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HIGHLIGHTS

Highlights of City Auditor Report #0601, a report to the City Commission and City management.

WHY THIS INQUIRY WAS DONE

The purpose of this report was to determine the amount of and reasons for overtime worked at TALTRAN during the period October 1, 2002 through May 31, 2005 (two fiscal years and eight months).

For this inquiry, our objective was to answer the following two questions:

1. What were the overtime hours worked and the budgeted and actual overtime costs at TALTRAN?
2. If overtime amounts were significant, what were the contributing factors toward the need for overtime at TALTRAN and what recommendations can we provide for management's consideration to reduce the need for and/or utilization of overtime at TALTRAN?

WHAT WE RECOMMEND

We provided the following recommendations toward reducing the need for and/or utilization of overtime at TALTRAN.

- TALTRAN should conduct an analysis to identify the most cost-effective balance of full-time and part-time drivers with a goal of keeping overtime to a minimum for full-time drivers.
- TALTRAN should examine their current training program to identify possible alternatives to shorten the length without compromising safety.
- City management should further examine the reasons for workers' compensation claims at TALTRAN to identify specific safety issues that can be addressed to reduce the number of workers' compensation claims and cost.
- TALTRAN and/or City management should further examine the reasons for the usage of catastrophic leave at TALTRAN to give consideration to alternative strategies toward reducing the usage and impacts of catastrophic leave.

In addition, to assist TALTRAN and other departments in managing workers' compensation costs, City management should implement a method for tracking the number of workers' compensation hours incurred by employees and departments, such as using a separate "earn code" in the Time and Attendance system.

To view the full report, go to:

<http://www.talgov.com/auditing/index.cfm>; select *Audit Reports*, then *Reports Issued FY 2006*, then *Report #0601*.

For more information, contact us by e-mail at auditors@talgov.com or by telephone at 850/891-8397.

Inquiry conducted by: Beth Breier, CPA, CISA

November 7, 2005

INQUIRY INTO

TALTRAN Overtime

WHAT WE FOUND

Our review of overtime hours worked and costs at TALTRAN during the period revealed the following:

- TALTRAN management consistently and significantly expended more than department budgeted for overtime in fiscal years 2003 and 2004 (94% and 114%, respectively); and was already 59% over budget after the first 8 months of fiscal year 2005.
- The majority of overtime hours (66,208 of 84,880; 78%) and costs (\$1.25 million out of \$1.69 million; 74%) were worked within the TALTRAN's General Transit Division.
- Compared to other City divisions, TALTRAN's General Transit Division had the second highest number of total overtime hours and the fourth highest average number of overtime hours per full-time equivalents (212 per fiscal year).

Since the majority of overtime hours and costs occurred in the General Transit Division, we focused our examination on the reasons for overtime in that TALTRAN division. Together with TALTRAN management, we identified four primary reasons that contributed to the extensive use of overtime by the General Transit Division. Those reasons included:

- There is a gap of 47,737 hours between scheduled bus runs and available full-time driver work hours. To fill this gap, TALTRAN utilized 50% full-time drivers at overtime rates, 5% temporary drivers at overtime rates, and 45% temporary drivers at regular rates. Using full-time drivers at overtime rates is the most costly method. There are other more cost-effective methods available.
- The significant number of training hours that are provided to new drivers (300 hours), and the relatively large number of new hires (70) participating in the training over the last three fiscal years.
- The extensive use of workers' compensation leave (three TALTRAN divisions are in the top six divisions in the City with the highest workers' compensation costs).
- The extensive use of catastrophic leave (the TALTRAN General Transit Division has incurred the highest number of catastrophic leave hours in the City).

The effect of the above is that overtime significantly affects TALTRAN's operating costs.

This review of overtime use at TALTRAN showed that there are other divisions within the City that also appeared to have used overtime extensively during the period. During the 2006 fiscal year, the Office of the City Auditor plans to conduct additional reviews of the use of overtime in selected departments.

Office of the City Auditor

Inquiry into

TALTRAN Overtime



Report #0601

November 7, 2005

Summary

The purpose of this report is to determine the amount of and reasons for overtime worked at TALTRAN (Tallahassee Transit) during the period October 1, 2002 through May 31, 2005 (two fiscal years and eight months).

Our review of overtime hours worked and costs at TALTRAN during the period revealed the following:

- Overtime was significant, representing approximately 9% of TALTRAN Department's total personnel costs.
- The majority of overtime hours and costs were worked within the TALTRAN's General Transit Division.

	TALTRAN Department	General Transit Division
Overtime Hours	84,880	66,208 (78%)
Overtime Cost	\$1,689,281	\$1,246,887 (74%)

- Compared to other City divisions, TALTRAN's General Transit Division had the second highest number of total overtime hours and the fourth highest average number of overtime hours per full-time equivalent (212 per fiscal year).
- TALTRAN management consistently and significantly expended more than budgeted for overtime, 94% and 114% for FYs 2003 and 2004, respectively; and 59% for the first eight months of FY 2005.

Together with TALTRAN management, we identified four primary reasons contributing to the extensive use of overtime by the General Transit Division. Those reasons include:

- The method that TALTRAN management utilized to compensate for the gap between the number of available work hours from

full-time coach operators (drivers) and the number of hours of bus runs scheduled;

- The significant number of training hours that are provided to new drivers (300 hours), and the relatively large number of new hires participating in the training over the last three fiscal years;
- The extensive use of workers' compensation leave (Three TALTRAN divisions are in the top six divisions in the City with the highest workers' compensation costs); and
- The extensive use of catastrophic leave (The TALTRAN General Transit Division has incurred the highest number of catastrophic leave hours in the City).

The effect of the above is that overtime significantly affects TALTRAN's operating costs.

