

### Expanded Gaming at Woodbine Racetrack - Follow Up

**Date:** March 26, 2019  
**To:** Executive Committee  
**From:** City Manager  
**Wards:** All

#### SUMMARY

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This report responds to City Council's request for a report on a process to address remedies and possible penalties, for failure to comply with requirements of the Rexdale - Casino Woodbine Community Benefits Agreement ("the CBA"). In addition this report provides an update on Ontario Lottery and Gaming Corporation's (OLG) response to City Council's request for them to incorporate the City's perspectives on compliance with the CBA as one component when considering whether to renew the contract for the gaming bundle.

The CBA and the governance and accountability framework as adopted by City Council in April 2018 includes a number of mechanisms to monitor and oversee implementation of requirements, including the meeting of targets to ensure transparency and ultimately promote accountability and compliance by both the City and One Toronto Gaming.

#### RECOMMENDATIONS

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The City Manager recommends that:

1. Executive Committee receive this report for information.

#### FINANCIAL IMPACT

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There is no financial impact resulting from the adoption of the recommendations in this report.

## DECISION HISTORY

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On April 24, 2018, City Council authorized a Community Benefits Agreement with Ontario Gaming Greater Toronto Area Limited Partnership (known as One Toronto Gaming): <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.2>

On April 24, 2018, City Council requested the Chief Planner and Executive Director, City Planning to include and secure within the Subdivision Agreement for 555 Rexdale Boulevard, conditions that require the Community Benefits Agreement to be in good standing prior to the introduction of Zoning Bills for enactment and prior to future site plan approvals.

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

## COMMENTS

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### **The Rexdale - Casino Woodbine Community Benefits Agreement**

The Rexdale - Casino Woodbine Community Benefits Agreement (CBA) is the first CBA of this magnitude and scale in Ontario that contains hard targets and a clear accountability framework. Together, the City of Toronto and One Toronto Gaming have agreed to ensure that the opportunities related to the expansion of the casino and the development of the integrated entertainment complex benefit the Rexdale community and all equity-seeking groups across Toronto.

It includes specific requirements for One Toronto Gaming to achieve a range of social and economic outcomes and includes hard targets for local and social hiring and procurement opportunities. The CBA also includes obligations for the City to leverage its expertise to support both One Toronto Gaming and the community in seizing these opportunities.

Hard targets negotiated into the CBA include:

- At least 40 per cent of new hiring will be through local or social hiring; at least half of this will be through local hiring.
- In the first two years of expanded gaming, at least 40 per cent of total employees will have full-time employment; after two years, 50 per cent of total employees will have full-time employment.
- At least 10 per cent of overall hours worked by trades or craftspeople will be apprentices or journeypersons hired through local or social hiring.
- At least 10 per cent of non-construction annual procurement to be through local or diverse suppliers.
- Contribute \$5 million towards developing a child care centre.

Further information on the CBA can be found on the City's website:

[www.toronto.ca/rexdalecba](http://www.toronto.ca/rexdalecba)

As of February 2019, the CBA remains in good standing. To date, the City, One Toronto Gaming, OLG, and several local community partners, have built a constructive and positive relationship which has allowed each requirement of the CBA to move forward to achieve several milestones. As directed by City Council, City staff will provide a comprehensive report on the status of the CBA by December 2019.

The requirements and timelines outlined in the CBA are focussed on achieving compliance as the development reaches significant milestones such as the opening of the casino, hotels and amenities. While many targets are to be met by 2022, the CBA required implementation to begin in 2018 (including the creation of required processes and systems which support local and social hiring). The monitoring, reporting and accountability functions in the negotiated CBA serve as the primary mechanism to address remedies should these targets not be met.

## **Overview of the CBA Accountability Framework**

The CBA is a legally binding agreement which was the product of negotiations between the City and One Toronto Gaming and was approved by City Council in April 2018. These negotiations acknowledged the need for community benefits to meet City Council's conditions for expanded gaming while ensuring that the conditions would be in place for the private sector to create employment and benefit for Torontonians.

The negotiated CBA does not include monetary penalties for non-compliance. As with many agreements of this nature, CBAs are most effective when there is buy in from all parties involved and when there is a mutual commitment to enter into and implement the requirements in good faith.

