



FACES OF DIVERSITY

METROPOLITAN ST. LOUIS SEWER DISTRICT



Annual Diversity Report
FY2018

IN THIS REPORT

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Please note data in the report is valid as of August 2018. As project documentation is finalized, precise numbers may fluctuate.

BRIAN HOELSCHER
Executive Director & CEO



Thank you for your interest in the Metropolitan St. Louis Sewer District (MSD) and our diversity programs. Welcome to the inaugural Annual Diversity Report! In this inaugural Annual Diversity Report, we will share the history of the Diversity Division and the successes achieved in Fiscal Year 2018 (July 1, 2017–June 30, 2018). This report demonstrates how MSD implements and tracks diversity-related initiatives in order to create a more equitable organization and project spending that reflects the diversity of the community we serve.

We have included statistical data for diversity CIRP construction utilization (FY18), diversity CIRP design utilization (FY18), small contractor infrastructure utilization (FY18), the Community Benefits Agreement (CBA) program status, and diversity annual updates and highlights. More than numbers, we want to highlight the faces of real people who make up our diversity initiatives, including staff and participants of our diversity programs.

MSD's deep-rooted and authentic commitment to diversity is the foundation for all that we do. It is exhibited within the culture of MDS as well as the wastewater and stormwater work we provide to more than 1.3 million customers. Diversity allows MSD to be more cost-effective and comprehensive by bringing to light ideas and solutions from many perspectives.

It is our shared understanding of the motivations and benefits derived from this commitment to diversity that will have the greatest, long-term impact on the communities we serve. We hope you find this report useful. We also welcome your comments and suggestions on how MSD might improve future reports to keep you better informed of our progress.

AUTHENTIC DIVERSITY

SHONNAH PAREDES
Manager of Diversity Programs



MSD recognizes that small and diverse businesses are the foundation for building stronger communities. That is why we are committed to diversifying workforce participation and developing under-utilized minority- and women-owned businesses in our region. The year 2012 was pivotal in MSD's commitment to diversity. While not the inception of all diversity efforts, it was the year MSD initiated its first disparity study. The disparity study identified areas within MSD where there were no disparities and areas that could be enhanced to improve minority and women participation.

The same year, I began managing many of MSD's diversity initiatives. Since then, and based on the recommendations identified in the disparity study, we have introduced an array of programs and strategies with measurable results. Each ensures opportunities for minority and women business enterprises across MSD's capital and non-capital projects. For example, training programs provide opportunities for women and minorities to gain on-the-job training and experience within the tunneling industry; scholarships encourage SIUE students to consider careers as Treatment Plant Operators; and paid summer internships introduce disadvantaged high school students to MSD job opportunities.

Policies are accompanied by practical programs with rigorous compliance standards for tracking to improve inclusion and ensure validity of data. Our team developed a one-of-a-kind compliance reporting software that allows our contractors to track workforce participation and vendor utilization with greater efficiency, accuracy, and transparency.

In this first Annual Diversity Report, you will find that MSD has made great strides in the area of diversity since 2012. Utilization of minorities and women on MSD projects continues to rise as does the use of minority- and women-owned businesses. However, we recognize our work is not yet done. In FY2019, we plan to commission an update to the 2012 disparity study. We look forward to bridging any gaps identified by the new study while continuing our pursuit of authentic diversity and inclusion.

2012

INITIATED FIRST MSD DISPARITY STUDY
ESTABLISHED NEW M/WBE GOALS
ESTABLISHED WORKFORCE GOALS FOR PROJECTS OVER \$500,000

*Shonnah Paredes and
Marnita Spight join the
diversity team*

2013

SIGNED COMMUNITY BENEFITS AGREEMENT
INTRODUCED FIRST SOURCE HIRING WITH SLATE

*Vanada Johnson and Gerald
Pickett join the diversity team*

2014



ADDED BUD TRAINING PROGRAM WITH SLATE
LAUNCHED CONTRACTOR LOAN FUND WITH MSD AS AN INITIAL INVESTOR

*Brian Ward, Larry Woods,
and Katlynn Woodruff join
the diversity team*

2015

INTRODUCED SCHOLARSHIP PROGRAM WITH SIUE
PARTNERED WITH ST. LOUIS INTERNSHIP PROGRAM

*Mikal Hicks joins the
diversity team*

2016

ROLLED OUT THE MSD DIVERSITY REPORTING SYSTEM



*Amanda Cooper joins
the diversity team*

2018

UPDATE DISPARITY STUDY

COMMITTED TO INCLUSION

A TEAM COMMITTED TO CULTIVATING A CULTURE

MSD's diversity team encourages a culture that celebrates the expertise and perspective of diverse people. With strategic goals and a steadfast vision, the team is dedicated to cultivating a workforce and environment reflective of the community it serves.

