

SECTION 01 29 00
PAYMENT PROCEDURES

PART 1 - GENERAL

1.1 SUMMARY

- A. Section Includes: Administrative and procedural requirements necessary to prepare and process Applications for Payment.
- B. The Owner shall process and endorse all Applications for Payment. The Architect reserves the right to review these applications as requested by the Owner for any inconsistencies and to determine its accuracy against the Work performed to date per the General Conditions.
 - 1. The Schedule of Values shall be reviewed by the Architect and utilized as intended by the General Conditions for any modifications to the Scope of Work, proposals provided by the Contractor and Change Orders affecting the Contract.

1.2 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.

1.3 SCHEDULE OF VALUES

- A. Coordination: Coordinate preparation of the schedule of values with preparation of Contractor's construction progress schedule.
 - 1. Coordinate line items in the schedule of values with required administrative schedules and forms including:
 - a. Construction Progress Schedule, in CPM or bar chart format.
 - b. Application for Payment form.
 - c. List of subcontractors.
 - d. Schedule of alternates.
 - e. List of products.
 - f. List of principal suppliers and fabricators.
 - g. Schedule of submittals.
 - 2. Submit initial Schedule of Values to Architect within 14 days of Notice to Proceed.
 - 3. Submit revised Schedule of Values at earliest possible date, but no later than minimum of 20 days before scheduled date of Initial Application for Payment.
- B. Format and Content: Use 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. Arrange Schedule of Values on 8-1/2 inches x 11 inches (213 mm by 283 mm) tabular form on white paper in format acceptable to Architect.
 2. Use bar chart or CPM chart as guide to establish format; compile information based on completed tasks.
 3. Project Identification:
 - a. Project name and location.
 - b. Name of Architect.
 - c. Project number.
 - d. Contractor's name and address.
 - e. Date of submittal.
 - f. Owner's contract designation.
 4. Provide columns to indicate following for each item listed:
 - a. Generic name.
 - b. Specific task description.
 - c. Change Orders numbers that have affected value.
 - d. Dollar value.
 - e. Percentage of Contract Sum to nearest one-hundredth percent, adjusted to total 100 percent.
 5. Follow table of contents of Project Manual as format for listing component items; identify each line item with number and title of respective specification section.
 6. Provide breakdown of Contract Sum in sufficient detail to facilitate continued evaluation of Applications for Payment and progress reports.
 7. Provide separate amounts for materials and labor for each item.
 8. Break principal subcontract amounts down into multiple line items by completed task in various locations.
 9. For each major line item, list subvalues of major products or operations under item.
 10. Round amounts off to nearest whole dollar, total of listed values shall equal total Contract Sum.
 11. For each part of work where Application for Payment includes materials or equipment purchased, fabricated, and stored, but not yet installed, include separate line items on Schedule of Values for initial cost of materials, for each subsequent stage of completion, and for total installed value of that part of work.
- C. Margins of Cost:
1. Indicate line items for indirect costs, and margins on actual costs, to the extent that each item is listed individually in Applications for Payment.
 2. Each item in Schedule of Values and Application for Payment shall be complete, including its total cost and proportionate share of general overhead and profit margin.
 3. At Contractor's option, temporary facilities and other major cost items that are not direct costs of actual work in place may be shown as separate line items in Schedule of Values.
 4. Furnish line item cost for each of following general cost items:
 - a. Bonds.

