Ontario Association of Architects

A Client's Guide to Engaging an Architect in Ontario

First Edition, August 2008

Ontario Association of Architects

This document has been prepared by the Ontario Association of Architects to assist a client and an architect in determining an architect's appropriate compensation for professional fees and reimbursable expenses. This document should be used in conjunction with "How to Find, Select and Engage an Architect", available on the OAA Web site at www.oaa.on.ca, go to "Find an Architect".

The OAA wishes to thank and acknowledge the following resource in creating this guide:
The Architectural Institute of British Columbia, *Tariff of Fees for Architectural Services, Fourth Edition,* August 1, 2000.

Published by the Ontario Association of Architects; First Edition, August 2008.

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1. Introduction

This Guide provides

- **an introduction to the services that an architect can provide**
- **outlines the requirements of the client-architect contract and**
- **the various factors affecting the amount of the architect's fee**

It is important to note that there is no 'standard' or 'recommended' basis for calculating the fee, as the fee is dependant on the specific requirements of the project and the client.

A sound working relationship between client and architect will contribute significantly to the success of a project. Time spent in preliminary discussion about the requirements, the timetable, the budget, and the nature and cost of professional resources required and their cost is time well spent.

The architect can provide a range of services. For a building project, these begin with investigating the feasibility of the requirements, developing design proposals, applying for statutory approvals, preparing construction information, obtaining bids for building work reviewing construction, and administering a building contract.

The architect works with a broad palette of skills and can provide or arrange normal structural, mechanical, and electrical engineering services, and other specialty consulting services connected with the project such as interior design, landscaping, IT, security, signage or barrier free access.

The architect's skills are not only relevant to whole building projects but also may be applied to related issues, including such diverse matters as strategic planning or master planning of property development for a client and the design or selection of furniture, fittings and equipment for the project.

The architect is required to design within the client's program and requirements of authorities having jurisdiction and, of course, to work within existing laws relating to construction work, such as complying with Ontario building regulations (Building Code), planning, health and safety legislation and relevant common law. In Ontario, the *Architects Act* sets out the types and sizes of buildings which *must* be designed by an architect. All architects offering or providing services to the public must have a "Certificate of Practice" issued by the OAA and carry professional liability insurance.

The architect will advise on the steps that must be taken to achieve compliance, and on the need for approvals. Architects can make submissions and conduct negotiations with authorities having jurisdiction, but obviously cannot guarantee outcomes beyond their control.

Health and safety requirements in design and construction are governed by the Ministry of Labour.

There are three recognized methods of selecting the architect:

- Direct Selection, usually through a Request for Qualifications (RFQ) and Request for Proposals (RFP) process; or Individual Selection based on interview or client selection process
- Quality Based Selection; (QBS);
- Architectural Design Competition

Each method has its advantages depending on your specific requirements, the complexity of the project and your time schedule. A combination of these methods may also be used.

This document provides information as to the variety of ways in which an architect is compensated, according to the scope of the architect's services and the project's type (classification), size (area) and scope (complexity).

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 the 'Life Cycle' costs for operating the building be? Will the building be built using 'Green Building Practices' for a reduced impact on the environment?

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 as well as aesthetic success of the project.

An architect needs to be able to provide the appropriate level of service required and conduct their business in a professional manner. Compensation should reflect not only the cost for the architect to provide services but also (and more appropriately) the value of those services.

If it is decided that a contractor should be made responsible for the design as well as the construction of the project - the 'design - build' option is appropriate.

- the client will benefit from the services of an architect in specifying the requirements in the building contract, or

- the contractor should appoint an architect to develop the design, where it is required under the *Architects Act*.

In either situation (of a design/build option), the appointment of an architect can be covered by published amendments to the standard contract form.

2. The Profession of Architecture

Only individuals, who are licensed by the Ontario Association of Architects under the *Architects Act*, are architects in Ontario.

The *Architects Act* sets out the parameters for those buildings which require the professional services of an architect. However, even where it is not required by law, it is in the client's best interest to consult an architect, to achieve a building project that is as successful as possible.

An architect is a professional whose career is dedicated to the practice of architecture. To become an architect, licensed in Ontario, an individual has had to demonstrate successful completion of the requirements for architectural education followed by a number of years of monitored experience in all aspects of practice. An architect will be admitted to the profession only after further passing extensive professional practice 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 regulation there under, the provincial architectural association regulates the conduct of the profession. To be allowed to practice in the profession (i.e. to offer and provide architectural services and advice to the public) an architect must be licensed in the province in which the architect practices, and where required to do so through a registered architectural practice. Any breach of the established rules and regulations by an architect or architectural practice can result in reprimand, suspension or cancellation of licence and Certificate of Practice.

The Ontario Government has given Ontario's architects the privilege and responsibility of self-regulation. Established under the *Architects Act, a statute of the Ontario Government, the* Ontario Association of Architects "…regulates the practice of architecture in Ontario … in order that the public interest may be served and protected." *Architects Act, RSO 1990, c.A.26*

The Association is dedicated to promoting and increasing the knowledge, skill and proficiency of its members, and administering the *Architects Act,* in order that the public interest may be served and protected.

All architectural practices are also required to obtain a Certificate of Practice issued by the Ontario Association of Architects.

Members of the public may obtain copies of the *Architects Act*, and Regulation 27, through the Ontario Government's e-laws web site (www.search.e-laws.gov.on.ca).

3. Buildings Requiring the Services of an Architect and/or Engineer (PEO Licensee)

Building Classification by Major Occupancy	Building Description	Design and General Review By
Assembly occupancy only	Every building	Architect and PEO Licensee(1)
Assembly occupancy and any other major occupancy except industrial	Every building	Architect and PEO Licensee(1)
Care or detention occupancy only	Every building	Architect and PEO Licensee(1)
Care or detention occupancy and any other major occupancy except industrial	Every building	Architect and PEO Licensee(1)
Residential occupancy only	Every building that exceeds 3 storeys in building height	Architect and PEO Licensee(1)
	Every building that exceeds 600 m2 in gross area and that contains a residential occupancy other than a dwelling unit or dwelling units	Architect(2)
Residential occupancy only	Every building that exceeds 600 m2 in gross area and contains a dwelling unit above another dwelling unit	Architect(2)
	Every building that exceeds 600 m2 in building area, contains 3 or more dwelling units and has no dwelling unit above another dwelling unit	Architect(2)
Residential occupancy and any other major occupancy except industrial, assembly or care or detention occupancy	Every building that exceeds 600 m2 in gross area or 3 storeys in building height	Architect and PEO Licensee(1)
Business and personal services occupancy only	Every building that exceeds 600 m2 in gross area or 3 storeys in building height	Architect and PEO Licensee(1)
Business and personal services occupancy and any other major occupancy except industrial, assembly or care or detention occupancy	Every building that exceeds 600 m2 in gross area or 3 storeys in building height	Architect and PEO Licensee(1)
Mercantile occupancy only	Every building that exceeds 600 m2 in gross area or 3 storeys in building height	Architect and PEO Licensee(1)
Mercantile occupancy and any other major occupancy except industrial, assembly or care or detention occupancy	Every building that exceeds 600 m2 in gross area or 3 storeys in building height	Architect and PEO Licensee(1)
Industrial occupancy only and where there are no subsidiary occupancies	Every building that exceeds 600 m2 in gross area or 3 storeys in building height	Architect or PEO Licensee(3)
Industrial occupancy and one or more other major occupancies where the portion of the area occupied by one of the other major or subsidiary occupancies exceeds 600 m2	The non-industrial portion of every building	Architect and PEO Licensee(1)
	The industrial portion of every building	Architect or PEO Licensee(3)
Industrial occupancy and one or more other major occupancies where no portion of the area occupied by one of the other major or subsidiary occupancies exceeds 600 m2 .	Every building that exceeds 600 m2 in gross area or 3 storeys in building height	Architect or PEO Licensee(3)

