AB 2561
Public Hearing

Regarding Vacancy Rates, Recruitment & Retention Efforts
and Annual Staffing Analysis

RAINBOW
MUNICIPAL WATER DISTRICT

Agenda

Vacancy Rates

Introduction to AB2561

Recruitment & Selection Process

- Recruitment Tools & Sources
- Recruiting Successes
- Recruiting Challenges

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Annual Staffing Analysis

- Quit Rates & Turnover Costs
- Who is leaving and why
- Generational Demographics
- Overtime Trends
- Retirement Eligibility
- Succession Planning
- Recommendations

Assembly Bill 2561/Government Code §3502.3

- Amends the Meyers-Milias-Brown Act (MMBA) and imposes new obligations on public agencies related to tracking and presenting information on job vacancies starting 1/1/2025
- Required to:
  - Track vacancy rates in each bargaining unit
  - Present the status of vacancies annually before budget adoption
  - Identify barriers in recruitment and selection process
  - Allow employee organizations to present, if desired
  - Additional reporting requirements if vacancy rate exceeds 20%

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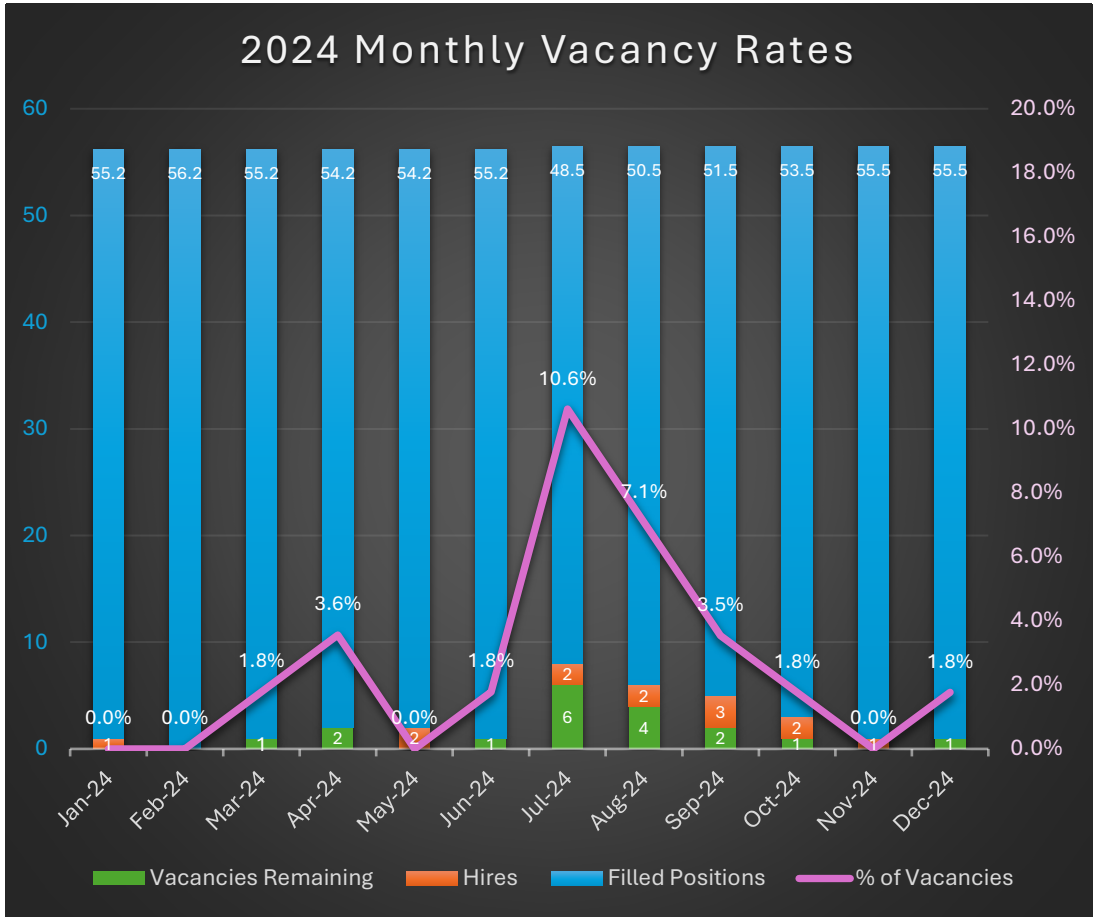
Vacancy Rates



Snapshot as of December 31, 2024:

- District-wide vacancy rate: 2%
  - Rainbow Employees Association (REA): 0%
  - Rainbow Association of Supervisors and Confidential Employees (RASCE): 0%
  - Exempt: 8.3% (1 position)

Yearlong trends:

- 13 vacancies (4 new positions)
- Peak vacancy rate: 10% in July 2024
- Voluntary quit rate: 11%
- Average time to fill a vacancy: 36 days
- Total Vacant Days: 470 (1.25 FTEs)

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Current & Prospective Vacancies

Construction Supervisor

- Due to resignation as of 5/8

Crew Lead – Construction

- Due to employee death

Utility Workers – Construction (2/3)

- 1 to backfill promotion to Crew Lead
- 1 to backfill internal transfer to Valve Maintenance due to a retirement
- 1 possible if internal candidate is selected for Supervisor

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Recruitment & Selection Process

2024 Recruiting:

Job Posting Views

35,784

Applications

1,062

Assessments

338

Interviews:

108

New Hires:

13

1	**JOB POSTED** It's advertised and searchable on job boards and applications are being accepted.	1-4 weeks, sometimes continuous **Dozens to hundreds of applicants**
2	**SCREENING APPLICATIONS** Supplemental questions, certifications, relevant experience, key skills, resume.	A few days to 1 week **40-60% of applicants pass**
3	**ASSESSMENTS & TESTING** Online assessments or supplemental surveys. May be pass/fail or ranked scoring.	A few days to a week **20-35% pass**
4	**INTERVIEWS** Reverse interview, panel interview, finalist interview. Could be 1-3 rounds of interviews. Typically scored.	1-3 weeks **5-20% invited**
5	**ELIGIBLE LIST OR EMPLOYMENT OFFER** Selected candidates may be placed on an eligible list or receive a contingent offer letter.	**1 HIRE**

For every 1 hire, we average 8 interviews, 82 applications, and 2,753 job post views

