

# Request for Decision City Council



## Type of Decision

Meeting Date	October 27, 2005				Report Date	October 11, 2005			
Decision Requested	<input checked="" type="checkbox"/>	Yes		No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

## Report Title

Bingo Revitalization Pilot Project

### Policy Implication + Budget Impact



This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.

Based on the Ontario Lottery and Gaming Corporation estimates, there will be no loss in bingo revenue to the City.

☒

Background Attached

### Recommendation

THAT the City enter into a contract with the Ontario Lottery and Gaming Corporation (OLGC) for a one year bingo pilot initiative to take place at Bingo One Limited, 940 Newgate Avenue;  
AND THAT Council authorize the General Manager of Growth & Development to sign the contract on behalf of the City, it being understood that this contract will be in a form satisfactory to Legal Services.

Recommendation Continued

### Recommended by the Department Head

Doug Nadorobny  
General Manager of Growth and Development

### Recommended by the C.A.O.

Mark Mieto  
Chief Administrative Officer

Date: October 11, 2005

**Report Prepared By**



Bryan Gutjahr  
Manager of By-Law Enforcement Services

**Division Review**



Guido Mazza  
Director of Building Services/Chief Building Official

**Background**

The City has been approached by the Ontario Lottery and Gaming Corporation (OLGC) to assist them in implementing the Bingo Revitalization Pilot Project (BRP). (See attached letter)

The OLGC has recognized that since the mid 1990's the Bingo industry has been in decline and they believe the reason for this decline is the Bingo Industry has not changed the way it does business.

In order to sustain a funding source for local charities as well as to have continued business viability for the operators, the OLGC is introducing the Bingo Revitalization Pilot Project.

The BRP will introduce a new way of doing business that centres on the introduction of e-bingo, upgraded facilities and competitive customer service all in order to enhance the bingo entertainment experience as well as rejuvenate the local business.

The pilot project would see the introduction of electronic bingo at one of the local bingo halls. This means players would now have the option of playing bingo on paper or simultaneously through electronic devices such as hand held or table top units. This technology will allow the player to play more cards while enjoying a new bingo gaming experience. For upgrading their facility the OLGC will provide the development of competitive customer service programs for bingo center staff and charities. The OLGC feel that these three factors will deliver an enhanced bingo entertainment experience that will rejuvenate the local bingo business.

Bingo One Limited has agreed to partner with the OLGC and have upgraded their facility to project a more favourable atmosphere. It is hoped that this will attract a wider customer base to the bingo game while maintaining the experience for those who currently play, thereby increasing revenues to the charitable and non profit organizations that raise funds in this manner. Bingo One Limited has also met with its member charities and they have unanimously voted to move forward with this pilot initiative. They recognize that if successful the project will bring benefit and future options to the many charities and non-profit organizations across the Province. (See attached letter)

**The Municipality's Role**

The Pilot Project is being introduced in 5 cities in Ontario. They are Toronto, Barrie, Kingston, Peterborough and Greater Sudbury. On Wednesday, September 28, 2005 the first pilot site was launched in the City of Barrie, the next probable site will be Kingston with the opening in Sudbury slated for Wednesday, November 16, 2005.

**Date: October 11, 2005**

For its part, the City is being asked to participate in the Pilot Project by continuing to play a key role in permit issuance to eligible charities as well as reviewing how the charitable revenue is spent according to Alcohol and Gaming Commission of Ontario (AGCO) rules. What will change is how the Municipality will generate revenue from the permit issuance procedure.

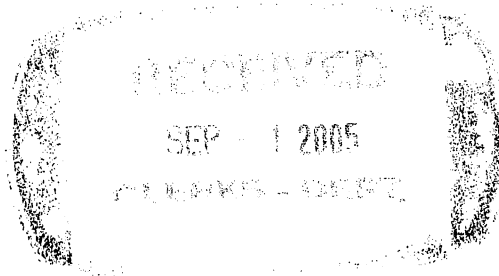
Currently the City receives applications from charitable organizations to host charity bingos in order to generate revenue for those charities. The City then reviews the application to ensure compliance to rules as set out by the AGCO. Once approved, the City charges a fee for a licence and that fee is set as a percentage of the total of the prize board. At the conclusion of the event, the charity must submit monthly bank statements indicating how the funds are being spent.

