



CHIEF PROCUREMENT OFFICE

Bill Grunloh, Department of Transportation - Highway Construction

October 27, 2021

Honorable Chris Welch
Speaker of the House
Illinois House of Representatives
300 Capitol Building
Springfield, IL 62706

Re: FY2021 Small Business Contracts Report

Dear Speaker Welch:

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 (IDOT) awarded 869 contracts for a total value of \$287,531,088 to small businesses, including subcontracts, in FY2021. The average contract amount is \$330,875.

For FY21 the departments total spend was \$1,770,189,253 which equates to an overall small business participation of 16.2%.

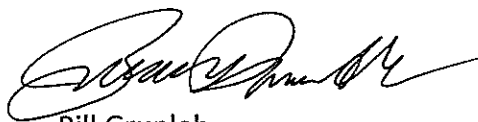
It is my opinion that IDOT is committed to small business contracting. In fact, the department has a dedicated bureau, the Office of Business and Workforce Diversity, to assist small and disadvantaged businesses in becoming aware of the department's procurement and workforce opportunities. IDOT provides assistance to small businesses, including Disadvantaged Business Enterprise (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 FY2022 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.
- My office has been working with the department to advance legislation that would allow for an alternative to small businesses having to provide a performance and payment bond with their contracts. These bonds are without a doubt, a barrier to most small businesses. With well thought out changes in the law, contracts selected by the department with limited risk (call-out maintenance contracts, litter picking, tree trimming and chemical spraying as a few examples) would qualify for a "letter of credit" or some other form of security in lieu of a bond. Without these bonds, there could be an added risk to the state but if managed correctly, that risk would be minimized.
- The department is also looking into possible pilot programs as a result of a recently announced Federal Highway Administration program, "Enhancing Highway Workforce Development Opportunities Contracting Initiative." This new program will allow, on an experimental basis, projects to utilize geographic, economic, or other hiring preferences or innovative contracting approaches not otherwise authorized by law that have the potential to enhance workforce development opportunities in the transportation construction industry. I commend the department for their continual efforts to enhance workforce development in construction projects across the State of Illinois.

IDOT continues to pursue contracting opportunities with small businesses and it's my belief that the initiatives outlined in the department's 2022 compliance plan and along with my suggestions to that plan, participation will increase. With that said, I have concerns that at some point the pool of current DBEs and other small businesses will struggle to keep up with the opportunities. With the influx of projects through the State Capital Bill and the possible passage of a Federal Infrastructure plan, 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