

CITY OF RIVERSIDE
Solid Waste Collection Overtime Review
November 2024



Prepared by:
Internal Audit Department
Office of the City Manager

Solid Waste Collection Overtime

OBJECTIVE

To gain an understanding of Solid Waste Collection operations (Division #413010) to determine the main drivers and reasonableness of overtime hours for solid waste collection truck drivers.

DESCRIPTION OF OPERATIONS

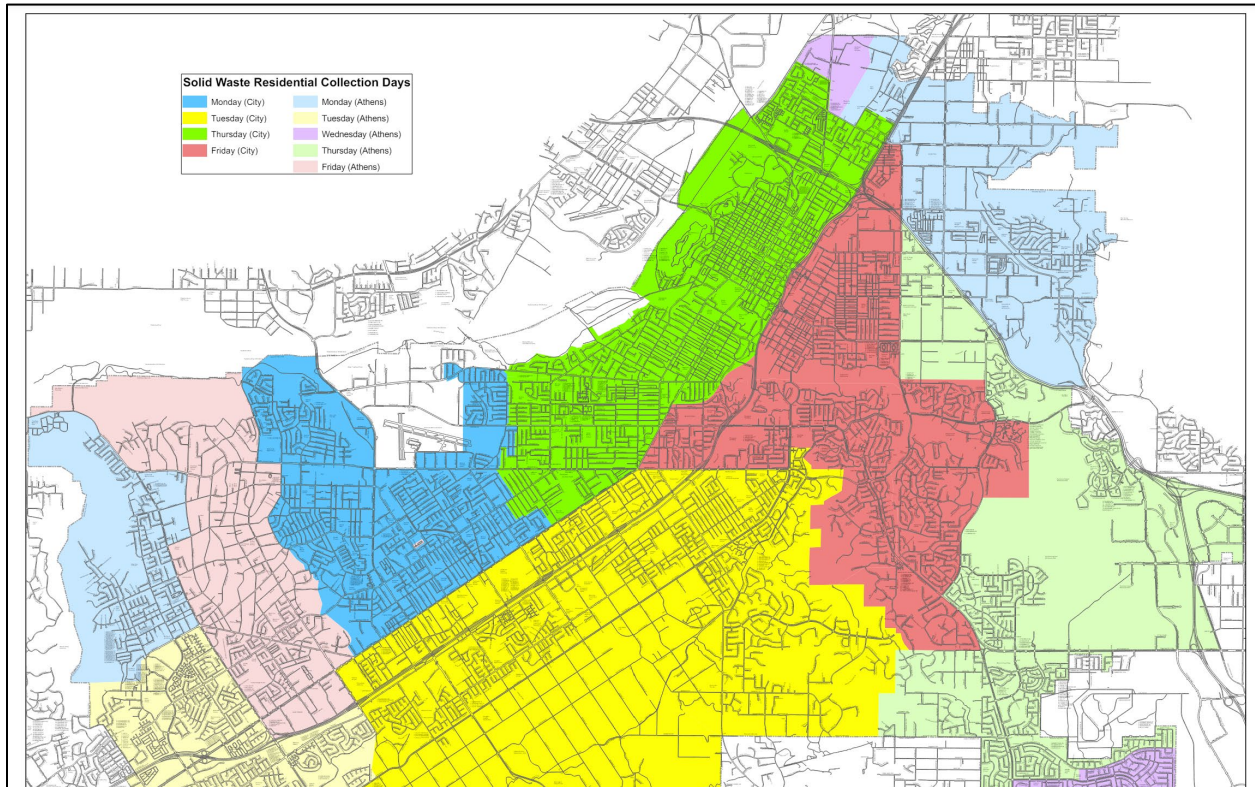
The Solid Waste Collection (SWC) Section is a component of the Refuse Division within the Public Works Department. The City provides collection services for approximately 60-70% of the City from a geographical perspective with its own staff. Athens Services (third-party contracted hauler) handles the remaining residential customers in the City.

All commercial accounts (businesses and multi-family properties) are served by contracted haulers. Until June 30, 2023, Athens Services, Burrtec Waste Industries, and CR&R Incorporated served all commercial accounts under non-exclusive agreements. However, starting on July 1, 2023, the City granted an exclusive contract with Athens for commercial services. Both Burrtec and CR&R will continue to provide commercial service for their respective accounts during a 5-year transitional period, until 2028, if the customer elects not to switch to Athens Services.

The SWC Section consists of 45 FTEs, as shown below, which is supervised by three (3) supervisors. There are 27 FTE Senior Solid Waste Operators and 11 FTE Solid Waste Operators, presumably all 38 FTEs are drivers.

PUBLIC WORKS DEPARTMENT						
Job Code and Position Title	Adopted FY 2021/22	Adopted FY 2022/23	Change	Adopted FY 2023/24	Change	Note
3361 Field Services Operations Manager	1.00	1.00	-	1.00	-	
9530 Administrative Analyst	1.00	1.00	-	1.00	-	
9540 Senior Administrative Analyst	1.00	1.00	-	1.00	-	
Full-Time Benefitted Total	4.00	4.00	-	4.00	-	
413000 - Solid Waste - Administration Total	4.00	4.00	-	4.00	-	
413010 - Solid Waste - Collections						
3240 Street Maintenance Worker	1.00	1.00	-	1.00	-	
3390 Solid Waste Operator	11.00	11.00	-	11.00	-	
3400 Senior Solid Waste Operator	27.00	27.00	-	27.00	-	
3410 Solid Waste Collection Supervisor I	2.00	2.00	-	2.00	-	
3421 Solid Waste Collection Supervisor II	1.00	1.00	-	1.00	-	
9982 General Service Worker	2.00	2.00	-	2.00	-	
Full-Time Benefitted Total	44.00	44.00	-	44.00	-	
2995 Weekend Crew Supervisor	1.00	1.00	-	1.00	-	
Part-Time Non-Benefitted Total	1.00	1.00	-	1.00	-	
413010 - Solid Waste - Collections Total	45.00	45.00	-	45.00	-	

Trash collection services are provided to residential customers **4 days a week** by City staff by specific zones within the city. Athens provides residential collection services 5 days per week. See map below of residential collection days by city and Athens.



