CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Auditor

Report to the City Council
City of San José

EMPLOYEE TURNOVER AND SUCCESSION PLANNING: BETTER DATA AND GUIDANCE CAN ENHANCE WORKFORCE PLANNING EFFORTS

Report 26-04
August 2026

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CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Auditor
Joe Rois, City Auditor

August 13, 2026

Honorable Mayor and Members
Of the City Council
200 East Santa Clara Street
San José, CA 95113

Employee Turnover and Succession Planning: Better Data and Guidance Can Enhance Workforce Planning Efforts

Employee turnover measures the rate that employees leave an organization. Turnover can have positive effects, such as introducing new ideas within an organization or creating growth opportunities for existing staff. However, an organization that is unprepared for turnover can be negatively impacted by the loss of institutional knowledge or having staff unprepared to take on critical roles. From fiscal years 2022-23 to 2024-25, the City's average annual turnover rate for non-sworn, non-Unit 99 staff was 6.5 percent excluding retirements, and 8.7 percent including retirements. Turnover rates have varied by department.

The objective of this audit was to review turnover across departments and identify potential causes and strategies to mitigate negative impacts on turnover, including succession planning. The scope of the audit included non-sworn, full-time staff in departments overseen by the City Manager. It did not include Council appointees or City Council offices.

Finding 1: Better Employee Sentiment Data Can Enhance the City's Employee Retention Efforts. While employees may leave City employment for various reasons, the City has limited data on the drivers for staff separations. We found:

- Collecting employee feedback throughout the employee lifecycle can help the City better understand factors affecting employee engagement, satisfaction, and turnover.
- Additional guidance is needed to help departments respond to staff feedback from stay and exit interviews and address potential causes of turnover.
- The City last conducted an employee engagement survey in 2019. Department representatives reported using results from previous employee engagement surveys to identify areas of improvement in their departments.

Recommendations: To promote consistent employee feedback practices, the Administration should:

→ Provide guidance for conducting stay and exit interviews

→ Consider re-establishing a Citywide employee survey

Finding 2: Workforce Analytics and Succession Planning Guidance Can Help Address Staffing Changes. Overall, departments reported using a variety of informal approaches to prepare for employee transitions, though practices vary across the City and are often constrained by available staffing or funding. We found:

- Best practices emphasize that effective succession planning relies on proactively identifying positions at risk of turnover, documenting institutional knowledge, and preparing staff for future responsibilities.
- Departments use several methods to prepare existing staff to take on critical positions, including using overstrength positions, cross-training, and upskilling opportunities.
- However, succession planning practices vary by department, and some departments expressed interest in accessing information on retirement eligibility and turnover rates.

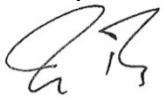
Recommendations: To support Citywide workforce planning efforts, the Human Resources Department should:

→ Share workforce analytics with departments

→ Develop guidance on succession planning tools

This report has four recommendations. We plan to present this report at the August 20, 2026 meeting of the Public Safety, Finance and Strategic Support Committee of the City Council. We would like to thank the Human Resources Department for their time and insight during the audit process. The Administration has reviewed the information in this report, and their response is shown on the yellow pages.

Respectfully submitted,



Joe Rois
City Auditor

Audit staff: Gitanjali Mandrekar
Michelle Mallari
Katrina Gutierrez

cc: Jennifer Maguire, Aram Kouyoumdjian, Suzanne Hutchins, Lee Wilcox, Kim Jackson, Jim Shannon, Jennifer Schembri, Susana Alcala Wood, Bryce Ball

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Background

Employee turnover is the rate that employees move out of an organization.[1] Turnover can have both positive and negative impacts. Turnover can create opportunities to introduce new ideas within an organization, as well as opportunities for existing staff to apply for open, higher-level positions. However, an organization that is unprepared for turnover can lose institutional knowledge or staffing needed to carry out services. Department representatives have described turnover leading to delayed projects, overtime for remaining staff, or gaps in knowledge in important areas.

Employee turnover can be costly for employers. The Society of Human Resource Management notes several costs associated with turnover, including:

- Financial costs of overtime for remaining employees,
- Delays in customer service, decreases in service quality, and productivity loss,
- Replacement costs of hiring and orientation, and
- Time spent training new staff.

"When top performers leave organizations, it also impacts innovation, customer relationships, productivity and the morale of those left behind." – Society of Human Resource Management

Based on a Councilmember request, the objective of this audit was to review turnover across departments and identify potential causes and strategies to mitigate negative impacts on turnover, including succession planning. The scope of the audit included non-sworn, full-time staff in departments overseen by the City Manager. It did not include Council appointees or City Council offices.

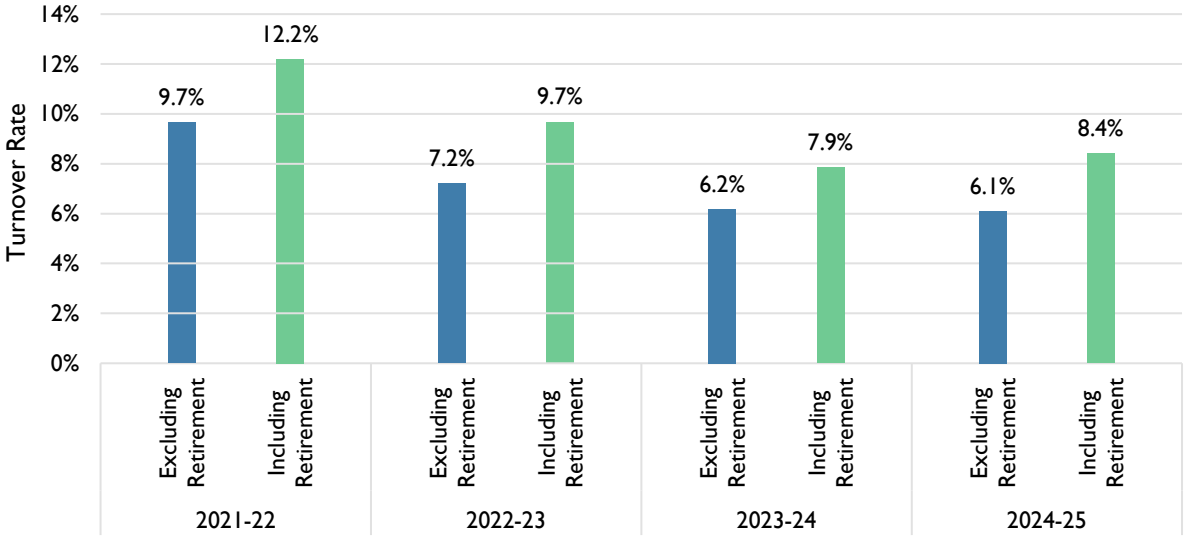
Citywide Employee Turnover Has Remained Consistent in Recent Years

