

BCLC Gambling Service Provider Commissions Report

Fiscal Year 2014/15

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British Columbia's Gambling Operations Model

Under the Gaming Control Act (B.C.), BCLC is mandated to conduct, manage and operate commercial gaming on behalf of the Government of British Columbia. BCLC enters into Operational Service Agreements (OSAs) with private sector service providers who, under BCLC's oversight, finance, build and operate gambling facilities including casinos, community gaming centres and bingo halls.

The OSAs, which define the service and operating responsibilities and overall compensation structure, are typically 10 year contracts with a renewal option for an additional 10 years.

Service Provider Commissions are divided into two categories: operating commissions and facility development commissions.

The OSAs provide the service providers with the following compensation for operating services (note: net win = revenue after prizes).

Casino Games

- 25 per cent of net win from slots
- 40 per cent of net win from tables
- 75 per cent of poker rake
- 75 per cent of craps
- 60 per cent of low limit blackjack (defined as tables with minimum bets of \$5 and a maximum bet limit of \$50 per hand)

Bingo Games

- 60 per cent of bingo sales (after prizes are paid) on the first \$20,000 per week
- 40 per cent of bingo sales (after prizes are paid) on the next \$60,000 per week, and
- 25 per cent on bingo sales (after prizes are paid) greater than \$80,000 per week.

Service providers pay BCLC for certain costs that are subtracted in order to calculate the total commission. These costs include: the equivalent of one per cent of table net win for table game supplies; service provider contribution to BCLC marketing (0.6 per cent of total net win from any sites with 400 or more slot machines) and other cost adjustments from time to time.

Facility development commissions (FDC) are meant to encourage capital improvements, resulting in higher quality facilities that attract a broader player base. They are earned based on revenue generated at the facility and are capped at the amount of the approved facility costs.

The service providers can earn five per cent FDC on bingo games (after prizes are paid), three per cent FDC on casino games and two per cent Accelerated FDC on all games, and receive these commissions if they incur and submit costs related to gaming and ancillary amenities development as outlined by the Facilities Development Commission and Accelerated Facilities Development Commission (FDC/AFDC) Standards, Policies and Procedures. These costs are subject to BCLC review and all decisions regarding FDC or AFDC are at the sole and absolute discretion of BCLC, whom, from time-to-time, may make independent business decisions based on individual submissions for FDC or AFDC Qualifying Expenditures to assist in achieving BCLC's goals and strategies. In certain circumstances, a service provider may earn FDC or AFDC prior to costs being incurred which results in a negative balance of

qualified expenditures. However, service providers do not receive these commissions until such time as costs are incurred, submitted and approved by BCLC.

Casino Service Provider Capital Investments and Development Commissions Earned

The following table details investments that have qualified for FDC/AFDC since 1997. In cases where a casino has relocated or where several casinos have merged into one larger redeveloped casino, the total includes qualified amounts from all of those facilities.

(in thousands of dollars)

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2015	Balance of qualified expenditures remaining as at March 31, 2015
Billy Barker Casino	<ul style="list-style-type: none"> Initial development of Billy Barker Casino Redevelopment of Billy Barker Casino incorporating a show lounge Main floor renovation 	7,444	4,829	2,615
Cascades Casino	<ul style="list-style-type: none"> Initial Royal Towers Casino development Initial Cascades Casino development Cascades Casino parkade development and casino enhancement 	47,482	47,001	481
Casino Nanaimo	<ul style="list-style-type: none"> Initial build out Property refresh 	25,303	25,130	173
Casino of the Rockies	<ul style="list-style-type: none"> Initial development of the Casino of the Rockies Minor maintenance and renovations 	5,517	5,170	347
Edgewater Casino	<ul style="list-style-type: none"> Initial development of the Grand Casino Initial development of the Royal Diamond Casino Initial development subsequent expansion of Edgewater Casino Additional Edgewater Casino enhancements Edgewater Casino poker room High limit tables 	39,721	50,388	(10,667)
Fraser Downs Racetrack and Casino	<ul style="list-style-type: none"> Initial build out 2nd floor gaming relocation and addition of table games 	54,590	26,057	28,533

