



TO:	CHAIR AND MEMBERS INVESTMENT AND ECONOMIC PROSPERITY COMMITTEE MEETING ON AUGUST 26, 2013
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 August 27, 2013 to authorize the Mayor and the City Clerk to execute an amended Municipality Contribution Agreement between the Ontario Lottery and Gaming Corporation (OLG) and the City of London with respect to casino revenue.

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

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.

A new Agreement was signed with the OLG on November 20, 2012 and this new Agreement came 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.

This amending Agreement, attached as Schedule “A” of the proposed by-law, has two new components:

1. The municipality would be entitled to 4.0% of live table games revenue;
2. The municipality and the OLG will collaborate on a Community Recognition Program.

It is estimated that based upon the new funding structure, the City will receive more revenue annually at the new percentages from the net slot revenues than the previous percentages. There will also be additional revenues generated once the table games and additional slot machines are incorporated after implementation of the proposal accepted by the OLG. The OLG is currently in the Request for Pre-Qualification stage for the Southwest Gaming Bundle.

Section 5 of the Agreement outlines the expectations of the Community Recognition Program, which is intended to be a collaborative effort between the municipality and the OLG promoting the positive impact of the annual contribution to the municipality and to promote and communicate to the public decisions made and initiatives taken by the municipality regarding the deployment or other allocation of the annual contribution for municipal purposes.

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This would include, at a minimum, one community event during the operating year, along with discussions and meetings with the OLG relating to spending, allocation and deployment of the annual contribution and that the municipality will comply with all reasonable initiatives and requests proposed by the OLG relating to the program. Costs and the responsibility of those costs have not been identified for this program in the Agreement.

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.