

CPARB

Business Equity, Diverse Business Inclusion

HB6040 Prompt Pay for Construction Projects

Recommended practices to improve public works construction contract payment time.

The Current Best Practices Work Group documented the current best practices used by a variety of agencies to enable prompt pay on public works projects. The intent was to provide current best practices that while not required, were aspirational and feasible, and could result in fast payment to primes and subcontractors of all tiers . All of the best practices recommended work best when used together.

Practices for Projects

1. Recommendation is to hold a **preconstruction meeting** and include the review of every aspect of the payment process such as, but not limited to, cutoff dates, preliminary review process, payment backup requirements, forms, change orders, etc. Use a checklist. (See 4 below)
2. Recommend **having a contingency plan** for payment approvals during vacations and absences for all responsible parties and regulatory agencies.
3. Recommend using a **“draft” or “pre-payment application” review process** for all payment applications and prior to the determined and agreed invoice “cut-off” date.
4. Recommend **payment timeframes be reduced (recommendation is 7 business days or sooner), or as agreed to by Owner and Prime**, pay-when-paid for every tier. (in no case more than 10 days per RCW 39.04.250)
 - a. *Why make the adjustment?* Reducing payment timeframes will make you more attractive to businesses and increase bidder pools.
5. Create and use a **payment checklist/cover page** (flow down provision) that includes the processes and requirements to define a “complete submission.”
6. Recommend L&I, DOR, and ESD have the **appropriate resources to meet the timeframe** requirements for processing and releasing retainage.
 - a. Recommend **having a contingency plan** for payment approvals during vacations and absences of responsible parties.
7. Recommend a subcontractor continuous “feedback” process, where subcontractors can send notification when they have not been paid.

For Agencies

1. **Evaluate** individual owner payment requirements beyond what is required by statute.
2. **Recommend reducing invoice requirements** and unnecessary or “legacy” requirements where possible.
 - a. Perform regular reviews, and cleanup of antiquated or historical spec language.

