

# City of Oceanside

## *Office of the City Manager*

### Memorandum

To: Honorable Mayor and City Councilmembers

From: Jonathan Borrego, City Manager

Date: April 24, 2025

Subject: **APRIL 30, 2025 BUDGET WORKSHOP**

Attached is the revised FY 2025-26 General Fund Budget for review at the April 30, 2025 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 8, 2025 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 economic outlook for the U.S. is increasingly uncertain, with some forecasts suggesting that a recession is still a possibility within the next one to two years. Factors such as proposed tariffs, government layoffs, and mass deportations may lead to significant contractions in key sectors like manufacturing, government, and construction, heightening the risk of a broader economic downturn. Along with high asset valuations and rising U.S. debt, reports suggest these factors could contribute to a "stagflationary" recession, where inflation rises while economic growth slows.

With this information in mind, staff will closely monitor revenue and expenditures and, if necessary, take proactive steps to control costs. Potential cost control measures could include implementing a hiring freeze, reducing materials and operational expenses, and delaying the filling of new positions recommended in this year's budget until there is more clarity on the economic outlook. While not being recommended at this time, these measures, if implemented, would help ensure that the City remains agile and prepared to respond to potential economic challenges.

### **General Fund Proposed Budget FY 2025-26**

The proposed FY 2025-26 General Fund (GF) budget is structurally balanced with recurring expenditures fully covered by recurring revenues. As always, expenditures will be closely monitored to ensure that departments remain within their budget allocations and to capitalize on any potential savings.

#### **FY 2025-26 Projected General Fund Budgets**

Revenues	\$230.93M
Expenditures	227.65M
Estimated Surplus	<u>\$3.28M</u>

Budget recommendations for FY 2025-26 total \$3.94M and are categorized as follows:

Ongoing Costs	\$1.93M
One-time Costs	<u>2.03M</u>
Total Recommendation	<u>\$3.96M</u>

The estimated \$3.28M surplus provides the budget capacity to support the \$1.93 million in additional ongoing expenses proposed in the FY 2025-26 budget. The \$2.03 million in one-time expenses being proposed for FY 2025-26 budget will be funded with General Fund Assigned Infrastructure Reserves which has an available balance of \$20.19 million. The proposed ongoing expenses have been measured against future revenue forecasts to ensure we maintain a balanced budget in the next five years.

### **Proposed New Ongoing Costs**

Through the budget preparation process, City Departments collectively submitted \$7.8M in ongoing GF requests. Upon careful review of these requests, the City Manager's Office is recommending an ongoing cost increase of \$1,929,871 based on department needs, unavoidable cost increases beyond the 3% Maintenance & Operation (M&O) inflation adjustment in the forecast, and funding for critical services essential to maintaining key operations and community programs. The table below shows the details of these ongoing

costs with some anticipated increases in revenue that can reduce the impact to the General Fund.

<b>Department</b>	<b>Amount</b>	<b>Description</b>
City Clerk	\$ 16,723	Conversion of Administrative Secretary position to Administrative Analyst I
City Manager	100,000 20,000 71,000	Operating budget to support the Coastal Zone Administrator and Homeless Services Manager State Level Legislative Advocacy and Education Consulting contracts
City Treasurer/ Finance	10,000 17,000	Treasurer - Increase for supplies and training Finance - Software
Development Services	200,000	Operating budget to support implementation of the Climate Action Plan (CAP)
Fire Department	286,905 41,000	One Fire Battalion Chief Emergency Management Supplies and Training
Housing and Neighborhood Services	32,910  17,153 249,626	30% increase to GF allocation for a Community Resource Center Specialist at Crown Heights Community Resource Center Libby Lake increased utility costs Allocate 67% of HNS Director position from Housing Grant Programs to General Fund
Library	8,000  50,000	Literacy Program admin cost increases not funded by grant Books and materials
Non-Departmental	20,000	Citywide internal rebranding efforts contract
Parks and Recreation	118,055 149,000	Second Recreation Supervisor for Senior Services Special Events
Police Department	207,628  100,000 13,838	Body Worn Camera contract renewal, including License Plate Recognition (LPR) technology and extension of Fleet 3 contract Additional Flock Cameras Convert 1 Public Safety Call Taker to Dispatcher
Public Works	96,378 158,640	Administrative Secretary position Urban Forestry/Landscape- City Arborist position
Increased Revenue	(\$53,986)	
<b>Total Ongoing Costs</b>	<b>\$1,929,871</b>	

## **City Clerk's Office**

The City Clerk's Office is requesting to reclassify the existing Administrative Secretary position to Administrative Analyst I, as the role has evolved beyond clerical support to include data analysis, reporting, procedure development, and participation in planning and policy discussions. These responsibilities align more closely with the Administrative Analyst I classification, justifying the reclassification to ensure accurate job representation, appropriate compensation, and better alignment with organizational needs.

## **City Manager's Office**

The City Manager's Office is requesting a total of \$191,000 in ongoing costs; \$71,000 for consulting contacts, \$20,000 for State level legislative advocacy and education, and \$50,000 each for the Homeless Services Program and Coastal Zone Administration Program to support their respective operations.

In December 2021, City Council approved the creation of a Coastal Zone Administrator position on an interim basis using ARPA funding. With the expiration of this funding source, the City is now funding this position through the General Fund to continue supporting this high-priority, high-profile program which supports shoreline restoration and management. This position, estimated at \$248,000, is already built into the GF five-year forecast but the program requires an annual operating budget of \$50,000 for materials, supplies, and training. Additionally, an hourly extra help position, currently budgeted at \$74,000 in the City Manager's Office, will be transferred to support this program.

## **Finance/Treasury**

The City Treasurer's Office has identified an additional \$51,486 in revenue that was not previously accounted for, which offsets the increase in its request for additional supplies and training and Finance's request for an additional \$17,000 for software related to the implementation of the central cashiering system and ongoing support of the integrations between the cashiering system and the City's other data systems.

## **Development Services**

The Development Services Department is requesting \$200,000 for On-Call services to support the Climate Action Plan (CAP) program. These funds will provide expert consulting services to advance CAP strategies, help secure grants, and ensure compliance with environmental mandates. On-Call services will be used to support habitat baseline surveys, facilitate annual CAP reporting, and preparing cost analyses that will inform and help prioritize sustainability initiatives. This investment is crucial to maintaining progress towards achieving the City's adopted climate action goals and leveraging external funding opportunities while effectively managing costs.

## **Fire**

The Fire Department is requesting an additional Battalion Chief to address the excessive workload and critical span of control issues. The addition of this position would be the first step in creating a fully staffed Second Battalion. Currently, one on-duty Battalion Chief oversees ten direct reports, significantly exceeding the industry standard of 3 to 7 direct reports, which is impacting efficiency and response times. With Fire Station 9 opening in the near future, this issue will be exacerbated, further straining management capacity. Adding a Battalion Chief will help ensure effective oversight, improve response times, and maintain operational efficiency in line with NFPA objectives. It's anticipated that two additional Battalion Chief positions will be added in subsequent years, subject to funding availability, as a total of three Battalion Chief positions are necessary to support the creation of a full Second Battalion. The requested \$41,000 for the Emergency Management Supplies and Training Budget is essential to ensuring our organization is well-equipped to handle a range of potential emergency scenarios, from natural disasters to man-made incidents. This investment will allow us to acquire critical equipment, provide comprehensive staff training, and implement community education initiatives, strengthening the City's response capabilities and enhancing public safety.