Under normal circumstances, no regular services in the City service area are provided on Wednesdays and weekends. However, collection services are provided on Wednesdays and Saturdays if there is a holiday that falls on normal collection days. The City recognizes 13 holidays per year. As such, overtime is incurred to make up for the 13 days missed during the holidays in accordance with the SEIU Refuse Unit MOU.

The City uses trucks with automated side pick-up loaders for most of its residential routes. Each of these trucks are operated by 1 driver. Rear loader trucks have a 3-man crew and are used for bulky item pick-ups and certain routes that automated trucks cannot pass through due to space limitations.

OVERTIME DATA

From FY 2017 to FY 2020, overtime (OT) was less than \$500k per year, and as low as \$342k. However, beginning in 2021, OT costs ramped up significantly, and grew by 56% (not adjusted for any salary schedule or COLA adjustments) in just one year, from 2022 to 2023. Refer to the table below.

	PUBLIC WORKS						
	2017	2018	2019	2020	2021	2022	2023
Solid Waste Collection (413010)							
Overtime	\$ 342,533	\$ 369,489	\$ 431,751	\$ 447,225	\$ 625,454	\$ 757,356	\$ 1,182,782
Total Salaries	1,339,682	1,392,880	1,456,657	1,455,837	1,191,637	1,463,072	1,806,889
% OT vs Salaries	25.6%	26.5%	29.6%	30.7%	52.5%	51.8%	65.5%
FTEs		42.00	42.00	42.00	45.00	45.00	45.00
Average OT Per FTE		\$ 8,797	\$ 10,280	\$ 10,648	\$ 13,899	\$ 16,830	\$ 26,284

Overall, overtime has generally increased for most employees within SWC. For the employees shown in the table below, overtime earnings reached a high level in 2023 (calendar year). The table below shows the top overtime earners in 2023 and a calculation of an estimated number of hours each employee would have worked to achieve the overtime earned. The hourly rates for employees #10162 and #23958, both supervisors, were taken from the current city salary schedule, using the average of the bottom and top of the salary ranges. Similarly, hourly rates for the other employees were taken from the salary schedule using the Solid Waste Operator and Sr. Solid Waste Operator job positions. Note that this is not an exact calculation but does provide an order of magnitude of the number of hours worked to achieve overtime earnings realized in 2023.

SOLID WASTE COLLECTION						
Empl #	FY 2022/23 Overtime \$	Hourly Rate			OT Rate 1.5X	Average OT Hours
		Minimum	Maximum	Average		
	\$ 126,630	\$ 36.79	\$ 54.02	\$ 45.41	\$ 68.11	1,859.27
	114,875	36.79	54.02	45.41	68.11	1,686.67
	77,002	22.04	34.07	28.06	42.09	1,829.66
	65,272	22.04	34.07	28.06	42.09	1,550.94
	61,771	22.04	34.07	28.06	42.09	1,467.75
	60,936	22.04	34.07	28.06	42.09	1,447.91
	58,482	22.04	34.07	28.06	42.09	1,389.60
	58,385	22.04	34.07	28.06	42.09	1,387.29
	54,800	22.04	34.07	28.06	42.09	1,302.11
	48,127	22.04	34.07	28.06	42.09	1,143.55
	38,021	22.04	34.07	28.06	42.09	903.42
	36,769	22.04	34.07	28.06	42.09	873.67
	35,782	22.04	34.07	28.06	42.09	850.22
	30,492	22.04	34.07	28.06	42.09	724.53
	29,912	22.04	34.07	28.06	42.09	710.74
	25,507	22.04	34.07	28.06	42.09	606.08
	15,387	22.04	34.07	28.06	42.09	365.61
	14,390	22.04	34.07	28.06	42.09	341.92
	13,544	22.04	34.07	28.06	42.09	321.82
	12,747	22.04	34.07	28.06	42.09	302.88
	6,760	22.04	34.07	28.06	42.09	160.63
						21,226.28
					FTE	11.79

For these top overtime earners, an estimated ~21,226 hours in overtime would have been worked, which is equivalent to almost 12 full-time positions (using 1,800 productive hours).

Management Response:

The overtime amount noted, equivalent to nearly 12.0 FTE, aligns with Solid Waste vacancy rate during this time. Vacancy rate is noted by the Internal Audit Manager in the following section, and it is important to connect overtime rate to vacancy rate. Had these vacant positions been filled, overtime rates would have been significantly lower.

Over the past several years, there have been substantial pay increases for City Solid Waste staff. As noted in a staff report to City Council dated October 18, 2022, effective July 1, 2022, SEIU Refuse Unit employees were scheduled to receive both a cost-of-living adjustment and a market salary adjustment totaling a 12.6% increase to base salaries, followed by substantial smaller increases to base salaries in July 2023 and July 2024. Juneteenth was added as a holiday for Refuse Unity employees effective 2023. These substantial base salary increases, and the addition of a new holiday increased the cost of overtime and are not factored into the analysis of this Internal Audit report.

FACTORS LEADING TO HIGH OVERTIME

Over the last several years, beginning in 2020, the Solid Waste Collection unit has been impacted by external forces that have created an environment in which a substantially elevated amount of overtime became the norm. These external forces include: (1) a nationwide shortage of truck drivers which lead to a high vacancy rate, (2) an increase in trash and recyclables volume starting in 2020, and (3) a shortage of trucks.

As discussed in a June 28, 2022, staff report, the City of Riverside was continuing to experience a high rate of vacancy and turnover in the Solid Waste Division that began several years prior but was exacerbated by the COVID-19 pandemic. At that time, the division had 11 Solid Waste Operator positions and 27 Senior Operator positions. Of the 38 assigned positions, 14 were vacant (9 Solid Waste Operator and 5 Senior Solid Waste Operator positions). In response to service issues stemming from the high number of vacancies, in April 2022 the Public Works Department initiated the emergency services provision of its contract with Burrtec to temporarily provide additional residential solid waste collection services to approximately ~6,000 households due to extended vacancies. The need for these emergency services from Burrtec was eventually phased out by January 2023. Note that the use of Burrtec to temporarily backfill services resulted in a grievance and PERB charge (and eventual settlement) brought by SEIU, the employee union. Per management, the use of Burrtec was an appropriate and necessary emergency response to address the extraordinary factors that lead to service delays. Equipment and staffing were the drivers of service delays and utilizing Burrtec’s drivers and trucks helped to temporarily resolve the delays. However, the grievance and lawsuit removed this option to remedy the problem.

