

Expanded Gaming at Woodbine Racetrack

Date:	June 16, 2015
To:	Executive Committee
From:	Acting City Manager
Wards:	All
Reference Number:	

SUMMARY

On March 31, 2015, City Council directed the City Manager to prepare a report assessing the technical planning requirements, and merits and potential risks of expanded gaming at Woodbine Racetrack (555 Rexdale Boulevard) (Woodbine) and authorized the City Manager to conduct a public consultation process to seek input on the matter.

This report recommends that City Council pass a resolution in support of expanded gaming at Woodbine, subject to planning, economic, social and health related conditions. This report also recommends that City Council request the Ontario Lottery and Gaming Corporation (OLG) to select a service provider that will work with Woodbine Entertainment Group to create a comprehensive development plan for Woodbine consistent with the City's Official Plan, that includes non-gaming related uses, in addition to expanded gaming, resulting in an integrated entertainment complex that can attract net new spending to Toronto and meet economic and community development objectives.

Should City Council approve the recommendations, the City Manager will report back to City Council with an assessment of how the OLG selected service provider has met, or has contractually agreed to meet, City conditions. This future report will be coordinated with the evaluation of a planning application for the site, for City Council consideration. If the City conditions are not addressed, City Council will in good faith, have the ability to reverse its conditional resolution in support of expanded gaming.

RECOMMENDATIONS

The City Manager recommends that:

1. 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), as required under Ontario Regulation 81/12, including additional electronic games and live dealer tables, subject to:
 - a. the OLG including the conditions set out in Appendix A (conditions) within its procurement process;
 - b. the OLG 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;
 - c. the OLG 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; and
 - d. the OLG not seeking Ministerial approval of the business case for expanded gaming at Woodbine required by O.Reg. 81/12 or authorizing the establishment of expanded gaming, until City Council has considered the report described in (c), has granted all planning approvals and, if required by City Council, entered into an agreement with the service provider.
2. City Council notify the Minister of Finance that the City Council resolution supporting expanded gaming at Woodbine will be void, should the OLG and the service provider fail to meet City requirements set out in Recommendation 1 and Appendix A.
3. City Council request the OLG to select a service provider that will work with Woodbine Entertainment Group to create a comprehensive development plan for Woodbine consistent with the City's Official Plan, that includes non-gaming related uses, in addition to expanded gaming, resulting in an integrated entertainment complex that can attract net new spending to Toronto and meet City economic and community development objectives.
4. City Council request the City Manager to report back to Executive Committee, when a planning application has been evaluated, with the assessment of how the service provider has met City conditions.
5. City Council require the OLG, the service provider, and Woodbine Entertainment Group to comply with the City of Toronto's planning processes, including Council

- approval for any new development at Woodbine, and confirm that Minister's Zoning Orders will not be utilized.
6. City Council authorize the City Manager to negotiate and enter into any required agreements with the OLG, the service provider, and Woodbine Entertainment Group, in a form satisfactory to the City Solicitor.
 7. City Council consider the report from the Medical Officer of Health, *Health Impacts of Expanded Gambling at Woodbine Racetrack* which was adopted by the Board of Health on June 1, 2015.

Implementation Points

Should City Council consent to expanded gaming at Woodbine with conditions, the City Manager will report to City Council on how the selected service provider has met or can contractually commit to meeting the conditions. This will be done when a planning application has been evaluated on a development of Woodbine, and will allow City Council to decide whether to maintain or reverse its conditional resolution in support of expanded gaming at Woodbine. The implementation of this process is dependent on cooperation from the Minister of Finance, OLG and its service provider as specified in this report.

Financial Impact

There is no immediate financial impact as a result of the adoption of the recommendations of this report. However, expanded gaming at Woodbine Racetrack may result in additional revenues to the City due to an incremental increase in the City's share of gaming revenue (hosting funds), property taxes and/or development charges associated with a new land development project. A summary is provided below (Table 1), and a full analysis of financial considerations can be found in Appendix B.

If Council does not approve expanded gaming at Woodbine, the City will continue to receive approximately \$15 million per year in hosting funds, assuming factors such as patron visits, the number of electronic games, and spending stay the same. The City will also continue to receive property taxes related to Woodbine, which currently amounts to approximately \$1.7 million per year.

City Share of Gaming Revenue - Hosting Funds

The City's share of gaming revenues at Woodbine is governed by a standard province-wide Municipal Contribution Agreement (MCA), which will continue to apply should City Council consent to expanded gaming.

While the size of expanded gaming will be determined by the OLG service provider, the OLG Request for Pre-Qualification (RFPQ) outlines that Zone C2 (Woodbine) may have a maximum of 5,000 electronic gaming positions (an increase of up to 2,000), and up to

2,400 live table gaming positions (approximately 300 live dealer tables with 8 gaming positions each). The OLG estimates that expanded gaming could generate an additional \$7 million to \$11 million in revenues for the City (for a total of approximately \$22.5 million to \$26.5 million). The OLG has advised that its projections are conservative and do not assume that the upper limits of expanded gaming, as outlined in the RFPQ, are implemented.

City staff conducted an analysis to identify a 'best case' scenario which assumes that the upper limits of expanded gaming are implemented by the OLG's service provider. Should this occur, City staff estimate an additional \$14.0 million in hosting funds each year, bringing the total to \$29.5 million annually. Due to the revenue sharing formula included in the standard MCA, almost all incremental revenue received by the City would be generated through the introduction of live dealer tables.