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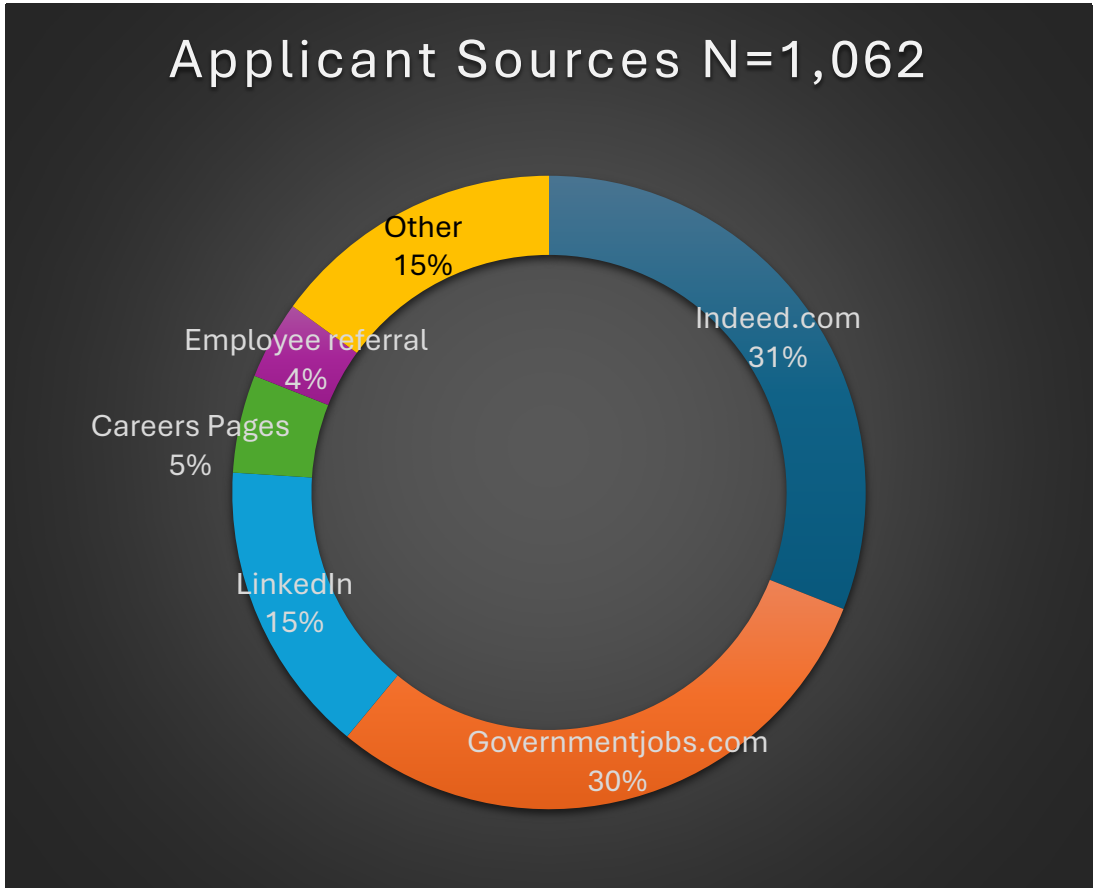
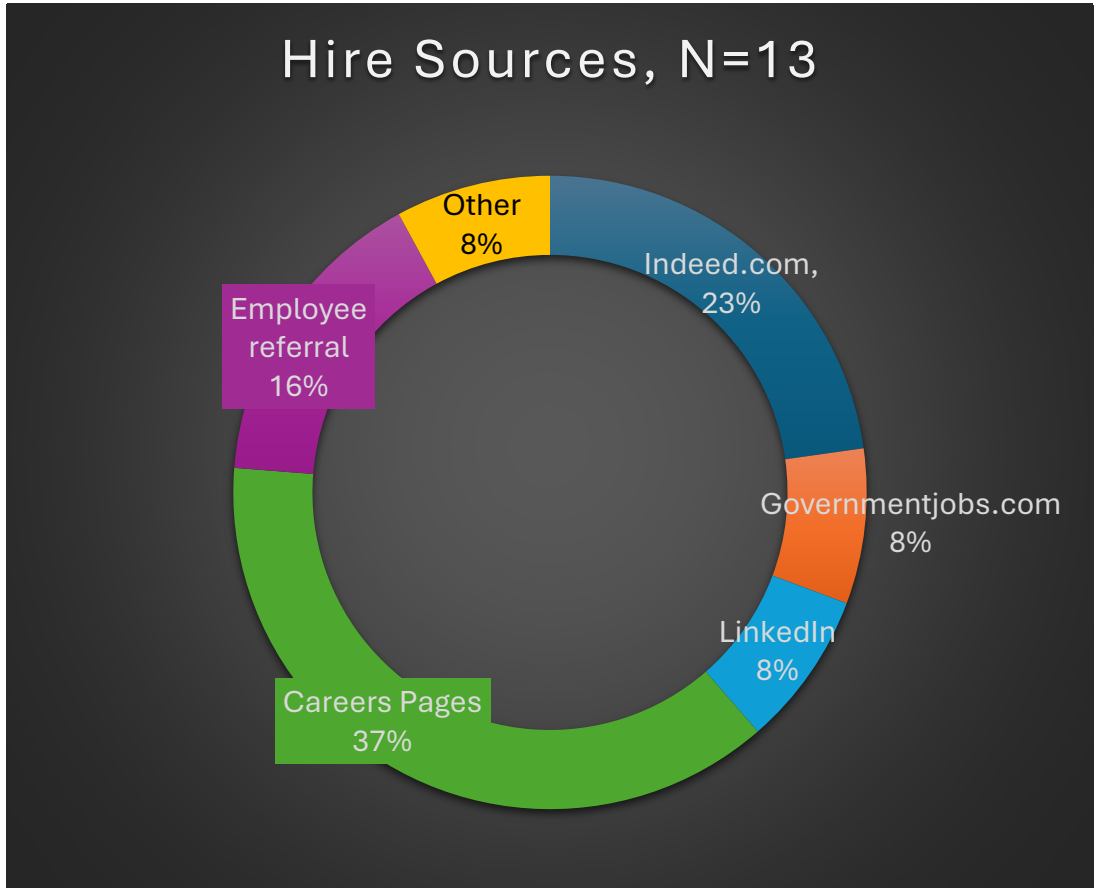
Recruitment Tools & Application Sources





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Recruiting Successes

Decreased average time to fill to 36 days

- Early retirement notice, can start recruiting before it's vacant
- Get creative with screening process

New Strategy: Reverse Interviews

- 20 applicants narrowed down in 2 hours
- Offers realistic preview of job
- Chance for applicants to meet the crew and ask questions
- Builds interest in applicants to keep trying
- Filled multiple positions with single recruitment

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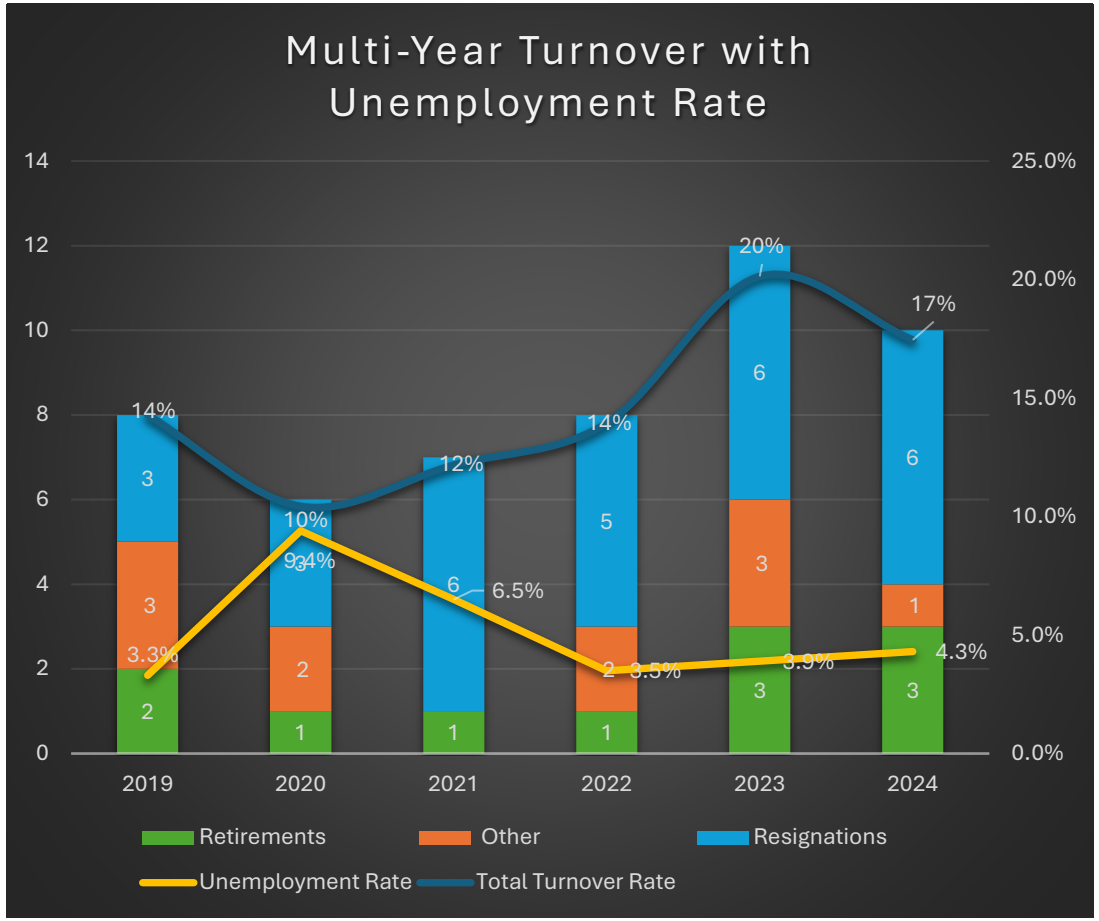
Recruiting Challenges

