



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Review of the FY 2025 Pavement Management Plan Update

OVERVIEW

In April 2025, the Transportation Department released the [FY 2025 Update to the Pavement Management Plan](#). This is the first annual update to the original [Pavement Management Plan](#) (PMP) and provides updated funding plans to achieve specific Pavement Condition Index (PCI) goals based on historical funding and outcomes to date. This update was further presented to the Active Transportation & Infrastructure Committee (ATI) on April 24th, 2025.

Following the presentation to ATI, our Office conducted additional analysis on the PMP update, including how the various recommendations contained in [IBA Report 24-07 Review of the Pavement Management Plan](#) have been integrated into the update. This report addresses how these recommendations have been incorporated and provides additional details on PCI changes across the City.

FISCAL AND POLICY DISCUSSION

Tracking Paving Outcomes

As mentioned in the PMP update, the overall PCI for the City increased from 63 in the condition assessment to a projected 65 by the end of FY 2025. This is despite two years of funding (FY 2024 and FY 2025) below what was called for in the original PMP. Staff attribute most of this increase to lowering the backlog of paving projects for both maintenance and overlay activities due to increased efficiencies in the project procurement and delivery processes.

For this report, our Office requested specific data on how this increase has been achieved across all PCI categories, and on how the PCI increase has been spread across Council Districts. This section discusses these metrics and what they demonstrate.

Our earlier report, [IBA Report 24-07](#), found that while the “Best Value” approach represented the most cost-efficient way to achieve a PCI of 70 over ten years, it also would have the unintended consequence of leaving some streets in a failed condition without a plan to repair them. While Transportation has attempted to address this issue by using in-house crews (more on this is provided below), we sought additional information on the overall condition of the City’s street network by PCI category. The proportion of City streets that fall into each category is provided in the following table.

Citywide Pavement Condition Index Changes							
Category	Good	Satisfactory	Fair	Poor	Very Poor	Serious	Failed
PCI	100-85	84-70	69-55	54-40	39-25	24-10	<10
Condition Assessment	20%	32%	17%	12%	10%	7%	2%
Projected End FY 2025	31%	26%	15%	10%	8%	6%	5%
<i>Percentage Changes</i>	<i>11%</i>	<i>-6%</i>	<i>-2%</i>	<i>-2%</i>	<i>-2%</i>	<i>-1%</i>	<i>3%</i>

As shown in this table some streets are continuing to fall into a “Failed” condition. While the largest increase has been in roads rated as “Good”, “Failed” streets have also increased as a percentage of the overall road network.

Another recommendation from IBA Report 24-07 was for Transportation and the Council to focus on potential *outcomes*, including PCI scores in each Council District and in communities of concern. In the PMP Update, Transportation included a new definition for streets that are located in “Communities with Equity Needs,” and noted that 43% of the City’s street network fits this definition. Transportation also confirmed that the PCI for roads in this category was 63 in the condition assessment, and 65 now, which matches overall Citywide numbers.

In our review of the PMP Update, we asked for specific detail on how the PCI improvements were spread across Council Districts, as well as the distribution of streets in either a “Good” or “Satisfactory” condition (those with a PCI above 70) and the share of streets in either a “Serious” or “Failed” condition (those with a PCI below 24). That data is presented in the table below.

Pavement Condition Index by Council District									
Council District	1	2	3	4	5	6	7	8	9
PCI From FY 2023 Assessment	65	57	61	61	69	62	67	66	62
PCI Projected End FY 2025	64	62	66	65	69	62	66	69	64
<i>PCI Changes</i>	<i>-1</i>	<i>5</i>	<i>5</i>	<i>4</i>	<i>0</i>	<i>0</i>	<i>-1</i>	<i>3</i>	<i>2</i>
% 70 & Up at Assessment	54	49	51	48	62	51	55	53	49
% 70 & Up at End FY 2025	56	54	61	59	61	49	56	63	58
<i>% 70 & Up Changes</i>	<i>2</i>	<i>5</i>	<i>10</i>	<i>11</i>	<i>-1</i>	<i>-2</i>	<i>1</i>	<i>10</i>	<i>9</i>
% 24 & Below at Assessment	8	11	9	14	5	11	8	7	10
% 24 & Below 2034 at End FY 2025	10	15	8	15	6	12	9	7	9
<i>% 24 & Below Changes</i>	<i>2</i>	<i>4</i>	<i>-1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>-1</i>

There have been modest improvements in some Council Districts over the past two years, with the largest improvement in PCI (5 points) occurring in Districts 2 and 3. Districts 4, 8, and 9 also saw increases, while Districts 1 and 7 saw an overall decrease of 1 point.

All districts besides Districts 5 and 6 also saw an increase in the proportion of streets with a PCI above the “Satisfactory” category, although with varying degrees of improvement. The vast majority of the improvements were in Districts 3, 4, 8, and 9, with some improvement in District 2. There were also increases in the proportion of the road network falling in either the “Serious” or “Failed” category as well. District 2 saw the largest increase, while all districts with the exception of Districts 3, 8, and 9 also saw small increases as well.

