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JAN/FEB 2012

THE NEWSLETTER OF UTAH'S HVACR INDUSTRY

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Save the Date!



Mark your calendars for the next RMGA SWEETHEART SOCIAL!

RMGA members are invited to attend this year's Sweetheart Social at the **Red Lion Hotel** on **Saturday, February 11, 2012**. In addition to socializing and a tantalizing buffet of food, **participants will have lots of fun competing**

with each other in big-screen video horse racing.

Each attendee will receive a sweetheart purse filled with play money to be used on the seven horse races that will be run during the course of the



evening. No previous horse racing experience necessary!

More good news! The cost is only \$50 per couple and includes dinner for two, sweetheart keepsakes and prizes. Treat you and your spouse to RMGA's racing event of the season! Call or email John to RSVP at 801-521-8340 or HillMgmt@aol.com. ☆



RED LION HOTEL®
SALT LAKE DOWNTOWN
FEBRUARY 11, 2012
6:30-8:30 PM

Become a friend of RMGA on Facebook and LinkedIn for a great way to keep up on what is happening in the HVAC industry and what current events, job postings and educational opportunities are being offered.



Find **RMGA** on
Facebook

And



We also hope to draw consumers to our RMGA website and social networking pages in an effort to educate them about why they should seek out RMGA members and certified contractors for all their HVAC needs!

Find us on Facebook under **RMGA Utah** and "Friend" us today!

visit our website: www.utrmga.org



MESSAGE FROM THE PRESIDENT

CLAY THORNTON, RMGA PRESIDENT

clayct@floor-heat.com
 Thornton Plumbing & Heating
 801-565-7948



CLAY THORNTON

Dear RMGA Members and Friends,

With the holiday season in full swing, I hope you have taken some time to celebrate with family and friends and create some memories to be enjoyed for years to come!

The RMGA education committee met last month and outlined our education offerings for the coming year. As you know, all Utah contractors must complete training in both core CEUs and business CEUs to qualify for their contractor's license renewal. By attending our RMGA Education Summit a contractor can receive all of the CEU's necessary to renew their contractor's license.

Plumbers and electricians must also participate in training to renew their Utah journeyman and master licenses.

In addition to the RMGA Education Summit, we are planning to have additional training including a class on solar thermal water heating, energy conservation, Manual J, Manual D, a management class and our regularly scheduled RMGA certification classes. Most of these educational opportunities will qualify for the CEU's required for license renewal in the State of Utah.

I hope all of you will take advantage of these educational opportunities for both the knowledge they impart and also for an easy way to get the CEU's for your contractor's license renewal. It is a lot easier to get it done during the year than at the last minute when the course offerings are limited.

Besides our own educational offerings, we will be trying to keep you all abreast of other educational opportunities available around the industry. We are discussing the possibility of publishing these classes on our website.

Sincerely,

Clay Thornton

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Ask the Expert



Question: What is the Utah Health Exchange?

Answer: The Utah Health Exchange is part of Utah's approach to the Affordable Care Act (Obama Care). It is trying to increase consumer information, choice, and power in the Health insurance market by creating defined contribution arrangements.

Question: What is the logic behind the Health Exchange?

Answer: The intent is, if consumers are more engaged in choosing their own Health Care plans, it will lead to more efficient health care and better health in the long term for the consumer.

Question: What is the advantage for employers?

Answer: The advantage to the employer would be in a simplified system, their only decision would be "how much to contribute" toward the employees health benefits each year. At present, the employer is not required to contribute toward the employees' premiums, but would still need to meet

minimum enrollment requirements. Small employers will enjoy significant reduction in administration as they would no longer be responsible for choosing the benefit structure, insurance company, or provider network.



DORI PHILLIPS

By Dori Phillips
RMGA Insurance benefits/broker
Dp Financial Services LLC

Question: Will premiums be lower in the Exchange?

Answer: In some instances they could be. Applications should be completed 90-120 days prior to the renewal date, to receive the best premiums. You may change off of your renewal date, but rates could be higher than if you made the change prior to your original date. Being an approved Agent for the Exchange, we always quote inside and outside of the Exchange to make sure you receive the lowest possible premiums along with all of the choices you would like to consider.

Question: What companies are in the Exchange?

Answer: To date, there are three companies: Select Health, Regence Blue Cross, and United Healthcare.

Question: Can anybody be quoted in the Exchange?

Answer: No. As of this date, only small employer groups from 2-50 may apply. ✪

You may contact Dori with inquiries: toll free at 888-440-3674 or via email at dori@doriphillips.com

Question: What is the advantage for employees?

