

# DIVERSITY & INCLUSION AT CALIFORNIA AMERICAN WATER



**2013 Annual Report to the California Public Utilities Commission**  
March 3, 2014



**CALIFORNIA  
AMERICAN WATER**

**Holley Joy, Program Manager  
Supplier Diversity**

# POLICY

California American Water recognizes the value of supplier diversity as a strategic business decision, and is committed to seeking and identifying diverse suppliers and offering them an opportunity to compete for materials and service contracts.



# VISION

We will create, develop and maximize administrative procurement processes to include, educate, mentor and develop diverse suppliers. We will actively seek to provide contract opportunities to diverse suppliers who meet our high standards for product and/or service delivery, cost effectiveness and administrative efficiencies.



# MISSION

Our mission is succinct: to provide opportunities and open business doors to diverse suppliers who otherwise would not have been knowledgeable of contract opportunities with California American Water. We will be unceasing in our outreach to identify diverse suppliers and ensure that available contract opportunities are known and reviewed in an open and fair competitive business environment.



Cover: California American Water employees Tino Gamboa, Utility Worker; Jenny Sepulveda, Administrative Assistant; Leo Nevarez, Utility Worker

On this page: Spencer Philips Sr., Engineering Tech. Developer Services; Veronica Aguilera, Water Conservation Specialist; Ozzie Perez, Distribution Foreman - Meters

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# TABLE OF CONTENTS

<b>PRESIDENT'S MESSAGE</b>	<b>1</b>
<b>2013 HIGHLIGHTS</b>	<b>2</b>
9.1.1 Internal/External Activities	3
9.1.2 Summary of Purchases or Contracts	6
9.1.3 Itemization of WMDVBE Program Expenses	12
9.1.4 Description of Progress in Meeting or Exceeding Set Goals	13
9.1.5 Summary of Prime Contractor Utilization of WMDVBE Subcontractors	14
9.1.6 WMDVBE Complaints	15
9.1.7 Summary of Purchases or Contracts for Products and Services in Excluded Categories	15
9.1.8 Recruitment Efforts in Low Utilization Categories	15
9.1.9 Document Retention	15
<b>2014 ANNUAL PLAN</b>	<b>16</b>
10.1.1 WMDVBE Short, Mid and Long Term Goals	17
10.1.2 Planned Internal/External Activities	18
10.1.3 Plans to Seek and Recruit WMDVBE Suppliers in Underutilized Areas	19
10.1.4 Plans to Seek and Recruit WMDVBE Suppliers for Excluded Categories	19
10.1.5 Planned Subcontracting Opportunities	19
10.1.6 Program Compliance	19
<b>GOVERNANCE</b>	<b>20</b>

# PRESIDENT'S MESSAGE

## Making Diversity & Inclusion an Integral Part of Who We Are

In any organization, there is a life cycle and a learning curve. In many organizations, supplier diversity started because there was a goal that had to be met. It then moved to a phase where diversity needed to be integrated into the organization's culture as a core value. While our company still has work to do, I am proud to say I believe we've moved past these phases to an area where diversity and inclusion is not just a core value, but a competitive advantage.

Whether you are a customer, vendor or potential vendor, employee or potential employee, regulator, board member or shareholder, our commitment to diversity delivers value and differentiates us from our peers.

I am proud of the work our entire team did on diversity and inclusion in 2013:

- Total diverse spend of 29.78%, the 3rd year our company has exceeded the goal of 21.5%.
- Addition of 14 qualified diverse vendors.
- Increase in second tier spend from \$280,000 to \$1,800,000.
- Continued leadership in industry events and governance diversity.

My personal commitment, as well as that of our entire company, is to the full scope of diversity including governance, employment and procurement/suppliers. Working together I believe we have created a culture that lives these values, and that diversity is a competitive advantage which has improved our service to both our customers and communities. I am proud to present this Supplier Diversity report to the California Public Utilities Commission which reflects the contributions and achievements of our entire team.

Sincerely,



Rob MacLean  
President



*Rob MacLean, President*

# 2013 HIGHLIGHTS

**California American Water has enjoyed another successful year in supplier diversity.** In 2012 we acknowledged that a sustainable Supplier Diversity Program includes an engaged, pro-active and consistent approach to all components of diversity and inclusion. We believe and have experienced with the results of 2013, that continuing this approach will take us beyond the numbers!

