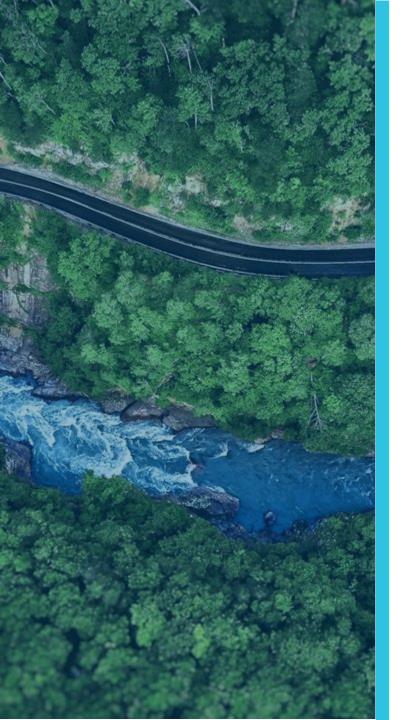


Outcomes-Based Financing for Outdoor Recreation

Provincial Summit | October 2023





Quantified Ventures works with pioneering organizations to design, capitalize, and scale investible solutions that improve the wellbeing of people and planet.





About Quantified Ventures



Our team works across the country on environmental and social challenges.



Our Role

- Impact Assessment
- Build Local Capacity
- Strategy and Planning
- Support Decision-making
- Secured Funding & Financing



Environment and Resilience

- Climate change mitigation & adaptation
- Transition to a resilient economy
- Developing sustainable infrastructure



Health and Human Services

- Food security
- Healthy aging
- Mental health & substance abuse
- Environment & health
- Economic resilience
- Housing & homelessness

We work with innovators, risk takers, pragmatists, and optimists



Governments



















Environmental Organizations













Heath & Human Services



















Foundations















Corporate Partners













Design innovative and scalable solutions for people and planet



Environmental Impact Bond



Recovery Health Outcomes Fund

- Structured in Washington, D.C. the first-ever EIB
- Provides financing for urban green infrastructure
- Delivers social & environmental outcomes
 - Launched subsidiary: ReHarvest Partners
- Pays farmers to implement conservation ag best mgmt. practices
- Stacks carbon and water quality outcomes
- Developed innovative family-focused fund structure
- Provides improved recovery health outcomes and lowers costs
- Sustainably scales capacity to provide SDOH & health-related social services

There is need for more & new sources of capital for solutions



The challenges are complex: Most challenges involve multiple stakeholders. Both public and private sectors need bold solutions to solve big and complex health, social, and environment challenges.

But budgets are strained: Resources are finite and funding for services and infrastructure has been flat or declining. In the United States, there is a \$2.6 trillion gap between what we currently spend and what we need to spend during the next 10 years to keep our country's infrastructure in good repair.*

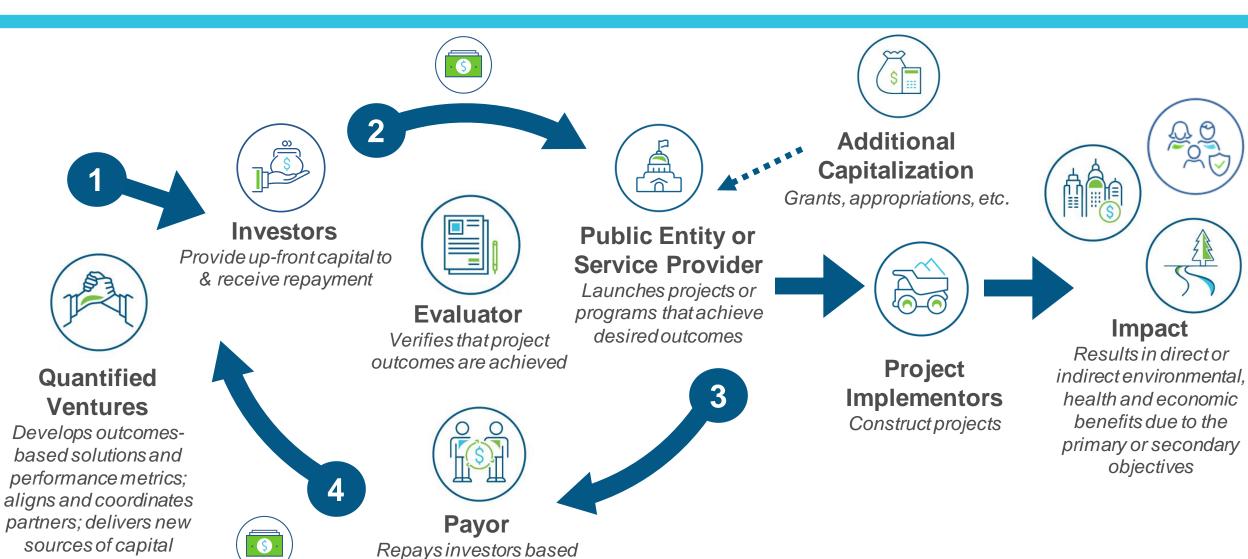
Investors are motivated: They are increasingly looking for opportunities to deploy capital to solutions that yield both financial and social returns. Impact capital is estimated at \$715 billion and growing worldwide.**

