




CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 15, 2023
SUBJECT/REPORT NO:	Amendment to Municipality Contribution Agreement with Ontario Lottery and Gaming Corporation - Sportsbooks (FCS23026) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Kirk Weaver (905) 546-2424 Ext. 2878
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

That the Mayor and City Clerk be authorized to sign and execute the Amendment to Municipality Contribution Agreement (MCA) between the City of Hamilton (the "Municipality") and the Ontario Lottery and Gaming Corporation (OLG) as outlined in Appendix "A" to Report FCS23026.

EXECUTIVE SUMMARY

The City was recently notified that the Ontario Lottery and Gaming Corporation (OLG) would be adding a Sportsbook at the Elements Casino in Flamborough and would begin to receive Sportsbook gaming revenues upon execution of an amendment to Municipality Contribution Agreement (MCA).

The revenue sharing formula under the amendment to the MCA, as attached in Appendix "A" to Report FCS23026, will have a slight favourable financial impact to the City. Initially, staff anticipates that revenue will represent a small percentage of the \$5.2 M budgeted annual revenue from this agreement. This may grow over time.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: No significant financial impact to the City is expected. Initially, staff anticipates that revenue will represent a small percentage of the \$5.2 M budgeted annual revenue from this agreement.

Staffing: No impact.

Legal: The terms of the amendment to Municipal Contribution Agreement are substantially the same as the current Municipal Contribution Agreement, except as noted in the Analysis and Rationale for Recommendations Section beginning on page two.

HISTORICAL BACKGROUND

The City entered into the current Municipality Contribution Agreement (MCA) with the Ontario Lottery and Gaming Corporation (OLG) in November 2012 (refer to Report FCS12093 for details).

The Contribution agreement was subsequently amended in 2013 to include Live Table Games revenue. Details are included in Report FCS12093(a).

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

None

RELEVANT CONSULTATION

Economic Development Division of Planning and Economic Development Department provided input to Report FCS23026 and Legal and Risk Management Services Division of Corporate Services Department reviewed the Amendment to MCA.

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

Under the host funding formula in the amendment to MCA, host municipalities will receive:

- 5.25% on the first \$65 million of net Electronic Games revenue; plus
- 3.0% on the next \$135 million of net Electronic Games revenue; plus
- 2.5% on the next \$300 million of net Electronic Games revenue; plus
- 0.5% on net Electronic Games revenue above \$500 million;
- 4.0% on net Live Table Games revenue; and
- **4.0% of Sportsbook Revenue, if any, generated during the operating year.**

The only change from the existing agreement relates to the last bullet. The addition of revenue sharing on Sportsbook revenue is not expected to have a major impact for Hamilton. Initially, staff anticipates that revenue from Sportsbook will represent a small percentage of the \$5.2 M budgeted annual revenue from this agreement. This may grow over time. The City currently budgets \$5.2 M annually in revenues through this agreement. The revenues are applied to general tax levy reduction.

ALTERNATIVES FOR CONSIDERATION

None.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS23026 – Amendment to Municipality Contribution Agreement with Ontario Lottery and Gaming Corporation

KW/dt