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**CITY OF OAKLAND**  
**AGENDA REPORT**

TO: Office of the City Administrator  
ATTN: Ms. Deborah Edgerly  
FROM: Office of the City Administrator, Special Activity Unit  
DATE: February 22, 2005

**RE: An Informational Report on Bingo Activities in 2004**

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**SUMMARY**

This report provides information regarding the operation of Oakland's permitted bingo establishments during the 2004 calendar year. The report summarizes the receipts, expenditures, and charitable donations made by the bingo game operators, as reported monthly by each operator to the Office of the City Administrator. Although the report is informational as it pertains to 2004, it also outlines areas of concern that the Office of the City Administrator plans to address in calendar year 2005.

**FISCAL IMPACTS**

As this is an informational report, there are no fiscal impacts.

State law limits the permit fees for bingo game operators to \$50 annually. (Cal. Penal Code section 326.5(1)(1).) State law does not address the concept of bingo hall operators, entities that lease space to bingo game operators, but because all but one of Oakland's bingo game operators lease space, Oakland Municipal Code section 5.10.110 requires the lessors to obtain a bingo hall permit at an annual cost of \$500. With nine (9) bingo game operators and three (3) bingo hall operators, the total revenue generated by these fees in 2004 was \$1950.00. These fees are intended to cover the cost to the City Administrator's Office of processing the permit applications filed annually by the bingo hall operators and bingo game operators and the public hearings required prior to issuing the permits.

Bingo operators are required to provide monthly income and expense reports to the City Administrator's Office. In 2004, City staff, devoted at least one day per month to the audit of these reports, follow-up required to obtain missing data or correct erroneous data, and maintenance of statistics. The cost to the City of this oversight is estimated at \$5000.00. To cover or reduce this cost to the City, this office has requested a bingo hall permit fee increase in the 2005 – 2007 budget.

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**BACKGROUND**

California Penal Code Section 326.5 and Oakland Municipal Code Chapter 5.10, Title 5 are the governing regulations for bingo games. The Special Activity Permit Unit of the City Administrator's Office is the oversight agency for bingo games in the City of Oakland.

The Special Activity Permit Unit developed forms on which the bingo operators report their monthly activity. The reports are not audited, but operators sign that, to the best of their knowledge, the information provided is true. The information in this report is drawn from the monthly operators' reports.

In 2004, a total of nine (9) non-profit organizations, including one senior citizen organization, conducted bingo games at four locations. During the year, four (4) of the organizations ceased operations, and by October of 2004 only five (5) of the non-profits continued to conduct bingo games.

2004's gross receipts of **\$12,759,312** from bingo games are a **\$718,537** decrease from 2003's gross receipts of **\$13,477,849**.<sup>1</sup> In 2004 bingo patrons won **\$9,413,438** in prizes, and **\$199,125** was donated to charitable causes in 2004 by the Oakland bingo organizations.

	<u>2003</u>	<u>2004</u>
<b>Gross Receipts</b>	<b>\$13,477,849.00</b>	<b>12,759,312.00</b>
<b>Prizes Awarded</b>	<b>10,136,633.00</b>	<b>9,413,438.00</b>
<b>Expenses</b>	<b>3,031,529.00</b>	<b>3,131,559.00</b>
<b>Profit</b>	<b>309,687.00</b>	<b>204,009.00</b>
<b>Charitable Donations</b>	<b>117,294.00</b>	<b>199,125.00</b>
<b>Percent of Profit Donated</b>	<b>38</b>	<b>98</b>

During 2004 the Office of the City Administrator's Administrative Hearing Officer permitted four locations to conduct bingo games.

<u>LOCATION</u>	<u>BINGO HALL OPERATOR</u>
• <b>Durant Square Bingo Hall</b>	<b>Bay Area Commercial, Inc.</b>
• <b>Foothill Square Bingo Hall</b>	<b>Cornucopia Ventures, 2001 LLP</b>
• <b>Fruitvale Bingo Hall</b>	<b>Oakbay Bartco</b>
• <b>East Oakland Senior Center</b>	<b>Not Applicable</b>

<sup>1</sup> The 2003 Bingo Activities Report from this office incorrectly stated that year's gross receipts at \$25,465,149.00. The 2003 figures on this report are the corrected figures, as derived from the operators' monthly reports.

The three private facilities obtained Bingo Hall Permits, as required by Oakland Municipal Code Chapter 5.10. Both state law and the Oakland Municipal Code authorize only tax exempt organizations, mobile home park associations, and senior citizen organizations to conduct bingo games. Nine tax exempt organizations obtained Bingo Operator's Permits in 2004. Other than the East Oakland Senior Center, which conducted bingo in its own facility, the tax exempt organizations leased space from the bingo hall permittees.