(refer to Notes to Table on following page)

Notes to Table:

(1) An *architect* shall provide services within the practice of architecture and a PEO licensee shall provide the services within the practice engineering.

(2) An *architect* may engage a *PEO licensee* engineer to provide services within the practice of professional engineering.

(3) Only a PEO licensee may provide services within the practice of professional engineering.

Requirements for design and general review by an *architect* or PEO *licensee* or a combination of both for the *construction*, enlargement or alteration of a *building* are set out in the *Architects Act* and the *Professional Engineers Act.*

Design by an Architect or PEO Licensee

(1) Except as permitted in sections (2) and (3) noted above, the construction, including, for greater certainty, enlargement or alteration, of every building or part of it described in the Table shall be designed and reviewed by an *architect*, *PEO licensee* or both.

(2) An *architect* may provide the services within the practice of engineering in any *building* described in the Table, or a PEO *licensee* may provide the services within the practice of architecture in any *building* described in the Table where to do so does not constitute a substantial part of the services provided by the other profession related to the *construction* of the *building* and is necessary,

a. for the *construction* of the *building* and is incidental to the other services provided by the *architect* or *PEO licensee*, or

b. for coordination purposes.

(3) The requirement for an *architect* does not apply to the preparation or provision of a design for interior space for a *building*, including finishes, fixed or loose furnishings, equipment, fixtures and partitioning of space, and related exterior elements such as signs, finishes and glazed openings used for display purposes, that does not affect or is not likely to affect,

a. the structural integrity,

b. a fire safety system or *fire separation*,

c. a main entrance or *public corridor* on a floor,

d. an *exit* to a public thoroughfare or to the exterior,

e. the *construction* or location of an exterior wall, or

f. the usable floor space through the addition of a *mezzanine*, infill or other similar element, of the *building*.

(4) Where a *building* or part of it described in the Table above is designed by an *architect* or a *PEO licensee* or a combination of both, all plans, sketches, drawings, graphic representations, specifications and other documents that are prepared by an *architect*, *PEO licensee* or both and that form the basis for the issuance of a permit under section 8 of the *Building Code Act* or any changes to it authorized by the *chief building official* shall bear the signature and seal of the *architect*, PEO *licensee* or both, as applicable.

(5) As authorized under the *Architects Act*, a person designated as a Licensed Technologist OAA is permitted to design and perform General Review for:

a. restaurants with a maximum occupant load of 100 persons,

b. residential buildings of one unit or two attached units up to four storeys in height, including buildings with one dwelling unit above another,

c. residential buildings that are not larger than 600 square metres in building area containing three or more attached dwelling units and which are up to four storeys in height, including buildings with one dwelling unit above another.

4. How to Select and Engage an Architect OAA Quality Based Selection Process

From the OAA's perspective, QBS is the most appropriate competitive method for selecting an architect. Encouraging competition and transparency, QBS is a fair and objective process that facilitates the selection of an architect on the basis of value-based criteria and competence, including consideration for professional qualifications, creativity, and availability, in relation to the scope of work and needs of the client. Following the selection of the architect on this basis, the scope of services and professional fees are determined; and once agreed to, the architect is awarded the contract.

"It is unwise to pay too much, but it is worse to pay too little. When you pay too much, you lose a little – that is all. When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing you bought it to do. The common law of business balance prohibits paying a little and getting a lot- it cannot be done! If you deal with the lowest bidder, it is well to add something for the risk you run; and if you do that, you will have enough to pay for something better."

John Ruskin (1819-1900)

Whether you are a client representing a private corporation, large municipality, public board, a province or the nation, QBS is a reliable and responsible way to select the most qualified architect for your particular project.

In Canada, many professional bodies recommend QBS, and Public Works & Government Services Canada and Industry Canada have in the past confirmed their support for QBS. Most recently the Government of Quebec passed legislation requiring public bodies to select their architects and engineers via a QBS process effective October 1, 2008.

Quality Based Selection (QBS) is a process of collaboration between the client and architect from the onset. Both parties benefit greatly from a thorough and open dialogue resulting in a mutual understanding of objectives and expectations. Hence, QBS is a highly effective process for achieving the greatest value for the client. For example, QBS allows the client and architect to jointly examine long-term strategies for optimum life-cycle project costs in considering subjects such as innovation, sustainability, environmental integrity and the use of the most appropriate technologies. From the broader community perspective, particularly when considering government clients, this translates into projects that protect taxpayers' interests while at the same time safeguards public health, safety and overall quality of life.

In June 2006, with the publication of its best practice guide, *Selecting a Professional Consultant,* the National Guide to Sustainable Infrastructure (Infraguide) endorsed Quality Based Selection (QBS) as the "best practice" for selecting a professional consultant. Directed towards an audience of decision-makers, technical staff, procurement staff and auditors, and policy makers, this new document emphasizes "the need to re-introduce the concept of value to consulting procurement", and envisions that "adaptation of this best practice [QBS] will create a common ground of understanding between professional consultants and governments seeking their services". It is for these reasons in particular that the Ontario Association of Architects (OAA) supports this document.

The following passage from a media release announcing the publication of the Infraguide is an informative summary of QBS as re-introducing the concept of value to consultant procurement.

