City of Culver City
May 29, 2018

Environmental Impact Bond (EIB) RFP – Key Points

- Two municipalities will be awarded Technical Assistance Services to structure and issue an EIB. The Financial structure of the EIB is a Pay for Success model. Capital raised through the EIB is repaid to investors in an amount linked to the achievement of agreed-upon outcomes of the program.
- Preference in awarding will be shown to green infrastructure projects; cities are invited to propose other resilience projects. A proposal for an eastward extension of the Ballona Creek Bike Path would fall into the latter category.
- Proposals can be designed to fund one project or a bundle of projects. The proposed project should be large enough to warrant an EIB issuance – ideally $5 million or more.
- Applicants are asked to identify projects that are already in the planning stages and could be construction-ready by Fall 2018. Challenges faced by the proposed project for to achieving that timeline include the need for involvement with the US Army Corps of Engineers and LA County Flood Control, and the possible requirement of an EIR. However, Quantified Ventures has indicated there may be flexibility to this timing.
- The City of Atlanta was selected in March for a green infrastructure project intended to improve the resilience of neighborhoods recently devastated by flooding.

Summary of Financing

Quantified Ventures and Neighborly are facilitating Environmental Impact Bond (EIB) financing for green infrastructure and resilience investments in two municipalities. The RFP is funded through a grant from The Rockefeller Foundation. Rockefellers' 100 Resilient Cities Program helps cities to become more resilient to physical, social, and economic challenges.

Finance structure – Pay for Success (PFS) and EIB:
The EIB employs a PFS model, which provides up-front capital from private investors for environmental projects. PFS models enable a municipality to pay for successful outcomes of a social or environmental initiative. Following deployment and program evaluation, the public agency repays investors an amount linked to the achievement of agreed-upon outcomes of the program.

The EIB approach allows municipalities to deploy pilot green infrastructure or resilience projects and apply the findings from these projects to broader infrastructure investment plans, while limiting risk to their organization and protecting budget.

This project is to demonstrate scalability of the EIB model and develop the EIB market while achieving environmental impact and serving poor and vulnerable communities.

Preference given for Green Infrastructure Projects

The RFP gives preference to green infrastructure projects. Cities are invited to propose other resilience projects beyond green infrastructure. These could include but are not limited to: clean and reliable electricity, sea level rise and flood mitigation, water conservation or recycling and waste reduction.

The Rockefeller Foundation – through 100 Resilient Cities – defines resilience as *"the capacity of individuals, communities, institutions, businesses, and systems within a city to survive, adapt, and grow no matter what kinds of chronic stresses and acute shocks they experience*."

Eligibility

Eligible applicants will be a US county or municipal government or other authority characterized by the following qualities:

- A demonstrated appetite and capacity for innovation
- Financial capability – able to issue bonds; a strong credit rating; financial resources to repay investors according to outcome achievement
- Buy-in from stakeholders to ensure successful EIB issuance and project deployment
- Represent a geography covered by the 100 Resilient Cities network (this includes Los Angeles)

Timeline

February 2018 - September 31, 2018:
PHASE 1 - select municipalities (early 2018)
PHASE 2 - provide technical assistance for EIB issuance (February-September 2018)

Bond issuance expected by Fall 2018

Scope of Technical Services Provided

The two winning municipalities will receive technical assistance from Quantified Ventures and Neighborly to structure and issue EIBs.

Proposed Project to be funded through EIB – Eastward Extension of Ballona Creek Bike Path

Eastward Extension of Ballona Creek Bike Path - a Resilience Project

Extending the Ballona Creek Trail and Bikeway offers the chance to improve local water resources and reduce traffic and associated pollution in the locality. East Ballona Creek is also mostly impervious surface, and so this project may provide the chance for infiltration sub-projects, which could potentially reduce salt water intrusion in the West Basin groundwater district. A focus on greening and native planting may also reduce the urban heat island effect and improve habitat for endemic species.

