

SECTION 01 2900 - PAYMENT PROCEDURES

PART 1 – GENERAL

1.1 RELATED DOCUMENTS

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

Related Requirements also include: Submittal Procedures specification, Contract Modifications & Clarifications specification section.

1.2 SUMMARY

- A. This section includes administrative and procedural requirements governing the preparation and processing of Applications for Payment.
- B. Payments will be made for work in place and for materials stored on site. In limited cases where deemed to be in the best interest of the Owner, payment may be released for materials stored off site.
- C. Application for Payment: the term as used herein includes the following:
 - 1. AIA document G702, latest version OR form provided by the Owner upon request
 - 2. AIA G703 (Schedule of Values), or form provided by the Owner upon request
 - 3. Supporting documentation specified herein
 - 4. Releases and waivers as may be required
- D. Schedule of Values: A breakdown furnished by the Contractor allocating the Contract Sum to various portions of the Work and used as the basis for reviewing the Contractors Applications for Payment.

1.3 APPLICATIONS FOR PAYMENT

- A. Each progressive Application for Payment shall be consistent with previous Applications and shall accurately reflect previous payments. The initial Application for Payment, Application for Payment following Substantial Completion, and the Final Application for Payment invoke additional requirements as specified herein.
- B. Submittal Requirements:
 - 1. Certification Page (AIA G702 or Owner-provided form, at the Contractor's option):
 - a. Complete every entry on form.
 - b. Notarize and execute by a person authorized to sign legal documents on behalf of the Contractor
 - c. Entries shall match the data on the Schedule of Values and shall coordinate with the construction schedule where applicable.
 - d. Approved Change Orders shall be shown and accounted for. Pending and proposed change orders are **not** to be shown and if shown, will delay processing.
 - 2. Supporting documentation:
 - a. Schedule of Values, as described in detail elsewhere in this Section.
 - b. For materials stored on site: inspection report from the Design Professional verifying material, quantity, and proper protection of the materials for which payment is requested.
 - c. For materials stored off site:
 - 1) Inspection report from the Design Professional or a 3rd party inspector verifying material type, quantity, and proper protection.

- 2) Evidence of insurance coverage for the specific facility where the materials are stored, listing the Owner as additional insured
 - 3) Supplier invoices for the stored materials
 - 4) Consent of Surety to release payment for the stored materials for bonded projects
- d. The contractor is required to pay all costs for inspection and verification of stored materials.
 - e. Subcontractor releases, waivers, and other documentation as may be required by the Owner to show that payments for material and labor and all prior payments have been released to subcontractors and suppliers.
 - f. Updated construction schedule in the format specified in these documents.
 - g. Other supporting documents as may be reasonably required by the Design Professional or Owner.
3. Submit a complete and notarized copy of each Pay Application to the Design Professional on or before the first day of each month, and no more than five days prior thereto, for the work performed during such month, covering the portion of the work completed as of the date indicated.
- C. Retainage shall be held and released in accordance with the General Conditions of the Contractor's Agreement. Failure by the Contractor to properly account for retainage may result in delayed processing of the Application for Payment. In the event of over-billing, the corrective adjustment is to be made on the Pay Application immediately following.
 - D. Initial Application for Payment: In addition to the above requirements, include the following:
 1. List of subcontractors
 2. Construction schedule in the format required in these Contract Documents
 3. Schedule for Action and Informational Submittals
 - E. Application for Payment following Substantial Completion: In addition to the above supporting documentation, submit an accounting statement itemizing all changes to the Contract Sum.
 - F. Final Application for Payment: include the following:
 1. Updated schedule of values showing all approved changes to the Contract Sum.
 2. Notice of Final Acceptance signed by the Design Professional verifying that all contractual obligations have been satisfied, including but not limited to completion of work on site and submittal of close out documents.
 3. Final Consent of Surety, when required by these documents.
 4. Final and Unconditional Subcontractor releases, when required by these documents.
 5. Evidence that all claims have been settled.
 6. Notice of Contractor's Settlement

Note: in the event that the Final Application for Payment is received by the Owner before all project close out requirements have been met, including receipt of acceptable close out documents, the Pay Application will be returned without action.

1.4 SCHEDULE OF VALUES

- A. Format and Content:
 1. Use the latest version of the AIA G703 Continuation Sheet, OR Owner-provided form, at the Contractor's option.
 2. Include the following general information on each page of the Schedule of Values:

- a. Project Name and Project Number
 - b. Name of Design Professional
 - c. Name of Contractor
 - d. Date of Submittal
 - e. Date range covered by the Application for Payment
3. Break down costs in sufficient detail to allow the Design Professional to accurately evaluate the invoice.
 4. For multi-site projects or multi-phased projects, provide a separate breakdown for each site and/or phase.
 5. Use the Project Manual table of contents as a guide to establish the line items for the Schedule of Values. Provide a section on the Schedule of Values for each specification section or subcontract.

Further break down each section into specific items of work which may not progress concurrently and for which progress payments will be requested.

6. Each section of the Schedule of values is to show the following minimum level of breakdown to the extent that these apply to the specific item:
 - a. Mobilization
 - b. Cost of producing engineered signed/sealed drawings and calculations, when required by these specifications (delegated design)
 - c. Materials
 - d. Labor
 - e. Equipment rental
 - f. Change Orders and directives
7. Round off amounts to whole dollars before entering amounts into the Schedule of Values and before calculating the total. Do not enter and then hide cents.
8. The total of the initial scheduled values shall equal the Contract Sum.
9. In addition to work completed during the period covered by the Pay Application, show as completed any work invoiced under previous pay applications, whether payment has been received or not.
10. Invoice only for work completed as of the end date of the Application for Payment period.
11. Show all approved Change Orders and directives issued before the end date of the Application for Payment period, whether invoiced or not.
12. Each item in the Schedule of Values shall be complete, including a proportionate share of general costs for each item, such as supervision, overhead, profit, and other general costs.

Note: general cost items are to be shown as separate line items in the schedule of values when those items will be invoiced separately, such as costs for temporary facilities and surety bonds.
13. Provide a separate line item in the Schedule of Values for each allowance, and itemize each approved adjustment to each allowance.
14. Record change orders and directives on the next Schedule of Values following issuance of the change order or directive.

PART 2 – PRODUCTS (not used)

PART 3 – EXECUTION

3.1 SUBMITTAL TO DESIGN PROFESSIONAL:

- A. Schedule a meeting time to review the work in place with the Design Professional, concurrently with reviewing the application for payment.
- B. In accordance with the Architect/Engineer's Agreement with the Owner, after appropriate observation of the progress of the work, the Design Professional shall certify to the Owner the amount due and shall forward the Application for Payment and supporting documents to the Owner for processing.

If the Design Professional is unable to certify all or portions of the amount requested due to the absence or lack of supporting evidence, the Design Professional shall advise the Contractor of the deficiency. If the deficiency is not corrected at the end of three (3) days, the Design Professional may either certify the remaining properly supported amounts to which the Contractor is entitled, or return the application for payment to the Contractor for revision along with a written explanation.

- C. Payments may be withheld or reduced for reasons cited in the General Conditions of the Contractor's Agreement.
- D. The Design Professional will take appropriate action to process the Pay Application within seven (7) days of receipt.

3.2 PROCESSING OF PAYMENTS:

The Owner will process and release amounts due within thirty (30) days after receipt of the certified Pay Application.

END OF SECTION