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United States Department of the Interior
Office of Inspector General

INVESTIGATIVE ACTIVITY REPORT

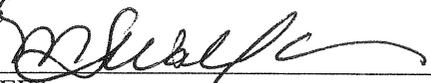
Case Title BOR Whistleblower Complaint	Case Number PI-PI-07-0260-I
Reporting Office Washington, D.C.	Report Date April 25, 2007
Report Subject Interview of Charles Slocum, General Manager, Wellton Mohawk Irrigation & Drainage District on April 11, 2007	

On April 11, 2007, at approximately 1:20 p.m., Special Agent (SA) Megan Wallace of the Office of the Inspector General (OIG), Program Integrity Division, Department of Interior (DOI) interviewed Charles Slocum (Slocum), General Manager, Wellton Mohawk Irrigation & Drainage District (WMIDD) in Wellton, AZ. The following is a report summarizing details of the disposition of two buildings from the Wellton Mohawk Irrigation & Drainage District (WMIDD) in or about January 1992. The formal interview, in part, was consensually recorded with the exception of the tours of the building complex, archives and tour of the current locations for the missing buildings (1 & 26). Therefore, this report is based upon the recording, agent notes and recollections.

Charles Slocum stated that he began with WMIDD in or about 1968 as an assistant engineer and then served more than 33 years as the chief civil engineer. He was then promoted to assistant general manager and has been the general manager for a little more than 4 years. WMIDD is a municipality of the state of Arizona, and its actions are bound legislatively. Slocum stated that he is quite proud of his group of employees and commended their dedication and integrity.

Slocum stated that in or about 1995-1996, the WMIDD Board of Directors (Board) was contacted by the DOI to assess interest in taking title to the lands and facilities within the district. According to Slocum, the Board naturally wanted to assume this responsibility since they had maintained financial responsibility since its inception. Slocum opined that the board held the position that "...by channeling the inevitable development of this area as population grows where it would be least intrusive on the continuation of agriculture...and industrial development...reduce pressure on the valley of year round production." Slocum added that they have been working independently from the Bureau of Reclamation (BOR) in the respect that there is very little oversight, guidance, mentoring or anything else from them aside from the inspection that occurs about every three years.

Slocum stated that the construction loan was paid in full as of November 27, 1991 under the following circumstances. The "Salt River Pima Maricopa Indian Community water rights settlement act of October 20, 1988 authorized the Secretary of the Interior access to water rights to 22,000 acre feed of

Reporting Official/Title Megan E. Wallace, Special Agent	Signature 
Authentication Number: 77CD21E981C597F184DED4DE086CEEB6	

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OI-003 (04/07)

consumptive use of water from the mainstream of the Colorado River in Arizona and in exchange for among other things, that the remaining construction debt was forgiven....” Slocum stated that it took the BOR three visits to the Board and some, “sweetening of the deal”, before the Board finally accepted. Slocum added that WMIDD got the better end of that deal.

When asked what WMIDD’s position or understanding of what the construction payoff meant, Slocum insisted on describing what the practice had been prior to this issue with these two buildings. Slocum stated that he was positive that the BOR was aware in part, of the “program” WMIDD had to replace the older temporary buildings. There was nothing covert about WMIDD’s intent to improve and upgrade. Slocum stated, “It was openly done: we repaved the parking lot, we poured sidewalks, we took down the overhead power poles and put it underground, we changed the lighting we added to the district office, we put an addition on to the vault, we put a new roof on. We treated the property as if it was ours because we had paid for it and were paying for it and there was no indication that anybody had any objections.....if Reclamation did indeed retain title to the property...the real property, that the increased value of the improvements would be beneficial to Reclamation long term...”

Slocum knew that while the BOR maintained title, WMIDD had some authority and responsibility to make a safe work environment and they made those changes accordingly. Slocum has personally been involved in the demolition and reconstruction of at least 4 buildings on the district. Slocum editorialized and felt that this issue is “tied to the controversial title transfer.” He also stated that, “it is phenomenal to me that this is being questioned.”

Slocum stated that pursuant to the payoff in 1991, “We considered that by paying the cost of construction of the works and facilities meant that we essentially owned the works and facilities even though we didn’t own the land that was underneath them...we certainly had been treating the concrete line canals and the pumping plants, the expenses of maintaining those as if they were our responsibility but we also had the authority to modify them.” Slocum further stated that in approximately 1970, with the BOR’s knowledge, WMIDD put more than \$1,000,000 towards modifying three pumping plants with respect to water and energy conservation measures.

Slocum gave another example, whereby WMIDD had to do major rehabilitation work due to the flood of 1993. Slocum stated that they had to fix side ditches for miles of damage. The fixes required design changes which allowed for the new run of the river, but also provided adequate construction should the river migrate back to its old way. Slocum asserted that they replaced six miles of open drain that BOR originally constructed in or about 1962-63. According to Slocum, the drain had to be repaved because it had become a secondary channel for the river. WMIDD never submitted drawings for these improvements to the BOR, but was subsequently commended by the BOR for having done good work.

