



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: July 12, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

SUBJECT: Authorize the City Manager to Enter Into a Municipal Services Agreement With Artichoke Joe's for Reimbursable Services From a Police Detective and Payment of \$225,000 per Quarter From Artichoke Joe's to the City of San Bruno

BACKGROUND: In 2012, the City of San Bruno and Artichoke Joe's entered into an agreement entitled Cost Recovery Agreement based on the observation that over the years, gaming issues have become more complex and monitoring of the operations at the cardroom and staying abreast of state law and regulation has become more and more time consuming. At that time, the parties agreed that the City would assign a Police Detective primarily to handle issues involving Artichoke Joe's, and Artichoke Joe's would reimburse the City for the cost of the police detective.

DISCUSSION: In recognition that much has changed since 2012, City staff and representatives from Artichoke Joe's met to discuss the 2012 Cost Recovery Agreement, City services provided to the cardroom, and the impact of the cardroom on city operations and its budget. The parties arrived at mutually agreed upon changes, as represented in the attached Municipal Services Agreement, which provides for the following:

- City's assignment of a Police Detective to handle issues related to Artichoke Joe's
- Artichoke Joe's commitment to train/familiarize the assigned Police Detective with cardroom operations, games played, as well as the security and surveillance measures in place
- Mutual commitment for coordination on safety and security to protect customers and the public from incidents of violence
- Designation of primary points of contact
- Agreement on a regular meeting schedule between City officials and Cardroom representatives
- Financial reimbursements to the City from the Cardroom
 - Full reimbursement of Police Detective costs (salary and benefits)
 - Payment of \$225,000 per quarter (for a total of \$900,000 per fiscal year), increased annually by CPI

As per the draft agreement, Artichoke Joe's shall have the right to terminate this Agreement if it ceases to operate as a cardroom in the City or if Artichoke Joe's reduces the number of tables upon which it pays tax to less than 35 tables for a period of 12 months or more.

Additionally, prior to July 1, 2027, Artichoke Joe's shall have to right to terminate this Agreement upon two years advance notice to the City, if the City imposes additional financial obligations upon the cardroom equal to 50% or more of the annual payment in paragraph 7b. And, as of July 1, 2027 and thereafter, Artichoke Joe's may terminate this Agreement at any time upon two year's advance notice to the City.

FISCAL IMPACT: As per the Agreement, Artichoke Joe's will reimburse the City's cost for one full-time Police Detective (including salary, benefits, and any actual annual adjustments to salary and benefits as specified in the current or any future Memorandum of Understanding in effect). This is not a change from the current Cost Recovery Agreement that has been in effect with Artichoke Joe's since 2012 and will not have an impact of Police Department staffing.

Additionally, the new Agreement provides for a payment of two hundred twenty-five thousand dollars (\$225,000) per quarter, for the initial 2022-2023 fiscal year (a total of \$900,000). The payment shall be adjusted for each fiscal year thereafter by the average of the annual percentage increase in the All Urban Consumer Price Index for the San Francisco/San Jose/Oakland area for the months ending February 28th (or 29th) and April 30th. Upon execution of the Agreement, staff will issue an invoice to the Cardroom for full payment of the initial quarter, commencing July 1, 2022 to September 30, 2022.

ENVIRONMENTAL IMPACT: There is no environmental impact. The action is not a project subject to CEQA. City Council's action is not considered a "Project" per CEQA Guidelines and therefore no further environmental analysis is required.

RECOMMENDATION: Authorize the City Manager to Enter Into a Municipal Services Agreement With Artichoke Joe's for Reimbursable Services From a Police Detective and Payment of \$225,000 per Quarter From Artichoke Joe's to the City of San Bruno.

ALTERNATIVES: Do not authorize the City Manager to enter into the Municipal Services Agreement with Artichoke Joe's or provide direction on desired amendments to the Agreement.

ATTACHMENTS:

1. Municipal Services Agreement between the City of San Bruno and Artichoke Joe's
2. 2012 Cost Recovery Agreement between the City of San Bruno and Artichoke Joe's