



City of Oceanside
Development Services Department
Engineering Division

Memorandum

Date: March 23, 2026
To: Mayor and City Council 
Through: Jonathan Borrego, City Manager
From: Brian Thomas, City Engineer
Subject: General Capital Improvement Program Budget Fiscal Year 2026-2027

This memo provides the general 5-Year Capital Improvement Program (CIP) funding overview. The memo describes revenues and trends, current carryover projects, and proposed new projects. The memo also addresses requests to and from the City Council during the past year for inclusion in this Fiscal Year's budget process and upcoming grant projects that will become CIP projects within the next few Fiscal Years. The General CIP Budget does not include projects listed in the Enterprise Funds of Water or Sewer Infrastructure, Grants or the Harbor District.

General 5-Year CIP Available Funding Overview

Fund	FY26-27 ¹	FY27-28	FY28-29	FY29-30	FY30-31
TransNet (212)	\$28.36 M	\$11.84 M	\$10.72 M	\$8.56 M	\$7.97 M
SB-1 RMRA (265)	11.05 M	4.80 M	4.86 M	4.82 M	4.78 M
Misc. City Capital (501)	37.76 M	3.51 M	3.94 M	4.44 M	5.32 M
Muni. Facilities (503)	8.65 M	3.57 M	1.56 M	1.28 M	1.17 M
Citywide Drainage (516)	6.68 M	685,098	414,879	398,265	675,485
Measure X (517) ²	35.59 M	7.61 M	9.67 M	16.73 M	5.06 M
Major Thoroughfare (561) ³	8.19 M	1.96 M	2.32 M	1.12 M	2.48 M
Thoroughfare/Signal (562)	10.82 M	5.62 M	2.26 M	1.98 M	1.86 M
Community Facilities (581)	4.96 M	3.52 M	3.41 M	3.37 M	3.44 M
Parks (598)	13.71 M	5.56 M	2.06 M	1.02 M	3.11 M
Total by Fiscal Year	\$165.80 M	\$48.65 M	\$41.20 M	\$43.71 M	\$35.86 M

¹ = This column includes carry-forward amounts from the previous Fiscal Year

² = This program is scheduled to end April 2036 without voter approval of an extension

³ = Thoroughfare Fees (congestion management fees) from Developers is split into RTCIP fees, which are collected in this account and are dedicated to the College Blvd. widening project and is reported to SANDAG at audit time; the balance of the fee is collected in Thoroughfare and Signals Fund 562.

General 5-Year CIP Draft^A Spending Overview

Fund	FY26-27¹	FY27-28	FY28-29	FY29-30	FY30-31
TransNet (212)	\$22.82 M	\$7.58 M	\$8.84 M	\$7.49 M	\$7.49 M
SB-1 RMRA (265)	10.25 M	3.94 M	4.04 M	4.04 M	4.04 M
Misc. City Capital (501)	37.26 M	2.66 M	2.66 M	2.36 M	2.66 M
Muni. Facilities (503)	5.84 M	3.03 M	1.03 M	1.03 M	1.03 M
Citywide Drainage (516)	6.24 M	532,490	294,112	298,591	304,750
Measure X (517) ¹	34.59 M	5.61 M	7.67 M	16.73 M	5.06 M
Major Thoroughfare (561) ²	6.59 M	60,000	2.00 M	1.00 M	2.000 M
Thoroughfare/Signal (562)	5.32 M	3.42 M	435,000	439,000	449,000
Community Facilities (581)	1.55 M	300,000	300,000	300,000	300,000
Parks (598)	8.77 M	5.01 M	1.77 M	1.02 M	3.02 M
Total by Fiscal Year	\$139.23 M	\$32.12 M	\$29.01 M	\$34.70 M	\$26.35 M

^A = Numbers are subject to minor revision to align with the proposed Operating Budget

¹ = This program is scheduled to end April 2036 without voter approval of an extension

² = Thoroughfare Fees (congestion management fees) from Developers is split into RTCIP fees, which are collected in this account and are dedicated to the College Blvd. widening project and is reported to SANDAG at audit time; the balance of the fee is collected in Thoroughfare and Signals Fund 562.

Revenue and Trends

The TransNet sales tax revenue budget is determined by the allowable program amounts set by the San Diego Association of Governments (SANDAG) based on projected tax revenues. TransNet revenues are expected to continue to increase over the next few Fiscal Years.