Excluding retirements, the City of San José's (City) annual turnover rate for non-sworn staff ranged from 6.1 to 9.7 percent over the past four years.[2] Including retirements, the turnover rate ranged from 7.9 to 12.2 percent. The City's turnover target (including sworn and non-sworn) is 10 percent, including retirements.

[1] The City of San José calculates employee turnover as the number of separations in a given timeframe, divided by the average number of employees during that time.

[2] Because our turnover analysis focused on non-sworn, full-time employees outside of executive management, we excluded sworn staff in the Police and Fire Departments, part-time staff, and executive management employees in Unit 99. The analysis also excluded Council offices and Council appointee offices (City Manager, City Auditor, City Attorney, Independent Police Auditor, and City Clerk).

Exhibit 1: Non-Sworn Employee Turnover Rate Over Four Years



Source: Auditor analysis of headcount and separations reports from fiscal years 2021-22 to 2024-25. Analysis excludes Council offices, Council-appointed offices, sworn staff, part-time staff, and executive management (Unit 99).

Note: In fiscal year 2024-25, the City reported a turnover rate of 8.0 percent for all active employees, including retirements. This figure includes Council offices, Council-appointed offices, sworn staff, part-time staff, and executive management in Unit 99. The City's turnover target is 10 percent.

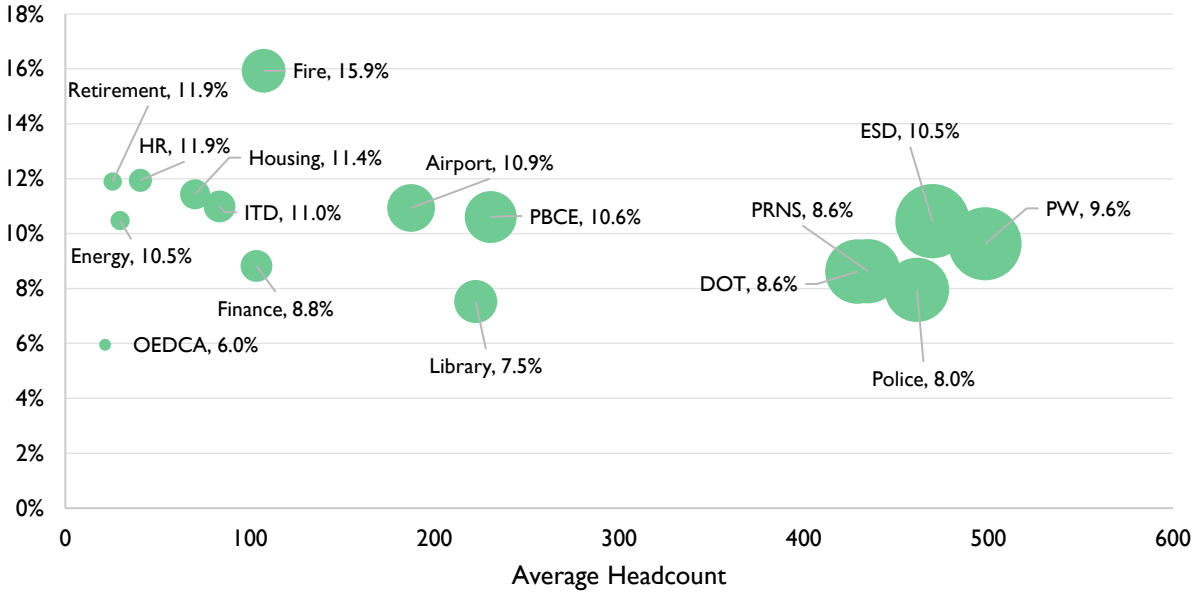
When removing fiscal year (FY) 2021-22 for potential COVID-19 impacts on the workforce, the average annual turnover rate between FY 2022-23 and FY 2024-25 was 6.5 percent excluding retirements, and 8.7 percent including retirements.[3]

Turnover Rates Across Departments Vary

While the Citywide non-sworn turnover (including retirements) generally hovered below 10 percent, turnover varied across departments between FY 2021-22 and FY 2024-25. When averaged over this timeframe, departments' annual turnover rates ranged from 6.0 percent to 15.9 percent.

[3] In FY 2024-25, the City reported a turnover rate of 8.0 percent for all active employees. Not all benchmarked jurisdictions report their turnover rates. Using separation and employment data from the Bureau of Labor Statistics, we estimated that the annual turnover rate for state and local government was 18 percent in FY 2024-25 (including sworn staff and retirements). San Mateo County projected a turnover rate of 9.9 percent in FY 2024-25 (including sworn staff and retirements). The City of San Diego reported an average monthly turnover rate of 1.73 percent in 2024 (including sworn staff and retirements).

Exhibit 2: Averaged Over Four Years, Non-Sworn Turnover Rates (Including Retirements) Vary by Department



Source: Auditor analysis of headcount and separations reports from FY 2021-22 to FY 2024-25. Analysis excludes Council offices, Council-appointee offices, Police and Fire sworn staff, part-time staff, and executive management (Unit 99). The size of each bubble indicates the average annual separations per department.