Slocum provided numerous examples whereby WMIDD has caused improvements to structures, buildings and lands and subsequently been told by BOR personnel that a good job was done. Slocum admits that the Property Manager was dismayed about the records aspect and a certain amount of hair-tearing was involved. There was never any suggestion that anything was improper with the exception that “we didn’t do the notifications properly.” Slocum stated, “....It was so apparent on the face of it that what we were doing especially if Reclamation retained title to the property that Reclamation was better off after than they were before. Instead of a 10,000 square foot wooden warehouse 8 feet tall they have a 20,000 square foot steel warehouse that’s 25 feet tall inside where you can move a forklift around in...” Slocum insisted that WMIDD never intended to defraud the government. “We were

spending the District's money to improve Reclamation's property. We knew long term that that wasn't going to be a problem because long term we were going to be in perpetuity....the utilizers.... of the property."

Slocum provided SA Wallace with a tour of the facility which included a visit to the newly constructed vault where decades of records are maintained pertinent to the operations of the WMIDD. SA Wallace saw architectural drawings and schematics of the two buildings in question and then observed the locations where the buildings in question once stood. In their place were nicely manicured grassy areas.

According to Slocum when the buildings were there at the WMIDD they had long served their purposes. In fact, the office building served at least four uses. First, this building served as an office until the district outgrew it and then as temporary offices for the Irrigation Management Service (BOR). During its third usage it served as an office for the Soil Conservation Service (Dept. of Agriculture) while they worked on a project to assess sizing needs for the desalting plant. Its final tenant was the WMIDD power department.

Slocum stated that the other building was an old dormitory used in the 1940's at Dateland Airforce Base. This building while at WMIDD served as quarters for Bureau of Reclamation personnel during the construction of the canal, it also served as a warehouse for the Irrigation Management Service. Slocum stated that the warehouse was a wooden structure where there was no plumbing, poorly wired, the roof was leaking, and it was not secure. Slocum opined that this building was not suitable as a warehouse let alone living quarters.

Slocum stated that after several years attempting to use these buildings as warehouses it was determined not financially or functionally feasible anymore. The buildings had broken windows, leaking roofs, and they were unsightly. A determination at Slocum's request designated these buildings as surplus. Former WMIDD manager Clyde Gould, concurred with Slocum and in the beginning they investigated various methods for demolition to include, burning them in place and use as a training exercise for the local fire department or to crush and haul away the scrap lumber. Slocum stated that they did not have any concerns about hazardous materials at that time. According to Slocum, it wasn't until the title transfer when they discovered one of the BOR conditions for transfer of title to some of the older world war two era buildings was that there might be lead paint or asbestos. However, at the time of this revelation, the buildings had long since been moved.

Subsequently, WMIDD did find traces of lead paint and asbestos in some of the now abandoned homes that were built about the same time. They wanted to dispose of those buildings (residences) immediately after the title transfer but due to the findings of hazardous materials had to commit to the BOR that these buildings would be destroyed according to Environmental Protection Agency requirements and laws.

As for the disposition of the two aforementioned buildings, the word spread in the community about the demolition and they had volunteers who wanted to take parts and pieces like windows, lumber etc. WMIDD wanted to stay away from that option from a liability standpoint. Slocum stated that WMIDD was pleased when there was a representative from one of the churches who stated that they would take one of the buildings intact and pay to move it. Slocum opined that this was a "win win situation" for WMIDD. Slocum stated that, "the second building's story was less altruistic but as cost efficient." The recipient was and is a District employee. The decision to let him have the building was

based on his ability to take the building in one piece and his agreement to the same terms as the church. Slocum said with that, "The deed was done."

Slocum advised that he could not assign a value to the buildings because it would be subjective. Slocum stated, "That would be extremely subjective because obviously to the people that acquired them they were worth at least the cost of moving them. In the case of the private individual who had to put his own time and personal funds into moving it..." Slocum opined that the church may have considered it differently because they were going to benefit from donated time and funds. WMIDD felt the buildings were a liability and an expense to maintain. Slocum hesitantly suggested that a foolish person may have paid \$5,000 for these buildings. WMIDD does not know how much the individual entities paid in order to bring the respective buildings up to a livable standard.

