



GDOT Turnaround Plan

September 26, 2008



What has been done...

- ❖ No new Advance Construction (A/C)
- ❖ Ceased adding new projects to the Construction Work Program and the State Aid Program
- ❖ Required a certification of funds on the Project Financial Report prior to execution of contracts or supplemental agreements
- ❖ Completed an assessment of PeopleSoft Financial System and beginning implementation phase to move to project level budgeting
- ❖ Established project contingencies beginning in April 2008
- ❖ Established a Utility phase, so utility costs can be funded prior to construction and tracked independently



What has been done...

- ❖ Established a Weekly Fund Status Report to provide real time fund balances for project authorizations
- ❖ Closed State dated purchase orders (1998 – 2001)
- ❖ All back-log of unrecorded contracts / supplemental agreements entered into PeopleSoft Financial System
- ❖ Corrected financial records due to errors in coding, date entry, fund source, conversions, etc.
- ❖ Sizing the program through Project Prioritization to ensure STIP will be financially constrained
- ❖ Reviewing original list of 9000+ projects to determine what can be closed
- ❖ June Board Planning Session – Cabin Bluff



Funding Sources

Fund Sources determine the "color of the money"

❖ State General Funds (Appropriated)

- For Intermodal programs, Air Trans, Accident Reporting, and match FTA / FAA grants
- Lapses at year end if not encumbered or expensed

❖ Motor Fuel Tax Funds (Dedicated But Appropriated)

- Dedicated to Building / Maintain Roads, Bridges, Paying Debt, and Operating GDOT
- Does not lapse – can be carried forward to next year via budget amendment

❖ Federal Funds (Appropriated)

- FHWA, FTA (transit), FAA (aviation), FRA (rail), FMCSA (motor carrier)
- Uses specified in federal regulations – match requirement varies



Funding Sources

❖ Bonds (GO Authorized by Legislation)

- GO, GARVEE, GRB, - Use of Bonds is limited to Capital Improvements
- GARVEE follows the federal regulations (Must be approved by SRTA)

❖ Miscellaneous Income (some appropriated, some amended later)

- Revenue collected for Air Transportation, Wildflower Tags, map sales, LOGO program, Local Participation, etc.



The Bottom Line

As presented to the Transportation Board on September 17, 2008
by the Department of Audits and Accounts:

“Statutory Deficit avoided by the recognition of FY 2009 State Motor Fuel Appropriations in the amount of \$456,219,590.73.”

Note: Deficit would have been \$1,056,219,590 if not for the recognition of future GARVEE debt of \$600 million.



GDOT Turn Around Plan

Fund Source	FY09 Budget	Reflect revised Federal level	Recognize FY09 GO Bond Rev	Reflect actual MFT collection	Cover FY08 Deficit	Maximize Fed funds	Revised '09 budget levels
Fed - FHWA	\$1,242,517,438	(\$6,276,974)					\$1,236,240,464
Fed - Other	\$26,500,000						\$26,500,000
State General	\$29,659,047						\$29,659,047
Motor Fuel \$	\$544,007,257	\$1,240,360		(\$14,628,991)	(\$174,909,692)		\$355,708,934
Motor Fuel - Match	\$282,550,259	\$(1,240,360)			(\$281,309,899)	\$244,287,038	\$244,287,038
Other - Misc.	*\$7,417,336						\$7,417,336
GO Bonds			\$300,000,000			(\$244,287,038)	\$55,712,962
GARVEE Bonds							
Prior Year							
Total	\$2,132,651,337	(\$6,276,974)	\$300,000,000	(\$14,628,991)	(\$456,219,591)	\$0	\$1,955,525,781

\$170,000,000 June sale
 \$130,000,000 December sale *TBD

* DOT collects more than 7.4 million in miscellaneous revenue.

NOTE: FHWA includes \$41M redistribution.

