



MOSSADAMS

FINAL REPORT

FOR

**CITY OF SANTA MONICA**

**Big Blue Bus Overtime Study**

**October 9, 2018**

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# I. EXECUTIVE SUMMARY

## A. BACKGROUND, SCOPE, AND METHODOLOGY

The City of Santa Monica operates a regional transit system, Big Blue Bus (BBB, the Department), that serves 59 square miles in the Santa Monica area. BBB maintains and operates a fleet of more than 200 clean fuel buses and service vehicles on 20 routes; ridership was approximately 13.3 million passengers in FY 2016-17.

In 2014, BBB expanded its operations significantly, but did not add a commensurate number of full-time Motor Coach Operators (MCOs) to operate at elevated levels of service. As a result, overtime incurred by MCOs increased significantly in FY 2016 and FY 2017, reaching a peak of \$8.4 million. While overtime can be an effective tool in managing short-term absences and peaks in service, excessive overtime contributes to poor employee morale and operational risks.

This overtime study was conducted to determine the causes of, and efficacy of corrective actions taken in response to, increased use of overtime by BBB between FY 2015 and FY 2018. Where feasible, the study compares work practices and performance to peer transit agencies including Golden Gate Transit, Omnitrans, and the Sacramento Regional Transit District (SacRT). This study was conducted between April and October 2018 and consisted of four phases including startup/management, fact finding, analysis, and reporting.

## B. SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS AND RECOMMENDATIONS		
1	<b>Observation</b>	BBB's overtime expenditures increased from \$6.5 million in FY 2015 to \$7.7 million in FY 2018, with a peak of \$8.4 million in FY 2017. Between FY 2017 and FY 2018, overtime expenditures fell 8.7% due to Department interventions.
	<b>Recommendation</b>	Continue to evaluate overtime expenditures and implement programs to cost-effectively reduce overtime expenditures.
2	<b>Observation</b>	BBB's overtime budget does not reflect actual anticipated costs, resulting in budget overages ranging from \$3.2 million in FY 2015 to \$4.1 million in FY 2018, with a peak of \$4.9 million in FY 2017.
	<b>Recommendation</b>	To adequately plan for operational costs, revise the overtime budget to more closely reflect actual anticipated costs based on historical data, trends, and department goals.
3	<b>Observation</b>	BBB utilizes cafeteria style bidding to establish MCO run schedules, which allows MCOs to select specific daily runs and days off from a master list, ultimately contributing to higher overtime costs.
	<b>Recommendation</b>	Collaborate with SMART-TD and MCOs to establish alternative scheduling guidelines to promote cost-effective MCO run schedules, operator safety, and provision of consistent and reliable regional transit services.
4	<b>Observation</b>	MCO absences were the largest driver of unscheduled overtime, with 16-18% of the workforce being absent throughout FY 2015 and FY 2018.



OBSERVATIONS AND RECOMMENDATIONS		
	<b>Recommendation</b>	Develop a comprehensive attendance management program to reduce absences and associated overtime.
5	<b>Observation</b>	FMLA absences are the largest form of absences contributing to MCO unscheduled overtime costs. BBB management lacks a mechanism to efficiently and effectively monitor and enforce FMLA requirements.
	<b>Recommendation</b>	Work with the City's HR Department to establish regular reporting that enables management and supervisors to monitor and enforce FMLA. <i>OR</i> Consider outsourcing FMLA administration and management to a third party administrator.
6	<b>Observation</b>	Absences related to workers' compensation contributed significantly to MCO unscheduled overtime. BBB management report that the use of a third party administrator resulted in workers' compensation absence and cost reductions in FY 2018.
	<b>Recommendations</b>	Continue working with a third party administrator to administer and manage workers' compensation and evaluate the program's efficacy.
7	<b>Observation</b>	MCO absences due to vacation leave also contributed to unscheduled overtime. Because use of vacation leave is typically planned in advance, there may be opportunities to reduce overtime resulting from vacation-related absences.
	<b>Recommendation</b>	Collaborate with SMART-TD to potentially adjust scheduling practices to proactively plan for vacation leave and reduce associated overtime.
8	<b>Observation</b>	According to prior studies, BBB has a shortage of MCOs to operate current levels of service and reduce overtime. Additionally, nearly one-fourth of MCOs are age-eligible for retirement, resulting in significant potential future turnover.
	<b>Recommendation</b>	Continue identifying opportunities to streamline the hiring and training processes for MCOs.



# I. BACKGROUND, SCOPE, AND METHODOLOGY

## A. BACKGROUND

The City of Santa Monica operates a regional transit system, Big Blue Bus (BBB, the Department), that serves 59 square miles in the Santa Monica area. BBB maintains and operates a fleet of more than 200 clean fuel buses and service vehicles on 20 routes that serve approximately 55,000 working customers. In FY2016-17, BBB ridership was approximately 13.3 million passengers.

In 2014, BBB expanded its operations significantly to accommodate the Expo Line extension into downtown Santa Monica. However, the Department did not add a commensurate number of full-time Motor Coach Operators (MCOs) to operate at elevated levels of service. As a result, overtime incurred by MCOs increased significantly in FY 2016 and FY 2017, reaching a peak of \$8.4 million. While overtime can be an effective tool in managing short-term absences and peaks in service, excessive overtime contributes to poor employee morale and operational risks. Effective use of overtime requires balance among, employee, department, and community needs.

## B. SCOPE AND METHODOLOGY

This overtime study was designed to determine the causes of, and efficacy of corrective actions taken in response to, increased use of overtime by BBB between FY 2015 and FY 2018. To conduct this analysis, we reviewed financial and performance data for each fiscal year of study, as well as related reports from the Department. Where feasible, work practices and performance were compared to other similar transit agencies including Golden Gate Transit in the San Francisco Bay area, Omnitrans in San Bernardino, and the Sacramento Regional Transit District (SacRT). This study was conducted between April and October 2018 and consisted of four phases including startup/management, fact finding, analysis, and reporting. The draft report was reviewed with Department management and City leadership to ensure validity of data presented and practicality of recommendations.



## II. COMMENDATIONS

### A. WORKLOAD OPTIMIZATION STUDY

Following two years of increased overtime in FY 2016 and FY 2017, BBB contracted with Nelson Nygaard to conduct a study to analyze the causes of overtime increases and provide recommendations to prevent future spikes. The report analyzed 6 months of data and provided 19 recommendations to help reduce overtime levels in the Department.

The Department has made efforts to implement recommendations provided in the report, which has led to 9% reductions in overtime between FY17 and FY18, from \$8.4 million to \$7.7 million.

Recommendations that have been implemented include:

- Continuously grow the workforce to meet operational demands
- Move to third party administration of Workers Compensation
- Implement a continuous MCO recruitment and hiring process

These changes have supported reductions in overtime. Management reports that the third party administration of workers' compensation has helped MCOs return to work sooner and reduced overall costs associated with the program.

### B. MCO RECRUITMENT

In late 2016, BBB management implemented a recruitment campaign program to attract, hire, and train new MCOs. This program included a continuous recruitment process for MCOs, enhanced marketing and communication, an employee referral bonus program, and streamlined hiring and training processes. BBB also contracted with a local career center to provide pre-employment job training to help identify potential MCO trainees and assist them with job applications and securing required documentation. These efforts have contributed to a reduction in unscheduled overtime and an expedited hiring process.



# III. DEPARTMENTAL STAFFING AND OVERTIME UTILIZATION

## A. DEPARTMENT STRUCTURE

The Big Blue Bus (BBB) consists of six divisions as summarized in the table below.

