

December 6, 2004

TO: Palo Alto City Council Members

FROM: CAO Committee Chair Mossar  
Members Burch, Kishimoto and Ojakian

SUBJECT: Compensation Recommendations for City Manager Frank Benest,  
City Auditor Sharon Erickson and City Clerk Donna Rogers

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The City Council has completed its performance review process for City Manager Benest, City Auditor Erickson and City Clerk Rogers and must now discuss and set their compensation for this fiscal year.

This memorandum will summarize the CAO Committee recommendations for compensation. City Council will take action on these recommendations in a public forum at its meeting on December 13, 2004.

**The Process:** The CAO Committee finds that the process recently adopted for CAO evaluations works well. The Council's consultant, John Shannon, has fulfilled his duties professionally and was of great assistance to the committee. Mr. Shannon coordinated and summarized input from each CAO and City Council member and provided the information used to formulate our Committee's compensation recommendations.

**Overall CAO Evaluations:** The following is the verbatim Council-adopted "Overall Evaluation" statement for each individual:

• City Manager Frank Benest:

1. We much appreciated your optimism, commitment, enthusiasm, loyalty, courage and the manner in which you handled your personal challenges.
2. Your performance exceeded expectations.

• City Auditor Sharon Erickson:

1. Exceeds expectations and provides superior analysis of areas in which she makes her insightful and practical recommendations.

2. We have, perhaps, the best City Auditor in the State. Sharon is excellent in all respects.
3. Recognize her work ethic, professionalism and use of a strong team.
4. She has rebuilt trust of City staff, Council and community.

• City Clerk Donna Rogers:

1. Commend her for getting BA degree.
2. She remains friendly, approachable, and courteous. Provides invaluable assistance to Council members.
3. Solid execution of job.

**CAO Committee Recommendations for Compensation:**

The CAO Committee carefully reviewed internal pay relationships, compensation comparables (salary survey attached) and the lack of compensation adjustments for the past three years. The Committee also considered the Council's adopted performance evaluation, job duties and performance objectives for each of the officers reviewed in this period.

Based upon this review, with the professional assistance of Mr. Shannon, the Committee makes the following recommendations to the City Council for its consideration and adoption.

1. Each officer will be given a 10% salary increase.
2. Each officer will continue to enjoy the same benefits for retirement, medical, dental and vision coverage, and deferred compensation.
3. The City Auditor and City Clerk shall continue to receive a \$3,900 Transportation Allowance (formerly referred to as "Auto Allowance") Council Appointed Officers are encouraged to take advantage of transportation alternatives as feasible.
4. The City Manager will continue to have use of a city-owned fleet vehicle, with the understanding that he is also encourage to take advantage of transportation alternatives as feasible.
5. The City Council agrees to update the contract for City Manager Benest to confirm existing policy that he may be involved in outside employment as long as it does not conflict or interfere with his job as City Manager.

Cc: Frank Benest  
Sharon Erickson  
Donna Rogers  
John Shannon