



CITY COUNCIL AGENDA REPORT

City of Anaheim CITY MANAGER'S OFFICE

DATE: MARCH 22, 2016
FROM: OFFICE OF THE CITY MANAGER
SUBJECT: LETTER AGREEMENT WITH ANAHEIM ARENA
MANAGEMENT REGARDING FIREWORKS SALES

ATTACHMENT (Y/N): YES **ITEM # 36**

RECOMMENDATION:

That the City Council, by Motion, authorize the City Manager or his designee to enter into a letter agreement with Anaheim Arena Management (AAM) outlining the manner in which fireworks sales will occur.

DISCUSSION

With the passage of Measure E in 2014, the Anaheim City Council is authorized to regulate safe and sane fireworks by ordinance. In 2015, the Anaheim City Council adopted an ordinance that included a package of amendments to the Anaheim Municipal Code (AMC) that collectively allowed for the sale and use of safe and sane fireworks. Following the adoption of the ordinance, the City entered into agreement with Anaheim Arena Management for the sales of fireworks, which resulted in a successful inaugural pilot sales program at Honda Center. To that end, City staff has prepared a package of amendments to the Anaheim Municipal Code (AMC) that would collectively allow the City to regulate the sale and use of fireworks throughout the City. As part of this package, staff has proposed that one location within the City be authorized for the sale of safe and sane fireworks, namely property located within the Arena District of the Platinum Triangle Mixed Use Overlay Zone, which is the location of Honda Center.

A major consideration by Council in re-establishing the sale and use of fireworks in Anaheim was the potential fundraising opportunity for Anaheim non-profit organizations. After researching other fireworks sale models utilized by neighboring municipalities, City staff working with Anaheim Arena Management (AAM), designed a program that would provide all Anaheim nonprofits with the opportunity to raise funds for their organizations. The advantage of the Anaheim sales program is that it is open to all qualified organizations, whereas other municipalities only permit a small number of organizations to win a sales permit via lottery, often cutting out a majority of community organizations seeking the opportunity to fundraise. In Anaheim, every willing non-profit within Anaheim was allowed to participate. Further, by utilizing the unique partnership with AAM who is well equipped to manage such a program, nonprofits participating in our program are not required to spend resources on staffing a fireworks stand and

providing for all the required operating responsibilities and costs associated with a traditional stand.

The proposed nonprofit program as outlined in the letter agreement provides for the following structure: AAM agrees to remit to such qualified Anaheim nonprofit organizations thirty percent (30%) of the gross fireworks sales generated by the nonprofit's supporters through the Program (with such support to be demonstrated by the purchaser/supporter's presentation of a flyer or other document referencing the nonprofit). Additionally, AAM agrees to remit ten percent (10%) (not to exceed \$100,000) of gross Fireworks Sales to the Anaheim Community Foundation for the support of local community events and organizations.

The results of the sales pilot program were very positive in the inaugural year. The City and AAM registered more than 60 Anaheim nonprofit organizations representing a wide variety of community groups, schools and service organizations. Together those nonprofit organizations received more than \$24,000 in new donations as a result of the fireworks program. Additionally, another \$60,000 was provided to the community in the form of grants to the Anaheim Community Foundation and sponsorship of the City's annual 4th of July celebration in Anaheim Hills, where safe and sane fireworks are prohibited.

After receiving positive feedback and support from our nonprofits on the sales program, we believe that there are many opportunities to enhance the program for 2016. First and foremost, we believe that providing the nonprofits with more time prior to July to organize and activate their supporters will no doubt result in much greater returns for them. Additionally, we are proposing that AAM operate a second fireworks store located in west Anaheim in order to better accommodate those nonprofits and schools whose supporters reside in the western portion of our community.

Should the City Council adopt the ordinances in a separate agenda report allowing for the sale and use of safe and sane fireworks in Anaheim, the letter agreement with AAM will become operative authorizing sales at Honda Center and a second location in west Anaheim.

IMPACT ON BUDGET:

There is no budgetary impact. According to the letter agreement, AAM is responsible for the establishment of the nonprofit program, including the registration and qualification of Anaheim nonprofits. Further, AAM will be responsible for facilitating the sale of fireworks onsite at Honda Center and at one site in west Anaheim as well as the distribution of revenues as outlined in the agreement.

Respectfully submitted,

Greg Garcia
Deputy City Manager

Attachment:

1. Letter Agreement