

# 4 Smart Risk Strategies For Data Center Development On Brownfields

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As demand for data centers and digital infrastructure intensifies and sighting locations near cities becomes more difficult, AEC firms will see increased opportunity in brownfield redevelopment. With an estimated 450,000 brownfield sites across the U.S.,<sup>1</sup> and more than 150,000 acres already cleaned up and ready for reuse by the Environmental Protection Agency (EPA) alone,<sup>2</sup> the scale of opportunity is substantial.

While these sites often check all the right boxes — access to power, water, and transportation — they're rarely straightforward. From legacy contaminants and site-specific engineering challenges to uncertain permitting paths and evolving liability structures, brownfield projects carry risks AEC firms can't afford to treat as an afterthought.

Success in this space isn't just about technical execution. It's also about smart insurance, contractual, and planning strategies that will help your firm lead with confidence and avoid costly surprises.

## 1. Know Exactly What You're Getting Into

Brownfield redevelopment begins with understanding the site — what lies beneath the surface, what industries have operated on it, and what liabilities remain. Before you draft plans or break ground, make sure to:

- Do a deep historical site analysis, including reviewing environmental site assessments (ESAs), site investigations, and a full review of past uses of the property
- Understand what local, state, or federal agency has primacy
- Confirm whether the site is enrolled in a brownfield or voluntary cleanup program, and what legal protections it offers
- Assess risks specific to data center development, including power and cooling system vulnerabilities, and fire and electrical risks for sites with aging or compromised infrastructure

Even sites that look promising on paper can require substantial remediation. Don't let surprises like buried waste or construction debris, soil contamination, or asbestos or lead-based paint in existing buildings derail your project from schedule or budget goals.

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<sup>1</sup> EPA "[Brownfields About](#)," March 25, 2025.

<sup>2</sup> EPA "[Brownfields Accomplishments](#)," April 1, 2025.

## 2. Address Liability Within the Contract

For contaminated properties, liability transfer is a critical part of protecting your firm and your client from long-term exposure. If a contract doesn't clearly spell out who's responsible for existing and future contamination, your firm can get pulled into claims that have nothing to do with design or construction performance.

If your client is purchasing the property outright, help them understand whether they will also inherit the environmental liability. In many cases, developers can apply for prospective purchaser protections under state or federal brownfield programs, which allow them to acquire the contaminated property without incurring liability — but only if the purchaser meets specific criteria as outlined in the program. This often requires an environmental assessment and application to these programs before the property is purchased.

Also confirm whether the site is already enrolled in a cleanup or liability relief program. If it's not, the buyer may be stepping into a far riskier situation than expected, and those risks can cascade through the project via indemnification clauses or professional liability exposure.



## 3. Build an Insurance Strategy that Matches the Risk

Brownfield sites carry a level of environmental uncertainty that standard insurance programs aren't designed to absorb. As soon as you break ground, the risk of discovering contamination becomes real. Your insurance strategy for these projects should be tailored to manage the potential risks associated with the project and structured to protect your firm without eroding broader program limits.

Here's what to consider:

- **Builder's risk insurance** should be designed for brownfield conditions, covering physical damage during construction — including fire, theft, vandalism, and risks tied to legacy structures or environmental hazards.
- **Site-specific and contractor's pollution liability** is non-negotiable. Excavation or demolition can easily trigger contamination events. A site-specific and project specific contractor's pollution policies protect your firm and subcontractors from costly third-party claims or cleanup costs.
- **Project-specific professional liability** helps contain risk by carving out dedicated limits tied to the job. Issues like errors in environmental design or flawed site assessments won't drain your firmwide E&O coverage.
- **Owner or contractor-controlled insurance programs** help streamline coverage, provide dedicated limits and reduce overall project insurance costs.

The bottom line is that your insurance strategy should be as engineered as your design plans — precise, intentional, and built to withstand the realities of a brownfield redevelopment project.

## 4. Anticipate Site Surprises

Old landfills, buried debris, unstable soils, or newly discovered contamination can derail even the best-planned project if you're not prepared. Construction planning on brownfield sites should account for:

- **Material surprises:** For instance, if unknown or non-disclosed transite siding or pipe, storage tanks or vaults, or demolition debris are found below ground or onsite.
- **Worker safety issues:** If the site includes an old landfill or buried industrial waste, exposure risk increases during grading, trenching, or excavation.
- **Scope and cost creep:** A project with a \$25 million development budget could quickly balloon since cleanup costs could add millions of dollars.

While positive economic cases can be made for using brownfield sites for data centers, especially with power grid, water source and transportation corridor proximity, these projects aren't business as usual. The risks are layered, the conditions are unpredictable, and the stakes are high. The key is to get involved early, ask the tough questions upfront, and develop an intentional risk strategy.

A broker who understands environmental and project-specific exposures can help you take on these complex projects with confidence.

## We're Here to Help

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Our approach to risk management and transfer delivers more stable and predictable outcomes for our clients – protecting their business and personal finances and allowing individuals and companies to focus on what truly matters – meaningful and innovative improvements to the built environment.

## Let's Talk

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