

Handling Design Errors and Omission Costs:



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The average costs for design errors and omissions in the U.S. is approximately 7%. These are called "architectural induced change orders"; i.e., change orders that are going to occur in addition to any change orders requested by the church. In other words, the average increase in a \$3,000,000 project for architectural induced change orders would be \$210,000, a pretty significant amount for churches already tight on money for their church building project.

Well, what can churches do about this? After all, these additional costs are caused by the Architect. What you need to know is that most all architectural contracts contain language that puts the responsibility for these costs on to the church. The reason for this is simple. If an architect charges a fee of 7-8% and if there are architectural induced change orders of 7% and the architect had to pay for these, the architect would go broke.

There are some other ways of handling this...at the contract stage, not later. In most Design/Build contracts, the cost of the architectural induced change orders is a part of the construction portion of the contract. So, the church does not have to come up with the extra money to take care of them. Read these contracts carefully to make sure that is the case.

How do you handle this issue if you are dealing at the time with only the architect and the architect's contract. There are a number of ways, but here is one method of handling it. This church had put this in as a condition for requesting a proposal (RFP) and the language was to be put in the contract.

"The Church will fund the cost of E/O change orders up to 3% of the Project Construction Budget, both damage and non-damage costs. The Architect and the Church will split (50/50) the costs for E/O change orders above 3% and below 5% of the Project Construction Budget, both damage costs and non-damage costs. The Architect will pay all E/O change order costs above 5%, both damage costs and non-damage costs."

This would be fair to the Church and to the Architect, and by advising the Architect up front that this would be in the contract, the Architect had an incentive for keeping the Architectural Induced change orders to a minimum.