

**REVIEW OF USDA FOREST SERVICE
COMMUNITY-BASED WATERSHED
RESTORATION PARTNERSHIPS**

APPENDIX H

Reviews of Watershed Projects

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September 2002**

RIO PENASCO RIVER WATERSHED

Completed Spring 2002

The Rio Peñasco is a 160,000-acre watershed that feeds the Pecos River and the Tularosa Basin. Three-quarters of the watershed is National Forest land. A number of communities, subdivisions and private inholdings exist within the Forest. The watershed is home to a unique mix of rare plant, amphibian, insect and bird species that have federal or state status. The Mexican spotted owl and other organisms that inhabit the Forest are protected under the Endangered Species Act.

The project started in 1998 when the local District Ranger decided that it made sense to expand the scale at which he was working. The Ranger had been involved with a number of small urban-wildland interface fire treatment projects that often blew up into complicated projects because of issues such as the Mexican spotted owl. The Ranger decided to complete a 120,000 acre watershed analysis rather than pursuing activities on a project-by-project basis. The Ranger hoped this would change the way he was doing business. About the same time, the Chief's office asked for proposals for large-scale watershed restoration programs, which led to the Lincoln National Forest's proposal for the Rio Peñasco. The development of the proposal itself initiated a major collaborative process. A two-day workshop was hosted by the BLM and USFS in Cloudcroft to develop the plan. About 50-60 people attended from numerous local, state, and federal agencies and the private sector. Out of this and subsequent activities, four goals were developed for the Rio Peñasco Large-scale Watershed Restoration Program: improve water yield and water quality; reduce fire hazards for communities and individuals; achieve a healthy forest that supports biodiversity; and achieve economic stability.

After the original proposal was approved by the Chief's office, progress stalled for about eight months. The lack of a full-time coordinator and a vehicle in which to organize and facilitate partnership development were the primary reasons. Most of the private parties and public agencies wanted the USFS to take the lead for the program. The mayor of Cloudcroft, however, voiced strong opposition to this. Due to the opposition of the Cloudcroft mayor and other reasons, the USFS was gun shy about taking the lead. They wanted the community to do it. This led to a stalemate.

A major fire then occurred, leading to two deaths. The sense of urgency for action dramatically increased. Eventually the mayor of Cloudcroft and key staff from the USFS were able to come to an agreement. The mayor told the USFS that the agency was not working at a large enough scale to address the problems that he thought existed, and that his community needed clarity on what they could expect from the USFS in the future. The Forest staff responded by developing fire plans for the area the mayor wanted help with around his community. In order to build a framework for a larger landscape-level plan, the agency also started a major vegetation assessment to identify habitat for the Mexican spotted owl, riparian needs, archeological sites, etc. This was a turning point as the community understood that the Forest was trying to respond to its concerns. The Partnership formed as a result of this effort.

The partnership has achieved a number of successes. Despite numerous obstacles, many government agencies and a few private parties are still at the table talking. For perhaps the first time, the government agencies involved are trying hard to work together. The partners give the USFS credit for making significant changes in the past three years. The partners have a clear understanding of the most dominant problems that must be addressed within the Forest, and the sense of urgency for action is high. Two assessments of watershed and forest conditions are underway. Over two million dollars has been leveraged for projects on public and private lands within the Forest. People feel cautiously optimistic that some of the major problems can be resolved.

The successes have been achieved against the backdrop of a number of obstacles. The community is deeply polarized over the causes of the existing problems, how the problems should be resolved, and what future management on the Forest should encompass. The partnership board does not necessarily represent all of the interests within the area; a problem that some people say generates a false impression about the desires of the community at large. As a result of these problems, no agreement exists over the future vision, goals, or strategies for the forest or watershed. Although improving, communication is weak among the partners. People question the credibility of both of the assessments that are underway. Because of the polarization and the lack of consensus on a future path, the Forest Service has developed a bunker mentality that it is still struggling to overcome. The agency is struggling to make a transition to landscape-level planning and partnership-based operations and suffers from weak internal collaboration as well. As a consequence of these issues and the constraints of NEPA and ESA consultation, the agency has trod lightly and existing projects do not match the scale of the problems that exist within the Forest. The lack of a long-term commitment of funding, and difficulties in getting the money they do have where they want it to go in a timely manner also plague the project.

