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DATE: August 17, 2011

TO: Honorable Mayor and City Councilmembers

FROM: Economic and Community Development Department

SUBJECT: **APPROVAL OF THE FIVE YEAR COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY FOR FISCAL YEARS 2011-12 THROUGH 2015-16**

### **SYNOPSIS**

Staff and the Economic Development Commission (EDC) recommends that the City Council approve the Five Year Comprehensive Economic Development Strategy for Fiscal Years 2011-12 through 2015-16.

### **BACKGROUND**

A Comprehensive Economic Development Strategy or CEDS is required to apply for Federal Economic Development Administration (EDA) Grants. A CEDS is a document that details an economic roadmap to strengthen the local economy and brings together City, community and businesses economic goals. The CEDS analyzes the local economy and establishes goals and objectives, develops a plan of action and outlines steps for implementation including identifying project and program priorities for the qualifying areas.

The CEDS is required by the Economic Development Administration (EDA) to apply for grant funds available nationally for use by cities. Typically the CEDS was completed by the County of San Diego as a regional document but has not been updated since 2002. These grant monies are very competitive and are dedicated to areas that have unemployment that is higher than the national average or per capita income that is lower than the national average according to the most recent Census Data. For the EDA, a successful CEDS would lead to programs that create higher-skill, higher-wage jobs; raises income levels; diversifies the economy; and improves the quality of life for an area.

The first step in applying for EDA funding is having the CEDS written and approved by City Council. The CEDS will then be submitted to the EDA for approval. Once EDA approval is received, applications can be made for EDA assistance for projects such as public works projects and economic adjustment assistance. In 2012 the first funding cycle deadline is September 15, 2011.

A report must be submitted annually to the EDA that discusses the CEDS implementation process, any adjustments that need to be made to the CEDS, reporting on the prior years' activities and accomplishments and evaluating the effectiveness of the CEDS in meeting the goals of the area.

## **ANALYSIS**

The CEDS process began at the November 2010 Economic Development Commission (EDC) meeting, with an update of Oceanside's statistical information. At that meeting the CEDS Ad Hoc Committee was formed. The CEDS Ad Hoc Committee is comprised of business leaders, community members, the Chamber of Commerce President, members of the EDC and staff.

The CEDS Ad Hoc Committee met four times. The first meeting was a charting of all the ideas that could help improve economic conditions in the City. The ideas were then organized into six broad categories: Image Enhancement; Planning; Financial Assistance; Tourism; Revenue or Job opportunities; and Infrastructure improvements.

In the second meeting each idea was ranked individually by every CEDS Committee member. Six criteria were used in ranking the ideas:

- Does the idea improve the City's Image or provide image enhancement?
- Does the idea help to increase the jobs to housing ratio?
- Does the idea bring additional sales tax, property tax or TOT revenue to the City?
- Does the idea improve the quality of life in Oceanside?
- Is the idea achievable?
- Does the idea require money to complete?

After ranking each idea the list was narrowed to the top fifteen projects then further narrowed to the top three projects that have a potential of being accomplished in the next five years IF federal EDA funding could be secured. The top three projects discussed in the CEDS are:

1. Access to Capital – Create a revolving loan fund to assist businesses with gap financing for new construction or tenant improvements to promote local investment.
2. Eliminate barriers to entry to investment in the business parks - Fund Gateway Improvement Projects along Oceanside and along College Boulevards that will enhance the entryways into the Oceanside Business Parks. Plans are on the shelf ready to build.
3. Evaluation of new employment land opportunities – Planning funds for the airport industrial area to determine if the area could yield more jobs to raise the jobs to housing ratio for Oceanside. Also, the area needs infrastructure

improvements such as curb & gutter, sidewalks, drainage and funding to eliminate non-conforming uses.

At the third CEDS Ad Hoc Committee meeting in March 2011, a draft of the CEDS report was presented, comments were taken and further analysis was completed. The final draft CEDS was presented to the CEDS Ad Hoc Committee in June 2011 at the final CEDS AD Hoc Committee meeting. The final Draft CEDS was then presented to the Economic Development Commission at its June 14<sup>th</sup> meeting; to Chamber of Commerce Public Policy Committee meeting on July 7, 2011; and to the Small Business Development Center at the June 27, 2011, Board Meeting.

**FISCAL ANALYSIS**

There is no direct cost at this time for approval of the CEDS. However, any items requiring expenditures, or any qualifying grant applications, will be brought separately to the City Council for consideration.

**CITY ATTORNEY'S ANALYSIS**

The City Attorney's analysis does not apply.

**COMMITTEE/COMMISSION REPORT**

The EDC approved the CEDS at the July 12, 2011, meeting.

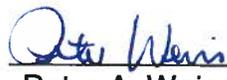
**RECOMMENDATION**

Staff and the Economic Development Commission (EDC) recommends that the City Council approve the Five Year Comprehensive Economic Development Strategy for Fiscal Years 2011-12 through 2015-16.

PREPARED BY:

  
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City Manager

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Attachment:

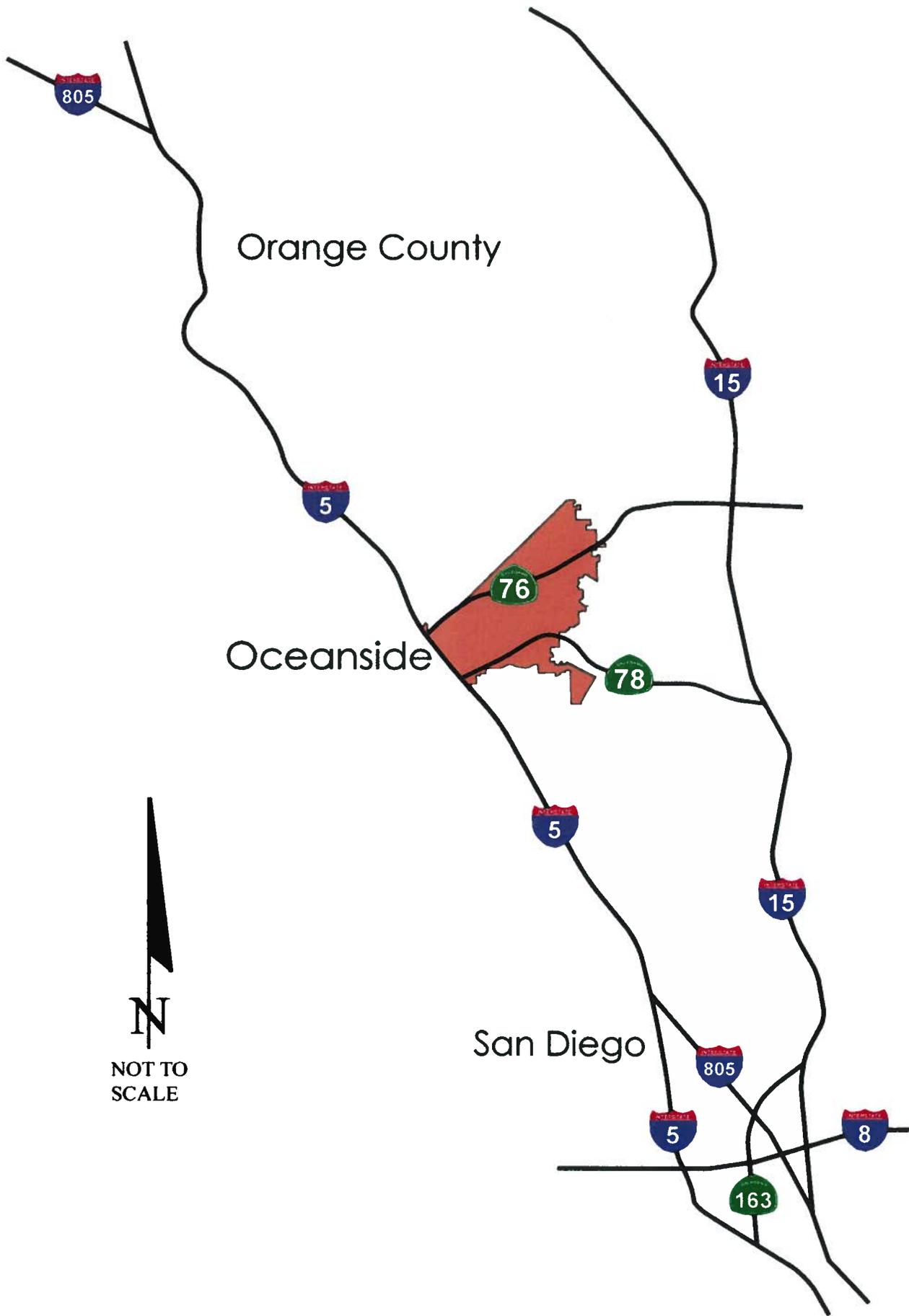
Five Year Comprehensive Economic Development Strategy (CEDS) FY 2011-12



