DATE: May 14, 2019

TO: Mayor and Council Members

FROM: City Manager’s Office

SUBJECT: Resolution Opposing State Card Club Regulations

RECOMMENDATION:
It is recommended that the Mayor and Council Members adopt a resolution opposing changes to current state card club regulations.

BACKGROUND:
On July 11, 2001, the Cities of Bell Gardens, Commerce, Gardena, and Hawaiian Gardens formed the California Cities for Self-Reliance Joint Powers Authority ("Authority") pursuant to a Joint Powers Agreement for the purpose of promoting and protecting the common economic interests of its member cities.

On April 25, 2006, the City Council authorized the City of Inglewood to become a Trade Member of the Authority. Council Member Ralph Franklin is the City of Inglewood’s appointed Trade Member Representative, and Council Member Eloy Morales, Jr., is the alternate.

On September 12, 2006, the Founding members (Hawaiian Gardens, Commerce, Bell Gardens, and Gardena) approved the admission of the Cities of Compton and Inglewood as Trade Members.

The Authority presently consists of the Cities of Bell Gardens, Commerce, Compton, Cudahy, Hawaiian Gardens, Gardena, and Inglewood (Member Cities). The Authority Member Cities are similarly unique in that each Member City hosts state licensed card clubs within its local jurisdiction, which are essential to the respective economies of the Member Cities.

The purpose of the Authority is as follows:

1. To promote and protect the gaming economy of the State of California and of the Member Cities.
2. To seek more opportunities for gaming within the State of California beneficial to the Member Cities of the Authority and the gaming establishments within their boundaries.
3. To advance the interests of the Member Cities of the Authority on issues of gaming.
4. To enhance revenues of the Member Cities of the Authority from gaming establishments within their boundaries.
5. To support the interests of the gaming establishments in the Member Cities at regional, state, and national levels.
6. To welcome Tribal Gaming in the State of California as an industry inclusive of gaming establishments within the Member Cities.
7. To create gaming opportunities and enter in ventures with all participants in gaming so as to enhance gaming revenues to the Member Cities of the Authority and the gaming establishments within their boundaries.

Together, the Authority Member Cities consist of over 334,000 residents with a diverse demographic. By coming together to form the Authority, the Member Cities can better leverage its financial and political resources on the state and federal levels to promote and protect its residents shared economic interests.

In recent months, state regulatory agencies that oversee gaming at local card clubs have provided guidance that they will target the way clubs do business by changing the rules under which card clubs have operated for decades.

**DISCUSSION:**
The Bureau of Gambling Control (the “Bureau”), within the Office of Attorney General, has stated its intent to begin revoking the approval of various card games played in local card clubs, because they resemble the game known as “Black Jack” or “21” despite the fact that such card games have operated legally in the state for decades.

In addition to the proposed actions on “California Black Jack” style games, the Bureau has been conducting workshops across the state about regulations that would impose new restrictions on the use of the player dealer position and Third Party Proposition Players in the play of card games in all California clubs. The impact of these new restrictions would slow the play of all card games and dissuade players from attending local card clubs. This would have a direct effect on the over $6 million in card club revenues received from the Hollywood Park Casino (“HPC”) annually.

In order to counter the actions of the Bureau, the Authority has hired the services of a lobbyist to represent the interests of card club cities. This lobbyist has met with several legislators within the state capital, who have requested that a resolution be passed by each Member City to show opposition to the proposed changes to current state card club regulations, as well as the impact that the loss of revenues will have to the respective operations. This resolution will be provided to key legislators and their staff to create a coordinated message from card club cities. The message will reflect that the following areas will be cut if the proposed rules are enacted:

1) Elderly nutrition programs providing daily meals to seniors at senior centers and home delivered meals to homebound seniors.
2) Care management for homebound seniors, which includes comprehensive in-home assessments (physical, psychological, and social) and care plans that allow residents to age in their home and not inside of an institution.
3) Senior transportation programs that provide over 50,000 rides annually for para-transit curb to curb service for medical appointments, grocery shopping, group social outings organized by our senior centers, and subsidy discounted for taxi cab fares.
4) Homeless hotel vouchers, which allow hundreds of homeless residents in our underserved communities to sleep in a bed under a roof.
5) Library operations, which provides resources to youths and adults alike to have access to information to support their on-going education.
The resolution will request the Attorney General of the State of California, and his affiliated agencies, to cease any and all actions that would harm the revenues the City has depended upon to fund important local community programs and public safety for nearly two decades.

