



# City of Oceanside

300 North Coast Highway,  
Oceanside, California 92054

## Staff Report

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**File #:** 26-1544

**Agenda Date:** 6/24/2026

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DATE: June 24, 2026

TO: Honorable Mayor and City Councilmembers

FROM: City Manager's Office

**TITLE: CONSIDER PLACEMENT OF TEMPORARY ONE-HALF CENT GENERAL TRANSACTIONS AND USE (SALES) TAX MEASURE ON THE NOVEMBER 3, 2026 MUNICIPAL ELECTION BALLOT**

### **RECOMMENDATION**

Staff recommends that the City Council adopt a resolution submitting a proposed temporary one-half cent general transactions and use (sales) tax increase measure to the voters at the November 3, 2026 General Municipal Election, and introduce an ordinance adding Chapter 34, Article II, Division 3, Section 34.7.1 through 34.7.17 to the Oceanside City Code to establish a temporary one-half cent general transactions and use (sales) tax to be administered by the California Department of Tax and Fee Administration including provisions for citizens' oversight and accountability.

### **BACKGROUND AND ANALYSIS**

In 2018, Oceanside voters approved Measure X, a ballot initiative that increased Oceanside's sales tax 1/2 cent for a period for seven years, beginning on April 1, 2019. Measure X passed on November 6, 2018, with 55.7% of the vote. Beginning April 1, 2019, the sales tax rate in Oceanside became 8.25%.

In November of 2024, Oceanside voters approved renewing the half-cent tax for a period of 10 years, from April 2026 to April 2036. The renewal passed with 69.34% of Oceanside voter approval. Measure X revenue is used solely to enhance public safety, improve road conditions, bolster the City's infrastructure, provide no-cost youth programming with a mentoring component and support various programs aimed at reducing homelessness. The expenditures are reviewed by a Citizen Oversight Committee; revenues and expenditures are tracked separately and audited annually through a transparent public process.

Despite the additional funding afforded by Measure X, the City faces shortfalls in funding for critical infrastructure projects. In March 2026, the City Council conducted a Capital Improvement Program Workshop and received presentations from staff on the status of on-going capital projects and areas where additional improvements are needed. Notably, the following projects were identified as very high priority and lacking adequate funding for completion:

- 1) **Fire Station #8** currently operates from a leased facility that was not designed to support the demands of a growing community or modern emergency response operations. Limited space restricts staffing, apparatus storage, and specialized equipment, impacting operational efficiency and emergency response times in a service area already identified as needing improved coverage. An estimated \$35 million investment in a new permanent station would provide firefighters with a modern, purpose-built facility capable of supporting current and future service demands. This “shovel ready” project would expand capacity for lifesaving equipment and personnel, improve emergency response reliability, reduce long-term lease dependency, and strengthen overall public safety infrastructure to better serve the community for decades to come.
  
- 2) **The RE:BEACH Oceanside Project** is a multi-benefit coastal resilience initiative intended to restore and widen Oceanside’s shoreline through the implementation of a novel artificial reef and headlands structural system, strategic beach and nearshore nourishment, and adaptive shoreline management. The project is designed to reduce coastal erosion, flooding, and sea level rise impacts while protecting critical coastal infrastructure, public access, utilities, transportation corridors, and recreational amenities along the City’s coastline.

It's anticipated that RE:BEACH and other coastal restoration projects will be implemented over several phases beginning in 2028, with environmental review, permitting, and engineering design currently underway. Preliminary cost estimates for full implementation are approximately \$60 million, with funding anticipated from a combination of local, state, federal and regional sources. By stabilizing and enhancing sandy beach areas, the project is expected to significantly support the local economy, increase Transient Occupancy Tax and property tax revenues, strengthen local businesses, and preserve and enhance Oceanside’s historic beach and surf culture.

