

City of ceanside



Wyndham Timeshare/Hotel



CityMark

Biennial Operating Budget Fiscal Years 2008-2010

California

www.ci.oceanside.ca.us

The Wyndham Timeshare/Hotel project, located at the foot of the pier, opened in January 2008. It includes 136 timeshare units, 32 hotel units, as well as restaurant, commercial and retail space.

The proposed CityMark Development project is located within five city blocks in the core downtown Oceanside area which will include 231 condominium units, 124 hotel units, as well as 48,000 square feet of retail and commercial space.



Biennial Operating Budget Fiscal Years 2008-2010

**Mayor
Jim Wood**

**Deputy Mayor
Rocky Chavez**

**Council Members
Jack Feller
Jerome Kern
Esther Sanchez**

**City Manager
Peter A. Weiss**

**Director of Financial Services
Teri Ferro**

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Mayor



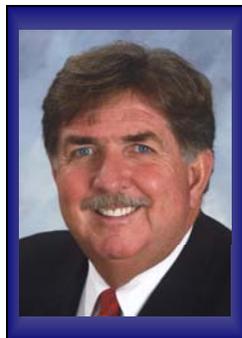
Jim Wood

Deputy Mayor

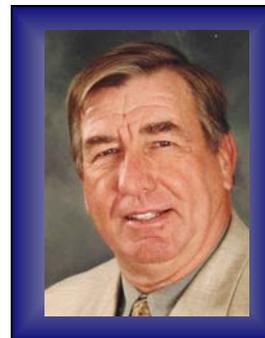


Rocky Chavez

Council Members



Jack Feller



Jerome Kern



Esther Sanchez

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TABLE OF CONTENTS

Introduction

Transmittal Letter	1
City Officials	11
Organizational Chart	13
Mission Statement	14
Map of Oceanside	15
Demographics	16
City History	18

Financial Schedules

Description of Funds	21
Fund Balance Projections	22
Revenue Summary by Fund	24
Revenue Sources by Fund	25
Revenue Sources by Type	27
General Fund Revenues	33
Expenditure Summary by Category	34
Expenditure Sources by Fund	35
Expenditure Sources by Department	37

General Government

City Council	39
City Clerk	43
City Treasurer	48
City Manager	51
City Attorney	57
Finance	61
Human Resources	66
Non-Departmental	72

Public Safety

Police	77
Fire	87

Public Works	95
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TABLE OF CONTENTS

Community Development	
Development Services	103
Community/Cultural Services	
Neighborhood Services	111
Economic and Community Development	127
Library	138
Enterprise Funds	
Water Utilities	145
Sewer	153
Solid Waste Disposal	160
Airport	165
Harbor & Beaches.....	169
Appendix	
Authorized Position Schedule	175
Budget Process	189
Budget Calendar	192
Resolutions	193
GANN Appropriations Limit	197
Sample Property Tax Bill	199
General Fund Revenue Sources	200
General Fund Revenues Trend Analysis	204
General Fund Expenditures Trend Analysis	205
Comparative Data to Surrounding Cities	206
Tax Comparisons	207
Current Debt Obligations	210
Schedule of Estimated Transfers	212
Acronyms	214
Glossary of Terms	215
Index	222



TRANSMITTAL LETTER

July 1, 2008

Honorable Mayor and City Council:

I am pleased to present the City of Oceanside's adopted operating budget for Fiscal Years 2008-2009 and 2009-2010. This budget document has been developed to serve as the City's monetary statement of program and service delivery for the next twenty-four months. The document includes departmental mission statements, service descriptions, major accomplishments, and future objectives. The document also includes an overview of the City's finances and related budget issues to encourage utilization of this document as a communication device, financial plan, policy tool and operations guide for the City Council and citizens of Oceanside.

The adopted budget has been prepared in accordance with local ordinances, state statutes and professional standards defined by the Governmental Accounting Standards Board (GASB). In light of the ongoing State and Federal economic issues, each department (except police and fire) was given direction to prepare a "roll-over" operating budget. This has been accomplished while taking every care to preserve the essential core services that our citizenry rightfully expects, as well as maintaining focus on the City Council's priorities of Public Safety, Economic Development, Quality of Life, and Mobility & Transportation. The following list identifies specific goals and departmental initiatives to comply with the Council's priorities:

Public Safety

- Update Oceanside Police Department's strategic plan
- Complete the draft of the Crown Heights Neighborhood Revitalization Strategy Area
- Create a current list of gang prevention and intervention efforts taking place in Oceanside through the Oceanside Community Safety Partnership
- Complete the Oceanside Fire Department Strategic Management Organizational Plan
- Transition Oceanside lifeguards from the Harbor Department to the Oceanside Fire Department
- Complete and adopt the 2007 Oceanside Fire Code

- Develop a high rise training program for Oceanside Fire Department
- Continue the Oceanside Fire Department Customer Service Training Program
- Develop an Oceanside Fire Department Community Outreach Program
- Develop a plan for a permanent police training site

Economic Development

- Add 100 new hotel rooms in Oceanside
- Obtain all necessary authorizations for the Oceanside Beach Hotel
- Complete the CityMark Downtown Mixed Use Project
- Reissue the request for proposal for the environmental impact report and entitlements for the Parking Garage #2 at Cleveland Street and Civic Center Drive
- Conduct an assessment of facilities for the Waterfront Improvement Project
- Negotiate purchase and sale agreement with Costco
- Complete Master Planning effort for Oceanside Boulevard Corridor
- Complete Vision and Strategic Planning effort for Coast Highway
- Complete City Golf Course Alternative Study
- Streamline development review process
- Encourage new development to implement more efficient and sustainable land use and building practices

Quality of Life

- Approve the environmental impact report and specific plan for El Corazon and develop a request for proposal for the site
- Complete construction of Fire Station 7
- Develop a plan to introduce Alternative Fuel Vehicles to non-public safety users
- Change worker order tracking system to an on-line service request program
- Develop the Senior Citizen Transportation Program
- Complete the Master Plan for Joe Balderrama Recreation Center
- Complete the construction of Mance Buchanon Park
- Expand the Human Resources Volunteer Program



TRANSMITTAL LETTER

- Design and implement a Citizen's Academy
- Implement self-check and RFID (radio frequency identification) at libraries
- Implement the market based service model at both libraries
- Complete El Corazon Senior Center
- Develop a location plan for a permanent green waste facility

Mobility and Transportation

- Start construction of El Camino Real median landscaping
- Start construction of Oceanside Boulevard Gateway landscaping
- Continue construction of Pacific Street Bridge
- Complete the environmental review for Melrose extension
- Complete the circulation element update

A summary of the adopted FY 2008-2010 budget is provided in Table 1, and additional detail will be discussed later in this message.

