

NO: **R230**

COUNCIL DATE: **October 22, 2012**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **October 18, 2012**

FROM: **General Manager, Planning and Development**

FILE: **7909-0169-00**

SUBJECT: **Temporary Slot Machines at the Newton Bingo Hall**

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## RECOMMENDATION

The Planning and Development Department recommends that Council:

1. Receive this report as information;
2. Authorize staff to inform the British Columbia Lottery Corporation (BCLC) that the City approves the activation for an 18-month period of slot machines in the existing Newton Bingo Hall at 7093 King George Boulevard subject to a Project Development Agreement being executed between BCLC and Gateway Casinos Ltd that includes conditions 1 through 7 as documented in the body of this report; and
3. Authorize staff to include in the years 2013 and 2014 of the Five-Year (2013-2017) Capital Financial Plan an allocation for:
  - a. Enhancements to the Newton Athletic Park; and
  - b. Beautification/Revitalization Initiatives in the Newton Town Centre,

which will be funded from the revenues that will be generated to the City from the operation of the temporary slot machines at the Newton Bingo Hall.

## INTENT

The purpose of this report is to seek approval for staff to inform the BCLC that the City approves the activation on a temporary basis of slot machines in the existing Newton Bingo Hall at 7093 King George Boulevard subject to certain conditions.

## BACKGROUND

At its Regular meeting on July 12, 2010 Council adopted Zoning Amendment By-law No. 17023, which acted to rezone the Newton Bingo Hall site at 7093 King George Boulevard to allow the site to be redeveloped with commercial uses and a community gaming centre containing no more than 150 slot machines along with bingo and other electronic games. At that same meeting, Council also approved a development permit for the site, which addressed the form and character of the buildings and other aspects of the proposed development on the site. Council also resolved

to advise BCLC that Council approves the addition of slot machine gaming limited to 150 slot machines to the existing bingo gaming license for the site.

Since that time the owner of the site, known as Boardwalk, has sold the site to Gateway Casinos Ltd ("Gateway"). Gateway is currently considering its options in relation to the redevelopment of the subject property in view of other opportunities in Surrey. In this regard, the City has recently received a letter from BCLC requesting Council approval to relocate the community gaming centre license from the Newton Bingo Hall site and expand the license to a casino license to be part of a proposed entertainment complex in South Surrey at 1083/1109/1177 - 168 Street in the Highway 99 Corridor. The subject South Surrey site is already the subject of a rezoning and development permit application (7909-0169-00) to allow for the development of an entertainment complex on the site including a casino. However, a casino cannot be implemented on the site without a license from BCLC and BCLC will not issue a license without Council endorsing the issuance of such a license by BCLC. The related rezoning by-law has been granted third reading by Council and will be ready for final adoption subject to a servicing agreement for the site being executed, which is currently in process.

Gateway will be holding a public information meeting in the near future in South Surrey to gather public input regarding the proposed entertainment complex including the casino gaming license proposal and thereafter Planning staff will prepare and forward a report to Council regarding the merits of the gaming license proposal including discussion regarding input that is received from the public. Such a report is expected to be forwarded for Council consideration later in 2012. The report will, among other things, recommend that Council schedule a Public Hearing regarding the gaming license application to hear comments from the public regarding the proposal prior to Council determining its position on the gaming license application.

### **Request for the Activation of Temporary Slot Machines at the Existing Newton Bingo Hall:**

While Gateway continues to pursue an application to relocate the Newton community gaming centre license to South Surrey, it has requested permission from BCLC and the City of Surrey to activate for an 18-month period the operation of slot machines in the existing Newton Bingo Hall. Gateway has advised that their intention is to proceed with the following course of action while the temporary slot machines are in operation:

1. To proceed with applications, public consultations, information gathering and delivery and all other necessary actions to achieve Council and BCLC approvals to transfer the Newton "community gaming centre" license to become part of a proposed entertainment centre at 1083/1109/1177 - 168 Street in South Surrey and subject to Council and BCLC approval of such a transfer to construct this new entertainment centre as quickly as possible and at the same time proceed with a phased redevelopment of the existing Newton Bingo Hall site as a retail-commercial or mixed use development, which may include the retention of a bingo centre without slot machines as a tenant in the redeveloped Newton site; or
2. If for any reason BCLC and/or Council does not approve the South Surrey entertainment centre, Gateway will proceed with construction of a new development on the existing Newton Bingo Hall site in accordance with the zoning already granted by the City and the approval issued by BCLC both in 2010, which permits the redevelopment of the site for retail-commercial uses and the construction of a new building that will house a Community Gaming Centre on the site including 150 slot machines.

## DISCUSSION

The current zoning on the Newton Bingo Hall site allows for “gaming” to be conducted as a principal use on the site (which includes the operation of temporary slot machines in the existing Newton Bingo Hall). BCLC has advised that it will not activate temporary slot machines in the Newton Bingo Hall without the City of Surrey approving such activation. BCLC has further advised that conditions that the City of Surrey deems necessary in relation to the operation of the temporary slot machines on that site can be included as conditions in a Project Development Agreement (PDA) that BCLC will require that Gateway execute with BCLC in advance of the temporary slot machines being activated. BCLC has advised that the conditions in the PDA will be enforced by BCLC and can include the payment of significant financial penalties by Gateway to BCLC or the deactivation of the temporary slot machines if at any point in time the conditions in the PDA are not fully respected by Gateway.

