



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 16, 2021

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:

1. With at least five affirmative votes, approve a supplemental appropriation of \$3,500,000 from Measure Z funds for the Pavement Management Program in Fiscal Year 2021/22 and authorize the CFO, or his designee, to record an interfund transfer from the Measure Z fund to the Measure Z Capital Fund, Pavement Rehab/Pedestrian Facilities Improvement Project.

BACKGROUND:

The Public Works Department has engaged the Budget Engagement Commission (BEC) and City Council during the past four years to provide Pavement Management Program (PMP) updates, request Measure Z supplemental appropriations, and detail the City’s investment to address paving and maintenance needs. Table 1 includes some of the history associated with Measure Z funding allocations towards the Pavement Management Program.

Table 1: Measure Z Pavement Management Program Funding

Date	Action
5/2017	City Council approved a 5-year spending plan for Measure Z. The plan included \$2,875,000 in annual funding for streets and road rehabilitation to improve the City’s Pavement Condition Index score.
6/2018	City Council approved the FY 2018-2020 two-year budget, inclusive of the \$2,875,000 annual funding for roadway paving and maintenance.
2/2019	The BEC received a report on the PMP and recommended that City Council allocate additional funding for road maintenance, in excess of the \$2.875 million.
4/2019	City Council approved an annual Measure Z supplemental appropriation of \$1.5 million for the Pavement Management Program through FY 2022-23.

5/2019	City Council approved a \$3.5 million supplemental appropriation for the PMP and directed the Public Works and Finance Departments to return to City Council each year through FY 2022-23 to provide an annual progress report on pavement conditions and assessment of finances. The annual reports will consider appropriations of \$3.5 million for the continued support of the PMP.
10/2020	City Council approved a \$3.5 million appropriation for the PMP for FY 2020-21

DISCUSSION:

In 2017 the Public Works Department completed a comprehensive pavement condition assessment of 875 centerline miles of roads and alleys and determined that the City’s overall Pavement Condition Index (PCI) score is 61, with a newly paved street corresponding to a PCI of 100. Table 2 provides a 5-year funding analysis from May 2018 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 in the “Poor” and “Very Poor” categories 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 \$1.4 million to repave 1 mile on an arterial roadway, \$525,000 to repave 1 mile of a local/collector road, and approximately \$40,000 to slurry seal 1 mile of a local residential street. To prevent the City’s existing PCI score from dropping, an annual budget of \$24 million is required, and increased budgets will start to improve the PCI score for the overall roadway network.

In 2021, the City implemented a 5-year program to reassess the City’s roadway system (approximately 175 miles annually) to update the respective PCI scores and systematically recommend preventative and preservation strategies throughout the City. The Public Works Department meets annually with respective councilmembers and the mayor to share updates and recommend paving projects that support these strategies, maximize investment, and address priority paving needs.

Table 2: 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 secure 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, staff has aggressively pursued these funding sources and has exhausted the grant funds allotted to the City. Earlier

this year, the Public Works Department contacted the Finance Department to consider refinancing the debt obligation to secure a better interest rate to reduce the annual debt obligation or pay the debt sooner. Based on the terms of the agreement, the Finance Department recommends that the Public Works Department consider the refinance in Fiscal Year 2022-23.

Table 3 represents the Condition Index PCI Scoring Rating used to assess the roadway network. Lowering the City’s overall PCI score indicates that a higher percentage of roads will be classified as Fair, Marginal, Poor, and Very Poor and thus would create an increased financial burden as more streets would require paving improvements instead of preservation treatments. Table 4 reflects the various funding sources and annual budgets which shows that funding levels are significantly below the \$24 million necessary to maintain the City’s current PCI score. Funding levels below this amount would cause the overall PCI score to decrease.

