

<b>TO:</b>	<b>CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING OF JANUARY 29, 2018</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES &amp; CITY TREASURER, CHIEF FINANCIAL OFFICER</b>
<b>SUBJECT:</b>	<b>REQUIREMENTS FOR A PROPOSED EXPANSION OF A GAMING SITE</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, with the concurrence of the City Manager, the following actions be taken:

- a) this report regarding the municipal requirements that are required to be satisfied as part of the approval process, under O. Reg. 81/12 under the *Ontario Lottery and Gaming Corporation Act, 1999*, for the proposed expansion of a gaming site in London **BE RECEIVED** for information; and,
- b) Civic Administration **BE DIRECTED** to implement the proposed options for public input consisting of a Public Open House and Information Session as well as a Public Participation session to be held at a meeting of the Strategic Priorities and Policy Committee.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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IEPC – November 20, 2012 – Municipality Contribution Agreement Ontario Lottery and Gaming Corporation

IEPC – June 9, 2012 - Delegation - Hugh Mitchell, Western Fair District re Modernizing Land Based Gaming in Ontario

IEPC – August 26, 2013 - Municipality Contribution Agreement Ontario Lottery and Gaming Corporation

Corporate Services - March 8, 2016 – Ontario Lottery And Gaming Corporation's Community Recognition Program

<b>LINK TO THE STRATEGIC PLAN</b>
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The Ontario Lottery and Gaming Corporation and Gateway Casinos and Entertainment Limited proposed expansion of a gaming site in London advances the following areas of focus and objectives of Council's Strategic Plan:

- Growing our Economy
  - 4. Strategic, collaborative partnerships
    - A) Work better together for economic growth: Western Fair District, London Economic Development Corporation, London Hydro, London International Airport, Tourism London, London Convention Centre, Covent Garden Market, London Chamber of Commerce, Business Improvement Areas, and other key stakeholders.

<b>PURPOSE OF REPORT</b>
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On November 14, 2017, Municipal Council resolved that the following actions be taken:

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken:

- a) *the Civic Administration BE DIRECTED to invite representatives from the Ontario Lottery and Gaming Corporation and Gateway Casinos and Entertainment Limited to a future meeting of the Strategic Priorities and Policy Committee for the purpose of outlining their plans with respect to the proposed expansion of a gaming site in London, in order to provide Municipal Council with the information necessary for it to seek public input into the expansion of the proposed gaming site as required under O. Reg. 81/12 under the Ontario Lottery and Gaming Corporation Act, 1999; and*
- b) *the Civic Administration BE DIRECTED to report back at a future meeting of the Strategic Priorities and Policy Committee on the steps that are required to be taken by the Municipal Council, under O.Reg. 81/12 under the Ontario Lottery and Gaming Corporation Act, 1999, for the proposed expansion of a gaming site in London including options for seeking public input into this matter.*

This report responds to item b) of the Council resolution.

## BACKGROUND

On May 29, 2013, Ontario Lottery and Gaming Corporation (OLG) issued to the market RFPQ# 1314-001 for Gaming Bundle 4 (Southwest). The Southwest Gaming Bundle includes:

- OLG Slots at Western Fair
- OLG Slots at Clinton Raceway
- OLG Slots at Dresden Raceway
- OLG Slots at Hanover Raceway
- OLG Slots at Woodstock Raceway
- OLG Casino at Point Edward

Gaming Zone SW4 includes parts or all of the City of London, Middlesex County (Township of Middlesex Centre, Thames Centre, Strathroy-Caradoc), City of St.Thomas and Elgin County (Municipality of Central Elgin, Township of Southwold). This gaming zone includes approximately 357,000 residents and is served by OLG Slots at Western Fair District.

On December 13, 2016, OLG announced it had selected Gateway Casinos & Entertainment Limited (Gateway) as the service provider for the Southwest Gaming Bundle. In May 2017, OLG signed a 20-year Casino Operating and Services Agreement (COSA) with Gateway.