- **Quantity** of applicants has decreased
  - 2020 averages100 applicants per job
  - Now averaging 82 applicants per job
- **Conversion Rate** has decreased
  - Was 16% in 2020
  - Down to 3.5% in 2024
- **Lower conversion means more job views are required to get sufficient applications**
  - 8,829 views in 2020 for 14 jobs
  - 35,784 in 2024 for 13 jobs
- Lower ratio of qualified applicants – **entry level is where the interest is**
- ***Challenge isn't in filling roles as much as the frequency of roles to fill due 17% turnover, including retirements, resignations, and other***



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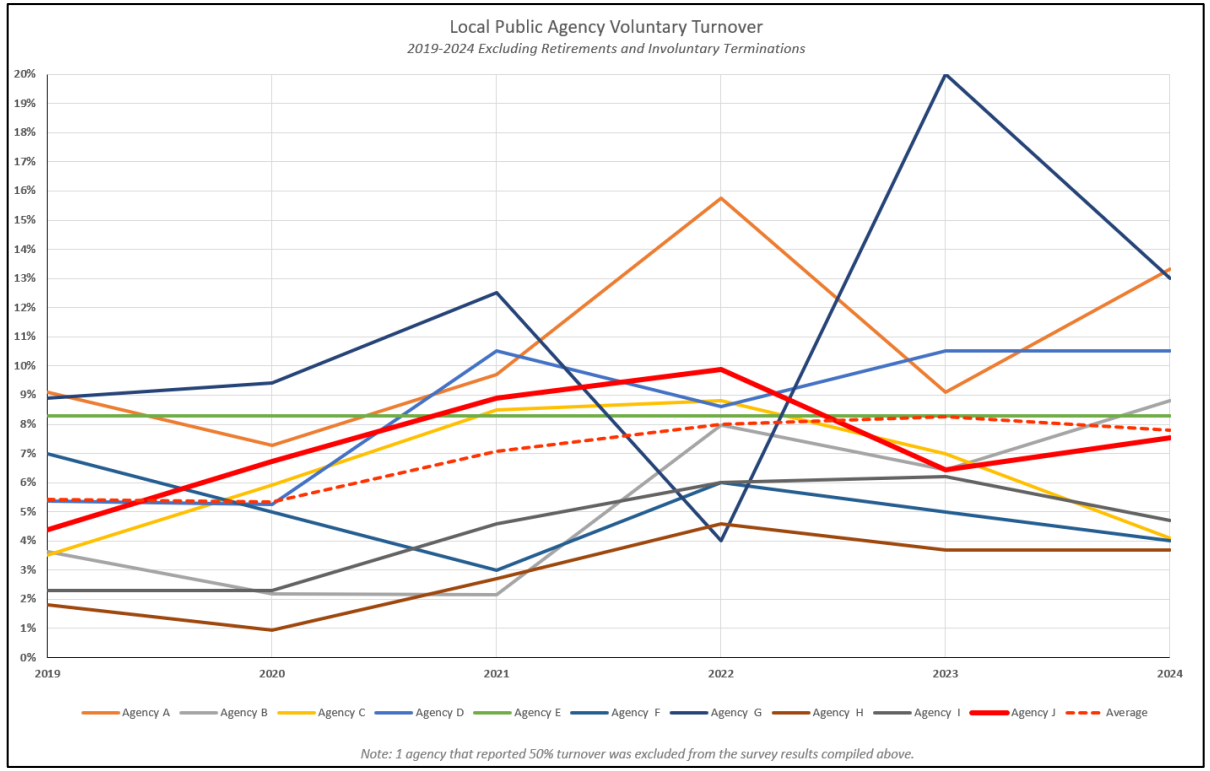
District quit rate is high, but not the highest

- Survey of 11 local agencies shows average quit rate between 5-8%
- Rainbow has averaged 5-10% in same time, but been higher the past four years (we are Agency D on chart)
- Our “new normal” quit rate seems to be 9-10%
- Total turnover is



Why does this matter?

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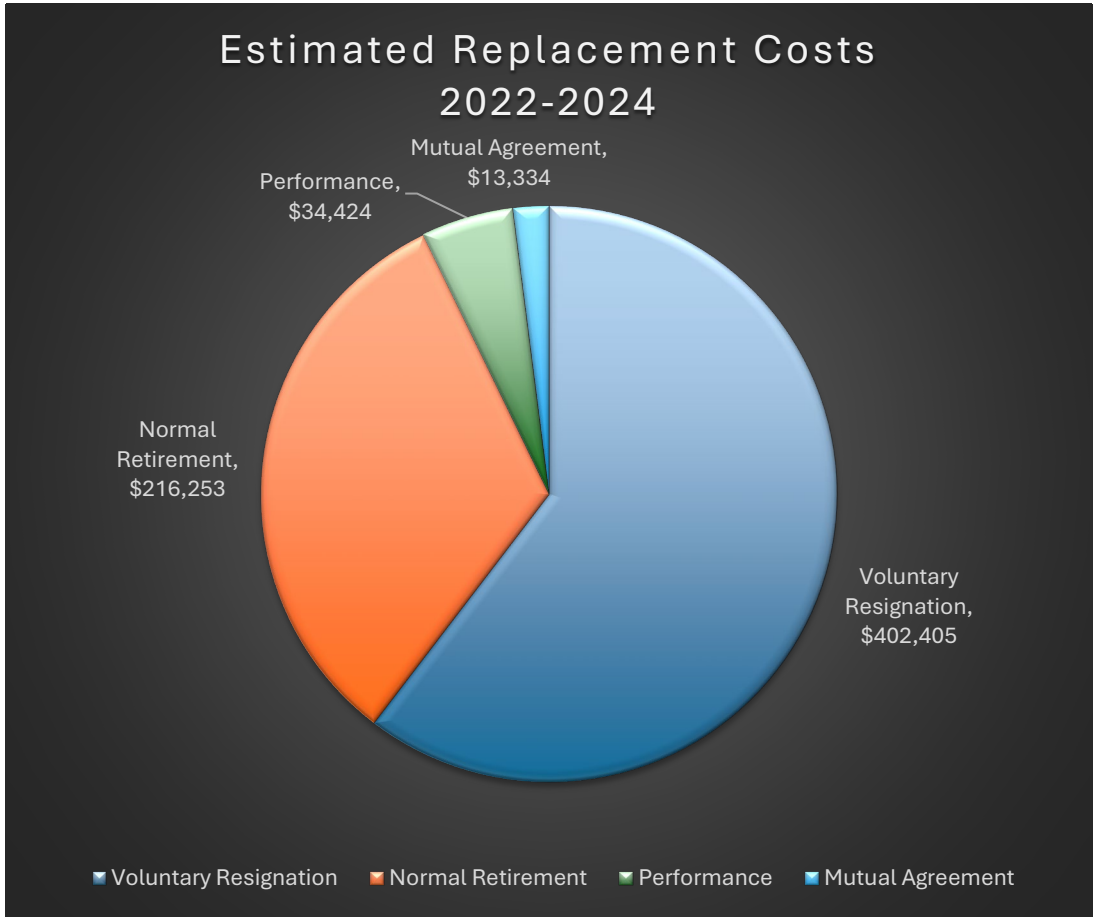
Turnover is Expensive: $666,416 in three years



