initiative identifies two zones (C1 and C2) within the GTA and both zones will have a casino. The City must weigh the importance of being in a position to manage the various impacts noted in this report.

If a casino is located in the C1 zone but outside Toronto, as is possible through the OLG process, the City would have less ability to shape the development proposal and would not participate in any revenue sharing. In addition, a casino located outside Toronto (i.e. in Mississauga, Markham or Richmond Hill) would divert \$150 million to \$224 million of gaming revenue away from Woodbine. This would impact local jobs and reduce revenue to the City. Toronto residents and businesses would however still be subject to broader impacts associated with problem gambling, increased traffic and competition for discretionary entertainment expenditures given that many Toronto residents would travel to a casino in a neighbouring municipality.

### Conclusion

Together with the attached *Ernst & Young Consultant Report*, and the technical report by the Medical Officer of Health that will be considered at the November 19<sup>th</sup> meeting of the Board of Health, this report provides the basis to engage the public in a discussion about what elements a gaming venue would need to have, or to exclude, to provide an overall gain for the city. Public consultation will be an important part of the decision making process. This report recommends that the Executive Committee authorize the City Manager to conduct public consultation to seek input from Torontonians on the matter of establishing a casino in Toronto.

## RECOMMENDATIONS

The City Manager recommends that:

1. Executive Committee authorize the City Manager to conduct public consultation to seek input from Torontonians on the matter of establishing a casino in Toronto, using the information contained in this report, and Attachment 1 *Ernst & Young Consultant Report*, and report to the Executive Committee in February/March 2013 on the results of the consultation, and any further analysis conducted.

### Financial Impact

The City Manager will engage an external firm to develop and conduct public and stakeholder consultation using a variety of methods. The consultation process will be funded from the 2012 approved budget and no new funds are required for this purpose.

As stated in this report, the consultant's analysis has outlined the significant economic and financial benefits to the City of operating a casino in Toronto. Over and above construction jobs (ranging from 3,600 to 8,500), an integrated entertainment complex could create an estimated 4,400 to 7,300 net new jobs. The project could generate net GDP in the range of \$640 million and additional estimated annual property taxes of up to \$27 million. Revenue from the sale or lease of City owned land could contribute additional value to the City of up to \$250 million for capital purposes.

Most importantly, the hosting fee could provide substantial annual revenue to the City. Estimates range from \$32 million to \$168 million annually depending on the type of casino complex and negotiated fee formula with OLG.

It must be noted that this potential revenue would have significant impact on providing fiscal sustainability to the City's annual operating budget by eliminating the need for one time revenues and providing financial flexibility to meet growth pressures (e.g. transit expansion).

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

### DECISION HISTORY

At its meeting on May 14, 2012, the Executive Committee considered two member motions referred by City Council on April 10-11, 2012, related to casinos. The first recommended that City Council not permit a casino in Toronto unless the City Clerk has conducted a City-wide referendum, as part of a general election.

<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-46588.pdf>

The second related to Ontario Place and recommended that Council request the provincial government to keep it a public space and not allow casinos or gambling facilities to be placed there.

<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-46589.pdf>

The Executive Committee considered these member motions together and approved a new motion to refer both items to the City Manager, "with the request that he consult with the Ontario Lottery and Gaming Corporation (OLG), and any necessary provincial officials on their ongoing process for the selection of future casino locations in the Greater Toronto Area." The City Manager was also asked to report back to Executive Committee "on the provincial process and the pros and cons of hosting a commercial casino in Toronto," including projected job creation, revenue to the City, tourist attraction, and social impact.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX20.15>

The Committee also requested the City Solicitor, in consultation with the City Manager, to report to the Executive Committee on October 9, 2012, 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 presented her report, which concluded that a ban is not appropriate and that "the City's current regulatory regime is sufficient to effect transparency."

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX23.19>

## **ISSUE BACKGROUND**

### Ontario Lottery and Gaming Corporation Modernization Plan

At the request of the Ontario Ministry of Finance, the OLG initiated a process in December 2010 to identify ways to expand and modernize gaming across the province. Through its analysis, the OLG identified 29 zones in which the Crown Corporation intends to offer a gaming venue. Provincially sanctioned gaming venues (either slots-at-racetracks or casinos) currently operate in 24 of the 29 gaming zones, including Woodbine Racetrack in Toronto. These venues could be kept as is, upgraded, or replaced by a new facility in the same zone. For any new casino developments, OLG plans to work with private sector partners to both develop the project and run operations.

Two of the 29 gaming zones, identified as C1 and C2 in OLG's summary *Modernizing Lottery and Gaming Report*, include parts of Toronto. The C1 zone (see map in Attachment 2) is split into three distinct areas around the GTA: the central Toronto waterfront, a western section including parts of south-western Toronto and south-eastern Mississauga, and an area along Highway 407 including parts of Markham and Richmond

Hill. The C2 zone (see map in Attachment 2) includes the Woodbine Racetrack in Toronto and stretches north along Highway 427 covering parts of Mississauga, Brampton and Vaughan.

C1 and C2 are distinct zones and OLG's Modernization Plan includes a casino in each zone. However, the OLG and the provincial government are seeking municipal consent and have said that they will not impose casino expansion on any host municipality that does not provide consent through its council. If Toronto does not approve, the OLG will focus on other municipalities in the C1 and C2 zones.

### OLG Process

In May 2012, OLG issued a Request for Information (RFI) to gauge private sector interest in building and operating gaming venues in the various zones. The Crown agency will subsequently issue a Request for Pre-Qualification (RFPQ). The RFPQ will help demonstrate the capabilities of respondents and allow OLG to create a list of companies eligible to submit applications. Finally, OLG will issue a Request for Proposals (RFP) to solicit bids from pre-qualified vendors. While the same RFI was issued province-wide, the RFP will be unique to each zone and will ask proponents to make a proposal within specific parameters. These could include conditions imposed by the host municipality. The target release date for the RFP is early 2013.

OLG has stated that as soon as the City of Toronto or another municipality has passed a resolution supporting the establishment of a gaming site, the agency could seek to establish a temporary casino while the development proposed through the RFP goes through approval and construction. This would allow OLG and the municipality to start realizing revenue immediately. Many of the same considerations, discussed at length below, that apply to a City decision to allow a permanent gaming venue, also apply to a temporary casino. However, a temporary casino would not include related large retail, entertainment or hotel amenities which are possibilities for a more permanent development.

