



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: APRIL 23, 2019
FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL
SUBJECT: PAVEMENT MANAGEMENT PROGRAM AND STREET FUNDING - UPDATE

ISSUE:

Provide input on the Pavement Management Program and additional funding opportunities for City roads and streets.

RECOMMENDATION:

That the City Council provide input on the Pavement Management Program and additional funding opportunities, including Measure Z funds, for City roads and streets.

BACKGROUND:

In July 2015, CNBC published a report titled “Bad roads cost owners billions”. The report concludes that more than a quarter of the nation’s major urban roads are in bad shape costing the average urban driver over \$500 a year. California topped the list for the worst road conditions and agencies, such as the City of Riverside, are not allocating sufficient funding to keep pace with maintenance needs.

The Federal Highway Administration (FHWA) has a Pavement Condition Index Degradation curve indicating pavement does not degrade in a linear method and the curve shows the life of the pavement can be significantly prolonged by investing in a maintenance program. Agencies that do not implement a pavement management program and apply slurry seals or other preservation applications can expect to see a sharp decline in pavement conditions after approximately 15 years of initial application.

On May 17, 2017, City Council approved a Five-Year Spending Plan for Measure Z. The Spending Plan included \$2,875,000 in annual funding for streets and roads rehabilitation, with the desired outcome of improving the City’s Pavement Condition Index. On June 12, 2018, City Council approved the FY 2018-2020 Two Year Budget, inclusive of an updated Five-Year Spending Plan for Measure Z. The updated Spending Plan continues the \$2.9 million annual funding through FY 2022/23.

On September 11, 2018, the City Council received the Pavement Management Program Update and Analysis Report. Following discussion and without formal motion, the City Council received and ordered filed the Pavement Management Analysis Report dated May 2018.

On February 28, 2019, the Budget Engagement Commission (BEC) received a report on Measure Z - Streets Funding and Pavement Management Program Update. Following discussion, a motion was made by Commissioner Arballo and seconded by Commissioner Hart that the BEC recommend to City Council to allocate Measure Z funding for road maintenance in excess of the \$2.875 million already budgeted to Spending Item #29 – Maximize Roads/Streets and to reallocate funding for this purpose from other non-priority Measure Z items.

DISCUSSION:

The September 2018 presentation to the City Council on the Pavement Management and analysis Report included the following information:

- 1) The Pavement Condition Index (PCI) score for the City’s street network is currently 61 out of 100. The national average PCI score is between 60 and 65, which places the City road network at the lower spectrum of the national averages. By comparison, City of Corona has a PCI of 72 and Rancho Cucamonga has a PCI of 75.
- 2) The percent of City roads rated as “excellent” is relatively low at 13.2%. These roads have a PCI score between 85 and 100.
- 3) The percent of City roads rated as “poor” and “very poor” (herein referred to as backlog) is 12.7%. These roads have a PCI score between 0 and 40.

The City’s current annual street maintenance budget of \$13.5 million is comprised of:

- Gas Tax (Traditional) – \$2.8 million
- Gas Tax (SB1) - \$5.4 million
- Measure A (Sales Tax) - \$2.4 million
- Measure Z (Sales Tax) - \$2.9 million

Based on the current budget, the average PCI will drop to 57 within the next 5 years and the roads rated as “poor” or “very poor” will more than double to 26.7%. If the percentage of “poor” and “very poor” roads exceeds 20% of the total network, the ability to fund the pavement management program adequately will become extremely difficult. Roads rated in the “poor” and “very poor” condition would require repaving and/or reconstruction and, per the FHWA, it can cost six to ten times more to repave a street as it does to preserve a street.

Table 1: 5-Year Funding Analysis

Annual Budget (Million)	PCI	Backlog (%)
13.5	57	26.7
24.0	61	18.8
30.0	63	15.2
34.5	65	12.7

The State's Gas Tax (SB1) funding incentivizes and rewards agencies that meet or exceed a Pavement Condition Index of 80 or greater. Agencies and counties that have a PCI of 80 or greater have the flexibility to spend SB1 funds for other transportation priorities.

Staff met with Cities of Corona and Rancho Cucamonga to determine how each respective agency allocates funding and manages its Pavement Management Program. Corona has made a funding commitment to maintain a PCI of 70 or greater with a goal to reach a PCI of 80 within the next 5 years. In Rancho Cucamonga, they use general funds and Measure I (San Bernardino County half-cent sales tax) to augment their pavement maintenance needs.

Funding

Based on staff's research and outreach to local agencies, the following funding options are presented for discussion:

Grants: There are very limited Federal or State grant opportunities for street maintenance projects. Historically, Riverside has received funding from CalRecycle and the Surface Transportation Program (STPL). However, the City has aggressively pursued these funding sources and has exhausted the grant funds allotted to the City. Additionally, the Community & Economic Development Department allocates a portion of US Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds for Public Works use for street maintenance. In the past 5-years, Public Works has received a total of \$6,052,371 in CDBG grants which have been utilized for street maintenance projects.

Bond Proceeds: In 2013, the City issued 20-year Certificates of Participation (bonds) backed by the City's Measure A revenue, generating approximately \$38 million for a three-year street maintenance program (Program) with an annual debt service payment of \$3 million. Utilizing these funds over the course of the Program, the City was able to rehabilitate and preserve 23.6 miles of arterial streets and 63.5 miles of local streets, resulting in an estimated increase in the average network PCI by about 5 to 6 points. However, the Public Works Department does not recommend a similar funding mechanism in the future due to the amount of debt service required over the life of the bond, and the resulting reduction to the annual street maintenance budget.

General Fund: In Riverside, we do not use General Funds to augment roadway maintenance. Many agencies including Rancho Cucamonga utilize some money from the General Fund and/or special tax measures to provide a stable funding source for maintenance efforts.

Taxes: The City has committed \$2.875 million in Measure Z funds annually through FY 22/23 for roadway maintenance. The City Council could consider increased roadway funding as a high priority when recommending Measure Z funding allocations to keep pace with maintenance needs. In addition, during years that Measure Z exceeds projected revenue, those additional funds may be distributed to roadway funding to allow the Public Works Department to better address roadways classified as "poor" and "very poor".

The relatively high percentage of roads potentially deteriorating in the near future coupled with the City's current underfunded pavement program will negatively impact the City's street network. Without increased annual funding, the roadway network condition's decline will become increasingly challenging to rectify. The FHWA estimates that for every dollar spent on preventative maintenance today, it averts as much as \$10 in future repairs. Postponing or neglecting roadway maintenance would result in higher direct and indirect costs as eventually

road repairs may require thick asphalt resurfacing or partial to full reconstruction.

Improved roadways also correlate to increased safety and increased economic development. Roads are one of our biggest investments and businesses are dependent on quality roads for goods movement and jobs creation. A reliable roadway network also improves the quality of life of residents as noise and vehicle repairs are minimized. Increased investment in the City's Pavement Management Program is critical as residents and businesses rely on a strong roadway infrastructure to thrive and grow in the region.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
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Attachment: Presentation