We provided five recommendations toward reducing the need for and/or utilization of overtime at TALTRAN and improving monitoring of workers' compensation leave in the City. TALTRAN management requested the opportunity to respond to each of the recommendations; therefore, we have included Appendix A to provide a summary of the report recommendations and TALTRAN management's responses.

- TALTRAN should conduct an analysis to identify the most effective balance of full-time and part-time drivers with a goal of keeping overtime to a minimum for full-time drivers. Quantitative factors such as cost and qualitative factors such as safety and service delivery should be taken into consideration.
- TALTRAN should examine their current training program to identify possible alternatives to shorten the length of training without compromising safety.
- City management should further examine

the reasons for workers' compensation claims at TALTRAN to: 1) identify the factors that have resulted in three of TALTRAN's divisions having high usage of workers' compensation leave; and 2) identify specific safety issues that can be addressed to reduce the number of workers' compensation claims and cost.

- TALTRAN and/or City management should further examine the reasons for the usage of catastrophic leave at TALTRAN to: 1) identify the factors that have resulted in the TALTRAN General Transit Division having the highest number of catastrophic leave hours of all City divisions; and 2) give consideration to the City's policy that allows alternative strategies that could be implemented toward reducing the usage and impacts of catastrophic leave.

Also, during our review, we noted that there is currently no method to extract the actual number of workers' compensation hours utilized by an employee or department, as there is no associated earn code for workers' compensation leave. To assist TALTRAN and other departments in monitoring and managing workers' compensation costs, City management should implement a method for tracking the number of workers' compensation hours incurred by employees and departments, such as using a separate "earn code" in the Time and Attendance system.

This review of overtime use at TALTRAN showed that there are other divisions within the City that also appeared to have used overtime extensively during the period. However, in this review, we only examined the reasons for overtime in the TALTRAN General Transit Division. During the 2006 fiscal year, the Office of the City Auditor plans to conduct additional reviews of the use of overtime in selected departments.

We would like to thank TALTRAN management and employees for their assistance and participation during this inquiry.

Scope, Objectives, and Methodology

The scope of our work included a review of overtime hours worked and related costs at TALTRAN (specifically in the General Transit

Division) during the period of October 1, 2002, through May 31, 2005 (2.6 fiscal years).

For this inquiry, our objective was to answer the following two questions:

- 1. What were the overtime hours worked and the budgeted and actual overtime costs at TALTRAN?**
- 2. If overtime amounts were significant, what were the contributing factors toward the need for overtime at TALTRAN and what recommendations can we provide for management's consideration to reduce the need for and/or utilization of overtime at TALTRAN?**

The methodology we followed to answer these questions included analyzing data from the following City systems:

- PeopleSoft Human Resources Management System (City payroll data);
- NOVAtime® (TALTRAN's biometric time clock system); and
- RiskMaster (Risk Management's database that includes workers' compensation).

In addition, we interviewed key TALTRAN employees (including management and drivers), and conducted an informal survey of selected transit organizations in Florida and the Southeast.

While we obtained the overtime hours worked and costs for all divisions in the City, this was for comparative purposes only. We limited our examination related to the reasons for overtime to the TALTRAN division with the highest overtime use, General Transit.

To calculate full-time equivalents (FTE) for City divisions, we obtained the total number of hours worked for each fiscal year and divided it by 1.0 FTE (2,080 hours). For the eight months in the 2005 fiscal year, we calculated the FTEs by dividing the number of hours worked in eight months by the proportionate number of FTE hours (1,440).

Our audit was conducted in accordance with Generally Accepted Government Auditing Standards and Standards for the Professional Practice of Internal Auditing, as appropriate.

Background

TALTRAN is one of only three municipal-owned mass transit systems in the State of Florida (Key West and Gainesville are the others). The other 23 systems in Florida are county-owned or separate authorities. As a mass transit entity, TALTRAN:

- Provides general transit services to the public;
- Provides specialized services to the disabled and elderly (Dial-A-Ride Program); and
- Serves as the coordinator for the State Community Transportation Coordinator (CTC) program.

TALTRAN operates and maintains its own buses for the general and Dial-A-Ride programs. For

the CTC Program, TALTRAN schedules rides with private vendors for clients of several state and federal programs (e.g., Medicaid and Vocational Rehabilitation).

TALTRAN's mission (as stated in the 2001-2005 Transit Development Plan) is:

As a community service, TALTRAN provides alternative and specialized transportation options for the citizens and visitors of Tallahassee in a convenient, safe, and dependable manner.

TALTRAN services are funded from various sources. As shown in Table 1 below, the primary funding sources are fares, contract revenues, state and federal assistance, sponsor reimbursements (i.e., under the CTC program), and City general funds.

**Table 1
TALTRAN Department Funding Sources**

Source	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 (1)	Budgeted FY 2005
Fares	\$1,297,846	\$ 1,390,974	\$ 1,293,126	\$ 1,137,958	\$ 741,787	\$ 1,274,363
Contract Revenues (FSU/FAMU/TCC)	\$1,355,141	\$ 1,429,415	\$ 1,488,364	\$ 1,653,648	\$ 1,230,869	\$ 1,682,117
Charter Services Revenues	\$ 66,440	\$ 40,500	\$ 68,382	\$ 75,404	\$ 58,410	\$ 73,000
Federal	\$ 856,559	\$ 870,464	\$ 986,577	\$ 1,066,762	\$ 686,979	\$ 985,000
State	\$ 984,038	\$ 1,026,547	\$ 1,111,467	\$ 1,107,236	\$ 684,824	\$ 1,107,000
Miscellaneous	\$ 71,662	\$ 108,009	\$ 38,334	\$ 56,682	\$ 24,011	\$ 89,000
General Fund Transfers (2)	\$4,086,148	\$ 4,905,976	\$ 5,162,914	\$ 5,717,689	\$ 3,566,645	\$ 5,349,967
Subtotal	\$8,717,834	\$ 9,771,885	\$10,149,164	\$10,815,379	\$ 6,993,525	\$10,560,447
CTC Program Sponsors (3)	\$ -	\$ 350,350	\$ 2,170,738	\$ 1,493,882	\$ 915,316	\$ 1,664,465
Total Revenues	\$8,717,834	\$10,122,235	\$12,319,902	\$12,309,261	\$ 7,908,841	\$12,224,912

Notes: (1) FY 2005 is through May 2005.

