

<p><b>2. CHARITABLE BINGO AND GAMING REVITALIZATION INITIATIVE</b></p> <p><b>PROJET DE REVITALISATION DES BINGOS ET JEUX DE BIENFAISANCE</b></p>
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**COMMITTEE RECOMMENDATION**

**That Council approve and delegate to the Mayor and City Clerk the execution of the Municipality Contribution Agreement with the Ontario Lottery and Gaming Corporation (OLG), as outlined in this report, pertaining to electronic charitable bingo and gaming.**

**RECOMMANDATION DU COMITÉ**

**Que le Conseil approuve la conclusion de l'entente de contribution municipale avec la Société des loteries et des jeux de l'Ontario (SLJO) relative aux bingos et aux jeux de bienfaisance électroniques, et délègue au maire et au greffier municipal le pouvoir de conclure ladite entente, comme l'indique le présent rapport.**

**DOCUMENTATION/DOCUMENTATION**

1. Deputy City Treasurer's report, Corporate Finance, Corporate Services Department dated 28 June 2019 (ACS2019-CSD-FIN-0018).

Rapport de la Trésorière municipale adjointe, Finances municipales, Direction générale des services organisationnels, daté le 28 juin 2019 (ACS2019-CSD-FIN-0018).

**Report to  
Rapport au:**

**Finance and Economic Development Committee  
Comité des finances et du développement économique  
10 July 2019 / 10 juillet 2019**

**and Council  
et au Conseil  
10 July 2019 / 10 juillet 2019**

**Submitted on June 28, 2019  
Soumis le 28 juin 2019**

**Submitted by  
Soumis par:**

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Department / Trésorière municipale adjointe, Finances municipales, Direction  
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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2019-CSD-FIN-0018**

**SUBJECT: Charitable Bingo and Gaming Revitalization Initiative**

**OBJET: Projet de revitalisation des bingos et jeux de bienfaisance**

## **REPORT RECOMMENDATION**

**That the Finance and Economic Development Committee recommend that Council approve and delegate to the Mayor and City Clerk the execution of the Municipality Contribution Agreement with the Ontario Lottery and Gaming Corporation (OLG), as outlined in this report, pertaining to electronic charitable bingo and gaming.**

## **RECOMMANDATION DU RAPPORT**

**Que le Comité des finances et du développement économique recommande au Conseil d'approuver la conclusion de l'entente de contribution municipale avec la Société des loteries et des jeux de l'Ontario (SLJO) relative aux bingos et aux jeux de bienfaisance électroniques, et de déléguer au maire et au greffier municipal le pouvoir de conclure ladite entente, comme l'indique le présent rapport.**

## **BACKGROUND**

Since 2005, Ontario Lottery and Gaming (OLG) has partnered with charities, commercial bingo centre operators, and municipalities on the revitalization of charitable bingo with six pilot electronic bingo sites within Ontario. In 2012, the initiative began its expansion beyond the original six sites and offered the new model to interested charities, operators and municipalities. The goal was to prevent further decline in charity revenues and over time, to stabilize and grow those revenues. In 1998, more than 6,000 Ontario charities and not-for-profits were raising funds in about 230 bingo centres. Today, there are 60 bingo sites remaining, supporting fewer than 3,000 charities and not-for-profits.

Currently, there are 31 charitable gaming sites operating in 26 municipalities across the province. As of November 2018, \$222.6 million had been directed to over 1,800 participating charities and not-for-profits who provide vital services in their communities.

The Charitable Bingo and Gaming Revitalization Initiative is a collaborative effort between the Ontario Lottery and Gaming Commission (OLG), the Commercial Gaming Association of Ontario (CGAO) and the Ontario Charitable Gaming Association (OCGA) to transform the declining bingo industry.

The initiative is intended to provide a viable fundraising tool for charities delivering local programs and services. It also offers customers of bingo halls a new entertainment experience in redesigned facilities, introducing electronic versions of traditional charitable gaming products that can be played on touch screens alongside traditional paper products.

One of the three bingo halls in Ottawa has expressed interest in participating in the Initiative and has been selected by the OLG for implementation in 2019. Of the other two bingo halls, one has indicated interest and is in the queue for implementation, and the second has shown no interest to date. Council approval is required in order for Ottawa bingo halls and charities that run events in those halls to participate in the Initiative.

