



**CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT
AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)**

**City Hall
2729 Prospect Park Drive, Rancho Cordova**

Tuesday, June 26, 2012

**5:30 PM – Special Meeting
Community Board Room**

AGENDA

1. SPECIAL MEETING - CALL TO ORDER/ROLL CALL

2. PUBLIC COMMENT

- 2.1 At a special meeting, citizens wishing to address the Council for any matter on the agenda may do so at the time the matter is discussed. Note, under the provisions of the California Government Code, the City Council is prohibited from discussing or taking action on any item not on the agenda.

3. SPECIAL MEETING ITEM

- 3.1 **Subject:** Appointment of Real Property Negotiators
Recommendation: Appoint Ted Gaebler, Adam Lindgren, Joe Chinn, Donna Silva, Micah Runner, and Curt Haven as Real Property Negotiators.
Result of Recommended Action: This action will allow negotiation of price and payment terms for real property located at 10235 Folsom Boulevard, APN: 076-0213-011 and 076-0213-012 and 10259 Folsom Boulevard, APN: 076-0213-003, 076-0213-004, and 076-0213-005.
Staff Report: Micah Runner, Economic Development Department
COUNCIL ACTING AS THE SUCCESSOR AGENCY

4. ADJOURNMENT

5. CLOSED SESSION - CALL TO ORDER/ROLL CALL

6. CLOSED SESSION

Council will meet in Closed Session to discuss the following item(s):

- 6.1 Conference with legal counsel, anticipated litigation (Government Code Section 54956.9 (b)), one (1) potential case.
- 6.2 Conference with real property negotiators (Government Code Section 54956.8)
Property: 10235 Folsom Boulevard, APN: 076-0213-011 and 076-0213-012 and 10259 Folsom Boulevard, APN: 076-0213-003, 076-0213-004, and 076-0213-005.
Agency Negotiators: Ted Gaebler, Adam Lindgren, Joe Chinn, Donna Silva, Micah Runner, and Curt Haven.
Negotiating parties: Council Acting as the Successor Agency to the Former Community Redevelopment Agency of the City of Rancho Cordova and Los Rios Community College District.
Under Negotiation: Price and terms of payment.

COUNCIL ACTING AS THE SUCCESSOR AGENCY

7. ADJOURNMENT

Mayor Sander will adjourn the meeting to the Special Meeting / Study Session in the American River Community Room North.

8. SPECIAL MEETING - CALL TO ORDER/ROLL CALL

Council Members Budge, Cooley, McGarvey, Skoglund, and Mayor Sander.

9. OPEN SESSION - REPORT FROM CLOSED SESSION

The City Attorney will report on action taken in Closed Session.

10. PUBLIC COMMENT

At a special meeting, citizens wishing to address the Council for any matter on the agenda may do so at the time the matter is discussed. Note, under the provisions of the California Government Code, the City Council is prohibited from discussing or taking action on any item not on the agenda.

11. SPECIAL MEETING ITEMS

- 11.1 **Subject:** Placement of Card Room Tax Measure on the November 6, 2012 Ballot
Recommendation: That Council adopt Resolution No. 25-2012 calling for an election on November 6, 2012 on Ordinance No. 13-2012 establishing a Card Room Tax. Resolution must be approved by two-thirds (2/3) vote of all members of the City Council to place this measure on the ballot.
Result of Recommended Action: Residents of the City of Rancho Cordova will have the opportunity to vote on the creation of a Cardroom Gross Receipts Tax, in the November 6, 2012 General Election, the proceeds of which may be used for general revenue purposes. If approved by a majority of voters, the maximum Cardroom Tax imposed on each licensed cardroom would be in the amount of 5% of the cardroom's annual gross gaming revenues.
Staff Report: Donna Silva, Finance Department

Advances Goal: 2, 5, and 6.

- 11.2 **Subject:** Ordinance Amending Section 4.22.115(a) of the Rancho Cordova Municipal Code to Increase the Number of Card Tables that a Licensed Cardroom May Operate or Maintain Within the City from Ten to Eleven

Recommendation: Waive first reading and introduce Ordinance No. 14-2012.

Result of Recommended Action: Adoption of this Ordinance will amend Section 4.22.115(A) of the Rancho Cordova Municipal Code. The Ordinance will increase the number of card tables that a licensed cardroom may operate or maintain within the City from ten (10) card tables to a maximum of eleven (11) card tables.

Staff Report: Donna Silva, Finance Department and Adam U. Lindgren, City Attorney's Office

Advances Goal: 2, 5, and 6.

- 11.3 **Subject:** Ordinance Repealing Section 4.22.020(C) and Section 4.22.115(B) of the Rancho Cordova Municipal Code Relating to the Location of Cardrooms with the City of Rancho Cordova

Recommendation: Waive first reading and introduce Ordinance No. 15-2012.

Result of Recommended Action: Adoption of this Ordinance will repeal Section 4.22.020(C) and Section 4.22.115(B) of Chapter 4.22 entitled, "Cardrooms" of the Rancho Cordova Municipal Code. Repealing Section 4.22.020(C) and Section 4.22.115(B) will result in the removal of two provisions in the City's municipal code that currently prohibit more than one cardroom from being located within a single structure or at a single location.

Staff Report: Donna Silva, Finance Department and Adam U. Lindgren, City Attorney's Office

Advances Goal: 2, 5, and 6.

12. ADJOURNMENT

ADDITIONAL INFORMATION

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office at (916) 851-8720 at least 48 hours prior to the meeting.

