



SECTION 3 PLAN FOR DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) FUNDED PROGRAMS

CITY OF TITUSVILLE

INTRODUCTION

This document is both a guide for and the City of Titusville's Policies and Procedures for implementing its Section 3 Plan. Included with the Plan and Guidebook are the Compliance Plans for:

- City Departments/Divisions
- Sub-recipients and Developers
- Contractors
- Subcontractors

DEFINITIONS

The City of Titusville reminds each City Department/Division, Sub-recipient, Developer, Contractor, and Subcontractor involved in a Section 3 covered contract that it bears the responsibility to familiarize itself with the Section 3 Act, Section 3 Regulations, and this entire document and corresponding Plans and Forms prior to accepting Section 3 Covered Assistance from the City of Titusville.

Staff from the City of Titusville will be available at pre-bid conferences to provide Section 3 technical assistance. Technical assistance will also be provided outside pre-bid conferences upon request.

Questions with regard to this document should be directed to:

City of Titusville – (814) 827-5300
107 North Franklin Street, Titusville, PA 16354-1734

WHAT IS SECTION 3?

Section 3 is the common term used as reference to a federal law of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u) and its implementing federal regulations in 24 C.F.R. 135. (Herein, when discussing the law and regulations, they will be referred to as Section 3.)

Section 3 is to ensure that employment and economic opportunities generated by certain financing provided by the U.S. Department of Housing and Urban Development (HUD) are, to greatest extent feasible, directed to low- and very low-income persons [Section 3 resident], particularly those who are recipients of government assistance for housing, and to business concerns [Section 3 Business Concerns] that provide economic opportunities to low- and very low income persons.

Expenditure of HUD financing for a Section 3 covered project requires implementation of Section 3 through the City of Titusville's (City) Section 3 Policies and Procedures. Covered projects include:

- Housing rehabilitation
- Housing construction

- Other public construction (such as street installation, updates to building facades, community center construction)

The City is required to implement Section 3 as a recipient of a number of HUD grants, including:

- Community Development Block Grant (CDBG)

City Departments/Divisions, Sub-recipients, Contractors, Subcontractors, and Developers are subject to Section 3 when they accept assistance (funding) from the City that involves an included federal grant.

CITY OF TITUSVILLE SECTION 3 PLAN

In any fiscal year (which is a calendar year for the City), the City receives more than \$200,000 in federal assistance that will be utilized on a Section 3 covered Project/Activity or Projects/Activities, the City shall ensure that it has Section 3 policies and procedures in place and that they are appropriately implemented for each covered project receiving funding.

As a part of the City, any Department/Division receiving assistance from a covered grant must comply with the City's Policies and Procedures for Section 3. Additionally, Sub-recipients, Developers, Contractors and Sub-contractors must comply with the City's Plan. A project/activity Memorandum of Understanding will be entered into between City and other City Departments/ Divisions which will include the City's Section 3 Compliance Plan. Likewise, the Agreement between City and a Sub-recipient or Developer will include the Section 3 Plan. The Department/Division or Sub-recipient/Developer is then responsible for ensuring the Plan and implementing forms become a part of any contract, as appropriate.

Accepting a Section 3 covered contract means accepting equal measure of responsibility with the City in implementing Section 3 in Titusville. The Plan and implementing forms become a part of the contractual responsibilities of the entity receiving the contract.

Section 3 in the City of Titusville will apply to the following covered contracts, also referred to as a Section 3 contract.

- **Contracts of more than \$100,000** – Applies to City Departments/Divisions, sub-recipients, Developers, Contractors, and Subcontractors. Bid documents and contracts must include the Section 3 clause. The entity receiving Section 3 covered funds is responsible for working with the City staff to ensure Section 3 is implemented according to the City's Policies and Procedures.
- **Contracts of \$50,000-\$100,000** – Section 3 will apply to sub-recipients, developers, and general contractors only and in the same manner as noted above. (Subcontractors are exempt if receiving this level of funding.)

Section 3 Employment and Contracting Goals

The City of Titusville sets overall Section 3 employment and contracting goals when necessary. The current Section 3 Goals are as follows:

- **Contracting:** The City will strive, to the greatest extent feasible, to contract with, and require contractors, developers, and sub-recipients to contract with
 - A minimum of ten percent (10%) of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, construction, and other public construction with federal funds to Section 3 Business Concerns; and

- A minimum of three percent (3%) of the total dollar amount of all other Section 3 **covered professional services contracts** to Section 3 Business Concerns.
 - The City does not provide a Section 3 or residence preference.
- **Employment:** The City will require contractors, subcontractors, developers, and sub-recipients when contracted under a Section 3 project/activity to hire Section 3 residents, to the greatest extent feasible, as follows:
 - Thirty percent (30%) of the aggregate number (**new hires**) during the project/activity term. (Example: A construction contractor hires 10 new workers. Three of the new workers should be Section 3 eligible persons.)
 - **Note:** There is NO requirement that a contractor, subcontractor, or developer hire new employees if awarded a Section 3 contract. If the business concern's current work force is sufficient to complete the project (ALL employees, including office staff), there is no non-compliance with Section 3.
 - A Section 3 and/or neighborhood residency preference is encouraged, but is not required.

