



## **Creating a Focused Agency**

**Gregory Whirley**

Commissioner

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## Overview

- **VDOT has endured much change**
- **VDOT has and continues to make tremendous progress**
- **VDOT is a more focused agency**
- **VDOT is getting back to basics (maintenance and construction)**
- **VDOT has had many successes but must stabilize in order to build on them**

**We have a plan . . . and we're working our plan. . .**



# Enduring Change

## Organizational

- Staffing
- Local Office Closings
- Reorganization

## Programmatic

- 2011 - Largest Transportation Funding Package since 1986

Year	Annual Budget
FY2009	\$3.9 B
FY2012	\$4.8 B

Employment Level	07/01/08 STRENGTH	BENCHMARK 09/01/08 STRENGTH	TARGET 07/01/10	CURRENT 11/01/11 STRENGTH
Classified	8,472	8,464	7,500	7,010
Classified – Central Functions	1,321	1,332	1,020	974*
Classified – Field	7,151	7,132	6,480	6,036*
Wage	520	503	N/A	325

\* ~ 286 employees operationally report and are physically located in the field (i.e. Right-of-Way, Human Resources and Procurement staff) but administratively report centrally.

## Progress, Focus and Getting Back to Basics

How are we getting there?

- **Implement Audit Findings (four major audits from 2010):**
  - A program assessment of the Virginia Public-Private Transportation Act program.
  - An independent performance audit of operations and maintenance, the VDOT blueprint, and project development practices
  - A review of research programs
  - A JLARC review of VDOT's planning and programming activities
- **Implement VDOT's Business Plan**
  - The path for continuous improvement
- **Focus on Delivering the Maintenance and Construction Program**
  - Our core business

# Progress, Focus and Getting Back to Basics (New Leadership – Not New Positions) January 2010 - Present

- ✓ Governor McDonnell appointed a Chief Deputy Commissioner. The nine Districts now report to the Deputy, which brings more focus and direction on maintenance spending, project delivery, and emergency response to district operations.
- ✓ Eliminated Chief of Research and Technology
- ✓ Created a new Chief of Administration to consolidate agency focus on administrative functions by eliminating Chief of Organizational Development, Chief of Equal Business and Employee Opportunity and Chief of Communications
- ✓ Hired a new Chief Financial Officer to focus on the overall financial condition of VDOT. This will enhance our overall financial controls and stewardship and accountability.
- ✓ Created a new Chief of Planning and Programming to put more focus on the development of our long-term construction program.

# Progress, Focus and Getting Back to Basics (New Leadership – Not New Positions) January 2010 - Present

- ✓ Hired 3 new District Administrators
- ✓ The Governor appointed a leader for the recently created PPTA Office
- ✓ Hired a new Director of VCTIR (Formally Research Council)
- ✓ Hired 8 new Division Administrators:
  - ✓ Hired a new State Construction Engineer
  - ✓ Hired a new State Maintenance Engineer
- ✓ Hired 4 new District Maintenance Managers
- ✓ Hired 19 staff to develop plans for projects, which was another area reviewed in the audit.
- ✓ Hired staff to restore the emergency staff to the proper levels, as noted in the audit.

## Implementing the FY12-FY14 Business Plan *A Path for Continuous Improvement*

VDOT's Business Plan provides a plan to meet the Governor's multimodal strategic plan.

### Goal 1 – Establish a seamless multimodal system that moves people & freight

- **Annually set aside 10% to 15% of the construction program for new preliminary engineering (PE) phase starts**
  - ✓ Programmed an average of 11% annually in FY12-17 SYIP
- **Accelerate project delivery**
  - ✓ **Advertised / awarded \$1.2 Billion in maintenance and construction contracts from July, 2010 to December, 2010**
    - ✓ Included ~ \$82 million in Design Build Contracts
  - ✓ **Advertised/awarded ~ \$1.8 Billion in maintenance and construction contracts from January, 2011 to December, 2011.**
    - ✓ Includes ~\$396 million in Design Build Contracts
    - ✓ Over \$1.3 billion from July, 2011 to December, 2011
- **Re-establish the monthly 24-month project delivery/advertisement meetings and the district quarterly review meetings**
  - ✓ Meetings began August, 2011