Property Taxes and Other City Revenues

City staff estimate that there will be incremental municipal property taxes derived from expanded gaming, to be paid by the service provider and/or related property owners, on the assessment value of the development. Expanded gaming may also result in the development of non-gaming facilities which would result in additional development charge and property tax revenues. At the current time, there is no detailed proposal for the Woodbine site. However based on the construction costs of an illustrative land development project, including hotel, restaurant, retail and convention space, City staff estimate incremental annual municipal property taxes of approximately \$5.5 million.

Table 1 – Summary of Revenues (\$ million)

	Current	Net New (up to)	Total Expansion (up to)
OLG Estimates			
Gaming Revenue	600	300 - 500	900 - 1,100
City's Share (Hosting Funds)	15.5	7.0 - 11.0	22.5 - 26.5
City's Share (%)	2.6%	2.2% - 2.3%	2.4% - 2.5%
'Best Case' (upper limits of expanded gaming)			
Gaming Revenue	600	700	1,300
City's Share (Hosting Funds)	15.5	14.0	29.5
City's Share (%)	2.6%	2.0%	2.3%
Property Tax Revenue (Non-Gaming Development - Illustrative Expansion)			
	1.7	5.5	7.2

Source: OLG estimates, staff analysis

Incremental Costs

Expanded gaming is not expected to result in net incremental costs to the City including police, fire and emergency medical services. The development of non-gaming facilities may result in additional costs depending on the size and type of development, however property taxes from a new development will help defray any additional municipal costs. As per any development in the City, the proponent of development at Woodbine would be responsible for all infrastructure costs that are typically a direct developer responsibility.

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

DECISION HISTORY

On June 1, 2015, the Board of Health considered HL4.2 *Health Impacts of Expanded Gambling at Woodbine Racetrack*, and recommended to City Council that it maintains its opposition to expanded gambling in Toronto; and alternatively if City Council does consent to expansion of gambling at the Woodbine Racetrack, that it makes approval conditional on the following mitigation measures to be met by the OLG and any future private operators:

- a. Require the facility to maintain all existing and planned Responsible Gambling measures; and
- b. That hours of operation be limited to no more than 18 hours a day.

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

On March 31, 2015, City Council authorized the City Manager to conduct a public consultation and to prepare a report on the technical planning requirements, and merits and potential risks of expanded gaming at 555 Rexdale Boulevard (Woodbine Racetrack). City Council also requested the Medical Officer of Health to report to the Board of Health on any public health impacts of expanding gaming at Woodbine Racetrack.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX4.16>

2010-2014 Term of Council

City Council

On November 13, 2013 City Council authorized the appropriate City officials to enter into a Municipal Contribution Agreement with the 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>

On May 21, 2013, City Council considered a report from the City Manager, EX30.1 *New Casino and Convention Development in Toronto*. The report provided analysis of the financial, economic development, social and planning implications of expanded gaming

at the existing Woodbine facility which is in the OLG C2 zone. In 2013, City Council opposed the expansion of gaming at Woodbine Racetrack.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX30.1>

Board of Health

On April 29, 2013, the Board of Health considered HL21.4 *Gambling Expansion in Toronto* and reiterated its recommendation to City Council to not allow the OLG to expand gaming in the City of Toronto; and alternatively if City Council did consent to expand gaming, that it implement the harm mitigation measures set out in the letter of April 10, 2013 from the Medical Officer of Health, per HL18.1.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.HL21.4>

HL18.1, *The Health Impacts of Gambling Expansion in Toronto*

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.HL18.1>

Etobicoke York Community Council

On November 6, 2012, Etobicoke York Community Council received for information, a member motion which recommended support for a casino in Zone C2 at Woodbine Racetrack.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EY20.29>

ISSUE BACKGROUND

The OLG is a provincial crown corporation reporting to the Minister of Finance and is responsible for the Province's lotteries, casinos and slot facilities. The Alcohol and Gaming Commission of Ontario (AGCO) is responsible for establishing and enforcing regulatory standards. The OLG is responsible for 24 gaming sites across Ontario, including 4 resort casinos and 20 slots and casino sites (14 of which are at racetracks).

The OLG currently owns and operates the gaming facility at Woodbine which has approximately 3,000 electronic games (slots and other games such as electronic poker) but no live dealer tables. Woodbine generates approximately 30 per cent of all gross gaming revenue for Ontario's 20 slots and casino sites and is one of the busiest gaming floors in North America.

Woodbine was built at its current location in 1956 and currently hosts more than 260 thoroughbred and standardbred racing days per year. Gaming was introduced on the site in March 2000 with approximately 1,700 electronic games.

Woodbine Entertainment Group (WEG), which owns and operates the racetrack at Woodbine, advises that it is the largest horse racing operator in Canada, and is a key economic driver of horse breeding and racing, the second largest agricultural industry in the Province. The sector generates over 60,000 direct and indirect jobs that account for \$1.6 billion in wages and salaries. WEG advises that approximately 5,000 people are

employed at the Woodbine site including approximately 1,400 employed by WEG, 2,500 people employed in the stable area and 700 employed by the OLG.

OLG's Modernization Plan

In July 2010, the Government of Ontario directed the OLG to modernize charitable and commercial gaming in Ontario including a comprehensive review of land-based gaming facilities. This was completed in May 2012 when the Province accepted the OLG's Strategic Business Review. Key initiatives include expanding regulated private sector delivery and the reconfiguration of existing slot and casino gaming sites, and the development of new gaming sites.

The OLG modernization plan identified 29 zones across Ontario for locating gaming facilities; 5 of the zones currently do not host a gaming facility. Within the City of Toronto there are two gaming zones, C1 and C2 (which includes Woodbine). On May 21, 2013, City Council opposed establishing a new gaming site within zone C1 and also opposed expanding gaming at Woodbine Racetrack. City Council's decision has been reflected in the OLG's procurement process.

