



# SUPPLIER DIVERSITY ECONOMIC IMPACT REPORT: 2017



CALIFORNIA  
AMERICAN WATER

WE KEEP LIFE FLOWING™



No matter how seemingly small or fleeting, everything we do affects more people and businesses than we could ever imagine. We recognize that supporting suppliers in our communities makes a profound impact.

For additional information, visit our website at [www.californiaamwater.com](http://www.californiaamwater.com).



**INFRASTRUCTURE**



**SOLUTIONS**



**QUALITY**



**SERVICE**



**SAFETY**



**COMMUNITY**

\* This report is based on 2017 figures included in California American Water's Annual CPUC Report.

# CONTENTS

EXECUTIVE MESSAGE	4
PUTTING IT ALL TOGETHER	6
EMPLOYMENT BY VOLUME	8
OUTPUT BY VOLUME	9
WHOSE LIVES DO WE IMPACT?	10
IMPACT OVERVIEW	12
REGIONAL IMPACTS	13
TAX IMPACTS	14
GLOSSARY	18



# EXECUTIVE MESSAGE

Supplier diversity is essential to our success and helps small and diverse businesses grow.

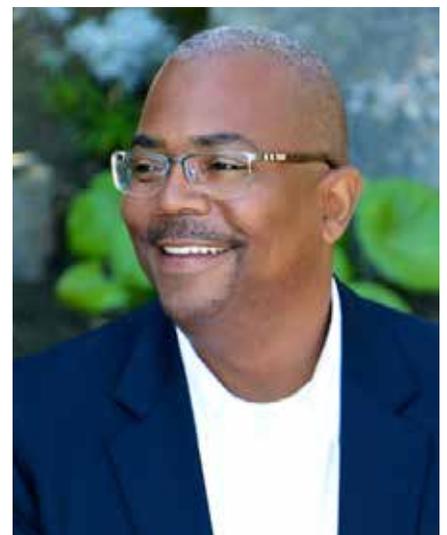
The strategic partnerships we have forged with suppliers not only create a positive impact in our communities, but also drive value for our company, today and in the future.

We seek to include diverse suppliers in each of our strategic sourcing projects and welcome minority-owned, woman-owned, disabled veteran-owned, and LGBT business enterprises (MBE, WBE, DVBE, LGBTE).

Suppliers who wish to register as diverse-owned must have third-party certification through a recognized organization such as WBENC, NMSDC, VA, DGS, SBA and Supplier Clearinghouse.

We partnered with IMPLAN to complete our economic impact analysis and report. IMPLAN is a known expert in the industry and has been producing quality data and software for over 25 years. IMPLAN has been used by thousands of analysts, consultants, governments and academic institutions due to its reliable data and accepted methodologies.

Most recently, IMPLAN developed an automated system for analyzing the economic impact of supplier diversity programs. Organizations provide a few key data points that are then uploaded into IMPLAN and analyzed supplier by supplier. The economic impacts of each supplier are then aggregated to tell a comprehensive story about the organization's diverse supply chain impact on the communities they serve.



*EDWARD SIMON, Director of Business Performance & Supplier Diversity*

The results shown on pages 6–7 demonstrate the economic impact of California American Water’s Supplier Diversity Program, Tier 1 spend in 2017. The table demonstrates the economic impact on the state of California and on three unique service regions: Northern, Southern, and Central. The state impact is roughly 5% greater than aggregated impact of the three regions. This variance happens at the indirect and induced impact levels. In a state impact, the indirect and induced impacts flow throughout the entire state. When you minimize the geography to a lesser region, the result is a lesser impact due to the availability of indirect suppliers as well as workers who may commute in or out of the region, taking the induced impacts with them.

The Direct Output line in each region in the table represents the dollars spent directly with minority suppliers. The total spent throughout the state of California in 2017 totaled \$22.8M and supported 145 direct jobs paying \$14.4M in direct employee compensation within those minority businesses. This direct activity contributed over \$25M to the California Gross Domestic Product (GDP). All other impacts in the table are derived from this direct spending.

California American Water’s “Indirect” impacts represent the business-to-business purchases that our diverse suppliers made to other businesses throughout the state and within each unique region. These Indirect outputs drive the relative job, compensation and value-added impacts shown. The “Induced” impacts are the result of the direct and indirect employees spending their wages in the communities where they live and the economic impact driven by that spending.





# PUTTING IT ALL TOGETHER

California American Water is focused on supporting diverse and local suppliers throughout our supply chain and bolstering the growth of our Supplier Diversity program and the communities we serve. Here's what we discovered about our Supplier Diversity program's economic impact. All totals include the direct, indirect, and induced effects including jobs supported, employee compensation, value added, and output.