## **DISCUSSION**

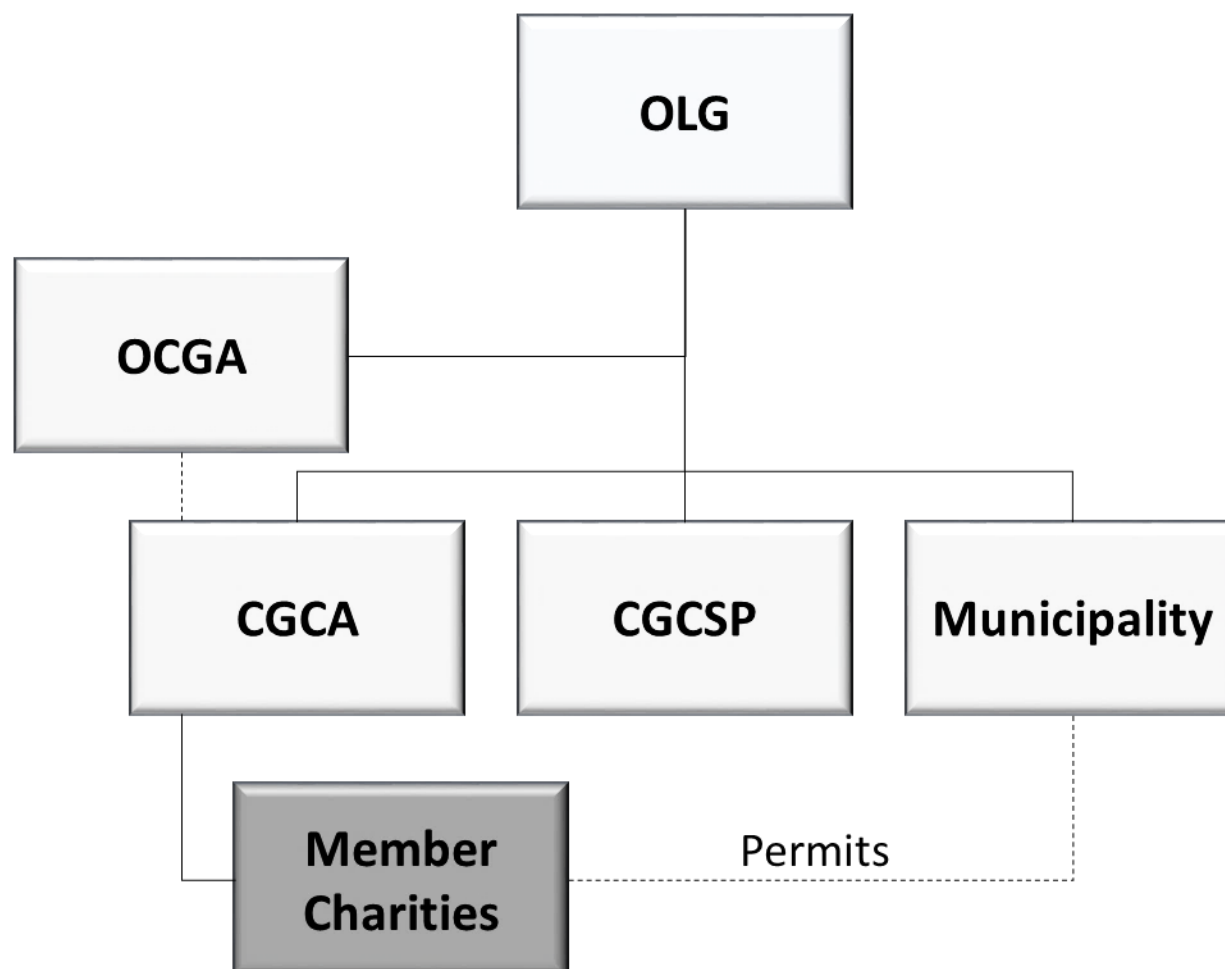
### **Regulatory Provisions**

Implementation of this Initiative will mean a transition in the regulatory framework from Section 207(1)(b) to 207(1)(a) of the Criminal Code for participating halls. Under the current framework (paper bingo), charities are responsible for the conduct and management of the bingo events. Under section 207(1)(a), the conduct and management accountability will belong solely to the OLG, as only the government of a province is permitted to conduct and manage electronic games.

### **Roles and Responsibility of Stakeholders**

To facilitate this regulatory change, the OLG requires each stakeholder to enter into a standard agreement for the provision of services. Figure 1 provides an overview of the partnership structure:

**Figure 1 - Charitable Gaming Partnership Organizational Structure**



The OLG is responsible under the Criminal Code of Canada to conduct and manage gaming in the Charitable Gaming sites. The Ontario Charitable Gaming Association (OCGA) is a provincial charity body representing all the charities participating in charitable gaming and is under contract with OLG to provide policies, procedures, training and support to charities. The Charitable Gaming Centre Association (CGCA) is an onsite association that represents charities in their local gaming centre.

The Charitable Gaming Centre Service Provider (CGCSP), through a contract with OLG, is to provide a venue for bingo and other gaming. These hall operators will be required to invest a substantial amount of capital to renovate and ready their facilities to support the technology and equipment to be provided by the OLG. On an ongoing basis, hall operators will be responsible for providing the facilities, daily operations, management, site marketing and staffing.

The Municipality's role remains relatively the same as under the old model, that is:

- continue to determine eligibility of charities;
- continue to approve and monitor "use of proceeds";
- issue permits instead of licenses to eligible charities;
- ensure monthly reports are received and validate distribution of funds to charities;
- monitor and ensure compliance with the permit requirements; and
- investigate and notify OLG of any breaches of the requirements.

