



Audit of Comprehensive Everglades Restoration Plan (CERP) Land Acquisition Cost Share

Project #22-20

Prepared by
Office of the Inspector General

J. Timothy Beirnes, CPA, Inspector General
Jankie Bhagudas, CPA, Lead Consulting Auditor



SOUTH FLORIDA WATER MANAGEMENT DISTRICT

September 26, 2023

Governing Board Members

Re: Audit of CERP Land Acquisition
Cost Share - *Project No. 22-20*

This audit was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. Our audit objective primarily focused on determining whether the District requests credit for all eligible CERP project land acquisition related expenses and whether adequate supporting documentation is maintained for such expenditures. Jankie Bhagudas and I prepared this report.

Sincerely,

A handwritten signature in blue ink, reading "J. Timothy Beirnes".

J. Timothy Beirnes, CPA
Inspector General

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BACKGROUND

In accordance with the Office of Inspector General's Audit Plan, we conducted an Audit of CERP Land Acquisition Cost Share.

In 2000, the U.S. Congress authorized the Comprehensive Everglades Restoration Plan (CERP) as a conceptual framework for modifications and operational changes to the Central and Southern Florida Project Flood Control and Other Purposes (C&SF Project) under Title VI, Section 601 of the Water Resources Development Act (WRDA) of 2000. WRDA 2000 integrated ongoing Federal and State projects and activities. CERP is the largest aquatic ecosystem restoration effort in the nation, covering 16 counties over an 18,000 square mile area. CERP's objective is to restore the quantity, quality, timing and distribution of water for the natural system while continuing to provide flood control and water supply for millions of people. Specifically, the goal of CERP is to capture fresh water that now flows unused to the ocean and the gulf and redirect it to areas that need it most. Most of the water will be devoted to environmental restoration; the remaining water will benefit cities and farmers by enhancing water supplies for the south Florida economy.

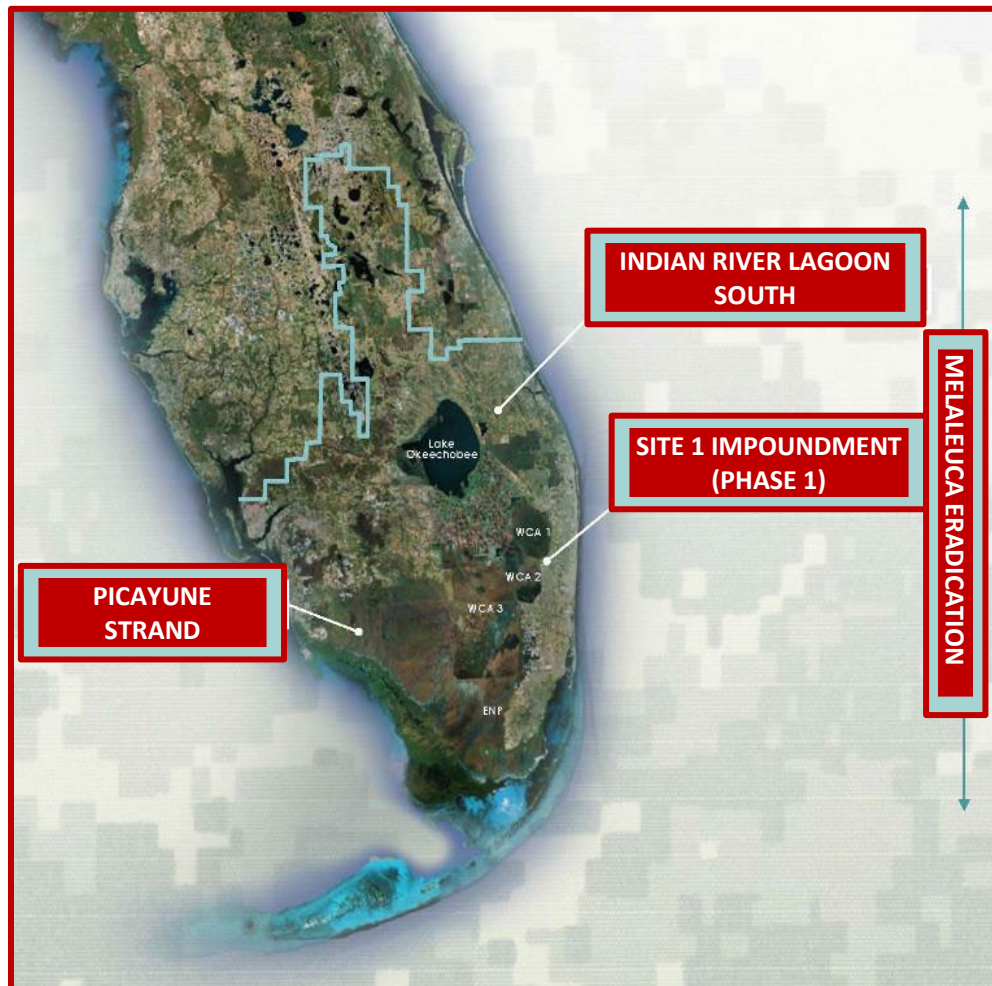
CERP includes more than 68 components covering storage, STAs for water quality, seepage management, removal of flows barrier, and revised operations. Further, WRDA 2000 authorized a 50-50 cost shared partnership for all project phases between the U.S. Army Corps of Engineers (USACE) and the State of Florida, with the South Florida Water Management District (District) acting as the Non-Federal Local Sponsor on behalf of the state. Shared costs include land acquisition and related expenses; design including programmatic expenses and construction related expenses; and operation, maintenance, repair, replacement, and rehabilitation (OMRR&R) costs.

Several CERP projects were authorized by the following:

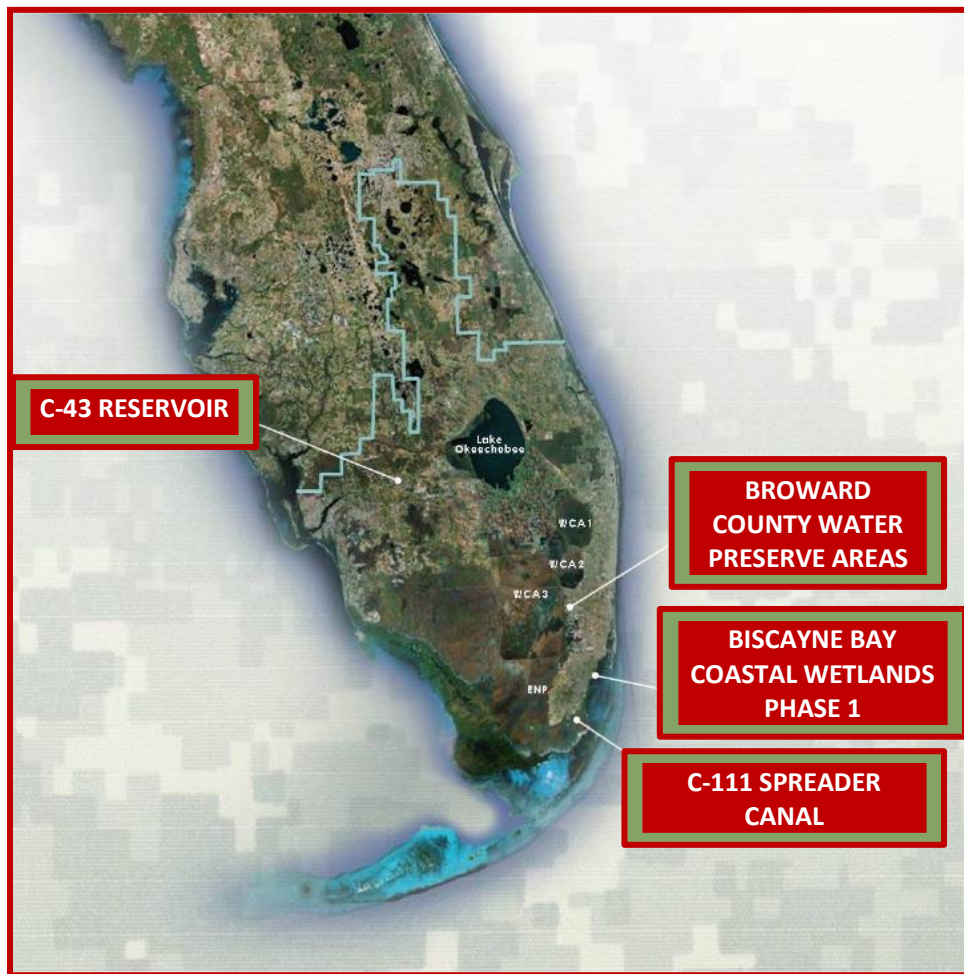
- WRDA 2007 (Generation 1 projects)
- WRDA 2014 (Generation 2 projects)
- WRDA 2016 (Central Everglades Planning Project)

The projects are illustrated in the following maps and descriptions.

CERP Projects Authorized by WRDA 2007 (Generation 1 Projects)



CERP Projects Authorized by WRDA 2014 (Generation 2 Projects)



The Central Everglades Planning Project (CEPP): Congress authorized CEPP, a critical component of CERP, in WRDA 2016, which was subsequently modified by the CEPP Post Authorization Change Report (PACR) and amended in WRDA 2018. CEPP implements six CERP components to accomplish the restoration objectives by improving the quantity, quality, timing, and distribution of water flows to Water Conservation Area 3, Everglades National Park, and Florida Bay. The project also provides ancillary benefits by reducing undesirable regulatory discharges to the St. Lucie and Caloosahatchee estuaries, while increasing water supply for municipal and agricultural users and maintaining flood protection. CEPP is comprised of three separate phases:

North, South, and New Water. Congress authorized WRDA 2018 to include the Everglades Agricultural Area (EAA) Reservoir, which is a part of CEPP. In July 2020, the District and USACE entered a 50-50 PPA cost share agreement to fund the South phase that will move water south to Everglades National Park.

Summary of CERP Master Agreement, Pre-Partnership Credit Agreement, and Project Partnership Agreement

The USACE and District entered a CERP Design Agreement and a CERP Master Agreement which govern the terms and conditions of the 50-50 cost share. In addition, Pre-Partnership Credit Agreements (Pre-PCAs) and Project Partnership Agreements (PPAs) between the USACE and District are required for Work-In-Kind (WIK) credit consideration.

Project Authorization Process

District real estate and construction expenditures are not eligible for cost share credit until a PPA is executed. The process leading to achieving an executed PPA has been a lengthy process. The CERP project planning process generally takes place over several years and leads to the development of, among other documents, a Project Management Plan, a Final Project Implementation Report, and a Chief of Engineers' Report. The Chief of Engineers' Report is submitted to the Assistant Secretary of the Army for Civil Works for review, then to the Office of Management and Budget, and then to Congress for authorization (in a WRDA). After Congress authorizes a project for construction and subsequently appropriates funding for construction, the USACE is then authorized to enter into a PPA with the District, after which construction on the project can begin. The District's Pre-PCA construction and real estate expenditures related to the authorized project then become eligible for credit, provided a Pre-PCA was executed for the project.

The master, pre-partnership credit, and project partnership agreements are summarized below.

Master Agreement: Costs are Eligible for Credit after Execution of a Project Partnership Agreement Subject to USACE Review and Approval: The Governing Board approved and executed the Master Agreement¹ between the District and the USACE in 2009. This agreement was implemented to promote uniform terms, ease of administration, and efficiency in project execution for future project partnership agreements. It allows for joint decisions on key issues and joint development and approval of CERP documents and schedules. The Master Agreement is incorporated by reference in individual Project Partnership Agreements to address costs that typically apply to all projects; such as, land acquisition and related costs, rights-of-ways, relocations, disposal areas, construction management and monitoring during construction, and operation, maintenance, repair, replacement, and rehabilitation (OMRR&R) for individual projects under CERP.

➤ **Pre-Partnership Credit Agreement (Pre-PCA):** WRDA 2007 authorized the Secretary of the Army to provide credit for construction costs prior to the execution of a PPA. Congressional authorization and appropriation of specific funds are required before the District and the USACE can enter a PPA. Costs are eligible for credit only after a PPA has been executed. In cases where the District intends to undertake construction prior to the execution of a PPA, the District must enter a Pre-PCA with the USACE prior to the commencement of any work to ensure future consideration for WIK credit if the work is determined to be integral to the authorized CERP project. The USACE defers Pre-PCA cost approvals since the USACE grants eligible WIK credit only after a PPA is executed. Further, it should be noted that it takes several years for a CERP project to be authorized; for example, a Selected Plan

¹ *A Master Agreement Between the Department of Army and the South Florida Water Management District for the Cooperation in Constructing and Operating, Maintaining, Repairing, Replacing, and Rehabilitating Projects Authorized to be Undertaken Pursuant to the Comprehensive Everglades Restoration Plan.*

and a Project Implementation Report must be approved before the District and USACE can execute a Pre-PCA.

- **Project Partnership Agreement (PPA):** PPAs incorporate terms and conditions of the Master Agreement. A PPA details the obligations of the District and the USACE to construct, operate, maintain, repairs, replace, and rehabilitate an authorized CERP project. The USACE reviews and approves credit requests pursuant to individual executed PPAs. Our review of the PPA disclosed that most creditable land costs are determined in accordance with the Master Agreement (*Article IV – Credit for Value of Lands, Easements, Right-of-Way, and Relocations*); however, there are some exceptions where land cost determinations are specified in the PPA.

The executed CERP PPAs are listed in the following table.

