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**SPECIAL FINANCE COMMITTEE MEETING  
AGENDA**

**Wednesday, March 17, 2021  
3:30 p.m.**

**Zoom**

**Please Contact Katie Sullivan for Videoconference Information**

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All portions of this meeting will be conducted by teleconferencing in accordance with the State of California Executive Order N-29-20.

Members of the public may observe and listen to the meeting telephonically. No physical location will be available from which members of the public may observe the meeting and offer public comment. Public comments may be submitted in advance of the meeting by emailing Katie Sullivan at [katie.sullivan@sedgwick.com](mailto:katie.sullivan@sedgwick.com) no later than 12 p.m. on Wednesday, March 17, 2021. If a member of the public would like to address the Finance Committee during the meeting, the person may email Ms. Sullivan during the meeting and, if timely received, Ms. Sullivan will read or summarize the email to the Board members.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Katie Sullivan at (916) 244-1164 or [katie.sullivan@sedgwick.com](mailto:katie.sullivan@sedgwick.com) (email). 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 Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA) Finance Committee 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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|--------------------|---|
| <b><u>Page</u></b> | <b>1. CALL TO ORDER</b>                             |
|                    | <b>2. INTRODUCTIONS</b>                             |
|                    | <b>3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)</b> |

\* Reference materials enclosed with staff report.

- Page**    **4. PUBLIC COMMENTS** - This time is reserved for members of the public to address the Committee relative to matters of the PLAN JPA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.
- 5. FINANCIAL MATTERS**
- 3**            \*A. PLAN JPA Liability Program Member Allocations  
                  *Recommendation: None. Information only.*
- 6. CLOSING COMMENTS**  
                  This time is reserved for comments by Finance Committee members and/or staff and to identify matters for future Finance Committee business.  
                  A. Finance Committee  
                  B. Staff
- 7. ADJOURNMENT**

**NOTICES:**

- The next Board of Directors Meeting will be held on March 26, 2021 via teleconference.
- The next Executive Committee Meeting will be held on May 13, 2021 via teleconference.

\* Reference materials enclosed with staff report.

**March 17, 2021**

**Agenda Items 5.A.**

**FINANCIAL MATTERS**

**SUBJECT: PLAN JPA Liability Program Member Allocations**

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**BACKGROUND AND HISTORY:**

At the March 9, 2021, Finance Committee Meeting, staff was directed to contact specific PLAN JPA members who had substantial increases or decreases in payroll from prior year.

Ritesh Sharma, Finance Manager, will be present to discuss his findings at the special meeting. In addition, staff will discuss:

- Minor changes to the preliminary operating budget
- Phase in period for liability contributions
- Property program member self-insured retention (SIR) option

