

STATE OF OHIO



DEPARTMENT OF REHABILITATION
AND CORRECTION

SUBJECT:	PAGE <u> 1 </u> OF <u> 10 </u>
Close Out and Contract Completion	NUMBER: 21-CAM-09
RULE/CODE REFERENCE:	SUPERSEDES:
RELATED ACA STANDARDS:	EFFECTIVE DATE: April 4, 2001
RELATED AUDIT STANDARDS:	APPROVED: <i>Reginald Q. Wilkinson</i>

I. **AUTHORITY:**

This policy is issued in compliance with Ohio Revised Code 5120.01 which delegates to the Director of the Department of Rehabilitation and Correction the authority to manage and direct the total operation of the department and to establish such rules and regulations as he describes.

II. **PURPOSE:**

The purpose of this policy to set forth procedures which provide for the Bureau of Construction, Activation & Maintenance staff and the Ohio Department of Rehabilitation and Correction Institutions' staff in preparation for the closeout and contract completion of the capital improve projects.

III. **APPLICABILITY:**

This policy applies to all Ohio Department of Rehabilitation and Correction staff primarily employees of institution's maintenance staff as well as staff from the Bureau of Construction, Activation and Maintenance.

IV. **DEFINITIONS:**

- A. As-Built Drawings – Drawings or computer files revised by the Contractor to show changes made during the construction process.
- B. Contract Completion – The date upon which all deficiencies noted in the Punch List have been corrected, the Contractor's Work is 100 percent complete, and the Contractor has complied with all conditions precedent to final payment and release retainage. It is also called Beneficial Occupancy.
- C. Punch List – A list of items of Work to be completed or corrected by the Contractor as a condition precedent to Contract Completion.
- D. Close Out- The project work is complete in accordance with contract documents and ready for an associate's inspection.

- E. Partial Occupancy – The stage in the progress of the work when the Project, or a designated portion thereof, is sufficiently complete in accordance with the Contract Documents in order that the Owner can occupy or utilize the Project, or designated portion thereof, for its intended use.
- F. Prevailing Wages – A Wage Rate determined by the Ohio Bureau of Employment Services by each classification (trade) for each county.
- G. BCC – Bureau of Construction Compliance
- H. Associate - The individual or firm responsible for providing professional design services and contract administration for the Project, according to an Agreement with the department.
- I. SAO – State Architect’s Office –The State Architect and Engineer, a duly created office within the Department of Administrative Services, acting on behalf of the Department to administer public improvement projects.
- J. Owner – The state agency(DR&C) for whom the Project is being constructed.
- k. Start Warranty Letter – A document (legally enforceable assurance) that indicates the start date of quality or performance of materials and equipment.
- L. Occupancy Permit - The permit issued by the Bureau of Construction Compliance (BCC) when the Project is sufficiently complete in accordance with the Contract Documents in order that the Owner can occupy or utilize the Project for its intended use.
- M. FAMS – Fixed Assets Management System.
- N. Project – The public improvement to be constructed, of which the work performed under the Contract Documents may be the whole or a part.
- O. Contractor – A successful Bidder with whom the State has entered into a contract for the performance of work on the Project in cooperation with other contractors and persons and in accordance with the contract documents.
- P. Work – The construction services required by the Contract Documents, to include all labor, materials, equipment and services performed or provided by the Contractor for the Project.
- Q. Specifications – Those portions of the Contract Documents consisting of the written requirements and standards for materials, equipment, construction systems and workmanship as applied to the work and certain administrative details applicable thereto.

- R. Drawings – The graphic and pictorial portions of the Contract Documents, showing the design, type of construction, location, dimension and character of the Work to be provided by the Contractor, generally including plans, elevations, sections, details, schedules, diagrams, notes and portions of specification.

V. **POLICY:**

It is the policy of the Ohio Department of Rehabilitation and Correction that the Bureau of CAM staff, Deputy Director of DBA, Institution wardens and other key staff will follow the Project Close Out & Contract Completion procedures.

VI. **PROCEDURES:**

When the project is close to completion, the Contractor will send a formal request to the Associate or project manager requesting final inspection.