# Implementing the FY12-FY14 Business Plan

## *A Path for Continuous Improvement*

### Goal 2 – Ensure the transportation system promotes and supports economic opportunity

- **Advance Public-Private Partnerships**
  - ✓ **Downtown/Midtown Tunnel/MLK (contract value: \$2.1B)**
    - ✓ **Commercial Close** Q4 2011
    - ✓ **Financial Close** Q2 2012
  - ✓ **Route 460 (contract value: \$1.8B)**
    - ✓ **Commercial Close** Q3 2012
    - ✓ **Financial Close** Q4 2012
  - ✓ **Interstate 95 HOT Lanes (contract value: \$939M)**
    - ✓ **Commercial Close** Q1/2 2012
    - ✓ **Financial Close** Q3 2012
  - ✓ **Coalfields Expressway – Doe Branch/Pound Connector (3<sup>rd</sup> Amendment: \$3.8M)**
    - ✓ **Notice to Proceed** Q4 2011
  - ✓ **Route 58 (contract value: \$120M)**
    - ✓ **Notice to Proceed** Q4 2011



## Implementing the FY12-FY14 Business Plan *A Path for Continuous Improvement*

### Goal 3 – Develop a unified and collaborative transportation planning and implementation process

- **Conduct SYIP planning and programming sessions with MPO's/PDC's**
  - ✓ Fall meetings complete
- **Support land use efforts with localities**
  - ✓ Worked with stakeholders working group to address concerns with secondary street requirements and traffic impact analysis reviews
  - ✓ CTB adopted amended secondary street requirements in October, 2011
  - ✓ Commissioner approved changes to Access Management and Traffic Impact Analysis Regulations

## Implementing the FY12-FY14 Business Plan *A Path for Continuous Improvement*

### Goal 4 – Establish sustainable and stable financial support

- Issue bonds: \$1.8B in CPR and \$1.1B in GARVEE Bonds over 3 years
  - ✓ \$600 million in CPR bonds sold in May, 2011
  - ✓ \$600 million in CPR bonds scheduled for sale in May, 2012
  - ✓ On schedule to sell \$350 million in GARVEE bonds in February, 2012
- Increase Revenue Sharing Program (VDOT/Locality partnership)
  - ✓ The CTB approved \$103 million for the FY12 program
  - ✓ Anticipate budget amount of ~ \$150 million for the FY13 program
- Develop and implement program guidelines and procedures for the Virginia Transportation Infrastructure Bank (VTIB)
  - ✓ Initial capitalization at \$283 million
  - ✓ CTB adopted guidelines in September, 2011
  - ✓ Received first application in December, 2011

The above mirrors the Governor's 2011 Transportation Plan

## Impact of the Governor's Transportation Funding Package

### Project Status

- 111 projects are complete
- 363 projects are underway for Preliminary Engineering
- 106 projects are underway for Right-of-Way
- 156 projects are underway for Construction
- 290 projects are expected to begin construction over the next three years based on funding allocations from the various bond sales

### Public Private Partnerships

- Total funding supporting PPTA Projects in the FY 2012-2017 Six-Year Improvement Program \$1.5 billion
- Projects include:
  - Route 460
  - Downtown/Midtown Tunnel/MLK
  - Interstate 95 HOT Lanes
  - Coalfields - Pound Connector



