



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Aram Kouyoumdjian

SUBJECT: See Below

DATE: March 4, 2025

Approved

Date

3/13/2025

COUNCIL DISTRICT: Citywide

SUBJECT: Conduct a Public Hearing on the Status of the City's Vacancies, Recruitment and Retention Efforts, and Obstacles in the Hiring Process Pursuant to Assembly Bill 2561 (California Government Code §3502.3)

RECOMMENDATION

- (a) Conduct a public hearing on the status of the City's vacancies, recruitment and retention efforts, and obstacles in the hiring process:
 - (1) Human Resources Department presentation.
 - (2) Recognized employee organization presentations.
- (b) Accept the staff report on workforce vacancy rates, recruitment and retention efforts, and obstacles in the hiring process as required by Assembly Bill 2561.

SUMMARY AND OUTCOME

Pursuant to Assembly Bill 2561 (AB 2561), which took effect on January 1, 2025, the City of San José conducted a comprehensive review of its workforce vacancy rates, recruitment and retention efforts, and hiring challenges. The City's overall vacancy rate as of December 31, 2024, was 9.95%, marking a significant reduction compared to prior years and positioning San José favorably among Bay Area municipalities. The City's proactive recruitment efforts—including digital outreach, advertising, partnerships, and process improvements—contributed to this achievement. Only two bargaining units, the International Brotherhood of Electrical Workers (IBEW) and the Peace Officer Park Ranger Association (POPRA), exceeded the 20% vacancy threshold, requiring additional reporting and targeted recruitment strategies.

The City remains committed to further reducing vacancy rates, as appropriate and based on the City's budget situation, enhancing workforce pipeline initiatives, and ensuring competitive hiring practices. Annual updates will be presented to the City Council in compliance with AB 2561, with additional reporting as necessary for bargaining units exceeding the 20% vacancy threshold.

BACKGROUND

This memorandum is in response to AB 2561 (Attachment), a new law that took effect on January 1, 2025, requiring public agencies to report on workforce vacancy rates, recruitment and retention efforts, and obstacles in the hiring process at a public hearing before the public agency's governing body at least once per fiscal year, prior to the adoption of the final budget. The new law specifies additional reporting criteria whenever the vacancy rate for a particular bargaining unit exceeds 20%.

AB 2561

Effective January 1, 2025, AB 2561 added Government Code section 3502.3 to the Meyers-Milias-Brown Act – the body of law that governs collective bargaining and labor relations at the local government level – in response to a trio of findings listed below.

- (1) Job vacancies in local government are a widespread and significant problem for the public sector affecting occupations across wage levels and educational requirements;
- (2) High job vacancies impact public service delivery and the workers who are forced to handle heavier workloads, while understaffing leads to burnout and increased turnover that further exacerbate staffing challenges; and
- (3) There is a statewide interest in ensuring that public agency operations are appropriately staffed and that high vacancy rates do not undermine public employee labor relations.

In response, the new law requires local government agencies to comply with the following:

- (1) Hold a public hearing before the governing body at least once per fiscal year and present the status of vacancies, recruitment and retention efforts, and identify any necessary changes to policies, procedures, and recruitment activities that may lead to obstacles in the hiring process; if the governing body will be adopting an annual budget during the fiscal year, the presentation shall be made prior to the adoption of the final budget;

- (2) Hold a public hearing and present additional information regarding vacancies, if the vacancy rate in a bargaining unit is at least 20%; and
- (3) Allow recognized employee organizations for bargaining units to make presentations at the hearing.

Whenever the vacancy rate reaches or exceeds 20% of the total number of authorized full-time positions within a single bargaining group, the new law requires local government agencies to provide additional information upon request of the recognized employee organization, including the total number of job vacancies within the bargaining unit; the total number of applicants for the vacant positions within the bargaining unit; the average number of days to complete the hiring process from when a position is posted; and opportunities to improve compensation and other working conditions.

ANALYSIS

Status of the City's Vacancies

As of December 31, 2024, the vacancy rate for the City of San José was 9.95% – a remarkably low rate among Bay Area cities. Ten of the City's 12 bargaining units had vacancy rates of less than 20%. The only exceptions were IBEW and POPRA, which will be further discussed below.

