

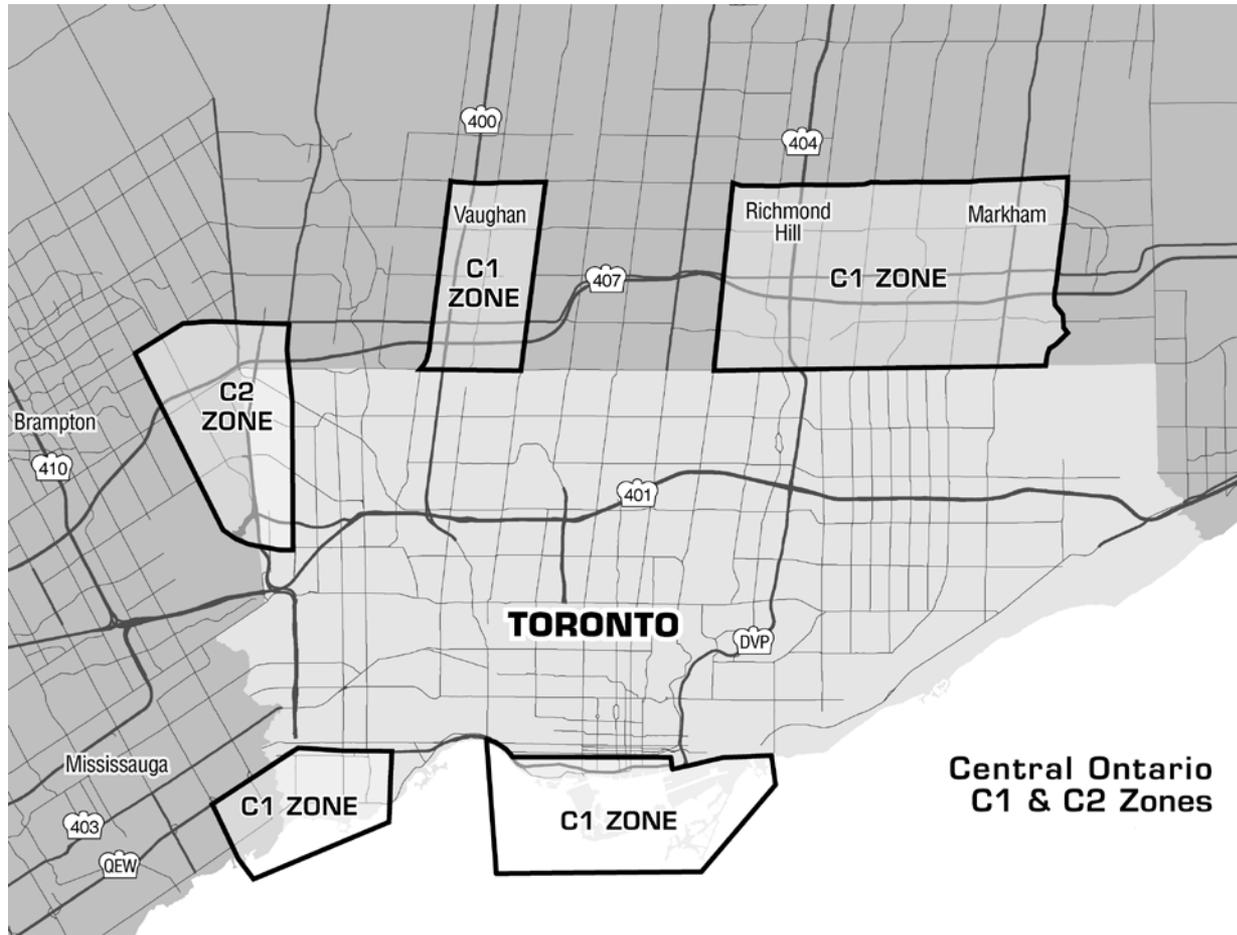
New Casino and Convention Development in Toronto