California American Water remains committed to the entire scope of diversity including governance, employment and procurement/suppliers. Here is a summary of our notable achievements:

- ★ **29.78% Diverse Spend.** This is a record breaking achievement, surpassing prior years' performance and setting the stage for more accomplishments in all Supplier Diversity Program component areas.
- ★ **Second Tier Spend Increases 400%.** In 2012, we attained \$280K in Second Tier spend. In 2013, when we engaged our Prime Suppliers in our objectives for supplier diversity, that amount increased to \$1.8 million. We will continue to leverage our relationships to engage and encourage greater participation and utilization of diverse suppliers with our Prime Contractors.
- ★ **NUDC Executive Committee Appointment.** California American Water President, Robert MacLean is appointed to the Executive Committee of the National Utilities Diversity Council (NUDC). He was elected to the Board of Directors of the NUDC in 2012.
- ★ **National Supplier Diversity Manager.** As a result of the successes achieved by California American Water and the continued efforts to increase awareness of supplier diversity objectives to our corporate entity, American Water Works, recruitment has begun to place a National Supplier Diversity Manager.

**These next pages will detail the highlights of our program and the efforts contributed by team members to reach our objectives.**

# 2013 HIGHLIGHTS

## SECTION 9.1.1 - Internal/External Activities

### 2013 Outreach Activities

In 2013 California American Water sought to engage employees in supporting our Supplier Diversity Program by encouraging them to attend these vendor/other outreach events.

### 2013 Diversity Events

<b>FEBRUARY</b>	<b>27</b>	SCMSDC Minority Business Opportunity Day, City of Industry
<b>MARCH</b>	<b>7</b>	US Pan Asian American Chamber Business Matchmaking Event, Santa Ana
	<b>8</b>	California Utility Diversity Council Meeting, Los Angeles
	<b>19</b>	Joint Utilities Quarterly Meeting, WebEx
	<b>25</b>	Connect the Dots – Women in Business Networking, Los Angeles
	<b>27</b>	Utility Supplier Diversity Program Committee Monthly Meeting, Ontario
<b>APRIL</b>	<b>2</b>	California Public Utilities Commission – Small Utilities Forum, San Francisco
	<b>11</b>	California Public Utilities Commission/PG&E Small Business Expo, Bakersfield
	<b>12</b>	California Utility Diversity Council Monthly Meeting, WebEx
	<b>15</b>	Joint Utilities Quarterly Meeting, Irvine
	<b>18</b>	Utility Supplier Diversity Program Committee Monthly Meeting, San Jose
	<b>23</b>	California Public Utilities Commission Small Business Workshop, Los Angeles
	<b>30</b>	Commissioner Carla Peterman Reception – Hosted by Southern California Gas Company, Los Angeles
<b>MAY</b>	<b>1</b>	National Utility Diversity Council Members and Friends Reception, Los Angeles
	<b>10</b>	California Utility Diversity Council Monthly Meeting, Conference Call
	<b>13</b>	Utility Supplier Diversity Program Committee Monthly Meeting, Garden Grove
	<b>13–14</b>	Keeping The Promise Disabled Veteran Business Enterprises Business Alliance, Garden Grove
	<b>17</b>	San Diego Minority Supplier Diversity Council VIP Reception and Awards Ceremony, Escondido
	<b>23</b>	City of Los Angeles Business Opportunity Expo, Los Angeles
	<b>27</b>	Harvey Milk Foundation Diversity Breakfast, San Diego

# 2013 HIGHLIGHTS

<b>JUNE</b>	<b>5</b>	US Pan Asian American Chamber Annual Conference, Garden Grove
	<b>7</b>	Greenlining Supplier Diversity Event, San Francisco
	<b>17</b>	Utility Supplier Diversity Program Committee Monthly Meeting, San Gabriel
<b>JULY</b>	<b>12</b>	California Utility Diversity Council Monthly Meeting, WebEx
	<b>12</b>	Chinese American Construction Professionals Installation Dinner, Alhambra
	<b>16</b>	Joint Utilities Quarterly Meeting, San Jose
	<b>16</b>	Utility Supplier Diversity Program Committee Monthly Meeting, San Jose
	<b>19</b>	California Utilities Diversity Council – Customer Service, Communications, Advertising & Media Forum, Irwindale
	<b>21</b>	American Indian Chamber of Commerce Expo 10th Anniversary – Pitching with a Purpose, Rancho Mirage
	<b>30</b>	Utility Supplier Diversity Program Committee – Prime Contractors Meeting, San Jose
	<b>31</b>	California Public Utilities Commission Small Utility Workshop – Capacity Building and Technical Assistance, San Francisco
<b>AUGUST</b>	<b>6</b>	Elite Service Disabled Veteran Owned Business San Diego Chapter Network Meeting – Presentation, San Diego
	<b>15</b>	Elite Service Disabled Veteran Owned Business Orange County Chapter Network Meeting, Aliso Viejo
	<b>16</b>	California Black Chamber of Commerce Ron Brown Annual Conference, Fresno
	<b>21–23</b>	Elite Service Disabled Veteran Owned Business 10th Annual Procurement Conference, San Diego
<b>SEPTEMBER</b>	<b>9</b>	National Association of Minority Contractors 1st Annual Golf Tournament and Business Matchmaking Event, Oakland
	<b>10</b>	National Utility Supplier Diversity Council – Creating Access to Capital, Webinar
	<b>10–11</b>	San Diego Minority Diversity Council Annual Diversity Achievement Week, San Diego
	<b>12</b>	Utility Supplier Diversity Program Committee – Prime Contractors Meeting, Ontario
	<b>13</b>	California Utility Diversity Council Monthly Meeting, WebEx
	<b>19</b>	Women Business Enterprise National Council West Annual Business Matchmaking Expo, Pasadena
	<b>20</b>	California Asian Chamber Annual Supplier Diversity Event, San Diego

