



## Legislation Text

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**File #:** 20-0259, **Version:** 1

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

Bruce Moe, City Manager

**FROM:**

Lisa Jenkins, Human Resources Director  
Briza Morales, Risk Manager

**SUBJECT:**

Consideration of a Resolution to Increase the Liability Claim Settlement Authority of the City Manager (or Designee) from \$25,000 to \$50,000 (Human Resources Director Jenkins).

**ADOPT RESOLUTION NO. 20-0119 INCREASING THE LIABILITY CLAIM SETTLEMENT AUTHORITY**

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**RECOMMENDATION:**

Staff recommends that the City Council adopt Resolution No. 20-0119 to increase the liability claim settlement authority of the City Manager from \$25,000 to \$50,000; authorize the City Manager to delegate such authority to a designee; and repeal all prior resolutions.

**FISCAL IMPLICATIONS:**

There are no fiscal implications associated with the recommended action.

**BACKGROUND:**

Since 1984, the City has contracted with a third party claims administrator (TPA) for its liability program. The TPA collaborates with the City's Risk Manager to evaluate, reject, return as insufficient or untimely, or make settlement recommendations on claims filed against the City. In February 1992, Council adopted Resolution No. 4881 authorizing the City Manager to allow, compromise, settle, or reject claims where the amount of such claim did not exceed \$10,000. In July 1997, Council adopted Resolution No. 5342 amending Resolution No. 4881 to increase the settlement authority of the City Manager from \$10,000 to \$25,000.

In October 2012, Council adopted Resolution No. 12-6397 clarifying the policy delegating liability claims handling responsibilities and the City Manager's authority and repealing Resolution Nos. 4881 and 5342. Resolution No. 12-6397 authorized the Risk Manager or TPA to accept, reject, return as insufficient, return as untimely, any claims and late claims filed against the City. It further authorized the City Manager to allow, compromise and settle, as the best interests of the City dictate, claims up to a maximum of \$25,000, and to take all appropriate steps to conclude any proceedings involving such claims. Settlement of claims that exceed \$25,000 require Council approval.

**DISCUSSION:**

Over the years, the costs associated with claims and litigation have gradually increased, and consequently, so have the amounts necessary to settle claims in good faith. A review of liability claim settlements between July 1, 2017 and June 30, 2020 (three-year period) indicates there were forty-five liability cases settled under \$25,000 which required City Manager approval and three liability cases with settlements between \$25,001 and \$50,000 which required City Council approval.

To create greater efficiency and to streamline the internal process in compromising claims, staff is recommending increasing the City Manager's settlement authority from \$25,000 to \$50,000. The recommended \$50,000 threshold is aligned with the City Manager's purchasing authority. Currently, under the City Manager's settlement authority of \$25,000, he is required to approve every claim, regardless of the dollar value. In addition to the increase in settlement authority to \$50,000, staff is recommending authorizing the City Manager to delegate such authority to a designee. This would enable the City Manager to delegate the approval of claims with a smaller dollar value to the Risk Manager or Human Resources Director, as he deems appropriate. Settlement of claims that exceed \$50,000 would continue to require Council approval.

**PUBLIC OUTREACH:**

After analysis, staff determined that public outreach was not required for this issue.

**LEGAL REVIEW:**

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

**ATTACHMENTS:**

1. Resolution No. 20-0119
2. Resolution No. 12-6397
3. Resolution No. 5342
4. Resolution No. 4881