

# City of Oceanside

## *Office of the City Manager*

### Memorandum

To: Honorable Mayor and City Councilmembers

From: Jonathan Borrego, City Manager

Date: April 8, 2026

Subject: **APRIL 15, 2026 BUDGET WORKSHOP**

Attached is the preliminary FY 2026-27 General Fund (GF) Budget for review at the April 15, 2026 Budget Workshop (Attachment A). The proposed budget continues to focus on the Council's collective priorities, including maintaining the quality of life for residents, enhancing public safety, supporting economic development, supporting our youth and seniors, addressing homelessness, funding shoreline restoration and implementation of the adopted climate action plan.

The General Fund Budget does not include any Measure X (sales tax) revenues or expenditures. The Measure X proposed spending plan will be presented at the Budget Workshop and subsequently reviewed by the Citizens Oversight Committee (COC) at its May 7, 2026 meeting. Likewise, the Capital Improvement Program (CIP) Budgets, Water Utilities Operating Budgets, and Harbor Operating Budget will be presented as separate agenda items.

#### **Economic Outlook**

The national economic outlook remains mixed. According to the UCLA Anderson Forecast (Spring 2026), the U.S. economy is expected to regain momentum in 2026, supported in part by fiscal stimulus and continued investment in artificial intelligence and related technologies. At the same time, the forecast notes that California's economy remains uneven, with stronger aggregate growth not yet translating into broad-based employment gains.

In addition to these structural economic trends, global geopolitical tensions and ongoing conflicts abroad have contributed to volatility in energy and commodity markets, which may place upward pressure on prices and create additional economic uncertainty. These factors, combined with broader inflationary pressures, could influence consumer spending and business activity in the near term.

In light of these conditions, staff will continue to closely monitor economic indicators, revenue performance, and expenditure trends throughout the fiscal year. If economic conditions weaken or revenues underperform, the City may consider cost control measures to maintain fiscal stability. Potential actions could include slowing or temporarily pausing hiring, reducing discretionary materials and operating expenditures, and delaying implementation of certain new positions recommended in this year’s budget until there is greater clarity regarding the economic outlook. While these actions are not being recommended at this time, they remain available tools to help ensure the City remains financially resilient and prepared to respond to changing economic conditions.

**General Fund Proposed Budget FY 2026-27**

The proposed FY 2026-27 GF budget is structurally balanced with recurring expenditures fully covered by recurring revenues.

<b>Proposed General Fund Budget</b>	
Revenues	\$239.70M
Expenditures	<u>239.57M</u>
Estimated Surplus	\$0.13M

Budget recommendations for FY 2026-27 total \$4.09M and are categorized as follows:

Ongoing Costs	\$3.14M
One-time Costs	<u>0.95M</u>
Total Recommendation	\$4.09M

The proposed budget for FY 2026-27 remains balanced, with a projected operating surplus of approximately \$130,000, reflecting a disciplined approach to aligning ongoing expenditures with available revenues while prioritizing critical services and operational needs. The budget also includes \$953,280 in one-time expenditures, which will be funded from available General Fund Assigned Infrastructure Reserves, currently estimated at approximately \$30 million. These one-time allocations allow the City to address targeted operational and capital-related needs without creating ongoing fiscal obligations.

## **Proposed Budget Additions**

Through the budget development process, City Departments collectively submitted \$8.7 million in budget requests. After careful review, the City Manager’s Office recommends \$3.1 million in ongoing General Fund expenditures to address departmental operational needs, unavoidable cost increases beyond the 2% Maintenance & Operations (M&O) inflation included in the forecast, and funding for critical services necessary to maintain key operations and community programs.

The recommended budget also includes \$953,280 in one-time General Fund expenditure allocations funded from reserves to support operational needs, equipment replacement, and program enhancements. Additionally, Non-General Fund resources support \$574,850 in one-time allocations and \$616,937 in ongoing costs, allowing several operational needs to be addressed without impacting the General Fund. The following table summarizes the recommended funding allocations.

