



AGENDA NO: 8.b

MEETING DATE: April 8, 2025

TO: Honorable Mayor and City Council DATE: March 27, 2025
FROM: Rachael Hendricks, Human Resources/Risk Manager
SUBJECT: Public Hearing on Vacancies to Comply with Assembly Bill 2561

RECOMMENDED ACTION

Receive and file this report. No action is needed.

FISCAL IMPACT

There is no fiscal impact to receiving and filing this report.

OVERVIEW

In response to Assembly Bill 2561 (AB 2561), signed into law by Governor Newsom on September 22, 2024, the City of Morro Bay presents this report in compliance with new transparency requirements related to staffing vacancies. AB 2561 mandates that public agencies hold at least one public hearing each fiscal year before the adoption of their budgets to report on vacancy levels, evaluate hiring and retention efforts, and allow for participation by recognized bargaining groups. This report includes workforce data for the 2024 calendar year, along with the most current staffing status as of April 1, 2025.

BACKGROUND

Assembly Bill 2561 (AB 2561) amended the Meyers-Milias-Brown Act by adding Government Code Section 3502.3, which requires local public agencies to enhance transparency and accountability in public sector staffing. The full text of the bill is available at: [AB 2561 Bill Text](#). The purpose of AB 2561 is to address growing concerns over staffing shortages in public agencies, which can lead to increased workloads, employee burnout, lower morale, and reduced service delivery to citizens. To mitigate these impacts, the law requires agencies to:

- Report annually on vacancies, recruitment activity, and retention strategies;
- Identify any policies or practices that may hinder hiring or retention;
- Provide recognized bargaining groups an opportunity to present during the public hearing; and
- If any bargaining group vacancy rate reaches or exceeds 20% of authorized positions, provide additional data upon request, including applicant volume, hiring timelines, and efforts to improve compensation, benefits, and working conditions.

Prepared By: RH

Dept Review:

City Manager Review: YK

City Attorney Review: RWS

Recognized bargaining groups, including the Morro Bay Firefighters Association (MBFFA), Service Employees International Union (SEIU), and the Morro Bay Police Officers Association (MBPOA) have been invited to participate in this public hearing in accordance with AB 2561.

Workforce Overview

As of April 1, 2025, the City of Morro Bay has 114.5 full-time equivalent (FTE) budgeted positions. Of the 114.5 FTE's, 85.5 are represented by bargaining groups. No bargaining group currently meets or exceeds the 20% vacancy threshold that would trigger enhanced reporting under AB 2561. The City's overall vacancy rate is currently 4%, which is considered low.

Vacancy rates are calculated as follows: $\text{Vacancy Rate (\%)} = (\text{Number of Vacant Positions in employee group} / \text{Total Number of Authorized Positions}) \times 100$.

The following table summarizes the City's vacancy rate by employee group as of April 1, 2025.

| Employee Group | FTE's Budgeted | Vacancies | Vacancy Rate |
|----------------|----------------|-----------|--------------|
| Confidential | 4 | 0 | 0% |
| Dept Heads | 7 | 0 | 0% |
| Management | 18 | 2 | 11% |
| MBFFA (Fire) | 13 | 0 | 0% |
| MBPOA (Police) | 16 | 2 | 13% |
| SEIU | 56.5 | 1 | 2% |
| City Overall | 114.5 | 5 | 4% |

Recruitment Activity

Vacancies within the City arise from a range of factors, including retirements, internal promotions, resignations, and terminations. In 2024, the City filled 20 full-time positions and hired 111 part-time, temporary employees. Human Resources staff reviewed 635 applications for full-time positions and 741 for part-time, temporary positions, demonstrating consistent interest in City employment opportunities.

However, a high volume of applications does not always indicate a strong pool of qualified candidates. The City often receives applications from across the country and internationally, many of which are from individuals seeking remote-only roles or from candidates who do not meet minimum qualifications. Additionally, some qualified candidates choose not to proceed in the recruitment process due to the region's high cost of living or compensation levels that do not align with their expectations or desired lifestyle.

Employee Separations

In 2024, twelve full-time equivalent employees separated from the City of Morro Bay. The reasons for departure were as follows:

- 5 employees left for other municipal positions offering higher pay or promotional opportunities
- 2 employees transitioned to the private sector for similar reasons
- 2 employees resigned without securing alternative employment
- 1 employee retired
- 1 employee was terminated
- 1 employee left to provide childcare

These separation figures reflect broader workforce mobility trends and highlight the ongoing need to support alternative work schedules, offer competitive compensation and benefits, and create pathways for internal advancement.

Employee Retention

Employee retention remains a central focus of the City's workforce strategy. In 2024, the City implemented several initiatives designed to improve employee satisfaction, promote longevity, and enhance professional growth. These efforts include:

- Implementation of the 2023 Classification and Compensation Study, which provided market-aligned wage adjustments;
- Approval of new three-year labor agreements effective July 1, 2024, incorporating competitive wage increases and expanded benefits;
- Continued access to a comprehensive benefits package and flexible scheduling options for many positions;
- Creation of longevity incentives to reward and retain experienced employees;
- Ongoing professional development through in-person and online training programs, including offerings from the California Joint Powers Insurance Authority (CJPIA), Mineral, and Liebert Cassidy Whitmore (LCW).

City data indicates that employees with shorter tenure are more likely to leave within their first few years of service. This reinforces the importance of robust onboarding and meaningful engagement strategies to support employee retention and long-term success.

Organizational Self-Assessment

As part of its workforce planning and in alignment with AB 2561, the City continues to assess internal practices and workforce conditions to identify and address recruitment and retention challenges. Current areas of focus include:

- Exploring new advertising methods and platforms, particularly for hard-to-fill positions such as Police Officers;
- Ensuring that compensation and benefits remain competitive within the region;
- Reviewing recruitment best practices and improving the onboarding experience.

This ongoing self-assessment helps position the City to become an employer of choice, supports organizational resilience, and ensures the effective delivery of public services.

CONCLUSION

The City of Morro Bay is committed to maintaining a skilled and resilient workforce and to complying with the requirements of Assembly Bill 2561. This report and public hearing fulfill the requirements of AB 2561 and confirm that all bargaining groups are below the 20% vacancy threshold. While vacancy levels remain below the threshold for enhanced reporting, the City will continue to monitor staffing trends, address recruitment challenges, and invest in workforce development.

ATTACHMENT(S)

1. AB 2561 FY 24-25 Presentation