

RESPONSE TO CBA PRESENTATION ON NOVEMBER 4, 2015

PRESENTED DECEMBER 14, 2015

MSD SLIDE # 2 (Brian Hoelscher, Executive Director and CEO)

On November 4, 2015, signatories to the Community Benefits Agreement, or CBA, made a presentation to the Board of Trustees. This presentation contained several accusations about the MSD Diversity Program, and the management and effectiveness of the program. Through the staff's presentation today, you will find that many of the signatory's recommendations are not supported by facts and that MSD's Diversity Program has and will continue to produce very meaningful results. I will begin staff's response by addressing the overall accusations made by the CBA signatories' in their presentation, copies of which are at the door along with MSD's presentation. I will start with slides 2 through 5 of the CBA signatories' presentation. MSD diversity staff will then address the data issues and recommendations that were presented in slides 6 through 19. I will then address the accusations made on slide 20, respond to the generalizations made throughout the CBA presentation, and summarize our presentation.

MSD SLIDE #3 (Brian Hoelscher, Executive Director and CEO)

First, I will address the information included in slide 2 of the CBA presentation. In addition to the information provided by the CBA signatories, I would like to provide the following from the Community Benefits Agreement Overview. *"The workforce goal of the CBA is to facilitate the return of unemployed or underemployed journeyman and apprentice minority and women workers in sewer related occupational titles (or occupations) to work on its projects. Any gap that remains in achieving established workforce goals is the target of the CBA training programs."* We ask the Board and the public to keep this overview in mind as MSD presents overall diversity program data, as well as individual contract workforce data. Much of this information was made available as part of prior Board Stakeholder Committee meetings and regular CBA meetings. Because we are just short of having the comprehensive diversity reporting program go online, MSD staff has used additional resources from the third party monitor to provide detailed workforce performance for fiscal year 2015, which runs from July 2014 through June 2015. This is the first complete fiscal year for which

procedures and resources were fully in place to address the results and recommendations from the Disparity Study. It was also during fiscal year 2015 that all tools developed, as part of the CBA, were either fully in place or put into place by the end of the fiscal year. I believe you will find this information very encouraging.

MSD SLIDE #4 (Brian Hoelscher, Executive Director and CEO)

Next, I will address the information included on slides 3 and 4 of the CBA presentation. I will start by addressing the accusation that MSD is deliberately delaying its commitment to diversity and inclusion, and directs accusations made against MSD's Director of Human Resources, Vicki Taylor Edwards. Quite simply, the accusations, as a whole, are an attack on Ms. Edwards' character and her commitment to diversity and inclusion at MSD. Ms. Edwards has been instrumental in the development of past and present versions of MSD's Diversity Program, and has ensured the program is part of MSD's Strategic Plan. I would like to point out some of the successes that have been achieved under her watch.

I will start with the results of the vendor portion of the Disparity Study and concentrate on the capital improvement portions of the study that are pertinent to the scope of the CBA agreement. The Disparity Study used vendor utilization data from 2007 through 2011, which represented the effectiveness of MSD's Vendor Diversity Program through those years. The data identified 6 types of vendor participation and 5 different ethnic/gender categories, which were reviewed and resulted in 30 check points for the Disparity Study (**Review the Slide**). The study found that with 9 of those 30 check points – shown in blue on the chart - MSD's utilization of African-American, Asian-American, Hispanic-American, and Women Owned companies exceeded the percent availability. In 14 of these check points – shown in white on the chart - the utilization was such that there was no disparity found for these same groups. These results show that MSD's past diversity efforts were effective in developing and utilizing minority and women owned vendors. The data did identify disparities in 7 of the 30 check points – shown in red on the chart. For these 7 check points that indicated a disparity, staff has put programs in place to address these disparities.

