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# UPDATE

## FROM THE PRESIDENT



December is a good time of year to look back and look forward. In this newsletter, you'll read about the programs we've held in the past six months and get a first glimpse at some of the programs we have planned for 2016. We think you'll like what we have to offer!

I'm happy to report that MHCA continues to grow. One of the main drivers of our growth is the quality of our programs. The value that members receive from training really adds up. If the financial benefits of a more skilled workforce aren't enough, MHCA goes above and beyond by reducing the dues for the next year by \$20.00 for each program your company attends (up to a maximum of \$100.00). I just don't know of many better offers. Yes, get up to 25 percent off your MHCA dues in exchange for participating in some of the best training programs the industry has to offer!

The code change earlier this year was the subject of a number of our programs in 2015 and we'll continue to keep our members and the industry up to date on further developments. At this point, the language of the code may not change, but the interpretations of that language are still a moving target.

The Board of Directors has been spending a fair amount of time talking about the future workforce of our industry. Look at any industry publication and you'll read some rather sobering predictions about the number of new hires compared to the number of retirements. Like all the building trades, the HVAC industry is not bringing in new talent as quickly as we are losing it. Add to that a smaller pool of potential newcomers and a decades-long bias toward college and you get a sense of what we're up against.

One of the things we are doing to increase our workforce is to expand the reach of our scholarship programs. Thanks to your generosity at the golf outing, we are now offering scholarships at MCTC, Hennepin Tech, and Dunwoody. We also plan to learn more about Skills USA, which works in the high schools to create interest in the technical trades. Who knows, but we may even get a little help as legislators talk more about technical careers as an option for young people, veterans, and others.

It continues to be my pleasure to serve the association and the industry. If you have ideas for programs or other services MHCA can offer to help your business, please let me know. Thank you for your continued support!

*Bill Hausmann, MHCA President*  
*Heating & Cooling Two | (763) 428-3677*

## Welcome New Members!

Abel Heating and Cooling  
Genz-Ryan Plumbing, Heating and Air Conditioning  
One Hour  
Ferguson Heating & Cooling

AP Mechanical LLC  
HomeSmart from Xcel Energy  
TM Johnson Bros.

## The Finishing Touches to a Great Year!

It's been a great programming year in 2015. Here's a look at the programs we offered in second half of the year:

### **July**

There were no programs planned in July as we focused our attention on the golf outing. More than 110 people played in this year's event, helping us to raise enough money to expand our scholarship program to three schools in 2015. For more on the golf outing, see page 4.

### **August**

On August 24, Heat Exchanger Experts was with us to offer a hand-on class on inspection techniques and procedures to help technicians diagnose the condition of furnace heat exchangers. Our target was 30, but more than 40 registered. We could have added more still but we cut registration off at that point to maintain the quality of the hands-on experience. Here's what people said about the program:

*"Loved that it was hands-on."*

*"Very well done. Lots to learn!"*

*"Our techs that attended found 7 cracked heat exchangers in the 2 days after the class."*

Thanks to Johnstone Supply (Bloomington) for hosting and sponsoring this program.

On August 25 we held our third session on the Mechanical Implication of the New Code (others were held earlier in the year). Including this class, a total of more than 140 people attended code related programs we offered this year. Feedback on the program, presented by the Minnesota Building Performance Association, was excellent, with all of the attendees rating the program as either "good" or "excellent."

### **September**

Mike Cappuccio of N.E.T.R was our speaker for a September 16 program on ductless HVAC systems. The program covered ductless systems from every angle – from sales, to design, to installation, to maintenance. Participants came to the program with different levels of experience with ductless systems but everyone left with new information that could help them increase their share of this growing market.

Thanks to Auer Steel for hosting and sponsoring this program.

### **October**

On October 6, we brought back a popular program – Honeywell 2.0 training. Given the success of our previous programs on this topic, it was no surprise when our instructors turned in a nearly-perfect performance, with nearly everyone rating the program as "excellent."

Thanks to our host and sponsor, Goodin Company.

### **December**

Each year, we offer one or two PLT training sessions. Sure, our program meets the continuing education requirement for certification holders, but we go above and beyond. Paul Sunde has been consistently excellent over the years he has taught this program for MHCA and this year was no different. Look no further than MHCA for the PLT credits you need.

Thanks to Xcel Energy for hosting and sponsoring the program.



