WoodbineLive!

Financial Incentives to Support a Tourism/Entertainment Attraction "Transformative Project"

Staff Presentation
Toronto City Council
July 15, 2008

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Presentation Overview

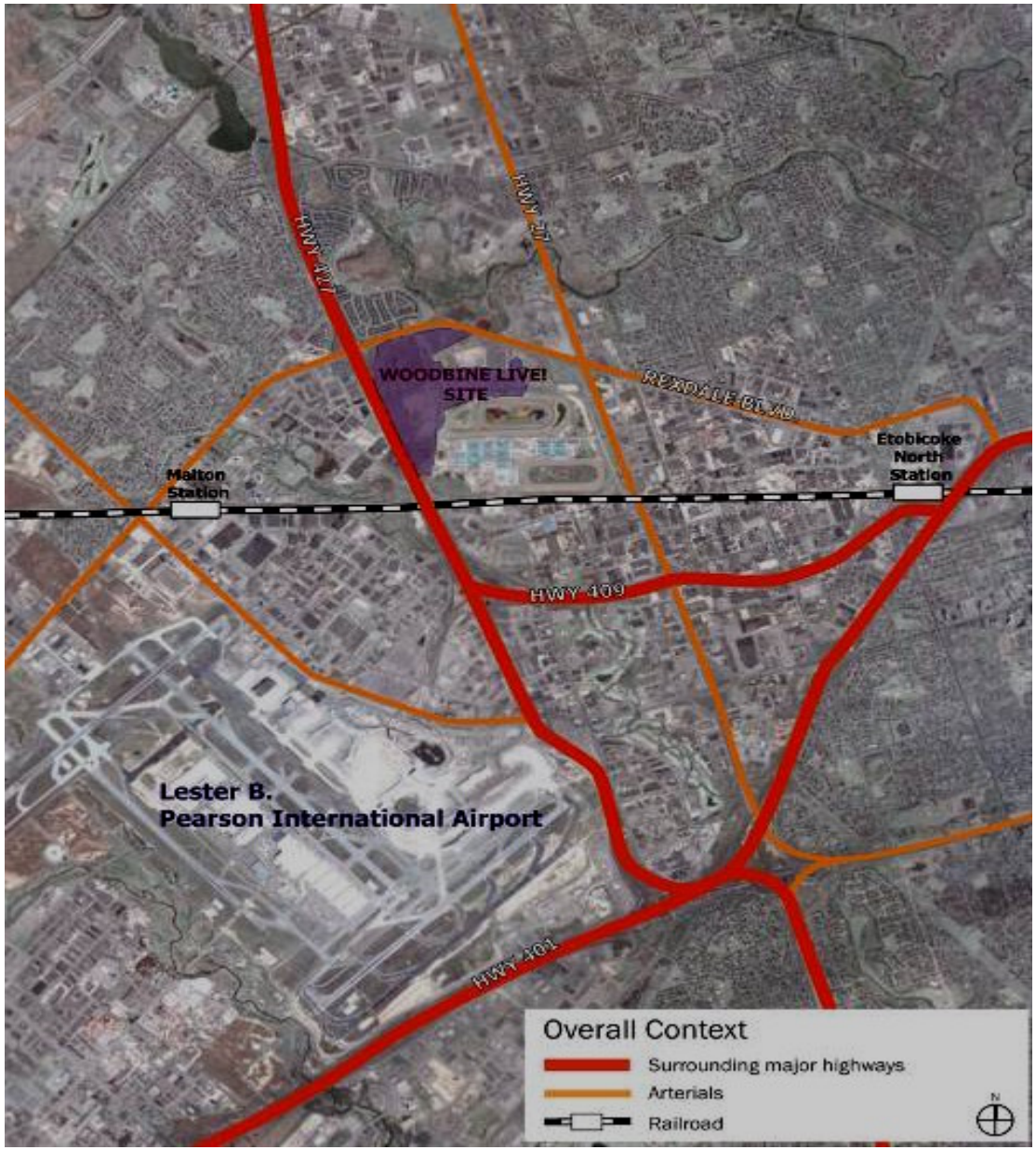
- Council Directions
- Project Scope & Request
- Strategic Alignment with Council Priorities
- Impact - Fiscal, Economic, Social
- A Unique, Transformative Opportunity
- Evaluation – benefits and risks

