

METROPOLITAN ST. LOUIS SEWER DISTRICT BUSINESS DIVERSITY

MBE Utilization and Workforce Program Non-Building Design-Build Projects

Effective November 1, 2017

PURPOSE

The Metropolitan St. Louis Sewer District (MSD or District) will provide opportunities for the meaningful participation by Minority Business Enterprises (MBE) and for minority and women workforce on Non-Building Design-Build Projects performed for the District. Within the context of the Design-Build contract, business diversity will be evaluated separately for construction and design aspects of Design-Build projects.

The Purpose of this procedure is to establish guidelines for compliance with the Diversity Program for MBE participation by applicable vendors, proposers, contractors, service providers and any person, corporation, business, or other entity performing a Commercially Useful Function (CUF) while doing business with the District on the construction aspects of Non-Building Design-Build Projects. This procedure also establishes guidelines for workforce participation compliance for both the design and construction aspects of Non-Building Design-Build Projects.

MBE UTILIZATION DURING DESIGN-BUILD CONSTRUCTION

Certified MBE's participating on an MSD contract, regardless of the procurement type, are required to perform a Commercially Useful Function (CUF) in fulfillment of an awarded contract. Certified MBE's listed for performance on any contract to meet MBE goals are subject to all conditions of compliance monitoring throughout the duration of the contract.

The purpose of CUF requirements is to ensure that Design-Builders perform their due diligence to utilize MBE firms that are ready, willing and able to perform specific work for which they are qualified, certified and authorized to perform, according to the terms and conditions as set forth in the contract. Work performed by an MBE on MSD contracts must be consistent with industry practices and other relevant considerations and has a necessary and useful role in the transaction (i.e., the firm's role cannot be a superfluous step added to a project in an attempt to obtain credit towards meeting MBE goal requirements). CUF requirements also exist to prevent, to the extent possible, MBEs from being utilized as a "pass through" or "front" for a prime contractor or another subcontractor. A commercially useful function occurs when the MBE firm has the sole responsibility for execution of the specified scope identified in their contract and performs responsibly by managing and supervising all aspects of the work involved with respect to ordering all materials, equipment, supplies, negotiating price, determining quality and quantity, installing (where applicable), and payment for its own materials, supplies, equipment and labor without requirements for two-party payments. If in the District's judgment, the MBE (even if certified) does not perform a commercially useful function in performance of a the scope of work specified in the contract, the Design-Builder credit towards meeting stated MBE goals will not be counted. When a MBE firm is the manufacturer of materials provided for performance on the contract, or the MBE firm is providing labor in performance of a scope of services that is a necessary requirement for the contract, the MBE firm will generally be considered as CUF, however all labor must be tied to a specific project scope identified on MSD Form A.

Special Provision for Acceptance of Two-Party Checks (Only for Joint Check Payment of Fringe Benefits)

The following provision only allows for Design-Builders to make joint payments (two-party check made payable to an MBE firm and a third party benefit provider) for fringe benefits (pension, welfare, vacation, training, or other fringe benefit) that are due to benefit providers while employees are performing work on an MSD contracted job if

the subcontractor is in an arrears status at the time of contract award, has been in an arrear status at any time within the most recent 24 month period, or becomes in arrears prior to completion of their portion of the contract work during the project with any of their payments of fringe benefits. The District must receive written notice signed by the MBE firm, Design-Builder and third party benefit provider of the arrangement prior to the start of work or when such agreement is made necessary by failure of subcontractor to pay benefits during the course of the subcontract. Design-Builders would receive full credit for the two-party payments with submission of copies of the paid checks (front and back) as verification of the payment and validation list of employees for which the payments are made with final validation (via submitted certified payrolls) that these employees worked on the MSD project. The third party benefit provider shall also agree not to seek garnishment of any payments owed by the Design-Builder to the subcontractor for this project.

A. MBE Subcontracting Requirements

1. The Metropolitan St. Louis Sewer District (District) has established a subcontracting MBE (African American) goal of **17.00%** utilization for **the construction aspects of Non-Building Design-Build projects**. Exceptions will be noted in the design-build contract documents, when required.
2. A proposer who has achieved the 17.00% participation for MBE utilization on the construction aspects of Non-Building Design-Build projects as defined herein will be in compliance with the requirements of this specification. A proposer who cannot achieve the 17.00% MBE utilization goal must provide all proof via documentation, as prescribed in paragraph C.4. to demonstrate that good faith efforts were initiated and performed prior to proposal submittal consisting of efforts undertaken to achieve the MBE goal. If in the sole judgment of the District, the proposer does not demonstrate sufficient evidence that good faith efforts were performed, the Design-Builder's proposal will be rejected as non-responsive.

