

THE WORLD INSTITUTE FOR DEVELOPMENT AND PEACE
New Birth Transformation
Corporation Proposal
The World Institute for Development and Peace (“WIDP”)
Washington, D.C.
March 1, 2001

New Birth Transformation Corporation Proposal

FOREWORD
(March 1, 2001 DRAFT)

When in the District of Columbia we have the highest incarceration rate in the world at 1,547 prisoners per 100,000 residents, it is time for fundamental change.

When in our Lorton Prison we have a recidivism rate that exceeds 70%, it is time for fundamental change.

When the annual cost of incarceration to the taxpayer of the District of Columbia is \$30,000 per prisoner, and when criminal activity has cost the citizens and the businesses of our community \$300 million more in property losses and incalculable human losses over a five-year period, it is time for fundamental change.

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When no less than three advanced technologies that were paid for mostly by federal taxpayers have had their commercial value proved at our own Georgetown University, and are now ready for commercialization, we know that fundamental change is possible.

When NASA scientists, and corporate experts, and the Georgetown systems integration team that developed those technologies have designed for us a prison facility that incorporates those advanced technologies into a Lorton Relocation and Replacement facility that zeros out the cost of incarceration to the taxpayer, it is time for decision makers to seriously consider making that fundamental change.

When a proposal like that contained in this packet enables District citizens to zero out room and board costs, victim compensation costs, and welfare costs imposed by prisoners on the taxpayers of the city — at the same time that it provides prisoners with marketable skills and jobs when they leave prison — it is time for decision makers to implement the fundamental change called for in this proposal for a New Birth Transformation Center to relocate and replace the Lorton Penitentiary.

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What follows in the Project Overview and supporting data contained in this packet outlines precisely how ex-inmates and citizens of the District of Columbia, with the help of the Center for

Economic and Social Justice and the excellent team assembled by Georgetown University, can, without taxpayer subsidies, finance and achieve that fundamental change.

Hon. Walter E. Fauntroy
Delegate to U.S.
Congress, 1971-1991

Norman G. Kurland
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New Birth Transformation Corporation Proposal

PROJECT OVERVIEW (March 1, 2001 DRAFT)

The proposal set forth herewith by the New Birth Transformation Corporation (NBTC) is a response to the refreshing fact that both the leadership of the House of Representatives and the government of the District of Columbia have committed themselves to the awesome task of restoring on their watch the social and economic health of our Nation's Capital, a mission impossible without an effective assault upon crime, drugs, and poverty in D.C. This proposal addresses all three of these maladies.

This proposal also builds upon the refreshing joint recognition on the part District and Congressional leaders that at the core of any effort to renew and reconstruct Washington, the capital of the most powerful nation in the world, must be an assault on a crumbling cesspool of violence, drug dealing, and idleness called "Lorton." The notoriety of this prison echoes with such infamous names as Alcatraz, Angola, and Attica. This is an excellent place to begin the restoration of the social and economic health of the District of Columbia, which has the highest rate of incarceration in the world at 1,549 per 100,000 residents, almost five times the national average of 350 per 100,000 residents. Add to that the fact that our Nation's Capital has a recidivism rate that exceeds 70%, and one can understand why the Congress has been demanding a plan for replacing Lorton, now soon to be dismantled.

This project overview details why there is such an urgent need to move now on the replacement of Lorton. More important, it outlines how the NBTC proposal attacks the problems of crime, drugs, and poverty in our city with a facility that will serve as a national breeder for commercializing several brand-new, proven but unutilized Hydrogen Age technologies that were developed by a systems integration consortium managed by Georgetown University at federal taxpayers' expense.

Rather than merely "warehousing" an every-increasing number of the most hopeless and alienated members of society, and replacing guards with high-tech monitoring systems, our strategy is designed to replace the Lorton Prison with a new national model for dealing with criminals. The new model will encourage criminals to transform themselves as they help build a more positive social and physical environment for themselves and for the outside Washington community, and to work together with others for transforming their wasted human energy, untapped Nature's energies, and underutilized advanced technologies into quality goods and services for human consumption. Our major focus is on lifting outdated and insupportable barriers to sustainable growth and future-oriented productive opportunities, not on eliminating jobs for productive Americans. The NBTC proposal combines several advanced energy and social technologies with state-of-the-art physical design and treatment modalities that will return our prisoners to the Washington, D.C. area as social assets rather than continuing liabilities.

