



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: FEBRUARY 11, 2019

ITEM NO: 7

SUBJECT: WATER DIVISION'S OVERTIME HOURS AND EXPENDITURES UPDATE

ISSUE:

Receive and file the Water Division's overtime hours and expenditures update.

RECOMMENDATION:

That the Board of Public Utilities receive and file the Water Division's overtime hours and expenditures update.

BACKGROUND:

In response to a May 2017 Transparent California detailing overtime payroll costs, staff prepared a presentation to the Board of Public Utilities and presented this information at its regularly scheduled meeting on September 10, 2018. The presentation focused on the overtime costs of the Electric Operations Division. This report highlights the analysis of the Water Enterprise of Riverside Public Utility (RPU).

The Water Division reviewed overtime usage and practices within its divisions, identifying causes and making determinations of appropriateness. At the division level, the primary drivers of overtime are unplanned emergency work and planned work done after hours for various reasons (regulatory, safety, or customer-centric). In some cases, the Water Division uses overtime as it is the lower cost alternative to hiring additional crews. On a more individual level, assignment of overtime hours follows the International Brotherhood of Electric Workers (IBEW) Memorandum of Understanding (MOU).

The purpose of this presentation is to highlight the causes of overtime, highlight overtime trends, and identify action items to reduce overtime levels, where appropriate, moving forward.

DISCUSSION:

There are several factors taken into consideration when contemplating the use of overtime. The table below identifies six of the drivers for overtime:

Overtime Driver	Description
Level of Service	The need for a higher level of service may increase overtime. This includes immediate emergency response as well as after-hours maintenance work on services for commercial/industrial and institutional customers.
Business Decisions	Overtime may be a lower cost solution. For example, a new employee + benefits may cost more than a current employee on overtime. Paying for standby + overtime may cost less than outfitting an additional shift.
Effective Managerial Oversight	An effective field manager makes/ratifies overtime decisions and monitors appropriateness of level.
Regulatory and/or Safety Requirements	Work may be done after hours at the request of the permitting agency (i.e. work done in the streets) and/or to minimize exposure to traffic for safety reasons.
Labor Contracts	Contract language protects employees, but its use needs to be monitored by management
Ageing Infrastructure	Unexpected failure of infrastructure.

Overtime Trends and Analysis

For the Water Division, overtime levels are currently near 16% of total salary. A majority of the overtime usage (85%) is from the Water Field Division, which includes construction forces that handle planned customer-driven work, respond to emergency call-outs, and support planned capital improvements projects.

Approximately 70%-75% of the overtime usage is for planned and emergency work done after hours. Another 20%-25% is split between Troubleshooters and standby. Troubleshooters cover two shifts, but also respond to emergency calls in the third shift. Due to the small size of the crew, some of the Troubleshooter overtime is due to covering multiple shifts in a day. The Water Division also incurs standby costs when staff monitors non-working shifts and maintains a readiness to respond to any unplanned events. Standby costs are lower than the costs to fully staff an additional shift.

In 2016, the Water Field Division worked a total of 30,729 hours of overtime attributed primarily to work associated with emergency maintenance. In 2017, over time peaked at 32,736 overtime hours worked. After reviewing work orders, it was determined that the increase in overtime was directly related to planned capital projects, including projects related to development, scheduled during the evening hours to reduce impacts on residents/businesses. Then in 2018, the Division was able to reduce overtime hours worked to 28,372 hours, more than 2,000 hours below the 2016 count. The reduction in overtime hours worked is primarily attributed to a reduction in planned capital projects completed at night. The Water Division will continue to monitor and evaluate overtime hours and usage to determine where further reductions can be achieved.

Potential Measures to Reduce Overtime

Overtime Reduction Measure	Potential Consequences
Increase staffing and shifts	Staffing levels are always under review. However, at this time, increasing staffing levels or increasing shifts will likely increase costs without a commensurate increase in level of service.
Reduced emergency response Including Standby	Lower responsiveness to customers. Could increase risk exposure. Slight increase in non-revenue water.
Modify Labor Contracts	Uncertain; current IBEW MOU expires on September 30, 2021.
Shift capital and maintenance work on major roads to daytime	Requires cooperation of permitting agency. May increase safety concerns. Where possible, nighttime capital work will be completed by contractors.
Disrupt commercial / industrial / institutional customers during working hours	Reduced level of service for schools and business customers.
Cross-training staff	May reduce individual overtime levels.
Targeted CIP expenditures	Effective – reduces emergency responses.

Action Items

Based on the analyses and discussion above and where cost effective, the Water Division will be undertaking the following actions:

1. Continue to review staffing levels;
2. Increase cross-training to supplement smaller groups and reduce the impact of staff turnover;
3. Improve targeted CIP expenditures – at this time, the focus will be on replacing at-risk water service laterals before they fail; and
4. Where possible, hire contractors to perform nighttime planned capital improvement work.

FISCAL IMPACT:

There is no fiscal impact associated with this update.

Prepared by: Todd L. Jorgenson, Utilities Assistant General Manager/Water
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability of funds: Aileen Ma, Interim Utilities Assistant General Manager/Finance & Administration

Attachment: Presentation