



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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General Fund Vacancy Status

OVERVIEW

During the discussion of FY 2013 First Quarter Budget Monitoring Report at the Budget and Finance Committee meeting on November 28, 2012, it was requested that Financial Management provide a list of vacancies for the City. At that time the Independent Budget Analyst (IBA) indicated that her office was also preparing a report on vacancies as a result of questions raised by Councilmembers during the FY 2013 budget process. With that in mind, Financial Management and the IBA decided to submit a list of vacancies to the Budget and Finance Committee as part of the IBA's report on vacancies.

A list of Citywide vacancies, by fund and by department, including individual vacant positions, is attached to this report as Attachment 1. This list is as of the end of the calendar year, specifically December 27, 2012. Note that vacancies are constantly changing, and certain circumstances could be very different in a matter of days or weeks. This report focuses on how vacancies at the end of December, and before and after that snapshot, have impacted departments, as well as other issues related to vacancies.

This report centers on vacancy issues within the General Fund and includes a table showing the number of Full Time Equivalent (FTE) positions in the FY 2013 Adopted Budget, both hourly FTE's and benefited positions – see Attachment 2. An additional table shows the FY 2013 benefited positions and unfunded positions within the adopted budget, as well as vacant positions as of December 27, 2012 – see Attachment 3. This report also discusses vacancy savings, issues for certain General Fund departments, and the process of filling classified City vacancies.

FISCAL/POLICY DISCUSSION

Vacancy Savings

The FY 2013 Budget includes the positions that are authorized to be filled; however, not all authorized positions are funded within the budget. A certain number of positions are unfunded in order to account for savings that routinely occur due to turnover and attrition, including leaves of absence and incidence of newly hired employees that fill vacancies at lower salaries than budgeted. The unfunding of a portion of the City's positions results in vacancy savings that reduce overall budgeted salaries and wages.

Since 2007, as part of the annual budget process, the City has assigned a vacancy factor to departments in order to reduce budgeted personnel expenditures in recognition of normal turnover and salary savings. The vacancy savings included in the FY 2013 Budget are based on a November 2011 data snapshot of the vacancy status of positions, as well as consultations with departments regarding hiring plans. Using this information, certain budgeted positions are unfunded, producing the vacancy savings in the budget. Vacancy savings lowers the FY 2013 General Fund Budget by \$19.7 million, or 3.9% of the \$511.5 million in salaries and wages.

Leaving the unfunded positions in the budget keeps the authorized positions transparent. A department can fill unfunded positions during the year; however, the department must monitor hiring, salaries and wages, and all budget expenditures to keep within the department's bottom line budget. Budgeting for vacancy savings is not intended to restrict hiring of authorized positions.

Issues for General Fund Departments

The FY 2013 Adopted Budget contains 7,152.15 FTE's in the General Fund. Of those, 390.75 are hourly and 6,761.40 are benefited positions – see Attachment 2 for the number of positions by department. Additionally, of the 6,761.40 benefited positions, 343.41 positions are unfunded in the budget to achieve vacancy savings. This represents 5.1% of the 6,761.40 benefited positions – see Attachment 3 for the number of benefited positions that are unfunded, as well as the vacancies at December 27, 2012. Note that in general, the smallest departments do not have a vacancy factor.

The General Fund vacancies at December 27, 2012 total 591.28, which is 8.7% of the benefited positions in the FY 2013 Budget – again see Attachment 3 for the detail by department. The number of vacancies at December 27 is 247.87 higher than the 343.41 unfunded positions within the FY 2013 Budget. The biggest contributors to the higher vacancies are Fire-Rescue, Park & Recreation, Police and Transportation & Storm Water at 32.0, 38.82, 37.5 and 41.0 more vacant positions than unfunded positions, respectively.

Vacancies can necessitate an increase in overtime as a department tries to keep service levels consistent or to acceptable minimum levels. Additionally, sometimes a department will increase responsibilities for staff, giving staff an "Out of Class Assignment" with some of the duties of a more senior job classification.

When a department has more vacancies than desired, there can be increased workloads on staff. Having less staff than needed can impact desired service levels and decrease response times to citizens or to “client departments” within the City.

A number of departments have experienced difficulties filling positions caused in part by the hiring freeze related to Proposition B (which ended in early October), and the length of time it takes to generate certified lists of eligible candidates for vacant positions. The hiring process is discussed below in the “The Process of Filling Classified City Vacancies” section of this report.

The remainder of this section highlights issues related to vacancies for several City departments:

- Fire-Rescue
- Library
- Park & Recreation
- Police
- Public Works – General Services, Facilities Division
- Transportation & Storm Water

Fire-Rescue

As of December 27, 2012, the number of vacant positions in the Fire-Rescue Department is 116.0 FTE. The 116.0 vacancies translate to 10.5% of the 1,100.0 benefited positions within the Fire-Rescue FY 2013 Budget. This is 38% higher than the 84.0 FTE’s that are unfunded to achieve budgeted vacancy savings in the FY 2013 Budget – which represent 7.6% of the 1,100.0 benefited positions.

