

GAO

Report to the Subcommittee on Interior,
Environment, and Related Agencies,
Committee on Appropriations, House of
Representatives

June 2009

FEDERAL LAND MANAGEMENT

BLM and the Forest
Service Have
Improved Oversight of
the Land Exchange
Process, but
Additional Actions Are
Needed



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Highlights of [GAO-09-611](#), a report to the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

Why GAO Did This Study

The Bureau of Land Management (BLM) in the Department of the Interior (Interior) and the Forest Service in the Department of Agriculture (USDA) manage millions of acres of public land. To enhance land management and fulfill other public objectives, they acquire and dispose of land using exchanges—trading federal lands for lands owned by willing private entities, individuals, or state or local governments. GAO and others have raised concerns about whether the public interest has always been served in these land exchanges.

GAO was asked to (1) analyze the number, trends, and characteristics of BLM and Forest Service land exchanges and (2) determine the effectiveness of agency actions to address previously identified key problems. GAO interviewed and surveyed agency officials, analyzed agency data on recent exchanges, and reviewed documents on a nongeneralizable sample of 31 land exchanges representing at least 85 percent of the acres that agencies acquired, or plan to acquire, during the time of GAO's review.

What GAO Recommends

GAO is making recommendations to, among other things, strengthen agencies' oversight of the land exchange process, realty staff training, planning for exchanges, and tracking of their costs. Forest Service generally agreed with GAO's recommendations. Interior did not comment on the recommendations.

View [GAO-09-611](#) or [key components](#). For more information, contact Robin M. Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

FEDERAL LAND MANAGEMENT

BLM and the Forest Service Have Improved Oversight of the Land Exchange Process, but Additional Actions Are Needed

What GAO Found

From October 2004 through June 2008, BLM and the Forest Service processed 250 completed, pending, or terminated land exchanges. Completion times for exchanges within this period varied widely, from 2 months to more than 12 years. These exchanges involved 628,429 federal acres and 621,588 nonfederal acres. According to agency officials, the number of exchanges since 2000 has generally declined because of the availability of qualified staff and funding and the lower priority given to land exchanges compared with other activities. Of the 250 land exchanges, 47 were facilitated by third parties, 9 were conducted in multiple phases, and 20 were specifically legislated by Congress.

GAO, the agencies' inspectors general, and others identified problems in the agencies' land exchange programs and have made recommendations to correct them. The agencies have taken actions to address most of these problems, but the effectiveness of the actions has been mixed. Specifically:

- According to most agency officials surveyed, headquarters reviews at least somewhat improved exchange quality; often ensured that exchanges complied with laws, regulations, and policies; and were processed properly. However, the reviews did not always document problems or indicate their resolution, making the process less transparent.
- BLM stopped using interest-bearing accounts outside of the U.S. Treasury, according to agency officials, and issued new guidance on managing ledgers, which are used to track land value imbalances over time in multiphase exchanges. However, the agency is not always adhering to this guidance and, therefore, cannot fully know how much is owed. Specifically, BLM cannot be assured that the \$2.6 million land value imbalance due to the United States, recorded in its ledgers as of June 30, 2008, is accurate.
- Both agencies issued new guidance to require full disclosure of the relationship between a third-party facilitator and other parties to an exchange. But the guidance does not clearly define third-party facilitators and officials do not consistently apply the disclosure policy. Without consistent application, the agencies fail to obtain critical information and potentially risk losing the ability to control the exchange process.
- The agencies updated their exchange guidance to provide clearer direction on exchanges and incorporated it into their training. However, staff generally are not required to attend this training, and the agencies do not systematically track staff participation. Therefore, the agencies cannot ensure that realty staff develop and maintain necessary skills.
- The agencies took steps to improve appraisal timeliness, but the process, particularly for BLM, continues to delay some exchanges, officials said.

Neither agency has a national strategy to guide land transactions, nor does either track all costs of individual exchanges. Developing national strategies and tracking the costs of individual exchanges will enhance the agencies' ability to make informed decisions in pursuit of shared goals.

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Abbreviations

ARRTS	Appraisal Request and Review Tracking System
ASD	Appraisal Services Directorate
ATI	Agreement to Initiate
BLM	Bureau of Land Management
CWALE	Central Washington Assembled Land Exchange II
FLPMA	Federal Land Policy and Management Act of 1976
FLTFA	Federal Land Transaction Facilitation Act of 2000
GSA	General Services Administration
Interior	Department of the Interior
NEPA	National Environmental Policy Act of 1969
SSFAS No. 4	Statement of Federal Financial Accounting Standards No. 4: Managerial Cost Accounting Concepts and Standards for the Federal Government
USDA	Department of Agriculture

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United States Government Accountability Office
Washington, DC 20548

June 12, 2009

The Honorable Norman D. Dicks
Chairman
The Honorable Michael K. Simpson
Ranking Member
Subcommittee on Interior, Environment,
and Related Agencies
Committee on Appropriations
House of Representatives

The Bureau of Land Management (BLM) and the Forest Service administer millions of acres of public land, and they continue to acquire and dispose of land in order to enhance federal land management, meet the needs of the public, and fulfill other public objectives. To acquire and dispose of lands, BLM and the Forest Service have long used land exchanges—trading federal lands for lands that are owned by private entities, individuals, states, or local governments who are willing to trade. Although BLM and the Forest Service have broad discretionary authority to conduct land exchanges with nonfederal parties, some land exchanges are specifically legislated by Congress.

Generally, exchanges follow several required steps, including, among other things, assessing the public benefit, surveying the parcels, conducting resource and environmental analyses, determining market value, and assuring clear title to the land. In some cases, land exchanges are terminated before completion for a variety of reasons, such as public opposition. Agency realty specialists, assisted by many other experts, such as cultural and natural resource specialists, are responsible for processing these exchanges, and nonfederal landowners may hire third-party facilitators to assist. After agreeing to initiate a proposed exchange with a nonfederal party, the agencies must publish a notice of exchange proposal that, among other things, identifies the parties, describes the lands, and invites public comment. Exchanges can be straightforward—exchanging one land parcel for another—or more complex, such as multiphase exchanges where multiple parcels are exchanged over time to complete the exchange. If these exchanges occur over time, BLM regulations require

the establishment of a land exchange ledger account to track the land value imbalances.¹

The agencies' land exchange programs have often been controversial, and in the past, we and others have identified many concerns about how the agencies manage these exchanges.² For example, the agencies have not always ensured that (1) the public interest was well served by the exchanges and (2) a third party facilitating an exchange has fully disclosed its interests in the exchange. The agencies have taken actions to address these problems, such as establishing headquarters review teams for land exchanges and revising policies and procedures. Although the agencies have instituted a number of reforms, the effectiveness of these actions has not been assessed.

In this context, you asked us to (1) analyze the number, trends, and characteristics of BLM and Forest Service land exchanges, and (2) determine the actions BLM and the Forest Service have taken to address previously identified key problems and the effectiveness of these actions.

To conduct our work, we reviewed relevant documents and interviewed BLM and Forest Service officials responsible for land exchanges at the field, regional or state, and headquarters offices, and other interested parties, including third-party facilitators and a state land trust official. To determine the previously identified key problems the agencies faced in the process of exchanging lands, we reviewed GAO reports, inspector general reports from the Department of the Interior (Interior) and the Department of Agriculture (USDA), The Appraisal Foundation, and BLM and Forest Service reviews. In addition, at our request, the agencies provided information on land exchanges processed from October 1, 2004, through June 30, 2008, including those that were pending, completed, or terminated.³ We reviewed a nongeneralizable sample of 31 exchanges, primarily selected because they represented 85 percent of the acres that the agencies have acquired or plan to acquire over the period we reviewed. For each land exchange in the sample, we reviewed key agency

¹Ledgers are records that track the value conveyed by each party in an exchange and the balance due to the federal government or the nonfederal party after each phase.

²See appendix II for a list of GAO and other reports and audits on the BLM and Forest Service land exchange programs.

³For the purposes of this report, "processed" land exchanges include those that were pending, completed, or terminated from October 1, 2004, through June 30, 2008.

documents, such as headquarters and regional reviews of exchanges, to assess the agencies' actions to address previously identified key problems. In addition, we surveyed the land exchange program managers (program lead) in each of the 10 BLM state offices and the 9 Forest Service regions that had processed land exchanges over the period we reviewed to better understand the characteristics of land exchanges, previously identified key problems, and the impact of agency actions to address these problems. A more detailed description of our scope and methodology is presented in appendix I.

We conducted this performance audit from March 2008 to June 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

BLM and the Forest Service manage over two-thirds of the nation's public lands. Both agencies manage their lands for multiple uses, including providing sustained yield of renewable resources, such as timber, fish, wildlife, and forage for livestock, and supporting recreation.

BLM, within Interior, manages more land—265 million acres—than any other federal agency. The land BLM manages is primarily located in 12 western states, including Alaska. With a total budget of about \$1 billion, BLM also administers 700 million acres of subsurface mineral estates (rights) throughout the nation. BLM staff in headquarters, its 12 state offices, and 144 field offices nationwide process land exchanges.⁴

The Assistant Director, Minerals and Realty Management, in the BLM headquarters office; the headquarters Lands, Realty, and Cadastral Survey staff; and their counterparts in the state and field offices are responsible

⁴Several of these state offices are responsible for managing lands in other states without a BLM state office. For example, the Oregon State Office is also responsible for BLM lands in the state of Washington, and the Eastern States Office is responsible for the BLM lands in the 31 states east of or bordering the Mississippi River.

for the land exchange program, among other activities.⁵ BLM has a headquarters land exchange program lead who oversees the land exchange program, and the BLM state offices have an exchange program lead with oversight responsibility. In addition, the BLM Deputy Director and Interior's Office of the Solicitor have oversight responsibilities for land exchanges.

BLM operates the National Training Center in Phoenix, Arizona, which, in conjunction with the Forest Service, offers courses on land management for both agencies' staff. Three courses cover land exchanges in particular, among other things, for the two agencies' field realty staffs.

The Forest Service, within USDA, manages 193 million acres of public land throughout the United States. Forest Service staff, located at headquarters, 9 regions, 155 national forests, and 20 grasslands, process land exchanges.

At headquarters, the Forest Service's Director of Lands and Realty Management, the Assistant Director for Land Ownership Adjustment, and the National Program Leader for Land Adjustments (the headquarters exchange program lead) are responsible for the land exchange program, among other land transaction activities. Each region has a Director of Lands and a land ownership adjustment program manager (the regional exchange program lead) who oversee the work of realty staff at the forest level. In some cases, forests have in-house realty staff who conduct land exchanges; other forests have pooled realty staff from more than one forest in order to provide special services, such as land exchanges in more than one forest.

Statutory Authority

The Federal Land Policy and Management Act of 1976 (FLPMA),⁶ as amended, authorizes both BLM and the Forest Service to exchange federal land for nonfederal land, when certain conditions are met, including the following:

- The values of the federal and nonfederal lands to be exchanged must be equal, or if they are not equal, the values must be equalized by a cash

⁵Cadastral survey is the means by which private and public land is defined, divided, traced, and recorded. The term derives from the French *cadastre*, a register of the survey of lands, and is, in effect, the public record of the extent, value, and ownership of land for purposes of taxation.

⁶Pub. L. No. 94-579 (1976) (codified as amended at 43 U.S.C. §§ 1701-1782).

payment so long as the payment does not exceed 25 percent of the federal land's value. The cash payment should be reduced to as small an amount as possible and, in certain circumstances, can be waived.

- The cognizant agency must determine that the public interest will be well served by the exchange.
- The lands to be exchanged must be in the same state.
- Titles for the lands to be exchanged must be issued simultaneously (unless all parties to the exchange agree otherwise).
- Land acquired within the boundaries of the national forest system, national park system, or any other system or area established by Congress immediately becomes part of that system.

While BLM relies primarily on FLPMA to conduct exchanges, the Forest Service has several other exchange authorities.⁷

In addition to BLM's and the Forest Service's broad discretionary authority to conduct land exchanges, Congress sometimes enacts specific legislation that requires either agency to proceed with or provides authority to engage in a particular land exchange. This specific legislation may include provisions that alter the processing of the land exchange. For example, in describing these legislated exchanges, BLM's handbook advises that special legislation may prescribe certain aspects of the exchange process; allow for transactions not authorized under FLPMA (e.g., an interstate exchange); or simply direct that an exchange transaction be completed. The handbook states that transactions should be handled in a manner consistent with the specific legislation and, where guidance is not specified in the legislation, in conformance with nationally recognized appraisal standards and the regulations to the extent they apply. The Forest Service handbook also notes that legislated exchanges often include provisions that conflict with standard exchange authorities or regulations.

⁷Examples of these authorities include the Weeks Act of 1911, ch. 186, § 7, 36 Stat. 962 (1911) (codified as amended at 16 U.S.C. § 516), and the General Exchange Act of 1922, ch. 105, § 1, 42 Stat. 465 (1922) (codified as amended at 16 U.S.C. § 485), each of which authorize the Forest Service to exchange land for land or timber.

Types of Land Exchanges

A land exchange involves the conveyance of public land or an interest in public land from a federal agency to a nonfederal party in return for desired nonfederal land that serves the public interest. These exchanges may be simple or more complex, such as a multiphase exchange. Specifically, a simple exchange may be a two-party transaction involving a single, nonfederal landowner. The agency provides a parcel of federal land (or interest in land) in exchange for a parcel of nonfederal land (or interest in land) in a single exchange transaction. The parcels are either of equal value, or either party may provide an equalization payment.

BLM and the Forest Service conduct multiphase exchanges differently. At BLM, land values exchanged in each phase do not necessarily need to be equal, but at the final closing the land value must be equal or must be equalized with a cash payment. BLM uses records, called land exchange ledgers, to track the value conveyed by each party in the exchange and the balance due to the federal government or the nonfederal party after each phase. In contrast, the Forest Service requires that each phase of a multiphase exchange stand alone as equal in value. Furthermore, Forest Service regulations do not provide for the use of ledgers. Both agencies' multiphase land exchanges can range from those that involve multiple parcels under the same ownership, to those with multiple owners and involving third-party facilitators—private or nonprofit individuals or entities that assist nonfederal landowners by participating in the exchange and negotiating with the federal government to complete the exchange.⁸

In addition to exchanging land for land, the Forest Service has the authority to exchange land for timber.⁹ In land-for-timber exchanges, the agency acquires nonfederal land in exchange for the rights to federal timber (the nonfederal party is authorized to cut and remove an equal value of timber from a national forest). These exchanges may involve two parties, the Forest Service and a nonfederal party, or in the case of

⁸BLM regulations define "assembled land exchange" to mean the consolidation of multiple parcels of federal and/or nonfederal land for purposes of one or more exchange transactions over a period of time. 43 C.F.R. § 2200.0-5(f). In this report, we refer to assembled exchanges that involve more than one closing transaction as "multiphase exchanges." Forest Service regulations define an assembled exchange as an exchange of federal land for a package of multiple ownership parcels of nonfederal land consolidated for purposes of one land exchange transaction. 36 C.F.R. § 254.2

⁹The authority is provided by the Weeks Act of 1911, ch. 186, § 7, 36 Stat. 962 (1911) (codified as amended at 16 U.S.C. § 516), and the General Exchange Act of 1922, ch. 105, § 1, 42 Stat. 465 (1922) (codified as amended at 16 U.S.C. § 485).

tripartite exchanges, three parties, when a timber sale contractor participates in the transaction.

The Exchange Process

BLM and the Forest Service follow similar steps to process an exchange, including receiving or making a proposal for an exchange, conducting a feasibility analysis, signing a nonbinding Agreement to Initiate (ATI), obtaining appraisals of the land, conducting resource and environmental analyses, deciding on whether to complete the exchange, and preparing title and closing documents.¹⁰ The National Environmental Policy Act of 1969 (NEPA) generally requires the agencies to conduct environmental analyses.¹¹ Under NEPA, agencies generally evaluate the likely environmental effects of projects they propose using an environmental assessment, or if the projects likely would significantly affect the environment, a more detailed environmental impact statement is prepared. However, if the Forest Service determines that an exchange falls within a category of activities the agency has already determined has no significant environmental impact—called a categorical exclusion—then the agency generally need not prepare an environmental assessment or an environmental impact statement.¹²

BLM's land exchange handbook outlines a series of 26 major steps in the land exchange process. The Forest Service's handbook provides a more detailed series of implementation schedules for various types of exchanges (i.e., a land for land exchange or a Sisk Act exchange for cash),¹³ which include from 56 to 71 action items to reach completion. Table 1 lists the major steps and who is responsible for each of them.

¹⁰A nonbinding ATI is signed after the agency agrees with a nonfederal party to proceed with an exchange proposal.

¹¹Pub. L. No. 91-190 (1970), (codified as amended at 42 U.S.C. §§ 4321-4370f).

¹²Categorical exclusions for BLM land exchanges are not available because neither Department of the Interior regulations nor BLM guidance has listed land exchanges as activities eligible for a categorical exclusion.

¹³Pub. L. No. 90-171 (1967), (codified as amended at 16 U.S.C. § 484a). Under the Sisk Act, a state, county, municipal government, or public school authority with insufficient land to exchange can acquire not more than 80 acres of certain land administered by the Forest Service by paying the Forest Service an amount equal to a portion of or all of the federal land's value. These payments are deposited in a special fund, which, when appropriated, are available for the Forest Service to use to acquire certain lands in the same state.

Table 1: BLM and Forest Service Major Land Exchange Processing Steps and Responsible Party

Major step	Responsible party
Evaluate the feasibility of the exchange proposal	Field manager and staff ^a
Review the feasibility analysis and grant or deny approval for processing the exchange	State office or region and headquarters review team; in addition, Interior's Solicitor reviews BLM's feasibility analyses
Execute the ATI	Field manager and nonfederal party
Publish a Notice of Exchange Proposal	Field manager
Conduct resource and NEPA studies and request appraisal services	Field manager
Prepare draft decision document	Field manager
Review and approve draft decision	State office, region, or headquarters review staff; in addition, Interior's Solicitor reviews BLM's draft decision documents
Issue a decision	Field manager
Prepare title opinions	Interior's Solicitor, USDA General Counsel, or in some cases, the Department of Justice
Execute closing documents to transfer the federal and nonfederal lands	Field manager and nonfederal party

Source: GAO's analysis of agency land exchange handbooks.

^aAt BLM, field manager refers to a BLM Field Office Manager. At the Forest Service, field manager refers to a Forest Supervisor or other designated authorized officer.

Number, Trends, and Characteristics of BLM and Forest Service Land Exchanges

BLM and the Forest Service processed 250 land exchanges from October 1, 2004, through June 30, 2008. Completion times for land exchanges within this period varied widely, from about 2 months to more than 12 years. Agency officials surveyed said the number of exchanges processed since 2000 has generally declined because of the availability of qualified staff, changing priorities, and the availability of funding. Some of the exchanges had unique characteristics because they were facilitated by third parties, conducted in multiple phases, or were specifically legislated by Congress. See appendixes III and IV for detailed information on the 250 exchanges processed from October 1, 2004, through June 30, 2008, as reported by BLM state offices and Forest Service regional officials.

Agencies Processed 250 Land Exchanges to Acquire about 621,600 Acres between 2004 and 2008

Of the 250 exchanges processed from October 1, 2004, through June 30, 2008, BLM processed 76 and the Forest Service processed 174. Table 2 provides information on the completed, pending, and terminated exchanges the agencies processed.

Table 2: BLM and Forest Service Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

Exchange status by agency	Number of exchanges	Number of nonfederal acres acquired or planned for acquisition	Value of nonfederal acres acquired or planned for acquisition ^a	Number of federal acres conveyed or planned for conveyance	Value of federal acres conveyed or planned for conveyance ^b
Completed					
BLM	38	126,105	\$41,344,844	118,658	\$53,960,365
Forest Service	109	63,293	101,748,556	317,568	101,413,065
Subtotal	147	189,398	\$143,093,400	436,226	\$155,373,430
Pending					
BLM	31	302,522	\$47,928,988	102,764	\$31,195,241
Forest Service	59	92,701	37,187,575	67,159	57,498,100
Subtotal	90	395,223	\$85,116,563	169,923	\$88,693,341
Terminated					
BLM	7	3,583	\$118,150	3,505	\$121,250
Forest Service	6	33,384	16,716,071	18,777	16,994,071
Subtotal	13	36,967	\$16,834,221	22,282	\$17,115,321
Total					
BLM total	76	432,210	\$89,391,982	224,926	\$85,276,856
Forest Service total	174	189,378	\$155,652,202	403,503	\$175,905,236
Total	250	621,588	\$245,044,184	628,429	\$261,182,092

Source: GAO analysis of information reported by BLM state and Forest Service regional offices.

^aThe values represent the number of acres planned for acquisition with appraised values as of June 30, 2008. Overall, the agencies reported appraised values for 75 percent of the acres. The remaining acres had not been appraised.

^bThe values represent the number of acres planned for conveyance with appraised values as of June 30, 2008. The agencies reported appraised values for 85 percent of the acres. The remaining acres had not been appraised.

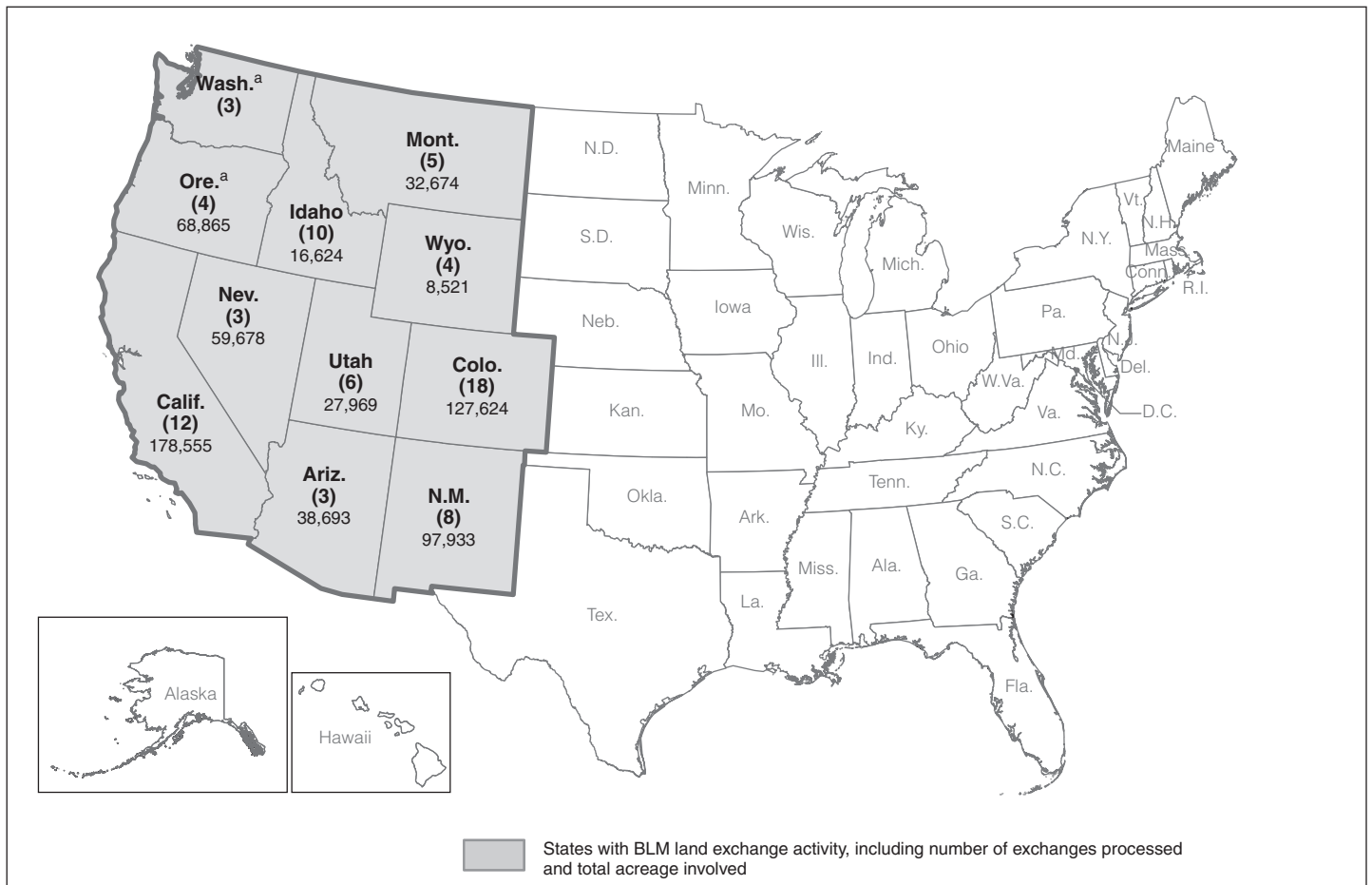
As table 2 shows, 13 proposed land exchanges resulted in termination for various reasons, according to agency officials, including withdrawal of either party, changes in land values, legal action, and public opposition.

For example, according to a BLM official, the agency's Mesa Mood exchange in Colorado was terminated because of an appeal to the Interior Board of Land Appeals by the adjacent landowner, primarily about the appraised value of the federal land. Because of these actions, another appraisal had to be conducted. However, the landowner involved in the exchange decided to sell the property to another party because the exchange process was taking too long.

As figure 1 shows, BLM's exchange activity occurred in 11 western states.¹⁴ BLM's Colorado State Office had the most activity, processing 18 completed, pending, or terminated exchanges.

¹⁴These states are Arizona, California, Colorado, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, and Wyoming.

Figure 1: BLM Completed, Pending, or Terminated Land Exchanges, and Total Number of Federal and Nonfederal Acres Involved, October 1, 2004, through June 30, 2008



Sources: GAO analysis of BLM data; Map Resources (map).

