



Midpeninsula Regional
Open Space District

BOARD APPOINTEE EVALUATION COMMITTEE

R-14-69

April 8, 2014

AGENDA ITEM 2

AGENDA ITEM

Board Appointee Performance Evaluation Process Policy

GENERAL MANAGER'S RECOMMENDATION

Review and discuss a draft Board Appointee Performance Evaluation Process policy and recommend final policy revisions for full Board consideration.

SUMMARY

Following completion of evaluations for the District's Board Appointees for the FY2012-13 review period, the Board referred to the Board Appointee Evaluation Committee (Committee) a review of the current evaluation process. On December 17, 2013, the Committee reviewed and discussed information regarding various processes available for conducting Board Appointee Performance Evaluations and directed staff to prepare a draft policy and return to the Committee for further review. The purpose of this Committee meeting is to review and discuss the draft Board Appointee Performance Evaluation Process policy (Attachment 1), suggest any final revisions, and forward the final policy to the full Board for consideration.

DISCUSSION

Following the December 17, 2013 Committee meeting, staff drafted a Board Appointee Performance Evaluation Process policy (Attachment 1), incorporating key process factors that were reviewed and discussed by the Committee. As background, the December 17, 2013 staff report to the Committee, which includes the list of key process factors that were discussed, is provided as Attachment 2.

At the April 8 Committee meeting, staff will summarize the key steps and timelines set forth in the draft policy. In addition, staff will provide a draft evaluation form for Board Appointees for the Committee's review and discussion, including whether the form should be incorporated as an attachment to the policy.

FISCAL IMPACT

There is no fiscal impact associated with the General Manager's recommendation.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. No additional notice is required.

CEQA COMPLIANCE

Review of this information is not considered a project under the California Environmental Quality Act and no environmental review is required.

NEXT STEPS

Following Committee review and discussion, staff will make final revisions to the draft policy and agendize the policy for full Board consideration.

Attachment

1. Draft Board Appointee Performance Evaluation Process policy
2. December 17, 2013 Committee staff report

Prepared by:
Kevin Woodhouse, Assistant General Manager

Midpeninsula Regional Open Space District

Board Policy Manual

Board Appointee Performance Evaluation Process	Policy 2.02 Chapter 2 – Personnel & Board Support
Effective Date:	Revised Date: Not applicable
Prior Versions: Not applicable	

Purpose

To establish procedures governing performance evaluations for Board appointees – General Manager, General Counsel, and Controller.

Policy

The Board of Directors shall follow the process described below for evaluating the performance of its appointees.

1. During the last month of the fiscal year¹, the Chairperson of the Board Appointee Evaluation Committee (BAE), with assistance from the District Clerk and the General Manager’s Office, shall develop a schedule of specific dates for BAE and Board meetings, based on the guidance in this policy, for the annual appointee performance evaluation process.
 - a. The *normal* evaluation process does not require hiring a professional facilitator to assist with the process.
 - b. If any member of the Board would like to recommend to the full Board that a professional facilitator be hired for that year’s evaluation process, then three months before the end of the fiscal year this suggestion should be raised and discussed in a Board closed session to determine if a majority of the Board concurs.
 - c. If a facilitator is to be utilized, the Board shall identify [appropriate?] funding and the BAE shall carry out a search and selection process for the facilitator, such that a facilitator is hired before the end of the fiscal year. The BAE shall work with the hired facilitator to develop a schedule with specific dates and process/steps for the upcoming performance evaluation process.
2. The BAE shall meet with each appointee individually in early May (4 to 6 weeks following the end of the previous fiscal year) to initiate the performance review process. The meeting may include a discussion/review of topics, such as:

¹ Currently March. If the Fiscal Year is changed to July-June, then month references in this policy will be updated accordingly.

