This Business Process Report includes two functional processes. It describes the process for the preparation and completion of the punch list of actions that need resolution prior to the City’s granting of Substantial Completion and Final Completion, and for processing Non-Compliance Notices.

Standard requirements and additional requirements unique to the project to achieve Substantial Completion are specified in the Contract Documents. The process for Substantial Completion can also be used for Interim Contractual Milestones.

**Punch List Business Process**

**90% Completion**

When the work is 90% complete, based on agreed-upon actual incurred, the Project CM convenes a close-out meeting with the Contractor to determine the status of completion. The Project CM prepares a checklist of contractual requirements necessary for Substantial Completion and discusses with the Contractor the status of these requirements and the remaining work. Based on the results of the close-out meeting, the Project CM produces a list of outstanding items necessary for Substantial Completion.

**Substantial Completion**

When the Contractor considers that all Work required for Substantial Completion is complete, he notifies the Project CM in writing. As part of the request, the Contractor submits a preliminary list of items remaining to be completed or corrected before Final Completion.

Within 5 working days of receipt of the Contractor’s request, the Project CM performs a formal inspection of the Work and the project records to determine whether Substantial Completion can be granted. If the Work completed does not satisfy the requirements for Substantial Completion, the Project CM prepares and issues a Punch List/Substantial
Completion of all work and contractual requirements that must be completed for Substantial Completion. The Contractor works to complete the punch list and notifies the Project CM when the work is deemed complete. The Project CM re-inspects the Work. This process may be completed as often as necessary until Substantial Completion can be granted. When the Project CM issues Substantial Completion and prepares and issues a Punch List/Final Completion.

**Final Completion**

When the Contractor considers all Work complete, including all items of work on the Punch List/Final Completion and all contractual closeout requirements, the Contractor notifies the Project CM in writing. Within 5 working days of receipt of Contractor’s written notice, the Project CM verifies whether all punch list items are completed and all contractual requirements have been met. If the Project CM finds that any of the punch list items, or other contractual requirements, are not complete, the Project CM notifies Contractor in writing, identifying which items remain to be completed. This process may be repeated as often as necessary until the Contractor has met all requirements for Final Completion.

After the Contractor has completed all Punch List/Final Completion items and close-out requirements in accordance with the Contract Documents, the Project CM recommends to the Regional Project Manager (RPM) the issuance of a Notice of Final Completion stating that the Work is acceptable, and the Contractor may submit the final application for payment.

**Warranties**

The Contract Documents specify warranties that the Contractor is required to provide as a condition of Final Completion. The Project CM is responsible for monitoring the turnover of warranties and coordinating with the Contractor for the receipt of all warranties. Warranties will be submitted by the Project CM to the RPM. Since warranties may include an operational period past Final Completion, a punch list may be generated during this period. This punch list will be confined to work encompassed by the warranty.

The Project CM may maintain a Warranty Punch Lists for each warranty under the Contract Documents. These punch lists will be designated as “Warranty” Punch Lists, and the component of work (e.g., equipment, landscape, etc.) will be defined. Warranty Punch Lists will be transmitted to the Contractor with ample time to correct deficiencies prior to the expiration of the warranty period.

**Definitions**

**Final Completion**: The date of written acceptance of the Work by the City when the Contract has been fully performed, including all punch list items, and when all contractual and administrative requirements have been fulfilled.

**Punch List/Final Completion**: Prepared by the Project CM at the award of Substantial Completion listing all remaining work or contractual requirements that require completion or resolution prior to granting Final Completion; re-issued, if necessary, following subsequent Final Completion inspections, to identify the items remaining to be completed to be granted Final Completion.
Notice of Final Completion: The legal document filed by the City, with the Recorder’s Office, after the Work has been fully performed, including all punch list, contracting and administrative requirements of the Contract Documents.

Notice of Substantial Completion: The written notice issued by the City to Contractor acknowledging that the Work is Substantially Complete as determined by the City. Said Notice shall not be considered as final acceptance of any portion of the Work or relieve Contractor from completing the punch list items attached to said Notice within the specified time and in full compliance with the Contract Documents.

