



**CITY OF SEBASTOPOL CITY COUNCIL
 AGENDA ITEM REPORT FOR MEETING OF: May 5, 2026**

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To: Honorable Mayor and City Councilmembers
From: Deborah Muchmore, Muchmore Than Consulting, Human Resources Consultant
 Kerrie McNally, Adams Silva & McNally, Human Resources Counsel
Responsible Department: Administrative Services
Subject: Approval of Contract/ Employment Agreement for City Manager

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RECOMMENDATION: Staff recommend the Sebastopol City Council approve the employment agreement for City Manager between the City of Sebastopol and Mary Gourley and authorize the Mayor to execute the agreement.

PROCESS OF AGENDA ITEM:

- a. Introduction of agenda item by Human Resources Consultant Deborah Muchmore
- b. Questions and discussion from Councilmembers
- c. Open for Public Comment
- d. Council Discussion
- e. Motion/Action on Item

EXECUTIVE SUMMARY: The item is to request the Council to approve the employment agreement, dated May 6, 2026, for City Manager between the City of Sebastopol and Mary Gourley, and authorize the Mayor to execute the agreement.

BACKGROUND: Following the resignation of the former City Manager in April 2025, the City Council initially pursued a formal external recruitment process for the City Manager position and authorized staff to issue a Request for Proposals. Five proposals were received, and the Council interviewed three firms before selecting one firm, subject to contract negotiations. After thorough and deliberate discussions, contract negotiations did not result in a final agreement. Throughout this process, and in the period since, Ms. Gourley has provided steady, experienced, and effective leadership for the organization. Beginning in April 2025, Ms. Gourley served as Acting City Manager and transitioned to Interim City Manager in July 2025, continuing in that role through today, ensuring organizational stability, continuity of operations, and progress on key City initiatives.

ANALYSIS: If the employment agreement is approved, Ms. Gourley will begin serving as the City Manager on May 6, 2026. The agreement is for a three-year term ending on June 30, 2029.

The following terms and conditions must be read at the beginning of the consideration of the item, before the Council’s vote on the item.

In addition to standard non-economic terms and conditions, the Agreement between the Sebastopol City Council and Mary Gourley provides for the following compensation:

- 1. Annual base salary of \$284,884.
- 2. Subject to a positive evaluation, annual salary increases equal to the CPI not to exceed three percent.
- 3. Deferred compensation of \$350 per month.
- 4. Medical, dental and vision benefits equivalent to those provided to other City management employees, and City payment of that portion of the employee and dependent rate or premium as is determined by the City for all management employees.
- 5. Classic pension enrollment in the California Public Employees Retirement System (CalPERS).
- 6. Holidays provided to all management employees of the City.
- 7. Ten hours of vacation accrued per payroll period,
- 8. Five hours of sick leave per pay period,



9. Two personal days per fiscal year.
10. One hundred twenty hours of Administrative Leave with pay during each fiscal year (60 hours accrued on July 1st and 60 hours accrued on January 1st).
11. Reimbursement for documented and necessary, reasonable business and professional expenses.
12. If terminated without cause within the first eighteen (18) months of the Agreement, the City shall pay the equivalent of nine (9) months of Manager’s then Base Salary.
13. If terminated after the first eighteen months of the Agreement, the City shall pay the equivalent of six (6) months of Manager’s then Base Salary or the Base Salary for the balance of the term of the Agreement, whichever is less.

Ms. Gourley has dedicated 30 years of service to the City of Sebastopol, bringing extensive institutional knowledge and a deep understanding of the organization to her role. For the past eleven months, she has served as Interim City Manager while also carrying the responsibilities of Assistant City Manager and City Clerk. During this period, Ms. Gourley agreed to serve at the same salary she earned as Assistant City Manager/City Clerk, demonstrating a strong commitment to fiscal responsibility and organizational stability. Her willingness to step into expanded leadership responsibilities without additional compensation has resulted in measurable cost savings to the City. During her tenure in this combined role, the following savings have been realized:

City Manager Vacancy Cost Savings	
Salary	\$245,000
Benefits	83,700
Conferences	4,700
Recruitment	35,000
Dues/Subscriptions	2,100
Meetings/Travel	1,565
Total 12-month Cost	\$372,065
Total Savings over the last 11 months	\$341,000

The salary increase included in the proposed agreement is based on the City’s Personnel Rules for a promotional appointment, which provides that “an employee will receive the first step of the salary range of the new classification, or a step that is closest to five percent higher than their current base salary.”

FISCAL IMPACT: The estimated fiscal impact of the proposed cost-of-living adjustment included in the City Manager’s new contract consists of \$10,630 for salary costs and \$1,785 for associated workers’ compensation and general liability expenses, for a total estimated cost of \$12,415.

