

SECTION 01290 - 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 1 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. Also included in this Section is information regarding the following:
 - 1. Schedule of Values
 - 2. Retainage
- B. Related Sections include the following:
 - 1. Division 1 Section "Contract Modification Procedures" for administrative procedures for handling changes to the Contract.

1.3 DEFINITIONS

- A. Schedule of Values: A statement furnished by Contractor allocating portions of the Contract Price 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. Contractor's Construction Schedule.
 - 2. Submit the Schedule of Values to Owner at earliest possible date but no later than ten days before the date scheduled for submittal of initial Applications for Payment.
- B. Format and Content: Use the Division 1 Section "Payment Items" as a guide to establish line items for the Schedule of Values. Provide at least one line item for each Payment Item.

1. Identification: Include the following Project identification on the Schedule of Values:
 - a. Project name and location.
 - b. Name of Owner.
 - c. Owner'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 Price to nearest one-hundredth percent, adjusted to total 100 percent.
3. Provide a breakdown of the Contract Price in enough detail to facilitate continued evaluation of Applications for Payment and progress reports. Coordinate with the Payment Items. Provide several line items for principal subcontract amounts, where appropriate.
4. Round amounts to nearest whole dollar; total shall equal the Contract Price.
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 result in a change in the Contract Price.

1.5 APPLICATIONS FOR PAYMENT

- A. Each Application for Payment shall be consistent with previous applications and payments as certified by Owner and Construction Manager and paid for by Owner. Applications for Payment shall indicate the percentage of completion of each portion of the Work as of the end of the period covered by the Application for Payment
 1. Retainage
 - a. Retainage of 5 percent of completed work and 50 percent of materials delivered but not installed will be withheld from Applications for Payment.
 - b. Retainage withheld from Applications for Payment may be reduced, at the Owner's discretion, to 2 percent of the Application for Payment upon Substantial Completion of each phase.
 - c. Outstanding retainage will be released as part of the Final Payment at the end of the one-year correction period.
 2. Initial Application for Payment, Application for Payment at time of Substantial Completion, and final Application for Payment involve additional requirements.
- B. Payment Application Times: Progress payments shall be submitted to Owner by the 10TH of the month. The period covered by each Application for Payment is one month, ending on the last day of the month.
- 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. Owner 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 Construction Manager 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. 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. Schedule of unit prices.
 5. Submittals Schedule (preliminary if not final).
 6. List of Contractor's staff assignments.
 7. List of Contractor's principal consultants.
 8. Copies of authorizations and licenses from authorities having jurisdiction for performance of the Work.
 9. Initial progress report.
 10. Report of preconstruction conference.
 11. Certificates of insurance and insurance policies.
 12. Performance and payment bonds.
 13. Data needed to acquire Owner's insurance.
 14. Initial settlement survey and damage report if required.
- G. 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 Price.
 2. This application shall reflect Certificates of Partial Substantial Completion issued previously for Owner occupancy of designated portions of the Work.
- H. 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 Price.
 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, liquidated damages settlement statement.

PART 2 - PRODUCTS (Not Used)

PART 3 - EXECUTION (Not Used)

END OF SECTION