



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

## **AUDIT REPORT**

### **RECREATION MANAGEMENT ACTIVITIES AT SELECTED SITES, BUREAU OF RECLAMATION**

**REPORT NO. 95-I-870  
MAY 1995**

This report may not be disclosed to anyone other than  
the auditee except by the Assistant Inspector General  
for Administration, Office of Inspector General,  
U.S. Department of the Interior,  
Washington, D.C. 20240





# United States Department of the Interior

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MAY 17 1995

## MEMORANDUM AUDIT REPORT

To: Assistant Secretary for Water and Science

From: Acting Assistant Inspector General for Audits

Subject: Final Audit Report on Recreation Management Activities at Selected Sites, Bureau of Reclamation (No. 95-I-870)

### INTRODUCTION

This report presents the results of our audit of the Bureau of Reclamation's recreation management activities at selected sites. The objective of the audit was to determine the effectiveness of the following: (1) Bureau policies and procedures relating to the long-term, exclusive use of Reclamation lands and (2) Bureau oversight of such uses at recreation areas managed by state and local governments.

### BACKGROUND

The Bureau of Reclamation is responsible for overseeing or managing more than 300 recreation areas that have been established on Bureau water project lands throughout the western states. Bureau water development projects are considered to be among the Nation's most valuable recreational resources, and about 80 million people visit these areas for camping, swimming, boating, picnicking, and other short-term recreational purposes. Annual visitation for these purposes is expected to increase to over 100 million by the year 2000. In addition, at some recreation areas, private parties have been permitted to establish cabins, mobile homes, and other recreational dwellings within their boundaries, which, for all practical purposes, provides them with exclusive use of public lands for extended periods of time.

The Bureau's role in providing for outdoor recreational activities on water project lands is defined primarily by the Federal Water Project Recreation Act, dated July 9, 1965 (Public Law 89-72), as amended. The Act directed the Bureau to give full consideration to outdoor recreation in investigating and planning Federal water projects, in addition to primary project purposes such as providing water for irrigation and municipal and industrial use and for generating hydroelectric power. The Act also authorized and encouraged the Bureau to enter into agreements with



state and local governments for the management of the recreation areas. The Act was amended by the Reclamation Recreation Management Act of 1992 (Public Law 102-575, Title XXVIII), which emphasized the Federal responsibility to provide opportunities for public recreation at Federal water projects.

In the mid-1960s, the private, exclusive use of Federal project lands for recreational dwellings became the subject of controversy. In 1965, the Secretary of the Interior responded with a proposal to phase out private cabin sites on Department of the Interior lands, in part to ensure that these areas did not become permanently dedicated to private use to the detriment or exclusion of possible future public uses. In a letter published in the *Federal Register* dated July 15, 1965, the Secretary stated that the phaseout was "essential to assure the availability of public recreation areas for public use." The Secretary also stated:

The most important equity claimed by the [cabin] permittees lies in the fact that in many cases substantial investments have been made by them in cabins or other privately owned improvements on these sites in the hope that their occupancy of these public lands might be extended over an indefinite period.

The Secretary proposed a phaseout period of up to 20 years, stating that "20 years' use appears to be a reasonable period of time . . . within which a permittee might recover or amortize<sup>1</sup> his investment."

## SCOPE OF AUDIT

This performance 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. The audit was conducted from February through October 1994 and included visits to the locations listed in Appendix 1. To accomplish our objective, we took the following actions: (1) reviewed relevant laws, legislative histories, and legal opinions to obtain an understanding of the purpose and history of the Bureau's recreational activities; (2) reviewed correspondence and other documents maintained at Bureau offices to identify key actions and decisions of Bureau officials and policies and procedures relating to the Bureau's recreational activities; (3) interviewed officials from the Bureau and the Department's Office of the Solicitor to obtain their views or verify information and data concerning the Bureau's recreational activities; and (4) conducted site inspections of selected recreation areas. Based on our preliminary

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<sup>1</sup>*Amortization* is the process whereby the investor in a substantial improvement derives sufficient use and/or economic benefit from the improvement over a period of time as to reasonably compensate for the investment. [Source: Title 43, Part 21.3(g), of the Code of Federal Regulations]



survey work, we concentrated most of our audit efforts on the cabins established at Canyon Ferry Lake, Montana, and on the mobile homes located at Lake Berryessa, California.

At Lake Berryessa, the mobile home sites are managed by private concessioners who also provide basic utilities such as water, sewer, and garbage services. The fees charged by the concessioners range from about \$2,700 to \$3,600 annually for each mobile home site. At Canyon Ferry Lake, the Bureau manages the cabin sites, and the existing permit fees, which do not include basic utility services, range from \$340 to \$839 annually for each cabin site. At the time of our audit, the Bureau's Montana Area Office was analyzing and updating the permit fees assessed for cabin sites. Accordingly, we did not include a review of the permit fees in the scope of this audit. However, we plan to review the updated permit fees in the future to ensure that they reflect the fair market value of the land, as required by Title 43, Part 429, of the Code of Federal Regulations.

