

WESTERN WATER

Probe finds Reclamation misspent funds meant for wildlife

Jeremy P. Jacobs, E&E News reporter

Published: Wednesday, August 30, 2017



Investigators find the Bureau of Reclamation misspent \$32 million in funds meant to protect fish and wildlife in the Klamath Basin. Fish and Wildlife Service Pacific Southwest Region/Flickr

A \$32 million Bureau of Reclamation program for irrigators in southern Oregon and Northern California was likely illegal, according to federal investigators who released a letter to President Trump today that sharply criticizes the agency's response.

The U.S. Office of Special Counsel's probe stems from the accounts of two whistleblowers who raised questions about a program designed to aid irrigators in the bureau's Klamath Project, which provides water to about 200,000 acres of cropland.

After a severe drought in 2001, the agency launched a water bank program, then entered a management agreement with the then-newly-formed Klamath Water and Power Agency, or KWAPA, in 2008.

The bureau justified the multimillion-dollar agreement by saying it would be used for environmental mitigation. But two whistleblowers documented the money instead went toward increased water supplies for farmland, compensating farmers for receiving less water and other priorities that seemed aimed at aiding farmers — not the bureau's environmental responsibilities such as protections for endangered salmon in the Klamath River.

The special counsel's letter concluded that the bureau still has not explained how the agreement "would actually benefit fish and wildlife."

Further, the whistleblowers make "a compelling case that the true purpose of the agreement was to benefit private irrigators, not fish and wildlife," acting Special Counsel Adam Miles wrote in the Aug. 8 letter. "[T]he agency's assertion that payments to irrigators constituted additional benefits to fish and wildlife lacks a sufficient foundation."

The letter largely confirms an October report by Interior's inspector general that concluded that the \$32.2 million was a "waste of funds" by the Obama-era bureau and that the money "flowed primarily" to irrigators "rather than fish and wildlife" (Greenwire, Oct. 13, 2016).

A bureau spokesman said the agency stands by its response to the IG report.

Then, the bureau contended that the program helped the agency meet its Endangered Species Act requirements and that the payments helped increase water flowing to refuges and other environmental priorities.

It also said that since 2008, it has implemented a series of internal controls to ensure its financial assistance agreements are properly executed.

The special counsel, however, concluded that neither the inspector general report nor Interior's response has provided justification for why the bureau terminated its agreement with KWAPA in March 2016.

The special counsel "has determined that the agency's findings do not appear reasonable" and "strongly urges the agency to reconsider its response to these allegations."

Paula Dinerstein, senior counsel for **Public Employees for Environmental Responsibility**, which represented the whistleblowers, said the special counsel letter shows the bureau's response to the inspector general report was inadequate.

"At the Bureau of Reclamation, misappropriating millions of taxpayer dollars is a no-harm-no-foul offense," Dinerstein said in an email. "So far as we know, no official will be even be reprimanded, let alone prosecuted."