



**US Army Corps  
of Engineers®**

# ENGINEERING AND CONSTRUCTION BULLETIN

No. 2007-13

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Issued: 02 July 2007

**Subject: Architect-Engineer Responsibility Management Program (AERMP)**

**Applicability:** Information

1. We have received and analyzed the FY06 AERMP reports from all MSCs and Centers, which are required by Chapter 7 of EP 715-1-7, Architect-Engineer Contracting. The following observations are made:

a. The total amount of A-E liability settlements received in FY06 was \$1,657,790. The amount received in FY05 was \$1,800,000. Previous ten year average is \$1,263,200 per year.

b. Twelve cases were settled in FY06. The negotiated settlements were 36% of the original computed damages, which are below the historical ten year average of 43%.

c. Investigation and recovery (I&R) costs were reported for seven of the twelve settled cases. For these cases, seven cents in I&R costs were spent for each dollar of A-E settlement. Since FY97 when we started collecting I&R cost data, 13 cents in I&R costs were spent for each dollar of A-E settlement. FY06 I&R costs are substantially lower than the norm, primarily due to the one settlement by New York District. Reasonable I&R costs are part of the assessable damages and must be tracked and reported for A-E liability cases.

d. Sixteen liability cases with damages of \$5,820,010 were carried over into FY07. In comparison, twenty-eight liability cases with damages of \$9,488,000 were carried over into FY06. We have an important responsibility to our customers to pursue A-E liability cases in a timely manner and you are urged to reduce the backlog of cases.

2. Based on the FY06 reports, MSCs and districts seem to be very aware of the requirements of the AERMP and have effective programs in place. The FY06 MSC AERMP reports are due to Bunnatine Greenhouse, CECW-CE by 30 November 2007. The following points should be considered when reporting:

a. All design deficiencies are not A-E liability cases. It is only a case, if the A-E firm is liable for the damages and USACE decides to pursue recovery.

b. The reports must include I&R costs, which are part of the total assessable damages. It is also important to track I&R costs as a measure of the effectiveness of the AERMP program in each command.

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c. The value of any work-in-kind (i.e. A-E services) performed by an A-E firm as “payment” for a liability claim must also be reported.

d. If an A-E settlement is made without the need for a letter of intent, a case report is still required and the settlement amount included in the annual report.

3. POC for this ECB is Harry Goradia, 202-761-4736

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