

An aerial photograph of the Indianapolis skyline, featuring various skyscrapers and buildings. The image is overlaid with a semi-transparent blue filter. The text is centered over the image.

Promoting Economic Inclusion

Through Contracting, Procurement, and
Community Benefits

2023



INDIANAPOLIS

FIVE CITIES PLUS

The Water Sector Supports \$524 Billion In Economic Activity

Water, wastewater, and stormwater utilities will contribute \$524 billion to the economy over the next decade, supporting 289,000 permanent jobs.



Wastewater Treatment Facility



Agricultural Irrigation System

Over the next decade, the 30 water utilities participating in this study plan to spend an aggregate total of \$23 billion per year for operations and capital expenditures. These plans represent the utilities' ongoing commitment to provide safe, clean, and affordable services to their clients and to the public. Approximately 60 percent of projected spending is attributable to the ongoing operation of the utilities and 40 percent is for capital infrastructure investments to maintain systems in a state of good repair.

As the \$23 billion of direct spending on operations and maintenance is released into the larger economy, it is re-spent by workers and suppliers, generating additional positive economic output. *Output* refers to the market value of goods and services produced directly by the utilities in this study and indirectly by their expenditures and employee wages. In other words, the utilities' initial expenditures for materials, services, and labor (their *direct effects*) are transferred to other businesses and their employees. These businesses and their employees then engage in additional spending for materials and services (their *indirect and induced effects*).

Thus, from 2014 to 2023, the operating and capital expenditures of the participating utilities will generate \$52 billion per year in total annual economic output across the United States. This results in a national economic contribution of \$524 billion over the next decade supporting approximately 289,000 permanent jobs. These jobs encompass employment that will be provided by the utilities (their *direct effects*) and within other industries that are supported by utility expenditures and employee wages (their *indirect and induced effects*).

Ripple Effect of Water Investment

(every \$1 million in direct spending by water utilities supports 16 jobs nationwide)

$$\begin{array}{cccc} \$1\text{M} & = & 5 \text{ Jobs} & + & 11 \text{ Jobs} & = & 16 \text{ Jobs} \\ \text{Investment} & & \text{Direct Impact} & & \text{Indirect \& Induced Impact} & & \text{Total} \end{array}$$



NATIONAL ECONOMIC AND LABOR IMPACTS OF THE WATER UTILITY SECTOR: EXECUTIVE REPORT

State of the Water Industry

- Water utilities employ 298,000 workers, or about **17.7%** of the total water workforce.
- There are **212** unique water occupations.
- Water workers earn higher wages (\$25.22 an hour) compared to all workers nationally (\$23.86).
- The water sector is expected to lose over 53% of its workforce in the next five years.

Source: Renewing the Water Workforce, Brookings.



The Economic Impact in Louisville Will Be \$5 billion and 3,700 jobs/yr Over 20 years



Every \$1 we invest = \$2.62 for local economy

2023
INDIANAPOLIS
FIVE CITIES PLUS

Source: U.S. Department of Commerce

Louisville In 2020 – Civil Unrest/Pandemic

Civil Unrest

- Nationwide concerns
- Breonna Taylor Tragedy (Louisville)
- Community Impact
- Downtown Louisville



Statistics

- Black residents comprise approximately 22.4% of Louisville Metro's population
- Blacks own only 2.4% of businesses in our community
- Black poverty rates are nearly three times those of whites
- Black college graduates earn approximately \$10,000 less per annum than white college graduates.
- 36% of black residents own their homes, while 73% of white residents own their homes

(source: Courier Journal)



Equity in Contracting and Procurement Task Force



Co-Chairs

Louisville MSD - Tony Parrott

LG&E and KU Energy - John Crockett

Task Force Membership

Louisville Water Company

Louisville Regional Airport Authority

Louisville Metro Housing Authority

Louisville Metro Government

Louisville Metro Council

Jefferson County Public Schools

University of Louisville

Kentucky Transportation Cabinet

Transit Authority of River City

Louisville Urban League

One West



Task Force Actions

- Establish goals / timetables directed toward increasing expenditures with and the utilization of MFDDBE's and Black-owned businesses.

Results from these efforts are to be included in quarterly reports on utilization and effectiveness of policies and practices.

