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Business

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Focus on the **ECONOMY**

Stimulus used in savings, not spending

Money from government didn't spur buying; many households held onto it

The Associated Press

WASHINGTON — Households raised their savings rate to the highest level in more than 15 years in May as many used a big boost in money from the government's stimulus program to bolster nest eggs rather than to spend more. Still, with consumer spending expected to stay subdued, a sustained economic recovery seems doubtful anytime soon.

The biggest chunk of the income gain in May came from \$250 payments for more than 50 million Americans receiving Social Security and other government benefit programs. In all, \$13 billion of the one-time payments were mailed last month.

Millions of other workers benefited from the tax-credit part of the \$787 billion stimulus plan. That program provides up to \$400 for individuals and up to \$800 to married couples. Workers began receiving that benefit in April in the form of less money withheld from pay, averaging about \$10 per weekly paycheck.

The bigger Social Security benefits pushed incomes up 1.4 percent in May, the biggest gain in a year. Yet it did not cause a similar jump in spending. Consumer spending rose only 0.3 percent.

Instead, Americans used their government windfalls mainly to boost savings. The personal savings rate, which was hovering near zero in early 2008, soared to 6.9 percent in May. That was a 1.3 percentage-point gain from April and the highest rate since 1993.

That Americans used most of their government stimulus payments to boost savings rather than increase spending worried investors on Wall Street. They're concerned that the stimulus package that President Barack Obama pushed through Congress might not achieve the desired effect of helping revive the economy.

Private economists also expressed concerns, saying the next few months will be

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2008. BLOOMBERG NEWS

The personal savings rate, which was hovering near zero in early 2008, soared to 6.9 percent in May.

Very green house



MARK GORMUS/TIMES-DISPATCH

The house at 3072 Judes Ferry Road in Powhatan County will be open to the public Saturday and Sunday.

Homeowner making good on her job

Powhatan couple builds prototype home; the wife applies environment laws

BY REX SPRINGSTON
Times-Dispatch Staff Writer

In her job, Allison Dunaway makes sure people follow state environmental laws.

That entered into her thoughts when it came time to build her dream house.

"I wanted to put my money where my mouth was," said Dunaway, 30.

She and husband Greg, 32, are building an unusual, environmentally friendly house on 2 acres in Powhatan County.

If all goes well, green-building experts say, the house will probably be the first in the region approved by the prestigious Leadership in Energy and Environmental Design residential program, or LEED for Homes.

"To my knowledge, it would be the first in the Richmond area to be certified," said Sean Shanley, director of residential operations for EarthCraft Virginia, a group that helps projects get green-building status.

The LEED program is run by the

Open house

To learn more about green homes, the Dunaways are opening their house to the public for viewing and questions:

When: Today and tomorrow

What time: 10 a.m. to 4 p.m.

Where: 3072 Judes Ferry Road in Powhatan County, off state Route 711.



Green building groups

Click on this story at TimesDispatch.com to learn more about different organizations promoting green building.
Keyword: Business

U.S. Green Building Council, a Washington-based nonprofit group. The program began in 2000 for commercial buildings and in January 2008 for homes.

Approval for the Dunaways' home could come in late summer. The house at 3072 Judes Ferry Road is not quite finished.

Nine homes in Virginia have received various levels of LEED certifica-

tion, including ones in Crozet, Afton and Arlington County, according to the building council. The house in Powhatan is going for one of the top certification levels.

Watershed Architects in Richmond designed the Dunaways' three-story contemporary. It's small — at about 1,900 square feet. That means builders use fewer materials, fewer trees get cut and there is less space to heat and cool.

Small size, among other features, helps a house gain LEED certification.

"Overall, it's promoting living more economically and environmentally," said "Grebe, president and CEO of Handcraft Homes, the builder. "In that respect, LEED has an impact on total lifestyle."

The walls and roof of the home were built with special panels of foam sandwiched between plywoodlike boards.

Called "structural insulated panels," the sheets are extremely strong and provide about 40 percent more insulation than you get in a typical home, Grebe said.

In addition, the house was built off

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New tenants for Rocketts development

A developer and a restaurant will move into spaces there

BY MICHAEL MARTZ
Times-Dispatch Staff Writer

Business is picking up at Rocketts Landing, with the addition of a popular Shockoe Bottom restaurant and a developer opening new offices in the mixed-use community overlooking the James River.

Zuppa will move from its current location on North 18th Street to a space in the 210 Rock Building at Rocketts Landing, which straddles the city boundary with eastern Henrico County. The timing of the move has not been disclosed.

