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April 28, 2011

DECISION MEMORANDUM

TO: Council members

FROM: Terry Morlan
IEAB Coordinator

SUBJECT: Independent Economic Analysis Board (IEAB) Task 181

PROPOSED ACTION: Staff recommends Council approval of IEAB Task 181 on Fish and Wildlife Program Cost Effectiveness

SIGNIFICANCE: The Council is required to consider the cost-effectiveness of fish and wildlife projects in its program, and it is in the interest of both power and fish and wildlife interests to make the fish and wildlife program as cost-effective as possible.

BUDGETARY/ECONOMIC IMPACTS

The estimated cost of this task is \$7,300. The funds are available in the IEAB's budget for FY 2011. The Council must approve IEAB tasks that total over \$5,000 in cost. Some Council staff time will be required to coordinate the analysis and review the results.

BACKGROUND

The IEAB was created by the Council in 1997 to help improve the cost-effectiveness of the fish and wildlife program. Through its various tasks and following developments in the fish and wildlife program, the IEAB has developed an understanding of how the cost-effectiveness of the program has changed gradually over time. These changes have been subtle and the progress may not have been generally well understood in the region.

ANALYSIS

Improvements in the development, implementation, and management of the fish and wildlife program have gradually improved the cost-effectiveness of the program over the history of the Council. The purpose of Task 181 partly is to provide a retrospective on changes to the management of the Fish and Wildlife Program over the last 15 years that can be assumed to have improved the cost-effectiveness of the program. This task would review the changes made and how they have contributed to the program's improving cost effectiveness.

Most of the past improvements in the program and its implementation have been focused on individual projects, and certainly improvements in individual projects also improve the overall program. However, recently changes are being proposed and implemented that are focused on broader program decisions. These include subbasin planning, developing more refined program objectives, doing categorical reviews, and efforts to prioritize projects. The IEAB will examine these new approaches and suggest how they might be enhanced to further improve the cost-effectiveness of the program.

ALTERNATIVES

Staff recommends approval of this task. It will document the efforts over time to improve the cost-effectiveness of the fish and wildlife program. There has been significant improvement, but it is not well recognized in the region.

Alternatively, the Council may chose not to approve this task reserving IEAB funds for other studies the Council may recommend. However, there are currently no urgent analyses that have been identified for the IEAB to undertake.

ATTACHMENTS

Task Order 181

TABLES, GRAPHS, CHARTS, FIGURES, OTHER GRAPHICS

None

Independent Economic Analysis Board

Task 181

Improving the Cost-Effectiveness of the Fish and Wildlife Program

BACKGROUND

The Northwest Power and Conservation Council (Council) is charged by the Northwest Power Act to develop a fish and wildlife program (FWP) for the Columbia River Basin that achieves its biological objectives in a cost-effective manner.

The IEAB has been involved in efforts to improve the cost-effectiveness of the Fish and Wildlife Program for nearly 15 years. During that time, several steps have been taken to improve the cost-effectiveness of fish and wildlife projects, but generally these steps have not consisted of formal assessment of cost-effectiveness by measuring explicit objectives relative to the money spent. There are few situations where the biological effects of fish and wildlife projects can be measured with any degree of certainty.

Even though direct measurement of this progress is difficult, the IEAB believes that a number of initiatives have caused fish and wildlife projects to become more cost-effective over time. Important contributors include independent science review, improved project proposal forms, better project management, and the development of project cost data bases. Most of these efforts have focused on individual projects with some coordination within subbasins. Although program-level issues have been identified through the categorical reviews, there has been little progress in regional prioritization of projects to achieve overall program objectives and use available funds more effectively. The next step in improving the cost-effectiveness of the Council's Fish and Wildlife Program as a whole would be explicit comparisons among projects to eliminate duplication, improve coordination, share resources, better understand how multiple projects contribute to key program objectives and assign priorities based on program effects and costs.

The Council has begun to address cost-effectiveness issues through subbasin plans, better definition of program objectives, and categorical reviews of projects addressing similar objectives. The Council's interest in expanded analysis of the program was illustrated in a July 15 letter from Council Chair Bruce Measure to ISRP Chair Eric Loudenslager. It provided a set of eleven questions to guide the 2010 categorical review. The questions represent key fish and wildlife policies and address a range of issues including the appropriateness of project scale, consistency with program priorities, proportionality with biological risk, utility and availability of data and project results, and contribution to monitoring.

STATEMENT OF WORK

The IEAB will describe initiatives that have fostered improvements in cost-effectiveness of the fish and wildlife program over the past 15 years. In addition, recent changes that hold promise for moving beyond individual project improvements toward broader program cost-effectiveness will be identified. The review will build on the IEAB preliminary review of the MERR and the categorical review of RM&E projects.

The intent of this task is to suggest how new approaches can be implemented to improve the cost-effectiveness of the overall program. The IEAB will collaborate with the ISRP to enhance the consideration of cost-effectiveness in project and program reviews. This task has five objectives:

- Document the relationship between science-based initiatives and cost-effectiveness;
- Provide support for the general direction and the development of prioritization schemes within the context of the gradual progress toward a more cost-effective FWP;
- Identify opportunities to improve overall cost-effectiveness of the program;
- Suggest uses and improvements in program-wide data to help achieve the objectives embodied in the MERR and categorical reviews;
- Implement a collaborative process with the ISRP to help answer programmatic scale questions like those in Chair Measure's letter, and to develop and implement recommendations for improved project comparison, coordination and prioritization to enhance FWP cost-effectiveness.

DELIVERABLES

The IEAB will produce a written report that includes two areas of focus. The first would be a description of the changes that have contributed to improving the cost-effectiveness of individual fish and wildlife projects over the past 15 or so years. This will increase public and Council recognition of the progress over time.

The second part of the report will describe the potential for more comprehensive approaches to FWP decisions, as reflected in the MERR and comprehensive reviews, that could further improve the cost-effectiveness of the program. This part of the report will include recommendations for implementing these approaches that will help realize the potential benefits of more comprehensive program assessments. It will also recommend improvements to project proposals and reporting that would help improve project and FWP cost-effectiveness. The IEAB will present the results of this task to the Council at a regularly scheduled Council meeting.

LEVEL OF EFFORT

Estimated Level of Effort and Cost:

70 hours of IEAB time @ \$90/hour	\$6,300
Travel costs	\$1,000
Total Task Cost	<u>\$7,300</u>

COUNCIL APPROVAL OF TASK

By: _____
Bruce Measure, Council Chair

Date: _____