**STAFF RECOMMENDATION:**

*None. Informational Only.*

**REFERENCE MATERIALS ATTACHED:**

- Preliminary Operating Budget for 2021/2022

# PLAN JPA

## Preliminary Operating Budget for 2021/2022

### Summary of Contributions by Program

Member	Liability Program <small>Page 2</small>	Property Program <small>Page 3</small>	Employment Liability	2021/22 Total Contributions	Prior Year Comparison			Payroll Comparison			Ex-mod Comparison		
					2020/21 Total Contributions	Increase/ (Decrease)	Percent Change	Estimated Payroll 2021/22	Estimated Payroll 2020/21	% Change	2021/22	2020/21	Change
American Canyon	\$ 299,035	\$ 120,247	\$ 57,576	\$ 476,858	\$ 401,150	\$ 75,708	19%	\$ 6,731,600	\$ 7,896,528	-14.8%	60%	60%	0.0%
Atherton	212,864	24,643	44,476	281,983	241,277	40,706	17%	4,980,400	5,703,129	-12.7%	128%	128%	0.0%
Benicia	643,087	365,237	-	1,008,324	980,121	28,203	3%	22,470,900	23,555,000	-4.6%	82%	96%	-14.6%
Burlingame	538,902	301,037	-	839,939	724,995	114,944	16%	23,296,600	25,898,071	-10.0%	79%	82%	-3.7%
Campbell	685,980	150,752	-	836,732	695,409	141,323	20%	23,200,800	25,400,000	-8.7%	81%	79%	2.5%
Colma	119,472	42,692	-	162,164	150,325	11,839	8%	5,714,000	5,866,006	-2.6%	75%	72%	4.2%
Cupertino	623,331	174,695	-	798,026	639,636	158,391	25%	23,780,600	26,023,447	-8.6%	39%	49%	-20.4%
Dublin	703,860	367,216	-	1,071,076	785,019	286,058	36%	9,963,400	13,229,029	-24.7%	84%	64%	30.0%
East Palo Alto	466,957	43,249	-	510,206	386,865	123,341	32%	9,030,300	11,775,000	-23.3%	117%	90%	30.0%
Foster City	409,980	207,501	-	617,481	489,508	127,973	26%	19,319,200	20,783,000	-7.0%	32%	30%	6.7%
Half Moon Bay	184,269	47,065	-	231,334	211,682	19,652	9%	4,266,600	4,274,400	-0.2%	77%	97%	-20.6%
Hillsborough	316,801	126,606	-	443,407	361,461	81,946	23%	11,140,000	10,601,185	5.1%	89%	80%	11.3%
Los Altos Hills	208,259	27,127	-	235,386	186,939	48,447	26%	3,201,200	2,673,040	19.8%	170%	153%	11.1%
Los Gatos	496,687	99,255	-	595,942	492,623	103,318	21%	22,442,300	20,271,929	10.7%	48%	48%	0.0%
Millbrae	488,940	171,925	-	660,865	479,959	180,905	38%	7,968,700	9,676,706	-17.7%	210%	192%	9.4%
Milpitas	1,597,052	370,173	-	1,967,226	1,161,755	805,471	69%	64,774,900	49,905,258	29.8%	93%	93%	0.0%
Morgan Hill	1,063,182	242,943	-	1,306,125	999,226	306,899	31%	30,138,300	26,206,349	15.0%	120%	119%	0.8%
Newark	867,494	205,529	-	1,073,023	834,245	238,779	29%	22,729,800	18,956,497	19.9%	105%	117%	-10.3%
Pacifica	933,789	358,543	-	1,292,332	1,095,379	196,953	18%	20,884,100	21,209,531	-1.5%	153%	152%	0.7%
Portola Valley	86,166	22,352	-	108,518	100,649	7,869	8%	1,715,700	1,861,818	-7.8%	81%	81%	0.0%
Ross	77,224	11,431	-	88,655	92,328	(3,673)	-4%	2,456,900	2,585,000	-5.0%	70%	70%	0.0%
San Bruno	1,077,424	165,920	-	1,243,344	1,045,101	198,243	19%	30,714,200	32,017,130	-4.1%	139%	120%	15.8%
San Carlos	838,917	98,119	-	937,036	874,579	62,457	7%	8,162,900	9,165,405	-10.9%	368%	300%	22.7%
Saratoga	493,597	69,543	-	563,140	360,859	202,281	56%	7,634,800	7,700,000	-0.8%	140%	200%	-30.0%
South San Francisco	1,226,584	481,724	-	1,708,308	1,752,289	(43,981)	-3%	53,350,000	60,226,756	-11.4%	74%	104%	-28.8%
Suisun City	382,737	70,087	-	452,824	330,384	122,440	37%	7,674,600	7,584,819	1.2%	74%	64%	15.6%
Tiburon	155,883	24,435	-	180,318	152,919	27,399	18%	3,886,000	4,557,033	-14.7%	73%	68%	7.4%
Woodside	117,198	16,502	17,634	151,334	132,672	18,662	14%	2,212,200	2,317,470	-4.5%	99%	94%	5.3%
<b>Total</b>	<b>\$ 15,315,672</b>	<b>\$ 4,406,550</b>	<b>\$ 119,686</b>	<b>\$ 19,841,907</b>	<b>\$16,159,356</b>	<b>\$ 3,682,551</b>	<b>23%</b>	<b>\$ 453,841,000</b>	<b>\$ 457,919,536</b>	<b>-0.9%</b>			

P/Y Actual	13,118,305	3,284,518	\$99,738	16,502,561
Incr./(Decr.)	\$ 2,197,367	\$ 1,122,032	\$ 19,948	\$ 3,339,346
% Change	17%	34%	20%	20%

**Note:**

Payroll comparison was obtained from the actuarial study. The payroll numbers are estimates that were used at the time of funding. The ex-mod comparisons were obtained from actuarial reports. Employment Liability coverage is through ERMA (Employment Risk Management Authority).