VISION

Support an environment that promotes diversity and equality for all.

MISSION

Aid in efforts to continuously improve the health, safety, and water environment of our residents and ratepayers through business practices that represent a commitment to inclusivity and equality.

CORE VALUES

INTEGRITY

Promote ethical behavior at all times. Treat others fairly and with respect.

COMMUNITY

Invest and reaffirm commitment to be involved with efforts that promote strategies that address challenges unmet.

TEAMWORK

Believe in working together to accomplish our mission through open communications, trust, respect, and diversity.

INNOVATION

Strive to continuously improve and embrace innovative ideas that help achieve excellence.

EMPLOYEES

Help everyone to reach their highest potential and value each person's contributions toward achieving inclusive success.

CUSTOMERS

Build resilient relationships by providing services and programs that are representative of the communities we serve.

DIVERSITY TEAM

SHONNAH PAREDES

Manager of Diversity Programs

AMANDA COOPER

M/WBE Compliance Inspector

MIKAL HICKS

M/WBE Compliance Inspector

VANADA JOHNSON

M/WBE Compliance Inspector

GERALD PICKETT

M/WBE Compliance Inspector

MARNITA SPIGHT

M/WBE Compliance Specialist

BRIAN WARD

M/WBE Compliance Inspector

KATLYNN WOODRUFF

M/WBE Compliance Specialist

LARRY WOODS

M/WBE Compliance Inspector



INCLUSION BY DESIGN



FROM STUDY TO SIGNIFICANT IMPACT

The Metropolitan St. Louis Sewer District's (MSD) commitment to galvanizing and developing under-utilized minority- and women-owned businesses is evident in both its efforts and results. The 2012 disparity study served as a call to action and set in motion an ever-growing set of tools and initiatives, such as more inclusive contractor diversity goals, regular worksite inspectors, on-the-job training, internships, scholarships, and other programs. As a result, MSD has successfully maintained momentum where minority and women participation was proven to thrive and reduced areas where disparities existed.

Since FY2016, MSD has increased minority workforce participation by five percent and has nearly doubled its women participation (construction). These and the rest of the numbers within this report confirm the significant impact that meaningful programs and initiatives can bring.

Whether celebrating successes or addressing disparities, MSD's pursuit of a genuinely diverse workforce remains

concrete. In FY2019, MSD will update the 2012 disparity study to analyze its diversity programs, practices, and results. Like the initial study, the update will act as a call to action for greater diversity and inclusivity.



PATRICIA PRIDE
Project Engineer



For more than a decade, Patricia Pride has been instrumental in many of MSD's Design Projects. As an Engineering Project Manager, she manages the design of multiple projects, ensuring that each design meets MSD's standards. Most days include reviewing plans and specifications for design projects as well as interacting with design consultants and other groups within MSD.

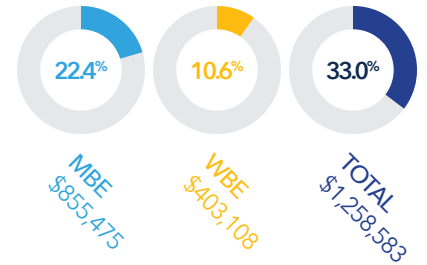
"I enjoy the variety of the design projects," Pride said. "In the beginning of my career with MSD, I worked on sanitary relief projects. Now, I lead teams in designing deep rock tunnels and pump stations. This position allows me to continually expand my knowledge base and adapt to new challenges."

Among a long list of accomplishments and contributions, Pride's work with Maline Creek CSO Local Storage Tunnel and Jefferson Barracks Tunnel are two of the many design projects that are currently under construction.