SA Wallace read part of WMIDD's O&M contract 1-07-30-W0021, amendment 1 dated February 9, 1990 from the original contract dated March 4, 1952, on page 35, paragraph numbered 9 and titled "Keeping Works in Repair" which states in part, except in case of emergency, no substantial change in any of the works transferred to the District under the provisions hereof shall be made by the District without first having had and obtained the written consent of the Contracting Officer and his opinion as to whether any change in any such works is or is not substantial shall be conclusive and binding upon the parties hereto. When asked what caused WMIDD not to follow the rules according to the contract, Slocum responded, "Lack of familiarity and the years of similar behavior where there had been no repercussions. By the time these two building had been moved we'd probably taken down a half a dozen similar buildings and replaced them with much more maintainable,...valuable,...larger, ...functional buildings. Nobody had any objection...perhaps they (the BOR) weren't aware of it. We (WMIDD) were comfortable that we were making the project more valuableand decreasing the liability....it would be an absolute admission that the paperwork is more important than anything else to have said that we should have not done it rather than do it without the paperwork. I cannot imagine not doing it. And I can imagine that it would've taken years delay to have gotten all of the paperwork for all of the buildings we replaced over a period of about 10 years or so." Slocum stated that once the BOR realized that these improvements had been made there was no "expostulation or expressions of dismay" with possibly the exception of record keeping issues.

Slocum continued that the district made many improvements and replacements over the years for example in or around the 1980's: WMIDD replaced the slow sand filters with a contemporary "back washable and chlorination system." This was an acknowledgement for increased usage by the district and its growing families. Slocum asserted that it was a system that provided safer, more reliable, higher quality and quantity of potable water. Slocum neither recalled getting permission, nor getting in trouble when the BOR learned of the improvement.

Slocum provided a tour of the entire WMIDD grounds where SA Wallace observed the many improvements articulated above. SA Wallace also observed the present locations of the two buildings which are the subject of this investigation.

This investigation is continuing.

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**United States Department of the Interior
Office of Inspector General**

INVESTIGATIVE ACTIVITY REPORT

Case Title BOR Whistleblower Complaint	Case Number PI-PI-07-0260-I
Reporting Office Washington, D.C.	Report Date April 18, 2007
Report Subject Interview of George Kalba on April 10, 2007	

On April 10, 2007, at approximately 7:00 a.m., Special Agent (SA) Megan Wallace of the Office of the Inspector General (OIG), Program Integrity Division, Department of Interior (DOI) interviewed George Peter Kalba (Kalba), Supply Specialist for the Bureau of Reclamation (BOR), DOI stationed in Boulder City, Nevada, Lower Colorado Region (LCR). Prior to beginning the interview, SA Wallace advised Kalba of his Garrity rights via a pre-printed DOI form. Kalba stated that he understood his rights and waived them by signing the form. Additionally, Kalba consented, via a signed waiver, to having the interview consensually recorded.

Kalba stated that he began with BOR as a Supply Specialist approximately eight (8) years ago, which meant that he was the Regional Property Management Officer and served as team leader of the property management office. Kalba advised that he set policy and maintained accountability over real property and personal property. Kalba distinguished the differences between personal property and real property as it relates to BOR as the following: personal property includes but is not limited to equipment and materials used by the BOR. Real property indicates real estate and property improvements and infrastructure like roads, buildings, bridges and towers. Kalba stated that he has worked for the Department of Defense for approximately twenty years and the Corp of Engineers in various capacities to include warehousing, supply clerk, supply specialist, realty specialist and real property accountability clerk. Kalba has worked both disciplines over the course of more than twenty years. Kalba stated that he was familiar with the life cycle for real property and personal property, from acquisition to disposal.

When asked if he had received formal training pursuant to his duties within BOR, Kalba stated no. Kalba added that he did ask to attend and present at a training class sponsored by Ron Simms of Geographic Information Systems (GIS), addressing "facility conditioning assessments." Kalba stated that this request was denied by his supervisor, Michael Clayton (Clayton). Kalba offered that his knowledge for this position came from primary experience gained while employed with the Corp of Engineers where he had been responsible for the Albuquerque district, real property and buildings which had to be reconciled with the general property ledger.

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Kalba stated that as part of this current position he became involved with this 100% inventory on behalf of the BOR in or about August 2003. Kalba indicated that he had been involved with a similarly intensive audit at least once before approximately 3 or 4 years ago. According to Kalba, DOI and BOR realized through audits that, generally speaking, the BOR did not have a good handle on real property. Kalba further explained that at that time, before the audit, personal property was required to be reconciled with the general ledger and probably was. However, real property was not reconciled. It appeared to Kalba that "...automatic signing for inventory occurred on an annual basis but no true physical inventory had occurred."

As a result of this effort to reconcile real property, the BOR headquarters in Denver (Denver) sent an inventory listing to the Lower Colorado Region to be "signed off" on and sent back to them. According to Kalba, "It appeared bogus." While Kalba failed to articulate "bogus" he did say that he could not legitimately submit this or even correct it in two weeks. Kalba insisted to his boss, Clayton, that there needed to be a physical inventory. Kalba said that Clayton told him to send the list as is and they would follow up with an actual physical inventory. According to Kalba, Clayton went to a meeting where Kalba was allegedly chastised for giving a poor product. Kalba stated that he was granted more time to complete this tasking by Denver. In or about August 2003, Kalba began this intensive inventory. Kalba stated that he received assistance from several BOR employees. For example, Billy Solomon (now retired) served as Kalba's guide in and around the region and the various water districts. According to Kalba, Solomon was born and raised in the area and had corporate knowledge of the whereabouts of the properties, structures, and line items that were on the inventory and weren't necessarily navigable by a traditional road map. Other individuals that assisted Kalba with the inventory were Mike Pryor from Phoenix, AZ, Bill Flores from Yuma, AZ, Ron Simms, GIS and Sharon Wood, FIRM (Foundation Information for Real Property Management) coordinator.

