
2005 BUDGET BRIEFING NOTE: Cost Increase and JEPP Funding for HUSAR Building Project in the 2005 Emergency Management Capital Program

Issue/Background:

The projected cost of the Heavy Urban Search and Rescue (HUSAR) building has escalated to \$2.1 million from the \$1.0 million currently approved estimate. The change reflects known market conditions impacting construction, particularly the cost of steel, concrete and labour.

The scope, size and purpose of the building have not changed since the inception of the project.

The City is requesting cost-shared funding for the building from the Joint Emergency Preparedness Program (JEPP). A JEPP funding application was made for cost-sharing the facility with the Federal government (75% gov't vs 25% community share), at a total cost of \$1.5 million taking into account known cost escalations subsequent to the budget approval of \$1.0 million in the City budget in 2004

Key Point(s):

The construction cost for the HUSAR building has escalated to \$2.1 million from the originally projected \$1.0 million as a result of the known costs of construction.

Although buildings were not previously provided for under the JEPP formula, the federal government recognized the need and has agreed to include them in the funding formula. Calgary has been a recent recipient of such a grant.

The City has applied for JEPP funding for \$1.125 million of federal cost sharing funds under the JEPP program. The JEPP approval decision is still pending. A full report will be submitted to Council once the JEPP funding issue has been determined.

Conclusion:

The 2005 E.M.T. recommended Capital program estimate for the HUSAR building is \$1.0 million with 2005 cash flow of \$0.8 million before carry forward. The estimate is inadequate to fund a building that will meet HUSAR's needs in its current configuration.

If the building estimate is increased to the estimated cost of \$2.1 million with an offsetting revenue from JEPP of \$1.125 million, the net cost for the City of the building would be \$0.975 million, which is within the City's currently approved funding. In the event cost-shared funding is not forthcoming, the configuration of the building would have to be altered to meet minimum all weather storage

requirements for the HUSAR fleet and equipment and still remain within the City's currently approved funding.

Although there is no formal Federal approval for cost-sharing the HUSAR building as yet, the City has been offered JEPP funding for the Federal fiscal year ending March 31, 2005, towards the building design. Should the City proceed with this project phase, this JEPP amount would cover 75% or approximately \$142.5 thousand of design phase costs expected to be approximately \$190 thousand.

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