

Performance Audit of the City's Street Maintenance Program

Why OCA Did This Study

Decades of underinvestment in the City's 3,000-mile street network have degraded the overall quality of City streets, leading to dissatisfaction amongst City leaders and residents, as well as a large and growing deferred maintenance backlog that is estimated at over \$1.2 billion.

This audit covers similar areas to a June 2023 report from the San Diego County Grand Jury, and also reviewed how the Street Maintenance Program manages unimproved streets as well as the overall capacity of the program to complete the repair mileage it is funded for. Specifically, **we conducted this performance audit to determine whether the Transportation Department adequately plans for street maintenance to ensure that repairs are efficient, effective, equitable, and sufficiently funded.**

What OCA Found

Finding 1: The Transportation Department uses many best practices for prioritizing street maintenance; however, these practices should be reflected in a public and comprehensive 5-year pavement management plan to increase public transparency and accountability.

Concurrently with this audit, the Transportation Department developed and published its first-ever Pavement Management Plan (PMP) in January 2024. **We found the new PMP includes most essential elements**, including a 5-year listing of planned projects; maintenance mileage and budget needed to achieve the Pavement Condition Index (PCI) goal of 70; trends in street repair mileage and budget; and PCI scores over time by Council District.

While the new PMP is a major step forward, we found that it does not include equity goals and trends. In addition, while streets.sandiego.gov now includes general information on why a street repair project may be cancelled or delayed, the website does not provide contact information for residents to inquire about the status of specific projects.

In addition, Transportation has not yet developed a Standard Operating Procedure to **ensure that the PMP is updated on an annual basis and includes all essential elements.**

Exhibit 3: Overlay and Slurry Seal are Two Types of Maintenance Activities



Source: City of San Diego Facebook and photo from OCA field visit.

Finding 2: The Pavement Management Plan should also capture Transportation's efforts to address unimproved streets and alleys.

The City currently has 38 miles of unimproved streets and 24 miles of unimproved alleys. These streets represent an important area of inequity that the City has recently begun to address.

The PMP includes discussion of selection factors, such as the number of residents served and safety concerns such as flooding, that will be used to prioritize which unimproved streets will be brought up to standard. However, while the PMP discusses several possible strategies for addressing unimproved streets, we found it **does not establish a strategy to be pursued**. Further, **Transportation indicates that it will pursue a dedicated funding source in FY2025 for the improvement of unimproved roads.**

Finding 3: To ensure an optimal and cost-effective pavement management plan, the City should conduct regular pavement condition assessments.

Best practices dictate cities to regularly conduct pavement conditions assessments to ensure the City is selecting the most optimal streets for maintenance. Transportation requested \$500,000 for a condition assessment in FY2020, but it was not provided until FY2023. As a result, the City did not complete a condition assessment for more than 7 years, and **Transportation potentially used unreliable data to plan approximately \$180 million in street maintenance** from FY2021–FY2023.

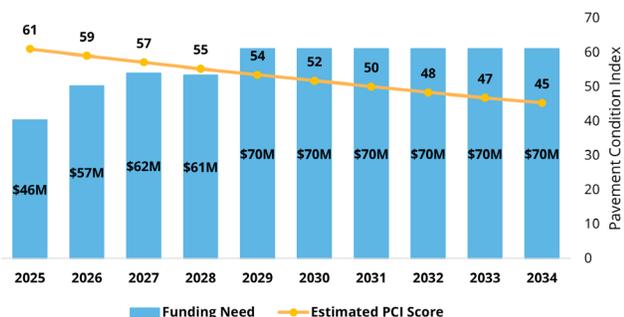
The new assessment found City streets had an average PCI of 63, while Transportation had estimated a PCI of 50. This means that Transportation was using significantly inaccurate data to plan street maintenance work, likely for several years. For example, **we found that for one quarter of street segments, Transportation’s estimates were off by 26 points or more.**

Finding 4: A long-term funding strategy is essential to ensure that the City has sufficient funding to achieve its street condition goals.

We found that the Street Maintenance Program has insufficient and unpredictable funding, and that even recent efforts to increase funding are not enough to address the approximately \$1.9 billion need over the next 10 years. In fact, **the most realistic funding scenarios show that the condition of the City’s streets are likely to get worse.** The City has only identified \$645 million in funding, and increased reliance on the General Fund and special revenue funds is not feasible or sustainable and would not close the remaining \$1.2 billion gap.

While the new PMP briefly describes possible avenues to increase funding, **it does not establish a specific funding strategy.** Continuing to underinvest in street maintenance will lead to more and more streets falling into disrepair. It will then cost more—likely hundreds of millions more—to bring streets up to a PCI of 70 in the long run.

Exhibit 28: If Annual Funding Levels Stay the Same, the Estimated Average PCI of the City’s Street Network Would Continue to Decrease from an Estimated PCI of 61 in FY2025 to a PCI of 45 in FY2034



Notes: This scenario was created from Transportation’s pavement management system, Cartegraph. This scenario is based on historical funding levels for street maintenance and does not assume debt financing. While the current network PCI is 63, it is estimated to decline to 61 by FY 2025, where the chart timeline begins.
Source: OCA generated based on data received from Transportation.

Finding 5: The Street Maintenance Program has not been able to expend all available resources and should continue to develop strategies to increase capacity.

In addition to a funding strategy, the City also needs to continue to develop operational strategies to increase the capacity of the Street Maintenance Program. We found that over the last 6 years, **the program only spent 79 percent of the funds it was allocated**, even though resources are far less than what is needed to achieve and maintain a PCI of 70. We also found that in each of the last 5 years, **the program only completed 71 percent or less of the street repair mileage goals it expected to achieve** with available funding, meaning even fewer streets have been maintained than the program’s limited resources allow for.

What OCA Recommends

We made **7 recommendations** to help ensure the Street Maintenance Program is transparent, efficient, equitable, and sufficiently funded. As described above, the new PMP and related efforts address many elements of our recommendations. Major remaining elements include:

- Implementing a **Standard Operating Procedure** to ensure that the PMP is updated on an annual basis and includes all essential elements;
- Establishing and pursuing a **strategy to address unimproved streets**;
- Establishing and pursuing a **funding strategy** to ensure that resources are stable and sufficient to support an efficient and effective Street Maintenance Program
- Continuing to develop and implement **strategies to increase the program’s capacity**, and publishing these strategies and results in the PMP.

Transportation agreed with all 7 recommendations.

For more information, contact Andy Hanau, City Auditor, at (619) 533-3165 or cityauditor@sandiego.gov.