The SB-1 (i.e. State Gas Tax) revenues have remained steady through FY 2025-26. In FY 2026-27, SB-1 revenue is project to marginally increase. As the State of California only provides estimated revenue in one-year increments, staff continues to conservatively estimate future SB-1 revenues to be approximately \$4 million annually. and continue with that trend through the next projected Fiscal Year. Staff will adjust the planned revenues as the actuals begin to come into focus.

Developer impact fees are collected to pay for a development’s proportionate share with the balance of the construction costs to be covered from City funds or grants. Developer Impact Fees comprise approximately 30% of the revenue needed for new projects with the balance of revenue typically coming from General Fund allocations. As development projects decrease, the amount of impact fees available also decrease thereby requiring a larger allocation from the General Fund. The current 5-year forecast is lower as a result of various new housing laws that have allowed developers to defer payment of Impact Fees related to residential development to the time of occupancy rather than prior to issuance of a building permit. Staff has, out of necessity, taken a conservative approach in the 5-year forecast related to Impact Fee revenue predictions.

The City collects four Developer Impact Fees:

- Thoroughfare and Signal Fees
- Citywide Drainage Fees
- Park Fees
- Public Facility Fees

Anticipating Impact Fee revenues in the coming years is becoming more difficult as many developers are requesting fee deferrals to future years as a result of interest rate increases and higher than anticipated inflation. Fee deferrals impact current year revenue forecasts, but do not lock in fees to be paid, unless the project is vested under SB 330 which does lock in the rates.

Some developers are filing SB 330 applications to freeze residential development impact fees which limits the increases to only Consumer Price Index (CPI). This limits the amount of fees collected to the fee structure in place at time of application along with CPI increases.

Also, as of January 2025, SB 937 negates the City's discretionary ability to defer Impact Fee collections regardless of any negative impacts to the budget. SB 937 allows the developer to request deferral of fees until occupancy instead of permit issuance; this applies to residential developments only. However, any deferral request requires the developer to enter into an agreement with the City that allows for essentially a lien to be placed against the residential property until the outstanding balance has been paid.

The Drainage Fund requires a Master Plan update and fee revision to fund future projects, and the Public Facilities fee is not sufficient to continue to fund upcoming projects impacted by the City's growth. A comprehensive fee study is currently being performed to address the noted deficiencies. The study will explore the City's current impact fee program with the goal of identifying options to restructure the existing fees or create new fees and provide future relief to the General Fund.

Current Rollover, Annual or Continuing Projects

The CIP budget is comprised of a number of projects in various stages of completion. Some projects have been budgeted and are working through the environmental review stage, some are working through the design stage, some are pending due to the need for state and federal permits and/or authorizations to begin construction, and some are under construction.

The proposed CIP budget also includes annual projects such as street repair and maintenance, storm drain repair and maintenance, storm drain trash capture devices, street monumentation preservation, etc. It is important to note that not all projects listed in the CIP Budget book are listed below. For brevity, only large-scale or notable projects are listed.

Projects that are going or will go through the environmental process include:

1. Calavera Creek Crossing Project – this project requires coordination with local First Nation Tribes, US Fish and Wildlife, California Fish and Wildlife and US

Army Corps of Engineers for permission and permitting. Staff is working with these agencies to find a viable path forward.

Projects working through the Request for Proposals (RFP) process include:

1. Cassidy Street Bridge

Projects working through the design process include:

1. College Boulevard Widening from Vista to Old Grove
2. Coast Highway Corridor Design
3. Buccaneer Beach Park and Restroom Improvements
4. Pier View Concrete Bridge and Lifeguard Headquarters
5. Coastal Rail Trail
6. Audubon Society Crosswalk and Rapid Flashing Beacons Study

Projects working through Permitting or other agency authorization to begin construction include:

1. Douglas Drive Bridge Seismic Retrofit
2. North Coast Highway Bridge Seismic Retrofit
3. Pier Hammerhead Reconstruction
4. Cleveland Street Storm Drain
5. Tyson Bluff Repair
6. Pier View Concrete Bridge and Lifeguard Headquarters

Projects currently in various stages of construction include:

1. McNeil Street Design
2. Crown Heights Resource Center Rehabilitation
3. Various Traffic Calming Projects

Projects that are annual in nature include:

1. Street Overlay Project
2. Street Slurry Seal Project
3. ADA Ramp Replacement and Sidewalk In-fill as part of the Road Repair Projects
4. Arts Commission allocation
5. Storm Drain Maintenance/Repair and Trash Capture Devices
6. Street and Median Maintenance
7. Sand Replacement

Proposed New and Staff Requested Projects

A number of projects have been suggested for the upcoming budget year either as new projects requested by the City Council or projects recommended by staff. These projects are also formulated as a result of a specific need, work by outside agencies or utilities, citizen requests, or general community enhancement.