CERTIFICATION OF POSTING OF AGENDA

I, Mindy Cuppy, CMC, City Clerk for the City of Rancho Cordova, declare that the foregoing agenda for the Tuesday, June 26, 2012 Special Meeting of the Rancho Cordova City Council/Successor Agency to the CRA/RCFC was posted and available for review on June 25, 2012 at City Hall of the City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California, 95670. The agenda is also available on the city website at www.cityofranhocordova.org.

Signed June 25, 2012 at Rancho Cordova, California.


Mindy Cuppy, CMC, City Clerk

MEMORANDUM



DATE: June 26, 2012

TO: Honorable Mayor and Council Members

FROM: Donna Silva, Finance Director

SUBJECT: PLACEMENT OF CARDROOM TAX MEASURE ON THE NOVEMBER 6, 2012 BALLOT

RECOMMENDATION

Adopt Resolution No. 25-2012 calling for an election on November 6, 2012 on Ordinance No. 13-2012 establishing a Cardroom Tax.

RESULT OF RECOMMENDED ACTION

Residents of the City of Rancho Cordova will have the opportunity to vote on the creation of a Cardroom Gross Receipts Tax, in the November 6, 2012 General Election, the proceeds of which may be used for general revenue purposes. If approved by a majority of voters, the maximum Cardroom Tax imposed on each licensed cardroom would be in the amount of 5% of the cardroom's annual gross gaming revenues.

BACKGROUND

In 2009 the City entered into a negotiated revenue sharing agreement with the owner of the new Cordova Restaurant and Casino wherein the owner agreed to pay the City three thousand dollars (\$3,000) for each card table that they were authorized to operate, and to pay the City a certain percentage of the cardroom's respective gross gaming revenues as follows:

- 2% of the annual Gross Gaming Revenues between \$1,000,000 and \$1,500,000
- 2.5% of the annual Gross Gaming Revenues between \$1,500,000 and \$2,500,000
- 3% of the annual Gross Gaming Revenues between \$2,500,000 and \$4,000,000
- 4% of the annual Gross Gaming Revenues in excess of \$4,000,000

Under the terms of the agreement, the City has until 2015 to either execute a similar agreement with the owner of the other card room in the City, or propose a tax measure that would effectively level the playing field for the two card rooms.

In 2010 the city council approved resolution 46-2010, placing a cardroom tax measure on the November 2010 ballot. The proposed tax was in the same structure as the negotiated agreement, as described above.

As a result of placing the tax measure on the ballot, staff was successful in executing the same agreement with the owner of Rancho's Club, the other card room in the City. After execution of the agreement, staff recommended to council that the tax measure be removed from the ballot. The measure was removed by resolution 75-2010.

Since that time, one of the cardrooms has informed the City that they will not honor the revenue sharing agreement with the City. Therefore, we are again recommending the placement of a tax measure on the ballot, which if approved by the voters, would impose an identical tax on all card rooms in the City.

Due to the economic climate, and the current cardroom/casino market conditions, the imposition of the tax has been delayed until January 1, 2015, in order to allow the two card rooms time to finalize a proposed restructuring of their businesses. If the council feels that this is not the type of business they wish to support in the City, the implementation date could be adjusted.

While state law prohibits the City Council from increasing taxes without voter approval, the cardroom tax ordinance is drafted so that the council can amend the ordinance to lower the voter approved tax rate and subsequently increase it, so long as it is not increased above the voter approved level. Therefore, staff is recommending a tax rate of 5% for the ballot measure. Once the voters have approved the card room tax ordinance, the council can adjust the rate to respond to market conditions and economic development goals. These changes would be made through ordinance amendments, subject to a simple majority vote of the City Council. The City Council may not increase the tax rate above the voter approval level without voter approval.

Alternatively, the City Council could place a lower rate for consideration on the November ballot. While this would provide short term certainty to the card room owners over future tax rates, it would limit our future ability to respond to changing market conditions. Estimated revenues, per card room, at various tax rates are shown below:

Gross Gaming Revenues	Original Agreement		Potential Tax Rates			
	Fee Rate	Revenue	3%	3.5%	4%	5%
\$ 500,000	table		15,000	17,500	20,000	25,000
\$ 1,000,000	fee	30,000	30,000	35,000	40,000	50,000
\$ 1,500,000	2.0%	40,000	45,000	52,500	60,000	75,000
\$ 2,500,000	2.5%	65,000	75,000	87,500	100,000	125,000
\$ 4,000,000	3.0%	110,000	120,000	140,000	160,000	200,000
\$ 5,000,000	4.0%	150,000	150,000	175,000	200,000	250,000
\$ 6,000,000	4.0%	190,000	180,000	210,000	240,000	300,000
\$ 7,000,000	4.0%	230,000	210,000	245,000	280,000	350,000
\$ 8,000,000	4.0%	270,000	240,000	280,000	320,000	400,000
\$ 9,000,000	4.0%	310,000	270,000	315,000	360,000	450,000
\$ 10,000,000	4.0%	350,000	300,000	350,000	400,000	500,000

State law currently limits the number of cardrooms in the City to two. Therefore, this ordinance would apply the tax to both cardrooms in the City.

The Cardroom Tax is a general tax, the revenues of which will be used for general governmental purposes, and placed in the City's general fund for the usual current expenses of the City.