FINANCIAL/FUNDING ISSUES AND SOURCES:
There is no fiscal impact to the general fund for adoption of the resolution.

LEGAL REVIEW VERIFICATION: 
Administrative staff has verified that the legal documents accompanying this report have been submitted to, reviewed and approved by the Office of the City Attorney.

FINANCE REVIEW VERIFICATION: 
Administrative staff has verified that this report, in its entirety, has been submitted to, reviewed and approved by the Finance Department.

DESCRIPTION OF ANY ATTACHMENTS:
Attachment No. 1: Resolution Opposing Changes to Current State Card Club Regulations
APPROVAL VERIFICATION SHEET

PREPARED BY:
Artie Fields, City Manager
Harjinder Singh, Deputy to the City Manager

COUNCIL PRESENTER:
Harjinder Singh, Deputy to the City Manager

CITY MANAGER APPROVAL: ____________________________
Artie Fields, City Manager
RESOLUTION NO.: ________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
INGLEWOOD OPPOSING THE PROPOSED CALIFORNIA
STATE CARD CLUB REGULATIONS.

WHEREAS, the People of California have repeatedly shown their support for legal
gaming in California through votes on propositions and in their patronage of gaming
institutions; and

WHEREAS, for the past two decades, the Legislature, Department of Justice, and
various responsible licensing entities responded to that support by enacting public policy that
allowed card clubs to play specific, regulated games; and

WHEREAS, many California cities with card clubs in their jurisdictions have sought and
secured a portion of revenue generated from the operation of the clubs in their jurisdiction as
mitigation for impacts to the community; and

WHEREAS, a group of seven cities in Los Angeles County, including Bell Gardens,
Commerce, Compton, Cudahy, Gardena, Hawaiian Gardens, and Inglewood, have formed
California Cities for Self-Reliance Joint Powers Authority as a way to collaborate on the card
club issues they share; and

WHEREAS, currently, gaming revenue represents a large share of the general funds of
JPA member cities with some of our member cities reporting that gaming revenues account for
up to 80% of their budgets; and

WHEREAS, gaming revenues account for $6,031,414 of the City of Inglewood’s budget;
and

WHEREAS, the California Attorney General’s Office, the Bureau of Gambling Control,
and the California Gambling Control Commission have offered no legitimate rationale for
revisiting, altering, or cancelling prior regulations, games, or policies previously approved; and

WHEREAS, despite any mandate to review or alter these regulations or policies, the
stated goal of outside interests, including some tribes, to extinguish 21-style California games
and force a change to rotation rules has a clear and quantifiable effect on the residents of
Inglewood who benefit from gaming license fees in the form of city services; and

WHEREAS, that quantifiable effect will come in the form of an estimated reduction of
revenue totaling $2,498,814 based on the elimination of 21-style California games, which are
22% of the city’s fee revenue and a 50% reduction in California games based on changes to
rotation rules.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Inglewood,
California, does hereby:

SECTION 1. Insert the aforementioned recitals herein and accepts them as
true and correct.

SECTION 2. Call on the Attorney General of the State of California and his
affiliated agencies to cease any and all actions that would harm the revenues we depend upon
to fund important local community programs and public safety and have done so for nearly
two decades.

SECTION 3. Believe that the following areas will be cut if the proposed rules
are enacted:

1) Elderly nutrition programs providing daily meals to seniors at senior
centers and home delivered meals to homebound seniors.

2) Care management for homebound seniors, which includes
comprehensive in-home assessments (physical, psychological, and
social) and care plans that allow residents to age in their home and not
inside of an institution.

3) Senior transportation programs that provide over 50,000 rides annually
for para-transit curb to curb service for medical appointments, grocery
shopping, group social outings organized by our senior centers, and
subsidy discounted for taxi cab fares.

4) Homeless hotel vouchers, which allow hundreds of homeless residents
in our underserved communities to sleep in a bed under a roof.
5) Library operations, which provides resources to youths and adults alike
to have access to information to support their on-going education.

BE IT FURTHER RESOLVED that the City Clerk shall certify to the adoption of this Resolution and the same shall be in full force and effect immediately upon adoption.

Passed, approved and adopted this _____________ day of _________, 2019

CITY OF INGLEWOOD

________________________________________
James T. Butts, Jr.,
Mayor

ATTEST:

________________________________________
Yvonne Horton,
City Clerk