## **COMMENTS**

### **City of Toronto Interests and Decision Process**

#### City Decision Process

The City has engaged consultant Ernst & Young (E&Y) to study the potential impacts of a new casino located in Toronto. The scope of work covers the full range of information requested by the Executive Committee in May, and can be found in E&Y's report (see Attachment 1). As part of their assignment, E&Y:



- Constructed a model to assist the City in assessing the various impacts of a potential casino on the City's revenues and the local Toronto economy;
- Met with officials from the City, the OLG, [private sector] operators, officials from other Ontario municipalities that host OLG gaming venues as well as other stakeholders;
- Reviewed research studies and literature on the socioeconomic impact of casinos in other jurisdictions; and,
- Reported to the City on the findings of the above.

Additionally, the Medical Officer of Health (MOH), in collaboration with the Centre for Addiction and Mental Health (CAMH), has prepared a technical report on the public health impacts of gambling and of expanded access to gaming venues. The MOH-CAMH report and associated staff report will be considered at the November 19<sup>th</sup> meeting of the Board of Health.

This staff report includes relevant findings from both E&Y and the MOH-CAMH technical report. The City now has an opportunity to seek input from the public. If approved as recommended, the City Manager will report back to the Executive Committee in February/March 2013 with the results of public consultations, and any further analysis conducted. At that time, the City will be in a better position to respond to the Province, and can either accept, reject or specify certain conditions under which Toronto would be willing to host a new OLG casino.

### Planning Considerations for a New Casino

Any development application submitted to the City, including a mixed-use development with a new casino, would be evaluated for consistency with the City's Official Plan, Zoning-by-laws and Council approved guidelines and policies. Given that none of the City's Zoning By-laws permit a casino as-of-right, at a minimum, an application for a Zoning By-law Amendment would be required for a development proposal of this type. Other zoning standards including the mix of use, density, parking, amenities, setbacks, height and built form attributes would be part of a site and context review for a specific proposal. Importantly, city building, place making and high quality design would be key objectives to achieve.

While uses at Exhibition Place are regulated under the *City of Toronto Act, 2006* rather than the Planning Act, similar approvals and standards are required for Exhibition Place under the alternative planning and development approvals processes used for this site.

It should be noted that a development application would be accompanied by a full range of drawings, plans and supporting studies produced by expert consultants in compliance with the City's complete application submission requirements. At this very preliminary stage and in the absence of specific proposals and supporting studies, only a general analysis has been undertaken guided by Official Plan policy considerations.

### Recent Community Council Motions Regarding Casinos

At the September 11 and October 10, 2012, Toronto and East York Community Council meetings, reports from the Director of Community Planning, Toronto and East York District were provided, first on the zoning status of casinos in Toronto and East York District, followed by a supplementary report on parking information related to casinos. Several Motions were made at the October 10, 2012 meeting requesting additional reports on the subject of a casino in Toronto and East York District, which will be tabled at the November 6, 2012 Toronto and East York Community Council meeting.

The information contained in the reports to Toronto and East York Community Council was prepared independently from the City Manager's Report.

### History of Gambling Venues in Toronto

Wagering on horse races has occurred at several locations within the current city of Toronto since the 19<sup>th</sup> century, including the first Woodbine Park (later Greenwood Racetrack) which opened in 1874, Dufferin Racetrack, Thorncliffe Park Raceway, and Long Branch Racetrack. Races also took place at the CNE until 1930. The current Woodbine Racetrack was established in 1956. Off-track betting remained illegal in Ontario until 1991 when the provincial government approved teletheatre wagering. Teletheatres must be operated by a licensed Ontario racetrack, and can accept pari-mutuel bets on their own races or on simulcast races from tracks around the world. There are currently 13 of these establishments in Toronto, all associated with Woodbine.

In 1993, the Province began to license registered charities to run temporary (1 to 3-day) casinos as fundraisers known as Monte Carlos. No more than one license could be issued per month in the same location, however location was defined as an individual building and these fundraisers were common.

Due to difficulties associated with regulation, in 1997 the provincial government announced that it would no longer license roving Monte Carlos and instead planned to permit and develop a certain number of permanent charity gaming clubs. Provincial officials also announced plans to introduce video lottery terminals (VLTs), first at charity gaming clubs and racetracks and then in bars and restaurants. At the time, the prevailing *Ontario Casino Corporation Act, 1993* stated that before a casino was established, the council of the host municipality was required to "pass a resolution approving the operation of the casino" after first holding a public meeting on the proposed resolution. Provincial officials publicly committed to uphold this principle regarding any new permanent charity gaming clubs and video lottery terminals.

To help gauge whether or not it would be willing to host these new gaming options, the former City of Toronto, along with each of the other former municipalities of Metro Toronto, moved to develop referendum questions on the ballot of the 1997 municipal elections. These elections, for Mayor and members of Council, were the first for the amalgamated City of Toronto, to be established on January 1<sup>st</sup> 1998. However, because

the elections took place in late 1997, each of the former municipalities was responsible for administering its own elections and deciding what, if any, referendum questions would appear on their own ballots.

In total, five of the former municipalities asked referendum questions about charitable gaming casinos, two asked questions concerning the operation of VLTs, and two included questions regarding the operation of casinos in general. The specific questions that appeared on the ballot and the results are presented in Attachment 3. A majority of voters rejected all of the proposed gambling options in each of the former municipalities.

The newly formed amalgamated City Council ratified these results at its meeting of March 1998 and recommended "that the results of the referendum against the establishment of casinos, charity gaming casinos, and video lottery terminals in Toronto, be endorsed by City Council and transmitted to the Provincial Government." The Province acknowledged this decision and, despite having identified provisional locations and operators, did not subsequently establish any charity casinos or VLTs in the City.

#### Existing Gambling Locations in Toronto

In Toronto there is currently a permanent facility at Woodbine Racetrack that hosts slot machines and a temporary casino each summer at the CNE. Each of these venues is described below. This report does not consider the availability or impacts of internet gambling, or of charity gaming venues licensed by OLG such as bingo halls.

