

GENERAL REQUIREMENTS for CONSTRUCTION

SECTION 012900 - PAYMENT PROCEDURES

PART 1 - GENERAL

1.1 RELATED DOCUMENTS

- A. The Contract Documents, including but not limited to, the Drawings and Individual Specification Sections, Schedule of Values, Contractor Pencil Copy and Application for Payment, 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:
 - 1. General Conditions, Article 8 - Payment, for requirements governing provisions for payment.
 - 2. General Conditions, Article 20 – Opportunity Programs, for requirements governing minority participation.
 - 3. Section 012100 – Allowances, for procedural requirements governing the handling and processing of allowances, if applicable. |
 - 4. Section 017700 – Contract Closeout Requirements, for administrative contract closeout requirements.
 - 5. Section 018113 – Sustainable Design Requirements, for administrative requirements governing submittal of cost breakdown information required for LEED documentation, if applicable. |

1.3 DEFINITIONS

- A. Schedule of Values: A form in the Contract Documents, which establishes minimum level of payment detail to formulate an initial Application for Payment.
- B. Contractor's Pencil Copy: A form provided by the Owner, which estimates a billing request from the Contractor. When approved by the Owner, formulates the Application for Payment.
- C. Application for Payment: A form provided by the Owner, which provides certification by the Contractor for payment.

1.4 SCHEDULE OF VALUES

- A. Coordination: Coordinate preparation of the Schedule of Values with the Owner.
- B. The Contractor shall allocate portions of the Contract Sum to labor, material and major equipment costs to various portions of the Work as indicated on the form.

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1. Submit the Schedule of Values to the Owner, for approval at earliest possible date after award of the Contract.
 2. The Owner shall not approve any billing request until the Schedule of Values is approved.
- C. Format and Content: Use model form provided in Contract Documents as a guide to establish line items for the Schedule of Values.
1. Arrange the Schedule of Values with separate columns to indicate the following for each item listed:
 - a. 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) Major Equipment.
 2. Provide a breakdown of 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 five percent of Contract Sum.
 - a. Include separate line items under Contractor and principal subcontracts for LEED documentation, if applicable and other project closeout requirements in an amount totaling five percent of the Contract Sum and subcontract amount.
 3. Round amounts to nearest whole dollar; total shall equal the Contract Sum.
 4. Allowances: If applicable, provide a separate line item in the schedule of values for each allowance.
 5. 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, except Lump Sum and Quantity of Work Allowances.
 6. Schedule of Values Updating: The Owner may require the Contractor to revise its Schedule of Values. Further, the Owner reserves the right to accept only those cost distributions which, in the Owner's opinion, are reasonable, equitably balanced and correspond to estimated quantities in Contract Documents.

1.5 MONTHLY APPLICATIONS FOR PAYMENT

- A. Each Application for Payment shall be consistent with previous applications and payments as approved by the Owner and paid for by the Owner.
1. Initial Application for Payment, the Owner shall not approve any billing request until the Schedule of Values and Construction Schedule is approved.
 2. Payment for allowance items and stored materials involve additional requirements.
 3. Application for Payment at time of Substantial Completion, and final Application for Payment involve additional requirements.
- B. Payment Application Times: Billing request may be submitted to the Owner once each month.

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1. Submit Contractor's Pencil Copy billing request seven days prior to due date for review by the Owner.
- C. Payment Forms: All forms and documents required for payment shall be provided by the Owner. Template forms and documents may also be available on the Dormitory Authority's web site www.dasny.org.
- D. Preliminary Procedure: The Contractor may request from the Owner a Contractor's Pencil Copy form. Where indicated on the form, the Contractor shall enter a billing request, either dollar amount or percentage complete for each item number requesting payment.
1. If applicable, the Contractor shall obtain from the Owner, an Allowance Notice to Proceed for Allowance items and an Agreement for Materials Stored Off-Site prior to billing.
 2. Submit Contractor's Pencil Copy billing request to the Owner for approval.
 3. The Contractor shall provide updated documentation to the Owner in accordance with General Conditions, Article 20 – Opportunity Programs.
- E. Procedure: Upon the Owner's approval of the Contractor's Pencil Copy billing request, payment documents will be provided to the Contractor. The Contractor shall complete each document and submit two copies of all documents with original signature & notary where indicated on forms, the following:
1. Application for Payment.
 2. Compliance Report.
 3. Contractor and Subcontractor Certifications Form
 4. Contractor's Certified Payroll Form.
 5. Allowance Allocation Form, if applicable
- F. Payroll Forms: The Contractor and all Sub-contractors to the Contractor shall submit original copies of the Contractor and Subcontractor Certifications Form and Contractor's Certified Payroll Form.
- G. Transmittal: Sign and notarize where indicated on each document, submit two original copies to Owner.
1. Transmit each copy with a transmittal form listing attachments and recording appropriate information about payment.
- H. Stored Materials: The Owner will provide an Agreement for Materials Stored Off-Site and specific forms that the Contractor must complete and submit to the Owner, including but not limited to;
1. Include in the Contractor's Pencil Copy billing request amounts applied for materials or equipment purchased or fabricated and stored, but not yet installed.
 2. Differentiate between items stored on-site and items stored off-site.
 3. Provide certificate of insurance, evidence of transfer of title to the Owner, and consent of surety to payment, for stored materials.
 4. 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.

