From: Kate Haug [redacted]
Sent: Friday, October 23, 2026 9:56 AM
To: Sandra Maurer <smaurer@cityofsebastopol.gov>; Phill Carter <pcarter@cityofsebastopol.gov>; Neysa Hinton <NHinton@cityofsebastopol.gov>; Stephen Zollman <szollman@cityofsebastopol.gov>; Jill McLewis <jmclewis@cityofsebastopol.gov>; Mary Gourley <mgourley@cityofsebastopol.gov>; Oriana Hart <ohart@cityofsebastopol.gov>
Subject: EFOC Needs to Meet Monthly - Please change the resolution

Dear Council Members,
I have just been informed that per the attached resolution, the EFOC is only scheduled to meet in March and September. Per this resolution, it means the EFOC is not required to meet again until March 2027. I believe we will meet before that time.

As the Enterprise Funds are in a critical state (Council is reviewing Cost Allocation, Time Tracking, Grand Jury Resolution, Capital Improvement Financing), I ask that the Council amend the resolution to make the EFOC a regular meeting like the Climate Action or Public Arts.

The City is running and managing a utility. Until recent years, Council has let that management reside with staff. At this point, it is clear that the utilities need management and oversight as indicated by the Grand Jury. The City and Council established the EFOC as an oversight committee to help sheperd the finances and capital improvements of the Water and Sewer systems. It is extremely difficult to manage these systems with irregular meetings. All utility boards have monthly meetings. With the transitions that are taking place with the Enterprise Funds and the critical need for funding, I would suggest that the Council amend the resolution to say 10 regular meetings per year with 3 joint meetings with Council.

As I've stated at Council meetings, Council should have 3 dedicated Enterprise meetings per year - January, May, September - to review funds, capital projects, water quality, repairs, system health.

Here are links to the Sweetwater Springs Water District Monthly Board Meetings. As you can see, they have regular business items. The meetings take approximately 1 hour. I believe, as Sebastopol has Water and Sewer, these topics should be covered with Council 3x per year in a 2 - 3 hour meeting.
https://www.sweetwatersprings.com/files/543357474/BOARD+PACKET+10-01-2026.pdf
https://www.sweetwatersprings.com/files/3765b0ea7/BOARD+PACKET+09-03-2026.pdf
https://www.sweetwatersprings.com/files/1961334d7/AAAgenda+08-06-2026.pdf

In addition, you might want to review Sweetwater's pricing page. The upper end water prices sit about the same as Sebastopol's. The lower tier is much less than Sebastopol's. They charge a "Capital Debt Reduction Charge" to support infrastructure. This is Prop. 218 compliant as it applies to all parcels as all parcels share the same infrastructure regardless of how much water they use. In addition, they charge a higher base rate per living unit to compensate for ADUs. This is also Prop. 218 compliant. They also charge a Capacity Charge. Does Sebastopol have anything like this? These questions are important as the City moves forward with a new rate study which can support the upgrading and replacement of infrastructure.
https://www.sweetwatersprings.com/water-rates-effective-july-1-2026

Thank you,
Kate Haug
EFOC

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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 to 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 of 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.

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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.

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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

APPROVED: Signed by: Stephen Zollman AA58527C58C4493... _____
Mayor Stephen Zollman

ATTEST: Signed by: Mary Gourley 44C0774260FE430... _____
Mary Gourley, Interim City Manager/City Clerk, MMC

Approved as to Form: Signed by: Alex Mog 968DB70D57244EB... _____
Alex Mog, City Attorney