DIVISION	RESPONSIBILITIES	BUDGETED FTES <sup>1</sup>
Transit Finance and Administrative Services	Provides leadership and direction to the department through strategic planning, ensuring stable regional funding sources, new service development, capital project oversight, employee relations, performance management, and ensuring operational efficiency.	19.5
Transit Planning and Performance	Conducts service planning functions including establishing routes, service schedules, and MCO assignments, in addition to measuring outcomes of complex projects such as Transit Capital Improvement Projects.	5.5
Transit Community and Government Relations	Provides marketing, outreach and customer information, media and public relations, customer service, advertising sales, and intergovernmental relationships with regional partners, funding agencies, and stakeholders in the community.	16.7
Transit Maintenance	Manages procurement, maintenance, technology, and servicing of BBB's fleet which includes over 200 clean fuel buses and service vehicles. Cleans and fuels buses in revenue service oversees parts and equipment inventory management, and maintains all BBB infrastructure, including bus stops.	88.4
Transit Operations	Delivers safe and efficient service on 20 routes that provide regional public transportation.	324.9
Transit Safety and Training	Develops, manages, and implements safety, security, and training programs, including the BBB Safety Management System which monitors safety objectives through the collection, analysis, and assessment of risks.	8.0

## MOU OVERTIME DEFINITIONS

BBB operates several different overtime provisions and work rules according to each position's union representation. Overall, MOUs covering most full-time operational staff define overtime as working in excess of an employee's regularly scheduled work day or 40 hours per week. Management and administration are generally not eligible to receive overtime compensation (exempt).

UNION	COVERED POSITIONS	OVERTIME DEFINITION
Supervisory Team Associates (STA)	Motor Coach Operator Supervisors; Transit Facility Officers and Supervisors; Transit Maintenance Offices and Supervisors; Transit Mechanic Supervisor; and Transit Operations Superintendent.	<p><b>Full-time permanent employees:</b> Work in excess of the employee's regularly scheduled work day or in excess of 40 hours in one week.</p> <p><b>Part-time permanent employees:</b> Work in excess of 8 hours in one day or 40 hours in one week.</p>

<sup>1</sup> Budgeted FTEs reported are from the FY2017-18 operating budget.



		Overtime hours must have the prior approval of an authorized management official.
Municipal Employees Association (MEA)	Assistants; Training Coordinators; Safety and Security Coordinators; Transit Operations Specialist.	<p><b>Full-time permanent employees:</b> Work in excess of the employee's regularly scheduled work day or in excess of 40 hours in one week.</p> <p><b>Part-time permanent employees:</b> Work in excess of 8 hours in one day or 40 hours in one week.</p> <p>Overtime hours must have the prior approval of an authorized management official.</p>
Management Team Associates (MTA)	Chief Administrative Officer; Chief Operations Officer; Finance and Grants Manager; Government and Community Relations Manager; Transit Maintenance Manager; Transit Safety and Training Manager	Employees are exempt under the Fair Labor Standards Act as applied to public agency employees and are not eligible to earn overtime compensation.
International Association of Sheet Metal, Air, Rail, and Transportation Workers-Transportation Division Local 1785 (SMART-TD-TD)	Motor Coach Operators	<p><b>Full-time permanent employees:</b> Work in excess of the employee's regularly scheduled work day or in excess of 40 hours in one week.</p> <p><b>Part-time permanent employees:</b> Work in excess of 8 hours in one day or 40 hours in one week.</p> <p>Overtime hours must have the prior approval of an authorized management official.</p>
Administrative Team Associates (ATA)	Transit Advertising Coordinator; Transit Community Engagement Coordinator; Transit Government Relations Officers; Transit Marketing Coordinator; Transit Planning Administrator; Transit Safety and Security Officer; Transit Scheduler; Transportation Demand Program Manager; Transportation Engineer; Transportation Management Coordinator; Transportation Planning Assistant; Transportation Planning Associate	Employees are exempt under the Fair Labor Standards Act as applied to public agency employees and are not eligible to earn overtime compensation.
California Teamsters Local 911 (IBT)	Electronic Communication/Farebox Technician; Motor Coach Cleaner; Senior Transit Maintenance Worker; Transit Maintenance Workers; Transit Mechanic I; Transit Mechanic II	<p><b>Full-time permanent employees:</b> Work in excess of the employee's regularly scheduled work day or in excess of 40 hours in one week.</p> <p><b>Part-time permanent employees:</b> Work in excess of 8 hours in one day or 40 hours in one week.</p> <p>Overtime hours must have the prior approval of an authorized management official.</p>



## B. DEPARTMENTAL OVERTIME UTILIZATION

<b>1</b>	<b>OBSERVATION</b>	BBB's overtime expenditures increased from \$6.5 million in FY 2015 to \$7.7 million in FY 2018, with a peak of \$8.4 in FY 2017. Between FY 2017 and FY 2018, overtime expenditures fell 8.7% due to Department interventions.
	<b>RECOMMENDATION</b>	Continue to evaluate overtime expenditures and implement programs to cost-effectively reduce overtime expenditures.

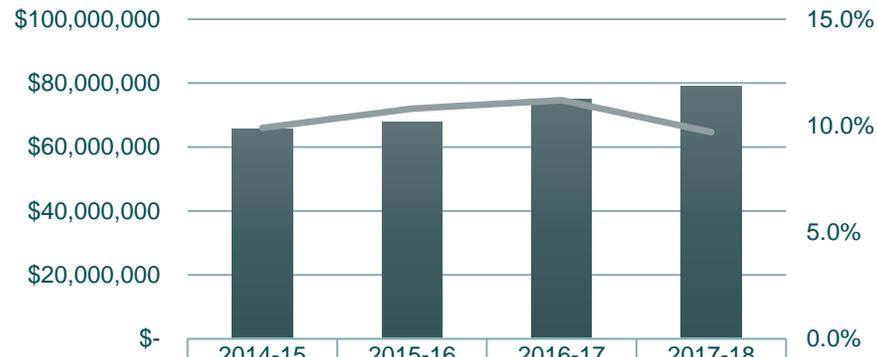
Between FY 2015 and FY 2018 the Department's actual overtime expenditures increased by over \$1 million, although its overtime budget increased by approximately \$225,089, , as shown in the table below.

FISCAL YEAR	CLASSIFICATION	BUDGET	ACTUAL	OVERAGE
2014-15	MCO	\$2,800,000	\$5,756,728.95	\$2,956,728.95
	Department	\$482,609	\$774,419.26	\$291,810.26
	<b>Total</b>	<b>\$3,282,609</b>	<b>\$6,531,148.21</b>	<b>\$3,248,539.21</b>
2015-16	MCO	\$2,800,000	\$6,401,033.76	\$3,601,033.76
	Department	\$552,510	\$916,903.82	\$364,393.82
	<b>Total</b>	<b>\$3,352,510</b>	<b>\$7,317,937.58</b>	<b>\$3,965,427.58</b>
2016-17	MCO	\$2,849,714	\$7,346,393.41	4,496,679.41
	Department	\$588,756	\$1,056,542.97	\$467,786.97
	<b>Total</b>	<b>\$3,438,470</b>	<b>\$8,402,936.38</b>	<b>\$4,964,466.38</b>
2017-18	MCO	\$2,772,023	\$6,721,128.75	\$3,949,105.75
	Department	\$735,675	\$951,455.01	\$215,780.01
	<b>Total</b>	<b>\$3,507,698</b>	<b>\$7,672,583.76</b>	<b>\$4,164,885.76</b>

Between FY 2016 and FY 2017, BBB's overtime expenditures increased significantly in response to expanded routes implemented in 2014. As shown in the graph below, despite the increase in overtime expenditures, the proportion of the BBB's operating expenditures spent on overtime remained relatively constant at approximately 10%, with a peak of 11.2% in FY 2017. In FY 2018, Department management implemented several initiatives to reduce overtime, resulting in an 8.7% decrease in actual overtime. In accordance with best practices, BBB conducts significant monthly and quarterly reporting to monitor overtime expenditures and evaluate trends.



### BBB Overtime as a Percent of Operating Expenditures



	2014-15	2015-16	2016-17	2017-18
Operating Expenditures	\$65,698,917	\$67,741,886	\$75,017,871	\$78,970,454
Overtime as a Percent of Operating Expenditures	9.9%	10.8%	11.2%	9.7%



## C. DIVISIONAL OVERTIME

The following table provides overtime expenditures incurred by each division within BBB.

