



## REQUEST FOR ACTION CITY COUNCIL

Agenda Date: 7/1/2024  
Agenda Section: Unfinished Business

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**Department:** Public Works – City Engineer

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**Agenda Item:** SCDP Policies – Wastewater Project/Forcemain

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**Approval Required:** Simple Majority Vote

### **BACKGROUND**

As part of the Small Cities Development Program Grant (CDAP-23-00006-O-FY24), there are six policies that need to be adopted to be compliant with the program. The policies are attached for the Council's review.

- Section 3
- Use of Excessive Force
- Anti Displacement
- Fair Housing
- SCD Income Letter
- Drug-Free Workplace

### **FINANCIAL IMPLICATIONS**

### **STAFF RECOMMENDATIONS**

Staff and the City Engineer recommend the Council adopt the listed policies.

### **COUNCIL ACTION REQUESTED**

Motion to adopt the six SCDP Policies – Wastewater Project/Forcemain.

# City of Pequot Lakes Section 3 Plan

## Overview of Section 3 Requirements

### A. WHAT IS SECTION 3?

Section 3 is a provision of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated by the provisions of 24 CFR 75. Section 3 regulations ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, 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.

### B. PURPOSE OF THIS DOCUMENT

This plan outlines how the City of Pequot Lakes and its subrecipients, contractors and subcontractors will comply with HUD's Section 3 requirements in implementing City of Pequot Lakes Small Cities Development Program Grant. The City of Pequot Lakes, to the greatest extent feasible, ensure that employment and other economic opportunities are directed to low- and very low-income persons (Section 3 workers and Targeted Section 3 workers) and to eligible businesses (Section 3 Businesses) and requires the same of its contractors.

The City of Pequot Lakes may amend its Section 3 Policies and Procedures document as necessary to ensure continued compliance with HUD's requirements and/or to reflect updated Section 3 guidance and outreach strategies.

### C. APPLICABILITY

This plan applies to housing rehabilitation, housing construction, and other public construction projects that exceed \$200,000 or more of housing and community development financial assistance from one or more HUD programs. Applicability is determined at the project level.

This plan also applies to projects that include multiple funding sources. Multiple funding source projects include projects that include public housing financial assistance, housing and community development financial assistance for single or multiple recipients, and the Lead Hazard Control and Healthy Homes Program.

Section 3 requirements **do not** apply to: 1) Material Supply Contracts - § 75.3(b), 2) Indian and Tribal Preferences - § 75.3(c), and 3) Other HUD assistance and other Federal assistance not subject to Section 3 §75.3 (d). However, for financial assistance that is not subject to Section 3, recipients are encouraged to consider ways to support the purpose of Section 3.

## Section 3 Coordinator

City of Pequot Lakes Section 3 Coordinator serves as the central point of contact for Section 3 compliance for City of Pequot Lakes and its subrecipients, contractors and subcontractors supporting the program.

Subrecipients, contractors, subcontractors and others are encouraged to reach out to City of Pequot Lakes Section 3 Coordinating agency, Widseth, with questions regarding Section 3 compliance:

Ryan Zemek, Funding Specialist  
Widseth  
315 5<sup>th</sup> Street NW  
Bemidji, MN 56601  
[Ryan.zemek@wideth.com](mailto:Ryan.zemek@wideth.com)

## Employment, Training, and Contracting Goals

### A. SAFE HARBOR COMPLIANCE

The City of Pequot Lakes will be considered to have complied with the Section 3 requirements and met safe harbor, if they certify that they followed the required prioritization of effort and met or exceeded the Section 3 benchmarks, absent evidence of the contrary.

Prior to the beginning of work, contractors and subcontractors will be required to certify that they will follow the required prioritization of effort for Section 3 workers, Targeted Section 3 workers, and Section 3 business concerns as outlined below. After completion of the project, on the Section 3 Cumulative Report, contractors and subcontractors will be required to certify that they followed the prioritization of effort requirements.

If the contractor and subcontractor does not meet the safe harbor requirements, they must provide evidence that they have made qualitative efforts to assist low and very low-income persons with employment and training opportunities.