The success and effectiveness of these programs have been reported to the Board of Trustees and the CBA Committee on numerous occasions. As an example, consider the design and construction appropriations that the Board has approved

during public board meetings in the first six months of the current fiscal year, 2016, which began on July 1, 2015. During this time frame, the Board has authorized \$123 million in appropriations, of which \$21 million has gone to Minority Business Enterprises, or MBE, firms and \$10 million has gone to Women Business Enterprise, or WBE, firms. This has resulted in a 25% Minority-Women Business Enterprise vendor participation rate. This represents well over 100 individual appropriations, with only one instance of the staff requesting approval of a project that did not meet a goal, but was accepted due to the submission of good faith efforts.

Also, four days ago, the Board of Trustees introduced additional appropriations resulting in awards of almost \$6 million in work for minority and woman-owned companies. These awards are scheduled for final approval in January 2016.

Later during this meeting, Shonnah Paredes, MSD's Manager of Diversity Programs, will review the results of the District's workforce diversity efforts for fiscal year 2015.

After reviewing all of the data, pre and post Disparity Study, it is evident that MSD's Diversity Program has been successful for many years and continues to become more successful. This does not happen without the hard work and continued commitment of senior management, specifically Vicki Taylor Edwards, Director of Human Resources. Ms. Edwards has been an integral part of MSD's diversity efforts since the early 2000's and has been diligent about maintaining and continuously enhancing a successful Diversity Program at MSD. I tried to find the correct way to respond to the accusations by the CBA signatories that Ms. Edwards has been ineffective. The only way I can respond is that the accusations are absurd and not based in reality.

The next accusation we find rather perplexing. The accusation is that MSD met with Associated General Contractors, or AGC, and SITE Improvement Association in April 2015 to get direct input on proposed changes to the Diversity Program. This statement is correct. In fact, MSD has regular meetings, and, in some cases, annual presentations with all the major suppliers of services to MSD's capital program. These meetings and presentations are used to disseminate information, obtain feedback, and to facilitate networking among our service providers. Besides AGC and SITE, MSD has regular meetings with the American Council of Engineering Companies who provide our engineering services; with different labor

providers; and with the Home Builders Association. These are just a few of the many organizations that MSD meets with regularly. We have met with these organizations for the last 15 years and will continue to do so. In a similar fashion, we have also regularly met with the CBA signatories. We have done so against the desires of Adolphus Pruitt, President of the City Chapter of the NAACP, who recommended that he be the only signatory to the CBA. It was MSD's insistence that other stakeholder groups be allowed the opportunity to be CBA signatories.

The next accusation is that MSD renewed the service contracts in the CBA without the input of the signatories. As required by the CBA, the signatories had input into the preparation of the multi-year RFP's. Annual renewals are brought to the Board of Trustees in accordance with District requirements. These contracted services and all programs will be reviewed in the summer of 2016.

The final accusation states that the Manager of Diversity Programs, Shonnah Paredes, does not have access to the CEO, nor does she have direct oversight of the Diversity Program. This accusation is simply false and does not reflect how MSD functions. Ms. Paredes will address this accusation directly later in our response.

MSD SLIDE # 5 (Brian Hoelscher, Executive Director and CEO)

The accusation on CBA slide 5 has to do with my concern about the dangers inherent to any sewer construction site and how the immediate replacement of three or four individuals of an existing full-time five person crew could make this work environment even more dangerous. The CBA signatories are correct in that the last time, but not first the time, MSD responded to a question regarding the basis of this decision was in a June 16, 2015 letter. My position on this was set prior to the initial implementation of the Disparity Study findings in August 2013, and this temporary provision was discussed in public meetings on several occasions. The following timeline will help everyone better understand this issue:

April 22, 2013- Board of Trustees accepts the Disparity Study.

August 1, 2013- Initial diversity procedures based on the results of the Disparity Study are implemented. Temporary provisions for existing full-time sewer contractor work crews are also in effect. These temporary provisions are based on discussions with stakeholders, which occurred in the summer of 2013.

December 4, 2013- Community Benefits Agreement fully executed and CBA signatory group is first formed.