## Implementing the FY12-FY14 Business Plan *A Path for Continuous Improvement*

**Goal 5 – Be an innovative pacesetter in technology, environmental protection and system management**

- **Implement Cardinal (a financial system for the Commonwealth)**
  - ✓ VDOT system – December 2011
  - ✓ Commonwealth system (pilot) – September 2012
  - ✓ Comptroller-controlled system – July 2013
- **Employ cost-effective techniques (full-depth in-place pavement reclamation and recycling and Quiet Pavement technology)**
  - ✓ Pilot projects complete and underway
- **Explore private sponsorships of various programs**
  - ✓ Contracts awarded for 511 roadway signing/website and Rest Areas.
- **Actively manage and operate highways so they are safe, incidents cleared quickly and travel times are reliable**
  - ✓ Implement a Traffic Management System on I-66 – Request for Information issued in October, 2011
  - ✓ Piloting snow plow GPS and interactive mapping (NOVA – Winter 2012)

**Virginia has been recognized as a “pacesetter” by FHWA<sub>12</sub> regarding their new Every Day Counts initiative**

## Implementing the FY12-FY14 Business Plan *A Path for Continuous Improvement*

### Goal 6 – Maintain a strong customer focus to address travel and business needs

- **Increase overall VDOT Customer Satisfaction**
  - ✓ Developing strategies to upgrade Customer Service Center technology and processes
  - ✓ Conducting after-call surveys of Customer Service Center users
  - ✓ Evaluating use of GIS technology to communicate with citizens
  - ✓ Awarded new 511 Virginia Traffic Information contract in September, 2011
  - ✓ Evaluating strengthening role and authority of Residency offices
  
- **Expand the use of interstate safety service patrols**
  - ✓ Statewide operations contract – request for proposals Dec. 2011
  
- **Display real-time travel times in NOVA and Hampton Roads corridors**
  - ✓ NOVA – Interstate 66 began in August, 2011
  - ✓ NOVA – Interstate 95 – began in December, 2011
  - ✓ Hampton Roads – “Reach the Beach” – Summer 2012

## Implementing the FY12-FY14 Business Plan *A Path for Continuous Improvement*

**Goal 7 – Improve safety across all modes of transportation by reducing transportation related injuries, fatalities, and crashes**

- **Develop and implement a new Strategic Highway Safety Plan**
  - ✓ Federal requirement for Highway Safety Improvement Program projects
  - ✓ Partnership with VSP, DMV, DOE, DOEM, DOH
  - ✓ Under development – 2012 completion
- **Direct Highway Safety Improvement Plan (HSIP) funds to invest in pavement marking, markers, and other safety features**
  - ✓ \$42 million has been reallocated off of 250 inactive projects for this purpose

## Implementing the FY12-FY14 Business Plan *A Path for Continuous Improvement*

### Goal 8 – Develop and maintain a competent and stable workforce which maximizes human capital

- **Improve employee morale, retention and productivity**
  - ✓ **Reinstated:**
    - ✓ Garver Leadership Conference
    - ✓ Employee ROADEO
    - ✓ Equipment Management Workshop
    - ✓ Commissioner's Awards of Excellence
    - ✓ Core Development Program
    - ✓ Inspector Trainee Program
  - ✓ **Recognize the importance of our employees**
  
- **Plan and coordinate the transition of the VDOT Office of Inspector General into the newly created Office of the State Inspector General effective July 1, 2012**
  - ✓ **Transition plan underway**

