

Safety Committee Minutes

Honorable Council
City of Newark, Ohio
February 7, 2023

The Safety Committee met in Council Chambers on February 6, 2022 following the Service Committee meeting with these members present:

Mark Labutis, Chair
Spencer Barker
Beth Bline
Michael Houser
Jeff Rath

We wish to report:

1. **Discussion of Ordinance No. 23-01** AN ORDINANCE AMENDING PORTIONS OF CHAPTER 830 OF THE CODIFIED ORDINANCES OF THE CITY OF NEWARK, OHIO, REGARDING LICENSING REQUIREMENTS FOR ELECTRONIC GAMING PARLORS OPERATED WITHIN THE CITY OF NEWARK, OHIO.

This Ordinance will be having its second reading in Council tonight, 2-6-2023

Evan Price, Attorney, P.O. Box 20244 Columbus, Ohio, 43230 - I am here as an attorney for many of the game room owners here in this City of Newark. Let me begin by noting if you have any questions at any point please feel free to interrupt me. Newark has successfully licensed and regulated skilled games in this City for more than a decade at this point and it should continue to do so. If there are problems that can be addressed by adopting new regulations or changing regulations, however, it should be noted the State has said it would defer to the City Licensing, if you guys want to set up a license procedure they're not going to interfere. That makes sense because the State's regulatory procedure for skilled game rooms is quite frankly has failed. It's been in place since 2018, believe it or not as of today there are zero operator licenses approved by the State of Ohio in Licking County, there are zero approved for the County of Franklin. I didn't check the rest of the 86 Counties but it gives you an idea of how the State has failed to move forward with regulation. I trust everyone knows there have been a lot of game rooms here in Newark and elsewhere, the State has not been regulating them, has not been enforcing anything, quite frankly we believe it makes sense to adopt some safety and security regulations more so than has already been done. For example, background checks for employees and things like that and it's interesting because the State Licensing is not going to address those concerns at all. It's interesting because the State has done so with regards to Medical Marijuana Dispensaries

which I understand there are three of here in Newark. The State has adopted extensive regulations for safety and security procedures. Requiring surveillance cameras, limited access, safes and DEA Compliant safes, even has provisions like you have to keep the trees and bushes away from the building so somebody can't stand out there and ambush you and their reasons for the safety and security concerns at the Medical Marijuana Dispensaries is because they are not legal under Federal Law. As a result they cannot deposit cash into the banking system, they can only collect that, they can't use credit cards. So it creates a real safety concern and they have recognized that by adopting safety and security procedures that we think would be appropriate for you to adopt for skilled gaming. The State has said nothing about adopting safety and security procedures for skilled gaming at all. One of the reasons they've done it for the Medical Marijuana Facilities is in the State of Washington they have had 75 robberies in 90 days of Medical marijuana dispensaries and 3 or 4 people were killed. So, we would encourage the Safety Committee and if I may I would pass out the regulations that have been adopted by the State with regard to medical marijuana and like I said some of these may not apply but a lot of them are very common sense safety procedures that if Newark is concerned about criminal activity at skilled game rooms, they can adopt these they can regulate the game rooms as aggressively as necessary to prevent problems, but the notion that just deferring to the State is going to address any of these concerns is ridiculous. The State is not going to do it and quite frankly, what you see in Franklin County, they haven't approved a single operators license. There are dozens of game rooms. Occasionally the State will step in and conduct a raid and close one of those game rooms down.. So what do they do, they close down and open up in another location, there's no criminal charges filed because quite frankly there is no crime involved in operating a game room without a license. They essentially close down a room and then it pops up somewhere else. If Newark adopts the proposed ordinance, we believe that the 11 game rooms that have complied and worked with the City for the past 11 years and have paid hundreds of thousands of dollars of licensing fees , they are concerned with complying with the law, those businesses will probably close up in all likelihood and what you will have instead is you'll have businesses opening up, renting some space that will anticipate they aren't going to be open for more than a year, so they're not going to invest the money like the current game rooms have and safety and security and limiting access to come into the game rooms, they're not going to invest any money in that and if you call the State, they may come and tell them to shut down and they'll just pop up somewhere else. So, we believe that the only responsible thing for the City to do is to take an active role in regulating the game rooms and adopting appropriate provisions, and unless anyone has any questions. Thank you.

Rochelle Volen-Smith, 237 Violet Ct. - I agree that game rooms are under regulated and something does need to be done about that, but at the same time I think we have too many of them and that they prey on the disadvantaged and that's a problem So, I think there should be stringent regulations and again, a lot less of them. Thank you.

