CITY OF PALO ALTO CONTRACT NO. S10137091

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND
SHERRY L. LUND ASSOCIATES
FOR PROFESSIONAL SERVICES
FOR COMPLETION OF COUNCIL APPOINTED OFFICERS PERFORMANCE REVIEWS

This Agreement is entered into on this 25th day of May, 2010, ("Agreement") by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and SHERRY L. LUND ASSOCIATES, a Sole Proprietor, located at 247 La Cuesta Drive, Portola Valley, CA 94028 (PH (650) 854-0540 ("CONSULTANT").

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to conduct performance reviews of the four Council Appointed Officers (CAOs), the City Manager, City Attorney, City Auditor, and City Clerk ("Project") and desires to engage a consultant to perform facilitation and coordination services in connection with the Project ("Services").

B. CONSULTANT has represented that it has the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Services as more fully described in Exhibit "A", attached to and made a part of this Agreement.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, this Agreement, the parties agree:

AGREEMENT

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall perform the Services described in Exhibit "A" in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be to the reasonable satisfaction of CITY.

☐ Optional On-Call Provision (This provision only applies if checked and only applies to on-call agreements.)

Services will be authorized by the City, as needed, with a Task Order assigned and approved by the City's Project Manager. Each Task Order shall be in substantially the same form as Exhibit A-1. Each Task Order shall designate a City Project Manager and shall contain a specific scope of work, a specific schedule of performance and a specific compensation amount. The total price of all Task Orders issued under this Agreement shall not exceed the amount of Compensation set forth in

Professional Services
Rev. June 2, 2010

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Section 4 of this Agreement. CONSULTANT shall only be compensated for work performed under an authorized Task Order and the City may elect, but is not required, to authorize work up to the maximum compensation amount set forth in Section 4.

SECTION 2. TERM.
The term of this Agreement shall be from the date of its full execution through completion of the services in accordance with the Schedule of Performance attached as Exhibit “B” unless terminated earlier pursuant to Section 19 of this Agreement.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit “B”, attached to and made a part of this Agreement. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY’s agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit “A”, including both payment for professional services and reimbursable expenses, shall not exceed Twenty Six Thousand Dollars ($26,000.00). In the event Additional Services are authorized, the total compensation for services and reimbursable expenses shall not exceed Thirty Thousand Dollars ($30,000.00). The applicable rates and schedule of payment are set out in Exhibit “C-1”, entitled “HOURLY RATE SCHEDULE,” which is attached to and made a part of this Agreement.

Additional Services, if any, shall be authorized in accordance with and subject to the provisions of Exhibit “C”. CONSULTANT shall not receive any compensation for Additional Services performed without the prior written authorization of CITY. Additional Services shall mean any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described in Exhibit “A”.

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit monthly invoices to the CITY describing the services performed and the applicable charges (including an identification of personnel who performed the services, hours worked, hourly rates, and reimbursable expenses), based upon the CONSULTANT’s billing rates (set forth in Exhibit “C-1”). If applicable, the invoice shall also describe the percentage of completion of each task. The information in CONSULTANT’s payment requests shall be subject to verification by CITY. CONSULTANT shall send all invoices to the City’s project manager at the address specified in Section 13 below. The City will process and pay invoices within thirty (30) days of receipt.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All of the Services shall be performed by CONSULTANT or under CONSULTANT’s supervision. CONSULTANT represents that it possesses the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services.
assigned to them. CONSULTANT represents that it, its employees and subconsultants, if permitted, have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services.

All of the services to be furnished by CONSULTANT under this agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all errors, omissions, or ambiguities in the work product submitted to CITY, provided CITY gives notice to CONSULTANT. If CONSULTANT has prepared plans and specifications or other design documents to construct the Project, CONSULTANT shall be obligated to correct any and all errors, omissions or ambiguities discovered prior to and during the course of construction of the Project. This obligation shall survive termination of the Agreement.

SECTION 9. COST ESTIMATES. If this Agreement pertains to the design of a public works project, CONSULTANT shall submit estimates of probable construction costs at each phase of design submittal. If the total estimated construction cost at any submittal exceeds ten percent (10%) of the CITY’s stated construction budget, CONSULTANT shall make recommendations to the CITY for aligning the PROJECT design with the budget, incorporate CITY approved recommendations, and revise the design to meet the Project budget, at no additional cost to CITY.

SECTION 10. INDEPENDENT CONTRACTOR. It is understood and agreed that in performing the Services under this Agreement CONSULTANT, and any person employed by or contracted with CONSULTANT to furnish labor and/or materials under this Agreement, shall act as and be an independent contractor and not an agent or employee of the CITY.

SECTION 11. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT’s obligations hereunder without the prior written consent of the city manager. Consent to one assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the city manager will be void.

SECTION 12. SUBCONTRACTING.