Division	Employee Type	FY2014-15		FY2015-16		FY2016-17		FY2017-18		Percent change
		\$	% of total							
Transit Finance & Administrative Services	Executive	0.00	0.0	\$538.26	0.0	\$30.15	0.0	\$0.00	--	--
	Finance and Grants	3,661.13	0.1	2,312.73	0.0	2,005.15	0.0	\$40,077.27	0.5	995%
Planning & Performance/Community & Government Relations	Planning and Community Engagement	3,256.25	0.0	15,005.11	0.2	35,639.96	.04	15,020.81	0.2	361%
Transit Maintenance	Maintenance Management	192,315.24	2.9	193,154.75	2.6	156,137.38	1.9	72,336.99	0.9	-62%
	Mechanics	256,578.70	3.9	294,037.51	4.0	324,584.28	3.9	280,682.27	3.7	9%
	Cleaners	122,883.78	1.9	108,279.87	1.5	197,428.09	2.3	191,376.87	2.5	56%
	Facilities Maintenance	18,971.71	0.3	34,409.02	0.5	43,908.29	0.5	52,729.63	0.7	178%
Transit Operations	Operations	159,662.86	2.4	228,461.00	3.1	274,578.63	3.3	256,291.65	3.3	61%
	MCOs	5,756,728.95	88.1	6,401,033.76	87.5	7,346,393.41	87.4	6,721,128.75	87.6	17%
Transit Safety and Training	Safety and Security	17,089.59	0.3	40,705.57	0.6	22,231.04	0.3	42,939.52	0.6	151%
	Total	<b>6,531,148.21</b>	<b>100</b>	<b>7,317,937.58</b>	<b>100</b>	<b>8,402,936.38</b>	<b>100</b>	<b>7,672,583.76</b>	<b>100</b>	<b>17%</b>



MCOs comprised approximately 88% of departmental overtime, with overall costs increasing 17% from \$5.7 million to \$6.7 million between FY 2015 to FY 2018. Mechanics had the second highest overtime utilization at almost 4% of departmental overtime, with costs increasing 9% from \$256,579 to \$280,682.27. Maintenance management and cleaners also incurred a small portion of overtime. Between FYs 2015 and 2018, division overtime fluctuated as follows:

- **Executive:** The Executive division, which includes the department’s senior leadership, incurred a nominal amount of overtime over the four years of study. Most employees in the executive function are not overtime eligible, therefore overtime is not a typical occurrence.
- **Finance and Grants:** The Finance and Grants division also incurred a nominal amount of overtime, increasing to \$40,077 in FY 2018 likely due to the Department’s reorganization, including moving warehouse staff into this division. There were several vacant positions among the warehouse team which also contributed to elevated overtime.
- **Planning and Community Engagement:** The Planning and Community Engagement division has increased overtime utilization up to \$15,020 in FY 2018, but still comprised a nominal amount of departmental overtime. Overtime in this division is attributable to workers’ compensation and unfilled positions.
- **Maintenance Management:** The Maintenance Management division decreased its overtime utilization from 2.9 to 0.9% of total departmental overtime over the four-year study period.
- **Mechanics:** Mechanics had the second highest overtime utilization at approximately 4% of departmental overtime throughout the study period. Overall costs increased 9%, from \$256,579 to \$280,682, with a peak in FY 2017 up to \$324,584. This overtime increase can be attributed to workers’ compensation absences and vacant positions.
- **Cleaners:** Cleaners experienced overtime increases from \$122,883 in FY 2015 to \$191,376.87 in FY 2018, but remained approximately 2% of total departmental overtime.
- **Facilities Maintenance:** The Facilities Maintenance division increased overtime utilization from \$18,972 in FY 2015 to \$52,730 in FY 2018, but still comprised a small portion of overall departmental overtime. This overtime is attributed to an increase in the number of operating and capital projects completed by the division.
- **Operations:** The Operations division increased overtime utilization by 61% from \$159,663 in FY 2015 to \$256,292 in FY2018. Overtime in this division has historically been attributable to a shortage of supervisors and workers’ compensation-related overtime.
- **Safety and Security:** The Safety and Security division doubled overtime utilization from \$17,089 in FY 2015 to \$42,940 in FY 2018. However, this level still equates to a nominal amount BBB’s overtime utilization. Overtime in this division has been attributable to the Department’s efforts to increase MCO recruitment and hiring, including additional MCO training classes, the new accident training program, and the selection of line instructors to assist Training Coordinators.

Because the significant majority of BBB overtime was incurred by MCOs, Section IV presents a detailed analysis of factors contributing to elevated MCO overtime. Recommendations to reduce MCO overtime are also provided, where appropriate.



## D. OVERTIME BUDGETING

2	<b>OBSERVATION</b>	BBB's overtime budget does not reflect actual anticipated costs, resulting in budget overages ranging from \$3.2 million in FY 2015 to \$4.1 million in FY 2018, with a peak of \$4.9 million in FY 2017.
	<b>RECOMMENDATION</b>	To adequately plan for operational costs, revise the overtime budget to more closely reflect actual anticipated costs based on historical data, trends, and department goals.

The BBB plans for a certain amount of overtime dollars each year as part of the budget process, as is typical for transit agencies. BBB has historically budgeted overtime expenditures based on scheduled overtime expenditures and assuming an annual increase of 0-1%. However, this practice has consistently resulted in overtime expenditure overages amounting to between \$2.4 million and \$6.3 million, likely because scheduled overtime fluctuates every four months based on the BBB's scheduling methodology (Section IV. A) and unscheduled overtime costs have not been incorporated into projections. Unscheduled overtime comprises a significant amount of BBB overtime expenditures and derives largely from unplanned absences for workers' compensation, FMLA, and sick leave. Although overtime overages have been paid through salary savings, overtime resulting from employee absences is inevitable and should be included in budget projections. The GFOA encourages all government agencies to implement forecasting procedures that result in the most accurate expenditure projections possible, particularly for items relating to personnel.

In order to realistically plan for anticipated overtime and related expenditures, the BBB should revise its overtime budget to develop projections based on historical data which includes both scheduled and unscheduled overtime. Additional factors that should be considered in the Department's projections include overtime trends, service adjustments, and operational goals. Typically, organizations project overtime budgets based on data from three prior years, within 5% of actual costs. Projections are often revised to meet operational benchmarks, such as overtime reductions and other targeted efficiencies.



## IV. MCO OVERTIME UTILIZATION

Approximately half of MCO overtime is scheduled based on available routes and the MCO bidding process. The other half of MCO overtime is unscheduled; the primary driver of unscheduled overtime is MCO absences (71%), followed by casual work (29%) and other relief (4%). Appendix A includes a summary of all MCO overtime.

### A. SCHEDULED OVERTIME

Transit operations typically require a moderate amount of scheduled MCO overtime to effectively deliver transit services. For example, bus schedules operate continuously throughout the day, with additional routes to accommodate morning and evening rushes. Therefore, operator runs often exceed a typical 8-hour shift and result in overtime.

Scheduled overtime levels are based on BBB’s route schedules, work rules included in the City’s memorandum of understanding (MOU) with SMART- TD, and historical practices. For example, the MOU specifies that MCOs working in excess of 8 hours in one day incur overtime, which is more generous than the federal Fair Labor Standards Act (FLSA) which defines overtime as work in excess of 40 hours in one week. Additionally, the MCO bidding process includes seniority priority and is conducted “cafeteria style,” which contributes to elevated levels of scheduled overtime. For additional information on the bidding process, please see the MCO Scheduling Process section below.

As noted in the table below, scheduled overtime comprised approximately half of all overtime over the four years of study. Typically, transit agencies require some amount of scheduled overtime, as the nature of driver runs, trip schedules, and service areas are not analogous to a typical 8-hour job.

	Scheduled		Unscheduled		Total Overtime
	Hours	%	Hours	%	Hours
<b>FY2014-15</b>	45,782.97	41.3	65,021.54	58.7	110,804.51
<b>FY2015-16</b>	61,455.25	50.9	59,221.83	49.1	120,677.08
<b>FY2016-17</b>	68,507.89	48.7	72,256.09	51.3	140,763.98
<b>FY2017-18</b>	60,033.40	50.1	60,007.11	49.9	120,040.51

### MCO SCHEDULING PROCESSES

<b>3</b>	<b>OBSERVATION</b>	BBB utilizes cafeteria style bidding for MCO schedules, which allows MCOs to select specific daily runs and days off from a master list, ultimately contributing to higher overtime costs.
	<b>RECOMMENDATION</b>	Collaborate with SMART-TD and MCOs to establish alternative scheduling guidelines to promote cost-effective MCO run schedules,



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operator safety, and provision of consistent and reliable regional transit services.