All Funds	Adopted FY 08/09	Adopted FY 09/10
Revenues	\$353,945,841	\$357,092,295
Expenditures	\$356,211,112	\$338,977,373
Surplus/(Use of Reserves)*	(\$2,265,271)	\$18,114,922

(*Adopted FY 08/09 expenditures reflect the use of reserves and carry-over fund balances for one-time capital projects.)

Table 1

The City of Oceanside accounts for various funds that have been segregated to track their financial activities. Each of these funds is considered an autonomous accounting entity, established in accordance with legal and professional accounting standards. To gain a better understanding of the adopted budget, Table 2 reflects the adopted budget by fund type.

Appropriations	Adopted FY 08/09	%	Adopted FY 09/10	%
General Fund	\$120,378,492	33%	\$125,327,685	37%
Special Funds	\$44,344,894	12%	\$34,168,906	10%
Debt Service	\$5,765,969	2%	\$5,882,952	2%

Capital Projects	\$10,092,416	3%	\$3,059,631	1%
Enterprise	\$107,309,263	30%	\$101,410,423	30%
Internal Service	\$49,697,468	14%	\$52,513,385	15%
Redevelopment	\$18,622,610	6%	\$16,614,391	5%
Grand Total	\$356,211,112	100	\$338,977,373	100%
		%		

Table 2

I. GENERAL FUND

The General Fund is the general operating fund of the City of Oceanside and comprises over one-third of the entire adopted budget. It is used to account for all financial resources except those required to be accounted for in another fund.

Revenues

Fiscal Year 2008-2009 General Fund revenues are projected to be \$120,525,610 which represents a \$4 million or 3.5 percent increase from the prior fiscal year. Fiscal Year 2009-2010 General Fund revenues are projected to be \$125,372,992 which represents an additional \$4.8 million increase. Table 3 compares FY 07/08 budgeted revenues with the adopted FY 08/09 and FY 09/10 revenue projections.

Revenues	FY 07/08	FY 08/09	FY 09/10
Property Taxes	\$46,391,140	\$50,867,500	\$53,648,600
Svc Chg/Permits	\$25,656,122	\$23,248,266	\$24,209,368
Sales Taxes	\$20,255,130	\$20,061,700	\$20,061,700
All Other Taxes	\$11,850,760	\$12,225,100	\$13,144,200
Use of Money	\$5,107,356	\$6,337,100	\$6,169,700
Fines/Forfeitures	\$3,919,110	\$4,645,000	\$4,739,000
Intergovernmental	\$1,675,570	\$2,118,900	\$2,350,900
Other & Transfers	\$1,618,174	\$1,022,044	\$1,049,524
Grand Total	\$116,473,362	\$120,525,610	\$125,372,992

Table 3

Property Taxes – are discretionary funds to be used for general purposes. Property taxes for FY 08/09 show an increase of approximately 9.6 percent from last year's budget. This is attributed to



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the large assessed valuation increase in commercial and industrial properties. FY 09/10 increase will slow down to approximately 5.0 percent. Chart 1 shows the City's seven year history of property taxes received, along with three year revenue projections.

History of Property Taxes

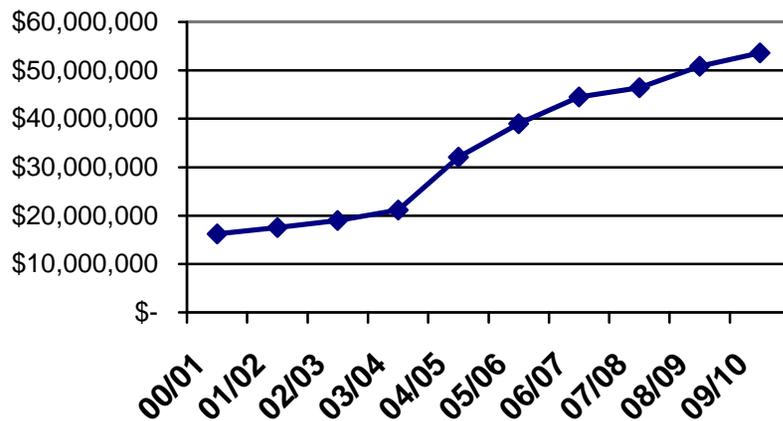


Chart 1

Service Charges/Licenses/Permits – are imposed on the user for a service provided by the City under the rationale that benefiting parties should pay for the cost of that service rather than the general public. Examples include development-related services such as plan checks and inspections, general administrative overhead, and sale of documents such as maps. Licenses and permits are collected as a means of recovering the cost of regulating various activities, such as building, grading, encroachment and other development permits, as well as permits for special events and parking. Development-related revenues have declined approximately 9 percent from the prior fiscal year, with a net reduction of \$2.3 million. These revenues are projected to remain flat for the second year of the biennial budget as well.

Sales Taxes – are discretionary funds to be used for general purposes. These revenues comprise approximately 17 percent of general fund

revenues. Future budget projections are taking a conservative, “flat” approach based on the economy. General consumer goods, fuel, and food are the categories that are experiencing modest growth, but they are offset by declines in the building/construction and auto/transportation categories. Chart 2 show the City's seven-year history of sales taxes received along with revenue projections.

History of Sales Taxes

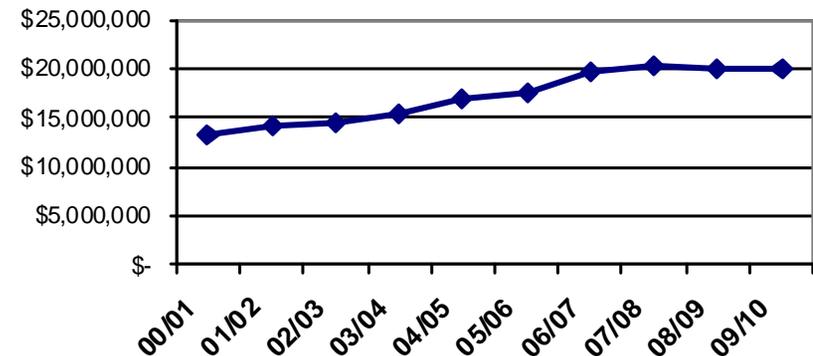


Chart 2

All Other Taxes – other taxes in this category include transit occupancy taxes (TOT or “hotel tax”), franchise taxes, card room taxes, business licenses, and property transfer taxes. TOT is expected to increase approximately 34 percent in FY 08/09, and 16 percent in FY 09/10 with the inclusion of new hotels that have opened since last year. Franchise taxes will remain flat, an indicator that utility usage is declining due to the high costs to residences and businesses. The card room tax has been increased an additional one percent for a total tax of 5 percent on gross revenues for the Ocean's 11 card room. Business licenses are remaining fairly flat, with a slight one percent increase in revenue projections. Property transfer taxes are experiencing almost two-thirds reduction from the prior year, another indication of the slowing housing market. Collectively, all other taxes are increasing 3 percent in FY 08/09 and 7 percent in FY 09/10.