<b>DEPARTMENT/DESCRIPTION</b>	<b>GENERAL FUND</b>		<b>NON-GENERAL FUND</b>	
	<b>ONE-TIME</b>	<b>ONGOING</b>	<b>ONE-TIME</b>	<b>ONGOING</b>
<b>City Attorney</b> ▪ Subscription to IMLA and annual travel and conferences		5,000		
<b>City Clerk</b> ▪ Postage Machine	25,000			
<b>City Manager</b> ▪ g'Osider EV shuttle serving downtown Oceanside	150,000			
<b>Development Services</b> ▪ PSA with VCA Code for as-needed Permit Technician services - Offset: Permit Technician PCN AD88DS04 Keep vacant for FY26-27 only ▪ Additional M&O Budget for Sustainability/CAP Implementation	300,000 (112,674) 98,000			
<b>Financial Services</b> ▪ Software Upgrades and Integrations ▪ Accounting Technician - Purchasing		48,500 99,329	263,350	
<b>Fire Department</b> ▪ 2 Firefighter-Paramedics for Fire Station 9 ▪ Increase Lifeguard Hourly Extra Help Hours ▪ Fire Station 8 Lease		355,887 125,938 96,800		
<b>Human Resources</b> ▪ HR Assistant - Offset: Eliminate professional assistant PCN: XHR01 ▪ Risk Analyst I/II ▪ HR Technician		42,769 (19,667) 82,644		42,769 (4,917) 125,535 20,661

<b>Information Technologies</b> ▪ Information Systems Analyst II				134,212
<b>Library</b> ▪ PT 32-hr Library Asst - M&O for ESL Adult Literacy Svcs ▪ Automated Services Machinery and Software	190,150	68,160 14,920		
<b>Neighborhood Services</b> ▪ 75% of the cost of Housing Administrator ▪ Start-up and on-going fees for new online/cloud-based programs Matrix study recommendation ▪ Training - Matrix study recommendation ▪ Office Lease - Year 3 804 Pier View Way ▪ Community Engagement Support	182,801 52,840 50,000 17,163	112,339   5,500		
<b>Parks and Recreation</b> ▪ Professional Assistant (hourly extra help)		24,583		
<b>Police Department</b> ▪ 3 Police Officer Positions - 2 Vehicles ▪ Lease of 2 Drones for Drone as First Responder (DFR) Program Expansion		680,793 100,000	170,000	20,400
<b>Public Works</b> ▪ Bollard Deployment - Farmers/Sunset Market ▪ Adaptive Signal - PSA ▪ Convert Division Manager to Assistant PW Director ▪ Maintenance Worker I - Vehicle - Building Maintenance ▪ Oceanside Transit Center Parking Structure Maintenance & Security ▪ SLRR Clearing		130,000 250,000 23,235  200,000 700,000	75,000	7,745 90,714 10,000
<b>Water Utilities</b> ▪ Supervising Utilities Inspector - Vehicle, tools/uniform			66,500	169,818
<b>Total One-time GF allocation from Reserves</b>	<b>\$953,280</b>			
<b>Total Ongoing GF allocation</b>		<b>\$3,146,730</b>		
<b>Total Non-GF One-time/Ongoing</b>			<b>\$574,850</b>	<b>\$616,937</b>

### City Attorney

Ongoing funding of \$5,000 is recommended to support participation in the International Municipal Lawyers Association (IMLA) and related training. This membership offers access to specialized legal resources, continuing education, and a network of municipal attorneys, helping the City Attorney's Office stay current on emerging issues and maintain high-quality legal services for the City.

### **City Clerk**

The recommended budget includes \$25,000 in one-time GF allocation to replace the postage machine used to distribute official notices, election materials, Council agendas, and other legally required public communications. Replacing the aging equipment will ensure reliable operations and efficient processing of City mail services.

### **City Manager's Office**

\$150,000 in one-time GF funding is recommended to continue operation of the g'Oside EV Shuttle serving downtown Oceanside. The shuttle provides a zero-emission transportation option that improves mobility and connectivity within the downtown area while supporting economic activity and advancing the City's sustainability goals. Historically, this program has also received funding through annual contributions from Visit Oceanside and SANDAG grant funds. Additionally, the Oceanside Cultural Arts District, Downtown Oceanside Property Business Improvement District (PBID) and Preserve Calavera provided funding in FY 2025-2026. Staff continues to pursue funding for the program from these sources and others to continue operations at appropriate service levels

### **Development Services**

The one-time budget recommendation of \$285,326 includes the cost of Professional Services Agreement with VCA Code to provide as-needed Permit Technician services, helping maintain service levels and permit processing efficiency, and additional resources (\$98,000) to support implementation of the Climate Action Plan and related sustainability initiatives.