## 264

### TOTAL JOBS SUPPORTED

The total number of jobs that are being supported by California American Water's Supplier Diversity program spend.



## \$14,437,354

### TOTAL COMPENSATION

The total amount of compensation that all direct, indirect, and induced employees are making as a result of the total jobs.



## \$25,829,477

### TOTAL VALUE ADDED

The total net increase to the CA Gross Domestic Product, or GDP.



## \$43,377,618

### TOTAL OUTPUT

The total economic activity generated through the state of CA.

TABLE 1a: Northern California Region

	EMPLOYMENT	EMPLOYEE COMPENSATION	VALUE ADDED	OUTPUT
Direct	50	\$3,082,083	\$5,264,642	\$8,038,301
Indirect	11	\$765,083	\$1,400,421	\$2,365,337
Induced	20	\$1,046,911	\$2,172,346	\$3,409,580
<b>TOTAL</b>	<b>82</b>	<b>\$4,894,076</b>	<b>\$8,837,408</b>	<b>\$13,813,218</b>

TABLE 1b: Central California Region

	EMPLOYMENT	EMPLOYEE COMPENSATION	VALUE ADDED	OUTPUT
Direct	16	\$640,839	\$1,046,941	\$2,077,235
Indirect	4	\$141,980	\$278,201	\$502,915
Induced	5	\$166,415	\$375,527	\$632,817
<b>TOTAL</b>	<b>24</b>	<b>\$949,234</b>	<b>\$1,700,669</b>	<b>\$3,212,968</b>

TABLE 1c: Southern California Region

	EMPLOYMENT	EMPLOYEE COMPENSATION	VALUE ADDED	OUTPUT
Direct	80	\$4,489,128	\$7,320,384	\$12,750,552
Indirect	28	\$1,496,575	\$2,818,880	\$4,986,623
Induced	41	\$1,812,120	\$3,825,224	\$6,306,244
<b>TOTAL</b>	<b>149</b>	<b>\$7,797,822</b>	<b>\$13,964,488</b>	<b>\$24,043,419</b>

TABLE 1d: State of California

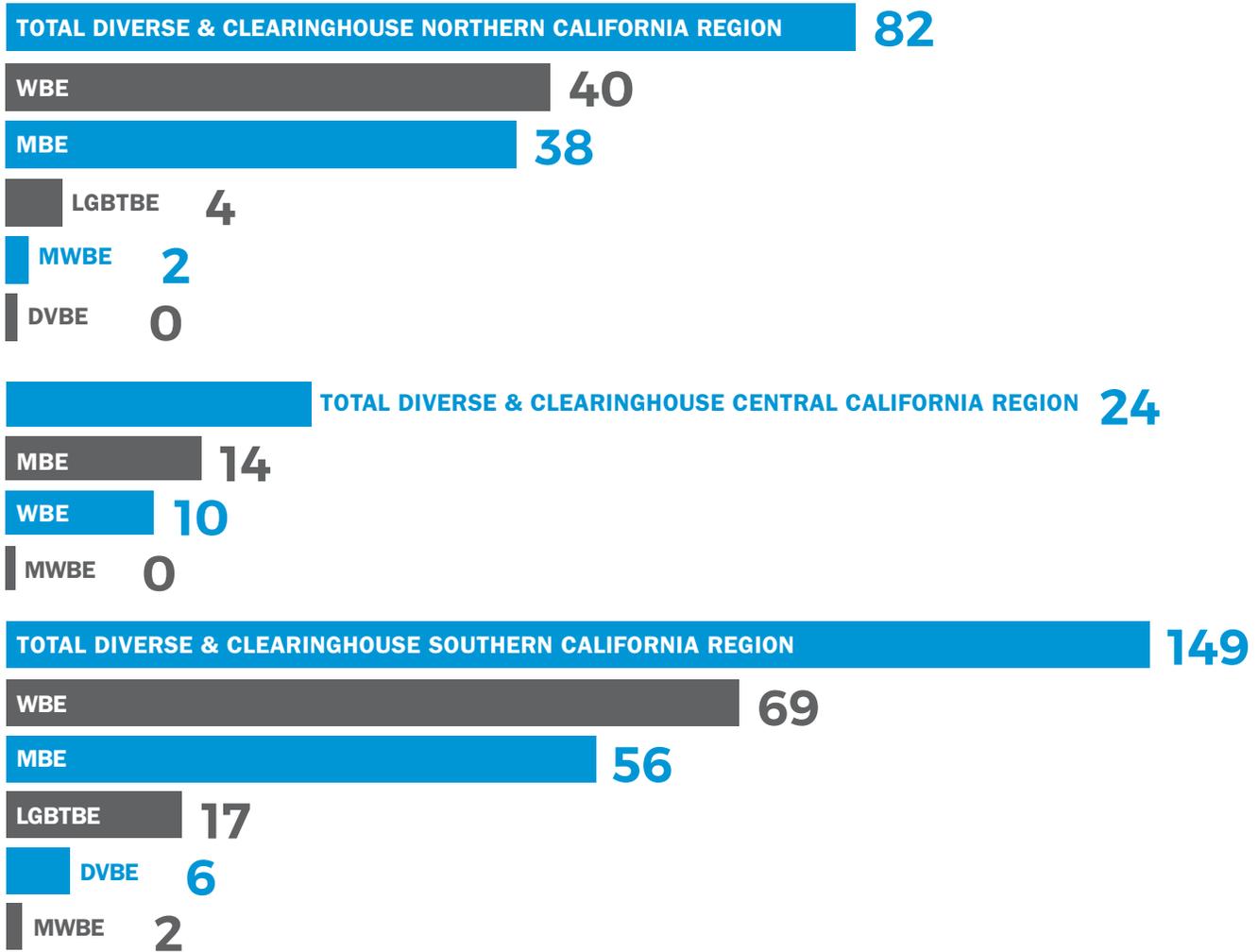
	EMPLOYMENT	EMPLOYEE COMPENSATION	VALUE ADDED	OUTPUT
Direct	145	\$8,305,528	\$13,685,196	\$22,868,464
Indirect	47	\$2,717,672	\$5,002,696	\$8,831,174
Induced	73	\$3,414,153	\$7,141,586	\$11,677,980
<b>TOTAL</b>	<b>264</b>	<b>\$14,437,354</b>	<b>\$25,829,477</b>	<b>\$43,377,618</b>

