Ken Burke, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

TO: The Honorable Chairman and Members of the Board of County Commissioners

FROM: Ken Burke, CPA
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor

SUBJECT: Audit of the Management of Cross Bar & AL-Bar Ranches

DATE: September 28, 2012

For your review and filing in the Official Records, I am enclosing a copy of the report dated September 28, 2012 on the above-referenced audit.

I hope you find this report helpful in ensuring Pinellas County government provides the best possible service to our citizens.

cc: Robert S. LaSala, County Administrator
David E. Scott, PE, Executive Director, Department of Environment and Infrastructure
Jorge M. Quintas, P.E., Director, Division of Engineering and Technical Support, DEI
Dave Slonena, Project Manager, Department of Environment and Infrastructure
Jim Bennett, County Attorney
Claretha N. Harris, Chief Deputy Director, Finance Division
Ernst & Young
AUDIT OF THE MANAGEMENT OF CROSS BAR & AL-BAR RANCHES

Hector Collazo, Jr., Director
Inspector General/Chief Audit Executive

Audit Team
Ronald Peters, CIA, CISA, CIGA – Senior Inspector General Auditor
Melissa Dondero, CPA, CIA, CIGA, CITP, CRMA – Inspector General Auditor II
Gabriel Fickel – Inspector General Intern

SEPTEMBER 28, 2012
REPORT NO. 2012-22
September 28, 2012

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted an audit of the Management of Cross Bar & AL-Bar Ranches. Our audit objectives were to:

1. Determine if contracts related to the management and operation of the Cross Bar and AL-Bar Ranches sufficiently cover services necessary to meet the operational requirements of the property.
2. Determine if the Department of Environment and Infrastructure's (DEI) performance monitoring process for contractor compliance with contract terms is adequate and determine if DEI is receiving the services contracted for.
3. Determine if invoices submitted by the contractors to DEI sufficiently document services provided, expenditures are proper and in compliance with contract terms, and the invoice and supporting documentation is reviewed and approved timely prior to payment.
4. Determine if Pinellas County is in compliance with the Interlocal Agreement with Tampa Bay Water (formerly West Coast Regional Water Supply).
5. Determine if Pinellas County is filing all required reports with the Southwest Florida Water Management District.

We conclude that DEI administration and the ranch contractors are operating the site in an efficient and effective manner. Renewal of the land management and forestry & wildlife contracts will provide the necessary services to support the continuing operations of the Ranches. Opportunities for improvement are presented in this report.

We appreciate the cooperation shown by the staff of the Department of Environment and Infrastructure during the course of this review. We commend management for their responses to our recommendations.

Respectfully Submitted,

Hector Collazo, Jr., Director
Division of Inspector General

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor

*Regulated by the State of Florida

*Accredited Office of Inspector General by the Commission of Florida Law Enforcement Accreditation
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Action Plan</td>
<td>7</td>
</tr>
<tr>
<td>Opportunities for Improvement</td>
<td>15</td>
</tr>
<tr>
<td>1. Cross Bar &amp; AL-Bar Ranches Revenue During The Past 12 Years Has Not</td>
<td>15</td>
</tr>
<tr>
<td>Supported The Operating Expenses.</td>
<td></td>
</tr>
<tr>
<td>2. Educational Activities At The Ranch Are A Major Cost, Create Risks,</td>
<td>22</td>
</tr>
<tr>
<td>Do Not Directly Benefit Pinellas County Citizens, And Have Not Been</td>
<td></td>
</tr>
<tr>
<td>Formally Evaluated Or Included In A Business Plan.</td>
<td></td>
</tr>
<tr>
<td>3. The Business Plan For The Cross Bar And AL-Bar Ranches Needs To Be</td>
<td>25</td>
</tr>
<tr>
<td>Updated.</td>
<td></td>
</tr>
<tr>
<td>4. The Oversight Process, Inspections, And Results For The Land</td>
<td>29</td>
</tr>
<tr>
<td>Management And Forestry &amp; Wildlife Contracts Are Not Adequately</td>
<td></td>
</tr>
<tr>
<td>Documented.</td>
<td></td>
</tr>
<tr>
<td>5. DEI Is Not Using The Proper Accounting Procedures For Recording</td>
<td>30</td>
</tr>
<tr>
<td>Timber Operating Expenses.</td>
<td></td>
</tr>
<tr>
<td>6. A Formal Written Procedure Is Needed For The Land Management</td>
<td>32</td>
</tr>
<tr>
<td>Contract Invoice Payment Process.</td>
<td></td>
</tr>
<tr>
<td>7. Cross Bar And AL-Bar Land Parcels May Be Exempt From Taxation.</td>
<td>34</td>
</tr>
<tr>
<td>8. There Is No Written Procedure For Chemical Application On The</td>
<td>36</td>
</tr>
<tr>
<td>Ranch Property.</td>
<td></td>
</tr>
<tr>
<td>9. Safety Site Inspections Of The Cross Bar And AL-Bar Ranches Are Not</td>
<td>37</td>
</tr>
<tr>
<td>Being Performed.</td>
<td></td>
</tr>
<tr>
<td>10. Firearms Are Being Used For Recreational Hunting On The Ranch</td>
<td>38</td>
</tr>
<tr>
<td>Property.</td>
<td></td>
</tr>
<tr>
<td>To Be Addressed By DEI.</td>
<td></td>
</tr>
<tr>
<td>12. Safari Buses Used For Cross Bar Ranch and AL-Bar Ranch Tours Have</td>
<td>40</td>
</tr>
<tr>
<td>Not Been Serviced Recently.</td>
<td></td>
</tr>
<tr>
<td>13. A Fuel Tank Used By The Pine Straw Contractor Is Not Being</td>
<td>42</td>
</tr>
<tr>
<td>Inspected By DEI.</td>
<td></td>
</tr>
<tr>
<td>Exhibit A - Cross Bar &amp; AL-Bar Ranches Pine Stand Map</td>
<td>44</td>
</tr>
</tbody>
</table>
INTRODUCTION

Synopsis

For the past 12 years the Cross Bar and AL-Bar Ranches (Ranches) have sustained a total net loss of $1.9 million that includes operational expenses, real estate taxes, fixed asset depreciation, and DEI administration costs. The ranch land was purchased through the Utilities Water Fund at a cost of $11 million and the current market value of the land, as listed in Pasco County Property Appraiser records, is $58 million. The timber harvesting operation started in 2011 and is expected to continue for the next ten years with projected total revenue of $3.1 million for this time period.

DEI administration and the ranch contractors are operating the site in an efficient and effective manner. The land management and forestry & wildlife renewal contracts will provide the necessary services to support continuing operations, leverage contractors’ institutional knowledge and protect the County’s capital investments. The original purpose of the land was to provide drinking water and protect the groundwater system for Pinellas County residents, which is still pertinent. Current County usage of the land combines active production well fields, pine timber and straw operations, wildlife and ecosystem enhancement, and agricultural and cattle operations.

An updated business plan for the Ranches is required to allow for long term planning, assuring site usage is in the best interest of Pinellas County. The plan would also assure County compliance with the Interlocal Agreement with Tampa Bay Water for well field protection. A more effective process of obtaining, retaining, and presenting the Ranches’ operations financial information will promote transparency.

Scope and Methodology

We conducted an audit of the Management of Cross Bar and AL-Bar Ranches (Ranches). The audit covered a review and evaluation of contracts related to the management and operations of the Ranches and a financial analysis.

The objectives of our audit were to:

1. Determine if contracts related to the management and operation of the Cross Bar and AL-Bar Ranches sufficiently cover services necessary to meet the operational requirements of the property.
2. Determine if the Department of Environment and Infrastructure’s (DEI) performance monitoring process for contractor compliance with contract terms is adequate and determine if DEI is receiving the services contracted for.
3. Determine if invoices submitted by the contractors to DEI sufficiently document services provided, expenditures are proper and in compliance with contract terms, and the invoice and supporting documentation is reviewed and approved timely prior to payment.

4. Determine if Pinellas County is in compliance with the Interlocal Agreement with Tampa Bay Water (formerly West Coast Regional Water Supply).

5. Determine if Pinellas County is filing all required reports with the Southwest Florida Water Management District.


In order to meet the objectives of our audit, we:

- Reviewed and evaluated the following contracts related to ranch operations:
  - April 1, 2010 Agreement for Sale of Surplus Pine Straw at AL-Bar and Cross Bar Ranches with Central Florida Mulch, Inc. (Contract #089-0382-R).
  - Other contracts and/or agreements related to AL-Bar and Cross Bar Ranches.
  - Interlocal Agreement with West Coast Regional Water Supply.

- Interviewed County staff responsible for administering the contracts related to the management and operation of the AL-Bar and Cross Bar Ranches to obtain a clear understanding of the scope of services and performance monitoring processes.

- Interviewed contractors to obtain a clear understanding of the scope of services being delivered and performance of the tasks.

- Tested, on a sample basis, contract compliance, service quality, invoicing, and payments to determine if the County is receiving services contracted for.

- Evaluated the costs and revenues related to owning the Cross Bar and AL-Bar Ranches.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General*, and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was October 1, 2000 through
June 30, 2012. However, transactions and processes reviewed were not limited by the audit period.

**Overall Conclusion**

Cross Bar and AL-Bar Ranches’ contracts sufficiently cover the requirements to manage and operate the property. Our review of the contracts and testing of invoices found that all contract scope of services are being provided to the County. However, DEI does not have a formal written procedure for the land management contract invoice payment process. Invoices require different types of documentation to be adequately supported for services that are not detailed in the contract.

DEI oversight documentation for contractors’ compliance to the land management and forestry & wildlife contracts is not adequate. There is no current business plan for the Cross Bar and AL-Bar Ranches’ operations that addresses past, present, and future site plans and associated financial data. There are other ranch operation issues that require attention by DEI management.