Agent's Note: *According to Kalba, and others, FIRM stands for Foundation Information for Real Property Management and is the authorized inventory system used by the BOR. A report of survey is the process by which the disposal of real property must be accounted for and subsequently removed from FIRM.*

According to Kalba, "I was on my own." Kalba stated that he received very little direction from Clayton. Kalba opined that since Clayton came from Labor Relations that he wouldn't have much to offer with this type of project because he didn't have the experience. Kalba set out, armed with the Denver spreadsheet and FIRM report. Kalba stated that the DOI and the BOR required each 'item' on the list to have a longitude/latitude coordinate, a digital photo, and written descriptions to include an address, contact names, and telephone numbers. Kalba consulted with Simms regarding a program GIS had called ARC VIEW which incorporated all of these requirements into one report. Kalba said, "This worked great." Kalba did go to all the properties and verified their existence or non-existence. Kalba stated that he had two lists, one before the inventory started and one when the inventory was completed.

Based on a letter from the Secretary of the Interior dated March 30, 2007, there is a specific inquiry regarding Kalba's findings: that approximately 27 buildings owned by the BOR were improperly disposed of and/or missing. As a matter of background, pursuant to the missing buildings at Wellton-Mohawk Irrigation & Drainage District (WMIDD) some of these buildings were originally constructed as military barracks and buildings in or about the 1930's and 1940's and subsequently used by the BOR to serve as temporary residences/facilities for BOR personnel working on the construction of

these water delivery systems, i.e. canals, irrigation ditches, dams, and like structures. The project was known as the "Gila Project". In the case of Coachella Valley Water District (CVWD) the necessity and subsequent construction of these twenty five residences were the subject of long debate, according to a letter dated March 2, 1954 from CVWD to the BOR as to who was going to subsidize the cost of these residences. This project was known as the "All American Canal System". In both instances, these buildings, structures and lands were turned over to the respective water districts, pursuant to independent "operation and maintenance contracts" (O&M) with the BOR. These O&M's generally outlined the district's responsibilities to occupy, run, maintain and repair the facilities. These contracts never specifically turned over title of real property or structures to the respective districts. However, the districts did make payments to the BOR, which were reimbursements for costs of original construction with the idea that eventually the water district may be granted title from the government.

Agent's Note: *A water district is a non-federal government entity. In many instances the water districts are linked to the local municipality, city, or county government.*

The contract outlining WMIDD's responsibilities pursuant to the Gila Project is 1-07-30-W0021. According to Charles Slocum, General Manager, WMIDD, on Nov 27, 1991 WMIDD made its final payment with the remaining debt being forgiven.

The contract outlining CVWD's responsibilities is Ilr-781. In a letter dated October 11, 1995, to Tom Levy, General Manager, CVWD from Steven Hvinden, Manager, Water Administration, BOR stated in part, acknowledgement that the government was in receipt of CVWD's final payment on or about September 25, 1994. The final payment satisfied the obligation of \$13,458,562.03 pursuant to contract Ilr-781, Construction of Capacity in Diversion Dam, Main Canal and Appurtenant Structures and for the Delivery of Water, dated October 15, 1934.

When Kalba was asked what the process was for real property to be transferred or disposed under the O&M contracts between CVWD and WMIDD and the BOR, he responded that he recalled seeing the districts were responsible for operation and maintenance and that included lands and structures. He didn't specifically see anything about buildings being moved or destroyed. Kalba advised SA Wallace to refer to the report of survey he wrote (YAO-03-04) that contains a letter from CVWD asking permission to destroy the same 25 buildings in or about 1969 and DOI's response declining permission. Kalba concluded that the expectation for a district to request permission from the government was based on CVWD's letter and the DOI's declination rather than anything in the contract. Kalba did say that when there was a building that was not on the list it was documented and added to the inventory. Kalba did not mention whether there was any penalty issued to the offending district.