NOTE: Infusion of HUD funds (of \$1.00 or more) into a City project at any point in the project's duration triggers full applicability of the City's Section 3 Plan onto the entire project retroactively.

WHAT IS A SECTION 3 RESIDENT?

To the greatest extent feasible, employment opportunities (new hires) within a Business Concern under contract with the City Department/Division, Sub-recipient, Developer, Contractor, or Subcontractor on a Section 3 covered project during the contract period shall be directed to Section 3 resident(s). In Titusville, a Section 3 resident is a person meeting one of the qualifications below:

- ✓ Lives in public housing OR
- ✓ Lives in the City of Titusville and has household income at or below 80% of the Area Median Income (AMI). AMI limits are established annually by HUD and will be provided as part of the City's Compliance Plan.

Documentation must be provided to certify a person as a Section 3 resident (see certifying form for residents).

WHAT IS A SECTION 3 BUSINESS CONCERN?

A business that:

- ✓ Is 51 percent or more owned by Section 3 residents; or
 - ✓ Employs Section 3 residents for at least 30 percent of its full-time, permanent staff; or
 - ✓ Provides evidence of a commitment to subcontract to Section 3 business concerns, 25 percent or more of the dollar amount of the awarded contract.
- **Note:** If the Section 3 project is a labor-only contract and procurement is not required, the contractor is not in non-compliance of Section 3 by being unable to fulfill the "contracting with a Section 3 Business Concern" requirement.

Section 3 Clause

Section 3 clause means the contract provisions set forth in §135.38 (which is the Section 3 Clause). It sets forth in quick terms the requirements of Section 3. **All** bid documents, contracts, and subcontracts issued to a developer, contractor, subcontractor, and/or sub-recipient on a Section 3 Covered Project shall contain the Section 3 Clause. The Section 3 Clause is provided later in this document and can be copied and pasted into bid documents and contracts.

PROCEDURES FOR IMPLEMENTING THE SECTION 3 PLAN

1. CITY OF TITUSVILLE

City involvement will be at the following levels:

- **City** – Administrator of the CDBG grants for the City. Administration includes formulation and implementation of the Section 3 Compliance Plan and corresponding reports and forms. City is also responsible for Section 3 reporting to the Federal government on an annual basis, coordinating with the Project Manager and/or Purchasing in collecting the data needed for the reports, and maintaining Section 3 reports and records. Other responsibilities include:
 - Implementation of the Plan for Section 3 Sub-recipients and Developers, such as Habitat for Humanity and non-profit agencies involved in a construction activity/project that does not go through the Purchasing Division of the City's Finance Department.
 - Implement the Section 3 Plan as part of any Memorandums of Understandings with other City Departments/Divisions receiving Federal funding administered for the City by City.
 - Coordination with Purchasing and the City Department/Division receiving funds requiring compliance with Section 3 during the contract term. Work with the Department/Division Project Manager and Purchasing to ensure the Section 3 Clause is a part of all bid documents and contracts for Section 3 contracts.
 - Provide a staff member familiar with Section 3 in attendance at the pre-bid conference for questions and, upon request, at bid award.
 - Coordinate with the Project Manager and Purchasing on the receipt of reports/forms required at project completion.
 - Coordinate with Purchasing and other City Departments/Divisions and/or implement the advertising of Section 3 projects/activities including posting potential employment opportunities at the Housing Authority for Section 3 residents.

- **Department/Division Receiving a Federal Award (i.e. CDBG funds)** – The Project Manager for the Department or Division receiving the Federal award should familiarize him/herself with the Section 3 Compliance Plan and the requirements for the contractor with whom they'll be working with as questions may be directed to them. Other responsibilities include:
 - Utilize the Plan to Meet Goals for Hiring Section 3 Business Concerns and Residents to identify how bid opportunities for Section 3 Business Concerns and potential employment opportunities for Section 3 Residents will be advertised and/or posted. Include the completed form with the Compliance Plan.
 - Coordination with City and Purchasing during the pre-bid events, bid process, and subsequent contract award to ensure the Section 3 Plan and forms are included. Work with CITY and Purchasing to ensure the Section 3 Clause is a part of all bid documents and contracts for Section 3 contracts.
 - Notify City of pre-bid conference and contract award dates.
 - Coordinate with City and Purchasing on the receipt of reports/forms required at project completion.