"From a national community perspective, the best practice [Quality Based Selection] *encourages innovation, life-cycle cost savings and sustainability. Furthermore, the best practice will ensure that quality, reliability and safety in Canada's infrastructure will be sustained. 'Designing for sustainability takes a holistic life-cycle approach accounting for all the costs including social and environmental considerations in the final solution. Sustainable solutions are high quality, reliable, aesthetic and affordable. A quality based selecting process as the primary approach to procuring professional engineering services is fundamental to supporting sustainable municipal infrastructure services', said Nancy Schepers, Director of Infraguide."*

The benefits of QBS have been realized in many countries, and for many years, on a broad range and scale of projects. Throughout the United States (US), for example, QBS has proven to be a reliable and responsible way to select a professional consultant. Widespread and successful in the US, QBS has been required by law for the procurement of architectural and engineering services for all federal projects since 1972. In addition, 47 states and hundreds of municipalities have since adopted similar legislation.

The OAA QBS Kit

Encouraged by the release of Infraguide's best practice guide, the OAA has developed and published the OAA QBS Kit. Designed to assist clients at various levels of government, school boards, hospital boards, developers and private industry in selecting and engaging an architect using QBS, the kit is a step by step guide for completing the QBS process.

QBS as three basic steps:

Step 1 is the process of finding and selecting the most qualified architect for a particular project.
Step 2 is the process of analyzing the parameters and defining scope of the project with the selected architect.
Step 3 is the preparation and submission of the Scope of Services and professional fee proposal, followed by contract negotiations as required and eventual award of the contract.

QBS as Three Steps	Infraguide's "Best Practice"	OAA QBS Kit
Step 1 Selecting the Most Qualified Architect	Request for Qualifications	1. Project Definition 2. Time Frame for Architect Selection 3. Memo requesting "Statement of Interest and Qualifications" (SOIQ) or Expression of Interest (EOI)
	Evaluate and Rank Consultants	4. Evaluation Criteria for submissions of "Statement of Interest and Qualifications"
	Request for Proposal	5. Memo to short-listed Architects for "Project Proposal" and attendance at an Interview. 6. Memo to Architects not short-listed.
	Select Highest-Ranked Consultant	7. "Project Proposal" Evaluation Scoring Sheet 8. Interview Scoring Sheet 9. Group Evaluation Form 10. Memo to short-listed architects not selected.
Step 2 Analysis of the Project	Define scope	11. Client and Architect define parameters and scope of work for the project. 12. Architect develops Work Breakdown Structure (WBS) for project. 13. Client and Architect refine Scope of Services required for project.
Step 3 Engaging the Architect Submission of Fee, Negotiations, and Award of Contract	Negotiate Fee Agreement Award Assignment	14. Architect submits to client Scope of Services and Professional Fee Proposal for project (OAA Document 600). 15. Client reviews contract (OAA Document 600). 16. Client and Architect negotiate services and fees (if required). 17. Client signs contract.

The OAA QBS Kit**: a step by step guide to Quality Based Selection** (*September 2006*) is available free of charge from the OAA Web site at www.oaa.on.ca, under Services and Resources > Documents Available

5. Ontario Association of Architects Standard Form of Contract for the Architect's Services

At the outset of a project, it is imperative that both parties clearly understand and agree to a professional scope of services. This should be done through the Client/Architect contract, prior to commencing the project.

The OAA recommends the use of a standard contract to facilitate the completion of Steps 2 and 3 of the QBS process (see page 10) or to finalize the agreement reached through any other alternative process utilized in selecting an architect.

There are currently two standard contracts in widespread use in Canada:

- **OAA Document 600**, current edition; and

alternative choice:

- **RAIC Document 6**, Canadian Standard Form of Agreement, current edition.

Further information and a copy can be obtained as follows:

OAA Document 600, current edition Ontario Association of Architects Standard Form of Contract for Architectural Services (with corresponding components) is available free of charge from the OAA Web site at www.oaa.on.ca under Services and Resources > Documents Available. This document provides a table (Schedule A or Schedule B) which clearly defines the architect's services and client's responsibilities.

RAIC Document 6, current edition is available from the RAIC Web site at www.raic.org

6. Sequence / Scope of Services / Phases of Service

The OAA Phases of Services divides the design and construction process into phases of services. An architect's fees and services are based on these phases.

For a detailed list of the architect's services and client's responsibilities within each phase refer to Schedule A of Document 600 at www.oaa.on.ca.

PRE-DESIGN OR FEASIBILITY

- **Appraisal**
  - Identification of client's requirements and of possible constraints on development.
  - Preparation of studies to enable the client to decide whether to proceed and to select the probable procurement method.

- **Strategic Brief / Project Definition Document**
  - Preparation of Strategic Brief by or on behalf of the client confirming key requirements and constraints.
  - Identification of procedures, organizational structure and range of consultants and others to be engaged for the Project.

DESIGN PHASE

- **Schematic Design Phase**
  - Commencement of development of Strategic Brief into full Project Brief.
  - Preparation of outline proposals and estimate of cost.
  - Review of procurement route.
  - Application for certain statutory approvals such as site plan approvals.

- **Design Development Phase**
  - Completion of development of the Project Brief.
  - Preparation of detailed proposals.
  - Application for detailed permit approval.

CONTRACT DOCUMENT PHASE

- **Construction Documents Phase**
  - Preparation of final contract documents for the Project sufficient for co-ordination of all components and elements of the Project.
  - Construction documentation (drawings and specifications) for the purposes of construction.

- **Bidding / Negotiation Phase**
  - Preparation and collation of tender documentation in sufficient detail to enable a bid or bids to be obtained for the construction of the Project.
  - Identification and evaluation of potential contractors and/or specialists for the construction of the Project. Obtaining and appraising bids and submission of recommendations to the client.

CONSTRUCTION / CONTRACT ADMINISTRATION PHASE

- Perform periodical general review and submit required documentation to the client, the contractor and authority having jurisdiction.
- Administration of the construction contract i.e. certificates of payment, supplementary instructions, change orders, etc.
- Perform a review to establish Substantial Performance and deemed completion as defined by the Construction Lien Act.

Phases of Service and the Allocation of Fee

The phases of services can be used to break down the total fee into portions when using a lump sum or percentage basis fee (see Section 7.0, page 14). The following fee distribution ranges are guidelines for calculating fees for payment in progressive stages.

	Phases of Service	Fee Range
1.	Schematic Design	12 – 18%
2.	Design Development	12 – 18%
3.	Contract Documentation	40 – 45%
4.	Bidding / Negotiation	2.5 – 6.5%
5.	Contract Administration	25 – 35%

7. Determining the Architect's Compensation

The fee is a matter for negotiation--there is no 'standard' or 'recommended' basis for calculation, but before the fee can be agreed, client and architect should establish the requirements, the services to be provided, the construction procurement method, an approximate construction cost (budget) and the timetable (schedule).

In proposing a fee the architect allows for the resources required taking into account factors such as the complexity of the project and, value of the professional services which contribute to the success of the project. Complexity does not only relate to technical aspects but also to any need that requires a proportionally high level of resources (e.g. individual houses). Larger projects may offer more opportunity for efficiency savings in the area of economies of scale.

