

# SAN GABRIEL VALLEY WATER COMPANY

March 1, 2012

0337W

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102-3298

Attention: Mr. Paul Claron  
Executive Director

Gentlemen:

Per the terms of General Order 156, following is the 2011 annual report for San Gabriel Valley Water Company's Utility Supplier Diversity Program.

Very truly yours,



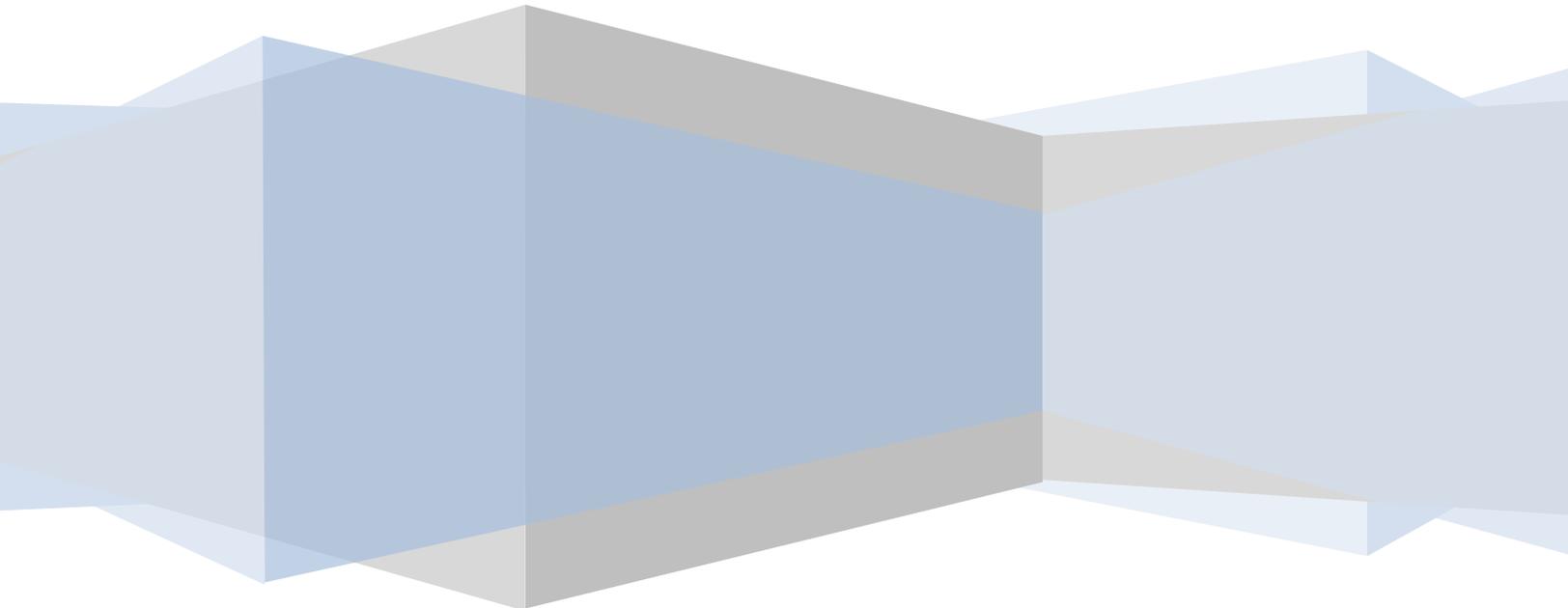
Robert J. DiPrimo  
Vice President

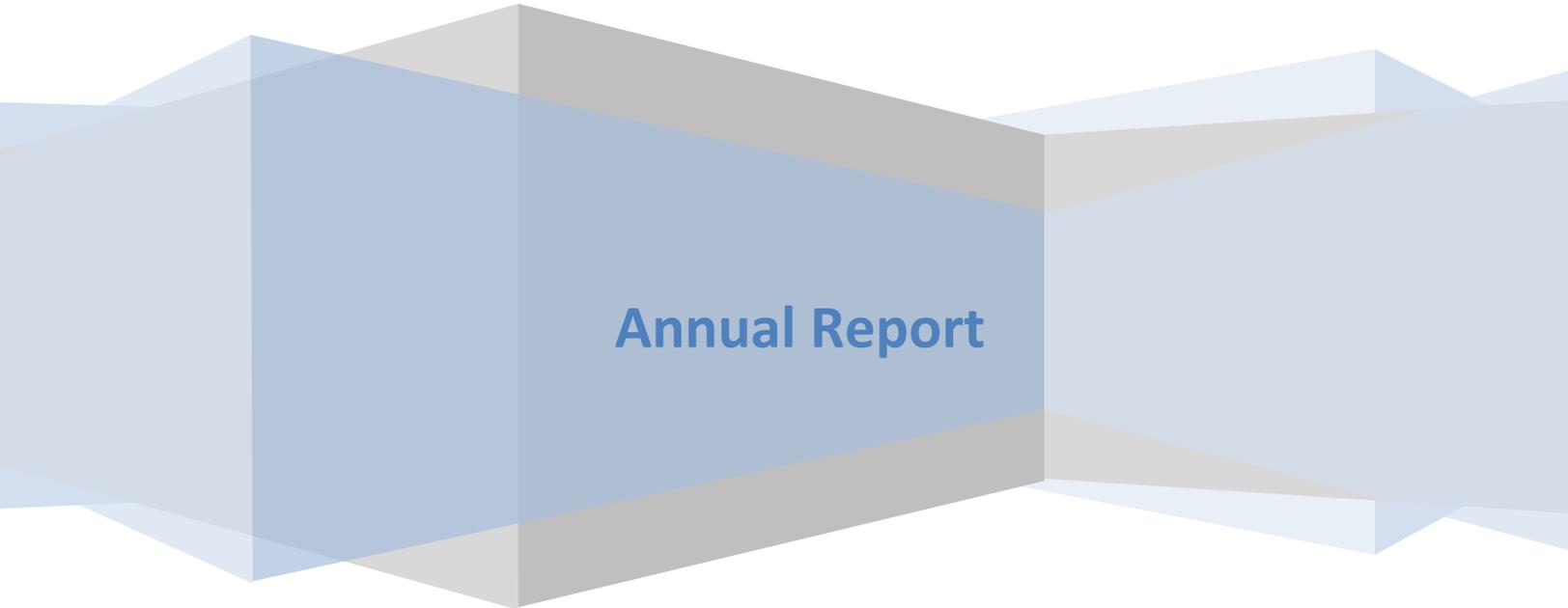
RJD:st  
cc: Marshall Kennedy  
Marzia Zafar  
Enclosures  
By electronic mail

San Gabriel Valley Water Company

# Supplier Diversity

2011 Annual Report





# Annual Report

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## Preface

In April 2004, San Gabriel Valley Water Company (“San Gabriel”) joined the other five California investor-owned water companies with more than \$25 million in annual revenues (jointly referred to as the “Water Companies”) and signed a memorandum of intent (“MOI”), voluntarily committing to implement a water industry Utility Supplier Diversity Program (“USDP”).

For the past seven years, San Gabriel and the other Water Companies submitted annual reports on their USDP activities and results based on the terms of the MOI, which did not necessarily coincide with the terms of G.O. 156.

Decision 11-05-019 in Rulemaking 09-07-027, the OIR updating G.O. 156, required water companies to be subject to, and submit annual reports in accordance with the terms of G.O. 156. As such, this is San Gabriel’s first USDP Annual Report that has been formatted consistent with the requirements of G.O. 156. However, pursuant to an agreement with the Commission, populating tables with Standard Industrial Classification code (SIC) data and Spend by Product and Service Categories will not commence until the company’s 2014 annual report.

## **9.1.1. Description of WMDVBE Program Activities – Internal and External**

### **Internal Activities**

Since the issuance of D.11-05-019, San Gabriel has been working to modify its vendor profiles to capture all information required to comply with GO 156 reporting requirements. Also, the CPUC authorized a new, fulltime position of USDP Coordinator, which the company will fill in 2012.

San Gabriel's President, Robert W. Nicholson, regularly communicates the importance of the program and the goals established by the company directly to the company's management staff. This level of direct participation from the highest level of the company and throughout the organization has served to align the company's purchasing activities with the goals of the USDP.