**FY2018
CAPITAL IMPROVEMENT &
REPLACEMENT PROGRAM
DESIGN UTILIZATION**

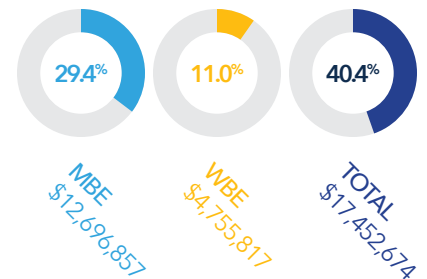
17
DESIGN CONTRACTS
AWARDED TOTALING
\$3,813,446

**M/WBE
COMMITMENTS**



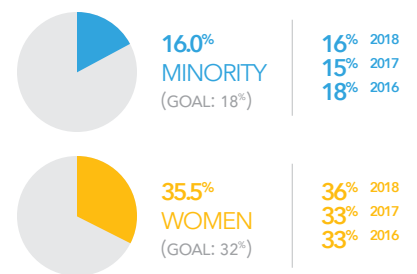
**M/WBE ACTIVE
CONTRACT PAYMENTS**

TOTAL PAID TO PRIMES
\$43,142,869



**FY2018
DESIGN WORKFORCE
UTILIZATION**

18
PRIME CONSULTING
TEAMS WITH
WORKFORCE
GOALS



*Watershed contracts were amended to current workforce goals

DIVERSITY IN CONSTRUCTION

FY2018 CAPITAL IMPROVEMENT & REPLACEMENT PROGRAM CONSTRUCTION UTILIZATION

82
CONSTRUCTION CONTRACTS
AWARDED TOTALING
\$248,022,930

SIXTY-NINE
NON-BUILDING
(17% AFRICAN AMERICAN MBE)

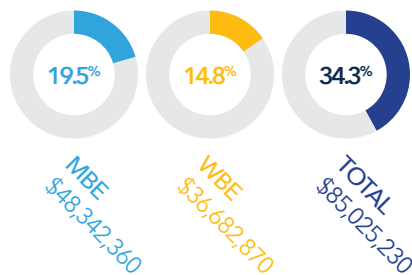
ONE
DESIGN-BUILD
(17% AFRICAN AMERICAN MBE)

FOUR
STATE FUNDED
(10% MBE/10% WBE)

SIX
UNDER \$50K
(NO GOALS)

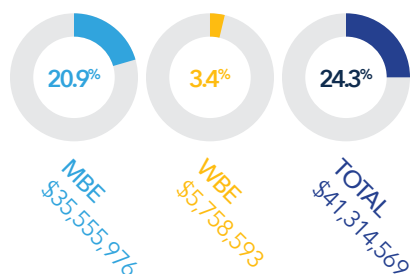
TWO
BUILDING CONSTRUCTION
(30% HISPANIC/AFRICAN AMERICAN MBE)

M/WBE COMMITMENTS



ACTIVE CONTRACT PAYMENTS

TOTAL PAID TO PRIMES - \$170,197,254



PRESENCE MATTERS

M/WBE Compliance Inspectors



With transparency and consistency as their canon, MSD's M/WBE Compliance Inspectors spend 90 percent of each workday on job sites. They interview workers, substantiate participation, confirm workforce utilization, monitor quality of work, and verify sub-contractor compensation.

Gerald Pickett and Vanada Johnson are MSD's first M/WBE Compliance Inspectors. "Vanada and I started together; visited sites together; and learned together," Pickett said. "The two of us taught each other," Johnson added. "I know the sewers and traced the lines. He thoroughly understands the construction side."

Now, Pickett and Johnson are part of a team of five inspectors who start each day with a huddle and a laugh before heading out as a pack. The tight-knit group is a driving force for diversity in construction.

"Our diversity program works because of our dedication to holding every contractor to their obligation," Pickett said. "Many contractors have embraced MSD's diversity goals and are being more consistent as a result," Johnson concluded.



FY2018 CONSTRUCTION WORKFORCE UTILIZATION

2,057,910 HOURS
TOTAL WORKED

93,476 HOURS
BUILDING CONSTRUCTION

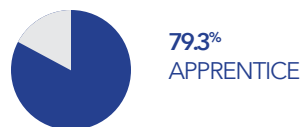
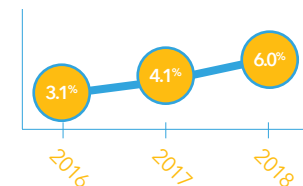
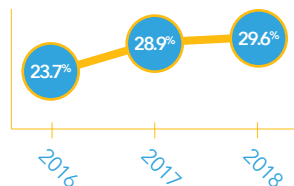
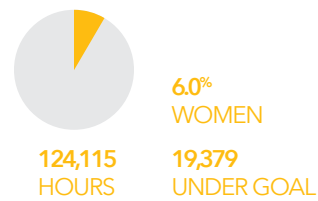
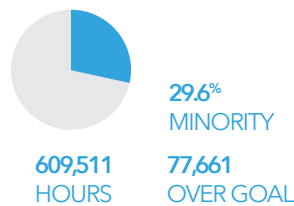
GOAL: 30% MINORITY
7% WOMEN
40% APPRENTICE (if used)

