



WORKING TOGETHER INCREASED INNOVATION & STRONGER SOLUTIONS



CALIFORNIA AMERICAN WATER 2019 Annual Report to the California Public Utilities Commission (for 2018 results)

Women, Minority, Disabled Veteran,
LGBT Business Enterprise Procurement
Pursuant to CPUC General Order 156
(U-60-W)



CALIFORNIA
AMERICAN WATER

WE KEEP LIFE FLOWING™



POLICY

California American Water recognizes the value of supplier diversity as a strategic business decision. We are committed to identifying diverse suppliers and offering them an opportunity to compete for products and services contracts.



VISION

We create opportunities – including education and mentorship – for diverse suppliers and strive to work with diverse suppliers who meet our high standards and work in our customers' best interests.



MISSION

Our mission is to open business doors for diverse suppliers who otherwise would not have been knowledgeable of contract opportunities with California American Water. We are steadfast in our commitment to ensure that available contract opportunities are known and reviewed in an open and fair competitive business environment.

COVER: California American Water, American Water and diverse vendors in attendance at the June 2018 Annual Supplier Diversity Event held at the California American Water Corporate Office in downtown San Diego.

TABLE OF CONTENTS

PRESIDENT’S & DIRECTOR’S MESSAGES	4–5
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ANNUAL REPORT

Testimonials	6
9.1.1 Description of WMDVLGBTBE Program Activities During the Previous Calendar Year	10
9.1.2A WMDVLGBTBE Annual Results by Ethnicity	27
9.1.2B WMDVLGBTBE Direct Procurement by Product and Service Categories	28
9.1.2C WMDVLGBTBE Subcontractor Procurement by Product and Service Categories	29
9.1.2D WMDVLGBTBE Procurement by Standard Industrial Categories	30
9.1.2E Number of WMDVLGBTBE Suppliers and Revenue Reported to the Clearinghouse	38
9.1.2F Description of Number of WMDVLGBTBE Suppliers with California Majority Workforce	40
9.1.3 WMDVLGBTBE Program Expenses	40
9.1.4A Description of Progress in Meeting or Exceeding Set Goals	41
9.1.4B WMDVLGBTBE Results and Goals	41
9.1.5A Description of Prime Contractor Utilization of WMDVLGBTBE Subcontractors	42
9.1.5B Summary of Prime Contractor Utilization of WMDVLGBTBE Subcontractors	42
9.1.6 A List of WMDVLGBTBE Complaints Received and Current Status	43
9.1.7 Description of Efforts to Recruit WMDVLGBTBE Suppliers in Low Utilization Categories	43

ANNUAL PLAN

10.1.1 WMDVLGBTBE Annual Short-, Mid-, and Long-Term Goals	44
10.1.2 Description of WMDVLGBTBE Planned Program Activities for the Next Calendar Year	45
10.1.3 Plans for Recruiting WMDVLGBTBE Suppliers in Low Utilization Areas	45
10.1.4 Plans for Recruiting WMDVLGBTBE Suppliers Where Unavailable	47
10.1.5 Plans for Encouraging Prime Contractors to Subcontract WMDVLGBTBE Suppliers	47
10.1.6 Plans for Complying with WMDVLGBTBE Program Guidelines	47



RICHARD SVINDLAND, President

PRESIDENT'S MESSAGE

A CULTURE OF INCLUSION. A RECORD OF DIVERSITY.

Ed and I are pleased to present our 2018 Supplier Diversity Report. I look forward to our monthly Supplier Diversity Council meetings to hear about the positive steps our teams are making to include diverse vendors in our procurement processes. California American Water cannot meet our supplier diversity and inclusion goals unless our prime suppliers and all employees in procurement positions remain focused on diversity and inclusion. I am pleased to announce that 2018 was no different in our pursuit to engage all internal and external team members in supplier diversity efforts.

In this year's report, you will notice an increase in our efforts to engage prime suppliers and implement processes, procedures and systems to make it easy to do business with small diverse vendors. You will also notice we were the first regulated water utility to produce an economic impact report and that Community Based Organizations recognized California American Water for our accomplishments.

Our commitment to diversity transcends our supplier base. We have a very diverse employee group and board of directors, and we continue to work on a diverse and inclusive culture.

I'm pleased to report this is the first year in the history of our program that we exceeded all three CPUC category goals. This could not have been accomplished without a team effort/focus.

We have come a long way and credit goes to our prime suppliers, small diverse vendors (as noted in the testimonies included in this report) and California American Water employees in procurement positions. California leads the way in this area. We are fortunate to have great support from our parent company, as is evidenced by those who attended our annual supplier diversity event, Josh King, Vice President of Supply Chain, and Larry Wooten, Senior Manager of Supplier Diversity.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Richard Svindland', written in a cursive style.

RICHARD SVINDLAND
PRESIDENT



EDWARD SIMON, Director of Business Performance & Supplier Diversity

MESSAGE FROM THE DIRECTOR OF SUPPLIER DIVERSITY

“DIVERSITY IS BEING INVITED TO THE PARTY.
INCLUSION IS BEING ASKED TO DANCE.”

—VERNIA MYERS

The above quote about diversity and inclusion resonates with me and has been part of my mission in 2018. Diversity and inclusion have always been a personal goal and I am pleased that my fellow team members continue to join me in this effort. We do not want to be known as simply inviting vendors to the party, but instead we want to ask them to dance.

Our internal goal for 2018 was 29.5%. We achieved 27.43%, well above the CPUC goal of 21.5%. As Rich noted, I'm pleased to report this is the first year in the history of our program that we exceed the CPUC three category goals for MBE, WBE and DVBE.

We made great strides in 2018. Some of these accomplishments include:

- Made it easier for internal team members to identify and work with small diverse businesses.
- Recognized for results and engagement of diverse vendors.
- Required non-diverse primes to include small diverse vendors.
- Recognized by U.S. Veterans Magazine and was added to the Top Supplier Diversity Programs list.
- First regulated water utility to produce Economic Impact Report.
- Continued collaboration with California Water Association to ensure best practices in engaging diverse vendors.
- Named Local Supplier Diversity Champions in our seven offices.

Although we have a CPUC goal for diversity, meeting a number is not our primary focus. We will not rest until our vendors are representative of the communities we serve.

If you have any ideas you feel we should consider, please reach out to me at Edward.Simon@amwater.com or (619) 446-4764.

A handwritten signature in blue ink that reads "Edward A. Simon, II".

EDWARD A. SIMON, II

DIRECTOR OF BUSINESS PERFORMANCE AND SUPPLIER DIVERSITY

2018 HIGHLIGHTS

TESTIMONIALS

California American enjoys working with diverse vendors – small or large – and the relationships we build with them. Here are several diverse firms we are working with and their stories about working with us.



RAWLES ENGINEERING INC.

RAWLES ENGINEERING (WBE - Construction/Engineering)

“I would like to personally thank you for taking the time to meet with me and encouraging me to try again to obtain my Women Business Enterprise (WBE) Certificate. It was a long and bumpy process, but I was determined to continue with answering the questions sent to me and providing the backup required to achieve the status that I set out to obtain. As long-time contractors for Citizens Utilities Company of California since 1979, when California American Water acquired the District, we continued to have a wonderful working relationship with California American Water and its employees. I am excited and very much looking forward to a long working relationship with you and California American Water. With our WBE certification, I am confident that this will open new doors and new opportunities for Rawles Engineering Inc.”

–Carrie Rawles, Owner



SDI PRESENCE (MBE - Information Technology Consulting Firm)

“I have known Ed Simon and California American Water for a little over a year now. I cannot say enough about how passionate Ed is about supplier diversity. He is truly committed to growing diverse firms in meaningful ways. His goal is to expose us to opportunities to get us work, preferably direct, not only with his utility, but also with his investor-owned California Water Association brethren. And he has been successful in doing that for SDI.

Ed’s passion and subsequent impact on the diverse supplier community is a direct reflection of the corporate culture that is set from the top. Hats off to Rich Svindland, president of California American Water, and also the American Water executive team for creating an environment that allows people like Ed to be as effective as he is at moving the needle for supplier diversity in the right direction.”

–Joe Felicicchia, VP Utility Industry Services



SUPPLYMATES (MBE)

“First and foremost, it has been a pleasure working with California American Water thus far. I recall our first meet and greet was at the 2018 CPUC workshop. The atmosphere you provided was very receptive

to small and minority business alike. In that meeting California American Water discussed goals for inclusion, and then opened up the floor for discussion. This was a great opportunity for us to explain who we are, and how we can help you help us. In the coming days your diligent efforts welcomed Supplymates to your downtown office for an introduction with the team. Thereafter, we scheduled a second meeting with the rest of the team members located in other California offices via conference call. This meeting was the kick-off that allowed us to prove that we can deliver on our promises. We want to say it has been a great experience, and we look forward 2019.”

–Kit Wong, Sales



HAL HAYS CONSTRUCTION, INC. (NATIVE AMERICAN-OWNED MBE)

“California American Water’s efforts related to diversity and inclusion, led by Ed Simon, have been nothing short of a game changer for Hal Hays Construction, Inc. (HHCI). We’ve been given opportunities by Ed and his

team that we would normally never have had. It has created a modified business model for our company and has helped create over 20 jobs within our organization in order to support our ongoing work with California American Water. The diversity events put together by Ed and California American Water have been very beneficial to our company in getting valuable face time with California American Water buyers, connections with other DBE resources, and hearing forecasted work for years to come. Additionally, Ed has been instrumental in ensuring HHCI is a successful vendor by mentoring us, making introductions, and facilitating relationships.”