2011

# CEDS REPORT

City of Oceanside



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# City of Oceanside

## Five Year Comprehensive Economic Development Strategy

### Beginning in Fiscal Year 2011-12 Through Fiscal Year 2015-16

#### INTRODUCTION

A Comprehensive Economic Development Strategy (CEDS) is required by the Federal Department of Commerce, Economic Development Administration (EDA) in order to be eligible for grant funding under its public works, economic adjustment and most planning programs and is a prerequisite for designation by the EDA as an economic development district, meaning the area has a plan in place for specific census areas to improve economic development in the region.

The Oceanside CEDS will set forth a course of action designed to create a sustainable economic environment in the City over the next five years and beyond, will serve as an update to the City's Economic Development Strategic Plan and has a special emphasis on establishing and encouraging strategic partnerships linking the many and varied sectors contributing to the prosperity of the community. The plan was developed with the Economic Development Commission, Oceanside Chamber of Commerce, local leaders and community members.

As part of the continuing economic development planning and implementation process, this report includes components of both the Oceanside Economic Development Strategic Plan that was completed in 1996 and approved in 1997 and the 2008 Economic Sustainability Study. The Strategic Plan included broad based community involvement from business leaders, community members and groups, advisory groups and the Economic Development Commission. The 2008 Economic Sustainability Study was developed by staff with input from a Ad-Hoc Committee of the Economic Development Commission.

The 2011 CEDS Report will focus on the next five years with an eye to the economic uncertainty of the period, and also to the economic viability and sustainability of the City over the next five years.

#### OCEANSIDE BACKGROUND

The City of Oceanside encompasses over 42 square miles and is the northern-most city in San Diego County with a 2011 population of 183,095 residents according to the 2010 California's Department of Finance estimates. The City is bordered on the west by 3.5 miles of beaches; a 1,960 foot wooden pier; a 1,000 slip harbor; a small airport with a 3,060 foot runway; 1,600 plus hotel rooms; beach cottages, row homes and mixed-use urban condos. The City stretches east approximately 9 miles and includes agricultural land, large master planned subdivisions and a number of older subdivisions including a significant number of senior only subdivisions. To the north is the west coast's largest Amphibian Marine Base, Camp Pendleton. Directly to the south is the city of Carlsbad and 20 miles south is San Diego, California.

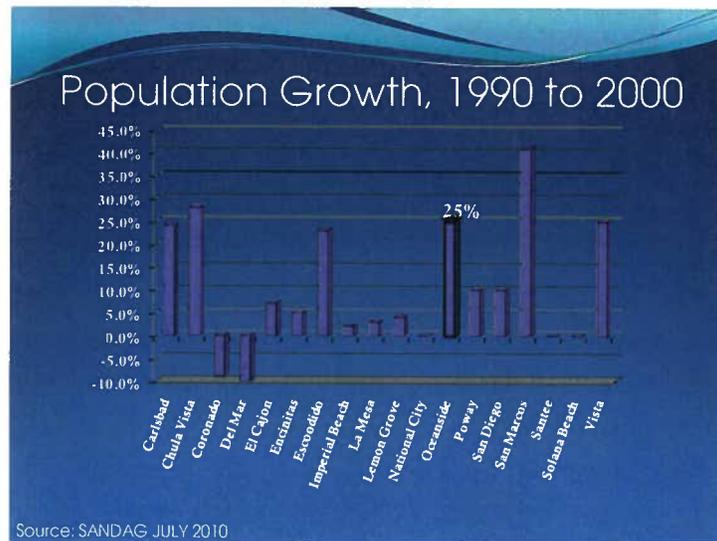
Oceanside has a good transportation system including the north-south freeway Interstate 5; running south-east Highway 78 connects to Interstate 15; and Highway 76 runs north-east to Interstate 15. Additionally, in the heart of downtown is a transit hub with access to Amtrak which travels north; the Coaster which links Oceanside to San Diego; the MetroLink that travels north to Los Angeles; the Sprinter that travels east to I-15; Breeze buses that travel throughout San Diego County; and Greyhound bus service.

Oceanside’s population and geography is very diverse with a wide range of age groups, ethnicities, and socioeconomic backgrounds. The geography of Oceanside is comprised of hills, creeks, valleys, farm land, and beaches. Oceanside has many small neighborhoods due to the topographical and geographical diversity. The purpose of the CEDS and update to the Economic Development Strategic Plan is to evaluate current demographics, economic and fiscal conditions and chart a path for economic sustainability over the next five years.

