



Memorandum

TO: Rosa Inchausti, Interim Director, Municipal Utilities
THRU: Bill Greene, City Auditor (X8982)
FROM: Keith Smith, Sr. Internal Auditor (X8416)
Angela Hill, Internal Auditor 1 (X8866)
CC: Andrew Ching, City Manager
Steven Methvin, Deputy City Manager, Chief Operating Officer
Ken Jones, Deputy City Manager, Chief Financial Officer
Tanya Chavez, Interim Deputy Director, Field Operations
DATE: August 30, 2019
SUBJECT: Solid Waste Review

PURPOSE

The Internal Audit Office (IAO) completed a review of specific issues in the Solid Waste unit of the Public Works Department (department name changed to Municipal Utilities during the review). City management requested that this review focus on the following issues raised:

- Vacation Bidding (Policy not equitable)
- Absenteeism Guidelines (Proposal inconsistent with HR policies)
- Discipline Related to Safety (Consistency in application)
- Minimum Staffing Levels (Not enough drivers to cover required routes)

We thank Solid Waste management and staff for their cooperation and assistance during this project.

CONCLUSIONS

1. Vacation Bidding

A vacation bidding committee was formed during this review with representation from staff, management, and the union. Bidding guidelines were developed and used at the end of 2018 to bid for the following year. The IAO considered this issue closed and did not perform additional work.

2. Absenteeism Guidelines

The most current absenteeism guideline draft was tabled by the City Manager at the January 2019 Six-Sided Partnership meeting. Since no guideline is currently in effect, the IAO did not perform any further analysis.

3. Discipline Related to Safety

The IAO found that the Public Works/Solid Waste disciplinary policies are consistent with HR policies and that disciplinary actions reviewed were consistently applied in accordance with Solid Waste's disciplinary matrix. There is an opportunity to improve tracking of disciplinary actions related to safety as discussed below in Observation 1.

4. Minimum Staffing Levels

The IAO reviewed the common themes from staff and management interviews related to potential factors contributing to staffing concerns. Although most concerns raised about minimum staffing were unsubstantiated, we did identify an opportunity to develop performance measures and expectations for drivers that may help reduce overtime expenses. This opportunity is discussed further below in Observation 2.

In addition to these general conclusions and the recommendations found below, more details of the IAO's analysis of Solid Waste can be found in Appendix 1.

RECOMMENDATIONS

During the review, the IAO noted opportunities to establish and improve current practices:

- **Observation 1: Tracking Accidents and Related Discipline**

Solid Waste staff is not effectively tracking the disciplinary actions taken for safety-related incidents. The data provided to IAO for 2012-2019 was incomplete. Many of the final disciplinary outcomes were missing. Staff tracking the information has not maintained complete records and management stated that some records may have been misplaced. Without a complete record of the disciplinary actions, management cannot determine if the actions taken are consistent with policy.

Recommendation:

Going forward, responsible staff should maintain complete records and record data in a timely fashion. Management should review the tracking document periodically to ensure it is being maintained. In addition, management can use the tracking document as a tool to ensure disciplinary actions stay consistent with policy.

Management Response:

Management is currently organizing a group of department/office directors to explore inconsistencies in discipline related to vehicular accidents across departments. The

Municipal Utilities Department expects to revise relevant policies within nine months of the hiring of the new Director, which is in-process.

▪ **Observation 2: Performance Expectations for Drivers**

Performance expectations have not been established for Solid Waste drivers. It is difficult for supervisors and management to hold drivers accountable when no expectations have been established. One result can be the lack of control over drivers' overtime usage (See Section 4c of Appendix 1 for details).

Recommendation:

Management should develop and enforce clear expectations for drivers (examples include acceptable levels of idle time and effective spreading of loads taken to the transfer station for efficient routing each day). Clear consequences for falling short of expectations should be communicated, and proper training and coaching should be available for employees struggling to meet expectations. Conversely, excellence in exceeding expectations should be recognized.

Management Response:

Management agrees that performance expectation for drivers and consequences of failing to meet established expectations are critical to success. The hiring of a new Municipal Utilities Director and implementation of the new employee performance application being introduced by Internal Services will contribute to the Department's success in this initiative. We expect that this issue will be resolved within 12 months.

Appendix 1

Summary of Issues Reviewed

SCOPE AND METHODOLOGY

The scope of this review was generally from FY2016-17 to FY2018-19. To address the four topics noted, IAO:

1. Interviewed a sample of management and staff.
2. Researched Solid Waste and Human Resources policies and procedures as needed.
3. Obtained financial data from Payroll, Solid Waste staff, and directly from PeopleSoft.
4. Obtained turnover and vacancy data from Human Resources.
5. Analyzed routing data and reports provided by Solid Waste staff.
6. Reviewed disciplinary action data provided by Solid Waste and Human Resources.
7. Experienced a partial shift by riding along with a driver.