### B. SAFE HARBOR BENCHMARKS

The City of Pequot Lakes has established employment and training goals that subrecipients, contractors, and subcontractors should meet in order to comply with Section 3 requirements outlined in 24 CFR Part 75.19 - for housing and community development financial assistance]. The safe harbor benchmark goals are as follows:

- 1) Twenty-five (25) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Section 3 workers;
- 2) Section 3 Labor Hours/Total Labor Hours = 25%  
And
- 3) Five (5) percent or more of the total number of labor hours worked by all workers on a Section 3 project are Targeted Section 3 workers, as defined at 24 CFR Part 75.21. Targeted Section 3 Labor Hours/Total Labor Hours = 5%

HUD establishes and updates Section 3 benchmarks for Section 3 workers and/or Targeted Section 3 workers through a document published in the Federal Register, not less frequently than once every 3 years. Given that the Section 3 benchmarks are subject to change every three years or sooner, City of Pequot Lakes will review and update the Section 3 Plan every 3 years.

It is the responsibility of contractors to implement efforts to achieve Section 3 compliance. Any contractor that does not meet the Section 3 benchmarks must demonstrate why meeting the benchmarks were not feasible. All contractors submitting bids or proposals to the City of Pequot Lakes are required to certify that they will comply with the requirements of Section 3.

## CERTIFICATION OF PRIORITIZATION OF EFFORT FOR EMPLOYMENT, TRAINING, AND CONTRACTING

### EMPLOYMENT AND TRAINING

Under the City of Pequot Lakes Section 3 Program, contractors and subcontractors should make best efforts to provide employment and training opportunities to Section 3 workers in the priority order listed below: ***(for public housing financial assistance)***

Provide employment and training opportunities to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located in the priority order listed below:

- 1) Section 3 workers residing within the service area or the neighborhood of the project, and
- 2) Participants in YouthBuild programs.

Contractors and subcontractors will be required to certify that they will and have made best efforts to follow the prioritization of effort requirements prior to the beginning work and after work is completed.

### CONTRACTING

Under the City of Pequot Lakes Section 3 Program, contractors and subcontractors must make their best efforts to award contracts and subcontracts to business concerns that provide economic opportunities to Section 3 workers in the following order or priority:

- 1) Business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which assistance is located in the following order of priority (where feasible):
- 2) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project; and
- 3) YouthBuild programs.

Contractors and subcontractors will be required to certify that they will and have made best efforts to follow the prioritization of effort requirements prior to the beginning work and after work is completed.

## Section 3 Eligibility and Certifications

Individuals and businesses that meet Section 3 criteria may seek Section 3 preference from the City of Pequot Lakes or its contractors/subcontractors for training, employment, or contracting opportunities generated by community development financial assistance. To qualify as a Section 3 worker, Targeted Section 3 worker, or a Section 3 business concern, each must self-certify that they meet the applicable criteria.

Businesses who misrepresent themselves as Section 3 business concerns and report false information to City of Pequot Lakes may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities.

## SECTION 3 WORKER AND TARGETED SECTION 3 WORKER CERTIFICATION

A Section 3 worker seeking certification shall submit self-certification documentation to the recipient contractor or subcontractor, that the person is a Section 3 worker or Targeted Section 3 worker as defined in 24 CFR Part 75. For the purposes of Section 3 worker eligibility. The City of Pequot Lakes will use individual income rather than family/household income to determine eligibility. The income limits will be determined annually using the guidelines published at <https://www.huduser.org/portal/datasets/il.html>.

Persons seeking the Section 3 worker preference shall demonstrate that it meets one or more of the following criteria currently or when hired within the past five years, as documented:

- 1) Employed by a Section 3 business concern or
- 2) Currently meets or when hired met at least one of the following categories as documented within the past five years:
- 3) Living within the service area or the neighborhood of the project, as defined in 24 CFR Part 75.5; or
- 4) YouthBuild participant.

