

Letter from The President

Fellow Industry Members,

Would you like \$600? How happy would you make your customer if you gave them \$400 on a new gas insert?

That's what your association is offering you to be a part of this research project. I have never written this column with such an urgent message as I do today. For some months now we have urged dealers to step up and get involved in the Home Pressurization Testing, known to many of us as the blower door test. The details of the program are spelled out at this link: <http://gasinsertproject.com/dealers/>.

This is one of those rare times when you – yes, YOU – have the chance to help the entire industry in our challenges with the pending regulations. Check the site then call our affiliate office to schedule your first test.



Mario Allen
Associated Energy Systems
HPBA Pacific President

Phone: (800) 682-9722 x3300 • Email: marioa@aes4home.com

BLOWER DOOR TESTING

Get \$600 for yourself and \$400 for your customer!

This is an urgent plea to help us get 40 more Home Pressurization Testing customers for the program that we started in late 2015. The data points we have are a good start and are showing progress towards a home's "tightness," which is a crucial factor in getting products into the computation software at the California Energy Commission.

As the state of California continues to move toward a 'Net Zero' initiative, HPBA along with the local affiliate, HPBA Pacific, are continuing to work on a research project that will help protect and keep gas fireplaces in the Net Zero home of the future.

Since the future of home building greatly relies on a home's "tightness," we are looking for dealers' help in performing home pressurization tests at customers' homes who are moving from an open fireplace to a gas fireplace insert. A machine is used to measure the air tightness of an existing building. It can also be used to measure airflow between building zones, to test ductwork air tightness, and to help physically locate air leakage sites in the building envelope. We are looking for two tests to take place at each home - one before the insert is put in and another after the insert is in.

As the state of California continues to put stringent regulations on retrofitting existing homes, and even stricter rules on new construction, being able to show that gas fireplace inserts help seal a building's tightness will get us



"credit" in the software for new building construction specs. New building rules greatly impact retrofitting rules, so we need these tests for both new building and retrofitting.

We are also upping the financial incentive to you and your customers so we can meet this important goal. For any dealer that participates, you will receive \$600 per home pressurization test you perform. Your customer will get a \$400 rebate for participating in the project. We need this test data by June 1st to qualify for the rebate.

For more information, email Kaity Rosengren at kaity@hpbapacific.org.

New Change Out in Santa Barbara!

This voluntary program offers an incentive for residential property owners to remove or replace a wood-burning fireplace or woodstove. The APCD will provide incentive funding in the amount of \$1,000 for a wood-burning device replacement and \$500 for a wood-burning device removal if the device meets the requirements below; actual cost to replace or remove the device will be more than the incentive amount.

For more information, visit: www.ourair.org/heatclean/



GOVERNMENT AFFAIRS UPDATES

NSPS

HPBA is will take EPA to court over the Step 2 issues. HPBA Government Affairs staff is also working with congress to delay Step 3 for 3 years. You may be asked to step up and contact your local senator depending on how much traction we need in the political sphere to get what is needed on NSPS issues. For more information, contact Rachel Feinstein or John Crouch: feinstein@hpba.org or crouch@hpba.org.

Help Us Help You - Join us in this webinar

The HPBA Government Affairs Department will be doing an advocacy webinar on June 1st. This webinar is a great opportunity to understand more about the issues HPBA faces and how you help the industry. For more information and to RSVP for the webinar, contact Rachel Feinstein: feinstein@hpba.org.



The ABC Green Home Project

Last month, there was the Grand Opening and press event for The ABC Green Home in Fullerton, California. The Gas Company and Habitat for Humanity invited HPBA Pacific to participate with product and the fireplace was donated by Quality Fireplace & BBQ in Upland (a Napoleon unit). It's going to make a wonderful, innovative home for a deserving military family.

We are proud to have been product partners and are looking forward to the next home due to finish this summer.



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ROUND UP • JUNE 5 & 6 TURN VEREIN • SACRAMENTO

You asked for it!

We asked all our members what they'd like to see at our next Round Up and we are delivering it.

- Lots of technical training sessions with Jotul, IHP, Majestic, Empire Comfort, and Valor!
- Sales training with Travis and Kozy Heat.
- How to make service profitable.
- Safety CEUs.
- Outdoor room sales ideas.
- Up-to-the-minute regulatory issues you need to be in the know about.
- NFI review classes.
- EPA's Lead Renovator course.
- And, the newest products from our exhibitors!



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Education, Exhibits, and The Annual Beer Bash sponsored by Tri State Distributors.
Join Us! Sign Up Today!

