

REPORT TO THE 24<sup>th</sup> LEGISLATURE

***PROPOSAL TO CONVERT PROJECT FUNDED POSITIONS TO  
POSITIONS FUNDED BY OPERATING FUNDS***

(SECTION 130, ACT 213, SLH 2007)

**DEPARTMENT OF TRANSPORTATION**

**HIGHWAYS DIVISION**

December 2007

# Project Funded Positions Conversion Assessment

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# Project Funded Positions Conversion Assessment

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## **BACKGROUND**

Section 130 of Act 213, SLH 2007, requires the Department of Transportation to submit a proposal to convert a portion of the positions that are currently funded with capital improvement program (CIP) funds to positions that will be funded by operating funds instead. As a result, the Department of Transportation is proposing that 33.5 out of the total 421 project funded positions (a little less than 8%) be converted to special funded (O&M) positions.

### Nature of Positions within DOTH

Fundamentally, the position structure of the Department of Transportation's Highways Division ("DOTH") is consistent with State personnel nomenclature in that positions are either "project funded" positions (PFP) or "special funded" (SFP) positions. Within these categories, positions are considered either "capital improvement program" (CIP) positions or "operating & maintenance" (O&M) positions.

Project Funded Positions were designed to mirror the practice that has been predominantly utilized by the private sector for engineering-project positions. The intended practice is that PFPs are hired based on the projects that are forthcoming; and, when the projects are completed, the PFPs would then no longer be needed. However, unlike the private sector, the DOTH environment has always had a backlog of projects, thus ensuring that the PFPs are continuously needed and will not be released upon project completion.

Both CIP and O&M positions are able to charge their incurred costs (direct and indirect) to specific project accounts. Some projects are special maintenance or routine maintenance (operating). Other projects are capital in nature.

The August 25, 2000 Budget & Finance Memorandum (00-12) relating to "Instructions for Preparing Program and Financial Plans & Budget Requests, defines capital and operating costs as follows.

Capital investment (costs) projects "are those costs beyond the research and development phase which are required to support the continuation of a program by providing facilities and other related physical support. The time stream of benefits will accrue over the expected life of the facility. The acquisition and development of land, the design and construction of new facilities, and the making of renovations and additions to existing facilities are expenses that are usually associated with capital investment costs."

Appendix B of the Budget & Finance's Capital Improvement Guidelines provides examples of projects that typically qualify as Capital Improvements. They are:

1. Acquisition of land
2. Construction and other improvements
  - Site improvements
  - Construction of buildings and other major new permanent improvements
  - Major renovations

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- Landscape and beautification

Conversely, operating costs are defined under Chapter 37 of the Hawaii Revised Statutes (HRS) as follows: “Operating costs are recurring costs that are associated with operating, supporting and maintaining authorized programs, including costs for personnel salaries and wages, employee fringe benefits, lease payments, supplies, materials and equipment, and motor vehicles.”

Furthermore, the Budget and Finance Capital Improvements Guidelines define “Operating costs” as having the following criteria:

1. Considered reoccurring in nature
2. Normally included in the operating budget
3. Maintenance and repair projects

## Project Labor Charge Challenge

The DOTH has an intrinsic challenge with not being able to: 1) capture and 2) charge the proper charge code associated with projects and project labor. This situation is expressed in Figure 1.

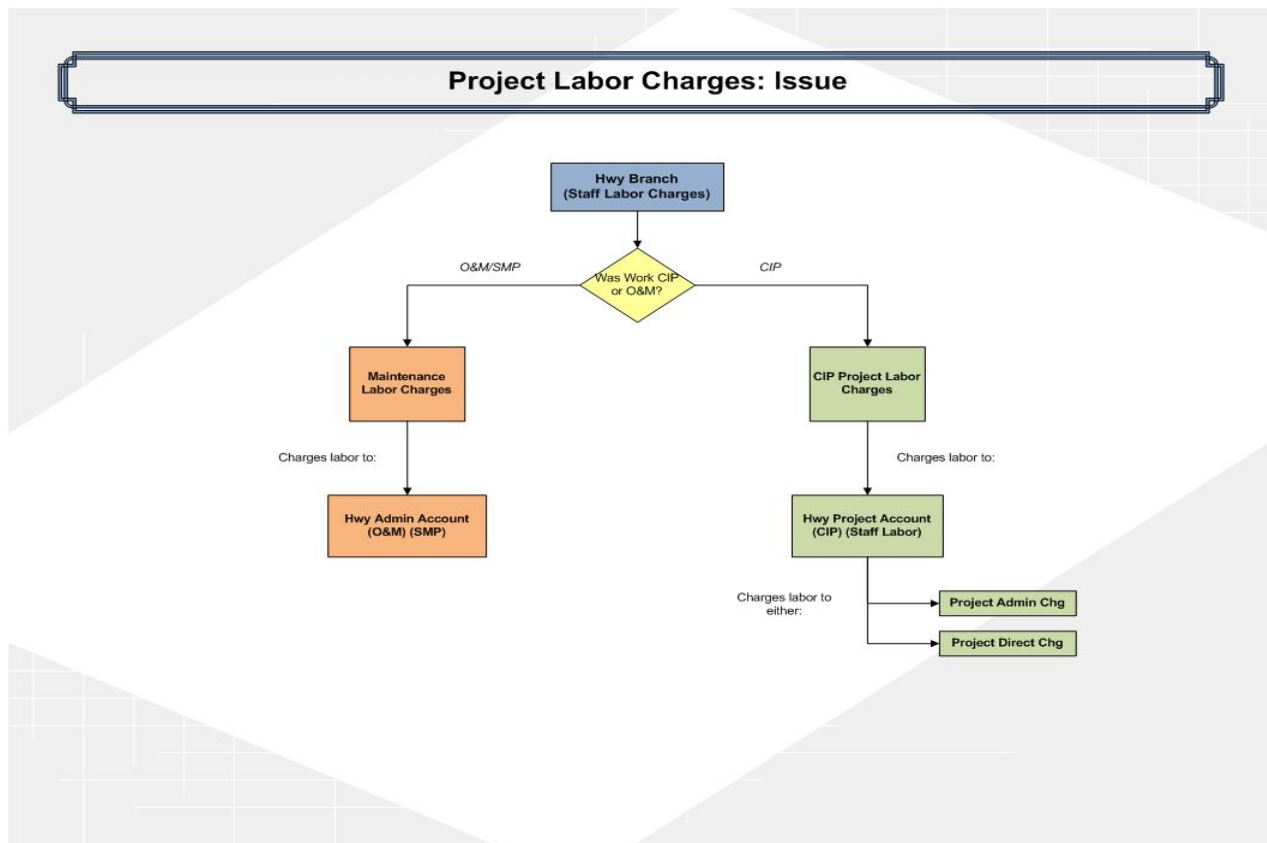


Figure 1

## Project Funded Positions Conversion Assessment

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Figure 1 diagrams the challenge that the DOTH Branches (with the exception of the Motor Vehicle Safety Office and Engineering Services Branch) are experiencing. The DOTH Branches should be charging their labor to either the maintenance or capital improvement staff labor accounts based on the nature of the work that was performed. If an employee worked on a maintenance project (special or routine) or performs an administrative support role, then the labor charges for that work should be charged to the Highways Administration Account (O&M). Similarly, if an employee worked on a CIP project, then logically the labor cost should be charged to the Project Account as either project administration or direct cost.

Because there are challenges to charging the proper charge codes for labor time, the personnel expense budget incurs a variance from its budgeted dollars against its actual dollars. The actual dollars for the payroll cost are usually inflated. This occurs because either: 1) the PFPs are charging the Highways Administration Account, when in actuality they should be charging the CIP Staff Labor Account; or 2) the charges are an indication that the nature of the work performed by the Branch/Section is more oriented toward O&M. Therefore, the charges should be reflected in the O&M budget as part of the “personnel services” line item.

### ***SCOPE AND APPROACH***

#### Scope of Work

In conducting this assessment, DOTH identified its organizational structure and tried to estimate the true cost of the capital improvement program cost (CIP) in comparison to the operating program cost (O&M). Based on the estimate and actual functional needs, DOTH identified the positions that it is proposing can be converted from being funded with capital improvement project funds to operating funds.

### ***HIGHWAYS PROGRAMMED PROJECT ENVIRONMENT***

#### Highways Division Programmed Project Environment (1999-2006)

Prior to presenting any discussion on converting positions from one category to another, an overview of the Highways Division’s programmed project environment should be depicted. Generally, it is important to demonstrate PFPs in relation to construction dollars. The importance of this backdrop is that it provides the framework by which the positions exist and the challenges faced by the organization with respect to project implementation and completion.

As a prefatory note, the expenditures presented are figures provided by the Highways Fiscal Office, based on queries into the Highways Accounting System. Although there are reports provided by other entities (e.g., DAGS), this report uses the financial information that resides and is reported directly from the Highways Accounting System in order to provide consistency.

## Project Funded Positions Conversion Assessment

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The discussion provided in this section is based on two significant points:

1. Expenditure dollars (expenditures) presented in the graphs relate to the actual dollars paid for a particular year. They do not represent “encumbrances.” The distinction is that “encumbrances” is a function that relates to budgeting purposes; while “actual expenditures” relates to cash flow basis. Therefore, the following discussion will use the assumptions that “actuals” are based on expenditures and that “expenditures” do not include encumbrances.
2. Clarification is needed regarding the use of “appropriation year” and “fiscal year.” The appropriation year relates to the authorization period, while the fiscal year relates to the financial reporting or accounting period.

The first comparison to present relates to the Total Construction Dollars expended. The expenditures presented represent the “To Date” expenditures for a particular appropriation year. This distinction is made so as to not confuse the actual amount of capital improvement expenditures by “fiscal” year. The important distinction is to ensure that appropriated (budgeted) dollars are compared to expenditures (actual) over a specific period in time. If the comparison were made of fiscal year appropriation versus fiscal year expenditures, the expended dollars per fiscal year would not vary over time.

Table 1 reflects the total project dollars expended for the appropriation period of 1999-2006. (These figures represent the dollars expended by appropriation year rather than fiscal year.)

Table 1

Appropriation Year Project Expenditures							
1999	2000	2001	2002	2003	2004	2005	2006
\$97,831,899	\$173,127,184	\$104,832,738	\$92,032,071	\$95,962,199	\$92,540,695	\$58,177,390	\$57,480,551

The project dollars expended by appropriation years that are presented in Table 1 can be better represented graphically in Figure 2.

## Project Funded Positions Conversion Assessment

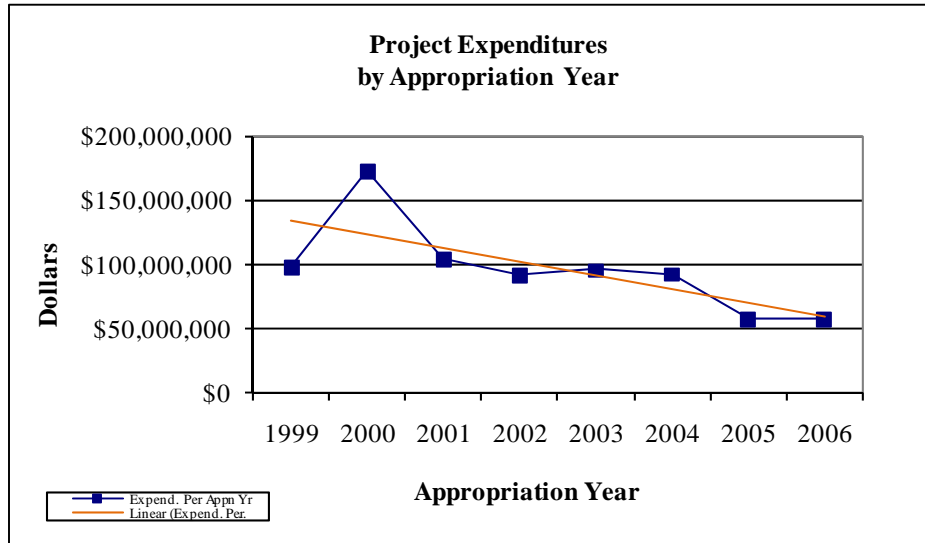


Figure 2

The data contained in Figure 2 depicts that the expended project dollars (CIP and SMP combined) are on a downward trend. However, it is important to note that the appropriation years of 2005 and 2006 are understated because between the time that projects are authorized to the time of their actual implementation, there is an inherent “lag.” This lag is typically attributed to scoping and other programming requirements that create a natural delay between project appropriation and implementation.

The project lag for Highways is considered to be approximately three years. Therefore, the 2005 and 2006 year appropriation expenditures are just being implemented. This situation is considered a standard occurrence within the Highways Division, and therefore, it can be inferred that the expenditure line would not be as steep a slope as currently depicted because expenditures would be greater over time. Even if adjustments were made, the trend would be consistently on a downward trend.