\*State Total is greater than the aggregate of the 3 regions due to the availability of suppliers at the state vs. regional levels.



# EMPLOYMENT BY VOLUME

Bars represent relative volume of total output and total employment for each diversity category tabulated on pages 8-9.





# OUTPUT BY VOLUME

TOTAL DIVERSE & CLEARINGHOUSE NORTHERN CALIFORNIA REGION **\$13m**

WBE **\$7m**

MBE **\$6m**

LGBTBE **\$669k**

MWBE **\$313k**

DVBE **\$7.7k**

TOTAL DIVERSE & CLEARINGHOUSE CENTRAL CALIFORNIA REGION **\$3.2m**

MBE **\$1.7m**

WBE **\$1.5m**

MWBE **\$1.3k**

TOTAL DIVERSE & CLEARINGHOUSE SOUTHERN CALIFORNIA REGION **\$24m**

WBE **\$10.5m**

MBE **9.4m**

LGBTBE **\$2.6m**

DVBE **\$1.1m**

MWBE **\$345k**



# WHOSE LIVES DO WE IMPACT?

Edward Simon

## CLASSIFICATION

DIRECT  
EMPLOYMENT

TOTAL  
EMPLOYMENT

DIRECT  
SPEND

TOTAL  
OUTPUT

### Northern California Region

#### Total Diverse and Clearinghouse

50

82

\$8,038,301

\$13,813,218

#### Women-Owned or Women Business Enterprise (WBE)

A business concern that is at least 51% owned by one or more women, or, in the case of any publicly owned business, at least 51% of the stock is owned by one or more women, and whose management and daily business operations are controlled by one or more women.

25

40

\$4,001,237

\$6,949,739

#### Minority-Owned Business (MBE)

Businesses that are at least 51% owned and controlled by individuals belonging to certain ethnic minority groups, such as Asian, African-American, Hispanic and Native American descent.

24

38

\$3,672,699

\$6,182,506

#### Lesbian-, Gay-, Bisexual-, and/or Transgender-Owned (LGBTBE)

Businesses that are at least 51% owned and controlled by a LGBT individual(s) of U.S. citizenship.

2

4

\$358,467

\$668,959

#### Minority-Owned Woman Business Enterprise (MWBE)

A U.S. based business concern (a) which is at least 51% owned by woman minorities, or in the case of any publicly-owned business, at least 51% of that business's stock is owned by one or more minorities; and (b) whose management and daily business operations are controlled by one or more of the minority individuals who own it.