## **Housing and Neighborhood Services**

Due to the anticipated 25% cut to the CDBG federal allocation for FY 25-26, the Housing and Neighborhood Services Department is requesting \$32,910 to fund 30% of the Community Resource Center Specialist position at the Crown Heights Resource Center. This position is vital for facilitating access to social services, serving as a liaison to various City departments, and collaborating with non-profits and social service agencies. Additionally, in response to a continued decline in historic external funding across all sources, it is recommended to shift 67% of the Housing and Neighborhood Services (HNS) Director position from Housing Grant Programs to the General Fund. The HNS Director oversees crucial programs, including Homeless Services, Rent Control for Manufactured Mobile Homes, and Affordable Housing projects, such as Density Bonus Housing. The Director also directly supports three Commissions. This adjustment will ensure the continued operation and oversight of these critical services. Finally, an additional \$17,153 is requested for the Libby Lake Resource Center to cover increasing water and gas costs.

## **Library**

The Library Department has requested \$8,000 to address administrative cost increases that are not covered by state grants. In addition, a \$50,000 budget increase is requested to meet the growing demand for e-books, e-audiobooks, nontraditional materials, and print books. This increase is necessary due to the expanded service points, including the John Landes Community Center Library and various mini-libraries. While one-time funds of \$30,000 were granted for the Landes collection in FY23-24, there are no ongoing funds allocated. The requested increase will help ensure the Library Department can continue to provide reading materials across all service locations.

## **Parks and Recreation**

The Parks and Recreation Department is requesting an additional Recreation Supervisor to oversee operations at the El Corazon Senior Center, addressing gaps in supervision. Currently, a Management Analyst and one non-supervisory staff member manage senior programs across two facilities and a senior mobility program. Adding a dedicated supervisor will ensure on-site leadership for part-time staff, supporting program expansion, improvement, and anticipated AARP Age-Friendly designation-related initiatives. Funding of \$149,000 for special events is requested to support permit costs, rental fees, additional police coverage, and traffic control services for cultural legacy programs, including the Parade of Lights, Menorah Lighting, Operation Appreciation, Pride by the Beach, Fil/Am, Juneteenth, Noche Mexicana, and Samoan Cultural events. It will also cover enhanced traffic safety measures for the 3rd of July, Ironman, and the Holiday Tree Lighting. Additionally, the allocation includes funding to support a drone show in conjunction with the City's Third of July fireworks celebration.

## **Police**

The Police Department is requesting a total of \$321,466 to support critical technology and staffing needs. This includes \$207,628 for the renewal of the Body Worn Camera contract, which expires in June 2024, ensuring continued transparency and accountability. The contract also includes License Plate Recognition (LPR) technology in 70 patrol vehicles equipped with Fleet 3 in-car cameras and extends the Fleet 3 contract through June 2030. Additionally, \$100,000 is allocated for the purchase of 30 new Flock cameras, which have proven to be a valuable tool in solving crimes due to their low installation, maintenance, and replacement costs. Expanding the network of these cameras will enhance public safety by improving investigative efficiency. Lastly, \$13,838 is designated for converting a Public Safety Call Taker position to a Public Safety Dispatcher, as the Department no longer hires Call Takers, ensuring staffing aligns with operational needs.

## **Public Works**

The Public Works Department is requesting two new positions for a total of \$255,018. This includes \$96,378 for an Administrative Secretary position to manage human resource related matters for the Department's 120 employees across six divisions. Responsibilities will include processing accident reports, monitoring certification renewals, and payroll oversight. Additionally, \$158,640 is allocated for a City Arborist to oversee the Urban Forestry and Parkways and Medians Landscape and Irrigation Programs. This position is essential for responding to community service requests, advancing the City's Climate Action Plan goals related to urban forestry, implementing best management practices from the International Society of Arborists and mitigating liabilities related to urban forestry management.

## **Proposed One-Time Funding**

Upon review of all department budget requests, a total one-time cost of \$2,034,252 is recommended, as listed below, based on department needs.

<b>Department</b>	<b>One-time</b>	<b>Description</b>
Development Services	64,240 300,000 (114,500)	Two code enforcement officer vehicles* PSA with VCA Code for as-needed permit technician services Defund one Permit Technician III for one year
Fire Department	155,202	F-250 command vehicle for the additional Fire Battalion Chief *
Neighborhood Services	193,713 250,458	Fund 75% of the housing administrator position for one year Funding needed to cover the maintenance cost of the Navigation Center
Parks and Recreation	26,000 55,000 131,250 105,725	Senior transportation program Vehicle to be used for special events and mobile recreation program * Youth scholarships for low-income families Filter and chemical feed replacements at Marshal and Brooks St. Pool
Police Department	200,000 406,247	Fast E-Vehicle charging stations Overtime to staff the Drone as First Responder and Real Time Crime Center pilot program
Public Works	93,785 167,132	To address ongoing park vandalism Oceanside Transit Center elevator repairs, alarms and unexpected costs
<b>Total One-Time Cost</b>	<b>\$2,034,252</b>	

\* While the vehicle purchases are a one-time cost, ongoing maintenance and replacement costs are estimated at \$54,532 annually starting in FY 2026-27. These costs will be incorporated into the internal service fund.

## **Development Services**

The Development Services Department is requesting \$300,000 to continue its contract with VCA Code for as-needed Permit Technician services in the second year of a three-year agreement. To maintain essential service levels, six Permit Technicians are needed, but the City currently has only four positions funded. This funding will help bridge the

staffing gap and ensure timely permit processing, with cost savings achieved by defunding one Permit Technician position for the year. Additionally, \$64,240 is requested to purchase two vehicles for Code Enforcement Officers to ensure they have dedicated transportation for site visits. Currently, three Officers share vehicles, limiting their ability to conduct inspections independently and reducing overall efficiency. This request will improve operational capacity by allowing more timely responses to code enforcement issues, increasing staff efficiency by approximately 50%, and enabling the team to address a greater number of incidents.

## **Fire**

The Fire Department is requesting \$155,202 for an F-250 Command Vehicle for the additional Fire Battalion Chief requested for FY 2025-26.

## **Housing and Neighborhood Services**

One-time funding of \$193,713 for 75% of the Housing Administrator position is requested due to a significant decrease in inclusionary housing in-lieu fee revenue and housing grants. This position is critical for overseeing financial management of housing programs, CDBG/HOME programs, rehabilitation projects, and capital improvements, as well as serving as a key liaison to community organizations. Providing temporary funding will help maintain essential program oversight and support the Director while the Department explores long-term funding solutions to be studied through an on-going organizational assessment. Additionally, one-time funding of \$250,458 is recommended to support the ongoing maintenance of the Navigation Center, as inclusionary housing in-lieu fee revenue has dropped significantly since FY 2023-24 due to changes in State law and revisions to the City's Inclusionary Housing Program. With these funds no longer sufficient to cover operating costs, additional funding is necessary to ensure the Navigation Center continues providing essential services to individuals experiencing homelessness.