Why We Must Act Now

Lorton Prison was an economic and social disaster. It had an obsolete physical plant; hideously expensive and spiraling operating costs that shackled the taxpayer with an annual per inmate cost

of \$30,000; a virtually non-existent prison industries program that had only 660 out of about 8,100 inmates working at anything; a record-breaking recidivism rate that has contributed heavily to a 58% increase in murders between 1986 and 1993; and total property losses to the citizens and businesses of the District of over \$300 million between 1986 and 1993, plus human losses that are incalculable.

What New Birth Transformation Corporation Proposes To Do

New Birth Transformation Corporation (NBTC) would be organized as an employee-owned, for-profit corporation whose mission is to set the standard of excellence for the emerging private sector incarceration industry. What NBTC proposes is a National Exemplar for the "people-ization" of correctional systems into holistic, economically self-sufficient, income-producing, ownership-expanding institutions. Employing the newest technologies developed at taxpayers' expense to meet our defense and aerospace needs, and that have now been established as having enormous commercial value throughout the world, the NBTC proposal will offer the District of Columbia more than one more short-sighted proposal to replace the Lorton Prison with a privatized version that is sure to fail. NBTC instead offers a highly integrated array of complementary Hydrogen Age innovations within and outside the facility housing inmates, financed to make the project pay for itself. The four major project-related facilities of the "New Birth Transformation" vision include:

- a 12,500-bed highly-secure, high-tech facility under a 3,000-foot diameter solar geodesic dome for housing prisoners now at the Lorton Prison;
- a waste-to-energy solar regeneration power plant generating at least 250 megawatts of electricity; and
- two 7 million square-foot industrial parks, one within the prison and the second on land adjacent to the prison, together providing space capable of housing far more than the 15 new advanced technology enterprises that have already expressed interest in locating on the new site; the outside industrial park will create thousands of ownership sharing Hydrogen Age jobs for skilled and unskilled unemployed and underemployed District residents.

The proposed site within the District, with all new facilities and advanced prison technologies, industrial equipment and infrastructure, is estimated to cost \$3.5 billion, based on reasonable-order-of-magnitude (ROM) estimates of the contracting firm of Whiting-Turner, America's sixth largest construction firm. Conservative projections of total profits from space rentals and the sale of excess energy, pure water and all other products produced by the prison/power plant and the two industrial parks should be sufficient to cover the \$3.5 billion in capital costs. It should be noted that the proposed site has ample space for developing residential housing, which would generate additional profits to enhance the overall project's viability.

NBTC will be managed by experienced executives with proven credentials in operating large prison systems like Lorton. All employees, from the guards and maintenance workers to top management, will share ownership and profits through an employee stock ownership plan (ESOP) and work together according to the principles of Value-Based Management that are followed by America's most successful companies. The NBTC team will be supported by the

outside talent pool consisting of seasoned spiritual advisors; successful drug rehabilitation professionals and health professionals; a network of top-notch consultants on advanced prisoner security, penology, literacy and other prisoner transformation goals; and business executives capable of launching high-tech companies and screening, training, and supervising workers in advanced prison industries. An executive search committee of NBTC will carry out a national recruiting effort to hire a CEO to relocate and administer the prison, but preference for this post and other NBTC jobs will be given to qualified employees within the present D.C. Department of Corrections, all other qualifications being equal.

To complement NBTC's prison management objectives, two other sister organizations are being formed:

- New Birth Industries (NBI). NBI is a conglomerate for financing and managing each of the 15 new industrial companies as employee-owned enterprises with many highly entrepreneurial profit centers. Each of the new NBI enterprises may enter into separate joint ventures with outside firms on a fee-plus-profit sharing basis for providing on-the-job training and education, marketing, technology transfer and other inputs needed to assure the maximum productiveness and profitability of each NBI profit center consistent with the transformation goals of NBTC. The conglomerate will employ the employee stock ownership plan (ESOP) and Value-Based Management as tools for attracting capital loans and spreading ownership rights, responsibilities and profits among every person working on the NBI team.
- Washington Community Investment Corporation (WCIC). WCIC is a modified Real Estate Investment Trust (REIT) designed to function as a for-profit, professionally-managed real estate planner/developer whose shareholders will be the 300,000 registered voters of the District of Columbia and a small staff of WCIC professionals. The WCIC, operating with a broadly representative and diverse board of private sector leaders, will not own or control the prison or any of the industries locating on the project site. Instead the WCIC will serve as a conduit for transferring potentially valuable public properties (land and infrastructure) to a "people-ized" for profit land development corporation, in a highly transparent and accountable way, thus radically reducing future opportunities for corruption. The WCIC must therefore be empowered to develop all forms of public sector properties targeted for "people-ized" development, including the Lorton Replacement and possibly the Blue Plains Treatment Plant, and to receive cost-free transfers of real estate and infrastructure from the government on behalf of every citizen of the District.