Table 3: Condition Index Rating and PCI Score

Condition	Pavement Condition Index Score
Very Poor	0-25
Poor	25-40
Marginal	40-50
Fair	50-60
Good	60-70
Very Good	70-85
Excellent	85-100

Table 4: Paving Fund Sources for Fiscal Years 2019-2021 and 2021-22

Fund Source	FY 2019-20 (million)	FY 2021-22 (million)
Measure A	\$2.4	\$2.0
Gas Tax	\$2.8	\$2.8
SB1 Gas Tax	\$5.4	\$6.4
CDBG Allocation	\$2.6	\$1.2*
Measure Z – Base	\$2.8	\$2.8
Measure Z – FY 22/23 Increase	\$1.5	\$1.5
Measure Z – FY Appropriation	\$3.5	\$3.5
Subtotal	\$21.0 Million	\$19.2 Million

*Amount not counted toward the annual ward disbursement

Based on projected funding levels, staff is recommending \$2.5 million in paving and maintenance preservation efforts in each ward in FY 2021/22. Attachment 1 includes a Citywide list of recommended FY 2021/22 paving projects which includes the requested \$3.5 million supplemental appropriation. The selected FY 2021/22 projects are anticipated to be constructed by Winter 2022 as selected streets need to be field reviewed, designed, and projects awarded and scheduled for construction. Thus, Attachment 2 provides a detailed list of Citywide projects that were previously approved and have or will soon be constructed with the aid of Measure Z funds. Allocating the \$3.5 million supplemental appropriation would help with the paving and preservation efforts, help extend the life of streets that are in good condition and help prevent more costly paving solutions.

The relatively high percentage of roads potentially deteriorating in the future coupled with the City’s current underfunded pavement program will negatively impact the City’s street network. Without increased annual funding at or near \$24 million, 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, 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 the City's largest 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, helps reduce noise levels, and reduces vehicle repairs. Increased investment in the City's Pavement Management Program is critical as residents and businesses rely on reliable roadway infrastructure to thrive and grow in the region.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority No. 6 – Infrastructure, Mobility and Connectivity** and **Goal No. 6.2** – Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The proposed improvements are part of a more significant endeavor to improve the City's roadway network and quality of life for residents and visitors. The Public Works Department (Public Works) has provided numerous presentations to the City Council, Transportation Committee, and Budget Engagement Commission as part of the City's Pavement Management Program. This project delivers the rehabilitation to streets undertaken by Resolution No 23622 adopted by City Council on September 15, 2020.
2. **Equity** – Public Works strives to improve the City's roadway network to provide safe and reliable transportation to all areas of the City. Additionally, staff meets with each City Councilmember to discuss goals, budgets, recommendations for street improvements, and obtain feedback on the requests received from their constituents. This project encompasses street maintenance in all Wards and includes work within alleys, local, collector, and arterial roadways.
3. **Fiscal Responsibility** – Public Works responsibly manages a variety of funding sources to complete projects included in the City's Capital Improvement Program. Public Works is a prudent steward of public funds and construction projects are always awarded to the lowest responsive bidders.
4. **Innovation** – This project utilizes Fiber Reinforced Asphalt Concrete, a synthetic fiber technology used to increase the strength, durability, and performance of a resurfaced street. This project will also utilize an Asphalt Rubber Aggregate Membrane interlay that has proven to extend the life of a street by creating an impenetrable barrier blocking rainwater from penetrating into the subgrade.
5. **Sustainability & Resiliency** – The construction materials specified for these projects are considered best practices in the industry. The use of rubberized and recycled material greatly benefits the environment, reducing wasted storage, providing extra layers of

protection, and adding longevity to our resurfaced streets.

FISCAL IMPACT:

The fiscal impact of this action is \$3.5 million. Upon Council approval, funds will be transferred and appropriated from Measure Z fund balance to Measure Z Capital Fund, Pavement Rehab/Pedestrian Facilities Improvement Project account number 9902709-470734. Sufficient funding exists in Measure Z reserves. Future Pavement Management Program appropriation requests will be made on an annual basis through Fiscal Year 2022/23.

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Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Fiscal Year 2021-22 List of Paving Projects by Ward
2. Fiscal Year 2019-21 Planned or Completed Paving Projects
3. Presentation