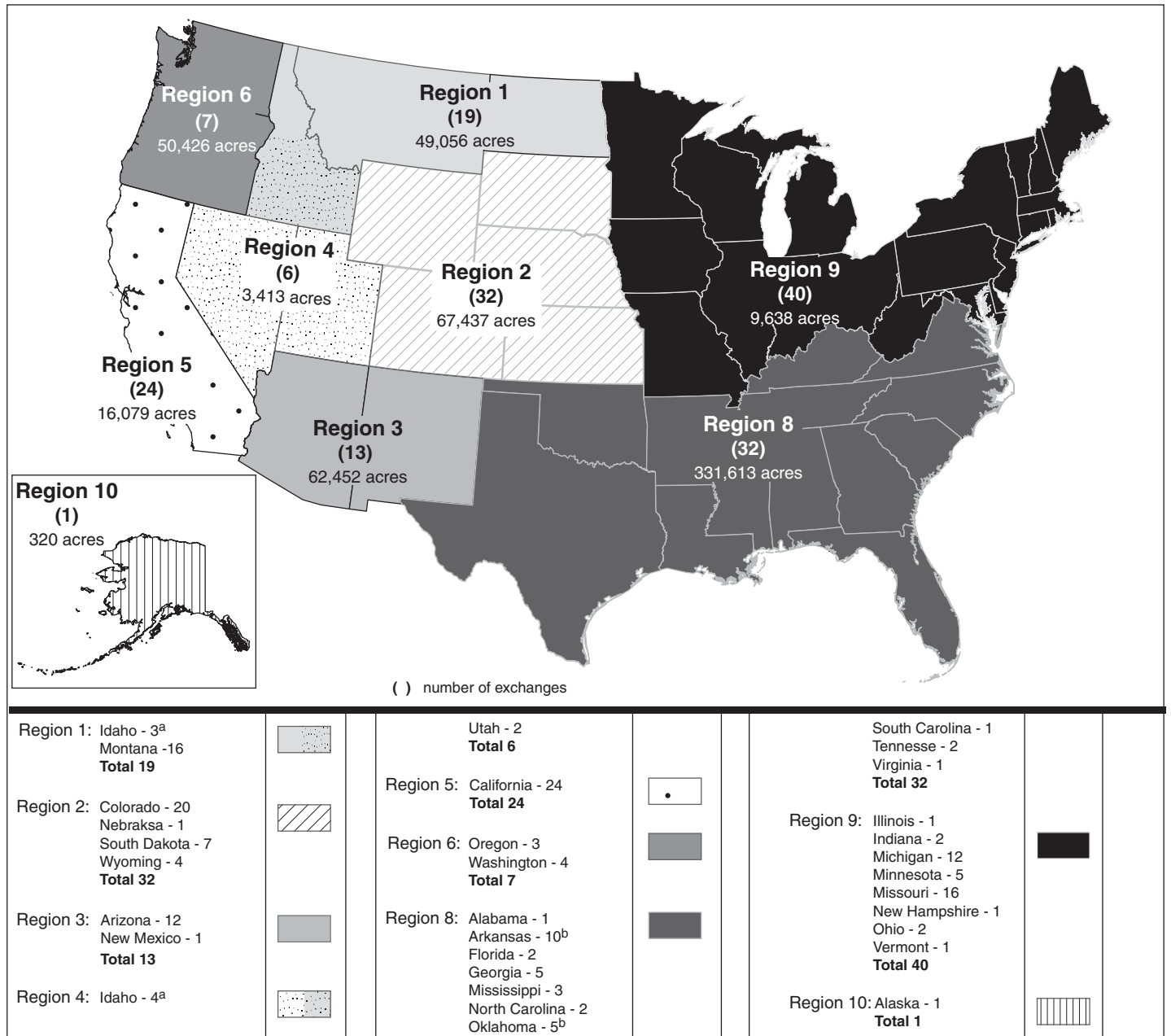
^aBLM's Oregon State Office also manages land in Washington. The acre figure listed for Oregon is for both states.

In contrast, as figure 2 shows, Forest Service Region 9 had the greatest number of completed, pending, or terminated exchanges. According to data provided by the Forest Service, 16 of these exchanges were small tripartite land-for-timber exchanges in which nonfederal land was exchanged for the rights to harvest federal timber cut by a third party on behalf of the exchange parties. However, the largest number of acres exchanged was for one exchange in Region 8. Specifically, this exchange,

referred to as the State of Florida exchange, involved 316,034 federal and nonfederal acres, nearly all of which were subsurface acres.¹⁵

¹⁵Subsurface acres, also referred to as mineral acres, represent the resources located below the land surface, such as oil and gas deposits.

Figure 2: Forest Service Completed, Pending, or Terminated Land Exchanges, and Total Number of Federal and Nonfederal Acres Involved, October 1, 2004, through June 30, 2008



Sources: GAO analysis of Forest Service data; Map Resources (map).

Notes: The Forest Service does not have a Region 7.

^aThe State of Idaho is split between Regions 1 and 4.

^bRegion 8 reported that one exchange was located in Arkansas and Oklahoma. For this figure, that exchange is listed with Arkansas.

Land Exchange Completion Times Varied Greatly and Sometimes Exceeded Estimated Time Frames

Of the 250 exchanges processed from October 1, 2004, through June 30, 2008, 147 were completed, with completion times ranging from about 2 months to more than 12 years between the date the ATI was signed and the date the titles were recorded.¹⁶ The time to complete BLM's 38 land exchanges averaged about 4 years, while the Forest Service's 109 land exchanges averaged about 2 years. A few of the completed exchanges had processing times of over a decade. For example, BLM's Eldorado exchange in Nevada took 11 years and 3 months to complete, and the Forest Service's Trust for Public Land exchange in North Carolina took about 12 years and 8 months. Conversely, some exchanges were completed in a shorter time. For instance, BLM's Blevins exchange in Idaho took about 10 months to complete. BLM's handbook provides an estimated average completion time of 18 to 24 months but notes that times vary widely. The Forest Service's handbook does not specify an average time to complete an exchange.

In examining the 31 land exchanges in our sample, we observed that the agencies took much longer, in all but one case, to complete exchanges than they had estimated in their ATIs. For 12 of the 15 completed exchanges in our sample, we were able to obtain both estimated and actual completion dates, as table 3 shows.

¹⁶Although some exchanges were reported as being completed in about 2 months, it is likely that they actually took longer. For example, according to a Forest Service official in Region 8, one exchange reported as being completed in about 2 months actually took about 2 years. The official explained that this was because the regional office was working under a draft ATI with the nonfederal parties, and the ATI was not signed until the necessary surveys and analyses were completed—2 months before the date the title was transferred.

Table 3: Difference between Estimated and Actual Completion Times for 12 Exchanges in GAO’s Sample

Agency and state	Exchange name	Date ATI signed	Estimated completion date	Actual completion date	Years between estimated and actual completion dates
BLM					
Arizona	Phelps Dodge	4/4/1995	9/1/1996	9/16/2005	9.04
Colorado	Emerald Mountain	8/20/2004	8/1/2005	2/22/2007	1.56
Nevada	Indian Creek	11/21/1994	4/25/1995	1/5/2005	9.70
New Mexico	Adobe	8/25/1998	12/31/1999	3/23/2007	7.23
Utah	Hogup	11/15/2001	2/9/2001	12/22/2004	3.87
Wyoming	P & M Coal	12/18/2000	11/1/2002	2/3/2005	2.26
Forest Service					
Arizona	Dry Lakes	4/26/2002	9/1/2004	7/24/2006	1.89
	Gray Wolf	9/24/2001	9/1/2002	6/19/2007	4.80
California	Mammoth Community Facilities	1/11/2005	6/16/2006	11/9/2007	1.40
Florida	State of Florida	5/4/2001	4/1/2004	4/5/2005	1.01
Oklahoma	Forest Ridge	6/8/2006	4/1/2007	2/20/2007	(0.11)
Wyoming	Dull Center (Dilts)	7/30/2001	11/1/2001	5/10/2005	3.52

Source: GAO analysis of BLM state and Forest Service regional information.

For the 11 exchanges that took longer to complete than estimated, our analysis shows that they took from 1 to more than 9 years longer.

In explaining the reasons for these delays, BLM and Forest Service survey respondents most frequently cited the lack of staff, the timeliness of appraisals, and the lack of qualified appraisers. In terms of the lack of staff, officials from both agencies have reported that owing to an increasing number of retirements and the need to work on higher priority activities—such as processing energy rights-of-way—staff may not be available to process exchanges. In commenting on a draft of this report, Interior stated that BLM also believes that protests, appeals, and litigation are reasons for delays in completing land exchanges.

BLM officials also told us that issues with the appraisal process could inhibit the timely completion of exchanges. These issues include the time needed for the appraiser to obtain information on encumbrances on the land, the potential need for new appraisals every few months in a volatile market when land values change frequently, and the limited number of

private appraisers with the necessary experience to appraise the undeveloped lands involved in BLM exchanges accurately.

Forest Service regional officials cited the following other factors that can impede the timely completion of land exchanges:

- Adjacent landowners may have concerns about the impact of the exchange on their property. Land exchange regulations require the agencies to publish a notice of exchange proposal. Those opposed can appeal or litigate land exchange decisions.
- Land surveys to validate the legal description of land and environmental analyses can cause considerable delays in the process. Forest Service officials reported experiencing delays of 1 to 2 years for completing the required surveys and cited the addition and subtraction of land included in the exchange as delaying the exchange process. When land is added to the exchange midway through the process, this piece of land is subject to all of the steps in the exchange process, including notifying the public of the exchange proposal, updating environmental analyses, and conducting field inspections and other analyses. Land may also be subtracted from the exchange for many reasons, including the identification of a cultural site, unresolved title issues, and the nonfederal landowner's decision not to sell. If land is either added or subtracted during the exchange process, then the need to balance federal and nonfederal land values after the initial appraisals can increase the exchange processing time because new appraisals have to be conducted.
- If a landowner dies before an exchange is completed, agency officials will have to work with new landowners.

Since 2000, the Number of BLM and Forest Service Land Exchanges Has Declined for Several Reasons

The number of land exchanges for the period we reviewed, October 1, 2004, through June 30, 2008, is lower than for the period we previously examined, fiscal years 1989 through 1999.¹⁷ As we reported in 2000, the Forest Service completed an average of 115 land exchanges annually from fiscal years 1989 through 1999. In contrast, for the period we reviewed through June 2008, the Forest Service completed an average of 29 exchanges annually. BLM did not provide information on the number of exchanges completed for our 2000 report, but instead reported transactions—that is, one parcel of land either conveyed or acquired. For

¹⁷GAO, *BLM and the Forest Service: Land Exchanges Need to Reflect Appropriate Value and Serve the Public Interest*, [GAO/RCED-00-73](#) (Washington, D.C.: June 22, 2000).

the earlier period reviewed, BLM reported 238 separate transactions annually.¹⁸ For our current review, BLM reported completing 38 exchanges, or an average of 10 per fiscal year.

Fourteen of the 19 BLM and Forest Service officials we surveyed confirmed this decrease in the number of land exchanges processed since 2000.¹⁹ In order of frequency, the officials cited the availability of qualified staff, changes in the priority given to exchanges relative to other work, and the availability of agency funding to process exchanges as the primary reasons for the decline. More specifically:

- *Availability of qualified realty staff.* Officials from both agencies stated that they have experienced significant turnover in personnel, largely because of retirements. In addition, they have been unable to replace such staff because of declining budgets. This reduction in qualified staff limits the agencies' ability to perform lower priority work, such as land exchanges. For example, according to Forest Service officials, the Tonto National Forest in Arizona has experienced a 50-percent reduction in realty staff, from four to two, in 2 years. When realty staff leave or retire before the exchange is completed, the agencies are less able to maintain consistency and effectiveness. In response to staff shortages, some Forest Service regions have begun pooling realty staff across their region to work on complex realty transactions, such as land exchanges, rather than specifically assigning them to a particular forest or ranger district exclusively. They refer to these pooled resources as "zone teams." According to BLM's land exchange program lead, newly hired realty staff require coaching and training on the exchange process because they often lack experience handling complex land exchanges.
- *Changing priorities.* Because exchanges typically are discretionary activities, their processing often competes for staff time and attention with other land transactions. In particular, the agencies have shifted focus from processing discretionary land exchanges to processing energy rights-of-way, land acquisitions, administrative site sales, and special-use permits. We found that BLM has focused more on sales under the Federal Land

¹⁸BLM considers each land exchange to have least two transactions per exchange—for example, the acquisition of land and the conveyance of land. An exchange can have more transactions if the exchange involves more than two parties or more than two parcels of land.

¹⁹Of the remaining five survey respondents, one said that the number of exchanges processed since 2000 had greatly increased, two said that the number had somewhat increased, and two said that the number had stayed the same.

Transaction Facilitation Act of 2000 instead of exchanges.²⁰ Indeed, an official from the BLM Nevada State Office told us the agency is not currently pursuing any land exchanges in Nevada because it is focusing on the sales program. As we reported in February 2008,²¹ as of May 2007, the state accounted for 92 percent, or \$88 million, of the revenue raised under the Federal Land Transaction Facilitation Act through land sales. In addition, Forest Service officials said that enactment of the Forest Service Facility Realignment and Enhancement Act of 2005 caused a significant priority shift to administrative site sales.²² According to Forest Service officials, Regions 3 and 6 focus on administrative site sales instead of land exchanges because these sales allow the agency to generate revenue.

- *Availability of agency funding.* According to agency officials we interviewed, the same appropriation account funds land exchanges and other land management activities, such as processing special-use permits and energy rights-of-way, sales and other land adjustments, and boundary and title management. Therefore, officials said, processing land exchanges competes for funding with other activities that currently have a higher priority. To compensate for the decline in exchange funding, the agencies have been relying more on nonfederal parties to pay exchange processing costs. While the agencies' guidance generally states that both the federal and nonfederal parties should share the costs associated with processing land exchanges equally, the agencies vary in the extent to which nonfederal parties share the cost of processing exchanges. According to 4 of 10 BLM and 3 of 9 Forest Service officials we surveyed, the agencies often give priority to exchanges in which the nonfederal party pays over half of the processing costs. One of these BLM officials said that, in some cases, when an exchange is supported by many different interest groups and there is a clear benefit to many parties, BLM may be willing to pay the majority of the processing costs. At the Forest Service, one survey respondent said his region now conducts land exchanges only if the nonfederal party pays 100 percent of the processing costs. According to Forest Service headquarters officials, however, nonfederal parties can never pay 100 percent of the processing costs of an exchange because they would not pay for certain Forest Service costs, such as the Office of

²⁰Pub. L. No. 106-248, tit. II (2000), *codified at* 43 U.S.C. §§ 2301-2306.

²¹GAO, *Federal Land Management: Federal Land Transaction Facilitation Act Restrictions and Management Weaknesses Limit Future Sales and Acquisitions*, [GAO-08-196](#) (Washington, D.C.: February 5, 2008).

²²Pub. L. No. 109-54, tit. III (2005), *codified at* 16 U.S.C. § 580d Note. The act authorized the Secretary of Agriculture to convey certain administrative sites by sale, lease, exchange, a combination of sale and exchange, or other means the Secretary considered appropriate.

General Counsel and regional reviews of land exchanges. One Forest Service regional official cautioned that when nonfederal parties pay more of the exchange costs, pressure increases on realty staff to complete exchanges.

Some of the Land Exchanges Had Unique Characteristics

Some of the 250 land exchanges processed from October 1, 2004, through June 30, 2008, had unique characteristics. Specifically, these exchanges were facilitated by third parties, conducted in multiple phases, or legislated. In some cases, exchanges had more than one of these characteristics.

Forty-seven Facilitated Land Exchanges Involved Several Private and Nonprofit Facilitators

BLM and the Forest Service processed 47 land exchanges—16 and 31, respectively—involving private and nonprofit third-party facilitators from October 1, 2004, through June 30, 2008. The for-profit facilitators included Clearwater Land Exchange, FLEX of Arizona, Summit Resources, and Western Land Group. The nonprofit facilitators included the Conservation Fund, the Wildlands Conservancy, and the Prickly Pear Land Trust. The 19 BLM state and Forest Service regional officials we surveyed most often cited the third-party facilitators' primary tasks as helping the agencies work with the nonfederal parties participating in the exchange, identifying nonfederal lands for the exchange, and submitting exchange proposals. For example:

- BLM's Emerald Mountain exchange in Colorado involved BLM, the state, and private landowners and was initiated in August 2004. The third-party facilitator for this exchange, Western Land Group, worked with about 50 landowners to identify parcels available for disposal, obtained commitments from private parties to purchase the parcels, and worked with all parties to simultaneously close the exchange in February 2007. At the closing, BLM and the private parties received land, and the state received cash.
- The Forest Service's Mammoth Community Facilities exchange in California involved the Forest Service, the Mammoth fire station, and a hospital. To help process this exchange, the fire station and hospital hired Western Land Group to identify and acquire parcels suitable for exchange for 12.52 acres of Forest Service land. This facilitator identified about 3,000 acres, owned by four individuals, that the Forest Service was

interested in acquiring. The lands acquired were inholdings in three national forests in California—Inyo, Eldorado, and Tahoe.²³

BLM state office and Forest Service regional officials surveyed most often cited third-party facilitators as benefiting the land exchange process. Specifically, BLM and Forest Service officials most often reported that third-party facilitators assured the commitment of nonfederal landowners to complete the land exchange, served as a knowledgeable party for the nonfederal landowner to work with, and enhanced communications between the agency and the nonfederal landowners.

Conversely, a few survey respondents reported that facilitators sometimes have a negative impact on the exchange process. Three survey respondents—two from BLM and one from the Forest Service—reported that facilitators often increased the pressure to complete the exchange. One Forest Service official reported that facilitators often inhibit agency communication with the nonfederal landowners. Furthermore, a Forest Service respondent reported that in the Blue Mountain exchange in Oregon, the facilitator hindered the exchange process by being uncooperative with both the Forest Service and the nonfederal landowners, and the Forest Service terminated the exchange just before the closing. In addition, a representative of a nonprofit organization that monitors federal land exchanges said that facilitators might try to skew appraisals in order to offset the costs they have incurred, and they can create an unhealthy push to process legislated exchanges quickly, with insufficient public scrutiny.

Eight of Nine BLM Multiphase Land Exchanges Used Ledgers to Track the Balance of Land Values

BLM processed nine multiphase exchanges during the period of our review. Eight of these exchanges involved seven ledgers—three open and four closed—to track land value imbalances from October 1, 2004, through June 30, 2008. Two exchanges in New Mexico—Santo Domingo II and Acoma/State Mineral—are both included on one ledger. The ninth multiphase exchange in Idaho—Birch Creek—did not have a ledger for its final phase. According to the ledgers associated with these exchanges, nonfederal parties owe approximately \$2.6 million to the federal government, as documented in the open ledgers. Table 4 provides further details on the nine multiphase exchanges.

²³Inholdings are nonfederal lands within the boundaries of national parks, forests, wildlife refuges, and other designated areas.

Table 4: Information on Multiphase Exchanges Processed by BLM Using Ledgers from October 1, 2004, through June 30, 2008, and Updated Status as of April 2009

BLM state office and exchange name	Nonfederal acres acquired or planned for acquisition	Value of nonfederal acres acquired or planned for acquisition	Federal acres conveyed or planned for conveyance	Value of federal acres conveyed or planned for conveyance	Status (completed, pending, or terminated)	Date completed	Ledger status (open or closed)	Ledger balance (amount owed to U.S.)
California								
Palo Verde	29,538	\$6,187,100	2,007	\$6,472,000	Completed	6/23/06	Closed	\$0
State of California	123,423	12,232,316	2,290	14,314,091	Pending		Open	2,154,675
Idaho								
Birch Creek	315	283,500	272	79,105	Completed	3/25/05	None ^a	0
Montana								
Pumpkin Creek	12,229	2,568,122	14,326	2,589,700	Pending		Open	21,578
Nevada								
Indian Creek	35,914	2,872,156	22,681	3,288,142	Completed	1/05/05	Closed	0
New Mexico								
Santo Domingo II	2,264	5,293,000	7,148	5,744,000	Completed	1/11/08	Open ^b	450,988
Acoma/State Mineral	12,836	256,717	9,155	183,097	Completed	6/26/06	^b	
Oregon/Washington								
Columbia Basin Shrub Steppe	45,053	5,732,150	4,805	6,030,940	Completed	10/08	Closed	0
Central Washington Assembled Land Exchange II	11,433	1,958,200	4,599	2,582,400	Completed	10/08	Closed	0
Total	273,005	\$37,383,261	67,283	\$41,283,475				\$2,627,241

Source: GAO analysis of information reported by BLM state offices.

^aThe BLM Idaho State Office told us that they did not prepare a ledger for the final phase of the Birch Creek exchange. In commenting on a draft of this report, Interior stated that there was a ledger for the prior phases of the exchange.

^bThe New Mexico land exchanges are both reflected in one ledger for the state.

Over the period we reviewed, BLM's multiphase exchanges accounted for 63 percent, or 273,005 acres, of the total 432,210 acres BLM acquired or planned to acquire. BLM's largest multiphase exchange—the State of California exchange—although still pending, consists of 123,423 nonfederal acres valued at \$12.2 million and 2,290 federal acres valued at \$14.3 million.

Five of the 10 BLM state office officials surveyed used ledgers during the period of our review. According to these officials, there are a number of

advantages and disadvantages to using ledgers to track land value imbalances. In terms of advantages, among the five respondents who provided comments, one BLM state official said a ledger allows a balance to be carried over for up to three years from the date of the first transaction closing before the values must be equalized with a cash equalization payment. Another noted that it is critical to use a ledger when the state is the nonfederal party because states may be constitutionally prohibited from providing cash to equalize the values of the lands exchanged. A third BLM state office official remarked that ledgers are invaluable because they enable the agency to move forward with NEPA compliance, hazardous materials assessments, surveys and other work needed to exchange some of the parcels, rather than waiting for this work to be completed on all parcels. In terms of disadvantages to using ledgers, three BLM state officials provided comments. For example, one official stated that multiphase exchanges are complex and convoluted and imply that BLM may not have fully planned the exchange transaction. Regarding the future use of ledgers, the responses were evenly split, with five saying that they would definitely or probably use ledgers in future exchanges and five saying they would not.

Although the agency policy allows for multiphase exchanges using ledgers, BLM headquarters and state office officials told us that this practice is discouraged, except for exchanges with a state as a nonfederal party, because of past problems with these exchanges and their length and complexity. Multiphase exchanges with states continue because states have significant amounts of land and can act as long-term exchange partners.

As previously stated, the Forest Service does conduct multiphase exchanges, but only when each phase can be completed with the federal and nonfederal values in balance. Furthermore, the Forest Service regulations do not allow for the use of ledgers. The headquarters program lead said that, even if allowed, the agency would not want to use ledgers because of the risk that the exchange would not be completed, and the Forest Service would be owed funds for lands already conveyed.

Processing the 20 Legislated Land Exchanges Sometimes Differed from Processing Discretionary Land Exchanges

From October 1, 2004, through June 30, 2008, BLM and the Forest Service reported processing 20 land exchanges that were specifically legislated by Congress. Of these, BLM processed 5 and the Forest Service processed 11. The agencies processed the remaining 4 exchanges jointly because the legislation involved lands under each agency's jurisdiction. BLM and the Forest Service have or are expected to acquire 276,000 acres of nonfederal land and to convey 76,000 acres of federal land through these exchanges.

According to our analysis, 17 of the 20 legislated exchanges we reviewed were not processed in the same way as BLM's and the Forest Service's discretionary exchanges. Table 5 identifies select provisions contained in specific exchange laws that differed from the discretionary exchanges processed from October 1, 2004, through June 30, 2008. As shown in table 5, the most frequent differences between processing legislated and discretionary exchanges were (1) identifying specific lands to be exchanged, (2) requiring the agencies to conduct exchanges if requested by the nonfederal party, and (3) establishing time frames for the completion of the exchanges.

Table 5: Twenty Legislated Land Exchanges Processed from October 1, 2004, through June 30, 2008, and Selected Provisions That Differed from the Discretionary Exchange Process, if Any

Agency, state, and exchange	Requires agency to initiate exchange upon nonfederal party request	Identifies specific lands to be exchanged	Establishes time frame for exchange completion	Assigns certain costs to be borne by either the agency or nonfederal party	Places conditions on the federal land once conveyed	Alters appraisal requirements
BLM						
California						
State of California Palo Verde	X					X
Colorado						
Great Sand Dunes National Park/Baca National Wildlife Refuge						
New Mexico						
Santo Domingo II		X ^a	X ^b			
Acoma/State Mineral			X	X		
Forest Service						
Arizona						
Montezuma Castle	X	X	X	X		
Northern Arizona	X	X	X	X	X	X
California						
Greg D. Biagi ^c	X	X	X ^d	X		
Lost Valley	X	X				
Mill Creek ^e		X	X			
Sierra National Forest	X	X	X ^f	X	X	X

Agency, state, and exchange	Requires agency to initiate exchange upon nonfederal party request	Identifies specific lands to be exchanged	Establishes time frame for exchange completion	Assigns certain costs to be borne by either the agency or nonfederal party	Places conditions on the federal land once conveyed	Alters appraisal requirements
Colorado						
Campbell/Miles	X	X				X
Idaho						
Yale Creek		X				
Montana						
Lost Creek ^g	X	X	X ^h			X
New Mexico						
Pine Springs	X	X		X		
Utah						
OSPG (Timpanagos)		X				X
BLM and Forest Service						
California						
Agua Caliente Band of Cahuilla Indians (Santa Rosa and San Jacinto Mountains National Monument)						
Colorado						
Pitkin County	X	X	X		X	
Idaho						
Boise Foothills	X	X	X	X	X	X
Total	11	14	10	7	4	7

Source: GAO analysis of legislation identified by the agencies.

^aThe law specified the nonfederal lands to be acquired but not the federal lands to be conveyed.

^bThe law required the exchange to be completed not later than November 1, 2002.

^cThe law requires the Forest Service to convey federal lands to a private party and to receive the appraised fair market value of the land from the private party.

^dThe law established a deadline for the conveyance of federal land to occur.

^eThe law requires the Forest Service to convey federal lands to a private party and to receive the appraised fair market value of the land from the private party. The legal authority for this transaction expired on December 8, 2006.

^fThe authority for this exchange terminated on December 7, 2007.

^gIn addition to conveying federal land, the Forest Service must grant the nonfederal landowner the right to harvest timber on certain land in national forests.

^hThe law established deadlines for Forest Service to complete certain phases of the land exchange process.

In addition, we found the following provisions of legislated exchanges that differed from the discretionary exchanges processed from October 1, 2004, through June 30, 2008.

- The Lost Creek and the Campbell/Miles exchange legislation declared the values of the federal and nonfederal lands and interests in land to be equal, and the Sierra National Forest exchange legislation established the land values, so the regular process of conducting an appraisal to determine land values was not required.
- The OSPG Timpanogos exchange legislation allowed the cash equalization payment to exceed FLPMA's cap of 25 percent of the total value of the federal land conveyed.

