

Transformation Park Development Plan



Submitted by The Summers Group, LLC
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Transformation Park

Our Challenge

With five of the poorest census tracts in the State of Indiana within its boundaries, South Bend has more than its share of at-risk areas. These neighborhoods suffer from high rates of crime and substance abuse, unemployment and under-employment, school failure, poor health practices, generational poverty, teenage pregnancy, low levels of home ownership and blight. Many individuals and families within these neighborhoods feel a deep sense of alienation from the broader society and its institutions, no sense of “community”. Powerful and dominant negative influences (sub-cultures) constantly bombard these citizens and inhibit their abilities to make the positive choices necessary for meaningful personal development and the evolution of an inclusive, productive community.

Offenders are generally returned to the last county of legal residence before commitment to prison. The majority of inmates are released from Prison without savings and poor prospects for employment. Unemployment among offenders directly influences increased crime, as well as, other social ills related to both domestic violence and drug and alcohol abuse.

It costs approximately \$35,000 per year to incarcerate an inmate that is young and relatively healthy.

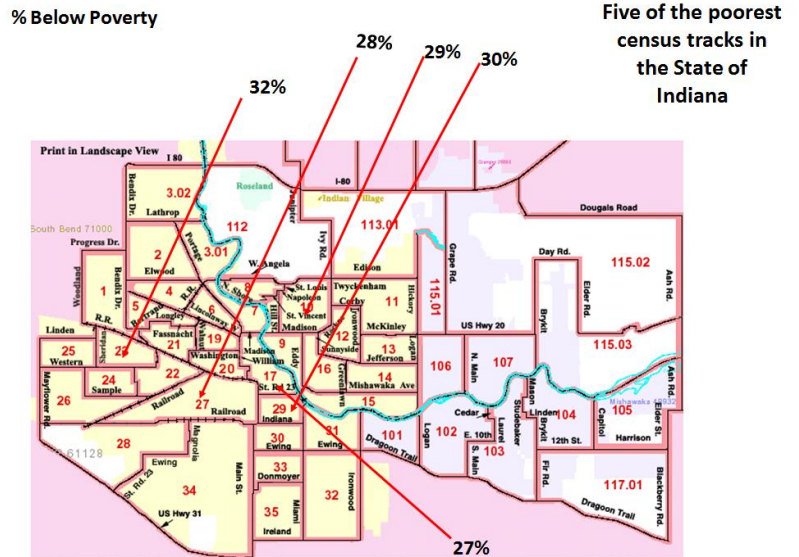


Cost to society increases as the ex-felon returns to Prison:

- Higher Property Taxes
 - Higher Business Taxes
 - Less spending on Education
 - Increased cost to Local Law Enforcement
 - Increased cost to Criminal Justice System
 - Increased costs to Local and State Government
- TOTAL COST is about \$50K PER PERSON ... PER YEAR!**

But, a reclaimed citizen will

- Pay rent
- Support the community
- Pay Taxes



- Reduce negative role model effects of non productive offenders in the Community
- Become a positive role model
- And potentially mentor youth

Our community currently has numerous programs and organizations dedicated to providing housing and support for individuals returning from incarceration. They include, but are not limited to The Center for the Homeless, Ducomb Center, Dismas House, AIDS Ministries/AIDS Assist of North Indiana, Inc., Hope Ministries, Life Treatment Centers, Youth Service Bureau and the YMCA women’s shelter. But the number of individuals in need of support greatly exceeds the resources available. And the expectation is that the number of those returning will grow rapidly, while the facilities to support them will not. Our community is rapidly approaching a point of crisis that will have a potentially devastating effect upon the community.



In addition to the problem of sheer numbers overwhelming the available resources, the effectiveness of the returning process must be questioned. The support system for returnees is stretched to its limits. With 700 individuals expected to return to their communities every year, there are too few places to live, too few opportunities for employment and too few mentors and coaches to work individually with these people to improve their potential for success. At this writing, St. Joseph County is not listed as having applied for the Rapid Re-Housing Grant. This would suggest that the resources are not available to keep abreast of the programs that are in place to support this population.

