SECTION 01 29 00

**PAYMENT procedures**

PART 1 - GENERAL

* 1. SUPPLEMENTAL INSTRUCTIONS

While this Section shall govern, the Contractor shall comply with supplemental administrative procedures which may be issued by the University at the Pre-Construction Conference.

# 1.02 SCHEDULE OF VALUES

1. Each Contractor shall establish a detailed breakdown of the costs indicating a schedule of quantities and values for the items of work included in his Contract. This detailed breakdown of the costs shall be his Schedule of Values. The Schedule of Values shall be coordinated with the Construction Schedule, subcontractors and suppliers, the Application for Payment form, and other required administrative schedules and forms.
2. The Schedule of Values shall use the format provided at the end of this Section, or another format acceptable to the University. The listing of Technical Specifications in the Project Manual Table of Contents may be used as a guide to establish the Items for the Schedule of Values.
3. The Contract Price should be broken down into components represented by Items (Columns: Item Number and Item Description) in sufficient detail to facilitate evaluation of progress for progress reports and Applications for Payment. Principal subcontract amounts should be broken down into several Items. Each Item should be complete including its total cost and proportionate share of general and administrative overhead and profit. All dollar amounts should be rounded to the nearest whole dollar. The total of all the Items (Column: Extended Prices) should equal the Contract price.
4. The Contractor may include his initial cost of bonds as a separate Item.

3. The contractor may include itemized mobilization costs as a separate Item. Mobilization costs should include those costs required for establishment of the field construction operations, but not including costs for the continued operation of the field construction operations for the duration of the project. For Contracts up to $6,000,000, the contractor may include mobilization costs of up to three-quarters of a percent (0.75%) of the contract price at award. For Contracts exceeding $6,000,000, the Contractor may propose mobilization costs in excess of $45,000, but the final amount shall be determined by negotiation with the University before submission of the Schedule of Values for approval. Contract duration should also be a consideration in negotiation of mobilization costs. Mobilization costs, if included on the Schedule of Values, may include, as appropriate:

a. Setup of field offices/trailers and storage buildings/facilities

b. Setup/hookup of power, telephone, and other utilities and services for the offices/trailers and the site

c. Setup/hookup of temporary power, water, and other utilities and services required for construction

d. Installation of fencing, construction fencing, gates, and other protective and demarking facilities

e. Installation of access routes, parking, and storage facilities

f. Installation of signs, postings, and traffic control

g. Site survey, to include establishing construction baselines and benchmarks

h. Acquisition of safety and health general protective equipment for the workforce and the general public, to include protective facilities

i. Building permits and other permits

j. Other appropriate costs

4. The Contractor may include general conditions costs, commonly called field office overhead costs, as a separate Item. General conditions costs should represent the cost of continued operation of the field construction site and operations for the duration of the project. For Contracts up to $6,000,000, the contractor may include general conditions costs of up to four percent (4%) of the contract price at award. For Contracts exceeding $6,000,000, the Contract may propose general conditions costs in excess of $240,000, but the final amount shall be determined by negotiation with the University before submission of the Schedule of Values for approval. Contract duration should also be a consideration in negotiation of general conditions costs. General conditions costs, if included on the Schedule of Values, may include, as appropriate:

a. Salaries of onsite management personnel and other personnel not assigned to any specific Item(s) of work and not paid from general and administrative overhead

b. Cost of vehicles and equipment not assigned to any specific Item(s) of work

c. Rental of field offices/trailers and storage buildings/facilities

d. Cost of power, telephone, and other utilities and services for the offices/ trailers and the site

e. Cost of temporary power, water, and other utilities and services required for construction

f. Periodic and ongoing maintenance of fencing, construction fencing, gates, and other protective and demarking facilities

g. Periodic and ongoing maintenance of access routes, parking, and storage facilities

h. Periodic and ongoing maintenance of signs, postings, and traffic control

i. Periodic and ongoing safety and health activities for the workforce and the general public, to include protective facilities

j. Periodic and ongoing maintenance of erosion control, dust control, and environmental protection