In some cases, the agencies' interpretation of the enacted legislation led it to implement the exchange differently from the typical process. BLM and Forest Service survey respondents identified one and five exchanges, respectively, in which the agency did not conduct NEPA analyses because of their interpretation of the enacted legislation. The following illustrates why the agencies either did not conduct NEPA analyses or did so to a more limited extent:

- *BLM's Boise Foothills/Northern Idaho exchange.* The Solicitor's Office determined that BLM did not need to conduct NEPA analyses for this exchange because the statutory language requiring the exchange removed any discretion by the Secretary of the Interior to approve or disapprove the exchange or impose additional terms and conditions. Under these circumstances, courts have found no purpose in conducting the NEPA analyses. Furthermore, the Solicitor's Office found that "the strict and short time frame provided by Congress to complete the exchange (180 days) precludes the Secretary from complying with NEPA."
- *Forest Service's Montezuma Castle exchange in Arizona.* According to a Forest Service official, the agency interpreted the enacted legislation as requiring it to conduct limited environmental analyses, rather than full NEPA analyses. The official said this ensured that the exchange could be completed by the statutory deadline.

Agencies' Actions to Resolve Previously Identified Key Problems Have Been Somewhat Effective, but Issues Remain

In the past, we, the Inspectors General for Interior and USDA, the agencies themselves, and other organizations have identified problems that spanned many aspects of the BLM and Forest Service land exchange programs, from ensuring that the public interest was well served to providing appropriate guidance and training. The agencies have taken actions to address most of these problems. However, we found that the effectiveness of these actions has been mixed. Table 6 summarizes previously identified key problems, organizations identifying these problems, and agency actions taken to address them. Appendix II lists the organizations' reports that detail these problems.

Table 6: Previously Identified Key Problems and Agency Actions

Previously identified key problem	Entity identifying the problem	Agency action
Some exchanges did not meet regulatory requirements (e.g., ensuring the public interest was well served).	GAO Interior Office of Inspector General USDA Office of Inspector General	In 1998, BLM and the Forest Service instituted headquarters reviews of exchanges at two critical stages.
BLM inappropriately used escrow accounts to hold and earn interest on funds that resulted from value imbalances in multiphased exchanges.	GAO	In 2000, BLM issued guidance to discontinue the use of escrow accounts for the purpose of holding and earning interest on funds.
Third-party facilitators did not fully disclose their relationships with landowners.	USDA Office of Inspector General BLM Workgroup Forest Service Regional Review	In 2005 and 2006, BLM and the Forest Service issued guidance requiring full disclosure of the third-party relationships.
BLM did not have a national, comprehensive policy or statement of management direction that addresses land transactions, including land exchanges.	BLM Workgroup	BLM drafted but did not complete a national land tenure strategy. ^a
Agencies did not know the cost of individual exchanges.	GAO	No action taken because BLM did not agree and the Forest Service did not express a position on our recommendation to track such costs.
Agencies did not have adequate exchange guidance and training.	BLM Workgroup USDA Office of Inspector General	In 2004 and 2005, BLM and the Forest Service revised exchange handbooks and updated exchange-related training.
Agencies' appraisers lacked independence and BLM appraisals were not timely.	The Appraisal Foundation ^b GAO	In 2003, Interior moved the appraisal function from its agencies to a new department-level appraisal unit, the Appraisal Services Directorate. In 2000, the Forest Service restructured its appraisal function.

Sources: GAO analysis of reports issued by GAO, the Appraisal Foundation, USDA's and Interior's Offices of Inspector General, 2003 BLM Exchange and Appraisal Workgroup, Forest Service Headquarters Reviews of Regional Exchange Programs, a regional review of an exchange, and BLM and Forest Service information on actions taken.

^aLand tenure refers to changes in the status of public land ownership through transactions such as land exchanges, purchases, sales, and donations.

^bThe Appraisal Foundation, a nonprofit educational organization dedicated to the advancement of professional valuation, was established in 1987 and authorized by Congress as the source of appraisal standards and appraiser qualifications.

Agencies' Reviews Help Ensure That Exchanges Meet Requirements and Agency Guidance, but They Lack Documentation and Forest Service Oversight Is Inconsistent

As table 6 notes, BLM and the Forest Service instituted reviews to ensure that exchanges meet requirements and agency guidance. The review process appears to have addressed some of the past concerns by correcting problems early in the process and filtering out undesirable proposals. However, we found that the reviews were not always well documented, and therefore, it is difficult to determine if all problems were identified and resolved. Furthermore, the Forest Service headquarters has not sufficiently overseen the regional reviews of land exchanges.

Agencies Initiated Headquarters Reviews to Better Ensure Compliance

In the past, we, the Inspectors General for Interior and USDA, and others have identified a number of instances in which the agencies did not ensure that land exchanges were in the public interest. For example, in 2000, we reported that in BLM's Cache Creek Management Area exchange, BLM California officials did not specifically describe the parcels of land that would be exchanged and did not specifically state the benefits of acquiring the nonfederal parcels.²⁴ We also noted that the Ninth Circuit Court of Appeals found that, in processing the Huckleberry Forest exchange in Washington state, the Forest Service did not adequately prepare its environmental analysis.²⁵

To ensure that exchanges were meeting requirements and agency guidance, both agencies established headquarters exchange review teams in 1998 and required the teams to review most exchanges at two critical stages during the exchange process—the feasibility and the decision stages.²⁶ At these two stages, agency field staff had to submit detailed documentation supporting the exchange, such as a feasibility analysis and draft decision. At first, the headquarters review teams only reviewed exchanges that were controversial or valued at over \$500,000. Review thresholds changed over time.

²⁴[GAO/RCED-00-73](#).

²⁵*Muckleshoot Indian Tribe v. U.S. Forest Serv.*, 177 F.3d 800 (9th Cir. 1999). Specifically, the court found that the Forest Service did not consider the cumulative impacts of the exchange, in conjunction with past or reasonably likely future land transactions, and did not consider an adequate range of alternatives to the exchange, such as buying the nonfederal land.

²⁶The BLM headquarters review team is the National Land Exchange Team, and the Forest Service equivalent is the National Landownership Adjustment Team. In addition to its land exchange oversight responsibilities, the National Landownership Adjustment Team provides oversight for other land transactions, such as administrative site sales. For the purposes of this report, we will refer to both as the headquarters review teams.

Under current BLM policy, the headquarters review team and Interior's Solicitor review all exchanges.²⁷ The BLM Deputy Director reviews and renders a decision on every exchange. However, according to the BLM headquarters review lead, the agency is considering delegating the review responsibility to select BLM state offices.²⁸ Although no details had been worked out as of January 2009, the BLM lead said that headquarters might delegate review responsibilities to states based on the value of the exchange and other factors, such as the level of staff expertise in the state.

While BLM still maintains a headquarters review function, the Forest Service began delegating this function to some of its regional offices before March 2006, when the agency issued a new policy.²⁹ According to this policy, after 9 years of headquarters review, it was now appropriate to shift the primary exchange oversight role from headquarters to the regions. The policy further stated that the headquarters review of individual exchanges would be replaced by a headquarters inspection of regional exchange programs at least once every 3 years;³⁰ a review schedule proposed three reviews per year from 2007 through 2009. Although the policy stated that the regional offices would oversee the exchanges, it did not establish any specific guidance for regional reviews.

Reviews Have Addressed Some Past Concerns but Were Not Always Well Documented

As table 7 shows, 8 of the 10 BLM and 7 of the 9 Forest Service officials we surveyed responded that the headquarters reviews have at least somewhat improved the quality of exchanges their offices processed.

²⁷The Solicitor reviews are in addition to the title reviews the Solicitor regularly provides for each exchange.

²⁸BLM's guidance states that the current review practice will continue until the Director authorizes individual state directors to resume selective responsibility for land exchange management oversight and quality control.

²⁹Forest Service policy memorandum to Regional Foresters, "National Landownership Adjustment Oversight," dated March 17, 2006 (file code 5430/5570).

³⁰These reviews are referred to as reviews of regional landownership adjustment programs and, in addition to exchanges, include activities such as administrative site sales.

Table 7: Survey Responses on the Extent to Which Headquarters Reviews Improved the Quality of Land Exchanges

	Very greatly	Greatly	Moderately	Somewhat	Did not improve	Don't know	Total
BLM	1	3	3	1	1	1	10
Forest Service	0	2	1	4	1	1	9
Total	1	5	4	5	2	2	19

Source: GAO analysis of survey results.

Note: BLM responses were for exchanges processed for the period from 2000 through 2008. Forest Service responses were for exchanges processed for the period from October 1, 2004, through March 17, 2006, when Forest Service delegated the reviews to the regions.

In addition to improving quality, survey respondents most often cited that the headquarters review process ensured that exchanges (1) complied with statutory and regulatory requirements and policy, (2) were processed properly, and (3) met all documentation policies. For example, one Forest Service respondent commented that the Forest Service headquarters review had “significantly enhanced” oversight of the exchange program and that this enhanced oversight, combined with other efforts, had “generally resulted in better decision making and improved case processing.” A BLM respondent remarked that BLM headquarters’ “oversight and exceptional guidance has resulted in a better process and improved trust from the public.” In addition, 7 of the 10 BLM survey respondents found that the Solicitor review at least somewhat improved the quality of exchanges they had processed, and 2 of these said there was great improvement.

Other officials from both agencies also told us that headquarters review processes improved the quality of the exchanges. A BLM California official said, “The mere existence of the [headquarters] review has improved the quality of land exchange packages.” Additionally, a Forest Service regional official said that the reviews are often helpful in identifying technical issues, such as incorrect title details, and in ensuring that exchanges comply with policies that change over time.

Our analysis of feasibility and decision reviews for the 19 BLM and 12 Forest Service exchanges in our nongeneralizable sample of 31 exchanges processed from October 1, 2004, through June 30, 2008, showed that headquarters review teams did report problems with one or more of the

applicable statutory and regulatory requirements and policies.³¹ Furthermore, the number of exchanges with problems documented was significantly lower for decision reviews than for feasibility reviews, suggesting that earlier problems were resolved. Table 8 summarizes the number of exchanges with documented problems.

Table 8: Number of Exchanges with Problems Documented by Agency Review Teams at the Feasibility and Decision Stages in GAO’s Sample of 31 Land Exchanges

Statutory and regulatory requirements or agency policy	Number of exchanges with a documented problem			
	Feasibility review		Decision review	
	BLM	Forest Service	BLM	Forest Service
Land description	0	8	0	2
Conformance with land use plans	3	4	0	0
Public interest determination	3	7	0	3
Dollar values of the lands to be exchanged, including whether the values are within 25 percent of each other	4	7	2	4
Title for the properties involved	1	3	0	2
NEPA issues	^a	^a	0	2
Other	6	8	0	4
Total	17	37	2	17

Source: GAO analysis of BLM and Forest Service exchange documentation.

Notes: Numbers listed by statutory and regulatory requirements or agency policy are not mutually exclusive. For example, one exchange review might have identified problems with both conformance with the land use plan and title for the properties involved.

^aCompliance with NEPA does not occur until after the feasibility stage.

Although table 8 indicates that, in the 31 exchanges in our sample, the Forest Service had more documented problems in its exchange program than did BLM, this may not be the case because BLM officials do not always document the identified problems. As the BLM exchange lead explained, before a formal review, BLM reviewers generally identified and addressed problems through conversations or e-mails with the staff processing the exchange. Survey respondents and others we interviewed concurred, with 9 of the 10 BLM officials surveyed saying that BLM

³¹Of the 31 exchanges in our sample, we selected 27 because they represented 85 percent of the acres that the agencies have or plan to acquire and the remaining 4 because they were available for review during our site visits.

reviewers always, usually, or often provided substantive informal comments by telephone, e-mail, fax, or visits that were not documented in the formal review. Furthermore, in many cases, for the formal review itself, field office officials prepared the reviews, which essentially summarized the exchange proposal, and the review team would edit this summary as necessary.

Table 9 shows the number of exchanges with problems documented in the Interior Solicitor’s feasibility and decision reviews. In comparison to headquarters reviews presented in table 8, the Interior Solicitor documented problems it identified in more exchanges at the decision review stage. According to a BLM headquarters official, the reason the Solicitor may document more problems is because the Solicitor generally reviews the exchanges before the headquarters review team.

Table 9: Number of BLM Exchanges with Problems Documented in the Interior Solicitor’s Feasibility and Decision Reviews

Statutory and regulatory requirements or agency policy	Number of exchanges with a documented problem	
	Feasibility review	Decision review
Land description	0	4
Conformance with land use plans	4	0
Public interest determination	2	1
Dollar values of the lands to be exchanged, including whether the values are within 25 percent of each other	2	5
Title for the properties involved	4	1
NEPA issues	^a	2
Other	5	4
Total	17	17

Source: GAO analysis of BLM exchange documentation.

Notes: Numbers listed by statutory and regulatory requirements or agency policy are not mutually exclusive. For example, one exchange review might have identified a problem with conformance with the land use plan and title for the properties involved.

^aCompliance with NEPA does not occur until after the feasibility stage.

Through our analysis of the agencies’ reviews, we found documentation of 37 problems. Some appeared, in our opinion, to be substantive, and others seemed to be more technical. Examples of the apparent substantive problems included the following:

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- *BLM's Central Washington Assembled Land Exchange II (CWALE)*. Headquarters reviewers questioned, among other things, the use of bulk discount value adjustments—an appraisal practice of grouping parcels at a discounted value—for the federal lands but not for the nonfederal lands. According to the reviewers, this bulk discounting would have resulted in a 28 percent decrease in the overall value of the federal lands—a loss of \$576,620 to the taxpayer. Another exchange in Washington state—Columbia Basin Shrub Steppe—also proposed using bulk discounting. Because of the bulk discounting and other issues, the BLM Deputy Director suspended further action until the issues were resolved. The Deputy Director eventually approved these exchanges for processing without the use of bulk discounting, and both exchanges were completed in 2008.
 - *Forest Service's State of Florida exchange*. Headquarters reviewers found that the field staff had not adequately explained why this exchange would benefit the public. The reviewers also found that the proposed exchange did not discuss how the future use of the conveyed federal land would be compatible with the Forest Service's management of adjacent lands. From the documentation provided, it is unclear whether and how these problems were resolved.

In contrast, examples of the apparent technical problems included the following:

- *Forest Service's DNRC-Lolo exchange in Montana*. The Forest Service found a minor error in the description of one parcel.
- *Forest Service's Camp Tatiyee exchange in Arizona*. The Forest Service found some small inconsistencies in numbers in various documents.
- *BLM's Dees exchange in Utah*. BLM's reviews found two minor problems related to the draft ATI—lack of documentation on the potential compensation to the nonfederal landowner for certain functions performed and lack of action to ensure that a timetable and associated responsibilities for processing were current.

In addition to finding that BLM documented problems less frequently than the Forest Service, we found that both agencies (1) could not in all cases provide copies of key documents, including the reviews, as well as the documents subject to those reviews, and (2) did not always document how problems were resolved.

First, neither BLM nor the Forest Service could provide all of the feasibility and decision reviews associated with the 19 BLM and 12 Forest

Service exchanges we examined. As table 10 shows, key documents were missing at both the feasibility and decision stages.

Table 10: Key Exchange Documents Provided by BLM and the Forest Service

Review	BLM			Forest Service		
	Provided	Not provided	Not applicable ^a	Provided	Not provided	Not applicable ^a
Feasibility review	14	3	2	11	1	0
Interior Solicitor review at feasibility	9	7	3	^b	^b	^b
Decision review	12	3	4	7	0	5
Interior Solicitor review at decision	9	6	4	^b	^b	^b
Key documents subject to review						
Feasibility analysis	17	1	1	11	1	0
ATI	17	2	0	12	0	0
Draft decision record	12	3	4	4	3	5
Final decision record	11	2	6	6	1	5

Source: GAO analysis of documents provided by BLM and Forest Service state and regional officials.

^aIn some cases, key documents were not applicable because the stage of the exchange predated the policy or the exchange had not reached that stage in the process.

^bThe Forest Service does not require reviews by the USDA Office of General Counsel at the feasibility and decision stages. However, it does require an Office of General Counsel review of title documentation on all exchanges.

Based on our review, BLM’s guidance does not clearly state the retention policy for land exchange documents and appears to provide some discretion for how long such documents need to be retained.³² The four subsections pertaining to land exchanges do not always provide clear time frames for how long documents are to be retained. Furthermore, two senior lands and realty officials provided different interpretations of the policy. One stated that, in practice, completed exchange case files are retained for 3 years and then sent to a Federal Records Center. The second official stated retention varies depending on the final disposition of a proposal and he was unclear on certain aspects of the policy. The Forest Service guidance provides similar discretion for document retention. The guidance states that general exchange files not specific to an exchange are to be retained on-site for 3 years, while specific exchange files may be

³²See BLM’s Manual 1220 - Records And Information Management, GRS/BLM Combined Records Schedules, Schedule 4 - Property Use and Disposal Records, app. 2, p. 4-1.

“destroy[ed] after [the] title file is created and [the] administrative or legal use ceases.” The Forest Service’s National Records Manager said that the retention time frame is not specific and that the Forest Service planned to review the policy this year and set specific retention periods that would be implemented in fiscal year 2010.

Second, while we did find some instances in which the agencies documented the resolution of problems identified in reviews, neither agency documented all of the resolutions. We identified 37 apparent problems cited in decision reviews within our sample—2 identified by BLM and 35 identified by the Forest Service. Both problems cited in BLM decision reviews refer to the use of bulk discounting in the CWALE and Columbia Basin Shrub Steppe exchanges. Although both reviews approved the processing of the exchanges without bulk discounting, only the CWALE review stated that the field office planned to implement this recommendation. Because it was not clearly documented, we followed up with field officials to confirm that bulk discounting was, in fact, not used. For the Forest Service, we were unable to determine the resolution of the four problems identified in the regional review of the Gray Wolf exchange decision from the final decision and other documents provided. In addition, we found the resolution of only a portion of the 16 apparent technical problems identified in the headquarters review of the State of Florida exchange.

Forest Service Oversight Has Not Been Sufficient

After delegating review responsibilities to its regional offices in March 2006, the Forest Service planned to continue national-level oversight with reviews of regional exchange programs to be conducted once every 3 years. However, as of January 2009, the Forest Service headquarters review team had completed only three of the six reviews scheduled for completion by the end of 2008. According to a Forest Service official, the team is behind schedule because of staff shortages, a lack of funds, and competing priorities.

Of our sample of 12 Forest Service exchanges, 3 exchanges were being processed after the Forest Service headquarters review had been delegated to the regions. For these exchanges, the regional review teams generally documented problems found. For example, the Region 3 review of the Gray Wolf exchange in Arizona found that the public interest determination needed to be added to a key document. Furthermore, Region 5’s review of the Mammoth Community Facilities exchange in California found that some wording on a geothermal reservation needed to be verified with BLM before proceeding.

Only four of the nine regional offices—Regions 2, 3, 5, and 9—had formally documented their review policy and process, according to regional officials. However, these documents simply stated that the region would review exchanges at the feasibility and decision stages. Of greater concern, in some regions, reviewers were reviewing the feasibility and decision documents they also were responsible for preparing or assisted in preparing. This lack of independent review occurred about 2 years ago, according to headquarters reviews of Regions 1 and 2. Specifically, the reviews stated that the regions need to ensure that “adequate regional office oversight is conducted when staffs with oversight responsibilities are carrying out the subject work directly.” The reviews further stated, “there must be a separation between the persons who conduct the activity from the person that performs oversight of the activity” and that “true oversight can not be self-performed.” Both reviews recommended that either (1) an alternate headquarters or regional reviewer be identified to review any work conducted by regional staff that would otherwise be responsible for the oversight review of that work or (2) regional reviewers limit their mission delivery work to coaching and instructing, rather than conducting the activity themselves. More recently, in January 2009, a Region 4 official told us that regional staff are responsible for both preparing and reviewing all exchanges in the region. In commenting on a draft of this report, the Forest Service said that the region is organized in such a way that there is separation between those preparing the exchange documents and those that review them.

Asked how the Forest Service follows up on the implementation of the headquarters review recommendations, the land exchange program lead said they have not yet done any follow-up on the prior recommendations. Therefore, they do not know if past headquarters review recommendations have been implemented.

BLM Stated It Has Discontinued Use of Escrow Accounts in Multiphase Exchanges, but BLM Is Not Following Ledger Guidance, and Statutory Authority for Some Multiphase Exchanges Remains Unclear

In 2000, we reported that for multiphase land exchanges, BLM was inappropriately depositing funds into interest-bearing escrow accounts outside of the U.S. Treasury and later using those funds to acquire nonfederal lands.³³ According to BLM officials, the agency discontinued its use of escrow accounts and issued new guidance on how to use land exchange ledgers to track land value imbalances in multiphase exchanges. While BLM officials told us that no funds currently were held in an escrow account outside of the U.S. Treasury, we found that cash from at least one multiphase exchange we reviewed was deposited in an escrow account and later transferred to the U.S. Treasury. We also found that the agency is not adhering to its own guidance for maintaining land exchange ledgers so that it can know how much is owed. As a result, BLM cannot be assured that its total balance of about \$2.6 million due to the United States, as of June 30, 2008, is accurate. In addition, one BLM multiphase exchange we reviewed presented problems similar to those we identified in our 2000 report. Specifically, the statutory authority for the exchange remains questionable.

BLM Stated It Has Stopped Using Escrow Accounts, and Multiphase Land Exchanges Have Continued

As we reported in 2000, in conducting multiphase exchanges, BLM was inappropriately selling land, depositing funds into interest-bearing escrow accounts outside of the U.S. Treasury, and using these funds to acquire nonfederal lands directly or through third parties. We further reported that FLPMA did not authorize BLM to retain sales proceeds for land acquisitions, but rather required BLM to deposit such funds into the Treasury and to use appropriated funds to acquire nonfederal land. We recommended that BLM end the use of nonfederal escrow accounts. We further recommended that BLM identify and immediately discontinue multiphase exchanges under which BLM was—either directly or through third-party facilitators—following the unauthorized practice of selling federal land, retaining the sales proceeds, and using these proceeds to buy nonfederal land. BLM responded that multiphase exchanges are necessary and permissible. BLM agreed with our recommendations on escrow accounts and issued guidance in 2000 to, among other things, discontinue their use and incorporated this guidance into its 2005 land exchange handbook. Select provisions of the revised handbook include the following:

³³ [GAO/RCED-00-73](#).

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- A ledger is an accounting mechanism that may be used only for tracking the differential in dollar value of lands conveyed in a series of transactions.
 - The BLM state director must provide written approval of the establishment of a ledger and a determination on the need to secure an imbalance. If needed, the nonfederal party must provide a financial assurance to secure the imbalance.³⁴
 - The difference between the value of federal and nonfederal lands cannot exceed 25 percent of the federal land value conveyed up to and including the current transaction.
 - The cash equalization waiver provision only applies to the final transaction of the multiphase exchange.
 - Any funds being held by BLM as financial assurance are held in a “BLM suspense account” in the U.S. Treasury.³⁵
 - Ledgers must reach zero balance every 3 years.
 - Lands acquired by means other than a land exchange transaction (i.e., acquisition or donation) are not to be reported on the ledger.
 - The ATI for a multiphase exchange should document how the exchange will be processed using a ledger.
 - A standard ledger format must be used.

The BLM handbook does not call for ledgers to be submitted to the headquarters review team as part of the exchange feasibility or draft decision package, and therefore, ledgers are not regularly reviewed above the state director level.

³⁴If required, a financial assurance may be provided by the nonfederal party by posting a performance bond secured by cash or personal bond, negotiable U.S. Treasury bonds, notes or bills, or a bond of corporate surety. Ledger documentation must include a statement indicating if the imbalance is secured.

³⁵The Department of the Treasury has established budget clearing suspense accounts to temporarily hold unidentifiable collections that belong to agencies until they are classified to the proper receipt or expenditure account. Sound financial management practices entail entities having appropriate controls over the suspense accounts including maintaining adequate detailed records of the transactions in the account, promptly investigating the transactions, and promptly transferring them to the proper accounts.

BLM Is Not Adhering to Its
Guidance on Managing Land
Exchange Ledgers to Track
Value Imbalances in Multiphase
Land Exchanges

Our review of the seven open and closed land exchange ledgers processed from October 1, 2004, through June 30, 2008, found instances of noncompliance in several areas: (1) documenting the decision to require financial assurances, (2) balancing ledgers at zero every 3 years, (3) documenting the use of a ledger in the ATI, (4) adhering to the standard ledger format, and (5) using a ledger. While BLM reported nine multiphase exchanges in our time frame, they also noted that two of the exchanges were accounted for in a single ledger, and the office processing the ninth exchange said they did not prepare a final ledger for one of the closed exchanges. Together these omissions reduce the opportunity for management to provide appropriate oversight of each transaction and help ensure that exchange program objectives are achieved. Specifically:

- *Financial assurances.* Three of the seven ledgers were still open and had balances due to the federal government totaling about \$2.6 million, but did not have financial assurances to secure the balances due. Two of these open ledger balances were owed by state agencies (California and New Mexico). The 2005 handbook does allow exemptions from its financial assurance provisions with the written approval of the BLM state director. All three of these ledgers did have the written documentation as to why financial assurances were not needed. However, for one of the open ledgers with written documentation—the Pumpkin Creek exchange in Montana—the justification was dated about 1 year after the imbalance was created and after we requested the document. Three of these four closed ledgers did have financial assurances, but the BLM state directors did not document the determination on the need for financial assurances. One state office reported a fourth ledger as closed, but the officials said no final ledger document was prepared.
- *Balancing land exchange ledgers every 3 years.* Six of the seven ledgers were over 3 years old, and state office officials reported that none of the six were balanced at zero at least every 3 years, as required. Officials offered explanations for the failure to balance the ledger to zero every 3 years. Specifically, one state office program lead said that the requirement to balance the ledger to zero is not realistic because there will never be a time when a ledger can balance with exactly equal land value. In addition, because multiphase exchanges tend to take longer than anticipated, another state office program lead said that balancing ledgers to zero has been deferred beyond 3 years. The seventh ledger was established in 2007 and was not due to balance until 2010.
- *Documenting the use of the land exchange ledger in the ATI.* Of the multiphase exchanges we reviewed, only four had documented an agreement to establish a ledger in the ATI, as required.