^{* 2021} Infrastructure Report Card, American Society of Civil Engineers

^{**} Global Impact Investing Network (GIIN)

What is outcomes-based financing?





About

on achievement of outcomes

Benefits of outcomes-based financing



Establish external accountability structures that foster commitment and support sustained partnerships

Measure and track outcomes through embedded performance evaluation



Benefits of outcomes-based financing

performance risk of innovative projects to investors

Transfer

Access new sources of investment capital

Engage
diverse & new
stakeholders
benefiting from
projects

Showcase partners and their projects, attracting internal and external support

The Quantified Ventures Playbook





- Quantify impacts, using existing reports and data
- Streamline the narrative to its core components
- Produce a technical memorandum and summary sheet



- Build on existing strengths and incorporate creative and innovative approaches
- Be vigilant and pivot quickly towards new opportunities

CONNECT to our network of capital providers and partners

- Find the partners that play the roles needed in a new strategy technical expertise, investment, grants, etc.
- Workshop capital strategy

SUPPORT your deal team and project team

- Build knowledge and capacity with typical service providers to incorporate innovative approaches
- Create documents that enable getting creative capital



Creating solutions for delivering outcomes





Cultivate **trusted partnerships** across sectors and involve agencies, investors, private and nonprofit institutions, philanthropies, and community groups that share our vision to be at the **forefront of creating healthy and vibrant communities.**



To make positive health, social, and environmental outcomes both **financeable AND profitable**, leverage the strengths of all sectors.



Build **robust**, **accountable**, **and sustained structures** that bring needed resources to solve stuck problems.



Barriers to developing outdoor recreation infrastructure



Public funding is limited and competitive



Land managers, local municipalities, and community organizations struggle to secure sufficient funding for their projects and compete for limited funds.

Pre-development process can be long and expensive



Master plans, community approval, and other regulatory requirements can take a long time to secure. And, it can be expensive to navigate.

Communities have limited capacity



Often, several community groups, federal and state agencies, tribal governments, and other partners are all involved, not everyone has the capacity, nor is there sufficient collaboration.

Construction costs are high



Rural settings cover large geographies, cross boundaries, and may have complex historical land uses to contend with.

Recreation infrastructure itself can be costly.

Technical Assistance

Flexible \$\$\$

Private Capital in Recreation Infrastructure Development



Private capital is a flexible source of upfront capital that is supplemental to public funding

Flexible and upfront capital can address many problems



Allow projects to focus their efforts more strategically, and enable investments in revenue generation



Meet matching requirements for private funds or addressing timing challenges with reimbursable grants



Overcome challenges with grant restrictions based on demographics and geography



Having commitments of co-investment increase competitiveness for public funds

To benefit from private capital, organizations first needs to:

- Structure that enables financing and authority to secure public funds
- ✓ Ability to capture project revenues to repay financing
- Capacity to manage fundraising, pre-development, planning, and permitting, construction, and operations