CERP Project Partnership Agreements	
Project	Execution Date
Picayune Strand Restoration	August 13, 2009
Site 1 Impoundment – Phase 1	June 10, 2010
L-31N (L-30) Seepage Management Pilot (<i>Project will not be constructed</i>)	July 29, 2010
Melaleuca Eradication and Other Exotic Plants – Implement Biological Controls	July 30, 2010
Indian River Lagoon South - Phase 1 <i>plus</i> Amendment #1 and Amendment #2	September 9, 2010 August 13, 2014 October 14, 2022
Caloosahatchee River (C-43) West Basin Storage Reservoir	June 2, 2016
Broward County Water Preserve Areas	August 25, 2016
Biscayne Bay Coastal Wetlands Phase 1	August 25, 2016
Central Everglades Planning Project South Phase	July 27, 2020
Central Everglades Planning Project – Everglades Agricultural Area Phase	April 29, 2021

In addition, based on the Master Agreement, the District can carry over WIK credit between authorized projects. The District will be required to make cash contributions annually to the USACE to maintain the 50-50 cost share balance, if necessary; and the USACE will be required to provide cash reimbursement to the District upon completion of the entire CERP program to balance the 50-50 cost share, if necessary.

District and USACE CERP Expenditures and Obligations

The District and USACE expenses and obligation total over \$5.8 billion, as of September 30, 2022, based on a District spreadsheet tracking all CERP expenses. The costs are summarized in the table below.

District's Summary of District and USACE Investment in CERP Projects Expenditures and Obligations – October 1, 2000 to September 30, 2022			
Project Phase	District	USACE	Total
Design	\$ 835,821,713	\$ 856,068,865	\$ 1,691,890,578
Construction	\$ 1,311,571,447	\$ 1,270,185,660	\$ 2,581,757,107
Real Estate	\$ 1,326,286,012	\$ 217,813,020	\$ 1,544,099,032
Total	\$ 3,473,679,172	\$ 2,344,067,545	\$ 5,817,746,717
<i>Expenditure & Obligation Cost Share %</i>	<i>60%</i>	<i>40%</i>	<i>100%</i>
<i>Current Cost Share Credit %</i>	<i>54%</i>	<i>46%</i>	<i>100%</i>

Current Cost Share Credit Percentage – Represents the percentage of the District's and USACE's expenditures and obligations that the USACE has approved for crediting through September 30, 2022.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to determine whether the District requests credit for all eligible CERP project land acquisition related expenses and whether adequate supporting documentation is maintained for such expenditures. We recently performed an *Audit of CERP Cost Share (Audit #20-11)* to determine whether the District requested credit for all eligible CERP design and construction related expenses. We planned two separate audits because the crediting processes for design and construction and land acquisition related expenses are separate and different. The Finance Bureau submits CERP design and construction related expenses for credit while the Real Estate Bureau submits CERP land acquisition related expenses for credit.

To accomplish our objectives, we interviewed Real Estate Bureau staff to understand the credit request process for CERP land acquisition related expenses. Real Estate Bureau staff explained credit for CERP land acquisition related costs has been requested on a limited basis. As a result, we performed the following:

- Determined whether there is an adequate process in place to ensure credit will be requested for eligible land acquisition related expenses.
- Determined the reasons for requesting credit for CERP land acquisition related expenses on a limited basis. Reviewed two preliminary requests and the four final requests submitted to the USACE (since 2014) to determine whether credit was requested for eligible expenses and whether requests were prepared in a uniform manner. We also reviewed all documentation to determine whether the District maintains adequate supporting documentation.
- Analyzed CERP land data maintained in the Integrated Real Estate Information System (IRIS), reviewed the Integrated Delivery Schedule (IDS)² updates for 2018, 2019, 2020, and 2022, reviewed land acquisition data reported in the Fiscal

² Integrated Delivery Schedule (IDS) is an implementation and sequencing schedule that contains projects in the South Florida Ecosystem Restoration Program. It includes project and planning timelines, which is developed through an extensive public process with participation of the South Florida Ecosystem Restoration Task Force and its Working Group. It is a “road map” that guide projects and maximizes the benefits of all CERP efforts that is reviewed each year and updated based on implementing agency budgets.

Year 2023 South Florida Environmental Report (SFER) – Volume II (Chapter 6A: Florida Forever Work Plan, 2023 Annual Update), and had discussions with Real Estate Bureau and other relevant District staff to estimate the project component lands that can be submitted to the USACE for credit consideration.

We selected a judgmental sample of various land tracts to determine whether the District maintains adequate supporting documentation. Judgmental sampling was considered the preferred methodology based on consideration of the audit population's size and characteristics, as well as audit efficiency and professional judgment. Although the sample cannot be statistically projected to the population, we believe the sample, along with the results of the audit tests, provide reasonable assurance for us to determine whether there are adequate controls in place.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDIT RESULTS

Executive Summary

Overall, the District appears to have an adequate process in place to ensure that eligible CERP land acquisition related expenses along with supporting documentation will be submitted to the USACE for credit. Our conclusion is based on our review of crediting packages and improvements the Real Estate Bureau made to the crediting process since our *Audit of Kissimmee River Restoration Project (KRRP)* (Audit #18-08) that resulted in 19 recommendations to improve the District's KRRP land cost share. Further, Real Estate Bureau staff stated that they are using the lessons learned from our prior audit to improve the credit request process for CERP project land acquisition related expenses; for example, a crediting database was created to compile, maintain, and submit credit requests to the USACE.

Based on a walkthrough of the crediting process and our review of two preliminary credit requests prepared by different Real Estate Bureau crediting staff submitted for supervisory approval during our audit, we concluded that the process appears adequate. However, based on our review, we concluded that the Real Estate Bureau should consider the following to further improve the process:

- requiring that all claim requests be formatted in the same manner,
- ensuring that cover letters reflect the correct credit amount requested,
- verifying that all expenses are claimed, and
- coordinating with the USACE to determine whether environmental risk assessment expenses should be requested as land acquisition related expenses by the Real Estate Bureau or as construction related expenses by the Finance Bureau.

Further, our review of the four credit requests submitted to the USACE since 2014 disclosed salary expenses totaling \$16,826 for one claim was included in the supporting documentation but not included in the claim summary. As a result, claimed expenses amount was understated.

Our project population included only CERP projects with PPA, since credit can be requested only for projects with an executed PPA. As of April 2023, six credits requests totaling 39,038 acres have been submitted to the USACE for credit. Two of the six requests were submitted prior to our audit (2010 and 2014) and the remaining four were submitted during our audit (April 2023) because the Real Estate Bureau has been primarily focused on completing credit requests for the Kissimmee River Restoration and C-111 South Dade projects. In addition, very few CERP tracts were eligible for credit submission since 2014. The USACE approved credit totaling \$92.2 million for one request, which the District submitted in 2014. We concluded that the Real Estate Bureau can request credit for 37,659 acres of CERP projects lands with executed Project Partnership Agreements. In addition, we concluded the following could further enhance the credit process for CERP land acquisition related expenses:

- completing the *Land Certification and Crediting Procedures*,
- tracking certifications and claim, and
- documenting the process for determining salary expenses.