As part of this audit, we evaluated the Bureau's system of internal controls relating to the Bureau's recreational activities to the extent we considered necessary to accomplish the audit objective. We found weaknesses in the Bureau's policies and procedures for reducing or eliminating the use of public recreation lands for cabins and other private recreational dwellings. The weaknesses and recommended corrective actions are discussed in the Results of Audit section of this report. We also reviewed the Department of the Interior's Annual Statement and Report, required by the Federal Managers' Financial Integrity Act, for fiscal years 1991 through 1993 and determined that none of the reported weaknesses were directly related to the objective and scope of this audit.

## **PRIOR AUDIT COVERAGE**

Neither the Office of Inspector General nor the General Accounting Office has issued any audit reports within the past 5 years concerning the Bureau's policies and procedures for the long-term, exclusive use of Bureau lands for private recreational dwellings or the Bureau's oversight of recreation lands managed by state and local governments. However, the General Accounting Office issued one report concerning land use agreements, which in part addressed the private, exclusive use of Bureau lands. The General Accounting Office report "Federal Interests Not Adequately Protected in Land-Use Agreements" (No. GAO/RCED-91-174), issued in July 1991, stated that in transferring lands to the City of Scottsdale, Arizona, for a golf complex, the Bureau granted priority access to a select group of users and limited public use of the facility. The report recommended that the Bureau establish policies to address the following: (1) when and under what conditions public access restrictions are permissible and (2) what constitutes the appropriate development of lands in the public interest for recreation. Although the Bureau generally agreed



with the report, the recommended policies had not been developed at the time of our current audit.

## **RESULTS OF AUDIT**

The Bureau has had limited success in its attempts to eliminate or reduce private, exclusive use of its recreation lands for long-term cabin and mobile home sites. Bureau land policy requires that Reclamation lands be managed to benefit as many people as possible, and Bureau and Departmental policies require that the private, exclusive use of Reclamation lands be phased out when the lands are needed for public recreational use. However, the Bureau's policies to phase out private, exclusive use of Reclamation lands were not applicable to the state and local governmental agencies that managed the majority of the Bureau's recreation lands. In addition, the permittees were allowed to invest in dwellings and associated improvements because the Bureau did not establish definitive guidelines for determining when Bureau lands were needed for public use and for amortizing the investments made on Bureau lands. As a result, the renewal of the permits is practically assured, and these Government recreation lands are and may continue to be unavailable for use by the general public for extended periods of time.

### **Private Use of Recreation Lands**

In the 1950s, individuals began to erect cabins and other structures at several Bureau reservoirs, thereby securing private, exclusive use of these public areas. The Bureau chose not to oppose the development of recreational dwellings but wanted to ensure the orderly development of the recreation areas by securing agreements with state or local government agencies for the management of these areas. The state and local government managing entities established a permitting system for cabin site areas and contracted with private concessioners to manage mobile home areas. The permits for individual cabin and mobile home sites grant only the right to place private property on the sites for a fixed period of time and do not convey ownership of the land or any permanent rights of occupancy.

Throughout the western states, recreational dwellings exist on 34 of the Bureau's recreation areas (see Appendix 2). At the time of our audit, 23 of these areas were managed by state or local governments, 4 by other Federal agencies, and 7 by the Bureau. Six of the seven areas managed by the Bureau (all except Cascade Reservoir) were formerly managed by state or local governments that subsequently returned management responsibility to the Bureau. Because these recreation areas contribute significantly to the administrative work load of the managing agencies, more of these recreation areas are likely to be returned to the Bureau. The management problems encountered by the Bureau when private dwellings are situated on the most desirable locations of a recreation area are exemplified at Canyon Ferry Lake and Lake Berryessa.



**Canyon Ferry Lake.** In the 1950s and 1960s, private citizens were permitted to select sites and build cabins on prime shoreline locations at the Bureau's Canyon Ferry Reservoir, more commonly known as Canyon Ferry Lake. In 1957, the Bureau entered into an agreement with the State of Montana to manage the area for recreation. Subsequently, the level of investment and the types of improvements made by the cabin site permittees grew beyond those that were originally conceived (see Figure 1). This condition was recognized as early as 1977, when an official of the State of Montana made the following statement during a public meeting at Canyon Ferry Lake:<sup>2</sup>

To summarize, our role at Canyon Ferry and yours as cabin owners has grown beyond what was originally conceived back in the early 1960's when these sites were first created. They were created as, at least in the minds of the creators, as recreation cottages. You all know that they have grown beyond that and what we have now . . . is really a subdivision.



*Figure 1. A 1,972 square-foot private dwelling at Canyon Ferry Lake, Montana. (Office of Inspector General photograph)*

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<sup>2</sup>Excerpted from "Transcript of an Environmental Assessment Public Hearing, Canyon Ferry Management and Development Plan, Held in Canyon Ferry Community Center, Monday, March 7, 1977."



The Bureau assumed management of recreation at Canyon Ferry Lake in February 1994, when the Montana Department of Fish, Wildlife and Parks declined to renew the agreement for recreational management of the Lake. The Bureau's Montana Area Office inspected the area and found the following:

- Permittees had built private dwellings consisting of up to 3,500 square feet of living space, with amenities such as multiple-car garages, driveways, landscaping, underground sprinkler systems, and hot tubs.

