Contract Management

CDBG Administration Training

Amy Barnhill
Common Rules Regarding Contracting

- All services paid with CDBG funds must be secured by a formal, properly executed contract.
  - A formal, properly executed contract must be signed and dated!
    - Administration and all other professional services
    - Engineering/Architecture and Inspection
    - Construction/Demolition
Common Rules Regarding Contracting Continued...

- Subrecipient responsible for reviewing content.
  - Check with your Field Rep. for their review preference also.
  - Administrators should be doing this as they are hired to ensure compliance with CDBG for subrecipients.

- Civil Rights and Labor Standards certifications must be in all CDBG-funded contracts, as well as things like anti-lobbying and anti-kickback language.

- All CDBG programs **now require** the use liquidated damages and completion times in all construction contracts for the protection of the project and the subrecipient.
Prior to Entering into a Contract

- Review the contract!
- Cost based on unit price or Lump Sum.
- Watch for hidden costs (hourly rates for added services) and brand names.
  - Needs to be lump sum with “or equal to” clause.
- Pre-selection of professional services – make sure there is a contingency clause in contract.
- Check listing of debarred contractors/firms for all services paid for by CDBG funds.
- Must be licensed to do business in Missouri.
- Must have no active exclusions on SAM.gov if contract is $25,000 or over – ALL CONTRACTS, ANY TIER!!!!!!!
Prior to Entering into a Contract
Continued...

- Bonding company is listed on Department of Treasury’s listing of approved Sureties.
  - Performance and payment bonds *(required on contracts $100,000).*
  - Bonds should not have expiration dates.

- Make sure to use current/correct forms!
  - Close attention should be paid to Section 3 New/Old Rule applicability.
Prior to Entering into a Contract
Continued…

- Correct State and Federal Wage Rates in contract.
- CDBG project only or CDBG/USDA-RD project requires different forms.
  - Obtain from USDA-RD.
- E-verify/Affidavit required for all contracts up front.
Necessary Contract Documents

- Signed contract and signed contract documents must be put together as one to have a complete set of contract documents.
- Subrecipients must have an original signed, bound contract.
  - Other parties may also request an original signed contract for their records.
- All parties hired by the subrecipient to assist with the grant must have a copy of the executed contract.
- All changes must be done by change orders!
- If entering into a contract for a CDBG-DR or CDBG-MIT funded project, the full contract must be provided to your field rep/compliance specialist in order to report this contract to HUD and post it on the DED CDBG-DR or CDBG-MIT website.
Contract Payment

- Use subrecipient’s cash obligation (including loan) first.
- Use CDBG grant funds second.
- Use other grant funds last.
  - Documentation of payments must be kept for CDBG match.
- In-kind - documentation of work value: $27.21/hour for volunteer rate
- 10% retained until final paperwork received on:
  - Construction inspection funds
  - Administration funds
List of Contract Samples Found Online

- Professional Administrative Services Pre-Selection Agreement
- Professional Administrative Services Agreement
- Engineering and Technical Services Pre-Selection Agreement
- Engineering and Technical Services Agreement
- Construction Bid Packet for Grant Awards Dated November 30, 2020 and Prior
- Construction Bid Packet for Grant Awards Dated December 1, 2020 and After
List of Other Related Forms Found Online

- Request for Contractor/Subcontract Eligibility
- Section 3 FAQ for Bid Documents
- Section 3 Plan Intent to Comply
- Anti-Lobbying Certification
State & Federal Prevailing Wage Compliance

Julianna Kliethermes
June 2022
What is Labor Standards?
• Labor Standards is to ensure that construction laborers and mechanics working on any covered project are paid no less than the Federal Prevailing wage rate for the type of work they perform.

What is Prevailing Wage?
• Prevailing wage is the basic hourly rate paid on public works projects to a majority of workers engaged in a particular craft, classification or type of work within the locality and in the nearest labor market area.
When does Prevailing wage get Triggered?

Missouri House Bill 1729:
• Public Works projects valued at $75,000 and under are not subject to Prevailing Wage Law and projects valued at $10,000 and below are not subject to a competitive bidding process.
• NO project may be split up into smaller projects valued at less than $75,000 for the purpose of Evading the requirement to pay a prevailing wage or public works contracting minimum wage.

Davis Bacon Act, as amended (40 USC 276a-276a-5)
• Any Federally funded public works project valued in excess of $2,000.
Exceptions to Prevailing Wage

• Demolition Projects
  • If demolition work, is not directly related to a subsequent construction project.
    • Example; Your not tearing down a community facility to rebuild a new community facility.
  • If the Subrecipient pays for materials and land, but the subsequent construction is solely private, i.e. no federal funds are used to pay for either construction work or land.
  • If the asbestos abatement contract for commercial structures is **NOT** in excess of $2,000.
Is anything needed at the Job Site?

YES!

A bulletin board needs to be in a central location at the worksite where EEO provisions, wage determinations, health and safety regulations, Dept. of Labor wage notices, the bilingual EEO notice, and Section 3 posters are posted.

Grant Administrators will need to take a picture of the board and place in the project file.
Classifications of Construction Work
Building VS. Heavy/Highway

**Building**
- “the construction of sheltered enclosures with walk-in access for the purpose of housing persons, machinery, equipment, or supplies.”

**Heavy/Highway**
- Anything outside. Not under a roof.
What classifies as Federal Heavy/Highway Construction?

Includes the initial construction, alteration or repair of roads, streets, highways, alleys, parking areas, sidewalks, drainage, irrigation projects, sanitary and storm sewers, water mains and supply lines and other similar projects not incidental to residential/building construction.
What classifies as Federal Building Construction (Under Roof)?

• Building construction is “the construction of sheltered enclosures with walk-in access for the purpose of housing persons, machinery, equipment, or supplies.”

• If certain construction activities on a project can be classified in this manner, the key is determining whether building construction activities by definition represent more than an “incidental” portion of the contract.
  • 20% of a project cost is commonly used as a rough guide in making this decision, hence the use of the term “80/20 rule.”
  • i.e. construction or renovation to a water treatment plant that includes an enclosed structure to house equipment and controls. The grant administrator must first ask whether the estimated cost of the building and related infrastructure (water and sewer, electricity, sidewalks, etc.) exceeds 20% in relation to project cost.
How to Determine the 80/20 Rule.

Example: Construction or renovation to a water treatment plant that includes an enclosed structure to house equipment and controls.

- Ask whether the estimated cost of the building and related infrastructure is inside the building. (water and sewer, electricity, etc.)

<table>
<thead>
<tr>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>The project activities fall under the definition of Heavy construction and only the Heavy/Highway determination would be included in the project contract.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Then multiple schedules must be included in the contract with Heavy/Highway rates in force for heavy construction activities, and Building rates effective for the activities</td>
</tr>
</tbody>
</table>
What classifies as State Building Construction (Inside the Curb line)?

- Excavation for the building itself, including backfilling inside and outside the building;
- Storm and sanitary sewers inside the building and to the curb line;
- Parking lots connected to a building and all structures built as parking facilities;
- Retaining walls built in conjunction with a building project;
- Work on water and wastewater treatment plants within the fence line.
What classifies as State Heavy/Highway Construction (Outside the Curb line)?

• Work in connection with telephone, electrical, water, oil, gas or fuel lines, or any other utility or communication lines from the curb line;
• Sidewalks when poured incidental to a street or road project.
CDBG’s Labor Standards Process
How do I Request a Wage Order?

- State Wage Rates are posted on the MO Division of Labor Standards website at Department of Labor (mo.gov).
- Under Current select the county applicable to your project and select submit.
  - The engineer or architect will typically get the state wage order for grant administrators.
- Federal Wage Rates are requested from CDBG by using the following form.
CDBG Federal Wage Determination.

Request the federal prevailing wage rates from your field representative with CDBG prior to bid advertisement.

Then verify with CDBG 10 days prior to bid opening to make sure the rates have not changed.
Which Rate Should I Use?

• The contractor is responsible to determine and pay the higher wage rate between federal and State prevailing wage rates. This is included within the construction contract, for each specific classification utilized.
  • As Administrators you are responsible for checking payrolls to verify they are paying correctly.

• You may see a couple classifications are higher on one wage determination, this does not mean that is the only wage order you follow.
  • Per classification means looking at both State and Federal and determining which is higher.
Federal vs State Overtime Language

- **State overtime language** states overtime work shall include work that exceeds 10 hours in one day and work in excess of forty hours in one calendar week be paid at 1½ times the normal rate. Hours worked on Sunday or a holiday, are paid 2 times the prevailing hourly rate (including fringe benefits).

- **Federal overtime language** states any hours in excess of forty hours in a calendar week is paid at 1 and ½ the regular hourly rate (not including fringe).

- Once the rate is determined between State and Federal, both overtime rules apply regardless of wage amount!
Calculation on Overtime

• **Carpenter Hourly Rate of Pay for OT in Wright County**
  • State order states- $19.36, Federal order $27.15 cash & $18.45 Fringe.

• **State OT- Base x 1.5**
  • $19.36 x 1.5 = $29.04

• **Federal OT **Does Not** Apply To Fringe Hourly Rate**
  • Base x 1.5 + Fringe
    • $27.15 x 1.5 = $40.73 + $18.45 = $59.18

• Federal OT amount = $59.18
• State OT amount = $29.04
Helpful Tool

This form is to assist Contractors and Sub-Contractors determine if their pay rate is in compliance with Davis Bacon Act and local State Laws.

We encourage at the Pre-Construction meeting to have all General Contractors and Sub-Contractors in attendance to review this form.

If they cannot be at the Pre-Construction meeting we strongly encourage administrators to send them this form to fill out prior to starting work on the job.

This will make it very clear the appropriate rate that needs to be paid, and hopefully minimize restitution.
What’s my Next Steps?

• After the pre-construction meeting with the contractor. The administrator will submit a Start of Construction Notification to your CDBG field representative.

• As an administrator you will review weekly payrolls for compliance with State and Federal wage requirements.

• Conduct contractor/subcontractor employee interviews.

• Community Development Block Grant Information | Department of Economic Development (mo.gov)
Contracts must be Awarded within 90 days of the bid opening.

If Contracts are not Awarded within 90 days, a new wage order will need to be provided.

<table>
<thead>
<tr>
<th>START OF CONSTRUCTION NOTIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project Number:</td>
</tr>
<tr>
<td>2. City:</td>
</tr>
<tr>
<td>3. Bid Call (advertising start date):</td>
</tr>
<tr>
<td>4. Bid Opening Date:</td>
</tr>
<tr>
<td>5. Contract Award Date:</td>
</tr>
<tr>
<td>6. Federal Wage Decision #:</td>
</tr>
<tr>
<td>7. State Annual Wage Order #:</td>
</tr>
<tr>
<td>8. Date of Contractor Clearance Check:</td>
</tr>
<tr>
<td>9. Date of Start of Construction:</td>
</tr>
<tr>
<td>10. Total Amount of Contract (All Funding Sources):</td>
</tr>
<tr>
<td>11. General Contractor Registered Name:</td>
</tr>
<tr>
<td>12. Local Labor Standards Designee:</td>
</tr>
<tr>
<td>13. Contractor Payroll Contact:</td>
</tr>
</tbody>
</table>

Mail or FAX this notice within ten (10) days after award of contract to:
Missouri Department of Economic Development
BCS Compliance Team
PO Box 118
Jefferson City, Missouri 65102
Employee Interviews

- Employee interviews should be conducted at least monthly for the prime contractor, and whenever subcontractors are at work on the site. The Grant Administrator or Engineer (not the contractor), selects the employees to be interviewed.
  - The interview is to be conducted only with the individual employee.
  - The interviewer should obtain the information necessary to complete items #1-12(b) on the Record of Employee Interview, and then observe the employee at work for a period of time before completing items #13-15(c).
  - Information from the interview should then be compared to the findings on review of the weekly certified payrolls, indicated by completion of the “Payroll Examination” section of the form which is items #16-17(b).
Record of Employee Interview

U.S. Department of Housing and Urban Development
Office of Labor Relations

OMB Approval No. 2501-0009
(exp. 10/31/2010)

Public reporting burden for this collection of information is estimated to average 15 minutes per response, excluding the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and submitting the collection of information. This agency may not collect this information, and you are not required to complete the form unless it displays a currently valid OMB control number. The information is collected to ensure compliance with the Federal labor standards by soundness interviews with construction workers. The information collected will assist HUD in the conduct of compliance monitoring; the information will be used to test the validity of certified payroll reports submitted by the employer. Sensitive Information: The information collected on this form is considered sensitive and is protected by the Privacy Act. The Privacy Act requires that these records be maintained with appropriate administrative, technical, and physical safeguards to ensure their security and confidentiality. In addition, these records should be protected against any unauthorized release or disclosure to their security or integrity that could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom the information is maintained. The information collected herein is voluntary, and any information provided shall be kept confidential.