A- EQUIPMENT ACCEPTANCE

1- **EQUIPMENT START-UP DEMONSTRATION**

Before Beneficial Completion or Contract Completion Certificates can be approved, all major equipment must be demonstrated for the Owner, in accordance with contract documents.

- a. The contractor will schedule and verify the equipment demonstrations with the Owner. The SAO project representatives, Owner, and the Associate or Associate's Sub consultant shall witness the demonstration.
- b. The **Certificate of Warranty Commencement (DRC Form 1722)** shall be initiated by the Associate, completed, and forwarded to the Owner.
- c. The OSAE must receive a letter of transmittal from the Associate and copies of the certificates, indicating that the Owner has seen and approved through demonstrations before the contractors final pay request can be processed.

2- **PERFORMANCE STANDARD**

The standard of performance must meet before any equipment will be accepted by the State. This shall include replacement equipment and machines, which are added or field modified after a system has completed a successful performance period.

- a. The performance period shall begin on the date the equipment is placed in service or accepted in writing by the State and shall end at the end of the thirty(30) day period. The equipment shall meet the standard of performance for thirty(30) consecutive days by operating in conformance with the Contractor's Technical Specifications (as set forth in Contractor's operation manual for systems ordered or as quoted in any proposal) at an effectiveness level of 90 percent or more.
- b. In the event the equipment does not meet the standard of performance during the initial thirty (30) consecutive days, the standard of performance test shall continue on a day-by-day basis until the standard of performance is met for a total of thirty (30) consecutive days.
- c. If the equipment fails to meet the standard of performance after ninety (90) calendar days from the date indicated in item 1, the State may request a replacement or initiate corrective actions and assess charges to the contractor.
- d. All equipment proposed shall be new, not reconditioned or refurbished. All Equipment shall be at the latest engineering change level (deliverable) as offered by the original manufacturer.

B- CONTRACT COMPLETION/BENEFICIAL COMPLETION/PARTIAL OCCUPANCY

1- PUNCH LIST

- a. When the work is near completion, the Contractor is to prepare a list of all deficient items remaining on the work, known as the Contractor's Punch List. The Contractor is to verify that the deficient items have been corrected by signing said Punch List before submitting a request for Final Inspection to the Associate or Construction Manager.
- b. Upon acceptance of the Contractor's request for Final Inspection, the Associate and Construction Manager are to conduct the Final Inspection with the Contractor, the Project Representative and the Owner. The Associate and Project Representative shall complete a record of final inspection of the Contractor's work. Within three (3) days of the Final Inspection, the Associate is to notify the Contractor of any items remaining in a deficient or unacceptable condition, known as the Associate's Punch List. The Contractor is to proceed to complete and correct all items remaining on the Associate's Punch List, which is to be accomplished by the date indicated and prior to Contract Completion date.

- c. If the work on the Associate's Punch List cannot be completed by the date indicated, the Contractor must justify this to the satisfaction of the Associate, the Owner, and the Project Representative why the items cannot be completed and the time for completion of the Punch List may be extended.
- d. When all the Punch List items have been corrected to the satisfaction of the Associate, OSAE and the Owner, and assuming that other Project closeout requirements are satisfied, the Associate or Construction Manager will arrange a date to turn the Project over to the Owner. The Contract Completion Certificate will be completed at that time, following which the Contractor can request final payment and retainage.
- e. If contractors have difficulty in completing Punch List work or a dispute responsibility for items on the list, the Associate or Construction Manager should consider issuing a three- (3) day notice according to Article 5.3 of the General Conditions of Contract. It may become necessary, after such three days notice, to consider having the work completed by another Contractor and deduct the costs associated with the work from the Contractor's contract.
- f. In situations when the Owner requests or requires occupying a portion of the Project prior to the Contract Completion, a Beneficial Completion Certificate is to be prepared and executed.

The guarantees listed in the Project close out checklist will become effective on the date that the Contract Completion Certificate is signed by the State.