- At least 70 percent of the permittees had installed permanent or semi-permanent structures such as boathouses, garages, sheds, decks, and septic systems on public lands outside the designated legal boundaries of their cabin sites.

- According to field personnel from the Montana Department of Fish, Wildlife and Parks and from the Bureau's Canyon Ferry Field Branch, an estimated 25 to 30 percent of the permittees used their dwellings as primary residences, even though only temporary, recreational use was allowed by Bureau policy.

These inspection findings indicated that the majority of the 265 permittees at Canyon Ferry Lake were materially not in compliance with the terms of their cabin site permits or with Bureau policy. In assuming its management role, the Bureau issued new permits to the dwelling owners in 1994 that had the following terms: (1) allowed for a dwelling with up to 1,500 square feet of living space but exempted the existing cabins that already exceeded this maximum; (2) allowed a one-time expansion of the cabin site lots, with a proportionate fee increase, that incorporated the structures the permittees had built outside the legal boundaries of their sites; and (3) stipulated that year-round occupancy of the cabin sites was permitted but that the cabins could not be used for permanent primary residences. The Bureau also established a 10-year term for the permits, with a provision to renew for two additional 5-year periods, thus granting the permittees the right to continue to occupy their dwellings on Canyon Ferry Lake's prime shorelines for up to 20 more years.

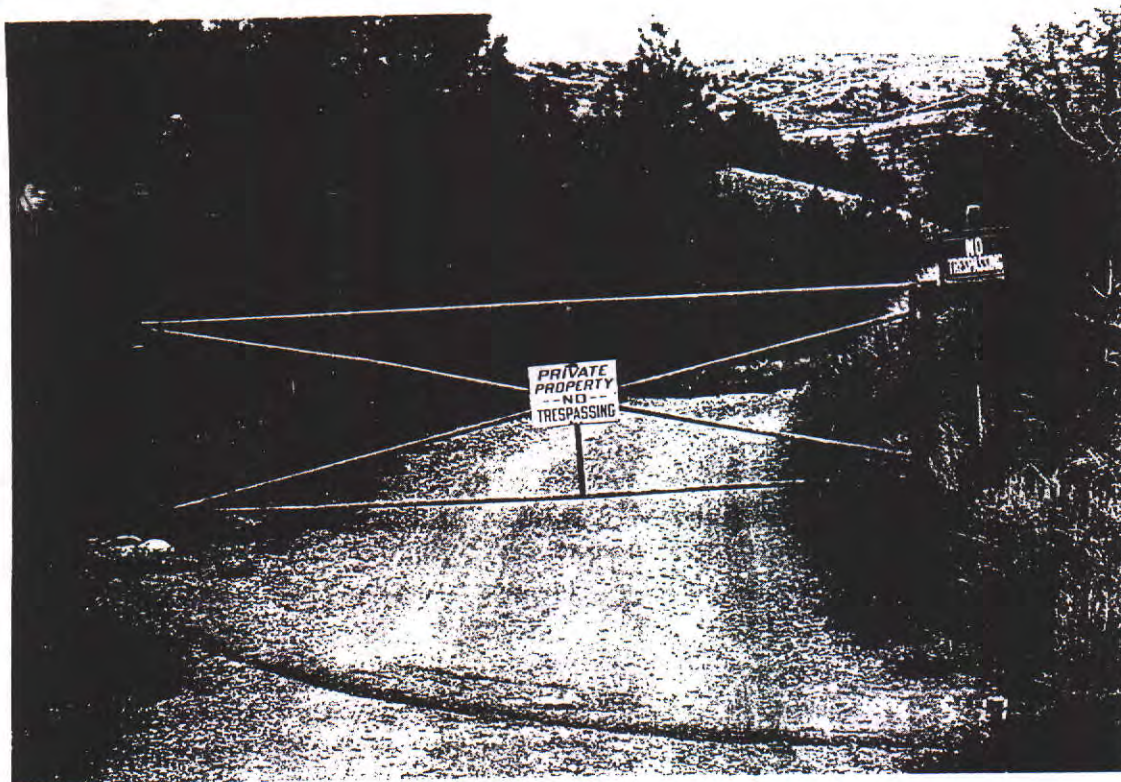
During our review, we noted that some of the permittees treated their cabin sites and adjacent areas as essentially their private property. For example, this advertisement for the sale of one dwelling appeared in a Helena, Montana, newspaper in November 1992:

Paradise at the lake. Make an appointment to see this majestic home on Canyon Ferry Lake. Towering fireplace, decks, private beach. This home is ideal for the professional couple. [Emphasis added.]

In addition, some permittees erected gates (Figure 2) or fences to keep the public from using the beaches near their cabin sites, including one permittee who installed



an electric fence. These conditions have led to confrontations between some permittees and members of the public and have occurred despite the terms of the permits, which specify that beaches and beach access ways must be open to the public at all times.



*Figure 2. This gate erected by cabin site permittees blocks access to a public beach area on the shoreline of Canyon Ferry Lake. (Bureau of Reclamation photograph)*

The cabin site permittees at Canyon Ferry Lake have exclusive occupancy of some of the most desirable and scenic areas of the Lake. In contrast, the two largest public campgrounds (Hellgate and Silos), where more than one-half of the area's campsites are located, have little natural vegetation cover for privacy between campsites (Figure 3) and are less scenic, which limits the quality of the recreational experience.





