City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 28, 2026**

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

SUBJECT: MEASURE Z – PAVEMENT MANAGEMENT PROGRAM UPDATE AND FISCAL YEAR 2026-2027 PROJECT SELECTION

ISSUE:

Receive an update on the Pavement Management Program including the proposed Fiscal Year 2026-2027 projects.

RECOMMENDATION:

That the City Council receive and file an overview of the Public Works Department's recommended fiscal year 2026-2027 paving projects.

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. The debt was refinanced in 2023 and currently has an annual debt service payment of $2.7 million through 2033.

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. While SB-1 does not have a sunset date, Measure Z is currently scheduled to sunset in 2036.

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 Nicols 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. The City Council has not yet received a report on the study results, and the item has been placed on hold as the City Council assesses other proposed fee modifications.

On May 14, 2026, the Budget Engagement Commission (BEC) received a presentation on the City's proposed Fiscal Year 2026-2028 Biennial Budget. The Finance Department identified projected deficits in the General Fund and Measure Z and collaboratively worked with all Departments to develop cost reductions. The Measure Z funds allocated for pavement rehabilitation are proposed to be reduced by $3 million. Due to this unexpected decrease of Measure Z funding, Measure A funds will be used to support the City's PMP.

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.

On February 18, 2026, a request for proposals was advertised through PlanetBids for the next cycle of pavement condition surveys. The selected consultant will provide comprehensive Pavement Management Program (PMP) services to assess the City's entire roadway network again and provide the City a new baseline for the City's overall network health. Key responsibilities include migrating historical data from the legacy Lucity system to StreetSaver software, establishing full GIS integration, and auditing the existing roadway inventory. The consultant will conduct automated field inspections to assess pavement distress and calculate updated Pavement Condition Index (PCI) scores under a strict quality control protocol. This data will be used to run budget scenario analyses to guide future maintenance and rehabilitation strategies. The awarding of that contract is anticipated to be brought before City Council on July 28, 2026.

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 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**	**February 2024**
Network PCI	61	58	59	58
Excellent and Very Good Roads	33.3%	33.0%	33.4%	32.0%
Backlog	12.7%	24.0%	21.5%	21.0%

In 2017, the City was operating on a maintenance budget of approximately $15 million. The May 2018 report recommended a 5-year operating budget of $24 million. Measure Z funding contributed to increased paving budgets in subsequent years, although, the Public Works Department's operating budget did not reach the recommended $24 million budget until FY 2022-2023 and by that time the funding requirements to maintain a stable PCI score exceeded $24 million. 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.

Inflation in construction costs placed pressure on the Pavement Management Program from 2021-

2024. Construction cost increased by approximately 40 percent in these years while the annual budget has remained relatively unchanged. As a result, the City rehabilitates fewer lane miles with the same level of funding. However, construction costs appear to have stabilized in the past two years.

Table 2 presents the Pavement Condition Index (PCI) Rating categories used to assess the condition of 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.

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 street cracks develop, they are 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 averts more costly repairs as Figure 1 shows that spending $1 on preservation efforts will delay more costly repairs.

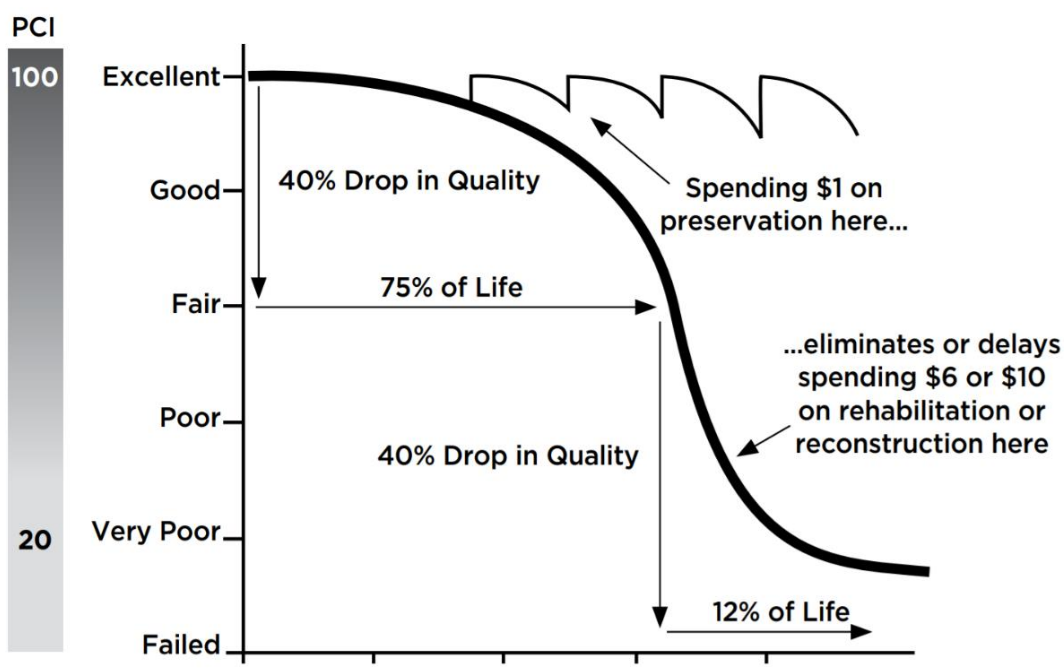

Figure 1: Pavement Degradation Curve

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.

