

Office of the Mayor

CONSENT CALENDAR

May 14, 2019

TO: Members of the City Council

FROM: Mayor Jesse Arreguin and Councilmember Kate Harrison

SUBJECT: Engage Professional Support to Assist City Council in Establishing a Process and Performing an Evaluation of the City Manager's Performance

RECOMMENDATION

Direct the City Manager to issue a Request for Proposal ("RFP") to contract with an experienced firm that will engage the City Manager and City Council in a performance evaluation of the City Manager's performance. The RFP shall be reviewed by the City Council Agenda and Rules Committee ("Council Committee") prior to issuance. Responses to the RFP shall be vetted by the Council Committee and the members of the Council Committee will make a recommendation to the entire City Council, for approval, prior to entering into any contract. The process should begin in July 2019 following the scheduled approval of the Biennial Budget, and result in a process for ongoing updates and establish an annual evaluation schedule.

BACKGROUND

On April 3, 2012, City Council unanimously voted to create an Ad Hoc City Manager Evaluation committee responsible for creating an evaluation process of the City Manager. On September 17, 2013, an item was submitted by Councilmember Worthington, and included on the Information Calendar, containing a report on a proposed process for city manager evaluations. This report had been presented to the Ad Hoc City Manager Evaluation Committee for consideration.

The Ad Hoc City Manager Evaluation Committee submitted a status report on the Information Calendar for the October 15, 2013 Council meeting that outlined a process, and recommended the assistance of a professional and experienced facilitator. An Extension of Term of Contract #8905B with Management Partners Inc. located in San Jose, CA was executed on October 31, 2013 to perform the scope as defined by the Ad Hoc Committee for the City Manager Evaluation. On October 29, 2013, an item was submitted by Councilmember Worthington entitled, "Establish an Annual City Manager Evaluation Policy" the item was moved to Consent and referred to the Ad Hoc City Manager Evaluation Committee to establish a policy to conduct an annual performance evaluation on any acting city manager. The item added that if an interim city manager is filling the role, an evaluation should occur six months after assuming the position. Following the closed session evaluation that occurred in early 2014, there has not been any subsequent performance evaluations of the previous or current City Manager.

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Numerous Benefits of an Annual Evaluation

Evaluations are an opportunity to improve communication between a council and city manager, establish goals and objectives, set expectations for the coming year, and improve how an organization functions, resulting in a more effective elected body. The California City Management Foundation¹ lists the following tangible benefits:

- Head off problems before they grow
- Recognize and celebrate successes
- Provide dedicated time to reflect on the working relationship
- Consider feedback that may not arise in day-to-day dealings
- Design an action plan with specific ideas
- Communicate openly and honestly without becoming personal or defensive
- Provide a timely, well-managed process
- Provide specific, useful feedback
- Develop consensus view of the manager's performance and clarity about the majority's desires regarding future performance and priorities
- Is less time consuming for governing body
- Provide everyone with an equal say
- Create a dialog less politicized and more focused on objective criteria
- Achieve consensus about a few priorities moving forward, sets goals and defines what success would look like

Overarching goals to guide priorities for the coming year can be set as a result of an evaluation process, based on what the council and city manager have each identified as priorities. These goals should include community and organizational priorities as well as relationship goals, both internal and external-public facing. The goals themselves are not part of appraising a city manager's performance. However, their professional capacity to take policy direction from the Council and implement the goals is an important ingredient in evaluation.

It is important to emphasize that the purpose of the evaluation process is to serve as a tool for organizational improvement. Establishing an annual review can improve a council's effectiveness at communicating its expectations to the city manager, and provide an opportunity for the council to reflect on its own performance. With an established schedule and process, roles and responsibilities can be refined, goals reassessed, priorities updated, and gaps in training and personal/team development needs identified.

Developing an Evaluation Process

The City Council's evaluation of the City Manager must be approached as part of an on-going process which strives to allow for a more thoughtful and effective decision-making body and more effective city management.

