



Council Appointed Officers Committee TRANSCRIPT

Special Meeting
December 16, 2015

Chairperson Burt called the meeting to order at 4:04 P.M. in the Community Meeting Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Berman, Burt (Chair), Kniss, Schmid

Absent:

Oral Communications

None.

Agenda Items

1. Discussion and Direction Regarding Council Appointed Officers (CAO) Performance Evaluation Process.

Chair Burt: Welcome to the people from Municipal Resource Group. We've just informally met, but you'd like everybody to introduce themselves.

Mary Egan, Municipal Resource Group (MRG), LLC: I'll do that. By way of background, we were here about six months ago. We were retained in February to do this process for the next three years. This was our first year. We met with you about six months ago. At that point in time, we engaged Debra Figone to be on our team. Andie Stanley has been communicating with all of you for the last six months, and she's on our team in Sacramento. We brought her to listen to the debrief. Since this is our first year of three, we wanted to make sure we heard what you had to say. When we came into the process about February, when the HR Director said, "Wouldn't you like to be part of this team and work with Palo Alto," we talked with her because she said that this would be a simplified process. We were thinking that we would come in and run right through it. We do about—I don't know—20 evaluations a year, so we have quite a bit of experience about what it typically takes. Our preliminary estimates were that Debra would spend about 80 hours engaged in this process. You're going to hear that what we came up with, working with you, is a lot more customized and it meets your needs. Your appointed officials had their voice in making sure the process made sense to them and was meaningful. We think we've got something that we can replicate for the next few years. Today's really

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important to us to hear what you had to say about it, what we could tune up or change to make it better. Then, we'll be back next year to do it again. I'll pass it over to Debra, and we'll talk through our debrief.

Chair Burt: Thanks.

Debra Figone, Municipal Resource Group, LLC: Thank you, thank you, Mary. This is Andie Stanley, as you heard. Andie's just been a terrific partner for me on this project as has been your City Staff. I'll be acknowledging them along the way. As you've become used to, there's a working agenda for today's meeting in front of you. You just heard from Mary. I'm going to take the lead in actually guiding you through the process debrief.

Council Member Kniss: This is the Agenda, right?

Chair Burt: There's a one page ...

Ms. Figone: That is your formal Brown Act Agenda, and then you have a working agenda ...

Council Member Kniss: The one underneath. Thanks.

Ms. Figone: ... that's kind of our (inaudible) today.

Council Member Kniss: Where we're going.

Ms. Figone: Where we're taking the presentation, which is pretty straightforward. Let me just begin by saying I've really enjoyed working with all of you over the last few months. I really do believe that we've achieved a successful outcome for the process. The way I define success as your consultant as well as a former city manager is to ensure that the Council and the Council Appointed Officers (CAOs) were prepared to have a meaningful conversation during their performance evaluation. There's many ways that you can get to that end, but that really is the end in mind. All of the process involved, this year so far, is designed to support that end in mind. If we can just kind of keep that in the forefront, I think that will be very important. As you'll see, if you did read the survey results and other pieces of feedback I've gotten, I think we were pretty successful this year. There's always room for improvement. That's really why we're here today. Really today, as Mary has said, is about soliciting your feedback and also hopefully the feedback of the CAOs to the degree they can provide comment. It's really important that we hear your perspective, and also this is an opportunity for MRG to share our perspective so that we can move forward and ensure that 2016 is successful. As Mary mentioned, we did approach this engagement with some unknowns. I think we all

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acknowledged at the first CAO Committee meeting, where you met us, that we would take some risks and we would work through it. We all had some experience on both sides of the table. We would work through the unknowns as we confronted them. We have surfaced in our report where those unknowns have become an issue. We did mention that the contract may need some amendment, and we do request that you allow us to work with the City Manager in that regard. I think you all remember I raised some of those issues with the administration and with the Council at some key stages in this process. Really we just want to mention that today in the interest of transparency, but really that's not our focus today. Our focus is to debrief this process to make sure that your interests and ours get factored into the discussions that may lead to a contract amendment and clearly to the process that we'll take on again next year. I hope that that's clear. We want to know what went well, what changes are desirable and why, if there's any service level changes or approaches that might be of interest that we could factor in moving forward, and then we do need to talk about timeline, because before you know it we'll be back at this again as the Council and Committee Members know. Let me stop there. I'm going to use the report as our guide today to take us through the discussion. Mr. Chair, a couple of options. I know that you've all been working hard this week. One would be that I take you through the report and then we track back and go over the issues. If we think we can monitor the discussion, we could take it in pieces as I present. If you would like to try that way, we could approach it that way.

Chair Burt: Let's do it in pieces. We're informal enough, and I think that might let us keep (crosstalk).

Ms. Figone: The latter approach to keep us moving. Maybe just starting with the basics. You have a report, and there are six attachments. What I'll do is I'll approach this in the same order that the topics are presented in the report. First, we'll talk about the process satisfaction survey, because that is really the initial feedback that we've gotten from those who responded. We'll use that as a launch point. Then, we'll move to the infamous by now yellow matrix, that you're all very familiar with, which will allow us to just talk about the overall process. I would recommend we zero in on issues by exception. We'll see where that goes. Finally, we'll talk about timeline considerations. The report does have an executive summary. The significance of that is it recaps all the recommendations of the report. How about if we just hold that and use it as a checklist, as a cross-check at the end, just to make sure that we got through the issues? First of all, the satisfaction survey in Attachment 1. I would say that overall we got very good, positive and constructive feedback from the five respondents out of the 14 invitees who were asked to participate. Hopefully that response rate

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is an indication of no news is good news. As a launching point, the feedback was good. However, there were two areas that I would say, if I were to synthesize the comments that we received, that I'd like to focus on very briefly. One is the direct reports process. You'll remember—we do include the example of the direct report input process in one of the attachments—that the Council has been used to some form of input from the CAOs' direct reports. The current year, we expected to actually use the same online survey for the direct reports as we used for the Council; however, we were basically advised by the administration—I think it was a fine decision—that the direct report process for them would have been more useful if it allowed the direct reports to share their concerns about issues in the organization and issues in their departments. For the City Manager, of course, that meant the Executive Leadership Team and the City Manager's Office. For the other CAOs, it was to ask their direct reports about their perspective on the City as an organization as well as their offices. The input process was designed to surface issues. In this regard, it was very successful. The feedback that I got along the way once the results were in—I really wasn't surprised by some of the comments in this satisfaction survey—was something like "We're hearing about the negative stuff. What about the good stuff?" I think many employees, as I do remember it, did choose to surface positive feedback in the "do you have anything else to add," but clearly it wasn't solicited. A very simple change moving forward, could be let's add that type of a question. That could be a very easy change. I think, though, the more important question would be—we are recommending that we take a bit of a pause and that the City review the purpose for the survey. I think that's pretty fundamental. Then, you can design the right tool based on the purpose. The other part of the question, which also informs our recommendation, is now that you've asked, what are we going to do with the information. As a former manager, it's very critical that something happen with the feedback that is received in any process like this. If not, if the respondents don't see that something has happened and you're asking them again the very next year, I think that the process and the individuals involved can lose credibility.

Ms. Egan: Can I jump in for a second?

Ms. Figone: Please.

Ms. Egan: About 10 percent of our clients have an input survey like you have and that you've done. Most of those only do it every two or three, in one case, five years. They don't do it every year. Of course the tone of the questions is an important consideration when we go back and revisit this. You don't want it to be an audit or an indictment or an investigation, but you

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want it to be a tool that gives helpful information. We would recommend that it not be something that's so regular.

Council Member Kniss: Pat, could I ask one odd question?

Chair Burt: Sure.

Council Member Kniss: Deb, you were a City Manager for a long time. Is this how you would like to have been evaluated at the end of the year or were there questions in that that you didn't like? You've just said it would be good to hear more things that are positive. Is this something that would have worked for you?

Ms. Figone: Quite frankly, I didn't use this type of dimension of this process. I'm happy to comment on what my process was. It was simpler in that there were one-on-one interviews of my Council by a consultant. I had the benefit of that feedback such as we did going into the room. However, there was no online survey, and there was no direct reports input.

Council Member Berman: Ever?

Ms. Figone: Ever. What we had in the city was a biennial, every two year, employee satisfaction survey that we would report on the results separately. To the degree there were issues that pointed to my performance, clearly the Council would have heard about it. I think many of the same outcomes were derived. For me, the most important part was the conversation with the Council and being well informed walking into the room because of the consultant's pre-work. How much of that pre-work is necessary to inform your conversation is a bit about you and what you want and your culture. I don't know if that answers your question. My comment about it was negative actually is what I heard from some of the CAOs. I heard it from some of the Council Members too. It's like what's going on here. I don't think it's—it's really not my call as to what's going on. I think the real beauty of that type of survey, if you're going to use it, is to now give, as Mary said, the CAOs the space to follow up with their people to work the issues. However they do that is really based on how they engage with their workforce. Does that make sense?

Ms. Egan: What we're looking for is to communicate with you our themes. Are there any emerging themes about the organization, about the performance of your employees that you need to know about?

