



STAFF REPORT ACTION REQUIRED

Expanded Gaming at Woodbine Racetrack

Date:	July 6, 2015
To:	City Council
From:	Acting City Manager
Wards:	All
Reference Number:	

SUMMARY

On June 30, 2015, Executive Committee considered item EX7.4 *Expanded Gaming at Woodbine Racetrack* (Woodbine) which was adopted with amendments. Executive Committee requested the Ontario Lottery and Gaming Corporation (OLG) to submit to Council for its meeting on July 7, 2015 its vision for the expansion of Woodbine, including its envisioned proposals for expanded gaming, hotel operations and the proposed entertainment complex. The OLG response is appended to this report.

The letter outlines OLG's requirement for a service provider that can deliver achievable plans for gaming and local development, detailed within its request for pre-qualified (RFPQ) operators. OLG confirms that Toronto's approval of expanded gaming at Woodbine is subject to OLG or its service provider meeting conditions, and that Council must confirm its resolution with a future report from the City Manager, and that the OLG will not proceed without it.

This report recommends amendments to clarify that the OLG will not seek Ministerial approval of a business case for expanded gaming at Woodbine, per Ontario regulation 81/12, until City Council has considered and approved a future report from the City Manager assessing how the service provider has met or can contractually commit to meeting City conditions.

This report also amends Executive Committee recommendations to provide additional information on the type and quality of integrated development uses suitable at Woodbine that can attract substantial new spending to Toronto resulting in significant net new employment opportunities and socio-economic benefits. The preference is for an integrated entertainment complex as previously approved by City Council in 2007.

RECOMMENDATIONS

The City Manager recommends:

1. City Council amend Appendix A to the report (June 16, 2015) from the Acting City Manager by deleting Condition 1 and replacing it with the following new Condition 1:
 1. Expanded gaming at Woodbine should occur within the context of an integrated entertainment complex as previously approved by City Council in 2007. The approval of expanded gaming is conditional upon the service provider agreeing to finalize the outstanding Site Plan Control and Plan of Subdivision applications for an integrated complex, including entertainment, retail, hotel, restaurant, office for Woodbine's Phase 1A lands or agreeing to undertake a new development consistent with the previous Phase 1A concept. It is City Council's preference the integrated entertainment complex be built concurrently with the expanded gaming facility.
2. City Council delete Executive Committee Recommendation 4 and amend Executive Committee Recommendation 2 by:
 - a. adopting the following new Part 2b.:

the Ontario Lottery and Gaming Corporation selecting a service provider that will enter into contractual obligations with Woodbine Entertainment Group to deliver an integrated gaming and a broad range of non-gaming related uses as outlined in the new Condition 1 per Recommendation 1 above, that can attract substantial new spending to Toronto, resulting in significant net new employment opportunities and socio-economic benefits to the local community
 - b. amending Part 2d to read as follows:

the Ontario Lottery and Gaming Corporation not authorizing the establishment of expanded gaming and seeking Ministerial approval of the business case per O. Reg. 81/12 until City Council has considered and approved the report described in Recommendation 2d above, has granted all planning approvals, and if required by City Council, entered into an agreement with the service provider
 - c. adopting the following new Part 2f.:

the Ontario Lottery and Gaming Corporation maintaining its accountability over Responsible Gambling directives, program elements and program performance measures for implementation and delivery at the Woodbine site

and re-lettering Recommendation 2 accordingly, so that Recommendation 2 will now read as follows:

2. City Council pass a resolution in support of expanded gaming at Woodbine Racetrack (555 Rexdale Boulevard) (Woodbine) in the Ontario and Lottery Gaming Corporation (OLG) C2 zone (see map in Appendix A) to the report (June 16, 2015) from the Acting City Manager, as amended by Recommendation 1 above, as required under Ontario Regulation 81/12, including additional electronic games and live dealer tables, subject to:
 - a. the Ontario Lottery and Gaming Corporation including the conditions set out in Appendix A to the report (June 16, 2015) from the Acting City Manager ("the conditions") within its procurement process;
 - b. the Ontario Lottery and Gaming Corporation selecting a service provider that will enter into contractual obligations with Woodbine Entertainment Group to deliver an integrated gaming and a broad range of non-gaming related uses as outlined in the new Condition 1 per Recommendation 1 above, that can attract substantial new spending to Toronto, resulting in significant net new employment opportunities and socio-economic benefits to the local community;
 - c. the Ontario Lottery and Gaming Corporation including a clause in its Casino Operating and Services Agreement requiring the service provider to report on how it will fulfil City conditions, and a timeline in which this will be undertaken, in a form satisfactory to the City Manager and the City Solicitor;
 - d. the Ontario Lottery and Gaming Corporation allowing City Council to consider a further report from the City Manager assessing how the service provider has met or can contractually commit to meeting the conditions, and decide whether to maintain or reverse its conditional resolution in support of expanded gaming at Woodbine;
 - e. the Ontario Lottery and Gaming Corporation not authorizing the establishment of expanded gaming and seeking Ministerial approval of the business case per O. Reg. 81/12 until City Council has considered and approved the report described in Recommendation 2d above, has granted all planning approvals, and if required by City Council, entered into an agreement with the service provider; and
 - f. the Ontario Lottery and Gaming Corporation maintaining its accountability over Responsible Gambling directives, program elements and program performance measures for implementation and delivery at the Woodbine site.

Financial Impact

There is no immediate financial impact as a result of the adoption of the recommendations of this report. The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

COMMENTS

Letter from Ontario Lottery and Gaming Corporation

Appended to this report is the July 6, 2015 letter from Mr. Stephen Rigby, President and Chief Executive Officer, OLG, in response to the June 30, 2015 request from Executive Committee.

The letter outlines OLG's vision for Woodbine as a high-performing site that will maximize gaming revenue for the Province of Ontario and similar to integrated sites that contain a mix of non-gaming uses such as hotels, restaurants, retail, spas and other possible amenities such as convention centres and meeting facilities.

An OLG requirement for a service provider that can deliver achievable plans for gaming and local development is detailed within its request for pre-qualified (RFPQ) service providers. The RFPQ currently scheduled to close on August 27, 2015 seeks interested service providers to submit information on their technical capabilities to operate gaming, and their experience with property development and operation. The RFPQ criteria includes experience with "non-gaming amenities alongside the gaming operations including, but not limited to hotels, food and beverage services, racetracks, retail/commercial facilities, entertainment centres and conference facilities".

The proposal requirements and evaluation criteria will be described in detail in the request for proposal (RFP) stage which OLG plans to launch in the coming months. The focus of the RFP for OLG is to increase gaming revenue for the benefit the Province and to promote economic development through job creation and capital investment. As part of the RFP process OLG will provide the City resolution and any conditions in a confidential data room for the pre-qualified service providers to review. The OLG letter to City Council will also be part of the information provided in the data room. In addition, during the RFP phase, OLG will facilitate an opportunity for City officials to meet with service providers. At the end of this process, the service provider, the City and OLG can become more specific about their collective vision.

In addition, the letter notes that OLG will include in its contract with the service provider an obligation for the service provider to report to OLG on its plan to comply with the City's resolution and the timeline for such compliance. When the OLG awards the contract, the details of the development will evolve with input from the service provider, Woodbine Entertainment Group and OLG as well as consent from the City of Toronto and approval from the Ontario Minister of Finance. Most importantly, the letter confirms

that Council's approval of expanded gaming at Woodbine is subject to OLG or its service provider meeting conditions, and that Council must confirm its resolution with a future report from the City Manager, and that OLG will not proceed without such a resolution.

