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**REPORT ON REVIEW
OF
ACQUISITION, LEASING, AND DISPOSAL
OF RECLAMATION LANDS
BUREAU OF RECLAMATION
DEPARTMENT OF THE INTERIOR**



UNITED STATES GENERAL ACCOUNTING OFFICE

NOVEMBER 1958

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WASHINGTON 25, D. C.

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CIVIL ACCOUNTING AND
AUDITING DIVISION

B-118605

Mr. Wilbur A. Dexheimer
Commissioner of Reclamation
Department of the Interior

Dear Mr. Dexheimer:

Herewith is our report on review of the Bureau of Reclamation's policies and procedures relating to the acquisition, leasing, and disposal of reclamation lands. Our field work was completed in May 1958 and included reviews of the procedures in effect at the time of our visits to selected regional and project offices of the Bureau.

Deficiencies noted during our review were discussed with appropriate regional or project officials, and the more significant unresolved matters are commented on in this report. These matters include the retention of lands excess to project needs and the inaccuracy of records and reports pertaining to landholdings.

We wish to acknowledge the cooperation given to our representatives at each of the locations visited by us. We are prepared to discuss these comments in greater detail with you or members of your organization.

Your comments and advice as to the action taken on the matters presented in this report will be appreciated.

Sincerely yours,

A. T. Samuelson

Director, Civil Accounting
and Auditing Division

Enclosure

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REPORT ON REVIEW
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ACQUISITION, LEASING, AND DISPOSAL
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In connection with the audit of the Bureau of Reclamation, Department of the Interior, the General Accounting Office has reviewed the Bureau's policies and procedures relating to the acquisition, leasing, and disposal of reclamation lands. This review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). The review was performed at selected regional and project offices of the Bureau, and field work thereon was completed in May 1958.

Our review of the Bureau's policies and procedures relating to the acquisition, leasing, and disposal of reclamation lands disclosed that the Bureau's Reclamation Instructions have not always been complied with in respect to the performance of comprehensive reviews of lands withdrawn from the public domain for the purpose of recommending for disposal those lands not needed for reclamation purposes and the establishment and maintenance of accurate land records. Specific comments on the more significant matters disclosed by this review follow.

GENERAL COMMENTS

The Bureau of Reclamation acquires land to be used in the construction, operation, and maintenance of reclamation projects for

irrigation, power, flood control, and other purposes. Land needed for such projects is acquired by withdrawal from the public domain, purchase, condemnation, or donation. At December 31, 1957, Bureau reports showed that reclamation lands totaled 10,016,818 acres, consisting of 8,532,692 acres withdrawn from the public domain and 1,484,126 acres acquired by purchase, condemnation, or donation. The regions in which these lands are located and the method of acquisition are shown in the following tabulation.

<u>Regional headquarters</u>	<u>Total acres</u>	<u>Method of acquisition</u>	
		<u>Purchased, condemned, or donated</u>	<u>Withdrawn from public domain</u>
Region 1 Boise, Idaho	1,568,582	480,552	1,088,030
Region 2 Sacramento, California	680,812	232,642	448,170
Region 3 Boulder City, Nevada	2,945,593	115,472	2,830,121
Region 4 Salt Lake City, Utah	3,230,395	190,962	3,039,433
Region 5 Amarillo, Texas	228,986	117,350	111,636
Region 6 Billings, Montana	927,275	201,238	726,037
Region 7 Denver, Colorado	435,175	145,910	289,265
Total acres	<u>10,016,818</u>	<u>1,484,126</u>	<u>8,532,692</u>

Reclamation lands which are not immediately needed for project purposes are frequently turned over to other agencies for administration or are leased by the Bureau for grazing, agricultural, or other purposes. At December 31, 1957, the use status of Bureau lands was as follows:

<u>Use status</u>	<u>Acres</u>
Administered by other agencies	7,142,461
Unleased land in reclamation facilities	1,065,515
Idle--not used	994,363
Leased by Bureau	<u>814,479</u>
Total	<u>10,016,818</u>

Bureau leases in effect at December 31, 1957, covered 814,479 acres of land and provided for annual revenue of \$845,130.

