



DEPARTMENT OF PARKS AND RECREATION

Off-Highway Motor Vehicle Recreation Division  
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**OHMVR COMMISSION MEETING  
Sacramento, CA 95816**

**August 6, 2020**

**STAFF REPORT:** Off-Highway Vehicle Trust Fund Update  
**STAFF:** Susan Brock, Staff Services Manager II  
**SUBJECT:** Fiscal Year 2020/2021 Budget and Off-Highway Vehicle Trust Fund Condition

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**Fiscal Year 2020-21**

The Budget Act of 2020 was signed by Governor Gavin Newsom on June 29, 2020 for the 2020/2021 fiscal year (FY).

The budget includes \$72,387,000 for State Vehicular Recreation Areas (SVRAs), Division headquarters, statewide projects and programs, and administrative costs. This represents an increase of \$72,000.

***Local Assistance***

The Grants and Local Assistance program appropriation is \$36,000,000. Local assistance funding includes a \$1,000,000 transfer from the State Parks and Recreation Fund made possible by increased fuel tax revenues per Item 3790-014-0392, Various Budget Acts and is unchanged from last fiscal year.

The Grants and Local Assistance program also administers a federal assistance program of the United States Department of Transportation's Federal Highway Administration. The Recreational Trails Program provides support for motorized recreation. The Governor's budget includes spending authority of \$9,000,000 from the Recreational Trails Fund which is the same spending authority as FY 2019/2020.

***Capital Outlay***

Capital Outlay Projects in the amount of \$20,575,000 is authorized and are as follows:

**Great Basin District**

Carnegie SVRA - Road Reconstruction

Construction 6,617,000.00

**Oceano Dunes District**

Oceano Dunes SVRA - Pismo SB Track-Out Prevention  
Construction 827,000.00

Oceano Dunes SVRA - Grand Avenue Lifeguard Tower  
Preliminary Plans 56,000.00  
Working Drawings 146,000.00

Oceano Dunes SVRA - Le Sage Bridge Replacement  
Preliminary Plans 103,000.00

Pismo State Beach - Entrance Kiosk Replacements  
Preliminary Plans 44,000.00  
Working Drawings 136,000.00

**Ocotillo Wells District**

Heber Dunes SVRA - Water System Upgrades  
Working Drawings 96,000.00  
Construction 990,000.00

Ocotillo Wells SVRA - Holmes Camp Water System Upgrade  
Working Drawings 104,000.00  
Construction 1,186,000.00

Ocotillo Wells SVRA - Holly Corp Acquisition  
Acquisition 3,500,000.00

Ocotillo Wells SVRA - Auto Shop Addition  
Working Drawings 105,000.00

**Diablo Range District**

Hollister Hills SVRA - Waterline Expansion  
Working Drawings 62,000.00  
Construction 1,305,000.00

Hollister Hills SVRA - Martin Ranch  
Acquisition 5,000,000.00

**Gold Fields District**

Prairie City SVRA - Initial Erosion Control  
Working Drawings 298,000.00

Not all of the projects above will be realized. Some due to impediments, others due to difficulties related to COVID-19 and a desire to reduce expenditures from the Off-Highway Vehicle Trust Fund (OHVTF).

**Other Items**

The payment of \$6,014,000.00 from the OHVTF in FY 2020/2021 is tied to Chapter 50, Statutes of 2017, Senate Bill 84 which authorized the State to make a one-time \$6 billion supplemental pension payment to CalPERS in FY 2017/2018, in addition to the annual state contribution.

The additional pension payment was funded through a loan from the Surplus Money Investment Fund (SMIF). Senate Bill 84 requires all funds that are normally responsible for paying retirement contributions, including the OHVTF to repay the interest and principal on the loan from the SMIF. In FY 2018/2019 the OHVTF repaid \$394,000. The \$6,014,000.00 payment from the OHVTF is very close to the obligation, but an additional payment for interest may be required.

