






HUMAN RESOURCES & BENEFITS INFORMATION  
**CITY EMPLOYEES AND WORKFORCE PLANNING:  
GETTING STARTED**

If your city has a high number of employees nearing retirement, you're not alone. According to data from the Public Employees Retirement Association (PERA), almost 37% of city employees are over age 50 (excluding police and firefighters). In fact, almost half of the cities in Minnesota have at least 25% of their employees over age 50. In 150 cities, at least half of the employees are over age 50. In some cities, the number of employees nearing retirement is small but still represents a substantial or key part of the city's workforce.

Given that the projected workforce shortage is just around the corner in terms of long-term planning, each city should begin working on the problems associated with workforce shortages and large-scale retirements now. Because of the shortage, there will be greater competition for skilled workers. Cities need to start taking immediate steps to review and possibly change employment practices in order to be seen as "preferred employers." This informational packet contains information on five major steps that each city should begin working on now in order to be prepared in the next few years for the upcoming labor shortage:

<b>FIVE STEPS TO WORKFORCE PLANNING</b>	
	<b><u>Problem Identification.</u></b> Identify the problem in your city (e.g., determine which jobs in your city are likely to experience retirements in the next five years).
	<b><u>Reinvention/Retooling.</u></b> Explore whether the city should be thinking about alternative ways to get the work done – other than hiring new workers.
	<b><u>Employee Recruitment Efforts.</u></b> Determine how effective your city's current recruitment practices are and whether they can be made more effective for the future.
	<b><u>Employee Retention Strategies.</u></b> Brainstorm ways to make your city a more attractive work environment.
	<b><u>Knowledge Transfer.</u></b> Make sure your city does not lose all of the knowledge about the best ways to accomplish the city's work when the workers retire.

## Introduction

The projected workforce shortage associated with the retirement of the Baby Boomers poses two major problems for most cities. First, the city must decide how to cope with the loss of the city's workers (i.e., how to get the work done). Generally, cities are looking at solutions associated with figuring out different ways to do jobs, or increased and more broadly focused recruitment efforts, and at changing employment policies to attract and retain workers. Second, the city must decide how to cope with the loss of organizational knowledge and history that the city's workers take with them (i.e., the knowledge about how to get the work done efficiently and effectively). This means making sure that there are mechanisms in place for a "knowledge transfer."

This memo discusses the questions that cities should be asking in order to determine possible solutions to these problems. However, it is not intended to provide all of the answers that your city will need in order to effectively deal with the upcoming workforce shortages. Instead, it should be viewed as a "starting point" for cities to begin the planning process. The League will be developing more tools, templates and samples over time, and we welcome ideas, suggestions and models from our member cities.

## Identifying the Problem

Addressing some key questions will help the city identify its own unique situation and the challenges associated with the changing demographics of the city and its workforce. While the questions may vary somewhat by city and by region of the state, there are a number of common questions that will apply in almost every city:

- ***Which employees are likely to retire in the next five years?***
  - How many of these individuals are key leaders/managers?
  - How many of these individuals have specialized technical knowledge?
  - How many of these individuals are in the same job class and/or same department?
  - What does our recent history say about our ability to recruit for these jobs?
  
- ***How will our workforce be different in five years?***
  - Which generations will still be working? Which will be retiring? Which will be coming into the workforce? What are the characteristics of each of these generations?
  - How will the racial and ethnic backgrounds differ from today?
  - How will the gender balance differ?
  - How will educational backgrounds be different?
  - How will work preferences be different (e.g., working from home, flexible hours, etc.)?
  
- ***How will our human resources needs be different in five years?***
  - What role will technology play? Will it be able to replace some workers? Will we need a higher level of training in technology? Will we need to replace our technology in order to attract and retain new workers?

