

Notice of Workshop

October 6, 2025, 5:00 p.m.

City Council Chamber, 3947 Lincoln Ave., Groves, TX



City Council

Notice is given that the Groves City Council will hold a workshop in person on the date, time, and location listed above. Live streaming of the meeting is available for viewing at <https://us02web.zoom.us/j/87529967280> or by scanning the QR code to the right. The City Council welcomes citizen participation at all City Council meetings on any agenda items within the limitations of law and decorum. City Council may adjourn into Executive Session to deliberate any agenda item listed if the matter for discussion meets an exception for Executive Session under Texas Government Code Chapter 551. The City Council may also deliberate in public on any item that is listed on the agenda for Executive Session.



Opening Agenda

1. Call meeting to order.
2. Prayer.
3. Pledge of Allegiance
4. Roll Call
5. Welcome and recognition of guests and news media.

Regular Agenda

6. Deliberate on creating an exclusive franchise for the collection of commercial and industrial sanitation.
7. Deliberate on amending Chapter 21, Article III, of the Code of Ordinances to prohibit game rooms and gaming machines.

Closing Agenda

8. Hear and deliberate on Council Member comments.
9. Adjourn.

Special Accommodations

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact City Clerk Clarissa Thibodeaux at (409) 960-5773 or cthibodeaux.cigrovestx.com at least three days before the meeting.

Certification

I certify that the above notice of meeting was posted on the bulletin board and front door of City Hall, 3947 Lincoln Avenue, on September 29, 2025, at 9:50 AM/PM.

City of Groves

MEMORANDUM

To: Mayor and City Council

From: City Manager Kevin Carruth *KC*

Date: October 4, 2025

Re: Commercial and Industrial Solid Waste Collection



Background

The City of Groves Sanitation Department collects residential and bulk waste only. At one time, the City collected commercial solid waste but found that the weight of the 300-gallon commercial containers was too much for the equipment. When the City decided to leave the commercial market, those accounts were turned over to Republic Services, with the City continuing to bill the customers.

The commercial and industrial service is an open market, i.e., a customer can contract directly with any sanitation company they want to. In the case of Republic Services, commercial customers can contract with Republic through the City or go directly to Republic. Section 12-11 of the Code of Ordinances requires solid waste collection firms to pay for an annual permit fee for each collection truck in addition to a nine percent tax on gross receipts. Section 27-14(a) restates the requirement of a permit for a permit. The ordinances accompany this memo.

The current state of implementation of the ordinances has raised several concerns:

1. No permits have been issued in many years, save for the agreement with Republic Services.
2. The \$20 per truck permit fee has not been collected from any sanitation collection provider.
3. Except for Republic, no sanitation company has paid the nine percent gross receipts tax.
4. Having multiple providers results in many more than necessary heavy trucks on city streets, accelerating pavement deterioration.

The City faces a strategic decision regarding how to structure sanitation collection services for the commercial and industrial market. This memo outlines the advantages and disadvantages of using a single exclusive provider compared with allowing multiple providers to operate in the city. The analysis considers cost efficiency, public health, environmental sustainability, and community satisfaction.

Advantages of a Single Provider

1. Operational Efficiency

- Eliminates duplication of collection routes.
- Reduces truck traffic, noise, and wear on city streets.

2. Cost Savings

- Achieves economies of scale with lower per-unit costs.
- Reduces administrative burden by managing only one contract.
- Allows for long-term, predictable pricing.

3. Environmental Benefits

- Decreases emissions due to fewer trucks.
 - Ensures uniform recycling and waste diversion programs.
- 4. Consistency in Service**
 - Provides equal service levels across neighborhoods.
 - Simplifies communication for residents and businesses.
 - 5. Accountability & Oversight**
 - Easier monitoring of performance and safety standards.
 - Clear responsibility for service delivery and contract compliance.
 - 6. Public Health & Safety**
 - More reliable, citywide coverage reduces risks of missed pickups, illegal dumping, and pest issues.
 - Better coordination in emergencies and natural disasters.
 - 7. Community Cohesion**
 - Standardized bins and equipment improve neighborhood aesthetics.
 - Unified public education efforts.

