

Committee Report

Management Committee



Committee Meeting Date: April 12, 2023

For the Metropolitan Council: April 26, 2023

Business Item: 2023-89

Metropolitan Council Blanket Builders Risk Property Insurance.

Proposed Action

That the Metropolitan Council authorizes the insurance premium related to the Council's Blanket Builders Risk Property Insurance Program, provided by Liberty Mutual, in an amount not to exceed \$1,350,000.

Summary of Management Committee Discussion/Questions

Staff presented an overview of the coverage provided by a Builders Risk insurance policy. Staff then provided the history and reasoning of the Council's blanket insurance program, which provides coverage for most of the Council's construction projects. The benefits of the program include lower insurance rates, coverage certainty, and removal of potential barriers for smaller contractors.

The Committee asked questions about the program's impact on contracting with the Council, which staff addressed accordingly.

A motion to approve was made by Council Member Barber, which was seconded by Council Member Lee. Motion carried.



Business Item

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Metropolitan Council Blanket Builders Risk Property Insurance

District(s), Member(s):	All
Policy/Legal Reference:	Council Policy RF 3-1, Risk Management
Staff Prepared/Presented:	Phil Walljasper, Enterprise Risk Officer, 651-602-1787
Division/Department:	Regional Administration / Risk Management

Proposed Action

That the Metropolitan Council authorizes the insurance premium related to the Council's Blanket Builders Risk Property Insurance Program, provided by Liberty Mutual, in an amount not to exceed \$1,350,000.

Background

A Builder's Risk insurance policy, which is generally provided by either the owner or contractor of a construction project, provides coverage for damage to property/materials during construction. Historically, the Council's construction contracts required the contractor to obtain this insurance. However, beginning in 2018, that requirement was removed in most contracts and a new program was implemented that had the Council obtaining the insurance. With this new program, construction projects are reported to the insurance carrier on a quarterly basis, with the premium billed annually. Authorization is needed for this year's premium due to the addition of the Gold Line BRT project, which is larger than most projects run through the program.

Rationale

Liberty Mutual provides the Builder's Risk insurance at a competitive rate and with the appropriate coverage and limits needed for most of the Council's construction projects. The Gold Line is one of the larger projects in the program, but the project's scope and risks allowed for its participation.

Thrive Lens Analysis

Authorization for the Builders Risk Property insurance supports the Thrive outcome of Stewardship by securing the required insurance in the most cost-effective manner. Additionally, this program supports the Equity outcome by removing potential barriers that may exist for some contractors if they were still required to obtain the insurance.

Funding

Funds for the premium are included in the project budget.

Small Business Inclusion

The Office of Equity and Equal Opportunity evaluated this opportunity for participation and

inclusion of certified small business and contacted MCUB firms. There were no certified small businesses that provide the level of service required for the Builders Risk Property Insurance Program.

