Council Meeting Date: September 18, 2000 Agenda Item: 6(a)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Ordinance No. 247 Amending the Development Code For the

Purposes of Further Defining and Clarifying Gambling Uses

DEPARTMENT: Planning and Development Services

PRESENTED BY: Rachael Markle Senior Planner

EXECUTIVE / COUNCIL SUMMARY

On March 27, 2000 your Council passed Ordinance No. 233 (Attachment II) creating a moratorium of up to six months on off-track horseracing betting in the City of Shoreline. This moratorium expires on September 27, 2000 signaling the need to amend the Development Code to address the impacts of pari-mutuel wagering.

After determining that gambling has a potential for significant secondary social and economic impacts on the community and business environment, Ordinance No. 223 (Attachment III) was adopted by your Council. Pari-mutuel wagering is a serious form of gambling. Serious forms of gambling are those types of gambling in which there are high or no limits to the amount of money that an individual can wager; the use supports a regional customer base; and the use is not limited in duration.

The findings adopted by your Council on 1/10/00 with the passage of Ordinance No. 223, are applicable to all types of serious gambling including card rooms and parimutuel wagering. The findings were:

- Card rooms have the potential for significantly greater secondary social and economic impacts on the community and business environment than other classes of eating and drinking establishments;
- Card rooms are not consistent with those key provisions of the City of Shoreline Comprehensive Plan which establish framework goals supporting a diverse economy to assure economic development and to enhance the quality of life within the City of Shoreline;
- The City has the ability to prohibit such establishments under its police power to regulate land use under RCW Chapter 35A.64 and more particularly its power to regulate any or all forms of gambling licensed by the State under RCW 9.46.295; and
- The City believes it is necessary to prohibit new gambling establishments and restrict existing card rooms as non-conforming uses to preserve public safety and welfare.

The purpose of Ordinance No. 247 (Attachment I) is to clarify and amend the Development Code by broadening the scope of gambling uses from card rooms to include other serious types of gambling regulated by the State Gambling Commission and the State Horse Racing Commission. This Ordinance proposes to regulate all serious gambling uses using the same methods as were adopted by your Council for card rooms. Therefore, all serious types of gambling would be prohibited. Expansion of legally established nonconforming serious gambling uses would be subject to approval and issuance of a Special Use Permit and would be required to provide a minimum number of parking spaces.

The Planning Commission conducted a public hearing on proposed Ordinance No. 247 on September 7, 2000. There was no public comment. The Planning Commission passed a motion to recommend approval of Ordinance No. 247 with one amendment.

RECOMMENDATION

Motion to adopt Ordinance No. 247 to amend the Development Code to Further Define and Regulate Gambling Uses as amended by the Planning-Commission.

Approved By:

City Manager LS City Attorney

BACKGROUND/ANALYSIS

During most of 1999, the City maintained a moratorium on new commercial eating and drinking establishments operating card rooms, pull tabs and punch boards in order to study the effects of gambling associated with the new enhanced social card room program administered by the State Gambling Commission. Attachment IV lists the City of Shoreline legislative history on gambling issues by Ordinance. The increase in tables, house banking and \$100 betting limits was seen as a qualitative change in gambling allowed with an existing social card game license. Studies and public input on this issue resulted in the passage of Ordinance No. 223 in January 2000 which prohibited any new eating and drinking establishments with social card rooms, and imposed increased parking requirements and a special use permit for expansion of existing card rooms. The land uses regulations established by Ordinance No. 223 were incorporated into the new Development Code adopted on June 12, 2000.

In early 2000, Emerald Downs proposed to relocate its King County off-track betting facility from an establishment north of Kirkland to Parker's Night Club in the City of Shoreline. Under RCW 67.16.200, the State has authorized the Horse Racing Commission to approve satellite pari-mutuel betting sites operated by Emerald Downs in Aubum "subject to local zoning and other land use ordinances". These sites receive real time betting lines and video transmission of races run at the track. No limit bets may be placed on 10-11 races held during each race day (MThFSaSu) of the season, which runs from April 15th to September 11th. These off-track satellites must be located at least 20 miles from the Emerald Downs track and only one such betting site is allowed for each county. Parkers was considered a non-conforming eating and drinking establishment operating a mini-casino when the satellite pari-mutuel proposed to locate there.

Based on findings that the new class of gambling could have potentially serious secondary social and economic impacts on the community and business environment, it was "necessary to prohibit new gambling establishments" with passage of Ordinance No. 223 to preserve public safety and welfare. There is concern that pari-mutuel betting on horseracing may present a greater likelihood of secondary impacts to the business environment and quality of life than the limited gaming activity of mini-casinos. The regional nature of the facility and open-ended betting could draw between 100 and 200 customers a day, fives days a week, during the five-month racing season based on betting at the off-track satellite facility in Everett. The introduction of a different form of gambling may spin off an increase in gambling at this and other mini-casinos established in the Aurora Avenue comidor of Shoreline. Chuck Potter, the Director of simul-casting at Emerald Downs, testified at the May 8, 2000 public hearing on the moratorium of new pari-mutuel off track betting facilities that approximately 250 people came to Parker's for the Kentucky Derby.

Pari-mutuel off-track betting was not included with the regulation of card room gambling and remains an unlisted use under the Development Code. Therefore, to create an opportunity to clarify the Code, your Council passed Ordinance No. 233 on March 27, 2000 creating a moratorium of up to six months on off-track horseracing betting location in the City of Shoreline. This moratorium expires on September 27, 2000 signaling the need to amend the Development Code to address additional types of serious gambling

to ensure that a variety of gambling uses have been analyzed to determine the level of regulation needed to preserve public safety and welfare.

The effect of the moratorium or Parker's off-track betting activity, and the ability to issue an interpretation for this unlisted use under procedures set out in the Development Code, is the subject of pending litigation. Parker's has been allowed to commence its operation under a preliminary court order pending final judgment in this suit. The proposed regulation is needed regardless of the outcome of this litigation since it relates to Parker's unique rights, not the proposed ordinance. Legislative clarification is desirable to 1) define Parker's use as a nonconforming use if they are allowed to continue, subject to regulations controlling such uses; 2) avoid future litigation regarding unlisted use interpretation if Emerald Downs relocates its license within Shoreline; and 3) clarify specific gambling activity that is permitted to avoid disputes if they remain unlisted uses.

The Development Code regulates card rooms in Chapter IV Permitted Uses Section (3) Index of Supplemental Use Criteria under commercial eating and/or drinking establishments. These land use regulations were adopted with the intent to support the policies of the Comprehensive Plan and the purpose of the Development Code by prohibiting new gambling establishments; allowing for the expansion of existing card rooms only with a special use permit; and requiring additional parking for card room uses to account for the increased number of customers. The application of land use regulations for other types of gambling including pari-mutuel wagering has therefore been a decision of the Director of Planning and Development Services.

As part of the development of Ordinance No. 223, extensive research was conducted by Staff and reviewed by both the Planning Commission and your Council on the regulation of gambling, not just card rooms. Staff has found that other types of gambling as defined and regulated by the State Gambling Commission and State Horse Racing Commission have the same types of significant secondary social and economic impacts on the community and business environment. Therefore, the findings entered by your Council for Ordinance No. 223, although focused on card rooms, are applicable to other types of serious gambling in addition to card rooms. These findings were:

- Card rooms have the potential for significantly greater secondary social and economic impacts on the community and business environment than other classes of eating and drinking establishments;
- Card rooms are not consistent with those key provisions of the City of Shoreline Comprehensive Plan which establish framework goals supporting a diverse economy to assure economic development and to enhance the quality of life within the City of Shoreline;
- The City has the ability to prohibit such establishments under its police power to regulate land use under RCW Chapter 35A.64 and more particularly its power to regulate any or all forms of gambling licensed by the State under RCW 9.46.295; and
- The City believes it is necessary to prohibit new gambling establishments and restrict existing card rooms as non-conforming uses to preserve public safety and welfare.

It is the intent of the attached Ordinance No. 247 to further specifically define gambling uses including pari-mutuel wagering for the purpose of establishing land use regulations that support the policies of the Comprehensive Plan and the purpose of the Development Code. The land use regulations established by Ordinance No. 223 for card rooms are appropriate and should be applied to other types of serious gambling. Other forms of gambling that do not have the potential secondary impact of serious gambling and are specifically exempt from the proposed restriction. These gambling activities are characterized by the limited duration of the activity (ex. raffle, fishing derby); by the limited amount of an individual wager (ex. punch boards, pull tabs); by the activity being available throughout the region (ex. lottery); and/or by the activity being operated by a bona fide charitable or nonprofit organization (excluding serious forms of gambling such as card rooms). Bona fide business transactions valid under the law of contracts, including by not limited to, contracts for the purchase or sale at a future date of securities or commodities, and agreements to compensate for loss caused by the happening of chance, including, but not limited to, contracts of indemnity or guarantee and life, health, or accident insurance are also exempt from this Code's definition of gambling.

In an effort to further anticipate potential traffic impacts associated with a variety of gambling uses, staff suggests adding a provision to require additional off street parking to address increased traffic generated by satellite pari-mutuel wagering. Required parking for card rooms is based on a ratio of five (5) spaces per card table plus one (1) space per 75 square feet in dining or lounge areas. Other gambling activities are not necessarily associated with a gaming/card table. Satellite pari-mutuel wagering activities are typically conducted with seating around one or more simulcasts with or without tables. Therefore, staff recommends addressing parking for gambling uses not associated with a gaming/card table by a ratio of 1 additional off street parking space per every 3 seats available for gambling or viewing gambling. This is the same ratio specified in the Code for off street parking spaces for other spectator activities such as theaters and stadiums. This would be the only change in the level of regulation proposed by the attached Ordinance.

