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Tariff of Fees for Architectural Services

Fourth Edition:

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Tariff of Fees for Architectural Services: Fourth Edition

This document has been prepared by the Architectural Institute of British Columbia to assist a client and an architect in determining an architect's appropriate compensation, for both professional fees and reimbursable expenses, in respect of the architect's services on a commission, under certain conditions. It also contains important introductory information respecting the profession itself; when an architect must be hired; and how to select and engage an architect.

Published by the Architectural Institute of British Columbia; Fourth Edition, August 1, 2000. This edition first reflected amendments to the Architects Act (1997); the B.C. Building Code (1998); the Builders Lien Act (1998); the AIBC Bylaws (2000); AIBC Code of Ethics and Professional Conduct (2000); NPP-6 (1996) Standard Client-Architect Agreement; AIBC Council rulings as to appropriate levels of services and fees (October 1995); Bulletins 51 and 52 (January 1996), 67 and 68 (July 1998) and Bulletin 53 (December 1999). It also underwent general editorial improvement and necessary reformatting.

REVISION #1: NOVEMBER 2000 amended sections 3.5.2 and 3.5.3. to reflect the exclusion of the GST from "Construction Cost" as the basis of calculating percentage architectural fees.

REVISION #2: MARCH 2004 amended section 3.5.5. to reflect the removal of the word "impecunious" with regard to 'pro bono' services; and amended sections 3.1, 3.2 and 3.5.3 as well as Appendix I to reflect Bulletins 54 and 55 which, respectively, updated the Tariff significantly as it relates to Schools (K-12) and the Market Multiple-Residential Sector.

REVISION #3: FEBRUARY 2009 updates hourly rates for principals (s.3.4) as per Bulletin 51; introduces references to AIBC Contract 6C; Bulletins 56 (Fees for Enhanced Building Envelope Services); 64 (Proposal Calls) and 90 (Minimum Acceptable Scope of Service); and updates information re: Building Requiring the Services of an Architect. The definition of Construction Cost (s.3.5.2) is clarified for greater consistency with standard client/ architect contracts, reinforcing inclusion of cash allowances, changes and work coordinated by the architect and exclusion of contingencies, value-added taxes and land development costs. Syntax and terminology are modified for clarity and consistency. Cross-referencing is enhanced. Recommended percentage fees are unchanged. The "sequence and scope of services" chart (App.1) is updated to reflect current scope standards and terminology. Material changes in this third revision are flagged by sidebar. Review of the entire document is encouraged.

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The Profession of Architecture

The architect is a professional whose career is dedicated to the practice of architecture. To become an architect, registered in British Columbia, an individual has had to demonstrate successful completion of the requirements for architectural education followed by several years of monitored experience in all aspects of practice. An architect has been admitted to the profession only after further passing extensive examinations.

The profession of architecture in Canada comes under the authority of the respective provincial legislatures. Each province has active legislation under which, in the public interest, the provincial architectural association is given authority to administer the terms of the *Architects Act*. Through that authority and through bylaws, the provincial architectural association regulates the conduct of that profession. To be allowed to practise in the profession (i.e. to offer and provide architectural services and advice to clients) an architect must be registered in the province in which the architect practises, and do so through a registered architectural firm. Any breach of the established ethical standard by an architect or architectural firm can result in reprimand, suspension or cancellation of membership or licence to practise.

Members of the public may obtain copies of the British Columbia *Architects Act*, the Bylaws of the Architectural Institute of British Columbia and its “Code of Ethics and Professional Conduct”, as well as pertinent rulings and updated information published from time to time in the form of Bulletins or Practice Notes, from the AIBC office or by downloading from its web site.

Questions or suggestions regarding this “Tariff of Fees for Architectural Services” are welcome and should be directed to the attention of the Director of Professional Practice of the AIBC.

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Tariff of Fees for Architectural Services: Fourth Edition

BULLETIN 31: BUILDINGS REQUIRING THE SERVICES OF AN ARCHITECT

SECOND EDITION: OCTOBER 2007

(This second edition replaces and renders obsolete its predecessor edition, dated April 2002. While the core content is fundamentally the same, there is updated reference to the current building codes; occasional improvement to syntax and form; enhanced definitions and explanatory language; engineering profession information; and clarity respecting mixed use and, especially, Group C residential occupancy. Substantive updates are flagged by vertical sidebar.)

The following Table and Notes (1 through 8) represent a consolidated summary taken from the *Architects Act* (the “*Act*”). It is intended as a convenient guide and does not take the place of the *Act* itself, which prevails in all cases. Persons who are not architects are prohibited from promoting or providing architectural services (see note 2) on the referenced building types.

Major Occupancy per the current building codes	Use	Types of Building or Parts of Building requiring the services of an architect under section 60 of the <i>Architects Act</i> . (see also Notes 1 through 8)
Group A (Part 3)	Public Assembly	<ul style="list-style-type: none"> – any one-storey building with an unsupported span exceeding 9 m or gross area exceeding 275 m²; – any building of more than one storey with gross area exceeding 235 m²; and – all schools, any size
Group B (Part 3)	Hospital, Sanatorium, or Home for the Aged Institutional	<ul style="list-style-type: none"> – any building (excluding veterinary hospital) with a capacity exceeding 12 beds – any building with gross area exceeding 470 m²
Group C	Residential Hotel or similar occupancy	<ul style="list-style-type: none"> – any building containing 5 or more dwelling units – any building containing 11 or more guest rooms
Group D & E	Commercial	<ul style="list-style-type: none"> – any building with gross area exceeding 470 m²
Group F (F1: Part 3)	Industrial	<ul style="list-style-type: none"> – any building with gross area exceeding 470 m²

In addition to the requirements of the Act, all projects must also satisfy the current BC Building Code or the Vancouver Building Bylaw (collectively referred to herein as the building codes). Under these building codes, architects are required to be engaged for design and field review and to provide corresponding assurances on all Part 3 buildings (of any occupancy or size) and any Part 9 buildings with common egress systems and firewalls. It is important to understand that the Part 3/Part 9 distinction is immaterial under the Act.

Tariff of Fees for Architectural Services: Fourth Edition

1. An architect, under the *Act*, must be registered with the Architectural Institute of British Columbia.
2. An architect's services include the preparation of designs, plans, supporting documents and the provision of field services for the erection, addition or alteration to or repair of buildings for persons other than him/herself.
3. An alteration, addition or renovation of an existing building which causes the ensuing gross area to exceed the limits in the preceding table shall require an architect's services even if the alteration, addition or renovation itself does not exceed the limits.
4. A professional engineer may practise professional engineering as permitted under the *Engineers and Geoscientists Act* of British Columbia; or, specifically, a chemical, civil, electrical, forest, geological, mechanical, metallurgical, mining or structural engineer may design or supervise the erection, alteration or repair of a structure usually designed or supervised for these purposes by a professional engineer.
5. A corporation acting through members of its regular staff or other qualified persons may make plans or specifications for, or supervise the erection or alteration of, the whole or part of a building to be occupied and used exclusively by the corporation, its subsidiaries or lessees, as part of an industrial plant operated by it.
6. The *Act* defines a "building" as "a structure consisting of foundations, walls or roof, with or without other parts". Under the *Act*, "building" shall be construed also to mean "parts of a building". (*The Act refers to buildings, not complexes or projects of multiple buildings.*)
7. An architect's services are also required on any building in excess of 470 m² in gross area which is either: (i) mixed-use with Groups D, E and F occupancies together or combined with other occupancies; or (ii) not included in the preceding table.
8. The *Act* defines "gross area" of a building to be "the aggregate area of all floors"; i.e., the sum of those floors below, at or above grade, measured between outside faces of exterior perimeter walls. *The building codes' measure of "building area" is not the Act's "gross area" but, rather, only the size of the building's "footprint" (between firewalls, if any), no matter how many floors are in the building. The definitions of "building" and "gross area" in the Act are not affected by the existence of firewalls, and therefore the inclusion of firewalls in a "building" cannot be used to alter the application of the Act, including the legislated requirements for retaining an architect.*

It is important to understand that architectural services for design and field review, complete with letters of assurance, are also required by the building codes in the cases of (i) all assembly and institutional buildings (Groups A and B occupancies) of any size, even those below the thresholds of the Architects Act; and (ii) all residential buildings which are over 600 m² in 'footprint' or 3 storeys, including single-family; duplexes; triplexes and quadriplexes which do not require an architect under the Act.

Additionally, the *Engineers and Geoscientists Act* of British Columbia contains statutory requirements as to the engagement of a professional engineer to provide engineering services. Persons who are not professional engineers are prohibited from providing such services. Refer also to AIBC Bulletin 33: Architecture and Engineering: Complementary Professions. Under the Memorandum of Agreement between the Architectural Institute of British Columbia and the Association of Professional Engineers and Geoscientists of British Columbia, a competent professional engineer may be engaged instead of an architect for a building of major industrial occupancy where no subsidiary occupancy exceeds such limits as are described in the preceding table for Groups A, B, C, D & E (see also note 4).