(2) For FY 2005, the transfer from the general fund is calculated based on actual expenditures to date less total revenue collected.

(3) The CTC activity is shown separately as it has been considered to be self-funding (not reliant on general funds).

Source: City Revenue Reports

Table 2 on the next page shows the personnel services costs and the percentage of total expenses. Overtime costs for fiscal years

shown ranged from 8% to 11% of total personnel services. Personnel services costs averaged 57% of TALTRAN's total expenses.

**Table 2
TALTRAN Department Personnel Costs Compared to Total Expenses**

Account	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005 (1)	Average
Salaries & Other Benefits	\$4,395,525	\$ 4,916,270	\$ 5,435,652	\$ 5,696,929	\$ 3,535,187	
Temporary Wages	\$ 433,356	\$ 477,265	\$ 607,903	\$ 516,558	\$ 406,570	
Overtime and % of Total Personnel Services	\$ 483,106 (9%)	\$ 558,623 (9%)	\$ 551,657 (8%)	\$ 610,166 (9%)	\$ 465,669 (11%)	
Total Personnel Services	\$5,311,987	\$ 5,952,158	\$ 6,595,212	\$ 6,823,653	\$ 4,407,426	
Total Expenses	\$9,146,642	\$ 9,971,853	\$12,061,052	\$12,213,751	\$ 7,745,922	
Percent of Personnel Services to Total Expenses	58%	60%	55%	56%	57%	57%

Note: (1) FY 2005 is through May 2005

Source: City Expenditure Reports (amounts are after beginning and end of the year adjustments)

City policies addressing general transit services include City Commission Policy 800 ("Transit Action Planning and Evaluation Criteria", which establishes minimum route performance standards) and City Manager Policy 610 ("Special Events", which indirectly relates to TALTRAN's transit services as a potential in-kind service for special events).

The TALTRAN Department has budgeted 138 total full-time equivalents (FTEs), plus a budgeted amount for temporary wages. Table 3 below provides a breakdown of budgeted positions (and vacancies) and number of temporary positions filled as of July 31, 2005.

**Table 3
TALTRAN Division Budgeted and Actual Positions as of July 31, 2005**

Division Name	2005 Budgeted Full-time Positions	2005 Temporary Positions	2005 Total Positions (as of 7/31/05)
Administration	8 (2)	1	9 (2)
General Transit	90 (4)	35 (1)	125 (5)
Garage Facilities	20	0	20
Special Transportation	15	7	22
Community Transportation	5	0	5
Total Positions	138 (6)	43 (1)	181 (7)

Source: FY 2005 City Budget

Note: The number in parentheses represents vacancies as of July 31, 2005.

For General Transit, TALTRAN maintains a fleet of 61 buses. A maximum of 48 buses are in operation at any one point in time. Currently, there are 25 weekday/Saturday routes, 7 night and Sunday routes, and 12 campus routes. Many of these routes run from early morning to late at night and involve multiple shifts. Each shift on a route is referred to as a "run." The 44 routes result in approximately 116 runs.

Of the 90 full-time positions in General Transit, 15 positions are in the areas of administration, custodial services, and maintenance. Seventy-five positions are coach operators (drivers), including four standby drivers. Full-time drivers

are scheduled to staff 71 regular "runs" throughout the week. Standby drivers, along with temporary drivers, are utilized to substitute for drivers that are not able to work due to vacations, training, temporary illness, catastrophic illness, and workers' compensation. In addition, temporary drivers are utilized to staff the remaining 45 regularly scheduled runs.

City Policy "Overtime Pay" (Personnel Policy 704.05) states that overtime is available to employees in full-time and part-time positions classified as non-exempt and supervisory when the time worked in a workweek exceeds 40

hours. Depending on their position classification, employees are compensated for overtime hours worked at either the "overtime" rate (1.5 times regular salary) or at "straight time" rate (regular salary). In the General Transit Division, coach operators (drivers) and supervisors are compensated for time worked in a workweek exceeding 40 hours at the overtime rate, and managers are compensated at the straight-time rate.

Answers to the Inquiry Questions and Recommendations

Below are the answers to each inquiry question and our recommendations for management's consideration in reducing the need for and/or utilization of overtime at TALTRAN.

1. What were the overtime hours worked and the budgeted and actual overtime costs at TALTRAN?

We examined the amount of overtime hours worked and the associated costs at each TALTRAN division for the three fiscal years being reviewed.

Table 4 shows the number of overtime hours worked at TALTRAN in each of the six divisions sorted from highest to lowest. As shown in the table, employees in the General Transit Division worked the majority of overtime, 78% (66,208 hours) of the total overtime (84,880 hours) worked in the department over the last three fiscal years.

Table 5 shows the associated costs of overtime worked at TALTRAN in each of the six divisions, sorted from highest to lowest. Again, the General Transit Division incurred the majority of overtime costs, 74% (\$1.25 million out of \$1.69 million) over the last three fiscal years.

