



CHIEF PROCUREMENT OFFICE
ILLINOIS DEPARTMENT OF TRANSPORTATION
HIGHWAY CONSTRUCTION

November 29, 2011

Honorable Michael J. Madigan
Speaker of the House
300 Capitol Building
Springfield, IL 62706

Re: Small Business Annual Report

Dear Speaker Madigan:

As required by 30 ILCS 500/45-45 of the Illinois Procurement Code the State Purchasing Officer for the Department of Transportation is providing a Small Business Annual Report. This report includes a department wide overview for General Services (non-construction) and construction and construction related contracts.

Also included is the FY2012 Small Business Spend Compliance Plan for construction and construction related contracts only as required by PA 97-0307

If you have any questions or need further information regarding this or any other matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Colleen Caton".

Colleen Caton
State Purchasing Officer
IDOT Highway Construction

Enclosure



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois / 62764

FY 2011

EXECUTIVE SUMMARY

SMALL BUSINESS ANNUAL REPORTS - ILLINOIS PROCUREMENT CODE GENERAL SERVICES (NON-CONSTRUCTION) AND CONSTRUCTION AND CONSTRUCTION-RELATED CONTRACTS

FY 2012

EXECUTIVE SUMMARY

SMALL BUSINESS SPEND COMPLIANCE PLANS SMALL BUSINESS CONTRACTS ACT - PA 97-0307 GENERAL SERVICES (NON-CONSTRUCTION) AND CONSTRUCTION AND CONSTRUCTION-RELATED CONTRACTS

The department is in a unique situation regarding the requirements to report annual state contract spend with small businesses, as well as the preparation of future small business spend Compliance Plans due to the fact that there are two Chief Procurement Officers (CPOs) who oversee procurements and the award of state contracts to prime vendors.

CPO Bill Grunloh oversees Construction and Construction-Related procurements handled by the department, while CPO Matt Brown oversees General Services or non-construction procurements and contract awards.

Because of this unique separation of procurement authority, the department has determined it would be advantageous to submit separate reports, approved by the appropriate CPO, that reflect the actual small business spend and future small business spend projections delineated by the CPO authority under which the procurements are handled and contracts awarded. This Executive Summary will accompany both reports indicating approval by the Acting Secretary of Transportation of the data included herein.

As specified in the Illinois Procurement Code (Code) and the Small Business Contracts Act (P.A. 97-0307), the department is required to report annual spend with prime contractors who are small businesses in Illinois, as well as submit Compliance Plans for future spending with small businesses. We note however, that a significant amount of spend occurs each fiscal year with vendors who potentially qualify as small businesses, based on annual gross receipts, but may not be currently be recognized by law or rule as such in Illinois (e.g., subcontractors). The requirements of the Code and Act specifically require spend reports for state contracts awarded to prime vendors. The Department spends a significant amount of our annual highway construction budget with subcontractors who qualify as small businesses, but those dollars are not currently counted in our report. We plan to work with the two offices of CPO to identify

potential ways to include those dollars by rule promulgation or a change in legislation before the FY2012 reports are due.

By way of example, in FY2011 the department spent **\$231,245,621.00** with Disadvantaged Business Enterprises (DBEs), who were small businesses, in construction and construction-related procurements, through subcontracts. Under current reporting requirements, our construction report would not capture that spend. However, with the inclusion of that spend; we feel the department would be able to meet or exceed the 10% set-aside requirement in the Small Business Contracts Act.

FY 2011

COMBINED SMALL BUSINESS ANNUAL REPORT

DEPARTMENT OVERVIEW

**GENERAL SERVICES (NON-CONSTRUCTION) AND
CONSTRUCTION AND CONSTRUCTION-RELATED CONTRACTS**

Fiscal Year 2011 Small Business Annual Report

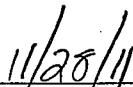
1. For Fiscal Year 2011, provide the Agency's total dollar spend on State Contracts:
\$2,708,516,597.59

2. For Fiscal Year 2011, provide the dollar amount spent on State Contracts with Small Businesses in the following three categories:
 - a. Spend with qualified small businesses pursued as a set-aside = **\$4,914,199.92**
Note: In order to qualify as spend under the Small Business Set-Aside Program, the decision to set-aside the bid needed to be made, and documented, prior to the solicitation being released or the bid being conducted.
 - b. Spend with qualified small business **not** pursued as a set-aside = **\$71,090,478.25**
 - c. Total spend with Small Businesses = **\$76,004,678.17**

3. For Fiscal year 2011, provide the Agency's total spend with Small Businesses as a percent of total dollar spend on State Contracts = **2.81%**