OPTIONS:

1. Approve the Employment Agreement as presented.
2. Approve the Employment Agreement, providing staff direction to effect changes.
3. Do not approve the Employment Agreement and direct staff to continue the recruitment process.

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment. However, staff anticipate receiving public comment from interested parties following the publication and distribution of this staff report. Such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of the agenda item.

PUBLIC NOTICE:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.



ATTACHMENTS:

Attachment 1: Employment Agreement.

APPROVALS:

Department Head Approval: Approval Date: 4/29/26

CEQA Determination (Planning): Approval Date: N/A

The proposed action is / is not exempt from the requirements of the California Environmental Quality Act (CEQA)

Administrative Services/Financial Approval: Approval Date: 4/30/26

Costs authorized in City Approved Budget: Yes No N/A

Account Code (f applicable) _____

City Attorney Approval: Approval Date: 4/30/26

City Manager Approval: Approval Date: N/A

RESOLUTION NUMBER: XXXX-2026

CITY OF SEBASTOPOL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEBASTOPOL
(Employer Hiring Authority: City Council)

WHEREAS, Mary Gourley (“Employee”) currently serves as the City of Sebastopol Chief of Police;

WHEREAS, it is the desire of the City Council of the City of Sebastopol (“City”) to continue to employ the Employee;

WHEREAS, the City and Employee have negotiated and agree to certain terms and conditions of employment in an Employment Agreement, dated May 6, 2026 (“Agreement”); and

WHEREAS, any changes to the Agreement shall be approved by the City Council.

NOW THEREFORE, BE IT RESOLVED, for and in consideration of the covenants and mutual promises therein, the Parties agree to Amendment 1 of the Agreement as listed in Exhibit A.

I, the undersigned, hereby certify that the foregoing Resolution was duly adopted by the City of Sebastopol City Council by the following vote:

VOTE:

Ayes:

Noes:

Absent:

Abstain:

APPROVED:

Jill McLewis, Mayor

ATTEST:

Mary Gourley, City Manager/Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM:

Alex Mog, City Attorney

Exhibits: A – Amendment 1, B – Original Agreement

EXHIBIT A
CITY MANAGER
EMPLOYMENT AGREEMENT

1. **Employment:** This City Manager Employment Agreement ("Agreement") is entered into by and between the City of Sebastopol ("City") and Mary Gourley ("Manager" or "Employee"). Under this Agreement, the City offers, and Manager accepts, employment as City Manager of the City. This Agreement shall supersede any agreement previously made between the City and Manager.
2. **Duties:** Manager shall perform those duties and have those responsibilities that are commonly assigned to a city manager of a city in California, and as may be further set forth in the City's Municipal Code. Manager shall perform such other legally permissible and proper duties and functions consistent with the office of City Manager, as the City Council shall from time to time assign.
3. **Devotion to City Business:** Manager's position is full-time. Manager shall not engage in any business, educational, professional, charitable, or other activities that would conflict or materially interfere with performance of her City Manager duties, except as may be specifically authorized by the City Council.
4. **Hours of Work:** The City Manager position is an exempt position, and the Manager is expected to maintain availability during regular City business hours (7:00 a.m. - 5:30 p.m. Monday through Thursday). Manager understands that the position requires devotion of a great deal of time outside the normal office hours on business related to the operation of the City of Sebastopol, and to that end, the Manager's schedule of work shall vary in accordance with the work required to be performed. Manager must be available outside of standard business hours as needed to address urgent matters, attend meetings, and support City operations.

Manager shall be permitted to Telework/Telecommuting as approved by the City Council during the term of this Agreement. Said Telework/Telecommuting agreement shall not excuse Manager from performing all required duties of the City Manager position.

5. **Term:** The term of this Agreement shall begin on May 6, 2026, and continue until June 30, 2029, unless terminated sooner pursuant to Paragraph 7 of this Agreement. On July 1, 2027, and on each succeeding July 1 while this Agreement is in effect, this Agreement shall be automatically extended for one (1) additional year unless prior to that date the City Council notifies Manager of its intent not to extend the Agreement for one additional year. The City's election not to extend this Agreement shall not entitle Manager to any compensation pursuant to Paragraph 7 of this Agreement.

6. City Council Commitments:

- A. Except for the purpose of inquiry, the City Council and its members shall deal with all subordinate City employees, officers, contractors, and consultants solely through the Manager or the Manager's designee, and neither the City Council nor any member thereof shall give direction to any subordinate of the Manager, either publicly or privately. This paragraph shall not limit the City Council's ability to appoint and direct work of the City Clerk, City Attorney, and/or the City Treasurer pursuant to Section 2.12.100 of the Municipal Code.
- B. No member of the City Council will order the appointment or removal of any person to any office or employment under the supervision and control of the Manager.
- C. Neither the City Council nor any of its members shall interfere with the execution of the powers and duties of the Manager, as specified in the Municipal Code, this Agreement, or any other lawfully adopted and authorized document.