We made seven recommendations to improve the reporting, tracking, requesting of CERP land acquisition related expenses.

Enhancements to Credit Claim Process For CERP Land Acquisition Related Costs

In 2018, our Office performed an *Audit of Kissimmee River Restoration Project (KRRP) Cost Share for Land Acquisition Expenditures* (Audit #18-08) that resulted in 19 recommendations to improve the District's KRRP land cost share. As of June 30, 2023, management has implemented 17 of the 19 recommendations and the remaining two are in process of being implemented. This audit revealed that the implemented changes have improved the process for claiming land acquisition cost share credits. The *Audit of KRRP Cost Share for Land Acquisition Expenditures* disclosed that the District had an adequate process in place to ensure that eligible KRRP land acquisition related expenses are tracked, and the status of USACE credit requests were documented. However, there were areas that needed improvements, for example,

- Real estate acquisition related expenses reflected on the Real Estate Bureau's KRRP master spreadsheet were understated by \$11,862,962 and overstated by \$3,463,065. As a result, we identified net understated expenses totaling \$8,399,897, which impacted the District's costs reflected on the USACE KRRP master spreadsheet which was used by the USACE to determine the cost share amount and any cash payments due. The understatements were primarily because the District's KRRP master spreadsheet was not updated timely, and expenses were identified after credit requests were submitted to the USACE. The overstatements were primarily because expenses classified as not submitted for credit had been submitted for credit.
- In addition, we found several other instances of overstatement; however, we could not quantify the amount of overstated expenses as these transactions required detailed analysis by Real Estate Bureau staff.
- Time spent by an employee working on KRRP credit certifications was not directly charged to the KRRP between 2015 to early 2018.

Overall, the process to ensure credit is requested for eligible expense has been improved compared to the process in place during our KRRP land audit. Real Estate Bureau staff are using the lessons learned from our KRRP land audit to further improve the credit request process for CERP project land acquisition related expenses. Based on our review and discussions with Real Estate Bureau staff, we concluded that the CERP land credit request process appears sufficient. For example, the Real Estate Bureau has made the following improvements:

- Began updating *Land Certification and Crediting Procedures* during our audit. However, the crediting portion of the procedure updates is still in process.
- Updated credit request submissions to provide more detailed data, ensure accuracy, and increase efficiency. Specifically, about two years ago, the Real Estate Bureau utilized Microsoft Access software to create a crediting database to accumulate and maintain all crediting documentation; for example, the database was programed to import tract data from IRIS, financial data from the IRIS Financial Enrichment database; which, contains LGFS and SAP data, and backup data such as appraisals, titles, closing documents, and invoices maintained in the Real Estate Bureau server. The database includes boilerplate tabs for the following documents which are included in the crediting package: request letter to USACE, claim form itemizing acquisition expenses, claim justification, tract legal description, negotiator's statement, IRIS data (tract data, tasks, and negotiation), notes/appraisals/service requests, certifications, and financial data. Further, the data is presented in the manner required by the USACE, for example, the *Claim for Credit for Acquisition Expenses per Tract* and *Required Documentation for Acquisition Claim* forms are USACE forms listing required costs and documents to be submitted for credit considerations. Claims are submitted electronically to the USACE using the Adobe Acrobat Pro software (PDF) and the supporting crediting documents include the bookmark feature for easy navigation between sections of the claim package. Data navigation is simple and user friendly. Further, with the crediting database the Real Estate Bureau

can easily respond to the USACE's requests for revisions or additional data since data is maintained electronically.

- Real Estate Bureau works closely with the USACE to ensure requests are submitted in the manner required by the USACE to expedite the review and approval process.

As of April 2023, six CERP land credit requests totaling 39,038 acres have been submitted to the USACE for credit. Two of the six requests were submitted prior to our audit (2010 and 2014) and the remaining four were submitted during our audit (April 2023) because the Real Estate Bureau has been primarily focused on completing credit requests for the KRR and C-111 South Dade projects. In addition, very few CERP tracts were eligible for credit submission. The four requests were submitted for the Indian River Lagoon's C23/C24 STA project component requesting credit totaling over for \$11.3 million in land acquisition related expenses for 1,345 acres of project lands. We reviewed the four requests submitted to the USACE. In addition, we reviewed preliminary credit requests for two of the four requests that were prepared by different Real Estate Bureau crediting staff and submitted for supervisory approval. Overall, we concluded there was an adequate process to ensure the District requested credit for all eligible land acquisition related expenses. However, our review of the preliminary requests disclosed that some minor improvements can be made to further enhance the request process. Specifically, our review disclosed the following:

- One of the requests included environmental risk assessment expenses and supporting documentation and one did not include any expenses. Instead, the staff noted that environmental costs have not been included with the claim but may be submitted later for reimbursement. Real Estate Bureau staff explained that over the years there has been conflicting responses from the USACE as to whether KRRP environmental costs should be requested as construction or land related expenses. However, in March 2022, the USACE clarified that environmental work should be submitted as construction costs. As a result, the Real Estate Bureau should clarify with the USACE whether the KRRP guideline

should also be used for CERP environmental costs and inform Real Estate Bureau staff of the USACE's decision to ensure consistent application of the USACE's requirement. Further, if the USACE decides that environmental expenses should be submitted as construction costs, the Real Estate Bureau should coordinate with the Finance Bureau and any other relevant areas.

- Other minor observations include the following: *1)* the cover letter for one request included only the land costs instead of all eligible land acquisition related expenses; *2)* expense for one request was overstated by \$300; and *3)* bookmark features for the two requests were inconsistent.

According to the Real Estate Section Leader responsible for approving land claims, these issues have been addressed during his review, and future requests will be prepared in a uniform manner. Further, Real Estate Bureau staff responsible for preparing credit requests should take steps to ensure that credit requests submitted for supervisor review are accurate. Since requests for CERP land related costs are only now beginning, addressing these minor issues will be beneficial and improve consistency.

Further, our review of the four credit requests submitted to the during our audit disclosed that salary expenses totaling \$16,826 for one claim was included in the supporting documentation but not included in the claim summary. As a result, claimed expenses was understated.

Analysis of CERP Project Lands

The Real Estate Bureau is responsible for land acquisition and based on IRIS data has acquired approximately 275,027 acres of the 411,544 acres for CERP, as shown in the following table followed by additional details.

CERP Project Land Acquisitions per IRIS As of December 12, 2022			
Acquisition Status	Acres	Percent	Land Acquisition Cost
District	182,024	44%	\$ 1,585,581,023
External Partner	93,003	23%	\$ 228,676,264
Total Acquired	275,027		
Remaining Acquisitions	136,517	33%	
Total Acres	411,544	100%	\$ 1,814,257,287

The above data was extracted from IRIS by Real Estate Bureau staff and includes PPA and non-PPA CERP projects. Based on the Fiscal Year 2023 South Florida Environmental Report, 273,389 acres of CERP project lands were acquired, as of September 30, 2022. The differences in acquired acres between IRA and the SFER are due to additional acquisitions after September 30, 2022. The following should be noted.