Ann L. Schneider
Acting, Secretary of Transportation



Date

FY 2011

SMALL BUSINESS ANNUAL REPORT
CONSTRUCTION AND CONSTRUCTION-RELATED CONTRACTS

Agency Representative Completing this Plan: **Ted Walschleger**

Contact Information for Agency Representative: **(217) 782-4894; ted.walschleger@illinois.gov**

State Purchasing Officer: **Colleen L. Caton (Construction and Construction-Related Services)**

Date Plan Submitted to SPO: **November 28, 2011**

Fiscal Year 2011 Small Business Annual Report Construction and Construction-Related Services

1. For Fiscal Year 2011, provide the Agency's total dollar spend on Construction and Construction-Related Services State Contracts: **\$2,458,165,975.59**
2. For Fiscal Year 2011, provide the dollar amount spent on Construction and Construction-Related Services State Contracts with Small Businesses in the following three categories:
 - a. Spend with qualified small businesses pursued as a set-aside = **\$3,788,481.67**
Note: In order to qualify as spend under the Small Business Set-Aside Program, the decision to set-aside the bid needed to be made, and documented, prior to the solicitation being released or the bid being conducted.
 - b. Spend with qualified small business not pursued as a set-aside = **\$58,078,243.06**
 - c. Total spend with Small Businesses = **\$61,866,724.73**
3. For Fiscal year 2011, provide the Agency's total spend with Small Businesses as a percent of total dollar spend on State Contracts = **2.3%**

Fiscal Year 2012 Initial Compliance Plan

I. GOALS

- A. For Fiscal Year 2012, provide the Agency's projected total dollar spend on Construction and Construction-Related Services State Contracts: **\$2,400,000,000.00**
- B. For Fiscal Year 2012, provide the dollar amount projected to be spent on Construction and Construction-Related Services State Contracts with Small Businesses in the following three categories:
 1. Projected spend with qualified small businesses pursued as a set-aside = **\$4,000,000.00 (NOTE: If DBE firms who qualify as a small businesses**

can be certified and counted in the FY2012 report, this set-aside would be approximately \$232,000,000)

Note: In order to qualify as spend under the Small Business Set-Aside Program, the decision to set-aside the bid needed to be made, and documented, prior to the solicitation being released or the bid being conducted.

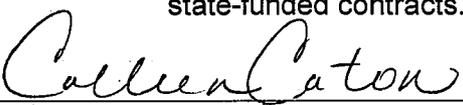
2. Projected spend with qualified small business **not** pursued as a set-aside = **\$62,000,000.00**
 3. Total projected spend with Small Businesses = **\$66,000,000.00**
- C. For Fiscal year 2012, provide the Agency's total projected spend with Small Businesses as a percent of total projected spend on State Contracts = **2.75%** (NOTE: If the contracts awarded to DBE firms who qualify as small businesses is counted in FY2012, then the percentage would be 12.4%.)

II. **METHOD**

- A. For Fiscal Year 2012, identify with specificity the **manner** in which the agency intends to achieve the spend projections above in I.B.1. and I.B.2. **For our construction and construction-related procurements:** (1) The Department reviews a pre-letting (i.e., construction equivalent of issuing an IFB) list of projects estimated at \$500,000 or less to identify potential set-asides (can only be state-funded); (2) Complexity of the project is taken into consideration when determining set-asides; (3) Examples of set-aside projects include landscaping, tree planting and removal, seeding, wetland maintenance, mowing and spraying, storm sewer repairs, concrete knee wall construction, building demolition, septic tank removal, guardrail and fencing installation, and small bridge washing projects; (4) Small Business Set-Aside projects may have DBE goals as well; (5) There are no prequalification requirements for the small business set-aside projects – contractors must submit a Qualifications and Equipment form with their bid; (6) The Apprenticeship and Training Certification applies; and, (7) The low bidder must provide a performance bond and insurance after contract award, but before execution by the Department.

III. **TIMELINE**

- A. For Fiscal Year 2012, identify a **timetable** for reaching the spend goals outlined above in I.B.1. and I.B.2. **Construction and Construction-Related:** A letting will be advertised on the Transportation Bulletin on December 9, 2011 with set-asides identified where possible for state-funded contracts; Lettings will be published on the Transportation Bulletin on February 3, 2012 and March 23, 2012 with set-asides identified where possible for state-funded contracts; A letting is scheduled for May 11, 2011 with set-asides identified where possible for state-funded contracts.

	
Colleen L. Caton, State Purchasing Officer Construction, Transportation	Bill J. Grunloh, Chief Procurement Officer Construction, Transportation
11/29/11	11/29/11
Date	Date