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Use of Money & Property – revenues in this category include investment earnings on the General Fund cash balances, rental and leases on city property and golf course, and collections from parking machine and meters. Revenues for FY 08/09 are projected to increase 24 percent to better reflect the investment market, but will decrease 3 percent the following year (FY 09/10) as cash balances are drawn down for capital projects.

Fines & Forfeitures – include vehicle impounds, traffic violations, parking citations and nuisance abatements. Revenues for FY 08/09 are approximately \$725,000 higher due to the increased fine for parking violations, along with the addition of eight new red light cameras.

Intergovernmental – the majority of these funds consist of vehicle license in-lieu fees (VLF) from the state. VLF revenues are projected to increase approximately 16 percent from the prior year, and other local/state grants for police operations have increased as well.

Other Revenues & Transfers – includes non-government contributions and transfers from the gas tax fund. This category of revenues has declined 37 percent from the prior year based on less gas tax funds required to support the general fund programs, and this contribution will modestly increase in the second year by 2.7 percent.

Expenditures

Fiscal Year 2008-2009 General Fund expenditures are budgeted to be \$120,378,492 which portrays a “roll over” budget from the prior year. Fiscal Year 2009-2010 General Fund expenditures are budgeted to be \$125,327,685 which represents an additional \$5.2 million or 4 percent increase. Table 4 compares FY 07/08 budgeted expenditures with the adopted FY 08/09 and FY 09/10 expenditure budgets.

Public Safety remains a high priority for the City, and the FY 08/09 budget allocates 62 percent of General Funds towards these services. Chart 3 depicts the breakdown of the General Fund budget by category.

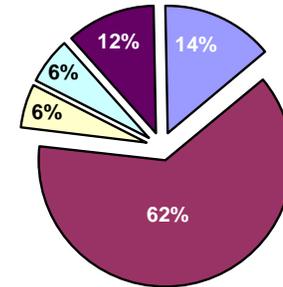
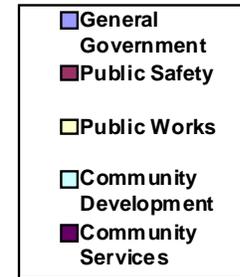


Chart 3

Expenditures	FY 07/08	FY 08/09	FY 09/10
General Government			
Council	\$954,243	\$904,860	\$955,541
Clerk	\$1,112,114	\$1,184,816	\$1,156,474
Treasurer	\$313,301	\$298,971	\$319,447
Manager	\$1,158,175	\$964,623	\$1,013,474
Attorney	\$1,712,819	\$1,663,148	\$1,813,598
Finance	\$5,121,620	\$4,823,860	\$5,206,347
Human Resources	\$961,402	\$1,098,501	\$1,147,879
Non-Departmental	\$7,601,096	\$6,262,062	\$6,386,220
Public Safety			
Fire	\$22,590,762	\$25,197,302	\$25,924,528
Police	\$48,052,949	\$49,824,560	\$51,769,848
Public Works			
Public Works	\$6,875,581	\$6,735,026	\$7,086,587
Community Development			
Development Services	\$8,415,686	\$7,342,311	\$7,781,995
Community & Cultural Services			
Neighborhood Services	\$5,038,204	\$4,774,484	\$5,194,734
Library	\$6,245,810	\$5,493,700	\$5,768,479
Economic Development	\$1,199,689	\$1,215,729	\$1,272,808
Harbor & Beaches	\$2,495,380	\$2,594,539	\$2,779,726
Grand Total	\$119,848,831	\$120,378,492	\$125,577,685

Table 4



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The General Fund budget has increased just over \$529,000 from the prior fiscal year. The Development Services Department (i.e. building, planning and engineering) has been reduced by 12 percent to reflect the decline in development-related activities and revenues. The public safety budget has increased 6 percent which accommodates compensation costs for bargaining unit agreements. All other departments have collectively been reduced by 6 percent. Table 5 breaks down the General Fund budget into expenditure categories.

Expenditure by Category	FY 07/08	FY 08/09	FY 09/10
Personnel	\$76,958,500	\$81,079,732	\$85,348,010
Maintenance & Operations	\$17,652,216	\$14,992,499	\$15,050,341
Interfund Service Charges	\$25,315,043	\$24,039,655	\$24,989,482
Debt Service	\$541,916	\$537,875	\$541,314
Capital Outlay	\$2,244,031	\$85,000	\$130,000
Transfers & Cost Sharing	(\$2,862,875)	(\$356,269)	(\$481,462)
Grand Total	\$119,848,831	\$120,378,492	\$125,577,685

Table 5

Personnel – expenditures in the personnel category reflect wages and benefits for full-time and part-time employees, overtime, and hourly extra help. Nineteen positions have been eliminated, and one position added, for a net reduction in the General Fund budget of eighteen positions. This includes vacant positions that had not been filled yet, converting full-time positions into part-time positions, and transferring existing personnel to vacant positions in other departments. Eight of these positions occurred in the Development Services department, four from Neighborhood Services, one from Library, two from Fire, four from Police, and one new position added to Human Resources. The City of Oceanside has Memorandums of Understanding (MOU) with nine employee bargaining groups and a written compensation plan for unrepresented employees. These agreements span over the biennial budget and costs have been included, resulting in a 5.3 percent increase in FY 08/09 and 5.3 percent increase in FY 09/10.

Maintenance & Operations – expenditures in this category includes such items as professional & contractual services, equipment maintenance & rental, supplies, memberships & subscriptions, training, utilities, and a variety of other fees. The budget in this category has been reduced by \$2.6 million or 15 percent from the prior year. These reductions include consultant services for special studies, supplies, deferred building maintenance, and other departmental reductions.

Interfund Service Charges – the City has four internal services funds which provide services to the City as a whole. Each department budgets a portion of their operating budget to pay for these services which include risk management, fleet management, information services, and city building services. This category has been reduced 5 percent from the prior fiscal year, with the largest reduction in risk management.

Debt Service – this category accounts for debt service payments on the 1993/2003 Refunding Certificate of Participation for City Hall. Debt service payments will continue until the year 2023.

Capital Outlay – this category includes \$40,000 for parking lot payment machines, and \$45,000 for lifeguard tower improvements.