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Council Direction

- July 2007 Council approves Official Plan and Zoning Amendments
  - **Review and report on WoodbineLive! incentive request if and when received**
- May 2008 Council approves Financial Incentives Program (TIEGs) and Community Improvement Plan
  - **Report back on steps that may be necessary to accommodate WoodbineLive! and separate CIP schedule if necessary**

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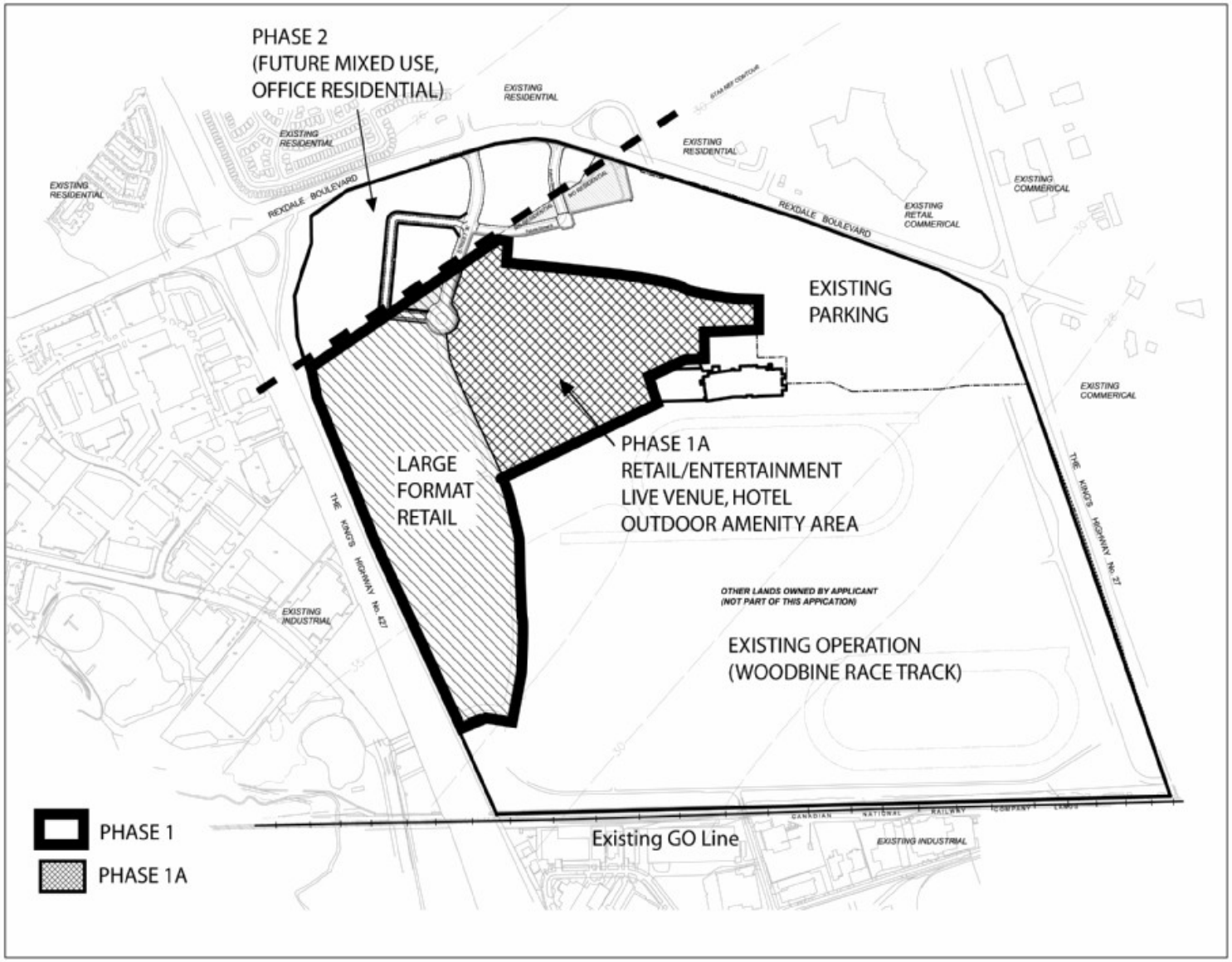