## **MHCA is the Place for Training In 2016**

With 2015 drawing to a close, we're looking forward and putting the finishing touches on our programming for 2016. What can you expect from MHCA? Plenty!

Our Program Committee starts with a list of ideas about the pressing needs and concerns of HVAC contractors. Some of what we do is repeated year to year, whether as a refresher to those who have attended before or as a new offering for those just entering the business. Other courses are selected because of changes in the industry – new products, services, codes. Our programs turn potential risks into potential opportunities.

All programs are tentative, so be sure to look for program announcements and the additional details they provide. You can always find out about our upcoming programs by visiting us online at [www.mhca.info](http://www.mhca.info) and by liking our Facebook page.

January – Hydronics

July – MHCA Golf Outing

February – Pricing for Profit

August – Heat Exchanger Safety with Heat Exchanger Experts

March – Combustion Analyzer Training

September – Heating Service with Michael Prokup

April – PLT Training with Paul Sunde

October - Hydronics

May – A/C Service with Michael Prokup

November – Open

June – Open

December – PLT Training with Paul Sunde

“Develop a passion for learning. If you do, you will never cease to grow.”

~ Anthony J. D'Angelo

“An investment in knowledge pays the best interest.”

~ Benjamin Franklin

### **Do You Have An Idea For a Program?**

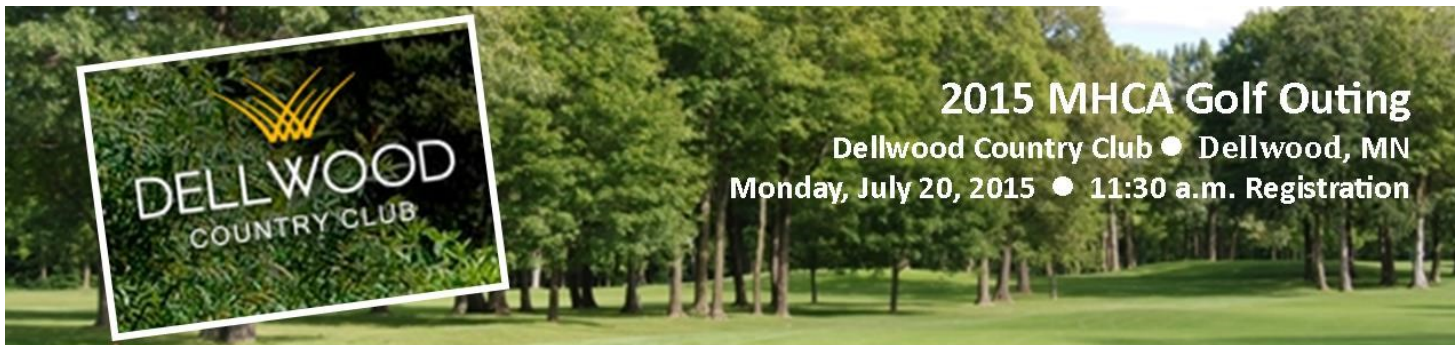
If you have a program idea, contact the MHCA office at (888) 782-6815.

## **Meet Our Business Partners**

MHCA is pleased to have business partnerships with the following companies. Members can take advantage of these programs to save money on some of the most common business expenses. Savings really add up, making membership in MHCA an even better value! For information about any of these programs, contact the MHCA office.

Cintas Uniforms  
Federated Insurance  
Holiday Gas Stations  
Heartland Payment Systems

Speedpro Imaging  
Plumber SEO  
Marketing Type Guys/Reputation Ranger



## 2015 MHCA Golf Outing

Dellwood Country Club • Dellwood, MN

Monday, July 20, 2015 • 11:30 a.m. Registration

### Thank You to Our Golf Sponsors

Ace Supply Co., Inc.  
 ADP/RAC Sales  
 Auer Steel  
 CenterPoint Energy  
 Comfort Matters Heating & Cooling, Inc.  
 Dakota Supply Group/Pipeline Supply  
 Don Stevens  
 Federated Insurance  
 Ferguson Enterprises  
 Goodin Co.  
 Great River Energy  
 Heating & Cooling Products  
 Heating & Cooling Two, Inc.  
 Honeywell  
 Johnstone Supply  
 Lennox  
 Minnesota Air  
 Mitsubishi  
 New Brighton Ford  
 Panasonic Ventilation  
 Reclamation Technologies, Inc.  
 Sales Engineers Inc.  
 Soderholm & Associates  
 Turbo Torch/Bongard Corp.