## **Focus on Delivering the Maintenance and Construction Program**

### **Our core business**

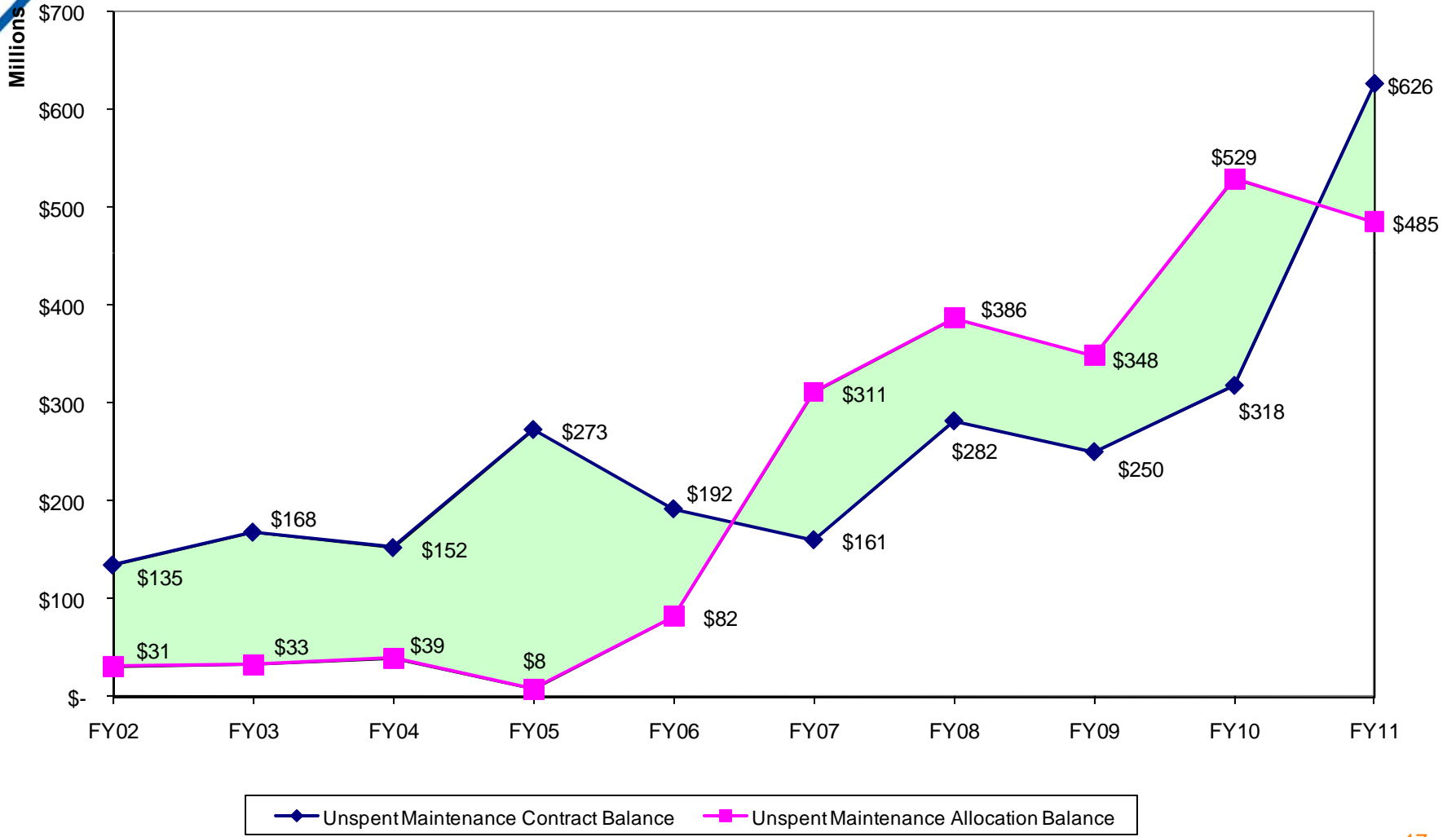
#### **Maintenance:**

- **Plan maintenance work to utilize available funds and to accelerate maintenance work to reduce the growing carryover balance**
  - ✓ **Doubled paving contracts advertised in FY11 and FY12 (increased contract value from \$200 million annually to \$400 million)**
  - ✓ **Providing Commonwealth Transportation Board with monthly financial progress reports on maintenance (and other fund) spending**
  - ✓ **Improving condition of interstate and primary pavements and bridges:**
    - **Anticipate meeting interstate pavement target by June 2012**
    - **Anticipate meeting primary pavement target by June 2013**
    - **Anticipate meeting bridge target by June 2012**



