



Chief Procurement Office

Bill Grunloh, Department of Transportation - Construction

December 12, 2016

Brittany Ladd
Acting Assistant Director
500 E. Monroe Street
Springfield, IL 62701

Re: Business Assistance and Regulatory Reform Act Report
Review of rules and regulations for small business

Dear Ms. Ladd:

In accordance with Public Act 099-0370, "The Business Assistance and Regulatory Reform Act", I have conducted my initial review of the Administrative Rule 44 Ill. Adm. Code 6.125 ("Small Business Set-Aside") for the Chief Procurement Office for Construction at the Illinois Department of Transportation (IDOT). I have also reviewed our regulations, prequalification requirements and processes and procedures associated with construction contracting with Small Business at IDOT.

I have not found the existing rules, regulations or processes and procedures to be unreasonable, unduly burdensome, duplicative, or onerous to small businesses.

As my office recently reported in our annual "Report of the Small Business Set-Aside Program for FY 2016", the nature of road and bridge construction does not lend itself well to small contracts that would fit into the Small Business Set-Aside Program. Projects are unbundled to the greatest extent possible to increase available projects for this program but IDOT still has limited availability of small contracts for construction.

Recommendations:

Specific to construction, I believe one of the inherent problems with programs like the Small Business Set-Aside Program as well as the IDOT Target Market Program is the belief that contractors and vendors want to be prime contractors. In some cases it may be true that these programs can have the effect of growing and promoting small businesses to that next level. More often I hear from small businesses that they don't have the working capital, the relationships with banks and bonding companies or the expertise or desire to be a prime contractor, they just want a contract and want to go to work.

I would specifically recommend that for construction, consideration be made to revise section 30 ILCS 500/45-45 "Small Business". Under this program, current law requires that a

contractor/vendor must have a contract with the state in order to be considered a set-aside. I would suggest that subcontractors, material suppliers, or any incidental material, labor, or services procured through the prime contractor by any method from a qualified small business be included as part of the program goals. The prime contractor would be required to track and report the names of the qualified small businesses and the amount of spend on a regular basis to IDOT for reporting requirements.

The intent of these suggested changes is not to make it easier to reach goals; it is to get a true picture of how the state is performing. For these programs to succeed the state needs a baseline of how many dollars are actually going to small businesses. Is the purpose really to have small businesses get a state contract or is it to have them share in the work that the State of Illinois is procuring? The answer is probably both but accurate data would go a long way in propelling these worthy programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Grunloh", written in a cursive style.

Bill Grunloh
Chief Procurement Officer

Cc: Katy Khayat