- To the greatest extent feasible, the City's Section 3 goals will be strived for. Whenever feasible, Section 3 contracts and/or professional services needed for Section 3 projects will be awarded to a certified Section 3 business or professional. The City does not, however, allow for bidding preferences.
- **Purchasing Division** – Purchasing will be notified by either City or the Project Manager that a pending project/activity requires compliance with Section 3. The Compliance Plan and corresponding forms will be provided to Purchasing by either City or by the Project Manager in the Department/Division receiving a Federal award of funds. Also, Purchasing will:
 - Advertise for the project/activity bid opportunity per the City's policies and procedures.
 - Make the Compliance Plan and implementing forms a part of the bid documents and subsequent contract. Work with the Department/Division Project Manager and City to ensure the Section 3 Clause is a part of all bid documents and contracts for Section 3 contracts.
 - Set aside time during the pre-bid conference for discussion of Section 3 and resulting questions.
 - Forward all questions regarding Section 3 to the City Manager.
 - Allow no bids without a completed Section 3 Plan, DUNS number, and proof of sam.gov registration by verifying receipt of same during the bid opening.
 - Coordinate with City and the Project Manager on the receipt of reports/forms required at project completion. Final payment should not be made until all required forms have been received.

2. SUB-RECIPIENTS AND DEVELOPERS – Sub-recipients and Developers receiving Section 3 covered funds shall be familiar with the Section 3 Compliance Plan and the requirements for a Sub-recipient or Developer and Contractors and Subcontractors with whom they work. Questions on Section 3 should be forwarded to the City Manager. Other responsibilities include the following:

- For applicable projects/activities, City will provide the Section 3 Compliance Plan as part of the written Agreement. Sub-recipients/Developers will certify they have read this document and are familiar enough with Section 3 to implement it when hiring contractors.
- Sub-recipients and Developers are strongly encouraged to certify the Business Concern (if applicable) as a Section 3 Business Concern. (However, the City offers no bid preferences.) If the decision has been made to certify, Sub-recipients and Developers should submit the necessary documents at the time of written Agreement execution (preferred). Certification must occur prior to work actually starting.
- Sub-recipients and Developers will strive, to the greatest extent feasible, to assist the City in meeting the stated Section 3 goals. Sub-recipients and Developers may choose to offer a Section 3 preference within its hiring policies and procedures for Section 3 Business Concerns, Section 3 Residents, and/or Project/Activity neighborhood residents, but is not required to do so.
- Sub-recipient/Developer is responsible for contacting City with any questions on how or when to implement the Section 3 Compliance Plan.
- Advertising for a project/activity covered under Section 3.
- Sub-recipients/Developers shall contact City for the proper implementation forms prior to entering into a Section 3 contract. Work with City to ensure the Section 3 Clause is a part of all bid documents and contracts for Section 3 contracts.
- Sub-recipient /Developer is responsible for providing City with all Section 3 documents and reports needed for the annual report to HUD and ensuring that contractors are providing the Sub-recipient/developer with the correct documentation needed.
- Section 3 records (such as certifying a business or resident) shall be kept by the Sub-recipient for a minimum of five years after project completion.

3. CONTRACTORS – Contractors awarded a Section 3 contract (contracts of \$50,000 or more) shall strive to the greatest extent feasible to hire Section 3 business concerns as subcontractors and to hire Section 3 residents when new hires are needed during the project/activity in accordance with the City's Section 3 Plan above. (Business

concerns have the option of providing a preference to Section 3 residents and or Project/Activity neighborhood preferences within their hiring policies and procedures, but are not required to do so.)

While there is no monetary preference for Business Concerns, nor does it guarantee award of a contract, it is the City's task – and thus the task of Business Concerns accepting a Section 3 contract – to make best efforts to reach the City's contracting and hiring goals stated above. Business Concerns that intend to submit bids on Section 3 covered projects are **strongly encouraged** to certify as a Section 3 Business Concern, if applicable, and provide the necessary documents with the bid (preferred). If certifying and unable to provide City with the documents at time of bid, those documents must be received within five business days of bid award and prior to any work actually starting.

Additionally, if subcontractors receive funds under a Section 3 contract, the Contractor must encourage the business to certify and provide the forms necessary to certify the Subcontractor (as applicable). The necessary document and forms are available from City.