The restaurant will be joined by construction company Felts and Kilpatrick, which will open an office in the same building within the next 30 days. The custom-home builder and aspiring commercial developer has been based at Craig Kilpatrick's Hanover County home since its founding in 2004.

"It's centrally located," Kilpatrick said. "We really like that project. I really respect what they've done down there."

Kilpatrick and his business partner, Nolan Felts, are both runners and mountain bikers, so they also like the new community's setting. "One of the biggest draws of Rocketts

Landing is the proximity to the James River Park System," Kilpatrick said.

The company's new real estate arm, Cobblestone Realty, also will be based at Rocketts, where the company is leasing more than 1,400 square feet with an option to eventually buy the property.

Zuppa opened in 2005 at 101 N. 18th St. and has become a popular eatery in the Bottom. "The opportunity to be part of what is happening at Rocketts Landing was just too good to pass up," Adam Schumm, the restaurant's founder, said in a statement yesterday. "Given the proximity to our original location, we expect that our regulars will make the switch with us," Schumm said, "and with the hundreds of residents ... at Rocketts Landing, we anticipate a robust business."

Schumm said the restaurant also will begin offering breakfast at its new location.

Another restaurant, The Boathouse at Rocketts Landing, is expected to open later this summer in a former power plant building on the property.

The WVS Companies, the developer of Rocketts, has completed 250 condominiums in four buildings, including 210 Rock, and eight townhouses, with 13 more being built.

"We're excited to welcome our first commercial residents, who will begin to enhance the character of our community," said Jason Vickers-Smith, president of WVS.

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Nestle known not to give records to FDA

Refusals verified at Danville plant that made recalled dough

The Associated Press

NEW YORK — Inspection reports from a Nestle USA cookie-dough factory in Virginia released yesterday show the company refused several times in the past five years to provide Food and Drug Administration inspectors with complaint logs, pest-control records and other information.

The records, which date to 2004, were made public after Nestle's Toll House refrigerated, prepackaged cookie dough was discovered to be the likely culprit in an E. coli outbreak that has sickened 69 people in 29 states, according to the latest estimates from the federal Centers for Disease Control and Prevention. The CDC is investigating the outbreak along with the FDA. Nestle voluntarily recalled all Toll House refrigerated

cookie-dough products made at the Danville factory late last week after the FDA informed the company it suspected consumers may have been exposed to E. coli bacteria after eating the dough raw.

According to the reports released by the FDA, the company refused to allow FDA investigators access to certain documents in at least 2004, 2005, 2006 and 2007.

FDA spokeswoman Stephanie Kwisnek said the Glendale, Calif.-based unit of Switzerland-based Nestle SA had the right to do so.

"Companies have the right to make conditions on what they will or will not permit during an inspection," she said. "Some companies have a policy that they outline for the investigator at the beginning of an inspection."

But the FDA can force a company to comply if public health is at stake.

Kwisnek said, for example, if a company refuses to let the

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Richmond Times-Dispatch

BUSINESS

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General Motors

Michigan gets small-car plant

It edges out two other states in competition to build GM's next-generation subcompact

The Associated Press

ORION TOWNSHIP, Mich. — Michigan has snatched back a few of its fast-disappearing auto jobs, winning a high-stakes competition with two other states to build General Motors Corp.'s next-generation subcompact car.

The news is a bright spot in an otherwise gloomy Michigan economy that has seen unemployment hit a nation-leading 14.1 percent, lots of housing foreclosures, unpaid furlough days for state workers and uncertainty for thousands of others wor-

ried about whether they'll still be getting a paycheck in the months ahead.

GM said yesterday that it would use an idled midsize car plant in Orion Township, about 40 miles north of Detroit, to assemble small and compact cars.

The automaker had considered plants in Janesville, Wis., and Spring Hill, Tenn.

GM said it expects to start retooling the Orion assembly plant in late 2010 and run two shifts there by 2011, producing 160,000 vehicles annually. The move will save 1,200 jobs.

Michigan's win meant a loss for workers hoping GM would reopen the Janesville plant or spare the Spring Hill plant where 2,500 workers will lose their jobs this year when production of the Chevrolet Traverse crossover vehicle moves to a plant near Lansing.

Michigan, Wisconsin and Tennessee all offered incentive packages to GM in an effort to lure the plant.

Tennessee Gov. Phil Bredesen said Thursday that his state's incentive bid was "nothing like" what GM had originally sought.

But Michigan, facing the effects of Chapter 11 bankruptcies at GM and Chrysler LLC and the crumbling of its once-proud car culture, pulled out all the stops to win the plant.

