



# Council Appointed Officers Committee MINUTES

Special Meeting  
Thursday, April 3, 2014

Chairperson Scharff called the meeting to order at 10:06 A.M. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Klein, Kniss, Scharff (Chair), Shepherd

Absent:

## ORAL COMMUNICATIONS

None

## AGENDA ITEMS

1. Discussion and Possible Action to Recommend that Council Exercise an Option to Extend for One Year a Consulting Contract with Sherry L. Lund Associates for a Total Cost Not to Exceed \$58,161 for: 1) Consulting Services related to the 2013-2014 Annual Performance Reviews for Three Council Appointed Officers for a Total Cost Not to Exceed \$31,588; 2) Mid-year Performance Review Updates for a Total Cost Not to Exceed \$8,003; 3) Solicitation of Staff Feedback Related to Performance Evaluations for a Total Cost Not to Exceed \$10,070; 4) As Needed Consulting Services for Compensation, Organizational Development and Human Resources Consulting for a Total Not to Exceed Cost of \$6,000; and 5) Additional Services for a Total Cost Not to Exceed \$2,500; and Authorize Use of Council Contingency Funds for Necessary Work Before July 1, 2014.

Herb Borock wanted the Staff Report to reflect the calculations Staff used to determine the amounts stated in the recommendation. He requested any changes in the proposed agreement from the previous agreement be highlighted.

Chair Scharff indicated non-substantive changes were highlighted in red and deletions were highlighted in blue in the revised contract.

Mayor Shepherd noted there had not been an increase in rates since 2006.

Chair Scharff reported page 32 contained Ms. Lund's proposal for the current year. The Council Appointed Officers Committee (Committee) was tasked with reviewing the contract and making a recommendation to the Council. He asked Ms. Lund to review each task, reimbursable amounts, and changes from the previous year.

Sherry Lund, Sherry Lund and Associates, explained that Task Number 1 was the annual Council Appointed Officers (CAO) process. One difference was the hiring of a new City Auditor. The process for the City Auditor was a goal-setting and orientation process. The cost for Project Element Number 1 was less than the previous year. The cost for Project Element Number 2 was the same amount as the previous year with a 6 percent increase. The cost for Task Number 3 was the same amount as the previous year with a 6 percent increase. The cost for Task Number 4 was significantly reduced and was an estimate. In 2013 new information came to light that resulted in five CAO meetings to discuss compensation. In addition, she was called on to provide general human resource consulting and organizational development consulting. Project Element Number 4 was not new work per se. There was no way to anticipate the amount of work the Council would request from her. Significant increases in overhead expenses resulted in her request for a 6 percent increase. Revisions on pages 10-13 were made to clean up revisions made by someone in the City Attorney's Office. The City Attorney found those changes to be non-substantive.

Vice Mayor Kniss asked if Ms. Lund remembered the number of hours she spent with the Committee in 2013.

Ms. Lund only tracked hours for consulting work.

Vice Mayor Kniss knew Ms. Lund spent many hours with the Committee.

Ms. Lund had significant communication expenses in dealing with 13 people.

Council Member Klein noted Ms. Lund did not include the City Auditor in the list of people she consulted with and talked to.

Ms. Lund indicated the City Auditor process was addressed at the top of page 12. There was a separate process for the City Auditor since the City Auditor would not receive a full review in 2014.

Mayor Shepherd reported a portion of the City Auditor process deleted from page 13 was not copied onto page 11.

Ms. Lund stated the revisions in red on pages 11 and 12 replaced that.

Chair Scharff suggested Committee Members discuss tasks altogether.

Council Member Klein expressed concern that the midyear was not consistent in what it was supposed to accomplish. He was skeptical regarding the way it had been handled.

Ms. Lund felt a year was a long time between reviews of goals and progress. The midyear gave the Council an opportunity to request a Committee report regarding progress and gave the CAO an opportunity to ask questions.

Council Member Klein recalled the Committee first used the term "check-in." Several Council Members never accepted that; they treated the check-in as a midyear performance review. Ms. Lund referred to it as a performance update.

Ms. Lund believed a check-in and an update were not significantly different. She never put in writing or stated that the midyear was a mini performance review. The midyear was a place for the Council and CAOs to align. The purpose of any of the components of the process was for the Council and people who controlled vast resources to align regarding goals and accomplishments.

Council Member Klein felt Ms. Lund's telephone calls triggered a mini midyear review rather than a check-in.

Ms. Lund indicated if she received feedback through telephone calls that something was misaligned, then she returned to the CAO and asked him to address it. A check-in concerned the specific goals set for the CAO. The City was unique in that CAOs reported to nine people.

