

## How the Lenori Got Its Gas



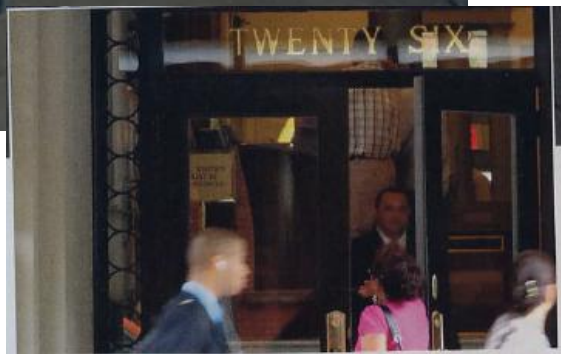
**By Ronda Kaysen**

PHOTOGRAPHS BY CAROL J. OTT

### **The Leonori is not your average condo.**

The roster of celebrities who call the Beaux-Arts building home includes the actor Samuel L Jackson, restaurateur Vittorio Assaf, and former Morgan Stanley CEO John Mack. But even the condo's Madison Avenue location couldn't help it convert to natural gas in a timely fashion.

"Everybody is at our beck and call because of the power of the board. These are guys who just punch in their BlackBerrys and get the name of four architects and four contractors," says board president Tobias Sumner.



THE PEOPLE AND THE PROPERTY: (upper left, from left to right) project personnel Lewis Kwit and Amelia Axtell of Energy Investment Systems, Steven Furman of Rudd Realty, resident manager Gerald Nash, and board members Anne Kaufman and Melchor Aunun; (above, top) Leonori entrance, and (above, bottom) building canopy.

So it came as a surprise when it took more than a year to switch from heating the building with No. 6 oil to natural gas, a changeover that often takes six months. "The process was unbearably slow," says Sumner, who pointed to delays by Con Edison as the root of the problem.

Building management expects the Leonori will now save as much as \$50,000 a year when it fires up the new natural gas burner on its boiler this winter.

The conversion cost the property about \$218,000, but when \$61,000 in state and Con Ed rebates arrive, the final cost will be less. The condo financed the project with money in its reserve funds and did not raise maintenance fees.

With natural gas prices falling and the city phasing out two of the dirtiest heating oils, Nos. 4 and 6, buildings are rushing to switch to natural gas. But switching is not simple. It requires coordination among various city agencies, private contractors, and Con Ed. With requests up by 400 percent within the last three years, according to Con Ed, the system is overloaded. In 2010, Con Ed received 400 requests to convert. In the first half of 2012, it has received 1,200.

The story of how the Leonori made the switch – and handled the pitfalls along the way – serves as a roadmap for any building hoping to replace oil with natural gas.

### Starting the Journey

The Leonori is a limestone, 12-story apartment building built in 1901. With its storied history come the challenges of maintaining an older building. Many windows are old and drafty, light fixtures are inefficient, the boiler is nearly 30 years old and, until this spring, it used No. 6 heating oil.

So, in February 2010, residents began to reconsider their energy usage. Property manager **Steven Furman** of Rudd Realty suggested

they begin with a sustainability audit. They could do the audit at the same time the building had its annual energy benchmark inspection as part of the new Local Law 84 requirement.

A sustainability audit is a review of a building's energy usage and provides a blueprint for how a property can reduce its costs and carbon footprint. The Leonori turned to Lewis Kwit, president of Energy Investment Systems, an energy consulting firm. Kwit has done energy audits for eight Rudd Realty properties.

"When you walk around the building, it's impeccable," Kwit says. "But when you start scratching the surface, there are a lot of things the building can do to begin saving energy."

Kwit finished the audit in June 2010, after checking everything from roof to elevators to lighting. As part of the sustainability audit, Kwit used ultrasound technology to test the quality of the boiler. He decided that, although it was aging, it could last another few years with a new natural gas burner. He suggested the board buy a hot water heater, which cost \$40,000. By using a hot water heater, the building could shut down the boiler in the warmer months, adding years to its life.

The board gave Kwit the go-ahead on the natural gas conversion. It also agreed to replace the light fixtures, a \$35,000 project that was completed in March 2011.