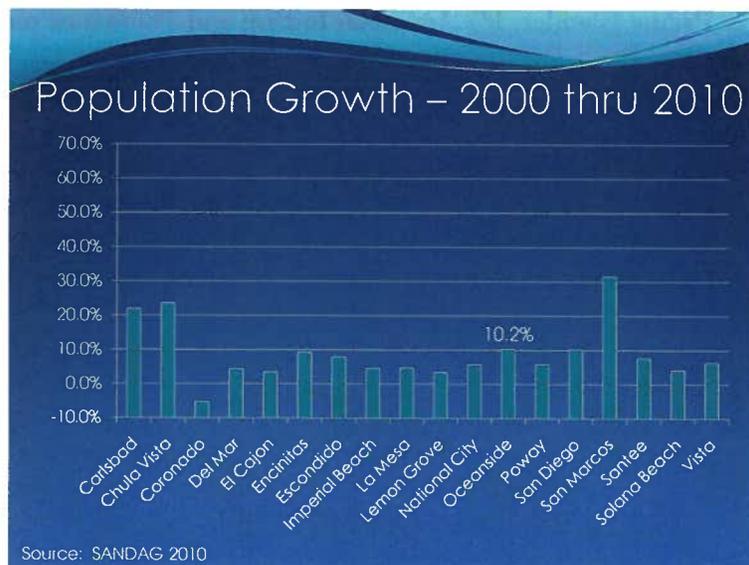
## OCEANSIDE DEMOGRAPHICS

### Population

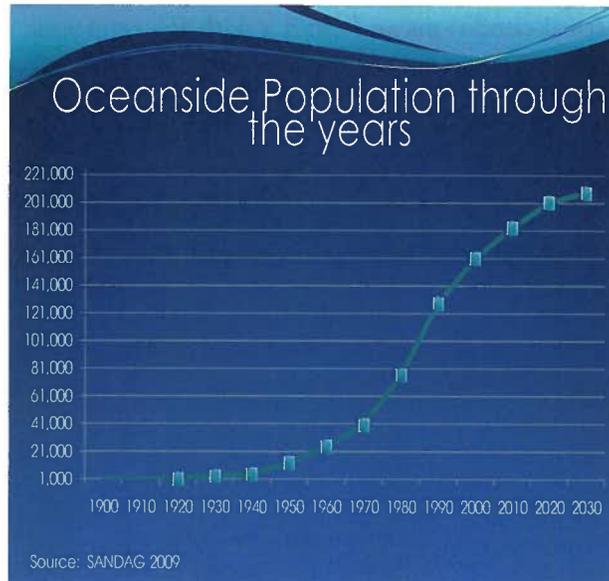
The City of Oceanside has experienced rapid population growth over the past 20 years. From 1990 to 2000 the population grew 25%.



From calendar year 2000 to 2010 the population grew by over 10%.



Oceanside's population is estimated by the San Diego Association of Governments, SANDAG, to reach over 200,000 people by 2030. The chart below reflects the historical population growth which is slowing down because the City is nearly built out.



Camp Pendleton Marine Corps Base is adjacent to Oceanside and has a large daytime and evening population on the boarder of Oceanside. Camp Pendleton has 41,130 military personnel stationed on the base, 37,768 family members living on the base, and a daytime population of 75,000 civilian employees and construction workers.

### **Ethnicity**

Oceanside is an ethnically diverse city. The ethnic breakdown of Oceanside is similar to the diversity within the San Diego region. According to 2010 SANDAG Fast Facts, San Diego's regional planning agency, Oceanside has an ethnic breakdown of approximately: 48% Caucasian; 36% Hispanic; 6% Asian; 4% African American; 1% Hawaiian & Pacific Islander; 1% American Indian; and 4% two or more races or other race.

### **Age**

The median age in Oceanside in 2011 is 34 years old and almost half of the population is 35 years and older. This is likely due to an aging national demographic, the change from a first time home buyer market to a move up market because more affordable housing is available in the north-eastern portion of San Diego County and in Riverside County, and that Oceanside has large subdivisions of senior only housing.



### Age Stratification

- Under 5 years.....8%
- 6 to 14 years.....5%
- 15 to 24 years.....14%
- 25 to 34 years.....14%
- 35 to 54 years.....27%
- 55 to 64 years.....9%
- Over 65 years.....13%

Source: Claritas 2010

### Education

Almost 85% percent of Oceanside’s residents over age 25 have attained a high school degree or higher education.

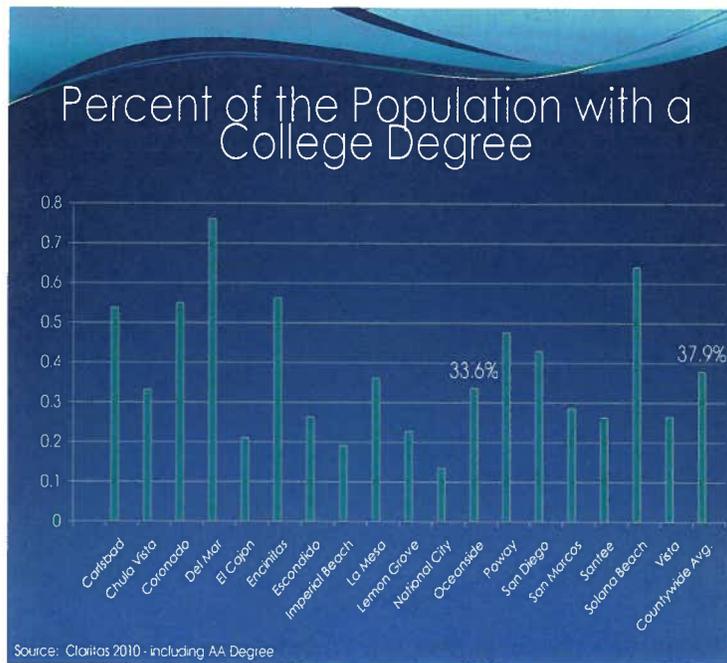


### Education Levels

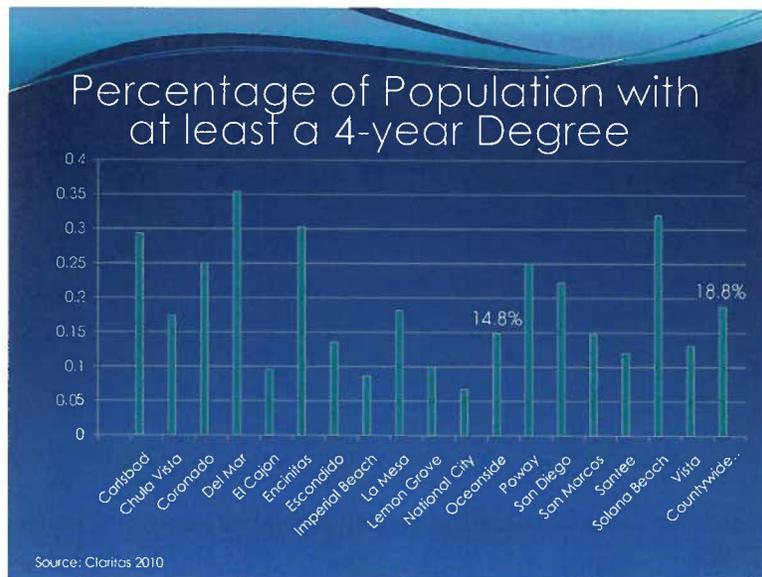
• Less than 9 <sup>th</sup> grade	8.93%
• Some High School no diploma	7.62%
• High School Graduate (GED)	22.51%
• Some College, no degree	26.13%
• Associate Degree	8.89%
• Bachelor’s Degree	16.96%
• Master’s Degree	5.78%
• Professional School Degree	1.95%
• Doctorate Degree	1.23%

Source: CLARITAS 2010

Oceanside residents with at least a two year college degree or higher education equals 33.6% compared to the Countywide average of 37.9%.



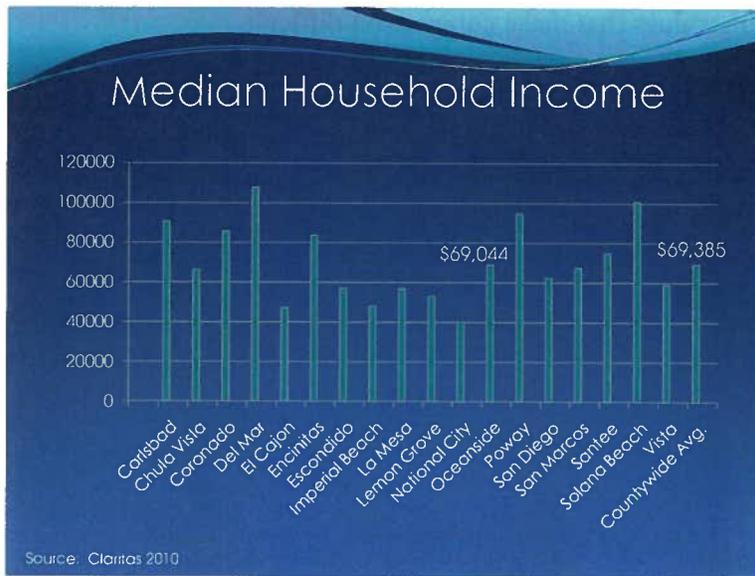
With a college degree defined as a 4-year degree or higher, 14.8% of Oceanside’s population has a 4-year degree compared to 18.8% countywide.



