

Budget Engagement Commission

City of Arts & Innovation

TO: BUDGET ENGAGEMENT COMMISSION **DATE: NOVEMBER 13, 2025**

FROM: PUBLIC WORKS DEPARTMENT **WARDS: ALL**

**SUBJECT: MEASURE Z – PAVEMENT MANAGEMENT PROGRAM UPDATE AND FISCAL
YEAR 2025-26 PROJECT SELECTION**

ISSUE:

Receive an update on the Pavement Management Program including the proposed Fiscal Year 2025-2026 projects.

RECOMMENDATION:

That the Budget Engagement Commission receive an update and provide input on Measure Z funds allocations for City roadways as part of the Public Works Department's Pavement Management Program.

BACKGROUND:

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. Based on the terms of the agreement, the Finance Department recommended that the Public Works Department (Public Works) consider refinancing the loan to decrease the annual obligation or payoff the debt sooner. With the support of the Finance Department, Public Works successfully refinanced this debt in June 2023 and estimates saving \$2.4 million through the remaining term of the loan.

The Public Works Department has engaged the Budget Engagement Commission (BEC) and City Council during the past several years to provide Pavement Management Program (PMP) updates, request supplemental appropriations, and detail the City's investment to address paving and maintenance needs. Since 2017, the City's PMP budget has increased substantially with the adoption of California's Senate Bill 1, which is referred to as the Road Repair and Recovery Act (SB-1) and the implementation of the City's Measure Z one-cent transaction and use tax to pay for critical unfunded City needs including road maintenance and traffic safety.

On September 20, 2022, the City Council approved extending the paving moratorium from three to five years to mitigate some of the impacts to roads by reducing trenching operations on newly paved roads and encourage increased collaboration between utility companies and the City.

On December 12, 2023, City Council approved an agreement with Nichols Consulting Engineers to complete a Pavement Cut Fee Study. The purpose of the study is to evaluate the potential of

assessing fees to utility companies and developers when contractors trench within City streets. Trench cuts impact the roadways' rideability and reduce their useful life, thus, the fees would help offset these direct impacts. Staff's recommendations regarding these fees will be brought to the City Council in a future update in Summer 2026.

On July 11, 2024, the BEC received another update on the City's PMP including the proposed list of projects utilizing the FY 2024-2025 funds. The BEC also provided input on the current PMP funding levels and expressed that the condition of the City roadways is a priority, suggesting that additional funds be allocated towards the program. A specific allocation amount was not discussed but the BEC recognized the priority and was supportive of additional funding being allocated to further improve the condition of the City streets.

DISCUSSION:

In 2017, Public Works completed a comprehensive pavement condition assessment of 875 centerline miles of roads and alleys to determine the City's overall Pavement Condition Index (PCI), and to provide budgetary recommendations for various target funding levels. In 2021, a 5-year program was approved to reassess the City's roadways to systematically complete partial network surveys throughout the City annually over the 5-year period.

The purpose and function of pavement management is to confirm what assets the City owns and maintains, identify the status and total network deficiency and to develop a 5-year budget rehabilitation plan. The health of the City's road network can be summarized with the following three metrics including Network PCI, percentage of streets in excellent condition, and the percentage of streets in poor or very poor condition, also known as Backlog. Table 1 provides the results of these three key metrics from the City's previous four PMP reports received to date.

Table 1 – PMP Street Network PCI Summary

Report Month/Year	May 2018	July 2022	May 2023	August 2024
Network PCI	61	58	59	58
Excellent Roads	13.2%	33.0%	33.4%	9.0%
Backlog	12.7%	24.0%	21.5%	21.0%

In 2017, the City was operating on a maintenance budget of approximately \$15M. The May 2018 report recommended a 5-year operating budget of \$24M. Measure Z funding contributed to increased paving budgets in subsequent years, although, the Public Works Department's operating budget did not reach the recommended \$24M budget until FY 2022-2023 and by that time the funding requirements to maintain a stable PCI score exceeded \$24M. The reduced funding resulted in a decrease Network PCI and an increase in streets categorized as "Poor" and "Very Poor" which was detailed in subsequent reports.

In addition to funding challenges, inflation has impacted the PMP in recent years. Inflation was a national issue between 2021 and 2024 which resulted in construction costs rising approximately 35% for City projects. Unfortunately, due to the length of time required between planning projects and awarding contracts, inflation caused excessive project budget overages. However, any PMP projects planned is completed and any cost overages are accounted for in subsequent years planning budgets. It does appear construction costs have stabilized and the total PMP overage is currently approximately \$6M.

