



## **City of Philomath**

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**Mission:** To promote ethical and responsive municipal government which provides its citizenry with high quality municipal services in an efficient and cost effective manner.

# **FINANCE/ADMINISTRATION COMMITTEE**

**City Hall**

**980 Applegate St., Philomath, OR**

## **A G E N D A**

**February 28, 2020**

**3:30 PM**

**1. ROLL CALL**

**2. APPROVAL OF MINUTES**

2.1 Minutes of February 4, 2020

**3. NEW BUSINESS**

3.1 General Fund Fee Review

3.2 Transient Lodging Tax discussion: Council Objective 2.3.4

3.3 City Manager's evaluation format and process discussion

**4. ADJOURNMENT**

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**CITY OF PHILOMATH**  
**Finance/Administration Committee**  
**February 4, 2020**

Chair David Low called the meeting to order at 4:03 p.m. in the City Hall Council Chambers, 980 Applegate Street, Philomath, Oregon.

**ROLL CALL:**

City Councilors Matt Lehman, Chas Jones and David Low.  
Staff: City Manager Chris Workman, Finance Director Joan Swanson, Public Works Director Kevin Fear, and City Recorder Ruth Post.  
Guest: Melissa Murphy, Business Oregon.

**MINUTES:**

Councilor Jones moved, Councilor Low second, to approve the minutes of August 27, 2019 as presented. APPROVED 3-0 (Yes: Jones, Low and Lehman; No: None).

**NEW BUSINESS:**

**3.1 Election of Chair**

**MOTION:** Councilor Jones moved, Councilor Lehman second, to re-appoint David Low as Chair. APPROVED 3-0 (Yes: Jones, Low and Lehman; No: None).

**3.2 Water Treatment Plant Project financing**

Mr. Workman provided an overview of the one-stop process to bring all of the governmental lending options to the table on a large municipal project like this. He explained that the City held that meeting about a year ago. There has been some change in the financing since then and the project numbers have also changed. Ms. Murphy was invited to attend the Committee's meeting to provide answers to questions about the financing process.

There was discussion about the city of Jefferson's new water treatment plant. Ms. Murphy described some of the local municipal projects Business Oregon has worked with recently. She explained that some funding options are only available if there is a compliance issue or if the census demographics support better rates. She noted that proactive projects like Philomath's don't always get the best deal. There was further discussion about the funding options available.

Ms. Murphy explained the project summary has been updated based on the \$16 million project cost estimated in December 2019 and nothing has changed since then in terms of the financing. The Business Oregon loan package has a current interest rate of 2.15%. There was discussion about the rate lock-in process and timing.

There was discussion about the formula used to derive the interest rate. Ms. Murphy explained these are revolving Safe Drinking Water federal funds that are disseminated through the a Oregon Health Authority. There was discussion about whether the amount of the City's loan would require funding through a bond bank. She noted the immediate \$100,000 grant to the project, resulting in a total financing estimate of \$14.1 million.

There was discussion about the timing of construction and the actual funding of the loan. Ms. Murphy described the steps through the loan process and the timing of availability of funds. She described project reporting requirements. Because the loan is coming from federal dollars, we must use American-made steel and prevailing wages. She added that we could receive additional grant money to pay for the specialized oversight the federal funds require.

1  
2 There was discussion about submitting the application in Summer 2020 with funds being  
3 awarded by Fall 2020. Ms. Swanson confirmed that timeline would meet the City's plans for the  
4 project.

5  
6 There was discussion about the payment schedule. Ms. Murphy confirmed there is no accrual of  
7 interest until funds actually begin being dispersed and it only accrues on funds as they are  
8 drawn.

9  
10 There was more discussion about the City Council involvement.

11  
12 There was discussion about utility rates being sufficient to make the annual debt service  
13 payments. Ms. Swanson confirmed that rates are being incrementally adjusted to meet that  
14 requirement.

