



Planning and Land Use Committee Report

For the meeting of October 29, 2015

To: Planning and Land Use Committee **Date:** October 22, 2015
From: Jonathan Tinney, Director Sustainable Planning and Community Development
Subject: BCLC Request for Expressions of Interest for Siting of New Casino Facility

RECOMMENDATION

That Council:

1. Direct staff to engage with BCLC to gather further information, and;
2. Direct staff to review current policy, identify and assess any key issues, and provide a draft response to BCLC's Request for Expression of Interest for Council consideration at the Nov 26, 2015 PLUC.

BACKGROUND

Currently, the Greater Victoria Area currently has one casino and two bingo facilities. A recent review of the local market by BCLC has determined that an opportunity exists within a market area that includes the Esquimalt and Songhees First Nations lands, the District of Saanich, the Township of Esquimalt, the City of Victoria, and the District of Oak Bay for an additional casino facility in the region to serve additional customers.

On October 1, 2015 the City received a written request for Expressions of Interest (RFEOI) from the BC Lotteries Commission (BCLC) (attached as Appendix A) in regards to the potential siting of a second casino within the eastern portion of the Capital region.

BCLC are asking communities interested in being considered as a host for the proposed facility to submit a statement of their interest as well as some additional information to support further consideration by BCLC by December 11, 2015.

The City of Victoria currently has a rezoning policy (attached as Appendix B) that aims to guide the potential establishment of a casino that was approved in 2003. It provides guidelines and criteria that must be met for consideration of a casino within the City limits. The policy allows for only a single facility and provides guidance related to the form of development (forming part of a mixed-use project that is consistent with local plans and the OCP) and location (within certain areas of Downtown, the tourism precinct of James Bay, and along the Douglas-Blanshard corridor between Tolmie and the Downtown border).

While the current policy contemplates an application for a potential casino project and aims to provide some parameters for review of that application, the policy does not provide specific guidance as to the City's interest in a casino nor has a review of key issues been undertaken since 2003.

As the letter does not provide any information regarding the size or scope of the proposed facility, Staff propose that more information (where possible) be sought from BCLC and that a

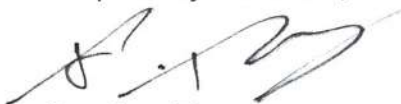
recommendation related to the City's response to the RFEOI be developed for Council consideration guided by current policy as well as an identification and assessment of other key considerations.

Staff propose that this draft response be developed and presented to Council at the November 26, 2015 PLUC meeting to allow for decision and response to BCLC prior to their stated deadline of December 11, 2015.

Alternate Motions

1. That Council direct staff to take no further action

Respectfully submitted,



Jonathan Tinney
Director of Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:



Date:

October 23, 2015

List of Attachments

Appendix A – Letter from BCLC and Request for Expressions of Interest

Appendix B – Casino Rezoning Guidelines

MAYOR'S OFFICE

OCT 01 2015

VICTORIA, B.C.

September 30, 2015

Mayor Lisa Helps
City of Victoria
c/o 1 Centennial Square
Victoria, BC
V8W 1P6



Dear Mayor Helps:

As the Crown Corporation responsible for gaming in B.C., BCLC routinely assesses the gaming market. Our reviews indicate how facilities might be re-developed or where future facilities could be developed in order to best serve gaming patrons and the marketplace.

The intent of this letter is to advise municipalities, regional districts and First Nations governments that BCLC has conducted an initial regional marketplace assessment and determined there is gaming market potential in your area which may be appropriate for a gaming facility.

A Government of British Columbia Internal Audit and Advisory Services Review of BCLC has recommended BCLC develop a clear set of criteria for gaming facility procurement. To that end, BCLC has updated the process for local government notification and is implementing it in the Greater Victoria region.

As a first step in the updated process, BCLC is requesting that local governments identified within the market area provide an expression of interest in being considered as the Host Local Government of a gaming facility, as well as initial information about your community. The requested information is included in Appendix A.

This response to BCLC is non-binding, and may be forwarded under the signature of the Mayor or the Chief Administrative Officer. Please respond to BCLC by no later than **December 11, 2015** to indicate your preliminary interest. Responses should be sent to:

Greg Walker
Director of Public Affairs
BCLC
2940 Virtual Way
Vancouver, BC
V5M 0A6
gwalker@bclc.com

As a next step, BCLC will arrange to meet with you to provide further detail on our market analysis and the development process. BCLC will also outline its process for selecting a Host Local Government, and will advise of the local government's responsibilities under the Gaming Control Act.