Section 3 workers and Targeted Section 3 workers who are seeking preference in training and employment must submit the Section 3 Worker and Targeted Section 3 Worker Certification Form. The certification procedure will consist of the following:

### PROJECTS INVOLVING MULTIPLE SOURCES OF FUNDING

In cases where Section 3 covered projects include multiple sources of funds, including public housing financial assistance and housing and community development assistance, the City of Pequot Lakes must follow the definition of Targeted Section 3 worker and priorities as outlined in subpart B of Part 75. For housing and community development financial assistance, City of Pequot Lakes may follow either subpart B or subpart C of Part 75

In cases where Section 3 covered projects include multiple housing and development funding sources (financial assistance) from single or multiple recipients, City of Pequot Lakes will follow subpart C of Part 75. Refer to chart in Appendix B.

### SECTION 3 BUSINESS CONCERN CERTIFICATION

The City of Pequot Lakes should encourage contractors and subcontractors to make best efforts to award contracts and subcontracts to Section 3 business concerns.

Businesses that believe they meet the Section 3 Business requirements can may self-register in the HUD Business registry, here: <http://www.hud.gov/Sec3Biz>. Businesses may seek Section 3 Business Concern preference by demonstrating that it meets one or more of the following criteria:

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

Businesses that seek Section 3 preference shall certify, or demonstrate to City of Pequot Lakes contractors or subcontractors, that they meet the definitions provided in the above. Businesses may demonstrate eligibility by submitting the Section 3 Business Concern Certification Form.

Section 3 Business Concern Certification Forms must be submitted at the time of bid/proposal. If the City of Pequot Lakes previously approved the business concern to be Section 3 certified, then the certification can be submitted along with the bid, as long as the form is submitted within the prescribed expiration date. The Section 3 Business Concern Certification Form will expire after 36 months. Establishing a 36-month certification of eligibility period allows the City of Pequot Lakes the ability to assess contractor performance to ensure the business is striving to meet the required goals.

## Assisting Contractors with Achieving Section 3 Goals

In an effort to assist contractors with meeting or exceeding the Section 3 goals, City of Pequot Lakes will do the following:

- 1) Share Section 3 Plan with contractors and subcontractors and explain policies and procedures.
- 2) Require contractors wishing to submit a bid/offer/proposal to attend pre-bid meeting.
- 3) Require contractor to sign the Section 3 Plan at pre-construction conference.
- 4) Review Section 3 benchmarks and prioritization of effort with contractors and subcontractors to ensure that the goals are understood. It is not intended for contractors and subcontractors to terminate existing employees, but to make every effort feasible to meet Section 3 benchmark goals by utilizing existing qualified workforce and by considering qualified eligible Section 3 workers and Targeted Section 3 workers (per the prioritization of effort outlined in Section #3) before any other person, when hiring additional employees is needed to complete proposed work to be performed with the Small Cities Development Program.
- 5) At the time of bid, require the contractor to present a list, of the number of total labor hours, Section 3 worker labor hours, and Targeted Section 3 worker labor hours expected to be generated from the initial contract and a list of projected number of available positions, to include job descriptions and wage rates.
- 6) Maintain a local Section 3 worker/Targeted Section 3 worker database and provide the contractor with a list of interested and qualified Section 3 workers and Targeted Section 3 workers and contact information.
- 7) Inform contractors about the HUD Section 3 Opportunity Portal <https://hudapps.hud.gov/OpportunityPortal/>
- 8) Require contractors to notify Section 3 Coordinator of their interests regarding employment of Section 3 workers prior to hiring.
- 9) Encourage local business to register on the HUD Business Registry and direct contractors to the HUD Section 3 Business Registry <https://www.hud.gov/section3businessregistry>
- 10) Leverage City of Pequot Lakes communication outlets (social media, website, etc.) to effectively communicate employment and contracting opportunities that arise.
- 11) Require contractors to submit a list of core employees (including administrative, clerical, planning and other positions pertinent to the construction trades) at the time of contact award.

