| Construction Estimate of $28,500,000 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| PJHM | | | | HED | | | | | | |
| Corral Hollow Elementary | | | | Franklyn Cole Elementary School | | | | | | |
| Sliding Scale | | | | Fixed Fee Scale | | | | Sliding Scale | | |
| | Construction Cost | Architect Fee | | | Construction Cost | Architect Fee | | | Construction Cost | Architect Fee |
| 9% | $500,000.00 | $45,000.00 | | 7% | $28,500,000.00 | $1,995,000.00 | | 9% | $500,000.00 | $45,000.00 |
| 8.50% | $500,000.00 | $42,500.00 | | | Fixed Fee Factor | $20,000.00 | | 8.50% | $500,000.00 | $42,500.00 |
| 8% | $1,000,000.00 | $80,000.00 | | | | | | 8% | $1,000,000.00 | $80,000.00 |
| 7% | $4,000,000.00 | $280,000.00 | | | | | | 7% | $4,000,000.00 | $280,000.00 |
| 6% | $4,000,000.00 | $240,000.00 | | | | | | 6% | $4,000,000.00 | $240,000.00 |
| 5% | $18,500,000.00 | $925,000.00 | | | | | | 5% | $18,500,000.00 | $925,000.00 |
| | $28,500,000.00 | $1,612,500.00 | | | $28,500,000.00 | $2,015,000.00 | | | $28,500,000.00 | $1,612,500.00 |
| | | | | | | | | | | |
| **Construction Cost Increase to $35,000,000** | | | | | | | | | | |
| PJHM | | | | HED | | | | | | |
| Corral Hollow Elementary | | | | Franklyn Cole Elementary School | | | | | | |
| Sliding Scale | | | | Fixed Fee Scale | | | | Sliding Scale | | |
| | Construction Cost | Architect Fee | | | Construction Cost | Architect Fee | | | Construction Cost | Architect Fee |
| 9% | $500,000.00 | $45,000.00 | | 7% | $35,000,000.00 | $1,995,000.00 | | 9% | $500,000.00 | $45,000.00 |
| 8.50% | $500,000.00 | $42,500.00 | | | Fixed Fee Factor | $20,000.00 | | 8.50% | $500,000.00 | $42,500.00 |
| 8% | $1,000,000.00 | $80,000.00 | | | | | | 8% | $1,000,000.00 | $80,000.00 |
| 7% | $4,000,000.00 | $280,000.00 | | | | | | 7% | $4,000,000.00 | $280,000.00 |
| 6% | $4,000,000.00 | $240,000.00 | | | | | | 6% | $4,000,000.00 | $240,000.00 |
| 5% | $25,000,000.00 | $1,250,000.00 | | | | | | 5% | $25,000,000.00 | $1,250,000.00 |
| | $35,000,000.00 | $1,937,500.00 | | | $35,000,000.00 | $2,015,000.00 | | | $35,000,000.00 | $1,937,500.00 |
| | | | | | | | | | | |
| **Construction Cost Increase to $40,000,000** | | | | | | | | | | |
| PJHM | | | | HED | | | | | | |
| Corral Hollow Elementary | | | | Franklyn Cole Elementary School | | | | | | |
| Sliding Scale | | | | Fixed Fee Scale | | | | Sliding Scale | | |
| | Construction Cost | Architect Fee | | | Construction Cost | Architect Fee | | | Construction Cost | Architect Fee |
| 9% | $500,000.00 | $45,000.00 | | 7% | $40,000,000.00 | $1,995,000.00 | | 9% | $500,000.00 | $45,000.00 |
| 8.50% | $500,000.00 | $42,500.00 | | | Fixed Fee Factor | $20,000.00 | | 8.50% | $500,000.00 | $42,500.00 |
| 8% | $1,000,000.00 | $80,000.00 | | | | | | 8% | $1,000,000.00 | $80,000.00 |
| 7% | $4,000,000.00 | $280,000.00 | | | | | | 7% | $4,000,000.00 | $280,000.00 |
| 6% | $4,000,000.00 | $240,000.00 | | | | | | 6% | $4,000,000.00 | $240,000.00 |
| 5% | $30,000,000.00 | $1,500,000.00 | | | | | | 5% | $30,000,000.00 | $1,500,000.00 |
| | $40,000,000.00 | $2,187,500.00 | | | $40,000,000.00 | $2,015,000.00 | | | $40,000,000.00 | $2,187,500.00 |

HED

*Advancing your world*

WWW.HED.DESIGN

10 January 2019

DRAFT

Jefferson Elementary School District
Fee Proposal for New K-8 School

The estimated construction cost is $28,481,256 (designated funding cap).
Based on the obsolete, 1983 OLA/SAB fee curve, the fee would compute to $1,611,563. Note that the fee curve excluded the construction administration phase which was to be performed on a T&M basis. On a percentage of construction, the calculated fee would increase the actual construction cost at the end of the project as well as the construction administration phase that could be 20% or about $400,000.

HED prefers to work on a fixed fee basis of 8.5%. However, as we have discussed, this fee basis needs adjustments given the fee proposed by the other architectural group (I don't know or need to know what their actual fee is). At 8.5% the total fee would be $2,420,900.

The fee curve yields an overall percentage of approximately 5.6%. The average between 5.6% and 8.5% is approximately 7%. Therefore, I propose 7% as the basis which makes the proposed base fee $1,993,688. HED typically competes on a performance and qualification basis; not on a fee basis. It is possible that the other architect's fee may reflex the consideration that they were the sole district architect and could reduce their fee because of perceived, future volume. The high profile nature of this project will demand an exceptional effort in balancing cost and product.

As a fixed fee arrangement, HED assumes the risk if the construction cost increases by 10% and in some cases in excess of 10%. Since our typical fee percentage has been reduced by 1.5%, I propose to take 7% of the potential 10% cost increase which is $284,813 or $19,937—say $20,000. Historically, I have not gone back for fee increases even when projects exceeded 10%.

Therefore:

Proposed Fee:

| | |
|---|---|
| $1,993,688. | Base Fee (at 7%) |
| 45,000. | T&M (NTE) for planning and charette—ed. spec by others |
| 18,000. | Off-site encroachment documentation and city approvals |
| 7,500. | Added fee for DSA electronic processing protocol |
| 20,000. | Fixed fee risk factor |
| _____ | |
| $2,084,188. | SubTotal |
| $ 100,000. | Reimbursable expenses at approximately 5% of base |
| ========= | |
| $2,184,188. | Total Fee |

Note: this fee does not included additional services that are clearly changes to the agreement.

Sincerely,

HED

HED
A Michigan Corporation

Erwin Lee, AIA
*Principal*

cc: Accounting
File

415-981-2345

417 Montgomery Street
Suite 400
San Francisco CA 94104