MFT collections: \$1,042,158,859 less: \$282,550,259 match, \$544,007,257 Operations + State Aid, \$215,601,343 debt service



Board Options

Deficit	\$(174,909,692)
MFT reduction	\$(14,628,991)
Recovery Needed	\$(189,538,683)

GDOT Board Action

Options:

1) 1 day furlough (All)	\$6,414,400
2) 1 additional day furlough (PG15&up)	\$1,902,576
3) 1 additional day furlough (PG18 & up)	\$822,296
4) Reduce '09 Computer Equipment	\$2,000,000
5) Reduce '09 Equipment	\$3,000,000
6) Reduce '09 Motor Vehicle Purchases	\$1,500,000
7) '09 LARP reduction	\$28,000,000
8) '09 Off-Sys/Most Need reduction	\$24,000,000
9) '09 Project 107 reduction	\$4,000,000
10) '09 I/T Consultants Reduction	\$1,500,000
11) '09 Landscp / Mow contract reduction	\$2,490,000
12) Eliminate '09 Payraise appropriation	\$5,267,873
13) Reduction in employer share: Health	\$1,488,527
14) Eliminate vacant posn funding (269 pos)	\$7,800,000
15) Pay cut - across the board - 2.5%	\$7,847,489
16) Pay cut - across the board - 5%	\$15,694,978
17) Reduction in Force - 5% (283 posns)	\$15,694,978
18) Reduction in Force - 10% (566 posns)	\$31,389,956
19) Reduction in Force - 12% (679 posns)	\$37,667,947

Legislative Action

Options:

Redirect State Infrastructure Bank (SIB)	\$28,100,000
Redirect CID appropriation	\$5,000,000
Redirect GHA appropriation	\$5,000,000
09 GO Bond Debt Service Adjustment	\$16,500,000
	\$54,600,000

SRTA / GSFIC / GOVERNOR Action

Options:

Commercial Paper Loan	\$50,000,000
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GDOT Recommendations

PHASE I - Recommendations

Recovery Needed

\$ (189,538,683)

GDOT Board Action

1 day furlough (All)	\$	6,414,400
Reduce '09 Computer Equipment	\$	2,000,000
Reduce '09 Equipment	\$	3,000,000
Reduce '09 Motor Vehicle Purchases	\$	1,500,000
'09 Project 107 reduction	\$	4,000,000
'09 I/T Consultants Reduction	\$	1,500,000
'09 Landscp / Mow contract reduction	\$	2,490,000
Eliminate '09 Payraise appropriation	\$	5,267,873
Reduction in employer share: Health	\$	1,488,527
Eliminate vacant posn funding (269 pos)	\$	7,800,000
Commercial Paper loan	\$	50,000,000
Total	\$	87,460,800

Legislative Action

Redirect State Infrastructure Bank (SIB)	\$	28,100,000
Redirect CID appropriation	\$	5,000,000
Redirect GHA appropriation	\$	5,000,000
09 GO Bond Debt Service Adjustment	\$	16,500,000
Total	\$	54,600,000

GDOT Recommendation - Phase I \$142,060,800

Unrecovered deficit amount \$(47,477,883)



GDOT Recommendations

PHASE II - Recommendations

Recovery Needed	\$(47,477,883)
Balance after Phase I	
<i>GDOT Board Action</i>	

LARP Reduction for '09	\$28,000,000
Off Sys / Most Need reduction for '09	\$24,000,000
Reduction in Force - 10% (566 positions)	\$31,389,956
Total	\$83,389,956



FY 2009 Program

FY 2009

Current estimate of funds available

	FED	State	GARVEE	GO	Local	Other	Total
FHWA Formula Obligation	1,236,240,464						
State Match		244,287,038					
Local Participation					11,900,000		
Total	1,236,240,464	244,287,038			11,900,000		\$1,492,427,502

Estimates for additional expenditures on currently active projects

Contingencies on Construction Projects < 50% complete (includes engineering and inspection)							(\$161,310,000)
Project Overrun Fund (for all phases underway with no contingency added, including CST underway >50% complete)							(150,000,000)
Federal funds for Debt service (Included in STIP numbers above as a programmed project)							(186,000,000)
Advance Construction (AC) conversion							(250,000,000)
Minimum Total that has to come off the top							(\$747,310,000)

