

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. Section 012100 "Allowances" for procedural requirements governing handling and processing of allowances.
 - 2. Section 012200 "Unit Prices" for administrative requirements governing use of unit prices.
 - 3. Section 012600 "Contract Modification Procedures" for administrative procedures for handling changes to the Contract.
 - 4. Section 013200 "Construction Progress Documentation" for administrative requirements governing preparation and submittal of Contractor's Construction Schedule.

1.3 DEFINITIONS

- A. Site Visit: Architect's visits to the site at intervals necessary in the judgment of Architect to become generally familiar with the progress and quality of the Work completed and to determine in general if the Work completed is in accordance with the Contract Documents. Architect will not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Work.
- B. 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. Submittals Schedule.
 - c. Items required to be indicated as separate activities in Contractor's Construction Schedule.
 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 for Phased Work: Where the Work is separated into phases requiring separately phased payments, provide subschedules showing values correlated with each phase of payment.
 4. Subschedules for Separate Elements of Work: Where the Contractor's construction schedule defines separate elements of the Work, provide subschedules showing values correlated with each element.
- 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. Project Manager's name and address.
 - e. Contractor's name and address.
 - f. 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.
 - d. Name of manufacturer or fabricator.
 - e. Name of supplier.
 - f. Change Orders (numbers) that affect value.

- g. 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 in excess of five percent of Contract Sum. Break down principal subcontract amounts into separate labor and materials items. Breakdown of subcontractor's schedule of values must be true and accurate.
- 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. Include evidence of insurance or bonded warehousing if required.
- 7. 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.
- 8. Include separate line items under Contractor and principal subcontracts for LEED documentation and other Project closeout requirements in an amount totaling five percent of the Contract Sum and subcontract amount.
- 9. Allowances: Provide a separate line item in the Schedule of Values for each allowance. Show line-item value of unit-cost allowances, as a product of the unit cost, multiplied by measured quantity. Use information indicated in the Contract Documents to determine quantities.
- 10. Purchase Contracts: Provide a separate line item in the Schedule of Values for each purchase contract. Show line-item value of purchase contract. Indicate owner payments or deposits, if any, and balance to be paid by Contractor.
- 11. 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.
- 12. 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 following the initial 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 of 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 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 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.
 - 4. Indicate separate amounts for work being carried out under Owner-requested project acceleration, if any.
- 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 off-site.
 - 1. Provide description of item(s) being stored.
 - 2. Location of the bonded warehouse(s) where materials or equipment is stored.
 - 3. Bill of sale made to Owner stating there will be no additional cost for transportation and delivery of the stored item(s).
 - 4. Statement certifying that item or any part thereof will not be installed in any construction other than Work under this Contract.
 - 5. Provide certificate of insurance, evidence of transfer of title to Owner, and consent of surety to payment, for stored materials.
 - 6. 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.

7. 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 three 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.
- G. Waivers of Mechanic's Lien: With each Application for Payment, submit notarized waivers of mechanic's lien from every entity who is lawfully entitled to file a mechanic's lien arising out of the Contract and related to the Work covered by the payment.
 1. Submit partial waivers on each item for amount requested, before 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.
 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.
- 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, principal suppliers and fabricators.
 2. Schedule of Values.
 3. Contractor's Construction Schedule (preliminary if not final).
 4. Combined Contractor's construction schedule (preliminary if not final) incorporating Work of multiple contracts, with indication of acceptance of schedule by each Contractor.
 5. Products list (preliminary if not final).
 6. Schedule of unit prices.
 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.
 18. Construction waste management program.
- I. Application for Payment at Substantial Completion: After issuance of 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, including, but not limited to:
 - a. Transmittal of required Project Record Documents to Owner.
 - b. Evidence of completion of demonstration and training.
 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.
 10. Occupancy permits and similar approvals or certifications by governing authorities and franchised services, assuring Owner's full access and use of completed work.

1.6 REVIEW OF APPLICATION FOR PAYMENT

- A. Draft Copy: Submit draft (pencil) copy of the Application for Payment ten days prior to due date for review by Architect.

- B. Draft Copy Review Meeting: The Owner, Architect Project Manager, and Contractor shall meet prior to payment application due date to review the draft (pencil) copy of the Application for Payment. Questions resulting from this review shall be answered by the Contractor and clarified prior to receipt of the official copy of the Application for Payment.
- C. Upon receipt of the official Application for Payment and other documentation as required by the Architect, including the updated Schedule of Values and the updated Contractor's Construction Schedule if required, the Architect shall review the documents received to determine if they correspond to the agreements reached during the draft copy review meeting. If necessary, the Architect shall revise the Application for Payment to correspond to the agreements reached, execute the Certificate for Payment, and forward the executed copies to the Owner.
- D. The Architect will rely on the accuracy and completeness of the information furnished by the Contractor. Issuance of a Certificate of Payment will not be deemed to represent that the Architect has performed audits of the supporting data.

PART 2 - PRODUCTS (Not Used)

PART 3 - EXECUTION (Not Used)

END OF SECTION