

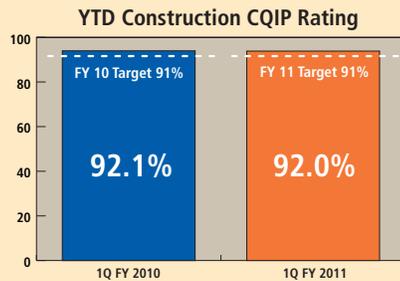


I-81 truck-climbing lanes

Blasting operations began and continued through the quarter on construction of new truck-climbing lanes on northbound Interstate 81 in Rockbridge County. This location has one of the road's longest and steepest uphill grades, higher-than-average crashes compared to other such inclines, and low operating speeds for trucks.

The project also will replace three bridges, improve existing shoulders and update guardrails. A 2006 Commonwealth Transportation Board resolution calling for safety improvements along I-81 named this section a top priority for such lanes. Completion of the 6.97-mile project, valued at \$74.2 million, is scheduled for fall 2012.

Statewide Construction Quality Compliance



Construction quality, as evaluated by VDOT's Construction Quality Improvement Program (CQIP), measures project compliance with contract quality requirements. The evaluation is made through a critical assessment, guided by a checklist of more than 1,100 construction quality checkpoints. The results show VDOT's commitment to building quality roads and bridges while seeking opportunity for continuous improvement. The compliance result for FY2011 is 92 percent, slightly under the period's result for FY2010. These performance results surpassed the 91 percent target.

OVERVIEW

The first quarter of Fiscal Year 2011 put the Virginia Department of Transportation (VDOT) on a new course for success. Three audits of major programs provided crucial recommendations to improve how we do business.

The governor approved our action plan to correct issues identified in the comprehensive performance audit of VDOT's maintenance, project development and fiscal management practices. The plan proposes cost-saving strategies, organizational efficiencies and performance and operational metrics. It also designates a responsible entity for each funding category and establishes a process to select projects that will employ unused funds the audit identified.

This audit produced approximately 50 recommendations to accelerate planning and delivery of more than \$1 billion in maintenance and construction projects. It didn't find "new money," but it showed us how to better use current resources.

As a result, we are advertising \$1.1 billion worth of projects by the end of 2010. We will improve how we obligate federal highway

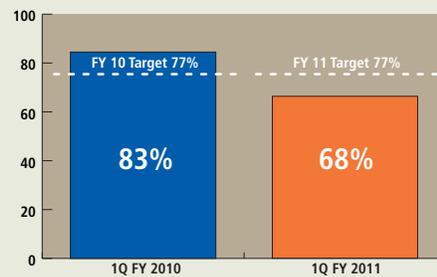
funds. We will seek federal approval to use more than \$400 million in toll credits.

Audits of VDOT's research and Public-Private Transportation Act (PPTA) programs also provided constructive direction. We are devising better ways to track and implement research results to ensure VDOT gets the full benefit of this investment. We also will set up a multimodal PPTA office to replace the project development process that currently involves representatives from various transportation entities and VDOT divisions.

I want to welcome Chief Deputy Commissioner Charles Kilpatrick to the executive team. His knowledge of VDOT is vital as we carry out these audit recommendations. We also recently named a new chief financial officer, new state construction and maintenance engineers and a new district administrator in Northern Virginia. It is the people who work at VDOT who will help make it among the best state transportation departments and better serve those who use Virginia's roads.

Greg Whirley
Commissioner

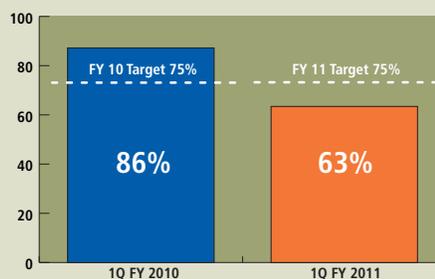
ALL CONTRACTS COMPLETED BOTH ON TIME AND WITHIN BUDGET



71 construction and maintenance contracts were due for completion by period-end. Of those 71 contracts, 48 (67.6 percent) were completed both on time and within budget.

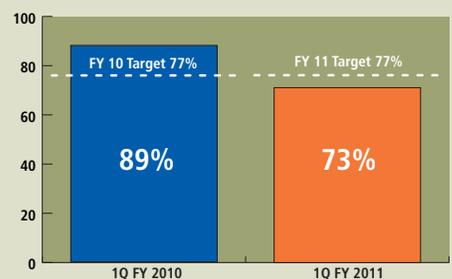
SCHEDULED CONTRACTS COMPLETED ON TIME

CONSTRUCTION ON-TIME PERFORMANCE



30 construction contracts were due for completion by period-end. Of those 30 contracts, 19 (63.3 percent) were completed on time.

MAINTENANCE ON-TIME PERFORMANCE



41 maintenance contracts were due for completion by period-end. Of those 41 contracts, 30 (73.2 percent) were completed on time.

QUARTERLY NOTES

Interstate segments now 70 mph

In early July, Virginia began raising the speed limit to 70 mph on portions of interstates in rural and less populated areas. The governor signed legislation in March allowing VDOT's commissioner to increase the maximum speed to 70 mph on certain highways following traffic-engineering studies. All changes were completed in late November.

I-95 bridge restoration project OK'd

The Commonwealth Transportation Board awarded a \$68 million contract in July to restore 11 bridges on Interstate 95 in Richmond. In 2012, contractors will begin replacing each bridge span with a prefabricated section. Project completion is expected in 2014.