Note: The departments with abbreviated titles are Human Resources (HR); Information Technology (ITD); Office of Economic Development and Cultural Affairs (OEDCA); Parks, Recreation and Neighborhood Services (PRNS); Planning, Building and Code Enforcement (PBCE); Public Works (PW); Department of Transportation (DOT).

The Human Resources Department Supports Departments in Managing Hiring and Turnover

Departments are generally responsible for hiring, training, and other human resources functions within their individual departments, including managing turnover. The City's Human Resources Department (HR) provides support to departments across these areas. HR's mission is to invest in *enabling an environment focused on health, safety, and wellness, and retaining a diverse workforce in a workplace that is equitable and inclusive.*

HR's core services include:[4]

- **Employment Services** ensures positions are appropriately classified and manages recruitment and staffing needs,
- **Training and Development** provides training for employees Citywide and supports retention and workforce development activities, and
- **Strategic Support** manages the City's human resources systems and records.

[4] Although not discussed in this audit, HR's core services also include managing employee benefits and health and safety.

HR provides support for recruitment and classification processes, central employee data management, providing employee development resources, and performing other programs or functions related to employee resources. HR and liaisons from departments also meet to discuss updates to employee resource programs and tools.

HR also supports the Office of Employee Relations (OER) during negotiations with the City's bargaining units by providing workforce data, proposed class specifications adjustments, or compensation analyses to OER as requested.

HR's Employment Services Division Maintains the City's Classification Plan

HR is responsible for maintaining the City's classification plan. A classification (class) is a group of positions with the same job title, qualification standards, and compensation across the City. Maintaining the City's class plan involves updating class specifications to match the actual job responsibilities and qualifications, creating new classes, and benchmarking the City's class specifications to other agencies if needed.

The City's classification plan includes about 700 job classes. According to HR, there are about 10 under review at any given time. Reviewing a classification generally includes conducting market and equity analyses to inform adjustments to a class's minimum qualifications, the creation of a new class, or salary ranges.[5] To prioritize which classes to review, HR considers agreements with the City's bargaining units, input and requests from departments, and classes related to an immediate Citywide service need.

Examples of adjustments to the City's class structure have included:

- *Revising the job specifications for Park Ranger Trainees*. The City has faced challenges hiring park rangers, in part due to applicants needing to attend a training academy that was offered only once a year. The City revised the job specifications in April 2026 to hire park ranger candidates into a trainee classification while awaiting completion of the training academy.
- *Creating flexibly staffed classes for Chemists and Microbiologists.* In 2023, the City created a flexibly staffed series for Chemist I/II and Microbiologist I/II positions. Creating the level II position was intended to address recruitment and retention issues by enabling promotional opportunities for internal candidates.
- *Increased salary for the Debt Administrator.* After facing challenges recruiting for this position, the City conducted a salary survey to determine if pay

[5] At the time of the audit, the City and some of its bargaining units were negotiating new agreements, including considerations of general wage increases and potential classification studies.

was impacting the ability to recruit. The City adjusted the salary in 2024 to more closely align with the market average.

HR's Training and Development Division Supports Citywide Employee Development and Recruitment

HR has several programs that support professional development for City employees. Each can contribute to retention by fostering career growth and encouraging connections among City employees.

- To provide workforce development opportunities to employees, HR hosts trainings in soft and technical skills, maintains a list of pre-qualified training vendors for departments to use, and offers personalized learning paths for supervisors and managers through its SJ Learning Portal.
- To equip employees with supervisory skills, HR hosts a Leadership Academy for Supervisors, with a focus on leadership skills, building confidence, and organizational culture. HR plans to create additional levels of this program for management.
- To engage employees, HR hosts programs such as the Citywide Mentorship Program, wellness challenges, and Employee Resource Groups.

Additionally, HR aims to promote the City as an attractive career opportunity, with the goal of maintaining low vacancies and attracting a diverse range of qualified applicants. HR also reported developing a digital recruitment infrastructure, which includes HR-specific social media accounts, targeted online advertising, and working with a marketing firm to develop campaigns for hard-to-fill positions.

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Finding 1 Better Employee Sentiment Data Can Enhance the City's Employee Retention Efforts

Summary

While employees may leave City employment for various reasons, the City has limited data on the drivers for staff separations. Collecting employee feedback throughout the employee lifecycle can help the City better understand factors affecting employee engagement, satisfaction, and turnover. Although departments have conducted stay and exit interviews, additional guidance is needed to support how departments respond to staff feedback and address potential causes of turnover. Department representatives also noted that regular employee surveys could help identify year-over-year trends and areas for improvement. Strengthening the City's processes for collecting, analyzing, and responding to employee feedback could improve its ability to identify retention challenges and support workforce stability over time.

Employees Leave the City for a Variety of Reasons, but Data on Turnover Drivers Is Limited

Employees leave City employment for a variety of reasons, including voluntary resignations, involuntary resignations, and retirements. However, for voluntary resignations, there is limited data identifying why employees leave the City.

The Society of Human Resource Management (SHRM) outlines common reasons people voluntarily leave organizations outside of retirement, such as compensation, career development, workplace flexibility, workload expectations, and managers. Based on interviews, department representatives' views on why employees leave aligned with SHRM's identified drivers. According to department and HR staff, turnover in some job classifications can sometimes be driven by varying compensation across jurisdictions, demand for specialized work by other organizations, and limited opportunities to promote from a particular class. Staff also noted that employees may leave for reasons outside of the City's control, such as family reasons, relocating outside of the Bay Area, or other personal reasons.

While the City collects some information regarding separations, existing data has limitations to fully understand the reasons behind voluntary separations. For

example, while the City's human resources management system may identify a separation as voluntary, it does not reflect why the employee left the City.[6]

While several departments reported conducting exit interviews to better understand why staff decide to resign and solicit feedback on how the department can improve, SHRM indicates that exit interviews depend on whether employees openly share their reasons for leaving. They also depend on whether staff are willing to take part, which may not be possible if staff leave suddenly. The City and other agencies have reported low response rates for exit surveys, and employees who choose to participate may disproportionately reflect individuals with very positive or very negative experiences.