Preface

When you embark on a construction program, you are making a commitment to what may be a major investment in an unknown quantity. While it is possible to define the proposed facility broadly in terms of size and function, there are significant variables needing attention.

How well and how long will the facility serve its intended purpose? Will it be responsive to the needs of its users and the community? What will it say about your image?

The architect you select to design the facility will be a major determinant in answering these questions. Training and experience enable the architect to transform your ideas and functional needs into an architectural program; a conceptual design; and the working drawings and technical specifications from which the facility will be constructed under the architect's administration and field review.

During the design and construction of your building, the architect effectively becomes a major contributor to your organization serving as advisor, coordinator, and technical manager as well as creative artist. In a large measure the architect will determine the functional, aesthetic and financial success of the project.

An architect needs to be able to function properly and profitably. Professional fees should reflect not only the cost for the architect to provide services but also (and more appropriately) the value of those services.

This document provides information as to the variety of ways in which an architect is paid, according to the nature of the services and a project's type, size and scope. Specific rates and tabulated fee schedules are provided along with adjustment factors and sample calculations.

1.0 Authority

1.1 Statute

Section 24(2) of the *Architects Act* of British Columbia reads as follows:

“**The Institute may**, subject to this Act, **make bylaws considered necessary for regulation of the Institute, its members, architectural firms, licencees and associates. The bylaws may**, among other things, **provide for...**

- (e) **a tariff of fees for an architect’s services;**
- (g) the conduct, discipline and standards of honour of the Institute’s members, architectural firms, licencees, and associates, and the maintenance of the dignity and honour of the profession;
and

- (h) **a code of ethics and professional conduct for members, architectural firms, licencees and associates, and prohibiting acts of conduct by them deemed by the Institute unprofessional or detrimental to the welfare of the profession...**”

1.2 Bylaws

Under the authority vested in the Institute (as noted above) the bylaws include:

“28(3) All drawings, specifications, models and documents prepared by the architect as instruments of service shall remain the architect’s property, the copyright in the same being reserved to the architect in the first instance. As a precondition of their use, all fees and reimbursable expenses due the architect are to be paid.”

“29. The Institute shall establish, maintain and publish a Tariff of Fees for Architectural Services.”

Furthermore, there are a number of relevant Professional Ethics bylaws, including:

1.0 Authority

1.2 Bylaws (continued)

“34(7) An architect shall not supplant or attempt to supplant another architect after the other architect has been retained or definite steps have been taken toward the other architect’s retention.”

“34(8) An architect may only accept a commission for a project when the services of any architect previously retained for the project have been terminated.”

“34(9) An architect may only provide the same service for the same client on the same project as another architect through the medium of an approved competition.”

“34(10) Except in an approved competition, an architect shall provide no form of service until retained and in receipt of the client’s instructions.”

“34(15) An architect receiving monies for services provided by others shall not use such monies for the architect’s own purposes, and shall distribute them promptly to those so entitled.”

“34(16) Except when providing *pro bono* services or services on a “contingency basis”, or as approved by Council, an architect shall provide services and receive fees in substantial accord with the Tariff of Fees for Architectural Services.”

(Note: the terms “pro bono” and “contingency” as they relate to what is permitted in the practice of architecture, have limited application and specific meanings and are not to be confused with their use in any other professional or popular context. Refer to sections 1.3, 3.5.5 and 3.5.6).

This Bylaw is particularly significant in that it expresses the professional obligation of an architect to provide appropriate standards of service for commensurate compensation. To do otherwise could jeopardize not only the project, the client’s and the public’s interest, but also the architect’s standing and licence to practise.

As well, except as permitted and with full disclosure under the Bylaws, an architect must avoid situations where the architect’s personal interests conflict or appear to conflict with professional obligations to the public, the client and other architects.

1.0 Authority

1.3 Rules/Code of Ethics

Section 5 of the *Architects Act* indicates:

“There shall be a Council of the Institute (the “Council”) which, subject to this *Act* and the Bylaws of the Institute, shall govern the affairs of the Institute and may by resolution make rules necessary for that purpose.”

Under the foregoing, as well as Bylaws 34(9), 34(10) and 34(16), the Council prohibits unsanctioned competition; donations to reduce fees for to obtain a commission or in exchange for a tax deduction; and speculative services (i.e. providing service for fee or on a “loss leader” basis) as unprofessional practices.

“Pro Bono” or “contingency-based” architectural services must be equal to those provided for the applicable fee in this Tariff. “Pro Bono” or “contingency-based” architectural services must be described in a client/architect agreement that is clear as to the extent and nature of both services and compensation.

(Refer to sections 3.5.5 and 3.5.6 for further rules.)

The AIBC’s “Code of Ethics and Professional Conduct” along with the Bulletins and Practice Notes contain current rulings and helpful commentary.

1.4 Comparative Selection

Compensation level should not be the sole basis for comparative selection of an architect. It is important to ensure that the scope of services is clearly understood as to both nature and extent. Most often it is the architect’s experience, qualifications and ability to work with the client that determine suitability to the project.

Significantly different fee proposals from different architects should serve as a warning to a client that further clarity is needed as to both quantity and quality of service, as well as the client’s needs and expectations. An inadequate fee proposal may constitute unprofessional conduct. (cf. AIBC Bulletin 64)

1.0 Authority

1.5 Reference Published fee levels are based on historical evidence and current research as to fair value and what is typically necessary to support proper professional service in the public interest.

1.6 Risk The architect is obliged under licence to service both the client's best interest and those of the public at large. Poor service is unprofessional, carrying attendant exposure to building failure; dissatisfied clients and third parties, as well as legal and disciplinary action.

Inadequate compensation fosters inadequate service. Inadequate compensation is not an acceptable excuse for inadequate service. A client and architect who establish inadequate compensation are knowingly at risk and may mitigate insurance coverage or professional recourse.

2.0 How to Select and Engage an Architect

2.1 Why Architects Are Not Selected On A Competitive Bid Basis

Many prospective building clients, experienced in the procurement of commodities, are accustomed to obtaining competitive bids for goods they purchase. They may sometimes wonder why the same procedure is not used to procure architectural services. The answer is simple. A client is not a “customer” buying a “product” off the shelf. A “client” engages “advice” on the client’s behalf. When one seeks the creative, technical and management skills of an architect, competitive bidding for professional services is not in the best interest of the client.

Designs, drawings, reports and the like are instruments of service. The “product” is the physical facility subsequently provided by builders.

For a vendor of any type of goods, or for a consultant providing services to bid competitively, there must be a detailed specification of what the purchaser requires. At the outset of an architectural project, even a detailed prospectus cannot define the exact nature and scope of services to be performed, since not all professional services, technical knowledge, judgment, skill and decision-making can be foreseen.

The client and architect define and delineate the scope of these services as part of their discussions, often as the project evolves. The client may not know all the professional services needed at the beginning. The architect may in fact advise the client that certain services are not needed, depending on the type of project, the client’s own capabilities, and how much ground-work has already been done. Even if it were possible, competitive bidding does not permit the architect to help the client decide exactly what services are required.

Much of the service necessarily provided by an architect is a function of the building industry marketplace; performance of the builder; and interpretations by the authorities having jurisdiction. These are not under the architect’s control.

While the maxim that “you get what you pay for” is too simplistic to be a universal truth, architects base their compensation on the value and amount of work to be performed, that is, the value and amount of

2.0 How to Select and Engage an Architect

2.1 Why Architects Are Not Selected On A Competitive Bid Basis

(continued)

professional and technical time which will be spent in the design, development and construction of the project. A conscientious architect will spend many hours developing, weighing and discarding possible design solutions in order to come up with the most workable and economical final designs.

If an architect were to submit a competitive bid and, in the architect's desire to be retained for the project, did not provide adequate allowance for careful study and design, the resultant design solution would not be as good or efficient as it should be to meet properly the client's requirements. Similarly, the architect would not be able to afford all the time needed to research the most economical materials and systems for the project, which would probably cost more as a result. Thus a dollar saved on professional services could easily result in many additional dollars spent on construction and this effect could be multiplied several times in increased maintenance costs over the useful life of the facility.

All this is not to say that architects are opposed to competition. On the contrary, they understand it to be a basic principle of business activity. But they realize that to meet the needs of their clients, they must compete on the basis of their ability to perform the required services.

Once a firm has been selected because of its demonstrated qualifications to perform the work, it is a relatively simple task for the client to negotiate a fair fee with that firm. Appropriate scales of professional compensation are established, maintained and published by the AIBC to assist both client and architect in determining such a fair fee.