After often serving many years of strict, regimented activity, individuals returning to our community are confronted with finding a place to live, finding a job, managing their daily schedule and adjusting to a world that, in most cases, continues to punish them despite their having paid their debt to society. The unfortunate reality is they find themselves in communities that expect them to fail to assimilate effectively and environments replete with barriers that ensure the expectation of failure is met.

The challenge to those who see successful assimilation back into society and the reclaiming of happy, healthy and productive citizens as important to the overall well being of our communities is one of process. We must identify the barriers to successful re-entry and eliminate them. Transformation Park is a tool for the elimination of those barriers.

Our Contribution to the Solution

The challenge we face is not unique to our community. Therefore, attempting to invent a totally new solution would not only be less than optimal, it would be arrogant, imprudent and ineffective. The key is to identify other communities faced with similar challenges and seek out the best solutions found in those communities. With those models in place, we should adapt those proven solutions to fit the unique character of our community. One such program is Delancey Street, in San Francisco.

Delancey Street is the country's leading residential self-help organization for former substance abusers, ex-convicts, homeless and others who have hit bottom. Started in 1971 with 4 people in a San Francisco apartment, Delancey Street has served many thousands of residents, in 5 locations throughout the

United States. Residents at Delancey Street range from teenagers to senior citizens, and include men and women and all races and ethnicities. The average resident has been a hard-core drug and alcohol abuser, has been in prison, is unskilled, functionally illiterate, and has a personal history of violence and generations of poverty. Despite these challenges and differences, residents learn to work together promoting non-violence through a principle called “each-one-teach-one” where each new resident is responsible for helping guide the next arrival. South Bend’s Transformation Park is modeled after the success of Delancey Street.

Transformation Park takes key elements of this successful program and aligns them with the unique needs of our community. Key to the success of the Delancey Street model is the principle of earned privileges. Located at Ardmore Church of Christ on the Westside of the city, Transformation Park will sit on 5 acres of land in unincorporated South Bend. The core building is the former Ardmore School. In this structure dormitory rooms will be constructed to provide additional residential housing to help alleviate the over flow challenges faced by existing resources. In addition to the housing, the school kitchen will be renovated to support meal preparation and dining needs for Transformation Park residents.



Additional housing will support progress and development of program participants. Homes constructed on the property will serve to reward as well and further develop individuals. Through a partnership with a local contractor, one, two and three bedroom homes will be constructed to provide this housing. These homes not only provide housing and a sense of independence, self reliance and neighborly communal living, they also represent the latest technology of environmentally responsible sustainable living. They are zero energy buildings that produce as much energy and power as they use. They are based on Solar Trigeration which is the simultaneous generation of cooling, heating and power using only energy from the sun. By living in these low cost high quality homes, Transformation Park residents become knowledgeable ambassadors of the future of a sustainable community. This knowledge and understanding may lead to employment in a growing industry. At the very least, it will generate an appreciation for our responsibility to be good stewards of our environment and pride to be on the cutting edge of building a better environment for everyone.

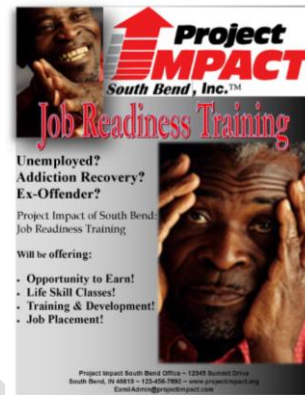
As our residents evolve and mature in their development, they will earn the opportunity reside in these homes, developing or refining skills associated with home maintenance and being a part of a residential community. Ultimately, they will leave Transformation Park and move into neighborhoods throughout



the community, fully prepared to be responsible, contributing citizens. They will take with them a superior knowledge of what it means to be a neighbor and what quality of life truly means.

Transformation Park recognizes the importance of building self confidence and self esteem. The principle of putting the neighbor back into the neighborhood is core to the process. Education and understanding is a key element as well. Individuals who have never had the opportunity to live comfortably and safely in a neighborhood deserve the opportunity to experience and learn from it.

