



## City of Austin Invoicing and Payment Process

An electronic handbook  
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## Introduction

One of the differences between doing business with the private sector and doing business with the government is the amount of paperwork involved in order to bid a government job, win a contract, and finally get paid. The payoff, however, is the assurance to receive payment from the government once work is completed, although “when” the payment will be made is often the question.

Smaller contractors may hesitate to bid government projects for the sheer reason of the long wait time to receive a government check. Contractors want to get paid sooner than later especially after their work has been completed. However because of no small amount of necessary paperwork and government vetting procedures before releasing any public funds, contractors will not be paid for at least 30 days or longer after the invoice has been submitted. The payment may be further delayed if any paperwork is missing or if there are errors on the invoice.

Therefore, it is crucial that your paperwork and invoice to the City of Austin are immaculate, perfect, flawless, absolutely mistake free to guarantee no more delays in receiving your payments.

This booklet is designed to help contractors become familiar with the city’s invoicing and payment process and also to understand a number of payment programs the city has implemented to speed up payment process for city contractors.

## How to Submit Invoices to the City of Austin

### What should be included in an invoice?

Proper invoices must include:

1. A unique number
2. The purchase order or delivery order number
3. The master agreement number, if applicable
4. The Department’s name
5. The name of the point of contact for the Department
6. Invoices shall be itemized and transportation charges, if any, shall be listed separately
7. A copy of the bill of lading and the freight waybill, when applicable, shall be attached to the invoice
8. The Contractor’s name and, if applicable, the tax identification number on the invoice must exactly match the information in the Vendor’s registration with the City

## Invoices for Labor

1. Invoices for labor shall include a copy of all time-sheets with trade labor rate and Deliverables order number clearly identified
2. Invoices shall also include a tabulation of work-hours at the appropriate rates and grouped by work order number
3. Time billed for labor shall be limited to hours actually worked at the work site

## Payment to Subcontractors

1. Unless otherwise expressly authorized in the Contract, the Contractor shall pass through all Subcontract and other authorized expenses at actual cost without markup

## Taxes

1. Federal excise taxes, State taxes, or City sales taxes must not be included in the invoiced amount. The city will furnish a tax exemption certificate upon request

## How does the City pay?

### Time Frame and Conditions

1. All proper invoices received by the City will be paid within thirty (30) calendar days of the City’s receipt of the Deliverables or of the invoice, whichever is later. If the invoice arrives after the deliverable, the City will use the date the invoice is received, not when the deliverable is delivered.
2. If payment is not timely made, interest shall accrue on the unpaid balance at the lesser of the rate specified in Texas Government code Section 2251.025 or the maximum lawful rate; except, if payment is not timely made for a reason for which the city may withhold payment hereunder, interest shall not accrue until ten (10) calendar days after the grounds for withholding payment have been resolved.

#### Sec. 2251.025. INTEREST ON OVERDUE PAYMENT.

(a) A payment begins to accrue interest on the date the payment becomes overdue.

(b) The rate of interest that accrues on an overdue payment is the rate in effect on September 1 of the fiscal

year in which the payment becomes overdue. The rate in effect on September 1 is equal to the sum of:

- (1) one percent; and
  - (2) the prime rate as published in the Wall Street Journal on the first day of July of the preceding fiscal year that does not fall on a Saturday or Sunday.
- (c) Interest on an overdue payment stops accruing on the date the governmental entity or vendor mails or electronically transmits the payment. In this subsection, "governmental entity" does not include a state agency.
- (d) This subsection applies only if the comptroller is not responsible for issuing a warrant or initiating an electronic funds transfer to pay the principal amount owed by a state agency to a vendor. The accrual of interest on an overdue payment to the vendor:
- (1) stops on the date the agency mails or electronically transmits the payment; and
  - (2) is not suspended during any period that a payment law prohibits the agency from paying the vendor.
- (e) This subsection applies only if the comptroller is responsible for issuing a warrant or initiating an electronic funds transfer to pay the principal amount owed by a state agency to a vendor. Interest on an overdue payment to the vendor:
- (1) stops accruing on its distribution date; and
  - (2) does not stop accruing during any period that a payment law prohibits the comptroller from issuing the warrant or initiating the transfer.
3. If partial shipments or deliveries are authorized by the City, the contractor will be paid for the partial shipment or delivery, as stated above, provided that the invoice matches the shipment or delivery.
  4. The City may withhold or set off the entire payment or part of any payment otherwise due the Contractor to such extent as may be necessary on account of:

- a. Delivery of defective or non-conforming Deliverable by the Contractor
  - b. Third party claims, which are not covered by the insurance which the Contractor is required to provide, are filled or reasonable evidence indicating probable filing of such claims;
  - c. Failure of the Contractor to pay Subcontractors, or for labor, materials or equipment;
  - d. Damage to the property of the City or the City's agents, employees or contractors, which is not covered by insurance required to be provided by the Contractor;
  - e. Reasonable evidence that the Contractor's obligations will not be completed within the time specified in the Contract, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay;
  - f. Failure of the Contractor to submit proper invoices with all required attachments and supporting documentation;
  - g. Failure of the Contractor to comply with any material provision of the Contract Documents
5. Payment of any money to any person, firm or corporation who is in arrears to the City for taxes is prohibited. The City also has the right to offset indebtedness owed the City.
  6. Payment will be made by check unless the parties mutually agree to payment by credit card or electronic transfer of funds. The contractor agrees that there shall be no additional charges, surcharges, or penalties to the City for payments made by credit card or electronic funds transfer.
  7. The awarding or continuation of this contract is dependent upon the availability of funding. The city's payment obligations are payable only and solely from funds appropriated and available for this contract. The absence of appropriated or other lawfully available funds shall render the Contract null and void to the extent funds are not appropriated or available and any deliverables delivered by unpaid shall be returned to the Contractor. The City shall provide the Contractor written notice of the failure of the City to make an adequate appropriation for any fiscal year to pay the amounts due under the Contract, or the reduction of any appropriation to an amount insufficient to permit the city to pay its obligations under the Contract. In the event of non or inadequate appropriation of funds, there will be no penalty nor removal fees charged to the City.

## City Special Programs to Hasten the Payment Process

In 2016, the city began implementing several new processes to help subcontractors get paid easier and faster by the city and by the prime contractors after local minority contractors associations pushed the city for improvements. These processes include Quick Pay Program, Partial Payment, Mobilization Prompt Pay Program, and Release of Retainage.

### Quick Pay Program

The Quick Pay Program (QPP) allows for subcontractors to be paid within 10 days of work being accepted and approved by the City. The subcontractor invoices the prime contractor when their work is complete and the prime contractor pays the subcontractor when it is approved by the project manager or the construction inspector, depending on the project specifications. The QP program will be available to all businesses that are certified by the City of Austin's Small & Minority Business Resources (SMBR) department as MBEs, WBEs, DBEs, or SBEs on all (eligible) Alternative Delivery Method construction contracts (Design Build and Construction Manager At-Risk).

### Process to Submit Invoice for the Quick Pay Program

Step 1: SMBR determines QPP eligibility of subcontractors

Step 2: If eligibility is verified, Subcontractor may submit invoice to Contractor after completion of work.

Step 3: Contractor will submit invoice to Project Manager

Step 4: Project Manager and/or inspector(s) reviews and approves Subcontractor's work. The approval role will vary by contract.

Step 5: If work is approved and accepted by the City, the Contractor pays the Subcontractor.

Step 6: The Contractor submits the work on the next regular pay application and is reimbursed by the City

Step 7: At any time, Subcontractor may contact Capital Contracting Office (CCO), SMBR, and /or Project Manager for assistance with Quick Pay Program.