- **District Acquired:** Lands acquired with Non-Federal (\$1,371,259,846 (86%)) and Federal (\$214,321,177 (14%)) funds. Examples of Non-Federal funds include District, Florida Forever, Land Acquisition Trust Fund (LATF), Save Our Everglades Trust Fund (SOETF), funds from counties and other local governments. Example of Federal funds include Farm Bill and Wetland Reserve funds. Donated lands are reflected at zero cost. All lands may not be eligible for credit, for example, surplus lands and lands acquired for projects that may not be constructed.
- **External Partner Acquired:** Primarily State-owned lands (title held by the Board of Trustees of the Internal Improvement Trust Fund (TIITF), which accounts for 68,295 of the 93,003 acres (73%). Other external partners include Miami Dade (17%) and St. Lucie (4%), and Martin (<1%) counties. Donated lands are

reflected at zero cost. The District enters into cooperative agreements with external partners to certify lands to the District. The District is eligible for credit for the amount paid by the external partner; however, acquisition related costs are not eligible for credit.

- **Remaining Acquisitions:** Negotiation, due diligence, and condemnation accounts 10% of the 136,517 acres to be acquired. Acquisitions has not been initiated on 76% the remaining acres for various reasons. For example, according to Real Estate Bureau staff, remaining acquisitions are recorded in IRIS are based on estimates that evolved from the Central and Southern Florida Project Comprehensive Review Study (“Yellow Book” data), however, construction of all projects/project components may not be viable. In addition, future acquisitions will be dependent on funding.
- **Land Acquisition Cost:** Represent purchase price; does not include acquisition related costs. Land cost credited to the District depend on each CERP project’s Project Partnership Agreement (PPA) and land valuation may be different for each project. Further, each PPA includes estimated land credit maximum amounts and the method by which costs should be determined.

Credit for Land Acquisition Related Expenses has Commenced on a Limited Basis

Cost share credit for CERP project lands has commenced on a limited basis. Specifically, as of April 2023, the Real Estate Bureau has requested credit for only 39,038 acres of CERP project lands. Real Estate Bureau staff explained that they have been focused on completing credit requests submissions for the Kissimmee River Restoration and the C-111 South Dade projects. In addition, very few CERP tracts were eligible for credit submission since 2014. The Real Estate Bureau has submitted 908 credit packages for the Kissimmee River Restoration Project (KRRP) and the C-111 South Dade projects. Credit requests for these projects are near completion; an estimated total of 47 packages are pending submission. The Real Estate Bureau works closely with the USACE on credit submissions and will continue to do so for CERP project land submissions.

Submission status for the KRR and C-111 South Dade projects are shown in the following table.

Status of Crediting Submission to the USACE of the Kissimmee River Restoration and C-111 South Dade Projects, as of December 2022						
Project	Packages and Amounts Submitted		Remaining Packages and Amounts to be Submitted		Total Packages and Amounts	
	#	Amount Requested	#	Estimated Amount	#	Total Amount
Kissimmee River Restoration	618	\$ 268,761,000	34	\$ 31,000,000	652	\$ 299,800,000
C-111 South Dade (<i>Note 1</i>)	290	\$ 107,700,000	13	\$ 47,800,000	303	\$ 155,500,000
Total	908	\$ 376,461,000	47	\$ 78,800,000	955	\$ 455,300,000

Note 1: C-111 South Dade is considered a foundation project and credit is requested as a standalone project, i.e., separate from CERP projects where cost share credit will be based on all CERP projects costs. Further, the land footprint for the C-111 Spreader Canal project overlapped with the C-111 South Dade project. As a result, land credit is being requested as part of the C-111 South Dade project since credit cannot be requested twice for the same lands. KRRP is also a non-CERP project.

The Real Estate Bureau anticipates more credit submissions for CERP project lands will begin after the completion of requests for the KRR and the C-111 South Dade projects. According to Real Estate Bureau staff, there has been a credit request backlog primarily due to a lack of resources assigned to prepare and submit acquisition related expenses for credit. Specifically, due to staff reductions in 2011 the position allocated to credit request submittals was eliminated. In 2015, an employee was hired and trained and tasked primarily with KRRP crediting responsibilities. However, this employee separated from the District in early 2018 after only six tracts were submitted to the USACE. In August 2018, another employee assumed these responsibilities. Currently, there are two full time employees (FTEs) dedicated mostly to researching and compiling credit request packages for USACE submission. In addition, two employees assist as needed with researching acquisition related documents and compiling salary expenses using IRIS, LGFS, and SAP. The credit process is time consuming, and current staffing levels is not sufficient for completing packages for credit submission in an expeditious manner. Real Estate Bureau staff added that in the future additional staff will be required to expedite credit requests since credit requests are tract-based and some projects have hundreds of tracts.

The following should be noted regarding some prerequisites for CERP cost share credit requests:

- **Executed Project Partnership Agreement (PPA):** The District can only request land acquisition related credits for projects after a PPA has been executed between the District and the USACE. As a result, our audit testing focused on CERP projects with executed PPAs.
- **USACE Constructions - Land Certifications:** Lands must be certified to the USACE for the District to receive credit. For USACE constructed projects, the USACE initiates the process by requesting that the District certify project lands as the lands that are needed for construction. Specifically, the USACE requests land certifications in anticipation of the award of construction contracts for project components. The District certifies to the USACE that it owns or controls land tracts that are dedicated to the specific project and the lands cannot be

conveyed, transferred, or otherwise altered or encumbered without the express written consent of the USACE. In addition, the District certifies that interests will not be impaired during the life of the project and acknowledges that all persons and businesses that have been displaced by acquisition of such lands have been or will be relocated in full compliance with Public Law 91-646. Relevant supporting documentation is provided to the USACE as part of the certification process. Even though, the Real Estate Bureau can claim credit for land acquisition related expenses after USACE land certifications, it may not be an efficient use of resources, for example,

- The Real Estate Bureau submits land credit claims based on whole tracts. However, portions of tracts may have been certified instead of entire tracts. As a result, credit requests for portions of tracts may result in duplicating appraisal fees, prorating related expenses, and Real Estate Bureau resources required to compile and submit backup for claimed expenses. When the remaining portions are ready to be claimed, resources would again have to be expended to submit unclaimed expenses for each tract. Further, partial tract claim could result in increased chances of errors when determining tract percentages to be submitted for credit.
- **District Constructions - Land Certifications:** Lands must be certified for the District to receive credit. Based on Real Estate Bureau's experience, it is more efficient for the District to certify project lands after project components are completed. Further, the District can submit certification data and credit requests at the same time.