Transfers and Cost Sharing – this category reflects transfers from the general fund to other funds for programs and services, as well as cost sharing reimbursements from other funds for programs and services. Contributions from the Gas Tax fund have diminished.

Reserves

The General Fund has approximately \$42.4 million in reserves as of June 30, 2008. Table 6 provides a three-year history of how these funds are segregated.



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Reserves (in millions)	Actual 6/30/05	Actual 6/30/06	Actual 06/30/07	Adopted 06/30/08
Advances & Prepaid	\$3.700	\$3.702	\$3.740	\$3.705
Healthy City	\$9.000	\$9.740	\$11.500	\$14.500
Economic Stabilization	\$4.100	\$4.100	\$1.800	\$5.800
Capital Projects	\$13.500	\$13.500	\$20.740	\$12.255
Undesignated	\$11.279	\$14.318	\$12.163	\$6.186
Grand Total	\$41.579	\$45.360	\$49.943	\$42.446

Table 6

The City Council has adopted Healthy City Reserve Fund Policy #200-08 which establishes the reserve balance to be a minimum of 12 percent of the General Fund operating expenditures which for FY 08/09 is \$14.5 million. In addition, \$5.8 million has been set aside for economic stabilization purposes, pending any impact the State's budget may have on the City of Oceanside. There is \$12.3 million set aside for continued capital and infrastructure projects that were approved by City Council last fiscal year and not yet completed. The undesignated reserve balance of \$6.1 million is available for future capital projects or other city projects/services.

II. SPECIAL REVENUE FUNDS

The City of Oceanside separately accounts for the proceeds of special revenue sources which are legally restricted to be expended for specified purposes. The City has budgeted for twelve special revenue funds which are identified in Table 7. Due to the nature of these funds, any surpluses are retained in their reserves, which can be used for expenditures in subsequent years.

Special Revenue Funds FY 08/09	Revenue	Expenditure	Surplus/(Use of Reserves)
Recreation	\$869,300	\$905,142	(\$35,842)
Asset Forfeiture	\$120,000	\$0	\$120,000
Library	\$452,850	\$452,280	\$570
TransNet & Transportation	\$7,250,198	\$10,069,838	(\$2,819,640)

Gas Tax	\$4,863,854	\$3,978,217	\$885,637
Supplemental Law Enforcement STOP	\$319,000	\$353,409	(\$34,409)
Maintenance Districts	\$652,000	\$708,181	(\$56,181)
Community Development	\$7,572,467	\$7,442,100	\$130,367
Block Grants	\$2,208,655	\$2,085,659	\$122,996
HOME Grants	\$821,298	\$950,949	(\$129,651)
Other Grants	\$826,085	\$808,497	\$17,588
Housing Assistance	\$14,111,468	\$16,590,622	(\$2,479,154)
Grand Total	\$40,067,175	\$44,344,894	(\$4,277,719)

Table 7

III. DEBT SERVICE FUNDS

There are three outstanding bonds that have their debt service payments budgeted in this category:

- 1998 Certificate of Participation for the Police and Library Facilities maturing in FY 2022/2023
- 2003 Certificate of Participation Refunding 93 Series A for parking and lighting projects maturing in FY 2022/2023
- 2005 Pension Obligation Bond maturing in FY 2026/2027

IV. CAPITAL PROJECTS FUNDS

The City of Oceanside has a five-year Capital Improvement Program, with an approved budget of \$23,098,359 for FY 08/09, of which the Capital Project Fund contributes \$6,223,000 (with the remaining funding sources coming from Special, RDA and Enterprise Funds). Several major projects are nearing completion this year, including Fire Station 7, Mance Buchanon Park, and the Pacific Street Bridge. The major continuing projects for FY 08/09 include the second Senior Center, various street restorations and overlay projects, desalter facility expansion, Weese Plant capacity expansion, La Salina Plant upgrades, land outfall, the Harbor Aquatics Center, and a detention basin at El



Camino Real. A separate CIP budget document has been prepared which identifies the individual projects and funding sources. The remaining \$3,869,416 in the Capital Projects Fund goes towards operating expenses, largely for the San Luis Rey River water course.

V. ENTERPRISE FUNDS

Enterprise funds, also known as business-type activities, are used to account for the acquisition, operation and maintenance of governmental facilities and services that are entirely or predominantly self-supporting by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprise. The City of Oceanside has five enterprise funds including water, sewer, solid waste, harbor and airport. Table 8 reflects the FY 08/09 and FY 09/10 budgets for these funds, which includes personnel and operating expenditures, debt service, and capital outlay. The water fund has added two new positions in FY 08/09.

Enterprise Funds	FY 08/09	FY 09/10
Water		
Revenue	\$47,352,896	\$46,895,003
Expenditure	\$47,833,509	\$42,168,090
Surplus/(Use of Reserves)	(\$480,613)	\$4,726,913
Sewer		
Revenue	\$31,297,605	\$30,004,971
Expenditure	\$30,628,434	\$29,410,633
Surplus/(Use of Reserves)	\$669,171	\$594,338
Solid Waste		
Revenue	\$21,786,742	\$22,534,339
Expenditure	\$22,174,821	\$23,035,802
Surplus/(Use of Reserves)	(\$388,079)	(\$501,463)
Harbor		
Revenue	\$6,016,300	\$6,175,300
Expenditure	\$6,047,416	\$6,135,751
Surplus/(Use of Reserves)	(\$31,116)	\$39,549
Airport		
Revenue	\$553,255	\$574,515
Expenditure	\$625,083	\$660,147
Surplus/(Use of Reserves)	(\$71,828)	(\$85,632)

Table 8

VI. INTERNAL SERVICE FUNDS

The City of Oceanside maintains several internal service funds, which are used to account for the financing of specific supplies and services to the City's other departments and programs on a cost-reimbursement basis. They have been established to take advantage of economies of scale, to avoid duplication of effort, and to accurately identify costs of these services. These funds include the following services: risk management, employee benefits, workers' compensation, fleet management, information services, and city building services. The total amount budgeted in this category is \$49,697,468 for FY 08/09 and \$52,513,385 for FY 09/10.

VII. REDEVELOPMENT AGENCY FUNDS

The final component of the City of Oceanside's budget is the redevelopment agency funds, comprised of RDA debt service, general capital projects, and low/moderate housing projects for a total of \$18,622,610 in FY 08/09 and \$16,614,391 in FY 09/10. The majority of this budget is for capital projects which are identified in the CIP budget document.