Substantial Completion: The stage in the progress of the Work, when the Work (or a specified part thereof) is sufficiently complete in accordance with the Contract Documents including receipt of a temporary certificate of occupancy, if applicable, issued by the agency having jurisdiction over the Work so that the Work (or a specified part thereof) can be utilized for the purposes for which it is intended.

Punch List/Substantial Completion: Prepared by the Project CM following the Substantial Completion inspection listing all work or contractual requirements that require completion or resolution prior to granting Substantial Completion; re-issued, if necessary, following subsequent Substantial Completion inspections, to identify the items remaining to be completed to be granted Substantial Completion.

Business Process Steps

1. Project CM convenes close-out meeting at 90% completion of construction and prepares a list of outstanding items.
2. The Contractor requests Substantial Completion and submits a preliminary punch list of work remaining for Final Completion.
3. The Project CM inspects the work and reviews the project records.
4. If the Project CM determines that Substantial Completion has not been achieved, the Lead QA Inspector prepares a Punch List/Substantial Completion using CMIS that the Project CM issues to the Contractor.
5. The Contractor completes the items on the punch list and requests a follow-up inspection by the Project CM.
6. When the Project CM determines that the Contractor has achieved Substantial Completion the Project CM issues Substantial Completion and a Punch List/Final Completion.
7. The Contractor completes the items on the punch list and notifies the Project CM in writing on completion of the work.
8. The Project CM inspects the work and the project records.
9. If work remains, the Project CM notifies the Contractor in writing of the remaining work, the Contractor works to complete the remaining work, notifies the Project CM at completion, and the Project CM re-inspects the work.
10. When the Project CM determines that Final Completion has been achieved, the Project CM recommends to the RPM issuance of a Notice of Final Completion.
Data Requirements

Lead QA Inspector

Punch List
- Punch List (coded to indicate Punch List type: SUBST, FINAL, or WARRANTY)
- Subject - Substantial Completion or Final Completion
- To - Contractor
- From - Project CM
- Contract

Punch List Item
- Item Number (CMIS automatically assigns)
- Date Opened
- Date Closed
- Description
- Originator
- Specification Section
- Discipline
- Location (use available fields as needed)
  - Area
  - Room
  - Elevation
  - Location
  - Drawing Reference

Administrative Document Control Specialist
- Project File Code

Project CM

Punch List
- Review Date
- Approved by
- Date Transmitted to the Contractor
Punch List Flow Chart

Project CM convenes 90% Completion Meeting and prepares list of outstanding items

Contractor develops Punch List and requests Substantial Completion

Project CM conducts site inspection and reviews project records

Contractor completes Punch List/Substantial Completion

Yes

Deficiencies?

No

Project CM issues Substantial Completion and Punch List/Final Completion

Contractor completes Punch List/Final Completion and requests inspection

Project CM Inspects

Yes

Deficiencies?

No

Project CM issues Final Completion

Contractor completes Punch List/Substantial Completion
Non-compliance Notice Business Process

A Non Compliance Notice (NCN) is issued to the Contractor for any non-compliance in the work or a portion thereof that has not been performed in accordance with the Contract Documents. If the NCN is on an environmental contract requirement, it will be indicated on the form. Payment shall be withheld until the work identified in a Non Compliance Notice is corrected. Further, if the Contractor fails or refuses to comply promptly, the Project CM may issue a stop work order on all or part of the work until satisfactory corrective action has been taken.

Business Process

When a QA or Environmental Inspector discovers work that is not performed in accordance with the Contract Documents (non conforming work) the inspector must advise the Contractor and document the deficiency and notification in the Daily QA Inspection Report. If the deficiency is not immediately corrected by the Contractor, the Project CM will issue a Non Compliance Notice (NCN) requiring corrective action by the Contractor. If the deficiency poses an immediate danger to life or health, the inspector may also order a shutdown of the work and notify the Lead QA Inspector and Project CM.

