



DEPARTMENT OF PARKS AND RECREATION

Off-Highway Motor Vehicle Recreation Division
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Armando Quintero, *Director*

OHMVR COMMISSION MEETING

Virtual Meeting

September 16, 2022

STAFF REPORT: Off-Highway Vehicle Trust Fund Update

STAFF: Desiree Goyette, Staff Services Manager II

SUBJECT: Fiscal Year 2022/2023 Budget

Fiscal Year 2022-23 Off-Highway Vehicle Trust Fund Summary

The Budget Act of 2022 was signed by Governor Gavin Newsom on June 27, 2022, for the 2022-23 fiscal year (FY). Below is a summary of FY 2022-23 spending authority that has been appropriated from the Off-Highway Vehicle Trust Fund (OHVTF) for FY 2022-23:

| | | |
|------------------|-----------|-----------------------|
| State Operations | \$ | 73,233,000.00 |
| Local Assistance | \$ | 35,000,000.00 |
| Capital Outlay | \$ | 5,312,000.00 |
| <u>Total</u> | <u>\$</u> | <u>113,545,000.00</u> |

State Operations (Statewide OHV Operations)

The budget appropriates \$73,233,000 for State Operations which includes State Vehicular Recreation Areas (SVRA's), Division Headquarters, statewide projects, and administrative costs. These costs are comprised of labor and operating expenses such as service contracts and goods for SVRA operations.

In order to manage impacts to the OHVTF balance, the OHMVR Division does not fully expend the State Operation funds. Each year the OHMVR Division works with Department headquarters units and field Districts for operational needs and allocates funds accordingly. This is critical as we manage OHV expenditures against revenues.

In addition, each headquarters unit or field District adheres to the Tracking, Accountability, and Compliance procedures that were initiated in 2017 following the departmentwide transformation. This calls for all OHVTF to be identified and tracked for OHV recreational purposes and not to be used for regular park operations. These procedures will be expanded upon and more finely developed in the areas of expenditure reconciliation and monthly compliance reporting. The OHMVR Division will be working on these processes throughout the next fiscal year.

Local Assistance

The Grants and Local Assistance program appropriation is \$35,000,000. 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 3790-14-0392, Various Budget Acts.

While there is an increase of \$5 million in Local Assistance spending authority for FY 2022-23 from the previous FY 2021-22, the OHMVR Division executive staff will be looking to reduce this appropriation in the coming fiscal years to ensure expenditures do not exceed revenues. The OHMVR Division executive staff will be working with our partners as we navigate impacts associated with the future decreases in Local Assistance authority.

The Grants and Local Assistance program also administers a federal assistance program of the United States Federal Highway Administration – Department of Administration. The Governor’s budget includes spending authority of \$8,158,000 for the department from the Recreational Trails Fund. The OHMVR Division Grants and Local Assistance program administers approximately \$1,650,976 of these funds to support motorized recreation.

Capital Outlay

Capital Outlay Projects in the amount of \$5,312,000 are authorized and are as follows:

OHMVR Division

Statewide: OHV Feasibility Studies for Acquisitions

Study 1,000,000.00

Diablo Range District

Carnegie SVRA: Road Reconstruction

Construction 2,398,000.00

Hollister Hills SVRA: Waterline Expansion

Construction 250,000.00

Gold Fields District

Prairie City SVRA – Initial Erosion Control

Construction 2,667,000.00

Ocotillo Wells District

| | |
|--|------------|
| Heber Dunes SVRA – Water System Upgrades | |
| Construction | 326,000.00 |
| Ocotillo Wells SVRA – Holmes Camp Water System Upgrade | |
| Construction | 238,000.00 |
| Ocotillo Wells SVRA – Auto Shop Addition | |
| Construction | 299,000.00 |

Not all projects above will be realized. Some due to impediments, others due to the management of overall expenditures from the Off-Highway Vehicle Trust Fund (OHVTF).

Off-Highway Vehicle Trust Fund Revenue

Over the past four years OHVTF revenue has averaged approximately \$76,711,757. Revenue includes the Motor Vehicle Fuel Tax Revenue, State Beach and Park Services Fees, Off-Highway Vehicles Fees, Concession fees, Property/Lease fees, and loan repayments:

| OHVTF Revenue | |
|----------------------|------------------|
| FY 2018 | \$ 84,786,062.73 |
| FY 2019 | \$ 75,270,546.43 |
| FY 2020 | \$ 67,782,421.22 |
| FY 2021* | \$ 79,008,000.00 |

**DOF estimated revenue. Final figures are not available until the accounting officially closes the FY.*

In FY 2021-22, we saw an increase in overall revenue for the OHVTF. The Motor Vehicle Fuel Tax Revenue (MVFTR), the main source of revenue for the OHVTF, increased by 12% from FY 2020-21 as COVID-19 restrictions were lifted and the public was able to drive more:

| Motor Vehicle Fuel Tax Revenue | |
|---------------------------------------|------------------|
| FY 2017 | \$ 76,321,040.34 |
| FY 2018 | \$ 77,690,134.04 |
| FY 2019 | \$ 65,003,573.74 |
| FY 2020 | \$ 58,265,965.87 |
| FY 2021 | \$ 66,112,754.01 |

While there was an increase in revenue for FY 2021-22, there is a trending decline in revenue overall in the MVFTR. As such, the OHMVR Division continues to watch

incoming revenue trends. At the forefront of our goals, is to navigate the potential for incoming revenue from electronic off-highway vehicles and impacts to fuel sales.

Commission Action

For information only.