City Manager Report to
City Council
May 21, 2013

Outline

- OLG plan for the GTA
- Recommendations
- Key criteria and conditions
- Public consultation
- Hosting fee revisions
- Council decision and approval process

OLG Plan for the GTA



Recommendations

- C1. City Council to decide on one of two options with respect to a new casino development in downtown Toronto
- a) Provide conditional consent to establish a new casino - pass the required resolution for a new casino in the Toronto OLG C1 zone within the Exhibition Place or downtown core study areas, subject to the OLG and proponent meeting City conditions

Or

 - b) Do not provide consent to establish a new casino
- C2. City Council support an expansion of the gaming site in the OLG C2 zone at the existing Woodbine site subject to the OLG and proponent meeting City conditions

Key Criteria and Conditions

- Advance Economic Development Strategy by linking a new casino with expanded convention space
- Utilize City Planning criteria and approvals on location and design
- Mitigate potential negative social/public health impacts through “social contract” programs
- Hosting fee on new gaming revenue equal to that received by the Province of Ontario

OLG Estimates and Staff Analysis

OLG Estimates for C1 Based on RFI		Staff Analysis of C1 and C2		
C1 (Up to)		C1 (Up to)		C2 (Up to)
Location		Downtown Core	Exhibition Place	Woodbine
Casino Floor	150,000 -250,000 ft ²	175,000 ft ²		80,000 ft ²
Casino Related Other (Food, Beverage, Retail)		100,000 ft ²		450,000 ft ²
Total Other (Food, Beverage, Retail)	850,000 ft ²	Request market response		
Hotel	1,200 rooms	800 rooms	800 rooms	800 rooms
Entertainment	6,000 seats	Impact assessment /event management plan		N/A
Convention & Trade Show Space Total	1,000,000 ft ²	≤1,048,000 ft ²	313,000 ft ² (total - 1,048,000 ft ²)	170,000 ft ²
Casino Parking		2,035 spaces	2,850 spaces	1,555 spaces
Total Parking	6,000 spaces	2,950 spaces	3,375 spaces	4,215 spaces

Economic Impact of Casino and Convention Development

OLG Zone		C1 (Up to)		C2 (Expansion) (Up to)
	Location	Downtown Core	Exhibition Place	Woodbine
Construction	Average Annual Income (FTE)	\$60,000	\$60,000	\$60,000
	Value	\$2.3 billion	\$2.0 billion	\$1.3 billion
Operations (Gross) (Includes casino, convention, hotel, casino-related retail)	Gaming Revenue	\$1.2 billion	\$1.2 billion	\$0.3 billion
	Non-Gaming Revenue	\$0.2 billion	\$0.2 billion	\$0.4 billion
	Total Revenue	\$1.4 billion	\$1.4 billion	\$0.7 billion
	Direct, Indirect and Induced Jobs (FTE)	10,200	10,200	4,855
	Average Annual Income (FTE)	\$45,000	\$45,000	\$45,000
	GDP	\$1.2 billion	\$1.2 billion	\$0.4 billion

Total Net Jobs and GDP

Integrated Entertainment Complex	Construction (3 year Period)		Operations (Annual Ongoing)	
	Total Net FTEs	GDP	Total Net FTEs	GDP
C1: Downtown (Downtown Core or Exhibition Place)	6,200 -7,000	\$2.0- \$2.3 billion	10,070*	\$1.2 billion
C2: Woodbine	4,000	\$1.3 billion	1,600	\$0.4 billion
Total	10,200 - 11,000	\$3.3 -\$3.6 billion	11,670	\$1.6 billion

City Planning Criteria and Approvals

- Casino form and profile should be consistent with an urban entertainment complex and appropriately sized
- Smaller casino size would make transportation and infrastructure impacts more manageable, and would assist in improving the “fit” within Toronto’s downtown
- A casino must leverage convention space
- Limit casino related food, beverage and retail to mitigate impacts on existing business
- Transportation approach must be transit focussed.
- Downtown core and Exhibition Place study areas are suitable locations within the C1 zone
- Any new casino development must comply with the City’s planning approval process

Mitigating Potential Social and Public Health Impacts

The report recommends the OLG and selected operators work with the City to implement a Toronto Casino Social Contract.