74 West Seymour Street
Kamloops, BC V2C 1E2

T 250.828.5500
F 250.828.5631

2940 Virtual Way
Vancouver, BC V5M 0A6

T 604.215.0649
F 604.225.6424

bclc.com

If a local government does not wish to be considered to host a gaming facility, no further steps will be taken.

It is important to emphasize that this letter does not in any way constitute a commitment on either BCLC or the local government's part to develop a gaming facility in a municipality, regional district or First Nation government. It is intended to be a transparent, initial step to gauge interest of local governments in being considered as a potential host local government for a gaming facility by BCLC. BCLC may choose not to proceed with a facility at any time.

Additional detail is included in the enclosed material for your reference.

Local governments of communities where gaming facilities are located receive a 10 per cent share of the net income generated by the gaming facility. These payments are provided for use solely at the local government's discretion. A complete list of all Host Local Government payments is published annually on the Gaming Policy and Enforcement's web site at:

<https://www.gaming.gov.bc.ca/reports/docs/fin-rpt-local-gov-revenue.pdf>

Thank you for your attention to this matter. If you have any questions or require further information, please contact me directly at (604) 225-6408.

Sincerely,

A handwritten signature in black ink that reads "Desmarais". The signature is written in a cursive style with a large, stylized initial "D".

Brad Desmarais
Vice President, Casino and Community Gaming
BCLC

CC Susan Dolinski, BCLC
Jerry Williamson, BCLC
Greg Walker, BCLC

Appendix A

If you are interested in being considered to host a gaming facility in your community, kindly include the following information in your response:

- Is there an Official Community Plan or equivalent that supports the establishment of gaming within your community?
- Is there an area zoned in your community in which gaming is a permitted use?
- Are there any existing resolutions against or other restrictions on establishing gaming facilities in your community?
- Are there any existing resolutions or restrictions that would limit the *type* of gaming that could be included in a future facility?
- Are there any existing resolutions or restrictions that would limit the *number of gaming machines* (slot machines) that could be included in a future facility?
- Are there any existing resolutions or restrictions that would limit the *number of table games* that could be included in future facility?
- Is there another gaming facility of any kind, within the borders of your community?

