



## Show me the Money

**Uncle Sam has it and wants to spend a huge amount on construction. Are you in the game?**

By Doug Reitmeyer

**T**he construction industry has been hit hard by the economic downturn. Contractors and builders want something that shows them the way out. They need hope. That's why some are looking to Uncle Sam. Our government is taking steps to revitalize construction,

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beginning with last year's passage of the **American Recovery and Reinvestment Act (ARRA)**.

With \$137 billion of the \$787 billion package allocated for construction, there was an expectation that much of the crisis would be alleviated.

Then reality hit: The obvious had been overlooked. Few contractors had the experience and understanding of how to find, qualify for and bid on the thousands of ARRA funded opportunities.

As a result, many of the much needed contract funds never hit the street. And just like the year before, when \$47 billion of government contracts were not awarded because no one bid on them, the lack of instructive information for contractors blunted the effect of the stimulus money.

Construction firms caught in a declining economy, without the know-how that would allow them to access government contracts, have been forced to take drastic action including

cutting overhead, laying off employees, and reducing profit margins. Private work has become hyper competitive, with several times more companies than normal bidding on what little work has been available.

On the other hand, federal construction contracting is the only segment of the construction industry that remains well funded and active. Those contractors that are registered and qualified to bid on federal construction projects have been rewarded with an unprecedented level of activity and opportunity.

For example: In September 2009, the last month of the government's fiscal year, there were more than 770 federal construction opportunities posted at **FedBizOpps** —

Uncle Sam's public Web site for all federal purchases over \$25,000. The month before, there were 1,050 federal contracts seeking bidders. With a limited number of qualified companies, and all sizes and types of projects available, many of these government contracts had little or no competition and a lot of them had to be recycled due to a lack of acceptable offers (See Why you are missing out).

To put this situation in perspective, consider these numbers:

■ **The Bureau of Labor Statistics** estimated that there were approximately 884,300 construction establishments in the United States in 2008.

■ In order to do work for the federal government, contractors must be registered in CCR, the **Central Contractor Registry**. There are only 20,049 construction companies registered in CCR.

■ That means that out of 884,300 contracting entities, only 20,049, or about 2.25 percent, are qualified to bid Federal Construction contracts. There is essentially 97.75 percent less construction competition bidding on Government contracts.

## A look at the domestic construction world

To get a perspective on the overall market, let's take a look at the domestic world of construction funding.

■ **The private sector:** Over the past few years, private and commercial construction spending has consistently declined. From a high in 2006 of over \$912 billion, by 2009, it was

about \$620 billion; a drop of about 32 percent in just three years.

■ **The government sector:** Federal spending has increased every year for the past 10 years and by almost \$15 billion every year for the past six years. The Federal government spent \$317 billion on construction last year and will spend even more this year.

■ **ARRA construction funds:** The government is spending billions of dollars on BRAC (the Base Realignment & Closure Program), the Hurricane & Storm Damage Risk Reduction System and countless other military and civil works construction programs being implemented nationally to further stimulate the economy. And now with **President Obama's** recently announced \$3.8 trillion budget for the next fiscal year, we know that the massive spending on construction will continue.

So let's revisit the numbers: There are more than 884,000 contractors going after \$620 billion of private work and only 20,049 of them are able to bid on \$317 bil-

lion worth of government work.

Do you see the incredible opportunity here?

Realizing that contractors needed a roadmap to follow, I conducted an Internet search to find the information a novice would need to become a federal construction contractor. The majority of searches ended with links to consulting attorneys that had never done a federal contract, retired military and government consultants who promised to assist contractors in exchange for fees and the Small Business Administration (SBA).

An extensive review of the SBA's contractor instructions showed that they were incomplete. They were lacking the necessary information that would help a beginner solve the



*Here are before and after photos of the Bureau of Land Management-funded rehabilitation of the famous National Historic Lake Tahoe Gatehouse in Nevada. The facility controls the water flow out of Lake Tahoe into the Truckee River. According to government statistics, more than 200 federal agencies spend billions of construction dollars every year to build and maintain facilities across the country.*

## Why you are missing out

Surveys show that there are three primary reasons construction companies are missing the boat on bidding for federal construction contracts. The following may be some of the concerns that have kept you from pursuing this element of high construction activity.

**The Red Tape** – Admittedly, when doing work for Uncle Sam, there's more regulatory paperwork to deal with. But with some reading, a little training and knowing where to find the answers to your questions, this problem is easily solved. Like getting a con-

tractor's license, it's really nothing more than following instructions and doing the required tasks.

**Getting Paid** – Old stories of problems getting paid persist like old wives' tales. What many have failed to realize is that years ago our government recognized the problem and fixed it with the passage of the **Prompt Payment Act (PPA)**. Progress payments are made monthly based on a percentage completed and the government is legally obligated to pay its bills in a timely manner. What's timely? Under the PPA, any

partial billing must be paid in 14 days or less, and final billings are paid in 30 days. With the adoption of the WAWF and other electronic platforms, progress payments are often made within 10 days! And in the few cases where the government does take longer than they're allowed, they have to pay interest on the money owed.

**No Federal Experience** – While the government does frequently ask for references and experience on previous Federal proj-

ects, in most cases, your experience from the private sector is considered equal. Also of note: In 49 of the 50 States, your local business license is accepted for nearly every federal contract. In the world of economic stimulus funded contracts, the Federal government's procurement officials really want to work with contractors to achieve its spending goals.



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# FEDERAL CONSTRUCTION

myriad of problems one is likely to encounter when trying to add Uncle Sam as a construction client.

To address the problem, Reitmeyer & Associates of Austin, Texas took on the task of creating a special Web site for the construction community, [www.GCExperts.com](http://www.GCExperts.com). Here, contractors, subcontractors and builders have free access to video and written training materials with step-by-step instructions of exactly what they need to do to get started. Everything that they need to know to become a federal construction contractor is covered, including:

- The best methods of organizing a business structure for maximum protection and financial benefit
- How to get registered and qualified to bid on federal construction contracts.

■ Where contractors can find many of the government contract opportunities that are coming out every day.

■ What the steps are to actually complete a typical federal construction contract using two recently completed government projects as examples.

Utilizing the knowledge gained from completing more than 1,000 federal construction contracts, an advanced training curriculum was established together with a special membership site where contractors can get access to all the resources necessary to accelerate their business into this underserved market.

Member resources include proprietary **BidTrakker Market Reports** ([www.BidTrakker.com](http://www.BidTrakker.com)) that identify and provide near immediate access to the thousands of government

construction opportunities over \$25,000 that the United States government funds every year. Using the BidTrakker format, a contractor can identify and track federal construction projects nationwide in less than five minutes a day. This is a huge timesaver for contractors and a must-have tool for the professionals.

Contractors using BidTrakker, its database of federal procurement officials and the systems developed by **Reitmeyer & Associates** have already completed more than 280 government construction contracts throughout the country.

With Uncle Sam as a client, and access to the flood of federal construction funds pouring out of Washington, the smartest contractors will do more than simply survive the recession; they are certain to flourish. **CCM**

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