The solid waste industry has been further impacted by increased volumes of residential waste since the COVID-19 pandemic. During the pandemic, there was a marked increase in home improvement projects and an increase in consumer online shopping, resulting in more packaging disposed of at home (in addition to contributing to the demand for truck drivers in the transportation sector). Additionally, tonnages of solid waste serviced on a per-home basis increased. As a result, drivers had to make more trips to the Materials Recovery Facility (MRF) to empty their trucks throughout the day. Per Public Works personnel, while trash volumes have decreased following the peak of the pandemic, they are still well above the pre-pandemic levels.

Per our discussions with Public Works management and staff, the Solid Waste Collection unit was also contending with an aging fleet of waste collection trucks. While the City adopted new refuse rates prior to June 2022, unexpected costs because of disruptions to the recycling industry limited available capital funds for the Solid Waste Division. At the time of the June 2022 staff report, 14 trucks within the Solid Waste division needed immediate replacement, with an additional 8 vehicles at or beyond the recommended 9-year life cycle. The number of vehicles routinely under repair impacts truck availability for drivers to complete solid waste collection. According to Public Works management, more trucks were out of commission and under repairs in 2023 vs prior years, which was compounded by the lack of fleet maintenance mechanics.

SWC utilizes a fleet of 43 automated refuse trucks for residential trash, recycling, and green waste collection. Truck variations are listed as rear loaders, packers, and front loaders. 34 of these trucks are used for residential collection. The model years of these trucks range from 2006 to the newest truck model year being 2022 (3 Trucks) with 23 trucks having been in service for more than 10 years, past the expected life of these vehicles. On a visit to the Corporate Yard, 5 trucks had “Out of Service” signs adhered to the cab and 2 more trucks were in the maintenance service bays being worked on. The current trucks in service have a recorded mileage of just over approximately 24,000 miles to 275,000 miles. The average mileage of the solid waste trucks fleet is ~120,520 miles with a combined total mileage of almost 4.5 million miles. The newest trucks were purchased in 2022 for nearly \$430,000 each. In comparison a truck purchased in 2006 was just under \$219,000 as shown in the chart below.

Year Truck Placed in Service	Number of Trucks Placed in Service & Still in Service	Average Cost per Year Purchased.
2006	5	\$218,901
2007	2	\$231,168
2008	4	\$261,488
2009	6	\$234,100
2013	2	\$319,349
2015	4	\$342,773
2016	3	\$342,180
2017	2	\$353,241
2018	3	\$357,269
2020	3	\$378,919
2022	3	\$429,169

Per Public Works management staff, the factors discussed above all combined to create significant delays in trash collection services, a high number of customer complaints, and thus, extremely high levels of overtime, with drivers working well into the evening, and routinely on Wednesdays and weekends. Solid waste collection essentially became a 7 day per week operation.

Lastly, in addition, management at one point decided to pay double time for hours worked on Sundays.

Management Response:

Research into double overtime on Sundays indicates that this has been a long-standing practice, that pre-dates current Public Works management staff.

The Solid Waste fleet is comprised of 43 side-loading trucks and 5 rear-loading trucks, and does not include any front-loading trucks. The side-loaders are used for residential trash, recycling and green waste collection. The rear-loaders are used for residential manual route trash, recycling, and green waste collection, bulky item pickups, and illegal dumping collection. As of the date of this report, out of the 43 side-loading trucks, 9 are permanently out of service, awaiting surplus and used for parts. There is 1 rear-loading truck permanently out of service, awaiting surplus and used for parts. Over the past two years, there has been an average of 6-9 side-loading trucks out of service daily, with Fleet or a third-party vendor for service or repairs, which has negatively impacted Solid Waste staff’s ability to provide consistent residential service. As a result, when a route is completed, another driver, often a supervisor, would take that truck to continue a route that was incomplete.

REVIEW OF TIMESHEETS

Selection Approach

While there were clearly tremendous external forces that drove the need for a high amount of overtime, it was important to understand the dynamics that led to such a wide disparity among all staff in terms of overtime worked, and why supervisors were so far above all others in overtime hours and pay. As shown in a previous table, overtime (not including regular wages) in 2023 ranged from a low of \$4,160 to a high of \$126,630.

Thus, our selection of timesheets focused on the five (5) top earners (Supervisors and Operators) of overtime in 2023 shown in the accompanying table. For these five employees, we selected twelve (12) timesheets between fiscal years 2021-22 and 2022-23, six in each year, with the goal of including all seasons of the fiscal year and including consecutive pay periods to identify any important patterns or anomalies. The pay periods selected are listed below.

<u>Employee Number</u>	<u>FY 2022/23 Overtime</u>
	\$126,630
	114,875
	77,002
	65,272
	61,771

FY 2021-22

- January 2022 – PPE 1-20-22 and 2/3/22

- May 2022 – PPE 5/26/22 and 6/9/22
- June 2022 – PPE 6/23/22 and 7/7/22

FY 2022-23

- August 2022 – PPE 8/18/22 and 9/1/22
- December 2022 – PPE 12/8/22 and 12/22/22
- March 2023 – PPE 3/16/23 and 3/30/23

Observations

1. **Differential Pay** – Employees who work out of class (above their classification level) are entitled to a 5% bonus for the hour worked. If the employee works overtime, the 5% bonus is calculated at the premium rate of 1.5 times the hourly rate. For example, if an employee works 10 hours of straight times and 2 hours of overtime out of class, the employee will code their timesheet as follows:

100 – SAL REG (Regular Hours)	10
401 – OT 1.5 (Overtime a 1.5x)	2
507 – DIF REFS (Regular Differential Hours)	10
514 – DIFRFNP (OT Differential Hours)	2

Note that, although the timesheet reports 24 hours for the day, the employee is appropriately paid for 12 hours actually worked.

