TO: HONORABLE MAYOR AND CITY COUNCIL   **DATE:** JUNE 17, 2025

FROM: OFFICE OF THE CITY MANAGER   **WARDS:** ALL

SUBJECT: RESOLUTION TO AMEND THE CITY MANAGER'S SETTLEMENT AUTHORITY LEVELS FOR CLAIMS AND LAWSUITS AGAINST THE CITY AND FOR CASES FILED BY THE CITY IN AN AMOUNT NOT TO EXCEED $50,000.

ISSUE:

Consider increasing the City Manger's settlement authority from $25,000 to $50,000 to compromise or settle Government Tort claims or lawsuits against the City, and to compromise or settle collections, breach of contract, and subrogation cases that have been filed in court by the City.

RECOMMENDATION:

That the City Council:

1. Adopt a resolution to amend the City Manager's settlement authority from $25,000 to $50,000.

COMMITTEE RECOMMENDATION:

The Governmental Processes Committee (GPC) met on June 4, 2025, with Chair Falcone, Vice Chair Perry, and Committee Member Conder present to review and discuss a proposed resolution to increase the City Manager's settlement authority limit from $25,000 to $50,000. Following discussion, the Committee unanimously voted to recommend that the City Council adopt the resolution. Additionally, Vice Chair Perry suggested that a report be provided to the GPC twice a year outlining items the City Manager has reviewed and approved.

DISCUSSION:

Under Government Code Section 935.4, a local public entity may authorize an employee to settle claims against the entity up to a maximum of $50,000 by ordinance or resolution. Currently, Resolution No. 23792 limits the City Manager's settlement authority to $25,000. This authority level was initially established in 1993 under Resolution No. 18177 and reaffirmed in 2021 under Resolution No.23792. On March 19, 2024, the City Council adopted Resolution No. 24101 increasing the City Manager's signature authority for goods, services, and professional service contracts from $50,000 to $100,000. However, this increase did not apply to settlement of claims or lawsuits.

Since the last update over 30 years ago, the cost of claims, legal defense, and case complexity has increased significantly. The current settlement threshold is outdated and inconsistent with the City's broader procurement and expenditure practices.

Raising the City Manager's authority to $50,000 brings it in line with current statutory limits and improves the City's ability to resolve claims more efficiently. This change would reduce the number of lower-value settlements requiring City Council approval, saving staff time and allowing for quicker resolution of legal matters. Any increase beyond $50,000 would require a charter amendment and voter approval. This adjustment does not affect the City Council's oversight of settlements exceeding $50,000, which would still require Council approval.

Between 2018 and 2024, the City Council approved 21 settlement claims and the City Manager approved 19 under the current $25,000 limit. If the authority were raised to $50,000, those numbers would shift to 17 claims approved by the Council and 23 by the City Manager.

STRATEGIC PLAN ALIGNMENT:

This item supports Strategic Priority 5 – High Performing Government, and goal 5.2, utilizing technology, data, and process improvement strategies to increase efficiencies, guide decision making and ensure services are accessible and distributed equitably throughout all geographic areas of the city.

FISCAL IMPACT:

There is no direct fiscal impact increasing the City Manager's Settlement Authority from $25,000 to $50,000. The proposed change allows for faster resolution of claims and may reduce legal and administrative costs by avoiding delays.

Prepared by: Ruby Leann Castillo, Principal Management Analyst
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Mike Futrell, City Manager
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Concurs with:

Philip Falcone

Philip Falcone, Chair
Governmental Processes Committee

Attachment: Resolution