



FINANCE DEPARTMENT
MUNICIPAL COLLECTOR'S DIVISION
M E M O R A N D U M

TO: Mayor Prussing and City Council Members
FROM: Beth Beaty, Administrative Services Manager
DATE: January 12, 2015
RE: Video Gambling Terminal Licenses

Brief Description of the Item:

Businesses operating Video Gambling Terminals (VGT's) must apply for an annual license from the City. A licensed business can operate up to five (5) VGT's at each location. Since September 2012, the City has licensed the following number of premises and VGT's:

<u>FY 12-13</u>	<u>FY 13-14</u>	<u>FY 14-15</u>
5 premises	10 premises	12 premises
22 VGT's	45 VGT's	54 VGT's

Identification of the Issues and Approvals Required:

Chapter 3.7-15(b) of the Urbana City Code states "*No more than twelve (12) licensed premises may display video gambling terminals to be played or operated by the public.*"

To date, all twelve (12) licenses have been issued. The Illinois Gaming Board's website shows Urbana as having one (1) unlicensed business approved and one (1) unlicensed business pending approval for VGT operation. The City will need to raise the limit of licensed premises in order to accommodate these businesses, as well as other businesses wanting to operate VGT's.

Council approval is required.

Options and their Consequences:

Increase the number of licensed premises from twelve (12) to twenty (20). This would allow the businesses waiting to license the opportunity to operate VGT's, as well as future businesses. If all twenty (20) premises become licensed, changes to the ordinance can be reviewed at that time.

If the City does not increase the number of licensed premises, revenue may be lost and the business owner could elect to operate elsewhere. Currently, the City of Champaign does not license VGT's, nor do they limit the number of VGT premises that can operate in Champaign.

Fiscal Impact:

Over the past two years, the City has received \$208,720 in revenue from VGT operations. Monthly revenue has steadily increased as new businesses have licensed. The City receives 5% of the net terminal income and businesses receive 35%.

Recommendation:

Staff recommends approval of the attached ordinance amending Urbana City Code Chapter 3.7, Section 3.7-15 and requests that it be forwarded for approval at the January 20, 2015 Council Meeting.

ORDINANCE NO. 2015-01-004

AN ORDINANCE AMENDING URBANA CITY CODE CHAPTER 3.7, SECTION 3.7-15

(Increasing number of licensed premises that may display video gambling terminals/2015)

WHEREAS, the City of Urbana ("City") is a home rule unit of local government pursuant to Article VII, Section 6, of the Illinois Constitution, 1970, and may exercise any power and perform any function pertaining to its government and affairs, including the power to regulate for the protection of the public health, safety, and welfare; and

WHEREAS, the City Council heretofore has enacted Urbana City Code Chapter 3.7, Section 3.7-15, to establish limitations on the number of premises licensed to display video gambling terminals to be played or operated by the public in the City; and

WHEREAS, the City Council remains concerned about the proliferation of gambling and its potential detrimental impact upon the health, safety, and welfare of the City's residents and visitors; and

WHEREAS, the City Council finds that a need exists to regulate the locations and activities of gambling establishments within the City; and

WHEREAS, the City Council finds that amending said section of the Urbana City Code as herein provided will protect the health, safety, and welfare of the public.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1.

Urbana City Code Chapter 3.7, "Amusements," Article II, "Amusement Devices; Video Gambling Terminals; Gamerooms," Section 3.7-15, "License application; issuance; limitations on video gambling terminals," subsection (b), is hereby amended with the underlined text indicating new language and the strikethrough text indicating deletions as follows:

- (b) No more than five (5) video gambling terminals may be located on any licensed premises. No more than ~~twelve (12)~~ twenty (20) licensed premises may display video gambling terminals to be played or operated by the public. In the event that all licenses last granted by operation of this section for video gambling terminals at any of the ~~twelve (12)~~ twenty (20) licensed premises lapse or are terminated for any reason, the number of licensed premises authorized by the corporate authorities to display video gambling terminals to be played or operated by the public shall automatically and immediately be reduced by one. Prior to authorizing any new licensed premises to display video gaming terminals under this section, the city council

shall convene and conduct a public hearing as necessary to gather additional information on the application or for other good reason.

Section 2.

Those sections, paragraphs, and provisions of the Urbana City Code that are not expressly amended or repealed by this Ordinance are hereby re-enacted, and it is expressly declared to be the intention of this Ordinance not to repeal or amend any portions of the Urbana City Code other than those expressly set forth as amended or repealed in this Ordinance. The invalidity of any section or provision of this Ordinance hereby passed and approved shall not invalidate other sections or provisions thereof.

Section 3.

This Ordinance shall not be construed to affect any suit or proceeding pending in any court, or any rights acquired, or a liability incurred, or any cause or causes of action acquired or existing prior to the effective date of this Ordinance; nor shall any right or remedy of any character be lost, impaired, or affected by this Ordinance.

Section 4.

The City Clerk is directed to publish this Ordinance in pamphlet form by authority of the corporate authorities, and this Ordinance shall be in full force and effect from and after its passage and publication in accordance with Section 1-2-4 of the Illinois Municipal Code.

This Ordinance is hereby passed by the affirmative vote, the "ayes" and "nays" being called, of a majority of the members of the Council of the City of Urbana, Illinois, at a meeting of said Council.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

AYES:

NAYS:

ABSENT:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor