THE CONSTRUCTION STANDARD

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The Owner's Premium

Why owner contingency budgets climbed from 3% to 20%, and how to rebuild trust in documents and handoffs.

Keith Robinson

CSI STANDARDS PROGRAM STRATEGIST

A Three Percent Allowance Has Quietly Become Twenty

Owners have always planned for scope gaps. For most of my career, that allowance sat around 3 percent of project value – a reasonable cushion for design changes and the ordinary friction of getting a building built. Lately, when I ask owner representatives what they're actually budgeting for, the number I hear back is closer to 20 percent.

It has less to do with rising construction costs than a loss of trust in the information - owners no longer expect the information they're handed to hold up.

They're not imagining it. Deltek's latest survey of architecture and engineering firms found that consistency and deliverable quality are the two toughest challenges in managing project information, each cited by 49% of firms. Nearly half of the industry admitting it can't keep information straight from one phase to the next.

49%

of firms cite consistency and deliverable quality as their toughest challenges in managing project information.

DELTEK

Arcadis' latest Construction Disputes Report puts a number on what that costs, with the average North American construction dispute in 2025 running nearly $56 million and took over twelve months to resolve. The two leading causes haven't changed in years, even as they trade places at the top: parties failing to meet their contractual obligations, and errors and omissions in the contract documents.

$56M

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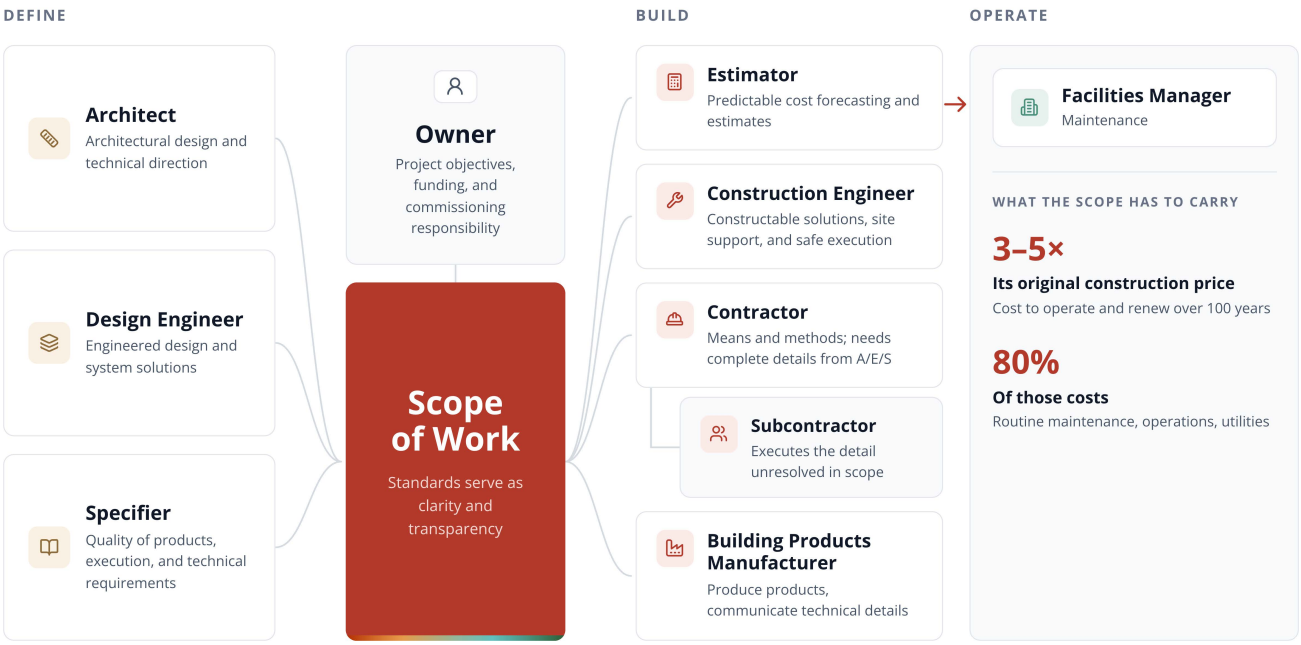
ARCADIS

Something structural is going on: information degrades every time it moves from one team, phase, or system to the next, and no system exists today built to carry it intact for the full life of a building. I keep coming back to the idea that owners end up paying for the consequences of information quality, whether they realize it or not.

A missing requirement, a coordination error, an assumption that didn't survive the handoff from one team to the next – all eventually shows up on an invoice with the owner's name on it.

Lost in Translation

A project's information moves through more hands than most people outside the industry would believe – hundreds on a modest project, and tens of thousands on a large one. At every handoff, it gets translated. Architects think in systems. Estimators think in assemblies. Contractors think in work packages. Facility managers think in maintainable assets. Each of those is a legitimate and necessary way of seeing the building, and each translation is a chance to lose the reasoning behind a decision, even when the decision itself survives.



The deeper issue is that no system carries a decision's reasoning forward through every one of those translations. A drawing can be executed perfectly and still fail to preserve why a system was chosen, what alternatives were considered, or what the owner was actually trying to achieve. When that reasoning disappears, the next person in the chain has to reconstruct a decision instead of building on one, usually under deadline pressure.

And the bill for that doesn't stop at the change order – the same lost reasoning resurfaces later in how the building operates, what it costs to maintain, and how easily it adapts when the owner's needs change.

Surviving the Handoff

An owner is on the hook for a building from the day it's conceived until the day it's torn down, long after the architects, contractors, and even their own facilities staff have moved on to other things. Information continuity has never kept pace with that.

10-20 years

A facilities director's chapter with a building

Most facilities directors I've worked with do not see a building through its whole life. They come in for a chapter of it – a decade, maybe two, before retirement or the next opportunity moves them along. The asset they're maintaining is often around for a century or more.

100+ years

The asset they maintain

Multiply that mismatch across every role on a project – architects move on, contractors close out and leave, owners' reps change jobs – and it's easy to see how much institutional knowledge disappears when nothing is built to outlast any one person's time on the job.

> I saw this play out on a seminary project years ago.
>
> I asked the local bishop about the building's 100-year design life and he told me, **"my son, I do not know if you are aware, but the church has been around for many hundreds of years."**
>
> We revised the design life to 300 years and recorded those decisions and reasoning into the project records.

I've never forgotten that exchange. An owner's planning horizon runs in decades, sometimes centuries. The roles and contracts the rest of us work under are usually scoped to a single project, sometimes a few years, and that mismatch is exactly where the reasoning behind a decision gets lost.

Paying for it Twice

The same mismatch shows up in smaller, more expensive ways constantly. When an owner identifies a future need like expansion capacity during early planning, that decision quietly shapes structural design, utility sizing, and site layout. If the reasoning behind it is captured and carried forward, a design team twenty years later can evaluate expansion knowing exactly what was intentional. If it isn't, that capacity gets rediscovered – usually during construction, sometimes years after occupancy, always at a much higher price than it would have cost to have a system in place that remembered from the start.

None of this is abstract for a room of building owners. The Whole Building Design Guide (WBDG) states that operations and maintenance can account for as much as 80% of building lifecycle costs and may reach approximately three times initial construction cost. Formal life-cycle analysis also includes utilities, maintenance, repair, replacement, alterations, disposal, and residual value rather than simply multiplying current annual expenses by 100. This means most of the value at stake is realized long after ribbon-cutting, by people who were not in the room for the original decisions.

80%

of building lifecycle costs can be operations and maintenance - as much as 3x initial construction costs.

WBDG

For an owner managing an asset rather than just a building, that lifecycle math resolves into a chain:

1 Design and Product

Decisions made before occupancy, and the reasoning behind them.

2 Building Performance

How the building runs day to day once people are in it.

3 Operating Expense

- Energy use
- HVAC and electrical maintenance
- CAM costs
- How fast reserves are spent

4 Net Operating Income

What the building earns after operating costs are paid.

5 Asset Value

The cap rate a buyer or lender applies to the whole asset.

Every link in the chain depends on someone downstream knowing what was decided upstream and why. It all eventually reads as a line on an operating statement and from there into the cap rate a buyer or lender applies to the whole asset.

It also shows up at the point of sale or refinancing, where buildings with a traceable, coordinated record of what was built and why are simply easier to underwrite. Lenders and buyers read consistency as lower risk, because it is.

Building Toward Continuity

Errors and omissions in contract documents have ranked among the top two causes of construction disputes for years running – which is exactly the gap a common structure is supposed to close. MasterFormat®, UniFormat®, and OmniClass® exist to be that structure and shared way to organize project information so it isn't recreated, or lost, at every handoff.

The industry is starting to build toward making them work together more effectively. CSI's MasterFormat 2026 Edition added more than 2100 new listings. UniFormat is expanding for the first time beyond buildings into transportation and utility infrastructure. Also for the first time, cross-references between MasterFormat, UniFormat, and OmniClass are built into the standards directly, instead of reconciled by hand on every project. None of that guarantees better decisions, but it does give good decisions a way to survive the trip from planning to operations instead of getting lost along the way.

There is already a name for the overall structure that is beginning to change. For years, the early document that captured an owner's requirements went by "Preliminary Project Description" – built on the same UniFormat structure, but limited to a single snapshot of performance goals taken during schematic design, and often left behind as the project moved on. The Design-Build Institute of America and the Canadian Construction Association recognized that the same structure could do more than describe a building at one moment – it could follow the project the whole way through, from:

- preparation of the Owner's Statement of Requirements
- preparation of budgets and proposals
- submission of Design-Build responses addressing the OsoR
- decision capturing and estimate alignment throughout the document preparation phase
- aligning scopes of work during the procurement phase
- during the construction phase
- capturing information for post construction activities such as asset tagging, operations and maintenance schedules and building refit and renewal

They've used the term Project Planning Document to encompass the entire life span of the project. This can only be done because the PPD informs each stage of the project by updating the decision logs and capturing the reasons for why the building got built the way it did. It works because it updates a decision log and carries the reasoning forward, not just what was decided but why.

If we keep delivering projects the way we do today, what will the owner have to recreate the next time they renovate? What would it be worth in dollars, months, or the share of a dispute you never have to have, to start the next project already knowing what the last one taught you?

About Keith Robinson

Keith, FCSC, FCSI, RSW, LEED, AP, is the Standards Program Strategist at the Construction Specifications Institute. He spent over 40 years as a specifications writer, most recently as Lead Specification Writer at DIALOG, producing contract documentation for hospitals, universities, airports, and transit infrastructure across Canada. Keith has contributed to CSI's Standards development since 2004, chairing OmniClass Table initiatives and the MasterFormat Maintenance Task team, and has served on Standards review panels for CSA, ASTM, and NFPA.

A Fellow of both Construction Specifications Canada and The Construction Specifications Institute, he brings that career of practice to the ongoing evolution of MasterFormat, UniFormat, and OmniClass. Today, he mentors the next generation of specifiers through CSC's mentorship program, passing on decades of lessons to the people who will carry this work forward.

About the Construction Specifications Institute

The Construction Specifications Institute (CSI) is the non-profit standards body that has developed and governed MasterFormat, UniFormat, and OmniClass in partnership with thousands of industry professionals since 1948. These consensus-based standards give the construction industry a shared, trusted language for organizing project information from design through operations and maintenance across the lifetime of a building. CSI continues to own and steward all three standards today.

About The Construction Standard

The Construction Standard is the authorized provider of MasterFormat, UniFormat, and OmniClass for modern digital workflows, delivering them through CSI Dynamic Standards – a single, continuously updated platform that replaces the static books and PDFs the industry has relied on for decades. Operating under license from CSI, The Construction Standard makes these standards accessible across the tools project teams already use – from specification writing to BIM, estimating, and project management.

The Construction Standard is a trading name of Construction Information Network, LLC, based in Alexandria, VA.

For more information, visit www.theconstructionstandard.com

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