## **Parks and Recreation Department**

The Parks and Recreation Department is requesting \$26,000 to expand senior programming and staffing for the senior transportation program, with \$9,000 designated for volunteer driver mileage reimbursement. A total of \$105,725 is requested for filters and chemical feed systems at the Marshall and Brooks Street swimming pools. Additionally, \$131,250 is requested to support the Youth Scholarship Program for low-income families, and \$55,000 to procure a transport vehicle to support special events and mobile recreation programs.



## **Police Department**

The Police Department requests funding for overtime costs, in the amount of \$406,247, to staff the 13-month pilot program for OPD's Drone as First Responder and Real-Time Crime Center initiatives. Rather than hiring full-time employees, overtime will be used to support staffing needs during the pilot phase. This approach allows the Department to evaluate the program's effectiveness while maintaining flexibility in resource allocation. Additional funding is recommended to build fast charging stations to support OPD's growing fleet of electric vehicles (EVs). As the Department transitions to EVs, having secure and conveniently located fast chargers is essential for maintaining operational readiness, especially for marked vehicles. This investment will ensure that patrol and response units can remain charged and available, enhancing efficiency and supporting the City's sustainability goals. Similar to past practice, staff will actively search for available grants to help offset this cost.

## **Public Works Department**

The Public Works Department is requesting \$93,785 to address ongoing and escalating vandalism in the City's parks. Frequent incidents of vandalism have led to unanticipated repair and maintenance costs. To ensure the Department is adequately prepared to manage these ongoing issues and maintain park safety and accessibility, additional funds are necessary to cover these unexpected expenses. Additionally, \$167,132 is needed at the Oceanside Transit Center to cover expenses related to elevator repairs, alarm system upgrades, and other unforeseen costs associated with the parking structure.

## **Personnel Recommendations**

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

### **General Fund**

1. Fire Battalion Chief - Fire
2. Recreation Supervisor – Parks & Recreation
3. Administrative Secretary – Public Works
4. Urban Forestry/Landscape – City Arborist – Public Works

### **Non-General Fund New Positions**

1. Professional Assistant - HR
2. Water Treatment Superintendent
3. Assistant Water Utilities Director

The Human Resources Department is requesting \$31,407 for an hourly extra help Professional Assistant to address operational challenges and support the City's commitment to improving internal customer satisfaction while preventing work backlogs

in the vendor insurance review process. As the City's vendor database continues to expand, the increasing workload has affected timeliness standards and the ability to maintain high levels of customer service and vendor insurance compliance.

The Water Utilities Department is requesting two new positions to enhance operational oversight and regulatory compliance. A Water Treatment Superintendent position is proposed to oversee Water Plants, including a T5 Operator. This role, currently outsourced, should be brought in-house to ensure greater control, efficiency, and continuity in managing water treatment operations. An Assistant Water Utilities Director is needed to support various Departmental functions including compliance with new state regulations, managing special projects, and assisting with the upcoming LAFCO municipal service review of the Utility. This position would provide critical administrative and financial oversight, personnel management, and allow the Director to focus on strategic policy planning and broader departmental initiatives.

Also included in the proposed GF budget:

- Pension cost increases and a discount for annual prepayment
- Actual, known bargaining agreement costs and anticipated step increases
- 3% CPI for Maintenance & Operations (M&O). This 3% CPI represents a reasonable increase as a means to account for current inflation trends. The two prior year budgets included CPI increase rates of 3.5%.
- 2% Vacancy factor (\$2.9M) for salary savings attributable to lag time between a position becoming vacant and filled which is typically 2-3 months or more
- 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 \$12.68M over the next five years. 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. Additionally, the City has a total of \$22.7M saved for future pension costs which includes \$17.66M in the Section 115 Pension Stabilization Trust and \$5.0M in the PERS Supplemental Reserve.

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 2025-26 and exceed the minimum requirements.

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

As presented to City Council on February 5, 2025, the Five-Year Forecast projected the following:

2025-26 Projected Revenues	\$231.18M
2025-26 Projected Expenditure	<u>227.38M</u>
Estimated Surplus FY 2025-26	\$3.80M
Estimated Surplus FY 2026-27	\$2.92M
Estimated Surplus FY 2027-28	\$3.21M

A copy of the Council-received Five-Year General Fund Forecast is provided in Attachment B.

Since the Five-Year General Fund Forecast was presented in February, staff has made updates to projected revenues and expenditures.

Projected revenues have decreased by \$250,000, primarily due to an anticipated reduction in Section 8, HOME, and CDBG programs identified after the Forecast was prepared.

Projected Expenditures for FY 2025-26 have increased by \$270,000. This increase is largely attributed to the approval of the Oceanside Police Management Association (OPMA), Oceanside Firefighters' Association (OFA) and Oceanside Fire Management Association (OFMA) Memorandum of Understanding, as well as personnel changes such as step increases and promotions, and contract adjustments approved by Council.

As a result of these changes, the revised projected surplus for FY 2025-26 is now \$3.28M, reflecting a decrease of \$0.52M from the original forecast.

## **Recommendation**

Staff requests that the City Council provide feedback and direction on the proposed FY 2025-26 budget during the April 30, 2025 Budget Workshop. The final budget will be presented for approval at a public hearing scheduled for June 4, 2025.

Attachments:

- A) General Fund Proposed Budget Summary
- B) Five-Year General Fund Financial Forecast
- C) FY 2025-26 Budget Worksheet

CC: Department Directors



## GENERAL FUND PROPOSED BUDGET SUMMARY

### Fiscal Years 2025-26 through 2029-30

**ATTACHMENT A**

*in millions*

[illegible]



# City of Oceanside

## Staff Report

Attachment B  
300 North Coast Highway,  
Oceanside, California 92054

---

**File #:** 25-567

**Agenda Date:** 2/5/2025

**Agenda #:** 13.

---

**DATE:** February 5, 2025

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Financial Services Department

**TITLE:** **GENERAL FUND FIVE-YEAR FINANCIAL FORECAST**

### **RECOMMENDATION**

Staff presents the FY 2025-26 through FY 2029-30 General Fund Five-Year Financial Forecast for review and seeks direction to proceed with the development of a fiscally sustainable budget strategy that aligns with the City's long-term goals and priorities. Staff concurrently recommends that the City Council approve the allocation of 50% of the FY 2023-24 General Fund surplus (\$8.25M) to the San Luis Rey River (SLRR) project reserve account and the appropriation of the remaining 50% of the surplus (\$8.25M) to the El Corazon Park Site 1 project.

### **BACKGROUND AND ANALYSIS**

The financial forecast is a forward look at the City of Oceanside's General Fund revenues and expenditures. Its purpose is to identify financial trends and issues so the City can proactively address them. The forecast projects fiscal outcomes based on the continuation of current service levels, policies, and anticipated changes to revenue streams or expenses. It also incorporates historical data to provide context and illustrate the financial trajectory resulting from past decisions.