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2015	Balance of qualified expenditures remaining as at March 31, 2015
Grand Villa Casino	<ul style="list-style-type: none"> Initial Burnaby Casino development Development of Grand Villa Casino, convention space, restaurants hotel upgrade, show lounge and parkade redevelopment 	121,660	59,240	62,420
Hard Rock Casino Vancouver	<ul style="list-style-type: none"> Initial development of casino Casino redevelopment and parkade Show theatre 	140,309	79,476	60,833
Hastings Racecourse Casino	<ul style="list-style-type: none"> Temporary and permanent slots facility build out 	46,238	7,370	38,868
Lake City Casino Kamloops	<ul style="list-style-type: none"> Initial development of the Kamloops Casino Subsequent redevelopment and enhancement of Kamloops Casino 	16,956	15,563	1,393
Lake City Casino Kelowna	<ul style="list-style-type: none"> Initial development of the Kelowna Casino Reconfiguration and enhancement of the Kelowna Casino Minor maintenance and renovations 	29,518	21,842	7,676
Lake City Casino Penticton	<ul style="list-style-type: none"> Initial development of Penticton Casino Development of direct access from the parkade and completion of the poker room Minor maintenance and renovations 	13,437	12,459	978
Lake City Casino Vernon	<ul style="list-style-type: none"> Initial development Minor maintenance and renovations Redevelopment of relocated Vernon Casino 	16,725	9,955	6,770
River Rock Casino Resort	<ul style="list-style-type: none"> Initial development of the casino, show theatre, parkade and hotel upgrades Development of convention space, second parkade, poker room, VIP gaming room, gaming floor reconfiguration 	322,392	140,531	181,861
Starlight Casino	<ul style="list-style-type: none"> Initial development of Royal City Star Casino Subsequent Starlight gaming floor reconfiguration Initial development of Starlight Casino and parkade 	93,366	40,854	52,512

Casino	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2015	Balance of qualified expenditures remaining as at March 31, 2015
Treasure Cove Casino	<ul style="list-style-type: none"> Initial development of Casino Hollywood Initial development of Treasure Cove Casino and Show Lounge Reconfiguration and enhancement of Treasure Cove Casino Incorporation of bingo into Treasure Cove Casino 	23,748	24,759	(1,011)
View Royal Casino	<ul style="list-style-type: none"> Minor renovations to Mayfair Initial build-out of View Royal Parkade construction and land purchase 	44,627	38,458	6,169
Closed sites and transfers		85,913	85,913	-
Total		1,134,946	694,997	439,951

¹ If a service provider operates more than one facility, BCLC allows for consolidation of FDC eligible expenditures as outlined in the FDC/AFDC Standards, Policies and Procedures. Totals for these sites include site specific and consolidated eligible expenditures.

Commissions Earned by Casino Service Providers Annually

See Appendix 1 for further details on locations, service providers and former names of existing casinos.

Fiscal 2014/15
(in thousands of dollars)

Casino Name	Slot Revenue	Table Revenue	Total Revenue	Operator Commission	FDC Earned	AFDC Earned	Total Commission
Billy Barker Casino	8,375	241	8,616	2,241	258	-	2,499
Cascades Casino	85,815	20,219	106,034	30,293	3,179	2,119	35,591
Casino Nanaimo	38,771	2,819	41,590	10,951	1,248	-	12,199
Casino of the Rockies	11,831	822	12,653	3,333	380	-	3,713
Edgewater Casino	60,563	89,830	150,393	53,243	7,504	3,002	63,749
Fraser Downs Racetrack and Casino	45,424	7,856	53,280	15,186	1,591	741	17,518
Grand Villa Casino	115,981	87,831	203,812	65,850	6,114	4,076	76,040
Hard Rock Casino Vancouver	89,336	35,615	124,951	38,936	3,740	2,493	45,169
Hastings Racecourse Casino	19,755	-	19,755	4,939	593	395	5,927
Lake City Casino Kamloops	26,155	2,456	28,611	7,638	859	-	8,497
Lake City Casino Kelowna	30,149	5,003	35,152	9,894	920	597	11,411
Lake City Casino Penticton	25,685	1,505	27,190	7,163	815	-	7,978
Lake City Casino Vernon	34,487	995	35,482	9,067	925	588	10,580
River Rock Casino Resort	146,435	273,582	420,017	148,116	12,596	8,398	169,110
Starlight Casino	73,627	35,601	109,228	33,019	3,277	2,185	38,481
Treasure Cove Casino	43,370	2,415	45,785	11,977	1,373	916	14,266
View Royal Casino	60,871	8,499	69,370	18,713	2,081	1,387	22,181
Total	916,630	575,289	1,491,919	470,559	47,453	26,897	544,909

