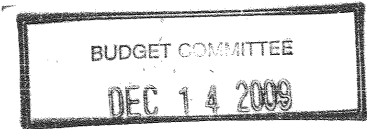


Memorandum



L.P.23
walked on as #12

TO: Budget Committee
FROM: Elaine Buckstein, LL.B., CMO
Director of Enforcement
DATE: December 11, 2009
SUBJECT: Bingo Licence Fees

On Wednesday, December 9, 2009 Ms Linda Siutra, President of the International Centre Bingo Hall Charity Association made a deputation to Council raising concerns with respect to the bingo licence fees charged by the City of Mississauga.

The City of Mississauga has 102 charities operating in three bingo halls; Delta Bingo Hall has 50 charities, Meadowvale has 29 charities and the International Centre has 23 charities.

A memorandum dated December 8, 2009, under my signature, was circulated to Council members and a copy given to Ms Siutra prior to her deputation (Appendix 1). This memorandum includes a chart of existing licence fees for the expanded GTA as well as summaries of the revenues earned by the charities at all three Mississauga bingo halls.

Staff was asked to review the bingo licence fees and report to Budget Committee as soon as possible with its advice on the budget implications for fee reductions. Please note that licences are issued in advance for six month periods at each bingo hall. The current licences expire at the end of February, April and May, 2010.

As set out in the memorandum dated December 9, 2009, the Alcohol and Gaming Commission of Ontario (AGCO) introduced a new Bingo Revenue Model which, among other items, prescribes a maximum prize board payout of 70% of the gross bingo wager. In Mississauga in 2009, the Delta Bingo Hall has averaged 74%, Meadowvale Bingo Hall has averaged 78% and the International Centre Bingo Hall has averaged 84%.

This means that the prize payout has exceeded the maximum payout by an average of 4% at Delta, 8% at Meadowvale and 14% at the International Centre. The

higher prize payout translates to lower event share revenue for the charities. For the last twelve months, the average monthly share value per event at Delta was \$926.00, Meadowvale was \$762.00 and at the International Centre, \$373.00. For example, a charity at Delta with one event per month has received \$11,112.00 (\$926 x 12 months).

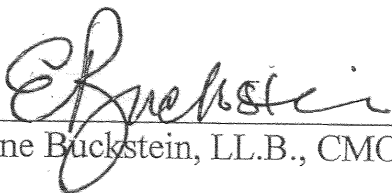
The cost of the municipal licence fee was originally set by the AGCO at 3% of the maximum prize board (previously \$5,500.00). This translated to \$165.00 per event.

Most municipalities contacted (see Appendix 1) have remained at this rate as the administrative costs have not changed. In the case of the City of Brampton, our staff was advised that the licence fee was reduced following the provincial smoking ban but is under review again so that cost recovery can be reassessed.

For Mississauga, the licence fees cover the staff costs, operational overhead and a dedicated software program. The Hall Charity Associations were advised by the Licence Manager earlier this year that all aspects of the operation, including adjustments to our electronic program, were under review. This review with our Information Technology staff is underway but incomplete. We expect that this review will have the effect of reducing our operating costs and such savings can be passed on to the charities as reduced licence fees. As noted in the memorandum dated December 9, 2009, we anticipate a report to General Committee in the second quarter of 2010.

Staff has reviewed its model and can advise that a revised fee of \$150.00 per event would reduce our budget by approximately \$67,000.00; a fee of \$100.00 per event \$290,000.00 and at \$40.00 per event would reduce our budget by \$557,000.00. Staff believe that a fee of less than \$100.00 per event would place our cost recovery model in jeopardy.

I trust this information will be of assistance.



Elaine Buckstein, LL.B., CMO

cc: Janice Baker
Martin Powell
Patti Elliott-Spencer
Ed de Grosbois
Jamie Hinton
Kelly Grove



TO: Mayor Hazel McCallion

FROM: Elaine Buckstein, Director of Enforcement

DATE: December 8, 2009

SUBJECT: Bingo Licence Fees

Thank you for your memo dated December 7, 2009 requesting information on Bingo Licence Fees charged by various municipalities surrounding Mississauga as a result of a meeting you had with the Chair of the International Centre Bingo Hall Sponsors Association.

