

BLUEPRINT ORGANIZATION AND STAFFING

UPDATE AND STATUS REPORT

Commonwealth Transportation Board Meeting

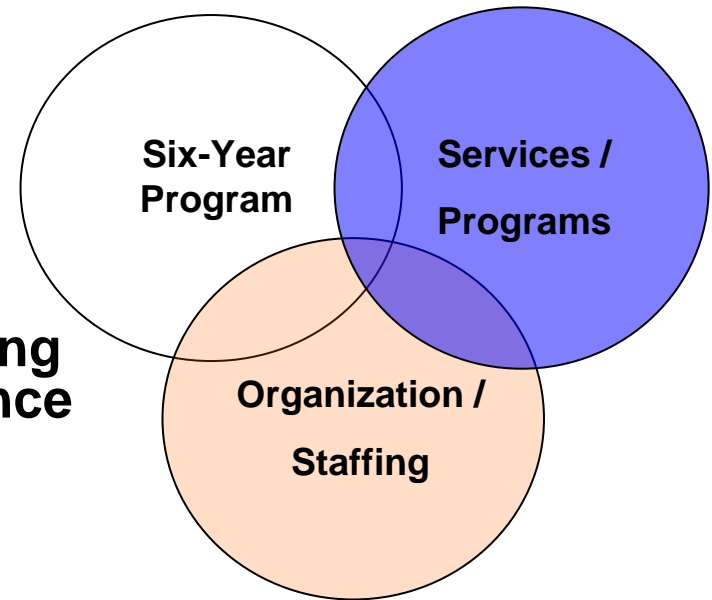
July 16, 2009

DAVID S. EKERN, P.E.

COMMISSIONER

WHY ARE WE HERE?

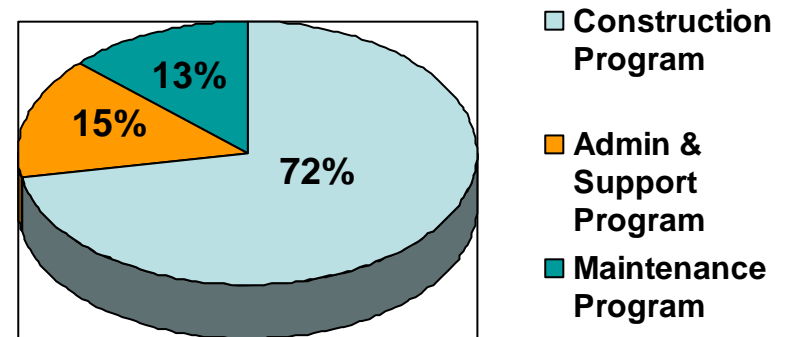
- **Sharply declining state revenues and unpredictable federal revenues –including gas, auto sales, recordation and insurance premium taxes**
- **\$2.6 billion reduction in total state and federal revenues over 6 years**
- **\$2 billion in net highway construction project reductions to date (on top of \$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**



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

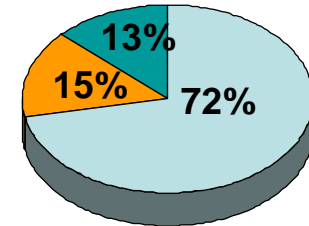
OUTLOOK BY PROGRAM

- **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 FOR BLUEPRINT

- Ensure maintenance and operations (core elements) are focused on emergency response, pavements and bridges repair and replacement, congestion mitigation,
- 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 between Commissioner and lowest line staff
- Use objective methodology for decisions
- No more than 7,500 filled classified positions by June 30, 2010
- Comprehensive Plan to Governor, Chairman House Appropriations, and Transportation, and Senate Transportation and Finance Committees, and provide quarterly progress reports.

CURRENT ACTIVITIES

- Comprehensive Plan required by Appropriation Language – Submitted July 1, 2009
- Completed Stage 1 Wage Employee Reductions
 - Continuing Reviews through FY 2010
- Re-Aligned Stage 2 Directorates
 - Learning Center
 - Local Assistance
 - Multi-Modal Office
- Completed consolidation of TEOC with Richmond TOC
- Authorizing Staffing Levels
 - Maintenance Crew/Superintendent
 - Ferry Operations
 - Bridge/Tunnel Operations
- Received Notice of MWAA Dulles Toll Road transfer
 - Effective October 1, 2009

VDOT EMPLOYMENT LEVELS

-Through Attrition Only-

Employment Level (Projections in Shaded Columns)	07/01/08	BENCHMARK 09/01/08	07/01/09	PROJECTED 07/01/10	TARGET 07/01/10
Classified	8,472	8,464	8,165	7,841	7,500
Classified – Central Functions	1,321	1,332	1,279	1,176	1,020
Classified – Field	7,151	7,132	6,886	6,665	6,480
Wage	520	503	113	N/A	N/A

DUAL CHALLENGE SIZE AND PROPORTION

MECHANISMS

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

CHALLENGES

- Attrition and potential retirements might 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

FOCUS OF STAGE 2 ACTIONS

- Balancing and downsizing staffing in construction development and delivery to match future reduced program
- Regionalizing and downsizing Right of Way functions
- Stabilizing core maintenance/operations crew staffing
- Completing Equipment Repair Shop Consolidation

ANTICIPATED SCHEDULE

-Involuntary Separations-

Stage 1—Wage/Staff Augmentation

- June 6, 2009 — 232 wage employees will be released
 - Total reduction of 404 (target 450)

Stage 2—Classified Employees*

- Notification in July 2009
- Anticipated release October 2009
- 450-500 positions depending upon attrition
- Functions being affected:
 - Right of Way
 - Location and Design and Project Management
 - Innovative Project Delivery
 - Structure and Bridge
 - Environmental
 - Construction Inspection and Management
 - Materials
 - Policy
 - Local Assistance
 - Information Technology
 - Knowledge Management
 - Learning Center
 - Multi-modal Office
 - Public Affairs
 - The Virginia Transportation Research Council
 - Equipment Shops
- 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*

- 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
 - Operations/Maintenance
 - Management Services
 - 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

EQUIPMENT REPAIR SHOPS

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
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			

ESTIMATED STAFFING IMPACTS

- Stage 2 – AFFECTED FUNCTIONS

	Filled Sep 2008	Filled Jun 2009	Blueprint Target	Estimated Notices	Minimum Estimated Layoffs Stage 2
<i>Agencywide</i>	5432	5325	4990	600+	**** 260+

Right of Way
 Location and Design and Project Management
 Innovative Project Delivery
 Structure and Bridge Design
 Environmental
 Construction Inspection and Management
 Materials
 Policy
 Local Assistance
 Information Technology
 Knowledge Management
 Learning Center
 Multi-modal Office
 Public Affairs
 The Virginia Transportation Research Council
 Equipment Repair Shops

- Area Headquarters
 - Crewmembers/Superintendents
- Bridge Inspection
- Bridge Maintenance

**** does not include Dulles Toll road
 Transfer October 1, 2009

OPTIONS FOR AFFECTED EMPLOYEES

- POLICY DIRECTION:
 - Keeping people employed
 - Placement based on employee qualifications within established policy/rules
- **SUBSTITUTION**
 - After notification is made for layoffs, employees not targeted may volunteer to substitute for those targeted for layoff—decisions made by independent team
- **PLACEMENT IN VDOT**
 - Placement opportunities in different parts of the agency
- **PLACEMENT IN OTHER AGENCIES**
 - Where vacancies exist and skills match
- **RECALL OPTIONS**
 - 12 months following separation

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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