A spokeswoman for Michigan Gov. Jennifer Granholm declined to give specifics of Michigan's offer.

GM also said a building at its Pontiac stamping plant will be retooled to make parts for the new car based on the Chevrolet Spark. GM said 200 jobs will be spared at the stamping plant center.

China likely to reject Hummer bid

The Associated Press

BEIJING — China's planning agency is likely to reject a Chinese company's bid to acquire General Motors Corp.'s Hummer unit, in part because its gas-guzzling vehicles conflict with Beijing's conservation goals, state radio reported.

The National Development and Reform Commission is likely to say Sichuan Tengzhong Heavy Industrial Machinery Corp., a maker of construction machinery, lacks the expertise to run Hummer, China National Radio said, without citing any source.

Tengzhong said it has yet to reach a definitive agreement with GM, which the company said previously was required to make a formal request for government ap-



proval of the deal. Hummers, which roar along on oversized tires and can weigh more than 3 tons, are based on U.S. military vehicles that gained fame during the 1991 Gulf War.

Tengzhong, based in the southwestern

city of Chengdu, emerged as Hummer's surprise buyer this month after GM sought court protection from its creditors.

The companies said the sale still required regulatory approval and refused to disclose the price.

Auto-industry analysts questioned how Tengzhong, which makes such construction vehicles as cement mixers and tow trucks, could succeed with Hummer, known as "Han Ma," or Bold Horse, in China.

GM said the planned sale would save some 3,000 jobs in the U.S. Tengzhong said it would invest in research to develop more fuel-efficient Hummers and would keep Hummer's headquarters and manufacturing in the U.S.

Biz to Go

Collectibles market for Michael Jackson memorabilia soars

BOSTON

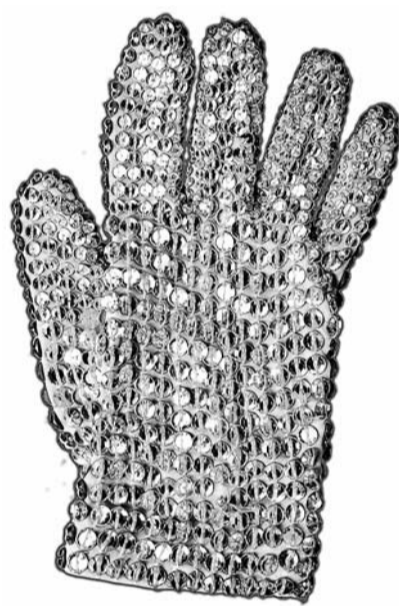
Deb Elliott is saddened by Michael Jackson's sudden death, but she's also a little wealthier because of it.

The response was overwhelming this month when the Volant, Pa., resident tried to auction a pair of 1980s Jackson dolls for a starting price of \$9.95 apiece on eBay Inc. She turned to the e-commerce site after six months of Craigslist postings drew little interest.

"I would have been happy if they sold for \$20," said Elliott, a 55-year-old homemaker.

But within minutes of Jackson's death Thursday, eBay bids started coming in. A doll depicting Jackson at the American Music Awards fetched \$265 after 21 bids. A Grammy Awards Jackson doll got 36 bids and sold for \$227.50 yesterday.

The singer's death triggered a surge in the Jackson collectibles market yesterday, including newly minted items such as T-shirts hawked online with "R.I.P." and "June 25, 2009" alongside his image. Yesterday afternoon, an Internet search for Jackson items turned up more than 24,000 offerings from auctions on several sites and fixed-price "buy-it-now" sales.



JULIEN'S AUCTIONS VIA THE ASSOCIATED PRESS

The auction house that has this white spandex glove covered with Swarovski lochrosen crystals says it was custom made for Michael Jackson and estimates it would sell for \$10,000-\$15,000.

A question for collectibles marketers is whether the damage Jackson's reputation suffered from his eccentricities and late-career pedophilia allegations will erode the value of memorabilia once the shock of his death passes. Or, like Elvis, who had his share of late-life troubles, will the collectibles hold value because the power of the legend prevails?

"Is he Elvis or Marilyn Monroe, or is

he Mike Tyson?" said Jim Lentz, chief operating officer of American Royal Arts, a Boca Raton, Fla.-based memorabilia dealer. "Does the controversy get downplayed, and does his career get played up, or do people continue to hold the strangeness and rumor against him?"

The singer struggled financially following his 2003 arrest on charges that he molested a 13-year-old boy. A jury acquitted him of all charges.