Despite these obstacles, although cautious, the partners are committed to the project if for no other reason than most people understand that no one is going to achieve their goals working on their own and they must work in partnership to resolve key issues. People believe there is no alternative but to continue forward and to try to work through the obstacles. To facilitate continued forward movement we recommend the following:

- A credible person deemed as neutral be asked to chair the partnership board.
- Once a new leader is secured, membership of the partnership board should be broadened.
- A governance structure and system applicable to the needs and desires of the partners should then be adopted.
- With a new governance structure in place, a process should be instituted to surface unspoken issues which seem to be the cause of concern with the goal of clearing the air so that the partners can find areas of common agreement related to the future vision, goals and strategy for the project.

- One or more full-time coordinators should be hired to facilitate this process, broaden outreach to the community, and speed up project planning and implementation.
- An independent science panel should be formed to review both the assessments and provide a way to integrate them in a credible manner.
- A monitoring and evaluation system should be established to determine the efficacy of proposed management practices.
- Continued leadership from the Chief's office and more support from the Regional Office will be needed to ensure the long-term success of the project.

Strengths

- **Despite The Obstacles That Exist, People Are Still At the Table and Like the Way the Program is Evolving.**

The polarization that has been created due to past controversies and a dramatic change in the economic and population mix of the region have generated intense feelings on all sides about how the Rio Peñasco Watershed and Lincoln National Forest should be managed. The diversity of opinions and passionate interests of stakeholders make it very difficult to develop an effective collaborative partnership program. Yet, despite these problems, people are still at the table. Almost everyone we spoke with voiced support--and great hope--for the project. This indicates that something is going well: participants see a purpose and reason to participate. The private partners like the fact that the program is locally based. The many public agencies and local governments involved like the increased collaboration that has evolved. People continually praised the Forest Service for its effort to open dialogue and work in partnership with others. There has been an obvious improvement in the ability of those involved to hold an open dialogue, to talk about issues without blame, and to focus on solutions. People are optimistic about the future, even if they voice concerns about the ability to generate a consensus on key issues and about the ability of the Forest Service to produce.

- **Many Government Agencies Are Working Together**

For perhaps the first time, the NRCS, Utah State Game and Fish, State Forestry, the County, the village of Cloudcroft, and other public agencies are working collaboratively to resolve problems and develop a common plan for the Forest. Numerous people praised the work of Howard Shanks of NRCS RC&D and Barbara Luna of State Forestry in working with private landowners. Many others praised for Forest Service. The mayor of Cloudcroft summarized the new feelings by stating, "We have been remiss at not being at the table. We now realize we need to have collaborative partnerships."

- **Many People Give the USFS Credit for Making Big Changes**

Numerous private and public partners said they have seen the USFS make dramatic improvements in the past few years in their willingness and ability to work with others. The Forest Supervisor, the watershed program coordinator, and many other USFS staff are widely admired and liked. People say the top people within the agency have been very responsive. A number of people praised the agency for securing grants and trying to create jobs through the use of small-diameter material. One person summarized the feelings of many by stating, "The Lincoln wants to work with others now. I have seen a remarkable desire and improvement in working together."

- **There Is a Clear Sense Of Urgency and a Gut-Level Understanding That the Watershed and Forest Have Serious Problems**

Although a common vision and goals for the program have not yet emerged among the partners, there is common agreement on the key problems that exist which need urgent attention, even if there is little agreement on their cause or what to do about them.

- **Assessments Are Underway**

Two different assessments are underway: an assessment by the County, and the USFS vegetation study. Although there is discomfort with the interpretation and conclusions of these assessments, once completed they may provide the basis for the development of a common vision and action plan.

