

# AN EQUITABLE WATER FUTURE

## Louisville





# ABOUT THE WATER EQUITY TASKFORCE

Water shapes economic growth, the environment, and the social fabric of our communities. Ensuring that all people have access to safe, reliable, and affordable water and wastewater services is the cornerstone of a sustainable and prosperous nation. We all have a role to play in forging progress.

The Water Equity Taskforce is a network of cities that work together to develop more equitable water policies and practices. Convened by the US Water Alliance—and composed of cross-sector teams in the cities of Atlanta, Buffalo, Camden, Cleveland, Louisville, Milwaukee, and Pittsburgh—this initiative is advancing understanding of the challenges, opportunities, and promising interventions to promote equitable water management.

Louisville’s Water Equity Taskforce came together to expand workforce opportunities tied to water, transportation, and other infrastructure sectors. The Louisville team brings together leaders from water and sewer utilities, transportation agencies, and community organizations focused on workforce development. The team developed this report as a collaborative framework for advancing equity in Louisville’s infrastructure workforce.

## Louisville Water Equity Taskforce



# ACKNOWLEDGMENTS

The US Water Alliance is grateful to the Berkman Charitable Trust, the Charles Stewart Mott Foundation, the Joyce Foundation, the Kresge Foundation, and the Turner Foundation for their support of the seven-city Water Equity Taskforce.

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# PREFACE

The Louisville Water Equity Taskforce convened to consider opportunities for our community to create a roadmap to improve the equitable distribution of resources in Louisville. We understand that race and socioeconomic status impact access. This roadmap is designed to move us toward eliminating disproportionate outcomes and their overwhelming negative impacts on the most vulnerable communities. Our goal was to consider ways to create more economic vitality and career opportunities, while never losing sight of the need to keep water safe, affordable, and accessible.

This roadmap will highlight unique challenges faced by vulnerable populations, focus on the intentional creation of training and career opportunities, and explore ways to ensure benefits gained by our community are accessible and shared by all. This means implementing policies and practices that uplift and protect the most vulnerable residents of Louisville. It also requires highlighting barriers and obstacles to workforce opportunities in our community, especially for those who have been historically and economically disadvantaged.

To accomplish this, the Louisville Water Equity Taskforce is reviewing the state of procurement practices and current contracts to suggest ways to increase business opportunities. We understand that wealth building begins with opportunities and is increased with ownership. To the extent we have the resources to suggest improvements that can lead to increased participation among minority- and women-owned businesses, we see this as a relevant part of our work because diverse talent pools are stronger and more economically efficient.

We want to give residents of Louisville the opportunity to have world-class quality of life, and that can't be achieved without diversity, inclusion, and equity for all.



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# INTRODUCTION

Louisville is a boomtown in many ways. The city is experiencing a strong wave of development-related investment and rapid growth in manufacturing. Many residents in the Louisville region enjoy a relatively high quality of life. But as in other cities, enormous gaps exist between the day-to-day experiences of Louisville's affluent residents and those in its vulnerable communities in terms of wealth, employment, safety, and other measures of wellbeing. Louisville Mayor Greg Fischer acknowledged this gap in a 2011 resolution to make Louisville a compassionate city—"we take care of all of our citizens...there's a role for all of us in making sure no one is left behind or goes wanting."<sup>1</sup> It is in this context that the Louisville Water Equity Taskforce developed this report, with concrete recommendations to advance equity and opportunity for all residents of the region.

This report focuses specifically on building equity in the infrastructure workforce. While it primarily addresses the water sector, the Taskforce recognizes that many local infrastructure agencies face the same pressing challenges: an aging workforce and a shortage of local skilled workers to replace retiring employees. At the same time, Louisville's vulnerable populations face barriers to obtaining the training and certifications needed for living-wage jobs, and minority- and women-owned businesses often struggle to win and deliver work for local agencies. Therefore, we hope the ideas in this report can inspire action across a range of government agencies and stakeholders in the Louisville region.

This report is a roadmap for seizing the workforce and contracting opportunities in the water industry and related infrastructure sectors for the benefit of all residents in Louisville. It is organized as follows:

- 1. Background**, provides a description of Louisville's demographics and socioeconomic context;
- 2. Water Equity Challenges**, reviews the water focused challenges impacting vulnerable communities; and
- 3. Arenas for Action**, describes promising practices currently underway and highlights priority actions that stakeholders in Louisville can take to advance equitable water management.