15  
16 Mr. Workman questioned if the 2020 Census came back with a revised median household  
17 income (MHI) that is lower than the Oregon MHI, would there be an opportunity to review for  
18 additional funding options. Ms. Murphy confirmed if the City MHI changed, that discussion would  
19 be held. There was further discussion about the ramifications and possibilities of revised census  
20 data.

21  
22 Ms. Swanson reviewed the options available for the City to finance the project, including using  
23 the Business Oregon option and the City itself selling different forms of municipal bonds. She  
24 noted that the Business Oregon option allows a 30-year repayment schedule, while most bond  
25 options would be limited to 20 years and higher debt service payments. She described  
26 additional expenses involved in bond sales.

27  
28 There was additional discussion about the funding package that the City of Jefferson received,  
29 including rates based on disadvantaged per capita income. She stated the Philomath project  
30 would not go to a bond bank because they are EPA funds. She added that the rate would be  
31 locked in at application; but if it goes down, adjustments would be made.

32  
33 *(Public Works Director Kevin Fear left at 4:40 p.m.)*

34  
35 **MOTION:** Councilor Lehman moved, Councilor Jones second, to move forward with the  
36 financing package through Business Oregon. Motion APPROVED 3-0 (Yes: Jones, Lehman and  
37 Low; No: None).

38  
39 **3.3 Transient Lodging Tax (TLT) discussion -- Council Objective 2.3.4**

40 Mr. Workman explained that the City has never had a TLT with only The Galaxy Motel in town;  
41 but with a new RV park coming in, circumstances have changed. He explained that the City of  
42 Corvallis collects the current TLT for Benton County and we would need to ask them to collect  
43 funds on behalf of Philomath. He distributed the LOC Guide to TLT's and reviewed the  
44 statewide regulations related to TLT's.

45  
46 Mr. Workman described the efforts made in Corvallis to get Airbnbs, cabins and other small  
47 rental operations to comply with their TLT. There was discussion about how many of these  
48 types of entities are in Philomath. Mr. Workman explained that the City ordinance would require  
49 registration of those units. He reviewed the LOC guidelines that cover how funds can be used,  
50 emphasizing tourism efforts that draw people in.

1 Mr. Workman explained that the City sets the rate, and they vary between cities. He stated the  
2 City Planner found that they range between 4-6%. He added that these are taxes that are  
3 charged to visitors from outside the area. He noted that the customer has to pay more to stay  
4 there but the argument can be made that the funds go back into tourism amenities.  
5

6 Councilor Jones asked if long-term stays are charged a TLT. Chris explained that statute allows  
7 only collecting TLT on the first 30-day stay. He estimated that somewhere in the \$30,000 to  
8 \$40,000 per year could be gained and would be able to benefit local events and efforts. He  
9 explained that the current County TLT does provide the City with \$5,000 per year to be used  
10 towards local tourism and that the majority of the \$600,000 Benton County TLT is directed to the  
11 County Fairgrounds.  
12

13 There was discussion about next steps, including reviewing sample ordinances, polling similar-  
14 sized communities for their rates, and bringing it to the Council. There was discussion about  
15 expectations to pay a TLT when staying at hotels does not typically deter visitors.  
16

17 Mr. Workman stated he would have staff perform more research and bring it back to the  
18 Committee. Councilor Lehman stated it would be helpful to know if Benton County would  
19 change their current \$5,000 allocation to the City if the City has its own TLT.  
20

### 21 **3.4 City Manager's evaluation format and process discussion**

22 Mr. Workman distributed an ICMA Manager Evaluation handbook. He suggested a formal  
23 review of the three positions specifically employed at the Council's discretion: City Manager,  
24 City Attorney and Municipal Court Judge. He stated he did not anticipate any issues in  
25 evaluating the other two positions.  
26

27 There was discussion about options to review formats and timing of evaluations. Mr. Workman  
28 suggested an easier format such as fillable PDF or on-line. There was discussion about the  
29 format and the consolidation of repetitive questions.  
30