Ms. Figone: I think the CAOs got good feedback. I agree with Mary and our recommendation that to do this again next year may not make sense. In fact, I would highly recommend against it, to put at least a year's space in

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between, so that the CAOs have time to start working on the issues. If they're so inclined and if this is what you would like in their self-assessments, they can report to you how things are going. I must say my city manager process for me also included a self-assessment. That's very common and typical. Again, our recommendation is first of all that it might be good to debrief this process with the CAOs and to see what they have to say about it. If there's any changes that are desired, those could go to the Committee for approval, if they're significant changes. If it's just adding a question or two, I don't think that would be necessary. That you do the direct input process every two years, and that on those off years the CAOs could report to you in their self-assessments during their reviews.

Council Member Kniss: We have two new employees. Harriett's not that new anymore, but Beth is. Even in that case, would you suggest two years between the time that you do some kind of evaluation?

Ms. Figone: I would say yes, the one year, skip a year. In that intervening, the issues that were raised really should be pursued and followed up by the CAOs.

Ms. Egan: I would keep everyone on the same cycle. There are a lot of efficiencies with that, that you generate savings in the way this is delivered. Also, getting here and expecting your employees to be able to give you meaningful feedback in a short period of time isn't reasonable. That time for your new employee to ramp up would be fine. I think it'd be a good thing.

Ms. Figone: I think I'll end my comments there about that first part. We'll move on to the report facilitation. This is still under the bucket of the satisfaction survey.

Council Member Berman: I guess one question I have is you mentioned that the CAOs could report back to Council on kind of the work that they're doing with Staff based on issues that were brought up. Should they?

Ms. Figone: I believe they should. I believe they should.

Council Member Berman: Should kind of a list of those items be compiled, I guess, ahead of time?

Ms. Figone: I believe that they have them.

Council Member Berman: Based on (crosstalk).

Ms. Figone: It's between the performance review and their conversations with you, and then they all have the summaries that we did of the direct

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report input. I think there's a lot for them to go off of. What they don't have—that's really the challenge with any of these types of processes—is when you have a survey that's then filtered by a summary from the consultant or whoever that hasn't actually interviewed the people. How you drill down and follow up really becomes, I think, one of the follow-up tasks for the CAOs, because there's ambiguity. The tension is to summarize in a way that protects confidentiality, so that people aren't afraid to respond to these surveys. Yet, the CAO is left with "what do they mean by that." The consultant hasn't really talked to all of the employees, and that is possible but it's costly. I think it's perfectly fine for a CAO, depending on their style and the culture, to meet with their people and say, "I got this feedback. Let's talk about it," depending on the safe space that's created and many things as you all know. Sometimes there is ambiguity, and it makes it difficult for the CAO to follow up.

Chair Burt: What was the understanding from our direct reports to the CAOs as to the confidentiality or not?

Ms. Figone: MRG promised them, to the degree we could, confidentiality.

Chair Burt: I guess there's a middle ground going forward we could do too. There can be confidentiality on who said what, but that doesn't mean that the CAO didn't receive the information, but have it be anonymous. There's always then is it truly anonymous or is it transparent where it came from. That's another alternative we could look at. It might be something we want to hear from the CAOs on too.

Ms. Figone: Absolutely.

Council Member Berman: We used to have the consultant get—I don't know if they got feedback electronically from the direct reports, but they met with them also in person every year. Now we're talking about moving to a two year cycle, which there seems to be a lot of merit in it. It was very helpful to hear what other communities do. That was one of the questions I had. One thing we might consider is, since we're moving to a two year cycle, have the consultant actually meet with the direct reports in person. Go back to that system, which allows the consultant to follow up and get a little more context on some of these comments. Obviously, they're cost implications in the things that would have to be discussed. I recall getting a lot of value out of that my first year on Council with the consultant being able to probe deeper into some of these comments and then give that context to Council. That's kind of a hybrid approach that might have value.

Council Member Kniss: The two year cycle, is that something that was contracted that I wasn't aware of?

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Council Member Berman: No, we're talking about that now.

Ms. Figone: (crosstalk) our recommendation.

Council Member Kniss: Pardon?

Ms. Figone: It's our recommendation.

Council Member Kniss: Your recommendation?

Ms. Egan: Yeah. The process was loosely defined in the—in fact, very loosely defined in the Request for Proposal (RFP). We were going to go through the process year one on a trial basis and then customize it on years going forward. That's what we're trying to do today. I did speak with the former consultant at length. As you may know, we're the only group that responded to the RFP; she did not respond. She felt that that process was really time consuming and cumbersome and not as productive as it could be. It took just a lot of her time. There were a lot of cancellations, and it took forever. I think if we rolled it into this process, it would be really—it would be more expensive. It's just weighing the depth of those responses with the efficiency of an online system. That's why we—we go with that with all of our clients instead of in-person evaluations. The time that we do go in and do in-person, honestly is when a Council is contemplating a transition with their chief executive, and there are serious problems that they know about, and they've asked us to go in as investigators in that sort of role and probe in areas that they need to know to validate their decision to transition their chief executive. That's the only cases that I've gone in and done these face-to-face, in-person, probing interviews. Otherwise, it does get confusing for the subordinate Staff to give you direction, because that is their boss. Those conversations can be kind of awkward for the Staff. What we've tried to do is kind of take the middle ground, so that we can get themes and give you the information you need about the health of your organization. As Deb mentioned, a really great best practice is to do these cultural assessment surveys, where you test the whole organization and see the health of the organization and the vitality. It helps with succession planning and development. You have a really great new Human Resources Director coming, who does these kind of things. That might be another option to test the health of the organization as a whole instead of just in bits and pieces as they point to the chief executive.

Council Member Berman: Do you know any communities that—that's very helpful. I've said in other contexts that Palo Alto is special but not that special. We don't need to have that elevated of a process. If a direct report wanted to give feedback in person, is there merit in adding a "check box here if you'd like to speak to the consultant in person"?

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Ms. Egan: We've done that, particularly in the cultural assessment surveys. Keep in mind that we aren't here to investigate. When things are raised to us, there's—say someone raises an issue that could be potentially harassment or discrimination or misconduct, it does put this whole process in an awkward situation. There are disgruntled people that are under performance improvement plans or that are about to be terminated or are being held accountable or changing their duties that may be unhappy. We do get that information. There's disgruntled people in every organization. It's hard for us to dedicate the time to figuring out which employees are legitimately disgruntled and which ones have a theme that emerges, which is why the online surveys are helpful to us. We can look especially over time to see if there's dipping areas in communication or direction from your supervisor, what are the themes as opposed to the specific details. I like the idea that you might do something organizationally and keep our process sort of high level with the survey. I would encourage you to move away from the in-person interviews. I think that it's confusing, and there are other avenues for employees with concerns to raise those.

Council Member Berman: Which is something we've had a bit over the past couple of months.

Council Member Kniss: Pat, you've been here for nine years now, almost. Have you done an evaluation every year of the CAOs?

Chair Burt: Every year of the CAOs. I'm trying to remember whether every year we have done the direct reports where that started ...

Vice Mayor Schmid: Three or four years ago.

Chair Burt: I guess we've only done that for maybe four—maybe it's not five years. One thing I would just add is that we had one year where we had an area where one of the CAOs who we interviewed, we wanted to help address some issues that were going on. We actually engaged the review consultant to do this supplemental work. It was very helpful in that particular circumstance. We treated that as a carve-out from the normal function.

Ms. Egan: That's not a bad idea. That's what we've done in other agencies, but only if there's a problem or the Council feels like maybe there's something here that we can't ignore and go back and bring us information about contracting or whatever it is that the issue is raised.

Council Member Kniss: I need to just come down a little more on this. When I worked for a big company, I was—maybe not evaluated. Maybe we're using two different words. There was a performance evaluation, especially for reasons of salary and so forth. Those certainly went on once a

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year, sometimes even more often. You must be talking about something slightly different. Maybe it's just the semantics on that.

Ms. Figone: What I'm talking about is—Liz, we can look at it a little bit more closely. If you look at the yellow matrix, which is Attachment 2, I'm actually just talking about one piece of the input. It's 1b, and it is the survey that ...

Council Member Kniss: 1b?

Ms. Figone: Yes. If you just look at Page 1, Item 1b, direct report survey. What I'm talking about is, of these four pieces of the initial stage of gathering feedback about the CAO's performance, which is this front-end starting point to this process, 1b is what you do every other year.

Council Member Kniss: The rest you continue on with?

Ms. Figone: Continue it. It may be tweaked ...

Council Member Kniss: Thank you. Thanks for that clarification.

Ms. Figone: The others might be tweaked, but I'm not recommending abandoning those every year. Does that make sense?

Council Member Kniss: Uh-huh. It'll be interesting to hear from our CAOs when we do it.

Ms. Figone: It would be. Let me just quickly, again, recap for you what's on Page 2 of the report in the executive summary. I know there's a lot of pages and a lot of documents here, but as a way to help you focus. Item A, in terms of the input process for the director reports, our recommendation, again, you may not agree with this, MRG can do this. We can factor it into the follow-up discussions about the contract, but debrief the direct report process among the CAOs. Make sure they all are aligned on what they would like out of it. If the process stays the same, fine. If they want changes of significance, those could go back to the Committee. Do that, work on the issues that surfaced in the current year in 2016, and re-administer whatever survey or tool is agreed on in time for the 2016 evaluation process, which happens in 2017, because you're always a year in arrears. That's the biennial part of it. In the next year, even though you're not going to administer or if you agree we could just administer a direct report survey, you would still ask your CAOs to comment in their self-assessments and essentially you hold them accountable for the things that you heard about as you move into next year's evaluation process. Does that make sense? Those are our recommendations. I don't know if you want to bookmark those, Mr. Chair, and then we can keep moving. The second area

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of focus from the satisfaction survey is the report process and the various reports that we receive and the facilitation of the Closed Session. Now, I'm looking at Page 5, the bottom of Page 5 of the Staff Report. Again, very few comments here, but I think comments worth noting. We really have no recommendations other than to say great feedback, we'll take it into consideration moving forward next year. I think the question for the Committee is did the reports that you received meet your needs and did the facilitation meet your needs. My thoughts to share with you, first of all, about facilitation. We were all getting to know each other. I think as a facilitator, I was not shy, but getting to know each other is an important part of facilitation. Personally, I tried to strike that balance between guiding you and not interfering with your conversations. That's probably the good city manager in me. Clearly, if the Council is interested in more assertive facilitation, that can happen. That's the kind of thing we can just feel out. I know you were not shy about asking me questions. I think the comment, though, that I received in the feedback was really you have a lot of knowledge to share, don't be afraid to share your knowledge with our Council to help them, because Council Members too are at various stages in their growth. I remember even you, Pat, during session would say, "How did you do this," just like you did, Liz. Very comfortable in doing that. I think that was great feedback that happened through the survey. We'll just bear that in mind moving forward.

Chair Burt: Let me ask, colleagues, out of the questions that we had and if we reflect and compare them to the sorts of questions we formerly had, are they ones that we like, do we have any different directions that we want to take or do we want to continue with that set of questions that we had this year?

Council Member Kniss: That set worked well this year. I don't know. As I said, I'll be anxious to hear from the CAOs too and see if they felt that that really elicited the kind of information we wanted. Evaluations are difficult. Getting them so that they (inaudible) that line between this side and that side is tough. Sometimes you're evaluatee is very direct in telling you about whether or not they felt that was successful or they never got a chance to kind of shine in their questions and their feedback.

Ms. Figone: There's self-assessment that helps with that, teasing out the things they want you to know, which is part of the two-way conversation. The second part of this, before we get to the bigger picture, is in the reports that you received. You probably felt like you were on this treadmill of meetings and reports and discussions. There was a method to the madness. As I mentioned, at the front-end there is input that comes from your online survey, my one-on-one interviews with you, the direct reports, and the self-

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assessment from the CAO. I, as a facilitator, take that information, compile and interpret and put it in a preliminary report that's your starting point for what ends up being your evaluation. That goes into that first meeting that you had without the CAOs and where you build consensus. Your comments get reflected in that report. It's iterative, and it unfolds beginning with that starting point. I think what's important about the feedback and the satisfaction survey was that the CAOs want to ensure that what they end up getting has enough clarity so they know what your consensus is. You all know, as Council Members, minority voices do like to be heard. It's incumbent upon the facilitator to make sure that the majority view is heard, but then that right balance of minority view is also surfaced. I think the feedback was really please continue to work hard so that we have clarity about what the Council wants from us. I think that's the essence of the comment. That's great feedback. We'll continue to work on that. Again, my question back to you is do you feel that the right balance was struck. Maybe you don't remember, but certainly going forward that's very important to the CAOs, and they can speak for themselves.

Chair Burt: Any thoughts?

Council Member Berman: One thought I have in particular about the online survey that we filled out before our one-on-one meeting. I got a lot of value out of my one-on-one meeting with you. Having the conversation helped bring up a lot of thoughts that I had, that just weren't popping to mind when I was filling out the online survey. Some of the questions in the online survey have five different ratings, and some have three. I find it really difficult with three. Between good, mediocre and bad, there's a whole lot of gray. If we could have every one have five options, I feel like that makes it a little easier to fill out and indicate good but not great. That kind of thing.

Ms. Figone: I remember your sharing that with me.

Council Member Berman: I think I might have mentioned it before.

Ms. Figone: You did. I remember. I think we can help that. One of the dimensions—I won't go into a lot of detail that Andie and Mary and I will talk about—was you had the question and the acceptable to the needs, work. We had some sub-ratings, and the sub-ratings might have caused confusion. We're going to revisit that. I think that'll maybe tighten things up a little bit.

Council Member Kniss: I think, too, since Pat just asked, sometimes the interpretation is very different. I'd really like to see you doing better at that. You think what was that exact thing. I think it's really interesting. We can identify someone who's really performing well pretty easily. The harder part

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is seeing that level down or so and identifying in that particular performance what the issue is.

Ms. Figone: It's really down on words that can be vague. That's where the facilitation comes in and spending the time in your sessions, so that we can get at those more substantive issues. I can see. I think that's some of where the CAOs are asking for, that we keep that in mind as we facilitate.

Chair Burt: First, any other feedback on the set of questions and how they're structured, both content or the structure. Marc had talked about whether we want more gradations in the responses. Also just the particular questions (inaudible) recall the questions that we had in past years. These were somewhat different. Are we okay with going forward with these?

Ms. Figone: Maybe just to draw your attention if you wanted to look at the sample that Pat's talking about. If you look at Attachment 5, we have the City Auditor as an example. What we did is similar to what the former consultant did. Essentially we took the indicators of performance for that job classification. The City Auditor has performance indicators, the City Manager, the Attorney, the Clerk. We put that into a survey. If you look at Number 1 in the Auditor's Attachment 5. It's assessing the Auditor on overall products and reports, exceptional to poor. The subset that I was describing that we might rethink in terms of the area of strength meets expectations (inaudible) development. We might just get rid of those bubbles but leave how overall products and reports, Number 2 I'm sorry, is defined. That's that list below Number 1, which is in Item 2. That defines what overall audit products and reports means. We could simplify it, but to Pat's question, this attempts to allow you to rate the CAO using the indicators of performance that the City has adopted for the CAO. There's an area of comment allowed for each of those.

Council Member Berman: The questions that I recall from the past and as I look back over this, it might still apply here. The difference between department leadership and Staff leadership and management, just having a better understanding of what those differences are as I answer the questions. Depending on how you interpret it, they could kind of mean the same thing.

Ms. Figone: Marc, that's a great question. What question was that?

Council Member Berman: It's 13, 14, really 13 and 16 essentially.

Ms. Figone: if you look at 13, 13 would be defined by the indicators of what positive department leadership is under Item 14. Maybe to help what you're

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saying, we would get rid of Number 14 and those bubbles and just put that list right under 13.

Ms. Egan: At the definition of what that question (crosstalk).

Council Member Berman: I guess it's hard. You, for good reason, left out Pages 5-7 of this. That means that I'm missing the—I just don't remember what the definition was for Staff leadership and management.

Ms. Figone: To save a few trees. I know Palo Alto is a Tree City.

Council Member Berman: You can't argue with that.

Ms. Figone: We wanted to help you out.

Ms. Egan: We get the same outcome if we did that. They're just easier for you to complete the survey, quicker.

Chair Burt: Marc, you're still—I think I agree that it would be helpful if there was a more clear distinction between what 16 means and what 13/14, even though 13 is defined under the indicators of 14.

Ms. Figone: Sixteen would have the same. We just cut it off to save some paper.

Council Member Berman: We just need to make sure that there are certain real distinction. I don't remember what 17 would be.

Chair Burt: Even though the indicators explain it, I'd take another look at whether there's some way to make the title of the section more distinguishing between those two.

Ms. Egan: Some Councils find it hard, because you don't interact with your employee and see them interacting with their Staff. You're really guessing on some of those. (crosstalk)

Council Member Kniss: There's one other area that I have always found interesting. When I first went to the County, included in a contract that labor had was they would not have performance evaluations. They wouldn't have them, because they indicated that their boss could not give a performance evaluation that was fair. It continued on like that for almost 20 years. I remember thinking ...

Chair Burt: They want automatic raises or what?

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Council Member Kniss: Yes, they still wanted automatic raises. I remember thinking back on that, because it seemed outrageous at the beginning. Then I thought it's really true. Different bosses rank their employees very differently. Some are willing to put up with far more—what I think of as a far less performance overall than some of the rest of us might want. Maybe you can say it differently, Deb.

Ms. Figone: No, you said it right. Mary's been in far more cities than I have. Nobody's really ever completely satisfied with the performance evaluation process.

Ms. Egan: What a lot of cities are doing with their rank and file employees is going to coaching conversations and eliminating the form. Using it only for probation or putting a person on a performance improvement plan if they're struggling, and then having coaching conversations. Maybe in the future that's something Palo Alto will consider. We try to make sure this isn't a painful process, this is a developmental process, this is a place to grow. We think these are important conversations that you have with your appointed officials.

