



## Pre-Bid and Pre-Construction Meeting Information

### General Information

- The Grant Administrator/Grantee should provide more details as needed.
- The Grant Administrator/Grantee shall not limit the presentation to these points only, it will depend on the type of project and the contractors experience with the CDBG program.
- The documents (brochures with an overview of the requirements) will be sent via email prior to the pre-bid meeting by DWI.
- The contractor needs to learn about the CDBG-I program expectations and if they are willing to commit to it.
- Both meetings must be coordinated in advance with all the parties involve including CDBG-I staff.
- Both the project engineer and the grant administrator must coordinate the agenda for the meeting. The engineer usually covers the projects specifics and progress meeting schedules. The grant administrator/grantee covers the CDBG requirements.
- CDBG-I staff will attend both meetings if time allows, and will support the grant administrator and engineers, if needed, for additional comments or to answer any questions from the participants.
- **This is only a guidance tool.**

### Pre-Bid Meeting Important Points

- Provide overview of HUB requirements (N.C.G.S 143-128.2).
  - Intent is for all potential contractors and subcontractors to cooperate with North Carolina HUB regulations.
    - Must engage in good faith efforts to solicit HUB participation in the bidding process.
    - All good faith efforts must be legal, proper and reasonable to achieve the statutory goal of 10% for participation by minority business in each construction project as mandated by state statutes.
  - Prime Contractors and Its First-Tier Subcontractors Responsibilities
- Provide contractors with handouts on:
  - Compliance summary
  - Section 3 Summary
  - Davis Bacon Basic Information
- Provide a brief explanation of the CDBG requirements.
- Provide an overview of Labor Standards requirements:
  - Wage Decision will be rechecked 10 days prior to bid opening and if updated will be provided via addendum.
  - Wage Decision is locked in at bid opening provided contract is awarded within 90 days. If contract isn't awarded within 90 days, the wage decision must be updated, if there is a change.



- Potential need of additional classifications (additional classifications cannot be requested until the contract has been awarded to the successful bidder) and weekly payrolls. Potential bidders need to take into consideration additional classifications not on the WD.
- Provide an overview of Section 3 requirements:
  - All potential bidders must submit a filled out Section 3 plan with their bids – Required starting with #18 grants. *(all bids and section 3 plans must be maintained in local unit of government grant files for compliance). Compliance with Section 3 starts at the time there is a need for contractors, so grantees must start documenting efforts at that point.*
  - All potential bidders shall document Section 3 good faith efforts if there is need for subcontracting at the time of bidding.
  - If subcontractors are needed after a prime contractor is selected, the prime contractor must provide documentation on how the needed subcontractors were selected.
  - Provide Section 3 self-certification information for businesses and residents and a copy of the income limits for the county.

### Pre-Construction Meeting Important Points

- Provide the prime/general contractor and subcontractors with the following handouts:
  - Compliance summary
  - Section 3 Summary
  - Davis Bacon Basic Information
  - Additional classification process
- Provide a thorough discussion of all the CDBG requirements in more detail.
- Follow up with Section 3 efforts and if subcontracting and hiring is needed.
- Contractor and subcontractors need to provide a crew list of employees and their classifications whom will be working on the project site.
- Make sure all subcontractor agreements are received for grant files and they have all the required items.
- Provide Labor Standards posters and discuss the placement of posters and WD on job site board.
- If additional wage classifications are needed, go over the process and how to calculate rates for additional classifications document.
- Provide any additional Section 3 self-certifications for businesses and residents and a copy of the income limits for the county, as needed.
- Draft work schedule to how the project will be tackled is needed either at pre-construction or within one month of pre-construction meeting.

### CDBG Requirements & Responsibilities

#### Non-Discrimination in Program and Activities

The local unit of general government and contractors are responsible for ensuring that all projects assisted with CDBG funds are made available on a non-discriminatory basis; without regard to race, color, religion, sex, disability, familial status, age, or national origin (Civil Rights Act). Contractors shall comply with the following.



### Equal Employment Opportunity

Contractors are responsible for ensuring all projects assisted with CDBG funds are made available on a non-discriminatory basis; without regard to race, color, religion, sex, disability, familial status, age, or national origin.

### Language Access (Title VI)

The local unit of general government has a commitment to reduce language barriers that can prevent meaningful access by Limited English Proficiency (LEP) persons to the CDBG program, services and activities. Need to take responsible steps to ensure significant access by LEP persons to federal financial assistance programs. All documents reaching out or directly involving the public must include a clause at the end of the document stating the information is available in Spanish and/or other language upon request.