If the employee’s regular hourly rate was \$40, the pay for the hours above would be calculated as follows:

Regular Hours (\$40/hr. x 10 hours)	\$ 400
OT Hours (\$40/hr. x 1.5 x 2 hours)	120
Regular Differential Pay (\$40/hr. x 10 hours x 5%)	20
OT Differential Pay (\$40/hr. x 2 hours x 1.5 x 5%)	<u>6</u>
Total Pay for the 12 Hours Worked	<u>\$ 546</u>

2. **Overtime Incurred by Supervisors Relative to Staff** – One of the analytics we performed was to determine how many hours were worked by the employees, both in gross and relative terms, since the data has previously been expressed in dollars. This helps normalize the data since it is not skewed by the different hourly rates paid to each employee and the different premium rates paid (1.5x and 2x). As shown in the table below, for the timesheets we selected and reviewed, the average number of overtime hours incurred per pay period ranged from 31.18 to 63.23 hours. As we saw in the previous analysis based on dollar amounts, the same two employees (supervisors) worked the greatest number of overtime hours, on average, in addition to being at the top of the list in terms of overtime pay.

Employee Number	Regular Hours	Overtime Hours			# of Pay Periods	Average OT Per Pay Period
		OT 1.5x	OT 2x	Total OT		
	719.00	575.30	57.00	632.30	10	63.23
	705.00	540.05	52.50	592.55	11	53.87
	737.50	425.20	48.20	473.40	11	43.04
	705.70	310.50	47.70	358.20	11	32.56
	723.50	301.70	41.30	343.00	11	31.18

Another metric used to analyze the data was to look at the concentration of overtime hours worked. In other words, if an employee worked 40 overtime hours in a pay period, and they worked all 14 days, this would equate to an average of 2.85 hours per day. However, if those same hours were worked in 10 days, the average overtime hours would increase to 4 hours per day. In addition, it was important to understand how many total number of hours were worked per employee, including both regular hours and overtime hours in each day and the frequency of which this occurred. The table below presents different data points to illustrate the concentration of overtime and total hours worked in the pay periods selected for review. The last two columns are of importance, showing for each employee the average number of overtime hours worked per day, and the number of days out of the total days worked in which more than 13 hours were worked in total.

What is particularly noteworthy is that the two supervisors, by far, worked more days in excess of 13 hours, averaging approximately ~14 hours per day. If a normal shift begins at 5:30 a.m., a 14-hour workday would end at 7:30 p.m. For employee #10162, out of the 114 days worked that we reviewed, 57 of these days (50%) the employee would have worked more than 13 hours.

Employee Number	Overtime Hours			# of Pay Periods	Total # of Days	# of Days Worked	Average # of OT Hrs. Per Day	# of Days Worked > 13 Hours
	OT 1.5x	OT 2x	Total OT					
	575.30	57.00	632.30	10	140	114	5.55	57
	540.05	52.50	592.55	11	154	101	5.87	51
	425.20	48.20	473.40	11	154	119	3.98	18
	310.50	47.70	358.20	11	154	109	3.29	4
	301.70	41.30	343.00	11	154	104	3.30	7

Building on the data above, the last calculation that speaks to the concentration of overtime and

<u>Employee Number</u>	<u>Highest 5 Consec. Day Total</u>
	72.80
	71.50
	61.50
	55.90
	55.70

total hours worked was the highest number of total hours worked in a consecutive five-day period. The accompanying table shows this data for each employee, which ranges from a high of 72.80 to a low of 55.70 hours. At the low end (employee #22936) the 55.70 hours equates to 11.1 hours worked per day for five days straight. Although this level of hours worked five days in a row seems extremely high, it is still within a reasonable and plausible limit. However, for employees #10162 and #23958, the highest number of hours worked in a consecutive 5-day period equates to approximately ~14.5 hours per day.

Assuming a 5:30 a.m. start time, these two employees would have worked until 8:00 p.m. for five consecutive days.

Management Response:

All hours worked by Solid Waste staff on Wednesdays, Saturdays, and Sundays is overtime, as the normal operating days are Monday, Tuesday, Thursday, and Friday.

Due to California Department of Transportation (DOT) rules about rest following a shift spent driving a commercial vehicle, Solid Waste supervisors were often the only staff eligible to continue driving toward the end of a day and would drive for several hours after Operators ended their shift, to service delayed routes and reduce delayed service that staff had to try to make up the following day.

REVIEW OF VEHICLE CONDITION LOGS AND DAILY ROSTERS

Due to the unusually high overtime incurred by the employees tested, we reviewed Vehicle Condition Reports and Daily Rosters. As described in detail below, these documents are directly used to record driver hours on timesheets. Thus, reviewing these documents was an important test to verify the accuracy of overtime hours recorded.

Purpose of Vehicle Condition Reports

Solid waste drivers are required to complete and carry a Vehicle Condition Report (VCR) form during the operation of their trucks per California Department of Transportation requirements. The VCR is a physical form that the driver must fill out during both a pre-check and post-check inspection of the truck they are driving to identify any mechanical or operational safety issues. If a driver finds any issues with the truck they are operating during the inspection process, they note the issue on the VCR and report it to the supervisor to initiate work on the vehicle by the City’s fleet maintenance operation. On those occasions when a driver has mechanical issues with their assigned truck during their shift, they will log the issue on the VCR, notify a supervisor that the truck will need to be serviced, return the truck to the Corporation Yard, and continue with their shift if another truck is made available to the driver. In these cases, the initial VCR will be finalized, a copy is submitted to

fleet maintenance noting the issues, and a new VCR will be created for the other truck assigned to the driver.

Drivers are responsible for manually noting the start time of their shift in writing on their VCRs which is 5:30 a.m. and 4:30 a.m. for the opening supervisor. In instances in which there was no manual notation of the start time on a VCR we reviewed, those two start times were assumed. However, at the end of the shift, the time and date are required to be stamped by a digital time stamp recorder on the VCR by the driver upon their return to the Corporation Yard which is located at 8095 Lincoln Ave. As such, VCR logs are used by supervisors to track total work hours for drivers.

