



Council Report

For the Meeting of June 16, 2016

To: Council **Date:** June 13, 2016
From: Jonathan Tinney, Director, Sustainable Planning and Community Development
Subject: BCLC Request for Expressions of Interest for Siting of New Casino Facility - Phase Two

RECOMMENDATION

That Council direct staff to submit the attached response to the British Columbia Lottery Corporation's Request for Expressions of Interest (EOI) - Phase Two.

EXECUTIVE SUMMARY

On October 29, 2015, Council directed staff to gather further information from the British Columbia Lottery Corporation (BCLC) regarding the proposed scope and size of a potential casino facility within the City and to prepare a response indicating the City's intent to be considered as part of BCLC's Request for Expression of Interest (EOI).

The purpose of this report is to provide Council with further information on the proposed scope and selection process for a casino, and seeking direction on the City's response to BCLC for Phase Two of the EOI and which specifically identifies the City-owned Crystal Gardens and adjacent Apex site as a potential site for consideration.

The draft response (Attachment 2) is based on the City's Rezoning Policy Guidelines which were developed in 2003 following public consultation and input. The policy 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 stipulates that any casino facility must form part of a mixed-use project that is consistent with the *Official Community Plan* (OCP) and local area (neighbourhood) plans. Areas that will be considered for a casino include parts of the Downtown and the tourism precinct of James Bay, as well as the Douglas-Blanshard corridor from the north edge of the Downtown to the City boundary at Tolmie Street, with the exception of the Hudson Bay block (at 1701 Douglas Street). The Crystal Gardens site is also specifically mentioned as a site sensitive location.

The annual revenue potential for the facility is initially expected to be \$30 million to \$45 million. Based on this revenue estimate, the resulting Host Local Government payment potential would be approximately \$1.8 million to \$2.5 million annually. This would provide significant ongoing revenue to the City to support other City goals.

BACKGROUND

On October 29, 2015, Council passed the following motion:

1. Direct staff to engage with BCLC to gather further information.
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 November 26, 2015, Planning and Land Use Committee meeting.

On November 26, 2015 Council directed staff to submit a response to the British Columbia Lottery Corporation's Request for Expressions of Interest indicating that the City of Victoria would consider a casino proposal consistent with City policies and guidelines.

On April 14, 2016 the BCLC confirmed that the City of Victoria has been identified as a local government with strong potential to host a gaming facility and has invited the City of Victoria to participate in Phase Two of the EOI process. BCLC is considering either the City of Victoria or the District of Saanich as a potential host local government for a gaming facility. (See Attachment 1).

ISSUES & ANALYSIS

Phase Two EOI Process

Phase Two of the EOI process consists of BCLC providing details regarding the proposed facility's size and scope and requesting additional information related to the City of Victoria's policies, plans and zoning with respect to the proposed gaming facility.

Responses received in Phase Two will be reviewed and assessed as part of a process that is overseen by an independent third party. Upon completion of Phase Two, BCLC will make a final decision regarding its preferred host local government for a potential gaming facility.

Should the City of Victoria be selected, BCLC will then identify a preferred service provider and work with that service provider on the necessary approvals from the City including the rezoning of the site.

Information about the Proposed Gaming Facility

At present the BCLC is considering one of two gaming facility options. A decision on which option will be determined by BCLC once a potential host local government selection has been made.

Option A: Community Gaming Centre

- A combination of bingo (or electronic bingo) slot machines, traditional lottery products, restaurant, lounge, tele-theatre and a community stage area for live entertainment performances.

Option B: Casino

- A full-service gambling entertainment facility with slot machines and table games.
- Additional amenities may include restaurants, lounge, theatre, conference centre, hotel, spa and a stage area for live entertainment performance.

Gaming Facility Size and Scope

Any sites being considered for a gaming facility must satisfy the following requirements:

- The gaming floor being considered by BCLC at this time is in the range of 15,000 to 30,000 square feet with room to expand if required in the future. The physical space of the entire facility, including amenities is yet to be determined.
- A minimum of 400 parking stalls.

The number of slot machines being considered in the gaming facility ranges from 300 to 400 to start, with the ability to grow with demand in the future. If table games are included in the gaming facility, the number being considered ranges between 8 and 10. The final game mix and counts will be determined by BCLC, taking into consideration market conditions at the time and any restrictions imposed by the Local Government.

An important determinant in choosing a gaming facility site is the minimizing of any impact on surrounding gaming facilities, e.g. the View Royal Casino. Drive times from the View Royal Casino may be considered in the evaluation of a potential location.

Casino Rezoning Policy

The City's *Casino Rezoning Guidelines* (Attachment 3) were adopted in 2003 after public consultation and input. The policy 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 stipulates that any casino facility must form part of a mixed-use project that is consistent with the *Official Community Plan* (OCP) and local area (neighbourhood) plans. Areas that will be considered for a casino include parts of the Downtown and the tourism precinct of James Bay, as well as the Douglas-Blanshard corridor from the north edge of the Downtown to the City boundary at Tolmie Street, with the exception of the Hudson Bay block (at 1701 Douglas Street).

Council may amend the *Casino Rezoning Guidelines* to include other possible locations. However, staff recommend Council consider a focus on locations close to the major tourist centers of the City, such as the Downtown, which can accommodate the increased demand for tourist amenities a casino would create, such as hotels, restaurants, shopping, parking and other entertainment demands. In addition, the concentration of these activities into a more densely populated and mixed-use area would contribute to Crime Prevention Through Environmental Design (CPTED) principles, which may not be the case if the potential casino were to be situated in an isolated location. Since the *Casino Rezoning Guidelines* stipulate that the casino must be a part of a mixed-use development, this requirement also lends support to a tourist-concentrated area of the City where additional entertainment amenities would be suitable.