- b. Insurance.
 - c. Field supervision and layout.
 - d. Temporary facilities and controls.
 - e. Testing.
 - D. Resubmittal:
 - 1. After review by Architect, revise and resubmit schedule as necessary.
 - 2. Resubmit revised schedule monthly in same manner.
 - E. Subschedule of Unit Material Values:
 - 1. Submit subschedule of unit costs and quantities for following:
 - a. Products on which progress payments will be requested for stored products or material.
 - 2. Form and Content:
 - a. Form of submittal shall parallel that of Schedule of Values, with each item identified same as line item in Schedule of Values.
 - b. Unit quantity for bulk materials shall include an allowance for normal waste.
 - 3. Unit values for materials shall be broken down as follows:
 - a. Cost of material, delivered and unloaded at Project Site, with taxes paid.
 - b. Installation costs, including overhead and profit.
 - 4. Installed unit value multiplied by quantity listed shall equal cost of that item in Schedule of Values.
 - 5. After review by Architect, revise and resubmit subschedules as necessary.
 - 6. Resubmit revised subschedules monthly in same manner.
 - F. Upon request of Architect, provide support values with data which substantiate correctness.
- 1.4 APPLICATIONS FOR PAYMENT
- A. Progress payments shall be made as work proceeds at intervals stated in Contract.
 - B. Work covered by Progress Payments shall, at time of payment, become property of Owner.
 - C. Form of Application for Payment will be notarized AIA Document G702 Application and Certification for Payment, supported by AIA Document G703 Continuation Sheet, submitted in quadruplicate.
 - D. Within 15 days of execution of Owner -Contractor Agreement, submit proposed sample of Lien Waiver and Bills Paid Affidavit forms for review and acceptance by Owner.
 - E. Conditions governing regular schedule for applications, payment, and retainage are stated in Contract.

- F. Monthly Applications for Payment include Waivers of Liens for work included in previous months' Application for Payment. Waiver of Liens for subcontractors and materialmen shall be total amount paid prior to previous month's Application for Payment.
- G. With each Application for Payment, certify that Application for Payment represents just estimate of cost reimbursable to Contractor under terms of Contract, and shall certify that there are no Mechanics' or Materialmens' Liens outstanding at date of Application for Payment, that due and payable bills with respect to work have been paid to date or shall be paid from proceeds of Application for Payment, and that there is no known basis for filing of Mechanics' or Materialmens' Liens against surety in connection with work, and that Waivers and Bills Paid Affidavit forms from subcontractors and materialmen have been, or will be, obtained in form specified in Contract.
- H. Final Transmittal: Submit three signed and notarized original copies of each Application for Payment to Owner 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.
- I. Preparation of Application:
 - 1. Format and Data Required:
 - a. Submit itemized applications on AIA Document G702 - Application and Certification for Payment Form, with AIA Document G703 Continuation Forms.
 - b. Provide itemized data on continuation sheets with format, schedules, line items, and values stipulated in Schedule of Values and acceptable to Owner.
 - 2. Application Form:
 - a. Fill in required information, including Change Orders executed prior to date of submittal of applications.
 - b. Fill in summary of dollar values to agree with respective totals indicated on continuation sheets.
 - c. Execute certification with signature of responsible officer of Contract firm.
 - 3. Continuation Sheets:
 - a. Fill in total list of scheduled component items of work with item number and scheduled dollar value for each item.
 - b. Fill in dollar value in each column for each scheduled line item when work has been performed or products stored.
 - c. Round off values to nearest dollar or as specified for Schedule of Values.
 - d. List each Change Order executed prior to date of submission at end of continuation sheets.
 - e. List by Change Order number and description as for original component item of work.
 - 4. Initial (First) Application for Payment:
 - a. Within 15 days of execution of Owner-Contractor Agreement. submit proposed sample of Lien Waiver and Bills Paid Affidavit forms for review and acceptance by Owner for use.

- b. Administrative actions and submittals that must precede or coincide with submittal of first Application for Payment include, but are not limited to, the following:
 - 1) List of subcontractors, with indications of MBE or WBE Owner firms.
 - 2) List of principal suppliers and fabricators.
 - 3) Schedule of Values.
 - 4) Contractor's Construction Schedule (preliminary if not final).
 - 5) Submittal Schedule (preliminary if not final).
 - 6) Copies of building permits.
 - 7) Copies of authorizations and licenses from governing authorities for performance of Work.
 - 8) Initial progress report.
 - 9) Report of Preconstruction meeting.
 - 10) Certificates of Insurance and insurance policies.
 - 11) Additional items as required in General Conditions.

