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## Shortage of Capital Makes Contracting Work Harder to Find

By Evelyn Lee

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The future looks uncertain for many of the state's general contractors, who have seen work opportunities decline or come to a grinding halt. A lack of funding and the troubled economy are to blame for the dearth of projects, the contractors say.

"Work in the public and private sector is drying up very quickly," says **Brian Tobin**, executive director of the Edison-based Associated General Contractors of New Jersey. "We could use some work."

He says that in the public sector, the problem has been a lack of funding for new infrastructure projects that contractors had been expecting to bid on. In particular, the state has yet to identify a funding source for Access to the Region's Core, a \$7.2 billion project to construct a two-track tunnel that would run under the Hudson River from the New Jersey Palisades to midtown Manhattan. The tunnel project is projected to generate 6,000 construction-related jobs, according to the New Jersey Alliance for Action in Edison.

The Transportation Trust Fund has also failed to finance new road and rail construction projects, because more money in the fund is bonded, which increases the amount of debt in the fund, says Tobin. This is in spite of measures, such as last year's voter approval to dedicate the entire state gas tax to the fund, that were expected to bulk up the fund and create a multitude of projects and jobs, he notes.

The private sector, meanwhile, has pulled back from new construction projects because of the economic downturn, says Tobin. "Utility work is down, office building construction is not as strong as it used to be," he says. "With the bad economic environment, it's limited a lot of the work that's being done."

Tobin notes that some companies have taken a hit as a result of the construction slowdown. "There are general contractors that are struggling, but not any that have gone out of business," says Tobin. "But it's getting there."

Contractors are still keeping busy, however. "We find that our backlog is good for the next 12 months," says **Angelo Del Russo**, CEO and founder of **Del-Sano Contracting Corp.** in Union. Upcoming projects include adding an addition to a continuing-care retirement community in West Caldwell in July and two low-income senior-housing projects in West New York and Dumont during the fourth quarter.

The company is currently focusing its work on the multifamily and senior-housing sectors, both of which are active, according to Del Russo. He anticipates that the company will experience good revenue growth at least until the third quarter of 2009.

Still, Del Russo has seen downturn in the industry. "Things were really cranking full steam as recent as maybe a year ago," he says, noting that developers and owners were conceiving and seeking bids on new projects. But now, "there's not that fever for new projects."

Del Russo notes that some of the work that Del-Sano has lined up for 2009 doesn't yet have funding sources. But the company is currently providing cost estimates for some of the projects, which Del Russo takes as a good sign. "That gives us some confidence that there are developers still planning on having their projects go forward," he says.

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