

GAO

Report to the Chairman, Committee on
Energy and Natural Resources,
U.S. Senate

February 2009

FEDERAL LAND MANAGEMENT

Additional
Documentation of
Agency Experiences
with Good Neighbor
Authority Could
Enhance Its Future
Use



GAO

Accountability * Integrity * Reliability



Highlights of [GAO-09-277](#), a report to the Chairman, Committee on Energy and Natural Resources, U.S. Senate

Why GAO Did This Study

In 2000, Congress authorized the U.S. Department of Agriculture's Forest Service to allow the Colorado State Forest Service to conduct certain activities, such as reducing hazardous vegetation, on U.S. Forest Service land when performing similar activities on adjacent state or private land. The Department of the Interior's Bureau of Land Management (BLM) received similar "Good Neighbor" authority in 2004, as did the U.S. Forest Service in Utah. Congress has also considered the authority's expansion to other states. GAO was asked to determine (1) the activities conducted under the authority; (2) the federal and state guidance, procedures, and controls used to conduct Good Neighbor projects; and (3) successes, challenges, and lessons learned resulting from the authority's use. To do so, GAO reviewed Good Neighbor project documentation and interviewed federal and state officials.

What GAO Recommends

GAO recommends that the Secretaries of Agriculture and the Interior (1) require that the U.S. Forest Service in Utah, BLM in Colorado, and any agencies that receive the authority in other states, develop written procedures for Good Neighbor timber sales before conducting any future sales and (2) direct the agencies to better document their experiences using the authority. The U.S. Forest Service, Interior, and the Colorado and Utah forest agencies generally agreed with the report's findings and recommendations.

To view the full product, including the scope and methodology, click on [GAO-09-277](#). For more information, contact Robin Nazzaro at (202) 512-3841 or nazzaror@gao.gov.

FEDERAL LAND MANAGEMENT

Additional Documentation of Agency Experiences with Good Neighbor Authority Could Enhance Its Future Use

What GAO Found

Fifty-three projects were conducted under Good Neighbor authority through fiscal year 2008, including 38 in Colorado and 15 in Utah, with most of the projects (44 of 53) conducted on U.S. Forest Service land. These projects included hazardous fuel reduction on about 2,700 acres of national forest and about 100 acres of BLM land, mostly in Colorado, and the repair of fire-damaged trails and watershed protection and restoration in Utah. Together, the two agencies spent about \$1.4 million on these projects, split almost evenly between the two states. Although most projects involved contracting for services such as fuel reduction, some projects involved timber sales in which contractors purchased timber resulting from their fuel reduction activities. These timber sales occurred only in Colorado and totaled about \$26,000.

State procedures are used in conducting Good Neighbor projects that involve service contracts, while projects that include timber sales incorporate both state and federal requirements. Both Colorado and Utah have contracting requirements that generally address three fundamental principles of government contracting—transparency, competition, and oversight. For example, both states solicit competition among bidders and generally require service contracts to be awarded to the lowest-priced bidder meeting the contract criteria. State requirements were generally comparable to federal procurement requirements. When Good Neighbor projects involve timber sales, state procedures incorporate certain requirements that help the U.S. Forest Service account for state removal of federal timber. The U.S. Forest Service and Colorado are currently supplementing their joint Good Neighbor procedures to ensure that additional accountability provisions are included in future timber sale contracts. Neither BLM in Colorado nor the U.S. Forest Service in Utah has developed written procedures for conducting Good Neighbor timber sales, primarily because they have not sold timber under the authority. Such procedures could help ensure accountability for federal timber if future projects include such sales.

Federal and state officials who have used Good Neighbor authority cited project efficiencies and enhanced federal-state cooperation as its key benefits. For example, the agencies cited their ability to improve the effectiveness of fuel reduction treatments in areas that include federal, state, and private ownership. Federal and state agencies have also encountered challenges such as a lack of understanding of the authority and complicated processes for approving Good Neighbor agreements. Agency officials and others also noted several factors to consider when conducting future Good Neighbor projects, whether in Colorado, Utah, or other states that may be granted the authority—including the type of projects to be conducted and the type of land to be treated. While the agencies are not required to document their experiences in using the authority, officials contemplating future use of the authority could benefit from such documentation—including information on successes, challenges, and lessons learned to date.

Contents

Letter		1
	Results in Brief	3
	Background	6
	Fifty-three Good Neighbor Projects Have Been Conducted in Colorado and Utah for Fuel Reduction and Other Purposes	11
	Good Neighbor Projects Are Generally Governed by State Procedures, but Projects Involving Timber Sales Also Incorporate Certain Federal Requirements	19
	Experiences with Good Neighbor Authority to Date Could, If Better Documented, Provide Insight for Potential Expansion of Its Use	27
	Conclusions	37
	Recommendations for Executive Action	38
	Agency Comments and Our Evaluation	38

Appendix I	Objectives, Scope, and Methodology	40
-------------------	---	-----------

Appendix II	Comments from the U.S. Department of Agriculture’s Forest Service	43
--------------------	--	-----------

Appendix III	Comments from the Department of the Interior	45
---------------------	---	-----------

Appendix IV	Comments from the Colorado State Forest Service	46
--------------------	--	-----------

Appendix V	Comments from the Utah Division of Forestry, Fire and State Lands	47
-------------------	--	-----------

Appendix VI	GAO Contact and Staff Acknowledgments	48
--------------------	--	-----------

Figures		
	Figure 1: Good Neighbor Projects in Colorado, by National Forest and BLM Area	12

Figure 2: Completed Fuel Reduction Project in Pike National Forest with Slash Piled for Burning	14
Figure 3: Good Neighbor Projects in Utah, by National Forest	17
Figure 4: Barrier Rocks Placed along Dixie National Forest Roadway to Prevent Off-road Vehicle Use	18
Figure 5: Fuel Reduction Project Site in National Forest Area Bordering Private Subdivision	28

Abbreviations

BLM	Bureau of Land Management
CSFS	Colorado State Forest Service
CSU	Colorado State University
FAR	<i>Federal Acquisition Regulation</i>
NEPA	National Environmental Policy Act
UDFFSL	Utah Division of Forestry, Fire and State Lands

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



United States Government Accountability Office
Washington, DC 20548

February 25, 2009

The Honorable Jeff Bingaman
Chairman
Committee on Energy and Natural Resources
United States Senate

Dear Mr. Chairman:

The state of our nation's forests is of increasing concern, as many forests, whether in federal, state, or other ownership, have become densely stocked with trees and damaged by insects—two conditions that can increase the risk of severe wildland fires. In some cases, forests at high risk of fire span federal, state, and private land, making it difficult for a single entity to gain access to and address all areas needing protective or restorative treatment, such as reducing vegetation that can fuel wildland fires. Treating certain areas while leaving adjacent areas untreated may undermine the effectiveness of overall efforts—a problem that is particularly significant in Colorado and other western states undergoing increasing human development in or near wildlands, because these areas of wildland-urban interface often involve multiple landowners. In 1998, the U.S. Department of Agriculture's Forest Service and the Colorado State Forest Service (CSFS) began investigating ways to address this issue. As a result, in 2000 Congress authorized the U.S. Forest Service to undertake a pilot program referred to as "Good Neighbor." This legislation authorizes the U.S. Forest Service to permit CSFS to conduct certain watershed restoration activities—such as reducing hazardous fuel to prevent wildland fires, addressing insect outbreaks, and improving drainage to prevent sediment from eroding into forest watersheds—on U.S. Forest Service land when conducting similar activities on adjacent state or private land.¹ Under the act, the state may in some circumstances act as an agent of the federal government to conduct these projects. Although the projects are conducted by the state, projects on federal land remain subject to the provisions of the National Environmental Policy Act

¹Pub. L. No. 106-291, § 331 (2000).

(NEPA),² which requires federal agencies to consider any significant environmental impacts that may result from their actions.

Initially, Good Neighbor authority was slated to expire at the end of fiscal year 2004, but Congress passed legislation that year extending the authority until the end of fiscal year 2009.³ The 2004 legislation also expanded Good Neighbor authority to include lands in Colorado managed by the Department of the Interior's Bureau of Land Management (BLM); this authority also expires in 2009. The same legislation also established similar Good Neighbor authority concerning U.S. Forest Service land in Utah, but did not require the state to conduct similar work on adjacent state or private land; U.S. Forest Service authority in Utah expired at the end of fiscal year 2008.

As Good Neighbor authority nears its expiration in Colorado and awaits reauthorization in Utah, Congress has considered potential expansion of the authority to other states. Legislation was introduced in the 110th Congress that would expand this authority to include U.S. Forest Service land in Wyoming,⁴ or to include all U.S. Forest Service and BLM land in the western United States.⁵ In this context, you asked us to determine (1) the activities conducted under Good Neighbor authority, including the number, type, and scope of projects undertaken; (2) the federal and state guidance, procedures, and controls being used to conduct Good Neighbor projects, including contracting requirements and timber sale procedures; and (3) the successes, challenges, or lessons learned, if any, that have resulted from the use of Good Neighbor authority.

To determine the activities conducted under Good Neighbor authority in Colorado and Utah, we reviewed and analyzed documentation from the U.S. Forest Service; BLM; CSFS; and the Utah Division of Forestry, Fire and State Lands (UDFFSL). We also visited several completed or ongoing Good Neighbor project sites in both Colorado and Utah and interviewed

²For major actions that may significantly affect the quality of the human environment, the act requires all federal agencies, including the U.S. Forest Service and BLM, to analyze the potential environmental effects of the proposed action. See 42 U.S.C. § 4332(2)(C).

³Pub. L. No. 108-447, § 336 (2004).

⁴S. 2468 (2007).

⁵S. 3302 (2008). The bill would have covered any state "that contains National Forest System land or Bureau of Land Management land located west of the 100th meridian."

federal and state officials to obtain an understanding of the type and scope of work being conducted under the authority. To determine the federal and state guidance, procedures, and controls used to conduct projects under Good Neighbor authority, we reviewed project operating procedures, federal and state procurement requirements, and federal and state timber sale requirements, comparing the requirements in several areas to identify similarities and differences. Finally, to determine the successes, challenges, and lessons learned resulting from the use of Good Neighbor authority, we interviewed federal and state officials involved with the authority's use in Colorado and Utah and discussed the potential uses of Good Neighbor authority with state officials in Idaho, Oregon, and Wyoming. We also spoke with other interested parties, including environmental groups and industry representatives based in Colorado, Utah, other western states, and Washington, D.C. Appendix I contains more detailed information on the objectives, scope, and methodology of our review. We conducted this performance audit from June 2008 through February 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.

Results in Brief

Fifty-three projects have been conducted under Good Neighbor authority as of the end of fiscal year 2008, including 38 in Colorado and 15 in Utah, with most of the projects (44 of 53) conducted on U.S. Forest Service land. These projects included fuel reduction on about 2,700 acres of national forest and about 100 acres of BLM land, mostly in the Colorado wildland-urban interface, and the repair of fire-damaged trails and watershed protection and restoration in Utah. Together, the two agencies spent about \$1.4 million on these projects, split almost evenly between the two states. Although most projects involved paying contractors for services such as fuel reduction (i.e., service contracts), some projects involved timber sales in which, for example, contractors purchased timber resulting from their fuel reduction activities. Such timber sales amounted to about \$26,000. The specific purpose for using Good Neighbor authority to conduct projects varied. For example, under Good Neighbor authority, Colorado contracted with a single vendor to carry out fuel reduction activities across multiple tracts of land with fragmented federal, state, and private land ownership, to avoid leaving pockets of untreated forest in the project area.