Employee Sentiment Data Can Improve the City's Ability to Identify Reasons for Separations

Assessing employee sentiment throughout the employee lifecycle can provide valuable information into employee satisfaction and factors that contribute to turnover. SHRM, the International City/County Management Association (ICMA), and other authoritative standards recommend organizations check in with employees at various points, using methods such as:

- **New-hire surveys** to ask new hires about their onboarding experience and address any expectations that have not been met,
- **Check-ins or stay interviews** between supervisors and staff to learn why employees choose to stay with the organization and areas of improvement,
- **Employee surveys** to gauge current employee satisfaction in a structured, scalable manner and find out which issues might drive people away, and
- **Exit surveys and interviews** to understand factors contributing to employees' decision to leave an organization.

Organizations should use employee feedback to inform meaningful action and retention strategies. SHRM provides several strategies that organizations can use after identifying staff's concerns. For example, if staff indicate feeling undervalued or unsupported by managers, an organization can invest more time in training managers in leadership skills. If employees feel overwhelmed by work expectations, management can help prioritize tasks and assess staffing levels.

[6] HR reported that it is in the process of updating the Notice of Separation form, which may include providing additional information on separations and guidance on the offboarding process.

The City Can Strengthen Its Data Collection to Identify Potential Drivers of Turnover

While Citywide turnover has remained relatively stable over the past three fiscal years, the City can benefit from more consistent information about employees' experience working with the City and reasons for separations. Collecting this information can enable the City to identify and proactively respond to potential issues that may lead to future turnover.

The Human Resources Department Can Provide Additional Guidance on Existing Data Collection Tools

HR has developed templates and training to encourage departments to conduct exit and stay interviews. Despite their limitations noted previously, exit interviews are meant to understand why departing employees are leaving an organization. Stay interviews are one-on-one discussions to ask why current employees stay, and how their work experience can be improved. Acting on feedback from these interviews can improve employee retention by addressing reasons behind employee separations.

Authoritative standards recommend that exit interviews be conducted after staff share their intent to resign, while stay interviews should be held periodically. The table below shows the City's efforts around exit and stay interviews, and the benefits and limitations of each.

	Benefits and Limitations	City of San José
Exit interviews	**Benefits:** • Identify areas for the organization to improve • Identify and reinforce effective management styles • Benchmark compensation from competing organizations **Limitations:** • Limited by the truthfulness of responses and staff's willingness to participate	• HR recently developed an offboarding list, which includes a step to conduct exit interviews. Suggested topics include reasons for leaving, feedback on management and workplace environment, and suggestions for improvement. • Several departments reported conducting exit interviews.
Stay interviews	**Benefits:** • Recognize employees' contributions • Gauge employee satisfaction and identify issues that may drive people away **Limitations:** • Lack of response to staff's feedback or concerns may harm staff's trust	• HR introduced Employee Experience Conversations (EEC) in 2023, and last trained departments in FY 2024-25. EECs are ongoing engagement conversations to build trust and relationships between supervisors and employees. • HR drafted a stay interview template to understand what keeps an employee engaged at work, what factors might cause them to leave, and how to support employees' success.

Source: Auditor summary of authoritative standards (SHRM, ICMA, and Harvard Business Review), interviews with City staff, materials shared by HR, and Council memos.

Although some staff have been trained in or conducted Employee Experience Conversations (i.e., stay interviews), training materials can be improved by clarifying how supervisors should respond to staff's feedback. For example, one department representative noted that there was no action plan associated with Employee Experience Conversations.

Some department representatives also expressed interest in guidance on the type of information to collect from exit interviews, as well as how that information should be documented and analyzed to identify trends in employee resignations. One department began tracking exit interview information in a spreadsheet, while another department stores interviews in a hard-copy folder. One staff member pointed out that while HR's offboarding list notes that exit interview "responses should be documented and analyzed for organizational insights," they were not clear if this meant sharing the results with HR.

Regular Employee Surveys Can Help Identify Trends Around Employee Engagement and Satisfaction

According to ICMA, improving retention requires finding the source of turnover issues and developing a retention strategy. ICMA notes that employee surveys are effective in collecting data on how employees feel about their jobs, which can be used to inform retention plans. Gallup reports that employee surveys provide structured insights into how employees feel. Bain & Company also states that employee engagement tools, such as surveys, can help organizations solicit ideas for improvement, understand what investments will have the greatest impact on employee engagement, and predict and increase employee retention.

Employee engagement measures an employee's emotional commitment to an organization.

Employee satisfaction measures an employee's "happiness" with their current job and conditions.

Other jurisdictions conduct regular employee surveys to gauge employees' engagement and satisfaction year-over-year. The County of San Mateo administers a biennial employee engagement survey, while the City of San Diego conducts employee sentiment surveys multiple times a year. Survey results can be used to inform programs to support employees. For instance, San Diego reported piloting a childcare subsidy program in response to staff's childcare challenges, updating the city's Rewards and Recognition program due to employees feeling unrecognized for their work, and focusing on filling vacancies to relieve workload. Additionally, San Mateo noted that survey results provide quantitative data to support observations around staff's engagement levels.

	Benefits and Limitations	City of San José
Employee surveys	**Benefits:** • Gauge employee satisfaction and identify issues that may drive people away **Limitations:** • Lack of communication on follow-up actions can harm employee trust and engagement	• The City previously administered an annual employee engagement survey. The survey was discontinued in FY 2020-21 due to budget constraints. • Departments disaggregated the employee engagement survey results to understand employee sentiment within their departments.

Source: Auditor summary of authoritative standards (SHRM, Gallup, ICMA), interviews and materials from City staff, the City Operating Budget, and interviews with benchmarked jurisdictions.