End of calendar year 2014- Staff decides that the temporary provisions put in place for existing full-time sewer contractor crews are no longer needed. This decision is based on the significant diverse workforce participation that is taking place on most sewer projects. This change of the temporary provision is recommended along with eight other changes to the Diversity Program. The Board and public are informed of these proposed changes at the Stakeholder's Committee meeting in December 2014. Over the next six months these proposed recommendations are shared with stakeholders and their input is sought and considered.

August 2015- Temporary provisions for existing full-time sewer contractor work crews are no longer in place with the issuance of new Diversity Program procedures which addressed nine different procedure changes. Included in these procedures are requirements that the contractors fully document the use of all workforce resources in place, such as normal labor providers, BUD and First Source Hiring.

Staff believes that the decisions made in the implementation of the entire Disparity Study were appropriate and have been properly managed as adjustments were required.

I will now pass the presentation on to the Manager of Diversity Programs, Shonnah Paredes.

MSD SLIDE # 6 (Shonnah Paredes, Manager of Diversity Programs)

My name is Shonnah Paredes. I am the Manager of Diversity Programs and a direct report to Vicki Taylor Edwards, the Director of Human Resources. I would like to start off also addressing specific points from the CBA slides 3 and 4 regarding the effectiveness of the Director of Human Resources, my direct oversight and management of the Diversity Program, my access to the Executive Director, and MSD's progress with the CBA after nearly 2 years.

Brian Hoelscher stated earlier that the success of MSD's Diversity Program was accomplished under the leadership of Ms. Edwards. In terms of leadership and

effectiveness, Vicki Edwards has been instrumental in establishing a platform on which the program currently operates. The foundation for this program was laid under her direction, and her leadership was critical to the successes reported in the Disparity Study results. When I took over Management of Diversity Programs in March 2013, I was immediately charged with taking MSD's Diversity Program to the next level beginning with some, but not all, of the objectives you see listed here. Over the past 2 years, I'm very proud of the progress we have made.

Make no mistake, I have direct oversight and control to evaluate, develop, and implement the diversity programs listed here. I have received the necessary support from the entire organization, including the commitment of the Board of Trustees, who have made these efforts possible through funding necessary staff and needed program components. As such, I have to disagree with statements that suggest I do not have direct access to the Executive Director, or lack direct oversight of the Diversity Program. Objectives listed on this slide include: development of the Diversity Program, development and implementation of a compliance reporting system; execution of the Community Benefits Agreement; and implementation of the 55 recommendations included in the Disparity Study. All of these were accomplished under my direction and responsibility; and with the full support of the Director of Human Resources, Vicki Taylor Edwards; the Executive Director, Brian Hoelscher; and the Board of Trustees.

In areas of the CBA where MSD had actionable tasks with deadlines, MSD has continued completing all required actions and has consistently reported progress and results to the signatories and the Board of Trustees.

MSD SLIDE #7 (Shonnah Paredes, Manager of Diversity Programs)

This slide represents MSD's overall performance with implementation of the Disparity Study recommendations. As you can see we are 96% complete. With the final implementation of the Prism Compliance Reporting System, we will have addressed all of the recommendations. I anticipate implementation of Prism will be complete within 30-60 days. This information is also regularly reported to the CBA group and the Board of Trustees.

MSD SLIDE # 8 (Shonnah Paredes, Manager of Diversity Programs)

This slide represents information for three (3) programs of the Community Benefits Agreement. Even in the absence of not being able to continuously collaborate with the CBA signatories in a productive way, due to a lack of signatory attendance or productive dialogue, MSD never ceased to work on CBA requirements. In short, MSD has been able to fulfill its obligations under the CBA, which is reflected in the Compliance Scorecard created by the third party monitor.

As part of the Educational and Internship component of the CBA, MSD is responsible for introducing public school students to the work of MSD through tours and internships. MSD partnered with the St. Louis Internship Program to sponsor three (3) high school students this past summer from St. Louis Public Schools. Of these three, two are attending college and the other is completing her senior year and has been accepted into college.