Specifically, the proposed Ordinance No. 247 would amend the Development Code by:

- 1. Adding a definition for gambling in Chapter II, page 19:

 Gambling: Staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome.

 Gambling includes those uses regulated by the Washington State Horse Racing Commission and the Washington State Gambling Commission with the following exceptions as these uses are defined in Chapter 9.46 RCW:
- Punch boards and pull tabs
- Bingo and Joint Bingo Games operated by bona fide not for profit organizations
- Commercial Amusement Games
- Raffles
- Fund Raising Events
- Business Promotional contests of chance
- Sports pools and turkey shoots
- Golfing and bowling sweepstakes
- Dice or Coin games for music, food, or beverages
- Fishing derbies
- Bona fide business transactions
- Activities regulated by the state lottery commission
- 2. Removing the definition of card rooms in Chapter II, page 10:

Card Room

Commercial eating and/or drinking establishment licensed by the State Gambling Commission to conduct social card games.

Adding gambling to the Non-Residential Uses Table 3 Other Uses in Chapter IV;Table 3. Other Uses

(I) EDUCATION, ENTERTAINMENT, CUL	TURE AND		R48	CONTROL OF STREET	 	
		I	.AIION	l 6:	6:	
Gambling (expansion of existing nonconforming use only)				S-i	S-i	S-i

4. Add supplemental use criteria for gambling in Chapter IV Zoning and Use Provisions Section:

-G-

Gambling

- 1. Gambling uses are not permitted.
- 2. Expansion of a nonconforming Gambling use shall be subject to approval and issuance of a Special Use Permit.
- 3. Minimum off street parking for Gambling establishments shall be at a minimum 1 parking space per 75 square feet in dining or lounge areas, plus five parking spaces per card table, plus one parking space per every three seats (not associated with a gaming/card table) available for gambling or viewing gambling activities.
- 5. Removing references to card rooms in Table 2 Non Residential Uses Chapter IV;

Table 2. Non-Residential Uses

NAICS#	Seciel Chand Use	R4- R6-	R8- F42	R18- R48	NB &	6:	Ri š
	Retail/service type						
722	Eating and Drinking Establishments (Excluding Card Rooms Gambling)	С	С	С	P	Р	P

P = Permitted Use	S = Special Use
C = Conditional Use	-i = Indexed Supplemental Criteria

 Remove supplemental use criteria for card rooms under Eating and Drinking Establishments in Chapter IV Zoning and Use Provisions Section (3) Index of Supplemental Use Criteria page 110a;

<u>-E-</u>

Eating and Drinking Establishments

Eating and drinking establishments are permitted in residential zones R-4 through R-48 only by Conditional Use Permit and permitted in NB, O, CB, and RB zones, provided gambling as defined in this Code is not permitted.

- 1. Card rooms are not permitted.
- 2. Expansion of a nonconforming card room shall be subject to approval and issuance of a Special Use Permit;
- 3. Minimum off street parking for commercial eating and/or drinking establishments licensed by the State Gambling Commission to conduct

social card games (card rooms) shall be 1 parking space per 75 square feet in dining or lounge areas, plus 5 parking spaces per card table.

SEPA Review

In regards to the attached Ordinance, an Environmental Checklist was prepared for this non-project action. A SEPA Threshold Determination of Nonsignificance (DNS) was issued on 8/21/00. No public comment was received on the DNS.

The Planning Commission held a public hearing on proposed Ordinance No. 247 on September 7, 2000. No written public comments were received and there was no public testimony at the hearing. The Planning Commission recommended Ordinance No. 247 with a 6 –1 vote with the following amendment. The Planning Commission recommended removing the second paragraph of the Draft Ordinance No. 247 which stated the following: "Whereas, gambling uses are not consistent with those key provisions of the City of Shoreline Comprehensive Plan which establish framework goals supporting a diverse economy to assure economic development and to enhance the quality of life within the City of Shoreline."

RECOMMENDATION

Motion to adopt Ordinance No. 247 to amend the Development Code to Further Define and Regulate Gambling Uses as amended by the Planning Commission.

ATTACHMENTS

Attachment I Ordinance No. 247
Attachment II Ordinance No. 233
Attachment III Ordinance No. 223

Attachment IV Chronology of Ordinances Relating to Gambling

Attachment V Summary of Costs and Benefits of Policies Concerning Land Use

Regulations for Commercial Eating and/or Drinking Establishments

with Social Card Rooms

ORDINANCE NO. 247

AN ORDINANCE FURTHER DEFINING AND REGULATING GAMBLING USES AND AMENDING CHAPTERS II AND IV OF THE DEVELOPMENT CODE

WHEREAS, gambling has the potential for secondary social and economic impacts on the community and business environment; and

WHEREAS, the City has the ability to prohibit gambling uses under its police power to regulate land use under RCW Chapter 35A.64, RCW 9.46.295 and 67.16.200 (2); and

WHEREAS, it is necessary to prohibit new gambling establishments for the preservation of public safety and welfare and that legally existing gambling uses be restricted as nonconforming uses;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. New Section:

Adding a definition for gambling in Chapter II, Definitions to read as follows:

Gambling: Staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. Gambling includes those uses regulated by the Washington State Horse Racing Commission and the Washington State Gambling Commission with the following exceptions as these uses are defined in Chapter 9.46 RCW:

- Punch boards and pull tabs
- Bingo and Joint Bingo Games operated by bona fide not for profit organizations
- Commercial Amusement Games
- Raffles
- Fund Raising Events
- Business Promotional contests of chance
- Sports pools and turkey shoots
- Golfing and bowling sweepstakes
- · Dice or Coin games for music, food, or beverages
- Fishing derbies
- Bona fide business transactions
- Activities regulated by the state lottery commission

Section 2. New Section:

Adding gambling to Shoreline Development Code Table 3 Other Uses Chapter IV, as follows:

Table 3. Other Uses

NAICS#	SPECIFIC USE		R4-R		- R18- 2 R48	NB &	CB	RB &
(I) EDUC	ATION, ENTERTAINMENT, CUL	TURE	E, AND	RECR	EATION	-		
	Gambling (expansion of existing nonconforming use only)					S-i	\$-i	S-i
P = Perm	itted Use	S = 8	Special	Use				
C = Con	ditional Use	-i = Indexed Supplemental Criteria						

Section 3. New Section:

Adding Gambling to the Shoreline Development Code Chapter IV, Zoning and Use Provisions Section (3) Index of Supplemental Use Criteria as follows:

-G-

Gambling

- 1. Gambling uses are not permitted.
- 2. Expansion of a nonconforming Gambling use shall be subject to approval and issuance of a Special Use Permit.
- 3. Minimum off street parking for Gambling establishments shall be at a minimum 1 parking space per 75 square feet in dining or lounge areas, plus five parking spaces per card table, plus one parking space per every three seats (not associated with a garning/card table) available for gambling or viewing gambling activities.

Section 4. Amendment:

The Shoreline Development Code Chapter II, Definitions by deleting the definition of card rooms as follows:

Card Room

Commercial eating and/or drinking establishment licensed by the State Gambling Commission to conduct social card games.

Section 5. Amendment:

The Shoreline Development Code Table 2 Non-Residential Uses Chapter IV, shall be amended to delete regulations addressing card rooms and add regulations for gambling, as follows:

Table 2. Non-Residential Uses

NAICS #	SPECIFIC LAND USE	R4- R6	R8- R12	R18- R48	NB& O	СВ	RB.&
	Retail/service type						
722	Eating and Drinking Establishments (Excluding Card Rooms) (Excluding Gambling)	С	С	С	Р	Р	P

P = Permitted Use	S = Special Use
C = Conditional Use	-i = Indexed Supplemental Criteria

Section 6. Amendment:

The Shoreline Development Code Chapter IV, Zoning and Use Provisions Section (3) Index of Supplemental Use Criteria, shall be amended to delete regulations for card rooms, as follows:

-E-

Eating and Drinking Establishments

Eating and drinking establishments are permitted in residential zones R-4 through R-48 only by Conditional Use Permit and permitted in NB, O, CB, and RB zones, provided gambling as defined in this Code is not permitted.

- 1. Card rooms are not permitted.
- 2. Expansion of a nonconforming card room shall be subject to approval and issuance of a Special Use Permit;
- 3. Minimum off street parking for commercial eating and/or drinking establishments licensed by the State Gambling Commission to conduct social card games (card rooms) shall be 1 parking space per 75 square feet in dining or lounge areas, plus 5 parking spaces per card table.

Section 7. Repealer. Ordinance No. 233, which prohibits new pari-mutuel off-track betting facilities as a principle use, or accessory use to existing commercial establishments, is repealed upon the effective date of this Ordinance.

Section 8. Severability. Should any section, paragraph, sentence, clause or phrase of this regulation, or its application to any person or circumstances, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this regulation be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this regulation or its application to other persons or circumstances.

Section 9. Effective Date. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

PASSED BY THE CITY COUNCIL ON SEPTEMBER 18, 2000.