Both federal and state guidance, procedures, and controls are used in conducting Good Neighbor projects; state procedures are used in conducting projects that involve service contracts, while projects that include timber sales incorporate both federal and state requirements. For all Good Neighbor projects, the U.S. Forest Service and BLM are responsible for ensuring compliance with NEPA. For those projects involving service contracts, a master agreement with each state allows Colorado and Utah to use state procedures to enter into contracts with vendors that provide services such as fuel reduction. We examined both states' contracting requirements concerning three fundamental principles of government contracting—transparency, competition, and oversight—and found that state requirements generally address each of these areas. For example, we found that both states solicit competition among bidders, give potential contractors reasonable amounts of time to prepare bids, and generally require service contracts to be awarded to the lowest-priced bidder meeting the contract criteria. We also found state requirements to be generally comparable to federal procurement requirements in specific areas that we examined. When Good Neighbor projects involve timber sales, state procedures incorporate certain requirements that help the U.S. Forest Service account for state removal of federal timber. For example, Good Neighbor project procedures developed jointly by the U.S. Forest Service and CSFS direct state foresters to work with U.S. Forest Service officials to appraise the value of timber on the project site and determine the minimum bid price. However, we found that the provisions in standard U.S. Forest Service timber sale contracts are typically more extensive than those in timber sales administered by CSFS under Good Neighbor authority. For example, initial Good Neighbor timber sale contracts administered by CSFS did not include certain elements—such as provisions requiring the contractor to address aspects of road maintenance, or information about whether there were threatened and endangered species in the project area—that are part of U.S. Forest Service contracts. The U.S. Forest Service and CSFS developed more detailed Good Neighbor procedures to ensure that these types of provisions are included in future Good Neighbor timber sale contracts administered by Colorado, and are supplementing these procedures to strengthen timber accountability. We did not compare Colorado's timber sale requirements with those of BLM, or Utah's requirements with those of the U.S. Forest Service, because neither BLM in Colorado nor the U.S. Forest Service in Utah has conducted timber sales under Good Neighbor authority to date. Neither BLM in Colorado nor the U.S. Forest Service in Utah has developed written procedures for conducting Good Neighbor projects involving timber sales; such procedures could help ensure

accountability for federal timber if future Good Neighbor projects on the part of these agencies involve the sale of such timber.

Experiences with Good Neighbor authority in Colorado and Utah may provide insights for the authority's potential expansion in those states and others, although the agencies can enhance the usefulness of these insights by systematically documenting their experiences in using the authority. Federal and state officials who have used Good Neighbor authority cited project efficiencies and enhanced federal-state cooperation as its key benefits. For example, the agencies cited their ability to begin projects more quickly; work on federal lands that are otherwise difficult to access because they are surrounded by private property; and improve the effectiveness of fuel reduction treatments in areas that include federal, state, and private ownership. On the other hand, federal and state agencies have encountered some challenges in using the authority, such as a lack of understanding of the authority, which has complicated partnerships between federal and state officials. In addition, some U.S. Forest Service officials in Colorado considered state timber sale procedures to be insufficient to protect federal interests and have imposed additional requirements on the state before agreeing to Good Neighbor projects. Conversely, some state officials have found the overlay of federal requirements burdensome, making them less likely to participate in Good Neighbor projects. Federal, state, and other stakeholders identified several factors to consider when conducting future Good Neighbor projects. For example, to ensure the support of the public and environmental groups, some suggested that projects be undertaken only in the wildland-urban interface, where the potential public benefit is the greatest. Moreover, several stakeholders noted that, while it is important to understand the experiences using Good Neighbor authority in Colorado and Utah when considering its expansion to other states, it is likewise important to account for differences among states as well. Stakeholders told us that differences in the structure, staffing levels, and workload of other state forest services, and the characteristics of federal lands in various states—particularly the value of timber on these lands—would all affect the authority's chances for success in other states and, thus, are important factors to consider when evaluating its potential expansion. Consequently, agency officials contemplating future use of the authority—whether in Colorado, Utah, or other states—would benefit from documentation of agency experiences in using the authority to date. Such documentation could include, for example, an analysis of cost savings or other efficiencies that have been achieved through its use, and a discussion of the types of projects in which Good Neighbor authority has been most successful. Without such information, agency officials will need to independently

assess which projects would best be conducted using the authority, including the extent to which individual projects might reduce costs or lead to other efficiencies—an inefficient approach that could reduce the potential value of Good Neighbor authority.

To enhance the U.S. Forest Service and BLM's use of Good Neighbor authority, we are recommending that they (1) develop written procedures for Good Neighbor timber sales before conducting these sales in areas where such procedures do not already exist and (2) document how prior experiences with Good Neighbor projects offer lessons for the future, and make this information available to current and prospective users of the authority. In commenting on a draft of this report, the U.S. Forest Service, the Department of the Interior, CSFS, and UDFFSL generally agreed with its findings and recommendations. However, we are concerned that the actions the U.S. Forest Service intends to take in addressing our recommendation to better document agency experiences with Good Neighbor authority will not meet the intent of that recommendation, and we have noted this concern in our response to the agency's letter. Comments from the U.S. Forest Service (along with our response to those comments), the Department of the Interior, CSFS, and UDFFSL are reprinted in appendixes II, III, IV, and V, respectively.

Background

Although its effect on communities can be devastating, wildland fire is a natural and necessary process that provides many benefits to ecosystems, such as maintaining habitat diversity, recycling soil nutrients, limiting the spread of insects and disease, and promoting new growth by causing the seeds of fire-dependent species to germinate. Wildland fire also periodically removes brush, small trees, and other vegetation that can otherwise accumulate and increase the size, intensity, and duration of subsequent fires. Wildland fire occurs in various combinations of frequency and severity, from low-severity events that return every few decades to high-severity fires that occur once every 200 years or more. Over the past century, however, various management practices—including fire suppression, grazing, and timber harvest—have reduced the normal frequency of fires in many forest and rangeland ecosystems and contributed to abnormally dense, continuous accumulations of vegetation, which can fuel uncharacteristically large or severe wildland fires. The impacts of these fires have intensified as more and more communities develop in areas that are adjacent to fire-prone lands—the wildland-urban interface. Federal researchers have estimated that unnaturally dense fuel accumulations on 90 million to 200 million acres of federal lands in the

contiguous United States place these lands at an elevated risk of severe wildland fire.

The rapid urbanization of forested land in Colorado and Utah has raised concerns about the unhealthy condition of forests in those states and the potential for resulting wildland fires. These forests also have undergone insect and disease attacks of epidemic proportions, further weakening them and contributing to the abundance of fuels for wildland fires. For example, the mountain pine beetle epidemic now affecting the southern Rocky Mountains and other western areas has produced vast areas of dead and dying lodgepole pine forests in Colorado and Wyoming. In recent years, wildland fires in Colorado and Utah have increasingly threatened communities in the interface as well as watersheds (i.e., areas that are drained by rivers or other waterways) that provide water to populated areas in or near forests.

The U.S. Forest Service and BLM are the primary federal agencies responsible for wildland fire management—together, they oversee about 450 million acres of forest and rangeland.⁶ These agencies take various steps to reduce hazardous fuels (fuel reduction) on wildlands, including mechanical treatments that use equipment to cut vegetation back to desired levels (thinning), planned low-level fires that burn small trees and underbrush (prescribed fire), herbicides that kill unwanted vegetation, animal grazing, or combined treatments that comprise one or more of these methods. Through these efforts, the agencies attempt to restore forest and rangeland ecosystems to their historical conditions and reduce the risk of severe wildland fires. Like their federal counterparts, some state forest services also have an important role in community fire prevention. Such agencies maintain crews that suppress wildland fires, conduct forest thinning and prescribed burns, advise local landowners on ways to build fire-resistant structures, and direct homeowners to local contractors who provide fuel reduction services. They also assist in the development of community wildland fire protection plans that set

⁶Other federal agencies with wildland fire management responsibilities include the Bureau of Indian Affairs, Fish and Wildlife Service, and National Park Service, all of which are within the Department of the Interior.

priorities for fuel reduction treatments and recommend specific strategies to reduce fire risk on public and private land.⁷

In addition to efforts to reduce the risk that wildland fires will occur, federal and state agencies take other steps to mitigate the impact of wildland fires. These steps include projects to stabilize damaged areas and rehabilitate them more quickly than would occur under natural conditions. Such projects involve activities such as planting native grasses, shrubs, and trees; protecting waterways from erosion that could introduce sediment into municipal water supplies; and restoring habitat for local fish and wildlife populations.

Attempts at widespread fuel reduction and postfire rehabilitation in the wildland-urban interface can be frustrated by the diverse mixture of property ownership typically found in this region. A single forest area may contain tracts of land that are publicly owned, such as national forests and state parklands, as well as tracts that are controlled by a multitude of private owners. This mixed-ownership setting creates the potential for individual pockets of untreated land to exist within a project area if some property owners do not want to join the effort. For example, U.S. Forest Service efforts to treat national forest land may be impeded if access to these areas is dependent upon consent from private property owners. Access to national forest land may also be limited if the project site falls within an area where road construction is restricted. In such instances, areas left untreated can diminish the effectiveness of the overall project. Even if the U.S. Forest Service wanted to join the project, a separate contract with the vendor—containing separate requirements for contract performance—would typically be necessary.

Beginning in 1998, the U.S. Forest Service and CSFS began exploring ways to manage land across ownership boundaries, particularly in wildland-urban interface areas. The two forest services agreed that management activities such as fuel reduction should be undertaken only where community interest and support exists, and, thus, these activities would be driven largely by state, local, and private projects. To facilitate this work, they determined that it would be useful for Colorado state foresters to

⁷Under the Healthy Forests Restoration Act of 2003, a community wildfire protection plan is a plan—developed primarily by state and local agencies in consultation with interested parties and federal land management agencies—that identifies and prioritizes areas in and near a community for fuel reduction treatments and recommends the types of treatments to be used.

serve as agents of the U.S. Forest Service for the purpose of conducting projects on federal lands immediately adjacent to state, local, or private lands where similar work was under way. Colorado’s foresters would be authorized to mark boundaries, designate trees for removal, and administer other project activities—including sales of designated trees in the project area—to reduce fuel risk on federal lands as a complement to similar activities on adjacent lands. Because of the collaborative nature of these projects, the proposed program became known as “Good Neighbor.”

In the Department of the Interior and Related Agencies Appropriations Act, 2001, Congress established the program, authorizing the U.S. Forest Service to allow its state counterpart in Colorado to perform forest, rangeland, and watershed restoration services, such as fuel reduction or treatment of insect-infected trees, on national forest lands. The services provided by the state, either directly or through contracts with private vendors utilizing state contracting procedures, were permitted when similar and complementary activities were being performed on adjacent state or private lands. According to the subsequent agreement signed by representatives of the two forest services, the following benefits were anticipated from Good Neighbor authority:

- national forest, state, and private lands would be at less risk from catastrophic wildland fire;
- fuel treatments would provide defensible space for firefighters to occupy while combating fires moving from forests to developed areas, or vice versa;
- an impediment to cross-boundary watershed restoration activities would be removed, resulting in greater protective and restorative accomplishments; and

-
- CSFS and the U.S. Forest Service would demonstrate cooperation as encouraged in the National Fire Plan, the federal government’s wildland fire management strategy.⁸

Congressional reauthorization of Good Neighbor authority in 2004 added BLM areas in Colorado to the authority’s scope. In addition, the 2004 legislation authorized the U.S. Forest Service to work with Utah’s forest service to perform similar watershed restoration and protection projects in Utah. Unlike the authorizing legislation for Colorado, however, there was no provision in the authorizing legislation for Utah requiring Good Neighbor projects to correspond to similar and complementary activities under way on adjacent state or private lands.