# PLAN JPA

## Preliminary Operating Budget for 2021/2022

### Liability Program Contribution Schedule

#### Pool Funding @ 60% Confidence Level, 2.0% Discount Factor

Members	Member SIR	Funding for Losses SIR-\$2.5 M	Reinsurance/Excess Insurance			Administration Expense	2021/22 60% CL Liability Budget	Budget Comparison	
			Reinsurance \$2.5M x \$2.5M	Excess \$25M x \$5M	Total Insurance			2020/21 60% CL Liability Budget	Percent Increase / (Decrease)
			Note 1	Note 2	Note 3			Note 4	Note 5
American Canyon	\$25,000	\$ 71,791	\$ 52,478	\$ 118,820	\$ 171,298	\$ 55,946	\$ 299,035	\$ 261,607	14%
Atherton	\$25,000	112,062	\$17,708	\$40,093	57,801	43,001	212,864	187,549	13%
Benicia	\$25,000	324,704	\$68,441	\$154,961	223,402	94,981	643,087	703,027	-9%
Burlingame	\$250,000	174,483	\$75,853	\$171,744	247,597	116,822	538,902	495,513	9%
Campbell	\$100,000	251,467	\$106,503	\$241,141	347,644	86,869	685,980	581,736	18%
Colma	\$50,000	67,507	\$4,355	\$9,859	14,214	37,751	119,472	117,475	2%
Cupertino	\$250,000	87,075	\$149,975	\$339,569	489,544	46,712	623,331	506,138	23%
Dublin	\$50,000	132,100	\$161,618	\$365,931	527,549	44,211	703,860	506,012	39%
East Palo Alto	\$100,000	142,464	\$77,555	\$175,598	253,153	71,340	466,957	355,578	31%
Foster City	\$100,000	84,334	\$83,194	\$188,366	271,560	54,086	409,980	330,237	24%
Half Moon Bay	\$50,000	51,874	\$31,308	\$70,886	102,194	30,201	184,269	175,076	5%
Hillsborough	\$50,000	156,360	\$28,757	\$65,110	93,867	66,574	316,801	268,214	18%
Los Altos Hills	\$25,000	95,943	\$21,188	\$47,974	69,162	43,154	208,259	166,318	25%
Los Gatos	\$50,000	169,274	\$79,180	\$179,276	258,456	68,957	496,687	419,305	18%
Millbrae	\$100,000	225,295	\$57,503	\$130,196	187,699	75,946	488,940	350,012	40%
Milpitas	\$100,000	812,866	\$196,346	\$444,561	640,907	143,279	1,597,052	916,627	74%
Morgan Hill	\$100,000	486,428	\$116,995	\$264,897	381,892	194,862	1,063,182	820,409	30%
Newark	\$100,000	320,912	\$123,322	\$279,221	402,543	144,039	867,494	687,967	26%
Pacifica	\$50,000	505,641	\$96,537	\$218,577	315,114	113,034	933,789	818,311	14%
Portola Valley	\$25,000	24,422	\$11,603	\$26,271	37,874	23,870	86,166	82,993	4%
Ross	\$25,000	30,318	\$6,422	\$14,541	20,963	25,943	77,224	83,501	-8%
San Bruno	\$100,000	572,230	\$114,477	\$259,195	373,672	131,522	1,077,424	923,784	17%
San Carlos	\$100,000	403,871	\$75,921	\$171,898	247,819	187,227	838,917	805,020	4%
Saratoga	\$25,000	188,527	\$78,150	\$176,944	255,094	49,976	493,597	307,363	61%
South San Francisco	\$100,000	528,610	\$170,954	\$387,070	558,024	139,950	1,226,584	1,387,097	-12%
Suisun City	\$25,000	99,694	\$73,337	\$166,046	239,383	43,660	382,737	278,494	37%
Tiburon	\$50,000	45,130	\$24,027	\$54,401	78,428	32,325	155,883	134,505	16%
Woodside	\$25,000	38,617	\$14,295	\$32,367	46,662	31,919	117,198	105,230	11%
<b>Total</b>		<b>\$ 6,204,000</b>	<b>\$ 2,118,002</b>	<b>\$ 4,795,513</b>	<b>\$ 6,913,516</b>	<b>\$ 2,198,157</b>	<b>\$ 15,315,672</b>	<b>\$ 12,775,098</b>	<b>20%</b>
Prior Year Actual		6,375,952	1,412,000	3,197,008	4,609,008	2,133,345	13,118,305		
Incr./(Decr.)		(171,952)	706,002	1,598,505	2,304,508	64,812	2,197,367		
% Change		-3%	50%	50%	50%	3%	17%		