•	Mayor Scott Jepsen
ATTEST:	APPROVED AS TO FORM:
Sharon Mattioli, CMC City Clerk	Ian Sievers City Attorney
Date of Publication:	

Effective Date:

ORDINANCE NO. 233

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON ESTABLISHING A MORATORIUM ON THE ESTABLISHMENT OF NEW PARIMUTUEL OFF-TRACK BETTING FACILITIES AS A PRINCIPLE USE OR ACCESSORY USE TO EXISTING COMMERCIAL ESTABLISHMENTS WITHIN THE CITY OF SHORELINE, AND DECLARING AN EMERGENCY

WHEREAS, on November 23, 1998 the City Council enacted Shoreline's first Comprehensive Plan, with framework goals supporting a diverse economy to assure economic development and to enhance the quality of life within the City of Shoreline; and

WHEREAS, the City has recently evaluated whether it will permit gambling within the City limits during its moratoria and passage of development regulations prohibiting new social card rooms as a stimulant for commercial food and drink establishments; and

WHEREAS, the City Council is concerned about the proliferation of gambling establishments and the impacts they may have upon the community, and

WHEREAS, the Council entered findings in support of Ordinance 223 that gambling had a potential for significant secondary social and economic impacts on the community and business environment and it was necessary to prohibit new gambling establishments for the preservation of the public safety and welfare; and

WHEREAS, RCW 35A.63.220 authorizes cities to enact moratoria on land use matters to preserve the status quo while new plans or regulations are considered and prepared; and

WHEREAS, the City wishes to preserve the status quo to allow time to consider whether additional land use regulations may be necessary or appropriate to regulate the location of parimutuel off-track betting; and

WHEREAS, an emergency is declared to exist in order to protect the public health, safety and welfare;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

- Section 1. Findings of Fact. The "WHEREAS" clauses above shall constitute findings of fact and are incorporated by reference as if fully set forth herein.
- Section 2. Moratorium Established. A moratorium is hereby established on the initiation or operation of facilities for parimutuel off track betting on horse meets as a principle land use or an accessory use to any existing commercial establishment. Such parimutuel betting on horse meets is prohibited during the moratorium, and no applications for building permits, or any other permit or approvals, associated with the conduct of this business or operation shall be accepted during the effective period of this moratorium.

- Section 3. Term. The moratorium established by this ordinance shall terminate six months after passage unless earlier repealed or renewed according to law.
- Severability. Should any section, paragraph, sentence, clause or phrase of Section 4. this Ordinance, or its application to any person or circumstances, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.
- Section 5. Enforcement. Violations of this ordinance are punishable under chapter 18.50 SMC.
- Effective Date. This ordinance, as a public emergency ordinance necessary for the protection of the public health, safety, and welfare, shall take effect and be in full force immediately upon its adoption.

PASSED BY THE CITY COUNCIL ON MARCH 27, 2000.

ATTEST:

APPROVED AS TO FORM:

Sharon matting Sharon Mattioli, CMC

City Clerk

Ian R. Sievers City Attorney

Date of Publication: March 31, 2000

Effective Date:

March 27, 2000

ORDINANCE NO. 223

AN ORDINANCE REGULATING COMMERCIAL EATING AND/OR DRINKING ESTABLISHMENTS WITH SOCIAL CARD ROOMS AND AMENDING SECTIONS 18.06, 18.08, 18.18 AND 18.32 OF THE SHORELINE ZONING CODE

WHEREAS, eating and drinking establishments with card rooms have the potential for significantly greater secondary social and economic impacts on the community and business environment than other classes of eating and drinking establishments; and

WHEREAS, eating and drinking establishments with card rooms are not consistent with those key provisions of the City of Shoreline Comprehensive Plan which establish framework goals supporting a diverse economy to assure economic development and to enhance the quality of life within the City of Shoreline; and

WHEREAS, the City has the ability to prohibit such establishments under its police power to regulate land use under RCW Chapter 35A.64 and more particularly its power to regulate any or all forms of gambling licensed by the State under RCW 9.46.295; and

WHEREAS, it is necessary to prohibit new gambling establishments for the preservation of public safety and welfare and that legally existing card rooms be restricted as nonconforming uses;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. New Section:

A new section is added to SMC Chapter 18.06 Technical Terms and Land Use Definitions, to read as follows:

18.06.173 Card room: Commercial eating and/or drinking establishment licensed by the State Gambling Commission to conduct social card games.

Section 2. Amendment:

SMC Section 18.08.070, Permitted Land Uses, shall be amended to specify regulations addressing card rooms, as set forth in Attachment A, and incorporated by reference.

Section 3. Amendment:

SMC Section 18.32.090, Expansion of Nonconformance, shall be amended to read as follows:

"A nonconformance may be expanded subject to approval of a conditional use permit or a special use permit, whichever permit is required under existing codes, or if no permit is required then through a conditional use permit, provided, a nonconformance with the development standard provisions of Chapters 18.12 through 18.30 SMC shall not be created or increased.

Notwithstanding any other provision of this title, the expansion of a nonconforming adult use facility, as that term is defined in SMC 18.06.035, as now in effect or as may be subsequently amended, shall be subject to the approval and issuance of a special use permit and not a conditional use permit [Ord. 140 Sect. 3, 1997; Ord. 125 Sect. 1, 1997].

Notwithstanding any other provision of this title, the expansion of a nonconforming card room, as that term is defined in SMC 18.06.173, as now in effect or as may be subsequently amended, shall be subject to the approval and issuance of a Special Use Permit and not a conditional use permit, pursuant to SMC 16.40 and SMC 18.44.050. [Ord. 125 Sect 1, 1997]. "

Section 4. Amendment:

SMC Section 18.18.030 Computation of Required Off-Street Parking Spaces (18.18.070(A)), shall be amended to read as follows:

"18.18.030 A. Except as modified in SMC 18.18.070 (B) through (D), off-street parking areas shall contain as a minimum the number of parking spaces as stipulated in the following table. Off-street parking ratios expressed as number of spaces per square feet means the usable or net square footage of floor area, exclusive of nonpublic areas. Nonpublic areas include, but are not limited to building maintenance areas, storage areas, closets, or restrooms. If the formula for determining 'the number of off-street parking spaces results in a fraction, the number of off-street parking spaces shall be rounded to the nearest whole number with fractions of .50 or greater rounding up and fractions below .50 rounding down.

LAND USE

MINIMUM PARKING SPACES REQUIRED

RETAIL/WHOLESALE (SMC 18.08.070(A))

Retail trade uses

Exceptions:

Food stores, less than 15,000 square feet Gasoline service stations w/o grocery Gasoline service stations w/grocery, no service bays

Restaurants

Card rooms

1 per 300 square feet

3 plus 1 per 350 square feet
3 per facility, plus 1 per service bay
1 per facility, plus 1 per 300
square feet of store
1 per 75 square feet in dining or
lounge areas
1 per 75 square feet in dining or
lounge areas, plus 5 per card table.

Section 5. Severability. Should any section, paragraph, sentence, clause or phrase of this regulation, or its application to any person or circumstances, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this regulation be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this regulation or its application to other persons or circumstances.

Section 6. Effective Date. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

Section 7. Repealer. Ordinance No. 200, which imposed a moratorium related to food and/or drink establishments with gaming as a commercial incentive, is to be repealed upon the effective date of this Ordinance.

Mayor Scott Jepsen

Ian Sievers

City Attorney

APPROVED AS TO FORM:

PASSED BY THE CITY COUNCIL ON JANUARY 10, 2000.

ATTEST:

Sharon Mattioli, CMC City Clerk

Date of Publication:

January 13, 2000

Effective Date:

January 18, 2000

Attachment A

Section SMC 18.08.070

A. Retail Land Uses

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SIC	Specific Land Use	R4-	R12-	NB		CB		RB		0	I
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58*	Eating & Drinking Establishments	C12 <u>, 13</u>	C12 <u>, 13</u>	P6,_1	13	P <u>, 1</u>	3	P <u>, 1</u>	3	P <u>, 13</u>	P <u>, 13</u>
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B. Development Conditions.

13. Excluding card rooms, as defined in SMC 18.06.173

Attachment IV

Chronology of the Land Use Regulation as it relates to Gambling in Shoreline

Ordinance #	Date Adopted	Brief Description
Ordinance No. 190	2/8/99	Established a moratorium on the filing of applications for business licenses and building permits for the expansion of existing or the addition of new food or drink establishments conducting social card games, punch boards, or pull tabs and declaring an emergency
Ordinance No. 193	3/22/99	Established a moratorium on the filing of applications for business licenses and building permits for the expansion of existing or the addition of new food or drink establishments conducting social card games, punch boards, or pull tabs for the purpose of clarifying that the moratorium is directed at land use activities, and declaring an emergency
Ordinance 200	7/30/99	Amends Ordinance Nos. 190 and 193 establishing a moratorium on the filing of applications for business licenses and building permits for the expansion of establishments conducting social card games, punch boards, or pull tabs, for the purpose of clarifying land use activities subject to the moratorium, renewing the moratorium, and declaring an emergency
Ordinance 223	1/10/00	Prohibited any new eating and drinking establishments with social card rooms, and imposed increased parking requirements and a special use permit for expansion of existing card rooms
Ordinance 233	3/31/00	Established a moratorium on the establishment of new parimutuel off-track betting facilities as a principle use or accessory use to existing commercial establishments within the City of Shoreline, and declaring an emergency
Ordinance 247		Proposes to further define and regulate gambling and amend Chapters II and IV of the Shoreline's Development Code