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BBB MCO scheduling processes are defined by historical City practices. The Department revises schedules three times per year (February-June, June-August, August-February) to accommodate ridership demands, route changes, and provide MCOs with an opportunity to adjust their schedules. Only full-time employees are able to bid on work and establish a pre-defined schedule. Part-time employees receive each day's schedule approximately 24 hours in advance and do not have scheduled or requested days off.

Unlike most other transit agencies, the BBB utilizes cafeteria style bidding which enables full-time operators to choose both specific daily runs and days off from a master list. Operators bid on preferred runs, effectively creating their schedule, in seniority order. This process contributes to less cost-effective scheduling and inequitable run coverage.<sup>2</sup> Often, cafeteria style bidding results in leftover runs that cannot be legally combined and result in more expensive part-time and overtime work. BBB management reports that approximately 18 runs are unfilled at the end of most bidding cycles. These runs tend to be the least desirable and must be filled ad-hoc by part-time employees. This process can also result in an excessive number of runs with non-consecutive days off, potentially contributing to elevated safety risks among MCOs. Additionally, the scheduling process itself tends to be labor-intensive and highly reliant on manual processes to accommodate specific work rules. However, BBB is evaluating potential automated scheduling software packages to help increase scheduling efficiency. Despite these challenges, transit agencies typically report operators have greater employee morale when operating cafeteria style bidding processes.<sup>3</sup>

Other transit agencies operate a roster bidding process to help promote cost-effective MCO schedules and operator safety. Under this system, the agency groups daily operator runs into weekly run packages that MCOs bid on, rather than allowing MCOs to hand pick specific runs. Typically, agencies use weekly run packages of five 8-hour daily runs or four 10-hour daily runs under ideal staffing models. If agencies experience worker shortages, runs can also be packaged in other ways, such as five 10-hour runs. Overall, the rostering process provides management with significant influence over the scheduling process, providing greater ability to develop cost-effective schedules that reduce overtime and operational risks. Furthermore, this process can also leverage software programs that help ensure the creation and administration of the schedule is simplified and more cost-effective. Peer transit agencies such as SacRT and Golden Gate operate a roster bidding process.

After the master schedule is created at BBB using the cafeteria style bidding process, weekly schedules are subject to change due to vacancies and worker absences for training, vacation, and other forms of leave. When compiling daily schedules, transit schedulers must take route structures, span of service, service frequencies, and work rules for full-time and part-time staff into consideration. For example, the State of California restricts the driving time of bus operators to 10 hours of driving time and 15 hours of on-duty time per day, 8 or more hours between work periods, and no additional driving after 80 hours in any 8 consecutive day period. Operators requesting use of vacation, floating holiday, FMLA, or sick leave complete a "Request for Benefit Time Off" form. If the operator requests other forms of time off, he or she

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<sup>2</sup> "Fixed Route Transit Scheduling in Florida," National Center for Transportation Research

<sup>3</sup> "Fixed Route Transit Scheduling in Florida," National Center for Transportation Research



uses an online system that requires approval from a transit superintendent or scheduler. After absences are approved, operator work is opened in BBB's scheduling system, Trapeze.

Open runs must first be offered to full-time employees, beginning with extra board assignments, prior to any part-time employees. Once open runs have been advertised to and declined by full-time employees, transit schedulers assign a part-time employee to the run. Daily schedules are posted by 3 pm on the preceding day, resulting in short notice for part-time employees. These scheduling practices are common among transit agencies, but often result in overall higher overtime expenditures.

## PEER PRACTICES

Peer agencies typically aligned with BBB's definition of overtime, including work in excess of 8 hours per day. SacRT had additional overtime definitions for specific shift types that are typically utilized to cover MCO absences, which may result in slightly reduced overtime.

OVERTIME DEFINITION	BBB	Golden Gate	Omnitrans	SacRT
<b>Work in excess of 8 hours per day</b>	Yes	Yes	Yes	Yes
<b>Work in excess of 40 hours per week</b>	Yes	Yes	Yes	Yes
<b>Other</b>		<ul style="list-style-type: none"> <li>• Paid 1.5 on Saturdays &amp; holidays, with a minimum of 4 hours.</li> <li>• Paid double the regular rate for work on Sundays.</li> </ul>		<ul style="list-style-type: none"> <li>• In excess of 10.5 hours for regular and special category runs</li> <li>• In excess of 10 hours for extra board assignments</li> </ul>

Peer agencies also conduct between 3-4 scheduling processes per year and provide seniority preference to the bidding process. However, both Golden Gate and SacRT conduct roster-style bidding that offers MCOs a predefined schedule to better align runs with work rules to promote operator safety and cost-effective operations.

SCHEDULING PROCESS	BBB	Golden Gate	Omnitrans	SacRT
<b>Number of annual sign-ups</b>	3	4	3	4
<b>Seniority-based bidding</b>	Yes	Yes	Yes	Yes
<b>Bidding methodology</b>	Cafeteria style	Roster	Unknown	Roster



## B. UNSCHEDULED OVERTIME

Transit agencies also incur unscheduled overtime, which occurs when an MCO is unable to complete a scheduled shift. Another MCO, either a full-time or part-time employee, must operate the run to ensure consistent and reliable transit services are provided to the community. If an MCO does not fill an open run, then the service cannot be performed, resulting in unmet community demands and compromising the agency's reputation.

Between FY 2015 and FY 2018, unscheduled overtime decreased by 7.7%. Additionally, unscheduled overtime has shifted from being incurred largely by full-time operators to a higher proportion of part-time MCOs, who incur straight time overtime after working over 20 hours in one week. This trend is desirable because of the lower risks of safety incidents and total overtime costs due to the different definition of overtime and lower paygrade for part-time operators. The table below summarizes unscheduled overtime hours incurred by full-time and part-time operators between FY 2015 and FY 2018.

	FY2014-15		FY2015-16		FY2016-17		FY2017-18		Percent Change
	Hours	%	Hours	%	Hours	%	Hours	%	
<b>Full-time MCOs</b>	41,776	64	43,019	73	39,354	54	37,644	54	<b>-10.3</b>
<b>Part-time MCOs</b>	23,245	36	16,202	27	32,902	46	22,363	46	<b>-3.8</b>
<b>Total</b>	<b>65,021</b>	<b>100</b>	<b>59,221</b>	<b>100</b>	<b>72,256</b>	<b>100</b>	<b>60,007</b>	<b>100</b>	<b>-7.7</b>

As noted in Section IV.A, unscheduled overtime comprises approximately half of BBB's overtime hours. Factors including MCO absences and vacancies drive the relatively high levels of unscheduled overtime and are discussed in greater detail throughout the following sections.

### MCO ABSENCES

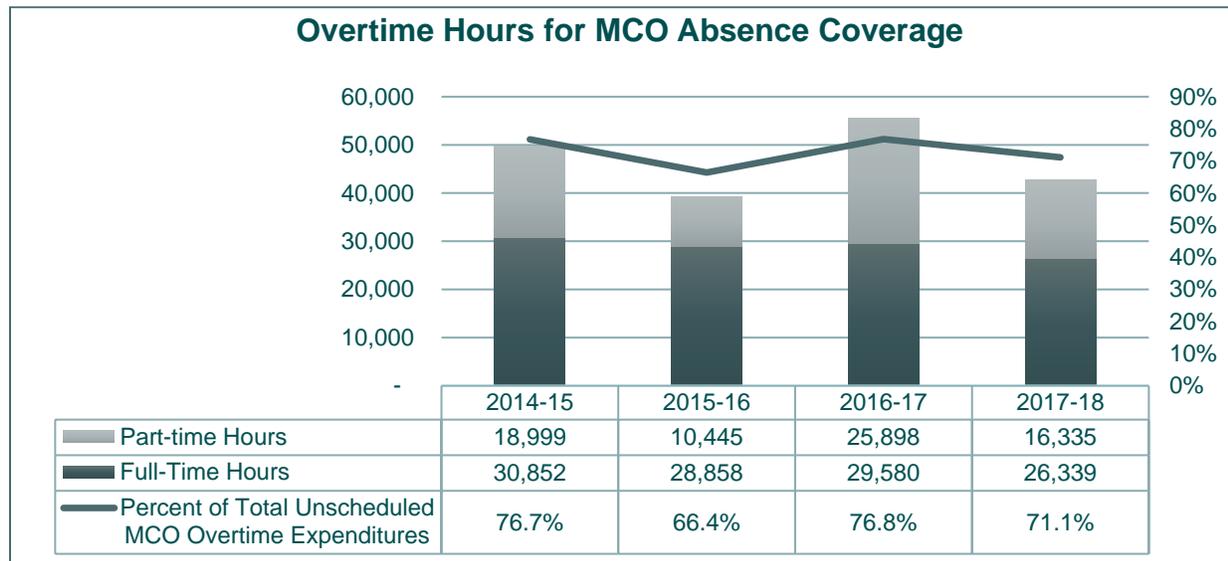
<b>4</b>	<b>OBSERVATION</b>	MCO absences were the largest driver of unscheduled overtime, with 16-18% of the workforce being absent throughout FY 2015 and FY 2018.
	<b>RECOMMENDATION</b>	Develop a comprehensive attendance management program to reduce absences and associated overtime.