–Hal Hays, Owner

2018 HIGHLIGHTS



MOMENTS OF FOCUS (AFRICAN-AMERICAN OWNED WMBE)

“Edward Simon sets the standard of what a Business and Supplier Diversity company representative should be on all levels. He is extremely knowledgeable of the industry and his company’s needs beyond the norm. Many in his position network with business leaders and hope that

somewhere along the way they will be able to connect those businesses with contracts. Edward is different in that he is extremely intentional in his approach. It has been made clear by working with him that he works his plan for success by identifying what strategic partnerships are necessary for projected plans ahead, goes into every situation/event with a keen eye to spot a business and or business leader whose contributions will fit perfectly into his master plan and knows how to maintain great relationships along the way for future possibilities.

I initially met Edward at a Business Matchmaking event. Based on a question that I asked during a panel, he quickly identified how my company could serve as an asset for an External Affairs project. Within a month or so, we were in talks about working together on that project and were able to complete it shortly after. Edward made himself available at every step along the way to ensure that all parties were set to meet the goals ahead. As a new vendor, he made sure that all went well on every level of the agreement. He also found other ways for us to work together through his introductions and events that ultimately led my company to secure a Master Service Agreement with American Water. Edward doesn’t stop at being the friendly face of the company, the liaison between potential opportunities or closer of deals, but goes further to seek additional ways to benefit both his company and the businesses he works with. It has been a pleasure working with California American Water company representatives across the board.”

–BeNeca Griffin, Owner



PLAN THE WORLD (WBE - Event Planning Company)

“California American Water has been transformative for Plan the World. Ed has trusted us on many creative projects that directly impact the community. Ed Simon is a true leader in Supplier Diversity and provides one of the most valuable high-impact opportunities for diverse suppliers

to meet with decision makers. The event has resulted in multi-million dollar opportunities for DBEs to bid and win Tier 1 and Tier 2 contracts. Thank you, Ed, for your leadership within and outside of your organization.”

–Summer Sepulveda, Vice President



CETERA MARKETING (AFRICAN AMERICAN-OWNED WMBE - Promotional Supply Company)

"It is a journey like no other when you begin a business. Key partnerships can make or break your first years. There are many challenges, but the answer to many of the hardest mountains to climb is working with companies that have the power to level the playing field and actually do that, with conviction.

I was introduced to California American Water by a Supplier Diversity Manager that worked extremely hard to understand our value proposition and quickly contacted the appropriate departments that might utilize our services. That manager was passionate about carrying out the goals set forth by California American Water to aid diverse businesses in growth. They shared California American Water's goals and initiatives to empower us to understand the company's needs. We have since grown in many facets, not only with California American Water but with American Water as a whole. I am so grateful for the many opportunities that we have received from your company and look forward to continuing to serve you with the same passion and conviction you open your door to us with."

—Dana Hali, Owner



SACRAMENTO RAINBOW CHAMBER OF COMMERCE (LGBTBE Community Based Organization)

"I have had the pleasure to work with Ed Simon and California American Water as a board member and now Interim Executive Director of the Rainbow Chamber of Commerce, RCC Foundation. One of the functions of the RCC is to provide our members with training to acquire contracts, supplier diversity and other such interests with NGLCC, CPUC, and other public and government agencies. Ed Simon and California American Water have assisted our members and attended workshops, orientations and expos to help our member businesses acquire successful contracts."

—Fred Palmer, Interim Director Rainbow Chamber for Commerce and Foundation

2018 HIGHLIGHTS

SECTION 9.1.1 - Internal and External Highlights and Activities

CALIFORNIA AMERICAN WATER (CAW)

continued its efforts to promote and engage both internal and external stakeholders in 2018. The following provides Internal and External Highlights and Activities, including key meetings, areas of focus, and outreach events including:

- Communications
- Training
- Potential or existing vendor meetings
- Community-based organizations (CBOs)
- National and local diversity organizations
- Partnership with California Water Association's (CWA) Utility Supplier Diversity Program (USDP)



27.43%
DIVERSE SPEND

We are proud to have exceeded the CPUC diverse spend goal of 21.5% once again with a total diverse spend of **27.43%** in 2018. As our program continues to mature, we hope to build and improve upon this result.

14
NEW DIVERSE SUPPLIERS

In 2018, we added 14 new diverse suppliers (five MBEs, five WBEs, two WMBEs, and two DVBEs). Seven received contracts for work totalling \$149,000 in diverse spend.



A FEW 2018 VENDOR RELATIONS RESULTING FROM OUTREACH EFFORTS:

- ★ **US METRO** (WMBE - Asian): Janitorial Services – Asian Business Association
- ★ **MOMENTS OF FOCUS** (WMBE): Training/Coaching – CWA Meet-the-Primes
- ★ **GUIDED BUSINESS PLANS** (WMBE - 2019): Training/Coaching – Several Events
- ★ **BLACK BOX SAFETY** (DVBE): Safety Training and Supplies – VIB Conference

2018 INTERNAL ACTIVITIES AND OUTREACH

At CAW, we strive to engage in meaningful and productive internal and external outreach events that yield results. We hold our own company-specific efforts, while also collaborating with CWA and other Joint Utilities (those in other sectors such as gas, electric, telecom and cable). The following pages detail some of these outreach efforts.



CWA Utility Supplier Diversity Committee (from l – r): LAUREN JAMES (Suburban Water), JOSE ESPINOZA (California Water Service), JEANETTE DIAZ (San Gabriel Valley Water), ED SIMON (California American Water), TIM MACLAUGHLIN (San Jose Water), and EMMA MAXEY (Golden State Water). Not pictured Danny Rodriguez (Liberty Utilities)

2018 HIGHLIGHTS

STANDING MEETINGS/OUTREACH

MONTHLY

- CWA Utility Supplier Diversity Committee Meetings (CAW hosted two meetings)
- CAW Supplier Diversity Council Meetings
- Mentor Protégé (Lyden Electric) Meetings
- Supplier Diversity Local Office Champions Meetings (started in August)
- Monthly C&C Mentor Protégé Meetings

QUARTERLY

- Joint Utilities Meetings (CAW hosted one meeting)

JANUARY

- Economic Development presentation – increase Native American engagement
- Asian Business Association (ABA) Advisory Council Strategic Planning Meeting

FEBRUARY

- ABA Advisory Council Meeting

MARCH

- Meetings with Operations and Engineering Leads – Discuss OPEX and CAPEX Spend and Available Diverse Suppliers
- NCAIED National Conference RES (Regional Economic Summit) - Lead Content Development/Coordinator – Track 3: Working with California Regulated Utilities – Las Vegas
- WBA Summit (All Western Region LGBT Chamber of Commerce) – San Francisco

- USVBA (United States Veteran Business Alliance) Meeting - Presentation on Working with CA Regulated Utilities – Los Angeles
- Meeting with Native American Vendor – Hawk Health & Safety Supply (Follow-up from RES Conference Meeting)

APRIL

- Council for Supplier Diversity Event – Economic Empowerment Zone Imperial Beach Community Meeting
- Los Angeles Gay Lesbian Chamber of Commerce Luncheon/Networking Event – Los Angeles
- CAW Engineering Leads Meeting – Presenter: Supplier Diversity Results and 2018 Plans
- Southern California Minority Supplier Diversity Council Minority Business Opportunity Day
- CPUC Small/Diverse Business Expo – Long Beach, CA
- Northern Division – Supplier Diversity Operations and Engineering Meeting – Review 2018 Projects

MAY

- Southern Division – Supplier Diversity Operations and Engineering Meeting – Review 2018 Projects
- Small Business Summit 2018 – San Jose, CA
- Blacks ‘n Business Blacks ‘n Technology Awards Ceremony – San Jose, CA
- Council for Supplier Diversity – Economic Empowerment Zone – Imperial Beach, CA
- USVBA Keeping the Promise Conference – San Diego, CA
- CWA USDP Capacity Building Workshop Session 1 (Partnership with Council for Supplier Diversity and University of San Diego) – San Diego, CA
- Hispanic Chamber of Commerce Event/ Reception
- Greenlining Annual Economic Summit – Oakland, CA
- City National Bank – Meet-the-Buyer Event – Los Angeles, CA

JUNE

- Meeting with New Diverse Vendor – Gradebreak Engineering – Pacific Grove, CA
- Planning Meeting – Frontier Communications/ Golden State Water/CAW Partnership Event
- Veterans Business Forum – San Diego, CA
- Lead Coordination of Panel – National Gay Lesbian Chamber of Commerce (NGLCC) – Working with California Regulated Utilities
- Introduce New Diverse Vendor: Belshire (Waste Hauling) to Operations Team

- Hosted American Water Corporate Supplier Diversity Committee Meeting – San Diego, CA
- Catfish Club Meeting – Asian Pacific Islander Discussion – National City, CA
- CAW - Annual Supplier Diversity Showcase – Reception for Internal Team Members and Prime Suppliers and Full-Day Event

JULY

- New Local Supplier Diversity Champions Training Conducted – Sacramento, CA
- Construction Expo – San Diego, CA
- CAW/Golden State Water/Frontier Communication Supplier Diversity Event – Thousand Oaks, CA
- C&C Mentor Protégé Program Monthly Meetings
- ABA Advisory Board Meeting
- California Construction Expo – Anaheim, CA
- Meeting w/Rawles Engineering (SCH Certification Applications Process) – Sacramento, CA

AUGUST

- New Supplier Introduction/Implementation: Supplymates – San Diego, CA
- Introduce New Diverse Vendor: Promoventures
- Sacramento Rainbow Chamber of Commerce – Board Positions Announced – Sacramento, CA
- New Vendor Introduction: AerialZeus, LLC – Sacramento, CA
- Meeting with Chair, United States Veterans Business Alliance (USVBA) – Sacramento, CA