- Woodbine Racetrack

In addition to the horseracing offered at Woodbine, since 2000 the venue has also featured a significant number of slot machines. The redevelopment that introduced slots to the facility was permitted by a Provincial Minister's Zoning Order, issued in 1998, that took precedence over the existing Etobicoke zoning by-law. The City formally requested the Province to rescind the Order, which it did not do. Council instead authorized the City Solicitor to prepare an application to amend the Order to limit the number and location of slots. Council also reaffirmed the results from the 1997 referendum that opposed a casino but, given that the Minister's Order would not be rescinded, recommended that the City enter into a revenue-sharing agreement with OLG at Woodbine.

Woodbine now hosts 2,700 slot machines, which operate 7 days a week and 24 hours a day. In 2011, the slot machines generated approximately \$590 million in revenue. The racetrack and associated operations currently employ 2,185 full-time equivalent positions. Additionally, OLG employs approximately 800 people at the Woodbine slots.

Under its slots-at-racetrack program, OLG provides approximately \$120 million of slot revenues annually to help sustain Woodbine's racing operations and the horseracing industry. However, the provincial government announced it will terminate the revenue sharing program in March 2013.

In 2011, under agreement with the OLG, the City of Toronto received approximately \$15.2 million from Woodbine as a hosting fee. That agreement is also set to be terminated on March 31, 2013 and replaced with a new province-wide agreement that, as drafted, will provide roughly the same revenue to the City. The new agreement will be submitted to Executive Committee for its consideration in concert with the City Manager's report on the results of public consultations.

- CNE Temporary Casino

As part of the Exhibition during August and September each year, the CNE operates a temporary casino in the Better Living Centre building. In 2011, the casino generated just over \$7 million in revenue and delivered \$3.7 million in profits to the City through the consolidated Exhibition Place budget. The CNE casino employed 748 people working an average of 24 8-hour days over the 36-day period during which it is open.

Under the terms of the proposed separation of the Canadian National Exhibition Association ("CNEA") from the City of Toronto recently approved by Council, the City or the Exhibition Place Board could, on two years notice, remove any part of the Exhibition Place lands or buildings from use by the CNEA for the annual CNE as part of a redevelopment of Exhibition Place. Where this would cause a substantial material financial loss to the CNEA, or would render the CNEA incapable of presenting an annual event of sufficient size and scope having regard to the use of Exhibition Place by previous CNE Events, the City and Board have agreed to (i) renegotiate the financial terms of the separation arrangement to address that financial loss or (ii) work with the CNEA to provide alternative lands or buildings to replace the lands and buildings lost.

#### Other Casinos in Ontario/Canada

In Ontario, the OLG currently conducts and manages 24 gaming venues (including the Great Blue Heron Casino in Port Perry, owned by the Mississaugas of Scugog Island First Nation, where only the slots are managed by OLG). As summarized by Ernst & Young, these venues are of three types: 14 slots-at-racetracks locations, 6 OLG Casinos, and 4 OLG Resort Casinos that include slots and table games as well as entertainment, hotel and/or dining amenities. While Woodbine is the only OLG facility in the GTA, there are six casinos within 125 kilometres of downtown Toronto.

Together the OLG Casinos and Resort Casinos generated slightly more than \$1.58 billion in revenues this past fiscal year. OLG pays a hosting fee to all municipalities with gaming venues, based on a formula that takes into account overall revenue and the mix of gaming options. The average of municipal hosting fees across Ontario in 2011 was about 4 percent of gaming revenue. The formula results in a smaller percentage being paid in relation to larger venues.

Across Canada, many large cities host at least one gaming facility. Casino Montreal was among the first to open in 1993, and has served as a template for other locations. The

venue attracts 6 million visitors per year and generates approximately \$200 million annually for the Quebec government. It is a standalone facility on the Île Notre Dame with very little residential development, which reduced fears about the potential for crime or negative social effects on surrounding neighbourhoods. Calgary has seven different casinos. The Vancouver region hosts eight casinos including an integrated gaming and hotel complex near the airport, though the city recently rejected the development of a larger casino in the downtown area.

## **Project Description**

It is difficult to assess the implications of a casino in Toronto without knowing project location or details. OLG has listed very few specific requirements for a gaming venue and associated development. This open format provides potential flexibility for operators to prepare alternative development proposals, which is an opportunity to shape the ideal development but also creates uncertainty in advance of the submission of specific proposals. In discussions with Ernst & Young, both OLG representatives and potential developers have indicated their preference for an 'integrated entertainment complex' that could include gaming, hotels, restaurants and entertainment.

If Council were to agree to host a casino or integrated entertainment complex in Toronto, the specific development proposal would be subject to the municipal planning and development approvals process. Council therefore has a significant role to play in determining the ultimate components, the built form of the project, land uses and fit within its surroundings.

Based on models from other locations, the components of an integrated entertainment complex could include some combination of the following (sample square footage estimates are provided for illustrative purposes):

- gaming operations (300,000 ft<sup>2</sup>)
- hotel (800 rooms)
- convention space (300,000 ft<sup>2</sup>)
- hospitality, retail and entertainment (450,000 ft<sup>2</sup>)

Ernst & Young indicate that in other locations integrated complexes generate, on average, 80 percent of their revenue from the gaming operations and 20 percent from the non-gaming amenities.

Alternatively, Council could decide to host a standalone casino only. Although, all else being equal, this type of project would generate lower total revenue on-site, casino patrons may seek services in the surrounding area. For this dynamic to work, a standalone casino would need to be designed as to maximize the opportunities for casino patrons to access surrounding businesses.

There are also numerous intermediary options between a full-scale integrated entertainment complex and a standalone casino. For example, a casino with expanded convention space could benefit local businesses and the city more broadly by attracting larger events/conferences and more visitors. It is within City Council's discretion to specify the amenities or limitations that should be attached to any casino in Toronto. The City should identify prerequisites for approval with respect to revenue sharing, planning and design considerations, City of Toronto "brand", preferred sites and infrastructure requirements.

There is now an opportunity to engage the public in a discussion about what elements a gaming venue would need to have, or to exclude, to provide an overall gain for the city. The City could then give OLG consent to issue an RFP for a specific type of casino development in a specific location. Further, any proposals received would be subject, as with any new development, to the City's zoning regulations and amendment processes.

## **Economic Impacts**

The economic impacts of a casino depend on its location and the form that it takes, including any associated amenities. The City has engaged Ernst & Young to examine various illustrative scenarios. The table that appears in the summary section above includes the estimated economic impacts of an integrated entertainment complex and a standalone casino, both within the central Toronto waterfront (C1 zone) and at or near Woodbine (C2 zone).

