

*Performance Evaluation of the Adaptive Management Program:
State Auditor's (SAO) Recommendations*

OPTIONS PAPER

SAO Recommendation # 5: Adopt a Net Gains Model for Project Planning

**Prepared for TFW Policy by TFW Policy Workgroup on SAO
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1- BACKGROUND

The State Auditor’s Office (SAO) completed a Performance Audit of the Forest Practices Adaptive Management Program (AMP) in January 2021¹. The audit provided 13 recommendations for improving program performance. The report referred eleven of these recommendations to the Forest Practices Board (Board).

In May 2021, the Board approved staff suggested relative priorities among the recommendations in the form of a response plan. The plan also identified additional resources that are needed to make and sustain identified changes. Consistent with the Board’s February 10, 2021 letter to the SAO, recommendations are separated into three groups based on entities that would need to complete the critical developmental work (Table-1). The Board assigned TFW Policy and the Adaptive Management Program Administrator (AMPA) the responsibility to address SAO recommendation number 5. The Board expects to receive an options paper in their May 2022 meeting.

Table-1: Summary list of SAO recommendations referred to the Forest Practices Board

SAO Recommendations	Action Item	Implementation Responsibility	Status
1	Review consensus based decision making model	Assigned to TFW caucus principals for consideration	On track to be implemented
2	Require participation by caucus principals	Assigned to TFW caucus principals for consideration	DNR requested \$75,000 in a funding decision package.
3	Update dispute resolution language in Board Manual Section 22	Administrative nature and assigned to Board staff	Completed
4	The Board should set substantive and benchmark triggers for dispute resolution	Administrative in nature and assigned to Board and AMP staff	On track to be completed. Dispute resolution contracts are in place
5	Adopt a net gains model for project planning	Assigned to TFW Policy and the AMPA	On track to present options paper to Board by May 2022
6	Adopt decision criteria for determining actions that will occur depending on project results before those results have been found	Assigned to CMER, TFW Policy and AMPA	On track to be completed by November 2022
7	Perform peer review of science program every five years	Administrative in nature and assigned to AMP staff	Requires additional resources.
8	Onboarding and training for new staff	Administrative in nature and assigned to AMP staff	Requires additional resources.
9	Complete biennial fiscal and performance audits of the AMP every two years	Administrative in nature and assigned to AMP staff	On track to present staff recommendations to Board in November 2022
10	Develop a tracking system for life cycle of projects	Administrative in nature and assigned to AMP staff	Requires additional resources.
11	Develop a public facing dashboard		

¹ Adaptive Management Program: Improving Decision-Making and Accountability, Office of the Washington State Auditor, February 23, 2021

The SAO's fifth recommendation [SAO Recommendation number 05 is the focus of this paper. The recommendation is for](#) the development of a net gains model for project planning in the AMP. The auditor's report recommends that TFW Policy "use a net gains approach to each proposal, project, and decision that benefits more than one caucus by considering packages of projects instead of individual projects". The auditors also provide examples of two other stakeholder based forums that pursue a net gains approach. These include the Yakima Basin Integrated Plan and the Snohomish Sustainable Lands Strategy (SLS). Both forums use a net gains approach by ensuring that every project aligns with stated goals of stakeholders or use a multi-benefit planning approach.

The auditor's evaluation report also refers to net gains as the principle that makes the benefits of broad-scale agreements greater than the cost for every party involved. No person or group should be expected to accept a net loss so that someone else can gain. Only "win-win" agreements in which all parties see more gain than loss should be completed.

The AMP Administrator and a TFW Policy subgroup reviewed the net gains model as proposed by the SAO. Its applicability in the AMP program was discussed to identify net gains options for TFW Policy. By analyzing existing decision making process in TFW Policy, this paper cannot determine whether the net gains model as proposed by SAO is neatly applicable to the AMP. Projects in the AMP are vastly different than projects in the stakeholder forums identified by the SAO auditors. [The Forest and Fish Report \(FFR\) has set four goals for the AMP. These include:](#)

- [1. To provide compliance with the Endangered Species Act \(ESA\) for aquatic and riparian-dependent species on non-federal forest lands;](#)
- [2. To restore and maintain riparian habitat on non-federal forest lands to support a harvestable supply of fish;](#)
- [3. To meet the requirements of the Clean Water Act for water quality on non-federal forest lands; and](#)
- [4. To keep the timber industry economically viable in the State of Washington.](#)

[Decisions within the AMP would need to consider the four goals listed above.](#) Net gains options for TW Policy, nonetheless, are needed. Six net gains options are identified and proposed that if implemented can improve processes in TFW Policy. These options together can significantly improve AMP project planning as well as increase transparency and accountability in the AMP.