Generally speaking, positive results within the forecast indicate surplus funds available for new initiatives and projects, while negative results highlight potential budget gaps which could result in spending reductions. For the five-year forecast period, staff projects a consistent positive balance, beginning with a projected surplus of \$3.8 million for FY 2025-26, based on projected revenues of \$231.18 million and expenditures of \$227.38 million.

It is important to stress that this financial forecast is not a budget, nor is it a proposed financial plan for achieving City or City Council objectives. The forecast is a projection informed by current economic data, consultant reports, and staff analysis, representing a consensus on likely revenues and expenses.

Year one of the forecast serves as the foundation for developing the FY 2025-26 General Fund annual operating budget, which will be presented during the budget workshop on April 30, 2025 and finalized during the budget adoption on June 4, 2025.

Per the City's FY 2023-24 Audited Annual Comprehensive Financial Report (ACFR), last year's general fund annual surplus was \$23.9M. Of this amount, \$2.1 million was carried forward to the next fiscal year, \$0.8 million represented a Measure X surplus, and \$4.5 million was attributed to unrealized investment gains. After these adjustments, the total surplus available for allocation is \$16.5 million. In accordance with the City's Financial Policy 200-13 OB-6, any excess revenue at the end of the fiscal year is allocated in the following year as follows: 50% is directed to enhance the unassigned fund balance, and 50% is applied to reduce long-term unfunded liabilities. This practice ensures that surplus revenues are used strategically to address critical infrastructure needs while mitigating future financial risks.

Staff proposes that 50% of the surplus, or \$8.25M, be added to the San Luis Rey River (SLRR) project assigned account, which is one of the city's long-term unfunded liabilities. This action would fulfil the intent of Financial Policy 200-13 OB 6. There is currently \$12,666,667 available in a reserve account for the City's matching funds for the SLRR project. Adding the \$8.25M would bring the reserve balance to \$20,916,667. The outstanding balance of the City's share is currently approximately \$26,000,000, but will fluctuate as project costs change. Therefore, further steps will be needed to increase the amount of reserves for this project through incremental allocation of funds to the SLRR reserve account in the future budget cycles or other potential funding mechanisms.

Staff proposes that the other 50% of the surplus be allocated to El Corazon Park Site 1. Currently, \$10.1M of funding has been identified for El Corazon Park Site 1. This leaves about an \$8M funding gap to complete the project. Allocating \$8.25M from the FY2023-24 surplus will close this funding gap.

### **FISCAL IMPACT**

The FY 2023-24 General Fund surplus available to allocate totals \$16.5M. \$8.25M is recommended to be allocated to the San Luis Rey River (SLRR) project reserve. The remaining \$8.25M is recommended to be allocated to the El Corazon Park Site 1 project. Funds are to be appropriated and transferred as follows:

Program	Appropriate	Account Number
El Corazon Park Site 1	\$8,250,000	906174923501.5703.10600
Transfer \$8,250,000 from 1101.6900.0501 to 906174923501.6800.0101 Assign \$8,250,000 of Unassigned General Fund Balance 101.3100.0002 to Assigned-SLRR account 101.3020.0231		

### **COMMISSION OR COMMITTEE REPORT**

Does not apply.

### **CITY ATTORNEY'S ANALYSIS**

Does not apply.

Prepared by: Jill Moya, Financial Services Director  
Reviewed by: Michael Gossman, Assistant City Manager  
Submitted by: Jonathan Borrego, City Manager

**ATTACHMENTS:**

1. Staff Report
2. General Fund Five-Year Financial Forecast Report

## GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

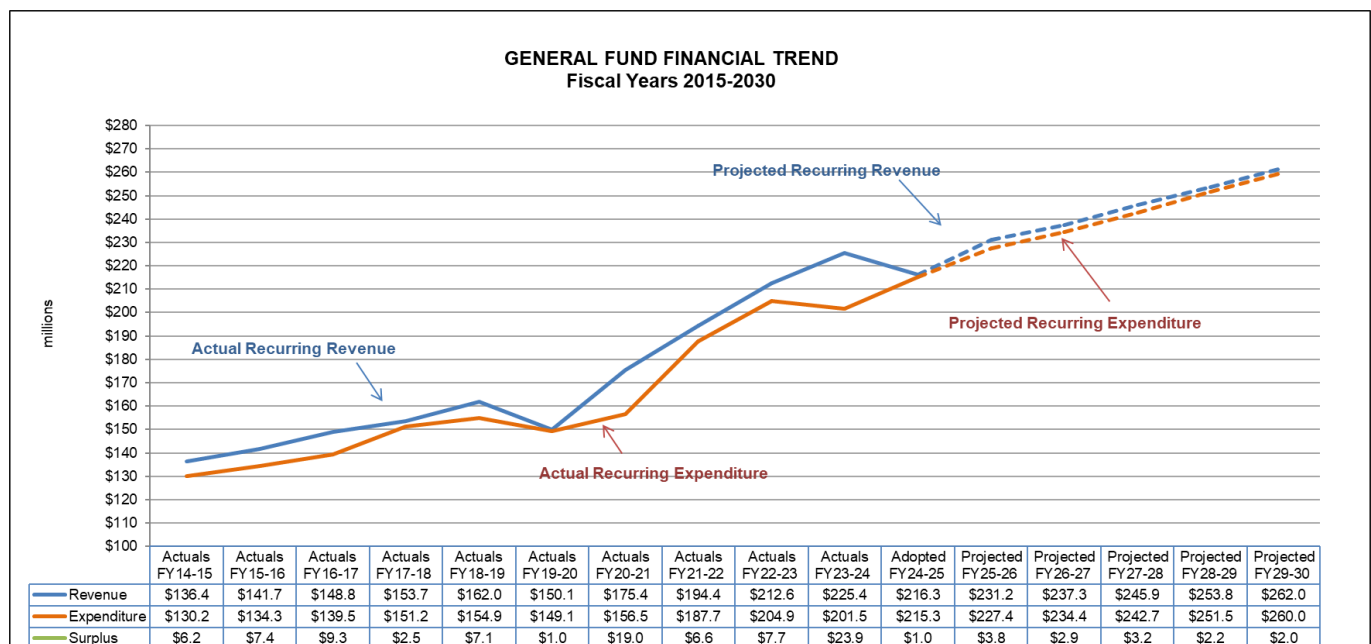
### PURPOSE OF THE FORECAST

The purpose of the five-year financial forecast is to project trends and address potential concerns regarding the City of Oceanside's General Fund revenues and expenditures. By providing these projections, the forecast enables the City to proactively prepare for future fiscal challenges and opportunities. It evaluates the prospective impact of recent decisions while offering historical financial data to contextualize past performance. Positive projections reveal surpluses that can fund new initiatives, whereas negative projections highlight potential budgetary gaps that may require corrective actions.

This approach aligns with the Recommended Budget Practices established by the National Advisory Council on State and Local Budgeting (NACSLB), which emphasizes forecasting as a critical component of sound fiscal management. However, it is important to note that this financial forecast is neither a budget nor a financial strategy designed to achieve specific objectives. Instead, it serves as a planning tool to inform decision-making and support long-term fiscal health.

### GENERAL FUND FINANCIAL TREND

Below is a chart showing the actual General Fund revenues and expenses for the past ten years, as well as projected revenues and expenses for the current year and the next five years. The revenue decline in fiscal year 2019-20 was a result of the Covid-19 pandemic. In response, the City's General Fund expense budgets were reduced, allowing the City to avoid a deficit by the end of that fiscal year. Following the pandemic, with economic uncertainty and concerns about a potential recession, the City adopted a conservative approach to revenue projections, which led to larger-than-expected surpluses. The General Fund Five-Year forecast for FY 2025-26 to FY 2029-30 takes a somewhat less conservative approach, factoring in projected revenue increases driven by anticipated development and a growing economy.





## GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

Table 1 shows the next five years as forecasted in January 2025. The FY 2025-26 General Fund forecast includes \$231.18M in revenues and \$227.38 in expenditures with an anticipated surplus of \$3.8M.

**Table 1**  
**General Fund Five-Year Forecast Summary**

<i>in millions</i>	Adopted Budget FY24-25	Forecast Year 1 FY25-26		Forecast Year 2 FY26-27		Forecast Year 3 FY27-28		Forecast Year 4 FY28-29		Forecast Year 5 FY29-30	
<b>RECURRING REVENUES</b>											
Property Taxes	\$ 89.74	\$ 95.69	6.6%	\$ 99.88	4.4%	\$ 105.81	5.9%	\$ 111.16	5.1%	\$ 117.13	5.4%
Sales & Use Taxes	29.25	32.98	12.8%	33.87	2.7%	34.77	2.7%	35.69	2.6%	36.63	2.6%
Transient Occupancy Tax	13.58	13.29	-2.1%	13.70	3.1%	14.30	4.4%	14.60	2.1%	14.72	0.8%
Beachfront TOT	2.86	3.59	25.4%	3.70	3.0%	3.81	3.0%	3.92	3.0%	4.04	3.0%
All Other Taxes	4.90	5.49	12.0%	5.60	2.0%	5.71	2.0%	5.82	1.9%	5.94	2.1%
Franchise Fees	4.40	4.56	3.6%	4.55	-0.2%	4.55	0.0%	4.54	-0.2%	4.54	0.0%
Licenses & Permits	5.47	4.97	-9.1%	4.98	0.2%	4.98	0.0%	4.98	0.0%	4.99	0.2%
Fines & Forfeitures	4.18	4.28	2.4%	4.28	0.0%	4.28	0.0%	4.28	0.0%	4.28	0.0%
Use of Money & Property	7.86	9.86	25.4%	9.67	-1.9%	9.78	1.1%	9.90	1.2%	10.02	1.2%
Intergovernmental	0.56	0.56	0.0%	0.56	0.0%	0.56	0.0%	0.56	0.0%	0.56	0.0%
Ambulance Billing	8.53	9.80	14.9%	10.00	2.0%	10.20	2.0%	10.50	2.9%	10.82	3.0%
Charges for Services	25.10	25.57	1.9%	25.79	0.9%	26.01	0.9%	26.20	0.7%	26.24	0.2%
Transfers In & Other Revenues	19.85	20.54	3.5%	20.72	0.9%	21.16	2.1%	21.60	2.1%	22.08	2.2%
<b>TOTAL RECURRING REVENUES</b>	<b>\$ 216.28</b>	<b>\$ 231.18</b>	<b>6.9%</b>	<b>\$ 237.30</b>	<b>2.6%</b>	<b>\$ 245.92</b>	<b>3.6%</b>	<b>\$ 253.75</b>	<b>3.2%</b>	<b>\$ 261.99</b>	<b>3.2%</b>
<b>RECURRING EXPENDITURES</b>											
Personnel											
Compensation Cost	79.84	85.33	6.9%	89.69	5.1%	93.53	4.3%	97.24	4.0%	100.79	3.7%
Overtime	7.62	8.04	5.5%	8.13	1.2%	8.38	3.0%	8.63	3.0%	8.88	3.0%
PERS	32.91	35.74	8.6%	38.51	7.8%	40.79	5.9%	42.83	5.0%	45.55	6.4%
Pension Bond	4.55	0.26	-94.2%								
Health Insurance	13.04	12.81	-1.7%	13.45	5.0%	14.12	5.0%	14.83	5.0%	15.57	5.0%
Workers Comp	5.78	6.05	4.7%	6.35	4.9%	6.62	4.3%	6.89	4.0%	7.14	3.6%
Other Benefits	4.21	5.03	19.5%	5.17	2.9%	5.29	2.3%	5.44	2.8%	5.56	2.3%
<i>Personnel Cost Subtotal</i>	<b>\$ 147.93</b>	<b>\$ 153.25</b>	<b>3.6%</b>	<b>\$ 161.31</b>	<b>5.3%</b>	<b>\$ 168.73</b>	<b>4.6%</b>	<b>\$ 175.85</b>	<b>4.2%</b>	<b>\$ 183.50</b>	<b>4.4%</b>
Maintenance & Operations	35.90	35.80	-0.3%	36.48	1.9%	37.19	1.9%	37.91	1.9%	38.49	1.5%
Rebate for OBR	2.10	2.80	33.6%	2.88	3.0%	1.96	-32.1%	2.02	3.0%	2.08	3.0%
Rebate for Carmax	0.59	0.61	3.5%	0.63	3.5%	0.65	3.5%	0.67	3.5%	0.69	3.5%
Transfers Out & Internal Service Charges	32.20	34.93	8.5%	33.08	-5.3%	34.18	3.3%	35.05	2.5%	35.23	0.5%
	<b>\$ 218.71</b>	<b>\$ 227.38</b>	<b>4.0%</b>	<b>\$ 234.38</b>	<b>3.1%</b>	<b>\$ 242.71</b>	<b>3.6%</b>	<b>\$ 251.51</b>	<b>3.6%</b>	<b>\$ 260.00</b>	<b>3.4%</b>
<b>One-time cost from Fund Balance</b>	<b>\$ (3.43)</b>										
<b>TOTAL RECURRING EXPENDITURES</b>	<b>\$ 215.28</b>	<b>\$ 227.38</b>	<b>5.6%</b>	<b>\$ 234.38</b>	<b>3.1%</b>	<b>\$ 242.71</b>	<b>3.6%</b>	<b>\$ 251.51</b>	<b>3.6%</b>	<b>\$ 260.00</b>	<b>3.4%</b>
<b>Surplus/(Shortfall)</b>	<b>\$ 1.00</b>	<b>\$ 3.80</b>		<b>\$ 2.92</b>		<b>\$ 3.21</b>		<b>\$ 2.24</b>		<b>\$ 1.99</b>	

### ECONOMIC OUTLOOK

Recent economic indicators indicate continued growth in the U.S. economy, though at a moderated pace compared to previous quarters. According to the Bureau of Economic Analysis (BEA), real Gross Domestic Product (GDP) increased at an annual rate of 2.8% in the third quarter of 2024, following a 3.0% rise in the second quarter. This growth was primarily driven by robust consumer spending, which surged at a 3.7% annual rate, the fastest pace since early 2023, supported by rising wages and easing inflation, as noted by the BEA. Analysts from Ernst & Young (EY) further project that real GDP growth will average 2.7% in 2024, slowing to 2.0% in 2025 and 1.7% in 2026. Inflationary pressures are expected to continue diminishing, with headline inflation projected at 2.5% and core personal consumption expenditures (PCE) inflation at approximately 2.8% by the end of 2024. Meanwhile, the labor market remains resilient, with unemployment holding steady at 4.1% by late 2024, reflecting stability despite decelerating job growth.