- **Over Two Million Dollars Have Been Leveraged For Various Projects and Local Leaders and Private Landowners Have Seen That the USFS Can Produce.**

The USFS has directly leveraged money or helped other partners to write grants and secure over \$1.2 million. For example, the agency found \$225,000 in federal dollars and \$227,000 in matching dollars to support the Mescalero Mill, owned by the Mescalero Tribe, retool to process small-diameter material. Over \$40,000 was provided, via the Wyden Amendment, to help Cloudcroft Estate complete fire-prevention activities. The agency responded to the requests for help from the mayor of Cloudcroft. Many agencies and individuals have provided in-kind services, which leads to cost savings and enhanced opportunities. These and other actions have increased the standing of the USFS in the eyes of local government leaders and private landowners.

Obstacles

- **The Community Is Deeply Divided About the Future of the Forest**

The Lincoln National Forest is in a region in the midst of a major economic and social transition. The forest products and agricultural industries that once dominated the area have shrunk considerably and are no longer the sole contributors to the economy. New economic engines such as the two observatories and associated tourism, and new residents such as retirees, have substantially changed the composition of the community. The Mexican spotted owl and other ESA issues have also split the community. Indeed, there are many communities of interest in the region today, not one. Each group has different needs and holds different views about how the Forest should be managed. The strong and divergent beliefs held by all sides about the future of the Forest and watershed make it very difficult for the Forest Service and other partners to find strong support for almost any type of project.

- **The Partnership May Not Represent the Community at Large**

Although the Forest Service has worked very hard to engage people, and although 40 or more people often attend meetings, a number of people within the public and private sectors noted that the forest products and agricultural industries still dominate the process. People said despite the changing demographics of the region, these two interests still hold most of the local political power, are the most vocal about the type of management that should occur on the Forest, and give the impression that their views represent the views of the community at large. Further, people from the private and public sectors said the agricultural and forest interests intimidated others with different views, causing those who see things differently to stay away from meetings and not fully participate in the project. Some key economic interests have stayed on the sidelines. The environmental community has refused to participate. One person from a public agency summarized these concerns by stating, "Those who actively participate are the vocal minority." Another person said, "That's why most of the meetings focus on timber production." Thus, many people said the views of those at the table in the partnership about the type of management that should occur within the Forest do not represent the views of the majority of local economic interests or residents.

- **The Partnership Lacks a Credible Leader**

It is possible that some of the issues described above could be overcome or resolved if a leader existed within the partnership that everyone trusted and respected. We could not identify such a person. Due to past history and ongoing tensions, people question the motivations of others. The lack of a leader who seems above reproach to all of the partners may be limiting the project's ability to come to consensus and involve other key players.

- **Little Agreement Exists on a Common Vision, Goals, or Desired Outcomes**

In large part due to the problems described above, we found little agreement about the cause of the problems, what to do about them, what restoration meant, or how the forest and watersheds should be managed in the future. There have been few attempts to meld the many views into a common vision of the future. We were left with a feeling of ships passing blindly past each other in the night. To some, restoration means thinning and salvaging trees to reduce the risk of fire to private homes, the two observatories, and other structures. To others, restoration meant thinning and salvage to provide wood for local mills and to increase grasses within the Forest for grazing. Some local interests oppose most thinning projects because they fear it will lead to the reintroduction of industrial forestry. Still others fear that slash burning from thinning will harm visibility for the local observatories, causing major economic impacts. Some people believe that low stream and spring water flow problems are caused by excessive tree density and that cutting trees is the key to increasing flows. Others said low flows had more to do with the dramatic increase in development and associated wells that have been drilled in the last ten years, and with five years of drought, than with forest density. Even the assessment sponsored by the County was questioned. A number of people said the data was good but the interpretation and conclusions were not accurate. The lack of a common vision, goals, and desired outcomes make strategy development very difficult.

- **Current Projects Do Not Match the Scale of the Problem or Project Goals**

The 2001 Annual Report states that the fire reduction goal is to reduce fuel loads on 80% of all lands within the watershed. The Rio Peñasco watershed incorporates 160,000 acres. The Partnership and related efforts hopes to expand to an even larger scale by including the Sacramento Mountains (450,000 acres) or the entire Lincoln National Forest (and possibly two other National Forests as well). Yet, only 1,532 acres were treated within the Wildland-Urban Interface zone in 2001, and 30,000 to 35,000 acres are planned for 2002 and later. This suggests that the scale at which projects have been planned does not match the size of the problem nor can it achieve the stated goals of the program. Further, the projects that have been completed have been those with a strong consensus of support. This suggests that future progress may be much more difficult, especially with the lack of agreement on vision, goals, strategy, and a number of important issues yet to be discussed.