Ron Schlosser Jr., 477 Franklin Ave., Heath, Ohio - I am the owner, operator of a skilled game facility. I'm not quite sure where I want to start. When I first got into this business in 2016, in 2014 I went to code enforcement and said I want to open a game room, they said we can't. We have a moratorium on these rooms, I think there were 2. So, I respected that

and walked away from it and 2 years later I came back. They said okay let's do this. So, they came to my facility once I had it set up and looked at it and said fine, we'll license you, it looks good. As far as the City goes we've licensed you, as far as the State goes, you're on your own. So, I worried about that for a long time, about a year. I thought, the City says it's okay, but what's the State going to do? I'm not really a stranger to law enforcement I have friends on the investigative unit, at the Statehouse in the Governor's Office, I've asked them all too, we're friends. They said Ron, you're okay, the City Licensed you, the State wants nothing to do with this, they're taking a hands off approach, so I continued to operate now for almost 7 years and it's come to here. Mr. Hickman confirmed this 7 year later. In your last meeting he said, The State says, you guys are licensing them so we want to keep our hands off of it. So, that confirms what Evan says is true. There is no licensing in Columbus there are game rooms running over there, they don't bother them. Mr. Hickman says there has been a significant increase in those businesses over the last couple of years, we went from 4 to 9, that I know of. We can trim that down, I'm willing to work with everyone, we want to run a really safe room. We know who is in our place, we know their names, what the ages are, what the average age is. The people that come in our place, the average age is 48 years old. We don't put up with crap and other places don't have to do that either. So, if the concern is, there's too many of them, let's regulate them and figure it out. Liquor licenses are the same way, you're only allowed so many liquor licenses in Licking County. There's a bunch of them. I can't see where Fire and Police are such a big problem with this, I think if you close these places down, that problem doesn't go away, it just goes somewhere else. People come to our place, I talked to a lady yesterday, she says, I've talked to a lot of people, I've lived in this town 61 years, I'm just 1 year shy of being self-employed 45 years by myself. Mill Wheel Tavern, this, so I've been here a long time I know a lot of people. I talked to a lady yesterday that said my husband has alzheimers we would go crazy sitting in our house watching tv all day, we come here. This is a place where people come when they get off of work to decompress for a couple hours. Come in, play some games, go home, eat dinner, get a shower go to bed get up go to work, do it all over again. This is their thing, this is our family. They come in, we have dinner for them, they eat dinner, club soda, kind of like going to the gym and working out, you go to the gym to talk to people, you know that's what they do. They don't want to get too far from home, this is what they do for two hours, they kill two hours before they go on. I don't mean to go on and on, I spent a couple days going over things. I talked to the local convenience stores, they take police and fire calls all the time. There's drugs going in and out of these places all the time. The south end. I mean my building down there is a perfect example. My business got closed down because my mon got sick, I spent 18 months with her and the last 6 months of her life I was diagnosed with carcinoma, I had neck cancer, so in 6 and half weeks I did 33 shots of radiation and had to tell my mom on the phone I couldn't be with her, so my business got closed down. When businesses get closed down you open up for more vandalism. They smashed every window out of my building down there while I've been down. We're taking jobs, I have 27 employees, they'll all have to find another job.

Beth Allen,17491 MaryAnn Furnace Rd., Nashport, Oh.- I put these together for you, this is the system we currently run. This is the system we currently run off of it kind of gives you guys an idea and a mindset of where our organization sits. I've attached a note so you know

what our members have to carry in to our facility every time they enter. Our data source collects everything. Initially who has entered that building. I understand that this is about the safety. Currently this is about the safety and over usage of our City resources, however, our organization doesn't have this issue, it doesn't, we've tried to do our very best to regulate it. Our customer data source has all current member information, keeps all current identification and home addresses, it gives our staff the ability to open the door and close the door at any point. They regulate who is in the facility and around the facility . We also have a camera system that has the option to allow our security team to know if there is an issue. It does break everything down into age groupings and to the members activities, all new member activity, the lead strength which is how our staff is allowing those members enter and exit the facility. Are they key fobbing in, that is at 100%. No one enters the facility without being asked for their identification prior. It shows the dashboard percentages of all current members, their visit ratios. It's giving you all the statistics if members are satisfied, how many are males or females. It's graphing all of the visitation for returning members, new members completely through the entire month. You're getting a weekly schedule and you can send out weekly reminders to all of your guests on all of the events that we offer. It's giving an entire history of your facility whether it be one or all of your facilities. We also have a guide that we offer for our staff and we have weekly staff meetings to ensure that all staff members are following our protocol. If you look you will see that our employees have to fill out an incident report for anything that would be an issue on their shift to be reviewed by any management staff. Our management staff has to do evaluations on each employee quarterly. Our rules for our facility are listed on every entrance and reviewed with every member prior to them being a member. No one is allowed to enter our facility without having good statistics being 21 and having a key fob. The last few pages you will see what our organization offers our members, not just skilled gaming, but a place to go for fun events and to get away from solitude.