Answer: Employees may choose the coverage that best meets their needs. If all goes as Government has planned, eventually the employee could have complete portability, meaning employees will no longer have to switch their health plan when they leave their job, providing the new employer is also in the Health Exchange.



SECURE Health Care for your small business through THE UTAH HEALTH EXCHANGE

The Utah Health Exchange is designed to help your small business (2-50 eligible employees) fill its health care needs by providing:

- 1) Helpful information about health care and health care financing
- 2) Assistance in finding an insurance policy that meets your needs
- 3) An electronic application and enrollment system

Contact **DORI PHILLIPS** (RMGA's broker) for more information on how to register: **801-546-1048** or toll free: **888-440-3674**, or by email: **dori@doriphillips.com**

One sex always does the dirty work? Be prepared to show that it's essential

IF SUPERVISORS disproportionately push either men or women to perform certain distasteful or dangerous tasks, you could face a sex discrimination claim.



only men were called on to do that dangerous work, not women.

The hospital won the case when it became clear that William Keller and Ronnie

If that happens, you had better be prepared to show that gender is a bona fide occupational qualification for the tasks.

Recent case: Two male attendants at an Indiana psychiatric hospital sued for sex discrimination. They claimed that whenever a patient needed to be subdued during a mental health crisis,

Gullion couldn't prove that only men were made to subdue patients. Plus, even if they had managed to prove that women weren't required to subdue patients the facility was prepared to show that a male's strength was essential for safely restraining them. (*Keller, et al., v. Indiana Family & Social Services, et al., No. 09-3071, 7th Cir., 2010*)



EMPLOYMENT LAW

Final Note: In this case, the mental health facility was prepared to show that it was essential to use men to perform dangerous work. However, it's usually not the case that one sex or another is uniquely suited for a particular task. The facility might have been on safer ground if it had designated a position such as orderly for the task and then hired anyone, male or female, who could demonstrate the physical ability to subdue patients. ☆

Meet and Get to Know: Mike Jaynes

What is your position within Questar Gas?

“Salt Lake Region Manager.”

When you were a child, what did you want to be when you grew up?

“A baseball player.”

What is the most unusual HVACR project you've performed?

“Created a plan to address the Btu content change of natural gas in Questar Gas Co. Utah area.”

What are your favorite aspects of your job?

“Working with people.”

Why did you go to work for Questar?

“Someone told me it would be a great job.”

What was your first HVACR experience?

“Troubleshooting an electrical problem on a milli/volt wall furnace.”

If you weren't at Questar, who do you think you would be?

“A building contractor.”

What is a motto that you live by?

“Don't worry about things you can't change.”

If you could travel anywhere in the world, where would you go?

“Egypt.”

What three items are always in your fridge?

“Eggs, cheese and fruit.”

What is the most high-tech thing in your house?

“Bose Surround System.”

Where is your favorite place to shop?

“Home Depot.”

What is your favorite movie?

“Christmas Vacation.”



MIKE JAYNES

If you could invite any three people to dinner (dead or alive) whom would you invite and why?

“Both my grandfathers (they passed away prior to me being born) and Mickey Mantle—he was my idol as I grew up.”

People would be surprised to know. . . .

“I love to ride motorcycles.”

Mike Jaynes is Salt Lake Region Manager for Questar Gas.



The overtime rules: Are you *truly* in compliance?

Issue:	The Department of Labor’s (DOL) rules revamping overtime eligibility are creating more lawsuits, not fewer.
Risk:	The honeymoon is over; the DOL is aggressively pursuing violators.
Action:	Take the following steps to make sure your organization is in compliance.

HR PROFESSIONALS HAVE scrambled in recent years to pull their organization in line with the U.S. Department of Labor’s (DOL) rules that define which white-collar employees are eligible for overtime pay.

Those landmark Fair Labor Standards Act (FLSA) regulations tried to make it simpler for you to decide which employees are exempt (not eligible for overtime pay) and which are nonexempt (eligible for overtime). But rather than calming the turbulent legal waters, the new rules are actually churning up more disputes and lawsuits.

A recent *BusinessWeek* report said overtime litigation “has exploded nationwide,” estimating that U.S. companies are now paying out more than \$1 billion annually to resolve those claims. Plus, the DOL added 250 new investigators to pursue wage-and-hour violators—a 33% increase in enforcement muscle.

Advice: It’s cheaper to review compliance **on your own** before the DOL or a plaintiff’s attorney forces you to.

The biggest FLSA mistake employers make is classifying nonexempt employees as exempt. Here’s a reminder of the rules:

automatically qualify for overtime pay.

