

## **Expanded Gaming at Woodbine Racetrack - City Conditions**

**Date:** April 12, 2018  
**To:** Executive Committee  
**From:** Interim City Manager  
**Wards:** All

### **SUMMARY**

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On July 7, 2015, City Council passed a conditional resolution supporting expanded gaming at Woodbine Racetrack subject to, among other things, Ontario Lottery and Gaming Corporation's (OLG) service provider (Ontario Gaming GTA Limited Partnership or OGGLP) meeting 21 conditions (EX7.4). The conditions include 12 planning conditions, and 9 social (or non-planning) conditions focused on community benefits (economic development, local employment, access to community space and Responsible Gambling matters).

The purpose of this report is to provide an assessment on how OGGLP has met or has contractually committed to meeting the 9 social (non-planning) conditions and identifies the terms and conditions of a Community Benefits Agreement (CBA). It is recommended that the City enter into the CBA as per the terms and conditions in Attachment 1.

City staff are of the opinion that the 9 social conditions (13 to 21) have been met subject to the signing of the CBA. City staff are also of the opinion that the 12 planning conditions have been met (as included in Item EY29.2, Final Report - 555 Rexdale Boulevard - Zoning By-law Amendment and Draft Plan of Subdivision Applications which was adopted unanimously by Etobicoke York Community Council on April 4, 2018):

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EY29.2>

It is recommended that the decision in regard to this report and the decision on Item EY29.2, together with the City Council decision on item EX7.4, Expanded Gaming at Woodbine Racetrack, made at its meeting on July 7, 2015, be forwarded to the Province of Ontario and the Ontario Lottery and Gaming Corporation once the City and OGGLP have entered into the CBA.

*Summary Assessment of the 9 Social Conditions (Further details can be found in Attachment 5)*

**Condition 13: The service provider will develop an international marketing plan and outline what measures it will implement to maximize the facility's ability to attract tourists both nationally and internationally.**

City staff are of the opinion that Condition 13 has been satisfied. As outlined in Attachment 1 (Community Benefits Agreement Terms Sheet), OGGLP has committed to developing and implementing an International Marketing Plan (IMP) and to working with City staff on the IMP over the course of the buildout, including updating metrics and performance indicators.

**Condition 14: The service provider will develop an Employment and Labour Market Plan satisfactory to the City, which will apply to the gaming facility and related development and operations.**

City staff are of the opinion that Condition 14 has been satisfied. Attachment 1 outlines OGGLP's commitments to developing and implementing a 20-year Employment and Labour Market Plan (ELMP), outlines key commitments to employment targets and commitments to monitor, track and report on progress. The ELMP will be monitored by the Employment and Labour Market Advisory Working Group.

Key employment targets include:

- Use all reasonable commercial efforts to ensure a minimum of 10% of all construction trade and craft working hours be apprentices or journeypersons from the Woodbine Local Area or equity-seeking groups.
- A minimum of 40% new hires (to be tracked by headcount) through local or social hiring, in which at least half is dedicated to local hiring.
- In the first two years of operations, at least 40% of total employees will work full-time (at least 35 hours per week). After two years of operation, at least 50% of employees will work full-time.

The total number of jobs to be created is outlined in the comments section of this report, while the terms Woodbine Local Area, social hiring and equity-seeking groups are defined in Attachment 1.

OGGLP also commits to working with technical schools and local employment services networks as part of the hiring process for construction professional, technical and administrative roles.

**Condition 15: The service provider will establish an Employment and Labour Market Advisory Working Group to oversee the implementation and reporting of outcomes of the Employment and Labour Market Plan.**

City staff are of the opinion that Condition 15 has been satisfied. As outlined in Attachment 1, OGGLP has committed to convening an Employment and Labour Market Advisory Working Group and has submitted draft Terms of Reference for the Group that they will chair (Attachment 6). Further, the Working Group will oversee the

implementation and reporting of outcomes of the Employment and Labour Market Plan, including skills training and apprenticeships. The Terms of Reference will be finalized by the Working Group once it is convened.

**Condition 16: The service provider will implement a Supply Chain Diversity Policy, which will include opportunities to secure agreements that support operational requirements and provide added-value to local businesses; and require the service provider to take all reasonable steps to create opportunities for local businesses to benefit from the proposed development, and encourage the hiring and purchasing of skilled service providers that resemble the diversity and multicultural makeup of Toronto.**

City staff are of the opinion that Condition 16 has been satisfied. As outlined in Attachment 1, OGGLP has committed to develop and implement a Supply Chain Diversity Policy and Procedures. In addition, OGGLP has committed to ensuring a minimum 10% of annual operational procurement, excluding specialized items such as gaming devices and technology, are procured from a local or diverse supplier (including existing contracts). This target is similar to the City of Vancouver's 10% local procurement target in at least seven CBAs to date, including two gaming facilities.

OGGLP commits to working collaboratively with the City and Supplier Councils (established non-profit supplier certification organizations) and will develop targeted lists of certified diverse suppliers to be included in OGGLP's procurement processes. OGGLP also committed to engaging in a number of supporting activities during the Supply Chain Diversity Policy development and implementation phases.

**Condition 17: The City will not consent to the expansion of the gaming at Woodbine unless the Ontario Lottery and Gaming Corporation (OLG) and service provider have entered into agreements through which the service provider: (a) acknowledges that it is bound by existing collective agreements in accordance with the "sale of business" provisions of the Labour Relations Act, 1995 and (b) agrees to refrain from interfering in union related matters. 17(c) is a City Council request that OLG and the service provider enter into an agreement with any trade union recognizing them as the exclusive bargaining agent where they can establish 50 percent plus 1 of employees are members and have signed authorization cards.**

City staff are of the opinion that this condition has been satisfied as such agreements were entered into on January 23, 2018 when OGGLP assumed operations of the gaming facility. OLG has verified the presence of said agreements and OGGLP has sent a letter confirming that they have entered into such agreements with OLG. The response is consistent with the City Council conditions and the provisions of the *Labour Relations Act, 1995* upon which they are based. Further information on 17(c), which is a request of OGGLP, not a condition of City Council's approval of expanded gaming, is provided in Attachment 5.

**Condition 18: The service provider will identify commitments for the provision of access to suitable live event and/or large venue facilities, at little or no cost, for a limited number of operational hours within its facilities, for appropriate community cultural purposes.**

City staff are of the opinion that Condition 18 has been satisfied. As outlined in Attachment 1, OGGLP has committed to making space available at the 4,200 seat entertainment venue for a minimum of 1 large-scale event per month, or 12 per year, for little to no cost to the community. In addition, OGGLP has committed to providing access to the 5,000 square foot on-site training centre as well as other spaces at 555 Rexdale Boulevard which may become available.

To provide a framework and process for community use of space, OGGLP has also committed to developing and implementing a Community Access to Space Policy and Procedures that will address guidelines for registration and accessing space, fee guidelines to access spaces, weekly, monthly, and/or annual targets for each venue or space, and number and type of spaces available.