2- NET GAINS PRACTICES IN THE AMP

The AMP is a collaborative science-based program. The program commenced with a monumental collaborative effort in the form of the Forest and Fish Report (FFR). This aspect is recognized by the Washington State Legislature stating that federal and state agencies, Tribes, county representatives, and private timberland owners have spent considerable effort and time to develop the FFR (RCW 76.09.055). The AMP is the continuation of the FFR process and spirit. With over two decades of history, the program has consistently carried out scientific research and has informed the Forest Practices Board on the effectiveness of forest practices rules. Of the program's three participants, the Timber Fish and Wildlife Policy Committee (TFW Policy) is a consensus-based

forum that supports the AMP by developing solutions to issues that arise in the Forest Practices Program.

Net gains options as defined by SAO Auditors are largely pursued by TFW Policy. The committee's nature as a full consensus based body reflects the collaborative origins of FFR and its precursor the TFW process. The nature of the projects and problems that TFW Policy considers are vastly different than other stakeholder forums including those identified by SAO Auditor's report that include the Yakima Basin Integrated Plan and the Snohomish Sustainable Land Strategy. Unlike these forums, the majority of projects, issues or problems that TFW Policy attempts to address arise from science reports on rule or program effectiveness or policy identified needs to amend landowner guidance on how to implement the forest practices rules. Solutions to these problems often include the preparation of rule amendments and/or Board Manual (BM) guidance recommendations. While net gains are important to TFW Policy, the process of finding solutions to problems is deliberate, time-consuming and – often times - contentious. With a full consensus-based decision making model, TFW Policy still has a relatively good record of reaching consensus. In the last five years, 84% of the committee members' votes have been consensus votes. About 2% of votes have been non consensus votes (Figure 1a). In the last decade, the committee has presented consensus recommendations to the Board. On water typing rule system, for instance, Policy submitted multiple consensus work products in May 2017. The Board then assumed the responsibility of completing the remainder of the process.

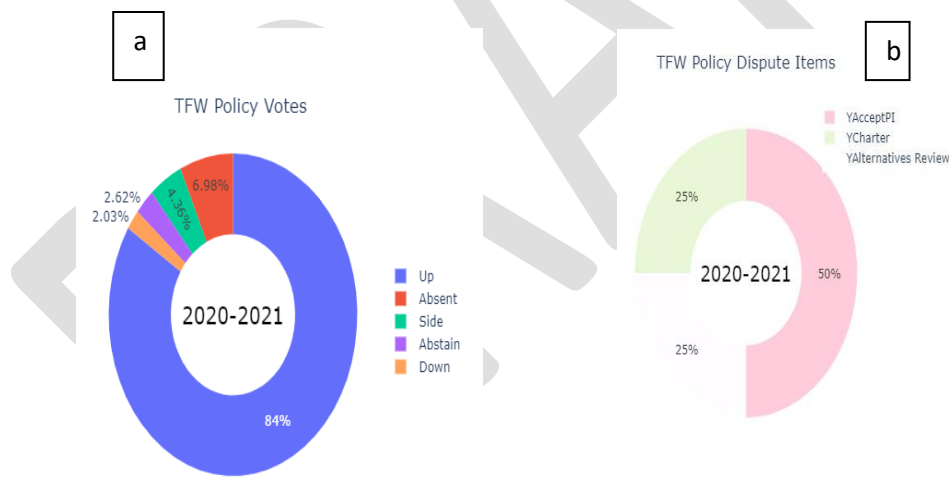


Figure 1: voting patterns (a) and number of disputes by items at dispute (b) in the last five years at TFW Policy

The down votes, small in number as they may be, do lead to disputes (Figure 1b). The dispute resolution process is among the central tenets of the program. The process is designed to break impasses when consensus has not been achieved and keep the process moving forward. While number of disputes is not a measure of dysfunction, in practice, however, disputes in TFW Policy do take much longer than mandated in rules to resolve. Though consensus is the goal of the process, a consensus recommendation at end of the full dispute process is also not a guaranteed outcome. TFW Policy disputes can end in minority and majority reports submitted to the Forest Practices Board. This outcome doesn't result in win-win situations underscored by the SAO Auditors.

