



OFFICIAL NOTICE 57731

REQUEST FOR PROPOSALS

COMPLIANCE AUDITING SERVICES – SECTION 3 REPORTING

March 15, 2016

**HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
809 North Broadway
Milwaukee, Wisconsin 53202**

Request for Clarifications must be received by: Friday, April 1, 2016 at 4:00 p.m. CDT

Submission Deadline: Friday, April 22, 2016 at 2:00 P.M. CDT

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REQUEST FOR PROPOSALS

OFFICIAL NOTICE NUMBER: 57731
Compliance Auditing Services – Section 3 Reporting

THE HOUSING AUTHORITY OF THE CITY OF MILWAUKEE will receive an unbound original proposal, three (3) copies and one digital copy on USB flash drive until 2:00 P.M. CDT on Friday, April 22, 2016, for Compliance Auditing Services – Section 3 Reporting at the Housing Authority of the City of Milwaukee BID DESK, located at 650 West Reservoir St., 2nd Floor, Milwaukee, Wisconsin 53212. All proposals must be time-stamped by 2:00 P.M. CDT, Friday, April 22, 2016, at the BID DESK, in order to be considered.

Copies of the Request for Proposals may be obtained at the address of the Bid Desk above or via the Internet at www.hacm.org/Procurement. Ms. Melissa Krotts can be reached at (414) 286-5892 or via email at mkrott@hacm.org to answer any questions regarding this request for proposal.

This solicitation is subject to provisions for participation of Section 3 businesses and residents. The Section 3 provisions are part of the solicitation documents. Inquiries regarding Section 3 participation may be directed to Evans Gant, Section 3 Coordinator, 414-286-2940, evgant@hacm.org.

Where appropriate, the contractor must comply with Executive Order 11246, Federal Labor Standards, Equal Opportunity requirements, and related program requirements as detailed in the Proposal Documents.

**THE HOUSING AUTHORITY OF THE CITY OF MILWAUKEE IS AN EEO/AA/ADA
EMPLOYER**

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
809 North Broadway, 3rd floor
P.O. Box 324
Milwaukee, Wisconsin 53201
By: Antonio M. Perez, Secretary-Executive Director

Ad Dates: 3/15 & 3/22/2016

**Request for Proposals
for
Compliance Auditing Services – Section 3 Reporting**

I. Background

The Housing Authority of the City of Milwaukee (herein referred to as "HACM") is a public housing authority and a recipient of Federal Financial assistance from the United States Department of Housing and Urban Development (herein referred to as "HUD").

HACM receives various funding from HUD, including operating subsidies, capital funds, and other various grants including a Choice Neighborhood grant. Those funds are "Public and Indian housing assistance" as defined in the implementing regulations for Section 3 of the Housing and Community Development Act of 1968, 12 U.S.C. 1701u (herein referred to as "Section 3") at 24 CFR 135.3(a).

Section 3 requires that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low-income and very low-income persons, particularly those who are recipients of government assistance for housing.

In January of 2013, HUD began a compliance review of HACM's Section 3 practices pursuant to 24 CFR 135 related to the Westlawn construction project. On September 13, 2013 HUD issued to HACM a Letter of Findings (herein referred to as "LOF") related to the compliance review. The HUD compliance review report concluded that despite significant efforts made in good faith to meet the requirements of Section 3, HACM was not in full compliance. Specifically, HUD's findings concluded that: 1) HACM's Section 3 written policies exempt contracts under either \$50,000 or \$100,000 from the Section 3 contracting and employment requirements; 2) HACM and Westlawn contractors failed to provide employment opportunities to the "greatest extent feasible" because they did not follow the contracting preference order as set forth in 24 CFR. 135.34 and 24 CFR 135.36; 3) HACM failed to achieve to the "greatest extent feasible" a three percent contracting goal of the total dollar amount of all non-construction section 3 covered contracts; 4) HACM and contractors failed to the "greatest extent feasible" to notify resident of training and employment opportunities at the Westlawn Project construction site; and 5) HACM failed to include the seven-paragraph Section 3 clause directly into contracts or subcontracts.

HACM entered into a Voluntary Compliance Agreement (herein referred to as "Agreement" or "VCA") on August 8, 2014 in order to address the findings of noncompliance in HUD's September 13, 2013 LOF and to fully comply with the requirements of Section 3 of the Housing and Community Development Act of 1968. As part of the specific provisions in the VCA, HACM had to develop and forward to HUD for review and approval, a written Section 3 Plan (herein referred to as "Plan") covering Section 3 employment, contracting (including subcontracting), and training opportunities. HACM's Section 3 Plan has been developed and approved by HUD.

HACM has 17 public housing developments with a total of 3,097 units, 9 low income housing tax credit developments with a total of 952 units, 3 unsubsidized developments with a total of 999 units, and manages 6,200 Housing Choice Vouchers (rent assistance vouchers). Section 3 regulations would apply to any development that receives any HUD assistance.

To provide context on volume, during the past couple years, the dollar value on purchases and contracts subject to Section 3 has varied between \$6.8 million annually to \$9.0 million annually and the number of new hires has typically varied from 34 new hires per year to about 60 new hires per year.

However, these historical numbers will begin to increase due to the award of a \$30 million Choice Neighborhood Implementation grant from HUD received by the City of Milwaukee and HACM on September 30, 2015. Extensive demolition work will begin in 2016 with construction work to begin in 2017. This will significantly increase the dollar value of contracts covered under Section 3 and the number of new hires.

II. Scope of Services (includes, but is not limited to)

The HACM is requesting qualified independent Certified Public Accountants, licensed to practice in the State of Wisconsin (herein referred to as "Firm"), to submit proposals to conduct a Compliance Audit of Section 3 Reports for the period of April 1, 2016 to March 30, 2017, with the option to extend for an additional four, one-year terms upon mutual consent of both parties.

The overall goal for this contract is for a firm to independently audit HACM's Section 3 Reports and provide feedback on areas that HACM can improve policies, procedures and practices to ensure that all activities comply with the regulatory requirements detailed in 24 CFR 135 and the terms of the VCA. The services to be provided by the selected firm during the course of this engagement include, but are not limited to:

- 1.) Review compliance with Section 3 Plan, Policies and Procedures and the VCA. This should involve a walk-through of the processes and compliance testing on limited sampling basis.
- 2.) Provided recommendations on ways to streamline and improve process and procedures related to HACM Section 3 Policy & Procedures.
- 3.) Review HACM Semi-Annual reports that are due on May 15th (for the period from April 1 to September 30) and November 15th (for the period from October 1 to March 31) of each calendar year which are required to include:
 - a. All deadlines set forth in the body of the Section 3 VCA and report of all completed activities within the identified deadlines.

- b. Data showing the number of all Section 3 resident applicants passed over in favor of an applicant with no preference or a lower-category Section 3 preference by job, and all newly hired (during the effective period of this Agreement) Section 3 residents, by preference category, the number of hours worked, the types of contracts through which they were hired, and a comparison of those hours to the number of hours worked by any other new hires.
 - c. Data showing the number of contracts and subcontracts entered into with all businesses and Section 3 business concerns, the dollar amount of those contracts and subcontracts, duration of those contracts and subcontracts, the nature of those contracts and subcontracts, and for subcontracts, the prime contracting entity.
 - d. Supporting documentation demonstrating Section 3 related outreach and training activities.
 - e. Supporting documentation demonstrating Section 3 related monitoring, enforcement and complaint processing activities.
 - f. Supporting documentation demonstrating other economic opportunities provided, consistent with Section III.B.4 of this Agreement.
 - g. Supporting documentation summarizing the financial information concerning the Section 3 Fund, including a list of the contractors and subcontractors that were required to deposit to the Section 3 Fund, contracts associated with those contractors and subcontractors, and detailed accounting of the expenditures made out of the Section 3 Fund.
 - h. Explication and documentation of any impediments to meeting the goals of Section 3 and this Agreement and actions taken or to be taken to overcome such impediments.
- 4.) Review HACM's Annual Section 3 Summary Report (Form HUD-60002) which is for the calendar year and is due on January 10th.
 - 5.) Perform an exit conference with Executive Team to summarize progress, discuss findings and present recommendations.
 - 6.) Present annual report information to HACM's Board following the completion and submission of the audit.

III. Operational Information related to the Audit

Information relevant to the operational concerns of conducting an independent compliance audit is provided in the following section:

Section 3 Reporting Team – The Section 3 Reporting team consists of members across multiple departments:

Community Services & Programs – consists of three individuals: the Director of Community Programs & Services, the Resident Services Manager, and the Section 3 Coordinator. The Section 3 Coordinator is the person with overall oversight over Section 3, works with contractors and subcontractors to ensure appropriate knowledge and understanding of the policy, works in cooperation with Procurement to ensure contractor compliance, helps to promote Section 3 opportunities to residents, and helps to link qualified residents to potential employment opportunities with HACM or contractors or subcontractors.

Human Resources – consists of the Human Resources Manager and (2) staff members responsible for coordinating the hiring of new staff (both permanent and temporary employees) for HACM , including ensuring compliance with the HACM Section 3 Plan.

Purchasing & Contract Services – consists of four individuals: the Procurement Manager, Purchasing Agent, Sr., Purchasing Agent and Contract Compliance Officer, staff members are responsible for procurement of goods and services for HACM. Contract Compliance Officer will work with contractors, subcontractors and Section 3 Coordinator to help resolve issues for Section 3 compliance. Staff assists with preparation of Section 3 reporting.

Information Systems, Records and Procedures – Purchasing & Contracts and Human Resources have official records on-site, located at 809 North Broadway, Milwaukee WI 53202. Some supporting information may be located in other departments or in storage files. HACM maintains most records through paper format and/or scanned in Accountmate system. In 2015, HACM began transitioning to LCPtracker which tracks payroll compliance including identification of new hires for Section 3. During 2016, HACM will be implementing B2GNow which monitors contracts for compliance with Section 3 regulations.

IV. Terms and Conditions

A. Timeline

RFP Posted:	March 15, 2016
RFP Questions Due Date:	April 1, 2016
RFP Due Date:	April 22, 2016
RFP Award Date	May 31, 2016

B. Deliverables

HACM and the firm will come to an agreement regarding the timeline, work plan and due dates for deliverables.

C. Release of Information

Information submitted in response to this RFP will not be released by HACM during the proposal evaluation process or prior to a contract award.

D. Confidential or Proprietary Information

If a firm includes proprietary information in its response that should not be disclosed, the firm is required to identify this proprietary information using the information in **Exhibit B**. If the firm fails to identify proprietary information, it agrees by submission of its response that those sections shall be deemed nonproprietary and may be made available upon public request after a contract award.

E. Personnel

In submitting proposals, firms are representing that the personnel and third party providers described in their proposals and submission packages shall be available to perform the services described, barring illness, accident, or other unforeseeable events of a similar nature, in which case the firm must be able to provide a qualified replacement. Furthermore, all personnel shall be considered to be, at all times, the sole employees of the firm under its sole direction, and not employees or agents of HACM.

V. Proposal Submission Requirements and Selection Procedures

A. Proposal Contents

Firms responding to this RFP must provide the following information in their proposals. Brevity is encouraged

1. Title Page

The title page should include Request for Proposals – Official Notice #57731, Compliance Auditing Services – Section 3 Reporting, the name of the firm, address, telephone number, name of contact person, e-mail address, fax number, and date.

2. Letter of Transmittal

The letter of transmittal should include an affirmative statement of your understanding of the work to be performed (limited to two pages). Include a commitment to meet the time frame suggested. The names of those authorized to make representations on behalf of the firm, their titles, addresses, and phone numbers must be included. The name of the primary contact person must accompany the submission, along with title, telephone/fax numbers and email address.

3. Table of Contents

The table of contents should include a clear identification of the material presented according to section and page number.

4. Profile of Firm

This section should describe the firm, whether it is local, regional or national. The location of the office to perform the audit, the number of partners, managers and staff at that office and a description of the types of services provided to clients, including large Housing Authorities with Hope VI and Mixed Finance projects, by that office. State any regulatory action taken by an oversight body against the firm and if none, please state such.

5. Qualifications & Experience

This section should include a description of similar engagements performed by the firm on a local and national level. Personnel who will be working on the engagement from on-site senior to partner, shall be identified, including their relevant professional experience and training necessary to perform their required functions. A short professional biography and resume of these individuals may be provided as an appendix (and referenced) to fulfill this requirement. Staff members who are expected to work on the engagement shall also be identified. The level of effort, specifying the number of hours anticipated for each individual identified, should also be included.

Information about any proposed third party providers and the staff who would work on the project must also be included.

6. Proposed Methodology and Timeline

Clearly describe the scope of the required services to be provided, the methodology to be used and timeline. The scope of the audit shall include an explanation of the audit firm's methodology for the review of internal controls including work paper organization and scope recommendations to improve internal controls.

7. Cost

The firm must provide a not-to-exceed cost proposal that includes detail about direct and indirect costs, such as travel, overhead, profit/fee, and general/administrative expenses. Include a breakdown of total personnel costs, including hours by staff position, hourly rate, total cost by staff position.

8. References

Provide a minimum of three references from clients that have used your firm for the above type services within the past two years. Provide the following information for each reference: Contact name, title, telephone number, email address and the most recent date your client has used your firm's services.

9. DBE/MBE/WBE Participation – See attached Exhibit A; all respondents shall return a completed Form A of Exhibit A with the proposal.

10. Section 3 Requirements – Respondents shall disclose the activities that they intend to undertake to comply with the Section 3 requirements (**See Exhibit C**). If you

have any questions regarding Section 3 requirements/forms, please contact Evans Gant, Section 3 Coordinator at 414-286-2940.

VI. Submission Clarification and Deadline

An unbound original proposal, three copies and one copy in digital format, should be submitted to HACM's Bid Desk no later than 2:00 p.m. (CDT), Friday, April 22, 2016. Late submissions will not be accepted.

Proposals should be mailed or delivered to:

Housing Authority of the City of Milwaukee
Bid Desk
650 W Reservoir Street
Milwaukee, WI 53212

Please identify the envelope as being: Proposal #57731, Compliance Auditing Services – Section 3 Reporting, due Friday, April 22, 2016 at 2:00 p.m. (CDT). All proposals MUST be time stamped on or before 2:00 p.m. (CDT) on the due date, at the bid desk, in order to be considered.

In the event that you are not interested in being considered at this time, we would appreciate a short letter or email to mkrott@hacm.org from you for our files.

All expenses associated with the preparation and submission of the proposals to the HACM and participation in interviews shall be solely born by the respondent.

VII. Evaluation Criteria and Selection of Firm

Proposals must include complete information on each of the following criteria in order to enable the HACM to make accurate determinations regarding the qualifications of each firm. Each criterion will be weighted as indicated.

POINTS	CRITERIA FOR EVALUATION
45	Qualifications & Experience
30	Proposed Methodology with Timeline
20	Contract Cost
5	Consistency, appearance and clarity of proposal
100	TOTAL

Before a respondent is considered for award, the respondent may be requested by HACM to submit a statement or other documentation regarding any of the foregoing requirements. Failure to provide such additional information may render the respondent ineligible for award.

HACM reserves the right to waive informalities in any proposals, reject any or all proposals in whole or in part, with or without cause, and to accept that proposal which in its judgment best meets its needs.

Proposals will be evaluated by staff of HACM. All proposals will be evaluated against the evaluation factors stated in this RFP. HACM may invite the highest ranked respondent to participate in an interview. If one or more interviews are to be scheduled, a letter will be sent to the respondent(s) that is/are selected to participate, and this/these respondent(s) may be asked to provide more specific written information about their qualifications, methodology, and costs. Respondent(s) participating in the interviews must include the project manager and senior staff who will work on this project.

After the interviews are completed, HACM will negotiate with the highest ranked respondent and arrange for any necessary meetings to allow for evaluation and modification of the proposal, if necessary. The respondent will also be asked to submit its best and final offer for consideration. If HACM cannot reach agreement with the highest ranked respondent, HACM will contact the next highest ranked respondent and repeat the same procedure. HACM will continue this procedure until an agreement is reached with the most qualified respondent that provides a fair and reasonable cost.

The HACM reserves the right to request additional clarifying information from the prospective firm over and above that included in the proposal submission, and consider information about a respondent in addition to the information submitted in the response or interview.

Pending successful negotiation with the most qualified respondent a contract will be executed with the firm.

After the contract is awarded, all of the respondent(s) who submitted a proposal will receive a written acknowledgement of their proposal. HACM will not reimburse respondent(s) for any expenses associated with the submission of proposals or participation in the interviews.

VIII. Additional Section 3 Guidance

For additional information on Section 3, please visit the Section 3 website at: www.hud.gov/section3. This webpage provides the following tools and information:

- Section 3 Statute—12 U.S.C. 1701u
- Section 3 Regulation—24 CFR Part 135
- Frequently Asked Questions
- Section 3 Model Programs
- Guidance on Section 3 and Economic Stimulus Funding
- Guidance on Section 3 and the Neighborhood Stimulus Program (NSP)
- Sample Section 3 Certification Forms (residents and business concerns)
- Link to HUD's Local Income Eligibility Calculator
- Link to Section 3 Annual Reporting System (form HUD-60002)

- Downloadable Forms
- Contact Information for Economic Opportunity Division staff
- Email inquiries on Section 3 can be sent to section3@hud.gov

IX. Contract Terms

A. Insurance Requirements:

The proposed contract will require that the firm provide the following insurance:

<u>COVERAGE</u>	<u>AMOUNTS</u>
Worker's Compensation	Statutory Limit
Comprehensive General Liability	BI \$500,000 per occurrence PD \$500,000 per occurrence \$1,000,000 aggregate
Automobile Liability	BI \$500,000 per occurrence PD \$500,000 per occurrence \$1,000,000 aggregate (single limit policy)
Professional Liability	\$1,000,000

If any insurance is due to expire during the period of work, the firm shall not permit the coverage to lapse and shall furnish evidence of continuous coverage to the HACM. Furthermore, the HACM shall be named as an additional insured with respect to liability coverage and will be given thirty (30) days' notice in advance of cancellation, non-renewal, or material change in any coverage.