## Section 3 Outreach

### OUTREACH EFFORTS FOR EMPLOYMENT AND TRAINING

In order to educate and inform workers and contractors, City of Pequot Lakes Section 3 Coordinator will be prepared to provide training and technical assistance on a regular basis per program guidelines. When training opportunities are available, contractors and subcontractors should, to the greatest extent feasible:

- 1) Notify the Section 3 Coordinator when training opportunities are available.
- 2) Provide information/handouts about Section 3 training opportunities to potential Section 3 workers and Targeted Section 3 workers.
- 3) Conduct an annual training for Section 3 workers and Section 3 businesses.
- 4) Contractors and subcontractors should employ several active strategies to notify Section 3 workers and Targeted Section 3 workers of Section 3 job opportunities, including:
- 5) Clearly indicating Section 3 eligibility on all job postings with the following statement: "This job is a Section 3 eligible job opportunity. We encourage applications from individuals that are low income and/or live in Public Housing and/or receive a Section 8 voucher".
- 6) Including the Section 3 Worker and Targeted Section 3 Worker Self-Certification Form in all job postings
- 7) Working with the Section 3 Coordinator to connect Section 3 worker and Targeted Section 3 workers in the City of Pequot Lakes database with opportunities and/or utilize the Section 3 Opportunity Portal to find qualified candidates.
- 8) Establishing a current list of Section 3 eligible applicants
- 9) Contacting local community organizations and provide them with job postings for Section 3 eligible applicants; and
- 10) Coordinating a programmatic ad campaign, which results in widespread job posting across diverse ad networks including:
  - a. Advertising job opportunities via social media, including LinkedIn and Facebook.
  - b. Advertising job opportunities via flyer distributions and mass mailings and posting ad in common areas of housing developments and all public housing management offices,
  - c. Contacting resident councils, resident management corporations, and neighborhood community organizations to request their assistance in notifying residents of available training and employment opportunities.

### OUTREACH EFFORTS FOR CONTRACTING

When contracting opportunities arise in connection with the Small Cities Development Program Grant, the City of Pequot Lakes will employ the following strategies to notify Section 3 Business Concerns of Section 3 contracting opportunities, including but not limited to:

- 1) 1)Adding Section 3 language to all RFPs, procurement documents, bid offerings and contracts.
- 2) Coordinating mandatory pre-bid meetings to inform Section 3 Business Concerns of upcoming contracting opportunities. The Section 3 Coordinator will participate in these meetings to explain and answer questions related to Section 3 policy.

- 3) Advertising contracting opportunities in local community papers and notices that provide general information about the work to be contracted and where to obtain additional information.
- 4) Providing written notice of contracting opportunities to all known Section 3 Business Concerns. The written notice will be provided in sufficient time to enable business concerns the opportunity to respond to bid invitations.
- 5) Coordinating with the prime contractor to publicize contracting opportunities for small businesses.
- 6) Coordinating with the City of Pequot Lakes Business/Economic Development Department and all other business assistance agencies and contractor associations to inform them of contracting opportunities and request their assistance in identifying Section 3 business concerns. Could include local community development organizations, business development agencies (Chamber of Commerce), and minority contracting associations.
- 7) Connecting Section 3 business concerns with resources to support business development to assist in obtaining contracting opportunities (e.g., bonding and insurance assistance, etc.). Contractors will also be encouraged to collaborate with the City of Pequot Lakes as subcontract opportunities arise in an effort to notify eligible Section 3 business concerns about the contracting opportunities.

### Section 3 Contracting Policy and Procedure

City of Pequot Lakes will incorporate Section 3 in its existing Procurement Policy and adopt a Section 3 Contracting Policy and Procedure to be included in all procurements generated for use with HUD funding. This policy and procedure contain requirements for making efforts to award contracts to Section 3 Business Concerns.

All contractors/businesses seeking Section 3 preference must, before submitting bids/proposals to the City of Pequot Lakes be required to complete certifications, as appropriate. Such certifications shall be adequately supported with appropriate documentation as referenced in the Section 3 Business Concern Certification Form.

### Section 3 Provisions/Contract Language

City of Pequot Lakes will include standard Section 3 language in all of its contracts to ensure compliance with regulations in 24 CFR Part 75. City of Pequot Lakes will take appropriate actions upon finding that a contractor is in violation of 24 CFR Part 75 and does not knowingly contract with any contractor that has been found in violation of the Section 3 regulations. On a periodic basis the Section 3 Coordinator will audit City of Pequot Lakes contractors for compliance with the minimum Section 3 requirements outlined in the Section 3 Plan.