Community Gaming and Bingo Service Provider Capital Investments and Development Commissions Earned

This chart details investments that have qualified for FDC/AFDC since 2002/03. (in thousands of dollars)

CGC or Bingo Hall	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2015	Balance of qualified expenditures remaining as at March 31, 2015
Bingo Esquimalt	<ul style="list-style-type: none"> Major renovations to enhance player experience Minor renovations 	151	207	(56)
Chances Abbotsford (formerly Abbotsford Bingo)	<ul style="list-style-type: none"> Initial build out of facility Minor renovations 	13,511	4,939	8,572
Chances Campbell River	<ul style="list-style-type: none"> Initial build out of facility Minor renovations 	8,804	5,253	3,551
Chances Castlegar	<ul style="list-style-type: none"> Initial build out of facility 	9,786	1,617	8,169
Chances Chilliwack	<ul style="list-style-type: none"> Initial build out of facility to include slot machines 	15,854	5,057	10,797
Chances Courtenay (formerly Valley Entertainment Palace)	<ul style="list-style-type: none"> Initial build out of facility 	12,025	5,121	6,904
Chances Cowichan (formerly Inkspot Bingo)	<ul style="list-style-type: none"> Initial build out of facility 	9,904	5,349	4,555
Chances Dawson Creek (formerly Bear Mountain Bingo)	<ul style="list-style-type: none"> Initial build out of facility 	14,284	5,591	8,693
Chances Fort St. John (formerly Rainbow Bingo Hall)	<ul style="list-style-type: none"> Renovations to incorporate slot machines Initial build out of facility 	18,636	5,573	13,063
Chances Kamloops (formerly Enterprise Entertainment)	<ul style="list-style-type: none"> Initial build out of facility 	8,947	6,736	2,211
Chances Kelowna (formerly Bingo Kelowna)	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	15,694	13,476	2,218
Chances Maple Ridge (formerly Haney Bingo Plex)	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	6,834	4,385	2,449
Chances Mission (formerly Chances Boardwalk Mission & Mission Bingo)	<ul style="list-style-type: none"> Initial build out of facility 	4,797	3,831	966
Chances Prince Rupert (formerly Totem Bingo Hall)	<ul style="list-style-type: none"> Initial build out of facility 	8,697	3,032	5,665
Chances RimRock (formerly Dob City)	<ul style="list-style-type: none"> Initial build out of facility 	7,923	3,215	4,708
Chances Signal Point (formerly Lucky's the Bingo Centre)	<ul style="list-style-type: none"> Initial build out of facility Renovations to incorporate slot machines 	8,037	5,303	2,734

CGC or Bingo Hall	Projects Qualified for FDC or AFDC	Total Capital Investment (qualifying for FDC or AFDC) ¹	Total FDC/AFDC Earned as at March 31, 2015	Balance of qualified expenditures remaining as at March 31, 2015
Chances Squamish (formerly Chances Boardwalk Squamish)	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	11,962	1,119	10,843
Chances Terrace (formerly Lucky Dollar Bingo Palace)	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	5,335	4,645	690
Fairweather Bingo	<ul style="list-style-type: none"> Renovations for temporary slot operation Initial build out of facility 	-	860	(860)
Harbour City Bingo	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	152	492	(340)
Newton Community Gaming Centre	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	5,791	3,199	2,592
Planet Bingo	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	119	1,328	(1,209)
Playtime Langley (formerly Langley Bingo Palace)	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	3,576	2,986	590
Playtime Penticton (formerly Penticton Bingo Palace)	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	715	698	17
Playtime Victoria	<ul style="list-style-type: none"> Minor renovations to enhance player experience 	973	966	7
Treasure Cove Bingo	<ul style="list-style-type: none"> Initial build out of facility 	5,261	900	4,361
Closed Sites		908	908	-
Total		198,676	96,786	101,890