(Refer to the AIBC's Guidelines for Quality-Based Selection for Architectural Services).

Your best interest, as the client, is paramount. In selecting an architect, you will look for skill, experience, and ability to perform on schedule and within a construction budget consistent with your needs.

2.0 How to Select and Engage an Architect

2.1 Why Architects Are Not Selected On A Competitive Bid Basis (continued)

Following sound selection procedures will make that process easier, and produce a facility which will properly serve your best interest both initially and throughout many years of use.

2.2 Obligations and Responsibilities

The services of an architect are rendered most effectively when a definite understanding exists between client and architect regarding their respective obligations and responsibilities. It is essential that the architect fully explain the architect's role, responsibilities and ultimate liability in understanding the work as well as the expected involvement of the client.

This is accomplished best by a thorough review of the scope of the services to be completed by the architect, the time period in which it is projected that work will be accomplished and the method of compensation for services. A written contractual agreement must follow (cf. Bulletin 67), which includes all of the mutually agreed items.

Architects are professionally obliged to confirm their terms of engagement in writing, before providing any service, under the ethics of Bylaw 34.10.

Agreements consistent with recognized standards are required (under Bylaw 28) and use of the Standard Forms of Contract Between Client and Architect (AIBC Documents 6C and (short-form) 8; RAIC Document 6) is recommended. Those contracts set out the services to be provided by the architect. They also recognize the client's responsibility for provision of information relating to the requirements for the project under consideration, as well as physical, legal and other site information.

These contracts are compatible with industry-standard construction contracts.

2.0 How to Select and Engage an Architect

2.3 The Architect's Services

Architectural services broadly include five phases: schematic (or conceptual) design, design development, preparation of construction documents, construction procurement (including bidding or negotiation), and construction administration, all as described in the industry-standard, approved AIBC-6C and RAIC-6 contracts. The work is usually carried out in readily defined phases during which time the client has the opportunity to ensure the project is proceeding satisfactorily.

The sequence and scope of these "Project Phases" are summarized on a convenient chart in Appendix I of this document.

Whether the building type is easily executed or complex, the architectural services must be conceived and coordinated as an integrated whole, with proper attention paid to quality, time, and cost. While many of the services provided by the architect have remained fundamentally unchanged and undiminished over the years, the requirements of

contemporary planning, design, regulation and client expectation have caused the scope of basic services to grow and become more onerous. Corresponding compensation levels have been augmented to reflect and respect such demands (see AIBC Bulletin 90: Minimum Scope of Architectural Services).

The client should also give serious consideration to retaining the architect for services on a wider basis. The scope of these optional or additional services will vary with the nature and complexity of the individual project and the client's own planning and development capabilities.

The architect may provide such additional services before, during, and after the basic services are undertaken. Additional services may result from the particular requirements of a project; from circumstances not foreseen at the time of initial engagement; or from the investigation of alternatives.

2.0 How to Select and Engage an Architect

2.4 Other Consultants' Services

The normal services of the structural engineer, mechanical engineer and electrical engineer are essential services. The architect manages and coordinates the work of these professionals (whoever engages them) as part of the architect's basic services.

Historically these three engineering consultants have been engaged directly by the architect, acting as a prime consultant. Where this occurs the architect carries professional and contractual responsibility for the design of the entire project including work carried out by the consultant hired. It is becoming more common and preferred for the client to hire these engineering professionals (and other consultants) directly and such relationships should be discussed with the architect in further detail. In either case, it is important for the success of the project and the client's benefit that the architect, uniquely trained and experienced in this regard, have responsibility for the overall management and coordination of consultants throughout the entire project.

This will enable the architect to discharge responsibility for coordinating both the design and administration of the project to yield well-integrated results.

Inasmuch as the client "brings the property" to a project, information describing the property (or project site) is the client's responsibility. That fundamental understanding is why the investigative and design services of such specialist consultants as land surveyors; geotechnical engineers; environmental analysts; hydrologists and civil engineers are engaged directly by the client. The architect is entitled to rely on their input. It is also the client's responsibility to provide the project with legal, accounting and insurance advice as well as to pay for translation, arbitration and expert witness services should the need arise.

Increasingly, the services of other specialist consultants may be desirable to advise on particular aspects of use or function of a range of building conditions.

2.0 How to Select and Engage an Architect

2.4 Other Consultants' Services (continued)

These services might include advice in such fields as market analysis, financial feasibility, functional programming, cost control and energy budgets; acoustics, food services, interior design, graphic design and landscape architecture; building code equivalencies and building envelope review. The integration and coordination of the advice from such specialist consultants becomes a necessary, additional service by the architect.

3.0 Determining the Architect's Compensation

Once agreement has been reached on the extent and nature of services to be provided for the project, the architect's compensation (fees and reimbursable expenses) can be determined in several ways.

3.1 Alternate Methods of Establishing Fees

The fee for professional service is the major component of an architect's compensation. There are, traditionally, three types of fee structure:

- Lump Sum (Section 3.3)
- Time Basis (Section 3.4)
- Percentage (Section 3.5)

Combinations of these may apply on the same project for different aspects of service; for rendering partial (or additional) services; or as the nature and scope of services evolve during the life of a project.

Note: while this Tariff provides for both "Lump Sum" and "Time Basis" fee-charging mechanisms as permissible approaches, along with what is described as "Percentage of Construction Cost" for "basic" services, the "Percentage of Construction Cost" table in section 3.5.3 (which sets out the recommended net architectural fees for various project types, complexities and sizes) provides the benchmarks for appropriate

architectural compensation no matter which of the three mechanisms are used.

Charging for basic architectural services on an hourly rate or fixed-fee structure, e.g., does *not* inherently mean (or provide an excuse so) that the resultant total fee for service is permitted (under Bylaw 34.16) to be other than in substantial accord with the corresponding percentage fee for service as tabulated.

There may also be a flat "fee for expertise" in addition to a time-basis or (less commonly, percentage) fee.

- See Bulletin 54 regarding fees for services on schools (K-12) projects.
- See Bulletin 55 regarding fees for services during construction in the Multiple-Residential Sector.
- See Bulletin 56 regarding fees for Enhanced Building Envelope Services.

3.0 Determining the Architect's Compensation

3.1 Alternate Methods of Establishing Fees (continued)

Professional services are not properly rendered on a "unit" fee basis (e.g. per housing unit; per square metre; per sheet of working drawings). Such unit fee determinations are arbitrary and bear no valid relationship to the nature and scope of service. An architect provides advice to a client, not products to a customer.

3.2 Allocation of Total Basic Fee to Phases of Service

When using a "lump sum" or "percentage" type of fee structure, or to guide establishment of fee estimates on a time-basis, it is useful to break down the total fee into portions allocated to phases of the work. The following fee-distribution ranges are reasonable guidelines for calculation of fees for partial basic services, as well as for payment of total basic fees in progressive stages.

(Refer to section 3.5.4 for variable-market implementation of phased billings).

1. Schematic Design	12-18%
2. Design development	12-18%
3. Contract documentation	35-45%
4. Bidding and negotiation	2.5-6.5%
5. Construction administration	25-35%

Typically, services are rendered and payments are made progressively, with final accounting (to 100%) of the percentage fee maturing with Substantial Performance of Construction. Pre-design and Post-Occupancy phases' services are generally rendered for additional, time-basis fees.

(Refer to section 3.5.4 for phased adjustments to fees).

(Refer to Bulletin 55 regarding fees for Schematic Design and Design Development phases in the Marketing Multiple-Residential Sector).

3.0 Determining the Architect's Compensation

3.3 Lump Sum Fee

A “lump sum” or “fixed” fee is suitable if the demands, scope and schedule of the project are sufficiently defined at the outset to allow the architect to determine the expected services and costs with reasonable accuracy. The fee, consistent with the value of such services and costs, is negotiated with the client.

So long as the project parameters beyond the architect's control do not change from those understood when the lump sum fee was established, that fee remains effectively a guaranteed price. It is then predictable, which assists cash flow and budget projections for both parties. It is also, by definition, not flexible and so if used on an ill-defined project; or if it is abused on an evolving project; it can lead to inequitable economics and strained relationships.

Should a project's established conditions or size or scope or service demands change during the course of the project; or should decisions be retracted or amended; then the “lump sum” or “fixed fee” must be adjusted.

A lump sum fee is frequently developed from time-basis projections to specific service requirements for particular tasks. It is also often derived from the appropriate percentage-fee scale of the characteristic project. (Refer to Operating Assumptions in section 3.5.1.)

