

-A BLUEPRINT- VDOT Response to a Declining Economy

David S. Ekern, P.E.
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)

	<u>State Revenue</u>	<u>Federal Revenue</u>	<u>Total</u>
	<u>(MILLIONS)</u>	<u>(MILLIONS)(1)</u>	<u>(MILLIONS)</u>
FY 2009	\$227	\$0	\$227
FY 2010	\$258	\$93-\$216	\$351-\$474
FY 2011	\$240	\$105-\$216	\$345-\$456
FY 2012	\$229	\$117-\$217	\$346-\$563
FY 2013	\$232	\$130-\$218	\$362-\$450
FY 2014	\$195	\$143-\$219	\$338-\$414
	\$1,382	\$588- \$1,086	\$1,970-\$2,468
(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**

CTB PROGRAM CHANGES

- **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

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>Total</u>
Staffing	\$58	\$87	\$116	\$116	\$116	\$116	\$609
Services/ Programs	\$75	\$100	\$100	\$100	\$100	\$100	\$575
CTB Program[^]	\$94	\$195	\$220	\$191	\$210	\$199	\$1,109
Total Reduction	\$227	\$382	\$436	\$407	\$426	\$415	\$2,293

[^] 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***

David S. Ekern, P.E.
Commissioner
Virginia Department of Transportation
October 15, 2008