Disadvantages of a Single Provider

- 1. Reduced Competition**
 - Can limit market pressure to innovate or improve service.
- 2. Monopoly Risk**
 - Without competitive alternatives, residents may face higher costs if contract terms are not carefully managed.
- 3. Transition Risks**
 - If the provider underperforms, the City may face temporary service disruptions while securing a new contract.

Advantages of Multiple Providers

- 1. Increased Competition**
 - Encourages competition, which can lead to better service quality and innovation.
- 2. Customer Choice**
 - Provides customers with a choice in service level and pricing.
- 3. Spreads Risk**
 - Reduces reliance on a single vendor, spreading operational risk.

Disadvantages of Multiple Providers

- 1. Multiple Trucks**
 - Multiple trucks on the same streets increase traffic, emissions, and road wear.
- 2. Inconsistent Service**
 - Inconsistent service levels across neighborhoods.
- 3. Administrative Burden**
 - Greater administrative burden in overseeing several contracts or providers.
- 4. Lost Revenue**

- Unpermitted providers do not pay the required permit fees and the nine percent gross receipts tax.

Legal Liability Analysis

- **Contractual Liability:** With one provider, liability for service failures is easier to identify and enforce through contract terms.
- **Regulatory Compliance:** A single provider simplifies the enforcement of environmental and safety regulations.
- **Transition from Open Market to Exclusive Franchise:** Recently enacted provisions of the accompanying H.B. 5057 added Sec. 363.120 to the Texas Health and Safety Code, requiring notices to customers and providers who have existing contracts at the time a city enters into an exclusive solid waste management service contract.

Recommendation

Based on efficiency, environmental sustainability, and public accountability, a offers stronger long-term benefits for the City. Staff recommends the City Council move to an exclusive franchise agreement for the collection of commercial and for industrial containers greater than 10 yards*.

*Ten-yard containers are typically used by homeowners and are delivered by heavy-duty pickup trucks. This does not present the damage to streets that larger roll-off containers do, and also maintains homeowner choice.

City of Groves Code of Ordinances

Supplement 23 Update 2

Online content updated on September 22, 2025

CODE OF ORDINANCES City of GROVES, TEXAS Codified through Ordinance No. 2025-10, enacted June 9, 2025. (Supp. No. 23, Update 2)

Sec. 12-11. Collection of garbage, trash and/or rubbish by private persons, firms or corporations—Permit, fee; gross receipts tax; use of gross receipts tax proceeds.

- (a) An annual permit fee of twenty dollars (\$20.00) per truck shall be required of all private persons, firms or corporations collecting garbage, trash and/or rubbish within the city limits.
- (b) There is hereby levied an annual tax equal to nine (9) percent of the total gross receipts of all persons, firms or corporations collecting garbage, trash and/or rubbish within the city limits, except that material suitable for recycling and picked up in separate containers and delivered for recycling is exempt from said tax.
- (c) Each person, firm or corporation collecting garbage, trash and/or rubbish within the city limits and using the city streets therefor shall file a report with the director of finance showing the total amount of its gross receipts collected from its customers for such services during each year and shall pay the aforesaid nine (9) percent tax on or before January 15 of the succeeding year.
- (d) Upon reasonable notice, each such person, firm or corporation shall make its books and records available to the director of finance to enable him/her to determine the correctness of any report of its gross receipts for the year filed with the city as required by this section.
- (e) If any person, firm or corporation shall fail or refuse to timely file an annual report showing its gross receipts, then its permit shall be automatically revoked and terminated; unless for good cause the city council shall extend such time for filing.

(Ord. No. 99-05, § 1, 4-19-99)

Sec. 27-14. Permission required for private collection of garbage, trash, etc.; application for city utility service.

- (a) *Permit.* Control of the collection of garbage, trash, rubbish and junk is vested in the city and the collection thereof on a regular basis for hire is prohibited except upon written permission from the city manager.
- (b) *Application for service.* Written application shall be made for water, sewer, or any other utility service that may be furnished by the city to the city upon forms furnished therefor. Such application shall state the name and address of the applicant, the type of utility service desired, the purposes for which the application is made and such other information as the city may request.

(Ord. No. 353, §§ 2, 4, 9-19-66; Ord. No. 785, § 1, 9-13-82)

Cross reference(s)—Public utilities communications regulations, § 27-87 et seq.

