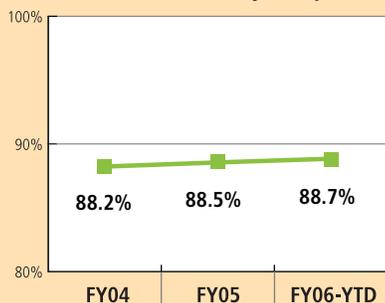




The Springfield Interchange Improvement Project met two critical milestones that will help ensure the entire project is completed in 2007 as scheduled.

Construction Quality Compliance



These ratings reflect compliance with contract requirements set forth under the Construction Quality Improvement Program (CQIP). The purpose of CQIP is to:

- Assess project quality as measured by compliance with contract requirements.
- Promote cooperative efforts between VDOT and contractor staff and management.
- Provide opportunities for on-the-job training, problem resolution, research, and sharing of best practices with VDOT and contractor staff and management.
- Appraise project operations, plan design, management and related issues.
- Support tactical and strategic planning, decisions and initiatives at the state, district and residency levels.

OVERVIEW

In July, VDOT launched Dashboard version 2, which expanded accountability and performance measures sevenfold while making all of our core business activities available online to anyone. Within the agency, this has resulted in intense efforts to link business practices to the expanded performance measures, thereby establishing accountability and public reporting for every job and project.

At the very heart of our performance is the sustained drive to bring construction and maintenance projects in on time and within budget. After meeting our on-time targets in FY05, we have set the bar higher. Through the first quarter, we are on track to deliver our target of 65 percent of construction projects and 75 percent of maintenance projects on time (see charts below and on page 2). By the end of next quarter, where we have the most contract deadlines, we will know if our goals can be reached.

Along with timeliness and meeting budgets, we continue to evaluate construction quality. The most recent Construction Quality Improvement Program (CQIP) scores (see chart at left) demonstrate the agency's commitment to keep quality first among all measures.

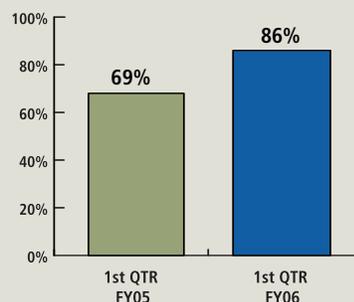
In September, we were notified that an additional \$30 million in federal obligations were designated for Virginia. The money will go for projects in Lynchburg, Fredericksburg, Portsmouth and Fairfax County, and for safety improvements on I-66. In August, the President signed SAFETEA-LU, which outlines federal transportation programs and maximum funding levels for federal fiscal year 2004 thru 2009. While the maximum funding level suggests a 92 percent return on federal transportation taxes paid by Virginians, actual funding provided thus far is less. The Federal Highway Administration has yet to provide funding levels associated with the programs, but early annual projections are that close to \$50 million in additional funding will be available for specific programs and another \$50 million for federal earmarks.

Along with the one-time, \$848 million transportation package signed by Governor Warner this past spring, these additional funds will help to move existing projects forward, but are not enough to build any of the significant priority projects in Virginia.

Gregory A. Whirley
Acting Commissioner

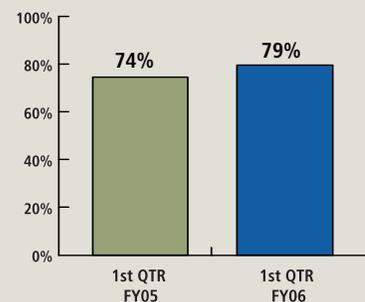
CONTRACT DEADLINES: LAST YEAR vs. THIS YEAR

CONSTRUCTION ON-TIME PERFORMANCE



In the first quarter of FY06, 49 construction contracts were scheduled to be completed. Of those, 42 (86%) were on time.

MAINTENANCE ON-TIME PERFORMANCE



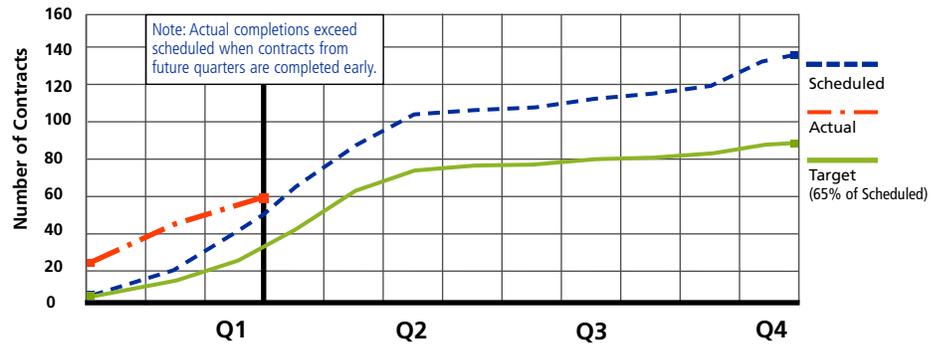
In the first quarter of FY06, 39 maintenance contracts were scheduled to be completed. Of those, 31 (79%) were on time.