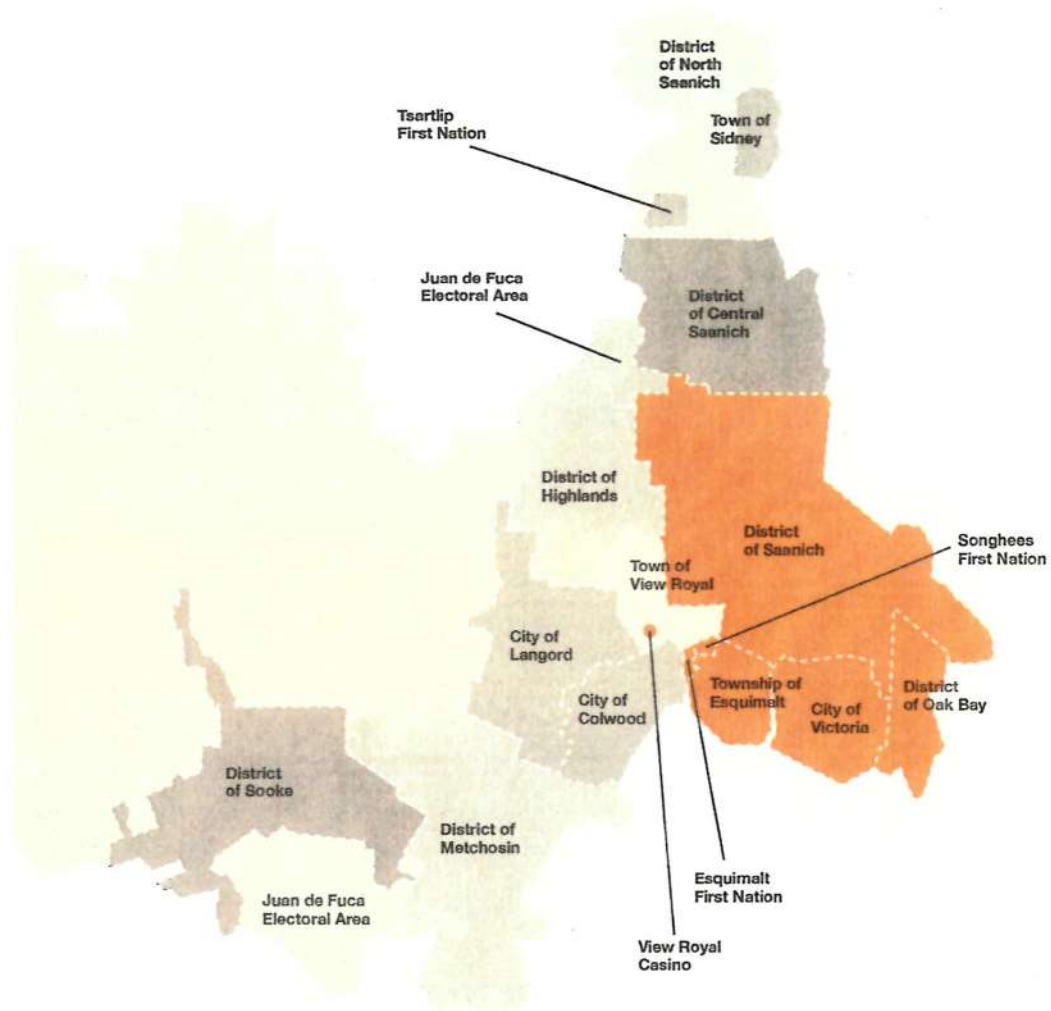
Existing facilities

The Greater Victoria area currently has one casino and two bingo facilities: View Royal Casino, Playtime Victoria (on Burnside Road in the District of Saanich) and Bingo Bingo in Esquimalt. BCLC routinely monitors these facilities, as well as the overall market. Our reviews indicate how facilities might be re-developed or where future facilities could be developed in order to best serve gaming patrons and the marketplace.

The View Royal Casino is the primary facility serving the Greater Victoria area. BCLC and the operator of View Royal Casino, Great Canadian Gaming Corporation, have planned a number of upgrades to the facility to enhance the amenities and experience for our players. Our review of this market has determined, however, that an opportunity exists outside View Royal and that another facility in the region to the east would serve additional customers.

Market area

As a result of our review, BCLC is asking local governments in the market area below to express their interest in being considered to host a facility. The market area has been determined by analysis of population, traffic patterns, existing player data and other factors.



Revenue share

Local governments that host gaming facilities receive a 10 per cent share of net gaming income from table games and slot machines, which is paid after commissions to the operator and BCLC operating expenses are deducted. This revenue sharing formula has been in place since the 1990s through an agreement between the Province and local governments that host casinos and gaming centres.

Payments to host local governments can fluctuate based on local market conditions, variations in operating costs and accounting adjustments. The following table shows revenues to four local governments who host a gaming facility. A complete list of all Host Local Government payments is published annually on the Gaming Policy and Enforcement's web site at:

<https://www.gaming.gov.bc.ca/reports/docs/fin-rpt-local-gov-revenue.pdf>

Host Local Government revenues

Government	Facility	2014/15	2013/14	2012/13
Town of View Royal	View Royal Casino	\$4,027,000	\$3,974,000	\$4,143,000
City of Nanaimo	Nanaimo Casino	\$2,490,000	\$2,452,000	\$2,431,000
City of Courtenay	Chances Courtenay	\$942,000	\$837,000	\$835,000
Cowichan Indian Band	Chances Cowichan	\$709,000	\$677,000	\$734,000

Host local governments use their share of provincial gaming revenue in a variety of ways. Some set it aside for capital projects, while others allocate gaming revenue to certain operating costs. More detail is available at playitforward.bclc.com.

Market review

The development of a gaming facility begins with a review of the market. This includes determining whether there is a demand for a casino or other gaming in a given area, as well as what products (games) and their quantities would appropriately serve that market.