In addition, contractors and subrecipients are required to include language in all Section 3 covered contracts or agreements for subcontractors to meet the requirements of or 24 CFR Part 75.19 (for housing and community development financial assistance). For businesses, noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.



## Reporting Requirements

For Section 3 covered contracts, contractors must submit the Section 3 Performance and Summary Report to City of Pequot Lakes Section 3 Coordinator on a monthly basis, and the annual reporting requirement set forth in that form's instructions.

### MONTHLY REPORTING

- 1) Contractors are required to submit monthly activity reports to City of Pequot Lakes Section 3 Coordinator [ryan.zemek@widseth.com](mailto:ryan.zemek@widseth.com) by the 30th day of each month.

### ANNUAL REPORTING

- 1) Once a project is completed, contractors must submit a final Section 3 cumulative report for the program year.
- 2) Upon the completion of a project, [City of Pequot Lakes Wastewater Improvement Project Section 3 Coordinator will conduct a final review of the project's overall performance and compliance.
- 3) City of Pequot Lakes Section 3 Coordinator will submit the Section 3 data into to HUDat [reporting period].

### REPORTING ON PROJECTS WITH MULTIPLE FUNDING SOURCES

- 1) For Section 3 projects that include public housing financial assistance and housing and community development financial assistance, and the City of Pequot Lakes will report on the project as a whole and will identify the multiple associated recipients.
- 2) For projects assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds of \$200,000 and \$100,000 for Lead Hazard Control and Healthy Homes Programs (LHCHH), the City of Pequot Lakes will follow subpart C of Part 75 and will report to the applicable HUD program office, as prescribed by HUD. Note: LHCHH assistance is not included in calculating whether the assistance exceeds the \$200,000 threshold. HUD public housing financial assistance and HUD housing and community development financial assistance is not included in calculating whether the assistance exceeds the LHCHH \$100,000 threshold. Refer to chart in Appendix B.

### Internal Section 3 Complaint Procedure

In an effort to resolve complaints generated due to non-compliance through an internal process, City of Pequot Lakes encourages submittal of such complaints to its Section 3 Coordinator as follows:

- 1) Complaints of non-compliance should be filed in writing and must contain the name of the complainant and brief description of the alleged violation of 24 CFR Part 75.
- 2) Complaints must be filed within 30 calendar days after the complainant becomes aware of the alleged violation.
- 3) An investigation will be conducted if complaint is found to be valid. City of Pequot Lakes will conduct an informal, but thorough investigation affording all interested parties, if any, an opportunity to submit testimony and/or evidence pertinent to the complaint.

- 4) The City of Pequot Lakes will provide written documentation detailing the findings of the investigation. The City of Pequot Lakes will review the findings for accuracy and completeness before it is released to complainants. The findings will be made available no later than 90 days after the filing of complaint. If complainants wish to have their concerns considered outside of the City of Pequot Lakes a complaint may be filed with MN Department of Employment and Economic Development.

The HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office. These offices can be found through the HUD website, [www.hud.gov/](http://www.hud.gov/).

Complainants may be eligible to bring complaints under other federal laws. The U.S. Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information (medical history or predisposition to disease). For more information about complainant rights, please contact EEOC at: [www.EEOC.gov](http://www.EEOC.gov).

The Department of Labor Office of Federal Contract Compliance Programs (OFCCP) enforces, for the benefit of job seekers and wage earners, the contractual promise of affirmative action and equal employment opportunity required of those who do business with the Federal government. More information about the services they provide can be obtained at: <http://www.dol.gov/ofccp/>.

## Appendices

### APPENDIX A: DEFINITIONS

The terms *HUD*, *Public housing*, and *Public Housing Agency (PHA)* are defined in 24 CFR part 5.

The following definitions also apply to 24 CFR Part 75 HUD's Economic Opportunities for Low-and Very Low-Income Persons:

*1937 Act* means the United States Housing Act of 1937, 42 U.S.C. 1437 et seq. activities related to Public Housing

Contractor means any entity entering into a contract with:

- (1) A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or
- (2) A subrecipient for work in connection with a Section 3 project.

*Labor hours* means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

*Low-income person* means a person as defined in Section 3(b)(2) of the 1937 Act, at or below 80% AMI. Note that Section 3 worker eligibility uses individual income rather than family/household income.