The high rate of vacancies for the Fire-Rescue Department is attributable to a few causes. These include delays in hiring new recruits – until this year, the Department has not had a fire academy since 2009 – and the loss of Firefighter personnel to retirements. From FY 2009 to January 2013, the Department has lost 213 Firefighters to attrition. Also attributing to the high vacancy rate is the operational practice of “constant staffing,” which is accomplished by using overtime to maintain needed staffing levels, while holding positions vacant to assure spending stays within the budget allocation.

“Constant staffing” is the practice of maintaining four-person crews 24/7 at all fire stations by one of two alternatives: either using overtime or hiring additional personnel to cover anticipated vacancies. The decision on how to achieve constant staffing depends primarily on cost considerations and operational needs, such as crew consistency. The last available study comparing the costs of these two alternatives was contained in the Fire-Rescue Business Process Reengineering (BPR) Final report (report to Council 08-077), issued May 9, 2008. According to the BPR analysis, it was determined that achieving constant staffing utilizing overtime was more cost effective than hiring additional personnel.

We believe a new cost comparison of constant staffing alternatives should be undertaken to reexamine a number of the assumptions utilized in the FY 2008 study, including the fringe rate and recent pension and benefit reforms. In the BPR report, the fringe cost utilized for hired positions was 73% of salary, which includes costs for pensions, retiree health benefits, flexible benefits and retirement offset contributions. With the elimination of retiree health benefits and

retirement offset contributions, as well as a reassessment of pension costs, the fringe rate for a new employee could be much lower than 73% of salary.

With regard to the pension component of fringe costs, at the time of the BPR analysis, the Unfunded Actuarial Liability (UAL) cost associated with the Firefighters – in the FY 2007 Annual Required Contribution (ARC) – was approximately 25% of pensionable pay. The UAL cost is largely associated with past retroactive benefit increases that were not funded, past underfunding of the City's ARC's, and pension system investment losses. A new employee entering the defined benefit pension system does not have an anticipated UAL associated with his or her pension account – although as the years progress, there is the risk that a UAL could develop.

Additionally, a second defined benefit tier for Firefighters was implemented January 1, 2012. For this second tier, the final compensation used to calculate pensions will be based on the average of the highest three years' salary, rather than the highest one year, as is used for the first tier of the plan. Firefighters in the second tier will not be eligible for a 3% retirement benefit multiplier until age 55, compared with Firefighters in the first tier, who are eligible for 3% at age 50. The second tier was estimated by the pension system actuary to have annual costs that are approximately 86% of the first tier plan.

Furthermore, with the passage of Proposition B, the City's contribution rate to a Firefighter's defined contribution plan is capped at 11% of eligible pay. This does not include costs for a disability plan; but if disability costs were added, the total defined contribution plan and disability benefit would be significantly lower than defined benefit pension costs which include the UAL.

The pension costs included in the BPR analysis appear to have included UAL costs, which again are not associated with new hires. Additionally, new Firefighter employees are no longer eligible for retiree health benefits, and retirement offset contributions are no longer paid by the City on behalf of Firefighter employees. With lower pension costs – whether related to a defined benefit or defined contribution plan – and the elimination of retiree health benefits and retirement offset contributions, the fringe rate for a new employee could be much lower than the 73% of salary assumed in the BPR study.

Due to the potentially large difference in fringe rates associated with new Firefighters compared to the rates used in the FY 2008 BPR analysis, the IBA recommends that Fire-Rescue update the constant staffing cost comparison of utilizing overtime versus hiring additional personnel to cover anticipated vacancies.

Library

As of December 27, 2012, the number of vacant positions in the Library Department is 17.0 FTE. The 17.0 vacancies translate to 5.6% of the 303.5 benefited positions within the Library FY 2013 Budget. This is close to the 19.5 FTE's that are unfunded to achieve budgeted vacancy savings in the FY 2013 Budget – which represent 6.4% of the 303.5 benefited positions.

While the Library Department's vacancy rate at the end of December is close to the budget vacancy rate for benefited positions, there are issues with the filling of hourly positions.

Historically, hourly employees in Library have been used to maintain service levels. As of the end of January, there were approximately 25.2 vacant hourly FTE's (based on 168 positions and assuming a six hour work week per position) out of the 104.56 budgeted hourly FTE's – a vacancy rate of approximately 24%.

Because of delays in hiring of hourly workers in FY 2013, the restoration of branch library hours from 36 hours to 44 hours was not fully implemented until December 3, 2012. This was due in part to the recent hiring freeze related to Proposition B and the overall length of the hiring process. Note that the increased funding for library branch hours began in mid-FY 2012 – increasing from 36 to 41 hours. For FY 2013 three additional hours were funded for the full year, bringing the total budgeted hours to 44. However, with hiring issues experienced at the beginning FY 2013, full implementation was not anticipated until September 2012 and did not occur until December.

Additionally, the Library Department has indicated that recruitment for and retention of hourly positions can be challenging because there are no benefits, such as flexible benefits, and work hours are not guaranteed. These employees are often looking for more consistent employment, and if the economy continues to improve, recruitment and retention related to these positions may become even more difficult.

Because of the difficulties in filling hourly positions, overtime has increased to meet staffing needs. Currently, overtime is projected to be \$167,000, compared with the Library Department's \$58,000 budget for overtime. The additional overtime cost is offset with savings from the vacant hourly positions.