*Figure 3. Campsites at Hellgate Campground, the largest public campground area at Canyon Ferry Lake. (Bureau of Land Management photograph)*

While the managing entity had not developed accurate visitation statistics for Canyon Ferry Lake, a June 1994 Bureau news release described the Lake as Montana's "most frequently visited" recreation area. A Bureau planning report<sup>3</sup> said that based on projected population growth, public demand is expected to grow by about 33,000 visitors by the year 2010. The report also stated that leisure time and water-based recreational pursuits were increasing and that this should lead to even greater recreational demand at Canyon Ferry Lake. In addition, Canyon Ferry Lake was one of three Bureau recreation areas specifically cited in the legislative history of the Reclamation Recreational Management Act of 1992<sup>4</sup> as having "critically inadequate" recreation facilities for the general public.

**Lake Berryessa.** In 1958, the Bureau entered into an agreement with Napa County, California, to manage Lake Berryessa for recreation. Napa County subsequently contracted with seven private concessioners to provide recreational and other public use facilities at the Lake.

In 1971, the General Accounting Office completed a review of the recreational facilities established at the Lake. The review found that public use of the Lake was severely restricted because of extensive development of mobile home parks by the private concessioners and a lack of public recreational facilities. Subsequently, Lake Berryessa became a focal point of public and Congressional attention, and Napa

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<sup>3</sup>Canyon Ferry Draft Management Plan and Environmental Assessment, dated March 1993.

<sup>4</sup>*Congressional Record*, Volume 138, dated October 5, 1992.



County decided to withdraw from its agreement with the Bureau. In 1974, the Congress enacted legislation (Public Law 93-493) that authorized the Bureau to assume management of Lake Berryessa and provided \$3 million to construct public recreational facilities. In 1980, the Congress enacted additional legislation (Public Law 96-375) that provided the Bureau the authorization to negotiate new contracts with the concessioners to facilitate the development of additional public recreational facilities at Lake Berryessa.

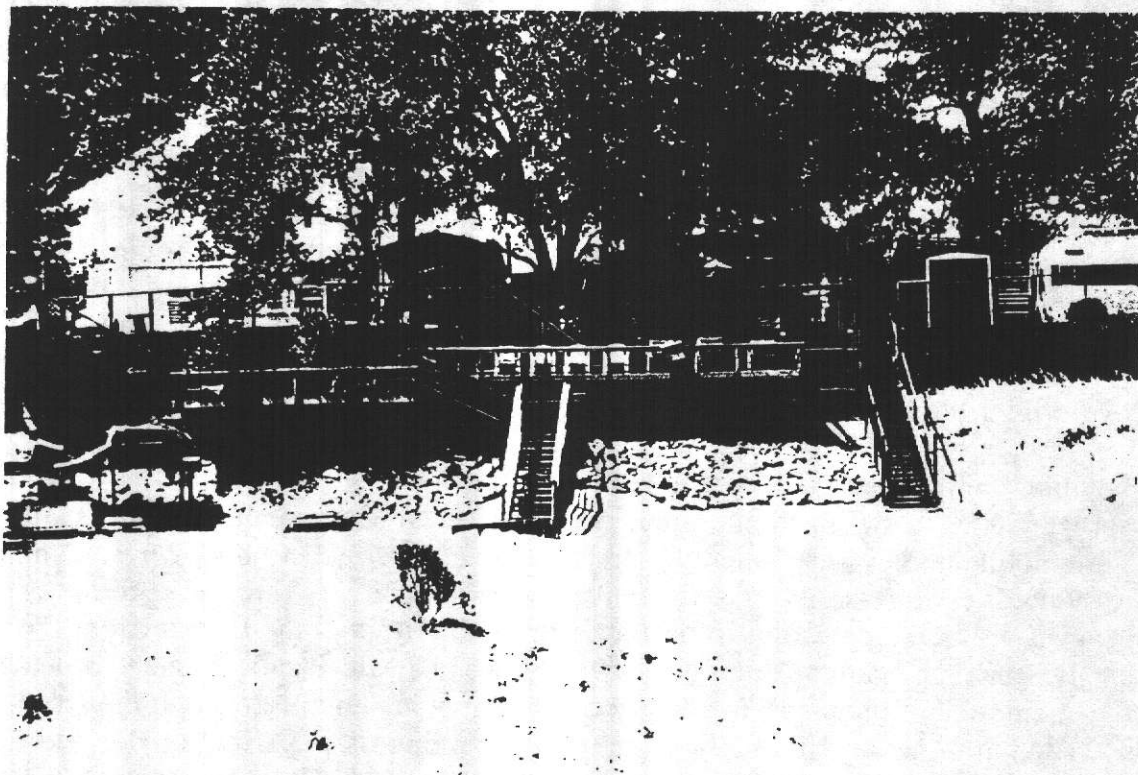
Under the 1980 legislation, the Bureau negotiated reorganization plans with two of the concessioners that called for the removal of some or all of the mobile homes from these concession areas. At the time of our audit, 9 of 54 mobile homes had been removed from one of the concession areas (Markley Cove) and 10 of 244 mobile homes had been removed from the second concession area (Pleasure Cove) under the reorganization plans.

