

Update on Discussions with OLG on the Charitable Bingo and Gaming Revitalization Initiative (eBingo)

| | |
|--------------------------|---------------------------------|
| Date: | April 23, 2013 |
| To: | Government Management Committee |
| From: | City Clerk and City Solicitor |
| Wards: | All |
| Reference Number: | |

SUMMARY

The Ontario Lottery and Gaming Corporation (OLG) has introduced the Charitable Bingo and Gaming Revitalization Initiative (eBingo) aimed at preserving and enhancing the bingo industry and sustaining revenues for local charities. The Initiative requires the City, hall operators and charities to enter into a multi-year agreement with the OLG for the provision of services.

City Council at its February 20 and 21, 2013 meeting had a report before it which provided an update on discussions with the OLG on a form of agreement satisfactory to the City, particularly with regard to the length of the term of the agreement and a method to mitigate the decline in City revenues.

At that meeting City Council requested the City Clerk to conduct further negotiations with the OLG and to report back to the May 13, 2013 meeting of the Government Management Committee on the outcome of the negotiations. Council also requested the City Solicitor to report on the ability of charitable bingo gaming sites to add slot machines or convert the sites to a casino.

This report provides an update on the further discussions held with the OLG. Attached is the original report which needs to be considered with this report.

RECOMMENDATIONS

The City Clerk recommends that the Government Management Committee:

1. Decide whether to recommend to City Council that the City enter into an agreement with the Ontario Lottery and Gaming Corporation (OLG) related to the Charitable Bingo and Gaming Revitalization Initiative and, if so, recommend that:
 - a. City Council permit Toronto bingo halls to participate in the Ontario Lottery and Gaming Corporation's Charitable Bingo and Gaming Revitalization Initiative in order to offer electronic bingo and other electronic games in bingo halls.
 - b. City Council authorize the City Clerk to enter into the necessary agreements with the Ontario Lottery and Gaming Corporation in a form substantially as set out in Appendix "H" to this report and in a form satisfactory to the City Solicitor.
 - c. City Council authorize the City Clerk and the Deputy City Manager and Chief Financial Officer to execute the Charitable Gaming Centre Municipality Agreements on behalf of the City of Toronto.
 - d. City Council authorize and direct the appropriate City Officials to take the necessary action to give effect to Council's decision.

Financial Impact

Since the OLG would not agree to amend any of the provisions of the standard agreement, the adoption of this report will have no financial impact beyond what has already been identified in the previous report which is attached.

DECISION HISTORY

At its meeting of February 20 and 21, 2013, City Council referred Item GM19.11 to the City Clerk with a request she conduct further negotiations with the Province and report back to the May 13, 2013 meeting of the Government Management Committee on the outcome of the negotiations and that the City Solicitor be requested to report on the ability of charitable bingo gaming sites to add slot machines or convert the sites to a casino.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM19.11>

At its meeting of May 24, 2012, Government Management Committee referred item GM14.11 back to the City Clerk with the request that she continue discussions with the OLG on a form of agreement satisfactory to the City of Toronto regarding the term of the agreement and a method to mitigate the decline in City revenues.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM14.11>

COMMENTS

On April 10, 2013 staff from the City Clerk's Office and Legal Services met with representatives from the OLG to discuss the possibility of negotiating new terms to the agreement, including the financial commission model, the length of term of the agreement and the inclusion of slot machines at bingo centres. At that meeting, the OLG restated that the standard agreement is not negotiable as they must consider fairness and equality for all municipal stakeholders. They stated that any customization would eliminate the competitive nature that is inherent within the bingo industry. This is consistent with the position they have taken with other municipalities who have requested changes to the standard agreement.

Ontario Regulation 81/12 made under the *Ontario Lottery and Gaming Corporation Act, 1999*, requires that prior to establishing a gaming site, the OLG obtain a municipality's consent. Specifically, the regulation prevents the OLG from authorizing establishment of a gaming site in a municipality until the council has both sought public input and passed a resolution supporting the establishment of the gaming site. This is the process that Council has recently been undergoing in relation to the OLG proposal to establish a casino.

Some gaming sites are exempt from this process on the basis of the games played at them. Sites which offer only bingo and other games traditionally played at charitable gaming venues are exempt. Sites at which slot machines are played are not exempt.

It is the City Solicitor's view that if the OLG intends to add slot machines to a site that currently operates only "exempt" games, a municipal council resolution would be required. Failure to obtain one would also be inconsistent with the spirit of the regulation. In a letter addressed to the Director, Elections and Registry Services, dated March 16, 2012, the OLG confirmed that slot machines would not be included in the modernization of charitable gaming. However, the OLG would not agree to include a provision in the agreement to this effect.

Should the Initiative be approved in the City of Toronto, the OLG estimates an early 2014 implementation.

CONTACT

Bonita Pietrangelo
Director, Elections and Registry Services
Phone: 416-392-8019; Fax: 416-392-3781
Email: bpietran@toronto.ca

Wendy Walberg
Solicitor, Practice Lead
Phone: 416-392-8078; Fax 416-392-3848
Email: wwalberg@toronto.ca

SIGNATURE

Ulli S. Watkiss
City Clerk

Anna Kinastowski
City Solicitor

ATTACHMENTS

Report dated May 2, 2012 from the City Clerk titled Charitable Bingo and Gaming Revitalization Initiative