Lastly, in the 2014-2018 Five-Year Outlook the new central library – which is anticipated to open in July 2013 – is assigned only one additional staff member for FY 2014. However, the FY 2013 Mid-Year Budget Monitoring Report assumes four new employees will be hired in the last quarter of FY 2013. As the opening date of the new central library approaches, keeping vacancy rates in line with budgeted funding will be increasingly challenging.

Park & Recreation

As of December 27, 2012, the number of vacant positions in the Park & Recreation Department is 63.5 FTE. The 63.5 vacancies translate to 10.3% of the 614.93 benefited positions within the Park and Recreation FY 2013 Budget. This vacancy figure varies during the course of the year as the Department addresses maintaining service levels and adhering to the overall personnel budget for FY2013. There are 24.68 FTE's unfunded to achieve budgeted vacancy savings in the FY 2013 Budget – which represent 4.0% of the 614.93 benefited positions.

Park & Recreation has experienced difficulties filling positions caused in part by the hiring freeze related to Proposition B, and the length of time to generate certified lists of eligible candidates for vacant positions. Also, due to budget reductions and retirements over the past few years, the Department has fewer supervisors to handle the hiring process. However, Park & Recreation has been able to use hourly staff to mitigate some of the impacts to service levels. Overall, the Department reports that it has not had to decrease service levels due to these vacancies.

Park & Recreation did experience a delay in the restoration of weekly mowing of athletic fields that was in part due to hiring delays. Also, there are times when there is not enough staff to handle the cash transactions for special events permits. This situation can require a patron to return on a different day to complete the transaction.

Police

As of December 27, 2012, the number of vacant positions in the Police Department is 166.0 FTE. The 166.0 vacancies translate to 6.7% of the 2,474.25 benefited positions within the Police FY 2013 Budget. This is 29% higher than the 128.5 FTE's that are unfunded to achieve budgeted vacancy savings in the FY 2013 Budget – which represent 5.2% of the 2,474.25 benefited positions. Of the 128.5 unfunded positions in the Police Department Budget, 127.0 are for sworn positions and 1.5 are for civilian positions.

As discussed previously, the number of vacancies at any given time can be very different from vacancies at another point in time. The Police Department is a prime example of the disparity in vacancies at different points in time. For instance, vacancies, as reported by the Department, between December 17, 2012 and January 21, 2013 had risen from 171 to 196.

While looking at the number of vacancies for the Police Department as a whole provides some general information, it does not tell the story. Below we discuss vacancy issues with respect to the two categories of civilians and sworn officers/recruits.

Sworn Staffing

The fluctuation in Police Department vacancies is largely attributable to sworn officers and recruits.

The Police Department began FY 2013 with an accumulated sworn staffing deficit of 138 positions – 11 more than the 127 unfunded sworn positions in the budget. Since then, an additional 79 officers have departed, with the current average attrition being nine per month. Some months have had higher attrition rates. For example, for the four weeks ending December 31, 2012, there were 33 departures.

Average monthly attrition over the last four years is as follows:

- FY 09 Total Sworn Attrition: 264 departed (22 Officers per month)
- FY 10 Total Sworn Attrition: 67 departed (6 Officers per month)
- FY 11 Total Sworn Attrition: 70 departed (6 Officers per month)
- FY 12 Total Sworn Attrition: 95 departed (8 Officers per month)
- **FY 13 Year-to-Date Sworn Attrition: 79 departed (9 Officers per month)**

Although the current attrition rate is nine officers per month, the Department has estimated the attrition rate to be more in the range of seven or eight per month by the end of the fiscal year. If seven officers were to leave on average per month for FY 2013, the total FY 2013 departures would be 84.

Offsetting the departures during the year are incoming officers, largely hired through the Police Academy. In FY 2013, the Police Department is budgeted to hold four 30-recruit police academies. Three of the four scheduled academies have started, one of which recently held

graduation. The addition of new officers from academies would be offset by the departures mentioned above.

Sworn Staffing Challenges

The Police Department currently has 1,969.5 budgeted sworn positions. Per the Police Five-Year Plan, presented to the PS&NS Committee July 18, 2012, the Department's goal is to increase sworn staffing levels to 2,078.0 by the end of FY 2018.

The Department's ability to make headway in meeting its staffing goals is constrained by limited funding. Particularly, the Department's ability to increase sworn staffing levels is constrained by the Department's budgeted vacancy savings. As previously noted, budgeted vacancy savings is generally intended to account for attrition, leaves of absence, and newly hired employees that fill vacancies at a lower salary than budgeted. In the case of the Police Department, holding positions vacant in order to maintain vacancy savings has limited the ability to hire additional sworn positions.

Like other City departments, the Police Department's budgetary salary savings for FY 2013 was effectuated by removing funding for 127.0 of the 1,969.5 budgeted sworn positions. This leaves a difference of 1,842.5 that could theoretically be filled throughout the year. However, the Department must work throughout the year to maintain a staffing level that will keep spending within the budget. By monitoring salary expenditures, including overtime, during the year the Department determines how many officers it will be able to hire.

The City has made recent efforts to gradually increase sworn staffing levels to reach departmental goals. The FY 2013 Budget includes funding to support an increased number of recruits in each academy, from 25 to 30. The FY 2014-2018 Five-Year Outlook also intended to increase academy sizes from 30 to 35 recruits over the next five years. With these efforts, it is anticipated that the Police Department will reach sworn staffing goals by the end of FY 2017.