Furthermore, the letter speaks to OLG's ongoing and future responsibility in the delivery of Responsible Gambling services. The OLG Slots at Woodbine has earned RG Check, an independent accreditation created by the Responsible Gambling Council (RGC). The OLG will maintain its accountability over Responsible Gambling directives, program elements and program performance measures for implementation and delivery by gaming sites. Service providers will be required to follow OLG and Alcohol and Gaming Commission of Ontario (AGCO) rules and rigorous Responsible Gambling Standards. All Responsible Gambling requirements are a part of the OLG procurement documents.

City Preference for Integrated Development at Woodbine

This report recommends the OLG select a service provider that will enter into contractual obligations with Woodbine Entertainment Group to deliver an integrated gaming and a broad range of non-gaming related uses that can attract substantial new spending to Toronto, resulting in significant net new employment opportunities and socio-economic benefits to the local community.

In 2007, City Council approved a development concept for the Woodbine lands that included entertainment, retail, hotel, restaurant, office and gaming uses, in addition to the Woodbine Racetrack. The concept was to be developed in phases, with Phase 1A being an integrated entertainment complex which would include entertainment uses, specialty retail, a live entertainment venue, restaurants and a hotel. Phase 1B would consist of an area adjacent to Highway 427 containing large format retail stores. Phase 2 would consist of 2,500 residential units and offices. In the Zoning By-law for Phase 1, the amount of floor space for the various uses was not proscribed, only the amount of retail space was limited. Further details can be found at the following link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2007.EY7.17>.

Should Council support expanded gaming at Woodbine, it should be within the context of an integrated entertainment complex as previously approved. As such, the approval of expanded gaming should be conditional upon the service provider agreeing to finalize the outstanding Site Plan Control and Plan of Subdivision applications for an integrated entertainment complex for the Phase 1A lands or agree to undertake a new development consistent with this concept. It is anticipated this could result in the development of approximately 118,000 m² of additional employment space at Woodbine.

To achieve City Council's vision for Woodbine, the integrated entertainment complex should be built concurrently with the expanded gaming facility.

The advantages of an integrated entertainment complex at Woodbine from a citywide perspective include:

- the potential for additional development on this underutilized site;
- opportunities to better integrate the site into the larger context;

- the potential to spur development related to the Council approved plans;
- it would not destabilize adjacent areas;
- uses, built-form and scale are more easily accommodated and impacts are more easily mitigated;
- the expansion, both in the interim and with the westward addition, has the potential to create local employment opportunities for residents of the nearby neighbourhoods in the short-term, with full build-out of the entertainment complex, additional employment opportunities would be created; and
- given the proximity of the site to Pearson International Airport, the facility could attract travellers waiting for connecting flights, and in particular if enhanced transit accessibility to/from the airport is achieved.

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SIGNATURE

John W. Livey, Acting City Manager

ATTACHMENTS

Appendix A: July 6, 2015 letter from Ontario Lottery and Gaming Corporation



July 6th, 2015

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John Livey
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City of Toronto
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100 Queen Street West
Toronto, Ontario M5H 2N2

Dear Mr Livey:

As requested at the meeting of the Executive Council on June 30th, 2015, I am respectfully submitting the vision of the Ontario Lottery and Gaming Corporation (OLG) for the OLG Slots at Woodbine site at 555 Rexdale Boulevard in Etobicoke.

Our vision for the site is an integrated facility. The most high-performing sites around the world are integrated models, containing a blend of hotel capacity, restaurants, retail, and other possible amenities such as convention centres. Non-gaming development in concert with a casino is the standard across North America.

The ability of service providers to conceive of an optimal blend of these facilities in their proposals will substantially drive OLG's selection of the successful bidder. OLG is seeking the service provider's explicit proposal as to how a combination of gaming and amenities might be achieved and we will make the selection accordingly.

Local employment has always been a key value of OLG operations. OLG Slots at Woodbine is one of North America's busiest gaming floors and employs more than 700 people. We estimate that up to 1,400 net new jobs in the gaming portion of the facility will be created with the gaming expansion alone. Non-gaming amenities will create more jobs beyond that number.