**Condition 19: The service provider must maintain all existing and planned Responsible Gambling measures and work with City staff and the Toronto Medical Officer of Health to implement harm mitigation measures to address the negative impacts of problem gambling.**

City staff are of the opinion that this condition has been satisfied by OGGLP and OLG. As outlined in Attachment 1, OGGLP has committed to maintaining all Responsible Gambling (RG) measures in place as required by OLG and the Alcohol and Gaming Commission of Ontario (AGCO), and implementing and maintaining all planned RG measures required by OLG. It is City staff's opinion that the current regulatory framework for RG in Ontario, in combination with the accountability mechanisms outlined under Condition 21 provides assurance that OGGLP will maintain all existing and planned Responsible Gambling measures in accordance with OLG requirements.

**Condition 20: The service provider will address the potential negative impacts of expanded gaming at Woodbine and identify community benefits it will contribute to mitigate any potential risks, including:**

- a. the preparation of regular reports assessing the health and social impacts of gaming operations at Woodbine;**
- b. providing additional social and health services to address any increase in vulnerability to Toronto residents brought about by expanded gaming at Woodbine;**
- c. a commitment to proactively addressing the negative impacts of problem gambling through prevention, intervention, treatment referral and harm mitigation initiatives based on internationally recognized best practices;**

City staff are of the opinion that Conditions 20a, 20b and 20c have been satisfied through Condition 19, the commitments of OGGLP as outlined in Attachment 1, and through the committee proposed by OLG under Condition 21 (see below and Attachment 7). Together, these items indicate that both OLG and OGGLP will be continuously examining these issues in collaboration with the City and key stakeholders.

**Condition 20 (continued):**

- d. the identification of and commitment to social procurement opportunities and strategies that are aimed at providing benefits to local businesses and residents;**
- e. the identification of and commitment to the principles of an Employment and Labour Market Plan to support the development and operation of the proposed expansion;**
- f. the identification of and commitment to the principles of a Supply Chain Diversity Policy to encourage meaningful employment opportunities; and**
- g. the identification and commitment to building sustainable community relationships and initiatives that benefit Toronto residents.**

City staff are of the opinion that Conditions 20d, 20e, 20f and 20g have been satisfied through details outlined under Conditions 14-16 and 18-19 which demonstrate commitment to social procurement, supply chain diversity and the principles of an Employment and Labour Market Plan. Further, Condition 20g is also specifically addressed in the governance section below which includes pathways to identifying future impacts and benefits and building sustainable community relationships over the long term.

**Condition 21: The service provider will develop and enter into an agreement (or multiple agreements) with the City identifying the terms and conditions of community benefits it will contribute to mitigate any potential risks of expanded gaming at Woodbine, including the establishment of an oversight committee responsible for reporting on progress, and comprising representatives from the service provider, the City of Toronto, including Public Health, and invite representatives from the Ministry of Health and Long-Term Care, the Centre for Addiction and Mental Health and relevant research and community-based stakeholders.**

City staff are of the opinion that Condition 21 has been satisfied through OGGLP's commitment to enter into a Community Benefits Agreement (CBA) with the City on the terms and conditions set out in Attachment 1, and through Attachment 7 which outlines OLG's Terms of Reference for a Responsible Gambling Oversight Committee (with members as identified by City Council in 2015).

The CBA includes specific requirements and targets that secure local employment, economic development, access to community space, and Responsible Gambling commitments from OGGLP for the local community and Toronto residents. It sets the stage for a 20-plus year relationship between the City and OGGLP with transparent reporting and accountability to stakeholders and the broader community.

## **RECOMMENDATIONS**

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The Interim City Manager recommends that:

1. City Council confirm that, subject to the execution of a Community Benefits Agreement with Ontario Gaming GTA Limited Partnership in accordance with the terms and conditions set out in Attachment 1 to this report and in a form satisfactory to the City Solicitor, the 21 conditions (12 planning conditions [Item EY29.2] and 9 social conditions [Item EX33.2]) for expanded gaming set out by City Council by its approval of Item EX7.4, Expanded Gaming at Woodbine Racetrack on July 7, 2015 are met, being the conditions required by City Council when it passed a conditional resolution in support of expanded gaming at Woodbine Racetrack (555 Rexdale Boulevard) as required by Ontario Regulation 81/12.
2. City Council authorize the City Manager, in consultation with the City Solicitor, to enter into a Community Benefits Agreement with Ontario Gaming GTA Limited Partnership referenced in Recommendation 1, in accordance with the terms and conditions set out in Attachment 1 to this report.
3. City Council direct that once the Community Benefits Agreement referred to in Recommendations 1 and 2 above has been executed by OGGLP and the City, City Council's decision on Item EX33.2, Expanded Gaming at Woodbine Racetrack - City Conditions, Item EY29.2, Final Report - 555 Rexdale Boulevard - Zoning By-law Amendment and Draft Plan of Subdivision Applications, together with its decision on item EX7.4, Expanded Gaming at Woodbine Racetrack, made at its meeting on July 7, 2015, be forwarded to the Province of Ontario and the Ontario Lottery and Gaming Corporation.
4. City Council direct the City Manager and the Chief Financial Officer to report back to City Council:
  - a. as part of the 2019 budget process, on the costs required to implement the Community Benefits Agreement;
  - b. once future growth and activity projections are determined for the gaming facility, on the incremental operating costs to City Programs and Agencies to support expanded gaming; and
  - c. in 2022, once Phase 1 of the proposed development is completed and the total incremental revenues from expanded gaming are confirmed, with proposals on utilizing any unallocated incremental revenues from expanded gaming.
5. City Council request that the Toronto Police Services Board provide estimates for incremental policing costs that may be required due to expanded gaming at Woodbine Racetrack.

6. City Council request that the Ontario Lottery and Gaming Corporation (OLG) incorporate an assessment of Ontario Gaming GTA Limited Partnership's (OGGLP) past progress, soliciting the views of the City of Toronto, towards implementing the City-OGGLP Community Benefits Agreement in Gaming Zone C2 as a criterion when making future decisions to renew or extend the OGGLP contract in OLG's sole discretion pursuant to the terms of the OLG-OGGLP Casino Operating Services Agreement.

7. City Council request that the Province of Ontario:

a. amend Ontario Regulation 81/12 as necessary to provide a clear requirement for municipal approval prior to any decision to substantially expand or renew gaming sites and related contracts with operators within the municipality; and

b. continue to enhance and invest in its Responsible Gambling framework and approaches to minimizing the potential social, health, financial and other harms to Ontario residents due to gambling expansion in Ontario by directing funds to prevention, treatment, research, knowledge translation, and education (including to secondary school students).

8. City Council request that Woodbine Entertainment Group work with the City of Toronto and local residents on Community Benefit Agreements as part of future development of lands at 555 Rexdale Boulevard outside of the proposed Gaming District.

## **FINANCIAL IMPACT**

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### **Share of Gaming Revenues**

Gaming at Woodbine Racetrack currently provides the City with approximately \$16 million per year in revenues through the 2013 City of Toronto-Ontario Lottery and Gaming Corporation Municipal Contribution Agreement (MCA). The MCA is a standard agreement which applies to all municipalities which host gaming sites and provides these municipalities with a set percentage of gross gaming revenues. In 2015, City Council again requested that the Province of Ontario amend the existing formula and consider the City's fair share of revenues.