# BACKGROUND

The US Water Alliance defines vulnerable communities as those that face historic or contemporary barriers to economic and social opportunities and a healthy environment, with some of the key factors being income, race or ethnicity, age, language ability, and geographic location. Vulnerable communities may include low-income people, certain communities of color, immigrants, seniors, children, people with disabilities, people living in public housing, and currently or formerly incarcerated people.<sup>2</sup>

This section of the report explores demographic data related to Louisville’s vulnerable communities. These are concentrated on the city’s west side in neighborhoods like Russell, California, Smoketown, Shively, Fairdale, and Newburg, and in Floyd’s Fork on the east side. Louisville’s long history of redlining<sup>3</sup> has contributed to segregation of the city’s vulnerable populations. Some suburbs and towns in the area surrounding Louisville also have lower-income populations and challenges with struggling utilities.

## Population

Louisville is the largest city in Kentucky. In 2003, the governments of the City of Louisville and Jefferson County merged to form the Louisville–Jefferson County Metro Government (Louisville Metro). The combined Louisville/ Jefferson County has an estimated population of approximately 741,096.<sup>4</sup>

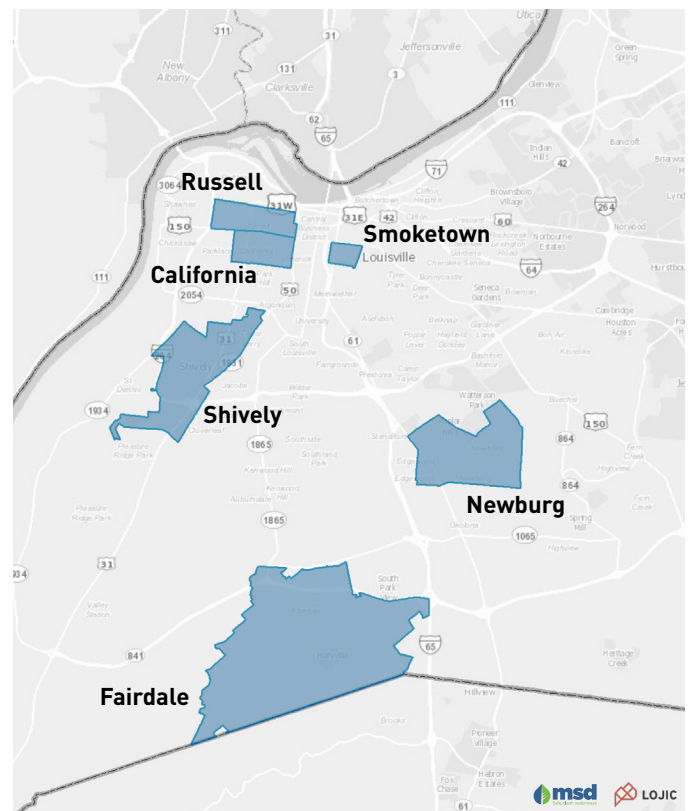
Also known as Kentuckiana, Louisville–Jefferson County is part of the Kentucky–Indiana Metropolitan Statistical Area (MSA) that includes eight counties in Kentucky and five in Indiana. Located 35 miles south of Louisville, Fort Knox is a major component of the regional economy with a daytime population of more than 40,000 soldiers, family members, and civilian employees.

## Race and ethnicity

Louisville/Jefferson County’s population is estimated to be 68.9 percent White, 21.2 percent Black, 4.9 percent Hispanic/Latinx, with the remainder comprising other racial or ethnic identities. Louisville is becoming a global city with growing numbers of residents originating from Puerto Rico, Africa, and Europe.

Race and ethnicity are strongly correlated with disparities in health, wealth, employment, and incarceration rates. For example, 35 percent of people of color in Louisville live in poverty compared with 15 percent of White people. Unemployment among people of color is 11 percent, double that of their White counterparts.<sup>5</sup>

## Louisville’s vulnerable populations



## Income

Income is one of the strongest predictors of compromised health and capacity to recover from disruptions. In Louisville overall, household income has remained relatively flat over the past decade. In 2017, the median household income for the Louisville/Jefferson metro area was \$57,279, which is \$8,904 higher than the median household income in Kentucky and \$3,057 less than the median household income in the US.<sup>6</sup>

## Poverty

Overall, 14.3 percent of Louisville's residents lived below the federal poverty line in 2016, down from 15.1 percent in 2015 and 16.7 percent in 2014.<sup>7</sup> Yet people of color in Louisville are at least twice as likely to live in poverty; 35 percent of people of color in Louisville live below the poverty line.<sup>8</sup>