Table 1 and Figure 2 represent one part of this comparison. It is more meaningful when a comparison is made between appropriated dollars to the amount of those specific budget dollars that have been expended to date.

This next section seeks to compare planned dollars against actual dollars for a particular appropriation period. Figure 3 and Figure 3A depict the overall project dollars budgeted in relation to the actual construction dollars expended. The trend of the total project dollars being programmed is increasing. Conversely, the actual expenditures are on a downward trend (Figure 3A). This comparison reflects an obvious gap between the budgeted and expenditure efforts of the Highways Division. This suggests that the amount of dollars being expended on each appropriation year is significantly less than that being programmed or authorized for completion.

## Project Funded Positions Conversion Assessment

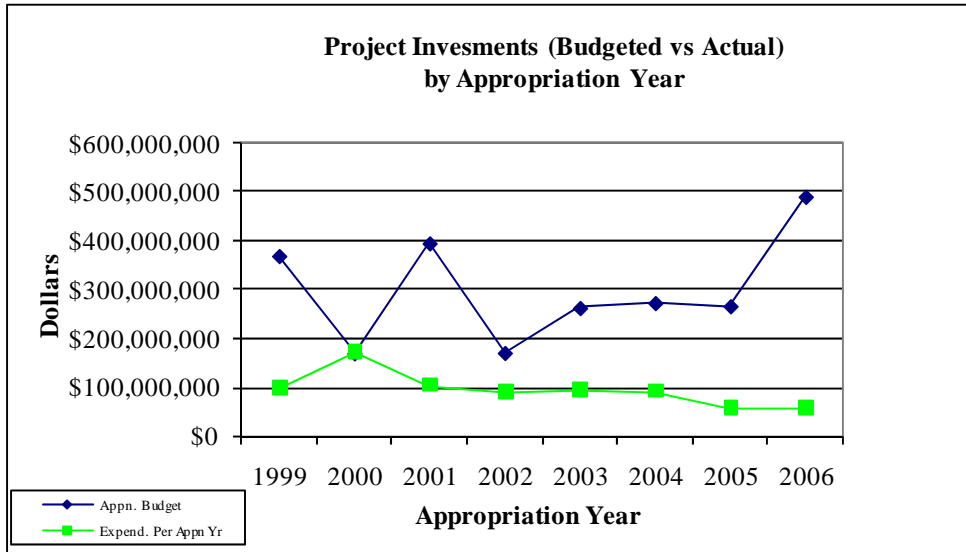


Figure 3

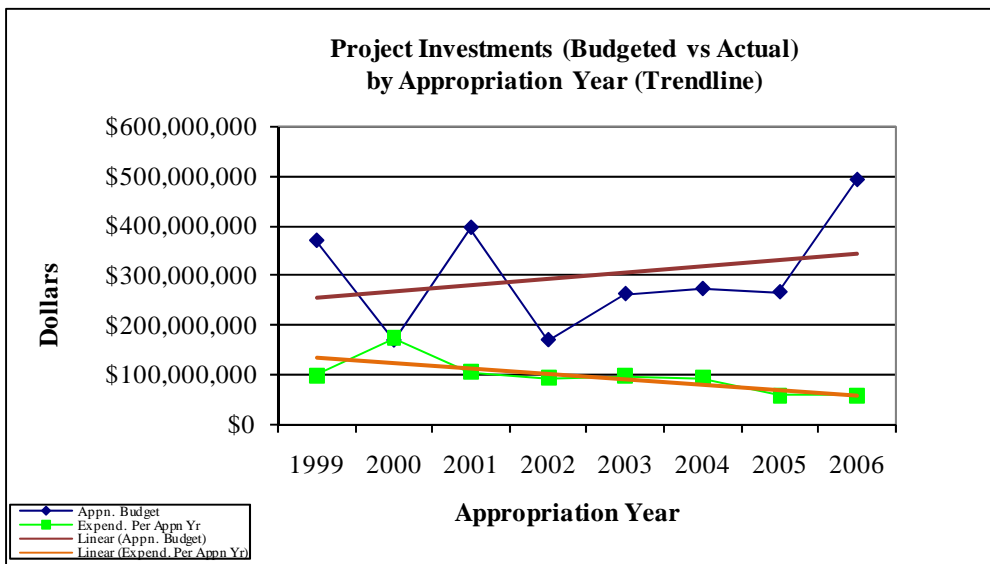


Figure 3A

Having portrayed the total construction dollars in terms of budgeted versus actual expended per appropriation year; the next significant representation is the number of authorized PFPs versus the actual filled positions. Figure 4 depicts the Highways Division's authorized PFPs versus actually filled PFPs.



## Project Funded Positions Conversion Assessment

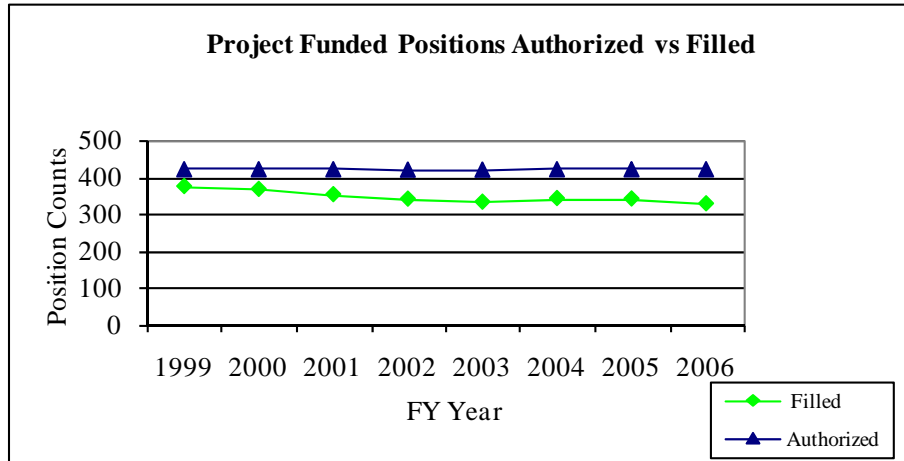


Figure 4

In this graphical representation, the authorized number of PFPs has remained relatively constant over the past eight years. Relative to this, the actual number of filled positions reveals a declining trend. Although Figure 4 may imply that the both the authorized and filled positions are relatively flat, the information contained in Figure 5 below depicts a more detailed representation of the filled PFP trend. This trend shows the PFPs are on a significant decline.

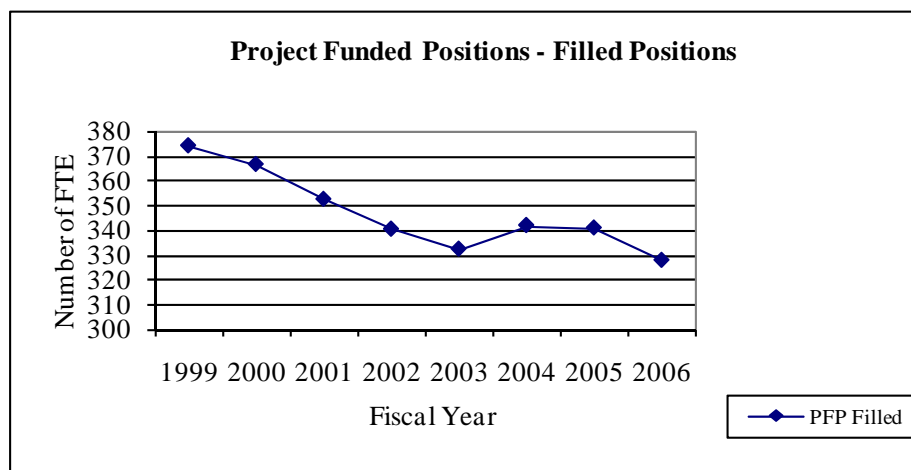


Figure 5

Figure 6 demonstrates the relationship of the authorized project dollar value trend compared to the trend of the authorized PFP levels for each of the eight prior years. It is clear from Figure 6 that while the overall trend of the authorized projects dollars continues to increase, the trend of the number of PFPs to accomplish the work remains relatively flat in relation.

## Project Funded Positions Conversion Assessment

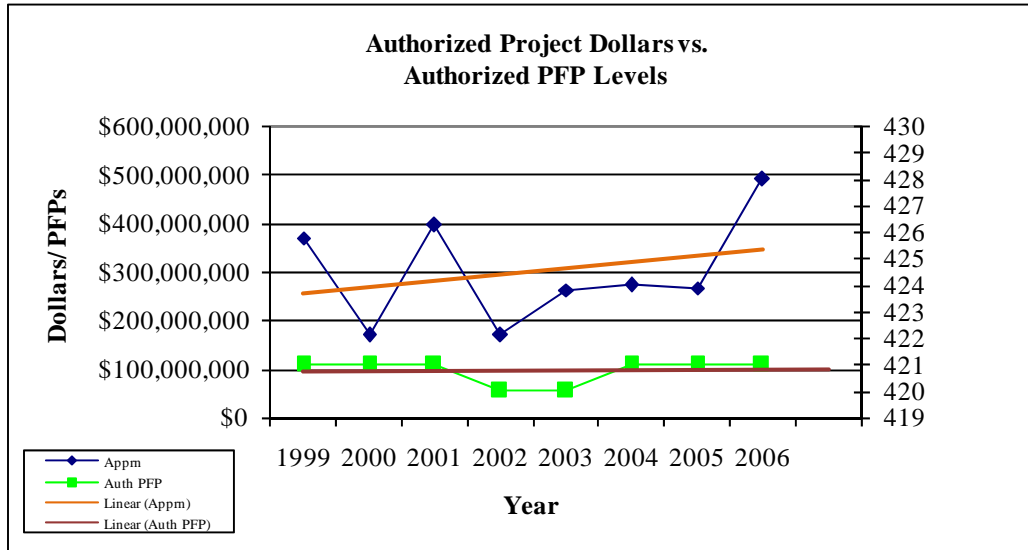


Figure 6

These differing trend lines (dollars versus positions) suggest that there is a continuous gap between programmed dollars and the number of PFP staff needed to accomplish the projects. However, if the project dollars (and number of projects) being programmed into the system are on a rising trend, and if the PFP staff levels remain the same or less, then the ability to accomplish these programmed project dollars will not likely be met in the near future. A backlog of projects becomes an ever-increasing number, thus further widening the difference between projects and staff to accomplish them.

Since having depicted the authorized figures, another important comparison to make is one based on actual figures. Figure 7 depicts the relationship of actual project dollars expended for a given appropriation year against the actual number of filled PFPs for the respective years. Figure 7 demonstrates the actual number of PFPs in relation to the output of the construction dollars expended.

## Project Funded Positions Conversion Assessment

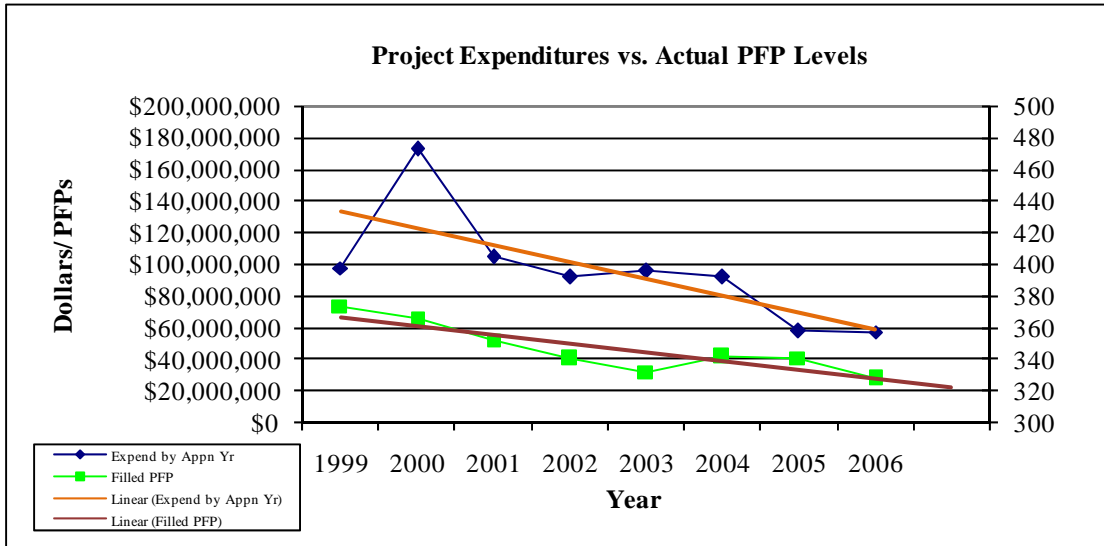


Figure 7

Unique to this graph is that the actual PFP level is on a downward trend, unlike the relatively constant line representing the “authorized” positions previously expressed in Figure 6. Although the appropriation years of 2005 and 2006 may be understated, the general trend is on a downward slope.

