



**U.S. Department of the Interior  
Office of Inspector General**

# **AUDIT REPORT**

**IDENTIFICATION OF  
UNNEEDED ACQUIRED LANDS,  
BUREAU OF RECLAMATION**

**REPORT NO. 99-I-133  
DECEMBER 1998**



# United States Department of the Interior

OFFICE OF INSPECTOR GENERAL  
Washington, D.C. 20240

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## AUDIT REPORT

### Memorandum

To: Assistant Secretary for Water and Science

From: Robert J. Williams *Robert J. Williams*  
Assistant Inspector **General for Audits**

Subject: Audit Report on the Identification of Unneeded Acquired Lands,  
Bureau of Reclamation (no. 99-I-133)

## INTRODUCTION

This report presents the results of our audit of the Bureau of Reclamation's review process for identifying unneeded acquired lands. The objective of the audit was to determine whether the Bureau was conducting the required reviews of real property<sup>1</sup> it manages to identify, report, and dispose of acquired lands no longer needed for project purposes in accordance with Federal and Bureau regulations and Reclamation law.

## BACKGROUND

The Reclamation Act of 1902 and subsequent statutes authorized the Bureau to construct, operate, and maintain an infrastructure of water storage facilities<sup>2</sup> to reclaim arid and semiarid lands in the Western United States. Bureau projects consist of about 348 storage dams and reservoirs and 54,500 miles of canals and other conveyance and distribution facilities.

In the late 1980s, the Bureau concluded that it had mostly achieved its mission as a developer of large, Federally funded water projects and redefined its mission to that of a water resources management agency focused on conservation and the environment. As a result,

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<sup>1</sup>As used in this report, real property refers to the land acquired by the Bureau for project purposes.

<sup>2</sup>These facilities serve multiple purposes, including irrigation, municipal and industrial water supply, power, flood control, recreation, fish and wildlife mitigation and enhancement, and navigation.

Bureau programs are gradually changing from emphasizing construction to emphasizing water conservation, wastewater reuse, river basin management, and environmental restoration. Some of the projects the Bureau anticipated constructing will not be built, and in some cases, the lands acquired will not be needed for project purposes.

On November 1, 1993, the Commissioner, Bureau of Reclamation, stated in the memorandum "Blueprint for Reform" that "all existing guidance [Reclamation Instructions] will be sunset[ted] at the end of fiscal year 1995 unless affirmatively retained or revised and reissued prior to then." However, the requirements set forth in the Federal Property Management Regulations (41 CFR 101-47.8) remained in effect and provided criteria for identifying unneeded Federal real property and required executive agencies to conduct annual reviews of their real property and prepare detailed written records of the reviews. The "sunsetting" Reclamation Instructions (Series 210, Parts 215.1.9A and 215.10.2) implementing the Federal Property Management Regulations required that land reviews be conducted at a minimum of "every 5 years, with more frequent reviews for areas with special problems or relatively weak managing agencies" and defined unneeded property as property with no foreseeable future need and property not used for program purposes within 3 years from the end of the current fiscal year. Part 215.10.2 further stated that "[t]he less certain this probable future need is, the greater consideration must be given to disposal."

As of January 1998, the Bureau's automated land management record system (the Resource Information System) listed 178 projects with associated acquired land of 2.2 million acres, ranging from 0.3 acre to 267,008 acres. This land, which was acquired for project purposes through purchases, condemnations, gifts, or exchanges, is managed primarily by other agencies, including other Department of the Interior agencies, other Federal departments, state governments, and local jurisdictions. However, the Bureau is responsible for identifying, reporting, and disposing of unneeded acquired lands.

## SCOPE OF AUDIT

WC conducted our audit from January through June 1998 at the Bureau offices identified in Appendix 2. To accomplish our objective, we reviewed applicable Federal laws and Federal and Bureau regulations and policies, including draft Reclamation Manuals, governing the ownership of real property as it relates to acquired land and Bureau activities pertaining to land reviews conducted from 1993 through 1997. Based on the percentage of acquired lands associated with each Bureau project, information obtained from a 1985 General Accounting Office report<sup>1</sup> about projects with unneeded acquired lands, and an examination of project maps, we judgmentally selected projects within regional and area offices to be reviewed. As such, we conducted a detailed review of selected land parcels on 14 projects or project units (see Appendix 3) representing about 30 percent, or about 660,000 acres, of the Bureau's

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<sup>1</sup>The report "The Bureau of Reclamation Could Identify More Unneeded Land" (No. GAO/RCED-85-25), issued on April 12, 1985.

2.2 million acres of acquired lands.\* Our review of each project or unit included an examination of authorizing legislation; realty documents, including project plat and other maps, correspondence, and project and land management reports related to land acquisition, management, and disposal; and documents related to land use, including management plans and lease agreements with local entities and private parties. In addition, we interviewed cognizant Bureau program and realty personnel familiar with the projects or project units under review.