Attachment IV

Chronology of the Land Use Regulation as it relates to Gambling in Shoreline

Ordinance #	Date	Brief Description
	Adopted	• .
Ordinance No. 190	2/8/99	Established a moratorium on the filing of applications for business licenses and building permits for the expansion of existing or the addition of new food or drink establishments conducting social card games, punch boards, or pull tabs and declaring an emergency
Ordinance No. 193	3/22/99	Established a moratorium on the filing of applications for business licenses and building permits for the expansion of existing or the addition of new food or drink establishments conducting social card games, punch boards, or pull tabs for the purpose of clarifying that the moratorium is directed at land use activities, and declaring an emergency
Ordinance No. 200	7/30/99	Amends Ordinance Nos. 190 and 193 establishing a moratorium on the filing of applications for business licenses and building permits for the expansion of establishments conducting social card games, punch boards, or pull tabs, for the purpose of clarifying land use activities subject to the moratorium, renewing the moratorium, and declaring an emergency
Ordinance No. 223	1/10/00	Prohibited any new eating and drinking establishments with social card rooms, and imposed increased parking requirements and a special use permit for expansion of existing card rooms
Ordinance No. 233	3/31/00	Established a moratorium on the establishment of new pari-mutuel off-track betting facilities as a principle use or accessory use to existing commercial establishments within the City of Shoreline, and declaring an emergency
Ordinance No. 247		Proposes to further define and regulate gambling and amend Chapters II and IV of the Shoreline's Development Code

Council Meeting Date: June 21, 1999

Agenda Item: 6(b)

CITY COUNCIL AGENDA ITEM CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:

A Workshop to Consider Guidelines for Regulation of Food and

Drink Businesses Conducting Social Card Games, Punch Boards,

or Pull Tabs in the City of Shoreline

DEPARTMENT:

City Attorney/Planning and Development Services

PRESENTED BY:

Bruce Disend, City Attorney; Lenora Blauman, Senior Planner

At your February 8, 1999, regular meeting, Council adopted Ordinance No. 190, placing a moratorium on new or expanded gaming establishments in Shoreline. On March 22, 1999, your Council conducted a required public hearing for this Ordinance. Following the public hearing, your Council agreed to: (1) maintain the moratorium approved with Ordinance No. 190; and (2) adopt Ordinance No. 193, placing a moratorium on intensification of existing gaming establishments. Your Council also directed the City Attorney and staff to conduct a study of gaming operations.

Specifically, the study was to address the potential impacts of gaming operations on the community, including:

- Identification of any negative secondary effects associated with such businesses.
- Financial impacts (e.g., tax revenue, employment opportunities, service costs, enforcement costs, multiplier effects)
- · Establishment of ways to mitigate any identified secondary effects or other impacts.

The study was also designed to examine: (1) tools for addressing these businesses in our Comprehensive Plan and Development Code; and (2) the establishment and implementation of a public process to consider regulation of gaming operations.

The purpose of this Council Workshop is to present information from studies conducted by the City Attorney and staff concerning impacts of gaming establishments and gambling activities. The report will focus on the following topics: Legal Issues; Land Use Authorities (Comprehensive Plan, Zoning, Development Standards), and Economic/Social Issues.

At this Workshop your Council will have the opportunity to consider options for permitting or prohibiting gaming (i.e., what the City should do about gaming operations). This Workshop will also provide your Council with guidance concerning the type of policies and criteria (tools) necessary to ensure that gaming regulations are compatible with City's community values, development goals and development capacity.

Based upon information gained through studies, this staff report provides five options for regulating gaming establishments in Shoreline. In brief, the options include:

- Option 1: Allow gaming establishments. This option maintains the status quo. It
 allows gaming establishments as a principally permitted use in all commercial
 districts; incentives are not provided, however, minimum development standards are
 required.
- Option 2: Allow and Encourage gaming establishments. This option would allow and encourage/provide incentives for gaming establishments in all commercial districts. Minimum development standards would be required.
- Option 3: Allow gaming establishments with conditions and restrictions. This
 option would limit gaming establishments to selected zones/areas of the City (e.g.,
 regional business, gaming district). This option requires adoption of special
 development standards to address impacts to the site and to the public realm (e.g.,
 architectural character, setbacks, access/parking, landscaping, lighting, signage).
- Option 4: Prohibit new gaming establishments. This option prohibits new gaming establishments. Existing gaming establishments may remain as nonconforming uses for a maximum time period to be established by the City. This nonconforming status would prevent intensified or expanded operations. Limited remodeling could be allowed.
- Option 5: Prohibit all gaming establishments. This option prohibits all
 establishments. New establishments are not permitted. Existing establishments are
 required to cease operations immediately. State law permits a local jurisdiction to
 ban all gaming establishments.

It should be noted that some of the options listed above involve differences of opinion regarding their legal viability under state law. As a result, some of these options may be subject to legal challenge.

In summary, this staff report is intended to provide information, frame issues, and present the benefits and costs of gaming, in order to assist your Council in discussion of the future of gaming in Shoreline. Staff recommends that a public hearing be scheduled to allow further comment and consideration regarding the future of gaming in the City.

The report also provides five options for guiding gaming establishments in Shoreline. Your Council may wish to consider this information as you deliberate about the future of gambling in our City. At the conclusion of your deliberations, your Council will be asked to schedule a public hearing to review options to guide gambling activities in Shoreline.

RECOMMENDATION

Staff recommends that your City Council:

- Consider options for policies and guidelines to regulate food and drink establishments conducting social card games, punch boards or pull tabs in the City of Shoreline.
- Schedule a public hearing to receive public comment with respect to the regulation of food and drink establishments conducting social card games, punch boards, or pull tabs in the City of Shoreline.

Approved By: City Manager (City Attorney)

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I. BACKGROUND/ANALYSIS

Shoreline is among several counties and local jurisdictions that are beginning to contemplate options for allowing and regulating gaming operations. At this time, some jurisdictions have, in fact, prohibited all gaming establishments (e.g., Enumclaw, Maple Valley, Normandy Park). (See Exhibit A – Cities Prohibiting Gambling Activities.) Some jurisdictions prohibit selected gaming operations. For example, Renton has established regulations that restrict gaming operations to a specific zone and geographic area (See Exhibit B – City of Renton Ordinance No. 4691).

Other jurisdictions (e.g., Auburn, Burien) have recently instituted moratoria on new gaming establishments in order to undertake studies of these businesses. The purposes of the studies are to determine whether: (1) existing businesses create harmful secondary effects; and (2) whether new gaming establishments would be consistent with the jurisdiction's comprehensive plans and/or development regulations. These studies are not yet completed.

At incorporation of the City of Shoreline, your Council adopted King County Ordinances to guide growth in our community. The purpose of adopting King County standards was to regulate new development pending the adoption of Shoreline's Comprehensive Plan and the adoption of local development regulations to support the Plan.

King County regulations, as adopted by Shoreline, permit a variety of food and drink businesses with gaming establishments in the City. At this time, Shoreline has 17 existing gaming establishments (i.e., establishments conducting social card games, punch boards, and/or pull tabs). These establishments include:

Establishment	LO CELLO A	Gureni/Adibiles ::
Cascade Booster Club (^)	16325 5 th Avenue NE	Bingo, Pull tabs,
	<u> </u>	Cardroom (pending)
Parker's	17001 Aurora Avenue	Mini-casino
China Clipper	20221 Aurora Avenue	Pull tabs
Cliffs Tavern	910 N 145th Street	Pull tabs, Cardroom
Drift on Inn	16708 Aurora Avenue	Mini-casino
Eagles, FOE 4122 (^)	17724 15th Avenue NE	Pull tabs
Echo Lake Tavern	19508 Aurora Avenue	Pull tabs
Gateway Inn	18380 Midvale N	Pull tabs
Goldies (**)	15030 Aurora Ave	Pull tabs
Hideaway Tavern	14525 Aurora Avenue	Pull tabs; Cardroom
Highland Skating Bingo	18005 Aurora Avenue	Bingo, Pull tabs
Italo Belia	14622 15 th Avenue NE	Pull tabs, Cardroom
North City Tavern	17554 15 th Avenue NE	Pull tabs
Palace of China	14810 15th Avenue NE	Pull tabs
Shays	15744 Aurora Avenue	Pull tabs
Sparkey's Bar & Grill	20109 Aurora Avenue	Pull tabs
Wild Horse Bar	2001 NW 195 th Street	Pull tabs
^Private Club		- an abo

^{*}Mini-casino includes card rooms and pull tabs

^{**} Goldies mini-casino permit was issued 5/13/99, following the moratorium.

In the region and in the City, there appears to be a trend toward the addition of new gaming operations and/or the intensification or expansion of existing gaming operations. For example, mini-casinos, which have been historically limited to 5 game tables, are now permitted to have 15 tables. Other changes in gambling regulations have encouraged intensification and expansion as well. Specifically, "house bank" games are now permitted by law. In this situation, the business operates its own games (e.g., black jack, pai gow poker, Caribbean stud) rather than contracting with outside vendors to conduct games. House banking allows the business to realize greater profits. Additionally, the maximum bet per game has been increased from \$25.00 to \$100.00. This increase also provides opportunities for greater profits, which encourages intensification and expansion of operations. The Drift On Inn has recently received permission to allow increased betting limits.

At this time, three existing establishments (Goldie's, Hollywood Pizza, and The Hideaway) have applied to the State Gambling Commission for permission to add new operations or increase betting limits. Goldie's has recently been approved for increased betting limits. The remaining two applications are stated for review by the State by no later than June, 1999. Prior to Council's adoption of the moratorium on February 8, 1999, the City received one application, from Hollywood Pizza, for a tenant improvement to include conversation of some restaurant seating areas to gaming areas (i.e., 4 tables with 7 seats each and 3 tables with 7 fixed seats each). This application is on hold at the request of Hollywood Pizza. Cascade Bingo has applied, as a private club, for a cardroom.

Although no other applications have been received by the City, there have been inquiries from existing gaming establishments wishing to intensify or expand operations (e.g., Goldie's, Parker's, Drift On Inn) and from new gaming establishments potentially interested in locating in Shoreline.