Pinellas County is in compliance with the Interlocal Agreement with Tampa Bay Water and the filing requirements of the Southwest Florida Water Management District and Tampa Bay Water.

Reporting of the Cross Bar and AL-Bar Ranches’ finances is presented as a normal part of the DEI Water and Sewer Division and not as a stand-alone business function. DEI has accumulated limited financial information on the Ranches, which has resulted in a lack of transparency to the Board of County Commissioners (BCC), Pinellas County utility customers, and citizens. Other minor accounting issues have to be addressed by DEI management.
## Action Plan

<table>
<thead>
<tr>
<th>FINDING NO.</th>
<th>FINDING (CAPTION) RECOMMENDATIONS</th>
<th>MANAGEMENT RESPONSES</th>
<th>IMPLEMENTATION STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cross Bar &amp; AL-Bar Ranches Revenue During The Past 12 Years Has Not Supported The Operating Expenses.</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Maintain aggregated financial information for the Cross Bar Ranch and AL-Bar Ranch for reference and presentation. The ranch operations and associated financial records should be accounted for as a stand-alone project to provide transparency to the BCC, Pinellas County utility customers, and citizens. The financial information obtained by IG should be used as a starting point and at least updated yearly with current information from the source records/departments. As covered in Opportunity for Improvement No. 3, transparency should be supported by a current business plan for the Ranches.</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>Educational Activities At The Ranch Are A Major Cost, Create Risks, Do Not Directly Benefit Pinellas County Citizens, And Have Not Been Formally Evaluated Or Included In A Business Plan.</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>A. Create a formal business plan addressing the objectives, financing, operations, and risks of hosting an educational program at the Cross Bar and AL-Bar Ranches.</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>B. Discuss the services being provided to Pasco County students and associated risks with Risk Management.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>C. Work with the District School Board of Pasco County and Tampa Bay Water to address long term funding of the Education Center and tours.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>D. Address the tours in the interagency agreement with the District School Board of Pasco County.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>The Business Plan For The Cross Bar And AL-Bar Ranches Needs To Be Updated.</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Update the business plan for the Ranches and include an analysis of all the operations taking place on the land. In addition, the plan should include planned capital improvements to the property, and inventory of assets and projections of additional land acquisitions. We recommend the business plan be updated when changes are made to the operations or financial information changes. A current</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>FINDING NO.</td>
<td>FINDING (CAPTION) RECOMMENDATIONS</td>
<td>MANAGEMENT RESPONSES</td>
<td>IMPLEMENTATION STATUS</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td></td>
<td>business plan should be presented to the BCC along with the next contract renewal request (in 2017) for the land management and the forest and wildlife contracts.</td>
<td>Concur</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>4</strong> <em>The Oversight Process, Inspections, And Results For The Land Management And Forestry &amp; Wildlife Contracts Are Not Adequately Documented.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Develop a written procedure that covers how compliance to the contract requirements will be confirmed. In addition, we recommend all site visits, service verification, and associated results be documented.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>5</strong> <em>DEI Is Not Using The Proper Accounting Procedures For Recording Timber Operating Expenses.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capitalize the expenses for the replanting and maintenance of the timber sites harvested in Fiscal Year 2012. Include any expenses incurred in Fiscal Year 2011 for preparation of the sites. Based on the amount of time it would take vs. the benefit, it is not recommended that DEI go back to the prior timber cycle to capitalize the expenses related to those timber operations. The exception to this recommendation is expenses incurred going forward for timber stands not yet harvested. The pine straw operations would be considered as a side product and not part of the timber operations. The expenses for the preparation and harvesting can be realized as incurred since the revenue is received in the same time frame.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>6</strong> <em>A Formal Written Procedure Is Needed For The Land Management Contract Invoice Payment Process.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Document the current invoice payment process detailing how the three different types of cost categories are handled, and continue to require the Contractor to submit monthly service records accompanied with the Land Management Service invoices. The procedure should also include that for “Special Projects” where a sub-contractor is not always involved; the Contractor at times provides these services. Management should consider requiring additional verification of special projects performed by the Contractor since an invoice from an independent vendor would not be present.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>7</strong> <em>Cross Bar And AL-Bar Land Parcels May Be Exempt From Taxation.</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FINDING NO.</td>
<td>FINDING (CAPTION) RECOMMENDATIONS</td>
<td>MANAGEMENT RESPONSES</td>
<td>IMPLEMENTATION STATUS</td>
</tr>
<tr>
<td>------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>8</td>
<td>Evaluate the possibility of having some or all of the parcels of land that constitute the Cross Bar and AL Bar Ranches exempt from Pasco County taxation.</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>9</td>
<td><strong>There Is No Written Procedure For Chemical Application On The Ranch Property.</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Develop written procedures covering application of chemicals on the Cross Bar/AL-Bar Ranch (procedure to include all contractors performing spraying) and record keeping. Any verbal requirements and other factors be documented.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td><strong>Safety Site Inspections Of The Cross Bar And AL-Bar Ranches Are Not Being Performed.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coordinate with Risk Management to establish a safety site inspection checklist and schedule.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>11</td>
<td><strong>Firearms Are Being Used For Recreational Hunting On The Ranch Property.</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Amend the land management contract to prohibit recreational hunting and recreational firearm use on the Cross Bar Ranch and AL-Bar Ranch property.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td><strong>Risk And Insurance Coverage For Ranch Safari Bus Operations Needs To Be Addressed By DEI.</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Meet with Risk Management to discuss the ranch tour operations and identify County exposure to risk that requires amendment to ranch tour operations or the land management contract.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Safari Buses Used For Cross Bar Ranch And AL-Bar Ranch Tours Have Not Been Serviced Recently.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Assign the bus maintenance and repair responsibility to Fleet, the land management contractor, or an outside entity. Having Fleet perform maintenance and repairs at their facility may not be cost justified due to the transport expense. If the responsibility is not assigned to the land management contractor, the contract needs to be amended to remove this line item cost (Note: there are other County vehicles that maintenance is being performed on by the land manager that do not have a stand-alone cost line item for service in the contract). In addition, we recommend DEI management work with Fleet to create an inspection checklist for preventative maintenance that needs to be performed on the buses annually such as oil changes, tire pressure, and hose replacement. The checklist should be specifically tailored for the use of the vehicles.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FINDING NO.</td>
<td>FINDING (CAPTION) RECOMMENDATIONS</td>
<td>MANAGEMENT RESPONSES</td>
<td>IMPLEMENTATION STATUS</td>
</tr>
<tr>
<td>------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>----------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>13</td>
<td>A Fuel Tank Used By The Pine Straw Contractor Is Not Being Inspected By DEI.</td>
<td>Concur</td>
<td>In Progress</td>
</tr>
<tr>
<td></td>
<td>Inspect the fuel site during the monthly site visits performed by the DEI contract administrator based on the risk of pollution.</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Background

Geographically, Pinellas County is located with limited access to the Florida aquifer ground water system, and in order to meet the increasing water supply, Pinellas County had to purchase neighboring parcels of land for its ground water development. In 1976, Pinellas County invested in the Cross Bar Ranch located in Pasco County during the height of the "water wars," when three adjacent counties were competing for local water resources. Subsequently in the mid 1990’s, Pinellas County turned over their water rights to the regional authority, Tampa Bay Water, who now controls the production pumping of water at the Cross Bar Ranch. Meanwhile, the ranch was leased for cattle and crop operations throughout the years.

In 1990, the AL-Bar Ranch, which adjoins the Cross Bar Ranch, was purchased and leased back to the seller to continue ranching activities. The two Ranches combined are approximately 12,400 acres. It was the desire of Pinellas County to implement a forestry management program that reflected responsible financial planning and addressed the concerns of the primary land use. Both forestry operations and cattle ranching provide revenue producing crops while maintaining sound stewardship of the site’s overall natural resources. These revenues were to help offset the cost of contracts associated with the Ranches that help maintain the land overall. The planting of pine trees also benefited fresh water reclamation by increasing the recharge rates of the ground water and decreasing the evaporation rates when compared to pasture grass lands.

Beyond the timber and farming activities that occur on the Ranches, other activities help to revive local and endangered wildlife populations by protecting their native ecosystems. Over three million gallons per day are pumped from Pinellas County augmentation sites to help maintain the wetland communities that make up all of the various natural sites on the property. These fresh water wet prairies, marshes, ponds, and lakes are home to an abundant wildlife and game species. Throughout the Ranches, confirmed endangered species include the Florida scrub jay, gopher tortoise, sandhill crane, whooping cranes, burrowing owls, indigo snakes, American alligators, and 19 other species of concern. Most commonly found wild game are composed of deer, turkey, and hogs that roam the area.

Currently the Ranches support active production well fields, pine timber and straw operations, wildlife and ecosystem enhancement, agricultural and cattle operations, numerous augmentation sites, and four homes occupied by contractors to provide security. Approximately half the acreage is set aside for the enhancement of endangered wildlife.

Over the years, the Ranches have required four contracts and one interlocal agreement in order to oversee services that coincide with the goal of the County for the property.
On November 3, 1992, the Board of County Commissioners (BCC) approved an agreement with Natural Resource Planning Services, Inc. (NRPS), a consulting forestry firm, to provide forestry operation services and wildlife management services to restore and enhance a wildlife habitat consistent with good stewardship management practices of public lands. The agreement was for five years with six options to renew. Each renewal period is for an additional five years. The third renewal option was approved on November 3, 2007, for a cost not to exceed $1,085,100 over five years. NRPS specific services include forest management planning, timber and pine straw harvesting sales, market analysis, fire management, mapping, insect and disease monitoring, habitat and wildlife management, and reforestation coordination. NRPS used a sub-contractor, Peacock & Associates, for ecosystem management.