The audit was made, as applicable, in accordance with the “Government Auditing Standards,” issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances. As part of the audit, we reviewed the Departmental Reports on Accountability for fiscal years 1996 and 1997, which included information required by the Federal Managers’ Financial Integrity Act, and determined that no material weaknesses were reported that directly related to the objective and scope of our audit.

We also reviewed the system of internal controls over the Bureau’s process of reviewing acquired land to the extent that we considered necessary. We found that the Bureau had not established the internal controls and procedures needed to ensure that the required real property reviews were conducted and, accordingly, had not identified unneeded acquired lands through this process. These weaknesses are addressed in the “Results of Audit” section of this report. Our recommendations, if implemented, should improve the internal controls in these areas.

## **PRIOR AUDIT COVERAGE**

Neither the Office of Inspector General nor the General Accounting Office has issued any reports on the Bureau’s identification and disposal of unneeded acquired lands within the last 5 years.

## **RESULTS OF AUDIT**

The Bureau of Reclamation has not conducted real property reviews since 1993 to identify unneeded acquired lands associated with its water projects. Federal Property Management Regulations require that each executive agency conduct annual reviews of real property to determine whether any portion of the property is not being used, is being underused, or is not being put to optimum use. However, we concluded that the Bureau did not conduct its acquired lands reviews primarily because it had assigned a low priority to such reviews. In addition, the Bureau had “sunsetted” its internal instructions implementing the Federal Property Management Regulations. Thus, according to some Bureau regional and area office employees, they did not believe that the “sunsetted” instructions should be followed. As a result of not identifying unneeded acquired lands through the required process, the Bureau

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<sup>4</sup>Our review did not consist of a detailed examination of all 178 Bureau projects.

did not initiate actions to report and dispose of such lands and to generate potential revenues from the sale of these lands. Our review of 14 projects or project units identified about 67,220 acres of potentially unneeded acquired lands, which had a Bureau-estimated current value of about \$17.5 million (see Appendix 3). According to Bureau officials, the estimated current value is based on the purchase price of the land and does not represent the land's fair market value.

The Code of Federal Regulations (41 CFR 101-47.201-1 and 201-2, "Federal Property Management Regulations") requires annual reviews of real property to "stimulate the identification and reporting ... of excess real property ... [t]o achieve the maximum utilization [of real property] ... in terms of economy and efficiency." In 1985, the General Services Administration stated that "departments and agencies should schedule surveys of their real property holdings on a S-year cycle" and initiated procedures for most land-managing agencies to perform intensive reviews in accordance with the Code (41 CFR 101-47.8). In addition, prior Reclamation Instructions and the draft "Reclamation Manual on Administration of Land Resources"<sup>4</sup> state that acquired lands should be reviewed, at a minimum, every 5 years.

We found that none of the Bureau's regions and area offices visited or contacted had conducted the acquired land reviews since 1993. As such, we performed audit fieldwork to determine whether selected acquired lands retained by the Bureau were needed for project purposes. Based on our review of the selected 14 projects or project units, we identified 67,220 acres of potentially unneeded acquired lands that had an estimated current value of approximately \$17.5 million, as detailed in Appendix 3 and discussed as follows:

- We identified 36,525 acres that had been purchased to obtain water rights at the Gila (4,530 acres), Colorado River Basin Salinity Control (2,995 acres), and Humboldt (29,000 acres) Projects. Although the acquired land will be less valuable without water rights, Bureau officials for the three projects agreed that the land was not needed for project purposes. At the Gila Project, 1,770 acres were part of a bombing range at a U.S. Air Force range, and 2,760 acres were idle. The 2,995 acres at the Colorado River Basin Salinity Control Project were idle, and the Yuma Area Office had identified three trespasses on the land, one of which has been ongoing since 1996. The 29,000 acres at the Humboldt Project were used only for seasonal pasturing of livestock, which is not a project purpose.

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<sup>4</sup>The Bureau provided us with the draft manual, which had not been officially approved and released as of June 1998. The Manual reestablishes most of the responsibilities and requirements from prior Reclamation Instructions. Specifically, it states that *regional* directors and area managers are responsible for administering land resources under Bureau jurisdiction even if management of the land is transferred to another entity; specialized use of the land, such as grazing, is allowed only if the use is compatible with authorized project purposes; private and semiprivate long-term use of the land, such as new cabins, clubs, or organized camps, is not allowed; and reviews of land are required, at a minimum, every 5 years to identify health and safety hazards, trespasses, lands no longer needed for project purposes, and authorized uses that may no longer be **in** the best interest of the public or the project. However, the Bureau had not established a date for issuing the draft Reclamation Manual, as it was being revised at the time of our audit.