### **Financial Services**

A total of \$411,179 is recommended, including \$263,350 in one-time funding from IT reserve and \$147,829 in ongoing GF allocation. These resources will support financial system upgrades and integrations designed to improve internal controls, modernize purchasing and payment processes, and transition systems to more efficient digital platforms. The recommendation also includes an Accounting Technician position to support purchasing operations. This position is required to maintain service levels and ensure compliance with increasingly complex regulatory requirements. It will also support new initiatives related to modernizing and improving procurement and accounts payable processes, as well as expand the City's ability to provide citywide training and guidance to enhance procurement compliance and internal controls.

### **Fire**

A total of \$578,625 in ongoing GF allocation is recommended. This includes funding for two Firefighter-Paramedic positions that will be assigned to Fire Station 9, increased lifeguard hourly extra-help staffing to maintain beach safety coverage, and the lease of Fire Station 8.

The addition of two Firefighter-Paramedic positions will allow the City to restore an Advanced Life Support (ALS) ambulance in South Oceanside. In order to open Fire Station 9 in December, three Firefighter-Paramedic positions were reallocated from the ambulance at Fire Station 2 to staff Station 9. With the addition of these two positions, and by utilizing the existing Firefighter-Paramedic position in Fire Administration, the City will be able to re-establish the ALS ambulance at Fire Station 2. Station 9 will continue to be staffed daily with a Captain and Firefighter-Paramedic.

These resources help maintain emergency response capabilities and ensure continued public safety coverage in key service areas.

### **Human Resources**

To strengthen citywide personnel and risk management services, \$289,794 in total funding is recommended. This includes \$105,746 in ongoing GF funding, and \$184,048 in ongoing Non-GF funding. These resources support the addition of an HR Assistant, Risk Analyst I/II, and HR Technician to address workload demands related to recruitment, onboarding, personnel administration, and claims management.

### **Information Technologies**

A new Information Systems Analyst II, estimated at \$134,212 is recommended to support the City's expanding technology infrastructure, ensuring reliable operation of remote camera systems and related equipment that assist public safety operations and security at City facilities.

### **Library**

A total of \$273,230 is recommended in total funding. This includes a one-time GF allocation to replace the automated materials handling equipment and associated software that have reached the end of its service life, an additional 32-hour part-time Library Assistant position and M&O for continued ESL Adult Literacy services that help residents improve language skills and job readiness.

### **Neighborhood Services**

A total of \$420,643 in GF funding is recommended to support departmental operations, including \$302,804 in one-time costs and \$117,839 in ongoing funding. This reflects a shift to GF support due to declining federal and grant funding and reduced inclusionary housing in-lieu fee revenue, which has decreased largely due to developers choosing to build affordable housing units on-site in conjunction with density bonus projects rather than paying the in-lieu fee as was common in the past.

The recommended funding supports key recommendations associated with the recently completed Matrix study (e.g., enhanced staffing capacity, implementation of improved program management systems, and resources to enhance service delivery, compliance, and community engagement). One-time funding is focused on near-term operational

needs and maintaining current service levels, while ongoing funding supports continued program administration and oversight.

### **Parks and Recreation**

A total of \$24,583 in GF funding is recommended to support a new hourly extra help Professional Assistant position. This position will enhance support for sports programming, field scheduling, and recreation program coordination, improving operational efficiency and expanding programming opportunities for residents.

### **Police**

A total of \$971,193 across GF and Non-GF sources is recommended. The recommendations include three additional Police Officer positions and two patrol vehicles to strengthen patrol coverage and address increasing service demands, particularly in the areas of traffic and vehicle noise enforcement. Funding is also included to lease two drones for the Drone as First Responder program which has proven effective towards enhancing situational awareness and response efficiency.

### **Public Works**

The total recommended allocation is \$786,694 to support several operational and infrastructure priorities. Funding will continue to support bollard deployment for the Farmers Market and Sunset Market to enhance pedestrian safety during large community events, as well as an Adaptive Signal Professional Services Agreement to improve traffic signal functionality and signal operations.

The recommendation also includes conversion of an existing Division Manager position to Assistant Public Works Director to strengthen oversight of maintenance operations across multiple service areas, including fleet, landscape maintenance districts, and building maintenance. In addition, funding is included for a new Maintenance Worker I position and vehicle to support increased building maintenance needs across City facilities due to acquisition of additional facilities in recent years.