B. General HACM RFP Requirements

1. Interpretations of RFP

Any requests for interpretation should be submitted in writing to Melissa Krotts/Housing Authority, 809 N Broadway, 3rd floor, Milwaukee, WI 53202 or via email at mkrott@hacm.org by Friday, April 1, 2016 by 4:00 P.M. (CDT). No oral interpretations will be made to any firm as to the meaning of the RFP specifications. All interpretations will be summarized in the form of an addendum to the RFP, which will be posted on HACM's website, <http://www.hacm.org/Procurement> at least five days before closing of Requests for Proposals. All such addendum(s) shall become a part of the contract, and all firms shall be bound by such addendum. Addendum shall be signed and returned with the RFP.

No information will be available to any firm regarding the status of their response. However, HACM reserves the right to enter into discussion with firms for purposes of clarification or further information.

2. Responsibility of Prospective Firm

The HACM shall award a contract only to a responsible prospective firm who is able to perform successfully under the terms and conditions of the proposed contract. A "responsible" prospective firm must:

- a. Have adequate financial resources to perform the contract, or the ability to obtain them;
- b. Have a satisfactory performance record;
- c. Have a satisfactory record of compliance with public policy (e.g., Equal Employment Opportunity); and
- d. Not have been suspended, debarred or otherwise determined to be ineligible for award of contract by the U.S. Department of Housing and Urban Development or any other agency of the U.S. Government.

3. Receipt of Proposals

Proposals received prior to the time of opening will be secured. The officer whose duty it is to open them will do so after 2:00 pm (CDT) on the closing day, and no proposal received thereafter will be considered. No responsibility will be attached to an officer for the premature opening of a proposal not properly addressed and identified.

Respondents are cautioned to allow ample time for transmittal of proposals by mail or otherwise. Respondents should secure correct information relative to the probable time of arrival and distribution of mail at the place where proposals are to be forwarded.

4. Withdrawal of Proposals

Proposals may be withdrawn on written request dispatched by the respondent in time for delivery in the normal course of business prior to the deadline for submission. Negligence on the part of the respondent in preparing their proposal confers no right of withdrawal or modification of the proposal after such proposal has been opened.

5. Rejection of Proposals

HACM reserves the right to reject any and all responses and waive any irregularities and the proposal of any respondent who: 1) has previously failed to perform properly or completed a contract(s) of a similar nature on time; 2) is not in a position to perform the contract, or 3) has habitually and without just cause neglected the payment of bills or otherwise disregarded his/her obligations to subcontractors or employees.

6. Contract Payments

HACM and the firm will agree on a performance and payment schedule. The firm will submit an invoice to HACM itemizing the services performed and cost incurred since the last request for payment. Payment will be made after review of the HACM's work product and upon acceptance by HACM of the services performed.

7. Sales Tax

Pursuant to Section 77.54(9a) of the Wisconsin State Statutes, the HACM is exempt from Wisconsin Use and Sales Tax. Respondents, therefore, shall not add State of Wisconsin sales tax or use tax to their proposals, but shall include in their lump sum proposals only the taxes they will be required to pay directly as a consumer, when obtaining materials, etc. to fulfill the contract requirements should they be the successful firm. Firms are, however, responsible for determining the impact of the State of Wisconsin's Sale and Use Tax on their proposal.

8. Request for Proposal

This RFP is not an offer to buy and must not be assumed as such.

9. Indemnification

The firm agrees that it will indemnify, save and hold harmless the HACM their officers, employees, or agents, from and against all claims, demands, actions, damages, loss, costs, liabilities, expenses, judgments, and litigation costs, including reasonable attorney's fees, photocopying expenses and expert witness fees, recovered from or asserted against the HACM on account of injury or damage to person or property or breach of contract to the extent that such damage, injury, or breach may be incident to, arising out of, or be caused, either directly or proximately, wholly or in part, by an act or omission, negligence or misconduct on the part of the firm or any of its agents, servants, employees or subconsultants.

The HACM shall tender the defense of any claim or action at law or in equity, arising out of or otherwise related to an act or omission, negligence, misconduct, or breach of contract on the part of the HACM or any of its agents, servants, employees or subcontractors, to the HACM or its insurer and, upon such tender, it shall be the duty of the firm and its insurer to defend such claim or action without cost or expense to the HACM.

10. Slavery Disclosure

"If the successful firm was in existence during or prior to the slavery era (i.e. before 1865), then the bidder shall complete an Affidavit Of Compliance For Disclosure Of Participation In Or Profits Derived From Slavery By Contractors affidavit in accordance with Milwaukee Code of Ordinance 310-14 before a purchase order or contract can be executed (unless such an affidavit has already been submitted and it is on file with the Business Operations Division of the City of Milwaukee). For details on this requirement, see the following website:

<http://city.milwaukee.gov/Directory/Procurement/Forms.htm#.U4oSpKMo71I>"

11. Wisconsin Public Records Law

Both parties understand that the HACM is bound by the Wisconsin Public Records Law, and as such, all of the terms of this Agreement are subject to and conditioned on the provisions of Wis. Stat. 19.21, *et seq.* The firm acknowledges that it is obligated to assist the HACM in retaining and producing records that are subject to Wisconsin Public Records Law, and that the failure to do so shall constitute a

material breach of this Agreement, and that the firm must defend and hold the HACM harmless from liability under that law. Except as otherwise authorized, those records shall be maintained for a period of seven years after receipt of final payment under this Agreement.

12. Legal Obligations

Compliance with Law in General. The firm shall comply with all the requirements set forth in the Housing and Community Development Act of 1974 and all regulations promulgated pursuant to this Act as contained in 24 CFR 570. The firm shall also comply with all other applicable federal, state and local laws and ordinances, including Affirmative Action. The firm shall assure that its subcontractors/consultants comply with all applicable federal, state and local laws and ordinances.

Compliance with Specific Federal Laws and Regulations. In addition to Law in General above, the Underwriter shall comply with all Federal laws and regulations as referenced or set forth below.

(1) Intellectual Property.

A. Copyrights. If this Contract results in book or other copyrightable materials, the author is free to copyright the work, but HACM reserve a royalty-free non-exclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, all copyrighted material and all materials which can be copyrighted.

B. Patents. Any discovery or invention arising out of or developed in the course of work aided by this Contract shall be promptly and fully reported to the HACM for determination as to whether patent protection on such invention or discovery shall be sought and how the rights in the invention or discovery, including rights under any patent issued thereupon, shall be disposed of and administered in order to protect the public interest.

13. Termination of Contract for Cause/Convenience

If, through any cause, the firm shall fail to fulfill in a timely and proper manner their obligations under this contract or if the firm shall violate any of the covenants, agreements or stipulations of this contract, HACM shall thereupon have the right to terminate this contract by giving written notice to the firm of such termination and specifying the effective date thereof, at least five work days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, reports, or other material related to the services prepared by the firm under this contract shall, at the option of HACM, become the property of HACM. On HACM's option and sole discretion, HACM shall determine and pay for the value of services already performed by the firm. Notwithstanding the above, the

firm shall not be relieved of liability to HACM for damages sustained by HACM by virtue of any breach of the contract by the firm.

Termination for Convenience of the HACM. The HACM may terminate this Contract at any time for any reason by giving at least ten (10) days' notice in writing from the HACM to the firm. If the firm is terminated by the HACM as provided herein, the firm will be paid an amount which bears the same ratio to the total compensation as the services actually and satisfactorily performed bear to the total services of the firm covered by this Contract, less payments for such services as were previously made. Provided, however, that if less than sixty percent (60%) of the services covered by this Contract have been performed upon the effective date of such termination the firm shall be reimbursed (in addition to the above payment) for that portion of the actual out of pocket expenses (not otherwise reimbursed under the Contract) incurred by the firm during the Contract period which are directly attributable to the uncompleted portion of the services covered by this Contract. If this Contract is terminated due to the fault of the firm, Paragraph (VI.C) above, relative to termination, shall apply.

14. Equal Employment Opportunity

The firm agrees that there will not be discrimination as to race, sex, sexual orientation, religion, color, age, creed, or national origin in regard to obligation, work, and services performed under the terms of any contract ensuing from this RFP. Firm must agree to comply with Executive Order No. 11246, entitled "Equal Employment Opportunity" and as amended by Executive Order No. 11375, as supplemented by the Department of Labor Regulations (41 CFR, Part 60).

15. Ethics

HACM may not enter into a contract, subcontract, or arrangement in which any of the following classes of people has an interest, direct or indirect, during his or her tenure or for one year thereafter: 1) any present or former member or officer of the HACM Commissioners, or any member of the HACM Commissioners immediate family; 2) any employee of HACM who formulates policy or who influences decisions with respect to the contract, or any member of the employee's immediate family or the employee's partner, or 3) any public official, or State or local legislator, or any member of such individuals' immediate family who exercises functions or responsibility with respect to the contract or the HACM.

EXHIBIT A

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)

PRIME CONTRACTOR FORMAL CONTRACT PROVISIONS
FOR SUBCONTRACTING WITH EMERGING BUSINESS ENTERPRISES*

FEDERAL DOLLARS NON-FEDERAL DOLLARS

Where Federal dollars are involved, these Provisions will specify MBEs and WBEs. Where the funding source is non-Federal dollars, these Provisions will designate the utilization of DBEs.

*Disadvantaged Business Enterprise (DBE)

*Minority Business Enterprise (MBE)

*Women Business Enterprise (WBE)

I. GENERAL

- A. In accordance with City of Milwaukee Ordinance 360 and HUD Regulations: 24 CFR 85.36(e); 24 CFR Part 135; and 24 CFR 968.100, DBE, MBE and WBEs shall participate in all Formal Contract activities of the **HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)**. Participation of DBEs, MBEs and WBEs shall be determined by the source of contract dollars as explained above. The target participation percentages are 18% or more for DBEs, 20% or more for MBEs and WBEs.
- B. HACM is its own CONTRACTING OFFICER and requires DBEs to be currently certified by the City of Milwaukee or any other Wisconsin government entities with race and gender- neutral certification programs. MBEs and WBEs, must be currently certified by race and gender based certification program such as the State of Wisconsin Department of Commerce, any other Wisconsin governmental entities or the Federal Government's (8a) Business Development Program.

This contract calls for:

20 % MBE, WBE, or any combination thereof subcontract participation.

- C. The prime contractor shall prepare and submit timely and accurate DBE, MBE and WBE utilization forms and reports to the HACM. The reports shall include, but not be limited to the following DBE, MBE and WBE reports:

1. Form A: Affidavit of Compliance (Contractor's Commitment to D/M/WBE percent participation)
2. Form B: Prime Contractor List of DBE Subcontractors.
3. Form B-1: Prime Contractor List of MBE and WBE Subcontractors.
4. Form C: Monthly and Final Subcontractor Utilization Report.
5. Form D: Monthly Subcontractor Payment Certification Form.

Failure to submit the required forms and reports fully completed to the HACM may result in actions, such as rejection of the bid and delay of payments or other appropriate actions. Final contract payments will not be made until final DBE, MBE and WBE subcontractor payment certification forms are on file with the HACM.

- D. During the performance of this contract, the HACM reserves the right to conduct compliance reviews of the prime contractor and DBE, MBE and WBE and require documentation that will indicate levels of compliance by the prime contractor and DBE, MBE and WBE. If the contractor is not in compliance with the specifications, the HACM will notify the contractor in writing of the need to take corrective action. If the contractor fails or refuses to take corrective action as directed, the HACM may take one or more of the following actions:

1. Terminate or cancel the contract, in whole or in part.
2. Recommend HUD debarment of the prime contractor from bidding.
3. Withhold payments on the contract.
4. Any other remedy available to the HACM at law or in equity.

II. DEFINITIONS

- A. *Disadvantaged Business Enterprise (DBE)*, means a small business concern that is owned, operated and controlled by one or more disadvantaged individuals. The disadvantaged individuals must have day-to-day operational and managerial control and interest in capital, financial risks and earnings commensurate with the percentage of their ownership.
- B. *Disadvantaged Individual*, means a person who is a citizen or lawful permanent resident of the United States and who has experienced and who continues to experience substantial difficulty in achieving business-related success as defined in subsections 11 and 12 of Chapter 360 of the Milwaukee Code of Ordinances.
- C. *Minority Business Enterprise (MBE)*, means a small business concern which is at least fifty-one percent (51%) owned by one or more minorities (as defined herein) and whose management and daily operations are controlled by one or more minority owners.
- D. *Minority*, means a person who is a citizen or a lawfully admitted permanent resident of the United States who is a member of one of the following groups:
1. **Black Americans**, includes persons having origins in any of the Black racial groups of Africa.
 2. **Hispanic Americans**, includes persons of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race.
 3. **Native Americans**, includes persons who are American Indians, Eskimos, Aleuts or Native Hawaiians;
 4. **Asian-Pacific Americans**, includes persons whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific and Northern Marianas;
 5. **Asian-Indian Americans**, includes persons whose origins are from India, Pakistan and Bangladesh.
 6. **Hasidic Jewish Americans**, not defined by HUD - in conjunction with HUD and the community recognized membership in this group will be addressed on a case-by-case basis.
- E. *Women Business Enterprise (WBE)*, means a small business concern which is at least fifty-one percent (51%) owned by one or more women and whose management and daily business operation are controlled by one or more women owners.
- F. *Minority/Women Business Enterprise (M/WBE)*, means a small business concern which is at least fifty-one percent (51%) owned by one or more minority women and whose management and daily business operations are controlled by one or more minority women owners.
- G. *Small Business Concern*, means a small business as defined pursuant to Section 3 of the Small Business Act.
- H. *Joint Venture*, shall be eligible under this program if the DBE, MBE, M/WBE or partners own at least fifty-one percent (51%) of the joint venture and share to an equivalent percent in the management responsibilities, risks and profits of the joint venture, as well as being responsible for a clearly defined portion of the work performed.
- I. *Owned, Operated and Controlled*, means a business which meets one of the following:
1. A sole proprietorship legitimately owned and controlled by a DBE, MBE or WBE. Business.
 2. A partnership or joint venture legitimately owned, operated and controlled by disadvantaged, individuals, minority individuals or women who own at least 51% of the beneficial ownership interests in the enterprise and who hold at least 51% of the voting interests of the enterprise. Section
 3. A corporation legitimately owned, operated and controlled by one or more minority individuals or women, if applicable, who own at least 51% of the outstanding shares and who hold at least 51% of the voting interests of the corporation.

III. DBE/ MBE/WBE UTILIZATION REQUIREMENTS

A. DBE

Eighteen percent (18%) or more **DBE** participation. Note that the **DBE** participation pertains to the base bid excluding specified allowances, but including alternatives, and change orders. **DBE** commitments relative to contract award shall be based upon the approved **Form B**, "Prime Contractor List of **DBE** Subcontractors."

B. MBE, WBE

Twenty percent (20%) or more **MBE** and/or **WBE** participation. Note **MBE** and/or **WBE** participation pertains to the base bid excluding specified allowances, but including alternatives, and change orders. **MBE** and **WBE** commitments relative to contract award shall be based upon the approved **Form B-1**, "Prime Contractor List of **MBE** and **WBE** Subcontractors."

C. The determination of a **DBE**, **MBE** and **WBE** shall be based on the following criteria:

1. The firms identified as **DBE**, **MBE** or **WBE** by the prime contractor on **Form B** (Prime Contractors List of **DBE** Subcontractors) or **Form B-1** (Prime Contractors List of **MBE** and **WBE** Subcontractors) must be certified by the one of the specified agencies prior to bid opening.
2. The prime contractor shall pay special attention to the area(s) specified as the business specialty by the applicant business in the certification application. *New or expanded business specialties are subject to certification review by the certifying agency.*
3. The prime contractor shall be credited for the entire expenditure to **DBE**, **MBE** and **WBE**, only if all of the identified scope of work has a commercially useful function in the actual work of the contract and is performed directly by the certified **DBE**, **MBE** or **WBE**.
4. The prime contractor shall be credited for the expenditure to **DBE**, **MBE**, or **WBE** manufacturer only if the manufacturer produces goods from raw materials or substantially alters material for resale. Twenty-percent (20%) of the **DBE**, **MBE**, or **WBE** participation goal, or less, may be expended for **DBE**, **MBE**, or **WBE** suppliers that do not operate or maintain a store, warehouse, or other establishment in which the materials or supplies are kept in stock and regularly sold to the public in the usual course of business. A regular dealer in such bulk items as steel, cement, gravel, stone and petroleum products need not keep such products in stock if it owns or operates distribution equipment. Brokers and packagers shall not be regarded as manufacturers or regular dealers within the meaning of this section.
5. The prime contractor shall count toward the **DBE**, **MBE**, and **WBE** participation goals only expenditures to **DBEs**, **MBEs**, and **WBEs** that perform a commercially useful function in the actual work of the contract. **DBEs**, **MBEs**, or **WBEs** are **required** to notify the **CONTRACT SERVICES MANAGER**, by letter, if they will subcontract out work on this project. The **CONTRACT SERVICES MANAGER** shall be notified, by letter, of labor shortages, if any, affecting the contract work. The **HACM CONTRACT OFFICER OR DESIGNEE** and **CONTRACT SERVICES MANAGER** will may the final determination and evaluation of whether or not the firm is performing a commercially useful function on this project.
6. A prime contractor shall be credited one hundred percent (100%) of expenditures to a **DBE**, **MBE**, or **WBE** delivery service, hauler or trucker of materials and supplies required on a job site, but not the cost of the materials and supplies.
7. A prime contractor shall count toward the **DBE**, **MBE**, or **WBE** participation goals, only expenditures to **DBEs**, **MBEs**, or **WBEs** that perform a commercially useful function in the actual work of the contract. The Prime contractor is required to notify the **HACM CONTRACT OFFICER OR DESIGNEE** if their **DBE**, **MBE**, or **WBE** will further subcontract out work on this contract. Credit will be given based on actual participation by the **DBE**, **MBE**, or **WBE**. **Credit will not be given for work subcontracted by **DBEs**, **MBEs**, or **WBEs** without prior approval from the **CONTRACT SERVICES MANAGER**.**

III. DBE, MBE, WBE UTILIZATION REQUIREMENTS (continued)

- D. The Form A, "Affidavit of Compliance is included with the bid the document must be submitted with the bid, indicating DBE, MBE and WBE percent (%) participation.
- E. *The applicable D/M/WBE list of subcontractors: Form B, Prime Contractor List of DBE Subcontractors; Form B-1, Prime Contractor List of MBE/WBE Subcontractors, can be submitted with the bid. The deadline date for receipt of the list(s) by the HACM is the third (3rd) calendar day following the date of the bid opening unless by special arrangement with the Contract Services Manager. Revision to the initial list is due the second (2nd) calendar day following receipt of the initial list.*
- F. Information on Forms B and B-1 shall include, but not be limited to:
1. The DBE, MBE, WBE subcontractors name, address, telephone number and authorized contact person for the DBE, MBE, WBE that will participate on the contract.
 2. A description of the scope of work to be performed by the DBE, MBE, WBE on this project.
 3. The DBE, MBE, WBE contractor dollar values and corresponding percentages that the dollar values represent of the total contract amount.
 4. Listing of DBEs, MBEs, WBEs on Forms B and B-1, respectively, shall constitute a representation that the contractor has communicated directly with the DBEs, MBEs, WBEs listed, agreed to the specified work and dollar values. If awarded the contract, the bidder will enter into a written subcontract with the firm for the portion of the work listed.
- G. Failure to submit an Affidavit of Compliance may render the bid non-responsive, and prompt an award recommendation to the next apparent low bidder.
- H. Only DBEs, MBEs, and WBEs that have been certified as such by the specified certification agency may be listed on Forms B and B-1. The firms shall be counted towards the targeted percentage on this project Directories of certified firms may be obtained from the specified certification agencies.
- I. After execution of the contract, if for any reason, a DBE, MBE, or WBE cannot perform the specified work, the prime contractor shall immediately provide the HACM CONTRACTING OFFICER with a written explanation detailing the reason, including a request for approval from the CONTRACT SERVICES MANAGER to substitute another certified firm or approval of a DBE, MBE, or WBE if a replacement has been identified.
- J. Approval to delete or replace initial DBEs, MBEs, or WBEs must be obtained from the CONTRACT SERVICES MANAGER prior to making the deletion or replacement. Any difference in the cost occasioned by such substitution, deletion or replacement shall be borne by the prime contractor.
- K. If the prime contractor has a problem in meeting the DBE, MBE or WBE goal, or if any other issues relative to DBEs, MBEs or WBEs arise during the completion of this project, the prime contractor shall immediately forward a letter to the HACM CONTRACTING OFFICER with a copy to the CONTRACT SERVICES MANAGER detailing the issue(s).
- L. Certification as DBE, MBE and WBE from programs other than from those agencies specified is neither accepted by the HACM nor do they have any bearing whatsoever on the eligibility criteria established by the specified certification agencies.

