



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 25-596

Meeting Date: 12/2/2025

TITLE:

EMPLOYMENT AGREEMENT FOR CITY MANAGER

DEPARTMENT: CITY ATTORNEY

PRESENTED BY: KIMBERLY HALL BARLOW, CITY ATTORNEY

CONTACT INFORMATION: (714) 446-1400

RECOMMENDATION:

Consider and approve the proposed agreement: (Attachment 1) with Cecilia Gallardo-Daly to serve as City Manager commencing December 2, 2025.

BACKGROUND:

The City Manager's position has been vacant since May 6, 2025. The City Council previously met in closed session and directed the City Attorney to negotiate terms of an employment agreement with Interim City Manager Cecilia Gallardo-Daly.

ANALYSIS:

In the absence of a contract, the City Manager's employment would be governed solely by the California Government Code, the Costa Mesa Municipal Code and adopted Council Policies and Resolutions. Costa Mesa Municipal Code sections 2-97 and 2-224.5 make provisions for employment of the City Manager and expressly authorize the Council to vary these provisions by contract.

The proposed contract is for a term of three (3) years. Key terms of the contract include a proposed salary of \$320,000 annually, deferred compensation of \$50,000 annually, the same benefits as provided to other City executives, use of a City automobile, forty (40) hours of executive leave per year; the Mayor and City Council may award Employee an additional sixty (60) hours of executive leave annually. The contract is terminable at will, except within ninety (90) days after any municipal election for the selection or recall of one or more of the members of the City Council. If termination is without cause, there would be a severance payment of one year's base salary. Termination with cause would not require any severance payment.

ALTERNATIVES:

Do not approve the agreement and give further direction to staff.

FISCAL REVIEW:

The proposed base salary for the City Manager would be \$320,000 annually, with the caveat that the base salary is at least 10% higher than the highest paid executive. On July 1, 2026, a 10% compaction issue with the Assistant City Manager classification is expected to raise the annual base salary to \$328,296. In addition, the City would contribute \$50,000 annually starting in January 2026, increasing by \$5,000 every year

thereafter, subject to the maximum contribution limits allowed by Federal Law to a 401(a) deferred benefit account on behalf of Ms. Gallardo-Daly. The contract also provides for a City assigned vehicle fully covered by the City (includes maintenance, repair, and insurance). All other benefits package matches those that are currently provided to City Executive employees, which would also apply to Ms. Gallardo-Daly.

The estimated annual fiscal impact of the attached agreement for the City Manager's services is \$451,700, \$320,000 in salary and \$131,700 in benefits; not inclusive of the City assigned vehicle. The FY 2025/26 City Manager General Fund budget has sufficient appropriations to cover this contract. Future budgets will include the anticipated costs for this agreement.

LEGAL REVIEW:

The City Attorney prepared this report and the proposed agreement and approves them as to form.

CITY COUNCIL GOALS AND PRIORITIES:

Recruit and retain high-quality staff.

CONCLUSION:

The Council is requested to discuss the proposed agreement and corresponding salary resolution and authorize their execution by the Mayor and City Attorney as determined by the Council.