### Section 504 – Persons with Disabilities Access

Section 504 prohibits discrimination based on disability in any program or activity that receives federal financial assistance. Ensure that all policies, practices and physical accessibility and notify persons that does not discriminate on the basis on handicap.

### Historically Underutilized Businesses (HUB)

The State of North Carolina requires good faith efforts to support HUBs. The local unit of general government and the contractor(s) are committed to and support efforts to effectively maintain and increase historically underutilized businesses (HUB) contract participation for construction projects, services, and purchases.

### Minority / Women Owned Businesses (M/WBE) (Executive Orders 11625, 12432, & 12138)

The local unit of general government and the contractor(s) are committed to provide small, minority and women owned business enterprises equal access to opportunity for participation in contracts for construction, services, goods and supplies.

### Job Creation and Economic Opportunity [Section 3 of the HUD (Civil Rights) Act of 1968 parked at 24 CFR Part 135]

The purpose of section 3 of the HUD Act of 1968 is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and Local laws and regulations, be directed to low- and very low-income persons.

As a recipient (the Grantee, prime/general contractor, and subcontractors) of federal funds, recipients must, to the greatest extent possible, provide job training, employment (all types), and contracting opportunities for low or very low income residents and businesses in connection with projects and activities in their community when there is a need.

Section 3 requirements are triggered by the **need** for new hires (whether individual employees or contractors or sub-contractors) for work on a project or activity assisted by HUD financial assistance covered by Section 3.



### *Section 3 Business (24 CFR 135.5):*

- A business that:
  - Is 51% or more owned and operated by Section 3 residents (ROB=Resident Owned Business);
  - Has a full-time, permanent staff comprised of 30% or more of Section 3 residents within a three (3) year period; or
  - Commits to subcontract 25% or more of the dollar amount of the awarded contract to those who meet qualifications under the above two bullet points.

### *Section 3 Resident (24 CFR 135.5):*

- Section 3 residents are low- and very low-income persons that reside within the legal boundaries of a city/town or county respectively and have total household income at or below 80% of area median income (AMI).
  - Tier I residents are any residents of HUD assisted housing, including public housing resident; or
  - Tier II residents are persons in the area where the HUD financial assistance is spent, including the metropolitan city or non-metropolitan county of the project, and participants in Youthbuild programs.

### *Section 3 Compliance:*

- Section 3 residents and businesses must be notified about economic opportunities connected with HUD-funded projects.
- Informing potential contractors of their obligations under Section 3. The “Section 3 clause” must be included in every solicitation and contract connected with a Section 3 covered project.
- Cooperating in ensuring Section 3 compliance by contractors and subcontractors involved in the Section 3 covered project.
- Undertaking activities to reach the numerical goals established by HUD for training and employment of Section 3 residents, as well as Section 3 business concerns.
- All ads, flyers, postings should contain this language:
  - “This opportunity is covered Under Section 3 of the HUD Act of 1968.”
- Reporting to NCDEQ/DWI and HUD on the results of these activities.
- Income surveys can be used for Section 3 residents lists; as well as local public housing residents.
  - Documentation of outreach and results of outreach must be in the grant files if there was a need for new hires.
  - All Section 3 Resident Self-Certification paperwork must be in the grant files.
- Certified payrolls must be compared with the provided contractor/subcontractor crew list throughout the life of construction to identify new hires needs; it is a good faith effort to increase Section 3 opportunities.
- The grant files must have all Section 3 plans for potential and awarded contractors and subcontractors to be in compliance.
- Grantee, contractors and subcontractors are encouraged to use the FHEO Section 3 Opportunity Portal, which is intended to help grantees and Section 3 businesses meet their Section 3 obligations for employment and contracting. (go to [https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp/section3/section3](https://www.hud.gov/program_offices/fair_housing_equal_opp/section3/section3))  
[https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp/section3/section3](https://www.hud.gov/program_offices/fair_housing_equal_opp/section3/section3)

### *Section 3 Compliance for Prime/General Contractors and Subcontractors:*

- All prime/general contractors (potential and awarded) and any subcontractors with a contract/agreement, or potential contract/agreement, of \$100,000 or more must complete and submit a Section 3 plan [135.3(3)(ii)].



