

Ontario Charitable Gaming Association

Revenue Models for the City of
Windsor

5/12/2006

Ontario Charitable Gaming
Association

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Topics of Discussion

- ✍ Why we looked at new revenue model?
- ✍ What principles did we embrace when developing our models?
- ✍ Our short-term model
- ✍ Why we failed in our first attempt?
- ✍ Bulletin 51
- ✍ Windsor Solution for a long term revenue model

Why

- ✍ Why we looked at new revenue model?
- 1. Total Annual attendance has dropped more than 41% since 1998
- 2. Average annual attendance per event dropped by 18%
- 3. 28% decline in gross revenue; the market went from \$205 million in 1998 to \$147 million in 2005
- 4. 13 bingo halls to 7 in 8 years

Principles

- ✦ What principles did we embrace when developing our model?
- ✦ That all stakeholders had to give up something up in the process;
- ✦ We wanted to maintain hall inventory and opportunities for charitable organizations
- ✦ Short term strategy to avoid closure while long term solutions were developed

Our model

- ✦ It put all expenses above the line
- ✦ Staffing would be provided by the hall owner;
- ✦ Three bona fide members would be required and only they could take reimbursed expenses;
- ✦ The City of Windsor would up 20% of it's licensing revenue
- ✦ The net expenses would split 45% to the Charities and 55% to the hall ownership group

Why it failed

- ✍ AGCO did not believe that we did sufficient enough due diligence on the expense side of the revenue model
- ✍ It is resulted in the immediate closure of one bingo hall in the City of Windsor

Bulletin 51

- ✍ It was interim model presented by the various stakeholders;
- ✍ The AGCO approved the model on the basis that the industry belief that this what was good for the industry.
- ✍ It is not a model that the City of Windsor supported however we worked with it.

Next Steps

- ✍ We commissioned a consultants report entitled “ Toward a Sustainable Future: City of Windsor Charitable Bingo Gaming Industry Renewal Study
- ✍ 20 recommendations
- ✍ One on all in model that will need further study

Windsor Hybrid

- ✂ We adopted the same principles as previous
- ✂ We did not allow the paper to go above the line
- ✂ We permitted the hall owner to \$240.00 per session not \$250.00
- ✂ No out pocket expenses
- ✂ The City of Windsor gave up 10% of it's licensing revenue.
- ✂ It achieve the same affect as our proposed model.