

MEMORANDUM

March 3, 2011

TO: Mayor Robertson and Councillors

COPY TO: P. Ballem, City Manager
S.A. Johnston, Deputy City Manager
M. Coulson, City Clerk
M. Welman, Director of Corporate Communications
W. Stewart Assistant Director, Corporate Communications
B. Toderian, Director of Planning
B. Proskan, Acting Managing Director of Social Development
F. Connell, Director of Legal Services
P. Judd, General Manager of Engineering Services

FROM: D. McLellan, General Manager of Community Services

SUBJECT: CD-1 Rezoning - 777 Pacific Boulevard (Hotel/Entertainment/Casino Complex)

At Council's Regular meeting of January 18, 2011, the above referenced rezoning application was referred to public hearing. At that time, Council asked for clarification and additional information on a number of items pertaining to the proposal. These items included:

1. Outcomes of the public information session on gaming in Vancouver held at the request of Council;
2. Information on the definition of a "destination casino";
3. Clarification regarding statistics on problem gambling;
4. Questions regarding policing issues relating to casinos, especially money laundering;
5. Gaming Revenues from an expanded casino;
6. LEED® Gold Equivalency.

The following memo responds to those items.

1. Public Information Session

At the request of Council, a public information session was held on Tuesday, February 8th at the Roundhouse Community Centre to discuss gaming in Vancouver. The format was a combination open house/facilitated presentation with a question and answer session to allow staff to hear from various members of the public. The presentation materials were focused on gaming in Vancouver, and provided statistics on problem gambling, crime, and distribution of funds from gaming. Over 200 people attended the session, including a number of employees of the Edgewater Casino. Many

of the casino employees indicated support for the expansion of the Edgewater Casino. Some members of the public asked questions regarding the social issues related to gaming, and also expressed support for the arts groups, and for restoring grants to the arts and other charities. A copy of the comments is attached as an appendix to this memo.

2. Definition of “Destination Casino”

The term “Destination Casino” was first introduced in British Columbia in the late 1990s, when the Province implemented the program to establish a range of casino experiences, from a typical gaming-only operation to a more diversified entertainment destination that includes multiple program elements ranging from dining venues and live lounges to integrated hotel and special event facilities. Originally, local governments hosting destination casinos were allocated 1/6 of the net revenue (16.66% of net revenue), but this practice has been discontinued. Presently all local governments hosting casinos receive 10% of the net revenue, with one exception – the Casino of the Rockies in Cranbrook.

A good example of a destination type of casino is the River Rock Casino located in Richmond, which offers a range of entertainment options beyond the casino, including a hotel, a 950-seat theatre, conference facilities, and seven dining and beverage facilities.

While the current proposal does offer most of the same items as the River Rock in Richmond, it does not offer a large performance theatre. The applicant has not included a large performance space in their proposal as it would be redundant to facilities in Rogers Arena and BC Place (which due to the roof replacement and facility upgrade will be able to be configured for concerts using only a portion of the total seats within the stadium). The applicant has also indicated that they do not wish their facilities to compete with existing theatre venues in Vancouver, such as the Centre for Performing Arts and Queen Elizabeth Theatre.

3. Statistics on Problem Gambling

At referral, Council asked many questions regarding problem gambling and addiction. The following statistics are provided to Council in response to some of Council’s questions:

3.1 *Prevalence Study*

- According to the last Problem Gaming Prevalence Study (2008), nearly three-quarters of British Columbians say that they have bet or spent money on at least one gambling activity over the last year. Three-in-ten British Columbians say they have gambled on a weekly basis over the past 12 months.
- The same study showed that 4.6 per cent of BC’s adult population have the potential to be at risk of developing a gambling problem. Of these, 0.9 per cent have the potential to be at risk of developing a severe gambling problem.
- The study indicated there has not been any increased development of problem gambling, with the 4.6% statistic remaining unchanged since 2002 (see table below):

Prevalence of Problem Gambling in BC

Year of Study	# of slots in BC	# of Tables in BC	# of slots in Lower Mainland	# of tables in Lower Mainland	Problem gambling rate
2002	3,304	392	769	249	4.6%
2008	8,942	485	5,018	382	4.6%

