RECOMMENDED ACTION(S):  
Consider receiving a report on the District’s retirement risk and a proposed strategy for establishing a succession planning and development program.

BACKGROUND/RATIONALE:  
According to the Pew Research Center, 10,000 Baby Boomers (those born between 1946 and 1964) are projected to turn 65 each day and 80 million are expected to retire over a span of 19 years. We are in the midst of a retirement wave that’s creating staffing challenges and a war for talent across the nation; a company’s ability to recruit and retain top talent is fast becoming a significant competitive differntiator.

While the aging workforce impacts both the private and public sectors, the issue is magnified for public agencies where the average of age of workers is higher than in the private sector. In 2013, 51.7% of public sector workers were between the ages of 45 and 64, compared to only 42.4% of private. Since a higher concentration of the public sector workforce is at or near retirement age, public sector agencies face greater retirement risk.

Tenured employees departing with specialized institutional knowledge, such as in transit management, create a “brain drain” that can negatively impact the quality of service and ridership, project commitments, safety and reliability, and the long-term sustainability of an agency. This report provides recommendations to mitigate the consequences of the pending “silver tsunami” through succession planning and development.

District Demographics and Retirement Risk

Following is summary of District workforce demographics and retirement eligibility based on a recent District report generated this past May in which AC Transit had 2,237 active employees:

- **48** = the average age of a District employee
- **26%** = the % of our District’s workforce eligible to retire immediately
- **44%** = the % of our District’s workforce eligible to retire within the next five (5) years
- **974** = the # of District employees eligible to retire within the next five (5) years
The following charts further break down AC Transit demographics and retirement risk by Administration and Operations, Management, and Union Representation.

**Administration vs. Operations Breakdown (as of May 2017)**

43% (803 of 1,869) of Operations workers and 47% (171 of 364) of all Administration workers will be eligible to retire within the next five years which can impact operations and service quality if retirement risk is not addressed.

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**Management Breakdown (as of May 2017)**

While management represents a small overall portion of the workforce, 37% (56 of 152) supervisor and mid-manager and 42% (8 of 19) senior leadership positions will be eligible to retire within the next five years. The potential departure of managers and executives can result in a leadership crisis.
Union Representation Breakdown (as of May 2017)

43% of all ATU workers, 46% of all ACSME workers, 60% of all IBEW workers and 53% of all Unrepresented workers are eligible to retire within the next five years.

AC Transit’s demographics reveal overall significant retirement risk within the next five years with 974 total positions or 44% of the workforce at risk for retirement. AC Transit can address the retirement wave through succession planning and development.

Succession Planning and Development Defined

Succession planning and development can be defined as:

“A strategic talent management approach to offset the impact of attrition and to ensure operational sustainability through creating and maintaining qualified internal and external talent pools.”

Following are key objectives of succession planning and development:

1. Address current and future workforce needs as part of an integrated talent management strategy
2. Accelerate internal staff development to compete for positions as they become available
3. Preserve and transfer institutional knowledge before it leaves the agency
4. Increase and maintain employee engagement and commitment to the District
5. Expand external sourcing efforts and partnerships and position the agency as an “employer of choice”
Succession planning and development in the public sector typically does not allow for “choosing and promoting” staff, so the emphasis is on providing access to a program of resources to assist staff with professional development and career planning so they can better position themselves to compete for vacancies as they become available.

**Current Efforts Related to Succession Planning and Development**

There are a number of initiatives that already align with succession planning and development at the District.

**Accelerating Internal Staff Development**

The Learning and Development unit was re-established approximately two years ago and the following programs have been developed or enhanced for our District staff’s development:

- Management Certification Program
- Understanding Professional Success for Non-Management Staff Program
- Increased instructor-led workshops and online training opportunities
- Core competencies defining successful attributes and behaviors
- Enhanced tuition reimbursement program
- Customized coaching, conflict resolution, and teambuilding

Various managers have also engaged in independent efforts to proactively assess knowledge and retirement risks within their departments, determine bench strength, and engage staff in development conversations and partner with Staffing to identify sourcing solutions.

**Expanding External Sourcing Efforts**

Staffing has engaged in outreach and sourcing efforts including career fairs, community and school outreach efforts, internships, and leveraged diversity and trade organizations to source qualified candidates and market AC Transit as a desirable employment destination. Staffing has leveraged social media and partnered with Marketing on various campaigns to expand the District’s reach to prospective candidates.