The 1985 agreement to reorganize Pleasure Cove required the removal of approximately 95 mobile homes that were situated on an identified floodplain.<sup>5</sup> These mobile homes were scheduled to be removed over a 1- to 8-year period, and the concessioner was allowed to convert part of the area to short-term use. However, in 1986, opposition from the tenants and letters to the Bureau from their Congressional delegates helped prompt the Bureau's Mid-Pacific Region to delay implementation of the plan. A primary concern of many tenants was that they could be evicted after having spent money on site improvements. The Region decided to complete an environmental impact statement for the Lake Berryessa Reservoir Area Management Plan before proceeding with the implementation of the reorganization plan for Pleasure Cove (formerly South Shore Resort) and with the negotiation of a reorganization plan for another concessioner (Steele Park). The Region completed the environmental impact statement in May 1992. According to the environmental impact statement, the remaining concession agreements will have expired by the year 2009, and new or expanded reorganizations may be negotiated. An August 24, 1993, letter from the Bureau's Lake Berryessa Recreation Office to the concessioner noted that there were tenants at Pleasure Cove who had undertaken "numerous" unauthorized construction activities and had installed a variety of new decks (Figure 4), stairways, retaining walls, and other modifications to their sites.

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<sup>5</sup>The term "floodplain" refers to the lowlands adjoining a body of water, such as a reservoir, that are subject to a 1 percent or greater chance of flooding in any given year. Executive Order 11988, "Floodplain Management," and related guidelines require that structures for human habitation be removed from a floodplain if they cannot be anchored or floodproofed in accordance with Federal standards.





*Figure 4. This deck is one of the unauthorized improvements made in 1993 at a mobile home site scheduled for removal. A Concessioner and Resource Specialist from the Bureau's Lake Berryessa Recreation Office estimated the cost of the deck at \$10,000. (Office of Inspector General photograph)*

Most of these improvements, the letter noted, were made to the sites on the floodplain that had been identified for removal under the reorganization plan and, as such, were subject to removal within as little as 1 year. Subsequent to our audit fieldwork, the Bureau issued a letter of default to the concessioner, in part for not enforcing removal of the unauthorized improvements. According to a representative of the Bureau's Mid-Pacific Region, the concessioner was in the process of remedying this situation.

The May 1992 environmental impact statement also stated that the majority of the recreational facilities that have been provided for public use have been relegated to secondary locations within those concession areas which often have poor or limited access to the lake. Most of these sites are close to one another and, according to the environmental impact statement, offer only the "bare necessities such as picnic tables, a cooking or barbecue grill, parking place, and room to pitch a tent." In many cases, these sites have been located adjacent to nearby mobile homes or in high activity areas such as parking lots, boat ramps, and main access highways, which negatively



affects the quality of the recreational experience. The Bureau expects visitation at Lake Berryessa to reach 1.8 million visitors annually by the year 2000, which is almost a 30 percent increase from the 1.4 million visitors recorded in 1986.

### **Private Use Policies**

The Bureau's policies for privately owned cabins are contained in Title 43, Part 21.4, of the Code of Federal Regulations. These regulations were developed in 1967 in response to the Secretary of the Interior's 1965 proposal to phase out all cabin sites on Department of the Interior lands. The Secretary's initial proposal was to simply phase out all cabin sites over a 20-year period. However, the Secretary's proposal was subsequently modified to add a requirement that the Bureau would first make a determination that the land was needed for public use before the phaseout period began.

The cabin site regulations were subject to public comment and were opposed by the permit holders at Canyon Ferry Lake, who had made investments to improve their cabin sites. The Bureau's Great Plains Region requested a legal opinion from the Field Solicitor in Billings, Montana, as to the applicability of these regulations to cabins at Canyon Ferry Lake and Clark Canyon Reservoir. The Field Solicitor's August 8, 1967, opinion stated that these regulations did not apply to the cabins at Canyon Ferry Lake and Clark Canyon Reservoir because a state agency (Montana Fish and Game Commission), as managing entity, administered the issuance of the cabin site permits.

Although the regulations do not specifically apply to concession contracts or mobile homes, the Bureau's land use policies require that individual, exclusive land use be reduced or eliminated as soon as possible. In 1976, the Bureau adopted a specific policy for Lake Berryessa that prohibited further development of mobile home sites and required that existing sites be phased out if a public need develops, with consideration for expiration of the concession agreements. In 1994, there were more than 1,500 private mobile homes at Lake Berryessa. The mobile homes varied from double-wide units that had significant permanent-type improvements to basic units that had no added improvements.

Though most of the Bureau's cabin and mobile home areas are managed by state and local governments, Bureau lands are Federal lands. Accordingly, the Bureau should be in a position to modify land usage when it is in the overall interest of the general public. Also, the Reclamation Recreation Management Act of 1992 includes two provisions that the Bureau could use to extend the application of its phaseout policies to state and local governments. Specifically, the Act authorizes the Bureau to develop or revise the management plans for all of its recreation areas. The Act also authorizes the Bureau to provide up to 50 percent Federal cost sharing to state or local governments that agree to execute a new or revised plan for developing



adequate public recreational facilities. For all areas that have long-term sites, the Bureau should develop new or revised plans and, where Federal cost sharing is involved, require that a phaseout policy be adopted as a prerequisite to funding.