Council Member Klein was not sure the check-in as currently structured functioned the way Ms. Lund described the ideal. Council Member discussions were to some degree as evaluative as a full review.

Ms. Lund was open to feedback and could make changes as the Committee directed.

Vice Mayor Kniss felt the most difficult part of the process was the number of Council Members. Ms. Lund compiled information and allowed nine people to deliver the same message.

Council Member Klein stated the midyear was not intended to be evaluative.

Vice Mayor Kniss believed a check-in would be an evaluation of some kind.

Council Member Klein indicated the concept was not presented to the Committee in that manner.

Ms. Lund explained that the midyear process was lighter and simpler and did not request written feedback. Any kind of performance discussion was by nature evaluative, even if it was a one-on-one, casual conversation.

Vice Mayor Kniss did not believe the Committee could ignore the fact that Ms. Lund performed an important function. It was difficult to get everyone to agree and deliver the same message to CAOs, whether midyear or annual. Whatever the midyear was called, it was functioning properly.

Chair Scharff agreed a midyear check-in was necessary. One potential model for the midyear was Ms. Lund polling Council Members and obtaining their feedback. A second model was Council Members raising issues and Ms. Lund presenting that information to the Council. As originally envisioned, the midyear allowed the CAO to review goals and accomplishments and share issues and visions. He questioned whether polling Council Members and obtaining their feedback was necessary for the midyear.

Vice Mayor Kniss commented that a check-in for a CAO performing well would be short and simple. If a CAO was not performing well, then there would be a problem.

Mayor Shepherd stated Ms. Lund's phone call was a trigger for her to ask if her experiences were normal. Perhaps Ms. Lund could provide a survey to ask Council Members the same questions and allow the Committee to determine if there was a problem.

Ms. Lund reported midyear was a way of keeping everyone aligned. Midyears were protective for CAOs as well as for the Council. Two reviews per year was not many reviews. She preferred knowing Council Members' thoughts so she could make course corrections. Within the bounds of good methodology, she was willing to make changes. She hoped the Committee was not saying that it would not discuss something uncomfortable in a midyear. She asked Council Members the same broad questions.

Council Member Klein was concerned that colleagues turned the midyear into a full-blown review. One role of the CAO was performing goals set by the Council. The City Manager and the City Attorney received informal feedback throughout the year.

Vice Mayor Kniss noted they received singular feedback, not group feedback.

Council Member Klein indicated the issue was that the current midyear process was not the process the Committee approved. The midyear had become a full review of the CAO. The CAO was supposed to enumerate his actions to accomplish particular goals. The Council's discussion wandered away from that quite frequently.

Mayor Shepherd inquired whether Council Member Klein was suggesting the Committee eliminate midyears from the contract or approve the contract. She was willing to approve the contract and refine the midyear process later.

Council Member Klein believed the Committee should approve the contract, but meet with Ms. Lund to refine the midyear process. The midyear was not consistent with the process the Council adopted.

Mayor Shepherd wished to incorporate a review of midyear into the Motion.

Chair Scharff assumed the fee would be less than \$8,000 if Ms. Lund attended the midyears, met once with each CAO, and did not interact with Council Members beforehand.

Ms. Lund could not provide an amount, because the Committee did not frame the work that would be required of her.

Chair Scharff assumed that less work would cost less than \$8,000. He inquired whether Ms. Lund would work with the Committee to reduce her fee if the Committee reduced her work for midyears, in order not to amend the contract another time.

Ms. Lund would work with the Committee. She presumed there would be some design time.

Vice Mayor Kniss reported a midyear involved a CAO reviewing goals and indicated those accomplished. A midyear was just a check-in.

Council Member Klein remarked that a CAO indicating he had accomplished a goal was not sufficient.

Vice Mayor Kniss agreed the midyear should be more than a checklist. The midyear allowed more than simply feedback from the CAO.

Council Member Klein felt Vice Mayor Kniss considered the midyear an evaluation. The other three Committee Members indicated the Council did not approve that concept.

Mayor Shepherd suggested the Committee explore the issue more deeply at another meeting.

Council Member Kniss believed the Committee was forgetting that CAOs were all individuals. Sometimes more work was needed with one person than another.

Mayor Shepherd recalled the Council did not unanimously approve the midyear concept. The Committee could craft that experience and deliver it to colleagues.

Vice Mayor Kniss asked if the midyear and annual were originally meant to be held in June and January.

Ms. Lund reported originally the reviews were intended to be held in July and the midyear in January.

Chair Scharff asked Ms. Lund to review the schedule.

Council Member Klein noted the Council Break in 2013 occurred in July; therefore, reviews could not be held in July. When the annual review did not occur until August or September, then the midyear did not occur in the middle of the year.