- How do the city's growth and development patterns play a role in human resources needs?
- How will the city's demographics play a role in human resources needs? (e.g., older populations requiring different city services and housing?)
- ***What should we be doing now to prepare for our changing needs and changing workforce?***
  - What strategies should we employ? What are some possible solutions to workforce shortages and changes? Do the solutions require outside assistance or legal authority?
  - What are the constraints against implementing strategies? What are some possible solutions to those constraints?
  - How can we match the skills of our current and future employees with our needs as an employer?

Getting the city's top leadership (e.g., city council, city administrator, department heads) together to talk about these issues is a good way to start answering some of these questions and thinking about possible solutions.

Another approach is to assign the above questions to each department manager to address within their respective departments and bring possible solutions to the City Council and/or City Administrator/Manager for further consideration.

### **Identifying Strategies, Solutions, Challenges and Constraints**

Once the city has identified the unique problems it will be facing with regard to the workforce shortage, the next step is to identify some possible strategies and solutions for addressing the problem. These strategies are likely to fall into one of four major categories, each of which is discussed at greater length in the following pages:

1. **Reinvention/Retooling** (*considering ways other than hiring new employees to get the job done*)
2. **Recruitment** (*increased and more broadly focused efforts to hire new workers*)
3. **Retention** (*ways to keep the workers that the city currently has or the new ones it hopes to attract in an increasingly competitive job market*)
4. **Knowledge Transfer** (*making sure that the knowledge your workers have about the best ways to get the job done stays with the organization after the workers retire*)

### **Reinvention/Retooling**

After identifying the job classes, departments, and key leadership positions that are likely to be vacant in the near future, the city can start analyzing how best to address the vacancy. Probably the first question to ask is, "Is it possible that the city could decide to discontinue this service?"

*Example. The city is currently providing a fall leaf-removal service for residents, and the primary person in charge of it is getting ready to retire. The city may want to ask itself, “Is this a core service?” “Is this service of high importance to our residents?” “Are there other entities – public or private – that already provide this service?” “What would happen if we discontinued this service as far as liability, public relations, legal compliance, etc?”*

If the service is determined to be essential, then the next question that the city may want to ask is, “Are there any other ways to accomplish this service for our residents?”

*Example. The city employs its own City Assessor, and she is retiring in three years. Assessments can’t be discontinued entirely; they are needed to determine property taxes. However, is there another way to accomplish this service for city residents? Will the County be willing to handle assessments for the city and, if so, how much would they charge? Could the city hire an outside consultant to do the assessments? Should the city consider a joint powers arrangement or consider sharing an employee with another city?*

If contracting out doesn’t seem to be a good option, another option might be to consider some non-traditional approaches such as:

- Splitting up jobs

*Example. The City Engineer retires and is hired back on a part-time basis with no supervisory duties; all supervision is assigned to a different department director or to a lower level supervisor.*

- Teamwork (several different departments join together to accomplish various aspects of a job)

*Example. The Fire Marshall retires and the various duties are re-assigned to the Fire Chief and the Building Inspection Department.*

- Using volunteers

*Example. The city is unable to recruit a sufficient number of parks maintenance workers to maintain the city’s parks. The city establishes a volunteer program in which the city’s garden club takes over flower planting and other duties for all city parks.*

- Working outside of job class

*Example. The city is unable to recruit a utility billing clerk with an appropriate level of computer skills. However, there is a part-time public works employee who is very good with computers. The city hires and trains the public works employee to handle utility billing duties on a part-time basis and public works duties on a part-time basis.*

The League of Minnesota Cities conducted a recent survey of our member cities. One question asked cities whether they have made or are considering making changes to the services they provide due to challenges brought on by the aging of the workforce. Approximately 74 percent of the cities that responded indicated they have not made any changes and do not plan to make any changes to the services they provide due to the aging of the workforce. Among the cities who did anticipate making changes, one of the changes that was most commonly indicated was that cities plan to contract out services to third-party vendors.

