



Susan Wengraf
Councilmember District 6

ACTION CALENDAR
July 26, 2022

To: Honorable Mayor and Members of the City Council

From: Councilmember Wengraf, Councilmember Kesarwani, Mayor Arreguin (Authors), Councilmember Taplin (Co-Sponsor)

Subject: Establishing Policy for Adequate Annual General Fund Contribution for Street Maintenance to Prevent Deterioration of Pavement Condition

RECOMMENDATION

Adopt a Resolution establishing a Council fiscal policy to allocate \$8 million annually in General Fund monies for street maintenance, adjusted annually for inflation. The allocation will augment the existing General Fund street paving budget of \$7.3 million, for a total of \$15.3 million annually, adjusted for inflation. The policy allows for suspension in any year in which there is a budget deficit or emergency under two circumstances (1) the City Council draws upon \$1 million (or more) from its Stabilization Reserve in order to adopt a final budget; or (2) a two-thirds vote of the City Council.

This policy is needed to ensure that deferred street maintenance is supported by an ongoing adequate General Fund contribution. Without adequate ongoing street maintenance funding, analysis shows that a one-time infusion of resources will only lead to a temporary improvement in the pavement condition.

FINANCIAL IMPLICATIONS

\$8 million in General Fund revenues annually, adjusted annually for inflation using the greater of the cost of living in the immediate San Francisco Bay Area or per capita personal income growth in the state, as verified by official United States Bureau of Labor statistics. Additional funding for street repaving should come from Excess Property Transfer Tax revenues above the baseline established in the City Council's Fiscal Policies.

BACKGROUND

On May 10, 2022, The City Council approved the *Strategic Asset Management Plan (SAMP)* and the *Asset Management Policy (AMP)*. The SAMP and AMP build on the recommendations of the Vision 2050 Task Force Report, *Sustainable and Resilient Infrastructure, Creating a Better Future for Berkeley* that City Council adopted on September 29, 2020. An important concept highlighted in the Vision 2050 report is that infrastructure, including streets, needs to be properly maintained.

On May 24, 2022, City Council approved Councilmember Kesarwani's Budget Referral for Street Maintenance for the biennial FY 2022-24 budget to fund an adequate allocation from the General Fund to prevent further deterioration of the City's streets.

Studies show that \$1 invested in pavement treatment early in the pavement's useful life can save \$8 spent on more expensive repairs later.¹ Yet the City's annual paving funding is far short of the needed amount to maintain our streets. To keep City streets at the current pavement condition index (PCI) requires increasing annual funding from approximately \$7.3 million to \$15 million.² With the current level of annual funding, Berkeley's PCI is expected to decline by 6 points (to a PCI of 51) in the next five years.³ The City dedicates approximately \$7.3million annually to the maintenance of the City's streets, or 92% of the replacement value. This is at the very low end of the maintenance funding benchmark. Given street condition is "at risk" and declining even more in the next five years, it is clear that the current level of maintenance funding is far short of what is required. Boosting annual funding to \$15 million would result in a maintenance over replacement value of 1.84%, which is the mid-range of the benchmark for maintenance funding.⁴

The Metropolitan Transportation Commission rates Berkeley's PCI as the 15th worst out of 101 cities in the nine counties MTC covers. These pavement conditions put pedestrians and bicyclists at risk and are estimated to cost drivers over a thousand dollars annually in repair costs, disproportionately affecting lower-income residents who spend a greater percentage of their income on vehicle repairs.

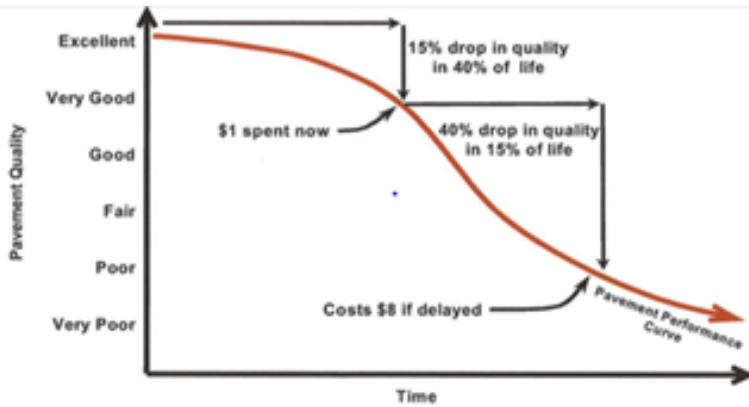
Deferred street paving and repair is eight times more expensive than doing it on time. The City's deferred street maintenance is estimated at roughly \$268 million. Without the \$8 million annual increase, that deferred street maintenance is estimated to increase to \$396 million in five years; \$503 million in 10 years; and to a total of \$1.1 billion by 2050. The chart below demonstrates life cycle costs of pavement deterioration.

¹ Garland, Liam, *Strategic Asset Management Plan*, April 2022, Vision 2050: Strategic Asset Management Plan and Asset Management Policy, (p.23 {28 of 56}) [Council Meeting Item 31](#), May 10, 2022

² *ibid*

³ *ibid*

⁴ *ibid*



Pavement Deterioration and Life Cycle Costs

ENVIRONMENTAL SUSTAINABILITY

Good street conditions will improve safety for pedestrians, cyclists, users of micro-mobility devices, and public transit.

CONTACT PERSON

Councilmember Wengraf

Council District 6

510-981-7160

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

ESTABLISHING A FISCAL POLICY FOR A STREET MAINTENANCE ALLOCATION
FROM THE GENERAL FUND

WHEREAS, the City of Berkeley's pavement condition index (PCI) is the 15th worst among its surrounding 101 cities; and

WHEREAS, inadequate street paving funding has led to \$268 million in deferred needs and is on track to increase to \$396 million in five years and to \$1.1 billion by 2050; and

WHEREAS, without increasing the City's annual street maintenance budget to at least \$15.3 million annually, our streets will continue to deteriorate; and

WHEREAS, unmaintained streets put all street users at risk and are estimated to cost Berkeley drivers an estimated thousand dollars of vehicle damage annually – hurting lower income residents disproportionately as their vehicle expenses comprise a larger proportion of their overall budget; and

WHEREAS, good roads support alternative modes of transportation which reduces greenhouse gases and supports Berkeley's Strategic Plan Priorities.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that a fiscal policy is hereby established requiring the allocation of \$8 million dollars annually from the General Fund to the Street Maintenance Fund, in addition to the existing baseline \$7.3 million allocation, for a total amount of \$15.3 million to be adjusted annually for inflation using the greater of the cost of living in the immediate San Francisco Bay Area or per capita personal income growth in the state, as verified by official United States Bureau of Labor statistics.

BE IT FURTHER RESOLVED that this fiscal policy to fund street maintenance at a level of \$15.3 million (as adjusted for inflation) may be suspended in any year in which the City Council draws upon \$1 million (or more) from the Stabilization Reserve in order to adopt a final budget or a two-thirds vote of the City Council.

BE IT FURTHER RESOLVED that upon replenishment of the Stabilization Reserve or fiscal recovery, it is strongly recommended that the City Council seek to make up any funding differential between the \$15.3 million target level (as adjusted for inflation) and the actual street maintenance budget for the year(s) that this policy is suspended.