Gateway is the largest and most diversified gaming company in Canada. Operating in British Columbia, Edmonton and Ontario, Gateway has over 5,200 employees and operates 23 gaming properties with 248 tables, over 8,400 slots, 54 restaurants and bars and 272 hotel rooms. Gateway is also the selected service provider in Northern Ontario, and Gateway will add three properties and two new planned builds to their portfolio.

The current lease for the slot premises is between Western Fair Association (landlord) and the OLG (tenant). Gateway has taken over the slot operations including the assignment of the lease of the premises rented from the Western Fair Association for the slot facility. This lease will expire on March 31, 2020 and further extensions will be subject to negotiations directly between the Western Fair Association and Gateway. The lease is of rentable floor space. The fixtures and equipment are owned by the service provider. The slot premises are located on lands owned jointly 50/50 by the Western Fair Association and the City of London.

Currently there are 738 slot positions at the Gateway Slots at the Western Fair District. Under the modernization and COSA Agreement, the slots can be expanded up to 1,200 electronic gaming positions and 300 live table gaming positions. The expansion of the slots and addition of table gaming is subject to the completion of a business case **by the OLG and approval of the Ministry of Finance**. The addition of table gaming as part of an expansion triggers the requirements outlined in the regulation to be completed. The *Ontario Lottery and Gaming Corporation Act, 1999* as set out in *O. Reg. 81/12* attached as Appendix "A" requires that the OLG prepares a business case for the proposed gaming site that sets out the cost of establishing the proposed gaming site, demonstrates the viability of the proposed gaming site and the adequacy of responsible gaming features for the proposed gaming site and any other matters

that are considered appropriate for the Ministry of Finance review and approval. The municipality is not a party to the business case.

The City of London has a Municipality Contribution Agreement with the OLG for the slot premises located at the Western Fair. Under the Contribution Agreement, the City receives approximately \$4.5 million in revenue annually from the OLG for its operations at the Western Fair. With an expansion of the gaming facilities, increased revenues will result to the City through the contribution agreement. The Contribution Agreement is between the OLG and the City and is separate and distinct from the lease with the Western Fair Association.

On December 11, 2018, Gateway representatives attended the Strategic Planning and Policy Committee to present their proposed plans for a casino expansion at the Western Fair District. The proposed development for an expanded casino with hotel and restaurants is estimated to be a \$140 million dollar project.

### **MUNICIPAL REQUIREMENTS FOR AN EXPANSION OF A GAMING SITE**

The *Ontario Lottery and Gaming Corporation Act, 1999* as set out in O. Reg. 81/12 attached as Appendix 'A' requires that a municipal council seek public input into the establishment, including expansion, of a proposed gaming site in the municipality and provide OLG a description of the steps it took to do so and a summary of the public input it received. In addition, the municipal council must pass a resolution supporting the expansion of a gaming site in the municipality at the planned location and provide a copy of the resolution to OLG.

At the June 9, 2012 meeting of the Investment and Economic Prosperity Committee meeting, the committee received a presentation from the Western Fair District with respect to the expanded gaming initiative in the Southwest Zone. As a result, Council passed a resolution on June 12, 2012 which is attached as Appendix "B" that identified London as a willing host community supporting the continuation of the Western Fair District as a gaming site and as a site for expanded gaming.

In addition to the municipal approval under the regulation for any new or expanded gaming site, the service provider will be responsible for obtaining the usual municipal approvals and permits including zoning, site plan approvals, minor variances and building permits all as required.

City Administration are recommending a zoning application to amend the zoning for the intended proposed land uses. This process could be initiated quickly and will require a proposal summary for pre-consultation with Planning Services to determine what studies may be required to support the application. Should Gateway want to proceed with this application, a proposal summary should be prepared as soon as possible by Gateway and the City Administration will initiate the application, with the consent of the WFA and Gateway.