<table>
<thead>
<tr>
<th>1a. Project Name</th>
<th>2a. Employee Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1b. Project Number</td>
<td>2b. Employee Phone Number (including area code)</td>
</tr>
<tr>
<td>1c. Contractor or Subcontractor (Employer)</td>
<td>2c. Employee Home Address &amp; Zip Code</td>
</tr>
<tr>
<td>1d. Verification of Identification?</td>
<td>Yes ☐ No ☐</td>
</tr>
<tr>
<td>3a. How long on this job?</td>
<td>3b. Last date on this job before today?</td>
</tr>
<tr>
<td>3c. No. of hours last day on this job?</td>
<td>4a. Hourly rate of pay?</td>
</tr>
<tr>
<td>4b. Fringe Benefits?</td>
<td>Vacation Yes ☐ No ☐</td>
</tr>
<tr>
<td>4c. Pay stub?</td>
<td>Medical Yes ☐ No ☐</td>
</tr>
<tr>
<td>4d. Yes ☐ No ☐</td>
<td>Pension Yes ☐ No ☐</td>
</tr>
</tbody>
</table>

5. Your job classification(s) (list all) — continue on a separate sheet if necessary

6. Your duties

7. Tools or equipment used

8. Are you an apprentice or trainee? Y ☐ N ☐
9. Are you paid for all hours worked? Y ☐ N ☐
10. Are you paid at least time and 1/2 for all hours worked in excess of 40 in a week? Y ☐ N ☐

12a. Employee Signature

12b. Date

13. Duties observed by the Interviewer (Please be specific.)

14. Remarks

15a. Interviewer name (please print)

15b. Signature of Interviewer

15c. Date of interview

Payroll Examination

16. Remarks
Payroll Review
What You’ll Need

- Payroll Review Checklist (PDF)
- Straight Time Compliance Yes or No (Excel)
- Section 3 Reporting Form (New)
- The Contractor will send you payrolls that need reviewed.

Make sure the EIN number is on the first payroll for each contractor and subcontractor.
Section 3 Weekly Labor Hour Reporting

Section 3 Training will guide you on how to fill this out.

<table>
<thead>
<tr>
<th>Prime/Subcontractor Reviewed:</th>
<th>Project Number:</th>
<th>Prime/Subcontractor Number Reviewed:</th>
</tr>
</thead>
</table>

Instructions: This signed checklist is to be submitted with corresponding “Request for Funds Form” (RFF) before RFFs can be processed and approved.

Section 3 reporting is only required for projects with over $200,000 in CRDO/EBD/MBT funding. All Section 3 Target Worker Hours and Section 3 Worker Hours will have to be supported with backup documentation upon monitoring.

<table>
<thead>
<tr>
<th>Total Labor Hours</th>
<th>Section 3 Target Worker Hours</th>
<th>Section 3 Worker Hours</th>
</tr>
</thead>
</table>

Note: If you are indicating hours worked by a Section 3 worker or Target Section 3 worker, a list of Section 3 and Target Section 3 workers will need to be provided along with a certification form.

<table>
<thead>
<tr>
<th>Reviewed By:</th>
<th>Date:</th>
</tr>
</thead>
</table>
# Payroll Review Checklist

**Certified Payroll Review Checklist**

Division of Business and Community Services

<table>
<thead>
<tr>
<th>Prime/Subcontractor Reviewed</th>
<th>Payroll Number Reviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Federal Wage Order:**

<table>
<thead>
<tr>
<th>Payroll Rate Reviewed</th>
<th>State Wage Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Instructions:** This signed checklist is to be submitted with corresponding “Request for Funds Form” (RFF) before RFF’s can be processed and approved.

## Payroll Information Checklist

<table>
<thead>
<tr>
<th>YES</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Contractor’s name and address with the prime or subcontractor(s) identified.
- Payroll number, week ending, and project location.
- Employee's full name and four-digit identification number.
- Employee's full work classification, including group or class.
- Identification of apprentices and program levels (%) on payrolls.
- Daily and weekly employee hours worked in each applicable work classification.
- Daily and weekly employee overtime hours worked in each applicable work classification.
- Rate rate shown for each employee classification, overtime rate shown when worked per classification.
- Week's gross amount earned.
- Week's itemized deductions with explanation of "other" deductions per hour if needed.
- Week's net wages paid.
- Compliance statement attached.
- Method of fringe benefit payment described by checking either box (4)(a) or (4)(b) Exceptions explanation for fringe benefit (4)(c).
- Fringe benefit package information in file and updated as needed.
- Identification of OJT, apprentices and program levels (%) on payrolls.
- Statement of compliance has original signature of owner or authorized person.

## Compliance Review Checklist

**YES**  

Verify work classifications reported are consistent with the work performed.  
Verify correct wage rates are being paid (Federal vs. State requirements).  
Verify overtime is being paid correctly (Federal vs. State requirements).  
Verify that Apprentice Program documentation is in project files.  
Compare payrolls with wage rate interviews.

**Reviewed By:**

**Date:**

[Template for filling out the checklist]
What should a payroll look like?

![Payroll Form](image-url)
### Examples of Payrolls

#### Certified Payroll Report

For the Period Ending From: 10-23-21 Thru: 10-29-21

<table>
<thead>
<tr>
<th>Date</th>
<th>Operators Pay</th>
<th>Laborers Pay</th>
<th>Apprentices Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-23</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>10-24</td>
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<td>10-25</td>
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<td></td>
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<tr>
<td>10-26</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>10-27</td>
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<td></td>
<td></td>
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<tr>
<td>10-28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10-29</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Payroll Details

<table>
<thead>
<tr>
<th>Day</th>
<th>Hours</th>
<th>Rate</th>
<th>Fringe</th>
<th>Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wed</td>
<td>8.00</td>
<td>8.00</td>
<td>5.00</td>
<td>1,440.00</td>
</tr>
<tr>
<td>Thu</td>
<td>8.00</td>
<td>8.00</td>
<td>5.00</td>
<td>1,440.00</td>
</tr>
<tr>
<td>Fri</td>
<td>8.00</td>
<td>8.00</td>
<td>5.00</td>
<td>1,440.00</td>
</tr>
<tr>
<td>Sat</td>
<td>8.00</td>
<td>8.00</td>
<td>5.00</td>
<td>1,440.00</td>
</tr>
<tr>
<td>Sun</td>
<td>8.00</td>
<td>8.00</td>
<td>5.00</td>
<td>1,440.00</td>
</tr>
</tbody>
</table>

Total Payroll:

- **Cash Eary**: 7,920.00
- **Gross**: 7,650.00
- **FICA-SI/SII Deducts**: 610.00
- **Gross**: 7,650.00
- **FICA-SI/SII Deducts**: 610.00
- **Net**: 7,040.00

10-30-2021
3:00 PM
System Date: 10-30-2021
Example
When you receive a payroll, you will need to compare the amounts to the wage orders you received during the bidding process.
State and Federal Rate's you will verify with your Wage Orders.
Reviewing the Payrolls

Project Number should be on the payroll checklist they submit to you;

State and Federal wage # should be in your Labor Folder for your Project. (These should be determined during procurement.)
Reviewing Payroll

- Employee full name and four-digit identification number.
- Employee's full work classification, including group or class.

<table>
<thead>
<tr>
<th>Payroll No.: 001</th>
<th>For Week Ending: 9/11/2021</th>
<th>Project and Location: Mineral Area College Welding Lab</th>
<th>Project or Contract No.:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Name and Address of Employee</th>
<th>Occupational Title</th>
<th>Hours Worked Each Day</th>
<th>Total Hours</th>
<th>Hourly Rate of Pay</th>
<th>Gross Amount</th>
<th>Deductions</th>
<th>Net Wages Paid for Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaron Copeland</td>
<td>Skilled Laborer</td>
<td>05 6 7 8 9 10 11</td>
<td>32.00 36.00</td>
<td>1,152.00 1,152.00</td>
<td>88.12 144.00</td>
<td>57.60 289.72</td>
<td>$862.28</td>
</tr>
<tr>
<td>Skilled Laborer</td>
<td>05 6 7 8 9 10 11</td>
<td>32.00 33.00</td>
<td>1,956.00 1,856.00</td>
<td>80.78 137.00</td>
<td>52.80 270.58</td>
<td>$783.42</td>
<td></td>
</tr>
</tbody>
</table>
What if the work classification is not listed on the Federal Wage order?

If the work Classification is not listed, contractors need to submit the form SF-1444.

Once it is sent into CDBG for verification we will send to the DOL.
**Reviewing Payroll**

- Identification of apprentices and program levels (%) on payrolls
- Daily and weekly employee hours worked in each applicable work classification

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This will be No if there is no Apprentice indicated.
What if I have multiple classifications?

- If a worker has a split classification, the contractor will need to list them both out on the payroll.

### Certified Payroll Report

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Work Classification</th>
<th>Pay Type</th>
<th>Hours Worked by Day</th>
<th>Timesheet Hours</th>
<th>Paid Hours</th>
<th>Pay Rate</th>
<th>Gross Pay</th>
<th>Fringe/Check Rate Number</th>
<th>Total Gross Pay</th>
<th>Social Security</th>
<th>Med Claim</th>
<th>Federal Tax</th>
<th>State Tax</th>
<th>Other Deduct</th>
<th>Net Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael</td>
<td>LAB GEN RT</td>
<td>1.50</td>
<td>1.00</td>
<td>2.50</td>
<td>2.50</td>
<td>36.04</td>
<td>95.10</td>
<td>7.28 (0.03)</td>
<td>1,851.30</td>
<td>114.31</td>
<td>26.67</td>
<td>193.00</td>
<td>94.00</td>
<td>0.00</td>
<td>252.90</td>
</tr>
<tr>
<td>Michael</td>
<td>OP 1 RT</td>
<td>3.00</td>
<td>10.00</td>
<td>20.00</td>
<td>20.00</td>
<td>59.46</td>
<td>1,189.30</td>
<td>0.00 (0.03)</td>
<td>1,851.30</td>
<td>114.31</td>
<td>26.67</td>
<td>193.00</td>
<td>94.00</td>
<td>0.00</td>
<td>252.90</td>
</tr>
<tr>
<td>Jeffrey</td>
<td>LAB GEN RT</td>
<td>4.50</td>
<td>7.00</td>
<td>4.50</td>
<td>10.00</td>
<td>38.04</td>
<td>905.94</td>
<td>7.28 (0.03)</td>
<td>1,940.53</td>
<td>127.74</td>
<td>31.74</td>
<td>193.00</td>
<td>94.00</td>
<td>0.00</td>
<td>292.90</td>
</tr>
<tr>
<td>Jeffrey</td>
<td>OP 1 RT</td>
<td>1.00</td>
<td>1.00</td>
<td>2.00</td>
<td>2.00</td>
<td>36.04</td>
<td>79.08</td>
<td>7.28 (0.03)</td>
<td>1,289.37</td>
<td>89.78</td>
<td>22.06</td>
<td>190.50</td>
<td>93.00</td>
<td>0.00</td>
<td>206.90</td>
</tr>
<tr>
<td>Dalton</td>
<td>LAB GEN RT</td>
<td>2.00</td>
<td>1.00</td>
<td>2.00</td>
<td>2.00</td>
<td>36.04</td>
<td>78.08</td>
<td>7.28 (0.03)</td>
<td>1,289.37</td>
<td>89.78</td>
<td>22.06</td>
<td>190.50</td>
<td>93.00</td>
<td>0.00</td>
<td>206.90</td>
</tr>
<tr>
<td>Robert</td>
<td>LAB GEN RT</td>
<td>1.50</td>
<td>1.00</td>
<td>2.50</td>
<td>2.50</td>
<td>38.04</td>
<td>95.10</td>
<td>7.28 (0.03)</td>
<td>1,851.30</td>
<td>114.31</td>
<td>26.67</td>
<td>193.00</td>
<td>94.00</td>
<td>0.00</td>
<td>252.90</td>
</tr>
<tr>
<td>Robert</td>
<td>OP 1 RT</td>
<td>3.00</td>
<td>7.00</td>
<td>4.50</td>
<td>14.50</td>
<td>55.45</td>
<td>662.17</td>
<td>7.28 (0.03)</td>
<td>1,299.27</td>
<td>89.78</td>
<td>22.06</td>
<td>190.50</td>
<td>93.00</td>
<td>0.00</td>
<td>206.90</td>
</tr>
<tr>
<td>Jody</td>
<td>LAB GEN RT</td>
<td>4.50</td>
<td>7.00</td>
<td>5.50</td>
<td>17.00</td>
<td>36.04</td>
<td>664.66</td>
<td>7.28 (0.03)</td>
<td>1,299.27</td>
<td>89.78</td>
<td>22.06</td>
<td>190.50</td>
<td>93.00</td>
<td>0.00</td>
<td>206.90</td>
</tr>
</tbody>
</table>
Reviewing Payroll

- Daily and weekly employee overtime hours worked in each applicable work classification
- Base rate shown for each employee classification, overtime rate shown when worked per classification.
- Week’s Gross amount earned.

If the Project amount is different then the week amount that is okay.
**What if my hourly rate is lower than my wage determination?**

- **State Rate**: $44.45
- **Federal Rate**: 45.32
- **Actual Rate**: $42.73

**Certified Payroll Register**

<table>
<thead>
<tr>
<th>Job</th>
<th>Contractor</th>
<th>Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Soc Sec No.</th>
<th>Class</th>
<th>Hours Worked This Job</th>
<th>Pay Rate</th>
<th>Gross Pay</th>
<th>Deductions</th>
<th>Check #</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>All Jobs</td>
<td>Fed. Local</td>
<td></td>
</tr>
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<td></td>
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<td></td>
<td></td>
<td>Total</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Net Pay</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **State Rate**: $44.45
- **Federal Rate**: 45.32
- **Actual Rate**: $42.73
Restitution!