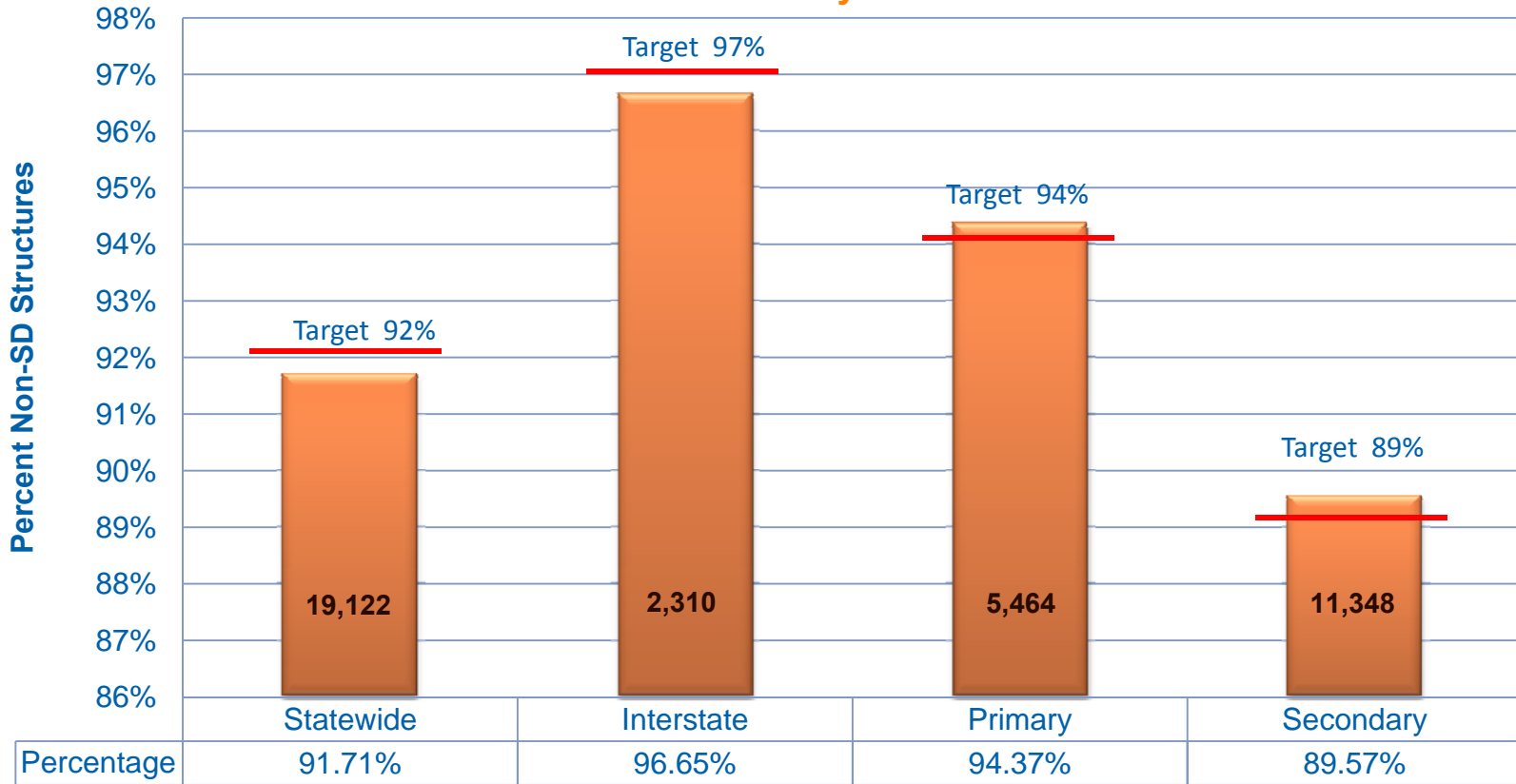
# Focus on Maintenance

Comparison of Unspent Maintenance Allocation Balances to Unspent Maintenance Contract Balance