OLG's Procurement Process and the GTA Gaming Bundle

In 2013, the OLG launched the procurement process to find a single private sector operator for Gaming Bundle 5 (GTA) which includes:

- Zone C2 – including Woodbine;
- Zone C3 – in the municipalities of Ajax, Whitby and Pickering, and including the existing facility at Ajax Downs Racetrack; and
- Potentially Zone C8 (Great Blue Heron Charity Casino near Port Perry).

The GTA Gaming Bundle is currently in the Request for Pre-Qualification (RFPQ) stage as the OLG looks for service providers that are capable of operating the gaming sites in the bundle. The RFPQ will assess the expertise and experience of potential service providers with respect to gaming operations, property development, financing and horse racing. The selected service provider would be responsible for the day-to-day operations for the gaming sites for approximately 22 years with the option for unlimited 10 year renewals, subject to terms and conditions. The service provider would also have the right of first refusal to operate new gaming sites in the GTA C1 Zone, should any municipality express an interest in hosting a site during this period.

The OLG has identified the amount of gaming that is suitable for each local market and, in the RFPQ has specified the maximum amount of expansion that service providers may pursue. The selected service provider for Woodbine, subject to City Council's consent, may expand gaming to up to 5,000 electronic gaming positions (from the existing 3,000) and approximately 300 live dealer table games¹ (where none exist today).

¹ The OLG RFPQ notes an allowance of 2,400 live table gaming positions in the C2 Zone; one table includes approximately 8 gaming positions

The GTA Gaming Bundle RFPQ is scheduled to close on August 27, 2015. The OLG will then launch a Request for Proposals (RFP) process to select a preferred service provider.

Regulation 81/12 and Municipal Consent

The OLG has authority to establish a gaming site within a municipality, however *Regulation 81/12 – Requirements for Establishing a Gaming Site*, under the *Ontario Lottery and Gaming Corporation Act, 1999* (O. Reg. 81/12) came into effect in June 2012 which outlines a number of requirements that must be met before the establishment of a gaming site.

In particular, the regulation specifies the requirement for a municipality to:

- a) seek public input into the establishment of the proposed gaming site;
- b) pass a resolution supporting the establishment of the proposed gaming site in the municipality; and
- c) provide to the OLG a description and summary of the public input, as well as a copy of the resolution.

If Council would only support expanded gaming in certain circumstances, it should articulate these in its resolution. Staff have recommended conditions that could be attached to the Council resolution. The regulation also specifies that the OLG must submit a business case to the Minister of Finance, who will then approve or reject the proposal.

Accordingly, a resolution from City Council is required to allow live table games at Woodbine, as such a proposal would trigger Minister of Finance approval under O. Reg. 81/12. If the service provider wishes to add live table games, they will develop and submit a business case to the OLG. Upon review, the OLG will then submit a business case to the Minister of Finance for final approval.

The OLG has confirmed that it will respect the City's decision regarding expanded gaming, and will advise potential proponents of the City's direction as part of the procurement process. Specifically, the OLG has committed to involving the City during the RFP stage as follows:

- Providing the City's conditions and other relevant documents (as determined by the City) to pre-qualified proponents;
- Providing the City with the opportunity to present to pre-qualified proponents on any conditions and other relevant matters (i.e. required planning approvals); and
- If applicable, advising pre-qualified proponents that the City's approval is conditional, and that they will need to work with the City to gain explicit approval.

The OLG has also committed to amending its Casino Operating and Services Agreement (COSA) to require that the service provider provide a process to comply with the City's

conditional resolution under Regulation 81/12, and report to the OLG on how it will comply with City conditions and the timelines to do so.

In addition to working with the City on conditions, the service provider will be responsible for approaching the City if they have development plans for the site. As with any development application, the City has the authority to approve, modify or refuse to permit the development.

Process Undertaken for Staff Analysis

In assessing the technical planning requirements, and merits and potential risks of expanded gaming at Woodbine, City staff have reviewed analysis completed on expanded gaming in 2013 and incorporated new information gathered from the OLG's RFPQ summary, and other public documents. Staff have also been informed by input gathered through site visits, meetings and information provided by the OLG, WEG, other stakeholders, and through the public consultation process.

Without a detailed proposal, the amount of expanded gaming and development to occur on the site is not known. As noted earlier, the size of expanded gaming and non-gaming related development at Woodbine will depend on the interests of OLG's service provider and WEG. Furthermore, the horse racing industry is in a period of transition, with negotiations ongoing between industry associations, the Province, the OLG and other stakeholders to determine a future model of sustainability. Accordingly, staff analysis outlines the alignment of expanded gaming with existing City plans and policies (including planning, public health and social development), and forecasts financial and economic considerations based on illustrative scenarios of expanded gaming and non-gaming development.

COMMENTS

Results from Public Engagement

As directed by City Council, the City Manager conducted a public consultation process to seek input from Torontonians on the matter of expanded gaming at Woodbine. The consultation, delivered by Ipsos Reid, included a public meeting in Etobicoke, an online questionnaire, and a city-wide public opinion telephone poll. The consultation was promoted on the City's website, through print ads and via social media.

Appendix C includes comprehensive results of the public consultation. The following section provides a summary.

Methodology

Telephone Poll

A telephone poll was conducted among a representative sample of 701 adult Toronto residents from May 15-28, 2015 with a margin of error of plus or minus 3.7 percentage points (at the 95% confidence level). The data are statistically weighted to ensure the sample's regional, age and gender composition reflects that of the actual Toronto population according to 2011 census data. In addition, 200 interviews were conducted with residents in North Etobicoke (M9W and M9V) in order to boost the sample size of residents who live in the area of Woodbine Racetrack.

