

**CITY OF SEBASTOPOL CITY COUNCIL****AGENDA ITEM REPORT FOR MEETING OF: October 6, 2026**

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To: Honorable Mayor and City Councilmembers

From: Oriana Hart, Public Works Director
Ana Kwong, Administrative Services Director
Mary Gourley, City Manager

Department: City Manager's Office

Subject: Amendment to Resolution No. 6713-2025 Establishing a Standing Enterprise Fund Oversight Committee – Addition of a Certified Public Accountant Member

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RECOMMENDATION(s):

That the City Council adopt the attached resolution (Attachment 1) amending Resolution No. 6713-2025 to: (1) temporarily increase the maximum membership of the Enterprise Fund Oversight Committee from five (5) to six (6) members, and (2) add a new qualification category requiring that at least one member be a Certified Public Accountant (CPA).

PROCESS OF AGENDA ITEM:

- a. Presentation by staff
- b. Council questions and discussion
- c. Public comment
- d. Council deliberation and action

EXECUTIVE SUMMARY:

On November 4, 2025, the City Council adopted Resolution No. 6713-2025, establishing the Enterprise Fund Oversight Committee to provide ongoing, structured oversight of the City's Enterprise Funds and to make recommendations to the Council on their financial health and long-term planning. The Enterprise Fund Oversight Committee consists of five members serving a two-year term. The proposed resolution would add a dedicated seat for a licensed Certified Public Accountant and to temporarily increase the Committee's maximum membership from five (5) to six (6) for one year, so the new seat does not displace any of the Committee's existing required qualification categories.

BACKGROUND:

On November 4, 2025 the City Council adopted Resolution No. 6713-2025 to proactively establish the Enterprise Fund Oversight Committee ("Committee") as a standing committee to provide ongoing, structured oversight of the City's Enterprise Funds, including the Water Fund and Wastewater Fund, and to offer recommendations to the City Council regarding their financial health and long-term planning. The Committee is the only entity of its kind in Sonoma County, and the City is not aware of any other city in California with a similar committee.

As adopted, Section 2 of Resolution No. 6713-2025 limits the Committee to no more than five (5) members and requires that the membership include: one City Council member; at least one business owner or representative within City limits; at least two City residents actively engaged in City governance; and at least one person with expertise in accounting, auditing, or another financial field, regardless of residency.

When the City recruited for applicants for the committee, no individuals with expertise in accounting, auditing, or another financial field submitted an application.

The Committee's duties include reviewing Enterprise Fund budgets and financial reports, analyzing rate studies and cost allocation methods, and evaluating long-term financial planning and capital improvement needs – all of which benefit from dedicated professional accounting expertise on the Committee.



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The Sonoma County Civil Grand Jury issued a report in May 2026 regarding the City of Sebastopol's water and sewer systems. That report included three recommendations, one of which was to consider adding a certified public accountant to the EFOC. In its response to the Grand Jury, the City Council agreed with this recommendation.

DISCUSSION:

Because the existing resolution caps membership at five (5), adding a dedicated CPA seat without amending the membership cap would either require the City to remove one of the currently serving members or wait a year until their terms have ended. Staff therefore recommends amending Section 2 to temporarily raise the maximum Committee size to six (6) members for one year and to add new subsection (e), establishing a seat specifically for a licensed Certified Public Accountant, as reflected in the attached amending resolution (Attachment 1). The one year term will end at the same time as the terms of existing members. At that time, an item will return to the City Council to return the size of the Committee to five (5) members, while maintaining a position for a certified public accountant.

All other provisions of Resolution No. 6713-2025, including the Committee's duties, staff liaison, Brown Act compliance, terms of office, quorum, and meeting schedule, remain unchanged.

STAFF ANALYSIS:

Staff supports the proposed amendment. Adding a dedicated CPA seat strengthens the Committee's professional financial expertise consistent with its core duties, reviewing budgets, evaluating rate studies and cost allocation methods, and assessing long-term capital and financial planning, without altering the Committee's other composition requirements, duties, or advisory role. If approved, the recruitment will begin immediately. The City will make a concerted effort to solicit applications from certified public accountants, including by reaching out to relevant professional organizations

CITY COUNCIL GOALS/PRIORITIES AND GENERAL PLAN CONSISTENCY:

This agenda item represents the City Council goals/priorities as follows:

Goal 4: High-Performance Organization

Restoring public trust through transparent and inclusive processes

PUBLIC COMMENT:

As of the writing of this staff report, the City has not received any public comment. However, if staff receives 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.