Funds received from the MCA are a part of the City's general revenues in the Non-Program Account and are not allocated as a direct funding source to any particular services. Further information can be found on the City's website:

<https://www.toronto.ca/city-government/accountability-operations-customer-service/city-administration/city-managers-office/intergovernmental-affairs/city-of-toronto-olg-municipality-contribution-agreement/>

In addition to the \$16 million currently received through the MCA, OLG estimates that:

- Each year from 2019-2021, prior to full build out, the City would receive an additional \$2-5 million a year in hosting funds.

- In 2022, the City would receive an additional \$10-\$15 million a year in hosting funds (including the \$2-5 million noted above) as expanded gaming would be fully phased-in and the facility fully built out. This will bring the total annual amount to \$26-\$31 million.

City staff estimate that by 2022 there will be approximately 5,000 electronic gaming positions and at least 300 live dealer tables<sup>1</sup> (as was estimated in 2015).

OLG's estimates are conservative and are based on the existing MCA formula, but they note that gaming revenues are anticipated to be higher than the amount reported to City Council in 2015. The actual hosting fee revenues from 2018-2022 will depend on the timing of the introduction of the additional slots and live tables. The current OLG financial estimates are in line with City staff estimates.

## **Property Taxes and Other City Revenues**

The amount of property tax paid to the City will depend on the assessed property values of the development, including the expanded casino, hotels, performance hall, restaurants and retail. In 2015, City Council directed that no Imagination, Manufacturing, Innovation and Technology incentive (IMIT) (i.e. Tax Increment Equivalent Grant or TIEG) be made available for any proposed integrated entertainment facility connected to a casino.

Based on the City staff estimated economic impact and construction costs of the proposed development (see Attachment 4), City staff estimate incremental annual municipal property taxes of approximately \$15 million upon completion of Phase 1 (anticipated in 2022), and another \$9 million upon completion of Phase 2 (post 2022, timing to be determined), for a total of \$24 million per year once full build out is achieved. These are highly preliminary estimated gross tax revenues from the proposed development, assuming no demolitions or conversions of existing uses, and all commercial assessment is 'net new' to the city.

Development charges and other planning and building fees will also apply in accordance with the City's various by-laws.

## **Incremental Costs**

### *Development Impacts*

The staff report entitled "555 Rexdale Boulevard – Zoning By-law Amendment and Draft Plan of Subdivision Applications – Final Report" (the "Planning Report") was adopted by Etobicoke York Community Council (EY29.2) at its meeting of April 4, 2018.

The Planning Report provides a conceptual design and plan for the expansion of gaming at Woodbine Racetrack and seeks Council approval for the zoning by-law amendment and draft plan of subdivision applications. The costs to develop the facility

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<sup>1</sup> The OLG RFPQ noted an allowance of 2,400 live table gaming 'positions' in the C2 Zone. One table typically includes up to eight gaming positions.



and the necessary City infrastructure improvements to support the facility will be borne by the landowner as noted in Attachment 13 to the Planning Report, Draft Conditions of Draft Plan of Subdivision Approval.

As well, the Planning Report recommends to City Council that should the City and the landowner agree that the landowner will design and construct the above the Base Park Improvements in the proposed development, the City will provide a development charge credit against the Parks and Recreation component of the Development Charges for this work.

#### *Incremental Costs to the City Resulting from Expanded Gaming*

Work is currently underway with staff across City Programs and Agencies to determine any incremental financial implications resulting from the expanded gaming at Woodbine. The preliminary estimates collected indicate that there may be incremental costs such as start-up costs to implement the agreements and oversight function required under Condition 21 (see Attachment 1, Community Benefits Agreement Terms Sheet). The financial impacts of expanded gaming cannot be fully quantified at this time since the gaming facility is to be developed over the next few years. Accurate growth and activity projections can only be determined as the gaming facility is developed.

Financial Planning will continue to work with City Programs and Agencies, including Toronto Employment and Social Services, Toronto Fire Services, Toronto Paramedic Services, Social Development, Finance & Administration, Transportation Services and the Toronto Transit Commission to monitor the level of activity, identify any additional funding requirements, evaluate their current capacity and staff resources and then identify additional funding requests if required. Similarly it is recommended that City Council request that the Toronto Police Services Board provide estimates for incremental policing costs that may be required due to expanded gaming at Woodbine Racetrack. Additional funding requests will be considered with other City priorities as part of the annual budget process in future years. Once future growth and activity projections are determined, it is recommended that staff report on any incremental operating costs to support expanded gaming.

#### *Implementation of a Community Benefits Agreement (CBA)*

Condition 21 for expanded gaming requires the service provider to enter into necessary agreement(s) with the City for community benefits. Subject to City Council approval, implementation of the proposed CBA between the City and Ontario Gaming GTA LP (OGGLP) is anticipated to begin upon its execution in Q2 2018. The implementation of the CBA may require additional City resources to support the terms and conditions and accountability framework being proposed over the life of the City's agreement with OGGLP. As part of the 2019 budget process, staff will report if additional resources are required to support this work.

#### *Use of Incremental Gaming Revenues*

In 2015, City Council requested that the "City Manager to report back to the Executive Committee on an option that includes depositing additional revenues from expanded

gaming at Woodbine Racetrack into a City of Toronto Community Benefits Fund, with the funds to be allocated to Neighbourhood Improvement Areas and other lower income communities for capital or operating projects aimed at improving the quality of life for local community members."

A number of existing City programs can provide a pathway to allocate funding to local communities. Staff are of the opinion that allocating incremental revenues is premature at this time as actual incremental gaming revenues remain unknown, and revenue projections are dependent on timelines for construction, operations and the phased introduction of expanded gaming. In addition, the actual impact of expanded gaming on the local community, and the potential policy and program implications, will not be known until the facility is operational.

It is anticipated that additional gaming revenues will help to offset the implementation of the CBA and the City's incremental operating costs associated with expanded gaming. It is therefore recommended that once Phase 1 of the proposed development is completed (anticipated in 2022) and the total incremental revenues are confirmed, staff will report back with proposals on utilizing any unallocated incremental revenues from expanded gaming after accounting for the costs.