# Focus on Maintenance

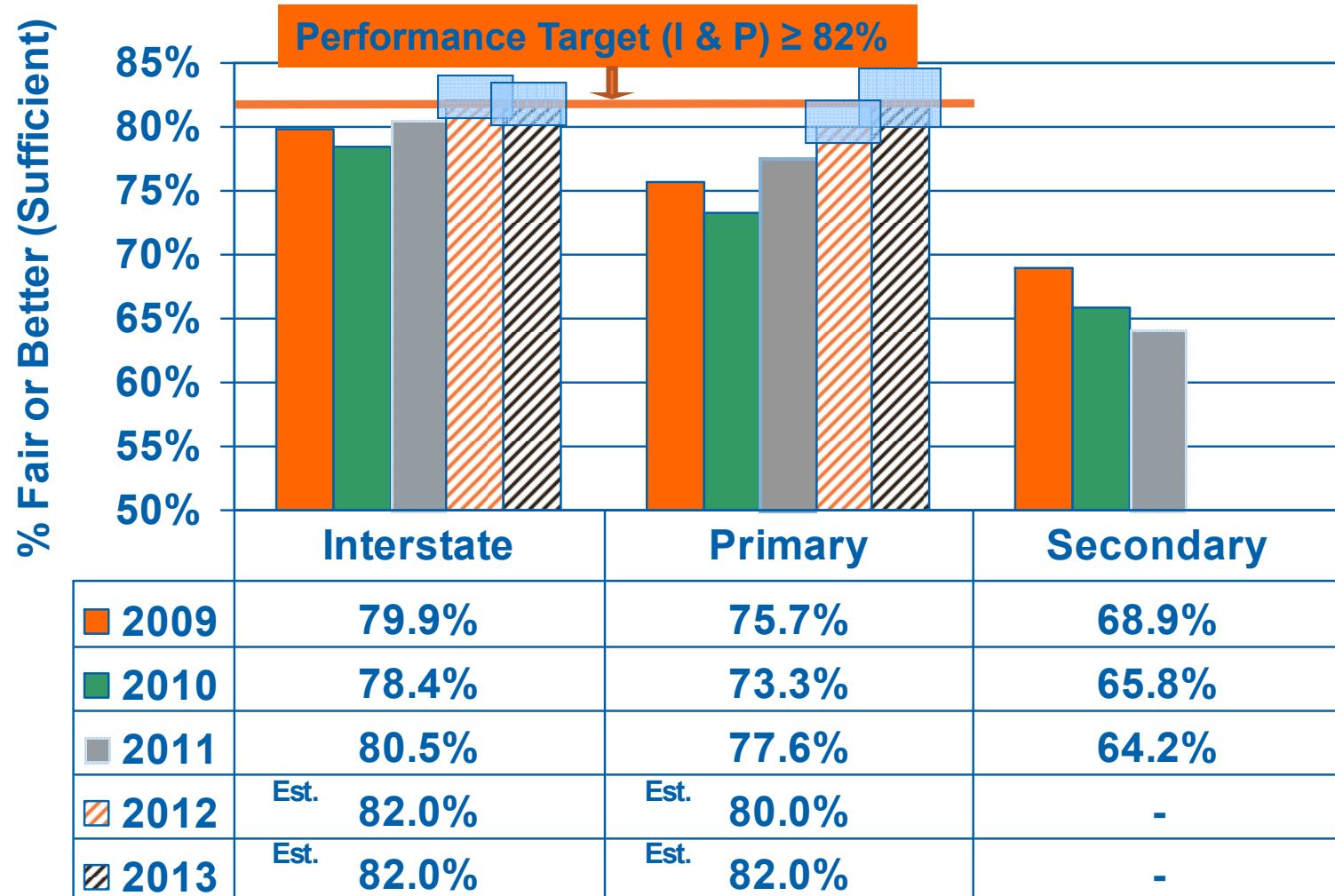
Percent of Structurally Sufficient Structures



