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April 28, 2010

MEMORANDUM

TO: Council Members

FROM: Terry Morlan

SUBJECT: IEAB Moving Forward

The Council approved a new charter for the IEAB (Independent Economic Analysis Board) at its April meeting in Boise. This memorandum discusses how we propose that the IEAB move forward from here. Some of the actions are included in the revised charter and others arose from Council discussion and IEAB suggestions. Key elements of IEAB operation in the future include; a broader scope of potential IEAB tasks, increased coordination with independent physical/biological scientists, and better connection to the Council and issues that are important to the Council.

IEAB Operation

All IEAB activities are defined by tasks that are approved by the Council. In the past IEAB tasks for meetings and small projects costing less than \$5,000 have been approved by the staff coordinator. Larger tasks have been presented for approval during regular Council meetings as a Council business item. This has been an efficient means of operation, but the objective of greater Council involvement with and guidance to the IEAB suggests that small non-meeting tasks need to be shared with Council members on a regular basis. I propose that tasks budgeted at less than \$5,000 still could be approved by the staff coordinator(s), but that the Council be alerted via email of the proposed task before it is assigned.

Tasks will be defined by the Staff Coordinator(s) in conjunction with the Council and the IEAB. Key issues to be addressed, scope of work, sources of outside expertise (including members of the independent science boards), deliverables, and budget will identified in the task order. Draft task reports will be reviewed by key Council staff and the staff coordinator(s).

The IEAB has recently held more of its meetings by conference call. These meetings are shorter and involve less travel, thereby stretching the IEAB's limited budget. That is, the IEAB has become more cost-effective itself (practice what you preach). This has worked well so far and the IEAB proposes to hold in-person meeting only once a quarter, rather than every month.

Membership

The procedure for appointing IEAB members is specified in the charter. Every two years four of the IEAB member's terms expire. The terms of four IEAB members expired in 2008. However, due to ongoing discussions about the future role of the IEAB no new members were appointed. One of the four members whose terms expired resigned, but the other three have continued to serve in the interim. The charter also had not been renewed until last week.

Now that the new charter has been approved and the role of the IEAB has been clarified we need to solicit replacements for the four members whose terms had expired. We will be posting an invitation to apply for IEAB membership along with a statement of qualifications. Drafts of these are attached. In addition, we will reach out directly to any known individuals with the desired competencies. Screening and ranking of the applicants will follow the process described in the charter. The Council will solicit public comment on the recommended members and make the final decision.

Coordination with the ISAB and ISRP

In the past, the IEAB has performed joint analyses with the other science boards and solicited the help of volunteers from those boards for selected IEAB tasks. The quagga/zebra mussel economics task is a good example of cooperation in which two members of the ISAB volunteered to act as liaisons and to assist the IEAB in its task. In the future, a more formal and robust interaction between the IEAB and the scientific advisory boards is desirable. The form of that interaction can vary as appropriate depending on the task. Although this interaction can take many forms, ISAB and ISRP members' assignments are full group assignments with recommendations and comments reached by consensus. Consequently, if an IEAB task involves significant biological or physical scientific considerations, a joint IEAB and ISAB/ISRP review should be considered. In addition, ongoing cooperation among the independent boards would be facilitated by an annual joint meeting to discuss issues facing the boards and possible ways to work together to enhance the products of all of the boards.

In addition, the IEAB would seek briefings from and the help of other scientists to supplement IEAB expertise. This approach was also used in the quagga/zebra mussel economics task where two outside experts on mussels helped the IEAB assess the key factors that might affect the risk of mussel infestation in different parts of the basin.

Coordination with the Council

Council members and the IEAB have both expressed the need for better interaction between the Council and the IEAB. Weak interaction in the past has resulted in significant isolation from the Council and its interests. Improving this interaction will take several forms and significant progress has been made recently. One approach involves more involvement of the Fish and Wildlife Division in IEAB activities. Ultimately, it may be useful to have staff co-coordinators, one from the Power Division and one from Fish and Wildlife.

In addition to IEAB presentations to the Council on specific tasks, we propose an annual report of IEAB activities to the Council. Interactions will be further promoted by more attendance of the IEAB chair at Council meetings when relevant agenda items are scheduled. This can be

facilitated by scheduling IEAB meetings adjacent to Council meetings in Portland. In the past, some Council members have attended IEAB meetings. This practice also helps keep communication lines open between the Council and the IEAB.

