

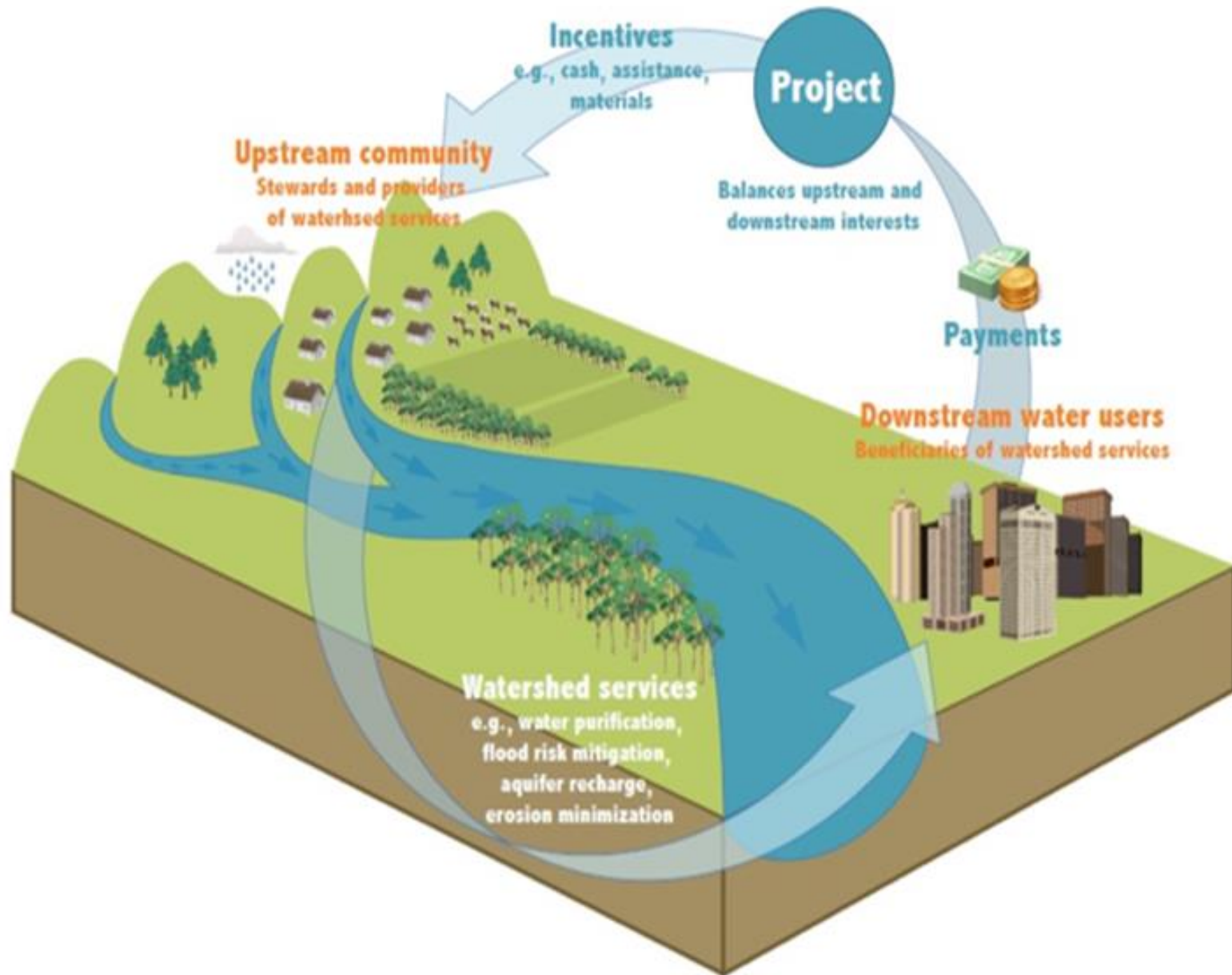
The Colorado Conservation Exchange

**A Watershed Investment Fund
for Enhancing Nature's Benefits**



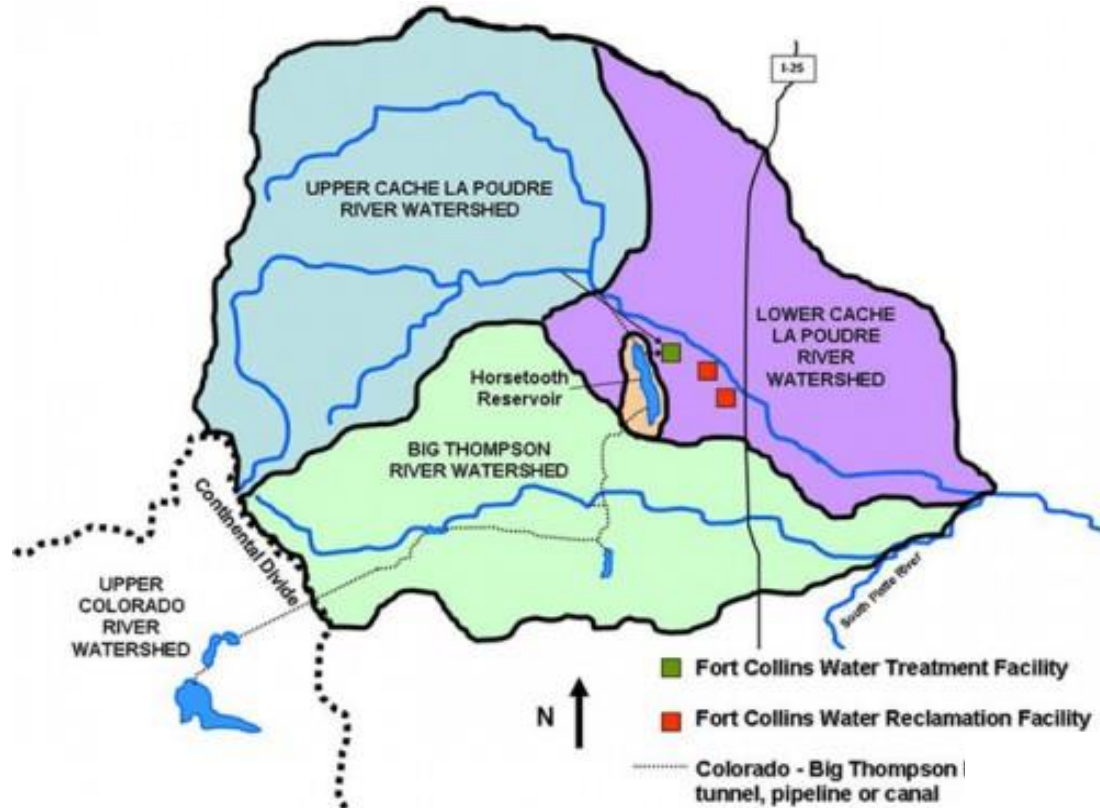
COLORADO CONSERVATION EXCHANGE

How Payments for Ecosystem Services Works



Starting Geographic Focus

- Poudre and Big Thompson watersheds
- **Upper watersheds:** Forest health, source water protection, avoid risk of wildfire
- **Lower watersheds:** Water quality improvement