But, residence is only one of the barriers Transformation Park works to eliminate. The right and privilege of gainful employment is critical to sustained successful re-entry. At Transformation Park, individuals will receive life skills and job readiness training that will prepare them to acquire employment, but also to be successful on the job. All residents will undergo the training process that provides employers the level of confidence that individuals coming through the Transformation Park training will have the soft skills they seek in their employees. In addition to the training, the on-going support that is so important to continued success is a key component to the training. Every resident of Transformation Park will have a mentor and will be a member of a personal development support group. These spiritually based groups are connected to well established, successful programs throughout the community. They leverage existing programs and optimize the strengths of the community's diverse range of resources covering all faiths and beliefs.



After receiving and demonstrating competence in the life skills and job readiness training, Transformation Park residents are aligned with the Business Advisory Council. This is the community program led by Michiana Goodwill Industries. Transformation Park program participants receive training that meets or exceeds all requirements for the Business Advisory Council program. Through this and other initiatives including WorkOne, the Michiana African American Chamber of Commerce, the South Bend NAACP and the Urban League, individuals are assisted in finding employment. Because transportation to employment opportunities is one of the major barriers faced by this population, Transformation Park will contract with community based transportation businesses to shuttle individuals from Transformation Park to participating employment sites. Angel's Wings, a veteran owned Minority Business Enterprise has agreed to provide this service for Transformation Park.

Finally, in addition to helping find traditional employment, Transformation Park borrows on the Delancey Street model of self sufficiency. Not only do residents work to sustain and develop their adopted community, the creation of community based businesses is foundational to the training. The Transformation Park philosophy is that true community revitalization must come from within.



Therefore, the development of locally based businesses to support, nourish and sustain the community is vital. Through collaboration with organizations like Community Wide Federal Credit Union, the Common Unity Community Center, the Michiana African American Chamber of Commerce, the South Bend NAACP, the Urban League and the 100 Black Men of Greater South Bend, SCORE, the Small Business Development Advisory Council and others, financial literacy, entrepreneurship, business development and stock

ownership are made available. Concerted efforts are made to encourage the development of locally based community businesses. Beneficiaries of the Transformation Park programs, people from all areas of the community and from all other transitional housing programs will be prepared and encouraged to apply for positions within these businesses.

Examples of businesses currently under development are:

- Catering
- Computer repair
- Construction
- Model Manufacturing
- Moving & Trucking
- Painting
- Restaurants
- Retail
- Roofing

- Handcrafts
- Landscaping
- Para Legal support
- Renovation
- Research
- Transportation

Each business serves dual purposes. They provide specific training in industries into which program participants may develop businesses that have relatively low barriers to entry and provide services that can have an immediate and direct impact upon local communities. They provide a training and development ground for incubating well run, locally based businesses that nurture small, community ecosystems. They also provide reinforcement of the fundamental principles taught in the life skills and job readiness training. By practicing these principles on a daily basis in businesses that support the betterment of the community, the values associated with Transformation Park are reinforced and become part of the mental make-up of each program participant.

Cost

Phase One of Transformation park entails renovation of the Ardmore School. Renovation includes building of dormitory rooms, restoration of the kitchen and construction of the model assembly and painting facility.

Self sufficiency and sustainability are core tenants of the Transformation Park model. Through a partnership with a local model manufacturer, Stone Horses, Project Impact has tested the development of a model manufacturing business. Through this program local individuals are trained to prepare product for painting. The next step will be to train these individuals in the painting of the product. The service provided is designed to boost the efficiency and productivity of the manufacturer. As the business develops, additional clients will be added, providing a stream of revenue to help support Transformation Park and to provide employment and development for program participants. The Stone Horse project is a proof of concept validating the Transformation Park model.

Currently this manufacturing process is being conducted at Project Impact. In order to expand capabilities as planned, a dedicated facility with appropriate design specifications is needed. Therefore, one of the initial steps is the construction of the model assembly and painting facility. Leveraging the low cost, energy efficient construction of Borkholder Buildings & Supply, the estimated cost of this construction is \$40,000.

Construction of dorm rooms to house overflow residents from other programs will consist of four rooms to house four individuals each, one bathroom with showers and one lounge area. Total construction is estimated at \$45,000. Each dorm resident will pay \$100 per month. Dorms will generate \$1,600 monthly income.