An agreement was entered into with Albert Roller on November 3, 1992 to provide land management services. The agreement was for five years with options to renew for six additional five-year terms. The third option to renew was executed on October 2007, with a total five-year cost not to exceed $2,701,900. Albert Roller provides security, road maintenance, wild-fire prevention, fire line maintenance, prescribed burns, habitat enhancement, maintenance of lakes and ponds, exotic weed control, hog control, building maintenance, tours, and supervision of all activities on both ranch properties.

In August of 2009, the County set out a bid and contracted Central Florida Mulch to rake, collect, and haul the pine straw needles located throughout the property as a revenue generating project. The contract was for a 63 month term to coincide with the timber harvests, at a rate of $37,762.50 per month for a total of $2,379,037.50 at the end of the contract. The monthly fee has been reduced starting in 2011 with the harvesting of the pine trees. Central Florida Mulch is given the right to collect pine straw needles on the Ranches under the guidance of NRPS to ensure efficiency and environmental oversight of the operations.

On April 26, 2011, the BCC awarded the bid for the sale of pine timber on the Ranches to Boyett Timber for being the highest responsible bid received. The contract was rebid in April 2012 with the option for extension for two additional twelve month periods, at an estimated annual revenue amount of $605,000. Boyett Timber follows the guidance of NRPS foresters for the harvest and hauling of timber off the ranch sites.
The Interlocal Agreement is between Hillsborough County, Pasco County, Pinellas County, City of St. Petersburg, City of Tampa, and City of New Port Richey (Member Governments) reorganizing the West Coast Regional Water Supply Authority (presently Tampa Bay Water Authority). The reorganization was to eliminate rate differentials, varying entitlements, and other divergent interests. The Tampa Bay Water Authority (Authority) is a provider of wholesale water. Created in 1998, the Authority’s mission is to provide its Member Governments with adequate and reliable supplies of high-quality water to meet the area’s present and future needs in an economically and environmentally sound manner. Pinellas County has a transfer agreement, which conveys the Cross Bar Ranch production well sites to the Authority.

A major component in gaining the public support is educating the public on the benefits of undertaking projects of this type for ground water and wildlife protection. Under encouragement of the previous Utilities Director, an Educational Center was built in 2004 in an effort to mend relations between Pinellas and Pasco Counties. Its goal is to promote an education within the natural environment for the young minds of students enrolled within the Florida public school education system. Taking a hands-on approach helps facilitate lessons learned that text books could never recreate in the classroom. Children have the opportunity to take a tour of the property in one of two safari buses, take field measurements of a surface water site, explore the property to observe nature and wildlife, and participate in classroom lectures on the importance of watershed management, water conservation and the wetlands and upland habitats to our ecosystem.

The AL-Bar and Cross Bar Ranches have gained notoriety for their conservation and forestry efforts over the years. In 1998, the successful management of the land gained attention all over the country when the Ranch was featured in Jack Hanna’s Animal Adventures series. Highlighted on the show were a number of endangered and threatened species, their native habitat, and the conservation practices the County employs to enhance their environment. In December of 2007, state officials symbolically added the Ranches to Florida’s Forever Program, inaugurating it into the conservation 'A-List'. This has set the precedence of keeping the land under public ownership and out of hands for future development. Most recently for 2011, the Audubon Society has recognized the efforts of Pinellas County with their Sustainable Forestry Award, for Wellfield Habitat Stewardship. The Audubon Society’s focal point for the criteria of the award was the Ranches’ multiple
use management philosophy, and encourages other land managers across the state to follow and embrace the goals that Pinellas County DEI have set and achieved.

The overall project has always been part of Pinellas County’s ongoing governmental effort to restore, protect, and develop areas of water resources. Over the years, Pinellas County has converted the area into a balanced regime of active production well fields, pine timber and straw operations, wildlife and ecosystem enhancement, and agricultural and cattle operations with due diligence to restore what once was natural Florida.
OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. Cross Bar & AL-Bar Ranches Revenue During The Past 12 Years Has Not Supported The Operating Expenses.

Analysis of ranch revenues and expenses shows operations have resulted in a total net loss of $1,965,247 over the past 12 years. Included in this amount is an estimated $899,000 in operating expenses for the education center and tours. The ranch land was purchased at a total cost of $11 million and the current market value, as listed in Pasco County Property Appraiser records, is $58 million. Ranch revenue is mainly generated from the sale of pine timber and straw, and the total net operating expenses include DEI administration, ranch operating costs, and fixed asset depreciation expenses. This information, operating at a loss, is not consistent with the financial position presented by management that the Ranches are operating at close to or at a profit. The financial information included in this Opportunity for Improvement was accumulated and put into a form that could be used for financial analysis by the Inspector General (IG). DEI did not have the detailed financial information easily available to perform an analysis. Lack of the ranch financial information prevents transparency to Pinellas County decision makers and the public.

12 Year Analysis of Total Operations

The $1,965,247 net loss presented above includes total operating costs related to the Ranches as summarized below. A detailed analysis of the net operating loss by year of $1,130,357 is presented further below under, “12 Year Analysis of Direct Operations.” If an estimate of DEI administration cost of $31,000 per year and actual depreciation cost of ranch fixed assets of $462,890 are included, the total operating loss for the Ranches since Fiscal Year 2001 to date is $1,965,247. The estimated administration cost of $31,000 per year was calculated at 20% of the contract administrator’s annual salary including benefits plus $3,000 for miscellaneous expenses for items such as lab processing samples for water quality.

<table>
<thead>
<tr>
<th>12 YEAR TOTAL OPERATIONS</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Loss</td>
<td>($1,130,357)</td>
</tr>
<tr>
<td>Estimated DEI Administration</td>
<td>(372,000)</td>
</tr>
<tr>
<td>Fixed Asset Depreciation</td>
<td>(462,890)</td>
</tr>
<tr>
<td>TOTAL NET LOSS</td>
<td>($1,965,247)</td>
</tr>
</tbody>
</table>
12 Year Analysis of Direct Operations

The Ranches direct operations for Fiscal Year 2001 through August 31, 2012 have resulted in an operating loss of $1,130,357. Expenses include annual real estate taxes paid to the Pasco County Tax Collector by DEI. The general ledger information was not available for Fiscal Year 1992 to Fiscal Year 2000 because ranch financial transactions were not recorded in separate cost centers during this timeframe.

<table>
<thead>
<tr>
<th>Year</th>
<th>Expense</th>
<th>Revenue</th>
<th>Profit/(Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2001</td>
<td>$303,031</td>
<td>$191,963</td>
<td>($201,067)*</td>
</tr>
<tr>
<td>FY 2002</td>
<td>646,606</td>
<td>504,579</td>
<td>(142,027)</td>
</tr>
<tr>
<td>FY 2003</td>
<td>607,359</td>
<td>421,925</td>
<td>(185,434)</td>
</tr>
<tr>
<td>FY 2004</td>
<td>719,187</td>
<td>483,295</td>
<td>(235,892)</td>
</tr>
<tr>
<td>FY 2005</td>
<td>674,790</td>
<td>558,356</td>
<td>(116,434)</td>
</tr>
<tr>
<td>FY 2006</td>
<td>691,378</td>
<td>621,226</td>
<td>(70,152)</td>
</tr>
<tr>
<td>FY 2007</td>
<td>772,846</td>
<td>621,226</td>
<td>(151,620)</td>
</tr>
<tr>
<td>FY 2008</td>
<td>871,085</td>
<td>621,226</td>
<td>(249,859)</td>
</tr>
<tr>
<td>FY 2009</td>
<td>690,571</td>
<td>621,226</td>
<td>(69,345)</td>
</tr>
<tr>
<td>FY 2010</td>
<td>686,451</td>
<td>537,188</td>
<td>(149,263)</td>
</tr>
<tr>
<td>FY 2011</td>
<td>642,935</td>
<td>698,419</td>
<td>55,485*</td>
</tr>
<tr>
<td>FY 2012 as of 8/31/2012</td>
<td>597,957</td>
<td>983,210</td>
<td>385,253</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$7,994,196</td>
<td>$6,863,839</td>
<td>($1,130,357)*</td>
</tr>
</tbody>
</table>

*Difference due to rounding.

The Ranches were operating at a loss from Fiscal Year 2001 through Fiscal Year 2010 and started making a profit during Fiscal Year 2011 through August 31, 2012 totaling $440,738. The change in financial position is related to timber revenue generated from harvesting the 1993 pine timber stands. Pine timber revenue for Fiscal Year 2011 was $245,083 and for Fiscal Year 2012 (as of August 31, 2012) $598,161.

5 Year Analysis of Total Operations

The net loss presented below in the table entitled, "5 YEAR EXPENSE & REVENUE SUMMARY" does not include other ranch operating costs. If an estimate of DEI's administration cost of $31,000 per year and actual depreciation cost of ranch fixed assets of $253,637 were included, the total operating loss for the Ranches since Fiscal Year 2008 to date is $436,367.
Opportunities for Improvement
Management Of Cross Bar & AL-Bar Ranches

<table>
<thead>
<tr>
<th>5 YEAR TOTAL OPERATIONS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense</td>
<td>Amount</td>
<td></td>
</tr>
<tr>
<td>Net Operating Loss</td>
<td>($27,730)</td>
<td></td>
</tr>
<tr>
<td>Estimated DEI Administration</td>
<td>(155,000)</td>
<td></td>
</tr>
<tr>
<td>Fixed Asset Depreciation</td>
<td>(253,637)</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL NET LOSS</strong></td>
<td><strong>($436,367)</strong></td>
<td></td>
</tr>
</tbody>
</table>

5 Year Analysis of Direct Operations

A more detailed analysis of the financial operations of the Ranches for the past five years, which covers the current land management and forestry & wildlife services contracts expiring November 2012, shows a loss of $27,730.

<table>
<thead>
<tr>
<th>5 YEAR EXPENSE &amp; REVENUE SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

*Difference due to rounding.