The Ernst & Young report bases its assumptions on an illustrative configuration of an integrated complex that includes a casino, hotel, retail, restaurants, and convention or meeting space. E&Y also provides as a comparison, the area in square feet allocated to uses within an integrated entertainment complex and the area allocated to a standalone casino. Given that no proposal has yet been submitted to the City, assumptions can only be made about the overall scale and nature of the facility.

Further, the summary table does not differentiate between locations within the C1 zone. With OLG's presentation of its plan to introduce a gaming venue in the zone, speculation has turned to particular locations. Based on consultations with potential proponents, Ernst and Young considered in their report three specific locations within the central waterfront section of the C1 zone: the Metro Toronto Convention Centre, the Exhibition Place grounds and the Port Lands. A very preliminary analysis of considerations at these locations, as well as Woodbine, is provided later in the report.

A final consideration with respect to economic impacts is the distinction between gross and net. While a casino in Toronto would generate significant revenues and employment, not all expenditures represent a gain for the city, particularly if casino spending replaces other local spending. E&Y has provided a basis to estimate the magnitude of incremental spending and employment in Toronto, which is related to the retention of gaming dollars currently being spent at OLG locations outside the GTA, and to the attraction of new tourists to a casino development.

The summary table projects that 36.5 percent of spending at an integrated entertainment complex in Toronto (on the Toronto waterfront or at Woodbine) is net new spending in the City. This is based on the expectation that tourists and 'high-rollers' will be drawn to an integrated entertainment complex and will spend between \$250 million and \$400 million annually. Further, OLG estimates based on 'carded play' indicate that Toronto residents currently spend \$400 million at OLG locations outside the GTA, and at least half of these expenditures could be retained in Toronto. There are also residents of the GTA who now travel to gaming locations outside the GTA but would be more inclined to visit a casino in Toronto.

The table assumes 30 percent of the revenue at a standalone casino is net, because E&Y projects that a development without a hotel and related amenities would draw far fewer tourists. Discussion of the various economic impacts that are presented in the summary table follows here.

### Employment

A new gaming venue would generate employment both during the construction phase and after the venue is open. Ernst & Young's economic model estimates the magnitude of both types of employment. A three-year construction period for a sample integrated entertainment complex is projected to generate, directly and indirectly, between 3,800 and 8,500 FTEs depending on if it were in the C1 zone or at Woodbine. E&Y estimates average annual income for construction jobs of between \$55,000 and \$65,000 per year.

On the operations side, E&Y estimates that between 12,000 and 20,000 FTEs, primarily in the service sector, will be required. Based on OLG figures, average annual salary for casino-related jobs could be between \$35,000 and \$55,000 per year but E&Y notes that in an integrated complex, only 25% of ongoing operations jobs are in the casino.

While many people would be employed, directly and indirectly, by a new casino development, the City's primary concerns are *net* job creation and the overall quality of the jobs in terms of stability and income. Visits to a new gaming and entertainment venue that divert spending from surrounding businesses and other venues in the city do not generate the same overall benefit. Net job creation will depend on incremental spending, which is a function of both the number of out-of-town visitors to the new venue and of current spending by GTA residents at out-of-town gaming facilities that will instead be retained in the city.

The net employment effect is likely to be a similar percentage of the total jobs created, as net new spending in Toronto is to gross revenue. For example, if 30 to 36.5 percent of revenues at a Toronto gaming venue are net new expenditures in the city, then 30 to 36.5 percent of the employment created could represent new jobs in the city.

## Tourism & Conventions/Conferences

Given that the overall economic benefit of a casino to Toronto is dependent on tourists, it is critical to assess the expected tourist draw. E&Y estimates that tourists and high rollers will spend between \$250 million and \$400 million at an integrated entertainment complex in the city. There is also a distinction to be made between tourists that are drawn to Toronto by a new entertainment and gaming complex, and those who are visiting Toronto for other reasons and decide to gamble while they are here. In the former case, the economic benefit is magnified because all spending is a net gain to the city.

There is an opportunity to increase tourist draw by using the development of an integrated complex in Toronto to also increase the city's convention/exhibition space. Toronto has two significant convention facilities, but neither provides a combination of meeting and exhibition space that is very large by North American standards. E&Y suggests that increasing meeting and conference facilities in the same location as exhibition space will allow Toronto to attract larger events. When considering new larger space in Toronto, a casino could further the draw for convention planners.

## Impact on other Entertainment Spending

As with employment estimates, it is difficult to assess the economic impact of spending at a new gaming venue given that some portion will replace spending on other entertainment and leisure activities in Toronto (or savings). Some businesses, including the Entertainment District BIA, have expressed concern about a proposed integrated entertainment complex for this reason. The overall economic benefits of a new entertainment complex will significantly depend on the number of tourists that it can attract, who bring spending from outside the region and thereby 'grow the pie' of the local economy.

The expected impacts of a casino or integrated complex on the surrounding neighbourhood depend on which neighbourhood (see discussion of location considerations below).

## **Fiscal Impacts**

Hosting a casino is expected to have a number of fiscal impacts on the City, including: the provision of infrastructure, and the realization of i) hosting fees; ii) additional property tax revenue; and iii) the possibility of proceeds from the sale or lease of city owned lands, each described in turn, below.



## Infrastructure Costs

Depending on the location of any new gaming facility or integrated complex, there will also be related infrastructure costs, including transportation/transit investments required to make the location more accessible and function appropriately.

Infrastructure costs would vary by site. The cost of accelerating and/or enhancing municipal infrastructure to accommodate a casino project would be established later in the process. At this preliminary stage, the costs can only be estimated as relatively high, medium or low. There are also varying degrees of certainty regarding what infrastructure is required in each potential location. In each case, it is assumed that the proponent would fund the majority of the incremental costs associated with the project.

In regard to the three potential C1 sites in Toronto, the infrastructure costs associated with the Convention Centre are estimated to be medium, particularly related to access, loading and parking. At the Port Lands, the estimated infrastructure costs are the least certain, and potentially the highest, due to the extensive flood prevention and environmental remediation costs, as well as costs for transportation and transit access, and required water and sewer infrastructure. The estimate for Exhibition Place, on City-owned land, is medium as municipal infrastructure is already in place, but transit/transportation upgrades would be required to accommodate more visitors.

