

# Durham Live Tourist Destination Economic Impact Assessment

---

Prepared for Pickering Developments Inc.

# Contents

---

- Section 1: Executive Summary ..... 2
- Section 2: Introduction ..... 3
  - Scope of Work..... 4
- Section 3: Economic Impact of the Durham Live Tourist Destination ..... 5
  - Introduction ..... 6
  - Approach..... 6
  - Selecting a Baseline for Number of Visitors..... 8
  - Current Regional Tourism Profile..... 8
  - Comparable Tourist Destinations ..... 9
  - Visitor Origins..... 11
  - Other Economic Inputs ..... 12
  - TREIM Results ..... 13
  - Annual Incremental Impact ..... 13
  - Impact of Initial Capital Investment..... 14
- Section 4: Conclusions ..... 15
  - Summary ..... 15
- Bibliography ..... 16
- Appendix A – Glossary of Terms ..... 18

# Section 1: Executive Summary

---

This Economic Impact Assessment (“EIA”) analyses the impacts that are anticipated to result from the proposed Durham Live Tourist Destination (“Durham Live”). The analysis is undertaken in the context of the proposed zoning by-law amendment application. It should be noted that the application proposes a broad range of tourist destination land uses and is not a site plan application which would identify the specific uses and location for those proposed uses. The primary analysis however is focused on a development that includes an integrated “resort casino”<sup>1</sup>.

Overall, the analysis estimates that the Durham Live Tourist Destination, when driven by an integrated resort casino, may **contribute over \$1.3 billion in incremental annual GDP, over \$625 million in annual total tax revenue and create almost 20,000 new jobs.**

### SUMMARY OF EIA RESULTS

Economic Impact – Development and Construction Phase (all dollars CAD)		Economic Impact – Incremental Annual Operating (all dollars CAD)	
Capital Expenditure	1,400MM	Visitor Spending	823MM – 1,371MM
GDP	788MM	GDP	738MM – 1,230MM
Project Jobs	7,927	Jobs	11,580 – 19,299
Tax Revenue	355MM	Tax Revenue	396MM – 627MM

It is our opinion that the increased level of tourism is likely to have beneficial effects on local businesses, and that these positive effects are driven by the **projected increase in incremental tourism of between 6 to 10 million new visitors.**

---

<sup>1</sup> A “resort casino” incorporates accommodations, entertainment and other non-gaming revenue producing activities vs. “casino” which would be considered a stand-alone gaming establishment.

## Section 2: Introduction

---

Pickering Developments (401) Inc., Pickering Developments (Bayly) Inc., and Pickering Developments (Squires) Inc. (collectively referred to as Pickering Developments for the purposes of this report) retained Gregory M. White to complete an EIA for the Durham Live Tourist Destination.

The proposed Zoning By-Law Amendment application, if approved, would create a new zone category – “Major Tourist Destination” (“TD”) - on the entirety of the site that would permit a broad range of tourist destination related uses which include a casino and five-star hotel, convention centre, performing arts centre, outdoor amphitheatre, cinema entertainment, restaurant plaza, waterpark hotel and waterpark, a boutique hotel, tourist centre/botanical gardens, community recreation centre, fitness centre and spa and varying commercial office uses in Pickering, Ontario, Canada.

As the specific uses, size, location and scale of the proposed uses are unknown at this time; this EIA is a high-level analysis of the long-term annual incremental economic impact and the short-term construction impact of the Durham Live Tourist Destination.

## Scope of Work

An EIA was not prepared for the initial submission of the Zoning By-Law Amendment application, as it was not a requirement under the City of Pickering Official Plan and was not requested by the City. However, in response to questions posed at the Public Information Meeting on April 7<sup>th</sup>, 2014, Pickering Developments undertook this preliminary analysis. It should be noted; however, that at this stage in the planning process the specific uses, their location, scale and size are not known.

The EIA estimates the economic impacts of the Durham Live Tourist Destination with respect to projected GDP, job creation and tax revenue at the federal, provincial and municipal level.