This will be important data to track over time, as this data can be used to ensure no individual Council District ends up with a larger proportion of good or bad roads. In this update, the overall spread between Council Districts with the most and least “Satisfactory” and “Good” roads has remained the same.¹ However, this data only represents two years of activity, and proportions could change moving forward. **Our Office recommends that future PMP updates provide PCI improvement updates by Council District.**

In-Housing Pavement Activities

One major change that was a direct result of the original PMP was the decision to create additional in-house paving teams. In FY 2025, Transportation was budgeted for three Mill & Pave Teams and one Reconstruction Team. This section of our report focuses on these teams, including their current work and potential budget concerns associated with in-house crews.

Integrating the Street Reconstruction Team

One notable improvement over the last year was Transportation’s decision to dedicate an in-house paving team to road reconstruction. As we noted in our original report, the original PMP seemed to overlook streets with pavement conditions too poor to qualify for overlay or similar treatments. As a result, even full funding of the PMP would have created a road network where streets were skewed towards extremes – either “Satisfactory” or “Failed.” Even if all streets were brought to an average PCI of 70, the PMP model indicated that 18% of the City’s streets would be in the “Failed” condition, requiring extensive and expensive repairs.

Transportation has since deployed in-house teams to focus on more difficult road segments, including those in “Serious” and “Failed” conditions. This approach allows more cost-effective repairs for segments that would otherwise be more expensive and time-consuming for contractors.

However, while the PMP update notes this in-house work is occurring, it lacks detail on completed work and in-house costs. The original PMP included an extensive analysis on the cost-effectiveness of in-house teams versus contractors, but the PMP update does not analyze if those earlier estimates were accurate. As the City considers whether to add additional in-house teams in the future, it will be important to assess if initial cost-effectiveness estimates hold true. **In future updates, Transportation should provide a specific section on work done by in-house teams, including metrics on how that work compares on a cost-per-mile basis to contracted work.**

¹ The highest amount of roads at or above PCI of 70 at the time of the FY 2023 condition assessment was 62% and the lowest was 48%, and as of FY 2025 year-end the highest is 63% and the lowest is 49%.

This should include both expenditures for in-house teams, as well as CIP reimbursement rates, to ensure projects are compared on an equal basis.

Issues with Onboarding In-House Paving Teams

While the City added additional in-house teams to the budget, vacancies due to the recent hiring freeze have required Transportation to only run two of the three budgeted Mill & Pave teams for the entire year. Filling currently vacant positions will be crucial for the upcoming budget, as the in-house Mill & Pave teams are budgeted to receive a significant amount of revenue from the City's CIP. The use of CIP revenue allowed Transportation to avoid additional reductions to its operating budget. However, CIP reimbursements will require these teams to complete a certain number of miles. If mileage is not completed, CIP reimbursement cannot be realized, and the budget will be put out of balance. *Transportation should work with the Department of Finance to demonstrate how these positions will be a net positive to the General Fund.*

Additionally, while in-house teams were added to the budget last year, there continue to be delays in equipment procurement, with numerous pieces of equipment ordered but not yet delivered. When personnel were hired, Transportation subsequently began renting vehicles and equipment while waiting for deliveries, and these rentals were not budgeted. While the teams may still be cost effective, misalignment of equipment procurement and staff hiring has caused expenditures to exceed budget in FY 2025, creating financial strain on the Transportation budget and the General Fund. *In future fiscal years if additional teams are added, either sufficient lead time should be incorporated so that personnel are not hired ahead of equipment procurement, or adequate budget should be requested to cover the costs of rental vehicles based on equipment procurement timelines.*

Other Items with Recommendations

Our initial report on the PMP also contained various other recommendations, many of which have yet to be addressed within the updated PMP. A brief summary of those recommendations and activities to date are provided below.

Unimproved Streets

Little progress has been made on Unimproved Streets, as they continue to be extremely costly to design and construct. While funding continues to be requested by Transportation, given the limited CIP resources available it remains unlikely that any Unimproved Streets will receive the funding necessary to bring them up to City standards. *We maintain our previous recommendation that Transportation work with the Department of Finance and Engineering & Capital Projects to develop a separate funding plan for these street segments.*

New Operations Yard

The original PMP noted that additional yard space would be needed to increase in-house paving activities beyond the two additional teams added in FY 2025. Additionally, IBA Report 24-07 recommended that the City begin the process to proactively look for additional yard space for Transportation and other occupants at Chollas Yard. Staff from E&CP noted during Budget Review Committee Hearings that they have completed a preliminary review, but as of now have yet to find a suitable space for a new yard. Our Office will continue to engage with staff on this

recommendation, though we note that the current financial condition of the City will make it difficult to procure new yard space even if a site is identified.

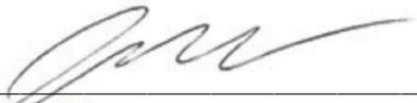
CONCLUSION


The updated PMP, which will continue to be updated annually, represents a positive step forward in the City's planning for its pavement maintenance and construction activities. Overall, the PMP continues to provide a decent roadmap to improving pavement conditions throughout the City, though limited funding for these activities in FY 2026 will present a challenge moving forward.

We make the following recommendations for future annual PMP updates:

- PMP updates should provide PCI improvement details by Council District.
- Transportation should provide a specific section in future updates on work done by in-house teams, including metrics on how that work compares on a cost-per-mile basis to contracted work.

We would like to thank the Transportation Department for answering our numerous questions. Our Office remains available to assist the Council further as needed.



Jordan More
Principal Fiscal and Policy Analyst

APPROVED: Charles Modica
Independent Budget Analyst