


Energy stimulus money mired in investigations, bad management, IG says

By Amy Harder *National Journal* November 2, 2011

More than 100 investigations and overall poor management of almost \$40 billion have mired the federal government's efforts to jump-start the clean-energy economy, a top government watchdog testified to Congress on Wednesday.

"A combination of massive funding, high expectations, and inadequate infrastructure resulted, at times, in less than optimal performance," Gregory Friedman, the Energy Department's inspector general, said at a House oversight hearing Wednesday morning.

On top of that, Friedman said his office has launched more than 100 investigations into Energy's handling of the \$35.2 billion in Recovery Act funding it received. "These involve various schemes, including the submission of false information, claims for unallowable or unauthorized expenses, and other improper uses of Recovery Act funds," he said.

Friedman's testimony comes as the Obama administration is taking heat for awarding \$535 million in stimulus money to Solyndra, a solar-energy company that filed for bankruptcy in September. The IG was critical of the loan-guarantee program in a March 2011 report, and he didn't have kind words for the program on Wednesday, either.

"The loan-guarantee program had not properly documented, and as such could not always readily demonstrate, how it resolved or mitigated relevant risks prior to granting loan guarantees," Friedman said.

Of the \$35.2 billion, only 45 percent had been spent as of October 22. "The expeditious creation of jobs was a prime goal of the program," Friedman said. "The delay in expenditures was not helpful in this regard." Overall, the administration poured \$90 billion into clean-energy projects throughout the federal government, according to White House fact sheets.

Friedman's probes into DOE's management of the money have resulted in five criminal prosecutions and have returned more than \$2.3 million to the government. "This includes a series of cases involving fictitious claims for travel per diem resulting in the recovery of \$1 million alone in Recovery Act funds," he said.

Friedman said he could not comment on Solyndra's loan guarantee specifically because of ongoing investigations by the FBI and others.



Bloomberg

Solyndra's \$733M Plant Had Robots, Spa Showers

By Alison Vekshin and Mark Chediak - Sep 28, 2011

The glass-and-metal building that Solyndra LLC began erecting alongside Interstate 880 in Fremont, [California](#), in September 2009 was something the Silicon Valley area hadn't seen in years: a new factory.

It wasn't just any factory. When it was completed at an estimated cost of \$733 million, including proceeds from a \$535 million U.S. loan guarantee, it covered 300,000 square feet, the equivalent of five football fields. It had robots that whistled Disney tunes, spa-like showers with liquid-crystal displays of the water temperature, and glass-walled conference rooms.

"The new building is like the [Taj Mahal](#)," John Pierce, 54, a San Jose resident who worked as a facilities manager at Solyndra, said in an interview.

The building, designed to make far more solar panels than Solyndra got orders for, is now shuttered, and U.S. taxpayers may be stuck with it. Solyndra filed for [bankruptcy protection](#) on Sept. 6, leaving in its wake investigations by Congress and the [Federal Bureau of Investigation](#) and a Republican-fueled political embarrassment for the Obama administration, which issued the loan guarantee. About 1,100 workers lost their jobs.

Amid the still-unfolding postmortems, the factory stands as emblematic of money misspent and the Field of Dreams ethos that seemed to drive the venture, said Ramesh Misra, a solar-industry analyst in [Los Angeles](#) for Brigantine Advisors.

Cylindrical Modules

"When you don't have the demand, you can't go into something with the attitude, 'Build it and they will come,'" Misra said. "You have to make sure the customers are already there when you build it."

He is skeptical of the company's statement, in a press release on the groundbreaking for the plant, that it had a backlog of \$2 billion in orders for its cylindrical solar modules for commercial rooftops, which it touted as cheaper to install and more efficient than competing flat panels.

"Backlog" is a term sometimes used loosely in the industry and may not represent firm orders at all, he said.

[David Miller](#), a Solyndra spokesman, didn't respond to a phone call and e-mail seeking comment.

Solyndra was the dream of founder Chris Gronet, who received a Ph.D. in semiconductor processing at [Stanford University](#) and had spent 11 years as an executive at [Applied Materials Inc. \(AMAT\)](#). He adopted as the company's motto, "What we do here will someday change the world." Gronet didn't return a phone call seeking comment.

Prices Plunge

U.S. Energy Secretary Steven Chu and then-California Governor [Arnold Schwarzenegger](#) attended the 2009 groundbreaking for the plant. At the event, Chu said the U.S. solar-energy industry was losing out to countries like [China](#) and the loan guarantee, the first awarded by the department under President Barack Obama's 2009 economic stimulus plan, would ensure the company's orders would be filled by U.S. workers.

Even as Chu, Gronet and Schwarzenegger were thrusting their shovels into the dirt, market forces were working against Solyndra. The price of polysilicon, the main ingredient in competing traditional solar panels, had plunged. By the time the plant opened last January, the price would be down about 40 percent from when Solyndra got the loan guarantee. Chinese companies were ramping up production of their ever-cheaper competing flat panels.

Solyndra executives rushed construction in a race to fill orders, putting some work on a 24-hour, seven-day schedule. The factory was up and ready for equipment installation in 10 months. The project employed more than 3,000 union construction workers, according to a Solyndra background sheet.

'First Class'

"They were anticipating large production," Juancho Suntay, 51, a former Solyndra equipment maintenance technician, said in an interview. "That's why they wanted to have a state-of-the-art factory."

The plant features 19 loading docks, four electric car charging stations in the parking lot and landscaping of wild grass and a rock garden. An automated rail system moved parts through the assembly process.

Robots that resembled "a big freezer with wheels" maneuvered around the factory transporting panels from one machine to another, said George Garma, 49, a former Solyndra equipment maintenance technician from Fremont. The Disney tunes alerted workers to the robots' presence.

"It was first class," David Chan, 51, who was an information-technology contractor for Solyndra, said in an interview. "I've been in the business for 25 years and have seen some elaborate buildings. I've never seen a facility like it."

Costly Real Estate

The plant caught the attention of competitors. "Everybody I know in the solar industry would remark on it and say 'Boy, that's a really, really big factory,'" said Barry Cinnamon, chief executive officer at Westinghouse Solar Inc., a Campbell, California-based solar-panel company that manufactures in China.

"That's a lot of money that went into that factory," Cinnamon said in an interview. "It's one of those neck-snapping things every time you drove down the highway."

Commercial real-estate agents in the region wondered why a new factory was being built in the Silicon Valley region, the epicenter of some of the priciest real estate in the country, where most new construction consists of [office space](#).

"There hasn't been a factory or warehouse building built in Silicon Valley in well over 10 years," Jeff Fredericks, managing partner at Colliers International in [San Jose](#), said in an e-mail.

The asking rate for industrial properties in Silicon Valley is the fourth-most expensive in the U.S., according to Jack DePuy, Bay Area research manager at CB Richard Ellis in [Foster City](#), California.

Machinery Breakdowns

About 11.4 percent, or 950,801 square feet, of industrial space was vacant in Fremont in September 2009, according to data from Colliers.

"There was available space that we talked about with them," Bob Wasserman, Fremont's mayor, said in an interview. "It was their decision that they needed a new building. Was that a good decision? It didn't turn out to be."

John Olenchak, senior vice president at Kidder Mathews, a commercial real-estate firm in [Redwood City](#), said Solyndra executives considered existing space, including a former Sun Microsystems Inc. facility in nearby [Newark](#) that had 218,000 square feet of production space. The company wanted more space and to be near its existing operations, he said.

Solyndra used the new plant for the first phase of panel production. An older facility nearby finished and assembled the panels, former employees said. Problems developed at the old plant, when machinery wouldn't work properly and needed constant repair, workers said.

"Everybody was talking about it," said Edward Santos, 44, a former warehouse worker in Solyndra's logistics department.

Advantage Lost

"A significant percentage of the product we built went into a dumpster because it was defective," said Craig Ewing, 55, a former maintenance technician. "It seemed like the company accepted that," he said.

Even if the old plant hadn't had problems, by the time the company opened the new facility it was clear that Solyndra had lost whatever cost advantage it might have had, said Michael Butler, chairman and CEO of Cascadia Capital LLC, a Seattle-based investment-banking firm that advises renewable-energy companies.

"I'm sure there was a lot of panic at that point, because I'm sure that everyone saw the writing on the wall," Butler said.

Workers noticed inventory piling up. "The drivers would tell us that the warehouses are getting full," Santos said. "Sometimes, they'd stay there one or two days before the material was unloaded."

About two weeks before the company closed, Solyndra CEO Brian Harrison gave an upbeat speech at the new factory, said Romie Sumera, 58, a former equipment-maintenance technician.

Solyndra was getting leads on new orders from companies including Wal-Mart Stores Inc., Harrison told them.

