**Capstone residential design project**

**Assignment #5: Client Fee Proposal**

In this assignment, you will calculate your Architect’s Fees and submit a Fee Proposal to your client.

Answer the 3 questions below and write your Fee Proposal. When you are done, submit your work as an email attachment.

**Architect’s Services**

Following are the services an architect will typically provide for a project. For a more detailed description, see *‘AIA Architect’s Basic Services’*.

**Schematic Design (SD)**

* Consult with the owner to determine project goals and requirements
* Review pertinent building code and zoning regulations
* Prepare concept sketches
* Arrive at a preliminary budget
* Client approves the design

**Design Development (DD)**

* Prepare detailed drawings showing actual sizes and shapes for rooms
* List the major materials to be used
* Prepare a cost estimate
* Client approves the drawings

**Construction Documents (CD)**

* Prepare detailed drawings and material specifications
* Send the drawings and specifications to the bidding contractor(s)
* A contractor will use these drawings to estimate and bid on the project

**Bidding/Negotiation**

* Review bids and estimates from the bidding contractor(s)
* Advise the owner on selecting the best contractor

**Construction Administration (CA)**

* Look out for the owner’s interest by monitoring the construction phase
* Conduct site visits during construction, monitor the quality and pace of construction, and send reports to the owner
* Oversee any changes or problems that may arise

**Questions:**

1. First, calculate a preliminary budget for your client’s project using one of these three cost factors:
2. $200/sf for ‘economy’ “sf” = square feet
3. $250/sf for ‘average’
4. $300/sf for ‘custom’

Examples:

1. The preliminary budget for a completely new, 2000 square-foot house – not including the land – would be $400,000 economy, $500,000 average, or $600,000 custom.
2. The preliminary budget for a 500 square-foot addition to an existing home would be $100,000 economy, $125,000 average, or $150,000 custom.
3. If your project involves modifying an existing house without adding any additional square footage, you will need some other method of estimating the budget. For purposes of this assignment, use any reasonable figure.
4. Then calculate your fee structure as follows. Make a spreadsheet which breaks down your fee structure for your client.
5. 1% of the budget for Schematic Design (SD)
6. 1.5% of the budget for Design Development (DD)
7. 3% of the budget for Construction Documents (CD)
8. Include Bidding/Negotiating as part of your 3% CD fee (no extra charge)
9. 2% of the budget for Construction Administration (CA)

Example:

Using the percentage breakdown above, for a 2000 square-foot new house with a budget of $500,000, use $5,000 for SD, $7,500 for DD, $15,000 for CD, and $10,000 for CA (include bidding/negotiating at no extra charge) – for a total proposed fee of $37,500.

1. Finally, invent a realistic-sounding name for your business and prepare a professional fee proposal for your client. In your proposal, incorporate (or attach) the spreadsheet with your fee breakdown.

You may use the attached Fee Proposal as a guide:

**Fee Proposal Example**



**\_\_\_\_\_\_\_\_\_ A R C H I T E C T U R E**

**FEE PROPOSAL**

Date \_\_\_\_\_

Client name

Address

San Diego, CA \_\_\_\_\_

Dear \_\_\_\_\_\_\_,

We are pleased to submit a fee proposal for architectural services for the additions and alterations to your house at \_\_\_\_\_\_\_\_\_\_\_\_\_ as outlined below:

OR…. “We are very excited to have the opportunity to provide design services for the renovation of your beautiful \_\_\_\_\_\_\_\_\_\_\_\_\_\_ located at \_\_\_\_\_\_\_\_\_\_\_\_ . From our Feasibility Study on this project it is clear that we are undertaking an exciting and rewarding project that will have significant and lasting impact for \_\_\_\_\_\_\_\_\_\_\_. We are anxious to start!

Scope of Services:

Remodel the existing 2000 s.f house in a modern, open style adding 1000-1200 s.f. to achieve 5 bedrooms, 3 baths, larger existing bedrooms and kitchen and more living/family room space. The renovation scope of work will include new electrical, lighting, communications, and security systems; and a substantial rework of plumbing. (list other major items)

Additional details (customize):

* Incorporate a hot-water, in-floor, solar heating system in the downstairs living area
* Create an outdoor garden/seating area as we discussed, suitable for up to 35 people
* Incorporate a semi-private living area for your mother (father)

It is our understanding that the project will not seek LEED certification. As such those costs are not currently included in this proposal. OR…. It is our understanding that the project will seek LEED Silver/Gold/Platinum certification. As a ballpark estimate, please allow an additional $12,000-20,000 in fees to cover the costs of LEED design, consultation, and certification. We are happy to discuss this with you further, and seek to reduce and fine-tune this amount.

Schedule:

A detailed project schedule is currently being prepared. We understand your goal is to have a completed house by \_\_\_\_\_\_\_\_\_\_ (say about 10-12 months from now). To that end, we anticipate having construction documents prepared and ready to send out to bidding contractors on/or around the middle of October \_\_\_\_\_\_\_\_\_\_\_ (say around 1 month from now).

Fee Structure:

Based on a preliminary project budget of $350,000, our compensation shall be a fixed fee of $26,250. Structural engineering is in addition to the architectural fee. The structural fee could be $2,500 - $3,000. The structural engineer will give a fee proposal later based on the design development drawings. Architectural services include *Schematic Design, Design Development, Construction Documents, Bidding/Negotiation, and Construction Administration*. The breakdown of the fee by the five phases is as follows:

|  |  |  |
| --- | --- | --- |
| * Schematic Design
 | 1% of budget | $ 3,500 |
| * Design Development
 | 1.5% | $ 5,250 |
| * Construction Documents
 | 3% | $ 10,500 |
| * Bidding/Negotiation
 | 0% | $ 0 |
| * Construction Administration
 | 2% | $ 7,000 |

The Bidding/Negotiation phase is included as part of Construction Administration. A retainer of $1000 will be required to start work. This amount is credited to the final billing on the contract. Our hourly rate for any additional services is $75.00/hour. If the scope of the project is changed, the amount of compensation shall be equitably adjusted. Reimbursable expenses (reproductions, telephone, transportation, etc.) are in addition to the fixed fee. Upon acceptance of this proposal, a “Standard Form of Agreement between Owner and Architect” will be drawn up and submitted to you for your review and signature. I look forward to hearing from you in the near future.

Sincerely, \_\_\_\_\_\_\_\_\_\_\_\_\_