### The Results Are In!

The big winners from our outing were the students who received \$1,000.00 scholarships from MHCA. This year, we were able to expand our scholarship program to three schools – Dunwoody, Hennepin Tech, and MCTC.

With a score of 55 (-17), the field was led by the foursome of Brian and Scott Follese, Mike Gleason, and Kelly Marsh. Two strokes back was the foursome of Jason Anderson, Duane Bacon, Alan Dobson, and Scott Logren, and three back, finishing third overall was the group of Mark Grimme, Jason Hurd, Jeff Kline, and Dave Landerville.

Flag events were won by Ron Gibbs, Jon Schroeder, Darryl Stunek, and Tom Suggerrud.



**DUNWOODY**  
 COLLEGE OF TECHNOLOGY

**H**  
 Hennepin Technical College

**Minneapolis**  
 Community & Technical  
 College





# RISK MANAGEMENT CORNER

## Can a Drug- and Alcohol-Free Workplace Program Affect Your Work Comp Premium?

In the world of workers compensation, *managed care* is a vastly misunderstood buzz word. In its simplest form, *managed care* describes a variety of techniques that, when properly applied, will help you efficiently use your workers compensation dollars.

### Testing = Savings

A highly effective managed care strategy: the drug-free workplace. This concept has gained significant traction in recent years. Drug-free workplaces typically use pre-employment, random, or post-incident drug testing. A properly utilized program can be successful for both monitoring and preventing drug and alcohol abuse in the workplace. A drug-free workplace program can offer benefits over and above its initial intent, such as the potential for direct and indirect savings.

**Direct savings** come in the form of premium credits. Many states offer work comp discounts for a certified drug-free workplace program. Insurance carriers in other states may have discretionary underwriting credits available to recognize the value of these programs. Either way, this can be a great way to reduce workers compensation premium.

**Indirect savings** come from simply reducing the negative consequences of drugs and alcohol in the workplace. It certainly makes sense that employees who are under the influence of drugs or alcohol are more likely to experience a workplace injury. But, do you know to what extent? The United States Department of Labor studies show that substance abusers are almost four times more likely to be involved in a workplace accident, and five times more likely to file a workers compensation claim.<sup>1</sup>

### Would You Want to Work with a Drug Abuser?

Utilizing the three drug tests previously noted can have an impact reaching far beyond the direct premium savings.

**Pre-employment** – provides a means to screen candidates and help with informed hiring decisions.

**Random** – sends a strong message to employees that you are committed to a drug- and alcohol-free workplace, and may identify employees who are substance abusers.

**Post-incident** – can be a critical piece of your work comp injury claims management. The mere presence of this type of test should result in fewer claims. In many states, a non-negative, post-incident drug test can result in denial of the work comp claim. Even when the claim isn't denied, the knowledge gained will result in a different claim management process. Claimants with a predisposition toward drug use (as indicated by that drug test) require a different claim management process to ensure recovery and prompt return to work.

### The End Result

You're not testing to "catch" anyone; in fact, it could be argued that the best testing program is one that catches no one. Effectively controlling your workers compensation exposure with a drug and alcohol program can create a distinct competitive advantage, not to mention the overall positive effect on your business.

<sup>1</sup>U.S. Department of Labor; elaws® Drug-Free Workplace Advisor; *How does substance abuse impact the workplace?* Accessed September 18, 2015. <http://webapps.dol.gov/elaws/asp/drugfree/benefits.htm>

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## Federated Insurance Program

We are pleased to announce that we are expanding our relationship with Federated Insurance to provide risk management programs and services for our members. The Association's recommendation of Federated Insurance is based on many things, including experience with the industry, the range of products and services, quality coverages, and competitive pricing that includes a new dividend program for contractors. When a Federated representative calls, please take the time to visit with them to learn more about what they and the Association are doing to help your business to prosper.



## **Industry News and Information**

### **EPA Proposes Refrigerant 608 Rule Changes**

The U.S. Environmental Protection Agency (EPA) is considering new refrigerant handling rules, commonly called EPA 608 rules. These changes have yet to be formally released for comment. When the PA does finally release them, there will be a 60-day comment period for public response.



