



Chief Procurement Office

Bill Grunloh, Department of Transportation - Construction

October 4, 2021

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

Re. Business Assistance and Regulatory Reform Act Report
Review of Rules and Regulations for Small Business

Dear Speaker Welch:

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 reported in past years, 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 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.

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 minimal.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Grunloh", with a long, sweeping flourish extending to the right.

Bill Grunloh
Chief Procurement Officer