

REPORT

DEVELOPMENT SERVICES DEPARTMENT

To: Mayor W. Wright and Members of Council in Committee of the Whole Date: June 23, 2008

From: Lisa Spitale, Director of Development Services File: 06.1130.20 #80457

Subject: Development Assistance Compensation Priority Projects - Update

RECOMMENDATION

THAT Priorities 4 and 5 be added to the Downtown OCP workplan and the Queensborough OCP workplan.

PURPOSE

The purpose of this report is to update City Council on the status of the Development Assistance Compensation (DAC) priority projects.

BACKGROUND

On December 10, 2007, the City of New Westminster, the Provincial Government, the British Columbia Lottery Corporation (BCLC) and Gateway Casinos signed a four party Development Assistance Compensation (DAC) Agreement.

ANALYSIS

In addition to 10% revenue, the City receives 6% of redirected revenue to the DAC fund for exclusive City use, which is estimated at \$46.2 million. The City has identified three DAC priority projects, totalling \$46.2 million. They are:

<u>Priority</u>	<u>Description</u>	<u>Cost</u>	<u>Timeline</u>
1	Queensborough Parkland	\$5 million	2008 - 2010
2	Multi Use Facility	\$35 million	2009 - 2013
3	Queensborough Facilities	\$6.2 million	2011 - 2013

These three priority projects are currently at the planning stage: Priority 1 and 3 are being examined as part of the Queensborough OCP process; Priority 2 is being examined as part of the Downtown OCP process, in addition, the City has retained a project management team to assist with the planning/ programming of this Downtown facility.

According to the December 2007 Agreement, Gateway Casinos was given 6 months to identify remaining DAC projects (deadline was early June, 2008). The Agreement stipulates that if Gateway Casinos does not proceed with additional DAC projects at the Queensborough location, the City of New Westminster would have access to an additional maximum \$14.3 million of DAC. Gateway has informed the Provincial Government, BCLC and the City of New Westminster that they will not be pursuing additional DAC projects. Therefore, the City now has exclusive access to a potential \$60.5 million.

The City has identified Priority 4 and 5 in the event that additional DAC funding was to become available.

<u>Priority</u>	<u>Description</u>	<u>Cost</u>	<u>Timeline</u>
4	Pedestrian Overpass	\$10.3 million	2013 – 2015
5	FRDC Dock and Facility Improvements	\$4 million	2015 – 2017

It is important to note that gaming revenue will need to be closely monitored to determine if gaming projections match actual gaming revenues. The Director of Finance and IT closely monitors BCLC's quarterly revenue reports.

OPTIONS

There are two options for Council's consideration; they are:

Option 1 - Add Priorities 4 and 5 to the Downtown OCP workplan and the Queensborough OCP workplan.

Similar to Priorities 1, 2 and 3, it is prudent for Staff to commence with planning for Priorities 4 and 5. The Downtown OCP and Queensborough OCP workplans take into account Priorities 1, 2 and 3. Now that the City has access to Priority 4 and 5 (assuming projections match actual), staff recommend that these items be added to both workplans.

Option 2 – Other

Staff recommend Option 1

City of New Westminster

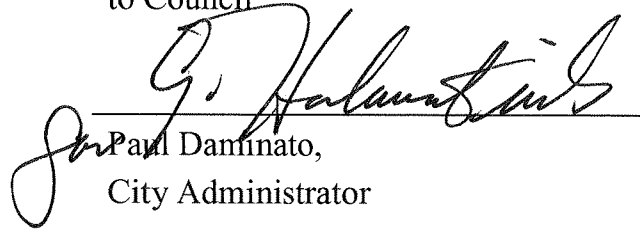
June 23, 2008

-3-

Approved for Presentation
to Council



Lisa Spitale,
Director of Development Services



Paul Daminato,
City Administrator



BRITISH COLUMBIA

The Best Place on Earth

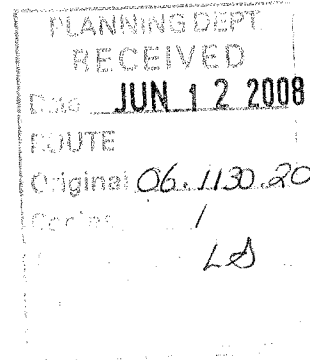
Know your limit, play within it.

June 10, 2008

Cliff #363548

Mr. Dave Gadhia
Chief Executive Officer
Gateway Casinos & Entertainment Inc.
Suite 210 – 4240 Manor Street
Burnaby BC V5G 1B2

Ms. Lisa Spitale
Deputy Director of Development Services
City of New Westminster
511 Royal Avenue
New Westminster, BC V3L 1H9



Dear Mr. Gadhia and Ms. Spitale:

I am writing further to all correspondence and discussions on this matter, and further to the June 4, 2008 memorandum from Dave Gadhia conveying Gateway's recommendation not to proceed with a possible new proponent project for the Starlight Casino (based on a recent detailed feasibility report prepared by Pannell Kerr Forster).

Section 8(a) of the December 10, 2008 Destination Casino Project Development Amendment (DAC) Agreement requires any new Starlight project proposed by the proponent be agreed to by all parties and incorporated into the Agreement by June 10, 2008.

As no new proponent projects were incorporated by June 10, 2008, in accordance with the DAC Agreement, the Province will limit DAC funding to the proponent to the remaining amounts owing for historical projects already identified in the Agreement. For certainty, the Province will not consider or provide any further DAC funding for any other Starlight infrastructure projects the proponent may identify or propose.

I understand Gateway will work with the BC Lottery Corporation on an alternative project for the Starlight Casino property, funded under the separate Proponent Projects Agreement, in order to fulfill Gateway's commitments in that agreement.

.../2

As a result, the City of New Westminster may be eligible for DAC funding for host supplemental projects provided for in the DAC Agreement. Section 31 of the Agreement limits DAC funding for supplemental projects not to exceed \$14.3 million. That funding is additional to DAC that may be paid for host priority projects.

The Province will follow up shortly concerning City projects to ensure the planning for, and scheduling of, City projects are progressing in a manner consistent with the DAC Agreement. Those commitments are a critical condition of the projects' eligibility for DAC.

Please contact me at 250 953-4482 if you wish to discuss this further.

Sincerely,



Derek Sturko
Assistant Deputy Minister

pc Darryl Schiewe
Tom Williamson
Mike Wolfram
Lisa Spitale
Paul Daminato
Gary Holowatiuk
Graham Nash
Larry Pistell