



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 14, 2019

FROM: COUNCILMEMBER STEVE ADAMS WARDS: ALL
COUNCILMEMBER CHUCK CONDER

**SUBJECT: PAVEMENT MANAGEMENT PROGRAM AND STREET FUNDING –
SUPPLEMENTAL APPROPRIATION**

ISSUE:

Approve a supplemental appropriation of \$2,000,000 from Measure Z funds and \$1,500,000 from General Fund Reserves for the Pavement Management Program to improve City streets.

RECOMMENDATIONS:

That the City Council:

1. Approve an additional supplemental appropriation of \$2,000,000 from Measure Z funds for the Pavement Management Program in fiscal year 2019-20;
2. Approve a supplemental appropriation of \$1,500,000 from General Fund Reserves for the Pavement Management Program in fiscal year 2019-20; and
3. Direct the Public Works and Finance Departments to return to City Council each Spring through FY 2022-23, to provide an annual progress report on pavement conditions and an assessment of finances to support a request for appropriation of \$3.5 million for the following fiscal year to support the Pavement Management Program.

BACKGROUND:

On May 17, 2017, City Council approved a Five-Year Spending Plan for Measure Z (Spending Plan). 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 \$2.875 million annual funding through FY 2022-23.

On September 11, 2018, the City Council received a report on the Pavement Management Program Update and Analysis. Following discussion, the City Council received the Pavement Management Update and 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 City Council allocate additional 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.

On April 23, 2019, the City Council received a report on the Pavement Management Program and Street Funding. Following discussion, a motion was made by Councilmember Gardner and seconded by Councilmember Adams to recommend an annual Measure Z supplemental appropriation of \$1.5 million for the Pavement Management program through FY 2022-23 to address street preservation efforts and improve roads rated as “poor” and “very poor”. The supplemental appropriation will be in place through the remaining Five-Year Spending Plan for Measure Z to conclude in FY 2022-23.

DISCUSSION:

Based on the current \$13.5 million budget, the average Pavement Condition Index (PCI) will drop from 61 to 57 within the next 5 years and the roads rated as “poor” or “very poor” will more than double from 13.2% 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 and repair deteriorating roads will become extremely difficult. Roads rated in the “poor” and “very poor” condition would require repaving and/or reconstruction and, per the Federal Highway Administration, 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	Roads Rated as “Poor” and “Very Poor” (%)
13.5	57	26.7
15.0	57	24.4
18.5	58	22.9
24.0	61	18.8
30.0	63	15.2
34.5	65	12.7

Funding

In 2013, the City used bond proceeds backed by the City’s Measure A revenue to generate approximately \$38 million for a three-year maintenance program with an annual debt service payment of \$3 million through 2033. The City has also pursued State and Federal 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.

The City Council recently approved an annual Measure Z appropriation of \$1.5 million through the remaining Five-Year Measure Z spending plan, which increases the annual Pavement Management Program budget to \$15 million. Based on Table 1, additional funding is warranted

to better address roadway maintenance as the Pavement Management Program anticipates that a large percentage of roads rated “marginal” will deteriorate to a rating of “poor” and “very poor” in the next 4-5 years, which drives the overall PCI score lower. Nonetheless, the additional \$3.5 million helps preserve and delay deterioration on many of our good roads and allows staff to begin repaving/reconstructing failing roads to systematically address maintenance needs. Eventually, once the City has more than 90-percent of its roads rated as “marginal” or better it will be less maintenance intensive to reconstruct and repair roadways, but it does require a large initial investment to address years of managing an underfunded maintenance program.

The additional \$3.5 million appropriation will make a significant impact on the Pavement Management Program on an annual basis. The additional funding may go towards:

- Pave 3.5 Miles of Arterial roads (each mile is approx. \$1 million); or
- Pave approximately 9 Miles of Minor/Collector roads (each mile is approximately \$400,000); or
- Slurry Seal approximately 88 miles of local residential streets (each mile is approximately \$40,000)

The Public Works Department is making a concerted effort to improve roadway conditions. The increased funding allows staff to implement a robust and comprehensive maintenance program to preserve roadways and address streets that are beginning to fail. The Public Works Department anticipates posting GIS Maps on the City’s websites where residents can track the respective PCI maps and planned street work to ensure the City takes a proactive and systematic approach to improve road conditions.

As a short-term solution, appropriation of an additional \$2 million Measure Z funds and \$1.5 million from General Fund Reserves in fiscal year 2019-20 would provide additional support to the Pavement Management Program. To ensure there is sufficient funding available to support an ongoing annual contribution from Measure Z and the General Fund Reserves through FY 2022-23, the Public Works and Finance Departments would be required to provide a progress update and an assessment of finances to City Council each Spring with a corresponding request for an additional appropriation of \$3.5 million for the following fiscal year’s program. The short-term goal would be to infuse an additional \$20 million into the Pavement Management Program over the next four years, which would be comprised of the \$6 million of Measure Z funds recently approved by City Council on April 23, 2019 plus an additional \$14 million (\$3.5 million per year) over the next four years, if deemed financially feasible. With the additional \$14 million in funding, the City’s PCI will reduce the deterioration of the PCI to 58 but the City will be able to better preserve roadways and address many of the “poor” and “very poor” rated streets.

The Public Works Department’s Pavement Management Program recently evaluated all streets and alleyways in the City and the results show that as a whole, we have aging streets in dire need of repair and preservation. The City received a low PCI score of 61, but the program also provides us with solutions and recommendations to systematically improve our roadways to better improve our commutes, reduce wear and tear on vehicles, improve the quality of life of residents, and prudently invest in our infrastructure to avert costly road repairs in the near future. This year, Southern California received numerous impacting rain events which further deteriorated our roadways and using \$1.5 million in General Fund Reserves and additional \$2 million of Measure Z funds allows staff to address immediate roadway needs and concerns.

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. According to FHWA, it estimates that for every \$1 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:

The recommended supplemental appropriation for FY 2019-20 is \$2 million in Measure Z funding into the Pavement Management Program, Account No. 9902709-470734 and \$1.5 million in General Fund Reserves into Account No. 9902700-440301. This \$3.5 million increase in annual funding, combined with the \$2 million annual Measure Z allocation approved by the City Council on April 23, 2019, will provide a total projected budget of \$20 million of new funding for the Pavement Management Program over the next four years through FY 2022/23 as illustrated in the table below.

Fiscal Year	Approved Supplemental Funding – Measure Z	Additional Funding Request Measure Z	Request General Fund	Total
2019/20	\$1.5 million	\$2 million	\$1.5 million	\$5 million
2020/21	\$1.5 million	\$2 million	\$1.5 million	\$5 million
2021/22	\$1.5 million	\$2 million	\$1.5 million	\$5 million
2022/23	\$1.5 million	\$2 million	\$1.5 million	\$5 million
Total	\$6 million	\$8 million	\$6 million	\$20 million

Prepared by:



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Chuck Conder,
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Certified as to availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachment: Presentation