Producing multiple project & organizational outcomes



Project Outcomes for Outdoor Recreation



Sustainable Tourism



Service



Economic Development



Health Benefits



Conservation



Connectivity and Access



Climate Resilience



Stewardship



Improved Infrastructure

Organizational Outcomes

Stronger Governance

Capacity to capture revenues from projects and public funding sources

New Sources of Funding

Payors for project outcomes and sustainable project revenues

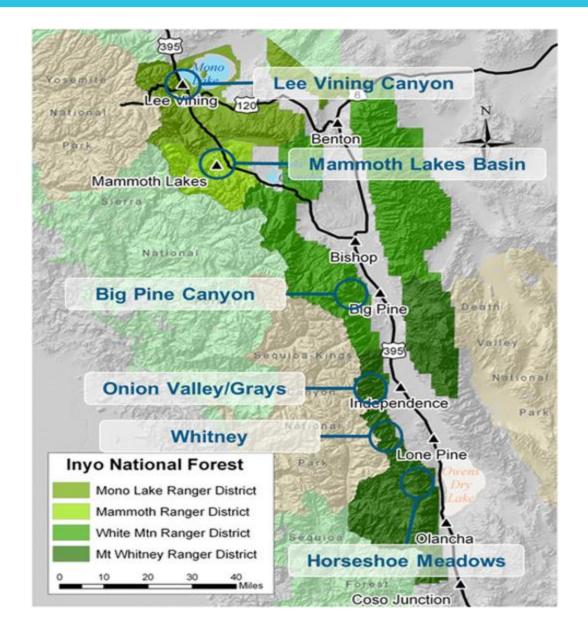
More Competitive

Leverage project revenues to unlock public funds

Inyo National Forest Project Overview



Our goal was to create a structure that can finance campground improvements and other projects that benefit the Eastern Sierra by drawing on the broader benefits those projects provide to other stakeholders.



Inyo NF Project Context



Scope of the Problem

- Existing infrastructure not designed for current demand
- Infrastructure not designed to meet the preferences of modern visitors
- Climate change impacts have inflicted damage to campgrounds
- Gateway communities suffer as a result

Project Activities

- Sites and access must be redesigned, enhanced, and expanded to meet current and projected demand
- Costs will range between \$19.9 million and \$36.2 million
- Design will need to mitigate climate change impacts
- Given range of stakeholders, approach needs to be jointly-funded, jointlymanaged, and replicable

Key Outcomes to Make Case for Investment



Economic Impacts

- Number of Campers
- Total Direct Spending
- Total Income Increase
- Jobs Supported
- Total Lifetime Value of Camper Spending
- Annual Taxes (Mono / Inyo / Mammoth Lakes / CA)

Social Impacts

- Increase campground capacity to manage expected future increases in visitation
- Create uniform demand at popular sites to mitigate strain on local communities (traffic, trash, etc.)

Environmental Impacts

- Reduced risk of wildfires
- Address problems with erosion and impacts on water quality
- Better manage precipitation and reduce runoff

Economic, Social, and Environmental benefits **provide justification** for private financing, public funding, and philanthropic giving

Mapping Key Local Actors / Payors



Towns

The towns of Bishop and Mammoth Lakes are key stakeholders who work closely with the counties and public land managers on regional issues.

Counties

The Eastern Sierra region is comprised of three counties (Mono, Inyo, Alpine) that have 35,000 total residents – but the area gets millions of visitors per year.

Tribes

As original stewards and residents of this region, Tribes should be part of any solution for it to be truly effective in the long term.

Public Land Managers

In addition to the Inyo NF, the National Park Service and Bureau of Land Management manage an enormous amount of the Eastern Sierra region.

Regional Utilities

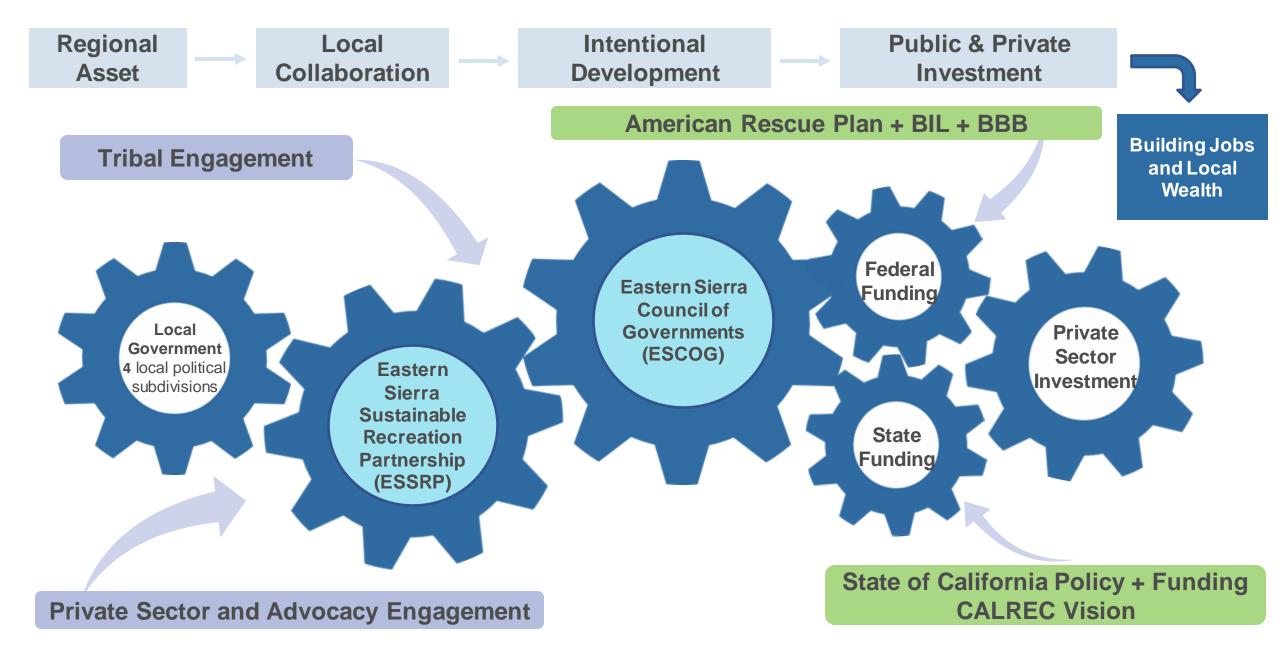
LADWP owns most of the private property in the region and has significant interest in the region as a watershed for Los Angeles' water supply.

