WHY SHOULD ARCHITECTURAL FEES GO UP?

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"It is easy for us as contractors to tell when an architect is receiving a substandard fee" according to Bob Lockwood in a recent conversation. Bob, who is President of the New Mexico Building Branch of the Associated General Contractors went on to say, "Substandard architectural fees result in low quality plans and specifications."

Low quality plans and specifications cause problems for owners and architects, as well as for contractors, but the contractor is likely to submit a higher bid to take care of these problems. The owner who is truly concerned about the final building he receives will not try to cut his architect's fee by 1 or 2% of the total construction cost because he realizes that poor architectural services may increase his construction costs by more than 1 or 2%.

In February, 1968, the New Mexico Society of Architects published a new sliding fee schedule that reflected a general increase over the previously accepted 6% fee. The New Mexico Society of Architects spent a great amount of time in research and preparation in 1968 to derive the new fee schedule. Fee schedules from all over the country were studied, as were architectural costs in New Mexico. The final recommended fees, as published at the end of this article, (page 19) are still somewhat below the average fees across the nation.

Many architects and many clients are using the 1968 fee schedule, and they are finding the results to be most successful. A partial list of building owners using the 1968 Fee Schedule is available from this writer on request.

The architect has a very serious responsibility "to safeguard life, health, and property, and to promote public welfare" in New Mexico. The phrase in quotation marks is taken from the first sentence in the New Mexico Architectural Law. When a building owner selects his architect, he is selecting a person who will be responsible for properly spending the large sum of money the owner will invest in his new building. He is also selecting a person who is responsible for designing a building to safeguard the life, health, and property of everyone who uses that building.

Unlike many groups, the architectural profession does not have the benefit of union organization or state law to determine compensation. School teachers have the right of withholding services to bargain for higher compensation. Building trade members have the right to strike for higher compensation. In the case of building trades, the amount of compensation they receive becomes law on public-funded projects and this law is incorporated into the architects' specifications on each building project. When their compensation is increased, the contractor passes the increase on to the building owner in the form of higher bids.

Federal anti-trust laws do not permit the AIA to regulate compensation as the unions can do. This is proper as architects are professionals and should not be in a position to force clients to pay a minimum fee. They should, however, receive compensation commensurate with the services they are called upon to provide.

It is natural to assume that since building costs have increased, the increased compensation based upon a percentage type fee should take care of the increased costs incurred by the architect. The increase in building costs is the direct result of inflation, and the resultant increase in architects' fees only compensates the architect for his normal inflationary increases in expenses. They do not reflect an increase of services to the building owner; they merely indicate the degree of general inflation.

The degree of inflation can be illustrated with Table 1 showing a sampling of wages as determined by the State Labor Commissioner between November, 1965 and April, 1970.

TABLE 1

TRADE	NOV. 1965	APRIL, 1970
Bricklayer	$4.62 per hour	$6.31 per hour
Carpenter	4.15 per hour	5.21 per hour
Electrician	4.68 per hour	5.60 per hour
Plumber	4.48 per hour	*5.51 per hour
Iron Worker	4.43 per hour	5.58 per hour

*A *46 day strike was settled in mid-June which grants plumbers an immediate $1.50 an hour raise. An additional $1.00 an hour will become effective April 1, 1971.*

If the architect today were not providing increased services over what he provided for his client twenty years ago, then the percentage of fee of twenty years ago would still be adequate at today's costs. This, however, is not the case for today's architect is called upon to produce much more complex and detailed plans.

The increase in services provided by the architect has been slow and gradual over the past twenty years, so slow, in fact, that it has almost gone un-noticed. Recently, however, the American Institute of Architects commissioned the management consultant firm of Case and Company to conduct a survey involving over 200 architectural firms (some in Albuquerque) to procure information concerning present day architectural practices. This study showed that profits of architectural offices are only one-third of what they were in 1950. Furthermore, the study shows that on one out of four projects, the architect loses money. How can an architect be expected to provide his best services under these conditions?

To illustrate how the services of the architect

have increased, a school designed in 1947 for the Bernalillo County School Board (now consolidated with Albuquerque Public Schools) will be used as an example. [1]The Ernie Pyle Junior High School, as originally built, had eleven classrooms and cost $126,351.06. It is compared with a recent school of comparable size and cost—the [1]1969 Addition to Grants High School. The services and costs of these two structures are compared in Table 2. Architect's fees cannot be compared only by relating numbers of sheets of drawings and specifications, as in Table 2, but increased consultant fees must also be taken into account.

A set of documents, such as those for Ernie Pyle Junior High could not be put out for bids today. Today's competitive bidding among contractors requires much more detail and information on drawings and specifications. The lack of detail on the early drawings would make it impractical to construct the building with present building techniques. If the Ernie Pyle documents were put out to bidders today, and if anyone would bid on them, they would result in higher costs because the lack of information would force bidders to make excessive assumptions.

For example, the Ernie Pyle heating system consisted of three furnaces controlled by three thermostats. This system is not acceptable by today's school standards which require individual classroom temperature control, and highly controlled classroom ventilation. The mechanical engineering fee for Ernie Pyle Junior High did not cost the architect more than $100.00.

The plumbing design on the Ernie Pyle project merely consisted of locating plumbing fixtures on the architectural floor plan. No piping plans, venting plans, or plumbing details were required, and the architect paid no fee for design of the plumbing system on the Ernie Pyle project.