*Material supply contracts* means contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

*Professional services* means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

*Public housing financial assistance* means assistance as defined in 24 CFR Part 75.3(a)(1).

*Public housing project* is defined in 24 CFR 905.108.

Recipient means any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.

*Section 3* means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u).

*Section 3 business concern means:*

- 2) A business concern meeting at least one of the following criteria, documented within the last six-month period:
- 3) It is at least 51 percent owned and controlled by low- or very low-income persons;
- 4) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- 5) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.
- 6) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.
- 7) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

*Section 3 Coordinator* is person tasked with overseeing all Section 3 responsibilities for the PHA/CD office.

*Section 3 project* means a project defined in 24 CFR Part 75.3(a)(2).

*Section 3 worker means:*

- (1) Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:
  - a. The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
  - b. The worker is employed by a Section 3 business concern.
  - c. The worker is a YouthBuild participant.
- (2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.
- (3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

*Section 8-assisted housing* refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

*Service area or the neighborhood of the project* means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

*Small PHA* means a public housing authority that manages or operates fewer than 250 public housing units.

*Subcontractor* means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

Subrecipient has the meaning provided in the applicable program regulations or in 2 CFR 200.93.

*Targeted Section 3 worker* has the meanings provided in 24 CFR Part 75.11, 75.21, or 75.29, and does not exclude an individual that has a prior arrest or conviction.

*Very low-income person* means the definition for this term set forth in section 3(b)(2) of the 1937 Act (at or below 50% AMI).

*YouthBuild programs* refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

**Section 3 Plan**

The City of Pequot Lakes adopts the Section 3 Plan that outlines how the city will comply with HUD's Section 3 requirements in implementing the Small Cities Development Program Grant.

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Tyler Gardner, Mayor

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Angie Duus, City Administrator

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Date

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Date

## Excessive Force Provision - 1990 HUD Appropriations Act

The excessive force provision was required initially by section 519 of the 1990 HUD Appropriations Act (Public Law 101-140). Under the 1990 Appropriations Act, no funds appropriated in the Act for the CDBG program could be awarded to any municipality that failed to adopt and enforce "a policy prohibiting the use of excessive force by law enforcement agencies within the jurisdiction of the municipality against any individuals engaged in nonviolent civil rights demonstrations." This provision did not amend the certifications required under Title I of the Housing and Urban Development Act of 1974, but applied only to the 1990 HUD appropriations for community development programs. HUD implemented this provision by requiring CDBG grantees to submit to HUD a certification that such a policy had been adopted and was being enforced.

Subsequently, section 906 of the National Affordable Housing Act (NAHA) of 1990 amended Title I of the Housing and Community Development Act of 1974 by adding a new certification entitled Protection of Individuals Engaging in Non-violent Civil Rights Demonstrations. The language imposed by the 1990 Appropriations Act was retained and additional language was added requiring units of government receiving CDBG funds to adopt and enforce "a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstrations within jurisdictions." The Department interprets the law to mean that any unit of government receiving CDBG funds must adopt and enforce such a policy. Only the County signs the grant agreement and certifications which are sent to HUD. In order for units of government participating in the urban county consortium to show compliance with the statute, the provision is incorporated into the Cooperation Agreement between the County and participating unit of government. Since the adoption and enforcement of an excessive force policy is required by statute, the Department does not have the authority to waive this requirement.

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/rulesandregs/memoranda/baileyg93](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/rulesandregs/memoranda/baileyg93)

## Prohibition of Excessive Force Policy

The City of Pequot Lakes prohibits the use excessive force by law enforcement agencies within its jurisdiction against individuals engaged in nonviolent civil rights demonstrations.

The City of Pequot Lakes also will enforce applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstration within its jurisdiction.

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Tyler Gardner, Mayor

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Angie Duus, City Administrator

## **Residential Anti-displacement and Relocation Assistance Plan**

under Section 104(d) of the Housing and Community Development Act of 1974, as Amended.

