

BLUEPRINT ORGANIZATION AND STAFFING

UPDATE AND STATUS REPORT

Commonwealth Transportation Board Meeting

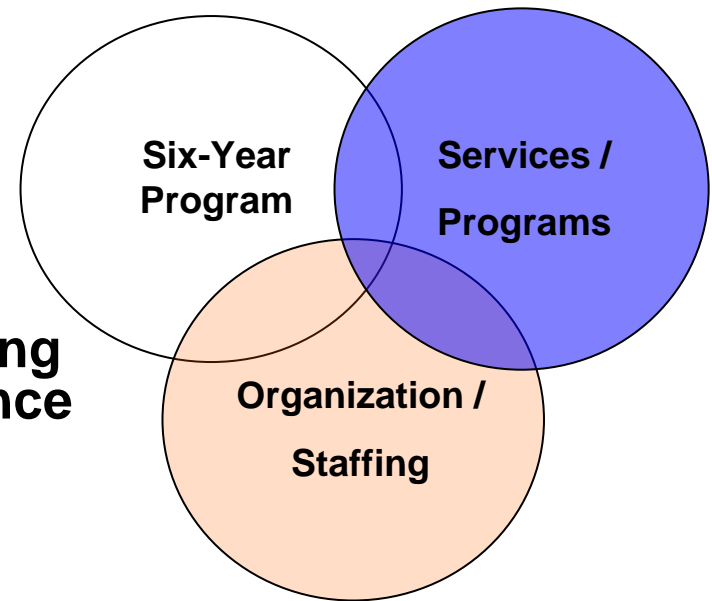
May 20, 2009

DAVID S. EKERN, P.E.

COMMISSIONER

WHY ARE WE HERE?

- **Sharply declining state revenues and unpredictable federal revenues –including gas, auto sales, recordation and insurance premium taxes**
- **\$2.6 billion reduction in total state and federal revenues over 6 years**
- **\$2 billion in net highway construction project reductions to date (on top of \$1.1 billion in June 2008)**
- **\$600 million over 6 years in administrative and service level cuts**
- **State and federal revenue estimates continue to change**



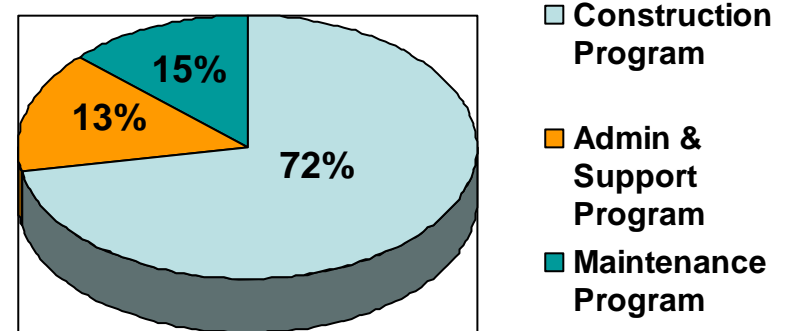
CONTINUING A JOURNEY

- **2001-2002** JLARC Studies
 - **Review of Construction Costs and Time Schedules for Virginia Highway Projects**
 - **Equity and Efficiency of Highway Construction and Transit Funding**
 - **Adequacy and Management of VDOT's Highway Maintenance Program**
- **2002-2008**
 - **10,500 staff to 8,600**
 - **On-time/On-Budget Focus**
 - **Consolidated**
 - **Area Headquarters from 278 to 189**
 - **Sign Shops from 7 to 1**
 - **Shift Construction Function from Residencies to Districts (50 PEs)**

THE BLUEPRINT

- **3 Parts to Blueprint**
 - Six-Year Program
 - **Organization/Staffing**
 - Services/Programs

Reductions by Program
Over 6 years



An Agency:

that will be smaller, providing its services differently and proportioned differently

A Business:

that values partnerships and does not replicate every function and service throughout the organization

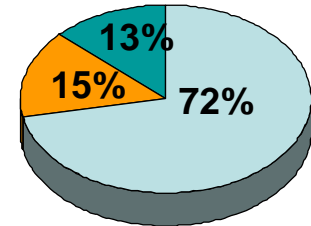
OUTLOOK BY PROGRAM

- **The construction program will be impacted the greatest:**
 - Reductions over 6 years of \$2 billion – 72%
 - Refocused on Safety, Pavements, and Bridges
 - Elimination of state formula distributions
 - Increased focus on public transportation

- **The administrative and support programs will reflect:**
 - Reductions over 6 years of \$391 million – 15%
 - Implementation of organizational and staffing changes
 - Changes in the way VDOT uses the private sector