The importance of Figure 7 is that it states that there is a parallel and downward trend in both the number of filled PFPs and the project dollar expenditures by appropriation year. Recognizing that there is a lag between project programming and execution, the 2005 and 2006 years are somewhat understated in that these projects have just come on line. With this assumption, it can be deduced that the expenditure line would not be as steep a slope as currently depicted. Nevertheless, the trend would be consistently on a downward trend.

### Summary

The point of this section was to provide the backdrop for which the PFPs can be viewed in relation to the overall Highways capital improvement programs. The nature of the PFPs is logically tied to the total project dollars, and therefore it needs to be viewed in such a manner. This graphical representation section has emphasized the following:

- 1) There is an inherent and continuous gap between construction dollars that have been appropriated (budgeted) and the expenditures for the respective appropriation year (actual). The appropriated project dollars are increasing, while the expenditures in relation to these appropriated project dollars are declining; and,
- 2) Project dollars expended have a direct relationship to the level of PFPs. Therefore, the decline in the expenditures by appropriation year has a correlation to the declining number of PFPs per year. Furthermore, a decline in the PFPs results in a decline in expenditures by appropriation year.

# Project Funded Positions Conversion Assessment

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## PROJECT ASSUMPTIONS

There were several key assumptions that were presented during this assessment. They are as follows:

1. When assessing the PFP positions that can be converted, the Highways Division tries to ensure that maximum flexibility is maintained, and that the conversion of the PFP positions to SFP will not adversely impact daily operations within the branches (or their subsections).
2. This assessment of project funded positions is not intended to be comprehensive of the branches and their complete structure and functionality. The Findings Section will notate other potential positions that may be converted from PFP to SFP, with the understanding that an additional review of future reorganizational efforts and detailed functional evaluations may be needed to determine which additional specific positions can be converted from PFP to SFP.
3. Positions that serve as an “administrative” function (meaning that they manage, coordinate, and serve the overall interest of directing the branch) should be considered for conversion to SFP, if the position is not already budgeted as such. This further assumes that the leadership positions do not directly work on specific projects, although they may be involved with them in an overall managerial capacity.
4. Positions that are currently funded 50% PFP and 50% SFP should be converted to 100% SFP. This is based on the premise that most of these positions are managing or supporting overall workflow of the area, rather than performing the actual project specific work.
5. Total cost for the respective capital and operating programs is defined as the labor cost (salary plus fringe) for the respective capital and operating programs.
6. The MVS0 Office is not included within the assessment because of the nature and functionality of the office. Its positions are primarily federal funded. Likewise, the Engineering Services Branch will not be included because its functionality serves to administratively support the Highways Division. Its positions are either special funded or federally funded.

# Project Funded Positions Conversion Assessment

## ***FINDINGS***

### Highways Division Program Position Totals

According to the Position Control Report, as of September 30, 2007, the Highways Division has authorized 1,025 permanent and 5 temporary positions. The total number of vacant positions for the Highways Division is 183 positions. Of these total authorized permanent positions, there are 421 PFP positions and 604 SFP positions.

Of the 421 PFP positions, 326.5 are currently filled, and 94.5 are currently vacant. Likewise, of the 604 SFP positions, 515.5 are currently filled, and 88.5 are vacant. Table 2 reflects these details:

Table 2

HIGHWAYS DIVISION'S MONTHLY REPORT ON THE STATUS OF POSITIONS						
REPORTING PERIOD: September 30, 2007	SOURCE OF FUNDING					
	SPECIAL FUNDS		PROJECT FUNDS		TOTALS	
	PERM	TEMP	PERM	TEMP	PERM	TEMP
Number of Positions Authorized by Legislature	604	4	421		1025	4
Number of Positions Approved by Gov					0	0
Number of Positions Approved by DHRD		1				1
Number of Established Positions at the Beginning of the Month	600	4	421	0	1021	4
Not Established Positions	4	1	0	0	4	1
New Positions Established During the Month	0	0	0	0	0	0
Positions Abolished During the Month	0	0	0	0	0	0
Total Number of Authorized Positions at the End of the Month	604	5	421	0	1025	5
Number of Occupied Positions at the Beginning of the Month	516	0	328	0	844	0
Number of Occupied Positions at the End of the Month	515.5	0	326.5	0	842	0
Maui District's positions for T/A purposes only		1				1
Total Number of Vacant Positions at the End of the Month	88.5	4	94.5	0	183	4
Non-Civil Service Appointments	4	0	13	0	17	0

# Project Funded Positions Conversion Assessment

## Labor Charge Code Issue

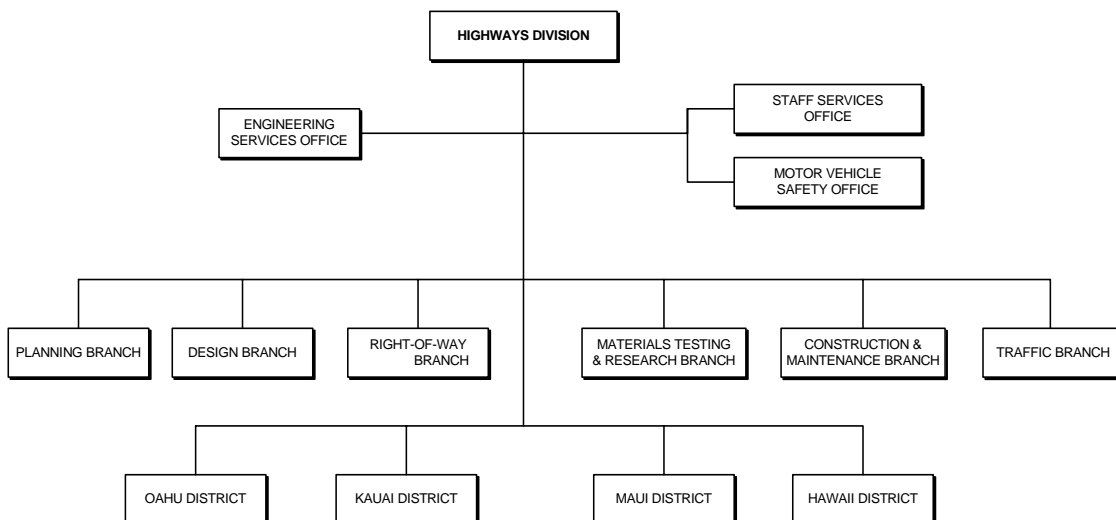
The basis for this assessment is primarily the charges to the labor accounts. As discussed in the background portion of this Report, the actual dollars for the payroll cost are inflated because: 1) the positions are charging the Highways Administration Account, when in actuality they should be charging the CIP Staff Labor Account; or 2) the charges are an indication that the nature of the work performed by the Branch/Section is more oriented toward O&M. It is of particular concern how the charges are being managed within each of the branch areas.

In the past three fiscal years (Fiscal Years 2005- 2007), the total labor charges (O&M and CIP labor) amounted to \$54 million, \$56 million and \$58 million respectively. On average, 65% (\$109.7 million) of the labor costs incurred were charged to the O&M accounts, while 35% (\$59.3 million) of the labor costs were charged to project accounts.

## Accounting of Positions Issue

Regardless of whether a DOT position is project funded or special funded, the position is paid from the same cash account known as the State Highway Fund. From an accounting perspective, converting positions from PFP to SFP does not have any significant impact on the DOT's ability to deliver projects effectively. Any conversion can and will be adjusted and accounted for from the same State Highway Fund account.

## Highways Divisional Branch Structure Assessment



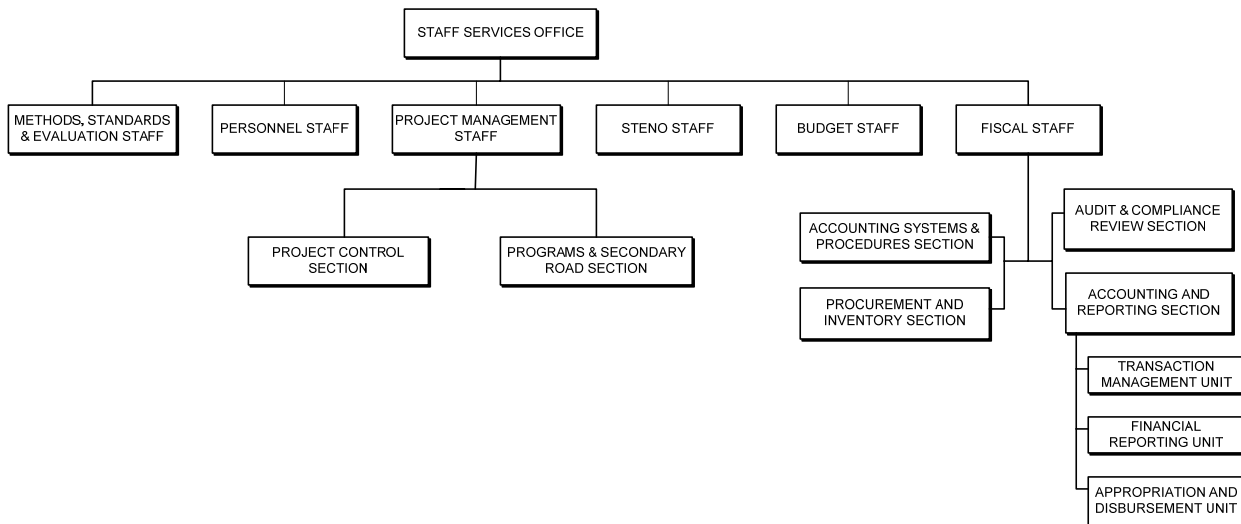
## Project Funded Positions Conversion Assessment

The following Section details the functionality and organizational structure of the Branches within the Highways Division. The functional statements and organizational charts were taken from the Highways Division's Functional Statements and Organizational Report, as of June 30, 2007.

This Section intentionally excludes the Motor Vehicle Safety Office (MVS0) and the Engineering Services Branch that primarily "serves as the on-site technical advisor to management by providing analysis, recommendations and technical supervision on matters relating to the Division's computer systems, applications and equipment requirements.

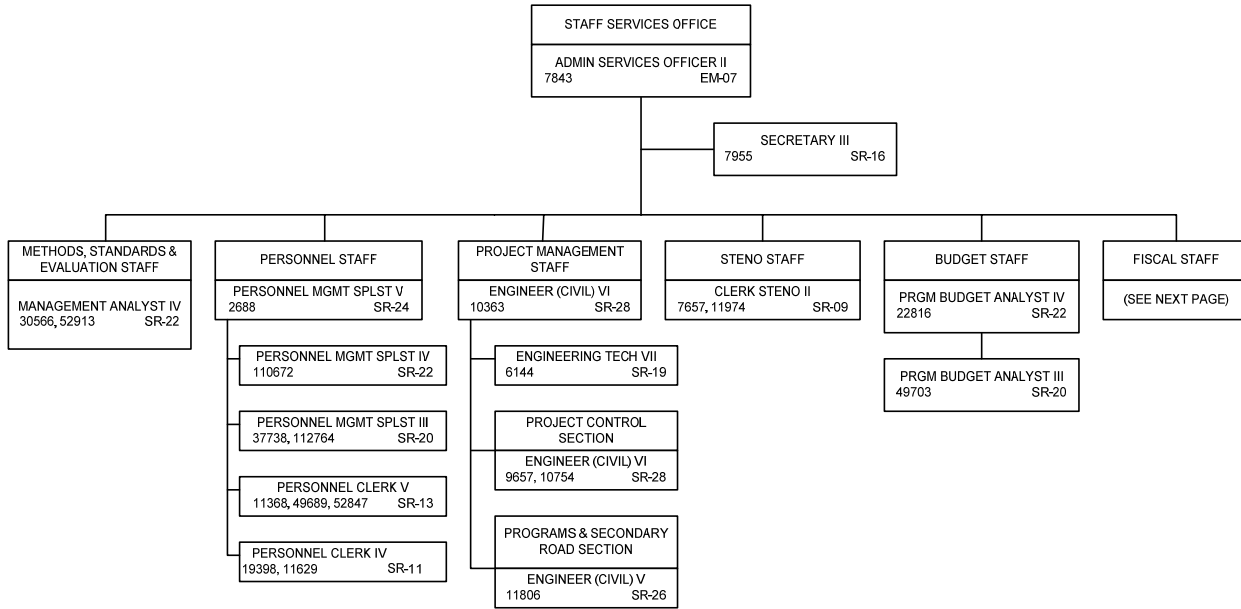
In each of the ensuing sections, the specific branch will be represented by its formal organizational chart structure, an overall narrative of its functionality, the positions within the organizational structure; and ultimately, the assessment of positions and dollars that can be identified for conversion from PFP to SFP.