- **All potential bidders must submit their completed Section 3 Plan as part of their bid documents.**
- The Section 3 plan is a commitment from contractor/subcontractor to meet goals or demonstrate good faith efforts.
- **If a Prime/General Contractor doesn't need or have identified subcontractors at time of bidding or changes their subcontractors during the project, they must notify the Section 3 Coordinator and document the need and process for Section 3 compliance.**
- Provide at Pre-Construction meeting, a list of employees who will or may work on the job site.
- All job postings for new hires must go through Section 3 Coordinator to ensure nondiscrimination and/or use of limited language in the posting.
- Section 3 clause must be in every contract (prime/general and subcontractors).
- If Prime/General Contractor and/or subcontractor is a Section 3 business, documentation (self-certifications) must be provided to the Section 3 Coordinator for placement in grant file.
- All Section 3 Residents and Business must be qualified for the work they are applying for.

### Labor Standards (Davis Bacon and Related Acts)

All construction work that is financed in whole or in part by CDBG funds is subject to Davis-Bacon Labor Standards and the Related Acts.

#### The Davis- Bacon Act:

The Davis-Bacon Act requires that all laborers and mechanics working on construction projects financed by the Federal government be paid the "prevailing wages" for each job classification.

- Davis-Bacon requirements govern all construction, demolition and rehabilitation projects including those that alter or repair public buildings and/or public works contracts over \$2,000.
- All contractors and subcontractors must pay the various classifications of laborers and mechanics employed on the site of work on the contract the wage rates and fringe benefits determined by DOL.
- Act requires certain labor standards provisions to be specified in the contracts awarded to the successful bidders and subsequent subcontracts, and the applicable wage determination must also be included in said contract documents.

#### The Related Acts:

- Contract Work Hours and Safety Standards Act.
  - Laborers and mechanics employed on covered contracts be paid not less than one and one-half times their basic rate of pay for hours worked in excess of forty (40) in a workweek.
- Copeland Anti-Kickback Act.
  - The "Anti-Kickback" section of the Copeland Act makes it punishable by a fine or by imprisonment up to 5 years, or both, to induce any person working on a federally-funded or assisted construction project to "give up any part of the compensation to which he is entitled under his contract of employment (except for permissible deductions.)"
  - Contractors and subcontractors are required to submit weekly copies of all certified payrolls, along with a weekly "statement of compliance."
  - Contractors and subcontractors may use FORM WH347

#### *Davis Bacon and Related Acts Requirements:*

- Supervisory positions at job site doing more than 20% of time in a skilled labor must be paid at least the wage rate and fringe benefits of the classification of work being done.



- Job site posters and wage decision must be posted in a visible, convenient place where every person working on the site can see them and protected from weather.
- Requires payment of prevailing wages and fringe benefits.
- Requires weekly payment of wages and fringe benefits.
- Prior to the award of any contract, verification that the prime/general contractor and subcontractors is not on the Debarred List. Document this verification.
- Inform employees about the interviews (job classification and how much they make).
- Payroll and Additional classifications (if needed).
  - Additional classification can only be requested from DOL after award of contract.
  - Takes 30 days to get an approval from DOL
  - Follow the process outline in the Additional Classification Process Documentation.

### *Prime (General) Contractor / Sub Contractor Roles and Responsibilities*

Each contract/agreement subject to Davis-Bacon must contain labor standards and contract provisions and the applicable wage determination/decision.

#### *Prime (General) Contractor Role/Responsibilities*

- Prepares and submits certified payrolls for its own employees.
- Submits certified payrolls for all subcontractor employees.
- Reviews wage determination and requests additional classifications when needed.
- Provides subcontractors with forms and guidance concerning Davis-Bacon requirements.
- Provides a job board with all required labor standards posters and wage decision in an area that is accessible and visible to all employees on the work site.
- Provides Labor Standards on-site interviewer access to employees on site.
- Instructs lower-tier subcontractors of their responsibilities.
- Provides Section 3 documentation to grantee and Section 3 Coordinator.

#### *Subcontractor(s) Role/Responsibilities*

- Prepares & submits certified payrolls each week for its own employees.
- Instructs any lower-tier subcontractors of responsibilities.
- Reviews wage determination and requests additional classifications if needed.
- Provides Labor Standards on-site interviewer access to employees on-site.
- Provide Section 3 documentation to grantee and Section 3 Coordinator.



## SECTION 3 CLAUSE ACKNOWLEDGEMENT

### **Economic Opportunities for Low- and Very Low-Income Persons (Section 3, HUD Act of 1968; 24 CFR 135)**

(a) The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

(b) The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.