1,405,457 HOURS
NON-BUILDING CONSTRUCTION

GOAL: 30% MINORITY
7% WOMEN
40% APPRENTICE (if used)

558,977 HOURS
STATE FUNDED

GOAL: 14.7% MINORITY
6.9% WOMEN



*Workforce applies to construction contracts exceeding \$500,000

**Workforce applies to State Funded Construction contracts exceeding \$10,000

SMALL CONTRACTOR PROGRAM



IMPROVING DIVERSITY CAN START SMALL

The Small Contractor Program is a stepping stone for small firms that want to expand their

It is about strengthening small M/WBE contractors who may not have the capacity to complete large-scale projects yet.

capacity and gain experience in the sewer construction industry. With hundreds of projects every year, there is a consistent flow of bid opportunities under \$25,000.

These relatively small projects have fewer bonding and insurance requirements, fewer up-

front capital demands, and a bidding process that restricts the competition to like-sized firms.

By reducing some of the stipulations associated with larger projects, the Small Contractor Program is developing a strong pipeline of experienced contractors for MSD's larger Capital

Improvement and Replacement Program (CIRP) work.

The inclusion element of the Small Contractor Program has proven successful, resulting in small M/WBE firms growing to win larger roles. For every small contract, at least half of the

bidders must be M/WBE certified. While the requirements for selection are the same for all bidders (low bid), the 50/50 mandate encourages the participation of small M/WBE contractors. Like the program as a whole, this builds the availability of a diverse labor pool and contracting community.

The more accessible bidding process empowers small firms, including M/WBEs, to gain the experience needed for larger projects. In doing so, MSD is helping small contractors scale their operations and become more profitable.

MIKE BUECHTER
Program Manager



Mike Buechter joined MSD in 2003 and has managed the Small Contractor Program since 2013. In addition to managing work distribution and employee development, he is responsible for solving worksite, technical, and project issues.

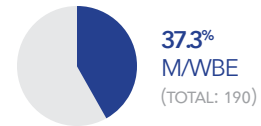
As a big thinker and astute problem solver, Buechter manages his team of 20, who are responsible for approximately 500 contracts annually.

With projects that span just a few days or weeks, the contracts that qualify for the Small Contractor Program are considerably smaller than MSD's CIRP work. But to Buechter and his team, all 500 small projects start with 500 selection teams and 2,000 bids, followed by the management of 500 contracts and projects.

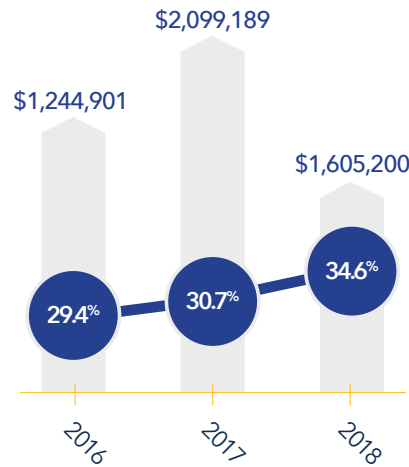
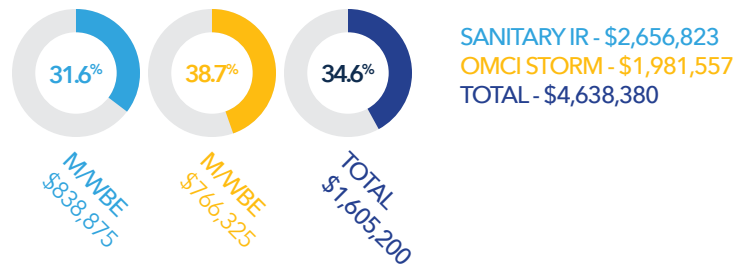
Buechter and his department have helped shape the community in meaningful ways. The quantity of projects and number of small contractors who have built their capital and capacity as a result of the program are evidence of its impact.

