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Eight Months into Implementation, Recovery Act Spurs Clean Energy Innovations

By: Andrea Buffa



ARRA funding has brought together Serious Materials, a company that produces energy-efficient windows, with the Cook County economic development agency to weatherize low-income, multi-family buildings in Chicago. Photo credit: Jonathan Zalkin

On Oct. 30, the federal government's Recovery Accountability and Transparency Board released new data about American Recovery and Reinvestment Act (ARRA) spending and job creation. It reported that \$160 billion in federal grants and loans have been awarded nationally, resulting in the retention or creation of more than 640,000 jobs. Earlier this month, the board announced that \$16 billion in ARRA contracts had been awarded, saving or creating more than 30,000 jobs.

Although this data represents only a fraction of the \$787 billion in ARRA investments that will be used to revive the U.S. economy over the next two years, the Recovery Act has already spurred clean energy innovation across the country. Tax credits are helping citizens make their homes more energy efficient, while funding mechanisms like Energy Efficiency and Conservation Block Grants and the Weatherization Assistance Program are inspiring cities to develop new models for financing large-scale retrofit projects.

"The Recovery Act data confirms what we've been hearing from clean energy companies and green jobs advocates around the country," said Phil Angelides, chairman of the Apollo Alliance. "ARRA funding is helping clean energy companies reopen factories and rehire previously laid-off workers. It has led to the creation of innovative programs that are going to reduce consumers' energy bills as we approach winter, and create green jobs in areas like home weatherization and clean energy manufacturing."

Serious Materials of Sunnyvale, Calif. is a case in point. On Friday, Oct. 30, the company announced that the largest weatherization agency in the U.S., the Community and Economic Development Association of Cook County (CEDA), is using the company's windows for the Illinois Home Weatherization Assistance Program. This program will create jobs in Illinois for home energy auditors and weatherization installers. It will also save low-income families money on their heating and cooling costs.

Meanwhile, this collaboration is allowing Serious to hire more workers. Because of increased ARRA funding for weatherization programs like the one in Illinois, and ARRA tax provisions to help consumers and businesses buy energy-efficient products, Serious Materials has seen increased demand for its super-insulating windows and commercial glass, which has enabled the company to purchase two factories that had previously been shut down – a plant in Vandergrift, Penn., where more than 50 workers who had lost their jobs have since been rehired, and another in Chicago, Ill. The Chicago factory is the former Republic Windows and Doors facility that made headlines in late 2008 when workers occupied the plant after ownership abruptly shut it down.

"With CEDA's commitment, we expect to supply large volumes of our cost-effective, super-insulating SeriousWindows and create more jobs in our Chicago factory," said Serious Materials CEO Kevin Surace. "Efforts like CEDA's have the potential to create thousands of U.S. manufacturing and skilled labor jobs. This is exactly what we need to do across the country to save energy, save money, and rebuild America's economy based on home-grown manufacturing innovation and leadership."

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Other companies that manufacture energy efficient windows and doors have also seen their sales increase because of the Recovery Act. Simonton Windows of Parkersburg, W.Va., announced in August that it had extended offers to rehire 402 seasonal and full-time workers – 263 in West Virginia and 139 in Illinois – who were laid off by the company last winter, and that it is set to hire 55 additional employees in the near future. The reason is the increased demand for energy-efficient windows from consumers who qualify for tax credits under ARRA to improve the energy efficiency of their homes.

“The economic recovery started showing itself at our company after the American Recovery and Reinvestment Act of 2009 was implemented,” said Mark Savan, president of Simonton Windows, during an October tour of one of the company’s manufacturing facilities by U.S. Commerce Secretary Gary Locke, Sen. Jay Rockefeller and West Virginia Gov. Joe Manchin. “There are three drivers that enabled us to have a better-than-expected summer season. These include the market share gains Simonton has been able to achieve, the anticipated upswing in our seasonal business during the summer months that became reality, and the positive response of homeowners to the stimulus package incentives that led to increased purchases of our top-quality energy-efficient windows.”



In addition to energy-efficient windows, products like insulation, radiant barriers, and solar water heaters have

also seen increased sales. SunRise Solar of St. John, Ind., makes solar-powered attic fans, a technology that saves homeowners 30 percent on the cooling portion of their utility bills. Owner Bill Keith launched the business in 2003 out of his garage and is planning to open a second production facility next year. Sales have increased, in part due to the 30 percent tax credit included in the Recovery Act for the purchase of energy efficiency products. Because Sunrise Solar uses local suppliers wherever possible, the company is creating jobs throughout the local economy.

The \$110 billion in clean energy investments that were included in the Recovery Act include \$34 billion to improve energy efficiency over the next two years, and \$17.7 billion to modernize and expand transit systems, including the construction of high-speed rail networks and new light rail systems. ARRA will also invest \$7.9 billion to scale up renewable energy development, \$10.9 billion to modernize and expand the electric grid, and \$500 million in green-collar job training.

Many of these investments have yet to be distributed. For example, only during the final week of October did the Obama administration announce that it would allocate \$3.4 billion in smart energy grid funds to 100 private companies, utilities, manufacturers, cities and other partners in 49 states. Funds for green-collar job training have yet to be awarded.