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

## **DECISION HISTORY**

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On April 4, 2018 Etobicoke York Community Council considered the staff assessment on the 12 planning conditions for expanded gaming, and unanimously adopted the recommendations contained in the Final Report and Supplementary Report - 555 Rexdale Boulevard - Zoning By-law Amendment and Draft Plan of Subdivision Applications.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EY29.2>

On June 13, 2017 Etobicoke York Community Council considered a Preliminary Report - 555 Rexdale Boulevard - Zoning By-law Amendment and Draft Plan of Subdivision Applications.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EY23.6>

On July 7, 2015 City Council passed a resolution supporting expanded gaming at Woodbine Racetrack subject to, among other things, the service provider meeting 21 planning, economic, labour, social and health related conditions. At the same meeting, City Council also considered item HL4.2, Health Impacts of Expanded Gambling at Woodbine Racetrack.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX7.4>

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.HL4.2>

On November 13, 2013 City Council authorized the appropriate City officials to enter into a Municipal Contribution Agreement with the Ontario Lottery and Gaming

Corporation (OLG) to require payment to the City of a share of the gaming revenue generated at the OLG gaming site located at Woodbine Racetrack.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX35.6>

## **ISSUE BACKGROUND**

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### **Expanded Gaming at Woodbine Racetrack & City Council Conditions**

In 2010, the Government of Ontario directed the Ontario Lottery and Gaming Corporation (OLG) to modernize charitable and commercial gaming in Ontario which ultimately resulted in efforts to expand regulated private sector delivery of existing gaming sites. In December 2013, OLG started the procurement process for the GTA Gaming Bundle to identify a private sector service provider to operate the gaming facility at Woodbine Racetrack (Gaming Zone C2) along with facilities in Durham Region. Details on OLG modernization, including roles and responsibilities under gaming expansion, and Woodbine Racetrack are in Attachment 2.

In July 2015, City Council approved expanded gaming at Woodbine Racetrack subject to OLG's selected service provider meeting 21 planning, economic, labour, social and health related conditions identified through a community engagement process. Details on the public consultation are provided in an appendix of the 2015 report:

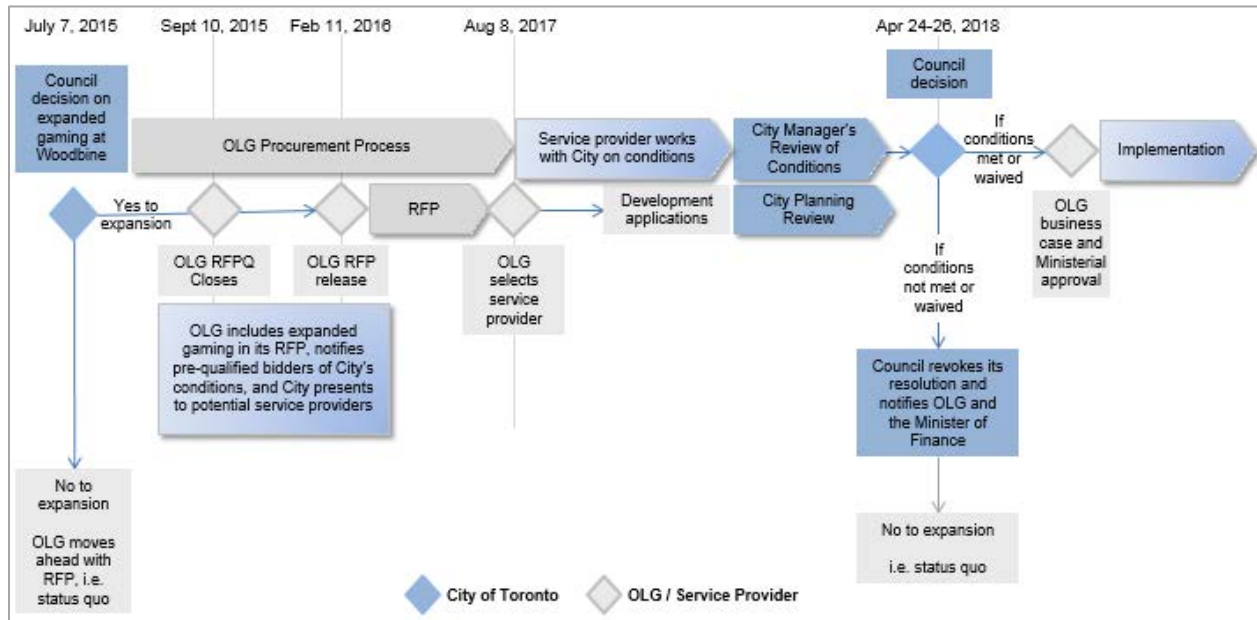
<http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-81786.pdf>

Following City Council's conditional approval, OLG issued revised procurement documents for the GTA Gaming Bundle which included the potential for expanded gaming at Woodbine. As part of its decision, City Council requested that OLG include the 21 conditions in their procurement process and confirm that approvals would not be sought prior to further decisions from City Council. Over the course of two years, OLG took the following steps to address these requests from City Council:

- Provided to all proponents, the 21 City conditions and relevant City strategies, policies and City Council directions.
- Arranged two separate presentations from City staff to proponents to inform them about the City conditions, the anticipated approval process and the planning framework in Toronto.
- Included terms in its contractual documents for the GTA Gaming Bundle requiring the service provider to report to OLG on how it planned to satisfy the City conditions and the timeline in which it was to be undertaken.
- Reiterated its intention to seek appropriate City Council approvals prior to authorizing expanded gaming and seeking Minister of Finance approval.

In addition to the 21 conditions, the City provided OLG and potential service providers with clear direction on the steps that would have to be taken to allow City Council to further consider expanded gaming at Woodbine Racetrack. The process map, originally reported to City Council in 2015, is provided below as Figure 1. The process map has been updated to reflect the actions taken since 2015.

Figure 1 - Expanded Gaming Process Map



On August 8, 2017, OLG selected Ontario Gaming GTA Limited Partnership (OGGLP), which is comprised of Great Canadian Gaming Corporation and Brookfield Business Partners LP, as the successful private sector service provider for the GTA Gaming Bundle. In winning the bundle, OGGLP assumed ownership of gaming facilities at Woodbine (i.e. equipment and leases) and in Durham Region and has the right of first refusal to operate new gaming sites should they receive municipal approvals. As the service provider, OGGLP is required to meet the City's 21 conditions for expanded gaming at Woodbine.

### City-Service Provider Discussions

As per the process outlined to City Council in 2015 (Figure 1), City staff began engagement with OGGLP following the announcement of their successful bid for the GTA Gaming Bundle. City and OGGLP staff, along with representatives from OLG and Woodbine Entertainment Group (WEG) as required, undertook positive and productive discussions to identify areas of mutual interest and collaboration with the goal of addressing City Council's 21 conditions.

Over a six-month period, a series of themed meetings and discussions were held in order to advance City Council's conditions and their implementation. Specific objectives for these conversations included:

- Sharing subject matter expertise, including best practices.
- Identifying possible mechanisms for implementation.
- Identifying external parties which could assist in the process.
- Collaborating with the OLG and WEG as applicable.
- Facilitating introductions with stakeholder including local community tables, local service delivery networks and other City partners (i.e. partners involved with the City's Social Procurement Program).

- Creating inputs (language, terms of reference, etc.) which could be used to draft necessary contractual arrangements and set up oversight tables.

Discussions also covered the policy context in Toronto, recent and relevant City Council decisions, and the City's program goals which could assist OGGLP in addressing City Council's conditions. Community input received throughout this time was also collected and provided to OGGLP. Discussions were also held through the planning process which formally began in May 2017 upon submission of rezoning and subdivision applications for 555 Rexdale Boulevard.