Table 4
Number of Overtime Hours Worked at TALTRAN by Division

Description	FY 2003 Hours	FY 2004 Hours	FY 2005 Hours	3 Year Total Hours	Percent
General Transit	20,725	23,410	22,073	66,208	78.0%
Garage Facilities	5,201	5,749	2,963	13,913	16.4%
Special Transportation	949	861	1,262	3,071	3.6%
Community Transportation	805	307	176	1,288	1.5%
Administration	57	38	121	216	0.3%
Special Transportation	185	-	-	185	0.2%
Totals	27,921	30,364	26,595	84,880	100.0%

Note: (1) FY 2005 is through May 2005

Source: HRMS system

Table 5
Cost of Overtime Worked at TALTRAN by Division

Description	FY 2003 Amount	FY 2004 Amount	FY 2005 Amount (1)	3 Year Total Amount	Percent
General Transit	\$ 378,665	\$ 445,531	\$ 422,691	\$ 1,246,887	73.8%
Garage Facilities	\$ 129,537	\$ 145,384	\$ 76,006	\$ 350,927	20.8%
Special Transportation	\$ 19,176	\$ 16,570	\$ 22,200	\$ 57,946	3.4%
Community Transportation	\$ 14,858	\$ 5,698	\$ 3,980	\$ 24,536	1.5%
Administration	\$ 1,167	\$ 827	\$ 3,497	\$ 5,491	0.3%
Special Transportation	\$ 3,495	\$ -	\$ -	\$ 3,495	0.2%
Totals (2)	\$ 546,896	\$ 614,010	\$ 528,375	\$ 1,689,281	100.0%

Note: (1) FY 2005 is through May 2005

(2) Amounts are **before** beginning of year and year-end adjustments and will differ from actual financial statement amounts (as seen in Table 6 below).

Source: HRMS system

We compared the actual expenditures for overtime for TALTRAN to the budgeted amount for overtime during the three fiscal years. Table 6 below shows that for fiscal years 2003 and 2004, TALTRAN management consistently and significantly expended more than budgeted for overtime (94% and 114% respectively); and 59% for the first eight months of FY 2005.

**Table 6
TALTRAN Department Overtime – Budget to Actual**

	Budget OT	Actual OT (2)	Actual Over Budget	% Over Budget
FY03	\$284,674	\$ 551,658	\$ 266,984	94%
FY04	\$284,674	\$ 610,166	\$ 325,492	114%
FY05 (1)	\$292,981	\$ 465,669	\$ 172,688	59%
Totals	\$862,329	\$1,627,493	\$ 765,164	

Note: (1) FY 2005 is through May 2005
 (2) Amounts are **after** beginning of year and year-end adjustments.

Source: City Expenditure Reports

We also examined overtime hours and costs for the same period across the City (by division) to determine how the TALTRAN General Transit Division’s overtime hours and costs compared to other City divisions. For those divisions with the highest overtime hours and costs, we calculated the average number of FTEs worked over the period and calculated the number of overtime hours worked per FTE, as well as the total cost of overtime per FTE.

Table 7 below shows the ten City divisions with the highest overtime hours and ranking per FTE. As shown in the table, TALTRAN’s General Transit Division ranks second in total overtime hours worked (66,208 hours), and fourth in the number of overtime hours per FTE (548 hours/1.0 FTE).

**Table 7
City Divisions Incurring the Highest Overtime Hours and Ranking per FTE**

Description	3 Yr Total Hours	3 Yr Ranking	3 Yr Avg FTEs	3 Yr OT Hours per Total FTEs (1) (2)	Ranking of 3 Yr OT Hours per FTE	Avg OT Hours per Year per FTE (3)
Police Operations Bureau	25,532	9	18.8	1,358	1	526
Police Special Services	41,184	4	41.1	1,002	2	388
Public Safety Communications	38,972	5	62.9	620	3	240
TALTRAN General Transit	66,208	2	120.8	548	4	212
Electric Purdom Plant	23,100	10	45.6	507	5	196
Electric Transmission & Distribution - Operations and Maintenance	50,388	3	128.6	392	6	152
Police Operations Alpha District	29,397	6	80.5	365	7	142
Parks Maintenance	26,883	7	78.7	342	8	132
Police Operations Charlie District	26,445	8	88.5	299	9	116
Fire General Operations	86,764	1	322.0	269	10	104

Notes: (1) This is calculated by “3 Yr Total Hrs” divided by “3 Yr Avg FTEs”.
 (2) FY 2005 includes hours worked through May 2005.
 (3) Average OT hours is calculated by “3 Yr OT Hours per Total FTEs” divided by 2.67 (2 years and 8 months).

Source: PeopleSoft HRMS system

Based on average number of FTEs, each TALTRAN General Transit employee averaged 212 hours of overtime each year.

We also examined overtime costs across the City to determine how the TALTRAN General Transit Division’s overtime costs compared to other City divisions.

Table 8 on the next page shows, for the three-year period, the ten City divisions with the highest overtime expenditures, their ranking per FTE, and the percent of overtime cost to the division’s total personnel costs. As shown in the table, TALTRAN ranks fourth in total overtime expenditures, and seventh in overtime per FTE. The reason that the TALTRAN

General Transit Division ranks fourth in number of overtime hours per FTE but lower (eighth) in overtime costs per FTE is due to the lower salary positions in this division compared to employees in the Police and Electric Utility divisions.

Also shown in Table 8, of the ten divisions with the highest overtime expenditures, TALTRAN's General Transit Division has the fourth highest percent (11%) of overtime to total personnel services costs.