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- *Land exchange ledger format.* None of the seven ledgers we reviewed had followed the format that BLM had prescribed in the handbook. Since the ledgers' formats were inconsistent and not self-explanatory, and the ledgers were not current, determining when balances were zero and when ledgers were closed was not always possible from the document itself. Based on our reviews of actual ledgers and prescribed format in the BLM handbook, key facts about the exchange—that is, whether the balance was at zero every 3 years or whether the ledger was closed—were not readily apparent from the ledgers as prepared or as prescribed. We therefore had to interview state program leads to obtain this information.
 - *Use of ledgers.* Although required, one multiphase exchange in Idaho—Birch Creek—did not have a final ledger.

In addition to noncompliance with guidance on how to manage land exchange ledgers, we found the following problems with multiphase exchanges using ledgers:

- *Large ledger imbalance and other concerns.* The ledger for the ongoing State of California multiphase exchange shows that the federal government has been owed \$2.2 million since 2003. Furthermore, this exchange does not have a financial assurance in place to cover this balance owed if the state does not pay. According to BLM officials, the California Desert Protection Act of 1994 authorizes this exchange.³⁶ Because of the concerns about lands to be exchanged under the act, the California State Lands Commission and the General Services Administration (GSA) entered into a memorandum of agreement with BLM, in lieu of an ATI. Under the memorandum and related agreements, if the State Land Commission did not want the surplus federal property, GSA was to sell surplus federal properties to third parties and deposit the sale proceeds in a U.S. Treasury suspense account. After BLM received title to the State Land Commission properties located within wilderness areas or national park units, as identified in the 1994 act, GSA was to transfer the money to the commission. According to BLM California State Office officials, the exchange has been on hold since 2003, when the BLM headquarters review team and Interior's Office of the Solicitor raised concerns about the memorandum of agreement. In commenting on a draft of this report, Interior said that it would be more accurate to state that the exchange has been delayed because BLM and the state have been unable to reach an agreement on value after three appraisals, the latest in 2008. None of the appraisals were acceptable to both parties, and the state and

³⁶Pub. L. No. 103-433 (1994).

Statutory Authority for Some
BLM Multiphase Exchanges
with Ledgers Remains Unclear

BLM have been discussing ways to resolve the appraisal issue and balance the ledger. In March 2009, a GSA official reported that GSA was still holding \$7.8 million in a Treasury account for the purpose of acquiring land under the California Desert Protection Act. This report does not address questions relating to the underlying legal authority for these transactions. We are exploring this issue separately with Interior's Solicitor and GSA's Office of General Counsel.

- *Value imbalances not clearly shown.* A recently closed ledger for a large multiphase exchange processed by the BLM Oregon State Office—the Central Washington Assembled Land Exchange II (CWALE), worth a total of \$5 million in federal and nonfederal land value—could not be used to track the land value imbalances due to BLM because the numbers in the document did not clearly show value imbalances. After we made inquiries to the Oregon State Office program lead, we learned that there were errors in the original ledger's presentation. Although the program lead provided a revised ledger, the revision did not show a zero balance on its bottom line. Rather, a footnote stated that the \$290,200 balance due to BLM had been received and deposited in the U.S Treasury.

One multiphase exchange we reviewed, CWALE, presented problems similar to those we identified with the unauthorized exchanges discussed in our 2000 report. Specifically, BLM conveyed federal land to various private parties and received cash equal to the federal land's fair market value from those private parties. The cash was then deposited into an escrow account for the purpose of closing and sometimes was later transferred to a U.S. Treasury deposit fund account.³⁷ BLM would then use this cash to pay landowners the fair market value of the nonfederal lands BLM acquired from them. These transactions appear to be similar to the unauthorized exchanges discussed in our 2000 report.³⁸

BLM officials state that the CWALE multiphase exchange was conducted pursuant to the applicable statutory and regulatory requirements. However, as we said in our 2000 report, BLM was not authorized to sell

³⁷The Financial Management Service of the Department of the Treasury establishes deposit fund accounts to record monies that do not belong to the federal government but are held by the federal government for various authorized purposes. *See* 1 TFM 2-1535.

³⁸Not all of BLM's multiphase exchanges involve such cash transfers. For example, in the Acoma exchange, BLM conveys federal land to and acquires nonfederal land from New Mexico without receiving or paying cash equal to the land's fair market value. Instead, BLM tracks the fair market value of land conveyed and acquired; any imbalance will be addressed with a cash equalization payment at the conclusion of the exchange.

federal land, retain the proceeds, and subsequently use the proceeds to buy other lands under the umbrella of a land exchange. In 2000, shortly after we issued our report, Congress passed the Federal Land Transaction Facilitation Act (FLTFA).³⁹ Under FLTFA, the gross proceeds from certain exchanges or sales carried out under FLPMA are deposited into a special account, known as the Federal Land Disposal Account. Funds in this account are available to BLM and other land management agencies without further appropriation to purchase privately owned land meeting certain qualifications, generally referred to as “inholdings.” While the federal lands conveyed in CWALE meet FLTFA’s requirements, it appears that the lands BLM acquired with the gross proceeds do not. Moreover, instead of depositing the gross proceeds into the Federal Land Disposal Account, BLM used some of the proceeds to acquire private lands that were not FLTFA inholdings, and only later deposited the remaining proceeds in the Federal Land Disposal Account.

BLM officials further maintain that any money received served as either a cash equalization payment or a financial assurance to secure the ledger’s imbalance. However, a cash equalization payment is intended to fulfill the requirement that the values of the land exchanged be equal after all reasonable efforts to equalize land by adding or excluding land from the exchange. A payment from a nonfederal party that equals the federal land’s value appears more likely to be a purchase price than a cash equalization payment. With respect to the financial assurance characterization, the documents we obtained from BLM are not consistent with this characterization. BLM’s Land Exchange Handbook specifies the approved methods for securing ledger imbalances. For cash or personal bonds, the handbook says that BLM should obtain a personal bond, cash, and book entry deposits form from the nonfederal party. BLM was unable to provide us any such forms for the CWALE transactions. Furthermore, the escrow instructions and related documents (1) refer to the cash BLM received as “full consideration for the purchase of property,” (2) provide that the cash would become federal funds once that transaction’s conveyance documents were recorded, and (3) state that the money would be utilized as payment for a subsequent transaction.

In addition to CWALE, other multiphase exchanges we reviewed potentially appear to have resulted in transfers of cash that should have been regarded as sale or exchange proceeds or payments for land

³⁹Pub. L. No. 106-248, tit. II (2000), *codified at* 43 U.S.C. §§ 2301-2306.

acquisitions. As such, each of these multiphase exchanges, including CWALE, may have resulted in violations of fiscal laws, including the Antideficiency Act and the Miscellaneous Receipts Statute, as well as the Department of the Treasury's policies and procedures for accounting and reporting of receipts and disbursements of the U.S. government. We are exploring these issues separately with Interior's Office of the Solicitor.

The Agencies Issued Guidance on the Use of Third-Party Facilitators, but Need to Clarify and Consistently Apply Disclosure Policies

As internal agency reviews have reported, guidance on using third-party facilitators was inadequate and facilitators did not always disclose important information to the agencies during the course of an exchange. As a result, some exchanges failed or were not in the public interest. Both BLM and the Forest Service have issued new guidance that requires full disclosure of the relationship between the facilitator and other parties to an exchange. However, we found that the agencies do not clearly define third-party facilitators in their guidance and are not consistently applying disclosure policy to them. Moreover, agencies' policies do not require disclosures to be examined during the review process.

Agencies Enhanced Guidance and Required Full Disclosure from Third-Party Facilitators to Correct Past Problems

According to reports by a BLM workgroup, the USDA Inspector General, and an internal Forest Service review, the agencies lacked guidance on dealing with third-party facilitators, and facilitators withheld important information on their relationships with landowners. For example, a 2003 BLM workgroup review highlighted the value of facilitators, but also acknowledged the growing public perception that facilitators may have an inappropriate level of influence over the exchange process. It recommended that BLM develop policy and guidance related to facilitators. In response, BLM revised its land exchange handbook in 2005 to expand its guidance and provide more detail on working with facilitators. The earlier handbook had only called for facilitators to disclose to the sellers their intent to transfer acquired lands and to disclose to BLM their purchase price of nonfederal lands to be included in an exchange.

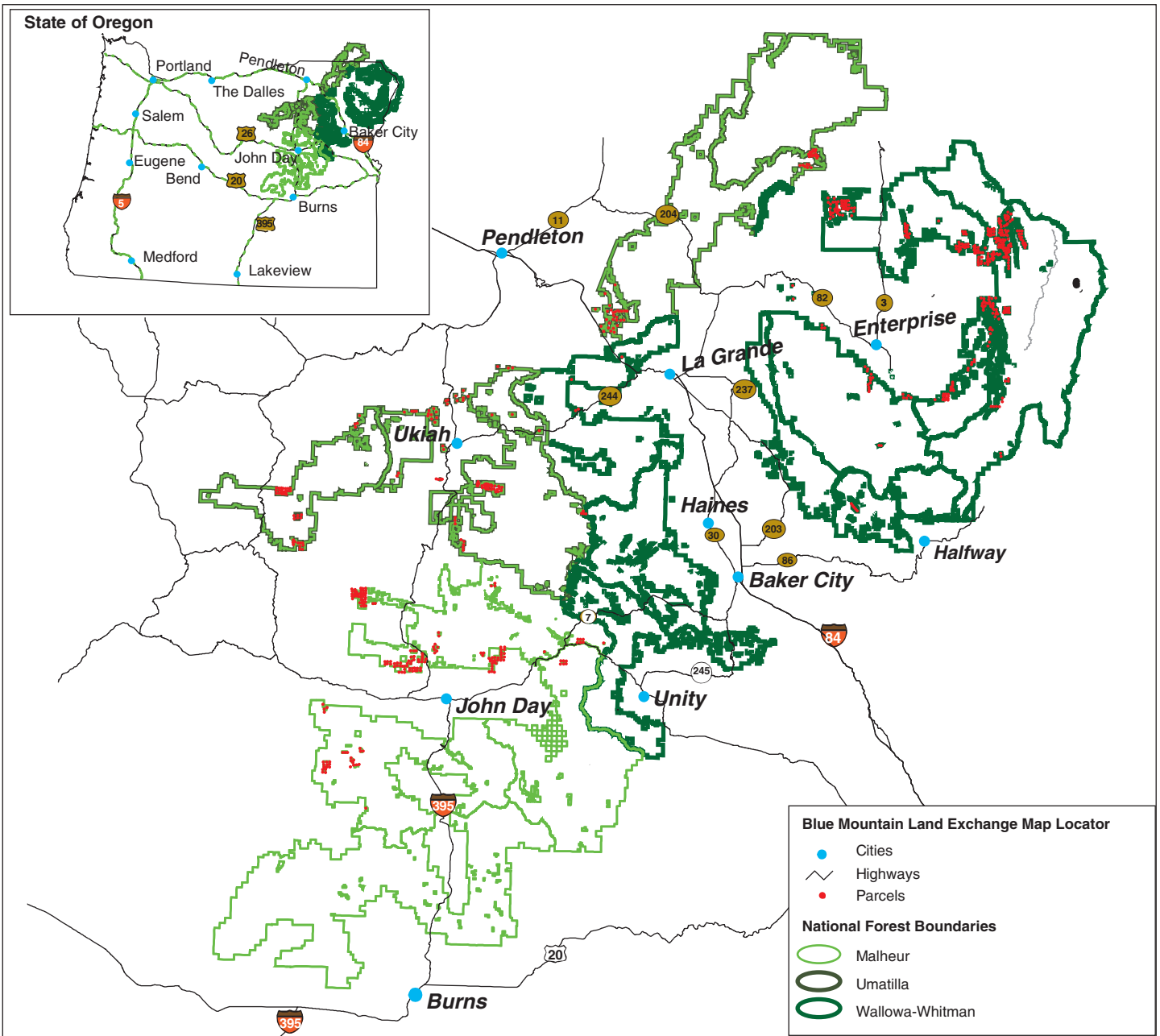
In contrast, the 2005 handbook states that third-party facilitators must disclose all agreements and additional fees, costs, or surcharges to be added to the appraised exchange property values to cover the cost of the facilitator's participation in the exchange and must make these disclosures before requesting an appraisal. In addition, the disclosure provision ensures that BLM has the right to inspect the facilitator's records for up to 7 years after an exchange is completed. BLM policy also includes a template for full disclosure language that must be used in the ATI if a facilitator is involved.

At the Forest Service, in 1998, the USDA Inspector General reported that there were no guidelines for evaluating exchanges that facilitators had proposed. Indeed, the report found that Forest Service staff at the Humbolt-Toiyabe National Forest in Nevada had an “accommodating relationship” with one facilitator, and gave the facilitator’s proposed exchanges a higher priority than other proposed exchanges. Furthermore, forest staff improperly bargained with this facilitator and the landowner it represented, which resulted in a loss of \$5.9 million to the federal government. The Inspector General recommended that the Forest Service develop additional direction for dealing with facilitators and instruct all Forest Service lands staff on the new policies. To respond to these problems, the Forest Service said it planned to issue national guidance defining the roles and responsibilities of Forest Service staff and facilitators in 1999. In addition, the agency said it would provide training on the new policies.

The Forest Service’s problems with third-party facilitators continued, however, as evidenced by the agency’s failed Blue Mountain exchange in 2006. The Blue Mountain exchange, initiated in 1998, involved a trade of about 18,000 federal acres valued at \$16 million for about 32,000 nonfederal acres valued at \$15.7 million located in northeastern Oregon.⁴⁰ The nonfederal acres were owned by approximately 40 separate landowners. Figure 3 shows the multiple parcels involved in this large exchange involving three national forests and spanning six counties.

⁴⁰The number of acres included in this exchange varied over time. For example, the original 1998 ATI for the Blue Mountain exchange involved 19,000 federal and 29,000 nonfederal acres. The acreage numbers provided here are those reported by regional officials in response to our data call.

Figure 3: Location of Federal and Nonfederal Parcels Proposed for Exchange in the Terminated Blue Mountain Exchange in Northeastern Oregon



Source: GAO adaptation of map from the Final Environmental Impact Statement for the Blue Mountain Land Exchange-Oregon, dated September 2006.

This large and complex land exchange failed for several reasons, according to Forest Service officials and documents we reviewed. First, the Forest Service worked only with the third-party facilitator and did not communicate with the nonfederal landowners about their willingness to participate in the exchange. Second, the facilitator and the Forest Service could not agree on the appraised values. Third, in the final stages of the exchange, as the appraisals were about to expire, the facilitator proposed dropping several land parcels of high value to the government, opting instead to pay a higher cash equalization payment. The facilitator proposed this change because, as the Forest Service later learned, several landowners represented by the facilitator were no longer willing to exchange their property. The officials said that while the planned cash equalization payment—\$3.6 million—would have been within the legal threshold of 25 percent of the federal land value, such a large payment would have gone against FLPMA’s provision to keep such payments as low as possible. Moreover, a regional official said that the exchange was premised on the government receiving certain high-resource value lands and when some of these lands dropped out, the agency decided the public interest would no longer be served.

A subsequent Forest Service internal regional review of the Blue Mountain exchange indicated a number of problems with the facilitator. Specifically, the review stated that the facilitator (1) tried to work on passing federal legislation without the Forest Service’s knowledge, (2) was very secretive about its agreements with landowners, and (3) wanted to control the outcome of the exchange instead of working as a partner with the Forest Service to ensure an outcome that was in the public interest. In addition, the review said that the facilitator never provided the Forest Service with written documentation that landowners had granted Forest Service staff permission to enter the landowners’ properties to conduct appraisals, surveys, and other studies, which made it difficult for Forest Service staff and others to conduct this work. While the Forest Service did not track the costs of processing this land exchange, it estimated that it spent \$1.4 million from 1998 to 2006. In June 2008, Forest Service officials told us that they planned to salvage parts of this exchange by working directly with landowners and they will not involve a third-party facilitator.

Following the failure of the Blue Mountain exchange in Oregon, in December 2006, the Forest Service revised its guidance to its staff. The revised guidance required staff to, among other things, obtain (1) written permission to access properties for appraisals, inspections, and other necessary activities; (2) written disclosure of the relationship between the facilitator and nonfederal landowner; and (3) copies of purchase options,

agreements, or other financial arrangements affecting the value of the appraised property. This documentation must be obtained before processing a facilitated exchange.

Agencies Do Not Clearly Define Third-Party Facilitators and Are Not Consistently Applying Disclosure Policy

Although both agencies require disclosure from third-party facilitators on, among other things, any interests the party might have in the exchange, agency officials told us that disclosure is applicable only when facilitators sign key documents, such as the ATI or the exchange agreement, and are included on the title of lands exchanged. The officials added that it is more common that facilitators do not sign such documents and serve more in the capacity of a “consultant” or “advisor.” However, neither agency’s handbook makes this distinction in applying the disclosure policy.

Both BLM’s and the Forest Service’s enhanced guidelines for third-party facilitators appear to have had little impact on obtaining documentation on third parties facilitating exchanges. Indeed, although the BLM exchange program lead agreed that field offices must have the disclosure provision in the ATI, he questioned whether field staff processing exchanges had to actually obtain supporting documentation. Furthermore, because there is no clear definition of a third-party facilitator, and because most entities assisting landowners do not sign the key documents, the Forest Service exchange program lead questioned the impact of the Forest Service’s revised 2006 disclosure policy on avoiding problems with facilitated land exchanges. In addition, two Forest Service regional officials we interviewed stated that the Forest Service’s 2006 guidance has had no impact on their work with facilitators because those entities do not sign key documents. Absent specificity about who a facilitator is and, thus, who should be complying with disclosure, BLM and Forest Service staff processing exchanges have been determining when to apply the disclosure policy.

One of the third-party facilitators we interviewed agreed with these assessments, stating that the disclosure guidelines BLM and the Forest Service issued have had no impact on his operations because his company does not sign the documents. He added that his company’s relationships are “open and clear” and that the agencies should have no questions about whom they are dealing with. This facilitator worked on 17 of the 47 facilitated exchanges pending, completed, or terminated from October 1, 2004, through June 30, 2008.

In the absence of disclosure, a Forest Service official said that staff recently experienced a problem completing the Montezuma Castle exchange in Arizona. Specifically, the facilitator misrepresented its

ownership of the nonfederal land to be acquired in the exchange, stating that it owned all the land. However, the facilitator only held a 1-year option to purchase part of the nonfederal land. The option expired during the exchange process, requiring additional negotiations with the landowner to acquire that land. The exchange was eventually completed in December 2007.

Thirteen survey respondents had worked with a third-party facilitator during the period we reviewed—7 from BLM and 6 from the Forest Service. These respondents worked on seven facilitated exchanges that were subject to compliance with the disclosure guidelines.⁴¹ These respondents reported that the facilitator in four exchanges did not comply with the disclosure guidelines and two did comply, and in one case, the respondent was not sure whether the facilitator complied. Of the two cases where the facilitator was reported to have complied, BLM and Forest Service officials provided incomplete supporting documentation. Specifically, the BLM official provided us with an ATI that contained the required provisions on disclosure but no documentation of the disclosure, including agreements involving the facilitator and landowner, copies of purchase options, or other financial arrangements affecting the value of the appraised property. The Forest Service official provided us with a letter from the landowner to the Forest Service outlining the role of the facilitator in the exchange. The letter provides the name and role of the facilitator and states that the facilitator has no ownership rights to any of the nonfederal lands proposed for exchange. It further states that the landowner would be signing all key documentation. Again, however, the Forest Service official did not provide copies of any financial arrangements affecting the value of the appraised property.

In addition to the agencies' inconsistent collection of required documentation, neither BLM nor the Forest Service guidelines call for land exchange review teams to obtain and examine full disclosure documentation.

⁴¹The disclosure guidelines became effective for BLM and the Forest Service in December 2005 and December 2006, respectively. We included only those facilitated exchanges with a signed ATI on or after the effective date of the agencies' disclosure guidelines.

BLM and the Forest Service Do Not Have National Land Tenure Strategies

Neither BLM nor the Forest Service has a national land tenure strategy. According to a 2003 BLM report, BLM needs such a strategy to guide its land transactions, and BLM agreed to develop a strategy but has not yet done so. Internal Forest Service reviews have also noted that some Forest Service regions lack proper planning documentation. As we have previously reported, the most important element in results-oriented management is an agency's effort to define what it seeks to accomplish, identify the strategies it will use to achieve desired results, and then determine how well it succeeds in reaching results-oriented goals and achieving objectives.⁴²

BLM Has Not Completed An Agreed-to National Land Tenure Strategy, but Three BLM State Offices Have Completed State-Level Strategies

According to BLM's 2003 workgroup review, BLM lacks a national, comprehensive policy or a statement of management direction that addresses land transactions, including land exchanges. Furthermore, the workgroup said it may be time to develop a policy to address public land ownership patterns because of the complex land ownership pattern of public lands and the potential influence of these patterns on local and regional land use issues. To address these problems, the workgroup recommended, among other things, that BLM establish a national land tenure strategy and direct state offices to develop state-level strategies based on the national strategy.⁴³

The BLM Director agreed to implement these recommendations, but BLM has not yet done so. According to the BLM exchange lead, BLM staff developed a national land tenure strategy and submitted it for review and approval by BLM's executive leadership team in 2003, but no action has since been taken.⁴⁴ As a result, BLM has not directed state offices to develop state-level strategies and has not integrated the national strategy into its land use planning handbook and manual. The BLM land exchange lead said that the strategy has not been completed primarily because of changes in agency priorities.

⁴²GAO, *Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review*, GAO/GGD-10.1.16 (Washington, D.C.: May 1997).

⁴³The recommendation specifically called for BLM to establish national land tenure adjustment program management policies, goals, and objectives. BLM refers to this as a national land tenure strategy.

⁴⁴BLM's Executive Leadership Team consists of the BLM Director, deputy directors, assistant directors, center directors, and state directors.

Although BLM headquarters had not provided direction to the state-level offices, 4 of the 10 BLM state offices had developed, or were developing, state-level strategies. Three of the offices responding to our survey—Arizona, Montana, and New Mexico—reported that they had completed a strategy, and one, California, reported it was developing a strategy. From our reviews of these strategies and interviews with BLM officials from these states, we learned the following:

- *Arizona.* The 2008 state office strategy’s primary goal is to better administer public lands by acquiring lands with high-resource values and disposing of lands that are difficult and uneconomical to manage.⁴⁵ According to the BLM Arizona exchange lead, prior to this strategy, BLM Arizona staff made decisions in a “haphazard” way. For example, in some cases, field office staff worked extensively on exchange proposals without early state office input, only to later have these proposals terminated by the state office for various reasons. Furthermore, this strategy establishes a consistent methodology for evaluating land transaction decisions, helps ensure decisions are properly made, and improves communication among offices.
- *Montana.* According to the BLM Montana exchange lead, because the state office foresees considerable exchange opportunities with the state of Montana, the development of a state exchange strategy, which was completed in 2004, was “imperative.” The strategy established a prescreening process for exchanges to ensure that BLM resources, including staff and funding, are allocated to exchanges with the greatest benefits.⁴⁶
- *New Mexico.* The 2004 state office strategy states that because land management goals had been established at the field office level, some priority transactions from a statewide perspective were passed over.⁴⁷ To address this problem, the strategy established statewide priorities for land transactions, among other things. It also created a statewide land tenure steering committee to review all land transactions in the state, including exchanges. The state director issued the committee’s charter in 2005 to clarify how the committee will function.

⁴⁵This plan is referred to as the *BLM Arizona Land Tenure Strategy*.

⁴⁶This plan is referred to as the *State Director Guidance and Policy for Land Exchange Processing Within the Montana/Dakotas*.

⁴⁷This plan is referred to as the *Land Tenure Management Strategy and Implementation Plan*.

According to BLM survey respondents in the remaining six states, two states—Idaho and Oregon—had not started a strategy;⁴⁸ one—Wyoming—did not know the strategy’s status; and three—Colorado, Nevada, and Utah—said they did not need a strategy because they rely on land use plans to make decisions.

Independent of actions taken in response to the BLM workgroup, in 2003, a congressional committee directed the Secretaries of the Interior and Agriculture to develop jointly a long-term national plan outlining the acreage goals and conservation objectives for federal land acquisition.⁴⁹ In response, the agencies, including BLM and the Forest Service, issued a *National Land Acquisition Plan* in February 2005.⁵⁰ While this plan does provide information on the various agencies’ goals, objectives, and land acquisition strategies, among other things, it does not appear to offer a specific strategy on making exchange and other land transaction decisions on a national basis. In fact, the report states that BLM’s national land tenure strategy, which is under development, will focus on a better balance between land exchanges and disposal actions, acknowledging that such a plan will offer more detailed planning with regard to exchanges.

Forest Service Does Not Have a National Land Tenure Strategy

Like BLM, the Forest Service does not have a national land tenure strategy. According to the Forest Service exchange lead, the agency relies on its agencywide strategic plan and policies to guide land exchange decisions. The Forest Service’s policy manual does recognize the importance of planning for land transactions by requiring the regions and forests to prepare documents that can adequately guide the long-range (5 to 10 year) landownership adjustment program. These planning documents, which supplement required forest plans, include, among other things, more detailed guidance for making land exchange decisions and are required if a region delegates certain responsibilities to forest staff, such as signing off on key exchange documents.

Although these plans are required, only one of the nine regions reported having a regional-level plan, and the official from that region reported that

⁴⁸While the Idaho State Office reported it had not developed a statewide strategy document, in commenting on this report Interior stated that the office has a specific exchange strategy with the State of Idaho that is outlined in a 1998 memorandum of understanding.

⁴⁹H. Rep. No. 108-195, at 10 (2003).

⁵⁰Department of the Interior and Department of Agriculture, *National Land Acquisition Plan* (Washington, D.C., February 2005).

the plan, completed in 2005, needs to be revised. Furthermore, according to Forest Service headquarters reviews of land transaction programs in Regions 1, 2, and 8 in 2007, these regions were delegating responsibilities to national forests that did not have these plans.⁵¹ The reviews therefore recommended that the regional directors of lands ensure that all national forests receiving delegated authority either have adequate forest-level land transaction plans or are using regional-level plans. As noted earlier, the land exchange program lead said headquarters has not done any follow-up on the prior headquarters review team recommendations. Therefore, they do not know if the recommendations on planning have been implemented.