(c) The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of Section 3 apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

(d) The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.

(e) The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.

(f) Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

I have read and understand these requirements of this Section 3 funded project:

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Print Name: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



## PRIME/GENERAL CONTRACTOR & SUB-CONTRACTOR GUIDE TO SECTION 3 PROJECT COMPLIANCE

### Do's

- ✓ Provide employee lists for every contractor and sub-contractor prior to the start of the project reflecting all potential employees.
- ✓ List (Any) all persons who have any possibility of working on the Project, even if only a short period.
- ✓ Note the employees counted as Section 3 for the project & list their hire date. Complete and provide a Section 3 Self-Certification Form for all Section 3 Employees. Section 3 employees must resident within the local project (respective) city or county.
- ✓ Send a copy of all certified payrolls promptly at the end of each pay period.
- ✓ If you need any new employees (Temp or Permanent), you must develop a flyer announcing the position you are seeking to fill and the flyer must include:
  - Opening date of the position
  - Closing date for the position
  - Position description including minimal requirements for the work
  - This exact wording, "This project is covered under Section 3 of the HUD Act of 1968"
  - Contact person's name, email, phone, and/or fax to apply
- ✓ Contact the project grant administrator when ANY staffing changes are needed before, any new persons or companies are contracted or hired.

### Don'ts

- ✓ Do **NOT** start work on the project until the employee lists for all contractors and sub-contractors have been received.
- ✓ Do not hire new contractors or employees without following proper procedure to give notice to Section 3 businesses and residents first.
- ✓ Do not permit any person not listed on your employee list to work on the job site for this project.
- ✓ If you are working on a Davis Bacon project, do not send payrolls in any other form than WH-347 from the DOL website.
- ✓ Don't make assumptions about compliance. Always contact the project grant administrator with questions. **They are here to help!**



## RECOMMENDED ACTIVITIES TO DEMONSTRATE GOOD FAITH EFFORTS FOR SECTION 3

### Appendix to Part 135

#### I. Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents

- (1) Entering into “first source” hiring agreements with organizations representing Section 3 residents.
- (2) Sponsoring a HUD-certified “Step-Up” employment and training program for section 3 residents.
- (3) Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other section 3 residents in the building trades.
- (4) Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in §135.34) reside.
- (5) Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional housing in the neighborhood or service area of the section 3 covered project.
- (6) Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, and community organizations in HUD-assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.
- (7) Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the section 3 covered project.
- (8) Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2 persons reside and in the neighborhood or service area in which a section 3 project is located.
- (9) Arranging for a location in the housing development or developments where category 1 persons reside, or the neighborhood or service area of the project, where job applications may be delivered to and collected by a recipient or contractor representative or representatives.
- (10) Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the section 3 covered project.



(11) Contacting agencies administering HUD Youthbuild programs, and requesting their assistance in recruiting HUD Youthbuild program participants for the HA's or contractor's training and employment positions.

(12) Consulting with State and local agencies administering training programs funded through JTPA or JOBS, probation and parole agencies, unemployment compensation programs, community organizations and other officials or organizations to assist with recruiting Section 3 residents for the HA's or contractor's training and employment positions.

(13) Advertising the jobs to be filled through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

(14) Employing a job coordinator, or contracting with a business concern that is licensed in the field of job placement (preferably one of the section 3 business concerns identified in part 135), that will undertake, on behalf of the HA, other recipient or contractor, the efforts to match eligible and qualified section 3 residents with the training and employment positions that the HA or contractor intends to fill.

(15) For an HA, employing section 3 residents directly on either a permanent or a temporary basis to perform work generated by section 3 assistance. (This type of employment is referred to as "force account labor" in HUD's Indian housing regulations. See 24 CFR 905.102, and §905.201(a)(6).)

(16) Where there are more qualified section 3 residents than there are positions to be filled, maintaining a file of eligible qualified section 3 residents for future employment positions.

(17) Undertaking job counseling, education and related programs in association with local educational institutions.

(18) Undertaking such continued job training efforts as may be necessary to ensure the continued employment of section 3 residents previously hired for employment opportunities.

(19) After selection of bidders but prior to execution of contracts, incorporating into the contract a negotiated provision for a specific number of public housing or other section 3 residents to be trained or employed on the section 3 covered assistance.

(20) Coordinating plans and implementation of economic development (e.g., job training and preparation, business development assistance for residents) with the planning for housing and community development.

