


# City of Oceanside

## *Office of the City Manager*

### Memorandum

To: Honorable Mayor and City Councilmembers

From: Jonathan Borrego, City Manager 

Date: May 21, 2025

Subject: **BUDGET WORKSHOP FOLLOW-UP – PROJECT AND FUNDING CONSIDERATIONS**

This memo is provided as a follow-up to the April 30, 2025 Budget Workshop and describes options to fund various potential projects and programs mentioned by the City Council and/or requested by members of the public. Outlined below is a consolidated summary of initiatives organized by focus area, with associated funding needs and implementation considerations. With the exception of the funding requests made by KOCT and the Oceanside Theatre Company, staff intends to incorporate the funding associated with these requests into the budget to be presented to Council on June 4. As further described in this memo, the funding requests by KOCT and the Oceanside Theatre Company to support their respective on-going operations should be considered and negotiated in conjunction with amendments to their respective Agreements with the City.

#### **Economic Considerations:**

Recent economic forecasts, including the 2025 U.S. Economic Outlook by Beacon Economics and the latest UCLA Anderson Forecast, signal an elevated risk of recession and prolonged financial instability. At the same time, the City of Oceanside faces a substantial and growing list of unfunded obligations, including infrastructure needs, public safety facilities, San Luis Rey River levee maintenance, and long-term pension liabilities. This combination of external economic risk and internal fiscal pressure creates a challenging budgetary environment.

While many of the initiatives outlined below reflect important community priorities, they must be carefully considered against a backdrop of uncertain revenue growth, the

potential for reductions in state or federal funding, and the City's existing financial commitments. Although Oceanside's reserves offer short-term flexibility, they must be preserved strategically to ensure long-term fiscal resilience and the continued delivery of essential public services.

## **Councilmember Requests by Category**

### **1. Recreation, Parks, and Facilities**

#### **a. Prince Memorial Skatepark Lighting:** Estimated one-time cost: \$950,000

##### **Design & Environmental Clearance**

This phase would consist of preparing a photometric study, receiving environmental clearance, and receiving a Federal Aviation Administration (FAA) permit in order to install the lights.

Estimated cost: \$150,000

##### **Construction**

This phase would include the cost for installing solar lights at Prince Memorial Skatepark. It does not include any potential physical modifications to the skatepark necessary to accommodate the lighting.

Estimated cost: \$800,000

Staff Recommendation: Staff recommends utilizing the remaining \$475,000 balance from the \$3M transfer to the General Capital Project account and transferring \$475,000 from the Infrastructure Reserves in the General Fund which has a current balance of \$20.1M.

#### **b. Soccer Goals at Six School Sites:** Estimated one-time cost: \$68,100

Representatives from the Oceanside Unified School District have expressed an initial willingness to assume responsibility of inspections, maintenance, and any necessary storage of goals when they are not in use. This includes the replacement of nets, anchors, and renovation of grass fields damaged by increased public use. Staff would recommend that such assumed maintenance responsibilities be memorialized with the District before proceeding with this project.

Staff Recommendation: Staff recommends funding this project from the Infrastructure Reserves in the General Fund which has a current balance of \$20.1M.

**c. Welcome to Oceanside Overhead Entry Sign Design, Permitting and Construction:** Estimated one-time cost for design: \$600,000

Conceptual Design

This phase would consist of identifying the potential locations for the overhead sign based on available right-of-way, utilities, sidewalk space and community input. It would also provide some conceptual designs for the new overhead entry sign.

Estimated cost: \$150,000

Final Design

This phase would consist of providing construction documents for the sign including structural calculations and other details needed for the construction.

Estimated cost: \$450,000

Construction

This final phase would consist of the cost for building the Welcome sign as well as the installation of the sign and minor utility relocations.