31 There was further discussion on the history of evaluating the City Attorney and Judge. Councilor  
32 Jones advocated for getting feedback from some members of staff, in more of a 360 format.  
33 Councilor Lehman suggested doing that but not on an every year basis. Mr. Workman  
34 emphasized that whatever the tool being used is, it should create enhanced communication  
35 between the parties.  
36

37 Councilor Lehman questioned how citizen feedback impacts evaluations. There was discussion  
38 about how citizens provide feedback. Mr. Workman emphasized that the Council is the City  
39 Manager's boss. Councilor Jones felt there were plenty of opportunities for Councilors to  
40 communicate the public feedback they receive in the current evaluation format. Councilor Low  
41 stated that public interactions such as coffee with a Councilor give opportunities for that  
42 feedback to be submitted.  
43

44 Councilor Lehman questioned if there are tools on the website for the public to use in providing  
45 feedback. Ms. Post explained there is a City Council email group that allows citizens to provide  
46 information to the Council all at one time.  
47

48 Mr. Workman suggested the Committee review the information in the ICMA Handbook and  
49 come back at the next meeting. Councilor Jones described his recent experience in developing  
50 a similar evaluation. He requested sample evaluations to review.  
51

1 There was further discussion about evaluation of the Judge and the City Attorney. Ms. Swanson  
2 encouraged Councilors to attend court proceedings to observe Judge Blake's communication  
3 style and processes first-hand.  
4

5 Councilor Jones suggested modification of some of the existing questions. There was  
6 discussion about timing for doing the evaluations. Mr. Workman stated he would email the  
7 current format out to the Committee.  
8

9 **3.5 Setting next meeting**

10 Ms. Swanson requested the Committee set a date for the next meeting to review the General  
11 Fund Fee. A meeting was tentatively set for 3:30 p.m. on February 28, 2020. Ms. Swanson  
12 stated the City Manager's evaluation process would be added to that agenda.  
13

14 Ms. Swanson explained that the calendar for the Budget Committee is being finalized.  
15

16 Meeting adjourned at 5:30 p.m.  
17

18 Meeting recorded by Ruth Post, MMC, City Recorder

DRAFT



**PHILOMATH FINANCE DEPT.**  
980 APPLGATE ST / PO BOX 400 PHILOMATH, OR  
(541) 929-3001

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**MEMORANDUM**

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**DATE:** February 24, 2020  
**TO:** Finance/Administration Committee  
**FROM:** Joan Swanson  
**RE:** General Fund Fee

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The General Fund fee was established in 2017 for three basic reasons:

1. Property tax revenue was not enough to cover operating expenses.
2. We had stopped putting money aside for capital purchases/improvements to our municipal buildings such as the Library, City Hall and Police buildings.
3. The ending General Fund balance was so low that we did not have enough cash to cover expenses going into the following year.

Since that time, we have seen some recovery in the form of building and population growth. Since 2007 the population has grown by 250 people. This does not sound like a lot, but it has translated into additional revenue.

- Property taxes were up 6.36% this fiscal year.
- State shared revenues are based on population. The increased population has brought in additional liquor, cigarette, marijuana and state shared revenue.
- Additional growth increases franchise revenue.
- Building permit revenue has grown from \$114,400 in fiscal year 2016-17, to our current budget estimate of \$380,000.

Looking forward to next fiscal year, the additional growth will help with our revenue but we also need to address the other two issues.

- The Public Works Committee has approved the proposed Capital Improvement Plan which calls for the General Fund to set aside \$171,000 in the Land, Building & Equipment Fund.
- Three years ago we estimated that we would need approximately \$600,000 in General Fund ending balance. This current fiscal year we spent \$578,000 from July 1<sup>st</sup> through October 31<sup>st</sup>. This is close to our original target of \$600,000, but will not be enough in future years.