Council Member Kniss: At the end of this whole process, the whole goal is to give feedback that allows an employee to improve.

Ms. Egan: Absolutely. It's one of the few times you can talk with them in Closed Session and a way on these topics that is meaningful.

Vice Mayor Schmid: Pat, just a comment. I was just looking through the preliminary performance evaluations that came out of the surveys, both the direct reports and the surveys of Council Members. My impression was that you got at a lot of critical issues and presented the material well. I remember there being questions about the direct reports. It was unclear at this point how many direct reports had reported, was it really a manifestation of everyone or just ...

Ms. Figone: Large numbers or small numbers.

Vice Mayor Schmid: I thought that the performance evaluation that you came up with reflected a broad set of issues and pretty clearly delineated examples of what were in there.

Ms. Figone: Good, thank you.

Chair Burt: I was going to ask also. I presume it wasn't intended to be part of this meeting to get input from the CAOs. I think this is the first time I

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recall all four of them being here at this sort of meeting. You have a plan to have follow-up interviews, debriefs.

Ms. Figone: We'd be happy to do that. We're going to be debriefing with Suzanne later. Certainly, Mr. Chair, if you want to spend some time to get the CAOs' feedback today ...

Council Member Kniss: I would like to do that.

Chair Burt: Yeah. We don't have time to have the deeper conversation, but I think it might be informative in our own discussion today to hear that.

Council Member Kniss: I do too.

Ms. Figone: Maybe to help you with time management, I was going to just cover the yellow matrix briefly. We've covered a lot of the priority areas and the timeline. If you want to open it up to the CAOs, would that be a good way to do that?

Chair Burt: Sure.

Ms. Figone: Moving on, let's talk about Section 2, Page 6 of the Report, which pretty much takes us through the yellow matrix. I think I've covered a lot of the round already, so just go to the beginning. As I mentioned, Step 1 has four pieces, four types of input, that start the process. I've already talked a lot about the direct report piece of that, that we recommend every other year. That's Item 1b. You've talked a little bit about the online survey. The online survey, I think, is a good standardized approach, a starting point. That alone isn't enough. The idea was to have the standardized survey, room for ratings, room for comments, and then a one-on-one interview. For those who really couldn't get to the online survey, that happens, you at least get face time and get to talk to the Council Member. What I would do differently next year is I'd use the online survey as the basis for the one-on-one conversation, especially for those who didn't get to respond to it online, so that it could start capturing that data in a consistent way. The style's going to change depending on who you're talking to. That's where we need to stay flexible. The other piece we haven't commented on. It's the CAO self-assessment. I always found that very helpful for me, when I was a city manager. I provided some guidelines, optional, for the CAOs. They found those useful, I think. I range of Motion they each turned in a pretty thoughtful piece that hopefully was useful to you. The second item on the yellow matrix. If you have any more feedback about Item 1, that package, we're glad to hear it. Item 2, let me just say, was a timing item that we plugged into the matrix at the time. That was MRG updating the compensation survey that the City had always done. That

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was a pretty undefined piece of the City's RFP. It's something we are going to have to talk to Suzanne about as a follow-up. Later on, I touch on the survey again in Item 10. I'll just hold on that for right now.

Chair Burt: Can you pause on that one?

Ms. Figone? Sure.

Chair Burt: Now that you've got us thinking about the biennial direct report feedback, it makes me question do we need every year to update the comparable agency survey. It's not going to change very much from year to year. I don't know if that's an exercise we have to do annually or not.

Council Member Kniss: What amount of time do we think it takes? Some of this, which you've indicated, was field process was perhaps too elongated, and you're looking for ways to make it more crisp. Am I right?

Ms. Egan: That's what we're looking for. You have a very elaborate process. We think there are some opportunities for efficiency.

Council Member Kniss: We're a very elaborate city.

Ms. Egan: You are. You're special in so many ways. It's about a \$3,000 tool, step. It takes 20 hours at the most. We want to get the original documents from each agency and make sure they're right. It's a total compensation survey, and there are four different classes with unique cities that we look at. If we go back and do that again, we were going to talk with Suzanne about whether those are the right cities and the right matches. We just replicated everything that was done by your previous consultant, including the methodology. There are some things we will change out to make it a better document for you.

Vice Mayor Schmid: If I could just make a general comment about going to a two year on the compensation, on the direct report surveys. Over the last three or four years, we actually increasingly moved to a six month review, to put in a six month review, which we felt was important, in between the yearend reviews as a sort of catch-up evaluation, how are we doing and so on. It seems funny now to be talking about let's look at a two year horizon. It seems to be moving in the opposite direction.

Ms. Egan: We want to be clear. It's just for parts of it. We think you should evaluate your employee every year. It's just you go and do the elaborate full pieces of it.

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Chair Burt: First, the six month isn't a review. We've been very deliberate about saying that. It's a check-in.

Council Member Berman: On the review.

Chair Burt: Second, I don't really see the correlation between the qualitative review and the question of whether we really have any significant variation that is going to occur in data on comps. I think that's an arbitrary correlation between the two things.

Vice Mayor Schmid: I just wanted to make the point that the Council has been interested in keeping close to the four CAOs. While the compensation is not the critical piece, I think the direct reports (crosstalk).

Chair Burt: I would continue to support the midyear check-in. I'm not at all sure we need every year to do a quantitative update to comps. I don't have any problem reconciling those two as being contradictory.

Vice Mayor Schmid: I was referring back to the ...

Council Member Berman: Direct reports.

Vice Mayor Schmid: ... direct report, making that a two year rather than ...

Ms. Figone: We can recap the recommendations and get the Committee's direction. Suzanne, at the time you engage Staff, might have some thoughts about compensation, depending on what you do with your labor groups.

Council Member Kniss: I hesitate to ask. Are you speaking about our Suzanne or your Suzanne?

Ms. Figone: Suzanne Mason.

Suzanne Mason, Assistant City Manager: I've been staffing the (crosstalk) here. I've been backing her up.

Council Member Kniss: You had never looked at her, and I thought maybe there's another Suzanne.

Ms. Egan: She should really be sitting at the table.

Ms. Figone: She was ...

Ms. Egan: A key part of this process.

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Ms. Figone: Very key part. Item 1, Item 2 on the yellow matrix. Items 3-9, we've talked a lot about. Just as a package, this is the process from the time I write the preliminary performance evaluation through the time that they're finalized and receive signatures. I've already commented on the Report and whether or not that met your needs. I mentioned it's an unfolding process that continues to be informed by first your input and then the first draft where you meet alone with the Report and give feedback. Then, I take it and modify it, share it with the CAOs and with the Council ultimately to prepare both parties for the conversation in Step 8. The idea that was really important for MRG during this whole process was the CAOs should walk into the room for their conversation with you not having any surprises. The other big change was—hopefully you appreciate this and remember it—you weren't here until midnight, very tired at the time you had that conversation. We broke it into two meetings, and there was these stages of preparing the parties for the conversation. Hopefully that worked well for you. Three through nine is really the various steps that get you to a performance evaluation and signatures. I'm going to move on then, Page 8 of the Report, Item 10a and b. I mention in the Staff Report that this was very loose when we responded to the RFP. It was very significant. What is the compensation process going to look like, what would our role be and also the debrief with either the Council or the Committee. We weren't sure at that point in time. The role that MRG played in compensation was really not anticipated. Again, this is one of the areas that we'll be talking to the City Manager or Suzanne Mason about, the update of the surveys. What ended up happening, as Mary said, was we helped the City by updating the compensation surveys that had been done in the past without questioning the survey agencies. The second role that we played is we facilitated, I facilitated, your decision-making process over two meetings with Suzanne providing support by providing data and information about what was happening in your system. The key question for the Committee is was that useful. If it was, then we can talk about what it would take to right-size that in the contract. The other part of that is it is a biennial or an annual compensation survey. Perhaps your people have some comment for you on that. The last piece before I—two pieces before I end. Page 9, the annual process timeline for next year. We worked a lot of bugs out of this system this year. I think we have the makings of a very good process, certainly subject to your feedback and some of the tweaking that we've talked about. Essentially, other than what we've mentioned, at least from MRG's perspective, we wouldn't expect wholesale changes other than our recommendations. I do think there would be some important things I'd recommend in preparing for next year. Now that we have a process, we should work to map out a realistic schedule no later than May 1st. I know you all get very busy. Before you get away at the end of June to have a process mapped out with dates held on your calendars for both the CAOs

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and for Council Members. We really work hard—I understand how these things happen—to keep that process a priority, not easily subject to bumping or rescheduling. Somebody at your end be assigned—it'd be great if it's Suzanne or perhaps your Human Resources (HR) Director—to really be the project manager and the process owner for the City. It was really very important that once the City Manager assigned Suzanne to work with me, we were really able to start stabilizing the process. Even though you have great consultants, whether MRG or whoever you bring in as a consultant, there should always be a process owner on the City's side. We would recommend that.

Council Member Kniss: That's helpful to know, Deb.