### Staff Services Branch



The Staff Services Branch primarily serves as the administrative arm for the Highways Division. As part of this function, it develops and maintains program planning and control systems; provides coordination and liaison services for federal-aid and legislative matters; coordinates, reviews, and prepares the Highways Division budget; provides project management, management, fiscal, personnel and clerical support services; provides public information services.

# Project Funded Positions Conversion Assessment



The only PFPs that the Staff Services Branch has, resides within its Program Management Staff section. The positions that are identified to be converted are largely based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. These positions are responsible for the statewide programming of highways projects that include CIP and SMP. They coordinate the preparation and submittal of the CIP budget for the State Highway Program and also program all highway federal-aid funds for CIP and O&M purposes. The charges for these positions should be considered indirect for project accounting purposes.

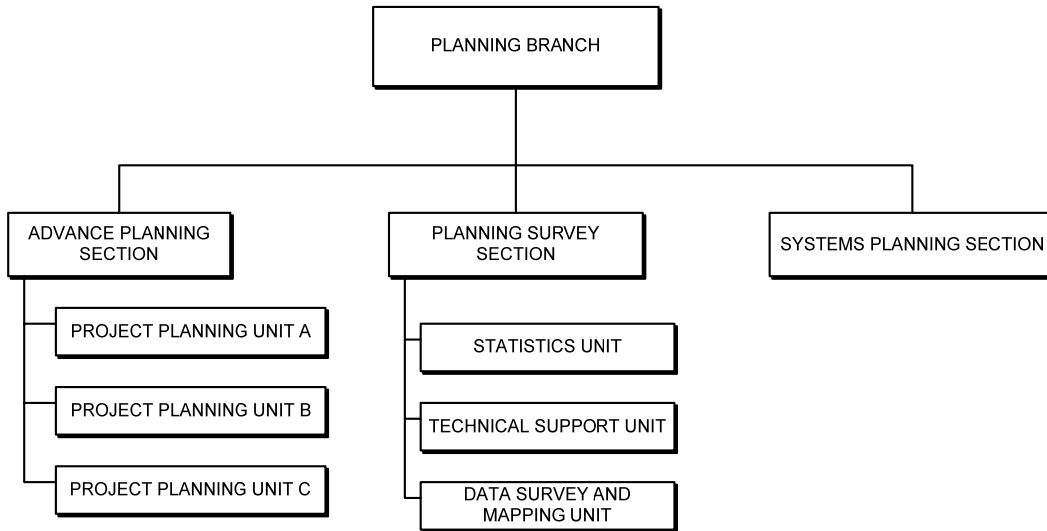
The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Project Management	Engineer IV	10363	1
	Engineering Tech VII	6144	1
	Engineer VI	9657	1
	Engineer VI	10754	1
	Engineer V	11806	1
	<b>Total</b>		<b>5</b>

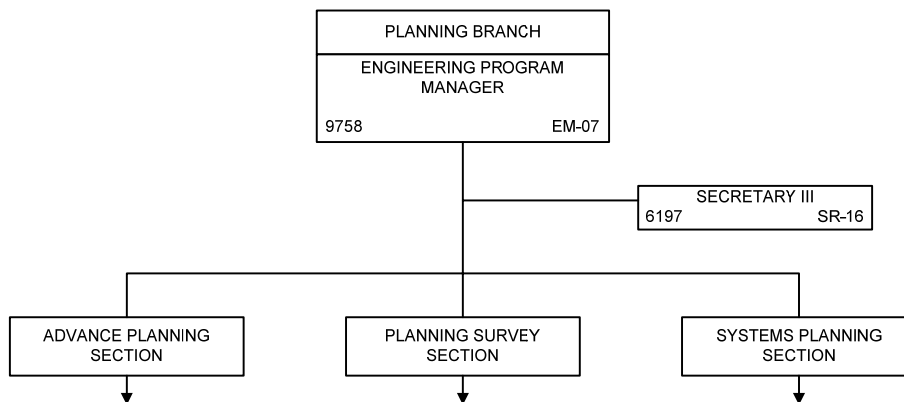


# Project Funded Positions Conversion Assessment

## Planning Branch



The Planning Branch coordinates and manages pre-design highway planning processes and activities; develops, revises, and manages the statewide Long Range Land Transportation Plans, statewide Short Range Land Transportation Plans, Statewide Transportation Improvement Program, statewide traffic data collection program, statewide Geographic Information System (GIS), Coordinated Data System (CDS), Functional Classification of Public Roadways Program, Transportation Enhancement Program, Innovative Financing Program, Scenic Byways Program, and Impact Fees Program. Furthermore, it conducts route location studies, feasibility studies, and environmental studies; develops and evaluates alternatives for highway projects; coordinates the divisional portion of the urban and rural transportation planning processes and other planning efforts by state and county agencies; and coordinates the divisional review of land use change proposals.



The positions that are identified to be converted are the Engineering Program Manager, and the Secretary positions. This finding is based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work

## Project Funded Positions Conversion Assessment

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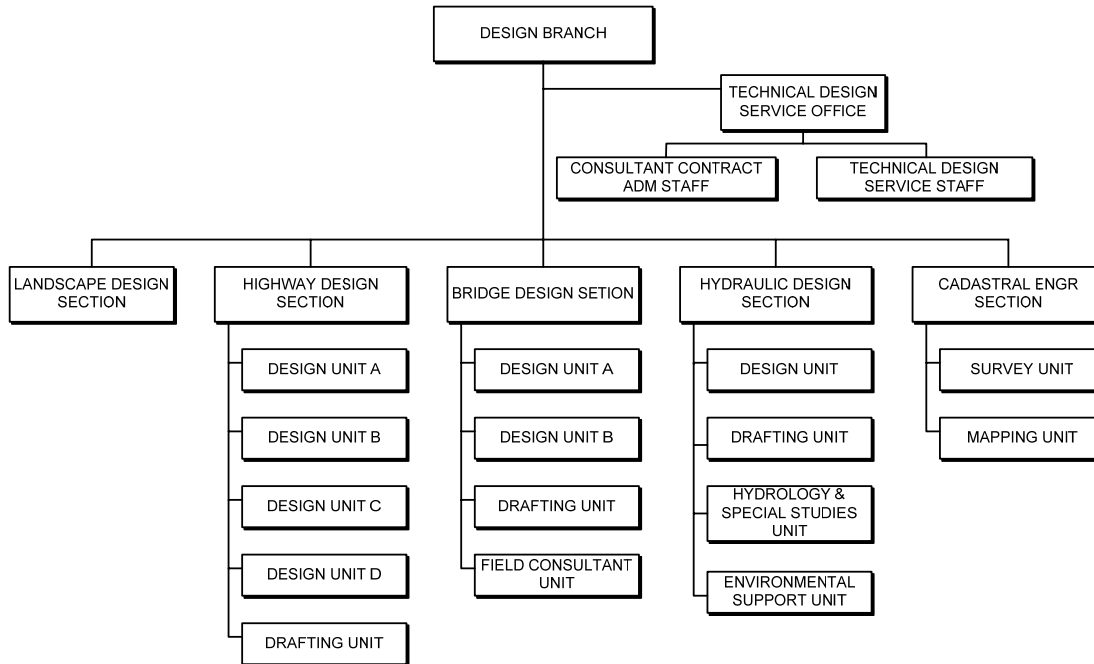
specific tasks. The other positions in the Planning Branch support functions that are largely project related and should remain as PFPs; and as such, they should continue to charge directly to specific project accounts.

The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Administration	Engineering Program Mgr	9758	1
	Secretary	6197	1
		<b>Total</b>	<b>2</b>

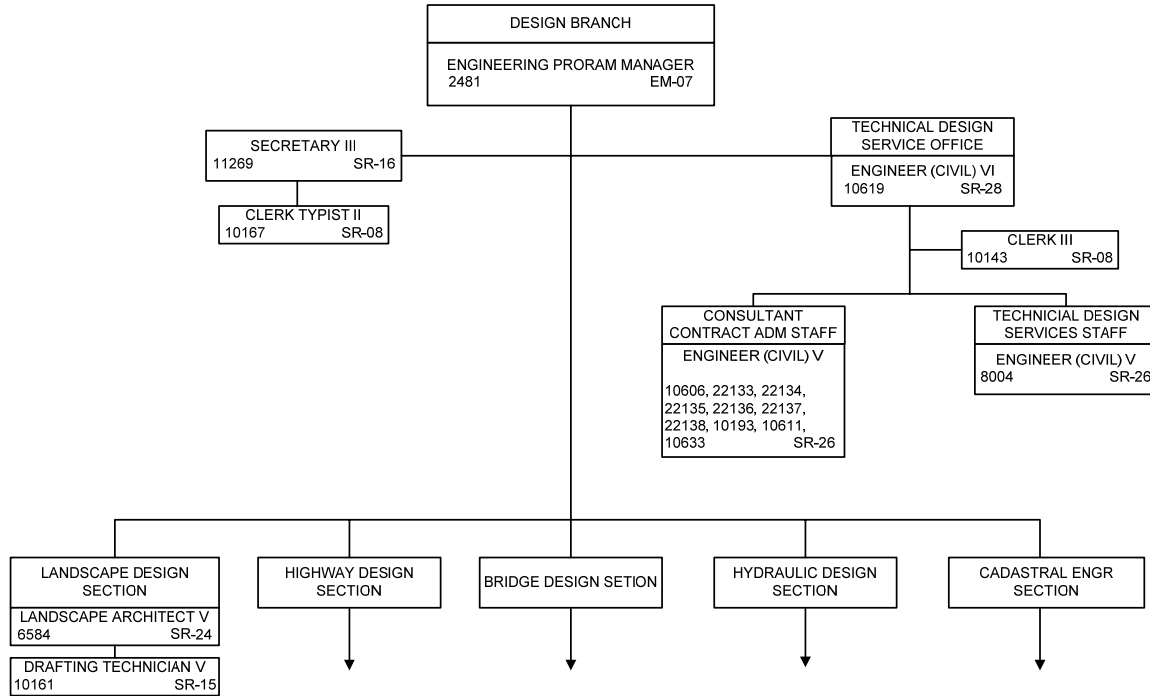
# Project Funded Positions Conversion Assessment

## Design Branch



The Design Branch prepares construction plans, specifications and estimates for highway projects; plans, develops, and implements the Landscape Master Plan for the State Highway System; conducts location and right-of-way surveys including preparation of engineering and subdivision maps. In addition, the Branch negotiates project agreements with governmental agencies and public and private utilities; and provides technical services to the divisional branches and districts.

## Project Funded Positions Conversion Assessment



The positions that are identified to be converted are the Engineering Program Manager, Secretary III and the Clerk Typist II positions. This determination is based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges for these positions should be considered indirect for project accounting purposes. The other positions within the Design Branch perform direct project related work, and therefore should remain as PFP's who charge directly to specific project accounts.