The foregoing role has traditionally been, and continues to be, fulfilled by By-law and Regulatory Services in Emergency and Protective Services, given its permit/license issuance and enforcement role and expertise in other subject areas.

Charities will continue to have a visible and meaningful role with significantly reduced administrative reporting responsibilities and will have no responsibility or liability for cash handling during games. Charities will also no longer be responsible for paying licence fees. They will provide volunteers for promoting how the funds will benefit the community; support customer service; and organize and participate in charity events. In return, they receive a share of the proceeds each month.

Per the agreement with OLG, all sites focus on responsible gambling with "Play Smart" information kiosks and trained staff and volunteers that are knowledgeable about responsible gambling and the Play Smart program.

### **Financial Commission Model**

Currently, the City receives a set fee of 3% of the prize board for each bingo event. These revenues have declined slightly over the last several years. In 2018, we received a total \$676,361 from bingo licenses, compared to \$782,830 in 2014. The most significant change was due to Rideau Carleton Bingo ceasing operations in June 2018.

Two of the three bingo halls currently in operation have expressed interest in implementing the Charitable Gaming (cGaming) model of operations. Under this model,

the City would continue to issue permits but would not be allowed to charge a fee for those permits. Instead, the City would receive quarterly electronic payments from OLG in the amount of 2.79% of the net gaming wins, as opposed to the current 3% of the prize board paid monthly by the charity.

Municipalities that were early adopters of this initiative saw significant reductions in revenue after the change to a percentage of net gaming wins. However, over the years, their revenues have increased due to an increase in the number of events and new products introduced.

Per the cGaming agreement with OLG, the following Charitable Games are permitted to be offered at Charitable Gaming Sites, pursuant to Ontario Regulation 81/12 made under the *Ontario Lottery and Gaming Corporation Act, 1999*:

- session play paper bingo games;
- session play electronic bingo games;
- paper break-open ticket lottery games;
- electronic break-open ticket dispensers (e.g. Tap Tix);
- personal play electronic bingo;
- personal play electronic break-open tickets;
- personal play electronic instant games; and,
- electronic shutterboard games.

The operators of one of the three bingo halls in Ottawa notified OLG and the City of their interest to participate in this Initiative, with an estimated implementation date in the fall of 2019 or early 2020. In 2018, the City received \$195,260 from this bingo hall. Based on projections provided by OLG with input from the operator, net revenues for this bingo hall are expected to increase slightly based on experience from other cGaming Sites and the introduction of a broader range of products. However, revenue to the City will initially decrease slightly due to the change in the formula, and then increase over the next few years as net win revenue is expected to increase with this new operating model.

**Table 1 - OLG Projections of Net Win Revenue for First Bingo Hall**

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Net Gaming Win Total</b>	5,604,977	5,891,561	7,766,271	10,094,730	10,835,064
<b>Municipality commission (2.79%)</b>	156,379	164,375	216,679	281,643	302,298

Based on these projections, estimated revenues to the City from this first bingo hall will decrease in the first year by approximately \$39,000, but will surpass current revenues by the third year.

### **Agreement with OLG**

A copy of the draft Charitable Gaming Centre Municipality Agreement, which the City will need to sign if Council approves electronic gaming in bingo halls, is attached as Document 1. The agreement is for the period ending March 31, 2029, with an option to extend for an additional five (5) years. This is a standard agreement that has been signed by 26 other municipalities as part of this overall Initiative.

### **RURAL IMPLICATIONS**

There are no rural implications associated with this report.

### **CONSULTATION**

As the recommendation is administrative in nature, no public consultation was sought.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

Councillor Egli, as the Ward Councillor for Bingoland South, has been made aware of the report and its recommendation.

### **LEGAL IMPLICATIONS**

There are no legal impediments to approving the recommendation in this report. Upon approval, Legal Services will assist with the finalization and execution of the agreement.



## **RISK MANAGEMENT IMPLICATIONS**

There are no risk impediments to implementing the recommendation of this report.

## **FINANCIAL IMPLICATIONS**

As described in the report, revenues to the City are expected to drop slightly in the first two years based on projections developed by OLG, but is expected to surpass current levels by year three. There are no additional FTEs or additional operating costs required for the City to administer this new model.

## **ACCESSIBILITY IMPACTS**

No accessibility impacts have been identified.

## **TERM OF COUNCIL PRIORITIES**

EP2 – Support Growth of Local Economy

## **SUPPORTING DOCUMENTATION**

Document 1 – Draft OLG Charitable Gaming Centre Municipality Agreement (*Held on file with the City Clerk*).

## **DISPOSITION**

Upon approval by Council, the Municipality Contribution Agreement will be executed by the Mayor and City Clerk in consultation with Legal Services.

By-law and Regulatory Services of Emergency and Protective Services will administer the Agreement.