- Develop Local Labor Utilization Guidelines to increase the number of local jobs and employment of local labor in the Louisville Metropolitan Statistical Area (MSA).
- Develop a Community Benefits Guideline to invest in local non-profits engaged in missions to increase Black-owned and MFDDBE capacity and workforce development in the Louisville MSA.
- Solicit input from and collaborate with local businesses, business organizations, labor unions, human resources organizations, supplier diversity organizations and others who work daily in the fields and activities related to the work of the Task Force



Estimated 5 Year Capital Spend

Task Force Organizations	Estimated Capital Spend 2021	Estimated Capital Spend 2022	Estimated Capital Spend 2023	Estimated Capital Spend 2024	Estimated Capital Spend 2025	Total (In Millions)
Louisville & Jefferson Metropolitan Sewer District	\$190.0	\$160.0	\$199.0	\$201.0	\$215.0	\$965.0
LG&E and KU Energy	\$540.0	\$316.0	\$335.0	\$335.0	\$335.0	\$1,861.0
Louisville Water Company	\$58.0	\$58.0	\$63.0	\$77.0	\$83.0	\$339.00
Louisville Regional Airport Authority	\$72.7	\$53.2	\$51.2	\$55.0	\$52.7	\$284.8
Louisville Metro Housing Authority	\$39.0	\$44.0	\$35.0	\$3.2	\$2.7	\$123.9
Louisville Metro Government	\$61.0	\$61.0	\$61.0	61.0	\$61.0	\$305.0
Jefferson County Public Schools	\$40.0	\$40.0	\$32.0	\$38.0	\$48.0	\$198.0
University of Louisville	\$50.1	\$42.0	\$28.0	*	*	\$120.2
KY Trans Cabinet	\$113.0	\$73.0	\$93.0	\$93.0	\$93.0	\$465.0
Transit Authority of River City	\$1.6	\$1.6	*	*	*	\$3.2
Total (In Millions)	\$1,165.4	\$848.8	\$897.2	\$863.2	\$890.4	\$4,665.0

Note: Includes, but not limited to, large-scale infrastructure projects primarily in the Louisville MSA and surrounding counties.

* Data not yet available



Estimated Total Spend with Local Diverse & Black-Owned Businesses- 5 Years

Task Force Organizations	Spend Estimate To Diverse Businesses	Spend Estimate to Black-Owned Businesses
Louisville and Jefferson County Metropolitan Sewer District	\$337.7	\$174.0
LG&E and KU Energy	\$133.9	\$37.2
Louisville Water Company	\$53.0	\$10.6
Louisville Regional Airport Authority	\$52.0	*
Louisville Metro Housing Authority	\$31.1	*
Louisville Metro Government	\$64.0	\$5.0
Jefferson County Public Schools	\$28.5	*
University of Louisville	\$8.0	*
KY Transportation Cabinet	\$32.6	*
Transit Authority of River City	\$0.5	*
TOTAL (In Millions)	\$741.3	\$226.8

Note: Local businesses are defined as those based in the Louisville Metropolitan Statistical Area and surrounding counties or with local business office operations
 * Data not yet available



Estimated Jobs Created- 5 Year Total Based on Local Diverse Spend Levels

Task Force Organizations	Estimated Jobs Created
Louisville and Jefferson County Metropolitan Sewer District	2,400
LG&E and KU Energy	1,004
Louisville Water Company	398
Louisville Regional Airport Authority	390
Louisville Metro Housing Authority	233
Louisville Metro Government	480
Jefferson County Public Schools	214
University of Louisville	60
KY Transportation Cabinet	245
Transit Authority of River City	4
TOTAL	5,427

Note: Average job creation factor of approximately 7.0-7.5 jobs per \$1M of diverse spend based on consultant research studies and more detailed analysis by select task force participants. These jobs are estimated to support the projected level of diverse capital spend over the next five years.



MBE/WBE Program Overview

- MBE/WBE Subcontracting Goals – Construction Est. >\$200,000
 - 18% - African American
 - 2% - Asian Indian American
 - 15% - Caucasian Female
- Ten Percent Bid Discount – projects Est. \$40,000 to \$500,000
 - Discount applies during the price evaluation on bid submitted by eligible M/WBE that bid as a prime.
 - Eligible M/WBE bidders bid price shall be reduced by 10% for evaluation purposes only when bidding as a Prime
 - Maximum discount shall not exceed \$50,000
- Supplierdiversity@louisvillemsd.org



