



STAFF REPORT ACTION REQUIRED

Proposal to Relocate Ultimate Bingo Hall from 2355 Keele Street (Ward 12) to 5601 Steeles Avenue West (Ward 7)

Date:	February 10, 2013
To:	City Council
From:	City Clerk
Wards:	Wards 7 and 12
Reference Number:	

SUMMARY

The operator of Ultimate Bingo, Carlo Corvese Investments Inc., has submitted to the City Clerk a proposal requesting Council's approval to relocate its existing bingo hall at 2355 Keele Street (Ward 12) to 5601 Steeles Avenue West (Ward 7).

The relocation of a bingo hall is regulated by the Alcohol and Gaming Commission of Ontario (AGCO). In addition, Council adopted a policy in 2000 that requires an applicant to conduct a market study by an independent party chosen by the City. Ultimate Bingo has met all the AGCO requirements.

The City Clerk is recommending that Council waive its requirement to conduct a market study and approve the proposed relocation as it will not have an adverse effect on the marketplace. The City Clerk is also recommending that Council amend its policy by removing the requirement for existing Toronto bingo halls wishing to relocate within the City to conduct a market study.

This matter is considered urgent and time sensitive as Ultimate Bingo's lease will expire on March 31, 2013 with no option for further extensions. Any delay in the approval will cause undue hardship on the bingo hall operator as well as the 54 charitable organizations conducting events in this hall.

RECOMMENDATIONS

The City Clerk recommends that City Council:

1. Exempt Ultimate Bingo from the requirement to conduct a market study in order to relocate from its current location at 2355 Keele Street to 5601 Steeles Avenue West.
2. Approve the relocation of Ultimate Bingo from 2355 Keele Street to 5601 Steeles Avenue West and direct the City Clerk to forward Council's approval to the Registrar of the Alcohol and Gaming Commission of Ontario.
3. Amend Council's Bingo Hall Policy as set out in Administration Committee Report 8, Clause 2, adopted by City Council on April 11, 12, 13, 2000, by deleting the requirement for a market study when a bingo hall relocation is proposed, so that the requirement for a market study only applies to a proposal for a new bingo hall.

Financial Impact

Ultimate Bingo generates approximately \$240,000 annually in bingo licensing revenue to the City. Should Council not approve the relocation, bingo operations will cease as of March 31, 2013. This will result in the displacement of 54 charities that collectively raise approximately \$2,000,000 annually for local initiatives. It will also decrease the City's 2013 licensing revenue by approximately \$180,000 for the remainder of the year.

Any delay in the approval of this relocation will place undue hardship on the operator, the staff and charity organizations affiliated with the hall. For every month that Ultimate Bingo is not in operation, the City's licensing revenue will be impacted by \$20,000.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting of April 11, 12 and 13, 2000, City Council adopted the following recommendation as set out in Administration Committee Report 8, Clause 2:

"(1) when a new hall or the relocation of a bingo hall is proposed, public meetings be held and a market study be conducted by an independent party chosen by the City

of Toronto, and such market study to include a financial impact analysis, and the applicant be required to provide a business plan for evaluation by the City Clerk."

<http://www.toronto.ca/legdocs/2000/agendas/council/cc/cc000411/adm8rpt/cl002.pdf>

ISSUE BACKGROUND

Ultimate Bingo has submitted a proposal to the City to relocate its existing bingo hall at 2355 Keele Street (Ward 12) to 5601 Steeles Avenue West (Ward 7). A copy of the proposal is attached as Appendix 1.

AGCO Requirements for Relocation of Bingo Hall

The AGCO sets out the criteria and procedures for the relocation of a bingo hall. The procedures are based on the following principles which form the criteria to be applied in reviewing all proposals:

- (a) that there be fair and equal access to the charitable gaming marketplace;
- (b) that charitable organizations have the opportunity to maximize lottery fundraising dollars while recognizing the impact on other charitable organizations currently conducting bingo;
- (c) that decisions respecting new bingo halls be made in the best interests of the local and regional communities where the proposed bingo hall is to be located; and
- (d) that there be public input into the decisions concerning proposed new bingo halls or relocations of existing bingo halls.

The AGCO requires that any existing bingo hall wishing to relocate within the same municipality must submit a formal proposal to both the AGCO and Council as well as provide public notice. The AGCO requires that the applicant place a notice in at least two editions of a local community paper and in a newspaper of wider circulation as well as notify the Clerk of all adjacent municipalities and the bingo sector associations. The purpose of the public notice is to ensure that the public is given reasonable notice of the applicant's proposal and to ensure that the broader community (including neighbouring municipalities) is also aware of the proposal. The public has 30 days from the last day on which the advertisement appears to respond to the proposal.

The AGCO requires Council to determine whether to approve the relocation after the applicant has met the above requirements. Where the proposal does not increase the number of bingo halls within the municipality, Council's decision is final and the AGCO Registrar will not review Council's decision.

