



March 27, 2014

**Membership of the Senate Finance Committee
Vermont State House
Montpelier, Vermont**

Testimony Regarding Funding and Allocation of Energy Efficiency Programs

Thank you for inviting us here today.

My name is Steve Spatz, and my company is RedBarn Design and Build based out of the town of Shrewsbury in Rutland County. My business was founded in 2002 as a general construction and remodeling firm focusing on residential construction work. In 2008 I began to pursue the trainings and certifications necessary to become a Building Performance Institute certified Home Performance with EnergyStar® contractor. We began performing energy audits and analysis on residential and small commercial buildings in 2009. Our company hired staff and increased our capacity to regularly perform the implementation measures that result from audits on these homes and businesses. We have been focusing on this work ever since, and have won multiple awards for our work.

Personally, I see the work of home performance and energy efficiency improvements as our important role to play in improving the housing and building stock of our state, which I feel is our greatest public asset. Our mission has been to improve and modernize homes, businesses, and public buildings to make them safe, healthy, structurally sound, affordable to heat and cool, and to make them relevant and adaptable to future technology to power, heat and cool them.

Through regional programs publicly supporting energy efficiency, we have been able to serve and assist a substantial portion of our state's population that fall below the 120% of AMI category. These are average hard working Vermonters who could benefit greatly from the services that we can provide. This is a major chunk of our population who are not served by low-income weatherization programs, and who previously could not afford what had been a typical cost for a home energy audit.

But first before we can help these people and others throughout the income spectrum, we need to reach out to these homeowners and educate them as to what it is they may not know about the condition of their home and what can be done to make their lives better.

The average home or business owner does not understand nor should they be expected to understand pressure dynamics occurring with a structure that contribute to heat loss, or why their bath fans and clothes dryer may be causing dangerous levels of carbon monoxide to build in their home because of these appliances effects on their heating system.

In my opinion, the most effective use and greatest net social benefit of taxpayer supported energy efficiency funding is to support public outreach and education directly to individual communities. This outreach helps begin to inform the public of what issues may be occurring in their homes and businesses, and what benefit could be realized for addressing these issues. It gives them a forum to ask questions that they may not feel able to of the contractor when an audit is performed.

The more comfortable people are with the information that they are looking for advice on, the more receptive they are to and understand the value of making these improvements. In my experience, this public outreach serves as an important educational bridge between the contractor and the potential clients that we can serve.

I am here today with Ludy Biddle, whose Neighborworks organization has been a close collaborative partner with our business over these past 6 years. The Heat Squad model that was created by Neighborworks has served as a major conduit for customers to our business, which is a result of the substantial effort that has been put in by the heat squad staff to reach out to households in Rutland county and beyond. A major part of our company's work load is through leads generated from the heat squad program.

The Heat Squad program has now expanded into Windsor, Windham, Bennington, and Addison counties. Neighborworks has offices in these counties where staff can directly reach individuals in the communities that they serve, and create advocates in these communities to help spread the word of energy efficiency. As was my experience, the ability of the Heat Squad to do public outreach and education in partnership with local Home and Building Performance contractors as well as other businesses that influence the realm of energy efficiency has created strong local connections in communities that help to foster continued growth of the energy efficiency industry.

We are a small company. We have four employees that are full time and have been with us for quite a while. We typically complete about 35-50 Home or Building Performance projects a year, as well as generating other general construction work. A goal of our business has been to be able to expand enough to to have two crews working in the field on a regular basis. We have not yet had consistent workload demand to expand to that next level. Given the size of our business we do not have the regular financial resources to run substantial advertising campaigns. We do some advertising that we can afford, but mainly we benefit from the business that is generated from referrals and from programs such as the Heat Squad programs.

There is a tremendous amount of training that goes into properly educating our employees in the skills and knowledge that they need to perform the energy efficiency work that we do every day. Public resources available to pay for trainings to develop and expand skill sets for employees or potential employees are a great benefit both for our business, as well as for unemployed or partially employed workers looking for skills that can help them land full time work with potential for growth in the industry. As our industry hopefully expands there will continue to be a demand for properly trained and skilled workers to perform

the work. Retaining these workers is also of vital importance due to the investment in their training, which directly relates to the demand of the workload to companies such as ours.

Outreach that can occur in our communities will be the driving force in creating consistency in the demand for work of the energy efficiency industry. Programs such as the Heat Squad have proven to be a success in developing that consistency and thus generating real dollar savings for the residents of our state, as well as creating and retaining solid jobs and businesses with room for growth in the future. This consistency needs to be maintained with proper funding in order for the potential of the energy efficiency industry to be realized. If programs such as the Heat Squad are not fully funded or go away entirely, businesses such as my own and about a dozen others in the greater Rutland area will see our workloads drop significantly. Many of these businesses, and especially those that are not diversified in performing other work will be forced to release employees who they have invested a lot of time and resources in training, or may end up closing their businesses entirely.

I have had the experience of 6 years working closely with Neighborworks and can be a little biased to the merits of their Heat Squad program. But an organization like Neighborworks with the resources that it has to not only educate and assist the public, but to also be able to affordably finance improvements to homeowners that come from an energy audit as well as fund improvements that remediate serious health and safety issues within homes is a strong model that generates results. Thankfully we are now seeing other lending institutions in our state embrace the value in making energy improvements in homes, and are developing accessible loan products that allow Vermonters to realize the benefits in a way that they can afford.

One final item that I do want to mention that I feel should also be a priority for energy efficiency funding is to educate more builders and general contractors to the appropriate and durable methods of construction that emphasizes building science. The science of building dynamics is just that; a science, not theories. We now know that many of the methods of construction that were considered the standard for the past 30 years are actually potentially creating buildings that lose massive amounts of thermal energy, and in doing so create conditions within buildings that quickly deteriorate the physical structure of the building and threaten major health issues for the occupants of these buildings.

The builders and contractors who build these homes and buildings are honest, reputable, knowledgeable, and diligent in the care taken to construct a durable building. There is no malice in the process taken to construct these buildings. But the issue exists that if these contractors and builders are not well enough versed in basic building science, the homes they will continue to build and remodel will be burdened with major performance issues for decades to come. The more properly trained contractors and builders that we have in this state and throughout the nation the more stable and secure our building stock will be for the future.

Thank you for your time today.

Sincerely,

Steven Spatz, owner
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