



AMERICAN WATER

2023 SUPPLIER DIVERSITY

Economic Impact Report

The First Step to An Inclusive Partnership

American Water recognizes the importance of supplier diversity and its positive impact on the communities we serve. Collaborating with diverse suppliers is what gives American Water a competitive advantage in all aspects of our business operations, and also contributes to the economic growth and well-being of our customers and stakeholders.

American Water has had the privilege of serving customers and communities across the nation for more than 135 years. The company's commitment to supplier diversity is not only a business imperative but also a reflection of our Inclusion, Diversity & Equity strategy and goals. We are dedicated to building a culture that celebrates diversity through inclusive and equitable access and extend this approach to our suppliers, who contribute to our operations and help us provide safe, clean and reliable water and wastewater services to our customers. Supplier diversity helps American Water maintain and elevate our standard for excellence and helps keep life flowing for customers.

American Water sources, selects and collaborates with diverse businesses that include minority, disabled, women, LGBTQ+, veteran, and service-disabled veteran-owned enterprises. Supplier diversity is a crucial aspect of the company's procurement strategy. Our supply chain professionals implement an inclusive category management approach that prioritizes a competitive process, allowing American Water to reach and select the best suppliers for the job. The company aims to provide equal opportunities for diverse suppliers to submit competitive bids by giving them access to necessary education, information and resources.

American Water takes pride in being a national member of several organizations that advocate for and certify diverse businesses, such as the National Minority Supplier Development Council, Women Business Enterprise National Council, National Veteran Supplier Development Council, National Gay Lesbian Chamber of Commerce, and many local and regional groups.

American Water partners with these organizations to find certified and qualified diverse suppliers for the wide range of goods and services as we deliver vital water and wastewater services to our customers. We understand the tremendous value that comes from having diverse perspectives and are committed to the success and growth of diverse businesses across our national footprint.

We encourage you to visit our [website](#) to explore partnership opportunities with American Water that will accelerate our continued commitment to an inclusive supply chain.

American Water Team



At American Water, our supplier diversity approach aligns with our overall Inclusion, Diversity & Equity efforts and provides underrepresented communities that own and operate businesses the opportunity to compete for our sourcing needs. We believe this is just one way we make the communities we serve stronger.



M. Susan Hardwick

President and Chief Executive Officer
American Water

American Water Team



As a company, we recognize that Supplier Diversity is vital for our business. We expect all American Water employees and our suppliers to promote diversity in our supply chain. American Water values working with a diverse array of suppliers, and we are resolute in our mission to seek and develop diverse businesses across our national service area.



Michael Rich

Vice President, Supply Chain
American Water

American Water Team



We're thrilled to publish our 2023 Economic Impact Report, illustrating our unrelenting commitment to being an inclusive, diverse and equitable company that supports providing opportunities for a diverse pool of potential suppliers. American Water is proud to continue providing fair and equitable opportunities for diverse businesses, coast-to-coast.



Lori Sutton

*Chief Inclusion, Diversity, & Equity Officer
and Vice President of Talent Acquisition
American Water*

American Water's Supplier Diversity Team



Lawrence B. Wooten
Senior Manager
National Supplier Diversity



Dina Cooper Williams
Supplier Diversity
Program Manager
National Supplier Diversity



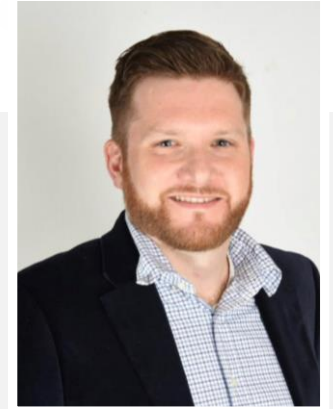
Jennifer Morrison
Program Director, Supplier Diversity
and Community Outreach
Illinois American Water



Taiiko Ballard
Specialist, Business Services
Illinois American Water



Mary Lou Ruiz
Program Manager Supplier Diversity
California American Water



Lawrence Callahan
Business Intelligence
Analyst-Supply Chain
American Water



The Economic Impact Study is a true measurement of the impact American Water makes in the communities we live and work. The dollars spent with diverse suppliers within our service territories goes directly to addressing the wealth gap and providing resources that allow these communities to thrive.