- We identified 6,321 acres of land located above the reservoir capacity elevation at the Willow Creek (650 acres), Canyon Ferry (475 acres), Stony Gorge (440 acres), and East Park (250 acres) Reservoirs and at Elwell (3,500 acres) and Banks (860 acres) Lakes. Under the Code of Federal Regulations (43 CFR 8), the Department of the Interior and the U.S. Army Corps of Engineers are required to acquire and retain land only up to the design capacity of the reservoir. In addition, at the Canyon Ferry Reservoir, we identified acquired lands (146 acres) that were used as a golf course and athletic field, which were not project purposes.

- We identified 2,327 acres of land at the Narrows Unit of the Pick-Sloan Missouri Basin Program. Of this land, 1,065 acres were located outside the boundary of the Unit, which was downsized in 1984. Although the remaining 1,262 acres were within authorized project boundaries, Bureau officials told us that neither the original nor a downsized version of the Unit would be built. Accordingly, the Bureau's retention of the 2,327 acres does not appear to be warranted. The Unit was authorized in 1970 but was never developed because of environmental concerns about the impact of the Unit on threatened and endangered species in the Platte River system.

- We identified 19,589 acres of land at the Oahe Unit of the Pick-Sloan Missouri Basin Program. According to Bureau officials, the Unit will not be built in the foreseeable future. The Congress discontinued construction appropriations beginning in fiscal year 1978 and, in 1982, enacted legislation authorizing the Secretary of the Interior to find other uses for existing facilities constructed under the initial stage of the Unit, cancel existing repayment contracts with the districts, and treat costs already incurred as deferred Program costs. The construction of the Unit has been opposed by local interests, including project beneficiaries who believe that project benefits do not justify the cost of development. Of the 19,814 acres of land acquired by the Bureau to develop the Unit, 225 acres were used for fish and wildlife mitigation and enhancement, which were authorized project purposes of the Unit. At the time of our review, we noted that 18,525 of the 19,589 acres of unneeded lands were leased exclusively for livestock grazing and for agricultural purposes, which are not project purposes.

- We identified 1,810 acres of acquired land located at the Sun River Project (1,360 acres) and at Shasta (300 acres) and New Melones (150 acres) Lakes that were potentially unneeded because the land was located outside project boundaries or existing recreational areas and was not used for project purposes at the time of our review. During our review, Bureau officials agreed with this assessment of need.

- While reviewing project files at the Mid-Pacific and Great Plains Regional Offices and the South-Central California and Montana Area Offices, we found 13 parcels, totaling 648 acres, at four projects or project units that had been previously identified for disposal by the Bureau prior to 1993 or that had a long-term trespass history but had not been disposed of. Realty personnel said that they were not aware that these parcels had been previously identified as unneeded, and Bureau project files did not include documentation to indicate that the parcels' status had changed. For instance, of the 10 parcels, totaling 48 acres,

located along the Friant-Kern Canal, 9 parcels, totaling 45 acres, were identified as unneeded as early as 1984, and a 3-acre parcel has been the subject of a trespass by a local farmer since 1992, at which time an expired lease agreement was not renewed. Officials at the South-Central California Area Office told us that they did not have time to resolve the trespass and that the land was being retained because of a 1991 U.S. Fish and Wildlife Service biological opinion that required a survey of the lands served by the Canal within 18 months to identify remaining habitat for threatened or endangered species. However, at the time of our review, the survey had not been initiated.

We believe that the Bureau had not performed the required reviews because it assigned a low priority to conducting such reviews. Bureau officials told us that the Bureau had “few land disposal tools” available to assist it in identifying **and** disposing of its unneeded acquired lands. Bureau officials said that they believed the following factors justified why the reviews were not conducted: (1) realty employees who conducted the reviews had left the Bureau during extensive downsizing, (2) land acquired for projects unlikely to be built or completed as planned should not be disposed of until the projects were formally deauthorized by the Congress, (3) land not presently needed for a project might be needed in the future for purposes such as recreation and fish and wildlife enhancement, and (4) Reclamation Instructions requiring real property reviews and the identification of unneeded acquired land were “sunsetting” at the end of fiscal year 1995. Officials in the Bureau’s Program Analysis Office stated that they believed that these Instructions would be followed by area and field offices until the Reclamation Manual on the administration of land resources was completed and issued. However, field personnel told us that they were not aware that the “sunsetting” Instructions remained in effect. While we recognize that these factors may have affected the Bureau’s allocation of staff and funding resources, we were not able to confirm that these factors prevented the Bureau from performing any acquired land reviews and taking appropriate actions, such as notifying the Congress of its intention to dispose of acquired lands on projects unlikely to be built.

