

REPORT TO THE CITY COUNCIL



DATE: January 16, 2018

TITLE: Resolution Authorizing the City Manager to Settle Claims or Pending Actions Against or Brought by the City that do not Exceed Fifty Thousand Dollars (\$50,000.00)

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RECOMMENDATION

Adopt Resolution of the City Council authorizing the City Manager, in consultation with the City Attorney, to allow, compromise or settle claims against the City and to compromise any pending lawsuit against or brought by the City, and to negotiate and execute all documentation for same. This authorization is limited to claims and actions involving up to fifty thousand dollars (\$50,000.00).

BACKGROUND

The Government Claims Act (Government Code 810 *et. seq.*) requires most actions seeking money or damages against a public entity be preceded by a proper administrative claim. In particular, Government Code Section 900 *et seq.* establishes rules for the proper presentation of claims against public entities. However, the Government Claims Act does allow cities to establish additional procedures affecting claims and actions against cities provided such local rules are not in conflict with state law.

Government Code Section 935.4 states that a city may, by resolution or ordinance, authorize an employee of that city to perform certain functions of the governing body of that city. This includes the ability to allow, compromise, or settle claims against the city for up to fifty thousand dollars (\$50,000.00). Government Code Section 949 allows cities to delegate authority to its attorney or employee compromise any pending action (*i.e.*, lawsuit).

Currently, the City of Desert Hot Springs ("City") has not delegated any authority to any employee to settle claims or actions.

DISCUSSION

Adoption of the Resolution would authorize the City Manager, in consultation with the City Attorney, to allow, compromise, or settle claims against the City as long as the amount per claim does not exceed fifty thousand dollars (\$50,000.00). The Resolution further authorizes the City Manager, in consultation with the City Attorney, to settle any pending lawsuit provided the amount to be paid in the lawsuit does not exceed fifty thousand dollars (\$50,000.00).

The Resolution further clarifies that the City Manager and City Attorney are authorized to negotiate and execute any documents to implement any settlements made pursuant to the Resolution. The Director of Finance is also directed to issue an order to pay settled claims out of the City treasury (*i.e.* warrant of payment).

The Resolution will increase government efficiency and liability management because small claims and lawsuits can now be settled administratively rather than by the City Council, which convenes only twice a month. Management of small claims and lawsuits will not be an additional burden on City staff, as staff already reviews and processes such claims and actions prior to forwarding them to the City Council for final disposition. The Resolution simply assigns the final step to the City Manager.

FISCAL IMPACT

None.

EXHIBIT

1) Resolution