

AN ECONOMIC LOOK AT SUDBURY'S PROPOSED NEW CASINO

What is this about?

The OLG is proposing 25 new privately owned/operated full casinos to replace the 17 OLG operated Racetrack/Slot locations and 4 OLG operated casinos. The new model is one where casinos no longer specifically target visitors to communities. The new casino's target patrons are the citizens of the host community or "zone". The Greater City of Sudbury has indicated it is a willing recipient of a new centrally located casino. We are now waiting for an announcement of which private company will be permitted to design, develop and operate a full casino in a new central location to replace the present OLG slots at Sudbury Downs. It is expected that the new private operator will be a large American gambling company.

"The new model is about trying to find the right amenities in the areas where the majority of customers are situated so they are not driving a significant distance."

Larry Flynn,
OLG Senior VP of Gaming

Gaming Revenue = Gambling Losses

After Sudbury's new central casino is operational, the citizens of Sudbury will attend the casino in its new central location to play on the up to 600 slot machines and up to 180 gaming tables. At the end of the year the difference between what was gambled and what was won by patrons is the total gambling losses or, **Gaming Revenue**. At OLG Slots at Sudbury Downs the total **Gaming Revenue** for the year ending March 31 2011 was \$49.4 Million. There were 558,405 patrons (visits) over this period which translates to an average gambling loss per patron/visit of \$88.¹

The total **Gaming Revenue** in the new central casino is expected to be from \$100 to \$150 Million per year. The OLG RFP documents makes calculating where this revenue will go, quite simple. Here are the numbers.

New Central Sudbury Casino Economic Impact²

| Gaming Revenue (Expected) | 100 Million <--> 150 Million |
|---|-------------------------------|
| Payment to City ³ | 5.0M / 6.6M |
| US Owner/Operator (Fixed) ⁴ | 9.0M / 9.0M |
| US Owner/Operator (Variable) ⁵ | +28.0M / +63.0M |
| US Owner/Operator (Total) | =37.0M / =72.0M ¹⁵ |
| Less Payroll (300-400 Employees) ⁶ | -16M / -21M |
| Less Facilities, Mortgage and/or Lease ⁷ | -10M / -10M |
| Less Advertising and Incentives ⁸ | -4M / -6M |
| Less Utilities, Property Taxes ⁹ | -6M / -6M |
| US Owner/Operator PROFIT | 1.0M* / 29.0M* |
| Government of Canada¹⁰ | 3.0M / 4.5M |
| OLG/Province¹¹ | 55.0M / 66.9M |

Only 1-1.13% of the City's \$497 Million in annual budget!

OK... This is good!

This \$ not only leaves Sudbury, it leaves the country!

This \$ is in addition to the provinces share of income tax on payroll and their portion of the HST on everything else listed above!

Total \$ **REMOVED** from Sudbury's Economy EVERY YEAR! **59 Million <--> 100.4 Million**

***IMPORTANT:** The US Owner/ Operator also keeps 100% of all non-gaming revenue. Non-gaming revenue includes revenue from the included restaurant, bar, conference centre and all other sources of income. This revenue will be in the area of \$10-15 Million¹².

Summary

The new central casino in Sudbury will extract from 59 to 100 Million dollars from our community EVERY year. That is enough to build a **new large arena, AND a convention/arts centre, every year!** Another way to look at it is that this amount of money is equivalent to a property tax increase of from 26-45% based on Sudbury's property tax revenues of 222 Million/year.

As the targeted patrons of the casino will be from Sudbury and area, these dollars will no longer be available to be spent in existing businesses including restaurants, festivals and cultural events, local entertainment, charities and virtually every other type of business.

To give you an idea of how huge these numbers are, here are the ticket sales for some of our most popular festivals, attractions and sporting venues.

| | | | |
|----------------------|------|--------------------------------------|------|
| Cinefest (2012) | 225K | Sudbury Theatre Centre (2012) | 384K |
| LOL Festival (2013) | 170K | Sudbury Arena Ticket Sales (2012) | 3.2M |
| NL Festival (2012) | 90K | (All events, Wolves, Concerts, etc.) | |
| Science North (2011) | 1.3M | | |
| IMAX (2011) | 705K | Our largest charity, the United Way | |
| Dynamic Earth (2011) | 431K | raised 1.96 Million last year. | |

These institutions will suffer considerably along with many others. Overall there will be a lot less pocket money as the casino works its magic and siphons cash from everyone who enters. Many businesses will see their incomes fall as business slows outside the casino walls. Local restaurants will have fewer patrons and many will fail as in all casino towns. There are many examples of towns in our province stripped of their identity by a local casino.

It really does not matter what business you work in. There will be much less money floating around the community for entertainment, culture and everything else that makes life worth living.

My Perspective

It is our festivals, cultural events, locally grown entertainment, varied restaurants, unique attractions and many sporting events that define who we are as a community. This is where we interact, create relationships and inspire our individuality, creativity, and entrepreneurial spirit. This is what makes us different from everyone else.

It is all enabled by the thin wedge of our income used for what we want, and left over after we've paid for what we need. This is the income the casinos prey upon.