2018 HIGHLIGHTS

SEPTEMBER

- WBENC West Conference – Supplier Diversity Panelist – Palm Springs, CA
- Silicon Valley Rainbow Chamber of Commerce Event – San Jose, CA
- CWA USDP Session 2 Capacity Building and Technical Assistance – San Jose, CA
- CWA USDP Meeting – Rosemead, CA
- Prompt Payment Forum with Joint Utilities and Community Based Organizations – Southern California Edison Office – Rosemead, CA
- Joint Utilities Meeting – Southern California Edison Office, Rosemead, CA
- Sacramento Rainbow Chamber of Commerce – Boas and Bows – Official Board Swearing Ceremony – Sacramento, CA

OCTOBER

- CPUC En Banc – Richmond, CA
- Sacramento Rainbow Chamber of Commerce Board Retreat – Murrieta, CA

NOVEMBER

- CPUC San Ramon Small/Diverse Business Expo – San Ramon, CA
- Chicago United – Five Forward Event / Conference – Chicago, IL
- Veterans in Business (VIB) Conference – Los Angeles, CA

- Black Business Association (BBA) – Veterans Procurement & Business Expo – Los Angeles, CA
- CAW Annual Supplier Diversity Training for Procurement Leads – Webinars
- California American Water New Annual Prime Supplier Diversity Training – Webinars
- New Diverse Vendor Introduction: Reed Electric and Camo Enterprises
- Sacramento Rainbow Chamber of Commerce Board Meeting – Sacramento, CA
- NAWBO (National Association of Women Business Owner) – Carlsbad, CA
- New Vendor Introduction: Kana Subcontracting Engineering (KSE)

DECEMBER

- Supplier Diversity Intern Training
- USVBA Turning Contacts into Contracts – Long Beach, CA



ED SIMON, Director Business Performance & Supplier Diversity greets diverse vendor at the Minority Business Development Opportunity Day (MBDOD)

CALIFORNIA AMERICAN WATER TEAM ATTENDS ANNUAL CPUC EN BANC

The CPUC hosts its En Banc meeting on Supplier Diversity on an annual basis. *En Banc* is a French term referring to a case being heard before a full court. In this case, all the utilities and CPUC Commissioners come together to review the progress.

- This year's conference was held in Richmond, CA.
- The conference included sharing of regulated utilities' efforts to comply with General Order (GO) 156. In years past, Presidents from each of the sectors (water, energy, and telecom) were asked to participate on a panel to discuss their utility efforts with compliance and other topics. This year, the CPUC selected different panel topics. Rich Svindland, President of CAW was selected by the CWA USDP and member companies to sit on the panel with the Telecom Presidents/CEOs.
- To continue to demonstrate CAW's support with GO 156, Rich Svindland, President of CAW; Kevin Tilden, VP of External Affairs; Sarah Leeper, VP of Regulatory Legal; Ed Simon, Director of Business Performance and Supplier Diversity; Demetrio Marquez, Paralegal and San Francisco Supplier Diversity Champion; and Mary Lou Ruiz, Buyer, attended the conference.

"I am pleased to report the CPUC continues to be impressed with our and the water utilities performance," said Ed Simon. "The CPUC acknowledged our commitment and doing what we said we were going to do with regards to completion of our supplier diversity economic impact report and holding our non-diverse vendors accountable with the implementation of our DBE Requirement Statement."



SARAH LEEPER, RICH SVINDLAND, KEVIN TILDEN, ED SIMON, DEMETRIO MARQUEZ, and MARY LOU RUIZ at the CPUC conference on Supplier Diversity



RICH SVINDLAND, California American Water President (far left), testifying before the CPUC at 2018 En Banc

2018 HIGHLIGHTS

CALIFORNIA AMERICAN WATER: FIRST REGULATED UTILITY TO PRODUCE PUBLIC SUPPLIER DIVERSITY ECONOMIC IMPACT STUDY

The Supplier Diversity team at CAW released their 2018 report (for results achieved in 2017) in mid-2018.

The report shows CAW's focus on supporting diverse and local suppliers throughout their supply chain, and strengthening the growth of the Supplier Diversity program and the communities we serve. The Economic Impact report highlights the number of jobs that have been supported, the value CAW has added to California's GDP, the compensation that all direct and indirect employees are making, and the economic activity that has been generated in California.

The document features an introductory message from Ed Simon, Director of Business Performance and Supplier Diversity, in which he describes how the report is structured and expresses the importance of the Supplier Diversity program. Important sections of the report include:

- Employment by volume
- Output by volume
- The lives we impact
- An impact overview
- Tax impacts

Each of the sections is further broken down by region and state totals for use in making comparisons. The report can be found on the CAW website at www.amwater.com/caaw/about-us/doing-business-with-us/supplier-diversity.



2018 California American Water
Supplier Diversity Economic Impact
Report is now available

IMPLEMENTED DIVERSE BUSINESS ENTERPRISE (DBE) REQUIREMENT STATEMENT

We believe our non-diverse suppliers should share in our efforts to include diverse vendors in our/their procurement processes. In July 2018, after many internal discussions, we implemented a policy that contracts valued at \$100,000 or more must include the DBE Requirement Statement. The diversity inclusion percentage varies by contract value (i.e., the higher the contract value the higher the percentage). New contract owners record the minimum (or higher) percentage on an abbreviated form and the form becomes part of the contract. This form is used to match their commitment to their performance when the vendor submits their quarterly Tier Two reporting.

ENHANCED INTERNAL TEAM MEMBER DIVERSE SUPPLIER ACCESS

CAW created and distributed a Preferred Diverse Vendor list sorted by products and services offered, as well as service area. The list makes it easier for team members to access current diverse suppliers and determine which diverse vendors to include in the future. In 2018, we also started working with Plan the World/Brojure to develop the California American Water Market Place. This online system will allow internal team members to search for diverse suppliers by keywords and type of service or product. The system will provide supplier information regarding current as well as past projects, service area, owner, and contracts.

CONTINUED INCREASED COMMUNITY-BASED ORGANIZATION (CBO) SPONSORSHIP AND ENGAGEMENT

CAW Supplier Diversity Leaders developed and coordinated workshops for the National Center for American Indian Economic Development and the National LGBT Chamber of Commerce. These workshops, which were



From l-r: TARRANCE FRIERSON (So Cal Edison), DAWN GILBERT (Frontier Communications) and ED SIMON (California American Water) at the Regional Economic Summit Conference in March 2018; EMMA MAXEY (Golden State Water), ED SIMON (California American Water) and MARQUITA THOMAS (LA Gay and Lesbian Chamber of Commerce) at the 2018 NGLCC International Business & Leadership Conference in August

2018 HIGHLIGHTS

part of the national conferences, focused on working with California Regulated Utilities. CAW team members also participated on a panel for the Women's Business Enterprise Network Conference to discuss supplier diversity and inclusion. CAW continued support of the following over and above the contribution by CWA:

- VETERANS: Veterans in Business (VIB), United States Veterans Business Alliance (USVBA), and Service Disabled Veteran Business Owners (SDVBO)
- AFRICAN AMERICAN: California Black Chamber of Commerce and Black Business Association
- ASIAN AMERICAN: Los Angeles Asian Business Association (ABA)
- LGBTBE: Los Angeles Gay Lesbian Chamber of Commerce (LAGLCC) and Sacramento Rainbow Chamber of Commerce

Ed Simon was elected and sworn in to the Sacramento Rainbow Chamber Board of Directors in September 2018. Simon is also fully engaged in the Asian Business Association Advisory Board and continues efforts to increase engagement in Veteran and African American organizations. The Sacramento Rainbow Chamber of Commerce serves LGBT and allied business owners and professionals in the seven-county Greater Sacramento region. CAW teammates joined Ed and other community partners for the celebration.



ED SIMON and CAW EMPLOYEES during the Sacramento Rainbow Chamber of Commerce Board of Directors Installation Dinner



From l-r: Participation in C&C Mentor Protégé Meetings held in the San Diego Area – focus on increasing use of diverse suppliers in the San Diego Area; First CBO and the Regulated Joint Utilities collaboration forum held in Southern CA – designed to discuss challenges including invoice payment, bonding and retainers

CALIFORNIA AMERICAN WATER RECEIVED SEVERAL AWARDS FOR ITS EFFORTS ENGAGING DIVERSE SUPPLIERS

CAW was recognized by its peers and CBOs for its efforts including diverse suppliers in our procurement processes and also for our 2018 results. We were recognized by the following organizations:

- National Association Women Business Owners (NAWBO) – Ed Simon was nominated for Corporate Supplier Diversity Leader of the Year
- Veterans In Business (VIB) – CAW named Corporation of the Year
- United States Veterans Business Alliances (USVBA) – presented with the President's Award (achieved 150% of Service Disabled Veteran spend)
- Women Business Enterprise Network West (WBEN) – Ed Simon was nominated for Corporate Supplier Diversity Leader of the Year

The VIB held its second annual conference in November 2017, in Los Angeles. The conference concluded with the Above and Beyond Awards. CAW was named one of the corporations of the year, along with California Water Service and Golden State Water Company. CAW achieved 6.5% of its spend in 2017 with Disabled Veteran Enterprises (DVBE).

CAW received one individual nomination and was also part of the combined three company nomination. Being recognized as a committed sponsor and receiving the Above and Beyond Corporation of the Year is a true reflection of our internal team effort to engage diverse vendors in our procurement processes.



2018 HIGHLIGHTS

During the USVBA's annual Keeping the Promise Conference in May 2018, CAW received the USVBA 105% President's Award for 2017 performance. This award goes to the state entity that reached over 105% of DVBE spend in the State of California and has shown true interest in furthering Veteran entrepreneurship. In 2017, CAW achieved 6.5% of diverse spend with suppliers, exceeding the CPUC target of 1.5%. The conference allows veteran and disabled business owners an exciting opportunity to discover new business markets, speak with various companies during exhibits, and attend one-on-one matchmaking, as well as various workshops to learn new business best practices.