CDBG EMPLOYEE RESTITUTION CHECKLIST

<table>
<thead>
<tr>
<th>CDBG Project</th>
<th>Grantee Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable State Wage Rates #</td>
<td>Applicable Federal Wage Rates #</td>
</tr>
</tbody>
</table>

Name of Contractor ____________________________ Date of Payroll with wage error ________________

Reason for Error:

☐ Wrong hourly amount
☐ Wrong classification
☐ Wrong wage rate
☐ Used amount from federal, should have been state
☐ Used amount from state, should have been federal
☐ Used wrong wage publication

<table>
<thead>
<tr>
<th>Name of Employee</th>
<th>Job Classification</th>
<th>Wage Amount Paid</th>
<th>Correct Wage Amount</th>
<th>Amount of Difference</th>
<th># hours worked in period</th>
<th>Amount Due</th>
<th>Amount of Restitution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Date of Notification to Contractor ____________ Date of Restitution Made ____________

ATTACH THE FOLLOWING DOCUMENTS TO THIS COMPLETED FORM, IF APPLICABLE:

☐ Copy of Certified Payroll in error
☐ Copy of corrected Certified Payroll
☐ Copy of the notification to contractor
☐ Copy of correct wage rates, if applicable
What we will need for Restitution.

Affidavit

Check/Bank Deposit
What we will need for Restitution.

---

### Revised Payroll

#### Certified Payroll Register

<table>
<thead>
<tr>
<th>Job</th>
<th>Contractor</th>
<th>Customer</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Soc Sec No.</th>
<th>Name / Address / Phone</th>
<th>Class</th>
<th>Exemp.</th>
<th>05/03</th>
<th>05/04</th>
<th>05/05</th>
<th>05/06</th>
<th>05/07</th>
<th>05/08</th>
<th>05/09</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>R:</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>8.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>8.000</td>
<td></td>
</tr>
<tr>
<td>D:</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fringe</th>
<th>BILAF</th>
<th>CISAP</th>
<th>PENSION</th>
<th>TRAIN</th>
<th>WELFARE</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>0.180</td>
<td>0.050</td>
<td>7.000</td>
<td>0.790</td>
<td>7.150</td>
<td>15.170</td>
</tr>
<tr>
<td>Amount</td>
<td>1.44</td>
<td>0.40</td>
<td>56.00</td>
<td>6.32</td>
<td>57.20</td>
<td>121.36</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deduction</th>
<th>SUPPLDUE</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>56.19</td>
<td>56.19</td>
</tr>
</tbody>
</table>

#### Payroll Details

- **Job Number:** 2107
- **Week Ending:** 5/9/2021
- **Deductions:**
  - Fed. Fica: 59.68
  - State: 31.00
  - Total: 838.24

- **Net Pay:** 14208
Reviewing Payrolls

- Weeks itemized deductions with explanation of "other" deductions per hour if needed.
- Week's Net wages paid.
- Compliance statement attached.

See the next Slide for Compliance Statement
Payroll Compliance Statement

☐ ☐ Statement of compliance has original signature of owner or authorized person.

Date: 5/21/2020

Julia T. Horton
Owner

(Contractor or Subcontractor)

The statements set forth herein for each laborer or mechanic are correct and complete. The wage rates paid for laborers or mechanics employed herein are not less than the applicable wage rates contained in any wage determination incorporated into the contract. The classifications set forth therein for each laborer or mechanic conform with the work performed.

The statements set forth herein for each laborer or mechanic are correct and complete. The wage rates paid for laborers or mechanics employed herein are not less than the applicable wage rates contained in any wage determination incorporated into the contract. The classifications set forth therein for each laborer or mechanic conform with the work performed.

If the Owner does not sign then we will need a Payroll Authorization Letter for whom ever signs. (Seen on the next slide.)

Original Signature!

If they choose to do an Electronic Signature it must be approved by CDBG prior to signing.
Payroll Compliance Statement

They must check 1 box A or B.
# Payroll Authorization Letter Examples

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Project No.</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

**Payroll Authorization Letter**

**Date:** October 30, 2019

**KCI Certificate Payroll Representative**

**To:** Kansas City, MO, Regional Payroll Office

**From:** Kansas City, MO, Regional Payroll Office

**Subject:** Payroll Authorization Letter

Dear [Recipient's Name],

I am writing to request that you authorize the payment of payroll for the following employees:

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Position</th>
<th>Hours Worked</th>
<th>Pay Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Doe</td>
<td>Manager</td>
<td>160</td>
<td>10/28/19</td>
</tr>
<tr>
<td>Jane Smith</td>
<td>Assistant</td>
<td>80</td>
<td>10/28/19</td>
</tr>
</tbody>
</table>

Please note that the total hours worked by these employees are within the approved rate and meet all payroll regulations. I have attached the payroll information for your review.

Thank you for your attention to this matter.

Sincerely,

[Your Name]
Why do we need to document fringe benefits and deductions from payrolls?

• 290.315. All contractors and subcontractors are required to pay not less than the prevailing rate of wages shall make full payment of such wages in legal tender, without any deduction for food, sleeping accommodations, transportation, use of small tools, or any other thing of any kind or description.
  - This section does not apply when the employer and employee enter into an agreement in writing at the beginning of said term of employment covering deduction for food, sleeping accommodations, or other similar items.
  - That agreement should be submitted by the employer to the public body awarding the contract and the same is approved by such public body as fair and reasonable.

In other words, if the deduction can’t be seen as an obvious fringe benefit or deduction to the employee; we need written proof that the employee and the employer have some sort of written agreement to take that money from their pay check.
What is an Acceptable Fringe Benefits/Deductions?

• Acceptable Fringe Benefits: Contributions *irrevocably made to a fund, plan or program*, which is communicated in writing to the workmen affected for apprenticeship training or other similar programs, for medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity (not including work comp), vacation and holiday pay.

• Insurance to provide any of the following, unemployment benefits, life insurance, disability and sickness insurance, accident insurance, for defraying costs *bona fide fringe benefits*.

• Challenge: In the other deduction section the employee has life insurance, vision care, 401k and vehicle taken out of their check, which one of those deductions do we need to see a written agreement?
Fringe Benefit Disclosure Form

Fringe Benefits are Paid to Approved Plans, Funds, or Programs

In addition to the basic rates paid to each laborer or mechanic on the payroll, payments have been or will be made to appropriate programs for the benefit of the employees as shown in the following chart below. If fringe benefits amounts paid are the same for all employees, you may list the amount of each such identical fringe payments only once in the appropriate column; if the fringe benefit amounts vary by employee, list each employee’s name and set out the amounts paid on behalf of each employee for each fringe benefit.

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Health and Welfare ($/hr)</th>
<th>Pension ($/hr)</th>
<th>Vacation ($/hr)</th>
<th>Holiday ($/hr)</th>
<th>Apprenticeship Training ($/hr)</th>
<th>Other A ($/hr)</th>
<th>Other B ($/hr)</th>
<th>Total ($/hr)</th>
<th>If &quot;other deduction&quot; or fringe paid, please explain (indicate other A, B, C, or D)</th>
<th>Identify by name, the plan, fund, or programs to which fringe benefits are paid (indicate H&amp;W, Pension, etc.)</th>
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</tbody>
</table>
## Fringe Benefit Disclosure Form

Fringe Benefits are Paid to Approved Plans, Funds, or Programs

In addition to the basic rates paid to each laborer or mechanic on the payroll, payments have been or will be made to appropriate programs for the benefit of the employees as shown in the following chart below. If fringe benefits amounts paid are the same for all employees, you may list the amount of each such identical fringe payments only once in the appropriate column; if the fringe benefit amounts vary by employee, list each employee’s name and set out the amounts paid on behalf of each employee for each fringe benefit.

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Health and Welfare (5/hr)</th>
<th>Pension (5/hr)</th>
<th>Vacation (5/hr)</th>
<th>Holiday (5/hr)</th>
<th>Apprenticeship Training (5/hr)</th>
<th>Other C (5/hr)</th>
<th>Other D (5/hr)</th>
<th>Total (5/hr)</th>
<th>If “other deduction” or fringe, please explain (Indicate other A, B, C, or D)</th>
<th>Identify by name, the plan, fund, or programs to which fringe benefits are paid (Indicate H&amp;B, Pension, etc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luke Sywalker</td>
<td>8</td>
<td>8</td>
<td>2</td>
<td>1</td>
<td>.10</td>
<td></td>
<td></td>
<td>17.10</td>
<td>Health; Blue cross Blue Shield Mosers; Retirement Fund</td>
<td></td>
</tr>
<tr>
<td>Leia Organa</td>
<td>10</td>
<td>11</td>
<td>4</td>
<td>1</td>
<td>1.06</td>
<td></td>
<td></td>
<td>27.06</td>
<td>Health; Blue cross Blue Shield Mosers; Retirement Fund</td>
<td></td>
</tr>
<tr>
<td>Han Solo</td>
<td>10</td>
<td>11</td>
<td>4</td>
<td>1</td>
<td>1.06</td>
<td></td>
<td></td>
<td>27.06</td>
<td>Health; Blue cross Blue Shield Mosers; Retirement Fund</td>
<td></td>
</tr>
</tbody>
</table>
If Employees are paid the same fringe benefit in a work classification you can also break it down by classification.

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Health and Welfare ($/hr)</th>
<th>Pension ($/hr)</th>
<th>Vacation ($/hr)</th>
<th>Holiday ($/hr)</th>
<th>Apprentice Training ($/hr)</th>
<th>Other ($/hr)</th>
<th>Total ($/hr)</th>
<th>Identify by name, the plan, fund, or programs to which fringe benefits are paid (indicate H&amp;W, Pension, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carpenter</td>
<td>8</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>.10</td>
<td></td>
<td>$ 17.10</td>
<td>Health; North Pole Alliance Pen, Vac, Holi. Carpenters 101 Retirement Fund</td>
</tr>
<tr>
<td>Oper Grp 1</td>
<td>10</td>
<td>11</td>
<td>4</td>
<td>1</td>
<td>1.06</td>
<td></td>
<td>$37.06</td>
<td>Health; North Pole Alliance Pen, Vac, Holi. National Operators Fund</td>
</tr>
<tr>
<td>Ironworker</td>
<td>10</td>
<td>13</td>
<td>4</td>
<td>1</td>
<td>1.05</td>
<td></td>
<td>$39.50</td>
<td>Health; North Pole Alliance Pen, Vac, Holi. American Ironworker Fund</td>
</tr>
<tr>
<td>Gen Laborer</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>.82</td>
<td></td>
<td>$18.82</td>
<td>Health; North Pole Alliance Pen, Vac, Holi. Local 182 Labor Fund</td>
</tr>
</tbody>
</table>
Quiz - Which of these needs an employee authorization?

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Health and Welfare ($/hr)</th>
<th>Pension ($/hr)</th>
<th>Vacation ($/hr)</th>
<th>Holiday ($/hr)</th>
<th>Apprenticeship Training ($/hr)</th>
<th>Other C ($/hr)</th>
<th>Other D ($/hr)</th>
<th>Total ($/hr)</th>
<th>If &quot;other deduction&quot; or fringes, please explain (Indicate other A, B, C, or D)</th>
<th>Identify by name, the plan, fund, or programs to which fringe benefits are paid (Indicate H&amp;B, Pension, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hermy Elf</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tools, AFLAC Life Insurance, Prudential Disability Insurance</td>
<td></td>
</tr>
<tr>
<td>Rudolph Reindeer</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Garnishment (Child Support), Vehicle Exp., Prudential Disability Insurance</td>
<td></td>
</tr>
<tr>
<td>Frost Snowman</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>401K, AFLAC Life Insurance</td>
<td></td>
</tr>
<tr>
<td>Yukon Cornelius</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AFLAC Life Insurance, Prudential Disability Insurance 401K</td>
<td></td>
</tr>
<tr>
<td>Abominable Snowman</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Vehicle Exp., Tools, Garnishment (Child Support)</td>
<td></td>
</tr>
</tbody>
</table>
How many did you find?

These should have an authorization form.
Does Davis Bacon apply to 1099 workers?

- 1099 workers are covered by the Davis Bacon Act and must be paid prevailing wages and must be listed on the prime contractor’s certified payroll record.
  - The prime contractor is responsible for ensuring all "self-employed" subcontractors are bona fide business owners.
  - If the subcontractor is not a bona fide business owner, the prime contractor must provide evidence that it paid the individual the appropriate DBA wages plus fringe for the time the individual worked and submit certified payroll reports identifying the individual on the prime's certified payroll.
  - Taxes must be paid in accordance with applicable federal State and local tax laws. IRS rules apply. However, failure to pay taxes appropriately is not a DBA issue.
  - The subcontractor will need to be reported on weekly payroll certs regardless if 1099 or direct employees.
    - As it relates to certification, page 2 of the weekly payroll certs will need to be completed and signed as well.
    - Additionally, the prime contractor is responsible for having documentation on the structure of the 1099 subcontractor (organization documentation for sole proprietorship). Missouri does not need this documentation in their files but since the contractual relationship is with the Prime, the Prime must maintain this documentation in the event that MO requests it during an audit/monitoring of DBA.
Reviewing Payroll Apprentice

<table>
<thead>
<tr>
<th>Hours By Day</th>
<th>Project# 50311</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular</td>
<td>O/T</td>
</tr>
<tr>
<td>Overtime</td>
<td>O/T</td>
</tr>
<tr>
<td></td>
<td>O/T</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wed</th>
<th>Thu</th>
<th>Fri</th>
<th>Sat</th>
<th>Sun</th>
<th>Mon</th>
<th>Tue</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.00</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings And Deductions - All Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Fed</td>
</tr>
<tr>
<td>------</td>
</tr>
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<td>55.05</td>
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<tr>
<td>0.00</td>
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<tr>
<td>0.00</td>
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</table>

Company: 1
Job#: 50311
Date: 9/14/2021
Pay Date: 9/17/2021
Printed: 9/15/2021 2:56:43 PM
WCJ-45
Apprentices

Two important things to look for when apprentice’s appear on payroll.

