

Mayor Beecham called the meeting to order at 5:02 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

PRESENT: Beecham, Burch, Kishimoto, Morton (arrived 5:35 p.m.),
Mossar, Ojakian

ABSENT: Cordell, Freeman, Kleinberg

1. Oral Communications

None.

2. CAO Evaluation Process, Finalize Criteria and Schedule

Mayor Beecham turned the meeting over to Council Member Mossar, Chair of the CAO Committee.

CAO Committee Chair Mossar stated the purpose of the meeting was to review the work performed by John Shannon with input from the Committee and the CAOs on the evaluation criteria and process, as well as the schedule. She asked for questions from Council Members.

Mayor Beecham questioned the administrative procedures regarding filing the annual performance evaluations and who has responsibility for the various aspects of the procedures.

Chair Mossar stated the files would be kept in a locked cabinet in the Mayor's office and the Mayor and Vice Mayor would keep the keys. The City Clerk would have the responsibility to pass on the keys to the new Mayor and Vice Mayor, but would not have access to the cabinets.

John Shannon said he would include a section in the Performance Evaluation System on the responsibilities of the Mayor.

Chair Mossar requested that Mr. Shannon prepare the administrative procedures and preferred timeline for the CAO Committee to review.

Mayor Beecham noted the process should begin annually immediately upon Council's return from the summer break so it would be final by

the end of the year. The Clerk would be responsible for ensuring continuity.

City Attorney Gary Baum pointed out the timeline is inconsistent with management and professional performance evaluations, as well as the CAO contracts.

Chair Mossar noted the timeline could be part of contractual negotiations, but the Performance Evaluation System must be approved tonight to stay on schedule.

Mayor Beecham said since the CAO evaluations are behind schedule, this issue must be part of discussions with the CAOs and CAO contracts could be amended to reflect the new schedule.

Mr. Shannon stated he would meet first with Council Members and then the CAOs and prepare a summary of objectives identified by the CAOs, as well as Council Members. He anticipated both activities would be undertaken sequentially and would have this information to Council Members prior to the performance evaluation with the City Manager on October 19, 2004.

Mayor Beecham expressed concern regarding the relationship between compensation and performance, as mentioned on Page 3, since it leaves the entire compensation assessment wide open.

Mr. Shannon indicated the City already had a Variable Compensation for City management and professionals. He noted also there are prevailing practices, which are being collected as part of the survey by Human Resources.

Council Member Kishimoto noted one element is market-based and one is incentive-based, and only the market-based adjustment became part of the CAO base salary, which could be used as a guide.

Chair Mossar said the intent is to create a bonus, which would be a negotiation between the Council and the CAOs.

Mr. Baum stated the current practice for the Variable Management Compensation is for 0-7 percent of the base salary.

Mayor Beecham requested there be consistency regarding the use of the words "goals" and "objectives" throughout the Performance Evaluation System.

Council Member Morton disagreed with the necessity of the facilitator's interview with individual Council Members regarding the CAOs. He stated he would rather meet individually with the CAOs.

Chair Mossar confirmed the full Council would meet with each individual CAO.

Mr. Shannon stated the interview process would allow the facilitator to gather information from each Council Member and prepare a summary evaluation, which would serve as the basis for Council's decision, and he thought the interview would be preferred over filling out a form.

Mayor Beecham said the purpose of the process is to develop a consensus evaluation by the Council for each CAO.

Council Member Morton pointed out the Council would provide the consensus and not the facilitator.

Vice Mayor Burch stated the process would be followed at this time, and possibly some steps could be eliminated in the future.

MOTION: Chair Mossar moved, Vice Mayor Burch seconded, to accept the draft CAO Performance Evaluation System Procedures, Work Plan and Process and direct the facilitator to set the wheels in motion.

MOTION PASSED 6-0

ADJOURNMENT: The meeting adjourned at 6:05 p.m.