

DBA Project Closeout Guide

“What Agencies Need To Know”

Introduction

The ultimate goal of a capital improvement project is a successfully completed project meeting and hopefully exceeding your initial expectations. A project reaching this pinnacle is no simple feat. It takes commitment and considerable resources. Since resources such as time, energy, and assets are at a premium it is necessary to ensure all resources expended are used to their fullest potential.

The purpose of this guide is to help you achieve your goal while being good stewards of public funds. A complete and comprehensive project folder is paramount to reaching this goal. After reviewing this document you will have a better understanding of the complexity of a construction project and what documents you will need to close-out your project. This is also offered for you to gain insight into what to expect and what questions to ask of your Design Professional, Contractor, and DBA. And last but not least, using this guide and checklist will help to supplement a better understanding of the Minimum Standards and Criteria (MSC). We hope you find these attachments helpful. Visit our website at <http://www.aba.arkansas.gov/> to review the MSC and the forms required for project close-out.

The DBA Construction Project Close-Out Checklist

This document lists all the information you will need to incorporate into your project folder. Closing out a project begins even before you select your Design Professional and may end several years after the substantial completion. Prior to executing the contract for the construction project meet with your Design Professional and have them identify which items in this checklist are applicable to your upcoming project. This step will enable a better understanding of what steps are needed to complete the project and what documentation you can expect to receive from your Design Professional and Contractor. During this review process, ask your Design Professional to provide the plans and specifications, and then compare the requirements of this checklist with those plans and specifications. This final review will familiarize you and staff with the project documents. Familiarity with these documents reduces the likelihood of omitting required items from of the project. The added knowledge you will receive from this exchange will ensure a smoother project evolution throughout the various stages of construction. We can not over emphasize the importance of developing a strong relationship with your Design Professional. Committing your time to clearly communicate the project requirements to your Design Professional early in the process will yield you immense benefits.

Close-Out Documentation

The documentation needed for approval of the final payment and close-out of the project is listed on the DBA Construction Project Close-Out Checklist item #3. The following is a description of those documents and their purposes. Those items marked on the checklist with a * symbol will need to be submitted to DBA with the final application for payment. Your Design Professional will provide these documents for your review and approval.

3(a) Substantial Completion Form: A project has reached substantial completion when the work is sufficiently complete so the Owner can occupy or utilize the project for its intended purpose. When the Contractor considers the project to have reached this level, the Contractor should notify the Design Professional, Owner, and DBA to request an inspection. Substantial completion must be agreed to by all parties. Satisfaction that the “punch list” of the remaining work can be accomplished in a reasonable timeframe (normally 30 days or less) should be reviewed before committing to substantial completion. Extensive punch lists typically do not meet the definition of “substantially complete”. Owners who inadvertently agree to award substantial completion to meet their operational needs may be faced with months of uncompleted work and dissatisfaction. Typically Owners assumes responsibility for maintenance, security, utilities, damage, and insurance once the project is accepted as substantially complete. For this reason it is imperative the project truly has reached a level a completion whereby it can be used for its intended purpose. When an agreement has been reached with the Contractor, Owners should attach with the punch list any other conditions to a DBA approved substantial completion form. The executed document is then submitted to the DBA Construction Section for final approval. Normally substantial completion is approved prior to the request for final payment, therefore it is not necessary to resubmit this form. **Your agency should insist on receiving the documents listed on the Project Close-Out Checklist item #4 prior to approving the substantial completion.** Again, good communication is the key to a successful project so inform the contractor at the pre-construction conference that you will require the completed close-out documents prior to approving project substantial completion.

3(b) Certificate of Final Completion: This certificate is used for two purposes. First, to signify the project is 100% complete (includes all punch list items). Second, to establish the date the project is complete. The project completion date begins the 30 day timeframe for the Agency to release the retainage. The Design Professional will coordinate a date and time for the Agency, Design Professional, Contractor, and the DBA Observer to meet on site to verify the project is complete. If all parties agree that final completion has been met, then the parties will execute the Certificate of Final Completion form on the date each party agrees.

3(c) Contractors Application for Final Payment: The contractor will submit a request for final payment shortly after the Certificate of Final Completion has been executed. DBA will accept any format for final payment as long as it contains the required information to process the payment. In most cases periodic payments have been made to the Contractor as the construction progresses, excluding the mandatory retainage. Prior to awarding project completion, review Arkansas Code Annotated §22-9-604 (retainage) and § 22-9-205 (delinquent payment) your responsibilities as the Owner processing proper payment. Please review §22-9-501 through 505 if your project involves the substitution of securities for retained payments through the Treasurer of State.

3(d) Release of Liens/Claims: This form must be submitted to DBA. It is to be completed by the contractor (and notarized) and submitted with the request for final payment. By executing this document, the Contractor is certifying that they have paid and otherwise satisfied all obligations for all furnished materials, equipment, all work, labor and services performed, and for all known claims against the Contractor arising in any manner in connection with the performance of the contract with the State. **This document gives assurances to the owner that the contractor has**

made proper payments to his suppliers and subcontractors with those state funds paid to the Contractor.

3(e) Consent of Surety: This document is to be submitted by the contractor along with his request for final payment. The contractor's surety company (performance and payment bond) executes this document and is required to be notarized. Failure to receive this document could result in the Surety Company rejecting any claims you may have against the contractor's bond. By executing this document, the Surety approves the final payment to the contractor. The surety agrees that the final payment to the contractor does not relieve them of any of their obligations as set forth in the contract with the State of Arkansas and the Contractor.

3(f) Certificate of Occupancy: Certificates of Occupancy are not issued by any one State Agency for State projects. The responsibility therefore rests with the Owner/Agency of the project. Prior to occupancy the agency must verify the safety of the interior and exterior of the facility. This is a critical stage of the project because the agency assumes responsibility for allowing occupants to work or visit the building. All systems, equipment, and areas must be inspected to ensure their proper and safe operation. This review and verification should take place prior to approving substantial completion. You may want to develop your own Certificate of Occupancy Checklist to ensure the following important requirements are met.

The following is an example, but not an inclusive list, of some items an agency should review or receive to ensure a safe operational space:

- Interior, exterior, and street lighting;
- Occupancy limits;
- Fire Marshal's clearance; fire and life/safety systems inspections/certifications i.e. fire sprinklers, fire alarms, smoke detectors, heat detectors, fire rated floor systems, duct, shafts, and penetrations, exit illumination, fire extinguishers, exits, exit systems, and exit stairways; fire lanes and access to building; fire hydrants; fire department key safe;
- Elevators;
- Accessibility requirements for interior and exterior spaces; parking spaces and allocation;
- Final plumbing inspections;
- Final HVAC inspections;
- Final electrical inspections;
- Agency insurance approval (building and systems);
- Backflow prevention certifications;
- All required ingress and egress points must be completed and clear of obstructions.

DBA does not require an Agency to provide documentation related to a certificate of occupancy prior to approving final payment.

3(g) Agency's Request for Final Payment: This is a DBA document which is typically completed by your fiscal personnel and submitted with the final payment request to the DBA Construction Section. The DBA Construction section compares the data listed on this form with the data on the final pay request documentation. Once the review is complete and the documentation are all in order, the DBA Construction section will signature approval and email the form back to the individual listed on the form. It is at this time when the agency may release the final payment to the contractor.

3(h) Design Professional Closeout Certification: Prior to the DBA approval, your Design Professional is required to certify they have received, reviewed, and delivered to you the following documents:

- Certification of Punch List Completion,
- Roof Warranty,
- Maintenance & Operational Manuals,
- Final Plumbing Inspections,
- As Built and Shop Drawings for Inclusion by Design Professional in the Record Drawings, CD-Rom (one for agency and one for DBA),
- Contractor's One-Year Warranty,
- Termite Inspection Certificate,
- Certificate of Air Balance,
- Final HVAC Inspection.

The DBA Construction section is required to receive this certification from your Design Professional prior to approval (3(h)) of the final payment request.

3(i) Agency's Decision Regarding Assessing Liquidated Damages: Prior to advertising for the construction phase of the project your Design Professional should ask if you desire to assess liquidated damages on the construction project. Many factors can influence this decision. Is the project a revenue generating capital improvement? Will the agency lose revenue if the project is not completed on time? The answer to this question may seem clear but before answering "no" take into consideration the fees you pay your design professional for the added inspection services that will take place after the required completion date has expired on the project. Also consider your staff's time expended to keep up with the project. The bottom line is "time is money". If you determine liquidated damages will be assessed on the construction project, ensure the amount is fair and equitable and remember that liquidated damages should never be considered a penalty to the Contractor. A well documented file is imperative to assessing liquidated damages. Time delays caused by the Agency which cannot be justified should not be considered. An agency should extend the contract time equivalently to the lost days due to the unwarranted Agency delays. If liquidate damages are determined on a project, the total amount is entered onto the Agency's Request for Final Payment form. Any liquidated damages assessed will be applied and the total amount that will be deducted from the final payment.

Conclusion

We at DBA are here to help you successfully complete your project. Hopefully the information provided in the guide will assist you in reaching that goal. If you need further information on any of the information provided in this guide, we are only a phone call away. You can reach the Design Review section at 501-682-5544 or the Construction section at 501-682-5574.

