

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 3790	Department Parks and Recreation	Priority No. 01
Budget Request Name 3790-300-BCP-DP-2016-A1		Program 2850	Subprogram

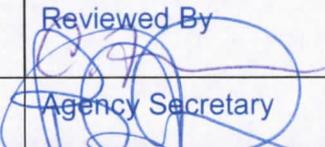
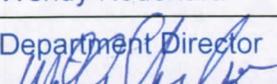
Budget Request Description
 Vessel Operator Certification Account Loan

Budget Request Summary

Harbors and Navigation Code (HNC) Section 678.7(a) authorizes a transfer totaling four million dollars (\$4,000,000) from the Harbors and Watercraft Revolving Fund to the Vessel Operator Certification Account, of which \$1,000,000 has been transferred to date. The Department of Parks and Recreation requests the balance of three million dollars (\$3,000,000) be authorized for transfer in Fiscal Year 2016-17. These funds will be used to support an existing appropriation to implement the requirements of SB 941 which establishes the Vessel Operator Card Program.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance. <input type="checkbox"/> FSR <input type="checkbox"/> SPR Project No. Date:		

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Wendy Nodohara	Date 3/17/16	Reviewed By 	Date 3-28-16
Department Director 	Date 3-28-16	Agency Secretary	Date 3/28/16

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Original Signed By Amanda Martin	Date submitted to the Legislature 4-1-16
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Analysis of Problem

A. Budget Request Summary

Harbors and Navigation Code (HNC) Section 678.7(a) authorizes a transfer totaling four million dollars (\$4,000,000) from the Harbors and Watercraft Revolving Fund to the Vessel Operator Certification Account, of which \$1,000,000 has been transferred to date. The Department of Parks and Recreation requests the balance of three million dollars (\$3,000,000) be authorized for transfer in Fiscal Year 2016-17. These funds will be used to support an existing appropriation to implement the requirements of SB 941 which establishes the Vessel Operator Card Program.

B. Background/History

On September 18, 2014, Governor Edmund G. Brown, Jr. signed into law SB 941, that prohibits the operation of a motorized vessel in California without a valid vessel operator card developed and issued by the Division of Boating and Waterways (DBW). The card shall be issued to those operators who pass a vessel operator exam approved by DBW. The exam shall include basic vessel operations, rules of navigation, and boating safety and be approved by the National Association of State Boating Law Administrators. The vessel operator card is valid for the life of the operator. DBW is tasked with the development, establishment and operation of the Vessel Operator Card Program (VOCP), including the establishment and consultation of a technical advisory group.

C. State Level Considerations

The State of California recognized with the passage of SB 941, that DBW has the expertise and methods for implementing the VOCP on a statewide basis. The VOCP is consistent with DBW's mission, "To provide safe and convenient public access to California's waterways and leadership in promoting safe, enjoyable and environmentally sound recreational boating." The Department assumes responsibility for this program to ensure that (1) the funding is used for the purpose intended, (2) the program has central coordination, and (3) the requirements of the law are met.

Governor Brown's signature of SB 941 demonstrates his approval of this vital program. Further, this program is in line with the Governor's top eight issues, specifically #2, Education. As stated by the Governor on his website, "Education improvement takes time, persistence, and a systematic approach". This program is a systematic approach to implementing boating education throughout the state.

D. Justification

Vessel registration fees collected from recreational boaters are deposited into the Harbors and Watercraft Revolving Fund. Per HNC 85.2(a) "All moneys in the Harbors and Watercraft Revolving Fund are available...for expenditure by the department for boating facilities development, boating safety, and boating regulations programs..." DBW's current programs and activities adhere to this requirement and the VOCP will further provide support of this statute and continue to deliver services that are needed and funded by recreational boaters in California.

The Department has an existing appropriation to support the VOCP; and this transfer will support that appropriation. Based on anticipated loan repayments from the General Fund in Fiscal Year 2016-17, the Harbors and Watercraft Revolving Fund can support this loan to the VOCA. The transfer of \$3,000,000 will support the existing appropriation to implement the requirements of SB 941 which establishes the Vessel Operator Card.

DBW anticipates entering into a contract with at least two vendors in early 2017. Additionally, DBW plans to work with the Department's Information Technology Office to develop an internal database to house the necessary California Vessel Operator Card data. These costs will require expenditures from the Vessel Operator Certification Account funds requested in this proposal for Fiscal Year 2016-17.

Analysis of Problem

E. Outcomes and Accountability

Fees for the Vessel Operator Card shall be collected and deposited into the VOCA no sooner than July 1, 2017. This is the date the Department anticipates having the program fully operational. At this time, a cost for the card has not been established. Over the eight years of implementation from 2018-2025, DBW anticipates issuing over 1.8 million cards. With this expectation DBW plans to include a charge of at least \$2.25 per card to generate enough funds to repay the \$4 Million loan. This is in addition to costs for actual program operating expenses. As required by SB 941, DBW must repay the loan by January 1, 2023.

F. Analysis of All Feasible Alternatives

The following alternatives are considered:

Alternative 1: Approve the transfer of \$3,000,000 from the Harbors and Watercraft Revolving Fund as a loan to the Vessel Operator Certification Account. This alternative provides DBW the funds to implement the requirements of SB 941 to establish the Vessel Operator Card Program.

Alternative 2: Approve the transfer of \$1,000,000 annually in the next three fiscal years from the Harbors and Watercraft Revolving Fund as a loan to the Vessel Operator Certification Account. This alternative provides DBW the funds as needed to implement the requirements of SB 941 to establish the Vessel Operator Card Program.

G. Implementation Plan

Beginning July 2016, the Department will implement the following phases:

- Phase 1: Establish criteria for certification program, finalize printing order for brochures, and provide ongoing public workshops and media outreach.
- Phase 2: Begin program regulation process and finalize necessary contract. Coordinate with contractor and publish Vessel Operator Card exam on website.
- Phase 3: First and second phases of program begins, regulations enacted and program report due.
- Phase 4: Third thru final phases occur and program recommendations are due.

H. Supplemental Information

None.

I. Recommendation

Alternative 1: Approve transfer of \$3,000,000 from the Harbors and Watercraft Revolving Fund as a loan to the Vessel Operator Certification Account. This alternative provides DBW the funds to implement the requirements of SB 941 to establish the Vessel Operator Card Program.

3790-012-0516—For transfer by the Controller from the Harbors
and Watercraft Revolving Fund to the Vessel Operator
Certification Account as a loan pursuant to Section 6787(a) of the
Harbors and Navigation Code (3,000,000)