



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 19, 2021

FROM: CITY ATTORNEY'S OFFICE WARDS: ALL

SUBJECT: AMEND THE CITY'S SETTLEMENT AUTHORITY LEVELS TO SETTLE CLAIMS/LAWSUITS AGAINST THE CITY, AS WELL AS TO RESOLVE SUBROGATION/BREACH OF CONTRACT/COLLECTIONS CASES INITIATED BY THE CITY

ISSUE:

The issue presented for consideration is whether to amend the City's settlement authority processes to provide clarification regarding who has authority to settle Government Tort Claims and lawsuits against the City and for consistency purposes to expressly provide the same settlement authority levels to resolve subrogation/breach of contract/collections cases filed by the City Attorney's Office that seek recovery of funds.

RECOMMENDATION:

That the City Council:

1. Adopt the attached resolution amending the City's settlement authority processes which will thereby repeal Resolution No. 18177.

DISCUSSION:

The City has not updated the resolution that provides settlement authority for general liability claims since 1993. Under the current Resolution No. 18177, the "Risk Manager" has authority of up to \$5,000.00, the City Attorney has authority up to \$15,000.00, and the City Manager has authority up to \$25,000.00 to settle claims and lawsuits against the City. Anything above \$25,000.00 must be approved by City Council. However, the City currently does not have a permanent full time Risk Manager.

In July 2018, the Risk Management functions were split between the Finance Department and the City Attorney's Office. The City Attorney's Office acquired the Claims Handling Team July 1, 2018. The Claims Handling Teams' primary responsibilities include investigating, processing, evaluating and responding to all Government Tort Claims for Damages submitted to the City.

The Risk Management functions that remain with the Finance Department are overseeing the City's Self-Insurance Trust Funds, procuring insurance on behalf of the City, approving

insurance certificates provided by outside vendors, and approving emergency repairs, etc. As a result, the City has never utilized the first layer of settlement authority of up to \$5,000.00 to settle Govt. Tort Claims because we currently do not have a permanent full time Risk Manager.

Due to the high volume of Claims the City receives, the Risk Supervisor of the Claims Handling Team is in good position to evaluate the nature and extent of claims submitted, any documentation submitted to substantiate the claimed damages, and any potential compromise or settlement. For that reason, it is recommended that the Risk Supervisor of the Claims Handling Team be granted authority up to \$2,500.00 to resolve claims against the City and that supervising Assistant City Attorneys have up to \$5,000.00 to resolve claims/lawsuits against the City. All other settlement authority levels are to remain the same.

In addition, the City Attorney's Office is continuing to pursue recovery efforts by filing subrogation and collections actions against third parties who cause damage to City property and/or injure City employees acting within the course and scope of their employment, which result in the payment of workers' compensation benefits. The City Attorney's Office is also continuing its efforts to pursue recovery from City vendors who negligently provide services and/or breach their contracts with the City by initiating litigation against them. However, Resolution No. 18177 is silent as to who has authority to approve the receipt of money paid to the City in these types of cases. For clarification and consistency purposes, it is recommended that the approval levels for cases seeking recovery of funds paid to the City when the City Attorney's Office initiates litigation mirror the authority levels to pay out funds to settle claims/lawsuits made against the City. In order to avoid interfering with Finance's internal recovery process, the settlement authority structure provided in the proposed new Resolution will not apply to any payments negotiated directly by Accounts Receivable in Finance that do not involve any active litigation.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government and Goal 5.3 – Enhance communication with community members to improve transparency, build public trust, and encourage shared decision-making.** This clarification in the approval process supports the priorities of the City of Riverside's Envision Riverside 2025 Strategic Plan by helping the City to be a high performing and efficient Government. Rather than having to present to City Council on mundane routine small cases, the City will continue its practice of allowing designating individuals to approve delineated settlement amounts for claims/lawsuits filed against the City, as well as approve receipt of money paid to the City when litigation initiated by the City Attorney's Office is settled.

This item also aligns with the Cross-Cutting Thread of Fiscal Responsibility because having a Resolution that provides express authority to approve the receipt of money paid to the City for subrogation, breach of contract, and collections cases clarifies who has the authority to decide when to approve the receipt of money in cases initiated by the City.

FISCAL IMPACT:

This clarification in the approval process will have no fiscal impact.

Prepared by: Rebecca McKee, Assistant City Attorney

Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachment: Resolution