The USVBA is a vibrant organization that empowers, provides resources to, and works side-by-side with veterans to promote and support them in establishing, maintaining and growing viable business enterprises.

This award would not have been possible without CAW's strong relationships and work with the following DVBEs:

- 11th Aerial & Architectural Photography
- Altitude Construction
- Americal Solutions
- Aqueous Vets
- Blue Watchdog
- Business Products Express
- Sacramento for Tractors
- Wells Sweeping Company



California American Water, California Water Service and Golden State Water Company were recognized for their spend with diverse businesses



CALIFORNIA AMERICAN WATER NAMED TOP SUPPLIER DIVERSITY PROGRAM AND TOP VETERAN-FRIENDLY COMPANY BY US VETERANS MAGAZINE



CAW was named one of the U.S. Veterans Magazine's Best of the Best Top Veteran-Friendly Companies and was added to the Top Supplier Diversity Programs list in June 2018. U.S. Veterans Magazine publishes Best of the Best lists annually for veteran-friendly companies, schools, franchises, supplier diversity programs, and government and law enforcement agencies by polling hundreds of Fortune 1000 companies and evaluating their work with veterans. The Best of the Best lists are compiled from market-based and independent research, diversity conference participation, and survey responses.

IMPLEMENTED LOCAL DISTRICT SUPPLIER DIVERSITY CHAMPIONS

CAW increased engagement at local offices by implementing Local District Supplier Diversity Champions. Nine employees across the state received in-depth training on General Order 156 and supplier diversity and inclusion. The Champions will serve a two-year term. Employees now have a local team member they can engage in their diversity efforts. The Champions play an active role in sharing information about supplier diversity and engaging CAW Supplier Diversity Leaders in diversity and inclusion efforts in day-to-day operations.



The Supplier Diversity Champions for the next two years are:

- Laura Gonzales and Kevin Flint – Sacramento
- Tena M. Hanford – Larkfield
- Eric J. Bennett – Ventura
- Geoff Williamson – Rosemead
- Stacey A. Fulter – San Diego
- Cristina Maria Saldana – Imperial Beach
- Alissa M. Kispersky – Monterey
- Demetrio A Marquez – San Francisco

On July 17, 2018, the supplier diversity team held a training session for the Champions. The training covered the commitment and expectations of Supplier Diversity Champions including legislation about General Order 156, internal monthly reporting, and supply chain management.

The key responsibility of each Supplier Diversity Champion is to be the eyes and ears for diversity and inclusion for their local office. They will be expected to listen, share, answer questions, advocate for inclusion of diverse suppliers, and escalate issues and concerns.

Local team members can utilize the Champions in tasks addressing local concerns or ideas. The Champions will engage Director of Business Performance, Ed Simon, and CA Procurement Buyer, Mary Lou Ruiz, and will meet monthly via conference call to discuss new topics and provide updates on their districts.

2018 HIGHLIGHTS

REDESIGNED SUPPLIER DIVERSITY WEBSITE

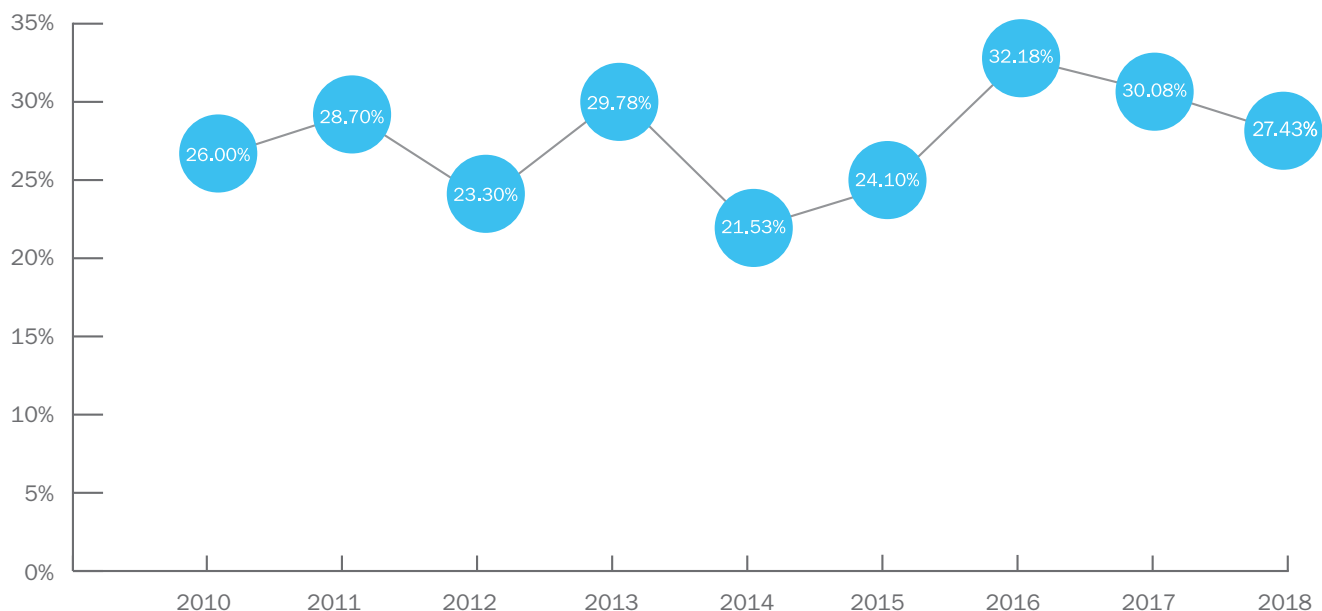
California American Water redesigned its Supplier Diversity website in 2018. The site provides information regarding:

- Registration
- Insurance requirements
- Safety reporting requirements
- General Order 156
- Supplier Clearinghouse
- Access to bids
- Requests for Proposals (RFP)



The site can be found at: www.amwater.com/caaw/about-us/doing-business-with-us/supplier-diversity

YEAR END SUPPLIER DIVERSITY RESULTS



ANNUAL SUPPLIER DIVERSITY SHOWCASE/MEET-THE-PRIMES EVENT AND NEW SUPPLIER DIVERSITY VIDEOS

In June 2018, the CAW Supplier Diversity Team held its second annual outreach event focused on technical assistance and capacity building at its San Diego office. The high-impact experience accomplished the following goals:

- Introduced new certified diverse suppliers to the CAW internal team to increase Tier 1 spend.
- Partnered with Tier 1 suppliers to drive more opportunities to businesses, increase capacity and growth for attending businesses.
- Provided a robust program that drove networking and connections to maximize attendees' time.

As a result of the event, CAW is pleased to report we have or will be doing business with the following vendors:

- US METRO – janitorial contract awarded for Imperial Beach, Rosemead, and Ventura (other locations pending) – CONTRACT SIGNED – janitorial services started
- MOMENT OF FOCUS – contract awarded for consultant/coaching for AW Corporate team (also completed brand training in Monterey) – WORK COMPLETED
- EVANS INDUSTRIAL – met with Monterey engineering team (completed bids for Rosemead and Monterey projects)
- HAL HAYS – awarded contract for several projects in Sacramento area – WORKING IN SEVERAL DISTRICTS
- NAVAL COATING – tank painting (beginning discussions with Monterey) – Assisted company with obtaining the SC Certification February 2019
- SDI PRESENCE – bidding on vehicle retrofits and iPad Mounting – CONTRACT AWARDED



American Water and California American Water Senior Leadership in attendance at the June 2018 Supplier Diversity Showcase (from left to right): LARRY WOOTEN, SR., Manager Supplier Diversity American Water; ED SIMON, Director Business Performance and Supplier Diversity California American Water; KEVIN TILDEN, VP California American Water; RICH SVINDLAND, President, California American Water; JOSH KING, SR., VP American Water Supply Chain; IAN CROOKS, VP Engineering, California American Water; GARRY HOFER, VP Operations, California American Water

2018 HIGHLIGHTS

In 2018, CAW produced two Supplier Diversity videos. One features internal team members and vendor testimonies from the June 2018 Supplier Diversity Showcase (www.youtube.com/watch?v=WM8ubDNjq6c&feature=youtu.be%5D). The other entitled, *Diversity and Inclusion Starts at the Top*, features CAW and American Water leaders (www.youtube.com/watch?v=kQ3vGt5C1DU&feature=youtu.be%5D). You can also view the videos on our Supplier Diversity website, under “Commitment to Supplier Outreach” at: www.amwater.com/caaw/about-us/doing-business-with-us/supplier-diversity.

DIVERSITY PROFESSIONAL RECOGNIZES CALIFORNIA AMERICAN WATER’S ANNUAL SUPPLIER DIVERSITY SHOWCASE AS ONE OF THE BEST

CAW was featured in the Fall 2018 edition of Diversity Professional Magazine. The magazine highlighted CAW’s June 2018 Supplier Diversity Showcase, which allowed diverse businesses to market their capabilities directly to organizations.

Ed Simon, Director of Business Performance and Supplier Diversity, stated, “We provide company participants with a binder with all of the vendor capability statements and their contact information, so every participant walks away with a binder they can conveniently reference for their procurement needs.”

Along with Ed, Mary Lou Ruiz, Buyer; Richard Svindland, President of CAW; Josh King, American Water Chief Procurement Officer; Larry Wooten, Senior Manager of Supplier Diversity for American Water; and members from Operations, Engineering, Supply Chain, and Project Management Services teams were featured in the article.