But ARRA funds that have been distributed have begun to reach renewable energy suppliers, transit manufacturers and others. For example, Cardinal Fastener & Specialty Company, Inc. of Bedford Heights, Ohio, was a traditional manufacturer, producing large-diameter, high-tensile strength bolts for construction projects and heavy equipment makers. Now that the company makes bolts for wind turbines, it should see an uptick in business as a result of ARRA grants that are being awarded to renewable energy producers. As ARRA cash makes its way to energy producers who are building new wind farms, these producers will purchase wind turbines from turbine manufacturers, and the manufacturers will in turn purchase bolts from Cardinal.



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“As project developers begin to purchase more turbines, the domino effect on the U.S. supply chain begins,” said Jeff Grabner, the wind product manager at Cardinal. “There are hundreds of suppliers in the U.S. that are benefitting from ARRA, and Cardinal looks forward to seeing more farms being commissioned and the supply chain for the turbine industry being localized here in the U.S.”

A similar story holds for transit manufacturers. United Streetcar of Portland, Ore., a subsidiary of Oregon Iron Works, has a deal in place to build six streetcars for Portland, as part of the expansion of the city’s streetcar system. The expansion of the Portland streetcar system is being made possible, in part, by an ARRA grant from the Federal Transit Administration.

“We are a hundred percent for the federal funding that went to the Portland streetcar system, and it was instrumental to us getting the streetcar contract,” said Chandra Brown, president of United Streetcar, whose streetcars are the first American-made streetcars in over half a century. Brown said she is also eagerly awaiting the announcement of ARRA’s TIGER grant awards, which are surface transportation discretionary grants and may help additional cities expand their streetcar systems. Those awards won’t be announced until February 2010, at the latest.

In addition to the slow pace of ARRA funds distribution, other complaints about Recovery Act implementation center on the lack of information about the quality of jobs created by ARRA and their accessibility to people from low-income communities and communities of color. Three groups (ISIAIH, Organizing Apprenticeship Project and PolicyLink) that conducted a study of whether ARRA transportation funds in Minnesota had benefited disadvantaged and low-income communities found that minorities and women were underrepresented among the workers hired for newly funded transit programs. This would be a disturbing trend if it were found to be a pattern nationally.

On the flip side, jobs being created by ARRA-funded home weatherization programs look to be poised to go to the

communities that have been hit hardest by the recession. “There are very innovative things going on at the local level where ARRA weatherization money and EECBG money are helping low-income people retrofit their homes and targeting low-income people and people of color for weatherization jobs,” said Elena Foshay, a research associate at the Apollo Alliance who monitors ARRA implementation.

Among the innovative weatherization programs are Portland, Oregon’s Clean Energy Works program and Kansas City, Missouri’s Green Impact Zone.

Portland is using the Energy Efficiency and Conservation Block Grant funds it received through ARRA as seed money to start Clean Energy Works Portland, a revolving loan fund that will enable Portland residents to improve the energy efficiency of their homes with no up-front costs and pay for the improvements through their utility bills. Improvements available to homeowners during the program’s pilot phase, which will cover 500 homes, include insulation, air sealing, duct sealing, and improvements to space and water heating systems. Fifty-five direct jobs will be created by the pilot program, with many more expected after the pilot phase.

But the most exciting and unique aspect of the program is the Community Workforce Agreement that was developed by representatives of labor unions, community groups, businesses, community colleges, and other stakeholders. It is a comprehensive plan to make sure that new jobs created by Clean Energy Works Portland are high quality, career-track jobs that offer family-supporting wages and benefits, and that they go to local residents from diverse backgrounds.

“In Oregon, a state with one of the highest unemployment rates in the country, Clean Energy Works Portland stands to provide a scalable national model by leveraging federal recovery dollars to put people back to work and achieve significant carbon reductions,” said Portland Mayor Sam Adams. “With our community workforce agreement, we have the ability to promote social equity in a measurable way, providing an opportunity for under-employed youth and adults to gain career training in the sustainable



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building industry, and ensure that Portland stays at the forefront of the green economy.”

Kansas City is similarly directing the benefits of its ARRA funds toward low-income people, specifically the residents of a 150-block “Green Impact Zone,” where funds from ARRA could spur the renewal of a poor and abandoned area by putting residents to work weatherizing thousands of neighborhood homes. The Green Impact Zone has received ARRA funds through the Weatherization Assistance Program and the EPA’s brownfields clean-up program. Other components of the Green Impact Zone program include a rapid-transit bus route; a smart grid energy project; a green sewer demonstration project; a botanical garden; and a citizen engagement center that will serve as a one-stop shop for residents’ public safety issues.

In addition to creating jobs, another benefit of the Green Impact Zone’s weatherization program is the impact it will have on residents’ energy bills. “A lot of the people who live in this neighborhood in the wintertime have \$600 to \$800 heating bills, because they have windows without storm windows, very old heaters, and little insulation,” said Margaret May, executive director of the Ivanhoe Neighborhood Council and a Green Impact Zone neighborhood leader.

May’s enthusiasm is an indication that the public is pleased with the benefits that ARRA has created so far—and will continue to create throughout 2010. “We are very grateful for this opportunity,” she said. “We believe we’re going to do this and exceed the goals that we have, and that we’re going to be so successful that across the nation this concept is going to spread, and within our city it will go into an area that’s even larger than what’s currently planned for.”