2- BENEFICIAL COMPLETION / PARTIAL OCCUPANCY

- a. If the Owner requests or requires occupying a portion of the Project prior to Contract Completion, the Associate or Construction Manager shall initiate the procedures to process a **Beneficial Completion Certificate (BCC) (DRC Form 1723)**. The Division of Industrial Compliance, State Department of Commerce must approve the area in question for Temporary Occupancy.
- b. The contractor is to prepare a punch list of all deficient items remaining on the work in the area that the Owner desires to occupy. The Associate or Construction Manager will inspect the area in question with the owner, the Project Representative and the Contractor. When the condition of the premises is satisfactory for occupancy, the **BCC** form will be processed for final approval by SAO. The **BCC** will identify the portion(s) of the Project, which will be

beneficially accepted, i.e., by floor, wing or room number or specific equipment.

- c. The owner will assume responsibility for the costs associated with occupying the area. The Contractor will continue to carry the appropriate insurance during the performance of any Punch List work.
- d. The Associate or Construction Manager will seek the required signatures on the **BCC** prior to forwarding it to OSAE. Upon approval by OSAE, copies of the executed **BCC** will be returned to the Contractor, the Owner, the Associate, the Construction Manager and the Project Representative. The final acceptance of the work, or Contract Completion, is dependent upon the Contractor complying with all items on any Punch List, in addition to satisfying all other conditions for Contract Completion.

*Note: The BCC form is intended to be used for the purpose of occupancy before Contract Completion only. When the objective is to initiate the guarantee period on a piece of equipment or other product only, the appropriate procedure is to initiate a **Certificate of Warranty Commencement (DRC Form 1723)**. Otherwise, the date of the Director's signature on the **BCC** will be the effective date for any guarantee on equipment listed on the **BCC** or otherwise included in the occupied area.*

3- CLOSE OUT CHECKLIST

- a. Before a Contract Completion Certificate will be processed, the Contractor must provide all Project record document submittals. The Associate or Construction Manager, as applicable, shall prepare a list of all Project record document submittals required for each Contractor.
- b. These lists will be used by OSAE or owner to confirm documents necessary for close out. All Project record documents are to be provided to the Associate, through the Construction Manager, if applicable, for approval.
- c. The following list exemplifies the items typically found in the Contractor's Project Close Out Checklist:

Basic Items (required for each Contractor)

- 1) Prevailing Wage Rates
- 2) As-Built drawings
- 3) Affidavit of Wage Compliance
- 4) Affidavit and Waiver of Lien
- 5) Contract Completion Certificate

6) Punch List Items completed

Examples of Items Specific to Trades

- 1) Keys (receipts)
- 2) Warranties (specific with time frames)
- 3) Inspection Certificates
- 4) Air Monitoring Certificates
- 5) Finish Guarantees
- 6) Equipment Operating and Instruction Manuals
- 7) Cleaning/Maintenance Instructions
- 8) Attic Stock Materials (receipts)
- 9) Test Certificates and Reports

4- DISTRIBUTION OF DOCUMENTS AND OTHER ITEMS (According to Specifications)

a. TO OWNER - (Get receipts – send receipts to OSAE)

- 1) Copies of each GUARANTEE (in packages by contract) with cover letter listing each with start and ending dates.
- 2) Keys of every description with tags indicating door number, use, etc.
- 3) Special tools, lubrication materials, etc.
- 4) Extra materials (attic stock) such as tile, paint , filters, etc.
- 5) Salvaged materials (as required by Contract Documents).
- 6) Operating and Maintenance manuals, instruction sheets, parts lists, lubrication charts, valve charts, etc.
- 7) Revised lists of manufacturers, suppliers, and subcontractors, with representatives' names, telephone numbers, and addresses.
- 8) Demonstrations of operating equipment items and special demonstrations on proper care and maintenance and cleaning.
- 9) Air and water balance reports (include in operating and maintenance manuals).
- 10) Copies of checklist, Punch List, Beneficial Completion Certificate, Contract Completion Certificate, miscellaneous brochures.
- 11) Temporary Occupancy Permits and Occupancy Permits.
- 12) Extra fuses.
- 13) DIR approved "Permit Set" of Drawings (including CAD) and Specifications.

