



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
[www. CityofSacramento.org](http://www.CityofSacramento.org)

Consent  
 April 21, 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 Risk Manager. In addition, this resolution provides settlement authority between \$25,000 and \$50,000 to the Risk Manager with the concurrence of the City Attorney or the attorney's designee. Finally, this resolution creates the Workers' Compensation Claims Committee, which has settlement authority over \$50,000 and up to \$100,000 for workers' compensation claims. The Workers' Compensation Claims Committee is comprised of (1) The Risk Manager; (2) The City Manager or the manager's designee; and (3) the City Attorney or the attorney's designee.



For tort claims, this resolution provides settlement authority up to \$25,000 to the Risk Manager. In addition, this resolution provides settlement authority between \$25,000 and \$50,000 to the Risk Manager with the concurrence of the City Attorney or the attorney's designee. Finally, this resolution creates the Tort Claims Committee, which has settlement authority over \$50,000 and up to \$100,000 for tort claims. The Tort Claims Committee is comprised of (1) The Risk Manager; (2) the City Manager or the manager'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 only when the settlement exceeds \$100,000.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review.

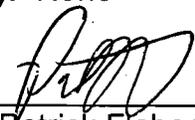
**Sustainability Considerations:** None

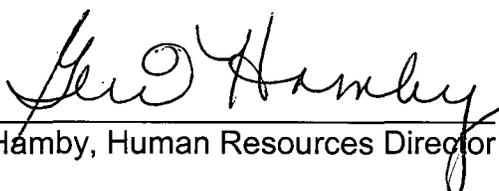
**Commission/Committee Action:** None

**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

  
\_\_\_\_\_  
Ray Kerridge  
City Manager

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**BACKGROUND**

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. For workers' compensation claims, the Human Resources Manager for Workers' Compensation and the Risk Manager will have the ability to settle claims up to \$25,000. To settle Workers' Compensation claims between \$25,000 and \$50,000, the Risk Manager will be required to obtain the concurrence of the City Attorney or designee. Settlement of workers' compensation claims in excess of \$50,000 would require approval of two of the three members of the Workers' Compensation Claims Committee. The Workers' Compensation Claims committee is established and consists of: (1) the Risk Manager; (2) the City Manager or the manager's designee; and (3) the City Attorney or the attorney's designee. For tort claims, the Risk Manager will have the ability to settle claims up to \$25,000. To settle claims between \$25,000 and \$50,000, the Risk Manager will be required to obtain the concurrence of the City Attorney or designee. Settlement of tort claims in excess of \$50,000 would require approval of two of the three members of the Tort Claims Committee. The Tort Claims Committee is established to settle cases in excess of \$50,000 up to \$100,000, and consists of: (1) the Risk Manager; (2) the City Manager or the manager's designee; and (3) the City Attorney or the attorney's designee.

City Council approval shall be required for all workers' compensation and tort claim 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 City Manager (or des.)	\$15,000 \$15,000 - \$25,000	Workers' Comp Mgr or Risk Manager	\$25,000 \$25,000 - \$50,000
Workers' Comp Comm. Council Approval	\$25,000 - \$50,000 > \$50,000	Risk Manager with concurrence of City Attorney (or des.) Workers' Comp Comm. Council Approval	\$50,000 - \$100,000 > \$100,000
Tort Current		Tort Proposed	
City Manager (or des.) Tort Claims Committee	\$25,000 \$25,000 - \$50,000	Risk Manager Risk Manager with concurrence of City Attorney (or des.)	\$25,000 \$25,000 - \$50,000
Council Approval	>\$50,000	Tort Claims Committee Council Approval	\$50,000 - \$100,000 >\$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 workers' compensation manager and Risk Manager may settle workers' compensation cases up to \$25,000, and the Risk Manager may settle workers' compensation cases up to \$50,000 with the concurrence of the City Attorney or designee. The settlement of workers' compensation claims in excess of \$50,000 up to \$100,000 would require approval by two of the three members of the Workers' Compensation Claims Committee. For tort claims, the Risk Manager may settle cases up to \$25,000, and may settle cases up to \$50,000 with the concurrence of the City Attorney or designee. The settlement of tort claims in excess of \$50,000 and up to \$100,000 would require approval by two of three members of the Tort Claims 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:**

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

**Section 2:**

2. Both the Human Resources Manager for workers' compensation and the Risk Manager are authorized to approve on behalf of the City of Sacramento the settlement of workers' compensation claims when such settlement does not exceed \$25,000.
3. The Risk Manager is authorized, with the concurrence of the City Attorney or designee, 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 \$50,000 per individual party or claimant.
4. A committee to be known as the Workers' Compensation Claims Committee is hereby established, to be comprised of: (1) the Risk Manager; (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 \$50,000 but is not greater than \$100,000.
5. The City Council shall approve the settlement of workers' compensation claims when such settlement exceeds \$100,000.

**Section 3:**

6. The Risk Manager is authorized to approve on behalf of the City of Sacramento the settlement of tort claims when such settlement does not exceed \$25,000 per individual party or claimant.
7. The Risk Manager is authorized, with the concurrence of the City Attorney or designee, 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 \$50,000 per individual party or claimant.
8. A committee to be known as the Tort Claims Committee is hereby established, to be comprised of: (1) the Risk Manager; (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 tort claims when such settlement exceeds \$50,000 but is not greater than \$100,000 per individual party or claimant.
9. The City Council shall approve the settlement of tort claims when such settlement exceeds \$100,000 per individual party or claimant, or when the total settlement of claims arising from a single incident exceeds \$100,000.