A Woodbine C2 development is also assumed to involve a medium level of infrastructure spending related to transit and the possibility of water and sewer expansion.

Potential site for new casino	Convention Centre	Exhibition Place	Port Lands	Woodbine Racetrack
Infrastructure costs	medium	medium	high	medium

## Hosting Fees

Another primary consideration for the City, and one of the areas the Executive Committee has asked the City Manager to report on, is the approximate amount of revenue the City could receive.

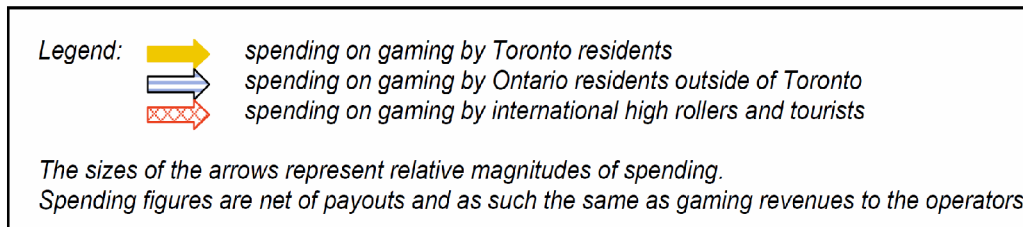
The potential value of each site to the City is driven largely by the gaming revenue potential. In total, E&Y estimates that an integrated casino complex at C1 would generate about \$1.4 billion in gaming revenues, and a standalone casino without other development components about \$1 billion. Including non-gaming, revenue increases to \$1.75 billion and \$1.1 billion respectively.

The net gain to the city depends on several factors. First, the component of revenue that comes from Toronto residents diverts spending away from other entertainment and leisure venues in the city. A new C1 site would also attract a portion of the current gaming activity (20% to 30% according to E&Y) from the slot machine activity at

Woodbine. Yet a major new venue in the C1 zone would recover a large portion of the \$400 million in gaming revenue arising from Toronto residents, and attract a portion of gaming revenues from non-Toronto residents, at casinos outside of Toronto. A new Toronto development would also draw a net new share from international visitors.

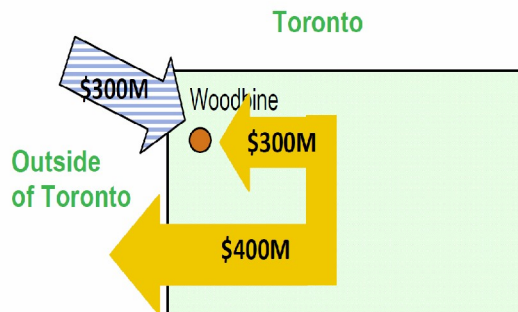
The following schematic diagram serves to illustrate the gaming revenues in Toronto, comparing the current situation with the establishment of a new casino complex in the Toronto portion of the C1 zone.

### Gaming Revenue in Toronto (preliminary estimates)



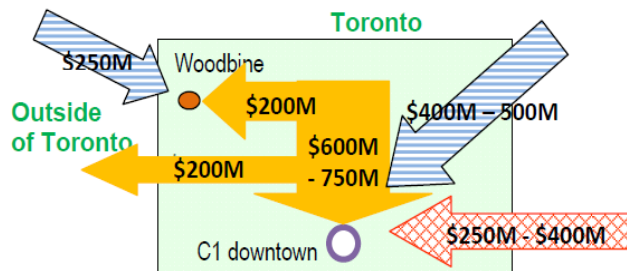
#### Status Quo

Currently Toronto residents spend \$700M on gaming at OLG sites: \$300M at Woodbine and \$400M outside of the City (at other OLG sites). Residents outside of Toronto also spend \$300M on gaming at Woodbine, resulting in a total of \$600M gaming revenue at Woodbine.



#### New C1 Casino

If a new casino resort complex is located in C1 downtown Toronto, it may attract about half of the \$400M currently spent by Toronto residents outside of Toronto, and at the same time attract new gaming revenue from within and outside Toronto, including international high rollers and tourists estimated to spend about \$250M to \$400M. Total gaming revenue at the new casino is estimated to be \$1.4B. However, due to cannibalization effect, gaming revenue at Woodbine is estimated to decrease by 25% (or \$150M).



The Province of Ontario, through OLG, provides a portion of the proceeds from gaming site operations to the host municipalities under municipal funding agreements.

In 2013 the standard municipal formula will be based on a share of gross slot proceeds, with tiered rates. It is expected that marginal changes in gross revenues would have very little impact on the City's share of proceeds. While this is a potential advantage for the City for an existing operation such as Woodbine, it is inappropriate for a new casino development on the scale being considered by OLG for either the downtown or Woodbine zones. The potentially transformative nature of the casino proposals requires that the City set clear expectations about the compensation it would receive if it were to agree to host such a facility.

The report provided to the City by Ernst & Young identifies the average share of proceeds for municipalities in Ontario in terms of total revenues and revenue per citizen. E & Y has also looked at revenue sharing arrangements in other major jurisdictions in North America and elsewhere. Finally, they have estimated the expected share of gross tax revenue that would flow to the Ontario government based on a new casino in the C1 and C2 zones.

Two key illustrative options for compensating the City for hosting a new casino are identified by E&Y. The expected revenue implications of each are summarized in the table below, entitled "Summary of Potential Incremental Revenues".

The first is based on the average municipal share realized under current funding agreements, plus 50% of the premium in incremental provincial revenue that are expected to result from a large casino development at the C1 or C2 locations. The concept behind this scenario is that the City should share in the direct benefit realized by OLG and the Province from a decision to site a casino in Toronto. The 'premium' is the estimated additional gaming and tax revenues expected from a City site that are not expected to be generated in a suburban site. A significant portion of this premium could come from general tourism, conventions and international "high-rollers".

The second approach assumes the City is an equal partner in a new casino within its boundaries, sharing the expected government share of gross gaming revenue 50/50, or approximately 12% of gaming revenues. The equal partner approach recognizes that, unlike the City, the Province (and Federal government) would benefit from GDP related income and sales tax revenues above and beyond a share of direct gaming revenue. Therefore, the City as host should at least be an equal partner in the direct gaming revenues from the casino operation.