Renovation of the kitchen will restore the equipment and facility preparing it for use to serve meals for all residents. The renovation of the kitchen is estimate at \$15,000. Residents are expected to work in the kitchen as part of their commitment. Meal preparation will be part of their preparation. The kitchen will also serve to train residents to work in the restaurant and catering industries.

Transformation Park will employ three employees for a total of \$100,000. This will include one full time manager and two assistant managers. Volunteers will also work to help maintain operations. Utilities are projected to be \$24,000 annually. Food for 16 dormitory residents is projected to be \$36,000 per year. Total operating expenditures are projected to be \$160,000.

Phase I**Expenditures****Income**

Dorms	\$45,000	Dorms	\$19,200
Manufacturing building	\$40,000	Manufacturing business	\$10,000
Kitchen	\$15,000		
Staff	\$100,000		
Utilities	\$24,000		
Groceries	\$37,000		
Total	<u>\$261,000</u>	Total	<u>\$29,200</u>

Phase Two entails continued development of the dormitories and the model manufacturing business. It also introduces an additional businesses and housing. These are evolutionary components of the overall strategy. The dormitories introduce a relief valve for the transitional housing programs throughout the community. By coordinating regularly with other programs, Transformation Park is able to incorporate standardized core practices shared by other programs. This makes referral from those programs more effective because those being referred know what will be expected of them and those doing the referring are able to do the preparatory work necessary to ensure successful participation. A spirit of collaboration is maintained with all transitional programs, guarding against the need to compete for resources or attention in any way that would reduce the effectiveness of the overall initiative.

The additional businesses introduced in phase two include a grocery/convenience store and transportation business. Fundamental to the Transformation Park training is financial literacy and self sufficiency. The acquisition of a business that provides the basic necessities provides lessons in personal financial management and entrepreneurship. Arrangements have been made for the purchase of a franchise that makes this possible. With an initial investment of \$60,000, Transformation Park will establish the program store. From a 1,000 sq ft facility currently leased to Project Impact on Lincoln Way, Transformation Park will sell groceries and other convenience items to program participants and the general public. Program participants receiving financial literacy training will also receive shares of stock, representing ownership in the business. They will have the ability to purchase groceries and other necessities from their own business, responsibly managing their expenditures, and learning the fundamentals of capitalism. Data from the franchisee show annual sales from a 1,000 square foot store should be \$200,000. The business is projected to net \$40,000. The venture will provide employment for three individuals and contribute to the self sustaining strategy for Transformation Park.

Another business to be introduced to the program is the transportation business. Transformation Park is in discussions with Angel's Wings Transportation Services. A community based minority business enterprise, Angle's Wings is owned and operated by a local disabled veteran. Trans formation Park will not be a part owner of the business, but will receive donations from Angel's Wings. Because they consider their business part of their ministry, the owners of the company have made a commitment of tithing 10% of revenues generated from transporting individuals from the program to their places of employment back to Transformation Park to support the program. The projected amount of that donation is \$5,000 annually.

The housing program introduces single dwellings into which successfully developing program participants can move. These dwellings will be constructed using Net Zero technologies. Provided by Borkholder Buildings & Supply, Inc, LLC, strong, cost effective, environmentally friendly, sustainable

buildings will become a showplace for the program and the entire Michiana region. Program participants who have demonstrated a mastery of the principles of the program will be given the opportunity to rent one, two and three bedroom homes in which to live. Strict guidelines for property maintenance behavior and conduct will be adhered to. The purpose of the housing is further development of program participants helping them understand the behaviors appropriate and necessary to be a valued, contributing member of a community. This opportunity serves to reward appropriate behavior and development, teach personal and financial management skills and prepare the individual for the next move into a traditional community neighborhood.