7. Termination of Employment and this Agreement:

- A. Manager may resign from this City Manager position, upon giving forty-five (45) days' written notice to the City Council.
- B. The City Council may terminate this Agreement, and Manager's employment, without cause, by the affirmative votes of a majority of the members of the City Council at any lawfully noticed meeting of the City Council. In the event Manager's Agreement/employment is terminated without cause, Manager shall be entitled to receive the following Severance Pay if she signs, delivers to the City Council, and does not revoke, the General Release Agreement attached hereto as Exhibit A.
 - 1. If terminated without cause during the first eighteen (18) months of this Agreement, the City shall pay the equivalent of nine (9) months of Manager's then Base Salary.
 - 2. If terminated without cause after the first eighteen (18) months of this Agreement, the City shall pay the equivalent of six (6) months of Manager's then Base Salary or the Base Salary for the balance of the term of the Agreement, whichever is less.
 - 3. Manager's refusal to sign the Release Agreement shall not limit the City's ability to terminate this Agreement without cause and without compensation.
- C. The City Council may terminate this Agreement, and Manager's employment with cause, as determined by the affirmative votes of a majority of the members of the City Council at any lawfully noticed meeting of the City Council,

Manager shall not be entitled to any additional compensation or payment, including Severance, but shall be entitled only to accrued Base Salary and vacation pay, and any other accrued and unused benefit allowances according to their terms (“Accrued Salary and Benefits”). As used in this Agreement, “cause” shall only mean any of the following:

1. Conviction of, or plea of guilty or nolo contendere to, any crime or offense (other than minor traffic violations or similar offenses) which is likely to have a material adverse impact on the City or on the Manager’s reputation;
 2. Proven failure of the Manager to observe or perform any of his duties and obligations, if that failure continues for a period of thirty (30) business days from the date of his receipt of notice from the City Council specifying the acts or omissions deemed to amount to that failure;
 3. Conviction of any crime involving an “abuse of office or position,” as that term is defined in Government Code Section 53243.4;
 4. Repeated failure to carry out a directive or directives of the City Council made by the City Council as a body at a Brown Act-compliant meeting; and
 5. Any grossly negligent action or inaction by Manager that materially and adversely: (a) impedes or disrupts the operations of City or its organizational units; (b) is detrimental to employees or public safety; or (c) violates City’s properly-established rules or procedures.
- D.** In no event may Manager be terminated within ninety (90) days before or after any municipal election for the selection or recall of one or more of the members of the City Council.
- E.** Any salary provided to the Manager pending an investigation shall be fully reimbursed to the City if the Manager is convicted of a crime involving an abuse of her office or position, as set forth in Government Code sections 53243 and 53243.4. Any funds for the legal criminal defense of the Manager provided by the City shall be fully reimbursed to the City if the Manager is convicted of a crime involving an abuse of her office or position, as set forth in Government Code sections 53243.1 and 53243.4. If this Agreement is terminated, any cash settlement related to the termination that the Manager receives from the City shall be fully reimbursed to the City if the Manager is convicted of a crime involving an abuse of his office or position, as set forth in Government Code sections 53243.2 and 53243.4.
- F.** If, during the Term or any extended Term, Manager dies, Manager's estate shall receive accrued salary and benefits, but shall not be entitled to any additional compensation or payment pursuant to Paragraph 7(B).

8. Compensation:

- A. **Salary:** Manager's annual Base Salary shall be Two Hundred Eighty-Four Thousand, Eight Hundred Eighty-Four Dollars (\$284,884.00). This amount is subject to authorized and required deductions and withholdings and is paid on the City's regular paydays every two weeks. Effective July 1, 2027, and each successive July 1 of each year of this Agreement, Manager shall receive a cost-of-living adjustment equal to the CPI percentage change of the San Francisco Area reported in April, not to exceed three (3) percent. Manager is an exempt employee under applicable wage and hour law and her base salary shall be constitute complete compensation for all hours worked.
- B. **Deferred Compensation:** As part of Manager's annual compensation, City agrees to provide \$350 monthly into Manager's ICMA Deferred Compensation Plan.
- C. **Pension:** City agrees to continue Manager's enrollment as a classic member of the California Public Employees Retirement System (PERS).