The cardroom tax imposed by this Ordinance will result in an equal treatment of all cardrooms in the City and will provide additional revenue to the City to help preserve funding for general municipal services such as neighborhood improvements and safety including, but not limited to, police services, maintenance of and improvements to city streets, sidewalks, landscaping and graffiti removal.

ATTACHMENT

Resolution No. 25-2012 calling for an election on November 6, 2012, on Ordinance No. 13-2012 (**Exhibit A**) pertaining to Card Room Tax.

1881217.1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 25-2012

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
ESTABLISHING NOVEMBER 6, 2012 AS THE DATE FOR AN ELECTION ON A PROPOSED
BALLOT MEASURE SEEKING VOTER APPROVAL TO IMPOSE A CARDROOM TAX FOR
GENERAL FUND PURPOSES, ESTABLISHING POLICIES AND PROCEDURES IN
CONNECTION WITH SUCH AN ELECTION, AND REQUESTING THAT THE COUNTY OF
SACRAMENTO CONDUCT SUCH AN ELECTION**

RECITALS

WHEREAS, California Constitution Article XIII C, Section 2, provides that no local government may impose, extend or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote; and

WHEREAS, the City recognizes that its cardrooms are a source of entertainment for people throughout the Sacramento region; and

WHEREAS, in 2009 and 2010, the City negotiated revenue sharing agreements with the owners of the two cardrooms in the City, where the owners each voluntarily agreed to pay the City three thousand dollars (\$3,000) for each card table that it was authorized to operate under the City's Municipal Code, and State law, and to pay the City a certain percentage of the card room's respective gross gaming revenues; and

WHEREAS, one of the cardrooms has informed the City that they will not honor the revenue sharing agreement with the City; and

WHEREAS, the City intends to be fair to all cardrooms by submitting, subject to City Council approval, a tax for voter approval which, if approved, would impose a similar tax on all cardrooms in the City; and

WHEREAS, the Cardroom Tax is intended to be a general tax, the revenues of which will be used for general governmental purposes, and placed in the City's general fund for the usual current expenses of the City; and

WHEREAS, California Constitution Article XIII C, Section 2, further requires that a measure proposing to impose, extend or increase a general tax must be consolidated with a city's general municipal election for members of the City Council; and

WHEREAS, November 6, 2012 is the date of the City's regular municipal election; and

WHEREAS, the City Council is authorized by California Elections Code Section 9222 to place measures before the voters; and

WHEREAS, the City Council desires to place the Cardroom Tax Ordinance, attached hereto as **Exhibit A**, as a measure before the voters at the November 6, 2012 general election; and

WHEREAS, the tax to be submitted to the voters, if approved, would require each cardroom to pay the City a 5% tax on the cardroom's annual gross gaming revenues; and

WHEREAS, the cardroom tax imposed by this Ordinance will result in an equal treatment of all cardrooms in the City, and will provide additional revenue to the City to help preserve funding for general municipal services such as neighborhood improvements and safety including, but not limited to, police services, maintenance of, and improvements to, city streets, sidewalks, landscaping and graffiti removal; and

WHEREAS, the City Council desires that the proposed measure be consolidated with the November 6, 2012 regularly scheduled general election, to be held on the same date, and that within the City, the polling places and election officers of the two elections be the same, and that the County Election Department of the County of Sacramento canvass the returns of the general election and that the election be held in all respects as if there were only one election.

NOW, THEREFORE, IT IS HEREBY RESOLVED, the City Council of the City of Rancho Cordova does ordain as follows:

1. Placement of Measure on the Ballot. Pursuant to California Elections Code Section 9222, the City Council hereby resolves that the ballot for the November 6, 2012 election shall include a measure that, if approved, would require each cardroom within the City to pay the City a maximum tax of 5% of the cardroom's annual gross gaming revenues.

(a) Ballot Language.

The ballot language for the measure shall be as follows:

CARDROOM TAX MEASURE. Shall an ordinance be adopted to require each cardroom within the City to pay the City a tax of 5% of the cardroom's annual gross gaming revenues for the purpose of preserving funding for general municipal services such as public safety, street maintenance, and neighborhood improvements?

Yes

No

2. Proposed Ordinance. The Ordinance authorizing the general tax to be approved by the voters pursuant to Section 1 is as set forth in **Exhibit A** attached hereto. The City Council hereby approves the submission of the Ordinance to the voters of the City at the November 6, 2012 election. The City requests that the County of Sacramento print **Exhibit A** in its entirety with the election materials.

3. Publication of Measure. The City Clerk is hereby directed to cause notice of the measure to be published once in the official newspaper of the City of Rancho Cordova, in accordance with Section 12111 of the Elections Code and Section 6061 of the Government Code.

4. Request to Consolidate and Conduct Election and Canvass Returns.

(a) Pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of Sacramento is hereby requested to consent and agree to the consolidation of a general municipal election with the statewide election on Tuesday, November 6, 2012, for the purpose of placing the measure set forth in Section 1 on the ballot.

(b) The County of Sacramento Election Department is authorized to canvass the returns of the regularly scheduled general municipal election. The election shall be held in all respects as if there were only one election, and only one form of ballot shall be used.

(c) The Board of Supervisors is requested to issue instructions to the County of Sacramento Election Department to take any and all steps necessary for the holding of the consolidated election.

(d) The City of Rancho Cordova recognizes that additional costs will be incurred by the County of Sacramento by reason of this consolidation, and agrees to reimburse the County for any additional costs above and beyond those reimbursed by the State.