As stated in the 12 year analysis above, Fiscal Years 2011 and 2012 include revenue from the sale of timber. Timber harvesting and sales are scheduled to continue for the next 10 years. Each pine stand harvested will be replanted the following year. The time for re-growth and harvesting availability is 17 years. Based on DEI management's plans (based on the NRPS Silvicultural Report), there will be a seven year time frame with no income from pine timber. The income from pine straw will decrease as the pine tree stands are harvested (income for pine straw is calculated based on a per acre available rate) and increase as the replanted pine
stands mature. It takes seven years for newly planted pine stands to produce pine straw for collection.

Total operating expenses over the past five years by type are shown below:

The education center operating cost for the past five years was $273,266. In Fiscal Year 2012, Pinellas County received funding from Pasco County of $27,600 for Pasco schools' use of the education center. As covered in Opportunity for Improvement No. 2, the educational center operations was not part of the original purpose of the Ranches, which included active production well fields, pine timber and straw operations, wildlife and ecosystem enhancement, and agricultural and cattle operations.

In the land management contract, Section V, the County provides three houses and 1,500 acres for use by the contractor. In turn, the contractor pays the County for use of these houses and acreage. This line item amount in Exhibit B Cost Summary of the contract, "Use of Pastures & Homes" is reduced from the "Total Basic Services" line item amount paid by the County monthly. IG reviewed the amount paid by the land management contractor and concluded that it was calculated properly at the current market rate for the benefits received.

Actual operating costs during the five year time frame were lower than budget. During Fiscal Year 2008 through Fiscal Year 2011, ranch actual expenses were under budget by $668,170,
and for 11 months of Fiscal Year 2012, are running under budget. Note that Pasco County real estate taxes, fixed asset depreciation expense, and DEI administration costs are not budgeted in the Ranches' cost centers.

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Expenses</th>
<th>Actual Expenses</th>
<th>(Over)/Under Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008</td>
<td>$919,900</td>
<td>$871,085</td>
<td>$48,815</td>
</tr>
<tr>
<td>FY 2009</td>
<td>874,800</td>
<td>690,571</td>
<td>184,229</td>
</tr>
<tr>
<td>FY 2010</td>
<td>830,250</td>
<td>686,451</td>
<td>143,799</td>
</tr>
<tr>
<td>FY 2011</td>
<td>700,720</td>
<td>642,935</td>
<td>57,785</td>
</tr>
<tr>
<td>FY 2012 as of 8/31/2012</td>
<td>831,500</td>
<td>597,957</td>
<td>233,543</td>
</tr>
</tbody>
</table>

*Difference due to rounding.

**CROSS BAR & AL-BAR RANCHES LAND ACQUISITION**

<table>
<thead>
<tr>
<th>Property</th>
<th>Original Acquisition Cost*</th>
<th>Acreage**</th>
<th>Land Value**</th>
<th>AG Land Value**</th>
<th>Building Value**</th>
<th>Extra Features Value**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross Bar Ranch</td>
<td>$5,336,373</td>
<td>8,145</td>
<td>$33,395,966</td>
<td>$1,725,598</td>
<td>$657,908</td>
<td>$62,036</td>
</tr>
<tr>
<td>AL-Bar Ranch</td>
<td>5,782,401</td>
<td>4,233</td>
<td>24,188,902</td>
<td>879,961</td>
<td>82,867</td>
<td>4,114</td>
</tr>
</tbody>
</table>

TOTAL $11,118,774 12,378 $57,584,868 $2,605,559 $740,775 $66,150

* Original acquisition cost obtained from real estate closing statements.
** Obtained from Pasco County Property Appraiser website.

**Fixed Assets**

Property improvements on the Ranches occurred from 1990 to 2007. The total cost for these improvements was $2,537,689. The current annual fixed asset depreciation expense is $50,744. Details for the capital improvement projects were not available because the files were
past the required retention period. Most fixed asset costs relate to the use and care of the water wells and the construction of the education center.

### CROSS BAR & AL-BAR RANCHES ASSETS

<table>
<thead>
<tr>
<th>Asset - Description</th>
<th>Cost</th>
<th>Category</th>
<th>Date Placed in Service</th>
<th>Annual Depreciation Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cross Bar - Visitor Center</td>
<td>$1,038,814</td>
<td>Buildings</td>
<td>9/30/2004</td>
<td>$20,776</td>
</tr>
<tr>
<td>Cross Bar</td>
<td>29,677</td>
<td>Buildings</td>
<td>9/30/1997</td>
<td>594</td>
</tr>
<tr>
<td>Cross Bar - House 12/14/94 BCC</td>
<td>75,000</td>
<td>Buildings</td>
<td>10/1/1995</td>
<td>1,500</td>
</tr>
<tr>
<td>Cross Bar - Metal Barn</td>
<td>151,293</td>
<td>Buildings</td>
<td>10/1/1995</td>
<td>3,026</td>
</tr>
<tr>
<td>Cross Bar</td>
<td>7,975</td>
<td>Buildings</td>
<td>9/30/1990</td>
<td>160</td>
</tr>
<tr>
<td>Cross Bar/Al Bar Misc. Augmentation Improvements</td>
<td>29,126</td>
<td>Wells</td>
<td>9/30/2007</td>
<td>583</td>
</tr>
<tr>
<td>Cross Bar – Well Field Visitor Center</td>
<td>37,081</td>
<td>Buildings</td>
<td>9/30/2004</td>
<td>742</td>
</tr>
<tr>
<td>AL-Bar - Augmentation/LBG - Hydro</td>
<td>992</td>
<td>Wells</td>
<td>9/30/2003</td>
<td>20</td>
</tr>
<tr>
<td>Cross Bar - Augmentation/Hydro Svcs.</td>
<td>6,016</td>
<td>Wells</td>
<td>9/30/2003</td>
<td>120</td>
</tr>
<tr>
<td>Cross Bar – Misc. Augmentation Imp.</td>
<td>5,161</td>
<td>Wells</td>
<td>9/30/2003</td>
<td>103</td>
</tr>
<tr>
<td>Cross Bar - Hydrogeologic Svcs.</td>
<td>246,306</td>
<td>Wells</td>
<td>9/30/2002</td>
<td>4,926</td>
</tr>
<tr>
<td>Cross Bar - Augmentation</td>
<td>822,701</td>
<td>Wells</td>
<td>9/30/2002</td>
<td>16,454</td>
</tr>
<tr>
<td>Cross Bar - Ditch Blocking</td>
<td>9,326</td>
<td>Buildings</td>
<td>9/30/2002</td>
<td>187</td>
</tr>
<tr>
<td>Cross Bar</td>
<td>1,002</td>
<td>Wells</td>
<td>9/30/1990</td>
<td>10</td>
</tr>
<tr>
<td>Cross Bar - Improvements to Ed Center</td>
<td>3,777</td>
<td>Buildings</td>
<td>9/20/2007</td>
<td>76</td>
</tr>
</tbody>
</table>

**TOTAL**                                          **$2,537,689**         **$50,744**

*Difference due to rounding.

The complete financial information for Cross Bar Ranch and AL-Bar Ranch was not easily available from DEI to analyze revenue and costs, determine the ranch financial position, and answer questions from the BCC or citizens. Lack of complete financial documentation prevents accurate determination of financial status for use in DEI management presentations and decision making. Currently, there is a lack of transparency to Pinellas County decision makers and the public.

Based on discussions with DEI management, the Cross Bar and AL-Bar Ranches are considered part of the Pinellas County Water Utility Service Operation Fund, and financial information is presented like any other utility operation. The operating revenue and expense transactions are available from the general ledger (starting with Fiscal Year 2001), fixed assets information is available from the Finance Department fixed asset application, and the land purchase information is available from the Pasco County Property Appraiser, Pasco County Tax Collector, and land purchase files maintained by the Pinellas County Real Estate
Management Department. However, DEI has no current process in place to maintain a summary of the financial information, assure completeness of records, and retain in a format for easy reference and presentation.

Financial information for ranch operations should be maintained in an easily obtainable format and include all information related to the Ranches’ revenue and expenses. The Ranches’ revenue and expenses should be clearly identifiable to enable an analysis of projections and results.

**We recommend** DEI management:

Maintain aggregated financial information for the Cross Bar Ranch and AL-Bar Ranch for reference and presentation. The ranch operations and associated financial records should be accounted for as a stand-alone project to provide transparency to the BCC, Pinellas County utility customers, and citizens. The financial information obtained by IG should be used as a starting point, and at least yearly, updated with current information from the source records/departments. As covered in Opportunity for Improvement No. 3, transparency should be supported by a current business plan for the Ranches.

**Management Response:**

*(Partially Concur-In Progress)*

DEI will move the real estate taxes to the existing standalone cost center for FY 2012 to track the ranch operations.

There is no plan to develop a standalone project to aggregate the ranch operations. The financial information is available from the appropriate official data sources. DEI is not the official record keeper of the full suite of financial information. DEI maintains select financial information for the real estate taxes and invoices paid.

The Ranches were operating at a loss from FY 2001 through FY 2010 and started making a profit during FY 2011 through August 31, 2012 totaling $440,738. The change in financial position is related to the timber revenue generated from harvesting the 1993 pine timber stands. Pine timber revenue for FY 2011 was $245,083 and for FY 2012 through August 31st was $598,161.

