



# City of Oceanside

300 North Coast Highway,  
Oceanside, California 92054

## Staff Report

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**File #:** 26-1260

**Agenda Date:** 3/11/2026

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**DATE:** March 11, 2026

**TO:** Honorable Mayor and City Councilmembers

**FROM:** City Manager's Office

**TITLE:** **INDEPENDENT ECONOMIC ANALYSIS OF OCEANSIDE BEACHES - *THE CASE FOR COASTAL RESILIENCE INVESTMENT: QUANTIFYING OCEANSIDE BEACH AS AN ECONOMIC ASSET***

### **RECOMMENDATION**

Staff recommends the City Council receive and file the independent economic fiscal analysis report titled *The Case for Coastal Resilience Investment: Quantifying Oceanside Beach as an Economic Asset*, and provide general policy direction, as appropriate, including direction to the City Manager to support Coastal Zone Management Division staff in pursuing state and federal grant opportunities and other external funding sources related to shoreline management and coastal resilience planning.

### **BACKGROUND AND ANALYSIS**

Resilient Cities Catalyst (RCC), in partnership with NHA Advisors and Willdan Financial Services, has completed an independent economic and fiscal analysis titled *The Case for Coastal Resilience Investment: Quantifying Oceanside Beach as an Economic Asset*. The final report quantifies the economic value generated by beach visitation, evaluates the fiscal impacts associated with continued shoreline erosion, and identifies potential funding mechanisms that could support shoreline management efforts, including long-term coastal resilience initiatives such as the RE:BEACH Oceanside Pilot Project. The analysis is intended to provide context as the City continues to evaluate long-term shoreline conditions, capital planning needs, and coastal resilience strategies.

Oceanside's beaches are a defining community asset and a primary driver of tourism, recreation, business activity, and coastal property values. In addition to their recreational and environmental importance, the beaches generate substantial economic activity that directly supports City revenues, including Transient Occupancy Tax (TOT), sales tax, and property tax. Continued shoreline erosion presents potential long-term fiscal risks to these revenue sources, as well as increased exposure of public infrastructure along the coast to storms and high wave conditions.

The analysis was prepared as an independent, third-party study to provide objective, data-driven information regarding the economic implications of shoreline conditions and potential investment in coastal resilience management efforts. The report is being transmitted to the City Council for informational purposes only; there is no expectation that the City adopt or pursue any of the concepts

or considerations identified in the analysis.

### **Key Findings from the Economic Analysis**

- **Economic Value of Oceanside's Beaches:** Oceanside's beaches attract approximately 25 million annual visits, generating \$2.8 billion in direct visitor spending.
- **Regional Contribution:** When accounting for indirect and induced impacts, the total regional economic contribution is approximated at \$5.6 billion annually.
- **City Revenue Impacts:** Local spending associated with the beach generates approximately \$81 million in annual City tax revenue, including:
  - \$68 million from TOT and sales tax
  - \$13 million from property tax revenue
- **Risk of Inaction:** Without continued sand nourishment and shoreline management, the City could experience up to a 10% decline in visitation, resulting in:
  - An estimated \$280 million in annual economic losses
  - Approximately \$7 million in potential annual General Fund revenue loss
- **Infrastructure at Risk:** Public infrastructure along The Strand and within the Harbor area faces potential replacement costs of \$26-\$46 million due to erosion, sea level rise and storm-related exposure.

### **Future Funding Concepts Identified in the Study**

The analysis identifies several potential funding mechanisms the City could consider to support shoreline management and long-term support for RE:BEACH. These concepts are presented for informational purposes only and would require separate analysis, public engagement, City Council direction to pursue, and additionally voter approval, where applicable.

