



CHIEF PROCUREMENT OFFICE

Bill Grunloh, Department of Transportation - Highway Construction

October 28, 2020

Mr. John Hollman
Clerk of the House
Illinois House of Representatives
300 Capitol Building
Springfield, IL 62706

Re: FY2020 Small Business Contracts Report

Dear Mr. Hollman:

In accordance with 30 ILCS 500/45-90(f) of the Illinois Procurement Code, the Chief Procurement Officer (CPO) is required to submit an annual report by November 1 of each year that includes a summary of contracts awarded to small businesses and an analysis of the level of the overall goal concerning purchases from small businesses.

The Illinois Department of Transportation awarded 823 contracts for a total value of \$309,040,659.00 to small businesses, including subcontracts, in FY2020. The average contract amount is \$375,505.00.

For FY20 the departments total spend was \$1,976,013,539.00 which equates to an overall small business participation of 15.6%.


It is my opinion that IDOT is committed to small business contracting and has a dedicated bureau to assist small and disadvantaged businesses learn about the agency's procurements. It is IDOT's goal to provide assistance to small businesses, including Disadvantaged Business Enterprises (DBE) firms and individuals interested in doing business with the department in ways that ensure equity, access, and transparency. IDOT, in accordance with federal guidelines, strives to facilitate and implement programs that can help current and future business partners open the door to doing business with IDOT.

A small business compliance plan was submitted to me, by IDOT, outlining the FY2021 goals of the department. The plan has been reviewed and approved by me with the following suggestions. The department and I have had initial discussions about implementing these possible suggestions.

- Reevaluate the types of small business projects (types of expertise required) currently included in the Highway Lettings. There is currently no prequalification required for small businesses on the Highway Lettings, so it is difficult sometimes to determine qualifications of firms submitting bids.
- Reevaluate the dollar amount of projects considered for the small business program to effectuate more projects to be included for small businesses on the lettings.
- Currently small business projects on the letting have a reduced performance bond amount of \$75,000.00, not the normal percentage of the total contract amount. A suggested change would be to reduce the amount of the bond to reflect the risk to IDOT and the state. Some service and maintenance contracts, litter picking and sweeping, for example, have a low risk to the state if a contractor were to fail to perform, therefore a reduced performance bond amount could remove a substantial barrier to these small firms.
- Seek a statutory change to allow for an Irrevocable Letter of Credit to be used in lieu of a performance bond for select small business contracts. The department would need to determine which contracts would be of a low financial risk to the department and the State to utilize this line of credit method.

IDOT continued to pursue contracting opportunities with small businesses during Fiscal Year 2020. Even with the increase of the dollar value of contracts and subcontracts awarded to small businesses in FY2020, efforts to increase the pool of qualified small business contractors and subcontractors should continue to be of utmost importance.

Sincerely,



Bill Grunloh
Chief Procurement Officer