<b><u>BINGO GAME OPERATOR</u></b> <b>(Lessee)</b>	<b><u>BINGO HALL OPERATOR/LESSOR</u></b>
• <b>Community Charities</b>	<b>Bay Area Commercial, Inc.</b>
• <b>BCD &amp; R Society</b>	<b>Cornucopia Ventures, 2001 LLP</b>
• <b>KEDS, Inc.<sup>2</sup></b>	<b>Cornucopia Ventures, 2001 LLP</b>
• <b>Community Soc. Svcs. of E. Bay</b>	<b>Oakbay Bartco</b>
• <b>Ronald &amp; Usoalii Miller Foundation</b>	<b>Oakbay Bartco</b>
• <b>FSCCC<sup>3</sup> of American Samoa in Alameda</b>	<b>Oakbay Bartco</b>
• <b>La'au O Le Ola Samoan CCC<sup>4</sup> of San Francisco</b>	<b>Oakbay Bartco</b>
• <b>Our Children's Future</b>	<b>Oakbay Bartco</b>
• <b>East Oakland Senior Center</b>	<b>Not Applicable</b>

**KEY ISSUES AND IMPACTS**

**RECOGNITION OF BINGO ORGANIZATIONS**

As outlined above, in 2004 Oakland's bingo game operators nearly doubled their charitable contributions from 2003 levels, despite a slight decrease in gross receipts and a thirty-five (35) percent net profit decrease. The donations provided much needed funding for Oakland schools and charitable causes, as well as for charitable organizations and needy individuals in other parts of the Bay area. Oakland's bingo game operators are to be highly commended for donating ninety-eight percent of their net profit to charitable causes in 2004.

**Of the \$199,125.00 donated by the Bingo Game Operators to charitable causes, \$188,825.00, or 95 percent, was donated by two organizations, BCD & R Society and**

<sup>2</sup> Kids Education Development Scholarships, Inc.

<sup>3</sup> First Samoan Congregational Christian Church

<sup>4</sup> Congregational Christian Church

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Community Charities. BCD & R Society donated a total of \$124,600.00 to charitable causes, with \$38,250.00 donated to Oakland organizations, including schools, the Franciscan Friars, the Police Activities League, and Allen Temple. The balance of \$86,350.00 was donated to a variety of charitable causes throughout the Bay area. Of the \$64,225.00 total donations made by Community Charities, \$47,200.00 went to Oakland schools, the Oakland Police Activities League, and needy Oakland residents referred by City Council offices. The balance of \$17,025.00 was donated to Bay Area Charities, located in Pleasanton.

The 2004 charitable donations of all Bingo Game Operators were:

<u>BINGO GAME OPERATOR</u>	<u>2004 DONATIONS</u>
• BCD & R Society	\$ 124,600.00
• Community Charities	64,225.00
• Community Soc. Svcs. of E. Bay	4,900.00
• KEDS, Inc.	2,000.00
• FSCCC of American Samoa in Alameda	2,600.00
• East Oakland Senior Center	800.00
• Ronald & Usoalii Miller Foundation	0.00
• La'au O Le Ola Samoan CCC of San Francisco	0.00
• Our Children's Future	0.00
	\$ <u>199,125.00</u>

EXPENSE OF OPERATING BINGO GAMES

Bingo hall rentals and overhead expenses consume the gross profits of Oakland bingo game operators in amounts not anticipated by the state lawmakers that drafted the bingo legislation. The most significant cost of conducting bingo games is the rent paid by the bingo game operators to the bingo hall operators. Premises rents paid in 2004 are as follows:<sup>5</sup>

BCD & R Society	\$ 1,348,850.00	309 dates
Community Charities	568,000.00	365 dates
KEDS, Inc.	119,040.00	55 dates
Community Soc. Svcs. of E. Bay	85,000.00	241 dates
Ronald & Usoalii Miller Foundation	16,200.00	22 dates

<sup>5</sup> The Ronald & Usoalii Miller Foundation, FSCCC of American Samoa in Alameda, Our Children's Future, and La'au O Le Ola Samoan CCC of San Francisco functioned as bingo game operators for only a portion of 2004 and did not apply for permits for 2005.

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<b>FSCCC of Amer. Samoa in Alameda</b>	<b>4,000.00</b>	<b>31 dates</b>
<b>Our Children's Future</b>	<b>1,200.00</b>	<b>7 dates</b>
<b>La'au O Le Ola Samoan CCC of SF</b>	<b>Not provided</b>	
<b>East Oakland Senior Center</b>	<b>Not applicable</b>	

State law limits the amount for rental of property and overhead to \$2000.00 per month. (Cal. Penal Code section 326.5(k)(2).) The law does not apply to cities that adopt their own ordinances. (Cal. Penal Code section 326.5(a).) Oakland's ordinance, however, has adopted the provisions of the state Penal Code.

It has not been determined whether these rents are substantially higher than the average for comparable commercial property in Oakland. It is clear however that the rentals impact the amounts available for charitable causes, as evidenced by the organizations that conducted games but made no charitable donations. The Office of the City Administrator's Special Activity Permit Unit is in the process of evaluating the reasonableness of the bingo game operators' rental agreements and the options of either having these rents re-negotiated or seeking amendments to the governing legislation. Upon completion of this research the Special Activity Permit Unit will return to the Council with findings and recommendations.

**SUSTAINABLE OPPORTUNITIES**

In 2004, bingo operators contributed **\$199,125.00** to charitable causes. A substantial portion of these contributions was made to Oakland organizations and citizens who had no other available community resources to help them. The contributions provided both economic and social equity benefits to the City of Oakland. It is expected that bingo operators will continue to assist disadvantaged citizens in 2005. The Oaklander's Assistance Office will continue to work with the Office of the City Administrator to inform the bingo game operators of Oakland needs and encourage them to use their bingo profits to meet these needs.

**DISABILITY AND SENIOR CITIZEN ACCESS**

There are no disability and senior citizen access concerns raised in this report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the Council accept this informational report on bingo activities in 2004.

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Respectfully submitted,

  
BARBARA B. KILLEY  
Prepared by: Barbara Killey  
Administrative Hearing Officer  
Special Activity Unit, CAO

APPROVED AND FORWARDED TO THE  
PUBLIC SAFETY COMMITTEE.

  
OFFICE OF THE CITY ADMINISTRATOR

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