To contact the reporters on this story: Alison Vekshin in [San Francisco](#) at avekshin@bloomberg.net; Mark Chediak in San Francisco at mchediak@bloomberg.net.

To contact the editors responsible for this story: Mark Tannenbaum at mtannen@bloomberg.net; Susan Warren at susanwarren@bloomberg.net.

Government races to close billions in renewable energy loan guarantees

By Amy Harder *National Journal* September 16, 2011

The Obama administration is in a race against the clock to close by month's end more than a dozen renewable-energy loan guarantees totaling \$9 billion. Of that, just over \$3 billion would come from the federal government's coffers.

It now has to do that amid an escalating political battle over a federally backed solar company spiraling into bankruptcy and facing an FBI probe. President Obama once praised the company, California-based Solyndra, as "the true engine of economic growth."

At a House hearing Wednesday, there was bipartisan concern about risking more taxpayers' dollars on renewable energy projects that ultimately fail. While Republicans' rhetoric was more heated, Democrats agree it is a critical issue.

"Taxpayers have over \$500 million at risk as a result of Solyndra's bankruptcy," House Energy and Commerce ranking member Henry Waxman, D-Calif., said on Wednesday. "We need to understand what happened and how we can avoid future losses."

In 2009, Solyndra was the first company to receive a federal clean-energy loan guarantee as part of the stimulus package. The Fremont, Calif.-based maker of solar photovoltaic systems then received photo-op visits from Obama, Vice President Joe Biden, and Energy Secretary Steven Chu, all touting the job-generating potential of solar and other renewable energy industries. But on Aug. 31, Solyndra shuttered operations, laying off its 1,100 workers while seeking Chapter 11 bankruptcy protection.

Under the Recovery Act that Obama signed into law in February 2009, the Energy Department's loan guarantee office was given roughly \$6 billion to help cover the financing of renewable energy companies applying for loans both with the



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Treasury Department's Federal Financing Bank and private lenders, such as banks. Over the last couple years, Congress has peeled away about half of that for other purposes and left the department with just \$2.4 billion for the renewable loan guarantee program.

That \$2.4 billion allocated to the Energy Department pays for each renewable energy project's "credit subsidy," a fee worth usually around 10 percent of the loan that helps defray costs if the loan fails. The Energy Department doesn't disclose the credit subsidy rate of loans the government guarantees, so it's unclear how much of that \$2.4 billion is left. But it's enough to support at least \$9 billion in loan guarantees if they fall through.

When the Recovery Act passed, the department was given a sunset date of Sept. 30, 2011. That date is fast approaching with 14 companies' loans still listed as "conditional" on the department's website. Between now and Sept. 30, the administration is trying to finalize those loans, whose amounts total \$9 billion. If the loans don't close, the companies won't get any money.

All of that \$9 billion won't come out of the federal government's pocketbook as some House Republicans have claimed, but \$3.1 billion of it will. Of the 14 projects pending as "conditional commitments" on the Energy Department's [website](#), half of them are lending from the Treasury Department's Federal Financing Bank and half of them are lending from private lenders, according to DOE spokesman Damien LaVera.

The loans conditionally committed to the companies borrowing from the government total \$3.18 billion. The other half loaning from private lenders totals roughly \$5.8 billion. Most of the companies are in the solar industry. Of the companies seeking to borrow from the Treasury Department, the biggest loan -- worth \$1.18 billion -- would go to SunPower Corporation Systems to build a solar farm in California. Another hefty loan of \$737 million would go to SolarReserve to build a solar farm in Nevada. Most of the money Treasury has available -- if loans are closed by Sept. 30 -- is targeted to solar companies. Of the seven companies borrowing from the government, four of them are in the solar industry, two in biofuels, and one in the wind sector, according to DOE's website.



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The Mercury News

MercuryNews.com

Fremont solar tech firm Solyndra to shut down, lay off hundreds of workers

By George Avalos
gavalos@bayareanewsgroup.com
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Updated: 08/31/2011 12:21:08 PM PDT

Solyndra, a Fremont-based solar panel manufacturer that flared, then sputtered, abruptly ceased operations on Wednesday and immediately laid off all 1,100 of its workers.

The shutdown marks a high-profile collapse of a company that received more than \$1.6 billion in federal and private funding in recent years.

"This was an unexpected outcome and is most unfortunate," Brian Harrison, Solyndra's president and chief executive, said.