Lawrence B. Wooten





AMERICAN WATER

Vision:

Our vision is to be recognized as a company that values supplier diversity in all aspects of our business processes, and more importantly, remove the barriers to diverse supplier inclusion and model a customer-first approach.

Mission:

We reflect the communities we serve and provide diverse suppliers the opportunity to compete on a level playing field. American Water strives to engage diverse suppliers in the growth of our company which translates into building wealth in underserved communities.

Our Commitment to Certified Diverse Suppliers

Over the past five years, American Water has committed to progressively increase the percentage of spending with diverse suppliers across our national footprint. Over this period, we have successfully met or exceeded our expectations of spend increase on both the first and second tier suppliers. **Our goal for 2024 is 32.9%** across our company.





American Water Suppliers in Action

Women-Owned Businesses

O2EPCM, Inc. dba O2 Engineering, Projects & Construction Management



O2EPCM, Inc.

O2EPCM, Inc. dba O2 Engineering, Projects & Construction Management has been honored and committed to providing California American Water professional services for over six years with staff expertise, quality customer service and always striving to exceed expectations. O2EPCM has successfully and safely inspected more than 50 projects as a part of our

Master Service Agreement to provide Engineering and Inspection support services. The strong partnership with California American Water has contributed to the growth of our company, our scholarship and internship program to STEM students, and workforce development. O2EPCM is dedicated to continuing strengthening a successful long-term relationship with California American Water. The O2EPCM family are sincerely grateful for all the opportunities and appreciates California American Water's continued support. Thank you!



Omoné O. Livingston

Women-Owned Businesses

Shaw Brothers Concrete Construction | shawbrothersconcrete.com



**SHAW BROTHERS
CONCRETE CONSTRUCTION**

Water doesn't care if it's Christmas or your birthday," so says Joel Kirby, president of Shaw Brothers Concrete Construction in Champaign, Illinois. "We and Illinois American Water (ILAW) know that all too well. When a water pipe breaks, or there's a sewer issue, we are there, night or day. Yep, even on Christmas and New Year's Eve."

That kind of commitment is what has helped Shaw Brothers grow alongside Illinois American Water. When ILAW purchased a privately held company 17 years ago, they kept Shaw Brothers. "They inherited us, and now they're 'stuck' with us," Joel says with a chuckle. "But, it's a really good fit. Our role has grown as ILAW has. They're our biggest client and that allows us to remain a small family-owned company and still thrive."

So, how does Shaw Brothers remain responsive, thorough and safety-minded no matter what? Teamwork. Nothing personifies that more in this fourth-generation family business than the partnership between Joel and owner Susan Kirby. Susan says, "We're coming up on 50 years of marriage and 17 years running a business together. It just works for us." As a certified Women's Business (WBE), Shaw runs a lean six-person operation. Joel directs (and participates in) the field operations and deals with 20 different government agencies. Susan runs the business side, overseeing payroll, accounts payable and receivable, insurance, union reports, safety audits and so much more.

Pretty early on, Shaw began to primarily focus on commercial work, specifically utility projects. The company makes sure the excavated site is fully accessible, traffic control is in place for both worker and citizen safety, and, finally, finishing the surface with either asphalt or concrete.

"I pretty much remember every patch in the Champaign-Urbana area," Joel says.

This dynamic duo believes what they do is important to the community and its infrastructure. "We're proud of keeping things working around here. And we're thankful for our partnership with Illinois American Water," Susan says. "They care about their work, the communities they serve and their people just as much as we do. To us, that's success."



Susan Kirby



Joel Kirby

Women-Owned Businesses

G.A. RICH & SONS | garich.com



When cultures align, it makes for a strong, mutually beneficial business partnership. So is the case for the almost 20-year relationship between Illinois American Water (ILAW) and G.A. Rich & Sons of Deer Creek, Illinois. They're a third-generation mechanical and utility contracting company. It all began in 2005,

when ILAW chose G.A. Rich & Sons to tackle an enormous project in their Champaign, Illinois, water-processing plant.