When BCLC's review indicates there is potential for a facility in an area, we are required, under the *Gaming Control Act*, to notify the local government if we intend to propose one. BCLC is updating this process, and seeking input from local governments earlier by requesting an Expression of Interest from potential host local governments located in a market area. BCLC is asking the local government to indicate its interest in being considered to host a gaming facility. It is important to note that those who wish to be considered to host a gaming facility are not guaranteed to host one. And, if a local government does not wish to be considered to host a facility, BCLC will not pursue a development in that community.

Selection process

Local governments are asked to respond to BCLC, after which, BCLC reviews the responses and selects which local government will move forward in the development process.

BCLC then selects a private sector operator who will build and operate the facility on our behalf. Selection of the operator depends on which local government is selected. In most cases, selection is done through a Request for Proposal, but in some instances, an existing operator in the area would be given first right of refusal. The operator is responsible for finding an appropriate location and property within the boundaries of the selected local government. An appropriate location would consider access from major arterials, available square footage, available parking, and must be approved by BCLC.

BCLC then notifies the local government of our intention to bring forward a gaming proposal, and formally seeks approval from the local government to locate a gaming facility in that community. As part of the approval process, BCLC advises the local government of its obligations under the *Gaming Control Act*, and is responsible for confirming these obligations have been met.

Local government's role

Under the *Gaming Control Act*, local governments are obligated to seek and consider input from the community. They must also notify and consult with other neighbouring local governments.

If the local government is prepared to approve the gaming proposal, BCLC then makes the final decision on whether to proceed with the development.

Governance

B.C.'s gaming industry is regulated by the Province's Gaming Policy and Enforcement Branch (GPEB), and operated through BCLC, its Crown Corporation. The Province of British Columbia chose to operate gambling through a Crown Corporation to balance the opportunity for revenue generation with the need for social responsibility and integrity. BCLC and GPEB report to the Minister of Finance.

In 1998, the Province added casino gambling to BCLC's mandate and made it responsible for the operation of the casino industry in British Columbia.

How we work

BCLC is responsible for monitoring the market and determining the appropriate supply of gaming to meet demand. This includes determining whether there is a demand for a casino or other gaming in a given area, as well as what products (games) and their quantities would appropriately serve that market.

BCLC contracts with private sector companies who either own or lease the facilities and operate them on our behalf. They hire the staff and provide day-to-day operations. They sign operating agreements with BCLC and receive commissions based on the gambling revenue the facilities generate.

BCLC owns and deploys the gaming equipment, such as playing cards, shufflers, chips, dice, and slot machines. We set and oversee operating standards, policies, and procedures, including security, surveillance, and responsible gambling. We monitor our operators to ensure they comply with these standards, as well as with legislation, regulations, and federal laws.

Every gaming worker, including BCLC staff and those employed by our private sector partners, must be registered by our regulator, the Gaming Policy and Enforcement Branch.

Host communities

Once BCLC has determined the demand for gaming in an area, approval from the local government is required in order to develop a casino. The *Gaming Control Act and Regulation* outlines local government's obligations to seek input from the community and from neighbouring local governments. Municipal, First Nations and regional districts with land use authority can approve gaming in their community, and receive a 10 per cent share of the gaming revenue that facility earns.

There are currently 42 gaming facilities in B.C., located in 34 communities.

Types of gaming facilities

Gaming facilities in B.C. can include a variety of games: live and electronic table games, such as blackjack and roulette; slot machines and bingo. The type of facility and combination of games is tailored to suit each market and community. In general, BCLC operates three types of gaming facility:

- 6 Bingo Halls (offering paper and electronic bingo)
- 19 Community Gaming Centres (offering slot machines, electronic table games and bingo)
- 17 Casinos (offering table games with live dealers, electronic table games and slot machines)

Most gaming facilities also offer additional amenities, such as restaurants, bars/lounges, snack bars or meeting space.

Social responsibility

The majority of British Columbians who gamble do so recreationally (96.6%¹). B.C.'s gaming industry approaches gaming from the perspective that the decision to gamble is an individual's choice and that to properly make this decision, he or she must have the opportunity to be informed. To that end, BCLC educates players and promotes responsible play in a variety of ways, including at each point of purchase.

Every gaming facility in B.C. has an information centre on the gaming floor that provides detail on how our games work, the odds of winning, and tips to keep gambling fun and safe. In casinos, these GameSense Info Centres are staffed by specially-trained personnel whose role is to interact with patrons in ways that proactively promote responsible gambling. They run contests and activities designed to engage gamblers in conversations and to promote an appropriate responsible gambling message.