Revenue and Cost Impacts

The annual revenue potential for the facility is initially expected to be \$30 million to \$45 million. Based on this revenue estimate, the resulting Host Local Government payment potential would be approximately \$1.8 million to \$2.5 million annually. This would provide significant ongoing revenue to the City to support other City goals.

The social, health, policing and related security impacts of a casino located within the City represent some potential for negative impacts which will need to be understood and addressed. The City's *Casino Rezoning Guidelines* stipulate that a professional social impact analysis, which would demonstrate how health and security impacts would be monitored and mitigated, and must accompany a casino rezoning application.

Opportunities for Use of City-Owned Sites

Given the locational and land use focus of the City's current casino policy, there exists a number of constraints on the siting of a potential casino facility in the core area of the City due to a lack of adequate sites and the demands of parking provision for the facility.

In reviewing potential sites, staff have identified the Crystal Gardens and adjacent lands (referred to as the Apex site) as being one site that could potentially meet the needs of a casino operator as well as the requirements of the City's Casino Rezoning Policy.

Related issues include:

- In addition to casino-related revenue, the City would benefit financially through the proceeds or the lease or sale and additional revenue streams related to vehicle parking.
- The Crystal Gardens is contemplated within the City's Casino Rezoning Policy though it is identified for additional study due largely to the heritage considerations of the building.
- Given the size of the proposed facility and the current understanding of the programming required by casino operators, staff feel that a casino and associated ancillary activities could be accommodated within the Crystal Gardens in a manner that maintains the building's significant heritage value.
- Parking requirements for the facility could be accommodated through agreement with the adjacent Victoria Conference Centre. This agreement may also support additional revenue opportunities for the City. The scale of that opportunity is not known at this time.

OPTIONS & IMPACTS

Option 1

That Council direct staff to submit a response to BCLC in accordance with Attachment 2 to the Request for Expression of Interest - Phase Two for their consideration and which includes the site identification and promotion of the City-owned Crystal Gardens and Apex site as a potential site for consideration by BCLC. (See Attachment 4).

Option 2

That Council direct staff to prepare a formal response in accordance with Attachment 2 to the Request for Expression of Interest - Phase Two, but which excludes the identification and site promotion of the Crystal Gardens and Apex site as a potential site for consideration by BCLC.

2015 – 2018 Strategic Plan

The Strategic Plan does not contain a specific objective or action item to establish a casino facility within the City.

Impacts to 2015 – 2018 Financial Plan

A new casino facility could to the City's annual revenue an amount estimated at between \$1.8 and \$2.5 million annually. This revenue could be allocated to housing initiatives or infrastructure reserves to fund priority projects such as Fire Hall No. 1, Crystal Pool or other strategic initiatives such as the David Foster Harbour Pathway or the cycling network.

Dispensation of the Crystal Garden site could also generate sale/lease proceeds as well as potential parking revenues.

Official Community Plan Consistency Statement

Should a casino proposal come forward and a specific site be proposed, it would be evaluated by the *Official Community Plan*, local area/neighbourhood plan and the *Casino Rezoning Guidelines*.

CONCLUSIONS

Attached for Council's consideration (Attachment 2) is a draft a response to the BCLC EOI - Phase Two which includes the site identification of the Crystal Gardens and adjacent Apex site for a potential casino. Staff is seeking Council's feedback on this draft response.

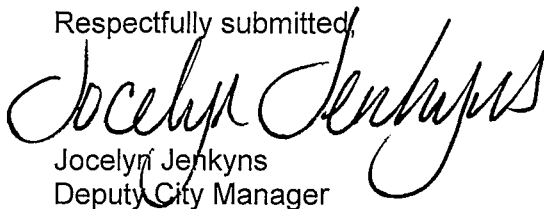
The next steps in the process would be as follows:

- Final response sent to BCLC
- Responses received in phase two will be reviewed and assessed as part of a process overseen by an independent third party.
- BCLC will make a final decision to select its preferred host Municipality for a gaming facility
- A service provider to operate the gaming facility would then be selected by BCLC and begin the public consultation process as mandated by the Gaming Control Act.
- The service provider would then begin the rezoning process.

Throughout this process there would be further opportunities for Council to be involved, as well opportunities for downtown residents, businesses and other groups to be involved and engaged in the process.

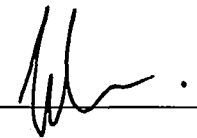
If either option outlined earlier in this report is pursued by Council and selected by BCLC, the City can still choose to withdraw its interest at any time (either as a host municipality or its offer of the Crystal Gardens) if the City finds that the casino service provider cannot adequately meet policy requirements or if adequate terms for the site cannot be negotiated. Council is not obligated in any way by BCLC's selection decision to approve the casino proponent's rezoning application. The identification of the Crystal Garden as a site for consideration as well, would not limit Council's decision-making abilities as the land owner in its negotiations with the future casino operator.

Respectfully submitted,


Jocelyn Jenkyns
Deputy City Manager


Jonathan Tinney, Director
Sustainable Planning and Community Development

Report accepted and recommended by the City Manager:



Date:

June 14, 2016

List of Attachments

- Attachment 1: BCLC Letter to Mayor Helps
- Attachment 2: Proposed Response to BCLC Request for Expression of Interest - Phase Two
- Attachment 3: Casino Rezoning Guidelines.
- Attachment 4: Crystal Garden and Apex Land Site Maps