Table 8
City Divisions Incurring the Highest Overtime Expenditures, Ranking per FTE and Percent of Overtime Costs to Total Personnel Services Costs

Description	3 Yr Total Overtime Amount	3 Yr Ranking	3 Yr Avg FTEs	3 Yr OT Amount per Total FTEs (1)	Ranking of 3 Yr OT Hours per FTE	3 Yr Total Personnel Services	% OT to Total Personnel Services
Police Operations Bureau	\$ 843,887	7	18.8	\$ 44,888	1	\$ 3,271,433	26%
Police Special Services	\$1,353,325	3	41.1	\$ 32,928	2	\$ 6,232,309	22%
Electric Purdom Plant	\$ 766,201	9	45.6	\$ 16,803	3	\$ 7,652,146	10%
Public Safety Communications	\$ 866,210	6	62.9	\$ 13,771	4	\$ 6,923,602	13%
Electric Hopkins Plant	\$ 743,618	10	57.6	\$ 12,910	5	\$ 9,640,706	8%
Electric Transmission & Distribution - Operations and Maintenance	\$1,635,989	2	128.6	\$ 12,722	6	\$ 15,883,582	10%
Police Operations Alpha District	\$ 916,462	5	80.5	\$ 11,385	7	\$ 12,526,589	7%
TALTRAN General Transit	\$1,246,887	4	120.8	\$ 10,322	8	\$ 11,174,391	11%
Police Operations Charlie District	\$ 808,937	8	88.5	\$ 9,141	9	\$ 13,390,578	6%
Fire General Operations	\$1,829,115	1	322.0	\$ 5,680	10	\$ 32,977,463	6%

Notes: (1) This is calculated by "3 Yr Total Amt" divided by "3 Yr Avg FTEs".

(2) FY 2005 includes hours worked through May 2005.

Source: PeopleSoft HRMS system and City Expenditure Reports

As tables 7 and 8 show, there are other divisions within the City that also appeared to have used overtime extensively during the period. However, in this inquiry, we limited our review to the reasons for overtime in the TALTRAN General Transit Division. During the 2006 fiscal year, the Office of the City Auditor plans to conduct additional reviews of the use of overtime in selected departments.

Our review of overtime hours worked and costs at TALTRAN produced the following conclusions:

- a. The majority of overtime hours and costs in the TALTRAN Department incurred within the TALTRAN's General Transit Division.
- b. Compared to other City divisions, TALTRAN's General Transit Division incurred the second highest number of overtime hours and fourth highest number

of overtime hours per the division's number of full-time equivalents (FTE).

- c. TALTRAN management had consistently expended more than budgeted for the department's overtime expenditures (an average of 104% over budget FYs 2003 and 2004).

In answering the second question, we identified those factors that have contributed to the need and utilization of overtime at the TALTRAN division incurring the greatest overtime hours and costs, the General Transit Division.

2. **If overtime amounts were significant, what were the contributing factors toward the need for overtime at TALTRAN and what recommendations can we provide for management's consideration to reduce the need for**

and/or utilization of overtime at TALTRAN?

We concluded that overtime had a significant impact on TALTRAN's operating costs. Overtime expenses represent approximately 9% of TALTRAN's total personnel costs and 11% of TALTRAN's General Transit Division total personnel costs.

To identify why significant overtime is utilized in the General Transit Division, we reviewed bus scheduling processes and related documentation, extracted and analyzed time records from TALTRAN's electronic time and attendance system, and reviewed payroll data recorded in the City's HRMS system. We worked closely with TALTRAN management during this process.

Together with TALTRAN management, we identified four primary reasons contributing to the extensive use of overtime by the General Transit Division. These reasons include:

- a. The method that TALTRAN management utilized to compensate for the gap between the number of available work hours from full-time coach operators (drivers) and the number of hours of bus runs scheduled;
- b. The significant number of training hours that are provided to new drivers, and the relatively large number of new hires participating in the training over the last three fiscal years;
- c. The extensive use of workers' compensation leave; and
- d. The extensive use of catastrophic leave.

Each of the above reasons is described further below, along with audit recommendations and TALTRAN management's responses.

- a. The method that TALTRAN management utilized to compensate for the gap between the number of available work hours from full-time coach operators (drivers) and the number of hours of bus runs scheduled was not the most cost-effective.

As described briefly in the Background section, there are 75 coach operators (drivers) used to staff 71 of the 116 regularly scheduled bus runs. Table 9 shows the number of hours scheduled and the number of hours available during the FY 2004.

**Table 9
FY 2004 - Scheduled Drive Hours vs. Available Full-time Drive Hours in General Transit Division**

Scheduled	Hours
Assigned Runs (71)	145,215
Non-Assigned Runs (45)	31,169
In kind/Promotional Runs	323
FSU Spirit Runs (Football games)	835
Chartered Runs	1,132
Total Scheduled	178,674
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Available	Hours
75 Full-time Positions x 2,080	156,000
Less – 15.85% of time not spent driving (e.g., training, meetings, physicals, drug tests, acting supervisor, all leave including workers' compensation)	(25,063)
Total Available	130,937
<hr/>	
Gap: Scheduled less Available	47,737
# FTEs (Gap divided by 2,080)	23
# FTEs (Gap divided by 2,080*84.15%)	27

Sources: TALTRAN run sheets, reports, and payroll data from PeopleSoft HRMS, NovaTime Timekeeping System

Table 9 shows that in FY 2004, 75 full-time TALTRAN General Transit drivers could provide 130,937 of the 178,674 hours for scheduled bus runs. The remaining 47,737 scheduled hours must be provided by: (1) employing part-time drivers at regular rates or (2) employing full-time or part-time drivers at overtime rates.

TALTRAN management indicated that their preferred strategy to fill the gap is to utilize all temporary employees paid at regular rates. However, they state that they have not been able to recruit, hire, train, and retain an adequate number of temporary drivers, thereby resulting in overtime being paid to both temporary employees and full-time employees to fill the gap.