The Proposed New projects include:

Project	Prop. Funding	Status
On-Going Projects		
Development Impact Fee Update	Municipal Facilities	On-going fee update
OPD Headquarters (on-going project)	Municipal Facilities	Additional funding needed
Bicycle Safety / Master Plan	TransNet	
Buena Vista Audubon Society crosswalk (on-going project) [construction]	TransNet	Study in final stages
South Nevada Storm Drainage Improvements – CONSTRUCTION	SB-1	Design is fully funded
AB 1572 Non-Functional Turf Removal	Misc. City Capital	State Mandate
Coast Highway Corridor – Construction	Major Thoroughfare	Design already funded
Traffic Signal @ Carry/Canyon - Construction	Thoroughfare & Signals	Design already funded
Proposed New Projects		
North River Road Striping Project	TransNet	
Scramble crosswalk at Mission / Coast Hwy and Seagaze / Coast Hwy	TransNet	
Jim Wood at RDO Park Tennis Court Replacement Lighting	Misc. City Capital	
Traffic Signal @ Vista Way and Paseo de Laura	Thoroughfare & Signals	Design only
Traffic Signal @ RDO and Vista Del Oro	Thoroughfare & Signals	Design only
IT Uninterrupted Power Supply (UPS)	IT Fund	RFP 90% complete
Pavement Repairs Parking Lot 11A	Harbor	
Pavement Repairs Parking Lot 11B	Harbor	
Transient Ramp 1 & 2 Replacement	Harbor	
Switch Gear Dock Z	Harbor	

TransNet has four new recommendations for consideration by City Council for FY2026-27 and beyond. These include:

Bicycle Safety and Master Plan: \$175,000 for FY2026-27 will support the on-going maintenance and repair of bike-pedestrian counters and allow for new units to be added to the bike-pedestrian counter network. The plan provides for the installation of bicycle safety improvements including "sharrows," lane striping, bicycle signal detection, and bike racks. The City will continue facilitating bicycle education courses and supporting bicycle safety in schools through public outreach and community engagement. This project will also support participation in programs and events such as the SANDAG Employer Program, Race Across America, Bike the Coast, Bike Anywhere Day, and Public Works Day.

North River Road Striping Project: \$200,000 for FY2026-27 for the replacement of existing road striping. This project will improve striping on North River Road while providing for the addition of on-street parking east of Douglass Drive.

Scramble crosswalk at the intersection of Mission Avenue and North Coast Highway and the intersection of Seagaze Drive and North Coast Highway: \$300,000 for FY2026-27 for the design work for the two intersections. This project will design two new scramble-type crosswalks on Coast Highway, including one at Mission and one at Seagaze

Construction of a controlled crosswalk on South Coast Highway for the Audubon Society: \$200,000 for FY2026-27 for the replacement. This project will complete the design study and design; construction funding will be determined once a design approach has been approved by City Council.

SB-1 - RMRA has one new recommendation for consideration by City Council for FY2026-27 and beyond; South Nevada Storm Drainage Improvements - Construction. The project's design is fully funded and is currently underway. The project provides for the installation project of storm drain infrastructure on Cassidy St. and S. Nevada St. to significantly reduce local flooding. An allocation of \$2,000,000 has been requested in FY2026-27 to begin construction.

Miscellaneous City Capital Projects has two new recommendations for consideration by City Council for FY2026-27 and beyond. These include:

AB 1572 Non-Functional Turf Removal: \$500,000 for FY2026-27 for the replacement of non-functional turf throughout the City. State legislation AB 1572 prohibits the use of drinking (potable) water to irrigate nonfunctional turf on commercial, industrial, common areas throughout the state of California as of January 1, 2027. This project will replace the non-functional turf that is irrigated with potable water.