# Section 3: Economic Impact of the Durham Live Tourist Destination

---

## Introduction

As noted, this report is in support of the zoning by-law amendment application for a tourist destination and not for a site plan application. As such, the application includes a proposed list of permitted uses that could be included in a tourist destination. Because the particular set of uses on the site has not yet been determined, in order to complete the preliminary review and EIA for the Durham Live Tourist Destination a conceptual scenario was created, based on a variety of assumptions of what could be developed on the site if the Zoning By-Law Amendment was approved. This scenario was based on the following assumptions:

- 200,000 sq. ft. of gaming
- 1,250 rooms over three hotel concepts
- 100,000 sq. ft. indoor water park
- 150,000 sq. ft. convention centre
- 400,000 sq. ft. of ancillary retail and restaurant space
- Performing Arts venue
- 15 screen movie theatre complex
- 6,000 seat outdoor amphitheater with 16,000 person total capacity
- 100,000 sq. ft. of addition entertainment/amusement use
- 1,000,000 sq. ft. office
- 300,000 sq. ft. of film and television studios

## Approach

As a result of the high level nature of the analysis, this EIA utilizes the Province of Ontario Tourism Regional Economic Impact Model (TREIM) to predict economic impacts with respect to projected GDP, job creation and tax revenue. TREIM has been in use by the Ministry of Tourism, Culture and Sport

since 2004<sup>2</sup> and presents results across various geographic categories, and the following analysis has been conducted in consultation with the Ministry.

In order to estimate spending patterns, TREIM requires the geographic area in which the activity takes place and a category of activity which visitors have indicated they had participated in on the supporting surveys. Geographic zones include the Provincial level, the Regional Tourist Organization (RTO) level, the Census Division Level and the Census Metropolitan level. Past spending patterns in RTO level (RTO6: York, Durham and The Hills of Headwaters Tourism Region), the Census Division level and the Census Metropolitan level are not necessarily congruent with future spending patterns that may include the existence of Durham Live. Therefore, the impact region has been selected as "Ontario" in order to assume the provincial averages with respect to spending levels and spending category allotments; however it is reasonable to expect that the majority of economic benefits will tend to accrue to the immediately surrounding areas, principally in the City of Pickering and Durham Region. Furthermore, the data sample focuses on spending patterns of individuals that have listed "casino" in activities participated in the supporting tourism surveys as the resort casino is a primary driver for the development in the proposed mix of uses and magnitude of those proposed uses in the current scenario.

The TREIM model can analyze projects from several different approaches: capital spending, operational spending, visitor spending, and number of visitors. For projecting annual economic impact, number of visitors will be the primary input driver of the analysis, and will include sensitivity analysis with respect to projected number of visitors. For economic impact estimates occurring as a result of temporary planning, construction and launch activities, the module utilizing capital spending as the primary input driver has been used.

Like any model, there are limitations in TREIM. Currently, 2016 is the maximum year that can be selected for output. By default this must be the applied year for estimating the annual economic impacts of the development. Although this activity may not begin until 2017/18, the differences in the results should be considered immaterial. It is also noteworthy that the City of Pickering is not a selectable urban centre in the TREIM model and therefore the outputs cannot specify that specific

---

<sup>2</sup> The Centre for Spatial Economics, *The Ontario Tourism Regional Economic Impact Model (TREIM)* (2008), pg. 1

region in the calculation of results. It is fair to assume that the economic benefits of any tourist destination are strongest in the immediate radius around such a destination, with diminishing effects as that radius expands.

Additional information related to TREIM methodology can be found online on the Ministry of Tourism, Culture and Sport website at:

<http://www.mtc.gov.on.ca/en/research/treim/TREIM%20Model%20Design.pdf>.

### Selecting a Baseline for Number of Visitors

Estimating the number of visitors for a yet to be developed site presents a number of challenges. Although elements of the site exist in other locations across Ontario, the unique nature of the project with respect to location and the combination of elements means there are no precise benchmarks.

### Current Regional Tourism Profile

The following data table from the Ministry of Tourism, Culture and Sport presents the number of visitors to Durham Region, RTO6 and the province as a whole (all figures from 2011).