9. Insurance Coverage:

- A. **Health and Medical Benefits Insurance:** City shall provide Manager with the same health plans (medical, dental, and vision) which are provided to other City management employees, and shall pay that portion of the employee premium as is determined by the City Council for all management employees.
- B. **Life and Other Insurance:** The City agrees to pay for a term life insurance policy as provided to other management employees of the City. Manager shall also be entitled to participate in any group life or disability insurance programs approved by the City Council for management or all employees. Manager shall name beneficiaries of policies provided to her.

10. Vacation, Sick, Administrative Leaves & Holidays:

- A. **Holidays:** Manager shall receive all holidays provided to all management employees of the City.
- B. **Vacation:** Vacation leave shall be accrued at 10 hours per payroll period. Any vacation balance that exists in excess of three times the Employee's accrual rate may be cashed out during the year but no later than December 1st of each year.
- C. **Sick Leave:** Sick leave shall be accrued at five hours per payroll period. There is no cap on sick leave accrual as provided in the Personnel Rules.

- 11. Administrative Leave:** Manager shall be granted a total of 120 hours Administrative Leave with pay during each fiscal year. Sixty hours to be credited on July 1st of each year and 60 hours to be credited on January 1st of each year. Unused hours to be cashed out no later than May 30th of each fiscal year to bring the balance to zero on June 30th of each fiscal year. In the event of resignation, termination, or retirement, an employee will be paid for her accrued administrative leave balance.
- 12. Personal Days:** Manager shall be provided two personal days per fiscal year, hours to be consistent with her work shift.
- 13. Business and Professional Expenses:** City recognizes that Manager may incur expenses of a non-personal, job-related nature that are reasonably necessary to Manager's service to City. City may approve the reimbursement of such so long as the expenses are incurred and submitted to the Mayor or Vice Mayor for approval. To be eligible for reimbursement, all expenses must be supported by documentation meeting City's normal requirements and must be submitted within time limits established by City.
- 14. Annual Evaluation:** During the term of this Agreement, the City Council shall provide Manager with an annual evaluation no later than December 1 of each year.
- 15. Enforcement of this Agreement:** The prevailing party in any action brought to enforce this Agreement or to resolve any dispute or controversy arising under its terms and conditions, shall be entitled to payment of his/her/its reasonable attorneys' fees and costs.
- 16. Indemnification:** Consistent with the California Government Code, City shall defend, hold harmless, and indemnify Manager using legal counsel of City's choosing, against expense or legal liability for acts or omissions by Manager occurring within the course and scope of Manager's employment under this Agreement. Legal representation, provided by City for Manager, shall extend until a final determination of the issues including any and all losses, damages, judgments, interest, settlements, fines, court costs, and the reasonable costs and expenses of legal proceedings, including appeals, and including attorneys' fees, and expert witness fees and all other trial and appellate costs, and other liabilities incurred, imposed upon, or suffered by Manager in connection with or resulting from any claim, action, suit, or proceeding, actual or threatened. In the event there is a conflict of interest between City and Manager such that independent counsel is required for Manager, Manager may engage her own legal counsel, in which event City shall indemnify Manager, including direct payment of all such reasonable costs related thereto.
- 17. Notices:** Any notices to be given hereunder by either party to the other in writing may be effected either by personal delivery, mail, or email. Mailed notices shall be addressed to the parties as set forth below, but each party may change his/her/its

address by written notice given in accordance with this Section. Notices delivered personally or by email will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated and received as of three (3) calendar days following the date of mailing.

CITY: City of Sebastopol
 Attention: Mayor
 7120 Bodega Avenue
 Sebastopol, CA 95472

MANAGER: Mary Gourley
 7120 Bodega Avenue
 Sebastopol, CA 95472

18. **Conflict With Municipal Code:** The City personnel ordinances, resolutions, rules and policies shall apply to Manager in the same manner as applied to other management employees, provided, however, in the event of a conflict between the provisions of this Agreement and the Municipal Code, the Municipal Code shall prevail over this Agreement.
19. **Entire Agreement:** This Agreement represents the entire agreement between the parties and supersedes any and all other agreements, either oral or in writing, between the parties with respect to the employment of Manager by City, and contains all of the covenants and agreements between the parties with respect to that employment. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by either party, or by anyone acting on behalf of either party, which are not embodied herein, and that no other employment agreement, statement, or promise not contained in this Agreement shall be valid or binding upon either party.
20. **Modifications:** Any modifications to this Agreement shall be effective only if in writing and signed by both of the parties hereto.
21. **Effect of Waiver:** The failure of either party to insist upon strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.
22. **Partial Invalidity:** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

23. Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the State of California.

This Agreement is entered into this ____ day of May, 2026.

CITY OF SEBASTOPOL

Approved: _____
Mayor

Approved as to Form: _____
Attorney

MANAGER

Mary Gourley