- a. The procedures and timeline for the evaluation process;
 - b. Any specific issues an appointee would like to discuss during the process;
 - c. Any particular areas of emphasis the BAE wishes to make an appointee aware of prior to the beginning of the evaluation process;
 - d. Any process issues relative to compensation.
 - e. Any changes to the appointees' contracts not specifically related to compensation.
3. By the end of May, each Board appointee shall prepare a memorandum to the Board:
- a. The memorandum should include a summary of issues and accomplishments for the past fiscal year. The Action Plan for the prior fiscal year shall serve as a guide to Board appointees in the development of their summary of accomplishments;
 - b. The memorandum should establish goals for the upcoming fiscal year based on the Action Plan adopted by the Board prior to the beginning of the current fiscal year;
 - c. Optional: The appointee may also raise compensation issues in this memorandum. Compensation issues may also be verbally raised during the Board-Appointee closed session meetings described in steps 5 and 6 below.
4. The Board shall meet in early June in closed session to hear presentations by the Board appointees regarding their written memoranda. If necessary, the Board can develop follow-up questions that the BAE Chairperson will provide in writing to the appointees within three days.
5. The Board shall hold a follow-up closed session in late June to hear appointees' verbal responses to follow-up questions described in Step 4, and to begin discussion and preparation of appointee evaluations.
6. The BAE Chairperson, with assistance from the other BAE members, shall be responsible for compiling input from each Board member into a written evaluation and confirm that the wording of the written evaluation is consistent with the full Board's input from the follow-up closed session described in Step 5. The BAE Chairperson shall deliver the written evaluations to appointees by early July.
7. The Board shall meet in late July or August in two closed sessions (which could be on the same night) to: (1) review written evaluations with appointees; and (2) provide "financial parameters" to the BAE Chairperson and BAE members to guide compensation negotiations with appointees.

If the BAE had requested from Human Resources a compensation survey be prepared as part of Step 2 above, the survey results shall be made available to the Board at this time.

8. The BAE shall meet with appointees individually in August or September to discuss compensation adjustments, as necessary. Typically, appointees shall receive the Competitive Market Increases provided to other unrepresented employees. The

adjustment is to be implemented at the Board's discretion. If further direction on compensation is needed from the Board, another closed session will be scheduled. If unneeded, the BAE shall instruct the Human Resources Supervisor to prepare Board agenda items on appointee compensation if additional compensation adjustments are to be implemented for individual appointees.

9. Board appointees will also be considered annually for a merit award of up to 5% of base pay. Such merit awards are intended to recognize exceptional performance during any given year and are not considered an increase, but rather a stand-alone award.
10. Within two weeks following the final closed session regarding compensation, the Board appointees will be provided a final copy of their evaluation to sign and file with Human Resources as required by CalPERS. In addition, the Board appointees will be provided a Board approved contract that includes any amendments or updates negotiated earlier in the evaluation process for their signature and filing with the Human Resources Department.

This policy acknowledges that other formal and informal methods of Board-Appointee communications, goal-setting and performance evaluations exist. This policy does not preclude the use of these other methods.



Midpeninsula Regional
Open Space District

BOARD APPOINTEE EVALUATION COMMITTEE

R-13-121
December 17, 2013

AGENDA ITEM 1

AGENDA ITEM

Information on the Board Appointee Evaluation Process

GENERAL MANAGER'S RECOMMENDATION

Review and discuss information regarding various processes available for conducting Board Appointee Performance Evaluations and determine next steps for developing a process for the upcoming evaluation period(s).

SUMMARY

Following completion of evaluations for the District's Board Appointees for FY2012-13 review period, the Board referred to the Board Appointee Evaluation Committee (Committee) a review of the current evaluation process. In preparation for the Committee's review and to inform the Committee's consideration of whether to recommend changes to the process to the full Board, District staff surveyed numerous local agencies and reviewed information submitted by BHI Management Consulting to gather information on various processes for conducting appointee evaluations. This report provides a summary of information gathered from these local agencies and identifies key factors for consideration when developing an evaluation process.

DISCUSSION

The Board's three appointees, the General Manager, the District Controller, and the General Counsel receive an annual performance evaluation and potential compensation adjustment.

The Committee was established to carry out this evaluation process, serve as the District's negotiator, and meet with the Board Appointees to discuss their performance and compensation. This year's evaluation process included several meetings with the appointees, closed sessions with the Board to discuss performance and compensation, and compensation information researched and provided by Human Resources staff. The process began in May, lasted approximately six months, with the final compensation for the Board Appointees approved in a public meeting on October 23, 2013.

Upon completion of the Board Appointees' evaluations, both the Board and the appointees expressed interest in improving and streamlining the District's performance evaluation process. Staff was directed to research and return to the Committee with alternative methods and best practices for potential process improvements.

Survey of Other Agencies' Processes

District staff conducted a survey of seven nearby cities to determine best practices for appointee evaluations. The cities surveyed included Campbell, Los Altos, Menlo Park, Mountain View, Santa Clara, Sunnyvale and Palo Alto. The survey included gathering data by emailing survey questions, conducting interviews with Human Resources staff and Council appointees in the survey agencies, reviewing policies from the survey cities, and information from other HR professionals.