### **PROPOSED OPTIONS FOR PUBLIC INPUT**

The following is a list of public input methods that municipalities throughout the province have used in some form to gauge public comments and feedback. Some communities have only used one method while others have done more; however, they are all deemed acceptable forms of public input under O. Reg. 81/12. Public input could include any of the following:

- Presentations to City Council by the Service Provider on proposed developments
- Public Participation meetings to hear delegations from the public
- Posted invitation to the public through local media requesting submissions from the public regarding the proposed development or expansion of the casino
- Online survey for the public
- Open house sessions in different parts of the city to collect public input
- Presentations and public input from specific community groups (ie Chamber of Commerce, Business Improvement Areas, Economic Development Corporation)
- Neighbourhood community meeting to receive and answer questions or concerns

To provide an opportunity for community stakeholders within the City of London to obtain information, ask questions and provide public input on the proposed expansion of a gaming site, the following public engagement methods are being proposed:

Engagement Type	Location
Public Open House and Information Session <ul style="list-style-type: none"> <li>- Q&amp;A, receive feedback and input from public, provide information on proposed gaming site</li> <li>- OLG and Gateway should be present also provide information and answer questions</li> </ul>	Proposed to be held at location within Ward 4 in close proximity to the current gaming site at the Western Fair grounds
Public Participation Meeting – Strategic Priorities and Policy Committee <ul style="list-style-type: none"> <li>- Public is invited to provide input to committee regarding proposed gaming</li> <li>- OLG and Gateway should be present also to answer questions</li> </ul>	Council Chambers

The proposed public input in the preceding chart has been confirmed in writing with OLG representatives that it will satisfy the requirements of the Regulation. The public engagement could be completed in March 2018 to allow sufficient time for public notice.

A summary of next steps is summarized in the chart below:

City	Western Fair	Gateway	OLG
- Hold public participation & engagement	- Attend public participation	- Public participation & engagement	- Attend public participation
- Approve gaming expansion (Reconfirm previous approval)		- Finalize and submit proposal for expanded gaming	- Finalize business case and submit to Ministry of finance
- Negotiate lease	- Negotiate lease	- Negotiate lease	
		- Seek zoning amendment	

<b>CONCLUSION</b>
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This report illustrates the requirements that Municipal Council must fulfill as part of the approval process, under O. Reg. 81/12 of the *Ontario Lottery and Gaming Corporation Act, 1999*, for the proposed expansion of a gaming site in London. The proposed public consultation plan consisting of a public open house and information session as well as a public participation meeting will satisfy the requirements of the Regulation.

This report was prepared with the assistance of Mark Johnson, Business Planning and Process Manager and Bill Warner, Manager, Realty Services.

RECOMMENDED BY:	REVIEWED AND CONCURRED BY:
<b>ANNA LISA BARBON, CGA, CPA MANAGING DIRECTOR, CORPORATE SERVICES AND CITY TREASURER, CHIEF FINANCIAL OFFICER</b>	<b>MARTIN HAYWARD, CGA, CPA CITY MANAGER</b>

- cc. B. Card, Managing Director, Corporate Services and City Solicitor  
 B. Warner, Manager, Realty Services  
 J. Smout, Solicitor II

## APPENDIX “A”

### Ontario Lottery and Gaming Corporation act, 1999

#### ONTARIO REGULATION 81/12 REQUIREMENTS FOR ESTABLISHING A GAMING SITE

##### Definitions

1. In this Regulation,  
“band”, “council of the band” and “reserve” have the same meanings as in the *Indian Act* (Canada); (“bande”, “conseil de la bande”, “réserve”)  
“municipality” means a lower-tier or single-tier municipality. (“municipalité”) O. Reg. 81/12, s. 1.

##### Requirements

2. (1) Subject to subsections (2) and (3), the Corporation may authorize the establishment of a gaming site on an electronic channel or, at premises approved by the Corporation, in a municipality or on a reserve. O. Reg. 81/12, s. 2 (1).