3.0 Determining the Architect's Compensation

3.4 Time Basis Fee

Some projects lend themselves to fees being charged on an hourly or daily (per diem) basis. This method is recommended where the level of services is specialized, difficult to determine in advance, relatively short in duration or of an intermittent nature. That is, where a "lump sum" or "percentage" fee is inappropriate.

As well, especially on very small (or occasionally very large) projects, the extent and value of service may be disproportionate to the construction cost. In such cases, a percentage fee is also inappropriate.

Time-basis fees are typically used for partial basic services or additional services; and are frequently appropriate on renovation projects, where the scope of the problem does not reveal itself until work is underway.

It is reasonable to utilize a time-basis fee at the early stages of a project, in which options are investigated, until the conceptual direction is settled. That is equally so in the latter stages of a project,

in which the precise scope of an architect's services is a by-product of the builder's performance.

Following is the basis by which recommended hourly fees are calculated for a principal's or staff member's time:

- i) Principals when performing the services of a principal, generally: \$210.00.
- ii) Principals when performing architectural services requiring special expertise: \$250.00.
- iii) Principals when performing services such as those of an arbitrator or expert witness, for which the architect is eminently qualified: \$395.00.

(Note: the rates specified above are in effect at February 1, 2008 and are subject to updating by AIBC Council from time to time. Please confirm the current rates by obtaining the corresponding AIBC Bulletin 51.)

3.0 Determining the Architect's Compensation

3.4 Time Basis Fee (continued)

Please note that “principal” rates are not expected to apply to services which require less-than principal skills (which should, or could, be delegated to staff and charged at lower rates) notwithstanding their occasionally being performed by principals. Principals who themselves provide services at various skill levels may use correspondingly variable hourly rates (or a single “blended” rate; cf. Practice Note #8).

- iv) Staff: an hourly rate calculated by multiplying the nominal monthly salary (gross salary due, excluding fringe benefits) of the person engaged on the commission by a factor of 2.3 percent.

For example: a staff member earning \$6,000.00 per month, nominally, is billable at $(0.023 \times \$6000) = \138.00 per hour.

The preceding hourly rates may be expressed as “per diem” rates by multiplying them by a factor of 7.5 (or such other number of working hours as may be agreed to be applicable in a typical day).

Additional factors may be applied as agreed for overtime efforts at the client’s request or to meet scheduling demands outside the architect’s control.

(Note: Employment Standards regulations generally apply to all non-professional personnel; see AIBC Practice Note 11.)

All time expended on or necessarily incurred on behalf of the commission is billable, whether in the architect’s office; at the client’s premises; or elsewhere, including in transit.

It is not unusual for an upper “target” fee to be estimated to allow the client to set a working budget. If and as the scope of services becomes clear, a time-basis fee structure can be converted to a lump-sum or percentage fee for the balance of the project.

3.0 Determining the Architect's Compensation

3.5 Percentage Fee

The recommended technique for calculating architectural fees on a percentage basis is that of a “net” basis (architectural fees only), i.e. excluding any and all engineering and special consultant fees (but including the architect’s coordination of normal engineering services). That technique, with associated fee scales, is detailed and tabulated later in this document (section 3.5.3). In the prevailing “sliding” fee scales, there is provision for modified fee calculation as a function of building category; whether the project is “new” or “renovated”; small, medium or large in size; simple, complex or custom in nature; and if the project has significant repetition in its overall configuration.

The total (or “gross”) consulting fees of a project (as payable by the client) are calculated by adding to the net architectural fees, the applicable fees from the appropriate scales of the respective consulting engineers, and those of specialist consultants.

Engineering fee scales are subject to change beyond AIBC control. They should be selected from the “Fee Guidelines for Engineering Services” as published jointly by the Association of Professional Engineers and Geoscientists of BC (APEGBC), and the Consulting Engineers of British Columbia (CEBC). See also the “Consulting Engineers Fee Guideline” (2008) published by the CEBC.

3.5.1 Operating Assumptions

It is important to understand that percentage fees have their origins in seven (7) common characteristics, as outlined (a-g) following. When project conditions vary, percentage fee scales must be adjusted to reflect that (as outlined in section 3.6); or they may not readily apply.

Should a project’s established conditions or size or scope or service demands change during the course of the project, then the percentage fee must be adjusted, similarly.

3.0 Determining the Architect's Compensation

3.5.1 Operating Assumptions (continued)

- (a) The architect is providing full “basic architectural services” in accordance with the terms of accepted standard client-architect contracts. This includes coordination and management of normal structural, mechanical and electrical consultants’ services. (cf. s.3.6.1 and Appendix 1 to this document).
- (b) The project is to be delivered on a “one-off” basis for a single client (see s.3.6.3).
- (c) The project is to be documented and tendered once as a single, complete and coordinated package prior to start of construction (i.e. not sequentially tendered, or “fast-tracked”); (see s.3.6.8).
- (d) The project is to be constructed by a single, general contractor under a stipulated sum form of construction contract (as per CCDC-2) without separate prime contractors and without layers of “construction” or “project” management. (see s.3.6.9, 3.6.10, 3.6.11).
- (e) The project is not extreme in size (very large or very small). (see s.3.6.2).
- (f) The project, once begun, proceeds with reasonable continuity, not being significantly delayed or deferred.
- (g) The fee is calculated as a percentage of construction cost (as described in Section 3.5.2). This is fairly based on the premise that a project’s cost, reflecting its size and complexity, typically bears a direct relationship with the architectural services necessary for its execution.

Published fee scales of this nature have a long and tested tradition and have proven to be equitable measures enabling a proper level of mature, competent basic services. They are often used as gauges against which lump-sum or time-basis fees are compared. Significant variation from the published percentage fee scale represents a warning to both client and architect as to insufficient compensation for comparable, professional service demands, with attendant risks.

3.0 Determining the Architect's Compensation

3.5.2 Construction Cost

The AIBC's standard, approved client/architect forms of contract (AIBC-6C and RAIC-6) and the scales of percentage fees are predicated upon the following definition of construction cost:

"Construction Cost means the contract price(s) of all project elements designed or specified by or on behalf of or as a result of the coordination of the architect, including cash allowances, building permit fees, changes, construction management fees or other fees for the coordination and procurement of construction services, and all applicable taxes, excluding such value added taxes as the GST, whether recoverable or not. Where there is no contract price for all or part of the project, the Construction Cost shall be the probable cost of construction as determined by the architect (or as agreed by the architect if a cost consultant is engaged) at market rates at the anticipated time of construction.

Construction Cost does not include the compensation of the architect and the architect's or other consultants, the cost of the land, land development charges, unexpected construction contingencies, or other costs which are the responsibility of the client. In the event that labour or materials are furnished by the client below market cost or when old materials are reused or recycled, the Construction Cost for

purposes of establishing the architect's percentage fee includes the cost of all materials and labour necessary to complete the Work as if all materials had been new and as if all labour had been paid for at market prices at the time of construction or, in the event that the construction does not proceed, at existing market prices at the anticipated time of construction."

In short, at the outset of a project, the "construction cost" is represented by a mutually understood budget figure. As the project matures, the "construction cost" becomes such statements of probable cost as evolve in successive phases until the actual contract price is known. That figure will usually alter as well during construction.

(Note: a building's construction cost-basis for the architectural percentage fees tabulated is the *entire* building cost, including the cost of its engineering components. The entire building is the "architecture" and is so coordinated by the architect.)

In the event that there is a "construction" or "project" manager instead of a general contractor, the "construction" or "project" manager's fee is included in the "cost of construction".

3.0 Determining the Architect's Compensation

3.5.2 Construction Cost (continued)

In the absence of a general contractor whose own costs, overhead and profit would normally comprise part of the construction cost, the construction cost (forming the basis of percentage-fee calculations) includes those considerations regardless of who incurs them.

Otherwise, the empirical basis for a percentage-fee calculation is reduced by a significant amount and the percentage will need to be increased accordingly.

Aside from that representing a mathematical challenge, the scope of architectural services (and attendant remuneration) does not reduce. In fact, it typically increases on “managed” contracts. (See section 3.6).

3.5.3 Net Percentage Fees

The “net” method of determining architectural fees is characterized by:

i) Exclusion of all engineering and special consultant fees; and

(**Note:** For purposes of percentage fee calculations, the preferred approach is to **exclude** any federal Goods and Services Tax (GST) or other, comparable value-added tax from the determination of construction cost.

Such exclusion is consistent with the determination of Contract Price under industry-standard (CCDC) construction contracts. The tabulated recommended fee percentages in section 3.5.3 reflect this approach.)

ii) A sliding scale of architectural fees for “basic” services, which varies according to a table of different project categories and complexity; project size (with variable thresholds at the 500, 1000, and 2000 square metre levels) or number of residential storeys or units; and whether or not the project represents new or renovated work.

