

**City Council**

Mayor Jill McLewis  
Vice Mayor Sandra Maurer  
Councilmember Phill Carter  
Councilmember Neysa Hinton  
Councilmember Stephen Zollman



**City of Sebastopol**

**Agenda Item Number 1** City Manager  
Mary Gourley  
[mgourley@cityofsebastopol.gov](mailto:mgourley@cityofsebastopol.gov)  
Administrative Services Director  
Ana Kwong  
[akwong@cityofsebastopol.gov](mailto:akwong@cityofsebastopol.gov)

**Budget Committee**

Vice Mayor Sandra Maurer  
Councilmember Phill Carter

**Meeting of Monday May 11, 2026**

**BUDGET COMMITTEE  
MINUTES FOR MEETING OF May 11, 2026**

**Call to Order 10:32 am**

**Roll Call**

Budget Committee:

Sandra Maurer – Vice Mayor  
Phill Carter – Councilmember

Staff:

Mary Gourley –City Manager  
Ana Kwong – Administrative Services Director  
Oriana Hart – Public Works Director

Zoom Participants:

Mark Shuster – Shuster Advisory Group  
Sarah Yauchzee – Shuster Advisory Group  
Michael Gonzalez – Shuster Advisory Group  
Jennifer Burke – City of Santa Rosa Subregional  
Nick Harvey – City of Santa Rosa Subregional

**LAND ACKNOWLEDGEMENT:** The City of Sebastopol acknowledges that we live and work within the unceded ancestral homelands of the Southern Pomo and the Coast Miwok people. We pay our respect to the past, present, and future generations of these peoples, including the Federated Indians of Graton Rancheria.

**Public Comment – None**

**CONSENT:** The consent agenda consists of items that are routine in nature and do not require additional discussion by the Committee or have been reviewed by the Committee previously.

- 1. Approval of Budget Committee meeting of April 28, 2026 - **Approved**

**INFORMATIONAL ITEMS/PRESENTATIONS:** *Informational Items or Presentations are items that are informational only and do not require action by the Committee. **Presentations should be limited to ten (10) minutes total in length of item (total length includes questions of Committee to presenter).***

- 2. **Year to Date Update for City Investments, including the Section 115 Trust and Non-Trust Discretionary Account**

Mark presented the item to the Budget Committee and affirmed the Section 115 Trust as the City’s primary long-term pension stabilization tool, building on its successful implementation since adoption in October 2023 and strong performance since inception for both trust and non trust account.

The consultant recommended the following actions:

1. Transfer 50%, or \$500,000, from the non-trust pension account into the Section 115 Trust to move assets out of money-market-only investments and into a diversified, long-term growth strategy.
2. Change the Section 115 Trust asset allocation from 40/60 to 50/50 (Equity/Fixed Income) to improve long-term return potential while maintaining a moderate and prudent risk profile appropriate for pension prefunding.
3. Revise the City’s Investment Policy Statement (IPS) to allow greater investment flexibility consistent with California Government Code.
4. Align the investment strategy with long-term liabilities, rather than liquidity-only objectives.
5. Work with staff to direct future excess funds once liquidity needs are met, to be invested under the revised IPS using a professionally managed approach designed to maximize return within prudent risk limits.

Outcome:

These recommendations are intended to position the City to better manage pension cost volatility, improve long-term returns, and align investment practices with the City’s long-term financial obligations while preserving flexibility and local control.

**REGULAR CALENDAR AGENDA ITEMS (DISCUSSION AND/OR ACTION)**

**3. LLANO Trunk Rehabilitation Update – Public Works**

Representatives from the City of Santa Rosa Subregional presented the item to the Budget Committee. Staff is in alignment with a revised approach to utilize the reserve funds currently held by the City of Santa Rosa to pay for Phase 1 of the Llano Trunk rehabilitation project, which has already been completed. Under this approach, the amount that the City would have otherwise spent on debt service to borrow funds from the City of Santa Rosa for the completed Phase 1 work will instead be redirected within the sewer budget to help fund Phase 2 of the Llano Trunk rehabilitation project. In the event of a catastrophe requiring use of reserves to address subregional obligations or project cost overruns, the City of Santa Rosa has indicated its willingness to allow the City to carry a temporary negative position for one to two years. Santa Rosa has a catastrophic emergency reserve available to cover such situations while the City evaluates and implements repayment options.