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 depth, 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.

Public Works has been rehabilitating severely deteriorated streets with poor subgrade conditions using Full Depth Reclamation (FDR). This process involves pulverizing the existing pavement and underlying base, if present, and reusing it to form a new base layer. The reclaimed material is then treated with cement and microcracked to create a stable subgrade, followed by placement of a new minimum 4-inch asphalt pavement section. Although FDR can cost up to three times more than a grind and overlay, it reconstructs the pavement structure and addresses underlying subgrade deficiencies. As a result, FDR-treated streets are expected to provide a substantially longer service life, often 20 to 30 years, compared to approximately 10 to 15 years for a conventional grind and overlay.

Table 4 reflects the various fund sources allocated for Fiscal Year 2026-2027. A portion of available funds are also allocated towards miscellaneous concrete repair projects and traffic safety enhancements. The concrete repair work will be completed as separate projects while the traffic safety enhancements will be included with the pavement maintenance projects. The current recommended PMP annual maintenance budget is $41 million, which is vastly more than our existing budget.

Table 4 – FY 2026-2027 Fund Sources

Fund Source	PMP Budget	Concrete Repair Projects	Traffic Safety Projects
Measure A (County Sales Tax)	$5.08M	$4.0M	
HUTA (State Gas Tax)	$2.00M	$0.3M	
RMRA (State SB-1 Gas Tax)	$9.40M		
CDBG (Federal HUD)	$1.40M		
Measure Z (City Sales Tax)	$8.20M	$0.6M	$0.7M
Subtotal	**$26.08M**	**$4.9M**	**$0.7M**

Table 5 illustrates the positive impact that Measure Z has had on the Pavement Management Program. Measure Z was approved in part to fund critical programs and services, including roadway rehabilitation, which continues to rank as a high priority for the community. In Fiscal Year 2026/27, Measure Z funding for the program was reduced by $3.2 million. To offset this reduction, a larger share of Measure A funds was allocated to roadway paving.

Table 5 – PMP Budget from FY 2016/17 through FY 2026/27

Fiscal Year	Funding Source (Millions)					
	Measure A	State Gas Tax	SB1 Gas Tax	CDBG	Measure Z	Subtotal
2016/17	$13.50				NA	**$13.50**
2017/18	$13.50				$2.875	**$16.38**
2018/19	$13.50				$2.875	**$16.38**
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**
2026/27	$5.08	$2.00	$9.40	$1.40	$8.20	**$26.08**

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

The City utilizes pavement management software to align available funding with the roadway needs identified through the Pavement Management Program. Public Works also receives rehabilitation requests through the City's 311 Call Center. In addition, staff meets annually with each Councilmember to provide program updates, discuss roadway priorities, review proposed paving and maintenance projects, and identify strategies to maximize roadway investments.

Based on projected funding levels, staff recommends allocating approximately $26 million in FY 2026/27 for street maintenance, preservation projects, and traffic safety enhancements. Attachment 1 provides a citywide list of the recommended projects. As part of the City's ongoing effort to revitalize Victoria Avenue, Public Works plans to continue maintenance improvements along sections of the corridor over the next three years. The FY 2026/27 projects are anticipated to begin construction throughout calendar year 2027 following field reviews, design, bidding, and contract award. Table 6 summarizes the planned resurfacing and preservation work by roadway miles.

Table 6 – FY 2026-27 Citywide Resurfacing and Preservation Project Miles

Roadway Classification	Asphalt Resurfacing	Slurry Preservation
Arterial Streets	5.1 miles	
Collector Streets	2.1 miles	
Minor Streets	7.4 miles	6.3 miles
Total	**20.9 Miles**	

The number of centerline miles rehabilitated annually has declined in recent years as Public Works continues to contend with rising construction costs. Another contributing factor is the increased focus on rehabilitating Arterial and Collector roadways, which contain significantly greater pavement surface areas per centerline mile and typically require thicker asphalt sections than local streets. Public Works will continue to monitor pavement conditions, construction cost trends and program performance. Should additional funding be necessary to maintain the desired level of service and support the PMP, Public Works may return to the City Council in future fiscal years with funding recommendations as part of the annual budget process led by the Finance

Department.

The Public Works Department continues to evaluate best practices and programs from other agencies to preserve and improve the City's roadway network. As previously discussed, staff extended the paving moratorium from three to five years and is exploring the implementation of a Pavement Cut Fee to help mitigate roadway impacts and encourage greater coordination with utility providers and developers. In service of this effort, Public Works has developed a provisional FY 2027/28 roadway paving recommendation list (attachment 2), subject to changing needs & priorities, field conditions, funding availability. Any projects on the provisional 2027/28 list that are not ultimately recommended for completion in the 2027/28 paving cycle may still be funded in the ensuing fiscal years. Making this planning list available is anticipated to help provide additional transparency to residents, and enhance coordination with the aforementioned utility providers and developers to help avoid work in a potential moratorium area.

Public Works also continues to manage its new GIS paving project map detailing the streets that have been paved in the past 5 years as well as planned paving projects. This 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. The City also implemented a new GIS map which provides the current pavement condition for every street Citywide, which is also available to the public. 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 paving project map can be viewed at the following location: www.riversideca.gov/pavingmap, and this map also includes a link to the City's new pavement condition index map.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Attachments:
1. Fiscal Year 2026-27 Project Location List
2. Fiscal Year 2027-28 Provisional Project List
3. Presentation