The City’s strategy to improve the educational attainment of Oceanside’s population is partnering with Mira Costa College, which is located within the City. The campus serves over 10,500 students per semester. Mira Costa College is also a major employer in the City with almost 1,000 full and part time employees.

## Income

Oceanside has a median household income of \$69,044 which is nearly the same as the countywide average of \$69,385.



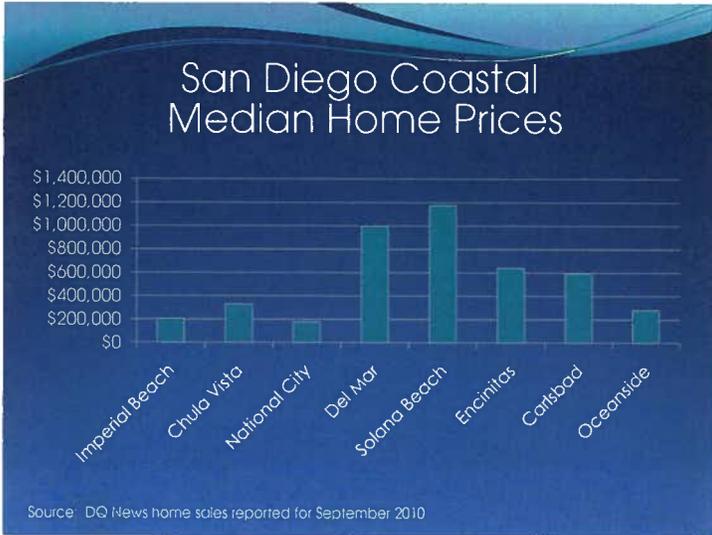
Oceanside’s median household income chart shows that 37% of residents make over \$50,000 but under \$100,000 per year. People who make over \$100,000 equals 25% of the population and 38% of the population makes less than \$50,000 annually.



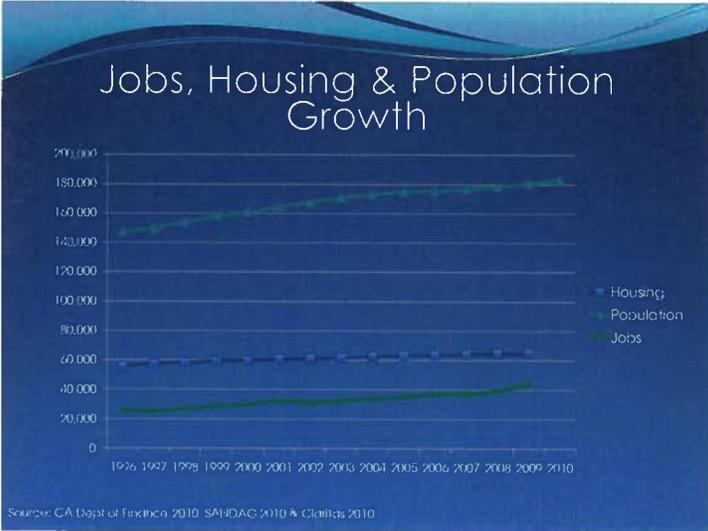
## Housing

Housing data reflects lower prices than the mid 2000’s due to the global recession. In addition, the number of foreclosures influences city wide price points as does the great diversity of housing ranging from oceanfront homes to production subdivisions, estate farms and affordable multi-family. However, when used as a

benchmark against other cities, Oceanside has one of the lowest median home prices for a northern San Diego coastal community. Oceanside’s median home value as of September 2010 was \$282,500, while Carlsbad, directly adjacent to the south, had a median home value of \$579,700 in that same time frame. Oceanside’s boundary runs nine miles inland and therefore has characteristics of both coastal and inland communities. In addition, Oceanside’s large size at 42 square miles and topographical diversity create small pockets of distinct housing values that make comparison difficult.



**Jobs to Housing Ratio**



As can be seen above, the number of jobs has almost doubled since 1996 from over 26,000 jobs to about 44,000 jobs in 2009. The population has steadily increased from 147,000 people in 1996 to 183,000 people in 2010. The number of housing units in 1996 was approximately 55,500 units and has grown to over 64,000 units in 2010. Even though the number of jobs have increased, so have the number of housing units and the population making Oceanside a bedroom community. This is reflected in Oceanside’s jobs to housing ratio

as reported by SANDAG which at .68, is the lowest in San Diego County. A jobs to housing ratio is the percentage of jobs for every house.

**Jobs to Housing Ratio**

City	Employment	Total Housing	Jobs to Housing Ratio
Carlsbad	61,999	43,784	1.42
Chula Vista	70,230	81,982	0.86
Coronado	27,994	9,763	2.87
Del Mar	4,065	2,683	1.52
El Cajon	41,686	34,869	1.20
Encinitas	26,985	25,387	1.06
Escondido	61,143	47,030	1.30
Imperial Beach	7,543	9,781	0.77
La Mesa	27,579	25,523	1.08
Lemon Grove	7,640	8,546	0.89
National City	28,743	17,037	1.69
<b>Oceanside</b>	<b>43,977</b>	<b>64,275</b>	<b>0.68</b>
Poway	31,176	16,290	1.91
San Diego	821,521	510,860	1.61
San Marcos	37,383	28,859	1.30
Santee	15,304	19,447	0.79
Solana Beach	7,533	6,563	1.15
Vista	41,315	30,569	1.35
Countywide	1,363,816	983,248	1.39

Source: SANDAG 2010

As shown in the Jobs to Housing Ratio chart above, Oceanside has the lowest jobs to housing ratio in San Diego County is lower than the Countywide average of 1.39. The City’s growth rate in housing will slow as the land supply shrinks. An important element of the strategy is to improve the jobs to housing ratio.

It is frequently asked if the jobs to housing ratio is artificially low due to the jobs on Camp Pendleton. That is not accurate it is the same as Oceanside residents who working in Carlsbad or any other neighboring city contributes to the low jobs to housing ratio. Oceanside needs to encourage businesses to locate in the City and one goal is to keep land in the City zoned for office and industrial uses.

**Industry Clusters**

The City makes a concerted effort to understand the local economy in order to set policy. To that end the City uses Labor Market Information Data to establish and monitor a trend line of industry clusters. Data monitored includes number of companies by industry, number of employees and wage rates.