The IBA has written extensive analyses on Police Department staffing and vacancy issues. IBA Report 12-19, issued May 16, 2012 discusses staffing challenges for both sworn and civilian staffing. Updated information is also included in the IBA's review of the Five-Year Outlook for FY 2014-2018 – refer to the Police Department section in IBA Report 12-48, issued November 19, 2012. Additionally, some of the history of the budget cuts and attrition for sworn officers can be reviewed in IBA report 07-29, "Police Sworn Officer Attrition."

Civilian Staffing

As of December 27, 2012, the department had 54.0 civilian vacancies out of 504.75 budgeted positions. These vacancies compound the impact from reductions in civilian staffing since FY 2009, straining the department's support resources. About half of these vacancies are in the Communications Division and the Records Unit. There are a number of issues with keeping civilian positions filled, including retirements, resignations and transfers to other City Departments.

The recruitment process for civilian employees in the Police Department also involves more extensive background checks than for other civilian City employees. Civilian employees are exposed to a variety of sensitive or confidential information that is not present in other City

departments. This process can take a minimum of one month; and in some cases it can take up to six months. This is in addition to the time taken for normal civil service recruitment steps managed by the Personnel Department, such as advertising of positions, development of certified lists and interviewing candidates.

Beyond recruitment process issues, there are also budgetary issues. With only 1.5 unfunded civilian positions, civilian staffing is fully funded. However, there are other areas of Police Department spending that have caused the projected expenditures for the entire Department to be over-budget. Based on the 2013 Mid-Year Budget Monitoring Report, the Police Department is over-budget by \$7.0 million. This is partly due to an estimated \$2.5 million in costs for helicopter maintenance, fuel and other support expenses, as well as \$1.9 million in over-budget fringe. Air Support expenses were originally intended to be paid from non-General Fund sources; however, those funding sources have significantly diminished and cannot provide long term sustainment for the air support operations.

Additionally, the Mid-Year Budget Monitoring Report shows \$1.9 million and \$2.7 million in over-budget overtime and pay-in-lieu of annual leave expenditures, respectively, that are largely offset with vacancy savings. With projected deficit spending for the entire Police Department budget, even if the Department did not have difficulties regarding turnover and the lengthy recruitment process, it would be difficult to substantially increase the hiring pace without a budget increase or reduction in other spending.

The Police Department Five-Year Plan adds an additional 20 civilian staff annually to address civilian support resource needs, beginning with the following divisions and units: Communications, Crime Laboratory, Records, and Property Room. However, Mayor Sanders' FY 2014-2018 Five-Year Outlook did not assume any addition of civilian staffing due to budget constraints.

Public Works – General Services, Facilities Division

As of December 27, 2012, the number of vacant positions in the Facilities Division is 14.0 FTE. The 14.0 vacancies translate to 13.1% of the 107.0 benefited positions within the Facilities FY 2013 Budget. This is close to the 12.0 FTE's that are unfunded to achieve budgeted vacancy savings in the FY 2013 Budget, which represent 11.2% of the 107.00 benefited positions. Note that the Facilities Division is part of General Services, which has total General Fund budgeted FTE of 116.0. The high rate of unfunded positions for the Facilities Division budget is attributable to the historically high number of vacancies.

The Facilities Division has stated that there has been a vacancy rate of about 18% over the past two years. This high rate is due to a number of factors including a high level of retirements and a lengthy hiring process. Facilities has indicated that the ongoing higher number of vacancies has exacerbated its hiring delays, as there is not enough supervisory staff to adequately handle both operational issues and the persistent need to be involved in the hiring process. At times, the Division has utilized trades-people in "Out of Class Assignments" as supervisors, which exacerbates the vacancies that exist in the trades positions. The result is even fewer employees being available to do repairs and maintenance work.

An additional contributing factor to the length of the hiring process involves the work performed by the Personnel Department in the recruitment process. The hiring process is discussed below in the “The Process of Filling Classified City Vacancies” section of this report. The City hires employees for classified positions from lists of candidates certified by the Personnel Department. If there is no existing certified list of candidates when a request to fill a vacancy is made, Facilities has indicated it can take two to six months for the Personnel Department to advertise the position and develop a certified list of eligible candidates.

Consequently, including both the internal time taken by Facilities and the Personnel Department’s efforts, the hiring process for Facilities – for positions such as Plasterers and Refrigeration Mechanics –generally has taken six months or more.

Although we are focusing on vacancy issues in this report, it is important to highlight a larger issue related to resources: funding is significantly below the level needed to keep up with necessary repairs and maintenance of City facilities. Since FY 2004, the Facilities Division has experienced a 23.2% reduction in budgeted personnel – see the table below showing the budgeted FTE over the last ten years for the Facilities Division.

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Budgeted FTE	139.27	131.76	119.76	130.50	118.00	109.00	107.00	108.00	107.00	107.00
% Change from FY 2004	n/a	-5.4%	-14.0%	-6.3%	-15.3%	-21.7%	-23.2%	-22.5%	-23.2%	-23.2%

Furthermore, beginning in FY 2010, about 25-35% of Facilities Division positions became revenue reimbursable – performing repairs and maintenance for enterprise-funded departments and implementing small-scale capital projects. This change was intended to preserve positions during a time when budget cuts were being made; but the result was that the Division prioritized work for enterprise-funded departments over General Fund departments in order to meet the new reimbursable revenue goals. For FY 2013, about \$3.1 million of the Division’s total \$14.0 million Adopted Budget supports 28.0 reimbursable revenue positions. Only about \$8.3 million of the Division’s budget is for repair and maintenance for General Fund departments.