3.0 Determining the Architect's Compensation

3.5.3 Net Percentage Fees (continued)

This method and the tabulated, recommended percentages can be used equally with the architect engaged either as the prime consultant and hiring engineering subconsultants; or under a separate agreement with the client engaging engineers directly; so long as in either situation the architect is providing the coordination of professional services.

The total fees payable on the project by the client are determined by adding to the net architectural fee, the net engineering fees and any other applicable special consultants' fees.

The following table outlines the recommended scale of net percentage fees for ten categories of buildings: the first five deal with varying complexity, from simple to specialized; the last five deal with particular building types requiring elaboration.

On a project involving two or more building types and categories (in either "stand-alone" or "mixed-use" conditions), the overall fee is calculated by prorating the construction cost of each type against its corresponding fee category. Areas of interface or transition are included with the more complex category.

(**Note:** in instances where the tabulated percentage fee is indicated as "N/A" (not applicable) any "lump sum" or "time basis" fee that is charged for basic services is expected to be higher than its closest counterpart for which there is a tabulated percentage fee. As an example under the Tariff's tabulated Category 8(iv), the net architectural fee for a 250 square meter, renovated tenant improvement's basic architectural services is expected to exceed the tabulated fee of 17-25 per cent for a similar project of 1000 square metres.)

3.5.3

**Recommended Net Percentage Fee Scale
For Basic Architectural Services**

CATEGORIES (See next page for Index)	NEW CONSTRUCTION			RENOVATIONS			Size Ranges (sq. metres)			
	0-500	Over 500-2000	Over 2000	0-500	Over 500-2000	Over 2000				
1. SIMPLE	5.70	4.95	4.30	9.85	8.65	7.40				
2. CONVENTIONAL	6.15	5.55	4.95	10.10	9.20	8.65				
3. ADVANCED	6.85	6.15	5.55	11.25	9.85	8.65				
4. COMPLEX	7.25	6.55	5.90	12.50	11.10	9.85				
5. SPECIALIZED	9.45	8.00	6.75	12.50	11.10	9.85				
6. HEALTH CARE										
(i) Generally	6.85	6.15	5.55	11.85	10.50	9.20	Clinics/Daycare in Category 8			
(ii) Serviced Shell	6.85	6.15	5.55	11.25	9.85	8.65				
7. COMMERCIAL										
(i) Low-Rise	6.60	4.95	3.70	9.35	8.65	8.00	(A) Market			
Office/Retail	7.70	6.15	4.95	11.25	9.85	8.65	(B) Non-Market			
(ii) High-Rise	5.00	4.30	3.70	9.35	8.65	8.00	(A) Market			
Office (4+ storeys)	6.15	5.55	4.95	11.25	9.85	8.65	(B) Non-Market			
(iii) Shopping Centre	5.30	4.60	4.05	9.35	8.65	8.00	(A) Simple			
	6.15	5.55	4.95	11.25	9.85	8.65	(B) Complex			
(iv) Tenant Improvements	9.45	8.00	6.75	11.25	9.85	8.65	(A) Simple (See Category 8 for Custom)			
(v) Motor Hotel	5.70	4.95	4.30	9.35	8.65	7.40	(A) Simple			
	6.15	5.55	4.95	13.20	9.85	8.00	(B) Complex			
(vi) Hotel	6.15	5.55	4.95	9.35	8.65	8.00	(A) Simple			
	6.85	6.15	5.55	11.25	9.85	8.65	(B) Complex			
8. CUSTOM/INDIVIDUAL	0-500	500-1000	Over 1000	0-500	500-1000	Over 1000	Size Ranges (sq. metres)			
(i) Single Family House	10.7-16.05	9.65-12.85	7.5-10.7	18.2-26.75	16.05-21.40	12.85-18.20				
(ii) Day Care	10.7-16.05	8.6-12.85	6.45-10.7	18.2-26.75	13.95-21.40	10.70-18.20				
(iii) Restoration/ Decoration	16.05-21.50	12.85-19.3	10.7-16.05	N/A	N/A	18.20-26.75				
(iv) Interior/Tenant Improvements	16.05-26.75	10.7-16.05	8.6-12.85	N/A	18.20-26.75	13.95-21.40				
(v) Clinics	10.7-12.85	9.65-11.80	8.6-10.7	18.2-20.4	16.05-19.30	13.95-18.20				
9. MULTIPLE HOUSING TYPES	Detached Duplex; Zero Lot Line	Town House	Low-Rise 1-3 Storeys	Mid-Rise 4-8 Storeys	High-Rise 8+ Storeys	Detached Duplex; Zero Lot Line	Town House	Low-Rise 1-3 Storeys	Mid-Rise 4-8 Storeys	High-Rise 8+ Storeys
(A) Market: Refer to AIBC Bulletin 55: Tariff for Market Multiple-Residential Sector, for recommended net percentage fees for new construction. For renovations, see section 3.6.5 of this Tariff document.										
(B) Non-Market: Senior Citizens & Social Housing	7.5-12.35	5.55	5.55	4.95	4.30	12.35-18.5	12.35	9.85	9.85	9.85
10. SCHOOLS (K-12) Refer to AIBC Bulletin 54, Tariff for Schools.										

NOTE: Percentage fees tabulated above represent equitable professional compensation for “basic architectural services” (refer to section 2.3 and Appendix 1 of this Tariff) and apply to “construction cost” which excludes the full, unreduced federal “Goods and Services Tax” (GST) or other, comparable value-added tax. On projects that exhibit characteristics other than those outlined in section 3.5.1, adjustments must be made (see 3.6). Fees for services of professional engineers and other consultants; reimbursable expenses; and applicable taxes on fees and reimbursable expenses are excluded.

Index of Building Types and Categories for Determining Recommended Net Architectural Percentage Fee Scale

Administrative Offices	3	Freight Terminal	4	Radio Station	5
Agricultural	1	Funeral Home	4	Radiology	6
Air Terminal	4	Gas Station	2	Rail Terminal	4
Aircraft Hanger	2	Grandstand	3	Recreation	4
Amusement Park	4	Health Care Centre	6	Reformatory	3
Apartment	9	Health Club	3	Research	5
Aquarium	4	Heritage	8	Research Hospital	6
Archives	4	Hospital	6	Residence	8
Arena	4	Hotel	7	Restaurant	4
Armed Forces Base	2	Housing (custom)	8	Restoration	8
Armoury	2	Housing (multiple)	9	Retail	7
Art Gallery	5	Housing (single-family)	8	Rink, covered	4
Auditorium	4	Housing (zero lot line)	9	School (elementary)	10
Bank	3	Inpatient Accommodation	6	School (secondary)	10
Bar	4	Intermediate Care Unit	6	Scientific	5
Cemetery Chapel	4	Jail	3	Senior Citizens Housing	9
Church	4	Legation	4	Service Garage	2
City Hall	4	Library	4	Settlement House	3
Club	3	Maintenance	2	Shopping Centre	7
Clinic (Diagnostic & Treatment)	8	Manufacturing Plant	3	Social Housing	9
College	5	Mausoleum	4	Sports Club	3
Commercial	7	Medical/Dental Offices	6	Stadium	3
Communications	5	Medical Research	5	Stock Exchange	3
Community Centre	4	Mint	4	Storage Plant, specialized	3
Computing Centre	5	Monastery	4	Synagogue	4
Convalescent Home	6	Mosque	4	Pool, swimming	4
Convent	4	Motor Hotel	7	Teaching Hospital	6
Convention Hall	3	Museum	3	Telephone Equipment	3
Consulate	4	Nursing Home	6	Television Facility	5
Correctional Facility	3	Observatory	4	Temple	4
Country Club	3	Offices (commercial)	7	Tenant Improvements	7/8
Courthouse	4	Offices (owner-occupied)	3	Terminal (transport)	4
Credit Union	3	Opera House	5	Theatre	4
Crematorium	4	Operating Room	8	Townhouse	9
Customs & Immigration	2	Parking Garage/Structure	2	Town Hall	4
Day Care Centre	8	Parliament Building	4	Treasury	4
Decorative Work	8	Passenger Terminal	4	Trust Company	3
Dental Clinic	8	Penitentiary	3	Undertaking Establishment	4
Duplex	9	Phys. Education Complex	4	University	5
Embassy	4	Planetarium	4	Warehouse (max. 10% offices)	1
Exhibition Building	3	Plant	3	Worship	4
Exhibition Display	5	Police Station	3	"Y" Facility Residence	3
Extended Care Unit	6	Post Office	4	"Y" Sports Facility	4
Emergency Department	6	Prison	3	Zoo	4
Fire Station	3	Processing Plant	3		

CATEGORY LEGEND

- (1) Simple: Simple, utilitarian character without complication of design; a minimum of finish, structural, mechanical and electrical design.
- (2) Conventional: Conventional character, requiring normal coordination, detail, structural, mechanical and electrical design.
- (3) Advanced: Moderate complexity of design requiring more advanced coordination of structural, mechanical and electrical design.
- (4) Complex: Exceptional character and complexity of design requiring comparatively large extent of coordination, structural, mechanical and electrical design.
- (5) Specialized: Specialized buildings and other facilities requiring special design skills or expertise, much precise detailing and intensive coordination.
- (6) Health Care Facilities: Self-explanatory/building-type specific.
- (7) Commercial Projects: Non-market office refers to special use tenancies (e.g. government or public agencies).
- (8) Custom/Individual: Highly particular or personalized requirements; extreme, variable extent of design, coordination and service for size of facility.
- (9) Multiple Housing: Self-explanatory/building-type specific. See AIBC Bulletin 55 Tariff for Market Multiple-Residential Sector.
- (10) Schools (K – 12): See AIBC Bulletin 54 Tariff for Schools.

