

SCHEDULE "A"

TERMS OF REFERENCE

COST STUDY UPDATE

1. Alberta Municipal Affairs & Housing Introduction/Goal

The Regulated Assessment Policy Unit of the Assessment Services Branch (the Branch), Alberta Municipal Affairs and Housing, is responsible for the development and maintenance of property assessment procedures for regulated industrial property. Regulated industrial property is defined in the Municipal Government Act, Section 284 (1).

The assessment procedures for regulated industrial property are based on construction costs and the principles in the 2005 Alberta Construction Cost Reporting Guide. These procedures are included in the 2007 Minister's Guidelines for all regulated industrial property in Alberta.

The procedures are amended each year to include factors to reflect changes in construction costs for a given regulated industrial property. This factor is called the assessment year modifier (AYM).

A key component in the development of the AYM, for any given year, is the Construction Cost Change Study for a specified regulated industrial property. This study reflects the Construction Cost Change for a period July 1 to June 30 of the specified assessment year.

The goal of this project is to provide the Branch with appropriate information about Alberta construction costs changes to June 30, 2008, June 30, 2009 and as an option June 30, 2010 from the professional firm's expert in the field of regulated industrial property.

2. Project Summary

This project has been initiated to engage industry experts to update the 2007 Construction Cost Change Study to reflect changes for the time period July 1/2007 to June 30/2008, July 1/2008 to June 30/2009 and as an option July 1/2009 to June 30/2010 for Oil and Gas Wells.

3. Project Staff

This project will be carried out under contract with Gordon A. Davis (contractor), with Gordon A. Davis as the contact.

Alberta Municipal Affairs & Housing will support the project by having its own staff, and contracted agents, available to the contractor for consultation and by providing any requested written material.

The Contract Manager for the AMA will be Sheila Young, Director - Regulated Assessment Policy.

4. Project Deliverables and Time Lines

1. Evaluate the current construction cost scenario and provide commentary as to it's:
 - Completeness and level of detail for construction cost development.
 - Granularity of component definition.
 - Technical compliance including (but not limited to) current best practice, methodologies and equipment.

This documentation is to be provided to the Branch by February 29th, 2008.

2. Using the same methodology and information sources (to the degree possible) as has been used since 2004, develop and document the construction cost change for the regulated industrial property type Oil and Gas Wells to reflect changes for the period:
 - July 1, 2007 to June 30, 2008. This documentation is to be provided to the Branch by August 15, 2008.
 - July 1, 2008 to June 30, 2009. This documentation is to be provided to the Branch by August 15, 2009.
 - As an option, July 1, 2009 to June 30, 2010. This documentation is to be provided to the Branch by August 15, 2010. ***NOTE:*** *Work on this deliverable is not to be undertaken without expressed written direction from "The Branch" to proceed.*
3. Provide documentation, as warranted, on current construction practices that are substantially different than those specified in the Branch construction cost models. Documentation to be provided in the same time frame as the Construction Cost results.
4. Accommodate up to two (2) days for meetings with Branch staff and/or designates for feedback, review and clarification.

Note:

The following documents and directives are available to provide guidance in the development of the construction cost change studies.

- 2007 Ministers Guidelines
http://municipalaffairs.gov.ab.ca/as_minister_guidelines.htm
- Municipal Government Act
http://www.qp.gov.ab.ca/documents/Acts/M26.cfm?frm_jsbn=0779737822
- 2005 Construction Cost Reporting Guidelines
http://municipalaffairs.gov.ab.ca/as_minister_guidelines.htm
- Costs based on construction within 50 km of the City of Edmonton Boundary