The table below (Table 1) provides information on Bingo Licence fees for municipalities surrounding Mississauga as well as those from some United States border municipalities.

Table 1: Bingo Licence Fees

MUNICIPALITY	BINGO LICENCE FEE per event
Brampton	\$40.00
Burlington	\$100.00
Oakville	\$165.00
Toronto	\$165.00
Mississauga	\$165.00
Windsor	\$165.00
Fort Erie	\$133.00

It does not appear that the Mississauga licence fee is out of line with the other municipalities and any reduction would have budget implications.

As you may recall from previous updates the operation of the Charity Gaming Unit is under review due to the changes in the Bingo Revenue Model (BRM). This

review is looking at all aspects of the operation including adjustments to our electronic programs with a view of streamlining and enhancing electronic reporting by the Halls to the City. This should have the effect of reducing our operating costs and such savings can be passed onto the charities as reduced licence fees. The Charity Associations have been advised of this review.

It is anticipated that staff will be able to bring a report to Council with recommendations related to licence fees for charity gaming events in the second quarter of 2010.

As you are aware, the Alcohol and Gaming Commission of Ontario introduced the BRM for pooling halls in May of 2007.

The main elements of the new bingo revenue model are:

- Bingo licences cover a greater variety of games and allow for greater flexibility for charities, in consultation with bingo hall owners or operators, to decide which games will be played and when.
- The Registrar has prescribed a maximum prize board payout of 70% of gross bingo wager.
- Licensees' payment to bingo hall owners or operators for the goods and services they supply is based on a formula that takes into account all bingo hall revenue.
- Revenues net of prizes and marketing are allocated 45% to the charities and 55% to the bingo hall owner or operator.
- The development of a marketing fund financed by 10% of bingo wins.
- Licensees are responsible for their own administration and licence fees and bingo hall owners or operators are responsible for all other expenses.

Maintaining the maximum 70% prize board payout, which results in a minimum of 30% win to support viability and profitability for bingo hall operators and fundraising revenues for charities, is key to maintaining industry viability and success.

At this time none of the three Bingo Hall Sponsor Associations in Mississauga have been able reduce their total prize payout to the maximum 70% as required for the BRM. The following table (Table 2) provides information on the average payout since the BRM came into effect:

Table 2: Average Payout Since the BRM Came into Effect

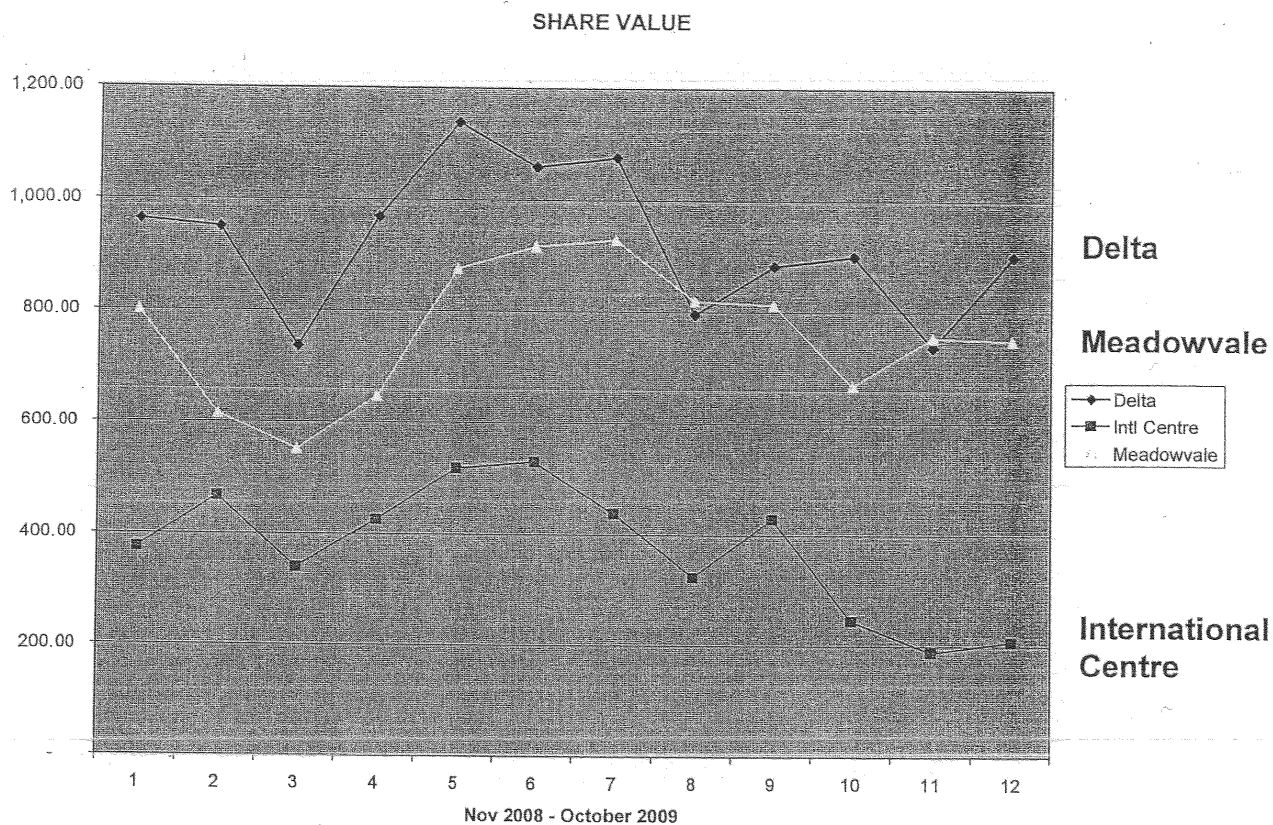
BINGO HALL	AVERAGE IN 2009	AVERAGE SINCE MAY 2007
Delta	74%	76%
International Centre	84%	83%
Meadowvale	78%	78%

The table below (Table 3) provides details of the monthly prize board percentage payout for the three halls in Mississauga for the last twelve months.

Table 3: Monthly Prize Board Percentage Payout

	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09
Delta %	73.7%	72.6%	76.4%	72.6%	71.2%	72.2%
Intl Centre %	82.6%	80.7%	82.8%	81.9%	79.7%	81.5%
Meadowvale %	76.5%	79.6%	79.5%	78.8%	75.9%	76.0%
	May-09	Jun-09	Jul-09	Aug-09	Sept-09	Oct-09
Delta %	71.5%	75.6%	75.3%	74.1%	77.6%	75.2%
Intl Centre %	82.8%	85.9%	83.3%	87.8%	90.9%	91.0%
Meadowvale %	76.9%	78.1%	78.0%	80.0%	78.8%	78.9%

It is evident that the International Centre prize payout has consistently been the highest in Mississauga and has exceeded 90% of the bingo wager. This higher prize payout translates to lower event share revenue for the charities as evidenced by the following chart (Chart 1) for the same time period.

Chart 1: Mississauga Bingo Hall Monthly Share Values

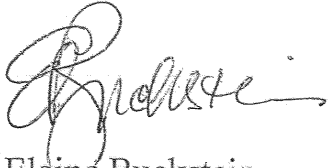
It is not the licence fee alone that is the cause of the lower share value for the International Centre as the fee is the same at each hall. In addition their ability to manage their program to bring the prize payout to or even closer to the 70% maximum required for the BRM is a challenge.

As stated earlier, the operation of the Charity Gaming Unit is under review at this time. This review is looking at all aspects of the operation including a review of the licence fees currently being charged for the different types of licences being issued. The Charity Associations have been advised of this review.

December 8, 2009

It is anticipated that staff will be able to bring a report to Council with recommendations related to licence fees for charity gaming events in the second quarter of 2010.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Elaine Buckstein', with a stylized, flowing script.

Elaine Buckstein
Director of Enforcement
(905) 615-3200 extension 4194

cc: Members of Council
 Janice Baker, City Manager
 Martin Powell, Commissioner, Transportation and Works
 Jamie Hinton, Manager, Compliance and Licensing Enforcement
 Kelly Grove, Financial Analyst/Investigator, Charity Gaming