Geographic Region	Total Visitors	Ontario Visitors	Rest of Canada	USA	Overseas
<b>Durham Region</b>	5,101,458	4,890,972	47,698	125,463	37,324
<b>RTO6</b>	11,381,900	10,802,900	84,100	364,500	130,400
<b>Ontario</b>	138,848,000	118,261,200	7,050,400	11,455,500	2,081,700

Source: Ministry of Tourism, Culture and Sport

Visitors to RTO6 are predominately from Ontario and over 50% report their primary purpose for travelling to the region is to visit family and friends.<sup>3</sup> In addition, outdoor activities and sports appear to be an activity driver for regional tourism.

## Comparable Tourist Destinations

In 2012, 15.1 million people visited all Ontario Lottery and Gaming Corporation (OLG) resort casinos (Casino Niagara, Casino Rama, Caesars Windsor, Fallsview Casino Resort)<sup>4</sup>. The combined accommodations for these resort casinos, 1432 rooms<sup>5</sup>, is comparable to the total accommodation volume for the Durham Live Tourist Destination, and the resort approach with entertainment venues, available retail and restaurants on site and in the surrounding areas are also congruous with Durham Live. Niagara and Windsor however are direct border areas, and Niagara is a stand-alone tourist destination of international repute that pre-exists resort casino developments.

New London County in Connecticut, USA (population 275,000) presents an interesting case study having developed two major resort style casinos since the 1990s; Foxwoods Resort Casino and Mohegan Sun. Total gaming space for these casinos is approximately 700,000 square feet with approximately 4,000 hotel rooms and comparable non-gaming venues, i.e. retail, dining, and entertainment venues. A 2005 study indicated that the total annual visitation to these two casino resorts was in excess of 25 million visitors<sup>6</sup>. A 2013 report pegged annual visitors to Foxwoods alone at 14.6 million a year.<sup>7</sup> In determining the origins of visitors to Foxwoods and Mohegan Sun it was estimated that 38% and 57.5%, respectively, came from within Connecticut.<sup>8</sup>

---

<sup>3</sup> Ontario Ministry of Tourism, Tourism Statistics Region 6 Fall 2013 Report

<sup>4</sup> Ontario Lottery and Gaming Corporation (OLG), *Annual Report 2011/2012*.

<sup>5</sup> OLG.

<sup>6</sup> Southeastern Connecticut Council of Governments, Internodal Connections Study Southwest Section 3: Visitor Market Analysis, pg. 4

<sup>7</sup> Center for Policy Analysis, New England Casino Gaming: Update 2013, University of Massachusetts Dartmouth, pg.

5

<sup>8</sup> Ibid 5

**It is reasonable to expect that the Durham Live Tourist Destination inclusive of a resort casino has the potential to attract 12 million visitors per year.**

Deducing the number of new visitors into Durham Region is of consequence with respect to estimating the incremental economic impact of the Durham Live Tourist Destination. In 2013, when the OLG was considering the expansion at Fallsview of a 7,000 seat entertainment complex, an independent study conducted by Deloitte estimated that the expansion would result in 1.15 million new visitors alone<sup>9</sup>. The current tourism profile for both Durham Region and RTO6 indicates that a vast proportion of the visitors to the Durham Live Tourist Destination are likely to be new visitors to the region.

As a result of these findings, the selected benchmarks for low, medium, and high sensitivity input estimates for incremental visitors (i.e., from beyond Durham Region) to the Durham Live Tourist Destination are set at 6, 8, and 10 million respectively.

---

<sup>9</sup> Alison Langley, OLG Looking To Expand In Niagara Falls Large Entertainment Centre, *St. Catherine's Standard Online*, December 12, 2013.

## Visitor Origins

The TREIM model requires estimates regarding the origin of the visitors, the proportion of same-day vs. overnight visitors per category, and the length of stay. It has been determined that the most reasonable benchmark is derived from the overall Ontario statistics, as follows:

	Visitor Origin				
	Total	Ontario	Other Canada	USA	Overseas
% Total Visits	100%	85.17%	5.08%	8.25%	1.50%
% Overnight	34.95%	31.16%	62.16%	48.82%	81.50%
% Same Day	65.05%	68.84%	37.84%	51.18%	18.50%

Source: Ministry of Tourism, Culture and Sport

The visitor origin profile is compiled by the Ministry of Tourism, Culture and Sport based on tourism survey results. The results of these surveys indicate that provincial tourism is driven by in-province activities.