VIII. ECONOMIC OUTLOOK

Along with every city and governmental agency across the country, the City of Oceanside has been impacted by the national, state and local economic downturn. The rising cost of fuel, utilities, materials and supplies is reflected in the City's budget. There continues to be an increase in service demands from the citizenry which remains a challenge. Finally, there is an unknown impact of the State's \$17 billion shortfall on our City; and the State has not adopted its budget at the time the City Council adopted the City's budget. While a State of Fiscal Emergency was declared in January 2008, the Governor's "May Revise" proposed budget had minimal impact on local government. The California Constitution requires the State Legislature to pass a budget bill by June 15th, but historically this deadline has only been met eight times in the past thirty years.



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On a local level, the City of Oceanside has experienced a notable decline in development activity. Table 9 shows the permit activity and construction valuation for the past two years. The activity for calendar year 2008 is through April 30th only. It is difficult to estimate activity for the balance of this year, but it is certain that these levels will remain low through 2008 and possibly 2009. New residential construction has decreased 50% in permit activity and valuation. This amount is only slightly offset by increases in residential remodels/additions and new industrial construction, and this trend is expected to continue within the residential sector for the next few years as home-builders remain cautious. It should be noted that the City collects development fees based on the construction valuation. While the issuance of permits for high valuation projects has decreased, inspection activity has remained relatively constant. This phenomenon is attributed to a three-year life cycle for permits and typically trails permit issuance activity by one to two years.

Building Permit Activity	2006	2007	2008*
Total Permits	3,247	2,862	824
Construction Valuation	\$289,789,601	\$134,633,846	\$50,156,530

*Four months activity for 2008

Table 9

On the positive side, planning activity for projects in Downtown Oceanside is continuing. The S.D. Malkin resort project will be the anchor of the Redevelopment Area and will contain 289 hotel rooms, 48 boutique hotel rooms, and 47 fractional timeshares. Work is continuing with CityMark, a developer that will be building on five contiguous blocks in the downtown to include 233 residential units, 49,000 square feet of visitor-serving commercial space, and 123 hotel rooms. Staff has also worked closely with the developer, leasing agent and prospective tenants for the Pavilions Project, an 880,000-square-foot retail project, to be located at the former drive-in movie site on Mission Avenue. Oceanside continues to be a destination for retail, office and industrial development, and these projects will help sustain the economic viability of the City in future years.

IX. POLICIES

Accounting, Auditing and Financial Reporting Policy – The City of Oceanside contracts for an independent audit annually. The City produces all annual financial reports in strict compliance with Generally Accepted Accounting Principles as outlined by the Governmental Accounting Standards Board. All budgeted governmental funds are based on the modified accrual basis of accounting.

Healthy City Reserve Policy – The City Council has adopted Healthy City Reserve Fund Policy #200-08 which establishes the reserve balance to be a minimum of 12 percent of the General Fund operating expenditures. The purpose of this reserve fund is to maintain a stable tax and revenue structure and provide for the orderly provision of services to the citizens of Oceanside; and to establish a process for the use of these funds in the event of fiscal adversity.

Investment Policy – The City Treasurer prepares and the City Council adopts an annual Investment Policy. It follows the objectives of maintaining safety, liquidity and yield (in that order of priority). The City does not invest in high-risk investments such as derivatives and reverse repurchase agreements. All investments are made in compliance with the California Government Code (Sections 53601-53659) and the Investment Policy.

Budget Policy – The City Council adopts a biennial operating budget. All appropriations are as originally adopted or as amended by the City Council, and budgeted amounts lapse at year-end unless the adopting resolutions specifically allows the carry-over of specific unexpended amounts into the next fiscal year. Budgetary control is exercised at the fund level. The City Manager is authorized to transfer monies appropriated within the same fund provided the total amount within a fund has not changed. A budget adjustment to increase a fund's total, or to transfer monies between funds, requires City Council approval.



X. CONCLUSION

The adopted biennial FY 2008-2010 operating budgets are prudent and balanced fiscal plans which have been developed in consideration of the service needs for Oceanside's citizens. The adopted budgets will be monitored and all expenditures will be made in accordance with the City's purchasing policy. Quarterly financial reports will continue to be prepared and distributed to the City Council. I am confident that the result of our efforts will be a continuation of quality public services, while providing a continued stable and secure financial position for our community.

In closing, I would like to express my appreciation to the City Council for providing the positive leadership and direction that has assisted in the preparation of this budget. Thank you also to the City staff for their dedication and effort, not only in the preparation of this budget, but in their commitment to providing quality services that meet the needs of the residents of Oceanside. In addition, I wish to acknowledge the work of the City's Financial Services Department who has successfully prepared a document that is comprehensive yet easy to read. I am certain you share my appreciation for their effort.

Respectfully submitted,

 /s/
Peter A. Weiss

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ELECTED OFFICIALS

Mayor
Deputy Mayor
Council Member
Council Member
Council Member
City Clerk
City Treasurer

Jim Wood
Rocky Chavez
Jack Feller
Jerome Kern
Esther Sanchez
Barbara Wayne
Rosemary Jones

EXECUTIVE MANAGEMENT

City Manager
City Attorney
Deputy City Manager
Deputy City Manager
Deputy City Manager
Development Services Director
Economic and Community Development Dir.
Financial Services Director
Fire Chief
Harbor and Beaches Director
Human Resources Director
Chief Information Officer
Library Services Director
Neighborhood Services Director
Police Chief
Public Works Deputy Director
Water Utilities Director

Peter A. Weiss
John P. Mullen
Michelle Skaggs-Lawrence
Mike Blessing
Don Hadley
George Buell III
Jane McVey
Teri Ferro
Terry Garrison
Ray Duncan
Brian Kammerer
Michael Sherwood
Deborah Polich
Margery Pierce
Frank McCoy Jr.
Joseph Arranaga
Lonnie Thibodeaux

ACKNOWLEDGEMENTS

Many thanks to the budget team, Teri Shoemaker, Budget Manager, David Avalos, Management Analyst, Judith Atwood, Management Analyst, Gillian Williams, Program Specialist, and Carolyn Bunt, Administrative Analyst. All your patience, hard work, and many hours you have spent to produce this comprehensive budget book are very much appreciated.