Table 2 represents the Condition Index PCI Scoring Rating used to assess the roadway network. When the City Network PCI score decreases, that indicates that a higher percentage of roads will be classified Marginal, Poor, and Very Poor and thus would create an increased financial burden to reach the targeted PCI.

Table 2 – 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

As the City continues with a proactive PMP, the degradation curves will become more accurate and more reflective of how the City's pavement treatments are performing over time. Figure 1 demonstrates a typical degradation curve and the importance of maintaining the streets in good condition. As a street develops cracking, it is prone to greater water infiltration, more susceptible to vehicular loads, and will begin to deteriorate rapidly. Therefore, increased funding in the PMP allows the City to increase its commitment to preservation treatments, thereby extending the life of the pavement. Investing in preservation treatments avert more costly repairs as Figure 1 shows that spending \$1 on preservation efforts will delay more costly repairs.

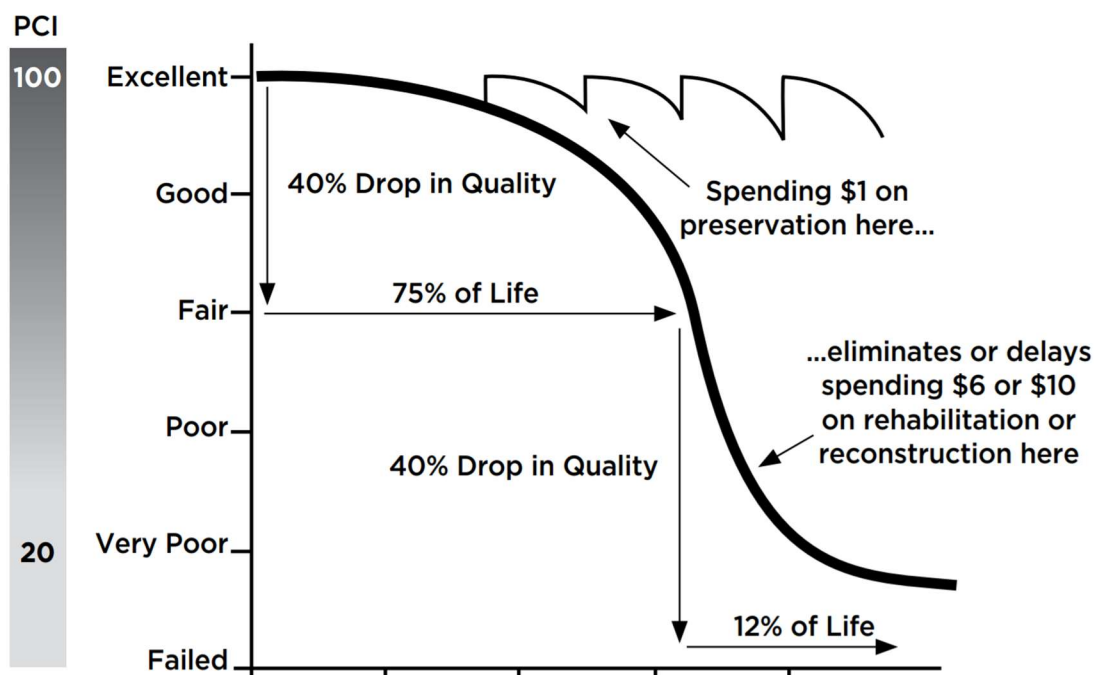


Figure 1: Pavement Degradation Curve

Table 3 provides a PCI and funding analysis from 2018 to 2024, considering varying annual budgets with their corresponding resulting PCI and Backlog. It is important to evaluate the Backlog because once it exceeds 20%, the ability to adequately fund the PMP and reduce the Backlog becomes extremely difficult. As anticipated by the 2018 study, the City Network PCI decreased, and the Backlog increased as the PMP was not operating with the recommended annual budget.

If the City continues to operate on an insufficient budget, these key metrics will continually be negatively impacted. The current contract to complete the systematic annual partial network pavement surveys terminates this year. However, another Request for Proposals seeking professional services to complete a new cycle of pavement surveys will be issued. The City will complete a survey of the entire pavement network in 2026 which will provide the City an accurate assessment of our network health inclusive of all paving improvements completed to date.