Yet, there is risk in gambling, and for some, additional support is needed. In B.C., all gaming facility staff are trained to recognize and appropriately respond to players if they are exhibiting signs of stress. Additionally, BCLC supports players who wish to take break from gambling by administering a voluntary self-exclusion program.

The Province of B.C. offers counseling and treatment for individuals or their families free of charge and with no wait list.

The Province of B.C. and BCLC also invest in research to continue to improve understanding of gambling issues and how to mitigate them.

¹ 2014 British Columbia Problem Gambling Prevalence Study

Security

The safety of customers and staff is a priority at all B.C. gaming facilities. Sophisticated surveillance systems monitor activity in and around facilities and are supported by security staff throughout the venue. If suspicious activity is observed, staff contact local police to assist, and report to the Gaming Policy and Enforcement Branch.

BCLC is required to report certain transactions to Canada's Financial Transactions and Reports Analysis Centre. FINTRAC uses these reports to identify patterns and gather evidence of potential money laundering. Most large cash transactions in B.C. occur in the financial sector (97%). Less than 2% of large cash transactions occur in casinos.

To further strengthen BCLC's commitment to safety and security, we have established information-sharing agreements with police. This allows us to refuse entry to persons with known links to criminal organizations, who pose a threat to public safety, or who are involved in criminal conduct likely to generate proceeds of crime.

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For further information:
BCLC Public Affairs
publicaffairs@bclc.com

CASINO REZONING GUIDELINES (FILE 03-98)
Adopted by Victoria City Council – June 12, 2003

INTRODUCTION

Victoria is prepared to allow one casino to locate in the city. This guideline provides direction to the single rezoning application and is to be read along with the City's *Official Community Plan* and neighbourhood plans and regulations for the portions of Burnside, Downtown and James Bay illustrated on the *Casino Guidelines Map*. The standard rezoning process, including a statutory public hearing, will be required.

MIXED USE

The casino must be part of a multi-use structure. Depending on location, choices for other parts of the building may include such non-residential uses as hotel, meeting/convention, arts, cultural, recreation, service facilities, light industry, offices, retail or restaurant.

BUILDING STANDARDS

The building massing, height and siting will be subject to plan standards for the area in question. Higher density may be negotiated where community amenities are included, consistent with city policy e.g. *Downtown's Density Bonus Policy* or *City's Draft Density Bonus Policy for Burnside and James Bay*. Within the mixed use building, it is anticipated the actual casino size and characteristics will be determined by the Provincial Lottery Commission in consultation with the City.

TRAFFIC AND PARKING

Casinos generate significant automobile trips and have a high demand for long-term customer parking. In recognition of this, an application for rezoning must be accompanied by a professional traffic and parking impact study, including mitigation measures to offset identified impacts. Because Downtown Victoria (area shown on map between Caledonia and Belleville) is well served by both transit and customer parking, a lower parking ratio may be considered.

DESIGN

Building and landscaping will be consistent with City design guidelines as set out in Schedule "B" of the *Official Community Plan*. A *CPTED* (Crime Prevention Through Environmental Design) analysis of the site and building, including the proposed parking arrangements, must also be submitted with the application. Parking must be enclosed, within the building and preferably underground. Special requirements may apply in unique areas, e.g. in Downtown's retail core, shop frontage, in the form of retail or restaurant display windows and entrances are required along streets. "Shop frontage" excludes offices, banks or blank walls longer than 4.5 metres.

LOCATION

Locations that will be considered are illustrated in the *Casino Guidelines Map* and include parts of Downtown and the Tourism Precinct of James Bay, as well as the Douglas-Blanshard Corridor (from north edge of Downtown to city boundary). Areas that will not be considered include: any location near an established residential area, harbour shoreline, 'Old Town', former Hudson's Bay block portion of Downtown and Humboldt Valley precinct of Fairfield.