### **City Council Consideration of the 21 Conditions**

In 2015, City Council directed staff to report back to Executive Committee when a planning application had been evaluated with the assessment of how the service provider has met or has contractually committed to meeting the 21 City conditions. City Council would then decide whether to maintain or reverse its conditional resolution in support of expanded gaming at Woodbine. This is the last formal municipal role in approving gaming as per Ontario Regulation 81/12.

As reported to City Council in 2015, any City Council withdrawal of the resolution under this Regulation at this time must be in 'good faith' and explicitly linked to the failure of the service provider (OGGLP) to meet the City's conditions. Additional conditions cannot be added at this time as:

- 1) OLG has completed its Request for Proposals process; and
- 2) It is after the conditional resolution passed by City Council in 2015 which set out the City's requirements.

If City Council determines that the terms and conditions in Attachment 1 (Community Benefits Agreement Terms Sheet) are not sufficient, City staff may need direction to further negotiate with the service provider.

### **Woodbine Local Area**

City Council's 21 conditions include a specific focus on the need for expanded gaming to create employment and economic opportunities for local residents and businesses.

To support these objectives, City staff have defined the Woodbine Local Area. The Local Area is home to a population of 125,427 (based on the latest Census data) with communities and residents from equity-seeking groups, including those in low income households, unemployed residents, racialized groups, immigrants and refugees, and youth (Figure 2). In particular, the Woodbine Local Area presents a demographic profile of residents that would benefit from a local employment plan that focuses on residents and people from equity-seeking groups.

Figure 2 - Demographic Snapshot of Woodbine Local Area (Total Population 125,427)

	Woodbine Local Area (total, approximate)	Woodbine Local Area (%)	City Overall (%)
Low-Income	27,575	22%	20%
Unemployed	6,500	10.5%	8.4%
Youth (age 15-29)	27,850	27%	21%
Racialized	91,620	73%	52%
Non-Official Language (speak a language other than English or French)	45,200	36%	29%

Figure 3 shows the Woodbine Local Area including: Elms–Old Rexdale; Kingsview Village–The Westway; Mount Olive-Silverstone-Jamestown; Rexdale–Kipling; Thistletown-Beaumont Heights; and West Humber–Clairville. It should be noted that all the Census Tracts immediately to the west of the Humber River are in a City of Toronto Neighbourhood Improvement Area. At the outer boundaries of this Local Area, residents would be within about 10 minutes driving distance or 30 minutes by public transit to Woodbine Racetrack.

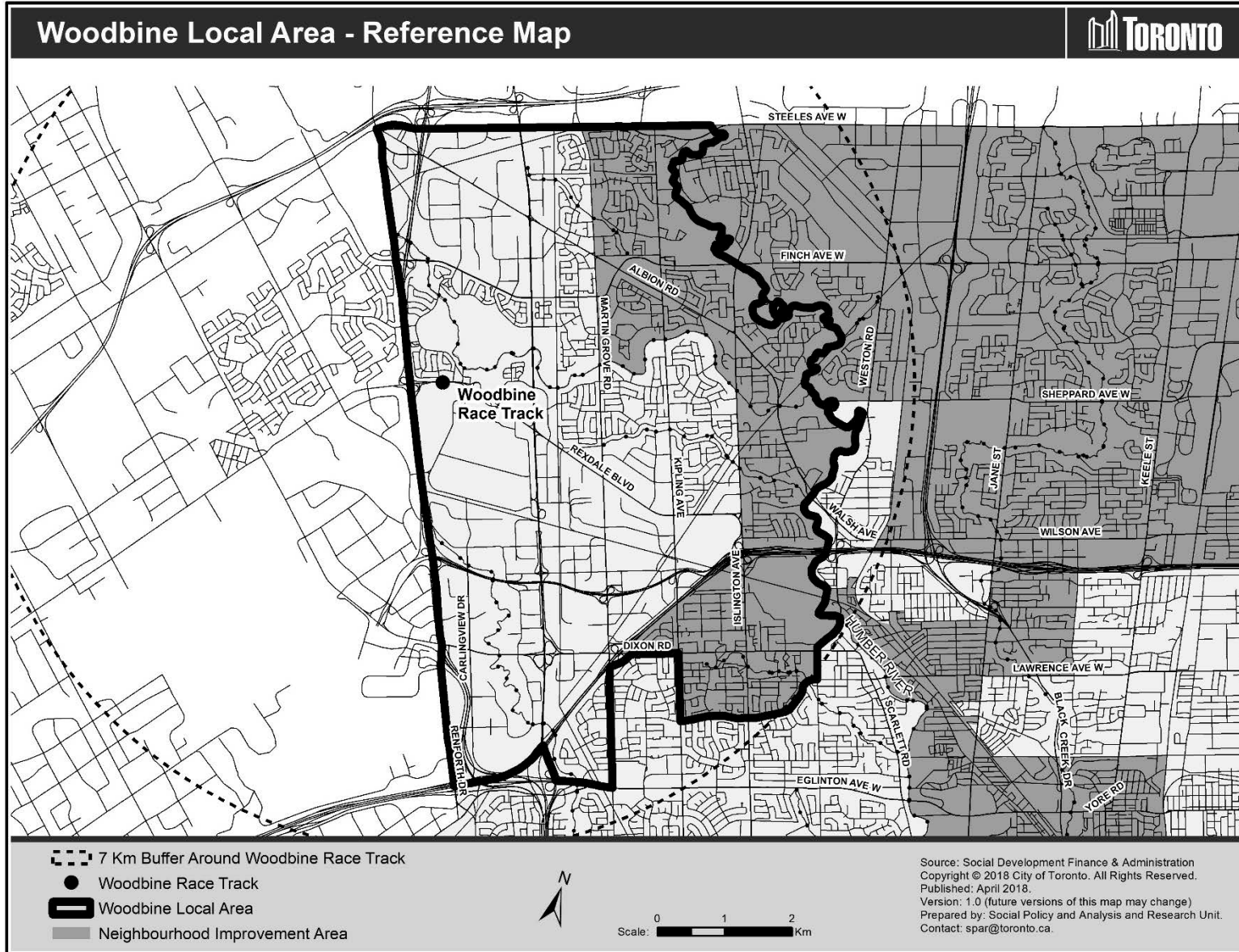
### Social and Health Considerations

In 2015, City Council requested further work to identify the potential social impact to individuals and families due to gaming-related addictive behaviour and crime. City staff previously outlined the social and health considerations of expanded gaming at Woodbine in an appendix of the City Manager's 2015 report to City Council. <https://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-81790.pdf>

A recent review of the research by City staff confirmed that key considerations highlighted in 2015 continue to reflect the state of evidence related to the social and health considerations of gambling. Key considerations in 2015 with updated evidence is provided in Attachment 3 to this report.

While the Board of Health's recommended prevention measures were not adopted by City Council in 2015, the 21 conditions included measures (Conditions 19, 20 a-c and 21) related to Responsible Gambling (RG) measures, harm mitigation, prevention and monitoring and oversight. Specifically conditions 20 and 21 speak to the need to identify community benefits that will contribute to mitigate any potential risks of expanded gaming at Woodbine.