- Apprenticeship Program Standards
- US DOL-Office of Apprenticeship Certification

The contractor or subcontractor should provide you with this information.
The importance of an Apprenticeship Program Standards

• It gives you the ratio needed between Journeyman and Apprentice.
  • *It is your responsibility make sure they are in ratio.*
  • It will typically tell you at what level of pay the apprentice has achieved.
    • See next slide for example of ratios

• Who should have these standards? The contractor will have the program standards on file which have been approved by the local union and DOL.
Example of “typical” language in Apprenticeship standards

SECTION VII - RATIO OF APPRENTICES TO JOURNEYWORKERS — Title 29 CFR
29.5(b)(7)

A numeric ratio of apprentices to journeyworkers consistent with proper supervision, training, safety, and continuity of employment throughout the apprenticeship, the ratio of apprentices to journeyworkers will be ONE apprentice to ONE journeyworkers.

This usually tells you the stage of the apprentice and how they are being paid.
Apprentice Certification


• What should be on the form?
  1. Sponsor of the program,
  2. Apprentices’ id, last 4 of SSN, and name,
  3. Occupational title, date began, date cancelled and date completed.
  4. This form should be signed by the US DOL-Office of Apprenticeship Rep.
Reviewing Payroll Apprenticeship Certification.
Reviewing Payroll Apprenticeship Certification.

U.S. DEPARTMENT OF LABOR - OFFICE OF APPRENTICESHIP
APPRENTICESHIP CERTIFICATION

The following individuals are apprentices registered with the U.S. Department of Labor, Office of Apprenticeship, under the sponsorship of program MO029500002 - Eastern Missouri Construction Craft Laborers JAP:

Eastern Missouri Construction Craft Laborers JAP
35 Opportunity Road
High Hill, MO 63350

<table>
<thead>
<tr>
<th>Apprentice ID</th>
<th>SSN</th>
<th>Apprentice Name</th>
<th>Occupation</th>
<th>Date Apprenticeship Began</th>
<th>Date Cancelled</th>
<th>Date Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>CONSTRUCTION CRAFT</td>
<td>5/27/2021</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>LABORER (0661 V1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Time-Based</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Certified by the U.S. Department of Labor
Date Issued: 9/16/2021
Apprentice to Journey workers

• The allowable ratio of apprentices to journey workers employed on the contract work in any craft classification will not be greater than the ratio permitted the contractor as to the entire work force under the registered program.

• The allowable ratio is to be applied on a daily basis. If a contractor has both an apprentice and a trainee program, the trainees must be counted together with the apprentices in determining compliance with the allowable ratio (i.e., the journey workers may not be counted twice).
Assume that a contractor is allowed a ratio of one apprentice to every three journey workers under the terms of the approved plan. This same ratio would apply on DBRA covered jobs. Thus, in this example, the allowable number of apprentices is illustrated by the following chart:

- **Journey Workers**
  - 0-2
  - 3-5
  - 6-8
  - 9-11

- **Allowable Apprentices**
  - 0
  - 1
  - 2
  - 3
Does Davis Bacon Apply to Truck Drivers?

**Yes**

- Truck drivers are covered by the DBA in the following circumstances:
- Drivers of a contractor or subcontractor for time spent working on the site of the work.
- Drivers of a contractor or subcontractor for time spent loading and/or unloading materials and supplies on the site of the work, if such time is not de minimis.
- Truck drivers transporting materials or supplies between a facility that is deemed part of the site of the work and the actual construction site.
- Truck drivers transporting portions(s) of the building or work between a site established specifically for the performance of the contract or project where a significant portion of such building or work is constructed and the physical place(s) where the building or work called for in the contract(s) will remain.

**NO**

- Material delivery truck drivers while off the site of the work.
- Drivers of a contractor or subcontractor traveling between a DBA job and a commercial supply facility while they are off the site of the work.
- Truck drivers whose time spent on the site of the work is de minimis, such as only a few minutes at a time merely to pick up or drop off materials or supplies.
Fun Practice, you should have....

- Federal Wage order
- State Wage Order
- The Payroll
- Payroll Compliance Statement

- For this Exercise you will use both Building and Heavy Highway for Pike County.
  - (Hint there is 1 employee who will use heavy and Highway. The 80/20 was already determined.)
<table>
<thead>
<tr>
<th>Name</th>
<th>Social Security Card Number</th>
<th>Date of Birth</th>
<th>Postal Code</th>
<th>Address</th>
<th>Rate of Pay</th>
<th>Total Weekly Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samuel Jackson</td>
<td>1212 1st Ave, My City</td>
<td>01/01/1990</td>
<td>65109</td>
<td>1212 1st Ave, My City</td>
<td>$611.18</td>
<td>$715.14</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$125.45</td>
<td>$301.27</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$50.25</td>
<td>$492.37</td>
</tr>
<tr>
<td>Luke Brady</td>
<td>1414 Main St, My City</td>
<td>02/02/1991</td>
<td>65109</td>
<td>1414 Main St, My City</td>
<td>$664.40</td>
<td>$734.75</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$50.25</td>
<td>$492.37</td>
</tr>
<tr>
<td>Bradley Smith</td>
<td>0078 1st Ave, My City</td>
<td>03/03/1992</td>
<td>65109</td>
<td>0078 1st Ave, My City</td>
<td>$1317.40</td>
<td>$1317.40</td>
</tr>
<tr>
<td>Shelby Newman</td>
<td>0100 1st Ave, My City</td>
<td>04/04/1993</td>
<td>65109</td>
<td>0100 1st Ave, My City</td>
<td>$750.00</td>
<td>$492.54</td>
</tr>
</tbody>
</table>

Note: The form must be submitted to the nearest Field Office of the Wage and Hour Division or electronically. The contractor must keep a record of each employee's hours worked and earnings for each pay period. The contractor must also keep a record of the total number of hours worked by each employee in each pay period. The contractor must also keep a record of the total number of hours worked by each employee in each pay period.
WHERE FRINGE BENEFITS ARE PAID IN CASH

- Each laborer or mechanic listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in section 4(a) below.

(c) EXCEPTIONS

<table>
<thead>
<tr>
<th>EXCEPTION (DRAFT)</th>
<th>EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samuel Jackson</td>
<td>Child Support</td>
</tr>
<tr>
<td>Sherry Newman</td>
<td>Truck Payment</td>
</tr>
</tbody>
</table>

(c) EXCEPTIONS

<table>
<thead>
<tr>
<th>NAME AND TITLE</th>
<th>SIGNATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant</td>
<td></td>
</tr>
</tbody>
</table>
What did you find?
Questions?
BREAK TIME!
Section 3 is a provision of HUD’s Law.

Law is supported by regulation.
New Section 3 Regulation

• New Section 3 regulations found in 24 CFR part 75 came into law on November 30, 2020. All contracts and bid documents were given a grace period until June 30, 2021 to become in compliance with Section 3 regulations.

• Section 3 is not just a Subrecipient requirement. It’s path toward self-sufficiency. LMI communities giving LMI workers opportunities.
OLD VS NEW RULE: We will be using both rules until all projects falling under the old rule projects are closed.

**Old**
- All contracts over $100,000
- Professional Services included if contracts over $100,000
- Reporting Done by Total amount of Contracts awarded by CDBG program as an entity
- Reporting on New Hires Only

**New**
- The total amount of HUD assistance to the project exceeds a threshold of $200,000
- Professional service contracts (Ex. Engineering, legal) for non-construction services that require an advanced degree or professional licensing are not required to be reported as a part of total Section 3 labor hours
- Reporting done on a individual project basis
- Reporting on all Workers not just new hires

Section 3 of the Housing and Urban Development Act of 1968

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focusing on sustained employment of low- and very low-income populations</strong></td>
<td><strong>Recognizes the greater value of the permanent job by focusing on labor hours instead of new hires, creating an incentive for employers to invest in and retain their newly hired low-income workers.</strong></td>
</tr>
</tbody>
</table>

A new hire for a temporary, one-month job and a new hire for a permanent, year-round job counted the same, instead of placing more value on long-term employment.
**OLD VS. NEW**

<table>
<thead>
<tr>
<th>Former benchmarks:</th>
<th>Final rule benchmark notice:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 30% of persons hired by Section 3 funding must be Section 3 residents</td>
<td>• 25% of all labor hours must be performed by a Section 3 worker</td>
</tr>
<tr>
<td>• 10% of total funds for construction contracts awarded to Section 3 businesses</td>
<td>• 5% of all labor hours must be performed by Targeted Section 3 workers</td>
</tr>
<tr>
<td>• 3% of total funds for non-construction contracts awarded to Section 3 businesses</td>
<td>• Benchmark notice should be updated by the Secretary every three years</td>
</tr>
<tr>
<td>• No updates to these benchmarks</td>
<td></td>
</tr>
</tbody>
</table>

**Allowing varied outcomes for different geographies and activities**
## OLD VS. NEW

<table>
<thead>
<tr>
<th>OLD</th>
<th>NEW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allowing varied outcomes for different geographies and activities</strong></td>
<td><strong>Section 3 residents are:</strong></td>
</tr>
<tr>
<td>• Public housing residents</td>
<td>• Workers whose incomes for the previous or annualized calendar year are below the income limit established by HUD</td>
</tr>
<tr>
<td>• Low- and very low-income persons who live in the metropolitan area or non-metropolitan county where a HUD assisted project for housing or community development is located</td>
<td>• Employed by a Section 3 business concern</td>
</tr>
<tr>
<td>• YouthBuild participants</td>
<td><strong>New rule emphasizes the priority hiring of Targeted Section 3 workers living in public or Section 8-assisted housing or within a 1 mile radius of the project site.</strong></td>
</tr>
<tr>
<td><strong>Under the old rule, there is no distinction or prioritization of hiring Targeted Section 3 workers.</strong></td>
<td><strong>Section 3 workers are:</strong></td>
</tr>
<tr>
<td></td>
<td>• YouthBuild participants</td>
</tr>
</tbody>
</table>
### OLD VS NEW RULE

| Section 3 business concerns are: | 
|---------------------------------|---|
| • At least 51% owned by Section 3 residents | 
| • At least 30% of employees are currently Section 3 residents, or were within first three years of employment | 
| • Businesses that subcontract more than 25% of all subcontracts to a Section 3 business concern | 

| Section 3 business concerns are: | 
|---------------------------------|---|
| • At least 51% owned and controlled by low- or very low-income persons | 
| • Businesses where Section 3 workers perform over 75% of the labor hours over a three-month period | 
| • At least 51% owned and controlled by current public housing or Section 8-assisted housing residents | 

#### Integrating Section 3 into the program offices

- Enforcement and compliance was performed by the Office of Fair Housing and Equal Opportunity.

- Enforcement and compliance will be integrated into regular program office work.

#### Reducing reporting requirements for grantees who are meeting benchmarks
Which recipient agencies (or sources of HUD financial assistance) are required to comply with Section 3?

- Community Development Block Grant (CDBG)
- HOME Investment Partnership
- Housing Trust Fund (HTF)
- Neighborhood Stabilization Program Grants (NSP 1, 2 & 3)
- Housing Opportunities for Persons with AIDS (HOPWA)
- Emergency Solutions Grants (ESG)
- University Partnership Grants
- Economic Stimulus Funds
- 202/811 Grants
- Lead Hazard Control Grants ($100,000 threshold; see Question 12, above, in this part I of these FAQs)
- Healthy Homes Production Grants ($100,000 threshold; see Question 12, above, in this part I)
- Rental Assistance Demonstration (RAD) (see most recent RAD Notice, found through HUD’s RAD website, www.hud.gov/rad/)
Section 3 Applicability

• Do the Section 3 requirements apply to material only contracts? No. Section 3 does not apply to material only contracts or those that do not require any labor. For example, a contract for office or janitorial supplies would not be covered by Section 3. In this example, Section 3 would be encouraged but not required. However, a contract to replace windows that includes the removal of existing windows and the installation of new windows would be covered due to the involvement of labor.

• Are demolition projects covered by the requirements of Section 3?
  Yes. Recipients of assistance covered by Section 3 should, where feasible, comply with Section 3 benchmarks.
Let’s Play is this a Section 3 covered project or contract …..

1. $470,000 Project Total:
   - $200,000 of HUD funding for construction services
   - $20,000 for engineering design
   - $250,000 of USDA grant or loan

2. $350,000 Project Total:
   - $175,000 HUD funding for construction services,
   - $175,000 USDA grant or loan
Let’s Play is this a Section 3 covered project or contract ......