MSD also sponsored four (4) minority scholarships for the 2015-16 School academic year for attendance at the Southern Illinois University-Edwardsville Environmental Resources Training Center, which prepares students for treatment plant careers. These students will also have an opportunity to complete a paid internship by maintaining a 2.0 grade point average. Once they are certified, they will then be able to explore employment opportunities with MSD and other employers. Initial results received thus far from the program indicate that out of the four scholarships awarded, one is on track to successfully complete the program; the second withdrew due to personal reasons; the third withdrew due to nonattendance; and the fourth candidate fell below the 2.0 grade point average requirement. MSD has an outreach program to continue reaching diverse candidates from area public schools. These are real men and women that MSD invested in as a result of its commitment to fulfill the requirements of the CBA.

MSD SLIDE #9 (Shonnah Paredes, Manager of Diversity Programs)

Next I will address CBA signatories' slide 6 and cover results for the 16 Building Union Diversity Program graduates that MSD has sponsored since we began participating in the BUD program. How BUD was established are derived directly from the CBA, which required MSD to seek services for a training program within six months of executing the agreement. To meet that requirement, MSD issued an RFP in June 2014 seeking training program services. CBA signatories provided input to MSD as it developed the scope of services detailed in the RFP and input on criteria for the selection process. After a review of the responses received, a contract was awarded to SLATE, the St. Louis Agency on Training and Employment. The contract continues through 2017.

From a program perspective, the first objective for training graduates is to find work. While all graduates are eligible to work on MSD projects, graduates can accept employment with any company they choose. Of the 16 MSD sponsored candidates, 13 are currently employed, but not on MSD projects.

MSD SLIDE #10 (Shonnah Paredes, Manager of Diversity Programs)

First on this slide is MSD's response to slide 7 of the CBA signatory presentation, which pertains to requirements for apprenticeship workforce participation on MSD's construction projects.

Let me begin by making a correction to statements made by the CBA signatories that suggest the Disparity Study requires a 40% apprenticeship goal requirement on construction projects. It does not. According to the Workforce Study that was a part of the Disparity Study, the requirement is that 40% of all apprentices work hours shall be minority or female workers. And this requirement shall only apply to contractors who utilize apprentice labor. This means "only if used" by a contractor who is participating in an apprenticeship program. This requirement is located in the Workforce Study on pages 1 through 29 of the Disparity Study.

Next, I will respond to CBA slides 15 through 17, which concern MSD's First Source Hiring Program. First, I will provide an accurate account of the First Source timeline of events and finish with the most recent reporting data on the program.

SLATE was selected to administer MSD's First Source Hiring Program. This responsibility included targeted outreach and recruitment for the purposes of developing an eligibility list consisting of unemployed and under-employed journeymen and apprentices. This list would also include those that contacted SLATE to express an interest in doing work on MSD projects. Eligible candidates on the list would be available to contractors working on MSD projects.

Once the First Source Hiring Program was established and there were eligible candidates to refer to contractors, MSD added the First Source Hiring Program as one of multiple resources for its contractors beginning in October, 2014. By January 2015 the program was up and running, fully functional, and available to contractors. In August 2015 the First Source Hiring Program was added to the Diversity Program Guidelines as a contract requirement for meeting Good Faith Effort in the event a contractor was failing to meet workforce goal requirements. All reported information from SLATE has been regularly reported to MSD's Board and also distributed to CBA signatories to keep them abreast of activities and progress as the program was implemented.

MSD SLIDE 11 (Shonnah Paredes, Manager of Diversity Programs)

In terms of the most recent reports from SLATE on the First Source Hiring Program, it is important to state the facts. Based on feedback from MSD contractors and implementation of good faith effort requirements for the use of the First Source Hiring Program, in September 2015 I directed SLATE to perform an eligibility list clean up. This "clean up" was meant to ensure the list only contained individuals who were available for work, interested in being referred to a contractor, and able to be contacted for referrals. As a result, the list was reduced to 30 names according to SLATE. As of today, there have been no reported candidates hired as a result of referrals. The First Source Hiring reporting includes tracking of candidates referred from the program and will continue to be

reported to the Board of Trustees and CBA signatories. I will now turn the presentation over to Vicki Taylor Edwards, Director of Human Resources.

MSD SLIDE # 12 (Vicki Taylor-Edwards, Director of Human Resources)

MSD will now respond to CBA slides 8 through 12. As Mr. Hoelscher and Ms. Paredes stated earlier, we are just shy of fully automating and implementing a comprehensive diversity reporting program that would give us the ability to track and report both vendor and workforce compliance across all programs. Absent that reporting program, known as PRISM, I would wish to provide the results of MSD's workforce performance for our fiscal year 2015. Again, MSD fiscal year 2015 is July 2014 through June 2015. This information was pulled together by bringing in additional resources to assemble the information project by project. This work was done by hand and allows us report for the first time comprehensive workforce numbers. Like Brian, I too believe you will find this information very encouraging.

This slide is a synopsis of minority and woman workforce participation on projects which have MSD mandated workforce requirements that comply with the Disparity Study or federal requirements. The chart is broken up into five sections. Each section gives the man-hours and calculated full-time equivalents, or FTE's, for both actual participation and expected goal participation. The total rows in yellow for each section summate the results in FTE's. The first section evaluates the results of federally funded sewer projects with a 14.7% minority participation goal and a 6.9% woman participation goal. You will find that slightly over 100 FTE's worked on these projects and that MSD experienced 15 more minority FTE's working on these projects than required by the goals, and 3 fewer woman FTE's working on these projects than required by the contract goals. The next section is for MSD funded sewer projects and shows that MSD experienced just under 100 FTE's, or 4 fewer minority workers and 4 fewer woman workers than required by the contract goals. For MSD funded building projects, the results were 5 fewer minority workers and 1 fewer woman worker than required by the contract goals. The fourth section totals all performance for fiscal year 2015 weighted by the

actual contract requirements. The weighted performance shows that out of a total of 224 workers, MSD experienced 7 more minority workers than required by the contract goals and 7 fewer women workers than required by the contract goals.

Of course, in terms of construction projects, MSD's long term goals are to meet the Disparity Study's findings of 30 percent minority workers and 7 percent woman workers. This is regardless of whether individual contracts have federal minority worker goals of 14.7% or MSD funded minority worker goals of 30.0%. Accordingly, the last section analyzes our performance against the Disparity Study goals regardless of individual contract requirements. Here you will find that compared to the long term goals from our Disparity Study, MSD experienced 9 fewer minority workers and 7 fewer woman workers than needed to meet the Disparity Study goals.

Closing this gap will require continuous efforts in two areas. First, continued individual contract compliance is necessary. The mandated workforce sourcing activities required in the workforce diversity procedures put into place in August 2015 are another step ensuring contract compliance. The second area is direct MSD investment in training, which has already resulted in the employment of an additional 13 minority and women workers in sewer related occupations through the BUD program. These 13 minority and woman workers are in addition to the numbers shown on this slide. It is also important to know exactly where the shortfalls are occurring so MSD can properly direct resources and efforts in that direction.

MSD SLIDE # 13 (Vicki Taylor-Edwards, Director of Human Resources)

This slide shows performance by trade. We are showing the totals for the two most prevalent resources used by MSD, laborers and operators, and have combined the results of the 19 other trades. It is in these areas that MSD will find the opportunities for employment on MSD projects for the 9 to 16 more individuals needed to meet the long term program goals laid out in the Disparity Study. These results will guide us in future training investment and outreach. This

slide also shows the diversity performance for apprentices during fiscal year 2015. The Disparity Study goal is that 40% of all apprentice workers are minorities or women. You can see that MSD is meeting its apprentice diversity goals with total participation of over 50%.

I will now turn the presentation back over to Manager of Diversity Programs, Shonnah Paredes.