Jackson's problems and death might help the marketing of some, but not all of the memorabilia. "Notoriety might be great for say, the autograph market," said Martin Brochstein, senior vice president at the New York-based Licensing Industry Merchandisers' Association. "He's not signing any more, to put it bluntly.

"But in terms of licensed merchandise bearing his likeness, the notoriety is not necessarily such a good thing."

The rich Jackson collectibles market is the legacy of his huge popularity in the 1970s and '80s, when all sorts of mass merchandise emerged, from Jackson dolls to posters to commemorative coins.

That period also produced a trove of signed valuables, from autographed album covers to the signature white sequined gloves he wore on stage.

Jackson "was a guy who toured the world, and signed autographs, and was very public," Lentz said. "There is a fair amount of inventory out there."

His death is also expected to inspire an array of commemorative gear of potentially dubious value, such as T-shirts.

— The Associated Press

House

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the ground, on concrete columns, to reduce problems such as mold that can arise from leaks in basements and crawl spaces.

The home cost about \$280,000, while a standard home that size might cost \$210,000, Grebe said.

Handcraft Homes would have charged even more, but the Goochland County-based company wanted the experience of building its first green house, Grebe said.

Depending on how many environmentally helpful features go into it, a green house can cost anywhere from a few percentage points more to more than 25 percent over the price of a standard home, Grebe said.

But the owner of a house like the Dunaways' can recoup the extra cost in about seven years through energy savings, he said.

For that reason, a green house is for people who are setting down.

Dunaway, who works for the state Department of Environmental Quality, said her parents live nearby. She and her husband, who have a 2-year-old daughter, Madeleine, plan to be in their home for years to come.

"This is it, hopefully," she said.

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Recall

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FDA take pictures inside the plant but the investigator feels it's in the interest of public health to take photos, the agency can get an administrative warrant to make the company comply.

In a statement, Nestle said it rejects any implication that it did not cooperate with the FDA and said it provided all information required under law, adding that its practices are standard within the food industry.

"Nestle always fully cooperates with the regulatory authorities wherever it operates, and Nestle is fully cooperating with the Food and Drug Administration at our Danville, Virginia, plant in this matter," the company said.

Kwisnek said the company is cooperating with the FDA's current investigation into the

Economy

From Page B7

vital in determining whether the stimulus package works. Many still think that about two-thirds of the stimulus payments will end up being spent.

That possibility would be similar to the outcomes in previous government stimulus programs in 2001 and 2008. And it could deliver enough of an economic punch to end the recession.

But analysts said high levels of layoffs or a further surge in energy prices could derail any recovery. Record-high energy prices last year dampened the effectiveness of a stimulus effort then.

"The next three to six months will be the moment of truth that will determine whether the stimulus effort will be enough to break this

E. coli outbreak and has provided the agency with records and documents.

In the most recent inspection report, dated March 12 the FDA found no unsanitary conditions and no refusals were documented by the inspector.

The FDA conducted two inspections in 2007. The first in February detailed six minor issues, including tools and equipment being stored in a handwashing sink in the Toll House preparation area, a water leak from the same sink and a hole in a steam line.

In November, the FDA returned to the facility to check to see if those issues had been corrected.

During that inspection, the company refused to allow inspectors to photograph anything and also did not allow any review of production records or complaint files as per the company's policy.

very vicious cycle," according to Mark Zandi, chief economist at Moody's Economy.com.

"I am hoping that somewhat firmer retail sales this summer and fall will convince businesses to scale back on their job cuts," he added.

One concern is that the recession, which began in December 2007, has so rattled consumers that they will keep raising their savings rate to replenish their bank and investment accounts.

Those savings have been shredded by the fall in housing and stock prices.

Some analysts say the savings rate could rise to 10 percent. But Nigel Gault, chief U.S. economist at IHS Global Insight, said he expects it to stabilize in coming months in the 6-to-7 percent range.

"We expect spending to creep slowly higher in the second half of the year as the labor market deterioration becomes less severe," Gault said.

BUSINESS BRIEFS



MARK LENNIHAN/THE ASSOCIATED PRESS

It's a quirk, not a quality problem

For Mini, the maker of sporty — if sometimes eccentric — pint-sized hatchbacks, landing at the bottom of another closely watched vehicle quality study this week is almost a point of pride. Mini says it deliberately engineers quirks into its cars, like oddly placed dashboard controls or unusual interior lighting, that drag down its ratings in such studies. Jim McDowell, vice president of Mini's U.S. operations, said those design features are central to the brand's personality. "Mini has some idiosyncrasies that we engineer into our cars," McDowell said. The automaker finished dead last in J.D. Power & Associates' annual initial quality study released this week. In the same study last year, Mini was second from the bottom. Consumer Reports placed Mini's vehicles slightly above the middle of the pack in its annual reliability survey published in April.