In phase two, five homes will be constructed. Plans now call for one 3 bedroom 1 bath unit; one 2 bedroom 1 bath unit and three 1 bedroom 1 bath units. The total cost of construction is \$150,000. The single bedroom units will rent for \$400 per month yielding \$14,400 in revenue to support the program. The two bedroom unit will rent for \$500 and the three bedroom unit will rent for \$700 per month. The total revenue from rental housing will be \$15,600. Because the units are Net Zero construction, they produce as much energy as they require to operate. Therefore, residents will have no additional expenses associated with basic energy consumption. They will have the option to exceed the basic requirements, providing further understanding of the impact their personal consumption practices have on their overall financial well being. There will be no additional expense the Transformation Park.

Construction of these and other homes in the community will require specialized labor. Arrangements are being made with Borkholder Building & Supply, LLC to train program participants for employment in this emerging construction field.

Phase II

Expenditures

Grocery Store
Homes
Staff
Utilities
Groceries
Total

\$60,000
\$150,000
\$100,000
\$24,000
\$37,000
\$371,000

Income

Grocery Store
Home Rentals
Transportation
Dorms
Manufacturing business
Total

\$40,000
\$15,600
\$10,000
\$19,200
\$10,000
\$94,800

Phase Three entails expansion of existing programs. This includes construction of 5 more homes, development of an enclosed nursery and garden to grow fruits and vegetables for the program and sales in the store, plus an introduction of retail manufacturing and sales.

Home construction will follow the same pattern as phase two. The total cost will be \$150,000 and rentals will yield \$15,600 bringing the total of rental revenue up to \$31,200. Staff, utilities and grocery expenses are projected to remain the same as do revenues from transportation, dorms, the grocery store and manufacturing business. Additional sales from gardening activities are projected to net \$1,000. The primary purpose of this is to further personal development of program participants. The expectation is that we will construct a nursery at a cost of \$2,000. This initiative is primarily designed to be cost neutral, but analysis continuously showed some residual revenue. Considering this was the initiative that launched the very successful and profitable program by Bill Strickland and his Manchester Bidwell organization, we have noted a small financial contribution from the efforts after covering the cost of construction of the nursery.

Phase III

Expenditures

Homes	\$150,000
Nursery	\$2,000
Staff	\$100,000
Utilities	\$24,000
Groceries	\$37,000
Total	<u>\$313,000</u>

Income

Grocery Store	\$40,000
Fruit and Vegetable sales	\$3,000
Home Rentals	\$31,200
Transportation	\$10,000
Dorms	\$19,200
Manufacturing business	\$10,000
Total	<u>\$113,400</u>

Timeline

Phase One completion 2014

Phase Two completion 2014 - 2015

Phase Three completion 2015

Outcomes and Return on Investment

Program Total

Expenditures

Phase I	\$261,000
Phase II	\$371,000
Phase III	<u>\$313,000</u>
Total	<u>\$945,000</u>

Income

Grocery Store	\$29,200
Home Rentals	\$94,800
Transportation	<u>\$113,400</u>
Total	<u>\$237,400</u>

With no further capital expenses, Transformation Park will achieve break even in 2017 and will be completely self funding from that point forward. In addition to creating a revenue generating self funding contribution to the overall solution, Transformation Park provides an annual cost saving from the very onset. The Social ROI calculation is as follows:

Transformation Park Costs

Phase I - 16 participants	\$261,000
Phase II – 21 participants	\$371,000
Phase III – 26 participants	<u>\$313,000</u>
Total	<u>\$945,000</u>

Current Costs

16 incarcerated	\$800,000
21 incarcerated	\$1,050,000
26 incarcerated	<u>\$1,300,000</u>
Total	<u>\$3,150,000</u>

Transformation Park produces \$539,000 in savings in phase I, \$679,000 in phase II and \$987,000 in phase III for a total savings in just the initial phases of \$2,205,000. The program continues to save \$1,300,000 each year thereafter.

Break Even Projection

Expenditures

Phase I (2014)	\$261,000
Phase II (2014)	\$371,000
Phase III (2015)	\$313,000
2016	0
2016	0
2017	0
	<u>\$945,000</u>

Income

Grocery Store	\$29,200
Home Rentals	\$94,800
Transportation	\$113,400
	<u>\$237,400</u>
	<u>\$237,400</u>
	<u>\$237,400</u>
	<u>\$949,600</u>

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