



Folsom City Council Staff Report

MEETING DATE:	5/13/2025
AGENDA SECTION:	Consent Calendar
SUBJECT:	Ordinance No. 1351 – An Ordinance of the City of Folsom Amending Sections 5.20.050(C) and 5.20.070(A)(2) of the <u>Folsom Municipal Code</u> to Increase the Number of Card Tables and Specify the Number of Cardrooms and Card Tables in the City (Second Reading and Adoption)
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends that the City Council conduct a second reading of and move to adopt Ordinance No. 1351- An Ordinance of the City of Folsom Amending Sections 5.20.050(C) and 5.20.070(A)(2) of the Folsom Municipal Code to Increase the Number of Card Tables and Specify the Number of Cardrooms and Card Tables in the City.

BACKGROUND / ISSUE

Legal gambling establishments, popularly referred to as cardrooms, have existed in California since the 1850s, and for most of that time, regulation of cardroom activities was left almost exclusively to local governments. The Folsom City Council formally began regulating cardrooms in 1988 with the approval of Ordinance No. 618, which enacted Chapter 5.20 Cardrooms of the Folsom Municipal Code.

Control of cardrooms began to shift to the State of California in 1995 when the Legislature enacted a 5-year moratorium that restricted the licensing of new cardrooms within the state. The original intent of the moratorium was to temporarily freeze the expansion of gambling in California while the State Legislature crafted what would eventually become the Gambling Control Act (Act) in 1997, legislation that requires the licensure and regulation of cardrooms on a statewide level.

Passage of the Act ultimately extended the moratorium on issuing any new cardroom licenses and expanded the definition of "expansion of gambling" to also include the number of tables in a local

jurisdiction. Under this definition, a local governmental body is prohibited from amending its Ordinance in a manner that would result in an increase of 25% or more (when compared to that authorized on January 1, 1996) in either the number of gambling tables in the jurisdiction or in the number of gambling tables operated in a cardroom in that jurisdiction.

In the 20 plus years since the Act's passage, the Legislature has enacted several exceptions to the moratorium that allow for a modest increase in the number of tables operated in a licensed gambling establishment (e.g., 2-3 tables). The City of Folsom utilized two of these statutes to increase the number of tables that could be operated in a cardroom from six to nine in 2010 and nine to eleven in 2022. These table limits are codified in Folsom Municipal Code (FMC) Section 5.20.070(A)(2).

Folsom Municipal Code Chapter 5.20 – Cardrooms also includes provisions regarding the number of cardrooms permitted within the City. Specifically, FMC Section 5.20.050 (C) states that no cardroom license shall be granted when the number of cardroom licenses in the City exceeds the ratio of one cardroom for each two thousand five hundred persons in the City according to the last preceding federal census. The 2020 United States Census estimated the population of Folsom at 80,454 persons, thus a maximum of 32 cardrooms would be permitted if consistent with state law.

On February 7, 2025, the City received correspondence from the California Department of Justice, Bureau of Gambling Control (Bureau), notifying us that the current language of FMC Section 5.20.050(C) is inconsistent with the Act (Attachment 2 of this report). Specifically, the Section must be amended to permit a specified number of card tables for the entire jurisdiction that is consistent with the number approved as of January 1, 1996, and any additional tables permitted through a legislative review process thereafter. Further, the Bureau stated that this Section must be amended before the Bureau approves any new cardroom licenses in the City.

On April 22, 2025, the City Council voted to introduce and conduct the first reading of Ordinance 1351 to increase the number of card tables and specify the number of cardrooms and card tables in the City. No changes to the Ordinance have been made since the first reading.

POLICY / RULE

Under Section 2.12 of the City Charter, amendments to the Folsom Municipal Code require review and approval by the City Council.

ANALYSIS

Staff propose to amend FMC Section 5.20.050(C) as follows:

5.20.050 Action on applications.

C. Only one (1) cardroom is permitted in the City, and only one (1) cardroom license may be issued in the City. Anything to the contrary notwithstanding, no cardroom license shall be granted when the number of cardroom licenses in the city exceeds the ratio of one cardroom for each two thousand five hundred persons in the city according to the last preceding federal census or special census conducted under the supervision of the

~~Department of Finance of the State of California at the time of the application; provided, that this population limitation shall not prevent the continuance of any cardroom existing and operating at the time of the passage of the ordinance codified in this chapter. Such continued operation, however, shall be in compliance with the regulations of Section 5.20.070 in all respects. The population standard established in this section is intended to fix a maximum limitation on the number of licenses. The city council may, in its discretion, elect to authorize fewer licenses than such standard would allow.~~

This amendment will bring the FMC into compliance with the Act and clarify applicable limits to cardroom operators looking to establish a business in the City. Any new cardroom would need to obtain both a license, a Conditional Use Permit, and be subject to the State Gambling Control Act restrictions and regulations.

California Business and Professions Code Section 19961.07, subdivision (a), permits up to a 25% increase in card tables allowed by a jurisdiction. As stated in the Background section of this report, the current number of card tables allowed per cardroom is eleven. Staff recommend that the City Council consider also amending FMC Section 5.20.070(A)(2) to permit two additional card tables for a total of thirteen and to reiterate that the total number of card tables permitted within the City is thirteen:

5.20.070 Cardroom regulations.

A. No person shall operate a cardroom in violation of any of the following regulations:

2. No more than ~~eleven~~ thirteen (13) card tables shall be permitted in any cardroom, and no more than thirteen (13) card tables are allowed in the City.

These additional amendments reiterate the jurisdictional card table limits required to comply with the State Gambling Control Act while allowing a potential licensee the maximum number of card tables permitted for our jurisdiction. The proposed amendments were reviewed and deemed acceptable by the Bureau (Attachments 2 and 3).

FINANCIAL IMPACT

No immediate financial impact is expected from these proposed amendments.

ENVIRONMENTAL REVIEW

The project is exempt under Section 15061(b)(3) - Common Sense Rule of the California Environmental Quality Act (CEQA). The proposed amendments to FMC Chapter 5.20 have no potential to cause significant effects on the environment.

ATTACHMENTS

1. Ordinance No. 1351 – An Ordinance of the City of Folsom Amending Sections 5.20.050(C) and 5.20.070(A)(2) of the Folsom Municipal Code to Increase the Number of Card Tables and Specify the Number of Cardrooms and Card Tables in the City
2. California Department of Justice, Bureau of Gambling Control correspondence, dated February 7, 2025.
3. California Department of Justice, Bureau of Gambling Control correspondence, dated February 25, 2025.

Submitted,



PAM JOHNS

Community Development Director