



Legislation Text

File #: 16-0563, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Teresia Zadroga-Haase, Human Resources Director

Quinn Barrow, City Attorney

Gregory Borboa, Risk Manager

SUBJECT:

Settlement Agreement with Patricia Schilling (Human Resources Director Zadroga-Haase).

APPROVE AND APPROPRIATE \$105,000

RECOMMENDATION:

Staff recommends that the City Council approve the draft settlement, appropriate and authorize the City Manager to execute the agreement.

FISCAL IMPLICATIONS:

In addition to the balance of its self-insured retention, the City would contribute \$105,000 to the settlement. The contribution of \$105,000 will be paid from the City's general fund.

BACKGROUND:

Ms. Schilling was employed by the City in 2006 as the City Manager's administrative assistant. After her separation in April 2013, Ms. Schilling filed a lawsuit alleging a number of allegations related to her employment and separation. The City's self-insured retention (SIR) for general liability claims is \$500,000 and claim costs in excess of that amount are paid for by the City's risk sharing pool, Independent Cities Risk Management Authority (ICRMA) for all covered causes of action. Defense costs are deducted from the SIR. Certain claims (e.g., for lost wages and benefits) are not covered under our Memorandum of Coverage with ICRMA.

DISCUSSION:

As the suit progressed through discovery and mediation, the plaintiff agreed to settle the case for \$1.5 million. In addition to the balance of its self-insured retention, the City will contribute \$105,000 to the settlement if the Council so authorizes. ICRMA will pay Schilling the balance of the \$1.5 million, less the City's contribution and the remainder of the SIR. As of September 30, 2016, the balance of the SIR was \$93,233, but that amount has been reduced by attorneys' fees incurred by the City's special counsel after September 30, 2016.

Consistent with Council direction to place proposed settlement on Council agendas, the proposed settlement agreement is attached for Council consideration.

LEGAL REVIEW

The agreement has been reviewed and approved by the City Attorney as to legal form.

CONCLUSION:

Staff recommends that City Council approve the settlement agreement and authorize the City Manager to execute the agreement.

Attachment:

1. Draft Settlement Agreement