

**SECTION 3 CORRECTIVE ACTION PLAN****Instructions**

1. All Subrecipients who have received a final determination of non-compliance by MDA and/or have not met the applicable Section 3 minimum numerical goals for any program and/or project must complete this Section 3 Corrective Action Plan.
2. The Corrective Action Plan must represent the subrecipient's commitments to comply with Section 3 and include a description of efforts to accomplish this commitment.
3. Subrecipient must provide proof of its actions to implement this Section 3 Corrective Action Plan to the appropriate funding agency.
4. If Subrecipient has any remaining active contracts on the KCDBG-DR program/project, then the subrecipient shall ensure all contractors implement this Corrective Action Plan immediately and that this Corrective Action Plan is implemented on any future CDBG awards.

The Mississippi Development Authority (MDA) administers the Katrina Community Development Block Grant-Disaster Recovery (KCDBG-DR) Program which utilizes HUD funds for programs and projects covered by the Section 3 regulations (See, 24 CFR part 135). MDA requires compliance with all Section 3 regulations under its covered programs/projects. Accordingly, when a final determination is rendered by MDA that a Subrecipient is not in compliance with Section 3, the Subrecipient is required to enter into this Section 3 Corrective Action Plan.

Subrecipient Name: City of Vicksburg

Program/Project Name: Airport Terminal/Fire Station and Elevator Project – R-110-075-01-GZ

Contact Person / Phone #: Nancy Thomas, City Attorney, 601-634-4335

Subrecipient acknowledges that project(s) funded by the KCDBG funding have not met the Section 3 goals and that the efforts taken to meet those goals are not considered sufficient. As corrective action, Subrecipient will ensure immediate compliance with this Corrective Action Plan for any active KCDBG-DR program(s)/project(s) as directed by MDA and/or shall complete the following activities for any future CDBG funds awarded. In addition to the activities set forth below, Subrecipient may choose to complete any additional activities as included in Appendix A.

- Within 60 days of grant award, Subrecipient enacts new policies to ensure Section 3 compliance in the future, including enacting a specific Section 3 plan to achieve the Section 3 minimum numerical goals pertaining to CDBG projects and receives approval of its Section 3 plan from the funding agency.
- Within 60 days of grant award, Subrecipient shall designate a Section 3 coordinator.
- Within 180 days of grant award, Subrecipient will attend Section 3 training conducted by HUD, the State, or one of their partner organizations with expertise in the area of Section 3.
- Prior to the hiring of any full-time or part-time employees, the opportunity for which was created by the Section 3 covered funds, the Subrecipient shall develop and implement aggressive outreach and notification efforts to notify Section 3 residents of the available employment opportunity(ies). These efforts shall include, at a minimum, advertising in two(2) community newspapers. The advertisements and publications of the opportunities shall expressly include a statement publicizing the preference available to Section 3 residents.
- Subrecipient directly hires (either full-time or part-time) Section 3 residents, when possible, within its agencies or departments (such as for positions with local housing developments), if Subrecipient intends to hire staff related to the CDBG funded project.
- Prior to advertising for construction contractors, Subrecipient will conduct, host or otherwise participate in meetings, seminars, or local business fairs designed to train local businesses about Section 3 opportunities, and specifically the preference available to the Section 3 businesses as well as the methods by which a business may certify as a Section 3 business.
- Subrecipient will provide economic opportunities to establish, stabilize or expand Section 3 business concerns, including micro-enterprises by including Section 3 preference information in advertisements for construction bids.

- If the total amount of Section 3 covered funds awarded to the recipient agency exceeds \$200,000, then Subrecipient will require contractors with contracts in amounts over \$100,000 to submit a complete Section 3 action plan to the Subrecipient for approval. Subrecipient must receive approval of all contractors' Section 3 plans from the funding agency.
- Subrecipient commits to the use of labor only contracts for building trades, where applicable.
- Subrecipient commits to the purchase of supplies and materials from housing authority resident-owned businesses for future contracts, where applicable.
- Subrecipient commits to provide incentives to non-section 3 contractors and/or subcontractors to provide economic opportunities to low- and very-low income persons and Section 3 business concerns by including Section 3 preference language in advertisements for construction bids. This language is found in Appendix A.
- Subrecipient shall ensure that the Section 3 clause as set forth in Appendix B (or the Section 3 clause as set forth in the regulations at the time of Subrecipient's future CDBG award(s)) is included verbatim in all contracts and subcontracts as applicable.

Subrecipient commits to the retention of all documents, reports and records demonstrating its compliance with these actions and the provisions herein.

February 7, 2017

Date

Signature of Subrecipient Representative

## **APPENDIX A**

### **24 CFR 135.5**

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

(1) Entering into "first source" hiring agreements with organizations representing Section 3 residents.

(2) Sponsoring a HUD-certified "Step Up" employment and training program for section 3 residents.

