

Board of Public Works

MEMORANDUM



Board Members:

Robert L. Ehrlich, Jr., Governor
William Donald Schaefer, Comptroller
Nancy K. Kopp, Treasurer

Executive Staff:

Sheila McDonald, Executive Secretary
Mary Jo Childs, General Counsel
Warren K. Wright, Procurement Advisor
Doldon W. Moore, Wetlands Administrator

Pursuant to State Finance § 14-208(b)

February 24, 2003

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

Dear Mr. Aro:

Pursuant to the requirements of §14-208 State Finance and Procurement 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, 2001 through June 30, 2002 concerning the operation and effectiveness of the Small Business Preference Program. The Department of General Service's report was submitted in a timely manner. Also enclosed is a brief status update concerning the Maryland Department of Transportation's efforts to implement a small business enterprise program. They are still experiencing delays in the implementation of this program.

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), in pertinent parts exempted the University System of Maryland from Division II of the State Finance and Procurement Article. In accordance with this act, the University System is no longer compelled to participate in and report on the Small Business Preference Program. Consequently no FY 2002 report has been submitted by the University System of Maryland.

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 large initial "W" and "K".

Warren K. Wright
Procurement Advisor

cc: The Honorable Robert L. Ehrlich, Jr.
The Honorable William Donald Schaefer
The Honorable Nancy K. Kopp
The Honorable Sheila McDonald
The Honorable Boyd Rutherford
Trent Kittleman, Acting Secretary
Lynn Porter, Legislative Policy Committee (40 copies)

Parris N. Glendening
Governor

Kathleen Kennedy Townsend
Lt. Governor

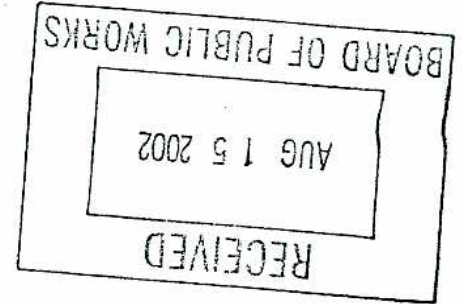


Peta N. Richkus
Secretary

Richard F. Pecora
Deputy Secretary

MARYLAND DEPARTMENT OF GENERAL SERVICES
OFFICE OF THE SECRETARY

August 14, 2002



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 2002. 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 my Chief of Staff, Ms. Jackie Thompson, at 410-767-6263.

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 2002**

Parris N. Glendening
Governor

Peta N. Richkus
Secretary
Department of General Services

Prepared
September 2002

**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, 2001 through June 30, 2002

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, 2001 and June 30, 2002, 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 1,110 (commodity and printing) contracts to regular and small businesses. The total value of the awards was \$192,748,288. The total value of small business awards was \$4,829,932 (2.51%) and of regular business purchases, \$187,918,356 (97.49%).

2. The award of 371 (33.42%) of the 1,110 contracts to small businesses. The average value of an award to a small business was \$13,019 and to a regular business, \$254,287.

The tables on the following page compare FY 2002 activities with FY 2001 activities in dollar value of purchases, the number of awards placed, and the average value of an award.

Of the 1,110 procurement transactions processed during FY 2002, DGS awarded 23 purchase orders or 2.07% based on applying the 5% preference. This represented an additional cost to the State of \$48,946 or 0.03% of the total 192,748,288 awarded. In comparison to FY 2001, DGS awarded 25 awards or 1.87% based on applying the 5% preference, at an additional cost to the state of \$28,516 or 0.02% of the total \$159,900,815 awarded.

Since last fiscal year, DGS has attained a 33.42% increase in the number of awards placed with small businesses, while undergoing a decline of -2.51% in the dollar value of purchases and -30.26% in the average value per award. This reduction is attributed to an increase in the utilization of the Corporate Purchasing Card for Category I Small Procurement.

REPORT TO THE BOARD OF PUBLIC WORKS (Continued)

DOLLAR VALUE OF PURCHASES

Business	FY 2002		FY 2001		% of Change
Regular	\$187,918,356	97.49%	\$154,113,681	96.38%	21.93%
Small	4,829,932	2.51%	5,787,134	3.62%	-16.54%
Total	\$192,748,288	100.00%	\$159,900,815	100.00%	20.54%

NUMBER OF AWARDS

Business	FY 2002		FY 2001		% of Change
Regular	739	66.58%	1,026	76.80%	-27.97%
Small	371	33.42%	310	23.20%	19.68%
Total	1,110	100.00%	1,336	100.00%	-16.92%

AVERAGE VALUE PER AWARD

Business	FY 2002	FY 2001	% of Change
Regular	\$254,287	\$150,208	69.29%
Small	\$13.019	\$18.668	-30.26%




Maryland Department of Transportation
The Secretary's Office

Robert L. Ehrlich, Jr.
Governor

Michael S. Steele
Lt. Governor

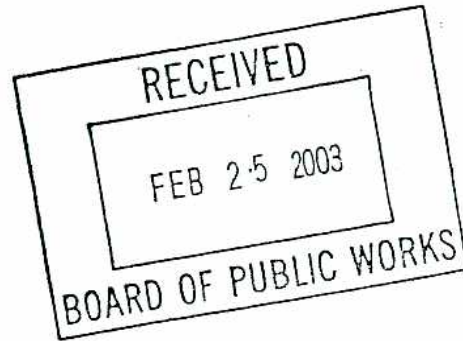
MEMORANDUM

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

FROM: Trent M. Kittleman 
Acting Secretary

DATE: February 18, 2003

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. The final draft document is being distributed in the next few weeks and will welcome comments for a period of two weeks.

The business community has been made aware of the ongoing development of this program. Mrs. Penny McCrimmon, Manager of the SBE program, continues to provide valuable community outreach efforts and has once again attended the Procurement Fair sponsored by Congressmen Cummings and Wynn to promote this program. She has become an active member of the Maryland Small Business Development Center and has begun a networking program with MDOT's Office of Transportation Technology Services and SBE firms that are interested in IT Procurements.

The Secretary's Office is in the process of evaluating a reorganization plan to adequately address incoming applications. That plan is to implement this program within the Office of Minority Business Enterprises (MBE). This office is already equipped with the investigatory staff and a database that should be able to accept the related data.

The MDOT looks forward to a long and very successful SBE program. Should you have any questions or need additional information about this program, please call Mr. John M. Contestabile, Director, Office of Engineering and Procurement, MDOT, at 410-865-1120.

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