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**BOARD OF DIRECTORS SPECIAL MEETING
AGENDA**

**Wednesday, March 4, 2026
2:00 P.M.**

[Zoom](#)

**Meeting ID: 834 7725 6902
Passcode: 988248**

All or portions of this meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows: Sedgwick, 1750 Creekside Oak Drive, Suite 200, Sacramento, CA 95833; City of American Canyon, 4381 Broadway Street, Suite 201, American Canyon, CA 94503; Town of Los Altos Hills, 26379 Fremont Road, Los Altos Hills, CA 94022; Town of Ross, 31 Sir Francis Drake Boulevard, Ross, CA 94957; City of Saratoga, 13777 Fruitvale Avenue, Saratoga, CA 95070; and Town of Woodside, 2955 Woodside Road, Woodside, CA 94062.

Each location is accessible to the public, and members of the public may address the Board of Directors from any teleconference location.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Kassandra Batista at kassandra.batista@sedgwick.com (916) 244-1103 or (916) 244-1199 (fax). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Shared Agency Risk Pool (SHARP) Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.

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| <u>Page</u> | 1. CALL TO ORDER |
| | 2. INTRODUCTIONS |
| | 3. APPROVAL OF AGENDA AS POSTED (OR AMENDED) |
| | 4. PUBLIC COMMENTS - This time is reserved for members of the public to address the Board relative to matters of the Shared Agency Risk Pool (SHARP) not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to three minutes per person and twenty minutes in total. |

* Reference materials attached with staff report.

- Page** **5.** **ADMINISTRATIVE MATTERS**
- 3** *A. Discussion Regarding the Future of SHARP
 Recommendation: None.
- 5** B. SHARP Business Partner Contracts
 Staff recommends the Board of Directors provide direction to staff regarding the re-negotiation of the listed contracts or to solicit other proposals through an Request for Proposal (RFP) process
- 6.** **FINANCE MATTERS**
- 6** *A. Preliminary Budget for the 2026/27 Program Year
 Recommendation: None.
- 7.** **CLOSING COMMENTS**
This time is reserved for comments by SHARP Board members and/or Staff and to identify matters for future SHARP Board business.
- A. SHARP Board of Directors
 B. Staff
- 8.** **ADJOURNMENT**

ADMINISTRATIVE MATTERS

SUBJECT: Discussion Regarding the Future of SHARP

BACKGROUND AND HISTORY:

On December 11, 2026, Mr. Jon Paulsen, Senior Vice President of Specialty Operations with Sedgwick, addressed the SHARP Board of Directors regarding the various possibilities for the members of the pool. This discussion was largely prompted by SHARP's sister JPA, Pooled Liability Assurance Network (PLAN), starting its own workers' compensation coverage program.

The considerations for SHARP included whether or not to continue with the structure in place for the current SHARP members:

- City of American Canyon
- Town of Los Altos Hills
- Town of Ross
- City of Saratoga
- Town of Woodside

One of the options discussed was individual SHARP members seeking participation in the PLAN program. While it seems ideal to have all coverages for the agencies in one place, there is a concern over the cost of coverage offered by PLAN. The cost methodology for PLAN's coverage includes a base pool rate that allows for public safety coverage and adjusts individual agency rates through the application of an Experience Modification Factor (ex-mod). While this is the same for SHARP, SHARP has traditionally been averse to the public safety exposures associated with workers' compensation.

Another option is for SHARP to consider folding into PLAN's program as an underlying member. This option presents challenges because of continuing costs and the need to sustain SHARP operations and meetings while participating in PLAN's meetings and program governance as well. There is no cost reduction with this option.

PLAN's coverage program is truly in its infancy. As time passes, reconsiderations will be made regarding the cost and allocation methodologies for its participants. Additionally, as the participation level increases and the program stabilizes, the costs of participation will become more manageable and cost-efficient for SHARP members.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- Cost Comparison Worksheet

