



**CHIEF PROCUREMENT OFFICE**  
Ellen H. Daley, General Services

December 3, 2018

Mr. Tim McDevitt, Acting Director  
Department of Central Management Services  
401 South Spring Street, Room 715 Stratton Office Building  
Springfield, IL 62706

Re: Report of Service-Disabled Veteran-Owned Small Business and  
Veteran-Owned Small Business

Dear Director McDevitt:

Pursuant to 30 ILCS 500/45-57(b), I provide this report of the participation level of Service-Disabled Veteran-Owned Small Business (SDVOSB) and Veteran-Owned Small Business (VOSB) firms in state procurement. I am committed to using my resources and the resources of my office to promote State contracting with the men and women in Illinois that own small businesses and served our country in military uniform.

While the State has made progress enrolling more SDVOSB and VOSB firms into the Veterans Business Program (VBP), I do not believe that we will achieve the State's 3% contracting goal with veteran-owned businesses without doing something radically different.

**Participation Level of Veteran Owned Small Businesses in Procurement**

Each year, I review the progress of all State agencies under my jurisdiction in meeting the goal of awarding not less than 3% of the total dollar amount of State contracts to SDVOSBs and VOSBs. In Fiscal Year 2018, my review evaluated Comptroller payments to the 156 (14.3% increase over FY17) veteran-owned small businesses certified in the Veterans Business Program (VBP). 156 vendors are the greatest participation in VBP since the program began in August 2011.

36 of the 156 certified SDVOSB and VOSB businesses, or 23.1%, received payments from the Office of the Comptroller. The payments totaled \$34,151,993 and ranged from a single payment to Fact Finders Group, Inc. for \$16.82 to multiple payments to Herlihy Mid-Continent Company totaling \$22,059,615. In Fiscal Year 2018, vendors contracting with State agencies under my jurisdiction received \$10.5 billion in payments from the Office of the Comptroller.

Of the 36 vendors that received payments, 12 received payments totaling more than \$100,000; 4 received payments totaling more than \$1,000,000 and each of them provided construction-related services. Attached is a list of the payment amounts to the 36 vendors. See Attachment A.

**Recommendations**

1. Unfortunately, the Special Committee on Minority, Female, Persons with Disabilities, and Veterans Contracting created by Public Act 100-43 has not met. The charge of the Special Committee is to review Illinois' procurement laws regarding contracting with minority-owned businesses, female-owned businesses, businesses owned by persons with disabilities, and veteran-owned businesses to determine what changes should be made to increase participation of these businesses in State procurements.



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As a member of the Special Committee, I plan to propose for discussion the creation of set-aside contracts for businesses certified in the Veteran Business Program (VBP). These set-aside contracts would limit competition for State contracts to only vendors certified in VBP. Veteran-owned businesses will not have to compete with large out-of-state or large in-state vendors. Additionally, when only one vendor in VBP offers a supply or service not offered by another VBP vendor, any State agency may contract with that unique VBP business if the terms of a contract can be negotiated to the mutual benefit of the State and vendor. This removes the requirement that at least two VBP vendors exist before establishing a veteran subcontracting goal.

I believe that setting-aside contracts will serve as a strong incentive for qualified veteran-owned businesses to enroll in VBP and remove the ongoing assertion by State agencies that if there were more businesses in VBP then there would be more contract opportunities. I also believe that the use of set-asides is the most important factor in the near term for increasing the total dollar value of awards to veteran-owned businesses.

To create set-aside contracts for SDVOSB and VOSB, the Procurement Code needs to be amended giving me this authority. I will invite you to a meeting to discuss this recommendation.

2. I recommend that you review and consider implementing recommendations that I made in last year's SDVOSB and VOSB report. Many of these recommendations reflect direct input from veteran business owners and remain viable actions to creating a more responsive and effective program. See Attachment B – Fiscal Year 2017 Recommendations.

The 3% contracting goal continues to remain appropriate. My office stands ready to discuss all recommendations with you and assist in the development of strategies that will speed up State contracting with veteran-owned businesses.

Please do not hesitate to ask any questions that you may have regarding this report. I look forward to promoting meaningful State contracting opportunities for veteran-owned businesses.