The U.S. Forest Service manages 11 national forests in Colorado, within the agency’s Rocky Mountain Region, and manages 7 national forests in Utah, within the Intermountain Region.⁹ Each national forest is divided into ranger districts that conduct or oversee “on-the-ground” activities. BLM lands in Colorado are managed by the Colorado State Office, which in turn oversees BLM field offices across the state. CSFS administers 17 districts throughout the state, each led by a district forester. UDFFSL, a unit of the state’s Department of Natural Resources, is divided into six areas, each administered by an area manager.¹⁰

⁸The National Fire Plan comprises multiple documents, including (1) a September 2000 report from the Secretaries of Agriculture and the Interior to the President in response to the wildland fires of 2000, (2) congressional direction accompanying substantial new appropriations in fiscal year 2001, and (3) several strategies to implement all or parts of the plan. For a description of these documents and their contents, goals, and relationships to one another, see GAO, *Severe Wildland Fires: Leadership and Accountability Needed to Reduce Risks to Communities and Resources*, [GAO-02-259](#) (Washington, D.C.: Jan. 31, 2002).

⁹Several of these forests have been combined into larger administrative units composed of two or more forests. In this report, we discuss national forests individually, except where noted.

¹⁰For the purposes of this report, we refer to UDFFSL’s six administrative areas as “districts.”

Fifty-three Good Neighbor Projects Have Been Conducted in Colorado and Utah for Fuel Reduction and Other Purposes

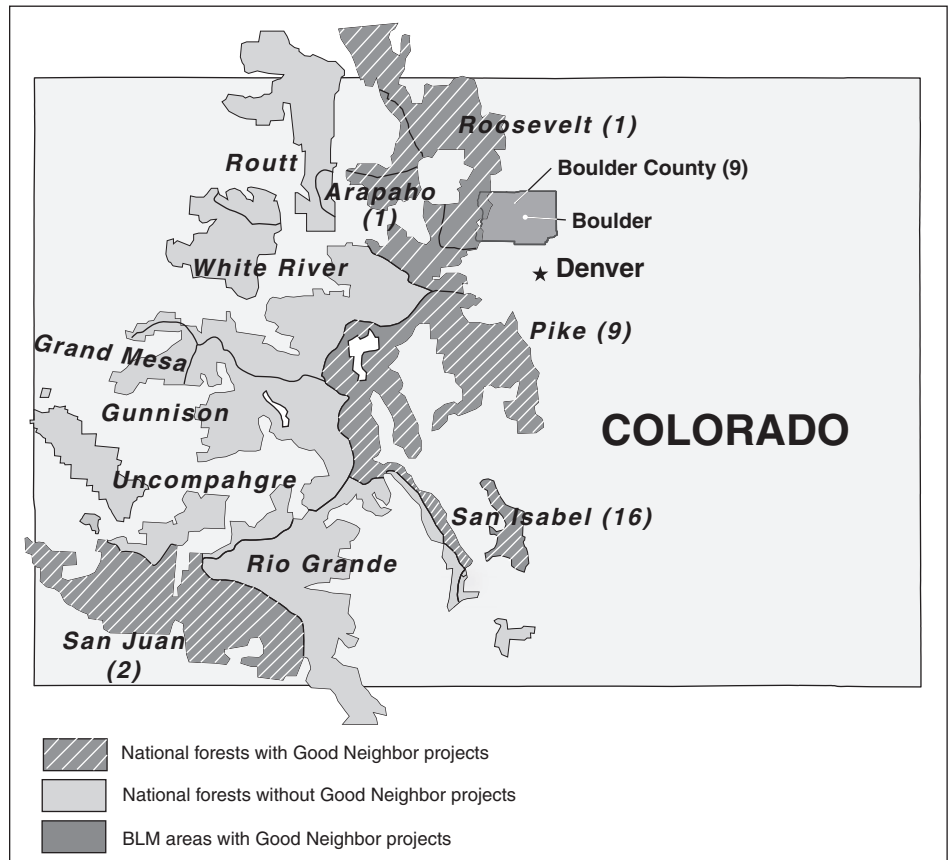
Under Good Neighbor authority, 53 projects have been conducted in Colorado and Utah as of the end of fiscal year 2008 at a cost to the federal government of about \$1.4 million. Colorado Good Neighbor projects focused on fuel reduction activities, such as tree thinning, mostly in the Colorado wildland-urban interface. In Utah, Good Neighbor projects focused on the repair of fire-damaged trails and watershed protection and restoration.

Colorado Good Neighbor Projects Focused on Fuel Reduction

In Colorado, 38 projects were conducted under Good Neighbor authority from fiscal year 2002, after the authority was granted, through fiscal year 2008. These projects primarily focused on fuel reduction. CSFS planned these projects in conjunction with the U.S. Forest Service or BLM, as well as private owners, and then contracted with private vendors or state crews to perform the work on U.S. Forest Service or BLM land. Of these 38 projects, 29 were on U.S. Forest Service land. These 29 projects included fuel reduction treatment on about 2,400 acres in 5 of the 11 national forests in the state—the Arapaho, Pike, Roosevelt, San Isabel, and San Juan National Forests—with 25 of the projects conducted in the Pike and San Isabel National Forests. The remaining 9 Good Neighbor projects occurred on forested BLM land covering about 100 acres in Boulder County.¹¹ The number of acres being treated under individual Good Neighbor projects on U.S. Forest Service land in Colorado ranged from 1 acre to about 300 acres and on BLM land ranged from 2 acres to 21 acres. Figure 1 depicts the number of Good Neighbor projects in each of the Colorado national forests and BLM areas.

¹¹Our count of “projects” includes those Good Neighbor projects that have been initiated under an agreement or task order between the federal agency and the state; projects can be subsequently modified to change the cost, scope, or schedule of work. In addition, “conducted” projects include all that have received approval by CSFS and the U.S. Forest Service or BLM as of fiscal year 2008, whether planned, initiated, or completed.

Figure 1: Good Neighbor Projects in Colorado, by National Forest and BLM Area



Sources: Map Resources (map); U.S. Forest Service.

Costs to the U.S. Forest Service for the 29 projects conducted on its land in Colorado have totaled about \$679,000 through fiscal year 2008, while costs to BLM for its 9 projects in Boulder County have totaled \$74,000 through the same time period. Individual project costs in Colorado varied, ranging from a low of \$7,000 to a high of \$233,000, depending on the number of acres treated and the type of work and equipment required. For example, one U.S. Forest Service district ranger stated that in a typical tree-thinning project, the contractor would pile and burn the cut branches and other thinned material (known as slash) resulting from the work, which is relatively inexpensive, but when the work is done in close proximity to homes, it usually requires more expensive treatments and means of disposal, such as mechanical grinding or chipping.

In Colorado, Good Neighbor projects have been initiated as part of larger fuel reduction efforts being planned or conducted by the state on state, local, and private land in the state's wildland-urban interface. The Good Neighbor project portion is usually smaller—in acres and cost—than the overall fuel reduction effort in a given area. For example, in the upper South Platte region, which includes portions of the Pike National Forest, CSFS has reduced fuels on thousands of acres in highly fire-prone areas on Denver Water¹² land and other privately owned land after a severe fire in 1996 caused extensive sediment runoff into a primary Denver water source. However, a portion of these lands was adjacent or intermingled with Pike National Forest land, making it difficult to effectively treat the entire area without conducting work on federal land. According to CSFS officials, the state, as a result of the Good Neighbor authority, was able to contract with individual vendors to perform the work required on several hundred acres of the Pike National Forest as well as on private lands, thereby ensuring a seamless fuel reduction effort across Denver Water, private, and U.S. Forest Service lands. Figure 2 shows a slash pile on a fuel reduction project site in the Pike National Forest.

¹²Established in 1918, Denver Water is Colorado's oldest and largest water utility. Its board is responsible for ensuring a continuous supply of water to the city and county of Denver and to the nearly 50 percent of Denver Water customers who live in the surrounding suburbs.

Figure 2: Completed Fuel Reduction Project in Pike National Forest with Slash Piled for Burning



Source: GAO.

In most Good Neighbor projects, the state either performs the services or contracts with vendors under a service contract; however, several projects in Colorado on U.S. Forest Service land were conducted under timber sale contracts in which fuel reduction projects aimed at thinning forests are structured as timber sales. Acting through Good Neighbor authority, state foresters sold the timber to professional loggers or, in some cases, to residents of adjacent subdivisions who used it for firewood. Instead of having to pay fuel reduction contractors to remove the timber, the U.S. Forest Service received a small amount of sale revenue from the state and paid only for the state forester's administration of the sale.¹³ Of the 29 Good Neighbor projects the CSFS has conducted in Colorado on U.S. Forest Service land, 15 were conducted in the San Isabel National Forest

¹³This administrative role includes duties such as advertising the sale, determining the volume of timber on site, and monitoring the buyer's work after the contract is awarded.

and 1 was conducted in the Pike National Forest using timber sale contracts.¹⁴ Through these timber contracts, about 345,000 cubic feet of timber has been harvested and sold as of September 30, 2008, for a total of about \$19,000.¹⁵ According to CSFS officials, the amount received for the timber is relatively small because the ponderosa pine, lodgepole pine, and mixed conifer timber primarily found in the Pike and San Isabel National Forests is small and of low value, as is timber in much of the rest of Colorado, in part, because of limited markets for timber.

In addition, in 3 of the 13 Good Neighbor projects that involved service contracts on U.S. Forest Service land, timber sales were included as part of the service contract, rather than in a separate timber sale contract. As an incentive to attract bidders for these projects, timber harvested during fuel reduction was permitted to be removed from the forest and sold to local mills, rather than cut and piled on-site. Because prospective bidders contemplated the value of this timber in their bids, the cost of the resulting service contract was likely lower than it would have been without the incentive. For 2 of these projects, 1 located in the San Juan National Forest and the other located in the Arapaho National Forest, the total volume and value of included timber was 278 CCF for \$1,378 and 1,312 CCF for \$5,472, respectively.¹⁶

¹⁴As of September 30, 2008, 11 of these timber sales had been completed or closed, 1 was under way, and 4 were in the planning stage.

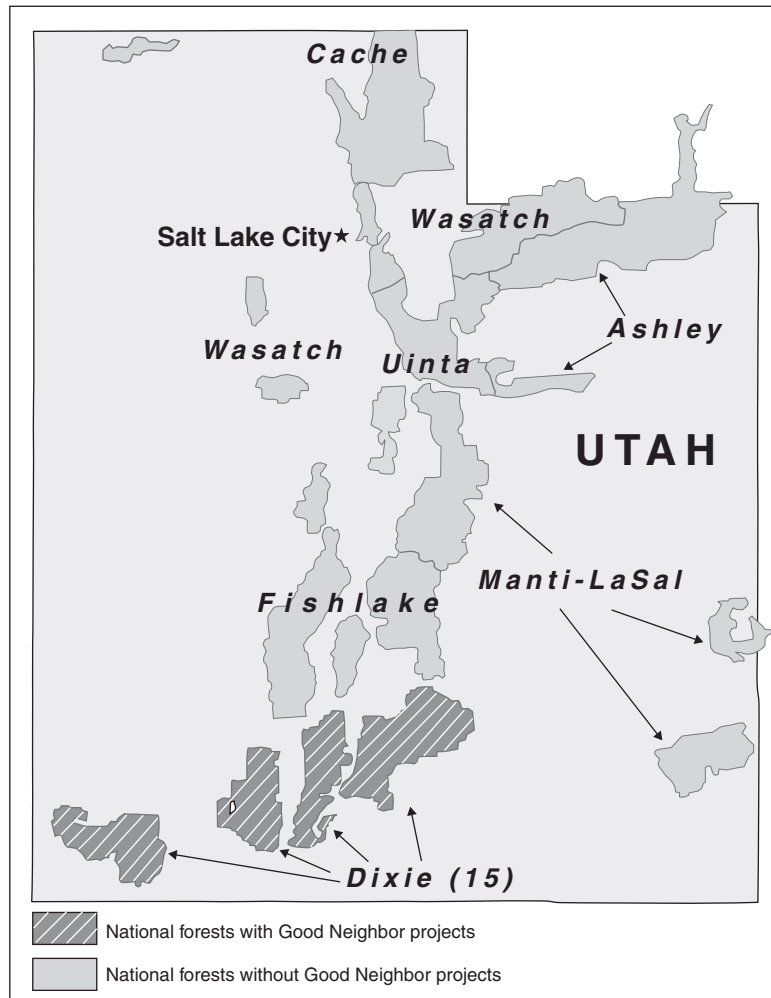
¹⁵The U.S. Forest Service's standard unit of measure for wood products is 100 cubic feet, or 1 CCF. Thus, 345,000 cubic feet of timber would be measured as 3,450 CCF. The total amount of timber and associated value from these sales is based on data obtained from the U.S. Forest Service's Timber Sale Accounting System. For more information on this system's process for tracking and accounting for timber, see GAO, *Federal Timber Sales: Forest Service Could Improve Efficiency of Field Level Timber Sales Management by Maintaining More Detailed Data*, [GAO-07-764](#) (Washington, D.C.: June 27, 2007).