- **Although Improving, Communication Is Still Weak Internally and Between Project Partners**

Through our discussions it became clear that, although people are making an extraordinary effort to stay at the table, keep communication open, and work together, many important issues still lie below the surface and have not been discussed openly. Fundamental questions regarding the nature of the problems, their solutions, and the

long-term management of the Forest remain unresolved or off the table entirely. Although it makes sense to tackle the tougher issues after the group develops greater trust, keeping core issues off the table could spell trouble in the not-too-distant future.

- **The Public Is Unclear About The Overall Strategy**

In large part due to the two issues described above, many private partners voiced confusion about the strategy for resolving the major problems and who was actually in charge. Questions about which agency or organization was going to make the key decisions affecting the Forest, how those decisions would be made, who would supervise the activities, how accountability would be assured, and, perhaps most importantly, when activities would actually get beyond the planning stage, permeated almost every discussion we had.

- **Although Changing, the USFS Has a Poor Public Image—In Part Because of the Changing Values in the Area and, In Part, Due to Its Own Missteps**

Although this appears to be changing somewhat, the problems described above have combined with the Los Alamos fire and other events to give the USFS a poor public image. For example, some private landowners complained that the USFS did not adequately supervise contractors that were hired to do fire treatments near their properties. Slash fires were apparently left unattended and a great deal of woody debris was left on the forest floor after the contractors left. A partner from a public institution complained that the USFS keeps changing its views and backsliding on previous commitments. The USFS has apparently promised this organization that they will find funds to complete an EA and implement a fuel treatment project for almost ten years, but despite numerous proposals and plans, no on-the-ground projects have been implemented. The inability of the USFS to get projects out the door in a timely manner was another common complaint. The USFS has much work to do improving its image with the community at large.

- **The USFS Is Struggling with Landscape-Level Planning and Collaboration.**

A number of USFS staff members and almost every outside partner said although improvements have been made, the agency was still struggling to overcome the state of shock it has experienced due to the ESA listings and the consequent polarization that has occurred. Consequently, the agency is struggling to learn how to work at the landscape (watershed or forest) level and to work collaboratively with private and local government partners. One federal agency employee said the USFS had too many people representing too many separate compartmentalized units to be able to develop a coherent landscape-level plan. The transition to working with other government units and the private sector, rather than just on their own lands, has also been difficult. For example, contracting procedures, the handling of grants for outside parties, methods for listening to outside interests, and other activities have placed a strain on the agency which is already strapped for personnel and resources. Further, a number of USFS staff said agency employees do

not like the fact that they are not proficient in these areas. The agency had a clear mission and methods for many years (e.g. to prevent fire) but the traditional mission has been discredited and the agency has struggled to develop clarity on a new one. The agency is used to knowing what to do and to being in charge. These people said lack of clarity of mission, knowledge, and skills embarrasses the staff and makes them gun shy about getting involved with the community. Because of this problem, more than one staff member said the agency often falls back to the safe position of blaming environmental laws for constraining their activities when in reality the problems relate as much to their lack of confidence and skills as it does to the laws.

- **The Internal Capacity of the USFS to Work Together is Limited**

Although improvements have occurred, a number of agency staff said internal collaboration is difficult for many USFS employees. The organizational structure of the agency is fragmented and siloed among specialty units. People focus on their tasks or specialties and cross-functional communication and planning is difficult. Because of the way the agency has historically operated, and the way employees were trained, a number of people noted a majority of employees are not comfortable with collaboration. Collaboration "does not feel right" one person said.

- **The Scientific Credibility of Both Assessments and Some of the Proposed Management Strategies Are In Question**

There are at least two different assessments underway: one by the County and a vegetation assessment by the USFS. Members of the partnership have questioned the scientific credibility of both. In addition, a number of people believe harvesting trees is the key to increasing stream flows. Yet, others said no scientifically credible monitoring program exists to verify these claims. A number of people said a mechanism was needed to verify and integrate the various assessments and long-term monitoring programs were needed.