¹ If a service provider operates more than one facility, BCLC allows for consolidation of FDC eligible expenditures as outlined in the FDC/AFDC Standards, Policies and Procedures. Totals for these sites include site specific and consolidated eligible expenditures.

Commissions Earned by Community Gaming and Bingo Service Providers Annually

See Appendix 1 for further details on locations, service providers and former names of existing facilities.

Fiscal 14/15 (in thousands of dollars)

CGC or Bingo Hall	Slot Revenue	Table Revenue	Bingo Revenue	Total Revenue	Operator Commission	FDC Earned	AFDC Earned	Total Commission
Bingo Esquimalt	-	-	3,531	3,531	652	62	-	714
Chances Abbotsford	15,686	-	593	16,279	4,015	478	317	4,810
Chances Campbell River	9,849	-	825	10,674	2,621	309	203	3,133
Chances Castlegar	7,557	-	226	7,783	1,923	230	152	2,305
Chances Chilliwack	22,703	-	5,253	27,956	6,576	771	490	7,837
Chances Courtenay	15,953	-	914	16,867	4,164	493	325	4,982
Chances Cowichan	12,065	-	1,773	13,838	3,334	389	252	3,975
Chances Dawson Creek	13,759	-	548	14,307	3,560	423	279	4,262
Chances Fort St. John ¹	16,635	864	322	17,821	4,639	531	355	5,525
Chances Kamloops	12,774	-	3,651	16,425	3,886	446	281	4,613
Chances Kelowna	31,618	-	7,324	38,942	8,938	1,053	674	10,665
Chances Maple Ridge	19,047	-	2,622	21,669	5,255	614	398	6,267
Chances Mission	9,414	-	744	10,158	2,468	292	192	2,952
Chances Prince Rupert	8,720	-	1,050	9,770	2,385	279	181	2,845
Chances RimRock	7,898	-	1,164	9,062	2,219	258	166	2,643
Chances Signal Point	9,886	-	1,266	11,152	2,764	321	208	3,293
Chances Squamish	3,976	-	366	4,342	1,048	124	81	1,253
Chances Terrace	11,689	-	1,008	12,697	3,117	368	241	3,726
Fairweather Bingo	-	-	2,991	2,991	641	57	-	698
Harbour City Bingo	-	-	5,306	5,306	1,075	108	-	1,183
Newton Community Gaming Centre	1,586	-	5,598	7,184	1,392	151	-	1,543
Planet Bingo	-	-	7,746	7,746	1,312	142	-	1,454
Play time Langley	1,958	-	5,241	7,199	1,487	157	178	1,822
Play time Penticton	-	-	2,417	2,417	516	43	-	559
Play time Victoria	-	-	3,479	3,479	773	70	-	843
Treasure Cove Casino	-	-	9,164	9,164	1,346	143	57	1,546
Total	232,773	864	75,122	308,759	72,106	8,312	5,030	85,448

¹ Tables games (including poker) were introduced at Chances Fort St. John on August 30, 2014

Appendix 1: BCLC Casino, Community Gaming and Bingo Facilities and Service Providers