Concessionaires

Campsites on the Inyo NF are managed through private concessionaire on a Special Use Permit. QV is working with Inyo NF to renegotiate the concessionaire permits.

Implementing this architecture can unlock public funding





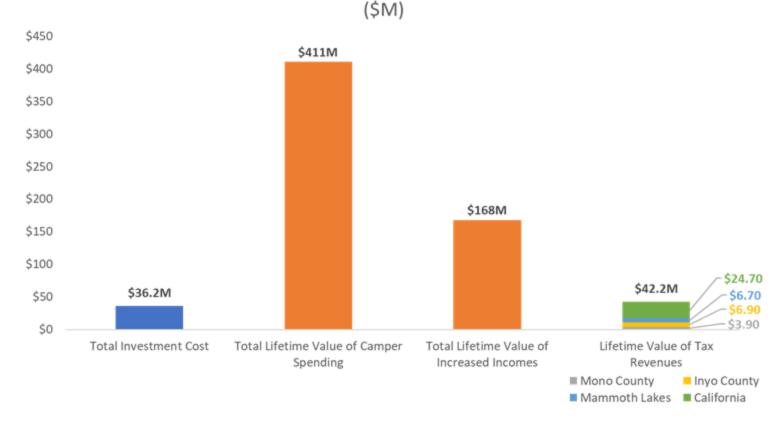
Importance of Target Campgrounds for Regional Economy



The Project Team evaluated the needs of each site and estimated the total costs for all projects to be between \$19.9 to \$36.2M

This is dwarfed by the lifetime value these campgrounds provide.

Comparing Value of Upfront Investment to Lifetime Value of Camper Spending, Lifetime Value of Increased Incomes, and Associated Tax Revenues





Developing Recreation Infrastructure in Ohio



Project Summary

- Provided much-needed up-front capital to construct new community recreation assets (88-mile bike trail system)
- Aggregated payors who benefit from the project to share in financing costs
- Based financing on economic development benefits from tourism to region

Outcomes

- Economic development (job opportunities + tax revenue)
- Health
- Connectivity
- Environmental restoration and conservation

Transaction Structure

- \$11 million multi-payor transaction to fund trail development and maintenance and enhance local infrastructure
- Currently identifying and helping secure sustainable revenue sources for long-term operations and maintenance

Sustainable Recreation: Baileys Trail System



QV Role

- Impact Assessment
- Built Local Capacity
- Strategy and Planning
- Political Decisionmaking
- Secured Funding & Financing

Status Aug. 2021

\$9+ Million Raised

~30/88 Miles Open

10,000's of Users

Executive Director Hired

State Budget Line Item

3 Trailheads in Towns

Mine Land Remediation

Brand/Website/Media

3 Events Scheduled

Jointly Governed



- USFS
- ORCA (local governments) & advisory board (various stakeholders)
- AWOADC (non-profit partner)
- Needs: amendment to Ski Permit Act for SUP

Jointly Funded & Privately Financed



- Local membership fee to ORCA
- State State line Item and ODNR AML Pilot
- Federal USFS funding, ARC
- Private Finance Revenue Sharing Agreement to AWOADC

Sustainable & Expandable



- TA for Business Strategy & revenue streams for O&M
- Engage neighboring counties to join ORCA and develop
- Potential next projects: a) Water feature on Hocking River b) Hut System on Marietta Unit