Woodbine Live! Location



Woodbine Live! – Site Plan

Phased Development



Attachment 2 - Map 1



Woodbine Live! – Fountain Plaza



Woodbine Live! – Ice Park Plaza



Woodbine Live! – Live! District

Project Area

Property	**724 acres (293 hectares)**
Development	**180 acres (72.84 hectares) currently vacant land and parking lots**
Phase 1	**115 acres (46.54 hectares)**

Phase 1A – 1.28 million sq.ft.	**Square Feet**
Entertainment/ Restaurants/Speciality Retail	**835,355**
Live Entertainment Venue	**131,745**
Hotel	**310,384**
Sub total recommended for enhanced TIEG	**1,277,484**
Parking & Garage	1,015,000
Large Format Retail	637,450
Sub total	1,652,450
Total Phase 1	**2,929,934**

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Project Area

Phase 2:	**Square Feet**
Office Area/Ancillary Retail	1,568,000
Ancillary Entertainment/Retail	133,000
Residential Area /Ancillary Office	383,000
Sub total	2,084,000
2,500 Residential Units	1, 866,109
Total Phase 1 and 2	**Approximately 6.8 million square feet**

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Woodbine Live! Request for Incentives

- **Consideration as a Transformative Project**
- **20 year enhanced TIEG**
- **Waive development charges and payment in lieu of parkland**
  - $86.6 (present value) for Phase 1A (excluding parking and large format retail
  - $ 96.7 million (present value) Office Component of Phase 2
- Proponent has stated that WoodbineLive! as planned cannot proceed “but for” financial incentives from the City
- Only Phase 1A financial incentives are under consideration at this time

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Project Evaluation

- Cross Divisional Staff Team
- Due Diligence :
    - Alignment with Council Priorities and City Interests
        - Agenda for Prosperity
        - Financial Incentives Program-Transformative Project
        - Economic, Fiscal and Social Impacts
        - Risks and Benefits
    - Third Party analysis of financial incentives request

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Strategic Alignment- Agenda for Prosperity

Proactive Toronto: Improve the business climate within the city to enable, accelerate and attract economic growth.

Employment

- 9,400 Jobs (6,400 jobs in Phase 1)

- 4,700 person-years of construction employment
  (2,800 construction jobs in Phase 1)

- 2,900 person years of employment in related industries
  (1,600 jobs in Phase 1)

Investment

Over $ 1 billion ($ 707 million in Phase 1)

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Strategic Alignment- Agenda for Prosperity

***Global Toronto**:* Building international profile, attracting tourism and visitor expenditures

Projected increase from 6 million to 15 million visitors to the site

15 - 20 percent tourists

$60 million new tourism expenditures annually from visitors to Phase 1A

PRTD consultant– Woodbine Live! is the type of project that responds to Toronto's need for renewed year-round destinations

Creative Toronto: encourages creativity and innovation

Live performance venue

Public space programming

Arts and Crafts Market

Galleries

Interactive Art Exhibitions

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Strategic Alignment-Agenda for Prosperity

One Toronto: Ensure that all residents have equitable access to the benefits of Toronto's enhanced economic competitiveness and growth.

- North Etobicoke area has lost 7,400 jobs in 5 years
- Project is located in proximity to 3 Priority Neighbourhoods
- Local hiring program / North Etobicoke Employment and Training Task Force
- Project provides accessible public amenities
- Catalyst for improved public transit

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TIEG -Transformative Projects

Criteria

- $ 250 million investment
- 750,000 Sq.Ft new construction
- 2,500 jobs
- 10 acres
- Linkages to regional transit initiatives

WL! Proposal

- Over $ 1 billion /$ 707 million
- 6 million Sq. Ft / 1.3 million Sq.Ft
- 9,400 Jobs/ 6,400 Jobs
- 180 acres/ 115 acres
- Transit Opportunities - Finch West Corridor & Eglington Light Rail, GO Transit Georgetown Rail Line and connection to Airport

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Transformative Projects

Criteria	WL! Proposal
• Amenities accessible to the public	• Outdoor public spaces and programming, skating canal and rink, pedestrian-friendly avenues
• Anchor within the district & ability to stimulate collateral new investment	• Enhances and anchors existing uses, catalyst for 1 million Sq.Ft new office space
• Co-location of activities with regional impact	• Regional destination
• Demonstrate need for financial incentives	• Project not viable but for incentives
• Green Development Standards	• Commitment to continue “green”initiatives