Online Survey

An online survey was posted to the Woodbine Racetrack Casino Consultation webpage, and was open from May 6-29, 2015. A total of 465 online surveys were completed. Eighty percent of those who completed the online survey indicated being a resident of Toronto while 20% indicated that they live elsewhere. The survey was open to all who chose to complete it and therefore, the sample should not be viewed as statistically representative of the residents of Toronto. This information was collected to assist the City to better understand the positions and interest of Torontonians.

Public Meeting

A three hour public meeting was held on May 11, 2015 at the Etobicoke Olympium. The input reflects the views of the participants and is not statistically representative of Torontonians as a whole.

Key Findings of the Telephone Poll and Online Survey

Awareness

According to the telephone poll, currently only half of Torontonians are aware that the City is considering a possible expansion of gaming at Woodbine, with those living in the area of Woodbine being the most aware. Awareness is highest among those aged 35+ and those that have visited Woodbine within the past 5 years.

Through the city-wide telephone poll, half of residents indicated being aware of the expansion issue. Nearly all (96%) of those who completed the online survey were aware of the expansion.

Level of Support and Opposition

When initially asked whether they support or oppose expanded gaming at Woodbine via the telephone poll, one-third of Torontonians (34%) support the expansion and one-quarter (25%) oppose. The remaining have mixed feelings (38%) or don't know (4%). Support is significantly higher among those living in the area of Woodbine (50% support, 34% mixed feelings and 16% oppose).

Of those who completed the online survey 65% support (54% strongly support and 11% somewhat support) 8% have mixed feelings, 27% oppose (3% somewhat oppose and 24% strongly oppose) and 1% don't know.

The online survey asked many of the same questions asked in the city-wide telephone poll, however a question regarding support for expanding gaming at Woodbine, contingent upon new commercial development, was added to the city-wide telephone poll after the public meeting.

In the telephone poll, support increases to 72% if the expansion brings new commercial development such as hotels, restaurants or entertainment venues (21% support regardless, 51% support expansion only if expansion brings new commercial development), while 26% oppose the expansion regardless of whether there is commercial development and 3% remain unsure of their opinion. The potential support among residents living near Woodbine is about the same as it is among Toronto residents as a whole (20% support regardless, 55% support on the condition of new commercial development, while 23% oppose and 2% are unsure). Just over half of residents (55%) do not believe there will be a significant increase in new visitors with expanded gaming Woodbine. Eight in ten residents (82%) would like to see other facilities added onto Woodbine that will attract visitors.

**Table 2 – Support and Opposition
(with an added question on new commercial development)**

	Support	Mixed Feelings	Oppose	Don't Know
Support/Opposition for Expanded Gaming				
Telephone Poll (all)	34%	38%	25%	4%
Telephone Poll (those living near Woodbine)	50%	33%	16%	1%
Online Survey	65%	10%	24%	1%
Support/Opposition with new Commercial Development				
Telephone Poll (all)	72%	N/A	26%	3%
Telephone Poll (those living near Woodbine)	75%	N/A	23%	2%

Reasons

The primary reasons identified in both the telephone poll and the online survey for support are revenue for the City and jobs, and for opposition are concerns about increased problem gambling and being generally opposed to gambling. Residents that support expansion are significantly more likely to know that Woodbine already offers slots, off-track betting and video-tables than who oppose.

- Eight in ten residents (79%) believe the area around Woodbine is in need of economic growth and jobs.

- Seven in ten residents (70%) don't believe that the expansion will lead to full-time, permanent jobs and nearly as many (64%) believe that expansion will lead to an increase in problem gambling.
- Six in ten residents (62%) worry that expanding gaming will lead to traffic congestion.
- Half of residents (54%) agree that if expanding gaming is going to happen in the GTA, they would prefer it happen in Toronto.

Reaction to the Estimated Size of the Expansion

Support remains steady once residents are told the estimated possible number of additional slots and video tables and new live tables that could be added with the expansion. However many of those who initially have mixed feelings, shift to opposition. Six in ten residents (63%) agree that Woodbine has offered gaming through slots and electronic tables for the past 15 years without significant negative impacts on the community.

Desired Conditions

When asked what conditions the City should request of the Province, OLG and the casino operator, if it approves the expansion, 48% of residents who participated in the telephone poll do not offer a suggestion. Of those residents who want the City to request conditions, the most frequently mentioned are (in descending order, but close in magnitude): jobs for local residents, community safety/policing, counselling for gambling addiction, greater gaming control and regulation, better roads/infrastructure and commercial development.

Similarly, half (52%) of respondents to the online survey did not offer a suggestion. Of those who did, jobs for local residents and commercial development/more amenities are the most desired conditions.

Key Findings from the Public Meeting

80 community members attended the meeting and provided feedback through individual interviews, a feedback form, comment boards and by making public comments. Input received from 50 community members included:

- 48 either somewhat or strongly supported the possible expansion. 29 stated that they saw no drawbacks at all to an expansion.
- While a couple had mixed feelings or somewhat opposed, no one stated strong opposition.
- Creating new jobs and securing existing jobs were seen as the main benefits of an expansion. Generating revenue for the City/local economy, attracting visitors and providing additional entertainment in Toronto were also seen as compelling benefits.
- The primary drawbacks expressed were increased traffic congestion, revenue coming from a source some do not agree with, concerns about gambling addiction, other health issues and public safety in the area.

The public also provided input through the open microphone, comment boards and in interviews:

- The community wants to see the creation of new, full-time (with benefits) and preferably unionized jobs with an expansion.
- Community members expect investment in the neighbourhood related to traffic congestion, addiction support and safety.
- Community members want more information about the timelines associated with a possible expansion and about the associated development in the area (i.e. hotels, retail, etc.).
- One community member was strongly opposed to the expansion due to concerns about gambling addiction.