¹⁶Information on the value of the timber removed on a third project located in the San Juan National Forest was not included in the timber contract.

Utah Good Neighbor Projects Focused on Rehabilitation of Burned Areas and Watershed Health

In Utah, 15 projects have been conducted under Good Neighbor authority from fiscal year 2005, when the authority was enacted, through fiscal year 2008. All of the projects in Utah have been conducted in one national forest—the Dixie National Forest—which is in the southern part of the state. According to a U.S. Forest Service Intermountain Region official, U.S. Forest Service ranger district officials in the Dixie National Forest and UDFFSL Southwestern Area officials have historically had a good relationship with each other and thought Good Neighbor projects could be beneficial to both. As a result, U.S. Forest Service officials in this district decided to use Good Neighbor authority to conduct several projects that they had originally planned to undertake themselves. Figure 3 depicts the national forests located in Utah and the number of projects undertaken in the one forest that has used the authority.

Figure 3: Good Neighbor Projects in Utah, by National Forest



Sources: Map Resources (map); U.S. Forest Service.

The types of Good Neighbor projects in Utah are more diverse than those in Colorado. Unlike Colorado, where the projects are generally driven by overall state fuel reduction initiatives, in Utah, the U.S. Forest Service initiates projects and then obtains the assistance of UDFFSL to perform work on national forest land. According to Utah state officials, of the 15 Good Neighbor projects conducted in Utah, only 2 projects were fuel reduction-related, where state crews burned piles of brush and slash on over 300 acres near adjacent private lands to assist the U.S. Forest Service in a larger fuel reduction project in the forest. Of the remaining 13 projects, 8 involved using state crews or contractors to rehabilitate burned

areas following wildland fires, including activities such as repairing and constructing fences, cleaning impoundments used by cattle and wildlife, and reconstructing forest trails. In the 5 remaining Good Neighbor projects, the state used crews or contractors to protect the watershed from erosion and sediment runoff by, for example, rehabilitating trails used by all-terrain vehicles and transportation and placement of large barrier rocks on either side of a roadway near public campsites to prevent vehicles from traveling off-road and damaging forest resources (see fig. 4).

Figure 4: Barrier Rocks Placed along Dixie National Forest Roadway to Prevent Off-road Vehicle Use



Source: GAO.

Costs to the U.S. Forest Service for these 15 projects have totaled about \$674,000 through fiscal year 2008. As in Colorado, costs varied depending on the type of work and equipment provided. For example, project costs ranged from \$1,500 for a pile burning on a few acres to \$174,000 for replacement of existing culverts—large pipes that allow natural waterways to flow under road crossings—with new structures that will improve the forest watershed by facilitating the passage of trout and other fish species.

Good Neighbor Projects Are Generally Governed by State Procedures, but Projects Involving Timber Sales Also Incorporate Certain Federal Requirements

State procedures are used for projects that involve service contracts, which include most Good Neighbor projects to date, while projects that include timber sales incorporate both state and federal requirements. We examined both states' contracting requirements concerning three fundamental principles of government contracting—transparency, competition, and oversight—and found that state requirements generally address each of these areas. The U.S. Forest Service and CSFS are currently updating their Good Neighbor timber sale procedures, however, to make certain that timber sales conducted under the authority include all protections that federal officials believe are necessary when dealing with federal timber. Neither BLM in Colorado nor the U.S. Forest Service in Utah has developed written procedures for conducting Good Neighbor timber sales, primarily because neither agency has sold timber under the authority. However, such procedures could help ensure accountability for federal timber if these agencies conduct such sales in the future.

State Procedures Are Generally Used for Projects That Involve Service Contracts

State procedures generally govern Good Neighbor projects that involve service contracts, which include 37 of the 53 Good Neighbor projects to date. Good Neighbor projects are initiated under the authority of Good Neighbor agreements between each state and federal agency, which describe at a high level the authority and responsibilities of each agency in conducting projects, including the project's planning, design, preparation, contracting, and administration.¹⁷ For those projects involving service contracts, Good Neighbor agreements allow the states to use their own procedures to enter into contracts with vendors that provide services, such as fuel reduction, in conducting forest restoration projects, or the states may use their own crews to carry out the work. Under the agreements, however, the U.S. Forest Service and BLM retain certain authorities when Good Neighbor projects are conducted. For example, for projects carried out on their respective lands, the U.S. Forest Service and BLM remain responsible for ensuring that the requirements of NEPA are satisfied. Once NEPA requirements are satisfied and project planning is completed, the state and federal agencies develop a task order for each project, detailing its objectives and cost.¹⁸ The state can then proceed with

¹⁷The U.S. Forest Service has Good Neighbor “master” agreements in place with Colorado and Utah, and also initiates separate agreements, referred to as “task orders,” for each Good Neighbor project. BLM has initiated one agreement for its Boulder County fuel reduction projects and amends this agreement as projects are modified or added, but has no master agreement in place.

¹⁸BLM calls these task orders “agreement modifications.”

procuring the needed services using its own procurement and contracting process. In Colorado, the Colorado State University (CSU) administers procurement and contracting for all CSFS service contracts, including those for Good Neighbor projects. In Utah, procurement and contracting for service contracts are administered and approved by either UDFFSL or the Utah Division of Purchasing, depending on the size of the procurement.

We examined CSU's and the Utah agencies' contracting requirements concerning three fundamental principles of government contracting—transparency, competition, and oversight. Specifically, we examined each state agency's procurement rules concerning the following practices:

- soliciting contracts through public notice, with reasonable time allowed for potential vendors to develop and offer their bids;
- ensuring competition, except in cases where there are legitimate extenuating circumstances, such as projects for which there is only one responsive bidder;
- using simplified acquisition procedures for contracts whose dollar value is below a specified amount;
- awarding contracts to the lowest-priced vendor when evaluating competing offers, and requiring justification when any additional criteria, such as past performance, are used;
- giving preference to small businesses when awarding contracts;
- using fixed-price contracts;¹⁹
- avoiding the awarding of contracts to private vendors for the performance of inherently governmental functions, such as budgeting and hiring;
- including worker protection provisions in state contracts;
- conducting orientation conferences with vendors at project sites; and

¹⁹A fixed-price contract provides for a price that is not subject to adjustment on the basis of the contractor's cost experience in performing the contract.

-
- providing for ongoing quality control, and requiring the government to conduct quality assurance inspections to determine whether the vendor is fulfilling the contract.

In our analysis, we found that the state agencies' contracting and procurement requirements generally address each of these areas. We discuss five of these areas in the following text:

- We found that agencies in both states provide a reasonable amount of time to advertise and receive bid proposals as well as provide competition among vendors. In CSU procurements, for example, contracts for services that will cost between \$25,000 and \$150,000 are generally advertised on Colorado's Internet bidding system for not less than 3 days—to allow vendors time to develop and offer their bids. CSU provides additional requirements for procurements relating to CSFS forest-related work, allowing a minimum of 14 days for vendors to submit a bid regardless of the type of procurement because vendors that may be interested are often in the field conducting forest-related work and may not see the advertisement for several days. Services that will cost less than \$25,000 are left to the discretion of the purchasing agent, who may advertise the bid or solicit vendors via telephone to determine whether they are interested. According to CSU procurement officials in Colorado, competition is generally promoted, except in two circumstances: (1) when only one vendor is available, and the contract has to be awarded to that vendor, or (2) the service being obtained will cost less than \$25,000, which allows the purchasing agent to obtain services through other state agencies, such as the Colorado Corrections Industry, without written justification, if a fair market price is obtained. Competition is similarly promoted in Utah, according to state contracting officials, but contracting officers in the state may use informal procedures to acquire services, if the services will cost less than \$50,000. For example, to award a \$30,000 service contract, the state's centralized Division of Purchasing may solicit telephone bids from three known vendors, then select one of the three vendors. This would not be an acceptable amount of competition for acquisitions exceeding \$50,000, which would require the invitation to bid to be disseminated via the state's Internet bidding system for a minimum of 10 days' bidding time.
- Agencies in both states are generally required to award a contract to the lowest-priced bidder who meets the requirements set forth in the solicitation for bids for contracts, except in certain circumstances, such as when contracts are sizable enough to require a request for proposal—in which the state requires bidders to address additional criteria in their bids, such as technical requirements—or when strong justifications for not choosing the lowest bidder can be documented by the contracting officer.

Additional requirements are imposed by the state agency to ensure that contracts are awarded to reputable contractors. For example, contract terms and conditions in both states require contractors to certify that they have not been debarred, suspended, or proposed for debarment by any governmental department or agency. In addition, for all proposed contracts that are federally funded, including Good Neighbor contracts, CSU purchasing agents search for prospective vendors' names on the General Services Administration's Excluded Parties List System, which is a database for obtaining information on parties that are excluded from receiving federal contracts, certain subcontracts, and certain federal financial and nonfinancial assistance and benefits. If a prospective vendor is on the list, the CSU purchasing agent will not consider this vendor's bid, even if it is the lowest priced.

- According to state agency officials, the procurement policies of agencies in both states encourage contracting for services with small or disadvantaged businesses, although there are no specific set asides for small or disadvantaged businesses in either state. A CSU official stated that CSU promotes such businesses through a small business program, and that about 90 percent of CSFS contracts, including contracts for Good Neighbor projects, go to small businesses. However, attaining this percentage is not a requirement, according to this official, but simply results from the fact that types of work required in forest restoration projects, such as fuel reduction, are typically performed by small businesses. A Utah Division of Purchasing official stated that, although set asides are not required in Utah, the state will incorporate them into any procurement if the federal government requires set asides as the condition of a particular grant or contract under which the procurement is conducted. The official added that the federal government, rather than the state, is ultimately responsible for determining whether contracts are awarded pursuant to federal requirements for small businesses.
- According to state agency officials in both states, contractors are generally required to have liability insurance. In addition, the state agencies incorporate federal worker protection provisions into state contracts as requested by federal agencies. For example, the Migrant and Seasonal Agricultural Workers Protection Act²⁰ is a federal law that applies to migrant and seasonal agricultural workers, including at least some forestry

²⁰The act, 29 U.S.C. §§ 1801-1872, was enacted to eliminate activities that are detrimental to migrant and seasonal agricultural workers, to require registration of farm labor contracts, and to ensure necessary protections for workers.

workers.²¹ While none of the agencies we reviewed specifically requires that the act's provisions be explicitly included in state contracts, procurement officials in both states said that they include such federal provisions if they are conditions of grants or are otherwise stipulated in federal-state agreements.

- The responsibility for monitoring contract performance—through activities such as project site visits to ensure satisfactory work and a quality assurance inspection at the job's completion—is largely left to the state forest services' project managers in the field. However, both states use contract mechanisms to ensure that a vendor's performance meets government standards, including performance bonding and requirements that contractors operate within an agency-approved scope of work.