Status of Credit Requests for Land Acquisition Related Expenses

Based on our review of land data maintained in IRIS for CERP projects with executed PPAs, Integrated Delivery Schedule (IDS) updates for 2018, 2019, 2020, and 2022, Fiscal Year 2023 South Florida Environmental Report, and discussions with Real Estate Bureau and other relevant District staff, we concluded that 66,583 acres of project lands have been certified and credit has been requested or eligible to be requested for another 66,106 acres. In addition, we found that 30,393 acres can be certified and submitted for credit for District constructed project components and a miscellaneous component used for extra water seepage. In sum, we concluded that an additional 37,659 acres can be submitted for credit. Additional project lands cannot be submitted for credit primarily because construction has not begun. As of April 2023, the District has received only \$92.2 million in CERP land acquisition related credit.

The certification and credit request status CERP lands is summarized in the following table.

CERP Projects with Executed Project Partnership Agreements (PPAs) Summary of Credit Requests for Certified Lands and Lands not Certified but Ready for Certification and Credit Submission	
Status of Credit Requests for Certified Lands	
Credit Request Classifications	Acres
<i>Credit Requested</i>	39,038
Credit requested in 2010 and 2014	37,693
Credit process initiated and submitted during our audit	1,345
<i>Requires Coordination between Real Estate Bureau and USACE</i>	19,802
Credit process initiated – coordinating with the USACE	18,523
District to coordinate with USACE before credit process can be initiated	1,279
<i>Real Estate Bureau can Request Credit</i>	7,266
Credit process can be initiated	7,266
Total	66,106
Lands not Certified but Ready for Certification and Credit Submission	
Lands ready for certifications and claim submittals based on discussions with Real Estate Bureau staff	30,393
Total	30,393

The following tables further summarizes details on the status of certified lands and lands not certified but ready for certification and credit submission.

CERP Projects with Executed Project Partnership Agreements (PPAs) Summary of Claim Status for Certified CERP Project Land, As of April 2023		
Project Construction Responsibility Components/Features	Certified Acres	Credit Request Status
Picayune Strand Restoration		
USACE – Picayune Strand Restoration – formerly Southern Golden Gate Estates	55,051	36,528
		Credit requested 18,523 - Pending
Note: In 2014, the Real Estate Bureau requested credit for \$104.6 million for 36,528 acres. In 2020 and 2021, USACE approved \$92.2 million. The Real Estate Bureau is working with the USACE to expedite credit submission for an estimated \$62.6 million for the remaining 18,523 acres.		
Site 1 Impoundment – Fran Reich Preserve		
USACE – Phase 1 – L-40 Modification and 6- Acre Wetland Wildlife Area	1,642	1,165
		Credit requested
Note: In 2010, the Real Estate Bureau submitted a request for \$5.9 million for 1,165 acres. The USACE has not approved credit to date. Credit was not requested for 477 acres that was outside the project component boundary.		
Indian River Lagoon – South		
USACE – C23/C24 STA	2,556	1,345
		Credit requested
Note: During our audit, the Real Estate Bureau prepared and submitted four credit packages totaling 1,345 acres and plans to complete submission for the remaining 1,211 acres.		
USACE – C-44 Reservoir	4,461	None
District – C-44 STA East – Completed FY 2020	530	
District – C-44 STA West – Completed FY 2020	1,064	
Biscayne Bay Coastal Wetlands – L-31E Flow-way		
USACE – Several features	643	None - Requires coordination with USACE
District – Several features	418	
Broward County Water Preserve Area		
USACE – C-11 Impoundment – Small component	218	None – Real Estate Bureau will determine whether claim can be initiated
Total	66,583	

CERP Projects with Executed Project Partnership Agreements (PPAs) Summary of Lands not Certified but Ready for Certification and Credit Submission, as of April 2023	
Project Construction Responsibility (USACE / District) Components/Features	Acres
Picayune Strand Restoration	
USACE – Belle Meade and Fakahatchee – Inundation	11,912
Caloosahatchee River (C-43) West Basin Storage Reservoir	
District – Storage Reservoir	10,507
Indian River Lagoon – South	
District – C-44 STA East – Completed FY 2020	3,988
District – C-44 STA West – Completed FY 2020	1,097
District – C-23/C-44 Interconnect – Estimated start = FY 2023	204
Biscayne Bay Coastal Wetlands	
District – Cutler South / Flowway	1,703
District – Deering Estates/Shoal Point	203
USACE and District – L-31 East Flowway: L-31E Culverts - Homestead North and South. Some features completed and some in progress with estimated completion date of FY 2025	779
Total	30,393

The following tables provide further details for all CERP projects with Pre-PCAs and PPAs and the status of each component, for example, estimated construction start and completion dates. As, previously stated, our conclusions are based on comparisons between CERP project lands maintained in IRIS, Fiscal Year 2023 South Florida Environmental Report, which reflected Fiscal Year 2022 data, Integrated Delivery Schedules for 2018, 2019, 2020, and 2022, and discussions with Real Estate Bureau and other relevant District staff.

CERP Projects with Executed Project Partnership Agreements (PPAs)			
IRIS – Project / Component	Construction Responsibility – District / USACE	Acres Acquired – FY 2023 SFER	Acres Certified per IRIS
Picayune Strand Restoration			
USACE Construction			
Merritt Pump Station	Completed FY 2014; transferred to District in FY 2016	55,051	55,051
Faka Union Pump Station	Completed FY 2017; transferred to District in FY 2018		
Miller Pump Station	Completed FY 2019; transferred to District in FY 2020		
Flood Protection Features – Conveyance	Started = FY 2020 Estimated completion = FY 2024		
Flood Protection Features – Levee	Started = FY 2020 Estimated completion = FY 2024		
Road Removal	Estimated completion = FY 2023		
Canal Plugging	Estimated completion = FY 2025		
Conclusion: Lands are primarily publicly owned (DEP – TIITF) and was certified to the USACE. The USACE requested that the District submit a credit request for lands acquired prior to June 1, 2004. In 2014, the District submitted a credit request for \$104,553,247 for 36,528 acres of lands acquired prior to June 1, 2004. The USACE approved \$92.2 million in credit. As of February 2023, this is only CERP land credit the District has received. Real Estate Bureau staff is working with the USACE to submit credit for the remaining 18,523 acres acquired on and after June 1, 2004. The credit claim is estimated to be for \$62.6 million			
Belle Meade	Proposed use – Inundation extra water seepage	10,052	USACE has not requested certification
Fakahatchee		1,860	
Conclusion: These 11,912 acres are primarily publicly owned (DEP – TIITF). The Real Estate Bureau plans to coordinate with DEP to obtain cost data, certify the tracts, and coordinate with the USACE to obtain credit.			
District Construction			
Manatee Mitigation	Transferred to the District in FY 2020	26	NA
Conclusion: These lands represent an easement donation from DEP. The Real Estate Bureau will explore whether it will be cost efficient to request credit from the USACE.			