- Advertising costs
- Staff time to screen, interview, onboard, and train new hires
- Lost productivity
- Additional overtime during vacancies
- Interim help/consultants
- Faster wage escalation

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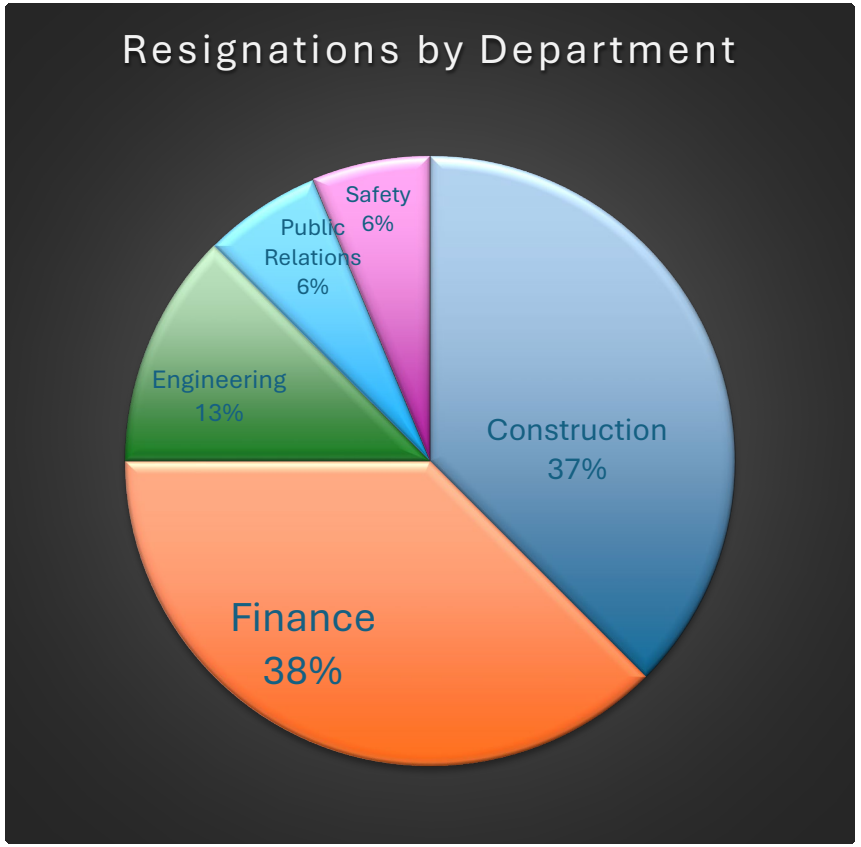
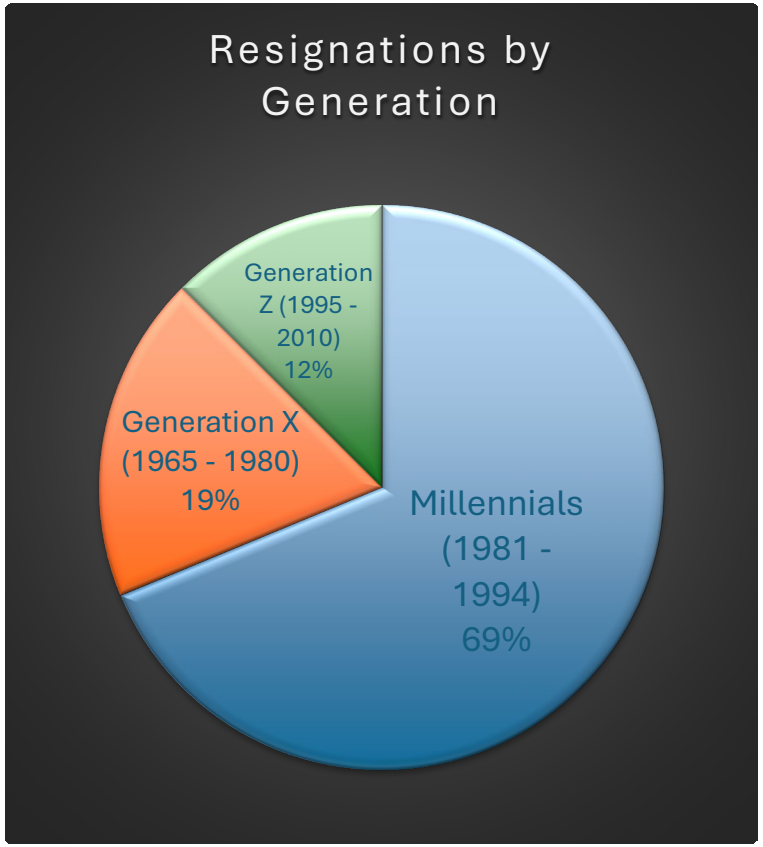
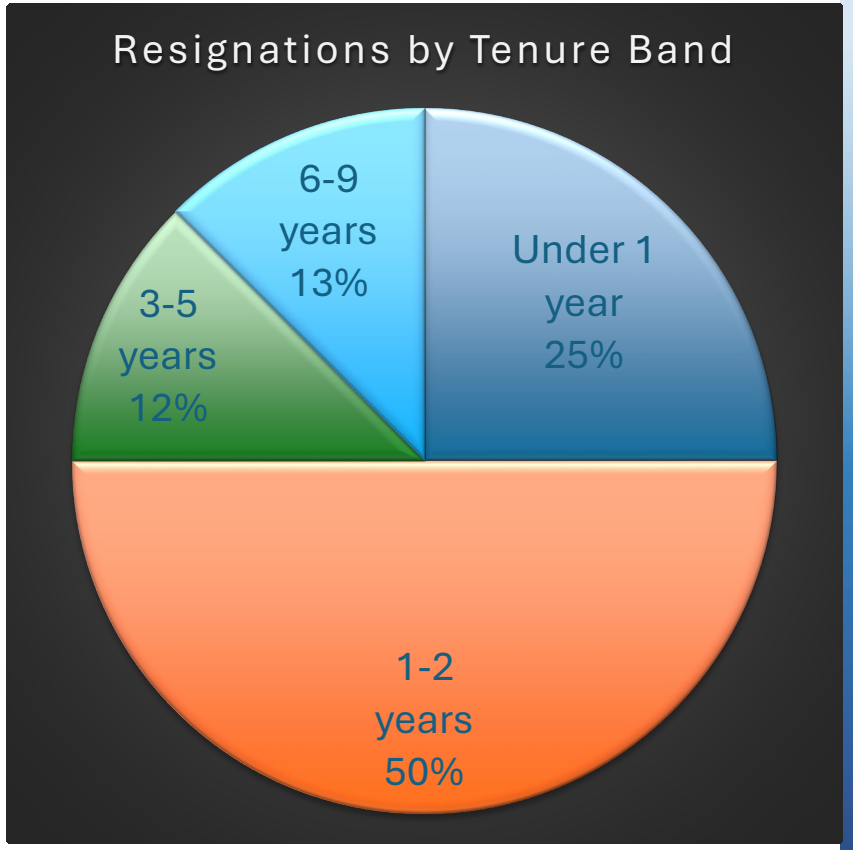
WHO is leaving?







