

COMMUNITY DEVELOPMENT BLOCK GRANT SUB-RECIPIENT 2014 TRAINING

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City of Columbia
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Training Purpose

- Provide CDBG Sub-recipients with information to ensure compliance with CDBG agreement and applicable rules and regulations.
- Provide info to define expectations and procedures for receiving reimbursement.
 - Additional training for CDBG sub-recipients was identified as important to local organizations through our 2015-2019 Consolidated Plan process.

Overview

- Documents to submit to the City.
- Requesting funds from the City for reimbursement.
- Davis Bacon.
- Beneficiary data.

Documents to Submit to the City

- Bid Notices/RFP/RFQ.
 - Include Davis Bacon language and Wage Determinations
- Bidder's Conference Sign-in Sheet.
- Contract(s) for construction.
 - Include Davis Bacon language and wage determinations

Requesting CDBG Funds

- City generally pays on a reimbursement basis.
- Sub-recipients submit a completed “Request for Funds” form.
 - Must include back-up source documentation.
 - Invoices for labor and materials.
 - Copy of check from Agency to contractor.
 - Weekly Payrolls for contractors subject to Davis Bacon.
- Payment from City should be received within 2 weeks of submission (complete/correct).
- For large draw amounts, or if funds are needed quickly, staff can work directly with you to ensure more timely delivery.

Davis-Bacon Act - 1931

- The Davis-Bacon Act (DBA) is applicable to contracts of the United States in excess of \$2,000 for the construction, alteration, and/or repair (including painting and decorating) of public buildings or public works.
- The DBA requires all contractors and subcontractors to pay laborers and mechanics employed on a covered contract wages and fringe benefits determined by the Secretary of Labor to be prevailing for corresponding classes of employees engaged on similar projects in the locality.

Sub-Recipient Responsibilities

- Determine “prevailing wages”
- Include Davis Bacon language and wage determinations in RFP documents and contracts (Davis Bacon applies to sub-contractors)
- Review Certified Payrolls
- Perform oversight function and conduct wage interviews
 - [\(New: Need at least 1 by final draw, HUD-11 form\)](#)
- Withhold payment from contractors not complying with Davis Bacon
- Compute any back wages and liquidated damages
- Debar contractor
- Record Retention (3 years from completion of project for Davis Bacon, 5 years for CDBG)

City of Columbia Responsibilities

- Retains the authority to investigate, monitor, and enforce DBA requirements
- Will conduct compliance audits with the Sub-Recipient and contractors
- Investigate potential violations or complaints
- Review certified payrolls submitted
- Withhold CDBG payments from Sub-recipients not in compliance with Davis Bacon

Wage Rate

- **Prevailing Wage Rate**
 - Hourly wage + “Bona Fide” fringe
- **Examples**
 - Life insurance
 - Health insurance
 - Pension
 - Vacation
 - Holidays
 - Sick Leave
- **Not Considered a Fringe Benefit**
 - Workers compensation
 - Unemployment
 - Social security contributions
 - Use of company vehicle
 - Thanksgiving or Christmas bonus

Wage Rate Example

Basic hourly rate	\$ 12.00
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Fringe

Health Insurance	\$ 1.75
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Pension	\$.50
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Life Insurance	\$.25
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Total prevailing wage rate	\$ 14.50
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Overtime

- Overtime must be paid at 1.5 the regular rate
- Fringe benefits must be paid for all hours worked, including overtime hours.
- Fringe benefit amounts may be excluded for the half-time premium due for overtime.

Overtime Example

- An employee worked 44 hours as an electrician. The wage determination rate was \$12.00 (basic hourly rate) plus \$2.50 in fringe benefits. He would be due:

40 straight time hours X \$12.00 Base = 480.00

Fringe @ \$2.50 per hour X 40 = \$100.00

Total Base + Fringe = \$580.00

Plus 4 over-time hours @ \$18.00 Base = \$72.00

Fringe @ \$2.50 per hour = \$10.00.

Total overtime Base + Fringe = \$82.00.

\$580.00 Straight Time + \$82.00 Overtime = \$662.00

Certified Payroll

- Required by DOL – recommend WH-347
- Contractors must pay employees weekly
- Payrolls must be number correctly
- Contractors must send original certified payroll to the sub-recipient.
- If work isn't completed, the contractor should still submit a certified payroll with no work noted for that week.
- Subrecipient:
 - Submit original certified payrolls to the City of Columbia along with invoices when submitting a request for funds.