CERP Projects with Executed Project Partnership Agreements (PPAs)			
IRIS – Project / Component	Construction Responsibility – District / USACE	Acres Acquired – FY 2023 SFER	Acres Certified per IRIS
Site 1 Impoundment – Fran Reich Preserve			
USACE Construction			
Site 1 Impoundment	Project split in two phases; Phase 1 – L-40 Modification and 6-Acre Wetland Wildlife Area - completed; transferred to operations and maintenance in FY 2016	1,642	1,642
<u>Conclusion:</u> In 2010, the Real Estate Bureau submitted a credit request for 1,165 acres in the amount of \$5,892,211 to the USACE. The District has not yet received any credit confirmation from the USACE. Credit was not requested for 477 acres that was outside the project component boundary.			
Caloosahatchee River (C-43) West Basin Storage Reservoir			
District Construction			
Storage Reservoir	Some features completed in FY 2022 and others are estimated to be completed FY 2024	10,507	None – Can be certified & claimed
Non-Project (Watershed)	Non-project lands	1,926	NA
<u>Conclusion:</u> <u>Storage Reservoir</u> – Lands have not been certified. Real Estate Bureau staff stated that the certification and credit request can be submitted. Real Estate Bureau plans to certify and request credit. <u>Watershed</u> – Usage of these lands will be determined after the project is completed.			

CERP Projects with Executed Project Partnership Agreements (PPAs)			
IRIS – Project / Component	Construction Responsibility – District / USACE	Acres Acquired – FY 2023 SFER	Acres Certified per IRIS
Indian River Lagoon - South			
USACE Construction			
C-23/C-24 North Reservoir	Estimated start = FY 2024 Estimated completion = FY 2030	2,433	Certification not yet requested by USACE
C-23/C-24 South Reservoir	Estimated start = FY 2025 Estimated completion = FY 2031	4,614	
C-23/C-24 STA	Started = FY 2021 Estimated completion = FY 2025	2,556	2,556 = Certified
C-44 Reservoir	Completed FY 2021; operational testing and monitoring began FY 2022	4,665	4,461 = Certified
<p>Conclusion: <u>C-23/C-24 STA</u> – During our audit, the Real Estate Bureau updated the claim procedures and prepared four claim packages for tracts totaling 1,345 of the 2,556 acres for our review and submission to the USACE and plans to submit requests for the remaining 1,211 acres.</p> <p><u>C-44 Reservoir</u> – Real Estate Bureau plans to request credit for the 4,461 certified acres.</p>			
District Construction			
C-25 Reservoir and STA	Estimated start = FY 2024 Estimated completion = FY 2028	1,589	NA – construction has not begun
C-44 East STA	Completed FY 2020; operational testing and monitoring completed FY 2022	4,518	530 = Certified (3,988 to be certified)
C-44 West STA	Completed FY 2020; operational testing & monitoring completed FY 2022	3,225	1,064 = Certified (1,097 to be certified)
C-23/C-44 Interconnect (Estuary Discharge Diversion)	Estimated start = FY 2023 Estimated completion = FY 2025	204	Not certified – eligible for certification and credit
<p>Conclusion: For completed components and the C-23/C-44 Interconnect, Real Estate Bureau plans to complete certifications and request credit, as necessary.</p>			

Indian River Lagoon Project Lands – Project Plans Not Determined		
IRIS – Project / Component	Acres Acquired – FY 2023 SFER	Acres Certified per IRIS
Indian River Lagoon - South		
North Fork Flood Plain Restoration, Allapattah Complex, Palmar Complex (C-44 Basin, Halpatiokee Park, South Fork Basin), and Cypress Creek Complex	33,208	None
<u>Conclusion:</u> Classified as natural lands. District maintains the lands. Some are used as recreation lands (e.g., parks) and some have been leased (cattle grazing). USACE has not determined plans for the lands.		

Note – Based on IRIS data, 1,560 acres of IRL lands acquired by the District are classified as outside the project boundary. These acres are not included in the project footprint. After the project's completion, the District will evaluate the use of these lands.

CERP Projects with Executed Project Partnership Agreements (PPAs)			
IRIS – Project / Component	Construction Responsibility – District / USACE	Acres Acquired – FY 2023 SFER	Acres Certified per IRIS
Biscayne Bay Coastal Wetlands (Phase 1) – Note 1			
District Construction			
Cutler South / Cutler South / Flowway	Started FY 2022 Estimated Completion FY 2025	1,703	None
Conclusion: Credit request can be submitted to the USACE. The Real Estate Bureau plans to certify and request credit at the same time.			
District Construction			
Deering Estates / Shoal Point	Completed and transferred to operations and maintenance phase in FY 2019	203	None
Conclusion: Lands are primarily owned by the State (DEP – TIITF). DEP has certified the lands. The Real Estate Bureau will coordinate with DEP to obtain supporting data and initiate the crediting process.			
L-31 East Flowway: L-31E Culverts - Homestead North and South	District Construction	1,840	1,061
	Several features. Some completed and transferred to operations and maintenance phase in FY 2019 and FY 2021. One contract is estimated to be completed in FY 2025		
	USACE Construction		
	Several features – some completed and some in construction phase. Some features transferred to operations and maintenance phase in FY 2021 and others have various estimated completion dates – up to FY 2025		
Conclusion: District has not yet certified 779 acres. Real Estate Bureau will coordinate with USACE on L-31E project components to determine which components can be submitted for credit.			

Note 1 – Based on IRIS, 2,146 acres of lands acquired by the District for the Biscayne Bay Coastal Wetlands project are classified as outside the project boundary. These acres are not included in the project footprint. After the project's completion, the District will evaluate the use of these lands.

CERP Projects with Executed Project Partnership Agreements (PPAs)			
IRIS – Project / Component	Construction Responsibility – District / USACE	Acres Acquired – FY 2023 SFER	Acres Certified per IRIS
Broward County Water Preserve Area			
USACE Construction			
C-11 Impoundment	Estimated start = FY 2024 Estimated completion = FY 2031. (Portion of C-11 component (Northern Mitigation Area A Berm) completed in 2019)	1,825	218
C-9 Impoundment	Estimated start = FY 2027 Estimated completion = FY 2030	1,807	None requested to date by the USACE. Construction estimated to begin in FY 2027
WCA 3A & 3B Levee Seepage Management	Estimated start = FY 2027 Estimated completion = FY 2028	3,038	
C-9 Impoundment – Optional Mitigation Area	Optional component	384	None – Optional project component
<u>Conclusion:</u> Since this project will be constructed by the USACE, the District cannot request credit until the USACE requests land certifications and project components are completed. The USACE usually request certifications before construction contracts are awarded. The Real Estate Bureau will review and determine whether claim process can be initiated for the certified 218 acres.			

