

**Oakhurst Dairy – New Milk Cooler**

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**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.
- B. Related Sections include the following:
  - 1. Division 1 Section "Contract Modification Procedures" for administrative procedures for handling changes to the Contract.
  - 2. Division 1 Section "Construction Progress Documentation" for administrative requirements governing preparation and submittal of Contractor's Construction Schedule and Submittals Schedule.

**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) Contractor's Construction Schedule.
  - 2. Submit the Schedule of Values to Owners Representative at earliest possible date but no later than five days before the date scheduled for submittal of initial Applications for Payment.
- B. Format and Content: Provide at least one line item for each Specification Division.
  - 1. Identification: Include the following Project identification on the Schedule of Values:
    - a) Project name and location.
    - b) Name of Engineer.
    - c) Contractor's name and address.
    - d) Date of submittal.
  - 2. Submit draft of AIA Document G703 Continuation Sheets.

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3. Round amounts to nearest whole dollar; total shall equal the Contract Sum.
4. 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.
5. 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.
6. 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.
7. 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 shall be consistent with previous applications and payments as certified by the Owners Representative 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: Progress payments shall be submitted to the Owners Representative by the third 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. Owners Representative 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 four signed and notarized original copies of each Application for Payment to the Owners Representative by a method ensuring receipt within 24 hours. One copy shall include waivers of lien and similar attachments if required.
  1. Transmit the four copies with a transmittal form listing attachments and recording appropriate information about application.
- F. Waivers of Mechanic's Lien: With each Application for Payment, submit waivers of mechanic's lien from every entity who is lawfully entitled to file a mechanic's lien arising out of the Contract and related to the Work covered by the payment.

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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. Owner reserves the right to designate which entities involved in the Work must submit waivers.
  4. Waiver Forms: Submit waivers of lien on forms, executed in a manner acceptable to Owner.
- G. 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. Products list.
  5. Submittals Schedule (preliminary if not final).
  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 authorities having jurisdiction for performance of the Work.
  10. Initial progress report.
  11. Certificates of insurance and insurance policies.
  12. Performance and payment bonds if required.
  13. Data needed to acquire Owner's insurance.
  14. Initial settlement survey and damage report if required.
- H. 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.
- I. 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 Sum.
  4. AIA Document G706, "Contractor's Affidavit of Payment of Debts and Claims."
  5. AIA Document G706A, "Contractor's Affidavit of Release of Liens."

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6. Evidence that claims have been settled.
7. 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.
8. Final, liquidated damages settlement statement.

**PART 2 - PRODUCTS (NOT USED)**

**PART 3 - EXECUTION (NOT USED)**

END OF SECTION 01290