Oceanside Slowly Sheds Its Image as a Military Town

Hopes for Major Hotel, Business Park's Growth Fuels New Economy

by JULIE POUCHER HARBIN



Oceanside has long been known as a rough-around-the edges military and surfer town, but city officials say that reputation is changing — as income levels rise, industrial parks are built, big and small retail expands, and million-dollar homes go up.

Although Camp Pendleton's base population is 35,000, and 20,000 service members and civilians commute into the 250,000-acre Marine base each day, Oceanside officials point out the city is no longer the military town it was.

PHOTO: Marine Lance Cpl. Andrew Oliver of Orangevale, Calif., waits for a taxi as shadows lengthen on a Saturday in downtown Oceanside. The Regal Cinema development across the street is a cornerstone of Oceanside's attempt to remake itself from a guys-only military town to a family-friendly beach resort.

"I think the military element is not nearly as impactful and important as it was 20 years ago on the community," said David Nydegger, CEO of the Oceanside Chamber of Commerce. "Yes, they have a payroll every month of $34 million. Yes, that's a huge economic impact wherever they plop down. Are we a military town? No."

He said the non-military population grew significantly in the early 1990s following the first Persian Gulf War.

In 2000, the city reached out to another demographic when it lured local biotech giant Idec Pharmaceuticals Corp. to an industrial park in the eastern part of the city.

Tourists attracted by Oceanside's beaches bring in some revenue to the city, but Oceanside Mayor Terry Johnson said it's not enough. He said Oceanside's hotel-occupancy tax revenues lag behind neighboring Carlsbad by more than $7 million.

Adding more beachfront hotels and timeshares, and sprucing up the city's image are crucial, Johnson said, to bringing "new, clean, money" to downtown's ailing small businesses mere blocks from the beach.

"Two hundred thousand cars travel through Oceanside on Interstate 5 each day," he said. "We have to do a better job of trying to hook some of that money off the freeway."

Johnson, who grew up in Oceanside and has been the city's mayor for three years, is banking on construction of a seven-story, 168-room hotel/timeshare, to revive downtown.

He's hoping other hotels will follow and build on several vacant lots — two of which the city owns —

near the Oceanside Pier.

“Once (Oceanside Pier Resort developer) Watkins breaks ground … it’s going to send out a very positive signal to the city and to the investment community that Oceanside has finally grown up,” Johnson said.

He predicted city council approval of the project this month. A public hearing on the $42 million project is scheduled Dec. 17.

City councilmen Rocky Chavez, a school principal, avid surfer and retired Marine, and Jim Wood, a retired Oceanside detective, both said they favor the Watkins project, backing Johnson’s prediction for a majority vote. Johnson said the resort could break ground late next summer.

“I think this project will be the catalyst for new restaurants in our downtown and the strengthening of existing eateries. It may not be the hotel we dreamed about, but it may facilitate building it in the future,” said John Daley, owner of the historic Highway 101 Café.

“The hotel we dreamed about” refers to the ill-fated Manchester Resorts’ plan to build a $200 million, 12-story oceanfront hotel. In June 2002, the California Coastal Commission rejected it.

Not everyone is enthused with the new Watkins project.

Carolyn Krammer of Citizens for the Preservation of Parks and Beaches, who also led a campaign against Manchester, said she’d appeal the project. The community activist, who has lived in Oceanside for 25 years, said she was open to timeshare, hotel, and resort proposals, but that they would need “to stay in compliance (with the local coastal plan), no taller than four stories.”

“It’s a good project it’s just too high for the view corridors and our coastline. It would stick out like a sore thumb.”

Bill Ponder, a planner with the San Diego district office of the California Coastal Commission said an appeal would mean a hearing as early as March 2004, but said he would reserve comment on the Watkins project until he sees it.

Economic Catalyst

Jane McVey, Oceanside’s economic development and redevelopment director, said the hotel crowd, and a new affluent residential community, will attract new business and force old businesses that catered to a lower-income demographic or only to the Marine Corps to diversify or shut down.

Johnson tells small-business owners in Oceanside to wait three to five years for the business to really start booming — after more condos, beachfront timeshares and hotels are built.