We expect that potential service providers will bring forward-thinking proposals that incorporate modern approaches to integrated gaming entertainment options for customers. Gaming is not the only draw, nor is it the only option for entertainment. This is particularly the case at the Woodbine site, where even today, people can choose to watch horse racing, play games of chance, or dine out or any combination of the above.

As such, today we are seeking pre-qualified service providers with experience in gaming and property development (as well as experience in key areas such as labour relations and First

Nations relationships). When we enter the next phase of procurement, we will seek a qualified service provider with achievable plans for gaming and local development. Finally, after awarding the contract, the details of the development will evolve with input from the service provider, Woodbine Entertainment Group and OLG, as well as consent from the City of Toronto and approval from the Ontario Minister of Finance.

The RFPQ phase of our procurement for the Greater Toronto Area Gaming Bundle includes OLG Slots at Woodbine as well as OLG Slots at Ajax Downs (and potentially Great Blue Heron Casino on the lands of the Mississaugas of Scugog Island First Nation). The RFPQ, publicly available on Merx, is currently scheduled to close on August 27, 2015. Interested service providers are asked to submit information on their technical capabilities to operate gaming, and more importantly to the City, their experience with property development and operation.

OLG believes that expanded gaming could be a catalyst to additional economic development at the Woodbine site. As we set out to create a pre-qualified list of potential service providers, we are specifically asking respondents to provide examples of their experience in integrated development. The RFPQ criteria includes experience with “non-gaming amenities alongside the gaming operations including, but not limited to hotels, food and beverage services, racetracks, retail/commercial facilities, entertainment centres and conference facilities.”

The RFPQ currently in market contains the following language (emphasis added):

Relevance of the Non-Gaming Operations to Gaming Bundle 5 (GTA): **The Applicant should describe how the size and scope of the non-gaming amenities (e.g. food and beverage, hotel, theatre) offered at this site are relevant to the opportunity...**

Design and Integration: **Describe how each example of property development experience provided was designed with regard to the local competitive landscape, market environment and consumer preferences and how the development was integrated into the local community.**

Performance of the Property Development Project: The Applicant should demonstrate its performance in delivering each property development project by **describing how the project was delivered on time, within budget and in accordance with the original specifications.**

In addition, the RFPQ seeks demonstrable experience in the operation of non-gaming amenities and it requires service providers to provide the name of a key individual with experience in leading and succeeding at the operation of non-gaming facilities.

The RFPQ process will allow OLG to create a list of pre-qualified service providers eligible to receive the Request For Proposal (RFP) documents. The RFP is an opportunity for pre-qualified service providers to bid through a competitive and transparent procurement process.

The proposal requirements and evaluation criteria will be described in detail in the RFP stage which OLG plans to launch in the coming months. The focus of the RFP for OLG is to increase gaming revenue for the benefit the Province of Ontario and to promote economic development through job creation and capital investment across the Gaming Bundle.

As part of the RFP process OLG will provide the City resolution and any conditions in a confidential data room for the pre-qualified service providers to review. This letter will also be part of the information provided in the data room. In addition, during the RFP phase, OLG will facilitate an opportunity for City officials to speak with prospective service providers. At the end of this process, the service provider, the City and OLG can become more specific about their collective vision.

OLG will include in the contract with the service provider an obligation for the service provider to report to OLG on its plan to comply with the City's resolution and the timeline for such compliance.

Further, based on information provided to OLG to date, OLG confirms its understanding that (i) the City of Toronto's approval of gaming expansion at the Woodbine site under Regulation 81/12 of the *Ontario Lottery and Gaming Corporation Act, 1999* is subject to OLG or its service provider meeting the obligation to report back to City staff on compliance with, or a process to comply with, conditions set out in its Regulation 81/12 resolution to the satisfaction of City staff and the City Manager for a report back to Council and (ii) thereafter, Council must confirm its resolution in support of expanded gaming at Woodbine prior to OLG authorizing such expansion and will not proceed otherwise.