Design services in alterations (renovations) or extensions or to historic buildings will usually be more demanding than services for a new building.

A standard Client/Architect contract provides a number of options for the calculation of the architect's fee, i.e.:

- a quoted percentage of the final cost of construction, or
- a fixed or calculated lump sum or sums, or
- time charges, hourly rates or
- another agreed basis.

A combination of these options may also be used.

Percentage basis
In this option the fee for normal services is expressed as a percentage of the final construction cost and is often used for clearly defined building projects. 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). 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.

Lump sums
Fixed lump sums may be suitable where the requirements, time and cost are clearly defined from the outset. Then, if these vary by more than a stated percentage (%) amount the lump sum itself may be varied.

Calculated lump sums are calculated from previously agreed percentages, either when the design and estimated cost have been settled or at the commencement of each stage based on the latest approved cost. This option may be beneficial where the requirements cannot be pre-determined or where there are inflationary or deflationary pressures in the market place.

Time basis
This option may be appropriate where the scope of the services cannot be reasonably foreseen or does not relate to the cost of construction, or for additional services such as for surveys, feasibility studies, protracted planning negotiations, site plan approval, rezoning, committee of adjustment, analysis of options, etc.

Reimbursable Expenses
In addition to the fee, the architect normally incurs, on behalf of the client, reimbursable expenses. These direct expenses are chargeable for the cost of copies of drawings and other documents, travel costs and accommodation, etc. If the architect undertakes to pay the fees that must accompany applications for building permit or planning approval, such disbursements will also be chargeable, usually with a handling charge. Note however that this is normally a fee paid directly by the client. 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:

i) transportation in connection with the project for authorized travel, for transportation, lodging and meals;

ii) communication and shipping, for long distance telephone calls and facsimile messages, courier service, postage and electronic conveyances;

iii) reproduction of plans, sketches, drawings, graphic representations, specifications and other documents;

iv) renderings, plotting of computer-generated drawings, 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) 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 consultant; 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.

Payment
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) Accounts for installments of the fees and reimbursable expenses will normally be issued monthly for payment within 30 days. Fee payment installments can be related to completion of phases of the *OAA Phases of Services*. If required regular payments can be budgeted over a period with a review at completion of, say, all the pre-construction phases, or fees may be paid at the completion of each phase.

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

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.

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 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

Copyright
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 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.

Construction Cost
Standard, approved client/architect forms of agreement 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 the architect, permit fees, contingency amounts, and all applicable taxes including 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 estimated cost of construction as determined by the architect (or a cost estimator) at market rates at the anticipated time of construction.

Construction cost does not include the compensation of the architect and the architect's consultants, the cost of the land, 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, the construction cost for purposes of establishing the architect's fee is 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 estimates 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".

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.

Phased Adjustment
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).

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 is 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.

Project Variables and Adjustment Factors
The recommended percentage fees are predicated on a series of project conditions. Should operating assumptions vary, adjustments apply. 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.

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. 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.

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%.

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% is increased by 1% 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.

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.

Compounded Factors
Where two or more of the foregoing characteristics apply simultaneously, the corresponding fee adjustments should be compounded.

8. Occupancy Classification

The level of the architect's services and the resultant fees increase with the complexity of each type of building. Typical building occupancies and their Classification (according to the Ontario Building Code) are shown in the following table.

Complexity	*Complex*	*Average*	*Simple*
Occupancy			
Group A Assembly	Movie Theatre Theatres Opera House TV / Media Studio Airport Major Transportation Fac. Art Gallery Auditorium Central Courthouse Library Museum Schools / Colleges	Child Care Facilities Church Local Courthouses Local Dance halls Small Gyms Restaurants Lounge Arena Indoor Swimming Pool	Amus. Park Bleachers Grandstands Review Stands
Group B Care	Jails Penitentiaries Police Station w/ Detention Qtrs. Prisons Hospitals Psyc. Hosp. w/ Detention Qtrs. Reformatories	Dev. Handicapped Fac. Homes for Aged Nursing Homes Long Term Care Group Home for Dev. Handicapped Residential Care Facility	Child. Custd. Home Convalescent Home Simple Group Homes
Group C Residential	Apartments Boarding Houses Colleges - Residential Convents / Dorms Group Homes Custom Homes Hotels Schools - Residential	Shelters - Homeless Camps / Clubs	
Group D Commercial	Banks Personal Care Med. Dental Offices Complex Media Stations High Rise Office Towers	Police Stations w/o Detention Qtrs. Local Media Stations Appliance Outlets Low Rise Offices	
Group E Retail	Dept. Stores Exhibition Halls Supermarkets / Markets Restaurants (less than 30)	Shops Single level stores	
Group F Industrial	Plants / Flamm. Liquids Store for Haz. Subst. Cereal Mill Chemical Manufacturing Distillery Feed / Flour Mills Laboratories Paint / Varnish factories Rubber Processing Plants Spray Painting Facility	Aircraft Hangar Cold Storage Plant Dry Cleaners not using Flammable Solvents Electrical Sub Stations Freight Stations Grain Elevators Planing Mills Printing Plants Gas / Repair Stations	Creameries Labs Power Plants Open Air Parking Struct. Storage Facilities Warehouses Grain Elevators

9. Fee Information - Range of Average Fees

The architect's fees for a particular project will depend on the specific requirements of that project and the client.

The following charts (page 21 – 27) show the band within which architects' average fees have generally fallen for a wide range of different new building types. This is expressed as a percentage of the cost of construction for new work procured in the traditional contractual manner, and administering a stipulated sum contract (i.e. CCDC 2.)

Note: The fee charts are for architectural fees ONLY and DO NOT include engineering fees.

Note: These charts start at a construction value of $250,000; projects which have a construction value of less than $250,000 are recommended to have a negotiated hourly rate fee. This is due to the fact that there is a minimum scope of work required which cannot be adequately expressed as a percentage of construction costs.