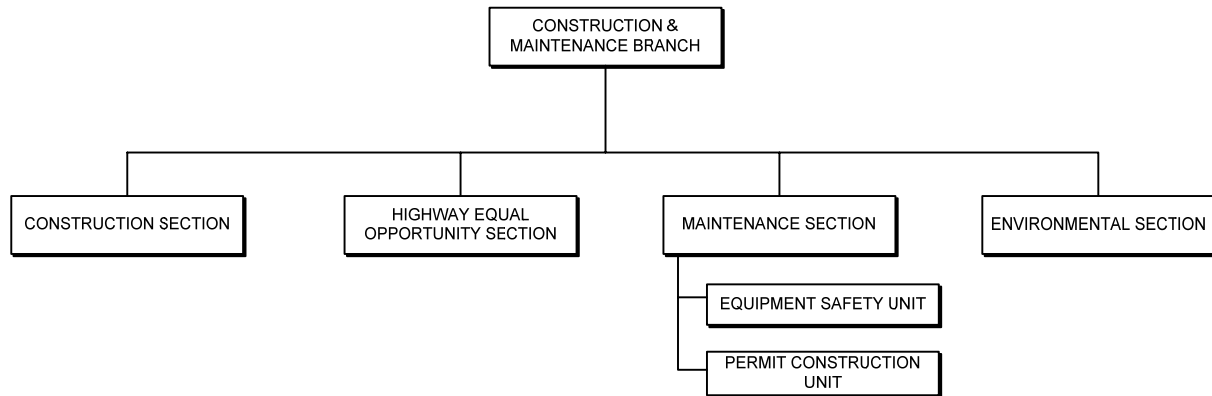
The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Administration	Engineering Program Mgr	2481	1
	Secretary III	11269	1
	Clerk Typist II	10167	1
		<b>Total</b>	<b>3</b>

# Project Funded Positions Conversion Assessment

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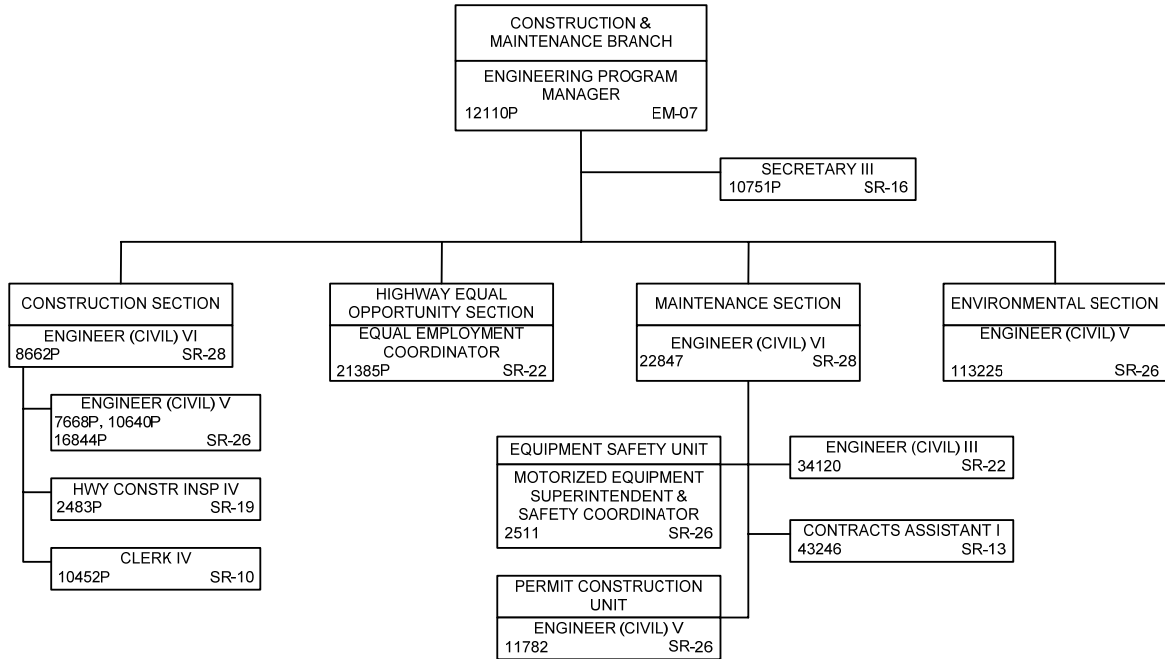
## Construction and Maintenance Branch



### The Construction and Maintenance Branch:

1. Provides review and management services on statewide highway construction and maintenance programs; reviews and consolidates district construction and maintenance budgets.
2. Provides services for the review of maintenance procedures, practices, procurement of supplies and equipment and budgeting; and prepares specifications for the purchase of materials.
3. Analyzes unit costs by work items, estimates requirements of personnel, material and equipment budgets submitted by district engineers.
4. Manages the Division's Affirmative Action Plan, Equal Opportunity, American's with Disabilities Act, Disadvantaged Business Enterprise, and Civil Rights programs in conjunction with federal-aid program guidelines.
5. Develops, implements and manages the Statewide Solid Waste Management Program, Statewide Petroleum, Oil, and Lubricants Management Program, Statewide Lead-based Paint Management Program, and Statewide Asbestos Management Program for the Division.

# Project Funded Positions Conversion Assessment



The positions that are identified to be converted are the Engineering Program Manager and the Secretary III positions. This assessment is based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges for these positions should be considered indirect for project accounting purposes. There remains some debate as to whether more of the other positions should be converted from PFP to SFP; however, an additional detailed review would first need to occur. In addition, the Branch is proposing a reorganization of its structural components; and thereby, a more detailed look at position accounting would be appropriate at that juncture.

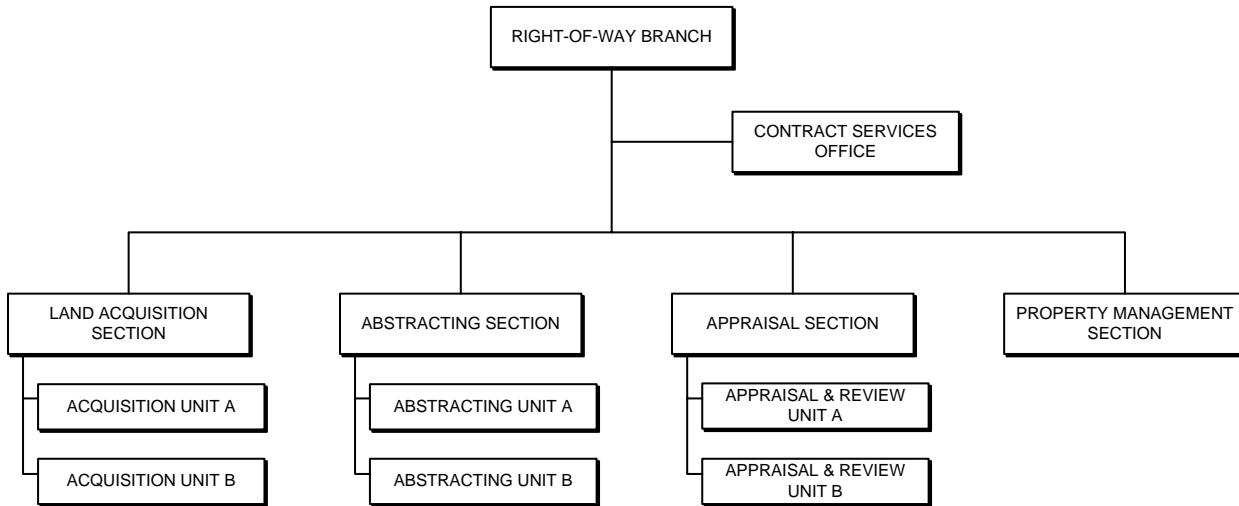
The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Administration	Engineering Program Mgr	12110	1
	Secretary III	10751	1
		<b>Total</b>	<b>2</b>

# Project Funded Positions Conversion Assessment

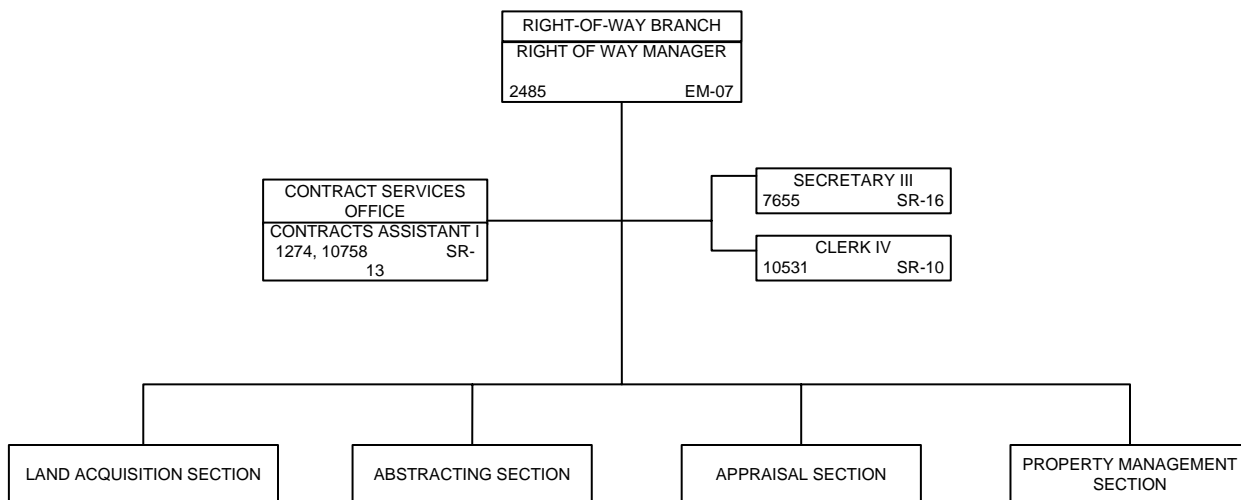
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## Rights of Way Branch



The Rights of Way Branch acquires and manages lands, right-of-ways, easements and other real property interests required for the construction of highways and for other transportation projects on a state-wide basis.

The Branch also provides advisory relocation assistance and relocation payments to individuals, families, businesses including farm operators and non-profit organizations displaced by the Department of Transportation projects; disposes access rights, easements and airspace within highway rights-of-way and disposes of highway remnants authorized by the Department of Land and Natural Resources; and, monitors right-of-way activities by political subdivisions involved in County Federal-aid projects statewide.



## Project Funded Positions Conversion Assessment

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The positions that are identified to be converted the Rights of Way Manager, Secretary III and the Clerk IV. This assessment is based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges for these positions should be considered indirect for project accounting purposes. There remains some debate as to whether more of the other positions should be converted from PFP to SFP; however, an additional detailed review need to occur. In addition, the Branch is proposing a reorganization of its structural components; and thereby, a more detailed look at position accounting would be appropriate at that juncture.

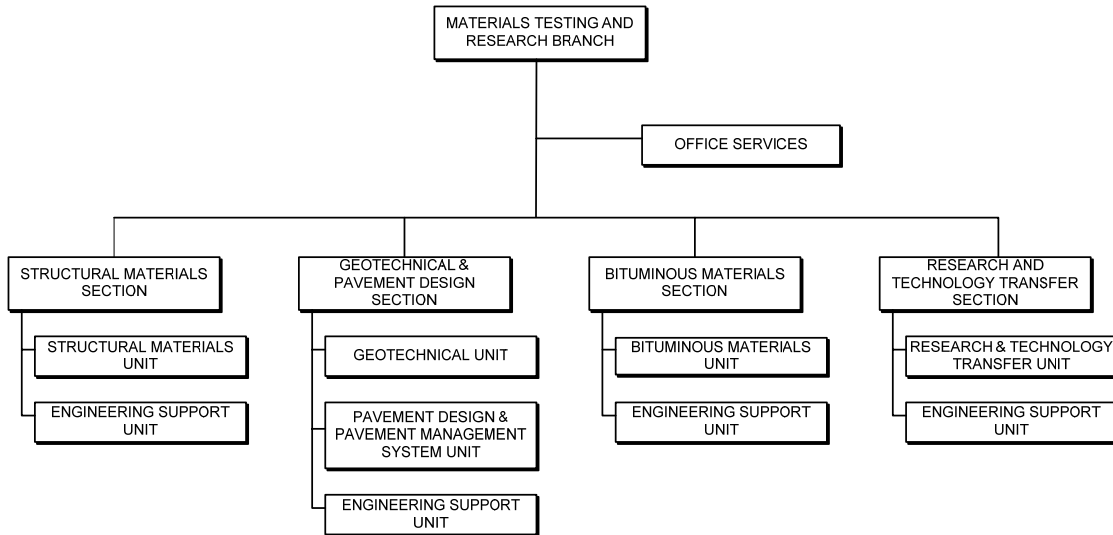
The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Administration	Right of Way Mgr	2485	1
	Secretary III	7655	1
	Clerk IV	10531	1
		<b>Total</b>	<b>3</b>

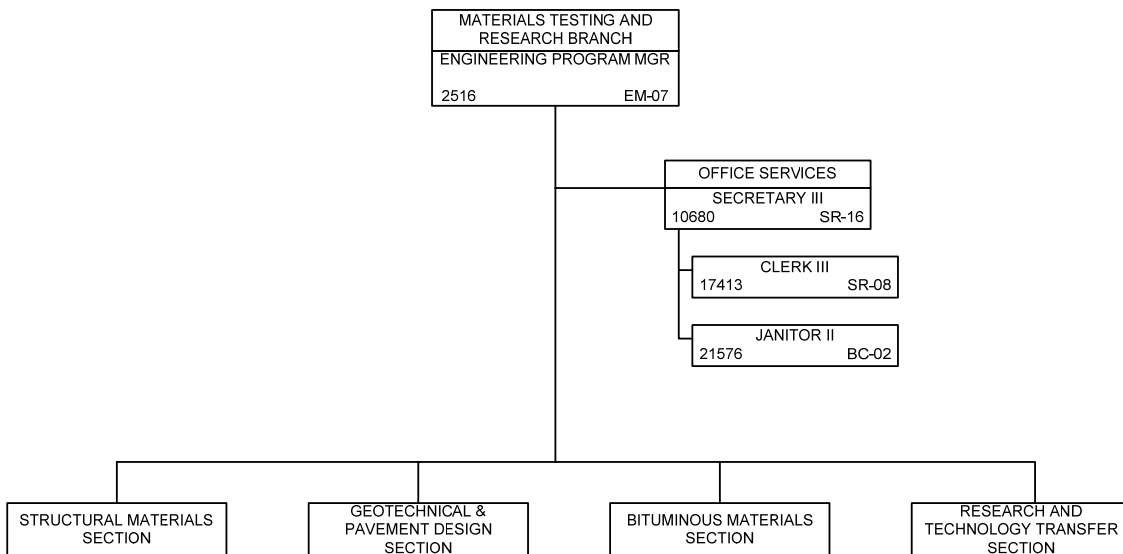


# Project Funded Positions Conversion Assessment

## Materials Testing & Research Branch



The Materials Testing and Research Branch manages statewide programs for material quality assurance, testing and monitoring, research and development, geotechnical engineering, pavement design, material and/or quality assurance training, and certification of technicians and inspectors in material quality assurance. It also tests, accepts, certifies test equipment and materials incorporated into transportation facilities and related developments; and conducts geotechnical engineering studies; manages engineering research and development programs.