Even if the projects in other stakeholder forums are different than AMP projects, the concept of net gains as suggested by SAO Auditors remains relevant to TFW Policy. It is in line with the spirit and intent of the SAO Recommendation #5 if not the letter to identify a suite of net gains options that could reduce the number of disputes and increase the number of consensus recommendations to the Board.

3- PROPOSED NET GAINS OPTIONS

~~Even though the specific net gains options recommended by SAO Auditors does not neatly apply to TFW Policy, net gains options for TFW Policy, nonetheless, are needed.~~ We propose the following options for ~~approval by the Forest Practices Board-FPB~~ consideration of approval and to be incorporated into BM 22 once options are fully developed.. These options capture the intent of SAO recommendation and are expected to improve transparency, objectivity and quality of TFW Policy decisions.

3.1. Adopt Multi-Criteria Decision Making

Relevance/Benefits	Complexity	Resource Requirements	Feasibility
High	High	Medium	Does not require changing WACs or RCWs Requires guidance and training
Implementation Timeline in 2022:			
April: Policy acceptance and recommendation to the Board May: Board approval for development May-July: Develop guidance Aug-Sep: test option in a series of workshops Oct: revise guidance if needed Nov: present final guidance and Board Manual Section 22 changes to the Board for approval			

Multi-criteria decision making (MDM) is widely used in policy analysis, resource allocation, planning and in resolving conflicts. Adopting a form of MDM is very close to the intent of the SAO recommendation on net gains options for TFW Policy. This approach to decision making provides a logical framework in which TFW Policy can simultaneously consider several decision factors. MDM can be an iterative process triggered once TFW Policy determines that a Cooperative Monitoring, Evaluation, and Research Committee (CMER) findings report warrants action. For MDM to be effective, this process should not be carried out in the shadow of an ongoing dispute. Dispute resolution can be invoked if at least three iterations – each not lasting more than a month – of an MDM process do not lead to a consensus recommendation. Each iteration can be carried out collaboratively in a workshop setting with staff support. The AMP should also have the option of bringing in subject-matter experts who can facilitate MDM workshops.

~~Even with an external expert facilitator,~~ TFW Policy members would still need to get further acquainted with the specific MDM tool and receive detailed training on its use. This could include jointly developing MDM model. A Microsoft Excel template can be the simplest form of such a model. With expert support, however, TFW Policy could collaboratively develop a detailed MDM model that also allows the incorporation of a variety of data originating from either CMER or other

reputable sources. A widely used and critically acclaimed MDM approach is proposed here as a net gains options for TFW Policy decision making process.

3.1.1. Structured Decision Making

Of the many available MDM models, Structured Decision Making (SDM) appears well suited for TFW Policy needs (Figure-2). A large and active community of practice, availability of literature and guidance and – importantly – familiarity of TFW Policy members with SDM are all factors that make it a good choice to experiment with and adopt. TFW Policy technical workgroup on Type N alternative development has successfully used SDM to prepare a final report for TFW Policy.

SDM's emphasis on collaborative and facilitated application of multi-criteria or multi-objective decision making is very relevant to nearly all types of TFW Policy decisions including non-rule making recommendations such as project planning and prioritization. SDM allows for the consideration of practical needs and/or constraints that natural resource managers face. Additionally, successful use of SDM highlights areas of agreement and disagreement. When applied in the informal stages of TFW Policy disputes, the process can – at the very least – sharply focus the subsequent stage 2 of the dispute on areas of disagreements. For a science-based adaptive management setting, SDM offers clear integration of science and policy. Other key SDM concepts include “making decisions based on clearly articulated fundamental objectives, recognizing the role of scientific predictions in decisions, dealing explicitly with uncertainty, and responding transparently to societal values in decision making²