The October 2024 University of California, Los Angeles (UCLA) Anderson Forecast similarly anticipates a period of subpar growth for the U.S. economy in 2024, though it does not foresee a recession. For California, the report

## GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

---

highlights a comparable outlook, with the state expected to maintain growth due to strong consumer spending and stimulative fiscal policies. UCLA Anderson economists note that higher interest rates have not dampened demand for the state's limited housing stock. Instead, they expect new state housing policies to encourage recovery in the housing sector, with a subsequent period of solid growth in new home production beginning in 2025. California is projected to outpace national economic growth in 2025 and 2026, bolstered by its dynamic housing and construction sectors.

In developing this Five-Year Forecast, these economic indicators and expert analyses were carefully considered. For example, a Consumer Price Index (CPI) of 3% was applied to maintenance and operations budgets for Fiscal Year (FY) 2025-26, reflecting anticipated inflation trends. This follows adjustments of 5%, 3.5%, and 3.5% in the previous three years, aimed at keeping pace with inflation.

It is important to recognize that while these forecasts reflect national and state trends, they may not directly mirror Oceanside's economic outlook. Locally, Oceanside continues to grow, supported by strong home sales and ongoing commercial development. While several hotel projects are in the pipeline, no new hotels are currently under construction. However, planned developments are expected to drive incremental increases in property tax and transient occupancy tax revenues over the next several years, reinforcing the city's fiscal health.

### DEMOGRAPHIC TRENDS

**Population** - Oceanside's 2024 population per the California Department of Finance is 171,483.

**Inflation** — The City of Oceanside monitors the Consumer Price Index for All Urban Consumers (CPI-U) for San Diego, CA, as reported by the U.S. Department of Labor. This index measures the change in prices paid by consumers for goods and services, reflecting spending patterns. The most recent data, released in December 2024, indicates that the CPI-U for San Diego increased by 2.6% over the 12 months ending in November 2024. According to the U.S. Department of Labor, this represents a deceleration compared to the 5.2% increase reported in November 2023.

The slowdown in inflation is largely attributed to a significant decline in energy prices, which fell by 11.9% over the year, primarily due to decreases in gasoline prices. Additionally, prices for natural gas services declined by 13.3%, and electricity prices decreased by 11.8%. However, food prices rose by 6.3%, with food away from home seeing a notable increase of 11.7%. These figures highlight that while overall inflation has moderated, consumers continue to face higher costs in specific categories, particularly food (U.S. Department of Labor, Bureau of Labor Statistics).

**Consumer Confidence Index** —serves as a barometer of the U.S. economy from the perspective of consumers, reflects individuals' perceptions of current business and employment conditions and their expectations for the next six months regarding business, employment, and income. As of November 2024, the index rose to 111.7, up from 109.6 in October, according to the Conference Board. This marks the highest level since mid-2023 and suggests growing optimism about the economy's direction (MarketWatch, 2024).

The increase is attributed to decelerating inflation, a strong labor market, and rising stock prices, all of which contribute to consumers feeling more secure about their financial prospects. Additionally, the Expectations Index, which measures consumers' short-term outlook for income, business, and labor market conditions, climbed to 92.3, its strongest reading in nearly three years, reinforcing the positive sentiment (AP News, 2024; MarketWatch, 2024).

This rise in consumer confidence indicates a favorable economic outlook as the nation approaches 2025, potentially leading to increased consumer spending and economic activity.

**Unemployment Rate** – As of October 2024, the unemployment rate in Oceanside was 4.9%, reflecting a slight increase compared to the previous year. This rate is marginally higher than the San Diego County unemployment

## GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

---

rate of 4.7%, as reported by the California Employment Development Department (EDD). Statewide, California's unemployment rate stood at 5.4% during the same period, marking a 0.3 percentage point increase from October 2023 (EDD, 2024).

The slight uptick in Oceanside's unemployment rate mirrors broader trends in the labor market across California, where higher interest rates have slowed hiring in certain industries. The increase is consistent with trends observed in the San Diego region, where the unemployment rate rose slightly from 4.6% in September to 4.7% in October 2024, according to EDD's labor market information. Similarly, nationwide data from the U.S. Bureau of Labor Statistics (BLS) attributes rising unemployment rates to shifts in the construction and manufacturing sectors, which have been sensitive to recent economic conditions (BLS, 2024).

These figures highlight the importance of local workforce development initiatives in Oceanside. With continued investments in commercial and industrial projects, Oceanside is well-positioned to stabilize and potentially reduce unemployment rates, even as external economic pressures persist.

### REVENUES

**Property Tax** – The City of Oceanside contracts with HdL Companies for property tax management services. HdL Companies reports the median sale price of a single-family home in Oceanside at \$885,000 in 2024, an 8.59 percent decrease from 2023. However, Oceanside continues to experience commercial and residential construction growth. The City's taxable assessed value increased by 6% or \$1.9 billion, from FY 2023-24. Forecasted revenues based on market trends and timing of future construction project an average increase of 5.5% each year of the next five years.

**Sales & Use Tax** –The City of Oceanside contracts with HdL Companies for sales tax management services. Oceanside's FY 2023-24 sales came within 0.5% of the Bradley Burns forecast. Sales tax is projected to increase by 12.8 percent in Year 1 based on actuals revenue received in the prior year (FY 2023-24). Spending generating sales taxes is expected to increase slightly in fiscal year 2025-26 with limited expansion anticipated in the following year, resulting in slower growth, which has been factored into our projections.

Projections based on historical data and projected growth is an average increase of 4.7% for the next five years.

**Transient Occupancy Tax (TOT)** – City's transient occupancy tax revenues (not including the beachfront hotels) are projected to decrease 2.1 percent in Year 1 over the FY 2024-25 adopted budget partially due to changes to the City's Short Term Rental (STR) ordinance. The \$13.29M revenue projection for Year 1 is based on the actual revenue received in the prior year (FY 2023-24). Year 2 is projected to increase 3.1 percent . Years 3 through 5 is projected to increase an average of 2.4 percent.

**Beachfront Hotels (TOT)** - City's transient occupancy tax revenues for the Seabird and Mission Pacific hotels are projected to increase 25 percent in Year 1 which is based on the actual revenue received in the prior year (FY 2023-24) of \$3.5M. Years 2 through 5 is expected to increase 3 percent.

