

COMMITTEE OF THE WHOLE – JUNE 19, 2012

ONTARIO LOTTERY AND GAMING CORPORATION (OLG)- MODERNIZATION PROCESS

Recommendation

The Director of Economic Development in consultation with the City Manager recommends that this report be received for information and direction.

Contribution to Sustainability

Green Directions Vaughan embraces a *Sustainability First* principle and states that sustainability means we make decisions and take actions that ensure a healthy environment, vibrant communities and economic vitality for current and future generations.

Economic Impact

There are no costs associated with the approval of this report.

Communications Plan

N/A

Purpose

The City of Vaughan was one of a number of organizations invited to attend the OLG Modernization, Regional Information Session, Central Ontario on June 7. This report provides Council an update on the OLG modernization process and opportunities to be involved.

Background - Analysis and Options

As part of the Ontario Government's new direction to OLG in July of 2010, OLG was asked to complete a comprehensive strategic review of the lottery distribution network and land-based gaming facilities. The result of the review was an OLG report to government on March 12, 2012 titled, *Modernizing Lottery and Gaming in Ontario: Advice To Government*.

The report concluded that by 2017-18, OLG will be: A modern, sustainable organization, which will increase net profit to the Province by an additional \$1.3 billion annually – all while upholding responsible gambling standards.

The report identified where and how gaming will be offered in the province across all types of games and all channels through the creation of geographic areas called, "Gaming Zones".

In addition the report identified that the OLG initiatives will result in:

- New private sector capital investment - an additional \$3 billion
- Employment growth by more than 2,300 net new lottery and gaming industry jobs.
- Employment growth of an estimated 4,000 service sector jobs in hotels, restaurants, entertainment centres, and retail.

Gaming Zones

OLG identified 29 gaming zones where existing or new gaming facilities would be permitted following municipal and other approvals. OLG based the zones on a business model that is

designed to maximize revenue for the province. Factors such as proximity of a gaming location to other gaming facilities and residential areas were measured to determine the zones.

The proposed zones for the location of OLG gaming facilities have not been finalized. The geographic boundaries may be adjusted based on ongoing discussions with relevant stakeholders, municipalities and information received through the OLG procurement process. A portion of Vaughan has been identified as part of a gaming zone which also includes the current OLG site, Woodbine Racetrack and Slots.

OLG's Procurement Process for Modernization

On May 17, 2012, OLG announced a new competitive and transparent procurement process to seek input from potential vendors as it expands regulated private-sector gaming in Ontario. The multi-stage process includes:

- *Request for Information (RFI)* – (Now underway) allows the OLG to gather valuable information from potential regulated vendors and help determine the range of options available in the market and assess potential vendor interest, as well as risks. The RFI was issued on May 17, 2012 and closes on July 4, 2012. The RFI is published on MERX tendering system (www.merx.com). The RFI will be followed by an RFP in the fall of 2012.

OLG is continuing conversations with municipalities across the province through September 2012 to gauge interest in participating in the process, and will focus the RFP process only on communities which are interested in having a facility.

- *Request for Pre-Qualification (RFPQ)* – (potential release summer 2012) gives vendors interested in the RFP an opportunity to submit information on their financial and technical capabilities. OLG will then select pre-qualified vendors.
- *Request for Proposal (RFP)* – (potential release fall 2012) gives the selected vendors the opportunity to bid on specific products and/or services within the gaming business, and identify sites. Once the bidding process is complete, OLG will select vendors to become the regulated private sector providers for gaming and lottery gaming sites.

Entertainment and Tourist Potential for Vaughan

The City's Economic Development Strategy clearly articulates that in order to support the City as a destination, there are opportunities for enhancement of the existing entertainment amenities that are currently found in the area. Overall, there are a number of creative and cultural industry strengths dispersed across the city, making it difficult for residents and tourists to package these amenities into coordinated Vaughan "experiences". By creating stronger virtual and physical connections, a hub and spoke concept, radiating out from a central location, the city can enhance the overall quality of its cultural and tourism industries.

Therefore, the private sector (through the OLG RFP process) could fund and build a world-class entertainment district anchored by a gaming facility in an appropriate area in Vaughan, and bring benefits that support the City's economic development strategy, and be a catalyst for arts, culture and tourism development such as;

- Build world-class performing arts/concert styled venue(s).
- A convention facility with the ability to host international sized conventions.
- Create annual revenue to the municipality from gaming proceeds.
- Anchor a Forbes Five Star rated accommodation(s).
- Generate large scale direct and indirect job creation.

The private sector infrastructure investment is expected to be realized in the next five to ten years to achieve the desired goals of the OLG modernization process.

Regional Implications

NA

Conclusion

The OLG has taken an open and transparent approach to modernize all aspects of its business by 2017-18 with the objectives of:

1. Becoming more customer-focused.
2. Expanding regulated private sector delivery of lottery and gaming.
3. Renewing OLG's role in oversight of lottery and gaming.

The opportunity for Vaughan to be the site of a world-class entertainment district located in an appropriate area could potentially provide the City with a significant non-taxation revenue source. Furthermore, as the City continues to position itself as the gateway of economic activity to the Greater Toronto Area this opportunity will accelerate its city building process and strengthen its arts, culture and economic base. This advantageous competitive position will significantly contribute to Vaughan being the key economic development driver of the GTA over the next twenty years, and suggest that Vaughan will increasingly be the gateway for goods, business, people and investment travelling to and from the GTA.

As the OLG is continuing conversations with municipalities from across the province through September, 2012, to gauge interest in participating in the process, the private-sector may start to submit casino development applications shortly after the conclusion of the OLG's RFP process (2013) and it will be important for the municipality to have a clear position.

Attachments

Not Applicable

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Respectfully submitted,

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Director of Economic Development