The positions that are identified to be converted are the Engineering Program Manager, the Secretary III, Clerk III and Janitor II positions. This assessment is based on the fact that these positions

## Project Funded Positions Conversion Assessment

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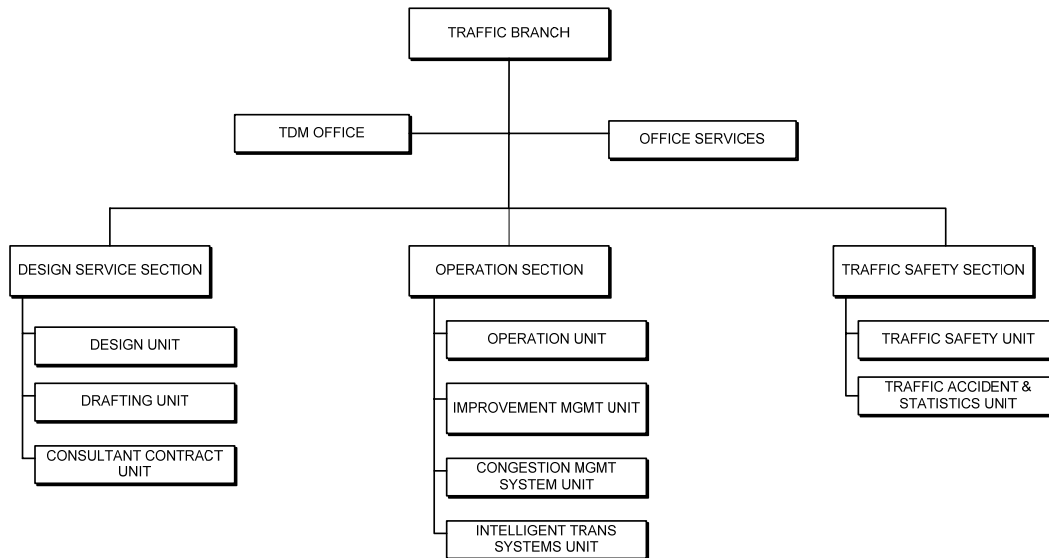
primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges for these positions should be considered indirect for project accounting purposes. The other positions within the Materials Testing Branch perform direct project related work, and therefore, should remain as PFP's who charge directly to specific project accounts.

The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Administration	Engineering Program Mgr	2516	1
Office Services	Secretary III	10680	1
	Clerk III	17413	1
	Janitor II	21576	1
		<b>Total</b>	<b>4</b>

# Project Funded Positions Conversion Assessment

## Traffic Branch

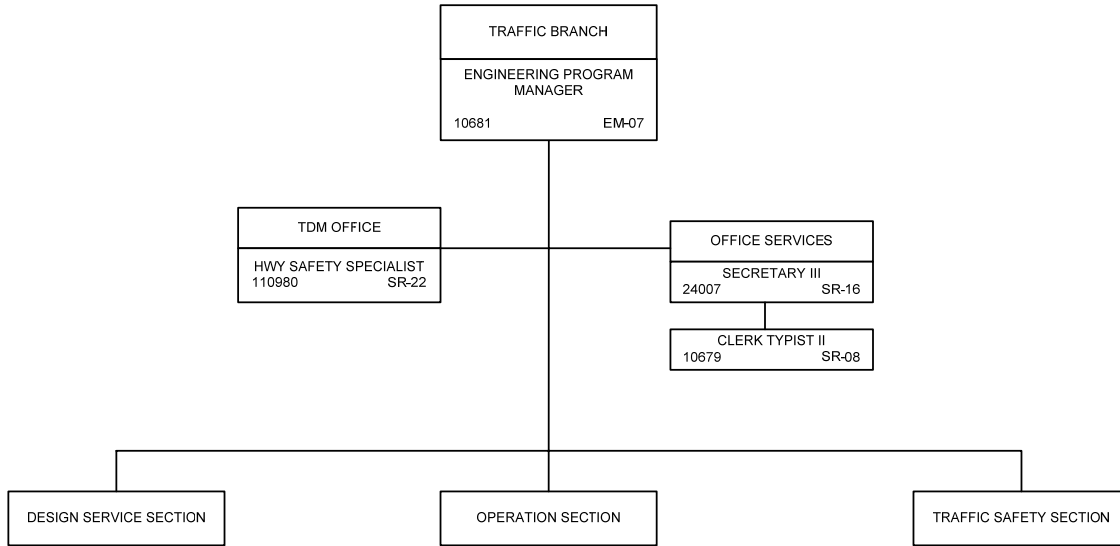


The Traffic Branch plans and designs roadway pavement markings and signs, traffic signals, highway lighting, and operational and safety improvements to promote the safe, orderly and expeditious movement of traffic on the State Highway System. It also manages consultant contracts for traffic projects; manages the Traffic Systems Management, Congestion Management System, Traffic Accident Surveillance, and Traffic Safety Improvement Programs; analyzes and monitors operating characteristics, accident records, and statistical reports; provides new and innovative alternatives for problem resolution; develops and implements highways demand projects as a means of reducing traffic congestion throughout the State.

In addition, the Branch reviews Environmental Impact Statements (EIS), development plans, applications for permits, pending legislation and other matters for their impact on traffic operations and safety; conducts litigation investigations; manages the Title II Safety Improvement Project Program and Minor Improvement Project Program; maintains and publishes traffic and accident statistics; provides technical assistance on safety techniques, state-of-the-art safety equipment, devices, and material to the Branches/District Offices; and, acts as State Highways Traffic liaison to Federal, County and other governmental and private agencies.

## Project Funded Positions Conversion Assessment

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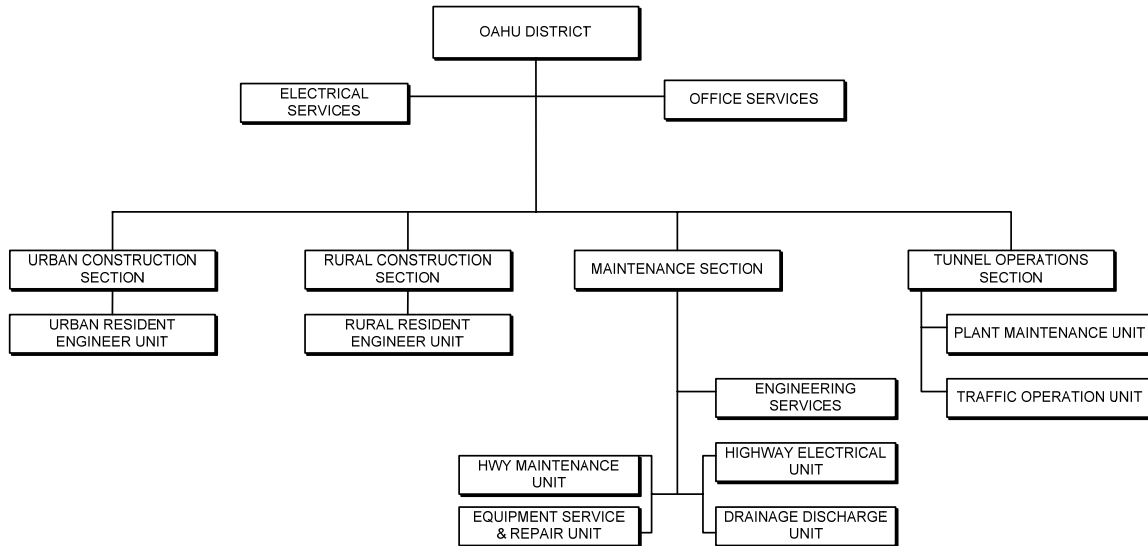
The positions that are identified to be converted are the Engineering Program Manager, Secretary III and the Clerk Typist III. This is based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges for these positions should be considered indirect for project accounting purposes. The other positions within the Traffic Branch perform direct project related work, and therefore, should remain as PFP's who charge directly to specific project accounts.

The identified positions that can be converted from PFP to SFP are:

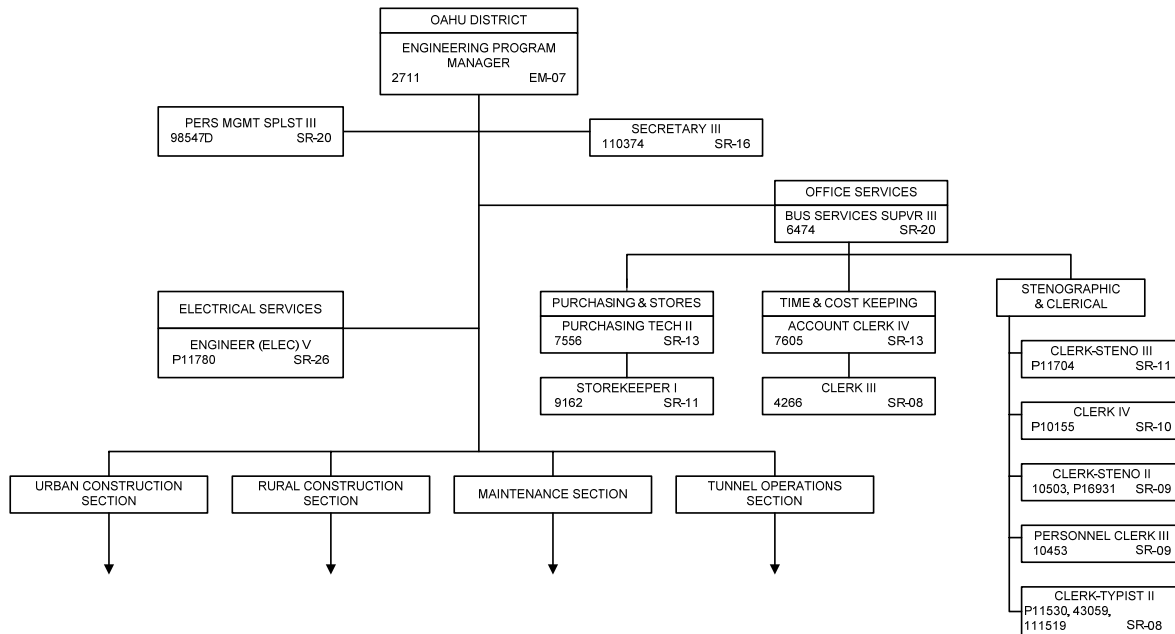
Section	Title	Position Number	#
Office Services	Secretary III	24007	1
	Clerk Typist II	10679	1
	<b>Total</b>		<b>2</b>

# Project Funded Positions Conversion Assessment

## Oahu District



The Oahu District of the Highways Division manages highway construction and highway maintenance projects in conformance with approved plans and specifications; and, maintains, alters and repairs roads, highways and related structures within the State Highway System on Oahu.



The positions identified to be converted are primarily in the Office Services Section – Stenographic & Clerical Unit, and include the Clerk Steno III, Clerk IV, Clerk Steno II and Clerk Typist II. This assessment is based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges

## Project Funded Positions Conversion Assessment

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for these positions should be considered indirect for project accounting purposes. There remains debate as to whether more of the other positions should be converted from PFP to SFP. The District is on a continuous improvement mindset, and is proposing a reorganization of its structural components. As a forward effort, it may be appropriate to conduct a comprehensive review of the entire District, because it currently has multiple reorganizations pending and new programs that are being established to address strategic matters.

One of these new programs that the District is considering alternatives to establish is a Municipal Separate Storm Sewer System (MS4) Unit, that is designed to address the pollution mitigation of the storm drainage into ditches, curbs, gutters, storm sewers and other similar means that collect runoff that do not connect to a wastewater collection or sewer treatment facility. The MS4 Unit and its functional responsibilities would serve as an O&M nature, even though the MS4 is a requirement under a consent decree.