Developing Hut Infrastructure in Vermont



Project Summary

- 45+ new hut structures along trail to create the largest hut to hut network in the United States
- 485 miles of new, improved, and/or connected mountain biking trails, connecting Massachusetts to Canada
- 330+ young adults trained during hut construction
- Potential to conserve up to 214,000 acres of land related to project corridor

Key Details

- Secured ~ \$7M from Congressionally Designated Spending (Leahy)
- Secured \$200K in PRI financing alongside \$200K in grant funding to construct huts
- Launched capital campaign among partners
- Trail intentionally routes through 27 rural communities creating connectivity and local access
- Connects 23 different mountain biking chapters

Once completed, this project's impact is far greater than the assets we're building



Sustainable Tourism



485 miles of contiguous trail

30 new hut facilities along trail corridor

65,000 annual visitors to the trail system (estimated)

26,000 visitor nights in huts

Health



Trail provides **healthy activities** for both local and out of state users

Huts create **new points of access** for families, beginners, and experts alike

Service



330 young adults trained through huts construction program

\$1.1MM in estimated wages earned

2,340 weeks of employment

Conservation



Up to **84,000 acres** of private and public land conserved by project

Alignment with, protection of, and sustainable use of a climate resilience corridor

Economic Development



\$31MM in total new spending

\$11MM in increased earnings

\$2MM in state taxes

112 new jobs

Connectivity



Hut to hut trail system connects 12 counties, 27 communities, and 23 trail organizations

24

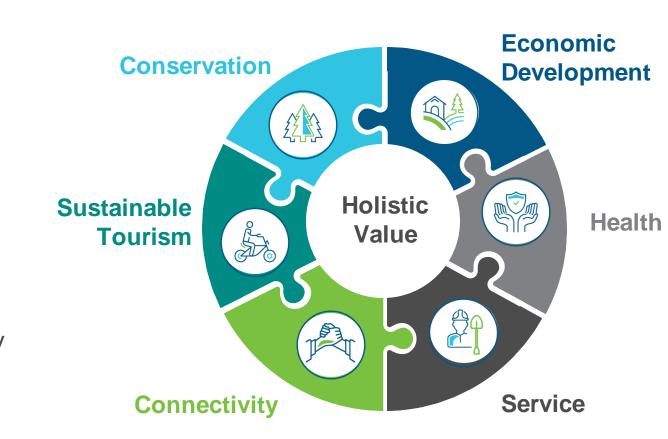
Strategic partnerships and appropriate governance unlock capital and drive transformative value to Vermont



Joint Venture between Vermont
Huts Association and Velomont Trail Collective
For joint planning, shared project cabinet and
staffing, and long-term operations maintenance

Formal partnership between Vermont
Huts Association and Vermont Youth
Conservation Corps
For construction of all huts by young adult
professional crews

Formalized Strong Partnerships with other key players including state and federal partners to address diverse impacts of project.





Other Vermont CDS highlights include:

- Aviation Tech Center at the Burlington Tech Center \$10 million
- Church Street Marketplace Pedestrian Improvements \$1 million
- Historic Preservation of the Paramount Theater, East Monitor Barn, and African-American Arts & Culture Center at the Clemmons Family Farm \$1.5 million
- Statewide Recreation Trails through the Vermont Huts Association \$2.5 million
- Vermont Nursing Career Pipeline through the Vermont Business Roundtable Research and Education Foundation \$1.2 million
- Recovery and Economic Resiliency Loans through the Vermont Center for Emerging Technology (VCET) \$9 million
- Lake Champlain Basin environmental infrastructure and habitat restoration projects -\$5.25 million



Over \$6M in Congressionally Directed Spending funding is a HUGE win!

First award of \$2.5M in funding for trails, staffing, and project management over three years, second for \$4M

- Leverages partnership with Forest Service to enable large funding/project development
- Validates joint venture model by enabling small project with big vision
- Codifies federal support through USFS
- High profile recognition of project's impact, opens door for another round

\$200K in PRI financing alongside \$200K in grant funding to construct huts



Establishing a carbon-based reforestation program in Appalachia



Project Goals

- Former mine lands that have met federal reclamation requirements lack full ecological restoration to meet forested condition pre-mining
- Reforestation produces significant carbon sequestration benefit overtime, creates key habitat for migratory bird species in need of early successional forest habitat, and reduces sediment runoff of formerly mined areas
- Leverage private finance as a new funding stream for expanding and accelerating reforestation using carbon offset sales as a repayment stream