FY2018

509
TOTAL PROGRAM
WORK ORDERS



PROGRAM SPEND



M/WBE PARTICIPATION

M/WBE DOLLARS
M/WBE PERCENTAGE OF DOLLARS

NEW CONCEPTS FOR DIVERSITY

PROGRAMS THAT BUILD

MSD is committed to stimulating economic growth and increasing the vitality of under-utilized minorities and women in the St. Louis area. This resolve is the driving force behind MSD's comprehensive programming:

BUILDING UNION DIVERSITY*

Targets and trains unemployed, underemployed, and interested job applicants for MSD contractors in need of qualified minority and women workers.

COMMUNITY BENEFITS AGREEMENT

Ensures MSD's capital program is representative and inclusive of the St. Louis population via an agreement with community organizations.

CONTRACTOR INCENTIVE PROGRAM

Incentivizes contractors to expand their workforce to include more diverse apprentices than required.

CONTRACTOR LOAN FUND

A low-interest, revolving loan program for certified M/WBEs, providing providing opportunities to participate on MSD's larger projects.

ERTC SCHOLARSHIPS

Provides minorities and women with opportunities for education, internships, and employment within the wastewater and stormwater treatment plant industry.

FIRST SOURCE HIRING*

Helps contractors achieve their workforce development and diversity goals by maintaining a list of eligible and available union construction workers.

ON-THE-JOB TRAINING

Prepares people to work with MSD on its tunneling projects through multi-tiered learning within a classroom and on project worksites.

ST. LOUIS INTERNSHIP PROGRAM

Generates interest in the sewer construction industry by inviting diverse high school students to participate in MSD internships.

**SLATE PROGRAMS*

KATLYNN WOODRUFF M/WBE Compliance Specialist

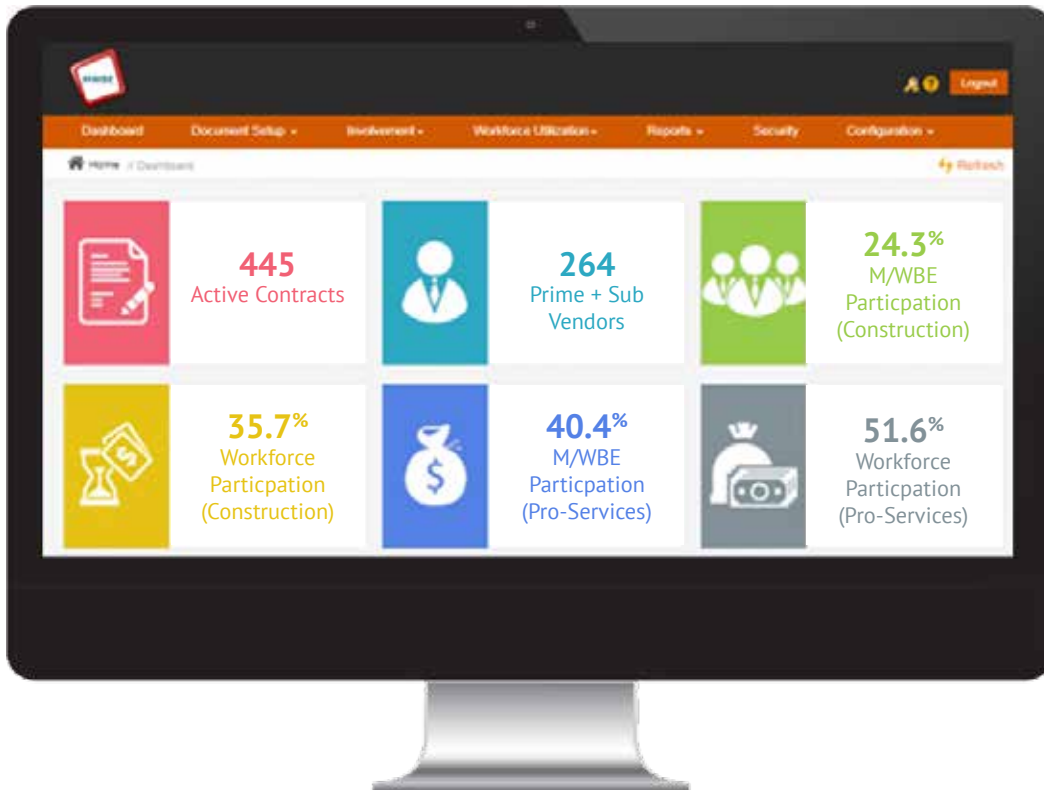


Katlynn Woodruff is an enthusiastic champion for diversity. As a M/WBE Compliance Specialist, she supports MSD's diversity programs and ensures compliance for every department, contractor, and service provider is monitored, tracked, and meeting diversity program requirements.