Estimated cost: Unknown

Staff Recommendation: Staff recommends initiating the effort by first funding the conceptual design component of this project with a transfer of \$600,000 from the Infrastructure Reserves in the General Fund which has a balance of \$20.1M. Future funding decisions should be deferred and considered once a final location and preliminary design have been reached as this will better inform the final expected cost. Should this project proceed, staff would also explore potential funding partnerships with entities such as MainStreet Oceanside, Visit Oceanside or other community organizations to help offset costs to the City.

## **2. Youth and Community Programs**

**a. Expansion of Afterschool Programs at John Landes:** Estimated "Year 1" cost: \$150,000 with future costs estimated at up to \$200,000 annually

"Year 1" costs are estimated at \$150,000 based on initial expected limited enrollment and programming while the program gains exposure and popularity in the community. At full implementation, an after-school Youth Development program at John Landes Park, similar to those offered by Vista Community Clinic's Project REACH and Lifeline Community Services at other resource centers, would serve 20-30 children with an estimated cost of \$200,000. This cost would cover food (snacks or meals), activities (access to computers, skills building, and recreation), field trips to colleges, enrichment events, and equipment (such as computers, sports equipment, games, etc.). Staffing would consist of 2.25 full-time equivalent positions (1 full-time Coordinator,  $\frac{3}{4}$  Assistant, and  $\frac{1}{2}$  time Aide), with staff contracted through a service provider. The

proposed Youth Development program would target youth 12 –18 years of age (in grades 6-12) at-risk of gang activity and/or gang association, provide life skills training and a variety of prevention curricula. As estimated, the program would be available for youth in the Tri-City neighborhood Monday – Friday from 3:00 – 7:00 pm.

Staff Recommendation: Staff recommends funding this on-going program with the \$1M in Measure X funds dedicated to Gang Diversion and Youth Programming. This option would not require an amendment to the proposed FY 25/26 Measure X spending plan as this program would align with the intent of that funding tool.

**b. Pathway for Afterschool Program Participants to Enter Junior Guard Programs:** Estimated cost: \$0

Staff proposes to enhance exposure and expand programming for Waterproof Oceanside, an initiative that aims to better prepare youth for the requirements needed to enter the Junior Lifeguard program. The Junior Lifeguard Booster Club, a non-profit organization, raises funds and provides scholarships for swimming lessons and the Junior Lifeguard Program. For FY 2025-26, staff proposes collaborating with Oceanside afterschool and outreach programs to identify youth in need and create pathways for participation. As part of this plan, dedicated registration options and reservations for the Junior Lifeguard Program would be set aside specifically for these student participants from other City afterschool programs.

Staff Recommendation: Staff recommends directing staff to pursue the proposed program outreach changes and adding the reservations and scholarship options for the program.

### **3. Public Safety**

**a. Addition of Two Fire Battalion Chief Positions:**

Measure X estimated one-time cost: FY 2025-26 \$587,000; FY 2026-27 \$322,000  
General Fund estimated on-going cost: FY 2026-27 \$322,000, FY 2027-28 \$680,300

A Battalion Chief is assigned to the Operations Division as a 24/7 resource. Based on the Fire Department's staffing model, 24-hour positions require three personnel to staff all hours and days of the year. The proposed strategy to fund the second battalion involves a phased approach over a three-year period. This gradual funding plan allows for a smooth transition while maintaining the necessary 24/7 coverage and operational readiness.

Staff Recommendation: Staff recommends a phased three-year funding strategy for the second battalion. In Year 1, one Battalion Chief will be funded by the General Fund and two by Measure X; in Year 2, two Battalion Chiefs will be funded by the General Fund

and one by Measure X; and by Year 3, all three Battalion Chiefs will be fully funded by the General Fund and possibly supplemented by future Public Safety CFD revenues.