The company received \$535 million in taxpayer money from the U.S. Department of Energy and \$1.1 billion in private venture capital funding.

"We have always recognized that not every one of the innovative companies

supported by our loans and loan guarantees would succeed," the Department of Energy said in a posting on its blog. "But we can't stop investing in game-changing technologies that are key to America's leadership in the global economy."

Solyndra workers who were laid off on Wednesday were dismissed without layoff packages.

"They are getting no severance," said Dave Miller, a Solyndra spokesman. "They are getting nothing."

The company had just finished construction of a new solar equipment factory. The federal loan was used to build and equip that plant.

"We had just installed the new tools," Miller said "We

were starting to ramp up production."

Solyndra intends to file a Chapter 11 bankruptcy in a federal court in Delaware next week, said Dave Miller, a company spokesman.

"We will try to sell the company or reorganize its finances," Miller said.

Solyndra was founded in 2005 by Chris Gronet, an Applied Materials veteran who earned his Ph.D. at Stanford University.

President Barack Obama held it up as a poster child for clean energy, saying during a 2010 visit to its headquarters that "companies like Solyndra are leading the way toward a brighter and more prosperous future."

Despite having raised more than \$1 billion in venture capital and receiving a \$535 million loan guarantee from the Department of Energy, Solyndra struggled. One reason for its woes is that low-cost Chinese manufacturers that receive substantial subsidies from the government are building massive factories that have rapidly driven down the price of solar panels and shifted more than 50 percent of production to China.

"This is really disappointing," said Christina Briggs, Fremont's economic development manager. "It's clear that manufacturing is still struggling in this economy, especially in the face of strong global competition."

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Solyndra to Declare Bankruptcy

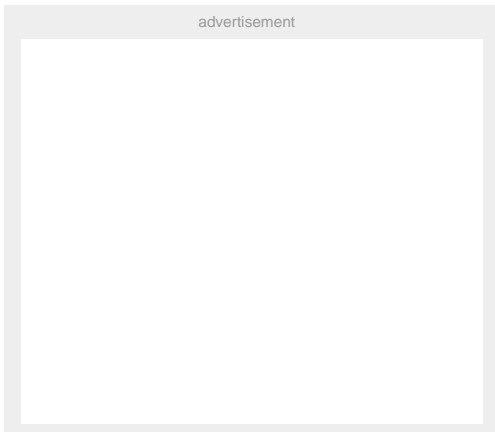
President Obama touted the facility only a year ago.

By Scott McGrew | Wednesday, Aug 31, 2011 | Updated 10:10 AM PDT

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Solyndra -- recently touted as an innovator by President Obama -- is reportedly shutting its doors. Employees are being turned away this morning.



Update: Solyndra announces it plans to file Chapter 11 bankruptcy, is suspending operations and seeks a reorganization. [Click here for the company's full statement.](#)

Solyndra, a major manufacturer of solar technology in Fremont, has shut its doors, according to employees at the campus.

"I was told by a security guard to get my [stuff] and leave," one employee said. The company employs a little more than 1,000 employees worldwide, according to its website.

[Analysis: Solyndra Bankruptcy a Disaster for President Obama]

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offering earlier this year and warned it would be in significant trouble if federal loan guarantees did not go through.

The company has said it will make a statement at 9am California time, though it's not clear what that statement will be. An NBC Bay Area photographer on the scene reports security guards are not letting visitors on campus. He says "people are standing around in disbelief." The employees have been given yellow

envelopes with instructions on how to get their last checks.

Solyndra was touted by the Obama administration as a prime example of how green technology could deliver jobs. The President visited the facility in May of last year and said "it is just a testament to American ingenuity and dynamism and the fact that we continue to have the best universities in the world, the best technology in the world, and most importantly the best workers in the world. And you guys all represent that. "

The federal government offered \$535 million in low cost loan guarantees from the Department of Energy. NBC Bay Area has contacted the White House asking for a statement.

Some Republicans have been very critical of the loans. "I am concerned that the DOE is providing loans and loan guarantees to firms that aren't capable of competing in the global market, even with government subsidies" Florida Congressman Cliff Stearns told the New York Times.

Posted Wednesday, Aug 31, 2011 - 8:00 AM PDT

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Kyle Phillips · Clemson

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illogicbusters (signed in using Yahoo)

So, when they go belly up, THEN the taxpayer gets to pay back the bank. Not different in outcome...