Reviewing Certified Payrolls

- Is the correct wage determination being used?
- Has the contractor paid the correct rate?
- Has the contractor paid appropriate fringe benefits?
- Is the certification signed?

Wage Determinations

- Wages **and** Fringe benefits
- DOL has found to be prevailing
 - Note: Where the state wage rate is higher than the DOL wage rate, the state wage rate must be paid.
- Job classification
- In the locality (usually a county)
- Category of construction (e.g., Building, Residential, Heavy, Highway) involved.

Category of Construction

- Building Construction. Includes construction of sheltered enclosures with walk-in access for the purpose of housing persons, machinery, equipment or supplies; all construction of such structures; the installation of utilities and of equipment, both above and below grade levels; as well as incidental grading, utilities and paving. Such structures need not be "habitable" to be building construction. Also, the installation of heavy machinery and/or equipment does not generally change the project's character as a building.
- Residential Construction. Includes the construction, alteration or repair of single-family houses, apartment buildings of no more than four stories in height. This includes all incidental items such as site work, parking areas, utilities, streets, and sidewalks.

Wage Determinations

- To obtain a DOL wage determination, follow these instructions:
- Access www.wdol.gov and select the link “Selecting DBA WDs”.
- Select the state, county, and choose construction type.
- Choose the appropriate wage classifications and rates for the work to be performed.

Employee Interviews

- Information provided is confidential
 - Are employees being paid weekly?
 - Do they know where the required signs are located?
 - What wage are they being paid?
- Interview statements should contain:
 - Place and date of interview
 - Name and address of employer/employee
 - Employment status and classification
 - Alleged violations
- Employee Interviews to be Conducted by Sub-Recipients
- [Utilize Current HUD Form 11](#)

EMPLOYEE RIGHTS UNDER THE DAVIS-BACON ACT

FOR LABORERS AND MECHANICS EMPLOYED ON FEDERAL OR FEDERALLY ASSISTED CONSTRUCTION PROJECTS

THE UNITED STATES DEPARTMENT OF LABOR WAGE AND HOUR DIVISION

PREVAILING WAGES

You must be paid not less than the wage rate listed in the Davis-Bacon Wage Decision posted with this Notice for the work you perform.

OVERTIME

You must be paid not less than one and one-half times your basic rate of pay for all hours worked over 40 in a work week. There are few exceptions.

ENFORCEMENT

Contract payments can be withheld to ensure workers receive wages and overtime pay due, and liquidated damages may apply if overtime pay requirements are not met. Davis-Bacon contract clauses allow contract termination and debarment of contractors from future federal contracts for up to three years. A contractor who falsifies certified payroll records or induces wage kickbacks may be subject to civil or criminal prosecution, fines and/or imprisonment.

APPRENTICES

Apprentice rates apply only to apprentices properly registered under approved Federal or State apprenticeship programs.

PROPER PAY

If you do not receive proper pay, or require further information on the applicable wages, contact the Contracting Officer listed below:

or contact the U.S. Department of Labor's Wage and Hour Division.



For additional information:

1-866-4-USWAGE

(1-866-487-9243) TTY: 1-877-889-5627



WWW.WAGEHOUR.DOL.GOV

Things to remember

- All contractors fall under Davis Bacon requirements, including sub-contractors
- Make sure Certified Payrolls are completely filled out
- Certified Payrolls must be submitted weekly
- Documentation needed for weeks contractors don't work
- Make sure you pay the appropriate wage rate
- Withhold Payment if contractor is not in compliance

Beneficiary Data

- Critical to the City for demonstrating compliance with CDBG National Objectives.
- If not received, HUD puts a hold on City funds to reimburse all other HUD funded expenses.
- Demonstrates that CDBG expenditures are benefitting low to moderate income households.

Beneficiary Data

- Organizations utilizing federal funds with income guidelines more stringent than CDBG, can utilize internal participant data.
 - 80% Area Median Income

Household Size	Income Limit
1-person	\$ 38,400
2-person	\$ 43,850
3-person	\$ 49,350
4-person	\$ 54,800

- All other organizations must survey persons utilizing facility as a result of the renovations.

Beneficiary Data Needed

- When is data needed?
 - Within 30 days of project completion, Certificate of Occupancy Issued.
- What happens if I do not receive data?
 - HUD stops the flow of funds to all CDBG and HOME funded activities until data is entered.

Timeframe for Completion

- Agreements state that projects must be complete by December 31, 2015.
- 50% complete by July 1, 2015.

Questions

- US Department of Labor www.dol.gov
- Randy Cole rlcole@gocolumbiamo.com