



# CITY OF CLEARLAKE

City Council

## STAFF REPORT

**SUBJECT:** Consideration of First Reading of Ordinance No. 280-2025, An Ordinance of the City Council of the City of Clearlake Authorizing Bingo Games for Charitable Purposes Only

**MEETING DATE:**

April 3, 2025

**SUBMITTED BY:** Melissa Swanson, Administrative Services Director/City Clerk

**PURPOSE OF REPORT:** ☐ Information only ☐ Discussion ☒ Action Item

### WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to hold the first reading of Ordinance No. 280-2025, An Ordinance of the City Council of the City of Clearlake Authorizing Bingo Games for Charitable Purposes Only. The attached ordinance proposes to repeal Section 6-8 of the Clearlake Municipal Code, which previously addressed Remote Caller Bingo Games, and replace it with a new Section 6-8 that authorizes bingo games for charitable purposes only. This action is necessary because Remote Caller Bingo Games have been deemed illegal by the State of California.

The proposed ordinance includes provisions to ensure strict compliance with regulations, protect the community's peaceful atmosphere, and prevent illegal gambling activities. It defines "bingo," sets forth general provisions for conducting bingo games, specifies which organizations are authorized to conduct bingo games and how proceeds must be used, and establishes regulations for licensing, operation, and violations.

### BACKGROUND/DISCUSSION:

The City of Clearlake has a long-standing interest in allowing bingo games to be conducted for charitable purposes. For example, staff at the Clearlake Youth Center have been holding monthly bingo games to raise money for youth events and activities. This ordinance will provide the legal framework for such activities to continue, ensuring they are conducted in accordance with state and local laws.

- The ordinance aims to replace the previous regulations on Remote Caller Bingo Games with new provisions authorizing and regulating bingo games for charitable purposes only. This is due to Remote Caller Bingo Games being deemed illegal by the State of California.
- **Definition of Bingo:**
  - Bingo is defined as a game of chance where prizes are awarded based on matching numbers or symbols on a tangible card held by the player with those randomly selected and announced by a live caller.

- The game includes tangible cards with concealed numbers or symbols for prize distribution.
- Electronic or video displays are prohibited, except for the caller's drawing and public display of numbers/symbols.
- Winning cards cannot be known before the game.
- Preprinted cards must indicate they are "for sale or use only in a bingo game authorized under California law and pursuant to local ordinance."
- Prizes can only be claimed with a covered or marked tangible card presented by a player.
- **Authorized Organizations:**
  - Bingo games can only be conducted by organizations exempt from the bank and corporation tax under specific sections of the Revenue and Taxation Code, mobile home park associations, charitable organizations affiliated with a school district, and senior citizen organizations.
  - The proceeds must be used exclusively for charitable purposes.
- **Location of Games:**
  - Bingo games must be conducted on property owned or leased by the authorized organization, or property donated for their use, and used for their office or organizational purposes.
  - The property does not need to be used exclusively by the organization.
- **Operation of Games:**
  - Bingo games must be operated and staffed only by members of the authorized organization, who cannot receive profit, wages, or salaries from the game proceeds.
  - Only the authorized organization can operate, promote, supervise, or participate in any aspect of the game.
  - Security personnel who are not members can be employed.
  - All bingo games must be open to the public.
- **Financial Interest and Use of Proceeds:**
  - No entity other than the authorized organization can hold a financial interest in the bingo game.
  - Organizations exempt under Section 23701(d) of the Revenue and Taxation Code must keep profits in a separate fund used only for charitable purposes.
  - Other authorized organizations, such as the City of Clearlake, must also keep proceeds in a separate fund for charitable purposes, but may use proceeds for prizes, rental of property, overhead expenses (within limits), and license fees. In the City's case, staff intend to use the proceeds for youth events and prizes to continue holding games. Initial prizes for the games held were donated by Admin Services staff.
- **Record Keeping and Reporting:**
  - A copy of the monthly records of receipts, disbursements, and fund balance must be delivered to the Clearlake Police Department.
  - All records and bank accounts related to bingo games are subject to inspection by the Police Department.
- **Licensing:**
  - Organizations must be licensed by the Police Department to conduct bingo games. Fees will be adopted at a public hearing at the next Council meeting, following the second reading of the ordinance.
  - The Police Department can require individuals involved in the games to be fingerprinted and photographed.
  - Licenses are annual, with fees varying based on the frequency of games.
  - If a license application is denied, half of the fee is refunded.

- **Participation Restrictions:**
  - Participants must be physically present at the game.
  - Minors (under 18 years) are prohibited from participating.
- **Time and Prize Limits:**
  - Bingo games cannot be conducted between midnight and 10 a.m.
  - The total value of prizes for each separate game cannot exceed \$500 in cash or kind, or both.
- **Violations:**
  - Paying or receiving profit, wages, or a salary from a bingo game is a misdemeanor, punishable by a fine up to \$10,000.
  - Other violations of the ordinance are misdemeanors, punishable by a fine up to \$500, imprisonment up to six months, or both.
  - Violations can lead to immediate suspension or revocation of the license.
- **Suspension or Revocation Process:**
  - The Chief of Police can temporarily suspend or revoke a license for violations.
  - The Chief of Police must file written charges with the City Council within ten days of suspension or revocation.
  - The City Council will hold a hearing and notify the licensee at least ten days prior.
  - The City Council has the authority to revoke or temporarily suspend the license.

**OPTIONS:**

1. Move to hold the first reading of Ordinance No. 280-2025.
2. Other direction.

**FISCAL IMPACT:**

☐ None      ☒ \$50 anticipated annual license fee      Budgeted Item? ☐ Yes ☒ No  
 Budget Adjustment Needed? ☐ Yes ☒ No      If yes, amount of appropriation increase: \$  
 Affected fund(s): ☒ General Fund   ☐ Measure P Fund   ☐ Measure V Fund   ☐ Other:  
 Comments:

**STRATEGIC PLAN IMPACT:**

- ☐ Goal #1: Make Clearlake a Visibly Cleaner City  
☐ Goal #2: Make Clearlake a Statistically Safer City  
☒ Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities  
☒ Goal #4: Improve the Image of Clearlake  
☐ Goal #5: Ensure Fiscal Sustainability of City  
☐ Goal #6: Update Policies and Procedures to Current Government Standards  
☒ Goal #7: Support Economic Development

**SUGGESTED MOTIONS:**

Move to Hold First Reading of the Ordinance, read it by title only, waive further reading and set second reading and adoption for the next Council meeting.

☐ **Attachments:** 1) Ordinance No. 280-2025