4


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Federal Stimulus Funds for Nevada's Green-Industry Grows Trees, But Few Jobs

By Pete Griffin

Published August 22, 2011 | FoxNews.com

A federal stimulus grant of nearly \$500,000 to grow trees and stimulate the economy in Nevada yielded a whopping 1.72 jobs, according to government statistics.

In 2009, the U.S. Forest Service awarded \$490,000 of stimulus money to Nevada's Clark County Urban Forestry Revitalization Project, aimed at revitalizing urban neighborhoods in the county with trees, plants, and green-industry training.

According to Recovery.gov, the U.S. government's official website related to Recovery Act spending, the project created 1.72 permanent jobs. In addition, the Nevada state Division of Forestry reported the federal grant generated one full-time temporary job and 11 short-term project-oriented jobs.

It also resulted in the planting of hundreds of trees -- which critics say is about the only good thing that came out of this stimulus project.

"Looking at the failure of the stimulus to live up to its promises, not just in Nevada, but throughout America, I think the question becomes 'is there any good use of stimulus money?'" said Douglas Kellogg, communications manager for National Taxpayers Union, in an email to FoxNews.com.

A Nevada state official has a simple explanation for the low job growth.

"If the question is 'was this a job-creating project?' the answer is 'no, it wasn't,'" said Bob Conrad, public information officer for the Nevada Department of Conservation and Natural Resources. "It was one of a number of projects that we do believe helped improve natural resources in the state."

Conrad said the \$490,000 is being used for a number of projects. Those projects include tree inventories, salaries for staff at the nurseries through the Nevada Division of Forestry, plant material and plant supplies.

"The goal obviously was to make trees available to local government entities, parks, schools, things like that, at our state nursery," said Conrad. "We basically grew and provided about 2,000 trees to these local entities."

The grant also funds Spanish-language training for Hispanics in the landscaping and tree care industry to "develop employability skills and increase job retention."

Conrad could not say how many, if any, jobs were created by that training.

"We had to put together projects within very specific parameters. If the particular project you're referring to didn't create jobs necessarily, that's really something that's beyond the parameters of the program and it's really something you'd have to ask the federal government, the U.S. Forest Service."

Repeated calls by FoxNews.com to the U.S. Forest Service were not returned.

A project summary provided by Conrad showed an even lower amount of full-time jobs, with 1.37 full-time employees at the Las Vegas Nursery.

Conrad explained that the number of full-time jobs is low because most of the tasks, such as planting trees or driving plants from the nursery to participating schools or parks, are given to individuals on a short-term basis via a temp agency. For example, 11 people were hired temporarily for different aspects of the project, such as planters, trainers, drivers, and individuals to develop programs.

"You're not going to hire a driver full-time for this entire project if the driver is only needed for a limited number of hours," said Conrad. "It wouldn't make good business sense to hire a full-time person to do something that's really just a short-term need for the project."

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Nevada has the highest unemployment rate in the nation, which, according to latest U.S. Department of Labor statistics, stood at 12.9 percent in July.

Kellogg said that the low job growth from this project could rub taxpayers the wrong way.

"Job-killing taxes, or more debt for a downgraded nation, are not likely to bring relief to our unemployment crisis," said Kellogg.

Conrad said that only 60 percent of the stimulus money has been used so far and of that amount, 90 to 95 percent of it is already allocated to salaries, sub grants, and other projects.

"The project isn't done," said Conrad.

But Kellogg believes it's a bad use of taxpayer money during these tough economic times.

"The president may well propose new stimulus efforts when Congress returns from recess," said Kellogg, "and those who learn from past stimulus debacles will not be fooled again."

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Seattle's 'green jobs' program a bust

Originally printed at <http://www.komonews.com/news/local/127844048.html>

By Vanessa Ho, Seattlepi.com August 16, 2011

Last year, Seattle Mayor Mike McGinn announced the city had won a coveted \$20 million federal grant to invest in weatherization. The unglamorous work of insulating crawl spaces and attics had emerged as a silver bullet in a bleak economy – able to create jobs and shrink carbon footprint – and the announcement came with great fanfare.

McGinn had joined Vice President Joe Biden in the White House to make it. It came on the eve of Earth Day. It had heady goals: creating 2,000 living-wage jobs in Seattle and retrofitting 2,000 homes in poorer neighborhoods.