### **Guidelines for Determining Public Need**

During our audit, a Bureau official from the Montana Area Office informed us that one of the main obstacles to implementing the phaseout policies at Canyon Ferry Lake was the difficulty in establishing or proving that cabin site areas were needed for public use. To date, the Bureau has not addressed this issue by clearly defining what constitutes public need or by establishing definitive guidelines to demonstrate that there is a valid public need for lands occupied by private recreational dwellings. Consequently, the Great Plains Region and the Mid-Pacific Region had not determined the extent to which the lands under their jurisdiction with private recreational dwellings were needed for public use.

The lack of criteria has also generated uncertainty among permittees as to whether there is a valid, overriding public need for their sites. For example, in an April 4, 1994, letter to the Bureau, one Canyon Ferry permittee asked, "What are the chances that the Bureau of Reclamation will determine my specific cabin site is needed for other purposes?" A similar concern was expressed by a Lake Berryessa permittee in a March 24, 1990, letter that stated, "The December 1989 Environmental Impact Statement (EIS) Draft causes me much concern . . . it is impossible to tell from the nebulous language whether the Bureau plans to evict us from our trailer site." We believe this uncertainty among permittees is likely to continue without definitive guidelines for determining public need.

The Reclamation Recreation Management Act of 1992 provided the Bureau with a new mandate to provide public recreational opportunities at its reservoir locations. Specifically, the Act acknowledged that there is a Federal responsibility to provide opportunities for public recreation at Federal water projects. As such, the Bureau has an added reason for ensuring that cabin and mobile home sites can be converted to public use at the earliest possible time by periodically determining whether the lands occupied by private recreational dwellings are needed for public use in accordance with specific guidelines established for this purpose.

### **Amortization Process**

The Secretary of the Interior's position in 1965 was that the economic interests of the lessees must be considered in implementing a phaseout policy. This matter was addressed in Title 43, Part 21.4, of the Code of Federal Regulations, which established an amortization period of 20 years for the investment in substantial



improvements<sup>6</sup> made by permittees before 1967. The 20-year amortization period for investments made before 1967 expired in 1987. For investments made after 1967, the regulations provided that once a determination was made that the land was needed for public use, permittees would have only to the end of their permit terms or an extension period of no more than 5 years from the effective date of the determination in which to amortize their investment. The 1994 permits issued by the Bureau to dwelling owners at Canyon Ferry Lake incorporated these regulations. As such, the permittees at Canyon Ferry Lake would have no more than 10 years, the maximum permit term, to amortize subsequent investments.

Title 43, Part 21.3(g), of the Code of Federal Regulations defines "amortization" as the process whereby the investor in a substantial improvement derives sufficient use and/or economic benefit from the improvement over a period of time as to reasonably compensate for the investment. The basic intent of the regulation was discussed by the Secretary in a letter published in the *Federal Register* on November 15, 1966, before the regulation was issued in 1967. The letter stated:

The proposed regulations seek to establish a policy which will strike an effective balance between public and private uses of conservation and recreation areas on a long range basis: Private occupants will be permitted a fair and reasonable period of time during which to receive a full return from their investment. At the same time the protection of the public interest in the ultimate public use of these areas will be assured.

The extensive investment made and the passage of time have since created a situation where it is difficult to effectively balance the interests of both the permittees and the general public. The original 20-year period for amortization of the permittees' investment has expired. As such, the only provision in the regulation that addresses permittees' investments in improvements requires a phaseout period of no more than the 10-year term of the permits. However, this provision has not been enforced because the permittees have made improvements continually and over a long period of time. As a result, the Bureau has tended to allow cabin site occupancy to become indefinite. A former Project Superintendent of the Bureau's Helena Office observed in a 1985 study<sup>7</sup> that the short amortization period of from 0 to 10 years puts the Bureau and the managing state agency under "great pressure" to continue renewing the permits to protect the investment of the permittees. We believe that the Bureau should develop an amortization system applicable to all

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<sup>6</sup>Substantial improvement means any building, structure, or other relatively permanent facility or improvement affixed to a cabin site, utilized for human occupancy or related purposes, and costing or worth \$1,000 or more. [Source: Title 43, Part 21.3(e), of the Code of Federal Regulations]

<sup>7</sup>"Privatization or Retention of Public Lands, Canyon Ferry Lake Cabin Lease Sites," dated May 1985.



recreational dwellings that will allow the Bureau to convert these lands to public use, as needed, once the permits or contracts expire. The cabin site regulations instituted by the Secretary in the 1960s were designed to (1) establish a fixed time period for the amortization of the permittees' investments and (2) discourage subsequent private investment by essentially limiting the amortization period to the duration of existing permits. This basic framework could be used by the Bureau to establish a system of amortization that addresses both cabins and mobile homes.