1. Vacation Bidding (policy not equitable)

A vacation bidding committee was formed with representatives of Solid Waste staff, management, and the UAEA President. The committee agreed to a seniority-based process for vacation bidding which was used in late 2018 to bid for January 1, 2019-January 31, 2020. Interviews by the IAO of various staff revealed mixed feelings on the committee's decisions, but all levels of the workforce were represented on the committee, in addition to the union. Because this issue was resolved during this review, no other work was performed.

2. Absenteeism Guidelines (proposal inconsistent with HR policy)

Several versions of a proposed absenteeism guideline for Solid Waste and the former Public Works department were provided to the IAO. The most recent was taken to the January 2019 Six-Sided Partnership meeting for discussion (meeting was attended by IAO staff). The policy was tabled for further review by the City Manager. The City Manager expressed concern about having a policy specific to Solid Waste/Public Works when the City (HR) has a general leave policy in place. Since the proposed policy remains under review, no other work was performed.

3. Discipline Related to Safety (consistency of application)

The IAO focused on two topics concerning discipline related to safety in Solid Waste. We reviewed the consistency between the HR disciplinary policy and the Public Works policies. In addition, we reviewed disciplinary actions related to safety to determine if documentation supported that discipline was applied consistently.

A. Consistency in Policy

One objective of the review of the safety area was to ensure that the policies for safety-related discipline in Public Works/Solid Waste are consistent with City HR policies. We found no indications of inconsistency between the two sets of policies. Although the Solid Waste policy/guidelines are specific to that unit, they generally mirror the City disciplinary policy and guideline.

We also asked HR if Solid Waste management consulted with them during the disciplinary process as noted in the Solid Waste policies and if, based on their working experience with Solid Waste, they detected any inconsistency with City policy. HR management and staff interviewed indicated that they had not observed any inconsistency with HR policy in dealing with Solid Waste managers and that HR is being consulted each step of the way during disciplinary actions in the unit.

B. Consistency in Application

Solid Waste provided a listing of recorded accidents involving its trucks/equipment. As noted in Observation 1, this listing was incomplete. There is a risk that supervisors may intentionally or unintentionally not report incidents on the listing. The IAO also reviewed a listing of disciplinary actions recorded in HR for the period 2015-2018. We reviewed safety-related accidents recorded on this listing (which included all disciplinary actions recorded by HR except e-logs and memos to the file). We compared the disciplinary action taken to the expected action per the Solid Waste accident progression disciplinary matrix and found that disciplinary actions taken were consistent with the matrix, with three exceptions. However, in these three cases, the actions of the drivers appeared to be so egregious that discipline more severe than that called for on the matrix was warranted.

4. Minimum Staffing Levels (not enough drivers to cover routes)

During interviews of staff and management, several potential issues were brought to the attention of the IAO related to staffing – primarily having the appropriate number of drivers to cover all routes each day. As common themes surfaced, we examined the data related to each potential issue (many of the issues were potential contributors towards the difficulty in maintaining the minimum staffing levels).

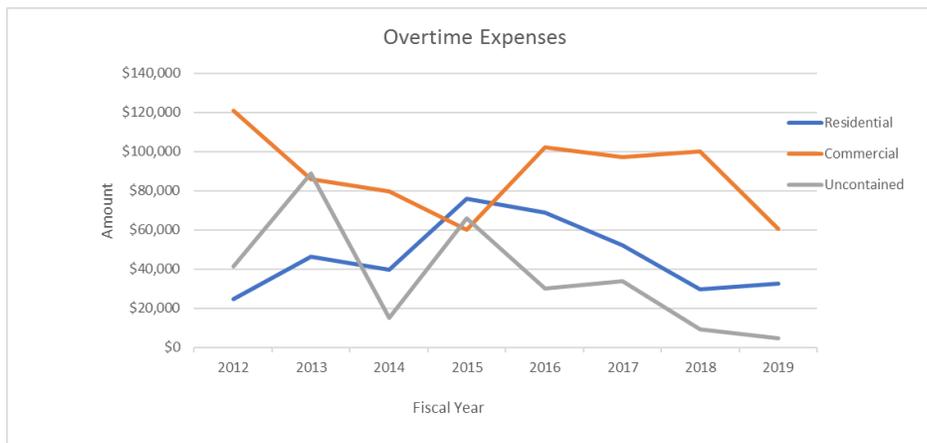
Below are the areas the IAO reviewed related to minimum staffing:

A. Is there a valid process in place to determine the minimum staffing levels and to evaluate the routes?

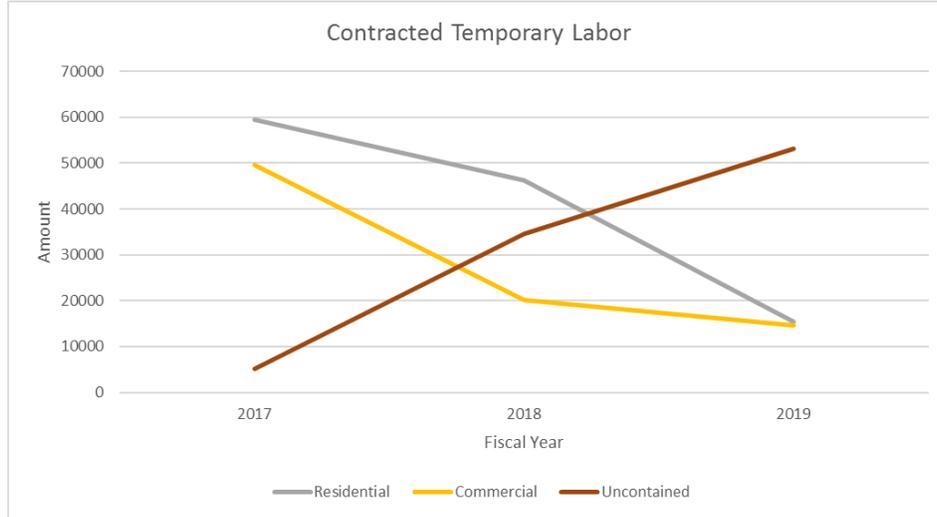
The number of routes needed to be covered in a day determines the minimum staffing levels required. We reviewed the process used to determine the number of routes and found that a sound, logical and reasonable process is used based on several factors including route length in miles, terrain, density, number of containers, tons of trash expected, and distance from the transfer station. A current effort in process to re-route the commercial accounts is underway and includes input from staff responsible for routing, drivers, and supervisors.

B. Information from interviews indicated that overtime (OT) and the use of temporary staff have increased over time because there are not enough drivers.

Using data provided by Solid Waste staff, the IAO analyzed these expenses. The IAO found that OT for Residential and Uncontained units are on a downward trend since FY2015. Commercial unit OT was consistent from FY2016-18 but appears to be decreasing in FY2019.



Our analysis of the use of temporary labor also showed that this expense is trending downward for the residential and commercial units, and upward for uncontained.



- C. Management indicated that two employees are primarily responsible for the bulk of the OT expense for Solid Waste and the factors contributing to their high level of OT were these employees having excessive idle time and not efficiently spreading their loads over the course of the day.

Our review of individual drivers' OT expense revealed that the same two drivers have accumulated four to five times the amount of OT than the average driver over the past three fiscal years. Further, we reviewed the data from the Routeware software and found that these same two drivers averaged 28-30 minutes of idle time per day (the expected amount is 15 minutes or less) and 19-30% of their work days ended with a light final load (4 tons or less). Having light final loads can indicate that the drivers are not effectively filling their trucks prior to each trip to the transfer station and need an extra trip to complete the final part of their route, which may result in OT.

- D. Management suggested that drivers and leads aren't cross trained on equipment making it difficult for them to fill in when needed.

The IAO used the training records provided by Solid Waste and found that 63% of drivers are trained on more than one piece of equipment. Although cross-training can always improve, this does not appear to be a primary contributing factor to staffing concerns.

- E. Members of management and staff indicated that driver turnover rates are high, contributing to the lack of coverage of routes and use of OT and temporary labor.

Using turnover data supplied by HR for the past 8 fiscal years, we examined the turnover rates for Solid Waste Equipment Operators (I, II, and Sr.) and found that the rate was 8% which matches the city-wide average.

- F. Another issue arising from the interviews was that it is taking 4-6 months to hire new drivers, which also contributes to the lack of coverage and the use of OT and temporary labor.

Over the past 8 fiscal years it has taken an average of 153 days (5 months) to fill the driver positions; however, over the past two years the average days vacant has decreased to 81 (FY2017-18) and 36 (FY2018-19 to date).

- G. Another suggestion from the interviews was that flex schedules and differing days off during the week (depending on the unit) may affect minimum staffing.

A workgroup is currently reviewing the various schedules and the impact they have on operations and will bring recommendation forward to management. Since this is still in progress, we did not perform any work in this area.