In the September 25, 1998, response (Appendix 4) to the draft of this report from the Commissioner, Bureau of Reclamation, the Bureau reported that it had disposed of 4,600 acres of acquired land with an estimated current market value of \$9.3 million during fiscal years 1993 through 1997. Upon receipt of the response, we requested additional information related to the disposals cited. However, the Bureau did not specify the individual parcels or the bases for the estimated current fair market value. Therefore, we were not able to verify the accuracy of the reported disposals. At the locations we visited, we did not identify any regularly scheduled real property reviews and subsequent disposals of acquired lands.

## **Recommendations**

We recommend that the Commissioner, Bureau of Reclamation:

1. Develop and issue clear policies and procedures to guide Bureau officials in conducting land reviews and identifying unneeded real property.

2. Establish a Bureauwide plan of action to ensure that regular reviews of real property are conducted based on the guidance developed under Recommendation 1.

3. In implementing Recommendations 1 and 2, notify the Congress of the Bureau's intention to dispose of acquired lands in accordance with 41 CFR 101-47 that were initially purchased for authorized projects but presently are not needed for undeveloped or incomplete projects.

## **Bureau of Reclamation Response and Office of Inspector General Reply**

In the September 25, 1998, response (Appendix 4), the Bureau concurred with the three recommendations. Based on the response, we consider the recommendations resolved but not implemented. Accordingly, the unimplemented recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation, and no further response to the Office of Inspector General is required (see Appendix 5).

## **Additional Comments on Audit Report**

In its response, the Bureau also made additional comments on the draft report regarding the Bureau's land disposal program. These comments primarily addressed two Bureau concerns: (1) "narrow interpretation" and application of the Code of Federal Regulations (43 CFR 8, "Joint Policies of the Departments of the Interior and of the Army Relative to Reservoir Project Lands") by the audit team and (2) lack of recognition of Bureau actions in reviewing, disposing of, and retaining acquired lands. The Bureau's comments and our replies to the comments are as follows:

- The Bureau stated that the audit team used a "narrow interpretation" of the Code (43 CFR 8) when the team identified the 67,220 acres of acquired lands as potentially unneeded. Specifically, the Bureau stated, "The interpretation that has been applied is that if the lands do not have structures or actual waters associated with the reservoirs, then the lands are excess to the authorized project program requirements." The Bureau further stated that it believes the policy is "broader than described in the report" and that the Code (43 CFR 8) "provides for management discretion in acquiring additional lands for fish and wildlife" and "future outdoor recreation." The Bureau concluded, "It is important not to dispose of lands that may have habitat potential for wildlife or that may be beneficial for program mitigation purposes."

Although we agree that the regulation allows the Bureau the discretion to acquire additional lands for future fish and wildlife and recreational purposes, we disagree that we applied a narrow interpretation of the Code (43 CFR 8). In that regard, we believe that the Bureau should use the land for the purposes for which it was purchased or document specific future needs. Without such use or documented need, the continued retention of the land is questionable. For example, the land identified around Lake Elway was purchased in the mid- 1950s for the purpose of providing an irrigation water supply that was never fully



developed. The land identified in this instance is currently used to graze livestock, and the Bureau has not documented a present or future need associated with fish and wildlife habitat or outdoor recreation. Further, we believe that adopting the Bureau's interpretation that lands, if they may have habitat or recreation potential, should not be disposed of appears to nullify the disposal requirements contained in the Code (41 CFR 101-47.8) without documented justification.

The Bureau also stated that during the period of the audit, 1993 to 1997, some Bureau offices had performed field reviews of acquired land and had disposed of acquired land. The Bureau cited the efforts of the Ephrata Field Office, which reviewed 89,000 acres as part of its Scattered Tracts Resource Management Plan and which was evaluating land uses associated with Banks Lake in the Columbia Basin Project as part of another resource management planning effort. During our audit, we noted the reviews conducted by the Ephrata Field Office as part of its resource management planning. However, the identification of unneeded land is normally not a part of such plans but was included in the Scattered Tracts Plan only because the sale of "settlement land" was specifically identified as a project purpose. Therefore, the review was not part of a systematic real property review process but was performed only because the land was identified for sale as part of the project purpose. In the case of the Banks Lake lands, Bureau officials told us that the resource management plan would not address whether the land was needed.