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

BIDDERS INSTRUCTIONS
FOR COMPLETING EMERGING BUSINESS ENTERPRISES FORMS

PRIME CONTRACTOR'S AFFIDAVIT OF COMPLIANCE (FORM A)
PRIME CONTRACTOR LIST OF SUBCONTRACTORS (FORM B AND/OR FORM B-1)

Step 1:

Please thoroughly review the "Prime Contractor Formal Contract Provisions for Subcontracting with Emerging Business Enterprises" (copy attached to this page).

Step 2:

Note the type of business(es) targeted for participation on this project. See Page 1 of the Provisions, Section I, Paragraph A: "This contract calls for" This section specifies the type of business(es) and the preferred participation percentage(s) for this particular contract.

Step 3:

On the Prime Contractor's Affidavit of Compliance (Form A), fill in the subcontract percentage participation on the lines(s) that correspond to the type of targeted business(es) identified on Page 1 of the Provisions.

For example, if the Provisions call for 20% MBE and WBE participation, you may use on the Affidavit of Compliance, the following:

- A. MBEs at 10% and WBEs at 10% to full the percentage; or
- B. MBEs at 20% or 20% WBEs to full the percentage

Note that the Prime Contractor's Affidavit of Compliance is a part of the bid and requires submission with the bid.

Step 4:

Locate the Prime Contractor List of DBE Subcontractors (Form B) and the Prime Contractor List of MBE and WBE Subcontractors (Form B-1). Select the appropriate form for the type of business(es) taken from Page 1 of the Provisions and the Affidavit of Compliance and to complete the list. Keep in mind that Form B is for DBE utilization and Form B-1 is for MBE/WBE utilization.

Attention: The Prime Contractor's List of Subcontractors (Form B, Form B-1) may be submitted with the bid but must be submitted within three (3) calendar days following the bids.

For assistance with Emerging Business Enterprises provisions, certifications, and forms, please contact Louise Hutchins, Contract Services Manager, 1452 North 7th Street, Milwaukee, WI 53205, (414) 224-8830 voice, (414) 224-0385 facsimile, louise.hutchins@hacm.org.

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE (HACM)

PRIME CONTRACTOR'S AFFIDAVIT OF COMPLIANCE FOR PARTICIPATION IN THE HACM EMERGING BUSINESS ENTERPRISE PROGRAM

Official Notice # _____

Date: _____

RFP # _____

Project #: _____

The bidder's commitment for DBE participation on this project is..... ____%.

The bidder's commitment for MBE participation on this project is..... ____%

The bidder's commitment for WBE participation on this project is..... ____%.

The HACM may reject and disqualify any bid that does not include the Emerging Business Enterprise Program. The HACM may reject and disqualify any bid if the contractor fails to consider the "Prime Contractor Provisions for Subcontracting with Emerging Business Enterprises."

The undersigned hereby states that he/she has not discriminated in any manner on the basis of race, sex, or national origin in any manner in the preparation of the attached bid or selection of subcontractors or material suppliers for such bid.

The undersigned acknowledges, understands, and agrees that submission of a bid shall commit the bidder to comply with the HACM's Emerging Business Enterprise Program that includes DBE, MBE, WBEs in subcontract work on this contract, including the submittal of applicable lists -- Forms B, B-1.

The undersigned also states that all the above information is true and correct to the best of his/her knowledge.

Company Name

Authorized Signature and Title

Printed Name

STATE OF WISCONSIN, COUNTY OF _____

Personally came before me this ____ day of _____, 2_____, who acknowledges that he/she executed the foregoing document for the purpose therein contained for and on behalf of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public _____ County of _____, WI

My Commission Expires: _____

FORM B

Date Form B Submitted _____

Initial List/Date _____

Revised List/Date _____

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

Prime Contractor List of DBE Subcontractors

This form must be fully completed. The deadline for submission of this bid document to the Housing Authority, by the Prime Contractor is three (3) calendar days following the bid opening date, or with the bid.

Prime Contractor's Name _____ Official Notice _____ RFP #: _____

Total Bid Amount: _____ DBE \$'s: _____ % of Total Bid _____

Please list all proposed subcontractor(s) and material supplier(s) for this project. It is the bidder's obligation to obtain Disadvantaged Business Enterprise Participation.

Firm Names(s) Address / Phone # & Contact Person	D B E		Work to be Performed / Material Supplied	% of Bid	Amount	Signature of DBE owner or DBE representative needed to confirm all information herein.

Prime Contractor: _____

Date: _____

Tele: _____

Reviewed By: _____

Date: _____

HACM Contract Services Manager

PROJECT SUMMARY: _____

FORMS/August 18, 1999; September 24, 2001; May 31, 2007

Date Form B-1 Submitted _____

Initial List/Date: _____

Revised List/Date: _____

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

Prime Contractor List of MBE/WBE Subcontractors

This form must be fully completed. The deadline for submission of this bid document to the Housing Authority, by the Prime Contractor is three (3) calendar days following the bid opening date, or with the bid.

Prime Contractor's Name _____ Official Notice _____ RFP #: _____

Total Bid Amount: _____ MBE \$'s: _____ % of Total Bid _____ WBE \$'s: _____ % of Total Bid _____

Please list all proposed subcontractor(s) and material supplier(s) for this project. It is the bidder's obligation to obtain Minority and Women Business Enterprise Participation.

Firm Names(s) Address / Phone # & Contact Person	M B E	W B E	Work to be Performed / Material Supplied	% of Bid	Amount	Signature of MBE or WBE owner or MBE, WBE representative needed to confirm all information herein.

Prime Contractor: _____

Date: _____

Tele: _____

Reviewed By: _____

Date: _____

HACM Contract Services Manager

PROJECT SUMMARY: _____

**HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
MONTHLY & FINAL SUBCONTRACTOR UTILIZATION REPORT**

Monthly Submittal for

Final Submittal

_____ (month/year)

_____ (month/year)

Contract Number _____

Prime Contractor _____

Development Site _____

Work Description _____

Start Date _____

Estimated/Actual Completion Date _____

Initial Contract \$'s _____

Adjusted Contract \$'s _____

Subcontractor	Type of Work	Requests for Payment: This Month					Requests for Payment: Contract to Date				
		Type of Subcontractor					\$'s	2014 \$'s	2015 \$'s	2016 \$'s	2017 \$'s
		DBE	MBE	WBE	Sec 3 Bus	Other					

Please specify any contract activity changes and associated costs that have occurred since the initial submittal of this report, and state the reason:

If you are using Section 3 residents to do part or all of the work involved with this project, please indicate the dollar amount of wages paid this month

\$ _____ or to date \$ _____.

Signature _____

Date _____

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

MONTHLY SUBCONTRACTOR PAYMENT CERTIFICATION FORM FOR
DBE, MBE and WBE SUBCONTRACTORS

This form must be submitted for each DBE, MBE and WBE utilized on this project and each form must be attached to the document entitled "Prime Contractor's Periodical Estimate for Partial Payment".

IF SUBCONTRACT PAYMENTS TO DBEs, MBEs and WBEs HAVE NOT BEEN MADE TO DATE, THE PRIME CONTRACTOR SHALL CHECK THIS BOX > NONE AND COMPLETE ITEMS 1-6 AND 8 IN SECTION A.

IF SUBCONTRACTOR PAYMENTS HAVE BEEN MADE TO DATE, THE PRIME CONTRACTOR AND SUBCONTRACTOR SHALL FULLY AND INDIVIDUALLY COMPLETE SECTION A AND SECTION B.

SECTION A -- FOR COMPLETION BY THE PRIME CONTRACTOR

1. Prime Contractor _____
2. Official Notice No. _____ Contract No. _____
3. Project Description _____
4. Check one Subcontractor designation: DBE MBE WBE
5. Name of Subcontractor _____
6. Subcontract Work Description _____

Prime Contractor Certification:

I, _____,
(name and title; printed and signature)
\$ _____ (this month)
hereby certify that as of this date _____, \$ _____ (to date)
has been paid to the subcontractor named in Section A-5 for work described in Section A-6.

SECTION B -- FOR COMPLETION BY SUBCONTRACTOR

1. Subcontractor _____
2. Official Notice No. _____ Contract No. _____
3. Project Description: _____
4. Check your Certification Designation: DBE MBE WBE
5. Subcontract Work Description _____

Subcontractor Certification:

I, _____,
(name and title; printed and signature)
\$ _____ (this month)
hereby certify that as of this date _____, \$ _____ (to date)
has been paid to the subcontractor named in Section A-5 for work described in Section A-6.

EXHIBIT B

DESIGNATION OF PROPRIETARY AND CONFIDENTIAL INFORMATION

Material submitted in response to Official Notice 57731, Request for Proposals for Compliance Auditing Services – Section 3 Reporting, includes proprietary and confidential information that qualifies as a trade secret, as provided in Section 19.36(5), Wis. Stats., or is otherwise material that can be kept confidential under the Wisconsin Open Records Law. As such, the Offeror asks that certain pages, as indicated below, of this proposal be treated as confidential material and not released without the Offeror’s written approval. Therefore, I am providing the following information with the express understanding that it is being submitted to the Housing Authority under a pledge of confidentiality. I would not have submitted this information had the Housing Authority not pledged to keep it confidential, and I request that the following pages not be released:

Section	Page	Topic and Reason for Confidentiality

OFFERORS ARE CAUTIONED THAT THE ENTIRE PROPOSAL MAY NOT FALL WITHIN THE CONFINES OF THE PLEDGE OF CONFIDENTIALITY. SUCH BLANKET CLAIMS WILL NOT BE HONORED.

FAILURE TO INCLUDE THIS DESIGNATION IN THE PROPOSAL RESPONSE MAY MEAN THAT ALL INFORMATION PROVIDED AS PART OF THE PROPOSAL RESPONSE WILL BE OPEN TO EXAMINATION AND COPYING.

IN THE EVENT THE DESIGNATION OF CONFIDENTIALITY OF THIS INFORMATION IS CHALLENGED, THE UNDERSIGNED HEREBY AGREES TO PROVIDE LEGAL COUNSEL OR OTHER NECESSARY ASSISTANCE TO DEFEND THE DESIGNATION OF CONFIDENTIALITY.

Signature (Authorized Representative)	Telephone Number
Name (print)	Company Name
Title	Date

The Housing Authority, as custodian of these public records, has the obligation, pursuant to the Public Records Law, to determine whether the above information can be kept confidential. The Housing Authority will notify any Offeror if a determination is made that the requested information cannot be kept confidential. Generally, proposals are available for public review after the Housing Authority has awarded a contract.

Proprietary information submitted in response to this Request for Proposals will be handled in accordance with applicable Housing Authority procurement regulations. An Offeror responding to this proposal should not include any proprietary information as part of its proposal unless the Offeror: 1) designates the specific information that it maintains is proprietary/confidential and the reason(s) for such designation in a separate document (such as this form) to the Housing Authority; and 2) identifies the specific information where it occurs within the Offeror’s proposal. The Housing Authority’s preference is for the Offeror to segregate all information designated as confidential into one section of the proposal and/or a separate document for easier removal to maintain its confidential status. The Offeror should clearly indicate which portion of the information is confidential and where this information is located within the proposal, i.e. under separate cover, in confidential Section No. _____, etc. Data contained in the proposal and all documentation become the property of the Housing Authority.



SECTION 3 PLAN

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

Approved by Board of Commissioners: January 13, 2016

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SECTION 3 PLAN

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I. STATEMENT ON SECTION 3 PLAN

This Plan is developed by the Housing Authority of the City of Milwaukee for the exclusive use of the agency, hereafter referred to as HACM, its contractors, subcontractors, bidders, developers, subgrantees, related affiliates or instrumentalities, partnering local government entities, and any other subrecipients of covered funding in partnership with HACM. The funding type and program/grant names may change over the years; however, the intent of this Plan is to encompass all applicable funding from the U.S. Department of Housing and Urban Development (HUD). All hiring and contracting must meet any conflict of interest requirements set forth in federal, state or local laws, regulations or policies and comply with internal HACM hiring policies.

II. BACKGROUND ON THE SECTION 3 REGULATION

The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended by Section 915 of the Housing and Community Development Act of 1992, is to “ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.”

Consistent with 24 CFR Part 135, as a recipient of HUD Public Housing funding, the Housing Authority of the City of Milwaukee (HACM) requires compliance with Section 3 obligations on all contracts that make use of that assistance.

These policies are implemented regardless of the contract amount, whether it is designated as housing construction, housing rehabilitation, or other public construction project, or whether it is any other non-construction expenditure resulting from the use of covered operating funding, modernization funding, or development funding from HUD .

HACM works to ensure the provision of employment, training, contracting, and other economic opportunities to its residents and other low-income persons. In doing so, HACM utilizes Section 3 as a means of promoting stability and self-sufficiency to Section 3 Residents. Implementation procedures may be amended periodically by HACM to ensure that the Plan requirements are being met and/or to enhance efficiencies in obtaining compliance.

III. APPLICABILITY

Section 3 requirements apply to all projects and activities funded in whole or in part with covered funds. If any HUD funding is used for the project/activity, then the entire project budget is subject to Section 3 regulations.

Section 3 requirements do not apply to projects and activities of HACM that do not receive any HUD funding, such as non-subsidized market rate developments owned by HACM.

Section 3 requirements do not apply to any agreement or contract for the purchase of supplies and materials only.

IV. DEFINITIONS

Please refer to the 24 CFR 135.5 for a full list of applicable definitions found in the regulation.

RECIPIENT: Any entity which receives Section 3 covered funding, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, Public Housing Authority, Indian Housing Authority, Indian Tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation,

resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such recipient, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

CONTRACTOR: Any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

SUBCONTRACTOR: Any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

NEW HIRES: Full-time employees for permanent, temporary or seasonal employment opportunities.

EMPLOYMENT OPPORTUNITIES GENERATED BY SECTION 3 COVERED ASSISTANCE: All employment opportunities generated by the expenditure of Section 3 covered funding (i.e. operating funding, Development funding, and modernization funding) and with respect to Section 3 covered housing and community Development funding, all employment opportunities arising in connection with Section 3 covered projects, including management and administrative jobs (including architectural, engineering, or related professional services and jobs directly related to administrative support of these activities) connected with the Section 3 covered project.

SECTION 3 RESIDENT: A Section 3 resident is:

- A. A public housing resident or Housing Choice Voucher holder; or
- B. An individual who resides in the metropolitan area in which the Section 3 covered assistance is expended, and is a low-income person or a very low-income person.

METROPOLITAN AREA: The metropolitan area means a metropolitan statistical area (MSA) as established by the U.S. Office of Management and Budget. For HACM, the MSA area determined by HUD is the "Milwaukee-Waukesha-West Allis MSA" which includes residents of the four-county area of Milwaukee County, Waukesha County, Ozaukee County and Washington County in Wisconsin.

LOW-INCOME PERSON: Families (including single persons) whose incomes do not exceed 80% of the median income for the area as determined by HUD.

Please refer to www.huduser.org/portal/datasets/il.html for current, local Income Limit information.

- ❖ Select current year.
- ❖ Select "Access Individual Income Limit area"
- ❖ Select "click here for FY XXXX IL Documentation" (where XXXX is the current fiscal year)
- ❖ Select State & County

VERY LOW-INCOME PERSON: Families (including single persons) whose incomes do not exceed 50% of the median family income for the area as determined by HUD.

SECTION 3 BUSINESS CONCERN: A Section 3 business concern is one:

- A. That is fifty-one percent (51%) or more owned by Section 3 residents; or
- B. Whose permanent, full-time employees includes persons, at least 30 percent of whom are current Section 3 residents, or within three years of the date of first employment with the Section 3 business concern were Section 3 residents; or
- C. That provides evidence of a commitment to subcontract a minimum of 25 percent of the total contract award amount (including any modifications) to Section 3 business concerns that meet the requirements described in A or B. Example: If the Contract Amount is = \$1,000,000, contractor must subcontract at least 25% or \$250,000 to Section 3 business concern(s) as defined in A or B in this part.

