

SECTION 012900
PAYMENT PROCEDURES

PART 1 - GENERAL

1.01 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

- A. 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.
- B. 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.

1. 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.
2. The Contractor may include his initial cost of bonds as a separate Item. The basis for this Item shall be in the form of an invoice from the surety identifying the bond cost being paid.
3. The Contractor may include 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 of \$6,000,000 or less, 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. General conditions costs, commonly called field office overhead, and which represent the cost of continued operation of the field construction site for the duration of the project, shall be included as a separate Item, per the following stipulations.
- a. For Contracts of \$1,000,000 or less, the Contractor may choose to include a separate Item for general conditions costs. This Item may be up to four percent (4%) of the contract price at award. If the Contractor chooses to not include general conditions costs as a separate Item, such costs shall be included at a pro rata share in all other Items.
 - b. For Contracts between \$1,000,000 and \$6,000,000, with a Contract duration of one hundred twenty (120) days or less, the Contractor shall include a separate Item for general conditions costs. This Item may be up to four percent (4%) of the contract price at award.
 - c. For Contracts between \$1,000,000 and \$6,000,000, with a Contract duration of greater than one hundred twenty (120) days, the Contractor shall include a separate Item for general conditions costs. This Item may be up to four percent (4%) of the contract price at award. The Contractor may propose this Item to be in excess of four percent (4%), but in that case the final amount shall be determined by negotiation with the University before submission of the Schedule of Values for approval.
 - d. For Contracts of \$6,000,000 or more, the Contractor shall include a separate Item for general conditions costs. This Item may be up to four percent (4%) of the contract price at award. The Contractor may propose this Item to be in excess of four percent (4%), but in that case 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 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
5. If the Contractor includes mobilization costs (paragraph 1.02 B. 3.) as a separate Item, the Contractor shall also include demobilization costs as a separate Item. However, the Contractor may include demobilization costs as a separate Item even if 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. Demobilization costs shall be the same amount as mobilization costs; however, the contractor may propose lower demobilization costs, with the final amount being determined by negotiation with the University.

6. 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.
- C. 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.
- D. 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

- A. 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.
- B. 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.
- C. The Contractor shall use AIA Documents G702 and G703, Application and Certificate for Payment, or another form acceptable to or prescribed by the University.
- D. 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.
- E. Each Application for Payment shall be signed by a person authorized to sign official Contract documents on behalf of the Contractor.
- F. 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.
- G. 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.
- H. 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.

- I. 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.
- J. 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
- B. The University may reject an Application for Payment if the Preliminary Project Schedule or the Initial Project Schedule, in accordance with Specification Section 013200, 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

- A. Requirements for Substantial Completion are found in Specification Section 017700, 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.
- B. 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

- A. Requirements for Final Completion are found in Specification Section 017700, Closeout Procedures. After receipt of the Certificate of Final Completion, the Contractor should submit a Final Application for Payment.
- B. The following administrative actions and submittals must precede or coincide with an Application for Payment at Substantial Completion.
 - 1. 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.
 - 2. 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

- A. The University will consider making payment for materials or equipment not yet incorporated in the work, but delivered, paid for, and suitably stored at the project site or at some other agreed-upon location.
- B. Payment for such materials or equipment stored at a location other than the project site shall be conditional upon the following.
 - 1. The University must determine that the materials or equipment are critical to the project.
 - 2. 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.
 - 3. The quantities of materials or equipment stored must represent the maximum quantities for which the Contractor may be entitled to payment under the provisions of the Contract.
 - 4. The storage location shall be physically in the Commonwealth of Pennsylvania.
 - 5. The storage location, and the materials or equipment therein, must be available, at reasonable times, to the University for inspection.
 - 6. The materials or equipment shall be stored safely and securely, to protect them from damage or loss.
 - 7. The materials or equipment shall be clearly marked and identified for the project and/or Contract, and as property of the University.
 - 8. The Contractor shall provide proof of insurance for the storage location, and for the materials or equipment therein, against loss or damage, with loss payable to the University.
 - 9. The Contractor shall have good title to the materials or equipment, free and clear of all liens and encumbrances.
 - 10. The Contractor shall provide an invoice, or other form, which adequately establishes the University's title to such materials or equipment while they remain under the custody and control of the Contractor, regardless of any exclusions in the insurance policy.
 - 11. The Contractor shall pay, at its own expense, all costs in connection with the sale, delivery, storage, protection, and insurance of the materials or equipment.
- C. Payment will be made under the appropriate Items on the Schedule of Values as part of a periodic progress payment. Payment will be made only for the invoiced price of the materials or equipment. Overhead and profit will not be paid on stored materials or equipment.

PART 2 – PRODUCTS

(Not Used)

PART 3 – EXECUTION

(Not Used)

END OF SECTION 012900

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 KIND OF UNIT	COST PER UNIT	MATERIAL COST	LABOR AND OTHER COST	EXTENDED PRICE

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 WHOLESAL PRICE	EXTENDED WHOLESAL PRICE
				TOTAL	\$

The Contractor agrees to the terms and conditions of paragraph 1.07, PAYMENT PROCEDURES FOR STORED MATERIALS, of Specification Section 012900, PAYMENT PROCEDURES.

Contractor _____

Title _____

Date _____

University Representative Approval _____

Title _____

Date _____