**Division of Inspector General Comments:**

IG is not recommending that DEI maintain official records that are the responsibility of the Finance Division and the Real Estate Management Department. We reiterate our recommendation that DEI reviews this financial information for accuracy and completeness, and utilizes the data for planning, updating the Business Plan, and making presentations. If DEI does not account for the Ranch operations as a stand-alone project, transparency may be impaired because aggregated financial data will not be readily available for presentation and analysis.
2. **Educational Activities At The Ranch Are A Major Cost, Create Risks, Do Not Directly Benefit Pinellas County Citizens, And Have Not Been Formally Evaluated Or Included In A Business Plan.**

Educational facilities and a tour program were established at Cross Bar Ranch without a business plan, funding need projections, and risk analysis. In August 1998, Natural Resources Planning Services, Inc. developed "A Financial Analysis of Operations" for the Cross Bar and AL-Bar Ranches for Pinellas County Utilities (now DEI). The document states the purpose of acquiring the property was for well field production and environmental enhancement. In 1992, a land management stewardship team was established and tasked to convert the property from its principal use of a well field and cattle ranch to a balanced regime of active production well fields, pine timber and straw operations, wildlife and ecosystem enhancement, and agricultural and cattle operations. An educational program was not part of the original plan for the property, nor has a subsequent analysis been performed addressing this service.

In 2004, Pinellas County contracted with Bandes Construction Company to build an education center on the Cross Bar Ranch for $799,168 and estimated at that time an annual reoccurring operating and maintenance cost of $100,000. The purpose of the building was to provide an outreach program to educate citizens in the areas of conservation, water, and environmental awareness. A pavilion adjacent to the education center was constructed several years later to be used for educational activities. Fixed asset records show a total cost for the education center and pavilion of $1,135,493. The education center is only open to governmental and non-profit groups and is currently used mainly by the Pasco County School District to support their environmental education curriculum. Pasco County students visit the Ranches for an environmental classroom lesson, in-field experiment, and bussed tour of the property. During 2012, Pasco County utilized the facilities 90 days during the school year. Other governmental and non-profit entities can use the facilities by completing an application and making a reservation through the DEI Education Coordinator. During 2012, the University of Florida Master Naturalist Program, Southwest Florida Water Management District, and Pasco County administration utilized the facilities for a total of 4 days.
Pinellas County has contracted with Albert Roller since 1992 for land management services at the Ranches. The current contracted services include giving tours, education center janitorial services, grounds maintenance, and bus maintenance. Pinellas County has historically fully funded the Pasco County education program. These educational services cost $51,474 in Fiscal Year 2011 and a total of approximately $273,266 over the past five year contract period with Albert Roller. Due to budget challenges, in March 2012, Pinellas County entered into a formal interagency agreement with the District School Board of Pasco County to address cost sharing. This is the first formal written agreement addressing the environmental education program even though the program has been ongoing since 2004. The agreement states that the Pasco County School Board will pay Pinellas County $9,900 as a rental fee and for janitorial services for the education center. It further states that Pinellas County agrees to expend additional funds to maintain the facilities and to provide security during the School Board's use. The agreement does not address the tour guide or safari buses that Pasco County Schools are using. The Pasco County School Board has committed funds to support the on-site educational experience at Cross Bar Ranch with equal shares coming from a Wells Fargo Bank grant and Tampa Bay Water commitment. After questioning DEI Finance management regarding the receipt of these funds, DEI invoiced Pasco County School Board for $17,700 for the Tampa Bay Water funding commitment. The rental fee and Tampa Bay Water grant funds were received in August 2012 for a total of $27,600.

DEI is funding tours and educational facility costs mainly for the benefit of Pasco County citizens. Pasco County’s recent contribution toward the educational program does not cover the costs to maintain the education center and provide tours. During these fiscal challenging times, funding services that do not benefit Pinellas County citizens does not fit in with the County’s effort to focus limited resources on core services. In addition, providing these services to Pasco County has created additional risks that have not been adequately addressed by DEI and presented to the Pinellas County Risk Management Department (Risk Management).

A formal business plan should have been developed addressing the objectives, financing, operations, and risks of hosting an educational program at the Cross Bar and AL-Bar Ranches. A business plan is a formal document that sets business goals and a plan to attain those goals. It is used as a decision making tool. The document is used both by internal and external stakeholders. Internally, the document provides a roadmap to reach goals of the project and usually lists success factors for measurement. Externally, the business plan is used by stakeholders, in a government environment, the tax-payers. In addition, how the educational program fits in with Pinellas County’s mission should have been evaluated.
We recommend DEI management:

A. Create a formal business plan addressing the objectives, financing, operations, and risks of hosting an educational program at the Cross Bar and AL-Bar Ranches.
B. Discuss the services being provided to Pasco County students and associated risks with Risk Management.
C. Work with the District School Board of Pasco County and Tampa Bay Water to address long term funding of the Education Center and tours.
D. Address the tours in the interagency agreement with the District School Board of Pasco County.

Management Response:

A. (Partially Concur – Planned)

DEI will develop an updated business plan for the educational programs.

Due to the success of the Cross Bar Ranch (Ranch) multi-use Ecosystem Management model, it warranted a venue to highlight the ongoing habitat restoration activities and to educate the public. The annual operating cost associated with the visitor’s center and outreach has been lower than the projected amount of $100,000 as identified in the original Board agenda item.

B. (Concur – In Progress)

DEI staff has discussed the services provided to Pasco County students with Risk Management, and will explore other options.

These contracts followed the standard review procedure process, which includes review of the two previous contracts by Risk Management (Risk) which contained the group and school tours.

C. (Concur – Planned)

DEI staff will seek additional opportunities to continue recovering operating expenses.

DEI staff will pursue long-term funding with the Pasco County School Board and Tampa Bay Water for the education programs.

Pasco County paid a proportional share ($27,600) of the five-year average annual cost ($54,653).

D. (Partially Concur-Planned)

DEI staff, along with Risk Management, will pursue an interagency agreement with the Pasco County School Board for educational tours.
While there is no direct benefit to Pinellas County for the Cross Bar educational activities, education of the Pasco County students provides an indirect benefit to Pinellas County. The water conservation education program helps keep the regional water supply unitary rate low by deferring the development of new, costly water supply projects. Beyond the regional water supply issue, the tours and educational activities have included visits from numerous (non-School Board) state and regional government agencies and conservation groups. The County has received numerous awards for its successful Ecosystem Management model and educational outreach.

3. **The Business Plan For The Cross Bar And AL-Bar Ranches Needs To Be Updated.**

DEI has not developed a current business plan for the Ranches. In August 1998, Pinellas County Utilities (now DEI) contracted with Natural Resource Planning Services, Inc. (forestry & wildlife contractor) to develop, "A Financial Analysis of Operations" for the Ranches. This document can adequately serve as a business plan for the Ranches. The document covered the objectives of the site, stewardship/use of the property, forestry and habitat management, and the timber and pine straw operations. This information currently reflects the operations on the Ranches. However, the financial information in the document is outdated. In addition, other areas should be included in a current business plan, such as the education center and tour operations, payment of Pasco County real estate taxes and the benefit received by Pinellas County residents from the transfer of water wells to Tampa Bay Water.

An overview of the information presented in the August 1998 document is listed below.

The Cross Bar and AL-Bar Ranches' management operations were to address the concerns for the protection of groundwater resources in two critical areas:

1. the protection of groundwater quality, and
2. groundwater withdrawal that impacts the health of the surface environment.

In pursuit of the objective of protecting groundwater, Pinellas County purchased the 8,000 acre Eldridge-Wilde Well Field and the approximately 12,400 acre Cross Bar and AL-Bar Ranches.

The Cross Bar and AL-Bar Ranches are managed to protect the groundwater system. As of August 1998, ranch operations' management had:
Transformed 5,000 acres from pasture grasses for ranching purposes to forestry production. The change was to increase the recharge rates and reduce the evaporation rates using pine forest operations.

Continued the agricultural production for about 1,500 acres.

Increased the wetland habitat for wildlife species to approximately 6,000 acres of natural lakes, wetlands, and uplands.

The Ranches are managed for a balanced system of responsible ecosystem management that includes active production well fields, pine timber and straw operations, wildlife and ecosystem enhancement, and agricultural and cattle operations.

- Wildlife Management – Emphasizes developing habitat for targeted endangered or threatened species such as the Florida scrub jay, Florida sandhill crane, Florida burrowing owl, and Southern kestrel. Other species on site include deer, wild turkey, gopher tortoise, squirrel, wading birds, and numerous amphibian and fish species.

- Forestry and Habitat Management – Emphasizes planting and management of over 5,000 acres of slash and long leaf pine, and put in place a groundwater augmentation and management process for the habitats.

- Timber Harvest For Existing Pine Stands – There are several old pine stands on the Ranches. The 1981 and 1982 slash pine plantations were scheduled for thinning at 20 years (2001) and final harvest five years later (2006). The natural pine stand and the 1960 pine plantation were scheduled for final harvest in 1999.

- Timber Harvest For Young Pine Stands – The first thinning is scheduled for age 16 and a second thinning 5 years later. The final harvest is projected at 26 years.

Financial Analysis – Timber Operations

- The “Discounted Cash Flow Analysis” for the years ending 1998 to 2023 was a total net present value of $3,126,509.
- The total revenue projected for timber harvest (harvests 1999 to 2022) was $23,096,610 (revenue price was by type of product with inflation of 1% increase).
- The total revenue projected for straw harvest (harvests 1999 to 2010) was $2,652,558 ($50 per acre with inflation of 3% increase).
- The projected cash flow for ranch operations (1993 to 2023) was $9,576,193. (Management costs projected for inflation of 3%. Reforestation cost at $135 per acre.)

This financial information is outdated and no longer relevant. Numerous assumptions have changed including:
The value of timber was projected based on cord type with an average price increase of 4% per year; $30 per cord for pulpwood, $75 per cord for chip-n-saw, and $115 per cord for ply logs. Currently, timber is being sold at a flat rate of $13.32 per ton.

The value of straw was projected based on $50 per acre with an average price increase of 3% per year. Currently, for August 2012, straw is being sold at $30,486.04 per month (monthly straw revenue is being reduced by timber harvesting).

The education center operating costs and tours provided to Pasco County Schools and other non-profits were not included in the costs.

Pasco County real estate taxes paid were not included in the costs.