3. The term Minority Business Enterprises (MBE) refers to:

A Minority Business Enterprise (MBE) is defined as a business that is at least 51% owned, operated and controlled by a minority or minority group members, who are citizens of the United States. "Controlled" means that the minority owner(s) must exercise actual day-to-day management of the business. **For this procedure the only minority groups that will count towards meeting goals for MBE vendor utilization are certified African American.**

4. As prospective MBE participants on this project, MSD will only accept those MBE firms possessing a current valid certification issued by an approved certifying agency at the time of proposal. The MBE's certification issued by an approved certifying agency must identify the MBE's certification with a valid North American Industry Classification System (NAICS) code indicating the type of service and/or materials for which they are proposing to be utilized as a subcontractor by at least one or more of the following agencies on or before the date of the proposal opening:

- Missouri State Office of Equal Opportunity
- City of St. Louis
- St. Louis Minority Business Council *(Through December 31, 2017)

*Note: Effective January 1, 2018, MSD will no longer accept MBE certifications issued by the St. Louis Minority Business Council (SLMBC). MSD does not accept reciprocity certifications issued by other certifying agencies. For all Requests for Proposal advertised after January 1, 2018, in order for participation to be counted towards Diversity Program requirements, the MBE must be certified by one of the acceptable certifying agencies at the time the Design-Builder's proposal becomes due.

5. MBE Subcontractor Advance Payments

An amount will be paid to the Design-Builder for the purpose of making advance payment to eligible subcontractors in anticipation of the subcontractor's mobilization to the jobsite. Payment to MBE subcontractors shall only apply to subcontractors in the category of "Material/Supplies including Labor or Installation" and/or "Service Provider/Installer" as listed on MSD Form A at the time of proposal, and as confirmed by the District. Please refer to the General Conditions or Project Technical Specifications for additional Advance Payment information.

B. Pre-Contract Award Obligations:

1. For Design-Builder proposals that do not meet the MBE participation goal, a properly signed proposal must certify that the proposer has undertaken the good faith efforts described in this MBE guideline procedure to achieve the stated goal for MBE participation. For all other proposers, it is mandatory for each proposer to submit MSD Form A with their proposal for consideration of MBE subcontractors to be utilized to fulfill goal requirements. All other MBE participation information including but not limited to attachments to Form A, Form B, and all attachments and information required to demonstrate good faith efforts (if needed) must also be submitted to MSD with the original proposal at the due date and time specified. Failure to submit any of the required information (on MSD Form A, MSD Form B, or for "Good Faith Efforts") will result in the proposal being rejected as non-responsive.
2. To establish a proposal as responsive, the proposer must document on MSD Form A the proposed utilization and tier level of participation of all MBE participants to be utilized for achievement of the stated goals, and/or document on MSD Form B the good faith efforts expended by the proposer to utilize MBE participants. The documentation requirements are outlined in C.4, a-f below. For the purpose of determining the degree of goal attainment through MBE subcontractor joint ventures, MBE subcontractors, MBE manufacturers, MBE distributors, MBE suppliers, and MBE brokers, the following methodology will be utilized:
 - a. Any **Joint Venture** Subcontractor consisting of a certified MBE and majority non-certified business enterprise, but functioning as a singular joint entity, will receive MBE participation credit only for the MBE's participation based upon a percentage of the dollar amount of the work performed by the MBE entity. Only the verifiable dollar amount as defined in paragraphs c. thru h. below will be allowed to count towards MBE participation goals.
 - b. MSD allows Mentor/Protégé relationships consisting of a certified MBE and majority non-certified business enterprise; however, participation credit will be based solely on the Commercial Useful Function activities performed by the MBE subcontractor. Only the verifiable dollar amount as defined in paragraphs B.4 - B.6 below will be allowed to count towards MBE participation goals.
 - c. All proposers including certified Prime MBE's must achieve the required 17.00% MBE (African American) subcontract utilization goal by obtaining the additional participation from certified MBE's.
 - d. A contractor or subcontractor who has an ownership stake (at any level) in another business entity (whether as a parent or subsidiary) may not use that organization for purposes of meeting goal requirements in a subcontracting capacity on a MSD project. MBE participation must be obtained through utilization of an independent, certified MBE (African American) contractor with no ownership affiliation to the contractor or subcontractors in the hiring capacity.
3. Proposers will be credited **100%** for qualified MBE participation of the dollar amount for purchases made from certified MBE (African American) subcontractors for construction work performed at the jobsite,

but may include limited situations where the sub-contracting activity relative to the work being performed on the contract is performed at an off-site location but meets the CUF needs of the project (i.e. reinforcing steel mats tied at a yard and then shipped to the jobsite, painting of structural steel, etc.), subject to approval by MSD's Diversity Division. Architectural, engineering, and land surveying services regulated under RSMo 327 will not be counted towards the goal. The attached construction related professional services list is a list of services which may be counted towards the goal.

