



CARA SPENCER
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August 1, 2025

To Our City's Residents, Workers, and Businesses,

A little over a week ago, out of an abundance of caution and due to escalating changes in guidance from the federal government, the City paused its M/WBE certification activities to assess next steps. Since then, there have been many difficult conversations leading to difficult decisions. This letter is to share those with you and what to expect next.

First, St. Louis is a better City as a result of diversity, equity, and inclusion. There is no question that policies and programs designed to overcome systemic discrimination, lift communities, create opportunity, and right past wrongs have driven our City forward. We know that work can be hard but that it is essential to remediate the enduring legacy of inequality and racism. Structural changes that support different perspectives and experiences have created the critical innovation that our community has needed to grow.

The City must make challenging and difficult decisions created by federal demands. Like local governments across the United States, the City faces new demands by federal agencies that cities eliminate some policies and programs like those designed to help St. Louisans who are people of color, women, and other groups overcome systemic discrimination. Federal grants now require local governments applying for and receiving federal funding to certify that they do not operate programs advancing or promoting DEI or policies or programs violating any applicable federal anti-discrimination laws under new federal interpretations of those laws. The federal government also is imposing these requirements on federal contractors.

Consequences for non-compliance are severe, and not limited to the City. The federal agencies have communicated that they will terminate and also claw back grant funds awarded to local governments operating any such programs. This would be felt sharply and disrupt promising development, public safety and infrastructure projects, as well as community services. Furthermore, the Department of Justice has said it will enforce under a federal law known as the



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False Claims Act severe civil and criminal penalties for non-compliance. Enforcement actions may be brought against not just the City, but also its hardworking employees and anyone who signs a grant agreement while the City implements programs with race- or gender-based goals. Such penalties include fines and imprisonment.

St. Louis has more at stake than other local governments. Unlike other communities, these changes threaten federal funding the City is actively fighting to secure. We are in the early stages of North St. Louis's tornado recovery. With impacted individuals still working to receive FEMA Individual Assistance, and with the City working towards securing critical public sector recovery and repair funds through FEMA Public Assistance, the City does not take lightly the prospect that access to this desperately-needed federal funding could be foreclosed or clawed back.

There is universal frustration with the uncertainty created by these changes. Whether you are a City employee who has been working hard to try to make a critical construction project happen; a minority subcontractor in the middle of performing contracted work; or a general contractor who has spent months preparing to submit a bid, you have spoken clearly: this uncertainty is making your jobs harder. This hits at a time when the City needs all of you more than ever before to help move us forward, and wants to make it easier for you to do so. Your concerns about litigation or possible withdrawal of funding are more than hypothetical.

The City is moving quickly and strategically to provide a community-centered path forward. The City has ordinances in effect governing M/WBE construction requirements that must be changed in a way that still centers our community and our values, and a short amount of time in which to thoughtfully create this new framework. In partnership with community, small businesses, and industry stakeholders, the City will move rapidly to shape legislation that creates a supportive City construction contract framework adaptive to the changed federal landscape. Legislation will be ready to file on the first day of the Board of Aldermen's legislative session, and we will work with the Board to ensure its expeditious passage. This is no small task, but St. Louis is no stranger to centering our community's values through difficult but necessary work.



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Here's what you need to know:

- Out of an abundance of caution and the need to ensure clarity and consistency, effective the start of business day on Monday, August 4, 2025, City departments will not issue any new non-emergency contracts for City construction projects that are covered by the City's M/WBE goals.
- During this pause on new contracts, the City will work with the community to expeditiously develop a new City construction contracting ordinance that acknowledges the changes in the federal landscape but centers our community's values. The City anticipates announcing a formal direction on revised requirements mid-September.
- To avoid placing developers, contractors, and subcontractors further at risk of litigious breach of contract scenarios, already-executed City construction contracts will continue to operate under their original/existing terms during this time.
- The City will work with its impacted departments to prepare them for the significant lift of implementing revised contract requirements which comply with the changed federal framework.

We know the changes to this longstanding program will be painful to many. St. Louis will continue to fight for our values and to create opportunities for all.

Sincerely,

Cara Spencer
Mayor, City of St. Louis