- **The VDOT maintenance and operations program will change:**
 - Reductions over 6 years of \$348 million – 13%
 - FY 2009 was revised down from \$1.349 billion to \$1.186 billion
 - FY 2010 is estimated at \$1.36 billion, the future baseline
 - Reduced average annual growth from 4% to 3% for FY 2010 – 2014
 - The average annual growth in maintenance payments to cities and counties will also be reduced from 4% to 3%

Reductions by Program Over 6 years



■ Construction Program
■ Admin & Support Program
■ Maintenance Program

APPROPRIATIONS ACT DIRECTION

- “...ensure that maintenance and operations of existing highway infrastructure is focused on emergency response, congestion mitigation, pavement rehabilitation based on the lowest pavement condition ratings, and bridge repair and replacement based on structurally deficient structures...”
- Reduce/consolidate the number of facilities and organizational units by at least 30%
 - Central Office Divisions
 - Residency Offices
 - Equipment and Repair Facilities
- Reduce management and supervisory layers to NO more than FIVE from Commissioner to lowest line staff
- Use objective methodology for decisions
- No more than 7,500 filled classified positions by June 30, 2010

VDOT EMPLOYMENT LEVELS

-Through Attrition Only-

Employment Level (Projections in Shaded Columns)	07/01/08	BENCHMARK 09/01/08	TODAY 05/09/09	PROJECTED 07/01/09	PROJECTED 07/01/10	TARGET 07/01/10
Classified	8,472	8,464	8,233	8,190	7,810	7,500
Classified – Central Functions	1,321	1,332	1,288	1,280	1,180	1,020
Classified – Field	7,151	7,132	6,945	6,910	6,630	6,480
Wage	520	503	336	106	N/A	N/A

STAFFING STRATEGIES

SINCE SEPTEMBER 2005

- **Staff ceiling of 6 percent vacancy rate from authorized complement**
- **Critical hire process and freeze to manage vacancies - 09/2008**
- **Attrition/Retirement**

APPROACHES USED ACHIEVE TO RESTRUCTURING

MECHANISMS

1. Attrition/Retirements
2. Critical Hire Process
3. Involuntary Layoff

CHALLENGES

- Attrition and potential retirements would create enough reduction
 - But they would be not in the right places
 - May not occur soon enough
- Critical hire process currently only deals with positions that will fit current organization
 - It will be more valuable as we know which positions to fill in the target organization
- Involuntary layoff is necessary to achieve the 7,500 position goal
 - But works most effectively coupled with knowing where, what skills and how many we will have for each function
 - The process is time consuming but is important for employee protection
 - It creates anxiety in affected employees

ANTICIPATED SCHEDULE

-Involuntary Separations-

Stage 1—Wage/Staff Augmentation

- June 6, 2009 — 232 wage employees will be released
 - Total reduction of 404 (target 450)
- Anticipated FY 2010 savings \$15 million

• Stage 2—Classified Employees*

- Notification in July 2009
- Anticipated release October 2009
- 450-500 positions depending upon attrition
- Functions being affected:
 - Public Affairs
 - VTRC
 - Right of way
 - Equipment shops
 - Location and Design
 - Bridge
 - Traffic Engineering
 - Environmental
 - Construction inspection
 - Materials
- Partial consolidation of Central Office functions

Reductions

\$15 million (FY 10)

\$60 million (FY 11-14)

\$30 million (FY 10)

\$132 million (FY 11-14)

* Does not include estimated \$16 million total FY 10 WTA costs

ANTICIPATED SCHEDULE

-Involuntary Separations-

- **Stage 3 – Classified Employees***

- Anticipated notification December 2009
- Anticipated release March 2010
- 400 positions depending upon attrition
- Dulles Toll Road transfer to MWAA
- Functions Affected:
 - Residency consolidation
 - CO/District business support consolidation
 - Completion of Central functions consolidation
 - Finance/Programming/Planning/IFRO
 - Fiscal
 - Equal Business and Employee Opportunity
 - Operation/Maintenance
 - Management Services
 - Scheduling and Contracts
 - Policy
 - Local Assistance
 - Administrative Services
 - Human Resources
 - Safety & Health
 - Inspector General

Reductions

\$6 million (FY 10)

\$125 million (FY 11-14)