II. ISSUES AND DISCUSSION

The City Attorney and staff conducted a review of current literature on impacts related to gaming establishments and gambling activities (See Exhibit C – Bibliography: Gambling: Reports, Articles and Local Ordinances) and case law. Staff also participated in regional meetings with City officials, state government representatives, gaming establishment operators, and King County Law Enforcement officials to discuss issues and options related to the gaming industry. Key issues identified and addressed in our studies include:

A. Legal Opportunities and Constraints: Washington state allows cardrooms and mini-casinos only as ancillary businesses to a restaurant, bar or tavern; full casino gaming is prohibited. Local zoning ordinances can prohibit gaming within city limits. Local zoning ordinances also can regulate gaming establishments by setting particular zones and requiring particular development standards (e.g., locational criteria, site improvements, public improvements) for these establishments.

Washington State does not tax gaming establishments such as card clubs; however, these establishments can be taxed by local governments. Mini-casinos can be taxed up to a rate of twenty per cent. Cardrooms can be taxed up to a rate of 20 per cent. The City's tax rate of 11 percent has not been changed since Shoreline's incorporation and was the rate used by King County.

In considering the various options for regulating gaming establishments, your Council should be aware that legal conclusions concerning permitting, mitigating and banning gaming establishments is the object of some disagreement due to a lack of case law. The State of Washington Gambling Commission has recently issued a letter to the City of Renton concerning the authority of the cities to regulate gaming operations (Exhibit D). The Gambling Commission states that, if local jurisdictions permit gambling, those jurisdictions cannot limit gambling activities which have been licensed by the Commission. The Commission reports that, it may not "deny (or restrict) a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued." According to the Gambling Commission, local jurisdictions may absolutely prohibit gambling; however, if gambling is banned, then existing uses may not continue operations.

The Commission indicates it has taken no formal position on these issues, but has requested an opinion from the Attorney General. A Memorandum has been issued from an Assistant Attorney General in the Office of the Attorney General (See Exhibit E) in response to the Gambling Commission letter. The Memorandum, which is defined as an unofficial opinion, generally supports the position of the Gambling Commission concerning limitations on local communities' authorities for issuing moratoria and for promulgating zoning regulations. According to the Commission, further clarification of regulations may also come from anticipated litigation by licensees and local jurisdictions.

A group of Western Washington municipalities, with representatives from approximately 15 cities, is currently examining the scope of local jurisdictional authority to regulate gaming establishments. It is the general opinion of the counsel for these jurisdictions (including the City of Shoreline) that the law provides authority for cities to regulate gaming establishments through moratoria, zoning and land use restrictions (e.g., locations, development standards, operations, and granting of non-conforming status). This position is supported by a 1998 study entitled, State and Local Government Regulation of Gaming: Recent Canada and U.S. Case Law," (Exhibit C) which reports that, generally, local governments have retained zoning, business license and tax jurisdiction over non-tribal casino lands and gaming devices". (1)

Your Council may choose to enact policies or standards regulating gambling that either are consistent with or conflict with the Gambling Commission's current interpretation (and the Attorney General's "unofficial opinion") of local gambling authorities. Your Council may also direct staff to request an official opinion of local gambling authorities. Such an opinion concerning local authorities would be based upon an interpretation of the law; this opinion will not have the force of law. The nature, scope and limit of local authorities would most likely be determined by a legal challenge.

B. Land Use Issues:

- 1. <u>Comprehensive Plan</u>: The City is beginning to implement its new Comprehensive Plan. The Plan includes several elements that provide the policy foundation for new commerce in Shoreline. The Plan does not directly address gaming establishments, but does provide policies that are relevant to gaming establishments within the Land Use Element, Community Design Element and an Economic Development Element.
- a. Vision/Framework Goals: The City's vision is embodied in overall principles that guide the development of the Comprehensive Plan. The principles are identified as Framework Goals (FG) (Exhibit F). One framework goal (FG2) envisions a community

that will "promote quality building and development that is compatible with the surrounding environment." FG4 calls for Shoreline to "pursue a strong and diverse economy and assure economic development that complements neighborhood character." Under these Comprehensive Plan framework goals, new gaming establishments, if permitted by the City, would need to function as an element of a strong economy and be designed to complement the surrounding land uses and neighborhood character.

b. Land Use Element: The Comprehensive Plan Land Use Element includes 5-goals and more than 20 policies that generally address commercial development and that could relate to gaming establishments (Goals I, V, VII, VIII, IX; Policies 2-6, 38-40, 44, 45, 48-51, 53, 61, 64 and 66 - See Exhibit G). These goals and policies: (1) encourage needed, diverse and creative development (including thriving commercial development), (2) protect existing uses, increase job opportunities, (3) safeguard the natural and built environment...and (4) help to maintain Shoreline's sense of community.

Some policies address impact mitigation (e.g., providing attractive, vital development through strong design standards, ensuring availability of concurrent public services and facilities). Some policies encourage the City to provide incentives and/or to participate in public/private partnerships to support uses that enhance the City's vitality through a variety of regulatory and financial strategies. A number of policies emphasize the desirability of creating a broad mix of uses in economic development centers along the Aurora Corridor and North City.

The City currently has 17 gaming establishments. Allowing these uses to continue operations would be consistent with goals and policies that seek to protect existing uses. Providing incentives for new gaming uses would be inconsistent with those goals and with policies that encourage needed, diverse and creative development. New gaming establishments, if permitted, should be required to comply with goals and policies calling for neighborhood compatibility, strong design standards and concurrent public services/facilities in order to be consistent with the Plan.

c. Economic Development Element: The Comprehensive Plan Economic Development Element includes five goals and more than 35 policies that generally address commercial development and that could relate to gaming establishments (Goals I, V, VII, VIII, and IX; Policies 1-3, 5, 7, 9, 10, 16-18, 20, 21, 27-29, 36-41 - See Exhibit H). In general, the intent of the Economic Development-Element is to improve the quality of life by encouraging a greater number and variety of thriving commercial businesses that provide services and create employment opportunities for Shoreline residents.

Existing gaming establishments, to the extent that they are thriving businesses, are generally consistent with those goals and policies that support vital commercial uses. New gaming establishments may be less compatible with those goals and policies which encourage (and provide for possible incentives for) a variety of businesses and services.

Several studies address economic impacts of gaming industry (e.g., Economic Development Review, 1998, et al – Exhibit C). (2) A majority of these studies report that gaming is an industry of mixed value. Short term financial impacts (e.g., tax revenue, increased employment) can be positive. However, the value of gaming is generally reported to be limited because it produces no product and no new wealth, and thus makes no genuine contribution to economic development. Several of these studies indicate that gaming establishments do not attract secondary businesses to the community. Rather, reports as the one mentioned above indicate that many existing

businesses will leave an area that has gaming establishments and new businesses (other than gaming) will seek locations away from gaming establishments.

Specifically, a number of studies report that customers of gaming establishments spend their dollars on gambling and do not customarily shop or use services in the vicinity of the gaming establishments (e.g., Gambling on Economic Development, et al – Exhibit C). (3) Employees do not typically shop at stores near their workplaces because their work hours do not coincide with typical business hours of those stores. This further discourages other existing businesses from remaining in the neighborhood. When neighboring uses move away from gaming establishments, reducing both the commercial viability and property values of the vacated properties.

Several Comprehensive Plan Economic Development goals and policies encourage commercial uses (e.g., office, sales, services) which provide a range of employment opportunities. The gaming industry does provide employment opportunities for dealers, cashiers, and security staff. In Shoreline, approximately 600 people are employed by mini-casinos and cardrooms. These employees are recruited from communities throughout our region. Studies indicate that positions are entry-level jobs and offer no prospects for advancement (e.g., Economic Development Review, 1998; et al – Exhibit C). (4) Several of the reports indicate that gaming establishments almost invariably result in a net loss of jobs to a community due to the fact that other land uses near gaming establishments often move out of the areas.

There may be other negative impacts related to gaming. For example, according to "The House Never Loses...Why Casino Gaming is a Bad Idea", and several other articles (Exhibit C), in Tunica County, the poorest county in Mississippi, the introduction of gambling reduced unemployment to 4.9% and cut welfare by 33%, but there were negative impacts as a result of dramatic increase in crime. In Atlantic City, 35,000 permanent jobs were created and property values around the boardwalk have risen, but much of the city remains depressed and crime has risen significantly. Studies of other communities across the country (e.g., Illinois, Maryland, Wisconsin, etc.) reveal similar findings. (5) (See Economic Issues section of this report for more information.)

d. Community Design Element: The Comprehensive Plan Community Design Element includes three goals and more than 40 policies that generally address commercial development and that could relate to gaming establishments (Goals I, II and III; Policies CD 1-5, 9-13, 14-17, 2, 22-24, 28-32, 34, 37, 44 - See Exhibit I). In general, the intent of the Community Design Element is to improve the quality of life by ensuring that new construction and improvements fit into and enhance the identity and appearance of commercial neighborhood, creating a cohesive, contextual community image.

In brief, under the Community Design Element, all new businesses—including gaming establishments -- coming into Shoreline and all existing businesses that are remodeling would be required to meet the basic design guidelines. In addition, in order to address identified project impacts, developments would be required to include specific improvements (e.g., integrated architectural character, bulk and footprint, setbacks, landscaping, signage, lighting, vehicular and pedestrian access, and parking requirements).

In the event that Council believes that the current Comprehensive Plan goals and policies should be revised to adequately guide gaming establishments, the Council can

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establish additional Comprehensive Plan goals and policies through a Comprehensive Plan Amendment.