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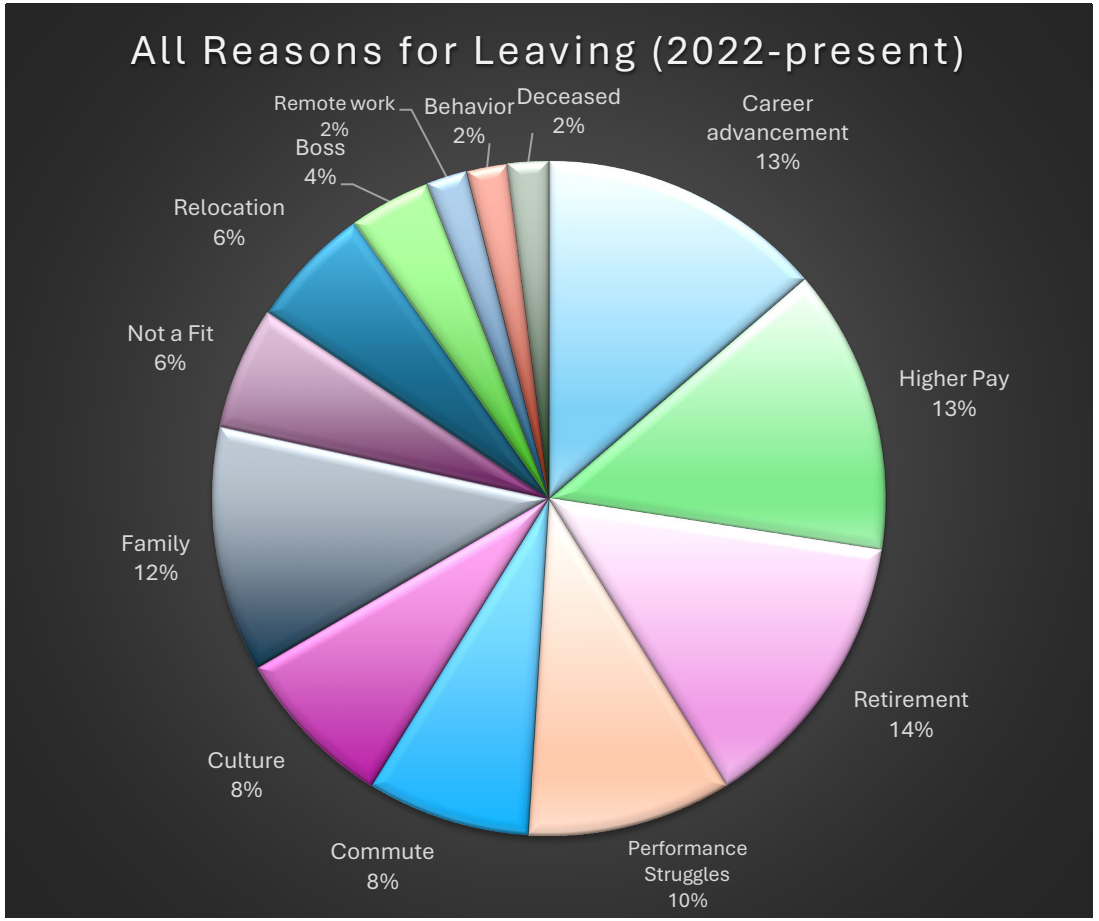
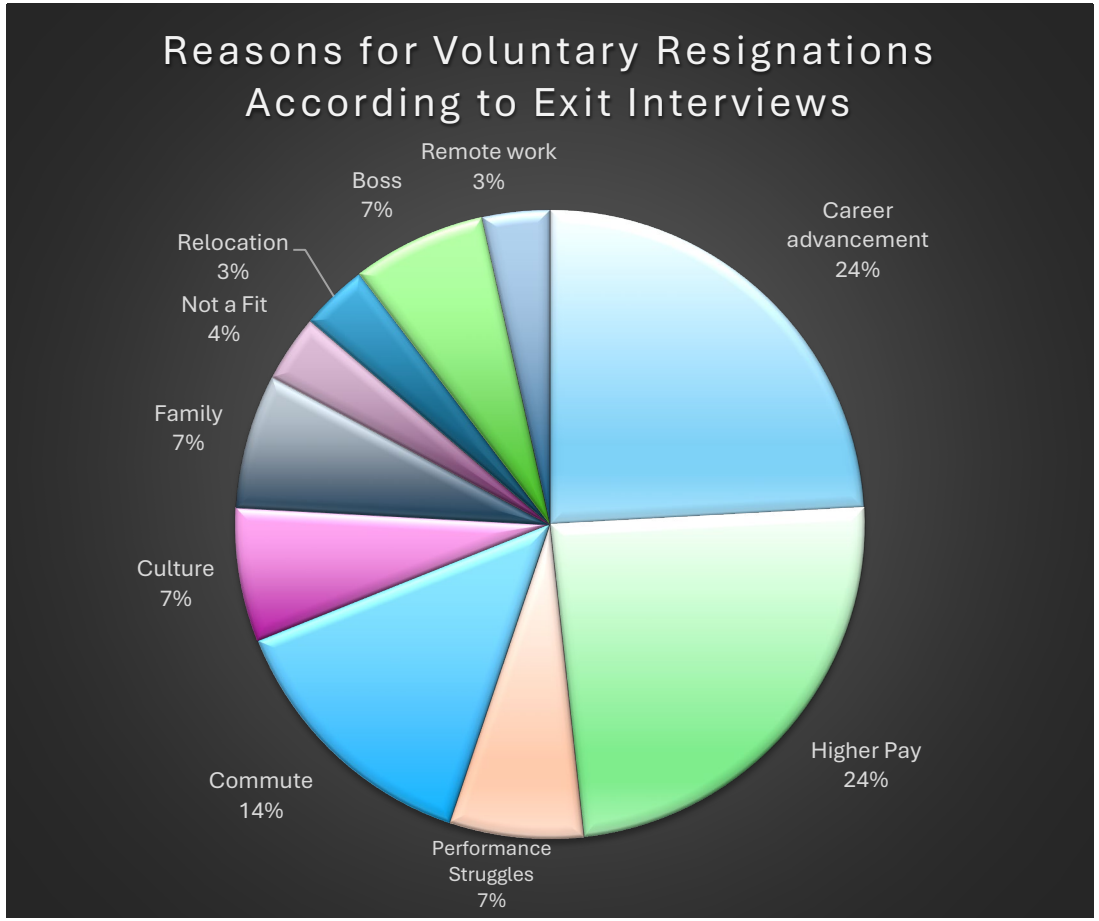
WHY are they leaving?