AN ACT

relating to exclusive contracts for municipal solid waste management services.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter F, Chapter 363, Health and Safety Code, is amended by adding Section 363.120 to read as follows:

Sec. 363.120. EXCLUSIVE SOLID WASTE MANAGEMENT SERVICE CONTRACTS. (a) In this section:

(1) "Exclusive contract" means a contract or franchise agreement between a public agency and a privately owned solid waste management service provider that grants to the service provider an exclusive right to provide certain solid waste management services in the public agency's jurisdiction.

(2) "Solid waste management services" means solid waste collection or transportation services.

(b) A public agency that enters into an exclusive contract, including by renewing or amending an existing contract in a manner that grants a privately owned solid waste management service provider an exclusive right to provide certain additional solid waste services that was not contained in the contract before the renewal or amendment, shall give notice containing:

(1) a summary of the purpose of the contract or amendment; and

(2) a description of the change made by the contract or

1 amendment.

2 (c) A public agency required by Subsection (b) to give
3 notice shall:

4 (1) publish the notice:

5 (A) in a newspaper of general circulation in the
6 jurisdiction of the public agency; and

7 (B) on a publicly available Internet website
8 maintained by the public agency, if the public agency maintains
9 such a website; and

10 (2) if the public agency requires a privately owned
11 solid waste management service provider to register or obtain
12 approval to operate in the public agency's jurisdiction, give
13 notice to each provider registered with or approved by the public
14 agency to operate in the jurisdiction.

15 (d) A contract or amendment described by Subsection (b) may
16 not take effect before the date the notice required by that
17 subsection is published in a newspaper as required by Subsection
18 (c)(1)(A).

19 (e) A privately owned solid waste management service
20 provider that has an existing contract with a person to provide
21 certain solid waste management services for which a public agency
22 enters into an exclusive contract with another service provider may
23 continue to provide those services in the public agency's
24 jurisdiction until the earlier of:

25 (1) the date the service provider's existing
26 nonexclusive contract expires; or

27 (2) the first anniversary of the date the public

1 agency publishes the notice required by Subsection (b) in a
2 newspaper as required by Subsection (c)(1)(A).

3 (f) A privately owned solid waste management service
4 provider that provides solid waste management services to a person
5 in a public agency's jurisdiction and that does not have a contract
6 to provide the services may, if the public agency enters into an
7 exclusive contract with another service provider to provide those
8 services, continue to provide the services in the jurisdiction
9 until the 60th day after the date the public agency publishes the
10 notice required by Subsection (b) in a newspaper as required by
11 Subsection (c)(1)(A).

12 (g) This section does not apply to the provision of solid
13 waste management services by a municipality to an annexed area as
14 provided by Section 43.0661, Local Government Code.

15 SECTION 2. Section 363.120, Health and Safety Code, as
16 added by this Act, applies only to a contract or franchise agreement
17 for solid waste management services entered into on or after the
18 effective date of this Act.

19 SECTION 3. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2025.

H.B. No. 5057

President of the Senate

Speaker of the House

I certify that H.B. No. 5057 was passed by the House on May 8, 2025, by the following vote: Yeas 144, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 5057 was passed by the Senate on May 22, 2025, by the following vote: Yeas 29, Nays 2.

Secretary of the Senate

APPROVED: _____

Date

Governor

Legal Q&A

By **Stephanie Huser**, TML Legal Counsel

Q. Under what authority does a city regulate and provide solid waste service?

A. The primary authority for a city to regulate and provide solid waste service is found in Chapters 363 and 364 of the Health and Safety Code. Under Chapter 363, a city is:

- authorized to adopt rules for regulating solid waste collection, handling, transportation, storage, processing, and disposal (Tex. Health & Safety Code § 363.111(a));
- authorized to prohibit the processing or disposal of city or industrial solid waste in certain areas (*Id.* § 363.112);
- required to ensure that solid waste management services are provided to all persons in its jurisdiction by a public agency or private person (*Id.* § 363.113);
- authorized to offer recycling service to persons in its jurisdictional boundaries and may charge fees for that service (*Id.* § 363.114);
- authorized to enter into contracts to enable it to furnish or receive solid waste management services on the terms considered appropriate by the city council (*Id.* §§ 363.116(a), 363.117 [setting out the various things a city may provide for in a solid waste management service contract]); and
- authorized to fund solid waste management services by various means (*Id.* § 363.119).