Thank you to the department budget coordinators that made this budget book possible:

City Attorney
City Clerk
City Manager
City Treasurer
Development Services

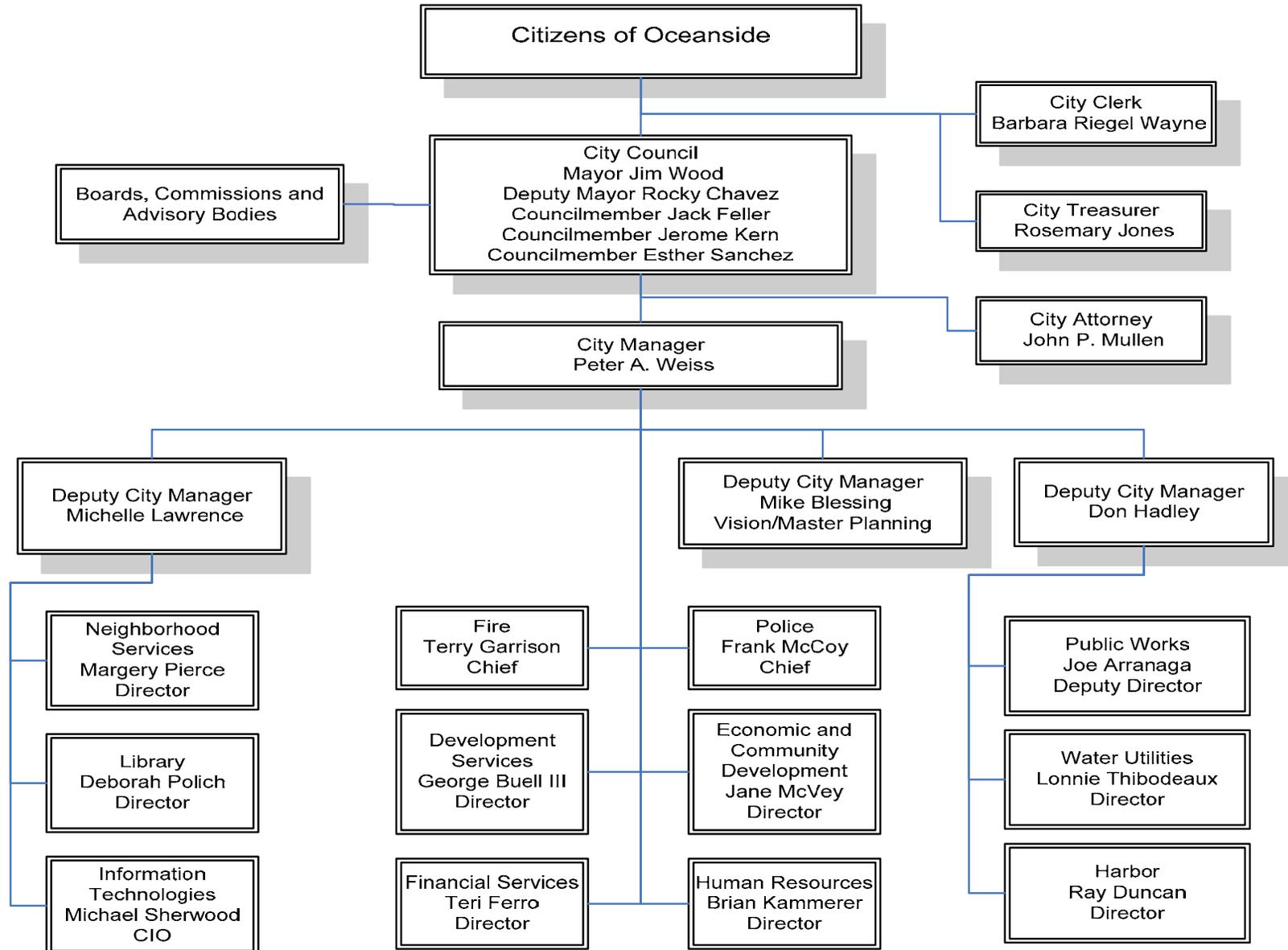
Economic and Community Development
Financial Services Department
Fire Department
Harbor and Beaches
Human Resources
Library
Neighborhood Services
Police Department
Public Works
Water Utilities

Marti LaPorta
Holly Trobaugh
Yukari Krause-Brown
Michele Lund
Karen Brown, Vida Murrell, Linda Evans
Barbara Farrington
Kathy Baker, Tracey Bohlen
Sheri Brown
Mary Kazungu, Mark Sheldone
Barbara Conklin, Frank Quan
Sharon L'Heureux
Donna Arnold
Caroline Salvatierra, Shannon Sellinger
Mike Koziel, Linda Wood
Anne Nicholls, Christine Collister
Judith Ludlow, Debi Pavan

We would like to thank Information Services for their assistance throughout this project.

To the Mayor, Deputy Mayor, Council Members, City Manager, Deputy City Managers, and Department Directors thank you for your continued support.

CITY OF OCEANSIDE ORGANIZATIONAL CHART





Vision Statement

The City of Oceanside will be a safe, culturally diverse community that empowers its citizens to provide an environment that promotes economic development, supports quality education, fosters the cultural arts, and preserves its natural resources.

Mission Statement

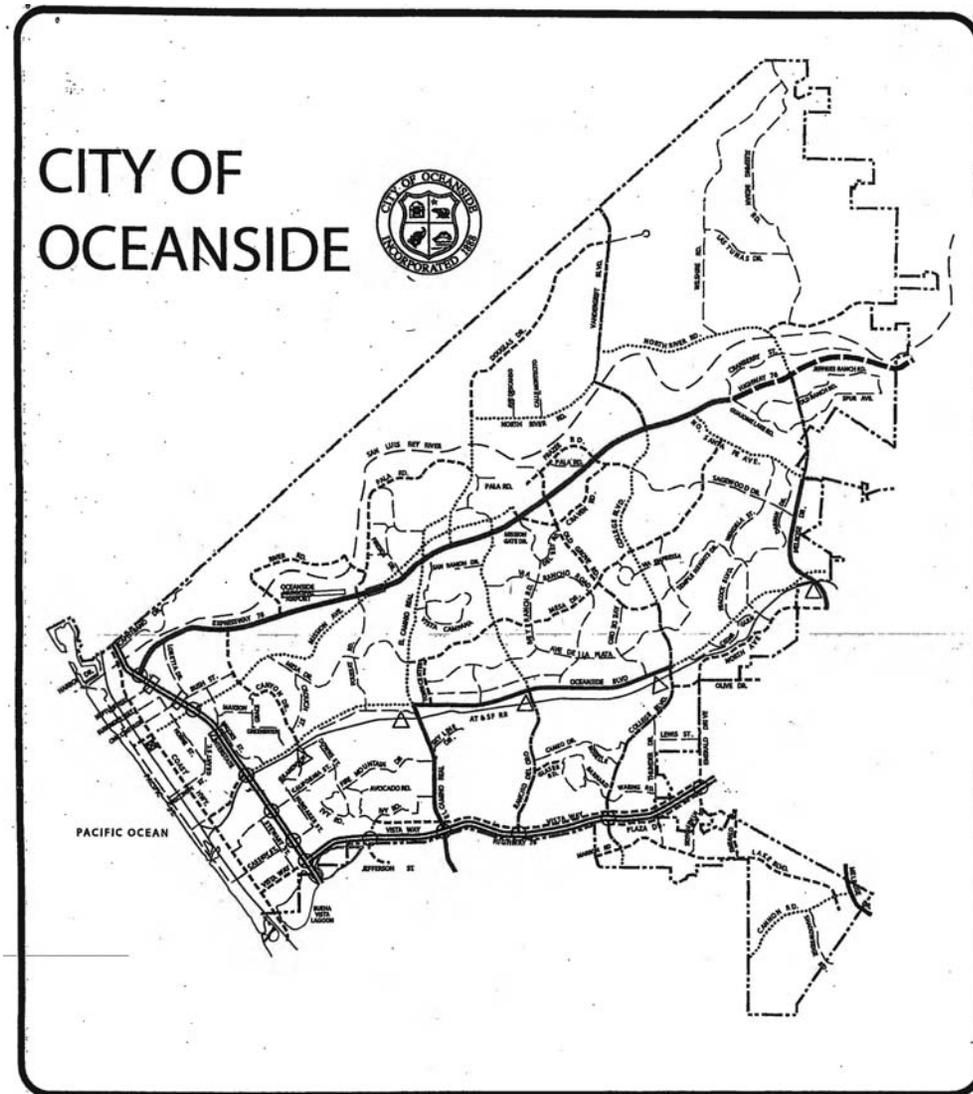
The City of Oceanside's mission is to enhance the quality of life through outstanding service to its diverse community.