Agent's Note: *In a subsequent interview of BOR personnel, SA Wallace obtained a copy of the WMIDD contract 1-07-30-W0021, amendment 1 dated February 9, 1990 from the original contract dated March 4, 1952, on page 35, paragraph numbered 9 and titled "Keeping Works in Repair" which states in part, except in case of emergency, no substantial change in any of the works transferred to the District under the provisions hereof shall be made by the District without first having had and obtained the written consent of the Contracting Officer and his opinion as to whether any change in any such works is or is not substantial shall be conclusive and binding upon the parties hereto.*

Wellton Mohawk Irrigation & Drainage District (WMIDD)

Kalba began by explaining what had happened during the inventory for the WMIDD. Kalba stated that in this instance he and Solomon originally found that there were seven (7) buildings unaccounted for and subsequently met with WMIDD manager, George Slocum (Slocum). Slocum described the reasons for these buildings no longer being present within the district and subsequently followed up in writing to the BOR in a letter addressed to Bill Flores (Flores) dated July 1, 2003. Slocum provided the following explanations as to the disposition of these buildings: one building was destroyed in the flood of 1993, four (4) of the remaining six (6) were demolished due to severe termite damage, insufficient wiring and subsequently replaced with steel constructed buildings. According to Kalba these new buildings were added to the inventory. There was no indication in this letter authored by Slocum if the government subsidized the construction. According to the O&M contract, WMIDD may have been eligible for reimbursement. The remaining two (2) buildings (34-50-001 and 34-50-0026) were the buildings in question for this inquiry.

For reporting purposes, 34-50-0001 will be referred to as Building 1. It was formerly constructed at Dateland Air Force Base in the early 1940's and transferred to the district as an office during the construction of the water delivery infrastructure beginning in or about 1952. This building was subsequently given to a WMIDD employee identified as Ricardo Leyva for the cost of transporting and removing from the WMIDD. Kalba deduced that he and Solomon learned of its current location, 28757 Pacific Avenue, Wellton, AZ 85356 from Slocum. Kalba and Solomon went to the above location and saw a building. Kalba stated that he knew it was the right building because of its appearance, un-reinforced masonry as other district buildings and the estimated square footage. Kalba took a photo. Kalba stated that they saw what appeared to be a tenant and asked the unidentified individual how many residences were in the building. The response was two. Nothing further was stated.

SA Wallace showed documentation reflecting a work order to move the building for approximately \$5,500 and a canceled check in the same amount payable to the contractor drawn on Ricardo Leyva's account. Kalba stated, (these documents) "Substantiates the fact that WMIDD illegally gave away government property...The guy got a house for \$5,500." Kalba opined that this transaction could be a possible conflict of interest because he was a WMIDD employee and questioned why WMIDD didn't bid it out.

According to WMIDD archives, the second building 34-50-026 (Building 2) was also originally constructed at Dateland Air Force Base in the early 1940's and transferred to the district as a barracks in or around 1952 for BOR employees to reside in during the construction of the water delivery infrastructure. In or about January 1992, the building was subsequently donated, at no cost to the government, to the First Southern Baptist Church of Wellton, located at 28802 San Jose Avenue, Wellton, AZ.

Kalba stated that he was advised by Slocum where to find this building. Kalba observed the building and noted its similar construction to that of Building 2 and logically deduced that this was the missing building. Kalba took a photograph of building 2. Kalba did not make contact with anyone inside the church and stated, "you have to remember I'm not an investigator ...didn't want to overstep my boundaries basically doing a report of survey and get as many facts as possible.....I can only go so far."

SA Wallace showed Kalba a copy of church minutes dated in December 1991. This document reflected contemporaneous notes from a church board meeting where they were considering allocating

funds (\$10,000) to move this donated building. SA Wallace asked Kalba if this was sufficient documentation in order to write off the building as having been accounted for the inventory. Kalba responded, "No. Because they are taking a Federal government building and they are moving it.... not a proper way to dispose of government property....there was no abatement done....lead paint and asbestos...WMIDD was acting on their own. I would've used this as supporting documents for a report of survey but I'd still question the fact, who gave you (WMIDD) the right to give away a government building."

Kalba provided an example of what should've been given consideration in these instances with a situation he personally encountered with respect to the disposal of buildings at the Parker Dam Camp. In this situation he learned that once a building has outlived its usefulness it can't just be demolished. There is a priority list that begins with other government agencies. These other government agencies need to be given an opportunity to inherit the property/building. Kalba mentioned the Stewart B. McKinney Homeless Assistance Act, 42 U.S.C.A. 11301 et seq. (1989 Supp.) This legislation was named after the Republican congressman from Connecticut. It authorizes the Housing and Urban Development Department to coordinate the disbursement of unused federal property to community groups interested in providing shelter to HOMELESS PERSONS, especially elderly persons, handicapped persons, families with children, Native Americans, and veterans. The Interagency Council on the Homeless (Pub. L. No. 100-77, 101 Stat. 484, 42 U.S.C.A. 11301 (b) (1) [1989]) distributes information on how to use benefits under the act.