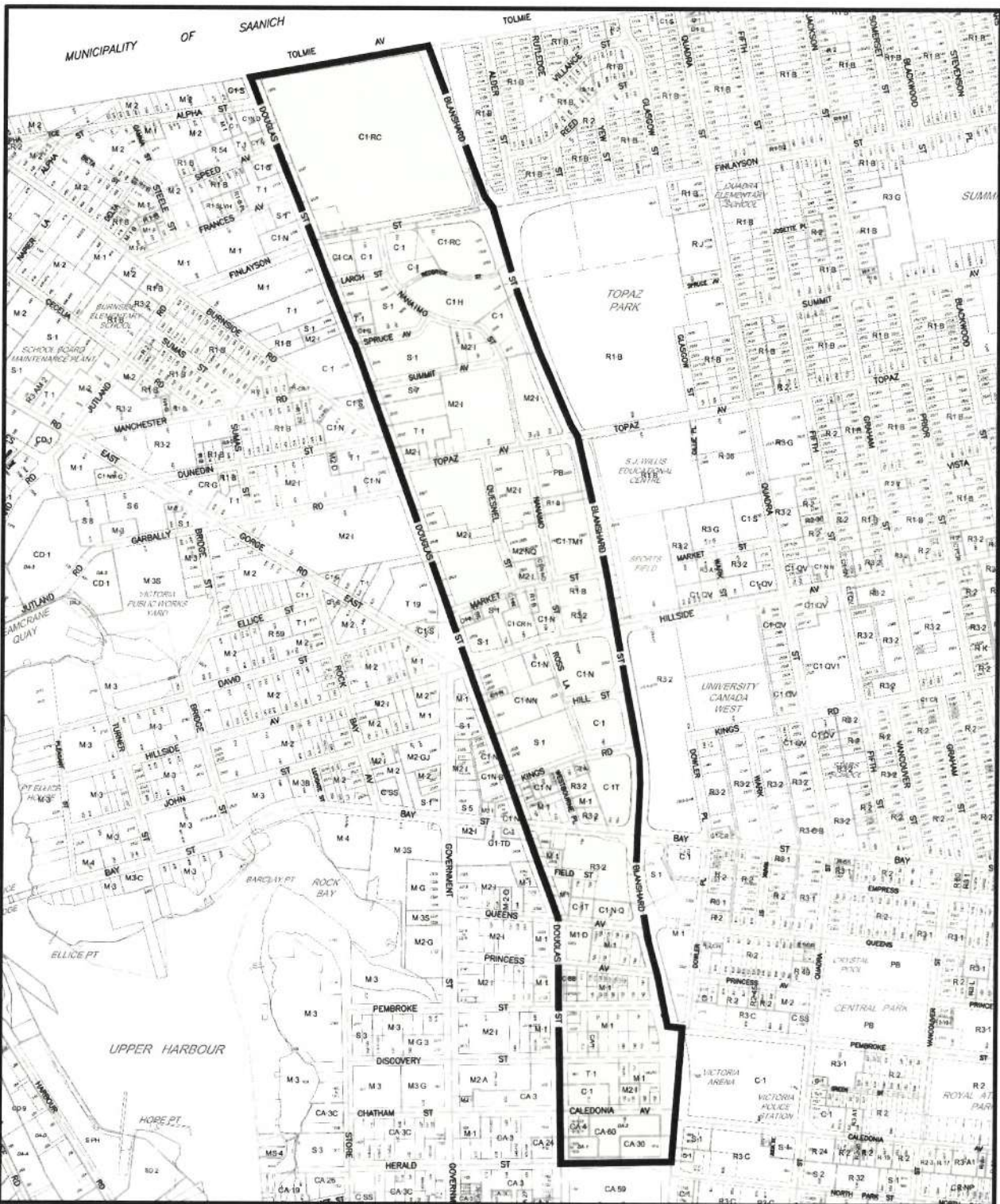
The following two sub-areas, within the lands outlined on the map, are considered as 'site sensitive locations' where siting and design of a casino will require special care:

- Belleville Street buildings visible from the harbour between Pendray Street and Menzies Street
- The Crystal Gardens site

SOCIAL

The proposed casino will comply with articulated municipal social principles and goals. Gaming is addictive and as gaming activity increases and diversifies, that impact increases. An application for rezoning must be accompanied by a professional social impact analysis demonstrating how impacts will be monitored and mitigated. Impacts should be assessed under the categories of personal or health issues, family and social dysfunction, non-criminal community issues and criminal community issues. A management plan must accompany the application outlining proposed operational policies, including recruitment, hiring, training and development of staff.