Option A: No Subcontractor: CONSULTANT shall not subcontract any portion of the work to be performed under this Agreement without the prior written authorization of the city manager or
Option B: Subcontracts Authorized: Notwithstanding Section 11 above, CITY agrees that subconsultants may be used to complete the Services. The subconsultants authorized by CITY to perform work on this Project are:

CONSULTANT shall be responsible for directing the work of any subconsultants and for any compensation due to subconsultants. CITY assumes no responsibility whatsoever concerning compensation. CONSULTANT shall be fully responsible to CITY for all acts and omissions of a subconsultant. CONSULTANT shall change or add subconsultants only with the prior approval of the city manager or his designee.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign Sherry Lund as the project manager to have supervisory responsibility for the performance, progress, and execution of the Services and to represent CONSULTANT during the day-to-day work on the Project. If circumstances cause the substitution of the project director, project coordinator, or any other key personnel for any reason, the appointment of a substitute project director and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY’s project manager. CONSULTANT, at CITY’s request, shall promptly remove personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property.

The City’s project manager is Larry Klein, CAO Committee Chair/Council Member, c/o City Clerk’s Office, 250 Hamilton Avenue, Palo Alto, CA 94301. The project manager will be CONSULTANT’s point of contact with respect to performance, progress and execution of the Services. The CITY may designate an alternate project manager from time to time.

SECTION 14. OWNERSHIP OF MATERIALS. Upon delivery, all work product, including without limitation, all writings, drawings, plans, reports, specifications, calculations, documents, other materials and copyright interests developed under this Agreement shall be and remain the exclusive property of CITY without restriction or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in CITY, and CONSULTANT waives and relinquishes all claims to copyright or other intellectual property rights in favor of the CITY. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.

SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT’s records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY.
[Option A applies to the following design professionals pursuant to Civil Code Section 2782.8: architects; landscape architects; registered professional engineers and licensed professional land surveyors.] 16.1. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an “Indemnified Party”) from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts fees, court costs and disbursements (“Claims”) that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

[Option B applies to any consultant who does not qualify as a design professional as defined in Civil Code Section 2782.8.] 16.1. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an “Indemnified Party”) from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts fees, court costs and disbursements (“Claims”) resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from Claims arising from the active negligence, sole negligence or willful misconduct of an Indemnified Party.

16.3. The acceptance of CONSULTANT’s services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Agreement, or of the provisions of any ordinance or law, will not be deemed to be a waiver of any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, provision, ordinance or law.

SECTION 18. INSURANCE.

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit "D". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming CITY as an additional insured under any general liability policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with AM Best’s Key Rating Guide ratings of A-VII or higher which are licensed or authorized to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect
during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY’s Risk Manager and will contain an endorsement stating that the insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification, CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY’s Purchasing Manager during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT’s liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

19.1. The City Manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving thirty (30) days prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.

19.2. CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving thirty (30) days prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY.

19.3. Upon such suspension or termination, CONSULTANT shall deliver to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of CITY. Not applicable to this Agreement.

19.4. Upon such suspension or termination by CITY, CONSULTANT will be paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT’s services which are of direct and immediate benefit to CITY as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 19.4, 20, and 25.

19.5. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement.
SECTION 20. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager

To CONSULTANT: Attention of the project director
at the address of CONSULTANT recited above

SECTION 21. CONFLICT OF INTEREST.

21.1. In accepting this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subconsultants, contractors or persons having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

21.3. If the Project Manager determines that CONSULTANT is a “Consultant” as that term is defined by the Regulations of the Fair Political Practices Commission, CONSULTANT shall be required and agrees to file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act.

SECTION 22. NONDISCRIMINATION. As set forth in Palo Alto Municipal Code section 2.30.510, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.

SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. CONSULTANT shall comply with the City’s Environmentally Preferred Purchasing policies which are available at the City’s Purchasing Department, incorporated by reference and may be amended from time to time. CONSULTANT shall comply with waste reduction, reuse, recycling and disposal requirements of the City’s Zero Waste Program. Zero Waste best practices include first minimizing and reducing waste; second, reusing waste and third, recycling or composting waste. In particular, Consultant shall comply with the following zero waste
requirements:
- All printed materials provided by Consultant to City generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by the City’s Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable based inks.
- Goods purchased by Consultant on behalf of the City shall be purchased in accordance with the City’s Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Office.
- Reusable/returnable pallets shall be taken back by the Consultant, at no additional cost to the City, for reuse or recycling. Consultant shall provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.

SECTION 24. NON-APPROPRIATION

24.1. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

SECTION 25. MISCELLANEOUS PROVISIONS.

25.1. This Agreement will be governed by the laws of the State of California.

25.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California in the County of Santa Clara, State of California.

25.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys’ fees paid to third parties.

25.4. This document represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This document may be amended only by a written instrument, which is signed by the parties.

25.5. The covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators, assignees, and consultants of the parties.
25.6. If a court of competent jurisdiction finds or rules that any provision of this Agreement or any amendment thereto is void or unenforceable, the unaffected provisions of this Agreement and any amendments thereto will remain in full force and effect.