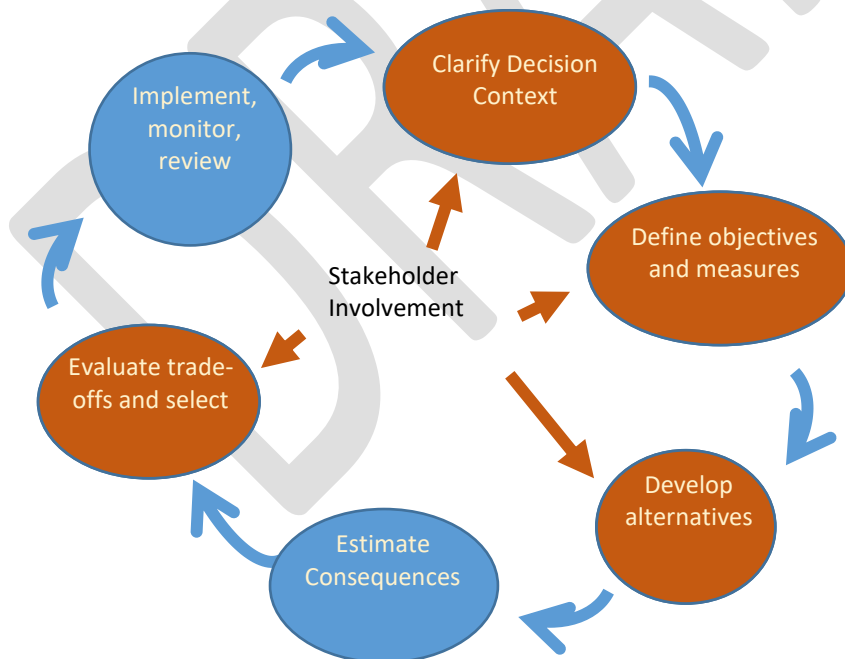


Figure 2: The iterative concept of a Structured Decision Making Model (SDM)

² Structured Decision Making, Eastern Ecological Science Center, United States Geological Survey (USGS)

3.2. Clarify Process for Outside Science

Relevance/Benefits	Complexity	Resource Requirements	Feasibility
High	Low	Medium – High	Requires updating Board Manual Section 22 May require changes to WAC 12-22-045
Implementation Timeline: April: Policy acceptance and recommendations for Board May: Board approval of recommendations May-August: negotiate options Nov: present final guidance and Board Manual Section 22 changes to the Board for approval			

[WAC 12-22-045 has assigned to CMER the task of advancing the science needed to support the program. This rule requires of CMER to develop a process by which policy approval is obtained for research projects including the use of external information. The rule further clarifies that external information may also be reviewed through the Independent Scientific Peer Review Process \(ISPR\)](#)

The current version of Board Manual Section 22 (BM22) lacks sufficient clarity on how to incorporate ~~completed~~ outside science in the AMP. BM22 does, however, clarify that external science may be brought to CMER as needed to address CMER work plan tasks and that both TFW Policy and the Board can ask CMER to review outside science. No further clarity exists on what the review entails or if the outside science review would be considered an AMP project. While CMER has developed guidance for best available science, detailed process guidance on using external information is not currently incorporated in CMER’s Protocols and Standards Manual (PSM).

This ambiguity is a key source of contention [pertaining both to conditions that would warrant the need to use outside science as well as to whether the program’s dispute resolution can be applied to outside science](#) - Nearly half of current TFW Policy disputes are either on the use of completed outside science or on the request to incorporate completed outside science through the Proposal Initiation (PI) process. Some stakeholders in the AMP contend that CMER is not the only source of relevant science to consider in AMP. The universe of outside science, however, is vast. The quality of completed outside science also varies considerably. TFW Policy can lead the process of clarifying the role of outside science in the AMP as part of the net gains options [allowing the program to benefit from forestry and aquatic resources interaction research that may be happening outside the program](#):-

[The rule-outlined purpose of CMER mean that](#) ~~the~~ route to incorporating outside science in the AMP would need to go through CMER. Advancing the science for use in the AMP is the purpose of CMER as stated in WAC 12-222-045. To resolve the issue of outside science and to provide clarity on using outside science, TFW Policy should consider:

- Request CMER to develop a guidance section in the PSM for review and use of completed outside science including developing review templates separate from the ones used for CMER science but including elements that are relevant to a Policy question which may include relevance, quality of science, and applicability to Washington forests. [This guidance could be developed with the recognition that not all outside science will lead to, influence or be used in rule changes.](#)