As described below, the WCIC will raise the \$3.5 billion needed for project financing in the form of self-liquidating, Fed-supported, asset-backed, long-term loans from local banks through IRS-approved mechanisms that spread the WCIC's equity ownership and profits among all D.C. citizens. Once project funding is arranged, the WCIC will acquire the land, build all prison and industrial facilities and infrastructure, rent space and sell utilities to the prison management company and to each of the New Birth companies, sell excess power, water and other marketable products from the solar power plant, develop several tracts for residential housing and for commercial and recreational uses, pay off all construction loans, and distribute dividends to its citizen-shareholders. The WCIC will be financed by using self-liquidating credit for citizen-shareholders in a way similar to how the ESOP will finance the NBI enterprises for its worker-shareholders.

Energy Self-Sufficient-Plus and Income Self-Sufficient-Plus

This NBTC proposal is at once "energy self-sufficient-plus," and "income self-sufficient-plus." The project's new facilities and industries are expected to generate enough profits and savings to zero out the entire incarceration budget of the city of almost \$300 million annually within a relatively brief period of time. The project will also share the project's real estate and development profits with every registered voter of the District of Columbia through their shares in the Washington Community Investment Corporation.

Energy Self-Sufficient-Plus

Again, the New Birth Project will do more than merely warehouse prisoners. The New Birth Project will enable America to enter the Hydrogen Age just as the Manhattan Project opened the door for the world to launch the Atomic Age. To illustrate, the facility itself will also house under its 3,000-foot solar geodesic dome a 250 megawatt Solid and Complex Wastes-to-Total Energy Solar Regeneration Macrosystem Power Plant. This offers the massive economy-of-scale America has needed to "commercialize" several advanced renewable energy technologies already proven to work by NASA scientists and the space and energy industries, but heretofore lacking a big enough market and supportive financing. Using advanced fuel cell and waste conversion technology, the New Birth "power plant" will produce electricity, hydrogen, pure water and other marketable byproducts from the sun, from sewage connections to the Blue Plains Treatment plant, and from solid and hazardous wastes collected now at District and regional disposal sites.

Preliminary estimates have projected that the plant will not only produce enough energy, water, heat and other by-products to service the facility, but will also generate an excess of 235 megawatts of power to sell to the regional power grid at an estimated 5 cents per kilowatt-hour, providing an income of \$93 million annually to the Washington Community Investment Corporation and its 300,000 citizen-shareholders. As an added bonus, the facility will zero out the cost to meet the District Government's EPA requirement to expand sewage treatment facilities at Blue Plains (see April, 1994 GAO Report).

Income Self-Sufficient-Plus

In addition to project revenues from the sale of surplus electricity, synfuel and other by-products of the renewable energy power plant, New Birth Industries will employ inmates in at least fifteen (15) employee-owned enterprises within which they will earn sufficient income from their wages and dividends to pay the total cost of (1) their room and board, (2) the victims of their crimes, and (3) the welfare costs incurred by the city for their dependents by virtue of the fact that they are incarcerated. Thus, not only will the \$30,000 per prisoner cost of incarceration be zeroed out, but also the city's welfare budget will be reduced at the same time and the victims of their crimes will be compensated for losses they have sustained because of the crimes perpetrated against them by the inmates.