Under the new BRP Project, the City will enter into a contract with the OLGC which will require the City to continue to accept applications and review for eligibility but instead of charging a fee and issuing a licence the City would issue a permit to the charity in accordance to OLGC specified eligibility criteria and terms. The City would continue to monitor the charity use of proceeds and role fulfilment in accordance with OLGC set criteria. The City will receive a fee for their service which will be calculated as a percentage of gross receipts which has been projected by the OLGC (Schedule "A" attached) These figures represent revenue received by the City from Bingo One Limited on Newgate Avenue, in 2003 and 2004.

Gross receipts include the sale of any and all products within the bingo hall. The purpose of this is to align all stakeholders, the City, the OLGC, Bingo Hall Operators, and Charities to common objectives and an equal interest in the success of the pilot project.

As mentioned earlier, the OLGC is requesting the City to enter into an agreement to end twelve months following the operation start date. The agreement would run for the term of the pilot project with the option to renew the term. The contract will be reviewed by Legal Services to ensure that is in a form to their satisfaction.

City Staff are prepared to assist with this pilot project and to work with the involved agencies to ensure the success of this important initiative.



Document communiqué en vertu de  
la Loi sur l'accès à l'information  
Document divulgué en vertu de la  
Loi sur l'accès à l'information

August 30, 2005

Angie Hache  
Deputy City Clerk  
City of Greater Sudbury  
P.O. Box 5000,  
Station A  
200 Brady Street  
SUDBURY, ON  
P3A 5P3

Dear Angie,

**Subject: Bingo Revitalization Pilot Program**

Thank you very much for meeting with us last week. I hope that the Bingo Revitalization pilot program and financial outlook for Sudbury that we presented to you will be supported by the City of Greater Sudbury.

To summarize our discussion, the Bingo Industry in Ontario has been in decline since the mid 1990s. The rate of decline has accelerated in the last few years. During the mid-1990s, there were approximately 230 operating commercial bingo centres; today there are 108.

A key reason for this decline is that the Bingo Industry has changed little in decades. More general entertainment options have been introduced and new gaming venues have leaped ahead in their competitive offers with a greater variety of products, excellence in customer service and modern facilities.

In order to stem its decline, Bingo Industry stakeholders have worked together to develop a new model and business case to revitalize the industry. The Bingo Revitalization Pilot will test the potential of this model.

What do we want to achieve in this pilot program? Ontario Lottery and Gaming Corporation (OLGC), charities, commercial operators and municipalities want to test a bingo business model that could sustain a funding source for local charities and continued business viability for commercial operators.

*Know your limits,  
play within it!*  
*Dépasser ses limites,  
ce n'est plus du jeu.*

The Bingo Revitalization Pilot Project will test an exciting new business that centres on the introduction of e-bingo technology, upgraded facilities and competitive customer service in order to deliver an enhanced bingo entertainment experience. Under law, only the OLG can offer electronic gaming, including e-bingo, in Ontario.