All of the surveyed cities conduct an evaluation process for their appointees and all of the appointees report directly to the City Council. In almost all of the cities the Board Appointee group consists of the City Manager, the City Attorney and the City Clerk. In the case of some of the smaller agencies in which the City Attorney is a contract position or the City Clerk reports to the City Manager, the City Council does not evaluate them.

Key Process Factors for Consideration

The following is a list of key factors staff identified from its research, in addition to factors discussed in a summary report from BHI Consulting (Brent Ives), provided as Attachment 1.

Annual Review: Each agency conducts an annual review of the appointees. Some agencies determine from year to year that the reviews may be more limited in scope, depending upon external factors such as limited budget or time constraints.

Performance Review Policy for Appointees: Only the larger agencies surveyed, such as Mountain View and Sunnyvale, have a formal written policy which details the process for appointee performance review. Sunnyvale is in the process of reevaluating their current processes. The other agencies surveyed rely on past practices to guide the appointee evaluation process instead of a written policy.

Setting an Annual Time frame and Schedule for Evaluation and Review: In the larger agencies, the appointee review process begins by confirming the time frame and key milestones in the process. Mountain View also sets a schedule that identifies when closed sessions and various Council meetings will be devoted to evaluation.

Subcommittees: Several of the agencies utilize a subcommittee which may, for example, consist of the Mayor and Vice Mayor to facilitate the evaluative process, work directly with the appointees, give the evaluation to the appointees and negotiate the compensation. These subcommittees also serve to establish and drive the timeline for the evaluation process.

Appointees prepare a summary report for Council to serve as a tool for evaluation: In almost all cases, the appointees are required to prepare a report to provide details of issues, significant accomplishments and goals for the upcoming performance year. In some agencies the City Manager directs the Executive Team (typically Department Heads) to provide information on their significant accomplishments and upcoming goals and this information is then included in the City Manager's report to Council.

Performance Evaluation Form: The larger agencies use an evaluation form for the appointee to complete for Council review. In the case of one city, the evaluation is given to the appointee, and each Council member also completes an evaluation form on the appointee's performance. Other agencies rely on the appointees' summary report for the evaluation.

Question and Answer Session with the Appointees: In one agency the Council works with their evaluation subcommittee to develop specific questions to ask the appointees after the Council has received the appointees' own report or performance evaluation. In a closed session Q&A with the Council and facilitated by the subcommittee members, each appointee has the opportunity to answer Council members' questions. This Q&A session is factored into the evaluation process timeline and allows for open dialogue with the Council and the appointees in a structured format.

Confidential Evaluation Report: In all cases the Council prepares and presents a confidential report to the appointees. And in all cases, this report is placed in the appointees' confidential file. In some agencies these files are maintained by Council, and no other staff has access to the file. In other agencies the files are maintained by other confidential agency staff.

Consultants: Half of the cities reported using a consultant to facilitate the evaluation process, particularly with a new appointee. Consultants are used in some agencies to implement 360-degree reviews of the appointee (usually the City Manager). Also, consultants are used to assist the appointees and Councils with setting performance goals for the upcoming year. One city has written into their policy that a consultant will be permitted to facilitate the more in-depth performance review process every three years.

Goal Setting Process: Agencies report using a consultant to work with Council in goal setting processes for the agency and thereby determine the performance goals for the appointees as of result of the goal setting process.

Closed Sessions: In all cases, closed sessions were set up with the evaluation subcommittee and/or the full Council and the appointees to discuss their performance.

Salary Surveys: In all agencies the Council is provided with compensation information, which is used after the evaluation to help determine the appropriate compensation adjustment to make for the appointees. Usually Human Resources staff conducts compensation surveys or provides survey data based on agreed upon local comparator agencies.

Public Meetings to approve compensation adjustments: In all cases after the evaluation is complete and the compensation for the appointees is agreed upon, the final approval for compensation is presented in a public Council meeting.

Many of these factors related to appointee evaluation processes are also emphasized in the BHI report provided as Attachment 1. One point emphasized by BHI is the creation of a process guide to clearly articulate the process that will be used year after year and achieve longer-term consistency. Some agencies adopt a formal Council/Board policy to articulate the process.

FISCAL IMPACT

If a Board Appointee Evaluation process is developed that includes utilizing a consultant to assist with developing the process, or actually facilitating the process during appointees' evaluations, there will be a fiscal impact. The cost of consultant expertise in developing the process would depend on the scope of work; staff would need to perform additional research following the

Committee's direction to determine this potential cost. Based on other agencies' experiences, the cost of utilizing a consultant to facilitate evaluations could range from \$15,000 to \$25,000, depending on the scope of the process.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. No additional notice is required.

