



DEPARTMENT OF PARKS AND RECREATION

Armando Quintero, Director

Division of Boating and Waterways
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February 8, 2021

via Electronic Mail

Re: Division of Boating and Waterways – Harbors and Watercraft Revolving Fund Deficiency

Dear Jerry, Beau and Mark:

This letter is in response to the California's boating community concerns which were addressed in a letter sent to the Director of the Department last year.

The intent is to provide information relating to the specific questions about the Harbors and Watercraft Revolving Fund (HWRF) and other expenditures by the Division Boating and Waterways (DBW).

1. How can the public best receive accurate information from DBW regarding its operations, programs and funds including the HWRF? Would it be possible to work with Parks to pull this data together in an easily digestible format that we could share with our members?

This type of data is shared in simplified presentations at Boating and Waterways Commission meetings, workshops and various conferences the division participates or makes presentations.

A. What is the total amount of motor vehicle fuel tax dollars that boaters pay to the state – not just the HWRF - annually?

The total is \$107,120,000.

Budget Year rates are: HWRF \$0.198, GF \$0.198 and SPRF \$0.132.

B. Where are those motor vehicle fuel tax dollars directed, and how are the funds spent?

HWRF receives \$15.1 million to support and boating programs administered by DBW, such as operations, access, safety and administration. The State Park and Recreation Fund (SPRF) receives \$26 million to support state parks with a boating nexus throughout the State Park system. SPRF also receives \$26.92 million attributable to boating tax revenues through Senate Bill 1 (Chapter 5, Statutes of 2017) to be used for state parks, off-highway vehicle

programs, or boating programs. . The state General Fund receives \$39.1 million.

C. Why is the State Parks and Recreation Fund - into which boat fuel tax dollars are deposited - not utilized for boating programs and services, despite statutory authorization?

Over one third of all State Park System units provide boating-related equipment, facilities and services. The State Park and Recreation Fund receives \$26,649,000 annually from the Motor Vehicle Fuel Account to help fund operations at state park units that provide boating related services to the public. Operating costs of districts with boating facilities far exceed the annual transfer of funds. The Department is responsible for the largest number of recreational boating facilities and opportunities in California. It manages the largest staff of law enforcement and other personnel responsible for the health and safety of boaters. Some examples of boating programs and services include docks, launch ramps, boating parking areas, mooring facilities, underwater parks, water ski areas, boat-in campgrounds, floating restrooms, buoys, and rental facilities. In addition, the Department provides aquatic safety programs, marine law enforcement patrol, search-and-rescue and boating investigation incidents in addition to other water hazard mitigation. We estimate that State Parks spends over \$180 million from a variety of fund sources to operate park units and facilities that support recreational boating activities.

2. Some of the HWRF funding is spent on programs of questionable value to California's boating community. In other cases, HWRF funding is exclusively used for programs that clearly have other interested stakeholders who are not carrying their weight.

A. For example, HWRF funds are spent on the beach erosion program. Our groups would ask how a program like this is of direct benefit to boaters. The beach erosion and nourishment programs have historically been considered mitigation for the construction of harbors and breakwaters that protect marinas and other boating access sites which disrupt the natural sediment deposition and transport which would otherwise protect bluff's and public infrastructure along the coastline.

Given the current state of the HWRF, a proposal has been submitted to suspend funding of this program from the HWRF. Additionally, the Legislative

Analyst Office has proposed that the Legislature identify alternative funding sources for these programs.

B. Additionally, increasing amount of HWRF funds are directed to the State's vegetation management program each year. While clear navigation is of importance to boaters, this program also benefits water exporters in the south Delta, farmers, wildlife, non-motorized recreational users, and more.

With regard to this specific example, can other government entities and/or stakeholders provide funding in support of the invasive species program that benefits their interests?

Yes, currently DBW has a reimbursement agreement with State Department of Water Resources for treatment activities that support their interests. The Division has started very early engagement with Water Districts which have expressed an interest on partnering with this program.

C. If other programmatic expenditures are benefit a wider set of interest groups, how can the Department ensure those beneficiaries are paying their fair share?

All division boater benefits/programming is statewide. Boaters benefit from all programs funded by registration and taxes. The division recognizes that some programs will co-benefit nonpaying entities. The division allocates program funding through historical data, program need, or legislative changes, including the budget act.

3. Some partners are experiencing challenges in access and working with DBW to receive public funding from HWRF programs. Can the processes for the following programs be revised to re-create interest and applications, and expedite approvals process?

DBW's programs are under constant improvement and engagement and participation from boating constituents is appreciated.