The Bureau also stated that "considerable staff resources ... [were] required to effectuate these disposals" and that our final report "should recognize that ... Reclamation disposed of approximately 4,600 acres of acquired land with a current fair market value of over \$9,300,000." During our audit fieldwork, Bureau officials did not inform us of the disposal of the 4,600 acres. Therefore, we contacted the Bureau after receiving its response and inquired about the specifics of these transactions. However, the Bureau was not able to identify the projects or parcels involved or the bases for the estimate of current fair market value. As a result, we were not able to verify the accuracy of the reported disposals. However, we have added a paragraph to the report (page 6) to recognize the Bureau's comments. The Bureau further stated, "In other cases, there are valid reasons why the disposal of lands has not occurred." In that regard, the Bureau cited 19,589 acres of land in the Oahe Unit being retained "pending final negotiations with the State of South Dakota" and "'unused' lands associated with the Gila and Lower Colorado River Salinity Control Acts." Regarding the Oahe Unit, we were not made aware during our audit of the Bureau's negotiations with the State of South Dakota. Regarding the Bureau's retaining "unused" lands associated with the Gila and Lower Colorado River Salinity Control Acts to avoid the risk of real estate development and the concomitant pumping of groundwater, we believe, and Bureau officials agreed, that these lands could be sold without water rights.

We commend the Bureau for the actions it has taken regarding the review and disposal of acquired land. However, these actions were the result of reviews performed outside of the acquired land review process, such as disposals initiated by local governmental agencies or private parties interested in obtaining or using Bureau land, rather than the result of real property reviews conducted in a consistent and uniform manner in accordance with

regulations. Notwithstanding these actions, we identified the 67,220 acres of acquired land as possibly unneeded because no documented determination on use (current or future) had been made by the Bureau at the time of our audit.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings (Appendix 1), actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

We appreciate the assistance of Bureau personnel in the conduct of our audit.

**CLASSIFICATION OF MONETARY AMOUNTS**

<u>Finding</u>	<u>Potential Additional Revenues</u>
Acquired Lands Identified as Possibly Unneeded	\$17,454,317*

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• Disposal may not always result in revenues to the US. Treasury. Before property is offered for sale to the public, information about the property is circulated to determine whether the property is needed by any other Federal agency, including the Department of Housing and Urban Development regarding its suitability for use by the homeless. In addition, Reclamation law frequently requires that revenues from the sale of land be credited against existing water district repayment obligations to expedite the repayment of those contracts.

**BUREAU OF RECLAMATION  
OFFICES VISITED OR CONTACTED**

Office	Location
Program Analysis Office	Denver, Colorado
Mid-Pacific Regional Office	Sacramento, California
Northern California Area Office	Willows, California
Northern California Area Office'	Shasta Lake, California
South-Central California Area Office	Fresno, California
Lahontan Basin Area Office'	Carson City, Nevada
Central California Area Office	Folsom, California
New Melones Lake Field Office	Sonora, California
Pacific Northwest Regional Office'	Boise, Idaho
Upper Columbia Area Office'	Yakima, Washington
Ephrata Field Office	Ephrata, Washington
Snake River Area Office'	Boise, Idaho
Great Plains Regional Office	Billings, Montana
Eastern Colorado Area Office'	Loveland, Colorado
Montana Area Office	Billings, Montana
Nebraska-Kansas Area Office'	Grand Island, Nebraska
Newell Field Office'	Newell, South Dakota
Oklahoma City Field Office'	Oklahoma City, Oklahoma
Lower Colorado Regional Office'	Boulder City, Nevada
Yuma Area Office	Yuma, Arizona
Phoenix Area Office'	Phoenix, Arizona
Upper Colorado Regional Office'	Salt Lake City, Utah

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\*Offices contacted

ACQUIRED LANDS IDENTIFIED AS POSSIBLY UNNEEDED

Region/ Project	Reasons for Questioning Need of Property <sup>1</sup>	Questioned Acres	Section, Township, and Range	Estimated Current Value <sup>2</sup>
<b>Great Plains Region</b>				
Sun River Project	Land is located outside of project boundaries and has not been used for project purposes.	1,360	Sections 21, 27, 28, 33, and 34, T. 23 N., R. 1 W.; Section 2, T. 22 N., R. 1 W.	\$272,000
	Land around Willow Creek Reservoir is above capacity elevation and has not been used for project purposes.	650	Sections 18, 19, and 30, T. 21 N., R. 6 W. and Sections 23, 26 and 35, T. 21 N., R. 7 W.	74,131
Mountain Park Project	Land not located within original project boundaries was identified as excess in 1978 and has not been used for project purposes.	160	Section 35, T.4 N., R. 17 W.	117,736
<b>Pick-Sloan Missouri Basin Program</b>				
Narrows unit	Land is located outside unit boundaries and has not been used for project purposes.	1,065	Section 28, T. 4 N., R.58 W.; Sections 26, 27, and 35, T. 4 N., R. 59 W.; Section 19, T. 4 N., R. 60 W.; and Sections 14, 28, 33, and 34, T. 5 N., R. 60 W.	1,785,000
	Land represents remaining acquired acres associated with the project that was authorized in 1970 but was never constructed and, according to Bureau personnel, probably never will be.	1,262	Sections 21 and 28, T. 4 N., R. 58 W.; Sections 24, 26, and 27, T. 4 N., R. 59 W.; and Section 18, T. 4 N., R. 60 W.	1,675,949

<sup>1</sup>Project purposes are defined in individual project and specific authorization laws and include such uses as power, irrigation, flood control, recreation, and fish and wildlife mitigation and enhancement.