In addition, it has taken more hours than actually needed to fill the gap due to required training and other non-drive time activities. Table 10 shows that for FY 2004, to fill the gap of 47,737 hours of scheduled bus runs, TALTRAN paid \$919,594 for 68,635 hours. The majority of hours were worked by temporary employees paid at a regular rate (66% of the hours and 45% of the cost), and overtime paid to full-time employees at overtime rate (29% of the hours and 50% of the cost).

Table 10
FY 2004 Cost Associated with TALTRAN's Method
Used to fill the 47,737 Hour Gap

Method Used	Cost	%	# Hours	%	Hourly Rate
OT paid to Full-time Employees (1)	\$456,518	50%	20,237	29%	\$22.56
OT paid to Temporary Employees	\$ 44,812	5%	3,173	5%	\$14.12
Regular Earnings paid to Temporary employees	\$418,264	45%	45,225	66%	\$ 9.25
Totals	\$919,594	100%	68,635	100%	

Note: (1) (includes estimated benefits)

Source: Payroll data from PeopleSoft HRMS

The above table shows that in FY 2004 paying full-time employees overtime (\$22.56/hour on average) was significantly more expensive than paying either overtime or regular rates (average of \$14.12/hour and \$9.25/hour, respectively) to temporary employees. While there are many factors to consider regarding staffing (e.g., financial, safety, and reliability), strictly from a financial standpoint, paying overtime to full-time drivers is not economical.

For comparative purposes, using actual costs in FY 2004, we calculated the estimated costs for alternative methods to fill the FY 2004 gap of 47,737 hours. As Table 11 shows, the most expensive alternative was to use all full-time employees and the least expensive was to use all temporary employees. We concluded there are more cost effective methods than the method utilized by TALTRAN in FY 2004.

Table 11
Alternative Methods of Filling the Gap in Hours
Between Scheduled Drive Hours vs. Available

Alternatives	Estimated Cost
(1) Use all Full-time employees (Paid OT and benefits)	\$1,096,554
(2) Use 1/2 Full-time employees (Paid OT earnings and benefits) and 1/2 temporary employees (Paid regular earnings)	\$ 780,756
(3) Hire 27 additional FT drivers (Paid regular earnings at entry rate and benefits)	\$ 759,764
(4) Use all temporary employees (Paid 1/2 regular earnings and 1/2 OT earnings)	\$ 607,608
(5) Use all temporary employees (Paid regular earnings)	\$ 486,086

If additional full-time drivers were hired, TALTRAN management indicated that further savings could be realized in staff time and direct costs related to the recruitment, hiring, training, and other non-driving activities of temporary drivers. For example, in FY 2004, the estimated cost savings for such activities includes:

- Advertising (\$700)
- New driver training (\$50,000)
- Physicals, drug tests, and meetings (\$6,000)

To the extent that a less costly and reliable alternative can be identified, savings could be realized. We recommend that TALTRAN conduct an analysis to identify the most cost-effective balance of full-time and part-time drivers with a goal of keeping overtime to a minimum for full-time drivers. Quantitative factors such as costs and qualitative factors such as safety and service delivery should be taken into consideration.

b. The significant number of training hours that are provided to new drivers, and the relatively large number of new hires participating in the training over the last three fiscal years.

Over the years, TALTRAN management has implemented a strategy of promoting temporary drivers into full-time driver positions; therefore, only temporary drivers participated in TALTRAN's training program. Each new driver must satisfactorily complete the 300-hour training program prior to receiving a driving assignment. The training course includes learning City and TALTRAN policies and procedures, on-the-road driving with a supervisor, and riding for four hours on each of the 44 City bus routes (176 hours total).

We informally surveyed eight other general transit organizations in Florida and the Southeast regarding the number of training hours provided to new drivers. Table 12 on the next page shows how TALTRAN's length of training for new drivers compares to the eight transit organizations surveyed.

Table 12
Number of Training Hours Provided by
General Transit Organizations to New Drivers

Transit System	Number of Training Hours
Manatee Co. Area Transit	80
Knoxville Transportation Authority	120
(VOTRAN) (Volusia Co.)	216
Suntran (Ocala/Marion Co)	240
Escambia Co. Area Transit	260
TALTRAN	300
Broward Co. Transit	320
Jacksonville Transportation Authority	320
(Gainesville) Regional Transit Authority	320
Average	242
Median	260

Source: Audit Informal Telephone Survey, July 2005

As shown in Table 12, of the eight transit organizations surveyed, TALTRAN did not have the most hours (300 hours) but they were higher than the average (242 hours) or median (260 hours). Training hours, for new drivers and the instructors, must be considered during scheduling and budgeting. The 300 hours of training becomes magnified when it is associated with the number of new hires that are trained each year.

Table 13 below shows the number of drivers that have been hired over the past three fiscal years and the number of training hours provided.

Table 13
Number of New Temporary Drivers Hired and
Associated Training Hours

Fiscal Year	Number of Temporary Drivers Hired and Trained	Total # Hours Training Provided	Total Estimated Cost of Training
2003	33	9,900	\$114,800
2004	20	6,000	\$ 70,600
2005	17	5,100	\$ 62,700

Note: FY 2005 is through May 2005.

Source: PeopleSoft HRMS and TALTRAN training information

Table 13 also shows the estimated total cost associated with training in each fiscal year (includes salaries for trainees and supervisor trainers). For example, in FY 2004, we

estimated that it cost TALTRAN \$70,600 to train the 20 new drivers that were hired.

While there are many factors to be considered in designing the training curriculum, we recommend that TALTRAN examine their current training program to identify possible alternatives to shorten the length of training without compromising safety. For example, a potential area to examine could be the requirement of each trainee to ride every bus route for four hours (176 hours total).

c. The extensive use of workers' compensation leave.

The City's "Workers' Compensation" policy (HR Policy 706.05) provides leave and compensation when a full-time or temporary employee sustains a job-connected injury resulting in a disability that is compensable under the Workers' Compensation Law. There are specific steps that employees must follow to meet eligibility requirements. Human Resources and Risk Management employees play roles in monitoring eligibility and payment of workers' compensation claims.