In summary, the General Fund fee has been a tremendous help to get us through a difficult time and get us back on track. We are close to our goal, but just not there. The original plan was to phase out the General Fund fee within 5 years. This will be our fourth year. Staff believes that we can cut the current fee from \$10 per month to \$5 per month for fy 2020-21 and still remain on track. Currently the General Fund fee is bringing in about \$266,000 per year. Cutting the rate from \$10 to \$5 would reduce next years' revenue to approximately \$133,000. We will review the fee again next year and hopefully be even closer to financial stability in the General Fund.

**Suggested Motion:** I move the Finance and Administration Committee approve renewal of a \$5 per month General Fund Fee and recommend the City Council approve the fee for fiscal year 2020-21.



## Philomath Finance/Admin Committee Agenda Item Summary

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### **Title/Topic: Transient Lodging Tax Information**

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Meeting Date: February 28, 2020  
Issue Lead: Unassigned  
Staff: City Manager Chris Workman

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#### ISSUE STATEMENT

Shall the Finance Committee recommend pursuing a transient lodging tax?

#### BACKGROUND

The City Manager brought this issue to the forefront following approval of the Lepman development which includes 175 RV spaces and the implementation of a TLT by Benton County.

Using conservative estimates, staff has put together the following information about what other cities collect and what expected revenues the City could realize. The City Attorney has additional information about collection and auditing aspects of a TLT.

#### COMMITTEE OPTIONS

1. Direct Staff to continue preparations and recommendations for a TLT
2. Direct Staff to table the issue of a TLT at this time

