



State of Maryland  
**Board of Public Works**

80 Calvert Street  
Annapolis, Maryland 21401  
410-260-7335  
Fax: 410-974-5240  
Toll Free: 1-877-591-7320

Robert L. Ehrlich, Jr.  
*Governor*

William Donald Schaefer  
*Comptroller*

Nancy K. Kopp  
*Treasurer*

Sheila C. McDonald  
*Executive Secretary*

January 4, 2007

The Honorable Thomas V. Mike Miller, Jr.  
The Honorable Michael E. Busch  
Legislative Policy Committee  
Legislative Services Building, Room 200B  
90 State Circle  
Annapolis, Maryland 21401-1991

LEGISLATIVE SERVICES  
OFFICE OF POLICY ANALYSIS  
LIBRARY  
90 STATE CIRCLE  
ANNAPOLIS, MARYLAND 21401-1991

Dear Mr. President and Mr. Speaker:

State law requires the Secretary of Transportation and the Secretary of General Services to submit an annual report to the Board of Public Works on the operation and effectiveness of the Small Business Preference Program within 90 days after the end of each fiscal year (State Finance and Procurement Article, §14-208). After receipt of the reports, the Board of Public Works compiles the information and submits it to the Legislative Policy Committee.

Regulations governing the Small Business Program are found in COMAR 21.11.01.05.

The Department of Transportation awarded 14 small business preference contracts totaling \$81,156. The Department of General Services awarded 4 small business preference contracts totaling \$226,377.

Should you require further assistance with these reports, I can be reached at 410.260.7718 or by email at mpemberton@comp.state.md.us.

Sincerely,

Mark A. Pemberton  
Procurement Advisor

cc: The Honorable Robert L. Ehrlich, Jr.  
The Honorable William Donald Schaefer  
The Honorable Nancy K. Kopp  
Sheila McDonald, Executive Secretary  
Sarah Albert, Legislative Services  
Enoch Pratt Free Library



**Maryland Department of Transportation**  
The Secretary's Office

**Robert L. Ehrlich, Jr.**  
Governor

**Michael S. Steele**  
Lt. Governor

**Robert L. Flanagan**  
Secretary

**James F. Ports, Jr.**  
Deputy Secretary

August 2, 2006

2006 AUG 4 AM 11:46

Sheila McDonald, Esq.  
Secretary  
Board of Public Works  
80 Calvert Street  
Louis L. Goldstein Treasury Building  
Annapolis, Maryland 21401

Dear Ms. McDonald:

In accordance with State Finance and Procurement Article § 14-208, the following report of the operation and effectiveness of the Small Business Preference Program for fiscal year 2006 is hereby submitted.

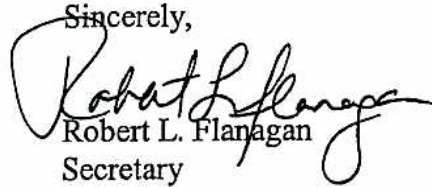
The Maryland Department of Transportation (MDOT) has awarded 12 supply/commodity contracts valued at \$61,535.74 and 2 service contracts valued at \$19,620.00 for a total of \$81,155.74 in Small Preference awards. These awards were identified through MDOT'S FMIS/ADPICS system and were based on procurements that were designated as a Small Business Preference.

As you are aware, opportunities under the Preference Program are limited to the procurement of supplies, services and construction-related services. In accordance with Code of Maryland Regulations, MDOT must first consider a selling entity in the following order of priority for their procurement needs: State Use Industries; Blind Industries and Services of Maryland; or a Certified Sheltered Workshop. If a selling entity waives their interest in the procurement, then MDOT is obligated to: (1) utilize existing indefinite quantity contracts through control agencies; (2) utilize Intergovernmental Contracts; and (3) adhere to sole source requirements. After exhausting these methods, all procurements must be considered for the Small Business Reserve Program. If the requirements of the solicitation cannot be obtained through small businesses, it is then considered for the Preference Program where small businesses compete against larger companies. If a small business comes within 5% of the low bid from a larger company, the small business is awarded the contract.

Sheila McDonald, Esq.  
Page Two

If you have any questions regarding the content of this report, you may contact Michele Thalheimer, Small Business Programs Manager at 410-865-1180. If you have any further concerns, please do not hesitate to contact me directly.