**All Other Taxes:** This category includes business license, card room, and Measure M Cannabis Business tax revenues. Year 1 is expected to increase 12 percent with all categories seeing steady increases based on the actual revenue received in the prior year (FY 2023-24). Business license tax, the largest contributor to this category, is projected to increase an average of 2 percent in Years 2-5 due to moderate economic growth and ongoing new commercial buildings. Card Room fees are projected to increase 2 percent Years 2 through 5. Measure M Cannabis business tax generated \$280,000 in the prior year (FY 23-24), with FY 24-25 expected to continue at this level. Years 2 through 5 is projected to increase 2 percent. .

**Franchise Fees:** Includes fees from SDG&E, Cox, and AT&T. Overall revenues are projected to decline due to decreasing numbers of cable subscribers and an increase in internet-based options. Year 1 is projected to

## GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

---

increase 1.4 percent based on actual SDG&E revenues received in the prior year, then decreasing an average of 0.6 percent in Years 2 through 5 based on historical trends.

**Licenses & Permits:** A majority of these permits are development and parking related, with the largest portion for building permits and annual parking permits. The forecast projects a 9.1 percent decrease in Year 1 due to new building development trending downward. Years 2 through 5 is projected to remain relatively flat.

**Fines & Forfeitures:** The majority of these revenues collected by the City are for parking citations and traffic fines. The forecast projects a 2.4 percent increase in Year 1. Years 2 through 5 is projected to remain relatively flat.

**Use of Money and Property:** The revenues collected in this category are from investment returns, leases and rentals. The forecast projects a 25.4 percent increase in Year 1 based on prior year portfolio performance. Years 2 projects a 1.9 percent decrease due to a private vendor vacating part of the City operation center. Years 3 through 5 is projected to increase an average of 1.2 percent.

**Intergovernmental:** The revenue in this category relies on State and Local programs such as Peace Officer P.O.S.T training reimbursements, Fire training agreement with Palomar College and San Onofre dismantling reimbursement to offset cost, which can be difficult to project. Years 1 through 5 remains flat.

**Ambulance Billing:** Rates are adjusted annually each July. Revenues are expected to increase 14.9 percent in Year 1 due to expanded EMT services and the new AB 1705 Medical Transport program which provides increased reimbursements for public providers of ground emergency medical transportation; Years 2 through 5 is projected to increase an average of 2.5 percent.

**Charges for Services:** This category of revenue includes development-related revenues, fire inspections, parking machine collection and general administration charges. The forecast assumes revenues will increase 1.9 percent in Year 1 due to an increase in land development plan review revenue for projects such as the SIFI and Ubiquity citywide fiber projects. Years 2 through 4 is projected to increase an average of 1 percent. Year 5 is projected to remain flat.

**Transfers In & Other Revenue:** Transfers from other funds are projected to increase 3.5 percent in Year 1, primarily driven by the overall budgets based on M&O CPI and bargained salary increases. Years 2 through 5 is projected to increase an average of 1.8 percent.

### EXPENDITURES

**Personnel:** Year 1 total costs are projected to increase 3.6 percent. Costs for years 2 through 5 is expected to increase an average of 4.6 percent. It's important to note that these increases do not reflect any additional personnel costs that could be realized should the City increase staffing levels during the five-year projection period. An estimate was used for increases for the future bargaining unit agreements throughout the five-year term of the forecast. The estimate was based on recently completed bargaining group's negotiations. All bargaining group's costs approved by Council prior to December 2024 have been included in the forecast.

Other assumptions include:

1. Applicable step increases for each year of the forecast.
2. Vacancy factor of 2 percent Years 1 through 5.
3. PERS normal cost pickup by employees.
4. Estimated health cap increases for inflation.

The primary issue that the City must contend with is the continued CalPERS rate increases which are based on actuarial assumptions and investment returns. CalPERS recalculates the costs on an annual basis so the City cannot rule out further increases. The rates are impacted annually by investment returns, retiree longevity, payroll

## GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

---

growth and any actuarial assumption changes by CalPERS. Over the next five years, the total General Fund CalPERS increase is estimated at \$12.65M. The yearly average increase for the next five years is \$2.53M. CalPERS annual required contribution increases have been a concern for some time. Consequently, since FY 2015-16, monies have been "set aside" specifically for this reason. To date, the General Fund has accumulated \$5M to provide reserves to help offset costs should there be an unexpected increase in rates or a reduction in General Fund revenues. Additionally, during FY 2017-18, an IRS Section 115 Trust (Pension Stabilization Trust) was created to earmark funds to be used only for CalPERS expenses. To date, the City has \$17.55M in this trust. No funds have been withdrawn from the trust which serves as an important resource that the City could utilize in the event of unanticipated spikes in pension costs.

A position reclassification is included in this forecast, with the Senior Information Technologies (IT) Analyst being upgraded to an IT Director position. This reclassification reflects the growing complexity of the City's IT needs, including addressing cybersecurity threats and aligning IT strategies with long-term goals. Establishing IT as a standalone department ensures more focused leadership and operational efficiency. This change results in a net increase of \$96,850 to the IT budget, of which \$51,000 is from the General Fund.

Finally, it should be noted that the annual budget surpluses reflected in this five-year forecast do not account for any personnel additions which could be presented for Council consideration as part of the final FY 2025-26 budget adoption process.

### **Workers Compensation and General Liability**

Workers Compensation costs are projected to increase by an average of 4.3% annually over the next five years, driven by rising healthcare costs, base wage increases, state Labor Code changes, and rulings from the Workers Compensation Appeals Board. To manage long-term liability costs, the City has implemented enhanced safety training, proactive injury management with the City's Third-Party Administrator, and modified duty opportunities to support injured employees returning to work. Staff also aggressively investigates questionable claims and expedites settlements. Over time, these measures aim to reduce exposures and improve Workers Compensation insurance rates.

General Liability costs are similarly rising due to the hardening of liability, property, and cyber insurance markets, which have led to increased claims costs within PRISM, the City's insurance pool provider. For FY 2025-26, PRISM has estimated a 16% rate increase. To address these rising costs, the City has increased its self-insured retention from \$750,000 to \$1 million. These trends are consistent with challenges faced by other public agencies.

**Pension Bond** – The 2015 Refunding Taxable Pension Obligation Bonds (2005 Taxable Pension Obligation Bonds) debt payments ending August 2025, are reflected in the Personnel category. The current payment for FY 2024-25 is \$4.55 million, with a remaining payment of \$260,000 in FY 2025-26.

**Maintenance & Operations** – Expenditures in this category include such items as professional and contractual service, equipment maintenance and rental, memberships and subscriptions, training, utilities and a variety of other operating costs for departments funded by the General Fund. The FY 2025-26 budget is based on the prior year with a CPI increase of 3 percent for Year 1, and 2 percent for Years 2 through 5. Departments will have to justify any new expenditure requests.