CERP Projects with Executed Project Partnership Agreements (PPAs)			
IRIS – Project / Component	Construction Responsibility – District / USACE	Acres Acquired – FY 2023 SFER	Acres Certified to USACE
CEPP – South – Additional Structures Needed to Move Water South			
Several features (Integrated Delivery Schedules)	USACE Construction	NA – Not eligible for land credits. Lands already certified for other projects	NA – Not eligible for land credits. Lands already certified for other projects
	<ul style="list-style-type: none"> ➤ For example: backfill treatments, levee, structure constructions (L-67D), gated spillways (S-334E) ➤ Various start and completion timeframes for features ➤ Some features started in FY 2022 ➤ Estimated completion of all features by FY 2030 		
	District Construction		
	Structure – S-333N Estimated completion FY 2020 - delayed		
Conclusion: Based on the PPA, credit for the value of lands, easements, rights-of-way, relocations, and easements is estimated to be \$0. Real Estate Bureau staff explained that lands used for these features were acquired under the Central and Southern Florida (C&SF) Project and already certified. As a result, currently land credit is not allowable for CEPP South.			
CEPP – North – Inflow Facilities Needed to Restore Northern WCA-3A and Move Water South to Everglades (Pre-Partnership Credit Agreement)			
District Construction			
Several features	<ul style="list-style-type: none"> ➤ For example: pump station (S-630), pump station modification (S-8), canal improvements (L-5), and diversion (L-6) ➤ Various start and completion timeframes for features ➤ Estimated start = FY 2023 (one feature - S-8 PS modification) ➤ Estimated completion of all features = FY 2029 	Refer to conclusion	Most construction estimated to begin in FY 2025
Conclusion: The Real Estate Bureau will determine total creditable acres for these features, certify lands and request credit, as necessary.			

CERP Projects with Executed Project Partnership Agreements (PPAs)			
IRIS – Project / Component	Construction Responsibility – District / USACE	Acres Acquired – FY 2023 SFER	Acres Certified to USACE
CEPP – New Water – Seepage Management Needed to Move More Water into the Everglades (Pre-Partnership Credit Agreement)			
District Construction			
Seepage Barrier Wall	Estimated start = FY 2023 Estimated completion = FY 2024	NA – Lands was given to the District by USACE.	
Conclusion: Land was given to the District by USACE. As a result, the District cannot request cost share credit.			
CEPP – EAA – Moves New Water South, Stores It, and Treats It Before Going to the Everglades			
USACE Construction			
Several EAA Reservoir Features	<ul style="list-style-type: none">Includes seepage canal, inflow / outflow canal, gated spillway, seepage pump station, inflow pump station, embankment,Various start and completion timeframes for featuresEstimated start dates = FY 2021 to FY 2025Estimated completion of all features = FY 2030	35,206	Will certify when requested the USACE
District Construction			
EAA Reservoir – A-2 STA	Started = FY 2020 Estimated completion = FY 2023	Included in 35,206 acres above	See conclusion
EAA Reservoir Canal Conveyance Improvements	Estimated start = FY 2023 Estimated completion = FY 2027		
Conclusion: USACE Construction – Real Estate Bureau will determine creditably after USACE’s certification requests, and request credit, as necessary. Credit will likely be requested at the end of the project.			
District Construction – Real Estate Bureau will determine total creditable acres for project features, determine which lands need certification and request credit, as necessary. Credit will likely be requested at the end of the project.			

Based on our discussions with Real Estate Bureau staff, we concluded that the following enhancements would further strengthen the CERP land crediting process.

- Prior to our audit, the last CERP land request credit was submitted to the USACE in 2014. During our audit (April 2023), four requests were submitted. Real Estate Bureau staff will be submitting more requests in response to our audit and as more project components are completed. Thus, it may be beneficial to create a spreadsheet or other monitoring tool to track which CERP project components can be submitted for credit. Data should include information such as completed certifications for USACE constructed components and District constructed components, and whether tracts can be submitted for credit. In addition, a master spreadsheet (similar to the *KRRP Master Crediting Summary Spreadsheet*) or another monitoring tool should be maintained for credit submittals and include data such as tract information, date credit request submitted, amount of credit request, approval and denial amounts, land cost and administrative costs, and relevant notes. The master spreadsheet would summarize expenses and status of each land credit request.
- The process to determine creditable salary expense charges to CERP project tracts includes detailed review of IRIS, LGFS (District's legacy financial system), and SAP (current financial system). Currently, salary expenses are determined by one staff. Thus, it would be beneficial to document this process.

RECOMMENDATIONS

1. **Finalize the *Land Certification and Crediting Procedures* by completing procedures for CERP land crediting.**

Management Response: The existing *Land Certification and Crediting Procedures* will be updated to document process improvements gleaned from the KRRP Audit #18-08, and currently in use.

Responsible Division: Real Estate Bureau

Estimated Completion: December 31, 2023

2. **Take necessary steps to determine whether environmental risk assessment expenses should be submitted for credit as land acquisition related expenses by the Real Estate Bureau or as construction related expenses by the Finance Bureau. Inform the Finance Bureau staff if the USACE determines that they are responsible for environmental risk assessment credit requests.**

Management Response: Real Estate staff will follow up on previous requests to the USACE to confirm that environmental risk assessment expenses are construction related.

Responsible Division: Real Estate Bureau

Estimated Completion: October 31, 2023

3. **Ensure Real Estate Bureau crediting staff responsible for preparing credit submittal to thoroughly review credit requests to ensure credit is requested for all eligible expenses.**

Management Response: Real Estate Bureau crediting staff will be instructed to conduct a thorough review of final credit packages to ensure eligible expenses are accounted for.

Responsible Division: Real Estate Bureau

Estimated Completion: Complete and ongoing

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4. **Require the Real Estate Bureau Section Leader to carefully review all credit requests to ensure accuracy, uniformity, completeness, and inclusion of all eligible expenses.**

Management Response: Real Estate Bureau Section Leader will carefully review all credit requests to ensure accuracy, uniformity, completeness, and inclusion of all eligible expenses.

Responsible Division: Real Estate Bureau

Estimated Completion: Complete and ongoing

5. **Develop and periodically update listing of CERP project components/features that are eligible for credit submittal.**

Management Response: A list of CERP project components/features eligible for credit submittal will be developed and kept current.

Responsible Division: Real Estate Bureau

Estimated Completion: Develop list by December 31, 2023, and update as needed

6. **Create and maintain a master spreadsheet for CERP credit requests (similar to the *KRRP Master Crediting Summary Spreadsheet*) that includes data such as tract information, date credit request submitted, amount of credit request, approval and denial amounts, land cost and administrative costs, and relevant notes.**

Management Response: A master spreadsheet will be credited to include relevant data and notes.

Responsible Division: Real Estate Bureau

Estimated Completion: Create master spreadsheet by December 31, 2023, and maintain continuously thereafter

7. Consider documenting the steps to determine eligible CERP land acquisition related salary expenses.

Management Response: The steps required to determine eligible CERP land acquisition related salary expenses will be documented as a part of the procedures referenced in Recommendation #1 above.

Responsible Division: Real Estate Bureau

Estimated Completion: December 31, 2023