### **External Activities**

The company's Purchasing Agent and Mr. Nicholson, coordinate on a regular basis with other water utilities to exchange information involving qualified vendors and contractors.

San Gabriel, in co-operation with the California Water Association (CWA) and other water companies, sponsored the 2<sup>nd</sup> Annual Business Opportunity Fair, both in Southern and Northern California. The purpose of this event was to educate our current and potential prime contractors in the area of Supplier Diversity, and to bring those suppliers together with diversity vendors for possible subcontracting opportunities. Approximately 125 vendors attended the event. Attachment A is the agenda for the program.

At each outreach event, we proactively promote attention to the Supplier Diversity page on our website that provides information to prospective contractors about the Company's USDP. It also includes a link to the Clearinghouse website. Information about the water companies' USDPs and contact information for San Gabriel is included in CWA promotional material distributed at outreach events throughout the year.

Following are outreach and other events attended by San Gabriel and/or CWA representatives during 2011:

## January

- California Utilities Diversity Council (CUDC) Meeting, San Ramon, January 14
- CWA Utility Supplier Diversity Program (USDPC) Committee Meeting, San Jose, January 24
- American Legion Post, SFO, January 28

## February

- Joint Utilities Meeting, Conference Call, February 2
- CUDC Meeting, San Diego, February 11
- USDPC Meeting, West Covina, February 17
- Industry Hill Small Business Expo, City of Industry, February 24

## March

- USDPC Meeting, Anaheim, March 9
- Joint Utilities Meeting, Ontario, March 10
- CUDC Meeting, Long Beach, March 11

## April

- CUDC Meeting, SFO, April 8
- Accord Event, Job Training, Los Angeles, April 13
- USDPC Meeting, San Diego, April 26
- California Public Utilities Commission (CPUC) Small Business Expo, Burbank, April 27

## May

- CUDC Meeting, WebEX, May 13
- Keeping The Promise (KTP) DVBE, Los Angeles, May 23-24
- USDPC Meeting, SFO, May 26

## June

- Elite Service Disabled Veteran Owned Business (SDVOB) DVBE, Inland Empire, June 7
- CUDC Meeting, Los Angeles, June 10
- Joint Utilities Meeting, SFO, June 13
- Women's Business Enterprise National Council (WBENC) Conf. Las Vegas, June 21-23
- CPUC Workshop, SFO, June 27

## July

- CPUC Legal Symposium, SFO, July 14
- National Association of Regulatory Commissioners (NARUC), Los Angeles, July 17-20
- USDPC Business Opportunity Fair, Santa Fe Springs, July 20
- CPUC Procurement Update, Los Angeles, July 22
- American Indian Council of California (AICOC) Annual Conf, Rancho Mirage, July 24-26
- CUDC Advertisement & Media Forum, SFO, July 29

- Asian Business Association (ABA) Business Matchmaking, City of Industry, July 29

### **August**

- Northern California Minority Supplier Diversity Council (NCMSDC) Small Bus. Exchange, Santa Clara, August 2
- California Hispanic Chamber Conference, San Jose, August 10-12
- CUDC Meeting, San Mateo, August 12
- California Black Chamber Conference, Sacramento, August 18-20
- USDP Meeting, Manhattan Beach, August 23
- CWA Directors' Conference, San Diego, August 24-25

### **September**

- Joint Utilities Meeting, Los Angeles, September 8
- CUDC Meeting, Los Angeles, September 9
- USDP Meeting, SFO, September 13
- USDP Business Opportunity Fair, Citrus Heights, September 20

### **October**

- CPUC Hearing on Diversity, En Banc, Los Angeles, October 11
- Asian American Coalition, S. SFO, October 17
- ABA Award Banquet, Los Angeles, October 18
- SDVOB/Elite Matchmaking, San Diego, October 18
- USDP Meeting, Ontario, October 25
- CPUC Small Business Expo, Stockton, October 27
- National Minority Supplier Development Council, (NMSDC) Conf, Atlanta GA, Oct 30-Nov 2

