



DATE: October 16, 2023

TO: PLANNING COMMISSION

FROM: Kelly Murphy, Senior Planner (879-6535; kelly.murphy@chicoca.gov)

RE: Casino Chico Development Agreement (DA 23-01) – 325 Broadway Street; APN 004-151-010-000.

SUMMARY

Earlier this year, the Planning Commission approved a use permit request (UP 22-09) on behalf of Casino Chico to establish a seven-table cardroom use in the Downtown North zoning district. As part of the project, the applicant proposed a voluntary, annual contribution to the City of Chico equivalent to five (5) percent of gross receipts generated from card game participation fees for the benefit of the downtown area. The City Attorney's office determined that a development agreement (DA) is the most appropriate mechanism to facilitate this proposal, and a condition of approval was placed on the use permit issued for the project. The primary purpose of the proposed DA is to facilitate the development of an approved project and preserve the effectiveness of UP 22-09 by satisfying a required condition of approval.

Working in coordination with the applicant and Planning staff, the City Attorney's office facilitated preparation of a development agreement (see Exhibit I to **Attachment A**, DA 23-01) for the Casino Chico cardroom which stipulates the following:

1. Operating Contribution: Developer agrees to contribute to City, in order to enable City to promote, protect, and enhance the health, safety, and welfare of the community and its residents and its quality of life, five (5) percent of gross receipts generated from card game "participation fees". "Participation fees" are defined as the fees collected by the cardroom for facilitating gambling between/amongst patrons. The Operating Contribution shall be calculated annually as of December 31 for each year of operations, or portion thereof, commencing upon operation of the Project. The Operating Contribution shall be due not later than January 31 of each operating year. Operating Contributions shall be due for any year, or portion thereof, during which the Project, in any form, continues in operation regardless of the expiration date of this Agreement. However, if this Agreement is terminated for cause or by mutual written agreement of the Parties, then the Operating Contribution shall cease.

Recommendation:

Planning staff recommend that the Planning Commission adopt Resolution No. 23-09 (**Attachment A**), recommending that the City Council approve Development Agreement 23-01 based upon the findings therein.

Proposed Motion:

I move that the Planning Commission adopt Resolution No. 23-09, recommending that the City

Council approve Development Agreement 23-01 based upon the findings therein.

BACKGROUND

Previous Project Approval

On June 1, 2023, the Planning Commission voted 5-2 approving a use permit request (UP 22-09) to establish a seven-table cardroom use in the Downtown North (DN) zoning district (see **Attachment B**, Vicinity and Area Notification Map, and **Attachment C**, PC Staff Report and Resolution 23-03). The cardroom, "Casino Chico", will be relocated from its current shared premises at 768 East Avenue and reopen in the existing commercial office building at 325 Broadway Street in Downtown Chico.

Proposed Development Agreement

A Development Agreement is a voluntary contract between a property owner and a jurisdiction (e.g., City of Chico), which details various obligations for the parties and establishes special provisions applicable to the development of a specific site.

Casino Chico, as a State of California Licensed Non-Tribal Cardroom, does not gamble with its customers and patrons do not wager against the "house" or dealer. Rather, Casino Chico facilitates patrons gambling with each other and charges a "participation fee", either by the hand dealt or an hourly fee. As a component of the project, the applicant proposed a voluntary, annual contribution to the City of Chico equivalent to five (5) percent of gross receipts generated from card game participation fees. While this type of offer is uncommon, it is not entirely unique. For example, applicants who obtained approval of a use permit to establish a commercial cannabis storefront retailer use within the city contribute a percentage of annual gross receipts to the City's General Fund.

The City Attorney's office determined that a DA is the most appropriate mechanism to facilitate this proposal and a condition of approval was placed on the project, stipulating that the effectiveness of UP 22-09 is contingent upon the City Council's approval of a development agreement between the Casino Chico and the City of Chico.

The proposed DA does not grant Casino Chico any deviations from the City's applicable development standards and has been prepared at the applicant's request as a mechanism to enable the collection of this annual contribution, volunteered by the applicant, for the benefit of the downtown area.

GENERAL PLAN CONSISTENCY

The DA is consistent with the General Plan in that it would enable the establishment of a cardroom in Downtown Chico, providing residents and visitors a new and exclusive source of entertainment that would generate additional revenue for the City, and help to maintain and enhance the vitality and economic well-being of Downtown to support its status as the City's center (Policy DT-1.1 and DT-1.2, Goal DT-2).

The underlying project design and cardroom use has been determined to be consistent with the goals and policies of the General Plan in that it would contribute to a lively streetscape environment and increased pedestrian activity on the ground floor (Policy DT-3.2 and DT-3.2.1), provide a mix and distribution of uses that meet the identified needs of community (Goal

LU-2), and represents the development and enhancement of “Third Places” that expand the range of Downtown activities and uses for residents and visitors alike (places people go after work or when not at home), consistent with Action ED-1.5.1. Both general and use specific operating standards have been required, ensuring land use compatibility with the surrounding area (Policy LU-2.4).

Furthermore, Casino Chico would be established in a mixed-use area characterized by a variety of commercial retail, restaurant, office, and service uses, located far enough away from existing single family residential neighborhoods but proximal enough to be walkable or bikeable, and would provide a missing neighborhood entertainment element (Goal LU-3 and Policy LU-4.4).

FINDINGS

Development Agreement

Pursuant to Chico Municipal Code Section 19.32.50, the City Council can only approve a development agreement if it makes the following two findings:

1. *The development agreement would be in the best interest of the City.*

The DA would be in the best interests of the City as it would implement General Plan policies, as noted above, facilitate the development of an approved project, and preserve the effectiveness of Use Permit 22-09 by satisfying a required condition of approval. The establishment of a cardroom in Downtown Chico will provide residents and visitors a new and exclusive source of entertainment, generate additional revenue for the City, and help to maintain and enhance the vitality and economic well-being of Downtown to support its status as the City’s center.

2. *The development agreement would promote the public interest and welfare of the City.*

The DA would promote the public interest and welfare of the City by facilitating the development of an approved project that will result in the diversification of land uses in Downtown Chico, create a new entertainment use complementary to surrounding uses, increase pedestrian traffic, and attract residents and visitors to the Downtown area. The proposed DA does not grant Casino Chico any deviations from the City’s applicable development standards and has been prepared at the applicant’s request as a mechanism to enable the collection of an annual contribution, volunteered by the applicant for the benefit of the downtown area.

ENVIRONMENTAL REVIEW

The project has been previously determined to be categorically exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15301 (Existing Facilities) and 15332 (In-Fill Development Projects). Consistent with this exemption, the project is: consistent with the applicable General Plan designation, zoning regulations, and General Plan policies; is less than five acres in size, substantially surrounded by urban uses; has no habitat value for special status species; will not result in any significant impacts regarding traffic, noise, air quality, or water quality; and can be adequately served by all required utilities and public services.

DISTRIBUTION:

PC Distribution
Files: DA 23-01

External

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ATTACHMENTS:

- A. Planning Commission Resolution 23-09
Exhibit I – Draft Ordinance and Development Agreement
- B. Vicinity and Notification Area Map
- C. 06/01/2023 PC Staff Report and Resolution 23-03 w/o attachments