* Does not include estimated \$16 million total FY 10 WTA costs

FACILITIES

CONSOLIDATION AND REDUCTION

- **189 AREA HEADQUARTERS - maintained**
- **44 RESIDENCIES reduced to 29 ***
- **73 EQUIPMENT SHOPS reduced to 37**
- **TRANSPORTATION OPERATIONS CENTERS consolidated from 6 to 5**
- **MATERIALS LABORATORIES reduced from 8 to 5 locations**

*NoVA transition to a NO RESIDENCY CONCEPT in 2004

RESIDENCY CONSOLIDATION

- **7,500 target organization provides opportunities for consolidation of business functions at fewer locations**
 - Procurement, payroll, HR, inventory
 - Permits, land management
- **Target reduction of 30% from current level**
- **Expanded span of control**
- **Criteria used to evaluate final decisions**
 - Population
 - Lane miles
 - Square miles covered
 - Number of area headquarters
- **Boundaries of reduced residencies based upon local knowledge**

RESIDENCY CONSOLIDATION

LEGEND

A B C D - Denotes potential residencies within each district

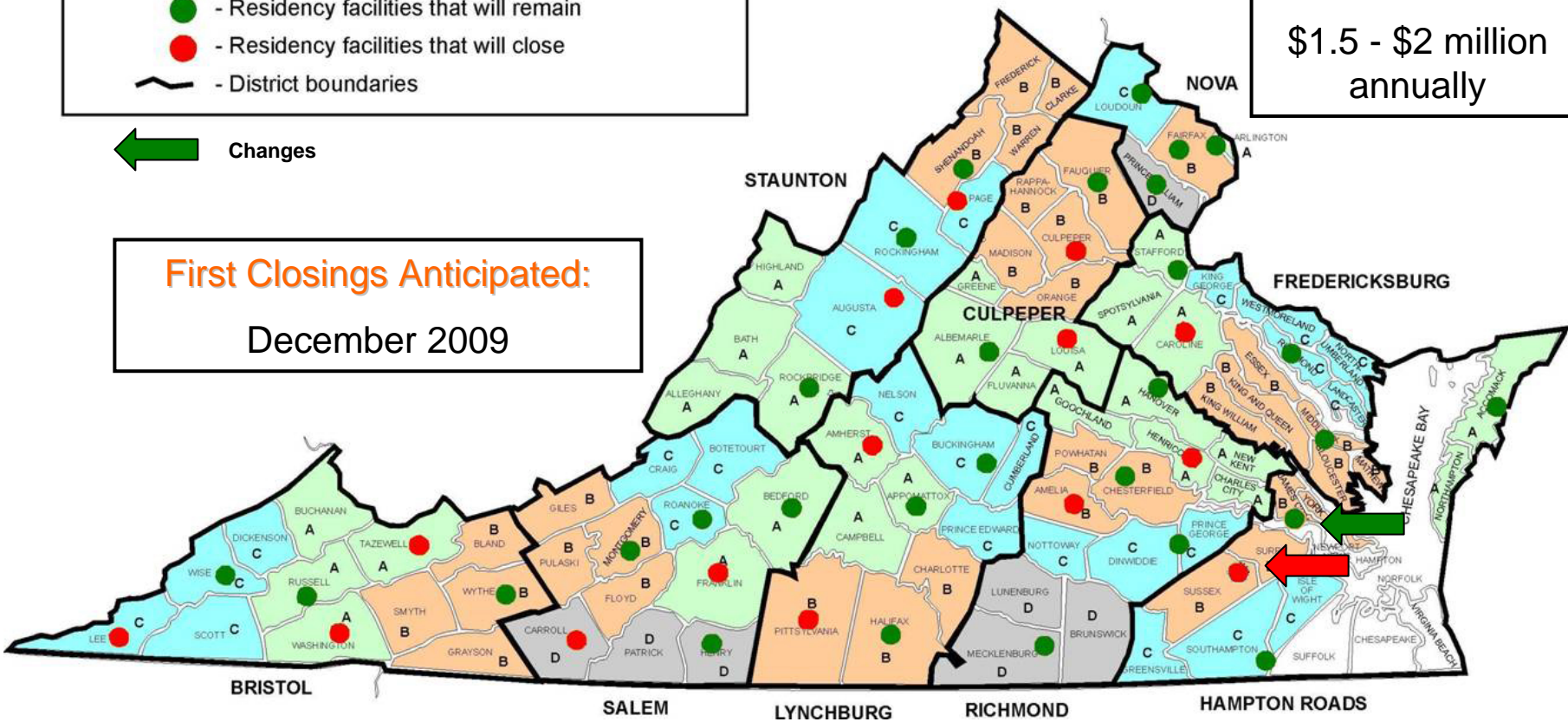
- - Residency facilities that will remain
- - Residency facilities that will close
- District boundaries