### **November**

- Black Business Association (BBA) Annual Award Luncheon & Matchmaking, November 8
- CWA Annul Conf, Monterey, November 7-9
- CPUC/Alliance Defense Fund (ADF) Procurement Expo, Inland Empire, November 15
- AICOC Heritage Month Luncheon, November 17
- USDP Meeting, Ontario, November 28

### **December**

- USDP Meeting, San Dimas, December 16
- Joint Utilities Meeting, Irvine, December 5
- CUDC Meeting, WebEX, December 9

## 9.1.2. Summary of WMDVBE Purchases/Contracts

SUMMARY OF WMDVBE PURCHASES AND/OR CONTRACTS, WITH BREAKDOWN BY ETHNICITY					
		Direct \$	Sub \$	Total \$	%
Minority Men	Asian-Pacific	\$ 1,538,202	0	\$ 1,538,202	4.5 0%
	Black	\$ 3,701	0	\$ 3,701	0.01 %
	Hispanic	\$ 453,182	0	\$ 453,182	1.32 %
	Native American				
	Other				
	Total Minority Men	\$ 1,995,085	0	\$ 1,995,085	5.83 %
Minority Women	Asian-Pacific	\$ 87,083	0	\$ 87,083	0.25 %
	Black	\$ 15,684	0	\$ 15,684	0.04 %
	Hispanic	\$ 604,414	0	\$ 604,414	1.76 %
	Native American				
	Other				
	Total Minority Women	\$ 707,181	0	\$ 707,181	2.06 %
Total Minority Business Enterprises (MBE)		\$ 2,702,266	0	\$ 2,702,266	7.89 %
Total Women Business Enterprises (WBE)		\$ 681,332	0	\$ 681,332	1.99 %
Subtotal Women, Minority Business Enterprises (MWBE)		\$ 3,383,598	0	\$ 1,383,598	9.87 %
Service Disabled Veteran Business Enterprises (DVBE)		\$ 89,113		\$ 89,113	0.26 %
<b>TOTAL WMDVBE</b>		<b>\$ 3,472,711</b>	<b>0</b>	<b>\$ 3,472,711</b>	<b>10.13 %</b>

<b>GROSS PROCUREMENT</b>	\$ 72,988,388
<b>EXCLUSIONS</b>	\$ 38,807,208
<b>NET PROCUREMENT</b>	\$ 34,181,180

### 9.1.2. Summary of WMDVBE Purchases/Contracts (Continued)

Female, Minority and Service Disabled Veteran Attorneys With Majority Firms		
2011 Direct Legal Spend: \$1,609,035		
	Sub \$	%
Total Minority Men	\$ 330	0 %
Total Minority Women	\$ 22,128	1 %
Total Non-Minority Women	\$ 151,190	9 %
Total Service Disabled Veteran	0	0 %
<b>TOTAL DIVERSITY SPEND</b>	<b>\$ 173,648</b>	<b>10 %</b>

**UTILITY SUPPLIER DIVERSITY PROGRAM PROCUREMENT BY PRODUCT AND SERVICE CATEGORIES**

			Products		Services		TOTAL	
			\$	%	\$	%	\$	%
Minority Men	Asian-Pacific	Direct						
	Black	Direct						
	Hispanic	Direct						
	Native American	Direct						
	Other	Direct						
	Total Minority Men	Direct						
Minority Women	Asian-Pacific	Direct						
	Black	Direct						
	Hispanic	Direct						
	Native American	Direct						
	Other	Direct						
	Total Minority Women	Direct						
<b>Total Minority Business Enterprises (MBE)</b>		Direct						
<b>Women Business Enterprises (WBE)</b>		Direct						
<b>Subtotal Women, Minority Business Enterprises (MWBE)</b>		Direct						
<b>Service Disabled Veteran Business Enterprises (DVBE)</b>		Direct						
<b>TOTAL WMDVBE</b>		Direct						
<b>Gross Procurement</b>								
<b>Exclusions</b>								
<b>Net Procurement</b>								
<b>Total Product Procurement</b>								
<b>Total Service Procurement</b>								
<b>Net Procurement</b>								