Figure 3 - Woodbine Local Area



## **Community Benefit Agreements (CBAs)**

Community Benefits Agreements (CBAs) are a mechanism to leverage social and economic outcomes for local communities and equity-seeking groups impacted by large development projects. CBAs are typically legally binding, contractual agreements between the developers and government and/or community. CBAs are negotiated on a project-by-project basis and are often driven by community efforts to both protect community interests and leverage the opportunity for the benefit of the community.

The CBA outlined in the proposed terms sheet (Attachment 1) was developed based on the social conditions (13 to 21) adopted by City Council in 2015. As directed by Condition 21, the CBA will be signed by the service provider (OGGLP) and the City.

There is momentum for leveraging community benefits opportunities. Significant efforts are underway at the federal and provincial levels to harness the benefits of public infrastructure projects. In 2014, Metrolinx and the Toronto Community Benefits Network signed a Community Benefits Framework that committed Metrolinx to community benefits principles for Metrolinx's Toronto transit projects beginning with the Eglinton Crosstown. In addition, the City of Toronto was the first municipality in Canada to implement a Social Procurement Policy and has also leveraged community benefits outcomes through its Toronto Community Housing revitalization projects including Regent Park and Lawrence Heights.

There are also examples of CBAs as part of private development projects. For example, the City of Vancouver currently has seven CBAs two of which are with gaming facilities.

Within this context, City Council directed staff to develop a Community Benefits Framework that will support and guide the City in its future efforts to use CBAs to achieve social and economic benefits for local communities impacted by proposed developments. Expanded gaming at Woodbine is occurring in advance of such a framework thus providing valuable lessons and insights to inform the development of a broader City of Toronto Community Benefits Framework, which will be brought forward to City Council in 2019.

## **COMMENTS**

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### **Proposed OGGLP Development and Employment**

#### **OGGLP Development**

OGGLP assumed formal operations of the gaming facility at Woodbine on January 23, 2018 and is now responsible for the day-to-day operations for approximately 22 years (subject to early termination provisions within the agreement with OLG). The term can be extended for an additional 10 years if OGGLP develops and opens a new casino facility and OLG has options for additional unlimited 10 year renewals, subject to its sole discretion. The facility is tied to Woodbine Racetrack through two 22 year leases between WEG and OGGLP. The long-term leases govern the grandstand and an additional area in the area identified by WEG as the "Gaming District."



As outlined in the March 19, 2018 report from the Director, Community Planning, Etobicoke York District (EY29.2), OGGLP has submitted a Site Plan Control application for the Gaming District. Information provided by OGGLP indicates that the proposed expansion, including the current Site Plan Control application, will be phased as follows:

- Phase 0 (2018-2019) - Grandstand renovation and adaptive reuse
- Phase 1 (2019-2022) - Expanded casino, performance venue, retail and office uses, nine restaurants, two hotels, meeting and training spaces, and parking (underground and multi-storey garage)
- Phase 2 (post 2022) - Two hotels, complimentary retail and restaurant uses

Further details on the proposed OGGLP development, and anticipated economic impacts, are provided in Attachment 4 to this report.

## **Employment**

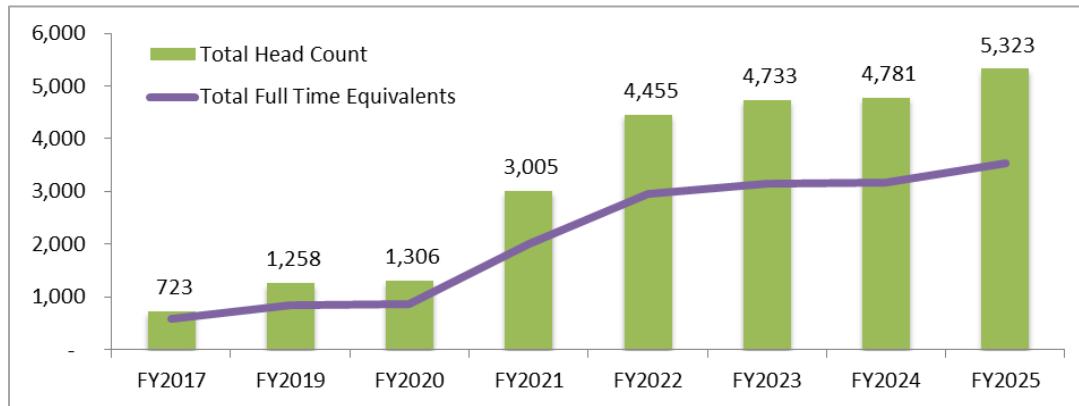
OGGLP has stated that hiring will begin immediately upon required approvals to support the Phase 0 expansion of gaming in the existing grandstand. As per Figure 4, 2019 will see over 500 new jobs (total head count).

OGGLP notes that construction of Phase 1 is expected to create "around 4,000 person-years of construction employment - in addition to indirect and induced jobs," with additional construction jobs for Phase 2. For Phase 1, OGGLP will act as construction manager, with a significant portion of construction work undertaken by contractors. Key categories of Phase 1 trades workers (employed by contractors) will include carpenters, electricians, ironworkers/steel erectors, plumbers, sprinkler and fire protection installers, HVAC installers, steel stud and drywall trades.

Once Phase 1 is complete, employment in operations will result in approximately 3,700 new jobs (4,455 total) by the end of 2022 and will rise to approximately 4,600 new jobs (5,323 total, with over 3,000 new full-time equivalents) by the end of Phase 2 in 2025 (Figure 4).

Total employment estimates from OGGLP include the 723 existing positions (579 full-time equivalents) at the Casino Woodbine facility, of which 55% are full time (defined as >40 hours) and 80.4% are unionized.

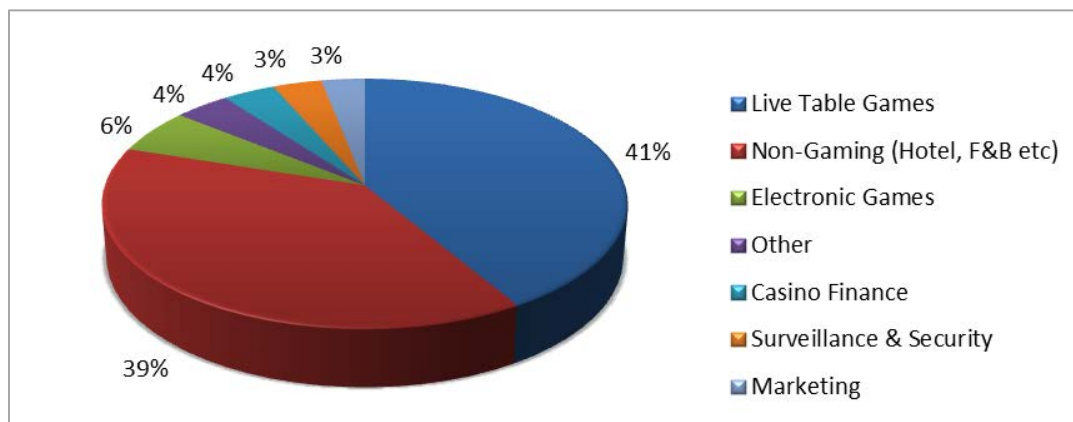
Figure 4 - OGGLP Employment Estimates



Source: OGGLP

OGGLP states that almost 40% of all jobs will be in non-gaming functions such as hotels, entertainment and food and beverage (Figure 5).

