

Memorandum



CITY OF DALLAS

DATE August 22, 2025

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Item 25-2501A – Owner Controlled Insurance Program (OCIP/ROCIP)**

On August 27, 2025, the Office of Risk Management (ORM) will seek City Council approval to authorize **(1)** the City's contracted Owner Controlled Insurance Program (OCIP/ROCIP) broker of record, Marsh USA, LLC, to purchase the Kay Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan insurance policies for commercial general and excess liability, workers' compensation, contractor's pollution liability, railroad protective liability, owners protective professional indemnity, and builders risk, and other lines of coverage as needed for the period August 27, 2025 to August 27, 2030 and **(2)** an increase in appropriations in an amount not to exceed \$58,760,667 in the CCT 2025 Senior Lien Special Tax Revenue Notes Fund - Not to exceed \$58,760,667 (\$36,334,542 for OCIP insurance and \$22,426,125 for Collateral and Retained Losses) - Financing: CCT 2025 Senior Lien Special Tax Revenue Notes Fund.

On April 19, 2023, the City Council was briefed on the OCIP program. As the program progressed and procurement was completed, the City Council authorized a service contract with Marsh USA, LLC, for owner-controlled insurance program (OCIP/ROCIP) broker of record on April 24, 2024.

OCIP/ROCIP benefits the city, contractors, and subcontractors:

FOCUS AREA	CITY	CONTRACTOR/SUBS
Participation Opportunity	*Allows the City to eliminate insurance obstacles for construction contractors/subcontractors by assuming and insuring the project risks	*Pathway to projects that contractors/subcontractors could not otherwise obtain
Costs	<p>*All insurance costs are identified into a single policy premium, instead of embedded in contractor/subcontractor bids</p> <p>*Gives the City direct control over administrative costs by dealing with a single broker and insurer</p> <p>*Bulk purchase of insurance lowers costs</p> <p>*City's broker of record may engage more than one insurer in competition for the program</p>	<p>*The contractors/subcontractors and its carrier can endorse their regular insurance policies to exclude any exposures that fall under an OCIP from any calculation of the contractor's insurance</p> <p>*No increase to the contractor/subcontractor regular insurance policies</p> <p>*Subcontract avoids administrative costs from the contractor</p>

FOCUS AREA	CITY	POTENTIAL BENEFITS TO CONTRACTOR/SUBS
Coverage	<ul style="list-style-type: none"> *Insurance is purchased by the City as part of a single policy from a single insurer *Higher limits than a contractor can obtain which would cover a major disaster *Reduces coverage gaps *Reduces coverage disputes and subrogation issues between insureds and insurance carriers 	<ul style="list-style-type: none"> *Possible greater insurance limits and coverage depth than contractor could not otherwise obtain *Contractors and subcontractors are covered under the City purchased policy related to the construction contract
Safety	<ul style="list-style-type: none"> *Maintain centralized safety and risk management services can reduce the frequency and severity of injury *City, broker, insurer, and safety professionals work to develop centralized safety/risk services *City has direct input into policy design and structure as opposed to relying on contractors' terms and conditions 	<ul style="list-style-type: none"> *Collaboration with City and carrier's safety experts for a more comprehensive safety program
Claims	<ul style="list-style-type: none"> *Better efficient claims handling because of the City and/or Carrier is the control point for managing claims 	<ul style="list-style-type: none"> Projected related claims are handled by City and/or Carrier's third-party administrator
Broker/Carriers	<ul style="list-style-type: none"> *Current broker of record established 	N/A
Revenue	N/A	<ul style="list-style-type: none"> *Elimination of administrative fees charged to subcontractors by contractors
Public Relations	<ul style="list-style-type: none"> *Positive response from the public 	<ul style="list-style-type: none"> *Positive response from contractors/subcontractors

The City Council was briefed on May 21, 2025, and provided authorization on June 11, 2025, for the city to utilize a \$1 billion bridge loan from JP Morgan Chase to provide financing for the KBHCCD Master Plan Component 1 convention center expansion. The Ordinance 33128 memorialized in CR-250965 authorized the Second Supplemental Indenture establishing the Senior Lien Special Tax Revenue Notes, Series A bridge loan and the execution of and issuance of notes for the project.

Included in the initial draw from these notes will be the funding for OCIP insurance policies, which were included in the soft costs contemplated for the master plan project.

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Should you have any questions, please contact me or Zeronda Smith, Director of the Office of Risk Management at zeronda.smith@dallas.gov.

Service First, Now!



Jack Ireland
Chief Financial Officer

c: Kimberly Bizzor Tolbert, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Timothy Menke, Inspector General
Dominique Artis, Chief of Public Safety

Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager
Robin Bentley, Assistant City Manager
Ahmad Goree, Chief of Staff to the City Manager