In reviewing state requirements concerning transparency, competition, and oversight, we compared selected state procurement and contracting requirements with those in the *Federal Acquisition Regulation (FAR)*, which governs federal procurement activities, as well as specific U.S. Forest Service and BLM procurement guidance, and found them to be generally comparable. For example, we reviewed FAR provisions on (1) publicizing contract actions, which can include the establishment of a minimum bidding period that gives potential vendors a reasonable opportunity to respond; (2) competition requirements, which includes a requirement to provide for full and open competition through the use of competitive procedures, but allows for an exception to these procedures in limited circumstances, for example, if there is only one suitable vendor; and (3) quality assurance, which details several mechanisms—including inspection requirements and contract clauses—for maintaining project oversight and ensuring that the government receives quality work. Although we did not analyze all portions of the FAR, our broad comparison suggests that state and federal procurement requirements are generally similar in the areas we examined.

²¹See *Morante-Navarro v. T&Y Pine Straw*, 350 F.3d 1163, 1170-72 & n.4 (11th Cir. 2003) (and cases cited).

Projects That Include Timber Sales Incorporate Both State and Federal Requirements

While most Good Neighbor projects are carried out through service contracts, certain CSFS districts in Colorado, such as the Salida District, also use timber sale contracts to conduct fuel reduction projects when the project is expected to involve the harvest of merchantable timber. In such cases, CSFS Good Neighbor timber operating procedures incorporate certain federal requirements beyond those used for ordinary state timber sales, to ensure proper oversight of, and accountability for, state removal of federal timber. For example, the following additional project requirements are included in Good Neighbor timber sale operating procedures:

- state foresters should determine the timber sale volume, using standard federal tree sampling methods;
- state foresters should work with the local U.S. Forest Service ranger district to develop a sale appraisal and determine a minimum bid price; and
- project sites with total timber sale volume greater than 25 CCF or values greater than \$5,000 should be marked with U.S. Forest Service tracer paint to identify trees to be cut and boundaries around the area in which cutting is to take place.

CSFS officials, in conjunction with U.S. Forest Service regional officials, developed these CSFS timber operating procedures in 2007, in response to confusion over the requirements governing timber sales. When Good Neighbor authority was first being used, general operating procedures were contained in the master agreements, but no specific operating procedures existed, and some CSFS district officials were unsure about, or unaware of, certain requirements that needed to be followed as part of conducting a timber sale on federal land. We reviewed the provisions in the initial timber sale contracts that CSFS administered under Good Neighbor authority and found that they were not as extensive as standard U.S. Forest Service timber sale contracts. For example, the state Good Neighbor timber sale contracts did not specifically require the contractor to consider additional activities associated with the project, such as road maintenance, and did not include information about whether threatened and endangered species were in the project area. In addition, these contracts did not include detailed descriptions of the type and amount of timber sold. This type of information was included in standard U.S. Forest Service timber sale contracts. CSFS's recent operating procedures address these issues, and a U.S. Forest Service Rocky Mountain Region official told us that CSFS has begun to include some of this information in more

recent timber sale contracts—for example, CSFS included a clause addressing threatened and endangered species in a recent timber sale contract.

Some U.S. Forest Service officials told us, however, that they remain concerned about certain aspects of timber sales conducted under Good Neighbor authority. Accordingly, the U.S. Forest Service and CSFS are drafting additional timber procedures that were not addressed in the initial procedures in 2007. These revised operating procedures add or revise procedures that identify federal and state roles in Good Neighbor timber sales from the initial NEPA documentation through the sale and subsequent harvesting of national forest timber. For example, the agencies are considering adding procedures for better accountability of timber sales by outlining the necessary information that needs to be included in the U.S. Forest Service’s Timber Information Management System, a system which tracks all information connected with each federal timber sale from its inception to completion. These provisions are currently in draft form, but when finalized will be considered joint operating procedures for both agencies.

In addition, the U.S. Forest Service has already begun initiating some changes to the timber sale contract requirements in its latest Good Neighbor projects. According to a U.S. Forest Service official, one important change to the procedure is that national forest timber will be considered as “sold” first to the state, which in turn will sell it to the private contractor. According to a CSFS official, project task orders for timber sale contracts will clearly specify any special U.S. Forest Service contract requirements that are the responsibility of the state, which in turn will hold the contractor accountable for meeting those requirements. With this change, the state will more clearly know what special additions they must make to their Good Neighbor timber sale contract for a particular project. State officials believe this change will improve the project administration by the state and the accountability for enforcing certain U.S. Forest Service requirements. For example, an October 2008 Good Neighbor timber sale contract between the state and the buyer includes a U.S. Forest Service stipulation resulting from the project’s federal NEPA analysis, specifically prohibiting logging work from December 1 through April 15, to avoid interfering with the winter range of big game animals, such as deer and elk. Under the new contracting provisions, the state is now responsible for enforcing this provision.

We did not compare Colorado’s timber sale requirements with those of BLM, or Utah’s with those of the U.S. Forest Service, because neither BLM

in Colorado nor the U.S. Forest Service in Utah has conducted timber sales under Good Neighbor authority to date, and neither BLM in Colorado nor the U.S. Forest Service in Utah has developed written procedures for doing so. According to a CSFS official, detailed operating procedures for BLM Good Neighbor projects have not been developed because CSFS's experience with the agency—consisting of nine projects in Boulder County at a total cost of \$74,000—has been too limited to justify spending time and resources in developing such procedures. In addition, a BLM official stated that if the agency decided to have CSFS conduct timber sales as part of its Good Neighbor projects, it would likely require CSFS to utilize a BLM timber sales contract on the basis of agency timber sale requirements, or work with CSFS to ensure that the necessary federal requirements were accounted for in a state timber sales contract. As for Utah, a senior UDFFSL official told us that there is no official UDFFSL timber sale contract or process, because neither UDFFSL nor its parent Department of Natural Resources is involved in the sale of state timber. Instead, this is the role of a separate state agency that administers real estate trusts granted to Utah at statehood and is not involved in Good Neighbor projects. UDFFSL has developed a sale contract template for private landowners to use when selling timber from their land to commercial loggers. If timber were sold as part of a Good Neighbor project in Utah, a senior UDFFSL official speculated that agency managers in the field might use this contract template in the absence of other guidance.

Although the value of timber removed through Good Neighbor projects has been minimal, the agencies' experiences in using the authority to sell timber have demonstrated the importance of having detailed Good Neighbor timber sale operating procedures. Such procedures can help ensure that officials in both the federal and state agencies understand each agency's roles and responsibilities and can help provide the guidance necessary to ensure proper accountability for federal timber. Should BLM in Colorado or the U.S. Forest Service in Utah decide to undertake timber sales through Good Neighbor authority in the future, or should the authority be expanded to include other states where such timber sales might occur, both federal and state agencies would benefit from written procedures detailing each party's responsibilities in conducting Good Neighbor project timber sales.

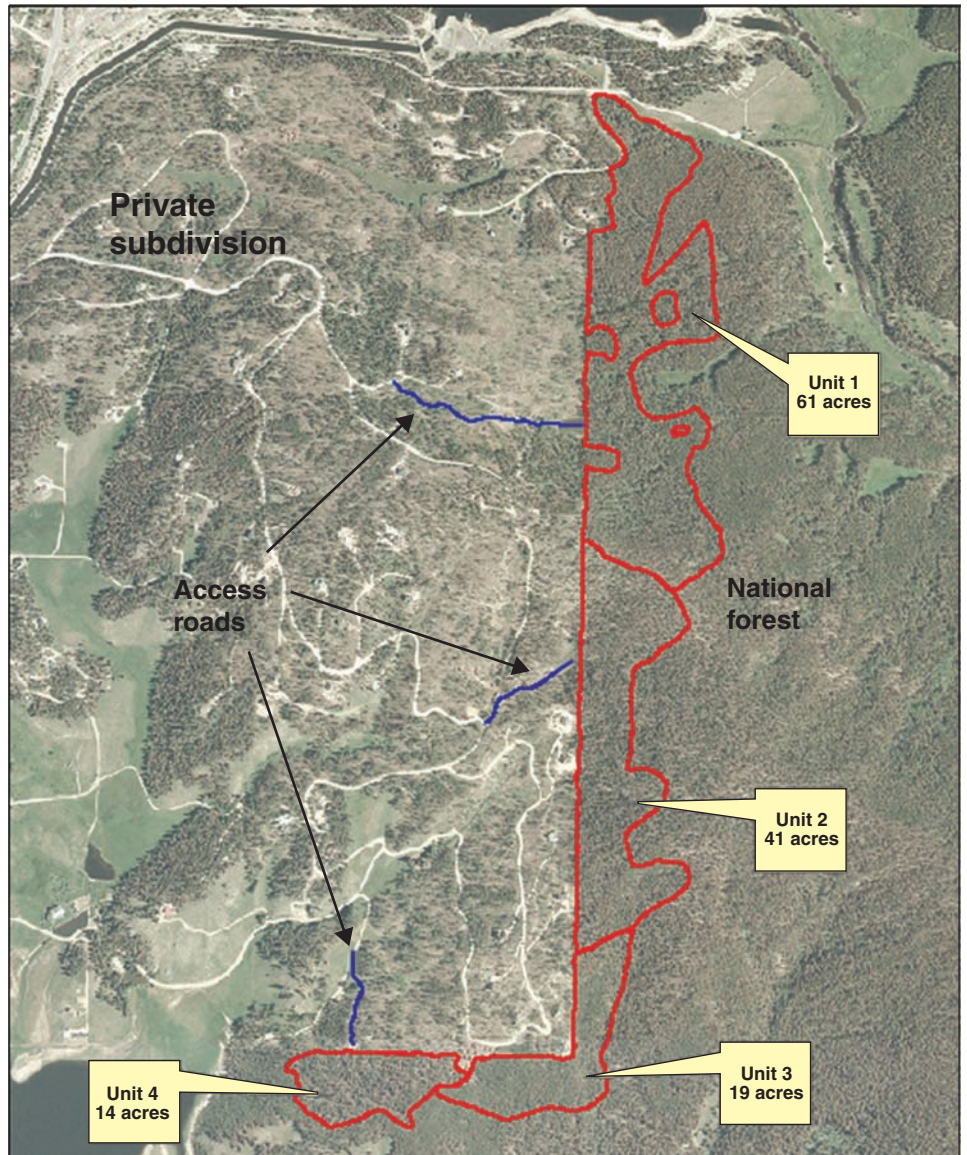
Experiences with Good Neighbor Authority to Date Could, If Better Documented, Provide Insight for Potential Expansion of Its Use

Federal and state officials who have participated in Good Neighbor projects cited project efficiencies as the authority's primary benefit, including the ability to begin work more quickly and to reduce hazardous fuels across multiple ownerships with a single contract. The authority also provides a forum for federal-state cooperation that can aid other collaborative efforts, such as emergency wildland fire suppression. Challenges encountered by the agencies include federal and state officials' incomplete understanding of how projects should be administered under the authority and concern about the adequacy of state contract procedures. Future use of Good Neighbor authority may benefit from documentation of agency experiences in using the authority to date, particularly since stakeholders told us that the authority's chances for success in other states hinge on several factors, including the structure, staffing levels, and workloads of other state forest services, as well as the characteristics of those states' federal lands.