- **Getting Money to the Ground Has Been Difficult**

Although \$40,000 was given to Cloudcroft Estates through the use of the Wyden Amendment for fire prevention, a major effort was required by USFS staff to resolve the bureaucratic processes and get the money out the door. Although the lessons learned should make the process easier in the future, getting money on the ground has been a major drain of time and energy.

- **The Lack of Long Term Funding Commitments and Delays In Funding Have Limited the Program**

When the program first started, the Lincoln National Forest was under the impression there would be five years of committed funds, which would be followed by an evaluation that would allow the successful programs to continue to receive funding. The change in direction from the Chief's office has been disappointing to staff and made program

planning problematic. Further, the money that has been received often came late in the year, which made it difficult to plan.

Analysis

- **The Agency and Its Partners Have No Choice But to Continue Forward**

Despite the polarization and the many issues that remain unresolved, it is clear the process launched by the partnership cannot be reversed without major, perhaps even tragic, consequences. If the private parties bail out, the Forest Service and other public agencies involved will have no support and their ability to work effectively will be further diminished. If the Forest Service pulls the plug or scales back the program, it will generate more cynicism and distrust within the community. Either action is certain to re-ignite past controversies and lead to confrontation. All of the parties seem to agree no single entity can resolve the problems of the Lincoln National Forest. Despite the problems that exist, it appears as though there is little choice but to continue to pursue the partnership-based approach, work out the problems, and come to agreement on how to resolve key problems such as forest health, the risk of fire, water flows, etc.

- **The Window of Opportunity for Success is Small and the Lack of Agreement on Vision, Goals, and Strategy Threatens Future Progress**

Despite the fact people praise the effort of the Forest Service and generally like the direction the program has taken, the window of opportunity for the program to prove its worth appears small--perhaps a year or less. People from both the public and private sectors consistently said they would lose interest if on-the-ground projects fail to materialize in rather short order. Yet, the lack of agreement on the nature of the problems and the proper solutions make it very difficult to achieve success in the small window of time that exists. This suggests some careful planning is needed to provide a sufficient amount of visible short-term successes to keep the partners engaged and enthusiastic.

- **Despite the Urgency, the Agency Is Still Struggling To Make a Major Transition**

Working at the landscape level, in partnership with other government agencies and private interests, is still a relatively new approach for the USFS. The agency is obviously struggling to make the transition while also fulfilling its legal requirements and its internal responsibility to manage Forest Service lands. The pressure to produce results for the local community adds to the stress the agency feels. The agency has instituted a number of education and training programs to help employees address these issues. Continued efforts are needed to help agency employees make the transition.

Recommendations

- **Identify or Recruit a Credible Person to Provide Leadership on the Board**

Problems related to mistrust and the lack of agreement on vision, goals, and strategy may be overcome by identifying or recruiting a person whom all of the partners have confidence in to take on a major leadership role. An individual seen as objective and fair, with no cross to bear, could prove to be a very positive addition to the board.

- **Develop a Clear Governance Structure and System for the Partnership**

There are a number of ways in which watershed partnerships can be structured. There are also a number of ways in which decisions can be made. The governance structure and system chosen should be based on the needs and goals of the participants. This process could start by asking all of the partners to examine the needs, perspectives, and operating styles of the other partners. Based on this assessment, the most appropriate structure and decision-making system can be chosen. Options include these and other governance structures:

Joint Ventures: The USFS combines with other organizations to form a new, distinct organization in order to pursue complementary objectives. When in a joint venture, information, decision-making, power, and resources are equally shared.

Strategic Alliances: Similar to a joint venture, where the USFS joins with others to pursue mutual gain, but a new organization is not created. In this case, the various organizations involved must agree to cooperate with and depend on each other. Clear rules of engagement must be established and agreed to (often in writing).

