SECTION **01 29 00** - **PAYMENT PROCEDURES**

Revise this Section by deleting and inserting text to meet Project-specific requirements.

This Section uses the term "Government." Change this term to match that used to identify the design professional as defined in the General and Supplementary Conditions.

Verify that Section titles referenced in this Section are correct for this Project's Specifications; Section titles may have changed.

1. GENERAL

Retain or delete this article in all Sections of Project Manual.

* + - 1. SUMMARY

Section includes administrative and procedural requirements to prepare and process Applications for Payment.

* + - * 1. Related Requirements:

Section 01 31 00 "Project Management and Coordination" for requirements for a list of subcontractors and list of key personnel.

Retain subparagraphs below to cross-reference requirements Contractor might expect to find in this Section but are specified in other Sections.

Section 01 32 00 "Construction Progress Documentation" for administrative requirements governing the preparation and submittal of the Contractor's construction schedule.

Section 01 33 00 "Submittal Procedures" for submittals schedule.

Section 01 40 00 "Quality Requirements" for requirements for Contractor's quality-control plan.

Section 01 50 00 "Temporary Facilities and Controls" for requirements for site utilization plan, fire safety program, and safety of persons and property program.

Section 01 57 23 "Temporary Stormwater Pollution Control" for requirements for Stormwater Pollution Prevention Plan and Notice of Intent.

Section 01 60 00 "Product Requirements" for requirements for products list and Safety Data Sheets.

Section 01 74 19 "Construction Waste Management and Disposal" for requirements for waste management plan.

* + - 1. DEFINITIONS

Retain terms that remain after this Section has been edited for a project.

Delete this article if AIA Document A201 or EJCDC Document C-700 is used for Project. Retain if the schedule of values is not defined in the Conditions of the Contract.

Cost Line-Item Number (CLIN): Numbers assigned in the Contract to categories of costs to facilitate payment from separate funding sources. CLIN categories may include the following depending on Project type and scope.

Commissary New Construction: Building and site improvements.

Commissary Equipment: Items and associated Work indicated as "equipment" on Drawings.

Commissary Building Maintenance and Repair: Maintenance and repair Work associated with addition/alteration Projects as identified on Drawings.

Commissary Equipment Repair Exceeding $500.00 Each: Equipment repair Work associated with addition/alteration Projects as identified in Section 23 01 00 "Maintenance and Repair for HVAC and Refrigeration".

Schedule of Values (SOV): 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. SCHEDULE OF VALUES

Retain option in "Coordination" Paragraph below for projects with CPM schedule specified in Section 01 32 00 "Construction Progress Documentation," and if using cost-loaded CPM as the basis for the schedule of values is acceptable.

Coordination: Coordinate preparation of the schedule of values with preparation of Contractor's construction schedule. Cost-loaded Critical Path Method Schedule may serve to satisfy requirements for the schedule of values.

Coordinate line items in the schedule of values with items required to be indicated as separate activities in Contractor's construction schedule.

Revise seven-day time period in first subparagraph below to suit Project.

Submit the schedule of values to Government at earliest possible date, but no later than 15 days after Notice to Proceed and no later than 7 days before the date scheduled for submittal of initial Applications for Payment.

Retain "Subschedules for Phased Work" Subparagraph below if phasing is required. See the Evaluations in Section 01 10 00 "Summary."

Retain "Subschedules for Separate Elements of Work" Subparagraph below if the Work is divided into separate elements for large projects, such as floors, wings, or multiple buildings. See the Evaluations in Section 01 32 00 "Construction Progress Documentation."Retain "Format and Content" Paragraph below; revise to suit Project. If applicable, include a sample schedule of values at end of Section.

Format and Content: Use Project Manual table of contents as a guide to establish line items for the schedule of values. Provide at least 1 line item for each Specification Section.

Identification: Include the following Project identification on the schedule of values:

Project name and location.

Government's Project number.

Contractor's name and address.

Date of submittal.

Retain one of first two subparagraphs below. AIA  Document G703 may suffice as a schedule of values and be adequate for projects where the level of detail in second subparagraph is not required.

Arrange schedule of values consistent with format of AIA Document G703.

Provide a breakdown of the Contract Sum in enough detail to facilitate continued evaluation of Applications for Payment and progress reports. Provide multiple line items for principal subcontract amounts in excess of $20,000.00.