Culver City ranks in the top 10th percentile for traffic congestion in California, which increases GHG and particulate emissions. Consequentially, nearby communities have high rates of asthma. This project offers one opportunity to reduce traffic in the area by providing a car-free regional link which commuters could use to bike or walk to work, and may reduce airborne pollutants.

East Ballona Creek is also mostly impervious surface, which increases the volume of water flowing through the Creek in rain events and concentrations of pollutants that enter Santa Monica Bay. Incorporating infiltration sub-project can help filter out some of these pollutants as they enter the West Basin Groundwater Table. Additionally, infiltration and/or water storage projects may help reduce salt water intrusion in the West Basin, and also Los Angeles' dependence on imported water sources.

Furthermore, incorporating native planting and greening in the path extension project may reduce the urban heat island effect in the Westside, and could bolster vital habitat for endemic species in the region.

Environmental outcomes we expect to achieve with an eastward extension

Possible environment outcomes may include (but are not limited to):

- Water capture and/or infiltration via green infrastructure
- Native planting and education for the local community
- Reduced pollutant loads (with an emphasis on wet flows)
- Reduced urban heat island effect

How the eastward extension of the bike path serve poor and vulnerable communities

The California Office of Environmental Health Hazard Assessment's EnviroScreen model reveals that the eastern reaches of Ballona Creek are at a disadvantage socioeconomically and health-wise. The extension of the bike path may provide some of the following:

- Mobility and Health: Los Angeles has a lower-than-average number of parks per 1000 people in comparison to the rest of the country. Extending the path may contribute to the development of Ballona Creek as a linear park which could provide disadvantaged residents a vital space free of cars for active recreation and commuting.
- Education: The path extension may incorporate an educational component that would provide eastern-reach residents an opportunity to learn about the importance of water resources and watersheds. Groups that typically serve under-privileged communities, such as the California Conservation Corps, may be able to help develop the education component of this project.
- Jobs: Re-zoning areas adjacent to the path extension project could help "activate" the space and increase business in the area, thereby possibly providing jobs for local residents.

Readiness for Construction in Fall of 2018

The biggest challenge to having a construction-ready project ready by Fall of 2018 may be obtaining construction approval from the US Army Corps of Engineers and LA County Flood Control. Since the Creek is a critical flood-control piece of infrastructure, the Army Corps very closely monitors the Creek and is responsible for approving modifications in/near the channel.

However, existing high-level studies and recent innovative engineering projects, such as the new Seattle Seawall, prove that bike path extension may be possible with minimal impact on the existing channel. Additionally, the Army Corps may be incentivized to approve and/or partially fund a path extension project that modifies the existing channel, as it is nearly a century old and may present extensive maintenance costs in its present state in the future.

Summary of work proposed by City of Atlanta

The City of Atlanta was selected 3/26/18 – for a green infrastructure project intended to improve the resilience of neighborhoods recently devastated by flooding.

Atlanta's primary goals in its EIB projects include the following:

1. Making a visible difference in the community
    - Improving public health (children's focus)
    - Exploring scientific tools to engage the community
    - Fostering community education, job opportunities, and capacity building
2. Protecting water resources
    - Restoring Proctor Creek ecology and reducing contamination/exposures
    - Reducing flooding and reconnecting Proctor with natural hydrology
3. Launching state, local and tribal partnerships
    - Engage additional federal partners to support mutual objectives
    - Build stronger relationships with local partners and community
4. Working toward a sustainable future
    - Increasing environmental awareness

The local department of water resources was awarded $12.9 million for 8 green infrastructure projects in Proctor Corridor, with the following tenants in mind:

- Primary goal = improve water quality by reducing strain on Combined Sewer System
- Projects will include environmental, economic and health benefits

Atlanta demonstrated prior dedication towards water resources preservation and improvement, such as:

- $2 billion pumped into wastewater infrastructure
- Clean 13 Hero designation by Georgia Water Coalition