4. Any Proposer will be credited with MBE participation for **100%** of the dollar amount of purchases made from:
 - MBE manufacturers who operate or maintain a facility and/or establishment with a manufacturing business that produces on site materials, supplies, items and/or equipment per specification documents; or
 - MBE distributors/suppliers contracted with a manufacturer to distribute products and who will in fact **provide qualified installation services** of the manufactured or distributed supplies/materials for which they are authorized to sell or distribute.
 - The MBE distributor/supplier must be engaged in marketing, sales, warehousing, distribution, and delivery for the manufacturing entity.
 - MBE participation proposed under this category shall require the following attachments to Form A:
 - Evidence that the MBE is certified within the identified manufacturing industry;
 - Product specifications; MBE's location of manufacturing operations;
 - Address of MBE's product marketing, sales, warehouse, distribution; and
 - Evidence of MBE's proposed installation services on the contract.
5. Any proposer will be credited with MBE participation of **20.0%** of the dollar amount of purchases made from:
 - MBE distributors and/or suppliers possessing a manufacturer's contract or agreement and engaged in the sales, warehousing, and distribution of materials and/or supplies.
 - MBE participation proposed under this category shall require as an attachment to Form A identification of the address where the sales, warehousing, and distribution activities occur.
6. Any proposer will be credited with MBE participation of **3.0%** of the dollar amount of purchases made from:
 - MBE providers of materials and supplies who act as a **broker or dealer** and who do not satisfy the requirements for any of the above categories must be certified as a **broker or dealer** in accordance with the requirements of and by one of the acceptable agencies listed in paragraph A.4. above.
7. A MBE subcontractor may be used for participation at any tier provided the proposer identifies the "tier" level of utilization for the subcontractor on MSD Form A. All MBE certifications are verified during proposal evaluation that the MBE listed on Form A is certified and is in good standing with an acceptable Certifying Agency. For new MBE subcontractors that have not previously worked on MSD projects, or MBE's proposing to perform a new scope not previously performed on a MSD project, MSD requires MBE to have a valid certification with the NAICS applicable to the proposed scope to be provided by the MBE subcontractor.
8. Any non-certified MBE subcontractor at any tier level **will not** count towards meeting a proposer's MBE participation goals. Therefore, all tiers of MBE subcontractors are required to "substitute or replace"

subcontractor participation **only** to other certified MBE subcontractors providing the same services in order to be counted towards meeting the MBE participation goals. Any deviation from this requires immediate notification to and approval by the District.

C. Evaluation of Goal Achievement

1. As a prerequisite, to demonstrate MBE goal achievement, the proposer must provide the following documentation with their proposal:

NOTE: MSD Form A must be used for this purpose. **Failure to provide Form A with proposal will result in a "Non-Responsive" determination for that proposal.**

- a. List the name of the Design-Builder;
 - b. List the name of the certified MBE, Certification Agency and Ethnicity of the MBE;
 - c. Indicate the tier level of participation for each MBE;
 - d. Identification of MBE's participation tier level and eligibility for Advance Payment by checking the appropriate box indicating the percentage of participation for each MBE to be credited towards meeting MBE participation goal and to establish the MBE has a Commercially Useful Function on the project;
 - e. Complete a description of materials/Service/Scope of Work for each MBE;
 - f. List the total amount for each MBE's participation in each MBE's section;
 - g. List the Subcontracting Total at the bottom of each Form A (use additional sheets if needed) to capture all participation for the proposal.
2. For evaluation of proposals, MSD reserves the right to request clarifications, conduct on-site interviews and/or inspections of the MBE's listed on Form A at their place of business for purposes of verifying certification information presented at the time of proposal and to determine if the MBE's business is in compliance with MSD's guidelines for MBE participation on the MSD project.
 3. MSD reserves the right to not count dollar amounts presented on Form A to meet participation goals at the time of proposal, if a proposer, at the request of MSD during the evaluation of a proposal: 1) fails to validate or provide evidence that the MBE will perform a "Commercially Useful Function" on the project; or 2) fails to validate that the MBE is certified at the time of proposal to provide the scope identified for the MBE on Form A. Based on the results of the proposal evaluation, in the event there is a reduction or change in any dollar amounts for any MBE listed on Form A, the amount used to calculate a proposer's final total amount of participation will be reflected in the final dollar and percentages and will determine if the goal was attained. Please note that reductions in the amounts listed on Form A could result in a proposer falling short of attaining the goal rendering the proposal as "non-responsive" if acceptable "good faith efforts" as described in these guidelines are not successfully demonstrated.
 4. For proposals that do not meet the District's stated MBE goal, the proposer **must** present documented proof of all "good faith efforts" undertaken by the proposer to achieve the stated goal at the time of proposal. For a proposal to be considered responsive, efforts undertaken shall be concentrated and aggressive so as to reach the intended MBE targets for participation through various means of outreach, personal contact, follow-up, and/or actual negotiation consultation with qualified certified MBE firms. The proposer is required to submit MSD Form B with their proposal along with their "good faith effort" documentation package.

MSD Form B - Pre-Award "Good Faith Effort" Documentation Requirements

The following is a list of the minimum requirements (a thru f below) a proposer must complete in order to demonstrate they have exhausted all opportunities for inclusion of MBE participation on the contract being proposed and are in compliance with meeting the minimum requirements for "Good Faith Efforts" in order to be found responsive. All efforts must be undertaken with specific targeting of MBE firms having skills or services relevant to the project being proposed and with "ready, willing and able" MBE's to provide those skills or services. Any and all information submitted as validation of "good faith effort" activities will be subject to evaluation and verification that the proposer actually performed the activities. Proposer must be able to provide details of quantities and estimates for the specific scopes of work or materials that MBE's are requested to provide bids, proposals, or quotes for.

a. A minimum of two (2) advertisements must meet the following requirements:

- Proposer must provide documented proof of all advertising efforts undertaken to extend opportunities to local certified MBE firms; advertisements must be targeted within locally distributed media so as to reach MBE's who are certified in MSD's service area.
- Advertisements must be published at least fourteen (14) days prior to the proposal due date.
- Advertising Examples: local or regional minority trade association publications or newsletters, minority-owned media specifically targeted to MSD's service area, minority contractor associations, local community based publications located within the MSD service area, etc.
- MSD requires verifiable, documented proof of advertisements to be submitted with good faith effort documentation: i.e., copies of the advertisement containing verification of publication and dates published or publication affidavits.
- Advertisements must solicit for specific services and/or scopes identified for MBE's participation on the project that will serve a commercial useful function.
- Only one (1) advertisement activity can satisfy the requirements identified in section "c" below for purposes of hosting a pre-proposal meeting.

b. Minimum outreach requirements to reach potential MBE's for specific work being sought for the project:

As a resource and to assist proposers with locating certified MBEs, MSD's Supplier Diversity Website (www.stlmsd.com) provides direct links to the acceptable certifying agencies with databases which provide access to the direct contact information of certified MBE's for purposes of making contact with MBE's to solicit for quotes, bids, etc. However, it is the responsibility of the proposer to verify the current certification status, qualifications and experience of the MBE and the MBE's ability to perform work or supply services or materials as a MBE subcontractor on the proposal.