Strengthen provisions in first subparagraph below to protect against undue front-end loading if required.

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.

Differentiate between items stored on-site and items stored off-site.

Retain "Allowances" Subparagraph below if Specifications include unit-cost allowances. Do not confuse unit-cost allowances with unit prices. See the Evaluations in Section 01 21 00 "Allowances" for discussion on unit-cost allowances.

Retain "Purchase Contracts" Subparagraph below if Specifications include purchase contracts. See the Evaluations in Section 01 10 00 "Summary" for discussion of purchase contracts.

Retain "Overhead Costs, Proportional Distribution" or "Overhead Costs, Separate Line Items" Subparagraph below. Retain first subparagraph if overhead and profit are to be distributed proportionally to each line item. Government's financial advisors may insist on this requirement. See the Evaluations for discussion on overhead distribution.

Sub-schedules for Separate CLINs: Provide sub-schedules showing values coordinated with each CLIN as indicated in Contract.

Include parts of Work in CLIN sub-schedules in accordance with CLIN Categories. Request clarification from Government if necessary to ensure correct segregation of costs to each CLIN.

Retain "Overhead Costs, Separate Line Items" Subparagraph below if it is acceptable to distribute temporary facilities across line items. Some temporary facilities may be required only during portions of the Work, which may make separate line items for some temporary facilities desirable. Revise to include listing of individual closeout items requiring separate line items. See the Evaluations.

Overhead Costs and Profit, Separate Line Items: Show cost of temporary facilities, bonds, profit, and other major cost items that are not direct cost of actual work-in-place as separate line items.

Include costs related to web-based project management in general overhead, not as a separate line item.

Retain "Temporary Facilities" Subparagraph below for Contractor's temporary facilities and related direct Project costs. Some temporary facilities may be required only during portions of the Work, which may make separate line items for some temporary facilities desirable. Revise to include listing of individual closeout items requiring separate line items. See the Evaluations.

Retain "Closeout Costs" Subparagraph below if closeout costs, a particular type of overhead, are required to be a separate line item. Including one or more line items for closeout costs helps ensure that the Contractor completes those tasks by having a cost assigned to them that the Government pays only upon completion. Revise to include a listing of specific closeout costs instead of a fixed percentage. See the Evaluations.

Closeout Costs. Include separate line items under Contractor and principal subcontracts for Project closeout requirements in the following amounts:

Principle Subcontractors: 1 percent of the subcontract amount.

Contractor: 1 percent of Contract Amount plus 40,000.00 dollars.

Sub-schedules for Phased Work: Where the Work is separated into phases requiring separately phased payments, provide sub-schedules showing values coordinated with each phase of payment.

Provide table showing individual CLIN amounts totaling the Contract Amount.

Revise "Schedule of Values Revisions" Subparagraph below to suit Project. An alternative approach is to revise the schedule to include costs of Change Orders in the applicable line items.

Schedule of Values Revisions: Revise the schedule of values when Change Orders or Construction Change Directives result in a change in the Contract Sum. Include at least 1 separate line item for each Change Order and Construction Change Directive.

Upon request by Government, provide invoices, price quotes, and similar data to substantiate values stated in the SOV.

* + - 1. APPLICATIONS FOR PAYMENT

See the Evaluations for discussion on waiver of liens and other documentation involved.

Each Application for Payment following the initial Application for Payment shall be consistent with previous applications and payments, as certified and paid for by Government.

Retain one of two "Payment Application Times" paragraphs below. Retain first paragraph if Government/Contractor Agreement stipulates payment dates. Retain second if the Agreement does not state payment dates. Revise to suit Project.

* + - * 1. Payment Application Times: Submit draft copy of Application for Payment by the 25th day of the month for joint review by Government Authorized Technical Representative, Project Manager, and Contractor. The period covered by each Application for Payment is 1 month, ending on the last day of the month.

Review of draft copy ("pencil copy") of Application for Payment is a typical practice. Retain subparagraph below with "Payment Application Times" Paragraph retained above if required.

Revise "Application for Payment Forms" Paragraph below if Government uses another form. Use second option for projects with a Construction Manager.

Application for Payment Forms: Use AIA Document G702 and AIA Document G703 or equivalent forms approved by Government for Applications for Payment.