Although the base survey results indicate that most tourism in Ontario is resident day tripping, it has been assumed that the average length of stay from visitors originating from Ontario will be 1 night, while the average length of stay for visitors from outside of Ontario is estimated to be 2 nights. One goal for the Durham Live Tourist Destination is to increase over-night travel to Durham Region.

## Other Economic Inputs

“The induced impacts in the TREIM are generated using a dynamic macroeconometric model. The results are, therefore, dependent on the economic environment. The user can either elect to use the default values in the model or enter their own assumptions for the key macroeconomic variables in the model.”<sup>10</sup>

The following table presents the specific inputs used in the analysis as required by the TREIM model:

	2011	2012	2013	2014p	2015p	2016p
<b>Ontario Real GDP (% change)</b>	2.2%	1.3%	1.3%	2.1%	2.5%	2.5%
<b>Ontario CPI (% change)</b>	3.1%	1.4%	1.0%	1.5%	1.9%	2%
<b>Ontario Population (% change)</b>	1.07%	1.03%	0.94%	0.95%	0.96%	1.01%
<b>Ontario Unemployment Rate</b>	7.8%	7.8%	7.5%	7.3%	6.9%	6.5%
<b>Gov't of Canada 3M T-Bill Rate</b>	0.9%	0.9%	1.0%	1.0%	1.3%	2.4%

Source: Government of Ontario, Ontario Chamber of Commerce.

For further details regarding the model methodology please consult the Ministry of Tourism, Culture and Sport website at: <http://www.mtc.gov.on.ca/en/research/treim/TREIM%20Model%20Design.pdf>.

---

<sup>10</sup> The Centre for Spatial Economics, *The Ontario Tourism Regional Economic Impact Model (TREIM)* (2008), pg. 18

## TREIM Results

This section contains the summary output from the TREIM model for the Durham Live Tourist Destination. A glossary of terms for the definitions of the economic categories estimated can be found in Appendix A.

### Annual Incremental Impact

The Durham Live Tourist Destination is expected to stimulate between 6 and 10 million incremental visitors. TREIM predicts the resulting incremental visitor spending to be between CAD 800 million and CAD 1.4 billion, which in turn will potentially create almost 20,000 new jobs, over CAD 1.2 billion in incremental GDP and over CAD 600 million in total tax revenue. Further detail is outlined in the following table.

#### ESTIMATED ANNUAL INCREMENTAL ECONOMIC IMPACT OF THE DURHAM LIVE TOURIST DESTINATION INCLUSIVE OF A RESORT CASINO

All figures CAD	Number of Incremental Visitors		
	Low - 6MM	Med - 8MM	High - 10MM
<b>Total Visitor Spending</b>	<b>822,737,213</b>	<b>1,096,983,135</b>	<b>1,371,228,903</b>
<b>GDP</b>			
Direct	382,719,613	510,292,901	637,866,122
Indirect	184,732,983	246,310,686	307,888,353
Induced	170,645,364	227,519,317	284,389,292
<b>Total</b>	<b>738,097,960</b>	<b>984,122,904</b>	<b>1,230,143,768</b>
<b>Employment (Jobs)</b>			
Direct	7,658	10,211	12,764
Indirect	2,126	2,835	3,543
Induced	1,796	2,394	2,993
<b>Total</b>	<b>11,580</b>	<b>15,440</b>	<b>19,299</b>
<b>Total Taxes</b>			
Federal	191,548,984	255,387,512	319,220,428
Provincial	153,215,371	204,286,108	255,356,278
Municipal <sup>11</sup>	50,747,730	51,520,601	52,293,457
<b>Total</b>	<b>395,512,085</b>	<b>511,194,221</b>	<b>626,870,163</b>

<sup>11</sup> Includes TREIM results that do not include the consideration of a major development (L=2.3MM, M=3MM, H=3.9MM) plus estimated incremental assessed property taxes (Commercial NC Full 2014 Tax Rate 2.746651% \* estimated assessed value of CAD 1.4B = CAD 38.4MM less Farm 2014 Tax Rate 0.270517% \* assessed value 8.9MM = CAD 24K) plus Developer's estimated OLG Hosting Fee of CAD 10MM.