Proposer must provide proof of documented contact with a minimum of two (2) Professional or advocacy organizations, each of which has capabilities to assist with the identification of potential certified MBE's for subcontracting opportunities. Evidence of contact with the organization must be provided with good faith effort documentation.

c. Proposer must advertise and host a Pre-Proposal meeting, prior to proposal completion, to reach qualified MBE's. A Pre-Proposal meeting agenda with sign in sheets containing MBE's contact information and signatures must be submitted with proposer's "good faith effort" documentation. Announcement of pre-proposal meetings, including date and time, should be included in the proposer's advertisement for the pre-proposal.

As an alternative, local Construction Contractor Associations or the equivalent may advertise separately for a single location pre-proposal meeting for numerous potential Design-Builders and/or MBE firms. The Design-Builder shall submit sign in sheets showing their attendance and documenting the attendance of MBE firms with good faith effort documentation. This will only satisfy one advertisements requirement for good faith efforts as stated in item a.6. above.

- d. Written Correspondence and Notifications: In order to provide verification of "good faith efforts":
1. Proposer must provide copies of efforts to solicit bids, quotes, proposals, etc. and/or material quotes from qualified MBE's through timely notifications to solicit business via written correspondence or letters. Any solicited materials must contain a valid confirmation receipt date or be postmarked a minimum of fourteen (14) calendar days prior to the date the proposal is due. Solicitations may be sent using the following methods with required proof submitted with good faith effort documentation:
 - Registered or certified mail with a returned receipt required (postmarked and signed) with a copy of the correspondence provided to the District; or
 - E-mailed notifications with acknowledgement by recipient or confirmation via returned "read" receipts, with a copy of the correspondence provided to the District; or
 - Faxed documentation with acknowledgement by recipient or confirmation receipts, with a copy of the correspondence provided to the District; or
 - Courier with proof of the MBE's acceptance signature, with a copy of the correspondence provided to the District.
 2. Verifiable proof of all such notifications must be submitted as confirmation of the proposer's due diligence to secure qualified minority participants within MSD's service area.
 3. Proposer shall provide the source listing of MBE's that was used to solicit bids, quotes, proposals, etc. Proposer must attempt to contact an adequate number of certified MBE's, whether sourced through MSD's website (www.stlmsd.com) or an approved certifying agency's database, must be contacted in relevant work categories, as designated in the following table:

Number of MBE's in Relevant Work Category	Minimum Number of MBE's Contacted Based on Sourced Listing used to Solicit Bids
Five or Less	All Available MBE's
Six to 10	At Least Five MBE's
11 or More	At Least 50% of Available MBE's

e. Contracting in Good Faith with MBEs

It is the proposer's responsibility to specifically identify sufficient portions of the project work that would result in attainment of the goal based on the proposal submitted to the District. It is also the proposer's responsibility to select and actually make available to MBE's portions of work, materials, supplies, services, etc. consistent with providing opportunities to MBE firms so as to facilitate commercially useful MBE participation on the project. A Proposer who does not make sufficient participation available to MBE's must provide acceptable justification as to why a sufficient

amount of participation could not be subcontracted to MBE's to attain the goals.

A proposer using good business judgment would consider a number of factors in deciding to contract with MBE firms and would certainly take a firm's price, capacity, past performance, experience and qualifications as well as project goals into consideration. Good faith effort include those additional steps taken to do business with MBE's such as negotiations, one-on-one meetings, etc., the proposer takes beyond sending the initial request for a quote to reach an acceptable agreement for participation with the MBE. The ability or desire of a proposer to perform the work on a contract with its own organization does not relieve the proposer of the responsibility to make good faith efforts. A proposer is not, however, required to accept higher quotes/bids from MBE's if the price is excessive or unreasonable, however, MSD has the right to request additional clarification as to how pricing was the determining factor for rejection of an MBE's quote/bid.

- f. Proposer must provide a justification statement specifically stating the reasons why the proposer could not attain the goals. The justification statement must describe in detail why all efforts undertaken to comply did not result in meeting the goal or substantiate in detail any other reasonable explanation to support the proposer's position for not meeting the goal.
- g. The District will make a final determination of whether or not a proposer met the minimum requirements to be responsive based on proposer's actions performed for items C.4., a-f and submission of verifiable documentation for paragraphs a-f above. Any omission of any portions of paragraphs a-f for "Good Faith Effort" will result in proposer being found non-responsive.