3.0 Determining the Architect's Compensation

3.5.4 Phased Adjustments

In relatively calm or predictable market conditions, an architect's costs (especially for staff) will naturally move consistently with the parent (construction industry) market sector's costs. A percentage fee, therefore, is a reasonable mechanism for an architect's revenue to stay abreast of relevant modulating costs.

There are, however, some real or perceived inequities in how percentage fees might be used. In rapidly changing or inflationary markets, or when builders or suppliers are not competitive, resulting in actual construction costs higher than those budgeted or estimated, clients sometimes perceive retroactively adjusted percentage fees as generating "windfall" profits. An architect, however, as a responsible professional does not provide service with any vested financial interest. In fact, projects with unduly high costs rarely proceed at those levels.

Also, an architect may be obliged to provide some services, in cooperation with the client and the builder, at no charge to bring costs down to a feasible level (typically, to within 10 – 15% of the latest

mutually approved estimate). As well, higher construction cost will increase an architect's liability exposure.

Conversely, when construction cost comes in below budget or estimate (typically resulting in construction going ahead) the architect (despite having been instrumental in saving the client money) would incur a loss if retroactive fee adjustments were to be made.

As a means of retaining empirically valid percentage fee scales but removing the foregoing concerns, there should be no retroactive fee adjustment. Rather, the fee for basic services in any phase of the project is calculated (in agreed portions per phase) as a percentage of the "construction cost" mutually agreed at the **beginning** of that phase.

The result, in effect, is a series of fixed fees, in each phase of service. That removes any inequity (real or perceived) and allows both client and architect to proceed on the basis of known cash flow in each phase.

(**Note:** AIBC Practice Note No. 2 provides greater detail and sample calculations.)

3.0 Determining the Architect's Compensation

3.5.5 Pro Bono

“Pro Bono” services are rendered without fee for the public good, intended for a client who will suffer noticeably if architectural services do not intervene. A client which is a charitable, religious or non-profit organization does not inherently qualify for the receipt of “Pro Bono” services.

“Pro Bono” services are also intended to assist the conservation of a meritorious building for the benefit of the general public. “Pro Bono” services are a gift. Nothing

of worth, tangible or not, is to be expected or received in return by the architect. (Disbursements incurred by such services may be invoiced and reimbursed.)

Architectural services are either “pro bono” or not, and cannot be provided on a project on the basis that some services are “pro bono” and some services are not.

Similarly, a single service cannot be apportioned as partly “pro bono”. (See also section 1.3.)

3.5.6 Contingency

Services on a **contingency** basis may be provided to assist a client in the preliminary phases of project development where the risk of financial failure is high, much greater than that of success.

This does not permit the provision of architectural services on a merely speculative basis. It recognizes the entrepreneurial value to society of services on a project which probably will not succeed financially. Contingency-based services are intended to assist a client who, against reasonable odds, proposes and pursues a development that the client believes

will be financially successful. In such a project, an architect's advice must strongly discourage the client, who nonetheless takes the risk.

Success will normally result in increased value of profits for the project, in which the architect will share as a result of the architect's efforts. The “contingency” portion of an architectural service includes only the design phases that involve a development permit or rezoning application.

3.0 Determining the Architect's Compensation

- 3.5.6 Contingency (continued)** The fees for contingency-based services on projects which succeed financially must be no less than three times the fees as described in the Tariff of Fees for Architectural Services. A contingency agreement must define success for the project in a manner that readily permits the client and architect to estimate the dollar amount of the architect's fees for both the contingency portion and in their entirety before the architect's services commence. (See also section 1.3.)
- 3.6 Project Variables and Adjustment Factors** The recommended percentage fees (tabulated in section 3.5.3) are predicated on a series of project conditions (see section 3.5.1). Should operating assumptions vary, adjustments apply as outlined in sections 3.6.1 – 3.6.12. As well, such fees need to be augmented when there is unusual complication regarding authorities having jurisdiction; site characteristics and environmental issues; and multiple clients, funding and approval groups.
- 3.6.1 Partial or Additional Services** If the architect is providing only "partial basic services", or "additional services", then the full basic service fee must be reduced or increased accordingly. (See sections 3.2 and 3.4). It is worth noting that "full basic services" provide the optimum integrated result, and are coordinated with the terms of the standard forms of construction contract. Reduced or partial services lead to fragmentation, discontinuity of responsibility, violation of building safety regulations and higher risk for all parties. Diminished professional involvement must be undertaken with informed caution. (see Bulletin 90: Minimum Scope of Architectural Services).

3.0 Determining the Architect's Compensation

3.6.2 Large versus Small Buildings

Large projects can result in economies of scale in an architect's operations. Small projects are often detailed and time consuming, yet result in a relatively low construction cost. Fees on projects of 500 square metres or less are proportionately higher and on large projects, in excess of 2,000 square metres, fees are proportionately lower than those earned on medium-sized projects.

i) Projects generally under 500 square metres: percentage fee not always applicable; time basis recommended.

ii) Health care projects (category 6) under 500 square metres: percentage fee not always applicable; time basis recommended. Refer also to "clinics" under category 8.

iii) Projects over 30,000 square metres: negotiated fee recommended.

3.6.3 Repetitive Buildings and Royalties

Where two or more buildings are to be constructed, for the same client, from the same design by the same architect, the fee for each repetition is the full basic services fee for the prototype, less a reduction of 50% of its allocations to the schematic design, design development and contract documentation phases, thereby covering the re-use of the documents and the provision of construction procurement and administration services. The design and documents have not only a cost

to the architect but also a value to the client. Construction procurement and administration services are generally not reduced with repeated buildings, because each is bid and built separately and so must be reviewed and handled on its own merits.

If modifications or adaptations of the design and/or contract documents are necessary (to accommodate, e.g. site conditions; updated programme requirements; or building code revisions) the modifications are chargeable in addition on a time basis.

3.0 Determining the Architect's Compensation

3.6.3 Repetitive Buildings and Royalties (continued)

In a case involving the sale of the rights to use the design and documents (see section 3.8.6 on copyright) the price, i.e. royalty fee, should reflect at least their direct production value plus an amount or amounts to reflect both market value (especially if related to rezoning or design approval) and the architects' risk and liability exposure, each being undiminished by virtue of repetitive use.

3.6.4 Complex (versus Simple) Buildings

Complex buildings warrant higher fees due to the increased expertise and time required for their execution. A simple building, such as a warehouse, requires less overall effort and therefore commands a lower fee. For example, a net architectural percentage fee for a 1000 square metres, new warehouse (category no. 1) is typically 4.95%, rather than 6.55% for a library (category 4), similarly.

3.6.5 Renovations to Existing Buildings (versus New Construction)

Existing buildings that are being renovated, restored or added to, result in an increase in the scope of architectural services required, compared to new construction. All methods of fee compensation reflect the increased complexity of renovations by adding approximately two thirds (67%) of

the basic fee for new work. example, a net percentage fee to renovate a 1000 square metre, new library (category 4) is typically 11.1% as opposed to 6.55% for a comparable new building.

