



**CHIEF PROCUREMENT OFFICE**  
Art Moore, Capital Development Board

November 1, 2019

Re: CPO-CDB Small Business Participation Report – FY19, pursuant to ILCS 500/45-90(f)

To the Illinois General Assembly:

The Capital Development Board (CDB) has a long history of utilizing small business firms in the design and construction of the State’s buildings. When one of the State’s 8,400 properties requires repair or renovation, CDB manages the project. Many projects involve modernizing facilities to meet accessibility standards and protecting the lives and safety of Illinois residents by removing such environmental hazards as asbestos and lead.

The Chief Procurement Officer for the Capital Development Board (CPO-CDB) has never exercised authority to set-aside contracts for small businesses since CDB’s percentage of contracting with small businesses continually exceeds the 10% statewide goal. CDB and the CPO-CDB routinely measure the overall pool of prequalified vendors, as well as those who receive contracts, to evaluate the need for a set-aside program. Nearly all of the CDB’s contracts are awarded to vendors that are prequalified to bid by the CDB. In FY19, 64.8% of all CDB prequalified firms are small businesses. In FY19, one hundred sixty-nine contracts representing 69% of CDB contracts awarded were awarded to small businesses.

The total spend with small business is as follows:

<u>Fiscal Year</u>	<u>Total Spend \$</u>	<u>Total Spend \$ to Small Business</u>	<u>Percentage of Contracts</u>
FY 2014	\$213,116,530	\$60,347,095	28.3%
FY 2015	\$300,833,450	\$56,187,474	18.7%
FY 2016	\$63,387,195	\$26,543,823	42%
FY 2017	\$87,773,456	\$28,969,798	33%
FY 2018	\$94,387,013	\$45,597,923	48%
<b>FY 2019</b>	<b>\$321,098,228</b>	<b>\$70,126,976</b>	<b><u>22%</u></b>

Fiscal Year 2019 participation data indicates that:

- Most prequalified vendors are small businesses
- CDB awards most contracts to small businesses



## CHIEF PROCUREMENT OFFICE

Art Moore, Capital Development Board

- CDB exceeds small business participation goals
- When the total spend increases the participation percentage decreases

The CPO-CDB continues to monitor the value of contracts awarded to small businesses to evaluate the need for a set-aside program. The FY19 spend with small businesses was 22% of total contract spend. While the percentage of small business spend is lower than FY18 spend with small business, the actual dollars spent with small business during FY19 is the highest it has been over the past six years. These numbers include contracts, change orders, and modifications that were obligated within the fiscal year. This participation level does not include the participation by subcontractors, most of which are small businesses. As a result, actual participation of small businesses is probably much larger than just the participation by prime contractors identified in this report.

Regardless of the method for delivering a project, vertical construction is largely performed through tiers of subcontractors and material suppliers, the majority of whom are likely to be small businesses. The CPO-CDB and CDB recognize the vital role small businesses play in CDB projects at the subcontractor level and look forward to their inclusion in future achievement numbers. CDB does not currently have a method to easily track small business spend with subcontractors. The CPO-CDB continues to impress upon CDB the importance of securing an electronic solution that accurately tracks small business subcontractor spend. The CPO-CDB recognizes the importance of tracking subcontractor spend as the number of large dollar projects increases with the recent passage of the Capital Plan. In the absence of an electronic solution the CPO-CDB has evaluated staffing levels and is proposing the addition of a person dedicated to the review and tracking of spend with small businesses.

Arthur Moore  
Chief Procurement Officer  
Capital Development Board