MSD SLIDE # 14 (Shonnah Paredes, Manager of Diversity Programs)

As stated, the numbers you have just seen were developed prior to having a functional reporting system developed. The Prism Compliance Reporting System began with a very aggressive schedule to have the system fully implemented and in use within 6 to 9 months. This was envisioned implementing Prism from an off the shelf software package. It quickly became apparent that a high level of customization is required to fully utilize Prism in tandem with other MSD systems. We are 30 to 60 days from finalizing the Prism implementation.

MSD SLIDE # 15 (Shonnah Paredes, Manager of Diversity Programs)

With regards to CBA slides 11 and 12, you will see here that workforce reports indicate that Gershenson has not met the workforce requirements. The current process in place requires the Diversity Division to inform Gershenson of their non-compliance and request good faith effort documentation. If the documentation is found to be insufficient, their final evaluation will show non-compliance with workforce requirements and MSD would impose appropriate contract sanctions. The contractor will also receive a non-compliant grade during the annual pre-qualification evaluation and possibly be barred from participating on future projects for a period of time.

Insituform is on track to meet their workforce goal requirements. However, on previous reports, MSD indicated “**Workforce Report Under Evaluation,**” which essentially meant that the first workforce utilization reports for that project had not yet been received. Future reports will more clearly give the status of workforce on MSD projects.

MSD SLIDE # 16 (Shonnah Paredes, Manager of Diversity Programs)

Next I will address CBA slides 13 and 14, regarding data contained in the March, 2015, Professional Services Workforce Reports. The local office workforce goals for professional services applies to prime firms only. These goals are 18% minority and 32% women. With the report in question, there are a total of 5 prime firms. Two are below the 18% minority goal and three are above. One is below the 32% women goal and four are above.

These contracts are evaluated annually and require submission of an annual workforce plan and good faith efforts. MSD has established professional service workforce reporting requirements which call for prime firms to provide an annual report of their local office diversity with their annual workforce plan. Through the professional services selection criteria, as recommended by the Disparity Study, consultants can receive additional credit for being a minority or woman prime firm, credit for the diversity of their local office, and the utilization of sub-consultants with diverse local offices.

In response to CBA slide 18, MSD has no factual reports to support the basis for the statements made regarding approval rates for change orders. The District has a clear change order process, which is spelled out in each contract, as well as internal change order processing procedures. Unless specific instances of these issues are presented to MSD to evaluate, there appears to be no factual basis for these allegations. A payment schedule is established by contract documents. In the absence of factual information, MSD plans to continue with the change order current processes.

MSD SLIDE # 17 (Shonnah Paredes, Manager of Diversity Programs)

I will now address CBA slide 19, regarding the services of the Third Party Monitor. Using the criteria identified in the CBA, the scope of services for the Third Party Monitor was developed by MSD and the CBA signatories, then approved by the CBA signatories at the CBA meeting held on April 30, 2014. An RFP was issued for these services with two firms responding. Kwame Building Group was awarded

the contract. As identified in the CBA, the term of the Third Party Monitor will extend through the end of fiscal year 2016.

The most recent report of MSD's compliance with the CBA is the scorecard provided by the Third Party Monitor detailing MSD's performance with the CBA. CBA signatories requested a report on the scorecard. However, the Third Party Monitor was unable to present their report due to the actions of the CBA signatories during the May, 2015, CBA meeting, where the Third Party Monitor was not allowed to present their findings.

This concludes my report. I will now turn the presentation back over to Brian Hoelscher.

MSD SLIDE # 18 (Brian Hoelscher, Executive Director and CEO)

I will answer the allegations made on CBA slide 20, address other accusations and comments made by the signatories, and then close.

The exact question that was asked in the CBA signatories' letter on August 25th was *"Has MSD's Director been privy to racial slurs or conversations from its inspectors relative to the MBE program abatement and dismissal, termination, and are desired failure of MBE's?"* I had asked the CBA signatories if they had any examples of what they were referring to. In their response, they said they may, but if they did, they were unable to give them to me for fear of retaliation against MSD employees. So I thought about the question. Did I ever recall an instance when an employee used racial slurs? I had not and responded as such.

