

oppaga Progress Report

November 2003



Report No. 03-60

Florida Communities Trust Has Taken Action to Expedite Land Acquisitions

at a glance

The Florida Communities Trust has taken action to address our recommendations for improving its performance in expending its land acquisition funds. The trust reported

- completing all of its projects funded through the Preservation 2000 Program;
- expending all its Preservation 2000 funds for Monroe County Land Authority and the Areas of Critical State Concern Program;
- reducing the time to close projects under the Florida Forever Program; and
- selecting contingent project under the Florida Forever Program. These projects would receive funding contingent on the availability of additional funds resulting from favorable price negotiations, projects terminations, and withdrawals of projects.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken by the Florida Communities Trust in response to a 2002 OPPAGA report.^{1,2} This report presents our

¹ Section 11.51(6), *F.S.*

assessment of the extent to which our findings and recommendations have been addressed.

Background

The Florida Communities Trust is a state land acquisition grant program within the Florida Department of Community Affairs. The trust is overseen by a six-member governing board.³

The trust was established to assist local governments implement their comprehensive plans by providing funds to acquire land identified for recreation and open space. Local governments and non-profit environmental organizations are eligible to apply for grants awarded by the trust and may be required to provide matching funds.⁴ Each year, the trust awards grants to local governments on a competitive basis. The local governments or non-profit organizations holds title to the land purchased with funds provided by the trust.

² *Florida Communities Trust Improves Its Timeliness; Further Actions Are Needed*, [OPPAGA Report No. 02-01](#), January 2002.

³ The Secretary of the Department of Community Affairs chairs the governing board. Other members include the Secretary of the Department of Environmental Protection and four members appointed by the Governor.

⁴ State law generally requires that local governments provide a minimum 75% match. However, no match is required for counties with populations of less than 75,000 and cities with a population of less than 10,000. No match is also required for non-profit environmental organizations.

Staff from the Department of Community Affairs provide administrative, personnel, and support services to the trust. These support services include assisting recipients in developing applications, evaluating applications, and negotiating some acquisitions. In Fiscal Year 2003-04, the Legislature appropriated 17 positions and \$1.2 million to support the trust's operations.

Funding

The trust currently receives \$66 million annually in land acquisition funds from the Florida Forever Program.⁵ Prior to Fiscal Year 2000-01, the trust received \$30 million annually under the Preservation 2000 Program. The Legislature had also dedicated part of the trust's funds to specific programs including Areas of Critical State Concern, the Monroe County Land Authority, and the Green Swamp Land Authority.

Prior Findings

The Florida Communities Trust had difficulty spending its funds

Our 2002 report concluded that the trust had difficulties spending its Preservation 2000 funds, which resulted in large unexpended cash balances. In August 31, 2001, the trust had \$71.4 million committed but unspent Preservation 2000 funds. The trust also had not spent \$24.6 million appropriated to specific land acquisition programs as of August 31, 2001.

Several factors hindered the trust in spending funds. One factor was that the trust allowed projects to remain open for an unreasonably long time. Florida law provides that a grant awarded by the trust cannot exceed 24 months unless authorized by the trust's governing board. However, we found that the trust had approved grant extensions beyond 24 months. Of the 222 projects the trust reported as being closed as of the end of August 2001, 56 (25%) projects took 24 months or more to close after the governing board had approved the projects' grant contracts.

⁵ Of these funds, 30% (\$19.8 million) is designated for projects in urban core areas and 5% (\$3.3 million) for recreational trail systems.

Another factor was the trust's reluctance to terminate projects unless requested by the local government. Trust managers attributed delays to unwilling sellers and acquisitions involving multiple sellers that took more time to negotiate.

The trust had made progress in decreasing the time taken to close projects

Our 2002 report also concluded that the trust had made progress in decreasing the time needed to close projects. For example, the average number of days to close projects decreased from 848 in 1992 to 386 in 1999. The trust attributed the decrease to improving its ability to negotiate an acceptable price with sellers and hiring an additional employee to conduct negotiations.

Trust managers expected further reductions in the time taken to close projects and spend funds under the Florida Forever Program. They believed that these reductions would occur as a result of new rules related to pre-acquired lands and projects with multiple sellers, changes to the grant contract, and a new project monitoring database. They also expected that changes in the state's practices for issuing bonds under the Florida Forever Program would reduce the likelihood of the trust having establishing high cash balances.⁶

To improve the trust's timeliness in spending its land acquisition funds, we recommended that the Legislature

- amend the statutes to remove the trust's governing board's authority to extend grants beyond 24 months;
- require that the trust's unspent Preservation 2000 funds for the Green Swamp Program and Monroe County Land Authority be expended by June 2002; and
- require unspent Preservation 2000 funds for the Areas of Critical State Concern Program be expended by June 2003.

⁶ Under the Preservation 2000 Program, the state had issued a single \$300 million bond and allocated funds to various agencies, including the Florida Communities Trust. This practice resulted in large cash balances in the Preservation 2000 Trust Fund. Under the Florida Forever Program, the state periodically issues bonds based on funds needs to cover anticipated land closings.

We also recommended that the trust

- not extend active grant contracts under Preservation 2000 beyond June 2002; and
- select contingent projects under the Florida Forever Program. Contingent projects are projects beyond those initially selected to receive grants from the trust. These projects would receive funding contingent on the availability of additional funds resulting from favorable price negotiations, projects terminations, and withdrawals of projects. The trust had used this approach in the last five years of the Preservation 2000 Program to address its unexpended cash balances. We believed it would be advantageous for the trust to continue to select contingent projects, since it could help quickly distribute funds to projects if they became available.

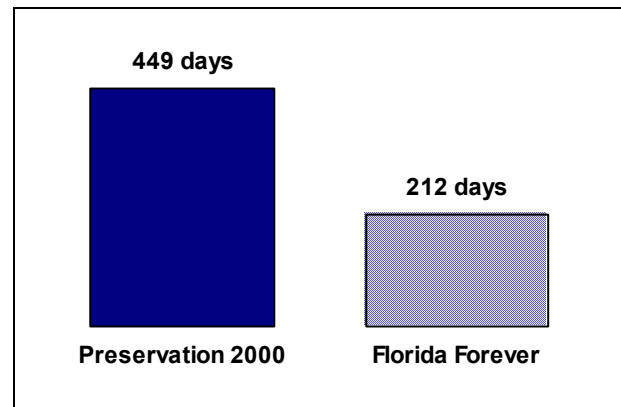
Current Status

The 2002 Legislature considered, but did not pass legislation that would have implemented our prior report's recommendations for improving the Florida Communities Trust's performance in spending land acquisition funds.⁷ However, the trust has taken other actions that have largely resolved the problems cited in our prior report.

- The trust reported completing all of its Preservation 2000 Program projects as of December 2002.
- The trust reported expending all of its Preservation 2000 Program funds for Monroe County Land Authority and the Areas of Critical State Concern Program. Remaining funds for the Green Swamp Program were transferred to the Department of Environmental Protection in October 2002.⁸

- The time required to close projects has been substantially reduced under the Florida Forever Program, which was established in 1999 (see Exhibit 1). Program managers attribute this improvement to changes in administrative rules that require applicants to provide more information demonstrating whether significant progress towards acquisition has been made. This information allows the trust to better assess whether a grant should be extended or terminated.

Exhibit 1
Average Number of Days to Close Projects Are Lower Under Florida Forever Program¹



¹ This data includes 16 Preservation 2000 Program projects and 19 Florida Forever Program projects completed in 2002. Source: OPPAGA analysis of Florida Communities Trust data.

The trust reported implementing our recommendation that it select contingent projects under the Florida Forever Program. The trust contingently selected 16 projects in the last two Florida Forever funding cycles. This allowed the trust to quickly commit funding to these projects when initially selected projects were terminated. All of the contingent projects were funded as of March 2003.

As a result of these improvements, we no longer believe that the Legislature needs to amend the statutes as recommended in our prior report.

⁷ House Bill 1477 and Senate Bill 1932.

⁸ According to the Department of Environmental Protection's Preservation 2000 Status Report, \$3.04 million remained unspent as of August 31, 2003.

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



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