1. $1,400,000 Project Total:
   - $1,300,000 of HUD DR funding for Multifamily Housing
   - $50,000 for acquisition
   - $10,000 real estate appraisal fees
   - $10,000 asbestos inspection fees
   - $30,000 asbestos abatement fees

2. $250,000 Project Total:
   - $175,000 HUD funding for construction services,
   - $75,000 City Cash Match

3. $271,700 Project total:
   - $230,000 for asphalt (county is doing force-account labor)
   - $22,500 engineering design
Section 3 Checklist

- **Start Early and Address Section 3 Often**
  1. At Grant Award
  2. At the time project goes out to bid
  3. At the time of bid opening
  4. Preconstruction Conference: This is a very important time to discuss with contractor Section 3 compliance (Meeting Minutes)
  5. Final payment/ Monitoring/Project Closure

The checklist is on our website:
https://ded2.mo.gov/media/pdf/cdbg-hud-section-3-checklist
Compliance Requirements: Ensure your Bidder is Responsive

- Fully completed and signed Section 3 Intent to Comply must be sent in with bid documents.
- Use correct bid documents.
Compliance Requirements

- **Subrecipients should show compliance by:**

  - Register Section 3 contracting opportunities at HUD’s [Section 3 Opportunity Portal](https://www.hud.gov/section3) found at [https://www.hud.gov/section3](https://www.hud.gov/section3).

  - If job openings exist, contractor should list the job opportunity on the HUD portal and any advertisements for employment should contain Section 3 language such as **Section 3 workers encouraged to apply**.

  - If there is HUD housing near the jobsite, job advertisements should be placed at the housing site bulletin board or direct mailings sent to everyone living at the job site.
Register Section 3 Contract Opportunities at HUD's Section 3 Opportunity Portal found at https://www.hud.gov/section3...

Don't Forget to Print for File!

made payable to: the Dille Pollard, Inc. FBS may be shipped for a non-refundable charge of $25.00 plus the cost of shipping. All addenda will be issued to all plan holders that have obtained their access to documents through the office of the Architect. It is the bidder's responsibility to verify if any addenda have been issued. To be considered, bids must be made in accordance with the Instructions to Bidders included in the Project Manual. Each bidder must submit a Surety Bid Bond in the amount of five percent (5%) of their bid amount. The selected General Contractor will be required to furnish Performance and Payment Surety Bonds for the full amount of the Contract and shall include this cost in their bid. Ripley County, Missouri is a Tax Exempt Agency, sales tax shall not be included in any bid. All bids must be on a lump sum basis for the work; segregated bids will not be accepted. No bid may be withdrawn for a period of 60 days after the bid date. The Owner will evaluate bids based on the best interest of the OWNER and will award the project to the lowest, most responsible and responsive bidder. The Owner maintains the right to approve any and all subcontractors and reserves the right to waive irregularities and to reject any and all bids. Submission of bids is particularly called to the requirements as to conditions of employment to be observed and Davis-Bacon and/or State Prevailing wage rates to be paid under the contract. Segregated Facility, Section 109, and E.O. 11246, MINE, W omen and Section 3-BDBL bidders are encouraged to bid.

Ripley County, Missouri is an Equal Opportunity Employer.

Requirements:

Business and Contact Information:

Dille Pollard
Sharon Huffman
4951 Hwy Pp #2
POPLAR BLUFF, MO 63901

U.S. Department of Housing and Urban Development
451 7th Street SW, Washington, DC 20410
Telephone: (202) 708-0512, TTY: (202) 708-4656.
Step 1: Go to website and select Search for contracts.
Step 2: Select Sign In at the bottom. Create account if you don’t have one.
3. Sign-In or Create an Account: You will also need a phone number and passcode.
5. Enter Recipient Tax ID.
### Add Contact Details: Note the Required Fields

<table>
<thead>
<tr>
<th>Organization Details</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organization Name</strong></td>
<td><strong>Contact Name</strong></td>
</tr>
<tr>
<td><strong>Organization Industry</strong></td>
<td><strong>Contact Phone</strong></td>
</tr>
<tr>
<td><strong>Organization Size</strong></td>
<td><strong>Contact Email</strong></td>
</tr>
<tr>
<td><strong>Organization Address 1</strong></td>
<td></td>
</tr>
</tbody>
</table>
7. Add Job Opportunity Details.

Complete the details of the opportunity.

**Title**

**Occupation Classification**

**ZIP**

**Type**

**Location (City, State) (e.g., New York, NY)**

**Status**

**Compensation (Min)**

**Compensation (Max)**
8. Place the ad under description and any requirements.
9. Complete information including expiration date, verify information is accurate and hit submit.
10. Print or Screen shot Documentation for files. It can take 24 hours to post.

Technical Assistance for Job Postings
HUD’s Technical Assistance Center
Phone: 888-245-4860
This is NOT for password resets.

Password Issues: SelectForgot your password under log-in for password resets and follow instructions.
Subrecipients should show compliance by:

- Directly soliciting Section 3 businesses found at the Section 3 Business Registry at [https://www.hud.gov/section3](https://www.hud.gov/section3). The searches must be in the file for documentation. If there are no related businesses in the directory, first trying broadening your search area in Missouri. If still none in Missouri, print the documentation that you did the search.

- Encourage bidders to see if they qualify to be a Section 3 business concern by self-registering on [https://www.hud.gov/section3](https://www.hud.gov/section3).

- Contractors should search for Section 3 business opportunities for subcontractors by using the listing on [https://www.hud.gov/section3](https://www.hud.gov/section3).

- Solicit Disadvantaged Business and Small Businesses and encourage contactors and subcontractors to do the same.
Compliance Requirements

- Section 3 posters at all Section 3 covered job sites will be required. Section 3 contact for company should be posted.
- https://ded2.mo.gov/media/pdf/hud-section-3-covered-worksite-poster
- https://ded2.mo.gov/media/pdf/hud-section-3-business-registry-poster

- The Section 3 contact for ABC contracting is:
  Big Bird
  YellowOne@abc#1@yahoo.co
  (573) 478-9087
  504 Sesame Street
  Jefferson City, MO 65101
Recording Keeping Responsibilities

- Recordkeeping requirements for recipients are found at 24 CFR § 75.31. Recipients are required to maintain documentation to demonstrate compliance with the regulations and are responsible for requiring their contractors/subcontractors to maintain or provide any documentation that will assist recipients in demonstrating compliance, including documentation that shows hours worked by Section 3 workers, Targeted Section 3 workers, and any qualitative efforts to comply with Section 3.

- DOCUMENTATION DOCUMENTATION DOCUMENTATION DOCUMENTATION
What is Safe Harbor?

- Safe Harbor is for housing and community development financial assistance projects, the benchmark for Section 3 workers is set at 25 percent or more of the total number of labor hours worked by all workers on a Section 3 project. The benchmark for Targeted Section 3 workers is set at 5 percent or more of the total number of labor hours worked by all workers on a Section 3 project. This means that the 5 percent is included as part of the 25 percent threshold. If you meet this safe harbor benchmark, you are done with reporting requirements. If no you must meet mandatory document compliance in other areas that MUST BE REPORTED INTO OUR GRANT REPORTING SOFTWARE.

- HUD program staff will evaluate the level of effort expended by those recipients that fail to meet the benchmark safe harbor, and thus will ensure that the statutory terms are being properly enforced.
Definitions: Section 3 Worker and Targeted Section 3 Worker

**Section 3 Worker Definition:**
- A low or very low-income resident (the worker’s income for the previous or annualized calendar year is below the income limit established by HUD); or
- Employed by a Section 3 business concern; or
- A YouthBuild participant.

**Targeted Section 3 Worker Definition (for housing and community development):**
- Employed by a Section 3 business concern or
- Currently meets or when hired met at least one of the following categories as documented within the past five years (law began November 30, 2020):
  - Living within the service area or the neighborhood of the project, as defined in 24 CFR 75.5
  - A YouthBuild participant.
Target Section 3 Worker or Section 3 Worker Verification Sample Form

A Section 3 worker seeking certification shall self-certify and submit this form to the recipient contractor or subcontractor, that the person is a Section 3 worker or Targeted Section 3 Worker as defined in 24 CFR Part 75.

Instructions: Enter/select the appropriate information to confirm your Section 3 worker or Targeted Section 3 Worker status.

Employee Name: ____________________________

1. Are you a resident of public housing or a Housing Choice Voucher Holder (Section 8)? □YES □NO

2. Are you a resident of the [City/County of insert name] □YES □NO

3. In the field below, select the amount of individual income you believe you earn on an annual basis. *The grantee should confirm that their state and local laws do not prohibit this question.

□ Less than $10,000 □ $30,001 - $40,000 □ More than $60,000
□ $10,001 - $20,000 □ $40,001 - $50,000
□ $20,001 - $30,000 □ $50,001 - $60,000
Target Section 3 Worker or Section 3 Worker Verification Sample Form

Eligibility Guidelines

The worker’s income must be at or below the amount provided below for an individual (household of 1) regardless of actual household size.

Individual Income Limits for City of (insert locality here)
FY 20 (insert year here)

<table>
<thead>
<tr>
<th>Income Limits Category</th>
<th>FY 20 (enter year here) Income Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Low Income Limits (30%)</td>
<td></td>
</tr>
<tr>
<td>Very Low Income Limits (50%)</td>
<td></td>
</tr>
<tr>
<td>Low Income Limits (80%)</td>
<td></td>
</tr>
</tbody>
</table>

See https://www.huduser.gov/portal/datasets/il.html for most recent income limits.
Definition: Section 3 Business Concern

- At least 51 percent of the business is owned and controlled by low- or very low-income persons
- At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers
## Section 3 Business Concern Sample Verification Form

**Business Information**
- Name of Business
- Address of Business
- Name of Business Owner
- Phone Number of Business Owner
- Email Address of Business Owner

**Preferred Contact information**
- [ ] Same as above
- Name of Preferred Contact
- Phone Number of Preferred Contact

**Type of Business (select from the following options):**
- [ ] Corporation
- [ ] Partnership
- [ ] Sole Proprietorship
- [ ] Joint Venture

**Select from ONE of the following three options below that applies:**
- [ ] At least 51 percent of the business is owned and controlled by low- or very low-income persons (Refer to income guidelines on page 4).
- [ ] At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- [ ] Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers (Refer to definition on page 4).
### Weekly Reporting Form For Payrolls: Prevailing Wage Projects Only

<table>
<thead>
<tr>
<th>Total Labor Hours</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 3 Target Worker Hours</td>
<td></td>
</tr>
<tr>
<td>Section 3 Worker Hours</td>
<td></td>
</tr>
</tbody>
</table>

**Note:**
If there are hours reflecting the work of Section 3 workers or Target Section 3 workers: a list of these workers will need to be provided, and certifications must be on file with contractor and provided upon monitoring.

<table>
<thead>
<tr>
<th>Reviewed By:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I hereby attest that the above referenced Section 3 labor hour reporting is correct.
# Project Tracking Spreadsheet

## Labor Hours Worksheet

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>2021-NP-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Address:</td>
<td>100 Reindeer Lane North Pole, MO</td>
</tr>
<tr>
<td>Project Start Date:</td>
<td></td>
</tr>
</tbody>
</table>

| Sum of Labor Hours Worked | 195 |
| Sum of Section 3 Hours Worked | 75 |
| Sum of Targeted Section Hours Worked | 15 |

Percentage of Total Labor Hours worked by Section 3: 38%
Percentage of Total Labor Hours worked by Targeted Section 3: 8%

Enter all laborers working on project

<table>
<thead>
<tr>
<th>Laborer ID</th>
<th>Work Week (enter date range)</th>
<th>Labor Hours Worked</th>
<th>Section 3 Worker? Yes or No</th>
<th>Section 3 Hours Worked</th>
<th>Targeted Section 3 Worker? Yes or No</th>
<th>Targeted Section 3 Hours Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Santa Claus</td>
<td>8/1/21-8/7/21</td>
<td>40</td>
<td>No</td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Example: Rudolph Claus</td>
<td>8/1/21-8/7/21</td>
<td>40</td>
<td>No</td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Example: Dancer Claus</td>
<td>8/1/21-8/7/21</td>
<td>40</td>
<td>No</td>
<td></td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Example: Cupid Claus</td>
<td>8/1/21-8/7/21</td>
<td>40</td>
<td>Yes</td>
<td></td>
<td>40</td>
<td>No</td>
</tr>
<tr>
<td>Example: Dasher Claus</td>
<td>8/1/21-8/7/21</td>
<td>20</td>
<td>Yes</td>
<td></td>
<td>20</td>
<td>No</td>
</tr>
<tr>
<td>Example: Blitzen Claus</td>
<td>8/1/21-8/7/21</td>
<td>15</td>
<td>Yes</td>
<td></td>
<td>15</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Demolition Section 3 Reporting

• Generally demolition without a reuse plan is not subject to prevailing wage (see demolition chapter) however demolition is always subject to Section 3 requirements if HUD funds are $200,000 or greater.

