

Memorandum 13-083 Conversion of City Facilities to Natural Gas Supplemental Recommendations for Funding Authorization

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TO: Walt Wrede, City Manager

FROM: Carey Meyer, Public Works Director

DATE: June 5, 2013

RE: Conversion of City Facilities to Natural Gas
Supplemental Recommendations for Funding Authorization

Public Works is preparing to convert City facilities to natural gas over the next two years. Not all of our buildings will have access to natural gas this year. Service applications must be received by Enstar before July 1 if we want a guarantee of service installation this year. The costs associated with service line installations will increase next season. Public Works and the Administration are attempting to make service applications for all City facilities at one time this year.

Public Works has engaged a mechanical engineer to assist in estimating costs associated with natural gas conversions and is working with Enstar to determine service line alignments and meter locations at each facility. After inspecting all facilities, Public Works has estimated the rough order of magnitude cost to complete the work (including installation of service lines and meters, design and installation of heating system conversions, and abandonment of above and below ground heating fuel tanks). These costs (see attached) have been incorporated into the budget ordinance offered up for second reading.

Currently, the budget does not include converting the Harbormaster's Office (due to be replaced in the near future), or converting the two HERC buildings or the Fish Dock Ice House. An analysis of the payback period of HERC buildings and the Ice House indicate poor returns on the investment.

The budget does include funds for converting the Spit restrooms to natural gas. The payback periods are greater than most other City facilities (because of their relatively low energy usage), but the investment will pay off in a reasonable period of time. The Ramp 2 restroom will receive some additional scrutiny during final design to confirm the cost effectiveness of this conversion. Due to the long restroom payback periods, these conversions will be completed utilizing City staff to the extent possible.

The Fire Department costs are high and the payback period longer because it is being converted from electric heat. These costs presented include provisions for dual fuel usage (heating oil and gas) at the water and sewer treatment plants and the police and fire department buildings.

The payback period shown in the attached table is also high. Records of past fuel oil usage is suspect; additional investigation is needed to confirm effectiveness of conversion investment. After the gas conversion budget has been approved by the City Council, Public Works will contract with the mechanical engineer to prepare drawings and specifications for required work, submit applications for gas service installations to Enstar, and competitively bid the building conversion work.

Recommendations: The City Council pass an ordinance authorizing a budget for the conversion of City buildings to natural gas and authorize the City Manager to execute all appropriate documents.

Related Ordinances **Memorandum - Related Ordinances:** [Ordinance 13-19 Budget Amendment to Provide for Natural Gas Conversions to City Buildings](#)

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