

## **SECTION 012900 - PAYMENT PROCEDURES**

### **PART 1 - GENERAL**

#### **1.1 RELATED DOCUMENTS**

- A. Drawings and general provisions of the Contract, including General and Supplementary Conditions and other Division 01 Specification Sections, apply to this Section.

#### **1.2 SUMMARY**

- A. This Section specifies administrative and procedural requirements necessary to prepare and process Applications for Payment.
- B. Related Sections include the following:
  - 1. Division 01 Section "Contract Modification Procedures" for administrative procedures for handling changes to the Contract.
  - 2. Division 01 Section "Construction Progress Documentation" for administrative requirements governing preparation and submittal of Contractor's Construction Schedule and Submittals Schedule.

#### **1.3 DEFINITIONS**

- A. Schedule of Values: A statement furnished by Contractor allocating portions of the Contract Sum to various portions of the Work and used as the basis for reviewing Contractor's Applications for Payment.
  - 1. The Schedule of Values described herein is in addition to any schedule or bid breakdown submitted with bid.

#### **1.4 SCHEDULE OF VALUES**

- A. Coordination: Coordinate preparation of the Schedule of Values with preparation of Contractor's Construction Schedule.
  - 1. Correlate line items in the Schedule of Values with other required administrative forms and schedules, including the following:
    - a. Application for Payment forms with Continuation Sheets.
    - b. Submittals Schedule.
    - c. Contractor's Construction Schedule.
    - d. List of Subcontractors.
  - 2. Submit the Schedule of Values to Architect at earliest possible date but no later than seven days before the date scheduled for submittal of initial Applications for Payment.

3. Subschedules: Where the Work is separated into phases requiring separately phased payments, provide subschedules showing values correlated with each phase of payment.
- B. Format and Content: Use the Project Manual table of contents as a guide to establish line items for the Schedule of Values. Provide at least one line item for each Specification Section.
1. Identification: Include the following Project identification on the Schedule of Values:
    - a. Project name and location.
    - b. Name of Architect.
    - c. Architect's project number.
    - d. Contractor's name and address.
    - e. Date of submittal.
  2. Arrange the Schedule of Values in tabular form with separate columns to indicate the following for each item listed:
    - a. Related Specification Section or Division.
    - b. Description of the Work.
    - c. Name of subcontractor.
    - d. Name of manufacturer or fabricator.
    - e. Name of supplier.
    - f. Change Orders (numbers) that affect value.
    - g. Dollar value.
      - 1) Percentage of the Contract Sum to nearest one-hundredth percent, adjusted to total 100 percent.
  3. Provide a breakdown of the Contract Sum in enough detail to facilitate continued evaluation of Applications for Payment and progress reports. Coordinate with the Project Manual table of contents. Provide several line items for principal subcontract amounts, where appropriate.
  4. Round amounts to nearest whole dollar; total shall equal the Contract Sum.
  5. Provide a separate line item in the Schedule of Values for each part of the Work where Applications for Payment may include materials or equipment purchased or fabricated and stored, but not yet installed.
    - a. Differentiate between items stored on-site and items stored off-site. If specified, include evidence of insurance or bonded warehousing.
  6. Provide separate line items in the Schedule of Values for initial cost of materials, for each subsequent stage of completion, and for total installed value of that part of the Work.
  7. Each item in the Schedule of Values and Applications for Payment shall be complete. Include total cost and proportionate share of general overhead and profit for each item.
    - a. Temporary facilities and other major cost items that are not direct cost of actual work-in-place may be shown either as separate line items in the Schedule of Values or distributed as general overhead expense, at Contractor's option.
  8. Schedule Updating: Update and resubmit the Schedule of Values before the next Applications for Payment when Change Orders or Construction Change Directives result in a change in the Contract Sum.