CEQA COMPLIANCE

Review of this information is not considered a project under the California Environmental Quality Act and no environmental review is required.

NEXT STEPS

Review and discuss the various factors for Board Appointee Performance Evaluation processes and determine next steps toward possible revisions or enhancements to the present Board Appointee Evaluation process.

Attachment

1. BHI Report on the Development of an Appointee Performance Evaluation Process

Prepared by:
Candice Basnight, Human Resources Supervisor

Responsible Department Head:
Kevin Woodhouse, Assistant General Manager

**Report on the Development of a Appointee Performance
Evaluation Process for the Board of Directors of the
Midpeninsula Regional Open Space District
Los Altos, CA
December 6, 2013**

The process of evaluating a general manager or any appointee of a public agency provides opportunities for the assessment of performance, professional growth and appointee conduct, based on clearly outlined position related expectations and goals. It is clearly the role of the elected or appointed Board to perform this process with efficiency and professionalism.

To assure that an evaluation process moves through the right steps, with the right set of people involved, with the right outcomes, the resultant process must be allotted the proper amount of time. Those involved with the administration of the process should budget the time needed. The process can take several weeks from beginning, to the filing of the completed documents. The time needed often has to do with assuring that the whole Board is properly involved and that this confidential process is conducted as such.

Part of any evaluation of an executive level employee is for the expectations and goals to be centered on results and achievements. Thus the evaluation must be integrated with the results and achievements set by the Board of Trustees. Therefore, the Board of Directors must consider critical aspects of performance and success within their District, then send clear messages to the appointee regarding these performance relative to those critical performance aspects. Many of the performance aspects of a general manager are clearly spelled out in a strategic plan with some are commonly expected professional expectations and still others are very specific goals set by the Board. The Board should have a high degree of clarity regarding how this process will be conducted each year.

A number of approaches can emerge in establishing the process. The key factors are listed below.

1. The evaluation year must be established (one year within which the performance will be judged)
2. Creating a set schedule within which the process is administered
3. Developing a process for the creation of a set of clear Board goals, expectations and objectives for each appointee.
4. Selecting an evaluation instrument/form.

*-- BHI Management Consulting --
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5. Ensuring a process for allowing each appointee to provide input on their annual performance
6. Deciding upon who will facilitate the annual process
7. Outlining the Board's role in each step of the process toward forging a collective evaluation of each appointee's performance
8. Developing the process for providing opportunity for each appointee to hear from the Board both verbally and in writing regarding their performance, then providing the opportunity for the appointee to discuss the performance and participate in the development of goals and expectations for the upcoming evaluation year.
9. Clarifying the process for how the final signatures will be gathered, and who and where these personnel confidential documents will be filed, and who has access, when and under what circumstances. These criteria should be memorialized in Board policy.
10. Establishing clarity on how this evaluation process does or does not have direct bearing on the compensation of each appointee. This could potentially vary with the contract of each appointee.

All of these factors should be addressed in the development of a new Appointee evaluation process. At the outcome of this effort, the Board should create a "*Board Process Guide for Performance Evaluation of District Appointees*". It is the process of creating of the guide that forces start-to-finish thought to be allied to the overall evaluation process. This recommendation is a best practice for the District.

Options exist for the Board as they decide on how to deal with each factor above (1-10), how to construct and administer the process in the initial year and how to administer the process each year after the initial year.

Action options regarding the development of a new appointee performance evaluation process are:

1. Commission the development of the guide mentioned above to a committee of the Board to develop the steps, resulting in a guide document - without assistance.
2. Ask same Board committee to work through the process with assistance from appropriate inside confidential employee. This should not be any employee where their performance is determined by one of the appointees, contracted only to the Board. Instead one of the appointees with appropriate knowledge of such systems may be able to assist the

Board committee.

3. Board committee secure outside assistance to develop the process.

The nuances between the contracts with each appointee is also a consideration for the Board as they decide between options. The differences should be factored in where need be to assure that each appointee is properly evaluated. It is recommended that all of the options above include the development of a “*Board Process Guide for Performance Evaluation of District Appointees*”. With this goal in mind, this effort will be a concentrated, “*once and for all*” effort, and outline the proper steps for this and future Boards. It also forces the professional start-to-finish thought necessary for such an important effort.

It is also recommended that the first year evaluation process using the newly developed Board guide above is facilitated by outside help the first year, thereby providing the facilitated example and providing a running start that the Board needs to assure success of the process developed.

I invite your thoughts or questions on this report and am available to the committee as needed.

Sincerely,



Brent H. Ives, Principal
BHI Management Consulting

12/6/13

Date