Table 3 – PCI and Funding Analysis

2018 (Network PCI: 61)			2023 (Network PCI: 59)			2024 (Network PCI: 58)		
Annual Budget	PCI	Backlog	Annual Budget	PCI	Backlog	Annual Budget	PCI	Backlog
\$13.5	57	26.7%	\$24M	54	31%	\$20M	53	31%
\$15.0	57	24.4%	\$37M	58	25%	\$41M	58	23%
\$18.5	58	22.9%	\$45M	60	22%	\$53M	60	20%
\$24.0	61	18.8%	\$65M	64	17%	\$72M	64	16%
\$30.0	63	15.2%	\$89M	68	11%	\$93M	68	13%
\$34.5	65	12.7%	\$98M	70	9%	\$105M	70	10%

To reduce that financial burden, Public Works utilizes a treatment of milling the existing pavement to an appropriate thickness, applying an Asphalt Rubber Aggregate Membrane (ARAM), followed by a new asphalt surface. This treatment is utilized on structurally stable streets, the exception are roads with excessively aged surfaces as the deformation/cracks require more extensive repairs. The ARAM interlayer serves as a barrier preventing water from penetrating into the subgrade and the cracking reflecting into the newly paved surface.

Table 4 reflects the various fund sources allocated for Fiscal Year 2025-2026. A portion of available funds are also allocated towards miscellaneous concrete repair projects and traffic safety enhancements. The concrete repair projects will be completed separately while the traffic safety enhancements will be included with the pavement maintenance projects.

Table 4 – FY 2025-2026 Fund Sources

Fund Source	PMP Budget	Misc. Concrete Repair Projects	Traffic Safety Enhancements
Measure A (State Sales Tax)	\$2.40M		
HUTA (State Gas Tax)	\$2.45M	\$0.80M	
RMRA (State SB-1 Gas Tax)	\$8.00M		
CDBG (Federal HUD)	\$1.60M		
Measure Z (City Sales Tax)	\$11.40M	\$0.60M	\$0.50M
Subtotal	\$25.85M	\$1.40M	\$0.50M

Table 5 provides the summary of deductions from the available funds allocated in FY 2025-2026 to address prior project commitments and budget overages. The current recommended PMP annual maintenance budget is \$41M which is vastly higher than our current budget. Additional funding allocations would minimize the impact of the budget overages and would allow the City to complete additional improvements throughout the City.

Table 5 – FY 2025-2026 Budget Deductions

Deduction	Amount
Budget Overage Reduction *	- \$3.00M
Iowa Avenue Grade Separation Audit	- \$1.40M

Hole Lake Fencing Project Overage	- \$0.35M
Traffic Improvement Projects	- \$0.50M
Subtotal	- \$5.25M

* Current total PMP budget overage is estimated at \$6M.

Table 6 shows the positive impacts that Measure Z has had on the Pavement Management Program. Measure Z was passed in part to help pay for critical programs and services to include roadway paving as it continues to rank as a high priority for the community.

Table 6 – PMP Budget from FY 2016/17 through FY 2025/26

Fiscal Year	Funding Source (Millions)					Subtotal
	Measure A	State Gas Tax	SB1 Gas Tax	CDBG	Measure Z	
2016/17			\$13.50		NA	\$13.50
2017/18			\$13.50		\$2.875	\$16.375
2018/19			\$13.50		\$2.875	\$16.375
2019/20	\$2.40	\$2.80	\$5.40	\$2.60	\$7.80	\$21.00
2020/21	\$1.20	\$1.40	\$2.70	\$0	\$7.80	\$15.80
2021/22	\$2.00	\$2.80	\$6.40	\$1.20	\$7.80	\$20.20
2022/23	\$2.40	\$2.10	\$7.20	\$1.90	\$12.30	\$25.90
2023/24	\$2.40	\$1.80	\$7.70	\$1.10	\$8.80	\$31.80*
2024/25	\$2.40	\$2.45	\$7.45	\$1.63	\$12.00	\$25.93
2025/26	\$2.40	\$2.45	\$8.00	\$1.60	\$11.40	\$25.85

* A \$10 million appropriation from the City's General Fund

The City utilizes *Lucity*, a pavement management software, which allows the Public Works Department to align the available budget with the needs identified in the software. Public Works also receives rehabilitation requests through the City's 311 Call Center.

Based on the available funding levels including the required deductions, staff recommended \$20.7 million in FY 2025-2026 funds for street maintenance and preservation projects including traffic safety enhancements.