### Hands Off

The culture of the seven-member condo board is "hands off." The board president lives in the Berkshires in Massachusetts and visits his Manhattan pied-à-terre periodically. Many residents own their own apartments as investment properties and are frequently away. So the board, which meets monthly, relies of Furman's recommendations.

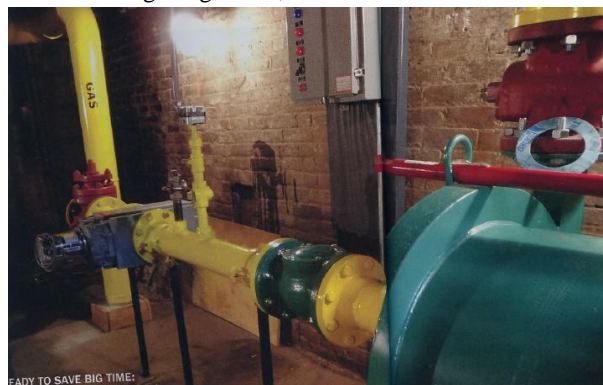
"I leave it to others to get done what needs to get done and keep me apprised of what we need to do," says Sumner.

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With a green light from the board, Furman got the project rolling. He kept Kwit on as a supervisor, paying him an \$8,000 retainer. By September 2010, the building had hired a mechanical engineer, Ralph Germain, vice president of Robert F. Gernain's engineering firm. For \$10,000, the engineer drew up specification that were ready within a month.

The building would need to build a gas meter room; install a sleeve in the foundation to which Con Ed could bring the gas line; install a ladder and Platform to reach the sleeve; and buy a water heater and new burner.

The Leonori was able to save on one major cost: chimney improvements. Because the property has a metal stack chimney and not



a brick chimney, it did not have to install a metal lining, which can cost \$150,000. The Department of Buildings (DOB) prefers metal chimneys because condensation from natural gas eats away at brick and mortar.

"This building got very lucky because they had a metal stack. The chimneys are one of the biggest problems with the gas conversions today," says Germain.

### **Bidding, Waiting & Hoping**

Once Germain delivered specifications, Furman put the job out to bid for a contractor, a 90-day process. In March 2011, the Leonori tapped Controlled Combustion for the \$155,000 job. The bid included adding the new sleeve, new gas service, gas booster, burner, new controls, and all-new gas piping from the gas meter to the boiler. The building spent an additional \$40,000 on the new hot water heater.

With a contractor selected, Furman expected that the building would have natural gas by the fall and enjoy the savings that winter. Initially, it seemed like the project was running smoothly. In June, the DOB issued permits. By October, all the internal work - the sleeve, the new burner, and the gas meter - was done. For residents, the work went unnoticed: "It was seamless in terms of the building. No one knew," says Sumner.

Next, Con Ed needed to rip up the sidewalk and bring gas to the building - a cost borne by the utility company. "We were ready. We did the work that we were supposed to do, but then we hit a snag. And the snag was twofold," says Furman.

The first hurdle was with city permits. Con Ed could only get them for the weekends. So, what couldn't be finished on a given weekend had to wait until the following weekend. According to Con Ed, permit restrictions delay jobs. If Con Ed receives a weekend-only permit from the Department of Transportation (DOT), a job that is supposed to take a week could take three or four times as long. If a tree is involved, Con Ed has to get a permit from the parks department, which has a much slower turnaround time than DOT, according to Joe McGowan, a manager in the gas conversion group at Con Ed. "Things are outside of our control that we have to deal with," says McGowan.

### **Fateful Discovery**

So, it wasn't until November that Con Ed workers opened up the street. And that's when things really went awry. Workers discovered asbestos in the pipes they uncovered. Before Con Ed could deliver gas to the Leonori, it had to abate the asbestos. "Until you open up the street you might not know what's there," says McGowan.

Suddenly, Thanksgiving was approaching. Thanksgiving marks the start of a moratorium on permitting for many non-essential street work projects. The moratorium lasts through Christmas. "We didn't get this done until the end of February," says Furman.