(2) The Corporation shall not authorize the establishment of a gaming site until after the Corporation takes the steps and requires that the conditions are met as follows:

1. The Corporation prepares a business case for the proposed gaming site that,
  - i. sets out the cost of establishing the proposed gaming site,
  - ii. demonstrates the viability of the proposed gaming site and the adequacy of responsible gaming features for the proposed gaming site, and
  - iii. sets out or demonstrates any other matter that the Corporation considers appropriate.
2. The Corporation gives a copy of the business case, and any other information requested by the Minister or by the Minister of Finance, to the Minister and the Minister of Finance for review.
3. In the case of a proposed gaming site to be established at premises in a municipality or on a reserve,
  - i. the municipal council or the council of the band, as the case may be, seeks public input into the establishment of the proposed gaming site and gives the Corporation, in writing, a description of the steps it took to do so and a summary of the public input it received, and
  - ii. the municipal council or the council of the band, as the case may be, passes a resolution supporting the establishment of the gaming site in the municipality or on the band’s reserve and gives a copy of the resolution to the Corporation.
4. The Minister and the Minister of Finance agree to the business case prepared by the Corporation.
5. The Corporation publishes a notice in a newspaper or on the Corporation’s website, or both, as determined by the Corporation, advising that the proposed gaming site is to be established and containing the information that the Corporation considers appropriate. O. Reg. 81/12, s. 2 (2).

(3) If both of the following circumstances apply, the Corporation shall not authorize the establishment of the gaming site until after the Corporation takes the step set out in paragraph 5 of subsection (2), and the steps and conditions set out in paragraphs 1, 2, 3 and 4 of subsection (2) need not be taken or met:

1. The proposed gaming site is to be established in a municipality or on a reserve at the same premises where a charitable organization conducts and manages one or more lottery schemes pursuant to a provincial order in council and a licence issued by the municipal council, council of the band or the Registrar of Alcohol, Gaming and Racing.
2. The lottery schemes offered at the proposed gaming site and described in paragraph 1 are restricted to the following games conducted and managed by the Corporation:
  - i. Lotteries, using paper tickets.
  - ii. Raffles, using paper tickets.
  - iii. Paper break open tickets.
  - iv. Break open tickets sold by means of an electronic break open ticket dispenser.
  - v. Break open tickets played on an electronic bingo device.
  - vi. Bingo, using paper cards.
  - vii. Bingo played on an electronic bingo device.
  - viii. Instant games played on an electronic bingo device. O. Reg. 81/12, s. 2 (3).

## APPENDIX “A” continued

### Exception — proposed gaming site to sell lottery tickets

[3.](#) The Corporation may authorize the establishment of a gaming site solely for the sale of lottery tickets by a person authorized by the Corporation to sell lottery tickets for a lottery scheme. The steps and conditions set out in subsection 2 (2) need not be taken or met in this case. O. Reg. 81/12, s. 3.

[4.](#) OMITTED (REVOKES OTHER REGULATIONS). O. Reg. 81/12, s. 4.

[5.](#) OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION). O. Reg. 81/12, s. 5.



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**London**  
CANADA

June 21, 2012

Hugh Mitchell  
Western Fair District

I hereby certify that the Municipal Council, at its session held on June 12<sup>th</sup>, 2012, resolved:

That the following actions be taken with respect to the Western Fair District presentation regarding the establishment of Ontario Gaming Zones:

- i) the Ontario Lottery Gaming Commission and the Provincial Government **BE ADVISED** that The Corporation of the City of London is a willing host community and supports the continuation of the Western Fair District (WFD) as a gaming site and as a site for an expanded gaming program;
- ii) the WFD **BE REQUESTED** to report back at a future Investment and Economic Prosperity Committee (IEPC) meeting on the potential impacts that an expanded gaming program at the WFD would have on the community; and,
- iii) the Civic Administration **BE DIRECTED** to make the necessary arrangements for the IEPC to hold any Public Participation Meeting that may be required to advance the development of an expanded gaming facility,

it being noted that the Investment and Economic Prosperity Committee received the attached presentation from Hugh Mitchell, Western Fair District, regarding this matter. (2n/10/IEPC)

C. Saunders  
City Clerk  
/ds

cc: T. Dobbie, Interim City Manager  
✓ M. Hayward, City Treasurer, Chief Financial Officer  
J. Fleming, Director of Planning  
K. Graham, Manager, Corporate Initiatives  
G. Hopcroft, Director, Intergovernmental and Community Liaison