5. Submission of Ballot Arguments and Impartial Analysis.

(a) The last day for submission of direct arguments for or against the measure shall be by 5 p.m. on July 10, 2012.

(b) The last day for submission of rebuttal arguments for or against the measure shall be by 5 p.m. on July 20, 2012.

(c) Direct arguments shall not exceed three hundred (300) words and shall be signed by not more than five persons.

(d) Rebuttal arguments shall not exceed two hundred fifty (250) words and shall be signed by not more than five (5) persons; those persons may be different persons than the persons who signed the direct arguments.

(e) The City Attorney shall prepare an impartial analysis of the measure by July 3, 2012.

(f) Pursuant to California Elections Code Section 9282, the Mayor is hereby authorized to prepare a written argument in favor of the proposed measure, not to exceed three hundred (300) words, on behalf of the City Council. At the Mayor's discretion, the argument may also be signed by members of the City Council or bona fide associations or by individual voters who are eligible to vote on the measure. In the event that an argument is filed against the measure, the Mayor is also authorized to prepare a rebuttal argument on behalf of the City Council, which may also be signed by members of the City Council or bona fide associations or by individual voters who are eligible to vote on the measure.

(g) Pursuant to California Elections Code Section 9285, when the City Clerk has selected the arguments for and against the measure, which will be printed and distributed to the voters, the City Clerk shall send copies of the argument in favor of the measure to the authors of the argument against, and copies of the argument against to the authors of the argument in favor. Rebuttal arguments shall be printed in the same manner as the direct

arguments. Each rebuttal argument shall immediately follow the direct argument which it seeks to rebut.

6. Effective Date. This Resolution shall become effective immediately upon its passage and adoption, and the City Clerk is directed to send certified copies of this Resolution to the Sacramento Board of Supervisors, to the County Clerk-Recorder, and County of Sacramento Election Department.

7. Passage of the Resolution. Pursuant to California Government Code Section 53724(b), this Resolution, including the approval of the submission of the proposed Ordinance (attached as **Exhibit A**) must be approved by a two-thirds (2/3) vote of all members of the City Council.

8. CEQA. This Resolution is exempt from the California Environmental Quality Act (Public Resources Code §21000, "CEQA") pursuant to CEQA guidelines 15060, "Preliminary Review," subdivision (c)(2) in that it will not result in a direct or reasonably foreseeable indirect physical change in the environment; and 15378, "Project," subdivisions (2) and (4) of subdivision (b), in that this tax does not constitute a project under CEQA and therefore review under CEQA is not required.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on this ____ day of ____ 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David M. Sander, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

1881215.1

EXHIBIT A

ORDINANCE NO. 13-2012

AN ORDINANCE OF THE CITY OF RANCHO CORDOVA ADDING CHAPTER 3.60 OF THE RANCHO CORDOVA MUNICIPAL CODE WITH RESPECT TO A CARDROOM TAX

WHEREAS, the City recognizes that its cardrooms are a source of entertainment for people throughout the Sacramento region; and

WHEREAS, in 2009 and 2010, the City negotiated revenue sharing agreements with the owners of the two cardrooms in the City, where the owners each voluntarily agreed to pay the City a tax of 3% of the cardroom's respective gross gaming revenues; and

WHEREAS, one of the card rooms has informed the City that they will not honor the revenue sharing agreement with the City; and

WHEREAS, the City intends to be fair to all cardrooms by submitting, subject to City Council approval, a tax for voter approval which if approved would impose a similar tax on all cardrooms in the City; and

WHEREAS, California Constitution Article XIII C, Section 2, provides that no local government may impose, extend or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote; and

WHEREAS, California Constitution Article XIII C, Section 2, provides that a measure proposing to impose, extend or increase a general tax must be consolidated with a regularly scheduled general election for members of the City Council; and

WHEREAS, November 6, 2012 is the date of the City's regular municipal election; and

WHEREAS, the cardroom tax imposed by this Ordinance will result in an equal treatment of all cardrooms in the City and will provide additional revenue to the City to help preserve funding for general municipal services such as neighborhood improvements and safety including, but not limited to, police services, maintenance of and improvements to city streets, sidewalks, landscaping and graffiti removal.

THE PEOPLE OF THE CITY OF RANCHO CORDOVA DO ORDAIN AS FOLLOWS:

SECTION 1: Chapter 3.60, titled "Cardroom Tax," is hereby added to the Rancho Cordova Municipal Code to read as follows:

CHAPTER 3.60
CARDROOM TAX

<u>3.60.010</u>	<u>Short Title.</u>
<u>3.60.020</u>	<u>Purpose and intent.</u>
<u>3.60.030</u>	<u>Definitions.</u>
<u>3.60.040</u>	<u>Payment of tax.</u>
<u>3.60.050</u>	<u>Statement of Revenue.</u>
<u>3.60.060</u>	<u>Payment – Timing.</u>
<u>3.60.070</u>	<u>Audit of Gross Gaming Revenue Reports and Payment.</u>
<u>3.60.080</u>	<u>Notice Not Required by City.</u>
<u>3.60.090</u>	<u>Tax Deemed Debt to City.</u>
<u>3.60.100</u>	<u>Deficiency determinations.</u>
<u>3.60.110</u>	<u>Tax Assessment; Nonpayment; Fraud.</u>
<u>3.60.120</u>	<u>Tax assessment; Notice requirements.</u>
<u>3.60.130</u>	<u>Tax Assessment; Hearing.</u>
<u>3.60.140</u>	<u>Conviction for Chapter Violation; Taxes Not Waived.</u>

3.60.010 Short Title.

This chapter shall be known as the Rancho Cordova Cardroom Tax Ordinance.