As you are aware, at the Woodbine location, the owner of the property, Woodbine Entertainment Group, has acreage available for potential further development for gaming or non-gaming purposes. Any such developments are subject to obtaining applicable municipal and other governmental approvals including under the *Planning Act* (Ontario).

As the current facility does not have the required square footage for expansion, OLG's vision includes an expanded building that would enhance the appearance of the overall structure. OLG envisions new gaming facilities that complement their surroundings both visually and commercially. In accordance with the City's requirements, the service provider's proposed development should include urban design considerations, consistent with the Draft Urban Design Guidelines for Woodbine. The service provider's eventual development proposal should be presented to the City's Design Review Panel and take into consideration the design direction from that group and, furthermore, OLG acknowledges that the development proposal will also be subject to applicable municipal and other governmental approvals as required under the *Planning Act*.

In Toronto, and in all municipalities across Ontario, OLG requires clear municipal approval for the location of new sites or, where applicable, the expansion of gaming facilities. Not only is this critical to OLG as a matter of law, as required under Ontario Regulation 81/12, it is also fundamental to the successful operation of our sites and the emphasis that we place on having positive, continuous relationships with our host municipalities.

One element of OLG's ongoing relationship with any host municipality is the Municipality Contribution Agreement (MCA). The current MCA, announced in May 2013, provided additional funding for all host municipalities, while ensuring equitable treatment across the province. OLG estimates that expanded gaming at Woodbine would generate \$7-\$11 million in additional hosting fees, for total of \$22-\$26 million annually. In addition to hosting fees, OLG's current and future host communities benefit from local job creation, economic development, capital investments and property tax revenue.

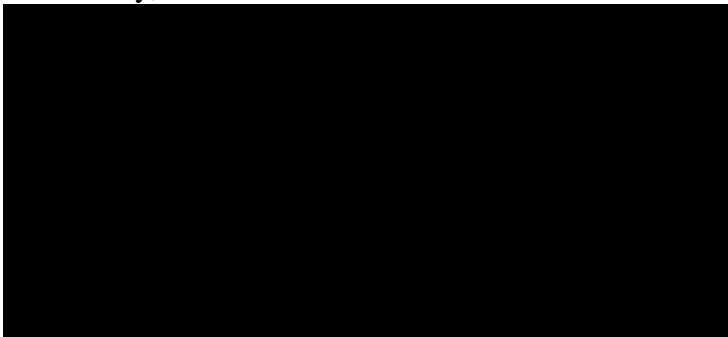
OLG is a proud partner and employer in 22 Ontario communities. OLG's history in Ontario, and specifically in Toronto, provides clear evidence that our gaming facilities are good employers, use local suppliers and provide broad community economic development. We are committed to working with the City of Toronto throughout this process and beyond.

I want to close by emphasizing the importance of Responsible Gambling, not only to OLG today, but also to our operations in the future. OLG seeks to prevent problem gambling from occurring in the first place, and provides a bridge to assistance for those who need it. Responsible Gambling is a central focus and a driving force behind our business. OLG Slots at Woodbine has earned RG Check, an independent accreditation created by the Responsible Gambling Council (RGC).

Though we will transition some operational functions to service providers, OLG will maintain accountability over Responsible Gambling directives, program elements and program performance measures for implementation and delivery by gaming sites. Service providers will be required to follow OLG and AGCO rules and rigorous Responsible Gambling Standards. All Responsible Gambling requirements are spelled out clearly in our procurement documents.

I hope that this helps to elucidate our process and our vision for the site. I would like to thank you for the opportunity to provide OLG's viewpoint on this important decision. I am pleased that we are able to continue our long and productive relationship with the City of Toronto.

Sincerely,



Stephen Rigby
President and Chief Executive Officer
Ontario Lottery and Gaming Corporation