



CITY OF OCEANSIDE

OFFICE OF THE CITY MANAGER

September 19, 2024

San Diego County – Local Agency Formation Commission (LAFCO)
Keene Simonds, Executive Officer
Michaela Peters, Analyst II
2550 Fifth Avenue, Suite 725
San Diego, CA 92103

RE: Revised Draft MSR on Oceanside Region

Dear Mr. Simonds and Ms. Peters:

Thank you again for providing an opportunity for City staff to provide further feedback on the draft Municipal Service Review (MSR). This letter largely serves to reiterate the comments previously provided in our letter dated July 26, 2024, while recognizing that some of the comments included in that letter were addressed in the revised Draft MSR. We believe that this engagement and collaboration will produce a better and more useful document.

We appreciate the changes that you've made thus far and offer the following comments:

- Page 24 “Nos. 2 and 3” – We continue to believe the assertion that citizen opposition to a single development project (i.e., North River Farms) as an indicator of a larger trend of citizen empowerment slowing growth in Oceanside is grossly overstated. Public opposition to the North River Farms development was largely driven by a singular concern over the conversion of prime farmland into housing. We believe this section still fails to adequately acknowledge what we believe to be the primary factors towards slower growth – reasons that are beyond the City’s control: 1) The City is largely built out and opportunities for development on vacant lands are limited, as compared to the period of substantial growth (1980-2000). 2) Rising interest rates and construction costs have been a significant factor in reducing housing production. For example, within the past few years the City has approved several housing developments totaling over 2,000 housing units but few of these projects have been built due to the recent rise in interest rates and escalating construction costs.
- Page 26 – “No. 7” and Page 53 – “No. 9.” - The subject area has been identified in the City of Vista’s SOI since 1978. Why would it be appropriate to now change the City of Oceanside’s SOI to include this area after 46 years? The City does not need this area to meet any of its housing obligations as evidenced by our Certified Housing Element, so why now? (This note applies to Item 13(a) on Page 29, as well). The draft document fails to articulate the pressing issue(s) that would be resolved by a change to our current SOI. The issue(s) to be addressed should be understood before significant resources are expended through a future study. **Both the Cities of Oceanside and Vista have taken positions against reorganization.** Vista’s recent letter to LAFCO expressing its opposition is attached for your convenient reference. Given our cities would need to

consent to a boundary change, why waste time and resources studying an issue neither City is interested in pursuing?

- Page 27 – Recommendation No. 1 currently reads: *As a long-term principle, LAFCO should prioritize and direct growth in the region to the City of Oceanside – including development that would otherwise occur in the surrounding unincorporated areas – and its appropriate role to serve as an urban center in San Diego County.* It is highly concerning that LAFCO staff has taken it upon themselves to unilaterally recommended that regional growth be channeled to Oceanside. **This recommendation was offered without consultation with Oceanside staff or its elected leaders. Such a statement and recommendation is contrary to the ideals of local control.** The City questions why LAFCO staff has unilaterally chosen to direct regional growth to Oceanside absent consultation with the City to ensure it is willing and able to accept such growth. This direction is also reinforced on Page 26 – “No. 6” and Page 31 - “No. 6.”
- Page 28 – Item 6 – LAFCO states that the City should revisit the arrangement with SCHD regarding the payment plan associated with the SCHD Patrol Vessel. This arrangement was just revisited in June 2024 at the City's annual budget hearing and is revisited every year. The governing body of both the City and the Harbor District have found this arrangement to be appropriate. Further, it's important to note that the Harbor District boundaries extend down the entire coast to Carlsbad so use of the vessel outside of the Harbor itself should not be viewed as an unfair financial impact to the Harbor District as this item seems to imply.
- Page 45 – Item 2(b) – The report states that Measure X reversed a prior General Fund budget deficit. **This is incorrect and this statement should be removed from the document.** The City has never produced a deficit budget (we actually have a financial policy that does not allow for this). Furthermore, Measure X revenues have not supplanted any General Fund programs. Measure X programs and projects are all in addition to what was already being funded.

This item further notes that Council is expected to sponsor an extension in November 2024. This item should be updated to reflect the action Council took in June to place an extension on the November ballot.

- Page 134 – Item 7.6 “Other Post-Employment Benefits Obligations” – Items referencing the Oceanside Firefighters Association retirees reflect outdated policies that are no longer applicable. Any such references should be struck.
- Pages 137 and 142 – The document references Small Craft Harbor District Boundary changes that were approved by LAFCO in 1995. As shared with LAFCO staff in recent conversations, the City has no record of such boundary changes taking place and

LAFCO was unable to provide additional documentation supporting such boundary changes did, in fact, occur. Absent such records, it is requested that all references to SCHD boundary changes taking place in 1995 be removed from the document.

- Page 153 –“Wharf” – The report states that nearly all leases pay a uniform minimal rental rate plus a percent of *net* revenue. In actuality, all leases pay a base rent, plus a percentage of *gross* revenue.
- Page 158 – reference to dredging – please edit so that the reader understands that while the City benefits from dredging it does not pay for or manage the contract; the US Army Corps of Engineers is responsible for this function.