The budget reductions and ongoing vacancies have affected Facilities’ ability to efficiently respond to repair and maintenance requests, or work orders. As of January 28, 2013, Facilities faces a backlog of over 1,542 uncompleted work orders. This has caused the Division to focus on breakdown maintenance issues versus a preventative maintenance approach. In a performance audit of the Facilities Division, issued November 2012, the City Auditor found that corrective repairs for the City encompass 84% of work activity, whereas preventive maintenance accounted for 16% of completed work orders.

Budget reductions have also contributed to organizational gaps and the lack of first-line supervisors in the Division. For example, first-line supervisors reviewed daily work orders for priority, closed out completed orders, and reported to management on the backlog; conducted required trade-specific safety and other training; and ran the annual trade-specific hiring process.

Given the City’s current commitment to funding deferred capital and moving toward preventive maintenance, the overall funding issue for Facilities should be addressed as soon as practicable. When needed maintenance and repair work goes undone, it may accelerate the deterioration of

City buildings. Deferred capital needs for buildings is already estimated to be \$185 million, and is likely to be much higher since the estimate was based on outdated condition assessments conducted on only 30% of the City's 1,600 facilities. Even with funding provided in the Five-Year Deferred Capital Plan, passed by Council this past Spring, the City's infrastructure assets are expected to continue to deteriorate by 5-10% over the five-year period. Note that the next facilities condition assessment will be conducted in 2014 and is anticipated to include about 600 General Fund buildings (about 5 million sq ft).

To address staffing and resource shortages and related operational issues, Public Works-General Services has developed a new sustainability model which is expected to recommend increased funding for Citywide facilities maintenance. As discussed during the Audit Committee meeting on January 7, 2013, the recommendations are currently being reviewed by the Chief Operating Officer; and, if the Mayor's budget process allows, increases in budget may be proposed in the FY 2014 Proposed Budget.

We believe this is an important issue given the City's commitment to addressing deferred capital, and the proposal to address Facilities resource needs should be brought to the Infrastructure Committee and City Council as soon as possible. Even though it will be a challenge for the City to increase the facilities funding level for the next fiscal year, it is important for policy makers to understand the resource needs, so that service levels for facilities maintenance can be fully considered during the budget process. Ultimately, the City needs to get to a position where it can prevent the continuous deterioration of its infrastructure assets by establishing target service levels and setting a goal for achieving the needed funding level.

Transportation & Storm Water

As of December 27, 2012, the number of vacant positions in the Transportation & Storm Water Department (TSW) is 57.0 FTE. The 57.0 vacancies translate to 13.2% of the 432.25 benefited positions within the TSW FY 2013 Budget. This is 256% higher than the 16.0 FTE's that are unfunded to achieve budgeted vacancy savings in the FY 2013 Budget – which represent 3.7% of the 432.25 benefited positions.

TSW has placed 13.0 of the 57.0 vacant positions on hold pending completion of meet and confer for the Street and Sidewalk managed competition. Additionally, TSW has had difficulties when trying to fill vacancies due to expired lists of eligible candidates, as well as the length of time to generate certified lists.

TSW reports that the most significant service impacts related to a high vacancy rate include increased response times to traffic requests from the public – such as those related to street lights, pedestrian safety improvements, potholes and other traffic issues. This is largely caused when field employees work in Out of Class Assignments (OCA), creating a void in their permanent positions. Overtime has been used to reduce the impact to service levels.

The Process of Filling Classified City Vacancies

Most positions in the City are classified positions. In the FY 2013 General Fund budget, 6,802.95 of the 7,152.15 total FTE's are classified and 349.20 are unclassified. The filling of

unclassified positions in the executive branch is overseen by the Human Resources Department. The filling of classified positions is guided by Civil Service Commission rules and regulations and carried out by the Personnel Department.

It is a stated policy of the Civil Service Commission (CSC) that equal opportunity be afforded to all applicants in the course of interviewing and selecting employees. San Diego's City Charter was amended in 1915 to provide for the CSC, which supervises the selection, promotion, and removal of all classified City employees. CSC's primary purpose is "to safeguard against a 'spoils' system, in which influence rather than merit determined who gained City employment."

The Civil Service process is regulated by the City Charter, Civil Service Rules (which are approved by Council ordinance) and the Personnel Manual (which includes policy interpretations and procedural instructions that adhere to the Civil Service Rules, and is approved by the CSC).

The Hiring Process

In general, the hiring process for classified positions can be divided into three segments:

- Personnel Department recruitment and certification of eligible lists
- Hiring department selection process (interview, reference check, job offer)
- City background checks (fingerprinting and Department of Justice, FBI and local checks); and medical evaluations

When a department is looking to fill a vacant classified position, it must first go through an internal department approval process. Unless approval is required by the Mayor's Office or Office of the COO, once the filling of a position is approved on the department-level, the department will submit a request for a certified list of eligible candidates to the Personnel Department. For information on types of eligible candidate lists, see Attachment 4, entitled "Types of Eligible Candidate Lists."