Coachella Valley Water District (CVWD)

SA Wallace asked Kalba to describe what he found during an agency authorized inventory with respect to the 25 residences located at the Coachella Valley Water District (CVWD) in Riverside, CA. Kalba stated that he went with William Solomon and "they (the buildings) weren't there." Kalba stated that he spoke to some CVWD personnel however he couldn't recall the name of the individual and doesn't have any personal notes reflecting the conversation. Kalba added that if there were any notes he would have put them in the property file. Kalba maintained that there should be a property file for each building and these files are maintained in his old office. Basically, Kalba was told that all they (CVWD) had to give him were arial photos of "before" when the buildings were present and "after" when the buildings were gone. When Kalba asked for any documentation to support the transfer or demolition of the 25 buildings, the individual stated, "no." Later in the interview, Kalba indicated that CVWD did provide copies of the notices to the residents occupying the 25 homes advising them to vacate for ultimate demolition.

Agent's Note: *In a subsequent interview with Lesli Kirsch, BOR employee who currently holds Kalba's former position, provided SA Wallace with a copy of a CVWD work order dated July 3, 1985 reflecting that these 25 buildings (#2-26) were to be demolished and would cost \$53,497.50. Kirsch stated that she obtained this document from CVWD personnel when she assumed Kalba's position.*

Kalba stated that while he didn't find the aforementioned 25 residences, he did learn of new buildings that were built by CVWD for example a new warehouse, maintenance building, and an administration building. These buildings were added to the inventory. Kalba said of his findings that CVWD was, "...very impressive site, everything was new..."

However, Kalba remained suspicious of the disappearance/lack of proper documentation for demolition of these buildings. Kalba hypothesized that since he knew these buildings could be moved

and further stated that Palm Springs, within the CVWD, was “a high income area...prime real estate area...” and since he didn’t find sufficient documentation for the disposal of these buildings, he concluded that perhaps they were moved much like the buildings from the WMIDD. Kalba stated that he did try to contact the local tax assessor’s office to see if there was information on any buildings having been moved from CVWD to local outlying areas. Kalba stated that he didn’t get any responses.

Kalba stated that he wanted to locate former residences based on the letters and see what their recollection was pursuant to the actual destruction of these buildings. Kalba stated that he did not conduct these interviews because he was told to finish up and move on by Michael Clayton.

In conclusion, Kalba opined that there was a constant pressure to finish up the inventory in order to comply with DOI and Denver imposed deadlines. However, Kalba said that he was never told not to conduct the inventory. Kalba did complete the inventory and discovered several issues which were reported.

Kalba felt his findings were disregarded because “everyone wanted peace in the valley, they let everything go.” Kalba heard the arguments of, “what does it matter there is going to be a title transfer anyway.” Kalba said while that was true now, at the time of the disposal of these buildings (middle 1980’s to early 1990’s) there was not a title transfer in the works.

Agent’s Note: *According to correspondence from the BOR, both districts have satisfied their loans and as of a couple of months prior to this report an actual title transfer has occurred pursuant to the buildings, structures and lands within the WMIDD.*

Kalba stated that he spoke to Clayton regarding this “quandary.” Kalba felt that he was put in “between a rock and a hard place.” Kalba stated that he had identified these losses of government property and felt greater attention should be paid to this fact. Kalba explained that based on his experience there were clear regulations pursuant to the loss of personal property valued at more than \$5,000. However, Kalba opined that there were not any regulations governing losses of real property which was at the center of this matter.

Kalba said that he spoke to his supervisor, Michael Clayton and others and, “Mike (Clayton) kinda said, well you know, Bob Johnson (commissioner of BOR, former Director of LCR) would rather keep this quiet because they are in the process of going through a Wellton Mohawk (Irrigation and Drainage District) title transfer. We don’t want to make this controversial.” Kalba stated that he spoke to Bill Manning (Clayton’s supervisor) and he advised, “George, you should do what you think you should do, do what your supervisor tells you to do.” Kalba stated that he feared reprisal. Kalba stated that he wrestled with the idea of reporting to the OIG and the FBI of his findings and finally got to the point where he thought he was getting screwed anyway and so went ahead and reported the matter.

Kalba stated that he tried to recommend a partnering agreement between the BOR and the water districts pursuant to the policies and regulations that they are beholden to based on the O&M contracts. Kalba stated that he made these suggestions several times during the audit and after the audit to Clayton and Manning and felt that it fell on deaf ears. Kalba stated that they may not remember the conversation. Kalba stated that Jane Ockressa was also instrumental in trying to forge these communications between the BOR and the districts. Kalba opined that, “the easiest thing to do is do nothing.” Kalba stated that he has been told by management officials that they will not do anything until they are told to do something by somebody above them.

This investigation is continuing.

