

SECTION 012900 - PAYMENT PROCEDURES

PART 1 - GENERAL

1.1 RELATED DOCUMENTS

- A. Drawings and general provisions of the Contract, including General and Supplementary Conditions, apply to this Section. In the event of any inconsistency or discrepancy between this Section and Owner requirements otherwise indicated, the Owner requirements will govern.

1.2 SUMMARY

- A. This Section specifies administrative and procedural requirements necessary to prepare and process Applications for Payment.
- B. Related Sections:
 - 1. Division 01, 26 and 31 Specification Sections

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.

1.4 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. Submittal schedule.
 - c. Items required to be indicated as separate activities in Contractor's construction schedule.
 - 2. Submit the schedule of values to Engineer at earliest possible date but no later than seven (7) days before the date scheduled for submittal of initial Applications for Payment. **The content and breakdown of the schedule of values is subject to the review and approval of the Owner and Engineer. No payments will be processed and no payments will be made to the Contractor until an approved schedule of values is in place.**

- 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 major task or Specification Section as appropriate:
1. Identification: Include the following Project identification on the schedule of values:
 - a. Project name, number and location.
 - b. Name of Owner
 - c. Contractor's name and address.
 - d. Date of submittal.
 2. Arrange schedule of values consistent with format of AIA Document G703.
 3. 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 as applicable.
 - d. Change Orders (numbers) that affect value.
 - e. Dollar value of the following, as a percentage of the Contract Sum to nearest one-hundredth percent, adjusted to total 100 percent.
 - 1) Labor.
 - 2) Materials.
 - 3) Equipment.
 4. 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 multiple line items for principal subcontract amounts where appropriate or as required by the Owner. **The content and breakdown of the schedule of values is subject to the review and approval of the Owner and Engineer. No payments will be processed and no payments will be made to the Contractor until an approved schedule of values is in place.**
 5. Round amounts to nearest whole dollar; total shall equal the Contract Sum.
 6. 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 required, include evidence of insurance.
 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 Owner'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 the Engineer (and/or Owner) 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: Each progress payment shall be submitted as 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. Application for Payment Forms: Use AIA Document G702/CMA and AIA Document G703, or forms otherwise acceptable to the Owner, as form for Applications for Payment. Submit forms for approval with initial submittal of schedule of values. Incorporate Owner-provided forms, in addition to other forms as required by the Owner, into the overall Application.
- D. Application Preparation: Complete every entry on form. Notarize and execute by a person authorized to sign legal documents on behalf of Contractor. Engineer 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 for work completed following previous Application for Payment, whether or not payment has been received. Include only amounts for work completed at time of Application for Payment.
 - 3. Include amounts of Change Orders and Construction Change Directives issued before last day of construction period covered by application.
- E. Stored Materials: Include in Application for Payment amounts applied for materials or equipment purchased or fabricated and stored, but not yet installed. Differentiate between items stored on-site and items stored off-site.
 - 1. Provide certificate of insurance, evidence of transfer of title to Owner, and consent of surety to payment, for stored materials.
 - 2. Provide supporting documentation that verifies amount requested, such as paid invoices. Match amount requested with amounts indicated on documentation; do not include overhead and profit on stored materials.
 - 3. Provide summary documentation for stored materials indicating the following:
 - a. Materials previously stored and included in previous Applications for Payment.
 - b. Work completed for this Application utilizing previously stored materials.
 - c. Additional materials stored with this Application.
 - d. Total materials remaining stored, including materials with this Application.
- F. Transmittal: Submit five (5) signed and notarized original copies of each Application for Payment to Engineer by a method ensuring receipt within 24 hours. Each copy shall include waivers of lien and similar attachments as required.
 - 1. Transmit each copy with a transmittal form listing attachments and recording appropriate information about application.

- G. Waivers of Lien: With each Application for Payment, submit waivers of lien from entities lawfully entitled to file a lien arising out of the Contract and related to the Work covered by the payment with provisions for the following:
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 conditional final or full waivers.
 3. Owner reserves the right to designate which entities involved in the Work must submit waivers.
 4. Waiver Forms: Submit waivers of lien on forms of the type, and executed in a manner, acceptable to Owner.
 5. Submit final Application for Payment with or preceded by conditional final waivers from every entity involved with performance of the Work covered by the application who is lawfully entitled to a lien
- H. 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. Schedule of values.
 3. Contractor's construction schedule (preliminary if not final).
 4. Products list (preliminary if not final).
 5. Schedule of unit prices (as applicable).
 6. Submittal schedule (preliminary if not final).
 7. List of Contractor's key personnel.
 8. Copies of permits.
 9. Copies of authorizations and licenses from authorities having jurisdiction for performance of the Work.
 10. Initial progress report.
 11. Certificates of insurance and insurance policies.
 12. Performance and payment bonds.
 13. Data needed to acquire Owner's insurance as applicable.
- I. 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.
- J. 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.
 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 (as applicable) 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