Importance of Third Party Facilitation

¹ Ron Gould & Jan Perkins, A Building Block to Better Performance: Using Council-Manager Goal-Setting to Support Performance Evaluation, August 2016 [Online] Available: <https://www.cacities.org/Resources-Documents/Education-and-Events-Section/MCXF/2017/How-to-Set-Goals-for-City-Manager-Performance-Eval>

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The International County/City Management Association (ICMA) “Manager Evaluation Handbook” suggests that it is helpful to use an independent consultant to assist in preparing and performing an evaluation². ICMA also discourages Councils from conducting evaluations alone. Additionally, directly involving City staff such as city attorneys, city clerks or human resource directors is also discouraged because often these positions have either a reporting or cooperating relationship with the city manager. Involving reporting staff to an evaluation process could damage relationships that are necessary for effective and efficient operation of local government.

However, a 360-degree feedback process in which from City staff participate would be useful. The City of Berkeley would be best served to engage a consultant that would follow the best practices outlined by ICMA..

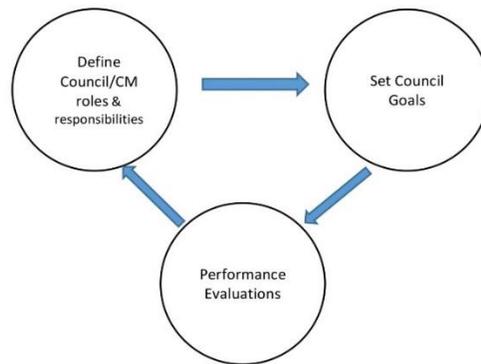
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² ICMA, Manager’s Handbook, pg. 5,6

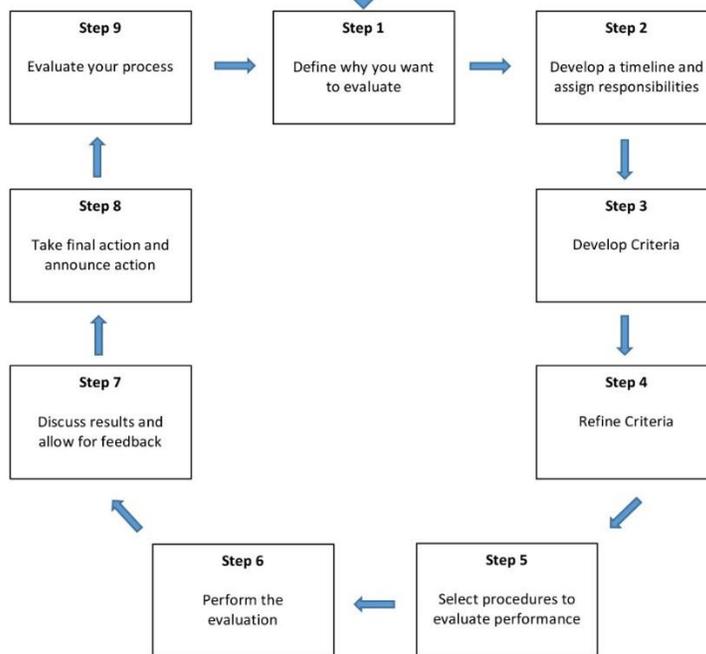
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Defining Roles

Before any evaluation takes place, a city council and the city manager should define and reach agreement on their respective roles and responsibilities. Without a clear understanding of how these are structured and function, a performance evaluation is of little value.



The City of Dover, New Hampshire created a flowchart of the performance evaluation process adapted from materials developed by the Oregon League of Cities.³



The basic process for engaging in an evaluation outlined by ICMA mirror those of the City of Dover, New Hampshire. Elements of this process were followed in the last City of Berkeley City Manager Evaluation. While the City engaged an outside consultant at that time, the Ad Hoc Committee, comprised of only three Councilmembers, defined the process and the approach was not comprehensive. Recommended components were not included and the City Council was not engaged, as a body, in goal setting discussions.

Evaluation Criteria to Consider

ICMA recognizes specific practices for effective local government management⁴ that should be included to evaluate the core competencies of city manager leadership. These 14 points of City Manager Leadership include (see Attachment A):

³Dover First, A Handbook for Evaluating the City Manager [Online] Available: <https://www.dover.nh.gov/Assets/government/city-operations/2document/executive/city-manager/evaluation-process/Handbook%20for%20Evaluating%20the%20City%20Manager.pdf>

⁴ ICMA, Practices of Effective Local Government Leadership , [Online] Available: <https://icma.org/practices-effective-local-government-leadership>

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1. Personal and Professional Integrity
2. Community Engagement
3. Equity and Inclusion
4. Staff Effectiveness
5. Personal Resiliency and Development
6. Strategic Leadership
7. Strategic Planning
8. Policy Facilitation and Implementation
9. Community and Resident Service
10. Service Delivery
11. Technological Literacy
12. Financial Management and Budgeting
13. Human Resources Management and Workforce Engagement
14. Communication and Information Sharing

Each of these areas should be addressed individually by Councilmembers and discussed as a body; Department Heads and randomly selected City staff should be included in the City Manager evaluation. Areas specifically relating to the democratic process and citizen service and participation should be offered to the community for feedback.

Public Engagement

ICMA also suggest engaging the public in the review process by soliciting their feedback, and presenting the results of the performance at a public meeting for the following reasons:

- Public will know how the elected body evaluates and views manager
- Ensures transparency and public accountability
- Promotes ICMA's commitment to openness in government
- More opportunity to earn public trust
- Improves elected, CM and citizen relationships
- Reduces claims of "secrets" and inappropriate agreements

Rating Structure

The National League of Cities recommends that for each criteria of the evaluation (e.g. ICMA specific practices) there is an opportunity to rate the relative importance of the criteria from the reviewer's individual perspective, as well as the performance of the City Manager.⁵

Narrative comments to provide specific examples are important supportive information. Typical ratings include:

- Needs Improvement: The employee has a developmental need in the job description
- Almost Always Meets Expectations: The employee, for the most part, does what is expected well and there are some development opportunities
- Meets Expectations: The employee consistently does what is expected to perform well
- Exceeds Expectations: The employee consistently goes above and beyond what is expected to perform well

⁵ Julia Novak & Catherine Tuck Parrish, *Hiring and Evaluating the CEO - What Councils and Managers Need to Know*, June 2017, [Online], Available: <https://www.nlc.org/sites/default/files/2017-06/Hiring%20the%20Right%20CEO.pdf>

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Building Evaluation into City Budget and Annual Timeline

It is important to establish a regular pattern for City Manager evaluation.⁶ Evaluation should occur at a time of year that is less busy than others, avoiding budget preparation times and election seasons. Neglecting to undertake regular performance evaluations can lead to numerous issues, including miscommunication and misalignment with goals.

Additionally, establishing a line item in the city's administration budget for performance evaluation management will ensure that the process will be ongoing. Costs for conducting a city manager evaluation and 360-degree feedback, based on information from Palo Alto in a December 8, 2015 report to the City of Palo Alto Council CAO Committee and Draft Minutes from a Special Meeting dated March 6, 2013 of the same Council CAO Committee, range from \$90,000 to \$130,000 (in 2015-2016 dollars).

FISCAL IMPACTS

Approximately \$100,000 - \$150,000

SUSTAINABILITY

Supports City of Berkeley sustainability goals

STRATEGIC PLAN

Aligns with Goal #8: Attract and retain a talented and diverse City government workforce

CONTACT PERSON

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ATTACHMENT A

14 Points of City Manager Leadership

⁶ ICMA, Manager's...Handbook, pg. 9,10