UTILITY SUPPLIER DIVERSITY PROGRAM PROCUREMENT BY STANDARD INDUSTRY CODE-DETAIL

SIC Category	S/%	Asian		Black		Hispanic		Native-Amer.		Other		Total Minority Men	Total Minority Women	Women, Minority Business Enterprises (WMBE)	Disabled Veterans Business Enterprises	TOTAL WMDVBE	Total Expenditures
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Men						
59. Miscellaneous Retail	\$																
	%																
60. Depository Institutions	\$																
	%																
63. Insurance Carriers	\$																
	%																
64. Insurance Agents, Brokers, and Services	\$																
	%																
70. Hotels and Other Lodging Places	\$																
	%																
72. Personal Services	\$																
	%																
73. Business Services	\$																
	%																
75. Auto Repair, Services and Parking	\$																
	%																
76. Miscellaneous Repair Services	\$																
	%																
80. Health Services	\$																
	%																
81. Legal Services	\$																
	%																
82. Educational Services	\$																
	%																
86. Membership Organizations	\$																
	%																
87. Engineering and Management Services	\$																
	%																
89. Services not Classified Elsewhere	\$																
	%																
92. Justice, Public Order and Safety	\$																
	%																
<b>TOTALS:</b>																	

### 9.1.3. Itemization of WMDVBE Program Expense

Expense Category	2011
Wages	
Other Employee Expenses	\$ 25.00
Program Expenses	\$ 20,409.67
Reporting Expenses	
Training	
Consultant	
Other	
Total:	\$ 20,434.67

San Gabriel has not previously tracked staff time spent managing our USDP. However, with the addition of the fulltime USDP coordinator, along with our Purchasing Agent’s time spent on external activities, we will begin doing so in 2012.

### 9.1.4. Description of Progress in Meeting or Exceeding Set Goals

Category	Current Year Results	Current Year Goals
Minority Business Enterprises (MBE)	7.89 %	15.00 %
Women Business Enterprises (WBE)	1.99 %	5.00 %
Service Disabled Veteran Business Enterprises (DVBE)	0.26 %	1.5 %
TOTAL WMDVBE	10.13 %	21.50 %

In 2011, San Gabriel achieved a significant increase in procurement with Commission Clearinghouse-certified WMDVBEs to 10.13 % of the company’s total procurement compared to 7.72% in 2010. San Gabriel’s procurement in 2011 with WMDVBEs totaled \$ 3,472,711.00 as detailed in Table 9.1.2.

### 9.1.5. Summary of Prime Contractor Utilization of WMDVBE Subcontractors

	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Women Minority Business Enterprise (WMBE)	Service Disabled Veterans Enterprise (SDVBE)	TOTAL WMDVBE
Direct \$							
Subcontracting \$							
<b>Total \$</b>							

Direct %							
Subcontracting %							
<b>Total %</b>							
Net Procurement:	\$						

San Gabriel has yet to establish a 2<sup>nd</sup> tier program.

### 9.1.6. List of WMDVBE Complaints

San Gabriel did not receive any complaints relative to our USDP.

### 9.1.7 A Summary of Purchases and/or Contracts for Products and Services in Excluded Categories

The Exclusions shown in Table 9.1.2 of \$ 38,807,208 is the total of payments made in the categories of Purchased Water (including leased water), Purchased Power, and Water Replenishment Assessment.

The reporting of these categories as “Exclusions” on Table 9.1.2 by water companies is intended to provide information to the Commission’s Utility Supplier Diversity Program Staff about these categories and to be consistent with the procurement reporting of the energy companies.

This procurement reporting for water companies reflects the results from workshops convened by Staff. These workshops, pursuant to Ordering Paragraph No. 4 of D.11-05-019 (in R.09-07-027), and subsequent discussions, were convened in order for Staff and the water utilities to reach a common understanding of what is to be reported as a result of the amendments to General Order 156.