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* A full class description page is available on our website.

Some of you have called the affiliate office about the new class, **Clearing the Smoke**, presented by Rick Vlahos on Tuesday, June 6 at 8:30 - 10am. Here is the class description:

Woodstoves are still a vital segment of our market. We look at the technical information a salesperson needs to know. We train installers and service personnel about technical issues and often leave the salesperson out of the loop. If the salesperson understands these basic principles your installers and service staff will have an easier time doing their job. We will also look at the EPA regulations, efficiencies, heating capacities and the characteristics of a perfect installation.

Thank you to all our generous sponsors who are making Round Up possible!



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MEMBER Spotlight



**MOUNTAIN
HOME
CENTER**
FIREPLACES • SPAS • OUTDOOR COMFORTS



We love celebrating our members accomplishments. As Mountain Home Center transitions from one owner to the next generation, Tom Just shares information about what has made the store successful and challenges along the way.

How long have you been in business?

Quick history of the corporations that held MHC. MHC (Version 1.0) has been in existence as MHC since 1990. In 1998 the biz was sold, and a new corporation (MHC Version 2.0) established. On March 31, 2017, our fellow Managing Owners, John and Karen Mills retired.

How did you become owners of a specialty hearth/patio store?

As an employee **from 1992 thru 1997**, I recognized the huge potential for the MHC, and knew with great staff it would do well—and more over it was a challenge we could not pass up. We also felt that the specialty nature of the biz made it a fun biz. It's not tires, or shoes, or washing machines or metal boxes that hold fires that we sell, we sell warmth, we sell an experience, we sell focal points, and barbecuing and outdoor living, and we sell wellness, comfort, and relaxation!

Being part of a community is also important, and even as an employee I always felt that at MHC. As a newcomer to this beautiful ski town it wasn't long before I found a place that felt like home. I remember the first time that I was approached in the grocery store to help a recent customer with some questions they had. This became routine. In addition, architects were becoming increasingly loyal to our products and we were relied upon heavy in the design community to help with their plans. The mid 90s saw an improving economy and healthy local building industry. I truly loved being in this business, and the time was right in 1998 to take a serious look at business ownership.

Alissa and I had purchased our first home, and been recently married. Our roots were put down in Truckee, we looked at a number of options for establishing a store front, ultimately deciding that the best path was to purchase and reorganize MHC. With Skip Stahmer, John and Karen Mills, we had a diverse team with the skill sets needed, and the industry experience to take MHC to the next level.

What business challenges/triumphs have you had over the years?

1998-2007: Taking a very small and challenged biz with 3 employees to one with 10X the sales level with 30+ employees in 9 years was a huge undertaking. Finding and training staff, infrastructure (seats/trucks/



Tom and Alissa Just.

tools/warehousing) acquisition, creating another layer of management, accounting procedures and controls, marketing, product category expansions, product line expansions, modernizing computer systems, all proved challenging. The ownership team had sales, retail, accounting, construction and industry knowledge—but putting together a complex biz that has a high-end retail store, knowledgeable sales professionals, properly trained and professional construction and service teams, is a whole different challenge. Having the top manufacturers and supportive reps in our core product offerings aided greatly in our growth.

One of the biggest challenges that we overcame during this period was the idea that a Service Dept will never contribute to the bottomline, and will always be subsidized by sales. Tell me never, and I will prove it wrong. Craig Poe, now Operations Director was Service Manager during this undertaking. Through lots of discussions with manufacturers and other dealers we embarked on changing a few things and within 3 years took the department from covering 35% of all costs (in addition to the obvious wages, trucks/tools, also included rent, utilities, % of upper management wages, % of advertising, vehicles, insurance, etc.) to break even.



To make things more challenging the ownership team took on the project of building a new store from ground up in 2005. Challenges included: Land acquisition, designing/plans, plan approvals thru government agencies, financing, and then actually building as the General Contractor—all while operating MHC as well! We opened the new store in late 2006. And then within a year and a half....

2008-2012: A lesson in doing biz in a downward freefall economy which plateaued out at 40% below our pre-recession years and stayed there for 3+ years. We went from 34 employees to 14, and cut payroll 50% in a 6 month period. We held on to the best, most loyal team players, and buckled down.

2013-current: A quick return to crazy growth, record sales, and 30+ employees. The key to this success was the experienced team that stayed with us thru the lean years—they had done it before!