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**United States Department of the Interior
Office of Inspector General**

INVESTIGATIVE ACTIVITY REPORT

Case Title BOR Whistleblower Complaint	Case Number PI-PI-07-0260-I
Reporting Office Washington, D.C.	Report Date April 18, 2007
Report Subject Interview of Lesli Kirsch on April 10, 2007	

On April 10, 2007, at approximately 1:05 p.m., Special Agent (SA) Megan Wallace of the Office of the Inspector General (OIG), Program Integrity Division, Department of Interior (DOI) interviewed Lesli Kirsch (Kirsch), Facilities Management Specialist (FMS) for the Bureau of Reclamation (BOR), DOI stationed in Boulder City, Nevada, Lower Colorado Region (LCR). Prior to beginning the interview, SA Wallace advised Kirsch of her Garrity rights via a pre-printed DOI form. Kirsch stated that she understood her rights and waived them by signing the form. Additionally, Kirsch consented, via a signed waiver, to having the interview consensually recorded.

Kirsch stated that she began with the BOR in or about June 2000 and served in various positions including supply clerk and supply technician. While serving in these positions she generally assisted the FMS specialists with their work. Currently, as an FMS she is responsible for compiling and submitting all real property reports to the BOR headquarters located in Denver, CO. She is also largely responsible for recording and making sure they are in compliance with the Government Performance and Results Act and activity based costing requirements. Kirsch manages leased space for the region and serves as the lead for the real property inventory project. Kirsch confirmed that Michael Clayton (Clayton) is her supervisor. Kirsch stated that her formal education includes a degree in Real Estate that she completed while working for the BOR and has attended a few seminars.

Kirsch stated that she has worked on this 100% inventory for real property and personal property for the region since approximately late 2004 and actually worked under George Kalba prior to her promotion in July 2006. Kirsch explained that in or about 2003, the BOR began to prepare to conduct a 100% inventory (project) pursuant to the DOI requirements which were due in 2004. The project, according to Kirsch, "...is a drive to locate and collect data on all constructed facilities on reclamation land." The geographical area for the Lower Colorado Region includes the southern regions of Nevada, California and Arizona. Kirsch added that this is her first involvement with a project of this magnitude.

Clayton was Kirsch's first line supervisor, but while she worked with and for Kalba pursuant to this project, she personally did not interact or receive guidance from Clayton. However, once she assumed

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the FMS duties subsequent to Kalba's departure from the project around September 2005 that changed. As she assumed the project lead, she received ample direction and some training.

Coachella Valley Water District (CVWD)

Kirsch stated the disposition or disposal process for real property (including buildings and structures on land) is prescribed for in the "Operation and Maintenance" (O&M) contracts between the government and the local water districts. In summary, the water districts are required to ask permission and if permission is granted, the government is responsible for actual disposal. According to Kirsch, this information is provided for in the "standard boiler plate language" used in many if not all the BOR contracts. Kirsch added that during her involvement and research of this situation with these buildings she discovered correspondence indicating each water district had asked at one time or another about "disposing" of some property.

Agent's Note: *Subsequent to her interview, Kirsch provided SA Wallace with a copy of the WMIDD contract 1-07-30-W0021, amendment 1 dated February 9, 1990 from the original contract dated March 4, 1952, on page 35, paragraph numbered 9 and titled "Keeping Works in Repair" which states in part, except in case of emergency, no substantial change in any of the works transferred to the District under the provisions hereof shall be made by the District without first having had and obtained the written consent of the Contracting Officer and his opinion as to whether any change in any such works is or is not substantial shall be conclusive and binding upon the parties hereto.*

According to Kirsch, "they were residences...they were originally constructed for reclamation personnel to live in while building the canal." At the conclusion of the construction of the canal and when all of the offices and residences were turned over to CVWD via the O&M contract. The expectation was that these buildings would serve CVWD employees. CVWD was obligated to maintain all real property as outlined in the contract. Kirsch opined that the BOR was supposed to have spot checks annually but she was not sure if it actually occurred.

Based on her personal research, Kirsch added that there was a 1997 survey conducted by a BOR archeologist from Denver who noted these 25 buildings were gone at that time. Kirsch confirmed that Kalba visited the site and noted that the aforementioned buildings were not present. It appears that while the BOR was apprised of the demolished buildings back in 1997 there was not the appropriate follow-up with respect to reconciling the inventory list and completing a report of survey.

Pursuant to an internal investigation last year of this same issue, Kirsch was able to obtain a copy of a CVWD signed work order for the demolition of these 25 buildings.

Agent's Note: *At the end of the interview and once the tape was turned off Kirsch stated that she did speak to Dan Parks, President, CVWD and he recalled that the demolition of these buildings occurred over the course of approximately one year as the employees vacated the residences.*

Kirsch stated that disposal of any government owned building/property is a long process. Kirsch opined that districts don't want to deal with it. There are several issues that can complicate timely disposal including but not limited to the proper remediation of hazardous materials. Kirsch agreed that it was probably easier to ask forgiveness than ask permission and added that even if permission was asked it was fundamentally denied because they had not met conditions of repayment at that time.

Agent's Note: SA Wallace learned through the course of the investigation that repayment of a construction loan, which is referenced above, alone does not entitle a water district to ownership. In fact, it takes legislative action to be able to affect a title transfer for ownership of the lands, buildings and structures.