Small Local Business Enterprise (SBE) Program

- SBE Program Objectives
 - Establish race- and gender-neutral initiatives for small local businesses.
 - Increase reasonable/significant opportunities for small local businesses to work with MSD.
 - Develop new capacity and resources to compete for MSD prime contracts.
 - Increase competition in the contracting community.
 - Diversify the companies doing business with MSD.
- Eligibility Requirements
 - Significant Local Presence (Jefferson, Oldham & Bullitt County, KY)
 - Minimum one year in business
 - Annual gross revenue shall not exceed an average of \$10M of three-year period
- Various construction projects ranging from \$40,000 - \$199,999
- Awarded over \$1 million to SBEs during the pilot program



FY23 Construction Expenditures

Construction Services

- \$19,076,647 or 24.11% MBE
- \$7,469,395 or 9.44% WBE
- \$52,561,919 or 66.44% All Others



FY23 Professional Services Expenditures

Professional Services

- \$1,288,701 or 8.43% MBE
- \$786,838 or 5.15% WBE
- \$13,205,753 or 86.42% All Others



FY23 Goods and Services Expenditures

Goods and Services

- \$945,208 or 3.15% MBE
- \$2,548,373 or 8.50% WBE
- \$26,492,157 or 88.35% All Others



FY23 Total MBE/WBE Expenditures

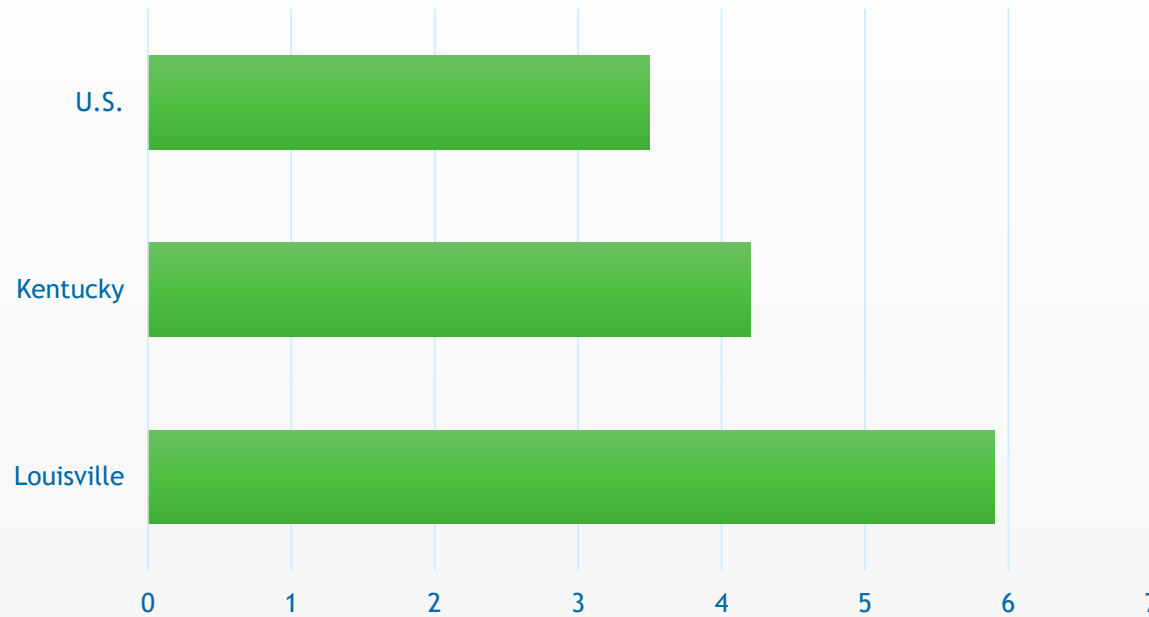
All Business Units – Overall

- \$21,310,556 or 17.13% MBE
- \$10,804,606 or 8.69% WBE
- \$92,259,829 or 74.18% All Others
- \$124,374,991.00 overall spend
- 26% - M/WBE Participation



Kentucky's Current Unemployment State:

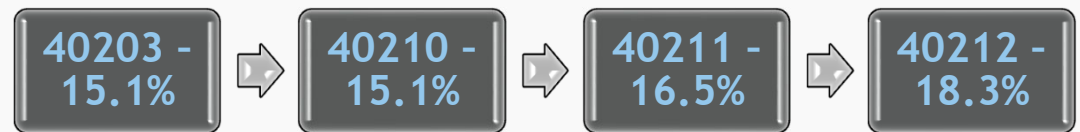
Unemployment Rate



	Louisville	Kentucky	U.S.
■ Unemployment Rate	5.9	4.2	3.5



Unemployment Rate by Zip Code



Source: 2014-2018 American Community Survey, Accessed from NHGIS

Local Labor Preference Program

Policy – Section 2A-15

- ✓ In 2010, MSD adopted the Local Labor Preference Program.
- ✓ In 2017, the bid threshold changed from \$10 million to \$5 million dollars.
- ✓ The Program ensures that more of the infrastructure dollars remain in the community for the benefit of the local economy.