3.60.020 Purpose and intent.

This chapter is enacted solely to raise revenue for municipal purposes and is not intended for regulation.

3.60.030 Definitions.

A. “Annual Gross Gaming Revenues” shall mean the Gross Gaming Revenues produced each calendar year between January 1st through December 31st. For new cardrooms, the first annual Gross Gaming Revenues shall begin on the date the certificate of the occupancy is issued for the cardroom and end on December 31st of that same year.”

B. “Discontinued, dissolved or otherwise terminated” shall mean the date the cardroom is no longer in operation as described in the business license(s) issued to the cardroom by the City pursuant to Title 4 of this Code. The Finance Director, using all evidence, including evidence provided by the cardroom licensee, shall make the determination as to whether a cardroom has been discontinued, dissolved or otherwise terminated.

C. “Gross Gaming Revenues” means all the money or other compensation received by the cardroom from players at all tables and games in the cardroom except fees charged to players that are returned to the players as tournament or jackpot bonuses. Gross Gaming Revenues do not include money or other compensation received by the cardroom for food, drink and tips or fees paid to the cardroom for any marketing purposes.

D. “Licensee” means a person who has been issued a cardroom business license under Title 4 of this Code.

EXHIBIT A

3.60.040 Payment of tax.

In addition to any requirements imposed by Title 4 of this Code, each licensee operating a cardroom within the City shall, commencing on January 1, 2015, pay the City 5% of the cardroom's annual Gross Gaming Revenues received by the cardroom.

3.60.050 Statement of Revenue.

Before the 30th day following the end of each quarter, the licensee shall file with the City Finance Department a statement, under oath, showing the true and correct amount of annual Gross Gaming Revenue derived from the card game business allowed by the license issued to the licensee for the preceding quarter. A signed declaration shall be attached to the statement included therein, which shall be in substantially the same form as: "I hereby declare under penalty of perjury that the foregoing is true and correct." Pursuant to Section 3.60.070 of this Chapter, the City shall have the right to audit the matters reported in the statement to determine the accuracy of the figures contained therein.

3.60.060 Payment – Timing.

A. All taxes imposed by this Chapter shall be made at the same time the licensee files the statement of revenue with the Finance Department. Payment of taxes imposed by this Chapter shall accompany the statement of revenue and shall be in the correct amount of taxes due and owing in accordance with Section 3.60.040 of this Chapter. Such sums correctly reflecting the quarterly fees payable for the preceding quarter shall be accepted by the City, subject, however, to the City's right to conduct an audit pursuant to Section 3.60.070 of this Chapter.

B. In the case of a cardroom which is discontinued, dissolved or otherwise terminated before the expiration of a tax period, the due date for any taxes accrued and owing to the City under the provisions of this Chapter shall be the date of the discontinuance, dissolution or termination of the cardroom business.

C. Payments not received within 30 days of the end of the quarter will be subject to a late fee of one and one-half percent (1.5%) per month of the amount past due, plus all reasonable collection fees and costs.

3.60.070 Audit of Gross Gaming Revenue Reports and Payment.

A. The City shall have the right to audit the matters referred to in the statement of revenue, and to determine the correctness of the figures set forth in such statement and the amount payable to the City pursuant to the provisions of Section 3.60.040.

B. The books, records and accounts of any licensee may be inspected and audited by the City.

C. Such an inspection and audit may be performed by the Finance Director, a qualified accountant or City official who shall be selected by the Finance Director.

D. To facilitate such audits, the licensee shall keep complete records of all transactions related to the receipt or disbursement of funds arising out of or related to cardroom

EXHIBIT A

operations during the preceding three-year period. All such records shall be made available to the City for audit at the licensee's place of doing business after reasonable prior notice.

E. Any failure or refusal of any licensee to make and file a statement of revenue as required within the time required, or to pay such sums by way of taxes when the same are due and payable in accordance with the provisions of this Chapter, or to permit such inspection of such books, records and accounts of such licensee shall be and constitute full and sufficient grounds for suspension or revocation of any cardroom business license issued to the licensee pursuant to Title 4 of this Code.

3.60.080 Notice Not Required by City.

The City is not required to send a delinquency or other notice or bill to any person subject to the provisions of this Chapter, and failure to send such notice or bill shall not affect the validity of any tax, interest or penalty due under the provisions of this Chapter.

3.60.090 Tax Deemed Debt to City.

The amount of any tax, penalties and interest imposed by the provisions of this Chapter shall be deemed a debt to the City, and any licensee carrying on any business without having paid the tax under this Chapter to the City shall be liable to an action in the name of the City in any court of competent jurisdiction for the amount of the tax, and penalties and interest imposed on such business.

3.60.100 Deficiency Determinations.

A. If the Finance Director is not satisfied that a statement of revenue filed, as required under the provisions of this Chapter, is correct, or that the amount of tax is correctly computed, the Finance Director may compute and determine the amount to be paid and make a deficiency determination upon the basis of the facts contained in the statement of revenue or upon the basis of any information in the City's possession or that may come into the City's possession.

B. The City may make more than one deficiency determination of the amount of tax due for a period or periods.

C. In the case of a cardroom which is discontinued, dissolved or otherwise terminated, a deficiency determination may be made at any time within three years thereafter as to any liability arising from engaging in such business whether or not a deficiency determination is issued prior to the date the tax would otherwise be due.

