$64.5 Million in Prison Improvements Without Using Taxpayer Dollars

The Indiana Department of Correction (IDOC) operates 25 facilities across the Hoosier state and is nationally recognized for its innovative programs and commitment to inmate training. In 2011, the American Correctional Association awarded IDOC its Golden Eagle Award, recognizing “the highest commitment to excellence in correctional operations and the dedication of these agencies to enhancing public safety and the well-being of incarcerated individuals.”

For IDOC, the recognition is particularly gratifying given how far the agency has come in achieving its goals in just the last decade. In 2005, the IDOC faced many of the same challenges that plague corrections departments across the country: its infrastructure was crumbling, deferred maintenance was taking its toll on budgets, and that year, rising utility bills topped $230 million. "We recognized there was a tremendous opportunity to make energy and operational improvements," said IDOC Executive Director of Construction Services Kevin Orme. "But the state didn’t have 20, 30, 40 or 80 million dollars to invest in making it happen."

Budget-Neutral Option: Energy Savings Performance Contract

As the IDOC began to explore its options for funding the improvements without the use of taxpayer dollars, the agency issued a request for proposal. In response, the Johnson Controls team designed a plan that would include $64.5 million in energy-efficient upgrades and repairs across the IDOC facilities, without the need for the state of Indiana to provide capital or assume financial risk. Under an energy savings performance contract, facility improvements would be paid for up front by Johnson Controls or through a 3rd party and guaranteed to generate enough savings to pay for themselves over time. And if the savings were to fall short, Johnson Controls would assume financial liability. "They actually stand behind it," said Director of Special Projects Michael Callahan. "They write the check if we don’t make the savings, so our taxpayers know we’re watching over their dollars." As an added bonus, because the funding mechanism doesn’t affect the state’s bond capacity, it frees up capacity for other critical projects.
With funding in place, $64.5 million in improvements were made in four phases:

- **Phase 1** included the installation of steam distribution systems, building management systems, wood biomass boilers and lighting and water conservation.
- **Phase 2** revitalized additional locations with lighting and water upgrades, laundry ozone systems and more wood biomass boilers.
- **Phase 3** included additional energy-efficient measures at four of the original sites, corrected power issues and improved lighting.
- **Phase 4** focused on one site, with improvements such as better lighting, natural gas conversion, individual biomass boilers, solar thermal energy and geothermal systems.

“The savings have exceeded the guarantee and our expectations.”

Today, the public-private partnership between the Indiana Department of Correction and Johnson Controls serves as a model for success on many levels. The project has resulted in:

- **Better-than-expected energy and operational savings by 30%:** Phases one through three resulted in $32.6 million in energy and operational savings, and phase four is guaranteed to generate $13.5 million in energy and operational savings over 10 years. “Because our staff isn’t worried about the infrastructure, they can do their jobs more easily and manage operations more effectively,” said Orme.
- **Reduced recidivism:** One of the most significant measures of success for any department of correction is to lower its rate of recidivism - the percentage of offenders who return to prison within three years of release. In 2013, recidivism rates at IDOC facilities reached an unprecedented low – 35.8% – in part, because inmate training was incorporated into the decade-long energy-saving initiative. “During the RFP process, Johnson Controls was the only company that fully understood the importance of that objective and integrated it into the project plan,” said Orme. Today, in one of the IDOC’s medium-security facilities for example, nearly 50 percent of the offenders have full-time jobs; many of them are involved in the thinning and clearing of trees used in the wood-burning biomass boiler installed by Johnson Controls as part of the project.
- **A culture of sustainability:** The results of the energy savings performance contract have helped IDOC create a culture of sustainability within the agency. “Now, whenever we start looking at a project, the first thing we do is evaluate how it can help us to save energy and achieve our sustainability goals,” said Orme. And while the impact of any project on the environment is now a key consideration for IDOC, ‘green’ initiatives must also be fiscally responsible. “At the end of the day, it’s the taxpayers we’re accountable to. What is our return on investment? With the help of Johnson Controls, we’re able to measure the results.”

The IDOC has been so impressed by the results of the project, officials now share their experience with other departments of correction across the country. “We’re all in the same boat,” said Orme. “And now, we know enough that we’re teaching people across the country how to manage their correctional infrastructure to achieve the energy savings we have.”

Learn more about the IDOC project through quick videos on funding prison upgrades, prioritizing projects, creating jobs and the RFP process at johnsoncontrols.com/idoc.