DEI management provided two additional documents that contain information on the Cross Bar and AL-Bar Ranches. The information contained in the first, "Pinellas County Utilities FY 2012 Utilities Rate Study" (Rate Study) is too general and would not be pertinent to a business plan. The information contained in the second, "Silvicultural Report & Timber Harvest Schedule" (Timber Plan) should be incorporated into a current business plan.

1. Rate Study - The "Pinellas County Utilities FY 2012 Utilities Rate Study" dated June 13, 2012 included budgeted expenses and projected revenue for the Cross Bar and AL-Bar Ranches. This financial information is presented as any other department/function of the water utility operations; it does not provide detailed information on the Ranches’ operations.

2. Timber Plan - The “Silvicultural Report & Timber Harvest Schedule” issued by NRPS on June 30, 2010 is an in-depth analysis of the Cross Bar and AL-Bar Ranches’ pine plantation operations. The analysis covers both the Slash and Longleaf Pine stands harvested for timber and straw. The report projected for the 1993 to 1996 pine stands to output 89 to 105 tons per acre. The Slash Pine stands cover 3,959 acres and Longleaf Pine stands cover 432 acres. The harvest and reforestation schedule from the report for the next ten years is listed below. The projected gross income from this harvest period is $3,120,000.
The ranch operations are being conducted as a stand-alone business entity under the DEI umbrella and should be accounted for as such. The ranch operation is an entity that is designed to be mostly self-funded with separate business requirements that differ from other standard DEI services delivered to the public.

Without a current business plan for the Ranches, changes in site conditions, economic changes, County issues, and other factors for ranch operations will not be formally documented. In addition, the renewal of the related contracts will not be supported by a current business plan and financial analysis.

We recommend DEI management:

Update the business plan for the Ranches and include an analysis of all the operations taking place on the land. In addition, the plan should include planned capital improvements to the property, the inventory of assets, and projections of additional land acquisitions. We recommend the business plan be updated when changes are made to the operations or financial information changes. A current business plan should be presented to the BCC along with the next contract renewal request (in 2017) for the land management and the forest and wildlife contracts.

Management Response:

(Concur – Planned)

DEI will prepare an updated business plan.
4. The Oversight Process, Inspections, And Results For The Land Management And Forestry & Wildlife Contracts Are Not Adequately Documented.

There are no written procedures for the process used by the DEI contract administrator to document contractor compliance with service requirements. The DEI contract administrator stated that a site visit is performed once a month and additional visits to the Ranches take place when certain services are completed (i.e. pine tree replanting). Any issues noted are verbally discussed with the contractor, but are not formally documented. The DEI contract administrator does not document the site visits, results, and any required corrective action.

For the land management contract, there are two categories of services being performed that can be inspected by DEI. Under the "Basic Services" category, the contractor is currently submitting a general list of services performed on the monthly invoice that are authorized by the budget and completed during the invoice period. The results of these services performed could be verified in conjunction with the DEI site visits. The second category of services, "Special Projects," is specific services requested by DEI. The invoice description notes the service performed, which could also be inspected on site visits.

The major services provided by Natural Resource Planning Services (NRPS) are consulting on forestry and wildlife management, performing site inspections, coordinating pine timber and straw sales, mapping, and report preparation. The County relies heavily on the contractor to manage the pine timber and straw sales and perform environmental monitoring. NRPS invoices include a daily activity log for the tasks performed that month. During DEI's monthly site visits, the contract administrator can verify observable services provided. Certain services performed by NRPS do not produce documentation supporting performance unless there is an issue, such as insect and disease monitoring, habitat consulting, and agricultural oversight. These types of services are discussed over telephone calls between NRPS and the contract administrator. Telephone calls and meetings can be logged. Other services do generate documentation, such as mapping, timber sales, and report preparation. These services can be logged or otherwise recorded when received.

There is no DEI procedure requiring the contract administrator to formally document the oversight process for the land management and forestry & wildlife contracts. According to the Pinellas County Human Resources job description for the Hydrogeology Manager (current contract administrator), illustrative tasks include administering contracts, project inspection, and payment request review/approvals. According to the Pinellas County Purchasing Dictionary of Purchasing Terms, contract administration is, "the management of all actions that must be taken to assure compliance with the terms of the contract after the award of the contract." The Purchasing Procedure Manual details contract administration responsibilities including, "... maintain a written record of the vendor’s performance relating to contract requirements" in Section 9.14.
Without written documentation, information on what services were reviewed, how they were reviewed, and the results are all verbal. In addition, there is no formal written support for recommending the renewal or non-renewal of the contracts related to the Ranches. All verification and inspections performed during site visits should be documented. Formal written feedback to the contractor should also be provided. Without the feedback, the contractor does not have written assurance from the County that performance being provided meets the contract requirements.

It is the contract administrator’s responsibility to assure that the contractor is delivering the services stated in the contract. Based on the extensive services being delivered by contractors, a formal written oversight plan and procedures are necessary. In addition, the testing for compliance and the results should be formally documented.

We recommend DEI management:

Develop a written procedure that covers how compliance to the contract requirements will be confirmed. In addition, we recommend all site visits, service verification, and associated results be documented.

Management Response:

(Concur – Planned)

DEI staff will develop a written contract compliance procedure.

The contracts for the management of the Ranch have been administered properly through the review of invoices, conducting site visits to confirm compliance, and using a management by exception format since the 1992 contract was executed. Consideration of the purchasing policy addressed in Section 9.5 states this policy is a guide, and that no two contractual situations are necessarily identical and different types of contractual situations may be treated differently. The written vendor performance evaluation forms have been completed and submitted to Purchasing when requested. The vendor performance form fulfills the written record of the vendor’s performance relating to contract performance.

5. DEI Is Not Using The Proper Accounting Procedures For Recording Timber Operating Expenses.

The pine timber operating expense has and is currently being recorded on a cash basis. For the current timber cycle starting with the harvesting of pine trees in 2011, the expenses in Fiscal Year 2012 for the purchase of pine tree seedlings was $6,647. There are other expenses related to the replanting that include land preparation, planting labor, equipment rental, and other related items. Revenue realized as received is the proper accounting treatment.
In the “Utilities Department Well Field Management Contracts” Audit (2000-10), Opportunity for Improvement No. 5 states, "All costs pertaining to the timberland were not capitalized." The costs for planting the trees, site preparation performed by the Land Manager were not capitalized. Management agreed with the audit recommendation to capitalize expenses. However, the appropriate accounting procedure was not implemented.

Fixed asset records for the Ranches lists Asset #13566 as "Cross Bar Pine Trees Planting" for $76,663 dated March 24, 1995. This pine stand will be harvested in approximately three years during 2015. Some replanting costs have been capitalized in the past, but no depreciation/depletion has been taken to date.

The Government Accounting Standards Board and Generally Accepted Accounting Principles are silent in the area of pine timber business accounting. Most of the articles and information on timberland deals with the tax treatment of the assets, expenses, and revenue. Based on our review of the available information, the timber operating expenses should be capitalized until the revenue is realized for the pine stand timber. In addition to the replanting, the operating and maintenance expenses related to the pine stands should be capitalized until the pine timber is harvested and the revenue is received. The current timber operations have an 18 year cycle (replanting takes one year after harvesting) with a 17 year pine growth.

The expenses that can be capitalized for the timber operations are:

- Planting of new seedlings
- Insects & disease treatments
- Fertilizer
- Chemical control of unwanted vegetation
- Hired labor

Short-lived tools, "Carrying Costs," such as property taxes, insurance premiums, and forest management fees are considered "ordinary and necessary" and should be expensed in the year they are incurred.

Using a cash based accounting procedure for the timber operation does not match expenses of the operations with the revenue. The operating expenses for the Ranches’ operations would be overstated in the 18 years prior to the harvesting occurring.

We recommend DEI management:

Capitalize the expenses for the replanting and maintenance of the timber sites harvested in Fiscal Year 2012. Include any expenses incurred in Fiscal Year 2011 for preparation of the
sites. Based on the amount of time it would take vs. the benefit, it is not recommended that DEI go back to the prior timber cycle to capitalize the expenses related to those timber operations. The exception to this recommendation is expenses incurred going forward for timber stands not yet harvested.

The pine straw operations would be considered as a side product and not part of the timber operations. The expenses for the preparation and harvesting can be realized as incurred since the revenue is received in the same time frame.

Management Response:

(Concur – Completed)

Recommendation completed.

The current contract manager was not initially made aware of the previous audit results when transfer of these responsibilities occurred in July 2010. Once the previous audit report was supplied, procedures were put in place to address the capitalization of the replanting activities. The FY 2012 replanting costs have since been capitalized. A capital project number and funding have been programmed and will be used going forward.

6. **A Formal Written Procedure Is Needed For The Land Management Contract Invoice Payment Process.**

An internal written procedure addressing invoice processing that supplements the information contained in the land management contract is needed. The procedure should detail the invoice requirements, documentation, and process for invoice payment.

The current land management contract contains information on how invoices will be submitted to the County for processing. Contract Section IV (Compensation) states the County shall pay the Contractor, "... an annual amount as reflected on the attached Cost Summary, Exhibit B. Payment shall be made in monthly installments." The contract further states that for contracted services provided to the County, the County shall pay the Contractor, "... the actual costs of these services when the cost is substantiated by an invoice from the vendor providing the services. For armed security performed by contracted services, the COUNTY will pay the CONTRACTOR the actual cost of these services and the actual cost incurred for additional insurance, to include Workers' Compensation."

This information is adequate for the contract, but does not reflect the DEI internal procedure being followed. Contract Exhibit B, Cost Summary, lists three cost subtotals, "Total Basic Services," "Total Contracted Services," and "Total Special Projects." The "Total Basic Services" is billed and paid as a fixed monthly fee and the other two cost categories are billed and paid by the service performed. Other DEI invoice payment processing procedures include:
• Requiring the Contractor to list the function performed on the monthly invoice for basic services. Prior to May 2012, the Contractor was not required to submit monthly service records outlining land management services completed during the invoice timeframe.
• The Contractor is performing road grading for a fixed fee of $1,000.
• The Contractor performed pine tree replanting, which was invoiced under the special projects category; however, the County needs the actual cost of the replanting for capitalization purposes.