The Personnel Department will review the request to determine that 1) a vacancy indeed exists, and 2) there is a valid list of eligible candidates. If both conditions are true, the list will be certified and sent to the requesting department. However, if an eligible list is not available, then recruitment will be initiated by the Personnel Department.

When a Certified List of Eligible Candidates Exists

Certified lists are subject to an expiration date. Per Civil Service Rule IV, a certified list cannot be in effect for more than two years without a CSC extension. Personnel has been working to determine the most appropriate length of time before a list of eligible candidates expires. Formerly, lists were good for one to two years, yet six to nine months after the list was created many candidates had already accepted other positions. Thus, a list became "stale" as time passed, and the best candidates were often no longer available for employment.

The Personnel Department continually evaluates the issue of how long before a list should expire. Personnel considers the appropriate timeframe to be six months to a year, depending on the classification and how often the list is utilized by City departments. The less often a list is used, the longer it would be available for use before it expires. It is a balancing act between keeping a stale list available and expiring the list. When lists expire and a vacancy occurs, the department with the vacancy will have to wait for a new list to be developed.

Personnel has recently gone back to the process of “predictive recruiting,” which is starting the recruitment process for a job classification four to six weeks before a current list expires. Personnel is using this process for classifications which are in high demand due to the recent changes to the City budget and increases in hiring. Predictive recruiting will ensure a new list is already being developed as the old list expires. Typical classifications that fall under this category are Police Officers, Management Trainee, Clerical Assistant II, and Librarian and Engineering series classifications.

If all classifications were open to continuous recruitment at all times, there would be an inundation of applications for which the Personnel Department does not have the capacity to handle. Additionally, the City would be accepting applications for vacancies that may not occur for months, which could be wasted work effort, as candidates would become unavailable upon securing jobs elsewhere.

According to the Personnel Department, for calendar year 2012 the average time it took for a department to request a certification once a position became vacant was 133 days. When a department requested a certified list of eligible candidates and if Personnel had an available list for the job (and no recruitment was necessary), it took an average of 25 days for Personnel to provide it to the department.

Personnel notifies all eligible candidates on promotional lists of a pending vacancy, in accordance with Personnel Manual (Index Code E-5). Personnel also notifies all eligible candidates on transfer lists of a pending vacancy, in accordance with the labor contract with the Municipal Employees Association (MEA). For consistency, Personnel notifies all eligible transfer candidates on the list, whether they are members of MEA or another union.

The Personnel Department formerly utilized a legacy system called Personnel Application Tracking System (PATS) – which was maintained by the Data Processing Corporation (DPC) – for recruitment, certification of eligible lists and vacancy notifications to candidates on promotional and transfer lists. PATS was a system customized to the City’s needs, but it was not compatible with SAP. The PATS system was retired in November 2011. At that time, the NEOGOV recruitment and job application processing system was implemented. NEOGOV distributes the City’s job postings to GovernmentJobs.com, giving the City access to a wider pool of applicants.

Initially under NEOGOV, which is an off-the-shelf program, the vacancy notifications which are sent to promotional and transfer list candidates had to be compiled manually. However, since November 2012, when Personnel began requiring online only submission of applications, Personnel also began moving toward complete electronic notification of vacancies for promotional and transfer candidates through the NEOGOV program. The transition time for achieving complete electronic notifications is in the next six to eight months, as manual notifications to candidates on existing lists will expire over time.

When a Certified List of Eligible Candidates Must be Developed

When a department requests a certified list of eligible candidates and the Personnel Department does not have a certified list for the job classification, it will post the employment opportunity on

its website. As mentioned above, since the end of November 2012, Personnel has required that applications be submitted online, using the NEOGOV program. NEOGOV spares the Personnel Department considerable data entry time with respect to submitted paper applications and materials.

Once a job opportunity is posted for a classified job, applications will be accepted by the Personnel Department, generally for a period of one to two weeks. When the application process is closed, the Personnel Department will accept or reject each application, depending on whether each applicant meets the minimum qualifications for the job.

Although the use of NEOGOV's online application process has cut down on data entry time for applications materials, it has increased the workload in another way. With the posting of jobs on GovernmentJobs.com, there has been a large influx of applications, sometimes thousands, for one position. Each application must be reviewed to verify whether the minimum qualifications for the job are met. One way to control the large volume of applications is to limit the number of days applications will be accepted. This must be balanced with potential negative effects of narrowing the applicant pool.

There are eight analysts (including one supervisor) who review applications and reject or certify candidates. Each analyst carries four to seven job postings/examinations at a time. Four analysts are devoted to Police and Fire alone, as screening processes for those departments are generally more involved than for other departments. The other four analysts are devoted to other General Fund departments and Non-General Fund departments.

With the FY 2012 workload, on average, each of the eight analysts would have to verify minimum qualifications for a minimum of 22 applications per work day to keep up with volume. This work volume occurred during a time when both online and paper applications were accepted. With requirement that applications be submitted online (in November 2012), the number of applications is anticipated to increase for FY 2013. Additionally, these analysts have to work with the departments to develop future recruitments, including the job postings. Furthermore, they develop and administer written test materials and other screening tools, including physical ability tests (such as those for Fire and Police recruits) and other performance tests (such as call center simulations or heavy equipment operator tests).