Informal Networks: Organizations join forces to capitalize on potential efficiencies in the production of specific outcomes. Each participating group is responsible for one area of output and the participating organizations are highly dependent on one another for the ultimate delivery of their products. Each entity makes decisions unilaterally, although in consultation with other partners.

Consortiums: The USFS pools its resources with other organizations to procure access to information or technologies, or achieve goals that are too costly or difficult for one entity to do alone. No separate entity is created for the management of this relationship. Each entity makes decisions unilaterally, although in consultation with other partners.

Each of these structures and systems operate under different rules of engagement. The partners need to spend some time to understand the different structures and systems and choose a model that best fits their needs.

- **Broaden Representation on the Board**

Although the Forest Service has worked hard to engage diverse interests in the process, the existing composition of the partnership means that the Forest Service primarily deals with other government entities and a selected few private interests. Given the concerns we consistently heard that the current board does not represent the full range of interests within the area, expanding the group may be prudent. More private landowners, tourism, and environmental interests should be included. To expand the membership, new participants will need to feel comfortable that their views will be heard, that they will have equal power within the group, and that they will not be overwhelmed or intimidated by those with different views. Broadening the board may therefore not be possible until a credible leader is recruited and a new governance structure is developed. It will also require willingness among the current partners to listen to and accept the validity of the views and needs of others.

- **Institute a Process to Surface and Openly Discuss Major Issues and to Develop Agreement on Vision, Goals, and Strategy**

Once the board is expanded, a process should be implemented to find areas of common agreement on the vision, goals, and strategy for the watershed program and the Forest. Again, this will require careful thought and planning and is certain to be fraught with problems. Some people may not want to participate in more group processes given the concerns we heard about delays that have occurred in getting projects on the ground. Nevertheless, the failure to make progress on the development of a unified vision, goals, and strategy may threaten the entire project in the near future.

- **Hire a Full-Time Coordinator(s) and House the Individual(s) in a Neutral Place**

The level of work required completing EAs, educating the public about the program, and keep the partners informed and engaged requires a full-time employee. Two or more full-time staff could be involved with the project and the workload would still be significant. It may be best if the staff were housed in a neutral facility. The location of the office may best be determined after the appropriate structure for the partnership is clarified. One of the primary jobs that need to be done is to keep people informed about what is going on and to keep people communicating with each other. Another important task is public education. Some of the private landowners we spoke with, for example, said the Forest Service needed to provide educational materials and in other ways help them sell the fire-prevention program to other landowners.

- **Institute a Broad-Scale Outreach and Public Education Program**

Outreach and educational programs to apprise the partners about the full range of forest health problems, the relationship between biodiversity and watershed health, and other issues, could broaden the awareness and understanding of the members and help avoid

single-focus projects that become stalled due to court-ordered procedures or other objections.

- **Establish an Independent Science Team to Provide Objective Scientific Overview**

Given the concerns we heard about the credibility of the two assessments underway, it may be prudent to subject them to review by an independent scientific committee. A team of academic scientists could be organized for this purpose. This type of team may also be able to meld the two assessments together in a manner that could provide a solid starting point for a Forest or watershed plan.

- **Institute a Credible Monitoring And Evaluation System**

A scientifically credible monitoring program is needed to ascertain the effectiveness of different management strategies, such as the use of timber harvesting to increase flows from springs and surface waters.

- **National Leadership Is Needed to Keep the Project Going**

Every Forest Service employee we spoke with said the project would never have been launched without the seed money and priority status provided by the Chief's office. Most Forest Service employees also said the advice and encouragement from Jim Sedell's group was vital to keep the program alive, given that it takes a great deal of time and energy and each of the employees involved have other job responsibilities as well. When asked what would occur if these services were no longer provided by the Washington Office, every public and private partner we spoke with said it was too early for the Chief's office to terminate its role. People uniformly said the program is not yet institutionalized, the Regional Office still does not fully understand or support the program and leadership and direction from the Chief's office was needed to keep momentum going. One key partner from a non-Forest Service federal agency summarized these feelings well when he said he would be disappointed if the Chief pulled the plug on national leadership because the partnerships and collaboration which are at the core of the program were, "not going downhill yet, its still on flat ground. You can't quit until its going downhill on its own."