<sup>2</sup>The estimated current value was obtained from the Bureauwide automated real property management system (Resource Information System), which uses index coefficients to compute an acceptable range for estimating the current value of the Bureau's acquired lands, which we accepted. In addition, for acreage without value in the real property system and land purchased for water rights, estimates were obtained from regional and area office officials. Further, there are various costs that will be incurred with the sale of land, such as costs for land survey and appraisal and environmental and historical research, which we could not quantify during our review.

Region/ Project	Reasons for Questioning Need of Property <sup>7</sup>	Questioned Acres	Section, Township, and Range	Estimated Current Value <sup>2</sup>
Oahe Unit	Unit has not been completed as planned and, according to Bureau personnel, probably will not be constructed.	19,589	The location of the 225 acres used for fish and wildlife enhancement, a project purpose, was not identifiable in project files. The 19,589 acres consist of the remaining acquired project land.	7,034,606
Lower Marias unit	Land around Elwell Lake is above capacity elevation and not used for project purposes.	3,500	Sections 5 and 6, T. 29 N., R 5 E.; Sections 1 and 2, T. 29 N., R. 4 E.; Sections 6, 7, 9, 15, 16, 24, and 25, T. 30 N., R. 1 E.; Sections 13, 14, 20, 21, 22, 23, and 28, T. 30 N., R. 2 E.; Sections 16, 17, and 18, T. 30 N., R. 3 E.; Sections 3, 15, 16, 17, 20, 26, 29, and 30, T. 30 N., R. 4 E.; Sections 20, 27, 28, and 34, T. 30 N., R. 5 E.; Sections 31, 32, and 33, T. 31 N., R. 1 E.; Sections 14, 15, 22, 23, 24, and 25, T. 31 N., R. 3 E.; and Sections 29, 30, 32, and 34, T. 31 N., R. 4 E.	1,492,169
	Unit land was identified as unneeded for project purposes in 1989 and is still in the Bureau's possession.	8	Section 35, T. 30 N., R13 E.	7,670
Canyon Ferry Unit	Land is used for a golf course and athletic field near the City of Townsend, Montana, which were not project purposes.	146	Sections 28 and 29, T. 7 N., R. 2 E.	274,358
	Land around Canyon Ferry Reservoir is above capacity elevation and has not been used for project purposes.	475	Sections 27, 34, and 35, T. 9 N., R. 1 E.; and Sections 2 and 11, T. 8 N., R 1 E.	148,925

Region/ Project	Reasons for Questioning Need of Property <sup>1</sup>	Questioned Acres	Section, Township, and Range	Estimated Current Value <sup>2</sup>
<b>Lower Colorado Region</b>				
Gila Project	Land was idle and has not been used for project purposes.	2,760	Section 15, T. 9 S., R. 19 W.; Sections 2, 11, and 12, T. 8 S., R. 22 W.; and Sections 16, 33, 34, and 35, T. 8 S., R. 16 W.	690,000 <sup>3</sup>
	Land was used as part of a bombing range by the Air Force and has not been used for project purposes.	1,770	Sections 26, 28, 29, 33, and 36, T. 9 S., R. 18 W.	4
Colorado River Basin Salinity Control Project	Land was idle and has not been used for project purposes. In addition, the Area Office incurred trespass-related administrative burden because of three trespasses. One trespasser has, since 1996, used over 1 acre of this unneeded Federal land to farm alfalfa, store equipment, and extend his citrus grove.	2,995	Sections 13, 14, 15, and 27, T. 8 S., R. 16 W.; Section 25, T. 8 S., R. 17 W.; Sections 9 and 10, T. 9 S., R. 18 W.; and Sections 3 and 11, T. 11 S., R. 23 W.	748,750 <sup>5</sup>
<b>Mid-Pacific Region</b>				
Orland Project	Land around Stony Gorge Reservoir is above capacity elevation and has not been used for project purposes.	440	Sections 15, 21, 22, and 28, T. 20 N., R. 6 W.	253,773
	Land around East Park Reservoir is above capacity elevation and has not been used for project purposes.	250	Sections 34 and 35, T. 18 N., R. 6 W.; and Sections 3, 15, and 23, T. 17 N., R. 6 W.	77,988

<sup>3</sup> Estimated current value was adjusted to reflect exclusion of project water rights.

<sup>4</sup> The Bureau allowed the U.S. Air Force to use this land at the Barry M. Goldwater Air Force Range as part of the Air Force's bombing range. No value was attached to this property.

<sup>5</sup> Estimated current value was adjusted to reflect exclusion of project water rights.