Reductions in the vacancy rate resulted from a concerted and comprehensive hiring campaign that was directed by the City Manager and coordinated by the Human Resources Department with the City Manager's Office of Communications and various stakeholder departments. Outreach efforts included both digital and social media (e.g., Facebook, Instagram, and LinkedIn); terrestrial advertising (radio stations, billboards, bus, and mall ads); partnerships with professional groups, educational institutions, and trade associations; and in-person recruitment at career fairs.

By way of context, the City's vacancy rate during the previous five years mostly oscillated between 11% and 13%. In comparison, cities in the Bay Area reported far higher rates; for instance, San Francisco was at 13.7% in 2023; Oakland was at 16% in 2022; the County of Santa Clara was over 16% in 2023 while the City of Santa Clara was nearly 17% that same year; Richmond was at 18% in 2024; and Vallejo was the outlier in 2022 at 28%.

San José's hiring and retention achievements are all the more remarkable, given that the City added 744 budgeted (benefited) full-time-equivalent positions between Fiscal Year (FY) 2017-2018 and FY 2023-2024. This means that to lower the vacancy rate, hiring not only had to outpace attrition (separations due to resignations, terminations, or retirements), but had to keep up with the expansion of the workforce as well. Not only

did the Human Resources Department – in collaboration with all departments/offices – manage to reduce the vacancy rate while absorbing newly-added positions citywide, it did so while continually hiring hundreds of other types of hires per year, such as temporary, part-time, and seasonal employees – all requiring significant time and resources for processing.

Table 1 below provides a historical look at the City's vacancy rate since FY 2017-2018, measured as of June 30 for each year unless otherwise noted.

Table 1. City's Vacancy Rates by Fiscal Year

Vacancy Rate		
Fiscal Year	Benefited Budgeted Full Time Equivalents (FTEs¹)	Vacancy Rate
FY 2017-2018	5,868	12.0%
FY 2018-2019	6,034	12.3%
FY 2019-2020	6,229	11.4%
FY 2020-2021	6,178	13.0%
FY 2021-2022	6,255	11.7%
FY 2022-2023	6,468	12.4%
FY 2023-2024	6,616.16	10.5%
FY 2024-2025*	6,556.06	9.95%

**Data as of December 2024*

Bargaining Units with Vacancy Rates of at Least 20%

Only two bargaining units – IBEW and POPRA – have vacancy rates of 20% or more, but with the exception of a single classification, they involve very few actual vacancies. The rates are disproportionately high due to the small number of FTEs in a classification or even a bargaining unit, meaning that even a single vacancy can have outsized effect on the vacancy rate. For instance, just one Senior Park Ranger position is vacant, but there are only three such positions in the City, which accounts for the vacancy rate of 33%.

IBEW has 79 benefited budgeted positions – out of a Citywide total of 6,584 – and a vacancy rate of 21.52%, which translates into 17 actual vacant positions. POPRA has 16.25 benefited budgeted positions and a 29.23% vacancy rate, which equates to only 4.7 actual vacant positions. Table 2 below details the specific classifications within these bargaining units with vacancy rates exceeding 20%.

¹ Full Time Equivalents (FTEs) are the combined total number of budgeted full-time positions. For example, one full-time position equals one FTE. Similarly, two half-time positions equal one FTE.

Table 2. Bargaining Units with Vacancy Rates of at Least 20%

Classification Title	Bargaining Unit	Vacant FTEs	Benefitted Budgeted FTEs	Vacancy Rate
Electrician	IBEW	12	23	52%
Industrial Electrician	IBEW	4	11	36%
Senior Park Ranger	POPRA	1	3	33%
Park Ranger Assistant	POPRA	0.75	2.29	33%
Park Ranger	POPRA	3	11	27%

The City continues to actively recruit Electricians, with two candidates currently in the reference check phase for positions with the Department of Transportation, while the Department of Public Works is conducting second-round interviews for its own cohort of candidates. These efforts stem from a recruitment that was open for six months, attracting 298 applications. In the meantime, both departments are managing vacancies through overtime, temporary employees from the IBEW Union Hall, and rehired retirees to keep operations running smoothly. The Airport successfully filled its electrician vacancies in 58 business days by leveraging a pool of previous applicants.

The search for Industrial Electricians has been more challenging. Two recruitment cycles brought in 116 applications; the first yielded no selections, but the second is still in the application screening phase.