Recognizing poverty affects health and wellbeing in numerous ways, the Greater Louisville Project applies a multi-dimensional poverty index, examining multiple measures of poverty: income, health, employment, education, and neighborhood quality. Their data show that multi-dimensional poverty in Louisville is highest in the Russell and Portland neighborhoods, both located in the West End.<sup>9</sup>

## Educational attainment

Educational attainment is strongly correlated with the ability to gain stable employment. Among Louisville residents 25 and older, just over half (52 percent) have a high school diploma, and 36 percent have an associate's degree or higher.<sup>10</sup> Among White residents, 47 percent have an associate's degree or higher; the percentage for Black residents is 28 percent.<sup>11</sup> Notably, there are also large disparities in wealth between college-educated White and Black residents. Between 1992 and 2013, the wealth of college-educated Whites increased by 86 percent, while that of college-educated Blacks shrunk by 55 percent. Between 2013 and 2016, wealth grew for both Black and White college graduates, but a pronounced gap persists.<sup>12</sup>

## Housing affordability and residential segregation

The 2018 State of Metropolitan Housing Report found that nearly 40 percent of the workforce does not earn a wage that would support the rent of a modest two-bedroom apartment in the Louisville MSA.<sup>13</sup>

Residential segregation is a major driver of racial and economic inequality, as it affects access to employment, educational attainment, exposure to crime, environmental pollution, access to food, access to recreation, and quality of life in general.<sup>14</sup> Louisville's population is highly segregated by race, disability, being a female-headed household with children, and being Hispanic/Latinx.<sup>15</sup> More than half of Black residents are estimated to live in West End due to a tradition of redlining that continues today.<sup>16</sup>

Displacement is also a concern for some of Louisville's most vulnerable populations. While evictions and foreclosure sales are on the decline in the city overall, rates continue to be higher in the city's western and southeastern areas where more minority and low-income residents live.<sup>17</sup> Some of the same areas are also at increased risk of involuntary displacement due to neighborhood changes. Since 2014, Louisville has attracted \$12.5 billion in capital investment—much of it concentrated downtown but also distributed through areas where more vulnerable communities live.<sup>18</sup>

## Employment and workforce

As of October 2018, Louisville had a low overall unemployment rate of 3.9 percent.<sup>19</sup> For people of color in Louisville, unemployment is significantly higher at 11 percent.<sup>20</sup> While the Louisville area is known for its competitive job market and typically has numerous job openings, barriers to employment remain for people of color and veterans.

As of late 2018, the size of Louisville's labor force was just over 662,000, and the number of monthly online job postings was slightly more than 18,000, with about a third of those requiring an associate's degree or higher and just over 4,000 requiring a bachelor's degree or higher.<sup>21</sup> Louisville's job market is fairly competitive, and while job availability is strong, high school graduates generally need more education and training to obtain living-wage jobs.



The proximity of Fort Knox means there are a high number of veterans seeking jobs, and they too face employment challenges. Approximately 100,000 soldiers transition from active duty service each year through the Army Soldier for Life—Transition Assistance Program at Fort Knox. Though the veteran unemployment rate has improved nationwide, veterans still tend to experience higher unemployment and underemployment than the population at large. Reasons range from certification and licensing hurdles, to cultural attitudes about veterans, disabilities, and difficulty in transitioning from military to civilian life.

Louisville's vulnerable communities include a disproportionately high number of formerly incarcerated individuals. Although 21.2 percent of Louisville's population is African American, they represented 44 percent of arrests reported by Metro Police in 2012.<sup>22</sup> This disparity makes re-entry and recidivism critically important issues in Louisville.

### **Transportation access**

Access to reliable and affordable transportation is a major factor in overall welfare. Louisville workers living in poverty are four times more likely than others to rely on public transportation. This reliance can result in fewer job prospects for those already living in poverty, since their ability to commute is constrained by the limits of the transit system.<sup>23</sup> The average commute for Louisville residents is around 22 minutes, but a number of residents in the city's poorest neighborhoods have commute times of an hour or more.<sup>24</sup>

## **WATER EQUITY CHALLENGES**

While the Louisville Water Equity Taskforce is focused on seizing the workforce and contracting opportunities in the water sector, it is important to situate this work in the broader context of water equity challenges that impact vulnerable communities. This section briefly describes a range of water equity challenges facing residents in Louisville's vulnerable communities, concluding with workforce and procurement challenges.