Brian Rich, Director of Business Development, describes it as still their biggest project to date with ILAW. "It was a brand-new production facility, and it also had a well field. In the end, we connected 25,000 feet, or roughly five miles, of piping with the wells and connected it all back to the plant," Brian says. "They're all about improving infrastructure, as we are. In recent years they have obtained many, many sewer plants, and those big projects have really helped us grow."

This was just one example of the "can-do" cultural spirit of the company driven in large part by Tammy Rich-Stimson, president of G.A. Rich & Sons. She and her mother, Susan Rich, are the majority owners. "Our relationship with ILAW works because they elevate us. We want to strive to always meet their stringent standards of quality and safety," Tammy says.

In part, the high-profile jobs with ILAW have helped her professional stature. Tammy is active within the industry, having been appointed the first woman president of the Illinois Plumbing, Heating & Cooling Contractors in its 125-year history. She is also on the Board of Tazewell County, which consists of East Peoria, Pekin, Washington, Deer Creek and several other small communities.

Opportunities have greatly increased for G.A. Rich since partnering with ILAW. They've worked with other American Water entities such as Kentucky American Water, Indiana American Water, Missouri American Water and Iowa American Water.

"We as a company and us as individuals would not be where we are without American Water," Brian concludes.



Tammy Rich-Stimson
and Susan Rich



Brian Rich



Supplier Diversity Partnerships

Our Partnerships

American Water partners with organizations that have similar values. We understand that economic growth is positively impacted when we invite diverse suppliers into our supply chain.



Organizational Partnership/Support: Regional Sponsorship and Engagement





American Water Supplier Diversity Economic Impact

About the Report

This report measures the economic benefits of American Water's 2023 purchases from small and diverse businesses. Diverse businesses are critical contributors to the delivery of the best products carrying the greatest value in a diverse marketplace.

By utilizing an Input-Output analysis model our engagement with Small, Ethnic/Racially Diverse, Women, Veteran, Service-Disabled Veteran, Disabled and LGBTQ+-Owned Businesses **led to over \$1.6 billion in contributions to the U.S. economy and sustained more than 8,490 jobs.**

The impact is the sum of three effects: (i) direct purchases by American Water from its Small, Ethnic/Racially Diverse, Women and Veteran suppliers, (ii) indirect activities within these companies' supply chains, and (iii) the induced effects that result as employees of these companies, and those of companies within their supply chains, spend their wages in the wider consumer economy.



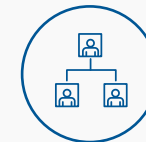
Economic Impact Channels

American Water's purchasing decisions have a ripple effect on the supply chain. The total economic impact is comprised of three components: **Direct**, **Indirect** and **Induced**.



DIRECT IMPACT

Impact at American Water's immediate small and diverse suppliers.



INDIRECT IMPACT

American Water's small and diverse suppliers purchase goods and services from other suppliers, which creates a ripple effect through the economy.



INDUCED IMPACT

The employees in the jobs created in the supply chain to satisfy American Water's purchases support additional jobs in their communities.

Economic Impact Metrics



PRODUCTION

Measures the cumulative revenues of all businesses impacted through the program: **Direct**, **Indirect** and **Induced**.



JOBS

Created within American Water's supply chain and in the supplier's communities.



WAGES

Measures the cumulative earnings of the employees in the jobs supported through supplier diversity purchases.



TAXES

Measures the federal, state and local tax revenues that are generated through economic activity.

Supplier Diversity Economic Impact



\$1.6B

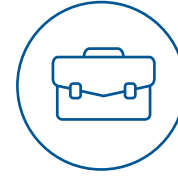
TOTAL PRODUCTION

Total economic impact from American Water's small and diverse vendor relationships.