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5. Provide summary documentation for stored materials indicating the following:
 - a. Materials previously stored and included in previous Applications for Payment.
 - b. Work completed for this Application utilizing previously stored materials.
 - c. Additional materials stored with this Application.
 - d. Total materials remaining stored, including materials with this Application.
- I. Payment: Timely payment by the Owner to the Contractor is governed by Section 2880 of the Public Authorities Law.
- J. Liens: Upon receipt of a lien, the Owner shall deduct a sum of one and one-half (1 ½) times the amount stated to be due in the notice of lien from the application for payment. Upon official receipt of discharge of lien, the Owner shall provide payment as stated above.

1.6 APPLICATION FOR PAYMENT AT SUBSTANTIAL COMPLETION

- A. Preliminary Procedure: After issuance of the executed Notice of Substantial Completion, submit a Contractor's Pencil Copy billing request showing 100 percent completion for portion of the Work claimed as complete at Substantial Completion.
 1. Submit Contractor's Pencil Copy billing request to the Owner for approval.
 2. The Contractor shall provide final documentation to the Owner in accordance with General Conditions, Article 20 – Opportunity Programs.
- B. Reduction of Retainage: The Contractor may request a reduction of retainage upon Substantial Completion of the Work or when a phase of Work is accepted by the Owner.
 1. The Contractor submits to the Owner a written request to have retainage reduced and provides a cost estimate and schedule to complete all remaining Work items indicated on the executed Notice of Substantial Completion.
 2. The Owner shall deduct from the sum two times the value of remaining items of Work to be completed or corrected.
 3. The Owner will provide the Contractor with General Release and Consent of Surety forms based on the amount of reduction. The Contractor shall complete each document and submit three copies of each document with original signature & notary where indicated on forms.
 4. The Owner shall hold payment until receipt of completed General Release and Consent of Surety forms.
- C. Procedures: Upon the Owner approval of Contractor's Pencil Copy billing request, payment documents will be provided to the Contractor. The Contractor shall complete each document and submit two copies of all documents with original signature & notary where indicated on forms, the following:
 1. Application for Payment.
 2. Compliance Report.
 3. Contractor and Subcontractor Certifications Form
 4. Contractor's Certified Payroll Form.

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- D. Payroll Forms: The Contractor and all Sub-contractors to the Contractor shall submit original copies of the Contractor and Subcontractor Certifications Form and Contractor's Certified Payroll Form.
- E. Transmittal: Sign and notarize where indicated on each document, submit two original copies to Owner.
- F. Payment: Timely payment by the Owner to the Contractor is governed by Section 2880 of the Public Authorities Law.
- G. Liens: Upon receipt of a lien, the Owner shall deduct a sum of one and one-half (1 ½) times the amount stated to be due in the notice of lien from the application for payment. Upon official receipt of discharge of lien, the Owner shall provide payment as stated above.

1.7 FINAL APPLICATION FOR PAYMENT (same as contract closeout documents)

- A. Contract Compliance: The Contractor shall comply with the Requirements of General Conditions, Section 10.08 – Limitations on Actions.
- B. Preliminary Procedure: All Work and Extra Work of the Contract and all requirements of Section 017700 – Contract Closeout Requirements must be complete and approved prior to commencement of final Application for Payment.
 - 1. The Contractor shall request and submit to the Owner a final Contractor's Pencil Copy that will formulate the final Application for Payment.
 - 2. The Contractor shall provide outstanding documentation to the Owner in accordance with General Conditions, Article 20 – Opportunity Programs.
- C. Procedures: Upon the Owner approval of Contractor's Pencil Copy billing request, final Application for Payment and Contract closeout documents will be provided to the Contractor. The Contractor shall complete each document and submit two copies of all documents with original signature & notary, where indicated on the forms, the following:
 - 1. Final Application for Payment including remaining Retainage.
 - 2. Final Compliance Report.
 - 3. Contractor and Subcontractor Certifications Form
 - 4. Contractor's Certified Payroll Form.
 - 5. Release Form -- Final Payment to Contractor.
 - 6. Consent of Surety -- Final Payment to Contractor, with power of attorney.
- D. Payroll Forms: The Contractor and all Sub-contractors to the Contractor shall submit original copies of the Contractor and Subcontractor Certifications Form and Contractor's Certified Payroll Form.
- E. Transmittal: Sign and notarize where indicated on each document, submit two original copies to the Owner.
- F. Final Payment: Timely payment by the Owner to the Contractor is governed by Section 2880 of the Public Authorities Law.

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- G. Liens: Upon receipt of a lien, the Owner shall deduct a sum of one and one-half (1 ½) times the amount stated to be due in the notice of lien from the final application for payment. Upon official receipt of discharge of lien, the Owner shall provide final payment as stated above.

PART 2 - PRODUCTS (Not Used)

PART 3 - EXECUTION (Not Used)

END OF SECTION 012900