3.0 Determining the Architect's Compensation

- 3.6.5 Renovations to Existing Buildings (versus New Construction) (continued)** For additions to existing buildings the “new work” scale of charges applies to the addition. The “renovation” scale applies to that portion of the work connecting the new to the existing as well as any modifications to structure, services and finishes within the existing building.
- 3.6.6 Multiple Renovation Components** When the overall project contains a number of small renovation works, the fee is arrived at by applying such factors as are shown under section 3.6.8.
- 3.6.7 Vertical Additions** For vertical additions to buildings not previously so prepared, the fee for all new and/or modified framing, utilities and services so required in the existing building should be as recommended for renovations. Fees for the actual addition should then be set as recommended for new work, providing the addition exceeds 100 square metres.
- 3.6.8 Multiple (versus Single) Construction Contracts** Traditionally, most projects are documented and tendered once as a single, complete and coordinated package prior to the start of construction. When construction is carried out by separate contracts, usually achieved by dividing the work into what would normally represent sub-trade packages, additional and unusual effort is required by the architect in documentation, coordination, tendering and administration of construction. Fees are adjusted as follows:

3.0 Determining the Architect's Compensation

3.6.8 Multiple (versus Single) Construction Contracts (continued)	No. of Packages	Fee Calculation
	i) 2	When only one trade is contracted separately, apply a factor of 10% to the cost of that trade, only.
	ii) 3	Apply a factor of 10% to the entire fee. For example, in the case of a percentage fee of 4.5, add 0.45 = 4.95%.
	iii) 4 or more	Apply a factor of 20% to the entire fee. For example, in the case of percentage fee of 4.5, add 0.90 = 5.40%
3.6.9 Cost Plus or Unit Price (versus Stipulated Sum) Contract	Some construction contracts, whether single or multiple, are carried out on the basis of “cost-plus” or “unit price” determination rather than by stipulated sum.	In this case the architect’s fee is adjusted by applying a factor of 10% to the entire fee, for example, for a percentage fee of 5.0, add 0.5 = 5.5%.
3.6.10 Management of Contracts (versus General Contracts)	When a construction project’s contracts are managed using either “project” or “construction” management, the scope of the service required by the architect is increased. For either of these forms of contract management, the architect’s fee is increased by 1% of the construction cost of the project.	For example, a percentage fee of 5.0 is increased by 1.0 to 6%. In a case where the architect is providing construction or project management services as well as basic architectural services, a separate fee for this management service is negotiated with the client.

3.0 Determining the Architect's Compensation

3.6.11 Fast Track (Sequential Tendering)

When a project is to be “fast tracked” (i.e. separately documented packages are sequentially tendered, with construction proceeding in advance of design or documentation phases being concluded) careful consideration must be given to both the nature of, and significantly increased fee for, services provided.

An architect's and a client's normal processes are significantly altered and under abnormal time-compression. So are those of the authorities having jurisdiction. Risk is increased.

3.6.12 Compounded Factors

Where two or more of the foregoing characteristics apply simultaneously, the corresponding fee adjustments should be compounded. For example, should there be four or more separate construction contracts (3.6.8) which are “cost plus” (3.6.9) on a 1000 square metres new library, the fee would be $6.55\% (1.2)(1.1) = 8.65\%$.

3.7 Reimbursable Expenses

The architect normally incurs, on behalf of the client, direct expenses necessary to the rendering of architectural services and the production of instruments of service (e.g. drawings and specifications) requisite to designing, documenting, bidding and constructing a building.

These expenses are incurred in the interest of the project, but are not covered by the professional fees of the architect and typically include, but are not limited to (see following page):

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3.7 Reimbursable Expenses (continued)

- i) transportation in connection with the project for authorized travel, e.g., for transportation, lodging and meals;
 - ii) communication and shipping, e.g., for long distance telephone calls and facsimile messages, courier service, postage and electronic conveyances;
 - iii) reproduction of instruments of service, plans, sketches, drawings, graphic representations, photographs, specifications and other documents;
 - iv) renderings, plotting of computer-generated drawings, web-based project management services, models, and mock-ups specifically requested by the client;
 - v) fees, levies, duties or taxes for permits, licences or approvals from authorities having jurisdiction;
 - vi) overtime services authorized in advance by the client to the extent that the cost of such services exceeds normal direct personnel expenses;
 - vii) premiums for additional insurance coverage or limits, including that of professional liability insurance, requested by the client in excess of that normally carried by the architect and the architect's consultants; and
 - viii) direct expenses (as above) incurred by the architect's employees and engineering or specialist consultants.
- These expenses are normally passed on to the client in one of two ways, subject to the procedures adopted by the parties under their agreement:
- (a) paid at actual cost directly by the client in the first instance; or
 - (b) billed by the architect at cost plus a management factor (typically 10%) for administration, handling and financing.
- The many and varied indirect (or overhead) expenses incurred by an architect in the course of operating a firm; and for the conduct of services generally; are covered by the professional fee and are not reimbursable.

3.0 Determining the Architect's Compensation

3.8 Payment Mechanisms

With the exception of commissions of short duration, a typical project's financial life will contain a number of potential interim billing periods for architectural compensation (fees, reimbursable expenses and applicable taxes).

3.8.1 Retainer

The first payment, upon engagement, represents a stipend to cover the architect's initial efforts and costs on the client's behalf. The amount is negotiated, frequently reflecting either the anticipated value of the first two months of service or at least half the value of the first phase of the commission. The stipend is retained on account against the eventual final billing for services on the project.

3.8.2 Progress Billing

Prior to final billing, the architect bills the client on a regular schedule against relative progress on the commission. Progress is proportionately measurable (on lump sum or percentage fee structures) with respect to the fee allocations agreed for various phases of the project (refer to sections 3.2 and 3.5.4). Otherwise, interim billings represent the time-based fee earnings for the period.

3.0 Determining the Architect's Compensation

- 3.8.3 Payment Terms** Billing periods are typically monthly and as project milestones are reached. Invoices are payable when submitted. Unpaid accounts are overdue after 30 days (or a mutually agreed, shorter period), bearing compound interest monthly at a rate typically of 5% per annum above the bank rate.
- 3.8.4 Suspended, Deferred or Delayed Work** In the case of suspended or deferred work, or work delayed by labour action or strike, the architect is entitled to payment at the start of the delay for all services rendered, reimbursable expenses and applicable taxes to that date. In addition, the architect will be paid for all services and costs and applicable taxes arising from the delay of the work. Furthermore, if a project is delayed by the client for more than a total of 60 days whether consecutive or not, the architect will be paid for the costs involved in demobilization (and, as may apply, subsequent remobilization) of staff and facilities. The architect will also be paid for delays and increased work due to extension of construction period, client take-over from contractor, and mediation, arbitration or court action between client and contractor or other parties. (cf. AIBC Practice Note #7)
- 3.8.5 Termination** In the event that the project is abandoned, or the agreement between the client and the architect is terminated by either party, the client is required to pay the architect for all professional fees for that portion of the services which the architect has carried out, reimbursable expenses and applicable taxes, all to the effective date of termination and, in addition, for all termination expenses and applicable taxes. Termination expenses are those which are directly attributable to abandonment of the project or termination of the agreement (including the architect's cost of concluding the architect's legal and contractual commitments

3.0 Determining the Architect's Compensation

3.8.5 Termination (continued)

relating to the project), plus an amount which represents compensation for loss of anticipated earnings (opportunity loss). The latter amount is calculated as a percentage of the fees earned to the effective date of termination, typically:

- i) 20% during schematic design phase
- ii) 10% during design development phase
- iii) 5% during later phases

3.8.6 Copyright, Ownership and Use

Further to AIBC Bylaw 28(3), all plans, sketches, drawings, graphic representations and specifications prepared by the architect are instruments of service.

The copyright and ownership of both the design and these instruments of service belong to the architect and may not be used for any other project, or sold, or offered for sale (or as part of a sale of property) by any party other than the architect unless the architect has given written consent.

Payment by the client of the architect's account in full does, however, entitle the client to copies of the documents prepared by the architect and to use them as they were intended; once; and on the same site and project.

Appendix I

Sequence and Scope of Services

This chart is a checklist of services typically offered by the architect and the architect's consultants, and indicates the sequential phasing of work common to most building projects. (For "Market Multiple-Residential Sector" see Bulletin 55 Appendix II)

In addition to the core of basic services (black dots) described in the Standard Forms of Client/Architect Contract (AIBC-6C; RAIC-6), the chart lists additional services (open circles) which the architect is frequently retained to provide and/or to coordinate. The nature of the individual project will determine the scope of additional services required.

- Basic services: normally provided (or coordinated, for engineering services) as integrated set by architect under Standard Forms of Agreement; form basis of fees in section 3.5.3. (refer to sections 2.3 and 2.4).
- Additional services: provided to meet specific project needs.