2015-2017: Succession planning and execution. Our challenge was, like many businesses I suspect, we had no succession plans in place—no exit plans, no timeline, not even a Buy-Sell agreement, and no biz appraisals. None of us were getting any younger. Word of advice when taking on this challenge—unless you've been thru it before—hire a biz succession planner/advisor. With the right advisory team the monies spent will result in a better biz appraisal, and biz value at the end of the process. In addition we discovered strategies to improve long term succession planning like; key employee retention, areas of the biz that needed improvement, and the key ratios that banks look at.

We are very happy for John and Karen , and their future plans—which we are sure will

have a healthy dose of waves, siestas, and gardening. Having been in the business for decades, and having survived all the challenges and triumphs the next chapter of their lives is well deserved!

What is the best part about owning the business?

- The challenge of executing on our mission statement on a daily bases.
- Being a part of our local vibrant economy, and giving back thru supporting of non-profits, youth sports, and other means (board memberships, special events, etc.)
- Our team. Dedicated, professional, loyal, and a fun group. So very proud of these guys and gals!
- Being a part of the MHC team's lives and offering careers for key employees. (steady and livable wages, advancement opportunities, bonus programs, PTO-up to 5 weeks/year, medical/dental benefits, 401K plans).

Where will your next vacation be?

None planned, but after this winter and 60' (yes, feet) of snow it will only be to some place very warm!

What excites you the most about owning the business now?

Growth.

What challenges/opportunities do you see in the future?

Challenges:

- Brick vs clicks.
- Today's consumers view products as a commodity.
- Online retailers are more than happy to propogate this view.

Selling to today's shoppers on their schedule and shopping habits.

- Potential government regulations (hearth/energy, emission standards, Net Zero. Spa-potential drought related and energy regulations).

Opportunity:

- Getting the message across that proper buying decisions, proper installation and follow up service cannot be done on the internet. Selling this fact will result in happier customers.
- To increase MHC ambassadors by providing a superior buying and ownership experience (showroom, sales staff, install/delivery/service) that cannot be duplicated by online retailers.
- Outdoor living and outdoor products—the marriage of everything we sell. Fire, water, cooking, comfort.
- Growth in our local economy.

What did you learn from the first generation that you will keep going now? Anything you will do differently?

Having 4 on-site, managing owners for 20 years was a unique organizational structure. It resulted in most decisions coming from the top down. Each owner had a unique and different perspectives on things. We support the notion of different perspectives and feel that this is carrying over to the new management structure—with one important tweak—more involvement in decisions by employees. Thru the 2017 transition we are moving towards getting key staffs' input on things that may be outside their normal wheelhouse and area of responsibility. We believe this has made for even better decisions, and more importantly is empowering staff, as the key managers are now getting input from their teams.



Launched in Vancouver: *Save My Natural Gas*



On April 10, HPBA Canada and HPBA launched a public affairs campaign on why residents should fight to preserve their access to natural gas. A website has been created: <https://www.savemynaturalgas.com/> with vital information about the campaign and what HPBA Canada is trying to achieve in Vancouver.

Save My Natural Gas is a coalition of concerned residents and small business owners across Vancouver and throughout the Lower Mainland. We are focused on: raising awareness of this important issue; urging the City of Vancouver to engage in meaningful community consultation on energy choices; and encouraging the City to reconsider its costly and impractical ban on natural gas.

HPBA Launches New Member Benefit!

Online webinars will be presented to members as they are planned.
Here is the second one:

**HOW TO
MAKE YOUR VOICE
HEARD**
Thursday, June 1, 2017

Slower summer months allow more time to think about your future. Learn how to be a better industry advocate in preparation for a busy fall Congressional agenda from your own computer with Rachel Feinstein, HPBA Manager - Government Affairs and featuring Zach Martin, Legislative Assistant to Congressman Collin Peterson (D-MN-07).

To register, email:
feinstein@hpba.org.



Waste to Wisdom is an innovative biomass research project led by Humboldt State University and 15 regional partners, who are building on existing research on the conversion of forest residues into renewable energy and other valuable bio-based products. Our goal is to make better use of forest residues wasted from timber harvests and thinning by using new equipment, operations, and technologies that can turn that biomass into valuable bioenergy and bio-based products.

During our one day public workshop you will have an opportunity to:

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product upgrading (moisture control, densification, and inwoods biomass conversion), and transportation to maximize net revenue.

- Hear how we scaled-up the most promising prototype units for three biomass conversion technologies — biochar production system, torrefier, and briquetter — to sizes appropriate for achieving commercialization.
- Understand how we evaluated the economic feasibility, social impacts, and ecological sustainability of implementing the proposed conversion technologies in addition to a cradle-to-grave life cycle inventory for each of the individual systems.
- Participate in topic-based breakout discussions.