Estimated Non-Personnel Reductions

\$1.5 - \$2 million annually

Changes

First Closings Anticipated:
December 2009



RESIDENCY DESIGNATIONS

District	Residency	Counties
Bristol (currently 6 residencies)	Lebanon	Buchanan, Russell, Tazewell, Washington
	Wythe	Bland, Wythe, Grayson, Smyth
	Wise	Lee, Wise, Dickenson, Scott
Total:	3	
Salem (currently 6 residencies)	Bedford	Bedford, Franklin
	Christiansburg	Giles, Montgomery, Pulaski, Floyd
	Salem	Botetourt, Craig, Roanoke
Martinsville	Carroll, Patrick, Henry	
Total:	4	
Lynchburg (currently 5 residencies)	Appomattox	Amherst, Appomattox, Campbell
	Halifax	Charlotte, Pittsylvania, Halifax
	Dillwyn	Prince Edward, Cumberland, Buckingham, Nelson
Total:	3	
Richmond (currently 6 residencies)	Ashland	New Kent, Charles City, Henrico, Hanover, Goochland
	Chesterfield	Powhatan, Chesterfield, Amelia
	Petersburg	Nottoway, Dinwiddie, Prince George
	South Hill	Lunenburg, Brunswick, Mecklenburg
Total:	4	
Hampton Roads (currently 4 residencies)	Accomac	Accomack, Northampton
	Williamsburg	Surry, York, James City
	Franklin	Greensville, Southampton, Isle of Wight, Sussex
Total:	3	
Fredericksburg (currently 4 residencies)	Fredericksburg	Caroline, Spotsylvania, Stafford
	Saluda	Gloucester, King and Queen, Mathews, Middlesex, King William, Essex
	Northern Neck	Lancaster, Northumberland, Richmond, King George, Westmoreland
Total:	3	
Culpeper (currently 4 residencies)	Charlottesville	Albemarle, Green, Louisa, Fluvanna
	Warrenton	Orange, Fauquier, Rappahannock, Culpeper, Madison
Total:	2	
Staunton (currently 5 residencies)	Lexington	Alleghany, Bath, Rockbridge, Highland
	Edinburg	Clarke, Warren, Frederick, Shenandoah
	Harrisonburg	Page, Rockingham, Augusta
Total:	3	
NOVA (currently 4 residencies)	Arlington	Arlington
	Fairfax	Fairfax
	Loudon	Loudon
	Prince William	Prince William
Total:	4	
Grand Total:	29	



EQUIPMENT SHOP CONSOLIDATION CRITERIA

- **Equipment fleet size reduced from 8,300 to 7,600 or less**
- **Better equipment**
- **Increased outsourcing**
- **More mobile operations**

