



The Corporation of the Town of Tecumseh

Corporate Services & Clerk

To: Mayor and Members of Council

From: Laura Moy, Director Corporate Services & Clerk

Date to Council: October 22, 2019

Report Number: CS-2019-27

Subject: Charitable Bingo and Gaming Revitalization Initiative

Recommendations

It is recommended:

That a by-law **be prepared** to authorize the Mayor and the Clerk to execute the Municipality Contribution Agreement with the Ontario Lottery and Gaming Corporation (OLG), as outlined in report CS-2019-27, pertaining to electronic charitable bingo and gaming and to permit Charitable Gaming (cGaming) at the Classic III Bingo Hall in the Town of Tecumseh;

And that report CS-2019-27 regarding Charitable Bingo and Gaming Revitalization Initiative, **be approved**.

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 (6) pilot electronic bingo sites within Ontario (Charitable Gaming or cGaming).

In 2012, the number of sites was increased to 37. After 31 sites were launched, a moratorium was placed on the remaining six sites.

The remaining six sites are currently now scheduled to open as follows:

- 2 in Toronto (City already approved, launching October and December 2019),
- 2 in Ottawa (City just approved in August, launching in summer of 2020),

- 1 in Windsor (City already approved, launching in spring of 2020), and
- 1 in Tecumseh (subject to Council approval, would launch in spring of 2020)

The Charitable Bingo and Gaming Revitalization Initiative (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.

Charitable Gaming 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 and introduces electronic versions of traditional charitable gaming products that can be played on touch screens alongside traditional paper products.

The Classic III Bingo Hall (Classic III) in Tecumseh and the Charities of Bingo City have expressed a desire to participate in cGaming and have been selected by the OLG for implementation in 2020.

Council approval is required in order for the Classic III and the Charities of Bingo City to participate in the Initiative.

Comments

Regulatory Provisions

Implementation of cGaming 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.

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 CGCA operating at the Classic III Bingo Hall is known as the *Charities of Bingo City*.

The **Charitable Gaming Centre Service Provider (CGCSP)**, through a contract with OLG, is to provide a venue for bingo and other gaming. The CGCSP is required to invest a substantial amount of capital to renovate and ready their facility to support the technology and equipment

to be provided by the OLG. The CGCSP in Tecumseh is the *Classic III Bingo Hall* and would be responsible for providing the facility, daily operations, management, site marketing and staffing.

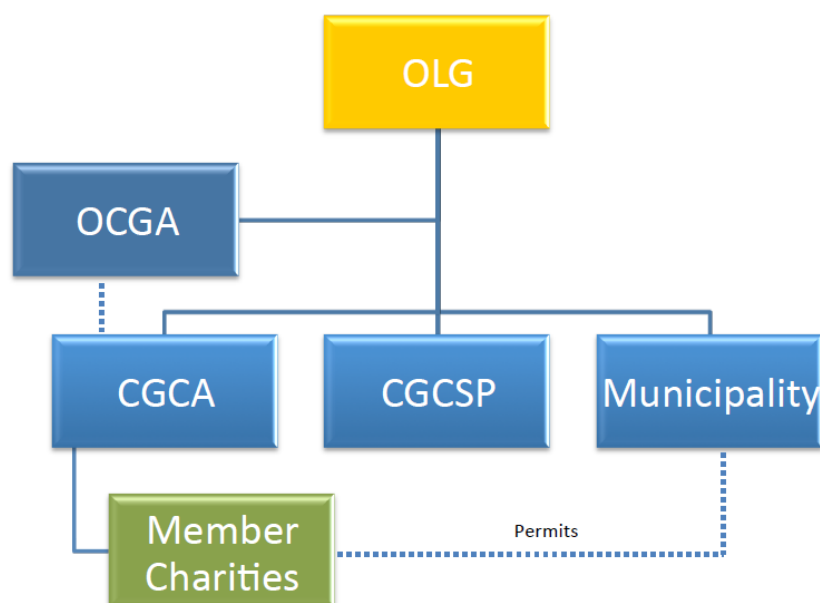
The **Municipality's** role remains relatively the same as under the old model, that is:

- 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 the Corporate Service & Clerk's Department, given its permit/license issuance responsibilities.

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.

The Table below illustrates the partnership structure:



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 Town receives a set fee of \$165 (3% of the prize board) for each bingo event.

The following fees have been received from Bingo lottery licenses over the last five years. The fluctuation in fees from year to year is due to additional special events being added in a year, or events that have been cancelled due to inclement weather and the fee was reimbursed:

2016 \$178,950

2017 \$180,896

2018 \$185,295

2019 \$175,130

As earlier indicated, Classic III has expressed interest in implementing the cGaming model of operations. Under this model, the Town would issue permits but would not be allowed to charge a fee for those permits. Instead, the Town would receive quarterly electronic payments from the OLG in the amount of 2.79% of the net gaming wins, as opposed to the current fee paid in each licensing trimester.

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.

Classic III notified the Town of their interest to participate in this Initiative, with an estimated implementation date in the spring of 2020.

Based on the experience from other cGaming Sites, net revenues for the bingo hall are expected to increase slightly with the introduction of a broader range of products.

The payment from the OLG to the Town, however, may 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.

Agreement with OLG

A copy of the standard form of Charitable Gaming Centre Municipality Agreement, which the Town will need to sign if Council approves cGaming, is attached as Appendix 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 36 of the 37 municipalities as part of this overall initiative.

Consultations

Financial Services
Stockwoods LLP

Financial Implications

Municipalities that were early adopters of this initiative saw a reduction 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.

The difference, if any, in the fees collected by the Town from bingo lottery licenses under the current model, from the payment that would be received from the OLG based on the net gaming wins, cannot be quantified as the net wins are unknown.

Link to Strategic Priorities

Applicable	2019-22 Strategic Priorities
<input type="checkbox"/>	Make the Town of Tecumseh an even better place to live, work and invest through a shared vision for our residents and newcomers.
<input checked="" type="checkbox"/>	Ensure that Tecumseh's current and future growth is built upon the principles of sustainability and strategic decision-making.
<input type="checkbox"/>	Integrate the principles of health and wellness into all of Tecumseh's plans and priorities.
<input checked="" type="checkbox"/>	Steward the Town's "continuous improvement" approach to municipal service delivery to residents and businesses.
<input checked="" type="checkbox"/>	Demonstrate the Town's leadership role in the community by promoting good governance and community engagement, by bringing together organizations serving the Town and the region to pursue common goals.

Communications

Not applicable ☒

Website ☐

Social Media ☐

News Release ☐

Local Newspaper ☐

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Laura Moy, Dipl. M.M., CMMIII HR Professional
Director Corporate Services & Clerk

Reviewed by:

Tom Kitsos, CPA, CMA, BComm
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP
Chief Administrative Officer

Attachment Number	Attachment Name
1	Charitable Gaming Centre Municipality Agreement