A. The private marina loan program

The budgeting process has been revised to expedite funding availability offering blanket funding rather than seeking funding for each project through the State budget process. Current guiding statute and regulations require that this program mimic commercial lending practices. DBW is seeking expert assistance to ensure its processes align as required. Given the current state of the HWRF, a proposal has been submitted to pause this program which will allow the department to assess whether demand can support future funding efforts. Over the last several years, this program has been under-prescribed and it is unclear if a need exists.

B. The public marina loan and grant program – including launch ramps:

Public Marina Loan: *The budget process has been revised to expedite funding availability offering blanket funding rather than seeking funding for each project through the State budget process. Current guiding statute and regulations require that this program mimic commercial lending practices. DBW is seeking expert assistance to ensure its processes align as required. Given the current state of the HWRF, a proposal has been submitted to pause this program which will allow the department to assess whether demand can support future funding efforts. Over the last several years, this program has been under-prescribed and it is unclear if a need exists.*

Launch Ramps: *In FY2019/20 DBW began holding annual workshops for the boat launch ramp programs to help potential applicants with the application process. The workshops were saved and posted on DBW's website for convenient access for potential applicants. Webinars for use of the online grant application system have been recorded and are also on our website. DBW has sent letters and emails to managers of previous grant recipients to inform them about their eligibility for future grants.*

C. The abandoned and surrendered recreational vessel program:

In 2020 the application and scoring process was fully rebuilt for improved transparency and to help assess how the funding requests would meet the objectives and priorities of the Surrendered and Abandoned Vessel Exchange (SAVE) program. Grant application questions and scoring were redesigned to evaluate the agency's prevention and control strategies for reducing the number of abandoned vessels; their cost efficiencies in

managing the grant funds; and their overall effectiveness in managing the grant program. Collaborating with their local private marinas to identify and prevent abandoned boats.

DBW hosted a focus group in February 2020 with relevant stakeholders to receive feedback on the revised application and scoring criteria. The focus group participants included experienced and qualified representation who volunteered from agencies serving the various and diverse boating safety environments we have in California.

DBW holds annual workshops to review how to apply for a grant, scoring criteria, application process, reimbursement requests, and other requirements of the grant program.

SAVE program staff continue to participate (via phone conferencing) in regional coordination meetings such as the Delta Officers Intelligence Team, Bay Area Marina Operators and the Abandoned Derelict Vessel Workgroup to work with potential applicants and inform them of available funding.

D. The aquatic center program:

In 2020 the application and scoring process was also fully rebuilt for improved transparency and to help assess how the funding requests would meet the objectives and priorities of the Aquatic Center Grant (ACG) program. Grant application questions and scoring were redesigned to evaluate the applicants boating safety education, equipment, scholarship, and training needs, availability to the underserved, and effectiveness of each request. DBW holds annual aquatic center directors' meetings that are available to all interested parties. These meetings review how to apply for a grant, application scoring criteria, application process, reimbursement requests, and other aspects of the grant program. These meetings are also a forum for aquatic centers to share best practices.

4. How can our groups work with Division and Department work proactively to identify and address current and future boater needs?

Groups can advocate for constituents needs at Boating and Waterways Commission meetings, respond to DBW's requests for assistance in focus groups and surveys. The division actively participates in boater group's annual conferences, meetings and venues.

A. For example, can non-motorized vessels that benefit from state programs and services be asked to participate financially?

The division has been evaluating other states non-motorized fee programs to determine best approach on implementing a program in California. As noted in the Governor's FY 21/22 Budget proposal, the Division intends to work with stakeholders to explore longer-term revenue options.

B. Can authorization be obtained for boater-derived funds to be utilized for site-specific studies of copper in impaired bodies of water, to ensure that decisions impacting boats are based on facts and science?

Recommendations from boater groups should be addressed during a Boating and Waterways Commission public meeting. Authorization for this proposal would need to be addressed through the State's legislative and budget process.

C. We should explore if the Boating and Waterways Commission can be provided authority and responsibility for decisions made on the expenditure of HWRF monies in a public and transparent process – as it held in the past.

In accordance with H&NC, Section 82, the division provides to the Boating and Waterways Commission proposal changes in regulations, loans and grants, and projects, in addition to an annual report on budget and expenditures for its advice and comment. The division considers all advice and comments from the Boating and Waterways Commission for determination of eligibility for funding from Harbors and Watercraft Revolving Fund in addition to the significant impact on either public health, safety, public access or the environment. Any revisions to the legal authorities of the Boating and Waterways Commission would need to be addressed through the State's legislative process.

Mr. Desmond, et al.
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Thank you for the opportunity to address these questions. We look forward to continued engagement with boating stakeholders as we identify solutions to address the sustainability of the HWRF.

Sincerely,

R Fernandez

Ramona Fernandez, Acting Deputy Director
Division of Boating and Waterways
Department of Parks and Recreation

cc: Armando Quintero, Director, Department of Parks and Recreation
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