Mr. Schlosser - We have a 31 camera system in our facility, 4 local detectives have 24/7 access to our cameras on their devices and they have had for some time now. We had our fair share of problems a while back about a year and a half ago and we addressed those. In the south end we were located right across from the Vertical, so we see lots of new faces walking up and down that street every day and we had heard that van loads of people were being dropped off at the Circle K which is why we were seeing all of these new faces every day and they would be on our front porch and sleeping in our bushes. So we were having a hard time with these issues so that's why we went to this system, so that we could turn you off if you were a problem. It's not that we don't care, it's not that we won't help, it's just that this isn't the place for you. I want you to know that I am working harder and harder all the time to bring up security measure to make sure that if you guys do happen to keep us around in this system, I'd even work with you all on other rooms, let me help with figuring out the security part of it. We're willing to sit in and help the City figure it out. I got this today. My husband and I live on the edge of Muskingum County next to the Wilds we travel to the Newark are to support our friends game room. While we are there we support other local businesses. If the City Council shuts down the game room we need to no longer come to your area. I think it would be prudent to look at the big picture and not be short sighted with your efforts to close these types of businesses, We were there 7 days ago, here is a list

of the businesses we supported, spent \$88.59, Gordons Food spent \$110.54, Walmart spent \$238.89, Speedway spent \$64.00. So, I'm just throwing that out there at you.

Mr. Rath - You're doing all kinds of things to keep your place safe and secure, that's great. I heard you say that you're willing to do so much more. Anything more. I heard your attorney come up here and speak that they want this and they want that all of these regulations. Why are you opposed to being licensed by the State?

Mr. Schlosser - They are not licensing gaming parlors. There hasn't been a vendors license or an operators license issued in Licking County. Columbus, no where. They are not licensing. They have licensed 6-7 sports bars with the draft kings already this year. We've been trying and been waiting, but they just don't want any part of it. I said here, as Mr. Hickman said, the State's told him, you are licensing them, we're taking a hands off approach. There are thousands of these rooms across Ohio. If we close these rooms now it will be taking money away from the City, staffing away. It's like she said, it's where these people come, it's what they do. They don't want to go to the club, they don't drink. We don't do alcohol. We catch you selling dope, you're history. We shut you off, you don't come around. We'll pay the fees.

Mr. Rath - Your objection is that the State is absolutely refusing to issue a license.

Mr. Schlosser - Yes. If you pass this tonight you will shut down every single room that's operating in this town.

Mr. Rath - You didn't answer my question, so you believe that the State will absolutely not issue you a license.

Mr. Schlosser - One hundred percent.

Mr. Houser - Have you guys applied for State Licensing?

Mr. Schlosser - We have.

Mr. Houser - What was the reason for denial on that?

Mr. Price - I'll speak to that. Ron was not represented by Counsel at the time that he applied and they required that you register by the end of July and if you registered you could continue to operate until they ruled on your licensing. For whatever reason Ron didn't register, but he applied for the license, 20 days later I think it was. And just so you know the Registration had the same information identified the same location, who's operating it, criminal background check and everything else, but he had failed to register, so three years later when they finally addressed his license application, they turned it down because he had been operating illegally without registering because he had failed to register at the time before he applied for a license. So, the rooms that have been operating here in Newark and as you have heard the State is deferring to local regulation. The rooms that have been operating in Newark, if they apply tomorrow may get turned down because they have been operating without a license. Maybe the State will do otherwise, but the State is not regulating the skilled game industry. It took over three years to rule on those licenses, you mentioned about the safety, what's the problem with the State. The State has adopted safety and security regulations for medical marijuana rooms but the State has absolutely no safety or security regulations that apply to skilled gaming.

Mr. Rath - I don't see the correlation.

Mr. Price - I guess what I am saying is if the concern is safety and security getting a State license isn't going to address that concern. The State is not addressing that concern. If you

want to address the EMS and safety and security issues, I think it's up to you to do it because the State's not doing it. That's all I am saying.

Mr. Schlosser - But they are not issuing any license to anyone, we tried that.

Mr. Rath - It sounds like you need to have a conversation with your State Representative.