Planning Considerations

Woodbine Racetrack is an existing entertainment destination in the northwest quadrant of Toronto. The site is comprised of approximately 266 hectares of land, adjacent to major roads and highways such as Rexdale Boulevard and Highways 27 and 427. The site is also located near Pearson International Airport.

A large slot operation has existed at Woodbine since 2000 in the grandstand building, which is permitted through a Minister's Zoning Order (Ontario Regulation 688/98). The existing grandstand has a total floor area of 60,235 m² which includes 13,496 m² dedicated to approximately 3,000 electronic games, 1,102 m² for gaming hospitality and 45,266 m² for racing operations. For comparison, Niagara Fallsview Casino currently has over 3,000 electronic games and 100 live dealer tables on a gaming floor of approximately 18,500 m².

WEG has advised City staff that there is no ability to expand the first floor of the existing grandstand, and that a building expansion or a new facility will be required to accommodate expanded gaming and related facilities. Using data provided by the OLG, City staff estimate that if the service provider expands gaming to the maximums as outlined in the RFPQ, they may require approximately 42,000 m² in additional space (including space for the gaming floor, hospitality, and back of house). In total, a facility with 5,000 electronic games and 300 live dealer tables may have a gaming floor area of approximately 26,000 m².

Planning Framework

The current planning framework for Woodbine supports both the existing gaming facility as well as expanded gaming, including live dealer tables, at this location. The expansion has the potential to support additional development on this site that is in keeping with both the planning and economic framework approved by City Council in 2007 that identified Woodbine as an entertainment and retail destination. Expanded gaming at Woodbine could support broader revitalization plans for the area given job losses and the uncertainty in the horse racing industry.

The potential advantages to expanded gaming 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 off-site development related to the approved plans;
- it would not destabilize adjacent areas;
- uses, built-form and scale can be accommodated and impacts can be mitigated;
- expansion has the potential to create employment opportunities, particularly if non-gaming related facilities are built; and
- the ability to attract travellers that are waiting for connecting flights at the nearby Pearson International Airport, particularly if enhanced transit accessibility to/from the airport is achieved.

Improvements to public transit will be a key component to planning for intensification on the site. The nature and extent of transit improvements will be directly related to any proposed development and may include improved bus service, higher order transit and the Finch West LRT.

As directed by City Council, a high level Business Case Analysis (BCA) was completed for extending the Finch West LRT from Humber College to Rexdale and Pearson International Airport. The report concludes there is a reasonable case for the extension and merits further investigation. The executive summary of the BCA is in Appendix E.

Further Analysis

At present, there are no detailed proposals for the development of Woodbine, which would include development applications submitted under the *Planning Act*. As such, analysis undertaken by City Planning in 2013 on potential expanded gaming at Woodbine has been reviewed and included in this report (see Appendix D).

Planning Act applications would include supporting documentation, such as detailed transportation studies, that would be reviewed by City divisions and agencies and would assist staff in making recommendations to City Council on the appropriateness of a proposal at Woodbine (proposed uses, scale, form, density, etc.).

If expanded gaming is to occur at Woodbine, planning approvals will be required. All planning approvals are subject to potential appeal to the Ontario Municipal Board. Where an Official Plan and/or Zoning By-law Amendment would be required, additional public consultation on the proposal would be undertaken by City Planning staff in accordance with the City's standard practices.

Ensuring that the City's planning approval process is respected is critical in terms of providing for additional analysis and studies, and revision as necessary, to support the new use as well as to provide additional opportunities for consultation and City Council direction.

Economic Considerations

Without a development proposal, City staff have estimated economic impacts based on an illustrative scenario similar to the approach taken in 2013. The following section is a summary of potential economic impacts derived from expanded gaming, an expansion of non-gaming activities (entertainment and retail) and employment associated with the racetrack operation. Detailed economic considerations are outlined in Appendix F.

Expanded Gaming at Woodbine

The OLG projects that expanded gaming at Woodbine could generate between \$300 million and \$500 million in new gaming revenues per year. This is in addition to the \$600 million in current gaming revenues generated by electronic games. With this level of revenue, the OLG projects that an expanded gaming facility at Woodbine could require between 1,000 and 1,400 new full-time equivalent (FTE) positions in direct gaming employment. This estimate is consistent with employment at other OLG resort casinos. In practice, FTE employment would involve a mix of full-time and part-time jobs.

An overall positive economic impact on the region depends on net new revenue and employment which is only generated by new spending in the region, whether by out-of-town visitors, returning spending by Toronto residents, or by GTA residents visiting Woodbine instead of casinos outside the GTA.

As outlined by Ernst & Young in 2013, approximately 33 percent of new casino revenues could be net new spending in the Toronto Census Metropolitan Area. This means that 1,000-1,400 FTE positions in an expanded casino would represent approximately 400 net new direct gaming jobs, and an additional 300 indirect and induced jobs. Construction of a 32,500 m² expansion to the gaming floor and all back of house functions could generate 400 jobs (person years) directly in construction, and 225 jobs (person years) of employment in indirect and induced activities related to construction.

In this scenario, the remaining 67 percent of the \$300-\$500 million taken in by an expanded casino would replace existing spending in the region. Many visits to Woodbine would likely be made instead of visits to other entertainment venues and similar discretionary expenditures.

Job Quality

Currently the OLG reports that 60 percent of jobs across all casinos in Ontario are full-time (more than 24 hours/week, which is the OLG's definition of full-time). Because OLG facilities are open 24 hours, shifts occur at all times of the day. Employees at the Woodbine gaming facility, including cage and coin cashiers, slot attendants, shuttle bus drivers, housekeepers and security guards, earn between \$17.00 and \$21.00 an hour. 71

percent of employees at Woodbine are unionized while the average at all OLG operated sites is 28 percent.