Read the full article: www.mydigitalpublication.com/display_article.php?id=3212694&view=533388

NON-DIVERSE PRIME SUPPLIER RECOGNIZED FOR ITS DIVERSITY AND INCLUSION EFFORTS – GARNEY PACIFIC RECEIVES CWA AWARD

CAW partner, Garney Pacific, was recognized for its Supplier Diversity efforts in 2018. Each year, CWA recognizes non-diverse prime suppliers for their efforts in including diverse subcontractors in their procurement efforts and outreach. Garney Pacific was chosen as the award recipient during CWA's Meet-the-Primes event in San Jose.

"I'm pleased Garney was chosen for this award," said Ed Simon, Director of Business Performance. "They have set a great example for all of our prime suppliers to follow."

Garney started their partnership with CAW in the Monterey District in 2013. From the onset, it was clear that they were a class organization, focused on diversity and inclusion. Operations and engineering leads in Monterey who worked closely with Garney noted the following:

- The Monterey Pipeline Project had many unexpected field conditions, but working with Garney we were able to minimize change order costs and find valuable engineering ideas to offset some of the costs.
- Besides the great diverse spend, they are union and hired a majority of local labor to work on the Monterey Pipeline project.
- The Monterey Pipeline work was in commercial, downtown areas with tight streets. Garney was able to work closely with the City Traffic Control Engineer to minimize impacts to residents.
- They are now working with our Northern District and we are hearing great feedback from our engineering department there.

Although considered a non-diverse prime supplier, Garney shares CAW's and CWA's goals to include small/diverse businesses in their procurement processes.

CREATED AND LAUNCHED DIVERSE SUPPLIER SURVEY

We strive to provide our procurement team members with vendors that provide quality products and services at reasonable prices while understanding small, diverse businesses may not always be the lowest cost providers. We do however, want to make certain the level of service they provide is meeting internal team members' expectations. With this in mind, we launched our first diverse supplier survey. 83% of internal procurement team member respondents were satisfied with the DBEs and 75% of DBEs received a satisfied rating. We plan to complete a deeper dive analysis into these results in 2019.

2018 HIGHLIGHTS

CONTINUED ANNUAL SUPPLIER DIVERSITY TRAINING

COMPANY EMPLOYEES

Team members in procurement positions must attend this training annually. Participants include all levels of management and procurement team members. The agenda includes:

- Highlights from General Order (GO) 156
- Information on how prospective suppliers can become certified diverse suppliers
- A review of processes to engage the diversity team
- Suggestions and recommendations to engage local team members

PRIME SUPPLIERS

New in 2017 (and continued in 2018), Prime Suppliers were required to attend a session to discuss Prime Supplier Expectations. The session included:

- Highlights from GO 156
- Reporting requirements
- Maintenance of invoices and records for auditing purposes
- Prompt payment of invoices

DEVELOPED AND SIGNED MASTER SERVICE AGREEMENT WITH DIVERSE SUPPLIERS

In partnership with our Supply Chain Team (Jay Drewry and Mary Lou Ruiz) and local team members, we signed master service agreements with diverse vendors that can provide products and services in more than one of our service areas. This further demonstrates our commitment to expanding small diverse vendors footprint and our capacity building and technical assistance efforts. We have master service agreements with Innocenti, SR Diversified, Rawles Engineering, Valentine Engineering, Bellshire, Brkich, Doty Brothers, Gradebreak, and Hal Hays.

CONTINUED STATE MONTHLY SUPPLIER DIVERSITY COUNCIL MEETING AND ADDED LOCAL DISTRICT CHAMPIONS MEETINGS

In 2015, we established a Supplier Diversity Council made up of functional leads from departments throughout the business. We continued this collaboration in 2018. The Director of Business Performance and Supplier Diversity leads the Council. Members include functional leads from external affairs, operations, engineering, human resources, and supply chain. The Council meets monthly to discuss prior months' results and upcoming activities and to review procurement opportunities. This collaboration has proved beneficial to our efforts of improving our diverse culture as well as our spend results. In 2018, we added a second layer of diversity and inclusion team members focused on increasing local district team members' access to diversity and inclusion information, and access to share results.

SECTION 9.1.2A – Summary of Purchases and/or Contracts By Ethnicity

UTILITY SUPPLIER DIVERSITY PROGRAM ANNUAL RESULTS BY ETHNICITY – 2018					
MINORITY MALE	Ethnicity	Direct \$	Sub \$	Total \$	%
	Asian-Pacific	\$82,801	\$0	\$82,801	0.08%
	African American	\$2,514,665	\$229,523	\$2,744,188	2.77%
	Hispanic	\$5,358,666	\$207,636	\$5,566,302	5.62%
	Native American	\$6,487,334	\$0	\$6,487,334	6.55%
Total Minority Male		\$14,443,465	\$437,159	\$14,880,624	15.01%
MINORITY FEMALE	Asian-Pacific	\$241,885	\$47,725	\$289,610	0.29%
	African American	\$71,026	\$0	\$71,026	0.07%
	Hispanic	\$217,268	\$52,483	\$269,751	0.27%
	Native American	\$0	\$0	\$0	0.00%
Total Minority Female		\$530,179	\$100,208	\$630,387	0.64%
Total Minority Business Enterprise (MBE)		\$14,973,644	\$537,367	\$15,511,011	15.65%
Total Women Business Enterprise (WBE)		\$8,336,145	\$869,631	\$9,205,777	9.29%
Total Disabled Veteran Business Enterprise (DVBE)		\$673,885	\$1,278,737	\$1,952,622	1.97%
Total Lesbian, Gay, Bisexual or Transgender Business Enterprise (LGBTBE)		\$519,534	\$0	\$519,534	0.52%
Total Other*		\$0	\$0	\$0	0.0%
Total Business Enterprises (WMDVLGBTBE)		\$24,503,209	\$2,685,736	\$27,188,944	27.43%
Net Procurement**		\$99,118,256			

NOTE: *Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order, and credit card dollars

2018 HIGHLIGHTS

SECTION 9.1.2B – Summary of Purchases and/or Contracts By Products & Services (Direct)

UTILITY SUPPLIER DIVERSITY PROGRAM ANNUAL RESULTS BY PRODUCTS AND SERVICES – DIRECT – 2018							
	Ethnicity	Product		Services		Total	
		\$	%	\$	%	\$	%
MINORITY MALE	Asian-Pacific	\$11,306	0.01%	\$71,495	0.07%	\$82,801	0.08%
	African American	\$0	0.00%	\$2,514,665	2.54%	\$2,514,665	2.54%
	Hispanic	\$697	0.00%	\$5,357,970	5.41%	\$5,358,666	5.41%
	Native American	\$0	0.00%	\$6,487,334	6.55%	\$6,487,334	6.55%
	Total Minority Male	\$12,003	0.01%	\$14,431,463	14.56%	\$14,443,465	14.57%
MINORITY FEMALE	Asian-Pacific	\$85,422	0.09%	\$156,463	0.16%	\$241,885	0.24%
	African American	\$17,772	0.02%	\$53,253	0.05%	\$71,026	0.07%
	Hispanic	\$1,625	0.00%	\$215,643	0.22%	\$217,268	0.22%
	Native American	\$0	0.00%	\$0	0.00%	\$0	0.00%
	Total Minority Female	\$104,819	0.11%	\$425,360	0.43%	\$530,179	0.53%
Total Minority Business Enterprise (MBE)		\$116,822	0.12%	\$14,856,823	14.99%	\$14,973,644	15.11%
Total Women Business Enterprise (WBE)		\$57,503	0.06%	\$8,278,642	8.35%	\$8,336,145	8.41%
Total Disabled Veteran Business Enterprise (DVBE)		\$41,454	0.04%	\$632,432	0.64%	\$673,886	0.68%
Total Lesbian, Gay, Bisexual or Transgender Business Enterprise (LGBTBE)		\$774	0.00%	\$518,759	0.52%	\$519,534	0.52%
Total Other*		\$0	0.00%	\$0	0.00%	\$0	0.00%
Total Business Enterprises (WMDVLGBTBE)		\$216,553	0.22%	\$24,286,656	24.50%	\$24,503,209	24.72%
Total Product Procurement		\$216,553					
Total Service Procurement		\$24,286,656					
Net Procurement – Direct Products & Services		\$99,118,256					
Total Number of WMDVLGBTBEs that Received Direct Spend		85					

NOTE: *Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE
 **Net procurement includes purchase order, non-purchase order, and credit card dollars

SECTION 9.1.2C – SUMMARY OF PURCHASES AND/OR CONTRACTS By Products and Services (Subcontractors)

UTILITY SUPPLIER DIVERSITY PROGRAM ANNUAL RESULTS BY PRODUCTS AND SERVICES – SUBCONTRACTORS – 2018							
	Ethnicity	Product		Services		Total	
		\$	%	\$	%	\$	%
MINORITY MALE	Asian-Pacific	\$0	0.00%	\$0	0.00%	\$0	0.00%
	African American	\$0	0.00%	\$229,523	0.23%	\$229,523	0.23%
	Hispanic	\$683	0.00%	\$206,953	0.21%	\$207,636	0.21%
	Native American	\$0	0.00%	\$0	0.00%	\$0	0.00%
	Total Minority Male	\$683	0.00%	\$436,476	0.44%	\$437,159	0.44%
MINORITY FEMALE	Asian-Pacific	\$0	0.00%	\$47,725	0.05%	\$47,725	0.05%
	African American	\$0	0.00%	\$0	0.00%	\$0	0.00%
	Hispanic	\$0	0.00%	\$52,483	0.05%	\$52,483	0.05%
	Native American	\$0	0.00%	\$0	0.00%	\$0	0.00%
	Total Minority Female	\$0	0.00%	\$100,208	0.10%	\$100,208	0.10%
Total Minority Business Enterprise (MBE)		\$683	0.00%	\$536,684	0.54%	\$537,367	0.54%
Total Women Business Enterprise (WBE)		\$7,446	0.01%	\$862,185	0.87%	\$869,631	0.88%
Total Disabled Veteran Business Enterprise (DVBE)		\$0	0.00%	\$1,278,737	1.29%	\$1,278,737	1.29%
Total Lesbian, Gay, Bisexual or Transgender Business Enterprise (LGBTBE)		\$0	0.00%	\$0	0.00%	\$0	0.00%
Total Other*		\$0	0.00%	\$0	0.00%	\$0	0.00%
Total Business Enterprises (WMDVLGBTBE)		\$8,129	0.01%	\$2,677,607	2.70%	\$2,685,736	2.71%
Total Product Procurement		\$8,129					
Total Service Procurement		\$2,677,607					
Net Procurement – Direct Products and Services		\$99,118,256					