• When a demolition project is not subject to prevailing wage, they can report at the end of their project their Total Labor hours and Section 3 and Target Section 3 worker hours. We will not collect this weekly.
### Reporting Example: Safe Harbor Met

<table>
<thead>
<tr>
<th></th>
<th>Labor Hours of Project</th>
<th>Calculated Percentage</th>
<th>Safe Harbor Benchmark Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Labor Hours of Project</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 3 Target Worker Hours</td>
<td>5</td>
<td>5%</td>
<td>yes</td>
</tr>
<tr>
<td>Section 3 Worker Hours</td>
<td>25</td>
<td>25%</td>
<td>yes</td>
</tr>
</tbody>
</table>

All safe harbor benchmarks are met. **This project has no further reporting requirements.**
### Reporting Example: Safe Harbor NOT Met

**Safe Harbor Benchmark Calculation:**

\[
\frac{\text{Section 3 labor hours}}{\text{Total labor hours}} = 25\% \quad \text{AND} \quad \frac{\text{Targeted Section 3 labor hours}}{\text{Total labor hours}} = 5\% 
\]

<table>
<thead>
<tr>
<th></th>
<th>Labor Hours of Project</th>
<th>Calculated Percentage</th>
<th>Safe Harbor Benchmark Met</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Labor Hours of Project</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 3 Target Worker Hours</td>
<td>0</td>
<td>0%</td>
<td>no</td>
</tr>
<tr>
<td>Section 3 Worker Hours</td>
<td>10</td>
<td>10%</td>
<td>no</td>
</tr>
</tbody>
</table>

Safe harbor benchmarks are not met. **Further reporting is required.**
What if my agency does not meet all benchmark goals for employment or contracting? (Safe Harbor Not Met)

• If reporting indicates that the agency has not met the Section 3 benchmarks, the agency must report in a method prescribed by HUD program offices on the qualitative nature of its activities and those its contractors and subcontractors pursued per 24 CFR § 75.15(b) and § 75.25(b). THIS IS MANDATORY AND IS REQUIRED TO BE REPORTED DIRECTLY INTO HUD GRANT REPORTING SYSTEM.
If the PHA’s or other recipient’s reporting indicates that the PHA or other recipient has not met the Section 3 benchmark, the PHA or other recipient must report on the qualitative nature of its Section 3 compliance activities and those of its contractors and subcontractors.

If the PHA has fewer than 250 public housing units, the PHA may report qualitatively.

1. Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.
2. Provided training or apprenticeship opportunities.
3. Provided technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).
4. Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.
5. Held one or more job fairs.
6. Provided or referred Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare).
7. Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.
8. Assisted Section 3 workers to obtain financial literacy training and/or coaching.
9. Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.
10. Provided technical assistance to help Section 3 business concerns understand and bid on contracts.
11. Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.
12. Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.
13. Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.
14. Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.
**IDIS**

**Nature of Agency Efforts**

This section is required if, based on the labor hours reporting above, the reporting agency did not meet the safe harbor benchmarks.

Check all that apply. Maintain records available for HUD review to document any efforts checked.

<table>
<thead>
<tr>
<th>Efforts Description</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outreach efforts to generate job applicants who are Public Housing Targeted Workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outreach efforts to generate job applicants who are Other Funding Targeted Workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct, on-the-job training (including apprenticeships)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect training such as arranging for, contracting for, or paying tuition for, off-site training.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outreach efforts to identify and secure bids from Section 3 business concerns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical assistance to help Section 3 business concerns understand and bid on contracts.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provided or connected residents with assistance in seeking employment including: drafting resumes, preparing for interviews, finding job opportunities, connecting residents to job placement services.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Held one or more job fairs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provided or connected residents with supportive services that can provide direct services or referrals.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provided or connected residents with supportive services that provide one or more of the following: work readiness, health screenings, interview clothing, uniforms, test fees, transportation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assisted residents with finding child care.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assisted residents to apply for/or attend community college or a four year educational institution.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assisted residents to apply for/or attend vocational/technical training.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assisted residents to obtain financial literacy training and/or coaching.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provided or connected residents with training on computer use or online technologies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other, Specify</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Qualitative Example Requirements

MO Workforce Development Centers

Job Fairs

Solicit small business and DBE as well as Section 3

Apprenticeships

Radio Ads

Help with interview clothes and resume writing

SBA U.S. Small Business Administration

DRESS FOR SUCCESS Suits to Self-Sufficiency
Qualitative Effort Examples

HUD’s Section 3 Business

Learn more about what being a HUD Section 3 Business means in the attached flyer.

- Section 3 Business Registry
- Section 3 HUD Opportunity Portal

For more information on the current projects utilizing section 3 subcontractors and opportunities please contact Zach at (636) 931-4244.
Qualitative Efforts Examples

Resume Workshop-Placed on Facebook, Posted in Community, and Mailed to all HUD housing addresses in Area

Invoices of purchases from Small Business Plumbing Company and Landscaping Company

Apprenticeship Certificate-Not as strict as DOL standards
Job Site Compliance
MBE and WBE in Relation to Section 3

• Can contracting with (Minority) MBE/ and (Woman Owned) WBE businesses count towards Section 3 benchmarks?
• It depends. Section 3 is race and gender neutral. Only MBEs/WBEs that meet the eligibility criteria as a Section 3 business concern set forth in the regulation can be counted towards the Section 3 labor hour calculation.

• **Section 3 is not an entitlement program; therefore, employment and contracts are not guaranteed.** Low- and very low-income individuals and Section 3 business concerns must be able to demonstrate that they have the ability or capacity to perform the specific job or successfully complete the contract that they are seeking.
Direct Solicitation for All Contracting Opportunities not just Section 3: Documentation must be in the file including emails and documentation of listing.

- **Woman and Minority Owned Business**: Missouri Office of Administration Office of Equal Opportunity: [https://oeo.mo.gov/](https://oeo.mo.gov/) Toll Free (877)259-2963; 573/751-8130

- **Disadvantage Businesses Enterprises (DBE)**: Businesses may be used to supplement but not substitute for DED’s Section 3 procurement solicitation requirements. The state’s DBE list may be found on the Missouri Department of Transportation website at: [https://www6.modot.mo.gov/MRCC/Home/PublicSearch](https://www6.modot.mo.gov/MRCC/Home/PublicSearch)


- **Section 3 Business Listing**: ([Projects for $200,000 and over](https://portalapps.hud.gov/Sec3BusReg/BRegistry/SearchBusiness))

- **LET ME KNOW IF YOU FIND ANYMORE RESOURCES!**
Print Certification for All Lists and Email Solicitations: These fall off regularly as certifications are required to be recertified on a regular basis.

<table>
<thead>
<tr>
<th>Firm Name</th>
<th>DB&amp;M Construction Company, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certification Type</td>
<td>MBE/WBE</td>
</tr>
<tr>
<td>Region</td>
<td>Southeast</td>
</tr>
<tr>
<td>Firm Address</td>
<td>531 S Sprigg Street, Cape Girardeau, MO 63703-6856</td>
</tr>
<tr>
<td>Phone</td>
<td>(573) 979-6948</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:dbmmconstruction@yahoo.com">dbmmconstruction@yahoo.com</a></td>
</tr>
<tr>
<td>Primary Commodity or Service Provided</td>
<td>All types of construction from flooring, plumbing, electrician, roofing, remodeling, insulation, plaster to landscaping</td>
</tr>
<tr>
<td>Primary Contact</td>
<td>Deborah Young</td>
</tr>
</tbody>
</table>
## Request for Contractor/Subcontractor Eligibility Form

### Missouri Department of Economic Development

#### Request for Contractor/Subcontractor Eligibility Form

This form must be submitted by all contractors and subcontractors to the Missouri Department of Economic Development for consideration. Contractors and subcontractors paid for with CDIGG/FNS funds must submit this information. Firms with inaccurate information will be considered.

<table>
<thead>
<tr>
<th>1. Project Number:</th>
<th>Grantee:</th>
</tr>
</thead>
<tbody>
<tr>
<td>City:</td>
<td>County:</td>
</tr>
<tr>
<td>Prime Contractor:</td>
<td>Subcontractor:</td>
</tr>
<tr>
<td>Contractor/Subcontractor Registered Name:</td>
<td></td>
</tr>
</tbody>
</table>

**Firms must be registered with the Missouri Secretary of State’s Office and be in good standing.**

<table>
<thead>
<tr>
<th>5. Business Address:</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Business FDN number: (Required)</td>
</tr>
<tr>
<td>7. MBE: No</td>
</tr>
<tr>
<td>8. WBE: No</td>
</tr>
<tr>
<td>9. DBE: No</td>
</tr>
<tr>
<td>10. Section 3 Business: No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11. Type of Trade Code:</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. Racial Ethnic Code:</td>
</tr>
<tr>
<td>13. Total Amount of Contractor/Subcontractor paid for by CDIGG Funds:</td>
</tr>
</tbody>
</table>

| 14. Report Submitter: Phone Number: |
| 15. Business Contact: Email Address: |

---

Privacy Act Notice: The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to collect the information requested in this form by virtue of Title 12, United States Code, Section 1705 et seq., and regulation. It will not be disclosed or released outside the United States Department of Housing and Urban Development without your consent, except as required or permitted by law.
Challenges of Solicitation Lists

Section 3 Portal

Section 3 Opportunity Portal

Section 3 Business Search Results

- Location search for 'Jefferson City, MO HUD Metro'

Download search results

<table>
<thead>
<tr>
<th>Business</th>
<th>Address</th>
<th>Telephone</th>
<th>Contact</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 results found.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
ADD SBE in for Section 3 Compliance
(29 Total found for Small Businesses)
Additional Section 3 Resources

DED Section 3 website: https://ded2.mo.gov/cdbg/reporting/section-3
Updates coming soon!

HUD Section 3 website: https://www.hud.gov/program_offices/field_policy_mgt/section3

Helpful Training: https://www.hudexchange.info/programs/section-3/section-3-guidebook/welcome/

Your friendly Compliance Specialist
Fair Housing

- **42 U.S.C. §§ 3601-19** Fair Housing Act Title VIII of the Civil Rights Act of 1968 as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, because of race, color, religion, sex (including gender, gender identity, sexual orientation, and sexual harassment), familial status, national origin, and disability. **It also requires that all federal programs relating to housing and urban development be administered in a manner that affirmatively furthers fair housing.**

- **Affirmatively Furthering Fair Housing** [24 C.F.R. §§ 5.150 – 5.168](#)
- **Discriminatory Conduct Under the Fair Housing Act** [24 C.F.R. part 100](#)
- **Fair Housing Act Complaint Processing** [24 C.F.R. part 103](#)
Fair Housing

• CDBG grant recipients are required to adopt a fair housing ordinance. (With complaint Policy)
• Fair Housing compliance also requires DED’s Subrecipients to take two annual official actions.
• One official action a Subrecipient must take is to affirmatively further fair housing. Here, a Subrecipient actions are to educate and inform its citizens and fair housing stake holders about the state and federal fair housing laws.
• The second official action is to address identified impediments to fair housing choice.
• All Subrecipients must complete and document these two types of Fair Housing actions during each 12-month period that your CDBG grant project is open. Subrecipients must provide DED staff with documentation of its annual actions at the monitoring visits.
• Posters: https://www.hud.gov/program_offices/fair_housing_equal_opp/marketing
Impediments to Fair Housing

The Missouri CDBG program contracted with a private consultant to perform an Analysis of Impediments (AI) study to assess the existence of impediments to fair housing choice in the State of Missouri in 2021. The findings from the 2021 update to the state’s 2014 AI Study showed that the identified impediments to fair housing choice vary, but exist around the state in each of the following 6 categories:

1. **Affordable Housing Shortage**: A statewide shortage of affordable housing is a significant barrier to fair housing choice, especially among those with households’ incomes at or below 30% Area Median Income (AMI). This shortage is even more critical in rural Missouri.

2. **A shortage of fully accessible, affordable housing for special needs and vulnerable populations**: Special needs and vulnerable populations, including persons with disabilities, seniors, homeless individuals (including homeless veterans), victims of domestic violence, and youth aging out of foster care experience barriers to fair housing choice due to the lack of affordable housing units that meet their needs. The lack of affordable units for special needs and vulnerable populations is particularly pronounced in Missouri’s rural areas.

3. **Challenges for the Hispanic Population**: Missouri’s Hispanic population grew by 25.4% from 2010 to 2018, while the non-Hispanic population grew by 2.0% during the same period.
Impediments to Fair Housing

4. Location and condition of housing opportunities: While some regions of the state have relatively more plentiful affordable housing opportunities than others, the location and/or condition of these units may impose barriers to fair housing choice.

5. Lack of knowledge/education about fair housing choice: Stakeholders indicated lack of fair housing knowledge is not limited to tenants; they stated that some landlords did not understand these requirements.

6. Not in My Backyard Attitude: Stakeholders indicated that Not-in-My-Backyard (NIMBY) attitudes and behaviors create barriers to fair housing choice by making it difficult or impossible to locate affordable housing opportunities in low-poverty neighborhoods with access to jobs and high-quality public schools.
Fair Housing Ideas

1. **Provide Fair Housing Educational Materials:** Develop and display informational materials to promote local awareness of fair housing laws and guidelines, such as, fair housing pamphlets, fair housing logo or link on official website, fair housing policy statements, etc. Access flyers, pamphlets, PSAs, and other resources from the Missouri Human Rights Commission’s website at: [https://labor.mo.gov/discrimination](https://labor.mo.gov/discrimination), from the National Fair Housing Alliance at: [https://nationalfairhousing.org](https://nationalfairhousing.org) and from HUD at: [www.hud.gov/fairhousing](http://www.hud.gov/fairhousing).