k. Other appropriate costs

1. If the contractor includes itemized mobilization costs (paragraph 1.02 B. 3.) as a separate Item, the Contractor shall also include itemized demobilization costs as a separate Item. However, the Contractor may include itemized demobilization costs as a separate Item even if itemized mobilization costs are not included. Demobilization costs may include those costs required for de-establishment, discontinuation, and removal of the field construction operations. Demobilization costs may include, as appropriate, costs similar to those categories identified in paragraph 1.02 B. 3. above. Total demobilization costs may be less than total mobilization costs.
2. The Contractor shall include separate Items, or a single composite Item, for contract closeout requirements, as applicable to the Contract. Contract closeout requirements include project record documents, warranties, operations and maintenance data, spare parts and attic stock, and final cleanup.
3. The general and administrative overhead identified in paragraph 1.02 B. 1. and the general conditions costs identified in paragraph 1.02 B. 4. should represent distinct and different costs. The contractor may choose to include his general conditions costs as a part of the overhead included in paragraph 1.02 B. 1., but in that case he will have no general conditions costs in his Schedule of Values. If used, this alternate accounting methodology shall be used throughout the duration of the contract, and shall be carried over into change order pricing.
4. The Contractor shall submit his proposed Schedule of Values to the University prior to or at the Pre-Construction Conference. Once approved by the University, the Schedule of Values shall be used as basis for payment with Applications for Payment.

1.03 PROGRESS PAYMENT PROCEDURES

1. Each Application for Payment shall be consistent with previous applications and payments as certified and paid by the University. Entries and data on the Application for Payment shall match data on the Schedule of Values and the Construction Schedule.
2. The schedule of periodic payments and the specific dates and time frames relative to Applications for Payment will be provided by the University at the Pre-Construction Conference. Payments will be made not more frequently than monthly.
3. The Contractor shall use AIA Documents G702 and G703, Application and Certificate for Payment, or another form acceptable to or prescribed by the University.
4. Applications for Payment shall be submitted in the manner and format, to the person or address, and in the number of copies specified by the University at the Pre-Construction Conference.
5. Each Application for Payment shall be signed by a person authorized to sign official Contract documents on behalf of the Contractor.
6. Applications for Payment shall incorporate fully-executed Change Orders and Construction Change Directives issued prior to the last day of the period covered by the Application for Payment.
7. If the University erroneously overpaid on an item on a previous Application for Payment, the University reserves the right to correct the overpayment on subsequent Applications for Payment.
8. An Application for Payment will be processed for payment if it is a proper invoice. An Application for Payment is a proper invoice if it contains: itemization and substantiation of the amount requested, and certification. Certification shall be a signed statement by the Contractor acknowledging that the work covered by the application for payment has been completed in accordance with the contract, that all amounts have been paid to subcontractors and suppliers for work for which previous payments were made by the University, and that the current requested payment is now due. All other requirements, such as deficiencies that arise from statutorily-required submissions, deficiencies that arise from System, University, or contractually-required submissions, and deficiencies that arise from other contractual requirements, will not stop an application for payment from being processed, but instead, will result in withholding of money from the payment.
9. If the University determines that the Application for Payment is not a proper invoice, the University will notify the Contractor as soon as possible, but no later than seven (7) days from receipt of the Application for Payment, that it is not a proper invoice and as to the reasons why. In this case the Contractor shall be required to submit a new Application for Payment.
10. The Initial Application for Payment, the Application for Payment at Substantial Completion, and the Final Application for Payment involve additional requirements, as outlined in paragraphs 1.04, 1.05, and 1.06 below.

1.04 INITIAL PROGRESS PAYMENT PROCEDURES

A. The University may reject the Initial Application for Payment if the following items have not been submitted or completed by the Contractor prior to or in conjunction with the Initial Application for Payment.

1. Approved Schedule of Values

2. List of Subcontractors, Principal Suppliers, and Fabricators

3. Contractor's Construction Schedule

B. The University may reject an Application for Payment if the Preliminary Project Schedule or the Initial Project Schedule, in accordance with Specification Section 01 32 00, Construction Progress Documentation, are due by the date of that Application for Payment but have not been submitted.

1.05 PROGRESS PAYMENT PROCEDURES AT AND AFTER SUBSTANTIAL COMPLETION

1. Requirements for Substantial Completion are found in Specification Section 01 77 00, Closeout Procedures. After receipt of the Certificate of Substantial Completion, the Contractor should submit an Application for Payment at Substantial Completion for reduction in retainage. This Application shall reflect any Certificates of Partial Substantial Completion issued previously for designated portions of the work and any previous reductions in retainage that may have been processed.
2. The Application for Payment at Substantial Completion should show 100 percent completion for the portion(s) of the work identified as substantially complete. For that work that is not 100 percent complete, the Contractor shall provide a proposed schedule for completion of any incomplete work and a proposed cost estimate to complete each item of work. The basis of this work is the punch list attached to the Certificate of Substantial Completion. The University shall have the final decision as to the schedule and cost for these items of work.