## Partial Payment

In instances when payment is withheld to the prime contractor due to issues unrelated to a subcontractor's work, the subcontractor may request payment for approved work performed by the subcontractor. If the request is approved, the City will approve payment from the prime contractor to the subcontractor.

Subcontractors may request partial payment when the Owner withholds payment of an invoice to the Contractor for any reason listed in Section 14.4.1. If payment is withheld by the Owner, the Contractor shall notify all affected subcontractors within two (2) working days of notice that payment is being withheld. Upon notification, subcontractors may submit a formal written request for partial payment to the Contractor and Owner. If directed by the Owner, the Contractor shall within three (3) working days resubmit to the Owner an invoice for the same period that includes only the work performed by the requesting subcontractors during this period. The Owner will review this resubmitted invoice in accordance with Section 14.3.1. Upon receipt of payment for the resubmitted invoice, Contractor shall pay the subcontractor within ten (10) calendar days in accordance with Section 6.4.7.

### Process to Submit for Partial Payment

Step 1: Requests for Partial Payment will only be approved when there are no issues relating to Subcontractor's work. If an invoice is submitted for three scopes of work and the first two are approved, but the third one is not, the first two will be paid and the third will not be paid until it is approved by the City.

Step 2: Contractor will submit invoice for payment to the City. To confirm payment, a subcontractor can go to Austin Finance Online to log onto their account or contact the project manager assigned to the project.

Step 3: If payment is withheld, Contractor is required to inform all affected subcontractors in writing, within two (2) working days of receiving notice, that payment is being withheld by the City.

Step 4: When Subcontractor has received notification from Contractor, Subcontractor may submit a formal written request for Partial Payment to Contractor and the City.

Step 5: If the City approves request, Contractor must resubmit an invoice, within three (3) working days, for the same period to include only the work performed by Subcontractor(s) requesting Partial Payment, in accordance with Section 14.3.1.

Step 6: Within ten (10) calendar days of Contractor receiving payment of resubmitted invoice, Contractor shall pay subcontractors in accordance with Section 6.4.7.

Step 7: At any time, Subcontractor may contact the Capital Contracting Office (CCO), the project manager, or the SMBR for assistance with Partial Payment process. All three of the parties will work to resolve any issues. The project manager will approve payment.

### **Mobilization Prompt Pay Program**

The goal of the Mobilization Prompt Pay Program (MPP) is to provide prime contractors and subcontractor quicker access to payments by allowing prime contractors the ability to submit pay applications twice a month during critical mobilization phases on the contract (as submitted by the prime contractor and approved by the City), allowing subcontractors to invoice twice per month. MPP will be offered on all City of Austin construction contracts at or above \$2 million.

Article 1 – Definitions “Mobilization Prompt Payment Program – the Owner’s Mobilization Prompt Payment Program will allow bimonthly payments during “critical mobilization stages” as specified in the Contract Documents by the prime contractor. The Mobilization Prompt Payment Program will only apply to projects with a construction cost to greater than \$2,000,000.

Article 2 – The baseline schedule and schedule submittals for projects in the Mobilization Prompt Payment Program, must identify periods of “critical mobilization.” The periods of critical mobilization will include the first two months of the contract time and additional periods identified by the Contractor and approved by Owner when peak subcontractor mobilization will occur.

Article 14 – Mobilization Prompt Payment Program. During critical mobilization periods, as identified by the Contractor and as approved by Owner in accordance with 00700 2.4.2.1 of the contract, Contractor shall submit bi-monthly applications for payment. The additional pay applications will include any costs accrued during the periods of critical mobilization. The program will allow the Contractor and subcontractors to invoice for costs as they are accrued during periods of critical mobilization. The Contractor shall submit bimonthly invoices to the Owner for such costs. The Contractor shall pay subcontractors for costs within 10 days of receipt of payment from Owner.

### **Process to Apply for Mobilization Prompt Pay**

Step 1: Contractor identifies period of critical mobilization and submits them to the Project Manager for approval

Step 2: Project Manager, on behalf of the owner, approves the critical mobilization periods.