1

2

\$180,851

\$313,221

#### Service-Disabled Veteran Business (DVBE)

Businesses that are at least 51% owned and controlled by one or more Disabled Veterans, the home office must be located in the United States and the home office cannot be a branch or subsidiary of a foreign corporation, foreign firm, or other foreign based business. A Disabled Veteran is a veteran of U.S. Military service and has a service-connected disability of at least 10% or more.

0

0

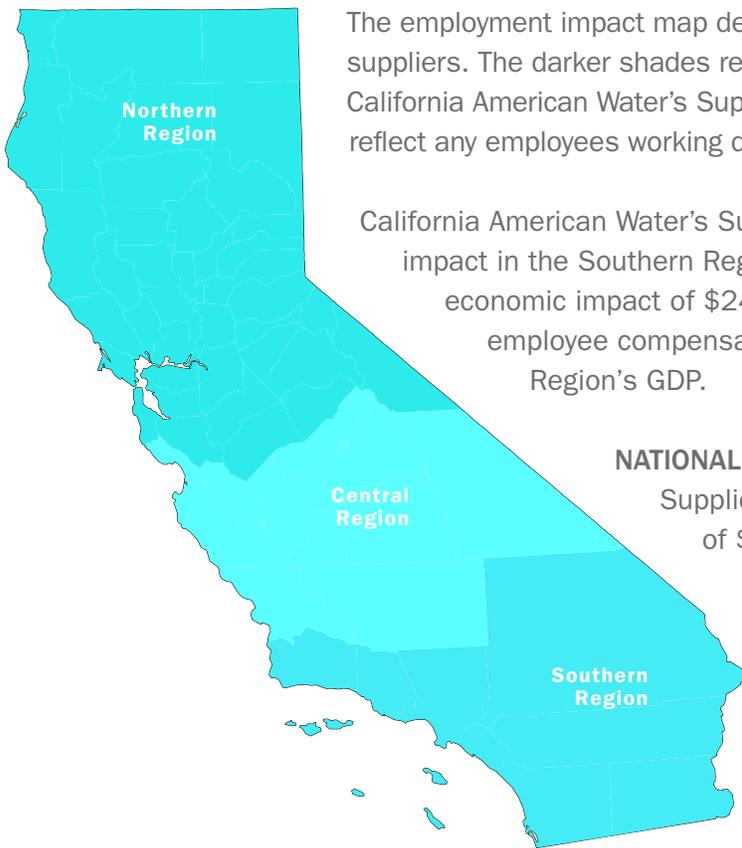
\$5,048

\$7,776

CLASSIFICATION	DIRECT EMPLOYMENT	TOTAL EMPLOYMENT	DIRECT SPEND	TOTAL OUTPUT
<b>Central California Region</b>				
Total Diverse & Clearinghouse	16	24	\$2,077,235	\$3,212,968
Minority-Owned Business (MBE) Businesses that are at least 51% owned and controlled by individuals belonging to certain ethnic minority groups, such as Asian, African-American, Hispanic and Native American descent.	10	14	\$1,109,918	\$1,690,021
Women-Owned or Women Business Enterprise (WBE) A business concern that is at least 51% owned by one or more women, or, in the case of any publicly owned business, at least 51% of the stock is owned by one or more women, and whose management and daily business operations are controlled by one or more women.	6	10	\$966,381	\$1,521,564
Minority-Owned Woman Business Enterprise (MWBE) A U.S. based business concern (a) which is at least 51% owned by woman minorities, or in the case of any publicly-owned business, at least 51% of that business's stock is owned by one or more minorities; and (b) whose management and daily business operations are controlled by one or more of the minority individuals who own it.	0	0	\$937	\$1,383
<b>Southern California Region</b>				
Total Diverse & Clearinghouse	80	149	\$12,750,552	\$24,043,419
Women-Owned or Women Business Enterprise (WBE) A business concern that is at least 51% owned by one or more women, or, in the case of any publicly owned business, at least 51% of the stock is owned by one or more women, and whose management and daily business operations are controlled by one or more women.	37	69	\$5,428,615	\$10,540,195
Minority-Owned Business (MBE) Businesses that are at least 51% owned and controlled by individuals belonging to certain ethnic minority groups, such as Asian, African-American, Hispanic and Native American descent.	29	56	\$5,047,834	\$9,400,455
Lesbian-, Gay-, Bisexual-, and/or Transgender-Owned (LGBTBE) Businesses that are at least 51% owned and controlled by a LGBT individual(s) of U.S. citizenship.	10	17	\$1,429,494	\$2,621,124
Service-Disabled Veteran Business (DVBE) Businesses that are at least 51% owned and controlled by one or more Disabled Veterans, the home office must be located in the United States and the home office cannot be a branch or subsidiary of a foreign corporation, foreign firm, or other foreign based business. A Disabled Veteran is a veteran of U.S. Military service and has a service-connected disability of at least 10% or more.	3	6	\$680,748	\$1,173,219
Minority-Owned Woman Business Enterprise (MWBE) A U.S. based business concern (a) which is at least 51% owned by woman minorities, or in the case of any publicly-owned business, at least 51% of that business's stock is owned by one or more minorities; and (b) whose management and daily business operations are controlled by one or more of the minority individuals who own it.	1	2	\$180,605	\$345,122



