



Report Highlights

Compensation for Damages to Public Oyster Grounds

Louisiana Department of Wildlife and Fisheries

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Why We Conducted This Audit

The purpose of this audit was to determine if the Louisiana Department of Wildlife and Fisheries (LDWF) has established an effective process for assessing compensation for damages caused to public oyster grounds by permit holders.

What We Found

LDWF needs to improve its process for assessing compensation for damages to public oyster grounds by doing the following:

- **Increase compensation rates to cover the cost of planting cultch and replacing the current value of a sack of oysters.** The current compensation rates LDWF uses were developed in 2003 and are no longer sufficient to cover the actual cost of planting cultch and replacing the current value of a sack of oysters. If LDWF charged permit holders the actual cost of planting cultch and the updated value of oysters, it would have assessed an additional \$867,164 in final compensation during fiscal years 2010 through 2014.
- **Develop timeframes for assessing compensation amounts for damages to public oyster grounds.** LDWF procedures do not require that companies respond to initial compensation estimates within a certain timeframe. It took LDWF an average of 4.2 years to assess final compensation for 109 permits from fiscal years 2010 to 2014. In addition, as of October 2014, LDWF had not assessed final compensation for 378 (92%) of 411 permits for which permit work started during fiscal years 2010 to 2014. As a result, the state has yet to finalize and collect up to \$3.5 million in compensation for damages to public oyster grounds that could be used to build oyster reefs.
- **Consider requiring that permit holders secure a bond for estimated damages to public oyster grounds.** Although LDWF stated that it has required some companies to obtain bonds, requiring that all companies secure bonds would provide assurance that the state receives funds for damages to public oyster grounds.
- **Consider consistently reassessing compensation based on actual damages once permit work on public oyster grounds is completed.** Currently, LDWF procedures require that it assess initial compensation amounts to permit holders once it verifies that permit work has been initiated. Although these procedures give LDWF the option to assess compensation based on proposed damages specified in the permit or actual damages documented on the as-built plats, our review indicated that the department did not always reassess compensation based on actual damages.
- **Develop regulations that outline when the amounts charged to permit holders for damages to public oyster grounds can be reduced.** LDWF reduced compensation amounts by \$1.1 million for two permit holders with 56 permits without defining its justification during fiscal years 2010 through 2014.

Public Oyster Grounds in Louisiana Approximately 1.68 million acres



Source: Prepared by the legislative auditor's staff using information obtained from LDWF.