EQUIPMENT SHOP DESIGNATIONS

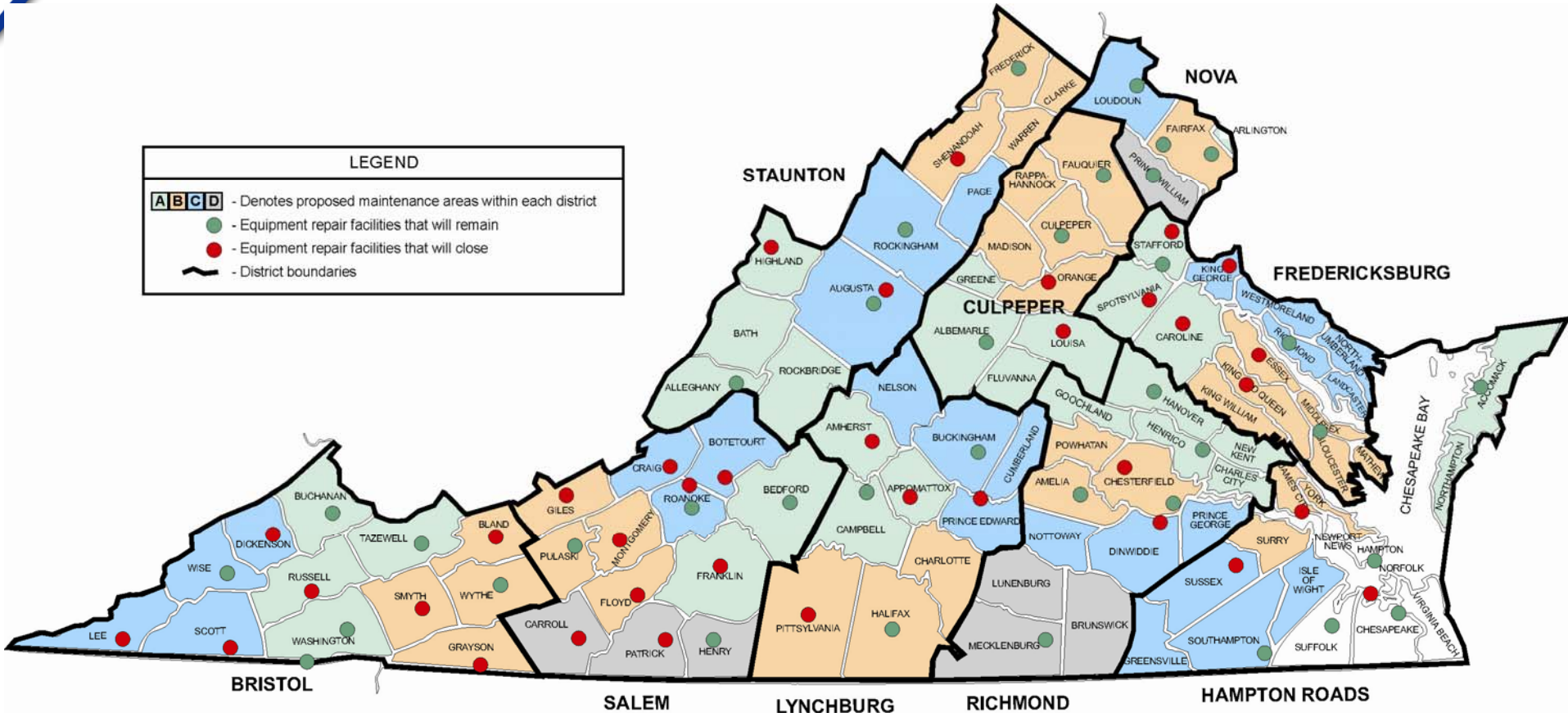
Authorized Equipment Maintenance Locations

District	Location	Retain	District	Location	Retain	
Bristol	District Shop	Y	Lynchburg	District Shop	Y	
	Abingdon	Y		Amherst		
	Fremont			Chatham		
	Gate City			Farmville		
	Independence			Appomattox		
	Jonesville			Dillwyn	Y	
	Marion			Halifax	Y	
	Rocky Gap			Northern Virginia	District Shop	Y
	Oakwood	Y			Camp 30	Y
	Tazewell	Y			Leesburg	Y
Wise	Y	Van Dorn	Y			
Wytheville	Y	Richmond	District Shop	Y		
Lebanon			South Hill	Y		
Culpeper	District Shop		Y	Amelia	Y	
	Louisa		Petersburg			
	Orange		Chesterfield			
	Warrenton	Y	Sandston	Y		
	Charlottesville	Y	Ashland	Y		
Fredericksburg	District Shop	Y	Salem	District Shop	Y	
	Farmers			Floyd		
	St. Stephens			Hillsville		
	Saluda	Y		Pearisburg		
	Warsaw	Y		Christiansburg		
	Stafford			Dublin	Y	
	Edgehill			Martinsville	Y	
	Massaponax			Fairystone		
	Tappahannock			Rocky Mount		
	Hampton Roads	District Shop		Y	Troutville	
Accomac		Y	New Castle			
Franklin		Y	Bedford	Y		
Norfolk		Y	Hanging Rock			
Pine Chapel		Y	Staunton	District Shop	Y	
Waverly				Edinburg		
Williamsburg				Harrisonburg	Y	
ERT				Monterey		
		Triangle		Y		
		Verona				
		Winchester	Y			



EQUIPMENT SHOPS

LEGEND	
A B C D	- Denotes proposed maintenance areas within each district
●	- Equipment repair facilities that will remain
●	- Equipment repair facilities that will close
	- District boundaries



Estimated Non-Personnel Reductions
\$3.6 million annually

First Closings Anticipated:
September 2009

TOC & LAB Consolidations

TOC LOCATIONS

- PSTOC (NOVA)
- Staunton
- Salem
- Hampton Roads
- Richmond (Consolidate TEOC)

LAB LOCATIONS

- Bristol
- Salem
- Culpeper
- Hampton Roads
- Elko

CLOSED LAB LOCATIONS

- Staunton
- Lynchburg
- Fredericksburg

Estimated TOC Reductions:
\$700,000 annually

Completion: July 2009

BLUEPRINT FINAL THOUGHTS

- **The plan will change as we move forward**
- **Implementation completed in 12 months**
- **No function or service remains off the table**

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