Overall, operator absences contributed significantly to MCO overtime and was the largest driver of unscheduled overtime throughout all four years of study. MCO absences can result from utilization of protected leaves such as Family and Medical Leave Act (FMLA), Workers' Compensation, and sick leave (CalSick), or other absences such as vacation. Absences fluctuated slightly over the four years of study, comprising approximately three-fourths of all unscheduled overtime expenditures. Full-time employees covered the majority of overtime deriving from MCO absences.

The three largest drivers of MCO absences are FMLA, Vacation, and Workers' Compensation. Sick leave and other forms of leave also contributed in smaller amounts to overall operator absences. Each form of



absence is discussed in greater detail throughout the following sections. Appendix B also includes a summary of all absence categories.



Some absences are able to be covered without incurring overtime due to part-time operator schedules. However, part-time operators can only be scheduled for work at straight-time if all qualifying full-time operators deny the open run. The table below summarizes the total absent hours of full-time operators, the FTE vacancy equivalent of those hours, and the percentage of BBB’s budgeted MCO workforce that is absent throughout each fiscal year included in this study.

	FY2014-15	FY2015-16	FY2016-17	FY2017-18
<b>Total absent hours</b>	95,600	99,257	104,298	111,221
<b>FTE Equivalent<sup>4</sup></b>	45.8	47.6	49.9	53.3
<b>% of budgeted MCO positions</b>	16.6%	16.2%	16.7%	17.9%

In 2014, BBB implemented a firm absence policy, particularly in regards to use of unexcused sick time. The policy is stated in the SMART-TD-TD MOU as follows:

*“For the sixth incident of sick leave in a 12-month period, the first day of leave is without pay and the employee is ineligible to work on his/her day off for 90 days. An additional incident within the 90-day period shall incur a 30-day extension...the seventh, eighth, and ninth incidents of sick leave in a rolling 12-month period, the first 3 days of such sick leave shall be without pay and the employee shall be placed on a performance improvement plan (PIP)...Beginning with the tenth incident and for any subsequent incident of sick leave in a rolling 12-month period, such sick leave will be without pay.”*

BBB management reported that disciplinary actions are starting to be issued to MCOs who do not comply with this policy. Historically, management felt that it was difficult to fully enforce absence policies and

<sup>4</sup> FTE equivalent calculated using the national standard for full-time workers according to the U.S. Office of Personnel Management: 2,087 annual hours.



issue discipline because of worker shortages and higher levels of MCO overtime. As overtime decreases, BBB will be better able to enforce its policies consistently while not compromising service to the community.

To continue reducing overtime resulting from MCO absences, BBB should consider developing and implementing a comprehensive attendance management program to complement its attendance policy. Government agencies often struggle with worker attendance for various reasons, such as greater job security, fewer competitive pressures in the industry, and regulated leave programs such as CalSick. Worker absences not only result in a financial cost to the agency, but may also contribute to workplace disruption and poor employee morale. Therefore, many organizations find it beneficial to implement and enact attendance management programs that emphasize both a resource and human-focused approach. Attendance management programs provide a framework to monitor and manage employee absences due to illness, injury, and, in particular, unexplained or unscheduled absences. Elements of successful attendance management programs include:

- **Fair and consistent attendance policies:** Although absences are governed by federal law, state law, municipal code, and MOU terms, BBB should define day-to-day attendance management policies to assist front-line supervisors in managing employee absences. Policies should include methods to manage excessive absenteeism through counseling, warning, and progressive discipline when necessary.
- **Protected leave administration:** BBB management should collaborate with City HR to administer requests and return to work processes for long-term leave and intermittent FMLA for MCOs. Employees should monitor for compliance with FMLA and workers' compensation eligibility and requirements. For additional information, please see recommendations #5 and #6.
- **Referrals to health management programs:** MCOs operate in a unique environment with high levels of stress due to traffic, difficult customers, extended hours, and regulated breaks. Management, particularly front-line supervisors, should remind MCOs of the City's health and wellness programs and encourage their participation in these programs.
- **Evaluate absence trends:** Monitor when absences typically occur to determine if there's a spike for a certain day of the week or seasonal pattern.
- **Consider structured financial incentives:** BBB may also consider implementing cash incentives for MCO performance and attendance. Although BBB has piloted similar incentive programs in the past with insignificant impact, a revitalized incentive system in combination with other attendance management strategies may have a greater impact on overall absences.
- **Offer greater flexibility in use of time off:** Some transit agencies are experimenting with allowing MCOs to swap similar shifts to accommodate appointments, events, and other personal obligations. This would require alterations to the City's MOU with SMART-TD, which currently requires all open runs to be offered to full-time MCOs in seniority order.

For an attendance management program to be effective, managers must be committed to improving attendance and emphasizing their concern for the well-being of employees. Additionally, City HR personnel and BBB management must collaborate to ensure the program is implemented consistently and appropriately, in particular with regard to leave administration.

## PEER PRACTICES

Peer transit agencies also reported challenges with operator absenteeism and have attendance management programs that align with the progressive discipline process established in labor agreements. For example, SacRT utilizes an attendance control program for operators who have 12 or more unexcused



absences during a rolling 12-month period. Operators are issued a written warning after 15 unexcused absences, a written reprimand after 20 unexcused absences, and a final warning/last chance agreement is negotiated after 22 unexcused absences. Termination may be initiated if an operator violates the conditions established in the last chance agreement. However, unlike BBB, operators are able to work overtime on their day off even if he or she missed a regular day of work earlier in the week. SacRT also employs an attendance incentive program that offers one additional vacation day for each quarter of perfect attendance. Similar to BBB, SacRT representatives reported challenges in enforcing the attendance program.

Golden Gate’s attendance policy enables administration to take disciplinary action after an operator has 4 occurrences of absences within a rolling 12-month period. However, occurrences are defined as an absence of work for any single workday or consecutive workdays; for example, if an operator calls out for 3 consecutive days of work, it would be considered one occurrence. The labor agreement does not specify a maximum number of days that can be considered one occurrence of absence. Operators are issued an oral warning after 4 absence occurrences and a written reprimand after 6 occurrences. After 8 occurrences, operators are suspended for up to 5 working days and after 10 occurrences, operators may be terminated. However, Golden Gate’s labor agreement specifies exceptions to these occurrences, such as serious illness or injuries, where the Union and administration may agree to a specific absence plan to accommodate the operator’s needs. Similar to BBB, operators who miss a day of work fall to the bottom of the overtime list regardless of their seniority. Golden Gate also offers operators an attendance incentive of \$250 per quarter for perfect attendance and lotteries for additional bonuses up to an additional vacation day. However, Golden Gate reported that the incentive program has not helped correct overall absenteeism in the organization.

## FMLA LEAVE

<b>5</b>	<b>OBSERVATION</b>	FMLA absences are the largest form of absences contributing to MCO unscheduled overtime costs. BBB management lacks a mechanism to efficiently and effectively monitor and enforce FMLA requirements.
	<b>RECOMMENDATION</b>	Work with the City’s HR Department to establish regular reporting that enables management and supervisors to monitor and enforce FMLA.  <i>OR</i>  Consider outsourcing FMLA administration and management to a third party administrator.

