

# EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



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## Work Session: City Manager Evaluation Follow-Up

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Meeting Date: April 11, 2011  
Department: Central Services-Human Resources  
*www.eugene-or.gov*

Agenda Item Number: B  
Staff Contact: Denise Smith  
Contact Telephone Number: 541-682-5731

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### **ISSUE STATEMENT**

This agenda item is a work session to review the 2011 performance rating system for the City Manager as well as to look at a standard formula for compensation.

### **BACKGROUND**

City Manager Jon Ruiz had his annual performance review on July 26, 2010. At that time the council discussed looking at a new performance rating system as well as a new compensation structure for the City Manager. The council directed staff to draft a compensation proposal which includes a new performance rating system and a connection to annual compensation adjustments. Staff returned to the council with a draft on September 27, 2010.

At that time the council liked the overall proposal but requested staff to:

- Make some language adjustments to the ratings based on the council's review
- Return to the council after the Police Auditor feedback process in the fall and let the council consider potential parallel adjustments to that process.

### **City Manager information:**

Attached are the following documents for council review.

1. Attachment A - outlines the proposed three-tier rating system, and their definitions, to be used in future evaluations of the City Manager. This attachment has been updated and reflects the recommendations from the City Council's review last fall.
2. Attachment B - provides the proposed compensation formula to determine future salary increases for the City Manager based on his performance, while providing a consistent application based on ratings.
3. Attachment C - draft of the language changes for the City Manager's employment contract with the City Council.

### **Police Auditor information:**

The City Police Auditor contract currently specifies a six-step compensation structure, which parallels the compensation structure used by the rest of the City's positions. This structure was established when the Police Auditor's position was originally created by the City Council.

The City Police Auditor evaluation process from 2010 used the same ratings language as the City Manager's process.

Once the council makes decisions about the city manager rating system and compensation formula, the council also may want to consider discussing with the auditor whether either of those decisions should be applied to the auditor.

### **RELATED CITY POLICIES**

The City Council has historically conducted an annual performance review and compensation adjustment for the City Manager. This process is a continuation of the July 2010 process for City Manager Ruiz and the November 2010 process for the Police Auditor.

### **COUNCIL OPTIONS**

#### **City Manager process:**

- Review and adopt the rating system proposed in Attachment A.
- Adopt alternate rating system.
- Review and adopt the compensation structure outlined in Attachment B.
- Adopt alternate compensation structure.

#### **Police Auditor process:**

- Make no changes to the current feedback process.
- Adopt the ratings language proposed for the City Manager for the Police Auditor process.
- Make no changes to the compensation portion of the Police Auditor contract.
- Discuss with the auditor alternate compensation language based on the council's direction.
  
- Other related items the council determines appropriate.

### **CITY MANAGER'S RECOMMENDATION**

The City Manager recommends acceptance of the ratings definitions and compensation formula for his position.

### **SUGGESTED MOTION**

Move to (a) approve the ratings definitions in Attachment A, the compensation amendment to the City Manager's contract in Attachment B, and (b) direct the Council President to sign the amendment to the City Manager's contract attached as Attachment C.

### **ATTACHMENTS**

- A. City Manager Proposed Performance Review Ratings
- B. City Manager Proposed Performance Review Compensation Adjustment
- C. Proposed First Amendment to Employment Contract

### **FOR MORE INFORMATION**

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Staff E-Mail: denise.d.smith@ci.eugene.or.us

## ATTACHMENT A

### City Manager Proposed Performance Review Ratings

#### Successful

value=1

- Performance meets acceptable standards, expectations, and requirements .
- The employee requires an appropriate amount of direction from Council to achieve organizational goals.
- Initiative and outputs are generally adequate, and the employee is capable and knowledgeable in most aspects of his or her work.
- Employee is expected to continue development of new knowledge, skills or abilities.
- The employee meets job performance standards in all or most areas.