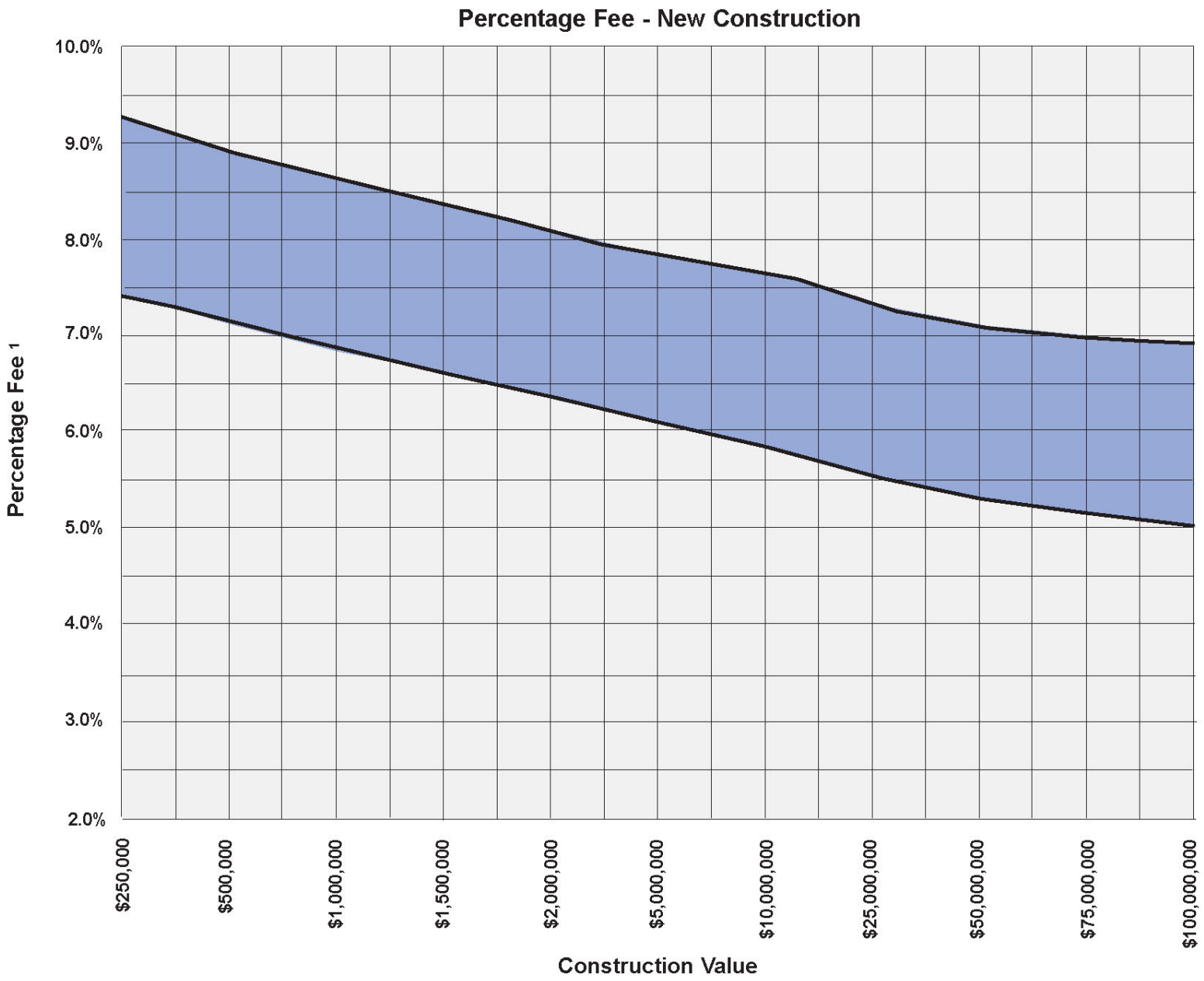
Note that fees negotiated with clients cover a wide range as shown by the percentages at the upper and lower lines of the graph. The band represents the range of fees charged by architects relative to the size and complexity of the project, a 'simple' project fee will be closer to the bottom line on the graph, a 'complex' project fee will be closer to the top line on the graph but some projects could lie above this area.

An architect's proposal for an appropriate fee basis for a project (see fee options page 14) will take into account factors such as the following:

- The extent of the architect's services and type of construction contract procurement.
- The size and complexity of the building project. The fee level expressed as a percentage of construction costs generally decreases as the size of project increases, due primarily to economies of scale.
- Fees for private housing projects are generally at the upper edge of the graph. This is generally due to the higher level of service and the degree of design required for this type of project.
- Fees for services for existing buildings (renovations and extensions) could be up to 60% greater than average fees for equivalent new work depending on the type of project. Factors which impact on the extent of services required are such items as availability of accurate construction documents, unknown site conditions, required upgrades to meet new building codes and health safety and environmental standards, evaluation of existing performance levels and development of compensating and compliance alternatives.
- Fees for services for repair and conservation of historic buildings requires greater resources than renovation of other existing buildings. Fees for this type of project can be significantly higher than the fees for equivalent new work. Services must include an analysis of the existing design characteristics and materials and the development of design solutions for the preservation and repair of the building in order to maintain the integrity of the original design.

Architects' costs and charge out rates depend on qualifications and experience, specialist skills, practice size, reputation and geographical location.

Assembly – Group A



Legend

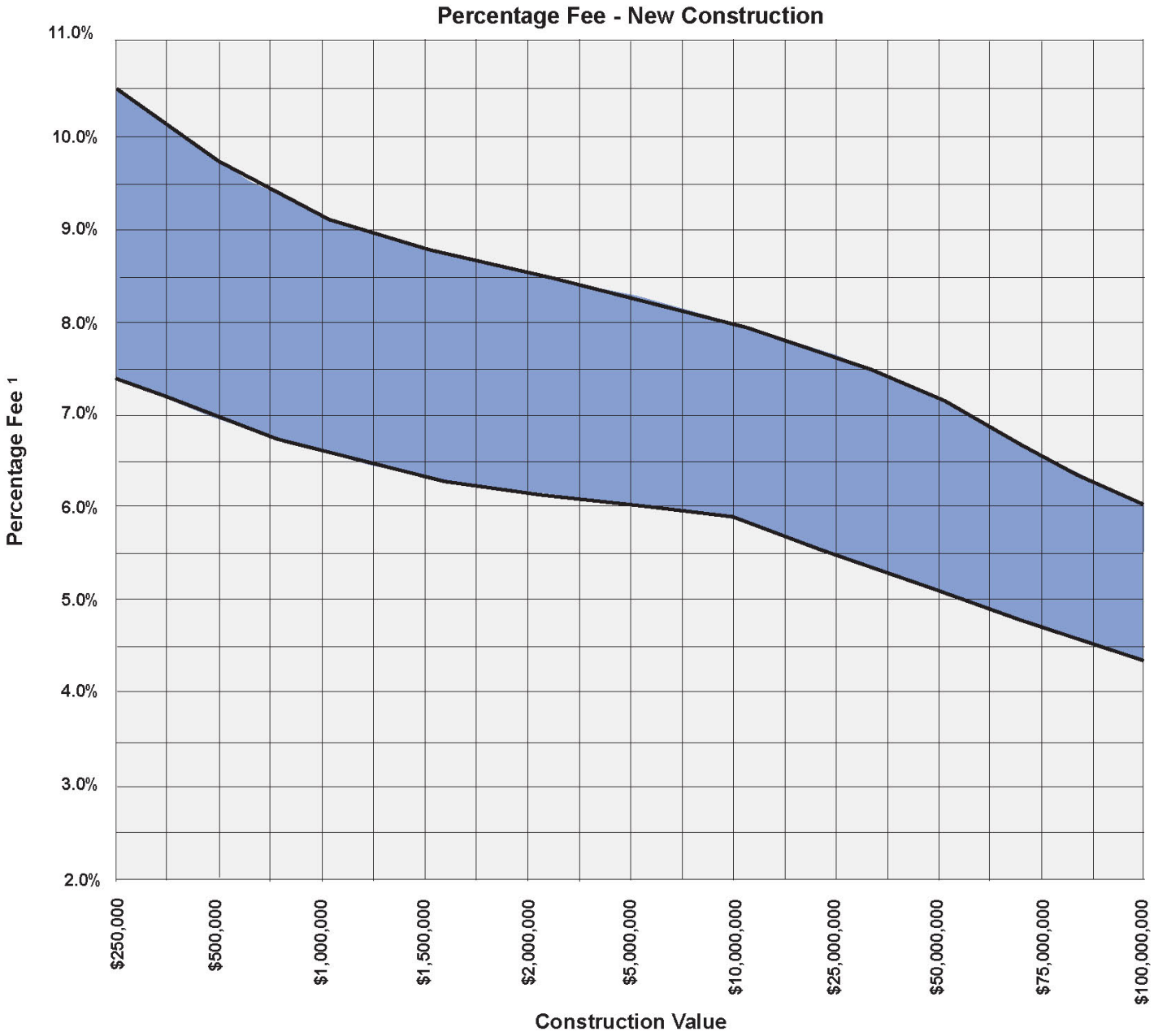
the band within which architects' average fees have generally fallen for this building type.