# 2013 HIGHLIGHTS

<b>SEPTEMBER</b> (cont.)	<b>24</b>	National Utility Supplier Diversity Council – Virtual Brown Bag Discussion, Conference Call
	<b>24</b>	Asian Business Association Supplier Diversity Awards and Recognition Dinner, Los Angeles
	<b>26</b>	National Utility Supplier Diversity Council – Virtual Brown Bag Discussion, Conference Call
<b>OCTOBER</b>	<b>3</b>	Joint Utilities Quarterly Meeting, Downey
	<b>4</b>	ABA Inland Empire Procurement Expo, Corona
	<b>9</b>	California Public Utilities Commission Small Business Expo, Salinas
	<b>11</b>	California Utilities Diversity Council Monthly Meeting, Rosemead
	<b>23</b>	Utility Supplier Diversity Program Committee Monthly Meeting, Downey
	<b>23</b>	San Diego Central Black Chamber Network Meeting – Presentation, San Diego
	<b>25</b>	National Association for the Advancement of Colored People – CA/HI Chapters Annual Event – Panelist, Manhattan Beach
	<b>27–30</b>	NMSDC Annual Conference, San Antonio, TX
<b>NOVEMBER</b>	<b>7</b>	California Public Utilities Commission En Banc, San Francisco
	<b>14</b>	Elite Service Disabled Veteran Owned Business Orange County Chapter Network Meeting – Presentation, Aliso Viejo
	<b>20</b>	Utility Supplier Diversity Program Committee Monthly Meeting, Ontario
<b>DECEMBER</b>	<b>5</b>	Joint Utilities Quarterly Meeting, Conference Call
	<b>11</b>	Utility Supplier Diversity Program Committee Monthly Meeting, San Jose
	<b>13</b>	California Utility Diversity Council Monthly Meeting, Conference Call

California American Water employees Jason Companion, Engineering Technician; Victoria Kunda & Sandra Lynch, Water Quality Specialists



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# 2013 HIGHLIGHTS

## **SECTION 9.1.2 – Summary of WMDVBE Program Purchases and/or Contracts with Breakdowns by Ethnicity, Product and Service Categories, Compared with Total Utility Contract Dollars Awarded to Outside Vendors in Those Categories**

The following diagram details spend with diverse suppliers in ethnic categories, as recognized by the California Public Utilities Commission General Order 156. While we are proud that we significantly increased spend in all categories in 2013, we will continue to focus on additional equitable distribution of utilization and spend across all diverse categories.

Direct contracts were issued to 65 diverse suppliers in 2013, with 14 of these contracts issued to new diverse suppliers that had not previously provided goods or services to California American Water. This progress represents a 10% increase of diverse suppliers introduced to our regional supply chain. We will continue our partnership with diverse organizations that can assist us in meeting and potentially awarding contracts to a broader base of diverse suppliers in the ethnic categories not highly utilized. Further, it is important to recognize our achievement to increase spend via Second Tier subcontracting by our Prime Contractors. California American Water increased Second Tier spend by leveraging partnerships with non-diverse Prime Contractors and including them in our objectives to utilize diverse suppliers. We are pleased with our progress in this area resulting in increased spend by 400% over 2012 results. This is definitely a best practice and we will diligently pursue all avenues to maintain the upward movement in this area.