FEMA awards \$6.2 million for snow

The Federal Emergency Management Agency awarded VDOT \$6.2 million in September to assist with cleanup costs from the Dec. 17-18, 2009, winter storm that blanketed parts of Virginia with up to two feet of snow.

Federal stimulus funding obligated

VDOT met the deadline for obligating the commonwealth's \$694.5 million in American Recovery and Reinvestment Act highway funding. The Federal Highway Administration approved all 128 of Virginia's pavement, bridge and congestion-management projects.

Two VDOT projects win awards

VDOT won two awards in the America's Transportation Awards' southeastern regional competition: Battlefield Boulevard Chesapeake project, Hampton Roads District, for Innovative Management (medium project); and Jeremy's Run Bridge, Staunton District, for On Time (medium project). The American Association of State Highway and Transportation Officials, AAA and the U.S. Chamber of Commerce sponsor the program to honor the nation's best transportation projects.

Flashing yellow signals set up

Following three installations earlier this year in James City County, VDOT also activated traffic signals with flashing yellow arrows in Roanoke County and on the Virginia Tech campus. Flashing yellow arrows have been found to be more effective than green lights and other signals in directing drivers to yield before turning left at "permissive turns" (where drivers should yield to oncoming traffic and turn left only when that traffic has cleared).

New name for research program

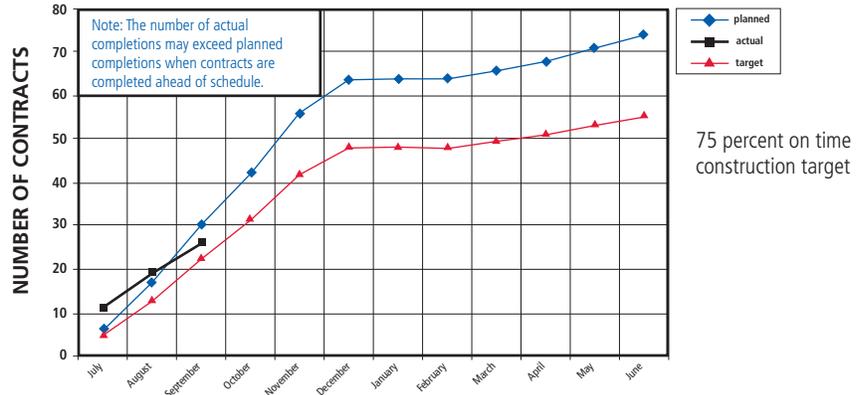
VDOT's research division is now the Virginia Center for Transportation Innovation and Research. Formerly the Virginia Transportation Research Council, the new name reflects the group's increased focus on finding multimodal solutions to traffic issues while still working to extend the service life and improve the safety of the commonwealth's roads and bridges.

Expenditures icon on website

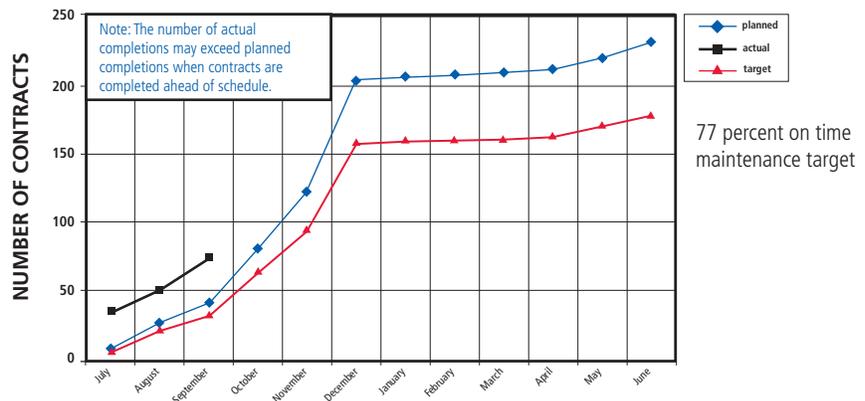
A new icon on the VDOT home page links to a list of agency expenditures, as required by 2010 state legislation.

FIRST QUARTER FISCAL YEAR 2011 PERFORMANCE

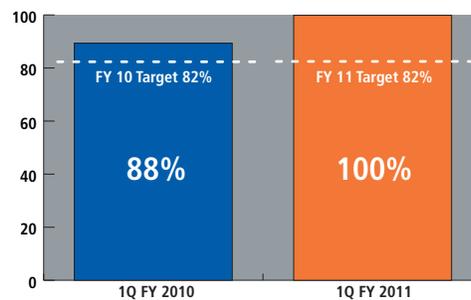
FY 2011 CONSTRUCTION CONTRACTS COMPLETED ON TIME



FY 2011 MAINTENANCE CONTRACTS COMPLETED ON TIME

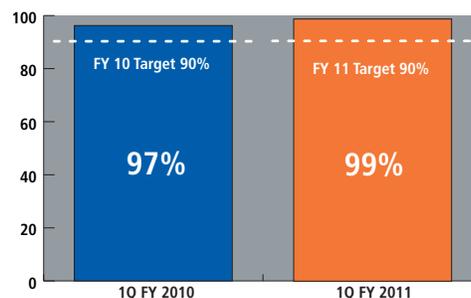


CONSTRUCTION CONTRACTS COMPLETED WITHIN BUDGET



28 construction contracts were actually completed by period-end. Of those 28 contracts, all 28 (100 percent) were completed within budget.

MAINTENANCE CONTRACTS COMPLETED WITHIN BUDGET



79 maintenance contracts were actually completed by period-end. Of those 79 contracts, 78 (98.7 percent) were completed within budget.