The rules also create an exemption category for “highly compensated” employees.

Basically, this new rule says that almost all employees earning more than \$100,000 a year are precluded from earning overtime.

Duties test revised. Employees who meet the revised salary test must also meet the “duties test” to be considered exempt. Here are the new category definitions:

Executive exemption. Employees must perform the primary duty of managing a business or department, must direct at least two employees and must have authority to hire and fire (or their hire/fire recommendations must carry “particular weight”).

Administrative exemption. Administrative employees are exempt from overtime pay if their main job is performing office or non manual work that’s related to the employer’s management or operations. Plus, their jobs must involve “the exercise of discretion and independent judgment.”

Professional exemption. To qualify for the “learned professional” exemption, an employee’s primary duty must be performing non manual work requiring advanced knowledge, defined as work that is “predominantly intellectual in character” and requires discretion and judgment. To qualify for the



“creative professional” exemption,

employees must perform work requiring “invention, imagination, originality or talent in a recognized field of artistic or creative endeavor.”

Audit your compliance

- 1. Evaluate each job.** Regularly evaluate each white-color job to determine if it meets the new definition of “exempt employee.” If an employee’s status changes, reclassify that person as soon as possible.
- 2. Check your state’s law.** Several states, including California and Illinois, have established their own employee classification rules that may contradict federal law.
- 3. Draft a “safe harbor” policy.** The new rules create a defense for employers that make improper deductions from an exempt employee’s salary. To take advantage of this defense, adopt a policy that bans improper deductions. Find a model policy at www.dol.gov/whd/regs/compliance/fairpay/modelPolicy_PF.htm.



Salary threshold raised to \$23,660. Employees earning less than \$23,660 annually (or \$455 a week)

MECHANICAL CODE DISCUSSION

Zero Net Energy Building

AS REQUIREMENTS IN THE International Energy Conservation Code continue to move towards more efficient construction practices, many contractors are using construction methods that go far beyond the minimum requirements of the Code. Builders are realizing success in this challenging market by using these high performance building methods. Motorists on I-15 in the Salt Lake Valley drive by a billboard everyday advertising a \$5.00 monthly power bill. The suggestion that this is a short term fad, that we may expect building energy efficiency, energy codes and the public demand for energy efficiency will stop moving forward is misguided.

The goal of the DOE as well as others involved in high performance building is to achieve a standard of *Net Zero Energy* for new buildings by the year 2030. Reviewing a few of the variations to the definition of such a building:

- **Zero Net Site Energy Building:**

A building where the quantity of energy used by the building equals the energy produced on-site by a renewable method, such as wind or solar. Such building may be connected to a power grid, at times using power from that grid, while at other times, producing excess power that is sent back onto the grid.

- **Zero Net Source Energy Building:**

A building where the quantity produced on site by renewable methods equals the energy used, including losses from the source. In this definition, generation and transmission losses are included in the energy used. On-site energy production will be significantly greater than the energy used in the actual building as there are substantial losses in producing and delivering power from the generation

site to the building.

- **Net Zero Cost Energy Building:**

A building where the cost of buying energy off the grid equals the revenue from sales of excess energy into the grid. This is entirely dependent on the utility rates.

There are other definitions that include carbon emissions, carbon footprints and emissions generated in constructing the building.

As we consider how a *Net Zero Energy Building* will at some time in the future attain this goal, the need to **reduce consumption** is imperative. A reduction in the quantity of energy used in a building, equates to a reduction in the amount of energy that must be generated on site by solar, wind or other renewable methods.

Ways to reduce consumption include:

- High performance building methods which include framing practices, increased insulation, better fenestration (doors and windows) and tighter building envelopes.
- Testing building envelopes and duct systems for leakage, and then sealing the leaks.
- Increased efficiency in appliances, lighting and other electrical devices.
- HVAC system efficiency improvements.
- New technology in HVAC systems.
- Efficient ventilation, maintaining air quality with HRV/ERV systems.
- Full observance of the *ACCA HVAC Quality Installation Specification Standards*, insuring each system is correctly designed, fabricated, installed, commissioned and maintained.



BRENT URSEBACH

BRENT URSEBACH

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- Occupant education and behavior modification—turn off the lights or TV when you leave the room. When your neighbor knocks on the door, invite them in and close the door while visiting, plant a shade tree, close the blinds. . . .

HVAC contractors are major players in this process. With advancements in methods to reduce thermal flow and infiltration through the building thermal envelope, the design and types of HVAC systems designed and installed will need to change. As the size of the heating and cooling equipment continues to decrease due to the tighter, better insulated building envelopes, the need for efficient mechanical ventilation is critical.