# IMPACT OVERVIEW



The employment impact map details the total jobs supported by CA-based diverse suppliers. The darker shades represent a greater number of total jobs supported by California American Water's Supplier Diversity program's impact. The results do not reflect any employees working directly for California American Water's operations.

California American Water's Supplier Diversity Program's spend had the greatest impact in the Southern Region of California. This 10-county region had a total economic impact of \$24M, supported 149 jobs paying over \$7.7M in employee compensation and contributed nearly \$14M to the Southern Region's GDP.

## NATIONAL IMPACT OVERVIEW

Supplier spend is expected to generate an annual output of \$43,377,618 in these regions. These impacts are sustained during the operation period.

IMPLAN Data Year: **2016**  
 Spend Data Year: **2017**  
 Areas in Model: **California**

TABLE 2: Total State Result

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	VALUE ADDED	OUTPUT
Direct	145	\$8,305,528	\$13,685,196	\$22,868,464
Indirect	47	\$2,717,672	\$5,002,696	\$8,831,174
Induced	73	\$3,414,153	\$7,141,586	\$11,677,980
<b>TOTAL</b>	<b>264</b>	<b>\$14,437,354</b>	<b>\$25,829,477</b>	<b>\$43,377,618</b>



# IMPACTED REGIONS BY TAXES & EMPLOYMENT

**TABLE 8:** Impacted Regions by Total Taxes

	FEDERAL	STATE	TOTAL
Northern Region	\$1,344,871	\$905,666	\$2,250,537
Central Region	\$278,538	\$142,522	\$421,060
Southern Region	\$2,237,628	\$1,215,276	\$3,452,904

**TABLE 9:** Impacted Regions by Total Employment

Refer to the map on page 12 to see how regions' total employment compares to their neighbors.

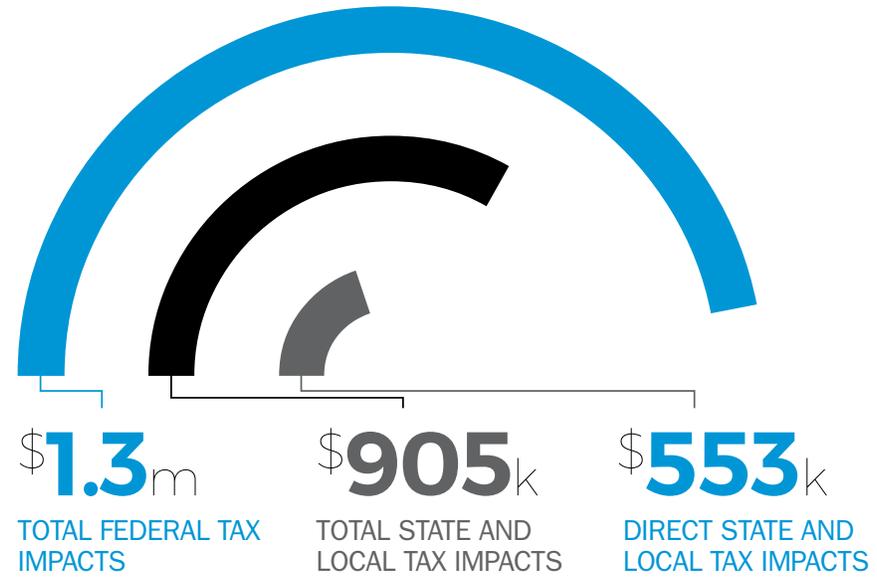
	EMPLOYMENT	EMPLOYEE COMPENSATION	VALUE ADDED	OUTPUT
Northern Region	82	\$4,894,076	\$8,837,408	\$13,813,218
Central Region	24	\$949,234	\$1,700,669	\$3,212,968
Southern Region	149	\$7,797,822	\$13,964,488	\$24,043,419