The Ernie Pyle structural system was a simple wood-joist roof system on bearing walls with continuous concrete footings. Today, such a structural

1. These documents are on file in the office of the writer and are available for inspection.

TABLE 2

	Ernie Pyle Jr. High Actual Figures 1947	Ernie Pyle Jr. High Estimated Costs for 1969	Additions to Grants High School 1969
Site drawings	1		1
Structural drawings	2		5
Architectural drawings	3		7
Mechanical drawings	1		5
Electrical drawings	0		8
Total number of sheets of drawings	7		26
Number of pages of specifications	37		118
Construction cost	$126,351.00	$230,000*	$237,648.00
Fee at 5%		$ 11,500	
Fee at 6%		$ 13,800	
Fee at 7%		$ 16,100	
Difference between 5% and 7% fees		$ 4,600	
Structural Engineer fee	$ 75.00		$ 1,043.68
Mechanical Engineer fee	$ 100.00		$ 1,697.60
Electrical Engineer fee	—0—		$ 1,146.00
Total Consultant fees	$ 175.00		$ 3,887.28

*Based upon $16.00 per square foot.

system would hardly be considered adequate for a school by either architect or engineer. The architect on the Ernie Pyle project paid no more than $75.00 for this structural design.

The electrical design at Ernie Pyle merely consisted of locating such electrical equipment as lights, switches, outlets, etc., on the architectural drawings. Such a set of electrical drawings would not even pass the City Building Department today. There was no electrical engineer's fee for the architect to pay on the Ernie Pyle project.

As may be seen in Table 2, the consultant fees paid by the Architect rose from $175.00 in 1947 to $3,887.28 in 1969 on a comparable project. This represents an increase of $3,712.28 which nearly absorbs the $4,600.00 increase gained by changing the fee from 5% to 7%.

To summarize the financial effect on the architect for this type of additional service, one may point out that in 1952, the consulting engineering fees paid by the firm of A. W. Boehning, Sr., amounted to 10.4% of the gross income from fees. In 1969, the consulting engineering fees paid by the firm of Joe Boehning amounted to 37.2% of the gross income from fees.[2] Consulting engineers are not overpaid for the services they provide. It is not fair for an architect to ask his engineers to reduce their fees when his client refuses to pay standard fees.

Records indicating architect's time spent on architectural design twenty years ago are not available to this writer. I am convinced, however, that the architect today spends more time in programming and in schematic and preliminary design. There has been a tremendous increase in building materials and technology since 1950 and today's architect must spend more time studying and analyzing materials and systems in order to select the best solution for each project. Since mechanical, electrical, and structural systems are much more sophisticated, the architect today also spends more time coordinating these systems into the overall solution. As the results of these increased services, building owners today are getting buildings far superior to those constructed 20 years ago.

The Case Study, referred to above, also found the costs of personnel employed by architects have gone up at a more rapid rate than construction costs. These increases are shown in Table 3.

TABLE 3

Percentage Increase of Personnel Over Increase in Construction Costs

Sr. designer	12% higher than construction costs
Sr. draftsman	13% higher than construction costs
Clerk	24% higher than construction costs
Bookkeeper	12% higher than construction costs

2. *These documents are on file at the office of the writer and are available for inspection.*

The architect's costs for providing services on the previously mentioned additions to Grants High School amounted to $15,945.33.[3] These costs include the consultant fees listed in Table 2, draftsmen's wages, principal's wages (for time spent on the project), inspector's wages, secretarial wages, and normal overhead items such as: 1) accounting and legal services; 2) blueprinting supplies; 3) donations; 4) dues; 5) subscriptions; 6) library; 7) office supplies; 8) drafting supplies; 9) business promotion; 10) taxes; 11) licenses; 12) telephone; 13) utilities; 14) insurance; 15) rent; and 16) office equipment and furniture such as mimeograph, typewriters, adding machines, drafting equipment, blueprint machine, photocopy machine, binding machine, etc.

Table 4 shows an analysis of a range of fees between 5% and 7% and shows that a difference of 1% (6% to 7%) on this particular project meant the difference between profit and loss for the architect.

TABLE 4

Fee	At 7%	At 6%	At 5%
Fee	$16,635.36	$14,258.88	$11,882.40
Costs	15,945.33	15,945.33	15,945.33
Profit or (loss)	$ 690.03	($ 1,686.45)	($ 4,062.93)

The standard architectural contract today calls for the client to pay the exact cost of reproduction of drawings and specifications that are required to provide the bidding contractors and major subcontractors with the information they need to compile their best bid. It is in the interest of the client to provide adequate drawings and specifications to bidders in order to obtain the best bid.

The preamble to the 1968 Fee Schedule states, "This schedule applies to all structures similar to respective types listed and represents a *fair fee below which adequate architectural services cannot be expected.*" (Emphasis placed by this writer.)

To those clients who want to "safeguard life, health, and property, and to promote public welfare," but are *not* paying adequate compensation to their architect, I humbly request that you honestly reconsider the fees you are paying with respect to the responsibilities you place on your architect. Are you receiving the best possible professional service for your fee?

To those architects who consistently attempt to provide architectural services for substandard fees, I sincerely request you to honestly review the value of your service. Are you consistently providing the best architectural services you possibly can?

— *Joe Boehning, A.I.A.*

3. *Cost documents are on file at the office of the writer and are available for inspection.*

Schedule of Recommended Fees— ☞