**Succession Planning and Development Program Best Practices to Consider**

While foundational efforts to foster internal and external pipelines of talent exist, a formal Succession Planning and Development Program is necessary to coordinate a program of customized solutions to address the unique needs of the District in alignment with organizational strategies, programs, systems, and policies.
Following are examples of succession planning and development best practices for consideration with the development of AC Transit’s Succession Planning and Development Program:

1. **Establish a Succession Planning Committee**
   The most effective succession and development programs are not merely “HR programs”. Rather, they are a collaborative effort by all areas of an organization. A cross-functional succession planning committee comprised of key stakeholders and decision makers will:
   - Align program objectives to District’s strategic goals
   - Establish the District’s succession planning and development strategic roadmap
   - Develop and design program components
   - Monitor and communicate program progress and success
   - Champion, communicate, and support change management efforts to implement the program to the District

2. **Conduct Workforce Analysis Down to “Department-Level”**
   Workforce analysis down to the department level provides the most accurate assessment of retirement risk and impact. The analysis may involve the following:
   - Review demographic data by each function in the department
   - Assess critical at-risk positions, reviewing org charts and bench strength
   - Identify learning and development opportunities for internal staff
   - Identify external sourcing and recruitment strategies

3. **Make Talent Development a Key Responsibility of Managers**
   Establishing talent development as a core management competency and defining roles, responsibilities for managers is key. Following are considerations for preparing and engaging managers to develop employees at AC Transit:
   - Integrate succession planning into the Onboarding program
   - Provide workshops and resources on “How to Have Developmental Conversation”
   - Tie management responsibility of developing staff to performance program
   - Launch a “Great Talent Developer Award” program
   - Establish new manager and supervisor training and forums

4. **Provide an Array of Learning and Development Opportunities for All Staff**
   Offering a variety of learning and development opportunities to all staff is important in accelerating employee development. Following are examples of expanded offerings to consider:
   - Provide core skills and competency-based workshops and resources
   - Provide new supervisor/manager training
   - Establish executive leadership program and resources
   - Establish a coaching or mentoring program
   - Establish a job rotation or job shadowing program
   - Implement a learning library and offer self-paced micro trainings
5. **Provide Career Development Resources**
Staff interested in career development require clarity and resources to help them take accountability in establishing realistic development plans and to understand how to apply for jobs and prepare for interviews. Following are examples of career development resources:

- Provide career counseling and planning assistance
- Offer “How to apply for a job” and “effective interviewing” workshops and resources
- Provide a knowledge, skills, abilities and experience “gap analysis” tool
- Provide updated classification structures that reflect current duties and requirements
- Provide clarity with career ladders and paths for mobility
- Conduct internal career fairs

6. **Communicate, Market, and Promote Program Awareness**
Successful programs leverage effective communication to tout the benefits of the program, create awareness, and promote participation and appreciation. Following are examples of communication tactics that have worked well:

- Develop program branding
- Establish a communication strategy
- Offer a dedicated succession development website for one-stop information
- Provide updates on program progress, successes, and testimony from staff
- Share program information at department-level meetings across the organization
- Leverage executive-level communication sources

7. **Facilitate Knowledge Management and Transfer**
Effective knowledge management and transfer provides an important trail of institutional knowledge or direct transfer of knowledge to help new staff get up to speed more quickly and to avoid pitfalls or learning through trial and error which can result in negative consequences. Following are effective knowledge management and transfer efforts:

- Process and knowledge documentation assessment by department
- Standard operating procedure (SOP) template
- Job-aids or process flowcharts
- Communities of practice
- Standardized solutions for storing and sharing information
- Knowledge interviews or recorded walkthroughs
- Peer mentoring program
8. **Expand External Sourcing and Recruitment Efforts and Partnerships and Position the Agency as an Employer of Choice**

Successful programs and healthy organizations strike a balance between accelerating the development of staff with building external pipelines of qualified talent. Following are examples of external sourcing and recruitment efforts for consideration:

- Outreach to local agencies, schools, and community groups
- Partnerships with schools to establish work/training programs or apprenticeships
- College outreach and recruitment efforts
- Attend or participate in transit consortiums and events
- Identify technological and software solutions for enhanced sourcing capabilities

**Potential Barriers to Effective Succession Planning and Development at AC Transit**

Following are some identified potential barriers that can negatively impact the successful development and implementation of a succession planning and development program at AC Transit:

- Support, commitment, and competing priorities
- Budget and resources
- Logistics with staff working shifts an in different locations
- Unrealistic expectations
- Lack of interest in public sector employment
- Lack of integration with business operations and programs

The identified challenges will be analyzed and as best as possible, mitigated in the development of the program.