<u>Region/ Project</u>	<u>Reasons for Questioning Need of Property<sup>1</sup></u>	<u>Questioned Acres</u>	<u>Section, Township, and Range</u>	<u>Estimated Current Value<sup>2</sup></u>
Humboldt Project	Land was obtained for water rights and has not been used for project purposes.	29,000	Battle Mountain Community Pasture in T. 32 N., R. 44, 45, 46, and 47 E.; T. 33 N., R. 44 and 45 E.; and T. 34 N., R. 44 E.	2,000,000 <sup>6</sup>
<b>Central Valley Project</b>				
<b>New Melones unit</b>	Land was identified as excess in 1992, has not been used for project purposes, and has not been disposed of.	432	Sections 8 and 17, T. 1 N., R. 13 E.	390,838
	Land is located outside unit boundaries and has not been used for project purposes,	150	Section 31, T. 3 N., R. 14 E.	127,729
<b>Friant- Kern Canal</b>	Eight parcels of land along the Canal, ranging in size from .71 acre to 5.7 acres, were identified as excess in 1989 and have not been disposed of	<b>17</b>	Section 26, T. 13 S., R. 23 E.; Section 9, T. 12 S., R. 26 E.; Section 6, T. 29 S, R. 27 E.; Section 12, T. 15 S, R. 24 E.; Section 13, T. 18 S., R. 26 E; Section 4, T. 25 S., R. 26 E.; and Sections 25 and 26, T. 28 S., R. 26 E.	<b>119,603</b>
	Land was identified as excess in 1984, has not been used for project purposes, and has not been disposed of	<b>28</b>	Section 18, T. 12 S., R. 22 E.	25,201
	Trespassed land is not needed for project purposes.	3	Section 29, T. 15 S., R. 25 E.	3,471
<b>Shasta Division</b>	Land is located outside the existing boundaries of the Whiskeytown-Shasta-Trinity National Recreation Area and has not been used for project purposes. The identified land is currently managed by the U.S. Forest Service.	<b>300</b>	Section 27, T. 35 N., R. 5 W.	60,489

<sup>1</sup>Estimated current value was adjusted to reflect exclusion of water rights.



Region/ Project	Reasons for Questioning Need of Property'	Questioned Acres	Section, Township, and Range	Estimated Current Value <sup>2</sup>
Pacific Northwest Region				
Columbia Basin Project	The lands are portions of parcels originally purchased to the nearest 40-acre boundary and are located above the cliff wall around Bank's Lake.	860	Sections 9, 11, 14, 20, 21, and 29, T. 25 N., R. 28 E.; Sections 1, 22, 23, 24, 27, and 34, T. 26 N., R. 28 E.; Sections 8, 18, and 19, T. 26 N., R. 29 E.; Sections 12, 14, 17, 20, 22, 23, 30, and 31, T. 27 N., R. 29 E.; Section 7, T. 27 N., R. 30 E.; and Section 22, T. 28 N., R. 30 E.	53,931
Totals		<u>67,220</u>		<u>\$17,454,317</u>



# United States Department of the Interior

APPENDIX 4

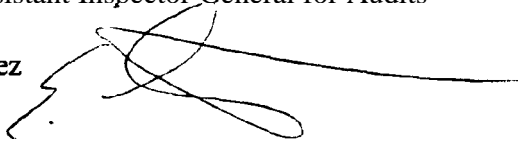
Page 1 of 4

OFFICE OF THE SECRETARY  
Washington, D.C. 20240

MEMORANDUM

SEP 25 1996

To: Office of Inspector General  
Attention: Assistant Inspector General for Audits

From: Eluid L. Martinez  
Commissioner 

Subject: Draft Audit Report on "Identification of Unneeded Acquired Lands, Bureau of Reclamation," Assignment No. W-IN-BOR-001-98(D)

The Bureau of Reclamation (Reclamation) offers the following comments in response to the recommendations in the subject report:

## Recommendation 1

Develop and issue clear policies and procedures to guide Bureau officials in conducting land reviews and identifying unneeded real property.

### Response

Concur. Reclamations's Program Analysis Office has prepared draft directives and standards for land disposal. This document will address real property reviews and the identification of unneeded acquired lands. The directives and standards will be finalized by October 1, 1999. The responsible official is the Chief Realty Officer, Program Analysis Office.

## Recommendation 2

Establish a Bureau wide plan of action to ensure that regular reviews of real property are conducted based on the guidance developed under Recommendation 1.

### Response

Concur. Concurrent with finalization of the directives and standards for land disposal, a Reclamation-wide action plan will be developed for conducting real property reviews. The estimated target date for completion on this recommendation is October 1, 1999. The responsible official is the Chief Realty Officer, Program Analysis Office.