## **Recruitment**

For some job classes, the city will conclude that strengthening its recruitment efforts is the best approach. Assessing the city's current recruitment efforts and determining where they can be improved is the first step in this process. The city should ask itself:

- *In which job classes are we likely to have problems recruiting?*
- *What currently works well (and not so well) with our recruitment efforts?*
  - Do we track where applicants come from – e.g., newspaper ads, the web, postings at city hall, job fairs, word-of-mouth, etc.? What do these statistics tell us about where best to spend our efforts?
  - Do we poll our recent hires to find out what they did and didn't like about recruitment process? Do we survey candidates who did not get the job to see what they think?
  - Does our recruitment process take a long time to complete?
  - Do we lose candidates along the way? If so, how do we lose them (e.g., finding other jobs, insufficient starting pay, insufficient benefits, etc.)?
  - Does anything about our process (application procedures, minimum requirements, interviews, testing procedures, etc.) discourage candidates from applying?
- *What do we need to change in order to recruit the next generation of workers?*
  - More technological approaches
  - Offer telecommuting options
  - More flexibility in scheduling
  - Reduce the emphasis on "face time"
  - Overcome negative public perceptions of government work as boring and bureaucratic
  - Salary and benefits
    - What's good about our salary and benefits?
    - What's missing?
    - What could be improved?
  - Marketing efforts – what does the city offer that we can "sell" to applicants?

## **Retention**

Retaining good, well-trained, experienced employees goes hand-in-hand with ramping up the city's recruitment efforts. What can the city do to ensure that it is able to keep good employees

longer? To address this question, the city should examine similar questions to those addressed with regard to recruitment:

- ***What are our current “problem” job classes?***
- ***What do we see as likely problems for the future?***
- ***What currently works well (and not so well) as far as retention efforts? Why do long-tenured employees stay at the city? What motivates those who leave to do so?***
  - Does the city conduct employee surveys to find out what employees like and don't like about working for the city?
  - Does the city conduct exit interviews to find out why people leave?
  - Is our compensation competitive with the market? Does the city conduct periodic market studies? Can an employee be hired by a neighboring city or the private sector and immediately make more money?
  - Is the city's insurance benefit structure competitive? How much do our employees pay for insurance vs. other employers? Have we covered all of the bases – disability insurance, health, dental, life, long term care?
  - Is job stability something that the city could promote? Does the city have a record of few or no layoffs in the past ten years?
  - How is the city's work environment? Are supervisors well-trained in getting the best performance from their employees? Does the city promote a respectful environment? How are council-staff relations? Does the city address problems up-front or allow them to go unaddressed?
  - Is the city's top leadership perceived to be strategic and insightful? Does the city spend time and effort thinking and planning for the future?
  - Does the city spend time, effort and money on professional development for its staff? Do employees believe that they will be supported if they try to grow professionally?
  - Are employees and leaders dedicated to public service and to top-notch customer service?
  - Does the city spend time and effort on employee communications? Do employees understand the city's mission and goals?
- ***What do we need to change in order to retain the next generation of workers? To get those nearing retirement to think about staying? To attract a more diverse workforce?***
  - Has the city thought about setting up a “phased retirement” option for employees nearing retirement? (For example, one approach to phased retirement occurs when employees gradually reduce the number of hours they work over the last few years before retirement.)
  - Has the city considered using retired employees as volunteers or on a contractual basis? Or, could the city rehire retired employees in new jobs?

- Has the city considered an outreach to culturally diverse populations? (e.g., recruitment fairs, advertising in newsletters, postings at community centers, offering internships or cadet programs, etc.)
- Does the city’s salary plan move Generation Xer’s up fast enough? Should the city consider putting more dollars into the first few steps of the salary range? Should the city consider an alternative reward system – e.g., performance based awards, etc.? Does the city give them significant job duties with room for expansion?

## **Knowledge Transfer**

Even if the city is able to recruit new workers, it is bound to lose institutional “know-how”, history and valuable working relationships as long-term employees retire and leave the city.

In a recent survey conducted by the League of Minnesota Cities, more than one-third of cities indicated they currently have no knowledge-transfer system (from retirees to remaining employees) in place. Of the cities that do utilize a knowledge-transfer system, nearly one-quarter of cities indicated they use documentation methods in order to ensure knowledge-transfer from retirees to remaining employees. Approximately 23 percent of cities indicated they use cross-training methods in order to ensure knowledge transfer. Some of the additional knowledge-transfer techniques used by cities included: hiring new staff while retiring employee is still in place (14.8 percent), succession planning (6.2 percent), and having the ability to contact the retired employee for questions (4.8 percent).

What should the city be thinking about now to minimize the loss of knowledge with the loss of the employees? The following checklists provide some guidance to cities trying to answer this question.

- ***Which job classes require extensive technical knowledge?***
  - Should the city consider implementing “work team” and “project partner” approaches to ensure that newer staff have opportunities to learn from more experienced staff?
  - Should the city consider a “job shadowing” program – giving employees the opportunity to “shadow” someone in a key position to learn more about the job and help prepare them for promotional opportunities?
  - Should the city consider a formal “mentoring” program?
  - As part of a “phased retirement” approach, should the city consider overlapping positions and duties for a period of time?
  - Has the city considered requiring key employees to write “desk manuals” about how to do their jobs in their absence?
- ***Which job classes require extensive institutional history?***
  - Has the city made efforts to capture institutional history in data bases or by other means and make the information easily retrievable?
- ***Which job classes require extensive external relationships in order to get the job done? Or excellent internal relationships?***

- Has the city considered a formal program to get employees with key external or internal contacts to formalize that information in a data base or “desk manual?”
- ***Have we considered how to communicate with our employees about this knowledge transfer in a way that will not raise “territorial” or personality issues, such as:***
  - Educating key decision-makers and influential staff (City Council, department heads, top management staff, union leadership, etc.)
  - Addressing “generational” concerns (i.e., talk to staff about how different generations prefer that knowledge transfer occur and ensure that there are a variety of different ways to make it happen so that each person can find a comfort zone)
  - Addressing strong personality issues (if there are staff that are known to be particularly resistant to knowledge transfer, work with them individually to smooth the path)
- ***Have we considered how to ensure that spreading out the responsibility for various programs (through increased teamwork, shadowing, mentoring, project-partners, etc.) does not result in a situation where no one is in charge and no one is taking responsibility for the work?***
  - Clear “bottom line” responsibility and decision making
  - Clear messages about what is expected of each employee and who will be held accountable
- ***Have we considered ways to use external sources to assist with knowledge transfer:***
  - Use of neighboring cities as resources (for example, the City Clerk retires and can’t be reached to ask a question, the city could call a neighboring city clerk for help)
  - Encouraging city staff to join professional associations for city clerks, finance officers, city engineers, human resources directors, etc.
  - Newer city staff can join e-mail list-servs to ask and answer questions from employees with similar interests and backgrounds in other cities throughout the state (for example, City Clerks, City Attorneys, and City Engineers all have list-servs established through the League)
- ***For cities that have unions:*** Have we considered union-related issues like out-of-class pay and seniority issues?

## **Other Considerations**

The city will also want to assess any proposed solutions with regard to workforce planning as they relate to legal requirements and liability issues such as the following:

- Workers Compensation (e.g., telecommuting issues, job-sharing issues)
- Equal Pay Act and Pay Equity (i.e., the more jobs and duties are shared, the more complicated it can be to address these issues)

- Liability Issues (experimenting with new job duties or hiring less experienced workers can mean increased training requirements and safety issues)
- Unemployment Insurance (whenever jobs are eliminated or hours reduced, this can come into play)
- Age Discrimination in Employment Act (the more the city is using older workers, the more likely that these issues could arise)