SHARED RISK POOL (SHARP)
2026/2027 Preliminary March Budget

SHARP WC vs. PLANWORKS

SHARP

PLAN WORKS

Member	Estimated Payroll	Primary Pool Funding	Excess Coverage \$250K - Statutory Limit	Other Direct Expense And Administrative Expense	Total Contributions	Primary Pool Funding	Excess Coverage \$250K - Statutory Limit	Other Direct Expense And Administrative Expense	Total Contributions	Total Difference
American Canyon	11,122,800	237,863	\$ 169,966	\$ 59,473	\$ 467,302	400,237	\$ 239,321	\$ 22,373	\$ 661,931	\$ 194,629
Los Altos Hills	4,568,600	79,216	\$ 69,812	\$ 24,428	\$ 173,457	164,394	\$ 98,299	\$ 9,189	\$ 271,883	\$ 98,426
Ross	3,202,800	92,557	\$ 48,941	\$ 17,125	\$ 158,624	115,248	\$ 68,912	\$ 6,442	\$ 190,602	\$ 31,978
Saratoga	8,838,400	153,252	\$ 135,058	\$ 47,259	\$ 335,569	318,037	\$ 190,169	\$ 17,778	\$ 525,984	\$ 190,415
Woodside	3,090,300	73,374	\$ 47,222	\$ 16,524	\$ 137,120	111,200	\$ 66,492	\$ 6,216	\$ 183,907	\$ 46,787
Total	\$ 30,822,900	\$ 636,262	\$ 471,000	\$ 164,809	\$ 1,272,071	\$ 1,109,116	\$ 663,193	\$ 61,998	\$ 1,834,308	\$ 562,237
<i>Rate Per \$100 Payroll</i>		<i>2.0643</i>	<i>1.5281</i>	<i>0.5347</i>	<i>4.1270</i>	<i>3.5984</i>	<i>2.1516</i>	<i>0.2011</i>	<i>5.9511</i>	<i>1.8241</i>

Difference per Component

Member	Primary Pool Funding	Excess Coverage \$250K - Statutory Limit	Other Direct Expense And Administrative Expense	Total Contributions
American Canyon	162,375	69,355	(37,101)	194,629
Los Altos Hills	85,178	28,487	(15,239)	98,426
Ross	22,691	19,971	(10,683)	31,978
Saratoga	164,785	55,111	(29,481)	190,415
Woodside	37,826	19,269	(10,308)	46,787
Total	\$ 472,854	\$ 192,193	(102,811)	\$ 562,237
<i>Rate Per \$100 Payroll</i>	<i>1.5341</i>	<i>0.6235</i>	<i>-0.3336</i>	<i>1.8241</i>

ADMINISTRATIVE MATTERS

SUBJECT: SHARP Business Partner Contracts

BACKGROUND AND HISTORY:

In the course of normal business, SHARP has certain needs for professional services. These services are provided by independent contractors with particular skills, expertise, and experience to assist with required financial statements, claims administration, cost containment, and legal counsel, among others.

Many of SHARP's contracts with these professional contractors expire on June 30, 2026. While many of those agreements had provisions for additional one (1) year extensions, these extensions run out and new contracts must be entered into.

The service agreements that require attention this year are as follows:

- Bickmore Actuarial – performs Reserve and Funding Analysis, Deposit Schedule, and produces ex-mod facts.
- James Marta & Company – provides financial auditing services for the Statements of Net Position and related Statements of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows on an annual basis.
- Boucher Law, PC – provides selected legal counsel including governing document interpretation, contract negotiation, Board meeting support, and advising on legal issues and concerns.
- Sedgwick Claims Management Services, Inc. – provides workers' compensation claims administration services.

RECOMMENDATION:

Staff recommends the Board of Directors provide direction to staff regarding the re-negotiation of the listed contracts or to solicit other proposals through an Request for Proposal (RFP) process.

REFERENCE MATERIALS ATTACHED:

- None

FINANCIAL MATTERS

SUBJECT: Preliminary Budget for the 2026/27 Program Year

BACKGROUND AND HISTORY:

Joe Roy, SHARP JPA Finance Manager, will present the Draft Preliminary Operating Budget (Budget) for SHARP JPA for the 2026/27 Fiscal Year.

Overview of SHARP:

SHARP JPA provides workers' compensation coverage to its members. Excess coverage is provided through LAWCX.

Budget Structure:

The budget is structured as follows:

- Costs for the pooled layer of coverage are actuarially determined and applied to each member based on the relevant exposure base for the program.
- Excess insurance costs are allocated based on relative estimated payroll.
- Other direct and administrative costs are allocated based on relative estimated payroll.

Pool Layer Funding:

Program:	Layer of Coverage	Confidence Level	Discount Rate	Exposure Base
Worker's Compensation	\$0 - \$250K	65%	2%	Estimated Payroll

Excess Costs

Program:	Provider	Layer of Coverage	Allocated by:
Worker's Compensation	LAWCX	\$250K - Statutory Limit	Payroll

Administrative and Other Direct Costs:

Administrative and other direct costs are allocated by members' payroll.