Total Estimated Funds Available to Program on Projects and Lump Sum Banks

\$695,987,065

Target for 2009 STIP Program

Target Amounts

Preliminary Engineering	50,000,000
Right of Way Acquisition	75,000,000

Construction Total Including Contingencies

\$570,987,065

Total 2009 Program

\$695,987,065



Options for Recovery

Option 1

❖ **1 day/month furlough:** $\$801,800 \times 8 \text{ months} = \6.4 million

- This requires all GDOT employees to lose 1 day of pay per month for 8 months.

Option 2

❖ **Additional 1 day/month furlough for Pay Grade 15 & above:**

$\$237,822 \times 8 \text{ months} = \1.9 million

- This requires GDOT employees working at pay grade 15 and above to lose an additional day per month for 8 months.

Options 3

❖ **Additional 1 day/month furlough for Pay Grade 18 & above:**

$\$102,787 \times 8 \text{ months} = \$822,296$

- This requires GDOT employees working at pay grade 18 and above to lose an additional day per month for 8 months.

These options do not affect fringe benefits.



Options for Recovery

Option 4

❖ Cut computer equipment budget by \$2 million

- This requires GDOT to suspend all non-critical computer equipment purchases for duration of fiscal year 2009. \$1.8 million is retained for critical purchases.

Option 5

❖ Cut equipment budget by \$3 million

- This requires GDOT to suspend all non-critical equipment purchases for duration of fiscal year 2009. \$586,711 is retained for critical purchases.

Option 6

❖ Cut motor vehicle budget by \$1.5 million

- This requires GDOT to suspend all non-critical motor vehicle purchases for duration of fiscal year 2009. \$427,751 is retained for critical purchases.



Options for Recovery

Option 7

❖ Reduce LARP Program by \$28 million

- This requires GDOT to reduce the LARP Program for the duration of fiscal year 2009. \$32 million has already been spent during this fiscal year.

Option 8

❖ Reduce Off system / Most Needed Programs by \$24 million

- This requires GDOT to reduce both Off System and Most Needed Programs for the duration of fiscal year 2009. \$47 million has already been spent during this fiscal year.

Option 9

❖ Reduce 107 Relief by \$4 million

- This requires GDOT to reduce the quick response construction for the duration of fiscal year 2009. \$1.9 million is retained for critical needs.



Options for Recovery

Option 10

❖ Cut IT Consultants by \$1.5 million

- This requires GDOT to cut IT Consultant staff. \$1.7 million retained to complete critical IT projects.

Option 11

❖ Eliminate Highway Landscaping and Mowing Contracts by \$2.49 million

- This requires GDOT to eliminate landscape and mowing contracts and utilize GDOT forces to cover needed areas.



Options for Recovery

Option 12

- ❖ **Eliminate pay raise appropriation cuts \$5.3 million**
 - This mandate by the State eliminates a pay raise in FY09.

Option 13

- ❖ **Reduction in employer share of State Health Benefits cuts \$1.5 million**
 - This mandate by the State reduces the employer share of all employees State Health Benefits.



Options for Recovery

Option 14

- ❖ **Eliminate vacant position funding to cut \$7.8 million**
 - This requires the elimination of 269 vacant positions.

Option 15

- ❖ **Pay reductions by 2.5% to cut \$7,847,489**
 - This requires pay reductions of all employees.

Option 16

- ❖ **Pay reductions by 5% to cut \$15,694,978**
 - This requires pay reductions of all employees.



Options for Recovery

Option 17

- ❖ **Reduction in Force by 5% to cut \$15,694,978**
 - This requires staff reductions of 283 positions.

Option 18

- ❖ **Reduction in Force by 10% to cut \$31,389,956**
 - This requires staff reductions of 566 positions.

Option 19

- ❖ **Reduction in Force by 12% to cut \$37,667,947**
 - This requires staff reductions of 679 positions.

