



Illinois Road and Transportation Builders Association
Testimony Before the Illinois Department of Central Management Services
Presented by Michael J. Sturino, President & CEO
August 19, 2014

The Illinois Road & Transportation Builders Association (IRTBA) was formed in 1938 to promote the transportation needs of the state. IRTBA member firms design, build, and maintain the state highways, transit systems, railways, and aviation systems. The core purpose of IRTBA is to advance and promote the transportation design and construction industry in Illinois.

The IRTBA is providing testimony concerning the goals for contracting with veteran and service disabled veteran owned businesses. The IRTBA supports business opportunities for small businesses owned and controlled by qualified veterans to participate in the State's procurement process as both prime contractors and subcontractors. The procurement code provides that "it is the goal of the State not less than 3% of the total dollar amount of State contracts, as defined by the Director of Central Management Services, shall be established as a goal to be awarded to SDVOSB and VOSB." It is the inclusion of a 3 percent goal that raises industry concern.

According to the CMS website, 85 firms are certified as SDVOSB and VOSB. Of those firms, two prime consultants are IDOT registered, and two prime contractors are IDOT registered. These firms are in various geographic regions of the state. In addition, six subcontractors could conceivably bid work, and all are located in IDOT District 1. In addition, a few SDVOSB and VOSB trucking companies are included in the list of certified firms. The various firms' actual capacity to do particular work at a particular volume is unknown. IDOT's construction program for the current fiscal year will be nearly \$3 billion, while the Tollway expects to put out \$1.4 billion in work in 2014. The current goal of 3 percent means that fewer than 15 firms qualified to do construction and design work would perform \$132,000,000 worth of work this year on IDOT and Tollway work alone.

The number of ready, willing and able certified SDVOSB and VOSB firms is, in essence, the sole issue at stake. It is apparent that a sufficient quantity of SDVOSB and VOSB firms who are qualified to do the work either do not exist or have not been identified in order to establish any sort of goal program. It is imperative in any goal setting process that agencies determine availability as well as make an effort to determine capacity – that is ready, willing and able firms. In the transportation design and construction arena, determining availability and capacity must be done by geographic region. It also must be seasonably reviewed in order to determine whether the original goals set remain appropriate. The IRTBA has and will continue to attempt to reach firms who are engaged in the field to become certified if they are qualified. We urge CMS to do the same.

In the JCAR process, CMS delegated goal setting for construction and construction related services to the Tollway and IDOT. Understanding the complexity of the issues involved, industry has sought to be heard by these agencies prior to the adoption of goal setting and related rules. The Tollway introduced its Veterans' preference goals for professional services as an addendum two weeks prior to the various proposals' due date. When industry associations raised concerns, primarily because only one transportation engineering firm existed, and that firm is located in Madison County, the Tollway issued a second addendum. That addendum provided, among other things, that "the subordinate firm does not need to be IDOT prequalified." Industry expressed its serious concern about the consequences of the Tollway opening its engineering and design services to unqualified firms, and that a specific segment of industry was given this special treatment. Every Veteran-owned firm should (as a minimum) be expected to reveal its capacity and qualifications, especially if they are getting calls from many firms as is expected. It would be appropriate for the CMS or Tollway to educate the Veteran owned firms on this.

The Tollway advised that firms who cannot meet the goal may request a goal modification by establishing that good faith efforts were met. As an initial matter, imposing additional requirements on bidding requirements for prime contractors and consultants merely adds to costs, creates the possibility for error, and ultimately reduces the number of firms who bid on state work. Attempting to meet a goal is a responsibility that takes time if it is to be done effectively and responsibly. The amount of time will be up to each bidder based upon the scope of work and appetite for risk. Finally, contractors are exceedingly reluctant to request a goal modification because no clear cut rules exist to establish when good faith efforts are met.

Firms who are required to use all efforts to meet a goal should have confidence that the goal setting process has sufficient safeguards and employs adequate methodologies that a goal is reasonable in the first place. No agency should establish a goal, knowing that it would be impossible to meet, in order to fulfill the mandate of a state law. Rather, it is the responsibility of all agencies to employ best practices to establish realistic goals. If the actual goals that are set are not consistent with statutory goals, it is the duty of agencies and stakeholders alike to advise the legislature that the goal set forth in the statute should be revisited so that they properly reflect the actual market.

As of today, in the construction and design arena, such appears to be the case. The industry is extremely grateful for the extraordinary amount work being put out through the Tollway's "Move Illinois" program and IDOT's FY 2015 Highway Improvement Plan. It is important that opportunities exist for qualified firms to bid on the work. Yet as indicated above, the few SDVOSB and VOSB firms who are able to take on the work can never achieve program goal.

Opportunities for veterans to fully participate in every aspect of life must be safeguarded. Identifying and properly certifying bona fide SDVOSB and VOSB firms is important to determine proper goals in the event the program continues. To maintain a goal that cannot be met subverts the intent of the program and undermines the integrity of the goal-setting process.