Ms. Figone: I really do recommend it. Too often cities—I'll just say this globally—including the cities that I ran, think that consultants are going to come in and expect them to be like Staff. That's usually a big mistake. There needs to be a process owner that can work with the consultant and help to run interference for the consultant. Finally, I would recommend—we could certainly work to tighten this up—to be realistic, we launch by June 1st and by November 30th, decisions are made about compensation, evaluations are signed, and the process is done.

Council Member Kniss: I'm looking over at Beth and seeing if she's looking cheerful about that or not. The scheduling part is tough; it really is.

Ms. Figone: Beth was instrumental in helping us to schedule. She really was. With the polling and the doodling. I learned all kinds of new things. Very, very helpful Staff.

Vice Mayor Schmid: Could I make a comment on the schedule? I found it very uncomfortable that we were doing final evaluations at the end of September, three months after the year we were evaluating. Lots of things had happened since that time. To try and put yourself in the position of let's pretend nothing happened since the end of June is a difficult situation. Is there any way of—part of that is there's this month off at the beginning of the process. Is there any way to work around that, so we can ...

Ms. Figone: Tighten it up?

Vice Mayor Schmid: ... chop at least a month off?

Ms. Figone: I think so.

Vice Mayor Schmid: Maybe some of the evaluations could be started in late June, the feedback.

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Ms. Figone: My recommendation would be—clearly we would need to look at schedules and vacations and all of that. If we could launch and receive online information back before you go on recess, so that it can be reviewed. That could even be the CAOs' self-evaluation. So that the one-on-one interviews with the Council is what's happening in August. Everything else that that's put together with is done; we can be drafting and actually move into September as the start of the conversations.

Vice Mayor Schmid: I certainly would be in favor of that. (inaudible) interest of my colleagues.

Council Member Kniss: I think Deb can promote that. As a former city manager, I think you get it about how you put all this together. That makes a big difference. I agree with you, Greg, letting that much time go by. It'll take some real discipline on our part to come together on that.

Chair Burt: As I'm going back to Page 6 and looking at these four elements, the CAO self-assessments also have got the end of the fiscal year mad rush. That would be tough for them to do before that. They might be able to do it during our break or shortly thereafter. I'd be interested in hearing that feedback when we hear from them. I can see the Council online survey—maybe we should hear from colleagues. We're saying when we get our break, that's the time that we get a break in the action and can actually address something like this. July might be actually a preferred time to do some of that.

Ms. Figone: That was the idea in this year's schedule. I think we had a pretty reasonable schedule once we got the process on track. I will say that the process really didn't start stabilizing until about mid-July.

Council Member Berman: Which is when we came back from break.

Ms. Figone: What I mean by stabilizing is we know where we're going, we got through some of the challenges of startup. We really started getting productive mid-July. The schedule that we mapped out worked. I think what I would just say—it's not a criticism—by then it was too late to really secure dates on the calendar. Vacations were set, unanticipated (crosstalk). Life happens. To the degree, even if we're trying to shorten it up and factored in—you're right. That yearend dash, all people have in mind is get out of here.

Chair Burt: We got started late just because the contract got started late. I think part of our falling behind on securing the dates was just our kickoff was late. This year I could certainly see that the dates all get locked down in June. The CAO self-assessment and the Council Member online surveys

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could be July. The direct reports, I'm not quite sure when. The Council Member one-on-ones in early August. That puts us on a little better timeline.

Ms. Figone: The direct reports, if you agree with us and at least this year not do them again, are very labor intensive because they were open-ended surveys. Because they came in later, it just added to the drafting time.

Council Member Kniss: It may also help, unless somebody decides to depart, that we have a pretty stable CAO group right now. Looking over at from the newest ones, Beth, by that time she'll have been here well over a year. Having everyone in place, unless they surprise us really helps.

Ms. Figone: I think that's a really good comment. A couple of your CAOs had never been through this process before even with the former consultant or maybe just the tail-end. The two long-tenured CAOs were kind of learning with us. The process is stabilized; your consultant team is stabilized, so it should be more efficient.

Vice Mayor Schmid: The danger is—there's a difference between our CAOs. Three of them run essentially a focused department, and one runs the City. The danger is that the Council interprets what's going on just how do they react to the Council as opposed to what's going on in all these departments. Maybe for the City Manager, what we should do is have a truncated report, direct reports so that you have some each year, some feedback from directors, Executive Leadership Team, if not all of it each year, so the Council doesn't get into the judgment that the only thing that counts is how the CAO reacts to the Council. I think that's a dangerous situation.

Ms. Figone: I'm not really quite sure what you mean. Maybe a little bit more discussion about that. We could ...

Vice Mayor Schmid: The City Manager, for example, instead of doing 12 members of the Executive Leadership Team each year, why not do five each year? The workload is cut in half, but you're still getting feedback on how the management side of the job ...

Council Member Kniss: You mean five give him feedback or do you mean he gives it to them?

Ms. Egan: Which direction? Every other year, the Auditor, the Clerk and the Attorney get Staff input. Every year, the City Manager gets some subset of that Staff that give us feedback through some sort of survey. It wouldn't cut the work in half, but it would—if that's what you wanted to do, that's possible. Go ahead.

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Ms. Figone: Please, Mary, jump in here. I understand what you're saying. It may or may not reduce the workload. For me, the fundamental question—this is where maybe you should hear from Jim—is what is the purpose of the survey. Is it to get the direct reports perspective on what's happening in the organization? Which means the management side, the workload. You heard about workload. Is that total perspective or is it for the Council to hear their perspective about the City Manager? Maybe it's one and the same. If it's more about the latter, it's actually a slippery slope. It's easier to have personalities taint the process.

Chair Burt: I was assuming that there's both purposes. It gives valuable feedback to the CAO and helps inform the Council in the subsequent discussion. I don't know how others feel about it, and I don't know how the—maybe when the CAOS comment ...

Council Member Kniss: I'll be anxious to hear from them and also from Jim.

Ms. Egan: The smaller the subset we carve out, the harder it is for us to be anonymous and blend the comments and not attribute them to someone.

Council Member Kniss: That I see very clearly.

Ms. Egan: It might be easier, if you wanted to gain input every year for the City Manager, to do the whole team, the ten, whatever it is. Ten isn't a large group.

Ms. Figone: It was hard with even ten.

Ms. Egan: To make themes and keep it at the big picture.

Chair Burt: Just looking at our clock ...

Ms. Figone: I'm done, Mr. Chair. Just the last thing really wasn't in our court. I did just mention a midyear review. I know that the Council has done that in the past. If you would like, when we do the schedule, we could plug in that midyear and perhaps your ...

Chair Burt: Because we started late, ended late on the yearend review—the midyear we call a check-in. I think we have a question of what amount of formality do we need and do we need facilitation or do we simply want to have that check-in. We can use both the documents that came out of here and have it be informal and just a discussion on how are things going and just look at the things we talked about. If I'm recalling right, there was a nice value to the informality of let's have a chat, this isn't a review. It's a

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discussion, then share with us. We can raise any additional particular items.

Council Member Kniss: I think that works well because we've got—I hope we have a stable group over there. As long as we have a stable group, I think it's a very different kind of interaction. I hope they're all here in a year.

Ms. Egan: Since you're interested in the experiences of other agencies, I don't work with any other clients that have me facilitate their 6-month check-in except if a person has (crosstalk) what I would call a performance improvement plan. Then, I keep really close tabs with the Council and the manager, and we try to see improvement. Typically that really is good conversational time where someone doesn't have to prepare. It's a little bit more informal. That works well. I would keep it that way.

Vice Mayor Schmid: I think we have such a rich background to talk about, that we don't have to (crosstalk).

Chair Burt: Is that how we feel, that we would like to do a not formal, non-facilitated check-in?

Council Member Kniss: That sounds like it's reasonable at this point.

Council Member Berman: I can't remember what we've done in the past years. Do the CAOs provide us with a written update or not? I don't recall.

Council Member Kniss: Midyear?

Council Member Berman: It's not something that we'd need facilitation

Chair Burt: Molly's saying no, and that was my memory too.

Molly Stump, City Attorney: We have not done that.

Chair Burt: We'll just use this document and discuss it. We should maybe briefly say—does February seem reasonable? It seems like January would be too quick to try and do that. Much later in February and you're starting to get close to the period at which we're doing yearend.

Council Member Kniss: Until June again.

Chair Burt: Beth, maybe you can poll us on that.

Ms. Figone: I do think that's something that your process owner can ensure gets triggered and it does get also plugged into that calendar.

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Vice Mayor Schmid: Before we leave evaluation, could I make one more tiny comment? I missed this year the scoring. When we came to evaluation time, we took a category, say highly competent. In previous years, we had done a quantitative scoring. You got three points for this (crosstalk).

Council Member Kniss: That 1-5?

Vice Mayor Schmid: That meant that you got scores in numbers, 3.1, 3.8. Now when we say highly competent, we include everything from 3 to 3.9. That's a wide range. I found that we were bunching people together. They all have the same score, but it's not the same score.