- 3) **The Pier Bridge** has served as both a historic landmark and a vital connection supporting the City’s coastal tourism economy for nearly 100 years. Today, the concrete structure requires significant rehabilitation to the point of replacement, with an estimated \$50 million funding gap threatening its long-term viability. The project would preserve a defining community asset while modernizing coastal public safety operations through construction of a new Lifeguard Headquarters and rebuilt support facilities. These improvements would centralize operations, improve emergency coordination, and expand lifeguard capabilities, including the potential for 24/7 response coverage. Investment in the Pier Bridge strengthens coastal resiliency and public safety, protects tourism revenue and preserves a critical piece of the community’s identity and economic vitality for future generations.
  
- 4) **Pavement Management Program (PMP) / Roadways** - Measure X funding has helped significantly slow roadway deterioration; however, current funding levels remain insufficient to address existing conditions and growing maintenance needs. The City currently faces an estimated \$1 million annual shortfall to maintain current pavement conditions, while approximately 28% of streets are classified as poor or very poor. Although the City has improved over 560 roadway lane miles through prior Measure X funding, the current Pavement Condition Index (PCI) of 61 remains below the critical threshold of 70, where

preventative maintenance is no longer cost-effective and rehabilitation costs increase substantially. It's estimated that an additional \$5 million annually would stabilize the roadway backlog, while an \$8 million investment would begin systematically reducing it. Investing now allows the City to preserve roads earlier, improve safety, reduce liability, lower long-term costs, and reverse decades of deferred maintenance through proactive pavement preservation strategies.

- 5) The **Oceanside Police Department Headquarters** is functionally obsolete and in need of replacement; the 25-year-old "temporary" headquarters (i.e., a converted grocery store in a retail strip mall). As San Diego County's third-largest city, Oceanside's growth has expanded staffing to 219 sworn officers and 115 support personnel, leaving the current space overcrowded. Operations are fragmented across multiple buildings, forcing staff to use converted closets as offices, store equipment in temporary containers, and conduct training in public spaces.

This outdated infrastructure also lacks a dedicated Emergency Operations Center for major crises, cannot support modern crime-fighting technologies, and compromises staff security due to shared public parking areas. Independent findings by CityGate confirm these facilities are inadequate. Investing in a professional, modern headquarters is a strategic necessity to integrate vital regional collaboration, boost officer recruitment, and deliver the high-quality public safety outcomes and victim services that the Oceanside community deserves. Cost to construct a new headquarters is estimated at over \$100 million.

Staff is recommending that the City Council place a one-half cent general use and transactions (sales) tax on the November 3 ballot. If this measure were to pass, the funds could be used for any lawful, municipal purpose. If approved by the voters, a formal spending plan will be required to be adopted for these funds with mandated oversight by a citizen oversight committee. Staff anticipates recommending the citizen oversight committee and City Council prioritize funding the critical infrastructure/capital projects such as those described above as part of the formal spending plan.

## November Election

The City's next scheduled general election is November 3, 2026. A general tax measure requires approval of 50% of voters, plus one. The deadline to place a measure on the November 2026 ballot is August 07, 2026, and requires approval by two-thirds of the City Council (four affirmative votes).

The current sales tax rate in Oceanside is 8.25%, while the average rate in California is around 8.8%. Eight of the 14 cities in San Diego County are at 8.75%.

The table below demonstrates what the tax rate is in each San Diego County City.

City	Total Rate	Local Rate	Election Date	Approval Rate
Chula Vista	8.75%	1.00%	November 2024	67.50%
Del Mar	8.75%	1.00%	November 2016	67.30%
National City	8.75%	1.00%	November 2014	68.60%
San Marcos	8.75%	1.00%	November 2024	60.44%
Escondido	8.75%	1.00%	November 2024	61.12%
Imperial Beach	8.75%	1.00%	November 2020	70.22%
Solana Beach	8.75%	1.00%	November 2022	66.70%
Lemon Grove	8.75%	1.00%	November 2024	71.59%
La Mesa	8.50%	0.75%	November 2008	55.51%
El Cajon	8.25%	0.50%	November 2024	67.97%
Vista	8.25%	0.50%	November 2006	53.97%
Oceanside	8.25%	0.50%	November 2024	69.67%
Encinitas	7.75%	0.00%	None	N/A
San Diego	7.75%	0.00%	None	N/A

The sales tax rate currently applied in the City of Oceanside is 8.25%. This includes a combined statewide rate of 7.25%, a San Diego County district tax of 0.50% for the TransNet Program, and the 0.50% local sales tax (Measure X). Of the total 8.25% collected, Oceanside receives 1.5%.

