

## D Fee Proposal (RFP # 24-11)

### Authorized Negotiator

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#### PROJECT BUDGET

No project budget was shared on this project and may not have yet been developed. A level of “quality” has also not yet been defined. These two aspects impact architectural and engineering design fees because more complex or significant renovations also utilize more design time. We have anticipated that the intended project construction budget will be between \$3M and 4M based on a renovation cost of \$100-150 per square foot plus the specialty spaces and their requirements adding another \$800,000. One of our initial discussions on the project as your chosen design professional would be a discussion on a budget either based on a project cost number or through the discussion of the level of modification for each space programmed on the project. Specialty equipment (TV Studio) and Furniture weren’t thought of as being part of these budgetary numbers and ultimately will be determined in the early aspects of the project. Although our fee estimation utilized these numbers, we are presenting a fixed fee number on the project. Our fee was calculated three ways and then a number was chosen: Percent of construction estimate, hours/cost per square foot design, and then design estimated hours for the renovation.

As noted above in the initial bid above, DSD anticipated an approximately \$3M construction cost. The presented budget after bidding is \$2M, indicating that the scope of the renovation is also reduced proportionally (by either area or level of modification or both). In addition, a sustainability study has been completed for the City of Ann Arbor outlining intended potential sustainable approaches for the building, providing an overview of the acceptable approaches to the City of Ann Arbor, (which will be based on the project budget/available funds). As a sustainable approach, solar voltaic cells may be added to the roof of the facility, designed and installed under a separate project, which will be electrically connected in this project and will be considered as part of the building’s sustainable improvements.

With this additional knowledge and understanding, DSD would like to propose the fee reductions indicated in red below and submitted as an hourly not to exceed fee, to allow the City of Ann Arbor more control over the AE spend.

#### FEE

We propose to provide our services on a lump sum fee basis to be billed on a monthly % complete basis for the project.

**One Hundred Seven Thousand Sixty-Seven (107,067.00) Dollars**

Our proposed lump sum fee is ~~One Hundred Forty-Six Thousand (\$146,000.00) Dollars~~, including related expenses.

Preliminary / Planning	<del>\$14,500.00</del> <b>\$10,706.70</b>	Est. <del>133 hours</del> <b>97 hours</b>
Schematic Design	<del>\$36,500.00</del> <b>\$26,766.75</b>	Est. <del>332 hours</del> <b>243 hours</b>
Design Development	<del>\$36,500.00</del> <b>\$26,766.75</b>	Est. <del>332 hours</del> <b>243 hours</b>
Construction Documents	<del>\$36,500.00</del> <b>\$26,766.75</b>	Est. <del>332 hours</del> <b>243 hours</b>
Construction Phase Services and Closeout	<del>\$22,000.00</del> <b>\$16,060.00</b>	Est. <del>199 hours</del> <b>146 hours</b>
Reimbursable Costs*:	\$0	
<b>Total Fee</b>	<del>\$146,000.00</del> <b>\$107,067.00</b>	<del>Est. 1,326 hours</del> <b>Est. 973 hours</b>

\*

DSD has no “additional charges” or “reimbursable expenses”. We have included necessary travel, printing, copying, CDs or jump drives, and display boards as needed for a normal project and have no intentions of billing the City of Ann Arbor for items to artificially inflate our fee. Similarly, DSD does not charge for “equipment” or other daily tools used by design professionals. We intend to 3D scan several areas of the building and utilize the scans as a design tool (while also sharing the scan files with the City of Ann Arbor and the Construction Manager on the project as desired). We choose to use this as a tool to improve our services and not as “another way to generate fee increases”.

We have included the necessary items for the project and intend to support the City of Ann Arbor in their needs for the project including renderings or project boards that may help the City of Ann Arbor to promote the project. As design professionals, we understand the necessities of a project and do not compete for projects with one fee and then use reimbursables as a tool to raise our fees later.

The sample contract did not specify whether a lump sum or hourly not to exceed fee was desired for the project. It is most typical that projects of this nature are invoiced based on a lump sum contract so DSD has proposed this approach (although DSD is comfortable with the contract (and fee) being invoiced either way. If the project were invoiced on an hourly not to exceed approach, the below rate schedule would apply. The project will use a cross section of all billing classifications. The core team includes A project executive, DSD Associates, and Senior Associates and Engineers/ Architects. Key category areas are highlighted in the schedule below.

Our Core Team of Brian, Tom, Bill, Paige, Rob, and Bart are amongst the individuals below:

**LEVEL, CLASSIFICATION & FLAT RATE SCHEDULE**

<b><u>LEVEL</u></b>	<b><u>CLASSIFICATIONS</u></b>	<b><u>RATE</u></b>
1.0	Clerical/Technical.....	\$65.00
2.0	Building Systems Modeler ...	\$85.00
3.0	Engineer/Architect.....	\$110.00
4.0	Licensed Engineer/Architect	\$120.00
5.0	Associate .....	\$135.00
6.0	Senior Associate.....	\$140.00
7.0	Department Head .....	\$145.00
8.0	Principal .....	\$160.00
9.0	Project Executive.....	\$160.00

DSD’s markup on hourly rates is approximately 2.5 but is not a straightforward formula. Work categories allow for a range of staff levels and hourly or salary rates to fit into them in order to provide consistency in billing to avoid clients from being charged different rates based on who, within the same category, is working on the project.

Modified by

*Bart J. Reed*

Bart J. Reed, 4/23/24

President