D. Post Contract Award Requirement:

- 1. Within fifteen (15) calendar days after notice of award of the contract, MBE Verification Forms signed by all the MBE participants (and, if requested by the District, copies of all MBE related sub-agreements) signed by both the Design-Builder and MBE subcontractors must be submitted to the District. If a proposer fails to submit the required information and documentation within fifteen (15) calendar days after notice of award, the District may withdraw the notice of award and the proposal security of that proposer will be forfeited to the District.
- 2. When a Design-Builder is directed by Change Order to perform specific work exceeding \$500,000 that is outside the limits of the original scope of the project, the Design-Builder will be obligated to meet the established 17.00% subcontracting utilization goal for non-building construction aspects of design-build contracts with MBE (African American) participation and meet workforce participation goal requirements as outlined in "Workforce Requirements" herein. This obligation shall be separate from the Design-Builder's original obligation as committed to at the time of proposal and subject to meeting all other Diversity compliance requirements. Design-Builder may propose the use of MBE subcontractors (as appropriate) who are already participating on the contract or use new MBE subcontractors for the change order work. All Change Order utilization must be submitted on MSD Form A.
- 3. MBE Utilization on Emergency Contracts: MSD has established "Guidelines for the Development and Maintenance of an Emergency Contractor List" which states Contractor Requirements for providing the District with a list of the MBE subcontractor/vendors that the Contractor is committed to utilizing to the extent practical based on the emergency scope of work, the availability of the subcontractor(s) and the reasonableness of the subcontractor's cost proposal.

E. Contractual Compliance Requirements:

- 1. For the purpose of validating Diversity compliance on any MSD project, the District will perform one or more of the following: on-site monitoring; require proper validation of payments reported as made to participating MBE's on the project; and conduct audits of records pertaining to the project in order to

verify the participation of MBE's performing work on the contract. Failure to respond to request for validation of payments in a timely manner can subject the Design-Builder to sanctioned withholding of project payments including but not limited to doing future work with the District up to and including a complete prohibition from performing work on any District project for a time period to be decided solely by the District.

2. During construction, for purposes of validating compliance for the utilization of hauling, trucking, or any delivery of material supplies requiring any level of transportation services, contractors may be required to submit Trucking Reports to validate participation amounts to be credited towards meeting goal requirements through submission of monthly Trucking Reports and/or additional documentation if requested. A Design-Builder will be requested to provide Trucking Reports for the following: 1) Subcontractor lacks capacity to solely fulfill the full scope of contracted participation for the project; 2) Non-compliance activities observed during project monitoring and/or inspections of project. Failure to submit requested monthly Trucking Reports in a timely manner can subject the Design-Builder to sanctioned withholding of project payments including but not limited to doing future work with the District up to and including a complete prohibition from performing work on any District project for a time period to be decided solely by the District.
3. During construction, the Design-Builder must submit monthly online utilization reports to the District or through the assigned project Construction Manager (CM) using the online **MSD Diversity Reporting System**. MSD will verify that the Design-Builder has reported their monthly MBE and/or Non-MBE involvement participation upon receipt of each progress payment request until the Final Payment Application for the project is submitted. On months where there is **no** MBE activity, Design-Builder must still submit a report indicating no activity was performed for that month. Failure to submit monthly involvement reports in a timely manner can subject the Design-Builder to sanctioned withholding of project payments including but not limited to doing future work with the District up to and including a complete prohibition from performing work on any District project for a time period to be decided solely by the District. Monthly involvement reporting must be current in order for progress payments to be approved for payment.
4. Changes to the Design-Builder's original or previously approved MBE utilization (MSD Form A) will only be considered by the District for one of the following reasons:
 - a. The named MBE subcontractor is unable to meet the delivery requirements of the contract schedule.
 - b. The named MBE subcontractor is dilatory in complying with the requirements of the contract documents.
 - c. The named MBE subcontractor is prevented from performing due to bankruptcy, insolvency or circumstances related to the failure of the business.
 - d. The type and amount of work to be performed by the MBE subcontractor is less than what the Design-Builder could have reasonably assumed at the time of the proposal.

The Design-Builder must promptly report to the District, in writing, any proposed changes in the utilization of MBE subcontractors, and include appropriate written justification documentation, signed off by both the Design-Builder and the affected MBE. All contract modifications to any MBE participation and/or MBE scope of work requires an approved written District Change Order to the contract prior to final close out of a project.

5. Before **final payment** will be authorized by the District, the Design-Builder must submit a MWBE Payment Verification Confirmation Form (signed by both the Design-Builder and the MBE subcontractor) for each MBE subcontractor utilized on the project indicating the full amount paid to date. Design-Builder must indicate on the Verification Form whether this amount represents full or partial payment of all amounts owed to the MBE subcontractor. In a case where the **total final payment** to the MBE subcontractor cannot be made until the District makes its final payment to the Design-Builder, the Design-Builder shall also indicate on the form the amount to be paid upon receipt of final payment from the District. Upon receipt of **final payment** from the District, and subsequent payment of any outstanding payments owed to MBE subcontractors, the Design-Builder shall record final payment into the online **MSD Diversity Reporting System** and submit a new MWBE Payment Verification Confirmation Form for each MBE subcontractor receiving such outstanding payment confirming their receipt of final payment.

