

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. Section includes administrative and procedural requirements necessary to prepare and process Applications for Payment.
- B. Related Requirements:
 - 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 SCHEDULE OF VALUES

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

- B. Format and Content: Use the Project Manual table of contents as a guide to establish the format 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 the Architect.
 - c. 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 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.
 3. Provide a breakdown of the Contract Sum in sufficient detail to facilitate continued evaluation of Applications for Payment and progress reports. Coordinate with the Project Manual table of contents. Break principal subcontract amounts down into several line items.
 4. Round amounts to nearest whole dollar; the total shall equal the Contract Sum.
 5. If previously approved in writing by the Owner that it is in the Owner's best interest to purchase materials before they can be installed, and to store the materials off-site, provide a separate line item in the Schedule of Values for each part of the Work where Applications for Payment 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 requirements for insurance and bonded warehousing, if required.
 6. Provide separate line items on the Schedule of Values for initial cost of the 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 prior to the next Applications for Payment when Change Orders or Construction Change Directives result in a change in the Contract Sum.

1.4 APPLICATIONS FOR PAYMENT

- A. Each Application for Payment shall be consistent with previous applications and payments as certified by the Architect and paid for by the Owner.
 1. The initial Application for Payment, the Application for Payment at time of Substantial Completion, and the 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.
 1. Submit draft copy of Application for Payment seven days prior to due date for review by Architect.
- C. Payment-Application Forms: Use AIA Document G702 and Continuation Sheets G703 as the form for Applications for Payment.
- D. Application Preparation: Complete every entry on the form. Notarize and execute by a person authorized to sign legal documents on behalf of the Contractor. Architect will return incomplete applications without action.
 1. Entries shall match data on the Schedule of Values and the 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 prior to the last day of the construction period covered by the application.

- E. **Stored Materials:** If previously approved in writing by the Owner, 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. Value of materials previously stored and remaining stored as of date of previous Applications for Payment.
 - b. Value of previously stored materials put in place after date of previous Application for Payment and on or before date of current Application for Payment.
 - c. Value of materials stored since date of previous Application for Payment and remaining stored as of date of current Application for Payment.
- F. **Transmittal:** Submit 3 signed and notarized original copies of each Application for Payment to the Architect by a method ensuring receipt within 24 hours. One copy shall be complete, including waivers of lien and similar attachments, when required.
1. Transmit each copy with a transmittal form listing attachments and recording appropriate information related to the application, in a manner acceptable to the Architect.
- G. **Certified Payroll Report:** With each Application for Payment, submit a certified payroll report for the period covered by the Application for Payment, as required by Public Act 94-0515 from every contractor or subcontractor who performs work for the Project.
- H. **Waivers of Mechanics Lien:** With each Application for Payment, submit waivers of mechanics liens from subcontractors, sub-subcontractors and suppliers for the construction period covered by the previous application.
1. Submit partial waivers on each item for the amount requested in the previous application, after deduction for retainage, on each item.
 2. When an application shows completion of an item, submit final or full waivers.
 3. The 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 Chicago Title Insurance Company forms, F1722 R5/92 and F3870 R5/92 and executed in a manner, acceptable to the Owner.

- I. Initial Application for Payment: Administrative actions and submittals, that must precede or coincide with submittal of the 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. Schedule of principal products.
 6. List of Contractor's staff assignments.
 7. List of Contractor's principal consultants.
 8. Copies of building permits.
 9. Copies of authorizations and licenses from governing authorities for performance of the Work.
 10. Initial progress report.
 11. Report of preconstruction meeting.
 12. Certificates of insurance and insurance policies.
 13. Performance and payment bonds.

- J. Application for Payment at Substantial Completion: After Architect issues 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 Certificate(s) of Substantial Completion issued previously for Owner occupancy of designated portions of the Work.

- K. Final Payment Application: After completing Project closeout requirements, 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 G707, "Consent of Surety to Final Payment."
 5. Evidence that claims have been settled.
 6. 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.
 7. Final liquidated damages settlement statement.

PART 2 - PRODUCTS (Not Used)

PART 3 - EXECUTION (Not Used)

END OF SECTION 012900