Based on these two formulas, the City would be entitled to between \$100M and \$168M annually for a complex at a C1 location, and between \$70M and \$120M at a C2 location. The revenues would be proportionately lower if a standalone casino option is pursued. The City would expect to achieve an arrangement with OLG and/or the Province that provides this level of compensation prior to reporting back to Council on the results of the consultation.

There are a number of ways that revenue could be committed to the City, including a separate contract or an amendment to the standard municipal agreement for large casino proceeds over a certain threshold. Those details would also be discussed prior to reporting back to Council.

### Property Tax

There will be incremental municipal property taxes derived from an integrated complex or standalone casino, to be paid by the casino and related property owners, on the assessment value of the complex. Since there is limited information at this time regarding the assessment value of the complex, E&Y has estimated the property taxes based on assumed square footage. The estimates are incremental in the sense that property taxes currently paid to the City for these sites from buildings that would be replaced are deducted, but potential taxes from other new development in the absence of a casino are not.

### Sales/Lease Proceeds from City-owned land

The City owns substantially all of the lands at the Exhibition Place and the Port Lands. E&Y estimates that sale/lease proceeds of City-owned land for a casino development at either of these sites will deliver between \$35M and \$250M, based on an analysis of recent land transactions.

It should be noted that the portion of Exhibition Place from Strachan Avenue to Dufferin Street was originally transferred to the City of Toronto by way of a 1909 grant from the Federal Government which remains conditional on the continued proper maintenance and preservation of Fort York, failing which the lands would revert to federal ownership. Therefore any purchase of the land would remain subject to this condition unless the Federal Government agreed to remove it. The site was subsequently vested in the former Municipality of Metropolitan Toronto by an amendment to the *Municipality of Metropolitan Toronto Act* and then vested in the amalgamated City under the *City of Toronto Act, 1997*. Therefore, any consideration of a potential sale of the lands (as opposed to a long-term lease) would also require a consideration of the current statutory provisions applicable to its use.

The Convention Centre site is not owned by the City and will not benefit the City from land sales/lease.

The following summarizes the potential non-recurring and recurring revenue estimates for the City by site:

## Summary of Potential City revenues

\$Million

Potential site for new casino	Convention Centre	Exhibition Place	Port Lands	Woodbine Racetrack	Convention Centre	Exhibition Place	Port Lands	Woodbine Racetrack
<b>Gaming Zone</b>	<b>C1</b>	<b>C1</b>	<b>C1</b>	<b>C2</b>	<b>C1</b>	<b>C1</b>	<b>C1</b>	<b>C2</b>
<b>Casino type</b>	<b>Integrated Entertainment Complex</b>				<b>Standalone Casino</b>			
<b>Non-recurring</b> Sale/lease proceeds from City land	n/a	125 to 250	35 to 110	n/a	n/a	50 to 200	12 to 80	n/a
<b>Recurring</b> Hosting fee scenarios†*								
a) New OLG formula	18	18	17	16	16	16	16	16
b) 4% + 50% of large casino premium	106	106	100	70	70	70	66	32
c) 50% of total government revenues **	168	168	151	120	120	120	120	95
<b>Property taxes (incremental)</b>	<b>22</b>	<b>27</b>	<b>27</b>	<b>12</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>n/a</b>

Source: E&Y report

\* incremental to existing hosting fee for Woodbine

† Scenarios are illustrative, based on high level estimates, and subject to negotiation

\*\* equals 12% of total gaming revenues, assuming total provincial and Toronto revenues equal 24% of total gaming revenues.

## Problem Gambling and Associated Health Impacts

Toronto Public Health (TPH) has prepared a technical report on the public health considerations of a casino in Toronto. TPH's report was prepared in collaboration with the Centre for Addiction and Mental Health's Problem Gambling Institute of Ontario. The report focuses on problem gambling and the potential impact of increasing access to gambling.

Key findings from TPH's technical report include:

- Problem gambling is a serious public health concern. The current prevalence rate shows that severe problem gambling directly affects upwards of 11,000 people aged 18+ (0.2%) in the GTA and 25,000 (0.3%) in Ontario. In addition, there are approximately 129,000 people aged 18+ (2.8%) in the GTA and 294,000 people aged 18+ (3.0%) in Ontario who are considered at-risk gamblers, based on their gambling behaviour and likelihood of experiencing adverse consequences from gambling.
- Problem gambling has a range of negative impacts on physical and mental health, including ill health, fatigue, co-related substance use and addiction, depression and suicide among others. These impacts occur alongside others such as alcohol-related traffic fatalities, financial difficulties, family breakdown, divorce and compromised child development that also affect the health and well-being of family, friends, colleagues and communities and are relevant to public health.

- Some groups are at greater risk of becoming problem gamblers or are more vulnerable to the negative impacts of gambling, including males, youth, older adults, Aboriginal peoples, and individuals and families with low income.
- Increased availability and access to gambling is associated with increased rates of problem gambling. Proximity to a gambling venue is one important factor that appears to influence the rate of problem gambling. From current evidence it is difficult to predict how much problem gambling rates will increase depending on distance or population makeup. A casino will likely have a greater effect on problem gambling for people who live or work closer to the casino compared to those further away and also greater impacts on communities with a higher proportion of vulnerable groups.
- Another influence on problem gambling rates is the type of gambling that is available. Electronic gaming machines, such as video lottery terminals (VLTs) (not currently permitted in Ontario) and slot machines, are the most addictive forms of gambling.
- Much remains unknown about how to successfully treat problem gambling. Only a minority of problem gamblers (1-2% per year) seek or receive treatment.
- A broad range of strategies and policies that focus on prevention of exposure to gambling are needed to minimize the probability of problem gambling occurring and reduce health impacts for problem gamblers and their families. These strategies are further outlined in the report to the Board of Health.

In summary, the evidence indicates that increasing access to gambling through any means (including a casino) is associated with an increase in the prevalence of problem gambling. 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. Decisions regarding a new casino in the GTA should consider the likely increase in problem gambling and associated health impacts.

The OLG contributes approximately \$40 million annually – 2 percent of its annual slot revenues – to the provincial government's programs to fund the treatment, research, prevention and public awareness of problem gambling. The corporation additionally spent \$12.9 million in 2011/12 on internal responsible gambling initiatives including staff training and self-exclusion programs. OLG works with other provincial agencies including CAMH to develop staff training, and the Ontario Problem Gambling Research Centre to conduct research.