Agencies Do Not Track the Costs of Processing Individual Exchanges

BLM and the Forest Service did not implement our 1987 recommendation to account for all costs associated with individual land exchanges.⁵² Nevertheless, BLM's guidance on land exchanges recognizes the importance of monitoring and tracking costs to make informed resource management decisions. The Forest Service's guidance does not address this issue. In our current review, we found that the agencies typically do not track the largest cost associated with individual land exchanges—personnel costs—although they do track certain other costs. Without complete knowledge of the cost of each land exchange, BLM and the Forest Service cannot weigh the costs of processing land exchanges, compare the benefits of land exchanges with other priorities, or provide complete and accurate information to assist congressional oversight and inform the public.

BLM and the Forest Service Did Not Implement GAO's Recommendation to Track Costs

In 1987, we reported that neither BLM nor the Forest Service had reliable and consistent information on the cost of individual land exchanges and recommended that the agencies institute a system to account for all costs associated with land exchanges. However, BLM disagreed because of concerns about the need for, and the additional cost of, collecting this information.⁵³ The Forest Service did not express a position on the

⁵¹Each national forest is required to have a Land and Resource Management Plan, commonly referred to as forest plans. These plans provide broad guidance for forest activities, but generally do not provide detail on activities such as land exchanges. Landownership adjustment strategy plans supplement the forest plans by providing more detailed information on making land adjustment decisions, including land exchanges.

⁵²GAO, *Federal Land Acquisition: Land Exchange Process Working, But Can Be Improved*, GAO/RCED-87-9 (Washington, D.C.: Feb. 5, 1987).

⁵³Interior provided formal comments on behalf of BLM.

Agencies Do Not Have Cost Information to Help Manage Land Exchanges

recommendation, but stated that it had the necessary guidance for recording exchange costs.

The Chief Financial Officers' Act of 1990 states, among other things, that an agency's chief financial officer should develop and maintain an integrated accounting and financial management system that provides for the development and reporting of cost information and systematic performance measurement. The Statement of Federal Financial Accounting Standards No. 4: Managerial Cost Accounting Concepts and Standards for the Federal Government (SSFAS), effective in fiscal year 1998, establishes the fundamental elements for managerial cost accounting in government agencies.⁵⁴ Among other things, agencies are to gather and report the cost of agency activities. This information can be used by federal executives for budgeting and cost control; performance measurement; reimbursement determinations; the setting of fees and prices; program evaluations; and decisions that involve economic choices, such as monitoring and comparing the costs of individual land exchanges. Congress can also use cost information to determine how to fund programs and monitor agency performance, as well as to analyze the merits of proposals advocated by different parties. The public, in turn, can benefit from greater transparency about program performance.

As we have reported, BLM has made more progress than the Forest Service in implementing managerial cost accounting,⁵⁵ but neither agency currently tracks the cost of individual exchanges to provide useful management information. BLM does have program elements, or codes, that BLM staff charge when working on land exchange activities: one for all activities associated with land disposals and one for all activities associated with

⁵⁴SSFAS No. 4's five standards require government agencies to (1) accumulate and report the costs of activities on a regular basis for management information purposes; (2) establish responsibility segments, and measure and report the costs of each segment's outputs and calculate the unit cost of each output; (3) determine and report the full costs of government goods and services, including direct and indirect costs; (4) recognize the costs of goods and services provided by other federal entities; and (5) use and consistently follow costing methodologies or cost-finding techniques most appropriate to the segment's operating environment to accumulate and assign costs to outputs.

⁵⁵GAO, *Managerial Cost Accounting Practices: Department of Agriculture and the Department of Housing and Urban Development*, [GAO-06-1002R](#) (Washington, D.C.: Sept. 21, 2006); and *Managerial Cost Accounting Practices at the Department of the Interior*, [GAO-07-298R](#) (Washington, D.C.: May 24, 2007).

acquisitions.⁵⁶ Although BLM cannot report how much it has spent on individual exchanges, it reported that its lands and realty staff and other involved units charged the disposal and acquisition program codes a total of about \$1.8 million for the land exchange program in fiscal year 2007. BLM budget staff told us that while field staff could track the cost of individual exchanges, they do not often do so because management has not asked about the costs of individual land exchanges and Congress has not asked specific questions regarding land exchange costs.

Nevertheless, BLM has emphasized the importance of estimating and tracking the costs associated with an individual land exchange. According to BLM's land exchange handbook, processing land exchanges requires substantial multiyear commitments of both funding and staffing. Therefore, an accurate projection of these funding and staffing commitments must be completed before initiating work on an exchange. Managers will have to assess the costs of processing exchanges and evaluate how the commitment to process an exchange will affect other workloads, especially over several years. Furthermore, once staff starts to process an exchange, the handbook states that it is important to track and monitor the costs and time frame commitments to keep the exchange moving and to document any midcourse adjustments to the projected time frames or cost commitments.

The Forest Service's manual does not discuss the importance of tracking the costs of individual land exchanges. According to Forest Service officials, the agency charges realty activities to a large appropriations account—National Forest System Landownership Management, which received \$91.3 million in fiscal year 2008—and, therefore, cannot identify the cost of individual land exchanges or the total spent on land exchanges. This account funds many land management activities in addition to exchanges, such as issuing special-use permits and maintaining boundaries. However, according to the Forest Service program lead, more cost information on land exchanges would be helpful because the agency is asked by outside parties, including Members of Congress, their staffs, and others, about individual exchange costs.

National forests report estimated exchange costs on completed exchanges to headquarters, but headquarters officials said this information is of

⁵⁶BLM uses program element designations "FO" for acquisition and "FM" for disposal expenses.

limited use because it is an estimate and not the actual costs. Instead, a headquarters budget official said the best estimate of how much the land exchange program costs is based on the allocations made from the National Forest System Landownership Management appropriation account. Headquarters allocates the funds to the regions, and the regions, in turn, establish workplans that distribute the funds to various activities like land exchanges. However, this estimate does not inform officials about the actual cost of land exchanges because allocations do not necessarily represent expenditures. For example, while Forest Service records show that regions planned \$13.2 million for land exchange activity in fiscal year 2008, the regions do not know the amount actually spent.

In response to our survey, 5 of the 10 BLM and 3 of the 9 Forest Service respondents stated that information about the cost of each individual land exchange is available to some extent. Most frequently, BLM and Forest Service officials said they could provide the cost of contracted work and the costs funded by nonfederal proponents for some exchanges.⁵⁷ However, the agencies do not typically track staff costs for an exchange, and these are usually the largest costs in processing exchanges.

While BLM and the Forest Service do not track all land exchange costs, both agencies' land exchange handbooks call for the ATI to specify the division of costs between the agency and nonfederal partners of the proposed exchange. All but one of the 29 ATIs that were available for our review specified the costs to be borne by the agency and by the nonfederal partner.⁵⁸ However, the breakdown of agency and nonfederal costs in ATIs are for specific tasks or steps before the work is done and typically do not break out agency personnel costs. For example, the 2006 ATI for the Santo Domingo II exchange—which involved the New Mexico State Land Office, the Pueblo of Santo Domingo, BLM, and a nonprofit organization—listed 16 major tasks for processing the exchange and the division of costs for these tasks among the four parties. Costs totaled \$190,250, of which BLM was to fund \$37,500, including \$15,000 toward the preparation of the environmental documentation, \$8,000 toward the final appraisals, and \$3,000 toward title documents.

⁵⁷SSFAS does not cover the costs paid by the nonfederal partners.

⁵⁸ATIs were not provided for 2 of the 31 exchanges in our sample.

BLM's and the Forest Service's Revised Guidance and Training Have Helped Address Past Problems, but Participation in Training Is Generally Not Mandatory or Systematically Tracked

Internal agency reviews found that BLM and the Forest Service needed to improve guidance and training on the land exchange process for realty staff in order to ensure that exchange requirements, such as determining the public interest, were adequately documented. In response, BLM and the Forest Service updated their guidance and incorporated this guidance into relevant training courses. While the agencies' revisions to the guidance provided clearer direction, staff are generally not required to participate in training, and the agencies do not systematically track staff participation.

Agencies Revised Guidance and Training to Address Past Problems

In past reports, BLM's 2003 workgroup, USDA's Office of the Inspector General, and others found that BLM and the Forest Service provided limited guidance and training on the land exchange process. The 2003 BLM workgroup confirmed that BLM was not adequately documenting why proposed land exchanges were in the public interest. Furthermore, the workgroup found that BLM's guidance and policy did not discuss how to exchange lands with some state governments that had legal restrictions on conducting land exchanges.

The BLM Director agreed to implement some of the workgroup's recommendations. Table 11 shows these recommendations and the actions taken.

Table 11: BLM Workgroup Recommendations and Actions Taken, as of April 2008

Recommendation	Action taken
Review guidance to ensure documentation accurately and adequately addresses public interest determinations.	<p>The handbook more explicitly calls for documentation that the exchange is in the public interest. This documentation must demonstrate the following:</p> <ul style="list-style-type: none"> <li data-bbox="1052 1457 1523 1667">• The resource values and the public objectives that the federal land or interests to be conveyed may serve if retained in federal ownership are not more than the resource values of the nonfederal lands or interest and the public objectives they could serve if acquired. <li data-bbox="1052 1680 1523 1806">• The intended use of the conveyed federal land will not significantly conflict with established management objectives on adjacent federal land and Indian trust land.

Recommendation	Action taken
Grant new or expanded authority for state land exchanges.	The handbook contains a new section laying out how land exchanges should be processed in states that have constitutional limitations on land exchanges, particularly with respect to states' ability to provide cash equalization payments.
Revise training curriculum to ensure it conveys an understanding of the importance of fully evaluating and documenting the public interest determination.	The headquarters review team said it reviewed the curriculum and incorporated this guidance into the training courses.
Selectively make training mandatory.	No action taken.
Develop a tool for conducting successful exchanges that can be integrated into the exchange handbook and used in training.	A specific tool has not been developed, but the concept has been fully incorporated into the handbook and training courses, according to agency officials. In addition, the headquarters review team implemented other actions to fulfill this recommendation, such as developing an internal Web site containing examples of feasibility and decision review checklists.

Source: GAO's analysis of BLM's 2003 Workgroup Report and BLM's summary of actions taken.

The Forest Service has also experienced problems in providing adequate land exchange guidance. In 2002, USDA's Inspector General reported that although Forest Service headquarters staff had drafted numerous revisions to the exchange manual and handbook, none of those revisions had been made final. The report recommended these revisions be made final to expand direction and guidance on the exchange program. In response, the Forest Service incorporated interim policy changes addressing past problems into the agency's 2004 handbook. Specifically, the revised handbook provides new guidance on (1) developing a land exchange proposal, (2) preparing feasibility analyses, and (3) conducting oversight and reviews associated with exchanges.

In general, BLM's 2005 Land Exchange Handbook is more comprehensive than the 1999 version of the handbook. Specially, the 2005 handbook provides realty staff with more detailed instructions. For example, the handbook provides detailed guidance on how the public interest determination should be supported.

To incorporate new guidance on processing land exchanges, BLM and the Forest Service revised three training courses offered to BLM and Forest Service realty staff—Lands and Realty Academy, National Lands Training for Line Officers and Program Managers, and Complex Land Tenure

The Agencies' Enhanced Guidance and Training Has Helped Address Past Problems, but Participation in Training Is Generally Not Mandatory or Systematically Tracked

Adjustment.⁵⁹ The courses alert students to past problems with the land exchange program, provide students with an overview of the new land exchange handbook directives, and raise awareness of potential problems when processing an exchange, according to Interior training officials.

Asked about the usefulness of the agencies' revised written guidance, the majority of survey respondents—9 of the 10 BLM state officials and 7 of the 9 Forest Service regional officials—reported that the guidance provides at least moderately useful information on how to process land exchanges, and a few offered suggestions for improvement. For example:

- BLM respondents suggested providing more examples of relevant exchange documents and examples of exchange success stories on BLM's internal land exchange Web site.
- Forest Service respondents thought the exchange handbook could be updated to (1) improve the format of exchange documents, such as the ATI and the exchange agreement, and (2) provide guidance on how to work with third parties when they work with more than one region. In addition, the respondents said that the Forest Service should add more timely updates on agency guidance to ensure consistency among the regions.

With regard to training, we have reported that training is essential to developing the knowledge and skills needed to administer agency programs properly.⁶⁰ Therefore, encouraging employee participation in training can go a long way toward ensuring effective program management. The agencies' guidance does encourage BLM state and Forest Service regional officials to provide realty staff with training, as needed, in order to ensure staff develop the necessary skills to effectively and efficiently process land exchanges.

While both agencies encourage participation in training, none of the three available training courses on land exchanges are mandatory for BLM staff, and the Forest Service only requires participation in the National Lands Training for Line Officers and Program Managers once every 5 years. As a

⁵⁹As of March 2009, the Lands and Realty Academy has been replaced by the Beginning Lands and Realty course, according to BLM officials.

⁶⁰GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts*, GAO-04-546G (Washington, D.C.: March 2004).

result, agency staff may be processing land exchanges without completing training.

Asked about the availability of the three training courses, the officials surveyed reported the following:

- *Lands and Realty Academy*. Nine of 10 BLM and 5 of 9 Forest Service respondents said that this class was readily available.
- *Complex Land Tenure Adjustment*. Nine of 10 BLM and all 9 Forest Service respondents reported that this course was readily available.
- *National Lands Training for Line Officers and Program Managers*. All 10 BLM and 8 of 9 Forest Service respondents reported that this training was readily available.

While these officials reported that the training was readily available, other factors may affect attendance. According to a BLM official we spoke with, the agency restricts the number of staff from each state office that may attend the training annually. In addition, a Forest Service regional official told us that staff may be reluctant to attend lengthy out-of-town training courses for personal reasons. For example, the Lands and Realty Academy is an 18-week course, in one 10-week segment and two 4-week segments.⁶¹ Furthermore, in April 2009, a Forest Service headquarters official said that there is limited travel funding for training.

The agencies are not required to systematically track staff participation in training courses, but 6 of the 10 BLM and all 9 Forest Service officials surveyed reported that they informally monitor participation in each of the training courses. Generally, the BLM and Forest Service respondents stated that because they are responsible for nominating participants for the courses, they keep internal records showing staff participation in the courses. However, it may be difficult to maintain these records. For example, one Forest Service regional official said that he tracks staff participation in training, but the region's line officers frequently change positions, making it difficult to know who needs training. Although the National Training Center can determine which staff have attended training

⁶¹The academy is being replaced by a new course, Beginning Lands and Realty, to be conducted in one 9.5-week session, according to BLM officials. In addition, a number of topics from the previous Lands and Realty Academy, including land exchanges, will be moved to a new course, Intermediate Land Tenure, a 4-week course that will first be offered in fiscal year 2010.

courses through an online system,⁶² it does not maintain a list of staff that should enroll in any given training course.

Agencies Restructured Their Appraisal Functions, but BLM Officials Report Appraisals Continue to Delay Land Exchanges

As we and others have reported, problems with the appraisal process produced appraisals that shortchanged taxpayers and were not timely. The agencies restructured their appraisal functions to assure the independence of appraisers and BLM took steps to improve appraisal timeliness, but the appraisal process, particularly for BLM, continues to delay the completion of some land exchanges. The agencies must rely on timely appraisals to complete exchanges on schedule.

Agencies Restructured Their Appraisal Functions to Enhance Independence, and BLM Took Some Measures to Ensure More Timely Appraisals

As far back as 1987, our reports and others issued by Interior's Inspector General and the Appraisal Foundation found that BLM and others used procedures that did not comply with recognized appraisal standards. For example, Interior's Inspector General reported in 2003, that for a BLM land exchange, BLM officials negotiated away a substantial interest in potentially valuable resources and improperly valued other federal and state lands.⁶³ According to the U.S. Office of Special Counsel,⁶⁴ BLM's own internal estimates showed that the federal government stood to lose between \$97 million and \$117 million on this exchange. In a different report on this exchange,⁶⁵ the Appraisal Foundation concluded that appraisers at BLM lacked the institutional independence necessary to conduct objective appraisals and faced heavy political pressure from their realty managers to conduct appraisals that would expedite land transactions. Interior's Inspector General reports have reached similar conclusions about appraiser independence, and our reports have highlighted multiple cases of land transactions that inappropriately valued land.

⁶²This system is called DOI Learn and contains data on employee attendance back to 2000.

⁶³Department of the Interior, Office of Inspector General, *Report of Investigation: San Rafael Land Exchange*, Case Number OI-NM-02-0073-I (July 11, 2003).

⁶⁴The U.S. Office of Special Counsel is an independent federal investigative and prosecutorial agency whose primary mission is to safeguard the merit system by protecting federal employees and applicants from prohibited personnel practices, especially reprisal for whistle-blowing.

⁶⁵The Appraisal Foundation, *Evaluation of the Appraisal Organization of the Department of Interior Bureau of Land Management* (Washington, D.C., Oct. 9, 2002).

In response to these problems, Interior reorganized its appraisal function. Before November 2003, appraisals for land transactions in BLM and other Interior land management agencies were conducted by staff reporting to realty managers in each of these management agencies.⁶⁶ Beginning in November 2003, Interior removed appraisers from the realty offices in each of the agencies and consolidated them in a new office, the Appraisal Services Directorate (ASD). Interior took this action primarily to insulate appraisers from institutional pressure. Under this new organization, appraisers report to, and receive performance evaluations from, other appraisers, rather than managers responsible for completing land transactions in their respective land management agencies. Interior also shifted administrative functions associated with appraisals—previously conducted by each land management agency’s realty office—to other units within Interior. Contracting for land appraisals was one such function.

In 2006, we reviewed ASD to determine, among other things, (1) the extent to which Interior’s appraisal policies and procedures ensure compliance with recognized appraisal standards and (2) what, if anything, affects ASD’s working relationships with its client agencies and its overall efficiency in providing appraisal services.⁶⁷ We found that although the quality of appraisals had improved since ASD’s inception, Interior needed to take several other steps to ensure that land transactions are based on appraised values that adhere to recognized appraisal standards and to establish a better accountability framework for ASD to help meet Interior agencies’ appraisal needs. Table 12 describes our recommendations on quality and timeliness and the actions Interior has taken to address them.

⁶⁶Interior’s other land management agencies are the Bureau of Reclamation, the Fish and Wildlife Service, and the National Park Service.

⁶⁷GAO, *Interior’s Land Appraisal Services: Actions Needed to Improve Compliance with Appraisal Standards, Increase Efficiency, and Broaden Oversight*, [GAO-06-1050](#) (Washington, D.C.: Sept. 28, 2006).

Table 12: GAO Recommendations on Appraisal Quality and Timeliness and Agency Actions, as of March 2009

GAO recommendation	Agency actions
Ensure that ASD assigns appraisals requiring specialized skills to appraisers and reviewers with these skills.	In July 2007, ASD developed and implemented a Statement of Work for appraisals, requiring appraisers submitting proposals for appraisal work to include evidence of competence in appropriate skills.
Establish and implement standard review procedures for ASD's review appraisers.	In July 2007, ASD implemented a documentation checklist to be used for all appraisal reports.
Establish and implement a compliance inspection program, focusing particularly on appraisals with a higher likelihood of noncompliance.	In November 2006 and January 2007, ASD completed pilot reviews under its newly established compliance inspection program. ASD established this program as an internal management and quality control process to ensure that appraisals and appraisal reviews conducted on behalf of Interior agencies are performed in compliance with appraisal standards.
Require ASD appraisers and land management agency realty specialists requesting work to negotiate and reach agreement on completion dates for appraisal requests, and hold ASD accountable for meeting these dates.	In March 2009, ASD reported that it has implemented the following: (1) formed a National Appraisal Coordination Team consisting of appraisers and agency realty staff that meets quarterly to discuss appraisal priorities and ASD resources; (2) developed a function in the Appraisal Request and Review Tracking System (ARRTS) that sends an e-mail to the requesting realty specialist soon after the appraisal request is received by ASD through ARRTS if the requested appraisal completion date is unreasonable and therefore cannot be met; and (3) developed a 1.5-day training course for BLM realty specialists that includes training on appraisal time frames. This is expected to help realty specialists request appraisals in more realistic time frames.

GAO recommendation	Agency actions
Develop a system to rank appraisal requests that allows higher priority and more time-sensitive land transactions to be appraised in a timely fashion.	In July 2007, Interior's National Business Center established department policy on setting workload priorities for appraisal services. This policy requires ASD to coordinate with Interior agencies and advise as to the most efficient and timely approach to completing appraisal projects that are competing for appraisal resources. ASD management also established quarterly meetings between ASD and Interior agencies at the management level so that they can continue to work toward a solution to setting priorities for appraisal assignments.

Source: GAO.

As table 12 shows, Interior has taken steps to act on our recommendations. However, it has only recently acted on our recommendation to establish dates for completing appraisals and to hold ASD accountable for meeting these dates. We will monitor BLM's implementation of this recommendation because we continue to believe that appraisals need to be timely to meet schedules for completing land exchanges.

The Appraisal Foundation also reviewed the Forest Service's appraisal policies and procedures in 2000.⁶⁸ It found that, like BLM, Forest Service staff appraisers lacked independence. Specifically, the foundation stated that staff appraisers reported to line officers, who also control hiring, advancement, and other personnel decisions. As a result, the staff appraisers were not independent of the line officer to whom he or she reports. Moreover, the line officer is in a position to influence or overrule an appraiser's professional judgment. The report recommended that appraisers report directly to the regional appraiser, and the regional appraiser report to the chief appraiser.

The Forest Service did not fully agree with the recommendation, stating that implementing this recommendation would require it to create an independent organization within the Forest Service that would be difficult to administer, to establish work priorities, and to hold accountable. However, in 2000, the Forest Service did partially implement this

⁶⁸The Appraisal Foundation, *Evaluation of the Appraisal Organization of the USDA Forest Service* (Mar. 28, 2000).

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recommendation by placing all staff appraisers within the regions under the direct supervision of the regional appraiser and by placing the regional appraiser under the direct supervision of the regional director with land program responsibilities. Moreover, the Forest Service charged the chief appraiser with completing the annual performance evaluations for regional appraisers and providing these to the regional director. According to the Forest Service Chief Appraiser, as of April 2009, he does not complete an annual performance evaluation for regional appraisers, but rather provides comments to the regional director, who prepares the evaluation. The Chief Appraiser added that he does complete a Valuation Compliance Inspection of each regional appraiser once every 3 years.

Eight of the 10 BLM officials, but only 1 of the 9 Forest Service officials, surveyed found the timeliness of appraisals to be problematic. As noted earlier, officials had cited the timeliness of appraisals as one of the most commonly cited reasons for delays in completing land exchanges.

In terms of the valuation process itself, BLM and Forest Service survey respondents most frequently cited problems with the contracting process for appraisals, the unavailability of contracted appraisers, and the unavailability of in-house appraisers (5 of 19 in each case) as problems their office had experienced with the valuation process. Again, BLM respondents accounted for four of the five in each case.

BLM and Forest Service survey respondents elaborated on these problems. For example, two BLM respondents called the ASD contracting process “cumbersome,” and one of those respondents further characterized the ASD process as “significantly more costly and very delayed.” Another BLM respondent reported that ASD staff “did not work well with our agency” and that the process is “ambiguous and confusing.” Forest Service respondents also commented on the problems with the valuation process that affect appraisal timeliness. For example, one Forest Service respondent commented that appraisers are “overcommitted and rarely meet delivery commitments,” and another reported that the availability of qualified appraisers “remains somewhat limited.”

ASD appraisals may not be timely, in part because ASD has difficulty identifying qualified contractors. ASD officials we interviewed cited several reasons for this difficulty, including the limited number of contractors qualified to conduct specific appraisal requests and qualified contractors’ lack of interest in conducting government appraisals. On the second point, the ASD officials stated that contractors might not be interested in conducting appraisals for ASD because of the long time

frames associated with exchanges and the resulting delay in receiving payment for services, the high level of public scrutiny surrounding exchange appraisals, and the opportunities of more lucrative nongovernment appraisal assignments.

Conclusions

The federal land management agencies hold a public trust: to manage and preserve millions of acres of land in pursuit of multiple national goals. While land exchanges can be an effective tool for acquiring lands in the public interest, the process is complex and may be lengthy and costly. It is important, therefore, that BLM and the Forest Service effectively manage and oversee the land exchange process to ensure that they are using their limited resources wisely.

Responding to criticisms that their land exchanges have not always served the public interest or returned fair value to the federal government, BLM and the Forest Service have taken actions intended to make the land exchange process more transparent and accountable in order to better assure that U.S. taxpayers are well served. Increased oversight of the land exchange process has resulted in problems being identified and resolved earlier in the exchange process. Furthermore, BLM's policy to discontinue use of escrow accounts and the two agencies' revised guidance and training have contributed to better management of the land exchange programs. However, these actions have not always been fully implemented or are not fully adequate to ensure the agencies are adhering to their requirements and policies and effectively using their resources to serve the public interest.

Given the complexity of the land exchange process, recent policy changes, and staff turnover in both agencies, it is critical that the agencies continue to take actions to effectively oversee and manage land exchanges. Improvements to the agencies' reviews would provide for a more transparent decision-making process and provide critical information for management and new staff on how past problems were overcome. A clearly stated records retention policy and adherence to that policy would help manage and oversee land exchanges. Furthermore, Forest Service headquarters oversight of regional review programs will better ensure the regions provide adequate review of land exchanges. In addition, better management and oversight of BLM ledgers would help ensure that they are complying with agency policy and are accurate. Clearly defining third-party facilitators, consistently applying disclosure policies to them, and including them in the review process will provide more incentive for realty staff to obtain required disclosure documentation, thereby helping the

agencies maintain control of the exchange process. Developing national land tenure strategies at BLM and the Forest Service could help clarify organizational priorities and unify agency staff in the pursuit of shared goals for land exchanges. We continue to believe that better data on the cost of land exchanges will help the agencies decide whether a proposed land exchange is affordable and worthwhile. Finally, by making select training mandatory and developing a formal system to track individuals' training, the agencies can better ensure that realty staff develop and maintain the skills necessary to process exchanges.

Recommendations for Executive Action

We recommend that the Secretary of the Interior and the Secretary of Agriculture take the following 15 actions in order to build on the improvements to the land exchange programs BLM and the Forest Service have made.

We recommend that the Secretary of the Interior and the Secretary of Agriculture direct the heads of BLM and the Forest Service to strengthen the review process by

- assuring that key problems identified and their resolutions are systematically recorded, and
- clarifying the retention policy for key exchange documents and ensuring staff follow the policy.