\$868.1M

DIVERSE SPEND



8,490

JOBS SUPPORTED



\$621M

WAGES SUPPORTED



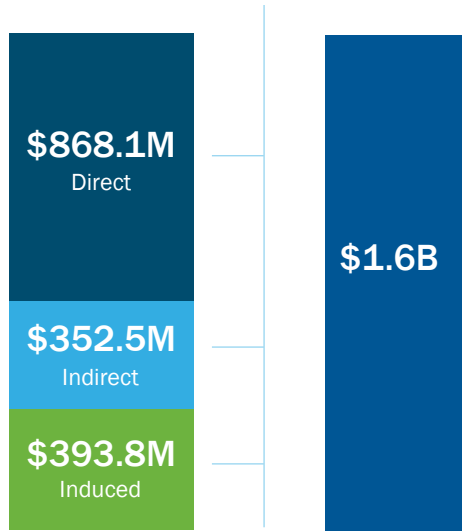
\$190.6M

TAXES GENERATED



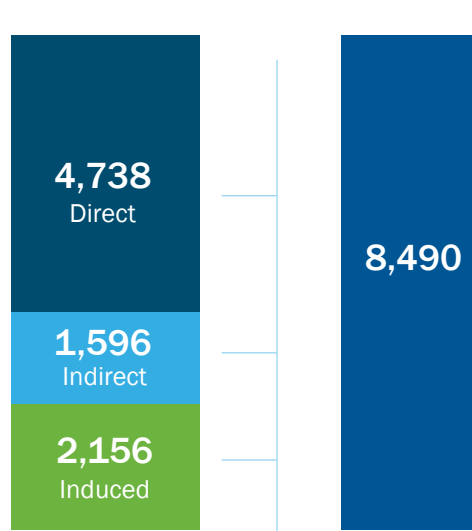
American Water's 2023 Economic Impact

TOTAL PRODUCTION \$1.6B



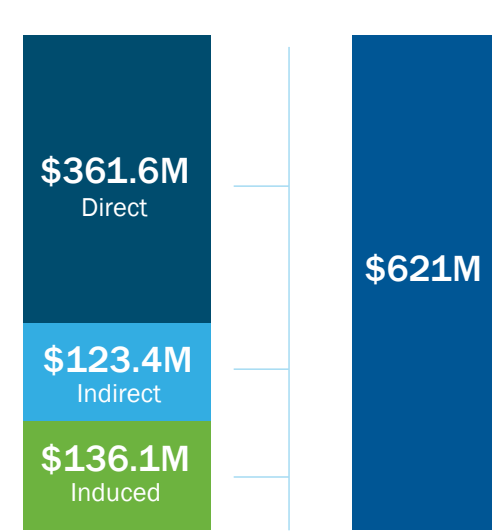
American Water purchased \$868.1M from diverse and small businesses. This spending resulted in the total impact of \$1.6B, which is broken down into \$868.1M Direct impact, \$352.5M Indirect impact and \$393.8M Induced impact.

TOTAL JOBS 8,490



American Water's Supplier Diversity spending with diverse and small suppliers supported an estimated 8,490 jobs. 4,738 of these were supported in the Direct channel, 1,596 jobs in the Indirect channel, and 2,156 jobs from the Induced channel.

TOTAL WAGES \$621M



American Water's purchases from diverse and small suppliers supported jobs throughout the supply chain that paid employees a total of \$621M in incomes. Incomes earned in the Direct, Indirect and Induced channels are estimated at \$361.6M, \$123.4M and \$136.1M respectively.

Spend with Diverse Businesses

\$868.1M

Total purchases of products and services from American Water’s small and diverse businesses



**WOMEN-OWNED
BUSINESS SPEND**

\$347.4M

Total American Water purchases from Women-owned businesses



**ETHNIC/RACIALLY
DIVERSE-OWNED
BUSINESS SPEND**

\$79.4M

Total American Water purchases from Ethnic/Racially Diverse-owned businesses



**SMALL
BUSINESS SPEND**

\$331.2M

Total American Water purchases from Small businesses



**VETERAN-OWNED
BUSINESS SPEND**

\$79.2M

Total American Water purchases from Veteran-owned businesses



**LGBTQ+-OWNED
BUSINESS SPEND**

\$9.1M

Total American Water purchases from LGBTQ+-owned businesses

Note: Jobs are assigned to industries included in the North American Industry Classification System (NAICS) that was developed by the federal government.