NOTE: *Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order, and credit card dollars

2018 HIGHLIGHTS

SECTION 9.1.2D – Procurement

WMDVLGBTBE Procurement: SIC Code Detail

SIC CODE	CATEGORY		ASIAN-PACIFIC		AFRICAN AMERICAN		HISPANIC		NATIVE AMERICAN	
			MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
781	Horticulture Architectural Services	\$					\$137,154			
		%					0.14%			
1442	Construction Sand and Gravel	\$								
		%								
1521	General Contractors: Single-Family Houses	\$			\$635,322					
		%			0.64%					
1541	General Contractors: Industrial Buildings and Warehouses	\$							\$6,487,334	
		%							6.55%	
1542	General Contractors: Nonresidential Buildings	\$					\$37,343			
		%					0.04%			
1611	Highway and Street Construction, Except Elevated Highways	\$								
		%								
1623	Water, Sewer and Pipelines	\$					\$2,525,797			
		%					2.55%			
1629	Heavy Construction, NEC	\$					\$13,608			
		%					0.01%			
1711	Plumbing, Heating and AC	\$								
		%								
1721	Painting and Paper Hanging	\$								
		%								
1731	Electrical Work	\$					\$196,016	\$215,243		
		%					0.20%	0.22%		
1771	Concrete Work	\$					\$46,858			
		%					0.05%			
1791	Structural Steel Erection	\$								
		%								
1795	Wrecking and Demolition Work	\$								
		%								
1799	Special Trade Contractors, NEC	\$					\$61,452			
		%					0.06%			
2095	Roasted Coffee	\$								
		%								
2099	Food Preparations, NEC	\$			\$229,523					
		%			0.23%					
2385	Waterproof Outerwear	\$								
		%								
2521	Wood Office Furniture	\$								
		%								
2522	Office Furniture, Except Wood	\$	\$3,062							
		%	0.00%							
2819	Industrial Inorganic Chemicals, NEC	\$								
		%								

2018 HIGHLIGHTS

TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	TOTAL LESBIAN, GAY, BISEXUAL, TRANSGENDER BUSINESS ENTERPRISE (LGBTBE)	TOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	OTHER 8(a)**	TOTAL WMDVLGBTBE
\$137,154					\$137,154
0.14%					0.14%
			\$569,106		\$569,106
			0.57%		0.57%
\$635,322					\$635,322
0.64%					0.64%
\$6,487,334					\$6,487,334
6.55%					6.55%
\$37,343					\$37,343
0.04%					0.04%
			\$3,498		\$3,498
			0.00%		0.00%
\$2,525,797	\$4,630,495	\$281,454			\$7,437,746
2.55%	4.67%	0.28%			7.50%
\$13,608					\$13,608
0.01%					0.01%
	\$181,345				\$181,345
	0.18%				0.18%
\$411,259			\$119,880		\$531,139
0.41%			0.12%		0.54%
\$46,858					\$46,858
0.05%					0.05%
\$61,452					\$61,452
0.06%					0.06%
		\$774			\$774
		0.00%			0.00%
\$229,523					\$229,523
0.23%					0.23%
\$3,062					\$3,062
0.00%					0.00%
	\$38,087		\$979,045		\$1,017,132
	0.04%		0.99%		1.03%

2018 HIGHLIGHTS

SIC CODE	CATEGORY		ASIAN-PACIFIC		AFRICAN AMERICAN		HISPANIC		NATIVE AMERICAN	
			MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
3084	Plastic Pipe	\$								
		%								
3272	Other Concrete Products	\$					\$680			
		%					0.00%			
3291	Abrasive Products	\$								
		%								
3317	Steel Pipe and Tubes	\$								
		%								
3399	Primary Metal Products, NeC	\$								
		%								
3498	Fabricated Pipe and Pipe Fittings	\$								
		%								
3531	Construction Machinery and Equipment	\$								
		%								
3537	Industrial Trucks, Tractors, Trailers and Stackers	\$								
		%								
3621	Motors and Generators	\$								
		%								
3646	Commercial, Industrial, and Institutional Electric Lighting Fixtures	\$					\$114,772			
		%					0.12%			
3669	Communications Equipment, NEC	\$								
		%								
3993	Signs and Advertising Specialties	\$								
		%								
4119	Employee Transportation	\$					\$92			
		%					0.00%			
4212	Local Trucking Without Storage	\$								
		%								
4581	Aircraft Cleaning and Janitorial Services	\$					\$62,100			
		%					0.06%			
4619	Pipelines, NEC	\$					\$1,428,015			
		%					1.44%			
4911	Hydroelectric Power Generation	\$		\$55,935						
		%		0.06%						
4941	Water Supply	\$	\$11,500							
		%	0.01%							
4952	Sewerage Systems	\$								
		%								
4953	Hazardous Waste Treatment and Disposal	\$			\$25,921					
		%			0.03%					
5039	Construction Materials, NEC	\$								
		%								
5047	Medical, Dental and Hospital Equipment & Supplies	\$		\$10,718						
		%		0.01%						

2018 HIGHLIGHTS

TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	TOTAL LESBIAN, GAY, BISEXUAL, TRANSGENDER BUSINESS ENTERPRISE (LGBTBE)	TOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	OTHER 8(a)**	TOTAL WMDVLGBTBE
	\$4				\$4
	0.00%				0.00%
\$680					\$680
0.00%					0.00%
	\$6,906				\$6,906
	0.01%				0.01%
	\$5,955				\$5,955
	0.01%				0.01%
	\$343				\$343
	0.00%				0.00%
	\$283,305				\$283,305
	0.29%				0.29%
\$114,772					\$114,772
0.12%					0.12%
	\$986,202				\$986,202
	0.99%				0.99%
\$92					\$92
0.00%					0.00%
	\$485,130		\$18,015		\$503,145
	0.49%		0.02%		0.51%
\$62,100					\$62,100
0.06%					0.06%
\$1,428,015	\$25				\$1,428,040
1.44%	0.00%				1.44%
\$55,935					\$55,935
0.06%					0.06%
\$11,500					\$11,500
0.01%					0.01%
	\$24,815				\$24,815
	0.03%				0.03%
\$25,921					\$25,921
0.03%					0.03%
	\$7,435				\$7,435
	0.01 0.01%				0.01%
\$10,718					\$10,718
0.01%					0.01%

2018 HIGHLIGHTS

SIC CODE	CATEGORY		ASIAN-PACIFIC		AFRICAN AMERICAN		HISPANIC		NATIVE AMERICAN	
			MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
5074	Plumbing and Heating Equipment and Supplies (Hydronics)	\$					\$3			
		%					0.00%			
5084	Industrial Machinery and Equipment	\$		\$74,704						
		%		0.08%						
5088	Transportation Equipment and Supplies, Except Motor Vehicles	\$								
		%								
5093	Scrap and Waste Materials	\$								
		%								
5112	Stationery and Office Supplies	\$	\$8,244							
		%	0.01%							
5172	Petroleum and Petroleum Products Wholesalers, Except Bulk Stations and Terminals	\$					\$697			
		%					0.00%			
5199	Advertising Specialties Goods Distributors	\$								
		%								
5211	Lumber and Other Building Materials Dealers	\$						\$1,625		
		%						0.00%		
5599	Automotive Dealers, NEC	\$			\$1,823,550					
		%			1.84%					
5812	Full Service Restaurants	\$					\$3,092			
		%					0.00%			
6531	Real Estate Agents and Brokers	\$								
		%								
7217	Carpet and Upholstery Cleaning	\$								
		%								
7319	Advertising Materials Distributor Services	\$				\$17,772				
		%				0.02%				
7331	Other	\$								
		%								
7335	Commercial Photography	\$								
		%								
7336	Commercial Art and Graphic Design	\$					\$7,300			
		%					0.01%			
7349	Building Cleaning and Maintenance Services, NEC	\$		\$6,367						
		%		0.01%						
7359	Equipment Rental and Leasing, NEC	\$								
		%								
7361	Employment Agencies	\$								
		%								
7371	Computer Programming Services	\$			\$23,681					
		%			0.02%					
7372	Software Publishing	\$								
		%								
7374	Computer Processing and Data Preparation & Processing Services	\$								
		%								

2018 HIGHLIGHTS

TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	TOTAL LESBIAN, GAY, BISEXUAL, TRANSGENDER BUSINESS ENTERPRISE (LGBTBE)	TOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	OTHER 8(a)**	TOTAL WMDVLGBTBE
\$3					\$3
0.00%					0.00%
\$74,704	\$1,387				\$76,090
0.08%	0.00%				0.08%
	\$323,826				\$323,826
	0.33%				0.33%
\$8,244			\$41,454		\$49,698
0.01%			0.04%		0.05%
\$697					\$697
0.00%					0.00%
\$1,625	\$167				\$1,792
0.00%	0.00%				0.00%
\$1,823,550					\$1,823,550
1.84%					1.84%
\$3,092	\$9,352	\$3,927			\$16,370
0.00%	0.01%	0.00%			0.02%
	\$78,076				\$78,076
	0.08%				0.08%
\$17,772					\$17,772
0.02%					0.02%
	\$23,627				\$23,627
	0.02%				0.02%
\$7,300					\$7,300
0.01%					0.01%
\$6,367					\$6,367
0.01%					0.01%
	\$2,962				\$2,962
	0.00%				0.00%
	\$75,849				\$75,849
	0.08%				0.08%
\$23,681					\$23,681
0.02%					0.02%
	\$6,288				\$6,288
	0.01%				0.01%