6. In the event the Design-Builder fails to conform to meeting its MBE obligations, the Design-Builder must furnish to the District, in writing, the reasons for failure. If, in the sole judgment of the District, there have not been sufficient good faith efforts taken on the part of the Design-Builder to meet its full contract MBE participation obligations, the District will advise the Design-Builder, in writing, of corrective actions to be initiated. If the Design-Builder fails to fully initiate the corrective actions in a timely manner, the District may withhold the equivalent amount, which should have been paid to the MBE(s), from any payments and/or institute appropriate actions pursuant to the provisions that have been incorporated into the contract specifications. An equivalent amount shall be defined as that portion of the MBE goal per party that was not met, as initially set forth on MSD Form A or by an approved MSD contract change order agreement.

F. Disclaimer

The District's implementation of this MBE procedure and its requirements does not constitute any endorsement of any MBE. By submitting a proposal to the District, the proposer agrees to hold harmless the District, its officers and employees, for all claims arising out of this proposal or any contract connected thereto with regard to the diversity guidelines.

Minority and Women Workforce Utilization

The purpose of this procedure is to establish guidelines for compliance with the Diversity Program for minority and women workforce participation by applicable proposers, consultants, bidders, contractors, service providers and any person, corporation, business, or other entity doing business with the District on Design-Build Projects.

WORKFORCE REQUIREMENTS FOR DESIGN ASPECTS OF DESIGN-BUILD

Non-Building Design-Build contracts require compliance with workforce participation goals for design aspects of Design-Build projects as follows:

A. Minority and Women Workforce Requirements – Design-Builder/Design

1. The Metropolitan St. Louis Sewer District (District or MSD) has established minority workforce goals of 18% and woman workforce goals of 32% on all engineering professional tasks associated with design-build contracts.

Minority is a male or female African American, Asian American, Hispanic American or Native American employed in the consultant's local office. Female is defined as a Caucasian female employed in the consultant's local office.

2. Design-build lead designers who fall under this requirement must first demonstrate their ability to meet the local office goal requirements by submitting the first workforce report before the conclusion of the first 30 day contract period. Thereafter, reporting quarterly on the local office that is registered with the District to demonstrate that their local office workforce meets the Diversity Program's goal requirements on engineering professional tasks stated in paragraph A.1 above. To be in compliance with workforce reporting, design-build lead designers must utilize the online MSD Diversity Reporting System located at the following website link: www.msddiversityreporting.com. Design-build lead designers shall begin submitting quarterly workforce utilization reports online by the 10th day following the end of the previous quarter (using quarters based on an annual twelve month calendar period) as follows:
 - January 1st – March 31st ends quarter (report due April 10th)
 - April 1st – June 30th ends quarter (report due July 10th)
 - July 1st – September 30th ends quarter (report due October 10th)
 - October 1st – December 31st ends quarter (report due January 10th)
3. Design-build lead designers who fall under this requirement and are unable to demonstrate with the first report submitted within the first 30 days of their contract agreement, that they can meet the local office goals will be required to perform good faith effort activities when seeking to add or fill positions specifically for the local office or MSD project as follows:
 - a. Report the actual current workforce make-up of the local office registered with the District. In the rare occasion that there is no local office, then workforce goals will be measured by the number of employees specifically working on MSD's project. Provide the District with Employment Data to include the make-up of professional staff by specified categories including management, administrative, technical, ethnicity, and gender; and

- b. Submit a workforce plan for review and approval by the District regarding efforts to be taken during the next annual contract period to increase and diversify the workforce make-up of the local office. These efforts should consist of but are not limited to the following:
 1. Include firm's Equal Employment Opportunity (EEO) policy statement in all policy manuals, and publicize on company's website and newsletters, annual reports, etc.
 2. Activities designed to develop and/or implement targeted recruitment, outreach, and marketing strategies through collaboration with;
 - Local Universities
 - Slate
 - NSBE
 - Stem Programs and Mentoring Programs
 - Minority and Women Internship Programs
 - Business and Local Community
 - Advocacy Groups
 - Underutilized subcontractors
 3. Implement a training needs assessment, internal promotion and retention programs;
 4. Provide sufficient resources and efforts to enable the organization to continue diversity goals;
 - Management commitment
 - Financial support
 - Manpower
- c. Submit quarterly documentation of status results for the previous years' workforce plan.

B. Non-Compliance

In the event the Design-Builder's lead designer fails to comply with the requirements of the Diversity Program, the Design-Builder's lead designer must furnish to the District, in writing, the reasons for non-compliance. If, in the sole judgment of the District, there have not been sufficient good faith efforts taken on the part of the Design-Builder's lead designer to meet their originally stated contractual obligations, the District will advise the Design Builder, in writing, of corrective actions to be initiated. If the Design-Builder's lead designer fails to fully initiate the corrective actions in a timely manner the District may institute appropriate actions pursuant to the provisions incorporated into the Design Builder's contract. This can include sanctions on doing future work with the District and up to and including a complete prohibition from performing work on District projects for a time period to be determined solely by the District.

C. Proposal Credit Opportunity for MWBE

In an effort to promote a more diverse workforce for designer firms working on Design-Build contracts, Design-Builders have the option to complete the attached bonus point worksheet. Bonus points will be granted in the RFP evaluation scoring process to receive credit for minority and women workforce participation. In any case, the Design-Builder must identify a Lead Design Firm. Per MSD policy the Lead Design Firm must complete at least 50% of the design and subcontract at least 25% of the design. If firms chose to complete the Bonus Point Worksheet, the Lead Design firm must be used to determine the Vendor Diversity determination below.