Once Personnel finds an applicant meets the minimum qualifications for the job, the accepted applicant will be placed on a list of eligible candidates for the job classification. In calendar year 2012, it took an average of 100 days for certifying a list when a recruitment was needed (including posting the job, reviewing applications and compiling the list). The length of time for the process of developing a certified list depends on the Personnel Department's workload and the number of applicants for each job classification. As part of this process, the Personnel Department handles appeals made to the Personnel Director from rejected applicants.

As mentioned above, the timeframe to develop a certified list depends on many factors, including the Personnel Department's workload, the number of applicants, how much time Personnel spends resolving issues with rejected applicants and whether there are CSC appeals made by rejected applicants. An additional factor affecting the length of the process is related to what

screening tools are used – whether there is only an application involved, or whether there are other screening criteria, such as written tests, physical ability tests or other performance tests.

Note that the workload revolving around rejected applications has been recently reduced with the implementation of the NEOGOV online application process. An application will not be accepted as complete by the system until all required information has been submitted. Formerly, the Personnel analysts would spend a significant amount of time reviewing paper applications for completeness, prior to evaluating them for minimum eligibility requirements. The Personnel Department is continually evaluating the new online application process flow to look for more efficiencies and time savings.

A rejected applicant can appeal to the CSC within five days, per Civil Service Rule II, Section 6. If a rejected applicant appeals a rejection of his or her application to the CSC, which meets once a month, additional time may be incurred before a list of eligible candidates can be certified. This could add one to two months to the process of developing a certified list. However, appeals to the CSC are a rare occurrence with respect to job postings/examinations. More appeals have to do with background checks and medical examinations, which occur after offers are made – although the number of appeals is also low at only a few occurrences a year. Those types of appeals can hold up the ability to fill the position for one to two months, because a candidate has accepted the City's conditional offer of employment and the issues must be resolved.

After a Certified List is Received by a Department

Once the department receives a certified list for a job classification, it can begin the interview process. This involves the department screening and reviewing applications for the most qualified applicants based on objective criteria, and inviting them and scheduling interviews. An interview panel should be diverse and consist of at least three participants, and a department may ask other departments to fill one or more of the panel spots.

Initial interviews can take from one to two weeks, or can take longer, depending on the number of applicants interviewed and depending on the department's ability to handle the interview process workload. A department may then go through a second interview process which could take another couple weeks. After this step, the department would need to conduct reference checks and make a conditional job offer. In calendar year 2012, it took an average of 40 days for the departments' portion of the hiring process – from when the department received the certified list to the conditional job offer date.

When the department makes a conditional job offer to the desired candidate, the Personnel Department must complete background checks through the Department of Justice and FBI, as well as a local background check. The Police Department performs its own more extensive background checks which can take one to six months to complete. The background checks handled by the Personnel Department generally take a few weeks, but can take as little as a few days or as many as six weeks. This depends on how quickly the outside agencies provide the fingerprint results. An applicant can appeal a rejection based on a background check finding to the CSC within five days, per Civil Service Rule II, Section 6. In calendar year 2012, it took an average of 27 days from the time of the departments' conditional job offer to the start work date for the new employees. This time period includes time for the background check and for the new employee to give notice to the former employer.

Depending on the job classification, a medical exam may also be performed by the Personnel Department's medical provider. Jobs for which medical exams may be applicable are generally ones that have physical requirements or field work involved. An applicant can appeal a failed medical exam to the CSC within five days, per Civil Service Rule III, Section 3.

There is no standard timeframe for the hiring process, but departments have reported it could take three to six months, and longer timeframes have been experienced. A timeframe for the hiring process cannot be accurately established as there are many different classifications, with different recruitment and screening processes. Additionally, the amount of time it takes for the Department of Justice or FBI to transmit the background check results to the City is out of the City's control.

Contributing Factors for Recent Difficulties in Filling Vacancies

There have been several factors contributing to recent difficulties in departments' filling of vacancies. These factors produced a greater workload for the Personnel Department in recent months and are discussed briefly below.

First, after several years of budget reductions for departments, several departments were given additional funding to restore hours and services – for example Fire-Rescue, Library and Park & Recreation Departments. The impact to the Personnel Department involved an influx of requests for certified lists of eligible candidates. These requests were for jobs that did not have recent recruitments, due to the prior budget reductions over the past few years. Examples of such requests for certified lists include those for Library Clerk, Library Aide, the Librarian series, Recreation Leader series and Recreation Center Director series, as well as the recruitment for the Firefighter academy.

The second factor is the passage of Proposition B in June 2012 and its subsequent impact on the hiring/selection processes that were already in progress. A two month hiring freeze was implemented on August 1, 2012. Job postings needed to be prioritized, and determinations were made regarding which job postings to open first.

A third factor is that the Personnel Department needed to create and recruit for new job classifications to accommodate the Fleet Maintenance Managed Competition bid. New job classifications are created once a year and are approved through the salary ordinance. Additionally, new job postings for these classifications had to be developed, which included the creation of minimum qualifications. These were job classifications that the City had never utilized in the past. New classifications for which recruitments occurred include the following: Fleet Attendant, Fleet Team Leader, Master Fleet Technician and Fleet Repair Supervisor.

