



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 6, 2020

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: MEASURE Z – PAVEMENT MANAGEMENT PROGRAM AND STREET FUNDING – SUPPLEMENTAL APPROPRIATION

ISSUE:

Approve a supplemental appropriation of \$3,500,000 from Measure Z funds for the Pavement Management Program to improve City streets.

RECOMMENDATION:

That the City Council approve a supplemental appropriation of \$3,500,000 from Measure Z funds for the Pavement Management Program in Fiscal Year 2020-21.

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 Fiscal Year (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 and filed a report on the Pavement Management Program Update and Analysis 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, the BEC recommend the City Council 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 from other non-priority Measure Z items for this purpose.

On April 23, 2019, the City Council received a report on the Pavement Management Program and Street Funding. Following discussion, City Council approved an annual Measure Z supplemental appropriation of \$1.5 million for the Pavement Management program through FY

2022-23 to address street preservation efforts. The supplemental appropriation will be in place through the remaining Five-Year Spending Plan for Measure Z to conclude in FY 2022-23.

On May 14, 2019, the City Council received a report on an additional supplemental appropriation of \$3.5 million from Measure Z funds for the Pavement Management Program in Fiscal Year 2019-20. Following discussion, the City Council approved the \$3.5 million supplemental appropriation and directed the Public Works and Finance Departments to return to City Council each Spring through FY 2022-23 to provide an annual progress report on the pavement conditions and an assessment of finances. The annual reports will consider fiscal year appropriations of \$3.5 million for the continued support of the Pavement Management Program.

DISCUSSION:

Based on the 2017 pavement condition assessment on 875 centerline miles of roadway, the City’s overall Pavement Condition Index (PCI) score is 61, with a newly paved street corresponding to a PCI of 100. Table 1 provides a 5-year funding analysis that considers the average annual budget, corresponding PCI, and the percentage of roads rated as “Poor” and “Very Poor”. It is important to account for roads rated as “poor” and “very poor” as once they exceed 20% of the total network, the ability to adequately fund the pavement management program and repair deteriorating roads becomes extremely difficult. Roads rated “poor” and “very poor” 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 it. For perspective, it cost approximately \$1.25 million to repave 1 mile on an arterial roadway, \$475,000 to repave 1 mile of a local/collector road, and approximately \$40,000 to slurry seal 1 mile of a local residential street. In order to prevent the City’s existing PCI score from dropping, an annual budget of \$24 million is required and higher budgets would start to increase the PCI score for the overall roadway network.

In 2021, the City plans to implement a 5-year program to reassess the City’s 875 centerline miles (approximately 200 miles annually) in order to update the respective PCI scores and systematically recommend preventative and preservation strategies throughout the City. The Public Works Department meets with the respective councilmembers on an annual basis to share updates and recommend paving projects that support these strategies, maximize investment, and address priority paving needs.

Table 1: 5-Year Funding Analysis

Annual Budget (Million)	PCI	Percent of 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 pursued State and Federal grant opportunities for street maintenance projects. Historically, Riverside has received funding from CalRecycle and the Surface Transportation Program (STPL). However, staff has aggressively pursued these funding sources and has exhausted the grant funds allotted to the City.

In FY 2019-20, the Public Works Department operated with a \$21.0 million budget, but due to COVID-19, the budget for FY 2020-21 is significantly lower per the projections shown on Table 2.

Table 2: Paving Fund Sources for Fiscal Years 2019-2021

Fund Source	FY 2019-20 (million)	FY 2020-21 (million)
Measure A	\$2.4	\$1.2*
Gas Tax	\$2.8	\$1.4*
SB1 Gas Tax	\$5.4	\$2.7*
CDBG Allocation	\$2.6	TBD
Measure Z – Base	\$2.8	\$2.8
Measure Z – FY 22/23 Increase	\$1.5	\$1.5
Measure Z – FY Appropriation	\$3.5	\$0**
Subtotal	\$21.0 Million	\$9.6 Million***

* Assumes a 50% reduction due to COVID

**City Council to Consider Appropriation

*** Approximately \$400,000 is allocated towards the 5-year street assessment study

Based on the FY 2020-21 projected budget, each ward was allocated approximately \$1.32 Million towards paving projects. If Gas Tax, Measure A, and/or SB1 Gas Tax allocations are higher than anticipated then those funds would be applied toward FY 2021-22 paving projects and staff would collaborate with elected officials to select projects.

Staff maintains detailed paving spreadsheets which includes streets in need of repaving and/or preventative maintenance. The list is compiled from requests received from the community, elected officials, and generated by *Lucity* software which helps administer the Pavement Management Program. If an additional \$3.5 million in Measure Z funds is appropriated for FY 2020-21, each ward would receive an additional \$500,000 towards paving efforts. Staff would collaborate with each councilmember to select the additional priority streets and/or alleys since the paving needs significantly exceed available resources. Allocating additional resources to paving and preservation efforts will help extend the life of streets that are in good condition and prolongs more costly paving treatments.

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 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 a thick asphalt resurfacing or partial or 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 is \$3.5 million in Measure Z funding into the Pavement Management Program, Account No. 9902709-470734. The Chief Financial Officer concurs with the availability of Measure Z funds to support the supplemental appropriation based on anticipated fiscal year-end results. Future Pavement Management Program appropriation requests will be made on an annual basis through FY 2022-23.

Prepared by: Kris Martinez, Public Works Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Presentation
2. Measure Z Spending Plan