### Emergency Services

There are concerns that the introduction of a casino could produce a corresponding increase in certain types of crime, particularly in the immediate vicinity. In Ernst &

Young's review of jurisdictions that have recently introduced gaming venues, crime rates have not generally risen, although this may be a function of declining rates across North America over the past decade. Close to Toronto, the Windsor Police Department (WPD) received additional supports when the OLG Resort Casino opened, based on an expected increase in the number of visitors to the area. However, WPD has since observed a decline in crime rates.

Toronto Police Services (TPS) representatives advised E&Y that TPS does not anticipate an increase in crime as a result of a casino, other than what would be expected to result from any new large development and/or influx of people.

## **Location Considerations**

There are four locations within the City of Toronto identified in the Ernst & Young report. These include the Metro Toronto Convention Centre, Exhibition Place, the Port Lands, and Woodbine Racetrack.

The information provided below for each of the locations includes a summary of its context, existing policy, recent activity, and a preliminary summary of some of the key considerations and planning issues associated with each of the sites. This information generally includes site-specific considerations from the Official Plan, for example, where a Secondary Plan or Site or Area Specific Policy applies. Other information presented includes highlights of key policy areas such as Transportation, Built Environment, Human Environment, Economic Health, and the Natural Environment.

As noted earlier in this report, in the absence of a specific location or site, and development proposal, it is premature to make any conclusive statements about any of the sites. It is important to reiterate that any of the planning issues identified in this summary would require further consideration through the development application process, and that there would likely be new issues to consider.

### Metro Toronto Convention Centre (located within OLG's C1 Gaming Zone)

The Metro Toronto Convention Centre (MTCC) site and adjoining Royal Bank of Canada lands are generally bounded by Front Street to the north, Simcoe Street to the east, Blue Jays Way to the west and Bremner Boulevard to the south. These lands are designated Regeneration Areas in the Official Plan and are located within the City adopted Railway Lands Central Secondary Plan which aims to develop the lands as an integral part of the Downtown in a manner that minimizes the barrier effects of the road and rail corridors and connects the central City with the Waterfront. The MTCC is comprised of a north building fronting onto Front Street and a south Building fronting onto Bremner Boulevard. The two buildings are linked by an elevated walkway over the rail corridor and are accessible via the Gardiner Expressway, Union station and the PATH/Skywalk system.

The MTCC is located in an intensely utilized area that is immediately adjacent to the Financial District, the Rogers Centre, the CN Tower, Ripley's Aquarium and the Entertainment District. The users of these various facilities share the same roads, public transit facilities, sidewalks and parking spaces. Although there is no housing within the MTCC grounds, the area is generally surrounded by residential condominium and hotel buildings. Any redevelopment of this site, including a casino, would require a review of the existing and projected capacity of the road and transit network, parking infrastructure, and sidewalk capacity. Water and sewer capacity would also have to be studied. Notwithstanding its central location, the site currently has limited vehicular and loading access.

As the site already contains a major convention centre and office buildings containing employment, any redevelopment of this site anticipating the demolition of the existing MTCC office and hotel buildings would require consideration of replacement employment uses and the appropriate relationships, function and complexity of uses on the site. The degree to which such development complements or competes with the existing economic function of the Entertainment District and other surrounding uses would have to be analyzed. *Mixed Use Areas* downtown are anticipated to include varying amounts of retail and service uses in addition to larger retail complexes. While the Official Plan does not seek to pre-determine a specific pattern, the introduction of new retail and service uses should support and foster the retail character of the downtown and not serve to diminish it. Following the adoption of the Railway Lands East Secondary Plan, the City passed by-laws to allow the southern expansion of the MTCC North Building, although at the time, this expansion was expected to be located below-grade.

#### Exhibition Place (located within OLG's C1 Gaming Zone)

Exhibition Place is a significant public asset on Toronto's waterfront comprised of approximately 192 acres of land, and hosts major public celebrations, festivals and events, including the CNE. Exhibition Place has also traditionally been an important venue for business, commerce, trade and consumer shows along with conferences and conventions. More recent projects include the addition of the BMO Field and the renovation of the Automotive Building to become a meeting and conference venue named Allstream Centre. Generally, the Exhibition Place lands are comprised of large structures, surface parking lots, and large expanses of open and green space. A site plan review has recently been undertaken for a 400-room hotel development at the southeast portion of the Exhibition Place lands, with construction expected to start in 2013.

Exhibition Place lands are designated as *Regeneration Areas* and *Other Open Space Areas* in the Official Plan. *Regeneration Areas* are intended to provide a broad mix of commercial, residential, light industrial, parks and open space, institutional, live/work and utility uses in an urban form. There are several documents that have been prepared which apply to the lands at Exhibition Place including, the Central Waterfront Secondary



Plan, the Exhibition Place Strategic Plan (2009-2012), the Exhibition Place 2010 Structure Plan, and the Festival Plaza at Exhibition Place Master Plan. The use of the lands at Exhibition Place is governed by the *City of Toronto Act, 2006*, giving land use authority to the Exhibition Place Board of Governors and City Council.

Situated between the Gardiner Expressway and Lakeshore Boulevard, with access points from Lakeshore Boulevard, Dufferin Street and Strachan Avenue, Exhibition Place is somewhat landlocked and isolated from surrounding neighbourhoods. Several of the documents noted above identified plans for a TTC Waterfront West LRT, along with other changes to surrounding streets and TTC services, all of which would improve public transit access to Exhibition Place. There are approximately 6,500 parking spaces at Exhibition Place and 1,984 parking spaces at Ontario Place.

Should a large scale venue such as a casino be proposed for this location, a full review of the existing and planned transportation and public transit system would be necessary, presumably with significant upgrades to public transit required as part of redevelopment. Any redevelopment of this site, including a casino, would require a review of the existing and projected capacity of the road and transit network, parking infrastructure, and sidewalk capacity. Water and sewer capacity would also have to be studied.

One of the four core principles of the Central Waterfront Secondary Plan is "Creating Dynamic and Diverse New Communities", which considers a range of development forms of a sufficient scale to establish a critical mass of people both living and working in a neighbourhood setting. Through this document, Exhibition Place is envisioned to "expand into a dynamic area where people work, visit and live." This document indicates that housing at Exhibition Place may be appropriate at select peripheral locations, so as not to detract from the primary role as a place to host large events and festivals. However, the Board of Governors of Exhibition Place is not in favour of any housing at Exhibition Place.

