



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 the Division.
- 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 must be rechecked 10 days prior to bid opening, if updated new version 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 review Section 3 documents in the bid specifications and must complete and document to follow Section 3.
 - If subcontractors are needed after a prime contractor is selected, the prime contractor must provide documentation on how the needed subcontractors were selected.
 - Provide any additional Section 3 information to potential bidders on Section 3.

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 who 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]

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.

There are two Section 3 Rules. Grant administrators and Grantees must convey and follow the appropriate Section 3 regulations and requirements based on the following:

1. The former Section regulations (24 CFR Part 135) and its requirements apply to Grants awarded and grant contracts/agreements were executed prior to November 30, 2020, and their subsequent contracts or agreements.
2. All new Grants awarded, and grant contracts/agreements were executed after November 30, 2020, must comply with the new Section 3 rule and reporting requirements found at 24 CFR Part 75.

It is recommended reviewing and pulling down necessary Section 3 information and documents from the Division website under [CDBG-I Compliance and Reporting Information: Section 3 Resources](#).

Old Rule – Section 3 (24 CFR Part 135) Information:

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.

Old Section 3 Rule 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 comply.
- 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.

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.

New Rule – Section 3 (24 CFR Part 75) Information:

The Section 3 requirements set forth at 24 CFR 75 of the federal regulation which states that, to the greatest extent possible, businesses and employers working on HUD-funded projects must make a good faith effort to train and employ low-income individuals living in the local area and to contract with businesses owned by or that employ Section 3 workers.

There is supplemental information for the new Section 3 Rule on the Division website at [CDBG-I Compliance and Reporting Information: Section 3 Resources](#). It is strongly recommended Grant Administrators and Grantees visit new Section 3 Rule resources and discuss the requirements with potential bidders.

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. Visit the Division website for [CDBG-I Compliance and Reporting: Labor Standard Resources and additional information to share](#).

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 and all contracts/agreements must have the wage rates and fringe benefits determined by DOL for the project.



- 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.