Finally, the IEAB content on the Council's web site will be upgraded to post minutes from the IEAB meetings as well as reports and special topics. This will better inform both the Council and the public about IEAB activities and products.

Independent Economic Analysis Board Guidelines on Conflict of Interest

Modified from ISAB Terms of Reference August 20, 1996, amended December 2, 2002

For the Independent Economic Analysis Board (IEAB) to function effectively, it must maintain its status and credibility as a deliberative scientific board. Members must not only avoid activities that create a conflict of interest, but those activities that may represent a significant appearance of conflict of interest or otherwise impair the credibility or status of the board. In addition, members of the IEAB should not be perceived as having a bias in matters likely to be addressed by the board. Given the controversial nature of many of the questions and issues that the IEAB must deal with, questionable professional or personal activities could easily undermine the effectiveness of the individual members and ultimately the IEAB as a whole. The goal of establishing these conflict of interest and bias guidelines is to maintain the integrity of IEAB opinions.

“Bias” and “Conflict of Interest”

“Bias” relates to views stated or positions taken that are largely intellectually motivated or that arise from the close identification or association with a particular point of view or the positions or perspectives of a particular group. Such potential sources of bias are not necessarily disqualifying for purposes of IEAB service. Indeed, membership of the IEAB is intended to include individuals with a variety of interests, backgrounds and expertise. However, where bias impairs a member’s ability to view matters in a scientific manner and give fair consideration to new information it can jeopardize the member’s usefulness to the board.

“Conflict of interest” means any financial or other interest that conflicts with the service of the individual because it 1) impairs the individual’s objectivity or 2) could create an unfair competitive advantage for any person or organization. Conflict of interest requirements are objective and prophylactic. They are not an assessment of one's actual behavior or character, one's ability to act objectively despite the conflicting interest, or one's relative insensitivity to particular dollar amounts of specific assets because of one's personal wealth. Conflict of interest requirements are objective standards designed to eliminate certain specific, potentially compromising situations from arising, and thereby to protect the individual, the other members of the IEAB, and the public interest. The individual, the committee, and the IEAB should not be placed in a situation in which others could reasonably question, and perhaps discount or dismiss, the IEAB’s work simply because of the existence of conflicting interests.

Examples of Activities that Should Be Avoided

- 1) Members should avoid direct involvement in or public endorsement of projects or activities that will likely be subject to IEAB review such as those connected to the Fish and Wildlife Program of the Northwest Power Planning Council. Such involvement would create a conflict of interest that would preclude participation of that member in the review of a project or activity, and could lead to questions regarding the ability of the IEAB as a whole to judge the merits of the subject research objectively or to provide objective scientific advice.
- 2) Members should avoid financial relationships with organizations receiving substantial economic benefit from the programs and activities connected to the Fish and Wildlife Program of the Northwest Power Planning Council. Such a relationship could potentially create a conflict of interest, particularly if the IEAB is asked to review the scientific merits of a project being proposed or conducted by the employing organization.

3) Members, as individuals, should avoid taking public positions on issues related to the Fish and Wildlife Program of the Northwest Power Planning Council. Members should be especially conscientious in ensuring that their opinions as individuals are not perceived or construed to be those of the board or to result from board activities.

4) Members should to the extent practicable avoid identification as a major advocate for particular scientific, intellectual, or social causes that would give rise to the appearance of undue bias relative to matters likely to come before the board.

Procedures

1) The selection criteria for IEAB members are intended to screen out applicants that may have significant real or perceived conflicts or bias. The specific selection criterion used is, "Ability to provide credible advice and analysis that are objective and independent, and widely perceived to be so."

2) At the beginning of each two-year period following the renewal of the IEAB charter and appointment of four new members, each member of the IEAB will disclose his or her primary areas of activity and business associations. Any potential conflicts of interest or sources of bias will be proclaimed in a regularly scheduled meeting of the IEAB. It is not expected that any serious problems will be identified in this process because potential members are screened for obvious or apparent conflicts during the appointment process.

3) During the conduct of any IEAB analytical task, members will disclose any potential conflicts of interest or bias they may have with regard to the analysis proposed. If it is clear that an actual or perceived bias or conflict of interest exists for an IEAB member, there are alternative remedies available depending on the nature and extent of the problem.

