

Pay for Success Case Study: Baileys Mountain Biking Project, Wayne NF



Pay for Success (PFS) is a financing tool that enables investors to provide up-front capital to conduct on-the-ground projects. A group of stakeholders that benefit from project activities – project beneficiaries or payors – agree to pay this investment back over time at rates of return dependent on the outcomes delivered. The Forest Service, National Forest Foundation (NFF), and Quantified Ventures (QV) are partnering to pilot the implementation of PFS financing approaches to support sustainable recreation infrastructure on National Forest System lands. The Baileys Trail System on the Wayne National Forest in Southeast Ohio was selected as the inaugural pilot site through a competitive process.

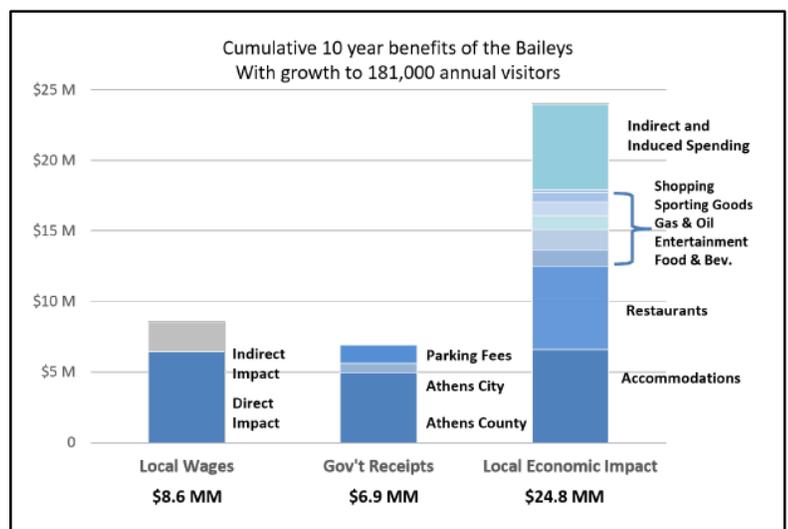
Baileys Mountain Biking Project Case Study Overview

The Baileys Mountain Biking Project, a PFS transaction that is currently under development in partnership with project developer **Quantified Ventures**, will direct **\$5.4 million** in private investment (**\$2.4 million** through PFS) to fund the upfront cost of building an **88-mile mountain biking trail** across **9,000 acres** of the **Wayne National Forest**. This investment will also improve facilities in community parks adjacent to the forest that will serve as trailheads for public access. Once constructed, the Baileys will be the longest connected, purpose-built mountain biking trail system east of the Mississippi River.

As a destination-level trail system located within 250 miles of 35 million people (15% of US population, and ~1 million mountain bikers), trail construction is expected to increase visitation to the Wayne and nearby gateway communities. This will provide new economic opportunities and quality of life benefits for one of the state's most economically distressed counties.

Evaluators from **Ohio University** will track increases in visitation linked to the Baileys, and a group of city and county governments called the **Council of Governments** will repay investors at rates of return dependent on visitation numbers. Quantified Ventures will identify project investors in summer 2019.

Using PFS financing will decrease construction time from ten to two years, and provide robust data around economic outcomes from recreation infrastructure.



Courtesy of Quantified Ventures

Potential Impacts

Economic impacts (first decade, assuming 180,000 visitors):

- \$24.8M local economic spending
- \$8.6M additional wages
- \$6.9M increased government revenue
- 65 jobs created/retained

Other reported benefits:

- Urban-rural connectivity
- Economic revitalization
- Public health and wellness
- Youth engagement
- Community pride and local identity

Project Stakeholders

Investors. Provide up-front capital through a bond or other investment structure. Investors to be identified by QV after transaction structuring complete.

Implementation Partners. The following group of stakeholders will construct, operate, and maintain the trail system in partnership with the FS.



Council of Governments – Athens County, City of Athens, City of Nelsonville, Village of Buchtel, Village of Chauncey, York Township

Beneficiaries/Payors. The payors will repay investors at one of three levels based on annual visitation to the Baileys.



City of Athens and Athens County

Evaluator. Third-party scientists and economists will measure and evaluate visitation rates and resulting economic outcomes based on pre-determined metrics, allowing for greater transparency around outcomes data, government spending, and recreational use.



Ohio University (OU) – Performance metrics will include:

- # of mountain bikers
- Tax revenue increase
- # of non-local visitors
- # of registered businesses

Lessons Learned

- Find champions early on to support PFS project at all FS levels (WO, RO, NFS units)
- Success hinges on relationships – draw on existing local collaboratives and partnerships
- Lay out compelling, targeted business cases for all potential beneficiaries
- Be flexible to accommodate local political cycles and stakeholder engagement
- Welcome all contributions to a project – grant funding, marketing, volunteer coordination
- Paying for outcomes may require use of proxy metrics and unproven projections, this is OK as long as terms are transparent and agreed-upon, and metrics are measurable

Learn more about PFS and Quantified Ventures work by visiting <http://www.quantifiedventures.com/>.