SECTION 01290 - PAYMENT PROCEDURES

PART 1 - GENERAL

1.1 RELATED DOCUMENTS

A. Drawings and general provisions of Contract, including General Conditions and other Division 1, Specifications Sections, apply to this Section.

1. Provisions of this section apply to the work of the Prime Contract.

1.2 SUMMARY

A. This Section specifies administrative and procedural requirements governing the Contractor's Applications for Payment.

B. This Section specifies administrative and procedural requirements governing each Prime Contractor's Applications for Payment.

1. Coordinate the Schedule of Values and Applications for Payment with the Contractor's Construction Schedule, list of Subcontracts, and Submittal Schedule.

C. The Contractor's Construction Schedule and Submittal Schedule are included in Section "Submittals".

1.3 SCHEDULE OF VALUES

A. Coordinate preparation of the Schedule of Values with preparation of the Contractor's Construction Schedule.

B. Each Prime Contractor shall coordinate preparation of its Schedule of Values for its part of the work with preparation of the Contractor's Construction Schedule.

1. Correlate the items in the Schedule of Values with other required administrative schedules and forms, including:

a. Contractor's construction schedule.
b. Application for Payment form.
c. List of subcontractors.
d. Schedule of alternates.
e. List of products.
f. List of principal suppliers and fabricators, if items purchased by Contractor.
g. Schedule of submittals.

2. Submit the Schedule of Values within 10 days of award of contract.

3. Sub-Schedules: Where the work is separated into phases, areas or floors that require separate payments, provide sub-schedules showing values correlated with portion of the work.

C. Format: Use the Project Manual Table of Contents as a guide to establish the format for the Schedule of Values.

1. Type Schedule on AIA Document G703 - Continuation Sheet for Application and Certificate for Payment or on 8-1/2 x 11 in. white bond paper.

2. Contractor's standard forms or media driven printout will be considered upon request.

3. Follow Table of Contents or Project Manual for listing component parts. Identify each line item by number and title of major Specification Section. 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.

D. Content:
1. List each "Major Item of Work" and each "Subcontracted Item of Work" and each item covered under “General Conditions”: As a separate line item to serve as a basis for computing values for Progress Payments.

2. For each major line item, list sub-values of products operations under the item.

3. For the various portions of the Work:

   a. Each item shall include a directly proportional amount of the Contractor's overhead and profit.
   b. For items on which progress payments will be requested for stored materials, breakdown the value into:
      1. The cost of the materials, delivered and unloaded, with taxes paid.
      2. The total installed value.
   c. Contractor shall include in various items a proportional amount of overhead and profit on Owner’s direct purchased materials which were included in Contractor’s bid.

4. Submit a "Sub-Schedule" of unit costs and quantities for each separate stage, phase or portion of Work with unit values for the materials to be purchased by Contractor broken down into:

a. Cost of the material, delivered and unloaded at the site, with taxes paid.
b. Installation costs, including Contractor's overhead and profit.

5. The installed unit volume multiplied by the quantity listed shall equal the cost of that item in the Schedule of Values.

6. The sum of all values listed in the schedule shall equal the total 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: After the Construction Manager and Architect have issued a Project Certificate for Payment, the Owner shall make payment within the time provided in the Contract Documents.

C. Payment Application Times: Pencil copies of pay applications are due to be submitted to the **On-Site Construction Manager** on the 25th day of each month for work completed up to that day. Upon approval by the **On-Site Construction Manager,** four (4) notarized originals shall be sent to the Project Manager for further processing. Originals must be received by the Project Manager by the 1st of each month. Contractors will receive payment in accordance with the general conditions to the contract.

D. Payment Application Forms: Use AIA Document G702/CMa and Continuation Sheets G703 as the form for Application for Payment.

E. Application Preparation: Complete every entry on the form, including notarization and execution by person authorized to sign legal documents on behalf of the Contractor. Incomplete applications will be returned without action.

1. Entries shall match data on the Schedule of Values and Contractor's Construction Schedule. Use updated schedules if revisions have been made.

2. Include amounts of Change Orders and Construction Change Directives issued prior to the last day of the construction period covered by the application.

F. Transmittal: Submit FOUR (4) executed copies of each Application for Payment to the Project Manager by means ensuring receipt by the 1st of the month.

G. 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. Contractor's Construction Schedule per Section 01320.
2. List of subcontractors.
3. List of principal suppliers and fabricators for both Owner's direct purchase of Materials and Contractors.
4. Schedule of Values.
5. Schedule of principal products.
6. Schedule of unit prices.
7. Submittal Schedule.
8. Copies of authorizations and licenses from governing authorities for performance of the work.
9. Certificates of insurance and insurance policies.
10. Performance and payment bonds.

H. Application for Payment at Substantial Completion: Following issuance of the Certificate of Substantial Completion, submit an Application for Payment; this application shall reflect any Certificates of Partial Substantial Completion issued previously for Owner occupancy of designated portions of the work. Administrative actions and submittals that shall proceed or coincide with this application include:

1. Occupancy permits and similar approvals.
2. Warranties (guarantees) and maintenance agreement.
3. Test/adjust/balance records.
4. Maintenance instructions.
5. Meter readings.
6. Start-up performance reports.
7. Change-over information related to Owner's occupancy, use, operation and maintenance.
8. Final cleaning.
9. Application for reduction of retainage, and consent of surety.
10. List of incomplete work, recognized as exceptions to Architect's Certificate of Substantial Completion.

I. Final Payment Application: Administrative actions and submittals which must precede or coincide with submittal of the final payment Application for Payment include the following:

1. Completion of Project close-out requirements.
2. Completion of Punchlist items.
3. Transmittal of required Project construction records to Owner.
4. Resolution of all Claims
5. Execution of all Change Orders
6. Assessment of Liquidated Damages
7. Removal of temporary facilities and services.
8. Removal of surplus materials, rubbish and similar elements.
9. Change of door locks to Owner's access.
10. Consent of Surety to release final payment.

11. Executed final waiver

J. Owner Payment

A. Notwithstanding anything to the contrary, in no event shall Contractor stop the Work in connection with any withholding of payment for an item on failure to make payment relating to an item in connection with a good faith dispute.

B. Owner reserves the right, at its sole discretion, to issue joint checks. In no event shall joint payment create any obligations or contracts between Owner and a sub-contractor's supplier.

1.5 PAYMENT FOR STORED MATERIALS

The Owner may pay for off site stored materials to be purchased by Contractor, at their discretion and through consultation with the Architect and Construction Manager, provided the following requirements are met:

1. Prime Contractor must provide insurance certificate indicating such materials specifically insured. Materials remain Prime Contractor's insurance responsibility until they are delivered to the job site, which is when the Owner's Builders Risk goes into effect. Reference insurance specifications.

2. Materials shall be segregated and clearly marked with the Owner's name and project name.

3. Prime Contractor must provide a fully executed "Bill of Sale".

4. Prime Contractor must provide proof (through personal inspection by Owner's representative) that materials noted can be physically verified. Prime Contractor shall reimburse the Owner and Construction Manager for all reasonable expenses associated with representative's inspection trip.

END OF SECTION