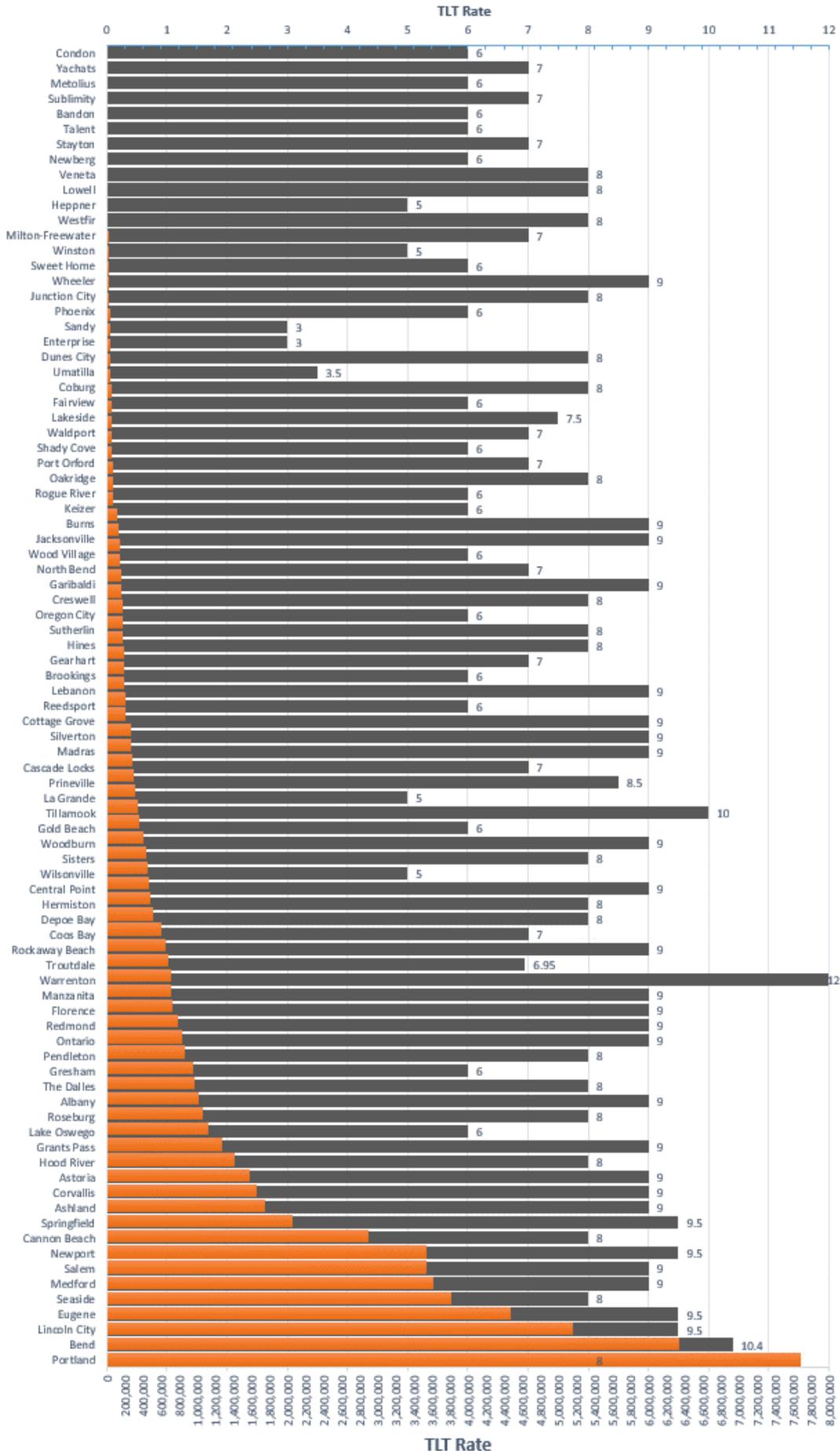
#### RECOMMENDED MOTION

N/A

#### ATTACHMENTS

- A. *Chart of other city TLT rates and revenues (2018)*
- B. *Tables of calculations of anticipated revenues*

### Attachment A. Transient Lodging Tax Rates and Revenue Collected 2018



## Attachment B. Anticipated TLT Revenues for Philomath

Assumptions						
Total # of RV Spaces	175					
Long term spaces	70%					
Short term spaces	30%					
175 RV spaces renting for	\$40	to	\$50	per night		
Occupancy rate of long term stays	60%					
Occupancy rate of short term stays	40%					
The average long term stay will be one year and pay TLT for the first 30 days.						
Anticipated TLT Collected at Various Rates						
	5%	6%	7%	8%	9%	10%
lower range	\$19,612.00	\$23,534.40	\$27,456.80	\$31,379.20	\$35,301.60	\$39,224.00
higher range	\$24,515.00	\$29,418.00	\$34,321.00	\$39,224.00	\$44,127.00	\$49,030.00

Assumptions						
Total # of RV Spaces	175					
Long term spaces	70%					
Short term spaces	30%					
175 RV spaces renting for	\$40	to	\$60	per night		
Occupancy rate of long term stays	80%					
Occupancy rate of short term stays	60%					
The average long term stay will be one year and pay TLT for the first 30 days.						
Anticipated TLT Collected at Various Rates						
	5%	6%	7%	8%	9%	10%
lower range	\$28,680.00	\$34,416.00	\$40,152.00	\$45,888.00	\$51,624.00	\$57,360.00
higher range	\$43,020.00	\$51,624.00	\$60,228.00	\$68,832.00	\$77,436.00	\$86,040.00

Assumptions						
Total # of RV Spaces	175					
Long term spaces	70%					
Short term spaces	30%					
175 RV spaces renting for	\$40	to	\$60	per night		
Occupancy rate of long term stays	100%					
Occupancy rate of short term stays	80%					
The average long term stay will be one year and pay TLT for the first 30 days.						
Anticipated TLT Collected at Various Rates						
	5%	6%	7%	8%	9%	10%
lower range	\$37,748.00	\$45,297.60	\$52,847.20	\$60,396.80	\$67,946.40	\$75,496.00
higher range	\$56,622.00	\$67,946.40	\$79,270.80	\$90,595.20	\$101,919.60	\$113,244.00



# Are You Still Doing City Manager Performance Evaluations?

## And What to Do Instead

*By Scott Lazenby, Ph.D., Adjunct Associate Professor, Portland State University*

**K**en Miller, author of *Extreme Government Makeover*, says to audiences he speaks to: “Raise your hand if you are the person you are today because of your annual performance review.” Most of the time, there are no hands raised. But in one session, a woman did raise her hand. Surprised, he asked her, “You really are the person you are today because of your annual performance evaluation?” She said, “Yes. Of course, I’m cynical and jaded.”