Current Status

- Secured RCPP AFA funding to develop a 1,130 acre pilot project in northern Appalachia (PA, OH, WV)
- Secured additional NFWF funding to support bird benefits
- Launched subsidiary of QV (Bosland Growth) to house reforestation activities:
 - Working with carbon developer/broker to secure buyer
 - develop specific carbon buyers
 - Working to secure landowners across Appalachia



Recreation Funding & Governance in Canada (



Funding & Financing Examples

- Saskatchewan Dedicated Lands Account from in lieu fees and sale, lease, or sublease of dedicated lands
- In British Columbia: \$10-million <u>Outdoor Recreation Fund of BC</u>, managed by the Outdoor Recreation Council of BC. Purpose: Boost volunteer stewardship projects (2023)

Governance, Advocacy, Planning

- Governance: <u>Local Government Committee (LGC)</u> A municipality must apply for approval from the LGC before they start the local improvement project (including parks and recreation facilities)
- Intergovernmental Coordination: <u>First Nation and Métis Consultation Policy Framework</u>, ensuring governments meet their duty to consult and engage First Nations and commit to building positive relationships, honoring Aboriginal and Treaty rights, and supporting economic reconciliation while planning for growth across the Saskatchewan resource sector
- Planning: <u>Saskatchewan Community Planning maps</u>, highlight Community Planning Branch regions, municipalities with community plans, zoning bylaws and subdivision approvals.
- Planning: Forest Landscape Planning (FLP) Forest companies holding certain types of licenses must develop long-term plans explaining how they will manage the forest resources on their areas in Saskatchewan
- Planning: <u>Ecosystem-based Management Plans</u>, guide management of Saskatchewan park ecosystems to ensure ecological integrity while improving the aesthetic and the opportunities for recreation and education in a safe outdoor environment









Appendix



- 1. Environmental Impact Bonds
- 2. Health: Medical Respite Case Study

Environmental Impact Bond Structures Are Highly Customizable Based on Local Context, Priorities, and Needs



	WASHINGTON, DC	ATLANTA, GA	HAMPTON, VA	BUFFALO, NY
Primary Value Proposition of EIB	What is the cost- effectiveness of green vs. grey infrastructure for CSO reduction?	How can green infrastructure improve local flooding, water quality, and economic conditions?	How can outcomes disclosure and reporting signal climate preparedness to investors?	Can an outcomes-based positive incentive help Buffalo over-achieve on its CSO goals?
Size	\$25 million	\$14 million	\$12 million	\$54 million
Term	30 years (5 year mandatory tender)	10 years	20 years	30 years
Placement	Private	Limited Public	Public	Public
Outcome Metric	Volume capture (flow/runoff)	Volume capture (<i>capacity</i> / storage)	Volume capture (<i>capacity / storage</i>)	Impervious surface area managed
Regulatory Driver?	Yes	No	No	Yes
Outcomes-Based Financing Structure	 3-tiered performance payment structure (Low, Base, High) 	 2-tiered performance payment structure (Base, High) 	 Outcomes evaluation, reporting, and disclosure only 	 Outcomes-based early call option, coinciding with step- up in coupon rate



Program Model

Hospital/ER Medical Respite











Permanent supportive housing



Temporary housing, other social services

Respite services include:

- Clinical care
- Case management
- Room and board
- Peer support

Evidence-based Best Practices

Low-barrier acceptance for program

Wrap- around services on site

Connection to supportive housing

Number of beds in facility	17
Average length of stay (days)	30
Capacity/utilization	80%
Members served (per year)	165

How it works

Philanthropic and impact investors fund the upfront and annual operating costs of the medical respite program.

NSO delivers the medical respite program, treating 164 individuals annually. Receives a discounted per diem payment.

Housing placement and decrease in inpatient and ED costs are measured and repaid by payors when outcomes are achieved.

Impact investors get repaid based on the revenues from value-based contracts.



We are leveraging outcomes-based financing to launch and sustain the medical respite program





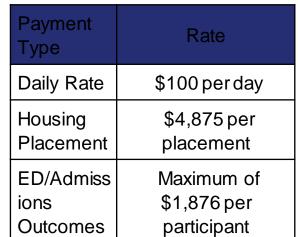


Fund medical respite program

Philanthropic/ Impact Investment



Deliver program for contracted health plan members





Payor partners pay and debt payments made based on achievement of outcomes

We are closing in on securing \$425k to cover initial medical respite operating costs