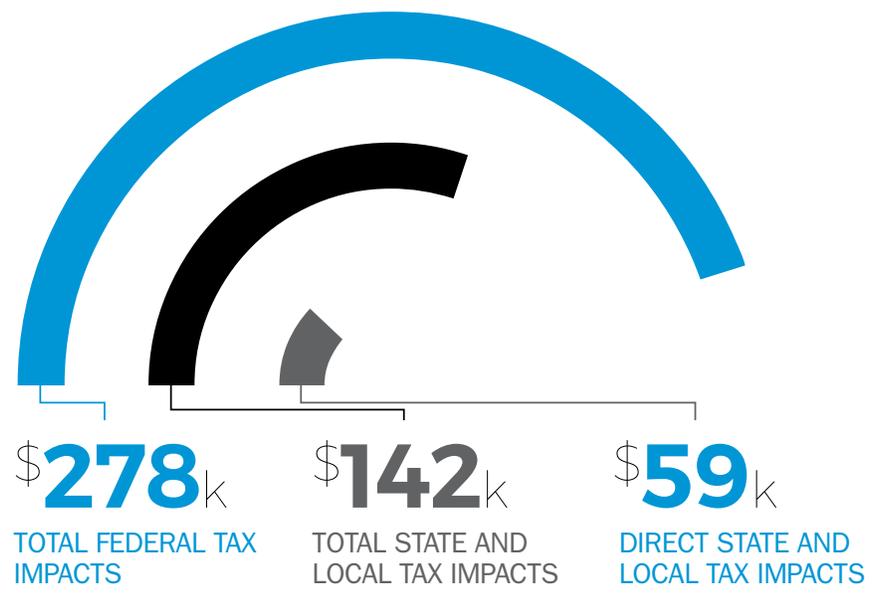
# TAX IMPACTS

## NORTHERN, CENTRAL & SOUTHERN REGIONS

### NORTHERN CA REGION



### CENTRAL CA REGION

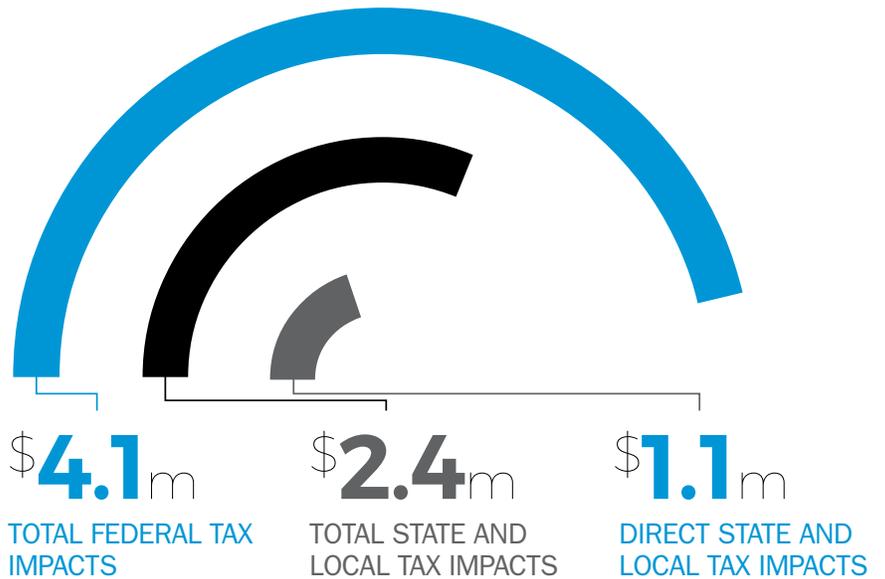




## SOUTHERN CA REGION



## STATE OF CALIFORNIA



Details can be found in Tables 10 and 11, a-d.



# TAX IMPACTS

The tax impact report estimates total taxes paid by government type and by tax type, by the sectors and institutions affected in an impact scenario. The tax impact report values are based on the existing relationships of the data found in the IMPLAN database. Here's how this report came together.

IMPLAN Data Year: **2016**

Spend Data Year: **2017**

Areas in Model: **California**

**TABLE 10a:** Northern California Region Taxes by Institution Receiving

DESCRIPTION	EMPLOYEE COMPENSATION	PRODUCTION & IMPORTS TAX	HOUSEHOLDS	CORPORATIONS	PROPRIETOR INCOME	TOTAL
Federal	\$516,559	\$73,316	\$518,931	\$149,569	\$86,496	\$1,344,871
State	\$28,470	\$627,793	\$220,358	\$29,044	\$0	\$905,666
<b>TOTAL</b>	<b>\$545,029</b>	<b>\$701,109</b>	<b>\$739,289</b>	<b>\$178,614</b>	<b>\$86,496</b>	<b>\$2,250,537</b>