RESIDENT-OWNED BUSINESS (ROB): As described in 24 CFR Part 963, a resident-owned business is a business concern owned and controlled by public housing residents. "Owned and controlled" means a business (a) at least 51% owned and operated by a public housing resident; and (b) whose management and daily business operations are controlled by one or more such individuals. If for a specific procurement, HACM decides to elect the alternative procurement process found in 24 CFR Part 963 limiting the solicitation only to ROBs, the ROB must also meet the additional eligibility and other requirements described in the regulations.

SECTION 3 CLAUSE: The contract provisions set forth in 24 CFR 135.38 which must be included in all Section 3 covered contracts and subcontracts.

SECTION 3 COVERED ACTIVITY: Any activity that is funded by Section 3 covered funding.

SECTION 3 COVERED ASSISTANCE: With respect to public housing authorities, Section 3 covered assistance means HUD assistance to which the obligation to provide training, employment, contracting, and other economic opportunities under Section 3 apply, including: (1) Public housing development assistance; (2) Public housing operating assistance; (3) Public housing modernization assistance; and (4) any other HUD funds, regardless of HUD program, utilized for the operation, modernization, or rehabilitation of public housing properties or developments as defined under statutes.

SECTION 3 COVERED CONTRACT: A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a "Section 3 covered contract."

SECTION 3 COVERED PROJECT: The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development funding.

SECTION 3 JOINT VENTURE: An association of business concerns, one of which qualifies as a Section 3 business concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the business concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 business Concern:

- Is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
- Performs at least 25% of the work and is contractually entitled to compensation proportional to its work.

V. SECTION 3 GOALS AND PREFERENCES

It is HACM's policy to achieve Section 3 goals by providing opportunities in one or more of the following areas:

A. Training and Employment Opportunities for Section 3 residents:

When the Section 3 regulation is triggered by the need for new hires, HACM and its contractors and subcontractors will make every effort within their disposal and to the greatest extent feasible to attempt to hire Section 3 residents amounting to at least 30% of the aggregate number of full-time new hires .

When hiring opportunities are offered and all minimum requirements are met, HACM, contractors and subcontractors shall direct their efforts to hire Section 3 residents in the order of priority preference provided below:

1. Residents at the housing development or developments where the work is being performed (Category 1 residents).
2. Residents of other HACM public housing developments and holders of housing choice vouchers (Section 8 rent assistance) managed by HACM (Category 2 residents).
3. Participants in Youthbuild programs being carried out in the metropolitan area in which the Section 3 covered assistance is expended (Category 3 residents).
4. Other Section 3 residents (Category 4 residents).

For the purposes of this Section 3 Plan, the term "preference" is to be given the legal definition of "prior right or precedence" in order to ensure that, at a minimum, 30% of all new hires are Section 3 Residents consistent with the above order of priority preference.

- For an example, if both a Section 3 Resident with a Category 1 preference and a Section 3 resident with a Category 4 preference meet at least the minimum requirements for a position, the Section 3 Resident with the Category 1 preference will be awarded the position.
- In the case that an objective standard is used to decide the qualifications of an applicant by means of some type of testing, a passing score should be decided upon prior to administering said test to any potential hire. A Section 3 Resident with a Category 1 preference with a minimum passing score should be awarded the position above a Section 3 Resident with a Category 4 preference with a higher score.

HACM shall submit this backup documentation to HUD as part of its regular semi-annual reports.

B. Contracting Opportunities for Section 3 business concerns:

When the Section 3 regulation is triggered by the need for subcontracting a portion of the work to another business, HACM and its contractors and subcontractors will make every effort within their disposal and to the greatest extent feasible to attempt to subcontract:

- 1. Building Trades:** At least 10% of the total dollar amount of all Section 3 covered contracts or purchase orders for building trades work maintenance, repair, modernization or development of public housing to Section 3 business concerns.
- 2. Other contracts (non-building trades):** For other Section 3 covered contracts or purchase orders that are not building trades work covered above, the goal is to subcontract at least 3% of the total dollar amount to Section 3 business concerns. This includes professional service contracts such as legal, architects, engineers, consultants, or any other contract or purchase order for services that are not building trades work.

When contracting opportunities are offered and all requirements are met and remain equal, HACM, contractors and subcontractors shall direct their efforts to contract/subcontract with Section 3 business concerns in the order of priority preference provided below:

- 1. Business concerns that are 51 percent or more owned by residents of the housing development or developments for which the section 3 covered assistance is expended, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 1 businesses).**
- 2. Business concerns that are 51 percent or more owned by residents of other public housing developments or developments managed by HACM or by holders of housing choice vouchers managed by HACM, or whose full-time, permanent workforce includes 30 percent of these persons as employees (category 2 businesses).**
- 3. Youthbuild programs being carried out in the metropolitan area (or nonmetropolitan county) in which the section 3 covered assistance is expended (category 3 businesses).**
- 4. Business concerns that are 51 percent or more owned by other section 3 residents, or whose permanent, full-time workforce includes no less than 30 percent section 3 residents (category 4 businesses), or that subcontract in excess of 25 percent of the total amount of subcontracts to business concerns identified in paragraphs 1 and 2 above.**

VI. SELF-CERTIFICATION OF SECTION 3 RESIDENTS AND SECTION 3 BUSINESS CONCERNS

In order to receive preference as a Section 3 business concern, the business must self-certify that it meets the eligibility requirements. The eligibility requirements and the priority preference for Section 3 business concerns are described on page 9 of this Plan. HACM has developed self-certification forms for Section 3 businesses (Section 3 Form #2 on page 23).

Section 3 business concerns should also complete the online Section 3 self-certification that is included on the City of Milwaukee's Office of Small Business Development's online certification system. The website address for this system is <https://milwaukee.diversitycompliance.com>. Click on "Apply for Certification." You will need to create an account and have information on your business to self-certify. HACM, the City of Milwaukee, and prime contractors will use this list to help identify Section 3 businesses to use as possible contractors or subcontractors on various projects.

A Section 3 business concern seeking preference in contracting must submit evidence to demonstrate that it is a responsible firm and has the ability to perform successfully under the terms and conditions of the proposed contract. If asked, it also must provide evidence of its Section 3 status.

In order to receive preference as a Section 3 resident, the resident must self-certify that he/she meets the eligibility requirements. The eligibility requirements and priority preference of a Section 3 resident are described on page 6 of this Plan. HACM has developed self-certification forms for Section 3 residents (Section 3 Form #4 on pages 31-32).

Section 3 residents should also complete the online Section 3 self-certification that is included on the HACM website (www.hacm.org). This online list of Section 3 residents will be completed and operational in August 2015. This online Section 3 Resident list will be searchable by HACM and contractors to identify residents who are interested in employment and/or training opportunities.

A Section 3 resident seeking preference in employment must fulfill the requirements/qualifications of the sought position. If asked, he/she also must provide evidence of their Section 3 status (e.g., receipt of public assistance, address of residency, etc.).

HACM will also have a separate web page devoted to Section 3 opportunities where all forms, information including this plan, and the registries will be accessible. That information will be prominently listed on the Home page of the new HACM website that is expected in 2015.

It is important to note that all persons and/or business concerns are self-certifying their eligibility under Section 3 to HACM and to HUD, and that severe civil and/or criminal penalties apply for false certifications.

VII. CONTRACTOR RESPONSIBILITIES IN MEETING SECTION 3 GOALS

All contractors are held to the same Section 3 compliance requirements of HACM as listed in Section V above (Section 3 Goals and Preferences). The HACM Section 3 Plan requires that when the Section 3 regulation is triggered by a need for new hires or by a need to subcontract a portion of the work, every effort within the contractor's disposal and to the greatest extent feasible must be made to direct all available employment, training and contracting opportunities to Section 3 residents and business concerns based on the priorities described in Section V.

Contractors must also proactively facilitate compliance with Section 3 in any Section 3 covered contract. Contractors will have fulfilled their responsibility when they can provide evidence that the following have occurred in the case of every hiring, contracting, solicitation and recruitment effort:

- A) Extra or greater efforts in notifying Section 3 residents of employment or contracting opportunities. This can occur through posting job openings: in HACM offices and housing developments; in the local media; on the HACM website; with the local workforce investment board and with local comprehensive Job Centers; and in mailings, flyers or other outreach to Section 3 residents.
- B) Conveying that the hiring/contract work is a Section 3 Covered opportunity in any advertisement for bids and proposals by placing the following language in each advertisement/public notice and website, **"This job/project is covered under the requirements of Section 3 of the HUD Act of 1968."**
- C) Notifying subcontractors in each pre-bid meeting of the Section 3 requirements;
- D) Incorporating the full HUD-mandated Section 3 clause directly into all contracts and subcontracts;
- E) Including the HACM Section 3 Plan in every Section 3 covered procurement and subcontract;
- F) Providing "Section 3 Resident Self-Certification Forms" for employment at the contractor/subcontractor business offices and allowing applications to be submitted at appropriate local locations;
- G) Encouraging the training of Section 3 residents by the subcontractors;
- H) Facilitating an opportunity or job fair for the contractor and subcontractor to meet interested Section 3 residents for possible employment. A list can be developed as a resource for contractors when seeking to hire Section 3 workers in the future;
- I) Facilitating an opportunity fair annually for small contractors to meet large prime contractors interested in bidding work awarded by HACM;
- J) Documenting actions taken to comply with Section 3 requirements including all results and impediments using the HACM prescribed reporting mechanism or form;
- K) Reporting on its efforts regarding Section 3 implementation using the HACM prescribed reporting mechanism or form;

- L) Refusing to award contracts to businesses or persons who have previously violated Section 3 requirements;
- M) Posting all job sites funded by HACM with a location or phone number of how to apply for any opportunities for employment, training or contracting. The sign should be no smaller than 24" x 24" in Black ink and should specifically read: **"This project is covered under Section 3 of the HUD Act of 1968 which requires that any new employment, training, and contracting opportunities be directed to low- and very low income persons in this community. Please contact (list the contact person name and number) for information on any employment and contracting opportunities."**
- N) All Section 3 covered procurements must be communicated to current and potential Section 3 contractors and residents as part of the bid process before final bids or applications are submitted to HACM and its contractors.
- O) Any contractor or subcontractor self-certifying itself as a Section 3 business concern must maintain that status throughout the life of the contract. Any change in status must be reported to the Section 3 Coordinator immediately.
- P) Where appropriate, breaking out contract work items into smaller scopes of work to facilitate participation by section 3 business concerns.

Q) Exercising all efforts indicated below regarding notice, encouragement, and facilitation as indicated below.

<p align="center">REQUIREMENTS</p> <p><i>Applicable to all awards and contracts REGARDLESS OF AMOUNT</i></p>	<p align="center">ADDITIONAL INFORMATION</p>	<p align="center">WHEN EXECUTED</p>
<p>NOTICE – Extra or greater efforts must be undertaken to make the low and very low-income persons in the project area aware of the existence of the opportunity before it is filled with non-Section 3 persons or businesses. This means the notice MUST be given in multiple methods (See Part VII of this Plan for a list of methods) and documentation saved for audit purposes.</p> <p>As an example, contractors, subcontractors and developers cannot simply call their normal service providers and contractors for bids without including a host of notices to other low-income people, groups and organizations locally and beyond before committing to any contracts or potential contracts.</p> <p>Remember to keep every document and record demonstrating your efforts for audit and verification. If there are no records verifying the efforts made, it will be assumed there were none. The contractor, subcontractor and developer will also have access to the HACM Section 3 Business Concern and Resident Listings as indicated in Part VI above.</p>	<p>This applies to all contracts using Section 3 covered assistance from HUD and begins prior to the securing of the first contract service related to the proposed project, including professional services such as legal, architecture, engineering, consultants, etc.</p>	<p>Give notice to residents and businesses before or while soliciting bids/proposals/ employees</p> <p>Notice must be provided prior to the execution of any contracts via: publication, flyers, posters, social media, email, letters, web-postings and any other such method elected</p>
<p>ENCOURAGEMENT - Contractors, subcontractors and developers must be able to document they did something to encourage low-income people, the businesses they own and the businesses that substantially employ them to apply for their opportunities before filling them with non-Section 3 people or businesses. This includes activities such as hosting opportunity fairs for contracting and employment, informational sessions on how to achieve Preference in consideration or other verifiable methods designed to enhance participation by these groups.</p> <p>HACM requires that contractors, subcontractors and developers review and consider the listings of self-certified Section 3 residents and business concerns both initially and if new opportunities open during the contract life. However, contractors, subcontractors and developers should also do other encouragement and outreach efforts to the extent that new Section 3 persons and businesses can be attracted and secured if qualified. There is no requirement to hire or contract any unqualified person or business.</p>	<p>These shall be in the form of: Opportunity Fairs, Meetings, Presentations, Inducements such as Transportation or Child Care Assistance, etc.</p> <p>Most importantly you must use the attached forms when bidding and you must often mention Preference during meetings</p>	<p>This is executed prior to every major contract and annually for all small purchases but definitely before awarding any contracts or employment</p> <p>It's important this be done early so the contracting phase can begin immediately after confirmation of award</p>
<p>FACILITATION - Contractors, subcontractors and developers must be able to provide documentation in the form of actual signed agreements or commitments to contract and employment verification like payrolls or offers of employment they facilitated in compliance with the actual award of contracts and/or employment based on what opportunity was available.</p>	<p>Because there are various phases of contracting in a project, this step must be central to the award of contracts</p>	<p>This must be completed at every step in the contracting and employment phase from pre-award through the life of the project.</p>

As HACM does not execute subcontracts, HACM requires its general contractors to execute aggressive Section 3 subcontracting initiatives.

If the overall Section 3 goals above cannot be met by the contractor, other training and economic opportunities may be provided to Section 3 residents and business concerns as described in Section VIII of this Plan. However, these opportunities may be exercised only with prior written agreement of HACM and satisfactory documentation explaining why employment or contracting goals could not be met.

Contractors and subcontractors are expected to do everything possible and feasible to ensure all opportunities are directed to HACM residents first, as described in Section V of this Plan. This requirement includes all labor-regulated agreements with union contractors. Examples of such outreach include:

1. Notifying Section 3 residents of employment or contracting opportunities through a number of outreach efforts, including: postings in HACM offices and housing developments; in the local media; on the HACM website, with the local workforce investment board and with local comprehensive Job Centers; and in mailings, flyers or other outreach to Section 3 residents.
2. Review, consider, and actively reach out to the online Section 3 Resident List prior to making new hires. If those hired are not Section 3 Residents, or are in a lower preference category, the Contractor must explain in writing the qualifications that those on Section 3 Resident List and/or other higher preference Section 3 Residents lacked, or other reason for non-hire (e.g., job offer declined).
3. Holding informational meetings and/or job fairs for Section 3 residents and/or Section 3 contractors and subcontractors.
4. Ensuring that both the prime contractor and any subcontractors are appropriately implementing the priority preference for any new hires, as described in Section V (A) of this policy. For the purposes of this Section 3 Plan, the term “preference” is to be given the legal definition of “prior right or precedence” in order to ensure that, at a minimum, 30% of all new hires are Section 3 Residents consistent with the above order of priority preference.
 - For an example, if both a Section 3 Resident with a Category 1 preference and a Section 3 resident with a Category 4 preference meet at least the minimum requirements for a position, the Section 3 Resident with the Category 1 preference will be awarded the position.
 - In the case that an objective standard is used to decide the qualifications of an applicant by means of some type of testing, a passing score should be decided upon prior to administering said test to any potential hire. A Section 3 Resident with a Category 1 preference with a minimum passing score should be awarded the position above a Section 3 Resident with a Category 4 preference with a higher score.

Additionally, HACM expects that contractors shall, to the greatest extent feasible, ensure that Section 3 new hires work approximately the same number of hours as other new hires in similar positions on the project.

Contractors must submit with any bid or proposal the prescribed forms describing the implementation of Section 3, including:

- Section 3 Form 1: Section 3 Clause
- Section 3 Form 2: Section 3 Business Concern Self-Certification form (for prime contractor and subcontractors)
- Section 3 Form 3: Contractor Section 3 Assurance of Compliance and Action Plan

Contractors and subcontractors must keep on file all completed Section 3 Form 4: “Section 3 Resident Self-Certification and Skills Data” forms for any and all applicants for positions you are hiring for related to the HACM project and for all Section 3 new hires.

All contractors and subcontractors **MUST** review and consider the Section 3 Resident List provided by HACM prior to making new hires by promoting the job opportunities to qualified residents on the list. If those hired are not Section 3 residents, or are in a lower preference category, the Contractor must explain in writing to HACM the qualifications that those on the Section 3 Resident List lacked, or other reason for non-hire (e.g. job offer declined). This must be done **prior** to making the new hire.

For each new hire, a contractor will immediately complete a Section 3 Form 6—Contractor New Hire Report (page 35) and must attach required documentation for the review of the HACM Section 3 Coordinator. Contractors must report via the Section 3 Form 6—Contractor New Hire Report the following information to HACM regarding any new hires by contract or subcontract: (1) name of new hire; (2) position or title; (3) date of hire; (4) whether the new hire is a Section 3 resident; (5) which Section 3 priority preference category the Section 3 resident belongs to; (6) if the new hire is not a Section 3 resident or is a lower category Section 3 resident, the number of all Section 3 resident applicants passed over in favor of the non-Section 3 hire or the lower-category Section 3 hire.

In the absence of evidence to the contrary, a contractor that meets the minimum numerical goals set forth in Section V of this Plan (Section 3 Goals and Preferences) will be considered to have complied with the Section 3 Preference requirements.

Contractors will report actual Section 3 performance on the contract by submitting Form 5, Contractor Section 3 Reporting Form (pages 33-34).

In evaluating compliance under this part, a contractor that has not met the numerical goals set forth in Section V of this Plan has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. Contractors also can indicate other economic opportunities, such as those listed below, which were provided in its efforts to comply with Section 3 and the requirements of this part.

If a contractor has not adequately documented or justified their efforts to comply and why it was not feasible to meet numerical goals, HACM’s Section 3 Coordinator will inform the contractor of the need to immediately cure the deficiency. Additionally, contractors should realize that non-compliance with Section 3 requirements by a contractor may be taken into account by HACM in any future bidding or procurements.