Attachments

- 1) Construction Project Checklist
- 2) Substantial Completion Form
- 3) Release of Lien/Claim
- 4) Consent of Surety

- 5) Agency's Request for Final Payment
- 6) Design Professional Close-Out Certification
- 7) Certificate of Final Completion

DBA Construction Project Close-Out Checklist

State Agency Directors Approval:	Date:	
Project Coordinator Approval:	Date:	
Project Name:	ABA Project #:	
Substantial Completion Date:	Occupancy Date:	
ITEM	DATE REC'D	INITIALS
1 PROJECT BID RELATED DOCUMENTS		
a) Bid Documents for A&E Professional Services Contract		
1) Request for Proposal		
2) Proof of Advertisement(s)		
3) Panel Evaluations of Proposal		
4) DBA, DFA Approval to Award Documents		
b) Plan Submittals and DBA Responses		
c) Full Set of Approved Plans & Specifications (including division zero documents)		
d) Bid Documents		
1) Project Disclosure Statement		
2) Invitation for Bid		
3) Proof of Advertisement(s)		
4) Bid Addendums		
e) Bids Received		
1) Bid Security		
f) Certified Bid Tabulation		
g) Negotiated Changes		
h) Intent to Award		
2 CONTRACTS & AGREEMENTS		
a) A&E Professional Services Contract		
b) General Contractors Agreement with Owner		
c) Performance and Payment Bond		
d) Certificates of Insurance and Policies		
e) Notice to Proceed		
f) EO 98-04 Contract and Grant Disclosure Form(s): Contractor and Subcontractors		
g) Change Orders		
h) Maintenance and/or Service Contract(s)		
3 CLOSE-OUT DOCUMENTS		
a) Substantial Completion Form		
* b) Certificate of Final Completion		
* c) Application for Final Payment		
* d) Release of Lien		
* e) Consent of Surety		

DBA Construction Project Close-Out Checklist

	ITEM	DATE REC'D	INITIALS
	f) Certificate of Occupancy		
*	g) Agency's Request for Final Payment		
*	h) Design Professional Closeout Certification		
	i) Agency's Decision Regarding Assessing Liquidated Damages		
4	DESIGNED PROFESSIONAL / CONTRACTOR SUPPLIED CLOSE-OUT DOCUMENTS		
	a) Roof Warranty from Manufacture (two copies)		
	1) Manufactures Inspection of Roof Installation and Final Inspection		
	2) Inspect Roof 30 Days Prior to Manufactures Warranty		
	b) Contractors Two-Year Labor Warranty on Roof Installation		
	1) Inspect Roof 60 Days Prior Warranty Expiration		
	c) Maintenance and Operation Manuals (HVAC, equipment etc.) and Catalog Data		
	d) Final Plumbing Inspection by DHS Inspector		
	e) Record Drawings (as built drawings)		
	f) CD-Rom with All Contract Documents, Record Drawings, Specifications, etc.		
	g) Contractors One Year Workmanship, Materials Warranty		
	1) Inspect Project 30 Days Prior to Warranty Expiration		
	h) Termite Inspection Certificate		
	i) Certificate of Air Balance		
	j) Final HVAC Inspection by DHS Inspector		
	k) LEED Documentation		
	l) Facility Key Log		
	m) Miscellaneous Equipment and System Warranty(s)		
	n) Contractor Supplied Training on Equipment and Systems (with sign-in sheets)		
	o) Videos/CD's and Training Manuals on Controls, HVAC, and Equipment		
	p) Equipment and System Inspections Reports:		
	1) Boiler and Tank		
	2) Elevators and Hoist Systems		
	3) Backflow Preventers on Potable Water, Fire Suppression, HVAC, Misc. Equip.		
	4) Fire Suppression System		
	5) Fire Alarm System		
	6) Security System		
	7) Backup Power Generator		
	8) Cable Test/Certification Reports and Startup Records		
	q) Contractor Provided Written Instructions on Seasonal Adjustments		
	r) Mechanical System Balance Once Per Each Major Season Change; 1st year		
5	MISCELLANEOUS		
	a) Project Correspondence (meeting minutes, emails, etc.)		
	b) DBA Observers Reports		
	c) Design Professionals Inspection Reports		
	d) State Inspectors Reports		
	e) Owners Inspection Reports		
	f) Progress Photos		
	g) Progress Payments With Backup Documentation		
	h) Plan Review Submittals and Responses From ABA		
	i) Predesign Project Studies		

**CERTIFICATE OF SUBSTANTIAL COMPLETION
DIVISION OF BUILDING AUTHORITY/CONSTRUCTION SECTION
501 Woodlane, Suite G-05, Little Rock, AR 72201**

PROJECT:

Owner/Agency:

DBA Project Number:

DEFINITION OF DATE OF SUBSTANTIAL COMPLETION:

The Date of Substantial Completion of the Work, or designated portion thereof, is the date certified by the Design Professional and approved by the Owner and DBA when the Work is sufficiently complete, in accordance with the Contract Documents, so the Owner can occupy or utilize the Work or designated portion thereof for the use for which it is intended, as expressed in the Contract Documents. Check the appropriate box below to denote a full or partial substantial completion.

