

Video Gaming Workshop

March 7, 2019

Overview of Discussion

- 1) Review of January 24 Workshop - Staff
- 2) Review of Draft Ordinances - Staff
 - Ordinance authorizing video gaming and liquor licenses for establishments with video gaming
 - Ordinance authorizing an advisory referendum on video gaming
- 3) Public Comment - Audience
- 4) Board Discussion and Policy Direction - Village Board
- 5) Next Steps - Village Board

January 24 Workshop Recap

- Review of Communication Efforts and Commitment to Transparency
- Review of Committee Recommendations
- Presentation on Video Gaming
- Review of Policy Issues and Possible Options
- Public Comment
- Board Discussion
 - No consensus reached
 - Direction to prepare two ordinances:
 - Ordinance authorizing video gaming
 - Ordinance authorizing an advisory referendum

Ordinance Providing for An Advisory Referendum

- Advisory question on video gaming
- Non-binding advisory referendum initiated by the Village
- General primary election ballot March 17, 2020
- Non-binding advisory questions
 - Voters make their position or views known on local issues
 - No binding legislation is associated with the outcome
- Citizen-initiated advisory referendum
 - Petition of 8% of votes cast for governor in preceding election
- Video Gaming Act binding referendum
 - Initiated by petition of 25% of registered voters

Policy Question - Ballot Language

Language currently proposed mirrors Illinois Gaming Act language for binding referendum:

Shall video gaming be prohibited in the Village of Lombard?
Yes/No

Alternate language permissible:

Shall video gaming be permitted in the Village of Lombard?
Yes/No

Staff is seeking direction from the Village Board regarding which language to use if an ordinance is placed on a future Village Board meeting agenda.

Date Restrictions

- General primary election March 17, 2020
- Ordinance may not be passed more than one year before the election date
- No action to provide for video gaming referendum before March 18, 2019
- Next available date for referendum would be November 5, 2020. However, ordinance placing it on ballot cannot be adopted until November 6, 2019.

Ordinance Regarding Video Gaming and Liquor Licenses

- Ordinance would authorize video gaming and provide liquor licenses for establishments to have video gaming
- Ordinance includes conditions and restrictions on the adoption of video gaming as recommended by four (4) standing advisory committees.
- Video gaming would require creation of new video gaming liquor licenses categories

Definitions

- Section 1 - Adds definitions of certain terms and references Illinois Gaming Act
 - Defines the terms “video gaming,” “video gaming terminal,” and “video gaming café”
 - “Video gaming café” is any establishment that receives more than 49% of gross revenue from video gaming.

Description of liquor license categories

- Section 2 - Creates new “VG” Video gaming liquor license classifications in the following liquor license classes:
 - Class A/B-II
 - Class A/B-III
 - Class A/B-IV
 - Class D
 - Class I
 - Class M
 - Class N-I
 - Class N-II
 - Class S
 - Class XX
 - Class Z
- There are currently thirty-five (35) active liquor licenses in the above categories. Licensees above are not automatically entitled to VG licenses.
- Specific names of current license holders in these categories were included in the February 28, 2019 staff memo as Exhibit A

Availability of Licenses

- Section 3 - Provides for addition of “VG” license classes but limits initial number of licenses to zero in each new class
- Upon initial adoption of ordinance, no “VG” available licenses
- Subsequent ordinances to increase available licenses would be required for each individual new gaming license
- Discretion to control ultimate number of licenses in each category lies with the Liquor Commissioner and Village Board of Trustees
- Reduction in number of licenses in each category required for establishments that cease operation or video gaming

License Fees

- Section 4 - Provides license fees for each newly created “VG” license category.
- License fees for each new “VG” license are the same as the non-VG license
- Fees are assessed semi-annually

Class A/B-II-VG \$1,500

Class A/B-III-VG \$2,500

Class A/B-III-VG \$3,000

Class D-VG \$1,000

Class I-VG \$400

Class M-VG \$800

Class N-I-VG \$1,500

Class N-II-VG \$1,000

Class S-VG \$750

Class XX-VG \$4,000

Class Z-VG \$2,500

License Restrictions

- The ordinance contains local restrictions on video gaming licenses that go above and beyond the basic requirements of the Video Gaming Act.
- Restrictions in the draft ordinance are matters of policy at the discretion of the Board.
- The inclusion, scope and extent of these restrictions may be amended at the discretion of the Board.
- The restrictions noted are in accordance with the recommendations of the four (4) standing advisory committees and are the ones that go beyond the minimum State requirements.