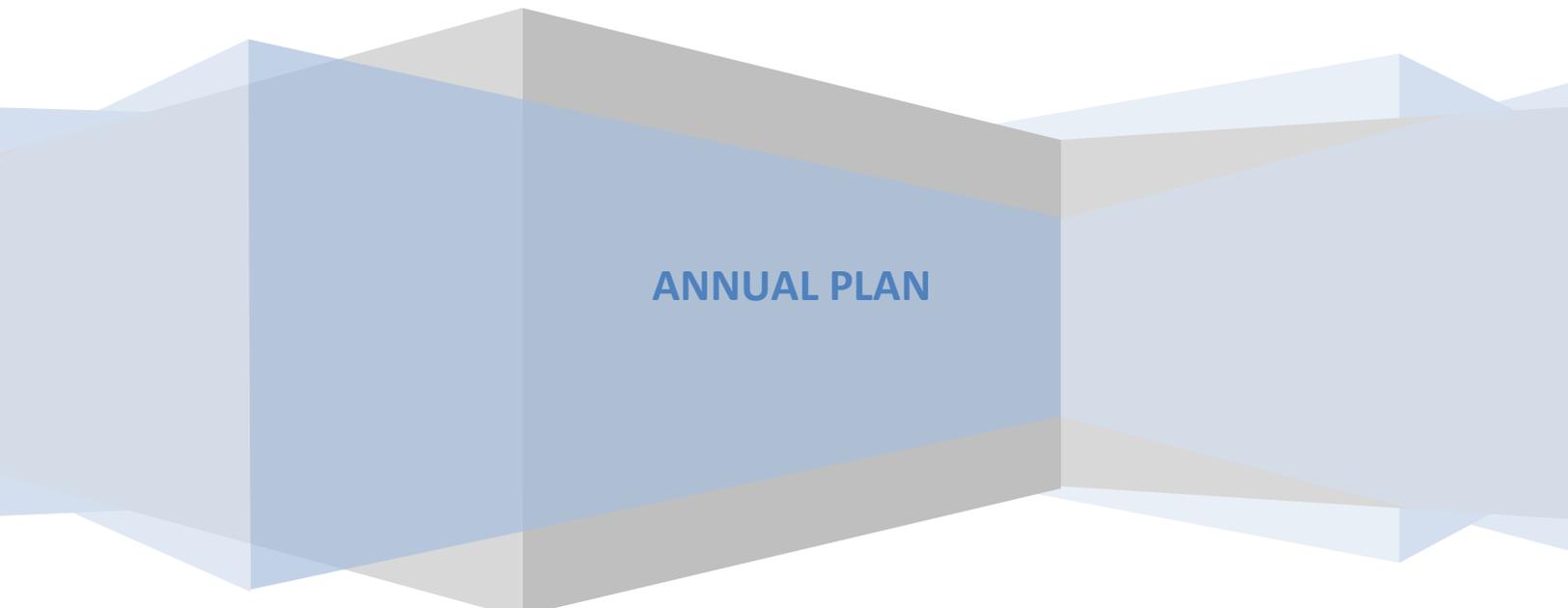
### **9.1.8. Description of Efforts to Recruit WMDVBE Suppliers of Products and Services in Procurement Categories Where WMDVBE Utilization Had Been Low**

San Gabriel expanded its number of WMDVBE contractors to 48 in 2011. We utilized 31 WMDVBE contractors as compared to 25 in 2010.

San Gabriel, together with the Water Companies, was active in outreach efforts with the goal of identifying and utilizing additional WMDVBE contractors and vendors.

The company coordinates on a regular basis with other water utilities to exchange information involving qualified vendors and contractors including those in underutilized areas. We attended specialty workshops and provided input on possible solutions to increase utilization of WMDVBEs in areas such as legal and financial services.

San Gabriel Valley Water Company remains committed to the spirit and principles of G.O. 156 and will continue its efforts to recruit WMDVBEs in all procurement areas.



**ANNUAL PLAN**

### 10.1.1. Goals

Short-Term (2012)				
	Minority Business Enterprises		Women Business Enterprises	Disabled Veteran Business Enterprises
Major Products Categories	Men	Women		
Construction				
Equipment				
Supplies				
Technology				
Other				
Mid-Term (2015)				
	Minority Business Enterprises		Women Business Enterprises	Disabled Veteran Business Enterprises
Major Products Categories	Men	Women		
Construction				
Equipment				
Supplies				
Technology				
Other				
Long-Term (2017)				
	Minority Business Enterprises		Women Business Enterprises	Disabled Veteran Business Enterprises
Major Products Categories	Men	Women		
Construction				
Equipment				
Supplies				
Technology				
Other				

One of the tasks for our new USDP Coordinator in 2012 will be to conduct procurement assessments for each department in order to establish goals in these Major Product Categories.