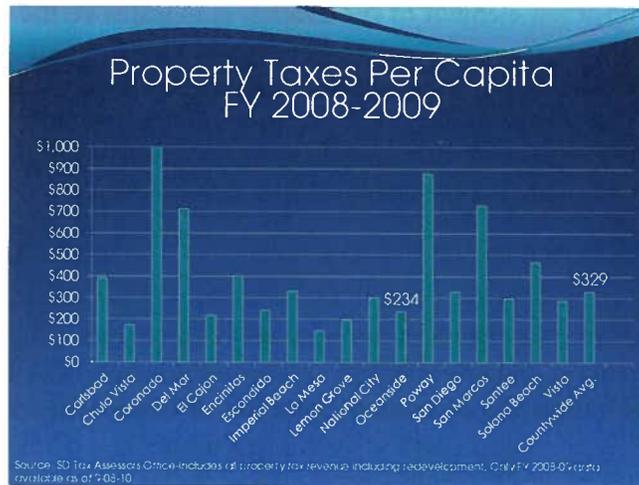
## Oceanside Economy

- Largest Industry Clusters
  - Retail (321)
  - Accommodation Food Service (270)
  - Professional Scientific (268)
- Highest Employee Numbers
  - Retail (5,778)
  - Accommodation Food Service (4,957)
  - Health Care (4,547)

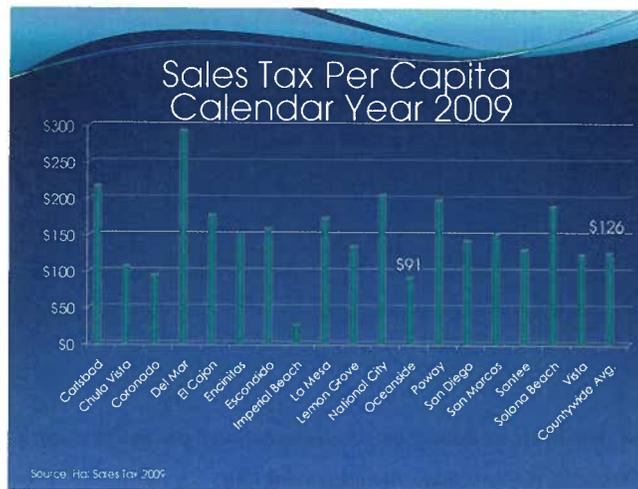
Source: State of California, 2<sup>nd</sup> Qtr. 2009

The largest industry clusters in Oceanside are retail, accommodation/food service and professional scientific. The largest employee numbers are in lower paying retail and food service industries. Efforts have been made in the past 15 years to create more jobs by retention and expansion of existing businesses, establishing master planned business parks so there are buildings for businesses to expand, working with industrial and office brokers to assist in the retention and expansion of local businesses, and shepherding projects through the development, entitlement processing and building permit process. In addition, the City has partnered with Mira Costa College to develop programs that help train future employees for local businesses.

### Tax Base



Due to lower housing values, on average Oceanside has lower property taxes paid per person compared with the County average. The chart above shows that Oceanside generates \$95 less in property taxes per person than the average throughout the County.



Oceanside also has lower sales taxes paid per person compared with the County average. The chart above shows that Oceanside generates \$91 in sales tax per person compared to the countywide average of \$126 per person. This is due to sales tax leakage to nearby communities that have large regional car dealerships areas, which Oceanside does not; a large regional mall which Oceanside does not; and sales tax leakage to Camp Pendleton. This lower tax base means Oceanside has less funding to provide services to the public such as police, fire, libraries, parks and capital projects.

Oceanside’s challenges looking forward five years include: A Citywide unemployment rate of 9.9% as of January 2011; lower education levels; lower median household incomes; lower housing values on average; a jobs to housing ratio much lower than the County average; and lower property and sales tax revenue to provide services and maintain infrastructure, when compared to other cities in San Diego County. Further explanation of these issues and the process to identify them is defined in the section titled ANALYSIS OF ECONOMIC DEVELOPMENT PROBLEMS AND CONCERNS.

## CENSUS DATA

The Economic Development Administration (EDA) is required to qualify Comprehensive Economic Development Strategies (CEDs) based upon specific criteria. The CEDs area is within the City of Oceanside and shown on the map on page 16. To qualify for EDA Grants the Census Tract data must demonstrate that the unemployment rate is 1% higher than the national average OR per capita income is 80% of the national average. The data that is required is the most recent two years of Census Data averaged for both the City and the Nation which is the 2008 and 2009 data from the American Community Survey 1-Year Estimate. Below is the Citywide data compared with the National data.

### American Community Survey 1-year Estimate Citywide Qualification

	<u>National</u>	<u>Oceanside</u>	
Per Capita Income 2008	\$27,589	\$27,300	
Per Capita Income 2009	\$26,409	\$27,189	
<b>24 mo. Average (1)</b>	<b>\$26,999</b>	<b>\$27,245</b>	Does not qualify
Unemployment 2008	6.40%	8.90%	
Unemployment 2009	9.90%	11.30%	
<b>24 mo. Average Unemployment (2)</b>	<b>8.15%</b>	<b>10.10%</b>	Qualifies but is not competitive

**2005 - 2009 Economic Characteristics, American Community Survey 5-year Estimates**

2005-2009 Economic Characteristics	<u>National</u>	<u>Qualifying Amount to Compete</u>	
Per Capita Income (1)	\$27,041	\$21,633	80% of National Average
Unemployment (2)	7.20%	9.20%	2% higher than National Average

(1) To be eligible and competitive the data must be 80% or less than the national per capita income to receive funding.

(2) To be eligible the data must be 1% above the national Unemployment rate.

To be competitive the data must be at least 2% above the national unemployment rate.

The data was then broken down by Census Tract using the 2005-2009 American Community Survey 5-year estimate for 2009. The EDA requires all CEDS to use this data to ensure fairness when awarding funds. For a CEDS to be eligible and competitive the Census Data for the CEDS area must be 80% or less than the national per capita income and the eligible unemployment rate must be 1% or higher unemployment rate but 2% or higher to be competitive. To be competitive for grants the unemployment in the CEDS area must be two percentage points or higher than the national unemployment rate and the per capita income must be 80% or less than the national average.

The Table below shows all of the Oceanside Census tract numbers and the corresponding estimates for per capita income and unemployment rate in each census tract within the City. If the column shows “Qualifies” the Census tract would qualify for EDA grant funding for the specified criteria; if the column shows “Non-Qualifying” the Census tract would not qualify for EDA grant funding for the specified criteria.

### Oceanside Census Data by Census Tract

Oceanside Census Tract	2005-2009 Per Capita Income (1)	PCI is less than or equal to 80% of National	2005-2009 Unemployment Rate (2)	Unemployment Rate 9.20% or higher than National
181	\$41,841	Non-Qualifying	8.73%	Non-Qualifying
182	\$18,387	Qualifies	8.77%	Non-Qualifying
183	\$34,928	Non-Qualifying	15.19%	Qualifies
184	\$22,918	Non-Qualifying	9.71%	Qualifies
185.04	\$39,668	Non-Qualifying	5.22%	Non-Qualifying
185.07	\$24,758	Non-Qualifying	15.43%	Qualifies
185.09	\$17,112	Qualifies	11.31%	Qualifies
185.1	\$24,726	Non-Qualifying	6.84%	Non-Qualifying
185.11	\$22,482	Non-Qualifying	11.93%	Qualifies
185.12	\$23,082	Non-Qualifying	23.47%	Qualifies
185.13	\$33,270	Non-Qualifying	13.32%	Qualifies
185.14	\$28,753	Non-Qualifying	9.02%	Non-Qualifying
185.15	\$39,562	Non-Qualifying	8.51%	Non-Qualifying
185.16	\$25,516	Non-Qualifying	15.19%	Qualifies
185.17	\$24,494	Non-Qualifying	14.64%	Qualifies
185.18	\$18,714	Qualifies	12.67%	Qualifies
185.19	\$18,548	Qualifies	13.87%	Qualifies
186.01	\$32,811	Non-Qualifying	3.53%	Non-Qualifying
186.03	\$20,039	Qualifies	10.24%	Qualifies
186.07	\$23,499	Non-Qualifying	8.64%	Non-Qualifying
186.08	\$34,625	Non-Qualifying	6.82%	Non-Qualifying
186.09	\$20,636	Qualifies	11.10%	Qualifies
186.1	\$21,083	Qualifies	9.63%	Qualifies
186.11	\$28,765	Non-Qualifying	7.84%	Non-Qualifying
186.12	\$25,109	Non-Qualifying	16.40%	Qualifies
193.01	\$31,205	Non-Qualifying	12.55%	Qualifies
193.02	\$28,438	Non-Qualifying	11.52%	Qualifies
193.03	\$28,811	Non-Qualifying	9.90%	Qualifies
194.03	\$20,429	Qualifies	7.74%	Non-Qualifying
198.03	\$32,582	Non-Qualifying	9.66%	Qualifies
198.05	\$24,785	Non-Qualifying	9.88%	Qualifies
198.07	\$34,520	Non-Qualifying	10.49%	Qualifies