### **Aging infrastructure**

Since 2008, much of Louisville Metropolitan Sewer District's (MSD) focus has been ensuring compliance with the requirements of a sewer overflow consent decree mandated by the US Environmental Protection Agency (EPA). MSD's Integrated Overflow Abatement Plan (IOAP) is a long-term plan being carried out through 2024 at an estimated cost of \$940 million. Due to limited resources and a desire to maintain sewer and drainage rates at or below the national average, developing and implementing the IOAP has meant lower priority has been placed on infrastructure renewal and repair for facilities not related to sewer overflow control over the past decade. While IOAP implementation is only halfway complete, the consequences of deferred rehabilitation and reinvestment in other areas are beginning to show in increased sewer collapses.

In recent years, Louisville experienced flash flooding from increasingly intense rains challenging the aging flood protection system. More than half of Louisville's pump stations are beyond their designed lifespan. In 2017, MSD initiated a Critical Repair and Reinvestment Plan, with a price tag of \$4.3 billion over the next 20 years, to address these and other wastewater- and flooding-related challenges.

## Flooding, climate, and policy impacts

The lowest-lying ground in Louisville is on the city's west side, where people of color are concentrated and have been constrained in their ability to acquire and pass down wealth due to redlining. Outlawed in 1968 by the Fair Housing Act, redlining is one of the clearest examples of institutionalized racism in the United States, and Louisville was not immune to pervasive historic redlining.<sup>25</sup> The city's west side is also where the worst flooding happens when it rains. Since 1997 when Louisville was hit by catastrophic flooding, the city has purchased over 300 flood-prone homes to mitigate repeated flooding. The city leverages federal funding through the Federal Emergency Management Agency's (FEMA) Hazard Mitigation Assistance grant programs to complete the majority of these purchases. More funding is needed to fully address flood mitigation needs, and MSD plans to continue to apply for additional funding as it becomes available.

## Affordability

MSD's wastewater rates are roughly equal to the national average. Yet as costs for water and wastewater infrastructure continue to increase, the reality is that many families in the community struggle to make ends meet each month. The majority of MSD's customers spend less than one percent of their household income on wastewater and drainage services which is considered a "low burden" on monthly finances by the EPA. However, almost 28 percent of customers spend more than two percent of their household income on these services, a threshold the EPA considers a "high burden."

Affordability is also affected by decreasing levels of federal and state funding for infrastructure. Forty years ago, the federal government contributed 63 percent of total capital spending on water infrastructure nationwide. Today, water infrastructure accounts for just nine percent of federal capital spending.<sup>26</sup> This increases the burden on local utilities to fund infrastructure projects by increasing customer rates.

## Funding constraints

In the 1970s and 1980s, the federal government provided federal grants to help support local communities in building water and wastewater infrastructure through the Clean Water Act and the Water Resources Development Act. In some cases, 75 percent of grants funded utilization of innovative technologies. In essence, the federal gov-

ernment subsidized necessary investments that tempered the true cost of services to local rate payers.

Over the last 20 years, those federal grants have been defunded by Congress and the White House, increasing the burden on local utilities to raise customer rates. Rate increases generally have to be approved by local boards or political governing bodies. The American Society of Civil Engineers (ASCE) recently downgraded the state of water and wastewater infrastructure in Kentucky to a C+ and C- respectively. ASCE estimates \$13 billion in investment is needed in water and wastewater systems in Kentucky to improve asset conditions or sustain them at current levels.<sup>27</sup>

The board that oversees MSD has the authority to raise rates 6.9 percent annually to fund the Operations and Capital needs of the Wastewater, Drainage and Flood Protection systems. Over the last decade, the majority of those increases were allocated to fund MSD's IOAP, which includes projects for sanitary sewer overflows (SSOs) and combined sewer overflows (CSOs) mandated under a federal consent decree. Meanwhile, necessary asset management and investments to address aging infrastructure needs require a larger annual rate increase by MSD, which must be approved by Louisville Metro Council.

To ease constraints, MSD has sought funding for six separate projects utilizing alternative funding sources, such as the federal government's Water Infrastructure Finance and Innovation Act (WIFIA) and the State Revolving Fund (SRF) loan program.

State and local funding is also essential to public transit. In the Commonwealth of Kentucky, public transit has no dedicated state funding. Like many municipalities, Louisville Metro lacks the resources available at the federal level to fund the needs of the local transit agency. The Transit Authority of River City (TARC) is the recipient of .02 percent of the Occupational License Fee collected in Jefferson County, just one of the five counties TARC serves. Transportation investments are necessary to remain competitive, and TARC could find itself taking on excessive debt to fund essential public transportation.

Funding for infrastructure projects and workforce development programs is critical to achieving equity through job creation and training opportunities for residents in Louisville's most vulnerable communities.