Ms. Figone: I have a suggestion. I remember you mentioning that. It's a very valid comment. I don't know if you do remember that we used SurveyMonkey for the online portion. Really the numbers are there. Also if you remember, in Closed Session I would share what the numbers would have been, which we could put into the Report. It's not hard to do. The caution would be that these are subjective processes. When you have only maybe five or six people responding to the survey, the numbers are a good starting point, but they're only a starting point.

Vice Mayor Schmid: I was talking about the Council's evaluation.

Ms. Figone: That's what I mean.

Chair Burt: Over the years, when we did have the quantitative scoring, we would very often look at—we'd have individual areas in a score, and then it would add up to. We said, "That's not what we really think about the overall." The individual scoring didn't add up to the overall, so we'd just adjust it. What we were trying to do is take our subjective judgment and put it into a decimal number. The more I think about it, here we have our Council Appointed Officers, executives. We're reducing their evaluation to a digital value. I just think that underserves them. I don't think it really has value. In the end, this really is a subjective process, foremost.

Council Member Kniss: To go back to what I said, it's hard. We'll all see somebody differently. One of us may say, "Alex is fabulous." The next one will say, "I feel kind of wishy-washy about it."

Chair Burt: We may have comfort in numbers, but that doesn't make numbers really providing insight.

Ms. Egan: Another important piece about this is that I'm sure your Council always gets along and sees things the same. Other Councils sometimes have very strong feelings. You'll have someone that views the city

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manager's performance very differently. They're going to want to give a one. You know that, so you're going to give him a five even though you really think it's a three. What happens is the scores—I've done hundreds of these. They're meaningless over time. Some Councils play that game with the scoring. What's really valuable to the employee is what do you need them to change, what's working well, and what's the plan for next year. That happens in the narrative conversation.

Council Member Kniss: That's a good summation.

Council Member Berman: Can I make one other point? I have no idea if this is the right place for it or not. I'm not perfect, and I'll be the first to admit it. We need to have some accountability for Council to actually give the feedback when it's requested and by the time that it's requested. I know we all did the one-on-ones. I don't think we all did the surveys initially. We definitely didn't all do the feedback for you guys. I'd be comfortable with giving the CAO Chair the authority ...

Council Member Kniss: To crack the whip.

Council Member Berman: ... to crack the whip to make sure that gets done. Else this process isn't nearly as valuable as it needs to be.

Ms. Egan: That's great.

Council Member Berman: I thought I'd throw that in there. I figured you wouldn't disagree.

Ms. Figone: We just want to conclude by thanking all of you for the opportunity, your counsel. The Staff have been marvelous and the CAOs. Again, as a former city manager, there's really no more important conversation than that annual conversation that happens each year. The fact that you do work hard it is a testament to all of you. We do look forward to continuing to work with you and any feedback today. Thank you.

Chair Burt: Thanks. Shall we take a few minutes and see if we—kind of open-ended on any of the things that we discuss today. Welcome our CAOs to ...

James Keene, City Manager: Going back to something Deb said about being clear about what the purpose for the evaluation is—let me preface this. The way Deb summarized the end as an observer coming in for the first time and seeing everybody, I would agree with the fact that the Council takes the review very seriously, works really hard at it and really strives to be fair. Over almost eight years here, that's what I've felt. I think you're very

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distinctive. In my career I've never had a seven or eight year period of an intense, at least a one-time review with the amount of time and effort that is put into it is pretty unusual. What's the purpose for an evaluation? Is it for the Council? Is it for the CAO? Is it mutual? I would argue that particularly—in any case, it's always this way, particularly with the CAOs. To the degree that you look at the relationship with the CAOs as a partnership or you look at it as a superior/subordinate, it's different depending upon that perspective. I would argue that it's both, but the partnership piece is a big piece. The design of the process should include the feedback from the CAOs. I would weigh in on the thing that the quantitative piece doesn't work for me. It doesn't work for me when I'm doing reviews for employees. The concept behind it is maybe you could get more granular. You could give a 4.2 rather than 4.3. As often as not, people get imprisoned in their relationship and their conversation by those numbers. Then, it's the next year, and you're like it'd be a 4.3. If the person gets a 4.1, suddenly it's like what's going on or are things going bad versus just have a straight conversation or a focus on a particular issue area or behavior or result is very different than a score. "Jim, we really think you've drifted in the outreach you've been doing in the community this year because of whatever. These are the things we'd like to see" is much more meaningful for me than paying attention to our score. We all know how the grading system works as a motivator and/or a de-motivator. One of the really important things is what do you want. I know there's this process of ultimately assigning, say, compensation, but that's also really secondary to the quality of the relationship that we have. In many ways, I would echo what Mary was saying. As important as any annual evaluation is, in a lot of ways not having an evaluation is a problem that having an evaluation solves. It doesn't necessarily do a whole lot more than that, depending upon the quality of it. The reality of it is people need to be in constant communication. I think we need to acknowledge there is an aspect of that in any of these work relationships. Very much with your CAOs, you're highly dependent upon as the interface with the organization. When we talk about things like the subordinate review or report, I think it's important to get our take on what the value or non-value of that is. Actually I have 16 reports that you would do, not ten, just so we start to get clear. For the CAOs, the Council's performance has an impact on the CAOs' performance. The workload that you're doing and the managing of it has an impact on our ability to do that. We don't have a good way to talk about that part of it. I'm not exactly sure that I would want to be simultaneously giving you individually or collectively my feedback about you all.

Ms. Egan: The City of San Luis Obispo does that. They have a Council evaluation that the direct report to the City Manager do every year. It comes through us. We blend it, and we send it to each of the Council's

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homes, the feedback from the leadership team. That's the only place I know that does it.

Mr. Keene: I only bring this up by the idea of thinking what is the value of getting a direct report to the CAOs about how we're doing and not being interested in getting a direct report for how you guys are doing. It's a worthwhile question to bring up. In one sense, without both of them you don't get an accurate picture. I think it's safe to say that a fair amount of the commentary, even in my direct reports, involves the organization as a whole not just me—I'm not taking myself off the hook for the evaluation—and the Council also. In many ways if you were to start to talk to the organization as a whole, many employees would have a very difficult time differentiating me from you guys. They would throw me in with the Council a lot.

Chair Burt: What good are you if we can't have you blamed for our (crosstalk)?

Mr. Keene: That's a whole other thing. That's why acknowledging the subjectiveness of evaluations is actually good and then have a subjective conversation. That's what relationships are really about, about how people are perceiving and seeing things and to be able to talk about it. To be honest with you, the tendency to want to quantify it is almost an attempt to avoid talking straight about what you think is going on. Just some initial comments.

Council Member Kniss: I think the comment about judging the Council is interesting. I've always felt we get judged whenever we run for office very objectively. You do count those (inaudible), what that outcome was.

Chair Burt: Who else would like to go next? Harriet.

Harriet Richardson, City Auditor: I'd like to add a little to what Jim has been saying about the direct report comments. When you have a very small office like I do, I can almost tell you who said what. Even though it's anonymous, I can pick out who said what. Something to think about in the way the questions are asked. Are they asked in a way that solicits genuine, objective feedback or are they written in a way where people can just say something that you know someone can tack onto them. In another sense, talking again about the direct report surveys. For me, my role is different in a way than the other three CAOs. I'm really doing evaluations of departments and not working with the departments in the same way that everyone else does. Over the year that I've been here, I've heard a lot about prior processes, prior audits, rigidity, everything's black and white and no negotiation, that sort of thing. As I've really tried to emphasize the

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benefit that audits can have to the City as a whole. With the departments and the way I work with them, what the direct report surveys reflect is that I'm forcing more of a change on direct reports that I'm not seeing and not picking up the big picture of what I'm trying to accomplish in the City. I don't know if that's something to think about a different way and how you survey what I'm doing and get good feedback from a Citywide basis. I work very closely with Molly on audits. I work very closely with now Suzanne on audits, having a lot of interaction directly with the City Manager's Office, with the department directors. It seems like there would be some value in saying, "Have the changes been effective in helping the City recognize the importance of audits and what they can do benefit the City as a whole

Chair Burt: Your comments make me think about not just that direct report role and function in your department. The question of how do we ask the questions and frame the set of questions—maybe it's partly framing. Here's the questions, but here's a context for them, so that we get a high-level constructive feedback, pros and cons, of who they report to and the performance and relationship. Rather than this temptation that I've seen and experienced in this kind of function of "this is the one chance I get to review my boss." Turn the tables. That's not what we're looking for, but it can slip into that. That would be part of my comment. I don't have the specific language on how to do that, but that is the objective.

Council Member Kniss: I'm intrigued, Harriet, because that's really true. You can tell exactly who wrote what if you have a small staff.

Beth Minor, City Clerk: Being the new CAO to this, this year was goal setting more than review. It was a little bit different. I do have to agree with Harriet. With a small office, with the comments that came in, I could tell where they came from. Looking at some of the questions that we're looking at where are we in the City and what are some of the issues you see in the City, my department was a little different in answering those, because our stuff is with the City and dealing with the citizens, but not so much we—it's not like Jim, who has Utilities and all the other departments. Our stuff with the City is not as big a question, I don't think, as it is with Jim. Like I said, it's new for me, going through this process. I think it went well from my standpoint. The things that were brought up were things that I already knew. Going through the one coming up will be a lot different, looking back at my year being here.