**TABLE 10b:** Central California Region Taxes by Institution Receiving

DESCRIPTION	EMPLOYEE COMPENSATION	PRODUCTION & IMPORTS TAX	HOUSEHOLDS	CORPORATIONS	PROPRIETOR INCOME	TOTAL
Federal	\$106,933	\$10,435	\$110,799	\$23,726	\$26,644	\$278,538
State	\$5,522	\$84,067	\$48,245	\$4,689	\$0	\$142,522
<b>TOTAL</b>	<b>\$112,455</b>	<b>\$94,502</b>	<b>\$159,043</b>	<b>\$28,415</b>	<b>\$26,644</b>	<b>\$421,060</b>

**TABLE 10c:** Southern California Region Taxes by Institution Receiving

DESCRIPTION	EMPLOYEE COMPENSATION	PRODUCTION & IMPORTS TAX	HOUSEHOLDS	CORPORATIONS	PROPRIETOR INCOME	TOTAL
Federal	\$898,465	\$98,283	\$851,286	\$240,989	\$148,605	\$2,237,628
State	\$45,362	\$746,051	\$376,955	\$46,909	\$0	\$1,215,276
<b>TOTAL</b>	<b>\$943,827</b>	<b>\$844,334</b>	<b>\$1,228,241</b>	<b>\$287,898</b>	<b>\$148,605</b>	<b>\$3,452,904</b>

**TABLE 10d:** California State Taxes by Institution Receiving

DESCRIPTION	EMPLOYEE COMPENSATION	PRODUCTION & IMPORTS TAX	HOUSEHOLDS	CORPORATIONS	PROPRIETOR INCOME	TOTAL
Federal	\$1,602,641	\$194,087	\$1,572,384	\$442,008	\$262,781	\$4,073,902
State	\$83,985	\$1,544,401	\$684,343	\$86,024	\$0	\$2,398,753
<b>TOTAL</b>	<b>\$1,686,627</b>	<b>\$1,738,488</b>	<b>\$2,256,727</b>	<b>\$528,032</b>	<b>\$262,781</b>	<b>\$6,472,655</b>



# TAX IMPACTS

TABLE 11a: Northern California Region State and Local Tax

DESCRIPTION	EMPLOYEE COMPENSATION	PRODUCTION & IMPORTS TAX	HOUSEHOLDS	CORPORATIONS	PROPRIETOR INCOME	TOTAL
Direct	\$17,929	\$380,166	\$141,327	\$13,863	\$0	\$553,285
Indirect	\$4,451	\$87,144	\$33,409	\$5,261	\$0	\$130,264
Induced	\$6,090	\$160,483	\$45,623	\$9,920	\$0	\$222,116
<b>TOTAL</b>	<b>\$28,470</b>	<b>\$627,793</b>	<b>\$220,358</b>	<b>\$29,044</b>	<b>\$0</b>	<b>\$905,666</b>

TABLE 11b: Central California Region State and Local Tax

DESCRIPTION	EMPLOYEE COMPENSATION	PRODUCTION & IMPORTS TAX	HOUSEHOLDS	CORPORATIONS	PROPRIETOR INCOME	TOTAL
Direct	\$3,728	\$19,901	\$33,476	\$2,098	\$0	\$59,203
Indirect	\$826	\$26,693	\$6,865	\$917	\$0	\$35,300
Induced	\$968	\$37,473	\$7,904	\$1,674	\$0	\$48,018
<b>TOTAL</b>	<b>\$5,522</b>	<b>\$84,067</b>	<b>\$48,245</b>	<b>\$4,689</b>	<b>\$0</b>	<b>\$142,522</b>

TABLE 11c: Southern California Region State and Local Tax

DESCRIPTION	EMPLOYEE COMPENSATION	PRODUCTION & IMPORTS TAX	HOUSEHOLDS	CORPORATIONS	PROPRIETOR INCOME	TOTAL
Direct	\$26,114	\$237,410	\$220,846	\$19,405	\$0	\$503,775
Indirect	\$8,706	\$198,219	\$71,643	\$10,198	\$0	\$288,766
Induced	\$10,542	\$310,422	\$84,466	\$17,306	\$0	\$422,736
<b>TOTAL</b>	<b>\$45,362</b>	<b>\$746,051</b>	<b>\$376,955</b>	<b>\$46,909</b>	<b>\$0</b>	<b>\$1,215,276</b>