## Workforce

As development continues at a rapid pace across the city, local utilities have committed to considerable investments in water, wastewater, and stormwater infrastructure to repair and rehabilitate aging systems and ensure continued public health protection and regulatory compliance. In light of these investments, it is critical to strengthen local workforce development efforts so members of all communities benefit from the local employment opportunities generated from investing in water infrastructure.

In 2018, Louisville MSD participated in a Brookings Institute study, *Renewing the Water Workforce*, to explore current water workforce challenges and develop general recommendations for addressing them.<sup>28</sup> To support this work in Louisville, Brookings convened a team of representatives from local government, water and transportation agencies, workforce development agencies, and non-governmental organizations, including some members of the Louisville Water Equity Taskforce. Representation beyond water infrastructure leaders, and inclusive of other infrastructure partners in transportation and transit, is important because other sectors experience similar workforce challenges.

Jobs in the water sector come from either direct employment with utility organizations or employment with the various contractors and consultants that serve the water sector. Generally, utilities account for 15 to 20 percent of water sector jobs with other organizations serving the sector accounting for the remaining 80 to 85 percent.<sup>29</sup> Nationwide, the water workforce includes more than 200 occupations carrying out a range of activities, from system operations and equipment maintenance to overseeing operations and service.

While the majority of water sector jobs are in the skilled trades, there are also many jobs in administration, finance, and management. Training and certification are typically required for jobs in the skilled trades, and an associate's degree or higher is frequently required for many jobs in administration and management.

While ongoing investment in the water sector will keep demand for workers high, community members in Louisville's vulnerable communities, like those in other cities, can experience barriers to obtaining water sector jobs. These barriers include:

- Lack of awareness of water sector career paths and training opportunities;
- Lack of time and resources to pursue training and certification programs or time-consuming hiring processes;
- Limited childcare and transportation options that prevent efficient commutes to training or jobs;
- Lack of on-the-job-training and paid training opportunities;
- Requirements for joining labor unions for the construction trades;
- Policy and cultural barriers for non-traditional workers such as veterans, formerly incarcerated individuals, people with prior criminal records, and disabled individuals.

## Contracting and procurement

Utilities need to understand and manage the impact of their contracting and procurement practices on local businesses. Specifically, utilities need to be intentional about making sure the dollars invested are returning benefits to the community, including involvement of local businesses—with particular attention given to local businesses owned by minorities and women. In Louisville, water and wastewater utilities award contracts for construction and construction-related services, engineering and professional services, and materials and commodity services. MSD typically spends between \$200 million to \$350 million on these services per year.

In 2018, MSD completed a comprehensive Disparity Study,<sup>30</sup> which examined MSD's contracting practices over a five-year period (2010–2015). The study found MSD underutilized businesses owned by minorities and women in awarding construction contracts. Out of the \$661 million in purchase order payments MSD made during the study period, 97 percent went to White, male-owned businesses. The study made a series of recommendations for improving utilization of minority- and women-owned contractors in Louisville, some of which are summarized below.

# ARENAS FOR ACTION

While the challenges are significant, there is tremendous opportunity to advance equity and opportunity through collaboration and smart water investments in the Louisville region. The Louisville Water Equity Taskforce highlights the following arenas for forging equitable and sustainable progress.

## Regional Collaboration and Shared Services

### Use regional collaboration to reduce costs of service and create economies of scale in the greater region.

As water and wastewater utilities grapple with aging infrastructure, affordability, shifting populations, demographic changes, and changing climate conditions, they are increasingly challenged to meet their mandate to protect public health. These difficulties are particularly acute for smaller utilities.

Because of these challenges, many in the sector promote water system partnerships, shared services, regionalization, and consolidation to sustain reliable and affordable service for residents. Regionalizing water and wastewater services involves structural and non-structural methods of capturing economies of scale and improving operational performance among geographically proximate systems. Kentucky is a leader in regional water management collaboration. The state had more than 3,000 public water systems in the 1970s compared to fewer than 800 today. A range of consolidation models can work to address significant public health or environmental risks and threats, but the decisions must be made locally, with a focus on community priorities.<sup>31</sup>

To remove historical barriers to regional utility collaboration, Louisville, MSD worked with the state legislature, state officials, and local government leaders to modify a law prohibiting ownership of sewer assets outside of jurisdictional boundaries. The modified law was approved

by the governor of Kentucky in April 2018 and authorizes the acquisition and consolidation of sewer utilities. This policy change can be beneficial to smaller utilities facing increased costs due to regulatory requirements, rising pension costs, and failure of existing assets. MSD has begun negotiations and due diligence efforts with several surrounding cities and counties to assess the feasibility of acquisition or consolidation of assets. These efforts, in most cases, will lower the overall cost of service for customers served by smaller utilities and create an economy of scale that will help the region save on costs and create efficiencies for decades to come.