Purpose of Daily Rosters

VCRs logs are reviewed at the end of the shift by a supervisor and are used to record hours worked on a Daily Roster Form. Moreover, the **Daily Roster is used to record hours on to the respective employee's timesheet**. The Daily Roster summarizes all driver information for that specific day, including name, employee ID #, the time the driver's shift began and ended, if they are on vacation or out for sick leave, their assigned route and truck, dead routes (routes with no assigned trucks or drivers), and other supplemental notes by supervisors. For instances in which a supervisor is operating a truck, the VCR will be completed by the supervisor and be reviewed by the Field Services Operation Manager for accuracy. Essentially, all VCR logs completed by a driver are reviewed by a supervisor before being reflected on the daily roster for accuracy of timesheet reporting.

Scope of Testing

The internal audit department requested all available copies of VCR logs and related daily driver rosters from the Fleet Services Operation Manager stored at the Corporation Yard for the five (5) top Solid Waste earners of OT in 2023, which were the same employees whose timesheets we analyzed.

We selected log records for each employee during the payroll periods listed below for our review:

<u>Payroll Periods</u>	
1/7/22 - 1/20/22	1/21/22 - 2/3/22
5/13/22 - 5/26/22	5/27/22 - 6/9/22
6/10/22 - 6/23/22	6/24/22 - 7/7/22
8/5/22 - 8/18/22	8/19/22 - 9/1/22
11/25/22- 12/8/22	12/9/22 - 12/22/22
3/3/23 - 3/16/23	3/17/23 - 3/30/23

Prior to our visits, we summarized timesheet hours for each respective sample employee during the listed payroll periods noted above. Based on our initial understanding of solid waste collection operations, we noted that drivers typically begin their shift at 5:30 a.m. We reviewed each daily VCR log and agreed the total shift hours per the VCR log to the employee's respective timesheet record. We recalculated total shift hours based on the employee's VCR log using 5:30 a.m. as the start time and the time stamped on the log from the time recorder to indicate the end time of their shift. We

then traced the total shift hours per the VCR log to the time recorded on the daily roster. Additionally, we agreed the daily roster to our summary of timesheet hours for accuracy. Since VCR logs are only completed during operation of a truck, we did not expect a related VCR log to have been completed for days in which a driver took vacation, sick leave, or holiday.

Based on our discussions with the Field Services Operation Manager, we noted that not all VCR logs would be available due to either clerical error or logs that might have been lost during storage. For any VCR log we could not review (due to being lost or not completed), we agreed the total hours per the daily roster to the timesheet records, noting any unusual exceptions.

Findings

Overall, solid waste collection staff generally adhered to timekeeping procedures, recording their time accurately based on the VCR. However, significant inconsistencies were observed in the records of two supervisory staff members, particularly concerning the availability of VCR logs, as reflected in the following table:

<u>Employee #</u>	<u>Missing Ending Time Stamp</u>	<u>No VCR</u>	<u>No Record on Daily Roster</u>	<u>Total Days Tested</u>	<u>Exception Rate</u>	<u>OT Hours Related to Exceptions</u>
	2	91	-	122	76.2%	499
	-	89	89	122	73.0%	593
	1	20	-	129	16.3%	75
	-	23	-	114	20.2%	75
	-	23	-	108	21.3%	38

As shown above, we noted 91 instances in which no VCR logs were available for our review for employee #10162 (supervisor). For these exceptions, we obtained the shift hours from the daily roster’s and agreed the data on the roster to the employee’s respective timesheet record without exceptions.

We noted 89 instances in which no VCRs logs were available for our review for employee #23958 (supervisor). Additionally, we noted that there was no record of this employee on the daily rosters for these instances as well. Based on our discussions with the Field Services Operation Manager, no additional records were available for our review. As a result, we were unable to agree any supporting driver documentation to the employee’s hours timesheet hours recorded to substantiate the number of hours recorded on this employee’s timesheet.

Although not to the same extent as the two supervisors, we did note missing VCRs for the other three employees.

Management Response:

A Vehicle Condition Report is required only when a driver will be operating a commercial vehicle and is not required otherwise. Although overtime for Supervisors was often incurred for route coverage, this would not have always been the case. On days when a Supervisor spent no time driving, there would not have been a VCR required. Likely some amount of this gap in VCR logs for the Supervisors is due to days that they did not operate a commercial vehicle.

INTERVIEWS WITH SOLID WASTE COLLECTION SUPERVISORS

To better understand the reasoning for the exceptions we identified during our review of driver logs, we conducted in-person interviews with the two supervisors with substantive exceptions. Based on our conversations, we noted that supervisors typically begin their shifts at 5:30 a.m., except for the opening supervisor, who starts at 4:30 a.m. to assign driver's routes and check the status of trucks that are operational for that day. During our discussions we noted that supervisors have a wide range of duties that ranged from administrative, fleet maintenance, and trash collection. Supervisor responsibilities include scheduling routes, assigning trucks to drivers, inspecting trucks, handling e-waste pickup requests, performing site inspections for roll-off trash containers, addressing billing issues and disputes, responding to truck breakdowns and performing minor field repairs on trucks, picking up truck parts for Fleet, transporting trucks to and from outside repair shops, gathering VCR logs, and completing the daily roster reports.

During our interviews, we asked about the challenges faced by collection operations from the supervisors' perspective. They highlighted major issues such as truck breakdowns, heat exhaustion, weather conditions, and the unreliability of older trucks. Staffing problems were also a concern that we noted, including frequent employee call-offs and the use of sick and vacation time, which they believe negatively impacts productivity. Per the supervisors, we noted that call-offs frequently occur on Mondays and Fridays which results in collection delays constantly occurring upon the beginning and ending of each week. Additionally, there have been instances where drivers are asked not to report for work if management knows there are more drivers than available trucks for that shift.

At the date of our interview (September 2024), we noted that one of the supervisors indicated 21 trucks were inoperable due for repairs, while only 14 trucks were operational. As a result, this shortage results in missed routes, with trash collection prioritized first, followed by yard waste, and recycling as the lowest priority. The collection schedule includes 21 routes on Monday, 22 on Tuesday and Friday, and 23 on Thursday, leaving Wednesday, Saturday, and Sunday as catch-up days for drivers to pick up missed collections. Per the supervisors, despite efforts there are always incomplete or unfilled routes each day. A typical trash route covers 1,000–1,200 homes, while green waste and recycling routes cover around 1,600 homes.