Jim Wood at RDO Park Tennis Court Replacement Lighting: \$250,000 for FY2026-27 for the replacement of recreational lighting. The project will replace the existing lighting at the tennis courts at Jim Wood Park at Rancho Del Oro.

Municipal Facilities / Buildings has two new recommendations for consideration by City Council for FY2026-27 and beyond. These include:

Development Impact Fees Studys: The costs, \$43,305, incurred for the completion of the DIF update study will be spread across all impact fee funds.

OPD Headquarters Design and Construction: Staff will be bringing this item forward prior to the beginning of FY2026-27 as a separate item and will seek design fees at that time.

Major Thoroughfare has one new recommendation for consideration by City Council for FY2026-27 and beyond; Coast Highway Corridor – Construction. The project’s design is fully funded and is currently underway. The project provides for the installation project of storm drain infrastructure on Cassidy St. and S. Nevada St. to significantly reduce local flooding. \$2,072,517 has been requested in FY2026-27 to begin construction of the improvements; an additional \$2 M is being requested in FY2028-29, \$1 M in FY2029-30, and \$2 M in FY2030-31. Additional grant funding is being pursued to fund additional landscape improvements as part of the project scope.

Thoroughfare and Signals has three new recommendations for consideration by City Council for FY2026-27 and beyond. These include:

Traffic Signal at Carey Road and Canyon Drive - Construction: \$1,500,000 for FY2026-27 for the installation of a new traffic signal in order to provide better pedestrian safety. The design is complete, and this project provides for the construction of a new traffic signal at Carey Road and Canyon Road. The project will allow for capacity related improvements to address increased traffic flow through the intersection as a result of development throughout the City.

Traffic Signal at Vista Way and Paseo de Laura – Design Only: \$60,000 for FY2026-27, and \$1,500,000 for FY2027-28 for the installation of a new traffic signal in order to provide better pedestrian safety. This project provides for enhanced traffic safety improvements due to anticipated growth-related traffic increases.

Traffic Signal at RDO and Vista Del Oro – Design Only: \$60,000 for FY2026-27, and \$1,500,000 for FY2027-28 for the installation of a new traffic signal in order to provide better pedestrian safety. This project provides for enhanced traffic safety improvements due to anticipated growth-related traffic increases.

IT Fund has one new recommendation for consideration by City Council for FY2026-27 and beyond; replacement of Information Technology’s (IT) main Uninterrupted Power Supply (UPS) system. The requested funding amount is \$150,000.

Harbor has three new recommendations for consideration by City Council for FY2026-27 and beyond. These include:

Pavement Repairs Parking Lot 11A: \$261,600 for FY2026-27 for the rehabilitation and replacement of the asphalt parking lot at Lot 11A as the pavement surface has exceeded its life expectancy.

Pavement Repairs Parking Lot 11B: \$106,800 for FY2026-27 for the rehabilitation and replacement of the asphalt parking lot at Lot 11B as the pavement surface has exceeded its life expectancy.

Transient Ramp 1 and 2 Replacement: \$60,000 for FY2026-27 for the removal and replacement of Transient Docks 1 and 2 as they have exceeded their useful life expectancy.

Switch Gear Dock Z: \$250,000 for FY2026-27 for the removal and replacement of the ramp leading to Z-dock as the dock has exceeded its life expectancy.

Projects Arising Outside the Budget Process

Over the course of the year, certain necessary projects occur of which the City has no control. Said projects are in response to accidents, maintenance agreements, storm related items, etc. Typically, a staff report is submitted to the City Council to authorize the proposed project and funding.

Last year, several storm drains failed but staff was able to cover the costs from an existing account for necessary repairs.

Upcoming Grant Projects

Staff continues to explore grants for various projects city-wide. Examples of these grants include Defense Community Infrastructure program for Fire Station 8 and Oceanside Police Department Headquarters, and the Department of Energy, Energy-Efficiency program being funded through the federal Infrastructure Investment and Jobs Act (IIJA).

New and On-going State Mandated Projects

Electric Vehicle Charging Stations for Fleet replacement
AB 1572 Non-Functional Turf removal

Budget workshop

The Budget Workshop is scheduled for 5:30 pm, Wednesday, April 15, 2026.

Next Steps

Final Budget adoption by City Council scheduled for the June 3, 2026, budget hearing during the regularly scheduled City Council Meeting.