**4. Micah Hugs Event Fee Waiver**

The Budget Committee is in support of the fee waiver.

**5. Bodega Ave. Phase 2 Contract Change Order #3 and Proposed Budget Amendment**

The Budget Committee is in support of approving CCO#3 and the proposed budget amendment.

**6. City Council Stipend per Government Code Section 36516, Maximum Compensation for Council Members in Cities with a Population of Under 35,000 Is \$950 per Month**

The Budget Committee is in support of the City Council’s stipend increase to \$950.

**7. FY2026-27 Proposed Budget**

The Budget Committee reviewed the proposed FY 2026–27 budget with a focus on the General Fund’s financial position. Staff explained that the General Fund is projected to experience a budget deficit in FY 2026–27, driven primarily by ongoing cost increases and policy-directed transfers, including the allocation of Measure U revenues for street and infrastructure maintenance. To balance the FY 2026–27 General Fund budget, staff proposed the use of reserves, specifically surplus carried forward from FY 2025–26, to offset the projected operating shortfall. Staff emphasized that this approach is consistent with the City’s adopted reserve policies and that, even with the planned use of reserves, the General Fund reserve level is projected to remain above the City’s minimum reserve requirement.

This item will be continued to the scheduled May 18, 2026 meeting.

**8. NEXT STEPS / FUTURE MEETINGS**

- Next meeting dates

- May 18, 2026 – 1:00PM
- June 8, 2026 – 10:30AM
- Future agenda items for consideration

**9. ADJOURNMENT OF MEETING 12:57pm**

American Disability Act Accommodations/Accessibility: A request can be made orally or in writing, and submitted to the ADA Coordinator by email: [building@cityofsebastopol.gov](mailto:building@cityofsebastopol.gov) or to the City Clerk’s Office so as to avoid delay in reviewing and processing the request. Requests can be made by contacting the ADA Coordinator’s Office at (707) 823-8597, via email at [building@cityofsebastopol.gov](mailto:building@cityofsebastopol.gov) or by mailing such a request to the ADA Coordinator’s Office located at 7425 Bodega Avenue, Sebastopol, CA. Note that if you contact the ADA Coordinators Office, via mail, you need to make the request early enough that a response can be timely provided.

Government Code Section 54953.

- (a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.
- (b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.
- (2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

*This in person and virtual/remote meeting is compliant with the Governor’s Executive Order allowing for a deviation of teleconference rules required by the Brown Act. Traditional Brown Act and AB 2449 requirements can be utilized for all City meetings as long as required notice and posting is conducted per the Brown Act.*

*Please Note the presiding member of the legislative body conducting a meeting or their designee may remove, or cause the removal of, an individual for disrupting the meeting.*

*Prior to removing an individual, the presiding member or their designee shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. The presiding member or their designee may then remove the individual if they do not promptly cease their disruptive behavior. This paragraph does not apply to any behavior described in subparagraph (B) of paragraph (1) of subdivision (b).*

*(b) As used in this section:*

*(1) “Disrupting” means engaging in behavior during a meeting of a legislative body that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, one of the following:*

*(A) A failure to comply with reasonable and lawful regulations adopted by a legislative body pursuant to Section 54954.3 or any other law.*

*(B) Engaging in behavior that constitutes use of force or a true threat of force.*

*(2) “True threat of force” means a threat that has sufficient indicia of intent and seriousness, that a reasonable observer would perceive it to be an actual threat to use force by the person making the threat.*

How can I provide Public Comment on Zoom?

*The Chair of this meeting will request public comment.*

USING A COMPUTER OR SMART PHONE:

- Click on the “Raise Hand” feature in the webinar controls. This will notify City staff that you have raised your hand and you would like to speak.
- City staff will unmute your microphone when it is your turn to provide public comment.

- *A prompt will appear to confirm you would like to be unmuted. Once you accept the prompt, you will have two minutes to provide public comment.*
- *Once your public comment has ended, you will be muted again.*

USING A REGULAR PHONE:

- *Dial \*9 (star 9), this will notify City staff that you have “raised your hand” for public comment.*
- *City staff will unmute your microphone when it is your turn to provide public comment. \*6 (star 6) is used to mute/unmute.*
- *You will hear “you are unmuted” and then you will have two minutes to provide public comment.*
- *Once your public comment has ended, you will be muted again*