

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

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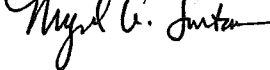
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Date: November 24, 2009

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To: The Heads of All City Departments (excluding proprietary departments)

From: Miguel A. Santana, City Administrative Officer Subject: **OVERTIME ADMINISTRATION**

The CAO's Second Financial Status report included a recommendation that the use of cash overtime be frozen due to the City's on-going fiscal condition and the recent adoption of the Memoranda of Understanding (MOUs) for the Coalition of LA City Unions. The MOUs include a provision that expands departments' ability to utilize compensated time off rather than cash overtime for the remainder of the fiscal year by increasing the compensated time off (CTO) cap from 80 hours to 240 hours. To resolve the General Fund deficit identified in the Second Financial Status Report, it is critical that all departments that are reliant on the General Fund immediately cease compensating overtime in cash to the maximum extent possible. The continued utilization of cash overtime will compound the City's General Fund deficit and will lead to additional layoffs.

The recommendation to freeze cash overtime payments has raised a series of issues and questions that must be addressed. Sound administration of overtime will be critical on a go forward basis as the City addresses the current General Fund fiscal problem. Due to the multiplicity of funding sources, and the varied fiscal stability of those funding sources, one common set of operating instructions will not produce an outcome that is in the City's best interest. It is in recognition of that complexity that the following guidelines on overtime administration have been developed. While the following provides general guidance, departments are reminded to ensure compliance with all existing MOU provisions and the Fair Labor Standards Act (FLSA).

- **NECESSITY TO WORK OVERTIME**

All departments are routinely faced with operational situations that historically have been addressed through the use of overtime. For departments that are reliant on the General Fund, the criteria for assigning overtime must become significantly more stringent. Only work that is critical to maintaining City services should be performed on overtime, and then only after the following:

1. The necessity to perform the work has been reviewed by Management, and determined to be essential to the department operation.
2. The work is assigned to the lowest level staff possible to complete the work efficiently.
3. The opportunities to reassign staff to perform the work on regular time has been reviewed and determined to be inefficient or not feasible.

These more stringent criteria for assigning overtime may result in a reduction or elimination of services previously provided by the department.

- **REQUIRING OVERTIME WORK**

Overtime should be limited to the extent possible and only used to as necessary to meet operational mandates. However, there are times when overtime is essential, and there is nothing in the existing labor contracts that precludes Management from assigning staff to work overtime. Appropriate notice of the need to work overtime should be provided to the extent possible.

- **AUTHORIZING CASH OVERTIME**

The following guidelines should be used when determining if cash overtime should be utilized:

Proprietary, Grant, and Special Funds

Cash overtime will be authorized under the following conditions:

1. The work is essential to the operation of the department.
2. Sufficient funds are available in the department overtime account.
3. Sufficient funds are available from a proprietary department for reimbursement of overtime to a non-proprietary department.
4. Provision of cash overtime is required by MOU provision.
5. For Grant funds, where overtime is specifically provided by the grant, maximize the utilization of cash overtime payment to limit compensated time off balances that could become a General Fund liability.
6. For Grant funds that are on a reimbursement basis, maximize the utilization of cash overtime payment, and immediately seek reimbursement.
7. For Special Funds and Proprietary funds, maximize cash payment to ensure compensated time off balances do not become a General Fund liability

General Fund

Cash overtime should only be authorized for the following activities:

1. To staff fixed post positions that are critical to maintaining public safety at the absolute minimum staffing level necessary after implementing the following:
 - Canceling or rescheduling vacations or other scheduled time off that is creating the need for the overtime
 - Reassigning qualified staff from lower priority public safety operations
 - Assigning qualified supervisory personnel to perform line tasks on a temporary basis

2. To staff an essential night meeting, after determining the following:
 - Whether the meeting can be held during normal business hours.
 - Whether the assigned staff's schedule can be modified to allow the work to be performed without assigning overtime.
 - Whether alternate staff is available to perform the work on regular hours without assigning overtime.
 - Whether salaried staff can be assigned to the meeting and perform the essential functions of the meeting.
- GRANTING COMPENSATORY TIME OFF (CTO)

Granting compensatory time off is an element of scheduling the work and is therefore within Management's discretion. However, an employee who has requested the use of CTO for overtime worked pursuant to FLSA criteria (i.e., the overtime was for time worked in excess of 40 hours in the workweek), must be permitted by Management to use such time within a reasonable time period after making the request, unless the use of the CTO within that period would unduly disrupt the operations of the City department. For employees in non-Coalition MOUs that continue to have the 80 hour CTO cap, Management may require the use of CTO accumulated in excess of 80 hours prior to the end of the fiscal year, including use of CTO in lieu of vacation (unless this would result in the loss of vacation accrual).

- PAYING DOWN OVERTIME BALANCES

Paying down accumulated CTO balances is within the discretion of Management. However, given the General Fund shortfall, paying down overtime balances with General Fund dollars is not possible this year. If the department has special funds or grant funds, paying down accumulated CTO balances is appropriate, and should be done prior to the end of the fiscal year.

It is anticipated that these strict limitations on overtime may be continued in the following fiscal year given the severity of the City's financial crisis. Modifications to these guidelines may occur as the size of the workforce is adjusted to more accurately reflect available revenues. If you have any questions on this basic guidance, please contact your budget analyst. For interpretation of relevant MOU provisions, please contact the Employee Relations Division.

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cc: Personnel Directors