

TO: MAYOR & COUNCILLORS
FROM: DEPUTY GENERAL MANAGER FINANCE
SUBJECT: **CA – OWNER CONTROLLED INSURANCE PROGRAM – CAMERON COMMUNITY CENTRE AND LIBRARY**
PURPOSE: To obtain Council approval for a Contract Award (CA) with Aon Reed Stenhouse Inc. for the Course of Construction Insurance – Cameron Community Centre & Library Project.

RECOMMENDATION

THAT a contract award to Aon Reed Stenhouse Inc. for the total amount of \$3,616,939 for the insurance premium for the Course of Construction insurance, as outlined in the report titled “CA – Owner Controlled Insurance Program – Cameron Community Centre and Library” dated December 16, 2024 be approved; and,

THAT final payment will be based on the services delivered.

1.0 POLICY SECTION

The City’s Procurement Policy requires that contracts for goods, services and construction with values over \$1,000,000 be approved by Council following a competitive procurement process.

2.0 BACKGROUND

On July 22, 2024, Council approved a Contract Award (CA) to complete the construction work for the Cameron Community Centre and Library (CCCL) project for the total estimated contract value of \$280,350,000 including GST in the amount of \$13,350,000.

The City recently implemented an Owner Controlled Insurance Program (OCIP) for the construction of Firehall 4 and Firehall 8. An Owner Controlled Insurance Program (OCIP) is a comprehensive insurance program that a property owner purchases to cover liability and property loss associated with a construction project. OCIPs are designed to streamline insurance management and reduce costs. This type of insurance program brings the following benefits to City:

- The City has full transparency of insurance costs, which will enable it to better predict and manage it’s budget;
- There are no administrative costs or GST;
- Provides the City with flexibility to adjust the insurance coverage if there is a change to the General Contractor mid-way through the project;

- Provides City with the ability to control the claims which can serve to mitigate any unforeseen issues with an insured incident; and
- Since Course of Construction premiums are adjustable, there could be a return premium at the end of the project and the City will only have access to the return premiums if it purchases the policy itself.

The City has purchased the liability portions of the OCIP and requires the Course of Construction coverage to complete the OCIP.

The General Manager Lands and Facilities concurs with the recommendation.

3.0 GENERAL INFORMATION

Course of Construction Insurance, also known as builder's risk insurance, is a specialized type of property insurance that helps protect buildings under construction. It covers property and materials during construction or renovation projects, including new building construction, remodeling, or installation of features and fixtures. This type of insurance typically covers risks such as fire, lightning, hail, explosions, theft, vandalism, and large disasters like earthquakes. The premium cost is based on the overall value of the project and is \$3,616,939.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

RFP#117-06/20 Insurance Brokerage Services was publicly advertised. Upon closing, the City received a total of four submissions.

5.0 FINANCIAL CONSIDERATIONS

Funding for this capital work is included in the 2024 – 2028 Financial Plan under Lands & Facilities – Civic Projects, Cameron Community Centre & Library project (BAX.0020) to be funded from the Community Benefit Bonus Reserve.

This contract award will be accommodated within the fully allocated Community Benefit Bonus Reserve and project WBS number: BAX.0020 (\$3,616,939). The 2025 – 2029 Financial Plan will be updated accordingly.

Respectfully submitted,
Ratan Grewal, Deputy General Manager Finance

ATTACHMENTS

Attachment 1 – RFP#117-06/20

REPORT CONTRIBUTORS

This report was prepared by Banin Shahri, Senior Project Manager Civic Development and Scott Houston, Senior Manager Risk, Insurance & Claims, and reviewed by Sophan Lum, Senior Manager, Procurement Services – Capital.