Figure 5 - OGGLP Employment Breakdown



Source: OGGLP

### Job Quality

OGGLP has stated that they will provide decent work with a majority of positions permanent, full-time and career-oriented with opportunities for training, advancement and longevity. Benefits will be offered to both full-time and part-time employees through collective agreements and/or other provisions made by OGGLP. Further, OGGLP commits to directly employ its staff, avoiding temporary agencies or other intermediaries.

As part of conversations with OGGLP, City staff highlighted the issue of decent work including identifying relevant research and City staff reports. As noted in the recent City staff report on TOProsperity: Toronto Poverty Reduction Strategy (EX29.12), the *Fair Workplaces, Better Jobs Act, 2017* is a significant development in Ontario. The Act introduces increases to the minimum wage, paid sick days and equal pay for equal work, among many other things.

While the full ramifications are yet to be realized, it is widely agreed this Act will enhance job quality. However, many community members, advocates and researchers argue further action can be taken especially to secure a higher minimum wage which is closer to a living wage. The community has stressed the importance of developing training paths and opportunities to allow workers to chart a career path in the hospitality sector that will lead to good-paying and secure employment.

## **Community Input**

City Council's 21 conditions were developed through community consultations in 2015 that stated what Torontonians and local residents most desired were good local jobs with access to skills training and apprenticeship opportunities, opportunities for local businesses, community access to venues and facilities in the new development, protections for organized labour, counselling and supports for problem gambling, greater gaming control and regulation, and better infrastructure and commercial development.

Since fall 2017, City staff have heard further from local residents, community organizations and the Toronto Community Benefits Network about community benefits not captured in Council's existing 9 social conditions, the importance of community representation in the accountability and oversight tables and ensuring that community benefits be enshrined in a Community Benefits Agreement. Additional suggested community benefits include: child care for casino employees; college and university scholarships for area residents; and a fair share of operating revenues to support community programs. This is in addition to community benefit matters raised at a public meeting in September 2017 held through the planning process.

Through community engagement, specific community benefit targets were suggested for expanded gaming at Woodbine, including 60% local or social hiring, 20% local procurement and 900 hours of community access to space each year.

The detailed summary notes from community meetings are available on the City of Toronto's Expanded Gaming at Woodbine Racetrack website:  
<https://www.toronto.ca/city-government/accountability-operations-customer-service/city-administration/city-managers-office/key-intiatives/expanded-gaming-at-woodbine-racetrack-555-rexdale-blvd/>

## **City Council Conditions - Staff Assessment**

An assessment of the nine social (non-planning) Conditions (13-21) is provided in the summary. Additional details are provided in Attachment 5, which also includes additional considerations on Condition 2 which includes non-planning matters,

An assessment of the 12 planning conditions (Conditions 1-12) is provided in Item EY29.2 which includes the Final and Supplementary Reports by the Director, Community Planning, Etobicoke York District on the planning applications for 555 Rexdale Boulevard. Item EY29.2 was considered by Etobicoke York Community Council on April 4, 2018 with staff recommendations adopted unanimously:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EY29.2>

## **Governance and Accountability Framework**

Central to City Council's decision on expanded gaming are the economic, labour, social and health related conditions that OGGLP is required to meet and whose requirements will form the basis of a Community Benefits Agreement (CBA) between the City and OGGLP. Important to the success of the CBA are the mechanisms established to monitor and oversee the implementation of its requirements and provide transparency and accountability.

In order to secure the community benefits required to support expanded gaming over the term of the service provider's contract with OLG and beyond, this report in tandem with City Planning's Final Report - 555 Rexdale Boulevard (EY29.2) outline a robust governance and accountability framework building on City Council's conditions.

This framework is intended to:

- Leverage mechanisms to secure the terms and conditions of a CBA and advance its implementation (e.g. planning, regulatory and the establishment of governance tables).
- Implement regular public reporting to advance transparency accountability as the CBA is implemented.
- Proactively mitigate the potential risks of expanded gaming at Woodbine (responsible gambling, employment, economic development, and supply chain diversity) through the various tables.
- Implement regular monitoring and reporting of outcomes to track progress on the implementation of the CBA, where appropriate.

Specifically, this framework includes:

### *Planning Requirements*

City Planning's Final Report recommends the following conditions be secured in the Subdivision Agreement:

- Prior to registration of the Phase 1 development, a CBA shall be executed by all necessary parties, attached to the Subdivision Agreement as a schedule, and shall be in good standing to the satisfaction of the City Manager.
- Any lease agreement entered into by the owner of the land that permits gaming (as defined in the enabling Zoning By-law) will include a provision indicating that the lessee will assume the requirements and responsibilities of the CBA.
- Prior to site plan approval on Blocks 10, 11, 12 and 14, or any other land within the Subdivision Agreement where a Gaming Establishment is permitted, the CBA shall be in good standing to the satisfaction of the City Manager.

These planning conditions codify the requirement for a CBA to be developed and in good standing into the City's planning documents and prior to the introduction of the Zoning Bills for enactment.

## *Assessing and Maintaining the Community Benefits Agreement (CBA): The Role of Ontario Lottery and Gaming Corporation*

Leveraging Ontario Lottery and Gaming Corporation (OLG) role as the entity responsible for overseeing and establishing gaming facilities, and the long-term agreements required to operate gaming, recommendation 6 in this report requests that OLG:

- Incorporate an assessment of OGGLP's past progress towards implementing the CBA as a criterion when making future decisions to renew or extend the OGGLP contract. The City's views will be solicited as part of this process.

The language in recommendation 6 has been specifically drafted to align with OLG's contractual obligations. It allows for an assessment of the service provider's past progress on implementing the CBA while respecting the Casino Operating Services Agreement which has already been signed by OLG and the service provider (OGGLP).

## *Strengthening Municipal Decision Making: The Role of the Province of Ontario*

Municipal approvals for expanded gaming under Regulation 81/12 is required only when locating a gaming facility. Once municipal approval is given, decisions relating to gaming are in the sole jurisdiction of the Province of Ontario. It is recommended that City Council request the Province to amend Regulation 81/12 to provide a clear requirement for municipal consent prior to any major decision related to gaming. Specifically, this would be a decision to substantially expand or renew gaming sites and related contracts with operators within the municipality.

## *Governance Tables*

Building on City Council's conditions that required the service provider (OGGLP) to establish an Employment and Labour Market Advisory Working Group (Attachment 6, Draft Terms of Reference) and to create an Oversight Committee (Casino Woodbine Responsible Gambling Oversight Committee as per Condition 21 (Attachment 7, Draft Terms of Reference), this report also proposes the establishment of a Community Steering Committee to be convened and chaired by the City of Toronto, with OGGLP as a member, to monitor the implementation of the CBA over the long term (the non-planning conditions).