Another operational delay expressed by the supervisors is when drivers dump their truck loads at the Agua Mansa Materials Recovery Facility (MRF). Delays often stem from long lines or system malfunctions at the facility. Although the City is granted to have priority access, this is not always the

case, and drivers sometimes spend an extra 30 to 45 minutes dumping loads, which can be further cause delays by requiring refueling at the MRF.

Regarding staffing, overtime is voluntary, and only a few drivers regularly volunteer, while others leave as soon as their route is completed. We noted that one of the supervisors expressed concern that some drivers consistently underperform, with one driver reportedly consistently falling two hours behind schedule without justification. This results in a negative impact to teamwork, as high-performing drivers may be less willing to help those with poor productivity. The supervisor also expressed concern over a relaxed disciplinary process, noting that frequent call-offs and subpar performance often go without serious repercussions.

Management Response:

A higher-than-normal rate of staff calling out was due to difficulty in scheduling planned leave time, due to the need to have Operators at work to service residential solid waste customers. Burnout has been a challenge for Solid Waste, while the division contended with a high vacancy rate and truck breakdowns which resulted in long shifts and missing regular days off to provide route service.

Days when drivers were told not to report to work were typically Wednesdays or weekends, when there was not a need for as many drivers as had volunteered for OT, due to sufficient overtime route coverage by more senior staff.

If an employee was notified that there would not be a truck available on a regular workday (M, T, Th, F), the employee was given the option to either report for work and be assigned to another Solid Waste task or use Comp Time or Vacation Time for that day. This was also offered based on seniority.

Delays at the Agua Manda MRF are outside of the City's control. When delays occur, they are typically due to a breakdown at a truck scale or equipment used in one of the bays, resulting in a concentration of trucks at a smaller number of scales and bays.

Although one Supervisor expressed the opinion that discipline is too lax, the supervisors are not always privy to personnel matters that the Field Operations Manager is discussing with HR and may not have any awareness that there is a performance concern being examined.

CONCLUSION

Several well-documented forces and factors led to an extremely high level of overtime incurred over the last several years in the Solid Waste Collection Division. However, areas of concern emerged from our analysis of the data and our discussions with management.

1. Concentration of Overtime to Small Group of Employees

In 2023, a total of \$1,182,179 in overtime costs were incurred, with thirty-five employees incurring some level of overtime ranging from \$840 to \$126,630 (overtime pay only). However, eight employees (representing 22.9% of the 35 employees) earned 52.7% of the total overtime. Moreover, two supervisors earned 20.4% of the total overtime.

We understand that overtime is not mandated, but rather is done on a voluntary basis. The ability to work overtime is based on seniority as per the SEIU Refuse MOU. Management has to offer the most senior employee the opportunity to work or not to work overtime and then move down the list to the least senior worker. If there are not enough volunteers, then mandatory overtime is enacted starting with the least senior employee being required to work and work up the list to the most senior worker.

As we noted above the overtime remains concentrated Supervisors and a select group of Operators due to seniority or the willingness to work. We do recognize the lack of functional equipment and drivers over the years is a route is creating the need for overtime.

Management Response:

Overtime is offered to the most senior employee first, every time there is an overtime opportunity, in accordance with the SEIU Refuse Unit MOU. This system by its design may result in a concentration of overtime with more senior staff. Of the five employees referenced in the above table, three of them are SEIU Refuse Unit members, ranking #6, 10, and 11 on the Senior Solid Waste Operator seniority list as of October 2024.

Due to California Department of Transportation (DOT) rules about rest following a shift spent driving a commercial vehicle, Solid Waste supervisors, who do not typically drive commercial vehicles all day, may be the only staff available to work an overtime shift and provide route coverage. Management in recent years chose to sparingly mandate overtime, as it was found to negatively impact staff morale.

2. Management Oversight and Amount of Overtime Hours Incurred by Supervisors Relative to Staff

Based on our analysis, the number of hours worked, and the concentration of hours worked by supervisors does not seem practical or sustainable. We estimated the supervisors would have had to work roughly 80 hours per week, every week to reach the recorded overtime compensation.

Beyond the concentration of overtime incurred with a small group of employees, the fact that two supervisors by far incurred the most overtime hours raises operational concerns. The mere appearance of having supervisors work more overtime hours than their subordinates is not ideal. Supervisors are the most expensive operational hourly employees that were called out so frequently to perform various duties that could have been performed by lower-level staff.

Specifically, there is a lack of documentation to support the overtime hours worked by these supervisors. Current practices allow supervisors to accrue overtime without providing adequate justification or proof of work performed, increasing the risk of inaccurate payroll and unnecessary overtime costs.

Management may need to take a more proactive approach in overseeing overtime hours and might consider alternative scheduling that minimizes overtime and providing greater coverage during the days and weeks.

Management Response:

Overtime is always offered to Operators first, based on seniority. Solid Waste Supervisors, who do not typically drive commercial vehicles all day, may be the only staff available to work an overtime shift and provide route coverage due to DOT rules or an insufficient number of staff accepting overtime opportunities. Management in recent years chose to sparingly mandate overtime, as it was found to negatively impact staff morale.

3. *Deficiency in Documentation/Evidence of Overtime Hours Worked, Particularly for Supervisors*

As previously discussed, the key documents that are used to record hours on a timesheet, and thus serve as evidence of hours worked, are the Vehicle Condition Report and the Daily Roster. While we noted many missing VCRs for all employees to support overtime hours worked, the number of exceptions were extremely high for the two supervisors tested. In addition, employee #25958 (supervisor), not only had 89 instances of missing VCRs (out of 122), but we also found no record on the Daily Rosters that this employee worked on these days. This finding was exclusively noted with this employee of the five tested.

The table below was presented earlier in this report, but it is being shown again here to highlight the connection between the exceptions noted and the overtime hours reported. For the two supervisors at the top of the chart, the total hours reported in gross terms were substantial and much higher than the three non-supervisors. For employee #10162, the overtime hours averaged 5.5 hours per exception and 6.7 hours per exception for employee #23958. Although we found missing VCRs with the three non-supervisory staff, the total number of overtime hours reported for these days were not as significant and averaged between 1.65 hours and 3.75 hours per exception/day.