Benefits of Good Neighbor Authority Include Project Efficiencies and Increased Federal-State Cooperation

Federal and state officials who have used Good Neighbor authority cited project efficiencies as its primary benefit. The efficiencies cited include an ability to begin work more quickly, in part because the Colorado and Utah state forest services have established relationships with local communities and in part because state contracting procedures are considered to be simpler than federal procedures. In Colorado, for example, CSFS's mission includes a mandate to assist local property owners with forest management on their lands. The state agencies' resulting familiarity with local communities extends to knowledge of local vendors that offer services such as fuel reduction, which—combined with the states' simplified contracting procedures—can shorten the time required to identify a suitable contractor, secure a contract, and begin work. According to one U.S. Forest Service district ranger in Colorado, this type of local-level coordination with private landowners and local contractors is not a specialty of most ranger districts' staff. The state foresters' familiarity with local landowners also speeds implementation when access is required across private land to reach a project site on federal land—for example, when a project site is far from existing forest roadways but is near a network of private roads within a subdivision. In one such instance, the U.S. Forest Service needed to gain access through a private subdivision to treat a densely forested area in an adjoining national forest. As part of a Good Neighbor agreement, CSFS negotiated with the subdivision's owners to gain access to the site so that a private contractor could begin work. Figure 5 shows a map of the project area.

Figure 5: Fuel Reduction Project Site in National Forest Area Bordering Private Subdivision



Source: GAO adaptation of Colorado State Forest Service map.

Note: The project area was divided into four units and numbered in order of priority.

According to state officials, securing this access is often less time-consuming for state foresters because, as a result of their state agencies' emphasis on local outreach, they are often better known in the community

than their federal counterparts. Moreover, several state officials noted that the U.S. Forest Service sometimes attempts to secure a permanent easement across private land in this scenario, which is less likely to result in a landowner's cooperation, instead of temporary access for the duration of a specific project.

The ability to begin work more quickly can be important when Good Neighbor projects use funding that is only available for the remainder of the current fiscal year. (Good Neighbor projects do not receive dedicated funding; instead, projects are funded from a variety of accounts, including grant funds.) In certain cases, the U.S. Forest Service decides to fund a project for one field unit near the end of the fiscal year—for example, by shifting funds from another field unit that has no further fuel reduction activities to fund that year. Partnering with the state forest service through a Good Neighbor agreement that expedites contracting can allow the project to be started prior to the end of the current fiscal year.

In some cases, according to federal and state officials, using state foresters to administer Good Neighbor projects increased the efficiency of federal activities because the state was willing to assume responsibility for project administration. For example, state foresters in Utah performed project management duties, such as locating responsible vendors, negotiating contracts, and processing payments to vendors as work progressed. According to Utah officials, the state forest service was willing to undertake these Good Neighbor project duties because the projects benefited shared watersheds, accomplished important work for communities, and had a positive impact on local economies. Similarly, Colorado's state forest service administered Good Neighbor fuel reduction projects in the state's South Platte district under an arrangement funded by Denver Water, which benefited from the resulting watershed protection. In other cases, because the state structured fuel reduction projects as timber sales, fees related to the state forester's administration of these sales were the only costs to the federal government—there were no service costs.

The use of Good Neighbor authority also increased the effectiveness of fuel reduction treatments in areas that include federal, state, and private ownership and helped to maximize the degree of wildland fire risk reduction per dollar spent on the project, according to agency officials. Arranging for a single vendor to perform the work across ownership boundaries increased the likelihood that forest treatment was conducted in a uniform way and avoided leaving untreated land parcels in the project area. According to one U.S. Forest Service official, the ability to treat land

parcels under multiple ownerships is critical because fire “doesn’t know the boundary” between federal, state, and private forest land.

Given the advantages of partnering with the state—including the ability to negotiate access agreements, find suitable vendors, utilize more nimble contracting procedures, and share some project management duties—the use of Good Neighbor authority allowed the agencies to accomplish more than they would have accomplished in the absence of the authority, according to officials with whom we spoke. As U.S. Forest Service officials in Utah noted, the ability to leverage state employees to work on national forest lands increases the number of initiatives that a manager can undertake. For example, the Cedar City ranger district in the Dixie National Forest enlisted the state to reconstruct an all-terrain vehicle trail running through the forest, adding a layer of gravel to prevent trail erosion from continuing to spread sediment into nearby wetlands. According to the project’s federal manager, U.S. Forest Service crews’ already heavy workload was one reason for giving the project to the state. A second reason was UDFFSL’s ability to employ a county road crew on the project that would do similar work on private portions of the trail that access nearby communities.²² In other cases, projects benefiting local communities may “fly under the [U.S.] Forest Service’s radar,” as one state official said. That is, due to their inaccessible location or relatively small size, the national forest portions of some fuel reduction projects may not have been part of the U.S. Forest Service’s annual work plan until the state proposed including the parcels in landscapewide projects being planned for state and private property. Using state crews and private companies to do this work has additional advantages. For example, state and federal officials in Utah said that employing seasonal state fire response personnel on Good Neighbor projects brings revenue to the state that allows it to maintain these personnel for a longer period, keeping them available for emergency fire response outside of the state’s peak summer fire season. On the other hand, having the state contract with private companies allows the skills needed for necessary work such as fuel reduction to develop within a community, increasing the number of potential vendors that are qualified to work with federal agencies in the future.

²²According to a contracting officer in Utah’s Division of Purchasing, state agencies are permitted to enter into agreements with other agencies and with political subdivisions of the state, such as counties, outside of the standard state contracting process. The state presumes that two of its government entities collaborating on a project will be less costly and more efficient than hiring a private contractor, because there is no profit motive.

In addition to creating project and agency efficiencies, the use of Good Neighbor authority provided a forum for collaboration between federal and state agencies that officials told us can increase the effectiveness of other cooperative efforts. For example, emergency suppression of wildland fires demands that agency officials be able to coordinate under tight time and resource constraints with representatives of many different governmental entities. According to federal and state officials, this coordination is made easier by past working relationships on collaborative projects, such as those conducted under Good Neighbor authority that develop familiarity and instill mutual trust. This collaboration is useful outside of emergency scenarios as well. Officials identified stewardship contracting—where agencies use other special contracting authorities, such as the exchange of timber for fuel reduction services, to meet community land management needs—as another initiative that can benefit from a shared history of cooperation on Good Neighbor projects.²³

Challenges in Conducting Projects Include Lack of Understanding of the Authority and Concern about Adequacy of State Contract Procedures

Federal and state agencies have also encountered challenges in using Good Neighbor authority, including a lack of understanding of the authority that has complicated partnerships between federal and state officials. In Colorado, several state foresters said that their initial attempts to interest their U.S. Forest Service counterparts in potential projects were hampered by the federal officials' lack of familiarity with the authority. In some of these areas, projects were eventually undertaken, but confusion about roles and responsibilities made project implementation more difficult—especially for projects involving timber sales. In Utah, projects have been conducted by only one national forest, in partnership with one of the state's six districts. State officials in two of Utah's remaining districts reported that they have encountered a lack of awareness of the authority from their prospective federal counterparts, similar to the early years of Colorado's Good Neighbor experience.

Likewise, concern over the adequacy of state contracting procedures hampered the use of the authority. Some U.S. Forest Service officials in Colorado considered state timber sale procedures to be insufficient to

²³For more information about stewardship contracting, see GAO, *Federal Land Management: Additional Guidance on Community Involvement Could Enhance Effectiveness of Stewardship Contracting*, [GAO-04-652](#) (Washington, D.C.: June 14, 2004); and *Federal Land Management: Use of Stewardship Contracting Is Increasing, but Agencies Could Benefit from Better Data and Contracting Strategies*, [GAO-09-23](#) (Washington, D.C.: Nov. 13, 2008).

protect federal interests and imposed additional contracting requirements on the state before agreeing to Good Neighbor projects. For example, in one Colorado district, a state forester's agreement with the local U.S. Forest Service ranger district staff about how to proceed on an early Good Neighbor project was overruled by the ranger district's regional management, which placed additional requirements on the project. The regional office did not approve of some of the state's processes—such as the state's appraisal of timber value, and the way the state's timber contract was written—and asked that additional requirements be included to ensure that the state could account for any federal timber removed. This request resulted in two separate contracts with the project's single vendor—one for work being done on U.S. Forest Service land, and a second for work being done on private land. In another state district, a state forester who coordinated Good Neighbor projects for two ranger districts on the same national forest found that project requirements in one ranger district were more rigorous than for those in the other. In the latter district, the ranger allowed the state forester to administer projects involving timber sales using state contracting processes; however, the ranger in charge of the first district required that the U.S. Forest Service have more involvement in administering that district's sale, believing that the U.S. Forest Service's timber sale procedures did a better job of holding contractors accountable for their project performance than did state contracting procedures.

Some state and federal officials found the overlay of federal requirements burdensome, making them less likely to participate in Good Neighbor projects. In one state district where U.S. Forest Service regional management imposed additional federal requirements on early projects because of doubts about the sufficiency of state procedures, state officials expressed a reluctance to pursue future projects until differences between the federal and state approaches are resolved. A former U.S. Forest Service official involved in this district's projects said that the region's additional requirements were counter to Good Neighbor's core philosophy of landscape-level management requiring one appraisal, one vendor, and one contract. A second federal official added that the timber involved in these projects was of such little value that the attempt to add additional time-consuming accountability procedures was not cost-effective. State officials in the district and their federal counterparts have not pursued additional Good Neighbor projects to date, but state officials noted that timber sale procedures have been streamlined in the years since they experienced their early difficulties.

In addition, the CSFS official in charge of coordinating Good Neighbor projects for the state said that the cumbersome administrative process imposed by both CSU and the U.S. Forest Service has effectively eliminated the use of Good Neighbor authority for small-scale projects in Colorado, frustrating an important original intent of the program. This process often makes such activities—for example, allowing an individual landowner to expand fuel reduction treatments onto U.S. Forest Service land to remove insect-infested trees or to establish an adequate defensible space for improved wildland fire protection—too burdensome and time-consuming to pursue. According to the CSFS official, both CSFS and U.S. Forest Service timber staff have recognized the need to streamline the task order approval process to address this problem if Good Neighbor authority is extended.

According to several federal and state officials, a lack of detailed guidance in the early years of using Good Neighbor authority created confusion over the respective duties of federal and state project participants. In Colorado, federal and state officials issued general project guidelines as part of their Good Neighbor master agreement that addressed general operating procedures, but did not provide specific project-level direction—particularly concerning the use of timber sales in fuel reduction projects. As we have previously mentioned, more detailed guidance specifically addressing timber sales was issued in 2007, as a result of lessons learned from projects involving such sales and in recognition of the fact that sale procedures being used in some ranger districts differed from those used in others. These procedures are now being revised by the U.S. Forest Service and CSFS to address unresolved issues, such as how Good Neighbor timber sales should be reported in the U.S. Forest Service’s performance and financial tracking systems. The revised guidance—now in draft form—also includes additional timber accountability procedures. In Utah, U.S. Forest Service and state officials agreed on general project guidelines, but they have not issued more detailed guidance for project implementation, including instructions regarding timber sales. Although such instructions have not been needed to date because no timber sales have occurred under Good Neighbor authority in Utah, the area manager for the one state district where Good Neighbor projects have been conducted said that future projects may include timber sales. In addition, an area manager in another Utah district said that he had approached his U.S. Forest Service counterpart with a fuel reduction project proposal involving a timber sale. There is no official guidance that encompasses BLM’s Good Neighbor project responsibilities on BLM land in Colorado, in part because there have been few projects on BLM land.

The nature of Good Neighbor authorization and funding posed a challenge in some districts. Federal and state officials in Utah said that because Good Neighbor projects do not receive dedicated funding, money to conduct the projects instead comes from supplemental accounts, such as funding associated with the National Fire Plan. In the past, such funding has arrived several months or more after the beginning of the federal fiscal year. This shortens the project window for fuel reduction work, which can be especially problematic for projects involving pile burnings or prescribed fire because such projects must be completed outside of fire season, which can stretch from mid-May to mid-October in the Dixie National Forest. Other state officials agreed that the annual federal appropriations cycle—which included, for example, reauthorization of Good Neighbor authority in Utah for a period of just over 9 months in fiscal year 2008—makes long-term project planning more difficult, resulting in less Good Neighbor activity.