In his book, Miller makes the point that annual performance reviews do far more harm than good, and if you do nothing else, simply quit doing them.

Ken Miller isn’t alone in this opinion. Samuel Culbert has a PhD in clinical psychology and is a professor at UCLA’s Anderson School of Management. In his *Wall Street Journal* article titled “Get Rid of the Performance Review,” Culbert outlines the damage caused by the traditional annual performance review.

In his book by the same name, the first line states, “It’s time to finally put the performance review out of its misery,” and he spends the next 150 pages in a thoughtful argument backing up his assertion. He drives home the point that if the intent is to improve the performance of the individual and the organization, the annual review process in fact does the exact opposite.

Other management scholars and writers have come to the same conclusion. Tom Coens and Mary Jenkins, a labor attorney and personnel professional, wrote a book titled, “Abolishing Performance Appraisals.” Many companies are following their advice, either intentionally or through benign neglect.

Both sets of experts suggest positive alternatives to the annual review, and I’ll return to that in a moment. But first let’s step back and talk about why performance reviews seem to find their way into many city manager employment agreements.

### The Role of the City Council

The city council’s role is to set the overall policy direction for the city. But the council is also ultimately accountable to the voters for the effective operation of the city organization. In turn, the council hires a city manager to handle the day-to-day running of the city, and it is entirely appropriate for the council to hold her or him accountable for the performance of the organization. The first tenet of the ICMA Code of Ethics states, “Be dedicated to the concepts of effective and democratic local government by responsible elected officials and believe that professional general management is essential to the achievement of this objective.”

But what exactly does a council do to ensure that the city is running well?

First, the council decides who to hire as city manager. This is probably the most important step in the whole process. Continual self-improvement is important and something to strive for. But in reality, a person's ability to manage and lead is basically set on the day they are hired, and it's unreasonable to expect much change there. The skills, abilities and personality of the city manager will always be pretty much what they are when you hire them.

Second, the council does have control over when it's time for the city manager to leave the organization. It's not a decision to be taken lightly, and councils need to face the fact that city managers are just human beings, with strength and weaknesses, so switching out city managers means trading one set of weaknesses for another. But as a profession, we do acknowledge that we serve at the will of the council.

This kind of irreconcilable difference is relatively rare. The default decision should be the same one a city manager has with their department heads, who are also at-will employees: the assumption is that it's a long term relationship, and we'll work together to keep it a healthy one. There is absolutely no need to revisit the issue on an annual basis. It doesn't make sense to treat the CEO as a temporary employee.

### The Motivational Power of Council Goals

So how do you take a positive approach, and act as a city council to ensure the city manager's performance meets your expectations? Let's stipulate that the annual performance review isn't the way to do it. What do you do instead?

Samuel Culbert advocates what he calls a "performance preview." It's designed for a one-to-one conversation between an employee and supervisor, but the key elements apply just as well to a larger dialog between the members of the city council and the city manager and staff.

First, the discussion is forward looking, not backward looking. What are actions we will take going forward? What can we do in the future, not what have we done in the past.

Second, it's a two-way dialog, not a top down power play. The question is not only what can the city manager and staff do in the future to make the city operate more effectively, but also what can the city council do to improve the effectiveness of the organization?

