



SMALL DIVERSE BUSINESS PARTICIPATION SURVEY

ACT 13 of 2012



pennsylvania
DEPARTMENT OF GENERAL SERVICES

Sheri Phillips, Secretary of General Services
July 31, 2014

Introduction

Section 2316 of Act 13 of 2012 requires the Pennsylvania Department of General Services (DGS) to send all unconventional natural gas producers (producers) a survey to collect data to report the producer's efforts in providing maximum practicable contracting opportunities to Small Diverse Businesses (SDBs). SDBs include DGS minority, woman, veteran and service-disabled veteran owned business enterprises.

Producers are required to maintain a policy prohibiting discrimination in employment and contracting based on gender, race, creed or color. In addition, the Producers are required to identify certified SDBs as potential contractors, subcontractors and suppliers.

On March 3, 2014, DGS distributed a survey to 78 companies identified by member organizations and/or the Pennsylvania Department of Environmental Protection as a "Producer" involved in unconventional natural gas extraction. A copy of the survey is attached hereto and marked Exhibit "A." The reporting period for the survey is April 1, 2013 through March 31, 2014. Pursuant to the Act, producers are required to respond to the survey within 90 days.

Our annual report to the respective State Government Committees in the General Assembly summarizes the utilization of SDB participation related to unconventional natural gas extraction as compiled from the surveys returned.

Producer Responsiveness

Thirty One (31) producers responded to the survey for a response rate of 40%. Four of the 31 producers reported they were no longer operating in Pennsylvania, and therefore, would not be submitting. A total of 27 producers submitted a completed survey. One producer submitted a survey on June 4, 2014, which was past the due date, but was included in the results below.

Use of the DGS Database

Of the 27 producers that submitted a completed survey, 18 producers responded "NO" when asked if their company utilized the DGS database to identify SDBs. Of the 18 producers providing a negative response, the top three most selected reasons for not utilizing the DGS database were as follows (they were allowed to select more than one category):

- (1) Already had their subcontractors/suppliers selected 14 times;
- (2) Geographical limitations selected 5 times; and
- (3) Other selected 5 times.

Small Diverse Business Participation

Of the 27 producers that submitted a completed survey, 13 producers reported no utilization of SDBs for this reporting period. Fourteen (14) of the producers provided a listing of utilized SDBs totaling 229 contractors and subcontractors. The following is a breakdown of the 229 contractors:

- Minority-owned business enterprises (MBE) = 60
- Woman-owned business enterprises (WBE) =131

- Veteran-owned business enterprises (VBE) = 31
- Service-disabled veteran-owned business enterprises (SDVBE) = 6
- Non-Small Diverse business enterprises (Other) = 1

Total =229

Type of Services Utilized

Of the 229 contractors and subcontractors listed, 81 were DGS SDBs. Below are the DGS SDBs listed by class and their specific service industries.

MBE 26

- Construction and Building = 3
- Consumer Goods and Supplies = 1
- Machines, Electronics and Equipment = 1
- Professional Services = 20
- Warehousing, Shipping and Logistics = 1

WBE 51

- Accommodation, Recreation & Food = 2
- Agriculture, Forestry = 2
- Chemical and Environmental Services = 1
- Construction and Building = 9
- Consumer Goods and Supplies = 3
- IT Services = 1
- Legal Services = 1
- Machines, Electronics and Equipment = 1
- Maintenance & Repair = 3
- Mining, Drilling and Excavating = 3
- Professional Services = 17
- Scientific and Technical = 4
- Staffing and Labor Support = 1
- Waste, Recycling and Remediation = 3

VBE 2

- Maintenance & Repair = 2

SDVBE 2

- Construction and Building = 1
- Professional Services = 1

Total = 81

**Marcellus Shale
Services Utilized
Fiscal Year 2012 thru 2013 Comparison**

Services	Fiscal Year 2012					Fiscal Year 2013				
	MBE	WBE	VBE	SDVB	2012 Total	MBE	WBE	VBE	SDVB	2013 Total
Accelerometers MFG		1			1					0
Accommodation		1			1		2			2
Agriculture		1			1		2			2
Casework		1			1					0
Chemical & Environmental		1			1		1			1
Construction & Bldg.	2	3			5	3	9		1	13
Consumer Goods		6			6	1	3			4
Drywall	1				1					0
Event Coordination		1			1					0
IT Services		1			1		1			1
Legal Services					0		1			1
Machines & Electronics		1			1	1	1			2
Maintenance Repair and Operations (MRO)					1					5
	1						3	2		
Mining & Drilling		2			2		3			3
Office Furniture	1				1					0
Pipe Installation		1			1					0
Plumbing & Sprinkler	1				1					0
Portable Restrooms		1			1					0
Project Mgmt.	1				1					0
Professional Services	10	16			26	20	17		1	38
Scientific & Technical		1			1		4			4
Staffing	1	2			3		1			1
Security		1			1					0
Warehousing & Shipping	1				1	1				1
Waste & Recycling	1	1			2		3			3
Totals	20	42	0	0	62	26	51	2	2	81

Producers continue to work with small diverse businesses to support equal and fair treatment of small diverse businesses when seeking opportunities in the Marcellus Shale industry. A comparison between fiscal Year 2012 and 2013 for Services Utilized reveals an increase in SDB participation with the emphasis in Professional, Construction, MRO and Scientific and Technical services.