SIC CODE	CATEGORY		ASIAN-PACIFIC		AFRICAN AMERICAN		HISPANIC		NATIVE AMERICAN	
			MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
7382	Security Systems Services	\$								
		%								
7389	Interior Design, Business Support Services	\$					\$48,583			
		%					0.05%			
7699	Repair Shops and Related Services, NEC	\$								
		%								
8111	Legal Services	\$	\$39,987			\$34,605				
		%	0.04%			0.03%				
8299	Professional and Management Development Training	\$				\$11,756				
		%				0.01%				
8399	Environment, Conservation, and Wildlife Organizations	\$								
		%								
87	Engineering and Management Services	\$								
		%								
8711	Engineering Services	\$	\$20,007	\$36,534			\$824,488			
		%	0.02%	0.04%			0.83%			
8712	Architectural Services	\$								
		%								
8713	Surveying Services	\$								
		%								
8721	Accounting, Auditing and Bookkeeping Services	\$								
		%								
8734	Testing Laboratories	\$					\$4,300			
		%					0.00%			
8741	Construction Management Services	\$								
		%								
8742	Management Consulting Services	\$		\$105,353	\$6,190		\$65,670			
		%		0.11%	0.01%		0.07%			
8743	Public Relations Services	\$								
		%								
8748	Business Consulting Services, NEC	\$				\$6,892	\$41,167			
		%				0.01%	0.04%			
8999	Services, NEC	\$								
		%								
9512	Land, Mineral, Wildlife, and Forest Conservation	\$								
		%								
TOTAL		\$	\$82,801	\$289,610	\$2,744,188	\$71,026	\$5,566,302	\$269,751	\$6,487,334	\$0
		%	0.08%	0.29%	2.77%	0.07%	5.62%	0.27%	6.55%	0.00%

Total Product Procurement	\$224,682
Total Service Procurement	\$26,964,263
Net Procurement***	\$99,118,256

TOTAL MINORITY BUSINESS ENTERPRISE (MBE)	TOTAL WOMEN BUSINESS ENTERPRISE (WBE)	TOTAL LESBIAN, GAY, BISEXUAL, TRANSGENDER BUSINESS ENTERPRISE (LGBTBE)	TOTAL DISABLED VETERAN BUSINESS ENTERPRISE (DVBE)	OTHER 8(a)**	TOTAL WMDVLGBTBE
	\$540				\$540
	0.00%				0.00%
\$48,583	\$950				\$49,533
0.05%	0.00%				0.05%
	\$90,642				\$90,642
	0.09%				0.09%
\$74,592		\$38,658			\$113,251
0.08%		0.04%			0.11%
\$11,756					\$11,756
0.01%					0.01%
			\$39,828		\$39,828
			0.04%		0.04%
\$881,029	\$1,042,262				\$1,923,291
0.89%	1.05%				1.94%
	\$74,497		\$181,797		\$256,294
	0.08%		0.18%		0.26%
\$4,300					\$4,300
0.00%					0.00%
	\$482,614				\$482,614
	0.49%				0.49%
\$177,213	\$634				\$177,847
0.18%	0.00%				0.18%
		\$180,813			\$180,813
		0.18%			0.18%
\$48,059		\$13,908			\$61,967
0.05%		0.01%			0.06%
	\$237,797				\$237,797
	0.24%				0.24%
	\$104,262				\$104,262
	0.11%				0.11%
\$15,511,012	\$9,205,777	\$519,534	\$1,952,622	\$0	\$27,188,944
15.65%	9.29%	0.52%	1.97%	0.00%	27.43%

NOTE: *Firms with multi-minority ownership status

**Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

***Net procurement includes purchase order, non-purchase order, and credit card dollars

\$: Total procurement dollar amount in the specific SIC category

?: Percentage of total dollars

2018 HIGHLIGHTS

SECTION 9.1.2E – Number of WMDVLGBTBE Suppliers and Revenue Reported to the Clearinghouse and California American Water

Data on Number of Suppliers Revenue Reported to CHS							
# WMDVLGBTBEs	MBE	WBE	WMBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
< \$1 million	8	7	5	2	0	0	22
\$1 million < \$2.5 million	2	7	4	2	0	0	15
\$2.5 million < \$5 million	3	13	2	0	1	0	19
\$5 million < \$10 million	7	7	1	1	0	0	16
\$10 million+	16	9	1	1	0	0	27
No Revenue Designation	1	1	0	0	7	0	9
TOTAL	37	44	13	6	8	0	108

Revenue and Payment Data Revenue Reported to CHS							
WMDVLGBTBE \$M	MBE	WBE	WMBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
< \$1 million	\$3,445,698	\$2,372,876	\$1,974,176	\$765,000	\$0	\$0	\$8,557,750
\$1 million < \$2.5 million	\$3,450,648	\$9,203,062	\$6,202,942	\$4,294,000	\$0	\$0	\$23,150,652
\$2.5 million < \$5 million	\$8,965,322	\$49,443,471	\$8,177,160	\$0	\$4,500,000	\$0	\$71,085,953
\$5 million < \$10 million	\$55,441,773	\$52,850,892	\$8,200,000	\$9,264,955	\$0	\$0	\$125,757,620
\$10 million+	\$911,774,507	\$3,425,742,714	\$134,518,190	\$12,000,000	\$0	\$0	\$4,484,035,411
No Revenue Designation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$983,077,948	\$3,539,613,015	\$159,072,468	\$26,323,955	\$4,500,000	\$0	\$4,712,587,386

Data on Number of Suppliers | California American Water 2018 Summary

# WMDVLGBTBEs	MBE	WBE	WMBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
< \$1 million	32	42	13	6	8	0	101
\$1 million < \$2.5 million	3	1	0	0	0	0	4
\$2.5 million < \$5 million	2	1	0	0	0	0	3
\$5 million < \$10 million	0	0	0	0	0	0	0
\$10 million+	0	0	0	0	0	0	0
No Revenue Designation	0	0	0	0	0	0	0
TOTAL	37	44	13	6	8	0	108

Revenue and Payment Data | California American 2018 Summary

WMDVLGBTBE \$M	MBE	WBE	WMBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
< \$1 million	\$2,687,355	\$4,575,282	\$558,960	\$519,534	\$1,952,622	\$0	\$10,293,753
\$1 million < \$2.5 million	\$5,345,871	\$1,158,664	\$0	\$0	\$0	\$0	\$6,504,534
\$2.5 million < \$5 million	\$6,918,825	\$3,471,831	\$0	\$0	\$0	\$0	\$10,390,657
\$5 million < \$10 million	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$10 million+	\$0	\$0	\$0	\$0	\$0	\$0	\$0
No Revenue Designation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL	\$14,952,051	\$9,205,777	\$558,960	\$519,534	\$1,952,622	\$0	\$27,188,944

2018 HIGHLIGHTS

SECTION 9.1.2F – Description of Workforce

In 2018, California American Water engaged and had spend (direct or through use of subcontractors) with 108 diverse suppliers. Of those suppliers, 102 listed their physical address with the Supplier Clearinghouse as in California. The 102 vendors indicated they employed over 11,906 employees.

SECTION 9.1.3 – WMDVLGBTBE Program Expenses

EXPENSE CATEGORY	AMOUNT
Wages	\$184,029
Other Employee Expenses	\$59,154
Program Expenses	\$24,678
Reporting Expenses	\$12,800
Training (included in Wages and Program Expenses)	\$0
Consultants	\$4,181
Other	\$21,840
TOTAL	\$306,681

SECTION 9.1.4A – Description of Progress in Meeting or Exceeding Set Goals

CAW consistently sets goals in excess of the CPUC's 21.5%. In 2018, our internal goal was 29.5%. We finished the year at 27.43%. For the first time in our program's history, we exceeded all three CPUC category goals: MBE 15.65% (target 15%); WBE 9.29% (target 5%); and DVBE 1.97% (target 1.5%). We also finished the year with 0.52% LGBTBE. Our success achieving the three primary goals can be attributed to the internal and external highlights noted in the previous pages.

SECTION 9.1.4B – WMDVLGBTBE Results and Goals

CATEGORY	GOALS (Net procurement percentages add up to the diverse spend goal of 21.5%)	RESULTS (Net procurement add up to the diverse spend actual of 27.29%)
MBE	15%	15.65%
WBE	5%	9.29%
LGBTBE	0%	0.52%
DVBE	1.5%	1.97%
TOTAL	21.5%	27.43%



2018 HIGHLIGHTS

SECTION 9.1.5A – Description of Prime Contractor Utilization of WMDVLGBTBE Subcontractors

In 2017, we reported a total spend of \$9.4 million (which included \$6 million of diverse spend for our Water Supply Project). In 2018, our prime suppliers spent a total of \$2.67 million with diverse suppliers. We are hopeful we will see an increase in our prime supplier use of diverse suppliers in 2019 based on implementation of our DBE Requirement Statements.