2. **Educate Community Organizations and Citizen Groups.** Develop public information and educational programs to provide fair housing information to the community. (Poster Contest)

3. **Post Fair Housing Posters** Print versions of some items can be ordered through the U.S. Department of Housing and Urban Development (HUD) Headquarters Publications Distribution Center. To order, please call toll-free, (800) 767-7468. These are free of charge.

4. **Celebrate Fair Housing Month (April)**

5. **Many more in the Civil Rights Chapter**
Owners of HUD-Subsidized Multifamily Housing Must Display This Fair Housing Poster However Beneficial for Every Community

FHEO Outreach Tools | HUD.gov / U.S. Department of Housing and Urban Development (HUD)
Impediments

Individuals with mental health, intellectual, or developmental disabilities deserve equal housing opportunities.

Housing discrimination against individuals with mental health, intellectual, or developmental disabilities is illegal.

If you believe you have experienced housing discrimination, contact HUD to file a complaint.

Fair Housing
Subrecipients must establish a local grievance process for aggrieved persons to file a discrimination complaint. Within the context of the Missouri CDBG program, a civil rights discrimination complaint may only be based on one of the protected classes of: race, national origin, religion, color, sex, age (for employment only), handicap/disability (for employment & housing), or familial status regarding the denial of program-related benefits, employment, contracting, or fair housing practices.

If a complaint arises, it should first be processed at the local level through the Subrecipient's adopted grievance process.

A copy of the grievance should be sent to DED. DED will wait for the local process to be completed.

If a complaint is appealed to DED, the complaint/grievance will be forwarded to HUD, where it will be formally processed. CDBG Subrecipients, including counties, are to have local policies in place that provides a procedure for processing Fair Housing complaints, under its adopted Fair Housing Ordinance or Fair Housing Resolution.
LGBTQ Equal Access for HUD Programs

• Part of HUD's mission is to give every person and family access to a safe, secure and affordable home including ensuring fair and equal access to housing for all Americans, regardless of their sexual orientation, gender identity or marital status. HUD is working to promote, strengthen and create opportunities for LGBTQ inclusion in its federal programs and regulations.

• This rule is made applicable to the HUD CDBG Program at 24 CFR 570.3 and 24 CFR 5.403. Under this equal access rule, HUD makes clear that CDBG funded projects must be administered in a non-discriminatory manner with respect to providing the project’s services or assistance to all eligible beneficiaries, inclusive of LGBTQ individuals and families.
LGBTQ Equal Access for HUD Programs

- Building on that rule, on September 21, 2016 HUD issued a final rule, "Equal Access in Accordance with an Individual's Gender Identity in Community Planning and Development Programs Rule" (Gender Identity Rule). The Gender Identity Rule ensures that all individuals have equal access to many of the Department's core shelter programs in accordance with their gender identity.
- Ensure this notification is placed at any shelters or facilities: https://ded.mo.gov/sites/default/files/Equal%20Access%20For m_1.pdf
On August 1, 2000, the President issued Executive Order 13166. The purpose of the executive order was to ensure improved access to all federal programs for all individuals who, as a result of their “national origin,” are limited in their English proficiency.
Safe Harbor

Safe Harbor to Comply with LEP Requirements:

• Written Translation in each language that constitutes 5% or 1000 persons, whichever is less, of the population of eligible persons to be served or likely to be encountered for the CDBG-funded project; or

• If there are fewer than 50 persons in a language group that reaches the 5% trigger, then the Subrecipient must provide written notice of the right to receive competent oral interpretation of the written materials;

• There is NO Safe Harbor for oral interpretation. Reasonable availability is expected based on the four-factor analysis.
LEP Areas

• Missouri Cities with at least 5% of the population 5 years old and older who speak English “less than very well”

• Sullivan County is the only county with 6.9% of the population speaking Spanish and English “less than very well”
## LEP Areas Non Entitlement

<table>
<thead>
<tr>
<th>City</th>
<th>Language</th>
<th>County Located</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ginger Blue village</td>
<td>Spanish</td>
<td>McDonald</td>
<td>65.10%</td>
</tr>
<tr>
<td>Southwest City</td>
<td>Spanish</td>
<td>McDonald</td>
<td>25.00%</td>
</tr>
<tr>
<td>Noel city</td>
<td>Spanish</td>
<td>McDonald</td>
<td>20.20%</td>
</tr>
<tr>
<td>Dennis Acres village</td>
<td>Spanish</td>
<td>Newton</td>
<td>19.30%</td>
</tr>
<tr>
<td>Noel City</td>
<td>Spanish</td>
<td>McDonald</td>
<td>9.70%</td>
</tr>
<tr>
<td>Carthage</td>
<td>Spanish</td>
<td>Jasper</td>
<td>14.30%</td>
</tr>
<tr>
<td>Verona town</td>
<td>Spanish</td>
<td>Lawrence</td>
<td>13.20%</td>
</tr>
<tr>
<td>Purdy</td>
<td>Spanish</td>
<td>Barry</td>
<td>12.60%</td>
</tr>
<tr>
<td>Butterfield</td>
<td>Spanish</td>
<td>Barry</td>
<td>12.30%</td>
</tr>
<tr>
<td>Monett</td>
<td>Spanish</td>
<td>Barry</td>
<td>11.60%</td>
</tr>
<tr>
<td>Freistatt village</td>
<td>Spanish</td>
<td>Lawrence</td>
<td>10.80%</td>
</tr>
<tr>
<td>Saddlebrooke village</td>
<td>Spanish</td>
<td>Christian</td>
<td>7.10%</td>
</tr>
<tr>
<td>Lanagan</td>
<td>Spanish</td>
<td>McDonald</td>
<td>5.70%</td>
</tr>
<tr>
<td>Schell City</td>
<td>Spanish</td>
<td>Vernon</td>
<td>5.60%</td>
</tr>
<tr>
<td>Halfway City</td>
<td>German</td>
<td>Polk</td>
<td>11.30%</td>
</tr>
<tr>
<td>Fairview</td>
<td>Other Asian</td>
<td>Netwon</td>
<td>5.20%</td>
</tr>
</tbody>
</table>

### Southwest Language Spoken

<table>
<thead>
<tr>
<th>City/County</th>
<th>Language</th>
<th>County Located</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senath city</td>
<td>Spanish</td>
<td>Dunklin</td>
<td>17.40%</td>
</tr>
<tr>
<td>Clarkson city</td>
<td>Spanish</td>
<td>Dunklin</td>
<td>6.50%</td>
</tr>
<tr>
<td>Holland</td>
<td>Spanish</td>
<td>Pemiscot</td>
<td>15.20%</td>
</tr>
<tr>
<td>Rosebud City</td>
<td>Tagalong</td>
<td>Gasconade</td>
<td>18.40%</td>
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### Southeast Language Spoken

<table>
<thead>
<tr>
<th>City/County</th>
<th>Language</th>
<th>County Located</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>Spanish</td>
<td>Boone</td>
<td>33.30%</td>
</tr>
<tr>
<td>Huntsdale</td>
<td>Spanish</td>
<td>Miller</td>
<td>6.50%</td>
</tr>
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</table>

### Central Language Spoken

<table>
<thead>
<tr>
<th>City/County</th>
<th>Language</th>
<th>County Located</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>Spanish</td>
<td>Boone</td>
<td>33.30%</td>
</tr>
<tr>
<td>Huntsdale</td>
<td>Spanish</td>
<td>Miller</td>
<td>6.50%</td>
</tr>
</tbody>
</table>

### Northwest Language Spoken

<table>
<thead>
<tr>
<th>City/County</th>
<th>Language</th>
<th>County Located</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Monte city</td>
<td>Spanish</td>
<td>Pettis</td>
<td>15.50%</td>
</tr>
<tr>
<td>Sullivan County</td>
<td>Spanish</td>
<td>Entire County</td>
<td>6.90%</td>
</tr>
<tr>
<td>Mount Leonardtown</td>
<td>Korean</td>
<td>Saline</td>
<td>9.10%</td>
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### Northeast Language Spoken

<table>
<thead>
<tr>
<th>City/County</th>
<th>Language</th>
<th>County Located</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milan city</td>
<td>Spanish</td>
<td>Sullivan</td>
<td>16.80%</td>
</tr>
<tr>
<td>Marshall</td>
<td>Spanish</td>
<td>Saline</td>
<td>7.80%</td>
</tr>
</tbody>
</table>

### Other Indo European

<table>
<thead>
<tr>
<th>City/County</th>
<th>Language</th>
<th>County Located</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Francisville</td>
<td>Other Indo European</td>
<td>Clark</td>
<td>8.20%</td>
</tr>
<tr>
<td>Vandiver</td>
<td>Other Indo European</td>
<td>Audrain</td>
<td>11.50%</td>
</tr>
<tr>
<td>Connelsville</td>
<td>European</td>
<td>Adair</td>
<td>5.30%</td>
</tr>
</tbody>
</table>
If the LEP beneficiaries are significant in number, e.g., 50 or more, the Subrecipient should develop an implementation plan. The plan should involve the following 3 steps:

- Conduct a Four-Factor Analysis of the population of that national origin group;
- Develop a written Language Assistance Plan; and,
- Provide appropriate language assistance.

**Four-Factor Analysis:**

**Number:** Determine the number of LEP persons in the population or project area to be served.

**Frequency:** with which LEP persons come into contact with the program, project, or service.

**Importance:** of the CDBG-funded service, project, information, program, or activity.

**Resources:** organize the available financial and staff resources to provide assistance to the LEP persons to be served by the project.

A sample four-factor analysis from is located in our website at:

Language Access Plan

When a determination is made that a plan should be implemented by the four-factor analysis, the Subrecipient should develop a language access plan. A sample language access plan is found on the DED website under civil rights forms. The Subrecipient should address the areas below to develop a language access plan.

1. Assess the scope of service to be provided to the LEP persons or community by gathering population data on the national origin group to be served.

2. Work with local organizations of that LEP national origin group.

3. Find services that provide interpretation and translation. Adopt language assistance measures.

4. Subrecipient must assign LEP assistance responsibilities to staff or to their grant administrator.
Resources

- https://www.hud.gov/program_offices/fair_housing_equal_opp/17lep
- https://www.lep.gov/
Section 504 Rehabilitation Act Compliance

• Section 504 prohibits discrimination on the basis of disability in any program or activity that receives federal financial assistance.

• This means, for example, that persons with disabilities may not be denied the opportunity to participate in a program or activity because of their disability; may not be required to accept a different kind or lesser program or service than what is provided to others without disabilities, and may not be required to participate in separate programs and services from those available to persons without disabilities, even if separate programs and services exist.

• **Host all public hearings at handicapped assessable locations**.
504 Compliance

- Missouri CDBG Subrecipients are required by Federal law and program regulations to conduct a self-evaluation of accessibility to determine if their current programs, services, policies, and practices meet the requirements of Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA). This means that a CDBG program must be accessible to a person with any type of a disability accepted under the Act. **Part 2 must be completed if there are 15 of more employees in the city or county.**

- A Subrecipient must have a designated Section 504/ADA Coordinator with grievance policy. Examples are in the civil rights chapter of the manual.
504 Compliance

- Under Section 504, HUD requires that its programs or activities that are paid for with HUD funds be readily accessible to and usable by persons with disabilities.

- Title II of the Americans with Disabilities Act of 1990 – Prohibits discrimination based on disability in programs, services, and activities provided or made available by public entities. HUD enforces Title II when it relates to state and local public housing assistance and housing referrals.

- Architectural Barriers Act of 1968 - The Act requires that buildings and facilities designed, constructed, altered, or leased with certain federal funds after September 1969 must be accessible to and useable by handicapped/disabled persons.
Other Considerations

Faith-based organizations are eligible, on the same basis as any other organization, to participate in any HUD program or activity.

CDBG funded Subrecipients must ensure that discrimination does not occur in the solicitation and award of contracts.

Subrecipients must also include civil rights certifications and provisions in their contracts, and follow a procurement evaluation criteria to ensure free, fair, and open competition for all CDBG funded project contracts.

Grant recipients and contractors are required to make affirmative efforts to employ minorities, women, and Section 3 individuals for project related jobs. This is accomplished by the Subrecipient advertising any project related job in local newspapers, periodicals, and with organizations that serve minority and women communities as part of their procurement process.

Publication Requirements including specific language are also required on CDBG and CDBG DR projects. “The City/County of (Name) Is An Equal Opportunity Employer and Encourages MBE, WBE, DBE and Section 3 Contractors to Bid”
Questions? Please also see the Civil Rights and Section 3 Chapter of your Administrative Handbook.
LUNCH TIME!
Eligible Activities

- Public entity must own the facilities to be funded
- Facilities owned by the company or a private utility are not eligible for funding

- Public Streets
- Water or sewer lines
- Engineering
- Grant Administrator
- Other public facilities necessary to support the project
ED Requirements

- Company must commit a minimum of one dollar of capital investment for every CDBG grant requested.
- Existing companies – $20,000 per **New Full Time Job** and maximum of $2,000,000.
- Start up companies – lower of $350,000 per project; 50% of infrastructure cost or $20,000 per **New Full Time Job**.
- Applicant must provide 15% cash match.
National Objective

• ED Industrial Infrastructure projects are funded based upon either job creation or job retention.

