



REPORT TO COUNCIL

City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
January 6, 2009

Honorable Mayor and
Members of the City Council

Title: Increase Settlement Authority in Workers' Compensation and Tort Cases

Location/Council District: All

Recommendation: Adopt a **Resolution:** 1) repealing Resolution 2005-729 in its entirety; 2) providing settlement authority to the City Manager and designated city staff for both workers' compensation and tort claims; 3) creating the Workers' Compensation Claims Committee, with settlement authority up to \$100,000; and 4) creating the Tort Claims Committee with settlement authority up to \$100,000.

Contact: Patrick Flaherty, Risk Manager, 808-8587

Presenters: NA

Department: Human Resources

Division: Risk Management

Organization No: 08001331

Description/Analysis

Issue: This Resolution repeals Resolution 2005-729 and provides a more efficient claim handling process by increasing the settlement authority of the Workers' Compensation and Tort Claims Committees and designating certain individuals to handle the claims process.

For workers' compensation claims, this resolution will provide settlement authority up to \$25,000 for workers' compensation claims to the Human Resources Manager for Workers' Compensation and the City Manager or the manager's designee. In addition, this resolution creates the Workers' Compensation Claims Committee, which has settlement authority up to \$100,000 for workers' compensation claims. The Workers' Compensation Claims Committee is comprised of (1) the Human Resources Manager for Workers' Compensation; (2) the City Manager or the manager's designee; and (3) the City Attorney or the attorney's designee.

For tort claims, this resolution will provide settlement authority up to \$25,000 to the City Manager or the manager's designee. In addition, this resolution creates the Tort Claims Committee, which has settlement authority up to \$100,000 for tort claims. The Tort Claims Committee is comprised of (1) the City Manager or the manager's designee; (2) the head of the department for which the claim originated or that person's designee; and (3) the City Attorney or the attorney's designee.

Policy Considerations: The current policy requires City Council approval for all workers' compensation and tort claims in excess of \$50,000. This resolution will require City Council approval on all workers' compensation and tort claims that exceed \$100,000. Workers' compensation and tort claims over \$25,000 to \$100,000 would require approval by the appropriate claims committee. Settlement of claims under \$25,000 would still be approved by the City Manager or designee.

Environmental Considerations:

California Environmental Quality Act (CEQA): None

Sustainability Considerations: None

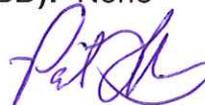
Commission/Committee Action: None

Rationale for Recommendation: This resolution will reduce the number of workers' compensation and tort claims brought before City Council in closed session, while still requiring City Council approval on cases over \$100,000.

Financial Considerations: The proposed Resolution will not result in any fiscal impact.

Emerging Small Business Development (ESBD): None

Respectfully Submitted by: _____



Patrick Flaherty, Risk Manager

Approved by: _____



Geri Hamby, Human Resources Director

Recommendation Approved:

for 

Ray Kerridge
City Manager

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Background

Attachment 1

Resolution 2005-729 provides settlement authority for workers' compensation claims in the following manner: Workers' Compensation Claims Manager is authorized to approve settlements on behalf of the City of Sacramento to \$15,000. The City Manager or designee is authorized to approve settlements from \$15,000 to \$25,000. The Workers' Compensation Claims Committee is authorized to approve settlements to \$50,000. Settlements exceeding \$50,000 require City Council approval.

Resolution 2005-729 provides settlement authority for tort claims in the following manner: The City Manager or designee is authorized to approve on behalf of the City of Sacramento the settlement of tort claims to \$25,000. The Tort Claims Committee is authorized to approve settlements to \$50,000. Settlements that exceed \$50,000 require City Council approval.