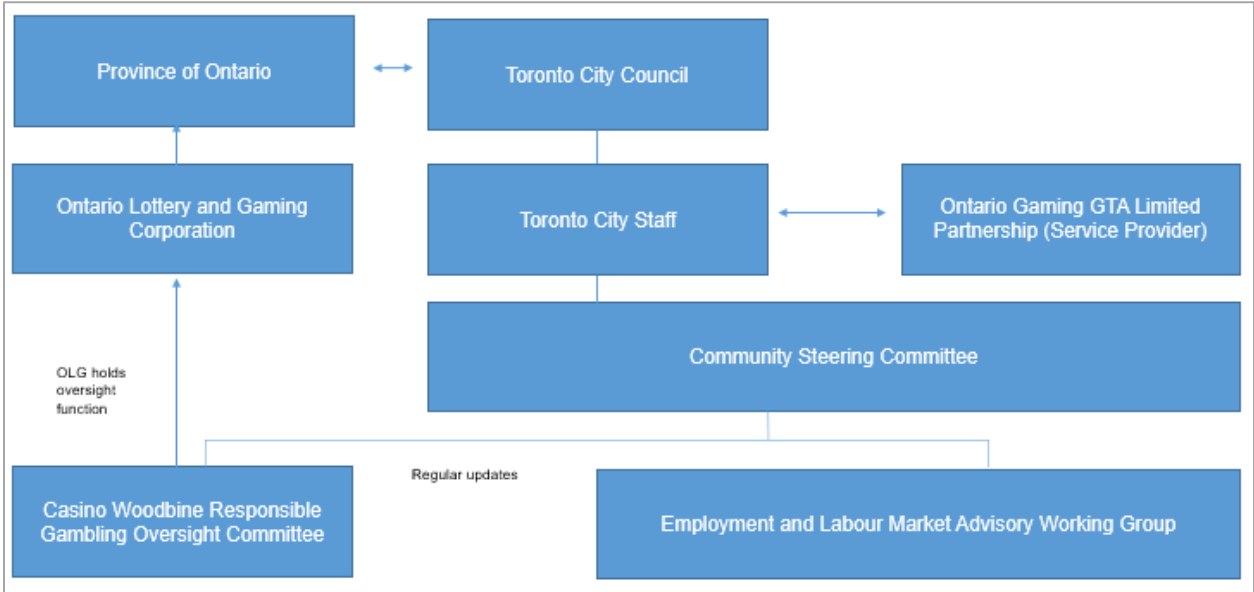
The Community Steering Committee will have the City, OGGLP and broad local community representation, including from the Toronto Community Benefits Network (TCBN), United Way Greater Toronto, Atkinson Foundation, Humber College, Kingsview Village Planning Table and Rexdale Planning Table. As well, OLG and WEG will be invited to participate as observers. The purpose of the Committee will include, but not be limited to:

- Provide a forum to hear feedback and specific community concerns related to the implementation of the Community Benefits Agreement (the non-planning conditions).

- Receive regular updates from the Employment and Labour Market Advisory Working Group and the Casino Woodbine Responsible Gambling Oversight Committee and provide feedback to the work of these Committees, as required.
- Receive reports from OGGLP on supply chain diversity targets and community access to space program targets.
- Inform regular City staff reports to City Council.
- Confirm the Terms of Reference of the Steering Committee which will be finalized by the Committee once it is convened.

Through the 2015 and 2017-2018 community engagement, it was repeatedly stressed that local communities want to be engaged in the governance and accountability tables established to support the implementation of the CBA. Figure 6 depicts the proposed governance model that includes the tables to be established.

Figure 6 - Governance Model



Collectively, the tables provide a forum for discussion and collaboration, enable issues to be identified and problem-solved, allow for regular monitoring and tracking, and provide a path for regular public reporting or progress.

Annual public reporting is a requirement for all of the tables. Annual reporting does not preclude the regular reporting that each Committee or Working Group will undertake as part of its work (as described in their draft Terms of Reference).

In addition, staff will report out to City Council in two years as implementation ramps up (2020), followed by annual reports starting in year 3 (2021). Annual reporting will continue once Phase 1 of the development is fully operational (2022). The report will be informed by the work of the Employment and Labour Market Advisory Working Group, Casino Woodbine Responsible Gambling Committee and the Community Steering Committee. In addition, City staff will also report to City Council should any issues arise.

## *Enforcing the Community Benefits Agreement (CBA)*

The CBA outlines specific community benefits targets, deliverables and timeframes for delivery. The governance and accountability framework outlined above is designed to maximise the City's ability to enforce the CBA using available planning and regulatory mechanisms, as well as through the implementation of governance tables that will enable the monitoring and tracking of progress and public reporting to ensure that the community benefit commitments agreed to by the service provider are met.

Further, the City and OGGLP as signatories to the Agreement will work together to resolve any non-compliance on the part of OGGLP over the term of the 22-year lease and any renewals. In addition to measures noted earlier, enforcement pathways include escalation and public disclosure of non-compliance.

### **Next Steps**

Subject to City Council approvals City staff will continue to work with OGGLP to finalize and execute the Community Benefits Agreement (CBA). Following the signing of the CBA, City Council's decision in regard to this report, EY29.2, and its decision on item EX7.4 made at its meeting on July 7, 2015 will be forwarded to OLG and the Province of Ontario. OLG will then seek approvals from the Minister of Finance to proceed with expanded gaming.

It is anticipated that implementation of the CBA will proceed immediately upon approvals in order to ensure that local residents have access to new employment opportunities which will begin in 2018. A quick ramp up will also be required to ensure that the governance, monitoring and reporting structures are in place to support 2018 targets and in place prior to the start of Phase 1 construction (2019).

City staff will incorporate learnings from the work undertaken to date to secure a CBA for expanded gaming at Woodbine Racetrack as work continues to develop a city-wide Community Benefits Framework. While the development of the Gaming District represents a significant milestone, Woodbine Entertainment Group's (WEG) proposal to build out the remainder of the 684 acre site can bring transformative change to the northwest corner of the City. Accordingly, it is recommended that City Council request that WEG work with City staff on future Community Benefits Agreements (beyond the Gaming District) which can leverage progress to date to further benefit the local community.

## **CONTACT**

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## **SIGNATURE**

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Giuliana Carbone  
Interim City Manager

## **ATTACHMENTS**

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Attachment 1 - City of Toronto-Ontario Gaming GTA LP Community Benefits Agreement Terms Sheet

Attachment 2 - Background: Expanded Gaming and Woodbine Racetrack

Attachment 3 - Social & Health Considerations

Attachment 4 - Proposed OGGLP Development and Anticipated Economic Impacts

Attachment 5 - City Council Conditions: Staff Assessment

Attachment 6 - Draft Employment & Labour Market Advisory Working Group Terms of Reference

Attachment 7 - Draft Casino Woodbine Responsible Gambling Oversight Committee Terms of Reference