## **Recommendations**

We recommend that the Commissioner, Bureau of Reclamation, direct appropriate Bureau officials to:

1. Require the application of Bureau policies for long-term, exclusive use to all state and local governmental entities managing Bureau recreation areas by incorporating appropriate language in new or revised plans for development, in renewed management agreements, or in amendments to existing management agreements.
2. Develop definitive guidelines for determining when recreation lands used for private long-term sites are needed for public use and use the guidelines to review cabin and mobile home site permits to determine whether their continued private use is justified.
3. Establish a system of amortization for the private improvements on Bureau recreation lands which will provide reasonable assurance that permittees receive the full benefit of their investments and the Bureau will be in a position to convert long-term sites needed for public use at the earliest possible time.

## **Bureau of Reclamation Response**

The April 10, 1995, response (Appendix 3) from the Commissioner, Bureau of Reclamation, concurred with all three recommendations.

**Recommendation 1.** The Bureau stated that it would issue a directive requiring that management planning and administration of Reclamation's water and land resources by state and local governments conform to all applicable Federal laws, regulations, and Executive orders. The response further stated that if the requirement was not included in existing plans or agreements with state or local entities, it "will be incorporated as soon as possible" into new or revised resource management or development plans, renewed management agreements, or amendments to existing agreements.

**Recommendation 2.** The Bureau stated that it would develop "definitive guidelines" for determining, on a case-by-case basis, when recreation lands used for private, exclusive use were needed for public use. The response further stated that



once the guidelines for an area were developed, cabin and mobile home site permits would be reviewed to determine whether continued private use was justified.

**Recommendation 3.** The Bureau stated that it would establish a "system of amortization" for private improvements on its recreation lands which would be used to provide "reasonable assurance" that the permittees received the full benefit of their investments if the Bureau determined that the land was needed for public use. The Bureau also stated that with the amortization system in place, the Bureau would be able to convert long-term sites at the earliest possible time if the lands were needed for public use.

### **Office of Inspector General Comments**

The Bureau's response was sufficient for us to consider all three recommendations resolved but not implemented. Accordingly, the 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 4).

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

  
Marvin Pierce

cc: Commissioner, Bureau of Reclamation



## SITES VISITED

<u>Name</u>	<u>Location</u>
<u>Bureau of Reclamation</u>	
Denver Office <sup>1</sup>	Denver, Colorado
Mid-Pacific Regional Office	Sacramento, California
North-Central California Area Office	Folsom, California
Lake Berryessa Recreation Office	Napa, California
Great Plains Regional Office	Billings, Montana
Montana Area Office	Billings, Montana
Canyon Ferry Field Branch	Helena, Montana
Pacific Northwest Regional Office <sup>1</sup>	Boise, Idaho
Snake River Area Office <sup>1</sup>	Boise, Idaho
Cascade-Deadwood Field Office <sup>1</sup>	Cascade, Idaho
<u>Other Sites</u>	
California Department of Parks and Recreation	
Folsom Lake State Recreation Area <sup>1</sup>	Folsom, California
Montana Department of Fish, Wildlife & Parks	
Freezeout Lake Wildlife Management Area	Fairfield, Montana
Pishkun Reservoir	Montana
Willow Creek Reservoir	Montana

<sup>1</sup>We visited these sites only during our preliminary survey to become familiar with the Bureau's recreation management activities.



## LONG-TERM USE ON RECLAMATION LANDS

<u>Reservoir Name</u>	<u>State</u>	<u>Number of Cabin Sites</u>	<u>Number of Trailer Sites</u>	<u>Managing Entity</u>
Canyon Ferry	Montana	265	160	Bureau of Reclamation
Cascade Reservoir	Idaho	1	-	Bureau of Reclamation
Fresno Reservoir	Montana	24	-	Bureau of Reclamation
Lake Berryessa	California	-	1,512	Bureau of Reclamation
Lake Owyhee	Oregon	72	10	Bureau of Reclamation
Lake Tschida	North Dakota	112	117	Bureau of Reclamation
Nelson Reservoir	Montana	108	-	Bureau of Reclamation
Subtotal for Bureau of Reclamation		<u>582</u>	<u>1,799</u>	
Alcova Reservoir	Wyoming	100	159	Natrona County Parks and Pleasure Grounds
Angostura Reservoir	South Dakota	32	85	South Dakota Department of Game, Fish and Parks
Bonny Reservoir	Colorado	3	-	Colorado Division of Parks and Outdoor Recreation
Boysen Reservoir	Wyoming	-	18	Wyoming Department of Commerce, State Parks and Historic Sites
Caballo Reservoir	New Mexico	55	-	New Mexico State Parks and Recreation
Cedar Bluff Reservoir	Kansas	102	-	Kansas Department of Wildlife and Parks
Conconully Lake (Salmon)	Washington	49	-	Okanogan Irrigation District
Conconully Reservoir	Washington	51	-	Washington State Parks and Recreation Commission
Edward Arthur Patterson	North Dakota	42	-	Dickinson Parks and Recreation District
Elephant Butte Reservoir	New Mexico	348	-	New Mexico State Parks and Recreation
Enders Reservoir	Nebraska	27	-	Nebraska Game and Parks Commission
Glendo Reservoir	Wyoming	32	-	Wyoming Department of Commerce, State Parks and Historic Sites
Guernsey Reservoir	Wyoming	25	-	Wyoming Department of Commerce, State Parks and Historic Sites
Harry Strunk Lake	Nebraska	16	55	Nebraska Game and Parks Commission
Hugh Butler Lake	Nebraska	8	74	Nebraska Game and Parks Commission
Hyatt Reservoir	Oregon	4	-	Talent Irrigation District
Jamestown Reservoir	North Dakota	71	-	Stutsman County Park Board
Lake Minatare	Nebraska	30	-	Nebraska Game and Parks Commission
Lovewell Reservoir	Kansas	62	56	Kansas Department of Wildlife and Parks
Shadehill Reservoir	South Dakota	30	17	South Dakota Department of Game, Fish and Parks
Sherman Reservoir	Nebraska	89	116	Nebraska Game and Parks Commission
Swanson Lake	Nebraska	12	117	Nebraska Game and Parks Commission
Webster Reservoir	Kansas	7	-	Kansas Department of Wildlife and Parks
Subtotal for State and Local Governments		<u>1,195</u>	<u>697</u>	
Apache Lake	Arizona	5	-	Forest Service
Crescent Lake	Oregon	72	-	Forest Service
Franklin D. Roosevelt Lake	Washington	27	-	National Park Service
Hungry Horse Reservoir	Montana	19	-	Forest Service
Subtotal for Other Federal Agencies		<u>123</u>	<u>-</u>	
Total		<u>1,900</u>	<u>2,496</u>	