California American Water employees Eric Rojas, Pump Operator; Tricia Glass, Lab Technician; Jim Nichols, Production Foreman



**WE CARE ABOUT WATER. IT'S WHAT WE DO.**

# 2013 HIGHLIGHTS

## SECTION 9.1.2A – Summary of Purchases or Contracts By Ethnicity

UTILITY SUPPLIER DIVERSITY PROGRAM ANNUAL RESULTS BY ETHNICITY – 2013					
MINORITY MALE	Ethnicity	Direct \$	Sub \$	Total \$	%
	Asian-Pacific	\$2,077,107	\$0	\$2,077,107	20.80%
	African American	\$1,238,090	\$0	\$1,238,090	12.40%
	Hispanic	\$6,075,229	\$0	\$6,075,229	60.84%
	Native American	\$598,145	\$7,090	\$605,235	6.06%
	Other	\$0	\$0	\$0	0%
<b>Total Minority Male</b>		<b>\$9,988,571</b>	<b>\$7,090</b>	<b>\$ 9,995,661</b>	<b>100%</b>
MINORITY FEMALE	Asian-Pacific	\$41,021	\$575,087	\$616,108	12.30%
	African American	\$1,744	\$0	\$1,744	0.03%
	Hispanic	\$3,948,854	\$438,850	\$4,387,704	87.62%
	Native American	\$2,000	\$0	\$2,000	0.04%
	Other	\$0	\$0	\$0	0%
	<b>Total Minority Female</b>		<b>\$3,993,619</b>	<b>\$1,013,937</b>	<b>\$5,007,556</b>
<b>Subtotal Minority Business Enterprise (MBE)</b>		<b>\$13,982,190</b>	<b>\$1,021,027</b>	<b>\$15,003,217</b>	<b>20.00%</b>
<b>Subtotal Women Business Enterprise (WBE)</b>		<b>\$5,837,635</b>	<b>\$789,611</b>	<b>\$6,627,246</b>	<b>8.84%</b>
<b>Total Women, Minority Business Enterprise (WMBE)</b>		<b>\$19,819,825</b>	<b>\$1,810,638</b>	<b>\$21,630,463</b>	<b>28.84%</b>
<b>Subtotal Service Disabled Veteran Business Enterprise (DVBE)</b>		<b>\$690,624</b>	<b>\$9,302</b>	<b>\$699,926</b>	<b>0.94%</b>
<b>Total Business Enterprises (WMDVBE)</b>		<b>\$20,510,449</b>	<b>\$1,819,940</b>	<b>\$22,330,389</b>	<b>29.78%</b>
<b>Gross Procurement</b>		<b>\$121,143,348</b>			
<b>Exclusions</b>		<b>(\$46,137,250)</b>			
<b>Net Procurement</b>		<b>\$75,006,098</b>			

**NOTE:** The amount shown above, labeled “Exclusions” is the total of payments made in the categories of Purchased Water, Purchased Power and Pump Taxes. Other categories subject to section 8.9, Other Utilities, Taxes, Franchise Fees and Postage have not been included in the Gross Procurement total as allowed.

# 2013 HIGHLIGHTS

## SECTION 9.1.2B – Summary of Purchases or Contracts By Products or Services (Direct)

ANNUAL RESULTS BY PRODUCTS AND CATEGORIES – DIRECT					
	Ethnicity	Product \$	Services \$	Total \$	%
MINORITY MALE	Asian-Pacific	\$1,988,174	\$88,933	\$2,077,107	20.80%
	African American	\$0	\$1,238,090	\$1,238,090	12.40%
	Hispanic	\$129,899	\$5,945,330	\$6,075,229	60.84%
	Native American	\$16,120	\$582,025	\$598,145	6.06%
	<b>Total Minority Male</b>	<b>\$2,134,193</b>	<b>\$7,854,378</b>	<b>\$9,988,571</b>	<b>100%</b>
MINORITY FEMALE	Asian-Pacific	\$0	\$41,021	\$41,021	1%
	African American	\$0	\$1,744	\$1,744	04%
	Hispanic	\$143,864	\$3,804,990	\$3,948,854	98.88%
	Native American	\$0	\$2,000	\$2,000	05%
	<b>Total Minority Female</b>	<b>\$143,864</b>	<b>\$3,849,755</b>	<b>\$3,993,619</b>	<b>100%</b>
<b>Subtotal Minority Business Enterprise (MBE)</b>		<b>\$2,278,057</b>	<b>\$11,704,133</b>	<b>\$13,982,190</b>	<b>68.17%</b>
<b>Subtotal Women Business Enterprise (WBE)</b>		<b>\$94,026</b>	<b>\$5,743,609</b>	<b>\$5,837,635</b>	<b>28.46%</b>
<b>Total Women, Minority Business Enterprise (WMBE)</b>		<b>\$2,372,083</b>	<b>\$17,447,742</b>	<b>\$19,819,825</b>	<b>96.63%</b>
<b>Subtotal Service Disabled Veteran Business Enterprise (DVBE)</b>		<b>\$8,388</b>	<b>\$682,236</b>	<b>\$690,624</b>	<b>3.42%</b>
<b>Total Business Enterprises (WMDVBE)</b>		<b>\$2,380,471</b>	<b>\$18,129,978</b>	<b>\$20,510,449</b>	<b>100%</b>
<b>Total Products Procurement</b>		<b>\$2,380,471</b>			
<b>Total Service Procurement</b>			<b>\$18,129,978</b>		
<b>Net Procurement – Direct Products and Services</b>				<b>\$20,510,449</b>	

