



SUDBURY DOWNS

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June 5, 2012

The Sudbury Star
33 MacKenzie St.
Sudbury, Ontario
P3C 4Y1

Dear Editor:

Re: Response to Article Titled “The Big Gamble”

THE BIG GAMBLE. This was the very appropriate and insightful headline for a recent (June 2, 2012) feature story in the Sudbury Star, authored by Laura Stricker, that attempted to deal with some of the issues related to the proposed location of a casino in downtown Sudbury. In an effort to provide a more balanced view on the issues discussed within the article, I will offer the following corrections and comments.

Downtown Revitalization

Any revitalization of Thunder Bay's downtown north core that has occurred cannot be directly attributed to the opening of the casino in that general area in 2000. To indicate in the article that this development "... all started with a casino" creates the impression that a casino in downtown Sudbury would similarly lead to major revitalization in our downtown. This is simply an erroneous conclusion that is not supported by the facts. An examination of the impact of new downtown casinos on the communities of Sault Ste. Marie, Brantford and, indeed, Thunder Bay, will demonstrate that minimal, if any, redevelopment can be linked to the construction and opening of the casino. These are all communities in which the Ontario Lottery and Gaming Corporation (OLG) opened and continues to operate, full fledged casinos, complete with slot machines and gaming tables, comparable to the size contemplated for Sudbury by the recent provincial modernization of gaming initiative.

Discussion with and feedback from current and former residents of Thunder Bay attest to the fact that the area around the casino continues to be depressed, with little revitalization created by the operation of the casino. Anyone who has visited Sault Ste. Marie recently will note the absence of any ancillary development in the

area around the casino. Similarly, a visual inspection of the area around the Brantford casino reveals the presence of derelict, old buildings that continue to blight the area. It should be noted that all these casinos were built by the OLG, who continues to operate them, and have been open for at least 10 years, which is ample time for any envisioned redevelopment and revitalization to have occurred. It appears that in the case of these three government built and operated casinos, the vision of grandiose revitalization remains unfulfilled - should Sudbury reasonably expect a different result from a casino in our downtown core?

The Star article includes extensive, positive comments from Jim Comuzzi, a small restaurant operator whose business is located within a 5 minute walk from the casino in Thunder Bay. It appears that Mr. Comuzzi's establishment benefits from its proximity to the casino and its employees and patrons. While the casino may indeed be a source of business for this one restaurant, this can hardly be characterized as revitalization of the downtown core. How many other new businesses have been established in the area because of the casino? Have any businesses in the area closed since the arrival of the casino?

Economic Impact

The Star article references a 2006 report prepared for the Ontario Problem Gambling Research Centre to support the idea that "visitor patrons" at the Sault Ste. Marie and Thunder Bay casinos "overwhelmingly" contribute to the local economy, beyond their spending at the casino. We are very familiar with this report which was prepared by Robert Hann and Associates and is dated August 13, 2006. What the Star article fails to mention is that "visitor patrons", defined as "persons not residing in the host community", comprised only 13% of the patrons visiting the Sault Ste. Marie casino, and only 10% of the patrons visiting the Thunder Bay casino. Further, the study states that only one fifth of the 13% from outside Sault Ste. Marie, and one tenth of the 10% from outside Thunder Bay, were attracted to visit those communities because of the casino. The result is that for every 100 patrons at these casinos, only 2.5 patrons in Sault Ste. Marie and 1 patron in Thunder Bay came to town because of the casino. In view of these numbers, it is difficult to understand how a similar sized casino in Sudbury could possibly be considered as a tourist attraction that will bring substantial new tourist revenue to our community, or lead to the establishment of new development to service these tourists.

The Hann Report goes on to state:

"The extent to which the casino's revenues derive from outside visitors rather than local patrons will directly affect the extent to which the site represents a net gain in revenues to the community. Conversely, the higher the amounts wagered by local residents, the greater the potential diversion of disposable income to the gaming venue, rather than to local businesses and charities."

It is clear from the results of the Hann Report that the casinos in Thunder Bay and Sault Ste. Marie rely almost exclusively on local patrons, potentially at the cost of other local businesses. It would be reasonable to expect the same result for a casino in downtown Sudbury with the overwhelming majority of patrons being Sudbury residents and a very minimal number of tourists attracted to our city by the casino. Sudbury's net revenue gain from these "visitor patrons" would be minimal at best.

Casino Revenue To The Host City

The Star article states:

“The OLG paid \$26.1 million from slot revenues, as well as \$9.5 million in non-tax revenue, to the city of Thunder bay. In comparison, for the 2009- 10 fiscal year, Greater Sudbury received about \$2.5 million in Slots at Racetracks revenue.”