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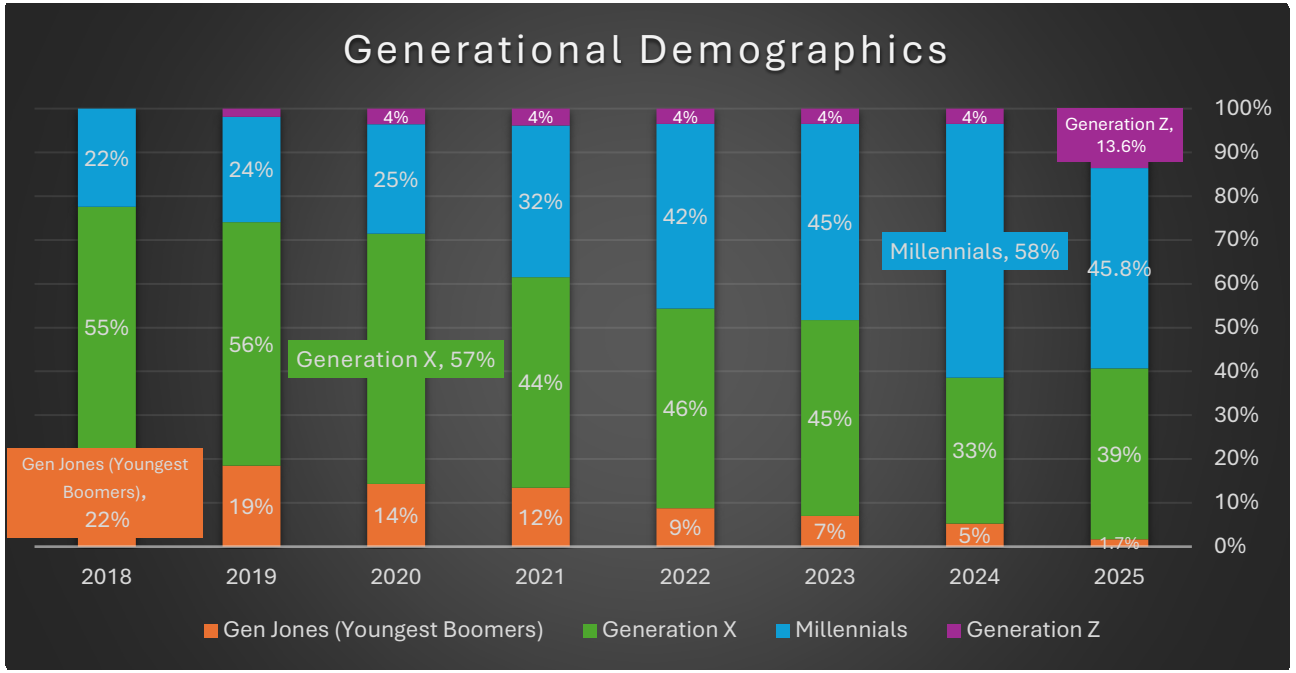
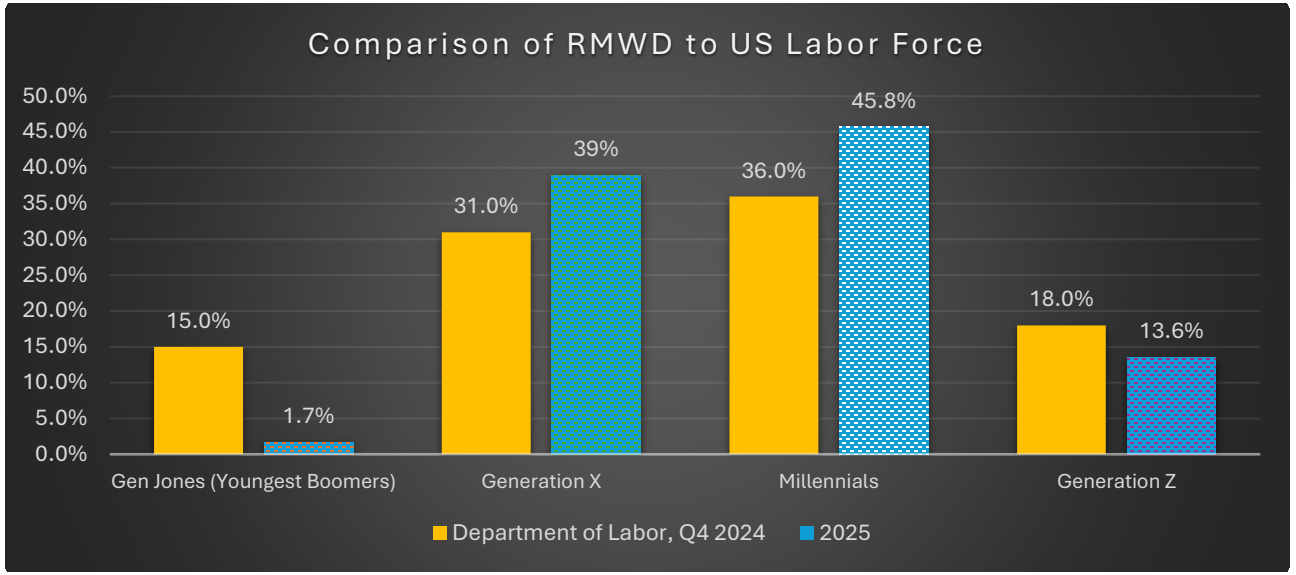
Workforce Generations

- District demographics are different from general labor force because our employees can retire earlier
- According to BLS, older workers tend to stay with the same employer longer:
  - Ages 55-64: 9.6-year median tenure
  - Ages 25-34: 2.7-year median tenure
  - Public sector: 6.2 years median tenure
  - 75% of public sector workers are over age 35
- Younger generations make up 60% of our workforce, **but account for 81% of our voluntary turnover.**

https://www.bls.gov/news.release/pdf/tenure.pdf





Millennials & Gen Z have different expectations of work

Career development

- **72% prioritize career development** compared to 64% of Gen X and 52% of Boomers
- Almost 50% of our resignations said advancement opportunities and pay were factors in leaving
- Flat org structure at Rainbow limits promotional pathways

Expect meaningful work

- Can get bored without a sense of “purpose”
- Learning increases engagement
- Training budgets have been reduced at Rainbow since COVID and lower cash reserves

Work life balance – 84% *expect* flexibility

- 84% of millennials reported burnout in a Delloite survey
- Overtime at Rainbow is consistently high, as next slides will show
- 74% of 37 local agencies offer on average 8 remote days/ month

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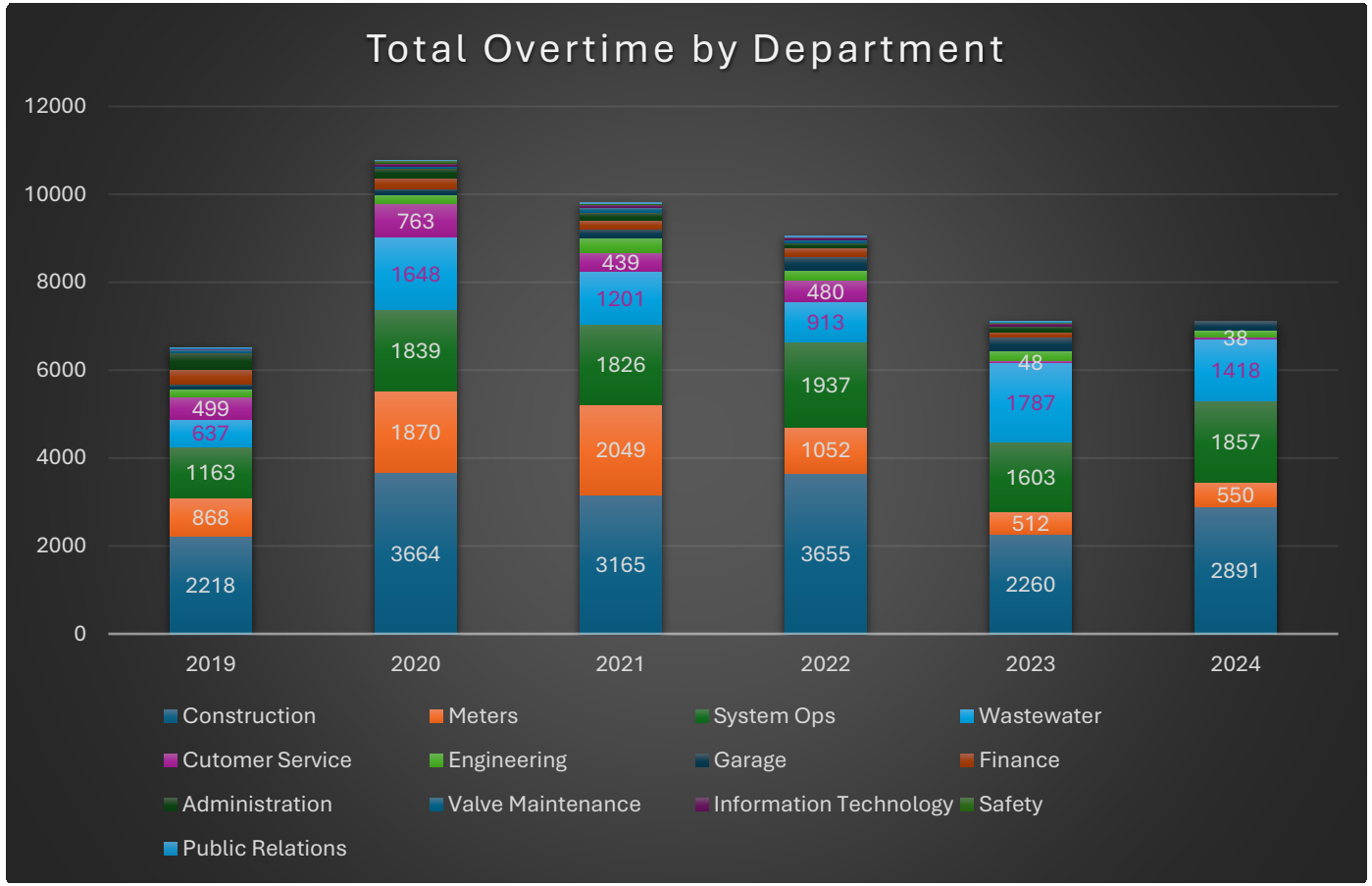
https://leaders.com/articles/company-culture/millennials-in-the-workplace/

Overtime Total Trends by Department

- $460K-$650K per year in OT the past three fiscal years
- 7,338 OT hours in 2024
- Somewhat stable until January 2025
- Construction was higher due to leaks
- System Ops was still high due to Morro requiring more frequent water quality testing and onsite visits on weekends and holidays
  - New IT improvements will help address this by enabling remote testing and dosing



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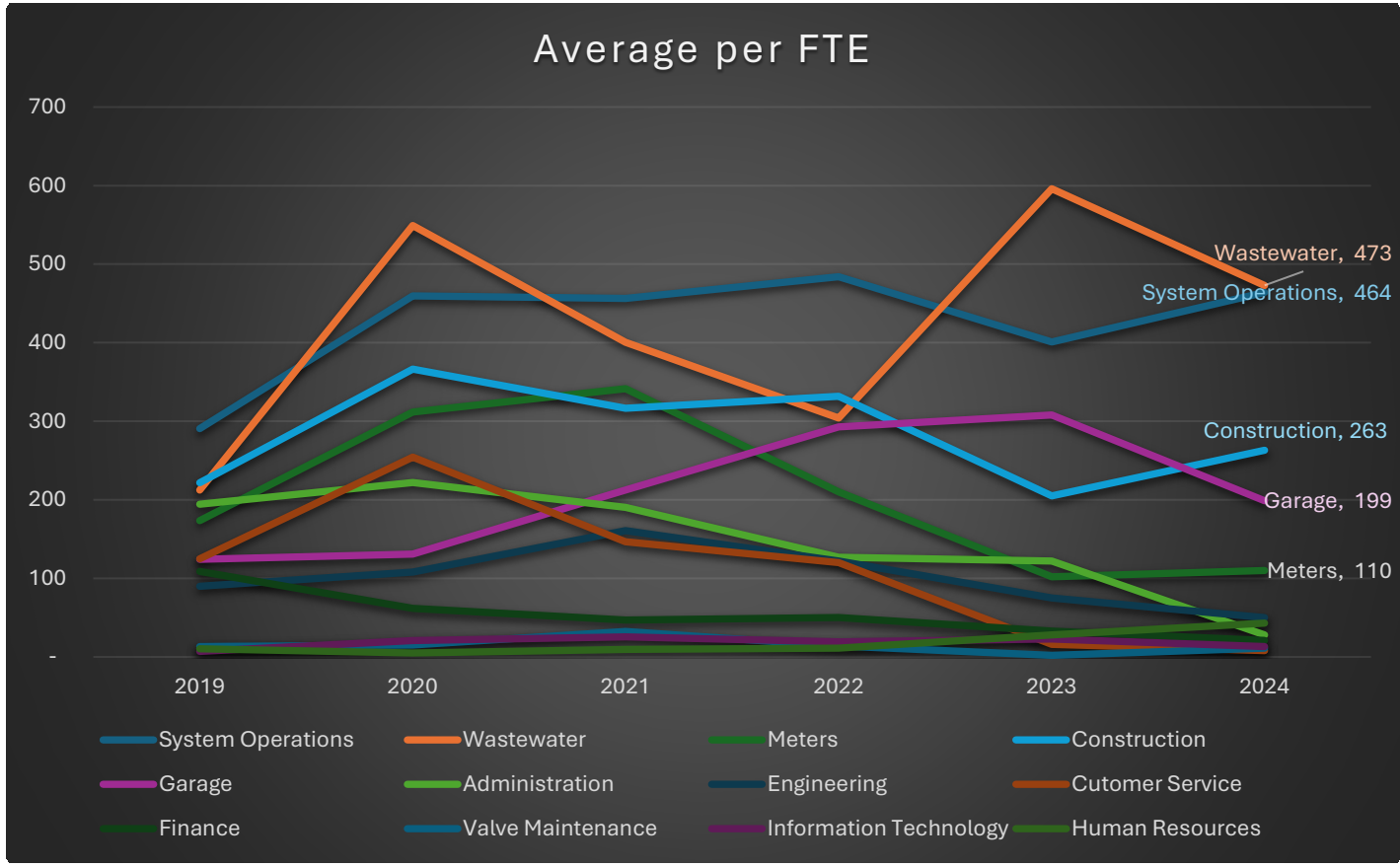
Overtime Trends per FTE by Dept

- Wastewater and System Operations remains high
- Wastewater does overnight work and shares OT with other departments
- System Ops Department has routine duties 7-days per week, early mornings and evenings that are routine overtime
- Weekend work is required in garage to work on vehicles while not in use by crews
- FY25 saw 1,000 hours in January alone
- FY25 YTD is over $560,000

High risk of burnout



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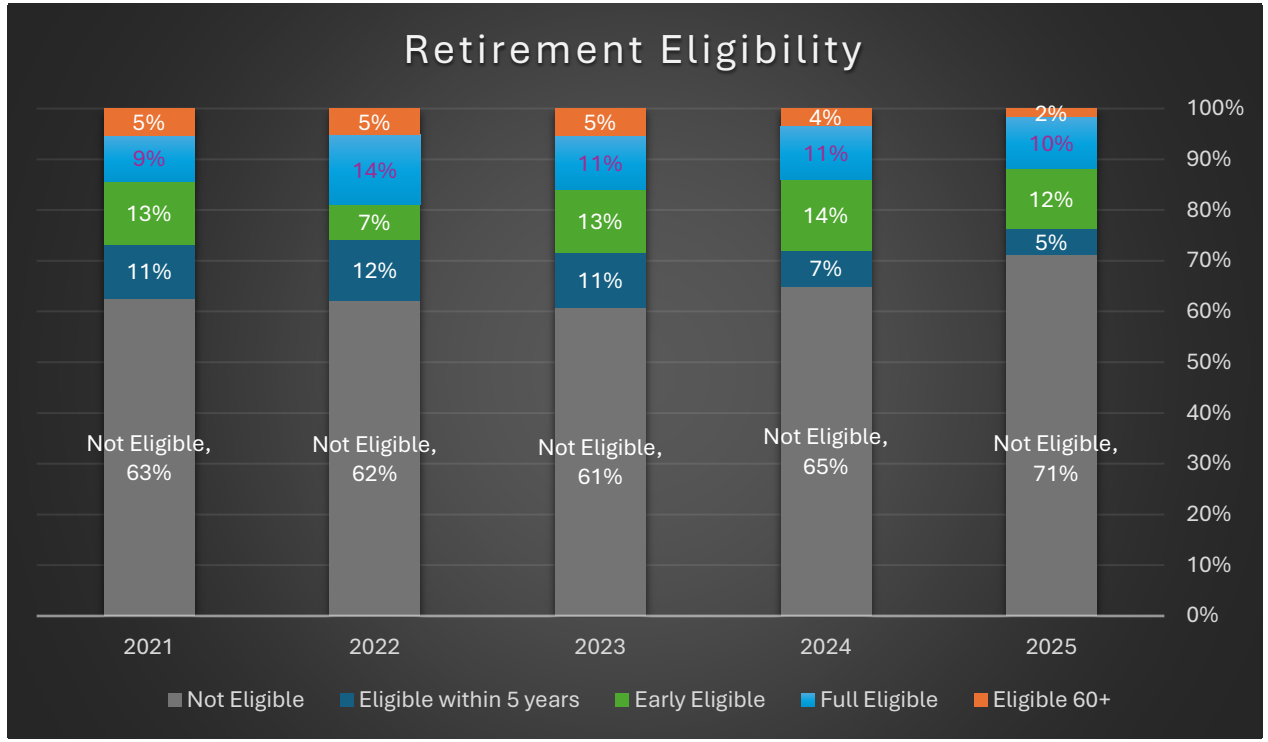
Retirement Eligibility and High Priority Positions for Staffing Continuity Planning

Factors considered include:

- Retirement eligibility
- Single incumbents
- Specialized knowledge
- Difficult to replace
- Difficult to retain
- Risk of attrition
- Leadership, technical or executive support



Job title	Priority Level
COO	1
Senior Project Manager	1
Admin Services Manager	2
Board Secretary	2
CFO	2
Construction Leads	2
Construction Supervisor	2
Eginineering / CIP Manager	2
Electrical/Electronics Technician	2
General Manager	2
IT Manager	2
Safety & Risk Management Officer	2
Senior Engineering Inspector	2
Senior Fleet Mechanic	2
Wastewater Superintendent	2
Water Sys Ops Supervisor	2
Customer Service Supervisor	3
IT Specialist	3
Management Analyst	3
Senior Meter Services Tech	3

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Challenges with Staffing Continuity Planning

- As Boomers and Gen X retire, we need to develop a skilled workforce to replace them
- Younger generations are seeking faster career growth, and aren't willing to wait for retirements
- We are not meeting learning and advancement desires of younger generations *at the pace they expect*
- Our high overtime rates contribute to burnout and compromise work-life balance

What to do? *If we do nothing, then:*

- Continue to spend quarter-million on turnover costs annually
- Expect quit rates to reach as high as 26% in near future (based on generational demographics and median tenure)
- Turnover costs could reach half-million annually

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Recommendations

Short Term (FY2026):

TRAINING & DEVELOPMENT:

- Increase workforce development budget in FY26 for computer training ($38,000 in budget proposal)
- Create written development plans for all employees

STAFFING:

- Create more lead positions as promotional pathways between team members and supervisors (two in budget proposal for FY26)
- Create promotional pathway for Customer Service Supervisor to oversee meters department
- Convert Communications Analyst to full-time to meet workload demands, eliminate PR intern to offset budget
- Convert IT Intern to part-time regular position
- Add Mechanic's Intern

Net budget impact for staffing changes: $74,200 for FY2026

Long Term:

TRAINING & DEVELOPMENT:

- Create leadership development program for staff at all levels
- Fund training for staff based on individual development plans in future budget years
- Evaluate job and organizational structure and work with bargaining units to create more entry and mid-level advancement opportunities based on learning milestones

OTHER:

- Work with bargaining units to explore creative scheduling options to help address burnout and overtime
- Continue to seek technology solutions to help address workload and overtime
- Fund pipeline replacement projects to mitigate frequency of leaks

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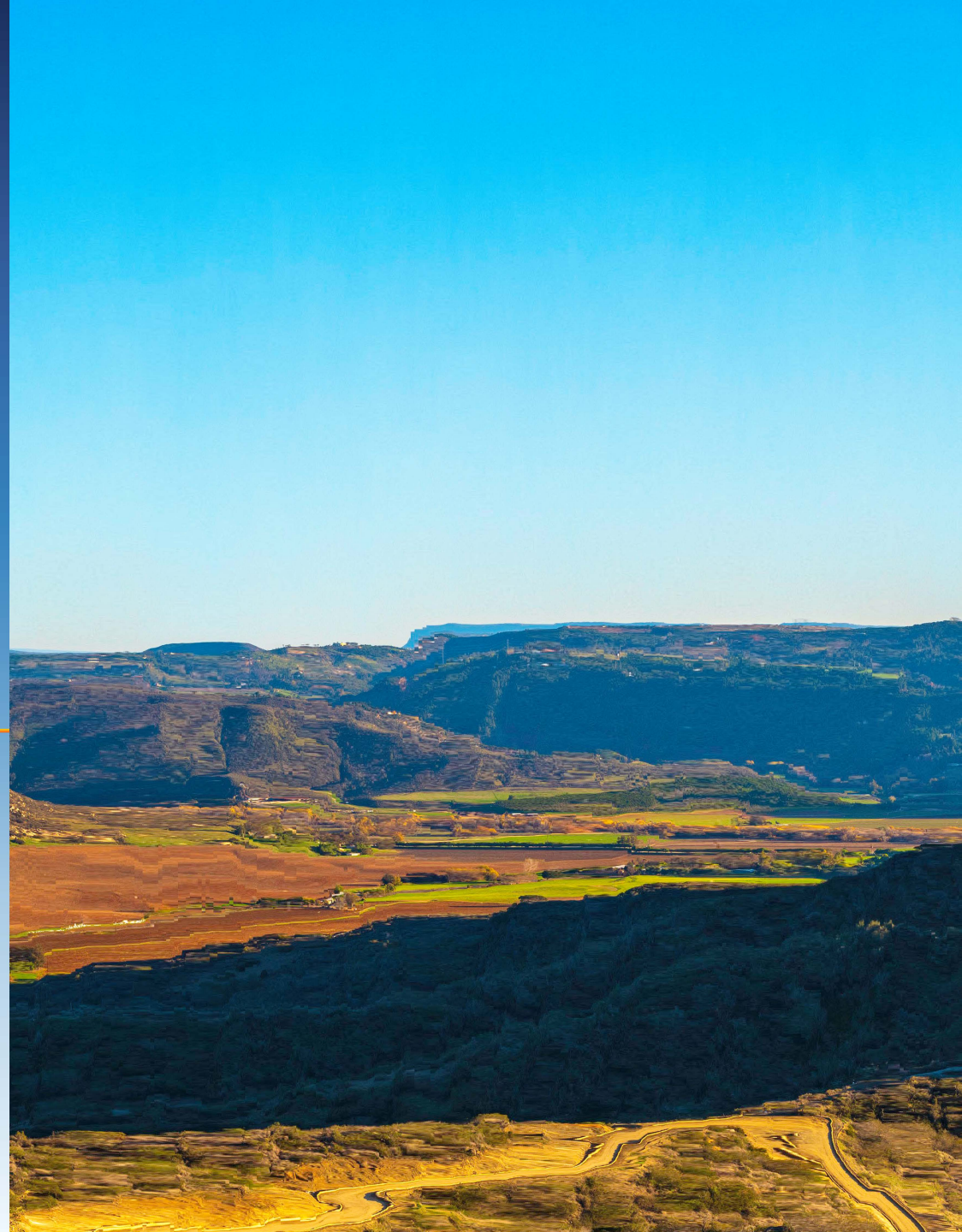
Public Testimony

Questions and Answers



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Board Discussion & Action Item

Option 1: Receive and file and approve staffing recommendations

Option 2: Receive and file without approving recommendations

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