- Contractors shall provide forms necessary for City to certify the Contractor's Section 3 status, if applicable, preferably with the bid documents, but no later than five days after bid award and prior to contract execution. Requests for certifications with all documents will be processed by City within five business days of receipt.
- Contractors shall submit the Section 3 Compliance Plan form and required Implementing Forms with bid.
- Contractors shall submit in a timely manner the forms required after project completion. Final payment will be withheld until all forms have been received.
- If a Contractor plans to award a Subcontractor a contract of more than \$100,000, Contractor will contact either the Project Manager for the City or City staff for Section 3 Plan to be included with the Subcontractor's contract.
- How the availability of a Section 3 subcontract opportunity and/or a notice of potential employment opportunities posting will be made known to Section 3 Business Concerns and Residents shall be noted on the Plan to Meet Goals for Hiring Section 3 Businesses and Residents form and then followed. Documentation of advertisements, brochure postings, etc. shall be submitted to CITY at project completion.
- Section 3 records, including business concerns' and residents' certification forms and documentation, will be retained for five years by the Contractor/Subcontractor. At the City, City, or HUD's request those records will be made available for review.
- The Contractor/Subcontractor will cooperate fully with the City and/or City in providing any documentation needed for the City to adequately report to HUD on Section 3.

4. SUBCONTRACTORS –Subcontractors awarded a Section 3 contract (contracts of more than \$100,000) shall strive to the greatest extent feasible to hire Section 3 residents when new hires are needed during the project/activity in accordance with the City's Section 3 Plan above. (Business Concerns have the option of providing a preference to Section 3 residents and/or Project/Activity neighborhood residents within their hiring policies and procedures, but are not required to do so.)

While there is no monetary preference for Business Concerns, nor does it guarantee award of a contract, it is the City's task – and thus the task of Business Concerns accepting a Section 3 contract – to make best efforts to reach the City's contracting goals stated above. Business Concerns that intend to submit bids on Section 3 covered projects are **strongly encouraged** to certify as a Section 3 Business Concern, if applicable, and provide the necessary documents with the bid (preferred). If certifying and unable to provide City with the documents at time of bid, those documents must be received within five business days of bid award and prior to any work actually starting.

- Subcontractors shall provide forms necessary for City to certify the Subcontractor's Section 3 status, if applicable, preferably with the bid to the Contractor, but no later than five days after receiving work from the Contractor on a Section 3 Project/Activity and prior to work actually starting. Requests for Business

Concerns certifications with all documents will be processed by City within five business days of receipt. (See certification forms.)

- Subcontractors shall submit the Section 3 Compliance Plan form and required Implementing Forms with their bid to the Contractor on the Section 3 Project/Activity. It is then the responsibility of the Contractor to relay the documents to City.
- Subcontractors shall submit in a timely manner any forms required after project completion. The Contractor will not receive final payment until all forms are received, which may affect payment to Subcontractors.
- Section 3 records, including Business Concerns' and Residents' certification forms and documentation, will be retained for five years by the Subcontractor. At the City, City, or HUD's request those records will be made available for review.
- The Subcontractor will cooperate fully with the City and/or City in providing any documentation needed for the City to adequately report to HUD on Section 3.



RESOLUTION NO. 16 OF 2016

CITY OF TITUSVILLE, PENNSYLVANIA



SECTION 3 PLAN ADOPTION

A RESOLUTION OF THE CITY OF TITUSVILLE ADOPTING A COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM SECTION 3 PLAN TO COMPLY WITH 24 CFR, PART 135, SECTION 3 OF THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ACT OF 1986, AS AMENDED.

WHEREAS, the United States Congress passed Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u) (Section 3) to further the goal of ensuring that federal funds benefit the residents of projects funded wholly or in part by those funds; and

WHEREAS, Part 135 of Section 3 is to establish the standards and procedures to be followed to ensure that the objectives of Section 3 are met; and

WHEREAS, the City of Titusville, has developed a Section 3 Plan in adherence to 24 CFR, Part 135 that comprehensively addresses the standards and procedures prescribed in the Act; and

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Titusville does hereby authorize the adoption and implementation of the Section 3 Plan attached to comply with federal law.

BE IT FURTHER RESOLVED, that the City Manager of the City of Titusville is directed to execute a certificate attesting to the adoption of this Resolution and to furnish a copy to the DCED.

ADOPTED this 27th day of September 2016.

ATTEST:

[Signature of Larry A. Manross]
Larry A. Manross, City Clerk

CITY OF TITUSVILLE

[Signature of Esther M. Smith]
Esther M. Smith, Mayor

Smith absent Adelman y Frazier y Leonardi y Thomas y

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the Council of the City of Titusville at its regular meeting on September 27, 2016 and said Resolution has been recorded in the Minutes of the City of Titusville and remains in effect as of this date.

[Signature of Larry A. Manross]
Larry A. Manross, City Clerk
[Seal of the City of Titusville]