# 2013 HIGHLIGHTS

## SECTION 9.1.2C – Summary of Purchases or Contracts By Products or Services (Subcontractors)

<b>ANNUAL RESULTS BY PRODUCTS AND CATEGORIES – SUBCONTRACTORS</b>					
<b>MINORITY MALE</b>	<b>Ethnicity</b>	<b>Product \$</b>	<b>Services \$</b>	<b>Total \$</b>	
	Asian-Pacific	\$0	\$0	\$0	
	African American	\$0	\$0	\$0	
	Hispanic	\$0	\$0	\$0	
	Native American	\$7,090	\$0	\$7,090	
<b>Total Minority Male</b>		<b>\$7,090</b>	<b>\$0</b>	<b>\$7,090</b>	
<b>MINORITY FEMALE</b>	Asian-Pacific	\$0	\$575,087	\$575,087	
	African American	\$0		\$0	
	Hispanic	\$0	\$438,850	\$438,850	
	Native American	\$0		\$0	
	<b>Total Minority Female</b>		<b>\$0</b>	<b>\$1,013,937</b>	<b>\$1,013,937</b>
<b>Subtotal Minority Business Enterprise (MBE)</b>		<b>\$7,090</b>	<b>\$1,013,937</b>	<b>\$1,021,027</b>	<b>56.10%</b>
<b>Subtotal Women Business Enterprise (WBE)</b>		<b>\$141,162</b>	<b>\$648,449</b>	<b>\$789,611</b>	<b>43.38%</b>
<b>Total Women, Minority Business Enterprise (WMBE)</b>		<b>\$148,252</b>	<b>\$1,662,386</b>	<b>\$1,810,638</b>	<b>99.48%</b>
<b>Subtotal Service Disabled Veteran Business Enterprise (DVBE)</b>		<b>\$0</b>	<b>\$9,302</b>	<b>9,302</b>	<b>0.051%</b>
<b>Total Business Enterprises (WMDVBE)</b>		<b>\$148,252</b>	<b>\$1,671,688</b>	<b>\$1,819,940</b>	<b>100%</b>
<b>Total Products Procurement</b>		<b>\$148,252</b>			
<b>Total Service Procurement</b>			<b>\$1,671,688</b>		
<b>Net Procurement – Direct Products and Services</b>		<b>\$20,510,449</b>			
<b>Net Procurement – Subcontractors Products and Services</b>			<b>\$1,819,940</b>		
<b>Total Diverse Procurement</b>		<b>\$22,330,389</b>			

# 2013 HIGHLIGHTS

## SECTION 9.1.2D – Procurement SIC Code Detail

WMDVBE PROCUREMENT BY STANDARD INDUSTRIAL CATEGORIES - DETAIL									
SIC CATEGORY	ASIAN AMERICAN	AFRICAN AMERICAN	HISPANIC	NATIVE AMERICAN	TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	SUBTOTAL WOMEN MINORITY BUSINESS ENTERPRISE (WMBE)	SUBTOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	TOTAL WMDVBE
781						\$314,250	\$314,250		\$314,250
782			\$114,811		\$114,811		\$114,811		\$114,811
783			\$133,434		\$133,434		\$133,434		\$133,434
1541				\$585,445	\$585,445		\$585,445		\$585,445
1623			\$8,067,899	\$2,000	\$8,069,899	\$2,649,148	\$10,719,047	\$128,732	\$10,847,779
1711						\$29,600	\$29,600		\$29,600
1731			\$366,607		\$366,607	\$162,843	\$529,450		\$529,450
1781	\$485,000				\$485,000	\$629,083	\$1,114,083		\$1,114,083
1794						\$56,026	\$56,026		\$56,026
1799			\$3,570		\$3,570		\$3,570		\$3,570
3317						\$55,026	\$55,026		\$55,026
3443						\$67,032	\$67,032		\$67,032
3589						\$27,058	\$27,058		\$27,058
3621			\$104,584		\$104,584		\$104,584		\$104,584
3669						\$27,310	\$27,310		\$27,310
4941	\$72,704				\$72,704		\$72,704		\$72,704
5047						\$13,272	\$13,272		\$13,272
5063	\$1,915,470				\$1,915,470		\$1,915,470		\$1,915,470
5072						\$141,627	\$141,627		\$141,627
5088						\$1,714	\$1,714	\$7,090	\$8,804
5599		\$984,573			\$984,573		\$984,573		\$984,573
6531						\$39,311	\$39,311		\$39,311
7319						\$565,793	\$565,793		\$565,793
7338						\$1,285	\$1,285		\$1,285
7349						\$140,816	\$140,816		\$140,816
7359						\$50,376	\$50,376		\$50,376
7361	\$112,271				\$112,271	\$62,594	\$174,865		\$174,865
7379		\$1,744			\$1,744		\$1,744		\$1,744
7549		\$10,495			\$10,495		\$10,495		\$10,495
7692						\$7,427	\$7,427		\$7,427
7994		\$65,195			\$65,195		\$65,195		\$65,195
8111	\$79,433				\$79,433		\$79,433		\$79,433
8711		\$15,785		\$12,700	\$28,485	\$520,767	\$549,252		\$549,252
8712	\$9,500				\$9,500		\$9,500		\$9,500

