



State of Maryland  
**Board of Public Works**

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Parris N. Glendening  
*Governor*  
William Donald Schaefer  
*Comptroller*  
Nancy K. Kopp  
*Treasurer*  
Sheila C. McDonald  
*Executive Secretary*

March 5, 2002

Karl S. Aro, Executive Director  
Department of Legislative Services  
Legislative Services Building  
90 State Circle, Room 311  
Annapolis, Maryland 21401

**Pursuant to State Finance § 14-208(b)**

Dear Mr. Aro:

Pursuant to the requirements of §2-1246 State Government Article, Annotated Code of Maryland, I am forwarding five copies of a report entitled "Report to the Board of Public Works and the Legislative Policy Committee on the Small Business Preference Program." This report details the activities of the Department of General Services during the period of July 1, 2000 through June 30, 2001 concerning the operation and effectiveness of the Small Business Preference Program under Title 14, Subtitle 11 State Finance and Procurement Article. Also enclosed are copies of a memorandum detailing the status of the Maryland Department of Transportation's program implementation.

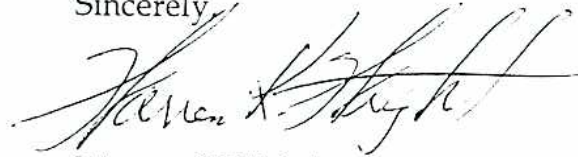
Section 14-208, State Finance and Procurement Article, requires the Secretary of General Services, the Secretary of Transportation and the Chancellor of the University System of Maryland to submit their respective reports to the Board of Public Works and for the Board to submit a consolidated report to the Legislative Policy Committee.

Chapter 515 Acts of 1999 (Higher Education, University System of Maryland – Coordination, Governance and Funding), exempted the University System of Maryland from Division II of the State Finance and Procurement Article and from the above reporting requirements.

The Maryland Department of Transportation (MDOT) has experienced some delays in implementing its Small Business Enterprise (SBE) program, but has made significant progress over the past fiscal year and now has its program plans in draft form. The Department has begun outreach efforts and is implementing a networking program to facilitate its SBE program. The Department has employed a Small Business Enterprise program manager. MDOT's SBE program is expected to be fully implemented in the near future.

If you have any questions, please call me on 410.260.7718.

Sincerely,

A handwritten signature in black ink, appearing to read "Warren K. Wright". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Warren K. Wright  
Procurement Advisor

cc: The Honorable Parris N. Glendening  
The Honorable William Donald Schaefer  
The Honorable Nancy K. Kopp  
The Honorable Sheila McDonald  
The Honorable John Porcari  
The Honorable Peta Richkus

Parris N. Glendening  
Governor

Kathleen Kennedy Townsend  
Lt. Governor



MARYLAND DEPARTMENT OF GENERAL SERVICES  
OFFICE OF THE SECRETARY

Peta N. Richkus  
Secretary

Richard F. Pecora  
Deputy Secretary

September 14, 2001

Ms. Sheila C. McDonald  
Secretary  
Board of Public Works  
Room 405 - Treasury Building  
Annapolis, Maryland 21404

Re: Small Business Preference Program

Dear Ms. McDonald:

Enclosed with this letter is the Small Business Preference Program Report for fiscal year 2001. The Report is being presented in accordance with State Finance and Procurement Article, Title 14-208, which requires the Secretary of General Services to submit a report to the Board of Public Works each year.

If you have any questions regarding the contents of the report, please feel free to contact me or my Deputy Secretary, Mr. Richard F. Pecora at 410-767-4960.

Sincerely,

A handwritten signature in black ink, appearing to read "Peta N. Richkus".

Peta N. Richkus  
Secretary

PR:jm  
Enclosure

c: Mr. Michael I. Volk



**REPORT OF THE OPERATION  
AND EFFECTIVENESS OF THE  
SMALL BUSINESS PREFERENCE PROGRAM  
FOR  
FISCAL YEAR 2001**

Parris N. Glendening  
Governor

Peta N. Richkus  
Secretary  
Department of General Services

Prepared  
September 2001



**REPORT TO THE BOARD OF PUBLIC WORKS AND THE  
LEGISLATIVE POLICY COMMITTEE ON THE SMALL BUSINESS  
PREFERENCE PROGRAM AS REQUIRED BY THE STATE  
FINANCE AND PROCUREMENT ARTICLE, TITLE 14-208**

**July 1, 2000 through June 30, 2001**

This fiscal year report is submitted in accordance with Title 14-208 of the State Finance and Procurement Article. The law requires that, "Within 90 days after the end of each fiscal year, the Secretary of General Services . . . shall submit a report on the operation and effectiveness of the Small Business Preference Program . . ."