Community Benefits Program

**New & Renewable Construction
& Construction-related Services**

\$2,000,000 or greater

Legal Services

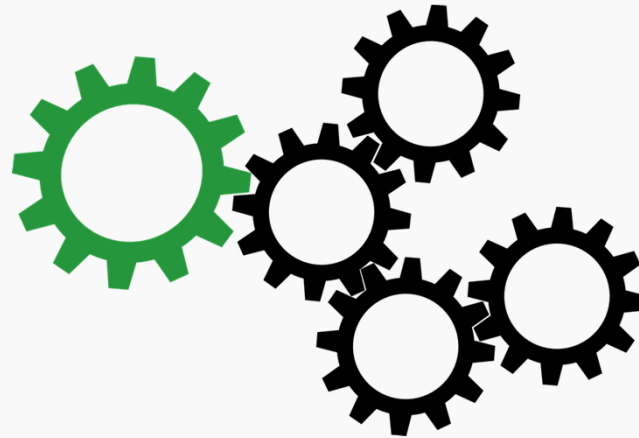
\$100,000 or greater

**New & Renewable Professional
and Engineering Services**

\$200,000 or greater

Emergency Contracts

\$2,000,000 or greater for
6-months or more term



Community Benefits Program Outcomes & Projections

OVER \$3 MILLION
IN BENEFITS GRANTED
TO THE COMMUNITY!

MSD Community Benefits Program has exceeded more than **\$3 million** in commitments from nearly **30 firms** on **130 unique projects** in communities we serve.

1



- Virtual career panels
- WDA Cohort sponsorship
- Computers donated

2



- STEM Lab development
- Playground & Fence
- 1,837 hunger free weekends for over 190 students

3



- Pollinator garden project
- Community gardens
- New homes built for community residents

Community Benefits Impact



“Tetra Tech has teamed with Cornerstone Engineering and Magna Engineers to provide valuable local engineering services to MSD in 2022 related to both the collection system and Water Quality Treatment Centers. We look forward to continued participation in the Community Benefits program as we work together with YouthBuild Louisville to strengthen the Louisville Community and provide real opportunity for today’s young adults.” - Tetra Tech





TETRA TECH



CORNERSTONE ENGINEERING INC
Building Systems. Smart Solutions.



Magna ENGINEERS



msd
Safe, clean waterways

Community Benefits Partnership Newsletter

June 30, 2022

Project Description

Tetra Tech, Cornerstone Engineering, and Magna Engineers are supporting YouthBuild Louisville's (YBL) work force development efforts through the Certified Apartment Maintenance Training (CAMT) Program

YBL programs help young people ages 18-24 get hands-on training and work experience. Many of the students have struggled with obstacles to success such as poverty, violence, abuse, drugs, and economic hardship.

CAMT Participants are trained in HVAC, electrical, plumbing, and appliance repair among other apartment building needs. Upon completion, the graduates are placed into internships or employment with property management companies that are members of the Louisville Apartment Association.

Tetra Tech, Cornerstone Engineering, and Magna Engineers contributed \$18,268 in 2022 so YBL could continue providing CAMT training and nationally recognized certification. During 2022, YBL anticipates 20+ participants completing training




YOUTH BUILD LOUISVILLE CAMPUS, SMOKE TOWN

Project Outcome(s)



Recent Graduates Larry Bell (right) and DeMarcus Keene (Left) will assist with the upcoming CAMT class starting in June 2022.



The funds donated by Tetra Tech, Cornerstone Engineering, and Magna Engineers will be used to pay for instructors, textbooks, exams, and tools for participants in the CAMT program during 2022

The 2021 Class Graduates.



The contributions from Tetra Tech, Cornerstone Engineering, and Magna Engineers will enable YBL to provide Summer and Fall Cohorts in 2022 for the CAMT Program. During 2021 all participants were successfully placed in the apartment maintenance field. We wish them continued success in 2022!

Community Impact

Arcadis supported the Fern Creek High School Engineering, Computer Science and Skilled Trades Academy. Robotics Club supplies, Plumbing Pathway equipment, Girls Who Code Club RockIT Women's Conference registration were all provided through Arcadis' financial contribution.



Questions?

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THANK YOU!

