



Legislation Text

File #: 19-513, **Version:** 1

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SUBJECT: Public Hearing and Potential Introduction of Ordinance Amending Section 9.08.020 Regarding Cardrooms and Amending CUP #1216, Merced Poker Room, and CUP #1219, Poker Flats Casino (AKA Golden Valley Casino) to Reflect the Number of Card Tables Allowed Pursuant to State Regulations

REPORT IN BRIEF

Considers the introduction of an Ordinance amending the number of card tables allowed within the City of Merced from sixteen (16) to twelve (12) in compliance with state regulations.

RECOMMENDATION

City Council - Adopt a motion introducing **Ordinance 2503**, an Ordinance of the City Council of the City of Merced, California, amending Section 9.08.020 "Cardrooms," of the Merced Municipal Code.

ALTERNATIVES

1. Introduce Ordinance as recommended by staff; or,
2. Modify ordinance for introduction; or,
3. Deny; or,
4. Refer back to staff for reconsideration of specific items (specific items to be addressed in City Council motion); or
5. Continue to a future City Council meeting (date and time to be specified in the City Council motion).

AUTHORITY

City of Merced Charter, Section 200.

CITY COUNCIL PRIORITIES

Not Applicable.

DISCUSSION

On April 18, 2016, the City Council introduced an ordinance amending Section 9.08.020 dealing with cardrooms (Ordinance No. 2457 - Attachment 1). This amendment increased the number of tables allowed within the City from 8 tables to 16 tables (no single cardroom was allowed more than 8 tables). On April 26, 2016, the revised ordinance was submitted to the Department of Justice (DOJ) for review as required by state regulations. The ordinance became effective June 2, 2016.

The City received a letter from the DOJ dated April 26, 2017 (Attachment 2), which outlined the

changes that were made to the City's regulations by Ordinance No. 2457 and identified issues that conflicted with the California Business and Professions Code.

The letter stated that the City could not increase the number of tables allowed within the City to sixteen (16) as was allowed under Ordinance No. 2457. Instead, according to the Business and Professions Code, the City could only increase the number of tables to twelve (12). The letter also noted that the ordinance failed to meet state regulations regarding the hours of operation for a cardroom, and recommended changes regarding wagering limits. Please refer to the letter at Attachment 2 for details regarding the DOJ's concerns with Ordinance No. 2457.

On February 22, 2017, the Planning Commission approved Conditional Use Permit (CUP) #1216 for the Merced Poker Room at 1459 Martin Luther King, Jr. Way and CUP #1218 for Poker Flats Casino (now known as Golden Valley Casino) at 1714 Martin Luther King, Jr. Way. These CUP's allowed each business to operate 8 card tables for a total of 16 tables as allowed under Ordinance No. 2457. The Merced Poker Room subsequently filed an appeal of the Conditions of Approval limiting the number of card tables within their establishment to 8 tables. They wanted to be able to have more than 8 tables within the establishment, but to only have 8 tables in operation at any given time. The City Council denied this request (see City Council Resolution 2017-18 at Attachment 3).

As previously noted, the City was notified by the DOJ of issues with Ordinance No. 2457 in April 2017. At that time, the City notified both card rooms that the state had determined the number of tables allowed within the City was only twelve (12) tables. Therefore, each establishment would be allowed a maximum of six (6) tables.

The City Attorney's office drafted the necessary changes to the ordinance [a red-lined version of the ordinance has been provided in order to see the changes that were made (Attachment 4)] and submitted it to the Department of Justice for review. On May 13, 2019, the City received a letter from the DOJ acknowledging that the proposed ordinance amendments are now in compliance with the California Business and Professions Code regulations for cardrooms (refer to the letter at Attachment 5).

The Merced Poker Room and Golden Valley Casino were notified of the proposed ordinance amendment. They are aware that this amendment limits the number of tables for each establishment to six (6).

CITY COUNCIL ACTION

In order to bring the City's cardroom ordinance into compliance with the California Business and Professions Code, the City Council should introduce the ordinance at Attachment 6.

ATTACHMENTS

1. Ordinance No. 2457
2. Letter from DOJ dated April 26, 2017
3. City Council Resolution No. 2017-18
4. Redlined Version of Changes to Ordinance
5. Letter from DOJ dated May 6, 2019
6. Draft Ordinance
7. Presentation