"We don't simply dictate policies and tell our contractors 'good luck,'" Woodruff said. "We are here to support them in this endeavor by providing the tools to meet their diversity goals."

Joining MSD in 2014, Woodruff has supported many of these tools. She was instrumental in developing the MSD Diversity Reporting System for tracking and monitoring compliance; she coordinates MSD's diversity trainings; and she scrutinizes hundreds of contracts and reports to verify their accuracy.

"MSD's diversity efforts make a real impact in the community. We believe our workforce and contractors should reflect the community they serve, and I am excited to see this materialize."



MEASURING BENCHMARKS FOR SUCCESS

While inclusion exceeds policies and diversity reaches beyond metrics, the two are fundamental to building a genuinely diverse and inclusive workforce and supply chain. For this reason, MSD has built its diversity efforts upon verifiable proof. Each benchmark identifies successes and opportunities for improvement so MSD can manage and develop meaningful efforts around its programs.

MSD's commitment to inclusion and diversity requires the same commitment from its contractors. With a prime contractor's obligation to M/WBE utilization required from the onset of a con-

tract, MSD's diversity team conducts an initial evaluation at the time of bid. This first step ensures efforts are taken to meet goals, when applicable. Monthly reporting and monitoring activities continue throughout the life of the project, requiring contractors to validate M/WBE participation on an ongoing basis. Additionally, M/WBE Inspectors regularly visit MSD worksites to verify that minority and/or women sub-contractors are successfully performing the portion of work identified for the project as well as validate workforce data.

In February 2017, MSD launched

a robust vendor/workforce diversity reporting system, simplifying contractor reporting and consolidating thousands of data-

The reporting system provides additional transparency and accessibility to contractors, sub-contractors, and ratepayers.

bases into a single, online portal. The new system allows MSD to streamline the collection and analysis of diversity compliance data. These combined efforts are fostering a workforce and supply chain that genuinely reflects the community they serve.

CBA PROGRAMS THAT BUILD

BUD

NINETEEN

BUD GRADUATES
SPONSORED



TWELVE

EMPLOYED AND/OR
APPRENTICES



FOUR

EMPLOYED WITH
MSD CONTRACTORS



Building Union Diversity (BUD) is a pre-apprenticeship program that introduces minorities, women, and St. Louis residents to construction trades. By targeting these demographics, MSD is increasing diversity within the building trades by helping its contractors gain access to a growing workforce of qualified, minority and women workers.

The MSD-sponsored training program is operated by the Construction Trades Council of St. Louis and St. Louis Agency on Training and Employment (SLATE). Since its inception, BUD has graduated more than 100 individuals, some of whom have been hired by MSD contractors. It is also nationally recognized for its community impact.

The BUD program continues to yield stories of success. Jonathan Long, for example, is a member of BUD-Cohort 4. Before BUD, he admits he was desperate for a second chance. “I truly hope the program survives for many years to come and people can benefit from SLATE resources,” said Long. “Many thanks to all the partners.”



EDUCATION & INTERNSHIPS

INTERNSHIP PROGRAM

FIVE

HIGH SCHOOL
STUDENTS SPONSORED



SIUE ENVIRONMENTAL RESOURCE TRAINING

THREE

SCHOLARSHIP RECIPIENTS

ONE EMPLOYED AT MSD

ONE PENDING
CERTIFICATION TESTING



MSD understands the importance of identifying and engaging the next generation in wastewater, stormwater, construction, and design trades. It has teamed up with Southern Illinois University at Edwardsville (SIUE) to offer scholarships at the university’s Environmental Resource Training Center. MSD sponsors \$3,500 scholarships for minorities and women interested in careers as treatment plant operators in the areas of waste-

water and stormwater.

In addition to collegiate scholarships, MSD partners with the St. Louis Internship Program in its efforts to further develop educational enhancement and internship programs in conjunction with St. Louis City and County Public Schools. Through this program, diverse high school students are introduced to MSD’s work through tours and paid internships at MSD facilities.



