Managing Megaprojects: How joint ventures help companies share the risk and reward, *ConstructionDIVE, ft. Andrew Richards*

Andrew Richards, Partner at Kaufman Dolowich & Voluck, LLP in Long Island, was quoted in an article written by Kim Slowey for Construction DIVE, (January 7, 2016) —

Andrew comments on how sharing risks can benefit construction businesses involved in Megaprojects, defined as major infrastructure projects that cost more than $1 billion, but in that definition, the U.S. Federal Highway Administration includes large-cost/high profile projects, that attract a great deal of public attention or political interest because of community, environment or budgetary impacts.

Andrew Richards, a partner at the New York law firm of Kaufman Dolowich Voluck, said, "You want to spread the risk."

Bonding capacity is a "big driving force" in the decision to take on a joint venture partner, Richards said. "Even though a Turner or Tishman or an AECOM has big bonding (capacity), they also have a lot of projects in play, and it's not unlimited bonding capacity," Richards said. "They have a (bonding) program which gives them up to X dollars at any one point in time, and, when they take on a project, they only have Y dollars left."

Partnering with a company familiar with the project turf is especially important in a city like New York, according to Richards.

"There's a lot of red tape in New York, and, if you're from out of town and you haven't done a job here yet, you're really doing yourself a disservice by not partnering up with a local contractor," he said. "A lot of contractors will come from out of town and do a public works (project) in New York, and they'll get their head handed to them because they don't understand how these agencies really operate."

Even with the inevitable problems inherent in the construction business, megaprojects are only going to increase as long as construction costs keep rising, according to Richards.