VIII. OTHER ECONOMIC OPPORTUNITES TO ACHIEVE CONTRACTOR COMPLIANCE

If a HACM contractor can demonstrate that while it does have need or plans to subcontract or hire and has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals but still could not achieve the numerical goals, then the contractor may provide other economic opportunities to Section 3 residents and business concerns, consistent with 24 C.F.R. § 135.40, as follows:

- All contractors that have a need to hire as a result of the award of a Section 3 covered contract will be required to work with the HACM Section 3 Coordinator to identify an aggressive outreach effort to HACM residents and other Section 3 residents on the HACM Section 3 Resident listing.
- If a qualified Section 3 resident can be identified meeting all of the pre-employment requirements for the position, the contractor must hire them in the position that was needed/triggered by the contract. The contractor should use the priority preference categories as described in Section V of this Plan.
- In the event the contractor, by working with HACM's Section 3 Coordinator, cannot identify a qualified Section 3 resident from the listing, the contractor must exercise outreach outside of the registry into the service area by running employment ads, contacting other employment agencies that work with Section 3 residents like nonprofit organizations, job centers, shelters, transitional housing operators, and others.
- Similarly, all contractors that have a need to subcontract as a result of the award of a Section 3 covered contract will be required to work with the HACM Section 3 Coordinator to identify and outreach to qualified Section 3 business concerns. If a qualified Section 3 business concern can be identified, the contractor should enter into the subcontract. The contractor should use the priority preference categories as described in Section V of this Plan.
- Only after the contractors have fully exercised acceptable and verifiable efforts toward identifying and hiring qualified Section 3 persons or subcontracting to qualified Section 3 business concerns will they be allowed to provide other economic opportunities other than hiring or contracting.

If a contractor can demonstrate the above facts, then the contractor may offer other economic opportunities as follows:

- A. The contractor will provide to HACM a plan as to how it will offer other economic opportunities to Section 3 residents and business concerns. HACM will report in its semi-annual reports to HUD, the nature, extent and outcome of the other economic opportunities thus provided.
- B. HACM may not require a contractor to make a Section 3 Fund contribution in lieu of indirect participation, mentorship program participation, or other results-oriented economic opportunities.
- C. A contractor may provide one or several of the following "other economic opportunities" under this subsection:

i. Training and Employment: "Training and Employment" related opportunities will be designed to train and/or employ Section 3 residents. A detailed plan for training should be described in a written narrative and provided for HACM review. Contractors seeking to provide training may identify a qualified training firm that has the proper experience working with low-income and public housing residents in particular. The contractor may procure the training firm/individual at its expense to provide direct recruitment and solicitation to HACM residents for employment-related training. Verification of the agreement between the contractor and training firm/individual must be provided to HACM's Section 3 Coordinator.

ii. Indirect Participation: "Indirect Participation" allows a contractor to count a percentage of payments, made to Section 3 business concerns unrelated to a HACM contract for the purposes of calculating whether the contractor met Section 3 goals for that HACM contract. As an example of Indirect Participation, assume a company cannot meet contracting goals to Section 3 business concerns on the specific contract with HACM and has demonstrated such to HACM. However, they can contract with Section 3 business concerns for other work that is not chargeable to the HACM contract (e.g., cleaning of the main office of the prime contractor, work on a separate non-HACM contract, etc.). The Contractor may propose to hire Section 3 business concerns for non-HACM work that will count towards the achievement of Section 3 goals as "Indirect Participation."

iii. Mentorship Program Participation: "Mentorship Program" is a program designed to provide mentorship and/or training that benefit Section 3 residents or business concerns. The specific operation of "Mentorship Program Participation" is:

- a. Where HACM acknowledges the existence of Resident-Owned Businesses (ROBs) within its service area, identifies a need for or receives a request directly from that ROB for certain technical assistance;
- b. HACM, through its Section 3 Coordinator, will meet with the ROB owner(s) and determine exactly what their needs are relative to how it can grow and/or better manage its business;
- c. The Section 3 Coordinator will then meet with contractors that have expressed a desire to provide such technical assistance or training to such businesses; and
- d. HACM's Section 3 Coordinator will then request a meeting of all parties to discuss the expectations and service delivery design between both the contractor and ROB. Once the parties have agreed to a schedule for assistance/training to the ROB, the Section 3 Coordinator will formalize a schedule and agree to quantifiable goals and anticipated outcomes for the mentorship program.

iv. Other Results-Oriented Economic Opportunities: "Other Results-Oriented Economic Opportunities" are results-oriented and quantifiable programs designed to provide economic opportunities to Section 3 residents, including, but not limited to: Section 3 joint ventures or other economic opportunities. A contractor must submit to HACM a plan detailing these "Other Results-Oriented Economic Opportunities" and receive approval prior to implementation.

v. Section 3 Fund: Pursuant to the requirements of the Voluntary Compliance Agreement executed with HUD, HACM has created a fund specifically as a last resort when all other methods of meeting the numerical goals have been attempted to the greatest extent feasible by a contractor or sub-contractor, but the goals are still not met. HACM intends to leverage the use of this fund conservatively as it expects each contract it issues to comply fully with the Section 3 regulations and goals.

A contractor that has a need to hire or subcontract may not use HACM's Section 3 Fund to substitute for its obligation to comply with Section 3. However, a contractor that has demonstrated that it has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals but cannot meet the numerical goals may satisfy its Section 3 obligations by engaging in alternative means outlined above.

A contractor that can demonstrate that it was not feasible to meet the Section 3 contracting goal may provide other economic opportunities as described above or may contribute the difference between 10% of the covered contract amount (3% for non-construction related contracts) and the amount provided to Section 3 business concerns to HACM's Section 3 Fund. The amount contributed shall not exceed one hundred thousand dollars (\$100,000) for any one contract.

A contractor that can demonstrate that it was not feasible to meet the Section 3 hiring goal may contribute an amount of 3% of the total dollar amount of the contract for building trades work or 1% for other types of contracts to the Section 3 Fund. The amount contributed shall not exceed twenty thousand dollars (\$20,000) for any one contract.

IX. INTERNAL HIRING FOR HACM STAFF POSITIONS

The hiring policy of the Housing Authority of the City of Milwaukee (HACM) is to hire the best-qualified applicants and extend equal employment opportunity practices to all qualified individuals. HACM will not discriminate on the basis of race, color, religion, sex, national origin, veteran status, disability, age, sexual orientation, or any other characteristic protected from discrimination by applicable federal, state or local law.

HACM complies with Section 3 of the Housing and Urban Development Act of 1968. To the greatest extent feasible, at least thirty-percent (30%) of the aggregate annual number of its internal new hires will be public housing residents, holders of Housing Choice Vouchers, and other Section 3 eligible persons. Priority preference will be given as described in Section V.A. of this Plan. See the Operating Procedures and the HACM Human Resource Policy for all of the HACM hiring practices and more detail.

X. COMPLAINTS

This Plan is governed by the federal regulations set forth in 24 CFR Part 135 and any future changes thereto. Any Section 3 resident or business concern that feels that the Section 3 regulations were not complied with may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following internet address:

<http://portal.hud.gov/hudportal/documents/huddoc?id=958.pdf>

XI. COMPLIANCE MONITORING

HACM will employ a direct employee or consultant skilled and equipped to manage the full compliance process including: staff and business regulatory and implementation training; payroll and pay application review and monitoring for triggering hires; and the reporting of all Section 3 activity on an on-going basis.

HACM will employ the use of a web-based Section 3 compliance software during the period mandated by the VCA with HUD to assist in monitoring all contract awards, as well as any and all hiring that triggers the regulation on those contracts, and to send notices of non-compliance immediately upon confirmation of the same. The software will also provide reports of all Section 3 activities, including contracting, employment & training and will assist with reporting to HUD via the annual reporting and the semi-annual reporting as required under the VCA.

HACM will require contractors and/or subcontractors to use the online reporting systems and will provide training on these reporting/monitoring systems.

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Section 3 Form #1: SECTION 3 CLAUSE ACKNOWLEDGEMENT

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

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

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

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

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

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

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

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

Business Name: _____

Business Address: _____

Print Name: _____

Signature

Date

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Section 3 Form #2: SECTION 3 BUSINESS CONCERN SELF-CERTIFICATION FORM

<p>Please return this form to the following address:</p> <p>Housing Authority of the City of Milwaukee Purchasing Dept. 809 N. Broadway Milwaukee, WI 53202 Phone: (414) 286-5892 Fax: (414) 286-5502</p> <p>Any questions regarding Section 3 or this form, please contact Evans Gant, Section 3 Coordinator at (414) 286-2940 or evgant@hacm.org.</p>	<p>The City of Milwaukee's Section 3 Self Certification application is also available online. To complete the online registration, visit the website milwaukee.diversitycompliance.com</p> <p>For assistance completing the online application, please contact the Office of Small Business Development at Phone: 414-286-5553 Email: OSBDTraining@Milwaukee.gov</p>
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Section 3 Business Criteria: Your business is eligible for Section 3 Business Certification if it meets any one of the following criteria. Please note that the definition of Section 3 qualified person is on Section 3 Form #3, "Section 3 Resident Self-Certification Form."

- 1. Fifty-one percent or more of your business is owned by a Section 3 resident or residents.
- 2. Thirty percent or more of your permanent, full-time employees are Section 3 residents.
- 3. You can provide evidence of a commitment to subcontract in excess of 25 percent of the amount of all subcontracts to Section 3 businesses: (a) that are fifty-one percent or more owned by public housing residents or (b) that has thirty percent or more of their permanent, full-time employees as public housing residents.

Section 3 Business Certification Statement: I hereby certify to the U.S. Department of Housing and Urban Development (HUD) and to the Housing Authority of the City of Milwaukee that all of the information on this form is true and correct. I understand that it is my responsibility to conduct any due diligence necessary to make this certification and to maintain documentation establishing my Section 3 Business concern status. I also understand that failure to complete this form completely and accurately may result in debarment or other administrative remedies available to HUD, and criminal or civil penalties under federal, state and local laws.

- My business is a Section 3 business in accordance with the standard checked above under Section 3 Business Criteria.
- My business is not a Section 3 business.

Signature:		Date Signed:
Name:	Title:	
Company Name		
Address		
Telephone Number		
Type of Business: (Check One): <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other		

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Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 1 of 6)

PART I-- Purpose: To ensure that regulations promulgated under 24 CFR Part 135 “Economic Opportunities for Low- and Very Low-Income Persons” is met, HACM has developed and approved a Section 3 Plan for HACM. Information on specific compliance with Section 3 is found in HACM’s Section 3 Plan, or in the regulations at 24 CFR Part 135.

This form, along with all related required documents included, shall serve as the ‘assurance of compliance’ certification and action plan as required in the bid documents, supplemental general conditions, and required forms for the contract for any Section 3 covered procurements.

Name of Business: _____

Business Address: _____

Contract Name/Solicitation #: _____

Total amount of Bid: _____

PART II: PRIOR COMPLIANCE CERTIFICATION

I am certifying that my business has complied with the HUD Section 3 regulations in its past HUD contracts/purchase orders .

Signature/Title

Print Name

Date

PART III: IS SECTION 3 TRIGGERED BY THIS CONTRACT?

IF CONTRACTOR DOES NOT ANTICIPATE TRIGGERING THE SECTION 3 REGULATIONS, YOU MUST INITIAL BOTH BOXES BELOW:

- I do not anticipate hiring any new permanent, temporary, or seasonal employees on this contract.
- I do not anticipate subcontracting any portion of the work on this contract.

If you checked both boxes, do NOT check any other boxes or select any other options on this form!
Skip to the attestation and notarized signature on the final page of Section 3 Form #3.

IMPORTANT: IF THIS CHANGES AT ANY POINT DURING YOUR CONTRACT, you must immediately contact your HACM contract contact as well as the HACM Section 3 Coordinator.

PART IV: CONTRACTING/SUBCONTRACTING NEEDS:

If you plan to subcontract, please list the proposed subcontractors and amounts below. Attach a Section 3 Business Concern Self-Certification form for each Section 3 Business identified.

Subcontractor Name	Work to be performed (Building trade or other type of work)	Is it a Section 3 Business? Yes/No	Contract Amount	% of Total Contract

Use an additional sheet if required

Total amount to be subcontracted to Section 3 Business Concerns: \$ _____

Percentage of total \$ value of bid/contract: _____

IMPORTANT: Should the scope of work or needs of the contractor change, the contractor shall, to the greatest extent feasible, assure that subcontracts be awarded to Section 3 business concerns and shall immediately contact your HACM contract contact as well as the HACM Section 3 Coordinator.

PART V: WORKFORCE NEEDS AND HIRING PLAN

Preliminary Statement for Workforce Needs: HACM intends to meet Section 3 compliance at the highest level and it is our intent to identify any short-term and long-term employment or contracting opportunities for qualified Section 3 persons and business concerns during the course of your contract funded by HACM via its contractors. Please list the status of all planned employment position and opportunities for this contract. **Preference for all opportunities must be given to low- and very low-income residents if they qualify.** If awarded a contract, you are required to provide a list of your aggregate workforce on this project. Any changes to that workforce during the project will constitute new hires. You are hereby notified that you must notify HACM or contractor (respectively) overseeing your contract of any new hire opportunities that arise during the life of your contract. *Anticipated workforce list may be provided on a separate sheet or in a different format and should contain anticipated hires for each contractor or subcontractor on the project.*

1. List Job Title/Trade	2. Total # of Employees Needed to complete Scope of Work by Job Title	3. Total # from Current Staff	4. Of the total # in column (3), how many are Section 3 Hires within the past 3 years?	5. Total # of New Hires Needed (Column 2 – Column 3)	6. Total # of New Hires expected to be Section 3 Residents
TOTALS					

Use an additional sheet if required

% of Section 3 new hires to all new hires (Column 6 total divided by Column 5 total): _____ %

PART VI. OTHER REQUIREMENTS

Outreach Plan:

Check all methods you will employ to hire Section 3 residents. Posting the position in community sources that are generally available to low-income residents and the general public is a standard requirement. Check the methods you will employ in your outreach effort:

- Mailings, emails or phone contacts with residents on the HACM Section 3 Resident List
- The local community newspaper(s)
- The most widely distributed newspaper
- HACM website
- Local Workforce Investment Board and local comprehensive job centers
- HACM offices, including housing developments, in a conspicuous location
- Homeless service agencies and other nonprofits serving low-income persons
- Posting in other local HUD-supported housing communities
- Other locations as approved by HACM
- Post notices on social media controlled by HACM

Documentation of "To the Greatest Extent Feasible":

The contractor will work with HACM Section 3 Coordinator and other designated staff to notify residents of any opportunities afforded under the contract. The contractor will partner with HACM by giving preference in any employment opportunities to the Section 3 persons or business concerns.

The contractor and subcontractor(s) shall recruit or attempt to recruit from HACM's Section 3 area, based on the priority order in HACM's Section 3 Plan, the necessary number of low-income and very low-income residents through documentation of their efforts and of any impediments to comply. HACM's contractors and subcontractors shall:

1. Maintain a list of all low-income area residents who have applied, either on their own or from referral from any source, and employ such person if otherwise qualified and if a vacancy exists.
2. Review and consider the Section 3 Resident List provided by HACM prior to making new hires. If those hired are not Section 3 residents, or are in a lower preference category, the Contractor must explain in writing the qualifications that those on Section 3 Resident List or other higher preference category Section 3 applicants lacked, or other reason for non-hire (e.g. job offer declined) and provide this explanation to HACM.
3. Provide evidence that the contractor has not filled vacant employment positions in its workforce immediately prior to undertaking work in an attempt to circumvent Section 3 regulations.
4. For subcontracting, review and consider the Section 3 Business Concern registry provided by HACM and/or do additional outreach to potential Section 3 businesses in the area of expertise needed for the project. Document all efforts at outreach to Section 3 businesses.

Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 5 of 6)

Recordkeeping:

The contractor shall maintain on file all records related to employment and job training of low-income and very low-income residents or other such records, advertisements, legal notices, brochures, flyers, publications, assurances of compliance from subcontractors, etc., in connection with this contract. For contracting, the contractor shall maintain on file all records related to subcontracting, including outreach efforts, bids or price quotes, documentation regarding why a Section 3 business concern was not used as subcontractor (e.g., reasons not qualified).

If there is a report that is needed as part of the submission, you agree to provide it timely. The contractor shall, upon request, provide such records or copies of records to HACM, its staff, or agents or to HUD.

Reports:

The contractor shall provide reports as required in connection with the contractor specifications. All certified and regular payrolls shall clearly detail which employees qualify under Section 3.

Certification:

The contractor will certify that any vacant employment positions, including training positions, that filled (1) after the contractor is selected but before the contract is executed; and (2) with persons other than Section 3 residents, were not filled to circumvent the subcontractor's obligations under 24 CFR Part 135.

Other Economic Opportunities:

If a contractor has demonstrated that it has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals but cannot, then the contractor may provide other economic opportunities to Section 3 residents and business concerns as described in the HACM Section 3 Plan. These opportunities must be described in a **written plan** on how the contractor will offer other economic opportunities. A contractor that has a need to hire or subcontract may not use other economic opportunities as a substitute to attempt to meet hiring or contracting goals; the contractor must still demonstrate how it attempted to the greatest extent feasible, to meet the goals.

Grievance and Compliance:

The contractor or subcontractor hereby acknowledges that they understand that any low-income and very low-income resident of the project area, for him/herself or as representatives of persons similarly situated, seeking employment or job training opportunities in the project area, or any eligible business concerns seeking contract opportunities, may file a grievance if efforts to the greatest extent feasible were not expended. The grievance must be filed with HUD not later than one hundred eighty (180) calendar days from the date of the action (or omission) upon which the grievance is based.

Section 3 Form #3: CONTRACTOR SECTION 3 ASSURANCE OF COMPLIANCE AND ACTION PLAN (p. 6 of 6)

ATTESTATION:

I attest that the above information is true and correct and that by signing below, the Contractor hereby agrees to comply with Section 3 requirements and to follow the Section 3 Action Plan above.

Name of Prime Contractor: _____

Name of Authorized Officer: _____

Title of Authorized Officer: _____

Signature

Date

NOTARY REQUIRED

STATE:

COUNTY:

I, the undersigned a Notary Public in and for said authority and in said State, hereby certify that, _____, whose named as _____ (Title) of _____ (Company) is signed to the foregoing conveyance and who is known to me, acknowledged before me on this day, that, being informed of the contents of the foregoing conveyance, he/she, in his/her capability as _____ (Officer Title), and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the _____ day of _____, 20____.