25.7. All exhibits referred to in this Agreement and any addenda, appendices, attachments, and schedules to this Agreement which, from time to time, may be referred to in any duly executed amendment hereto are by such reference incorporated in this Agreement and will be deemed to be a part of this Agreement.

25.8. If, pursuant to this contract with CONSULTANT, City shares with CONSULTANT personal information as defined in California Civil Code section 1798.81.5(d) about a California resident ("Personal Information"), CONSULTANT shall maintain reasonable and appropriate security procedures to protect that Personal Information, and shall inform City immediately upon learning that there has been a breach in the security of the system or in the security of the Personal Information. CONSULTANT shall not use Personal Information for direct marketing purposes without City’s express written consent.

25.9. All unchecked boxes do not apply to this agreement.

25.10. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

[Signature]
Mayor

[Signature]
City Manager
(Required on contracts over $85,000)
Purchasing Manager
(Required on contracts over $25,000)
Contracts Administrator
(Required on contracts under $25,000)

APPROVED AS TO FORM:

[Signature]
Senior Asst. City Attorney
(Required on Contracts over $25,000)

SHERRY L. LUND ASSOCIATES

[Signature]
By: Sherry L. Lund
Name: Sherry L. Lund
Title: President

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Attachments:

EXHIBIT “A”: SCOPE OF WORK
EXHIBIT “B”: SCHEDULE OF PERFORMANCE
EXHIBIT “C”: COMPENSATION
EXHIBIT “C-1”: SCHEDULE OF RATES
EXHIBIT “D”: INSURANCE REQUIREMENTS
EXHIBIT “A”
SCOPE OF SERVICES

Project Description
At the end of FY 2008-2009, the Council will be evaluating the four Council Appointed Officers (CAOs): the City Manager, City Clerk, City Attorney and City Auditor. In addition to the normal review process for the City Attorney and City Clerk, performance evaluation criteria needs to be developed for the new City Auditor and criteria for the new City Manager should be reviewed and refined. Otherwise, the evaluation process would proceed similarly to that of FY 2007-2008.

Project Phases, Tasks, and Consultant Responsibilities
In addition to the specific project steps listed below, Consultant prepares for all meetings, communications, serve as project manager, and assure a sound methodology for the review process as a whole. The following performance evaluation project steps correspond to the last two years’ process:

**Phase I – Preparation for Review Session**
Consultant:
- Works with internal liaison to schedule project meetings and milestones.
- Solicits CAO self-evaluations, reviews them and provides feedback and advice.
- Assures CAO questions are clarified and raised with Council.
- Prepares and distributes binders to Council, including instructions, CAO self-evaluations and blank evaluation hard copies. Distributes soft copies of forms on the same day.
- Reviews Council evaluation feedback; meets with each Council member in person or by phone to refine and clarify written feedback prior to performance review session.
- Compiles written comments and numerical feedback from Council and develops a written evaluation summary for each CAO. Prepares and sends confidential hardcopy packet with this information prior to each CAO review session.
- Prepares information for closed review sessions that enable Councilmembers to focus their discussion efficiently.

**Phase II – Performance Review Session**
Consultant:
- Provides facilitation and technical assistance as needed during closed session Council performance review meetings with each CAO.

**Phase III - Post-Session Wrap-Up**
Consultant:
- Documents agreed-upon unified Council feedback for written reviews.
- Meets with CAOs to debrief evaluation meetings.
- Prepares final evaluation file copies and obtains necessary signatures. Copies are given to CAO Committee Chair for filing and to each individual CAO. Final action on Council agenda is scheduled with Liaison.
• Is available to meet with CAO Chair and/or Committee to get additional feedback and/or refine future process.

Due to the highly confidential nature of this assignment, Consultant personally performs all work on this contract.

**Client Responsibilities**

In order to support the success of the project, Client agrees to:

• Assure involved parties a) are available for one-on-one and group meetings; and b) complete evaluations on time in order to meet project milestones.
• Identify an internal liaison that can schedule appointments and provide support in getting evaluation items on Council agendas.
• Provide meeting space and A-V equipment required.
• Commit to a professional and respectful process.
EXHIBIT “B”
SCHEDULE OF PERFORMANCE

CONSULTANT shall perform the Services so as to complete each milestone within the number of days/weeks as mutually agreed upon by both CONSULTANT and CITY. A specific schedule will be determined based on the scheduling demands of the City Council and the Council Appointed Officers. The time to complete each milestone may be increased or decreased by mutual agreement of the project managers for CONSULTANT and CITY so long as all work is completed within the term of the Agreement. CONSULTANT shall provide a detailed schedule of work within 2 weeks of receipt of the notice to proceed.