Recognizing the need for a more sustainable workforce pipeline, the City is taking proactive steps to build a pathway into Electrician jobs. The City has already effectuated a Side Letter with IBEW to establish an Apprenticeship Program through the Electrical Training Alliance of Silicon Valley. This structured training program is expected to create a clear route to City employment for future Electricians.

Several recruitments for classifications in the Park Ranger series have been completed over the past two fiscal years. A recruitment for Senior Park Ranger drew 67 applicants, took 101 business days to complete, and resulted in two hires. The Park Ranger Assistant recruitment moved faster, with 196 applications and a 59-business-day timeline, leading to three hires (earlier this calendar year). Four separate Park Ranger recruitments together received a total of 617 applications, had an average completion time of 120 days, and yielded four hires. Moreover, a slew of new recruitments in the Park Ranger series is forthcoming. Recruitments for Park Ranger, Senior Park Ranger, Supervising Ranger, and the new class of Chief Park Ranger are all slated to open before the end of March.

Recruitment and Retention Efforts

While too numerous to list separately, the City's recruitment and retention efforts can be grouped along three areas of focus: robust marketing and outreach campaigns; competitive wages and benefits; and process improvements to streamline the hiring process.

(1) Marketing and Outreach Campaigns

In collaboration with the City Manager's Office of Communications, the Human Resources Department has embarked on an intensive hiring campaign, crafting messages and appealing visuals to attract high-caliber candidates. The City has leveraged digital and social media to advertise job opportunities and, along with organic posts on social media sites like Facebook and Instagram, has utilized advanced tools like GovernmentJobs.com, Handshake, and LinkedIn Recruiter to attract applicants. Between April 2024 and September 2024, the City's LinkedIn postings garnered 24.5k job views, 10.1k career page views, and 2.5k new company followers. Parallel with online marketing, the City's outreach efforts have included terrestrial media, such as billboard and bus advertising, as well as bilingual ads on local radio stations.

Moreover, the City has built partnerships with professional organizations, educational institutions, and trade associations to expand the candidate pool for hard-to-fill classifications, all the while engaging the current City workforce via internal communications to recruit new talent through their personal and professional networks. To incentivize such recruitment, the City increased its Hiring Incentive Referral Program from \$500 to \$1,500 for nearly a three-year stretch of time from February 2020 to December 2024.

Finally, the City is making great strides in expanding our recruitment efforts with the resumption of engagement with colleges and universities, attending career fairs at San Jose State University, Santa Clara University, and San Jose City College, as well as having recruitment booths at special events like Viva Calle and Disability Awareness Day. In addition, the City has expanded our workforce pipeline efforts by fostering relationships with various Teen Centers, with the East Side Union High School District (through its Career Pathways Program), and with Silicon Valley Career and Technical Education (MetroEd).

Strategy	Tactic
Digital and Social Media	Photo and video posts on Facebook, Instagram, LinkedIn, and Twitter
Print and Radio Advertising	Advertisements on radio (English and non-English languages), billboards, busses, and in malls
Partnerships	Contacts with professional organizations, educational institutions, and trade associations
In-Person Events	Career fairs, college fairs, and pop-up booths at community events
Internal Communications	Hiring Incentive Referral Program, CityLine article, Citywide e-mail, flyer postings, and webinar

(2) Competitive Wages and Benefits

To remain competitive in the regional market, the City negotiated significant cost-of-living adjustments for bargaining units with contracts expiring in 2023 and 2024: 6% pensionable wage increases for the 2023-2024 fiscal year, another 5% in the 2024-2025 fiscal year, and at least 3.5% for the 2025-2026 fiscal year. Moreover, the City effectuated special salary adjustments or salary range increases for 56 classifications to alleviate recruitment and retention challenges or to mitigate salary compaction. Several other classifications were redesigned to be “flexibly staffed,” easing promotional paths – and associated higher earnings.

Beyond wages, the City maintains a generous benefits package, including 15 paid holidays; medical, dental, and vision coverage; vacation and sick leave accrual; parental leave; commuter benefits; flexible spending accounts; an employee assistance program; and retirement plans. Ongoing retention efforts also include flexible (hybrid) work options for employees who can perform their duties remotely; wellness initiatives that not only promote employee health but address social and economic inequities that can impact wellbeing, such as Walktober, which encourages physical activity through an inclusive, no-cost wellness challenge accessible to employees of all fitness levels, and Onsite Wellness Screenings, which provide convenient access to preventive care for employees who may face barriers to traditional healthcare services; and a Mentorship Program to help employees refine and achieve their career goals.