COMMUNITY BENEFITS AGREEMENT

The CBA is a formal agreement between MSD and community organizations that establishes a framework for addressing issues in diverse workforce participation, business development, and other areas that often act as obstacles in developing a diverse labor pool and contracting community. The CBA supports the development of initiatives that address these issues, both in terms of workforce participation and business ownership.

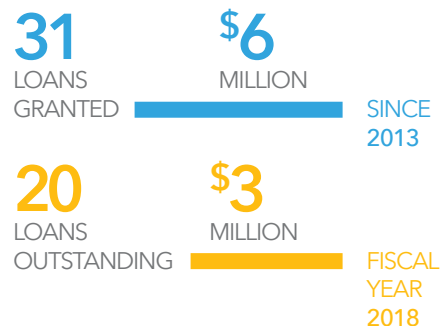
HELPING BUILD ST. LOUIS



The Contractor Loan Fund (CLF) is a coalition of partners investing in expanding the capacity of certified minority- and women-owned businesses within the construction industry. MSD joined local government organizations, non-profits, and private sector businesses to develop a low-interest, revolving loan program specific to the capital needs of emerging M/WBE construction companies. MSD is proud to have been an initial investor in CLF.

The \$10+ million loan program helps M/WBE construction companies fund their operations and growth before they are eligible for traditional bank financing. Many MSD subcontractors are among those who have received CLF funding.

Since its 2014 launch, the Contractor Loan Fund has approved 31 loans totaling more than \$6 million. Four of these have been repaid, and several have been renewed. Currently, CLF has 20 outstanding loans totaling \$3 million. The loan committee has approximately twelve applications under review.



ON-THE-JOB TRAINING (OJT)



BUILDING TUNNEL CAREERS DEEP UNDERGROUND

On-The-Job (OJT) Tunnel Training is an integrated program that introduces candidates to hands-on, expert-level, construction training. While the program is essential to developing a diverse workforce for MSD's tunneling projects, it is also educating a new generation of laborers ready for a variety of career opportunities.

Working alongside talented industry professionals, OJT candidates complete most of their training in the field. Trainees quickly become a safe and productive member of their team, learning the specialized operations of tunneling work. After

completing 1,040 hours of training, they become eligible for certification, and many continue working for MSD contractors.

MSD is committed to building a diverse, sustainable pipeline of laborers to work deep underground within the tunnel industry. Its four major tunneling projects—Maline Creek, Upper Maline Creek, Deer Creek, and Jefferson Barracks—have OJT programs with SAK Construction as the prime contractor. With each site funded by MSD having exceeded its minority and women participation goals, the OJT Tunnel Training Program is ensuring a

diverse and uniquely qualified workforce for years to come.



DAVIDA CRAYTON
OJT Graduate/SAK Employee



credit: LLIUNA Local 110

Davida Crayton is a laborer with SAK Construction, a tunneling company and MSD contractor. Her workplace is a 20,842 foot storage tunnel.

Crayton is not the only commonality between SAK and MSD. The two collaborate to fill a skills gap in the tunneling industry through a MSD sponsored program called OJT Tunnel Training Program. This program provides classroom and job site training for women and minorities interested in the construction tunneling trade.

Crayton is a recent graduate, having completed 1,040 hours of training. She is among many OJT graduates working on MSD projects. She is also among a growing number of women and minorities employed as tunneling laborers.