## Impact of Initial Capital Investment

The developer has estimated the capital budget for the Durham Live Tourist Destination at CAD 1.4 Billion based on their internal assessment of estimated construction costs for the proposed mix of uses.

This significant capital expenditure is projected to result in the creation of nearly 8,000 project related jobs inclusive of indirect and induced effects, with a total GDP impact of approximately CAD 800 million, and a cumulative tax effect estimated at CAD 350 million. The following table outlines the regional and provincial breakdown in greater detail.

### ESTIMATED ECONOMIC IMPACT OF CAPITAL INVESTMENT IN THE DURHAM LIVE TOURIST DESTINATION

All figures CAD	Total Capital Investment of CAD 1.4 Billion		
	Durham Region	Rest of Ontario	Total
<b>GDP</b>			
Direct	422,037,904	31,228,813	453,266,717
Indirect	67,763,257	85,830,688	153,593,945
Induced	100,720,702	80,158,339	180,879,041
<b>Total</b>	<b>590,521,863</b>	<b>197,217,840</b>	<b>787,739,703</b>
<b>Employment (Jobs)</b>			
Direct	3,989	285	4,274
Indirect	782	941	1,723
Induced	979	951	1,930
<b>Total</b>	<b>5,750</b>	<b>2,177</b>	<b>7,927</b>
<b>Total Taxes</b>			
Federal	139,573,524	39,354,600	178,928,124
Provincial	115,751,694	30,222,590	145,974,284
Municipal	29,872,386	645,092	30,517,478
<b>Total</b>	<b>285,197,604</b>	<b>70,222,282</b>	<b>355,419,886</b>

## Section 4: Conclusions

The proposed Durham Live development presents the potential for significant positive economic benefits and job creation in the City of Pickering. Furthermore, the development is likely to have positive secondary effects on local commercial establishments due to increased tourism.

Accuracy of economic projections will improve as further details on the development emerge, and should stakeholders require more detailed economic analysis, further investigations should be undertaken at that time.

### Summary

- The Durham Live Tourist Destination is expected to create approximately 8,000 construction related jobs and 20,000 new employment opportunities when fully operational.
- The potential GDP contribution is projected to be over CAD 750 million during construction and CAD 1 billion per year in operation.
- Significant tax revenues are expected with CAD 350 million in construction and potentially over CAD 625 million per year.
- With the potential to draw in 10 million new visitors to Durham Region, there is significant positive opportunity for local businesses to benefit from the development.