• A Subrecipient providing assistance to support a private entity’s location or expansion within its boundaries must assure the documentation of low-and moderate-income (LMI) job creation / retention.

• At least 51% of all jobs created or retained shall be held by LMI persons
The Subrecipient must undertake all front-end reviews and safeguards before providing assistance to support a private entity with CDBG funds, including:

1. Obtaining a list of prospective permanent jobs and their full-time equivalents, proposed for creation by the company, with a breakdown of those positions which will involve the employment of LMI persons;
2. Identifying those positions that can be only filled by persons with substantial training, work experience, or education beyond high school and whether the business will agree to hire and train LMI persons for these jobs;
3. Include in loan agreements specific LMI job requirements and the standards for compliance, reporting, and recordkeeping;
4. List of jobs must track and identify each job as full-time or part-time based on Full-Time Equivalency (FTE), and permanent or temporary.
The creation of jobs qualifies for CDBG funding when the following conditions are met. These conditions include, but are not limited to:

1. Full time (or a number of part time jobs add up to a full time equivalent)
2. Only permanent jobs; however, both permanent and temporary jobs must be tracked
3. The job is located at the same facility that is receiving assistance
4. The jobs are new jobs, above the current level of employment documented at the time of award
5. The Employee Status Statement and a current payroll listing are available
6. The jobs are created after the date recorded in the agreement
7. The Alien Employment restrictions are met
8. The total jobs equal the amount pledged and at least 51% are adequately documented as LMI.
LMI Job Retention

The number of jobs considered to be retained jobs, as involving the employment of LMI persons, shall be limited to the total of:

1. Those jobs known to be held by LMI persons at the time assistance is provided

2. Any other jobs that can reasonably be expected to become available through turnover to LMI persons in a period of two years thereafter.
Job Creation Timing

• All FTEs committed to creation by the private entity must be held by at least 51% LMI individuals within two years of project closeout.

• All FTEs committed to retention by the private entity must continue to exist and be held by at least 51% LMI individuals two years after project closeout.

• Failure to satisfy this requirement may result in repayment action against any and all entities party to the project.
Cross-Cutting Requirements

- Citizen Participation
- Financial
- Environmental Review
- Procurement
- Contract Management
- Labor Standards
- Civil Rights
- Acquisition, if applicable
- Closeout
Program Income

• The Subrecipient must track the receipt and disbursement of program income (loan repayment).
• Reporting of program income to DED is required
Reporting

• The racial / ethnic characteristics of all job applicants must be tracked.

• Applicant information must be tracked from the time of the funding commitment until project closeout.

• Personally Identifiable Information (PII) Applicant information must be protected
Introduction
Demolition

Program Requirements:

- Commercial property owners must commit to a 20% match. If the building is city-owned, the city will have to commit to the 20% match.

- Residential property owners must commit to a minimum of $500 per structure

- Prevailing wage is required when:
  - Asbestos abatement for commercial structure exceeds $2,000
  - There are 8 or more contiguous units
Demolition

More Program Requirements:

- Every structure must be inspected by a demolition and licensed asbestos inspector
- The demolition inspector cannot also be the demolition contactor
- The asbestos inspector cannot also be an asbestos abatement contactor
- The Inspector can’t be the project administrator
- Bid documents must be detailed for each structure
- Strongly encouraged to have mandatory bid tour
Demolition

- There must be a contract for each structure, signed by the property owner (grantor), sub recipient (the community), and the contactor.

- A Certificate of Completion must be signed by the demolition inspector, property owner, demolition contactor and the sub recipient.
Compliance Areas

In a demolition project, ALL compliance areas apply:
• Environmental Review
• Documenting the Slum and Blight National Objective
• Citizen Participation
• Procurement
• Contract Management
• Fair Housing
• Labor Standards
Types of Demolition Projects
Residential-Only

• This type of project may also include up to 5 commercial buildings. All must have DED Environmental Clearance.
• All residential buildings must be vacant for a minimum of one year.
• All must have clear title.
• Lien searches MUST be done.
• Buildings must meet the Sub recipient’s unsafe building ordinance.
• Must have owner’s written consent.
Commercial Demolitions

One or more commercial structures may be demolished. Must also meet the following requirements:
National Objective

Slum/blight removal

- The unit must meet the definition of a “dangerous building” as defined by the applicant’s dangerous building ordinance. A building that meets the local criteria meets the HUD/CDBG slum/blight criteria.
National Objective

• Before demolition of any building using CDBG funds the project file **MUST** have documentation to show that an official determination has been made showing that the condition of the building violates their local ordinance.
Infeasible to Rehabilitate?
Infeasibility....

• A house or structure that is officially determined not feasible to rehabilitate will meet the HUD spot slum and blight national objective. The costs to rehab must exceed $15,000, or $15 per square foot. A work specification write-up, including a cost estimate and the number of square feet in the house, must show the costs to rehabilitate the house to DED HQS health and safety standards.
HUD Area Slum & Blight Definition
HUD Area Slum and Blight

At least 25% of the properties throughout the area must have one or more of the following conditions:

• Physical deterioration of buildings or improvements
• Abandonment of properties
• Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings
MORE HUD Area Slum and Blight

- Significant declines in property values or abnormally low property value relative to other areas in the community
- Known or suspected environmental contamination
- Public improvements throughout the area are in a general state of deterioration
The elimination of specific conditions of blight or deterioration on a spot basis is designed to comply with the statutory objective for CDBG funds to be used for the prevention of blight, on the premise that such action serves to prevent the spread to adjacent properties or areas.

The activity must be designed to eliminate specific conditions of blight or physical decay not located in a designated slum or blighted area; and

Is limited to Property Clearance/Demolition

To be considered detrimental to public health and safety, a condition must pose a threat to the public in general.

Must document the specific condition of blight or physical decay.
What does the State of Missouri Say About This???
Missouri Statute Chapter 353(2)

• A blighted area means that a portion of the city by reason of age, obsolescence, inadequate or outmoded design or physical deterioration, has become an economic and social liability, and that such conditions are conducive to ill health, transmission of disease, crime, or inability to pay reasonable taxes.

• The Subrecipient must have a formal ordinance declaring the area blighted.
Re-Use
Cleared Lot Re-Use

• When a Subrecipient acquires ownership of a cleared lot using CDBG funds, the subsequent use of the lot may require them to also document the national objective as LMI benefit for their planned redevelopment (re-use) of the cleared lot.

• HOWEVER, demolition of privately-owned property meeting a national objective constitutes an eligible activity and is not required to be used for a public purpose.
Demolition...Questions?

THERE WILL BE NO QUESTIONS.

ARE THERE ANY QUESTIONS?
BREAK TIME!
FY2022 Grant Admin Training

Project Close-outs

By Christopher McCormick

Disaster Recovery and Mitigation Financial Specialist
Introduction

• Welcome to the final leg of running a project utilizing CDBG grant funds...Closing the Project Out!
  • Within 90 days after the project’s expiration or termination, the Subrecipient must submit all financial, performance and other required reports. Consideration will be given to the timing at the close-out monitoring.
  • The Close-out process encompasses a series of steps to ensure that funds have been spent properly and that the Subrecipient conducted the project in a timely and acceptable manner.
    • Note that the timeliness and content of information provided will be considered by DED to determine future CDBG Applications.
When to begin the Close-out Process?

- When a Project has reached its date of Expiration and an extension was not requested or it was denied.
- All costs to be paid with program funds have been paid.
  - This excludes costs such as close-out costs, the final audit and the final 10% of funds being held.
- The Subrecipient has fulfilled all of its responsibilities under the funding agreement.
  - Note failure to comply with, or delay, completing the Close-out process can result in denial of future CDBG Funds.
The 5 Major Tasks

- There are 5 Major Tasks involved in closing out a project:
  2. Submission of Certificate of Completion.
  3. Start and Resolution of the monitoring process.
  5. Completion and submission of the Final Audit.
Types of Close-Outs

• There are 2 types of Close-outs:
  • A Regular Close-Out: This is when a Project meets all conditions of the grant and all 5 Major Tasks previously mentioned are received and approved.
  • Admin Closed: This is when conditions of the grant have been met and the first 4 major tasks are completed, but the single audit has yet to be conducted the project can be closed administratively. Once the audit is submitted to the Federal Audit Clearinghouse and approved the project is considered final.
Close-Out Monitoring Requirement

• Once a Subrecipient reaches 80% project completion, they will reach out to their assigned Compliance Specialist to schedule a Close-Out monitoring.

• The Compliance Specialist will prepare a Close-Out checklist that will align with the project’s activities.
  • Areas that most, if not all, projects will go over include:
    • National Objective
    • Citizen Participation
    • Financial Management
    • Procurement
    • Contract Management
Once the Compliance Specialist reviews the documents provided by the Subrecipient, the Compliance Specialist will provide a list of items, or findings, that need to be remedied to ensure the project is up to compliance with HUD regulations.

It is up to the Subrecipient to address all findings the Compliance Specialist identifies in the Close-Out Monitoring.

If the Subrecipient fails to address all findings they may be required to return a portion or all CDBG funds awarded to them prior to closing the project.
Close-Out Public Hearing

• A public hearing on grant performance is required after a minimum of 80% project completion. A copy of the published notice and minutes of the hearing must be submitted to DED as part of the Close-Out Report.

A few things to remember about Public Hearings:

• Must allow a minimum of 5 Full days of advance notice as to allow for Citizen Participation.

• Must address the performance of the funded grant

• Document and Retain any and all Comments/Complaints
  • Ensure to respond to complaints as the close-out process cannot be completed with unresolved issues.

• Further details on the Public Hearing process can be found in the Citizen Participation Chapter of the Admin Manual
Close-Out Report Forms

- Once the Public Hearing and Close-Out Monitoring Findings have been resolved the Subrecipient may now turn in their Final RFF for the remaining 10% admin funds.

- State CDBG Close-Out Report Cover Sheet
  - This form encompasses the information of the subrecipient, project number, person completing the report and number of Citizens who made comments.
  - This form must be signed by the Mayor or Presiding County Commissioner.

- Form 2: Income Data for Program Beneficiaries
  - This Form is to report LMI Data by capturing Direct Beneficiaries, Direct Beneficiary Applicants and Indirect Beneficiaries.
  - Report 80% Low/MOD, 50% Low, and 30% Very Low.
    - Total # of LMI Beneficiaries = #Low/MOD + #Low + #Very Low
Close-Out Report Forms

- Forms 3, 4, and 5: Population Group Data for Direct Beneficiaries, Direct Beneficiary Applicants, and Indirect Beneficiaries.
  - For each activity mentioned on Form 2 a racial and ethnic breakdown for the LMI data must be provided.
  - For Hispanic/Latino numbers, of the total beneficiaries of the race indicated in the left column enter how many are Hispanic/Latino.
Close-Out Report Forms

• Form 6: Project Accomplishments
  • For each activity under the project enter, in short but detailed quantitative terms, what the activity was able to accomplish.
    • For example the number of houses rehabilitated, number of structures cleared, linear feet/miles of streets restored, etc.

• Form U: Data Collection for CDBG Performance Measures.
  • Form U is for telling the DED your Proposed Number of Beneficiaries VS your Actual Number of Beneficiaries.
  • If the project was unable to meet it’s initially proposed numbers explain the reason why, at the bottom of Form 6 under “Changes in the original Project Scope and Reasons:”
Close-Out Report Forms

• Form ED/1: Economic Development Close-Out
  • This form is Exclusively for Economic Development Projects.
  • In the case of these designated projects this form replaces Forms 2, 3, 4, and 5.
  • This form requires information like:
    • How many Jobs created/retained
    • Any cash/in-kind match
    • Direct Beneficiaries and their racial/ethnic breakdown
    • Program income.

• The Section 3 Summary Report is used to track the efforts of a Subrecipient to provide job training, employment and contract opportunities for low or very low income residents in their neighborhoods.
  • The summary report will capture:
    • Construction contractors.
    • Section 3 Target/Worker Hours.
    • Qualitative efforts the subrecipient took to meet Section 3 requirements.
Certificate of Completion

- The Certificate of Completion will detail the project’s financial expenditures throughout the project.
  - As of April 1st, 2022 there is a newly formatted Certificate of Completion posted to Department of Economic Development’s CDBG website.
  - The certificate should reflect actual expenditures in each line item Activity.
  - The funding year column indicated on the form corresponds to the grant year the activity was funded from.
- The certificate provides for computation of any amount to be deobligated or returned to DED by completing section C.
  - Section D is the Certification by the Subrecipient
  - Section E will describe your Proposed Vs Actual Match
  - Section F is your Disposition of Program income
  - An Amendment must be executed by the Subrecipient for all funds to be Deobligated
All the previous forms can be found on the CDBG website at:

https://ded.mo.gov/programs/cdbg/grant-information#mini-panel-cdbg-grant-information2

Under the Close-Out Category
• By accepting CDBG Funds the Subrecipient agrees to the responsibility of carrying out the requirement that the CDBG program be audited.

• CDBG Funds can be used to pay for Audits of CDBG funds only.

• Since it is impossible to determine audit costs at the time of award a grant amendment can be requested for an increase.
  • The necessity for an audit is what determines whether a project is closed or Admin closed.
  • Further details regarding the single audit can be found in the Financial Management chapter of the Admin Manual.
QUESTIONS?
THANK YOU FOR ATTENDING THE 2022 CDBG ADMINISTRATION TRAINING!