Sincerely,

Ellen H. Daley

Chief Procurement Officer for General Services



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## Attachment A – Fiscal Year 2017 Recommendations

<u>Business Name</u>	<u>FY18 payments</u>	<u>Certification Type</u>
Fact Finders Group, Inc.	\$ 16.82	VOSB
Generation 2 Trucking Inc	\$ 32.19	VOSB
The Apelago Group LLC	\$ 79.16	SDVOSB
Kim Denham Trucking LLC	\$ 86.40	VOSB
Rocket Productions, Inc.	\$ 250.00	VOSB
Freedom EMS LLC	\$ 416.04	VOSB
Blue Yonder Inc	\$ 1,302.82	SDVOSB
Mohr Oil Company	\$ 1,721.08	VOSB
Viking Brothers, Inc.	\$ 4,699.45	VOSB
American Veteran Industries, LLC	\$ 5,208.00	SDVOSB
SCIGON Solutions, Inc.	\$ 5,382.86	SDVOSB
3rd Coast Imaging, Inc.	\$ 6,333.35	VOSB
ACTION PAINTING COMPANY INC	\$ 6,975.00	VOSB
2 Code Plumbing, LLC	\$ 8,875.00	SDVOSB
TROPICAL ENVIRONMENTAL, INC.	\$ 9,800.42	SDVOSB
Kuhn & Trello Consulting Engineers, LLC	\$ 10,961.98	VOSB
HUDSON BOILER & TANK COMPANY	\$ 15,532.00	VOSB
5366 Logistics Corp	\$ 22,815.17	SDVOSB
Kurent Safety, Inc.	\$ 27,508.73	VOSB
ProAlliance Corp	\$ 30,704.97	SDVOSB
John Keno & Co.	\$ 32,400.00	VOSB
Bravo Company Engineering, Inc.	\$ 33,468.48	VOSB
Eilering Architecture	\$ 46,440.80	VOSB
Mode Architects, P.C.	\$ 56,935.50	VOSB
H & N Construction, Inc.	\$ 107,767.97	VOSB
Pagoda Electric & Construction, Inc.	\$ 194,818.90	VOSB
D. L. DuBois & Associates, Ltd.	\$ 205,368.24	SDVOSB
Griggs Mitchell & Alma of IL, LLC	\$ 213,597.00	VOSB
Semper Fi Yard Services, Inc.	\$ 218,452.23	VOSB
Juneau Associates, Inc., P.C.	\$ 238,376.72	VOSB
The ROSS Agency, Inc.	\$ 241,260.00	VOSB
Anchor Data Systems	\$ 459,513.50	SDVOSB
E.R. BAKEY INC.	\$ 1,292,697.95	SDVOSB
Collins Engineers, Inc.	\$ 1,660,283.14	VOSB
Industrial Fence, Inc.	\$ 6,932,295.84	VOSB
HERLIHY MID-CONTINENT COMPANY	\$ 22,059,615.56	VOSB
	<b>\$ 34,151,993.27</b>	



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## Attachment B – Fiscal Year 2017 Recommendations

- Public Act 100-43 creates the Special Committee on Minority, Female, Persons with Disabilities, and Veterans Contracting. The Special Committee shall review Illinois' procurement laws regarding contracting with minority-owned businesses, female-owned businesses, businesses owned by persons with disabilities, and veteran-owned businesses to determine what changes should be made to increase participation of these businesses in State procurements. 30 ILCS 575/8g.

As a member of the Special Committee, I look forward to the Committee's efforts to analyze the state's laws and make recommendations on how to increase veteran participation in state contracting. For the past two years, I solicited and received feedback from small business owners and veteran organizations on this very subject. This feedback has been incorporated into my past recommendations to the Department of Central Management Services.

I believe that the Committee's public hearings will yield new insights and valuable feedback upon which to build an action plan and recommend that this plan contain measurable objectives and timelines. In the meantime, I recommend continuing the 3% goal prescribed in Section 45-57 of the Procurement Code.

- Recommendation #1 (Outreach) – Determine the Foundational Number of Potential VOSB and SDVOSB

I recommend that the Department of Veterans' Affairs (DVA) select one official source to represent the potential number of veteran-owned businesses in Illinois. There is no consensus across and within State officials or veteran representatives. Having an official database allows the State to meaningfully measure the progress of vendor participation in VBP.

- Recommendation #2 (Outreach) – Increase the Frequency and Coordination of Outreach Efforts  
I recommend that DVA and the Department of Central Management Services (CMS) develop an annual marketing plan to include a goal of increasing new vendor enrollment and share them both with stakeholders.
- Recommendation #3 (Contract Opportunities) – Evaluate Contract Opportunities and Participation

I recommend that CMS work with my office to evaluate the number of certified vendors registered in each commodity code and compare that to State contract opportunities within those codes.

- Recommendation #4 (Contract Opportunities) – Facilitate Matchmaking Opportunities

I recommend that DVA and CMS create opportunities, both online and in-person, for veteran-owned small businesses to meet current and potential prime contractors within their industries. These "matchmaking" events will give the veteran-owned firm immediate contacts with primes, increased exposure for their businesses, and may lead to future subcontracting opportunities.