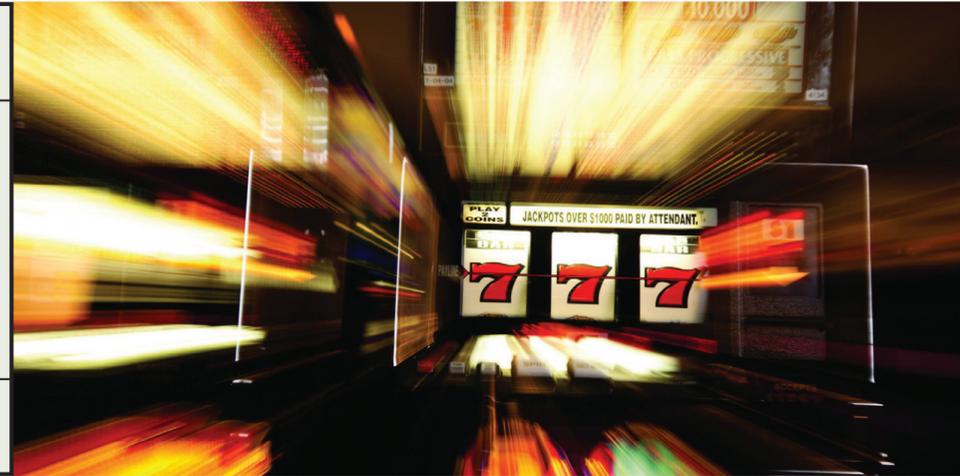
With 25 casino's across the province, the OLG will attain its goal of Ontarians not having to travel a significant distance to gamble. The worst part is, there may be no reason to travel in Ontario at all.

The bottom line is that we stand to lose much more than money if we continue to allow these plans to progress. It does not matter if you don't gamble or never will, because saying nothing is the biggest gamble of all.

OLG Slots at Sudbury Downs Economic Impact (Year ending March 31, 2011) (360 slots)

| | |
|---|---------------------|
| Gaming Revenue | 49.4 Million |
| Payment to City | 2.468 M |
| Payroll (148 employees) | 7.956 M |
| Track Holder | 4.937 M |
| To Horse People | 4.937 M |
| Other (Facilities, Amortization, Promotions, etc) | 6.152 M |
| Government of Canada | 1.57 M |
| OLG/Province | 21.38 M |

Total \$ **REMOVED** from Sudbury economy is **\$23 Million!**



The Alternative... The COMMUNITY Way!

Proponents of the new casino see it as a quick fix to obtain a new hockey arena or convention/arts centre for Sudbury.

There is a better way. The Community Way! It involves pooling funds from corporate sponsors, Fed-Nor, Northern Ontario Heritage Fund, The Trillium Foundation¹⁴, and others to build what this community decides it needs.

We've done it before with the new School of Medicine, The Architectural School, NORCAT and many other institutions. Each of these were built because a champion stepped forward. We don't need a casino, we just need a few more champions to step forward.

Imagine a multi-use Community/Convention/Arts Centre owned by us, the citizens. Without a casino, there would be no negative social impact, and developers would be lined up to build a hotel beside it. Tax revenues for the city would increase, as the lands around the centre appreciate in value. This is the opposite effect on lands typically located near casinos.

The best news is that once completed, after several years we could do it again and build whatever we decide is best for our community.

The casino option on the other hand is a one time deal as once it is embedded, wealth is siphoned from the community in magnitudes that make this type of project nearly impossible.

COME ON SUDBURY, LET'S HEAR YOUR VOICE!



My name is Tom Fortin and I was born, raised, and educated in Sudbury. I operate an electronics manufacturing company in Sudbury. I care about my community and have spoken with many people about Sudbury's proposed new casino and have found most people have little real information about the project. The goal of this ad is to increase the awareness of what economic and social impacts a centrally located casino would have on our city. I believe a casino will have a profound negative social and economic impact on all we have accomplished together.

There will be no referendum on this new casino, and so we as a community must let our voices be heard through other means. For or against, here are some options:

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| CONCERNED CITIZEN? Visit www.nocasinosudbury.ca to sign the petition. Call your councillor by dialing 311. | CONCERNED BUSINESS OWNER/ CHAMBER MEMBER? Call the Sudbury Chamber of Commerce at 705-673-7133 | Consider having your board make a public statement concerning the casino proposal. We need to hear from you! | Send a letter to the editor of this newspaper: editor@northernlife.ca Tom's email: tf@ontrak.net |
|---|--|--|---|

1. OLG Annual Report 2010-2011 49.4/558,405=\$88.46 2. \$100M Casino / Convention Centre 3. 5.25% Slot Revenue up to 65M. 3% slot revenue next 135M. 4% gambling table revenue. 85% of casino revenue is from slots 4. Fixed portion based on population Northern Bundle OLG RFP # 1213-072 160K/440K X 25M=\$9.09M 5. Variable portion based on 60M threshold. 100M-40M X 70% = 28M and 150M-60M X 70%=63M 6. RFP states O/O must assume 148 Employees of OLG Sudbury Downs Slots. Payroll for 148 employees \$7.956M OLG Annual Report 2010 2011. Extrapolated to 300 and 400 employees. 7. 100M, 20Year 3.6%, 583K/Month = 7M + 3M Capital Improvements/maintenance 8. OLG Advertising/promotions budget ratio 4.6% (95M/2064M) 2010 2011 annual report. Lowered to 4% in consideration private vs government. 9. Mill Rate 4.184, remainder is utilities. 10. line item in OLG 2010 2011 annual report page 23 67M/2064M = approx 3% or revenue. 12. This money also leaves Canada in addition to 59-100 M. 14. OLG 2010/2011 annual report states that it paid to the province 2.068 Billion dollars as its share of profits from all OLG activities. Of that amount 120 Million (5.8%) was given to The Trillium Fund which distributes it throughout the province to charities and community projects. Thus, Yes, 6% of the money that leaves Sudbury is used for charitable purposes and some of this does benefit local charities. The other 94% is general revenue. 15. Incentive to increase revenue is stated in RFP. Owner/Operator receives 70% of all revenue above 60M Threshold. Actual bid threshold has no impact on \$ that leave our community.