



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: July 14, 2015

TO: Mayor and Councilmembers

FROM: Risk Management Division, Finance Department

SUBJECT: Increase The Settlement Authority Delegated To The City Administrator To Resolve A Claim For Damages

RECOMMENDATION:

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Establishing the Procedure for Handling Money or Damage Claims and Lawsuits Filed Against the City of Santa Barbara and Repealing Resolution Nos. 7966, 8336, 8337, 83-172, and 96-070.

DISCUSSION:

There are several key Council policies that establish procedures to handle claims or lawsuits filed against the City.

Resolution 7966, adopted by Council on October 29, 1974, established the Workers' Compensation Trust Fund. Resolutions 8336 and 8337, adopted by Council on December 21, 1976, established the Insurance Trust Fund implementing a formal self-insurance program for general liability, auto liability, and workers' compensation. Resolution 83-172, adopted by Council on November 8, 1983, establishes specific procedures relating to the administration and handling of general and automobile liability claims. The resolution grants authority to the City Administrator, or his/her designee, to accept or reject a claim; and to enter into a settlement of a claim for an amount not to exceed \$5,000 per claim.

Resolution 96-070, adopted by Council on June 25, 1996, modified the previous Resolution #83-172. The changes included increasing the settlement authority delegated to the City Administrator from \$5,000 per claim to \$25,000 per claim. The Resolution also expanded the settlement authority to include all types of claims for damage presented to the City such as: general liability, auto liability, property, and workers' compensation.

The Consumer Price Index (CPI) expanded by nearly 54.6% since the Council action in 1996. The growth in the CPI indicates that the price of goods and services increased substantially over the last 18 years. The costs of goods and services are directly linked to the value of all types of claims filed against the City.

Council recently revised the authority for the City Administrator to bind the City, either with or without a written contract, for the acquisition of equipment, materials, supplies, labor, services or other items included within the budget approved by the City Council. The recent action by Council increased the value of the authority for the City Administrator to bind the City in contractual matters from \$25,000 to \$35,000.

Staff recommends that Council consider increasing the settlement authority delegated to the City Administrator to settle general liability, auto liability, property damage, and workers' compensation claims from \$25,000 to \$35,000. This proposed action by Council will improve internal efficiency relating to the review and approval of a proposed resolution on an individual claim for damages; and is consistent with the previous action by Council relating to the acquisition of goods and services by City staff.

PREPARED BY: Mark W. Howard, Risk Manager

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office