- J. Typical Monthly Application for Payment:
 - 1. Each Application for Payment shall be consistent with previous Applications for Payments reviewed and paid by Owner.
 - 2. Transmit pencil copy of Application for Payment to Owner in a timely fashion for review or Work, Application for Payment and any comments or corrections deemed necessary by the Owner.
 - 3. Submit monthly Application for Payment Pencil Copy on 15th day of each month.
 - 4. Period of construction work covered by each Application for Payment is period ending 15 days prior to date for each progress payment and starting day following end of proceeding period.
 - 5. Work covered by Progress Payments shall, at time of payment, become property of Owner.
 - 6. Form of Application for Payment will be on specified forms, submitted in quadruplicate unless otherwise directed by the Owner or Contract.
 - 7. Complete each entry on forms, including notarization and execution by person authorized to sign legal documents on behalf of Contractor.
 - 8. Incomplete Applications for Payment will be returned without action.
 - 9. Entries shall match data of Schedule of Values and Contractor's Construction Schedule.
 - 10. Use updated schedules if revisions have been made.
 - 11. Include amounts of Change Orders and Construction Change Directives issued prior to last day of construction period covered by application.
 - 12. Transmit executed copies of each Application for Payment to Owner by means ensuring receipt within 24 hours.
 - 13. Transmit each copy with complete transmittal form listing attachments, and recording appropriate information related to Application in acceptable manner.
 - 14. Stored Materials: Include 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. Owner may, at their sole discretion, permit

payment for materials stored off site; Contractor shall confirm any such payment conditions with the Owner prior to submitting the Application for Payment.

- a. Provide certificate of insurance, evidence of transfer of title to Owner, and consent of surety to payment for stored materials.
 - b. Provide supporting documentation that verifies amount requested, including paid invoices. Match amount requested with amounts indicated on documentation; do not include overhead and profit on stored materials.
 - c. Provide summary documentation for stored materials indicating the following:
 - 1) Value of materials previously stored and remaining stored as of date of previous Applications for Payment.
 - 2) 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.
 - 3) Value of materials stored since date of previous Application for Payment and remaining stored as of date of current Application for Payment.
15. Waiver of Liens:
- a. With each Application for Payment, submit waivers of mechanics liens from each contractor, subcontractor and materialman who may be lawfully entitled to file mechanics lien arising out of Contract, and related to Work covered by payment application.
 - b. Submit waivers of lien on forms acceptable to Owner.
 - c. Waiver of liens shall be total paid prior to previous month's Application for Payment.
16. With each Application for Payment, Contractor certifies the following:
- a. Application for Payment represents just estimate of cost reimbursable to Contractor under terms of Contract.
 - b. That there are no Mechanics' or Materialmens' Liens outstanding at date of this Application for Payment.
 - c. That due and payable bills with respect to the Work have been paid to date or shall be paid from proceeds of that Application for Payment.
 - d. That there is no known basis for filing of Mechanics' or Materialmens' Liens against surety in connection with Work, and that Waivers and Bills Paid Affidavit forms from subcontractors and materialmen have been, or will be, obtained in form specified in Contract.
17. Progress payments will be made in accordance with General Conditions.
- K. Application for Payment at Substantial Completion:
1. Following issuance of Certificate of Substantial Completion, submit Application for Payment with following administrative actions and submittals that must precede or coincide with application:
 2. Training of Owner's personnel.
 3. Occupancy permits and similar required approvals.
 4. Warranties and maintenance agreements.
 5. Test, adjust, and balance records.

6. Maintenance instructions.
7. Start-up performance reports.
8. Change-over information related to Owner's occupancy, use, operation, and maintenance.
9. Final cleaning.
10. Application for reduction of retainage, and Consent of Surety.
11. Advise on shifting insurance coverage.
12. Final progress photographs.
13. List of incomplete Work, recognized as exceptions to Architect's Certificate of Substantial Completion.
14. Transmittal of required Project construction records to Owner.
15. Removal of temporary facilities and services.
16. Removal of surplus materials, rubbish, and similar elements.
17. Additional items as required by General Conditions.

PART 2 - PRODUCTS
Not used.

PART 3 - EXECUTION
Not used.)

END OF SECTION

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