Step 3: During such periods, Contractor will submit bimonthly pay applications to the City. Bimonthly pay applications should include costs accrued by Contractor and Subcontractor(s).

Step 4: Upon receipt of payment from the City, Contractor must pay Subcontractor(s) within ten (10) days, in accordance with the contract.

Step 5: At any time, Subcontractor may contact Capital Contracting Office (CCO), SMBR, and/or Project Manager for assistance with Mobilization prompt Pay process.

### **Release of Retainage**

A subcontractor may request the release of retainage for work that has been completed, approved and the warranty period for that scope has expired but prior to the completion of the project. If the request is approved, the amount of the subcontractor’s retainage will be released in the prime contractor’s next payment.

Where the original contract amount is less than \$400,000, Owner will pay Contractor total amount of approved application for payment, less ten percent (10%) of amount thereof, which then percent (10%) will be retained until final payment, less all previous payments and less all other sums that may be retained by Owner under the terms of the contract agreement. Where the original contract amount is \$400,000 or more, Owner will pay Contractor total amount of approved application for payment, less five percent (5%) of amount hereof, which five percent (5%) will be retained until final payment, less all previous payments and less all other sums that may be retained by Owner under the terms of contract agreement. In either case, if the work is near completion and delay occurs due to no fault or neglect of Contractor, Owner may pay a portion of the retained amount to Contractor. Contractor, at Owner’s option, may be relieved of the obligation to complete the work and, thereupon, Contractor shall receive payment of the balance due under the contract subject to the conditions stated under paragraph 15.2. A subcontractor may submit a written request to the Contractor and project manager requesting release of retainage for work by the subcontractor that has been completed and approved. The project manager will evaluate the request and if it is approved, the project manager will request the Contractor to include the request for release of an appropriate amount of retainage in the next pay application. 14.1.6 Applications for payment shall include the following documentation:

1. Updated progress schedule;
2. Monthly subcontractor report;

3. Any other documentation required under the Supplemental General Conditions.

### *Process to Apply for Release of Retainage*

Step 1: Subcontractor should verify participation eligibility in Release of Retainage Program with Project Manager and Contractor

- Eligibility will be contingent upon the sequence of work and the degree the Sucontractors scopes are tied to work remaining on the project

Step 2: If eligibility is verified by Project Manager, Subcontractor may only request Release of Retainage after completion and approval of work.

Step 3: Subcontractor will submit written request for Release of Retainage to Contractor and Project Manager

Step 4: Request will be evaluated by Project Manager

Step 5: If approved, Project Manager will request Contractor to include Sucontractor's appropriate reatainage amount to be included in next pay application.

Step 6: Contractor must include the following documents in pay applications:

- Contractor's updated progress schedule
- Contractor's completed monthly subcontractor expenditure report (SubK)
- Any other documentation required under the Supplemental General Conditions

Step 7: At any time, Subcontractor may contact the Capital Contracting Office, Small and Minority Business Resources, or the Project Manager for assistance with Release of Retainage process

### **ACA Member Services**

1. Business and Technical Consultation
2. Minority Business Enterprise Certification Application, Renewal and Profile Change Process
3. Asian Subcontractor/Sub-consultant Referral Services
4. Upcoming Bid/Event Notifications
5. How to Use COA Austin Finance Online
6. Plans Room Services
7. Plan Reading, Cost Estimating Consultation (RSMMeans)
8. Proposal Writing and Bid Submission
9. Assist Vendors in Navigating City Procurement Processes
10. Contract Compliance and Contract Review
11. M/WBE Program Ordinance and Compliance Plan Orientation
12. Translations
13. Liaison Services Between Vendors and City Departments
14. Research Assistance in Current and Past City Solicitations and Winning Proposals
15. Collective Representation to Improve Asian Vendor Utilization

# Asian Contractor Association

A non-profit organization serving Asian businesses  
in the Greater Austin Metro Area since 2001

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