“The hotel is critical,” said Nancy Lee Anderson, who expanded her handbag business to home décor, opening Collectiv, after leaving Carlsbad five years ago.

“It’s going to take a while before we have that foot traffic that helps you keep the doors open.”

Eight businesses in the downtown area, including Collectiv, banded together in November with a promotional brochure designed to attract the big spenders from the coastal North County timeshares and hotels. The response at their boutiques, antique shops, and restaurant has been positive, but they still don’t have enough customers.

“I just got the feeling I was a little ahead of the curve,” said Allison Schuster, co-owner of Skirt Essentials Boutique, who said other shop owners warned her she’d have trouble with a women’s shop in “a boys town.”

Schuster and her husband left Sacramento for Oceanside in July hoping for good business in “the last affordable beach town.”

One positive aspect for small retailers — the rents are cheaper than in Carlsbad. Rod and Dee Layden of Ocean Sky Beads and Glass, opened in July, after discovering Carlsbad was “too pricey” when scouting for a shop location. Customers shopping in downtown Oceanside on a recent Saturday seemed to like the change in the business climate.

“Before, development was helter-skelter. Now they are moving the blight out — the girly places, the bars — and a lot of small businesses are moving in and they are family friendly,” said Collectiv customer Patty Doherty.

Anderson weighed the pros and cons of moving.

“My sales reps think I should be in other areas — Solana Beach, Del Mar, Carlsbad. Or a mall,” she said.

Meanwhile, four of 12 units in the Regal Cinemas complex have been vacant since the downtown facility opened in 1999. A spokesperson for the property owner said deals were in the works to fill that space, but retail trade has been slow lately with Camp Pendleton’s constant troop deployment.

It’s had an effect on at least one other business. Hip-hop clothing store Iconz co-owner Antillia Marcellous said she’s shutting down.

She’s also fed up with the transients who “loiter, urinate, smoke, hang out, cuss you out, and drink,” the drug dealers, prostitutes and drunks who walk her street, and a low- income population that buys little merchandise, and only on the 1st and 15th of the month.

“There’s no money here in Oceanside; it’s an armpit,” she said.

Image Making

Johnson said he’s aware of her concerns. He’d like to duplicate downtown San Diego’s ongoing revitalization efforts.

“They came in and basically cleaned it all up, got rid of the bums, prostitutes, and unsavory types,” Johnson said, adding that once people with discretionary income are working and living there, they will be able to “uplift the area.”

Downtown Oceanside has long struggled to attract investors because of its unsafe image. According to the mayor’s office, auto thefts, break-ins, and domestic crime are the biggest crime problems the city faces, though homicides were up this year over last.

There were 5,311 total violent and property crimes in Oceanside, compared to 6,483 in Chula Vista and 4,717 in Escondido.

On the flip side, pricey new homes and new retail outlets have sprung up recently where older homes, bars, pawn shops, tattoo parlors, an ice packing plant, oil shed, and lumberyard used to be.

There are several major landscaping projects under way as well.

Developers of a 54-unit housing project near the beach said homes began selling at $300,000 in 1999. Similar-size homes in the same project along Cleveland Street today are selling for $725,000 and up, the developers said.

Soon a mixed-use condo, retail, restaurant, and office project will be built on the west side of the Regal Cinemas complex, and a 450-space underground parking structure will be built next to the Oceanside Transit Center, freeing up several blocks of parking lots for more mixed-use development.

Brad Graves contributed to this report.

As Oceanside's population grows, so is its economic base:

Total business licenses operational in 2003: 7,000

Jobs: 33,000 — 41 percent service industry;

16 percent finance insurance, or real estate; 16 percent retail; 11 percent construction; and 8 percent manufacturing.

New business licenses in 2003: 1,958.

Largest private employers: Deutsch Co.; Hydranautics; Becton Dickinson Sharps Disposal Systems; Sumitomo Metal Mining U.S.A., Inc.; J.R. Filanc Construction Co., Inc.

Oceanside Chamber of Commerce members: 967.

Retail vacancy rate: 8 percent.

Land available for industrial or office: 316 acres.

Source: City of Oceanside