The Department of General Services designates all of its commodity requirements as small business preference procurement. Between July 1, 2000 and June 30, 2001, the Office of Procurement and Contracting (Commodity and Printing Procurement Division) of the Department of General Services was engaged in the following procurement activities:

1. The award of 1,336 (commodity and printing) contracts to regular and small businesses. The total value of the awards was \$159,900,815. The total value of small business awards was \$5,787,134 (3.62%) and of regular business purchases, \$154,113,681 (96.38%).
2. The award of 310 (23.20%) of the 1,336 contracts to small businesses. The average value of an award to a small business was \$18,668 and to a regular business, \$150,208.

The tables on the following page compare FY 2001 activities with FY 2000 activities in dollar value of purchases, the number of awards placed, and the average value of an award.

Of the 1,336 procurement transactions processed during FY 2001, DGS awarded 25 purchase orders or 1.87% based on applying the 5% preference. This represented an additional cost to the State of \$28,516 or 0.02% of the total 159,900,815 awarded. In comparison to FY 2000, DGS awarded 23 awards or 1.42% based on applying the 5% preference, at an additional cost to the state of \$24,514 or 0.02% of the total \$159,419,893 awarded.

The dollar value of purchases and the number of awards to small businesses increased by 69% since last fiscal year, while the average value per award increased slightly by .04%. This increase in the number of awards and dollar value is the result of DGS utilizing the multi-year method when establishing statewide and agency contracts.

**DOLLAR VALUE OF PURCHASES**

Business	FY 2001		FY 2000		% of Change
Regular	\$154,113,681	96.38%	\$156,004,930	97.86%	-1.21%
Small	\$5,787,134	3.62%	\$3,414,963	2.14%	69.46%
Total	\$159,900,815	100%	\$159,419,893	100%	30%

**NUMBER OF AWARDS**

Business	FY 2001		FY 2000		% of Change
Regular	1026	76.80%	1,442	88.74%	-28.85%
Small	310	23.20%	183	11.26%	69.40%
Total	1,336	100.00%	1,625	100.00%	-17.78%

**AVERAGE VALUE PER AWARD**

Business	FY 2001	FY 2000	% of Change
Regular	\$150,208	\$108,187	38.84%
Small	\$18,668	\$18,661	04%





**Maryland Department of Transportation**

The Secretary's Office

**Parris N. Glendening**  
Governor

**Kathleen Kennedy Townsend**  
Lt. Governor

**John D. Porcari**  
Secretary

**Beverley K. Swaim-Staley**  
Deputy Secretary

**MEMORANDUM**

**TO:** Mr. Warren Wright  
Procurement Advisor  
Maryland Board of Public Works

**FROM:** Gregory Pecoraro *GP*  
Assistant Secretary

**DATE:** January 17, 2002

**SUBJECT:** Maryland Department of Transportation, Small Business Enterprise Program

The Maryland Department of Transportation (MDOT) is still experiencing delays in the implementation of its Small Business Enterprise (SBE) program. However, the final draft document is being distributed in the next few weeks and will welcome comments for a period of two weeks.

This document has undergone several revisions since its creation by the MDOT Manager of the SBE Program. The initial document was collaboration of several MDOT Senior Procurement Officers. Several members of the MDOT Office of Engineering and Procurement have since reviewed this revised document. The suggested changes have been incorporated and the revised draft will be distributed to the MDOT SPO's for one more review and any final revisions that may be necessary.

The business community has been made aware of the ongoing development of this program. The Manger of the SBE program continues to provide valuable outreach efforts and has once again attended several Procurement Fairs sponsored by Congressmen Cummings and Wynn promoting this program. She has become an active member of the Maryland Small Business Development Center and has recently begun a networking program with future SBE firms and the MDOT Office of Transportation Technology Services for those firms that are interested in IT Procurements.

The Secretary's Office is in the process of developing a plan to allocate the resources necessary to implement this program. It is important that we be able to address from the outset what is anticipated to be a flood of applications. We hope to identify these resources and appropriately assign them as soon as possible.

Mr. Warren Wright  
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Thank you for your continuing interest in the MDOT SBE Program. Since an estimated 90 percent of the business community registered with the State meet the definition and criteria to be designated as a Small Business, the Department realizes that this program has the potential to be an effective marketing and business tool for the State. If you have any questions, or would like additional information, please do not hesitate to contact me at 410-865-1125.

cc: Mr. John M. Contestabile, Director, Office of Engineering and Procurement, Maryland  
Department of Transportation  
Mr. Brian J. McAllister, Assistant Director, Office of Engineering and Procurement,  
Maryland Department of Transportation  
Ms. Penny McCrimmon, Manager, Small Business Enterprise Program, Maryland  
Department of Transportation