We further recommend that the Secretary of Agriculture direct the Chief of the Forest Service to improve the review process by

- making it a priority for the headquarters land exchange review team to review regional exchange programs and follow up on implementation of their recommendations, and
- ensuring that the regions provide consistent oversight of land exchanges.

We also recommend that the Secretary of the Interior direct the Director of BLM to better manage value imbalances in multiphase exchanges and protect federal funds by

- ensuring that BLM state offices document their decision and supporting rationale for whether and how to secure land exchange imbalances;
- ensuring that an ATI documents how the ledger will be used to process a multiphase exchange;

-
- revising the standard format for ledgers prescribed in the exchange handbook to assure that each ledger clearly demonstrates that the ledger (1) is balanced at least every 3 years and (2) is either open or closed;
 - ensuring that offices prepare ledgers and follow the ledger format, including revisions cited above;
 - including ledgers in feasibility and decision reviews to ensure quality; and
 - providing copies of ledger updates to agency headquarters for tracking of balances due to the United States.

Finally, we recommend that the Secretary of the Interior and the Secretary of Agriculture direct the heads of BLM and the Forest Service to

- clarify the definition of a third-party facilitator, ensure that disclosure guidelines are consistently applied to all third-party facilitators, and include disclosure documentation in the review process;
- develop and issue national land tenure strategies for each agency and encourage the BLM state and Forest Service regional offices to develop their own plans to help guide land exchange decisions;
- track the agencies' costs of processing individual land exchanges;
- determine the elements of current training that should be mandatory to ensure that staff are able to process exchanges in conformance to agency guidance, create a formal system to track attendance at training, and determine how often training should be retaken; and
- ensure that staff have completed this mandatory training before working on land exchanges.

Agency Comments and Our Evaluation

We provided a draft of this report to USDA for review and comment. In written comments, the Chief of the U.S. Forest Service generally agreed with the report and 6 of the 9 recommendations for the Forest Service; it partially agreed with the other 3 recommendations. First, the Forest Service agreed in part with our recommendation to develop and issue a national land tenure strategy, stating that the department's *National Land Acquisition Plan* and agency's Strategic Plan provide sufficient overarching guidance in the development of regional and forest plans. It did agree that some of the regional or forest plans on land adjustment activities were out of date or inadequate. We maintain that the Forest Service's guidance does not include national strategies that could help clarify organizational priorities and unify staff in the pursuit of shared goals. Second, the Forest Service partially agreed with our recommendation to track the cost of individual exchanges because it recognizes that tracking the costs of

individual exchanges may provide some benefit. However, it stated that the cost of developing and implementing a tracking system would outweigh the benefit. The Forest Service added that it is planning to test a database designed to centralize information on the rough costs of individual land exchanges to help make decisions, track changes, and report to stakeholders and Congress. We commend the Forest Service for taking steps to collect data on the cost of land exchanges. However, it is unclear from the Forest Service's comments whether this proposed database will enable tracking of costs as we have recommended. We continue to believe that better data on the cost of land exchanges will help the agencies decide whether a proposed land exchange is affordable and worthwhile. Finally, the Forest Service agreed in part with our recommendation to ensure that its staff has completed training before working on land exchanges. It stated that it agrees with the intent of the recommendation to clearly describe and implement training and supervisory requirements. However, it did not believe that the recommendation gave it the flexibility to allow inexperienced employees to work on exchanges with supervision. While we acknowledge the need for flexibility, we believe that the Forest Service will ensure that realty staff develop the necessary skills to process an exchange if it selectively makes training mandatory and requires the training to be completed before handling land exchanges. Appendix V provides the Forest Service's written comments, along with our detailed evaluation of those comments. In addition, the Forest Service provided technical comments on the draft report, which we have incorporated as appropriate.

We also provided a draft of this report to Interior for review and comment. In written comments, the Acting Assistant Secretary for Land and Minerals Management did not directly comment on whether the department agreed or disagreed with our recommendations. It did state that the department does not concur with some of the report's findings. Interior's letter highlighted two areas of concern: (1) the document retention policy and (2) the use of ledgers to track value imbalances.

Interior disagrees with our finding that BLM's guidance does not clearly state the document retention policy for land exchange documents. We continue to believe that the BLM policy for records retention is not clear regarding land exchange records. The four subsections pertaining to land exchanges do not always provide clear time frames for how long documents are to be retained. In response to Interior's comments, we revised the report to highlight the different interpretations of this policy by two senior lands and realty managers. We believe these differing interpretations underscore the confusion inherent in the current policy. Our assessment of the policy, along with program officials' differing interpretations, support our conclusion that the retention policy is unclear.

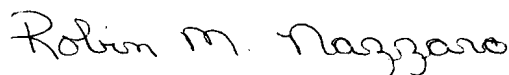
Although we found that the agency is not adhering to its guidance for maintaining ledgers, Interior stated that BLM believes that the land exchange case files as a whole document the values of lands conveyed and any resulting imbalances. Nevertheless, BLM's land exchange handbook states, and we concur, that ledgers should completely and accurately reflect the balances due so that values owed are easily identified. Indeed, as Interior stated, BLM cannot now verify the cumulative imbalance. We continue to believe better management and oversight of BLM ledgers would help ensure that the ledgers are complying with regulations and policy and that the imbalances reported are accurate.

Interior also provided technical comments. Most significantly, it disagrees with our statement that the authority for certain multiphase exchanges cited in the draft report remains questionable and that these exchanges appear to have resulted in transfers of cash that should have been regarded as sale or exchange proceeds or payments for land acquisitions. We are exploring these issues separately with Interior's Office of the Solicitor.

Appendix VI presents Interior's letter and our detailed response.

We are sending copies of this report to the Secretary of the Interior, the Secretary of Agriculture, the Director of Bureau of Land Management, the Chief of the Forest Service, and other interested parties. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your offices have questions about this report, please contact me at (202) 512-3841 or nazzaror@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in appendix VII.



Robin M. Nazzaro
Director, Natural Resources
and Environment

Appendix I: Objectives, Scope, and Methodology

This appendix details the methods we used to examine the Department of the Interior's (Interior) Bureau of Land Management (BLM) and the Department of Agriculture's (USDA) Forest Service land exchange programs. We were asked to (1) analyze the number, trends, and characteristics of BLM and Forest Service land exchanges, and (2) determine the actions BLM and the Forest Service have taken to address previously identified key problems and the effectiveness of these actions.

For both of our objectives, we reviewed relevant documents and interviewed BLM and Forest Service officials responsible for land exchanges at headquarters, state or regional offices, and field offices, and an official from the Colorado State Land Board. We also interviewed officials from two for-profit, third-party facilitators—Western Land Group based in Denver, Colorado, and Summit Resources based in Phoenix, Arizona—as well as officials from the Western Lands Project, a nonprofit organization that tracks land exchanges. To learn about the exchange process in detail, we visited with BLM state and Forest Service regional officials in Arizona, Colorado, and New Mexico. We also met with BLM officials at the Royal Gorge Field Office in Colorado and with Forest Service officials at the Tonto National Forest in Arizona and the combined Grand Mesa, Uncompahgre, and Gunnison National Forests in Colorado. We primarily selected these sites because they were processing many land exchanges. We attended several sessions of the Complex Land Tenure Adjustment training course at the BLM National Training Center in Phoenix, Arizona, in June 2008.

To address both objectives, we also conducted a Web-based survey of 10 BLM state land exchange program managers and all 9 Forest Service regional program managers. The BLM managers were located in Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, and Wyoming. The nine Forest Service managers were located in Regions 1, 2, 3, 4, 5, 6, 8, 9, and 10.¹ We surveyed these managers because their offices were processing land exchanges during the period we reviewed. In this survey, we asked program managers about trends and reasons for overall exchange activity, legislated land exchanges, third-party facilitators, BLM and Forest Service land exchange proposal reviews, the land exchange ledgers and financial assurances BLM uses to account for land value imbalances, BLM's land tenure strategy plans, the timeliness of land exchanges, the valuation process, land exchange training and

¹The Forest Service does not have a Region 7.

guidance, and the cost of exchanges. To develop the draft survey, we obtained and incorporated comments from the BLM and Forest Service land exchange program leads as appropriate. We also pretested the survey with BLM state office and Forest Service regional office land exchange program leads and made changes in the survey's questions as appropriate. Information about accessing our survey was provided via e-mail for all survey participants. We provided survey respondents access to the survey via e-mail in December 2008 and encouraged them to use all available resources in their office to provide the most complete and accurate answers possible. To ensure security and data integrity, we provided all participants with a user name and a personal password that allowed them to access the survey and ensure that no one else could edit the answers. We achieved a 100 percent response rate for our survey.

For our first objective, to analyze the number, trends, and characteristics of BLM and Forest Service land exchanges, we requested that the agencies' headquarters land exchange program leads collect information on the universe of pending, completed, or terminated land exchanges processed from October 31, 2004, through June 30, 2008. The data collected included the identity and vital statistics on the exchanges, which encompassed the number of federal and nonfederal acres, parcels, and landowners; the appraised land values; the cash equalization payment; the type of interests to be exchanged; the Agreement to Initiate (ATI) date; the current exchange status; the completion date (if applicable); the third-party facilitator involved; specific legislation (if any); and BLM land exchanges with ledgers. We assessed the reliability of these data by reviewing them for inconsistencies and missing information, and then followed up with BLM state and Forest Service regional contacts as necessary to make corrections. From the data provided, we calculated the average time to complete exchanges using the date the ATI was signed and the completion date.² Furthermore, to determine the reasons for any trends in land exchanges, we interviewed agency officials at each level and used our Web-based survey to ask BLM and Forest Service land exchange program leads about the overall trends in exchanges since 2000 and the reasons for these trends. In addition to our survey, we gathered more detailed information from agency officials on selected characteristics of these exchanges: (1) multiphase exchanges, including those using a ledger;

²In some cases, agency officials reported multiple dates for the ATI to account for the original and any amendments. To calculate time frames, we used the date of the original ATI.

(2) exchanges assisted by a third-party facilitator; and (3) specifically legislated exchanges. For specifically legislated exchanges, our Office of General Counsel summarized the provisions of the laws, and then we compared the provisions with exchanges conducted pursuant to the agencies' broad discretionary authority to determine how they differed, if at all.

See appendixes III and IV for selected information on BLM and Forest Service land exchanges processed from October 1, 2004, through June 30, 2008.

For our second objective, to determine the effectiveness of actions BLM and the Forest Service have taken to address previously identified problems, we determined the (1) previously identified problems, (2) actions agencies took in response to those problems, and (3) effectiveness of those actions.

First, we reviewed GAO reports issued since 1985, Interior and USDA inspector general reports, Appraisal Foundation reports, and BLM and Forest Service internal reviews (see app. II for a list of these reports). For each of these reports, we identified the problems cited and recommendations. We placed these problems and recommendations into seven categories: (1) assure that certain requirements are met, (2) use of escrow accounts, (3) work with third-party facilitators, (4) planning, (5) guidance and training, (6) cost of exchanges, and (7) appraisals. Of the 115 problems identified in the past reports, we choose to follow up on 34 problems—each of which fell within one of the seven categories. We selected these problems for follow-up based on the frequency of the problem cited, and whether they were related to statutory and regulatory requirements. Although the category with the most problems—50—was the appraisal category, we conducted limited work on appraisals because we reviewed Interior's Appraisal Services Directorate in September 2006.³

Second, to identify actions taken in response to the seven categories of problems, we interviewed land exchange program managers at BLM and the Forest Service and obtained and analyzed related documentation on

³GAO, *Interior's Land Appraisal Services: Actions Needed to Improve Compliance with Appraisal Standards, Increase Efficiency, and Broaden Oversight*, GAO-06-1050 (Washington, D.C.: Sept. 28, 2006).

the actions these officials cited. We also obtained and reviewed agency responses to the recommendations and agency status reports.

Third, to determine the effectiveness of the agencies' actions to address the key problems earlier reports had identified, we analyzed the available key documents for a sample of land exchanges processed from October 2004 through June 2008 to determine (1) whether the previously identified problems were addressed, (2) whether internal BLM and Forest Service reviews documented these problems, and (3) the resolution of the documented problems. We selected a nongeneralizable sample of 31 land exchanges out of the 250 exchanges processed from October 2004 through June 2008, comprised of 27 exchanges that accounted for 85 percent of acres that the agencies have or plan to acquire, and 4 others that we reviewed during the course of our site visits. We based our selection on acreage rather than land value because values were not available for all of the exchanges and because acreage is a better indicator of land area affected. We added the remaining 4 exchanges—1 by BLM and 3 by the Forest Service—because they were available for our review during our site visit with the BLM state office and Forest Service regional office in New Mexico. Of the 31 exchanges in our sample, 19 were BLM and 12 were Forest Service exchanges. We then developed a data collection instrument to record the results of our review of key documents associated with each exchange.

To examine the sample of 31 exchanges in detail, we identified the following nine key documents for our review:

- Five documents pertinent to the exchange, including the feasibility analysis, the ATI, the draft decision, the final decision, and any land exchange ledgers used in BLM multiphase exchanges.
- Four agency reviews of the exchange documents at two stages, including BLM or Forest Service headquarters or regional review team reviews at the feasibility and decision stages, and Interior's Office of the Solicitor review of BLM exchanges at the feasibility and decision stages.

The BLM and Forest Service exchange program leads confirmed that these were the key documents in processing a land exchange.

The data collection instrument we developed to record our review of the 31 exchanges focused on six requirements or guidelines selected on the basis of our and other prior reports citing problems in meeting these requirements or guidelines, interviews with the BLM and Forest Service land exchange leads and other agency staff, document reviews, and the

information provided in the land exchange training sessions we attended. The six requirements or guidelines were to (1) properly describe the lands subject to an exchange; (2) ensure that the proposed exchange conforms with the land use plan; (3) determine that the public interest will be well served; (4) determine the dollar values of the lands to be exchanged, including whether the values are within 25 percent of each other; (5) ensure parties provide title to the properties involved; and (6) ensure compliance with the National Environmental Policy Act.⁴

In addition to our review of land exchange documents, we surveyed BLM and Forest Service officials about the effectiveness of certain actions related to the categories of past problems we identified: (1) assure that certain requirements or guidelines are met, (2) use of escrow accounts, (3) work with third-party facilitators, (4) planning, (5) guidance and training, (6) cost of exchanges, and (7) appraisals.

Finally, for the 31 exchanges in our sample, we obtained and reviewed (1) documents on third-party facilitators' compliance with certain requirements or guidelines to disclose their relationships with nonfederal landowners involved in the exchanges, and (2) seven land exchange ledgers used within our time frame to determine how ledgers were implemented and conducted follow-up interviews with the BLM state offices responsible for managing the ledgers.

We conducted this performance audit from March 2008 to June 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁴Because the agencies begin their efforts to comply with the National Environmental Policy Act only after the feasibility stage, it is only applicable to the decision reviews.

Appendix II: Prior Reviews and Audits of the BLM and Forest Service Land Exchange Programs

The Appraisal Foundation	<i>Evaluation of the Appraisal Organization of the Department of Interior Bureau of Land Management.</i> Washington, D.C., October 9, 2002. <i>Evaluation of the Appraisal Organization of the USDA Forest Service.</i> Washington, D.C., March 28, 2000.
Department of Agriculture, Office of Inspector General	<i>Forest Service National Landownership Adjustment Team, Washington, D.C. Report No. 08601-27-SF.</i> Washington, D.C., March 28, 2002. <i>Forest Service Siuslaw National Forest Land Adjustment Program, Corvallis, Oregon. Report No. 08003-7-SF.</i> Washington, D.C., September 10, 2001. <i>Forest Service Pacific Southwest Region Zephyr Cove Land Exchange, Lake Tahoe Basin Management Unit, South Lake Tahoe, California. Report No. 08003-6-SF.</i> Washington, D.C., July 14, 2000. <i>Forest Service Pacific Southwest Region Thunderbird Lodge Land Exchange, Lake Tahoe Basin Management Unit, South Lake Tahoe, California. Report No. 08801-5-SF.</i> Washington, D.C., April 30, 1999. <i>Forest Service Humboldt-Toiyabe National Forest Land Adjustment Program, Fiscal Years 1990-1997, Sparks, Nevada. Report No. 08003-02-SF.</i> Washington, D.C., September 11, 1998. <i>Forest Service Pacific Southwest Region Title To Physical Improvements On The Zephyr Cove Land Exchange, Lake Tahoe Basin Management Unit, South Lake Tahoe, California. Report No. 08003-4-SF.</i> Washington, D.C., August 26, 1998.
Department of the Interior, Bureau of Land Management	<i>Appraisal and Exchange Workgroup Final Report.</i> Washington, D.C., May 2003.
Department of the Interior, Office of Inspector General	<i>Land Exchange and Acquisitions, Bureau of Land Management Utah State Office: Independent Review Will Help Protect Integrity of Appraisal Process. Report No. 2001-I-413.</i> Sacramento, CA, July 31, 2001.

**Appendix II: Prior Reviews and Audits of the
BLM and Forest Service Land Exchange
Programs**

Nevada Land Exchange Activities, Bureau of Land Management. Report No. 96-I-1025. Washington, D.C., July 15, 1996.

GAO

Interior's Land Appraisal Services: Actions Needed to Improve Compliance with Appraisal Standards, Increase Efficiency, and Broaden Oversight. [GAO-06-1050](#). Washington, D.C.: September 28, 2006.

Federal Land Exchange: Assessment of Mount Hood Land Appraisal Reports. [GAO-06-1135R](#). Washington, D.C.: September 26, 2006.

BLM and the Forest Service: Land Exchanges Need to Reflect Appropriate Value and Serve the Public Interest. [GAO/RCED-00-73](#). Washington, D.C.: June 22, 2000.

Federal Land Acquisition: Land Exchange Process Working But Can Be Improved. [GAO/RCED-87-9](#). Washington, D.C.: February 5, 1987.

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(1) State, field office, and other offices	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Arizona					
Safford					
	Phelps Dodge Dos Pobres	Completed	3,866.57	\$6,252,000	
	Asarco Ray	Pending	7,300.00	1,224,200	
Yuma	Harvey's Fishing Hole	Pending	225.85		
Arizona total		1 completed, 2 pending	11,392.42	\$7,476,200	\$0
California					
Arcata					
	Etter-Lake Ridge	Completed	40.00	\$18,000	
Bakersfield					
	Sprague Ranch	Completed	960.26	946,000	4,964
	West King Min Estate	Completed	32.50	10,700	802
California Desert District Office					
	Palo Verde	Completed	29,537.74	6,187,100	183,886
	State of California	Pending	123,423.02	12,232,316	
Redding					
	Comingdeer	Completed	42.40	345,000	97,000
	Salmon Creek Resources	Completed	566.00	763,000	137,000
	Keswick	Pending	960.00		
	Jaxon-Baker	Pending	275.74	367,000	
Palm Springs So. Coast					
	Flat Top	Pending	585.77	543,000	
	Agua Caliente Band of Cahuilla Indians (Santa Rosa/San Jacinto NM's)	Pending	1,440.00		
Ukiah	Black Forest II	Completed	37.19	84,700	
California total		7 completed, 5 pending	157,900.62	\$21,496,816	\$423,652

Note: This table contains 13 columns, which are divided across two pages.

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
16,296.88	\$5,232,000		4/4/1995	9/16/2005		10.45
10,976.00	1,292,000		1/9/1998			
27.82			4/14/2008			
27,300.70	\$6,524,000	\$0				
40.00	\$18,000		1/25/2001	8/18/2006		5.56
5,993.59	950,964		8/31/2004	2/28/2006		1.49
2,775.45	11,502		9/25/2002	2/18/2006		3.40
2,006.87	6,472,000		9/12/1997	6/23/2006		8.78
2,289.60	14,314,091		11/17/1995			
225.00	442,000		2/20/2002	11/15/2004		2.74
215.85	900,000		3/8/2005	10/15/2007		2.60
104.22			10/5/2007			
101.55	378,000		9/17/2007			
128.17	616,000		4/20/2005			
5,783.00			7/31/2002			
990.66	84,700		10/25/2002	3/10/2006	CAL-BMX	3.37
20,653.96	\$24,187,257	\$0				

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(1) State, field office, and other offices	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Colorado					
Glenwood Springs					
	Diamond S Ranch	Completed	60.95	\$640,000	
	King Creek	Terminated	640.00		
Grand Junction	Mesa Mood (Schroder)	Terminated	768.18		
Gunnison	Trout Creek	Terminated	640.55		
Kremmling					
	Blue Valley Ranch	Pending	2,005.39		
	Smith Creek Mesa Phantom Canyon	Completed	719.00	1,150,000	53,000
	Windy Gap	Pending	342.76		
Little Snake	Emerald Mountain	Completed	4,138.52	11,630,000	20,200
Royal Gorge					
	High Rollin' Ranch	Completed	1,428.40	1,015,000	85,900
	Morley Cooper Mtn.	Completed	2,242.43	1,345,000	4,000
	Lake County/City of Longmont	Completed	120.00	300,000	
	Great Sand Dunes NP/Baca NWR	Pending	56,415.00		
	City of Blackhawk	Pending	1,600.00		
San Juan Public Lands Center					
	Sackman	Completed	1,080.00	756,000	82,500
	Sunnyside Gold	Pending	222.61		
San Luis Valley Public Lands Center	Anderson Ditch/Del Norte	Pending	0.00		
Uncompahgre					
	Gunnison Gorge NCA (Selig)	Pending	5.27		
	Three Creeks/Kelly	Completed	280.32	308,000	
Colorado total		8 completed, 7 pending, 3 terminated	72,709.38	\$5,514,000	\$245,600

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
160.00	\$640,000		10/6/1997	1/25/2008	Western Land Group, Inc.	10.30
1,005.00			3/17/1998		Western Land Group, Inc.	
773.00			12/18/2001			
554.89			8/2/2006		Mountain West Land Services	
1,651.85			6/23/2005		Western Land Group, Inc.	
485.31	1,203,000		10/29/2002	9/22/2005	Shepard & Associates	2.90
574.14			9/18/2000			
15,408.27	11,650,200		8/20/2004	2/22/2007	Western Land Group, Inc.	2.51
4,059.29	1,100,900		11/18/2002	12/20/2005		3.09
1,904.09	1,349,000		5/18/2005	3/6/2007		1.80
50.04	300,000		8/7/2003	8/27/2007		4.05
25,336.00			2/11/2005			
359.52			4/24/2006			
280.08	838,500		10/29/2004	10/29/2007	Mountain West Land Services	3.00
80.00			6/26/2007			
2,151.15			5/31/2007			
2.21			2/13/2008			
80.00	264,000	44,000	5/1/2002	12/12/2005	Mountain West Land Services	3.62
54,914.84	\$17,345,600	\$44,000			0	

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(1) State, field office, and other offices	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Idaho					
Birds of Prey National Conservation Area					
	Shenk	Completed	40.00	\$7,800	
	U.S. Ecology	Completed	169.55	92,500	
Coeur d'Alene	Forest Capital Partners	Completed	360.00	1,095,000	\$65,000
Four Rivers					
	Blevins	Completed	160.00	96,000	
	IDL/Rocky Canyon	Terminated	730.32		
	Nicholson	Completed	2,135.13	534,000	31,000
Four Rivers/Coeur d'Alene	Boise Foothills - Northern Idaho	Pending	7,655.42	21,129,000	
Four Rivers/Owyhee	IDT/Summercamp	Completed	1.40	50,000	
Salmon	Birch Creek	Completed	315.00	283,500	
Pocatello	Simplot/Blackrock	Pending	666.92	535,000	
Idaho total		7 completed, 2 pending, 1 terminated	12,233.74	\$23,822,800	\$96,000
Montana					
Butte					
	Buckner	Terminated	405.87	\$118,150	
	Hauser Lake-Helena Causeway	Pending	34.00		
Lewistown	Surenough	Completed	161.30	136,000	
Malta	North Chinook	Completed	2,380.00	466,592	2,113
Miles City	Pumpkin Creek	Pending	12,229.15	2,568,122	
Montana total		2 completed, 2 pending, 1 terminated	15,210.32	\$3,288,864	\$2,113
New Mexico					
Albuquerque					
	Acoma/State Mineral	Completed	12,835.84	\$256,717	
	Ojito-La Lena	Pending	1,920.00		
	Santo Domingo II	Completed	2,263.55	5,293,000	326,000

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
40.00	\$7,800		1/21/2004	5/2/2006		2.28
309.47	77,500		10/25/2004	3/8/2006		1.37
480.60	1,160,000		4/22/2003	2/13/2006		2.81
160.39	96,000		8/30/2005	7/5/2006		0.85
341.54			12/8/2003			
1,445.60	565,000		7/2/2006	4/16/2008		1.79
604.74	1,037,000		4/26/2005			
17.78	50,000		3/1/2004	5/2/2006		2.17
271.59	79,105		8/30/2003	3/25/2005		1.57
718.56	540,000		5/15/2006			
4,390.27	\$3,612,405	\$0				
404.13	\$121,250		3/8/2004			
20.00			5/15/2007		TCF	
160.00	136,000		4/10/2002	12/16/2004		2.69
2,553.24	468,705		5/31/2002	5/25/2006	Inman (real)	3.98
14,325.83	2,589,700		3/28/2005		TCF	
17,463.20	\$3,315,655	\$0				
9,154.85	\$183,097		9/3/2003	6/26/2006		2.81
1,306.65			3/18/2008			
7,147.62	5,744,000		11/20/2006	1/11/2008		1.14

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(1) State, field office, and other offices	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Carlsbad	Intrepid Mining (Mississippi Potash)	Pending	1,837.00		
Farmington	Bisti/Ah-shi-sle-pah	Pending	9,955.07		
Las Cruces District Office					
	Organ Mtns.	Terminated	297.21		
	Santa Teresa	Pending	13,298.00		
State Office	Adobe Land Exchange	Completed	5,957.19	2,075,000	
New Mexico total		3 completed, 5 pending, 1 terminated	48,363.86	\$7,624,717	\$326,000
Nevada					
Carson City	El Dorado	Completed	873.72	\$312,764	\$236
Elko					
	City of Elko	Completed	9.89	423,000	1,000
	Indian Creek	Completed	35,914.36	2,872,156	415,986
Nevada total		3 completed	36,797.97	\$3,607,920	\$417,222
Oregon/Washington					
Burns District	Rock Creek Ranch (Gary Miller)	Pending	233.25	\$98,000	
Coos Bay District	Coos Bay (North Spit)	Terminated	101.00		
Medford District	Berry Rock (Boehm)	Pending	160.00	215,000	
Prineville District	Little Deschutes River (Youngs)	Completed	173.00	326,474	
Spokane District					
	Columbia Basin Shrub Steppe (CBSS) Assembled Land Exchange	Pending	45,053.23	5,732,150	
	CWALE (Central Washington Assembled Land Exchange II)	Pending	11,433.25	1,958,200	
	Hallauer	Pending	472.00	472,000	
Oregon/Washington total		1 completed, 5 pending, 1 terminated	57,625.73	\$8,801,824	\$0

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
4,156.88			11/19/2004			
10,608.89			3/18/2008			
346.53			6/21/2004			
7,701.83			3/18/2008			
9,145.61	2,100,000		8/25/1998	3/23/2007		8.57
49,568.86	\$8,027,097	\$0				
162.06	\$313,000		8/1/1995	10/31/2006		11.25
37.50	424,000		12/2/1994	11/8/2005		10.93
22,680.86	3,288,142		11/21/1994	1/5/2005	John Eade	10.12
22,880.42	\$4,025,142	\$0				
1,124.09	\$115,500		12/14/2007			
80.00			8/28/2002			
90.00	277,000		7/29/2002			
173.66	275,000	51,474	10/9/2003	1/9/2006		2.25
4,805.39	6,030,940		6/13/2002		Clearwater Land Exchange	
4,598.53	2,582,400		7/29/1999		Clearwater Land Exchange	
368.00	495,000		7/11/2002			
11,239.67	\$9,775,840	\$51,474				

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(1) State, field office, and other offices	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Utah					
Cedar City					
	Nichols	Pending	1,667.22		
	SITLA/Three Peaks	Completed	950.69	881,000	20,000
Moab	Professor Valley Ranch	Pending	32.10		
Salt Lake					
	Dees	Completed	5,672.97	510,000	6,750
	Hogup	Completed	6,360.84	381,841	409
St. George	Milkvetch/ Desert Tortoise	Pending	389.98		
Utah total		3 completed, 3 pending	15,073.80	\$1,772,841	\$27,159
Wyoming					
Buffalo	Groeschel/ Cow Creek	Pending	683.70	\$855,000	
Rawlins	Talbott	Completed	160.00	26,000	
Worland	Great Western	Completed	440.00	270,000	10,000
Wyoming State Office	P&M Coal ^b	Completed	3,618.22	4,835,000	
Wyoming total		3 completed, 1 pending	4,901.92	\$5,986,000	\$10,000
BLM total			432,210	\$89,391,982	\$1,547,746

Source: GAO analysis of BLM data.