Jobs at Diverse and Small Businesses



**WOMEN-OWNED
BUSINESS SPEND**



**ETHNIC/RACIALLY
DIVERSE-OWNED
BUSINESS SPEND**



**SMALL
BUSINESS SPEND**



**VETERAN-OWNED
BUSINESS SPEND**



**LGBTQ+-OWNED
BUSINESS SPEND**

1,794
JOBSM

474
JOBS

1,880
JOBS

388
JOBS

62
JOBS

\$140.1M
WAGES

\$37.2M
WAGES

\$138.1M
WAGES

\$31.3M
WAGES

\$5.1M
WAGES

Note: Jobs are assigned to industries included in the North American Industry Classification System (NAICS) that was developed by the federal government.



Supplier Diversity Economic Impact by State

The state impact report is aligned to the state that the business is located in. We believe this is a true measure of economic impact as opposed to the American Water location the business services.

Supplier Diversity Economic Impact by State

CALIFORNIA

California American Water's commitment to supplier diversity strengthens California's economy. By spending more than 50% of the company's procurement budget with diverse businesses, California American Water generated \$131 million in economic output, supported 671 jobs, and contributed \$54.7 million to Californian incomes across the state. This economic boost comes from a diverse spend of \$67.6 million, highlighting the positive effect that investing in diverse suppliers has on California's communities. Investing in diverse businesses fosters innovation, expands the tax base, and creates a more equitable and prosperous California for all.



\$67.6M

Contribution to California's Output through American Water's purchases from California's diverse businesses.



\$131M

Total Output Impact



\$54.7M

Incomes earned through supported jobs



671

Supported jobs in California as a result of American Water's Supplier diversity purchases



\$18.4M

Total Contribution to State and local taxes

Note: state jobs may not add up to the total jobs due to rounding.

Supplier Diversity Economic Impact by State

ILLINOIS

Illinois American Water has made significant strides in strengthening the economy through its commitment to supplier diversity. 2023 marks the sixth year of increased growth of our supplier diversity initiative, exceeding our 30% target for 2023. Last year, Illinois American Water spent \$111.9 million with diverse-owned businesses. These purchases supported an estimated 1,095 jobs that paid employees nearly \$82.6 million in wages. The impacts of spending 69.6% with diverse businesses based in Illinois is a major contribution to local job creation. Illinois American Water's commitment to diverse business participation fuels the region and state, creating a more equitable and inclusive economy that is advantageous to everyone.



\$111.9M

Contribution to Illinois' Output through American Water's purchases from Illinois' diverse businesses.



\$215.8M

Total Output Impact



\$82.6M

Incomes earned through supported jobs



1,095

Supported jobs in Illinois as a result of American Water's Supplier diversity purchases