Chair Burt: Molly.

Mr. Stump: Thank you. I have always found this annual conversation and also the major check-in to be tremendously valuable. It's really an

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opportunity to have what everyone has characterized as a conversation. Especially for me in my early years here, it was really a focused time for me to talk with you about how we do our work and why we approach things in certain ways. Initially there was a lot of focus on understanding what it is that we're doing and why and how to interpret and support the Council in its work. I think our conversation has evolved some from that. It's always very, very valuable to me. I'm glad that we'll continue with the midyear check-in. It should be informal and not have a lot of hours of preparation. It's an opportunity to continue that type of tone. I like the idea with the direct report survey of having a question about what do folks think is going well. It's really not so much to say we don't necessarily want to hear what the problem areas are; we also learn from the things that you're doing that people perceive as valuable and supportive of them as employees. You may not be aware that some of those things are there. You may discontinue them out of lack of energy. That is also valuable information. The last thing that I wanted to share with you. I had asked the new consultant team—by the way, they are so tremendously professional and thorough and clear. It really has been wonderful working with them this year. I know they worked tremendously hard. I had asked them—I really wanted to make sure that individual Council Member concerns or areas of question with respect to my office's work, my work come through to me. That's a valuable thing for me to know about, even if there's some issue that occurred or process that is of concern or questionable only to one Council Member or maybe two. It's still important for me to know about it. One thing that I noticed this year—it may be in the nature of stylistic evolution that we're going through as an organization. That occurred, which was helpful. When it comes to setting overall direction for the City through the Staff, there really is a need for the Council also to work hard with each other. In many areas now, there are a diversity of views on Council, which is of course legitimate. The voters bring us their best choice of representatives, and we support the Council. We're happy to do that. We really need to grapple with the reality that you can sometimes only move in one direction at a time. Maybe as an organization we're going through an individualistic moment or we're tending towards that style. We may see that with a lot of the Council's work now, where we have some detailed direction that has an additive quality to it as Council Members have perhaps different elements that they're interested in on a policy area. I would just like to challenge you, as you go forward and work in this process. When you're having that conversation with us about overall direction, to the extent that you can work hard with each other to coalesce around a somewhat unified vision. That really helps us to be successful, to have a coherent program, to understand what we're to do. To the extent that that work maybe doesn't occur or doesn't occur on a deep level, we may be left with the possibility of disappointing people when we come around next year or to the midyear check-in. Council Members may have

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felt, "I made my concerns known. Why didn't things happen?" All nine of you made your concerns known, and it was a puzzle piece that didn't link up into a whole picture for us in some area. I'm not saying that as a significant problem area. There's no one area or direction where that stands out. I just note it as we've moved along a spectrum a little bit. If I could ask you for your support to work hard when you see that happening in these significant areas of setting overall direction to try to come together as a group.

Chair Burt: That's a good point. I believe that's the direction this Council is moving. It started the year with less cohesiveness and is moving toward that.

Ms. Stump: Yes. I applaud that.

Chair Burt: We'll see what this coming year brings.

Mr. Keene: I'd love to (crosstalk). I'm energized about this. I think I can speak for everybody, maybe slightly different personality styles. There's always a hunger for the opportunity to talk with the people you're working for. That's why a performance review, the evaluations themselves are so meaningful. Even when they're not done very well, that hasn't been the case here. It's not quite like this. When I was in college, I had a housemate from Chicago who used to say the only thing worse than being talked about is not being talked about. There's this desire for feedback from people. Once a year is not enough. It gets to the point with Molly about—there are lots of things you want to evaluate us on. If you had to strip everything out, what we ought to be evaluated on the most would be our performance and the results we achieve and the extent they're in alignment with what it is that you were expecting. You may want to talk about how we do it. You may be interested in our styles and those sorts of things. If we had great personalities and knew all this stuff and we weren't performing, we weren't delivering our results, we've got a problem for everybody. Building on Molly, I think we need to have some way to figure out how we do talk about the vision. To the extent that it moves in some direction and shifts in some ways, (inaudible) areas or what it takes to be sure that we can perform over the course of the year. Another thing I would offer is there is a challenge for elected officials to do the work of supervising these subordinates. Number one, you're a group of people who are doing it, which is a little different than the typical superior/subordinate. Secondly, there's a range of experience. Somebody who comes in new for the first time on a Council, working (crosstalk) the Mayor not have very much understanding of the context of local government. People who haven't managed or worked in an organization would have a difference between personal experience. None of

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that's being critical. I don't know the answer to this; maybe people like Mary would. I could argue that as important or more important than talking to direct reports, I would expect you should get some bad reviews from me over every couple of years from some of my direct reports or else I'm not doing the job that I should be doing in some of those cases.

Council Member Kniss: They should get upset with you from time to time.

Mr. Keene: They should be upset from time to time. How is it that the Council could get a better understanding of our roles and our work? It would be much more valuable. This can't work, because I don't know how you could actually do it without also affecting the outcome. If the Council could really see how we do our job, when we're not in a Council meeting, that could be much more valuable than somebody filling out a form and giving it back.

Chair Burt: For the Council, often the dialog that we have and the feedback and probably in particular from you gives a understanding and perspective that we often as a whole didn't necessarily have going into the review process. More often, we get it at the end. We go, "If we had known that at the beginning, we might have thought differently about this whole process." That's one thing that—it's one of the benefits of the midyear. We don't go into the midyear having had our discussion and ready to hand you a piece of paper reflecting all this input and then begin a dialog. We just sit down and have a dialog. I think that helps. The new Council Members came in this year, and they were part of the midyear. It was like first day on the job virtually. What I'm hearing from you emphasizes maybe there's some other tool, but certainly a high value in that midyear check-in. It begs the question of, when we do the yearend, is there some value in a dialog at the beginning of that. I don't know. We haven't ever done that.

Council Member Kniss: Before we even get to evaluations.

Chair Burt: This conversation has made me think about that. I think about year after year where we go through all this hand wringing and different discussions. At the end after we informed, we have a little Rosanna Rosanna Danna of never mind, we didn't realize that. I don't know. We may want to think through that and whether there's some additional value. Maybe it is done well enough in the midyear. Maybe we start this thing with some check-in dialog and then begin the process. We've never done it that way. It just came to mind.

Council Member Kniss: What do you two think, Mary and Deb?

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Ms. Figone: If you walk into your midyear with the performance review that has happened as your checklist and starting point—as Greg said, it's a very robust document. The conversation didn't happen that long ago—probably the themes that the CAOs would be talking about are going to continue to ripple through and end up being pretty important in the next year's review. It would be important to have that check-in be a continuation of the conversation that's already been in progress and that also ensures that you do understand what's going on with the goals as well as what might be getting in the way. Mary can come on this. I think a front-end conversation can work. It would just need structure. If you're going to put a lot of time in that, you might want to thin something out at the back end and maybe forego online surveys and all that other stuff. Just have it be a facilitated conversation with enough structure where you can end up with a meaningful rating, a meaningful way to give feedback. That could be one way. That really is a change-up, and it could work.

Council Member Kniss: It may add one more scheduling issue though. By May and June, we're kind of crazy.

Ms. Egan: If you added that in, you'd have to thin the backend of the process, because it would be overwhelming. You started your comments today with a really great story about your wife. It just reinforces that it's an ongoing relationship, that these conversation are essential. Many city managers fear their annual evaluation. If it gets on twice, if the Council doesn't finish, the whole organization is going to think you're getting fired. Really good city managers (crosstalk) four times a year. That can happen. It doesn't mean that they're in trouble. Those conversations are rich and important. There's this balance between how much time do you have and what meaningful work do you have to do and how much feedback do you need to give your appointees. The ones that want to talk all the time and know where you are, are the better ones anyway. You're in a pretty healthy situation. If that's something you want us to pursue, we can come up with something.

Chair Burt: Maybe here's another alternative. I'm brainstorming this. We have this value of the midyear and the informality of it. After the first one, we said that was really valuable; maybe we ought to do this more often. We haven't revisited that concept. Maybe we consider just two midyears, and we just have it a more frequent conversation without the formality.

Mr. Keene: I'm going to be curious whether my colleagues are going to leave me out here on my own on this. I know for me, but I think it's true for the group that we have right now, we're really dedicated to the City and the community and you all. We really want to achieve a lot, personally but also

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in sync with you all. We're not in an avoidance mindset. I know a lot of managers who haven't had an evaluation in four years; it's fine as long as everyone leaves me alone. That is not the feeling here even if there's potential conflict. We recognize that you all are under a lot of pressure. There are incredible demands. Nine equals working together is not an easy thing to do day after day in public dealing with difficult issues. We want you all to be successful, but we want to be successful. We realize we're intertwined. It is a relationship that requires some regular communication and probably more informality than we have in our organization right now. We're sitting here at microphones all the time. That's almost all the time that we do that. We can talk one-on-one, have lunch with each other, and those sorts of things. As a collective, I don't think we do it enough. I'd be very open to how we find ways to do that. Some of it doesn't have to be in a performance review. There may be processes we have about the work plan and modulating the work and being able to speak about why we're behind schedule or failing in some ways that would be really important to us. Right now, we're sort of doing that behind the scenes. We're trying to rearrange—we are rearranging stuff all the time based upon what seems to be the monthly demands.