Employees are currently compensated at 66 $\frac{2}{3}$ % of the average weekly wage earned by the employee during the 13 weeks preceding the injury. Department timekeepers record 66 $\frac{2}{3}$ % of their normal work hours (26.5 for a 40 hour workweek) as "leave without pay" and can record the remaining hours as either sick leave or annual leave. Currently, there is no method to extract the actual number of workers' compensation hours utilized by an employee or department, as there is no associated earn code for workers' compensation leave. This makes it very difficult to determine the number of hours for which workers' compensation is used.

We can however determine the cost of workers' compensation by identifying the workers' compensation payments made to employees. To do this, we extracted workers' compensation payments from the Treasurer-Clerk's RiskMaster System by division for FYs 2003, 2004, and 2005 (through June 30, 2005). Table 14 on the next page shows the ten City divisions with the highest workers' compensation costs and the ranking of average workers' compensation cost per FTE.

As shown in Table 14, the General Transit Division has had the overall highest workers' compensation costs in the City, and the sixth

highest workers' compensation cost per FTE. Other TALTRAN divisions that incur high workers' compensation costs include the Garage and Special Transportation. The

Garage ranked fourth in overall cost and second in cost per FTE, and the Special Transportation division ranked sixth in overall cost and fourth in cost per FTE.

Table 14
City Divisions with the Ten Highest Workers' Compensation (WC) Costs and Ranking of Average Workers' Compensation Cost per FTE

Department	3 Yr Total \$ Incurred	3 Yr Ranking	3 Yr Avg FTEs	3 Yr Avg WC \$ per Total FTEs (1)	Ranking of Avg WC \$ per FTE
Water - Collection System Construction	\$ 107,109	5	12.0	\$ 8,926	1
TALTRAN - Garage	\$ 129,029	4	21.9	\$ 5,903	2
Police - Operations Bureau	\$ 90,003	7	18.8	\$ 4,787	3
TALTRAN - Special Transportation	\$ 93,354	6	19.8	\$ 4,715	4
Police - Operations Charlie District	\$ 317,451	2	89.4	\$ 3,551	5
TALTRAN - General Transit	\$ 390,423	1	120.8	\$ 3,232	6
Parks & Recreation - Playgrounds	\$ 70,570	10	23.5	\$ 3,003	7
Fleet Management Services	\$ 77,091	8	45.1	\$ 1,709	8
Police - Operations Bravo District	\$ 73,162	9	67.1	\$ 1,090	9
Fire - General Operations	\$ 230,488	3	322.0	\$ 716	10

Notes: (1) This is calculated by "3 Yr Total Amt" divided by "3 Yr Avg FTEs".

(2) FY 2005 includes through June 2005.

Use of workers' compensation leave is difficult to address, as employees' medical circumstances cannot be directly controlled. However, safety conditions at TALTRAN can and should be provided that minimize employee accidents and the related workers' compensation claims. Our review of the 137 TALTRAN workers' compensation claims occurring over the period from April 1, 2001, through June 24, 2005, showed there were some common types of injuries, such as:

- 13 (9%) occurred when the driver was securing or moving a wheelchair;
- 13 (9%) occurred when the driver was stepping on or off the bus; and
- 11 (8%) occurred when the driver was walking and fell (not while on the bus).

Additionally, City policy reserves the right to request a second medical opinion, from a physician of the city's choice, for any employee claiming to be a disabled employee from an on-the-job injury. Should the opinion of the two physicians be in substantial conflict, the two physicians shall select a third physician to render an opinion. The opinion of the third physician shall be binding.

When full-time drivers utilize workers' compensation leave, their assigned bus runs must be re-assigned to: 1) available temporary drivers at regular salary rates; and then 2) other available full-time drivers or temporary drivers at overtime rates.

We recommend that City management further examine the reasons for workers' compensation claims at TALTRAN to:

- 1) identify the factors that have resulted in three of TALTRAN's divisions having high usage of workers' compensation leave; and
- 2) determine whether specific safety issues can be addressed to reduce the number of workers' compensation claims and cost.

We also recommend that to assist other departments in monitoring and managing workers' compensation costs, City management implement a method for tracking the number of workers' compensation hours incurred by employees and departments, such as using a separate "earn code" in the Time and Attendance system.

d. The extensive use of catastrophic leave.

The City’s “Catastrophic Illness Leave” Policy (HR 708.05) provides a cumulative lifetime maximum of 1200 catastrophic leave hours for full-time regular employees after 24 months of creditable service. Catastrophic leave may only be used for absences due to the employee’s medically certified illness or disability and must be approved by the department director (or the director’s designee).

TALTRAN General Transit Division has incurred the highest usage of catastrophic leave

hours in the City over the last three fiscal years. Table 15 shows the ten City divisions with the highest usages of catastrophic leave hours. The last two columns show the rate of catastrophic leave hours per FTE and their adjusted ranking based on number of catastrophic leave hours per FTE. While the General Transit Division has incurred the most hours of catastrophic leave during the review period, (October 1, 2002, through May 31, 2005), it ranks third in average catastrophic leave hours per FTE.