There are four areas of focus:

- Harm mitigation strategies to address negative societal impacts
- Social procurement opportunities in the development and operation of a casino, and related facilities (i.e. convention centre, hotel, etc.)
- City and community use of space agreements for appropriate uses (i.e. local arts, culture, etc.).
- Measuring and monitoring systems to independently assess Social Contract implementation and effectiveness

Public Consultation Summary

	Environics Poll	Feedback Form
Views on a Casino	<ul style="list-style-type: none"> • 50% opposed to a new casino • 42% support a new casino • 8% not sure/mixed feelings 	<ul style="list-style-type: none"> • 71.3% opposed to a new casino • 25.7% support a new casino • 3% not sure/mixed feelings
C1 Zone: Location	<p>Preferred locations for a casino in C1:</p> <ul style="list-style-type: none"> • Exhibition Place (36%) • Port Lands (20%) • Downtown Core (9%) 	<p>Highly suitable for an IEC:</p> <ul style="list-style-type: none"> • Exhibition Place (18.1%) • Downtown Core (16.2%) • Port Lands (13.2%)
C2 Zone: Woodbine	<p>Support for expanding gaming at Woodbine:</p> <ul style="list-style-type: none"> • 55% support • 33% oppose • 11% don't know/mixed feelings 	<p>Suitability of expanded gaming at Woodbine:</p> <ul style="list-style-type: none"> • 35.8% suitable • 46% unsuitable • 18.2% neutral/mixed feelings

Hosting Fee Summary (City Request)

	Proposed City Revenue Share	Total Estimated Annual City Revenue	Average City Share of Est. Total Gaming Revenue	Annual Minimum	Escalation to Minimum Requested
C1	Equal share of government gaming-related revenues	Up to \$148 M	12.0%	\$100 M	Yes - CPI
C2 expansion at Woodbine	Sum of (a) an equal share of incremental government gaming revenues; and (b)\$15M	Up to \$47 M	5.4%	No	N/A
C2 status quo	Standard Municipal Contribution Agreement	\$15 M	2.5%	No	N/A

New OLG Hosting Fee Formula

	Gaming Revenue	% of Gaming Revenue
Slots	< \$65M	5.25%
	\$65M - \$200M	3.00%
	\$200M- \$500M	2.50%
	>\$500M	0.50%
Table	Total table revenues	4.00%

Hosting Fees

C1 - Based on New OLG Formula

		City	OLG
Casino floor area		175,000 ft ²	175,000 ft ²
No. of slots		2,830	5,000
No. of tables		400	150
Gaming revenues	Slots	\$0.6B	\$1.0B
	Tables	\$0.6B	\$0.6B
	Total	\$1.2B	\$1.6B
Hosting fees	Slots	\$16M	\$18M
	Tables	\$23M	\$22M
	Total	\$39M	\$40M

* Note: OLG Revenue estimate per table is 2.5 times City estimate.

Hosting Fees

C2/Woodbine - Based on New Formula

		City	OLG
Casino floor area		80,000 ft ²	status quo
No. of slots		4,500	3,000
No. of tables		150	none
Gaming revenues	Slots	\$0.7B	\$0.6B
	Tables	\$0.2B	--
	Total	\$0.9B	\$0.6B
Hosting fees	Slots	\$16M	\$15M
	Tables	\$6M	--
	Total	\$22M	\$15M