For more info & to register visit
<http://wastetowisdom.com/events/>

How the EPA's cuts could harm the San Lorenzo Valley and local air districts

FELTON, CA—If President Trump's proposed budget, which slashes the Environmental Protection Agency by 31 percent, is approved, the San Lorenzo Valley's wintertime air monitoring may suffer due to funding cuts, according to the local air quality control district director.

That's troubling news, since Santa Cruz County was recently named one of the top 20 worst counties in the nation for particle pollution, due to widespread use of wood stoves in the San Lorenzo Valley.

Wintertime air quality has been a long-standing issue in the valley, since hundreds of homes there use wood stoves for heat. The smoke releases fine particles that can cause cancer, heart attacks, asthma and premature deaths. People in the San Lorenzo Valley are especially at risk due to the terrain — when nights are clear with little wind, a layer of warm air caps the valley, trapping smoke close to homes.

Changes in Air

For the past several years, the Monterey Bay Unified Air Pollution Control District has monitored the San Lorenzo Valley's air quality at a station in Felton. The district has also offered a rebate program to encourage people to trade in their stoves for cleaner-burning ones.

About \$300,000 of the district's \$7 million budget currently comes from the federal Environmental Protection Agency, in the form of grants, said Richard Stedman, the district's executive director. One of the EPA grants is for particle pollution monitoring, an annual total of around \$30,000, he said.

"Monitoring sites could face cuts," said Stedman. "That could be one area where we might want to push back to EPA, where we would want to see funding restored."

Stedman said that particle pollution grant in the past has paid for studies, to confirm that wood smoke, and not diesel exhaust, was the main cause of the valley's pollution. The district spends about \$400,000 a year in air quality monitoring district-wide, he said.

Federal Budget

President Trump's "America First: A Budget Blueprint to Make America Great Again," released last month, calls for a \$482 million cut to state and local environmental agencies, such as air districts.

These cuts, if approved by Congress, will have a "devastating" impact on every air pollution control district in



The San Lorenzo Valley's wintertime air pollution has been a long-standing issue. Proposed federal EPA cuts could reduce the amount of air quality monitoring locally. (IJ archive photo/Alan Dep)

the country, said Bill Becker, executive director of Washington's National Association of Clean Air Agencies.

"There's no embellishment here, it's true," said Becker.

If the federal EPA is gutted, losing 25 percent of staffing and 30 percent of funding, that weakens local agencies, said Becker, who on Monday wrote a letter to EPA chief Scott Pruitt, urging him to allocate an "adequate" amount to state and local agencies.

"Local districts like Monterey count upon EPA to develop national rules to conduct important research and development, to oversee other agencies who may be affecting your county's air pollution and to settle interstate disputes," Becker said. "So we need a properly funded EPA to help comply with our health-based air quality standards."

The proposed budget also eliminates more than 50 EPA programs, including targeted airshed grants that go to the most polluted areas in the country.

"So between funding cuts and program cuts and a rollback of regulations, state and local regulatory agencies' programs are being horribly decimated through these decisions," Becker said.

The EPA was reached for comment, but only offered an email statement from spokeswoman Liz Bowman: "EPA is evaluating different approaches to implementing the president's budget that would allow us to effectively serve the taxpayers. EPA will partner with the states to ensure a thoughtful approach is used to maximize every dollar to protect our environment."

Trump's budget blueprint is still vague—for example, it only lists a few of the more than 50 EPA programs it hopes to cut. A more detailed budget is scheduled to be released in May, but it's unclear when Congress will vote on that.

The 2018 fiscal year begins Oct. 1.

Source: <http://www.santacruzsentinel.com/environment-and-nature/20170425/how-the-epas-cuts-could-harm-the-san-lorenzo-valley-and-local-air-districts>

Regionnews

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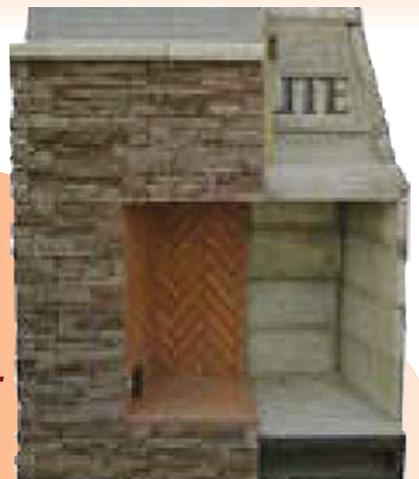
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