The City of Pequot Lakes anticipates participating in the Minnesota Small Cities Development Program (SCDP). Through this participation, The City of Pequot Lakes will operate an Owner-Occupied Housing Rehab program and will make loans to income qualified homeowners to make essential health and safety improvements on their homes. The consequence of the proposed activity is that the potential for displacement exists, although it is not anticipated. The purpose of the Residential Anti-displacement and Relocation Assistance Plan is to describe the steps the City of Pequot Lakes shall take to mitigate the adverse effects of displacement on low and moderate-income persons.

**I.** The City of Pequot Lakes will replace all occupied and vacant occupiable low/moderate-income dwelling units demolished or converted to use other than as low/moderate-income housing in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR, Part 570.606 and 24 CFR, Part 42. All replacement housing will be provided within three years after the commencement of the demolition or conversion. Before entering into a contract committing the City of Pequot Lakes to provide funds for an activity that will directly result in such demolition or conversion, the City of Pequot Lakes will make public and submit to the Minnesota Department of Employment and Economic Development (DEED) the following information in writing:

- A.** A description of the proposed assisted activity;
- B.** The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a direct result of the assisted activities;
- C.** A time schedule for the commencement and completion of the demolition or conversions;
- D.** The location on a map and the number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units. If such data are not available at the time of the general submission, the City of Pequot Lakes will identify the general location on an area map and the approximate number of dwelling units by size and provide information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as possible;
- E.** The source of funding and a time schedule for the provision of replacement dwelling units;
- F.** The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least 10 years from the date of initial occupancy;
- G.** Information demonstrating that any proposed replacement of dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of low and moderate-income households in the jurisdiction.

The City of Pequot Lakes may request the Minnesota Department of Employment and Economic Development (DEED) to recommend that the U. S. Department of Housing and Urban Development (HUD) approve an exception to required replacement housing if there is an adequate local supply of vacant low/moderate-income dwelling units in standard condition. Exceptions will be reviewed on a case-by-case basis as described in 24 CFR, Part 570.488(c)(1)(B).



**II.** The City of Pequot Lakes will provide relocation assistance, as described in 24 CFR, Part 570.488(c)(2), to any lower-income person displaced by the demolition of any dwelling unit or the conversion of a low/moderate-income dwelling unit to another use in connection with assisted activity.

**III.** Consistent with the goals and objectives of activities assisted under the Act, the City of Pequot Lakes will take the following steps to minimize the displacement of persons from their homes:

**A.** Should permanent or temporary displacement become necessary due to unforeseen circumstances, the following types of assistance will also be provided:

1. Advisory, referral, and counseling services
2. Moving Expenses (either actual or fixed payments).
3. Rental Assistance Payments (pursuant to Uniform Act of 1970, as amended).

**IV.** Definitions for the purposes of this plan are as follows:

A “**low/moderate-income dwelling unit**” is a unit with a market rent, including utility costs, that does not exceed the applicable fair market rent for existing housing and moderate rehabilitation, as established under the HUD Section 8 existing housing program. A “vacant occupiable dwelling unit” is a vacant unit that is in standard condition; or in substandard but suitable for rehabilitation condition; or in dilapidated condition and occupied less than three months from the date of the grantee agreement.

An “**Occupiable Dwelling Unit**” is a unit that is in standard condition or has been raised to a standard condition from a substandard condition, suitable for rehabilitation.

A “**Standard Condition**” dwelling unit is a unit which meets HUD Section 8 Housing Quality Standards (HQS) with no major defects in the structure and only minor maintenance is required. Such a dwelling will have the following characteristics: reliable roofs, sound foundations; adequate and stable floors, walls and ceilings; surfaces and woodwork that are not seriously damaged nor have paint deterioration; sound windows and doors; adequate heating, plumbing, and electrical systems adequate insulation; and adequate water and sewer systems, and not overcrowded (defined as more than one person per room).

A “**Substandard Condition**” dwelling unit is a unit if it does not meet HUD Section 8 Housing Quality Standards (HQS) which includes lacking the following: complete plumbing, complete kitchen facilities, efficient and environmentally sound sewage removal and water supply, and heating source. In addition, the dwelling may be overcrowded defined as more than one person per room).