**Next Steps**

Following are the next steps following this report to the Board:

1. **Succession Planning and Development Committee**
   - Form the succession planning and development committee and establish objectives, program scope and a roadmap

2. **Manager and Supervisor Workshops**
   - Promote awareness, understanding and commitment with succession planning and development at the District

3. **Follow-up Board Update**
   - Provide a report to the Board after six (6) months to introduce the Committee and to share the Succession Planning and Development roadmap
Establishing the Succession Planning and Development Committee is key to begin development of the program. The committee selection process will be defined and likely require Executive Team input to identify ideal candidates who have an understanding of their division’s succession and development needs and who can commit to serving on the team.

While the Committee is being formed, manager and supervisor workshops will be established to promote awareness of the need to engage in developing staff and implementing AC Transit’s Succession Planning and Development Program.

**BUDGETARY/FISCAL IMPACT:**

This report is informational only. There is no new budgetary or fiscal impact directly associated with this report. Succession Planning Development Committee members are expected to meet bi-weekly, and some will also dedicate work hours to the planning, development and implementation of succession planning and development program components.

Based on the analysis, recommendations, and roadmap to be established by the Succession Planning and Development Committee, additional resources may be requested to fund the development of program components.

**ADVANTAGES/DISADVANTAGES:**

The advantage of this report is to inform the Board of Directors about the District’s proposed efforts to establish and implement a Succession Development and Planning Program.

**ALTERNATIVES ANALYSIS:**

This report is informational only. There is no alternative analysis associated with this report.

**ATTACHMENTS:**

None

Approved by: Michael Hursh, General Manager
Prepared by: Grant M. Lee, Executive Director of Human Resources
Elisabeth West, Human Resources Manager
Rebekah Ramos, Sr. Administrator Training and Professional Development
"Meeting the Challenges of The Retirement Wave"

Succession Planning and Development at AC Transit

Board Report #17-237

September 13, 2017
Are We Prepared For the Retirement Wave?
Topics:
1. The Demographic Crisis
2. AC Transit Workforce Demographics
3. Typical Impacts of the Retirement Wave
4. Succession Planning and Development
5. Program Considerations
6. Next Steps
The Demographic Crisis

- 10,000 Americans are turning 65 every day
- 80 million Baby-Boomers are exiting the workforce
- 50 million Gen-Xers are replacing the Baby-Boomers
- Millennials entering the workforce aren’t interested in public sector jobs
AC Transit Retirement Eligibility

Eligibility Rules
ATU: 55 w/8 years of service
AFSCME: 55 w/5 years of service
IBEW: 55 w/5 years of service
UNREP: 50 w/5 years of service

AC Transit Workforce Analysis
Average Age: 48
% Eligible for Retirement Now: 26%
% Eligible for Retirement Within 5 Years: 44%
# Eligible for Retirement Within 5 Years: 974
## Operations Vs. Administration Breakdown

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Management Breakdown

Supervisors/ Mid-Managers (152 total)
- Now: 3
- Within 5 Years: 56

Director/ Sr. Executives (19 total)
- Now: 26
- Within 5 Years: 8
Representation Breakdown

- **ATU**: 43%
  - 788 Eligible to Retire

- **AFSCME**: 46%
  - 128 Eligible to Retire

- **IBEW**: 60%
  - 18 Eligible to Retire

- **UNREP**: 53%
  - 40 Eligible to Retire
What happens when the "retirement bubble" bursts?
Potential Impacts of Retirement Risk

- Loss of institutional knowledge
- A leadership void
- Challenges with filling vacancies

- Operational continuity
- Impact to customer service and ridership
- Impact to key projects and commitments
- Long-term sustainability of the District
Succession Planning and Development

What is it?

“A strategic talent management approach to offset the impacts of attrition and to ensure operational sustainability through creating and maintaining qualified internal and external talent pools.”
Areas of Focus

1. **Accelerate internal staff development** to compete for positions as they become available.

2. **Expand external sourcing efforts and partnerships** and position the agency as a desirable employment destination.

3. **Preserve and transfer institutional knowledge** before it leaves the agency.
Program Development Considerations

1. Establish a succession planning committee
2. Conduct workforce analysis down to department level
3. Provide an array of learning and development opportunities for all Staff
4. Make talent development a key responsibility of managers
Program Development Considerations

5. Provide career development resources
6. Communicate, market, and promote program awareness
7. Facilitate knowledge management and transfer
8. Expand external sourcing and partnerships and position the District as an employer of choice
Potential Barriers

- Lack of support or commitment
- Resource limitations
- Competing priorities
- Logistics
- Unrealistic expectations
- Lack of interest in public sector employment
Next Steps

1. Establish the Succession Planning and Development Committee
2. Board Agenda Report in September and follow up in six months
3. Manager and Supervisor Workshops to promote awareness and commitment