- The member can recuse him or herself from all deliberations and decisions on matters arising in the course of the review for which that individual has a conflict of interest. The IEAB will include such notification in the minutes of the meeting following such notice and recusal.
- The member can disengage from the outside activity that creates the conflict of interest;
- The member can resign from the IEAB;

NOTICE

The Northwest Power Planning Council is seeking distinguished economists to serve on its Independent Economic Analysis Board

The Pacific Northwest Electric Power Planning and Conservation Council (the Council) established an Independent Economic Analysis Board (IEAB) in November 1996. The IEAB is a panel of eight economists whose expertise improves the cost-effectiveness of fish and wildlife recovery policies. The panel also provides economic advice and analysis of other fish, wildlife and energy issues at the Council's request. For more information on the IEAB see the Council's web site at <http://www.nwcouncil.org/fw/ieab/Default.htm>.

The Council is currently seeking applications to fill four openings on the IEAB. The new members will be appointed in September 2010. Economists on the IEAB serve a four-year term. Terms expire on a staggered basis such that four members' terms expire every two years.

Qualifications: IEAB members represent a variety of natural resource economics specialties, and are required to be independent and must meet the IEAB conflicts of interest guidelines (attached or linked). IEAB applicants must be well-qualified in areas of economic analysis relating to natural resources and fish and wildlife policies or the potential effects of those policies on other sectors of the economy. Some familiarity with Pacific Northwest salmon policy and energy issues is desirable, but not required. Most importantly, IEAB applicants must demonstrate the ability to provide credible advice and analysis that is objective and independent, and widely perceived to be so.

Remuneration and Time Commitment: The IEAB typically meets in Portland, Oregon, four times a year with monthly teleconference meeting in between. Much of the board's work is carried out by e-mail. Members are paid an hourly rate of \$90 for work on Council-approved tasks plus travel expenses, as necessary. The amount of time required beyond the IEAB meetings varies depending on the individual's area of expertise and time availability. A typical board member might devote 4 to 6 weeks a year to IEAB tasks including meeting time.

Selection Process: According to the IEAB Charter, applications will be screened and ranked by a nominating committee appointed by the board of the Pacific Northwest Regional Economic Conference. The nominating committee will submit its recommendations to the Council, which will make the final selection based on the committee's recommendations and public comment regarding qualifications and perceived independence.

Application: If you are interested in serving on the IEAB, or would like to nominate someone else, send a letter of application to the Council at the address below by July 31, 2006. The application should include a vita and a cover letter indicating what particular expertise you or your nominee would contribute to the IEAB, and why you or your nominee are interested in being on the board. References are not required, but are welcome.

Please send applications to:

Terry H. Morlan
Northwest Power Planning and Conservation Council
851 SW Sixth Ave., Suite 1100
Portland, OR 97204-1348

Email to tmorlan@nwcouncil.org
Phone: (503) 222-5161

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Independent Economic Analysis Board (IEAB) Job Description:

IEAB members will participate in an advisory capacity to the Northwest Power and Conservation Council on economic assessment of fish recovery actions and other issues within the Council's authority. The IEAB may review potentially applicable studies, be assigned new studies or questions to address, and recommend ways in which economic analysis could contribute to improved decision making in the Council's areas of responsibility.

IEAB members are available to perform specific research tasks as assigned by the Council. In addition, the IEAB meets about once per month either in person or by teleconference. Members are reimbursed for their time and travel expenses in accordance with Council policy. Key areas of economic expertise are natural resources, energy, cost-effectiveness analysis, and markets for environmental qualities.

IEAB meetings typically would be held for the following purposes:

- To develop consistent analytical guidelines and general approaches to be followed in all analysis;
- To scope Council analysis requests, advise the Council on the appropriate analytical approach to a request, and assign specific board members to accomplish the research tasks. The board may also recommend the use of contractors for specific tasks, or portions of tasks;
- To evaluate and provide peer review of analytical results;
- To refine draft written reports on IEAB analysis tasks.

The Council will make specific requests of the IEAB to answer questions, review studies, perform analyses, or accomplish other tasks. Examples of the IEAB analyses and reports can be found on the Council's website at <http://www.nwcouncil.org/fw/ieab/Default.htm>

Selection Criteria for IEAB Members:

1. Qualifications and experience in areas of economic analysis relating to natural resources, fish and wildlife policies, energy, and the potential effects of policies on other sectors of the economy;
2. Ability to provide credible advice and analysis that is objective and independent, and widely perceived to be so;
3. Familiarity with Pacific Northwest salmon policy issues;
4. Contribution to a diversity of relevant expertise on the IEAB.