Among the revenue-producing components of the overall New Birth Project are:

- A 250 megawatt Solid and Complex Wastes-to-Total Energy Solar Regeneration Power Plant that will generate a surplus of 235 megawatts of electrical power which can be fed into the regional power grid for sale on the open market. (The basement of the new facility will contain a large heat sink capable of driving several heat pumps, each of which can produce 3 megawatts of supplemental power for meeting the facility and industry power needs of New Birth facilities.) The plant's excess power alone will generate an estimated \$93 million per year in net income for WCIC shareholders.
- The power plant will also produce 665,000 gallons each day, or 242,725,000 gallons yearly, of pure (de-ionized) water.
- An ASE Americas photovoltaics assembly plant for producing 20 megawatt per year modules for the solar geodesic dome, the industrial parks and export sales will cost about \$30 million and create about 500 jobs.
- A geodesic dome component assembly plant costing \$10 million will need 250 workers.
- An assembly plant for producing Super Heated Steam Advanced Reformers for converting solid and complex wastes into synfuels for hydrogen renewable energy systems will cost \$60 million and create 500 jobs.
- An Advanced Electrolyzer Assembly Plant will cost \$10 million and create 300 jobs.
- A manufacturer of Advanced Mechanical/Electrical/Plumbing/Waste Systems for use in robotics systems will cost \$10 million and hire 500 workers.
- The Advanced Electronic/Computer Control System manufacturer will cost \$5 million and generate 200 jobs.
- The Telecommunications Knowledge Hub, whose costs will be included in the cost of the prison facility, will generate 300 jobs.
- An Advanced Fuel Cell Vehicle Assembly Plant costing \$80 million will manufacture and assemble non-polluting, fuel cell-powered mobile health clinics with telemedicine capabilities, plus mobile robotics logistical systems for the prison, generating about 800 jobs. Another plant for manufacturing robotics systems will cost an estimated \$10 million more, creating about 100 additional jobs.
- An Advanced Electromagnetic Motor Assembly Plant for buses and robotic systems will cost \$10 million and hire 200 workers.
- A ElectroChem plant for assembling small-scale fuel cells for worldwide sales will cost about \$10 million and require 500 workers.
- A plant for manufacturing Advanced Solar Regeneration Micro NEICES Power Plants to meet small-scale (100-200 kW) decentralized, stand-alone, renewable energy for villages and small communities, will cost \$10 million and create 500 jobs.

- A Phosphoric Acid Fuel Cell Assembly Plant, with 500 workers, will cost \$10 million.
- A fabrication and assembly plant for producing Advanced Rapidly Deployable Modular Health Clinics will cost \$10 million and hire 500 workers. These modular clinics will utilize and commercialize advanced telemedicine technologies developed through Georgetown University Medical Center for the U.S. Army.
- Fish farms and vegetable farms under the Solar Geodesic Dome will cost \$5 million and employ at least 100 workers.
- Inmates will also have the opportunity to own and operate national franchises with such companies willing to locate in the New Birth facilities. (Marriott, McDonald's, Pizza Hut, Rite Aid, Giant, and Safeway are among the companies that will be contacted as possible ESOP franchisers.)

Several models of the advanced technologies mentioned above, such as a thirty-foot demonstration fuel-cell powered bus and the advanced Telemedicine System, are now operating at Georgetown University, while the demonstration "chassis" of the Solar Regeneration Power plant has been working since January 1995 at Edwards Air Force Base in California. Georgetown University is also producing the pre-production models for the Federal Transportation Agency of the 40-foot advanced bus design to be produced on our proposed New Birth site.

Additional revenues can be earned by the New Birth Transformation Corporation by renting 2,500 of the beds at the New Birth Facility to the Federal Prison System and to neighboring states that may wish to house some of their convicted offenders at our state-of-the-art transformation institution. Those 2,500 spaces are expected to add an additional \$68 million annually in rental income alone.

As an added bonus, the manufacturing of the micro solar regeneration systems could begin within a year at the new site, using inmates on parole or in half-way houses, even prior to the construction of the new facility.

State-of-the-Art Health, Religious, Educational, and Drug Treatment Modalities

Utilizing the advanced medical and telecommunications technology equipment to be manufactured in the prison industry located on site, the New Birth Transformation Corporation will also offer the inmate the very latest and best health maintenance and treatment, education, redeeming religious experience, and drug treatment facilities ever developed for penal institutions anywhere. As a case in point, master teachers in the arts, humanities, and sciences for all levels of education will be provided for interaction with the inmates via an advanced telecommunications link to the Information Superhighway. The on-site hospital facilities will be linked by telemedicine technology to leading medical centers around the world.