(3) Hiring Process Improvements

Recruiting is handled jointly by staff in both the Human Resources Department and hiring departments/offices, which allows for an agile hiring model while expanding capacity.

The Human Resources Department has been instituting an array of process improvements to streamline the hiring process, such as:

- Implementing a new hiring system (NeoGov) that eases the application process for candidates, while making back-end functionality – for purposes of tracking the pipeline and generating reliable reports – more robust;
- Updating class specifications and reassessing minimum qualifications to align job descriptions with operational needs;
- Reducing “clearance points” with central Human Resources by affording greater hiring authority to departments/offices – for instance, modifying the reference check and fingerprinting processes to shorten hiring times;
- Adding five temporary positions to Human Resources Department in order to support hiring in departments or units that had high vacancy rates (such as Parks, Recreation and Neighborhood Services, Housing, and the Code Enforcement Division in Planning, Building and Code Enforcement). These five temporary positions will end on June 30, 2025.

Obstacles in the Hiring Process

The recruitment and retention challenges all cities face are part of broader shifts in the labor market that began prior to the pandemic (e.g., the emergence of the gig economy) but were amplified by it, leading to seismic shifts in workplace culture, such as “The Great Resignation” or the shift to remote/hybrid work.

At the root of hiring problems is the reality that the number of jobs is expanding – entire industries have materialized over the course of the past two decades – while the labor pool is shrinking due to a constellation of factors, including lower birth rates, higher rates of retirement (and death) during the height of the COVID-19 pandemic, and reduced rates of immigration. NeoGov, a vendor specializing in recruitment software and tools designed for local government, reported that from 2020 to 2021 job openings in the public sector had increased by 45%, while applicants per open position had decreased by 56%. In that context, the City has fared better than many neighboring agencies in its staffing needs. For niche classifications like engineering and the trades, the City must compete with the private sector and with other public agencies for a limited pool of qualified applicants, for whom housing and commute times will be key considerations when they are making employment decisions.

Challenges to hiring are also posed by the condition of the City's budget and whether it allows for robust recruitment or whether it necessitates a slowdown (or a freeze).

Ramping up hiring after a slowdown or freeze can prove difficult if the applicant pools and pipelines have been depleted. Staffing levels in the Human Resources Department are also a key factor in the City's capacity to hire, since hiring into part-time, temporary, and seasonal positions takes up significant Human Resources time, as does the effort to backfill 500 to 700 vacancies each year that are created by the happy occasion of internal promotions.

In light of the foregoing, the need to remain competitive remains imperative in terms of compensation, working conditions, and workplace culture. Human Resources will seek to be ahead of the City's hiring needs – and overarching labor trends – by undertaking the following.

- (1) Broadening the City's infrastructure for digital recruitment and amplifying its online outreach efforts and social media presence;
- (2) Revising job specifications to update relevant criteria and eliminate outdated requirements that impede equity, and thereby meet evolving operational needs;
- (3) Preparing employees for promotional opportunities by launching a Learning Management System and aligning the City's training plans with career paths; and
- (4) Anticipating and addressing employees' wellness and safety needs in the post-pandemic era.
- (5) Helping Senior Staff ensure that employees are integrated into our *One-Team* culture, including implementing our "Employee Engagement" and "Championing Our Employees" values and expectations, as directed by the City Manager.

EVALUATION AND FOLLOW-UP

Staff will continue implementing strategies to reduce vacancy rates, improve recruitment and retention, including enhancing workforce pipeline initiatives, and remove any obstacles in the hiring process as those are identified and actionable. Additionally, staff will return to the City Council annually with updates on workforce vacancies in compliance with AB 2561, including additional reporting when vacancy rates for specific bargaining units exceed 20%.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

HONORABLE MAYOR AND CITY COUNCIL

March 4, 2025

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PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the March 25, 2025 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-009, Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Aram Kouyoumdjian
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The principal author of this memorandum is Linh Le, Division Manager, Human Resources Department. For questions, please contact Kim Jackson, Assistant Director, Human Resources, at kim.jackson@sanjoseca.gov.

ATTACHMENT: Assembly Bill 2561