While the City conducted employee engagement surveys in 2016, 2017, and 2019, it was discontinued for budgetary reasons.[7] Given the variation in turnover rates and organizational structure between City departments and work groups, surveying employees can help identify trends and areas of improvement around employee satisfaction and engagement. While the City no longer administers a Citywide engagement survey, some department representatives expressed interest in re-establishing a survey to identify year-over-year trends and areas for improvement within departments. Some departments have conducted their own surveys to gauge employees' sentiment after the Citywide survey ended.

Following Up on Survey Results Is Important

Although information from employee surveys can serve as a useful datapoint, SHRM and Gallup emphasize that asking for feedback without acting on it can backfire. While some department representatives reported using prior survey results to inform departmental changes, at least one noted they did not find value in the survey process because they were unaware of any resulting actions within their department.

SHRM recommends that an organization (including managers, teams, and individual staff) use survey data to inform decisions, and communicate actions taken because of the survey. When the City conducted its annual employee engagement survey, the survey administrator also shared guidance with departments to interpret the results, facilitate discussion with teams to identify goals, and follow-up on action items.

Other jurisdictions have established processes to encourage departments to act on survey results and communicate progress to staff. San Mateo County created an Employee Engagement Committee, where departments report on engagement initiatives developed in response to survey findings. In the City of San Diego, staff from the Human Resources Department emphasized setting expectations on how the city can address survey results, and asks department heads to communicate

[7] The City's FY 2020-21 Operating Budget noted that the Office of Employee Relations would "consider developing a new internal survey approach to gain insights on the engagement level of the workforce and determine focus areas."

timelines for implementing post-survey initiatives with their staff. These approaches can help reinforce accountability and clarify expectations around how employee feedback will be addressed.

Overall, collecting employee feedback throughout the employee lifecycle can help the City better understand factors affecting employee engagement and turnover. While tools such as surveys and interviews can provide valuable insights, industry guidance emphasizes that their effectiveness depends on meaningful follow-up and clear communication with employees about resulting actions.

The City can use existing platforms—such as the SJ Learning Portal, the Leadership Academy for Supervisors, or HR Liaison meetings—to reinforce the importance of department leadership to assess and respond to employee sentiment. Strengthening the City's processes for collecting, analyzing, and responding to employee feedback could improve its ability to identify retention challenges and support workforce stability over time.

Recommendations:

1: To promote consistent employee feedback practices across departments, the Human Resources Department should provide guidance for conducting, documenting, and responding to feedback collected through stay and exit interviews.

2: To better measure employee satisfaction and support follow-up on employee feedback, the Administration should, in the context of the City's operating budget, consider:

a. re-establishing a Citywide employee survey, and

b. developing guidelines around interpreting and facilitating discussion around survey results and next steps, even if immediate follow-up action is not possible.

Finding 2 Workforce Analytics and Succession Planning Guidance Can Help Address Staffing Changes

Summary

Overall, departments reported using a variety of informal approaches to prepare for employee transitions, though practices vary across the City and may be constrained by staffing or funding. Best practices emphasize that effective succession planning relies on proactively identifying positions at risk of turnover, documenting institutional knowledge, and preparing staff for future responsibilities before vacancies occur. Additional guidance from HR on available succession planning tools, workforce analytics, transition planning, and knowledge transfer practices could help departments apply these approaches more consistently and better prepare for retirements, turnover, and other staffing changes.

A Proactive Approach to Succession Planning Can Aid in Mitigating Impacts of Turnover

Succession planning is important for managing turnover that occurs not only through employee resignations, but also for upcoming retirements. This can be particularly important for critical positions that assist in key business operations.[8]

SHRM defines succession planning as "a strategic practice of identifying the knowledge, skills, and abilities required to perform critical functions and then developing a plan to prepare individuals to potentially perform those functions." SHRM outlines four strategies for succession planning:

- Adapting to demographic changes and talent scarcity,
- Identifying skills gaps and training needs,
- Retaining institutional knowledge, and
- Boosting morale and retention.

SHRM notes that succession planning "is typically a 12-to-36-month process of preparation, not pre-selection, ensuring the seamless movement of talent and safeguarding organizational continuity."

[8] ICMA defines critical positions as "those that are essential for the organization, department, division, work unit, or team to achieve the necessary work results." Examples of critical positions include positions where only one person can perform unique duties; positions that, if left vacant, would cause the organization to suffer; positions that are difficult to replace or retain; and employees nearing retirement.

By preparing staff to take on critical roles, an organization is less likely to experience disruptions in their business operations, even when turnover occurs. Furthermore, by training staff to grow into new responsibilities, organizations are also providing staff with professional opportunities to retain them.

Departments Already Engage in Succession Planning Practices

Departments reported using a variety of tools to prepare existing staff to fill critical roles prior to anticipated vacancies. These include:

- **Using overstrength positions to create overlap** between an incumbent and successor. A successor can temporarily fill an overstrength position while the incumbent is with the City, providing time for the incumbent to directly train the successor. Creating overstrength positions is limited by available funding.
- **Cross-training and job-shadowing** expose staff to new job duties.
- **Higher-class pay assignments** allow an employee to perform duties in a higher class for a limited period of time, generally to temporarily fill an absence or a vacant position. These assignments do not always allow staff to learn directly from the incumbent before separation occurs, but are nonetheless valuable in minimizing operational disruptions and in gaining experience.
- **Upskilling and developing core competencies** through Citywide and department-curated training programs can enable employees to refine technical and leadership skills in preparation for new job responsibilities.

Other jurisdictions reported similar methods for succession planning. In the City and County of San Francisco, a standard practice for supporting handoffs is using temporary exempt positions for defined durations. For example, one department temporarily created a new position so that a retiring department director could work alongside a successor. These positions are authorized by the Board of Supervisors. San Mateo County developed cohort-based training programs for upskilling and leadership competencies. San Mateo County staff also noted that their training programs offer a learning environment for employees interested in promotions, while operating within civil service rules.