b. TO OSAO- (One each, which shall be the original)

- 1) Affidavit of Contractor and Waiver of Lien from each contractor **(DRC Form 1722)**.
- 2) Affidavit (of Contractor pertaining to Wages on Public Works).
- 3) Beneficial Completion Certificates.
- 4) Contract Completion Certificates.
- 5) Certificates Of Equipment Start-up Demonstration.
- 6) Receipts for Documents and Materials Delivered to the Owner.
- 7) Plumbing Certificates from Ohio Department of Health.
- 8) Electrical Certificate from Division of Factory and Building Inspection.
- 9) An Acceptance Letter from the State Fire Marshal.
- 10) GUARANTEES ROOFING BONDS, and similar guarantees and warranties with a cover letter by Associate listing each with start and ending dates.

c. TO ASSOCIATE

AS-BUILT DRAWINGS per the General Conditions.

5- CONTRACT COMPLETION CERTIFICATE

- a. Upon satisfactory completion of all deficiencies noted in the Punch List and the date when all of the required Project closeout documents are provided to the State by the Contractor, a **Contract Completion Certificate (CCC) (DRC Form 1723)** may be processed. Generally, the final pay request and Contract Completion Certificate are processed and submitted simultaneously.
- b. The Associate or Construction Manager will seek the required signatures on the CCC prior to forwarding it to OSAE. Upon approval by OSAE, copies of the executed CCC will be returned to the Contractor, the Owner, the Associate, the Construction Manager and the Project Representative.

6- CONTRACTOR RETAINAGE

- a. Partial payments to the Contractor for labor performed under either a Unit Price or lump sum Contract are made at the rate of 92 percent of the amount invoiced through the Application for Payment which shows the total Contract Completion at 50 percent or greater. After the contract is 50 percent complete, as evidenced by payments in the amount of at least 50 percent of the contract price to the Contractor, except in the case of contracts the total of which is less than \$15,000, no additional funds shall be retained from payments for labor.

- b. During the review and certification of the Contractor's Application for Payment, the Associate should ensure that retainage is calculated correctly. The Application for Payment should be returned to the Contractor for correction, if necessary, before the Associate approves the pay request.
- c. The Contractor will be asked by OSAE to sign an escrow agreement soon after the contract award.
- d. When an application for payment is received that exceeds 50 percent of base OSAE will transfer the retainage into escrow where it will accrue interest. If a Contractor waives an escrow account or fails to return the escrow agreement, no escrow will be established.
- e. Escrow funds remain on account with the bank escrow agent until any earned interest is released and forwarded to the Contractor. An early release of escrow that will be allowed if Change Orders are issued late in the contract and the Contractor have 100 percent-completed base contract work.

7- LIEN CLAIM

- a. If the Associate or Construction Manager receive a Claim Affidavit for Lien, it should be immediately forwarded to the DPW Business Office or owner, if applicable. If a subcontractor, Material Supplier or laborer requests information or assistance regarding payment from a Contractor, the party should be referred to the **Notice of Commencement [Exhibit E51]** for further information. The Notice of Commencement provides the necessary information for a Subcontractor, Material Supplier or laborer to file a Claim Affidavit or make a claim against the Contractor's Bond.
- b. It is not the responsibility of the Associate or Construction Manager to make judgment as to the validity of a claim or to withhold payments from the Contractor because of the claim. All Contractor pay requests are to be processed and forwarded to OSAE or owner and OSAE or owner will take the appropriate actions in regard to the lien.

8- EVALUATIONS

- a. The DRC project manager shall evaluate each Contractor's performance and make record in the Contractor's Evaluation Document (DRC or OSA).

- b. The DRC Project Manager shall evaluate the A/E's performance on the project and make record in the Associate Evaluation Form (DRC or OSA).

9- DRC PROJECTS' RECORD

- a. FAMS
- b. As Built(Record Set) including CD's
- c. Completion Certificate
- d. Fiscal Records