With the new information provided by the CBA signatories through their presentation, I now believe I know of the incident they are referring to. The incident I am about to describe did not include the use of any racial slurs. It occurred at one of my District-wide talks where the regular topic of diversity was discussed. An inspector expressed his frustration with the quality of work being done by some of the new MWBE companies and diverse workers who started work for MSD during the expansion of the capital program and Diversity Program. These comments were similar to past concerns he has expressed regarding new non-diverse companies and workers. I spoke to one employee who was concerned about the statement.

I spoke to the employee who made the statement and explained to him why it was inappropriate. Other staff members also mentioned this comment to the employee's manager. Any further personnel actions that were taken would be privileged personnel issues.

MSD SLIDE # 19 (Brian Hoelscher, Executive Director and CEO)

To close, I still need to address some of the implications and innuendo that was used during and after the presentation. I will try not to be long, but the public deserves the opportunity to understand what has happened over the past nine months, especially since the regular CBA meetings have become dysfunctional.

First, I would like to address the comments regarding the responsiveness of the Board of Trustees. MSD's Board of Trustees has been responsive to every request by the CBA signatories to meet. As the Board of Trustees knows, Mr. Pruitt, as a representative of the NAACP Missouri State Conference of Branches and the St. Louis City Branch, sent a letter with 28 different allegations to the Board of Trustees on May 14, 2015. That letter requested a meeting with the Board of Trustees.

On May 22, 2015 the Board and MSD staff committed to responding to the letter and meeting with the CBA signatories. On June 17, 2015, after significant use of staff and outside resources, MSD responded to Mr. Pruitt's accusations and asked for dates to meet. However, Mr. Pruitt never responded to that offer.

With regard to the process for setting up the previous CBA presentation meeting, MSD staff consulted with the Board of Trustees and responded to every request by the CBA signatories, outlining how their request could be met, while complying with the District Charter and the Missouri Sunshine Act. Staff finally received acceptance of the meeting on Wednesday November 4, 2015, at 3:30 pm. This acceptance, with a proposed agenda, was received from the CBA signatories on Monday, November 2, 2015, at 4:54 pm - less than two days before the meeting.

To imply that the MSD Board and staff have somehow been slow in responding to meeting requests is not factual and is a red herring argument. In addition, the signatories made a comment implying inaccurate handling by MSD staff of the August 25, 2015, letter from the CBA signatories. The letter was received one day before the scheduled August 26, 2015, CBA committee meeting, which the CBA signatories requested be cancelled. Following receipt of the August 25, 2015,

letter, on September 3, 2015, staff distributed the material originally requested by the CBA signatories for the August 26, 2015 meeting.

On September 21, 2015, staff informed the signatories that staff would not have sufficient time to respond to their request to meet on September 23, 2015, and offered alternate dates. Staff also requested examples of the accusations being made by the signatories in the August 25, 2015, letter.

On September 28, 2015, the CBA signatories did not indicate that they had any examples, but were concerned about transparency and asked for a meeting within 30 days. For the first time, the CBA signatories asked that all information now be forwarded to the Board of Trustees, which it was. On that same day staff committed to scheduling a meeting for late October and noted the CBA signatories' acknowledgment that there were no specific instances of the accusations being made.

On September 30, 2015, the CBA signatories stated they did have specific examples, but were afraid of retaliation and therefore would not forward those examples. On October 1, 2015, staff expressed its concern why those involved would be led to believe there would be retaliation and offered to address the issues before they became any more problematic.

On October 8, 2015, the signatories sent a letter to the Board of Trustees asking for a response to the August 25, 2015, letter and asking for two dates to meet. On October 13, 2015, staff responded to the CBA signatories indicating that staff first had an opportunity to review the August 25, 2015, letter on October 8, 2015. Staff further responded that a response should be ready by October 19, 2015, and confirmed the CBA signatories desire to propose new meeting dates instead of the Board of Trustees proposing dates. The CBA signatories later requested either November 2nd or November 4th as a meeting date. Eventually, the CBA signatories selected November 4th as the meeting date. Any implication by the CBA signatories that MSD has not been responsive to their requests is not supported by the facts.