Departments Can Use Workforce Analytics to Prioritize Succession Planning Efforts

The ICMA recommends using workforce analytics (such as data on turnover or retirement eligibility) to determine critical roles for prioritizing succession planning. Other cities have adopted this approach. In the City of San Diego, the Human Resources, Personnel, and Performance and Analytics Departments share turnover information with departments, so that

departments can focus on positions at risk of turnover. San Diego's Human Resources Department also reported prioritizing recruitments based on upcoming retirement dates, with the goal of reducing how long a position is unfilled. Similarly, the City of Los Angeles's Personnel Department uses retirement eligibility and a list of critical positions from departments to inform recruitment strategies.

Within the City, HR is working on developing dashboards on turnover and retirement eligibility, though it is currently used internally by HR and not shared with departments. Several department representatives reported that they do not track retirement eligibility or calculate turnover. In some cases, staff were unsure how to access retirement eligibility information and indicated that easier access to these reports would improve their ability to monitor workforce trends.

The City's retirement eligibility data can serve as an input when determining succession planning priorities. In 2026, 13 percent of the City's non-sworn workforce was eligible to retire.[9] Figures vary by department, ranging from 6 percent of staff being eligible to retire in Energy, to 18 percent in PBCE and Fire (non-sworn).

[9] The City offers two defined benefit retirement plans for City employees, either through the Police and Fire Department Retirement Plan for sworn staff, or the Federated City Employees' Retirement System for non-sworn staff. Each pension plan and tier has different requirements for when staff become eligible to retire, based on age and years of service.

Exhibit 3: Non-Sworn Workforce Eligible to Retire in 2026, by Department

Department	Employees Eligible to Retire in 2026	Headcount as of December 2025	Percent of Employees Eligible to Retire in 2026
Planning, Building and Code Enforcement	46	254	18%
Fire (non-sworn)	23	129	18%
Office of Economic Development and Cultural Affairs	8	48	17%
Finance	20	121	17%
Environmental Services	84	526	16%
Information Technology	15	98	15%
Public Works	85	575	15%
Airport	27	211	13%
Police (non-sworn)	61	502	12%
Transportation	57	473	12%
Retirement Services	5	42	12%
Library	29	245	12%
Housing	10	86	12%
Human Resources	5	53	9%
Parks, Recreation and Neighborhood Services	48	540	9%
Energy	4	63	6%
Citywide	**527**	**3,966**	**13%**

Source: Auditor analysis of headcount and retirement eligibility data as of December 31, 2025. Excludes Council offices, Council-appointee offices, Police and Fire sworn staff, and part-time staff.

Not All Retirement-Eligible Staff Retire Immediately

Historically, not all eligible staff retire right away. For example, in 2025, 534 of 3,944 non-sworn staff were eligible to retire. Of the 534 eligible staff, only 93 staff (or 17 percent of eligible employees) retired Citywide; this equates to 2 percent of the City's non-sworn workforce. Nevertheless, the terms of the City's defined benefit retirement plans provide useful guidance for when staff may intend to leave the City so that departments can initiate knowledge capture, transition, and recruitment plans for key positions.

Citywide Guidance Would Ensure a Consistent Understanding of Succession Planning Tools

The City currently does not have guidance on how departments should approach succession planning. Even though departments reported using a variety of approaches to prepare for employee transitions, practices vary

across the City and may be constrained by available staffing or funding. Some department representatives expressed interest in guidance from HR to clarify the available resources around succession planning.

As noted in the Background, City staff have experienced challenges when their departments were unprepared for turnover, such as project delays and losing institutional knowledge. Regardless of whether a separation is due to a retirement or resignation, preparing for future staffing needs can help the City manage turnover effectively.

	Authoritative Standards and Benchmarking	City of San José
Identify retirement eligible staff to initiate transition plans	• ICMA recommends using retirement eligibility information to prioritize succession planning efforts. • ICMA recommends interviewing employees on their future plans. • CPS HR Consulting recommends planning out transitions to prepare remaining employees for new responsibilities.	• Varies across departments. • One department representative reported using employee retirement eligibility information to prompt retirement-eligible staff to train others to grow into their role. • Other department representatives reported challenges accessing retirement eligibility information, or uncertainty on how to appropriately approach conversations around retirement planning with employees.
Promote knowledge transfer	• SHRM notes that a primary objective of succession planning is "developing systems to identify and transfer critical knowledge to shorten learning curves for the next generation of leaders." • The Government Finance Officers Association (GFOA) recommends organizations develop written policies and procedures to encourage knowledge transfer. • The Personnel Department in the City of Los Angeles developed a knowledge capture course and encourages staff to upload how-to videos onto a learning platform.	• Some departments aim to intentionally document institutional knowledge by maintaining desk manuals, while one department relied more on scrum meetings and staff shadowing. • HR drafted an offboarding checklist reminds employees to document key procedures before separating from the City. The checklist presumes that the employee submitted their notice of separation two weeks in advance of their departure.
Identify training needs	• SHRM suggests identifying the skills and competencies needed for key positions. Based on the existing workforce's skill set, organizations can target the learning needs of existing employees. • GFOA notes that encouraging professional development activities	• One department has each employee create a professional development plan, based on the department's overall goals and the staff's professional interests.

	helps employees gain skills needed to assume increased responsibilities.	• One department tracks when staff last attended a management training. • Department representatives noted it can be difficult for staff to find time to attend trainings.
Develop recruitment plans early and ensure critical positions are filled timely	• The City and County of San Francisco may temporarily appoint an employee to fill a vacancy when no eligible candidate is yet available, while a competitive recruitment is conducted. This minimizes the time that a critical position remains vacant. • ICMA notes that succession planning moves beyond quickly filling a position. In succession planning, an organization should ensure that the job description accurately reflects the responsibilities needed, and takes the time to ensure a hiring decision meets the organization's goals.	• The City has prepared for recruitments when an employee announced their intent to leave but has not yet left the City. • As noted previously, some departments have used overstrength positions to create overlap between an incumbent and newly-recruited successor. • Some department representatives noted that being able to recruit before an employee leaves would help address service disruptions caused by turnover.