D. Whenever a deficiency determination is made, the City shall provide a notice to the person concerned in the same manner as notices of assessment are given under Section 3.60.120.

3.60.110 Tax Assessment; Nonpayment; Fraud.

A. Under any of the following circumstances, the Finance Director may make and give notice of an assessment of the amount of tax owed by a person under this Chapter:

EXHIBIT A

1. If the person has not filed any statements of revenue required under the provisions of this Chapter;
2. If the person has not paid any tax due under the provisions of this Chapter;
3. If the person has not, after demand by the Finance Director, filed a corrected statement of revenue or furnished to the Finance Director adequate substantiation of the information contained in a statement of revenue already filed, or paid any additional amount of tax due under the provisions of this Chapter.

B. The notice of assessment shall separately set forth the amount of any tax known or estimated by the Finance Director to be due, after full consideration of all information within his or her knowledge concerning the cardroom business and activities of the person assessed and shall include the amount of any penalties, costs or interest accrued on each amount to the date of the notice of assessment.

3.60.120 Tax Assessment; Notice Requirements.

The notice of assessment shall be served upon the licensee either by personally serving it to the licensee, or by a deposit of the notice in the United States mail, postage prepaid thereon, addressed to the licensee at the address of the location of the business appearing on the face of the business license(s) issued under Title 4 to the licensee, or to such other address as he or she shall register with the Finance Director for the purpose of receiving notices provided under this Chapter. For the purposes of this Section, a service by mail is complete at the time of deposit in the United States mail.

3.60.130 Tax Assessment; Hearing.

A. Within ten (10) days after the date of service of a notice under Section 3.60.120 of this Chapter, the licensee may apply in writing to the Finance Director for a hearing on the assessment.

B. If application for a hearing before the Finance Director is not made within the time herein prescribed, the tax assessed by the Finance Director shall become final and conclusive.

C. Within thirty (30) days of the receipt of any such application for hearing, the Finance Director shall cause the matter to be set for hearing before him or her not later than thirty (30) days after the date of application, unless a later date is agreed to by the Finance Director and the licensee requesting the hearing.

D. Notice of such hearing shall be given by the Finance Director to the licensee requesting such hearing not later than five (5) days prior to such hearing. At such hearing, said licensee may appear and offer evidence why the assessment as made by the Finance Director should not be confirmed and fixed as a tax.

E. After such hearing the Finance Director shall determine and reassess the proper tax to be charged and shall give written notice thereof to the licensee in the manner prescribed in Section 3.60.120 for giving notice of assessment.

EXHIBIT A

3.60.140 Conviction for Chapter Violation; Taxes Not Waived.

A. The conviction and punishment of any person for failure to pay the required tax shall not excuse or exempt such person from any civil action for the tax debt unpaid at the time of such conviction.

B. No civil action shall prevent a criminal prosecution for any violation of the provisions of this Chapter or of any State Law requiring the payment of all taxes.

SECTION 2. Effective Date. This Chapter shall become effective immediately upon the date that this Ordinance is approved by the voters of the City of Rancho Cordova at the Election of November 6, 2012 as confirmed by the City Council's declaration of the vote.

SECTION 3. Amendment or Repeal. Chapter 3.60 of the Municipal Code may be repealed or amended by the City Council without a vote of the people. However, as required by Chapter XIII C of the California Constitution, voter approval is required for any amendment provision that would increase the rate of any tax levied pursuant to this Ordinance. The People of the City of Rancho Cordova affirm that the following actions shall not constitute an increase of the rate of a tax:

1. The restoration of the rate of the tax to a rate that is no higher than that set by this Ordinance, if the City Council has acted to reduce the rate of the tax;
2. An action that interprets or clarifies the methodology of the tax, or any definition applicable to the tax, so long as interpretation or clarification (even if contrary to some prior interpretation or clarification) is not inconsistent with the language of this Ordinance.
3. The establishment of a class of person that is exempt or excepted from the tax or the discontinuation of any such exemption or exception (other than the discontinuation of an exemption or exception specifically set forth in this Ordinance); and
4. The collection of the tax imposed by this Ordinance, even if the City had, for some period of time, failed to collect the tax.

SECTION 4. Severability. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining portions of this Ordinance shall nonetheless remain in full force and effect. The people hereby declares that they would have adopted each section, subsection, sentence, clause, phrase, or portion of this Ordinance, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions of this Ordinance be declared invalid or unenforceable.

APPROVED by the following vote of the People of the City of Rancho Cordova on November 6, 2012.

ADOPTED by Declaration of the vote by the City Council of the City of Rancho Cordova on _____, 2012:

AYES:

NOES:

ABSENT:

ABSTAIN:

David M. Sander, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

APPROVED AS TO FORM:

Adam U. Lindgren, City Attorney

1881270.1

MEMORANDUM



DATE: June 26, 2012

TO: Honorable Mayor and Council Members

FROM: Donna Silva, Finance Director
Adam Lindgren, City Attorney

SUBJECT: ORDINANCE AMENDING SECTION 4.22.115(A) OF THE MUNICIPAL CODE TO INCREASE THE NUMBER OF CARD TABLES THAT A LICENSED CARDROOM MAY OPERATE OR MAINTAIN WITHIN THE CITY FROM TEN TO ELEVEN

RECOMMENDATION

Waive first reading and introduce Ordinance No. 14-2012.

