



Meeting: **Reservoir Committee & Authority Board Agenda** **November 21, 2025**  
**Item 3.4**

Subject: **Construction Phase Insurance and Risk Management Considerations**

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**Requested Action:**

Review and comment on Draft Risk and Construction Insurance Feasibility Study.

**Detailed Description/Background:**

The Sites Reservoir construction program represents a major investment over approximately 7 years of construction. When considering insurance, this construction period is followed by a 10-year statute of repose period, ie time clock starts upon substantial completion of the construction. The total insurance commitment would span about 17 years. Risk International, working under the direction of BBK who is the Authority's Construction Legal Counsel, has completed a comprehensive Risk and Construction Insurance Feasibility Study specific to the Sites Reservoir Project. Staff is seeking Board input on the preliminary findings before finalizing the report and incorporating a selected approach into the construction contracts.

Four industry standard insurance approaches were evaluated:

- Traditional Approach: Each contractor and subcontractor provides their own insurance (100+ separate policies).
- OCIP (Owner Controlled Insurance Program): Authority underwrites both workers' compensation and general liability for all contractors.
- General/Liability-Only Program: Authority underwrites a project-wide general liability policy which serves as an umbrella over all construction work performed on the project with some exceptions; contractors provide workers' compensation.
- CCIP (Contractor Controlled Insurance Program): Prime contractors consolidate coverage for their work packages and subcontractors.

To arrive at these options, Staff identified three core goals for risk management of the construction project as follows:

- Reduce risk to the Authority which in turn limits the potential liability of each Participant, and recognize that the Authority is not likely to require major coverages beyond the original construction period which is a one-time event.

- Ensure appropriate wildfire coverage (most but not all of the project work is located in a high fire hazard area).
- Increase Local Area business participation by reducing insurance barriers.

The RC/AB will receive a presentation from Cathy Wells of Risk International. Based on this work, Staff believe that GL Only and CCIP are the most viable options for the Sites Reservoir Project. Staff requests Board input on the following policy question to guide final recommendations:

1. Are Staff suggested goals for risk management aligned with the Board's priorities?
2. Given the pros/cons of CCIP and GL Only which approach should be implemented?

The determination of appropriate insurance coverage levels should occur during the preconstruction phase, after the CMAR has conducted preliminary risk discussions and cost estimates for the entire construction program. This timing, later in 2026, allows the Authority to make informed decisions based on actual project scope, understanding of site conditions, and contractor input. If pursuing a G/L-Only or master insurance program, coverage levels should be finalized before construction notice to proceed, allowing sufficient time to secure underwriting and negotiate terms with insurers. However, the initial CMAR contract authorization can proceed with framework language establishing the insurance approach and requirements, with specific coverage limits and premium allocations determined collaboratively during preconstruction services. This phased approach balances the need for Board direction on insurance strategy with the practical reality that precise coverage parameters require more detailed project development that occurs during preconstruction.

**Prior Action:**

None.

**Fiscal Impact/Funding Source:**

Source of funding for this study was captured in an action taken by the Board at the September 2025 Board meeting, which authorized a task order amendment, including the insurance risk analysis scope item described above. This study will have no impact on the adopted 2025 Budget.

**Staff Contact:** JP Robinette/Shayleen 'Connell

**Attachments:** None.