Attachment 1 includes a Citywide list of recommended projects. The selected FY 2025-26 projects are anticipated to begin construction throughout calendar year 2026 as the selected streets need to be field evaluated, designed, and projects awarded and scheduled for construction. Table 7 summarizes the quantity of miles for the planned resurfacing and preservation projects.

Table 8 – FY 2024-25 Citywide Resurfacing and Preservation Project Miles

Roadway Classification	Asphalt Resurfacing	Slurry Preservation
Arterial Streets	3.9 miles	
Collector Streets	2.4 miles	
Minor Streets	7.4 miles	2.5 miles
Alleys	0.25 miles	
Total	16.5 Miles	

The proposed number of miles completed annually has declined in recent years as Public Works contends with the rise in construction costs. Another factor for the decrease in centerline miles for FY 2025-2026 projects from the previous fiscal year is the focus on paving more Arterial and Collector roads which have larger surfaces per centerline mile and usually require thicker asphalt repairs. Public Works will continue to observe the trend and may approach the BEC and City Council in the future to request additional funds to support the PMP alongside the fiscal year end

process led by the Finance Department.

The Public Works Department continues to study best practices and programs from other agencies to help preserve and improve our roadway system. As previously discussed, staff extended the Paving Moratorium from 3 to 5 years and is exploring the potential to implement a Pavement Cut Fee to mitigate impacts on the roads and to promote better collaboration with utility purveyors and developers.

Public Works also implemented a new GIS map detailing the streets that have been paved in the past 5 years as well as planned paving projects. The GIS map allows elected officials and the public to track progress on projects, encourage collaboration between utility companies and the City on planned street work, and help enforce the City's pavement moratorium policy. In March 2023, Public Works updated its trench repair standard detail improving the paving restoration requirements and referencing both the paving moratorium and new GIS map. The GIS Map was recently updated to include a link to the existing Pavement Condition Index scores so residents can readily lookup the respective PCI scores of selected roads.

The GIS paving map can be viewed at the following location: www.riversideca.gov/pavingmap

Funding and Cost-Saving Strategies

Public Works is aware that additional funding sources should be pursued to help meet our pavement maintenance goals. Several potential revenue & cost-savings are detailed below:

- **Trench Repair:** Public Works has partnered with the Riverside Public Utility to establish contract trench repair services to perform RPU Water System Maintenance follow-up repairs. Earlier this year, the City Council approved increasing the contract from \$1.5 million to \$4 million annually. This is a dramatic improvement to the speed at which water trench lines are repaired.
- **Trench Cut Fee:** Public Works has retained a consulting firm to develop proposed trench cut fees applicable to utilities, developers and other parties who may trench into roadways. These fees will be assessed to address the long-term damage associated with trenching and help bolster the pavement fund. A preliminary review of these fees was brought to the Mobility & Infrastructure Committee. They are anticipated to generate approximately \$1M in annual revenues if implemented and a report is anticipated to go before City Council in Summer 2026.
- **RCTC Traffic Relief Plan:** The Riverside County Transportation Commission has adopted a Traffic Relief Plan which includes efforts to support pothole repair and roadway maintenance alongside other critical safe streets and roads projects. If passed through a ballot measure, a sales tax to support the plan would bring in an estimated \$20B in revenues for Western Riverside County over the next 30 years, approximately 18% of the funds would be dedicated to regional 'safe streets and roads' projects.
- **Community Facilities District:** The City may consider facilitating community facilities districts in heavily impacted areas of development, this includes areas of intense industrial use where pavement deteriorates rapidly and often requires additional funding.
- **Alleyway Pilot:** Public Works is working to stretch our dollars further; as part of this year's paving program the department will select 2-3 alleyways citywide to receive asphalt grindings from a nearby paving project. These grindings, when coupled with light grading and compaction work, can help to bring significant improvements to both stormwater and dust control within an unpaved alley, and potentially represent a cost-savings to the contractor by reducing hauling costs.

- When full reconstruction of a roadway is necessary, the City can utilize a process called Full Depth Reclamation which will pulverize the existing pavement in place to utilize the existing recycled material as a base for a new asphalt pavement section to be placed on top. This process is less costly than removing/disposing the existing street material and replacing it with new crushed aggregate base and is more beneficial to the environment.
- The General Plan Update process will reassess the “Traffic Index” of major Riverside roadways, requiring additional pavement depth to account for the projected increases in vehicular traffic. While costlier up-front, this approach will result in longer lasting roadways.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Ed Lara, Principal Engineer
Approved by: Gilbert Hernandez, Public Works Director
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Fiscal Year 2025-26 Project Location List
2. Presentation