<u>Employee #</u>	<u>Missing Ending Time Stamp</u>	<u>No VCR</u>	<u>No Record on Daily Roster</u>	<u>Total Days Tested</u>	<u>Exception Rate</u>	<u>OT Hours Related to Exceptions</u>
	2	91	-	122	76.2%	499
	-	89	89	122	73.0%	593
	1	20	-	129	16.3%	75
	-	23	-	114	20.2%	75
	-	23	-	108	21.3%	38

It is important to reiterate that, during instances in which a supervisor is operating equipment, the VCR will be completed by the supervisor and be reviewed by the Field Services Operation Manager.

Management Response:

Supervisors call the Field Operations Manager when they feel there is a need for them to work overtime. The Manager is implementing a more formal process, to document in writing when he receives verbal requests for overtime from the supervisors.

A Vehicle Condition Report (VCR) is required only when staff will be operating a commercial vehicle and is not otherwise required. On days when a supervisor did not operate a truck, a VCR would not have been required. Likely this accounts for some amount of the gap in VCRs noted by Internal Audit during their analysis.

4. Excessive Hours and Safety

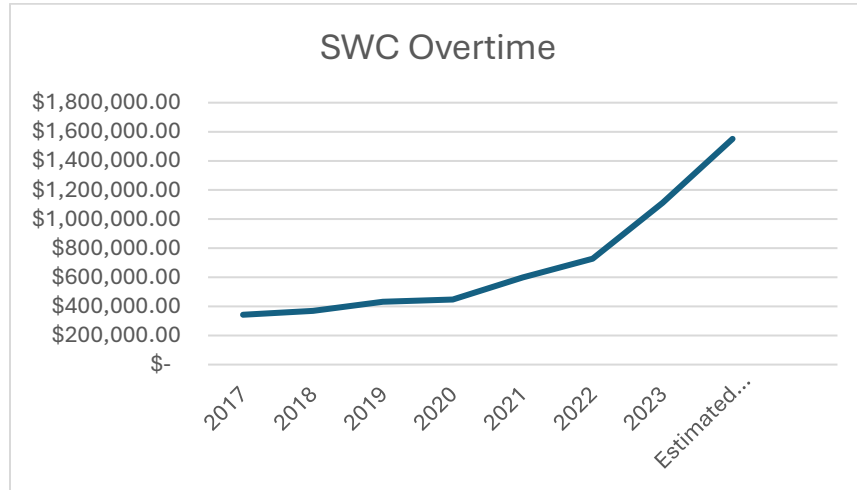
The elevated hours worked per day and on a per week basis could negatively impact the safety of our drivers, City staff, and public. A collection vehicle could weight up to 10 tons (22,050 pounds) which could be a safety issue if we have a driver working 14 hours a day with only 10 hours off work before starting a new workday. This also leads to a quality-of-life issue. With so many hours worked burn out could become a major challenge when it comes to retention and effectiveness in performing daily tasks.

Management Response:

Although City Solid Waste staff have been working long shifts to cover delayed routes in recent years, shift lengths are in compliance with Department of Transportation rules. Management agrees that this is not an ideal operating model, however, and the Public Works Department has been working diligently with HR to fill all vacant positions and to try to get expected trucks delivered as quickly as possible.

5. The Rate of Overtime Trend

From 2017 to 2023 the rate at which overtime in the Solid Waste Collection has risen is 224%. As stated above there are many reasons for the increase in overtime over these years. The growth of overtime has increased year-over-year and appears to be trending upward at a much larger rate over the last 2 years. We estimate overtime is trending to be around \$1.5 Million for the calendar year 2024. This represents an increase of almost \$440,000 from the 2023 overtime expenditure of \$1,182,179.



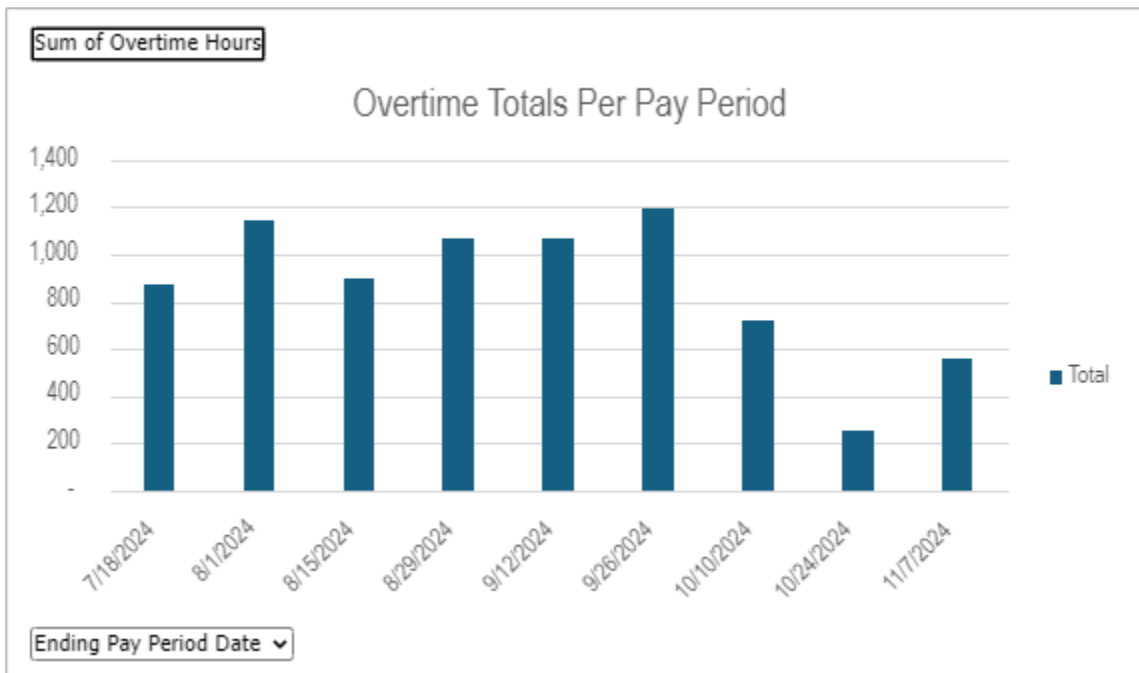
As stated earlier there has been a significant need for investment of equipment and recruitment efforts for this division. We understand that management is continuing to explore additional options in procurement of trucks that will help alleviate the delay of residential trash collection and additional reliance on overtime to cover for delays.

