

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. Division 01 Section "Allowances" for procedural requirements governing handling and processing of allowances.
 - 2. Division 01 Section "Contract Modification Procedures" for administrative procedures for handling changes to the Contract.
 - 3. Division 01 Section "Unit Prices" for administrative requirements governing use of unit prices.
 - 4. Division 01 Section "Construction Progress Documentation" for administrative requirements governing preparation and submittal of Contractor's Construction Schedule and Submittals Schedule.
 - 5. Division 01 Section "Sustainable Design Requirements" for administrative requirements governing submittal of cost breakdown information required for LEED documentation.

1.3 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.

1.4 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 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. Contractor's name and address.
 - e. Date of submittal.
 2. Submit draft of request for payment form.
 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 several line items for principal subcontract amounts, where appropriate. Include separate line items under required principal subcontracts for operation and maintenance manuals, punch list activities, Project Record Documents, and demonstration and training in the amount of 5 percent of the Contract Sum.
 - a. 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.
 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. If specified, include evidence of insurance or bonded warehousing.
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. 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.
9. 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.
10. 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 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 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. 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 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 before last day of construction period covered by application.

- 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 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 "Right of Entry" to allow inspection of stored materials.
 3. 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.
 4. 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 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 waivers of mechanic's liens from subcontractors, sub-subcontractors, and suppliers for construction period covered by the previous application.
1. Submit partial waivers on each item for amount requested in 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 list of subcontractors, principal suppliers and fabricators shall be used to designate which entities involved in the Work must submit waivers. The list shall be approved by the Owner.
 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.
 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. Copies of building permits.
 8. Initial progress report.
 9. Report of preconstruction conference.
 10. Certificates of insurance and insurance policies.
 11. Performance and payment bonds.
 12. Data needed to acquire Owner's insurance.
 13. Initial settlement survey and damage report if required.
- I. 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 Sum.
 2. This application shall reflect Certificates of Partial Substantial Completion issued previously for Owner occupancy of designated portions of the Work.
 3. Incomplete Work Escrow (IWE): Where seasonal conditions or gestation period precludes completion of certain features (e.g. exterior painting, landscaping , paving), an incomplete work escrow will be established. An amount equaling 150% of the total estimated and agreed upon value of incomplete work (requiring concurrence by a MaineHousing Construction Analyst) will be withheld until satisfactory completion is confirmed by the Architect, Owner and MaineHousing.
- 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.
 2. Final submittal of record documents and operation and maintenance data.
 3. Insurance certificates for products and completed operations where required and proof that taxes, fees, and similar obligations were paid.
 4. Updated final statement, accounting for final changes to the Contract Sum.
 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.
 8. Incomplete Work Escrow (IWE): Where seasonal conditions or gestation period precludes completion of certain features (e.g. exterior painting, landscaping , paving), an incomplete work escrow will be established. An amount equaling 150% of the total estimated and agreed upon value of incomplete work (requiring concurrence by a MaineHousing Construction Analyst) will be withheld until satisfactory completion is confirmed by the Architect, Owner and MaineHousing.

PEARL PLACE 2

PART 2 - PRODUCTS (Not Used)

PART 3 - EXECUTION (Not Used)

END OF SECTION 012900