A general purpose tax increase of one-half percent (0.50%) is recommended, with a ten year sunset. This increase is projected to generate an estimated \$20 million per year in additional revenues over the ten-year life of the measure; with actual revenues determined by economic conditions.

Pursuant to California Revenue and Taxation Code, food items (groceries), prescriptions, certain medical devices, and other "Necessities of Life" are exempt from sales tax.

In 2018, the City contracted with an economist, BW Research, who analyzed Oceanside's current sales tax revenue and demographics and estimated that 37% of sales tax revenue comes from residents, with the majority (63%) being paid by non-residents, tourists, and businesses. BW Research also projected that the median Oceanside household, earning \$66,348 annually, would pay an additional \$67 annually if the ½ cent increase is approved, about \$5.61 per month.

In September 2025, True North Research conducted a feasibility survey of likely Oceanside voters to gauge how much interest there was in imposing an additional general half-cent transactions and use tax to implement critical projects throughout the City. In that poll between 57% and 62% of voters said that they were very likely to support such a tax.

In May of 2026, True North again conducted a feasibility survey asking likely voters if they would support a new half-cent general use and transaction tax and in that polling between 54% and 58% of

voters said they were very likely to say yes. This softening is consistent with the current geopolitical situation and fears of price inflation. The poll had a margin of error rate of 3.6%.

In order to enact a local sales tax, the City Council must first approve an ordinance (Attachment 1) amending the Oceanside City Code by adding Chapter 34, Article II, Division 3, Sections 34.7.1 through 34.7.17 to establish a temporary one-half cent general transactions and use (sales) tax to be administered by the California Department of Tax and Fee Administration including provisions for citizens' oversight and accountability.

The next step is adoption of a resolution (Attachment 2) ordering submission of the proposed ballot measure to the voters at the consolidated November 3, 2026 general election, and introduction of an ordinance establishing the tax upon approval of the voters. The Council must approve the ordinance and resolution with a two-thirds vote, which requires four affirmative votes. Majority voter approval is required to approve the local sales tax (50% of voters, plus one).

The ballot language to be presented to the voters is as follows:

***To provide locally-controlled funding for Oceanside services and infrastructure, such as keeping streets, sidewalks, parks, and public facilities safe, clean, and well-maintained; fixing potholes; repairing aging infrastructure; improving traffic; restoring/protecting local beaches; and modernizing public safety/ emergency facilities to improve 911 emergency response/community safety, shall City of Oceanside's ordinance establishing a 1/2 cent sales tax be adopted, providing \$20,000,000 annually for general government use for 10 years, with independent audits and citizen oversight?***

The revenue from the measure would be paid in addition to the existing sales tax and would be collected at the same time and in the same manner as the existing sales tax except as to vehicle sales, which are taxed based on where the vehicle will be registered, rather than where it is sold. This avoids creating a competitive disadvantage for automotive and other vehicle dealers in cities with local sales taxes. As with the existing tax, the new revenue would be collected by the California Department of Tax and Fee Administration, however all revenue generated would be dedicated to Oceanside and could not be diverted to the state or other agencies. Because the measure is a proposed "general tax", the revenues would go into the City's general fund and could be used for any legal municipal purpose.

The Ordinance provides that tax would go into effect on the first day of the first calendar quarter commencing more than 110 days after approval of the ordinance by the electorate or as otherwise required by law. Staff anticipates an effective date of April 1, 2027 if voters approve the tax in November.

Citizen Oversight and Accountability. The ordinance contains the following provisions to provide oversight, transparency and accountability for the funds received from the sales tax:

- **Separate Fund.** All revenue generated by the tax will be accounted for in a separate sub-fund within the General Fund entitled with the name of the measure. Any and all expenditures

will be tracked and accounted for by the City Financial Services Department in accordance with Generally Accepted Accounting Principles (GAAP) and presented annually in a report to the Citizens' Oversight Committee.