NOTES:	Funding for the Pool Layer @ 2.0%		
	20/21	21/22	
Note 1: Member Selected Self-Insured Retention	Expected Undisc.	6,646,000	6,466,000
Note 2: Adjusted funding needed for SIR to \$2,500,000 at the 60% confidence level from draft Actuarial Study dated February 26, 2021	Expected Disc.	6,214,000	6,046,000
Note 3: Insurance indications provided by the Alliant, broker; allocation based upon draft actuarial study dated February 26, 2021	60% CL Disc.	6,377,000	6,204,000
Note 4: Administrative Expense allocation: 33% allocated to the member equally. Of the remaining 67%, one-third is allocated using reported claims and two-thirds using paid losses; these numbers were provided in the draft actuarial study.	70% CL Disc.	7,289,000	7,092,000
Note 5: Preliminary 2020/21 Liability Contributions (Note 2 + Note 3 + Note 4)	80% CL Disc.	8,488,000	8,270,000
Note 6: 2019/20 Contributions paid by members.	90% CL Disc.	10,402,000	10,151,000

# PLAN JPA

## Preliminary Operating Budget for 2021/2022

### Property Program Contributions Schedule

*Pool Funding @ 70% Confidence Level, 2.0% Discount Factor*

Member	SIR	Insured Values		Pool Funding SIR-\$500K	Excess Prop. Premium \$500k-\$1B	Excess Flood Premium	Excess Cyber Coverage	2021/22 Program Deposit	Budget Comparison	
		2020/21 Insured Values	2021/22 Insured Values						2020/21 Program Deposit	Percent Increase / (Decrease)
		Note 1	Note 2						Note 7	Note 8
American Canyon	\$5,000	\$ 76,461,244	\$ 82,149,023	\$ 29,569	\$ 85,978	\$ 1,522	\$ 3,178	\$ 120,247	\$ 91,563	31%
Atherton	5,000	12,703,288	15,663,934	5,638	16,394	-	2,611	24,643	16,665	48%
Benicia	5,000	233,853,947	251,082,721	90,376	262,785	3,806	8,270	365,237	277,094	32%
Burlingame	5,000	193,296,459	206,478,836	74,321	216,103	2,076	8,538	301,037	229,482	31%
Campbell	5,000	94,003,335	101,129,999	36,401	105,844	-	8,507	150,752	113,673	33%
Colma	5,000	25,586,868	27,244,429	9,806	28,514	1,522	2,849	42,692	32,850	30%
Cupertino	5,000	109,983,742	116,937,355	42,091	122,388	1,522	8,694	174,695	133,498	31%
Dublin	5,000	239,075,127	256,990,046	92,502	268,968	1,522	4,224	367,216	279,007	32%
East Palo Alto	5,000	24,433,650	27,960,190	10,064	29,263	-	3,922	43,249	31,287	38%
Foster City	5,000	134,558,649	142,369,738	51,245	149,005	-	7,251	207,501	159,271	30%
Half Moon Bay	5,000	30,338,468	31,769,695	11,435	33,250	-	2,380	47,065	36,606	29%
Hillsborough	5,000	78,681,559	86,738,677	31,221	90,781	-	4,604	126,606	93,247	36%
Los Altos Hills	5,000	16,665,477	17,839,021	6,421	18,670	-	2,036	27,127	20,621	32%
Los Gatos	5,000	59,664,940	64,692,851	23,286	67,708	-	8,261	99,255	73,318	35%