SECTION 9.1.5B – Summary of Prime Contractor Utilization of WMDVLGBTBE Subcontractors

	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veterans Business Enterprise (DVBE)	Other 8(a)*	TOTAL WMDV-LGBTBE
Direct \$	\$14,443,465	\$530,179	\$14,973,644	\$8,336,145	\$519,534	\$673,885	\$0	\$24,503,209
Subcontracting \$	\$437,159	\$100,208	\$537,367	\$869,631	\$0	\$1,278,737	\$0	\$2,685,736
Total	\$14,880,624	\$630,387	\$15,511,011	\$9,205,777	\$519,534	\$1,952,622	\$0	\$27,188,944
Direct %	14.57%	0.53%	15.11%	8.41%	0.52%	0.68%	0.00%	24.72%
Subcontracting %	0.44%	0.10%	0.54%	0.88%	0.00%	1.29%	0.00%	2.71%
Total %	15.01%	0.64%	15.65%	9.29%	0.52%	1.97%	0.00%	27.43%
Net Procurement**					\$99,118,256			

NOTE: *Firms classified as 8(a) of Small Business Administration include non-WMDVLGBTBE

**Net procurement includes purchase order, non-purchase order, and credit card dollars

?: Percentage of total net procurement

SECTION 9.1.6 – A List of WMDVLGBTBE Complaints Received and Current Status

California American Water did not receive any complaints from diverse suppliers in 2018.

SECTION 9.1.7 – Description of Efforts to Recruit WMDVLGBTBE Suppliers in Low Utilization Categories

Table 9.1.2 clearly identifies where we have underutilized diverse vendors in areas including legal, finance, and computer related services. We will continue focusing our efforts on increasing spend in these areas in 2019 and beyond. We will continue to engage our CBOs to search for suppliers to meet our needs. We will also encourage our prime suppliers to use diverse subcontractors through our Annual Prime Supplier and Procurement Lead Showcase and our California Water Association Meet-the-Primes events.



SECTION 10.1.1 – WMDVLGBTBE Annual Short-, Mid-, and Long-Term Goals by Product and Services Categories

CAW and other California Water Association utilities find it difficult to complete a more detailed chart identifying needs for products and services as these needs differ yearly due to agreed upon CPUC capital projects and spending, which are approved every three years based on our general rate case cycle. We are in an ever-changing regulatory environment and have to balance our needs and procurement activities with those of our customers in an effort to keep our rates low. California American Water will strive to improve our results noted below.

MBE FOCUS – Although we achieved 15.65%, exceeding the CPUC goal of 15%, we will continue our efforts to increase our spend with Asian Pacific, African and Native Americans while maintaining our results with Hispanic Americans.

WBE FOCUS – Although we achieved 9.29%, exceeding the CPUC goal of 5%, we will continue our efforts to include women businesses in our procurement processes.

DVBE FOCUS – Although we achieved 1.97%, exceeding the CPUC goal of 1.5%, we will continue our efforts to engage veteran and disabled-veteran businesses.

LGBTBE – Although there is currently no LGBTBE goal, we have focused on increasing our spend with LGBTBE over the last several years (2018: 0.52%; 2017: 1.67%; 2016: 0.33%). We are trending in the wrong direction, but it's certainly not due to our lack of efforts. We will continue to engage the CBO – Los Angeles Gay Lesbian Chamber of Commerce, Sacramento Rainbow Chamber of Commerce, the National Gay Lesbian Chamber of Commerce and others in our efforts to educate the LGBTBE regarding the water industry and our procurement opportunities.

We have established LGBTBE contract relationships in some of the professional areas (legal, marketing and promotional services). We struggle to find LGBTBE relationships in the areas where most of our larger spend is – infrastructure (pipeline/underground construction), engineering, and water treatment processes.

CATEGORY	Current CPUC Goal	Short-Term Goals (2019–2021)	Mid-Term Goals (2022–2024)	Long-Term Goals (2024–2026)
Minority Men				
Minority Women				
Minority Business Enterprises (MBE)	15.00%	15.00%	15.00%	15.00%
Women Business Enterprises (WBE)	5.00%	5.00%	7.00%	8.00%
Lesbian, Gay, Bisexual and Transgender Business Enterprises (LGBTBE)	0%	1.00%	1.50%	1.75%
Disabled Veteran Business Enterprises (DVBE)	1.50%	2.00%	2.50%	3.00%
TOTAL	21.50%	23.00%	26.00%	27.75%

NOTE: Updated LGBT and DVBE goals from previous report based on results achieved over the last several years.

SECTION 10.1.2 – Description of WMDVLGBTBE Planned Program Activities for 2019

We will continue our efforts to engage WMDVLGBTBEs in our procurement processes focused on inclusion of all. Our focus for 2019 is on the following areas:



IMPLEMENT NEW INTERNAL SUPPLIER DIVERSITY MARKET PLACE: California American Water is looking to transform how our internal buyers find, learn and engage diverse suppliers. In 2019, California American Water has partnered with a 100% woman-owned technology platform that is able to take our data out of spreadsheets and into visual digital content that elevates each DBEs brand.

The California American Water Marketplace will be a visual database of diverse suppliers and vendors who have been or currently are successful suppliers of California American Water. This database contains individual profiles (Brojures) for current and potential vendors. Each profile contains company data, products and services, core capabilities, industry experience, and current or past contracts with California American Water. These individual vendor profiles help promote each company's services internally for future business opportunities with California American Water.



IMPLEMENT NEW MENTOR PROTÉGÉ PROGRAM: Using a model developed by Chicago United Five Forward Program, California American Water will continue its partnership with Chicago United and SDI Presence to roll out its new mentor protégé program. This program will engage non-diverse primes in California American Water's efforts to increase its prime supplier use of diverse vendors. This new program is scheduled to go-live July 2019.



CONTINUE COMMUNITY-BASED SPONSORSHIP AND INCREASE ENGAGEMENT: We will continue to ask our CBOs and Advocacy Groups to increase their assist with our search for diverse suppliers by providing all with notification of RFPs and encouraging their qualified members to bid on projects within their field of expertise. Ed Simon will remain on the Asian Business Association Advisory Board, continue to serve on the Sacramento Rainbow Chamber of Commerce, and will seek board positions on other CBOs. We will continue our partnership with the National Center for American Indian Economic Development (NCAIED), increase discussions with American Indian Chamber of Commerce, and African American, local LGBTBE, and DVBE groups in an effort to increase spend with their members. We will also continue to ask the Council for Supplier Diversity to search for diverse vendors.



CONTINUE TO INCREASE MONITORING PRIME CONTRACTOR USE OF SUBCONTRACTORS:

We will increase monitoring of prime supplier use of diverse subcontractors and offer assistance when prime contractors are not meeting their commitment to diversity. Quarterly, we will review responses to Tier Two Reporting Requests and engage in discussions with primes.



INCREASE TECHNICAL AND CAPACITY BUILDING ASSISTANCE: Working with the California Water Association (CWA) member companies and other joint utilities, we will continue to participate (providing financial support and resources) in various programs and workshops to educate existing and prospective vendors on the water industry and the skills small businesses need to be successful. We will also engage our sponsored CBOs in our Technical Assistance and Capacity Building efforts, including our new relationship with Monterey Bay PTAC (Procurement Technical Assistance) and Sacramento PTAC. CAW will play an integral role in the implementation of CWA's Inaugural W.A.T.E.R. (Water Acumen Training for Entrepreneurship Refinement) Certification Program which was developed to provide DBE's with increased knowledge of the water industry and what's required to work with regulated investor-owned water utilities.



CONTINUED REPORTING EFFICIENCY: Working with our parent company, American Water, we will continue efforts to enhance our tier two reporting processes (implemented in late 2018) and implement our new tier one reporting processes.



CONTINUE ANNUAL SUPPLIER DIVERSITY SHOWCASE: We will host a Supplier Diversity Event focused on our Monterey Water Supply Project and host our annual event earlier in the year to assist with adding new vendors.

SECTION 10.1.3 – Plans for Recruiting WMDVLGBTBE Suppliers in Low Utilization Areas

In our experience, we are able to establish LGBTBE contract relationships in some of the professional areas (legal, marketing, promotional service, and travel). Where we struggle to find LGBTBE is in the areas where most of our larger spend is – infrastructure (pipeline/underground construction), engineering, and water treatment processes. We have other low utilization in finance, as our parent company provides the support needed in this area. We will focus our efforts on increasing our spend in legal areas but we require the vendor to have knowledge of the regulated water space and the environmental challenges we face.

SECTION 10.1.4 – Plans for Recruiting Suppliers Where Unavailable

We will continue our efforts to recruit suppliers for all products and services as noted in sections 10.1.1 and 10.1.3.

SECTION 10.1.5 – Plans for Encouraging Prime Contractors to Subcontract WMDVLGBTBE Suppliers

As noted in Section 9.1.5, we believe requiring our prime contractors to report their tier two spend quarterly, along with reviewing and monitoring results throughout the year, will provide the primes and California American Water with opportunities to work together to identify ways to increase subcontractor engagement and spending. In 2018, we implemented our Diverse Business Enterprise Requirement Statement (DBE) which identifies goals our non-diverse prime suppliers are expected to achieve for contracts valued over \$100,000. We will monitor their progress meeting these goals and offer assistance where necessary.

SECTION 10.1.6 – Plans for Complying with WMDVLGBTBE Program Guidelines

California American Water is committed to meeting all Supplier Diversity Program compliance areas set both internally and by the California Public Utilities Commission. We continue to hold ourselves accountable to the highest level of integrity as we create and develop administrative processes that will assure prospective diverse suppliers a fair and equitable inclusion in their pursuit of contract opportunities. We are confident this will ensure the best quality products and services to the communities we serve.

Acknowledgement of Exclusions: As noted in General Order 156, Categories excluded from our gross procurement include purchased water, purchased power, pump taxes, all taxes, franchise fees, postage, all other non-sourceable categories, and affiliate transaction expenses.

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