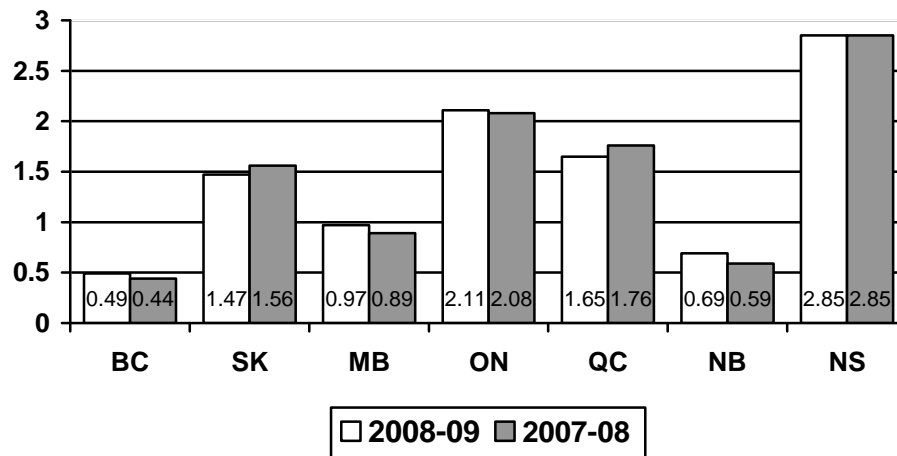
Problem gamblers are subdivided into moderate (3.7% in 2008) and severe problem gamblers (0.9% in 2008). It should be noted that between 2002 and 2008, the severe problem gambling rate went up from 0.4 of the population to 0.9 of the population. At-risk gamblers went down from 11.1% to 8.7% in the same period.

- A 2007 study of over 100 problem gambling prevalence studies (spanning more than 20 years), researchers Jamie Wiebe and Rachel Volberg, found that severe problem gambling consistently hover around one percent (*Problem Gambling Prevalence Research: A Critical Overview*, Report to the Canadian Gaming Association, 2007).
- There are some studies in the problem gambling literature that link the availability of gambling venues to increased addiction. A recent national health survey conducted in New Zealand, involving more than 12,000 respondents concluded that vicinity to a gambling venue produce more gamblers and problem gamblers ("*A national study of neighbourhood access to gambling opportunities and individual gambling behaviour.*" J Pearce, K Mason, R Hiscock, P Day).
- In the 2008 BC study, the estimate of problem gambling is higher for the 18-to-34-year age segment of the population.
- Of the people identified as problem gamblers in the same BC study, the largest source of the addiction is internet gambling, followed by non-casino electronic machine gamblers, poker tournament gamblers, and sports lottery gamblers.

3.2 Problem Gambling Programs:

- According to the Province's Gaming Policy and Enforcement Branch, in 2009/2010 the Problem Gambling Help line fielded 5,926 calls. Of these calls, 1,210 gamblers were referred to clinical counselling services in the Lower Mainland area.
- As of December 31, 2010, approximately 7,000 people have been enrolled in the Voluntary Self Exclusion (VSE) program across the province, with about 280 of those people being in Vancouver. About 80 per cent of the people who voluntarily self exclude themselves honour their commitment. Approximately 7 per cent of those that enrol in the VSE program violate the terms of the program.
- All gambling facilities in BC are restricted to adults 19 years of age or older. Attendees must provide identification to show proof of age.
- According to Statistics provided by the Canadian Partnership for Responsible Gambling, the province of BC has the lowest percentage of gaming revenue distributed to problem gambling programs (see chart below, taken from the Canadian Gambling Digest 2008-2009):

Percentage of Government Gaming Revenue Distributed to Problem Gambling



Note: Figures for Alberta, Prince Edward Island, and Newfoundland/Labrador are unavailable.

4. Policing

As part of the response back to Council, staff discussed the project with the Vancouver Police Department and offered the following comments.

According to the Vancouver Police Department, the current casinos in the city do not impact police resources. The expectation is that the expanded casino would not impact police resources either. This is with regard to crimes or disorder that would normally be dealt with by the VPD. With regard to money laundering or offences related to gambling, this is something that does not normally fall to the VPD to investigate. The RCMP, the Combined Forces Special Enforcement Unit, provincial gaming and other agencies would traditionally investigate these matters. The concern regarding the proposal is the associated bars and restaurants located within the casino complex, as that is where the calls for the Police are anticipated to be generated.

In Niagara Casino and Caesars Windsor – the two major casinos in Ontario – there are Ontario Provincial Police officers seconded to the Alcohol and Gaming Commission of Ontario (AGCO), and are assigned to the locations as part of the “Casino Enforcement Unit”. They are present as enforcement officers and they gather intelligence with regard to money laundering, organized crime activity, etc. If a crime occurs in the casino they do the initial investigation then turn the case over to the police of jurisdiction.

Gaming revenues are also utilized for the funding of the Niagara and Windsor police forces for 25 officers (estimate), wages, benefits and equipment. This is done to compensate for any impact the casinos may have on the community and on policing resources. These impacts include everything from crime and disorder to traffic control.

In British Columbia, the Gaming Policy and Enforcement Branch (GPEB) is responsible for having plainclothes investigators in each facility who report on all issues regarding crime. They work collaboratively with the RCMP and local policing units.

5. Gaming Revenues

Staff have received updated information from the British Columbia Corporation (BCLC) regarding a recent market analysis of revenue potential from the Lower Mainland resident adult population. The study, conducted by HLT Advisory, indicates a gross revenue potential for a redeveloped facility to be in the range of \$230 to \$275 million. This level of revenue would provide the City with \$11 to \$14 million in annual revenue. A good comparison in this range of activity is the River Rock casino in Richmond (985 slots and 113 tables) that in 2008/09 produced \$233 million in total revenue, generating \$12.1 million to the City of Richmond.

The earlier estimates of \$17 million in annual revenue – as indicated in the referral report – takes into account additional revenues from tourists and high value international players that Paragon is hoping to attract. In order for some of these additional revenue potential to materialize, some regulatory changes may be required (i.e., allowing international wire transfers from accredited financial institutions).

6. LEED® Gold Equivalency

The applicant has provided confirmation that the Hotel/Entertainment/Casino complex will achieve a LEED® Gold standard. As indicated in the report, based on the date of the rezoning application, the applicant is not required to certify the project, but will achieve the equivalency.

Recommendation and/or Consideration

That Council receive this information for consideration.

David McLellan
General Manager
Community Services

DMcL/DD/ws
Attachment

PUBLIC INFORMATION SESSION: GAMING IN VANCOUVER

The following are the entire list of comments for the project.

The question: City Council would like to hear your views on gaming in Vancouver. After viewing tonight's presentation, please provide your thoughts below:

RESPONSES

A project such as this is good for Vancouver.

Gaming is irrelevant. Ethics is again the problem. As soon as I walked in this had all the appearance of a sham, another "public consultation." I think it is inappropriate that the City of Vancouver act as a pawn for the provincial government. I will not vote for casino revenue to be distributed to charities, etc. at less than the promised percentage, despite my interest in more choice for my own personal gaming desire. But I won't get that chance, I only get to vote against any MLA for City Council member who supports the continued theft of casino revenue from charities. A vote for expansion is doubly sad!

Strongly opposed to the location of the Casino in eastern end of downtown Vancouver. Does not add to our "green and sustainable" image that we desire, and its location within 5 minute walk from the poorest postal code in Canada appears to prey on the people who already engage in risky behaviour and provide temptation to gamble their little money. As you may tell I am philosophically opposed to gambling and to the government profiting from these activities. I would suggest that the Casino be location on the west end of Georgia Street/Coal Harbour where a more affluent will not be adversely affected and if they choose to risk their money, they have family and social safety net to care for them.

I support the expansion of the Casino.

Casino proposal in too high residential area (am personally opposed to gambling but the casino seems to be a given...). If it goes ahead, MUST restore funding to arts. Community amenities should definitely be more than a roof - endowment for programming, a floor in hotel dedicated to visiting artists etc. Architecture is interesting.

I support the expansion of the Casino.

I fully support the Edgewater Casino move to relocate. It will certainly enhance the economy and put Vancouver on the "map" as far as world class cities go; by having a full service destination casino.

Please clearly identify number of people/staff who attended from casino in reports.

I missed the presentation. However I've been in gaming industry for almost 17 years. I know many of my clients going to U.S.A. due to some advantages they find in there rather than here. I strongly agree with expanding gaming in Vancouver.

I was not able to see the presentation but I 100% support the advancement of gaming in Vancouver.

As a resident and owner living in the West End of Vancouver I can't help but thinking of only positive impacts on the community. We should be welcoming the chance of growth and improvement to keep Vancouver as one of the top tourism spots in Canada and the world at the end of the day.

I believe that the city should expand the casino not only will it create new jobs for the area but will also help tourism in the future.

I support the expansion of the casino.

I support the expansion of the casino.

I support the expansion of the casino. The problems associated with casinos aren't caused by the casino. We need to deal with society problems before we blame the casino.

I support the expansion of the casino to the new location.

I support the expansion of the casino.

I support the expansion of the new casino.

I support the expansion of the new casino.

I support the relocation and expansion of the Edgewater.

I support this casino expansion and move. BC Vancouver would benefit from this expansion in many ways, jobs, entertainment, these are just some examples to deny this expansion would put about 2,000 families out not just jobs but families that these people work for and support. I support this expansion.

Not only the new casino will be providing more jobs for the City of Vancouver and securing those jobs for people who are already in the industry, it will attract major tourism for people around the world who decide to visit us. I am currently working in the casino and I support the new casino!

Please reject the application for the casino expansion. Listen to the community, not the vested interests. Please consider the option of not moving the casino (extend lease beyond 2013, stay at current location).