^aIn some cases, amendments to ATI's are signed if, for example, there is a change in parcels. This column only shows the original date.

^bThe P&M Coal exchange is a joint exchange with BLM and the Forest Service. Since BLM is the lead agency, this exchange is listed here. However, the acres and values benefiting the Forest Service are listed in appendix IV.

Appendix III: BLM Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
1,458.55			3/30/2006			
330.20	901,000		2/6/2006	5/29/2008		2.31
17.86			4/4/2008			
5,485.38	550,000		10/10/2000	2/7/2005		4.33
5,204.31	382,250		11/15/2001	12/22/2004	Western Resource Management	3.10
398.88			9/24/2007			
12,895.18	\$1,833,250	\$0				
893.82	\$927,610		6/24/2002			
160.00	23,000	3,000	5/29/2002	9/30/2005		3.34
520.00	280,000		8/8/2003	9/21/2005		2.12
2,045.53	5,400,000		12/18/2000	2/3/2005		4.13
3,619.35	\$6,630,610	\$3,000				
224,926	\$85,276,856	\$98,474				

Appendix IV: Forest Service Completed, Pending, or Terminated Land Exchanges, October 1, 2004, through June 30, 2008

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Region 1					
Idaho					
Idaho Panhandle	Grandmother	Pending	2,394.38	\$5,800,000	
Idaho Panhandle and Clearwater	Boise Foothills	Pending	4,154.05	16,765,000	315,000
Nez Perce	Seminole Ranch	Completed	41.92	1,100,000	200,000
Montana					
Beaverhead-Deer-lodge					
	Boatman	Completed	111.76	\$134,000	
	Braxton	Pending	89.92		
	Lost Creek	Completed	1,798.83	2,014,345	
	North Butte	Pending	100.31		
	Ward	Completed	20.66	16,000	600
	Warms Springs	Completed	282.37	847,000	
Gallatin					
	Brackett Creek	Completed	602.92	1,510,000	
	Bennett Creek	Completed	160.00	640,000	
Helena					
	Dry Range	Completed	1,280.00	1,856,000	76,000
	Springhill	Pending	116.84	158,000	
Helena, Gallatin, Lolo, Kootenai	Alberton Gorge	Completed	288.09	1,112,000	
Helena, Lolo	Alberton Gorge	Completed	95.88	165,000	
Kootenai	Rock Hill	Completed	60.80	145,000	
Lewis & Clark	Taylor Hills	Pending	151.52		
Lolo					
	DNRC/Lolo	Pending	12,123.68		
	Greenough II	Completed	10.00	26,000	
Region 1 total		12 completed, 7 pending	23,883.93	\$32,288,345	\$591,600

Note: This table contains 13 columns, which are divided across two pages.

**Appendix IV: Forest Service
Completed, Pending, or
Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
1,325.38	\$5,800,000		5/25/2005			
7,219.62	37,172,000		4/26/2005			
180.99	1,300,000		4/25/2003	4/6/2005	TCF	1.95
113.63	112,000	\$22,000	2/25/2003	11/24/2004		1.75
320.00			5/22/2008			
241.05	2,014,345		No ATI signed ^b	02/2/2007		No ATI signed ^b
669.93			6/17/2004			
21.46	16,600		3/16/2006	4/11/2007		1.07
251.96	831,000	16,000	9/25/2001	6/30/2005		3.76
602.92	1,510,000		6/15/2000	12/20/2006		6.51
160.00	640,000		6/15/2000	2/26/2007		6.70
1,931.65	1,932,000		3/15/2005	5/18/2006		1.17
1.44	157,000		9/12/2005		Prickly Pear Land Trust	
566.60	1,097,000	15,000	1/24/2001	11/30/2004	Five Valleys Land Trust	3.85
15.40	165,000		1/24/2001	3/2/2007		6.10
40.00	145,000		4/23/2004	6/14/2005		1.14
158.53			3/21/2007			
11,331.27			2/2/2005			
20.00	26,000		7/13/2001	4/10/2006		4.74
25,171.83	\$52,917,945	\$53,000				

**Appendix IV: Forest Service
Completed, Pending, or
Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Region 2					
Colorado					
ARRO	NCWCD (Windy Gap)	Pending	14.30	\$93,000	
GMUG					
	Cockrell, et al. (Taylor River)	Pending	6.68		
	Faraway Ranch	Completed	159.81	1,079,000	
	Kempfe/Stump (Adventure Experiences)	Pending	160.00		
	Kent/Lindsay	Completed	59.58	34,000	
	Telluride Airport	Completed	64.59	1,199,500	
Pawnee (Arapaho/Roosevelt)					
	Diehl	Completed	320.00	169,600	
	Hahn	Pending	320.00		
PKSN					
	Denver Water Board (Round Hill)	Completed	684.35	903,600	
Rio Grande					
	ATAH I/ Catspaw/ Navajo Headwaters (Banded Peak)	Pending	19,725.42	296,000	
	Lisenby & Nearburg (Rio Oxbow)	Pending	814.91	1,598,000	
Routt					
	Campbell (Miles)	Completed	83.44		
	Needmore Ranch II, Ltd (Big Creek)	Completed	507.44	1,619,000	
	Mann	Completed	147.51	310,700	
San Juan					
	Jung	Completed	38.05	685,000	
	Morgan (Fish Creek II)	Completed	169.02	161,600	

**Appendix IV: Forest Service
Completed, Pending, or
Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
12.44	\$93,000		2/9/1998			
6.68			3/4/2008		Western Land Group, Inc.	
79.99	1,000,000		8/26/2003	3/4/2005		1.52
377.24			10/23/2007		Western Land Group, Inc.	
1.06	34,000		11/5/2004	9/29/2006		1.90
37.61	1,000,000		7/6/2005	7/13/2007		2.02
320.00	169,600		8/18/2005	6/28/2006		.86
320.00			11/20/2007			
478.32	957,000		12/12/2002	8/29/2007	Shepard & Associates, Inc.	4.71
16,176.24	226,500		12/21/2005		Western Land Group, Inc.	
469.79	1,493,500		2/2/2001		Western Land Group, Inc.	
90.14			ATI not signed ^b	10/20/2005		ATI not signed ^b
760.00	1,900,000		4/27/2004	12/30/2005	Western Land Group, Inc.	1.68
84.88	255,000		5/22/2002	6/6/2005		3.04
0.45	699,000		3/1/2004	1/30/2006		1.92
10.84	132,000		1/11/2005	12/21/2006	Western Land Group, Inc.	1.94

**Appendix IV: Forest Service
Completed, Pending, or
Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
	Tamarron Properties (Hermosa Park)	Pending	320.00		
White River					
	Chihuahua, LLC & Town of Breckenridge (Snake River)	Pending	42.78		
	Pitkin County	Pending	216.48		
	Vail Associates (South Game Creek)	Completed	493.01	5,571,250	
Nebraska					
Nebraska	State of Nebraska (Middle Loup)	Pending	295.73	\$145,575	
South Dakota					
Black Hills	Harlow/Hartog/Finley (Greyhound)	Pending	120.00		
	The Nature Conservancy/ Wood (Cattail)	Pending	557.60		
	Home-stake, et al. (Grizzly)	Pending	227.13		
Buffalo Gap and Nebraska					
	Dakota Partnership (Indian Creek)	Pending	2,956.40		
	Edoff	Completed	720.00	230,400	
	Sides Ranch (CortneyCreek)	Completed	640.00	192,000	
	Stroup (Missouri Breaks)	Completed	240.00	120,000	
Wyoming					
Bighorn	City of Buffalo	Completed	320.39	\$480,000	
Medicine Bow					
	Bragg	Completed	39.93	52,000	
	Dull Center (Dilts)	Completed	4,318.03	768,000	

**Appendix IV: Forest Service
Completed, Pending, or
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October 1, 2004, through June
30, 2008**

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
275.20			6/7/2007		Western Land Group, Inc.	
73.83			12/21/2007		Western Land Group, Inc.	
54.68			No ATI signed ^b			
5.13	5,600,000		11/2/2004	4/26/2006	Western Land Group, Inc.	1.48
175.37	\$192,900		7/5/2006			
96.88			4/19/2006			
784.44			2/2/2005			
478.86			11/29/2006		Western Land Group, Inc.	
3,801.38			10/18/2004			
834.32	233,600		10/15/2002	6/13/2006		3.66
658.79	214,000		7/1/2004	2/19/2008		3.64
272.59	143,000		12/15/2003	1/14/2006		2.08
98.24	\$490,000		9/30/2003	8/16/2005		1.88
20.00	46,000		6/26/1998	4/19/2005		6.81
4,478.41	746,000		7/30/2001	5/10/2005		3.78

**Appendix IV: Forest Service
Completed, Pending, or
Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Thunder Basin	Thomson (Cow Creek)	Pending	600.00	180,000	
Region 2 total		17 completed, 15 pending	35,382.57	\$15,888,225	\$0
Region 3					
Arizona					
Coconino					
	Bellemont	Terminated	\$1,160.00		
	Clear Creek	Pending	820.72	6,465,000	
	Mule Park	Completed	270.87	1,888,000	
Prescott					
	Gray Wolf	Completed	645.78	2,872,500	
	Northern Arizona	Pending	35,559.00		
Sitgreaves					
	Black River	Pending	400.00		
	Camp Tatiyee	Pending	1,719.45		
	Dry Lakes	Completed	586.43	3,890,000	
	Showlow Airport	Completed	439.69	2,100,000	
Tonto					
	Ellison Creek	Completed	520.97	2,872,972	
	Montezuma Castle	Completed	364.88	3,857,500	
	Tonto Apache	Completed	422.74	5,425,000	
New Mexico					
Lincoln	Pine Springs	Pending	80.00		
Region 3 total		7 completed, 5 pending, 1 terminated	42,990.53	\$29,370,972	\$0

**Appendix IV: Forest Service
Completed, Pending, or
Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
720.52	176,500		6/6/2002			
32,054.32	\$15,801,600	\$0				
754.00			7/6/2001			
503.35	6,465,000		11/18/2005		Summit Resource, LLC	
197.21	1,888,000		1/3/2000	11/4/2004	FLEX of Arizona	4.84
265.00	2,875,500		9/24/2001	6/19/2007	FLEX of Arizona	5.73
15,417.00			1/30/2007			
337.00			10/15/2001		Summit Resources, LLC	
344.06			10/1/2007		Page Land and Cattle	
176.90	3,890,000		4/26/2002	7/24/2006	Genesis Real Estate and Development, Inc.	4.24
748.97	2,100,000		3/29/2002	11/3/2004	FLEX of Arizona	2.60
142.34	2,872,972		2/9/1998	10/4/2005	FLEX of Arizona	7.65
222.33	3,857,500		5/23/2006	12/10/2007	Western Land Group	1.55
272.77	5,425,000		1/14/2000	3/10/2008	The Sparks Law Firm	8.15
80.00			1/14/2008			
19,460.93	\$29,373,972	\$0				

**Appendix IV: Forest Service
Completed, Pending, or
Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Region 4					
Idaho					
Boise	Danskin	Pending	1,057.64	\$550,000	\$6,000
Challis	Sulphur Creek	Completed	5.04		
Payette	Brundage Ski Area	Completed	349.49	3,080,000	25,000
Targhee	Yale Creek	Terminated	21.00	220,000	
Utah					
Uinta	OSPG (Timpanagos)	Completed	37.05	\$1,505,000	70,000
Wasatch-Cache	6200 South (FSFREA Authority)	Pending	3.20		
Region 4 total		3 completed, 2 pending, 1 terminated	1,473.43	\$5,355,000	\$101,000
Region 5					
California					
Cleveland	Lost Valley	Completed	94.00	\$160,000	
Eldorado	Eldorado Irrigation District	Pending	603.51		
	Hoover	Completed	40.00	150,000	
	Rubicon-Siller Tripartite	Completed	146.40	300,000	
Inyo	Mammoth Community Facilities	Completed	3,080.00	5,712,500	
Inyo, Tahoe, and Eldorado	Snow-creek	Completed	1,950.85	1,569,000	
Klamath					
	Bogus/Thompson Creek (Tripartite)	Completed	80.00	47,000	
	Moody (Tripartite)	Completed	80.00	165,000	
	Trans Wood (Tripartite)	Completed	40.00	155,000	
	WLT-Middle Boulder (Tripartite)	Completed	1,289.46	1,459,000	

**Appendix IV: Forest Service
Completed, Pending, or
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30, 2008**

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1,281.84	\$556,000		6/23/2006			
4.95			9/30/2004	1/26/2005		0.32
388.35	3,105,000		1/19/2005	8/10/2006	Brundage Mountain	1.56
22.80	228,000		7/25/2001			
237.24	\$1,575,000		10/28/2004	4/21/2005		0.48
4.26			5/13/2008			
1,939.44	\$5,464,000	\$0				
52.50	\$160,000		5/25/2004	8/29/2005		1.26
				11/18/2004		7.33
697.04			8/2/2007			
40.00	150,000		4/21/2005	11/3/2006		1.54
	300,000		4/6/2006	3/10/2008		1.93
12.52	5,712,500	\$12,500	1/11/2005	11/9/2007	Western Land Group, Inc	2.83
94.00	1,400,000	169,000	4/22/2002	2/9/2005	Western Land Group, Inc.	2.80
	47,000		3/18/2005	9/12/2006		1.49
	165,000		8/19/2004	3/7/2005		0.55
	155,000		8/19/2004	12/15/2004		0.32
	1,459,000		10/31/2003	11/23/2004	The Wilderness Land Trust	1.07

**Appendix IV: Forest Service
Completed, Pending, or
Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Lassen					
	Mill Creek LLC	Completed	2,844.82	663,000	
	Spalding	Completed	40.41	55,000	
Los Padres	Serge	Completed	1.25	410,000	40,000
Mendocino	Greg D. Biagi (Faraway Ranch legislated conveyance)	Completed			
San Bernadino					
	Mill Creek	Completed	101.00	304,000	
	Upper Ranch	Completed	320.00	364,000	
	Wildwood	Pending	2,250.00	1,584,600	
Sequoia					
	Coy Flats Recreation Residences Tract	Pending	99.00		
	Grouse Lake Phase V Tripartite	Pending	40.99	625,700	
Shasta Trinity					
	Siddeley Bischoff Tripartite	Completed	2.50	7,500	
	Siddeley Bischoff #2 Tripartite	Completed	2.50	8,250	
Sierra	Sierra National Forest Land Exchange	Pending	80.00	200,000	
Tahoe					
	Barker Pass III	Completed	318.22	750,000	
	Milk Lake Tripartite	Completed	318.42	950,000	
Region 5 total		19 completed, 5 pending	13,823.33	\$15,639,550	\$40,000
Region 6					
Oregon					
Deschutes	Hardie	Pending	0.30		

**Appendix IV: Forest Service
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Terminated Land Exchanges,
October 1, 2004, through June
30, 2008**

(7) Number of federal acres	(8) Total value of federal interests conveyed	(9) Equalization payment by U.S.	(10) Date ATI signed ^a	(11) Date exchange completed, if applicable	(12) Third-party facilitator name, if any	(13) Average time to complete exchange from date ATI signed to date completed (in years)
87.74	663,000		7/22/1997	11/18/2004		7.33
57.21	70,000	15,000	2/11/2004	8/30/2005		1.55
0.80	450,000		4/9/2003	6/3/2006		3.15
120.90	154,000		No ATI signed ^b	3/17/2005		No ATI signed ^b
24.86	502,000		No ATI signed ^b	12/8/2006		No ATI signed ^b
58.94	364,000	16,500	4/15/2005	7/29/2005	American Land Conservancy	0.29
783.28	1,584,600		9/24/2004		The Wildlands Conservancy	
65.60			10/20/2007			
	625,700		8/23/2005			
	7,500		2/24/2005	6/26/2006		1.33
	8,250		2/24/2005	7/19/2007		2.40
160.00	250,000		No ATI signed ^b			
	750,000		7/28/2006	5/25/2007		0.82
	950,000		3/27/2007	1/18/2008		0.81
2,255.39	\$15,927,550	\$213,000				
0.30			6/19/2008			

**Appendix IV: Forest Service
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October 1, 2004, through June
30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
Malheur, Umatilla, Wallowa-Whitman	Blue Mountain (Clearwater Land Exchange-Oregon)	Terminated	32,000.00	15,717,500	270,000
Wallowa-Whitman	Gabriel (Palette Ranch)	Pending	9.11		
Washington					
Colville					
	Blake Tripartite	Completed	10.00	\$41,300	
	Chad M. Thompson DDS Profit Sharing, Plan and Trust (Yellow House)	Completed	80.00	68,000	
Okanogan and Wenatchee	City of Cle Elum	Completed	0.25	10,000	
Wenatchee	McMahon (Nahahum Canyon)	Pending	160.00		
Region 6 total		3 completed, 3 pending, 1 terminated	32,259.66	\$15,836,800	\$270,000
Region 8					
Alabama					
Bank-head	Kathryn H. and Jasper N. Bailey	Completed	80.45	\$140,788.00	
Arkansas					
Ouachita					
	Trust for Public Land	Completed	2,137.43	\$1,282,458	
Ozark					
	I.W. Owen	Completed	456.70	443,000	
	Stephen & Van Hkill	Completed	77.45	76,000	
	Rick & Paula Walker	Completed	40.00	33,440	
	Lunie and David Smith	Pending	636.00		
	G. Gerard and M. Huckabey	Pending	400.00	48,000	
	City of Forth Smith	Completed	572.00	882,000	

**Appendix IV: Forest Service
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30, 2008**

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18,000.00	15,987,500		10/14/1998		Clear-water Land Exchange-Oregon	
6.03			12/20/2007			
	\$41,300		10/31/2005	9/26/2006		0.90
0.14	68,000		6/28/2004	1/6/2005		0.53
0.25	10,000		4/29/2005	11/23/2005		0.57
160.00			5/31/2007			
18,166.72	\$16,106,800	\$0				
2.28	\$128,000.00		11/26/2002	1/27/2006		3.17
	\$1,282,458		7/22/2005	3/30/2006		0.69
171.08	432,140		3/19/2004	6/16/2005		1.24
	76,000		5/2/2005	4/17/2006		0.96
39.77	33,440		10/20/2005	3/30/2006		0.44
795.00			4/30/2007			
	48,000		8/24/2007			
556.27	721,000		4/15/2003	10/11/2008		3.49

**Appendix IV: Forest Service
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30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
	Elliot Family Trust	Pending	80.00	102,000	
	Kenneth Kelly, Et Ux	Pending	255.00	510,000	
Arkansas/Oklahoma Ozark, Ouachita	Ronnie and Judy Campbell	Pending	263.43		
Florida					
	John H. Mcelveen	Completed	10.39	\$30,000	
	State of Florida	Completed	18,617.55	22,519,000	
Georgia					
Chattahoochee-Oconee					
	American Natural Res	Completed	208.84	\$605,700	
	Silvertip Land	Completed	130.00	430,000	
	Tom Phillips	Pending	42.31	973,000	
	Georgia Fall Line Prop	Terminated	77.00	331,000	
	The Conservation Fund	Terminated	51.09	237,571	
Mississippi					
Desoto					
	Tommy D. Rives	Completed	313.18	\$379,000	
	DeSota Land & Timber (Double A Firewood, Inc)	Completed	1,795.00	3,050,000	
	Myers, Danny Roy & Marvin	Completed	346.73	541,000	
North Carolina					
North Carolina	Grace Tabernacle Baptist Church	Pending	9.24	\$79,100	
Nantahala	The Trust for Public Land	Completed	11.96	10,764	
Oklahoma					
Ouachita					
	Charles, Reed and Dennis Jordan	Completed	402.96	\$569,000	
	Forest Ridge Prop	Completed	3,061.43	1,200,000	

**Appendix IV: Forest Service
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October 1, 2004, through June
30, 2008**

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100.00	95,500		12/1/2006			
	510,000		5/22/2007			
210.25			3/23/2007			
	\$30,000		7/7/2004	3/23/2005		0.71
297,415.60	22,420,000		5/4/2001	4/5/2005		3.92
95.55	\$602,000		3/25/2005	8/4/2006		1.36
116.10	420,000		12/20/2005	8/18/2006		0.66
72.31	970,000		5/25/2007			
	331,000		1/5/2006			
	237,571		4/25/2007			
200.65	\$433,000		6/2/2005	1/19/2006		0.63
	3,050,000		1/27/2005	4/19/2006		1.22
107.29	472,000		6/2/2005	4/25/2006		0.90
4.98	\$74,400		8/18/2006			
8.20	8,610.00		12/15/1992	8/22/2005		12.68
155.12	\$540,070		5/17/2004	8/15/2005		1.25
356.00	1,200,000		6/8/2006	2/20/2007		0.70

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30, 2008**

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	Doyel O'Neal	Completed	41.00	37,000	
	Sain Boise Minerals	Completed	40.00	36,000	
	Sain Properties LLC	Completed	320.00	320,000	
South Carolina					
Francis Marion	MS Recreational Properties	Completed	432.29	\$648,435	
Tennessee					
Cherokee					
	Citico Missionary Baptist Church	Pending	1.60	\$17,600	
	John & Geraldine Wynn	Completed	13.18	21,094	
Virginia					
George Washington/Jefferson	David and Betty Kiser	Completed	13.05	\$28,710	
Region 8 total		22 completed, 8 pending, 2 terminated	30,937.26	\$35,581,660	\$0
Region 9					
Illinois					
Shawnee	American Land Holdings of IL, LLC	Pending	480.85		
Indiana					
Hoosier					
	Braun, Michael K.	Completed	431.84	\$714,000	
	Wright, Ronald E.	Pending	180.00	396,000	
Michigan					
Huron					
	Diocese of Gaylord	Completed	280.00	\$203,000	
	Rose Trust	Completed	37.00	60,000	
Manistee					
	Groves	Pending	10.09	34,000	
	Hastings	Completed	40.00	92,000	
	Hultman	Terminated	75.10	210,000	
	Nucci	Pending	39.50	80,000	
	Williams	Pending	40.08		

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October 1, 2004, through June
30, 2008**

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32.00	35,000		3/28/2005	3/23/2006		0.99
	36,000		8/23/2005	12/4/2006		1.28
200.00	360,000		9/18/2006	8/28/2007		0.94
	\$648,435		11/21/2005	2/8/2007		1.22
8.42	\$20,600		9/26/2006			
4.21	21,095		2/11/2004	5/16/2005		1.26
25.00	\$37,500		8/3/2006	3/24/2008		1.64
300,676.08	\$35,273,819	\$0				
389.44			8/24/2007			
422.19	\$742,000		4/20/2005	8/16/2006		1.32
130.32	326,000		1/4/2007			
2.42	\$170,000	\$33,000	10/24/2003	5/11/2007		3.55
21.92	48,000	12,000	5/10/2004	11/1/2006		2.48
	34,000		8/4/2006			
	92,000		5/20/2004	11/13/2004		0.48
	210,000		9/28/2005			
	80,000		3/4/2008			
			3/14/2008			

**Appendix IV: Forest Service
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30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
	Wrung	Pending	19.73	53,000	
Ottawa					
	Allen, Everett et. al.	Completed	40.00	48,000	
	Carter, Scott	Completed	160.00	160,000	\$7,000
	McCosker, Carole	Completed	37.40	69,000	
Hiawatha	Sturgis	Completed	40.00	72,000	
Minnesota					
Chippewa					
	Steward	Pending	40.00	\$38,000	
	Cass County	Pending	160.00	200,000	
Superior					
	Correll, Randy	Completed	760.00	360,000	
	South Kawishiwi	Pending	1,254.02		
	Wright, Greg	Completed	160.00	140,000	
Missouri					
Mark Twain					
	Barton, Ray W. (Trust)	Completed	160.00	\$118,000	
	Buckeye Int'l	Completed	160.00	125,000	
	Campbell, Kenneth (Trust)	Completed	27.76	36,000	
	Cook, Ron & Judy	Completed	39.75	36,000	
	Doe Run	Completed	441.50	492,000	
	Hudson	Completed	80.00	76,000	
	Evans	Completed	40.00	64,000	
	Keith	Pending	40.00	44,000	
	Kissee, Derene	Completed	120.00	170,000	
	Laves	Pending	34.00	68,000	
	Pattee	Pending	80.00	84,000	
	Peschel, Delton	Completed	77.59	62,000	
	Poe, Robert (Estate of)	Completed	40.00	30,000	
	Reeves, David	Completed	20.00	20,000	
	Turnbough, Minnie (Trust)	Completed	160.00	122,000	

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	53,000		1/11/2006			
40.00	48,000		3/24/1998	2/25/2006		7.93
119.23	167,000		3/23/2005	8/29/2005		0.44
40.00	68,000	1,000	7/19/2006	8/9/2007		1.06
50.12	60,000	12,000	4/18/2006	6/4/2008		2.13
39.00	\$46,900		11/21/2005			
160.00	224,000		2/7/2006			
720.00	360,000		6/25/2004	11/1/2006		2.35
424.6			6/18/2008			
60.00	140,000		5/25/2004	6/20/2005		1.07
	\$118,000	\$12,000	6/15/2006	10/31/2006		0.38
160.00	132,000		3/21/2007	9/6/2007		0.46
	36,000		9/24/2007	3/18/2008		0.48
41.04	37,000		5/4/2006	9/8/2006		0.35
438.50	609,000		10/6/2004	2/8/2008		3.34
	76,000		6/27/2007	4/2/2008		0.77
	64,000		9/24/2007	1/30/2008		0.35
33.01	46,000		4/11/2008			
	170,000		3/29/2007	9/25/2007		0.49
	68,000		9/25/2007			
	84,000		9/4/2007			
	62,000		10/4/2005	4/23/2007		1.55
	30,000		2/14/2006	4/20/2006		0.18
	20,000		6/15/2006	10/10/2006		0.32
160.00	128,000		7/7/2005	3/2/2007		1.65

**Appendix IV: Forest Service
Completed, Pending, or
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30, 2008**

(1) Region, state, and national forest	(2) Exchange name	(3) Status: completed, pending, terminated	(4) Number of nonfederal acres	(5) Total value of nonfederal interests acquired	(6) Equalization payment by nonfederal party
	Watkins/Weill Estate	Completed	20.00	18,000	
Ohio					
Wayne					
	Jackson Twp. Trustees	Completed	3.56	\$1,250	
	Washington County Commissioners	Pending			
New Hampshire					
White Mountain National Forest	Mittersill-Sentinel Mtn.	Pending	244.00		
Vermont					
Green Mountain	Wickes, Ira & Ester	Completed	5.70	7,400	
Region 9 total		25 completed, 14 pending, 1 terminated	6,079.47	\$4,502,650	\$7,000
Region 10					
Alaska					
Tongass	Heirs of Jimmie A. George, Sr.	Completed	99.96	\$580,000	
Region 10 total		1 completed	99.96	\$580,000	
	P&M Coal ^c		2,447.88	\$609,000	
Forest Service total			189,378	\$155,652,202	\$1,009,600

Source: GAO analysis of Forest Service data.