DEI management did not develop a formal written procedure for invoice processing since the current contract administrator and the land manager contractor understand the process in place. However, without formal written procedures for processing invoices, errors could occur, invoice processing may not be completed consistently, payments may be made without sufficient backup detailing services provided, and in the case of a change of staff, there would be no documentation to guide the process.

Written procedures provide guidance that is necessary to properly and consistently carry out departmental activities at a required level of quality. The establishment of the procedures provides the opportunity for management to ensure that adequate process/internal controls have been established. It is management's responsibility to establish written internal procedures covering key department processes, such as contractor invoice processing. The procedures should be in sufficient detail to provide standard performance criteria and reduce the risk of misunderstanding and/or unauthorized deviations that could cause processing errors. The development of the procedures could prevent the establishment of unnecessary controls or steps that negatively affect process productivity. The procedures also support the cross-training and back-up for key staff functions.

Under Part VI, Invoices of the Land Management Contract, "all sums paid to the contractor will, in each case, be subject to the receipt by the COUNTY of a statement from the CONTRACTOR to enable the COUNTY to properly perform its audit responsibilities." Without the sufficient back-up documentation, DEI cannot confirm that the Contractor has performed said services in conformance with the agreement, nor can the County perform its evaluation for the use of public funds.

We recommend DEI management:

Document the current invoice payment process detailing how the three different types of cost categories are handled, and continue to require the Contractor to submit monthly service records accompanied with the Land Management Service invoices. The procedure should also include that for "Special Projects," a sub-contractor is not always involved; the Contractor at times provides these services. Management should consider requiring additional verification of
special projects performed by the Contractor since an invoice from an independent vendor would not be present.

**Management Response:**

*(Concur – Planned)*

DEI will develop a written procedure for the land management contract payment process.

The land management contractor will continue to provide monthly work summaries with their invoices. All “Special Projects” are authorized in writing and followed up by site visit inspections if no invoices are received from a vendor. This procedure will continue.

## 7. Cross Bar And AL-Bar Land Parcels May Be Exempt From Taxation.

DEI management has not pursued the possibility of having some or all parcels of land that constitute the Cross Bar and AL-Bar Ranches exempt from taxation. Review of the 2011 Pasco County Tax Collector "Notice of Ad Valorem Taxes and Non-Ad Valorem Assessments" (Assessments) for all parcels related to the Cross Bar and AL-Bar properties shows that the parcels are classified as agricultural and are taxed based on the agricultural value of the land. For 2011, Pinellas County was assessed $35,963.42 in taxes for Cross Bar Ranch, $13,728.54 in taxes for AL-Bar Ranch, and $5.33 for other County taxes. Pinellas County general ledger reports show the following amounts paid to Pasco County Tax Collector for property taxes over the past five years:

- 2011 Taxes - $49,697.29
- 2010 Taxes - $33,729.15
- 2009 Taxes - $50,321.47
- 2008 Taxes - $46,330.34
- 2007 Taxes - $49,719.39

In addition to being classified as agricultural land, the Cross Bar and AL-Bar properties are on the current 2012 Florida Forever Priority List. Florida Forever is Florida’s conservation and recreation lands acquisition program, a blueprint for conserving natural resources and renewing Florida’s commitment to conserve the state’s natural and cultural heritage.

There are several laws that address municipal exemption from taxation such as:

- Fla. Const. Art. VII, s. 3(a), “All property owned by a municipality and used exclusively by it for municipal or public purposes shall be exempt from taxation. A municipality, owning property outside the municipality, may be required by general law to make payment to the taxing unit in which the property is located. Such portions of property as
are used predominantly for educational, literary, scientific, religious, or charitable purposes may be exempted by general law from taxation."

- Fla. Stat. s. 196.192 (1), "All property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation."

- F.S. 196.26, Exemption for real property dedicated in perpetuity for conservation purposes, "(2) Land that is dedicated in perpetuity for conservation purposes and that is used exclusively for conservation purposes is exempt from ad valorem taxation. Such exclusive use does not preclude the receipt of income from activities that are consistent with a management plan when the income is used to implement, maintain, and manage the management plan."

The DEI contract manager stated that the County is paying property taxes and has not pursued the possibility of taxation exemption per past practices. Factors that make it prudent to explore the possibility of taxation exemption include:

- All parcels of land are classified as agricultural by the Pasco County Property Appraiser and are taxed based on the agricultural value.
- The property is listed on the Florida Forever Priority List, which indicates the land has significant natural or cultural value.
- Part of the land is used for educational purposes, such as the Pasco County environmental education program.
- Part of the land is used for wildlife management and enhancement, which could be considered scientific activities.

**We recommend** DEI management:

Evaluate the possibility of having some or all of the parcels of land that constitute the Cross Bar and AL-Bar Ranches exempt from Pasco County taxation.

**Management Response:**

**(No Department Response)**

Applying for a property tax exemption is a Board policy decision.

**Division of Inspector General Comments:**

IG agrees that applying for a property tax exemption is a Board policy decision. We reiterate our recommendation for DEI to obtain relevant information and perform an analysis of the tax exemption issue so that the Board has the appropriate information to evaluate and make a policy decision.
8. **There Is No Written Procedure For Chemical Application On The Ranch Property.**

Spraying of non-restricted herbicide and pesticide chemicals on the Cross Bar and AL-Bar Ranches is not covered by a formal written procedure outlining the documentation and approval requirements for these activities. Spraying is routinely performed by the land management and pine straw contractors and occasionally by outside contractors. The chemicals used are first reviewed and approved by NRPS whom then obtains approval from Tampa Bay Water prior to spraying.

According to Risk Management, when they reviewed the land management contract for insurance requirements, they were not aware that the land manager was spraying chemicals on the property and pollution insurance was not discussed. The land management contract and sale of surplus pine straw contracts do require pesticide/herbicide application as a deliverable. Exhibit B, Cost Summary in the land management contract, lists line item costs for cat tail and exotic weed control. Section E, item 6 in the invitation to bid for the sale of surplus pine straw, which is incorporated as part of the contract, states that the contractor will apply herbicide to weeds in the pine plantations. In a meeting with NRPS, it was confirmed that the land manager and the pine straw contractors notify NRPS prior to application of chemicals. The process continues with NRPS contacting Tampa Bay Water to obtain approval for spraying on the Cross Bar Ranch (there are no production wells on the AL-Bar Ranch). Once approval from Tampa Bay Water is obtained, they turn off the well pumps in the area being sprayed for several weeks. The entire process is mainly verbal with no written documentation produced.

DEI considers the spraying of chemicals a service that is supplied by contractors and insurance coverage, and documenting the spraying is the contractors' responsibility. As contract administrator, land owner, and water permit holder, it is IG's opinion that DEI has the overall responsibility for the application and record keeping of chemicals used on the Ranches. This responsibility should be covered by a formal written procedure. Chemical use documentation, such as chemical name, application date, application amount, spray operator, and approvals is not being maintained by DEI. Any potential chemical contamination can adversely affect water quality and the County’s compliance with the Interlocal Agreement with Tampa Bay Water.

**We recommend** DEI management:

Develop written procedures covering application of chemicals on the Cross Bar/AL-Bar Ranch (procedure to include all contractors performing spraying) and record keeping by DEI. Any verbal requirements and other factors should be documented.
Management Response:

(Concur – In Progress)

DEI will develop written procedures covering application of chemicals.

The land management renewal contract will be revised to require a written log of the application of chemicals, and the monthly submittal of same to the County. Risk Management recommended that the renewal contract require the inclusion of a pesticide and herbicide application insurance endorsement.

The land management contracts (both prior and current) followed the standard review procedure process, which included review by Risk Management. The tasks and payment items for the existing and proposed land management contracts explicitly identified cattail and exotic weed control. No restricted herbicides or pesticides are being applied at the Ranch. The herbicides that are commonly used for weed control are similar to typical household applications of products such as Roundup®. Tampa Bay Water (TBW) routinely samples the wells for contaminants and there have been no instances of soil or water contamination from the application of the herbicides or chemicals. Both DEI staff and the forestry contractor communicate and coordinate in advance of the application of herbicides within designated areas near the TBW wells. In most instances, the notification is by email.


There is no formal safety site inspection of the Cross Bar and AL-Bar Ranches property conducted by Risk Management or DEI. An inspection is considered necessary based on the use of the property for hosting tours for non-profit organizations, governmental agencies, and Pasco County schools. The inspections should be conducted by a qualified Pinellas County staff member, some scheduled and others unannounced. The schedule should include random safety site inspections when Pasco County schools are using the facilities and taking tours.

Risk Management’s website states, "The Loss Control section of Risk Management develops, implements and monitors a comprehensive safety program for Pinellas County Government. The main focus is safety awareness and prevention; therefore, Loss Control addresses workplace health and safety issues, offers construction safety inspections and training, continually monitors and develops environmental and occupational health training, and follows through with fire prevention and safety inspections and training, in accordance with state and federal regulation. Through safety awareness and loss prevention we are able to ensure the continued success and growth of Pinellas County for all its citizens."

Safety issues may not be identified and corrective action taken. A site safety inspection program should be in place to avoid accidents and undue risk to the County.
We recommend DEI management:

Coordinate with Risk Management to establish a safety site inspections checklist and schedule.

Management Response:

(Concur – In Progress)

DEI staff has met with Risk Management and will be developing a site safety checklist.

The land manager will perform the safety checklist quarterly. DEI staff will also document any observed safety issues. At least annually, Risk Management will accompany DEI staff and will perform a site safety inspection.