The AGCO requires that a market study be conducted only where a new hall is proposed.

Additional Council Requirements

In addition to the AGCO's requirements, City Council requires that when a new hall or the relocation of a bingo hall is proposed, public meetings be held and a market study be conducted by an independent party chosen by the City of Toronto. The market study is to include a financial impact analysis, and the applicant is required to provide a business plan for evaluation by the City Clerk."

Council adopted this policy at a time when there were 19 bingo halls operating in the City and the establishment or relocation of a bingo hall could have had a negative financial impact on the marketplace. This policy has never been applied and since that time the number of bingo halls in the City has decreased to 6, reducing the likelihood of any such impact.

For these reasons, the City Clerk is recommending that Council amend its policy and delete the requirement for a market study where an existing Toronto bingo hall wishes to relocate within the City.

COMMENTS

The building at 2355 Keele Street has been used as a bingo hall since prior to amalgamation and Carlo Corvese Investments Inc. has been operating the bingo hall since 2001. Currently 54 charitable organizations conduct bingo events at this hall collectively raising approximately \$2,000,000 dollars annually for various charitable activities. This hall also generates approximately \$240,000 annually in licensing fees for the City.

The bingo hall is located within a 4 kilometre radius of two other existing Toronto halls. A map identifying the location of the proposed site as well as the location of all existing registered bingo halls within a 30 kilometre radius of the proposed site is attached as Appendix 2.

Ultimate Bingo submitted its proposal to the City on December 5, 2012 and placed the required public notices in the Toronto Star on December 15 & 22 and in the Etobicoke Guardian on December 13 & 20. The applicant also posted notice at the proposed site and sent notices to the bingo sector associations and the Clerks of the adjacent municipalities (Brampton, Markham, Mississauga, Richmond Hill, Vaughan). The deadline for public submissions on the proposal was January 21, 2013.

The City Clerk received one objection to the proposal from the Richmond Hill Hall Charity Association (attached as Appendix 3). The Association's objection is based on the fact that many of their regular customers are residents of the City of Vaughan and this relocation threatens to reduce their customer base and the funds available to their charities.

Staff do not anticipate that this relocation will have a negative impact on the Richmond Hill bingo hall or its charities. Currently the two halls are within a 20 kilometre radius of each other. Although Ultimate Bingo will be moving closer to the Vaughan city limits, the hall will be located 17 kilometres from the Richmond Hill hall.

Ultimate Bingo cites the following reasons why the proposed relocation should be approved:

- (a) the lease expires as of March 31, 2013 with no further extensions available;
- (b) the hall is currently "sandwiched" between two other halls and the halls must aggressively compete for the same customer market;
- (c) the hall will be moving further away from its two closest competitors into an area where there are no other halls within close proximity allowing them to have a much bigger market to draw from, which will lead to higher profits for the charities involved; and
- (d) with less competition in the area, the hall will be able to design programs and prices which will also maximize profit potential for the charity organizations.

Ultimate Bingo was notified by its landlord (Smart Centres) that its lease would expire on December 31, 2011 as the landlord required the building for other purposes. Due to the logistics of finding another suitable location as well as delays in the landlord's plans, a number of extensions were granted. The landlord has now advised Ultimate Bingo that there will be no further extensions and they must vacate the facility by March 31, 2013.

To secure the proposed site and ensure the least amount of disruption to its operation and the associated charities, Ultimate Bingo entered into a lease agreement for the new site on January 5, 2013. To date, Ultimate Bingo has incurred \$50,000 in related costs in anticipation of the relocation. This includes rental costs, obtaining approval from the Committee of Adjustment for a minor variance with respect to parking requirements, obtaining the required building permit and the hiring of contractors for the necessary renovations. Ultimate Bingo will be spending approximately \$400,000 in renovations and the contractor has provided assurances that the renovations will be completed in time for the opening date of April 1, 2013.

Although Ultimate Bingo submitted its relocation proposal to the Clerk on December 5, 2012, the deadline for public comment expired on January 21, 2013 which was the same day as the Government Management Committee meeting. This meant that the report otherwise would be inordinately delayed. As Ultimate Bingo's lease expires on March 31, 2013 with no option for further extensions, and the next regular meeting of Council is not until April 3, 2013, the City Clerk is taking the unusual step of placing this report before Council directly.

Any delay in the approval of this relocation will place undue hardship on the operator, the staff and charity organizations affiliated with the hall.

The City Clerk is recommending that, since the lease for the current site expires on March 31, 2013 and the bingo hall is relocating further from existing Toronto halls, and the relocation will not have an adverse effect on the marketplace, the requirement for a market study be waived and Council approve the relocation.

CONTACT

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SIGNATURE

Ulli S. Watkiss, City Clerk

ATTACHMENTS

Appendix 1 - Relocation Proposal from Ultimate Bingo

Appendix 2 - Bingo Hall Site Map

Appendix 3 - Communication from Richmond Hill Hall Charities Association Inc.