Source: Auditor summary of authoritative standards (ICMA, CPS HR Consulting, GFOA); interviews and reports from the City of Los Angeles and the City and County of San Francisco; City staff interviews; results from auditor-conducted succession planning survey; materials shared by HR

Additional guidance from HR on available workforce analytics and succession planning tools can help departments apply these approaches more consistently and better prepare for retirements, turnover, and other staffing changes.

As an example of succession planning guidance, San Mateo County has a transition planning guide, with suggested timelines and activities to ensure a smooth transition to future staff in critical roles. The guide recommends:

- Surveying retirement-eligible managers regarding retirement plans on an annual basis, for the purpose of creating succession plans for those intending to retire,
- Informing leadership of intent to retire (preferably, at least 12 months in advance),
- Determining the key skills and experiences needed in the position, in preparation for recruiting,
- Considering if overlap between a successor and incumbent is necessary, and
- Identifying strategies for capturing institutional knowledge, such as updating procedures and developing team members to take on more senior roles.

Recommendations:

3: To support workforce and succession planning efforts, the Human Resources Department should regularly provide departments with department-specific information on employee turnover and retirement eligibility. This can include access to its turnover and retirement eligibility dashboards and/or relevant queries through the City's human resource management system.

4: To promote consistent succession planning practices across departments, the Human Resources Department should develop guidance around succession planning, including navigating workforce planning conversations, planning for anticipated vacancies, conducting and documenting knowledge transfer activities, and other resources it deems appropriate.

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Conclusion

Collecting and responding to employee feedback throughout the employee lifecycle can help the City better understand factors affecting engagement, retention, and workforce stability. Although the Human Resources Department has developed some tools and templates for assessing employee sentiment, Citywide guidance can help departments more consistently document, analyze, and respond to employee feedback. Departments also identified opportunities to strengthen succession planning efforts through additional support on workforce analytics, knowledge transfer, and transition planning practices. Strengthening Citywide processes and guidance in these areas could help departments more consistently identify retention challenges, prepare for staffing transitions, and preserve institutional knowledge over time.

RECOMMENDATIONS

Finding 1: Better Employee Sentiment Data Can Enhance the City's Employee Retention Efforts

Recommendation #1: To promote consistent employee feedback practices across departments, the Human Resources Department should provide guidance for conducting, documenting, and responding to feedback collected through stay and exit interviews.

Recommendation #2: To better measure employee satisfaction and support follow-up on employee feedback, the Administration should, in the context of the City's operating budget, consider:

a. re-establishing a Citywide employee survey, and

b. developing guidelines around interpreting and facilitating discussion around survey results and next steps, even if immediate follow-up action is not possible.

Finding 2: Workforce Analytics and Succession Planning Guidance Can Help Address Staffing Changes

Recommendation #3: To support workforce and succession planning efforts, the Human Resources Department should regularly provide departments with department-specific information on employee turnover and retirement eligibility. This can include access to its turnover and retirement eligibility dashboards and/or relevant queries through the City's human resource management system.

Recommendation #4: To promote consistent succession planning practices across departments, the Human Resources Department should develop guidance around succession planning, including navigating workforce planning conversations, planning for anticipated vacancies, conducting and documenting knowledge transfer activities, and other resources it deems appropriate.

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APPENDIX A

Audit Objective, Scope, and Methodology

The mission of the City Auditor's Office is to identify ways to increase the economy, efficiency, effectiveness, equity, and accountability of City government by independently assessing and reporting City operations and services. The audit function is an essential element of San José's public accountability, and our audits provide independent analysis, reliable information, and recommendations for improvement to the City Council, City Administration, and the public. In accordance with the City Auditor's Fiscal Year (FY) 2026-27 Audit Work Plan, we have completed an audit of Employee Turnover and Succession Planning. The audit was conducted in response to a request from a councilmember.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objective of this audit was to review turnover across departments and identify potential causes and strategies to mitigate negative impacts on services, including succession planning. We sought to understand the relevant internal controls over employee turnover and succession planning, and have performed the following to achieve the audit objective:

- Reviewed relevant sections from the San José Municipal Code and the City Policy Manual
- Reviewed relevant Council memoranda, presentations and employee bargaining agreements
- Calculated turnover rates from the City's Human Resource Management System for FY 2022-21 to FY 2024-25. Turnover rates were calculated based on two separate data queries:
    - Averaged annual headcount data for non-sworn employees for each of the fiscal years reviewed
    - Employee separations (voluntary, involuntary, and retirements) for the same timeframe
- To determine retirement eligibility and actual retirements for non-sworn employees, utilized three separate data queries from the City's Human Resource Management System for calendar years 2024 to 2026. This included:
    - Retirement eligibility
    - Headcount for non-sworn employees
    - Employee separations for actual retirements
- To compare City of San José practices to industry benchmarks, reviewed relevant best practices and guidance from the following organizations:
    - Society for Human Resources Management (SHRM)
    - International City Managers' Association (ICMA)
    - Government Finance Officers Association (GFOA)
    - CPS HR Consulting

- Harvard Business Review
- United States Office of Personnel Management
- Gallup
- Bain & Company

- To understand other jurisdictions' approach to turnover and succession planning, benchmarked the following comparable jurisdictions:
  - County of San Mateo
  - City of Los Angeles
  - City of San Diego
  - City and County of San Francisco

- To better understand how departments plan and prepare for employee turnover and retirements, conducted a survey sent to department-designated individuals across 16 City departments.
  - The survey included 10 questions around 1) data and expectations around succession planning, and 2) identifying and preparing the next level of staffing.
  - All 16 departments responded to the survey.

- Interviewed staff and collected relevant materials from the City's Human Resources Department to understand their role as a support function and initiatives such as:
  - SJ Training Portal
  - Leadership Academy for Supervisors
  - Training on *Employee Experience Conversations*
  - Offboarding checklist that includes conducting stay and exit interviews
  - Maintaining the City's classification system
  - Data in the human resources management system

- Interviewed staff from the following departments to understand their strategies around addressing employee turnover and succession planning:
  - Airport
  - Energy
  - Environmental Services
  - Finance
  - Fire
  - Information Technology
  - Parks, Recreation and Neighborhood Services

We would like to thank the Human Resources Department, the City Attorney's Office and the City Manager's Office for their time and insight during the audit process.

