

DIRECTOR'S OFFICE AUTHORITY TO MODIFY AGREEMENTS

This agenda item proposes granting the director's office the authority to modify Access and Habitat (A&H) project agreements to cover the full cost of required insurance. When initial insurance estimates prove insufficient, the director's office would be able to increase the insurance payment amount to fully cover costs for all years of the agreement. This change will ensure continued coverage in situations where a landowner must secure a new insurance provider.

BACKGROUND

The Department of Administrative Services (DAS) requires insurance coverage for all grant programs, with specific coverage levels determined by each project's proposed activities. In response, the Access and Habitat (A&H) Program developed payments to help landowners offset the time and expense associated with securing the required insurance for public access projects.

Under the current reimbursement structure, landowners whose access payment is \$50,000 or less are eligible for \$100 for consulting with their insurance agent, increased to \$500 if they need to obtain coverage through a new agent, and up to \$1,000 to cover increased costs of the required insurance. Since insurance coverage is required to be in place before the project contract can be approved, this reimbursement is intended to offset the insurance costs the landowner incurs prior to the contract being signed. Estimated annual insurance costs for the remaining years of the project are included in the proposed budget.

As new properties join the program and currently enrolled properties go through renewal, the A&H Program continues to learn more about the challenges landowners face in securing DAS-required insurance. While the existing payment structure covers most situations, recent projects have revealed two gaps:

- Insurance quotes provided early in project development occasionally increase once the agreement is ready for execution, exceeding the estimate used in the project application.
- In some cases, a landowner's insurer ultimately declines to cover public access, requiring the landowner to obtain a separate and more expensive policy – one that exceeds the current \$1,000 reimbursement limit.

Several grantees have encountered these issues, needing to purchase additional coverage or switch carriers after initially being told they were insured. These situations demonstrate the need for greater flexibility within the reimbursement framework to ensure landowners can retain the required insurance throughout the life of their agreements.