Consider what is happening now:

- The new DOE *Energy Star 3* program which a number of builders will be following beginning in January 2012 includes a detailed HVAC requirement based on the ACCA Quality Installation Standards.
- The testing and inspection of existing homes and buildings to identify and quantify or score the energy efficiency of the structure is taking place today.
- In the near future the sale of virtually every new and existing building will include some type of **energy efficiency score or rating**. This rating will become a key factor in determining the sales price of the building. Buyers will use these tools to make an informed decision that includes the monthly average utility expense for the building.

(continued next page)

Increase Profits with Effective Labor Management

Part 2 of a series

GROSS PROFIT PER MAN DAY, or GPMD, is one of the most important items to be managed in a profitable business. GPMD is the amount of profit a field employee generates each day worked. $GPMD = \text{Gross Profit (revenue less direct costs)} \div \text{days required to complete the job (number of hours times 8)}$. In order for a business to be profitable, Gross Profit per Man Day

in the period being measured. As the hours worked in the period increases, the amount assigned to each man day worked goes down. In the example below we look at two different months for the same company. The company has 4 field employees—2 installers and 2 service



KEVIN NOTT

KEVIN NOTT

PROFIT COACH, BDR

Kevin Nott is with Business Development Resources (BDR). He can be reached by email at KevinNott@bdrco.com or by phone at 801-850-1716.

the year is difficult, if not impossible, to achieve, we must establish an estimated employment rate—the percentage of available hours that will actually be worked—to determine our target overhead-per-man-day. It is not uncommon for a company to keep employees fully engaged more than

	Month 1	Month 2
Monthly Company Overhead	\$20,000	\$20,000
Total Direct Hours Worked	640	400
Overhead per Man Hour	\$31.25	\$50.00
Overhead per Man Day	\$250	\$400
Target GMPD	\$350	\$350
Profit (Loss) per Man Day	\$100	(\$50)

technicians.

During Month 1, each field employee worked 40 hours a week for all 4 weeks—full employment. The resulting overhead per man day was

earned must be greater than the Overhead per Man Day assigned. This article will address how to measure and estimate Overhead per Man Day.

Overheads are the operating costs of a business that are not part of a specific job. These costs tend to be the same regardless of the amount of work—Rent, Office Wages, Utilities, Telephone, etc.

Overhead per man day is the amount of overhead that is assigned to each day worked by a field employee. Because the total overhead dollars stay relatively constant from month to month, overhead per man day varies from month to month depending on the hours actually worked

\$250. However, In Month 2, each field employee only worked an average 25 hours per week all month. The resulting overhead had to be spread over fewer hours so the overhead per man day jumped to \$400.

Assuming a target GPMD of \$350, in Month 1, a GPMD greater than \$250 would have produced a \$100 profit per man day. In Month 2, however, a GPMD greater than \$400 would have been required to make a profit. The key is to understand this concept so pricing can be established that compensates for this fluctuation.

Because full employment throughout

will include the monthly energy utility expense. If the home you want to sell or purchase has a poor energy rating, the market will drive the sale price lower than a similar home with a good or excellent energy rating.

The next several issues of **The Pipeline** will explore the role HVAC industry plays in this evolving area of building science.

Overhead per Man Day Calculator

	Example	Your Co.
Monthly Company Overhead	\$20,000	
÷ # Revenue Producers	4	
X Estimated Employment Factor	70%	
÷ # Working Days in the month	21	
= Target Overhead per Man Day	\$167	

70% of the time on average. The estimated percentage you use should be carefully selected based on your own experience. Assuming a higher percentage than actual can result in the problems seen in Month 2 above.

Once that has been determined, use the following formula to estimate your overhead-per-man-day. This number is the GPMD required in order to break even. However, that is typically not the objective in business. We want to make a profit.

In the next issue we will discuss how to calculate a GPMD that produces the desired profit. ☆

Among the topics of discussion; ground source heat pumps, PV and Solar Hot water systems, blower door and duct blaster testing, thermal imaging and heat/energy recovery ventilation systems.

Your suggestions for specific areas of discussion are welcome. Wishing each of you and your friends and family a Happy New Year!—Brent ☆

(continued from last page)

- Proposed legislation known as the SAVE Act (Sensible Accounting to Value Energy) has been introduced in Congress. This bill is focused on improving the accuracy of the mortgage underwriting for any federally guaranteed loans. Simply stated, the mortgage approval process



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