Memorandum 12-134 Online Calculator for Natural Gas Conversion Costs

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CITY OF HOMER
CITY HALL

MEMORANDUM 12-134

To: Mayor Hornaday and City Council
Through: Walt Wrede, City Manager
From: Katie Koester, Community and Economic Development Coordinator
Date: August 17, 2012
Subject: Providing the public with information on how much converting their home to natural gas will cost.

The purpose of this memo is to update the Mayor and Council on efforts to provide the public with an estimate of how much converting individual residences to natural gas will cost. At the June 4th Natural Gas Work Session Bill Smith presented a table with ten different case studies in an effort to provide the council an approximation of the cost of conversion. As you can see from his table, this number is highly variable and greatly influenced by individual circumstances. After much deliberation, the simplest communication tool for giving residents an estimate of the cost to convert their home I have been able to come up with is an online calculator. Residents would answer a series of questions and be given a range of how much conversion could cost. Sample questions would be:
- How many lots do you own?
- What is the distance in feet from the street to your house or hook up point?
- How many appliances will you be hooking up?
- Select one or more of the following to assess your needs for space heat conversion
o Converting a propane boiler to natural gas
o Converting a propane space heater to natural gas. How many?
o Converting an oil boiler to natural gas
o Installing a new natural gas space heater. How many?
o Replacing an oil boiler with a natural gas boiler
- What other appliances will you purchase or convert?
o Convert Propane range to natural gas
o Purchase and Intall Natural Gas Dryer
o On demand natural gas water heater
o Purchase and install standard natural gas water heater
- Etc...

Each one of the questions will have a dollar range associated with it, sometimes as great at $3,000-$10,000. The figures are compiled from interviews with local plumbing and heating contractors and appliance providers. The data will be aggregated to come up with a cost estimate range for the homeowner along with verbiage explaining the variable and potentially inaccurate nature of the number. For example, a selection of “converting a propane boiler to natural gas” will prompt the explanation “an older boiler is more difficult to convert. A propane boiler life span is 10-20 years.”
The firm that manages our website, aHa Consulting, can program this calculator for $1,000-$2,000. This price excludes the staff time that has gone into collecting the data and creating the original spreadsheet. The recommendation is to draw the funds for the developing an online calculator from the Economic Development Budget, line item 5823 Fish Stocking. Fish and Game has committed to purchasing the smolt for the Fishing Lagoon making this expenditure unnecessary, in addition to the fact that the lagoon is uninhabitable this season.
A benefit to posting an online calculator is it provides the public what they are asking for, a tool to help them assess the cost benefit ratio of converting their home to natural gas. It also helps them start thinking about the many different elements involved in conversion so they are not caught unawares when it comes time to convert their home.
A drawback to the City providing this information is that each circumstance is so unique, it is nearly impossible to

provide an accurate estimate. Although we will be providing ranges of how expensive conversion is, there will be cases where the estimate is grossly inaccurate. This could create frustration among residents. Of course, anything the City publishes will have disclaimers warning of potential inaccuracies in data.
It is my view that although providing the public with a number is going to be difficult, it is important to give them as much information as we can so they can make an educated decision about their support for the Special Assessment District and so the transition to natural gas is as smooth as possible.
Recommendation: Authorize the City Manager to expend up to $2,000 from the Economic Development Budget for the development of a cost to convert to natural gas online calculator tool.

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