



Folsom City Council Staff Report

MEETING DATE:	10/25/2022
AGENDA SECTION:	Consent Calendar
SUBJECT:	Ordinance No. 1334 – An Ordinance of the City of Folsom Amending <u>Section 5.20.070(A)(2)</u> and Repealing <u>Section 5.20.070(A)(13)(d)</u> of the <u>Folsom Municipal Code</u> to Increase the Number of Card Tables and <u>Allow Backline Betting</u> (PN 22-157)(Second Reading and Adoption)
FROM:	Community Development Department

RECOMMENDATION / CITY COUNCIL ACTION

Move to Adopt Ordinance No. 1334 – An Uncodified Ordinance of the City of Folsom Amending Section 5.20.070(A)(2) and Repealing Section 5.20.070(A)(13)(d) of the Folsom Municipal Code to Increase the Number of Card Tables and Allow Backline Betting.

BACKGROUND / ISSUE

On June 1, 2022, Delta C, LP submitted an application to the City requesting approval of a Municipal Code Amendment to amend the City of Folsom Cardroom Ordinance with the purposes of (1) increasing the number of permitted card tables in any cardroom from 9 to 11; and (2) allowing the practice of Backline Betting to occur in any cardroom. Delta C, LP stated in their application that these amendments to the City’s Cardroom Ordinance are necessary for the cardroom to be able to compete with cardrooms in other local jurisdictions in the Sacramento area.

The following are the specific amendments to the Cardroom Ordinance that were originally proposed by the applicant:

- Amend Chapter 5.20, Section 5.20.070(A)(2) of the Folsom Municipal Code to increase the number of card tables in the City from 9 to 11, pursuant to the allowance provided by Business and Professions Code § 19961.06(b), and add language to this Section that would allow the City to take advantage of any future table increases authorized by the Legislature without amending the Cardroom Ordinance as follows:

5.20.070 Cardroom regulations.

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

...

2. No more than ~~nine~~ eleven (11) card tables shall be permitted in any cardroom. However, should judicial or legislative action alter the restrictions or limitations in the Gambling Control Act, Business and Professions Code section 19800 et seq., to allow for an increase in the current number of tables without voter approval, the maximum number of tables permitted in any cardroom may be increased, subject to city council allocation by Resolution, up to the amount such judicial or legislative action allows, not to exceed a maximum of fifteen (15) tables.

- Delete Section 5.20.070(A)(13)(d) of the Folsom Municipal Code, which currently prohibits the practice of “Backline Betting” within the City as follows:

13. The following provisions shall govern wagering limits: It is unlawful for any person to bet or wager at or against any card game held at a licensed gaming club except as allowed by this chapter. In addition to any conditions that may be imposed on a license, the following restrictions shall apply:

...

~~d. Other than seated players actively participating in the game, no person shall be permitted to place a wager on any card game, and a player shall only place a wager on his or her own card hand. Backline Betting or side betting is prohibited.~~

On September 13, 2022, City staff provided the City Council with an overview of the proposed amendment to the Cardroom Ordinance for the purpose of soliciting feedback and receiving direction from the Council. The Council discussed the proposed cardroom amendments and indicated that they were supportive of the proposed amendments.

On October 11, 2022, the City received a letter from the State Bureau of Gambling Control (Bureau) regarding the proposed Cardroom Ordinance Amendment. In their letter, the Bureau indicated that applicant’s request to increase the number of card tables from 9 to 11 and the request to repeal language prohibiting Backline Betting were consistent with the State Gambling Control Act. However, the Bureau stated that the language in the Cardroom Ordinance Amendment that provides for the “automatic” increases to the number of cardrooms was not consistent with the Gambling Control Act. As a result, the Bureau recommended that the language in the Cardroom Ordinance Amendment that provides for “automatic” increases in the number of card tables be eliminated. City staff consulted with the project applicant and they were agreeable to modifying the Cardroom Ordinance Amendment as follows:

SECTION 2 AMENDMENT TO CODE

Section 5.20.070(A)(2) of the Folsom Municipal Code is hereby amended to read as follows:

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 (11) card tables shall be permitted in any cardroom.

~~However, should judicial or legislative action alter the restrictions or limitations in the Gambling Control Act, Business and Professions Code section 19800 et seq., to allow for an increase in the current number of tables without voter approval, the maximum number of tables permitted in any cardroom may be increased, subject to city council allocation by Resolution, up to the amount such judicial or legislative action allows, not to exceed a maximum of fifteen (15) tables.~~

On October 11, 2022, the City Council reviewed the proposal from Delta C, LP for approval of a Municipal Code Amendment to amend the City of Folsom Cardroom Ordinance with the purpose of increasing the number of permitted card tables in any cardroom from 9 to 11 and allowing the practice of Backline Betting to occur in any cardroom. The City Council expressed their support for the proposed project as amended and voted (5-0-0) to introduce and conduct first reading of Ordinance No. 1334 (An Ordinance of the City of Folsom Amending Section 5.20.070(A)(2) and Repealing Section 5.20.070(A)(13)(d) of the Folsom Municipal Code to Increase the Number of Card Tables and Allow Backline Betting).