- Citizens' Oversight Committee. The City Council shall create a Citizens' Oversight Committee by April 30, 2027. Staff recommends that the Council task the existing Measure X Citizens' Oversight Committee with this function as the existing Committee members include those with a range of expertise including accounting, finance and engineering.

Staff further recommends that this existing committee be expanded from seven members to nine. The two additional seats could include a representative from an Oceanside-based local coastal advocacy organization (such as "Save Oceanside Sand") given the City's history of funding coastal resiliency projects utilizing supplemental sales tax revenues and one additional "at-large" seat. The Committee shall operate under the Brown Act and will be responsible for review and comment on the Finance Report, the Spending Plan and Annual Audit; preparation of an annual report regarding compliance with the Spending Plan; and working with City staff to identify and apply "best practices" for tracking and reporting.

- Spending Plan. The City Manager must prepare an annual spending plan for review and recommendation by the Citizens' Oversight Committee prior to City Council consideration of the annual budget. The Spending Plan shall include specific proposals for near-term expenditures and a plan for expenditures throughout the ten-year term of the tax.
- Annual Independent Audit. Beginning with FY 2027-28, a review of the collection and expenditure of the tax revenue shall be included in the annual audit by the City's independent auditors. This audit shall be presented each year to the Citizens' Oversight Committee for review and then presented to the City Council.
- Staff would explore financing mechanisms and tools to immediately fund larger capital projects as opposed to funding projects on a "pay-go" basis. Utilizing such tools would ensure that future sales tax funding is committed to these large, multi-year capital projects.

Impartial Analysis. Pursuant to Elections Code Section 9280, the proposed resolution directs the City Attorney to prepare an impartial analysis of the measure not exceeding 500 words showing the effect of the measure on the existing law and the operation of the measure.

Ballot Arguments. Elections Code Section 9282 allows the legislative body, any member or members of the legislative body authorized by the body, any individual voter who is eligible to vote on the measure, bona fide association of citizens, or any combination of voters and associations, to submit an argument for or against a measure placed on the ballot by the legislative body. Arguments may not exceed 300 words in length, and must be submitted to the City Clerk by a deadline to be established by the Registrar of Voters. Staff is recommending and the draft resolution authorizes the Mayor to submit arguments in favor of the measure, on behalf of the City Council. Pursuant to Elections Code 9285 (a)(2) the author or a majority of the authors of an argument relating to a city measure may prepare and submit a rebuttal argument or may authorize in writing another person or persons to prepare, submit, or sign the rebuttal argument. A rebuttal argument shall not exceed 250 words.

## **FISCAL IMPACT**

The City's sales tax consultant, HdL Companies, estimates that a half-cent transactions and use tax (also known as a sales tax) would generate \$20 million in annual revenue. This increase is projected to generate an estimated \$200 million in additional revenues over the life of the measure (assuming an average increase in sales tax revenues of 1% per year); with actual revenues determined by economic conditions. State law requires that the ballot question include the amount of money to be raised annually and the rate and duration of the tax to be levied. Staff is proposing a duration of ten years and this is included in the proposed ballot question.

The cost of the election will be paid from the Elections and Political Reporting Account (120123101.5305), which has a FY 2026-27 budget of \$269,164. Sufficient funds are available in this account to cover the estimated \$95,000-\$125,000 cost associated with the ballot initiative.

If approved by voters, administrative and implementation costs charged by the California Department of Tax and Fee Administration would be paid from revenues generated by the measure.

### **COMMISSION OR COMMITTEE REPORT**

Not applicable

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

A sales tax increase that generates revenue to be used for any governmental purpose is considered a general tax. A general tax increase must be approved by a majority of voters. The election to approve a general tax increase must be consolidated with a regularly scheduled general election for members of the city council, except in cases of emergency declared by unanimous vote of the council. Revenue and Taxation Code Section 7285.9 requires the increase be approved by two-thirds of the entire city council. If approved by the voters, the resulting retail transactions and use tax would be implemented on the first calendar quarter commencing more than 110 days after the approval of the voters of the City, unless a contract with the Dept of Tax & Fee Admin specifies otherwise, which is estimated to be April 1, 2027.

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Submitted by: Jonathan Borrego, City Manager