

**CITY COUNCIL AGENDA
STAFF REPORT**

Prepared on: February 16, 2005
Agenda date: February 22, 2005
Reviewed by_____

SUBJECT: Resolution #05-6, A Resolution of the Albany City Council declaring opposition to the establishment of a Las Vegas style casino at Casino San Pablo, in San Pablo.

FROM: Beth Pollard, City Administrator

RECOMMENDATION

That Council consider approval of Resolution #05-6.

BACKGROUND

The Lytton Band of Pomo Indians has signed a compact with the Governor to establish a casino with 2,500 slot machines on the property that they own in San Pablo; a card room currently operates at the site. The number of slot machines potentially could increase to 5,000.

The State Legislature must approve the compact between the Lytton Band and the Governor. Consideration of that approval was started last fall, but deferred to 2005 after opposition to the casino and the approval process arose in the Legislature.

Sen. Dianne Feinstein has introduced legislation in the U.S. Senate that would require an additional review process for Casino San Pablo, and U.S. Sen. John McCain – in his role as Chair of the Senate Indian Affairs Committee - has announced his intention to hold hearings on the casino.

Other potential casinos in the East Bay are being proposed and pursued, with the closest being on sites in Richmond.

DISCUSSION

The establishment of the “Las Vegas” style casino has generated controversy in the region, as well as triggering a state and national debate about placement of casinos in urban areas. More than 400 people attended a community workshop on the casino conducted by Assemblywoman Loni Hancock on Saturday, January 22, 2005.

Assemblywoman Hancock assembled panels of speakers with various backgrounds and perspectives on casino gambling in general and the specific San Pablo proposal.

Among the regional concerns about Casino San Pablo, and the state, and national issues of concern about urban gambling are:

- Traffic impacts from the expansion of Casino San Pablo from a card room to a 2,500 slot machine facility, with possibly up to 5,000 slot machines in the future. Of particular note has been the impacts to I-80/580 and San Pablo Avenue, as well as access to the adjacent Doctors Medical Center.
- The expanded availability, proximity, and temptation of gambling, with associated concerns about gambling addiction and its financial drain on persons in lower income ranges.
- Other potential negative consequences related to blight, crime, health, and safety.
- The question of the appropriateness of government reliance on revenues from gambling
- The casino's exemption from state and local smoking laws, and the impact of second-hand smoke on casino employees if smoking is allowed.

The City of San Pablo and the Lytton Band have offered the following comments in support of the casino proposal:

- The Lytton band is a poor, landless tribe who lost their land against their will, by action of the U.S. federal government.
- Jobs will be created for the higher-than-average poor, unemployed, and diverse populations in San Pablo. Specifically, 18.1% of San Pablo residents live below the federal poverty line, the unemployment rate for San Pablo residents is 175% higher than that of Contra Costa County; the casino would create 6,000 new jobs with benefits.
- The City of San Pablo needs the revenues that it will receive from the casino to stay afloat, and to provide services and programs for residents' needs; the City notes that State and Federal fiscal policies relating to cities have failed them and therefore they must look to other means to fund their city.
- The City and the Lytton Band intend to mitigation traffic impacts, and there will be an effort made to elicit local agencies' comments on issues that require mitigation.

ANALYSIS

In September, 2004, the Albany City Council approved Resolution No. 04-43 opposing State Proposition No., 68, which would have allowed up to 3,000 slot machines in existing cardrooms and racetracks in the state, including Golden Gate Fields; Proposition 68 failed to pass. The resolution, which is attached, was based on the issue of local land use control rather than the issue of urban gambling.

The issues at play regarding Casino San Pablo range from policy matters related to gambling and its role relative to the urban setting and municipal resources, to environmental impacts from the expanded development of the Casino San Pablo site.

Of particular environmental concern is the amount of traffic that would be generated by a 2,500 to 5,000 slot-machine casino. The specific traffic concerns pertaining to the City of Albany relate to increased traffic on the I-80/580 freeways that pass through Albany and that are used by local residents and visitors to the city, as well as traffic congestion on San Pablo Avenue leading to and from the casino's location at 13255 San Pablo Avenue.

A traffic study by Katz, Okitsu & Associates, which staff was told was commissioned by owners of cardrooms in the area, is attached. It studied the traffic impacts of between 2,500 and 5,000 slot machines at Casino San Pablo. Among its findings are that the slot machines would create enough new daily traffic to demand the capacity of up to two additional four-lane roads; it states that I-80 traffic would increase by 25 percent. It is not clear in the report whether this finding is related to 2,500 slot machines or 5,000 slot machines. However, the technical section notes that: *“An expansion of 2,500 new gaming machines at Casino San Pablo is forecast to generate 1,175 trips in the AM peak hour, and 1,970 trips in the PM peak hour. The expansion of 5,000 additional gaming machines is forecast to generate 2,350 trips in the AM peak hour and 3,940 trips in the PM peak hour.”*

The City of San Pablo has commented that although the casino is not subject to the California Environmental Quality Act (CEQA), there will be environmental impact analysis on issues such as traffic. Last week, the Pomo Band announced a reduction in size of the expansion of the casino building, although not the number of slot machines.

Under the terms of the compact with the Governor, 25 percent of the casino revenues will be given to state and local governments, although the specific allocations have not been determined.

FINANCIAL IMPACT

There is no financial impact associated with the City's approval of the resolution.

Attachments:

- Draft Resolution #05-6
- Resolution #04-43
- San Pablo Casino Traffic Analysis Preliminary Findings, Prepared by Katz, Okitsu & Associates, January 28, 2005
- Agenda, Assemblywoman Hancock's Town Hall Meeting, 1/22/05
- Recent newspaper articles