June 8  City Clerk and City Manager final version of self-evaluations due to Consultant
June 9*  Consultant releases binders and blank evaluation package (instructions, eval form, last year’s review, contract) for City Clerk and City Manager to CC
June 9 - 30  CC completes evals for City Clerk and City Manager (3 weeks)
June 20  City Auditor and City Attorney final version of self-evaluations due to Consultant
June 21*  Consultant releases blank evaluation package (instructions, eval form, last year’s review, contract) for City Auditor and City Attorney
June 21 – July 12  CC completes evals for City Auditor and City Attorney (3 weeks)
June 30 – July 2  Consultant meets in person or by phone with individual CC members to clarify/refine feedback for City Clerk & City Manager
July 2 - 8  Consultant prepares summaries for City Clerk and City Manager reviews
July 8  City Clerk and City Manager summary goes to CC for closed session
July 12 - 14  Consultant meets in person or by phone with individual CC members to clarify/refine feedback for City Auditor & City Attorney
July 14  Closed session:
6:00 – 7:00pm  City Clerk evaluation
7:15 – 9:30pm  City Manager evaluation
July 19 - 22  Consultant prepares summaries for City Auditor and City Attorney reviews
July 22  Auditor/Attorney summary goes to CC for closed sessions
July 27  Closed session:
6:00 – 7:30pm  City Auditor evaluation
7:45 – 9:15pm  City Attorney evaluation
Aug. 2  Last meeting before summer Council break – obtain signatures on reviews before Council meeting for filing in order to complete process

* or earlier, if available.
EXHIBIT “C”
COMPENSATION

The CITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement based on the hourly rate schedule attached as Exhibit C-1.

The compensation to be paid to CONSULTANT under this Agreement for all services described in Exhibit “A” (“Services”) and reimbursable expenses shall not exceed $26,000, with a possible $2,000 discount. CONSULTANT agrees to complete all Services, including reimbursable expenses, within this amount. In the event CITY authorizes any Additional Services, the maximum compensation shall not exceed $30,000. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

REIMBURSABLE EXPENSES

The administrative, overhead, secretarial time or secretarial overtime, word processing, photocopying, in-house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. CITY shall reimburse CONSULTANT for the following reimbursable expenses at cost. Expenses for which CONSULTANT shall be reimbursed are:

A. Travel outside the San Francisco Bay area, including transportation and meals, will be reimbursed at actual cost subject to the City of Palo Alto’s policy for reimbursement of travel and meal expenses for City of Palo Alto employees.

B. Long distance telephone cellular phone, facsimile transmission and postage charges are reimbursable at actual cost.

All requests for payment of expenses shall be accompanied by appropriate backup information. Any expense anticipated to be more than $100 shall be approved in advance by the CITY’s project manager.

CANCELLATION/RESCHEDULING POLICY:

A 100% cancellation charge will apply to individual meetings that are not cancelled with 24 hours prior notice. For group meetings of ½ day or longer: There is no charge made if a consulting date can be mutually rescheduled by Client and Consultant within 3 weeks of the original date; if the session cannot be rescheduled during this time frame, the cancellation schedule applies. Fees for cancellation (or rescheduling as previously described) for any reason are applied on the following schedule, which reflects both advance preparation and exclusive holding of a date for a client: 6 weeks in advance - 25% fee; 5 weeks in advance - 50% fee; 4 weeks in advance - 100% fee. Materials will be charged according to their cost accrued at time of cancellation; there will be no charge for materials that can be re-used if a session is rescheduled.
**ADDITIONAL SERVICES**

The CONSULTANT shall provide additional services only by advanced, written authorization from the CITY. The CONSULTANT, at the CITY’s project manager’s request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONSULTANT’s proposed maximum compensation, including reimbursable expenses, for such services based on the rates set forth in Exhibit C-1. The additional services scope, schedule and maximum compensation shall be negotiated and agreed to in writing by the CITY’s Project Manager and CONSULTANT prior to commencement of the services. Payment for additional services is subject to all requirements and restrictions in this Agreement.

**Project Cost and Assumptions**
The CAO evaluation project can be completed for a project fee of $26,000.00, which includes expenses. A $2,000 discount is applied if the project can be completed by July 31, 2010. This discount reflects the ability to capture some economies of scale when the project is contained within a shorter timeframe (as in 2007-2008). To realistically be able to do so assumes that Council commits to scheduling review meetings accordingly.

**Cost Assumptions**
The following assumptions have been considered in pricing this proposal:
- There is no compensation work required this year.
- Meetings missed without 24 hours notice and re-work that result from missed meetings and deadlines will be billed beyond the quoted project fee at discounted public sector rate of $250/hr. (private sector rate is $375/hr.).
**EXHIBIT “C-1”**

**HOURLY RATE SCHEDULE**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Rate Per Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sherry L. Lund</td>
<td>Project Manager</td>
<td>$250/hour</td>
</tr>
</tbody>
</table>

Rev June 2, 2010

Professional Services
EXHIBIT “D”
INSURANCE REQUIREMENTS

CONTRACTORS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, AFFORDED BY COMPANIES WITH A BEST’S KEY RATING OF A-VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY’S INSURANCE REQUIREMENTS, AS SPECIFIED, BELOW:

<table>
<thead>
<tr>
<th>REQUIRED</th>
<th>TYPE OF COVERAGE</th>
<th>REQUIREMENT</th>
<th>MINIMUM LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>WORKER’S COMPENSATION</td>
<td>STATUTORY</td>
<td>EACH OCCURRENCE: $1,000,000; AGGREGATE: $1,000,000</td>
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<td>YES</td>
<td>EMPLOYER’S LIABILITY</td>
<td>STATUTORY</td>
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<td>YES</td>
<td>GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY</td>
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<tr>
<td>YES</td>
<td>PROPERTY DAMAGE</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>BODILY INJURY &amp; PROPERTY DAMAGE COMBINED</td>
<td>$1,000,000</td>
<td></td>
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<tr>
<td>YES</td>
<td>AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED</td>
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<tr>
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<td>- EACH PERSON</td>
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<td></td>
</tr>
<tr>
<td>YES</td>
<td>- EACH OCCURRENCE</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>PROPERTY DAMAGE</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>BODILY INJURY AND PROPERTY DAMAGE, COMBINED</td>
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<td></td>
</tr>
<tr>
<td>YES</td>
<td>PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLECTFUL PERFORMANCE</td>
<td>ALL DAMAGES</td>
<td>$250,000</td>
</tr>
<tr>
<td>YES</td>
<td>THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED INCLUDING CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES UNDER THE GENERAL LIABILITY POLICY. CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS’ COMPENSATION, EMPLOYER’S LIABILITY, AUTOMOBILE, AND PROFESSIONAL INSURANCE.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I. INSURANCE COVERAGE MUST INCLUDE:

A. A PROVISION FOR A WRITTEN TEN DAY ADVANCE NOTICE TO CITY OF CHANGE IN COVERAGE OR OF COVERAGE CANCELLATION; AND

B. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONTRACTOR’S AGREEMENT TO INDEMNIFY CITY.

C. DEDUCTIBLE AMOUNTS IN EXCESS OF $5,000 REQUIRE CITY’S PRIOR APPROVAL.

II. CONTRACTOR MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE.

III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO “ADDITIONAL INSUREDS”

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

B. CROSS LIABILITY
THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSURED UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

NOTICES SHALL BE MAILED TO:

PURCHASING AND CONTRACT ADMINISTRATION
CITY OF PALO ALTO
P.O. BOX 10250
PALO ALTO, CA 94303
February 23, 2011

Councilmember Karen Holman
Chairperson, Council/CAO Committee
City of Palo Alto City Council
250 Hamilton Avenue
Palo Alto, CA 94301

Dear Councilmember Holman:

Following is a proposal for the annual CAO performance review process. It includes the project description, timeline, benefits, project phases, tasks and consultant responsibilities, client responsibilities, project cost and assumptions, consultant qualifications, and next steps for the Council’s consideration.

Project Description
The four CAOs control the major financial and human resources in executing the Council’s vision and priorities. Performance evaluation is an important opportunity for CAOs to get Council’s unified feedback on the past year; more importantly, it is the only opportunity to get unified feedback about expectations of performance going forward. Focus, clarity and alignment are critical to deploying financial and human capital efficiently and effectively; they are particularly critical when resources are limited.

At the end of FY 2010-2011, the City Council will be evaluating the performance of three Council Appointed Officers (CAOs). The City Manager and City Clerk will be evaluated for a full year. The City Auditor will be evaluated for approximately five months, due to her medical leave. For these three CAOs, I propose a similar evaluation process to that used in FY 2010-2011. You also asked about scope and cost for mid-year check-in reviews and for soliciting feedback from staff. Because each of these has its own separate considerations, I will address these options in separate proposals.

You expect to hire a new City Attorney by the end of March. While it would be preliminary to do a full-scale performance review in July, the timing of the review cycle (approximately 90-120 days after start of employment) would be ideal for accomplishing the following three objectives:

1. Refine the City Attorney’s performance criteria with Attorney and Council input;
2. Confirm alignment on expectations and make early course corrections; and

Timeline
Last year, Council considered alternate timeframes for conducting annual CAO performance reviews and concluded that they wish to keep the review process on the same schedule. This means that the process would be completed by the end of July, or before the Council goes on its annual meeting break. I suggest that, to make the process as easy on Council as possible during
a busy time, the work kicks off in early to mid-May. Starting then means that a contract would need to be initiated by mid-April.

Benefits
The primary benefits I bring to the process are as follows:
1. The ability to leverage Council's time to best use. Council has a exceptionally heavy work load with major budgetary and other issues in front of you.
2. Knowledge of your Council objectives, your unique City culture, your CAOs, plus technical expertise in executive evaluation and work with Councils and Boards.
3. The ability to be efficient in helping Council deliver a quality process and outcomes.
4. Assurance of a safe, professional, and mutually respectful environment for review discussions/feedback. I serve as an advocate for all points of view being heard within a professional and respectful environment.

I can work flexibly with you to make any changes in the process that you may desire within the framework of maintaining a quality process.