In terms of SDB participation, the above chart indicates veteran business owners increased 100%, minority business owners increased 30%, and woman business owners increased 21%, for a total increase of nearly 31%.

Outreach Efforts

Of the 27 producers that submitted a survey, 16 responded “NO” when asked “did you participate in, or provide networking events, outreach efforts or job fairs for SDBs?” Producers were able to select more than one category.

For those producers that answered “YES,” the type of outreach effort was classified as follows:

- (1) Networking events selected 10 times;
- (2) Job fairs selected 6 times;
- (3) Internet information on bidding opportunities selected 4 times;
- (4) Pre-bid/post-bid meetings for subcontractors and suppliers selected 7 times; and
- (5) Other selected 4 times.

Conclusion

This report reveals an encouraging increase for producer responsiveness of 40% compared to 27% in fiscal year 2012. The overall total for utilization of DGS small diverse businesses increased 31% from a total of 62 in fiscal year 2012 to 81 in fiscal year 2013. Professional services continues to be a leading category for SDB business followed by construction and building services.

Although up slightly, outreach efforts by producers continue to be an area of weakness as 16 of the 27 producers, 59%, did not participate in or provide networking events or job fairs for SDBs. FY 2012 report revealed lower results with 12 out of 19 producers, or 63%, reported no outreach efforts.

The Department of General Services (DGS) attended the Marcellus Shale Coalition Conference for outreach and networking purposes and hosted multiple events for small and small diverse businesses within the reporting year. It is our intention to continue to perform outreach efforts with unconventional producers of natural gas and the Marcellus shale industry aimed at increasing opportunities for small diverse businesses.

The Department is available to answer any questions from members of the respective State Government Committees.

EXHIBIT A

Submit

Act 13 of 2012 – Small Diverse Business Participation Survey

Q1 Producer Company Name: _____

Q2 Producer Company Address: _____

_____ City _____ State _____ Zip _____

Q3 Producer Contact First Name: _____

Last Name: _____

Q4 Survey Preparer First Name (if different from above): _____

Last Name: _____

Q5 Producer Contact Email Address: _____

Q6 Producer Contact Telephone: _____

Q7 Does your company maintain a policy prohibiting discrimination in employment and contracting based on gender, race, creed or color? YES NO

Q8 If your company's policy is maintained publicly, please include a link to the policy. (Optional) _____

Q9 Does your company use the database available on the Internet website of the Department of General Services to identify certified/verified small diverse businesses, including minority-owned business enterprises, women-owned business enterprises and veteran-owned businesses, as potential contractors, subcontractors and suppliers for opportunities related to unconventional natural gas extraction? YES NO

Q10 If you selected No to Q9, please indicate why you did not use the database available to identify certified small diverse businesses by selecting or entering reasons here:

- 100% Self-performed contracts
- Subcontractors/suppliers already selected
- Geographical limitations of available subcontractors
- Other, please identify:

Q11 Use the chart on the next page to record your company's small diverse business participation in contracting opportunities for the reporting period of April 1, 2013 through March 31, 2014. You may also report small diverse business utilization in lower tiers of supply or subcontracting (subcontractors to subcontractors as well as suppliers to contractors and subcontractors) provided that a small diverse business is not the initial subcontractor/supplier. Commitments to small diverse businesses cannot be double-counted regardless of tiers.

Q12 As part of your efforts to provide maximum practicable contracting opportunities for small diverse businesses, YES NO
have you conducted public outreach via networking events, job fairs, or provided other services such as publicly accessible bidding opportunities?

If you answered Yes to Q12, please indicate the types of outreach or services provided by selecting or entering text below.

- Network events Internet information on bidding opportunities Other - please specify below:
 Job Fairs Pre-bid/Post-bid meetings for subs and suppliers

Q13 By signing this survey, I certify that the information entered here is true and correct. _____
(Type in name of preparer)

The survey responses are due on or before **June 2, 2014**, and must be provided via email to gnuppnau@pa.gov.

If you have any questions, please contact Gayle Nuppnau at 717-346-8105.

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