-A BLUEPRINT-
VDOT Response to a Declining Economy

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Commissioner
Virginia Department of Transportation
October 15, 2008
THE FUTURE FOR VDOT

• **Focused** - mission of maintenance, operations and emergency response

• **Scaled Services** - first priority to the highway network that serves 85% of users and where the majority of crashes occur

• **A Business** - that integrates and streamlines partnerships and does not replicate every function and service throughout VDOT’s organization

• **Driven by** rapid deployment of research, technology, and training to ensure best and consistent practices and services

• **Recognizes** that construction funding will be focused on safety, reconstruction and bridge replacement with major new construction being episodic

• **An Agency** that will be smaller, providing its services differently and proportioned differently.
## ESTIMATED REVENUE REDUCTIONS
### (VDOT PROGRAMS)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>State Revenue (MILLIONS)</th>
<th>Federal Revenue (MILLIONS)</th>
<th>Total (MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2009</td>
<td>$227</td>
<td>$0</td>
<td>$227</td>
</tr>
<tr>
<td>FY 2010</td>
<td>$258</td>
<td>$93-$216</td>
<td>$351-$474</td>
</tr>
<tr>
<td>FY 2011</td>
<td>$240</td>
<td>$105-$216</td>
<td>$345-$456</td>
</tr>
<tr>
<td>FY 2012</td>
<td>$229</td>
<td>$117-$217</td>
<td>$346-$563</td>
</tr>
<tr>
<td>FY 2013</td>
<td>$232</td>
<td>$130-$218</td>
<td>$362-$450</td>
</tr>
<tr>
<td>FY 2014</td>
<td>$195</td>
<td>$143-$219</td>
<td>$338-$414</td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th></th>
<th>State Revenue</th>
<th>Federal Revenue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$1,382</strong></td>
<td>$588-$1,086</td>
<td><strong>$1,970-$2,468</strong></td>
<td></td>
</tr>
</tbody>
</table>

(1) FY 2011-2014 Based on AASHTO federal revenue reduction scenario
BLUEPRINT FOR RESPONSE

1. Organization/Staffing Changes
2. Services and Program Changes
3. CTB Program Changes
PRIORITIES DRIVING THE BLUEPRINT

– Maintaining emergency response capability
– Prioritizing services from centerline to the right of way edge
– Preserving and repairing system before expanding
– Maximizing use of federal funding
– Reshaping the agency to maintain core competency
– Eliminating or consolidating redundant functions
– Finishing projects under way
– Planning for new major construction to become episodic
– Adjusting project mix to reflect CTB priorities
ORGANIZATIONAL STREAMLINING

REDUCED

- Residencies by approximately 30%
  - Purpose/Form/Function/Location/Staffing will change
- Central Office Divisions by approximately 30%
- Equipment Repair Facilities by approximately 40%
- TOCs/TEOC from 6 to 5
  - Traffic Engineering Services
  - System Technology (signals etc management)
  - Emergency Operations/CADD/Call Centers – operational 24/7/365
  - Primary customer service contact point

SHARED SERVICES COMMON TO THE AGENCY

- Service Centers for Administration/Procurement
- Design-Materials Testing-Right of Way

REDUCED LAYERS OF SUPERVISION
REDUCED STAFFING

• Pay Increases Delayed (per Governor’s action)
  – From November 2008 to July 2009

• Eliminating Vacancies
  – Classified Vacancies 1,000
  – Wage and Temporary Vacancies 800

• Staffing Target Levels:
  – Classified Staff from 8,400 to 7,500
  – Wage and Temporary Employees from 1,200 to 500
  – Field/CO Senior Management reduced by 20%

• Central Office Target: from 1,300 to 1,000
REDUCED SERVICES/PROGRAMS

• SERVICE LEVELS AND CONTRACT SPENDING (Approx. 70% of services are contracted today)
  – Services provided through contract spending.
    • Evaluate all existing contracts for delay, renegotiation, or cancellation
    • Evaluate scope of maintenance contracts for renegotiation
  – Evaluate all services provided by the Department to ensure consistency throughout the Commonwealth
    • Snow and Ice levels of service
    • Roadside maintenance standards
    • Striping/Signing/Roadway Lighting
  – Evaluate services including ferries and rest areas for reduction/elimination or provided through self-sustaining fees
  – All evaluations based on performance measures and metrics

• EMERGENCY RESERVES
  – Major Infrastructure Failure reserve reduced by 20%

• EVALUATE INTERAGENCY TRANSFER PAYMENTS
  – Locality Maintenance Payments
  – VITA
  – DMV
• Response will be developed and directed through six-year program update process
• Reductions from formula and designated distributions are anticipated
• Increased federal funds to maintenance projects
• May reduce or eliminate smaller programs
• This review will take place during November/December
# ESTIMATED REDUCTIONS

**BASED ON CURRENT BLUEPRINT**

<table>
<thead>
<tr>
<th></th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
<th>FY 2013</th>
<th>FY 2014</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Staffing</strong></td>
<td>$58</td>
<td>$87</td>
<td>$116</td>
<td>$116</td>
<td>$116</td>
<td>$116</td>
<td>$609</td>
</tr>
<tr>
<td><strong>Services/Programs</strong></td>
<td>$75</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$575</td>
</tr>
<tr>
<td><strong>CTB Program</strong></td>
<td>$94</td>
<td>$195</td>
<td>$220</td>
<td>$191</td>
<td>$210</td>
<td>$199</td>
<td>$1,109</td>
</tr>
<tr>
<td><strong>Total Reduction</strong></td>
<td>$227</td>
<td>$382</td>
<td>$436</td>
<td>$407</td>
<td>$426</td>
<td>$415</td>
<td>$2,293</td>
</tr>
</tbody>
</table>

^ Construction reductions are driven by federal revenue reductions and state construction funds.
BLUEPRINT FORWARD STEPS

• VDOT Staff to Detail/Implement the BLUEPRINT
  – FINANCE TEAM
  – CTB PROGRAM UPDATE
  – COMMUNICATIONS TEAM
  – STAFFING AND ORGANIZATION
    • District/Field Team
    • Central Office Team
    • Business Services Team
  – PEOPLE TRANSITIONS AND OPTIONS TEAM

• Engaging Industry leaders to find savings

• Possible Legislation
  – Federal and State

• Implementing a system of regular reporting
  – to Governor, General Assembly, CTB, employees and customers
BOTTOMLINE

• VDOT will be a smaller agency with a different look

• Safety will still be the first priority across the Commonwealth

• Services throughout the Commonwealth will be reduced

• Probability is system conditions will NOT be as good as they are today
FINAL THOUGHTS

• The BLUEPRINT will change as we move forward

• 60 days to develop the BLUEPRINT and begin Implementation

• IMPLEMENTATION COMPLETED IN 24 MONTHS

• No function or SERVICE is off the table

• A Business Plan approach driven by our mission and values
A BLUEPRINT

Responding to the Challenges of a Declining Economy

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