I agree with the expansion. If the province puts the right precautions and policies in place to deal with the potential issues (which there are issues in any entertainment business), then the problems can be managed. The growth for the city, jobs, tourism are endless.

I support the proposed hotel/casino complex. It will provide jobs and additional revenues to the city.

The city needs this. It will change everything.

Opposition is "much ado about nothing." This project uses expansion of existing business to provide modern entertainment complex and to keep fund renewal of important multi purpose gathering place. Given all the internet gaming increase, I'd be more concerned about that than this project where it is public, visible, regulated and provides financial and other benefits beyond the project itself.

Regulate it. Allow it. Benefit from it. Help rebuild BC Place! This opposition is self serving, publicity seeking nonsense!

Tonight's presentation was informative and helpful. Topics that were brought u during the question/comment period were significantly relative for the casino expansion and relocation. In attendance to this meeting, I fully support this expansion. I love working at Edgewater Casino and see great prospects both for the casino and my job within the casino.

I am a manager at the casino that has over 100 employees in her department, which includes many families with children, single mums, single dads, cancer patients. We provide the opportunity for our employees to learn, grow and be a positive member of society. I am a very proud supporter of the casino. Approve!!!!

I strong to keep my job in Edgewater Casino. I do not want to lost my job. I am very happy if brand new casino will be built.

I am supporting the casino expansion.

There is not enough community value generated by gambling to justify expansion. The provincial government has cut funds to the arts and is now simply taking funds into general revenue. The negative social effects make this not worthwhile.

Gaming in Vancouver has always been around the expansion of Edgewater. Will benefit the city by bringing jobs, tourists, and other opportunities. I support the expansion!

I fully support expanded gaming in Vancouver. The amount of jobs it will create is a huge benefit. International recognition is a plus. Donations from found money will increase to food bank. The 10% employed from downtown eastside is a plus to the city and community.

I support the casino expansion.

I support the expansion of the new casino.

I support the expansion.

I support the expansion of Edgewater Casino. *Jobs* more jobs *front runner of entertainment * world wide known tourism.

We need our expansion, our casino. We need our jobs. Our jobs, our source of income from to my son and my family. Please don't take away our job. We need it.

I support the relocation and the expansion to a world class casino.

We need to expand!!! We need our jobs!!!

We need to look at what casino revenue will do to social programs to city and jobs. Go Casino Go.

Jobs are important. Local community benefits too. We can find the right balance. I think this is an important project to realize the vision for that neighbourhood.

It would be great for Vancouver having an entertainment hub in this downtown core. Will create employment for number of people. Please approve the application for this new location.

This is critical to Vancouver. People have a choice if they want to go or not. Why not build world class vs. second class. Let the customer decide.

Gaming is an inevitability in most jurisdictions. The opportunity to create a sport/entertainment district in the NE False Creek corridor will never happen again. The city has an opportunity to control the development of this area and the Edgewater will be a flagship entertainment facility in this district. The Edgewater is about entertainment not just gaming and the financial gain for the city has an impact that can not be ignored.

Gaming is very important to the community in that it provides revenue to the city, good for the tourism industry and supplies the community with quality jobs.

It will generate/create lots of jobs for lots of people in B.C. Awesome place of entertainment. Approving this project mean unemployment rate in B.C. will decrease significantly. Will attract more tourist and more tourist mean more business and profit for Vancouver.

I think the City Council should look past beyond the gaming portion of the project. It is obvious that the project alone will generate more jobs and therefore the city too will be generating more income; not to mention the financial support the gaming company can extend to different foundations and the likes.

Awesome development which is much more than gambling. Resort destination and entertainment centre for all Vancouverites. Provides much needed jobs and will ensure that Vancouver is the best city in the world to live.

What is the concern against the expansion anyway? The proposed hotel/convention/gaming-entertainment complex is to be built in between to on-off ramps anyway (not the ideal location for living/housing) and the proposed complex

will create a many times opportunity to expand the number of jobs to be had within the borders of Vancouver city proper. I live in the Strathcona neighbourhood so this will still facilitate my desire to not need a car in order to get to work.

I am very interested in supporting the new resort planned by Edgewater Casino. Vancouver needs something like this. It is not about a new casino but a new tourism destination which will provide also a lot of jobs in Vancouver. I am a Canucks fan and I like the idea of going to a hockey game and be able to book a hotel room right beside the Roger Centre. I won't have to take a risk and drive back home after I had a few beers.

The project will bring jobs to the city. Jobs we need/jobs we want.

I would it to be known that despite having to leave at 6:30 p.m. for my shift at 7 p.m., I made the choice and effort to come out to support my job. My job which in turn, supports my family. Edgewater is a place that supports and welcomes everybody in all walks of life.