Accordingly, the City and One Toronto Gaming agreed that a robust monitoring, reporting and evaluation framework was necessary to remain accountable to local communities and the public. The CBA established ambitious and specific targets and timelines to achieve its goals, as well as an accountability framework to monitor, publically report and track progress on a regular basis, including:

- Governance tables, which include the Community Steering Committee, the Employment and Labour Market Working Group and the Casino Woodbine Responsible Gaming Oversight Committee, that provide forums for discussion and collaboration, enable issues to be identified and problem-solved and allow for regular monitoring and tracking.
- Routine public reporting (annually and quarterly) and ultimately public disclosure of non-compliance should it occur.

OLG, while not a signatory to the CBA, continues to be involved in its implementation as the Chair of the Casino Woodbine Responsible Gambling Oversight Committee and an observer at the Community Steering Committee.

### *Conditions of Subdivision Approval*

As a condition of the approval of the Draft Plan of Subdivision, the Director, Community Planning, Etobicoke York District has required the CBA to be in good standing, to the satisfaction of the City Manager, prior to the registration of the plan of subdivision for the

first phase of the development. The applicant must also enter into a Subdivision Agreement with the City which requires the CBA to be in good standing, to the satisfaction of the City Manager, prior to site plan approvals for specific blocks in the subdivision as well as any other lands where a gaming establishment is permitted. Details on this requirement were outlined in the report from the City Manager under item EX33.2. Under City Council's direction, the City Manager must be satisfied that the CBA is in good standing prior to these site plan approvals moving forward.

Site plan approval of the integrated entertainment complex (Block 10) is still pending. As outlined in the April 2018 staff report, One Toronto Gaming anticipates that development on Block 10 would be completed in 2022. One Toronto Gaming also identified that development on Blocks 11, 12 and 14 would proceed thereafter depending on market conditions. The site plans and approvals for these blocks provide a further milestone when the CBA must be assessed to be in good standing.

### *OLG's Role and OLG Assessment of Progress on the CBA*

In approving Expanded Gaming at Woodbine Racetrack, City Council requested that Ontario Lottery and Gaming Corporation (OLG) incorporate an assessment, including the view of the City of Toronto, on One Toronto Gaming's progress towards implementing the CBA as a criterion when making future decisions to renew or extend the One Toronto Gaming contract.

OLG has committed to this request and will maintain a dialogue with the City to solicit feedback on One Toronto Gaming's performance on the CBA prior to finalizing any extension of One Toronto Gaming's contract. As reported to City Council in 2018 the decision to renew the contract (which is approximately 22 years in duration) is at the sole discretion of OLG.

The contract renewal terms are outlined in the OLG-One Toronto Gaming Casino Operating Services Agreement (COSA) which was signed in January 2018. OLG's confirmation that it will incorporate the City's feedback addresses City Council's request that OLG leverage its role as the entity responsible for overseeing and establishing gaming facilities while being aligned with OLG's contractual obligations.

### **Remedies and Possible Penalties**

The framework outlined above emphasizes the need for robust working relationships between the City, One Toronto Gaming, OLG and all partners to ensure that the community benefits from this significant economic development opportunity are realized.

While the negotiated agreement does not include monetary penalties, the parties have established a process by which issues are made public and remedies are to be developed in a collective manner. Governance tables combined with public reporting enable issues to be routinely identified and problem-solved in a collaborative manner. The process allows for both the City and One Toronto Gaming to raise issues and respond should adjustments need to be made in implementation.

As a part of this process, the City and One Toronto Gaming also have the ability to escalate issues within their organizations and to decision making bodies should it be required. The CBA includes a specific requirement for staff to report to City Council should issues arise. Ultimately as a legally binding contract there may also be remedies available through the courts should the need arise, however pursuing such remedies would not be recommended unless all other options have been exhausted. Finally, there are specific opportunities to assess compliance with the CBA prior to providing site plan approvals which would again provide an incentive to meet the requirements of the CBA and remedy any defaults. While OLG has indicated that the Casino Operating Services Agreement cannot be amended to include further remedies and penalties, the confirmation that they will solicit the views of the City at the time of their sole decision to renew the contract provides further incentive for One Toronto Gaming to maintain targets and remedy defaults should they occur.

The City's first CBA provides an opportunity to help the City and its partners determine best practices and possible remedies and penalties that could be incorporated in future agreements. Therefore, City staff are monitoring and evaluating the CBA during its implementation to inform the development of the City of Toronto Community Benefits Framework which will be presented to City Council in Q2 2019.

## **CONTACT**

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## **SIGNATURE**

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