PARTIAL SUBSTANTIAL COMPLETION

The partial substantial completion includes the following area(s):

The Work performed under this Contract has been reviewed and found to be substantially complete. The Date of Substantial Completion for the above portion(s) of the Project is hereby established as: _____, which is the date of commencement of applicable warranties required by the Contract Documents, and assumption by the Owner of responsibility for maintenance, security, heat, utilities, damage to the Work and insurance excepting as stated below.

FULL SUBSTANTIAL COMPLETION

The Work performed under this Contract has been reviewed and found to be substantially complete. The Date of Substantial Completion for the Project is hereby established as: _____, which is the date of commencement of applicable warranties required by the Contract Documents, and assumption by the Owner of responsibility for maintenance, security, heat, utilities, damage to the Work and insurance excepting as stated below.

The responsibilities of the Owner and the Contractor shall be as follows: (Note - Owner's and Contractor's legal and insurance counsel should determine and review insurance requirements and coverage; Contractor shall secure consent of the Surety Company, if any.)

A list of punch list items to be completed or corrected, prepared by the Contractor and verified and amended by the Architect/Engineer is attached hereto. The failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents. The date of commencement of warranties for items on the attached list will be the date of final completion and inspection/acceptance by the Architect/Engineer, owner and DBA.

In the case of a full substantial completion the Owner and Contractor understand and agree that

Sample Form

all items listed on the attached punch list must be completed within 30 calendar days from the date of substantial completion. Failure to complete the punch list items within the above referenced timeframe may result in notification to and request for action of the Surety Company's Performance and Payment Bond.

Certification of Design Professional:

Firm Name _____

Address _____

Signature Title Date

Approval of Contractor:

Company Name _____

Address _____

Signature Title Date

Approval of State Owner-Agency:

Agency Name _____

Address _____

Signature Title Date

Approval of DFA – Division of Building Authority:

Signature Title Date

Cc: Surety Company

**RELEASE OF CLAIMS
Section 00 65 19.13**

Comes the undersigned, who does hereby swear and affirm that:

1. My name is: _____, and
(printed or typed)

I am doing business as: _____

and my legal address is:

2. Except as stated in Paragraph Four (4) below, pursuant to Contract # : _____,
which was executed on: _____, on the following project: _____

I have paid and have otherwise satisfied all obligations for all furnished materials and equipment, all work, labor and services performed, and for all known claims against the Contractor arising in any manner in connection with the performance of the above referenced contract for which the Owner or his property might in any way be held responsible.

3. Except as stated in Paragraph Four (4) below, to the best of my knowledge, information and belief, the releases or waivers of Claims, attached hereto and incorporated herein, includes the above referenced contract, all subcontractors, all suppliers of materials and equipment, and all performers of work, labor or services who have or may have claims against the Owner arising in any manner out of the performance of the contract.

4. The Exceptions are: (if none exists, then indicate "none." The Contractor shall furnish a written explanation to the Owner for each exception.)

Affiant

Date

VERIFICATION

STATE OF ARKANSAS >
>
COUNTY OF _____ >

SUBSCRIBED AND SWORN To before me this _____ day of _____ 20__

NOTARY PUBLIC

My Commission Expires: _____.

Sample Form

To: Architects and Engineers

From: Marie Ordonez, Contract and Construction Manager

Re: Design Professional Closeout Certification; MSC § 4-500 Et Seq.

Your checkmark in the space provided confirms the items listed below have been received, completed, and approved by your agency as appropriate. Your checkmark below also signifies you have sent the items listed below to the project owners. Please place N/A in any space that is deemed not applicable to this project. Please fax, email or mail the completed form to the DBA Construction Section.

- | | | | |
|------------------------------|--|-----------------------------|--------------------------------|
| 1) <input type="checkbox"/> | Completion of All Punch List Items | 2) <input type="checkbox"/> | Contractor's 1-Year Warranty |
| 3) <input type="checkbox"/> | Roof Warranty | 4) <input type="checkbox"/> | Termite Inspection Certificate |
| 5) <input type="checkbox"/> | Maintenance & Operation Manuals | 6) <input type="checkbox"/> | Certificate of Air Balance |
| 7) <input type="checkbox"/> | Final Plumbing inspection | 8) <input type="checkbox"/> | Final HVAC inspection |
| 9) <input type="checkbox"/> | As Built and Shop Drawings for inclusion by A/E in Record Drawings | | |
| 10) <input type="checkbox"/> | CD-Rom being prepared for DBA Construction | | |

Please complete the following:

DBA Project Name and Number:

Architect / Engineer Firms Name:

Firms Address:

Authorized Agent of the Firms
Printed Name, Signature, and
Date:

