

Capitola City Council

Agenda Report



Meeting: June 26, 2025

From: City Manager Department

Subject: Compliance with Assembly Bill 2561/Government Code Section 3502.3 regarding Vacancies, Recruitment, and Retention Efforts

Recommended Action: Conduct the duly noticed public hearing and receive a report on the City of Capitola's recruitment and retention efforts.

Background: On September 22, 2024, Governor Gavin Newsom signed Assembly Bill 2561 (AB 2561) into law. This bill, effective January 1, 2025, amends the Meyers-Milias-Brown Act (MMBA) by adding Government Code section 3502.3, which creates new transparency and accountability measures for local public agencies related to staffing vacancies and recruitment practices.

The Legislature adopted AB 2561 in response to statewide concerns about job vacancies in local government. Legislative findings noted these vacancies have created serious challenges in public service delivery, increased workloads for remaining staff, and contributed to burnout and turnover. The legislation emphasizes the public interest in ensuring that local agencies are adequately staffed and labor relations are not undermined by persistent understaffing.

Under Government Code section 3502.3, the City is required to:

1. **Public Hearing – Report on Vacancies:** For the calendar year 2024, the City's annual average percentage of vacancies (i.e., regular, full-time equivalent) was 3.28%. The highest vacancy count in 2024 was three full-time equivalent positions (in June and July, and in November and December). The average vacancy rate for the POA was 6.5% and for the ACE was 1.9%. Average vacancy rates are calculated by dividing the number of vacant positions by the total number of budgeted positions, and multiplying by 100 to get a percentage.
2. **Employee Organization Participation:** Allow the recognized employee organizations for each bargaining unit at the City to make presentations during the public hearing concerning vacancies and recruitment and retention efforts.
3. **Additional Reporting for High Vacancy Rates:** If vacancies within a single bargaining unit meet or exceed 20% of authorized full-time positions in that bargaining unit, upon request of the recognized employee organization for that bargaining unit, the City must provide additional information during the public hearing, including the following: (1) the total number of vacancies within the bargaining unit; (2) the number of applicants; (3) the average number of days to fill positions; and (4) opportunities to improve compensation and working conditions for employees in the bargaining unit. (Gov. Code 3502.3(c))

Labor Organizations

The City of Capitola has two recognized labor organizations (represented bargaining units): the Association of Capitola Employees (ACE) and the Capitola Police Officers Association (POA). Attachment 1 shows the specific city positions that make up both bargaining units.

In accordance with AB 2561, the City provided advance notice of this public hearing to all recognized labor organizations representing City employees. Both organizations were offered the opportunity to make a presentation regarding job vacancies, hiring practices, or related labor matters. Both recognized labor organizations indicated they would not make presentations at the hearing.

For the calendar year 2024, there were no vacancy rates that met or exceeded the 20% threshold within the City's bargaining units with recognized employee organizations. The 2024 vacancies, by month, were as follows:

<u>Fiscal Year</u>	<u>Month</u>	<u># Separations</u>	<u># Hires</u>	<u># ACE Vacancies</u>	<u># POA Vacancies</u>
2023/24	January	1 ACE		1	1
2023/24	February			1	1
2023/24	March	1 POA	1 ACE		2
2023/24	April				2
2023/24	May				2
2023/24	June	1 ACE		1	2
2024/25	July			1	2
2024/25	August	1 ACE	2 ACE; 1 POA	1	1
2024/25	September	2 ACE	2 ACE	1	1
2024/25	October			1	1
2024/25	November	1 Exec		1	2
2024/25	December			1	2
TOTALS:		7	6	AVERAGE: .75	AVERAGE: 1.5

Discussion: During the 2024 calendar year, the average number of vacancies, citywide, was 2.3. The City maintained a consistent number of 68.5 budgeted full-time equivalent (FTE) positions. This FTE count represents 70 regular employees, three of whom are half-time. The City began 2024 with one FTE vacancy (a Police Officer position, associated with the POA), which remained throughout the year; additional vacancies fluctuated, with Capitola maintaining no more than three at any time. In 2024, Capitola experienced seven separations (including one retirement), and hired six new employees, with non-sworn new hires generally starting work within a month of corresponding separations.

Nearing the close of 2024, the City successfully promoted four employees, resulting in vacancies in the Police and City Manager Departments. Thus, as of December 31, 2024, the City had three vacancies, the City Hall Office Coordinator (ACE) and two Police Officer (POA) positions, respectively. At no time did either of the two city bargaining units exceed a 20% vacancy rate, and therefore the enhanced reporting provisions under AB 2561 do not apply.

In compliance with AB 2561, this report only covers calendar-year 2024; however, it is useful to note that in February 2025, the city filled the City Hall Office Coordinator vacancy with a full-time regular employee.

Recruitment Practices

During the COVID-19 Pandemic, Capitola experienced multiple resignations and retirements across all departments. Following the pandemic, the City then hired more frontline, mid-management, and director level employees than had been necessary in 10 years or more, filling vacancies left from the pandemic. To meet this need Human Resource (HR) staff has focused on taking a proactive approach to the City's recruitment process to allow for quicker hiring upon employee resignations and retirements. In the past, the earliest stages of recruitment (the posting of an available job) often was not done until after an outgoing employee's last day. Now, as soon as HR and/or management staff is aware of a pending retirement or resignation notice, HR begins a recruitment strategy specific to the soon-to-be vacant position and corresponding department needs. Additionally, staff implemented an online application process (rather than a fillable PDF) to modernize and speed up an applicant's experience and to increase the City's professional reputation as an employer.

Currently, the recruitment and hiring process can take up to a month (for most non-sworn employees); as the process includes opening job postings, garnering applications, reviewing resumes, conducting a panel interview, and an additional one-on-one interview with the hiring manager. Pre-employment

practices, like reference and background checks and drug testing, are position dependent and can take more time to complete.

In 2024, the City received 1,122 applications to fill approximately seven regular city roles (including internal candidates) and eight temporary positions. The City hires temporary employees primarily as Community Services and Recreation Department seasonal programming staff, such as Junior Guards and Camp Capitola, and to provide lifeguard services from May through October. Temporary employee hiring accounts for roughly 26% of all recruitment each year.

Current Employee Retention Efforts (2024)

- Administrative Policy I-39: Down Payment Assistance Program
- Administrative Policy II-20: Flexible Remote Work
- Training opportunities and conference attendance, maintained by department budgets
- Employee parking permits
- Citywide 457 Account matching program
- One-time equity adjustments (negotiated and approved by City Council in June 2024)
- Seasonal events, including the City's 75th Anniversary Celebration, Halloween Party, Wharf Opening Party, and End-of-Year/Holiday party
- Monthly birthday recognition
- Bi-weekly newsletter highlighting City business, emailed to all employees

Currently, no additional policies, procedures, and/or recruitment activities have been identified that are leading to obstacles in the recruitment process. However, the City remains committed to considering any needed changes in the future.

Fiscal Impact: None.

Attachments:

1. Bargaining Units Makeup

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Approved By: Jamie Goldstein, City Manager