Facility	Service Provider	Municipality
Billy Barker Casino	585 Holdings Ltd.	Quesnel
Bingo Esquimalt	319968 BC Ltd.	Victoria
Cascades Casino (formerly Royal Towers)	Gateway Casinos and Entertainment Limited	Langley
Casino Nanaimo	Great Canadian Casinos Inc.	Nanaimo
Casino of the Rockies	SEM Resort Limited Partnership	Cranbrook
Chances Abbotsford (formerly Abbotsford Bingo)	Playtime Peardonville Ventures Ltd.	Abbotsford
Chances Campbell River (formerly Campbell River Bingo Palace)	Playtime Community Gaming Centres Inc.	Campbell River
Chances Castlegar	Terrim Properties Ltd.	Castlegar
Chances Chilliwack	Chilliwack Gaming Ltd.	Chilliwack
Chances Courtenay (formerly Valley Entertainment Palace)	Playtime Community Gaming Centres Inc.	Courtenay
Chances Cowichan (formerly Inkspot Bingo)	Duncan Dabber Bingo Society	Cowichan
Chances Dawson Creek (formerly Bear Mountain Bingo)	Great Canadian Entertainment Centres Ltd.	Dawson Creek
Chances Fort St John (formerly Rainbow Bingo Hall)	243045 Alberta Ltd.	Fort St John
Chances Kamloops (formerly Enterprise Entertainment)	Enterprise Entertainment Ltd.	Kamloops
Chances Kelowna (formerly Bingo Kelowna)	Goldwing Investments (Saskatoon) Ltd.	Kelowna
Chances Maple Ridge	Great Canadian Entertainment Centres Ltd.	Maple Ridge
Chances Mission (formerly Mission Bingo)	427967 BC Ltd. Gateway Casinos and Entertainment Limited	Mission
Chances Prince Rupert (formerly Totem Bingo Hall)	0733244 BC Ltd.	Prince Rupert
Chances Rim Rock (formerly Dob City)	Alberni Valley Gaming Association	Port Alberni
Chances Signal Point (formerly Lucky's the Bingo Centre)	Lucky's Ventures Ltd.	Williams Lake
Chances Squamish	Boardwalk Gaming Squamish Inc. Gateway Casinos and Entertainment Limited	Squamish
Chances Terrace (formerly Lucky Dollar Bingo Palace)	Fort St. John Gaming Centre and Hotel Limited Partnership	Terrace

Facility	Service Provider	Municipality
Edgewater Casino (formerly Grand & Royal Diamond)	Edgewater Casino ULC	Vancouver
Fairweather Bingo	Terrim Properties Ltd.	Vernon
Fraser Downs Racetrack and Casino	Orangeville Raceway Ltd	Surrey
Grand Villa Casino (formerly Burnaby)	Gateway Casinos and Entertainment Limited	Burnaby
Harbour City Bingo	Harbour City Bingo Inc.	Nanaimo
Hard Rock Casino Vancouver (formerly Boulevard & Coquitlam)	Great Canadian Casinos Inc.	Coquitlam
Hastings Racecourse Casino	Hastings Entertainment Inc.	Vancouver
Lake City Casino Kamloops	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Kamloops
Lake City Casino Kelowna	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Kelowna
Lake City Casino Penticton	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Penticton
Lake City Casino Vernon	Lake City Casinos Ltd. Gateway Casinos and Entertainment Limited	Vernon
Newton Community Gaming Centre	427967 BC Ltd. Gateway Casinos and Entertainment Limited	Surrey
Planet Bingo	Community Gaming Management Association	Vancouver
Playtime Langley	Playtime Community Gaming Centres Inc.	Langley
Playtime Nanaimo	Playtime Community Gaming Centres Inc.	Nanaimo
Playtime Penticton	Playtime Community Gaming Centres Inc.	Penticton
Playtime Victoria	Playtime Community Gaming Centres Inc.	Victoria
River Rock Casino Resort (formerly Richmond Casino)	Great Canadian Casinos Inc.	Richmond
Starlight Casino (formerly Royal City Star Casino)	Gateway Casinos and Entertainment Limited	New Westminster
Treasure Cove Casino (formerly Casino Hollywood)	Treasure Cove Casino Inc.	Prince George
View Royal Casino (formerly Mayfair, Victoria)	Great Canadian Casinos Inc.	View Royal
Treasure Cove Casino (formerly Chances Good Time, Good Time Bingo)	Treasure Cove Casino Inc.	Prince George