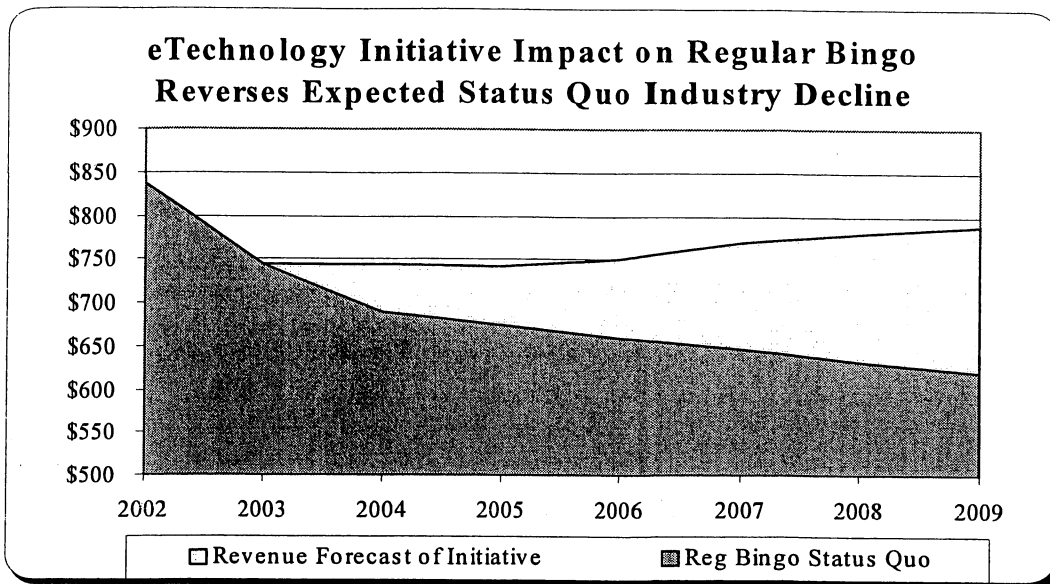
Electronic bingo is a way to deliver the current traditional bingo in a new, more exciting way. Players can choose to play bingo on paper or simultaneously through electronic devices such as hand-held or table top units. This technology will allow players to play more cards while enjoying a new bingo experience. New technology and an overall new destination entertainment experience are critical to ensuring a sustainable industry. By taking advantage of new technologies, electronic bingo also improves the management and integrity of bingo games.

The business case was based on experiences from other jurisdictions as well as current electronic-validation-devices in Ontario. The experience in other jurisdictions, British Columbia for example, has been that the introduction of technology can be an important factor in improving market conditions for charitable bingo. But it is only one factor. Market research here in Ontario shows that the need for high quality competitive facilities and quality customer service are also important. That is why the introduction of electronic bingo technology is only one component of a comprehensive model. The revitalization pilot will also include bingo facility upgrades and the development of competitive customer service programs for bingo centre staff and charities. Together, these three factors should deliver an enhanced bingo entertainment experience that will rejuvenate the local bingo business.

Furthermore, market research here in Ontario and the experience of other jurisdictions indicate that this new bingo experience has the potential to provide significant revenue benefits. For example, the bingo industry in British Columbia has seen significant changes:

- ⊕ With the introduction of electronic bingo, bingo centres have generally experienced a lift of 20% in overall revenues on average;
- ⊕ On average, the bingo players have increased their spend-per-visit by approximately \$10;
- ⊕ A higher proportion of male players have adopted bingo as an entertainment option.

The OLG is anticipating that over time, the decline of the bingo industry will be halted and revenues will climb back to a more optimistic level.



- Note: The above revenue projection chart expected a launch in 2003. While the forecast period is askew, the growth projections remain valid. Above in dark blue is the projected decline of the bingo industry over several years. The light blue area shows the potential reversal of the decline if the new bingo model is implemented across the province.

Generally, the Bingo Industry stakeholders – charities, commercial operators, municipalities and Alcohol and Gaming Commission of Ontario - are supportive of the new model and pilot intentions. Stakeholders have worked collaboratively over the last several years to develop a case that benefits everyone.

The guiding principles of the model are premised on:

- ⊕ Preserving and enhancing revenues to charities while maintaining a meaningful role;
- ⊕ Sustaining commercial health for the bingo centre service provider with fair growth opportunities for investment;
- ⊕ Maintaining municipalities' roles and existing revenue stream with fair growth;
- ⊕ Achieving cost recovery as a minimum for OLGC

Assuming the business case projections are correct, we anticipate that:

- ⊕ Charitable revenues will be sustained and grow over the longer term thus maintaining local charitable efforts and minimizing the need for social program support from local and provincial governments;
- ⊕ Commercial operations will be sustained with growth in the longer term, thereby sustaining and improving upon the economic impact to communities;

- ⊕ Municipal revenues from bingo gaming will be sustained with fair growth potential as well as rejuvenation to parts of the city where bingo centres are located.