**Off-Highway Vehicle Trust Fund Condition**

We recognize the OHVTF appears imbalanced. Due to delays in closing FY 2017/2018, savings were not realized in prior Fund Condition Statements (FCS). However, the FY 2020/2021 Fund Condition Statement reflects a **\$30,390,000.00** positive adjustment. This is a realization of adjustments at the closing of FY 2017/2018. Please reference the attached Fund Condition Statement Table.

The Detailed Fund Balance Report for FY 2017/2018 report the following expenditures and encumbrances by program:

Operations Support	\$51,412,042.27
Grant and Local Assistance	\$30,287,266.36
Capital Outlay	\$75,913.59
Total	\$81,775,222.22

The expenditures and encumbrances reported are significantly less than the FY 2017/2018 appropriation for these three programs of \$104,596,000.00.

Appropriations for State Operations reference 001 from the OHVTF are available to expend or encumber in the first year of the appropriation and have two additional years for liquidation of the encumbrances, a three-year cycle.

Appropriations for State Operations (Capital Outlay) reference 002 from the OHVTF are available to expend or encumber for the first three years and have two additional years for liquidation of the encumbrances, a five-year cycle.

Appropriations from the OHVTF for Grants and Local Assistance are available to expend or encumber for two years and have two additional years for liquidation of the encumbrances, a four-year cycle.

This multi-year budget cycle starts with an appropriation and as we pass through the life of the appropriation, we realize the actual obligation. This is a common situation, not unique to the OHVTF. This is demonstrated by FCSs providing three fiscal years of data and the adjustments made as we move through the life of the appropriation. Please reference the attached Fund Condition Statement Table.

The Off-highway Motor Vehicle Recreation (OHMVR) Division has been successful in reducing expenses in operations. Efforts began in earnest in FY 2016/2017 and continues to today. The OHMVR Division reduced FY 2020/2021 allocations for the six Districts with SVRAs by \$3,818,031. This is a reflection of more prudent spending and the right sizing of allocations.

OHMVR Division expects the levels of expenditures in FY 2018/2019, FY 2019/2020 and FY 2020/2021 to be at a level similar to FY 2017/2018.

Staff at OHMVR Division, in coordination with staff at the SVRAs, have improved the management of encumbrances. Properly managing encumbrances by disencumbering when funds are not required and using funds from the appropriation year in which the goods and services are received, provides a more accurate assessment of OHVTF obligations.