RESULT OF RECOMMENDED ACTION

Adoption of this Ordinance will amend Section 4.22.115(A) of the Rancho Cordova Municipal Code. The Ordinance will increase the number of card tables that a licensed cardroom may operate or maintain within the City from ten (10) card tables to a maximum of eleven (11) card tables.

BACKGROUND

Section 4.22.115(A) of the Rancho Cordova Municipal Code provides that licensed cardrooms within the City may operate a maximum of ten (10) card tables at any one time. This section also provides that card tables used for tournaments or free special events shall count toward the maximum table limit, and that no more than twelve (12) players may play at any one table at any time.

If adopted, this Ordinance would increase the number of card tables that a licensed cardroom may operate or maintain within the City from ten (10) card tables to a maximum of eleven (11) card tables. The City will benefit from this action in the form of increased card table fees and revenue pursuant to the terms of the revenue sharing agreements previously entered into with the cardroom operators.

The California Business and Professions Code authorizes the City to amend its cardroom ordinance to increase the number of card tables that a licensed cardroom may maintain and operate to a maximum of eleven (11). Specifically, Section 19961.06 of the California Business and Professions Code provides that the City may amend its cardroom ordinance to increase by two the number of gambling tables that may be operated in a gambling establishment in the city compared to the ordinance that was in

effect on January 1, 2010. On January 1, 2010, the City's cardroom ordinance allowed the operation of nine (9) tables at a gaming establishment.

Prior to adopting this Ordinance, the Gambling Control Act requires that the City submit the Ordinance to the Department of Justice Bureau of Gambling Control for review and comment. The City will submit this Ordinance to the Department of Justice Bureau of Gambling Control for review and comment after first reading, and will notify the Council of any revisions to the Ordinance that the Bureau of Gambling Control recommends.

REQUESTED MOTION

"I move that the City Council waive the first reading and introduce Ordinance No. 14-2012."

ATTACHMENT

Ordinance No. 14-2012

1879022.2

CITY OF RANCHO CORDOVA

ORDINANCE NO. 14-2012

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
AMENDING MUNICIPAL CODE SECTION 4.22.115(A) OF CHAPTER 4.22 ENTITLED,
“CARDROOMS,” TO INCREASE THE NUMBER OF CARD TABLES THAT A LICENSED
CARDROOM MAY OPERATE OR MAINTAIN WITHIN THE CITY FROM TEN TO ELEVEN**

RECITALS

WHEREAS, adoption of this Ordinance would amend Section 4.22.115(A) of the Rancho Cordova Municipal Code to increase the number of card tables that a licensed cardroom may operate and maintain within the City from ten (10) to a maximum of eleven (11), as authorized by Section 19961.06 of the California Business and Professions Code; and

WHEREAS, increasing the number of card tables allowed at licensed cardrooms within the City to eleven (11) will benefit the City by increasing revenue to the City in form of card table operating fees and revenue derived from the gross gaming revenue pursuant to the terms of the revenue agreements between the City and the licensed cardrooms in the City.

**THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS
FOLLOWS:**

Section 1. Amendment of Code. Section 4.22.115(A) of the Rancho Cordova Municipal Code entitled, “Equipment – Separation,” is hereby amended to read as follows:

A. No cardroom shall maintain or operate more than eleven card tables at any one time. Tables used during tournaments or free special events shall count toward this maximum table limit. Chairs shall be provided for all card players. No more than 12 players shall be permitted to play at any time at any one table. Authorized games shall not utilize dominoes, tiles, dice, spinning wheels, electronic player-controlled machines or any other device other than the standard decks of playing cards traditionally used for playing such games, poker chips, and the optional dealer shoes, except, to the extent such equipment is allowed by applicable state law and/or state regulations, such equipment shall also be allowed in the city.

Section 2. Severability

If any provision of this ordinance, or the application thereof to any person or circumstance, is held invalid, the remainder of the ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this ordinance are severable. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid or unenforceable.

Section 3. Effective Date

Within fifteen (15) days after adoption, a Summary of this Ordinance shall be published once in the Grapevine Independent or the Sacramento Bee, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with Government Code section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED, by the City Council of the City of Rancho Cordova this ____ day of _____, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David M. Sander, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk

1878994.2

MEMORANDUM



DATE: June 26, 2012

TO: Honorable Mayor and Council Members

FROM: Donna Silva, Finance Director
Adam Lindgren, City Attorney

SUBJECT: ORDINANCE REPEALING SECTION 4.22.020(C) AND SECTION 4.22.115(B) RELATING TO THE LOCATION OF CARDROOMS WITHIN THE CITY OF RANCHO CORDOVA

RECOMMENDATION

Waive the first reading and introduce Ordinance 15-2012.

RESULT OF RECOMMENDED ACTION

Adoption of this Ordinance will repeal Section 4.22.020(C) and Section 4.22.115(B) of Chapter 4.22 entitled, "Cardrooms" of the Rancho Cordova Municipal Code. Repealing Section 4.22.020(C) and Section 4.22.115(B) will result in the removal of two provisions in the City's municipal code that currently prohibit more than one cardroom from being located within a single structure or at a single location.

BACKGROUND

The operators of the two licensed cardrooms in the City of Rancho Cordova have approached the City and requested that Section 4.22.020(C) and Section 4.22.115(B) of Chapter 4.22 of the Rancho Cordova Municipal Code entitled, "Cardrooms" be repealed, so that they can move forward with an application to have two cardrooms at one location.