As of June 17, 2011 - Statewide - System wide

## Focus on Maintenance

Pavement Performance  
% Rated Fair or Better



- Paved almost 50% more lane miles in calendar year 2011 than in 2010
- Almost 60 percent (2,239 lane miles) increase on the secondary system

# Focus on Emergency Response



## Focus on Delivery

### Project Development:

- Accelerate advertisement of existing projects
  - ✓ Advertised / awarded \$1.2 Billion in maintenance and construction contracts from July, 2010 to December 31, 2010
    - ✓ Included ~ \$82 million In Design Build Contracts
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    - ✓ Included ~\$396 million In Design Build Contracts
    - ✓ Over \$1.3 billion from July, 2011 to December, 2011
- Implement a risk based approach that would shorten the project development process by simplifying the rules on smaller, low-risk projects
  - ✓ Developed and adopted new program where projects < \$5 million require minimal Central Office approvals (~ 85 % of projects; 15% of the dollars)

## Focus on Delivery

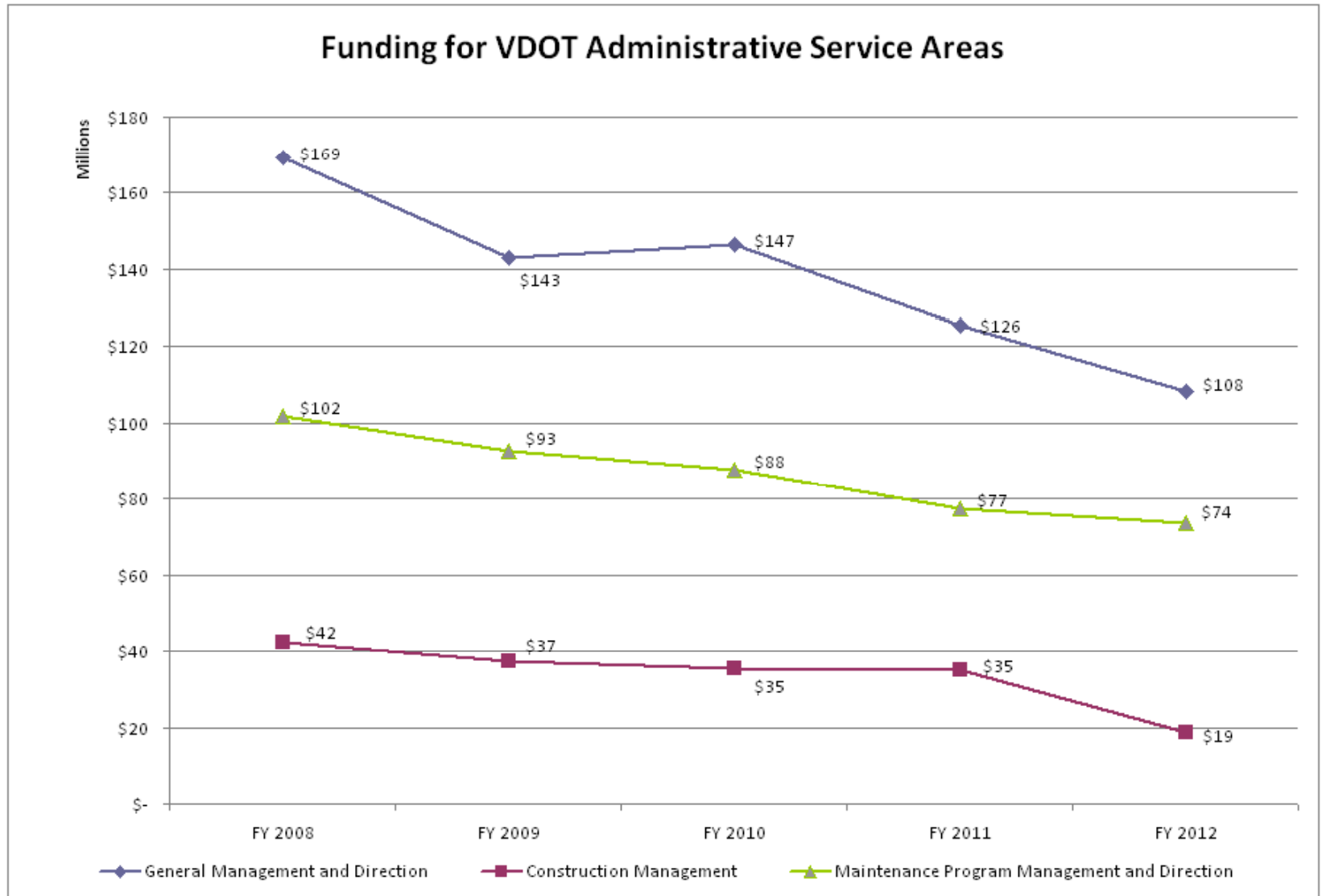
### Funding:

- **Obligate all federal funding (~ \$860 million annually)**
  - ✓ **Obligated all federal funds in FY11 and FY12**
  - ✓ **As a result, VDOT received an additional \$32 million in FY11 and \$50 million in FY12**
  - ✓ **Increase in FY12 due to meeting all ARRA requirements**
- **Obtain approval from FHWA to use toll credits**
  - ✓ **~ \$350 million in credits have been programmed in the FY12-17 SYIP**
- **Eliminate the federal revenue reserve to allow better leveraging of existing resources (\$524 million).**
  - ✓ **These funds have been programmed in the FY12-17 SYIP**
- **Revise reserve cash and funding policies to reduce from a 5 ½ month reserve to a 60 day reserve (\$200 million)**
  - ✓ **Used \$250 million of reserve to capitalize Virginia Transportation Infrastructure Bank**



# Focus on Delivery

## Continued Reduction in Administration & Overhead



## Focus on Organizational Efficiency

### District Operations:

- Focus on the Residencies
- Increased Delegated Authority
  - (e.g. Tier 1/Tier 2 project approvals)
- Shoring up Key Areas
  - (e.g. TAMS monitors, environmental monitoring, etc.)
- Encouraging District/Industry Meetings

### Central Office:

- Achieved Targeted Staffing Levels
- Achieved Targeted Division Levels
- Streamlining Business Procedures
  - Programming
  - Procurement
  - Human Resources
  - Local Agreements
  - Financial Transactions
- Reviewing Performance Metrics
  - Reviews with Executives
  - Division Administrators' Council



## Moving Forward

### The Agency must:

- Stabilize staffing levels and solidify organizational structure
- Align business processes to new organizational structure
- Capitalize on opportunities to operate more effectively
- Focus limited resources on core functions (“do a few things well”)
- Foster a climate of innovation and problem solving
- Continue to expand business opportunities and partnerships with the private industry
- Improve the working environment for our staff (morale, development and training opportunities, etc.)

**Internally, our Business Plan is helping us get there. . .**

## Moving Forward

*Ideas to Consider that allow VDOT to operate more entrepreneurial and as a self service agency*

- Introduce additional flexibility to charge for “use” of the Commonwealth’s right-of-way (integrated signing program, permitting, cell tower leasing, etc.)
  - Better enable Commonwealth to capture “market rates”
- Encourage and enable local government partners to raise additional revenue and to oversee local road projects
- Allow VDOT to employ innovative measures to attract and retain quality employees
  - Instill ability to respond to market based conditions for labor pools and workforce needs
  - Establish programs that help compete with private sector
- Streamline permitting and real estate requirements
  - Seek reviews and coordination at the local level
- Allow VDOT to operate independent of eVA
  - VDOT is single largest agency in terms of procurement transactions
  - Less bureaucracy needed to update two procurement systems (Cardinal can be utilized)

## Overview

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- **VDOT has and continues to make tremendous progress**
- **VDOT is becoming a more focused agency**
- **VDOT is getting back to basics (maintenance and construction)**
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**We have a plan . . . and we're working our plan. . .**