Notes:
This is expressed as a percentage of the cost of construction for new work procured in the traditional contractual manner and administering a stipulated sum contract (i.e. CCDC 2)

This chart starts at a construction value of $250,000, projects which have a construction value of less than $250,000 are recommended to have a negotiated hourly rate fee. This is due to the fact that there is a minimum scope of work required which cannot be expressed as a percentage of construction costs.

1 Note:
The fee charts are for **architectural fees ONLY** and
DO NOT include engineering fees.

Care – Group B



Legend

the band within which architects' average fees have generally fallen for this building type.

Notes:
This is expressed as a percentage of the cost of construction for new work procured in the traditional contractual manner and administering a stipulated sum contract (i.e. CCDC 2)

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1 Note:
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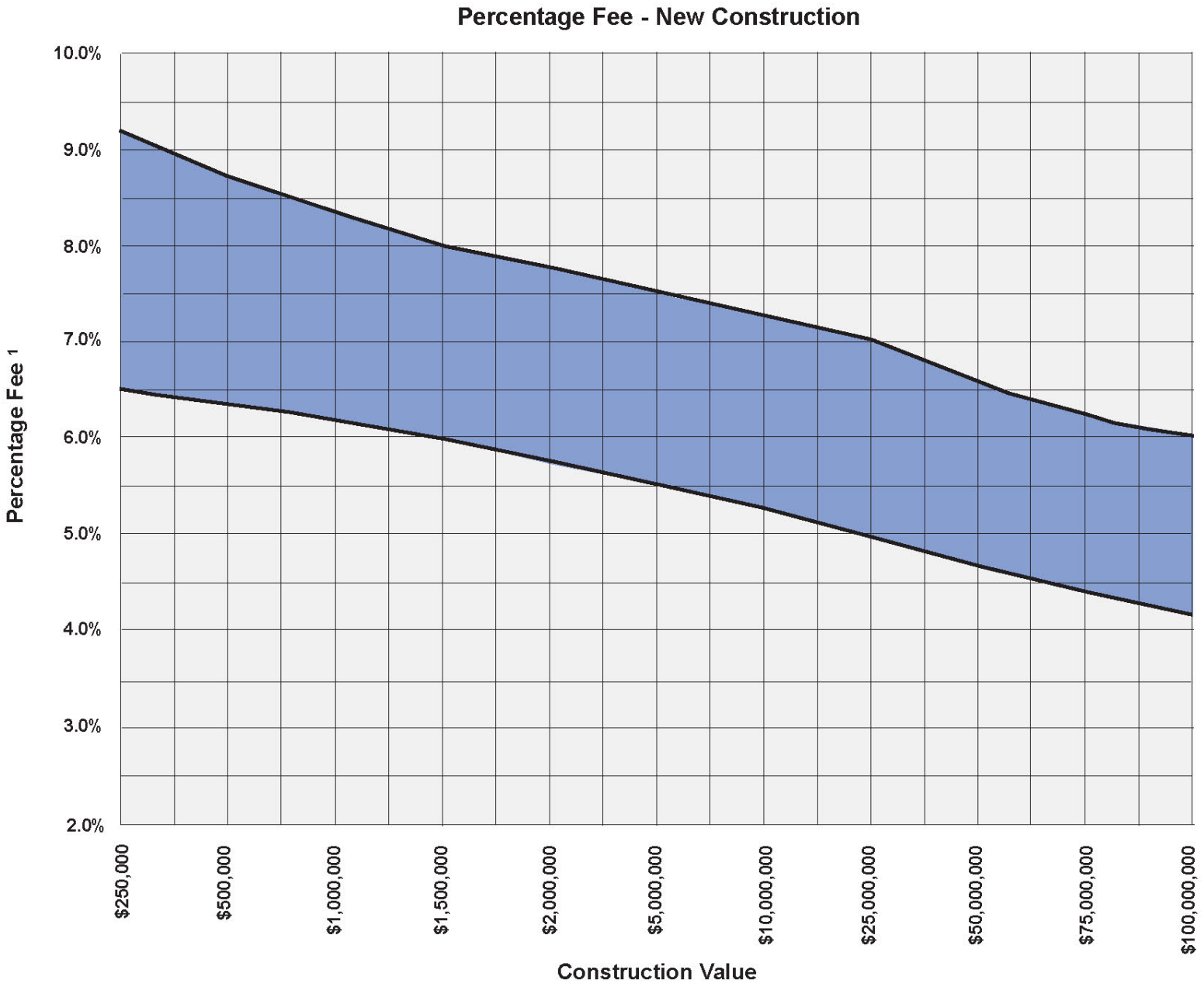
Residential – Group C



