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BULLETIN 54: TARIFF FOR SCHOOLS

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This is the first revision of Bulletin 54 replacing its initial November 2000 version. It provides updated information reflecting the current rate of GST; contains minor syntax and other typographical adjustments; and updated references to other relevant national and AIBC documents. Substantive changes are flagged by sidebar. The tabulated recommended percentage fees are unchanged. Practice Note 3: Public School Facilities provides further relevant information and advice.

Further to the *Architects Act* and AIBC Bylaw 29 respecting the AIBC Tariff of Fees for Architectural Services (the Tariff), the AIBC Council endorsed (effective November 2000) an articulated approach with regard to recommended net architectural percentage fees for architectural services on school facilities (K-12). The enclosed tabulations (see last 2 pages of this bulletin) represent “category 10” and replace completely the use of section 3.5.3 of the 1996 Tariff’s “category 3” and “category 4” for all “elementary” and “secondary” schools, respectively.

The chief differences are threefold: (1) greater breadth acknowledged of school sizes, types and complexity; (2) greater flexibility for clients, architects and funding agencies alike in budgeting to reflect project characteristics; and (3) exclusion of the GST from “construction cost” determination, as the basis of calculating the fee.

The services anticipated in earning the fee are consistent with (as per AIBC Bylaw 28) those scheduled in the national standard form of client/architect contract (RAIC Document #6); the Tariff’s current “Appendix I: Sequence and Scope of Services” chart (inside back cover); and AIBC Bulletin 90 respecting the minimum acceptable scope of architectural services.

VALUE-ADDED TAXES

Using the fee-percentages of the amended Tariff (as per this Bulletin), the definition of Construction Cost in any proposed form of client/ architect contract needs to be reviewed (and possibly amended) to ensure that after “all applicable taxes” the words “except for the Federal Goods and Services Tax (GST)” appear. Otherwise (i.e. to use the contract form without revision), the recommended fee-percentages need to be decreased by a factor of GST%/ (100 + GST%). Effective January 2008, that factor is 5/105ths.

SIZE CATEGORIES

The 1996 Tariff had only three size categories for schools. The recommended percentage fee was the same for 50 m^2 of new construction as for 500 m^2. Similarly, at the other end of the scale, the recommended percentage fee was the same for 4000 m^2 of new construction as for 14000 m^2.

> ***Solution:*** The current Tariff contains more size categories (seven) so that the Tariff represents more closely a sliding scale of fees, reflecting the fact that the relative level of services increases as project size is reduced. It also stipulates that for any project under 125 m^2, the fee should be calculated to suit the specific scope, since very small projects are highly variable and may necessitate a high percentage or fixed fee form of compensation.

PERCENTAGE FEES: Higher for Small Projects, Lower for Large Projects

From small projects to large projects, the fee "curve" represented by the 1996 Tariff did not accurately reflect the relative scope of services for small projects versus large projects. The experience of members in the past was that the large projects subsidized the small projects, and without some large projects in the mix, the small projects very easily made an architectural practice a losing proposition.

> ***Solution:*** In the current Tariff the fee "curve" increases more steeply upwards as the project size gets smaller, and for the largest projects (over 4000 m^2) the fee curve dips below the previous Tariff.
>
> It also noted in the current Tariff that "Fees should be applied according to the size of each individual addition where a project involves multiple additions." This will address the relatively commonplace situation wherein the project funding is for X m^2 of addition (singular), and as the project scope develops the architect is required to design multiple additions within the overall allowable area. Some of these additions could be very small and require a disproportionate amount of time to design and detail.

REFINEMENT OF CATEGORIES FOR DIFFERENT TYPES OF SCHOOL PROJECTS

Additions to schools vary enormously from relatively simple to quite complex, and the 1996 Tariff did not recognize this reality. Also, the 1996 Tariff did not have a category for "middle school" projects. Approval processes also can vary significantly from one school district to another and from one municipality to another.

> ***Solution:*** Whereas the current Tariff generally increases the percentage fees for the size categories most likely to involve additions or renovations, it also contains more categories to acknowledge that some projects are less complex than others. In the current Tariff for elementary schools, additions and renovations may be categorized as either Conventional or Advanced (categories 2 and 3, respectively). For middle and secondary schools, additions and renovations may be categorized as Conventional, Advanced or Complex (categories 2, 3, or 4 respectively). In effect, the additional categories acknowledge that whereas the current Tariff indicates higher fees for smaller projects within a particular category, it is also appropriate to

recognize that some addition/renovation projects are simpler than others (such as a very simple classroom addition) and may warrant a lower fee category.

Since middle schools are, in effect, small secondary schools in terms of the program mix and complexity, they have the same categorization as secondary schools.

It is also noted in the current Tariff that "The fee and category of a project should be adjusted to suit the complexity of the approval process (i.e. municipal approval, client approval)."