VIRGINIA

Kessler to leave Altria at the end of the month

Altria Group Inc., the largest U.S. tobacco producer, said Murray Kessler, vice chairman and head of its UST snuff division, will leave the company at the end of the month.

Kessler, 50, is departing six months after Henrico County-based Altria acquired UST Inc. He was one of the executives who oversaw the companies' integration, which will save \$300 million a year, including \$50 million more than the company previously estimated.

As UST's chairman and chief executive officer, Kessler negotiated the \$11.7 billion deal with Altria.

The deal vaulted Altria, which makes half of the cigarettes sold in the U.S., past Reynolds American Inc. as the largest smokeless tobacco maker.

Closing UST's Stamford, Conn., headquarters and moving the smokeless tobacco unit to Henrico will contribute to Altria's projected savings. The company also cut costs by combining UST's snuff sales force with Philip Morris USA.

Smithfield Packing has tentative labor deal

Smithfield Packing Co. and the union that worked for years to organize one of the world's largest pork slaughterhouses said yesterday that they had reached a tentative agreement on their first contract for the plant just four months after starting talks.

The deal between the United Food and Commercial Workers and Smithfield Packing, a wholly owned subsidiary of Smithfield-based Smithfield Foods Inc., calls for workers at the plant in Tar Heel, N.C. to vote Tuesday and Wednesday.

Both sides declined to offer details of the deal until they were shared with the roughly 5,000 employees.

THE NATION

GE plans \$100 million technology center

BIRMINGHAM, Mich. — General Electric Co. said it will build a \$100 million manufacturing technology center in Michigan that will eventually employ about 1,200 workers.

The Advanced Manufacturing and Software Technology Center will include a GE research and development facility with scientists and engineers who will develop manufacturing technologies for GE's renewable energy, aircraft engine, gas turbine and other products.

The center, expected to open this year, also will develop software, networking and other services.

Treasury lays out steps for bank bailout exit

WASHINGTON — The Obama administration established its process for pricing billions of dollars worth of warrants that large banks must repurchase to exit the \$700 billion bailout program.

The Treasury Department

said the banks will make the first offer for the warrants. Treasury will then decide to sell at that price or make a counteroffer. If the government and a bank cannot agree on a fair price for the warrants, the two sides will have the right to use private appraisers.

Treasury could auction to private bidders warrants from banks that choose not to repurchase them. The banking industry endorsed the plan.

Elsewhere

Regulators yesterday shut down four small banks, boosting to 44 the number of failures this year of federally insured banks. The failed banks: Community Bank of West Georgia, based in Villa Rica, Ga.; Neighborhood Community Bank, in Newman, Ga.; Horizon Bank in Pine City, Minn.; and MetroPacific Bank in Irvine, Calif.

A federal judge in New York ordered disgraced financier Bernard Madoff to forfeit more than \$170 billion — forcing him to give up his interests in all property, including real estate, investments, cars and boats. The government also settled claims against Madoff's wife, obtaining Ruth Madoff's interest in all property, including \$80 million of property she claimed was hers. Bernard Madoff is due in court on Monday for sentencing in his fraud case.

Foot Locker has named J.C. Penney President Ken C. Hicks as its CEO. Hicks has been president of J.C. Penney since 2005.

Apple Inc. said it removed a program from its iPhone store yesterday because the developer added pictures of topless women.

Robert Herz, chairman of the Financial Accounting Standards Board, the rule-setting board for corporate accounting, said financial rules need changes to bring an end to massive, unbridled markets.

Roche Holding AG is pulling its Accutane acne medicine from the U.S. market after juries awarded at least \$33 million in damages to users who blamed the drug for bowel disease.

Qantas Airways Ltd. said it has canceled orders for some Boeing 787s and delayed delivery because of the recession.

Pump prices nationally fell every day this week, easing off a summer peak near \$2.70 a gallon as U.S. storage facilities swelled with unused gasoline. Benchmark crude for August delivery fell \$1.07 cents to settle at \$69.16 a barrel on the New York Mercantile Exchange.

— From Staff and Wire Reports

GASOLINE	
Regular	2.52
LOCAL LAST YEAR	\$3.97
NATIONAL	\$2.66
-.01 since yesterday Average price for regular, self-serve based on about 500 stations in Richmond and 13 surrounding localities. To find real-time prices for your neighborhood, click on www.aaa.com/fuelfinder	