Ms. Lund reported the first item on the schedule was obtaining Staff input. She typically talked with new hires one-on-one or in a Staff meeting to set the proper tone for meetings. Next, she scheduled dates or sent a request for information Staff needed to provide. In 2014 she would be collecting feedback and preparing summaries in May. The CAO self-evaluations would be due June 6. Following that, information with self-evaluations, Staff feedback summaries, and blind forms would be sent to the Council. During the last few weeks of June, she anticipated interviewing the Council, collecting feedback, and incorporating feedback into the Council summary. She issued a poll for reviews to be held on August 13 and August 20, assuming the City Clerk and City Attorney reviews would be held on one date and the City Manager on another date. She had not issued a poll for the City Auditor goal setting process, because a City Auditor had not been hired.

Vice Mayor Kniss noted the schedule did not contain times, and asked if those had been set.

Ms. Lund replied no. The City Clerk was having difficulty obtaining responses for a date that far out. Those dates were needed in order to schedule other work.

Mayor Shepherd suggested booking dates on the tentative Agenda in order to forego a poll.

Vice Mayor Kniss inquired whether CAOs were agreeable with the proposed dates.

Chair Scharff answered yes. Council Members had not responded to the poll.

Mayor Shepherd asked if the City Auditor review could be scheduled the same day as the City Manager review.

Ms. Lund explained that the City Auditor goal setting process would ideally occur 90-120 days after the person began work.

Mayor Shepherd asked if she could place items on the tentative Agenda without polling when the dates were so far in the future. A date for the City Auditor could be placed on one of the proposed dates.

Chair Scharff preferred to poll for dates and place them on the tentative Agenda.

Ms. Lund added that polling provided the names of Council Members who could not attend. She could not change dates at the last minute after holding a date for months and months.

Council Member Klein remarked that attendance by all nine Council Members was not necessary.

Ms. Lund recalled past occasions when meeting dates were changed because fewer than nine Council Members could be present.

Vice Mayor Kniss asked if Ms. Lund worked with other groups of nine.

Ms. Lund did not work with other Councils of nine members, but did work with Joint Powers Authorities (JPA) of perhaps ten Board Members.

Chair Scharff would schedule another meeting of the Committee to review the midyear process.

**MOTION:** Mayor Shepherd moved, seconded by Vice Mayor Kniss to forward to the City Council to:

- 1) Exercise an option to extend a consulting contract with Sherry L. Lund Associates for one year ending June, 30, 2015, for a total cost not to exceed \$58,161 for the following elements:
  - a. Consulting Services related to Council Appointed Officers' the 2013-2014 Annual Performance Reviews for Three Council Appointed Officers for a Total Cost Not to Exceed \$31,588;
  - b. Mid-year Performance Review Updates for a Total Cost Not to Exceed \$8,003;
  - c. Solicitation of Staff Feedback Related to Performance Evaluations for a Total Cost Not to Exceed \$10,070;
  - d. As-Needed Services for Compensation, Organizational Development and Human Resources Consulting for a Total Not to Exceed \$6,000; and
  - e. Additional Services for a Total Cost Not to Exceed \$2,500, and
- 2) Add an additional Closed Session meeting, in August, for City Auditor goal setting.

Chair Scharff inquired whether the Committee needed another closed session review of the City Auditor goal setting process.

Ms. Lund needed to know that persons start date in order to determine a date.

Chair Scharff indicated the new City Auditor's start date was April 16, 2014.

Mayor Shepherd inquired whether Ms. Lund needed a third date in August for the City Auditor meeting.

Ms. Lund indicated the City Auditor meeting should be separate, because it was a different process.

Council Member Klein believed the City Auditor and City Manager meetings could be held the same night. Because goals for the City Auditor's Office were set two years ago, the goals for the new City Auditor should be substantially similar.

Ms. Lund agreed goals could be similar. Once an employee had been in a job three to four months, he/she understood the process in a more detailed way.

Vice Mayor Kniss stated the City Auditor meeting should be separate.

**MOTION PASSED: 4-0**



Chair Scharff reported that the Council Contingency Fund would pay for work performed prior to July 1, 2014. Work after July 1 would be part of the Budget. He inquired whether the Council Contingency Fund would be reimbursed for that expenditure.

Mayor Shepherd responded no.

**MOTION:** Vice Mayor Kniss moved, seconded by Mayor Shepherd to forward to the City Council to authorize the use of Council Contingency funds for necessary work to be performed prior to July 1, 2014.

**MOTION PASSED:** 4-0

ADJOURNMENT: The meeting was adjourned at 10:56 A.M.