2. Zoning: Under the Comprehensive Plan Land Use Designation Map and the current Shoreline Zoning Map, gaming establishments would be permitted in all commercial zones – i.e., regional business, community business, neighborhood business, office and industrial zones.

Research indicates that gambling attracts customers from a region rather than from a single community. Many communities restrict gaming establishments to specific zones such as a regional commercial zone that has high visibility, accessibility and is convenient to regional users. This approach preserves smaller commercial districts for uses that serve the local community. It can also protect vulnerable residential districts, historic districts and environmentally sensitive areas.

The City may develop specific zoning requirements for gambling. For example, gambling could be allowed only in regional commercial zones, with other regional uses and with adequate systems (e.g., access routes, utilities, infrastructure) to serve regional uses. Some communities further restrict gaming uses to specific districts. Nationally, examples include Deadwood, South Dakota, Tunica, Mississippi, and the more famous gambling districts, such as Atlantic City. In Western Washington, communities are just beginning to consider specific districts. For example, Renton allows new gaming establishments only in a specific area in a regional industrial/commercial zone, an activity center that is well-away from the downtown City Center.

Research (e.g., "The House Never Loses...Why Casino Gaming is a Bad Idea", 1995 – Exhibit C) indicates that a gaming district, which is limited to gaming establishments, constrains economic development opportunities. A regional zone that allows gaming among a variety of uses would provide opportunities for a stronger economic base. However, study data indicates that existing businesses and new businesses may be expected to prefer locations away from gaming establishments. (6)

3. <u>Development Standards:</u> Under current regulations, standards for gaming establishments would be the same as those standards required for other types of general commercial use. For example, commercial development standards regulate such general features as bulk, height, and setbacks. Uses within the Aurora Corridor would also be subject to Aurora Overlay standards, such as signage, landscaping and access requirements. These general and area-specific standards do not specifically address aesthetic and functional impacts attributable to gaming establishments.

The City may establish special development standards for gaming establishments, where specific standards are needed to address particular impacts that occur with these uses. The City could establish site plan review requirements appropriate to mitigate impacts to a project site, surrounding properties and the public realm. For example, in order to mitigate impacts from gaming establishments occurring our highly visible regional business district, the City may call for special design standards (e.g., architectural features, height and setback limits, signage, landscaping, lighting). Similarly, special standards may be required to separate gaming establishments from neighboring sensitive uses, such as homes, schools and churches. These standards could include height and setback limits, signage, landscaping, and lighting requirements.

Further, the City may develop special requirements for gaming establishments to address traffic, noise and air pollution impacts. In a variety of studies (e.g., "Gaming Casino Traffic", March 1998, et al – Exhibit C), data indicates that casinos generate

significant volumes of traffic – especially during the evening peak hours. This traffic places a strain on the infrastructure, and creates noise and air pollution. Studies also report that traffic and parking accommodations that are established for general businesses (e.g., family restaurant, grocery store) are based upon lower staffing levels and more frequent customer turnover than occurs with gambling as a destination activity. Traffic and parking problems are also exacerbated with gambling casinos that are located in commercial zones where overall commercial traffic may be substantial (Zoning News: "Loading the Dice: Zoning Gaming Facilities", 1994, et al – Exhibit C).

Appropriate mitigation for traffic impacts related to gaming establishments could include improvements to rights-of-way, access, parking and signage.)

C. Economic Issues:

1. Overview: The direct and indirect economic impacts, including social impacts, of gambling activities have been investigated in a variety of studies (e.g., "House Never Loses...Why Casino Gaming is a Bad Idea"; Draft Report of the National Gambling Impact Study Commission; "Overview of National Survey and Community Database Research on Gambling Behavior", University of Chicago (1999); et al). Findings of the reports are consistent in some areas and differ in other areas. (8)

For example, the Draft Report of the National Gambling Impact Study Commission (NGISC Draft Report) indicates that little is known, overall, about the gambling industry's economic and social impacts. The NGISC Draft Report suggests that gambling can be an effective economic tool (particularly in those communities with limited existing economic opportunities, such as rural areas or tribal nations). Several other studies, however, indicate that gambling is an industry that produces no product and no new wealth, and thus makes no genuine contribution to economic development (e.g., America's House of Cards, et al – Exhibit C). Those studies indicate that gaming establishments almost invariably result in a net loss of jobs, increased taxes and negative economic spirals. (9)

The NGISC Draft Report and other studies are more consistent in identifying social costs, such as gambling addiction. Gambling addiction is defined as being "significant" and youth gambling "startling" in several reports, including the NGISC Draft Report. (10)

 Taxation/Revenue: Estimates are that over \$600 billion is wagered annually in the United States (City of Burien Presentation on Gambling, February, 1999, et al – Exhibit C). (11)

According to the City of Shoreline's Finance Department, the amount wagered in Shoreline last year was \$18,512,670. In the first quarter of 1999, approximately \$9,434,756 has been wagered. Mini-casinos account for 71% of gambling dollars. In 1998, Shoreline taxed cardrooms and mini-casinos at a rate of 11% of gross receipts. Combined gambling revenue in the amount of \$1,253,462.00 provided five percent of Shoreline's total revenue. In 1999, it is estimated that Shoreline will receive more than six per cent of it's total revenue for this year from gambling taxes. The 1999 Budget projects revenue of \$2,155,900.00. During the first quarter we received \$573,334.

In comparison, card rooms in other communities are taxed up to 20% (SeaTac, Puyallup, Lakewood, Edmonds). Mini-casinos in the region are taxed at between 5% (Olympia, Mountlake Terrace) and 11% (Kenmore, Federal Way, Kirkland, Shoreline). The average rate is 8.8%. (12)

Shoreline can consider increased tax rates up to 20% for gaming establishments. This tool can provide increased revenue to the community. However, there are potential costs associated with an increase in the level of taxation. For example, smaller gaming operations may fail. Other gaming establishments may relocate to communities with lower rates of taxation. Further, the State of Washington may impose lower limits on rates of taxation. The Legislature has indicated that, if taxation rates reduce the viability of these uses, that regulations will be revised to reduce maximum taxation rates.

3. <u>Community Service Benefits/Costs</u>: Studies (e.g., Gambling on Economic Development; America's House of Cards, 1998, et al -Exhibit C) indicate that tax income from the gaming industry is a variable both by virtue of the nature of gambling and the evolving laws affecting taxation rates. Because gambling revenue is unstable, it is an unreliable source of revenue for community development. (13)

Various studies also articulate general findings of fact that identify rising crime in conjunction with casinos. For example, the NGISC Draft Report finds gambling levels to be a "startling" phenomenon. Particularly notable trends include youth gambling. Compulsive gambling is a substantial cause of crime, although the NGISC Draft Report considers "traditional casinos" as less harmful to the community than " 'convenience' gambling in the form of slot machines or video terminals...". (14)

The City of Burien in a report entitled "Presentation on Gambling" 2/99 (Exhibit C) indicates that the number of compulsive gamblers has been shown to increase in states with legalized gambling. This finding is confirmed by a variety of other studies, which report increases of up to 500 per cent and find that low-income people do the most gambling, although they can least afford to gamble. (15)

The NGISC Draft Report and several other studies demonstrate that crime exists in conjunction with: (1) gaming establishment operations (e.g., fraud, organized crime); (2) customer activities within gaming establishments; and (3) customer behavior following gambling activities. Other problems demonstrated to relate to gambling include: (1) income loss leading to financial hardship, bankruptcy and resulting service requirements; (2) concomitant alcohol abuse and alcohol-related incidents (e.g., as traffic accidents); and (3) frustration at loss, leading to health/mental health problems (e.g., family abuse), requiring police and social services. (16)

The King County Police Department, which provides services to Shoreline, does not maintain specific statistics for gambling-related crimes. However, King County Police Detective Steve Ellis has indicated that calls to gaming establishments in Shoreline are similar in number and type (e.g., fighting, public drinking, fraud, prostitution) to crimes reported in studies on criminal activities related to gambling.

"The House Never Loses...Why Casino Gambling is a Bad Idea" 1995, (Exhibit C), estimates costs to a community resulting from the association between gambling and criminal activities. Costs are based, in part, on a review of criminal activities occurring in several areas where gambling is permitted – such as Mississippi, Colorado, South Dakota, New Jersey, Connecticut, Louisiana, Nevada, and Illinois. This review and other studies address criminal activities, costs for the criminal justice system, costs to victims and damage to community image. It is estimated that for every dollar gambling contributes in taxes, taxpayers spend at least \$3 on costs ranging from increasing police patrols and treating pathological gamblers. The average social cost of a compulsive gambler is estimated to be as high as \$53,000 per year. (17)

In an article entitled, "The Case Against Legalized Gambling" and in the Journal Reporter ("Sims: No New Card Rooms", 1/99-2/99 – a presentation by Ron Sims, King County Council) it is reported that "card rooms ... have led to crime, reduced property values and businesses leaving the neighborhoods". Mr. Sims also noted that these "hidden costs in...neighborhood degradation outweigh any tax revenue". Mr. Sims reports that these costs amount to \$3 to \$4 for each one dollar of tax revenue. [18]

V. OPTIONS:

There are several options for guiding gaming establishments. Staff has described five options for addressing gaming uses in Shoreline – ranging from encouragement, to allowing these uses with conditions, to prohibiting these uses. This listing, including a brief benefit/cost summary, is based upon staff analysis of the Comprehensive Plan, the development code, legal issues, economic issues and social issues.

The option selected by your Council for regulation of gaming establishments and the policies developed to support that option, will determine the extent to which existing and new gaming uses would be consistent with the intent of our adopted Comprehensive Plan. Policies and regulations developed for your Council's preferred option will also determine the extent to which gaming establishments would be an asset to the community or would result in deleterious effects in Shoreline.