Additional funding will support on-going maintenance and security services at the Oceanside Transit Center parking structure, which serves both transit riders and visitors to downtown Oceanside. Funding is necessary to sustain maintenance and repair efforts, including significant costs associated with critical elevator and window repairs.

The budget recommendation includes \$700,000 in ongoing GF funding to support maintenance of portions of the San Luis Rey River that are being transferred to City responsibility by the U.S. Army Corps of Engineers. As maintenance responsibilities for segments of the river channel transition to the City, this funding will support vegetation clearing and related maintenance activities necessary to maintain flood control capacity and ensure the river channel continues to function as designed.

## **Water Utilities**

A total of \$236,318 is recommended to support a new Supervising Utilities Inspector position and associated vehicle. This position will strengthen inspection oversight and ensure compliance with regulatory requirements for water and wastewater infrastructure projects.

## **Personnel Recommendations**

Summary of new positions recommended for this budget year is as follows:

### General Fund

1. Accounting Technician for Purchasing - Finance
2. 2 Firefighter Paramedics - Fire
3. Library Assistant 32-hr – Library
4. Professional Assistant (hxh) – Parks and Recreation
5. 3 Police Officers – Police

### General Fund/Non-General Fund Combined

1. HR Assistant - HR
2. HR Technician – HR

### Non-General Fund

1. Risk Analyst - HR
2. Information Systems Analyst II – I/T
3. Maintenance Worker I – Public Works
4. Supervising Utilities Inspector – Water Utilities

Also included in the proposed GF budget:

- Pension cost increases
- Actual, known bargaining agreement costs and anticipated step increases
- 2% CPI for Maintenance & Operations which represents a reasonable increase to account for current inflation trends
- 2% Vacancy factor (\$3M) for salary savings attributable to lag time between a position becoming vacant and filled
- Estimated health insurance cap increases
- General Liability insurance increases

Pension costs continue to play a dominant role in all budget forecasting for the next few years. The City's pension cost is projected to increase \$5.84M over the next five years. Costs are projected to decline in the years following this peak. The City continues to pay

down the unfunded liability with half of the year-end surplus and a third of the quarterly investment interest earnings consistent with Council Policies 200-11 and 200-13.

The City also has a total of \$24.6M saved for future pension costs which includes \$19.6M in the Section 115 Pension Stabilization Trust and \$5.0M in the PERS Supplemental Reserve. In addition, the City continues to see a growing proportion of employees hired under the Public Employees' Pension Reform Act (PEPRA), which provides lower benefit tiers and is expected to help moderate and stabilize long-term pension cost growth.

The proposed budget complies with City Council Policy 200-13; both the Healthy Cities Reserves (12% of GF operating expenditures) and Economic Stabilization Reserves (3% of GF operating expenditures) are fully funded for FY 2026-27 and exceed the minimum requirements.

### **Updates to the General Fund Forecast**

When presented to City Council on February 4, 2026, the Five-Year Forecast projected the following:

2026-27 Projected Revenues	\$238.92M
2026-27 Projected Expenditure	<u>235.23M</u>
Estimated Surplus FY 2026-27	\$3.69M

The Five-Year General Fund Forecast presented to the City Council in February is included as Attachment B.

Since the Five-Year General Fund Forecast was presented in February, staff has updated projected revenues and expenditures to reflect the most current information. Projected revenues have increased by \$0.78 million, primarily due to updates to align revenue assumptions with recent historical receipt trends.

Projected expenditures for FY 2026-27 have increased by \$4.34 million. This increase includes the ongoing budget recommendations of \$3.14 million, as well as higher personnel-related costs driven by unbudgeted adjustments such as position reclassifications, salary changes, and step increases. The remaining increase is largely attributable to updated health insurance premium rates that took effect in January 2026 after the forecast was prepared, along with a standard inflationary assumption applied to health insurance costs.

As a result of these changes, the revised projected surplus for FY 2026-27 is now \$0.13M.

## **Recommendation**

Staff requests that the City Council provide feedback and direction on the proposed FY 2026-27 budget during the April 15, 2026 Budget Workshop. The final budget will be presented for adoption at a public hearing scheduled for June 3, 2026.

### Attachments:

- A) General Fund Proposed Budget Summary
- B) Five-Year General Fund Financial Forecast
- C) FY 2026-27 Budget Worksheet

CC: Department Directors