Signage Restrictions

- Section 7(D)(5) - Signage - Limits advertisements for video gaming that would be visible from the street or right of way within the Village.
- Includes temporary signage, and other attention getting devices
- Village has authority to regulate and place lawful restrictions upon liquor licenses, but such authority may be subject to legal challenge

Does the Village Board wish to keep this language in the draft ordinance if it is placed on a future Village Board meeting agenda?

Video Camera Surveillance

- Section 7(D)(6) - Surveillance System
- Video Surveillance - Establishments required to install and operate camera surveillance system capable of recording clear and unobstructed video of the area where terminals are located
- Video recordings shall be retained for 30 days.
- Subject to inspection by the Police Department upon request

Does the Village Board wish to keep this language in the draft ordinance if it is placed on a future Village Board meeting agenda?

Burglar Alarm System

- Section 7(D)(7) - Direct Connect Burglar Alarm
 - Establishment shall be equipped with a direct connect burglar alarm system to the Village Police Department or other location directed by Police, to address unpermitted entry into the establishment

Does the Village Board wish to keep this language in the draft ordinance if it is placed on a future Village Board meeting agenda?

Percentage of Income from Video Gaming

- Section 7(D)(8) - Percentage of Income from Video Gaming - Revenue from video gaming not to exceed 49% of establishment's gross revenue.
 - Percentage of 49% initially recommended by Finance & Administration Committee and adopted by subsequent committees
 - Aurora - Over 50% of revenue must come from food and beverages
 - Carol Stream - 51% of revenue must come from food and beverages
 - Mt. Prospect - Staff recommendation of 30% limitation, not included in final video gaming ordinance

Does the Village Board wish to keep this language in the draft ordinance if it is placed on a future Village Board meeting agenda?

Good Standing Provisions

- Section 7(D)(10) - Liquor establishment must be in “good standing” at the time of application. To be in “good standing”:
 - Minimum time in operation - Establishment must have been in existence on the licensed premises for 12 months at the time of application;
 - Must not owe any sums of money to the Village;
 - Must have no prior violations or suspension of liquor license in prior 12 months;
 - Must comply with other dram shop and video gaming requirements

Does the Village Board wish to keep these restrictions in the draft ordinance if it is placed on a future Village Board meeting agenda?

Video Gaming Cafés

- Section E - Video Gaming Cafés prohibited
 - Video gaming cafés are expressly prohibited in the Village
 - No liquor license shall be created, maintained or authorized for a video gaming café

Does the Village Board wish to keep this prohibition in the draft ordinance if it is placed on a future Village Board meeting agenda?

Terminal License fees

- Video Gaming Act limits non-home rule municipalities to a charge of \$25 per terminal
- Section 12 provides license fees of \$25 per terminal
- Maximum of 5 terminals per establishment by State law

Sunset Clause

- Provision added at the request of Village President
- Any permissions authorized under the ordinance will automatically terminate at 11:59 p.m. on June 30, 2020
- “Sunset” goes into effect automatically without need for further action by President and Board
- Continuation past June 30, 2020 would require further formal action by Village Board to adopt legislation
- Absent any further action, video gaming would be prohibited after July 1, 2020 and liquor licenses would automatically return to their current form

Other Considerations

- Revenues - If a “sunset provision” is approved, revenues generated to the Village should not be programmed or budgeted towards Village operations as revenue may not exist moving forward
- Information on liquor license activity (new additions and closures/terminations) for Village and neighboring communities has been provided as previously requested
- Communications - Video gaming website has been updated and draft ordinances have been shared publicly