## **II. Examples of Efforts To Award Contracts to Section 3 Business Concerns**

(1) Utilizing procurement procedures for section 3 business concerns similar to those provided in 24 CFR part 905 for business concerns owned by Native Americans (see section III of this Appendix).

(2) In determining the responsibility of potential contractors, consider their record of section 3 compliance as evidenced by past actions and their current plans for the pending contract.

(3) Contacting business assistance agencies, minority contractors' associations and community organizations to inform them of contracting opportunities and requesting their assistance in identifying section 3 businesses which may solicit bids or proposals for contracts for work in connection with section 3 covered assistance.



(4) Advertising contracting opportunities by posting notices, which provide general information about the work to be contracted and where to obtain additional information, in the common areas or other prominent areas of the housing development or developments owned and managed by the HA.

(5) For HAs, contacting resident councils, resident management corporations, or other resident organizations, where they exist, and requesting their assistance in identifying category 1 and category 2 business concerns.

(6) Providing written notice to all known section 3 business concerns of the contracting opportunities. This notice should be in sufficient time to allow the section 3 business concerns to respond to the bid invitations or request for proposals.

(7) Following up with section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities.

(8) Coordinating pre-bid meetings at which section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities.

(9) Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that section 3 business concerns can take advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate.

(10) Advising section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.

(11) Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways to facilitate the participation of section 3 business concerns.

(12) Where appropriate, breaking out contract work items into economically feasible units to facilitate participation by section 3 business concerns.

(13) Contacting agencies administering HUD Youthbuild programs, and notifying these agencies of the contracting opportunities.

(14) Advertising the contracting opportunities through trade association papers and newsletters, and through the local media, such as community television networks, newspapers of general circulation, and radio advertising.

(15) Developing a list of eligible section 3 business concerns.

(16) For HAs, participating in the “Contracting with Resident-Owned Businesses” program provided under 24 CFR part 963.

(17) Establishing or sponsoring programs designed to assist residents of public or Indian housing in the creation and development of resident-owned businesses.

(18) Establishing numerical goals (number of awards and dollar amount of contracts) for award of contracts to section 3 business concerns.



(19) Supporting businesses which provide economic opportunities to low income persons by linking them to the support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.

(20) Encouraging financial institutions, in carrying out their responsibilities under the Community Reinvestment Act, to provide no or low interest loans for providing working capital and other financial business needs.

(21) Actively supporting joint ventures with section 3 business concerns.

(22) Actively supporting the development or maintenance of business incubators which assist Section 3 business concerns.

### **III. Examples of Procurement Procedures That Provide for Preference for Section 3 Business Concerns**

This Section III provides specific procedures that may be followed by recipients and contractors (collectively, referred to as the “contracting party”) for implementing the section 3 contracting preference for each of the competitive procurement methods authorized in 2 CFR 200.320.

(1) *Small Purchase Procedures.* For section 3 covered contracts aggregating no more than \$25,000, the methods set forth in this paragraph (1) or the more formal procedures set forth in paragraphs (2) and (3) of this Section III may be utilized.

(i) *Solicitation.* (A) Quotations may be solicited by telephone, letter or other informal procedure provided that the manner of solicitation provides for participation by a reasonable number of competitive sources. At the time of solicitation, the parties must be informed of:

- the section 3 covered contract to be awarded with sufficient specificity;
- the time within which quotations must be submitted; and
- the information that must be submitted with each quotation.

(B) If the method described in paragraph (i)(A) is utilized, there must be an attempt to obtain quotations from a minimum of three qualified sources in order to promote competition. Fewer than three quotations are acceptable when the contracting party has attempted, but has been unable, to obtain a sufficient number of competitive quotations. In unusual circumstances, the contracting party may accept the sole quotation received in response to a solicitation provided the price is reasonable. In all cases, the contracting party shall document the circumstances when it has been unable to obtain at least three quotations.

(ii) *Award.* (A) Where the section 3 covered contract is to be awarded based upon the lowest price, the contract shall be awarded to the qualified section 3 business concern with the lowest responsive quotation, if it is reasonable and no more than 10 percent higher than the quotation of the lowest responsive quotation from any qualified source. If no responsive quotation by a qualified section 3 business concern is within 10 percent of the lowest responsive



quotation from any qualified source, the award shall be made to the source with the lowest quotation.