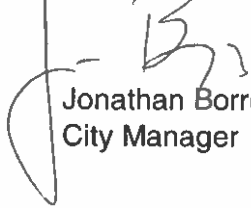
While City staff appreciates LAFCO’s willingness to actively engage City staff in the MSR process, we also offer the following suggestions that would have made the process much smoother and could also prove beneficial as LAFCO completes MSRs for other County jurisdictions.

- LAFCO staff should give consideration to formalizing the MSR review process by creating an “MSR Roadmap” to be shared with affected agencies prior to embarking on the MSR process. This Roadmap should clearly articulate the process to be followed, including timeframes, opportunities for staff input and the specific documents that will be made available for staff review. Had we had the opportunity to review such a Roadmap in consultation with LAFCO staff prior to commencement of the MSR, we believe the process would have been much smoother.
- We strongly suggest that cities/agencies should have an opportunity to review the entire draft MSR prior to its release for public comment. This includes those portions of the document which include LAFCO’s specific recommendations. The “recommendations” are the most germane part of the MSR document yet we did not get to see them until the document was released to the public. While LAFCO staff has shared why we were not provided with the recommendations in advance, we believe withholding such recommendations creates an unnecessary point of friction in the process. Allowing us to review and comment on the recommendations in draft form in no way obligates LAFCO to change them in response to any subsequent City comments received.

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September 19, 2024

The City thanks you again for the opportunity to review this document and make sure that it accurately and completely profiles the City and the various services it provides to the residents.

Sincerely,



Jonathan Borrego
City Manager

Attachment: City of Vista Letter to LAFCO (August 29, 2024)

CC: Oceanside City Council



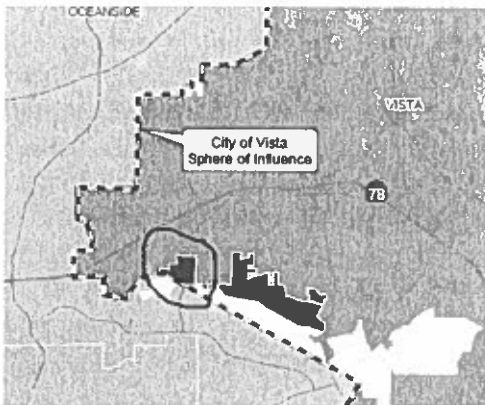
August 29, 2024

Michaela Peters
Local Government Analyst
San Diego County
Local Agency Formation Commission (LAFCO)
2550 Fifth Avenue, Suite 725
San Diego, CA 92103

Subject: Revised Draft Report - Municipal Service Review on the Oceanside Region - 45-day public review and comment period

Dear Michaela:

Thank you for the opportunity to formally comment on the above subject, which was discussed at a regular LAFCO meeting on August 5, 2024 (Public hearing item 6a). As a follow up to your phone conversation with Patsy Chow, Assistant Director of Community Development on August 1, 2024, and her subsequent email of August 1, 2024 to your attention expressing our position on this topic, please consider this letter as a formal response and comment to the 150-acre portion of DUC land that is currently within the Vista SOI and that is being proposed as a "Special Study Area" for the Oceanside SOI. As you had indicated to us during our meeting on July 24, 2024 at your LAFCO offices, via a map showing the subject area circled in blue, this area is located southwest of the SOI near Sunset and Melrose Way (insert below). You had also mentioned to me in a prior email that "labeling this as a Special Study Area provides flexibility to all parties to more easily allow for Out-of-Agency services should development occur and require specific services available through either agency."



Ms. Michaela Peters
August 29, 2024
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The following excerpt from your Agenda Report dated 8/5/24 reads as follows:

13. It appears appropriate for LAFCO to proceed with limited sphere of influence updates for both the City of Oceanside and Oceanside SCHD to affirm the existing designations with one or more common special study areas.
 - (a) One special study area has been identified to date and spans nearly 150 acres covering DUC lands located immediately southwest of the agencies near Sunset Drive and Melrose Way; it also currently lies within the Vista sphere. Establishing this special study area would provide LAFCO the opportunity to discuss the potential annexation of the DUC lands with both Vista and Oceanside and in doing so help facilitate the delivery of elevated municipal services to the community consistent with State law.

In addition, the City of Oceanside provided a comment letter dated 7/26/24 to LAFCO (included in your Agenda Report) with their comments on the draft MSR as follows:

- **Page 26 – “No. 7” - The subject area has been identified in the City of Vista's SOI since 1978. Why would it be appropriate to now change the City of Oceanside's SOI to include this area after 46 years? The City does not need this area to meet any of its housing obligations as evidenced by our Certified Housing Element, so why now? (This note applies to Item 13(a) on Page 29, as well). The draft document fails to articulate the pressing issue(s) that would be resolved by a change to our current SOI. The issue(s) to be addressed should be understood before significant resources are expended through a future study.**

Based on internal discussions with our City Manager and other management staff, along with preliminary information received from LAFCO and shared with us regarding this “Special Study Area” concept, the City of Vista is still not supportive of this concept, and we are unclear on the benefits for either city or necessity for this change at this time to the current SOI boundary affecting both Vista and Oceanside.

Please let me know if questions or if we need to discuss this further, feel free to contact me at (760) 643-5388 or Patsy Chow, Assistant Director of Community Development at (760) 643-5390.

Sincerely,



Joseph Vacca
Director of Community Development

Cc: John Conley, City Manager
Keene Simonds, Executive Officer