Sequence and Scope of Services Chart

Project Inception	Project Feasibility	Concept Approval	Development Permit	Building Permit	Award of Construction Contract	Substantial Performance Occupancy Permit	Warranty and Maintenance
1.0 Predisign	2.0 Schematic Design	3.0 Design Development	4.0 Construction Documents	5.0 Bidding or Negotiation	6.0 Construction Contract Administration	7.0 Post-Construction	
<p>Architect's Services</p> <ul style="list-style-type: none"> ○ Facility Programming ○ Space Relationships ○ Flow Diagrams ○ Project Development/ Scheduling ○ Project Budgeting ○ Life Cycle Cost Studies ○ Economic Feasibility Studies ○ Agency Consulting/Review/ Approval ○ Site Selection/Analysis/ Utilization ○ Environmental Studies ○ Energy Studies ○ Existing Facilities Surveys ○ Client-supplied Data Coordination ○ Project Management ○ Presentations ○ Marketing Studies ○ Project Financing ○ Special Studies ○ Re-zoning Assistance ○ Project Promotion ○ OCP/Zoning Review ○ Obtain Consultants' Proposals <p>Special Consultants' Services</p> <ul style="list-style-type: none"> ○ Legal Survey ○ Land Survey ○ Geotechnical Analysis ○ Environmental ○ Urban Planning ○ Collect Site Data ○ Municipal Bylaw Review (Historic, Creeks, Hazardous Materials, etc.) ○ Foreign Practices Review ○ Project Scheduling 	<p>Architect's Services</p> <ul style="list-style-type: none"> ● Client-Supplied Data Coordination ● Program and Budget Evaluation/Review ● Review Site Characteristics ● Review Alternate Design Approaches ● Architectural Schematic Design ● Schematic Design Coordination ● Drawings & Documents ● Review Construction Contract Types ● Statement of Probable Construction Costs ● Client Consultation ● Agency Consultation ● Building Code Review ○ Interior Design Concepts ○ Special Studies; e.g. Future Facilities, Environmental Impact ○ Special Submissions or Promotional Presentations ○ Special Models or Perspectives ○ Project Management ○ Value Analysis ○ Building Envelope Professional Services <p>Coordination of Normal Engineering Services</p> <ul style="list-style-type: none"> ● Structural Design Concepts ● Mechanical Design Concepts ● Electrical Design Concepts ● Statements of Probable Costs ● Agency Consultation ● Building Code Review ● Value Analysis <p>Special Consultants' Services</p> <ul style="list-style-type: none"> ○ Geotechnical Design Concepts ○ Civil Design Concepts ○ Landscape Concepts ○ Statements of Probable Costs ○ Building Code Review ○ Zoning Amendments ○ Zoning Variance ○ Municipal Bylaw Review ○ Foreign Practices Review ○ OCP/ Zoning Analysis ○ Traffic Studies ○ Urban Design/Streetscape ○ View/Sun/Shadow Studies ○ Area Analysis 	<p>Architect's Services</p> <ul style="list-style-type: none"> ● Client-Supplied Data Coordination ● Design Coordination ● Architectural Design Development ● Design Development Coordination ● Drawings & Documents ● Statement of Probable Construction Costs ● Client Consultation ● Agency Consultation ● Building Code Review ● Development Permit Submission ● Budget Review/Evaluation ○ Certified Professional Service ○ Interior Design Development ○ Special Studies Reports; e.g. Planning Tenant or Rental Spaces ○ Promotional Presentations ○ Models or Perspectives ○ Project Management ○ Rezoning Variance Submission ○ Value Analysis ○ Building Envelope Professional Services <p>Coordination of Normal Engineering Services</p> <ul style="list-style-type: none"> ● Structural Design Development ● Mechanical Design Development ● Electrical Design Development ● Budget Review/Evaluation ● Statements of Probable Costs ● Agency Consultation ● Building Code Review ○ Value Analysis <p>Special Consultants' Services</p> <ul style="list-style-type: none"> ○ Geotechnical Design Development ○ Civil Design Development ○ Landscape Design Development ○ Detailed Construction Cost Estimates, Quantity Surveys ○ Fire Protection ○ Acoustics ○ Building Code Equivalencies ○ Certified Professional Service ○ Energy Utilization Studies ○ Building Envelope Professional Services 	<p>Architect's Services</p> <ul style="list-style-type: none"> ● Client-Supplied Data Coordination ● Project Coordination ● Architectural Construction Documents (Working Drawings, Form of Contract and Specifications) ● Document Checking and Coordination ● Statement of Probable Construction Costs ● Client Consultation ● Agency Consultation ● Building Code Review ● Letters of Assurance ● Budget Review/Evaluation ● Coordinating Registered Professional Role ● Building Permit Submission ○ Certified Professional Service ○ Interior Construction Documents ○ Alternate Bid Details & Special Bid Documents ○ Project Management ○ Area Analysis ○ Project Lease Plans ○ Tenant Layout Drawings ○ Multiple Contracts Management ○ Phased Construction Management ○ Building Envelope Professional Services <p>Coordination of Normal Engineering Services</p> <ul style="list-style-type: none"> ● Structural Construction Documents ● Mechanical Construction Documents ● Electrical Construction Documents ● Statements of Probable Costs ● Building Code Review ● Letters of Assurance ● Budget Review/Evaluation ● Building Permit Submissions <p>Special Consultants' Services</p> <ul style="list-style-type: none"> ○ Geotechnical Documents ○ Civil Construction Documents ○ Detailed Construction Cost Estimates, Quantity Surveys ○ Fire Protection ○ Acoustics ○ Building Code Equivalencies ○ Certified Professional Service ○ Energy Utilization Analysis ○ Security System Design ○ Existing Condition Surveys ○ Building Envelope Professional Services 	<p>Architect's Services</p> <ul style="list-style-type: none"> ● Client-Supplied Data Coordination ● Coordinate Issue of Bid Documents ● Coordinate/Issue Addenda ● Bid Evaluation ● Client Consultation ○ Prepare Contracts ○ Separate Bids or Negotiated Bids ○ Services Related to Bidders' Proposals ○ Project Management ○ Prepare Prequalification Criteria ○ Prequalify Contractors <p>Coordination of Normal Engineering Services</p> <ul style="list-style-type: none"> ● Prepare Bid Documents ● Prepare Addenda ● Bid Evaluation <p>Special Consultants' Services</p> <ul style="list-style-type: none"> ○ Prepare Bid Documents ○ Prepare Addenda ○ Bid Evaluation ○ Prepare Prequalification Criteria ○ Prequalify Contractors 	<p>Architect's Services</p> <ul style="list-style-type: none"> ● Construction Inspection/Field Review ● Progress Reports' Evaluation ● Certificates for Payment Documents ● Interpretation of Contract Documents ● Shop Drawing/Product Data/ Sample Review ● Change Orders & Change Directives ● Review of Warranties (1) ● Client Consultation ● Letters of Assurance ● Coordinating Registered Professional Role ● Substantial Performance Report and Certification (1) ● Deficiency Assessment (1) ● Instructions for Correction of Deficiencies (1) ● Final Inspection and Certification for Payment (1) ● Agency Consultation ○ Interior Construction Inspection/ Field Review ○ Full-Time Project Rep ○ Admin. of Separate Contracts ○ Project Management ○ Promotional Material ○ Record (As-Built) Drawings ○ Certification re: Financing ○ Alternate Dispute Resolution Services ○ Certified Professional Service ○ Multiple Contracts Management ○ Phased Construction Management ○ Building Envelope Professional Services ○ Payment certifier role for subcontracts (Lien legislation) <p>Coordination of Normal Engineering Services</p> <ul style="list-style-type: none"> ● Structural Inspection/ Field Review Reports ● Mechanical Inspection/ Field Review Reports ● Electrical Inspection/ Field Review Reports ● Certification of Progress ● Letters of Assurance ● Record (As-Built) Drawings <p>Special Consultants' Services</p> <ul style="list-style-type: none"> ○ Civil Construction Inspection/ Field Review ○ Landscape Inspection/Field Review ○ Detailed Cost Accounting ○ Fire Protection Inspection/Field Review ○ Acoustical Inspection/Field Review ○ Building Code Equivalencies ○ Certified Professional Service ○ Building Envelope Professional Services 	<p>Architect's Services</p> <ul style="list-style-type: none"> ○ Project Inspection/Field Review ○ Deficiency Assessment ○ Instructions for Correction of Deficiencies ○ Start-up Assistance ○ Services Provided After Substantial Performance Date ○ Fine Arts/Crafts/Graphics/Non-Building Equipment Selection ○ Building Analysis and Reports ○ Services Related to Alterations and Demolition ○ Life Cycle Cost Monitoring ○ Environmental Monitoring ○ Project Management ○ Commissioning ○ Alternate Dispute Resolution Services ○ Expert Witness Services ○ Post-Occupancy Evaluation <p>Coordination of Engineering and Special Consultants Services</p> <ul style="list-style-type: none"> ○ Start-Up Assistance ○ Services Provided After Substantial Performance Date ○ Non-Building Equipment Selection ○ Building Analysis and Reports ○ Services Related to Alterations and Demolition ○ Life Cycle Cost Monitoring ○ Systems Performance Review ○ Commissioning 	

● Basic Services: normally provided as integrated set by architect under Standard Forms Agreement; form basis of fees in section 3.5.3
 ○ Additional Services: provided to meet specific project needs