**Table 15
Ten City Divisions with the Highest Usages of Catastrophic Leave and
Ranking of Average Catastrophic Leave per FTE**

Description	3 Yr Total Hours	3 Yr Overall Ranking	3 Yr Avg FTEs	3 Yr Cat Hours per FTE (1)	Ranking of Avg Cat Hours per FTE
Water Treatment Plants	3,051	9	3.1	984.2	1
TALTRAN Special Transportation	2,552	10	19.8	128.9	2
TALTRAN General Transit	11,329	1	120.8	93.8	3
Police Technical Services	3,502	6	40.9	85.6	4
Police Public Safety Communications	4,757	3	62.9	75.6	5
Public Works Street Maintenance	3,195	7	55.3	57.8	6
Electric Hopkins Plant	3,184	8	57.6	55.3	7
Electric Transmission & Distribution - Operations and Maintenance	6,692	2	128.2	52.2	8
Utility Services - Customer Account Services	3,992	4	76.9	51.9	9
Fire General Operations	3,864	5	322.0	12.0	10

Notes: (1) This is calculated by “3 Yr Total Amt” divided by “3 Yr Avg FTEs”.

(2) FY 2005 includes through May 2005.

Source: PeopleSoft HRMS

As with workers’ compensation leave, use of catastrophic leave at TALTRAN and other divisions is difficult to address, as employees’ medical circumstances cannot be directly controlled. However, the extensive use of catastrophic leave directly impacts the scheduling of drivers. When full-time drivers utilize catastrophic leave, their assigned bus runs must be re-assigned either to: 1) available temporary drivers at regular salary rates; and then 2) other available full-time drivers or temporary drivers at overtime rates.

As to catastrophic leave, we are aware that City policy authorizes the director to require a second medical opinion at the City’s expense. If the second medical opinion is in conflict with the opinion of the employee’s medical doctor, a third doctor will be mutually selected by the

employee and the City for a third medical opinion, which will prevail.

We recommend that TALTRAN and/or City management further examine the usage of catastrophic leave to:

- 1) identify the factors that have resulted in the TALTRAN General Transit Division having the highest number of catastrophic leave hours of all City divisions; and
- 2) give consideration to the City’s policy that allows alternative strategies that could be implemented toward reducing the usage and impacts of catastrophic leave.

Conclusions

TALTRAN management has been involved in the process of identifying and verifying the primary reasons that we believe are contributing to the extensive use of overtime by the General Transit Division. Identifying the causes is the first step in determining what actions are needed to reduce the reliance on and expense of overtime in General Transit Operations.

We provided five recommendations throughout the report (and also summarized in the Summary section on pages 1 and 2) toward reducing the need for and/or utilization of overtime at TALTRAN and improving monitoring of workers' compensation leave in the City. TALTRAN management requested the opportunity to respond to each of the recommendations; therefore, we have included Appendix A to provide a summary of the report recommendations and TALTRAN management's responses.

This review of overtime use at TALTRAN showed that there are other divisions within the

City that also appeared to have used overtime extensively during the period. However, in this review, we only examined the reasons for overtime in the TALTRAN General Transit Division. During the 2006 fiscal year, the Office of the City Auditor plans to conduct additional reviews of the use of overtime in selected departments.

We would like to thank TALTRAN management and employees for their assistance and participation during this inquiry.

Appointed Official's Response

City Manager:

We appreciate the assistance the City Auditor and his staff have provided in recommending measures to help transit management reduce overtime and temporary wage overages. City management will work with transit management staff to achieve the most effective results relative to those recommendations.

APPENDIX A

Summary of Audit Recommendations and Management Responses

<u>Audit Recommendation</u>	<u>TALTRAN Management Response</u>
<p>1) To the extent that a less costly and reliable alternative can be identified, <u>we recommend</u> that TALTRAN conduct an analysis to identify the most cost-effective balance of full-time and part-time drivers with a goal of keeping overtime to a minimum for full-time drivers.</p>	<p>Upon close analysis, management determines the most effective way to minimize overages in overtime and temporary operator wages is to reduce temporary coach operators to zero replacing them with 27 full-time coach operators. With the new full-time complement, an extra board would be created to cover absences and vacations thereby mitigating budget overages in these two areas. TALTRAN management staff would work with the Human Resources Department during the 12 to 18 month transition to implement this recommendation.</p>
<p>2) While there are many factors to be considered in designing the training curriculum, <u>we recommend</u> that TALTRAN examine their current training program to identify possible alternatives to shorten the length of training without compromising safety.</p>	<p>The number of training hours per new operator was reduced from 380 hours to 300 hours in October 2004. Management deems 300 training hours proper to maintain high safety and customer service standards. This amount of training is consistent with the transit industry. Increasing the full-time complement by 27, as indicated above, would reduce training expenses along with turnover. Additionally, management is looking into the purchase of a bus training simulator that may be an effective tool in reducing training time even further.</p>
<p>3) To address the extensive use of workers' compensation, <u>we recommend</u> that City management further examine the reasons for workers' compensation claims at TALTRAN to:</p> <ul style="list-style-type: none"> • identify the factors that have resulted in three of TALTRAN's divisions having high usage of workers' compensation leave; and • determine whether specific safety issues can be addressed to reduce the number of workers' compensation claims and cost. 	<p>Success in reducing workers' compensation in transit organizations has been attained by means of a carefully planned incentive/training/awareness program. If done correctly, substantial savings may be obtained. This effort will require considerable involvement with Risk Management and TALTRAN staff.</p>

<p>4) To address the extensive use of catastrophic leave, <u>we recommend</u> that TALTRAN and/or City management further examine the usage of catastrophic leave to:</p> <ul style="list-style-type: none">• identify the factors that have resulted in the TALTRAN General Transit Division having the highest number of catastrophic leave hours of all City divisions; and• give consideration to the City's policy that allows alternative strategies that could be implemented toward reducing the usage and impacts of catastrophic leave.	<p>In order to positively impact the use of catastrophic leave, collaborative efforts between Human Resources and TALTRAN would be needed to strengthen the attendance and catastrophic leave policies along with data and training to identify patterns of abuse and strategies for improvement.</p>
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Copies of this Inquiry may be obtained at the City Auditor's web site (<http://www.talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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