Project Phases, Tasks, and Consultant Responsibilities
In addition to the specific project steps listed below, I, as Consultant, prepare for all meetings and communications; serve as project manager; and assure a sound methodology for the review process as a whole. The following performance evaluation project steps correspond to the last three years' process:

Phase I – Preparation for Review Session
In this phase, Consultant:
- Works with internal liaison to schedule project meetings and milestones.
- Solicits CAO self-evaluations, reviews them and provides feedback and advice.
- Works with the new City Attorney and Council to refine performance measures and expectations; solicits Council’s formal approval of the revised review form.
- Assures CAO questions are clarified and raised with Council.
- Prepares and distributes binders to Council, including instructions, CAO self-evaluations and blank evaluation hard copies. Distributes soft copies of forms on the same day.
- Reviews Council evaluation feedback; meets with each Council member in person or by phone to refine and clarify written feedback prior to performance review session.
- Compiles written comments and numerical feedback from Council and develops a written evaluation summary for each CAO. Prepares and sends confidential hardcopy packet with this information prior to each CAO review session.
- Prepares information for closed review sessions which enables Councilmembers to focus their discussion efficiently.

Phase II – Performance Review Session
In this phase, Consultant:
- Provides facilitation and technical assistance during closed session Council performance review meetings, and performance goal-setting with each CAO.
- Documents agreed-upon unified Council feedback for written reviews and goals.

Phase III - Post-Session Wrap-Up
In this phase, Consultant:
- Meets with CAOs to debrief evaluation meetings.
- Prepares final evaluation file copies and obtains necessary signatures. Copies are given to CAO Committee Chair for filing and to each individual CAO. Final action on Council agenda is scheduled with City Liaison.
- Is available to meet with CAO Chair and/or Committee to get additional feedback and/or refine future process.
Due to the highly confidential nature of this assignment, I personally perform all work on this contract.

**Client Responsibilities**
In order to support the success of the project, Client agrees to:
- Assure involved parties a) are available for one-on-one and group meetings; and b) complete evaluations on time in order to meet project milestones.
- Identify an internal liaison that can schedule appointments and provide support in getting evaluation items on Council agendas.
- Provide meeting space and A-V equipment required.
- Commit to a professional and respectful process.

**Project Cost and Assumptions**

*Annual Evaluation Cycle* - The CAO annual evaluation process can be completed for a project fee of $25,500.00, which includes expenses. A discount of $1,500 is applied if the project can be completed by Aug. 2, 2011. This discount reflects the ability to capture some economies of scale when the project is contained within a shorter timeframe. To realistically be able to do so assumes the project can begin by mid-May and that Council commits to returning feedback and to scheduling review meetings to meet the deadline. This quotation is based on the work as previously described and cannot be unbundled without re-quotation.

An option for gathering feedback from the CAO Direct Reports is addressed in a separate proposal in order to provide more detailed information on recommended methodology.

**Cost Assumptions**
The following assumptions have been considered in pricing this proposal:
- There is no compensation work required this year.
- Meetings missed without 24 hours notice and re-work that result from missed meetings and deadlines will be billed beyond the quoted project fee at discounted public sector rate of $250/hr. (private sector rate is $375/hr.).

**Consultant Qualifications:**
I believe my skills and experience have been a good match for this work, as I offer:

- An insider’s understanding of City culture and citizen expectations with the outsider’s ability to be fully objective about the process and relationships.

- Deep and broad experience in performance management (including executive evaluation), executive coaching, negotiation, interpersonal communication, rewards and recognition, and career development – all important components of this project.

- Thirty-five years experience in organizational consulting—with twenty-three years consulting experience in my own firm—for a broad variety of organizations in the public and private sector:
  - **Public sector/non-profit experience examples include:**Cities of Fremont, Santa Rosa, Dublin, San Ramon, Sonoma, Mission Viejo, Tracy, Fairfield, Union City, CA; plus the City of Tualatin, OR; Counties of Santa Clara, San Mateo, Alameda and Riverside, CA; BAAQMD, Carnegie Mellon University (Provost), the Dr. Susan Love Research Foundation, the Council on Foundations, S. H. Cowell Foundation, and the University of California.
  - **Global private sector examples include:** Intel, HP, Acco Brands, Cisco Systems, Seagate, The Gap, Levi Strauss, Driscoll’s, Xoma, Genelabs, among many others.

This broad experience allows me to collect best practices from many sources and to
avoid getting locked into the paradigms and traditions of a single type of organization.

**Next Steps**

Upon acceptance of this proposal by the CAO Committee and Council, the next steps are to:

1. Execute a contract per your internal procedure.
2. Develop a project schedule that is based on availability of all parties; revise it, as necessary, with Council at the earliest meeting possible. Please note that a schedule cannot be confirmed until the contracting process is complete.

I would be very pleased to work with the Council and the CAOs again on the annual review process. Please let me know if I may provide additional information.

Best regards,

Sherry Lund
Principal
February 23, 2011

Councilmember Karen Holman  
Chairperson, Council/CAO Committee  
City of Palo Alto City Council  
250 Hamilton Avenue  
Palo Alto, CA 94301

Dear Councilmember Holman:

Following is a proposal for 2011-2012 mid-year CAO performance review updates for consideration by the CAO Committee and City Council.