A “**Substandard but Suitable for Rehabilitation Condition**” dwelling unit, at a minimum, is a dwelling unit that does not meet Housing Quality Standards (HQS) with some of the same features as a “substandard condition” dwelling unit. This unit is likely to have deferred maintenance and may have some structural damage such as a leaking roof, deteriorated interior surfaces, and inadequate insulation.

A “**substandard but suitable**” dwelling unit, however, has basic infrastructure (including systems for clean water and adequate waste disposal) that allows for economically and physically feasible improvements and upon completion of rehabilitation meets the definition of a “Standard” dwelling unit.

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Tyler Gardner, Mayor

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Angie Duus, City Administrator

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Date

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Date

## **City of Pequot Lakes Small Cities Development Program Fair Housing Plan**

### **HOUSING DISCRIMINATION UNDER THE FAIR HOUSING ACT**

The Fair Housing Act protects people from discrimination when they are renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities. Additional protections apply to federally-assisted housing. The Fair Housing Act covers most housing and can be found on [Housing Discrimination Under the Fair Housing Act | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](https://www.hud.gov/section8).

The Fair Housing Act prohibits discrimination in housing because of:

- Race, Color, National Origin, Religion, Sex, Familial Status, Disability

**In the Sale and Rental of Housing:** It is illegal discrimination to take any of the following actions because of race, color, religion, sex, disability, familial status, or national origin:

- Refuse to rent or sell housing, refuse to negotiate for housing, otherwise make housing unavailable or Set different terms, conditions or privileges for sale or rental of a dwelling,
- For more information and examples, visit [Examples of Housing Discrimination](#).

**In Mortgage Lending:** It is illegal discrimination to take any of the following actions based on race, color, religion, sex, disability, familial status, or national origin:

- Refuse to make a mortgage loan or provide other financial assistance for a dwelling, refuse to provide information regarding loans, or Impose different terms or conditions on a loan, such as different interest rates, points, or fees

For more information about discrimination in mortgage lending, visit [Fair Lending](#).

**Harassment:** The Fair Housing Act makes it illegal to harass persons because of race, color, religion, sex, disability, familial status, or national origin.

**Additional Protections for Persons with Disabilities:** Housing providers must make reasonable accommodations and allow reasonable modifications that may be necessary to allow persons with disabilities to enjoy their housing.

**The City of Pequot Lakes** will promote fair housing throughout the term of the Small Cities Development Program (SCDP) grant by coordinating fair housing activities. A minimum of one new activity each year will be conducted while the grant is open. Proposed fair housing activities during this grant include the following:

- **2023:** Display a Fair Housing Logo on City Letterhead
- **2024:** Display a Fair Housing poster at City Hall
- **2025:** Provide Fair Housing Brochures at City Hall
- **2026:** Issue a press release on how to file Fair Housing complaints

**The City of Pequot Lakes** will affirmatively further fair housing and adhere to Fair Housing and Related Acts.

This policy was adopted by:

\_\_\_\_\_  
Tyler Gardner, Mayor

\_\_\_\_\_  
Angie Duus, City Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Mr. Zak Klehr, Small Cities Grant Specialist  
Department of Employment and Economic Development  
Great Northern Building,  
180 East Fifth Street, Suite 1200  
St. Paul, MN 55101

March 4, 2024

Dear Mr. Klehr,

This letter concerns the Small Cities Development Program grant - CDAP-23-00006-O-FY24. This grant will provide funding for the Wastewater Improvement Project including the Main Lift Station and Forcemain in our city.

Program Income will not be collected on the public infrastructure project and therefore a Program Income Plan is not applicable to this project.

Sincerely,

Tyler Gardner, Mayor

# Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Signature needed

Applicant Name  
City of Pequot Lakes

Program/Activity Receiving Federal Grant Funding  
Wastewater Improvement Project

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

**2. Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

The place of performance will occur on the City's main lift station, located on Gradvahl Drive; and on the main forcemain leading from the lift station and 4,000 feet southeast to the wastewater treatment ponds located east of Trunk Highway 371. This is located in the southeast quadrant of the city limits of Pequot Lakes, Crow Wing County, Minnesota, with the zip code of 56472-4405.

Check here  if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.  
**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.  
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official Tyler Gardner	Title Mayor
Signature X	Date 7/1/2024