Option 1: Allow gaming establishments. This option maintains the status quo. It
allows gaming establishments as a principally permitted use in all commercial
districts. Tax incentives are not provided, however, minimum development
standards are required to address on-site impacts and impacts to the public realm.

Benefits: City revenues from gaming establishments may be maintained; revenues could increase if more customers come to Shoreline establishments because other communities prohibit gambling. The City could also raise tax rates for existing establishments. Entry-level job opportunities would be provided.

Costs: Possible revisions to the Comprehensive Plan and Development Code (e.g., policies for land uses, economic development and community design) to support minimal standards for gambling uses. Based upon economic studies, it is likely that the City would incur long-term costs resulting from lost economic development (i.e., other businesses migrate away from gambling uses), limited employment opportunities, costs of supporting policing gaming establishments, costs of social services.

 Option 2: Allow and Encourage gaming establishments. This option would allow and encourage/provide incentives for gaming establishments in all commercial districts. Incentives could include lower tax rates, business incentives, and/or limited requirements for development standards to address impacts to the site and the public realm (e.g., architectural character, landscaping, access/parking).

Benefits: City revenues from gaming establishments would be maintained; revenues could increase if more customers come to Shoreline establishments because other communities prohibit gambling. The City could also raise tax rates for existing establishments. Entry-level job opportunities would be provided.

Costs: With this option, the City would need to revise the Comprehensive Plan and Development Code (e.g., policies for land uses, economic development and community design) and City tax structure to create policies, incentives, minimal

standards for gambling uses. As with Option 1, economic studies indicate that the City would incur long-term costs resulting from lost economic development limited variety of employment opportunities, costs of supporting policing gaming establishments and providing social services.

Option 3: Allow gaming establishments with conditions and restrictions. This option would limit gaming establishments to selected zones/areas of the City (e.g., regional business, gaming district). This option requires adoption of special development standards to address impacts to the site and to the public realm (e.g., architectural character, setbacks, access/parking, landscaping, lighting, signage).

Benefits: New gaming establishments could be located in a single zone, such as a regional business zone which has adequate visibility and access to support such a regional use. (Note: It is also possible to cluster these uses in a single "combat zone" district. However, Shoreline has limited space available for creating such a district. Additionally, national studies indicate that this single-use locational system is frequently a strong disincentive to other economic development and that crime increases occur in such clustered districts.)

New gaming establishments would be required to be consistent with our existing Comprehensive Plan and with development standards to address land use impacts and to protect public safety (e.g., architectural character, landscaping, signage, lighting, access/parking, and operating standards). Gaming establishments could be allowed only at specific locations.

City revenues could increase if Shoreline's more attractive gambling venues enjoy more business and/or if other communities restrict gambling activities. Entry-level job opportunities would exist. The City could also raise tax rates for gambling uses.

Costs: The City would need to develop specific Development Code requirements (e.g. conditional use, site plan review) to provide special standards for gambling uses. The City would incur long-term costs because economic development is less likely to occur near to gambling uses. Also, new employment opportunities are less than with more diverse economic development. The City continues to incur costs of supporting policing gaming establishments and providing social services.

 Option 4: Prohibit new gaming establishments. This option prohibits new gaming establishments. Existing gaming establishments may remain as nonconforming uses for a maximum time period to be established by the City. This nonconforming status would prevent intensified or expanded operations. Limited remodeling could be allowed.

Benefits: Existing gambling uses would be permitted to continue operations as non-conforming uses, either indefinitely or amortized to a specific termination date (e.g., 2 years, 5 years, 7 years). Remodeling would need to be consistent with the Comprehensive Plan and Development Code standards for architectural features, landscaping, signage, lighting, access/parking, etc.

With this option, City revenues from gaming establishments may be maintained; revenues could increase if Shoreline were to raise its tax rate and/or if more customers come to Shoreline establishments because other communities prohibit gambling. Entry-level job opportunities would be provided.

Costs: The Gambling Commission and the State Office of the Attorney General have reported (in unofficial opinions) that a jurisdiction may ban all gaming, but cannot ban only new gaming establishments. City attorneys in the region believe that the law does permit jurisdictions to ban new gaming only, but there is no case law in this area. If Shoreline elects to allow existing gaming establishments and ban only new establishments, it is likely that the City would be party to/incur costs for a legal action testing this decision in the courts.

If the City elects to pursue this option, existing gaming uses that are permitted to continue operations will become non-conforming uses. As a non-conforming use, with a specified "sunset" date, an establishment may be less likely to keep up a property, which could discourage new area uses in the short term. The City would incur middle-term costs based upon the fact that other economic development is less likely to occur until the sunset date occurs. With this option, employment opportunities remain static. Other economic and social costs (e.g., policing, social services) would continue as well.

 Option 5: Prohibit all gaming establishments. This option prohibits all new gaming establishments. Existing establishments are required to cease operations immediately. New establishments are not permitted. State law permits a local jurisdiction to ban all gaming establishments.

Benefits: Lands currently devoted to gaming establishments would become available for other types of economic development that are more consistent with the City's Comprehensive Plan goals and policies for land use, economic development and community design. Neighboring uses could be encouraged to remain in Shoreline and new uses might be encouraged to come into the City. The City ceases to incur costs of supporting policing gaming establishments and providing social services. New uses could create more diverse employment opportunities and a more diverse, stable economic base.

Costs: It is unlikely that development to replace or enhance our economic base would be immediately attracted to the community. Economic development is a long-term effort and Shoreline currently has underdeveloped, available commercial land. Unless new economic development immediately replaces gaming establishments, the City will incur a short-term to middle-term loss in revenue and jobs.

V. RECOMMENDATIONS

Staff recommends that your City Council:

- Consider options for policies and guidelines to regulate food and drink establishments conducting social card games, punch boards or pull tabs in the City of Shoreline.
- Schedule a public hearing to receive public comment with respect to the regulation of food and drink establishments conducting social card games, punch boards, or pull tabs in the City of Shoreline.

I. FOOTNOTES

The following citations provide a representative sample of resources on specific issues concerning gaming. Related information may also be found in other articles included in the Bibliography for this Staff Report. The Bibliography is found in Exhibit C.

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- "State and Local Government Regulation of Gaming: Recent Canada and U.S. Case Law" Craig B. MacFarlane and Anthony Capuccinello, (1998). Page 2
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- "The Explosive Growth of Gambling in the United States", Senator Paul Simon, Congressional Record for the 104th Congress

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- VI. Attachments (Available upon request)
 - Exhibit A: Listing of Cities Prohibiting Gambling Activities
 - Exhibit B: City of Renton Washington, Ordinance 4691, Defining, Permitting, Restricting and Prohibiting Gambling Operations (December, 1997)
 - Exhibit C: Bibliography: Gambling Reports and Articles (Included)
 - Exhibit D: Letter from State of Washington Gambling Commission to the City of Renton (February 1999)
 - Exhibit E: Memorandum from the Office of the Attorney General
 - Exhibit F: City of Shoreline Comprehensive Plan Framework Goals
 - Exhibit G: City of Shoreline Comprehensive Plan Land Use Element (Selected Policies and Goals)
 - Exhibit H: City of Shoreline Comprehensive Plan Economic Development Element (Selected Policies and Goals)
 - Exhibit I: City of Shoreline Comprehensive Plan Community Design Element (Selected Policies and Goals)

Exhibit C

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These documents and other reference reports are on file with the City Clerk for public review and in the City Council Office for review by Councilmembers.

Council Meeting Date: September 18, 2000 Agenda Item: 7(a)

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:

Shoreline Transfer Station Master Planning Effort Briefing

DEPARTMENT: PRESENTED BY:

Planning and Development Services
Tim Stewart, Planning Director;

Jeffrey Thomas, Planner; and

Kevin Kiernan, Engineer Services Manager, King County

Solid Waste Division

EXECUTIVE / COUNCIL SUMMARY

Your Council recently requested an update on King County's plans for redevelopment of the Shoreline Transfer Station site. Staff has been working with the King County Solid Waste Division in preparation for the redevelopment of this site, which will include a master planning effort to address this and other interests outlined in both the Shoreline Comprehensive Plan and the King County Solid Waste Comprehensive Plan.

Specifically, one community interest addressed in the Shoreline Comprehensive Plan is for the Shoreline Transfer Station site to utilize the existing I-5 direct access ramp, which currently provides access to the Metro Transit maintenance center. This issue has been analyzed in past studies, including the *First Avenue North-East Transfer Station Full Development Conceptual Alternatives Report* issued by King County in 1994. Your Council recently addressed this issue in correspondence dated October 28, 1999, which is included in the agenda packet as Attachment I for your reference.

The Shoreline Comprehensive Plan designates this site as an essential regional public facility and encourages master planning efforts for such. A Comprehensive Plan Land Use Map for the subject site and immediate vicinity is included in Attachment II for your reference. The Zoning Map designates the subject site as residential six (6) units per acre, except for the most south-easterly property abutting I-5, where the Metro Bus Barn is located, which is zoned residential eighteen (18) units per acre. These zoning designations may change as a result of the master planning effort. A Zoning Map for the subject site and immediate vicinity is included in Attachment III for your reference.

The master planning effort will be Phase II for the redevelopment of the Shoreline Transfer Station site. The first phase will replace the existing weigh scales with new weigh scales in a different and temporary location. The new weigh scales will be relocated to a permanent location, which will be determined during the master planning effort. A building permit application (Type A permit) for Phase I will be submitted in the near future to Planning and Development Services Department for review and approval.

