



City Council Agenda Item

City Council Meeting Date: February 3, 2026

TO: Honorable Mayor and City Council Members

FROM: Jeff Malawy, City Attorney
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SUBJECT: Approve Letter Informing the Santa Barbara County Civil Grand Jury that the City Intends to Repeal the Sub-Recipient Financial, Programmatic, and Monitoring Reporting Requirement Policy (Chapter 45 of the Lompoc Administrative Procedures Manual)

Recommendation:

Staff recommends the City Council direct the City Attorney to send a letter (Attachment 1) to the Santa Barbara County Civil Grand Jury (Grand Jury) advising the Grand Jury of the City's intent to repeal Chapter 45 of the Lompoc Administrative Procedures Manual along with the draft repeal resolution (Attachment 2).

Background:

On May 6, 2014, the City Council adopted Chapter 45 of the Administrative Procedures Manual entitled "Sub-Recipient Financial, Programmatic, and Monitoring Reporting Requirement Policy" (Chapter 45). Chapter 45 was written in response to a Santa Barbara Civil Grand Jury Report issued in June 2012, related to the City's failure to provide sufficient oversight of grant funds awarded to the Lompoc Housing and Community Development Corporation. The Policy prescribes responsibilities for non-profit partners, affordable housing providers, and affordable housing developers (collectively, Sub-Recipients) and City staff for financial reporting, grant Sub-Recipient monitoring, oversight, and reporting.

At the City Council meeting on May 21, 2024, the City Council requested that staff review and recommend ways to "clean up" Chapter 45, specifically focusing on what entities qualify as a Sub-Recipient, and adjusting the clause related to lesser reporting requirements. When staff presented recommended revisions to Chapter 45 at the City Council meeting on February 4, 2025, instead of approving revisions to the policy, the City Council requested that staff and the City Attorney investigate the ability of the City to repeal Chapter 45 and return to the City Council with recommendations regarding how to repeal the policy.

Discussion:

Based on the direction received from City Council, the City Attorney's Office has reviewed the Grand Jury report that led to adoption of Chapter 45 and recommends the following steps if the City Council desires to repeal Chapter 45:

- 1) Submit a letter to the Grand Jury informing the Grand Jury of the City's intent to repeal Chapter 45 and providing the justification for such repeal along with a copy of the proposed resolution repealing Chapter 45;
- 2) Consider any response or feedback received from the Grand Jury; and
- 3) If the City Council deems it appropriate after considering any Grand Jury feedback, adopt the resolution repealing Chapter 45.

To effectuate these steps, attached to this report are a draft letter to the Grand Jury (Attachment 1) and a proposed Resolution repealing Chapter 45 (Attachment 2).

Section 925 of the California Penal Code provides the authority for a grand jury to investigate and report upon the operations of any city. Upon completion of an investigation, and within 90 days of submission of a final report to a city that has been the subject of a grand jury investigation, the city must submit comments to the presiding judge of the superior court on the grand jury's findings and recommendations. In preparing its comments, a city is expected to report whether the recommendation has been implemented with a summary of the implemented action; that the recommendation has not yet been implemented, but will be in the future along with the timeframe for implementation; that the recommendation requires further analysis along with the scope of such analysis; or that the recommendation will not be implemented because it is not warranted or is not reasonable, along with an explanation for such determination.

The Penal Code does not establish a procedure for a subsequent repeal or revision to any action taken in response to a grand jury's investigation and final report, however, it is reasonable to expect that the City would inform the Grand Jury of its plan to repeal Chapter 45 and provide the Grand Jury with an opportunity to respond before consideration of the repeal resolution.

Fiscal Impact:

The City's Finance Department estimates that repeal of Chapter 45 will result in savings to the City of \$25,000 to \$50,000 per year in staff time.

Conclusion:

Though at the time of its adoption Chapter 45 may have ensured that the City provided proper oversight over recipients of City grant funds, since that time, the City has determined that the multiple layers of reporting and oversight required under Chapter 45 are onerous and have required an excessive use of City resources for the return they provide. Additionally, the City has determined that its current grant agreement templates

will better ensure that the City has the necessary tools to ensure grant requirements are met by City grant recipients.

Respectfully submitted,

Jeff Malawy, City Attorney

Attachments: 1) Letter to the Santa Barbara County Grand Jury
2) Draft Resolution repealing Chapter 45