The OLG's Modernization Strategy involves finding private sector service providers for all gaming operations in Ontario. OLG will no longer be the employer at the Woodbine facility, and new operators may have different labour practices related to compensation, provision of benefits and scheduling. More information on job quality can be found in Social and Health Considerations.

Non-Gaming Development

WEG continues to state its interest in developing non-gaming uses, but has identified the merits of a phased approach, wherein gaming expansion would provide the financial return and additional visitors that would permit future development on the site.

In 2013, WEG suggested that expanded gaming at Woodbine could be accompanied by a hotel, meeting/convention space and/or entertainment venues, and retail including restaurants and bars in a total development of approximately 139,000 m² (1.5 million square feet). Non-gaming uses at Woodbine would generate output and employment, and a portion of the total would be a net new gain to the Toronto region. As with gaming, the net new proportion depends largely on the degree to which the development would attract tourists from outside the region. Currently, OLG estimates that a large majority of Woodbine patrons are located within a 20 minute drive of the facility. With many jurisdictions building casinos in recent years, there are only a limited number of gaming locations that have become international destinations.

As there is no development proposal, City staff have estimated the employment and GDP estimates for non-gaming uses on the Woodbine site based on an illustrative development scenario, which is a similar approach to the one taken in 2013. In a scenario where a hotel, convention or entertainment venue generates half of its revenues from out of town visitors, and retail development primarily serves a local market, approximately 450 direct and 175 indirect and induced net new jobs could be generated by non-gaming amenities outside an expanded casino in the Toronto region. An additional 1,475 jobs (person years) could be required directly during the construction phase of this illustrative scenario, along with 725 indirect and induced jobs (person years).

Employment at Woodbine Racetrack

Currently at Woodbine, the primary source of employment is the racetrack. WEG has stated that expanded gaming could improve its overall financial position which could make the racetrack operation more sustainable. WEG reports that it currently has approximately 1,800 employees, including 1,400 at the Woodbine location and that 2,500 people are employed in the stable area including trainers, walkers and veterinarians.

Table 3 – Summary of Employment Impact Estimates

	Gaming Only	Non-Gaming Development Scenario with Hotel, Retail and Entertainment	Racetrack Operations
Current	700 employees	N/A	1,400 WEG employees 2,500 backstretch jobs
Expanded Gaming (Illustrative Expansion)			
Operation	700 FTE net new to region	640 FTE net new to region	Assume at least equal to current
Construction	625 person years during the construction period	2,300 person years during the construction period	N/A

Source: OLG estimates for an expanded Woodbine gaming facility, Ontario Tourism Regional Economic Impact Model and staff estimates

Social and Health Considerations

While there are clear challenges presented by the proposed establishment of expanded gaming, City Council's decision may provide some opportunities to address challenges related to the community's social cohesion, public health and economic vitality. The City's ability to take advantage of these opportunities will be influenced by a number of different factors including:

- the quality of the service provider selected by the OLG;
- the OLG procurement process and requirements imposed on the future service provider;
- the gaming facility's scale and scope;
- the employment strategies adopted by stakeholders; and
- the operational agreements that service provider makes with stakeholders.

As many of these items are uncertain at this time, City staff cannot provide a fulsome analysis of the social impacts and opportunities that an expanded gaming facility may have on the neighbourhoods surrounding Woodbine.

In 2013, staff carried out a literature review to identify some of the social considerations and 'best practices' for harm mitigation associated with an expansion of gaming facilities and opportunities. The reports reviewed indicate that an expanded gaming facility could not only exacerbate some of the adverse health consequences associated with problem gambling but could also lead to an increase in societal harms that have been shown to be directly linked to the scale and scope of available gaming facilities (Appendix G).

This work complements the research conducted by Toronto Public Health (TPH) during this same time. TPH previously prepared a number of reports to the Board of Health (BOH) in advance of City Council's 2013 deliberation on a *New Casino and Convention Development in Toronto*, which included an assessment of expanded gaming at Woodbine. These earlier reports from TPH indicated that gambling expansion is associated with an increase in problem gambling and its related health impacts. Problem gambling is a significant public health concern due to impacts on the health of gamblers and on the community at large. The Medical Officer of Health (MOH) also recommended potential mitigation measures to reduce the risks and impacts of problem gambling.

An increase in problem gambling continues to be the primary public health concern with gambling expansion in Toronto, including at Woodbine. The BOH recommended that on the basis of public health concerns, City Council maintain its resolution of May 2013 opposing expanded gambling in Toronto. The BOH also recommended that if City Council consents to expansion of gambling at Woodbine Racetrack, requiring any future private operator at Woodbine to maintain all existing and planned responsible gambling measures and reduce hours of operation to no more than 18 hours a day should be implemented as a condition of City Council's approval. The City Manager recommends that City Council consider the report from the MOH, *Health Impacts of Expanded Gambling at Woodbine Racetrack* which was adopted by the BOH on June 1, 2015.

Community Benefits

Should City Council consent to expanded gaming, the City may have the opportunity to work with the service provider, and other stakeholders such as the OLG, Public Health, and the Ministry of Health and Long-Term Care, to examine vehicles to implement measures aimed at strengthening harm mitigation and addressing some of the negative societal and health impacts of problem gambling.

This report recommends a number of conditions, which if complied with, would help encourage the OLG's selected service provider to work with the City to implement measures aimed at mitigating some of the potential adverse societal and health consequences presented by expanded gaming at Woodbine. It may be possible to carry out such measures through a number of different mechanisms, including a Community Benefits Agreement.