**“Simply giving [a city manager] goals that are achievable but stretch the organization is the single most effective thing a city council can do to maximize the performance of their manager and staff.”**

And this dialog has two components. The first focuses on specific actionable goals for the coming year. They should be grounded first in the council's overall vision for the community, such as "Help build a thriving downtown," or "Take care of our infrastructure." But to be useful in a performance management context, the focus should be on the tactical steps for moving toward these higher goals. Things like, "Create a downtown urban renewal district by September," or "Refer a park bond measure to the voters in November."

You may be thinking, "Wait—this is what we do already in our annual council retreat. There must be more to it than this."

My answer is, "no, there isn't." Because here's a secret I learned in 40 years of working with a lot of other city managers: all of us—well, at least most of us—are very powerfully motivated to please the city councils we work for, and to lead our staff in accomplishing the goals that are set before us. Some of us don't like to be told how to achieve the goals, and good governing boards focus on the ends rather than the means. But simply giving us goals that are achievable but stretch the organization is the *single most effective thing* a city council can do to maximize the performance of their manager and staff.

We're not alone in this. Daniel Pink, in his book *Drive*, summarizes decades of research on human motivation. He identifies the three most powerful motivators for all people: autonomy, mastery and purpose. As a city council, you can push every one of these buttons by saying, "Our common vision is to make our community a better place (purpose), and we can do this if you can help us achieve these goals (mastery), and we leave it up to you and your staff on how to get there (autonomy)."

In my experience, city councils can be pretty good at this. People often run for a city council position to make a difference in the community, and to get things done. It does involve some give and take to reach a consensus when there are competing goals, but it's much more fun to talk about concrete goals than to have endless conversations about nice but operationally useless generalities like transparency, sustainability and equity.

So bottom line, unless the city manager is a total screw-up, the city council can simply skip the performance review, and instead focus on setting clear, achievable and meaningful goals for the city manager and staff.

*(continued on page 28)*

**Critical Conversations**

Samuel Culbert’s “performance preview” does have a second component. This one is hard enough to implement in a one-to-one relationship between a supervisor and employee, and even more difficult in the context of the many-to-one relationship between the council and manager.

In a nutshell, it focuses on practical things that both parties can do to make the council-staff team work better. Would the council like more reporting on projects or programs? Or is the council getting buried in details? For its part, is the council providing clear direction, and deciding on key policy issues rather than ignoring them? Is the council focusing on the policy and staying out of administration?

This is the most difficult part of the conversation, because it requires the council to not only come to a consensus on what it wants (not always easy), but then to also articulate this consensus as clearly and unambiguously as possible. The book, *Crucial Conversations*, can help here, because as humans, we all tend to be pretty bad at this kind of conversation. Generalities

**“For the past six decades, researches have demonstrated over and over that pay is not a motivator.”**

like, “The city manager needs to be more assertive,” or “The council needs to be more transparent,” are useless and a waste of time. It’s better to focus on specific actions to be taken. As an example, during my time with the city of Lake Oswego we experimented with a different method of notifying the council when staff members are contacted by the press.

This conversation can occur whenever and as often as needed, and treated as simply a fairly routine aspect of communicating and working together. Things should not be allowed to fester until some arbitrary calendar date rolls around. Here, Patrick Lencioni’s work on effective teams can be useful, and in rare cases, a facilitator trained in these concepts (building an environment of trust that leads to a healthy discussion of conflicting ideas) can help.

But returning to the issue of performance, I believe focusing on goals produces much greater results than a discussion on teambuilding, and I see no problem in skipping it altogether if there isn’t a pressing need for it.

# Mobilizing your community



Connected communities are strong communities. By advancing our technologies and services, we’re helping to create the opportunities that make Oregon a better place to live and work.

When everything works together, your community moves forward.

MOBILIZING  
YOUR  
WORLD™



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## The Compensation Question

This article would end here, except for one problem. I know that at least one reader might be thinking, “If we don’t do an annual performance review, what do we base the city manager’s compensation on?” I’ll address that here, but it disturbs me that this far into the 21st century we even need to have this conversation.