# United States Department of the Interior

BUREAU OF RECLAMATION  
WASHINGTON, D.C. 20240

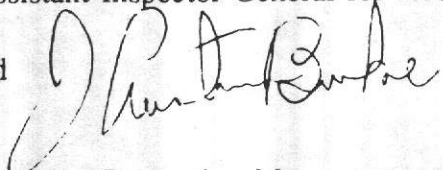
IN REPLY  
REFER TO:

D-5010  
ADM-8.00

APR 10 1995

## MEMORANDUM

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

From: Daniel P. Beard  
Commissioner 

Subject: Draft Audit Report on Recreation Management Activities at Selected Sites, Bureau of Reclamation (Assignment No. W-IN-BOR-005-94)

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

### Recommendation 1

Extend the application of Bureau policies for long-term recreation management to all state and local governmental entities managing Bureau recreation areas by incorporating appropriate language in new or revised plans for development, in renewed management agreements, or in amendments to existing management agreements.

### Response

Concur. Reclamation is in the process of converting Reclamation Instructions on Land Use Planning and Administration to a Resource Planning and Administration Policy Statement and Implementing Directives. One of the directives will provide that management planning and administration of Reclamation's water and land resources by State and local governments will conform to all applicable Federal laws, regulations, and Executive orders. If this requirement is not included in existing plans and management agreements with State and local governmental entities, it will be incorporated as soon as possible. This applies to new or revised resource management and development plans, renewed management agreements, and amendments to existing management agreements.

The responsible official is the Director, Program Analysis Office. The target date for finalizing the new Resource Planning and Administration Policy Statement and Implementing Directives is September 1, 1995.



### Recommendation 2

Develop definitive guidelines for determining when recreation lands used for private long-term sites are needed for public use, and use the guidelines to review cabin and mobile home site permits to determine if continued private use is justified.

#### Response

Concur. Reclamation will develop definitive guidelines for determining on a case-by-case basis when recreation lands used for private long-term sites are needed for public use. The Resource Planning and Administration Policy Statement and Implementing Directives cited in response to Recommendation 1 will require development of definitive guidelines for determining when private long-term sites on recreation lands are needed for public use.

Once the guidelines for an area are developed, an analysis will be done of cabin and mobile home site permits to determine if continued private use is justified.

The responsible official is the Director, Program Analysis Office. The target date for finalizing the Resource Planning and Administration Policy Statement and Implementing Directives and the Interim Concessions Management Policy Statement and Guidelines is September 1, 1995.

### Recommendation 3

Establish a system of amortization for the private improvements on Bureau recreation lands which will provide reasonable assurance that (a) permittees receive the full benefit of their investments, and (b) the Bureau will be in a position to convert long-term sites needed for public use at the earliest possible time.

#### Response

Concur. Reclamation will establish a system of amortization for the private improvements on Reclamation recreation lands which will be used to provide reasonable assurance that the permittees receive the full benefit of their investments if Reclamation determines the land is needed for public use and the permittees are required to vacate the premises.

With an amortization system in place, Reclamation will be in a position to convert long-term sites needed for public use at the earliest possible time if the results of the planning process during the preparation of the resource management plans indicate the lands occupied by private uses are needed for public use.



The responsible official is the Director, Program Analysis Office. The target date for establishing the system of amortization is September 30, 1996.

If you have any questions or require additional information, please contact Luis Maez at (303) 236-3289, extension 245.

cc: Assistant Secretary - Water and Science, Attention: Margaret Carpenter  
Office of Financial Management, Attention: Wayne Howard



**STATUS OF AUDIT REPORT RECOMMENDATIONS**

<u>Finding/Recommendation Reference</u>	<u>Status</u>	<u>Action Required</u>
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.



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