- **TOT adjustment:** Oceanside's current TOT rate consists of a 10% base rate plus an additional Oceanside Tourism Marketing Assessment that ranges from 1.5% (short-term rentals) to 2.5% (hotels). In FY 2024, the City collected approximately \$17.9 million in TOT revenue. The study estimates that a 1% increase in the TOT rate would generate approximately \$1.8 million annually, based on current gross room revenues. As TOT is directly tied to overnight visitation, this revenue source aligns closely with tourism-related coastal impacts.
- **Local Sales Tax adjustment:** Oceanside's current combined sales tax rate is 8.25%, following voter approval of Measure X, which added a 0.5% (1/2 cent) sales tax through 2036. Based on FY 2024 taxable sales of approximately \$1.89 billion, the study estimates that an additional 0.2-0.3% increase (approximately one-fifth to one-third of a cent) could generate between \$3.9 million and \$5.5 million annually. Any sales tax adjustment would require voter approval.
- **Parcel Tax:** A parcel tax is a flat annual assessment applied per parcel (rather than based on assessed property value). Parcel taxes may be structured by land use type, building square footage, or lot size. Properties that could be subject to a parcel tax include single-family homes, condominiums, multi-family properties, commercial properties, hotel, and shopping centers within the City. The study models parcel tax scenarios sufficient to close projected funding gaps associated with long-term shoreline management. Because parcel taxes provide stable and predictable revenue, they are commonly used to support long-term infrastructure investments and may be structured to support bond financing for capital improvements, like

the RE:BEACH Oceanside project, as well as ongoing coastal management.

- **Parking Fee Updates:** Many beach-area parking spaces are currently free or priced below market compared to peer coastal cities. The study estimates that a modest \$2.00 increase in beach-area parking fees, applied during peak-use periods, could generate approximately \$540,000 annually, assuming seasonal utilization rates. Parking revenue would align user fees with beach access and could be directed toward shoreline maintenance or related coastal infrastructure costs.
- **General Fund / Measure X:** The City currently allocates General Fund resources toward coastal zone programs. For FY 2025-2026, ongoing proposed funding includes approximately:
  - \$600,000 for annual sand replacement (dredging)
  - \$150,000 for Beach Restoration
  - \$550,000 for Shoreline Restoration (Measure X-supported)

Total ongoing coastal-related funding is approximately \$1.3 million annually, excluding one-time ARPA funds previously allocated for coastal management studies and sand replenishment. Measure X, approved by voters in 2022, increased the City's sales tax rate by 0.5% through 2036. The study notes that future City Council direction could consider allocating additional General Fund or Measure X revenues toward shoreline management. This is pertinent given modeled scenarios that indicate a potential annual General Fund revenue loss of approximately \$6-\$7 million under a 10% visitation decline scenario caused by persistent beach erosion.

- **State & Federal Grants:** The City has applied for a state grant of approximately \$22.9 million to support coastal resilience efforts, with funding anticipated to be considered as part of the state's upcoming budget cycle. Additional state and federal funding opportunities may be available through climate resilience, sea level rise, and coastal infrastructure programs, including recently authorized statewide resilience bond measures. Grant funding is typically one-time in nature and most commonly supports capital construction costs. As such, grants would likely need to be paired with a local revenue source to support long-term maintenance and operational needs associated with shoreline management initiatives.

Taken together, the economic analysis underscores the significant role Oceanside's beaches play in supporting the City's economy, General Fund revenues, and coastal public infrastructure. The findings provide a data-driven assessment of the potential fiscal risks associated with continued shoreline erosion, as well as contextual information regarding possible funding approaches for long-term coastal management and resilience initiatives such as the RE:BEACH Oceanside Pilot Project. The report is intended to support informed policy discussion and future planning considerations, as directed by the City Council.

## **FISCAL IMPACT**

There is no fiscal impact to the City associated with receiving and filing the economic analysis report. Any future fiscal impacts would be dependent on City Council direction related to shoreline management strategies, funding mechanisms, or capital investments.

## **COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY'S ANALYSIS**

Does not apply.

Prepared by: Jayme Timberlake  
Submitted by: Jonathan Borrego, City Manager

**ATTACHMENTS:**

1. Staff Report
2. Appendix A: The Case for Coastal Resilience Investment: Quantifying Oceanside Beach as an Economic Asset (RCC, NHA, Willdan, October 2025)