Core Values

*The City of Oceanside values...
Integrity...Diversity...Excellent Customer Service...Quality of Life
Teamwork...Leadership...Innovation*



MAP OF OCEANSIDE





DEMOGRAPHICS

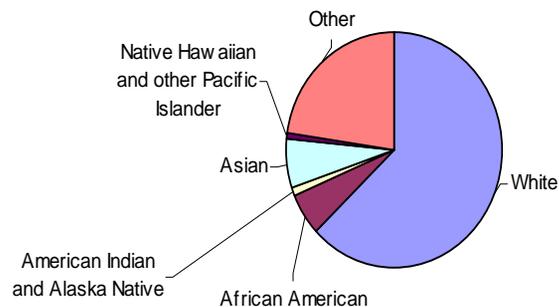
POPULATION AND HOUSEHOLD

In 2008, Oceanside has a total population of 178,806. Based on 2006 statistics, the median age was 33.5 years. Twenty-seven percent of the population was under 18 years and 14 percent was 65 years and older.

Households	60,000
Average household size	2.7
Family Households	67%
Non-family Households	33%

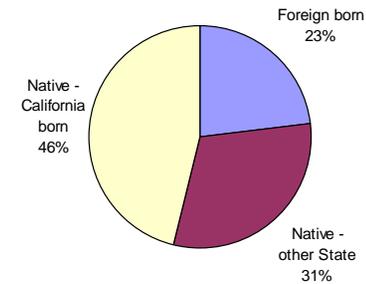
Table 1

People Reporting One Race



Five percent reported two or more races. Thirty-four percent of the people in Oceanside were Hispanic. Fifty-one percent of the people in Oceanside city were White non-Hispanic. People of Hispanic origin may be of any race.

NATIVITY AND LANGUAGE



Among people at least five years old living in Oceanside in 2006, 35 percent spoke a language other than English at home. Of those speaking a language other than English at home, 78 percent spoke Spanish and 22 percent spoke some other language;

EDUCATION

In 2006, 84 percent of people 25 years and over had at least graduated from high school and 23 percent had a bachelor's degree or higher. Sixteen percent were dropouts; they were not enrolled in school and had not graduated from high school.



The total school enrollment in Oceanside was 43,000 in 2006, broken down in Table 2 below.

Nursery School/Kindergarten	4,600
Elementary/High School	28,000
College/Graduate School	11,000

Table 2



DEMOGRAPHICS

INDUSTRIES

In 2006, for the employed population 16 years and older, the leading industries in Oceanside were educational services, health care, social assistance, and retail trade.

OCCUPATIONS AND TYPE OF EMPLOYER

Among the most common occupations were: management, professional, and related occupations, 31 percent; sales and office occupations, 26 percent; service occupations, 18 percent; construction, extraction, maintenance and repair occupations, 12 percent; and production, transportation, and material moving occupations, 12 percent.



TRAVEL TO WORK



Seventy-five percent of Oceanside workers drove to work alone in 2006, 15 percent carpooled, 4 percent took public transportation, and 3 percent used other means. The remaining 3 percent worked at home. Among those who commuted to work, it took them on average 29.2 minutes to get to work.

INCOME

The median income of households in Oceanside was \$63,622¹. Seventy-six percent of the households received earnings and 19 percent received retirement income other than Social Security. Twenty-eight percent of the households received Social Security. The average income from Social Security was \$14,758. These income sources are not mutually exclusive; that is, some households received income from more than one source.

HOUSING

HOUSING CHARACTERISTICS: In 2006, Oceanside had a total of 65,000 housing units, 7 percent of which were vacant. Of the total housing units, 67 percent were in single-unit structures, 28 percent were in multi-unit structures, and 5 percent were mobile homes. Twenty-five percent of the housing units were built since 1990.



OCCUPIED HOUSING UNIT CHARACTERISTICS: In 2006, Oceanside had 60,000 occupied housing units - 39,000 (65 percent) owner occupied and 21,000 (35 percent) renter occupied. Two percent of the households did not have telephone service and 4 percent of the households did not have access to a car, truck, or van for private use. Multi-vehicle households were not rare. Forty-one percent had two vehicles and another 20 percent had three or more.

HOUSING COSTS: The median monthly housing costs for mortgaged owners was \$2,062, nonmortgage owners \$419, and renters \$1,213. Fifty-eight percent of owners with mortgages, 16 percent of owners without mortgages, and 51 percent of renters in Oceanside city spent 30 percent or more of household income on housing.

Source: U.S. Census Bureau; American Community Survey, 2006

¹ Claritas 2007/Sandag//Ca Dept of Finance/US Factfinder (Jan 2008)



CITY HISTORY



On July 20, 1769, Father Juan Crespi arrived in the area known today as the San Luis Rey Valley, which was populated by Native Americans. His glowing report of the area as a possible mission site was responsible for the founding of Mission San Luis Rey de Francia in 1798. Three-and-a-half miles from the present site of Oceanside, the mission prospered beyond the dreams of its Franciscan Brothers and came to be known as

"King of the Missions". History and politics were to see the decline of the mission in the 1840's, but the area's advantages were common knowledge by this date.