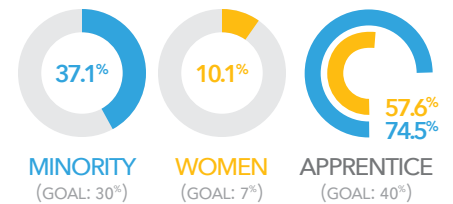
FOUR

TUNNELING PROJECTS WITH OJT PROGRAMS

1. UPPER MALINE CREEK

WORKFORCE

50% Completion, 0% Retention



TRAINEE STATUS

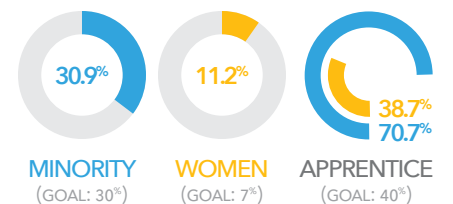
1,040 hours required



3. DEER CREEK

WORKFORCE

On target for 60% completion



TRAINEE STATUS

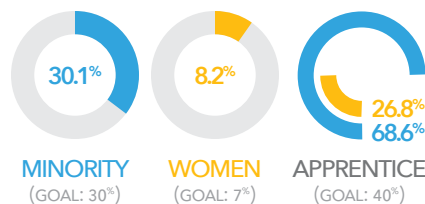
1,040 hours required



2. MALINE CREEK

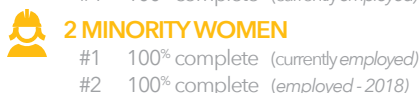
WORKFORCE

100% Completion, 50% Retention

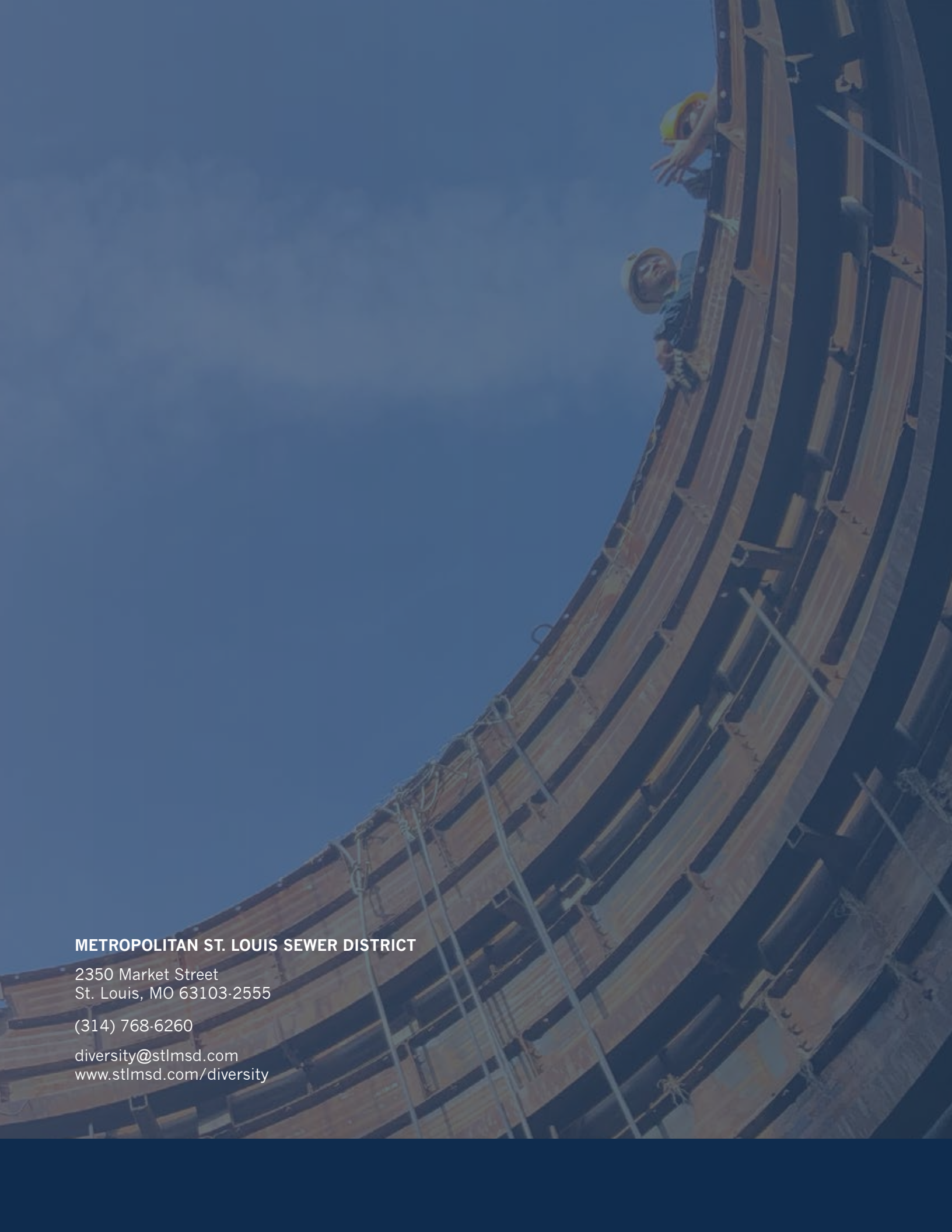


TRAINEE STATUS

1,040 hours required



4. JEFFERSON BARRACKS - Contractor Sponsored OJT Program



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