## Bibliography

---

- Center for Policy Analysis, University of Massachusetts Dartmouth,. (2013). *New England Casino Gaming Update, 2013*. Center for Policy Analysis.
- Church, E., & Kiladze, T. (2012, December 15). Diagnosing Toronto's casino fever: How much is the city willing to gamble? . *The Globe and Mail*. Retrieved from <http://www.theglobeandmail.com/news/toronto/diagnosing-torontos-casino-fever-how-much-is-the-city-willing-to-gamble/article6403213/>
- [NOTE: other potential deletions from Bibliography if study is limited to economic impact?]Deloitte. (2009). *Global Tourism Opportunities Research Study*. Queen's Printer for Ontario.
- Deloitte. (2009). *Ontario Tourism Product Assessment Research Study*. Queen's Printer for Ontario.
- Durham Tourism. (2006). *Durham Region's Premier Ranked Tourist Destination Project*.
- Ernst & Young. (2012). *Potential Commercial Casino in Toronto*.
- GHK International (Canada) Ltd. (2010). *Ajax Forward Official Plan Review: Growth Plan Implementation Study Final Report*.
- Government of Ontario. (2014). *Ontario Budget 2014*. Queen's Printer for Ontario.
- Langley, A. (2013, December 12). OLG looking to expand in Niagara Falls large entertainment centre. *St. Catherine's Standard*. Retrieved from <http://www.stcatharinesstandard.ca/2013/12/12/olg-looking-to-expand-in-niagara-falls-with-5000-seat-entertainment-centre>
- MacDonald, A., & Eadington, B. (2005). *Painting the right picture for gaming developments in international jurisdictions*. Urbino.net.
- Mendleson, R. (2013, February 18). Windsor's casino an important job creator as high unemployment persists. *The Toronto Star*. Retrieved from [http://www.thestar.com/news/gta/2013/02/18/windsors\\_casino\\_an\\_important\\_job\\_creator\\_a\\_s\\_high\\_unemployment\\_persists.html](http://www.thestar.com/news/gta/2013/02/18/windsors_casino_an_important_job_creator_a_s_high_unemployment_persists.html)
- Ontario Arts Council. (2012). *Ontario Arts and Culture Tourism Profile*.
- Ontario Lottery and Gaming Corporation. (2012). *Annual Report 2011/2012*.
- Ontario Ministry of Tourism, Culture and Sport. (2014). *Travel Intentions Study: Wave 18*.

- Philander, K. S., & Bernhard, B. J. (2013). *Informing the Public Debate: Economic Impact of Casinos. Economic Benefits, Tax Regressivity, and Real Estate Impacts.*
- Southeastern Connecticut Council of Governments. (2005). *Intermodal Connections Study Southeast Final Report. Section 3: Visitor Market Analysis.* SCCOG.
- The Centre for Spatial Economics. (2008). *The Ontario Tourism Regional Economic Impact Model (TREIM).*
- The Ontario Tourism Competitiveness Study. (2009). *Discovering Ontario: A Report on the Future of Tourism.* Queen's Printer for Ontario.
- Urban Strategies, Inc. (2013). *Downtown Pickering: A Vision for Intensification and Framework for Investment.*
- Watson & Associates. (2008). *Growing Durham: Recommended Growth Scenario and Policy Directions.*
- Webb Management Services Inc. (2011). *Feasibility and Business Case Assessment: Durham West Arts Centre Foundation.*

## Appendix A – Glossary of Terms

---

**Gross Domestic Product (GDP):** value of goods and services produced by labour and capital located within a country (or region), regardless of nationality of labour or ownership. This GDP is measured at market prices. Tourism GDP refers to the GDP generated in those businesses that directly produce or provide goods and services for travelers.

**Direct impact:** refers to the impact generated in businesses or sectors that produce or provide goods and services directly to travelers, e.g. accommodations, restaurants, recreations, travel agents, transportation and retail enterprises etc. Direct impact on GDP, employment and tax revenues is also called tourism GDP, tourism employment and tourism tax revenues.

**Indirect impact:** refers to the impact resulting from the expansion of demand from businesses or sectors that directly produce or provide goods and services to travelers, to other businesses or sectors.

**Induced impact:** refers to the impact associated with the re-spending of labour income and /or profits earned in the industries that serve travelers directly and indirectly.

**Employment:** refers to number of jobs, including full-time, part-time, seasonal employment, as well as both employed and self-employed.

**Federal tax revenues:** include personal income tax, corporate income tax, commodity tax (GST/HST, gas tax, excise tax, excise duty, air tax and trading profits) and payroll deduction that is collected by the federal government.

**Provincial tax revenues:** include personal income tax, corporate income tax, commodity tax (PST/HST, gas tax, liquor gallonage tax, amusement tax and trading profits) and employer health tax that is collected by the Ontario provincial government.

**Municipal tax revenues:** include business and personal property taxes that are collected by municipalities. Collection, however, does not follow immediately the consumption or production of goods and services in a municipality by visitors (as is the case with HST or personal income taxes). Rather, these taxes show the percent of the total property taxes collected by a municipality that can be attributed to tourism because of tourism’s contribution to the economic activity of the municipality and hence its tax base.