In an effort to temper frustration from customers, Con Ed launched a "gas customer solutions" group in July 2011 to streamline the process and reduce confusion. The company has gone so far as to add a conversion timeline to its website to curb expectations.

"It's a vastly improved process," adds McGowan, noting that the Leonori project started before the new group was up and running.

In February, after the moratorium ended, Con Ed abated the asbestos and finished the street work, bringing gas to the property line. The Leonori's contractor brought it into the building, connecting it to the new burner.

In March, the DOB inspected the work, signing off on it so Con Ed could come back and install a new gas meter. Before Con Ed would turn on service, however, the condo paid a \$17,000 deposit for establishing a new gas account. The conversion was finished in April 2012.

The building is still waiting for a \$52,000 rebate from the New York State Energy Research and Development Authority. The rebate will arrive after the agency conducts its own inspection. The building is also waiting for a \$20,000 rebate from Con Ed. Kwit, who filed all the paperwork, receives 20 percent of any rebates as part of his fee.

Finally, two years after the Leonori first began thinking about how it could reduce its energy usage, it is ready to save up to \$50,000 a year. ■

*P.S.* Kwit also discovered that an AT&T cell tower atop the roof was using the building's electricity and not paying Leonori. The condo is now suing AT&T. (See *Habitat* story "[For Whom the Bill Tolls: Board Sues AT&T for 18 Years' Cell-Tower Electricity.](#)")

## A Three-Year Journey

The Leonori ran into roadblocks along its way to natural gas, but the following timeline can serve as a template for a building trying to make the switch.

### 2010

**March** The Leonori board hears a presentation from energy consultant Lewis Kwit on an energy audit.

**April** Kwit begins an audit.

**June** The audit is complete, and Kwit gives a presentation to the board, making his recommendations. Four changes are suggested: gas conversion, a separate hot water heater, a lighting upgrade, and electric submetering.

**August** The board agrees to proceed with a natural gas conversion.

**September** Property manager Steven Furman of Rudd Realty hires Ralph Germain, a mechanical engineer, to prepare specifications, which will take 30-60 days. Germain starts a discussion with Con Ed about the point of entry for the gas line. Con Ed wants to go in through Madison Avenue, which would be highly disruptive; the board wants to use an entrance on 63rd Street. Eventually 63rd Street is chosen.

**October** Engineering specifications are complete. In late October, the job is put out to bid, a three-month process.

### 2011

**March** The job is awarded to contractor Controlled Combustion, which has a lead time of 8-12 weeks.

**July** Department of Buildings (DOB) issues permits for interior work.

**August – October** Contractor begins and finishes all the internal work necessary before Con Ed can bring a gas line to the building's property line.

**October** Con Ed begins the process of getting permits to do the street work; this work is contracted out to a third party.

**November** Con Ed gets the permits, but finds asbestos in the pipes. A new subcontractor is hired to abate the asbestos. Work then stops again because of a holiday moratorium.

### 2012

**January** DOB inspects the work, approves it, and issues a gas authorization.

**February** Street work resumes. Rudd Realty sends out an application to Con Ed for new gas service. Con Ed requests a \$17,000 refundable deposit from the Leonori for the new gas account and to put in a new meter.

**March** The building coordinates with Con Ed to install the meter.

**April** The conversion is complete.

## The Cost to Convert

Every building is different and costs can vary depending on what new appliances a building needs or how much renovation is involved. But the costs the Leonori incurred may help your building prepare for the checks it will soon be writing.

Sustainability audit .....	\$10,000
Mechanical engineer .....	\$10,000
Retaining an energy consultant as a job supervisor .....	\$8,000 retainer
General contractor .....	\$155,000
<i>(Contractor's fee included installing a sleeve; new gas service; a gas booster; a burner; new controls; and new gas piping from the gas meter to the boiler)</i>	
New hot water heater .....	\$40,000
Decommissioning the oil tank .....	\$5,000
Adding metal liner to the chimney stack ...	\$150,000**

\*\*Although the Leonori did not have to add a liner, many buildings would need to take this additional step.