Use of Estimates:

At the time of drafting the March Preliminary Budget, most costs are unknown. In general, a 15% growth rate over the prior year's cost has been applied. See "Budget Status" table attached to this agenda report for outstanding items.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- March Preliminary Budget - Budget Status
- Draft Preliminary Operating Budget for 2026/27

March Preliminary Budget - Budget Status:

Cost	Status	Note
<i>Pool Funding</i>		
WC Pool Funding	Estimate	Pending actuarial report
<i>Insurance Costs</i>		
Excess Insurance	Estimate	Pending LAWCX budget
<i>Other Direct Costs</i>		
Claims Administration	Estimate	Pending contract renewal
Dept. of Industrial Relations Self-Insurance Fee	Estimate	Pending actuarial report
RMG Fund Allocation	Actual	
<i>Administrative Costs</i>		
Program Administration	Estimate	Pending contract renewal
Financial Audit	Estimate	Pending contract renewal
Actuarial Studies	Estimate	Pending contract renewal
Legal Counsel	Estimate	Based on prior year actual costs
Bank Fees	Estimate	Based on prior year actual costs

SHARED RISK POOL (SHARP)

2026/2027 Preliminary March Budget

	2025/26		2026/27 Operating Budget	Budget v. Budget:		Budget v. Actual	
	Approved Budget	Projected Actuals		Dollar Incr./((Decr.))	Percent Incr./((Decr.))	Dollar Incr./((Decr.))	Percent Incr./((Decr.))
Revenues:							
Contributions	\$ 1,044,009	\$ 1,044,009	\$ 1,272,071	\$ 228,063	21.8%	\$ 228,062	21.8%
Total Revenues	1,044,009	1,044,009	1,272,071	228,063	21.8%	228,062	21.8%
Expenses:							
Claims Expense	446,862	383,280	561,824	114,962	25.7%	178,544	46.6%
Claims Expense Total	446,862	383,280	561,824	114,962	25.7%	178,544	46.6%
Excess Insurance Expense	397,475	397,475	471,000	73,525	18.5%	73,525	18.5%
Excess Insurance Expense Total	397,475	397,475	471,000	73,525	18.5%	73,525	18.5%
Other Direct Expenses							
Claims Administration	26,533	25,635	30,513	3,980	15.0%	4,878	19.0%
DIR Self Insurance Assessment	10,338	10,338	15,913	5,575	53.9%	5,575	53.9%
Loss Prevention							
Risk Management Grants*	50,000	6,917	50,000	-	0.0%	43,083	622.8%
Other Direct Expenses Total	86,871	42,891	96,426	9,555	11.0%		
Administration:							
Program Administration	68,644	65,473	78,941	10,297	15.0%	13,468	20.6%
Financial Audit	19,500	19,500	22,425	2,925	15.0%	2,925	15.0%
Actuarial Studies	10,450	10,200	12,018	1,568	15.0%	1,818	17.8%
Legal Counsel	2,000	500	2,000	-	0.0%	1,500	300.0%
Bank Fees	3,000	2,590	3,000	-	0.0%	410	15.8%
Total Administration Expenses:	103,594	98,263	118,383	14,789	14.3%	20,120	20.5%
Total Expenses	1,034,803	921,909	1,247,634	212,831	20.6%	325,725	35.3%
Budgeted Net Income (Loss)	\$ 9,206	\$ 122,100	\$ 24,437	\$ 15,232	-165.5%	\$ (97,663)	-80.0%
Reconciling Items							
WC Claims Expense (Expected) vs. Funding (65% CL)	59,206	-	74,437	15,232	25.7%	74,437	N/A
Risk Management Grant Funding	(50,000)	-	(50,000)	-	0.0%	(50,000)	N/A
Total Reconciling Items	9,206	-	24,437	15,232	165.5%	24,437	N/A
Adj. Net Income (Loss)	\$ -	\$ 122,100	\$ (0)	\$ (0)	N/A	\$ (122,100)	-100.0%
Non-budgeted items:							
Investment Income		283,050					
Projected Net Income (Loss)		\$ 405,150					

*Not collected in contributions; funded from equity.