### **Department of Energy – Test Procedure Changes Suggested**

The U.S. Department of Energy (DOE) recently held a formative meeting to consider changes to the Central Air Conditioner and Heat Pump test procedure and possible changes to the associated minimum energy efficiency standards. DOE is proposing an update to the test procedure to more closely reflect actual installed conditions. This change could impact the existing scale of ratings, as actual conditions may test lower than lab conditions. In short, an existing SEER 13 may possibly become a lesser number, such as SEER 12.6. Coupled with this test procedure change DOE would like to consider minimum efficiency requirements that may or may not be regionally structured and that would almost certainly increase from the current minimums. It is still early in this process, so look for additional updates.



### **Department of Energy – HVAC Regulations**

Several industry organizations have filed comments on recently proposed regulations on residential boilers and residential gas furnace products. The DOE has proposed hot water boiler efficiency levels of 85% and groups have suggested that there could be condensing issues under some conditions, affecting the boiler or venting system. Additional concerns are related to the increased costs associated with the 85% efficient products and the financial burden placed on the consumer.

The DOE's residential gas furnace proposal presents challenges too. DOE proposes eliminating the non-condensing category of this appliance, a choice which will create difficult or impossible retrofit installations in some residences. Groups have testified that the DOE has underestimated installation costs for these products, a factor which undermines the basis for the proposed rule.

### **Construction Confined Spaces Rules Now In Effect**

Make sure you're in compliance with OSHA's new standard on Confined Spaces in Construction. The regulation went into effect on October 3. The rule is intended to protect construction workers laboring in confined spaces. While at first look you may not think you have employees in confined spaces, it's worth the time to review the standard as some of your work areas - crawl spaces and attics, for instance - may be classified as confined spaces and trigger the need to comply with the standard. Possible hazards in confined spaces include: exposure to toxic substances, electrocutions, explosions, and asphyxiation. The construction standard was developed for the industry to replace the general industry standard that applied to the construction industry previously.



### **Construction Markets Expected To Grow In 2016**

Dodge Data & Analytics has released its 2016 Construction Outlook, predicting an industry-wide increase of 6 percent for the coming year. Single-family housing is predicted to climb by 20 percent and multi-family housing by 7 percent. Commercial buildings and institutional buildings are predicted to grow by 11 percent and 9 percent respectively.

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## Trends You Can Count On

According to Kirk Alter, a professor in Purdue University's construction management program, these are the trends that will affect construction contractors in the years ahead:

**Aging** – The average age of employees will continue to rise, and the workforce will become more multi-generational. Proportionately, mature workers are the fastest growing age segment.

**More women** – The proportion of female workers will continue to rise.

**More ethnic diversity** – By demographic standards, the racial and ethnic mix is changing very rapidly, with minorities now accounting for one-third of young workers.

**Increasing lifestyle/life-stage variety** – People are no longer “acting their age.” Their life plans are no longer linear and predictable. They differ wildly in how they integrate work and other pursuits into their lives.

**Tightening Labor Market** – As the rate of labor force growth plummets to 2-3% per decade, labor markets will tighten and competition for talented people will intensify.

**Shortages of Skills & Experience** – As the Baby Boomer generation reaches retirement age, organizations face a potentially debilitating drain of skills and experience.

**Shortages of Workers** – Overall demand for workers is already beginning to exceed supply. The gap is projected to grow to millions, perhaps tens of millions, of workers, with potentially profound effects on economic output and standard of living.

**Pressure on Training & Development** – Employers must not only encourage employees' continuing education but also provide that education directly to maintain needed skills levels.

**Tension around HR Policies and Practices** – The whole range of HR practices – compensation, benefits, and work arrangements – must appeal to the new workforce and accommodate the expanding variety of workers' needs and preferences.





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## "Like" Us on Facebook!

MHCA is happy to send this newsletter and our program/event e-mails to more than one person from your company. Please note, however, that only the principal contact from a member company is authorized to add recipients. If you're a principal contact and would like to add someone, give us a call at (888) 782-6815 or email us at [info@mhca.info](mailto:info@mhca.info).

Did you know that MHCA has a Facebook page? Use your mobile device and search Facebook for Minnesota Heating & Cooling Association. "Like Us" and you can stay up to date with upcoming programs and events as well as the latest industry and association news.