NO ACTION:
No Forest Treatment



Wildfire



**High
Severity
Burn**



**High
Tree
Mortality**



Soils:
Erosion &
Seed Bank
Loss



Water:
Higher
Snowpack
Loss & Earlier
Flash runoff



**Post-Fire
Flooding &
Debris Flows**



Damage:
Water Supply &
Infrastructure

ACTION:
Forest Treatment



Wildfire



**Low to
Moderate
Severity
Burn**



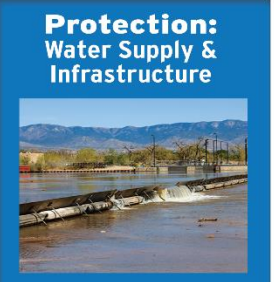
**Low to
Moderate
Tree
Mortality**



Soils:
Protection of
Resources



Water:
Protection
of Favorable
Hydrolic
Patterns



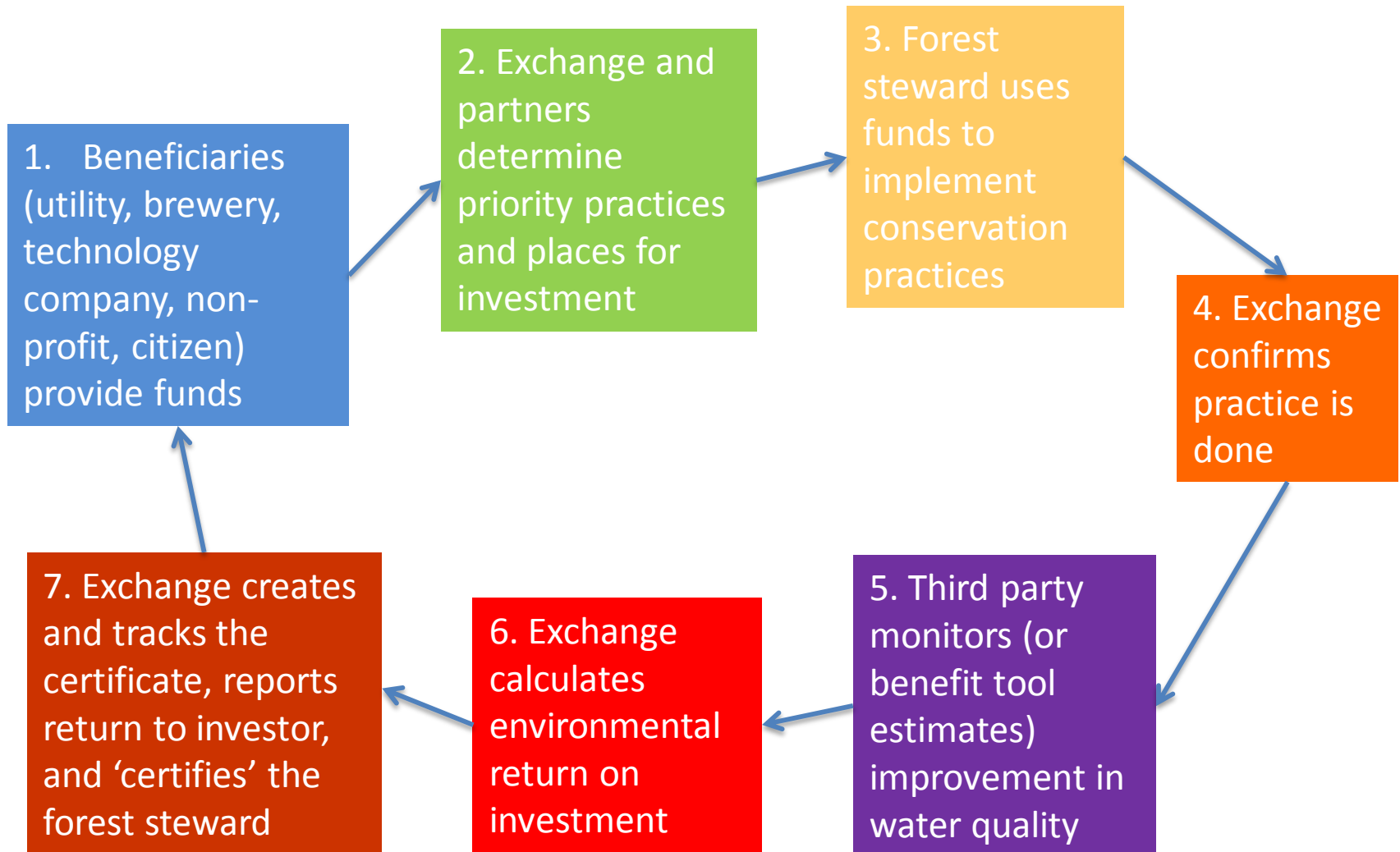
Protection:
Water Supply &
Infrastructure

Situation Assessment & Feasibility Analysis

- **2013 report**
 - **Center for Sustainable Economy & World Resources Institute**
 - **economic assessment**
 - **Green infrastructure vs. Gray infrastructure analysis**
- **Opportunities Identified**
 - **upper watershed**
 - ✓ **fire risk reduction & watershed restoration practices reduce fire-related costs - \$320 million over 20-years**
 - **lower watershed**
 - ✓ **nutrient trading program reduce cost of waste water treatment - \$9.8 to \$15.4 million**

COLORADO CONSERVATION EXCHANGE

7 Steps in an Exchange Transaction



2013

Exploration Phase:
Feasibility Analysis &
Outreach

Steering Committee

Share green-gray
analysis results and
scoping document with
stakeholders

Adopt next design
steps in work plan

Stakeholder meeting

Transition from
Steering Committee to
Working Group

2014

Exploration Phase:
Design Preparation &
Expansion

Working Group

Identify type and demand
of credits, based on
analysis and stakeholder
involvement

Identify potential Science
Team participants

Fundraising for further
analysis, quantification
tool development

Agreement on program
vision and principles

Charter and Vision

2015-2017

Exchange Program
Design & Proof of
Concept

**Working Group and Exchange
Director**

Oversee operations and subgroups

Fundraising & Outreach Team

Investigate & pursue funding,
public outreach

Operations Team

Develop exchange infrastructure
Develop business case/plan
Develop communications plan

Science and Monitoring Team

Implement demonstration project
Develop ecological benefits &
return on investment tools

Landowner Advisory Group

Engage landowners & link to first
investors using the business case

2018

Exchange Program
Build Out

**Working Group and Exchange
Director**

Oversee operations and subgroups

Fundraising & Outreach Team

Investigate & pursue funding,
public outreach

Operations Team

Develop scaling up plan
Consider transitioning into a
non-profit
Transition Working Group to a
Board of Directors

Science and Monitoring Team

Refine ecological benefits &
return on investment tools

Landowner Advisory Group

Engage landowners & link more
investors using the business case