

**ITEM PROPOSED FOR DISCUSSION****State Parks and Recreation—Ongoing Sustainable Funding Proposal**

**Previous Subcommittee Actions.** The Senate Budget Subcommittee #2 heard proposals from the Department of Parks and Recreation on March 7 of this year. The department answered questions from members of the Committee and Senator Evans on the department's response to implement budget reductions and the proposal to close state parks. The subcommittee held open the following: (1) the local assistance program including off-highway vehicle funds, recreational trail funds and federal trust funds; (2) lifeguard headquarters; (3) off-highway vehicle opportunity purchases; and (4) the department's proposal for revenue incentive opportunities. The Subcommittee required the department to submit by April 9 a list of the rationale for park closures which was received on April 9.

**Background.** As of April 26, the department has reduced the number of parks slated for closure from 70 to 54. While this doesn't mean the parks remaining open will continue to be open in exactly the same manner, the effort of the department and particularly the efforts of the hundreds of local organizations stepping up to support parks is commendable.

**Options to Provide Ongoing and Sustainable Support.** As referenced in the Senate Red book and testimony by the Department, it is clear that simply funding the department at previous year levels is not sufficient to address structural problems inherent at the department. The breadth of the problem includes a deferred maintenance backlog in excess of \$1 billion, increasing operations and maintenance costs, collapse of septic and wastewater systems designed for a much lower capacity, restrictive funding sources, and a need for a cultural shift to match the changed funding streams at the department.

Rather than look for one-time solutions solely, this subcommittee proposes a suite of changes, some in statute, and others in budget actions, designed to address the structural funding problem and promote cultural shift within the department. This proposal will still require short-term closures of a smaller number of parks in order to provide time to ramp up some of these programs. In the long run, implementing these changes this will go far towards providing a more stable and long-term solution. This proposal can dramatically reduce the number of full park closures necessary in the budget year, and ensure that the number of parks to be reopened in future budget years increases substantially.

These proposals are intended to complement other legislative proposals currently being considered by the policy committees including SB 1078—the State Parks Revenue Generation Act and SB 974 (Evans) —The State Parks Closure Review Act.

**Senate Sustainable Parks Proposal—Recommendations**

The following are a series of seven proposals to address problems identified by the Legislature, the Legislative Analyst's Office (LAO), and the administration that are barriers to a sustainable Parks program. The solution statements constitute the staff recommendation, in consultation with Senator Simitian and Senator Evans, including an eighth proposal discussed separately that introduces a transportation funding proposal.

**Problem 1: Department needs funding flexibility to become more entrepreneurial.**

**Solution:** Approve administration's two-year pilot proposal for continuous appropriation authority including trailer bill language requiring the department to report uses of the fund, and to require at least 50 percent of the funding received from district entrepreneurial projects to remain within that district.

**Problem 2: Personnel structure at the department restricts ability for the department to direct peace officers to the highest priorities.**

**Solution:** Approve LAO recommendation (trailer bill language) in part to add position authority to allow non-peace officers to administer certain non-law enforcement tasks. This proposal would be phased-in over a period of two years.

**Problem 3: The department should be collecting entrance fees in more locations and utilizing concession agreements in as many areas as practical.**

**Solution:** Approve LAO recommendation to approve entrance fee proposals and concession agreements. Require a percentage to remain in the district for revenue-related projects (budget bill language).

**Problem 4: Department needs more varied funding sources and Parks supporters need a more visible way to show support for the department.**

**Solution:** As mentioned in the LAO report, approve trailer bill language for both (1) an opt-in fee for vehicle renewal and (2) a specialty plate for parks alone.

**Problem 5: According to a report by the department in May 2011, at least 20 parks were put on the closure list in part due to water, wastewater, and septic system problems. Many of these are due to both aging facilities and increased visitor-ship beyond the capacity of these older systems.**

**Solution:** Approve budget bill language appropriating \$10 million annually as long-term loans from the Clean Water Revolving Loan Fund for five years to replace the State Parks and Recreation Funding and to complement bond funding for water quality and septic system repairs. Recommend funding be prioritized to allow for re-opening of parks and directed to lower income areas to the extent possible.

**Problem 6: Local nonprofits who step up to take over parks may be subject to additional liability risk which could deter their efforts to help support State Parks.**

**Solution:** Approve trailer bill language to extend limited liability coverage to local and nonprofit agencies who partner with State Parks to take over functions or management of parks or park properties.

**Problem 7: Restrictive funding streams and categorical allocations reduce the flexibility of the department to more creatively apply state dollars while maximizing both federal and local matching funds.**

**Solution:** Approve trailer bill language to extend the eligible uses of funds for trails, multi-purpose off-highway vehicle funds (with the exception of direct fees), and local assistance dollars. The intent is to allow greater flexibility for decision-making across the entire State Parks system. This includes amending the Local Assistance Program proposal to allow the department to utilize these funds more broadly for state purposes, so long as federal matching funds and constitutional requirements are not jeopardized.

**Transportation Funding at State Parks.** The department is responsible for construction and maintenance of roads, construction and maintenance of fixed facilities related to roads, and enforcement of traffic laws on public roads (essentially all roads within the park system including certain vehicle-accessed trails). The state annually transfers about \$3.4 million from the Highway Users Tax Account (HUTA) to the department per a longstanding agreement for roads maintenance. However, the department's ongoing costs related to public roads is much higher with a conservative annual funding amount at about \$15 million. This does not include enforcement of laws on public roads or deferred maintenance which brings the total higher. This type of gap in funding is part of the structural deficit the department has incurred annually for multiple years.

As this Subcommittee has jurisdiction over transportation funding, it became clear in a recent hearing for Department of Motor Vehicles that there are funds held in balance (about \$500 million) well beyond the prudent reserve in the Motor Vehicle Account. The eligible use of these funds is restricted by Article XIX of the California Constitution, which requires the funds to be used for maintenance and enforcement of laws on public roads.

**Problem 8: State Parks has an ongoing gap of up to \$15 million for roads and trail maintenance, and for service provided by Park Rangers related to motor vehicles.**

**Solution:** Approve provisional budget bill language to utilize only a portion of the reserve of funding related to proceeds of the Motor Vehicle Account annually. Up to \$10 million of this item shall only be expended in units of the State Park System and only for enforcement of traffic laws on public roads, construction and maintenance of public roads and their fixed facilities, and any other purpose allowable by Article XIX of the California Constitution.

**Staff Recommendation.** Adopt Senate Sustainable Parks Proposal.