The District has not been able to obtain new positions to staff the MS4 Unit though the budgetary process. The District is in the process of identifying positions for the establishment of the MS4. The additional MS4 Unit may be formed using vacant PFP's, which will be subsequently converted to SFP (O&M budget) if approved. The functionality of the MS4 Unit is a supportive function that will be responsible for program oversight and not project work specific tasks.

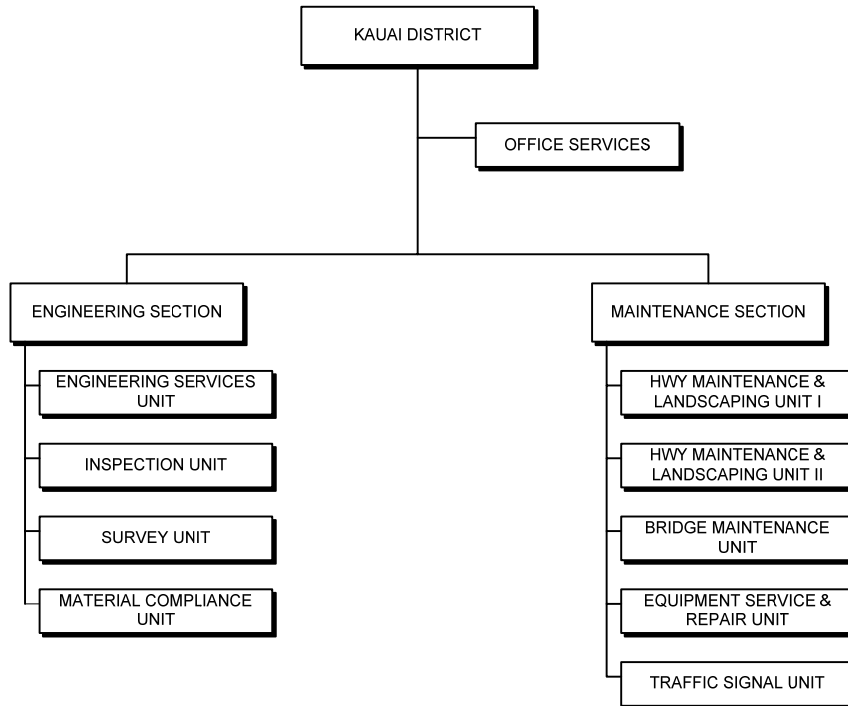
The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Office Services - Steno	Clerk Steno III	P11704	1
	Clerk IV	P10155	1
	Clerk Steno II	P16931	1
	Clerk Typist II	P11530	1
		<b>Total</b>	<b>4</b>

# Project Funded Positions Conversion Assessment

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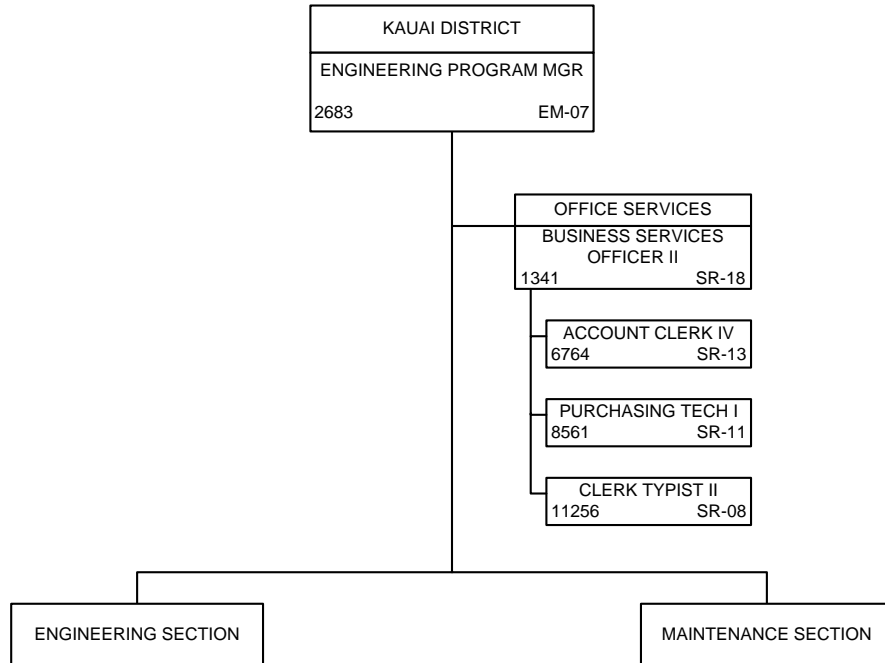
## Kauai District



The Kauai District of the Highways Division performs for the island of Kauai 1) engineering services and field inspections of transportation construction projects in conformance with approved plans and specifications; and 2) the maintenance, alteration and repair of State roads, highways, and related structures.

## Project Funded Positions Conversion Assessment

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The positions that are identified to be converted are the Engineering Program Manager, the Business Services Officer II, Account Clerk IV, Purchasing Tech I and the Clerk Typist II positions. This assessment is based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges for these positions should be considered indirect for project accounting purposes. The other positions within the Kauai District perform direct project related work, and therefore, should remain as PFP's who charge directly to specific project accounts.

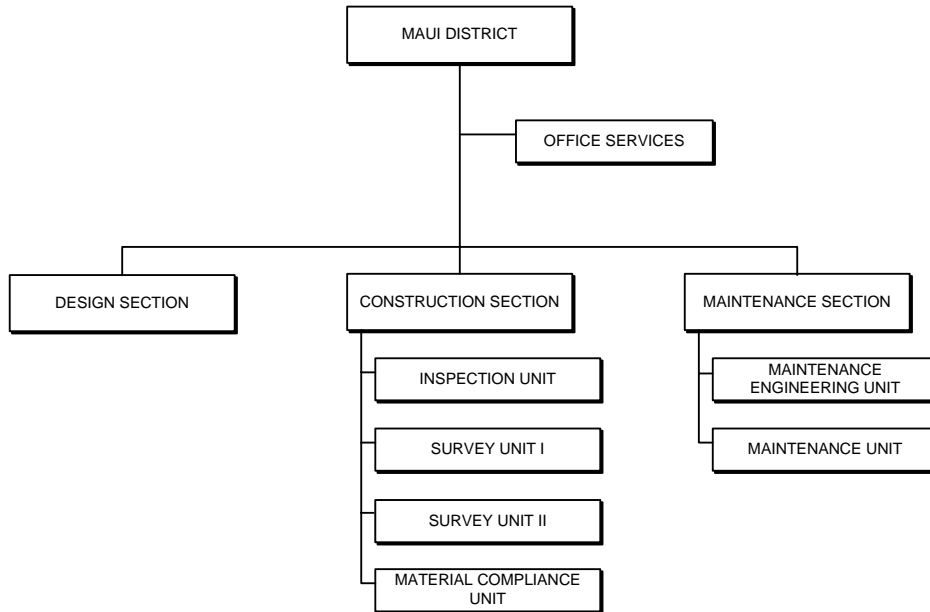
The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Administration	Engineering Program Mgr	2683	.5
Office Services	Business Svcs Officer II	1341	.5
	Account Clerk IV	6764	.5
	Purchasing Tech I	8561	.5
	Clerk Typist II	11256	.5
	<b>Total</b>		<b>2.5</b>

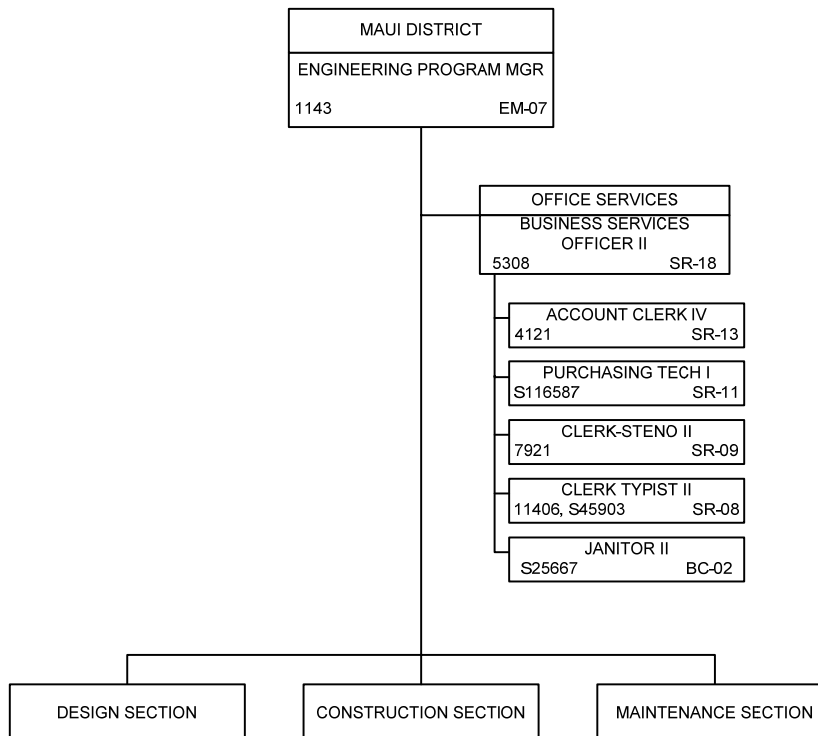


# Project Funded Positions Conversion Assessment

## Maui District



The Maui District of the Highways Division performs for the islands of Maui, Molokai, and Lanai 1) engineering services and field inspections of transportation construction projects in conformance with approved plans and specifications; and 2) the maintenance, alteration and repair roads, highways, and related structures.



## Project Funded Positions Conversion Assessment

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The positions that are identified to be converted are the Engineering Program Manager, Business Services Officer II, Account Clerk IV, Clerk Steno II, and the Clerk Typist II positions. This assessment is based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges for these positions should be considered indirect for project accounting purposes. The other positions within the Maui District perform direct project related work, and therefore, should remain as PFP's who charge directly to specific project accounts.

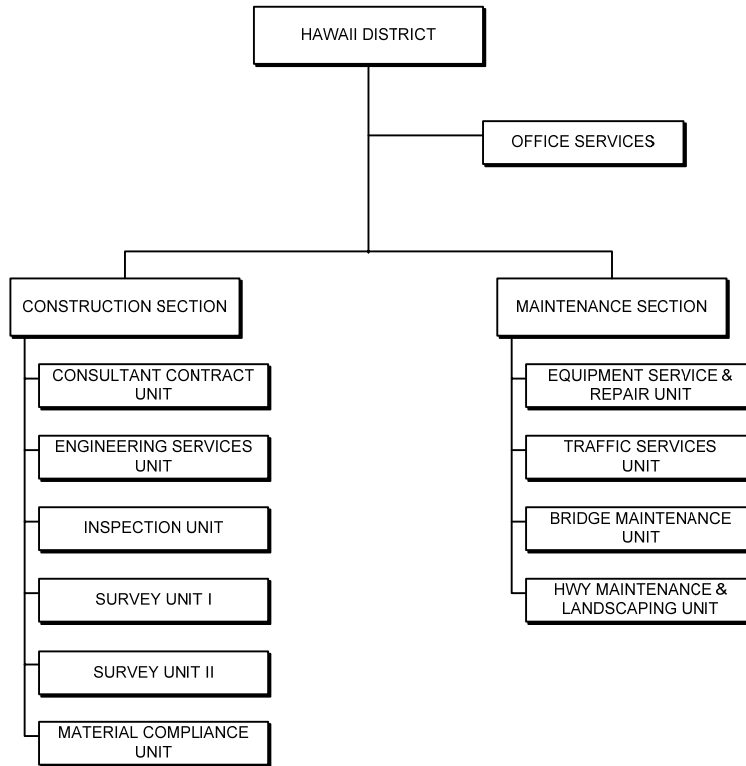
The identified positions that can be converted from PFP to SFP are:

<b>Section</b>	<b>Title</b>	<b>Position Number</b>	<b>#</b>
Administration	Engineering Program Mgr	1143	.5
Offices Services	Business Svcs Officer II	5308	.5
	Account Clerk IV	4121	.5
	Clerk Steno II	7921	.5
	Clerk Typist II	11406	.5
		<b>Total</b>	<b>2.5</b>

# Project Funded Positions Conversion Assessment

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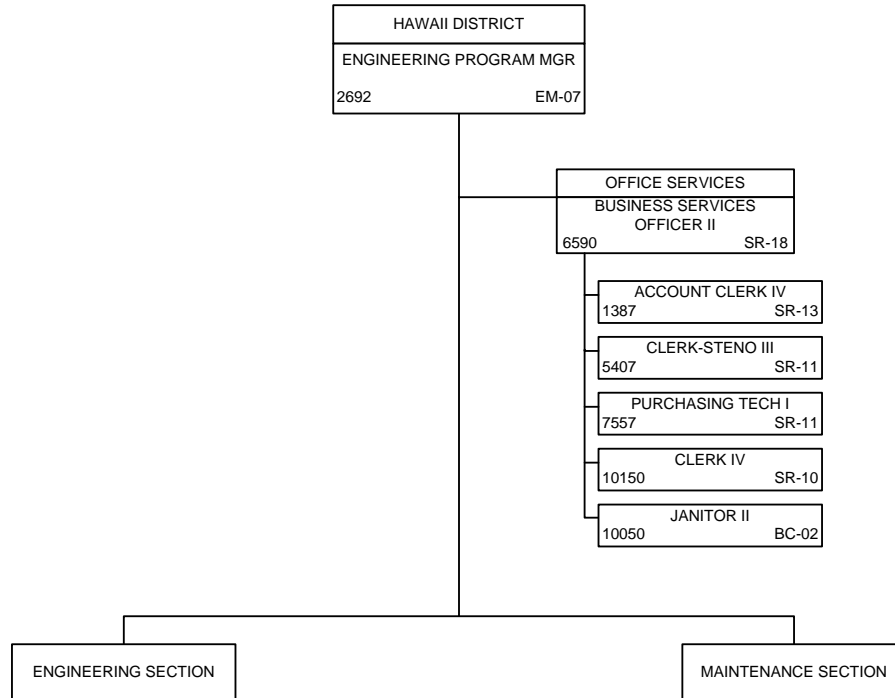
## Hawaii District



The Hawaii District of the Highways Division performs for the island of Hawaii 1) engineering services and field inspections of transportation construction projects in conformance with approved plans and specifications; and 2) the maintenance, alteration and repair of roads, highways, and related structures.