# 2013 HIGHLIGHTS

## SECTION 9.1.2D – Procurement SIC Code Detail

WMDVBE PROCUREMENT BY STANDARD INDUSTRIAL CATEGORIES - DETAIL (cont.)									
SIC CATEGORY	ASIAN AMERICAN	AFRICAN AMERICAN	HISPANIC	NATIVE AMERICAN	TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	SUBTOTAL WOMEN MINORITY BUSINESS ENTERPRISE (WMBE)	SUBTOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	TOTAL WMDVBE
8713						\$30,413	\$30,413		\$30,413
8721			\$94,933		\$94,933		\$94,933		\$94,933
8734			\$250		\$250		\$250		\$250
8741		\$2,255	\$1,071,433		\$1,073,688		\$1,073,688		\$1,073,688
8748		\$159,787	\$185,339		\$345,126		\$345,126		\$345,126
8999						\$943,282	\$943,282		\$943,282
9512	\$18,837				\$18,837		\$18,837		\$18,837
561115								\$8,388	\$8,388
721537								\$196,890	\$196,890
761115								\$356,614	\$356,614
811015						\$91,193	\$91,193	\$9,302	\$100,495
<b>TOTAL</b>	<b>\$2,693,215</b>	<b>\$1,239,834</b>	<b>\$10,142,860</b>	<b>\$600,145</b>	<b>\$14,676,054</b>	<b>\$6,627,246</b>	<b>\$21,303,300</b>	<b>\$707,016</b>	<b>\$22,010,316</b>

SIC categories are only provided for those diverse suppliers utilized. SIC comparison for categories utilized with all suppliers is not available.

California American Water employees Salvador Navar, Meter Reader; Karen Wilhelm, Conservation Specialist; Mariano Garcia, Electrician



# 2013 HIGHLIGHTS

## SECTION 9.1.3 – Itemization of WMDVBE Program Expenses

EXPENSE CATEGORY	AMOUNT
Wages	\$85,000.00
Other Employment Expenses	N/A
Reporting Expenses	\$5761.77
Training	\$3,595.00
Consultants	\$0.00
Outreach	\$9,837.00
Marketing Collateral	\$2,923.00
<b>TOTAL EXPENSES</b>	<b>\$107,116.77</b>

# 2013 HIGHLIGHTS

## SECTION 9.1.4 – Description of Progress in Meeting or Exceeding Set Goals and an Explanation of Any Circumstances that May Have Caused the Utility to Fall Short of its Goals

In 2013, California American Water successfully met and surpassed stated diverse spend goals set forth by the California Public Utilities Commission (21.5%) and those set internally (25%). We have made strides in increasing our utilization of diverse suppliers in the majority of all diverse categories. However, we recognize there are still improvements needed to identify, introduce and award contracts to more diverse suppliers across all industries and diverse categories, specifically Disabled Veteran Owned Businesses (DVBES). We will continue to look for partnerships with Disabled Veteran supplier networks, community based organizations and referrals from other utilities to broaden our reach in utilizing quality, innovative diverse suppliers to serve our customers throughout California. There were no extenuating circumstances that caused California American Water to fall short of its goals.

CATEGORY	CPUC CURRENT YEAR GOALS	CALIFORNIA AMERICAN WATER CURRENT YEAR SPEND
<b>Subtotal Minority Business Enterprise (MBE)</b>	15%	20.00%
<b>Subtotal Women Business Enterprise (WBE)</b>	5%	8.84%
<b>Total Woman, Minority Business Enterprise (WMBE)</b>	20%	28.84%
<b>Subtotal Service Disabled Veteran Business Enterprise (SDVBE)</b>	1.50%	0.94%
<b>TOTAL BUSINESS ENTERPRISES (WMDVBE)</b>	<b>21.50%</b>	<b>29.78%</b>



# 2013 HIGHLIGHTS

## SECTION 9.1.5 – Summary of Prime Contractor Utilization of WMDVBE Subcontractors

In 2013, California American Water introduced and implemented a Second Tier Program to all existing and potential Prime Contractors. Supplier diversity objectives have been clearly defined in all Requests for Proposals. For any contract award in excess of \$100,000, there is a reporting requirement which requests all Prime Contractors to report all diverse subcontractor utilization. This program was implemented effective October 2013 and has shown successful results. The 2013 Second Tier spend, due to utilization of diverse subcontractors, has increased from \$280,000 in 2012 to \$1,800,000 in 2013.