Sincerely,



Robert L. Flanagan  
Secretary

cc: Mr. John Contestabile, Director, Office of Engineering, Procurement & Emergency Services, MDOT  
Mr. R. Lewis, Jr., Assistant Secretary, MDOT  
Mr. Brian McAllister, Assistant Director for Procurement, Office of Engineering, Procurement & Emergency Services, MDOT  
Ms. Michele Thalheimer, Small Business Programs Manager, Office of Engineering, Procurement & Emergency Services MDOT

Robert L. Ehrlich, Jr.  
Governor

Michael S. Steele  
Lt. Governor



Steve Cassard  
Secretary

Diane Wilson  
Deputy Secretary

MARYLAND DEPARTMENT OF GENERAL SERVICES  
OFFICE OF THE SECRETARY

October 13, 2006

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

Dear Ms. McDonald:

Re: Small Business Preference Program

Enclosed with this letter is the Small Business Preference Program Report for fiscal year 2006. The Report is being presented in accordance with State Finance and Procurement Article, Title 14-208, which requires the Secretary of the Department 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 at 410-767-4960 or the Assistant Secretary for Procurement and Logistics, Mr. Tony Reed, at 410-767-4430.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cassard".

Steve Cassard  
Secretary

Enclosure  
cc: Mr. Michael I. Volk



JAN 17 2007

LIBRARY

**REPORT OF THE OPERATION  
AND EFFECTIVENESS OF THE  
SMALL BUSINESS PREFERENCE PROGRAM  
FOR  
FISCAL YEAR 2006**

Robert L Ehrlich, Jr.  
Governor

Michael S. Steele  
Lt. Governor

Department of General Services  
Steve Cassard, Secretary

Pursuant to:  
State Finance & Procurement § 14-208(b)

**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, 2005 through June 30, 2006**

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 . . . "

To encourage small business participation in the small business preference program, the Department of General Services incorporates solicitation language as it pertains to the 5% preference in all of its commodity procurements. Between July 1, 2005 and June 30, 2006, the Office of Procurement and Logistics (Commodity and Printing Procurement Division) of the Department of General Services was engaged in the following procurement activities:

1. The award of 442 contracts to regular and small businesses. The total value of the awards was \$348,975,875.82. The total value of small business awards was \$18,953,970.94 (5%) and \$330,021,904.88 of regular business purchases.
2. The award of 109 (25%) of the 442 contracts to small businesses. The average value of an award to a small business was \$173,890 and to a regular business, \$991,056.

The tables on the following page compare FY 2005 activities with FY 2006 activities in dollar value of purchases, the number of awards placed, and the average value of an award.

Of the 442 procurement transactions processed during FY 2006, DGS awarded four different contracts to a single vendor totaling \$226,376.85 based on applying the 5% preference. This represents only 0.9% of the procurement transaction resulting in additional cost to the State in the amount of \$4,403.94. In comparison to FY 2005, DGS awarded one award or 0.12% based on applying the 5% preference, at an additional cost to the state of \$16,354.

Moreover, DGS has consistently awarded 25% of the total number of awards to small businesses. The average value per award and the dollar value of purchases increased in the last year. The small business vendors' community has netted this fiscal year more than \$18.9M in awards from the Department of General Services.

## DOLLAR VALUE OF PURCHASES

Business	FY 2006		FY 2005		% of Change*
	Dollar Value	%	Dollar Value	%	
Regular	\$330,021,904.88	95%	\$282,152,318.06	97%	-3%
Small	\$18,953,970.94	5%	\$8,340,130.82	3%	3%
<b>Total</b>	<b>\$348,975,875.82</b>	<b>100%</b>	<b>\$291,946,009.94</b>	<b>100%</b>	<b>0%</b>

## NUMBER OF AWARDS

Business	FY 2006		FY 2005		% of Change*
	Count	%	Count	%	
Regular	333	75%	710	84%	-54%
Small	109	25%	112	13%	-2.6%
<b>Total</b>	<b>442</b>	<b>100%</b>	<b>844</b>	<b>100%</b>	<b>-48%</b>

## AVERAGE VALUE PER AWARD\*\*

Business	FY 2006	FY 2005	% of Change*
Regular	\$991,056	\$397,397	149%
Small	\$173,890	\$74,465	134%

\*% of Change = (Current Yr # - Last Yr #) / Last Yr #

\*\*Avg Value Per Award = Dollar Value of Purchases / # of Awards