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

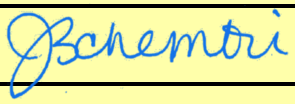
Memorandum

TO: JOSEPH ROIS
CITY AUDITOR

FROM: ARAM KOUYOUMDJIAN

SUBJECT: **See Below**

DATE: August 10, 2026

Approved 

Date: August 10, 2026

SUBJECT: Response to the Employee Turnover and Succession Planning Audit

BACKGROUND

The Administration has reviewed the Employee Turnover and Succession Planning Audit and welcomes its finding that the City's turnover rate – averaging 6.5% (excluding retirements) and 8.7% (including retirements) during the past three fiscal years – is not only within healthy margins but is actually half the figure the Audit estimates for state and local government agencies in general.

We appreciate the Auditor's recognition that modest and stable turnover is necessary for organizational health and vibrancy, since it injects the organization with new ideas and energy. In fact, a turnover rate that is too low can portend stagnation and complacency.

Moreover, we appreciate the Auditor's understanding that turnover has multiple components: retirements, resignations, and involuntary separations, some of which (such as departures due to family reasons) may be outside the organization's control and some of which (such as terminations or releases from probation) are integral to maintaining workforce accountability and standards.

As the Auditor acknowledges, many succession planning tools are already in practice throughout the City, and various components of the recommendations are in the process of being implemented. In fact, the City's efforts to enhance succession planning will be greatly aided by a trio of training initiatives that launched earlier this year or are slated to launch by year's end: the SJ Training Portal, which affords employees on-demand, 24/7 access to hundreds of online courses, curated with training plans; a reimagined Leadership Academy for Supervisors, to be followed by a Leadership Academy for Managers; and a redesigned Mentorship Program that drew a record number of participants in FY 2025-26.

Given that significant elements of the Auditor's recommendations were already set in motion, the Administration agrees with all four of them.

RECOMMENDATIONS AND ADMINISTRATION RESPONSES

Recommendation #1: To promote consistent employee feedback practices across departments, the Human Resources Department should provide guidance for conducting, documenting, and responding to feedback collected through stay and exit interviews.

Administration Response to Recommendation #1: The Administration agrees with this recommendation.

Green: The Auditor's nuanced report is sensitive to the fact that employees separating from an organization may be unwilling to provide feedback or may be reluctant to disclose the personal reasons for their departure. Nevertheless, we agree that the Human Resources Department can provide additional guidance to departments for conducting, documenting, and responding to feedback through stay and exit interviews. This work was initiated in FY 2025-26 and has already been socialized with department representatives for feedback. Human Resources will continue to hone this deliverable throughout the remainder of this fiscal year in order to ensure that departments are equipped with the tools for successful gathering and analysis of employee feedback.

Target Completion Date: June 30, 2027

Recommendation #2: To better measure employee satisfaction and support follow-up on employee feedback, the Administration should, in the context of the City's operating budget, consider:

a) re-establishing a Citywide employee survey, and
b) developing guidelines around interpreting and facilitating discussion around survey results and next steps, even if immediate follow-up action is not possible.

Administration Response to Recommendation #2: The Administration agrees with these recommendations.

Green: Surveys can be invaluable for gathering employee feedback and assessing engagement and satisfaction levels. However, as the Auditor points out, "employees who choose to participate may disproportionately reflect individuals with very positive or very negative experiences" and "asking for feedback without acting on it can backfire."

Given these considerations, the Administration will study the feasibility of responsibly re-establishing a Citywide employee survey, developing guidelines around survey results,

and assessing next steps. Feasibility factors will include budgetary considerations, staff capacity, and availability of resources for sustained efforts and follow-up.

Target Completion Date: June 30, 2027

Recommendation #3: To support workforce and succession planning efforts, the Human Resources Department should regularly provide departments with department-specific information on employee turnover and retirement eligibility. This can include access to its turnover and retirement eligibility dashboards and/or relevant queries through the City's human resource management system.

Administration Response to Recommendation #3: The Administration agrees with these recommendations.

Green: For more than a year, the Human Resources Department has convened an internal Data Working Group to monitor citywide data pertaining to vacancies, turnover, retirement eligibility, and related metrics in order to inform data-based strategies and decision-making. The department has already compiled department-specific data on turnover and retirement eligibility rates and is working on templates to share this information with departments on an annual basis, starting later this year.

Target Completion Date: December 31, 2026

Recommendation #4: To promote consistent succession planning practices across departments, the Human Resources Department should develop guidance around succession planning, including navigating workforce planning conversations, planning for anticipated vacancies, conducting and documenting knowledge transfer activities, and other resources it deems appropriate.

Administration Response to Recommendation #4: The Administration agrees with this recommendation.

Green: The Human Resources Department is already planning a comprehensive training for Senior and Executive Staff around succession planning this fall; the discussion will include traditional methods of capturing and transferring knowledge but will expand into leveraging artificial intelligence tools for this purpose. Additional tools and resources will be made available to departments via the SJ Training Portal in ensuing months.

Target Completion Date: June 30, 2027

COORDINATION

This memo was coordinated with the City Manager's Office.

CONCLUSION

The Human Resources Department remains committed to maintaining a modest, steady turnover rate that allows the City workforce to retain institutional knowledge and expertise, while fostering organizational vitality through the infusion of new talent. By implementing the aforementioned Audit recommendations, Human Resources will enhance workforce stability while fortifying the City's succession planning strategies.

Aram Kouyoumdjian
Director of Human Resources and
City Manager's Office of Employee Relations

For questions, please contact Kim Jackson, Assistant Director, Human Resources Department, at Kim.Jackson@sanjoseca.gov, or Randi Perry, Division Manager, Recruitment & Workforce Development, Human Resources Department, at Randi.Perry@sanjoseca.gov.