- (1) Data Source: 2005-2009 American Community Survey 5-Year Estimate - B19301.Per Capita Income in the past 12 months (In 2009 Inflation-Adjusted Dollars)
- (2) Data Source: 2005-2009 American Community Survey 5-Year Estimate – B23001.Sex by Age by employment status for the population 16 years and over.

As mentioned above the EDA will certify Census Tracts if the per capita income is 80% below the national per capita income OR if the unemployment rate is 1% higher than the national averages but to be competitive the unemployment rate must be 2% higher than the national average.



## ANALYSIS OF ECONOMIC DEVELOPMENT PROBLEMS AND CONCERNS

In 2010, a CEDS group was formed as an Ad-Hoc Committee of the Economic Development Commission, EDC, consisting of local business leaders, business owners, the Oceanside Chamber of Commerce, tourism leaders, bankers and Economic Development Commissioners. Since the original Economic Development Strategy was approved in 1997, the City has been utilizing it as a road map and has been committed to completing the goals and tasks identified at that time. In 2008, the EDC completed the Sustainability Study which updated data, identified new challenges and issues and created a Dashboard of Variables to measure performance.

### 2008 Economic Sustainability Concerns

- A. The jobs to housing balance is significantly below the regional average.
- B. The impact of insufficient jobs forces people to commute, to bear the expense of commuting and likely increases City expenditures for social services.
- C. Median household income is below average in relation to other cities in coastal San Diego County as well as the Highway 78 corridor.
- D. Education levels play a key role in median household income
- E. Oceanside has lower housing prices compared to other San Diego coastal cities and the Highway 78 corridor, therefore impacting property tax revenue.
- F. The amount of sales tax revenue per capita is significantly lower than that of other cities.

In 2008, the EDC also recommended:

### 2008 Economic Sustainability Recommendations

- A. Maintain the integrity of office and industrial zoned property to assure land to create quality employment opportunities.
- B. Identify new office sites to house higher paying employment opportunities.
- C. Re-evaluate zoning ordinances to minimize/eliminate non job creating uses within business parks.
- D. Need to attract high-end development & high paying jobs.
- E. Retain sales tax revenue producing land uses.
- F. Identify new hotel sites in order to achieve greater Transient Occupancy Tax.
- G. Continue investing in infrastructure and assure transportation effectiveness.
- H. Re-evaluate current zoning and pursue new revenue generating opportunities.
- I. Utilize a “Dashboard” of economic indicators for all decisions affecting the long term economic sustainability of the City.

Out of the Sustainability Study came six main areas that are key to Oceanside’s long term Economic Sustainability. Listed below are the 6 key indicators that are known as the “Dashboard” to gauge continuing economic success. These “Dashboard” indicators are constantly monitored and used by the Economic & Community Development Department, other departments and City Council as a reference point to ascertain if Oceanside is accomplishing its economic goals:

1. Increase the Jobs to Housing Ratio to at least a 1:1 ratio
2. Increase Transient Occupancy Tax Revenue by adding 100 additional rooms per year
3. Make Downtown a “Super” Destination by building a destination hotel and complete development in the core blocks
4. Increase office space per capita to 8 sq. ft per capita over a 10 year period
5. Increase Sales Tax Revenue and Sales Tax per capita
6. Benchmark Commercial Processing Time and improve annually

The CEDS Committee was formed in late 2010 as a Ad-Hoc Committee of the Economic Development Commission and includes the Oceanside Chamber of Commerce, local business leaders, tourism leaders, bankers, and community members.

Several meetings were held with the CEDS Ad-Hoc Committee. The committee reviewed current Oceanside data and identified a number of areas of concern for long term economic sustainability. The 2010 data review is attached to this document as Appendix A.

Based upon these issues, areas of concern and specific tasks for the items were grouped into six categories including Image, Planning, Financial Services, Tourism, Revenue/Job Opportunities and Infrastructure. Under each category several specific projects or programs were discussed.

#### **Image**

- 1) Revitalize the 200 block of Coast Hwy.
- 2) Coast Hwy. Beautification
- 3) Review Processes to affect efficiency measures
- 4) Underground utilities throughout the City
- 5) Image Campaign and branding for the City
- 6) Façade Improvement Program including historic properties

#### **Planning**

- 1) Implement Coast Hwy. Vision Plan
- 2) Evaluate underperforming retail areas and plan revitalization of the areas
- 3) Evaluate pockets of blight
- 4) Evaluate old functionally obsolete industrial areas and plan for revitalization
- 5) Implement Oceanside Blvd. Vision Plan

#### **Financial Services**

- 1) Access to capital
- 2) Revolving Loan Program

#### **Tourism**

- 1) Quiet Zone to improve tourism
- 2) Lack of hotel sites
- 3) No conference meeting facilities in town
- 4) Improvements to the Beach facilities
- 5) Re-evaluate Harbor Specific Plan opportunities
- 6) Evaluate public restrooms, construct, maintain and keep secure

#### **Revenue / Job Opportunities**

- 1) Funding to purchase old empty buildings
- 2) Surface intermittent parking lots along Coast Highway
- 3) Establish and maintain relationships with Camp Pendleton Marine Corps Base
- 4) Identify defense industry opportunities
- 5) Build El Corazon
- 6) Create vision/goal to create new money (sports teams at El Corazon)
- 7) Business Incubator Executive Office Suites

#### **Infrastructure**

- 1) Evaluate water availability opportunities including desal/wastewater
- 2) Identify lacking infrastructure

The committee then developed criteria which would address the City’s shortcomings identified in the data review. These included:

- Did the item provide image enhancement?
- Does it increase the jobs to housing ratio?
- Does it increase sales tax, property tax or transient occupancy tax revenue to the City?
- Does it increase the quality of life for residents?
- Is the program achievable? Does the program require money?

The result was a short list of 15 projects and programs the CEDS Committee believes will bring the most value to the community.