That is quite a comparison as it seems to indicate that Thunder Bay received more than 10 times the revenue from its casino than the city of Sudbury received from the slots at Sudbury Downs. This is absolutely inaccurate and constitutes a total misrepresentation of the facts. The data from the OLG's own published financial reports provides the following information regarding the gaming revenue received by the cities of Sault Ste. Marie, Thunder Bay and Sudbury from their respective gaming facilities:

Municipal Revenue Share			
Fiscal Year	Sault Ste. Marie	Thunder Bay	Sudbury
2011	\$1.5 million	\$2.4 million	\$2.5 million
2010	\$1.5 million	\$2.4 million	\$2.4 million
2009	\$1.5 million	\$2.4 million	\$2.1 million

Clearly, the gaming revenue flowing to the City of Sudbury from the slots at Sudbury Downs is essentially equivalent to the amount going to Thunder Bay from their casino. Visions of a 10 fold increase in gaming revenue for Sudbury from a downtown casino are simply nonsensical and indeed illusionary.

Downtown Sudbury Location

Bearing in mind that a casino operates 24 hours a day, seven days a week, is the current infrastructure in downtown Sudbury adequate for around the clock visitors to a downtown casino without negatively affecting the current businesses located there? Are the current road network and parking facilities capable of

efficiently handling the in and out traffic from casino patrons? It may be possible to improve existing services or build new access roads, parking areas and public spaces but the question becomes who will pay for these developments. Given the small size of the proposed downtown casino and its limited revenue generating potential, it is doubtful that the private operator would be in a position to fund major infrastructure improvements.

When the Slots At Racetracks program was introduced by a previous provincial government in 1998, one of the major advantages of locating the new slot machine gaming initiative at racetracks was that racetracks, generally, are located in rural areas. Individuals who wished to participate in this new form of gaming would be required to make a decision to “go out to the track” to gamble. This was seen as a socially responsible control mechanism that would lessen the opportunity for impulse gambling and the social ills that could result from enticing gambling facilities that are too convenient and intrusive. Locating a casino in downtown Sudbury may be more convenient for the casino patrons, but the extent of negative social consequences for these patrons and our community is unknown.

The vision - some people would call it more of an illusion - of a casino in downtown Sudbury making it possible to have new hotels, a convention centre, a performing arts centre, an entertainment centre, etc., all built in downtown Sudbury is most appealing. Who would be opposed to such transformative development in our downtown core? Is this a realistic possibility or simply the thoughtless application of an idea that might have some merit in a major city like Toronto, to a much smaller community like Sudbury? Even the OLG's Mr. Bitonti cautions in the Star article that Sudbury should not expect a major casino operator to establish a large casino in our community. He further explains that Sudbury's proposed casino may not even have table games and would only be eligible for a maximum of 600 slot machines - only 50% more than are currently operating at Sudbury Downs. I am not aware of any community that has been able to realize the type of grandiose revitalization currently being promoted for downtown Sudbury because a small, local patron based casino was built in its downtown core.

Is A Downtown Casino A “Good Bet” For Sudbury?

You may be inclined to dismiss my comments, believing that, as the owner of Sudbury Downs, my perspective is biased and totally directed towards promoting our own self interests. There is no doubt that Sudbury Downs is an important part of our business undertakings in the City of Greater Sudbury. We are proud of the contributions Sudbury Downs has made to our community over the last 38 years and we wish to see it continue in business. But - that does not change the facts. And, the facts and realities of a downtown casino in a Northern Ontario community the size of Sudbury can readily be seen in the communities of Sault Ste. Marie and Thunder Bay.

There is no need to reinvent the wheel. The casinos in these two northern communities have had little impact with respect to revitalization and redevelopment activities, they do not attract tourists to their communities to any meaningful degree, they cater overwhelmingly to the local population thereby diverting spending from other local activities, and they contribute no more gaming revenue to their host communities than is currently produced for the City of Sudbury by the slots located at Sudbury Downs. The question of potential negative impacts stemming from the lack of adequate downtown infrastructure and increased social ills created by impulsive gambling in our downtown core remains unanswered. Finally, there is no doubt that a casino in downtown Sudbury would mean the closure of Sudbury Downs. The issue becomes whether the community of Sudbury would be better served by the continuation of the operation of Sudbury Downs with its proven track record of creating and sustaining hundreds of local jobs, fostering the development and expansion of the local agricultural industry by providing racing opportunities for hundreds of horses and their owners, trainers and drivers, providing a unique gaming and entertainment venue for the residents of the Sudbury area in a socially responsible manner, and generating gaming revenue for the City of Greater Sudbury at a level equivalent to what is produced for Thunder Bay by its full service casino.

I believe that it is incumbent on our local municipal and provincial government officials, before they blindly follow a made for Toronto model, to fully examine the issue of a downtown casino for Sudbury and to develop a reasoned and realistic analysis of the pros and cons for such a development before our community is forced to take "The Big Gamble".

Yours Very Truly,

Patrick H. MacIsaac
President
Sudbury Downs