Comparison of City Revenues

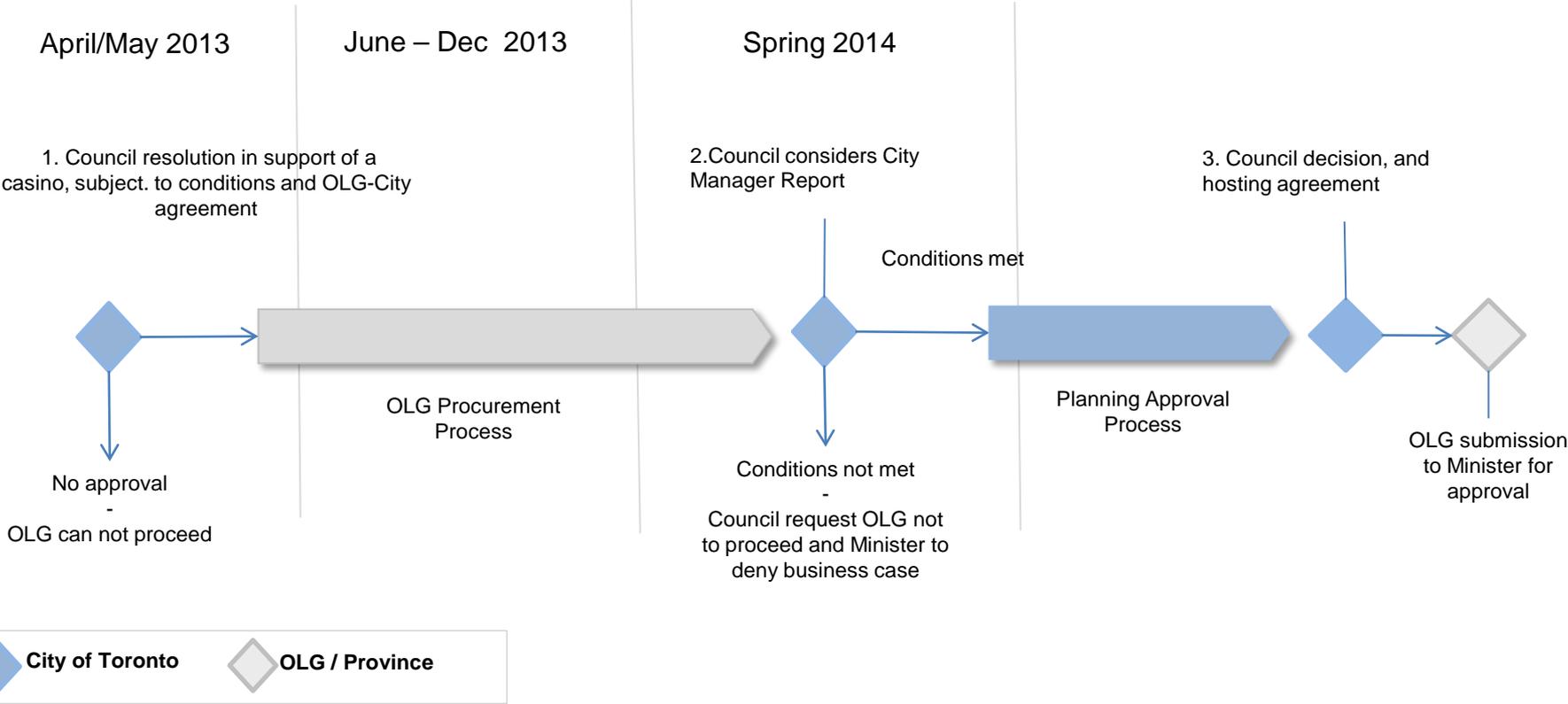
City Request vs OLG New Formula

		City Request	OLG New Formula	
			City Estimate	OLG Estimate
Hosting fees	C1	up to \$148M	\$39M	\$40M
	C2	up to \$47M	\$22M	\$15M
	Total	up to \$195M	\$61M	\$55M
Property taxes	C1	\$19M	\$19M	
	C2	\$15M	\$15M	
Lease revenues		tbd	tbd	

Total Increased Revenues – C1 + C2

OLG Zone		
C1	Hosting Fee	\$39 M
	Property tax	\$19 M
	Lease	\$5 M
C 2	Net Hosting Fee	\$7 M
Total		\$70 M

Council Decision and Approval Process



Questions