



REPORTS YOU MAY BE SUBJECT TO:

- Section 3
- Minority and Women Owned Business Report
- Davis Bacon

SECTION 3 SUMMARY

- ▶ What is Section 3?
 - ▶ Section 3 represents HUD's policy for providing preference for new employment, training, and contracting opportunities created from the usage of covered CDBG funds to low- and very low-income residents and Section 3 businesses of the community where certain CDBG funds are spent (regardless of race or gender), and the businesses that substantially employ these persons.

WHAT IS A SECTION 3 RESIDENT?

- ▶ Section 3 Residents are:
 - ▶ Residents of Public and Indian Housing; or
 - ▶ Individuals that reside in the Albuquerque City limits and whose income does not exceed the local income criteria of low to moderate income; or
 - ▶ A homeless person residing in the project area; or
 - ▶ A project area participant of the Youthbuild program.

WHAT IS A SECTION 3 BUSINESS?

- ▶ Section 3 Business Concerns are one of the following:
 - ▶ Businesses that are 51 percent or more owned by Section 3 residents;
 - ▶ Businesses whose permanent, full time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the firm were Section 3 residents; or
 - ▶ Businesses that provide evidence of a commitment to subcontract in excess of 25 percent of the dollar amount of all subcontractors to be awarded to businesses that meet the qualifications described above.



WHAT TRIGGERS REQUIREMENTS OF SECTION 3?

- ▶ **Report Only If Award Is Greater Than \$200,000**-The Section 3 regulations apply to recipients of housing and community development assistance in excess of \$200,000 expended for:
 - ▶ (1) housing rehabilitation (including reduction and abatement of lead-based paint hazards);
 - ▶ (2) housing construction; or
 - ▶ (3) other public construction projects.
- ▶ Section 3 requirements apply to contractors and subcontractors performing work when the CDBG award is > \$200,000 and the contract/subcontract is > \$100,000.



RECIPIENT RESPONSIBILITIES

- ▶ Implementing procedures to notify Section 3 residents and business concerns about training, employment, and contracting opportunities ;
- ▶ Notifying potential contractors working on Section 3 covered projects of their responsibilities;
- ▶ Incorporating the Section 3 Clause into all covered solicitations and contracts;
- ▶ Facilitating the training and employment of Section 3 residents and the award of contracts to Section 3 business concerns;
- ▶ Assisting and actively cooperating with the City of making contractors and subcontractors comply;
- ▶ Documenting actions taken to comply with Section 3; and
- ▶ Submitting Section 3 Annual Summary Reports (HUD Form 60002).



COMPLIANCE DETERMINATIONS

- ▶ 30 percent of the aggregate number of new hires shall be Section 3 residents;
- ▶ 10 percent of the total dollar amount of all covered construction contracts shall be awarded to Section 3 business concerns; and
- ▶ 3 percent of the total dollar amount of all covered non-construction contracts shall be awarded to Section 3 business concerns.

Recipients that fail to meet the minimum numerical goals above bear the burden of demonstrating why it was not possible to do so. Such justifications should describe the efforts that were taken, barriers encountered, and other relevant information that will enable the Department to make a compliance determination.

REPORTING PERIOD

- ▶ The reports are due annually by July 15th. The report period is from July 1st through June 30th. A HUD Form 60002 is also due at project closeout.
- ▶ If the report is submitted at closeout, the report period will be from the previous report to the closeout date. The contracts reported are for the report period only and are not cumulative.



MINORITY AND WOMEN OWNED BUSINESS REPORT

- ▶ This report (HUD Form 2516) is to be completed by grantees, developers, sponsors, builders, agencies, and/or project owners for reporting contract and subcontract activities of \$10,000 or more under the Community Development Block Grant.
- ▶ Contracts/subcontracts of less than \$10,000 need be reported only if such contracts represent a significant portion of your total contracting activity. Include only contracts executed during the current reporting period.



WHY IS HUD REPORT 2516 NECESSARY?