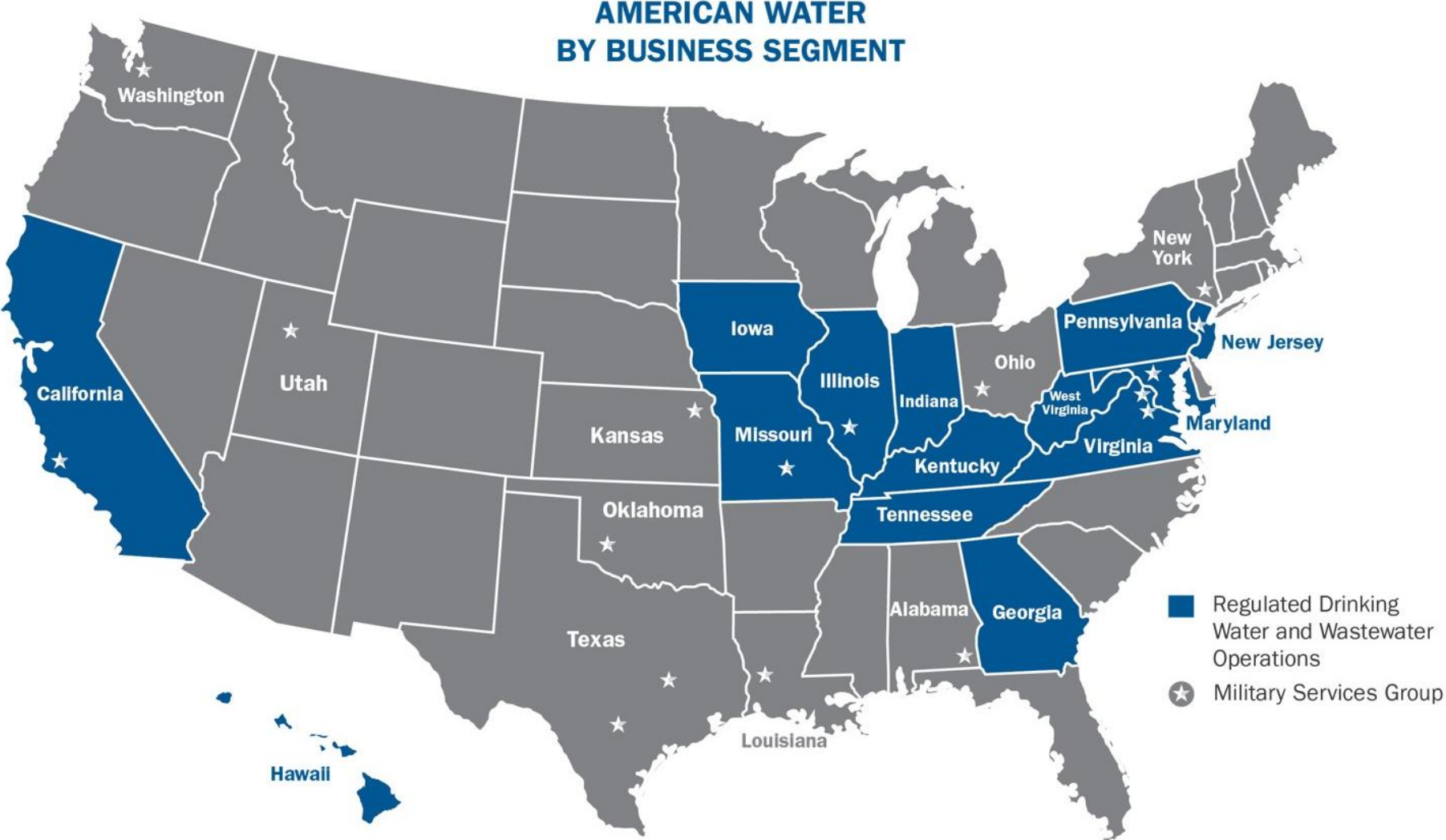


\$26.1M

Total Contribution to State and local taxes

Note: state jobs may not add up to the total jobs due to rounding.

American Water by Business Segment



Impact by State

In Order by Level of Spend

Diverse Impact from Direct, Indirect and Induced				
State	Diverse & Small Business Spend	Total Production	Total Jjobs	Total Wages
PA*	\$202.5M	\$378.5M	1,897	\$139.7M
NJ*	\$193.5M	\$345.6M	1,836	\$151.1M
MO	\$162.5M	\$308.0M	1,737	\$112.5M
IL*	\$126.5M	\$245.4M	1,199	\$91.4M
CA*	\$63.9M	\$124.6M	632	\$52.7M
IN*	\$32.4M	\$57.5M	334	\$20.6M
KS	\$21.1M	\$38.1M	192	\$11.4M
OH	\$14.6M	\$29.7M	162	\$10.8M
KY*	\$11.0M	\$19.4M	129	\$7.9M
WV*	\$8.8M	\$13.5M	86	\$4.4M
MD*	\$6.9M	\$11.7M	70	\$4.3M
TN*	\$5.2M	\$10.0M	56	\$3.9M
VA*	\$3.4M	\$5.6M	27	\$1.7M
VT	\$2.6M	\$3.8M	14	\$1.1M
NY	\$1.8M	\$2.7M	10	\$781.3K
TX	\$1.8M	\$3.5M	17	\$1.4M
WI	\$1.6M	\$2.9M	18	\$1.0M
AZ	\$1.1M	\$2.1M	14	\$865.2K
NE	\$974.3K	\$1.7M	8	\$516.4K
MA	\$877.3K	\$1.5M	8	\$514.2K