The federal Family and Medical Leave Act (FMLA), enacted in 1993, entitles eligible employees to take unpaid, job-protected leave for specified family and medical reasons with continuation of group health insurance coverage under the same terms and conditions as if the employee had not taken leave.

FMLA was the largest driver of MCO absences between FY 2015 and FY 2018, resulting in 4-5% of the entire budgeted workforce missing during each fiscal year. The table below reports the number of FMLA certifications filed during FY 2015 and FY 2018, as well as the number of hours that MCOs were off duty due to FMLA.



FISCAL YEAR	CERTIFICATIONS	LOST HOURS	EMPLOYEE VACANCY EQUIVALENT	% OF BUDGETED MCO POSITIONS
2014-15	307	26,954	12.9 FTE	4.7%
2015-16	254	29,798	14.3 FTE	4.9%
2016-17	213	26,864	12.9 FTE	4.3%
2017-18	223	25,815	12.4 FTE	4.2%

FMLA is administered through one FTE position in the City’s HR Department. BBB management reported challenges in monitoring and enforcement of FMLA due to a lack of management reporting from the HR Department. Without proper reporting, the Department is unable to manage FMLA compliance and employees may be permitted to take advantage of this form of leave, in particular when it’s used intermittently. Most municipalities and transit agencies outsource FMLA to a third party administrator. Under this model, an outside party handles FMLA requests, documentation requirements, and approvals. Outsourcing this function helps ensure FMLA is administered consistently, in conformance with regulations, and is appropriately integrated with other forms of leave to support workers’ rights while also improving productivity.

In order to ensure compliance with FMLA intent and regulations, BBB should either collaborate with City HR to develop FMLA reports that enable compliance monitoring and enforcement, or outsource the FMLA function to a third party administrator to conduct monitoring and enforcement on the Department’s behalf.

## WORKERS’ COMPENSATION

<b>6</b>	<b>OBSERVATION</b>	Absences related to workers’ compensation contributed significantly to MCO unscheduled overtime. BBB management report that the use of a third party administrator resulted in workers’ compensation absence and cost reductions in FY 2018.
	<b>RECOMMENDATION</b>	Continue working with a third party administrator to administer and manage workers’ compensation and evaluate the program’s efficacy.

Workers’ compensation also contributed to MCOs’ inability to participate in on-duty work and resulted in between 9.1 and 12.8 missing FTEs over the course FY 2015 and FY 2018. The table below reports the number of workers’ compensation claims filed during FY 2015-FY 2018 as well as the number of hours that MCOs were off duty due to workers’ compensation claims (“lost hours”).

FISCAL YEAR	CLAIMS ADDED	LOST HOURS	EMPLOYEE VACANCY EQUIVALENT	% OF BUDGETED MCO POSITIONS
2014-15	68	18,974	9.1 FTE	3.3%
2015-16	78	20,735	9.9 FTE	3.4%
2016-17	76	26,666	12.8 FTE	4.3%



2017-18	74	23,269	11.2 FTE	3.8%
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The City of Santa Monica administers workers' compensation in-house through the Risk Management Division in the Finance Department. However, in November 2017 the BBB began piloting third party administration of workers' compensation claims. Since this implementation began, management reports that workers' compensation claims and cash flow have markedly improved. The Department should continue evaluating workers' compensation trends to determine the efficacy of third party administration.

## SICK LEAVE

MCO absences due to sick leave nearly doubled between FY 2015 and FY 2018, from 6.2 missing FTEs to 11.9 missing FTEs. The table below reports the number of hours that MCOs were off duty due to sick leave, as well as the employee vacancy equivalent and the percentage of each fiscal year's budgeted positions.

FISCAL YEAR	LOST HOURS	EMPLOYEE VACANCY EQUIVALENT	% OF BUDGETED MCO POSITIONS
2014-15	13,002	6.2 FTE	2.3%
2015-16	12,502	5.9 FTE	2.0%
2016-17	17,842	8.6 FTE	2.9%
2017-18	24,995	11.9 FTE	3.9%

According to the MOU with SMART-TD, MCOs accrue one working day of sick leave for each completed calendar month of service. As noted previously, BBB's attendance policy includes specific consequences for abuse of sick time, which is typically unplanned. The CalSick program recently made regulatory changes that enables MCOs to call off for up to 6 days annually without any absence being charged in the attendance policy, potentially contributing to elevated utilization of sick time.

## VACATION LEAVE

<b>7</b>	<b>OBSERVATION</b>	MCO absences due to vacation leave also contributed to unscheduled overtime. Because use of vacation leave is typically planned in advance, there may be opportunities to reduce overtime resulting from vacation-related absences.
	<b>RECOMMENDATION</b>	Collaborate with SMART-TD to potentially adjust scheduling practices to proactively plan for vacation leave and reduce associated overtime.

MCO absences due to vacation leave resulted in approximately 12 missing FTEs, equal to 4% of BBB workforce, for each year between FY 2015 and FY 2018. Therefore, vacation leave absences were an integral driver of unscheduled overtime. The table below reports the number of hours that MCOs were absent due to vacation leave, as well as the employee vacancy equivalent and the percentage of each fiscal year's budgeted positions.



FISCAL YEAR	LOST HOURS	EMPLOYEE VACANCY EQUIVALENT	% OF BUDGETED MCO POSITIONS
2014-15	24,732	11.9 FTE	4.3%
2015-16	25,015	11.9 FTE	4.1%
2016-17	23,137	11.1 FTE	3.7%
2017-18	25,691	12.3 FTE	4.1%

According to the MOU with SMART-TD, MCOs accrue between one working day of vacation leave per completed month of service up to 1.75 working days per month after 15 or more years of service. Typically, MCOs are able to provide advance notice when intending to take vacation leave. Under ideal circumstances, this additional time would provide the Department with an opportunity to plan for cost-effective options to cover missed shifts. However, current MOU terms requiring all open runs to be advertised to full-time employees prior to assigning a part-time employee restrict the Department’s ability to contain overtime resulting from MCO vacation leave.

If the Department was able to offer greater flexibility in MCO scheduling by offering shift swaps or allowing part-time employees to be scheduled in advance, overtime expenditures resulting from short-term vacation related absences could be reduced. To determine the feasibility of these options, Department management should collaborate with SMART-TD.

## OTHER LEAVE

Overtime expenditures related to MCOs taking other forms of leave comprise a small portion of the BBB’s unscheduled overtime. Other types of leave include bereavement leave, jury duty, military service, and administrative leave. The table below summarizes the number of hours, FTE equivalent, and percentage of total budgeted positions that MCOs were absent due to other forms of leave.

FISCAL YEAR	LOST HOURS	EMPLOYEE VACANCY EQUIVALENT	% OF BUDGETED MCO POSITIONS
2014-15	11,939	5.7 FTE	2.1%
2015-16	11,207	5.4 FTE	1.8%
2016-17	9,789	4.7 FTE	1.6%
2017-18	11,451	5.5 FTE	1.8%



## VACANCIES

### 8 OBSERVATION

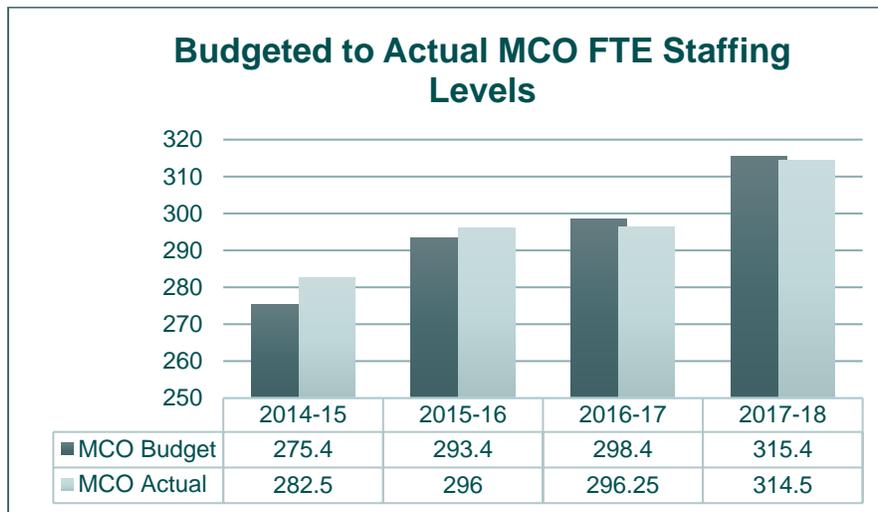
According to prior studies, BBB has a shortage of MCOs to operate current levels of service and reduce overtime. Additionally, nearly one-fourth of MCOs are age eligible for retirement, resulting in significant potential future turnover.