**Project Description**

When an employee reports to a single manager, performance dialogue typically happens throughout the course of normal work and one-on-one meetings. When an employee reports to a group, these same opportunities do not exist. CAOs may have frequent conversations with individual Council members, but rarely have the opportunity to get *unified* feedback from their collective bosses.

CAOs manage significant human and financial resources in the City. In a highly dynamic environment with nine bosses, a year is a long time to go between performance dialogue. Mid-year check-in discussions allow for course correction, reprioritization, and early intervention so that performance is actively managed and resources are correctly deployed. While Council has the opportunity to give feedback to CAOs, CAOs also have the opportunity to raise questions and check assumptions that help guide their performance for the rest of the year. The process itself is a simpler, more streamlined version of the annual performance review process.

During 2011-2012, you would like to schedule mid-year check-in review discussions for the City Manager, City Attorney, City Clerk, and City Auditor.

**Timeline**

Preparation work for this project would begin in November, with discussions held in either December, 2011 or early January 2012.

**Project Steps and Consultant Responsibilities**

1. **Advance Preparation for Discussions**
   
   Advance preparation allows both Council and CAOs to use group time effectively and efficiently. To prepare, I do the following:
   - Interview each Council member individually for 30-45 minutes to gather update feedback on the three CAOs. This is a much simpler process than is undertaken for the annual review. The key questions are:
• Do you feel this CAO is on track with the goals and objectives?
• Are there any changes/course corrections you would like to make in your expectations or the CAO's performance?
• Is there any other feedback you would like to provide?
  ▪ Interview each CAO (30 minutes each) to see if there are questions or issues that they would like to raise with the Council.
  ▪ Summarize Council feedback and CAO questions and prepare agendas and materials for closed sessions—all of which support an efficient and effective discussion.

**Step 2: Closed Session Performance Check-in Discussions**

The discussions are a simpler version of the annual review, but the discussion format is generally the same. I do the following:

  ▪ Meet with Council in closed session to agree on update feedback, then bring in each CAO individually for feedback and discussion.
  ▪ Provide facilitation and technical assistance as needed during the discussions.

Based on the differing scope of responsibilities and number of direct reports, I suggest allocating closed session time as follows: two hours for the City Manager; one and one-half hours for the City Attorney; one and one-half hours for the City Auditor; and one hour for the City Clerk.

**Step 3: Post-Session Wrap-Up**

Upon completion of the closed session discussions, I do the following:

  ▪ Document agreed-upon Council feedback.
  ▪ Answer follow-up questions with CAOs.
  ▪ Use feedback from Council and CAOs about how the process worked to refine it for the future.

Due to the highly confidential nature of this assignment, I personally perform all work on this contract.

**Client Responsibilities**

In order to support the success of the project, Client agrees to:

  ▪ Assure involved parties are available for one-on-one and group meetings.
  ▪ Identify an internal liaison that can schedule appointments and schedule closed sessions.
  ▪ Provide meeting space and A-V equipment required.
  ▪ Commit to a professional and respectful process.

**Project Cost**

This project can be completed for a project fee of $7,450.00, which includes expenses. This quotation is offered based on economies of scale for four CAOs, and cannot be unbundled without re-quotation.

Meetings missed without 24 hours notice and re-work that result from missed meetings and deadlines will be billed beyond the quoted project fee at discounted public sector rate of $250/hr. (private sector rate is $375/hr.).

**Next Steps**

Upon acceptance of this proposal, the next steps is to execute a contract per the City's internal procedure.
I would be pleased to help you implement this next refinement of the CAO performance review process. Please let me know if I may provide additional information.

Sincerely,

Sherry Lund
Principal
February 25, 2011

Councilmember Karen Holman
Chairperson, Council/CAO Committee
City of Palo Alto City Council
250 Hamilton Avenue
Palo Alto, CA 94301

Dear Councilmember Holman:

As part of the CAO annual performance review process, you asked for a cost quotation on gathering feedback from staff members. The purpose would be to provide better input to the leadership portion of the performance review. I am submitting this information as a separate proposal, as there are some unique issues involved in getting input beyond that of Council.

Project Background
City Councils hold CAOs accountable for staff leadership, yet Councilmembers often feel they do not have enough balanced contact with staff members to assess this factor. Councils do not generally need deep and detailed information. They need to have enough balanced feedback to conclude that leadership is solid, that there are early signs of a potential problem that merits a mention, or that there is a clear problem that requires an action plan or intervention. Councils typically don’t engage in offering detailed leadership advice to their CAOs, but they may direct an individual to address an issue or pattern of issues, and/or to seek outside assistance.

Choosing a methodology to get feedback from the staff level is critical. Whatever methodology is used needs to include a well-executed process, careful question construction, the ability to verify the accuracy of the messages in context, and useful results. To do otherwise leads to poor outcomes and legal risk.

Periodically, I hear Council or Board members in various organizations talk about using 360° feedback. I would clarify that asking staff members for feedback constitutes multi-rater feedback, but is not 360° feedback:

- 360° feedback methodologies seek feedback from all levels and directions surrounding the leader—e.g., the boss, subordinates, peers, customers/constituencies, key stakeholder relationships, and sometimes others.