The following expenditures were initially approved as one-time budget increases for FY 2024-25 due to economic uncertainty and a limited projected surplus. However, with a stronger financial outlook, staff recommends transitioning the following allocations, totaling \$700,000, into ongoing expenditures for FY 2025-26 and subsequent years as part of Maintenance & Operations:

- **Fire Suppression:** Replacement of Structural Personal Protective Equipment (PPE) – \$212,100



## GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

---

- **Police Department:** Enhanced funding for Training, Recruiting, and Community Engagement – \$220,000
- **Parks Maintenance:** Irrigation System Repairs – \$166,334
- **Street Sweeping:** Additional support for Radar Feedback and Traffic Signal Parts – \$20,000
- **Parks and Recreation:** Expanded Special Events Programming – \$81,000

**Beachfront Hotels Rebate** – The Seabird and Mission Pacific beachfront hotels, which opened on May 25, 2021, operate under a TOT rebate agreement with the City, committing to rebate a net present value of \$11.34 million (discounted at 12% as of January 2019) to the developer, SD Malkin. As of April 30, 2024, \$7.93 million in TOT revenues has been reimbursed, equivalent to a discounted present value of \$4.80 million, applied toward the total subsidy. With projected annual revenue growth of 3% starting in year four, the Seabird's rebate is expected to be fully reimbursed by 2033 and Mission Pacific's by 2027. Assuming total beachfront revenue continues to increase by 3% annually, the City is forecasted to retain a total of \$7.3 million in revenue over the course of years 1 through 5 of the forecast. This timeline aligns with the tiered revenue-sharing thresholds and increasing annual limits outlined in the agreement.

**CarMax Rebate** – The agreement with CarMax, which opened near the end of second quarter of 2022, obligates the City to pay the developer a subsidy not to exceed \$5 million or a 10-year period, whichever occurs first. The subsidy is based on new taxable gross retail sales tax revenue, excluding all Measure X revenues, generated by the project. The City will retain sales tax revenue generated by the project equal to the base amount of \$100,000, increasing by 3% annually during the term of the agreement. To date, a total of \$1.01M has been paid towards the \$5 million subsidy.

**Internal Service Charges/Transfers** – The City has five internal service funds that provide services to the City as a whole. Included in each department operating budget is an amount to pay for these services. The services are risk management, fleet management, information services, general services and city building services. Collectively they are known as “internal service charges.” Transfers to these internal service funds are allocated based on usage formulas as defined in various Administrative Directives, and encompass costs for the materials, equipment and the overhead of providing these services.

Risk management costs continue to increase. According to our broker, PRISM, the liability, property and cyber insurance markets have hardened in response to increased claims costs. FY 2025-26 assumes a 13 to 59 percent rate increase for excess insurance layers. These cost increases have been built into the forecast.

Fleet rate increases are an ongoing concern as fuel costs create challenges for planning and budgeting. Vehicle acquisition costs increases and production limitations of commercial type electric vehicles has caused a lack of availability for specific vehicles and equipment.

Additionally, in FY2019-20 the 2019 Lease Revenue Bonds were issued to fund the El Corazon Aquatics Center. The maturity date for these bonds is November 2049. Because of the nature of Lease Revenue Bonds, the debt service payments are collected through Civic Center building rent internal services charges across departments using the Civic Center.

**Capital Improvement Projects (CIPs)** - The anticipated FY 2025-26 surplus has allowed staff to set aside \$3 million for Capital Improvement Projects that were not previously included in prior forecasts. These funds address maintenance needs, enhance public safety, and support economic growth. This allocation aligns with the City's long-term strategic goals by addressing deferred maintenance and planning for future growth. The \$3 million will be available for CIP project recommendations during the annual CIP budget process.

### FUND BALANCE

## GENERAL FUND FIVE-YEAR FINANCIAL FORECAST

---

As of June 30, 2024, the total General Fund balance was \$133.8M. In accordance with the Healthy City Reserve Fund Policy #200-08, a minimum of 12 percent of the General Fund operating expenditure budget (currently at \$24.4M) is identified as a committed fund balance. The General Fund Unassigned Fund Balance available for future capital projects or other City projects/services had \$3.35M as of June 30, 2024.

In summary, the City of Oceanside's Five-Year Financial Forecast provides a comprehensive outlook on projected revenues and expenditures, economic trends, and key financial challenges. While the City anticipates steady revenue growth driven by development and a strong local economy, rising personnel costs, particularly CalPERS obligations, remain a significant long-term concern. Prudent financial planning and proactive adjustments will be essential to maintaining fiscal stability and ensuring that Oceanside continues to meet the needs of its residents. This forecast serves as a valuable tool for informed decision-making, guiding the City toward a sustainable financial future.

**City of Oceanside**  
**FY 2025-26 Budget Worksheet**  
**General Fund**

	Adopted Budget FY 2023-24	Adopted Budget FY 2024-25	Proposed Budget FY 2025-26
<b>Revenues</b>			
Property Taxes	\$85,070,732	\$89,742,690	\$95,685,750
Sales & Use Taxes	29,384,717	29,245,572	32,977,317
Transient Occupancy Tax	14,641,517	16,437,145	16,883,137
All Other Taxes	4,585,000	4,900,000	5,491,304
Franchise Fees	4,336,000	4,395,000	4,563,000
Licenses and Permits	4,555,215	5,472,589	4,973,950
Fines and Forfeitures	3,929,123	4,184,100	4,276,000
Use of Money & Property	7,009,961	7,856,826	9,862,838
Intergovernmental	515,813	555,172	556,500
Ambulance Billing	7,511,638	8,530,000	9,800,000
Charges for Service	16,432,261	25,104,759	25,109,964
Other Revenue & Transfers	26,047,098	19,854,019	20,747,339
<b>Total Recurring Revenues</b>	<b>\$204,019,076</b>	<b>\$216,277,872</b>	<b>\$230,927,099</b>
<b>Expenditures</b>			
City Attorney	\$2,527,088	\$2,690,295	\$2,790,746
City Clerk	1,723,100	1,714,203	1,787,674
City Council	1,126,689	1,212,764	1,257,767
City Manager	2,071,850	2,504,725	2,824,380
City Treasurer	423,805	435,866	465,768
Development Services	15,314,715	17,712,533	18,561,458
Financial Services	6,909,419	7,433,116	7,724,429
Fire Department	48,121,677	51,261,371	54,018,530
Harbor	4,433,122	4,720,718	5,031,530
Human Resources	914,387	982,508	1,016,965
Library	6,582,100	6,877,199	7,300,732
Neighborhood Services	2,534,876	2,909,727	2,683,028
Non-Departmental	9,270,690	10,717,064	16,638,084
Parks and Recreation	7,795,699	8,303,773	8,042,706
Police Department	75,072,428	78,986,324	76,956,932
Public Works	18,466,649	20,249,705	20,548,224
<b>Total</b>	<b>\$203,288,293</b>	<b>\$218,711,890</b>	<b>\$227,648,953</b>
<b>One-time costs</b>		<b>(3,433,144)</b>	
<b>Total Recurring Expenditure</b>		<b>\$215,278,746</b>	
<b>Estimated Surplus</b>	<b>\$730,783</b>	<b>\$999,126</b>	<b>\$3,278,146</b>
<b>Recommended Budget Additions</b>			
Ongoing expenditure			1,929,871
<b>Expected Remaining Surplus</b>			<b>\$ 1,348,275</b>
<b>One-time costs</b>			<b>\$ 2,034,252</b>