QUARTERLY NOTES

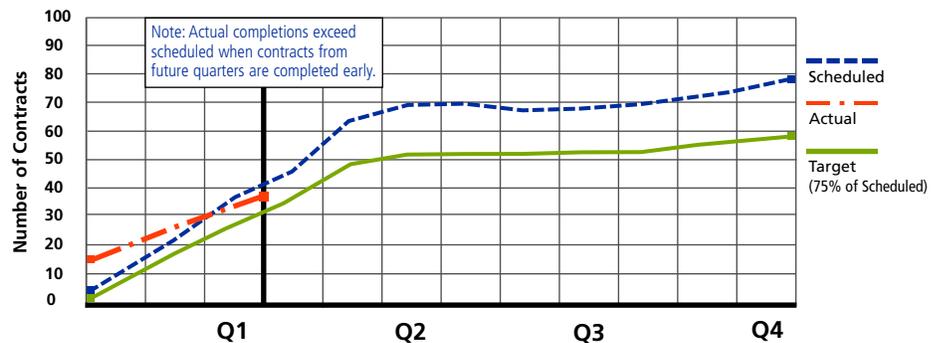
- Businesses and citizens are investing \$250 million in Virginia transportation projects through the purchase of Federal Highway Reimbursement Anticipation Notes, or FRANs. The notes, authorized for sale by the CTB, received a solid double "A" credit rating, the highest possible, from the major bond rating agencies. The strong credit rating and low interest rates (3.5 percent average) allow the commonwealth to save taxpayer dollars through lower borrowing costs.
- Verizon's landline customers, representing 77 percent of traditional phone service in Virginia, now have access to the 511 information system, which, gives traffic, weather and road construction information. Also, 55 major roads have been added.
- VDOT has saved over \$11 million since 2001 by using videoconferencing instead of holding meetings face to face. The agency has invested about \$1 million in the technology and is in the process of hooking up every residency office to the system.
- VDOT is seeking public comment on revised Public-Private Transportation Act (PPTA) guidelines based on amendments enacted by the 2005 General Assembly. The revised PPTA guidelines include: allowing VDOT to enter into interim agreements to determine project feasibility and financing before negotiating a comprehensive agreement, promoting competition to create multimodal and intermodal transportation solutions, and requiring increased commitment from the private sector in taking risks.
- The CTB approved \$50 million in matching funds to aid localities in improving roads and bridges. VDOT will match every dollar put up by cities, counties and towns. This year, VDOT received requests from 98 jurisdictions that exceeded the available match.
- VDOT received a proposal and plan under the PPTA to give the state a lump sum of more than \$1 billion in return for 50 years' worth of revenue on the Dulles Toll Road. The 14-mile-long road runs between the Capital Beltway and the Dulles Greenway and carries about 200,000 vehicles a day. Tolls range from 50 to 75 cents. State officials say they will maintain control over the rates as part of any deal. Toll revenues collected for FY05 were \$43.7 million.

FIRST QUARTER PERFORMANCE

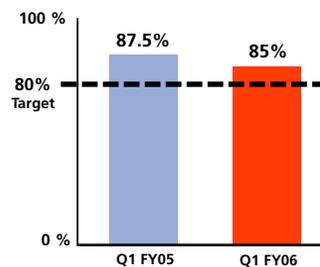
CONSTRUCTION CONTRACTS COMPLETED ON TIME - FY06



MAINTENANCE CONTRACTS COMPLETED ON TIME - FY06

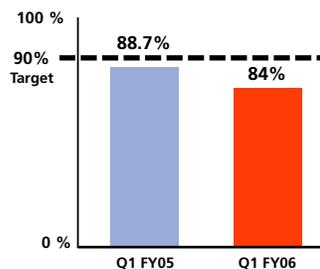


CONSTRUCTION CONTRACTS COMPLETED WITHIN BUDGET



In the first quarter of FY06, 61 construction contracts were completed. Of those, 52 (85%) were within 110% of their contract award amounts.

MAINTENANCE CONTRACTS COMPLETED WITHIN BUDGET



In the first quarter of FY06, 38 maintenance contracts were completed. Of those, 32 (84%) were within 110% of their contract award amounts.