OLGC has been mandated by the Government of Ontario to test up to five bingo locations across the province. These locations include commercial bingo halls in Barrie, Kingston, Peterborough, Sudbury and Toronto.

Many business and test factors were considered in choosing these sites including minimal impact on other bingo centre locations and the quality of leadership and motivation of the charities, commercial operators and the municipalities.

The pilot duration will be six months, at which time OLGC is obligated to report the results back to the Government of Ontario. Pending the results and support from the industry's stakeholder groups, the Government will then decide whether the project will rollout to other bingo halls.

OLGC will be measuring the success of the pilot by several high level criteria:

1. Meeting business case financials targets;
2. Appeal of the new entertainment venue among current, lapsed and new bingo players;
3. Support of revised roles and responsibilities for Municipalities, Bingo Centre Service Providers and Charities;
4. Support of contractual relationship model between OLGC and the Municipalities, Bingo Centre Service Providers and Charities;
5. New processes success.

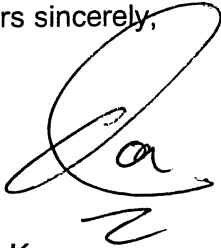
OLGC is currently working with the five sites, which are at various stages of renovation and customer service training in order to meet deadlines and report to the Government of Ontario. In order to obtain proper data to report, OLGC hopes to launch some bingo centres starting this coming fall.

Given the tight schedule and the need to present a final report to the Government of Ontario early next 2006, it is critical that all stakeholders support and assist this pilot in any way possible, to ensure its ultimate success.

OLGC fully endorses and supports this pilot and the potential benefits it can bring to local charities and communities and we hope that the City of Greater Sudbury will also support this test.

Should you have any questions, please do not hesitate to call me.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Ron Ko', with a large loop at the top and a horizontal line at the bottom.

Ron Ko  
Director, Bingo Gaming

c.c. George Sweny, Senior Vice-President, Lottery & Bingo Gaming, Ontario Lottery and Gaming Corporation



August 30, 2005



**Angie Hache**  
*(Deputy City Clerk)*  
**City of Greater Sudbury**  
P.O. Box 5000, Station A  
200 Brady Street  
Sudbury, ON  
P3A 5P3

**Re: Bingo Revitalization Pilot Program (BRP)**

Dear Angie,

This letter will serve to confirm Bingo One Limited' support of the proposed Bingo Revitalization Pilot program in our community. Given the City of Greater Sudbury's support for this initiative, it is Bingo One's intention to participate fully with all parties, the Ontario Lottery and Gaming Corporation (OLGC), Bingo One Association (BOA) member charities and the municipality, to ensure the success of this pilot.

As a commercial operator in the province of Ontario, it has always been our goal to participate with all levels of government, being the Provincial and/or Municipal with any initiative or project, which could enhance and/or revitalize our product offering.

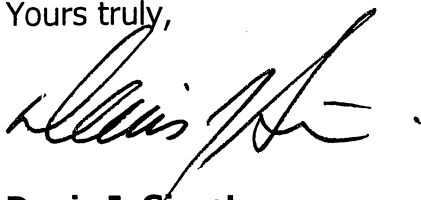
Bingo One has always taken great pride in helping our charity partners achieve their fundraising goals. We also take great pride in knowing these funds, raised within our venue, stay in our community and go directly to causes which are important to the social development of our city.



The BRP is an opportunity to ensure that our charity partners continue to receive a steady stream of revenue as well as ensure our profitability, which in turn guarantees all affected parties a continued portion of the gaming revenue.