Notary Public My Commission Expires: _____ {SEAL}



Section 3 Form #4-- SECTION 3 RESIDENT SELF-CERTIFICATION AND SKILLS DATA FORM (Page 1 of 2)
[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

The purpose of this form is to comply with HUD Section 3 administration and certification regulations.

Printed Name of Individual: _____

My home address is (must be a street address and NOT a P.O. Box number):

Street Address _____ Apt Number _____ City _____ State _____ Zip _____

Phone #: _____ **Email Address:** _____

I certify that I am a legal resident of the United States and meet the income eligibility and federal guidelines for a Section 3 Resident below:

To qualify as a Section 3 Resident, you must meet one of the following standards:

1. Be a public housing resident or a Housing Choice Voucher program participant (Section 8 rent assistance voucher) managed by HACM; OR
2. Be a low income or very low income person who resides in the Milwaukee-Waukesha-West Allis metropolitan statistical area (which includes Milwaukee County, Ozaukee County, Washington County, and Waukesha County) and whose total household income does not exceed the following amounts:

Table of Adjusted Median Income for Milwaukee-Waukesha-West Allis metropolitan statistical area (effective 3/16/2015)

Family Size	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
Household Income	\$41,100	\$46,950	\$52,800	\$58,650	\$63,350	\$68,050	\$72,750	\$77,450

(Check all that apply):

- I am a public housing resident (Name of housing development: _____)
- I am a Section 8 rent assistance participant with HACM (I have a Housing Choice Voucher)
- I live in the service area of the Housing Authority (Milwaukee, Waukesha, Ozaukee or Washington County)

My total annual household income is \$ _____ and there are a total of _____ people living in my household.

Section 3 Form #4-- SECTION 3 RESIDENT SELF-CERTIFICATION AND SKILLS DATA FORM (Page 2 of 2)
[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

Read & Speak English: Yes No
 High School Diploma: Yes No GED or HSED: Yes No
 College, Trade, or Technical School diploma or certifications: Yes No
 Please list degree or certifications : _____
 Wisconsin Driver's License: Yes No Commercial Driver's License (CDL): Yes No

Check the Skills, Trades, and/or Professions you have been employed in or contracted to do for others:

- Drywall Hanging Drywall Finishing Interior Painting Framing Welding
- HVAC Electrical Interior Plumbing Siding Metal/Steel Work
- Cabinet Hanging Trim/Carpentry Heavy Equipment Operator Roofing
- Exterior Plumbing Exterior Framing Stucco Concrete/Asphalt Work Masonry
- Construction Cleaning Landscaping Fencing Window/Door Replacement
- Customer Service Receptionist Teaching/Training Personal Care Aide
- Sales Data Entry Cleaning Administrative/Clerical
- Lead abatement Asbestos abatement HAZWOPER
- Other _____
- Other _____

I am interested in: Training opportunities Employment Opportunities Both

I hereby certify to the U.S. Department of Housing and Urban Development (HUD) and to the Housing Authority of the City of Milwaukee that all of the information on this form is true and correct. I attest under penalty of perjury that my total household income and household size is as shown above, and that proof of this information may be requested in the future. If found to be inaccurate, I understand that I may be disqualified as an applicant and/or a certified Section 3 individual which may be grounds for termination of training, employment, or contracts that resulted from this certification. I also understand that failure to complete this form completely and accurately may result in other administrative remedies available to HUD. Finally, I authorize the Housing Authority to include my name on a list of Section 3 Residents seeking employment and to include my contact information so that contractors may contact me.

Signature

Date

Section 3 Form #5: CONTRACTOR SECTION 3 REPORTING FORM (page 1 of 2)
[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

Name of Business: _____

Contract Name/Solicitation #: _____

Period of Report: _____

A. CONTRACTING/SUBCONTRACTING:

List all actual subcontractors and amounts below. Attach a Section 3 Business Concern Self-Certification form for each Section 3 Business identified.

Subcontractor Name	Work performed (Building trade or other type of work)	Is it a Section 3 Business? Yes/No	Contract Amount	% of Total Contract

Use an additional sheet if required

Total of actual subcontracts to Section 3 Business Concerns: \$ _____

Total amount of bid/contract: \$ _____

Percentage of total \$ value of bid/contract to Section 3: _____ %

Section 3 Form #5: **CONTRACTOR SECTION 3 REPORTING FORM (page 2 of 2)**
 [THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

B. WORKFORCE NEEDS AND HIRING

Please complete the following table of information for all new hires that were hired and paid under the contract during the period, including those that are not Section 3 residents.

1. List Job Title/Trade	2. Name of New Hire	3. Section 3 Resident (Yes/No)	4. Category of Section 3 Resident (Category 1-4)	5. Total Number of Hours Worked
TOTALS				

Total # of new hires working on contract: \$ _____

Total # of Section 3 new hires working on contract: \$ _____

Percentage of Section 3 new hires _____ %

Section 3 Form #6: **CONTRACTOR NEW HIRE REPORTING FORM**

[THIS FORM NOT REQUIRED AT TIME OF BID/PROPOSAL SUBMISSION]

Contractors must immediately report the following information to HACM regarding every new hire on the contract or subcontract for the project:

(1) Employer: _____

(2) Name of new hire _____

(3) Position or title: _____

(4) Start date of new hire: _____

(5) Is the new hire a Section 3 resident (Yes/No): _____

(6) Which Section 3 priority preference does this Section 3 new hire fall under (Category 1-4)—see below: _____

1. Residents at the housing development or developments where the work is being performed (Category 1 residents).
2. Residents of other HACM public housing developments and holders of housing choice vouchers (Section 8 rent assistance) managed by HACM (Category 2 residents).
3. Participants in Youthbuild programs being carried out in the metropolitan area in which the Section 3 covered assistance is expended (Category 3 residents).
4. Other Section 3 residents (Category 4 residents).

(7) If the new hire is not a Section 3 resident or is a lower category Section 3 resident, how many Section 3 resident applicants were passed over in favor of the non-Section 3 hire or the lower-category Section 3 hire? _____

(8) Contractor/subcontractor must attach documentation to explain in writing the qualification or qualifications that those that were not hired lacked, or other reason for non-hire (for example, job offer declined)

Use an additional sheet if required

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OFFICE OF FAIR HOUSING
and
EQUAL OPPORTUNITY

**U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

MILWAUKEE FIELD OFFICE
310 WEST WISCONSIN AVENUE,
SUITE 950
MILWAUKEE, WISCONSIN 53203-2289

August 8, 2014

The Honorable Thomas M. Barrett
Mayor of the City of Milwaukee
City Hall
200 E. Wells Street
Room 201
Milwaukee, WI 53202

The Honorable Mark A. Wagner
President, Housing Authority of the City of Milwaukee
Board of Commissioners
809 North Broadway
Milwaukee, WI 53202

Mr. Antonio M. Perez,
Secretary - Executive Director, Housing Authority of the City of Milwaukee
809 North Broadway
Milwaukee, WI 53202

Dear Mayor Barrett, Mr. Wagner and Mr. Perez:

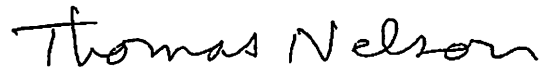
SUBJECT: Section 3 Voluntary Compliance Agreement between HUD and HACM

Enclosed, please find the Section 3 Voluntary Compliance Agreement between the U.S. Department of Housing and Urban Development and the Housing Authority of

August 8, 2014
Page 2

the City of Milwaukee. HUD looks forward to working with HACM, as just agreed, to see that the great promise of Section 3 is fulfilled.

Sincerely,



Thomas Nelson, Director
Fair Housing and Equal Opportunity
Milwaukee Field Office

Enclosure

cc: John Heinen, Assistant City Attorney (with enclosure)
City Hall
200 E. Wells Street
Room 800
Milwaukee, WI 53202
jheine@milwaukee.gov

UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY

VOLUNTARY COMPLIANCE AGREEMENT

BETWEEN

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AND

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

REGARDING

SECTION 3 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT
(12 U.S.C. § 1701U)

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE
VOLUNTARY COMPLIANCE AGREEMENT
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UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY

VOLUNTARY COMPLIANCE AGREEMENT

BETWEEN

THE U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

AND

HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

I. INTRODUCTION

The Housing Authority of the City of Milwaukee (“HACM”) is a public housing authority and a recipient of Federal financial assistance from the United States Department of Housing and Urban Development (“HUD” or “Department”). HACM receives various funding from HUD, including operating subsidies, capital funds, and HOPE VI grants. Those funds are “Public and Indian housing assistance” as defined in the implementing regulations for Section 3 of the Housing and Community Development Act of 1968, 12 U.S.C. § 1701u (“Section 3”) at 24 C.F.R. § 135.3(a). Section 3 requires that employment and other economic opportunities generated by Federal financial assistance for housing and community development programs are, to the greatest extent feasible, directed toward low-income and very low-income persons, particularly those who are recipients of government assistance for housing.

During the period between 2009 and 2012, HACM received approximately \$230 million in funding from HUD, including operating subsidies, capital funds, modernization funds, development funds, and special funding provided under the American Recovery and Reinvestment Act of 2009 (“ARRA”). During the same period, HACM awarded over \$60 million in construction and other contracts as part of the Westlawn Redevelopment Project (“Westlawn Project”) in Milwaukee, Wisconsin.

In 2012, HUD officials received letters from a community organization expressing concerns regarding HACM’s efforts to comply with the statutory and regulatory requirements of Section 3. As a result, on January 17, 2013, HUD’s Assistant Secretary for Fair Housing and Equal Opportunity notified HACM that HUD was commencing a review of HACM’s Section 3 practices, pursuant to 24 C.F.R. § 135.74. The HUD investigation team conducted an onsite review during the week of

March 18, 2013, with the full cooperation of HACM.

The Department's investigation concluded that despite significant efforts made in good faith to meet the requirements of Section 3, HACM was not in full compliance. On September 13, 2013, the Department issued to HACM a Letter of Findings of Noncompliance ("LOF"). Specifically, the Department's findings concluded that: 1) HACM's Section 3 written policies exempt contracts under either \$50,000 or \$100,000 from the Section 3 contracting and employment requirements; 2) HACM and Westlawn Contractors failed to provide employment opportunities to the "greatest extent feasible" because they did not follow the contracting preference order as set forth in 24 C.F.R. § 135.34 and 24 C.F.R. § 135.36; 3) failed to achieve to the "greatest extent feasible" a three percent contracting goal of the total dollar amount of all other section 3 covered contracts; 4) failed to the "greatest extent feasible" to notify residents of training and employment opportunities at the Westlawn Project construction site; and 5) failed to include the seven-paragraph Section 3 clause directly in contracts or subcontracts.

HACM agrees to enter into this Voluntary Compliance Agreement ("Agreement" or "VCA") in order to address the findings of noncompliance in HUD's September 13, 2013 Letter of Findings and to fully comply with the requirements of Section 3 of the Housing and Community Development Act of 1968. By entering into this VCA, HACM is not admitting liability with respect to the matters raised in the LOF, nor with respect to any of the statutes or regulations referenced above.

II. DEFINITIONS

The definitions set forth in this section will be used for the implementation and interpretation of the terms of this Agreement. Any term not defined herein will have the definition given to it in the Regulations implementing Section 3 as set forth in 24 C.F.R. § 135.

Contractor means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Metropolitan area means a metropolitan statistical (MSA) area as established by the Office of Management and Budget.

New hires mean full-time employees for permanent, temporary or seasonal employment opportunities.

Preferences for Section 3 Residents as set forth in 24 C.F.R. § 135.34 is the order of providing preference for section 3 residents. Recipients, contractors and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of section 3 covered assistance to section 3 residents in the order of priority provided below:

Category 1 Residents: Residents of the housing development or developments for which the section 3 covered assistance is expended;

Category 2 Residents: Residents of other housing developments and holders of housing choice vouchers managed by the Housing Authority that is expending the section 3 covered housing assistance;

Category 3 Residents: Participants in HUD Youthbuild programs being carried out in the metropolitan area (or Nonmetropolitan County) in which the section 3 covered assistance is expended;

Category 4 Residents: Other section 3 residents

Public housing resident has the meaning given to this term in 24 C.F.R. § 963.

Public and Indian housing assistance includes Public and Indian housing development assistance provided pursuant to Section 5 of the U.S. Housing Act of 1937 ("1937 Act"), Public and Indian housing operating assistance provided pursuant to section 9 of the 1937 Act, and Public and Indian housing moderation assistance provided pursuant to section 14 of the 1937 Act.

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, Public Housing Authority, Indian Housing Authority, Indian tribe, or other public body, private or public nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies, and does not include contractors.

Regulations means, unless specified otherwise, the implementing regulations for Section 3 at 24 C.F.R. Part 135.

Section 3 clause means the contract provisions set forth in 24 C.F.R. § 135.38.

Section 3 covered activity means any activity that is funded by Public and Indian housing assistance.

Section 3 covered assistance, with respect to public housing authorities, means HUD

assistance to which the obligation to provide training, employment, contracting and other economic opportunities under Section 3 apply, including 1) Public and Indian housing development assistance provided pursuant to Section 5 of the 1937 Act; 2) Public and Indian housing operating assistance provided pursuant to Section 9 of the 1937 Act; 3) Public and Indian housing modernization assistance provided pursuant to Section 14 of the 1937 Act; and 4) any other HUD funds, regardless of the HUD program, utilized for the operation, modernization or rehabilitation of public housing properties or developments as defined under those statutes.

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts for supplies and materials. However, whenever a contract includes the installation of the materials, the contract constitutes a Section 3 covered contract.

Section 3 resident means 1) a public housing resident or housing choice voucher holder, or 2) an individual who resides in the metropolitan area or nonmetropolitan county in which the Section 3 covered assistance is expended, and who is a low-income person (defined to mean families, including single persons, whose income does not exceed 80 percent of the median income for the area as determined and adjusted by HUD), or a very low-income person (defined to mean families, including single persons), whose income does not exceed 50 percent of the median family income for the area as determined and adjusted by HUD).

Section 3 business concern means a business concern 1) that is 51 percent or more owned by Section 3 residents; or 2) whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or 3) that provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in paragraphs (1) or (2) in this definition of *Section 3 business concern*.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a section 3 covered project.

III. TERMS OF AGREEMENT

A. General Provisions

1. Duration of the Agreement

This Agreement shall govern for a period of four (4) years from the Effective Date of the Agreement. The fourth year of the Agreement shall be waived if HACM is deemed by HUD to be in compliance with the provisions of this Agreement at the end of the third year.

2. Effective Date

This Agreement will become effective on the date that it is executed by the Assistant Secretary for Fair Housing and Equal Opportunity or his designee. In calculating compliance with the first year, HACM and the Assistant Secretary for Fair Housing and Equal Opportunity or his designee may agree in writing, subsequent to the execution of this Agreement, to include activity executed on or after October 1, 2013.

3. No Third Party Beneficiary

This Agreement does not increase or diminish the ability of any person or class of persons to exercise their rights under Section 3. Individuals or classes of persons who may have rights under Section 3 or its implementing regulations are not parties or third party beneficiaries of this Agreement. Nothing in this Agreement shall be construed as creating any right in a third party to enforce any provision of this Agreement or to assert any claim against HACM or HUD.

4. Liability

Nothing in this Agreement will be deemed to be an admission of any liability on the part of HACM. This Agreement does not release HACM from any claims, damages, penalties, issues, assessments, disputes or demands arising under the False Claims Act, 31 U.S.C. § 3729, *et seq.*, or any other statutory, administrative, regulatory or common law claims. Additionally, this Agreement and any payments made in connection therewith cannot be used to offset or reduce any claims, damages, penalties, assessments or damages arising under the False Claims Act or any other statutory, administrative, regulatory or common law claims.

5. Public Document

This Agreement is a public document. A copy of this Agreement shall be made

available to any person for review in accordance with HUD's and HACM's public disclosure obligations, including the Freedom of Information Act.

6. Interpretation

a. To the extent that any prior or contemporaneous HUD guidance (written or oral) in the form of letters, opinions or similar guidance regarding HACM's obligations, responsibilities, or responsibilities under Section 3 conflicts with this Agreement, this Agreement is the controlling document from the Effective Date of the Agreement.

b. If new Section 3 regulations are promulgated by HUD during the effective period of this Agreement, HACM may follow the provisions of the new regulations instead of any conflicting provisions of this Agreement, after giving notice to HUD within a reasonable time of its intentions to do so.

7. Retaliation

HACM shall refrain from retaliating against any person who has: 1) exercised or will exercise his or her legal rights under Section 3; 2) participated in or will participate in any manner with a Section 3 compliance review; or 3) participated in any manner in protecting the rights of Section 3 residents or businesses, or any person associated with a person who has engaged or will engage in any of the abovementioned activities.

8. Funding Applicability

Subject to Section III.A.9 and III.A.10, this Agreement covers any activity by the HACM funded with Public and Indian housing assistance ("PIH"), including housing development assistance, operating assistance, modernization assistance and any other HUD PIH funds regardless of HUD program utilized for the operation, modernization or rehabilitation of public housing properties or developments. See Section II, Definitions.

B. Specific Provisions

1. Section 3 Oversight and Administration.

a. Within ninety (90) days of the Effective Date of this Agreement, consistently with its obligations under Section 3 and this Agreement, HACM shall hire or appoint appropriate personnel to serve as the Section 3 Coordinator to oversee and manage compliance with the provisions of this Agreement and to administer

HACM's Section 3 Program. The identity, qualifications, position description and powers of that person must be provided to HUD within the same time frame. That person shall have the requisite qualifications and training to perform the functions of the position.

b. HACM shall notify the Department in writing prior to removing or replacing the designated Section 3 Coordinator.

c. HACM shall take all appropriate measures to ensure that the person so hired or appointed will have the proper duties and responsibilities to ensure compliance by HACM with the Agreement and Section 3. Said duties and responsibilities shall include quarterly reporting, in person and in writing, to HACM's Secretary-Executive Director and his or her designee on steps taken since the last meeting to comply with this Agreement, on internal administrative obstacles to compliance encountered, if any, and on the progress and accomplishments achieved.