Millbrae	5,000	110,852,894	119,687,058	43,081	125,266	-	3,578	171,925	129,947	32%
Milpitas	5,000	201,221,439	244,547,986	88,023	255,946	4,246	21,958	370,173	245,128	51%
Morgan Hill	5,000	149,486,695	163,996,215	59,029	171,640	1,522	10,751	242,943	178,817	36%
Newark	5,000	123,531,988	140,183,523	50,458	146,717	-	8,354	205,529	146,278	41%
Pacifica	5,000	228,189,713	241,277,582	86,846	252,523	11,417	7,757	358,543	277,068	29%
Portola Valley	5,000	14,214,880	14,785,836	5,322	15,475	-	1,555	22,352	17,656	27%
Ross	5,000	5,184,769	5,768,356	2,076	6,037	1,522	1,795	11,431	8,827	29%
San Bruno	5,000	99,554,404	110,185,789	39,661	115,321	-	10,938	165,920	121,317	37%
San Carlos	5,000	57,052,279	66,087,793	23,788	69,168	1,522	3,641	98,119	69,559	41%
Saratoga	5,000	43,288,127	45,892,830	16,519	48,032	1,522	3,470	69,543	53,496	30%
South San Francisco	5,000	298,480,101	321,385,371	115,681	336,365	11,417	18,261	481,724	365,192	32%
Suisun City	5,000	40,095,173	44,646,720	16,070	46,728	3,806	3,483	70,087	51,890	35%
Tiburon	5,000	13,214,792	14,685,059	5,286	15,370	1,522	2,257	24,435	18,414	33%
Woodside	5,000	9,854,576	10,510,931	3,783	11,001	-	1,718	16,502	12,747	29%
<b>Total</b>		<b>\$ 2,723,528,583</b>	<b>\$ 2,972,687,564</b>	<b>\$ 1,070,000</b>	<b>\$ 3,111,240</b>	<b>\$ 50,469</b>	<b>\$ 174,841</b>	<b>\$ 4,406,550</b>	<b>\$ 3,284,518</b>	<b>34%</b>
P/Y Actual			2,723,528,583	911,000	2,212,539	45,826	116,560	3,285,925		
Incr./(Decr.)			\$ 249,158,981	\$ 159,000	\$ 898,701	\$ 4,643	\$ 58,281	\$ 1,120,625		
% Change			9%	17%	41%	10%	50%	34%		

**Notes:**

- Note 1: 2020/21 Total Insured property values obtained from Alliant.
- Note 2: 2021/22 Total Insured property values as submitted by members. Updated as of 01/26/21
- Note 3: Rate for PLAN pool (from actuarial report dated **February 26, 2021**) allocated using Note 2.
- Note 4: Estimated Premium by Alliant Property Insurance Program (APIP).
- Note 5: Flood cost are based upon 2020/21 premiums with a 10% increase in premiums.
- Note 6: Excess Cyber coverage: minimum \$1K per member and remaining allocated based upon payroll.
- Note 7: Total 2021/22 Contributions by member (Total Notes 3 through 6).
- Note 8: 2020/21 Contributions

**Funding for the Pooled Layer**

		20/21	21/22		
Expected	Undiscounted	772,000	910,000		
Expected	Discounted	758,000	900,000		
70% confidence Level	Discounted	911,000	1,070,000	159,000	
75% confidence Level	Discounted	988,000	1,152,000	164,000	82,000
80% confidence Level	Discounted	1,078,000	1,250,000	172,000	98,000
85% confidence Level	Discounted	1,191,000	1,372,000	181,000	122,000