GST-EXCLUSION FROM "CONSTRUCTION COST" DETERMINATION

In the past there had been complications in negotiating fees with clients who thought that the Construction Cost, against which the fee percentage is applied, should exclude GST or only include the net payable GST (e.g. 2.24% when the full GST was 7% prior to June 2006) after rebates for schools.

> ***Solution:*** The Tariff's prior percentage fees were adjusted upwards in November 2000 — generally by 7% — so that they can be applied against a Construction Cost that excludes GST, as is the case since 1994 in industry-standard construction contracts.

This situation applies equally to all building types across the complete Tariff. See also AIBC Bulletin 52 and Practice Note 13 regarding the GST.

SUMMARY

The current Tariff for schools has helped to improve the approach to fees for schools presently in use by the provincial government. The former use of "one-size-fits-all" all-inclusive 8.5% and 12.5% caps for all fees and related costs (including fees for work not directly related to the design consultants) for new construction and renovation work respectively, regardless of the size and complexity of projects, had created many inequities for consultants working on this building type. The funding for fees needs to be flexible to suit specific project requirements.

The current Tariff represents an honest, collaborative effort to make more realistic and equitable recommendations in terms of the level of professional fees reflecting the level of architectural services required.

The AIBC monitors the Tariff and welcomes feedback.

[September 2008]

TABLE ONE: NEW CONSTRUCTION

RECOMMENDED NET ARCHITECTURAL FEE PERCENTAGES FOR SCHOOLS (K-12)

[Percentage fees tabulated below represent equitable professional compensation for "basic architectural services" (refer to section 2.3 and Appendix 1 of the Tariff) and apply to "construction cost" which excludes the full, unrebated federal "Goods and Services Tax" (GST). On projects that exhibit characteristics other than those outlined in the Tariff's section 3.5.1, adjustments must be made (see section 3.6). Fees for services of professional engineers and other consultants; reimbursable expenses; and applicable taxes on fees and reimbursable expenses are excluded.]

SIZE (m^2) CATEGORY	125-250	250-500	500-1000	1000-2000	2000-4000	4000-8000	Over 8000
2. Conventional	7.06	6.37	5.78	5.30	4.92	4.55	4.17
3. Advanced	7.65	6.96	6.31	5.89	5.51	5.14	4.76
4. Complex	8.03	7.33	6.74	6.26	5.89	5.51	5.14

	CATEGORY(3)
SCHOOLS	
Elementary:	
• New school	3
• Conventional addition (1) (i.e. very simple classroom addition)	2
• Advanced addition (1) (i.e. mixture of space functions)	3
Middle and Secondary:	
• New school	4
• Conventional addition (1) (i.e. very simple classroom addition)	2
• Advanced addition (1) (i.e. mixture of space functions)	3
• Complex addition (1) (i.e. complex mixture of space functions including specialty areas)	4

Notes:
1) Fees should be applied according to the size of each individual addition where a project includes multiple additions.
2) For new construction less than 125 m^2 in area, fees should be calculated on a project-specific basis.
3) The fee and category of a project should be adjusted to suit the complexity of the approval process (i.e. municipal approval, client approval).

TABLE TWO: RENOVATIONS

RECOMMENDED NET ARCHITECTURAL FEE PERCENTAGES FOR SCHOOLS (K-12)

[Percentage fees tabulated below represent equitable professional compensation for “basic architectural services” (refer to section 2.3 and Appendix 1 of the Tariff) and apply to “construction cost” which excludes the full, unrebated federal “Goods and Services Tax” (GST). On projects that exhibit characteristics other than those outlined in the Tariff’s section 3.5.1, adjustments must be made (see section 3.6). Fees for services of professional engineers and other consultants; reimbursable expenses; and applicable taxes on fees and reimbursable expenses are excluded.]

SIZE (m^2) **CATEGORY**	**125-250**	**>250-500**	**>500-1000**	**>1000-2000**	**>2000-4000**	**>4000-8000**	**Over 8000**
2. Conventional	10.97	10.27	9.68	9.20	8.83	8.45	8.08
3. Advanced	11.61	10.91	10.33	9.84	9.47	9.10	8.72
4. Complex	12.84	12.15	11.56	11.08	10.70	10.33	9.95

SCHOOLS	**CATEGORY(2)**
Elementary:	
• New school	3
• Conventional addition (1) (i.e. very simple classroom addition)	2
• Advanced addition (1) (i.e. mixture of space functions)	3
Middle and Secondary:	
• New school	4
• Conventional renovation (1) (i.e. very simple classroom addition)	2
• Advanced renovation (1) (i.e. mixture of space functions)	3
• Complex renovation (1) (i.e. complex mixture of space functions including specialty areas)	4

Notes:

1). For new construction less than 125 m^2 in area, fees should be calculated on a project specific basis.

2). The fee and category of a project should also be adjusted according to the complexity of the approval process (i.e. municipal approval, client approval).