### RECOMMENDATION

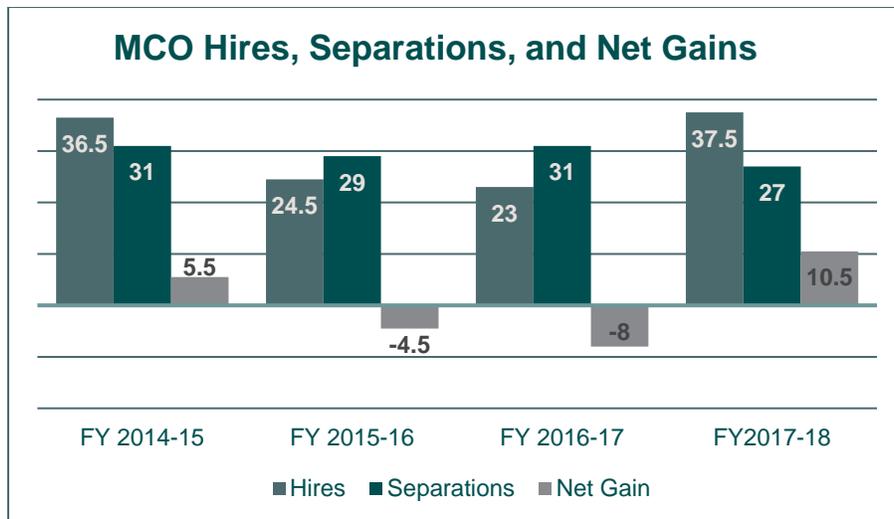
Continue identifying opportunities to streamline the hiring and training process for MCOs.

According to a 2017 Workload Optimization study conducted by Nelson Nygaard, BBB requires a total of 368 MCOs (294 full-time employees and 74 part-time employees) to effectively reduce MCO overtime and continue providing current levels of service. Despite these increases, BBB has not reached the staffing levels prescribed by the 2017 Workload Optimization study. Further contributing to hiring needs, 22.8% of all MCOs employed by BBB were age eligible to retire as of July 2017. This high percentage poses elevated risk to the department in ensuring hiring practices maintain pace with MCO attrition in upcoming years

As noted in the graph below, the Department typically maintained approximately the number of budgeted MCO positions during FY 2015 and FY 2018. However, when taking MCO utilization of sick, vacation, and other forms of leave into consideration, the BBB’s overall vacancy rate increased to approximately 17% throughout each fiscal year. As of June 2018, BBB had 314.5 FTEs; 280 full-time operators and 69 part-time operators. These staffing levels are 14 full-time operators and five part-time operators below the staffing levels recommended in the Workload Optimization study.



MCO positions can be particularly challenging to fill in a timely manner due to civil service hiring processes including testing, interviewing, background checks, and training. Often, these positions can take several months to fill and are filled in batches of three or four MCO trainees who undergo 320 hours (8 weeks) of training. Additional staff shortages can arise as MCOs retire or otherwise leave employment with the City, with varying amounts of prior notice. The graph below demonstrates the number of net positions gained by the BBB for FY 2015-FY 2018, taking retirees and other separations into account.



The net gain of MCOs demonstrates that although the Department hired between 23 and 37.5 MCOs a year, approximately 10% of the operator workforce, the rate of separation has resulted in a significantly smaller net gain in filled positions.

To reduce the number of MCO vacancies and proactively fill added positions, the Department implemented a continuous hiring program and worked to streamline MCO hiring processes in 2017. These efforts have helped fill positions quickly and effectively. Some of the strategies employed by the Department include:

- Expanded outreach and marketing campaigns
- Established nine routine recruitment cycles throughout the year to facilitate City HR processes, interviews, training, and operations.

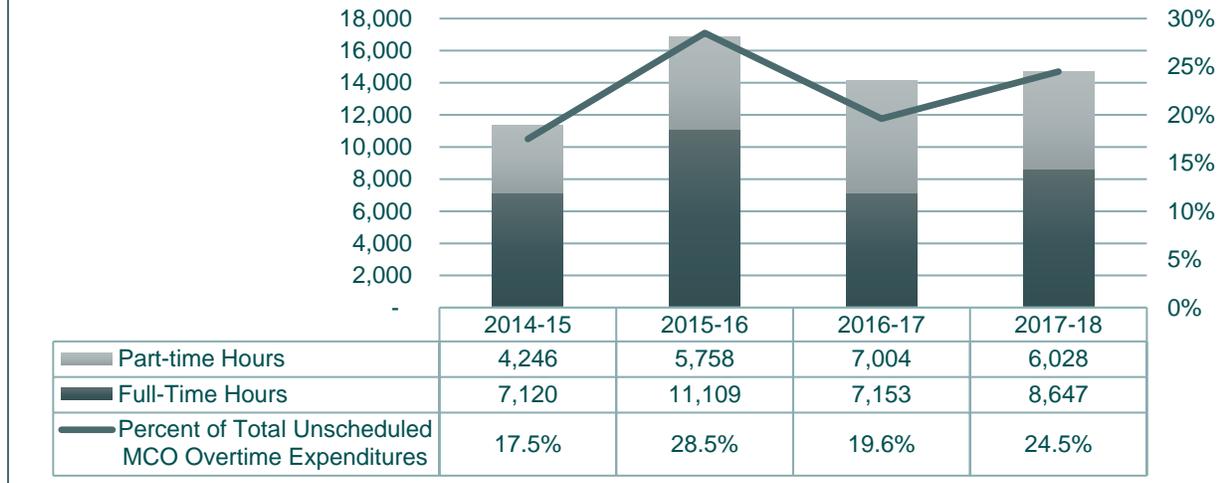
The Department should continue evaluating the efficacy of these practices and identifying additional opportunities to support timely recruitment and hiring for MCO vacancies.

## CASUAL WORK

Casual work comprises approximately one-fourth of MCO unscheduled overtime. This work includes coverage for vacation relief, scheduled days off, shine shifts (i.e. operators that are on standby to cover open shifts), and other miscellaneous work.



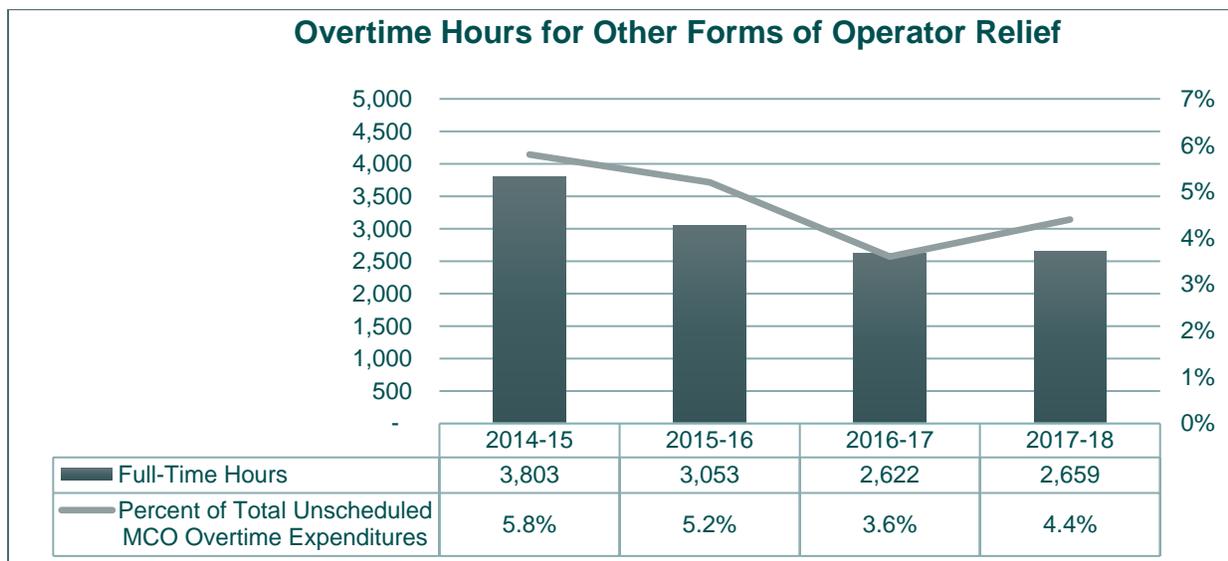
### Overtime Hours for Casual Work Coverage



### OTHER RELIEF

Other relief comprises a nominal amount of MCO unscheduled overtime, approximately 4%. This category of overtime pertains to full-time employees and includes holidays off, overtime due to work rules stipulated in the MOU, and other miscellaneous work such as filing incident reports.