Tricia Moore, Law Director - I know I have spoken with you before about this issue, but I wanted to stand up and speak after I heard that presentation. There were a lot of false statements given during that presentation, but I think the biggest, the most telling thing that came out of that talk was from the attorney because he said he was operating illegally. That's exactly what they're doing. There's a two-fold problem with many of these gaming locations and he says they are not issuing licenses there's not one license in Licking County. Well that's true, but it's not because they aren't issuing licenses. Director Hickman and myself have had multiple meetings with the Ohio Casino Commission who is issuing licenses. So, the problem is that skilled gaming parlors and this example was given over and over, you think of a Dave and Busters. So, there are steps you have to take that include a criminal background and things like that, but you also have to be operating the right way, which is a problem in these skilled gaming locations. They are not operating properly. So, if you don't pass the background check and I'm not even sure about what they said about not registering properly, but Mr. Schlosser was denied twice. The other locations, I have no idea what happened because nobody is contacting the State to get a license. So to say there are no licenses being issued in Licking County it's because no one is trying to get one. Because everybody is here operating illegally. And I have a problem with the City licensing businesses that are operating illegally. That we're taking money from businesses operating illegally. That's why I am proposing this legislation. It's not to shut down skilled gaming parlors. What it's meant to do is to make sure that businesses operating in our City are doing it legally. Just like every other business has to do in our City, it has to operate legally. So, by making them comply with the State and by the way, Ohio Revised Code, the Ohio Administrative Code section 3772-50-02 Authority and Purpose gives the casino jurisdiction over all persons conducting or participating in conduct of skilled based amusement in the State of Ohio. It didn't give it to cities. Now, we have chosen to regulate these businesses as well, kind of like the marijuana facilities he was talking about and to say that the State gaming parlor they don't have regulations that's absolutely false, they're under the Ohio Administrative Code and Ohio Revised Code. People are just choosing to not abide by the State licensing requirement and the statement that he made that the State is deferring going after people if we license them is also not true. We have spoken with the Ohio Gaming Commission, we have spoken with their enforcement unit. Something that I want to point out, I know that we have added some amendments to this legislation giving skilled gaming parlors an opportunity to have 90 days after enforcement date to seek a license. That's based on our codified ordinance, but it does not offer protection from the State. I just want to make that clear. The State can still come in and investigate these parlors and ask for charges to be filed under the State code. So, I wanted to make that clear. You know we talked about safety and security as well. We had NPD pull some stats for us. This whole thing got brought to us because gaming parlors were getting the attention of law enforcement. Once we started digging into that is when we noticed that they are all operating illegally. So, that's why we brought forth this legislation. The Shamrock in January

2022 to January 30th 2023 has 68 calls for service. These calls were just to that location it didn't count everything going on around like the house next door that maybe got broken into by people coming from the parlor or anything like that. 68 Calls to their location. The Fish House, 35 calls for service. Goldies which closed, still had 32 calls for service. That's a problem and all we want to do is have gaming parlors operating legally because you cannot help criminal activity by criminal activity. It is illegal for them to open their doors every day. So then saying that we are going to help you fight crime, by committing a crime doesn't make sense. All we are asking is that they comply with State Law and furthermore, we also learned from the Ohio Casino Gaming Commission that cities that continue to cooperate with illegally operating businesses can also be liable and be brought under federal investigation. I'm not willing to risk that for this City. I realize that some of these businesses may close their doors and decide to move, okay, but it won't be in this City. We want legally operating businesses in this City.

Darrin Logan, NPD - The totals she had there were 183 calls last year for the gaming facilities in Newark. That's just to the address, not tracking if we did a traffic stop down the road or something like that, that's a bigger number than that 183.

Mr. Rath - In the skilled game field you referenced Dave and Busters. I know what that is, can you talk a little bit about that contrast. The second question, you say the amendment on this is giving them a 90 day grace period, which protects them from us but you say it does not protect them from the State. So in that 90 day period the State can come in and shut them down and do whatever it is that they do. So what's stopping them, why haven't any of them been raided?

Law Director Moore - So, when you think if casinos you think of slot machines and things like that. Those are not skilled games, those are games of chance. Skilled gaming parlors are meant to have games that require some sort of skill so you think of Dave and Busters where you have to roll the ball or shoot into something some sort of way, it requires a skill versus slot machines that you would see, there's not supposed to be slot machines. There is a list of machines that are approved, they have to have an approved vendor. There are quite a few regulations that the State makes people go through which is why I think people avoid getting licensed. In talking with the Casino Commission enforcement agency, they are frankly overwhelmed. You think about our city where we have 5-7 gaming parlors that are not reporting to the State, they don't know they exist until they get called. When they get called, they were in Franklin County recently, and they're behind because they are playing catch up trying to find these parlors, but it's not because they will not enforce, they will enforce the law. It just may take a delay, once they find out because they are so overwhelmed with all of these illegally operating game parlors.

Mr. Labutis - I would like to bring this Safety Committee meeting to a close, we will be voting on this this evening during the 7pm Council meeting.

Safety Committee stands adjourned

Mark Labutis, Chair