Legend

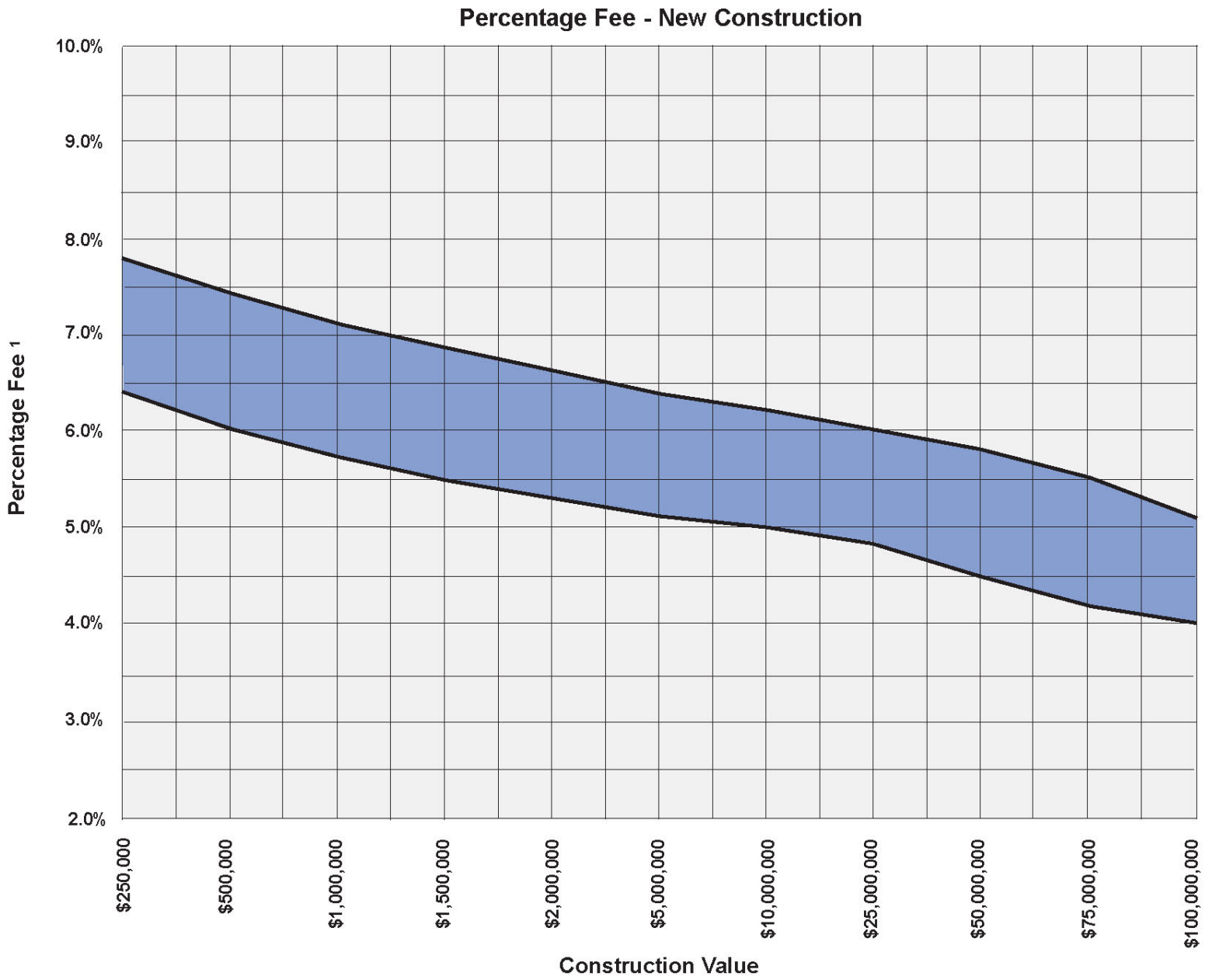
the band within which architects' average fees have generally fallen for this building type.

Notes:
This is expressed as a percentage of the cost of construction for new work procured in the traditional contractual manner and administering a stipulated sum contract (i.e. CCDC 2)

This chart starts at a construction value of $250,000, projects which have a construction value of less than $250,000 are recommended to have a negotiated hourly rate fee. This is due to the fact that there is a minimum scope of work required which cannot be expressed as a percentage of construction costs.

1 Note:
The fee charts are for **architectural fees ONLY** and DO NOT include engineering fees..

Commercial – Group D



Legend

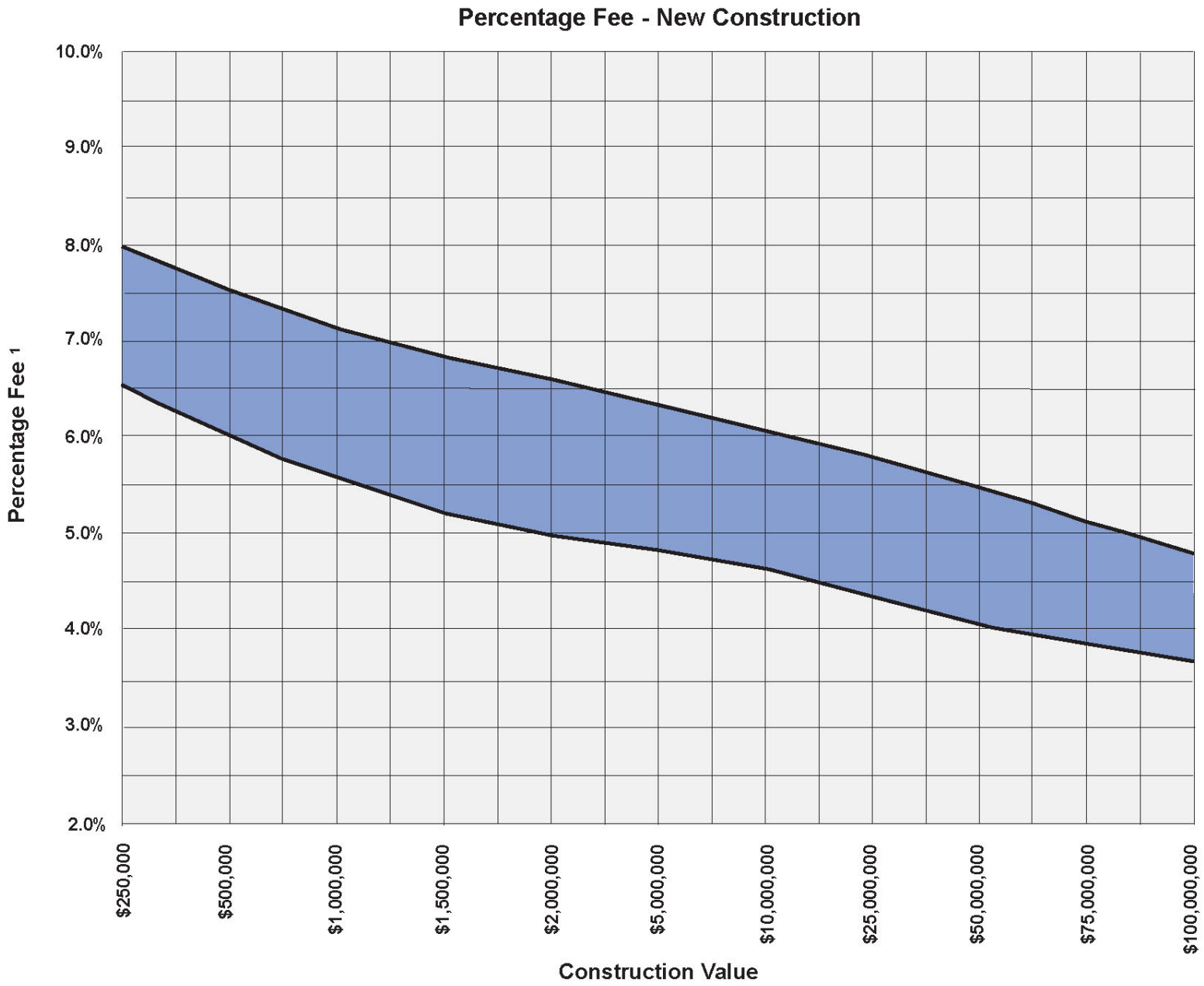
the band within which architects' average fees have generally fallen for this building type.