SA Wallace asked Kirsch if she had seen a DOI memo dated, December 1955 whereby the government responded to a request by CVWD pursuant to a request to dispose of some buildings. It states in part, "usual surplus property procedures." Kirsch opined that if they were to read that today they would look to the Code of Federal Rules and Regulations (CFR) for guidance on what that meant. Kirsch also stated that as part of a proper disposition the government would have to comply with the Homeless Assistance Act (Stewart McKinney Act) in concert with certain GSA requirements.

Kirsch could not be sure whether any of the buildings had hazmat issues but based on rumor, some speculation and based on the year of construction it was likely that at the very least there was lead paint and perhaps asbestos. According to Kirsch, the government can't allow properties with hazmat issues to escape federal custody. The cost to remediate would be significant.

Kirsch stated that from what she knew, when Kalba learned that the buildings were no longer there (combination of the 1997 report and physical inspection) Kalba initiated a report of survey to document the loss. Generally speaking, a report of survey can be initiated when there has been a significant investigation, to include a site visit, interviews and collection of related documents. While their (25 buildings) disposal was not according to rules or regulations, Kirsch concluded by stating, "...to my knowledge we've satisfied every requirement", in order to complete a report of survey. Kirsch added that this is not the first time buildings have disappeared. They fall victim to vandalism, fire or other "acts of god".

Kirsch stated that she is "not sure" how the government would intervene if they learned of a real time disposal without authorization. She added, "It is a politically sensitive issue and we are generally encouraged to contact the water districts as little as possible." Kirsch asserted that this position is held by several in senior management. Kirsch spoke about the language in the O&M contracts regarding any changes or demolitions would require the approval of the DOI Secretary. Kirsch added that she couldn't find anything setting forth consequences should these provisions be violated.

Wellton Mohawk Irrigation & Drainage District (WMIDD)

Kirsch explained that generally speaking there is nothing substantially different between the contracts governing the WMIDD and the CVWD. The language is likely very similar based on standard boiler plate language for all BOR contracts. It is important to distinguish that when these contracts reference "transfer" it does not mean transfer of title or ownership. It is referencing "transfer" of operational and maintenance responsibilities only.

Another common word which was used in the language of the contracts and correspondence and found to be equally vague was "temporary." Kirsch stated that as an example when the contracts which were authored in approximately the 1940's & 1950's these buildings were considered temporary in very specific terms. They were built or erected to serve as housing for reclamation personnel during the construction of the Gila Project (WMIDD) and the All American Canal System (CVWD). However, it does not preclude the government from continuing to employ the use of the buildings or residences for other purposes at a later time.

Kirsch suspected that the losses of these two buildings from WMIDD were documented under the same report of survey as the building from the CVWD. The process employed would have consisted of taking photographs, recovering any archived photographs, conducting interviews of BOR personnel and water district personnel and obtain any supporting documentation.

Kirsch opined that the BOR needs to employ closer monitoring and communication with the districts. She feels that through conducting more site visits it will inevitably minimize the amount of time between action and discovery of an action whether good or bad. Kirsch stated that in her opinion she didn't see financial harm to the government based on these "transfers" but it was definitely a violation of procedure. Kirsch added that it is probably addressed in the CFRs Title 41 or 42.

Agent's Note: *Subsequent to the end of the taped interview Kirsch provided a copy of Title 41CFR Chapter 102 section 75 which cited the disposal requirements. Unfortunately, this was a current copy and SA Wallace had to research what the rules stated in 1991/1992.*

When asked if there were appraisals for any of the aforementioned properties, Kirsch stated that she didn't know. She added that she had not seen any appraisals and that under normal circumstances there wouldn't have been an appraisal conducted unless it was going through an authorized disposition. According to Kirsch, it would be a matter of the standard process to determine value in order for GSA to dispose of the property. It is not a matter of routine to have an appraisal on property for the sake of having an appraisal and added that if the appraised value is less than \$50,000 the agency can handle disposal without GSA involvement. This process would likely be an additional cost to the BOR. When asked if there was any way to appraise the value of those residences from back in 1991, Kirsch responded, "no" and that she hadn't seen any supporting documentation or any means to extrapolate that value.

According to the research Kirsch conducted she learned that with respect to the first building the original recipient, Mr. Roberts decided not to take the building due to the expense involved with moving it. Mr. Roberts subsequently offered it to the local church, who accepted the offer. Kirsch was able to obtain supporting disposition documents for both buildings from Charles Slocum of the WMIDD.

Agent's Note: *In a subsequent interview with Charles Slocum, General Manager, WMIDD SA Wallace learned that when WMIDD decided to get rid of the two buildings they received inquiries from the general public about acquisition of said buildings. Slocum stated that it made good financial sense because it was no cost to WMIDD or the government.*

Kirsch had nothing further to say and therefore the interview was terminated.