(B) Where the section 3 covered contract is to be awarded based on factors other than price, a request for quotations shall be issued by developing the particulars of the solicitation, including a rating system for the assignment of points to evaluate the merits of each quotation. The solicitation shall identify all factors to be considered, including price or cost. The rating system shall provide for a range of 15 to 25 percent of the total number of available rating points to be set aside for the provision of preference for section 3 business concerns. The purchase order shall be awarded to the responsible firm whose quotation is the most advantageous, considering price and all other factors specified in the rating system.

(2) *Procurement by sealed bids (Invitations for Bids)*. Preference in the award of section 3 covered contracts that are awarded under a sealed bid (IFB) process may be provided as follows:

(i) Bids shall be solicited from all businesses (section 3 business concerns, and non-section 3 business concerns). An award shall be made to the qualified section 3 business concern with the highest priority ranking and with the lowest responsive bid if that bid — is within the maximum total contract price established in the contracting party's budget for the specific project for which bids are being taken

If no responsive bid by a section 3 business concern meets the requirements of paragraph (2)(i) of this section, the contract shall be awarded to a responsible bidder with the lowest responsive bid.

(3) *Procurement under the competitive proposals method of procurement (Request for Proposals (RFP))*. (i) For contracts and subcontracts awarded under the competitive proposals method of procurement (2 CFR 200.320), a Request for Proposals (RFP) shall identify all evaluation factors (and their relative importance) to be used to rate proposals.

(ii) One of the evaluation factors shall address both the preference for section 3 business concerns and the acceptability of the strategy for meeting the greatest extent feasible requirement (section 3 strategy), as disclosed in proposals submitted by all business concerns (section 3 and non-section 3 business concerns). This factor shall provide for a range of 15 to 25 percent of the total number of available points to be set aside for the evaluation of these two components.

(iii) The component of this evaluation factor designed to address the preference for section 3 business concerns must establish a preference for these business concerns in the order of priority ranking as described in 24 CFR 135.36.

(iv) With respect to the second component (the acceptability of the section 3 strategy), the RFP shall require the disclosure of the contractor's section 3 strategy to comply with the section 3 training and employment preference, or contracting preference, or both, if applicable. A determination of the contractor's responsibility will include the submission of an acceptable section 3 strategy. The contract award shall be made to the responsible firm (either section 3 or non-section 3 business concern) whose proposal is determined most advantageous, considering price and all other factors specified in the RFP.



## SAMPLE INVITATION FOR SUBCONTRACTOR BID

Company Name  
Contact Information  
Date: **June 5, 20xx**

Project Name and Description: **xxx**

Bid Date: **6/13/20xx** **Quotes due 6/12/20xx @5pm**  
Engineer: \_\_\_\_\_

(Company Name) \_\_\_\_\_ is preparing a bid for the above referenced project and we solicit your company to provide us with a price quote for the portion of work your firm is qualified to perform.

We are requesting quotations for the following trades:

- **Electrical**
- **Plumbing**
- **Paving**

Documents can be reviewed at the following locations:

- Contractor contact information:
- Owner: **Town/City/County**
- Engineer:

*(Under this section add requirements and other important information for the subcontractors)*

We will consider any break down or combining elements of work to facilitate your participation. (Company name) \_\_\_\_\_ will negotiate the work in good faith with interested firm and will not reject the firm as unqualified without sound reasons based on their capabilities. We will provide assistance to qualified businesses in obtaining the necessary bonding and insurance to meet the requirements of this project. (Company name) \_\_\_\_\_ will consider a Quick Pay Agreement with MBE,/WBE, HUB, and Section 3 subcontractors to enable firms to meet cash -flow demands.

For question regarding this project, please contact **XXXXXXX** at **XXXXXXX** or by email **XXXXXXX**. If emailing, please reference the project name in the subject line.

CDBG project requirements: Section 3 of the Housing and Urban Development Act of 1968 requires that economic opportunities generated by certain HUD financially assisted housing and community development programs shall, to the greatest extent feasible, be given to low and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons.

This information is available in Spanish or any other language upon request. Please contact **(Insert Name)** at **(Insert Phone Number)** or at **(Insert physical location)** for accommodations for this request.

Esta información está disponible en español o en cualquier otro idioma bajo petición. Por favor, póngase en contacto con **(Insert Name)** al **(Insert Phone Number)** o en **(Insert physical location)** de alojamiento para esta solicitud.



Please mark your response below and fax to XXXXXXXXXX or reply via email at XXXXXXXXX.

Company Name: \_\_\_\_\_

Bidding for (Describe): \_\_\_\_\_

Section 3 Certified	yes	no
MBE/WBE	yes	no
HUB	yes	no

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