For the past *six decades*, researches have demonstrated over and over that pay is not a motivator. Let me repeat that. Pay is not a motivator. Let’s be more specific. There is no relationship between pay and performance. It’s on the bottom of Maslow’s triangle, and you won’t get staff to come to work for you, or stay with the organization, if compensation is significantly below the market. But once that basic need is met, it just isn’t a motivator.

Daniel Pink, in the Ted Talk that is listed in the references below, notes that since this seems counter-intuitive to many people, it is the most researched area in all of management theory. Back in 1968, Frederick Herzberg published an article titled, “One More Time: How Do You Motivate Employees?” and it remains to this day the most reprinted article from the *Harvard Business Review*. (The magazine published the article again recently, and the editor wryly noted, “Herzberg’s conclusions don’t seem to have fully penetrated the American workplace, if the extraordinary attention still paid to compensation and incentive packages is any indication.”) By the way, the answer to Herzberg’s question is the same intrinsic motivators that Daniel Pink identifies. Doing a good job is rewarding in and of itself.

So here’s how a city council should handle the compensation for the city manager. Do it exactly the same way you do for all your staff: establish a pay range and steps based on where you want your city to be in the larger market. Adjust the range from time to time for changes in the cost of living, like you do for other staff. Occasionally survey the market to make sure you’re still in the range you want to be. That’s it. There may be some other details in a compensation package, like covering some of the cost of using a private cell phone and car for city business, or matching contributions to a deferred comp account. But these too should be based on the market, and not some kind of performance incentive, like dangling cheese in front of a rat.

Remember, doing a good job and achieving objectives is a very powerful motivator in and of itself. In other research cited below, interfering with this motivator by tying a pay bonus to performance was found to *actually decrease performance*.

## Conclusion

First, *stop going through the motions of an annual city manager performance evaluation*. I suspect that many city councils may not be doing them anyway out of benign neglect. If that’s the case, they should congratulate themselves for being a well-managed city. A consequence of not doing annual reviews is that the city manager’s compensation would, and should, be based on market factors and the requirements of the job.

Second, do establish clear, achievable but stretching goals for the city manager and staff. Will all the goals be met? Of course not: as John Lennon said, “Life is what happens while we’re making other plans.” But this is the single most important thing a city council can do to make the organization as effective as it can be.

Third, when necessary, have an open two-way discussion on how the city council and staff can improve the team’s effectiveness. This conversation should be forward-looking. And it should be a public discussion, since there will be no criticism if it instead focuses on positive steps people can take to work more effectively.

## References:

### Performance Reviews

*Get Rid of the Performance Review! How Companies Can Stop Intimidating, Start Managing—and Focus on What Really Matters*. Samuel Culbert, Hachette Book Group 2000.

“Get Rid of the Performance Review! It destroys morale, kills teamwork and hurts the bottom line; And that’s just for starters.” Samuel Culbert, *Wall Street Journal* Oct. 20, 2008.

*Abolishing Performance Appraisals: Why They Backfire and What to do Instead*. Tom Coens and Mary Jenkins, Berrett-Koehler Publishers, 2000.

### The Importance of Intrinsic vs. Extrinsic Motivation

*Drive: The Surprising Truth about What Motivates Us*. Daniel Pink, Penguin Books, 2009.

“The Problem of Pay” in *12: The Elements of Great Managing*, Rodd Wagner and James Harter, Gallup Press, 2006.

Ted Talk: *The Puzzle of Motivation*. Daniel Pink.  
[www.ted.com/talks/dan\\_pink\\_on\\_motivation](http://www.ted.com/talks/dan_pink_on_motivation) ■



*Dr. Lazenby is the former city manager of Lake Oswego and Sandy. He has a PhD in public administration and policy from Portland State University (PSU) and is currently an adjunct associate professor in PSU’s public administration program.*