Bureau policy requires that periodic reviews be made of reclamation lands for the purpose of disposing of lands not needed for reclamation purposes. Disposal of such lands is generally accomplished by restoring withdrawn lands to the public domain or, in the case of lands acquired through purchase, condemnation, or donation, by transfer to the General Services Administration or by sale.

RETENTION OF LANDS EXCESS TO PROJECT NEEDS

Our review of the status of lands controlled by the Bureau of Reclamation indicated that the Bureau is retaining control over substantial amounts of land not needed for project purposes. Retention of control over land excess to project needs is contrary to the Bureau's stated policy, contained in Reclamation Instructions, that such land should be disposed of in accordance with prescribed procedures.

Reclamation Instructions contain a requirement that comprehensive reviews of lands withdrawn from the public domain be made at intervals of 2 years or less, for the purpose of recommending revocation of withdrawal for those lands not needed for reclamation purposes. In some instances, where such reviews had been made, substantial amounts of land were found to be excess to project needs and had been, or were in the process of being, disposed of. For example, a comprehensive review of the Uncompahgre Project, Colorado, resulted in the disposal of about 33,026 acres of land

during calendar years 1956 and 1957. In addition, a review in progress at the Grand Valley Project, Colorado, indicated that in excess of 23,000 acres of land are not needed for project purposes. However, comprehensive reviews do not appear to have been made of withdrawn lands at several of the Bureau's projects.

Some specific examples where our review indicated that the Bureau controlled lands excess to project needs follow:

At December 31, 1957, at the Newlands Project, Nevada, the Bureau controlled 505,658 acres of land, consisting of 479,066 acres withdrawn from the public domain and 26,592 acres acquired by purchase or other methods. Bureau records showed that 455,559 acres were administered by the Truckee-Carson Irrigation District (District), 32,815 acres were administered by the Bureau of Land Management, and 17,284 acres were classified as "idle--not used." Based on our review of available documents and discussions with Bureau officials, it appears that a considerable amount of land at this project is not needed for project purposes. We recognize that the District contends that certain lands cannot be disposed of by the Bureau because of the terms of the District's contract with the United States of America. We believe that every effort should be made to resolve any legal questions with respect to the Bureau's right to dispose of excess lands at the Newlands Project.

At December 31, 1957, the Bureau controlled 70,717 acres and 42,749 acres of land at the Blue-South Platte, Colorado, and the Gunnison-Arkansas, Colorado, Projects, respectively. Bureau records showed that all lands at both projects had been obtained by withdrawal from the public domain and were classified either as

being administered by other agencies or as "idle--not used." During our review we found that neither of these projects had been declared by the Bureau to be feasible for construction. Officials of Region 7 of the Bureau advised us that a planned use for these lands in the foreseeable future did not exist and that retention of the lands could not be justified under the criteria established in Reclamation Instructions. These officials stated that they believed the Bureau should retain control over these lands because of possible future needs.

To accomplish the Bureau's stated objectives of disposing of unneeded lands and putting to beneficial use those lands which must be retained for reclamation purposes, we believe that the Bureau should place emphasis on compliance with the provisions of Reclamation Instructions which require comprehensive reviews of lands withdrawn from the public domain and disposal of lands not needed for reclamation purposes.

RELATIVELY LOW RENTAL RATES
ON NEGOTIATED GRAZING LEASES

During our audit at the Columbia Basin Project for fiscal year 1955, we noted that rental rates for grazing lands leased after negotiation were substantially lower than rental rates for grazing lands leased after solicitation of bids. Our audit disclosed that during December 1954, for 302,832 acres of land comparable in value for grazing purposes, bid leases in effect on 4,024 acres would yield the Bureau an average annual return of 16.2 cents per acre whereas negotiated leases in effect on 298,808 acres would yield the Bureau an average annual return of only

6.5 cents per acre. This situation was brought to the attention of the Project Manager who stated that a review of the leasing program would be made.