SHARED RISK POOL (SHARP)

2026/2027 Preliminary March Budget

Workers' Compensation Program

Pool Funding @ 65% Confidence Level, 2.0% Discount Factor

Primary Pool from 1st Dollar ~ LAWCX Excess from \$250,000

<u>Member</u>	2025/26 Total Contributions	<i>Prior Year Budget</i>			<i>Payroll Comparison</i>				<i>Ex-mod Comparison</i>		
		2024/25 Total Contributions	<i>Increase/ (Decrease)</i>	<i>% Change</i>	Estimated Payroll		<i>Increase/ (Decrease)</i>	<i>% Change</i>	2025/26	2024/25	<i>% Change</i>
American Canyon	\$ 467,302	\$ 369,255	\$ 98,046	27%	11,122,800	9,896,100	1,226,700	12%	92.5%	92.5%	0%
Los Altos Hills	\$ 173,457	110,387	63,069	57%	4,568,600	3,523,500	1,045,100	30%	75.0%	75.0%	0%
Ross	\$ 158,624	147,620	11,004	7%	3,202,800	2,997,300	205,500	7%	125.0%	125.0%	0%
Saratoga	\$ 335,569	278,579	56,990	20%	8,838,400	8,638,000	200,400	2%	75.0%	75.0%	0%
Woodside	\$ 137,120	117,167	19,953	17%	3,090,300	3,138,300	(48,000)	-2%	102.7%	102.7%	0%
Total	\$ 1,272,071	\$ 1,023,008	\$ 249,063	24%	30,822,900	28,193,200	2,629,700	9%			

SHARED RISK POOL (SHARP) 2026/2027 Preliminary March Budget

Workers' Compensation Program

Pool Funding @ 65% Confidence Level, 2.0% Discount Factor

Primary Pool from 1st Dollar ~ LAWCX Excess from \$250,000

Member	Estimated Payroll	Primary Pool Funding (Unmodified)	Experience Modification Factor	Primary Pool Funding (Modified)	Balancing Factor	Primary Pool Funding	Excess Coverage \$250K - Statutory Limit	Other Direct Expense And Administrative Expense	Total Contributions
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9
American Canyon	11,122,800	229,602	92.5%	212,382	112%	237,863	\$ 169,966	\$ 59,473	\$ 467,302
Los Altos Hills	4,568,600	94,307	75.0%	70,730	112%	79,216	\$ 69,812	\$ 24,428	\$ 173,457
Ross	3,202,800	66,114	125.0%	82,642	112%	92,557	\$ 48,941	\$ 17,125	\$ 158,624
Saratoga	8,838,400	182,447	75.0%	136,835	112%	153,252	\$ 135,058	\$ 47,259	\$ 335,569
Woodside	3,090,300	63,792	102.7%	65,514	112%	73,374	\$ 47,222	\$ 16,524	\$ 137,120
Total	\$ 30,822,900	\$ 636,262		\$ 568,104	112%	\$ 636,262	\$ 471,000	\$ 164,809	\$ 1,272,071
<i>Rate Per \$100 Payroll</i>						<i>2.0643</i>	<i>1.5281</i>	<i>0.5347</i>	<i>4.1270</i>
Prior Year Budgeted	26,992,761					518,000	370,987	154,044	1,023,008
Incr./ (Decr.)	\$ 3,830,139					\$ 118,262	\$ 100,013	\$ 10,765	\$ 249,063
% Change	14%					23%	27%	7%	24%

Notes:

Note 1: Based on Q1 and Q2 actual payroll data from fiscal year 2024-25, annualized with change in 2023-24 actual payroll data and increased by inflation factor 2.8% (based on CCPI for Bay Area Cities in 2024-25).

Note 2: Pool Funding amount per member before the application of experience modification factor.

Note 3: Experience Modification Factor subject to minimum (75%) and maximum (125%).

Note 4: Primary Pool Funding amount after application of experience modification factor.

Note 5: Balancing factor ensures that the Primary Pool Funding Amount equals the Pool Rate times total Estimated Payroll.

Note 6: Funding needed for first dollar coverage to \$250,000 at the 65% confidence level, discounted by 2% discount factor.

Note 7: LAWCX contribution, allocated by estimated payroll. LAWCX funds its losses at the 80% confidence level, discounted by 3% discount factor.

Note 8: Other Direct Expense and Administrative Expenses allocated by estimated payroll.

Note 9: Total Member Contributions (Sum of Notes 6 through 8).