Recommendation 3

In implementing Recommendations 1 and 2, notify the Congress of the Bureau's intention to dispose of acquired lands in accordance with 41 CFR 101-47 that were initially purchased for authorized projects but presently are not needed for undeveloped or incomplete projects.

Response

Concur. Reclamation will notify the Congress of our intention to dispose of lands initially acquired for authorized projects, but no longer needed for project purposes. **The** Congress will be notified of unneeded lands identified as a result of real property reviews. The responsible official is the Chief Realty Officer, Program Analysis Office.

Attached are additional comments on the draft report. We welcome the opportunity to further discuss our response with you if necessary.

Attachment

cc: Assistant Secretary - Water and Science, Attention: Carla Burzyk

Additional Comments

IDENTIFICATION OF UNNEEDED ACQUIRED LANDS  
BUREAU OF RECLAMATION  
W-IN-BOR-001-98(D)

Reclamation agrees with the audit findings and will implement the audit recommendations to further the assessment and disposal of unneeded acquired lands as warranted. The following comments are intended to provide additional information on Reclamation's land disposal program. Please incorporate relevant portions in the final audit report.

The **draft** report identified 67,220 acres of acquired lands as potentially excess to specific Reclamation project program needs. The estimated current value (not the current fair market value) of these lands is \$17,454,317. Inherent in this determination is a narrow interpretation by the audit team of 43 CFR Part 8 - Joint Policies of the Departments of the Interior and of the Army Relative to Reservoir Project Lands. The interpretation that has been applied is that if the lands do not have structures or actual waters associated with the reservoirs, then the lands are excess to the authorized project program requirements. Reclamation does not agree with this interpretation.

Reclamation believes the policy is broader than described in the report. Sections 8.2 and 8.3 of 43 CFR Part 8 provides for management discretion in acquiring additional lands for fish and wildlife and such lands as are needed for future outdoor recreation. This policy grants the acquiring agency considerable latitude in determining what lands to acquire above and beyond the actual water surface storage requirements of a reservoir or near structures. Reclamation has the authority and responsibility to manage lands for public recreational activities and for wildlife mitigation and enhancement purposes. In addition, with the increasing awareness of the impacts of older projects on wildlife habitat and expanding public recreational uses of project lands, Reclamation is having to reevaluate a broad range of uses of program lands. It is important not to dispose of lands that may have habitat potential for wildlife or that may be beneficial for program mitigation purposes.

The audit team reported that real property field reviews to identify unneeded acquired lands have not been performed since 1993. We recognize that over the last several years field reviews have not been conducted consistently within Reclamation and that more attention could be focused on this issue, but consistent with other priorities. Some offices do perform the field reviews, For example, the Ephrata Field Office (EFO) has completed a review of 89,000 acres of acquired land in the Scattered Tracts Resource Management Plan, published in January 1998. The resource management plan recommends the disposal of over 12,000 acres and the EFO is actively pursuing a disposal process identified in its plan. Additionally, the EFO is evaluating all of the lands (38,400 acres) associated with Banks Lake, Columbia Basin Project, through a resource management planning (RMP) effort. Any decisions to dispose of lands at this reservoir will be based on the results of the RMP.

In other cases, there are valid reasons why the disposal of lands has not occurred. For example, the 19,589 acres of land for the Oahe Unit-Pick Sloan Missouri Basin Program are being held in abeyance of disposal pending final negotiations with the State of South Dakota. The negotiations are in connection with commitments made to the State by Reclamation. The “unused” lands associated with the Gila and Lower Colorado River Salinity Control Acts are still being retained by Reclamation for the purpose for which they were acquired. It is not prudent to attempt to dispose of these lands into the private real estate market and risk development that would encourage pumping of the groundwater.

Notwithstanding the findings of the report, the final report should recognize that between fiscal years 1993 and 1997, Reclamation disposed of approximately 4,600 acres of acquired land with a current fair market value of over \$9,300,000. We want to emphasize that considerable staff resources are required to effectuate these disposals and this effort must be balanced against other realty programs. These include the numerous initiatives for the title transfer of Reclamation lands acquired or withdrawn to irrigation districts that want to participate in the conversion of the program lands to private ownership. Additionally, there is a continuing effort with the Bureau of Land Management in the justification of existing Reclamation withdrawals and revocation of the lands not required for continued retention under Reclamation jurisdiction. The title transfer and the withdrawal review programs have the potential to remove a substantial amount of lands from Reclamation’s inventory.

**STATUS OF AUDIT REPORT RECOMMENDATIONS**

Finding/ Recommendation Reference	Status	Action Required
1, 2, and 3	Resolved; not implemented	No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

**ILLEGAL OR WASTEFUL ACTIVITIES  
SHOULD BE REPORTED TO  
THE OFFICE OF INSPECTOR GENERAL**

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