### Expand opportunities for shared services within the City of Louisville.

Louisville Water Company and MSD have an effective One Water Partnership through which both utilities pursue opportunities for efficiency, increased revenue, cost savings, and improved service. The work is done under an Interlocal Agreement to identify and implement shared service opportunities. A One Water Board oversees the effort and includes two members from the MSD board and the Board of Water Works. As a result of the One Water Partnership, the two utilities jointly manage fleet services, procurement, information technology, innovation, and communications and customer services. To date, the One Water Partnership has sustained approximately \$13 million in annual savings to ratepaying customers.

Going forward, next steps for the partnership include:

- **Innovation.** A Chief Innovation Officer will identify and implement new lines of business and services that can be provided regionally and nationally to generate new non-rate revenue for both utilities.
- **Information Technology.** A Security Administrator and Storage Administrator will provide services to both organizations and begin using a jointly purchased off-site data recovery center.

- **Human Resources.** Both utilities plan to review their human resource functions and look at job descriptions to ensure alignment and equity in staff positions, compensation, and hiring practices.

As Louisville Water Company and MSD continue exploring ways to align HR policies and procedures, share recruitment strategies, and align job descriptions and pay grades, both utilities will look at opportunities to jointly launch a Small Business Program and share in outreach opportunities.

## Contracting and Procurement

### Expand local labor preference policies.

In 2015, MSD adopted a Local Labor Preference Policy for construction contracts valued at \$10 million and higher. The policy was intended to promote employment of people living in the Louisville/Jefferson County Metro Government geographic area. In 2017, the MSD board reduced the local labor threshold from \$10 million to \$5 million to increase the economic impact in the community by utilizing local labor. Each bidder is required to establish a local labor percentage commitment, measured by work hours, including subcontractor commitments. The bidder with the highest local labor percentage commitment is eligible to receive up to five percent of the total evaluation points in the cumulative bid process. Local labor participation is monitored and reported on for each contract. To date, six projects with a total contract amount of \$228 million have been awarded to prime contractors. Of the four reported contracts, approximately 1,261 jobs were created with 479 retained by residents in the Louisville/Jefferson County metropolitan statistical area. To increase the impact of this policy, MSD can further reduce the project size threshold to ensure even smaller projects utilize local labor.

### Complete implementation of Community Benefits Policy in procurement.

In January 2019, the MSD board approved a formal Community Benefits Policy for construction, construction-related services, and engineering and professional service contracts. The program will provide employment, contracting, education, and community improvements for the service areas impacted by MSD's construction projects. Vendors working on behalf of MSD provide a voluntary Community Benefits Commitment, measured

in the form of a financial contribution, volunteer hours, and other in-kind services to community organizations and schools within Louisville/Jefferson County. Proposing vendors are eligible to receive a percentage of the evaluation points for their proposed Community Benefit Commitments. Adherence to these commitments is monitored throughout the contract term. Going forward, MSD can ensure this policy contributes to equitable outcomes by monitoring its impacts and making adjustments as needed.

### Increase supplier diversity.

In addition to the formal Community Benefits Policy, the MSD board also approved an enhanced Supplier Diversity Program in January that included an increase in goals for African Americans, Asian-Indian Americans, and Caucasian women. The minority- or woman-owned business must perform a distinct and commercially useful scope of work for which it has the skill and expertise. The enhanced Supplier Diversity Program also allows these enterprises to apply a 10 percent bid discount for bids up to \$500,000, with a maximum discount not to exceed \$50,000 on bids submitted by specific groups. The bid discount is an incentive to help minority- and women-owned businesses compete for prime contracts as an evaluation tool with the goal of correcting the disparity finding.

The new Supplier Diversity Program is MSD's commitment to address the disparities identified by increasing access and opportunities to underserved groups in Louisville. The purpose of the new program is to provide minority- and women-owned businesses with more opportunities to work with MSD and to increase competition in the contracting community and diversify companies doing business with MSD with the goal of ultimately correcting the Disparity Study's findings. Going forward, MSD can ensure the policy changes reduce barriers to entry and increase opportunities for diverse companies to do business with the agency by monitoring its awarded contracts.

### Increase use of job portals to expand local hiring.

To help contractors find local employees to fulfill local labor commitments, MSD established *MSDJobLink*—a free, web-based tool available to all prime contractors and subcontractors working on MSD projects. It provides a consolidated, easy-to-access platform where contractors post new jobs and individual applicants can upload their resumes.<sup>32</sup> Job categories include both skilled and non-skilled trades, including plumbers, electricians, heavy



equipment operators, and laborers. Expanding the use of this tool can help more local individuals find employment in the sector, and Louisville Water Company has explored using *MSDJobLink* for one of its larger capital projects in 2019.