The overall project will feature creative partnership programs with many elements of the community: colleges and universities, churches, synagogues, temples, mosques and other

community support groups, labor unions and business organization designed to assure that transformed inmates will have the maximum opportunity to return to the Washington, D.C. community as assets and not as liabilities.

The Commercialization of U.S. Developed Technologies By U.S. Citizens

Perhaps the most significant feature of our proposal for the taxpayers of our nation is that the "people-ization" of our transformation facility for the Nation's Capital will offer a high-visibility crisis ("nothing to lose") situation for justifying a bold new approach to overcome barriers to the commercialization of neglected U.S.-developed advanced technologies and patents. The innovations at New Birth will improve upon the way that automobile, aerospace, biotechnology, and the information superhighway technologies were developed and commercialized in the United States. That should give the American people first shot at enjoying the fruits of our taxpayer-generated technologies, before the rest of the world catches on, as it inevitably will. NBTC will thus serve as a "breeder" for commercializing advanced technologies throughout the United States.

Costs and Financing

The estimated construction cost of this facility is \$3.5 billion and should generate at least \$400 million in annual profits from the export of excess electricity and bottled water alone. The 300,000 registered voters in the District of Columbia will be afforded access to "capital (i.e. self-liquidating) credit" by means of an expanded ownership plan that the New Birth Project will offer as a part of the plan for financing the overall project.

Because of the innovative technologies involved and the highly advanced ownership strategies in this high-cost venture, New Birth does not expect funding for project financing from Wall Street or traditional hard money sources or from hard-pressed taxpayers at the Federal or local level. Even if money were available from these traditional private or public sector sources, such money would normally come at high interest rates or excessive equity demands that would either jeopardize the financial viability of the project or compromise the integrity of the advanced design principles and technologies that make the New Birth Project so unique.

New Birth will therefore request a special demonstration of the money-creating powers of the Discount Mechanism at the Federal Reserve Bank at Richmond, Virginia for discounting at a 0.5% servicing fee the \$3.5 billion in long-term loan paper for the New Birth Project. With the cooperation of the Federal Reserve and consistent with its original commitment to productive uses of credit for private sector growth, a consortium of District of Columbia Banks can in turn make loans for long-term project financing through ESOPs and the Washington Community Investment Corporation at a prime rate of 3%. This pro-active use of the money-creating powers of the Fed under Section 13 of the Federal Reserve Act will enable the citizens of the District of Columbia to construct without taxpayer subsidies a new national monument in the form of an advanced self-supporting prison to replace Lorton, while funding America's entry into the Hydrogen Age and using advanced business approaches to addressing the causes of crime, drugs and poverty in the Nation's Capital.

But this would be only part of the total dividends which can reasonably be anticipated from this project as a whole. When the new taxable dividend incomes and job incomes from unsubsidized WCIC, NBTC and NBI activities are combined with the savings in public sector costs that are envisioned in this New Birth Transformation Project, numbers that still must be calculated, budget deficits in the District will be a thing of the past.

The Bigger Picture

Our proposal for a National Exemplar for "people-izing" advanced correctional systems, when approved, will serve as a pilot project for D.C. Super Empowerment Zone legislation which we are seeking as well. We seek such Super Empowerment zone legislation as a community-based forerunner to the passage of a Capital Homestead Act that will apply these principles nationally. In the 104th Congress, the black church leadership of our nation and the Center for Economic and Social Justice are seeking enactment of such legislation that will allow the use of the Discount Window at the Federal Bank of Richmond to provide special access to D.C. banks that extend capital credit to ordinary citizens. Such access to low-cost credit is critically important to accelerating private sector growth linked to broad-based ownership opportunities (See CESJ booklet, Capital Homesteading For D.C. Citizens: A Federal Reserve Demonstration). By this means, we expect to generate new private sector jobs, supplemented by a stream of dividend income for the growing number of American citizens who lack adequate and secure income because their skills are being rendered obsolete by job flight and the new labor-displacing technologies being developed or purchased with taxpayer money by corporate America.

Immediate Needs

We have determined that we require a six-month month start-up grant in the amount of \$1 million to enable us to put together a fiscally and technically sound, finished proposal that could be presented for bipartisan support from Congress and the White House, to mobilize community-wide input and support for the project, and to raise an additional \$7.5 million of front-end "soft money" funding needed to complete the planning phase of the project.