Second, I would like to comment on the way issues have been brought to the staff by the CBA signatories over the last nine months. Examples of this are the two questions regarding MSD's change order process and comments made by an employee. Instead of conveying to staff specifically what the concerns were, along

with details, staff has been responding to broad questions that are significantly different than what the actual issues are. The response is then inappropriately held out by the CBA signatories as a staff response to an issue we were never aware of.

This has done nothing but waste ratepayer resources, including women and minority ratepayers. We ask that these actions stop and that the CBA Committee start functioning again as outlined in the CBA agreement.

Finally, I would like to provide an overview of the information MSD staff has presented this afternoon, briefly discuss some of the CBA signatories' claims and recommendations, and finally make MSD staff's recommendation on how we should proceed with the Community Benefits Agreement.

Director of Human Resources Vicki Taylor Edwards showed that the results of MSD's workforce diversity program were very close to target when compared to the program contract goals. These results showed that MSD hired 7 more full-time minority workers and 7 less woman workers than required by the contract goals. When compared to MSD's diverse workforce program goal as presented in the Disparity Study, MSD's program is 9 to 16 full-time minority and woman workers short. It is important to also keep in mind that through direct investment in the BUD program, MSD facilitated the employment of an additional 13 new minority workers into sewer related occupations who are not reflected in our workforce diversity numbers. Ms. Edwards has shown that minority and woman worker participation is equally drawn from all the labor sources working on MSD's projects. Ms. Edwards has also shown that MSD is meeting its minority and woman apprentice goals as set in the Disparity Study.

By the end of the second full fiscal year of Disparity Study implementation – which is July 2016 – Ms. Paredes and her staff will have complete tools available to assist bringing diverse worker participation above program contract requirements and to the levels indicated in the Disparity Study. These tools include fully implemented First Source Hiring and BUD programs, revised diversity contract procedures that take advantage of these two tools as well as enhanced coordination provided by our contractors and labor providers, the first opportunity to consider diversity compliance in the annual pre-qualification process for our vendors, continued individual contract monitoring and

enforcement, and finally the completion of the PRISM tracking system to facilitate better regular public reporting on the details of our program.

Regarding other claims and accusations that have been made by the CBA signatories, the information provided indicates the following: Ms. Edwards has been extremely effective in her administration of the Diversity Program, MSD should continue working with all stakeholders to increase the effectiveness of the Diversity Program, MSD is inclusive in its internal and contract administration practices, MSD's current organizational structure works well in facilitating the execution of the Diversity Program and does not need to be changed, KWAME has done a good job as the third party monitor and should continue to perform that function for the duration of its agreement, and finally that MSD's Board of Trustees and its staff have been very responsive to every communication from the CBA signatories.

Last, how does staff recommend we proceed within the framework of the CBA agreement? MSD staff is under the very strong impression that the actions taken by many of the CBA signatories over the past year are in violation of the CBA and are being driven by an agenda that is not focused on a successful execution of MSD's diversity program. These actions should stop and all parties get back to the real purpose outlined in the CBA. With that, staff recommends that the CBA signatories agree to focus only on the needs of MSD's Diversity Program and begin working again with MSD staff and its other stakeholders in continuing to improve MSD's Diversity Program.

On behalf of MSD staff, I would like to thank all of the stakeholders who continue to provide support for MSD's Diversity Program. These stakeholders consist of many minorities and women, including District staff, construction contractors and suppliers, engineering companies, construction workers, engineering workers, labor providers, community leaders, elected officials, and most importantly our ratepayers.

Mr. Chair, this concludes our response. Copies of our response as well as additional back-up information is available to the public as they leave this meeting and will be posted on internal and external District websites.