Council Member Kniss: Issue du jour.

Chair Burt: Here's another one to just toss on the table. I'm just putting alternatives out there. What you just said causes me to think of we had our Committee as a Whole after our Retreat. That was valuable. We had one, do a second one, we didn't get to do that. Between the Retreat and the Committee as a Whole, we had a lot of ability for us as a Council to be thoughtful and have dialog at higher-level discussions of where we wanted to go. I think I just heard that there could be real value for a Committee as a Whole that is more oriented for us as Council to hear from Staff as opposed to Staff overwhelmingly hear from us. That's part of the feedback loop that we probably don't have strong enough in our approach. That might be something for us to consider at the Retreat and just discuss it there.

Council Member Kniss: I'm going to toss out something that sounds a little bit outrageous, but take from it. When I worked at Sun, we had every Friday afternoon beer bust. I could get more done between 5:00 P.M. and 7:00 P.M. than I could get done all week long, because everyone was there and it was access. I'm not suggesting a beer bust, Jim. There are times when we can get together more casually and have that opportunity to interact. I think we did that the other night at the Art Center. You can run into somebody and say, "Have you thought about ..." It's just hard when

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we're all sitting up there in this false situation for six hours, not really having conversations at all.

Chair Burt: The problem and the value is that under our open government laws, we have requirements and limitations on what we can do. There are pros and cons.

Council Member Kniss: You'd have to invite the public to the beer bust.

Ms. Egan: You could use a workshop setting. There are effective ways to do that, that I'm sure you use already. Let you have a less formal (crosstalk).

Chair Burt: When we've had Retreats and Committee as a Whole, they take on more of that nature. We're constrained in a lot of that.

Ms. Figone: To Mary's point, the setting can change, and that can change tone. When you're up at the dais versus around a table ...

Ms. Egan: At a community center.

Council Member Kniss: We use the garage a lot. You think I'm kidding. Many conversations take place after meetings in the garage, which is not the best setting, but it's a chance to casually ...

Ms. Stump: As another forum for communication, we all have a lot of communication with you. We try to do it individually quite bit. Having the Council altogether as a group is really, really valuable. In an informal setting in a Closed Session and a performance review, sitting around a table is a unique opportunity for a dialog. Some of you may remember when I interviewed this job, I asked to be reviewed four times a year. At that time, Council was doing once annually and went to two. Four seemed like way too much. I think we now have some experience with a really low key, major check-in. I do appreciate the idea of maybe adding another one, not a huge time commitment. Maybe you don't do it with all of us every time. If you want to add that, it's informal. It's an opportunity for a performance review-based conversation, which does allow you to use that Closed Session forum and get together all as a group, instead of giving that individual feedback which prevents you from hearing from each other, which is a big part of what's valuable to us.

Chair Burt: This has been a great dialog. Have you received all the information you need?

Ms. Figone: Why don't we use the second summary as the quick checklist to see if there's any agreement or opposition. Page 2 of the Staff Report.

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These are the recommendations that we saw embedded in the report. Mary, you may have captured (crosstalk). In terms of the (inaudible) report input process, I'm on Page 2, A. There are three items. Reevaluate the process and potentially change it. That would happen through an offline debrief with the CAOs, factoring in what we heard today. Go to every other year. That is something that the Committee needs to be comfortable with.

Council Member Kniss: For direct reports.

Ms. Figone: For direct reports. The third is if you go every other year, in the intervening years ensure at least on that frequency that the CAOs report on what they heard in the prior year in their self-evaluations. That's the first set of recommendations. Did you want to take them a set at a time, Mr. Chair, or (crosstalk)?

Chair Burt: Is there anything contentious other than the frequency of the direct report? That seems to be the one that we actually need to come to a decision on.

Ms. Figone: One other alternative would be you skip it for next year, let the process be reviewed, and then decide if you go every year.

Council Member Kniss: In truth, there are five more of us. We probably want to hear from them about—if suddenly we changed the entire process without their input, they may not be totally on board.

Chair Burt: It's a question of whether we would have this as an Action Item rather than simply a Consent. Within that, we would peel off at least one issue to say that we wanted to have the full Council input. We can have our recommendation, but we're acknowledging that we should have full Council input. Do we want to make a recommendation or do we want to just leave it open?

Council Member Berman: (crosstalk) make a recommendation. I like the idea of giving this a try and seeing how we feel about it this upcoming year. If we decide we got a lot of value out of the direct report surveys, then we can go back to that. I'm okay with giving it a shot.

Council Member Kniss: All of us are in their second year or our fourth year.

Council Member Berman: Correct. There's more stability this upcoming year.

Council Member Kniss: None of us are brand new next year.

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Chair Burt: I'm kind of in the same place. I don't know whether after 1 year of not having, I might go, "I really valued that. I'd like to get it back every year." I am okay with giving it a try.

Council Member Berman: Now would be a good time to do that and get rid of that.

Chair Burt: Why don't we do this? Let's just take a vote on that. All in favor of doing a single year where we try to skip the direct report and then review it the following whether that's the practice.

Council Member Kniss: Report that to the full Council and see if they agree?

Chair Burt: Right. We have a recommendation of the Committee to do so.

Council Member Kniss: That's fine.

Vice Mayor Schmid: If it's unanimous, does it go on Consent?

Chair Burt: No. We're saying that we want to have a discussion of the Council either way.

Council Member Berman: For this item. I support that.

Council Member Kniss: The other five might totally disagree with us.

MOTION: Chair Burt moved, seconded by Council Member Berman to recommend the City Council approve the option to skip the Direct Report Evaluation this year and evaluate the need for it to be conducted annually or biennially during next year's process.

Chair Burt: All in favor.

Vice Mayor Schmid: I would vote against that.

MOTION PASSED: 3-1 Schmid no

Chair Burt: Next considerations.

Ms. Figone: Then is the market survey and the Council decision about CAO compensation. Do you want to survey every year and would you like MRG to facilitate the discussion as we did in the current year?

Chair Burt: On every year, my position would be similar to the last one. I'd like to try not having it every year. Personally, I feel more comfortable with that than the prior one.

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Council Member Berman: I'd be okay with that.

MOTION: Chair Burt moved, seconded by Council Member Berman to recommend the City Council approve the option to perform the Compensation Survey biennially instead of annually.

Chair Burt: Do you simply want to vote on that? All in favor of trying an every other year compensation survey.

Vice Mayor Schmid: Yeah.

Council Member Kniss: No. That's the one I'd like every year.

MOTION PASSED: 3-1 Kniss no

Council Member Berman: Do we want MRG to facilitate the discussion?

Ms. Figone: With the support of HR as we did in the current year.

Chair Burt: I think that's valuable.

Council Member Berman: I think so.

Council Member Kniss: Very valuable.

Ms. Figone: Mr. Chair, would you call out the Number 4 also for the Council? We bring it forward for this report out.

Council Member Berman: The compensation market survey?

Chair Burt: We're not going to have a Staff Report. Is anyone going to be able to capture what were the actions out of here and provide that to me for when we have it before the Council?

Ms. Minor: Yes, we can.

Ms. Figone: So far 2 and 4 in our recommendations are being called out. This is a very simple one. CAO Committee debrief. The current year, we had one plugged into the schedule. We didn't use it because the yellow matrix kind of took its place. Our recommendation is to plug in a mid-session Committee debrief as an optional meeting, not necessarily the tail-end one. Or we can just take it off altogether.

Chair Burt: How does that differ from what we did today?

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Ms. Figone: What we have in the yellow matrix, if you look at your Attachment 2, because we were new in working together, we plugged in a mid-cycle debrief.

Chair Burt: I don't think we need that.

Council Member Kniss: I think we're okay.

Ms. Figone: We won't even put that on the schedule.

Chair Burt: Four heads nodding.

Council Member Kniss: Could I interrupt for a second? (inaudible) has walked in. I have a feeling there must be another meeting happening here later. Is there?

Chair Burt: Next.

Ms. Figone: The final is Item D. This is about mapping next year and the timeline. Tighten up the schedule.

Vice Mayor Schmid: You had suggested tightening the schedule.

Ms. Figone: Tightening up the schedule and establishing the calendar by May, get things out there.

Chair Burt: I tossed out those tentative timelines, and everybody seemed to be okay with that.

Ms. Egan: Everything in advance of your break, with interviews afterwards. We'd have a draft ready. We can do that.

Ms. Figone; You'll keep your midyear check-in. It will be informal. We'll put it on next year's calendar, but your internal champion should help you with the Clerk to make sure that happens. Thank you.

Chair Burt: Thank you all.

ADJOURNMENT: Meeting adjourned at 6:06 P.M.