### **Commission Action**

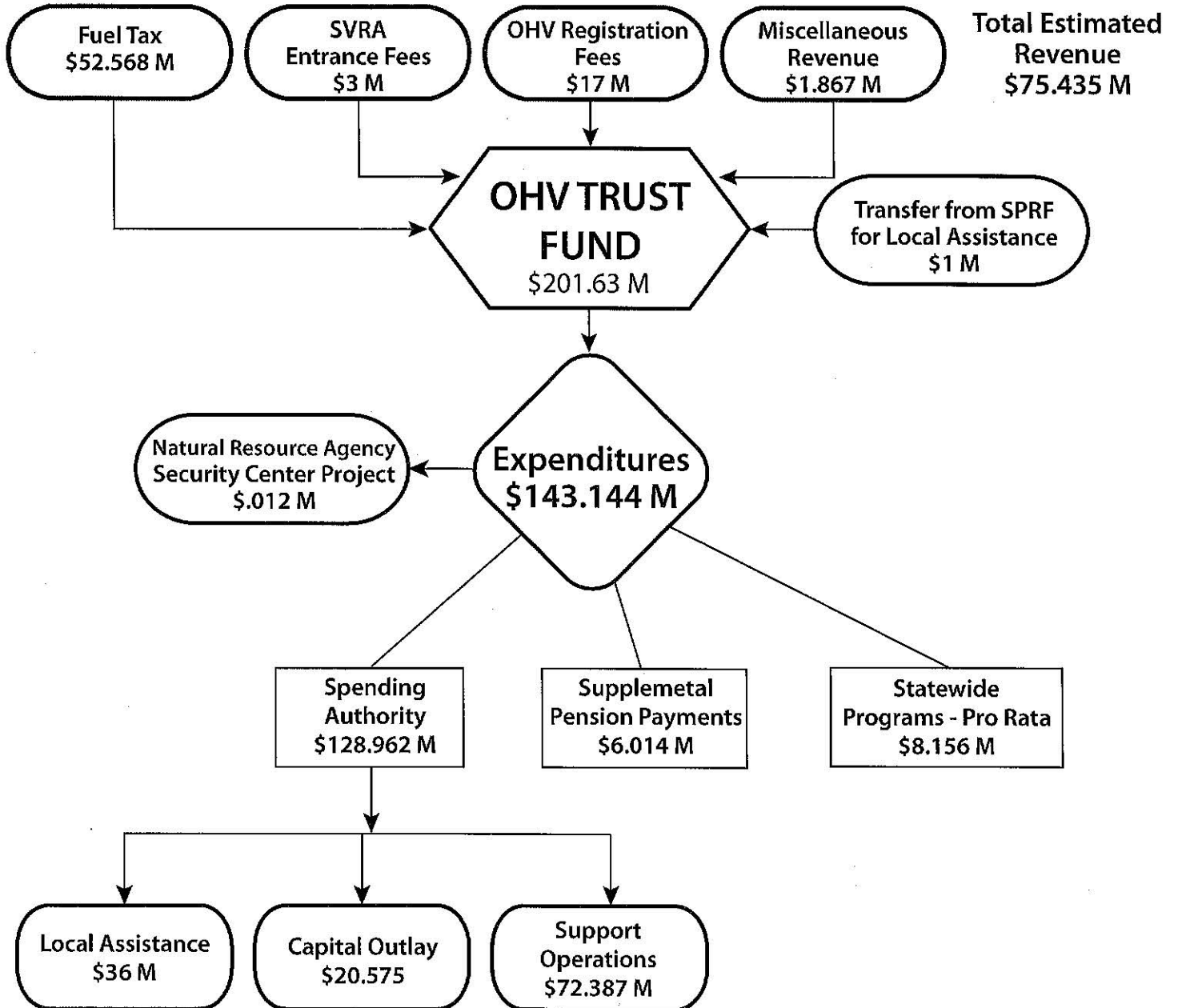
For information only.

### **Attachments**

FY 2020/2021 Budget Chart  
OHVTF Fund Condition Statement Table

**Off-Highway Motor Vehicle Recreation Division  
Governor's Budget  
FY 2020/2021**

Beginning Balance: \$126.195 M



Ending Balance: \$58.486 M

**OHVTF Fund Condition Table\***

FY 17-18	FY 15	FY 16	FY 17
Starting Balance	93,492	92,730	157,056
Revenue	90,039	161,805	81,743
Expense	90,801	97,479	121,326
<b>Balance</b>	92,730	157,056	117,473
FY 18-19	FY 16	FY 17	FY 18
Starting Balance	92,730	198,685	160,858
Revenue	175,115	81,755	81,348
Expenses	81,498	119,582	121,491
<b>Balance</b>	186,347	160,858	120,715
FY 19-20	FY 17	FY 18	FY 19
Starting Balance	198,685	161,017	127,475
Revenue	79,267	80,438	79,751
Expenses	116,935	113,980	126,702
<b>Balance</b>	161,017	127,475	80,524
FY 20-21	FY 18	FY 19	FY 20
Starting Balance	191,407	155,929	126,195
Revenue	78,502	74,353	75,435
Expenses	113,980	104,087	143,144
<b>Balance</b>	155,929	126,195	58,486

\* Dollars in thousands

Fiscal year 2018-19 budget information reflects the latest available estimates for this department and/or fund(s). Changes resulting from the final reconciliation of the 2018-19 ending fund balance will be reflected as a prior year adjustment in the 2021-22 Governor's Budget publication.