CONCLUSION/RECOMMENDATIONS

This report focuses on how vacancies at the end of December, and before and after that snapshot, have impacted departments. This report also discusses vacancy savings, issues for certain General Fund departments, and the process of filling classified City vacancies.

We recommend that an updated list of vacancies be provided to Council this year, in the beginning of April, to coincide with the budget process, and then annually as an attachment to the Mid-Year Budget Monitoring Report.

Department Issues

Fire-Rescue

For Fire-Rescue, we believe a new cost comparison of constant staffing alternatives should be undertaken to reexamine a number of the assumptions utilized in the 2008 study, including the fringe rate and recent pension and benefit reforms. In the BPR report, the fringe cost utilized for hired positions was 73% of salary, which includes costs for pensions, health benefits, flexible benefits and retirement offset contributions. With the elimination of retiree health benefits and retirement offset contributions, as well as a reassessment of pension costs, the fringe rate for a new employee could be much lower than 73% of salary.

Police

The ability for the Police Department to make headway in meeting its staffing goals is constrained by limited funding. Particularly, the Department's ability to increase sworn staffing levels is constrained by the Department's budgeted vacancy savings. Holding positions vacant in order to maintain vacancy savings has limited the ability to hire additional sworn positions. The Police Department currently has 1,969.5 budgeted sworn positions. Per the Police Five-Year Plan, presented to the PS&NS Committee July 18, 2012, the Department's goal is to increase sworn staffing levels to 2,078.0 by the end of FY 2018.

The Police Department Five-Year Plan adds an additional 20 civilian staff annually to address civilian support resource needs, beginning with the following divisions and units: Communications, Crime Laboratory, Records, and Property Room. However, Mayor Sanders' FY 2014-2018 Five-Year Outlook did not assume any addition of civilian staffing due to budget constraints.

Public Works – General Services, Facilities Division

With respect to Public Works – General Services, Facilities Division: budget reductions and ongoing vacancies have affected Facilities' ability to efficiently respond to repair and maintenance requests, or work orders. To address staffing and resource shortages and related operational issues, Public Works-General Services has developed a new sustainability model which is expected to recommend increased funding for Citywide facilities maintenance. As discussed during the Audit Committee meeting on January 7, 2013, the recommendations are currently being reviewed by the Chief Operating Officer; and, if the Mayor's budget process allows, increases in budget may be proposed in the FY 2014 Proposed Budget.

Hiring Issues

Some concerns have been expressed regarding the length of time for the hiring process. There is no standard timeframe for hiring process, but departments have reported it could take three to six months, and longer timeframes are possible. The Personnel Department has provided average timeframes for steps in the hiring process based on occurrences in calendar year 2012. One-third of the average hiring timeframes was attributable to Personnel Department activities, 58% was

attributable to hiring departments, and 9% was attributable the background/medical check process.

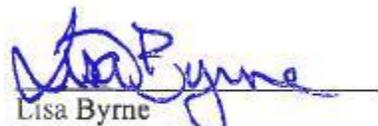
- It took an average of 133 days for a hiring department to request a certification once a position became vacant.
- It took Personnel an average of 100 days for certifying a list when a recruitment was needed (including posting the job, reviewing applications and compiling the list).
- It took an average of 40 days for the departments' portion of the hiring process – from when the department received the certified list to the conditional job offer date.
- It took an average of 27 days from the time of the departments' conditional job offer to the start work date for the new employees. This time period includes time for the background/medical checks through outside agencies, and for the new employee to give notice to the former employer.

In order to assist hiring departments to better plan for filling vacancies, Personnel is currently developing a report with an inventory of certified lists and their expiration dates. Personnel is also developing and will present training for departments on the recruitment process.

Public safety had been a top priority with respect to hiring. Over 50% of the General Fund Budget is comprised of public safety expenditures, and the City Council has continued to emphasize the importance of public safety. Also, the Personnel Department has devoted half of its recruitment and examination staff to public safety.

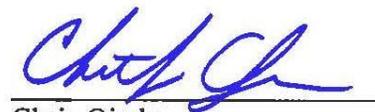
Personnel has communicated that additional resources are needed. There are eight analysts (including one supervisor), four of which are devoted to safety, who review applications and reject or certify candidates. For the first half of FY 2013, the Personnel Department opened 112 non-safety recruitments and reviewed and evaluated over 13,300 applications related to those recruitments. Additionally, these analysts have to work with the departments to develop future recruitments, including the job postings, and to develop and administer written test materials and other screening tools.

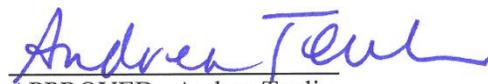
For the FY 2014 budget process, the Personnel Department plans to request two additional recruitment and examination positions and one liaison to assist departments with requests to fill vacancies. These issues can be considered in the upcoming budget process along with numerous competing priorities.


Lisa Byrne
Fiscal & Policy Analyst


Erin Noel
Fiscal & Policy Analyst


Melinda Nickelberry
Fiscal & Policy Analyst


Chris Ojeda
Fiscal & Policy Analyst


APPROVED: Andrea Tevlin
Independent Budget Analyst