### Overtime Hours for Other Forms of Operator Relief



## C. BREAKEVEN ANALYSIS

Overtime hours and compensation are partially driven by an insufficient number of staff to fulfill service level expectations of the community. It is a common practice among transit agencies to use overtime to help fill service gaps. The majority of overtime, especially those related to absences, could be eliminated if the BBB increased staffing levels, as noted in the prior workload optimization study. These staffing levels exceed current budgeted amounts, and may result in significantly increases to the Department's overall operating expenditures and ultimately the cost of providing transit services.



Overtime pay is calculated at 1.5 times an employee’s base salary and does not have an impact on the employee’s retirement or medial costs. In FY 2016-17, the City spent approximately 37% of an operator’s total cost of employment on health and retirement benefits. When the Department hires a new employee, the City has to pay this additional cost in benefits. The cost of benefits and additional training often makes hiring an employee more expensive than paying an existing employee to work overtime.

To determine if it is more cost-effective to hire additional staff or fulfill service level requirements or continue paying overtime, we analyzed hourly rates for overtime eligible positions. Our analysis compared the hourly rate of a new employee, including retirement and medical costs, to the hourly rate paid for overtime using 2016 GCC compensation data. The table below summarizes the results of this analysis. Appendix C contains a description of the methodology used for this analysis and additional data elements.

		MINIMUM	MEDIAN	MAXIMUM
Full-time	Fully Burdened Rate	\$25.19	\$43.08	\$58.91
	Overtime Rate	\$30.65	\$40.07	\$53.26
	Percent Difference of Overtime Rate and Fully Burdened Rate	21.7%	-7.0%	-9.6%

The results of this analysis show that the hourly overtime rate for an existing employee is estimated to cost between 9.6% less to 21.7% more than the hourly rate of a new employee, depending on the position and step level of the employee. However, this rate does not take other indirect costs related to worker fatigue into considerations. Examples of these associated costs include accidents, elevated workers’ compensation, unscheduled absences, strains on customer service, and low employee morale.



# APPENDIX A: MCO OVERTIME EXPENDITURES

The following table summarizes MCO overtime expenditures. Unscheduled overtime is categorized into absences, casual work, and other relief; percentages associated with each category of unscheduled overtime represent the percentage of unscheduled overtime, not total MCO overtime.

OVERTIME DRIVER	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18	
	HOURS	%	HOURS	%	HOURS	%	HOURS	%
Scheduled Overtime	45,782	41.3	61,455	50.9	68,507	48.7	60,033	50.1
Unscheduled Overtime	65,021	58.7	59,221	49.1	72,256	51.3	60,007	49.9
<i>Absences</i>	<i>49,852</i>	<i>76.7</i>	<i>39,303</i>	<i>66.4</i>	<i>55,478</i>	<i>76.8</i>	<i>42,674</i>	<i>71.1</i>
<i>Casual Work</i>	<i>11,366</i>	<i>17.5</i>	<i>16,867</i>	<i>28.5</i>	<i>14,157</i>	<i>19.6</i>	<i>14,674</i>	<i>24.5</i>
<i>Other Relief</i>	<i>3,803</i>	<i>5.8</i>	<i>3,053</i>	<i>5.2</i>	<i>2,622</i>	<i>3.6</i>	<i>2,659</i>	<i>4.4</i>
Total	110,804	100%	120,677	100%	140,763	100%	120,040	100%



## APPENDIX B: MCO ABSENCE SUMMARY

The following table summarizes MCO absences between FY 2014 and FY 2017. The Hours column provides the total absent of MCOs by category of leave, the FTE column provides the FTE equivalent of employees out of work on an annual basis due to each type of leave, and the percentage column summarizes the composition of absence types.

ABSENCE TYPE	FY 2014-15			FY 2015-16			FY 2016-17			FY2017-18			PERCENT CHANGE BETWEEN FY 2014-2017
	HOURS	FTE	%										
<b>FMLA</b>	26,954.47	12.92	28%	29,798.24	14.28	30%	26,864.24	12.87	26%	25,815.34	12.37	23%	-4%
<b>Vacation</b>	24,731.53	11.85	26%	25,015.35	11.99	25%	23,136.55	11.09	22%	25,691.42	12.31	23%	4%
<b>Worker's Compensation</b>	18,973.80	9.09	20%	20,734.48	9.94	21%	26,665.59	12.78	26%	23,268.92	11.15	23%	23%
<b>Sick</b>	13,001.88	6.23	14%	12,502.31	5.99	13%	17,842.09	8.55	17%	24,995.15	11.98	22%	92%
<b>Other leave</b>	11,939.04	5.72	12%	11,207.11	5.37	11%	9,789.63	4.69	9%	11,450.55	5.49	10%	-4%
<b>Total</b>	95,600.72	45.81	100%	99,257.49	47.56	100%	104,298.10	49.98	100%	111,221.38	53.29	100%	16%



# APPENDIX C: BREAK-EVEN ANALYSIS

We used 2016 Government Compensation in California compensation data, filtered to remove less than full-time positions, in order to estimate the minimum, median, and maximum costs associated with an individual position to find the average total costs associated with a full-time employees (FTE). The “total compensation hourly rate” was calculated by dividing the total cost by the average annual hours worked (2,087 per Office of Personnel Management standards), in order to allow for a comparison against overtime paid.

Compensation Categories <sup>5</sup>	Min	Median	Max
Regular Salary	\$41,421	\$54,863	\$73,119
Other Pay	\$1,225	\$894	\$979
Base Pay Total Cost <sup>6</sup>	\$42,646	\$55,757	\$74,098
Lump-Sum Pay	\$0	\$1,364	\$3,383
Total Retirement Costs	\$8,628	\$15,998	\$21,514
Health Vision Dental Costs	\$1,298	\$16,784	\$23,948
Benefits Total Cost	\$9,926	\$32,782	\$45,462
Total Compensation Costs <sup>7</sup>	\$52,572	\$89,903	\$122,943
Estimated Regular Pay Rate <sup>8</sup>	\$20.43	\$26.72	\$35.50
Estimated FTE Hourly Cost <sup>9</sup>	\$25.19	\$43.08	\$58.91
Overtime Comparison			
2016 Overtime Paid	\$33,181	\$47,125	\$38,177
Overtime Hourly Rate <sup>10</sup>	\$30.65	\$40.07	\$53.26
% Difference of Overtime Hourly Rate from FTE Hourly Cost <sup>11</sup>	21.7%	-7.0%	-9.6%

<sup>5</sup> Each row represents the minimum, median, and maximum value for that category of compensation, across all 195 data points used in this analysis. The categories are not additive.

<sup>6</sup> (Regular Salary + Other Pay) - does not include overtime costs

<sup>7</sup> Does not include overtime costs

<sup>8</sup> Base Pay Total Cost divided by 2,087 (standard from the OPM)

<sup>9</sup> Total compensation cost divided by 2,087 (standard from the OPM)

<sup>10</sup> Regular Pay Rate multiplied by 1.5

<sup>11</sup> Overtime rate minus full employee rate, divided by full employee rate