2. Section 3 Plan

a. Within one hundred and eighty (180) days of the Effective Date of this Agreement, HACM shall develop and forward to HUD for review and approval, a written Section 3 Plan covering Section 3 employment, contracting (including subcontracting), and training opportunities.

b. Before forwarding the draft Section 3 Plan ("Plan") to HUD for review and approval, HACM shall:

(1) Publicize by press releases its Plan and provide a 30-day period during which the public may comment to HACM on the Plan.

(2) Make the full text of the Plan available to the public, in the following ways:

a. Publish it conspicuously on the HACM website;

b. Make printed copies available at all HACM offices open to the public;

c. Communicate links and/or copies, by email or U.S. Mail, of the Plan to:

i. all community organizations that have communicated with HACM about Section 3 in the past five (5) years;

ii. all businesses known to HACM to be interested in contracting opportunities with HACM;

iii. all HACM Resident Council groups; and

iv. any other groups or individuals HACM believes would

be interested in receiving it.

- (3) Inform the public, including those listed in (2) above, how to provide comments regarding the Plan for consideration by HACM. HACM shall communicate this procedure on HACM's website, by e-mail, by U.S. Mail and at its offices open to the public. The process by which the public will provide comments to HACM shall be appropriate to maximize participation.
- (4) Schedule and publicize on HACM's website and by press releases one public information and comment session to give members of the public an opportunity to learn about and comment on the Plan. Notice of the time and place for the session shall be publicized at least fifteen (15) days in advance.
- (5) Within thirty (30) days of the closing date of the public comment period and before submitting the Plan to HUD for review and approval, HACM shall prepare and publish on its website a summary of the comments received regarding the Plan and a summary of HACM's responses to them, including HACM's explanation for not adding any proposed changes to its Section 3 Plan. HACM shall preserve all records of communication to the public and written comments received during the 30-day comment period.

c. Once approved by HUD, no changes may be made to the Plan without the written consent of HUD.

d. The Section 3 Plan will:

- i. Establish policies, procedures and practices to ensure that all internal hiring and contracting activities comply with the regulatory requirements detailed at 24 C.F.R. § 135.
- ii. Establish a mechanism which ensures, to the greatest extent feasible, that at least 10% of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization, or development of public or Indian housing, or for building trades work arising in connection with housing rehabilitation, and housing construction be awarded to Section 3 business concerns.
- iii. Establish a mechanism that ensures, to the greatest extent feasible, that at least 3% of the total dollar amount of all other Section 3 covered

contracts be awarded to Section 3 business concerns.

iv. Establish a mechanism that ensures, to the greatest extent feasible, that at least 30% of the aggregate number of new hires are Section 3 residents.

v. Require contractors to develop a Section 3 plan detailing how they will comply with the requirements of Section 3. The plan should include, but not be limited to, specific information about the contractor's current workforce, plans for hiring additional employees, anticipated subcontracting needs, and strategies for targeting Section 3 residents and business concerns for new economic opportunities.

vi. Establish a process by which HACM will facilitate the self-certification of Section 3 residents and business concerns so that certifications, by their language, are made both to HACM and to HUD.

vii. Provide for the development and maintenance of a list of Section 3 business concerns. This list shall be provided to all successful contracting bidders in an effort to facilitate the award of subcontracts to Section 3 business concerns.

viii. Establish a process to inform Section 3 businesses of contracting opportunities.

ix. Establish and implement through contractual terms a policy whereby all contractors and subcontractors will review and consider the Section 3 resident list described in Section III.B.7.e(i)(1) of this Agreement prior to making new hires and, if those hired are not on said list, or are in a lower preference category as defined in Part II of this Agreement under Preferences for Section 3 Residents, explain in writing the qualification or qualifications that those on said list lacked, or other reason for non-hire (for example, job offer declined).

x. The contractors and subcontractors that have not met the numerical goal set forth in III.B.2.d(iv) above shall have the burden of demonstrating to HACM why it was not feasible to meet the numerical goals. Such justification shall be in writing and shall document actions taken to comply with the requirements, the results of those actions, and impediments encountered.

3. Section 3 Business Concerns

a. Contracting

i. Contractors

(1) In any contract entered into after this Agreement becomes effective, whether those contracts are new, extensions or renewals:

(a) HACM must require the contractor to award, to the greatest extent feasible, a minimum of 10% of the total dollar amount of all contracts for maintenance, repair, modernization or development to Section 3 business concerns and 3% of all other contracts to Section 3 business concerns.

(b) In order to meet the 10% (3% for non-construction related contracts) requirement, HACM shall allow contractors to: break down their large contracts into smaller contracts that are more suitable for Section 3 business concerns, solicit specifically Section 3 business concerns, and give preference to Section 3 business concerns.

ii. Existing Contracts

(1) HACM must perform a review of all existing Section 3 covered contracts, including property management contracts, and identify to HUD, within one hundred and twenty (120) days of the Effective Date of this Agreement, those contracts that will last two (2) years or longer after this Agreement becomes effective or those contracts that are three (3) million USD or more in size.

(2) Within one hundred and eighty (180) days of the Effective Date of this Agreement, HACM shall identify to HUD all current contracts identified above in Section III.B.3.a(ii)(1) that are not in compliance with the contracting/subcontracting goals of Section 3 and with the terms of this Agreement.

(3) If after the first year of implementation of this Agreement, HACM fails to meet the numerical goals set forth in Section III.B.2.c(ii), HACM shall revise its procurement policies consistent with 24 C.F.R. § 135, App. III Examples of Procurement Procedures that Provide for Preference for Section 3 Business Concerns.

iii. Renegotiating Existing Long Term Contracts

HUD may, in its discretion, require HACM to renegotiate some or all of those contracts identified in Section III.B.3.a(ii) to bring them into full compliance with the requirements of Section 3 and this Agreement.

iv. Section 3 Clause

HACM must ensure that the Section 3 clause is inserted in all appropriate contracting documents, including subcontracting documents. *See* 24 C.F.R. § 135.38 (A-G).

v. Order of preferences

HACM and contractors will follow the contracting preference order as set forth in 24 C.F.R. § 135.36.

4. Other Economic Opportunities

A HACM contractor that can demonstrate it has no need or plans to subcontract or hire, or that can demonstrate it has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals, may provide other economic opportunities to Section 3 residents and business concerns as follows, consistent with 24 C.F.R. § 135.40:

a. The contractor will provide to HACM a plan as to how it will offer other economic opportunities to Section 3 residents and business concerns. HACM will report in its semi-annual reports to HUD, the nature, extent and outcome of the other economic opportunities thus provided.

b. HACM may not require a contractor to make a Section 3 Fund contribution in lieu of indirect participation, mentorship program participation, or other results-oriented economic opportunities.

c. A contractor may provide one or several of the following "other economic opportunities" under this subsection:

i. Training and Employment: "Training and Employment" related opportunities will be designed to train and/or employ Section 3 residents. The specific operation of "Training and Employment" will be detailed in the Section 3 Plan required under Section III.B.2;

ii. Indirect Participation: "Indirect Participation" allows a contractor to count a percentage of payments, as specified in HACM's Section 3 Plan, made to Section 3 business concerns unrelated to a HACM contract for the purposes of calculating whether the contractor met Section 3 goals for that HACM contract. The specific operation of "Indirect Participation" will be detailed in the Section 3 Plan required under Section III.B.2;

iii. Mentorship Program Participation: "Mentorship Program" is a program designed to provide mentorship and/or training that benefit Section 3 residents of business concerns. The specific operation of "Mentorship Program Participation" will be detailed in the Section 3 Plan required under Section III.B.2;

iv. Other Results-Oriented Economic Opportunities: "Other Results-Oriented Economic Opportunities" are results-oriented and quantifiable programs designed to provide economic opportunities to Section 3 residents, including, but not limited to, Section 3 joint ventures, teaming agreements or combination of other economic opportunities. A contractor must submit to HACM a plan detailing these "Other Results-Oriented Economic Opportunities" and receive an approval prior to implementation. The specific operation of "Other Results-Oriented Economic Opportunities" will be detailed in the Section 3 Plan required under Section III.B.2;

v. Section 3 Fund: a contractor may contribute the difference between 10% of the covered contract amount (3% for non-construction related contracts) and the amount provided to Section 3 business concerns to HACM's Section 3 Fund. The amount contributed shall not exceed one hundred thousand dollars (\$100,000) for any one contract.

d. A contractor that has a need to hire or subcontract may not use HACM's Section 3 Fund to substitute for its obligation to comply with Section 3. However, a contractor that has demonstrated that it has attempted, to the greatest extent feasible, to meet Section 3 hiring and contracting goals may satisfy its Section 3 obligations by engaging in alternative means outlined in Section III.B.4.c of this agreement.

5. Section 3 Business Concern Certification Process

a. HACM must include in its Section 3 Plan, as required under Section III.B.2 of this Agreement, a plan for establishing a process for certifying Section 3 business concerns.

b. HACM may rely on contractor and sub-contractor self-certification. HUD and HACM will work together to create a form for self-certification, which will include language identifying penalties for false certifiers. While HACM and/or partner(s) will maintain the Section 3 Business Concern registry, the self-certifications will be made to HACM and to HUD. If HACM has reason to believe that any Section 3 Business Concern on the registry has provided a false certification of Section 3 eligibility, HACM shall promptly inform HUD of the alleged false certification. In the event that HUD learns, from HACM or any other source, that any Section 3 Business Concern on the registry has falsely certified to Section 3 eligibility, HUD may initiate a review of the self-certification and, if appropriate, take enforcement action against the false-certifier, including, but not limited to, debarment.

c. **Obligation to Maintain Section 3 Status.** A contractor that received a contract or subcontract based on its Section 3 eligibility from Section 3 employees shall maintain, to the greatest extent feasible, its Section 3 employees for the duration of the contract. HACM will include in its Section 3 Plan requirements that a contractor immediately notify HACM of the loss of its Section 3 eligibility, as well as requirements that HACM permit such contractor a reasonable opportunity to cure the loss of Section 3 eligibility. The Section 3 Plan will also include penalties for failure to comply with this provision.

d. HACM may, on its own initiative, modify or revise its self-certification process, with advance written notice and consent of HUD, which will not be unduly withheld.

6. Section 3 Employment

a. By the end of the first year of this Agreement, HACM's contractors and subcontractors who have employed new hires will, to the greatest extent feasible, meet the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b) or demonstrate the infeasibility of meeting such goals. Contractors demonstrating such infeasibility may then provide other economic opportunities, as detailed in III.B.4.c, above, or contribution to the Section 3 Fund in an amount of 3% of the total dollar amount of the contract for building, trade work or 1% for other contracts. The amount contributed shall not exceed twenty thousand dollars (\$20,000) for any one contract.

b. HACM, contractors and subcontractors will follow the priority of Preferences for Section 3 Residents in training and employment opportunities as defined in Section II of this Agreement and set forth in 24 C.F.R. § 135.34(a).

c. A contractor or subcontractor that has the need to hire may not use HACM's Section 3 Fund or other economic opportunities to substitute for its obligation to comply with Section 3.

d. For those contractors who fail to meet the employment goals after one year, the Section 3 contract clause for those contractors may be appended to include the provisions of 24 C.F.R. § 135 App. I. Examples of Efforts to Offer Training and Employment Opportunities to Section 3 Residents.

e. Monitoring Section 3 Hires

HACM will take the following actions to ensure that to the greatest extent feasible its contractors provide employment opportunities to Section 3 residents for the life of Section 3 covered contracts.

i. Building Trade Contracts: HACM shall require building trade contractors to submit payroll and hiring reports on a weekly basis. HACM shall utilize these payroll and hiring reports to monitor compliance with the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b). HACM's Section 3 Plan shall include the frequency with which and the methods by which HACM must monitor compliance with the numerical goals for the employment of Section 3 residents on building trade contracts.

ii. All Other Contracts: HACM shall require all other contractors to submit hiring reports on a monthly basis. HACM shall utilize these hiring reports to monitor compliance with the numerical goals for the employment of Section 3 residents, as set forth in 24 C.F.R. § 135.30(b). HACM's Section 3 Plan shall include the frequency with which and the methods by which HACM must monitor compliance with the numerical goals for the employment of Section 3 residents on all other contracts.

iii. HACM shall conduct site visits to monitor contracts. HACM's Section 3 Plan shall provide for the frequency of site visits.

f. Internal Hiring

i. Within thirty (30) days of HUD's approval of the Section 3 Plan, HACM must submit to HUD for approval the revisions to its internal hiring policy that implement Section 3 requirements and the terms of this Agreement. The hiring policy shall include steps to identify qualified applicants entitled to Section 3 preferences prior to screening applicants for further consideration.

The policy also shall require HACM selecting officials who select an applicant without a Section 3 preference, or in a lower Section 3 preference category as defined in Part II of this Agreement under Preferences for Section 3 Residents than other applicants, to provide written explanations for such decisions. Once approved by HUD, HACM shall post and maintain a copy of the hiring policy on its website.

ii. At the end of each report cycle (See Section VI Reporting) for this Agreement, HACM will document the total number of new hires at HACM for the preceding six (6) months and determine the number of Section 3 new hires of that total.

iii. If it proves infeasible for HACM to meet the numerical goals for employment as set forth in 24 C.F.R. § 135.30(b), HACM shall demonstrate to HUD the other economic opportunities that it provides to its residents and the community, including, but not limited to, the following services: educational (including scholarship, financial literacy and learning enrichment), recreational, youth, after school, child care, senior services, job preparation programs, homeownership, and/or other economic opportunities as described above in Section III.B.4.c.

iv. HACM must, to the greatest extent feasible, hire Section 3 Residents for vacancies as prescribed by the Section 3 Plan. HACM may not use the provision of other economic opportunities to substitute for this requirement.

7. Outreach and Training Efforts

a. Within thirty (30) days of the Effective Date of this Agreement, HACM must hold an internal information session on the provisions of this Agreement with its key managers and staff.

b. With the Section 3 Plan, HACM must also submit to HUD for approval new Section 3 training and outreach materials drafted to accurately describe the requirements of this Agreement and the Regulations. While the Agreement is in effect, HACM must receive approval from HUD, which will not be unduly withheld, to use any new or modified Section 3 materials for its training/outreach efforts. The materials will be reviewed within a reasonable time, not to exceed one hundred and twenty (120) days after receiving the materials.

c. After HUD approves its outreach/training materials, HACM must promptly engage in outreach and education efforts, especially targeting business communities and potential Section 3 business concerns in a manner

consistent with the Section 3 Plan. It should coordinate its outreach efforts with local chambers of commerce and other organizations and agencies that engage in business growth activities. Outreach efforts for all Section 3 activities should include, but are not limited to, posting notices on its website, posting notices in the common areas or other prominent areas of its housing developments, advertising through local media, such as community television networks, newspapers of general circulation, minority owned newspapers, local business trade magazines/flyers and radio advertising. HACM shall include in its monitoring reports a schedule of events and activities under this section.

d. HUD may, in its discretion, direct HACM to increase its outreach efforts or direct it to focus its outreach efforts on particular groups, organizations or a subset of Section 3 residents or Section 3 business concerns. Outreach efforts for all Section 3 activities should include, but are not limited to, posting notices on its website, posting notices in the common areas or other prominent areas of its housing developments, advertising through local media, such as community television networks, newspapers of general circulation, minority owned newspapers, local business trade magazines/flyers and radio advertising.

e. Expansion of Services to Non-Public Housing Section 3 Residents

i. Within one year of the Effective Date of this Agreement, HACM must take the following measures to ensure the benefits of the Section 3 program will extend to all Section 3 residents:

(1) Build, maintain and expand its database of Section 3 residents and their job qualification information. The database must be searchable and accessible by the public, including persons who seek to register in the database and potential employers and business concerns that are seeking to hire. However, no private information beyond the name, job qualifications and experience will be displayed publicly, except the contact information specified by the person. The Section 3 Plan will address privacy rights of individuals on the database.

(2) Ensure all Housing Choice Voucher holders, as well as individuals living in subsidized or assisted housing, are given the opportunity to be included in the abovementioned database. These opportunities shall be extended to voucher holders at the time of certification or recertification. This provision is not intended to create an additional requirement of tenants to provide information to HACM. The provision requires HACM to seek the information from tenants on a

voluntary basis only.

(3) Collaborate with the employment offices, workforce development offices, community organizations, the Small Business Administration (“SBA”), and other social services offices managed by state and/or local governments both in order to notify Section 3 residents, as defined in this Agreement, of potential job openings and to incorporate as much job qualification information of Section 3 residents in the database as possible. In this effort, HACM will sponsor quarterly meetings with identified partners to share information with Section 3 residents. These meetings will be held on a rotating basis in various low-income neighborhoods in HACM’s service area. The meeting venues will not be limited to HACM properties.

(4) Engage in outreach efforts to educate contractors, business entities and Section 3 residents about the availability and use of the Section 3 resident database, including providing a notice about the list to Housing Choice Voucher holders it services.

(5) Follow the priority order of the regulations concerning Preferences for Section 3 Residents in training and employment opportunities as defined in Section II of this Agreement and set forth in 24 C.F.R. § 135.34(a).

8 Section 3 Fund

a. HACM will contribute an initial \$50,000 to create the HACM Section 3 Fund.

b. HACM may collect monetary payments from contractors to be deposited to the HACM Section 3 Fund consistent with Sections III.B.3, III.B.4, and III.B.5 of this Agreement.

c. Any funds collected by HACM for the Section 3 Fund must be expended for purposes related to Section 3. If the funds are expended for training or education, adequate outreach efforts must be made to ensure that the benefits of the training follow the priority order of the regulations concerning Preference for Section 3 Residents in training and employment opportunities as set forth at 24 C.F.R. § 135.34(a).

d. With respect to activities funded by the Section 3 Fund, HACM shall sponsor no less than two (2) workshops per year during the effective period of

this Agreement for Section 3 residents and Section 3 business concerns. In conducting these workshops, HACM should collaborate with the SBA and/or other qualified organizations for the purpose of providing the training. The workshop trainings for Section 3 business concerns or residents interested in starting a Section 3 business may include, but not be limited to, training on starting a business; writing a business plan; business expansion and retention; outreach and advertising; financial information regarding lines of credit; loan programs; bonding and insurance; and government contracting.

e. This Agreement does not prohibit HACM from incorporating into Section 3 covered contracts additional requirements that extend beyond the provisions required by Section 3 or by this Agreement, such as 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 project.

f. HACM shall provide scholarships each year this Agreement is in effect for the purpose of enrolling Section 3 residents in workforce development training programs. The financial assistance may be used for the payment of tuition, books, fees, dues, tools, equipment, transportation, and work clothing. HACM shall create a competitive process to determine eligibility for the scholarships.