The term "Community Benefits Agreement" (CBA), as used in this report, refers to a collection of voluntary arrangements that the City may be able to make with private entities that would require steps be taken during projects to benefit a community. It does not refer to a specific type of agreement that the City has at its disposal to bind private entities to a set of requirements and to enforce compliance. The ability of the City to utilize a Community Benefits Agreement depends on a number of different factors, including the nature of agreements and legal instruments available, the willingness of parties to agree to these requirements, and the ability of parties to work together to enforce the requirements they have agreed to.

Four areas of focus were identified for possible inclusion in a CBA. The inclusion of these four areas may help encourage the service provider and other stakeholders to provide investments that contribute to strengthening Toronto's social, economic and urban fabric. These four areas are:

- a) mitigating the potential adverse societal impacts of an expanded gaming facility;
- b) facilitating commitments to social procurement opportunities in the development and operation of an expanded gaming facility, and related non-gaming facilities (e.g. convention centre);
- c) facilitating commitments to the development of City and/or community use of space agreements for appropriate uses (i.e. local arts, culture, etc.); and
- d) implementing robust measuring and monitoring systems to independently assess the implementation and effectiveness of these measures.

Where a CBA is agreed to by all parties, including agreement on the terms to ensure compliance, a CBA may help to establish expectations and commitments between government, the private sector, institutions and society on how certain community benefits can be sourced from the proposed expansion of gaming and how some of the negative societal impacts may be mitigated.

The adoption of a CBA would emphasize commitment from all parties towards:

- a) Partnership - working together to build sustainable community and city-wide relationships and initiatives that benefit Toronto residents and the City as a whole.
- b) Open and Inclusive Dialogue – identifying priorities, developing solutions and avoiding marginalization of residents throughout the development and operation of an expanded gaming facility.
- c) Strengthening Toronto Through Investment – supporting economic opportunities for individuals, communities and the city, with a focus on vulnerable groups disproportionately impacted by economic uncertainties (e.g. youth, unemployed and underemployed individuals and newcomers).
- d) Addressing Impacts on Toronto's Communities – proactively addressing the negative impacts of problem gambling through prevention, intervention, treatment and harm mitigation initiatives based on internationally recognized 'best practices'.
- e) Independent Monitoring and Analysis – supporting regular independent monitoring and analysis of the social, health, employment and economic impact of an expanded gaming facility on Toronto communities and residents to keep a possible Community Benefits Agreement relevant, transparent and accountable to Torontonians.

A CBA may also provide a mechanism to help support sustainable social development, expanded economic opportunity and contribute to the vitality of Toronto's neighbourhoods.

Expanded Gaming and the Horse Racing Industry

On March 31, 2015, City Council requested the City Manager to review how the expansion of gaming relates to horse racing at Woodbine Racetrack. Appendix H and the following summary have been prepared in response to this request.

The Ministry of Agriculture, Food and Rural Affairs is the lead ministry for Ontario's policies related to horse racing. Funding is primarily provided through the Horse Racing Partnership Plan (HRPP), which will provide the industry with \$500 million from 2014-2019 as it works with the province, the OLG, and other stakeholders to move the sector towards long-term sustainability. This work was identified as part of the Horse Racing Industry Transition Panel which was initiated in 2012 to respond to the changing nature of the industry, including cancellation of the OLG Slots at Racetracks program.

As a result, the OLG has been directed by the Government to grow horse racing in Ontario and fully integrate racing into its modernization plan. This includes the development of marketing initiatives and new horse-themed products, providing advice to government on the industry's legislative and regulatory framework, and incorporating horse racing into OLG modernization plans by including a service provider's horse racing experience as one of the criteria used to select new operators for GTA gaming facilities.

While industry, government and stakeholders work towards sustainability, the cancellation of the Slots at Racetracks program means that racetracks in Ontario do not receive a share of gaming revenues from on-site gaming facilities. Instead they receive lease payments from the OLG. While WEG does not receive a share of gaming revenues, it is expected that expanded gaming will increase revenues for the organization due to higher lease payments (because of a larger gaming floor) and if additional development occurs on lands its owns.

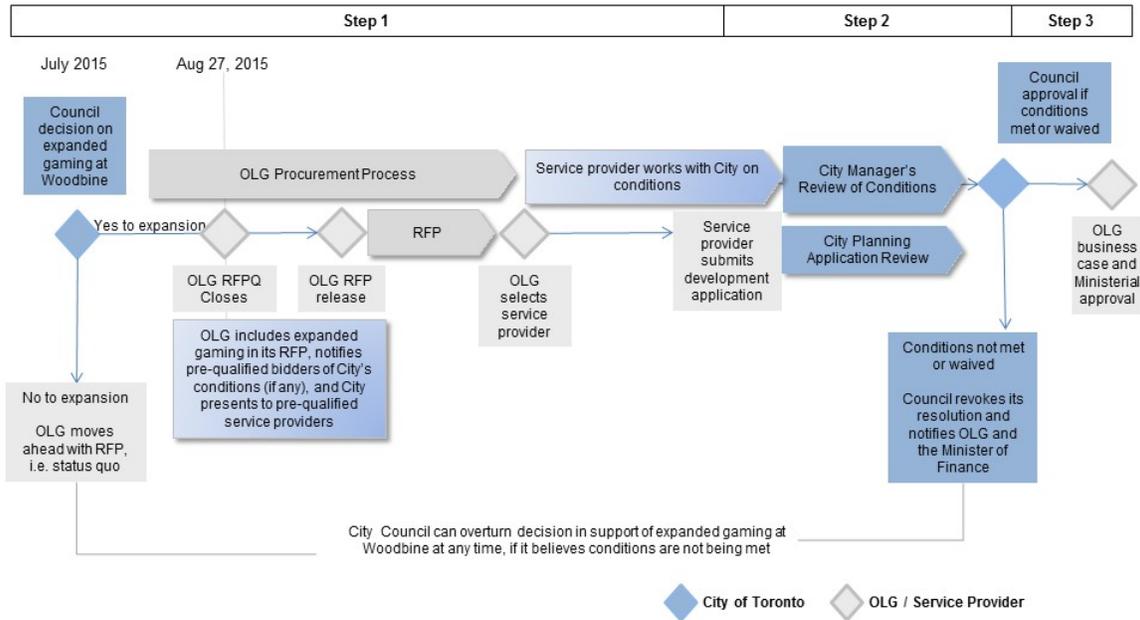
Profits received by WEG may be invested in on site accommodations to improve and increase affordable housing for backstretch workers. As noted in the Official Plan, the City also has an interest in increasing the quality, quantity, availability and affordability of housing, and will investigate the opportunities that may be available at the Woodbine site through any future development applications.

