



Chairman: David Vaught

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

RESOLUTION OF THE ILLINOIS PROCUREMENT POLICY BOARD REGARDING STATE SUBSIDATION OF SERVICES

WHEREAS, the Illinois Procurement Policy Board (“Board”), pursuant to statutory authority (30 ILCS 500/5-5) has the authority and responsibility to review, comment upon and recommend procurement practices by the State of Illinois.

WHEREAS, the general policy of the State of Illinois (“State”) as provided in the Illinois Procurement Code is to award State procurement contracts that are in the best interest of the State and maximize the value of services to the State through the selection process under the Procurement Code.

WHEREAS, concession services can serve an important need of providing concessions on State property to both the public and State employees.

WHEREAS, it is advisable for the State to determine the appropriate need for concession contracts based upon the location of State property, the cost to the State, and the potential return to the State under such contracts.

NOW, THEREFORE, based upon the foregoing recitations, the Board is resolved to make the following comment and recommendation regarding State procurement policy:

The Procurement Policy Board recognizes that contracts for services to the State of Illinois including but not limited to concessionary services are vital to the State’s operation and can be essential to both attracting visitors to the State’s historical and conservation attractions but also to possible revenue generation. With that in mind, it is ever important that all involved be mindful to ensure that the expense to taxpayers does not outweigh the potential reward to the State.

While concessionary agreements can be found throughout the State of Illinois at destinations such as State parks and historical attractions, concessions are also found in State facilities, sometimes available to the general public and on some occasions only available to State employees assigned to the particular location. Concessions play an integral role in benefiting the attraction to a particular destination or building, but it is becoming increasingly more important to continually review all costs to the State involved in these agreements. Some of the areas most often overlooked include increased electrical or natural gas costs, increased janitorial or waste removal fees, in addition to equipment repair, maintenance and replacement, all of which can become very costly.

For agreements where the State is directly benefiting in a tangible matter such as profit sharing or a prescribed monthly or annual fee to operate at a specific location it is less difficult to



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conceptualize the benefit to the State. The difficulty lies within agreements where the benefit to the State is realized through an increase in visitation at State parks and historical attractions, or even more difficult to quantify, the benefit achieved through the quality and efficiency of the State employees at a location where a concession is available. For all such contracts, but especially the latter, where the State does not receive a tangible benefit at the time of contract agreement it is important to control the amount the State is willing to expend in order to continue these services.

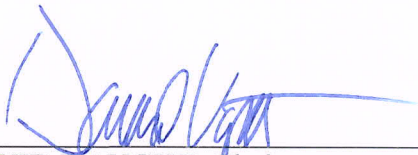
As a matter of State policy, Agencies, Universities, Departments, Programs or any State entity, excluding State historical or recreational destinations operated by the Illinois Department of Natural Resources or the Illinois Historic Preservation Agency, engaging in the subsidization* of service contracts or concession services regardless of the source of funds should adhere to the following outlines. The Concessionaire shall pay as minimum monthly rent in the sum of \$5.00 per square foot or the following percentage(s) of annual gross receipts, whichever sum is greater: five percent (5%) of the first one hundred thousand dollars (\$100,000) of gross receipts, plus ten percent (10%) of gross receipts over one hundred thousand dollars (\$100,000). Procurement Policy Board staff will complete an annual audit of gross Receipts for all applicable contracts to be supplied to the Board no later than 30 days following the most recent completed Fiscal Year. Finally, the estimated value of these contracts should be evaluated and every attempt should be made to apply the appropriate State contracting goals including but not limited to, Veterans Preferences, Small Business Set Aside goals and Business Enterprise Program goals.

* Subsidies include, but are not limited to, payments for electric, natural gas, janitorial services, refuse removal, equipment repair, maintenance, cleaning or replacement, security or custom build-out, etc.

APPROVED this 10th day of October 2013.

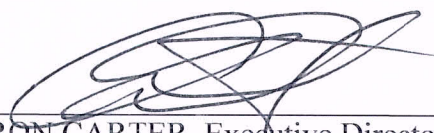
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DAVID VAUGHT, Chairman

ATTEST:



AARON CARTER, Executive Director