The early California period was the time of massive Mexican land grants. On May 10, 1841, Pio Pico and his brother, Andreas, received a grant of 133,441 acres from Governor Alvarado. Known as Rancho Margarita and Las Flores, this land grant is the present site of the Camp Pendleton Marine Corps Base. The rancho changed hands several times throughout the years. Andreas, tired of the quiet life of a California Don, sold his share to Pio for \$1,000. Pio, in turn, sold his share to his brother-in-law John Forster, an Englishman, for only \$14,000. Forster died in 1882, and Richard O'Neill, a wealthy San Franciscan, purchased the rancho from the Forster estate for \$250,000. O'Neill sold half interest in the rancho to the "Bonanza King of California," James C. Flood. The heirs of O'Neill and Flood held the property until 1942, when it was sold to the United States Navy.



About the time O'Neill and Flood purchased the rancho, the California Southern Railway, a branch of the Santa Fe, was constructing a railway linking San Diego with San Bernardino. Completed in 1883, the railway opened the beach area of San Diego County for development and the real history of Oceanside began.



A small town had grown up around the mission in the San Luis Rey Valley. A storekeeper there, Andrew Jackson Meyers, was far-sighted enough to apply for a homestead grant in the area just south of Rancho Santa Margarita. The Federal government granted "Jack" Meyers 160 acres and a former government surveyor, Cave J. Coats, staked-out the claim, which was to become the very heart of Oceanside. J. Chauncey Hayes handled the real estate for Meyers and the boom was on.

Going to the "ocean side" was a popular weekend retreat for rancho families living in the warmer inland areas. The two words were eventually merged in to "Oceanside". When Hayes petitioned for a post office, he submitted the name Oceanside and put the small community officially on the map.

Early Oceanside grew at a phenomenal rate; on the date of the city's incorporation July 3, 1888 the population of Oceanside was approximately 1,000. By 1887, the Bank of Oceanside was built on the corner of Mission Avenue and South Coast Highway and also a grand hotel, the South Pacific, located on Pier View Way and Pacific Streets near the present pier.

A wharf company was formed and soundings were made at the location of what is now known as Wisconsin Street. The wharf was made entirely of wooden pilings, the first pile being driven May 12, 1888.



In the winter of 1890-91, the wharf was destroyed by a storm and Melchoir Pieper, the proprietor of the South Pacific Hotel, salvaged most of the lumber. He took the pilings to his hotel where he kept it until the city appropriated funds for a new pier in 1893. This second pier was the first of five built at the Pier View Way location, including the one recently completed in 1987.



In the 1890's Oceanside had three hotels; the South Pacific, the St. Cloud and the Tremont, two drugstores, two livery stables, two blacksmiths, a hardware store, a bakery, a harness shop, a lumber yard, a barber shop,



CITY HISTORY

a newspaper, a school and the Oceanside Bank along with many other businesses. There were six churches: Christian, Congregational, Baptist, Episcopal, Holiness and Methodist.

The railroads played an important role in the continuing development of the city. During the boom years, the trains brought thousands of prospective buyers. This continued until a highway was paved between San Diego and Los Angeles through Oceanside before 1920. In the 1920's the city prospered. Streetlights were installed, a new golf course was laid out and a grand new theater, "The Palomar", was built. The City slogan at that time was, "Oceanside, California's Pride." Many noteworthy visitors enjoyed our shore, including Mary Pickford and Douglas Fairbanks. A number of movies were filmed here during this decade.

This sense of prosperity, of course, was false; founded more on speculation than stability. Oceanside suffered through the Great Depression of 1929 with the rest of the Nation. In spite of economic depression, considerable progress can be measured in the thirties. In 1934 a new city hall was built on Pier View Way; City government had its first permanent home since incorporation. That same year, a two-year college was founded. The Depression, however, did nothing to stem population growth; Oceanside's population grew from 3,508 in 1930 to 4,652 in 1940, according to U.S. Bureau of the Census figures.



In 1943 the old steel pier was damaged severely in a storm. The value of the pier as a tourist attraction was deemed strong enough to consider raising a bond issue to build a new and even grander pier. In 1946, the people of Oceanside passed a \$175,000 bond issue to build the longest pier -- 1,900 feet on the West Coast. The same year saw the construction of the building which was to house the Oceanside Public Library until 1971.

World War II saw Oceanside grow from a sleepy little town to a modern city. With the construction of the nation's largest Marine Corps Base, Camp Pendleton, on her border, the demand for housing and municipal services exceeded supply. The best illustration of the tremendous growth of the city is found in the census figures. The population of Oceanside jumped from the 1940 figure of 4,652 to 12,888 in 1950. In 1952 a special census showed the city's population exceeding 18,000 as the Marine Base grew with the Korean War and more service-connected families moved into the area.



The 1960's saw the opening of Tri-City Hospital and the building of the Oceanside Small Craft Harbor. The harbor is a tourist destination and is well-used with over 800 boat slips covering 100 acres (30 in land and 70 in water). In addition to being the homeport of many pleasure boats, the marina harbors several sports fishing boats.

A new Downtown transit center was built in 1983 and in September of 1987, the city dedicated its sixth pier, just in time for Oceanside's Centennial Celebration in 1988. The following year the new Civic Center was constructed and became the cornerstone for downtown redevelopment.



This brief history suggests that the mainstays of the Oceanside economy have been tourism and the proximity of Camp Pendleton. However, Oceanside currently enjoys a diverse economic portfolio and has a number of business advantages.



To encourage new investment in the City, an incentive plan for new commercial, industrial and office construction is available and the property tax is one of the lowest in the county. Oceanside has a large sporting and recreational goods manufacturing sector as well as a large number of biotech and medtech companies. Agriculture is also important to Oceanside's economy. San Diego County is a major agricultural producer and the warm climate of Oceanside makes it ideal for the growing of tomatoes, avocados, citrus fruit, nursery stock, and flowers.



CITY HISTORY

Today, Oceanside is a thriving community that provides all the conveniences of a modern city without the disadvantages. Located just 35 miles north of San Diego and 83 miles south of Los Angeles, Oceanside offers a unique combination of outstanding location, well-priced available land and multiple resources. California's main highway, Interstate 5, runs through Oceanside, as does Highway 78, which provides southeast access to Interstate 15. Highway 76, which runs northeast, also provides access to Interstate 15. With the Los Angeles area to the north and the San Diego/Tijuana area to the south, Oceanside enjoys proximity to all major Southern California destinations, while at the same time maintaining its coastal beauty and autonomy.