## 1.5 APPLICATIONS FOR PAYMENT

- A. Each Application for Payment shall be consistent with previous applications and payments as certified by Architect and paid for by Owner.
  - 1. Initial Application for Payment, Application for Payment at time of Substantial Completion, and final Application for Payment involve additional requirements.
- B. Payment Application Times: The date for each progress payment is indicated in the Agreement between Owner and Contractor. The period of construction Work covered by each Application for Payment is the period indicated in the Agreement.
- C. Payment Application Forms: Use AIA Document G702 and AIA Document G703 Continuation Sheets as form for Applications for Payment.
- D. Application Preparation: Complete every entry on form. Notarize and execute by a person authorized to sign legal documents on behalf of Contractor. Architect will return incomplete applications without action.
  - 1. Entries shall match data on the Schedule of Values and Contractor's Construction Schedule. Use updated schedules if revisions were made.
  - 2. Include amounts of Change Orders and Construction Change Directives issued before last day of construction period covered by application.
- E. Transmittal: Submit 3 signed and notarized original copies of each Application for Payment to Architect by a method ensuring receipt within 24 hours. One copy shall include waivers of lien and similar attachments if required.
  - 1. Transmit each copy with a transmittal form listing attachments and recording appropriate information about application.
- F. Waivers of Mechanic's Lien: With each Application for Payment, submit waivers of mechanic's liens from subcontractors, sub-subcontractors, and suppliers for construction period covered by the previous application, including work self-performed by General Contractor. The total amount of the lien waivers must total the amount requested in the previous Application for Payment to assure that all parties have been properly paid.
  - 1. Submit partial waivers on each item for amount requested in previous application, after deduction for retainage, on each item.
  - 2. When an application shows completion of an item, submit final or full waivers.
  - 3. Owner reserves the right to designate which entities involved in the Work must submit waivers. At a minimum, any entity legally entitled to file a mechanic's lien must submit a lien waiver.
  - 4. Submit final Application for Payment with or preceded by final waivers from every entity involved with performance of the Work covered by the application who is lawfully entitled to a lien.
  - 5. Waiver Forms: Submit waivers of lien on forms, executed in a manner acceptable to Owner.
- G. Initial Application for Payment: Administrative actions and submittals that must precede or coincide with submittal of first Application for Payment include the following:

1. List of subcontractors.
  2. List of principal suppliers and fabricators.
  3. Schedule of Values.
  4. Contractor's Construction Schedule (preliminary if not final).
  5. Products list.
  6. Schedule of unit prices, if any.
  7. Submittals Schedule (preliminary if not final).
  8. List of Contractor's staff assignments.
  9. List of Contractor's principal consultants.
  10. Copies of building permits.
  11. Copies of authorizations and licenses from authorities having jurisdiction for performance of the Work.
  12. Initial progress report.
  13. Report of preconstruction conference.
  14. Certificates of insurance and insurance policies.
  15. Performance and payment bonds.
  16. Data needed to acquire Owner's insurance.
  17. Initial settlement survey and damage report if required.
- H. Application for Payment at Substantial Completion: After issuing the Certificate of Substantial Completion, submit an Application for Payment showing 100 percent completion for portion of the Work claimed as substantially complete.
1. Include documentation supporting claim that the Work is substantially complete and a statement showing an accounting of changes to the Contract Sum.
  2. This application shall reflect Certificates of Partial Substantial Completion issued previously for Owner occupancy of designated portions of the Work.
  3. Administrative actions and submittals that shall precede or coincide with this application include:
    - a. Occupancy permits and similar approvals.
    - b. Warranties (guarantees) and maintenance agreements.
    - c. Test/adjust/balance records.
    - d. Maintenance instructions.
    - e. Meter readings.
    - f. Startup performance reports.
    - g. Changeover information related to Owner's occupancy, use, operation, and maintenance.
    - h. Final cleaning.
    - i. Application for reduction of retainage and consent of surety.
    - j. Advice on shifting insurance coverages.
    - k. List of incomplete Work, recognized as exceptions to Architect's Certificate of Substantial Completion.
- I. Final Payment Application: Submit final Application for Payment with releases and supporting documentation not previously submitted and accepted, including, but not limited, to the following:
1. Evidence of completion of Project closeout requirements.
    - a. Evidence of completion of items specified for completion after Substantial Completion.
    - b. Removal of temporary facilities and services.

- c. Removal of surplus materials, rubbish, and similar elements.
  - d. Change of door locks to Owner's access.
  - e. Transmittal of required Project construction records to the Owner.
  - f. Certified property survey, if applicable.
- 2. Insurance certificates for products and completed operations where required and proof that taxes, fees, and similar obligations were paid.
- 3. Updated final statement, accounting for final changes to the Contract Sum.
- 4. AIA Document G706, "Contractor's Affidavit of Payment of Debts and Claims."
- 5. AIA Document G706A, "Contractor's Affidavit of Release of Liens."
- 6. AIA Document G707, "Consent of Surety to Final Payment."
- 7. Evidence that claims have been settled.
- 8. Final meter readings for utilities, a measured record of stored fuel, and similar data as of date of Substantial Completion or when Owner took possession of and assumed responsibility for corresponding elements of the Work.
- 9. Final, liquidated damages settlement statement.

## **PART 2 - PRODUCTS (Not Used)**

## **PART 3 - EXECUTION (Not Used)**

END OF SECTION 012900