- 360° feedback done well is a much more rigorous process and it is typically used as a developmental tool rather than a performance appraisal tool. Should Council want a CAO to engage in an improvement plan on the leadership dimension, a high quality 360° feedback tool in the hands of a skilled interpreter/coach can be an excellent developmental tool for providing feedback and creating a roadmap for developing leadership skills.

Therefore, 360° tools are really not a good choice for Council’s purpose in evaluation.
One of the simplest and most inexpensive ways to gather feedback is through a written survey. However, there is a great deal of potential for abuse in gathering multi-rater feedback through written survey questions alone. Some of the more problematic aspects are:

- There is no interpretive context for comments, e.g., whether feedback from an individual is merited or is vindictive and personal.
- If responses are unclear, too general, or don't provide examples, there is no opportunity to ask follow-up questions.
- Written feedback alone is more reliable in an organization with a history and culture of giving and receiving performance feedback across all levels. People who know that they will both be givers and receivers of feedback tend to use feedback constructively rather than to punish.

Conducting interviews overcomes most of the disadvantages of written surveys. An experienced interviewer can assess the context of comments, e.g.:

- Is feedback coming from a staff member who is on a performance plan himself/herself?
- Is the CAO striking the right balance of leadership while executing Council's vision for change? E.g., is the leader advancing change, dealing with collective bargaining, reorganizing staff and processes to achieve efficiencies/effectiveness?) CAOs are delivering a lot of difficult news in today's economic climate, but skilled leaders manage to find the right balance and speed of change while maintaining the respect of their teams and stakeholders.
- Are the staff member's expectations reasonable, compared to other organizations and generally accepted good leadership behavior?

Clearly, conducting interviews is a better solution from a methodology perspective. However, the logistics of interviewing approximately 30 direct reports for the 4 CAOs becomes a heavy, cumbersome, and expensive process.

Therefore, I am proposing a process that combines both written survey feedback and some interviewing to achieve a result that maintains the integrity of the process while balancing time and cost factors.

**Project Steps for Recommended Process**

I recommend the following process, as described in the steps below:

- **Step 1:** During each CAO's staff meeting, I introduce myself, the purpose for soliciting feedback, and the process.

- **Step 2:** One-on-one with each CAO, I listen to the CAO's perspective and weigh that as I consider context. As part of my regular meetings with CAOs to kick off the annual evaluation process, I talk with them about context that they feel I should be aware of (from their perspective). I can simply expand that discussion at no additional cost.

- **Step 3:** I ask staff members to respond in writing to 4-6 targeted questions that require comments. *Comments, not ratings,* are required to formulate a clear plan for change. Responses are submitted to me with names attached, so that I am able to follow up with questions. However, all feedback reported to Council and CAOs is anonymous.

- **Step 4:** I read comments and follow up with brief phone interviews. In these interviews, I probe more deeply, fleshing out examples and testing assumptions to validate messages and themes.
step 5: I summarize the final feedback and incorporate it into the annual review process.

Timeline
Ideally, this process would be started at the front end of the annual review process (early to mid-May) in order to seamlessly integrate it into the annual CAO review process.

Cost
This project can be completed for a project price of $5,900, including all expenses. This quotation represents consideration for volume pricing as an add-on to the annual evaluation process. Please note that price quoted is a package price for all 4 CAOs as described above and cannot be unbundled without requoting.

Next Steps
Upon acceptance of this proposal by the CAO Committee and Council, the next steps are to:
1. Execute a contract per your internal procedure.
2. Develop a project schedule, based on availability of all parties; revise it, as necessary, with Council at the earliest meeting possible. Please note that a schedule cannot be confirmed until the contracting process is complete.

It would be a pleasure to work with the Council and the CAOs to introduce this new component of the CAO review process. I would be happy to provide whatever additional information you may need.

Best regards,

Sherry Lund
Principal
April 21, 2011

Councilmember Karen Holman  
Chairperson, Council/CAO Committee  
City of Palo Alto City Council  
250 Hamilton Avenue  
Palo Alto, CA 94301

Dear Councilmember Holman:

I previously sent you a proposal for the 2010-2011 annual CAO evaluation process, dated February 23, 2011. This proposal covers the evaluation of three CAOs (City Manager, City Clerk, and partial year for City Auditor) in addition to a goal-setting/early phase evaluation for the newly hired City Attorney.

In light of the City Auditor’s resignation, I am willing to modify that proposal in any way that would be useful to the Committee and Council. I see two primary options:

1. Review the Acting City Auditor for the approximate seven months that he was in place. This would provide the opportunity for Council to assess how that function is performing, to provide feedback to the Acting Auditor, and inform the recruitment process. If you election this option, the proposal cost quotation remains the same.

2. Remove any review/discussion for the Auditor function altogether. Should you wish to go this direction, the revised project fee would be $21,500 for the proposal.

I hope this addition assists with your decision-making process. Please let me know if you need any additional information.

Best regards,

Sherry Lund  
Principal