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## **DESPITE RECORD SPENDING ON PUBLIC PROJECTS, CONTRACTORS STILL STRUGGLE**

**Berwyn, PA April 27, 2010** -In any recession, it is common for the federal government to increase spending on public projects in an effort to stimulate the economy. According to the U.S. Census Bureau, the 2010 annual rate for construction spending will be \$846.2 Billion. However, unlike the past, this recession is lasting longer, and is having a much greater negative impact on the economy and the psychology of business owners. Contractors, who focused solely on the private market in the past, are now trying to diversify by moving into the public market. The result is a large pool of contractors chasing public projects.

Public construction projects legally require a contractor to post a Performance and Payment Surety Bond, which is a barrier to many contractors seeking to win public projects. A bond is a tool used to protect taxpayer dollars from the contractor's mishandling of project funds, or project failure. Between contractors who are new to public work and those whose financial integrity is in question, there are a lot of contractors who are struggling to secure the necessary bond programs needed to operate their companies. However, there are solutions designed to help contractors obtain bonds and win projects. "In this economy, the lack of cash flow causes job borrow, which ultimately can lead to project loss. This is the biggest risk surety companies and public entities face," said Kevin Deasy, CEO of Dayhill Group.

**Dayhill Group** works with surety companies across the country providing a service known as funds administration. This service manages the monthly draws and ensures that contractors are not diverting one project's funds to another. Deasy said, "By protecting the sureties, we are affording them the confidence they need to write more bonds to help struggling contractors."

Most economists are optimistic that the worst is over, and we will start to see an upward turn in the economy. With all the opportunities in 2010 and 2011, contractors need to understand what parameters surety underwriters will uphold and take the necessary steps to put themselves in the best position for a bond program that will help them manage their company profitably. In the interim, contractors may need to accept a bond program that includes funds administration and/or collateral. It is essential to establish a good working relationship with a surety company and to do what it takes to secure a bond program.

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