#### **4. Arts, Culture, and Media**

**a. KOCT Media Support:** Estimated cost: Up to \$250,000 initial contribution, in addition to PEG funds already received

PEG (Public, Educational, and Government) funds are collected through a state-authorized 1% fee on video service providers and are intended to support the operations and maintenance of local public access channels. The City of Oceanside currently has an agreement with KOCT to allocate 93% of its PEG fee revenue to KOCT. The remaining 7% is retained by the City to support the purchase of audio-visual equipment and infrastructure. All PEG reserves held by the City and used to fund audio-visual equipment have now been exhausted. Over the past 18 months, the City has provided KOCT with an additional \$199,000 in financial support using General Fund reserves. KOCT is now requesting an additional \$250,000 per year, which, if approved, would come from the General Fund. It should be noted that the amount of PEG funds allocated to KOCT have fallen from a recent high of \$468,093 in 2018 to \$269,000 at the end of FY 2024.

**Staff Recommendation:** Staff recommends amending the City's current Agreement with KOCT to implement a one-year pilot program to include up to \$250,000 in additional funding. This pilot would provide an opportunity for the City and KOCT to explore opportunities to strengthen the existing Agreement while maximizing the City's return on investment by focusing on programming beyond traditional cable programming (e.g., enhanced social media production) while seeking expanded services that directly benefit City operations, such as enhanced public outreach and event coverage. Staff would return to Council with a proposed amendment and funding request in early fall, tentatively expected in September 2025.

**b. Oceanside Theater Company Expansion and Operations:** Estimated cost: \$500,000 (one-time), excluding additional on-going operational subsidy request described below.

The Oceanside Theatre Company (OTC) is requesting a one-time \$500,000 contribution to help advance the planned Brooks Theater renovation project, currently estimated to cost approximately \$2 million. The project is shovel-ready, with time-sensitive permits in place, making immediate funding essential to proceed without delay. In addition to this one-time capital contribution, OTC representatives are requesting City financial support equivalent to 15% to 20% of its annual operational budget, which is estimated to equate to approximately \$109,000 to \$145,000, for a period of two years.

**Staff Recommendation:**

Staff recommends appropriating \$500,000 from the General Fund Infrastructure Reserves, which has a balance of \$20.1M, to support the Brooks Theater renovation project. As the Brooks Theater is a City-owned facility, a capital contribution toward its renovation represents a reinvestment in City infrastructure that preserves and enhances a public asset. With respect to OTC's request for on-going financial support over the next two years, staff recommends bringing this item back to City Council as a stand-alone item in August, subject to Council direction on June 4 to proceed in this manner.

## **5. Housing and Homelessness**

### **a. Housing Division Personnel and Funding:** Estimated cost: Unknown at this time

The Housing and Neighborhood Services Department is currently undergoing an organizational assessment that will examine the Department's current organizational structure, workload, staffing levels, physical layout, and operational processes. This assessment, which is expected to conclude this fall, is expected to include specific recommendations regarding existing and future staffing needs.

**Staff Recommendation:** Staff recommends deferring any staffing decisions pending completion of the organizational assessment.

## **Unfunded Projects and Obligations**

As the City of Oceanside continues to face growing infrastructure demands, public safety needs, environmental compliance obligations, and long-term financial liabilities, a number of significant projects remain either partially or entirely unfunded. While many of these efforts address critical City priorities, the scope and scale of these obligations far exceed the City's available resources.

In light of the current economic uncertainties, ranging from unpredictable revenue growth to the possibility of state or federal funding cuts, it is important for the City Council to consider these outstanding projects and obligations when evaluating which Councilmember requests to prioritize for funding. While many of the requests presented reflect valid community needs, the financial capacity to support new initiatives must be carefully balanced with these existing, and often pressing, financial commitments.

Below is a summary of major unfunded projects and obligations that should be factored into the decision-making process.

- CalPERS Pension Obligation

As of June 2024, the pension system is 76% funded, with an unfunded liability of \$297 million. The FY 2025/26 required contribution is \$36 million. Future increases are likely if CalPERS investment returns fall below the 6.9% discount rate.