Officials in federal and state districts where Good Neighbor projects have not been undertaken had various reasons for not using the authority. Some foresters said they had not seen opportunities for projects that fit Good Neighbor’s criteria, while others lacked staff or other resources. One national forest supervisor in Utah saw several advantages to using the authority, but he wanted to ensure that his own staff was fully utilized before giving work to the state. Conversely, a senior official in Utah said that some state foresters see little benefit in adding projects that benefit the U.S. Forest Service to their workload, unless they are compensated by the U.S. Forest Service for their associated project administration duties.

Future Use of Good Neighbor Authority May Be Enhanced by Documentation of Experiences with the Authority to Date

Experiences with Good Neighbor authority in Colorado and Utah may provide insights for its potential expansion in those and other states. Specifically, federal, state, and other stakeholders identified several factors that affect Good Neighbor authority’s chances for success, including the structure, staffing levels, and workloads of state forest services and state purchasing staff, as well as the characteristics of those states’ federal lands. These stakeholders noted that while it is important to understand the successes and challenges of Good Neighbor authority’s use in Colorado and Utah when considering its expansion to other states, it is equally important to account for differences among states as well. One key difference is the structure and mission of state forest services: whereas these agencies in Colorado and Utah emphasize community forestry assistance, other states may have different priorities reflecting differences in their history, geography, or institutional framework. For example, the Idaho Department of Public Lands manages its state’s forest resources to

maximize the revenue from these resources and other state lands through activities such as timber harvesting, livestock grazing, and commercial building, according to a senior department official; the revenue generated from most of these trust lands supports the state's public schools. Though this official could see advantages to having Good Neighbor authority in Idaho, such as the ability to conduct uniform land management practices across broader areas, she said she would be wary of any activities that would divert her agency from its primary mission of managing the state's trust lands. A representative of an environmental group in Idaho told us that state forest management practices—such as the focus on timber harvesting—could lead to competing priorities if the state manages Good Neighbor projects on behalf of the federal government. To avoid this, he suggested that roles and responsibilities should be clearly defined at the outset for both federal and state participants if Good Neighbor authority is extended to Idaho. Moreover, a U.S. Forest Service official in Colorado who had previously worked for the relatively small forest service in a nearby state said that Good Neighbor's effectiveness in other states would depend on their capacity to implement the agreements and monitor the projects within their staffing resources and workload, and that he did not think state forest services with limited resources would be able to handle a Good Neighbor project workload comparable to Colorado's. There may also be differences in the federal and state forest services' relationship, the strength of which is a major determinant of Good Neighbor project success, according to numerous federal and state officials with whom we spoke in Colorado and Utah.

Another major difference among states is the value of timber on their lands. While fuel reduction projects undertaken thus far under Good Neighbor authority have generally harvested low-value trees in a depressed timber market, project sites in other areas of Colorado and Utah, or in other states, may contain more valuable timber. Fuel reduction projects carried out under Good Neighbor authority in those areas, especially those involving timber sales, would likely attract more federal timber sale oversight, and might likewise attract additional scrutiny from environmental stakeholders concerned that projects were being undertaken for their timber value, rather than for ecological necessity. For example, representatives of one environmental group in Colorado told us they did not have concerns about Good Neighbor projects conducted to date, but stated that this is in part due to the low timber value in the state—saying “there's little worry here because there's so little [timber value] at stake.” These representatives noted that their level of scrutiny would likely be much higher if Good Neighbor projects were conducted in timber-rich areas.

Differences in the authorizing legislation for Colorado and Utah have led to differences in the types of projects conducted under Good Neighbor authority, which could lead to divergent outcomes if the authority is extended to other states. According to their Good Neighbor authorizing legislation, the U.S. Forest Service and BLM in Colorado may permit CSFS to perform watershed restoration activities on federal lands when the agency is carrying out similar and complementary activities on adjacent state or private lands. This has generally resulted in fuel reduction projects that take place near state or private boundaries, where nonfederal fuel reduction efforts had already occurred or were under way. In Utah, however, the authorization requires neither that the projects be part of a broader effort nor that they be adjacent to nonfederal lands. In practice, this less restrictive standard has led to a wider array of projects in Utah, such as the culvert replacement, barrier rock installation, and trail reconstruction undertaken in the Dixie National Forest.

Moreover, to ensure the support of the public and environmental groups in Colorado, Utah, or other states, several stakeholders suggested that projects be undertaken only in the wildland-urban interface, where the potential public benefit is the greatest, rather than in more remote reaches of U.S. Forest Service and BLM lands. Also, according to federal and state officials as well as representatives of environmental groups, environmental stakeholders should be kept informed during Good Neighbor project design, and should be encouraged to participate during the NEPA process. Officials in Colorado and Utah told us they have done so on Good Neighbor projects to date, and they believe that this practice has been responsible for the general lack of opposition to Good Neighbor projects from members of the environmental community.

Differences among states in the structure of their forest services, the value of their timber, and the potential content of their authorities, as well as the successes and challenges encountered in using Good Neighbor authority in Colorado and Utah, would be worth considering for agency officials contemplating future use of the authority—whether in Colorado, Utah, or other states. Although CSFS has prepared periodic summaries of Good Neighbor operations in Colorado, future users of the authority would benefit from a more systematic and comprehensive documentation of agencies' experiences in conducting projects under Good Neighbor authority. While the agencies are not required to develop such documentation as part of their use of Good Neighbor authority, doing so could benefit future users—by, for example, providing them with an analysis of cost savings or other efficiencies and benefits that have been achieved through Good Neighbor's use, and discussing the types of

projects in which the authority has been most successful. In addition, as they have done for stewardship contracting,²⁴ the agencies could disseminate this information through agency Web sites and handbooks and incorporate it into existing training to ensure that future users have access to the information. Without such information, agency officials will need to independently assess which projects would best be conducted using the authority, and the extent to which individual projects might reduce costs or lead to other efficiencies and benefits. With the aid of this information, federal and state officials in Colorado and Utah, and potentially in other states, could consider adopting those procedures that have worked well and avoid the early pitfalls experienced in applications of Good Neighbor authority.

Conclusions

Given the state of our nation's forests, and in light of our nation's long-term fiscal constraints, land management agencies are seeking to enhance their effectiveness in improving forest conditions and helping prevent severe wildland fires. Good Neighbor authority can help this effort by allowing federal and state agencies to work more closely together to treat lands across ownership boundaries. The agencies have differed on how best to apply the authority, however, as evidenced by the variation in its use to date. In Colorado, Good Neighbor authority has been used by federal and state partners to work across multiple ownerships to increase the effectiveness of fuel reduction efforts, while projects in Utah have focused on watershed health and rehabilitation of burned areas on U.S. Forest Service land. These variations arise in part because of differences in the laws authorizing these states' activities, and in part because of differences in how state and federal agencies collaborate on Good Neighbor projects—highlighting an important issue as projects proceed in Colorado and Utah, and as Congress and the agencies consider expanding the use of Good Neighbor authority. That is, the type of projects conducted under the authority, and the extent to which those projects enhance the effectiveness of agency land management efforts, depend on many state-specific factors, including the scope of the Good Neighbor authority under which the state operates, the laws governing the state's contracting activities, and the characteristics of federal land targeted for treatment, particularly the value of any timber. Without procedures that ensure timber accountability in all states, however, and without understanding and benefiting from the lessons learned from past use of

²⁴[GAO-09-23](#).

the authority, including the state-specific factors that influence the success of Good Neighbor projects, the agencies may fail to capitalize fully on the potential of Good Neighbor authority.

Recommendations for Executive Action

We are making two recommendations to enhance the agencies' use of Good Neighbor authority in Colorado and Utah as well as in states in which Good Neighbor projects may be authorized in the future.

First, if U.S. Forest Service officials in Utah or BLM officials in Colorado decide to conduct timber sales under Good Neighbor authority, or if timber sales are pursued under expanded Good Neighbor authority in additional states, we recommend that the Secretaries of Agriculture and the Interior direct the agencies to first develop written procedures for Good Neighbor timber sales in collaboration with each state to better ensure accountability for federal timber. In doing so, the agencies may want to consult the U.S. Forest Service's Good Neighbor timber sale procedures for Colorado.

Second, we recommend that the Secretaries of Agriculture and the Interior direct the U.S. Forest Service and BLM, in collaboration with their state Good Neighbor partners, to document how prior experiences with Good Neighbor projects offer ways to enhance the use of the authority in the future and make such information available to current and prospective users of the authority. Specifically, the U.S. Forest Service should collaborate with Colorado and Utah, and BLM should collaborate with Colorado, to document information such as (1) the types of projects that have proven to be successful uses of the authority; (2) how differences in the authority's scope within each state have affected project selection; (3) how project planning and implementation responsibilities have been divided among federal and state project partners; and (4) the costs and benefits associated with using Good Neighbor authority to conduct projects, including any project efficiencies and cost savings that have resulted from the authority's use. In addition, to ensure that this information is available to current and future users of the authority, the agencies should develop a strategic approach for disseminating it—for example, through agency Web sites, handbooks, training, or other means.

Agency Comments and Our Evaluation

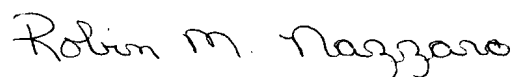
We provided the U.S. Department of Agriculture's Forest Service, the Department of the Interior, CSFS, and UDFFSL with a draft of this report for review and comment. All four agencies generally agreed with the findings and recommendations in the report. The U.S. Forest Service

noted, however, that it will address our recommendation about documenting experiences with Good Neighbor projects by providing our report to current and prospective users of the authority. While we are pleased that the U.S. Forest Service believes our report accurately documents lessons learned to date, we believe the agency will need to provide additional details if future users are to fully benefit from this information. For example, while our report includes a general description of the primary reasons for choosing Good Neighbor authority to conduct certain projects, it does not include a detailed discussion of the potential costs and benefits associated with this decision, which may prove beneficial to managers as they assess the applicability of the authority to future projects. The U.S. Forest Service's written comments, along with our response, are presented in appendix II, Interior's written comments are presented in appendix III, CSFS's written comments are presented in appendix IV, and UDFFS's written comments are presented in appendix V.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to interested congressional committees, the Secretary of Agriculture, the Secretary of the Interior, the Chief of the Forest Service, the Director of the Bureau of Land Management, and other interested parties. The report also will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any 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. GAO staff who made major contributions to this report are listed in appendix VI.

Sincerely yours,



Robin M. Nazzaro
Director, Natural Resources and Environment

Appendix I: Objectives, Scope, and Methodology

Our objectives were to determine (1) the activities conducted under Good Neighbor authority, including the number, type, and scope of projects undertaken; (2) the federal and state guidance, procedures, and controls being used to conduct Good Neighbor projects, including contracting requirements and timber sale procedures; and (3) the successes, challenges, or lessons learned, if any, that have resulted from the use of Good Neighbor authority. Our review of Good Neighbor authority included obtaining documentation and holding meetings and discussions with the U.S. Department of Agriculture's Forest Service and the Bureau of Land Management (BLM), the two agencies that have implemented Good Neighbor authority; the Colorado State Forest Service (CSFS) and the Utah Division of Forestry, Fire and State Lands (UDFFSL), the two state agencies that have conducted Good Neighbor projects; and Colorado State University (CSU) and the Utah Division of Purchasing, the agencies in each of these states generally responsible for administering service contracts for each state's forest service.

