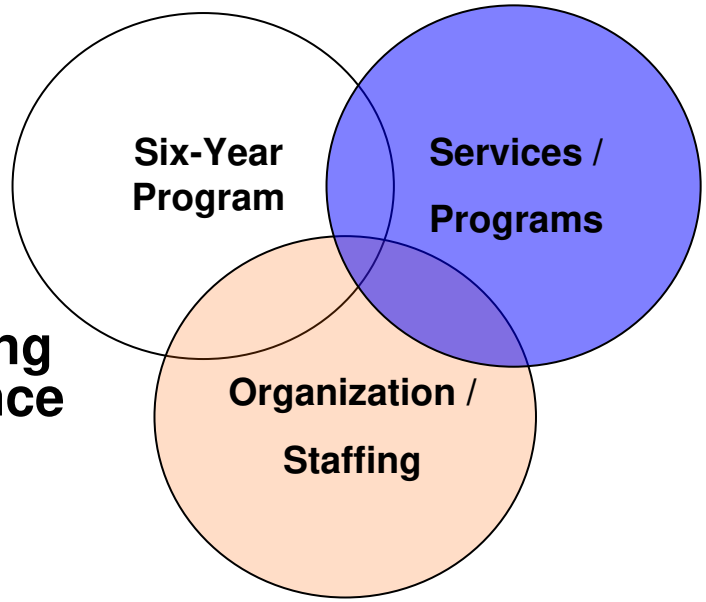
BLUEPRINT ORGANIZATION AND STAFFING

UPDATE AND STATUS REPORT

Commonwealth Transportation Board Meeting
July 16, 2009
DAVID S. EKERN, P.E.
COMMISSIONER

WHY ARE WE HERE?

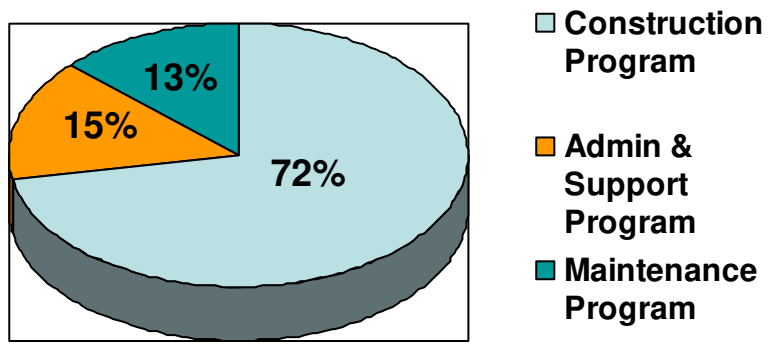


- Sharply declining state revenues and unpredictable federal revenues –including gas, auto sales, recordation and insurance premium taxes
- $2.6 billion reduction in total state and federal revenues over 6 years
- $2 billion in net highway construction project reductions to date (on top of $1.1 billion 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:

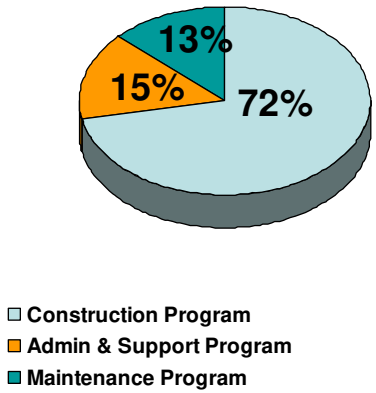
that values partnerships and does not replicate every function and service throughout the organization

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

Reductions by Program Over 6 years



- **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%

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	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

ESTIMATED STAFFING IMPACTS

- Stage 2 – AFFECTED FUNCTIONS

	Filled Sep 2008	Filled Jun 2009	Blueprint Target	Estimated Notices	**Minimum Estimated Layoffs** Stage 2
Agencywide	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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