Transferrable skills and jobs (for example, commercial driver's license holders, laborers, heavy equipment operators) create opportunities for cross-sector collaboration to increase the effectiveness of job portals like *MSDJobLink*. While there are many benefits of having such a tool, a key advantage is providing skilled training to members of the community in partnership with workforce development agencies to get people ready to fill critical positions. Job boards like *MSDJoblink*, alongside workforce analyses and training programs, are recommended as a powerful tool for agencies in all sectors to help contractors hire local workers.

### **Institute a Small Local Business Program.**

As part of the recently released MSD Disparity Study recommendations, the utility plans to implement a Small Local Business Program (SLBE). The program will be designed to improve access to MSD contracts for small businesses within the utility's service area. In addition, the program should help stimulate the local economy by providing employment opportunities to businesses who may not be employable for large scale projects or who have barriers to competing with larger prime firms. Louisville Water's recent Availability Study also recommended a SLBE program. Louisville Water and MSD will look at opportunities to jointly launch a Small Business Program and conduct outreach.

### **Reform procurement processes across Metro Government operations.**

Utilities and government agencies should look at their current procurement practices and identify equity barriers in contracting as it relates to women, minorities, and disabled individuals. This is an opportunity to engage with both existing contractors and non-traditional contractors that have not previously been awarded work. As an example, agencies can explore ways to modify bonding and insurance requirements to increase small businesses' ability to bid on government contracts.

Louisville Water Company and MSD are looking at procurement processes at both utilities with the goal of being more inclusive of women and minorities. In addition, under the Louisville Metro Government Equity in Procurement Initiative, the Louisville Metro Human Relations Commission intends to collaborate with the Office of Management and Budget in reforming procurement process to ease interaction with Louisville Metro vendors and increase business opportunities for minority, female, and handicapped-owned business enterprises (MFHBEs). This will help identify and remove equity barriers in the procurement and contracting processes by increasing availability and contracting efforts with MFHBEs.

## **Affordability and Funding**

### **Expand existing affordability programs.**

To assist customers with managing and budgeting their water and wastewater bills, Louisville Water Company and MSD will explore moving customers from bi-monthly to monthly billing. In addition, MSD will explore expanding its senior rate-relief program into a Wastewater Rate Assistance Program (WRAP), following the same general guidelines as the federal Low-Income Home Energy Assistance Program (LIHEAP), to benefit more economically vulnerable residents. Louisville Water Company's Customer Assistance Program will work with community agencies to help customers who have trouble paying their water and sewer bills. The Assistance Program is funded by generous donations from Louisville Water Foundation, Louisville Water Company, MSD, and HomeServe USA. Louisville's utilities should focus on outreach to increase enrollment in these programs among eligible ratepayers. This could be accomplished through partnerships with community-based organizations.

### **Explore all available funding resources.**

Funding resources are critical to executing workforce development opportunities and achieving equity in vulnerable communities. Although utilities face an array of funding challenges, new and existing revenue streams are available to support infrastructure and water workforce opportunities. Agencies participating in the Louisville Water Equity Taskforce can pursue these funding sources to help offset the costs of service and support the development of equitable workforce initiatives. MSD and Louisville Water Company are proactively seeking all

available funding to deliver the recommendations laid out in this report including resources available through the Water Infrastructure Finance and Innovation Act, the Clean Water State Revolving Fund, and the Safe Drinking Water State Revolving Fund. Additionally, in 2018, federal legislation was passed authorizing \$2 million over two years to fund an innovative water infrastructure workforce development program. Utilities nationwide can apply for this grant to help fund their local workforce initiatives.

## Workforce Development

### Complete implementation of Community Benefits Program and track effectiveness.

As a result of a disparity study completed in 2018, MSD formalized a Community Benefits Program with the goal of being intentional about maximizing economic, environmental, and social benefits from investments in infrastructure. This program leverages capital investments in water infrastructure to benefit ratepayers through workforce development, education, and economic development. The program provides specific opportunities in skills-trade training, apprenticeship programs, small business outreach and mentorship, and exposing youth to careers in the water sector, all with the goal of achieving equity. As described earlier, the program also includes procurement policies that incentivize vendors to provide community benefits through volunteer hours, in-kind services, or financial contributions to local non-profits, community-based organizations, and schools.

