



CHIEF PROCUREMENT OFFICE
Margaret van Dijk, Capital Development Board

August 26, 2016

Mr. Michael M. Hoffman
Acting Director
Department of Central Management Services
401 S. Spring Street – Room 715 Stratton Bldg.
Springfield, IL 62706

Re: CPO-CDB Report of Service-Disabled Veteran-Owned Small Business and
Veteran-Owned Small Business

Dear Director Hoffman:

Pursuant to 30 ILCS 500/45-57(b), as Chief Procurement Officer for the Capital Development Board (CPO-CDB), I am providing you with the Fiscal Year 2016 report of Service Disabled Veteran-Owned Small Business (SBVOSB) and Veteran-Owned Small Business (VOSB) (collectively Veteran Business Enterprise or VBE) for the Capital Development Board (CDB).

- CMS has 131 certified VBE businesses.
- Of the CMS certified VBE firms, 82 are construction or construction-related professional service (architectural/engineering) firms.
- Of the 82 VEB certified construction or construction-related professional firms, 42 of the firms are prequalified or registered with CDB. Prime contractors must be prequalified to participate as a prime contractor for CDB projects; subcontractors must be registered with CDB.

For FY 2016, certified VBE firms include the following:

CMS Certified VBE Firms			
	Total	Prequalified by CDB as Prime	Registered as subcontractor
Contractors	60	10	16
Architects and/or Engineers	22	14	2
Totals	82	24	18

- Due to the FY 2016 budget impasse, the number of projects CDB solicited was limited. CDB set veteran goals on 11 of 28 of projects that were solicited. The scope, location of work, and the number of certified VBE firms in the region impact the ability of CDB to place goals on all projects.

Contracts and Subcontracts

Total contract amount awarded to veteran small businesses by CDB = \$60,214

Total contract amount awarded (incl. subcontracts) through Veteran Business Program goal setting = \$1,032,903

Total of all contracts and subcontracts to veteran-owned small businesses by CDB = \$1,093,117



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- CDB's total spend in FY16 was \$63,387,195, of which \$57,770,359 was subject to veterans goals. CDB achieved 1.9% goal participation to VBE firms, which is a slight increase from FY 2015 achievement of 1.75%.
- CDB awarded contracts or processed subcontracts to 11 unique VBE firms through 1 prime contract and 19 subcontracts.

Please note these numbers represent only "construction" and "construction-related" contracts and do not include "supplies and services".

The Procurement Code requires each Chief Procurement Officer to review the progress of State agencies under their jurisdiction in meeting the 3% goal, with input from statewide veterans' service organizations and from the business community, including businesses owned by qualified veterans, and to make recommendations that are to be included in CMS' report to the General Assembly regarding continuation, increases, or decreases of the percentage goal. As CPO-CDB, I directly contacted all VBE firms that are pre-qualified or registered with CDB, as well as contacted members of CDB's Advisory Committee, which is made up of members in the construction industry who do business with CDB. In addition, a survey was sent to all CMS certified VBE firms by the four Chief Procurement Officers, which provided an opportunity for VBE firms to give feedback on CMS' Veteran Business Program to the CPOs. The survey was completed by 24 VBE firms and the CPOs received good suggestions on the Veteran Business Program. Some of the suggestions are incorporated into my recommendations and are presented below.

In reviewing the progress CDB is making in reaching the 3% goal, I met with Jodi Golden, Executive Director of CDB, and Jesse Martinez, Administrator of CDB Fair Employment Practices (FEP), to discuss outreach efforts by CDB and what additional opportunities are available to increase participation by VBE firms. CDB's FEP unit attended numerous outreach events hosted by other agencies, governmental entities, and industry groups to promote both minority and veteran certification, prequalification, and participation on CDB projects. CDB directly outreached to all construction and construction-related professional firms that are VBE certified to become prequalified or registered with CDB so as to increase the available pool of qualified vendors. CDB has established a relationship with the Illinois Department of Veterans' Affairs and looks to expand and enhance that partnership as a means to increase access to veterans and potential veteran business owners.

Recommendations

- Given the high concentration of CMS certified VBE firms in the Chicagoland area, the CPO-CDB has recommended that CDB set higher veteran goals on CDB projects in that area. The CPO-CDB has received feedback from VBE firms that indicate the standard three percent goal on smaller projects does not provide enough value or incentive to participate. The CPO-CDB believes higher goals in this area of the State can be achieved without hindering competition and would help CDB meet the 3% percent aspirational goal.
- The CPO-CDB recommends providing increased visibility to CDB projects that have VBP goals. The CPO-CDB and CDB are currently working on updating the Illinois Procurement Bulletin for CDB to make it easier for VBE firms to find CDB projects with veteran goals.



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- The CPO-CDB recommends continuation, encouragement, and promotion of the Veteran Business Program at every opportunity to help it grow and become an indispensable asset to the VBE community. Eighty-five percent of vendors identified in the CPO survey said they did not bid on projects because they were not aware of opportunities for veteran-owned firms.
- Contract awards need to be made on a timely basis. Twenty-eight percent of vendors who responded to the CPO survey said reducing the time between bid to award would encourage them to submit bids or participate as subcontractors. A vendor identified in the CPO survey replied that it is difficult to locate and keep resources available during what is often a several months long bid to award/contract process. Once a solicitation is posted and a bid is submitted, a vendor may not be available for work by the time an award is made, a contract is negotiated, and authorization to proceed with work is given by an agency. The vendor in the survey noted other states include timelines in the solicitations with dates for each milestone that includes an anticipated award date and said "The current process in Illinois is a black hole."
- The VBP needs to be encouraged as a part of doing business with the State. A vendor in the CPO survey replied that if a goal is not placed on a solicitation, prime contractors do not see the need to engage VBE as subcontractors on projects. Another vendor commented that there appeared to be too many solicitations exempted from veteran goals. If a solicitation does not include a goal, the rationale for not including a goal must be in writing, approved by the agency head, and included as part of the procurement file.
- Review the certification process. Almost 60% of the vendors who responded to the CPO survey indicated the certification process was difficult or fairly difficult.

Thank you for consideration of these recommendations and for including them in your report to the General Assembly. Please let me know how the CPO-CDB can be of assistance in promoting the Veteran's Business Program and increasing state construction business opportunities for veteran-owned businesses.

Sincerely,

Margaret van Dijk
Chief Procurement Officer

cc: Jodi Golden, Executive Director Capital Development Board
Jesse Martinez, FEP Administrator Capital Development Board
Procurement Policy Board