The following conditions could be included in a PDA between BCLC and Gateway:

1. That the operation of the temporary slot machines will be limited to:
  - a. a period of 18 calendar months from the date of their activation; or
  - b. the date on which permanent slot machines are activated in a new South Surrey casino (if approved); or
  - c. the date on which permanent slot machines are activated in a new Newton Community Gaming Centre;whichever occurs first;
2. That Gateway will address any concerns that the community may have, such as but not limited to safety, security, cleanliness and nuisances while the temporary slot machines are in operation and while the Newton Bingo Hall site is under redevelopment; and
3. That Gateway will undertake all necessary applications, public consultations, information gathering and delivery and all other necessary actions in pursuing approvals from the City and BCLC for and, if approvals are granted, the development (and construction under a building permit) of a South Surrey entertainment centre with a view to having such a centre opened and operational within the 18-month period during which the temporary slot machines are operational;

And if Gateway successfully achieves the approvals of BCLC and the City under 3, the following conditions 4, 5 and 6 will apply:

4. That Gateway will obtain a building permit from the City of Surrey for and substantially commence construction by April 1, 2013 of Phase 1 of the redevelopment of the Newton Bingo Hall site that will involve the construction of a minimum of 12,000 sq. ft. of retail-commercial floor area on that site and that once commenced such construction will be continued and completed in a rigorous timely manner; and
5. That Gateway will obtain a building permit from the City of Surrey for and substantially commence construction by June 30, 2013 of Phase 2 of the redevelopment of the Newton Bingo Hall site that will involve the construction of a minimum of an additional 10,000 sq. ft. of retail-commercial floor area on that site and that once commenced such construction will be continued and completed in a rigorous timely manner; and

6. That Gateway will obtain a building permit from the City of Surrey for and substantially commence construction by April 1, 2014 on the redevelopment of remaining area (beyond Phases 1 and 2) of the Newton Bingo Hall site as a retail-commercial or mixed use development that may include a bingo hall as a tenant but will not include any slot machines or table gaming on the site and will complete such construction in a timely manner;

And if Gateway is not successful in achieving approvals from the BCLC and the City under point 3, the following will apply:

7. That Gateway will obtain a building permit by May 1, 2013 and thereafter proceed with construction in a timely manner through to completion of a redevelopment of the existing Newton Bingo Hall site in accordance with the zoning already granted by the City, which permits the redevelopment of the site for retail-commercial uses and the construction of a new building that will house a Community Gaming Centre including 150 slot machines, for which a Community Gaming Centre license has already been approved by BCLC.

BCLC has indicated that it is prepared to incorporate the above-referenced conditions into a PDA with Gateway for the Newton Bingo Hall site and, subject to prior consultation with the City, will enforce such conditions by means of significant financial penalties and/or deactivation of the temporary slot machines.

### **Revenues to the City**

A Revenue-sharing Agreement is in place between the City and BCLC in relation to the revenues that will flow to the City by virtue of the operation of the temporary slot machines. This Agreement contains the same revenue-sharing formula as is in place for the slot machines that are in operation at the Fraser Downs Casino and is standard for slot machines throughout BC. This revenue would allow the City to accelerate the construction of enhancements to the Newton Athletic Park that are planned but are not yet funded and to implement beautification and revitalization initiatives in the Newton Town Centre.

Gateway has advised that it is fully committed to the redevelopment the Newton Bingo Hall site in an aesthetically-pleasing and community-friendly manner.

### **Possible Approach:**

In consideration of:

1. Gateway's commitment to proceed with the redevelopment of the Newton Bingo Hall site in a timely manner as referenced above;
2. BCLC's commitment to incorporate conditions in a PDA with Gateway that will reinforce Gateway's responsibilities relative the redevelopment of the Newton Bingo Hall site;
3. BCLC's commitment to enforce the conditions that are contained in the PDA; and
4. The revenues that will accrue to the City that will allow the City to accelerate the construction of enhancements to the Newton Athletic Park and beautification and revitalization initiatives in the Newton Town Centre all to the benefit of the residents of Newton and the City,

staff holds the view that it would be appropriate to approve the activation by BCLC temporary slot machines in the Newton Bingo Hall for an 18-month period subject to a PDA being executed between BCLC and Gateway that includes the above-listed conditions.

## CONCLUSION

Based on the above discussion, it is recommended that Council:

1. Authorize staff to inform the British Columbia Lottery Corporation (BCLC) that the City approves the activation for an 18-month period of slot machines in the existing Newton Bingo Hall at 7093 King George Boulevard subject to a Project Development Agreement being executed between BCLC and Gateway Casinos Ltd that includes conditions 1 through 7 as documented in the body of this report; and
2. Authorize staff to include in the years 2013 and 2014 of the Five-Year (2013-2017) Capital Financial Plan an allocation for:
  - a. Enhancements to the Newton Athletic Park; and
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which will be funded from the revenues that will be generated to the City from the operation of the temporary slot machines at the Newton Bingo Hall.

*Original signed by*  
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Planning and Development