## Project Funded Positions Conversion Assessment

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The positions that are identified to be converted are the Engineering Program Manager, Business Services Officer II, Account Clerk IV, Purchasing Tech I, Clerk IV and the Janitor II positions largely based on the fact that these positions primarily serve an administrative support function that are responsible for program oversight, and not project work specific tasks. The charges for these positions should be considered indirect for project accounting purposes. The other positions within the Kauai District perform direct project related work, and therefore, should remain as PFP's who charge directly to specific project accounts.

The identified positions that can be converted from PFP to SFP are:

Section	Title	Position Number	#
Administration	Engineering Program Mgr	2692	.5
Offices Services	Business Svcs Officer II	6590	.5
	Account Clerk IV	1387	.5
	Purchasing Tech I	7557	.5
	Clerk IV	10150	.5
	Janitor II	10050	.5
	Clerk Steno III	5407	.5
	<b>Total</b>		<b>3.5</b>

# Project Funded Positions Conversion Assessment

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## Project Positions for Conversion to Special Fund (O&M)

Based on the individual subtotals from the respective branches, the total number of positions for conversion (33.5) can be cumulatively found in Table 3.

## Project Funded Positions Conversion Assessment

Table 3

Branch	Section	Title	Pos Num	#
Staff Services	Project Management	Engineer IV	10363	1
		Engineering Tech VII	6144	1
		Engineer VI	9657	1
		Engineer VI	10754	1
		Engineer V	11806	1
Planning	Administration	Engineering Program Mgr	9758	1
		Secretary	6197	1
Design	Administration	Engineering Program Mgr	2481	1
		Secretary III	11269	1
		Clerk Typist II	10167	1
Rights of Way	Administration	Right of Way Mgr	2485	1
		Secretary III	7655	1
		Clerk IV	10531	1
Materials Testing & Research	Administration	Engineering Program Mgr	2516	1
	Office Services	Secretary III	10680	1
		Clerk III	17413	1
		Janitor II	21576	1
Construction & Maintenance	Administration	Engineering Program Mgr	12110	1
		Secretary III	10751	1
Traffic	Office Services	Secretary III	24007	1
		Clerk Typist II	10679	1
Oahu District	Office Svcs - Steno	Clerk Steno III	P11704	1
		Clerk IV	P10155	1
		Clerk Steno II	P16931	1
		Clerk Typist II	P11530	1
Kauai District	Administration	Engineering Program Mgr	2683	0.5
	Office Services	Business Svcs Officer II	1341	0.5
		Account Clerk IV	6764	0.5
		Purchasing Tech I	8561	0.5
		Clerk Typist II	11256	0.5
Maui District	Administration	Engineering Program Mgr	1143	0.5
	Offices Services	Business Svcs Officer II	5308	0.5
		Account Clerk IV	4121	0.5
		Clerk Steno II	7921	0.5
		Clerk Typist II	11406	0.5
Hawaii District	Administration	Engineering Program Mgr	2692	0.5
	Offices Services	Business Svcs Officer II	6590	0.5
		Account Clerk IV	1387	0.5
		Purchasing Tech I	7557	0.5
		Clerk IV	10150	0.5
		Janitor	10050	0.5
		Clerk Steno III	5407	0.5
<b>Total Positions</b>			<b>33.5</b>	

## Project Funded Positions Conversion Assessment

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### Salary Costs Associated with Conversion of Positions

The labor cost for each position, inclusive of salary and fringe, is reflected in Table 4. Some of the positions being recommended for conversion are 50% PFP. In such instances, only the total labor costs associated with that percentage portion of those positions are reflected:

## Project Funded Positions Conversion Assessment

Table 4

Branch	Section	Title	Pos Num	#	Salary	Fringe	Total Cost
Staff Services	Project Management	Engineer IV	10363	1	\$82,488	\$33,927	<b>\$116,415</b>
		Engineering Tech VII	6144	1	\$58,404	\$24,022	<b>\$82,426</b>
		Engineer VI	9657	1	\$85,428	\$35,137	<b>\$120,565</b>
		Engineer VI	10754	1	\$85,428	\$35,137	<b>\$120,565</b>
		Engineer V	11806	1	\$53,364	\$21,949	<b>\$75,313</b>
Planning	Administration	Engineering Program Mgr	9758	1	\$104,100	\$42,816	<b>\$146,916</b>
		Secretary	6197	1	\$41,040	\$16,880	<b>\$57,920</b>
Design	Administration	Engineering Program Mgr	2481	1	\$91,344	\$37,570	<b>\$128,914</b>
		Secretary III	11269	1	\$49,944	\$20,542	<b>\$70,486</b>
		Clerk Typist II	10167	1	\$31,176	\$12,823	<b>\$43,999</b>
Rights of Way	Administration	Right of Way Mgr	2485	1	\$84,288	\$34,668	<b>\$118,956</b>
		Secretary III	7655	1	\$44,400	\$18,262	<b>\$62,662</b>
		Clerk IV	10531	1	\$33,720	\$13,869	<b>\$47,589</b>
Materials Testing & Research	Administration	Engineering Program Mgr	2516	1	\$104,100	\$42,816	<b>\$146,916</b>
	Office Services	Secretary III	10680	1	\$46,200	\$19,002	<b>\$65,202</b>
		Clerk III	17413	1	\$36,504	\$15,014	<b>\$51,518</b>
		Janitor II	21576	1	\$31,234	\$12,847	<b>\$44,081</b>
Construction & Maintenance	Administration	Engineering Program Mgr	12110	1	\$97,668	\$40,171	<b>\$137,839</b>
		Secretary III	10751	1	\$42,708	\$17,566	<b>\$60,274</b>
Traffic	Office Services	Secretary III	24007	1	\$51,936	\$21,361	<b>\$73,297</b>
		Clerk Typist II	10679	1	\$24,684	\$10,153	<b>\$34,837</b>
Oahu District	Office Svcs - Steno	Clerk Steno III	P11704	1	\$42,708	\$17,566	<b>\$60,274</b>
		Clerk IV	P10155	1	\$31,176	\$12,823	<b>\$43,999</b>
		Clerk Steno II	P16931	1	\$25,668	\$10,557	<b>\$36,225</b>
		Clerk Typist II	P11530	1	\$26,688	\$10,977	<b>\$37,665</b>
Kauai District	Administration	Engineering Program Mgr	2683	0.5	\$52,050	\$21,408	<b>\$73,458</b>
	Office Services	Business Svcs Officer II	1341	0.5	\$25,968	\$10,681	<b>\$36,649</b>
		Account Clerk IV	6764	0.5	\$15,006	\$6,172	<b>\$21,178</b>
		Purchasing Tech I	8561	0.5	\$13,866	\$5,703	<b>\$19,569</b>
		Clerk Typist II	11256	0.5	\$12,834	\$5,279	<b>\$18,113</b>
Maui District	Administration	Engineering Program Mgr	1143	0.5	\$52,038	\$21,403	<b>\$73,441</b>
	Offices Services	Business Svcs Officer II	5308	0.5	\$28,098	\$11,557	<b>\$39,655</b>
		Account Clerk IV	4121	0.5	\$15,006	\$6,172	<b>\$21,178</b>
		Clerk Steno II	7921	0.5	\$25,668	\$10,557	<b>\$36,225</b>
		Clerk Typist II	11406	0.5	\$15,588	\$6,411	<b>\$21,999</b>
Hawaii District	Administration	Engineering Program Mgr	2692	0.5	\$52,050	\$21,408	<b>\$73,458</b>
	Offices Services	Business Svcs Officer II	6590	0.5	\$20,520	\$8,440	<b>\$28,960</b>
		Account Clerk IV	1387	0.5	\$15,006	\$6,172	<b>\$21,178</b>
		Purchasing Tech I	7557	0.5	\$18,978	\$7,806	<b>\$26,784</b>
		Clerk IV	10150	0.5	\$14,442	\$5,940	<b>\$20,382</b>
		Janitor	10050	0.5	\$15,617	\$6,423	<b>\$22,040</b>
		Clerk Steno III	5407	0.5	\$15,588	\$6,411	<b>\$21,999</b>
<b>Total Positions</b>				<b>33.5</b>		<b>Total Cost</b>	<b>\$2,561,116</b>



## Project Funded Positions Conversion Assessment

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### ***TOTAL PROGRAM COSTS***

The total cost structure associated with each of the respective programs is primarily a function of the labor cost. This proposed conversion of 33.5 PFP positions equate to \$2.56 million in labor costs, and represents the amount by which the CIP Staff Labor budget will decrease and the O&M Budget Personnel Services budget will increase.

The current CIP Staff Labor line item budgets \$24 million in FY 08 and FY 09 respectively. If the 33.5 PFP positions are converted to SFP (O&M), the total program budget for the CIP Staff Labor will be adjusted to \$21.44 million in FY 08 and FY 09.

The Multi Year Financial Plan currently reflects the O&M labor budget (personnel services plus MVSO labor) for FY 08 and FY 09 to be \$36.03 million for both fiscal years. With the proposed conversion of the 33.5 PFP positions, the O&M budget will increase by \$2.54 million to \$38.594 million for FY 08 and FY 09.

### ***FINDINGS & RECOMMENDATIONS***

#### Findings

Highways Division has 1,025 authorized permanent positions and 5 authorized temporary positions. The total number of vacant positions for the Highways Division is 183 positions. Of the total authorized permanent positions, there are 421 PFP positions and 604 SFP positions. Of the 421 PFP positions, 326.5 are currently filled, and 94.5 are currently vacant. Likewise, of the 604 SFP positions, 515.5 are currently filled, and 88.5 are vacant.

Fundamentally, it is important to remember that PFPs have the ability to vary the category they charge their costs to, based on the type of project that the position is working on. PFPs working on both CIP and SMP projects should have labor costs charged to the appropriate charge codes.

PFPs may also be charging O&M accounts to accurately reflect the work they are doing. However, this does not imply that the PFP positions are conducting only O&M work. A PFP charging cost to an O&M account should not, in and of itself, be grounds to convert the PFP to an SFP.

As part of the findings, this assessment has shown that the PFPs have a correlative relationship to the total project dollars. There is an inherent and continuous gap between the project dollars that have been appropriated (budgeted) and the expenditures for the respective appropriation year (actual). Basically, the expenditure data reveals that the appropriated project dollars are increasing while the expenditures in relation to these appropriated project dollars are declining. The data also reveals that project dollars expended have a direct relationship to the level of the PFP levels. The implication is that a decline in the expenditures by appropriation year is correlated to the declining number of PFPs per year.

## Project Funded Positions Conversion Assessment

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Of significance is the fact that both project funded positions and special funded positions are paid from the same cash account -- the State Highway Fund. From an accounting perspective, converting positions from PFP to SFP or vice-versa does not have any significant impact on the DOTH's ability to deliver projects effectively. Any conversions can and will be adjusted and accounted for from the same State Highway Fund account.

### Recommendations

Based on the presented information, the DOTH recommends that 33.5 project funded positions (as identified herein) be converted to special funded (O&M) positions. As a result, there will be an additional labor cost of \$2.56 million to the O&M budget and a corresponding decrease to the CIP Staff Labor appropriation.