But more than a year later, Seattle's numbers are lackluster. As of last week, only three homes had been retrofitted and just 14 new jobs have emerged from the program. Many of the jobs are administrative, and not the entry-level pathways once dreamed of for low-income workers. Some people wonder if the original goals are now achievable.

"The jobs haven't surfaced yet," said Michael Woo, director of Got Green, a Seattle community organizing group focused on the environment and social justice.

"It's been a very slow and tedious process. It's almost painful, the number of meetings people have gone to. Those are the people who got jobs. There's been no real investment for the broader public."

'Who's got the money'

The buildings that have gotten financing so far include the Washington Athletic Club and a handful of hospitals, a trend that concerns community advocates who worry the program isn't helping lower-income homeowners.

"Who's benefitting from this program right now – it doesn't square with what the aspiration was," said Howard Greenwich, the policy director of Puget Sound Sage, an

economic-justice group. He urged the city to revisit its social-equity goals.

"I think what it boils down to is who's got the money."

Organizers and policy experts blame the economy, bureaucracy and bad timing for the program's mediocre results. Called Community Power Works, the program funds low-interest loans and incentives for buildings to do energy-efficient upgrades. They include hospitals, municipal buildings, big commercial structures and homes.

Half the funds are reserved for financing and engaging homeowners in Central and Southeast Seattle, a historically underserved area. Most of the jobs are expected to come from this sector.

But the timing of the award has led to hurdles in enticing homeowners to bite on retrofits. The city had applied for the grant at a time of eco-giddiness, when former Seattle Mayor Greg Nickels was out-greening all other politicians except for Al Gore. Retrofits glowed with promise to boost the economy, reduce consumer bills and lower greenhouse gas emissions.

"A triple win," is how Biden characterized it.

By the time Seattle won the award, homeowners were battered by unemployment and foreclosures. The long-term benefits of energy upgrades lacked the tangible punch of a new countertop. And the high number of unemployed construction workers edged out new weatherization installers for the paltry number of jobs.

"Really, we couldn't have rolled out this program at a worse time," said Greenwich, who had helped write the city's grant proposal.

"The outcomes are very disappointing. I think the city has worked really hard, but no one anticipated just how bad this recession was going to be, and the effect it was going to have on this program."

City feels 'cautiously optimistic'

As of last week, 337 homeowners had applied for the program. Fourteen had gotten a loan, or were in the process of getting one.

"Yes, we're not seeing as many completed retrofits as we wanted to," said Joshua Curtis, the city's manager for Community Power Works. "While everyone would like to see more upgrades, I think we're feeling cautiously optimistic."

He said the residential portion of program didn't launch until April. He said there was a normal summertime lull in work and that he expected things to pick up in the fall. He was confident that the city's marketing campaign and loan partner held promise.

Curtis said there were factors outside the city's control, such as the economy. And he attributed frustration among job-seekers to a "mismatch" in the timing of two federal grants.

Before the city got the \$20 million, some local agencies, including Got Green, had received funds in a government push to train workers in weatherization. But the anticipation of landing career-path jobs evaporated as months went by with no work.

"People are frustrated and rightly so," Curtis said. "There's been sort of a lag time when people graduated from those programs."

They include Long Duong, 32, who got a certificate in sealing air leaks and insulating walls after he was laid off from a job handling bags at the airport. But he soon found that other men had more qualifications than him, and he took part-time gigs - installing light bulbs and canvassing doors - while waiting for work.

A year later, he's still looking.

"I haven't given up yet," said Duong, of South Seattle. "Weatherization is another opportunity for me."

Curtis said the money that financed the Washington Athletic Club and hospitals doesn't draw from funds reserved for single-family homeowners. He said the program's standards will ensure that people targeted by the program - low-income workers - will get good jobs. And he said the WAC project will create some new work in September.

"We're not where we want to be, but we have a path forward," he said.

City needs to 'step up its game'

But will the city hit its goals? Curtis was hopeful Seattle would make it by 2013, when the funding ends. Greenwich, of Puget Sound Sage, said the city needs to retrofit 100 to 200 homes a month to create 2,000 jobs. Woo, of Got Green, thinks the city needs to throw more money on incentives.

Greenwich said the energy retrofit market has turned out to be extremely complicated, with required hammering out of job standards, hiring practices, wages and how best to

measure energy benefits.

"The city is really going to have to step up its game to get the 2,000 retrofits," Greenwich said.

"But if this would have been easy, it would have been done already."

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