There are numerous heritage resources located within the Exhibition Place lands, including areas of archaeological interest. Any new development must respect and celebrate Exhibition Place's existing heritage architecture and views of heritage buildings from the water. The value of both built and natural heritage would be significant considerations for any new applications.

Given previous planning efforts for Exhibition Place as part of the Central Waterfront Secondary Plan and other studies, it would be prudent to develop a comprehensive plan that takes a "precinct planning" approach to development, should a casino be proposed for this location.

#### Port Lands (located within OLG's C1 Gaming Zone)

The Port Lands encompass approximately 880 acres of land to the east of the downtown. Extensive work has been done with respect to planning for the Port Lands area; both the

Central Waterfront Secondary Plan, and more recently, the Port Lands Acceleration Initiative (PLAI), identify major planning strategies for this area. The PLAI was undertaken primarily to re-examine the Don Mouth Naturalization and the Port Lands Flood Protection Project Environmental Assessment, as well as to develop a business and implementation plan for the Port Lands.

A casino use was not specified in the PLAI and therefore no consideration has been given as to how a facility of this scale could be incorporated into the Port Lands. Additionally, through the community consultation process for the PLAI, a mixed-use urban district community was identified as the most desirable vision for the area, and it is uncertain as to how an integrated entertainment complex would fit with this vision. Infrastructure planning and financing also remains significant issue which will be the subject of further work, with respect to all development in the Port Lands.

For further information refer to the Port Lands Acceleration Initiative - Final Report and Appendices: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX22.1>

#### Woodbine Racetrack (located within OLG's C2 Gaming Zone)

The Woodbine racetrack is a 650 acre site located on Rexdale Boulevard, just north of Highways 409 and east of Highway 427. The site contains both horse racing facilities and a gaming establishment with slot machines. Only slot machines were permitted through Ministerial Zoning Order (668/98). The lands are designated Employment Areas in the Official Plan and are also subject to City adopted Area Specific Policy 296 as well as site-specific By-law 864-2007. This Area Specific Policy seeks to develop the lands in a manner that builds upon the existing campus-like setting and which sustains and builds upon the existing horse racetrack and associated entertainment uses, to create an active, pedestrian-friendly commercial, retail and entertainments centre and residential neighbourhood. The Woodbine property is currently comprised of the large facility containing seating for the track and slot machines, as well as several small buildings, the outdoor racetrack, surface parking and green space.

The Woodbine facilities are accessible via Highways 409 and 427 and with a parking capacity of approximately 14,700 spaces. There are two TTC bus routes which link it to Kipling and Islington subway stations. This site is already planned comprehensively as a centre of employment through OPA 296 and includes an approved framework which contemplates entertainment uses. A City approved Community Improvement Plan also provides for a Tax Increment Equivalent Grant.

Any refinement of the approved planning framework would require further consideration of the road and other infrastructure capacity, the mixing of uses and connection with the surrounding fabric. As noted in OPA 296, development of these lands necessitates a Subdivision Agreement and other agreements, including, among other matters, a master plan, servicing and infrastructure development, transit and parking strategy and public roads. Transit improvements may include a GO transit station located along the CNR line

abutting the south end of the site. Consideration of the extension of the planned LRT service to Humber College from the east may be warranted, if the site is considered for further major uses. Although a full-scale casino was not part of the conceived plans, it could be physically accommodated on the site, provided the above noted concerns were addressed.

There is no existing housing within this site, but should it be contemplated, OPA 296 only permits residential uses on a small portion of the northwest corner of the site. Existing uses on the site may provide employment opportunities, however, provision of other services and open spaces would require further consideration.

### A GTA Casino Outside Toronto

The C1 zone drawn by OLG shows that a casino could also be developed in southeast Mississauga or in an area spanning the border of Markham and Richmond Hill. The C2 zone includes parts of Mississauga, Brampton and Vaughan.

If a casino is located in either of these zones but outside Toronto, the City would have less ability to shape the development proposal and would not participate in any revenue sharing. Toronto residents and businesses would however still be subject to broader impacts associated with problem gambling, increased traffic and competition for discretionary entertainment expenditures. Net economic impacts for the City are very hard to estimate given the labour market and supplier market flows in the region, but since Toronto and area residents would travel to it, a gaming facility outside of Toronto would likely impact businesses and jobs in the city. In addition, a casino located outside Toronto (i.e. in Mississauga, Markham or Richmond Hill) would divert \$150 million to \$224 million of gaming revenue away from Woodbine, which would also impact local jobs and reduce revenue to the City.

## **CONCLUSION**

### **Engaging the Public and Stakeholders**

As part of its request, Executive Committee asked the City Manager to report back on an appropriate process for additional public consultations, if required.

The *Ontario Lottery and Gaming Corporation Act* requires that municipal councils seek public input into the establishment of a proposed gaming site. Neither the Act nor the OLG have prescribed the format for public consultation. The E&Y study indicates that public consultations in other jurisdictions on this issue ranged from none, to public meetings and online surveys, to formal referendums.

At this time, it is recommended that the Executive Committee approve the City Manager's retention of an external consultant to develop and implement a public consultation strategy that supports City Council's deliberations and decision-making and meets the statutory requirements of the *Ontario Lottery and Gaming Corporations Act*.

The strategy should include providing background information to the public to support informed engagement and the use of a range of engagement methods such as meetings, surveys, social media, online tools and toolkits for Councillors to engage local residents. The consultation plan will also seek input from key stakeholders. The consultation plan including time lines and opportunities for input will be communicated through the City's website.

A summary of the public engagement process and outcomes will be included when the City Manager reports back on this matter in February/March 2013, and the output will be provided to OLG in keeping with provincial requirements.

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## **SIGNATURE**

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Joseph P. Pennachetti, City Manager

## **ATTACHMENTS**

Attachment 1 – Ernst and Young Consultant Report *Potential Commercial Casino in Toronto*  
Attachment 2 – OLG *Modernizing Lottery and Gaming* Report, Map of Zones C1 and C2  
Attachment 3 – Results of 1997 Municipal Election Referendum Questions