With the Community Benefits Program, MSD aims to leverage its ongoing work in the community to build a workforce pipeline to support its core services. This program is a new opportunity to maximize the economic and social impact MSD has with its large-scale construction, construction-related, professional services, and engineering projects by ensuring ratepayers benefit from the utility's capital investments. MSD should track the effectiveness of this program to provide evidence that this approach creates more equitable outcomes for vulnerable communities and adjust course as needed.

### Boost cross-sector collaboration on workforce development.

Across Louisville, many organizations are developing and implementing workforce training and outreach programs. The Louisville Urban League, Kentuckiana Works, and Where Opportunity Knox are examples of powerful organizations helping connect Louisville's vulnerable populations with living-wage jobs. Louisville's utilities also partner with these organizations, but greater collaboration across sectors would better leverage the organizations' ability to connect local populations with water workforce jobs. Because many jobs and certifications in the skilled trades are transferable across sectors, cross-sector collaboration on training and outreach is seen as a major opportunity for increasing the pipeline to employment for those in vulnerable communities. Specific examples include:

- **Career fairs and community outreach.** Holding an annual workforce summit or meet-and-greet would create a space where prospective workers, employers and community partners can connect with one another regionally. To build community connections, MSD holds an annual outreach session designed to inform and educate the community on upcoming wastewater and water projects and employment opportunities called "Can You Dig It?"<sup>33</sup> This effort could be expanded to include other sectors, recognizing the transferability of skills and certifications.
- **Training and certification.** Strong benefits can be gained from coordinating training and certification programs across sectors. A number of skilled trades jobs are transferrable across water, transit, transportation, and other areas of public and private sectors. Commercial drivers, heavy equipment operators, and electricians are just a few examples of jobs that are in demand across sectors with similar or identical training and certification requirements from one sector to another. Training programs already exist that serve various sectors; collaborating to streamline training programs and certification processes could go a long way toward removing obstacles to employment.
- **Training "bootcamps" in the trades.** A variety of innovative training programs are emerging to equip workers with needed skills and experience. Some employers in Louisville, including those in the energy sector, have already organized or are looking to hold weekly bootcamps to quickly introduce prospective workers to careers in the trades.

- **School outreach and partnerships.** Louisville Water Company and MSD have a partnership with the local Jefferson County Public Schools, specifically a Vocational Academy Program that includes 14 area high schools in the county with a vocational magnet course of study.

### **Create a One Water Mentorship Initiative.**

Utilities and other water employers should have programs that provide interns and younger workers a clear point of contact to counsel, monitor, and guide their career progression. An opportunity also exists to develop a mentorship or internship program to expose youth to careers in both water and wastewater at MSD and Louisville Water Company for positions in professional and administrative fields. Such a program could involve a rotation at each utility to expose individuals to careers in both sectors.

### **Expand Second Chance Re-entry Programs across sectors.**

Louisville should consider developing a program to specifically address the challenges that formerly incarcerated citizens face in finding living-wage jobs. This program should focus on the workforce barriers specific to formerly incarcerated workers as opposed to other vulnerable populations. The utilities in the region could provide access to employment while collaboratively working with community agencies such as Louisville Urban League and Goodwill to provide the soft skills and life skills training needed to re-enter the workforce. The program could also involve working with potential employers to address stigma and concerns around hiring formerly incarcerated people.

## **CONCLUSION**

To enable an equitable future for all, leaders in Louisville recognize that policies and practices must be intentional and focused on the needs of the most vulnerable communities so the entire city and metro area can realize its full potential. The planned investments in water, wastewater, and transportation infrastructure will provide a platform where existing policies can be modified and new programs developed to ensure Louisville is creating job opportunities for the local workforce.

In water and wastewater alone, the needed nationwide investment in infrastructure has the potential to create and sustain more than 300,000 jobs annually for the next 20 years. In addition, every dollar invested in infrastructure returns \$2.62 to the local economy.<sup>34</sup> By establishing policies and practices that support economic inclusion, more opportunities can be provided to minority-, women-, veteran-, and disadvantaged-owned businesses so those companies can grow, sustain, and create even more jobs in the local community.

It is imperative that Louisville leaders recognize that adequate water, wastewater, and transportation services are vital to long-term resilience and sustainability. More efforts are warranted to raise awareness of the environmental, financial, social, and community benefits that can be achieved with an equity lens, and to bring value and opportunity to the vulnerable communities in our city.

This Water Equity Roadmap gives Louisville an opportunity to reverse the historical practices that have created barriers for vulnerable members of the community and build momentum towards revitalizing neighborhoods, growing the job market, and promoting financial vibrancy for all citizens of Louisville—now and for future generations.



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