This Resolution authorizes a more efficient claims handling process by increasing the settlement authority to the Workers' Compensation Claims Committee to \$100,000 and for the Tort Claims Committee to \$100,000. Settlement of workers' compensation claims and tort claims in excess of \$25,000 would require approval of two of the three members of the appropriate committee. The Workers' Compensation Claims committee is established and consists of: (1) the Human Resources Manager for Workers' Compensation; (2) the City Manager or the manager's designee; and (3) the City Attorney or the attorney's designee. The Tort Claims Committee is established and consists of: (1) the City Manager or the manager's designee; (2) the head of the department for which the claim originated or that person's designee; and (3) the City Attorney or the attorney's designee. The City Manager has identified the Risk Manager as the designee for the purpose of evaluating workers' compensation and tort claims.

City Council approval shall be required for all workers' compensation and tort settlements that exceed \$100,000.

The chart below shows the current and proposed settlement authority amounts.

Workers' Compensation Current		Workers' Compensation Proposed	
Workers' Comp Mgr	\$15,000	Workers' Comp Mgr or City Manager (or des.)	\$25,000
City Manager (or des.)	\$15,000 - \$25,000	Workers' Comp Comm.	\$25,000 - \$100,000
Workers' Comp Comm.	\$25,000 - \$50,000	Council Approval	> \$100,000
Council Approval	> \$50,000		
Tort Current		Tort Proposed	
City Manager (or des.)	\$25,000	City Manager (or des.)	\$25,000
Tort Claims Committee	\$25,000 - \$50,000	Tort Claims Committee	\$25,000 - \$100,000
Council Approval	>\$50,000	Council Approval	>\$100,000

RESOLUTION NO.

Adopted by the Sacramento City Council

Authorizing Increased Settlement Authority in Tort and Workers' Compensation Cases and Repealing Resolution 2005-729

BACKGROUND

- A. Resolution 2005-729 provides settlement authority to employees of the City of Sacramento up to \$25,000 for tort claims. Resolution 2005-729 also created the Tort Claims Committee which has authority to settle tort claims up to \$50,000.
- B. Resolution 2005-729 also provides settlement authority on workers' compensation claims to the Workers' Compensation Manager up to \$15,000, and for the City Manager, or designee, up to \$25,000. Resolution 2005-729 also created the Workers' Compensation Claims Committee, which has authority to settle workers' compensation claims up to \$50,000.
- C. This Resolution authorizes a more efficient claims handling process by increasing the settlement authority to the Workers' Compensation Claims Committee to \$100,000, and for the Tort Claims Committee to \$100,000. The settlement of workers' compensation claims or tort claims in excess of \$25,000 would require approval by two of the three members of the appropriate committee. This resolution also repeals Resolution 2005-729.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1: Resolution 2005-729 is repealed in its entirety.

Section 2: Both the Human Resources Manager for workers' compensation and City Manager or designee are authorized to approve on behalf of the City of Sacramento the settlement of workers' compensation claims when such settlement is in the amount of \$25,000 or less.

Section 3: A committee to be known as the Workers' Compensation Claims Committee is hereby established, to be comprised of: (1) the Human Resources Manager for workers' compensation; (2) the City Manager or designee; and (3) the City Attorney or designee, and is authorized to approve on behalf of the City of Sacramento the settlement of workers' compensation claims when such settlement exceeds \$25,000 but is not greater than \$100,000.

Section 4: The City Council shall approve the settlement of workers' compensation claims when such settlement exceeds \$100,000.

Section 5: The City Manager or designee is authorized to approve on behalf of the City of Sacramento the settlement of tort claims when such settlement is in the amount of \$25,000 or less.

Section 6: A committee to be known as the Tort Claims Committee is hereby established, to be comprised of: (1) the City Manager or designee; (2) the head of the department for which the claim originated or that person's designee; and (3) the City Attorney or designee and is authorized to approve on behalf of the City of Sacramento the settlement of tort claims when such settlement exceeds \$25,000 but is not greater than \$100,000.

Section 7: The City Council shall approve the settlement of tort claims when such settlement exceeds \$100,000.