SECOND-TIER DIVERSE SUB-CONTRACTORS		
District	Diverse Subcontractor	Prime Contractor
Monterey	Beebe Diversified	Granite Construction
Monterey	Niita Erosion Control	Granite Construction
Monterey	Moore Twining Associates	Granite Construction
Monterey	Dawn Reis Ecological Studies	Granite Construction
Monterey	KRC Safety Co., Inc.	Granite Construction
Monterey	Woodward Drilling Company	Granite Construction
Monterey	GSJ Utility & Supply & Service	Granite Construction
Monterey	Denise Duffy & Associates	Granite Construction
Monterey	JMB	Granite Construction
Statewide	Vitesse Recruiting and Staffing	Yoh Services
Statewide	APR Consulting	Yoh Services
Statewide	PTS Staffing	Yoh Services

# 2013 HIGHLIGHTS

## **SECTION 9.1.6 – List of WMDVBE Complaints Received, Accompanied by a Brief Explanation of the Nature of Each Complaint and Current Status**

California American Water received no complaints from WMDVBEs.

## **SECTION 9.1.7 – Summary of Purchases or Contracts for Products and Services in Excluded Categories**

With the exception of Purchased Water and Power, California American Water includes all categories of products and services as allowed to define Gross Procurement.

## **SECTION 9.1.8 – Description of Efforts to Recruit WMDVBE Suppliers in Low Utilization Categories**

California American Water continues to pursue and identify opportunities in which diverse supplier utilization can be achieved. In 2013, there was an increase in utilization of diverse legal firms to support regional needs. In addition, American Water issued a \$400 million debt offering utilizing 6 diverse financial services firms. We have continued our partnership with a woman-owned communications firm. With the success of this recent financial transaction, the legal representation obtained and the continued successful partnership with our communications firm, we look forward to increased diverse utilization in these and other low utilization categories. We will continue our participation at networking forums presented by diverse organizations and entities highlighting diverse suppliers in these areas. We remain an active member of the California Utilities Diversity Council which has provided great access to identify and ultimately open channels of communication with diverse firms in these categories as well.

## **SECTION 9.1.9 – Document Retention**

California American Water will retain all documents and data utilized to prepare the 2013 Annual Report to the California Public Utilities Commission for 3 years or in conformance with our document retention policies. These documents and data will be provided to the California Public Utilities Commission upon request.

# 2014 ANNUAL PLAN

We endeavor to continue the momentum for success within our Supplier Diversity Program in 2014. We have strong executive sponsorship both regionally and nationally. The success achieved in California American Water's Supplier Diversity Program has been recognized by our corporate office. In 2014, we will appoint a National Supplier Diversity Program Manager with specific responsibility to heighten visibility of our American Water supplier diversity objective and achieve tangible, successful results across the American Water Enterprise. Effective January 1, 2014, we have introduced our Mentor Protégé Pilot Program in partnership with other California Class A Water Utilities in compliance with the requirement for Technical Assistance and Capacity Building for diverse suppliers, provided in General Order 156. We will continue to build a strong administrative foundation to support all components for maintaining a successful and sustainable Supplier Diversity Program.

California American Water employees Mark Duchesne, Construction Inspector; Austin Peterson, Senior Project Manager Engineering; Deana Donohue, Manager Project Delivery Engineering



**WE CARE ABOUT WATER. IT'S WHAT WE DO.**

# 2014 ANNUAL PLAN

## SECTION 10.1.1 – WMDVBE Short, Mid and Long Term Goals

The success of 2013 diverse spend compels us to strive beyond the numbers. With our diligent efforts to promote, educate and invite our Prime Contractors into our supplier diversity objectives, we anticipate more opportunities for diverse suppliers to join our supply chain and increase their foundation for success. In addition, we will look internally at our existing relationships with diverse suppliers to determine additional potential for growth and development. This will not only help us achieve stated goals, but will also help strengthen the economies of the customers which we serve. Finally, we will continue to educate our staff internally on all aspects of supplier diversity to ensure that they are knowledgeable and attentive to areas in which we may increase diverse supplier utilization. Our short, mid and long term goals are presented below:

CATEGORY	SHORT TERM 2014	MID TERM 2016	LONG TERM 2019
<b>Minority Business Enterprise (MBE)</b>	15%	15%	15%
<b>Women Business Enterprise (WBE)</b>	5%	5%	5%
<b>Disabled Veteran Business Enterprise (DVBE)</b>	1.5%	1.5%	1.5%

California American Water employees Mariano Garcia, Electrician & Al Amini, Electrician; Michael Hannon & Jared Silvas, Distribution Operators



# 2014 ANNUAL PLAN

## SECTION 10.1.2 – Planned Internal/External Activities

California American Water will continue to provide education and assistance to all internal stakeholders to support the business case for supplier diversity. This will include invitations to supplier diversity events to meet and network with diverse suppliers that could potentially receive an invitation to bid on California American Water opportunities. We will continue all participation, networking, sponsorship and attendance at diverse events to highlight our visibility and commitment as an active partner and supporter for diversity and inclusion. We will continue to look for diverse suppliers that can accomplish our mission to be innovative, cost efficient and provide value added services to the customer base we serve.

### PLANNED INTERNAL ACTIVITIES

- ▶ **Hold frequent meetings with internal stakeholders** to identify opportunities for diverse supplier inclusion at the onset of project discussion.
- ▶ **Provide education and development of Mentor Protégé Pilot Program guidelines** to internal resources which have existing or potential buyer/supplier relationships.
- ▶ **Sponsor a diversity forum** to assist one operational area of California American Water meet its supplier diversity objectives.

### PLANNED EXTERNAL ACTIVITIES

- ▶ **Expand Supplier Diversity Best Practices Knowledge** via attendance at supplier diversity training forums, initiatives and events.
- ▶ **Continue participation at Joint Utility meetings.**
- ▶ **Provide continued participation, support and sponsorship** (as appropriate) to diverse organizations seeking to partner with California American Water.

# 2014 ANNUAL PLAN

## **SECTION 10.1.3 – Plans to Seek and Recruit WMDVBE Suppliers in Underutilized Areas (Financial, Legal, etc.)**

California American Water is encouraged by the partnership and diverse utilization success of Legal and Financial services, both regionally (California American Water) and nationally (American Water) in 2013. We will continue to seek and recruit those entities which meet our core objective to maintain and supply services that are cost efficient and sustainable for our customer base. We will actively search to network with diverse organizations specific to these services to promote our Diversity and Inclusion commitment and learn the capabilities of these firms to represent us in the water utility industry. We are hopeful that we will be able to increase the results seen in 2013.

## **SECTION 10.1.4 – Plans to Seek and Recruit WMDVBE Suppliers for Excluded Categories**

California American Water is unaware of any WMDVBE supplier able to supply the volume of water needed to sufficiently provide service to our customers and meet all regulatory requirements for doing so. If there are diverse suppliers that are providing high volume services in this area and are knowledgeable of regulatory compliance for water delivery, we would welcome an introduction and discussion.

## **SECTION 10.1.5 – Planned Subcontracting Opportunities**

With the implementation of the California American Water Second Tier Subcontracting Program, we will encourage all Prime Contractors to seek to understand our supplier diversity objectives and assist us in meeting them. We will be a resource, as needed, to help identify and introduce Prime Contractors to potential diverse subcontractors for contracts to be awarded in 2014. We will maintain a frequent reporting and dialogue sequence to capture Second Tier diverse spend and ensure Second Tier diverse subcontracting compliance guidelines are appropriately followed.

## **SECTION 10.1.6 – Program Compliance**

California American Water is committed to meet all Supplier Diversity Program compliance areas set forth both internally and by the California Public Utilities Commission. We will hold ourselves to a high level of integrity as we create and develop administrative processes to successfully assist diverse suppliers and our internal stakeholders in building quality relationships and providing the best quality of products and services to our customers.

# GOVERNANCE

California American Water is also proud to demonstrate our leadership and commitment to diversity and inclusion in the area of governance. Our board is 50% female and 50% Hispanic and African American.

- ★ **Mr. Walter Lynch**  
American Water
- ★ **Mr. Robert MacLean**  
President, California American Water
- ★ **Sen. Kevin Murray (ret.)**  
Retired California State Senator, 26th District
- ★ **Cheryl Norton**  
President, Kentucky American Water
- ★ **Ms. Kellye Walker**  
American Water
- ★ **Hon. Blanca Estela Zarazúa De Leon**  
Honorary Consul to Mexico



California American Water employees Craig Evans, Operations Supervisor; Liana Bayakhmedov, Administrative Assistant; Orson Fackrell, Water Treatment Operator



**CALIFORNIA**  
**AMERICAN WATER**

**Holley Joy, Program Manager**  
**Supplier Diversity**

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