During a later audit of the Columbia Basin Project, we found that at October 31, 1957, for 216,052 acres of land comparable in value for grazing purposes, bid leases in effect on 61,395 acres would yield the Bureau an average annual return of 18 cents per acre while negotiated leases in effect on 154,657 acres would yield the Bureau an average annual return of 13.4 cents per acre. Total annual rental under lease of the 216,052 acres of grazing lands at October 31, 1957, was \$31,690 compared with total annual rental of only \$20,136 from lease of 302,832 acres during December 1954.

The Bureau is to be commended for its progress in reducing the disparity between rental rates for grazing lands leased after solicitation of bids and rental rates for grazing lands leased after negotiation, and for the resultant substantial increase in revenue from the leasing of grazing lands.

We note that at October 31, 1957, the average return on negotiated leases was 4.6 cents per acre less than the average return from leases awarded after solicitation of bids. While we recognize that it may not be desirable or practicable to award all grazing leases on the basis of competitive bidding, we believe that every effort should be made to obtain comparable rates on grazing leases issued pursuant to both negotiation and competitive bids.

Recommendation

We recommend that emphasis on award of grazing leases through competitive bidding be continued and that, in instances where leases are negotiated, every effort be made to obtain a rental rate which is at least equal to the average rate obtained under leases awarded through competitive bidding on comparable lands.

INACCURACY OF RECORDS AND REPORTS PERTAINING TO LANDHOLDINGS

During our review instances were noted where Bureau records and reports on the status of its landholdings were inaccurate.

Several Status of Lands reports (form 7-1512) for projects located within Region 7, Denver, Colorado, did not correctly present the required information. Regional office officials advised us that the reports in general were inaccurate because records relating to land acquisitions for early projects were inadequate. These officials expressed concern over the lack of administrative control which permitted submission of inaccurate information to Washington and stated that a study would be made to correct this situation. Regional officials stated also that a program was in progress to adjust land records so that reports would correctly show the situation with respect to landholdings.

Because of the lack of adequate land records at Region 2, Sacramento, California, we could not satisfy ourselves that the landholdings and uses were being accurately reported. For example, we found that adequate records were not maintained on about 44,000 acres of land withdrawn from the public domain for projects not yet authorized for construction and that reports on landholdings

did not include these lands. Regional officials informed us that, while such records are desirable, they did not have sufficient personnel to establish and maintain the records required by Reclamation Instructions.

At the Columbia Basin Project, Washington, we were advised by project officials that, in several instances, information shown on the Status of Lands reports was incorrect.

We believe that reliable records and reports pertaining to landholdings are essential to the accomplishment of the Bureau's stated land management objectives of disposing of unneeded lands and putting to beneficial use lands which must be retained for reclamation purposes.

Recommendation

To provide the information necessary for adequate management control over land, we recommend that the Bureau place emphasis on the establishment and maintenance of accurate land records and the preparation of accurate reports.

TRESPASS OCCUPANCY OF LANDS ALONG THE LOWER COLORADO RIVER

Our report to the Congress on the audit of the lower Colorado River basin, issued September 13, 1957, contained comments that trespassers along the lower Colorado River from Davis Dam to the International Boundary were squatting on lands controlled by the Bureau of Reclamation. Included in the report was a comment that the Government was receiving no revenue from the use of the lands and diversion of water and that legal proceedings to evict the trespassers had been ineffective.

Our review of this situation disclosed that conditions were virtually unchanged from those noted in our report on the lower Colorado River basin for fiscal year 1956. Our review also disclosed that squatting on Government land is being abetted by the Colorado River Agency of the Bureau of Indian Affairs, which according to Bureau of Reclamation data, has been furnishing power to certain squatters in the Parker, Arizona, area for several years. In addition, Bureau data indicated that at December 1956 the Palo Verde Irrigation District, California, was furnishing water to 2,600 acres of Government land occupied by agricultural squatters.

We believe that the elimination of trespass occupancy is made more difficult by the furnishing of water and power to squatters. We suggest that the Bureau review the arrangements for such services to see what can be done to terminate them.