# PLAN JPA

## Preliminary Operating Budget for 2021/2022

	2020/21		2021/22 Draft Operating Budget	Prior Year	
	Approved Budget	Projected Actuals		Increase/ (Decrease)	Percent Incr./ (Decr.)
<b>Revenues:</b>					
Contributions	\$16,059,618	\$16,159,356	\$ 19,841,907	3,782,289	23.6%
Funding from Equity	500,000	500,000	500,000	-	0.0%
Investment Income	-	640,000	530,000	530,000	0.0%
Less: Investment Fees	-	-	(35,000)	(35,000)	0.0%
<b>Total Revenues</b>	<b>16,559,618</b>	<b>17,299,356</b>	<b>20,836,907</b>	<b>4,277,289</b>	<b>25.8%</b>
<b>Expenses</b>					
<i>Claims Expense</i>	6,972,000	6,972,000	6,946,000	(26,000)	-0.4% <b>a</b>
<i>Insurance Expense</i>					
Insurance - Liability	4,265,804	4,609,008	6,913,516	2,647,712	62.1%
Insurance - Property	2,211,134	2,212,540	3,111,240	900,106	40.7%
Flood Insurance	45,826	45,826	50,469	4,643	10.1%
Excess Cyber Coverage	116,560	116,560	174,841	58,281	50.0%
Employment Liability Coverage	-	99,738	119,686	119,686	100.0%
	<b>6,639,324</b>	<b>7,083,672</b>	<b>10,369,751</b>	<b>3,730,427</b>	<b>56.2% <b>b</b></b>
<i>Risk Management Grants</i>					
Risk Management Fund	500,000	500,000	500,000	-	0.0%
<i>Administration</i>					
Program Administration	867,407	867,407	968,429	101,022	11.6%
Financial Audit	20,800	20,800	21,800	1,000	4.8%
Actuarial Studies	36,000	43,000	41,000	5,000	13.9%
Claims Admin & Audit	721,725	687,178	726,897	5,172	0.7%
Legal Counsel	44,971	35,000	40,000	(4,971)	-11.1%
Risk Console Info System	20,000	20,000	-	(20,000)	-100.0%
Risk Control Services	274,660	274,660	274,660	-	0.0%
Sewer Summit	25,000	25,000	25,000	-	0.0%
Insurance	51,782	51,782	54,371	2,589	5.0%
CAJPA Accreditation	12,000	12,000	12,000	-	0.0%
Bank Fees/Investment Fees	30,000	33,000	5,000	(25,000)	-83.3%
Meetings & Conferences:					
Meetings	16,000	10,000	16,000	-	0.0%
Training & Workshops	3,000	3,000	3,000	-	0.0%
Allowance for Contingencies	10,000	10,000	10,000	-	0.0%
	<b>2,133,345</b>	<b>2,092,827</b>	<b>2,198,157</b>	<b>64,812</b>	<b>3.0% <b>d</b></b>
<b>Total Expenses</b>	<b>16,244,669</b>	<b>16,648,499</b>	<b>20,013,908</b>	<b>3,769,239</b>	<b>23.2%</b>
<b>Budgeted Net Income (Loss)</b>	<b>314,949</b>	<b>650,857</b>	<b>822,999</b>	<b>508,050</b>	<b>161.3%</b>

**Notes:**

**a** Claims expenses are recorded at expected. The breakout of expenses by programs are:

	2020/21	2021/22	Difference	% Difference
Liability	\$6,214,000	\$6,046,000	(\$168,000)	-2.7%
Property	758,000	900,000	142,000	18.7%
Total	\$6,972,000	\$6,946,000	(\$26,000)	-0.4%

**b** Insurance expenses are budgeted to increase by 56.2%. Liability premiums are projected to increase 62% due to insurance market hardening. Property rates are projected to increase 40.7% due to utilization of the excess layer. Cyber excess coverage is projected to increase 50% & employment liability coverage is projected to increase 20% for those members who are participating with ERMA.

**c** Risk Management Grants are funded from the equity. Thus, a corresponding revenues has been recorded for budgeting

**d** Administration expenses are expected to increase by 3.0% in comparison to 20/21 budget. While majority of the expenses are related to contractual increase, program administration fee has an additional cost of \$75K for litigation management. The actuarial fee increase is due additional scope of work and investment income/bank fee decrease is due to reallocation of the investment fee as part of investment income.