DESIGN-BUILD/DESIGN SERVICES DIVERSITY BONUS POINT WORKSHEET

Lead Design Firm Diversity

Is Lead Design Firm a WBE or Asian-American MBE? (yes or no) _____

Is Lead Design Firm an MBE other than Asian or Hispanic-American? (yes or no) _____

Lead Design Firm Workforce Diversity (Minority Women may count as either Women or Minorities at the proposer's discretion, but not both). Count all full time personnel working in your office for this calculation regardless of job duties. Full time personnel shall have worked for the company for the past three months and during that period averaged 30 hours of work per week. COUNT FULL-TIME PERSONNEL ONLY!

Total Local Office Workforce _____

Women in Local Office Workforce _____

Minorities in Local Office Workforce _____

Lead Design Firm must subcontract at least 25% of the design. List names of Design Sub-Consultants and designate if Sub-Consultant is MBE or WBE.

Name of Sub-Consultant Design Firm(s)	MWBE?
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Sub-consultant design firm workforce scoring: Use only if a minimum of 25% of design work is sub-contracted. Minority Women may count as either Women or Minorities at the proposer's discretion, but not both). Count all full time personnel working in your office for this calculation regardless of job duties. Full time personnel shall have worked for the company for the past three months and during that period averaged 30 hours of work per week. COUNT FULL-TIME PERSONNEL ONLY!

Combined Total Local Office Workforce _____

Combined Women in Local Office Workforce _____

Combined Minorities in Local Office Workforce _____

The undersigned certifies on behalf of the entity submitting this Report that the above information is true and accurate as of the date set forth below:

Print Lead Design Firm Name

Date

Print Authorized Representative Name

Print Representative Title

Authorized Representative Signature

WORKFORCE REQUIREMENTS FOR CONSTRUCTION ASPECTS OF DESIGN-BUILD

Non-Building Construction contracts in an amount of \$500,000 or greater require compliance with workforce participation goals during project construction as follows:

A. Workforce Requirements

- 30.00% Minority workforce participation per trade;
- 7.00% Woman workforce participation per trade;
- 40.00% Total minority and woman apprentices (for any apprentices used).

Minority is defined as a male or female African American, Asian American, Hispanic American or Native American.

B. Contractual Requirements for Workforce

1. The Design-Builder must comply with all applicable workforce contractual requirements at the onset of all MSD projects. All “boots on the ground” workforce activity on a MSD project must be reported. This includes the workforces of both certified and non-certified subcontractors.
 - a. At least fifteen (15) days prior to mobilization Design-Builder is required to submit a 60 Day Project Workforce Plan to the District forecasting the anticipated workforce utilization for the first 60 days of the project schedule for the Prime contractor and all subcontractors providing any labor as a component of their scope of work who will have workers on the project in the first 60 days of the project schedule. Design-Builder is required to use the appropriate “60 Day Workforce Plan Template” provided by MSD’s Diversity Department and located at the following website link: <http://www.stlmsd.com/our-organization/diversity-msd/diversity-policies-and-forms>

The following fields of information are required to be included in the plan:

- Project Information
 - Name of each worker
 - Trade/Craft of each worker
 - Gender of each worker
 - Ethnicity of each worker
 - Employment Status of each worker, i.e., New Hire, Union Hall Hire, etc.
 - Length of employment with the Design-Builder or subcontractor
2. In the event a project does not meet the workforce goal requirements at the onset of a project, the Design-Builder must also complete and provide a “Project Workforce Plan” schedule (also found at the website link listed above) which identifies to the District plans for meeting the workforce goal requirements and in addition which demonstrates the “good faith efforts” undertaken by both the Design-Builder and subcontractors to meet the workforce requirements by the end of the project. To successfully demonstrate “good faith effort,” the following must be provided to the District:
 - a. Monthly documented proof of contact with the resources listed below requesting availability of qualified workers must be provided to the District along with responses received to the request for diverse workforce from the following:
 - MSD’s Bud Training Program (SLATE);
 - MSD’s First Source Hiring Program (SLATE);
 - Documented contact with union affiliates (if applicable);
 - Documented contact with an affiliated labor provider for trades utilized in performance of the MSD

project.