TABLE 11d: California State and Local Tax

DESCRIPTION	EMPLOYEE COMPENSATION	PRODUCTION & IMPORTS TAX	HOUSEHOLDS	CORPORATIONS	PROPRIETOR INCOME	TOTAL
Direct	\$48,315	\$651,640	\$401,490	\$35,447	\$0	\$1,136,892
Indirect	\$15,809	\$335,573	\$126,180	\$18,157	\$0	\$495,719
Induced	\$19,861	\$557,188	\$156,674	\$32,420	\$0	\$766,142
<b>TOTAL</b>	<b>\$83,985</b>	<b>\$1,544,401</b>	<b>\$684,343</b>	<b>\$86,024</b>	<b>\$0</b>	<b>\$2,398,753</b>



# GLOSSARY

**DIRECT EFFECTS:** Direct effects are the immediate result of the direct spend. Applying these initial changes/dollars spent to the multipliers in an IMPLAN model will then display how the region will respond economically to these purchases.

**EMPLOYEE COMPENSATION:** Employee Compensation in IMPLAN is the total payroll cost of employees. This includes wages and salaries, all benefits (e.g., health, retirement) and payroll taxes (both sides of social security, unemployment insurance taxes, etc.). Also referred to as fully-loaded payroll.

**EMPLOYMENT:** Employment in IMPLAN includes full-time, part-time, and seasonal workers, and therefore does not represent full-time-equivalents (FTEs). IMPLAN employment includes wage and salary employees as well as proprietors (self-employed individuals and unincorporated business owners).

**EVENT YEAR:** Model Year reflects the year of the IMPLAN data. If this year differs from the year of your IMPLAN model data, IMPLAN will adjust your dollar values accordingly via its built-in deflators.

**INDIRECT EFFECTS:** Indirect impacts stem from local industries' purchases of inputs (goods and services) from other local industries. These purchases are also known as intermediate expenditures.

For example, if the direct impact is the construction of a building, the first round of indirect effects will include a purchase of ready-mix concrete. This purchase of ready-mix concrete spurs the ready-mix concrete manufacturing industry to in turn purchase more sand and gravel. This purchase of sand and gravel is part of the second round of indirect effects. This cycle of spending continues to work its way backward through the supply chain, with each round of impacts getting smaller and smaller until all money leaks from the local economy by way of imports, taxes, and profits, which do not generate additional impacts locally.

IMPLAN does not assume that all input purchases are made from local businesses; the proportion of local vs. non-local purchases varies by commodity and is built into the IMPLAN system.



**INDUCED EFFECTS:** Note that IMPLAN models account for commuting patterns; thus, induced impacts will only reflect the spending of wages from residents. IMPLAN removes payroll taxes, personal taxes, and savings before allowing the remainder to be spent on goods and services. IMPLAN also accounts for imports and does not assume that all purchases of goods and services are made within the study area.

**LABOR INCOME:** The sum of Employee Compensation and Proprietor Income.

**OTHER PROPERTY INCOME:** OPI represents corporate profits and depreciation.

**OUTPUT:** In the Supplier Diversity Analysis and Report, Direct Output represents the direct spend with diverse suppliers.

**PROPRIETOR INCOME:** Proprietor income consists of payments received by self-employed individuals and unincorporated business owners.

#### **TAXES ON PRODUCTION AND IMPORTS LESS**

**SUBSIDIES:** TOPI is one of the four components of Value Added. It includes sales and excise taxes, customs duties, property taxes, motor vehicle licenses, severance taxes, other taxes, and special assessments.

**VALUE ADDED:** Value Added is the sum of Employee Compensation, Proprietor Income, Other Property Income, and TOPI. Value-Added + Intermediate Expenditures = Output. Value-Added is analogous to Gross Domestic Product.



CALIFORNIA AMERICAN WATER  
[www.californiaamwater.com](http://www.californiaamwater.com)

EDWARD SIMON  
[Edward.Simon@amwater.com](mailto:Edward.Simon@amwater.com)  
ph: 619-522-6364

MARY LOU RUIZ  
[MaryLou.Ruiz@amwater.com](mailto:MaryLou.Ruiz@amwater.com)  
ph: 619-446-4765

This report commissioned by California American Water and prepared by IMPLAN. All results provided in this report are estimated based on the values and assumptions provided by the customer. IMPLAN Group LLC makes no declaration of the accuracy of the provided values.

All results are estimates and should be treated as such. IMPLAN Group LLC reserves the right to comment on and release the results provided in this report.

More resources are available at [support.implan.com](http://support.implan.com).

For more information, email [support@implan.com](mailto:support@implan.com) or call (800) 507-9426.