^aIn some cases, amendments to ATI's are signed if, for example, there is a change in parcels. This column only shows the original date.

^bThis exchange was legislated, and agency officials told us an ATI was not needed.

^cThe P&M Coal exchange is a joint exchange with BLM and the Forest Service. Since BLM is the lead agency, this exchange is listed on the BLM exchange appendix (app. III). However, the acres and values benefiting the Forest Service are listed here.

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	18,000		4/20/2006	7/18/2007		1.24
2.58	\$1,250		7/3/2006	9/22/2006		0.22
2.19	25,000		12/7/2007			
100.00			1/2/2008			
2.21	7,400		12/1/2003	11/30/2005		2.00
3,558.77	\$4,532,550	\$70,000				
220.00	\$507,000	\$73,000	11/20/2002	6/16/2005		2.57
220.00	\$507,000	\$73,000				
		\$44,000				
403,503	\$175,905,236	\$453,000				

Appendix V: Comments from the Department of Agriculture

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States
Department of
Agriculture

Forest
Service

Washington
Office

1400 Independence Avenue, SW
Washington, DC 20250

File Code: 5430

Date: May 22, 2009

Ms. Robin M. Nazzaro, Director
Natural Resources and Environment
U.S. Government Accountability Office
441 G. Street, N.W.
Washington, DC 20548

Dear Ms. Nazzaro:

We appreciate the opportunity to review and comment on the draft Government Accountability Office (GAO) report, GAO-09-611, "BLM and the Forest Service Have Improved Oversight of the Land Exchange Process, but Additional Actions Are Needed." The Agency generally agrees with the report and recommendations. Overall, the report accurately reflects the Improved Oversight of the Land Exchange Program. However, the Forest Service offers several substantive comments.

Page 9, Line 16: GAO states, "In addition, in January 2009, a Region 4 official told us that for all exchanges in that region, the reviewers were both preparing and reviewing the same exchanges."

Region 4 comments that the region is organized in such a way so that there is an intentional separation between those individuals that prepare the documents to process an exchange and those individuals who have review and oversight responsibilities. While the Region does not know the context of the cited comment, it does not describe standard operating procedures.

Page 72, Recommendation 1, Action Item 2: GAO recommends that the Secretaries clarify the retention policy for key exchange documents and ensure that staff follows this policy.

As noted in the report, the agency has already acknowledged this need, and the Forest Service is currently working to develop and implement revised policy.

Page 73, Recommendation 4, Action Item 12: GAO recommends that the Secretaries "develop and issue national land tenure strategies for each agency and encourage the BLM state and Forest Service regional offices to develop their own plans to help guide land exchange decisions."

The Forest Service agrees, in part, with this action item. As directed by Congress in the FY 2004 Appropriations Act, the U.S. Department of the Interior and U.S. Department of Agriculture published a National Land Acquisition Plan in February 2005. This plan, as well as the Agency's Strategic Plan, provides sufficient overarching guidance to the Regions in the development of Regional and Forest plans. Current policy requires

See comment 1.

See comment 2.



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Ms. Robin M. Nazzaro, Director

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Regions and Forests to develop planning documents sufficient to guide land adjustment activities in the respective units. The Agency acknowledges that some of these plans are out of date or inadequate, and agrees with GAO that units must better document land adjustment planning.

Page 73, Recommendation 4, Action Item 13: GAO recommends “track the agencies cost of processing individual land exchanges.”

See comment 3.

The Forest Service agrees in part with this Action item. The Forest Service recognizes that tracking costs for individual exchanges may provide some benefit. However, the cost of developing and implementing an elaborate tracking system is considered to exceed the expected benefit. The Forest Service has rough costs for each individual land exchange, but the Agency is developing a beta-test for a database to centralize these rough costs. Placing these costs in a searchable format will help the Agency make decisions, track trends, and report out to stakeholders and Congress.

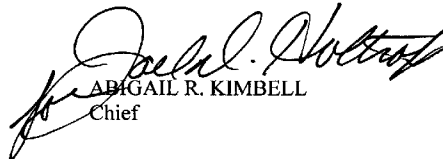
Page 73, Recommendation 4, Action Item 15: GAO recommends “ensure that staff have completed this training before working on land exchanges.”

See comment 4.

The Forest Service agrees in part with the recommended action item. However, the Agency also recognizes that while senior staff may not have had the specific formal training which may become mandatory, they will likely be tasked to develop and/or instruct the training. In addition, the action item, as written, is too restrictive. The Agency needs the flexibility to allow inexperienced employees to work on exchanges, under the supervision of appropriately trained and experienced staff. The Agency agrees with the intent of the recommendations to clearly describe and implement necessary training and supervisory requirements.

The agency appreciates the professional quality work and recommendations of the GAO and is eager to continue to improve its oversight of the exchange process. If you have any additional questions or concerns please contact Sandy T. Coleman, Forest Service Assistant Director for GAO/OIG Audit Liaison Staff, at 703-605-4699.

Sincerely,


ABIGAIL R. KIMBELL
Chief

The following are GAO's comments on the Department of Agriculture's Forest Service letter, dated May 22, 2009.

GAO Comments

1. We revised the report to reflect the fact that regional staff, not necessarily reviewers, both process and review all exchanges in the region. We also added a sentence to acknowledge that there is an intentional separation between regional staff who process exchanges and those who review them. (Now on p. 35.)
2. We continue to believe that the Forest Service needs a more detailed national plan to guide its land exchange activities. The 2005 *National Land Acquisition Plan* does not, in our opinion, offer a specific strategy on making exchange and other land transaction decisions on a national basis. We believe a specific strategy could help clarify organizational priorities and unify staff in the pursuit of shared goals. (Now on p. 66.)
3. Although the Forest Service agrees in part with our recommendation on tracking costs and recognizes that tracking costs for individual exchanges may provide some benefit, it does not provide any support for its position that the effort to track the costs would exceed the expected benefit, such as a cost-benefit analysis. Furthermore, Forest Service officials had told us during our review that they would need only to establish a specific project code in their accounting system to track such costs, and therefore the Forest Service would not need to develop and implement a new system to track exchange costs. We commend the Forest Service's effort to develop a centralized database to collect the rough costs of exchanges it does collect, but we believe that better data on the cost of land exchanges will help the agencies decide whether a proposed land exchange is affordable and worthwhile. (Now on p. 66.)
4. We slightly modified our recommendation by replacing "this" with "mandatory" to more closely align this recommendation with the prior one calling for the Forest Service to identify and make certain training mandatory. We believe, however, that by ensuring that realty staff working on exchanges have taken the proper training, the agency can help these staff develop and maintain the skills necessary to process exchanges. Moreover, our recommendation for the agencies to determine which elements of the current training courses to make mandatory and how often they should be taken provides the agencies with necessary flexibility. (Now on p. 66.)

Appendix VI: Comments from the Department of the Interior

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

MAY 28 2009



Ms. Robin M. Nazzaro
Director, Natural Resources
and Environment
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Nazzaro:

Thank you for the opportunity to review and comment on the Government Accountability Office's draft report entitled "*FEDERAL LAND MANAGEMENT: BLM and the Forest Service Have Improved Oversight of the Land Exchange Process, but Additional Actions Are Needed*," (GAO-09-611).

The Department of the Interior appreciates the diligent work of the team that prepared the draft report. We appreciate GAO's recognition that the Bureau of Land Management has taken actions to improve the land exchange program. However we do not concur with some aspects of the report and findings as explained below in the enclosure.

We disagree with the characterization that BLM Manual 1220, Records and Information Management, does not clearly state the retention policy for land exchange documents. This characterization may be based on discussions with BLM personnel who are not records managers. The GAO was provided a copy of the Manual, which contains records retention information, and it was recommended they discuss the guidance with a BLM Records Manager. The draft report indicates the GAO contacted the Forest Service's National Records Manager, although there is not a similar reference for the BLM.

Furthermore, the draft report states that "the agency is not adhering to its own guidance for maintaining land exchange ledgers to track value imbalances in multiphase exchanges so that it can know how much is owed." The BLM believes that the case files, in whole, including the ledgers, decisions, appraisals, and other supporting information, document the values of lands conveyed and any resulting value imbalances. The BLM was not able to verify the \$2.6 million figure stated for the cumulative value imbalance. However, the BLM will direct the State Offices to review all case files in which value imbalances exist to verify the accuracy of the records.

The enclosure provides some technical and specific comments on the draft report. We hope these comments will assist you in preparing the final report. If you have any questions, please contact Jeff Holdren, Acting Chief, Division of Lands, Realty and Cadastral Survey at

See comment 1.

See comment 2.

(202) 452-7779 or LaVanna Stevenson-Harris, BLM Audit Liaison Officer, at (202) 785-6580.

Sincerely,



Ned Farquhar
Acting Assistant Secretary
Land and Minerals Management

Enclosure

**Draft Government Accountability Office Report: “FEDERAL LAND MANAGEMENT:
BLM and the Forest Service Have Improved Oversight of the Land Exchange Process, but
Additional Actions Are Needed” (GAO-09-611)**

TECHNICAL COMMENTS

Page 7, last paragraph, second sentence: “At BLM, a multiphase land exchange is the consolidation of multiple parcels of federal and/or nonfederal land for purposes of conducting one or more exchange transactions over a period of time.”

See comment 3.

The definition of “multiphase land exchange” is really the definition of an “assembled land exchange” for the BLM (see 43 Code of Federal Regulations (CFR) 2200.0-5(f)). It is also believed the definition in the fifth sentence for Forest Service’s exchanges also applies to an assembled exchange rather than a multiphase exchange. Neither agency’s definition of an “assembled land exchange” is dependent on the number of transactions (phases). An assembled exchange under either agency’s definition might be closed in a single transaction and may not be a multiphase land exchange. In addition, the Forest Service could process a multiphase land exchange with a single landowner, which would not be an assembled exchange under the Forest Service’s definition. The simple definition of a multiphase exchange is one that involves more than one closing transaction.

Page 8, last paragraph, fourth sentence: “However, if the agencies determine that an exchange falls within a category of activities the agency has already determined has no significant environmental impact – called a categorical exclusion – then the agency generally need not prepare an environmental assessment or an environmental impact statement.”

See comment 4.

This statement indicating that both agencies can utilize a categorical exclusion (CX) for land exchange is not correct. The BLM cannot utilize a CX for a land exchange, and this statement only applies to the Forest Service.

See comment 5.

Page 16, second paragraph: In addition to the reasons cited in the draft report as reasons for delays in completion of land exchanges, the BLM also believes protests, appeals, and litigation should be identified.

See comment 6.

Page 22, last paragraph, third sentence: “The ninth multiphase exchange in Idaho – Birch Creek – did not have a ledger”. This statement is incorrect.

The Birch Creek land exchange was completed in five phases and the ledger documents the transactions and value imbalances for the first four transactions. Upon completion of the fifth and final transaction, the case file documents that the values in Birch Creek land exchange were equalized and the ledger was closed. Although no specific piece of paper identified as a “ledger” was prepared for this fifth and final transaction of the Birch Creek exchange, the case file clearly documents that the values of the Federal and non-Federal lands that were exchanged were equalized in the final transaction for this multiphase exchange. Copies of the ledger for the first four transactions were previously provided to the GAO. In addition, the first four transactions of

See comment 7.

the Birch Creek land exchange were audited by Deloitte & Touche LLP in fiscal years 2001 and 2002 at the request of the BLM in response to a previous GAO audit.

Page 23, Table 4: In the column titled "Ledger Status," for the Birch Creek land exchange, "None" should be changed to "Closed" and footnote b should also be deleted.

See comment 8.

Page 23, Table 4: Information on the multiphase exchanges requires the following corrections:

The information for the Columbia Basin Shrub Steppe and Central Washington Assembled Land Exchange II includes all lands that may have been considered in these exchanges. Because both exchanges have been completed, the BLM believes the information should reflect the lands and values of the lands actually conveyed. The data for the Columbia Basin Shrub-Steppe Assembled Land Exchange should be corrected as follows: column one should be 17,701, column two should be \$7,787,150, column three should be 4,529, and column four should be \$7,794,740. The data for the Central Washington Assembled Land Exchange should be corrected as follows: column one should be 11,304, column two should be \$2,372,200, column three should be 3,241, and column four should be \$2,662,200.

See comment 9.

Page 25, Table 5: For the State of California exchange, the column "Specifies lands to be exchanged" should be checked. Sec. 707 (a) of Public Law 103-433 specifies the lands to be exchanged, i.e., "Federal lands or interests therein on the list referred to in subsection (b)(2) for California State School lands or interests therein which are located within the boundaries of one or more of the wilderness areas or park system units designated by this Act."

See comment 10.

Page 40, first paragraph, Page 45, and Page 46: The BLM disagrees with the characterization that the statutory authority for certain multiphase exchanges, including the Central Washington Assembled Land Exchange (CWALE) cited in the draft report, remains questionable. These land exchanges were processed under the land exchange authority of Section 206 of the Federal Land Policy and Management Act (FLPMA) and the accompanying land exchange regulations (43 CFR Part 2200). The regulations at 43 CFR 2201.1-1 clearly provide for multiphase exchanges, including the use of ledgers.

The draft report has not presented sufficient evidence to support the conclusion reached in issuing the findings and recommendations. The BLM believes the administrative records related to the exchanges clearly indicate that the BLM intended to conduct, and did conduct, land exchanges. Those administrative records show the BLM (1) entered into agreements to initiate a land exchange with a non-Federal party, (2) notified the public that the BLM was considering land exchange proposals, (3) identified the proposed action in the environmental analyses as proposed land exchanges, (4) identified in the applicable decision documents that the action was the exchange of lands that would serve the public interest, and (5) identified in conveyance documents that the conveyance of Federal and non-Federal lands was for and in consideration of other lands conveyed in the exchange pursuant to Section 206 of the FLPMA.

See comment 11.

Page 44, first bullet, eighth sentence: “According to California BLM State Office officials, the exchange has been on hold since 2003, when BLM headquarters review team and Interior’s Office of the Solicitor raised concerns about the memorandum of agreement.”

In regard to the multiphase land exchange with the California State Lands Commission, the statement that the exchange “has been on hold” is misleading. Work on this exchange, independent of the Federal lands administered by the General Services Administration described in the draft report, has occurred. It would be more accurate to state that an exchange transaction to balance the ledger account has been delayed because the United States and the State have been unable to reach an agreement on the values of the State lands being proposed for exchange, and that efforts to reach an agreement on value are ongoing. The United States and the State have been working to resolve the appraisal issue, and to date, three appraisals have been completed: the first prior to 2003, the second in 2006, and the third in 2008. None of the appraisals have been acceptable to both the United States and the State. Since January 2009, the United States and the State have been discussing potential ways to resolve this appraisal issue so that the transfer of the State lands to the United States and closure of the ledger may occur.

See comment 12.

Page 45, second paragraph and Page 46, second paragraph: The BLM disagrees with the characterization that the CWALE is an unauthorized exchange as discussed in the 2000 GAO report and the statement that payment from a non-Federal party that equals the Federal land’s value appears more likely to be a purchase price. This land exchange did not involve the sale or purchase of land and was processed under the land exchange authority of Section 206 of the Federal Land Policy and Management Act (FLPMA) and the accompanying land exchange regulations (43 CFR Part 2200).

The case file, including the ledger, for the CWALE exchange documents the value of lands conveyed in each transaction and the cumulative value imbalance as of the completion of each transaction. The CWALE did include transactions in which only non-Federal lands were conveyed or in which only Federal lands were conveyed. Use of such an arrangement is within the authority of Section 206 of the FLPMA, the accompanying regulations at 43 CFR Part 2200 and the BLM’s policies and should not be construed as a sale or purchase of the subject lands. As identified in Chapter 11.G of the BLM’s H-2200-1 Land Exchange Handbook, the first transaction in a multiphase exchange must include the conveyance of both Federal and non-Federal lands. In any subsequent transaction, it is permissible to convey only Federal or non-Federal lands. In such instances, as in this case, the change in the value imbalance identified on the ledger would necessarily reflect the full value of the land conveyed in the transaction.

The deposits into a suspense account with the BLM’s Spokane District upon completion of each transaction: (1) were directly related, and equivalent, to the value imbalance as of that transaction, and (2) were security and a financial assurance that the exchange would continue or that funds would be available for the equalization payment, if future transactions did not occur; the exchange would then be terminated. Upon completion of the final transaction in this exchange, there was a value imbalance of \$290,200 in favor of the United States and the equalization amount equivalent to this imbalance was deposited into the Federal Land Disposal Account.

Although the facts do not support the draft report's conclusion that the BLM was conducting land sales and purchases, rather than components of assembled land exchanges, the BLM recognizes the concerns raised by the draft report about processes and controls over multiphase land exchanges and ledger management. Commitments have been made to amend the guidance relating to ledger management and to elevate the level of oversight for all multiphase exchanges in which ledgers are proposed.

Page 54, first paragraph: "According to BLM's 2003 workgroup review, BLM lacks a national, comprehensive policy or a statement of management direction that addresses land transactions, including land exchanges."

See comment 13.

While it is true that the BLM has not finalized the national land tenure strategy recommended by the 2003 BLM workgroup, other documents provide national management policy and direction. As an example, Chapter 1.G of the Land Exchange Handbook contains policy guidance (1) concerning the use and evaluation of a variety of land disposal and acquisition methods and (2) ensuring that land exchange proposals meet needs identified in, and are consistent with, land use plans.

See comment 14.

Page 55, first bullet, second sentence "haphazard" should be changed to "decentralized and inconsistent".

Page 55, last paragraph: "According to BLM survey respondents in the remaining six states, two-states –Idaho and Oregon – had not started a strategy; ..."

See comment 15.

The statement that the BLM Idaho has not started a statewide strategy is not completely correct. The BLM Idaho State Office does have a land exchange strategy with the State of Idaho concerning BLM/State land exchanges that was developed as a Memorandum of Understanding and was completed in April 1998. Prior to that date, the BLM Idaho had a 1976 Working Agreement between the BLM and the State and an Idaho State/BLM Exchange Strategy which was developed in 1984 and updated in 1986 and 1987. For land exchanges that do not involve the State, it is more accurate to say that Idaho also relies on land use plans to make decisions on land tenure actions in accordance with those plans and to support the multiple-use mission as outlined in those plans.

See comment 16.

Page 66, last paragraph, third sentence: "in a new office" should be changed to "in a new agency."

See comment 17.

Page 67, first paragraph: "realty specialists" should be changed to "managers."

The following are GAO's comments on the Department of the Interior's letter, dated May 28, 2009.

GAO Comments

1. We continue to believe that the BLM policy for records retention is not clear for land exchange records. The four subsections on land exchanges do not always provide clear time frames for how long documents are to be retained. In response to Interior's comment, we revised the report to state that two senior lands and realty managers provided different interpretations of the policy. One stated that, in practice, completed exchange case files are retained for 3 years and then sent to a Federal Records Center. The second official stated that retention varies depending on the final disposition of a proposal, and he was unclear on certain aspects of the policy. While we did not contact a BLM records management official, we believe that our assessment of the policy, together with the differing interpretations of program officials, support our conclusion that the retention policy is unclear. (Now on p. 33.)
2. BLM believes that the land exchange case files as a whole document the values of lands conveyed and any resulting imbalances. While this may be the case, BLM's land exchange handbook states, and we concur, that ledgers should completely and accurately reflect the balances due in order that values owed are easily identified. In its comment, BLM states that it is not currently able to verify the cumulative imbalance. We continue to believe that better management and oversight of BLM ledgers would help ensure that ledgers comply with regulations and policy and that imbalances reported are accurate. (Now on p. 38.)
3. We revised the report text and accompanying footnote to clarify how the two agencies conduct multiphase exchanges and how these relate to the agencies' separate definitions of assembled land exchanges. (Now on p. 6.)
4. We revised the report to clarify that categorical exclusions apply only to Forest Service. (Now on p. 7.)
5. The statement in this paragraph is based on the frequency of responses to our survey, and the additional reason the comments cited was not among the most frequent. However, two respondents did cite protests, appeals, and litigation as reasons for delays in completion of land exchanges. We revised the text to reflect Interior's comment. (Now on p. 15.)
6. As the Interior letter states, a ledger was not prepared for the fifth and final phase of the exchange and therefore could not be provided to us

for review. Although Interior states that the case file clearly documents that the values of the federal and nonfederal lands exchanged were equalized in the final phase of this exchange, as stated earlier, this information should be maintained in the ledger. We revised the text to clarify that we are referring to the final phase of the Birch Creek exchange. (Now on p. 20.)

7. As stated above, a ledger was not prepared for the final phase of the Birch Creek exchange. We retain the ledger status as “none” and clarified the footnote. (Now on p. 21.)
8. We appreciate the updated figures for acreage and value in these two exchanges. However, the numbers we list are based on BLM data provided as of June 30, 2008. Since we do not have updated acreage and value data for the other 248 BLM and Forest Service land exchanges, we will not incorporate these updated numbers for only two exchanges in our report. (Now on p. 21.)
9. The law addressing the State of California exchange calls for the exchange of certain state school lands for certain public lands under Interior’s jurisdiction and any federal land which is or becomes surplus to the needs of the federal government, but does not identify specific parcels of land. All of the other legislated exchanges with this column checked had specific parcels identified for exchange. We revised the report to clarify this distinction. (Now on p. 23.)
10. We reported that BLM officials believe that the Central Washington Assembled Land Exchange II (CWALE) multiphase exchange was conducted pursuant to the applicable statutory and regulatory requirements. As we stated in the report, we are pursuing the issue of whether certain multiphase exchanges, including CWALE, are authorized with Interior’s Office of the Solicitor. (Now on p. 36 and 40-41.)
11. We added this explanation to the report regarding the reasons the exchange has been pending since 2003. (Now on p. 39.)
12. We reported that BLM officials believe that the CWALE multiphase exchange was conducted pursuant to the applicable statutory and regulatory requirements. As we stated in the report, we are pursuing the issue of whether certain multiphase exchanges, including CWALE, are authorized with Interior’s Office of the Solicitor. Interior’s comments state that funds BLM received during the CWALE multiphase exchange and placed into a deposit fund account (which the comments erroneously call a suspense account) were for financial assurance purposes. However, BLM was unable to produce any documentation that the monies BLM received were financial

assurances when we requested such documentation. Most notably, BLM was unable to provide us with the completed form that the agency's handbook says should accompany financial assurances of cash or personal bonds. (Now on p. 40-41.)

13. While the handbook provides guidance and land use plans provide management direction for a specific resource area, neither offers a national strategy on making exchange and other land transaction decisions. We continue to believe that developing a national land tenure strategy at BLM could help clarify organizational priorities and unify agency staff in the pursuit of shared goals for land exchanges. (Now on p. 48.)
14. There is no change required because this is a direct quotation. (Now on p. 49.)
15. We revised the text to reflect this comment. We continue to believe that developing a national land tenure strategy at BLM could help clarify organizational priorities and unify agency staff in the pursuit of shared goals for land exchanges. (Now on p. 49.)
16. There is no change required. (Now on p. 60.)
17. We revised the text as suggested. (Now on p. 60.)

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact

Robin N. Nazzaro, (202) 512-3841 or nazzaror@gao.gov

Staff Acknowledgments

In addition to the contact named above, Andrea Wamstad Brown (Assistant Director), Eric Charles, Rich Johnson, Mark Keenan, Emily Larson, Sheila Rajabiun, John Scott, Rebecca Shea, Carol Herrstadt Shulman, Jeanette Soares, John Warner, and Michelle Woods made key contributions to this report.

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