As of the date of our report, management expects additional trucks to be delivered and operational by the first two quarters of 2025. However, as these new trucks are placed into service, management must ensure that an action plan is developed to enhance operational efficiency and strengthen oversight of trash collection performance to reduce the need for overtime expenditures. Management must take action to avoid repeating past inefficiencies, which include frequent truck maintenance downtime, inadequate responses to residential trash collection delays, and the overreliance on overtime as a temporary solution. To address these issues, management should prioritize a consistent preventative maintenance schedule for the fleet to reduce vehicle downtime. Additionally, a system for promptly identifying and addressing route delays must be established to enhance accountability. Solid Waste is implementing a system to track the driver’s daily activities which should yield data to assist management in better informed decisions on collection routes and performance.

On September 17, City Council authorized a loan from the General Fund to the Solid Waste Service Fund for the purchase of seven additional trucks, five of which Peterbilt (truck manufacturer) says they can deliver in December 2024 and January 2025. If these trucks are

delivered within these dates, then we would have new and more reliable trucks servicing the residents sooner.

Additionally, the City Council in the September 17, 2024, meeting, implemented an emergency provision in the residential solid waste agreement with Athens Services to provide temporary emergency service for 6-9 routes. This was in response to the high number of trucks needing service and exacerbated by the recent heat waves.



Based on the above graph, overtime has begun to decrease following the emergency provision that was put in place. This provision has been effective in curbing overtime, although a few recent events have required the use of overtime. The following reasons for these events were confirmed through discussions with management:

- **August to September:** The prolonged summer heatwave negatively impacted solid waste collections. The aging fleet of trucks experienced more breakdowns due to the increased temperatures, which delayed service pickups by 2-3 days and required operational trucks to work overtime. This spike is noted in pay periods 8/29, 9/1, and 9/26.
- **September 26 to October 10:** There was a noticeable drop in overtime hours due to the emergency provision, which resulted in the use of a private hauler.
- **October 24 (pay period):** The Columbus Day holiday (October 14) led to the Solid Waste team working on the following Wednesday to provide adjusted service in accordance with the MOU.
- **October 19 (Saturday):** The city hosted a planned “Incredible Bulk” bulk drop-off event at three locations. Solid Waste staff worked overtime to support this event.

- **Last pay period (on the graph):** Overtime was required due to missed pickups in both our service area and Athens' area. Athens was in the process of changing drivers and shifting routes, which caused the missed pickups. City solid waste drivers worked overtime to service all the missed residents.

Management Response:

Ten additional side-loading trucks were ordered in July 2023 and are currently anticipated to be delivered in March 2025. As the new trucks arrive, Fleet Maintenance, a division of the General Services Department, will expedite DMV licensing and registration of each truck and put them into service as quickly as possible. The introduction of 17 new trucks to the Solid Waste fleet in 2025 will relieve pressure on Fleet Maintenance to repair trucks and get them back into service as fast as possible and enable Fleet to return to using preventative maintenance practices, such as thorough inspections of every part of the truck and time to fully complete more complex repairs. This was Fleet's maintenance practice prior to the high volume of truck breakdowns experienced in recent years. The opportunity improved maintenance approach will result in fewer breakdowns and returns to the shop and will reduce fleet maintenance costs over time.

Additionally, Solid Waste continues to work with HR to fill vacant positions. As of the date of this response, there are 7 Senior Solid Waste Operator position vacant; conditional job offers have been accepted by three recent applicants and HR is processing these applicants. Interviews are scheduled on November 2 for Senior Solid Waste Operator. Recruitment for this position is ongoing and regularly reviewed with HR staff. Five of these Senior positions are relief drivers, who will be used to cover routes when others are on leave. These positions are new and were approved by City Council in FY 23/24 as double-filled positions and were added to the Solid Waste budget this fiscal year as regular positions.

As noted in a previous management response, the overtime amount noted in this Internal Audit report, equivalent to nearly 12.0 FTE, is in alignment with Solid Waste vacancy rate during this time and it is important to connect overtime amounts to vacancy rate. Had these vacant positions been filled, overtime rates would have been significantly lower.

As noted in a previous management response, over the past several years, there have been substantial pay increases for City Solid Waste staff. As noted in a staff report to City Council dated October 18, 2022, effective July 1, 2022, SEIU Refuse Unit employees were scheduled to receive both a cost-of-living adjustment and a market salary adjustment totaling a 12.6% increase to base salaries, followed by substantial smaller increases to base salaries in July 2023 and July 2024. Juneteenth was added as a holiday for Refuse Unity employees effective 2023. These substantial base salary increases and the additional of a new holiday increased the cost of overtime and are not factored into the analysis of this Internal Audit report.

6. Analyst of Current Practices

Management should evaluate current routes and collection days. The current routes, range from 1000 to 1600 homes for pick up. The routes should be analyzed to better understand if a 4 day per week collection schedule is plausible for current operations. A 5-day collection schedule may help to increase productivity and reduce overtime. Per discussion with management the current routes (consolidated by past management and outside the review period of this report) have been in place for many years regardless of the city's growth, consumption rates, or other factors affecting solid waste.

There are many alternative collection practices. Some agencies in Riverside County only service recyclables every other week. Shifting green waste to a bi-weekly schedule in the winter months as growth cycles tend to slow in the fall & winter months could reduce costs and allow other tasks to be completed during this time. There have been some alternative practices that have the resident request pick up once a recyclable or green waste is full. These alternative practices might help to reduce cost as the collection costs (labor cost, disposal fees, and equipment) that have increased over the years.

Management Response:

In late July 2024, Solid Waste introduced new technology (Rubicon SmartCity) that is providing automated route management and gathering analytics for route re-balancing. Currently trash routes are the shortest, with about 1,000 homes per route, and organics and recycling routes include about 1,600 homes per route. Routes are assigned based on seniority. Solid Waste staff assigned to trash routes may be asked to assist with organics and recycling routes if they have regular time left in their workday. Solid Waste management staff are reviewing routes and preparing to rebalance routes in coming months, working collaboratively with the Operators. In coming months, Solid Waste is expected to have 17 new side-loading trucks in service, which will provide the resources to shorten select routes.