- San Luis Rey River Flood Risk Management Project (SLRRFRM)

Total cost: \$230.6 million. Oceanside's 25% share of the project is \$57.6 million. Of that amount, \$20.9 million is currently set aside, leaving a funding gap of \$36.7 million. The project is designed to enhance flood protection along the San Luis Rey River, reducing the risk of flooding in surrounding areas by improving the river's capacity to manage stormwater runoff. Key components include the construction of levees, channels, and other flood control infrastructure. Additional funding may be necessary following a design review by the U.S. Army Corps of Engineers in 2025.

- San Luis Rey River Maintenance

Total cost: \$1.7 million annually. The San Luis Rey River Maintenance project includes ongoing responsibilities tied to the Phase 3 turnover of the San Luis Rey River Flood Risk Management Project (SLRRFRM) from the U.S. Army Corps of Engineers (USACE). These tasks involve biological monitoring, invasive species removal, vegetation management, and coordination with regulatory agencies, estimated to cost around \$700,000 annually.

Additionally, large-scale sediment removal within the river channel is required every 10 to 15 years. The next sediment removal project, scheduled for Fall 2026, is estimated to cost \$34.67 million, with the City's Non-Federal share of \$8.67 million. To ensure adequate funding for this project, staff recommends contributing \$1 million annually to build a funding reserve. After the completion of the SLRRFRM project, the city will assume full responsibility for maintenance, without federal cost-sharing. These obligations are currently unfunded.

- Police Department Headquarters Relocation

Estimated total cost: \$86–\$105 million for a new headquarters. No dedicated funding source currently exists. Potential funding strategies include use of reserves, property sales, debt financing, or a General Obligation bond.

- Pier View Bridge Project  
Total cost: \$42 million. Currently funded at \$14.25 million through Measure X, leaving an unfunded gap of \$27.75 million. The project is in the design and environmental phase, with construction funds still to be secured.
- Fire Station 8 Construction  
Estimated cost: \$30.5 million. This essential public safety facility is entirely unfunded, with no current allocations or planned revenue source.
- Beach Restoration  
The City faces significant upcoming costs for long-term beach restoration. The RE:BEACH Oceanside project is estimated at \$55 million. A pending \$21.5 million state grant, expected to be awarded in 2026, would require a \$3.5 million City match and still leave a \$33.5 million funding gap. The SANDAG-led Regional Beach Sand Project (RBSP) III is estimated to cost Oceanside \$26 million, plus a portion of \$6 million in shared design and permitting costs. A grant could reduce construction costs but would still require a local match of approximately \$3.9 million.

The City also plans to remove the buried Pacific Street roadbed near the San Luis Rey River, with preliminary permitting and environmental work projected at \$670,000.

- Climate Action Plan (CAP) Development & Implementation  
Near-term program costs total \$470,000, with only \$200,000 included in the FY25-26 budget. The remaining \$270,000 is unfunded and covers foundational work including green house gas tracking, electrification policy, grant support, and public engagement needed to implement the 2025 CAP.
- Risk of Federal Funding Cuts  
Federal funding programs such as the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program currently support key City projects, including improvements to community centers, parks, and community programs. A reduction or loss of these funds would require the City to make difficult financial decisions—either scale back or discontinue these initiatives, or absorb the costs through the General Fund, impacting other City priorities. Additionally, the City’s HUD 108 loan, with an outstanding principal of \$793,000, would require repayment from the General Fund if CDBG repayment funds are no longer available, adding to the City’s financial responsibilities.



## **Conclusion**

As the City of Oceanside finalizes the FY 2025–26 budget, numerous potential projects and initiatives raised by Councilmembers are under consideration. At the same time, the City is facing a substantial list of partially or fully unfunded obligations, including major infrastructure needs, public safety facilities, environmental compliance responsibilities, and long-term financial liabilities.

This broader financial backdrop, including economic uncertainty and limited funding capacity, underscores the importance of evaluating new proposals in relation to existing obligations and available resources. Councilmember and public requests should be considered with these factors in mind, as many of the unfunded efforts already in progress carry substantial financial commitments and are critical to long-term service delivery and resilience.

CC: Department Directors