Upon receipt of an NCN, the Contractor is required to take immediate corrective action. Within 5 working days, the Contractor is required to provide a written response describing the corrective action or explain why they believe the work was performed in accordance with the Contact Documents. Failure to immediately address and/or take corrective action will result in withholding of payment for the work in question and may result in stoppage of further work until such time as the Non Compliance Notice is resolved. If the Contractor disputes the NCN, the Project CM may withdraw it or direct the Contractor to correct the work.

A log of active Non Compliance Notices is maintained in CMIS and all open NCNs shall be discussed at the Weekly Construction Progress Meetings and, recorded in the meeting minutes, and included in the Project CM’s monthly Project Construction Progress Report. All issues on NCNs are normally resolved by the Lead Inspector. They can be elevated to the Project CM, Regional Construction Manager (RCM) or Regional Project Manager (RPM) when necessary.

Business Process Steps

1. Upon observing, or becoming aware of, non-conforming work, the QA or Environmental Inspector (Inspector) will inform the Contractor and document the deficiency in the Daily QA Inspection Report. The Inspector will monitor the Contractor's response to the notification of the deficiency.

2. If the Contractor does not immediately correct the non-conforming work, the Inspector prepares a Non Compliance Notice, using CMIS, describing the nature of the deficiency, the contract requirement that is non-conforming and when the Contractor was informed of the deficiency.

3. The Lead QA Inspector will review the NCN and amend if necessary or send back to the Inspector for correction. If the NCN is approved by the Lead QA Inspector, the Lead QA Inspector forwards it to the Project CM.
4. The Project CM transmits the NCN to the Contractor for response.

5. The Contractor must take immediate corrective action. The Lead QA Inspector will monitor such action, and if not taken, may recommend to the Project CM that the work be stopped. If the Project CM agrees, he/she will issue a written stop work notice to the Contractor.

6. Within 5 working days of receipt of an NCN the Contractor is to respond to the NCN through the CMIS.

7. The Project CM forwards the response to the Lead QA Inspector for review and recommendation.

8. If the Contractor’s response includes corrective action, the Inspector inspects the work and documents the results in the Daily QA Inspection Report, and updates the NCN and forwards it to the Lead QA Inspector.

9. When the work is complete and inspected, the Lead QA Inspector will close the NCN and transmit a copy to the Contractor.

**Data Requirements**

**Inspector entry:**
- Contractor Contact
- Title and description of the non compliance item
- Priority
- Status
- Contract Number
- Specification Section Affected (if applicable)
- Link to a schedule activity (if applicable)

**Lead QA Inspector Entry**
- Approval of NCN for transmittal to Contractor
- Entry of Completion status when the completed work has passed inspection
- Description of Corrective Action taken by Contractor

**Administrative/Document Control Specialist entry:**
- Project file code

**Contractor Entry**
- Response to NCN (Describe Corrective action or reason why Contractor does not agree with NCN)
- Signoff box for Contractor
Non-compliance Notice Log

A log of NCNs will be maintained in the CMIS by the Lead QA Inspector. The log will be generated for each Weekly Progress Meeting for discussion of open NCNs with the Contractor.

NCN Log Data Requirements

- Contract Number
- Contract Name
- Contractor Name
- Project CM Name
- Inspector Name
- Lead QA Inspector Name
- Date of Report
- Sequential Number (assigned by the CMIS)
- NCN Title
- Status (open or closed)
- Disputed (yes or no)
- Actual Dates for:
  - Prepared by Inspector
  - Approved by Lead QA Inspector
  - Issued to Contractor
  - Response Received from Contractor
- Date Closed
# Revision Control Log

<table>
<thead>
<tr>
<th>Revision No.</th>
<th>Revision Date</th>
<th>What changed?</th>
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| Rev 0a       | September 21, 2011 | • Formatting refreshed: document footers and page numbers refreshed and updated SFPUC Logo on various attachments  
• References and/or Links noted to WSIP Website have been updated  
• Revision Control Log Added |
| Rev 0        | February 12, 2009 | Signed                                                                      |