Safety site inspections are conducted at each site visit. Safety issues identified are resolved immediately. To date, there have been no site safety claims. With respect to the tours, teachers are required to ride on the safari buses, and at no time are the students left alone. Unannounced site visits are performed to check on the school program.

10. Firearms Are Being Used For Recreational Hunting On The Ranch Property.

Recreational hunting is taking place on the Cross Bar and AL-Bar Ranches. During discussions with the DEI contract administrator, it was confirmed that the land management contractor, Albert Roller, allows recreational hunting by his staff on the property during the weekends of hunting season as long as no tours are taking place. The land management contract in Exhibit A, Scope of Services, states, “Establish and maintain a wild hog control program.” It is reasonable that firearms may be used to control nuisance species, but the contract does not address the use of firearms for recreational purposes. During discussions with Risk Management, they stated that they were not aware that recreational hunting was taking place and this creates unnecessary risk, especially with school children and others being on the property for tours. Allowing recreational hunting on County owned property increases risk to the County, creates possible insurance issues, and does not provide a benefit to the County.

The Cross Bar/AL-Bar Ranch property is managed for active production well fields, pine timber and straw operations, wildlife and ecosystem enhancement, and agricultural and cattle operations. Recreational hunting does not fit in with the use of the land, nor is it authorized by the land management contract. There are no other County owned properties that allow recreational hunting without specific authorization. DEI has not formally addressed recreational
hunting in the land management contract or the risk it creates for the County. The County is exposed to unnecessary risk that can easily be mitigated by formally prohibiting recreational hunting.

**We recommend DEI management:**

Amend the land management contract to prohibit recreational hunting and recreational firearm use on the Cross Bar Ranch and AL-Bar Ranch property.

**Management Response:**

*(Concur – Planned)*

The land management contracts (both prior and current) followed the standard review procedure process, which included review by Risk Management. The tasks and payment items for the existing and proposed land management contracts explicitly identifies hog control. As noted by the Inspector General, no hunting is taking place when tours are conducted.

The land management renewal contract will be changed to prohibit recreational hunting.

### 11. Risk And Insurance Coverage For Ranch Safari Bus Operations Needs To Be Addressed By DEI.

Tour bus operations on the Cross Bar and AL-Bar Ranches expose the County to additional risk that needs to be discussed with the Risk Management Department.

The land management contract with Albert Roller in Exhibit A, Scope of Services, Item 17 states, "Host any tours which are to be conducted on the Cross Bar or AL-BAR Ranches by Pinellas County or at Pinellas County's direction." In Exhibit B of the contract, a cost line item for services states, "School Classes & Group Tours." The contract is silent on who will drive the safari buses. The DEI contract administrator stated that the safari buses are driven by Albert Roller and his brother. In addition to the safari buses, the land management contractor and staff drive two trucksters on the property that is owned by the County.

Risk Management stated that they were not informed by DEI that a contractor is driving County owned vehicles, including the safari buses, which transport Pasco County school children around the property. Risk Management has to review the contractor's auto and liability insurance policies to ensure there is adequate coverage for these services. In addition, Risk Management stated that the land management contract should specifically state that the County will provide County owned vehicles for conducting the tours.

The land management contractor, Albert Roller, and his
staff, are unable to obtain a County driver's license since they are not County employees. Since the vehicles are operated on the ranch property only, a Florida Drivers License is not required.

Risk Management's website states, "A primary focus within Risk Management is the mitigation of risk. The key to mitigating risks is the identification of potential exposure that may cause the risk (loss) within the County." All risks associated with ranch operations must be known and evaluated so the appropriate insurance coverage is obtained. The land management contract terms identifies services to be performed, but lacks details of operations that are pertinent to identifying and mitigating risks. The County may be exposed to risks that are not properly mitigated.

We recommend DEI management:

Meet with Risk Management to discuss the ranch tour operations and identify County exposure to risk that may require an amendment to tour operations or the land management contract.

Management Response:

(Concur – In Progress)

DEI staff has discussed the safari bus operations provided to Pasco County students with Risk Management, and will address the insurance requirements as well as explore other options.

The land management contracts (both prior and current) followed the standard review procedure process, which included review by Risk Management. The payment items for the existing and proposed land management contracts contained a task for providing school class and group tours.

12. Safari Buses Used For Cross Bar Ranch and AL-Bar Ranch Tours Have Not Been Serviced Recently.

Neither Pinellas County Fleet Management (Fleet) nor the land management contractor, Albert Roller, has serviced the safari buses since 2009. In May 2001, Pinellas County acquired two 1992 Ford Thomas Built buses for a total cost of $114,487. The purchase was to fulfill the previous Utilities Director's vision of offering tours of the ranch property to educate citizens about water and the environment. Fleet modified the buses based on discussions with the Utilities Director to meet his vision of creating "safari buses." Bus modifications included hard top removal and replaced with canvas covers, camouflage paint, elevated seating, and one bus was made wheelchair accessible. In the past, Fleet has serviced the buses for regular
maintenance and repairs. Most maintenance and repairs were performed at Fleet's shop in Pinellas County. The buses would be transported by trailer to the facility since they are not registered or licensed to be driven on the road. Fleet's records show a life to date maintenance total of $22,801 with the last service being performed in October 2009.

The land management contract with Albert Roller, in Exhibit A, Scope of Services, does not specifically mention maintenance of the safari buses; it only states that the contractor will, "Host any tours which are to be conducted on the Cross Bar or AL-BAR Ranches by Pinellas County or at Pinellas County's direction." Exhibit B, Cost Summary of the contract, states the costs for Basic Services. Included is the cost for "Janitorial, Grounds and Bus Maintenance" of $106,000 over the 5 year contract term. Albert Roller has not performed any maintenance or repairs on the buses except for a visual inspection of the vehicles prior to use. There is no clear written responsibility assigned for maintenance of the buses by DEI.

The maintenance manual for Thomas Built Buses states, "Scheduled maintenance provides a key element for safe operation of your vehicle. A proper maintenance program also helps to minimize downtime and to safeguard warranties... Perform the operations in this maintenance manual at scheduled intervals based upon distance traveled or months of operation." Properly maintaining the buses will reduce future repair costs, optimize the vehicles' performance, maintain the vehicles' value, and extend the vehicles' life. Maintenance is also a key factor in reducing the risk of accidents.

**We recommend DEI management:**

Assign the bus maintenance and repair responsibility to Fleet, the land management contractor, or an outside entity. Having Fleet perform maintenance and repairs at their facility may not be cost justified due to the transport expense. If the responsibility is not assigned to the land management contractor, the contract needs to be amended to adjust this line item cost (Note: there are other County vehicles that maintenance is being performed on by the land manager that do not have a stand-alone cost line item for service in the contract). In addition, we recommend DEI management work with Fleet to create an inspection checklist for preventative maintenance that needs to be performed on the buses annually, such as oil changes, tire pressure, and hose replacement. The checklist should be specifically tailored for the use of the vehicles.

**Management Response:**

*(Concur – In Progress)*

DEI will develop a formal inspection checklist for the buses in coordination with the Real Estate Management Department's Fleet Management Division. DEI will also evaluate the most cost effective strategy for the bus operation.

Visual inspections of the safari buses are routinely performed by the land manager. The land manager provides bus cleaning and inspection services; not mechanical services.
13. A Fuel Tank Used By The Pine Straw Contractor Is Not Being Inspected By DEI.

The fuel tank owned and operated by the pine straw contractor, Central Florida Mulch, shows possible leaking and ground pollution. During the IG site inspection of the Ranches, it was observed that there were excess amounts of fuel surrounding the outside of the primary storage tank. The fuel tank is not being inspected by the County per a discussion with the DEI contract administrator; however, once this issue was addressed, DEI committed to check the tank and assess for possible environmental damage. It was noted that this fuel site is located about 1,000 yards from a County augmentation water well pump site. The fuel tank is less than 500 gallons, thus does not need to be registered with the State, and does not require inspections.

A follow up inspection of the fuel site on September 11, 2012 by IG found the site cleaned and the fuel removed from the pan outside the primary tank.

Section E - Specifications of the Sale of Surplus Pine Straw Invitation to Bid, states, "Petroleum products must be managed, collected, and discarded properly to avoid environmental damage. Spills of any nature must be immediately reported to the County." DEI was not inspecting the fuel tank and did not request the land manager, Albert Roller, to spot check the site and report any issues.

The fuel tank site could present a safety issue to the contractor staff. If environmental pollution is occurring, the County’s water permits for augmentation are at risk as well as the quality of water being pumped by Tampa Bay Water.

We recommend DEI management:

Inspect the fuel site during the monthly site visits performed by the DEI contract administrator based on the risk of pollution.

Management Response:

(Concur – In Progress)

DEI will begin monthly inspection of this fuel tank.

There was no fuel spill or ground pollution from the pine straw fuel tank. The secondary containment for the fuel tank performed as designed. The excess amount of fluid surrounding
the primary tank was mostly rain water. There was no overtopping of the secondary containment. The Inspector General observation was made following significant storm events, causing rain to be blown into the secondary containment. The augmentation well was never at risk. This relatively small tank is exempt from FDEP permitting.
DIVISION OF INSPECTOR GENERAL

KEN BURKE, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

SERVICES PROVIDED

AUDIT SERVICES
INVESTIGATIONS
GUARDIANSHIP SERVICES
CONSULTING
TRAINING
GUARDIANSHIP FRAUD HOTLINE
COUNTY FRAUD HOTLINE

Write:  Fraud Hotline
        Public Integrity Unit
        Division of Inspector General
        510 Bay Avenue
        Clearwater, FL 33756

Phone:  (727) 453-3728
Fax:     (727) 464-8386
Internet: www.mypinellasclerk.org
          www.twitter.com/pinellasig
          www.facebook.com/igpinellas

Accredited Office of Inspector General
by the Commission for Florida Law Enforcement Accreditation