Decision and Approval Process

This report recommends City Council consent to expanded gaming at Woodbine, subject to the service provider meeting City conditions. The recommended subsequent decision and approval process is outlined in Figure 1.

The OLG is receptive to including the City within its procurement process, however it will not include the City's specific conditions within contracts with the service provider. The OLG has committed to requiring the service provider to report back with specific information on how City conditions will be met, and a timeline to do so, prior to the development of a business case for Ministerial approval.

Figure 1 – Possible Decision and Approval Process



Step 1 – City Council Consent to Expanded Gaming at Woodbine

- If City Council does not consent to expanded gaming at Woodbine, under Regulation 81/12, the OLG will continue its procurement process as is, and will select a service provider for the C2 Zone within the GTA Gaming Bundle for the existing size and gaming facility at Woodbine.
- If City Council does consent to expanded gaming at Woodbine, subject to this reports recommendations and conditions, the OLG will embed City's Council's decisions within its procurement process as follows:
 - City conditions will be provided to all pre-qualified service providers as part of the RFP process;
 - The City will present to pre-qualified service providers the conditions and any other items related to the Woodbine site; and
 - The OLG will advise pre-qualified service providers that City approval is conditional and that they must work with the City on any conditions and participate in the City's planning processes before final approval.
- The selected service provider will work with the City to address conditions and implementation. The service provider will also work with the City to review planning conditions as part of any planning process. It is expected that the landowner, Woodbine Entertainment Group (WEG) would also be involved in this process.

- At the time of a Final Report on any planning application(s), the City Manager would evaluate how the service provider has met or can contractually commit to meeting City conditions.

Step 2 – Reporting to City Council

Planning Approvals

- City Planning, in consultation with the City Solicitor and other City divisions, will prepare a Final Report to Etobicoke-York Community Council on any planning application(s) and will review whether the planning conditions have, or will be, satisfied.
- Expanded gaming at Woodbine Racetrack must comply with the City's planning approval processes. Any proponent would be required to submit the required *Planning Act* application(s), including supporting documentation. See Appendix D for further detail on the City Planning approval process.
 - If the service provider wishes to expand gaming at Woodbine, they will have to submit an application for rezoning. This must comply with the City's planning approval process and would require the service provider to submit the required *Planning Act* application(s), including supporting documentation.
 - Where rezoning is required, additional public consultation would be undertaken by City Planning staff in accordance with the City's standard practices.

Review of Conditions

- The City Manager, in consultation with the City Solicitor and City divisions, will prepare a report to Executive Committee to assess how the service provider has met or has contractually agreed to meet City conditions (Appendix A).
- The City Planning and the City Manager's reports will be considered at the same meeting of City Council. At this stage, advice will be provided to City Council on whether the conditions have been addressed. If requirements have not been met, despite the status of the planning application(s), City Council may then elect to waive conditions or withdraw its resolution to support expanded gaming at Woodbine.
 - City Council's withdrawal of the resolution under Regulation 81/12 at this time must be in 'good faith' and explicitly linked to the failure of the service provider to meet the City's conditions.

It is important to note that additional conditions cannot be effectively added by City Council at this point in time as it will be post OLG RPF process and after a resolution from City Council has been provided to expand gaming at Woodbine.

Step 3 – OLG and Provincial Approvals

- If City Council confirms its resolution supporting expanded gaming at Woodbine, the service provider would submit a business case to the OLG.
- The OLG would review the business case and seek Ministerial approval.
- Should the OLG or its service provider breach the City's conditions at this point in time, City Council should notify the OLG and the Minister of Finance that its resolution under the regulation is void and could petition the Minister of Finance to reject the business case.

CONTACT

Peter Notaro
Strategic & Corporate Policy
(416) 392-8066, pnotaro@toronto.ca

Neil Cresswell
City Planning
(416) 394-8211, cresswel@toronto.ca

Robert Hatton
Corporate Finance
(416) 392-9149, rhatton@toronto.ca

Pamela Roberts
Economic Development & Culture
(416) 395-0410, probert4@toronto.ca

Chris Brillinger
Social Development, Finance &
Administration
(416) 392-5207, cbrillin@toronto.ca

Wendy Walberg
Legal Services
(416) 392-8078, wwalberg@toronto.ca

SIGNATURE

John W. Livey, Acting City Manager

ATTACHMENTS

Appendix A – City of Toronto Conditions
Appendix B – Financial Considerations
Appendix C – Results of Public Engagement
Appendix D – Planning Considerations
Appendix E – Finch West LRT Extension Business Case Analysis Executive Summary
Appendix F – Economic Development Considerations
Appendix G – Social and Health Considerations
Appendix H – Expansion of Gaming and Horse Racing