<b>CEDS Committee Top Fifteen Priorities</b>	
1	Revolving Loan Fund to assist businesses
2	Eliminate barriers to investment in Business Park Areas – Public improvements for Gateway Enhancement
3	Planning Study to evaluate the Airport Industrial area - Old functionally obsolete WWII area (curb, gutter, sidewalks, flooding issues, non-conforming uses)
4	Beach Improvements (Amphitheatre)
5	Re-Evaluate Harbor Specific Plan opportunities
6	Image Campaign/Branding for Oceanside
7	Quiet Zone to improve tourism
8	Surface intermittent parking lots on Coast Hwy.
9	Create Vision/Goal to make new \$ for the City (sports teams at El Corazon, other)
10	Identify lacking infrastructure & research a method to fund improvements
11	Review Processes to affect Efficiency Measures
12	Evaluate water availability opportunities including desal/wastewater
13	Implement Coast Hwy. Vision Plan
14	Identify Defense Industry opportunities.
15	Implement Oceanside Blvd. Plan

The CEDS Committee further prioritized the top 15 to identify the three most important issues to address over the next five years:

- Access to Capital
- Eliminate barriers to entry to investment in the Oceanside Business Park Areas
- Evaluation of new employment land opportunities

## CEDS GOALS AND OBJECTIVES

As the outcome of the process to identify all variables, strengths, and weaknesses that would affect the long term economic development of Oceanside, the CEDS Committee determined the following goals and objectives:

- Facilitate the retention and expansion of existing businesses and recruit and assist new prospective businesses to the City to improve the jobs to housing ratio.
- Create new programs to assist existing businesses, to retain jobs and lower the unemployment rate.
- Evaluate alternate sources of capital to assist small businesses.
- Eliminate barriers to entry to investment in the business park areas in the City of Oceanside.
- Evaluate areas of opportunity to determine if revitalizing the areas will assist in improving the jobs to housing ratio to ensure the future economic viability of the City.

## COMMUNITY & PRIVATE SECTOR PARTICIPATION

In 1996, the City of Oceanside contracted with two consultants to work with the City, Chamber of Commerce and community members, business leaders and other interested parties to formulate an Economic Development Strategic Plan for the City. The work was completed and approved in February 1997, and as part of that effort the Economic Development Commission, EDC, an Advisory body to the City Council was created. In addition, in 1997 an Economic Development Department was created and staffed. The 1997 Economic Sustainability Study is attached as Appendix B.

Since that time, staff and the EDC have generally followed the strategies contained in the Strategic Plan. As goals have been achieved, added or amended, the Strategies, Goals and Objectives have been modified accordingly.

In 2008, Economic Development staff, in conjunction with the EDC, Chamber of Commerce, Community Groups, and stakeholders developed the Sustainability Study. The study was conducted to benchmark existing statistics about the City's demographics, revenue production and other variables affecting the City's long term economic sustainability. In addition, through the participation of the EDC and further analysis conducted, areas of weakness were identified and quantified. The end product was a series of conclusions regarding the state of the Oceanside economy and goals identified by the EDC. Those goals were represented as a Dashboard for the City to use for guidance through the decision making process on issues that would affect the long term economic sustainability of the City.

Five of the CEDS Committee members were participants in the 2008 Sustainability Study and the 1997 Economic Development Strategic Planning process. The five original participants are:

- David Nydegger, Oceanside Chamber of Commerce - Public
- Howard La Grange, Business Owner - Private
- Jim Schroder, Property Owner - Private
- Kevin Stotmeister, Manufacturing business executive - Private
- Jane McVey, Economic & Community Development Director – Public

The remaining CEDS Committee Members are:

- David Morris, Banker - Private
- Terry Bryan, Local business representative - Private
- Tracey Bohlen, Economic Development Coordinator – Public

The 2010 CEDS Ad Hoc Committee, listed above, is made up of 8 persons; 6 men and 2 women, with 5 members being from the private sector and 3 members being from the public sector, making 62.5% of the CEDS Ad Hoc Committee being from the private sector.

In addition to the CEDS Committee Members, this report was presented to several local boards to gain input and agreement on the goals and programs recommended. The following Boards or Commissions that were included in the CEDS public participation process: Economic Development Commission Meeting in June 2011; Oceanside Chamber Of Commerce Public Policy Meeting in July 2011; and to the North County Small Business Development Center in June 2011 which included a representative from the Mira Costa College Business Advisory Group, Tom Severance and the Mira Costa College President, Francisco Rodriguez. The CEDS Committee, Boards and Commissions have agreed that the Goals and Objectives presented in the next section of this document are vitally important to Oceanside with the programs, projects and activities listed below in CEDS Plan of Action section being the first steps in achieving the Goals and Objectives.

## 2011-2016 STRATEGIC PROJECTS, PROGRAMS AND ACTIVITIES

The Oceanside CEDS Committee has identified programs and projects to retain and expand businesses, ensure that jobs are created and retained in Oceanside, to locate businesses in the City and continue to grow the revenue base for the City. Oceanside is looking at vital programs and projects to assist in the area's growth.

GOAL: Evaluate alternate sources of capital to assist small businesses.

1. Establishing a Revolving Loan Fund

The CEDS Committee recommends retaining and expanding the companies that are located in the City of Oceanside. To do this Economic Development and the Economic Development Commission (EDC) manage a Business Retention Program where staff and EDC members contact large and small businesses in Oceanside on a monthly basis. The companies are asked how their business is doing, if they plan on hiring or expanding employees or facilities and what issues or challenges they are facing.

If the companies express concerns about particular problems where assistance is needed, staff will refer the companies to available resources. If they need help with business strategies, or wanting to gain government contracts they are referred to the Small Business Development Center. If the companies are training or hiring new employees the North County Career Center can help them. If a manufacturing company needs assistance with streamlining, cost cutting or process improvements they are referred to the California Manufacturing Technology Consulting group. All of these agencies provide services at little or no cost.

A concern the City of Oceanside encounters in helping businesses is a request for short term financing solutions. This could be for anything the business needs from having to install a new grease trap or hood system, to businesses needing a bridge loan for construction of a building. The State of California offers virtually no financial assistance to small businesses and there are no Oceanside specific funding sources for Oceanside businesses. The credit crunch has severely impacted small local companies that want to expand and are growing but need the capital to assist them. Oceanside would like to help these businesses grow by offering a small Revolving Loan that would have a low interest rate and a maximum of a seven year term to pay it back. For every \$50,000 loan either one new job must be created or two jobs retained keeping in line with the SBA 504 loan program. When the application for grant funding is made the program concept will be more fully developed.

GOAL: Eliminate barriers to entry to investment in the business park areas in the City of Oceanside and create programs to reduce or eliminate.

2. Eliminate barriers to entry to investment in Oceanside Business Parks

Some businesses looking at locating in Oceanside have expressed concerns about investing in the area and maintaining their investment due to the image the entryways present. Green-tech and high-tech companies are very image conscious and a good impression for customers and vendors is important. To induce businesses to invest in the City it is imperative that the routes to the major business park areas are improved.

Economic Development staff and commissioners receive feedback from users and brokers that Oceanside Blvd. and College Blvd., the roadways to the main business parks, are a detraction to businesses initially wanting to locate in Oceanside. This program request is to fund needed infrastructure improvements to Oceanside Blvd. and to College Blvd. The City has paid to develop plans for both areas and now needs funding to implement the plans. The majority of the cost for

Oceanside Blvd. is to construct sidewalks from the Sprinter stations (a commuter rail line) and bus stops to employment areas. The City will track the number of new jobs created as a result of the infrastructure improvements and will have a goal of 1,000 new jobs in Oceanside.

GOAL: Evaluate areas of opportunity to determine if revitalizing the areas will assist in improving the jobs to housing ratio to ensure the future economic viability of the City.