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Transformative Project

- Transformative projects inherently unique and site specific
- WoodbineLive! model complements existing horse racing operations and gaming facilities
- Synergies create critical mass of tourism/entertainment attractions
- No other compatible options to leverage existing uses and revitalize North Etobicoke area identified in 20 years

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TIEG Eligible Components Phase 1A

Eligible for Enhanced TIEG	Ineligible for Enhanced TIEG
▪ Entertainment/Restaurants Retail ▪ Live Entertainment Venue ▪ Hotel ▪ Public Amenities Space	▪ Large Format Retail ▪ Parking ▪ Residential

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Retail Component

Proposed TIEG eligible retail in Phase 1A accounts for:

- Approximately 5 per cent of built floor area of total project
- 11.9 per cent of Phase 1
- 27.4 percent of Phase 1A for which enhanced incentives are being sought

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Casino Question

- Current Provincial Policy Statement
- No casino contemplated as part of Woodbine Live! Development
- Slot Operation benefits WEG and OLGC
- Woodbine Live Partnership does not and will not participate in any gaming revenue generated from the Woodbine racetrack site.
- Cordish will have no participation in any current or future gaming revenue on the site

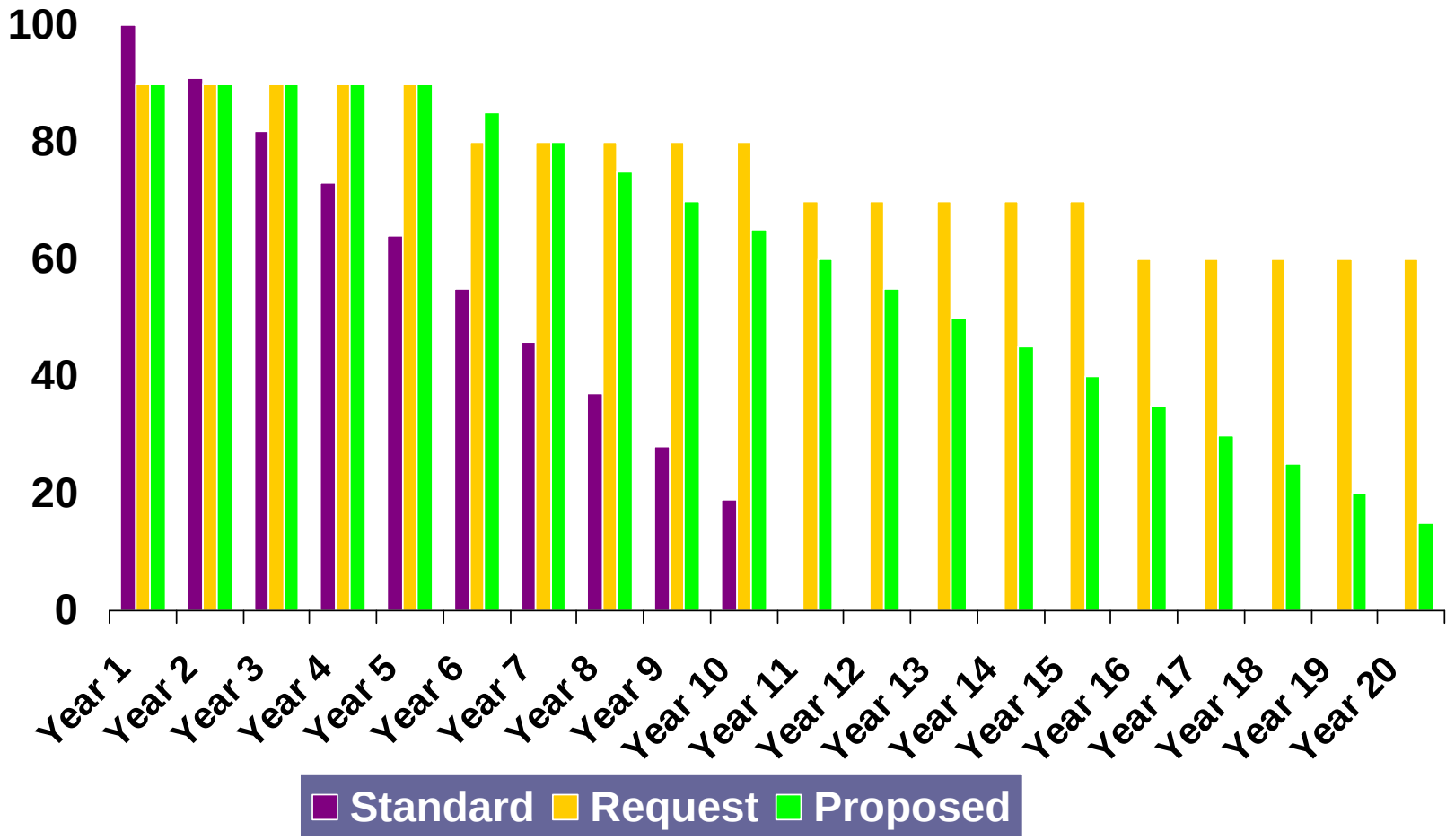
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Recommended Financial Incentives