- Propose a separate category of Proposal Initiations (PI) for consideration of completed outside science [along with a recognition of a class of Forest Practices Applications \(FPAs\) to support research.](#)
- [Determine](#) whether CMER should go into dispute over completed outside science while [also](#) considering the resource implications of disputing completed outside science. [BM22 currently states that “ass a body, CMER may have to conduct dispute resolution on issues presented by a Scientific Advisory Group or on issues originating in CMER”³](#)
- Propose amendments to BM22 and seek the Board’s approval

Amending relevant WAC does not appear to be needed if the changes are made without affecting the standard PI process. If, however, it is the intent of TFW Policy to amend the standard PI process for outside science then relevant WAC sections would also need amendment. TFW Policy would then need to propose a rule-making alternative to the Board. The timeline presented above assumes that TFW Policy would clarify the process for completed outside science through a separate process which includes requesting changes to CMER’s PSM.

3.3. Set Clear AMP Priorities

Relevance/Benefits	Complexity	Resource Requirements	Feasibility
High	Low	Low	May require amending BM 22 May not require amending WAC 12-222-045
Implementation Timeline: April: Policy acceptance and recommendation to the Board May: Board acceptance and approval of guidance development May-August: develop draft guidance note Sep-Oct: Policy accepts and recommends BM22 amendments to the Board Nov: Board receives approval request			

CMER work plan, the Master Project Schedule (MPS) and TFW Policy annual work plan are key documents of the AMP. These documents set out AMP priorities with an associated long-term budget in the MPS. The process of prioritizing projects on the MPS, however, needs to be consistently applied. [WAC 22-222-045 requires the AMPA to work with CMER and Policy to present a MPS to the Board.](#) BM 22 clarifies CMER work planning process as does CMER’s PSM. The MPS process is not [clearly included or described](#) in BM 22.

Setting clear priorities for CMER and by extension for the AMP is the most obvious net gains option for TFW Policy. This can be achieved by orienting the focus of the program such that:

- CMER studies that test rule effectiveness or validate rules will have the highest priority in both work plan and the MPS
- Projects agreed to by consensus and that meet Department of Ecology’s Clean Water Assurances (CWA) will have second highest priority

³ [Forest Practices Board Manual Section 22: Guidelines for Adaptive Management Program, page 21](#)

TFW Policy currently prioritizes projects through the MPS process. This process, however, is not clearly articulated. The priorities listed above should be reflected in BM 22. The AHP decision making model can be effectively used to prioritize all other projects that don't meet the criteria listed above. At a minimum, a new section in BM 22 on the MPS prioritization process is required.

3.4. Lengthen Dispute Resolution Timelines

Relevance/Benefits	Complexity	Resource Requirements	Feasibility
Medium May affect timeliness of decisions	High	Low	Requires amending BM 22 Requires amending WAC 12-222-045
Implementation Timeline: April: Policy acceptance and recommendation to the Board May: Board approval of guidance and rule amendment May-August: negotiate options Nov: propose draft rule making alternative to the Board Nov: Rulemaking process begins			

WAC 12-222-045 and BM 22 mandates a five-month long timeline for resolving TFW Policy disputes. In the last five years at least, very few TFW Policy disputes have been resolved in the required timeline. Complexity of issues at dispute, the need for additional information, and the requirement to mediate disputes through an external party are all factors that affect the timeline for resolving disputes. While recognizing that extending the timelines for resolving disputes does appear to affect the timeliness of TFW Policy decisions, it is nonetheless needed to allow time for developing consensus recommendations to the Board. Existing timelines – for the informal stage 1 in particular – are restrictive. Extending stage 1 from the current 2 months to 5 months – [for example](#) - could assure that disputes don't languish. [Learning from concluded and on-going disputes, Policy could determine other appropriate timeline for the informal stage.](#) Implementing net gains options identified in this paper is expected to reduce the number of disputes in TFW Policy. This would particularly be the case should the process for completed outside science gets clarified. With reduced number of disputes, it is reasonable to propose amendments to rules such that:

- TFW Policy disputes [are categorized and resolved in 5 months, 8 months in one calendar year are resolved in one calendar year.](#) This requirement could be further [constrained by type of disputes. Disputes over rule-making alternative recommendations, for example, could benefit from the longer of the timelines to develop a complete package of options for the Board. Disputes on process, budgets, project priorities and etc. could be aimed at being resolved in shorter time-frames limited to disputes over CMER findings report that warrant action and that could lead to rule-making alternative recommendations to the Board](#)
- Dispute resolution budget line on the MPS is maintained and adjusted each biennium based on average cost of mediation and number of ongoing disputes
- BM 22 manual provides more clear guidance both written and visual on the overall process of dispute resolution in TFW Policy and CMER and that is also aligned with the relevant WACs

These are changes that affect a central tenet of the program. A simple BM 22 amendment would not suffice. TFW Policy would need to propose rulemaking alternative to the Board.

3.5. ~~Revise CMER Membership~~ Initiate Reform Dialogue with CMER

Relevance/Benefits	Complexity	Resource Requirements	Feasibility
Low-Medium	Low	Low	Stakeholder consensus is needed May not require amending BM 22 May not require amending WAC 12-222-045
Implementation Timeline: April: Policy acceptance and recommendation to the Board May: Board approval of recommendations May-August: negotiate discuss options <u>with CMER</u> Nov: affect change voluntarily			

[This option requests the Board to direct CMER to initiate a dialogue with TFW Policy Committee on potential reforms and changes in CMER. The following is an initial list of topics that can be discussed with CMER to start the dialogue. With AMPA and staff support, the dialogue can be expanded to include lessons learned from recently completed studies and other areas of interest for CMER members.](#)

- A diverse and well seated CMER committee will improve the AMP. Revising membership in the committee is probably a net gains option for the program as a whole and not necessarily a net gains option for TFW Policy alone. This option would require limiting voting membership in CMER to one member per caucus. The broader scientific community can continue to participate in CMER and its associated Scientific Advisory Groups (SAGs). The intent is to allow CMER to sharply focus on science and not engage in policy issues in that committee. Revising membership may lead to such an outcome. Implementing this option is largely dependent on consensus among AMP participants ([CMER and TFW Policy Committee](#)). Neither the BM22 nor WAC 12.222.045 limit the number of participants for CMER. Adjustments to CMER membership can, therefore, happen voluntarily.
- A related proposal involves modifying the structure of CMER as the science arm of the program. Under this proposal, the science function would be carried out independently by a research organization. The stakeholder or cooperative nature of doing science would no longer function in its current form. This is a fundamental change to the AMP. It most certainly would require not only consensus recommendation to the Board but also rule changes.

[This dialogue could result in consensus recommendation to the Board including on items that aren't listed here.](#)

3.6. Develop Guidance or Manual for TFW Policy

Relevance/Benefits	Complexity	Resource Requirements	Feasibility
High	Low	Low	Requires amending BM 22 May not require amending WAC 12-222-045

Implementation Timeline:

April: Policy acceptance and recommendation to the Board | **May:** Board approval of recommendation for development | **May-Oct:** develop detailed guidance | **Oct:** Policy approves guidance | **Nov:** Board receives approval request for an amended BM 22 or a separate TFW Policy Manual

BM 22 currently serves as the guidance for TFW Policy processes. This section of the manual needs amendments to clarify a number of very important aspects of the committee's work. TFW Policy could either adopt a separate manual similar to CMER's PSM or propose detailed amendments to BM22 to cover every aspect of TFW Policy process. Such a guidance will improve transparency and provide much needed clarity to AMP participants. While this is an involved process, TFW Policy can begin by providing the following process and participant related details in either BM 22 or a separate manual:

- Clarify dispute resolution process and separate it from CMER's process in BM 22
- Add a section on the roles and responsibilities of TFW Policy Co-Chairs as well as their nomination and election process
- Expand TFW Policy membership requirements to include:
 - List qualification requirements for membership including experience, skill, and decision making authority with clear instructions or documented authority delegation from their principals
 - Members to be approved after an interview process with the Board
 - Annual performance evaluation of TFW members along with a performance measurement plan with an emphasis on adherence to established process
 - Demonstrated commitment to strengthen relationships, as well as to contribute constructively and frequently.
- Adopt consensus recommendation to the Board as an indicator of net gains in evaluating the performance of TFW Policy as a whole. Report this data on annual basis and make it available on a public facing dashboard along with a record of other decisions and metrics

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