Note: State production, jobs and wages may not add up to the total due to rounding.

Impact by State

In Order by Level of Spend

State	Diverse & Small Business Spend	Diverse Impact from Direct, Indirect and Induced		
		Total Production	Total Jobs	Total Wages
IA*	\$851.6K	\$1.4M	8	\$369.1K
FL	\$837.5K	\$1.6M	10	\$559.8K
MI	\$684K	\$1M	5	\$373K
HI*	\$591K	\$955K	5	\$271K
NC	\$508K	\$898K	5	\$217K
GA*	\$471K	\$791K	4	\$185K
AL	\$456K	\$657K	3	\$133K
OK	\$177K	\$271K	1	\$55K
AR	\$115K	\$174K	1	\$34K
WA	\$96K	\$184K	1	\$47K
CO	\$85K	\$138K	1	\$36K
ME	\$80K	\$129K	0	\$34K
MN	\$26K	\$34K	0	\$6K
NH	\$25K	\$41K	0	\$10K
DE	\$10K	\$16K	0	\$9K
ID	\$8K	\$13K	0	\$3K
CT	\$7K	\$11K	0	\$3K
SC	\$5K	\$8K	0	\$2K
UT	\$3K	\$5K	0	\$1K

Note: State production, jobs and wages may not add up to the total due to rounding.

Appendix: Economic Impact Modeling

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an “Input-Output” economic model to estimate the number of times each dollar of “input,” or direct spend, cycles through the economy in terms of “indirect and induced output,” or additional spend, personal income, and employment.

There are several Input-Output models used by economists to estimate multiplier effects. supplier.io employed the IMPLAN input-output model in developing estimates of spend, income and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

The Input-Output multipliers are derived from a comprehensive and complex set of inputs based on the collection of business and employment data. Indirect impacts of economic activity in a targeted geographic area are calculated by applying multiplier coefficients to the direct impact spending. Since most of the businesses in the study are considered as local businesses, each supplier was assumed to have operations primarily in one state. These multipliers consider an amount of “leakage” from the state economy because some incomes and expenditures will be spent outside of the state. The economic activity is calculated by state and these state-level results are aggregated to determine the national totals.

Analysis performed by supplier

Assumptions

This analysis relies on the following assumptions:

For suppliers that have multiple locations, all impact is evaluated at the headquarters location.

This may overestimate the impact in the headquarters state and underestimate the impact in other states.

For suppliers that provide services in multiple NAICS code, unless otherwise indicated, all impact is calculated using the supplier’s primary NAICS code. A supplier impact is assumed to be localized within a state.

The model predicts impact results based on industry averages and is an aggregate across all companies. The calculations cannot be applied to individual companies and may differ from actual jobs and incomes at specific companies.

References

This report is based on an analysis of data provided by the customer and information from the following sources:

[US Government Revenues](#)

[Office and Administrative Support Occupations: Occupational Outlook Handbook: U.S. Bureau of Labor Statistics](#)

[United States Output](#)

[What is NAICS](#)

[IMPLAN](#)

[Multipliers Changing Over Time – IMPLAN - Support](#)

[Generation and Interpretation of IMPLAN's Tax Impact Report](#)

[Taxes: How the Pandemic Ruined My Tax Results – IMPLAN - Support](#)

[Pandemic: Analyzing the Economic Impacts of the Coronavirus – IMPLAN - Support](#)



2023 SUPPLIER DIVERSITY

Economic Impact Report