Notes:
This is expressed as a percentage of the cost of construction for new work procured in the traditional contractual manner and administering a stipulated sum contract (i.e. CCDC 2)

This chart starts at a construction value of $250,000, projects which have a construction value of less than $250,000 are recommended to have a negotiated hourly rate fee. This is due to the fact that there is a minimum scope of work required which cannot be expressed as a percentage of construction costs.

1 Note:
The fee charts are for **architectural fees ONLY** and DO NOT include engineering fees.

Retail – Group E



Legend

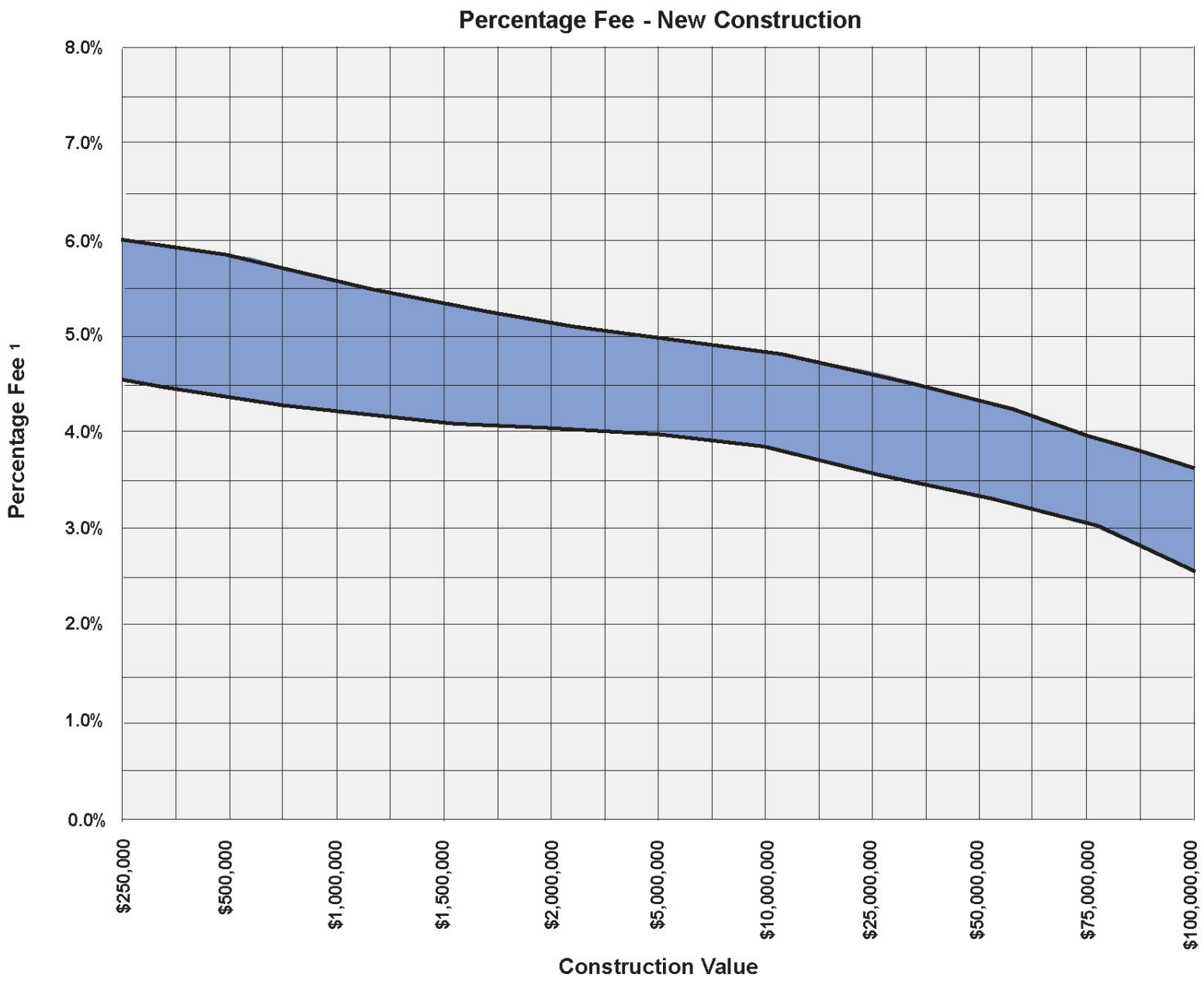
the band within which architects' average fees have generally fallen for this building type.

Notes:
This is expressed as a percentage of the cost of construction for new work procured in the traditional contractual manner and administering a stipulated sum contract (i.e. CCDC 2)

This chart starts at a construction value of $250,000, projects which have a construction value of less than $250,000 are recommended to have a negotiated hourly rate fee. This is due to the fact that there is a minimum scope of work required which cannot be expressed as a percentage of construction costs.

1 Note:
The fee charts are for **architectural fees ONLY** and
DO NOT include engineering fees.

Industrial – Group F



Legend

the band within which architects' average fees have generally fallen for this building type.

Notes:
This is expressed as a percentage of the cost of construction for new work procured in the traditional contractual manner and administering a stipulated sum contract (i.e. CCDC 2)

This chart starts at a construction value of $250,000, projects which have a construction value of less than $250,000 are recommended to have a negotiated hourly rate fee. This is due to the fact that there is a minimum scope of work required which cannot be expressed as a percentage of construction costs.

1 Note:
The fee charts are for **architectural fees ONLY** and DO NOT include engineering fees.