IV. MONITORING AND ENFORCEMENT BY HACM

HACM must establish an active Section 3 enforcement and monitoring process and retain appropriate personnel and/or utilize third party vendor(s) assistance to do so, consistent with the terms of this Agreement. Its process must be capable of monitoring HACM's internal compliance with Section 3 goals and this Agreement, and monitoring contractors and subcontractors' compliance with Section 3 goals.

V. MONITORING BY THE DEPARTMENT

HUD will monitor HACM's implementation of, and compliance with, the provisions of this Agreement. HUD may conduct onsite monitoring reviews, request documents, interviews and reports, and otherwise conduct all activities it is authorized to conduct under 24 C.F.R. § 135 in order to monitor HACM's compliance. HACM must fully and promptly cooperate and comply with HUD's requests and monitoring activities. Failure on the part of HACM to cooperate and comply with HUD will be deemed a violation of 24 C.F.R. § 135, as well as a breach of this Agreement.

VI. REPORTING

A. HACM shall submit its Section 3 Plan to the Department within the timelines specified in Section III.B.2 of this Agreement.

B. HACM shall submit to the Department semi-annual reports concerning the progress of its Section 3 obligations under this Agreement. The semi-annual reports shall contain the following:

1. All deadlines set forth in the body of this Agreement and report of all completed activities within the identified deadlines.
2. Data showing the number of all Section 3 resident applicants passed over in favor of an applicant with no preference or a lower-category Section 3 preference by job, and all newly hired (during the effective period of this Agreement) Section 3 residents, by preference category, the number of hours worked, the types of contracts through which they were hired, and a comparison of those hours to the number of hours worked by any other new hires.
3. Data showing the number of contracts and subcontracts entered into with all businesses and Section 3 business concerns, the dollar amount of those contracts and subcontracts, duration of those contracts and subcontracts, the nature of those contracts and subcontracts, and for subcontracts, the prime contracting entity.
4. Supporting documentation demonstrating Section 3 related outreach and training activities.
5. Supporting documentation demonstrating Section 3 related monitoring, enforcement and complaint processing activities.
6. Supporting documentation demonstrating other economic opportunities provided, consistent with Section III.B.4 of this Agreement.
7. Supporting documentation summarizing the financial information concerning the Section 3 Fund, including a list of the contractors and subcontractors that were required to deposit to the Section 3 Fund, contracts associated with those contractors and subcontractors, and detailed accounting of the expenditures made out of the Section 3 Fund.
8. Explication and documentation of any impediments to meeting the goals of Section 3 and this Agreement and actions taken or to be taken to overcome such

impediments.

C. All semi-annual reports are due on November 15 and May 15 of each calendar year. If the reporting day falls on a weekend or a Federal holiday, the report will be due the first business day after the weekend or holiday. The reporting materials shall be directed to: Director, Office of Fair Housing and Equal Opportunity, Milwaukee Field Office, 310 West Wisconsin Avenue, Suite 950, Milwaukee, WI 53203.

D. The reporting requirements of this section do not supplant the regulatory reporting requirements of Section 3, including form 60002, due on January 10 of every year. 24 C.F.R. § 135.90.

VII. RECORDKEEPING REQUIREMENTS

During the term of this Agreement, HACM shall maintain Section 3 files, Section 3 covered contracts, records related to the Section 3 Fund, Education and Outreach files and Section 3 training and employment records, including records of all applications from Section 3 preference-eligible job seekers and bids from all Section 3 preference-eligible contractors and subcontractors.

VIII. EFFECT OF NONCOMPLIANCE WITH THIS AGREEMENT

A. As of the commencement date, noncompliance with this Agreement shall result in all sanctions available under 24 C.F.R. § 135.74(d).

B. Substantial Noncompliance with this Agreement may result in HUD rejecting HACM's certification of compliance with part 135, which would result in HACM being ineligible to receive funding under any Notice of Funding Availability (NOFA) for competitive grants.

C. Repeated noncompliance with this Agreement and/or Section 3 generally may result in the Assistant Secretary for Fair Housing and Equal Opportunity imposing a resolution on HACM in accordance with the requirements and procedures of Section 3 found in the regulations at 24 C.F.R. § 135.76(f)(2).

D. Any act or omission by HACM or its representatives, including its employees, which violates the terms of this Agreement may serve as grounds for HUD to impose debarment, suspension or limited denial of participation sanctions pursuant to 2 C.F.R. § 2424, *et seq.*

E. Any act or omission that violates the terms of this Agreement may serve as grounds for HUD to seek specific performance and/or enforce any or all of the provisions of this Agreement in federal court.

F. A failure or refusal by HACM to comply with the Agreement may result in the application of sanctions specified in the contract through which HUD assistance is provided, or the application of sanctions specified in the regulations governing the HUD program under which HUD financial assistance is provided.

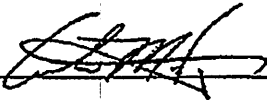
G. If, after thirty six (36) months following the Effective Date of this Agreement, HUD determines that HACM is unwilling or unable to carry out its HUD-funded programs in compliance with the statutory and regulatory requirements of Section 3 and this Agreement, HUD may, at its option, require HACM to engage the services of a consultant or contractor to perform said duties, if it determines, in its sole discretion, that said services would be effective and practical. Such services shall be at HACM's expense. HACM will notify HUD of which consultant or contractor HACM is considering and be provided an opportunity to review or reject the selection. HACM shall determine the terms and conditions of the consultant's or contractor's contract.

H. HUD will provide HACM with notice and a reasonable opportunity to cure any violations of the terms of this Agreement before employing the procedures and remedies contained in this section of the Agreement, unless it determines that the violation was intentional or grossly negligent.

IX. SIGNATURES

**These signatures attest to the approval and acceptance of this
Voluntary Compliance Agreement:**

On behalf of the Housing Authority of the City of Milwaukee:



July 22, 2014

Date

Name: Antonio M. Pérez

Title: Secretary-Executive Director

On behalf of the United States Department of Housing and Urban Development:

Maurice J. McGough

Maurice J. McGough,
Director, FHEO, Region V

7/31/14
Date



SECTION 3
INTERNAL DEPARTMENTAL PROCEDURES
FOR
HOUSING AUTHORITY OF THE CITY OF MILWAUKEE

NOTE: These procedures are specific to the implementation of the HACM Section 3 regulation and this Plan and are not fully operating procedures for all departmental activities associated with HACM day-to-day operations.

Procedures revised as of: January 13, 2016

Operating Procedures: Section 3

This operating procedure is tied to the HACM Section 3 Plan only and designed to achieve and maintain compliance with the HUD Act of 1968 (revised 1992) and any compliance agreements in place upon its development and approval.

The procedures contained within are relative to the Section 3 daily operations in:

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Section 1 – Internal Hiring

This procedure encompasses all employment types including full-time, part-time, long-term, short-term, temporary and special assignments. In the process of seeking new employees for HACM, the following procedures should be followed in an effort to ensure as many employment opportunities for Section 3 residents as possible.

The hiring policy of the Housing Authority of the City of Milwaukee (HACM) is to hire qualified applicants and extend equal employment opportunity practices to all qualified individuals. The organization will not discriminate on the basis of race, color, religion, sex, national origin, veteran status, disability, age, sexual orientation, or any other characteristic protected from discrimination by applicable federal, state or local law.

HACM complies with Section 3 of the Housing and Urban Development Act of 1968. To the greatest extent feasible, at least thirty-percent (30%) of the aggregate annual number of its internal new full-time hires will be public housing residents, holders of Housing Choice Vouchers, and other Section 3 eligible persons. See the HACM Human Resource Policy for all of the hiring practices.

When HACM department managers become aware of a new employment opportunity, HACM will follow this process to fill that position:

STEP 1: The position opening must be reported to Human Resources immediately.

STEP 2: There should be a determination of whether the position will be refilled or not. If not, Human Resources should make a note to the file that the position will not be refilled. If it is to be filled, it should also be determined whether a permanent hire will be made or whether the position shall be filled with a temporary employee.

STEP 3: If the position will be filled, the Human Resources department (and the hiring manager when applicable) shall review the current position description to ensure it accurately reflects the actual job duties being performed by the most recent person in that job. If a review of the position description warrants any modifications to the job description, those updated responsibilities must be made and approved by the hiring manager, Human Resources and any other required persons in the decision-making chain before the position is posted internally and externally.

STEP 4: To ensure HACM's residents receive the greatest notice of the opportunity, the position notice should be posted in the community sources that are generally available to low-income residents and the general public. It is required that, at a minimum, three (3) of the listed sources will be utilized at least once prior to extending an offer of employment to anyone from the public that is not a Section 3 resident:

1. Mailings, emails or phone contacts with residents on the HACM Section 3 Resident List
2. The local community newspaper(s)
3. The most widely distributed newspaper
4. HACM website
5. Local workforce investment board and local comprehensive job centers
6. HACM offices, including housing developments, in a conspicuous location
7. Homeless service agencies and other nonprofits serving low-income persons
8. Posting in other local HUD-supported housing communities
9. Post notices on social media controlled by HACM
10. Other locations as approved by HACM

STEP 5: When timing allows, place a notice of the position(s) in any newsletters, notices or bulletins.

STEP 6: Be certain to list that the position is a "Section 3 covered position under the HUD Act of 1968 and that public housing residents and other low-income individuals are encouraged to apply" in all notices.

STEP 7: The job application must include provisions to identify whether a candidate is entitled to Section 3 preferences.

STEP 8: In screening applications, all candidates that meet the minimum qualifications for the position shall be reviewed. If a Section 3 resident is identified as a qualified candidate, preference for employment should be given to Section 3 residents based on the priority preference order described in the HACM Section 3 Plan, in Section V (Section 3 Goals and Preferences).

For the purposes of this Section 3 Plan, the term “preference” is to be given the legal definition of “prior right or precedence” in order to ensure that, at a minimum, 30% of all new hires are Section 3 Residents consistent with the above order of priority preference.

- For an example, if both a Section 3 Resident with a Category 1 preference and a Section 3 resident with a Category 4 preference meet at least the minimum requirements for a position, the Section 3 Resident with the Category 1 preference will be awarded the position.
- In the case that an objective standard is used to decide the qualifications of an applicant by means of some type of testing, a passing score should be decided upon prior to administering said test to any potential hire. A Section 3 Resident with a Category 1 preference with a minimum passing score should be awarded the position above a Section 3 Resident with a Category 4 preference with a higher score.

STEP 9: If HACM selecting officials select a job applicant who is not a Section 3 resident, or is in a lower Section 3 preference category than other applicants as defined in Section V (Section 3 Goals and Preferences) of the HACM Section 3 Plan, there must be a written explanation for such a hiring decision.

STEP 10: As a means of compliance, HACM may establish a contract relationship with any temporary employment agency or agencies as a prime contractor when properly procured. A requirement of the contract is that any person identified for placement by the temporary agency with HACM must complete the Self Certification form (**Section 3 Form #4**) clarifying their qualifications as a Section 3 resident. Any person certifying as a qualified Section 3 resident must be given preference for any HACM assignment based on the priority preference order described in the HACM Section 3 Plan, in Section V (Section 3 Goals and Preferences) provided they meet all other position requirements.

Section 2 – Procurement and Contracting

These procurement procedures are relative only to Section 3 and are not designed to re-write the approved procurement policy for HACM. **The general steps below regarding Section 3 apply to all Section 3 covered procurements procured by any HACM staff, REGARDLESS of dollar amount.**

To encourage a greater pool of qualified Section 3 business concerns as well as Resident-Owned Businesses (ROBs) and to train all contractors on Section 3 provisions and requirements, HACM will implement outreach and training efforts targeting the business community and potential Section 3 business concerns. As described in the Plan, HACM will also create or partner on a Section 3 business concern registry that will be available for HACM and/or potential contractors to use to identify possible qualified Section 3 businesses.

STEP 1: This step is only applicable when a public housing authority is involved in the transaction. During the development of any solicitation or work project that is a Section 3 covered procurement, there should be a determination by HACM as to whether or not the work can be and/or should be limited to Resident Owned Businesses (ROB's) under the **24 CFR Part 963.12 Alternative Procurement Method**. If so, than STEPs 2-8 should be followed with respect to **ROB's ONLY**. In the definition of ROB, "Owned and controlled" means a business (a) at least 51% owned and operated by a public housing resident; and (b) whose management and daily business operations are controlled by one or more such individuals. Whenever ROB status is sought, HACM staff shall verify such status by requesting address and ownership verification of the 51% Owner/Operator rule as stated in the HUD Act of 1968. Use of the **Section 3 Form #2--"Section 3 Business Concern Self-Certification Form"** is an acceptable statement of address and business data, when presented along with all other required incorporation documents including any letter of issuance of a Federal Employer Identification Number (FEIN) and state Articles of Incorporation.

STEP 2: HACM procurement staff will continue to solicit procurements in accordance with its procurement policy, using the most appropriate method given the size and type of procurement. Possible locations to use to promote procurements include:

1. Email, mail or phone contact to contractors on the Section 3 Business registry
2. The local community newspaper(s)
3. The most widely distributed newspaper
4. The Daily Reporter
5. HACM website
6. HACM offices, including housing developments, in a conspicuous location
7. Lists of emerging business enterprise (EBE) businesses such as MBEs, WBEs, etc.
8. Local chambers of commerce
9. If sufficient time, in flyers, newsletters, etc. to residents
10. Other locations as approved by HACM

STEP 3: All ads must include a notice that, **"This contract opportunity is a Section 3 Covered Contract and any Section 3 Business Concerns are encouraged to apply."**

STEP 4: All solicitations for Section 3 covered procurements must include the HACM Section 3 Plan and forms for contractors to complete and return with their bids/responses.

STEP 5: In reviewing the solicitation responses, any contractors that are identified as qualified Section 3 Business Concerns should be reviewed, and if responsive and responsible, granted a preference in contracting after all other factors are considered. If one or more Section 3 business concerns are identified as qualified, then all things being equal, preference for contracting should be given to Section 3 business concerns based on the priority preference order described in the HACM Section 3 Plan, in Section V (Section 3 Goals and Preferences).

STEP 6: Where deemed by HACM Procurement staff as effective and efficient, Indefinite Delivery Indefinite Quantity (IDIQ) contracts will be used, especially when many of the services procured are in small but constant quantities by the housing property staff. In such IDIQ procurements, Section 3 policies and preferences will fully apply.

STEP 7: Where appropriate, HACM may consider breaking out contract work items into smaller scopes of work to facilitate participation by section 3 business concerns.

STEP 8: In any Section 3 covered purchase order or contract, the full Section 3 clause is to be incorporated into the purchase order or contract.

STEP 9: In addition to the Section 3 clause, the following language is to be added to all new contracts effective immediately:

“In addition to the regulations regarding Section 3 in 24 CFR Part 135, the parties to this contract agree to comply with the requirements of HACM’s Section 3 Plan, which is attached to this contract.”

STEP 10: Except in emergency procurements where time is of the essence, no contract will be entered into or be given permission to proceed unless and until the Section 3 plan provided by the contractor is deemed in accordance with Section 3 regulations and HACM Section 3 Plan.

STEP 11: The Section 3 Coordinator and HACM staff providing contract oversight will work together to:

- Continually communicate with the contractor the importance of hiring HACM residents and other Section 3 residents or providing training whenever possible.
- Monitor contractor-issued payrolls for any new hires not in compliance with Section 3 requirements and HACM’s Section 3 Plan.
- Monitor every contractor-submitted pay request for any subcontractors not in compliance with Section 3 requirements and HACM’s Section 3 Plan.
- Deviation from the contractor’s approved Section 3 plan that results in noncompliance with Section 3 may result in termination of a contract.

Section 3: Section 3 Fund Procedures

Here is the procedural process HACM will follow in applying the Section 3 fund option:

STEP 1: HACM staff will initially confirm the contractor properly complied with all Section 3 requirements in the contractor's bid response.

STEP 2: HACM staff must confirm that the contractor has triggered the regulation by having a need to hire or subcontract under the regulation.

STEP 3: The Section 3 Coordinator will ensure that all verifiable efforts required by this Plan have been performed by the contractor, but that the numerical goals have not been met and that the contractor prefers to contribute to the Section 3 fund rather than provide other economic opportunities for Section 3 residents and/or business concerns.

STEP 4: The HACM staff must receive a written (email is acceptable) determination from the contracting department manager of the full contract amount, along with any optional work items or planned change orders so the correct percentage of compliance fund amount can be calculated.

STEP 5: Based on the HUD-prescribed payment levels described in the HACM Section 3 Plan, the contractor may agree by written agreement to either pay this amount directly by submitting certified payment payable to HACM; or, have the total withheld from the contractor's future invoices at no more than 50% of the total invoices submitted until the full amount is satisfied.

STEP 6: HACM will confirm the compliance fund payments are received in full by issuing a letter to the contractor signed by the HACM Secretary-Executive Director.

STEP 7: Any funds collected for the Section 3 Fund must be expended for purposes related to Section 3. If the funds are expended for training or education, adequate outreach efforts must be made to ensure that the benefits of the training follow the priority preference order of the HACM Section 3 Plan and the regulations.

STEP 8: With respect to activities funded by the Section 3 fund, HACM will sponsor no less than two (2) workshops per year for Section 3 residents and Section 3 business concerns. In conducting these workshops, HACM should collaborate with the SBA and/or other qualified organizations for the purpose of providing the training. The workshop trainings for Section 3 business concerns or for residents interested in starting a Section 3 business may include, but not be limited to: training on starting a business; writing a business plan; business expansion and retention; outreach and advertising; financial information regarding lines of credit; loan programs; bonding and insurance; and government contracting.

STEP 9: HACM may also use the fund to provide scholarships for the purpose of enrolling Section 3 residents in workforce development training programs. The financial assistance may be used for the payment of tuition, books, fees, dues, tools, equipment, transportation and work clothing.

STEP 10: HACM will create a competitive process to review and determine eligibility for the program, ensuring that the priority preference provisions of Section 3 apply to the process. All requests to utilize the fund must receive the approval of both the Section 3 Coordinator and the HACM Secretary-Executive Director or his designee.

STEP 11: HACM will report on use of the funds as part of its reporting to HUD regarding Section 3.