Section 4.22.020(C) of the Rancho Cordova Municipal Code currently provides that "[n]otwithstanding the provisions of Chapter 4.10 RCMC, a licensee shall operate no more than one cardroom in the city and shall hold no more than one special business license issued pursuant to this chapter to operate that cardroom; and no more than one cardroom shall be located within a single structure or at a single location."

Section 4.22.115(B) of the Rancho Cordova Municipal Code currently provides that "[e]ach licensed cardroom shall be maintained separate and apart from any other room or business operated in the building, but may be connected by a door."

If adopted, this Ordinance would repeal the provisions quoted above which prohibit more than one cardroom from being located in a single structure or at a single location. However, it is important to note that repealing these sections in no way obligates the City to approve a future application to allow two cardrooms in a single structure or location. Instead, repealing these sections merely allows the cardroom operators to ask the City and the State to

consider an application to locate two cardrooms in one building. City staff is neutral regarding this request.

By way of background, at least two neighboring jurisdictions currently have similar requirements in their respective codes which prevent multiple cardrooms from co-locating in a single structure and/or at a single location. For example, Section 5.32.180(C) of the City of Sacramento Municipal Code provides that "[n]ot more than one cardroom shall be located at any one address." In addition, Section 4.22.025 of the Sacramento County Code provides in relevant part that "a Licensee shall operate no more than one Cardroom in the incorporated area of the County and shall hold no more than one Special Business License issued pursuant to this chapter to operate the Cardroom; and no more than one Cardroom shall be located within a single structure or at a single location."

Provisions of the Gambling Control Act appear to prohibit the expansion of a single "gambling establishment" to include more card tables than authorized by the Gambling Control Act and the City's cardroom ordinance. The Gambling Control Act defines "gambling establishment" as "one or more room where any controlled gambling or activity directly related thereto occurs." *See Bus. & Prof. Code 18905(o)*.

The City's cardroom ordinance currently allows a maximum of 10 card tables per cardroom, which can be increased to a maximum of 11 per "gambling establishment" pursuant to the Gambling Control Act. However, allowing two cardrooms to operate at one establishment would mean that 20 or possibly 22 card tables, if the table limit is increased, would be operating at a single gambling establishment in the City. Such an action may violate the authority of the City under state law to have a maximum of 11 card tables per gambling establishment. However, it is unclear how the Bureau of Gambling Control will interpret the definition of "gambling establishment," which may include taking into account factors such as the configuration of the rooms and/or businesses within a structure.

Ultimately, it is the responsibility of the state to interpret its own laws and approve or deny a request for co-location of the cardrooms. Any action by the City to allow both cardroom licenses to be issued for a single location would occur after the state has approved the co-location of the two cardrooms.

The City is also required to submit this Ordinance to the Bureau of Gambling Control for review and comment pursuant to the requirements of Section 19961.1 of the Business & Professions Code. We will notify the Council of any comments and/or revisions to the Ordinance that the Bureau of Gambling Control recommends.

REQUESTED MOTION

"I move that the City Council introduce and waive the first reading of Ordinance 15-2012."

ATTACHMENT

Ordinance No. 15-2012 Repealing Section 4.22.020(C) and Section 4.22.115(B) of Chapter 4.22 "Cardrooms" of the Rancho Cordova Municipal Code Relating to the Location of Cardrooms within the City.

1883572.1

ORDINANCE NO. 15-2012

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA
REPEALING SECTION 4.22.020(C) AND SECTION 4.22.115(B) OF CHAPTER 4.22
"CARDROOMS" OF THE RANCHO CORDOVA MUNICIPAL CODE RELATING TO
THE LOCATION OF CARDROOMS WITHIN THE CITY**

RECITALS

WHEREAS, the operators of the two licensed cardrooms in the City of Rancho Cordova have approached the City and requested that Section 4.22.020(C) and Section 4.22.115(B) of Chapter 4.22 of the Rancho Cordova Municipal Code entitled, "Cardrooms" be repealed in order to allow the cardrooms to apply to the City and the State to locate the two cardrooms in a single structure and location; and

WHEREAS, adopting this Ordinance in no way obligates the City to approve a future application to allow two cardrooms to operate in a single structure or at a single location.

THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES ORDAIN AS FOLLOWS:

SECTION 1. Subsection (C) of Section 4.22.020 entitled, "Number of licenses limited" of Chapter 4.22 "Cardrooms" is hereby repealed in its entirety.

SECTION 2. Subsection (B) of Section 4.22.115 entitled, "Equipment – Separation" of Chapter 4.22 "Cardrooms" is hereby repealed in its entirety.

SECTION 3. Severability. If any section, subsection, sentence, clause, phrase, or word of this Chapter is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction or preempted state legislation, such decision or legislation shall not affect the validity of the remaining portions of this Chapter. The City Council of the City of Rancho Cordova hereby declares that it would have passed this Chapter and each and every section, subsection, sentence, clause or phrase not declared invalid or unconstitutional without regard to any such decision or preemptive legislation.

SECTION 4. Effective Date. Within fifteen (15) days after adoption, a summary of this Ordinance shall be published once in the Grapevine Independent or the Sacramento Bee, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with Government Code section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its adoption.

PASSED AND ADOPTED, by the City Council of the City of Rancho Cordova this ____ day of _____ 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

David M. Sander, Mayor

ATTEST:

Mindy Cuppy, CMC, City Clerk