



TO:	CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON NOVEMBER 20, 2012
FROM:	MIKE TURNER DEPUTY CITY TREASURER
SUBJECT:	MUNICIPALITY CONTRIBUTION AGREEMENT ONTARIO LOTTERY AND GAMING CORPORATION

RECOMMENDATION

That, on the recommendation of the Deputy City Treasurer, the attached proposed by-law (Appendix "A") **BE INTRODUCED** at the Municipal Council meeting to be held on November 20, 2012 to authorize the Mayor and the City Clerk to execute a Municipality Contribution Agreement between the Ontario Lottery and Gaming Corporation (OLG) and the City of London with respect to the Western Fair slot revenue.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

None.

BACKGROUND

On November 11, 1999, the City of London entered an agreement with the Ontario Lottery Corporation (now Ontario Lottery and Gaming Corporation) upon introduction of the slot machines located at the Western Fair.

In early 2012 the OLG announced their "Modernization of Lottery and Gaming in Ontario" plan and the attached agreement will formally recognize the City of London as a host community under this plan.

The existing agreement terminates March 31, 2013 and this new agreement will come into effect April 1, 2013. The determination of revenues for allocation is based upon the same calculation as the previous agreement, however the new funding model is providing for the percentage of revenues to be in a sliding scale for overall revenues, starting at 5.25% for the first \$65 million of net slot revenue, 3% of the next \$135 million, 2.5% of the next 300 million and 0.5% of the remaining revenue.

The current revenue levels are approximately \$100 million. This funding would be based upon net slot revenue only, regardless of any table games that any changed or new operational model may have.

It is estimated that based upon the new funding structure, the City would receive slightly more revenue annually at the current rate of revenues from the net slot revenues.

This agreement is a standard format prepared by the OLG that has been presented to municipalities across the Province, and the OLG confirmed the usage of this standard wording during discussions with administration.

RECOMMENDED BY:	
	MIKE TURNER DEPUTY CITY TREASURER

Attach.