FISCAL IMPACT:

There is no direct fiscal impact associated with this action. Committee members serve in a volunteer, advisory capacity and are not compensated. Any incremental staff time associated with supporting one additional committee member is expected to be minor and can be absorbed within existing Engineering/Public Works and Administrative Services Department budgets.

RESTATED RECOMMENDATION:

That the City Council adopt the attached resolution amending Resolution No. 6713-2025 to temporarily increase the maximum Enterprise Funds Oversight Committee membership from five (5) to six (6) and add a Certified Public Accountant qualification category.

OPTIONS:



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1. Decline to amend Resolution No. 6713-2025 at this time; or
2. Provide alternate direction to staff

ATTACHMENTS:

- Attachment 1 – Draft Resolution No. ____-2026
- Attachment 2 – Resolution No. 6713-2025, Establishing a Standing Enterprise Fund Oversight Committee (adopted November 4, 2025)

APPROVALS:

Department Head Approval: Approval Date: 9/23/26

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

This action is not a project under the California Environmental Quality Act (CEQA)

Administrative Services (Financial) Approval Date: 9/24/26

Costs authorized in City Approved Budget: N/A – no cost associated with this action

City Attorney Approval: Approval Date: 9/29/26

City Manager Approval: Approval Date: 9/28/26



ATTACHMENT 1

RESOLUTION NUMBER ____-2026

A Resolution of the City Council of the City of Sebastopol Amending and Restating Resolution No. 6713-2025 Establishing a Standing Enterprise Fund Oversight Committee to Add a Certified Public Accountant Member

WHEREAS, the City of Sebastopol City Council operates several Enterprise Funds, including but not limited to the Water Fund and the Wastewater Fund, which are financed and operated in a manner similar to private businesses, with the objective of recovering the costs of providing goods or services to the public primarily through user charges; and

WHEREAS, the City Council has recognized the importance of effective oversight of these Enterprise Funds to ensure financial sustainability, accountability, and transparency in their management; and

WHEREAS, the City Council has received multiple communications from community members expressing concerns regarding the governance of these funds and the need for greater financial oversight; and

WHEREAS, the City Council desires to create a standing Enterprise Fund Oversight Committee to provide ongoing, structured oversight and to offer recommendations to the City Council regarding the financial health and long-term planning of the City's Enterprise Funds; and

WHEREAS, the establishment of such a committee aligns with the City Council's adopted goal of ensuring transparency in the management of public funds and improving governance practices; and

WHEREAS, on November 4, 2025, the City Council adopted Resolution No. 6713-2025 establishing the Enterprise Fund Oversight Committee, and the City Council now desires to amend and restate Resolution No. 6713-2025 to temporarily increase the membership of the Committee from five (5) to six (6) members for one year and to add a member who is a Certified Public Accountant.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sebastopol that Resolution No. 6713-2025 is hereby amended and restated in its entirety, and the Enterprise Fund Oversight Committee is hereby established as a standing committee, with the following structure and responsibilities:

1. Establishment. There is hereby established the City of Sebastopol Enterprise Fund Oversight Committee.

2. Composition and Qualifications. The Committee shall be composed of no more than six (6) members who are at least 18 years of age, reside or have a business in Sebastopol, and have one of the following qualifications:

- a) One member of the City Council
- b) At least one person who owns or is a representative of a business in the City of Sebastopol City limits
- c) At least two people who are residents of the City of Sebastopol and actively engaged in City governance (such as active engagement with the Council)
- d) At least one person who has expertise in accounting, auditing, or another financial field regardless of residency within city limits.
- e) At least one person who is a Certified Public Accountant (CPA), currently licensed and in good standing with the California Board of Accountancy, regardless of residency within city limits.