Under Chapter 364, a city is:

- authorized to contract with certain other public entities or a private contractor to furnish solid waste collection, transportation, handling, storage, or disposal services (Tex. Health & Safety Code § 364.031);
- authorized to offer solid waste disposal service to persons in its territory, require the use of the service by those persons, charge fees for the service, and establish the service as a separate utility (*Id.* § 364.034); and
- authorized to enter into an agreement for the collection of unpaid solid waste disposal services fees (*Id.* § 364.037).

Q. May a city award an exclusive franchise for solid waste collection and disposal services?

A. Yes, except in relation to grease or grit trap waste. *See* Tex. Health & Safety Code § 364.034(f); *Adams v. City of Weslaco*, No. 13-06-00697-CV, 2009 WL 1089442, at *14 (Tex. App.—Corpus Christi—Edinburgh Apr. 23, 2009, no pet.). Cities have broad authority under state law to contract with solid waste services providers to furnish solid waste collection, transportation, handling, storage, or disposal, require the use of the service by city residents, and charge fees for the service. *See* Tex. Health & Safety Code §§ 364.031; 364.034.

Similarly, courts and the attorney general have upheld the authority of general law and home-rule cities to grant exclusive garbage collection services to a private party. *See Builder Recovery Servs., LLC v. Town of Westlake*, No. 21-0173, 2022 WL 1591976, at *3 (Tex. May 20, 2022) (the court's ruling does not affect a general-law city's ability to continue to collect franchise fees from residential and commercial solid waste providers providing services in the city pursuant to an exclusive franchise agreement); *Republic Waste Servs. of Tex., Ltd. v. Tex.*

Disposal Sys., Inc., 848 F.3d 342, 347 (5th Cir. 2016); *Grothues v. City of Helotes*, 928 S.W.2d 725, 727 (Tex. App.—San Antonio 1996, no writ); *Browning-Ferris, Inc. v. City of Leon Valley*, 590 S.W.2d 729, 732 (Tex. Civ. App.—San Antonio 1979, writ ref'd n.r.e.) (allowing exclusive contracts for the disposal of sewage over a fixed period of years, as well as ordinances having the same purposes, sustained as a lawful exercise of the police power); Op. Tex. Att'y Gen. No. DM-401 (1996) (city may grant an exclusive franchise and contract to a private company to collect, haul, and dispose of all solid waste materials within the city limit).

The statutory framework granting authority to cities to collect fees pursuant to agreements for exclusive solid waste franchises has led to different methodologies and rates for collection of franchise fees on solid waste providers, based on local needs in each community.

Q. Can a city grant an exclusive franchise for construction waste hauling services?

A. The authority of a home rule city to grant an exclusive franchise for construction waste hauling services was addressed in a 2016 federal court of appeals case. See *Republic Waste Servs. of Tex., Ltd. V. Tex. Disposal Sys., Inc.*, 848 F.3d 342 (5th Cir. 2016). The court in this case upheld the authority of the City of San Angelo, a home rule city, to enforce an exclusive solid waste franchise, including as it related to temporary construction “rolloff” dumpsters. In its ruling, the court concluded that the language of section 364.034(h) of the Texas Health and Safety Code (which states “[t]his section does not apply to a private entity that contracts to provide temporary solid waste disposal services to a construction project”) did not “indicate an unmistakably clear legislative intent to limit [home-rule city] authority.” *Id.* Reasoning that the authority for an exclusive franchise derives from the City of San Angelo’s home rule authority, and that the statutory “carve out” of subsection (h) did not preempt that power with unmistakable clarity, the court overturned the district court ruling clearing up the question about whether the language was intended to exclude temporary construction dumpsters from an exclusive municipal franchise agreement. *Id.*

In a recent ruling, the Texas Supreme Court upheld a general law city’s express power to regulate construction trash hauling, but found that it did not include an implied power to charge a licensing fee based on a percentage of revenue to construction-site waste hauling businesses. See *Builder Recovery Servs., LLC v. Town of Westlake*, No. 21-0173, 2022 WL 1591976, at *5 (Tex. May 20, 2022). The court opined that because a percentage-of-revenue fee “fluctuates based on market forces having nothing to do with the Town’s regulatory expenses, and because it resembles a business tax in its calculation method, a percentage-of-revenue fee is different in kind from cost-recovery fees a general-law city might validly charge incident to its power to regulate trash hauling.” *Id.* The court provided that a “more conventional, volume-based fee under which the Town charged fixed amounts per license application or per construction site, for instance, could be calibrated to offset staffing or paperwork expenses incurred by the Town because of the regulation.” *Id.*

Q. Is a city required to follow competitive procurement procedures in order to contract for solid waste disposal services with a value of greater than \$50,000?

A. No. Although Texas cities must *generally* follow competitive bidding or proposal procedures if an expenditure of city funds will be more than \$50,000, section 252.022(a)(2) of the Local Government Code provides that a purchase necessary to preserve or protect the

public health or safety of the city's residents is excepted from the competitive purchasing requirements. Tex. Loc. Gov't Code §§ 252.021, 252.022(a)(2). Although state law does not expressly provide that the provision of solid waste disposal services falls within the section 252.022(a)(2) exception, Texas courts have construed the provision in this manner. *See, e.g., Browning-Ferris, Inc.* 590 S.W.2d 729 (construing statutory predecessor); *Adams*, 2009 WL 1089442, at *6 (the court held "that a competitive bid for the franchise in question was not required," citing section 252.022(a)(2)).

Despite the fact that a city is not required by law to use competitive purchasing procedures to obtain solid waste disposal services, many cities choose to do so as one means of securing the best service at the lowest cost. Ultimately, the decision is left to each individual city as to the best manner to acquire these services.

Q. If a city ordinance provides for mandatory trash pickup, does a person still have the option to use outdoor burning as a method to dispose of domestic waste?

A. Maybe. The Outdoor Burning Rule promulgated by the Texas Commission on Environmental Quality (TCEQ) provides that except where the city has enacted an ordinance that permits outdoor burning consistent with Subchapter E of Chapter 382 of the Texas Health and Safety Code (Texas Clean Air Act), outdoor burning must be outside the corporate limits of a city. 30 Tex. Admin. Code § 111.219. Thus, a city has—within the bounds of the Clean Air Act—discretionary authority to allow outdoor burning in the city limits. However, where a city does not provide for or authorize solid waste collection service, certain domestic waste may be burned on the property where the waste is generated. *Id.* § 111.209.

For more information about outdoor burning, download TCEQ's publication *Outdoor Burning in Texas* at <https://www.tceq.texas.gov/downloads/publications/rg/outdoor-burning-in-texas-rg-49.pdf>, or call TCEQ at 888-777-3186.

MEMORANDUM

To: Mayor and City Council

From: City Manager Kevin Carruth *KC*

Date: October 4, 2025

Re: Game Room Policy Options



Background

The City of Groves currently regulates game rooms through a Specific Use Permit (SUP) process, requiring operators to obtain approval from the Planning and Zoning Commission and City Council, in addition to compliance with city codes. As surrounding communities have tightened regulations and enforcement of game rooms over the last 2-3 years, Groves has seen a relatively large influx of dedicated game rooms and gaming devices as those businesses and customers have sought a more permissive environment to operate. In response, on November 18, 2024, the City Council adopted a six-month moratorium on game room applications to allow time for the Council and staff to address concerns caused by the increase in the number of game rooms. The moratorium was extended another six months and now expires on November 18, 2025. As existing game room permits have expired during the moratorium, their permits have been extended to November 18 and their fees prorated accordingly.

Following a decade-long legal battle, the City of Fort Worth successfully defended its ordinance banning eight-liner game rooms. The lawsuit concluded after the Texas Supreme Court refused to hear an appeal in December of 2023, leaving in place a lower court's ruling that the gambling machines are unconstitutional. The conclusion of Fort Worth's lawsuit set a legal precedent that other Texas cities have followed to pass their own local bans on game rooms. Since this past summer, neighboring jurisdictions in Jefferson and Orange Counties have adopted stricter measures, with some banning game rooms entirely (e.g., the Cities of Beaumont, Orange, Port Neches, and Vidor). The Supreme Court's ruling allows authorities to shut down illegal eight-liner gambling operations without needing to prove cash payouts, which was previously difficult to do. This raises the policy question of whether Groves should continue regulating game rooms under the current permit-based system or move toward prohibition.

Option 1: Continue Allowing Game Rooms (with permits and conditions)

Pros

- **Economic Activity:** Generates tax revenue, permit fees, and sales tax.
- **Control via SUPs:** Allows the City to set site-specific conditions (hours, signage, visibility, location restrictions).
- **Flexibility:** The City can tailor regulations to community standards and revoke permits for noncompliance.
- **Alignment with Existing System:** No need for major ordinance overhaul.

Cons

- **Enforcement Costs:** Requires inspections, police monitoring, and staff time to ensure compliance.
- **Crime and Nuisance Risks:** Game rooms have been associated regionally with increased crime, loitering, and neighborhood complaints.
- **Legal Uncertainty:** Courts have repeatedly ruled that “eight-liner” amusement machines paying cash or prizes of value are illegal gambling devices under Texas law, raising the risk that permitted businesses may still engage in unlawful activity.
- **Reputation/Community Concerns:** Allowing game rooms may be seen as inconsistent with nearby jurisdictions moving to bans.

Option 2: Eliminate Gambling Devices but Allow Amusement Redemption

Pros

- **Legal Clarity:** Aligns with recent court rulings and avoids liability for permitting businesses that might engage in illegal gambling.
- **Economic Activity:** Generates tax revenue, permit fees, and sales tax.
- **Control via SUPs:** Allows the City to set site-specific conditions (hours, signage, visibility, location restrictions).
- **Flexibility:** The City can tailor regulations to community standards and revoke permits for noncompliance.

Cons

- **Enforcement Costs:** Requires inspections, police monitoring, and staff time to ensure compliance.
- **Crime and Nuisance Risks:** Game rooms have been associated regionally with increased crime, loitering, and neighborhood complaints.
- **Reputation/Community Concerns:** Allowing game rooms may be seen as inconsistent with nearby jurisdictions moving to bans.

Option 3: Ban Game Rooms Citywide

Pros

- **Legal Clarity:** Aligns with recent court rulings and avoids liability for permitting businesses that might engage in illegal gambling.
- **Reduced Enforcement Burden:** Removes the need for routine inspections and monitoring of permitted game rooms.
- **Consistency with Neighbors:** Matches Beaumont, Orange, Port Neches, and Vidor, reducing displacement of problem businesses into Groves.
- **Public Safety/Community Support:** May reduce crime or nuisance activity associated with game rooms.

Cons

- **Loss of Revenue:** Forfeits permit fees and related sales/occupancy tax revenues.
- **Potential Legal Challenges:** Current operators may contest a ban as arbitrary, especially if permits were previously issued (though cities generally have broad authority to prohibit).
- **Displacement Issues:** Illegal operations could move underground, requiring enforcement resources to shut down unlicensed facilities.
- **Business Impact:** May affect property owners and business operators relying on game-room tenants.

Legal Liability Analysis

- **If Allowed Under Permits:** The City risks reputational or indirect liability if a permitted game room is later found to be operating illegal gambling devices. While the City is generally immune from liability for licensing decisions, ongoing association with potentially unlawful activity may expose the City to political, administrative, and litigation risks (e.g., lawsuits by affected neighbors or patrons).
- **If Banned:** Legal exposure is lower. The City has broad police powers under Texas law to regulate or prohibit game rooms for health, safety, and welfare reasons. Lawsuits from operators may arise, but courts have upheld municipal bans on game rooms when adopted for legitimate governmental purposes.
- **Key Point:** The City cannot legalize illegal gambling under state law. Even under a regulated framework, operators must ensure machines comply strictly with Texas' "fuzzy animal prize" limitation and related statutes. Enforcement difficulties make liability and compliance risk higher under the permissive model.

Recommendation

Given regional trends, enforcement challenges, and legal risks, staff recommends that the City Council move toward a **phased ban** on game rooms, allowing current permit holders a defined grace period to wind down operations. Alternatively, if the Council prefers to continue regulation and ban gambling devices but allow limited amusement redemption machines, staff recommends strengthening inspection, reporting, and enforcement mechanisms to minimize legal risk.