The master planning effort will permit the King County Solid Waste Division to "lock-in" land uses, traffic circulation patterns, structure design and location as well as other site development specifics through a detailed site plan, to be approved at the conclusion of the process. A programmatic environmental review and traffic study will be completed as part of the master planning effort for the entire site, including all contiguous publicly owned land, thereby permitting the determination of mitigation requirements in advance and avoiding a "piece-meal" approach to site development.

At a minimum, public participation shall be solicited through a pre-application neighborhood meeting, a written public comment period and an open record public hearing with the Planning Commission. In addition, the King County Solid Waste Division has often assembled and utilized a "citizen advisory committee" for their projects throughout the county. Members for this committee are sought from nearby neighborhoods likely to be impacted by a project.

In 2001, the Planning Commission and your Council will be asked to consider the Shoreline Transfer Station Master Plan as a legislative action (Type L permit) to amend the Development Code with a special overlay and the Comprehensive Plan. This approach is similar to both the North City Sub-Area Plan and the Shoreline Park and Ride Transit Oriented Development efforts.

Stakeholders in this effort include, but are not limited to, neighborhoods in the vicinity of the Shoreline Transfer Station site, the Washington State Department of Transportation, the Washington State Department of Health, King County Solid Waste Division, special interest groups and future occupants at the site.

RECOMMENDATION

No formal action is requested. Direct staff to continue preparing for the redevelopment of the Shoreline Transfer Station by addressing the interests of the community through the policies contained in both the Shoreline Comprehensive Plan and the King County Solid Waste Comprehensive Plan. This will be accomplished by proceeding with the Shoreline Transfer Station master planning effort. Staff will also keep Council informed when key milestones are being approached and/or reached.

ATTACHMENTS

Attachment I: Correspondence from Council to the King County Solid Waste Division

sent 10/28/99

Attachment II: Comprehensive Plan Land Use Vicinity Map

Attachment III: Zoning Vicinity Map

Attachment IV: Site Plan - Preferred Alternative (Source: King County Solid Waste

Division - First N.E. Transfer Station Full Development Conceptual

Alternatives Report, 1994, Figure VIII-1)

Approved By: City Manager City Attorney

Attachment I

Council Correspondence to the King County Solid Waste Division October 28, 1999



City of Shoreline

17544 Midvale Avenue North Shoreline, Washington 98133-4921 (206) 546-1700 ◆ FAX (206) 546-2200

October 28, 1999

Ms. Geraldine Cole King County Solid Waste Division 201 S. Jackson Room 701 Seattle, WA 98104

Dear Ms. Cole: Geathine

This is in response to your information request on Shoreline's interest in reducing traffic impacts at the 1st Ave NE Transfer Station, operated by King County's Solid Waste Division. We are very interested in the possibility of using the interchange for the transit base for access to the transfer station. This will reduce the traffic, noise and hazards associated with the current access, which uses N 165th Street, Meridian Avenue N and N 175th Street.

As part of our development of Shoreline's first Comprehensive Plan, our residents have expressed a preference for having truck access directly from I-5 to the transfer station at various community meetings. This could include both outgoing and incoming loads, serving waste haulers and King County alike. Such a facility might even serve household self-haul customers as well. Due to complaints and citizen's comments, this preference is identified as a policy goal in Shoreline's 1998 Comprehensive Plan's Transportation Element.

Our community has seen this proposed improvement before. This idea was first used in the preferred design concept when the transit maintenance center was designed in the mid-1980's. This access was later dropped from consideration due to concerns raised about using transit funding to benefit other uses. The idea surfaced again in the Solid Waste Division's 1994 1st Ave. NE Transfer Station Full Development Conceptual Alternatives Report, which identified a number of design alternatives that take advantage of the transit interchange for access.

While a more detailed study needs to be completed before we know the full impacts of changing the access for trucks, the impacts at first glance appear to be minimal. Most of the impacts should be positive, such as increased separation from neighbors, reduced off-site traffic counts, increased road life and decreased noise. Other impacts will likely need additional study before we know the full effects. Among the issues that we would like to see cooperatively addressed by this project include:

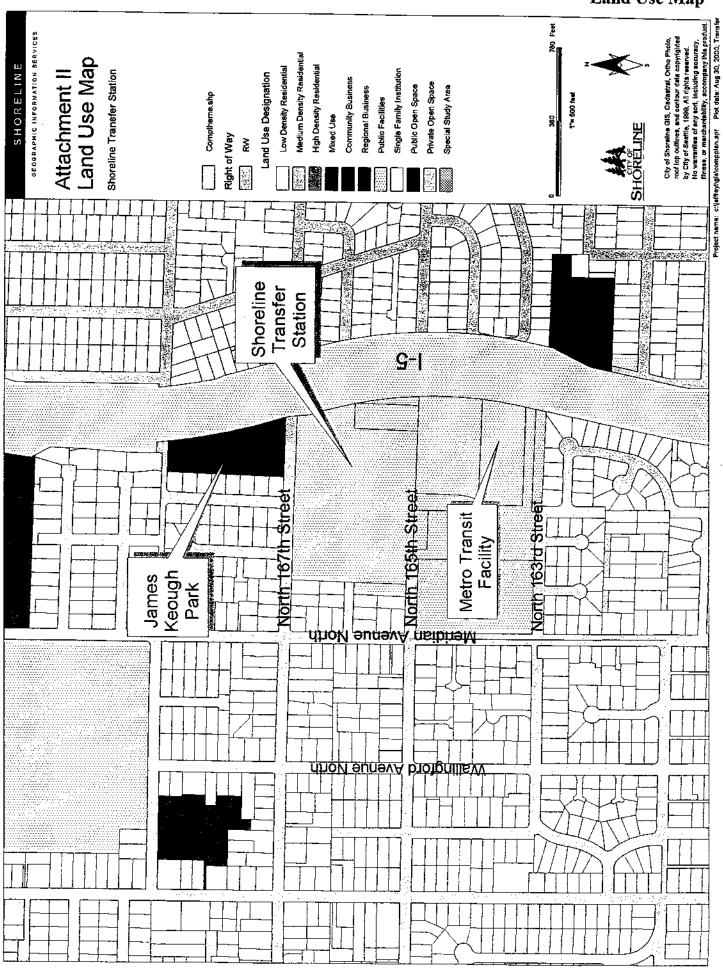
- Noise dispersion and adequacy of existing noise walls to reduce noise as heavy vehicles enter and exit the freeway
- Aesthetic and acoustic impacts to neighboring properties of transfer facility
- Impact of change on James Keogh Park, its uses and user safety
- Impact on water quality associated with adding more impervious surfaces
- Compatibility of site with potential light rail alignments or facilities in the future
- Off-site traffic impacts

Thank you for taking the effort to start work on this project. We are optimistic we can work together to develop an improvement that benefits both the City and Solid Waste Division for years to come. The City's contact on this important project is Kirk McKinley, Transportation Manager. Kirk can be reached at (206)546-3901.

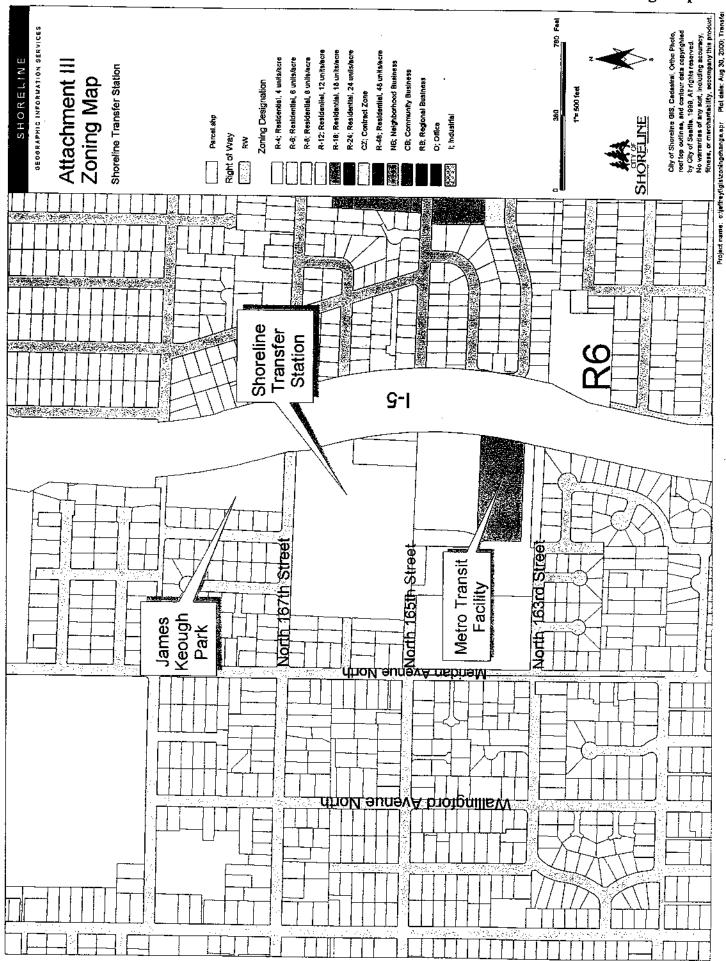
Stati Jelsen Mayor

Cc:
Shoreline City Council
Bob Deis, City Manager
Tim Stewart, Planning Director
Kirk McKinley, Transportation Manager

Attachment II Comprehensive Plan Land Use Map



Attachment III Zoning Map



Attachment IV Site Plan – Preferred Alternative

Source: King County Solid Waste Division –
First N.E. Transfer Station Full Development Conceptual Alternatives Report, 1994,
Figure VIII-1