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

As referenced in the Background section of this report, the proposed Municipal Code Amendment would amend the City of Folsom's Cardroom Ordinance with the goals of (1) increasing the number of permitted card tables in any cardroom from 9 to 11; and (2) allowing the practice of Backline Betting to occur in any cardroom. The implications associated with these two amendments are a minor increase in the number of customers (potentially 20 additional customers) and employees (potentially 5-10 additional employees) present in a cardroom at any given point in time.

In evaluating the proposed Cardroom Ordinance, City staff consulted with the appropriate internal staff including the Chief of Police, Fire Chief, Chief Building Official, Code Enforcement Supervisor, Community Development Director, and City Attorney. In addition, City staff also solicited feedback regarding general cardroom operations and concerns from

code enforcement officers throughout the Sacramento region. The general consensus of the outreach effort with the aforementioned individuals and groups was that there were no concerns with the proposed Cardroom Ordinance due the limited nature of the proposed modifications. As a result, City staff determined that the proposed Cardroom Ordinance will not be likely to result in any direct impacts (traffic, parking, noise, aesthetics, safety, etc.) due to the fact that the Ordinance is simply providing the opportunity for a cardroom to increase the number of card tables within an establishment while also allowing for increased participation at the card tables through the process of Backline Betting. Any cardroom seeking to operate 11 tables and/or allow backline betting must receive individual approval from the City Council pursuant to the Cardroom Ordinance.

The applicant for the proposed Cardroom Ordinance (Delta C, LP) indicated that it is their intent to apply for a Conditional Use Permit and Cardroom License to own and operate a cardroom within an existing 4,680-square-foot freestanding commercial building (formerly Applebee's Restaurant and Casa Ramos Restaurant) located at 400 Iron Point Road. The Conditional Use Permit, which will be subject to review and approval by the Planning Commission, will include an extensive evaluation of potential direct impacts associated with the cardroom including but not limited to site design, vehicle access and circulation, parking, noise, safety, building design, signage, and days/hours of operation. The Cardroom License will be subject to separate review and approval by the City Council.

FINANCIAL IMPACT

A recent Economic Impact Analysis (Analysis) commissioned by the California Gaming Commission in 2019 (<https://californiagamingassociation.org/cardroomimpact/>) found the total annual economic impact of California's cardroom industry to be \$5.6 billion dollars, providing over 32,000 local jobs.

ENVIRONMENTAL REVIEW

The project is categorically exempt under Section 15061(b)(3) Review for Exemption of the California Environmental Quality Act (CEQA). New cardroom applications (Conditional Use Permit) in the City will be subject to CEQA review

ATTACHMENTS

1. Ordinance No. 1334 – An Ordinance of the City of Folsom Amending Section 5.20.070(A)(2) and Repealing Section 5.20.070(A)(13)(d) of the Folsom Municipal Code to Increase the Number of Card Tables and Allow Backline Betting.

Submitted,

A handwritten signature in blue ink, appearing to read "Pam Johns", with a long horizontal flourish extending to the right.

PAM JOHNS
Community Development Director

Attachment 1

Ordinance No. 1334 – An Ordinance of the City of Folsom Amending Section 5.20.070(A)(2) and Repealing Section 5.20.070(A)(13)(d) of the Folsom Municipal Code to Increase the Number of Card Tables and Allow Backline Betting

ORDINANCE NO. 1334

**AN ORDINANCE OF THE CITY OF FOLSOM AMENDING SECTION 5.20.070(A)(2)
AND REPEALING SECTION 5.20.070(A)(13)(d) OF THE FOLSOM MUNICIPAL CODE
TO INCREASE THE NUMBER OF CARD TABLES AND ALLOW BACKLINE
BETTING**

The City Council of the City of Folsom does hereby ordain as follows:

SECTION 1 PURPOSE

The purpose of this Ordinance is to amend the Folsom Municipal Code to increase the number of card tables in the City from 9 to 11 pursuant to the allowance provided by Business and Professions Code § 19961.06(b) and to allow the practice of “Backline Betting” within the City.

SECTION 2 AMENDMENT TO CODE

Section 5.20.070(A)(2) of the Folsom Municipal Code is hereby amended to read as follows:

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 (11) card tables shall be permitted in any cardroom.

SECTION 3 REPEAL OF CODE

Section 5.20.070(A)(13)(d) is hereby deleted from the Folsom Municipal Code in its entirety.

SECTION 4 SCOPE

Except as set forth in this ordinance, all other provisions of the Folsom Municipal Code shall remain in full force and effect.

SECTION 5 SEVERABILITY

If any section, subsection, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council declares that it would have passed each section irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared unconstitutional, invalid, or ineffective.

SECTION 6 EFFECTIVE DATE

This ordinance shall become effective thirty (30) days from and after its passage and adoption, provided it is published in full or in summary within twenty (20) days after its adoption in a newspaper of general circulation in the City.

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on October 11, 2022, and the second reading occurred at the regular meeting of the City Council on October 25, 2022.

On a motion by Council Member _____ seconded by Council Member _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this 25th day of October, 2022 by the following roll-call vote:

AYES: Councilmember(s):

NOES: Councilmember(s):

ABSENT: Councilmember(s):

ABSTAIN: Councilmember(s):

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK