



## City Council Agenda Item

**City Council Meeting Date:** January 20, 2026

**TO:** Dean Albro, City Manager

**FROM:** Matt Adams, Accounting and Revenue Manager  
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**SUBJECT:** Discussion and Direction Regarding Refunds to “Safe and Sane” Fireworks Booth Operators

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### **Recommendation:**

Staff recommends the City Council receive staff’s review of the “Safe and Sane” Fireworks Booth revenue and provide direction, if any.

### **Background:**

#### *Ordinance:*

On May 7, 2013, the City Council adopted and implemented Ordinance No. 1591(13), amending the Lompoc Municipal Code Chapter 8.28, allowing for the sale and use of safe and sane fireworks.

A few highlights of the Ordinance include:

- One application per non-profit group (specifies what a group needs in order to be eligible);
- One license per 7,500 residents, or portion thereof (currently 6 licenses are allowed);
- Guarantees funding of up to \$10,000 for “employee salary, overtime, and benefit costs, disposal costs, clean-up costs, and operations costs incurred by the Lompoc Police, Fire, or other City Departments and authorized agencies, to operate a task force to ... enforce [the Ordinance] between June 28th and July 7th of each calendar year”;
- Permit lottery each year (each permit is good for that year’s selling season);
- Age to purchase “Safe and Sane Fireworks”: 18 and above (State allows 16); and
- Financial statements are required of all groups by Nov 1<sup>st</sup>.

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*Costs to Non-profits:*

The process for Safe and Sane Fireworks sales is specified in the City of Lompoc Municipal Code (LMC) in Chapter 8.28 FIREWORKS. The following includes a non-exhaustive summary of sections that pertain to this financial discussion.<sup>1</sup>

LMC Section 8.28.010 specifies the following definitions relevant to this financial discussion:

"Surcharge" shall mean the amount established by Council resolution and shall be used by the City to assist with the funding of the fireworks task force costs. – *This surcharge has been set by Council to be 4% of the gross receipts of each distributor.*

"Fireworks task force costs" means those employee salary, overtime and benefit costs, disposal costs, cleanup costs, and operations costs incurred by Lompoc Police, Fire, or other City Departments and authorized agencies, to operate a task force to monitor, provide services related to, and enforce the provisions of this Chapter between June 28th and July 7th of each calendar year; provided that fireworks task force costs shall be the amount established by Council resolution.

Section 8.28.060, paragraph C.8, details the reimbursement agreement that requires the wholesaler to pay the City for that distributor's (non-profit's) pro rata share of a \$10,000 contribution to fireworks task force costs inclusive of administrative, regulatory and enforcement oversight incurred during the period that fireworks may be sold by the applicable permit and which are not reimbursed by the Surcharge.

In addition to the requirement in the LMC, that same reimbursement agreement (a.k.a. the Wholesaler's Agreement) also requires the wholesalers pay to the City an amount equal to 20 percent of the amount to be allocated to each non-profit organization serviced by that wholesaler, after the wholesaler and non-profit organization split the revenue generated by the “Safe and Sane Fireworks” sales at the booth operated by that non-profit organization.<sup>2</sup> The agreement requires that those funds are to help fund the City's July 4th Celebration for the calendar year immediately following the effective date of the agreement. That contractual relationship between wholesaler and the City recognizes the importance of the July 4th Celebration to the sale of “Safe and Sane Fireworks.”

*City's July 4<sup>th</sup> Celebrations:*

Some of the key impacts to the July 4<sup>th</sup> celebration include the COVID-19 pandemic closures, loss of the venue availability at Lompoc High School, significant safety issues at Ryon Park that resulted in the show vendor disallowing its use, and the lack of any other viable possible venues within the City.

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<sup>1</sup> The entire LMC is available to read online at <https://ecode360.com/43245226#43245226>.

<sup>2</sup> Per Council direction, this payment was reduced from 30 to 20 percent at the Jan. 16, 2024, City Council meeting.

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The following summarizes the City’s July 4<sup>th</sup> celebrations since 2013:

- 2013 – 2019 Community Fireworks show held at Lompoc High School – nominal ticketing charge
- 2020 – Celebration cancelled due to COVID-19 pandemic
- 2021 – Community Fireworks show held at Ryon Park – nominal ticketing charge
- 2022 – 2024 - Community Parade and Family Fun Day in the Park - no charge
- 2025 – No event

*Request for Today’s Discussion:*

During the City Council meeting held on October 7, 2025, the City Council requested that staff review the finances of the safe and sane fireworks program and discuss refunds to the non-profits that participated.

**Discussion:**

The “safe and sane” fireworks ordinance was originally passed with the understanding and expectation that the funds submitted to the City would assist with the costs of the City’s July 4<sup>th</sup> celebration, as well as all enforcement-related costs of the public safety task force. The makeup of these two items has changed over the past few years, and as such, the guidelines established to fund them should be reviewed.

*Current Event Options – July 4<sup>th</sup> Celebration:*

Two options under consideration for the current celebration are listed below. These are just two possibilities – other options could be considered, depending upon funding.

- Large Event – Band/DJ, Food Trucks, Kids Games, Bounce Houses, Bike Parade = approximately \$20,000
- Small Event – Pickleball Tournament/Prizes, DJ, Food Trucks, Kids Games = approximately \$10,000

*Financial Snapshot – July 4<sup>th</sup> Celebration:*

- The average cost of the 2019 and 2021 July 4<sup>th</sup> Celebrations that included fireworks shows was \$40,892 per year. Approximately \$16,000 per year of those costs were covered by ticket sales or sponsorships.
- The average cost of the 2022, 2023, and 2024 July 4<sup>th</sup> Celebrations that did not include fireworks shows was \$27,000 per year, and approximately \$1,200 per year in sponsorships helped offset those costs.
- There was no event for July 4, 2025.
- The balance in the July 4<sup>th</sup> Celebration account at the end of the 2025 calendar year, which is currently being held in trust by the City of Lompoc, is \$76,982.10.

Staff was directed to come up with options for the City Council to consider regarding the future of the Annual 4<sup>th</sup> of July Event and possible refunds to the nonprofits. Some of these options, in no particular order, include:

- 1) Do not issue any refunds, continue to collect the 20% payment from the non-profits, continue to hold annual events (Status Quo);
- 2) Refund the 20% payment from the non-profits collected for the 2025 event that was not held. Continue to collect the 20% payment from the non-profits, continue to hold annual events;
- 3) Do not issue any refunds, increase the payment from the non-profits back to the original 30% due to the cost of the non-fireworks events being higher than the collections, continue to hold annual events;
- 4) Refund the 20% payment from the five non-profits collected for the 2025 event that was not held, increase the payment from the non-profits back to the original 30% due to the cost of the non-fireworks events being higher than the collections, continue to hold annual events;
- 5) Refund all funds held in the trust to the nine non-profits that have contributed payments over the past seven years. Cease future events;
- 6) Other possibilities not mentioned here.

*Option 1: Continue to hold all of the funds in trust.* It can be argued that the funds were collected based on established guidelines that all participating non-profits agreed to when they applied to participate in the “safe and sane” fireworks program, and as such it is within the City’s purview to continue to hold the funds in trust. The City would still be required to use the funds for the designated purposes.

*Option 2: Refund the collected funds for the 2025 event that was not held to the nonprofits.* There were five different non-profits that participated in the “safe and sane” fireworks program in 2025. The City Council could consider refunding the amounts contributed by the non-profits for the 2025 event that was not held. The calculation of that refund is shown in Table 1.

<b>Refunds to Non-Profits</b>	<b>Partial</b>
<b>A</b>	\$ 5,356.52
<b>B</b>	\$ 2,762.74
<b>C</b>	\$ 2,989.61
<b>D</b>	\$ 2,753.31
<b>E</b>	\$ 1,900.43
<b>Total</b>	<b>\$ 15,762.61</b>

Table 1

*Option 3: Continue to hold all of the funds in trust and increase the collections to 30%.* The City currently collects 20% of the net profit reported from each non-profit participant. To continue offering the Community parade and the Family Fun Day at the park July 4<sup>th</sup> Celebrations at no cost to participants, it is estimated that the City will need to collect approximately \$20,000 of event contributions. Given historical patterns, these amounts would necessitate the minimum required contribution to revert back to the original 30% to help fund the following year’s event.

*Option 4: Refund the collected funds for the 2025 event that was not held to the nonprofits and increase the collections to 30%.* The City Council could consider refunding the amounts contributed by the non-profits for the 2025 event that was not held. Considering the facts in Option 3, the required contribution would revert back to the original 30% to help fund the following year’s event.

*Option 5: Refund the remaining balance in the trust.* There have been nine different non-profits that have participated in the “Safe and Sane Fireworks” Program over the past seven years. Some of them participated only once, some a few times, and two participated every year. As a result, there is a wide range of total contributions made by participating organizations – from \$0 to as much as over \$69k in a seven year period. Considering the variance among the organizations, if the City Council were to provide direction to refund all of the fees held in trust, it is staff’s recommendation that any refund be calculated on a pro-rata basis. Any fees that are unable to be refunded for reasons such as the non-profit no longer existing would become the property of the City and recorded in the General Fund. The calculation of this refund is shown on Table 2.

<b>Refunds to Non-Profits</b>	<b>Weighted Allocation %</b>	<b>Full Refund</b>
<b>A</b>	42.05%	32,373.84
<b>B</b>	17.69%	13,616.63
<b>C</b>	13.67%	10,523.34
<b>D</b>	13.02%	10,025.63
<b>E</b>	5.51%	4,241.54
<b>F</b>	2.30%	1,770.51
<b>G</b>	1.86%	1,434.10
<b>H</b>	1.46%	1,124.65
<b>I</b>	2.43%	1,871.85
<b>Total</b>		<b>\$ 76,982.10</b>

Table 2

*Option 6: Other possibilities not mentioned in this report.* The City Council could consider any number of alternative options not mentioned in this report and staff could either implement or bring back additional data for evaluation as directed.

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**Fiscal Impact:**

The City holds all funds received from the “safe and sane” fireworks program aside in trust. That means the funds are not recorded as revenue to the City until and only if reimbursable expenditures are incurred. As such, the amounts mentioned in this report have no bearing on the City’s financials other than being reported as held in trust on the balance sheets. If, however, the City were to refund the full or partial amount of the trust now, and future “safe and sane” fireworks sales were to drop below historical patterns, the ability of the City to offer the Family Fun Day at the Park at no cost would be negatively impacted.

**Conclusion:**

This report reviews the “safe and sane” fireworks program financial guidelines, and its original intent to help fund the City’s July 4<sup>th</sup> celebration. Due to multiple factors over the past few years, including the pandemic and venue challenges, the landscape of the City’s July 4<sup>th</sup> celebration has changed. This report summarizes the current financial position of the fireworks program funds held in trust and provides options for the City Council to consider for moving forward.

Respectfully submitted,

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Matt Adams, Account and Revenue Manager

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Mario Guerrero, Jr., Community Development Director

**APPROVED FOR SUBMITTAL TO THE CITY MANAGER:**

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Christie Donnelly, Management Services Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Dean Albro, City Manager