- ▶ The information is used by HUD to monitor and evaluate Minority and Women Business Enterprise (MBE/WBE) activities against the total program activity and the designated Minority and Women Business Enterprise (MBE/WBE) goals.
- ▶ The Department requires the information to provide guidance and oversight for programs for the development of Minority and Women Business Enterprises. If the information is not collected HUD would not be able to establish meaningful MBE /WBE goals nor evaluate performance against these goals.

REPORTING PERIOD

- ▶ The HUD Form 2516 report is due by October 15th. The report period is from October 1st through September 30th. A HUD Form 2516 is also due at project closeout.
- ▶ If the report is submitted at closeout, the report period will be from the previous report to the closeout date. The contracts reported are for the report period only and are not cumulative.



DAVIS BACON

Davis Bacon Act federal wage rates apply to construction projects exceeding \$2,000.00

The City must ensure construction laborers working on covered projects are paid no less than the Federal prevailing wage rate for the type of work they perform.

RELATED ACTS

The Copeland “Anti-Kickback Act” is a United States labor law and act of congress that supplemented the Davis Bacon Act. It prohibits a federal building contractor or subcontractor from inducing an employee into giving up any part of the compensation that he or she is entitled to under the terms of his or her employment contract.

RELATED ACTS

- ▶ The Contract Work Hours and Safety Standards Act (CWHSSA) requires payment of time and a half for hours in excess of 40 a week. Liquidated damages include \$10.00 per employee per day violation. CWHSSA also prohibits unsanitary, hazardous, or dangerous working conditions on federal and federally financed and assisted construction projects.

DAVIS BACON

- ▶ Community Development Division must determine Davis Bacon. The best and safest approach is to assume that Davis-Bacon requirements will be applicable whenever the contract/project involves construction work valued in excess of \$2,000. This determination will be made prior to the contract execution.

DAVIS BACON

- ▶ Program Specialist will prepare the bid documents/contract. The bid specifications and/or the contract for each project subject to Davis Bacon wage rates must contain both a Davis Bacon wage decision and labor standards clauses.
- ▶ Once a contractor has been selected, Program Specialist will verify that the contractor is not ineligible (e.g., debarred) from participation in Federal programs.

DAVIS BACON

- ▶ The contractor is required to display on the job site a copy of the applicable Davis Bacon wage decision and Department of Labor Form WH-1321, Davis Bacon Poster.
- ▶ Program Specialist will conduct on-site visits to ensure compliance.
- ▶ The Davis-Bacon Poster is available in English and Spanish via the DOL website.

DAVIS BACON

- ▶ Program Specialist will conduct monthly on-site interviews with laborers. The purpose of the interviews is to capture observations of the work being performed and to get the workers' views on the number of hours they work, the type of work they perform and the wages they receive.
- ▶ Information gathered during the interviews will be recorded on Form HUD-11, Record of Employee Interview. Completed HUD-11s will be compared to the corresponding contractor and subcontractor certified payrolls to test and verify the accuracy of the payroll information.

DAVIS BACON

- ▶ In addition to comparing HUD-1s to the certified payroll reports, Program Specialist will review the payroll reports to ensure all laborers and mechanics are being paid no less than the wage rates contained on the applicable Davis Bacon wage decision for the classification of work they perform. Reviews will be conducted weekly as reports are submitted from the contractor.

DAVIS BACON

- ▶ Program Specialist will investigate any probable violations and complaints of underpayment working with HUD and/or DOL as necessary.

DAVIS BACON

- ▶ If, after reviewing payroll reports and conducting interviews, the Program Specialist identifies violations, the City will ensure the full resolution of any monetary liability that has or may be imposed for labor standards reasons. If restitution is due to an employee, the City will work directly with contractor to ensure this occurs in a timely manner and receive proof of such restitution.

DAVIS BACON

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DOCUMENTATION

- ▶ Documentation is key
- ▶ Please document all outreach activities
- ▶ Numbers reported will be verified at monitoring



QUESTIONS?