Delete subparagraph below if alternative forms are unacceptable on the Project.

Application Preparation: Complete every entry on form. Notarize and execute by a person authorized to sign legal documents on behalf of Contractor. Government will return incomplete applications without action.

Entries shall match data on the schedule of values and Contractor's construction schedule. Use updated schedules if revisions were made.

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.

Include amounts of Change Orders and Construction Change Directives issued before last day of construction period covered by application.

Document recommendation for payment by Government Authorized Technical Representative and Project Manager.

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.

Obtain written prior approval from Government for off-site storage.

Inventory materials and equipment in the presence of Government Authorized Technical Representative.

Provide certificate of insurance, evidence of transfer of title to Government, and consent of surety to payment for stored materials.

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.

Provide summary documentation for stored materials indicating the following:

Value of materials previously stored and remaining stored as of date of previous Applications for Payment.

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.

Value of materials stored since date of previous Application for Payment and remaining stored as of date of current Application for Payment.

Revise number of copies in "Transmittal" Paragraph below to suit Project. Revise text if electronic processing and digital signatures are acceptable.

Transmittal:

Submit paper originals of each Application for Payment to Government Authorized Technical Representative and upload to web-based Project management website.

After each Application for Payment has been recommended for payment by Government Authorized Technical Representative submit for payment through Government's Wide Area Workflow, https://www.dla.mil/Energy/Business/Wide-Area-Workflow/.

Insert instructions for preparation and submittal of waivers or releases here if not stated in the Supplementary Conditions.

Retain or replace "Waivers of Mechanic's Lien" Paragraph below after review by Government's legal counsel and financial advisors to establish requirements for waivers of mechanic's lien; revise text as advised. Government should not establish lien requirements. Options in paragraph below are examples of ways to handle waivers of lien.

Delete "Waiver Forms" Subparagraph below and insert a specific form or special requirements where predetermined. See the Evaluations.

Initial Application for Payment: Administrative actions and submittals that must precede or coincide with submittal of first Application for Payment include the following:

List of subcontractors.

List of Contractor's key personnel.

Schedule of values.

Contractor's construction schedule (preliminary if not final).

Contractor's quality-control plan.

Site utilization plan.

Stormwater Pollution Prevention Plan and Notice of Intent.

Hazardous products list and Safety Data Sheets.

Contractor's fire-safety plan.

Contractor's plan for safety of persons and property.

Preconstruction photographs.

Waste management plan.

Retain first subparagraph below for Project coordinator's contract on projects with multiple contracts.

Submittal schedule (preliminary if not final).

Copies of building permits.

Copies of authorizations and licenses from authorities having jurisdiction for performance of the Work.

Initial progress report.

Report of preconstruction conference.

Delete items from three subparagraphs below that were submitted before executing the Contract.

Certificates of insurance and insurance policies.

Performance and payment bonds.

Data needed to acquire Government's insurance.

Application for Payment at Substantial Completion: After Government issues the Certificate of Substantial Completion, submit an Application for Payment showing 100 percent completion for portion of the Work claimed as substantially complete.

Include documentation supporting claim that the Work is substantially complete and a statement showing an accounting of changes to the Contract Sum.

Complete administrative actions, submittals, and Work preceding this application, as described in Section 01 77 00 "Closeout Procedures."

This application shall reflect Certificate(s) of Substantial Completion issued previously for Government occupancy of designated portions of the Work.

Final Payment Application: After completing Project closeout requirements, submit final Application for Payment with supporting documentation not previously submitted and accepted, including the following:

Consult Government about the need for additional affidavits and other requirements.

Evidence of completion of Project closeout requirements.

Certification of completion of final punch list items.

Insurance certificates for products and completed operations where required and proof that taxes, fees, and similar obligations were paid.

Updated final statement, accounting for final changes to the Contract Sum.

Retain first subparagraph below if a surety is involved.

Evidence that claims have been settled.

Final meter readings for utilities, a measured record of stored fuel, and similar data as of date of Substantial Completion or when Government took possession of and assumed responsibility for corresponding elements of the Work.

Final liquidated damages settlement statement.

Proof that taxes, fees, and similar obligations are paid.

Waivers and releases.

1. PRODUCTS (Not Used)
2. EXECUTION (Not Used)

END OF SECTION