- b. If a Design-Builder initially meets workforce goals then begins to fall short of meeting goals during the course of a project and does not have an active workforce plan on file, the Design-Builder may then be requested to submit an Action Plan which includes their intent to fulfill the contract workforce goals by the end of the project. When requested, the Action Plan must be provided with the Design-Builder's next monthly workforce report submission. At a minimum, all good faith effort documentation submissions must include the following in order to be considered acceptable:
 - Initial requests to union affiliates (if applicable) for diverse applicant;
 - Initial requests to SLATE (First Source Hiring and/or BUD) for diverse applicant;
 - Response from initial request of 1 and 2;
 - Results of applicant referrals from 1 and 2;
 - Any other good faith efforts completed by the Design-Builder to fulfill workforce goals.
3. All actions of good faith must include the steps listed in 2. a-b above. Failure to meet these minimum obligations can subject the Design-Builder to sanctions on doing future work with the District up to and including a complete prohibition from performing work on any District projects for a time period to be decided solely by the District.
4. Upon receipt of Design-Builder's 60 Day Project Workforce Plan by the District, Design-Builder will receive acknowledgement via email that the Plan has been received and is under review. Within 5 business days of acknowledgement, Design-Builder will receive a notice of acceptance or request for additional information. This process will continue until an acceptable plan is on file. The Design-Builder is prohibited from proceeding with any portion of the work having a workforce component until the Plan has been deemed acceptable by the District.
5. Monthly Workforce Reporting Requirements: To be in compliance with MSD's labor and workforce reporting requirements Design-Builder must utilize MSD Diversity Reporting, Diversity's online reporting system located at the following website link: www.msddiversityreporting.com. Design-Builder shall submit monthly workforce utilization reports online by the 10th of each month for the previous month. Certified Payrolls detailing actual utilization for the past month for the Design-Builder and all subcontractors performing work in the month being reported on. If the workforce goals have not been met, the report shall also include documentation of specific "good faith efforts" performed in the past month as well as the planned actions to be taken by the Design-Builder and the subcontractors to fulfill workforce contractual requirements. All workforce documentation can be submitted online through the MSD Diversity Reporting System.
 - a. As part of its monthly workforce reporting, documented proof of "good faith effort" activities including initial contact documentation for requests of minority and women and ongoing contact with the programs listed above (2a) must be provided along with documented responses from each entity contacted for the request of diverse workers and shall include all follow up request for information pertaining to applicant referrals which indicates the outcome of the referral(s).
6. During the life of the Community Benefits Agreement ("CBA"), MSD shall ensure that the First Source Hiring Program and Training Programs are material terms on all new MSD CIRP contracts; all amended or renewed CIRP projects and voluntary extensions of existing CIRP projects. Under these CIRP projects the requirements for use of these programs shall commence as of the effective date of the contract. MSD shall actively monitor performance of the BUD and First Source Hiring Programs, shall enforce the requirements for use of the BUD and First Source Hiring Programs and shall take appropriate enforcement actions to address noncompliance.

The BUD and First Source Hiring Programs provide access to targeted Minority and Women applicants

for MSD projects. Design-Builders shall receive prompt, cost-free eligibility lists of available qualified and trained applicants when requested for MSD Projects. MSD requires Design-Builder participation in the BUD and First Source Hiring Programs with regard to all job vacancies on MSD projects by:

- a. Design-Builders and their subcontractors;
- b. Design-Builders and subcontractors entering into or receiving an extension in the scope of an existing project contract, an amendment or renewal of an existing project in which the CBA was in effect at the time of the original contract.

Nothing contained in the CBA or MSD guidelines shall require contractors who are subject to collective bargaining agreements with union affiliates to comply with utilization of SLATE Programs which violates any component of bargaining agreement terms. Conflicts regarding the use of these programs with collective bargaining agreements must be provided to the District along with good faith effort documentation.

- c. Contact Information for BUD Training and First Source Hiring Programs:

St. Louis Agency on Training and Employment (SLATE)
First Source Hiring / BUD Program Administrator
1520 Market Street, Suite 3050
St. Louis, MO 63103
(314) 657-3599 / Fax: (314) 589-8027
www.stlworks.com
Applicant Intake Referrals Email: Constructionintake@stlworks.com

7. For the purposes of validating workforce compliance on any MSD project, the District will perform on-site monitoring in order to confirm workforce compliance as described in paragraph A above.

Failure to meet the "Good Faith Effort" requirements listed above will subject the Design-Builder to sanctions on doing future work with the District up to and including a complete prohibition from performing work on any District project for a time period to be decided solely by the District.

DIVERSITY CONTRACT COMPLIANCE, AND DIVERSITY FINAL EVALUATIONS

- A. Approval of Design-Builder's monthly payment application is based on the Design-Builder's compliance with submission of their monthly utilization reports until Diversity has conducted a final evaluation of Diversity contract compliance. Design-Builders who are delinquent with submission of any utilization reports will not receive payment until they have met all reporting requirements.
- B. Upon submission of a final payment request, MSD's Diversity Division will conduct a final evaluation of both vendor and workforce (if applicable) goal attainment on all contracts with vendor and/or workforce goals prior to release of Design-Builders final contract payment. A Design-Builder is considered to be in compliance with MSD's Diversity Program guidelines upon successful utilization of the MBE subcontractors proposed on Design-Builder's originally submitted MSD Form A and satisfaction of applicable workforce utilization goal requirements. Any deviation from Design-Builder's originally approved MBE's, requires Design-Builder to have an approved change order with appropriate justification documentation. Final contract payments will not be approved without all of the required documentation.
- C. For Design-Build contracts, to be in compliance with meeting workforce requirements, an Initial 60 Day Workforce Plan and Project Plan (if required) must be on file, all required monthly Workforce Utilization

Reports for Design-Builder and all Subcontractors must be on file, all required certified payrolls for Design-Builder and all Subcontractors for all hours worked must be on file, and any additional required workforce compliance documentation such as Good Faith Effort documents must be on file if any portions of workforce goals were not met on the project. Failure to meet the workforce compliance requirements can subject the Design-Builder to sanctions on doing future work with the District up to and including a complete prohibition from performing work on any District project for a time period to be decided solely by the District.

CONSTRUCTION RELATED PROFESSIONAL SERVICES LIST

Professional service activities* that can be included in the MBE Calculation

1. Shop drawing preparation
2. Layout

*Subject to change based on the requirements of the project.

This list is intended to prevent design services from counting towards the MBE Goal.