#### Good

value=2

- This is the level of good, sound performance. The employee has contributed positively to organizational goals.
- The employee is reliable in attaining expected results, and is timely and efficient.
- Consistently meets standards and expectations, regularly exceeds them, and shows initiative in additional assignments .
- Employee strives to grow professionally through development activities.
- Solid performance that consistently fulfills expectations and at times may exceed expectations.
- The employee has exceeded expectations in critical areas and shows sustained support of organizational goals.

#### Excellent

value=3

- Performance is noticeably superior; outstanding performance is clearly evident.
- Performance shows exceptional initiative to plan and anticipate problems, and employee takes appropriate independent action.
- This is a level of very high-quality performance. The employee has performed so well that organizational goals have been achieved that would not have been otherwise.
- Demonstrates very high level performance in all areas of responsibility.

**City Manager Proposed Performance Review  
Compensation Adjustment**

Pursuant to section 5 of the amended Employment Agreement, the City Manager’s salary shall be adjusted as provided below unless the Council determines that the City’s budget situation is sufficiently ominous that no merit or deferred compensation increase should be made. Any adjustment pursuant to Section 5 and this Exhibit shall be in addition to any cost of living adjustment provided by section 4.2 of the Employment Agreement.

Calculation of value of ratings:

- # of raters X value of each rating category added together = overall value (Values: successful = 1, good = 2 and excellent = 3.)
- Overall value divided by # of participants= Weighted average

Weighted average range	% increase
1-1.5	0%
1.6-2.5	3.5%
2.6-3	5%

Example:

Successful ratings = 3            3 X 1=3  
 Good ratings = 4                4 X 2=8  
 Excellent ratings = 2            2 X 3=6            Total=17 divided by 9 respondents = 1.8

**Compensation increase would be 3.5% based on the table above**

Additionally, the annual deferred compensation would be adjusted as follows, as long as performance has a rated average of 1.6 to 3:

- July 1, 2011 - +\$2,000
- July 1, 2012 - +\$2,000
- July 1, 2013 - +\$3,000
- July 1, 2014 - +\$3,000
- July 1, 2015 - +\$5,000

**First Amendment to  
EMPLOYMENT AGREEMENT**

**BETWEEN:** The City of Eugene (City)

**AND:** Jon R. Ruiz (Ruiz)

**RECITALS:**

**A.** In February of 2008, the City and Ruiz (“the parties”) entered into an Employment Agreement and agreed upon the terms of Ruiz’s employment as City Manager.

**B.** The parties wish to amend the terms of the 2008 Employment Agreement regarding performance evaluations and salary adjustments.

**AGREEMENTS:**

1. The parties agree to amend paragraph 5 of the 2008 Employment Agreement to read as follows:

“5. Performance Evaluations and Salary Adjustments. The City Council intends to review and evaluate Ruiz’s performance and salary annually, generally in April. The City Council may conduct additional reviews of Ruiz’s performance at any other time it deems appropriate. Adjustments to salary (other than COLAs governed by section 4.2) and deferred compensation shall occur as provided in Exhibit I attached to this Amendment.”

2. All other terms and conditions of the 2008 Employment Agreement remain in full force and effect.

**CITY OF EUGENE, OREGON**

By: \_\_\_\_\_  
Betty Taylor  
President of the City Council

\_\_\_\_\_  
Jon R. Ruiz

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit I

### City Manager Performance Review Compensation Adjustment

Pursuant to section 5 of the amended Employment Agreement, the City Manager's salary shall be adjusted as provided below unless the Council determines that the City's budget situation is sufficiently ominous that no merit or deferred compensation increase should be made. Any adjustment pursuant to section 5 and this Exhibit shall be in addition to any cost of living adjustment provided by section 4.2 of the Employment Agreement.

Calculation of value of ratings:

- # of raters X value of each rating category added together = overall value (Values: fair = 1, good = 2 and excellent = 3.)
- Overall value divided by # of participants= Weighted average

Weighted average range	% increase
1-1.5	0%
1.6-2.5	3.5%
2.6-3	5%

Additionally, the annual deferred compensation would be adjusted as follows, as long as performance has a rated average of 1.6 to 3:

- July 1, 2011 - +\$2,000
- July 1, 2012 - +\$2,000
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