1.06 FINAL PROGRESS PAYMENT PROCEDURES

1. Requirements for Final Completion are found in Specification Section 01 77 00, Closeout Procedures. After receipt of the Certificate of Final Completion, the Contractor should submit a Final Application for Payment.
2. The following administrative actions and submittals must precede or coincide with an Application for Payment at Substantial Completion.
3. The Contractor shall submit a Consent of Surety to Final Payment, using AIA Form G707 or another form acceptable to or prescribed by the University.
4. The Contractor shall submit AIA Forms G706 and G706A, or other suitable proof of payment of taxes, fees, and similar obligations.

1.07 PAYMENT PROCEDURES FOR STORED MATERIALS

1. The University will consider making payment for materials or equipment not yet incorporated in the work, but delivered and suitably stored at the site or at some other location agreed upon.
2. Payment will be made under the appropriate Items on the Schedule of Values as part of a periodic progress payment.
3. In order for the contractor to receive payment for materials or equipment that have been delivered to the contractor, paid for, and stored at the contractor’s place of business or some other storage site, then the University must determine that the materials or equipment are critical to the project. The materials or equipment must be documented on the System's Stored Materials & Bill of Sale Form, or another form acceptable to or prescribed by the University. Payment shall be conditioned upon the Contractor’s submission of the Forms, or other forms or invoices which adequately establish the University’s title to such material or equipment that remain under the custody and control of the contractor regardless of the exclusions in the insurance policies.
4. Payment will be made only for the invoiced price of the materials. Overhead and profit will not be paid on stored materials.

PART 2 – PRODUCTS

(Not Used)

PART 3 – EXECUTION

(Not Used)

END OF SECTION 01 29 00

Attachments:

Schedule of Values Form

Stored Materials & Bill of Sale Form

**SCHEDULE OF VALUES**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ UNIVERSITY**

|  |  |  |
| --- | --- | --- |
| ARCHITECT NAME: | CONTRACTOR'S NAME: | CONTRACT NUMBER: |
| ADDRESS: | ADDRESS: | DESCRIPTION: |
| APPROVED: Signature | TELEPHONE NO. |  |
| DATE: | TYPE OF CONTRACT: |  |
| ITEM NUMBER | ITEM DESCRIPTION | NUMBER AND KINDOF UNIT | COST PER UNIT | MATERIAL COST | LABOR AND OTHER COST | EXTENDED PRICE |
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I (we) hereby certify that the above is a true and correct breakdown including all materials, accessories, labor, insurance, etc., per contract requirements.

Contractor Title Date

University Representative Approval Title Date

**STORED MATERIALS & BILL OF SALE**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ UNIVERSITY**

|  |  |  |
| --- | --- | --- |
| PROJECT NUMBER:LOCATION: | CONTRACT NUMBER:Contractor: | PROJECT TITLE: |
|  |  |  |
| MATERIAL/EQUIPMENT | SCHEDULE OF VALUES | STORAGE LOCATION | QUANTITY | UNIT WHOLESALE PRICE | EXTENDED WHOLESALE PRICE |
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|  |  |  |  | TOTAL | $ |

The Contractor has stored certain materials and/or equipment, herein called materials, at a location other than the site of this project The Contractor agrees that:

1. Contractor has good title to the materials, free and clear of all liens and encumbrances, and title is granted to the University;
2. The materials will be used only in the construction of the above referenced contract and will not be diverted elsewhere without the prior written consent of the University;
3. The materials have been delivered to and are at the places approved for storage, and they are clearly marked and identified as the property of the University and are stored in a safe and secure manner to protect from damage or loss;
4. The Contractor will pay all expenses in connection with the sale, delivery, storage, protection and insurance of materials granted to the University and will remain responsible for the materials, which will remain under its custody and control for all losses, regardless of exclusions in insurance policies required under this document. The Contractor has insured the materials against loss of damage by fire (with extended coverage), theft and burglary, with loss payable to the University;
5. The Contractor agrees that the quantities of materials set forth in the Schedule of Values represents the maximum quantities for which it may be entitled to payment under the provisions of the Contract.

Contractor Title Date

University Representative Approval Title Date