To determine the activities conducted under Good Neighbor authority in Colorado and Utah, we interviewed U.S. Forest Service, BLM, CSFS, and UDFFSL officials on their overall management of Good Neighbor projects, including how projects are chosen, the coordination involved between federal and state agencies, and the type and scope of projects that are undertaken. We also reviewed and analyzed specific data on Good Neighbor projects conducted through fiscal year 2008 that were provided by these officials, including the specific project objectives, location, start and completion dates, acreage involved, the federal cost share of the project, and the type of contract used in conducting the project—service or timber sale—as well as the amount and value of any timber removed from federal land. We also visited several completed or ongoing Good Neighbor project sites located on both U.S. Forest Service land and BLM land, including six sites in Colorado and four in Utah, to obtain an understanding of the type of work performed and type of equipment required to conduct projects. During our site visits, we also reviewed selected Good Neighbor projects' contracting and financial files to obtain information on the planning, contracting, and monitoring processes each agency uses on Good Neighbor projects. We also obtained, through telephone interviews and e-mail, additional project information from U.S. Forest Service and state districts that we did not visit. We assessed the reliability of the project data we obtained by comparing a random sample of data provided to us by agency and state officials with similar information we had obtained directly from project files. We further assessed the reliability of timber sales data we obtained from the U.S. Forest Service's timber sale accounting system by conducting telephone

interviews with a U.S. Forest Service official responsible for entering data into the system, maintaining these data, and preparing reports using system data. In addition, GAO has previously assessed the reliability of data maintained in this system.¹ To ensure that GAO's previous assessment was still accurate, we confirmed with the U.S. Forest Service that the information previously obtained on the reliability of the system remained relevant. As a result, we believe that the data we obtained from this system were sufficiently reliable for our purposes in conducting this review.

To determine the federal and state guidance, procedures, and controls used to conduct projects under Good Neighbor authority, including state contracting requirements and timber sale procedures, we obtained documentation on Colorado's and Utah's procurement and contracting processes for acquiring services from vendors, including the requirements of each state concerning three fundamental principles of government contracting—transparency, competition, and oversight. Specifically, we chose several of the states' procurement rules related to these three areas to examine, and we interviewed procurement and contracting officials with CSU and the Utah Division of Purchasing to obtain additional information on how the states put these rules into practice when conducting Good Neighbor projects. We also compared these selected state procurement and contracting requirements with those in the *Federal Acquisition Regulation*, and with U.S. Forest Service and BLM procurement guidance, to identify similarities and differences. To identify the timber sale procedures being used in Good Neighbor projects, we interviewed U.S. Forest Service, BLM, CSFS, and UDFPSL officials to determine whether Good Neighbor timber sale operating procedures had been established and their composition. We reviewed joint guidance prepared by the U.S. Forest Service and CSFS on conducting Good Neighbor projects to determine the type and extent of requirements incorporated. We also compared federal and state timber sale contracts and interviewed timber sale officials with the U.S. Forest Service in Colorado to obtain their opinions on differences between the two types of contracts, as well as any resulting effects on federal timber sale accountability.

¹GAO, *Federal Timber Sales: Forest Service Could Improve Efficiency of Field-Level Timber Sales Management by Maintaining More Detailed Data*, GAO-07-764 (Washington, D.C.: June 27, 2007).

Finally, to identify successes, challenges, and lessons learned that the federal and state agencies experienced using Good Neighbor authority, we interviewed U.S. Forest Service, BLM, CSFS, and UDFFSL officials who had participated in Good Neighbor projects to obtain their views on the successes and challenges associated with the authority, including the factors they believe contributed to these successes and challenges and the measures they believe could be taken in the future to overcome these challenges. For example, we interviewed officials from five U.S. Forest Service ranger districts as well as officials from five CSFS district offices who had participated in Good Neighbor projects. We also obtained opinions about Good Neighbor authority from several state officials who had not participated in Good Neighbor projects, as well as their reasons for not participating. To obtain information on the potential uses of Good Neighbor authority in other states, we asked federal and state officials familiar with Good Neighbor authority, as well as representatives from the National Association of State Foresters, to identify states they believed would be the best candidates for us to interview regarding potential use of the authority. From the states that they recommended, we selected Idaho, Oregon, and Wyoming. We then interviewed officials in those states to discuss their opinions on whether Good Neighbor authority would be successful in their states, the factors for success, and any concerns that they believed would need to be addressed. We also spoke with other interested parties, including representatives of six environmental groups—based in Colorado, Utah, and other western states—and two industry groups—one based in Washington, D.C., and the other based in South Dakota—to get their opinions on how well Good Neighbor authority was being implemented in Colorado and Utah, and the factors that would be important for success if Congress were to expand the authority to other states.

We conducted this performance audit from June 2008 through February 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.

Appendix II: Comments from the U.S. Department of Agriculture's Forest Service

Note: GAO comment supplementing those in the report text appears at the end of this appendix.



United States
Department of
Agriculture

Forest
Service

Washington
Office

1400 Independence Avenue, SW
Washington, DC 20250

File Code: 2520/6320/2400

Date:

FEB 13 2009

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

Dear Ms. Nazzaro:

Thank you for the opportunity to review and comment on the draft Government Accountability Office report GAO-09-277, "Federal Land Management: Additional Documentation of Agency Experiences with Good Neighbor Authority Could Enhance Its Future Use". The Forest Service generally agrees with the GAO findings.

Under the first recommendation, written policy for federal timber accountability will be developed in collaboration with each state. Regarding the second recommendation, the draft GAO audit report does a good job of documenting the information gathered in the audit of the two states currently having Good Neighbor Authority. We will provide the report to these current users and also to prospective user states prior to their receiving and implementing the authority.

If you have any questions, please contact Sandy T. Coleman, Assistant Director for GAO/OIG Audit Liaison Staff, at 703-605-4699.

Sincerely,

A handwritten signature in black ink, appearing to read "Abigail R. Kimbell".

for ABIGAIL R. KIMBELL
Chief

cc: Tom Peterson, Ronald Hooper, Anne Zimmermann, Sandy T Coleman

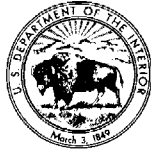
See comment 1.

Following is GAO's comment on the U.S. Department of Agriculture's Forest Service letter dated February 13, 2009.

GAO Comment

1. The U.S. Forest Service noted in its comments that it will address our recommendation about documenting experiences with Good Neighbor projects by providing our report to current and prospective users of the authority. While we are pleased that the U.S. Forest Service believes our report accurately documents lessons learned to date, we believe the agency will need to provide additional details if future users are to fully benefit from this information. For example, while our report includes a general description of the primary reasons for choosing Good Neighbor authority to conduct certain projects, it does not include a detailed discussion of the potential costs and benefits associated with this decision, which may prove beneficial to managers as they assess the applicability of the authority to future projects. As a result, we continue to believe it will be important for the U.S. Forest Service to systematically collect and document information on its experiences using Good Neighbor authority, and that this information should go beyond that contained in our report.

Appendix III: Comments from the Department of the Interior



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

FEB 17 2009

Ms. Robin M. Nazzaro
Director, Natural Resources and Environment
U.S. 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: Additional Documentation of Agency Experiences with Good Neighbor Authority Could Enhance Its Future Use*," (GAO-09-277).

The Department of the Interior concurs with the recommendations for executive action and generally agrees with the interpretation of the Bureau of Land Management's use of the Good Neighbor authority and its efforts to mitigate the impact of wildland fires and restore forest ecosystem health. Although the BLM does not have specific Good Neighbor guidance in place, written procedures exist with interagency and assistance agreements; service contracts; and permitting and sale of forests products, which all provide guidance on partnerships with private and state entities and Good Neighbor projects. We are also aware that Good Neighbor projects currently are focused in the Wildland Urban Interface (WUI) areas, however, we believe that projects outside of the WUI should continue to be implemented. Imposing area-specific limitations conflicts with the intent of the Good Neighbor Authority and will further impede the efficiency of operations in conducting landscape-level projects between federal, state, and private landowners.

We hope these general comments will provide clarity and further support the statements received from various BLM officials, and will be considered when preparing the final report. If you have any questions, please contact Scott Lieurance, Chief, Division of Forests and Woodlands, at (202) 452-0316 or LaVanna Stevenson-Harris, BLM Audit Liaison Officer, at (202) 785-6580.

Sincerely,

Richard T. Cardinale
Chief of Staff
Land and Minerals Management

Appendix IV: Comments from the Colorado State Forest Service



Colorado State University
Fort Collins, Colorado 80523-5060
(970) 491-6303
FAX: (970) 491-7736

February 4, 2009

Ms. Robin Nazzaro
Director, Natural Resources and Environment
United States Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Ms. Nazzaro,

On behalf of the Colorado State Forest Service and Colorado State University, I want to sincerely thank you for the opportunity to participate in and review the findings of the audit of the use of Good Neighbor Authorities in Colorado. We concur with both the findings of the audit and the recommendations. We will take immediate steps to incorporate these recommendations into our operating procedures for application in future Good Neighbor projects.

Good Neighbor Authorities are a valuable tool for achieving cross-boundary implementation of wildfire hazard mitigation, forest health and other necessary treatments and projects. As you are aware, these authorities expire September 30, 2009. We encourage the US Forest Service, Bureau of Land Management, and Congress to make these authorities permanent. As they do this, we sincerely hope that as much freedom and flexibility as possible can be retained in the use of these authorities.

While we in Colorado will continue to use these authorities primarily where similar treatments are occurring or planned on adjacent non-federal lands, it would be valuable to have the opportunity to utilize the authorities on areas distant from non-federal lands, as is now possible in Utah.

Sincerely,

A handwritten signature in black ink, appearing to read "JJahnke".

Jeff Jahnke
State Forester/Director
Colorado State Forest Service

cc: Sen. Michael Bennet, Colorado
Sen. Jeff Bingaman, New Mexico
Sen. Mark Udall, Colorado
Rep. Mike Coffman, Colorado
Rep. Diana DeGette, Colorado
Rep. Doug Lamborn, Colorado
Rep. Betsy Markey, Colorado
Rep. Ed Perlmutter, Colorado
Rep. Jared Polis, Colorado
Rep. John Salazar, Colorado

Appendix V: Comments from the Utah Division of Forestry, Fire and State Lands



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Forestry, Fire and State Lands

RICHARD J. BUEHLER
State Forester/Division Director

February 10, 2009

Ms. Robin Nazzaro
Director, Natural Resources and Environment
U.S. Government Accountability Office
441 G St., N.W.
Washington, D.C. 20548

Dear Ms. Nazzaro:

Thank you for the opportunity to comment on FEDERAL LAND MANAGEMENT Additional Documentation of Agency Experiences with Good Neighbor Authority Could Enhance Its Future Use (GAO-09-277).

Overall, we feel that both the document and (especially) the professionalism shown by your staff were outstanding. We agree with the GAO's findings. The document is also very informative, organizing various background, historical, and other information into one concise and well written reference.

The Good Neighbor Authority is very important to us, and we hope that it not only continues, but expands in scope and allows us to participate in more challenging and interesting projects. We would also support expanding the participation to other federal agencies such as the Bureau of Land Management (BLM). Some of the problems the document reveals (such as timber sale contracts in Colorado) serve as important cautions as we work to expand the scope of projects here in Utah.

Our only significant concern is the recommendation for additional documentation of procedures, successes, and other administrative tasks. Whether these tasks fall to federal or state agencies (or both), this represents additional administrative burden at a time when other cooperative programs are also increasing these requirements. We understand the need to ensure that public funds are being spent legally and efficiently, but please recognize that additional administrative tasks reduce the amount of actual project work that gets done on the ground.

Thank you once again for allowing us to participate in a very important and informative process.

Sincerely,

Geoffrey McNaughton, Ph.D.
Forestry Programs Administrator

1594 West North Temple, Suite 3520, PO Box 145703, Salt Lake City, UT 84114-5703
telephone (801) 538-5555 • facsimile (801) 533-4111 • TTY (801) 538-7458 • www.fsl.utah.gov



Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

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

Staff Acknowledgments

In addition to the individual named above, Steve Gaty, Assistant Director; David Brown; and Greg Carroll made key contributions to this report. Cindy Gilbert, Rich Johnson, Alison O'Neill, Jena Sinkfield, and Bill Woods also made important contributions to this report.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548