3. Planning Study for the Airport Industrial area of Oceanside.

The last vital area of concern for the CEDS committee is the Airport industrial area in Oceanside. Oceanside has a small airport with a 3,060 foot runway located along Highway 76 in the old industrial area of Oceanside which limits development due to the flight path. The Airport Industrial area is made up of older industrial buildings. This area has several challenges including: drainage problems that cause flooding; water and sewer lines need to be replaced; overhead utility lines that require undergrounding; and the area has no curb, gutter, or sidewalks. When Highway 76 was built, the back portion of the industrial park became the front and access became restricted. The storage areas are now facing the highway making the area unattractive. This area needs to be re-evaluated to further the City's long term economic sustainability goals. The first step would be a planning study that would reinvent this vital area and once implemented would encourage companies to locate in the area thereby creating additional employment opportunities and improving the jobs to housing ratio.

## CEDS PLAN OF ACTION

The EDC based CEDS Committee presented this document to the Economic Development Commission, Oceanside Chamber of Commerce, Public Policy Committee and the Small Business Development Center Board meeting which included participants from Mira Costa College. Once all input has been received and the final document is prepared it will be presented to the Oceanside City Council for approval. After that the CEDS will be submitted to the Economic Development Administration for certification.

At the time all the approvals are received staff will work on the following programs and projects.

1. Develop guidelines for a Revolving Loan Fund and present the program and funding options to the CEDS Committee, Economic Development Commission and City Council. The goal would be to request funding from EDA and have a loan program in place before the end of 2012. The Revolving Loan Program would be developed and tracked to ensure at least 1 new job is created or 2 jobs retained per \$50,000 loaned. The program would be structured to assist local businesses with expansion or retention opportunities first and could secondarily help new businesses locating in Oceanside.
2. Eliminate barriers to entry to investment in Oceanside Business Parks by requesting funding from EDA for two public improvement plans that are on the shelf and ready to go to bid. One in on Oceanside Blvd from I-5 (Interstate 5 freeway) two miles inland to Crouch Street, the estimated project cost is \$450,000. The second is on College Drive from Waring Road to Roselle Street. The goal is to request EDA funding in early 2012 and begin construction by the end of 2012. Staff will track the number of companies and jobs that are created in the business park area once the improvements are in place with a goal of 1,000 new jobs. The roadways will be more functional and appealing as a result of the infrastructure improvements helping business owners to make the decision to locate in Oceanside.
3. To start the planning process for the Airport Industrial area the City would apply to fund a planning grant from the EDA. The second phase would require additional funding to process general plan amendments and zoning changes to the area. Staff would also identify infrastructure projects and try to secure funding to prepare public improvement plans. The initial five year focus will be to develop a

planning document and process the general plan and zone amendments. Over time this project will bring additional jobs and businesses to the area, will improve pedestrian pathways and better transportation access to the area, and will enhance and protect the environmental areas around the San Luis Rey River. The goal is to request funding from EDA in late 2012 for the initial planning process. If funding is received, staff will develop an RFP to hire a consultant and begin the process in 2013. The initial phase of determining the new zoning and look of the Airport Industrial area may take up to a year to complete.

## PERFORMANCE MEASURES

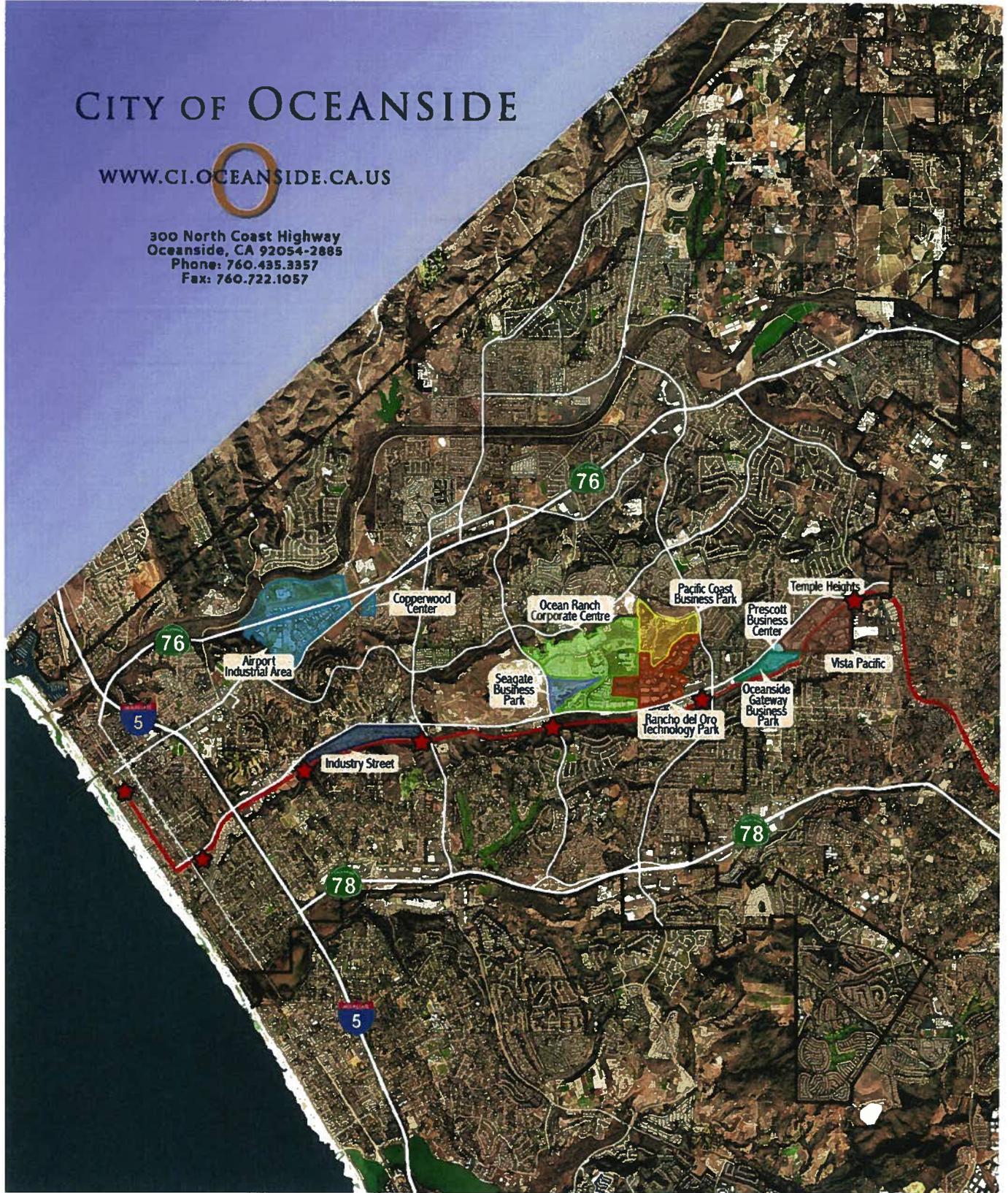
To measure the Plan's effectiveness over the next five years the Economic Development Department will continue to evaluate the number of jobs created (including primary employers, and the jobs-to-housing balance, square foot of the following data are submitted:

	2011-12	2012-2013
Total Number of New Jobs Created	_____	_____
Number of New Businesses	_____	_____
Square Feet of construction		
Industrial/Office	_____	_____
Retail	_____	_____
Property Tax		
Secured	_____	_____
Unsecured	_____	_____
Taxable Sales	_____	_____
New Hotel Rooms Added	_____	_____
Transient Occupancy Tax	_____	_____

# CITY OF OCEANSIDE

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# Appendices

A. 2008 Sustainability Study

B. 1997 Strategic Plan

(Both documents are available for review in the City Manager's Office)