It is our sincere hope that our city will not only support this initiative, but also participate in a program that will in turn benefit most importantly the citizens of our community.

Yours truly,

A handwritten signature in black ink, appearing to read "Denis J. Sivret", with a stylized flourish at the end.

**Denis J. Sivret**  
Manager/Comptroller

Cc; Raymond Loiselle  
Bingo One Association

Schedule "A"

## SUDBURY MUNICIPAL FINANCIAL PROJECTION

- The guiding principle is to maintain the Municipality's existing revenue stream
- BRP Revenue Share Philosophy of "% of All in Top Line Revenue" is to align all stakeholders to common objectives and equivalent interest in BRP success
- Year 1 will focus on preserving Sudbury Municipal revenues with a 1.1% share of revenue

Municipality Cash Flow	Sudbury							
(\$000s)	2003	2004	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Projected Revenue Share</b>	\$190.03	\$191.2	\$191.1	\$191.1	\$193.5	\$207.4	\$218.3	\$225.6
Percent of All In Revenue			1.10%	1.00%	1.00%	1.00%	1.00%	1.00%
% Change from 2004			0.0%	1.2%	8.5%	14.2%	18.0%	

- Year 2 revenue share is anticipated to be 1.0% which will result in greater revenues available to the Municipality,
- Over the next 5 years the Municipality of Sudbury should realize about 18% more revenue than seen in 2004.

# Request for Decision City Council





Type of Decision									
Meeting Date	October 27, 2005				Report Date	October 14, 2005			
Decision Requested	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High	<input type="checkbox"/>	Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open	<input type="checkbox"/>	Closed

Report Title
Operation of Concession/Skate Sharpening Services I.J. Coady Memorial Arena

Policy Implication + Budget Impact	
<b>X</b>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
<p>The Onaping Falls Minor Hockey Association will be paying an operating fee of \$150.00 per month [G.S.T. not included] to operate the concession and skate sharpening services. The annual revenue is estimated at \$900.00 per year and has been included in the 2006 operational budget.</p>	
<input type="checkbox"/>	Background Attached

Recommendation	
<p>That the Onaping Falls Minor Hockey Association be approved to operate the concession and skate sharpening services at the I.J. Coady Memorial Arena for a period of one (1) year (2005 - 2006 ice season).</p>	
<input type="checkbox"/>	Recommendation Continued

Recommended by the Department Head
 Catherine Matheson General Manager of Community Development

Recommended by the C.A.O.
 Mark Mieto Chief Administrative Officer

Date: October 14, 2005

Report Prepared By



Ray Mensour  
Manager of Arenas

Division Review



Réal Carré  
Director of Leisure Services

**Executive Summary**

At the June 16, 2005 Council meeting, resolution #2005-264 was passed approving option 2 as the operational model for the municipal arenas' concession booths which included a combination of private and municipally operated concessions.

**Background**

On April 21, 2005 the CGS issued an RFP for the operation of municipal arena concessions. Municipal Council passed a resolution at the June 16, 2005 meeting approving Option 2. The approved option was a combination of private and municipally operated concessions. KVV Services was awarded the I.J. Coady Memorial Arena and have since declined to operate the concession.

The Leisure Services department reviewed the concession operation at this facility and determined that operating this site municipally would not be economically viable. The department requested vending machines to be set-up in the arena lobby in order to provide a basic level of concession service. A number of user groups had expressed concern that canteen privileges would no longer be available at this facility. The Onaping Falls Minor Hockey Association presented a proposal to the department, requesting approval to operate the concession and skate sharpening services.

The skate sharpening service has not been provided at this site for over three [3] years. The Onaping Falls Minor Hockey Association has agreed to pay an operating fee in the amount of \$150.00 per month, for both the concession and skate sharpening services.

It is recommended that Council authorize the Onaping Falls Minor Hockey Association to operate both the concession booth and skate sharpening services at the I.J. Coady Memorial Arena for a period of one [1] year (2005 - 2006 ice season).