### **10.1.2. Description of WMDVBE Program Activities**

San Gabriel USDP program activities for 2012 will include the following:

- a) Fill the recently authorized USDP Coordinator position
- b) Continue to modify our vendor profiles to include all required information for G.O. 156 reporting
- c) Consider improvements to the diversity page on the company's website
- d) Continue to increase the number of certified WMDVBES utilized
- e) Increase the dollar amount and percentage procurement with WMDVBES

### **10.1.3. Plans for Recruiting WMDVBE Suppliers Where WMDVBE Utilization Has Been Low**

San Gabriel will continue to attend, to the extent possible, workshops and contribute to the dialogue geared toward developing methods to increase WMDVBE participation underutilized areas.

### **10.1.4. Plans for Recruiting WMDVBE Suppliers in any "Excluded Category"**

The only "excluded categories" are Purchased Water and Water Replenishment Assessments from government or quasi-governmental water agencies, and Purchased Power from monopoly utility service providers such as Southern California Edison. As such, there are no WMDVBE suppliers in these excluded categories, and no possibility for recruitment.

### **10.1.5. Plans for Encouraging Prime Contractors and Grantees to Engage WMDVBES**

San Gabriel's Purchasing Agent and USDP Coordinator will communicate the company's USDP goals to its prime contractors and encourage them to utilize WMDVBES contractors and vendors.

### **10.1.6. Plans for Complying with WMDVBE Program Guidelines**

San Gabriel remains committed to the principles and spirit of our USDP and compliance with WMDVBE program guidelines.

**Attachment A**  
**California Water Association**  
**Utility Supplier Diversity Program Committee**  
**2011 Business Opportunity Fair**

**Agenda**  
**July 20, 2011**

	Continental Breakfast & Check –In	8:30-9:00
I	Welcome & Introduction	9:00-9:10
	○ Overview of the Morning <i>(Emma Maxey)</i>	
	○ Introduction of the USDP Committee Members <i>(Emma Maxey)</i>	
II	Supplier Diversity Overview	9:10-9:30
	○ History of CWA & USDP <i>(Jack Hawks)</i>	
	○ What is Supplier Diversity <i>(Stephanie Swenseid)</i>	
	○ Importance to the Water Companies <i>(Stephanie Swenseid)</i>	
	○ Who Qualifies for the Program <i>(Stephanie Swenseid)</i>	
III	GO 156 – Capacity BUILDING & Technical Assistance	9:30-10:00
	○ Capacity BUILDING & Technical Assistance <i>(Charmaine Jackson)</i>	
	○ Prime Supplier Program/Second Tier Spend <i>(Emma Maxey)</i>	
IV	Advantages/Benefit of becoming a Certified Vendor	10:00- 10:15
	○ <i>Clearinghouse Presentation</i> <i>(Michael Moss)</i>	
V	Expectations of Doing Business with the Water Companies	10:15-10:30
	○ Insurance /Bonding <i>(Robert Fansler)</i>	
	○ License <i>(Robert Fansler)</i>	
VI	Q & A and Open Discussion <i>(Holley Joy)</i>	10:30- 10:45

## Representing;

### California American Water

- ❖ Gary Hofer
- ❖ Louie Romero
- ❖ Dean Lefler

### California Water Service Company

### Golden State Water Company

- ❖ Amy Williams *Contract Administrator*
- ❖ Larry Fordham *Contract Administrator*
- ❖ Beth McDonough *Capital Project Manager*
- ❖ Randy Miller *Director Of Information Technology*
- ❖ Marquis McCraw *HCM Consultant Talent and Diversity*
- ❖ Anna Brathwaite *Assistant Legal Counsel*

### Park Water

- ❖ Daniel Rodriguez *General Plant Lead / Chair Supplier Diversity*
- ❖ Kathleen Heymer *Customer Service / Water Conservation Manager*
- ❖ Arnold Martinez *Safety Coordinator*

### San Gabriel Water Company

### San Jose Water Company

### Suburban Water Systems