(3) Establishing training programs, which are consistent with the requirements of the Department of Labor, for public and Indian housing residents and other section 3 residents in the building trades.

(4) Advertising the training and employment positions by distributing flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) to every occupied dwelling unit in the housing development or developments where category 1 or category 2 persons (as these terms are defined in § 135.34) reside.

(5) Advertising the training and employment positions by posting flyers (which identify the positions to be filled, the qualifications required, and where to obtain additional information about the application process) in the common areas or other prominent areas of the housing development or developments. For HAs, post such advertising in the housing development or developments where category 1 or category 2 persons reside; for all other recipients, post such advertising in the housing development or developments and transitional

housing in the neighborhood or service area of the section 3 covered project.

(6) Contacting resident councils, resident management corporations, or other resident organizations, where they exist, in the housing development or developments where category 1 or category 2 persons reside, and community organizations in HUD-assisted neighborhoods, to request the assistance of these organizations in notifying residents of the training and employment positions to be filled.

(7) Sponsoring (scheduling, advertising, financing or providing in-kind services) a job informational meeting to be conducted by an HA or contractor representative or representatives at a location in the housing development or developments where category 1 or category 2 persons reside or in the neighborhood or service area of the section 3 covered project.

(8) Arranging assistance in conducting job interviews and completing job applications for residents of the housing development or developments where category 1 or category 2 persons reside and in the neighborhood or service area in which a section 3 project is located.

(9) Arranging for a location in the housing development or developments where category 1 persons reside, or the neighborhood or service area of the project, where job applications may be delivered to and collected by a recipient or contractor representative or representatives.

(10) Conducting job interviews at the housing development or developments where category 1 or category 2 persons reside, or at a location within the neighborhood or service area of the section 3 covered project.

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Contacting business assistance agencies, minority contractors associations and community organizations to

inform them of contracting opportunities and requesting their assistance in identifying section 3 businesses which may solicit bids or proposals for contracts for work in connection with section 3 covered assistance.

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

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

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

(7) Following up with section 3 business concerns that have expressed interest in the contracting opportunities by contacting them to provide additional information on the contracting opportunities. (B) Coordinating pre-bid meetings at which section 3 business concerns could be informed of upcoming contracting and subcontracting opportunities. (9) Carrying out workshops on contracting procedures and specific contract opportunities in a timely manner so that section 3 business concerns can take advantage of upcoming contracting opportunities, with such information being made available in languages other than English where appropriate. (10) Advising section 3 business concerns as to where they may seek assistance to overcome limitations such as inability to obtain bonding, lines of credit, financing, or insurance.

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

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

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

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

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

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

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

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

(19) Supporting businesses which provide economic opportunities to low income persons by linking them to the

support services available through the Small Business Administration (SBA), the Department of Commerce and comparable agencies at the State and local levels.

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

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

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

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

This Section ill provides specific procedures that may be followed by recipients and contractors (collectively, referred to as the "contracting party") for implementing the section 3 contracting preference for each of 719 Pl. 135, App. the competitive procurement methods authorized in 24 CFR B5.36(d).

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

(i) *Solicitation.* (A) Quotations may be solicited by telephone, letter or other informal procedure provided that the manner of solicitation provides for participation by a

	x=lesser of:
When the lowest responsive bid is less than \$100,000.....	10% of that bid or \$9,000
When the lowest responsive bid is:	
At least \$100,000, but less than \$200,000.....	9% of that bid, or \$16,000
At least \$200,000, but less than \$300,000.....	8% of that bid, or \$21,000
At least \$300,000, but less than \$400,000.....	7% of that bid, or \$24,000
At least \$400,000, but less than \$500,000.....	6% of that bid, or \$25,000
At least \$500,000, but less than \$1 million.....	5% of that bid, or \$40,000
At least \$1 million, but less than \$2 million.....	4% of that bid, or \$60,000
At least \$2 million, but less than \$4 million.....	3% of that bid, or \$80,000
At least \$4 million, but less than \$7 million.....	2% of that bid, or \$105,000
\$7 million or more.....	1½% of the lowest responsive bid, with no dollar limit.

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

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

reasonable number of competitive sources. At the time of solicitation, the parties must be informed of:

-the section 3 covered contract to be awarded with sufficient specificity;

-the time within which quotations must be submitted; and

-the information that must be submitted with each quotation.

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

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

(i) Bids shall be solicited from all businesses (section 3 business concerns, and nonsection 3 business concerns). An award shall be made to the qualified section 3 business concern with the highest priority ranking and with the lowest responsive bid if that bid-

(A) is within the maximum total contract price established in the contracting party's budget for the specific project for which bids are being taken, and

(B) is not more than "X" higher than the total bid price of the lowest responsive bid from any responsible bidder. "X" is determined as follows:

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

(3) *Procurement under the competitive proposals method of procurement (Request for Proposals (RFP)).* (i) For