VLTs will not be allowed in the City of Victoria, based on information received by Council that a three or four fold increase in gambling addiction is attributable to VLTs.



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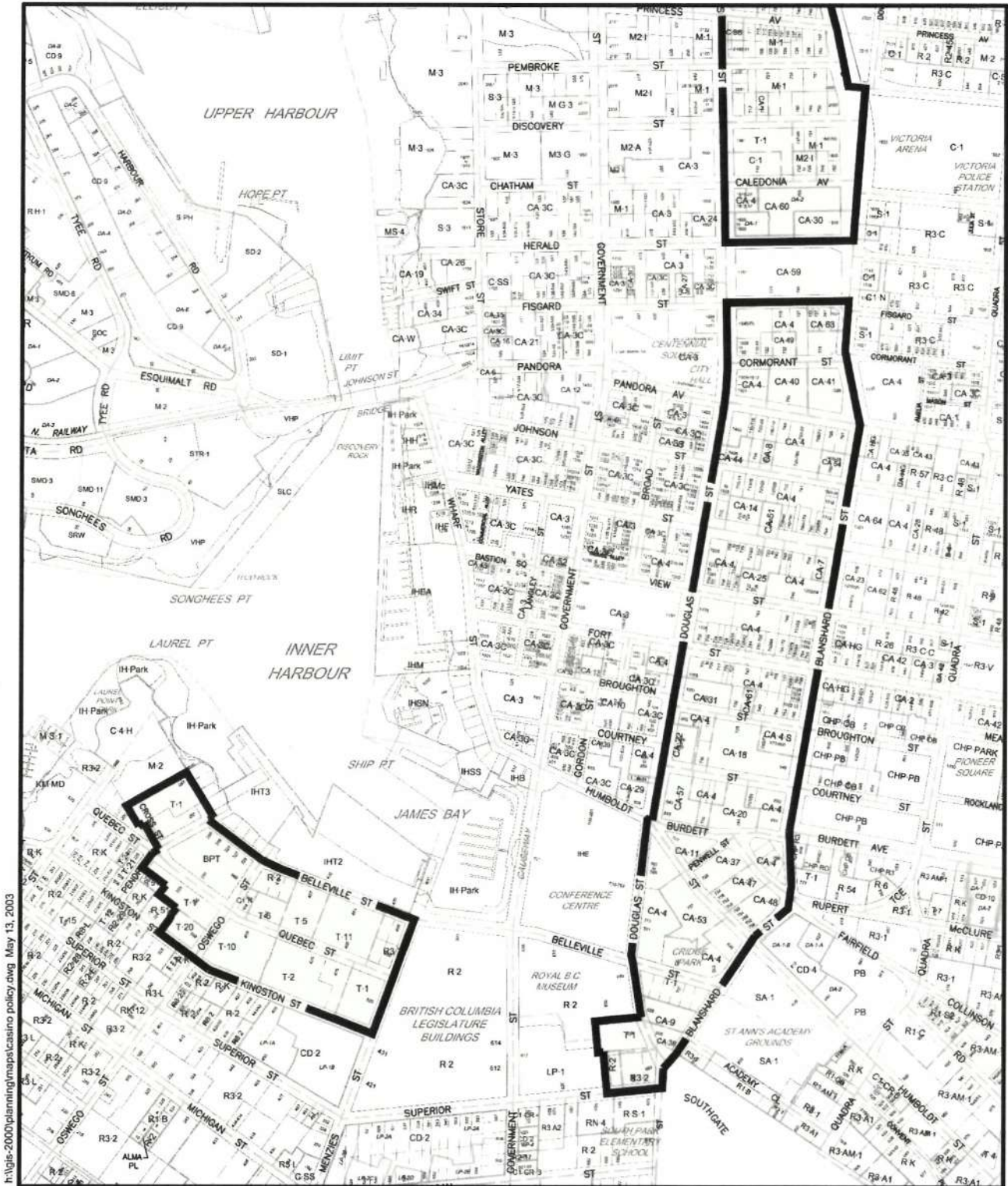


Casino Policy

Map 1 of 2



CASINO REZONING GUIDELINES



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Casino Policy
Map 2 of 2