3. Application/Recruitment Process: Whenever there are vacancies on the Oversight Committee, the Lead Staff Department shall advertise an invitation for individuals to apply to serve on the committee. Notice of any vacancies will be advertised in the Press Democrat and on the City's website and social media outlets. The applications received shall be reviewed to meet selection criteria and shall be submitted to the full City Council for appointment.



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4. Duties. The Committee shall act in an advisory capacity to the City Council and no express authority or power to act on behalf of the City is hereby delegated. To carry out its stated purpose, the Committee shall perform the following duties:

- a) Reviewing Annual Budgets and Financial Reports: The Committee will analyze the financial health of the Enterprise Funds, ensuring that budgets and financial statements reflect accurate and sustainable practices.
- b) Analyzing Rate Studies and Rate Adjustment Proposals: The Committee will evaluate proposed rate changes, including providing recommendations on cost allocation methods to ensure fairness and financial viability.
- c) Evaluating Long-Term Financial Planning and Capital Improvement Needs: The Committee will assess capital improvement plans (CIP), master plans, and long-term financial forecasts related to Enterprise Fund operations, ensuring that projects are properly prioritized and funded and that master planning efforts align with Enterprise Fund financial sustainability.
- d) Engage with the public and other stakeholders to ensure that the community's interest and concerns are reflected in the Committee's recommendations.
- e) Such other duties as assigned by the City Council.
- f) Shall submit an annual report to the Council in early June before the next fiscal year budget is adopted.

5. Staff Liaison: Engineering/Public Works Director will be the lead staff department and will provide staffing support for the committee. Administrative Services Director will also provide support to the committee. Documents shall be provided by staff to the Committee a minimum of two weeks prior to the Committee meeting.

6. The Committee meetings shall be in compliance with the Ralph M. Brown Act. All members may be required to complete financial disclosure forms (Form 700) Statements of Economic Interest.

7. The Terms shall be two years; expiring on January 31st with the ability to renew for an additional two years. Notwithstanding the foregoing, the members appointed to fulfill the requirement for Certified Public Accountant (CPA) shall serve a term of one (1) year. Members shall serve at the pleasure of the City Council.

8. Vacancies other than by the expiration of a term shall be filled by appointment for the unexpired portion of said term, in the same manner as original appointments are made.

9. Regular meetings shall be held semi-annually in March and September. Additional meetings may be held as necessary.

10. A quorum of the Committee shall consist of a minimum of three (3) members. A quorum must be present in order for the Oversight Committee to hold a meeting.

11. The Officers of the Committee shall be a Chairperson and Vice-Chairperson, who shall be selected by the membership for a one (1) year term. The Chairperson shall preside at all meetings.

12. The City Manager is directly to bring this resolution back to the City Council in fall of 2027 for further review and direction prior to the termination of member terms in January 2028.

The above and foregoing Resolution was duly passed, approved and adopted at a meeting by the City Council on the 6th day of October, 2026.



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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: _____

Mayor Jill McLewis

ATTEST: _____

Mary C. Gourley, City Manager/City Clerk, MMC

Approved as to Form: _____

Alex Mog, City Attorney

RESOLUTION NUMBER 6713-2025**A Resolution of the City Council of the City of Sebastopol Establishing a Standing Enterprise Fund Oversight Committee**

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WHEREAS, the City of Sebastopol City Council operates several Enterprise Funds, including but not limited to the Water Fund and the Wastewater Fund, which are financed and operated in a manner similar to private businesses, with the objective of recovering the costs of providing goods or services to the public primarily through user charges; and

WHEREAS, the City Council has recognized the importance of effective oversight of these Enterprise Funds to ensure financial sustainability, accountability, and transparency in their management; and

WHEREAS, the City Council has received multiple communications from community members expressing concerns regarding the governance of these funds and the need for greater financial oversight; and

WHEREAS, the City Council desires to create a standing Enterprise Fund Oversight Committee to provide ongoing, structured oversight and to offer recommendations to the City Council regarding the financial health and long-term planning of the City's Enterprise Funds; and

WHEREAS, the establishment of such a committee aligns with the City Council's adopted goal of ensuring transparency in the management of public funds and improving governance practices.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sebastopol that the Enterprise Fund Oversight Committee is hereby established as a standing committee, with the following structure and responsibilities:

1. **Establishment.** There is hereby established the City of Sebastopol Enterprise Fund Oversight Committee.
2. **Composition and Qualifications.** The Committee shall be composed of no more than five (5) members who are at least 18 years of age, reside or have a business in Sebastopol, and have one of the following qualifications:
 - a) One member of the City Council
 - b) At least one person who owns or is a representative of a business in the City of Sebastopol City limits
 - c) At least two people who are residents of the City of Sebastopol and actively engaged in City governance (such as active engagement with the Council)
 - d) At least one person who has expertise in accounting, auditing, or another financial field regardless of residency within city limits.

3. **Application/Recruitment Process:** Whenever there are vacancies on the Oversight Committee, the Lead Staff Department shall advertise an invitation for individuals to apply to serve on the committee. Notice of any vacancies will be advertised in the Press Democrat and on the City's website and social media outlets. The applications received shall be reviewed to meet selection criteria and shall be submitted to the full City Council for appointment.
4. **Duties.** The Committee shall act in an advisory capacity to the City Council and no express authority or power to act on behalf of the City is hereby delegated. To carry out its stated purpose, the Committee shall perform the following duties:
 - a) **Reviewing Annual Budgets and Financial Reports:** The Committee will analyze the financial health of the Enterprise Funds, ensuring that budgets and financial statements reflect accurate and sustainable practices.
 - b) **Analyzing Rate Studies and Rate Adjustment Proposals:** The Committee will evaluate proposed rate changes, including providing recommendations on cost allocation methods to ensure fairness and financial viability.
 - c) **Evaluating Long-Term Financial Planning and Capital Improvement Needs:** The Committee will assess capital improvement plans (CIP), master plans, and long-term financial forecasts related to Enterprise Fund operations, ensuring that projects are properly prioritized and funded and that master planning efforts align with Enterprise Fund financial sustainability.
 - d) **Engage with the public and other stakeholders** to ensure that the community's interest and concerns are reflected in the Committee's recommendations.
 - e) **Such other duties as assigned by the City Council.**
 - f) **Shall submit an annual report to the Council in early June before the next fiscal year budget is adopted.**
5. **Staff Liaison:** Engineering/Public Works Director will be the lead staff department and will provide staffing support for the committee. Administrative Services Director will also provide support to the committee. Documents shall be provided by staff to the Committee a minimum of two weeks prior to the Committee meeting.
6. The Committee meetings shall be in compliance with the Ralph M. Brown Act. All members may be required to complete financial disclosure forms (Form 700) Statements of Economic Interest.
7. The Terms shall be two years; expiring on January 31st with the ability to renew for an additional two years. Notwithstanding the foregoing, the City Council may designate half of the initial members of the Committee to serve an initial one-year term to enable staggering of the terms. Members shall serve at the pleasure of the City Council. (This can also be a four-year term).
8. Vacancies other than by the expiration of a term shall be filled by appointment for the unexpired portion of said term, in the same manner as original appointments are made.
9. Regular meetings shall be held semi-annually in March and September. Additional meetings may be held as necessary.

10. A quorum of the Committee shall consist of a minimum of three (3) members. A quorum must be present in order for the Oversight Committee to hold a meeting.
11. The Officers of the Committee shall be a Chairperson and Vice-Chairperson, who shall be selected by the membership for a one (1) year term. The Chairperson shall preside at all meetings.

The above and foregoing Resolution was duly passed, approved and adopted at a meeting by the City Council on the 4th day of November, 2025.

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

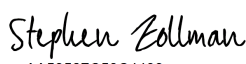
VOTE:

Ayes: Councilmembers Carter, Maurer, Vice Mayor McLewis and Mayor Zollman

Noes: None

Absent: Councilmember Hinton

Abstain: None

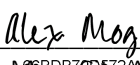
Signed by:

AA58527C58C4493...
 Mayor Stephen Zollman

APPROVED: _____

Signed by:

44C0774260FE430...
 Mary Gourley, Interim City Manager/City Clerk, MMC

ATTEST: _____

Signed by:

4658B7C9E7241F1...
 Alex Mog, City Attorney

Approved as to Form: _____