Woodbine Live! Request	Staff Recommendation
1) Woodbine Live should be eligible as a transformative use under the CIP	1) Yes, basic TIEG should be applied across the whole development with the exception of residential, large format retail and parking
2) Enhanced TIEG requested for Phase 1A $ 147.3 million over 20 years ($ 78.8 million present value)	2) Enhanced TIEG recommended for Phase 1A $ 120.4 million over 20 years ($ 71.2 million present value)
3) Enhanced TIEG for Phase 2 Office Component	3) Not being considered at this time
4) Waive Development Charges $ 7.8 million	4) Not presently recommended – Will be considered in context of new DC by-law
5) Waive payment in lieu of Parkland	5) Not recommended – Payment deferred until Phase 2 building permit or within 2 yrs of Phase 1A building permit being issued

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WoodbineLive! Proposed Incentives



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Benefits and Risks

Fiscal Benefits from Phase 1 After Incentives

$ 171 million new property taxes over 20 Years ($76.3 million present value)

$ 75. 5 million in additional slot revenues over 20 years ($ 39.4 million present value)

$ 4.7 million in fees, permits

Economic Benefits

6,400 Jobs, catalyst for new office employment (3,000 jobs), adds to city's tourism attraction portfolio

Social Benefits

Revitalization of North Etobicoke, local hiring in 3 Priority Neighbourhoods, catalyst for training programs, transit improvements

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Benefits and Risks

- No upfront city investment
- No tax forgiveness until project has been delivered and has met conditions set by the City
- Opportunity cost of **not** approving recommendations
  - Unrealized revenues for the City
  - Loss of opportunities for North Etobicoke and Priority Neighbourhoods
  - Risk of job losses at Woodbine
  - Continued underutilization of Woodbine site
  - Loss of new tourism/entertainment destination

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Evaluating the need for Incentives

Hunden Strategic Partners - Findings

Are the incentives requested by WoodbineLive! justifiable by industry standards ?

- Conducted reviews of comparable projects and interviews
- Staff recommendation is 10 % of project value vs. average 30%
- Most comparable projects receive up-front incentives- grants, land

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Evaluating the need for Incentives

Hunden Strategic Partners - Findings

Are the incentives necessary for the project to proceed?

- Average return on equity is 8.2 % over 20 years, even with the proposed incentive
- HSP concludes return on equity is low by industry standards (18- 22 %),
- HSP concludes that without incentives project would not proceed

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Evaluating the need for Incentives

Hunden Strategic Partners - Findings

Will the city benefit to an extent sufficient to warrant providing the incentives ?

- HSP looked at WoodbineLive! estimates of project benefits over 25 years
- Concluded that for this phase direct fiscal benefits will be double City's proposed incentive
- Conclusion – City should proceed with requested incentives

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Evaluating the need for Incentives

Hunden Strategic Partners - Findings

What is unique about the project that would warrant enhanced incentives without creating a precedent ?

- Meets (exceeds) City's transformative criteria
- Anchors and enhances existing uses
- Unique in design, experiential concept, entertainment component, lifestyle retail and tenant mix
- No comparable projects exist in Canada

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