



Date: January 6, 2015
To: Honorable Mayor and City Council
From: Councilwoman Stacy Mungo, Chair, Economic Development & Finance Committee
Subject: **PROPOSED AMENDMENT TO THE LONG BEACH MUNICIPAL CODE
SECTION 3.48.010**

The Economic Development and Finance Committee, at its meeting held Friday, December 19, 2014, considered communications relative to the above subject.

It is the recommendation of the Economic Development and Finance Committee to the City Council to approve amendment to the Long Beach Municipal Code Section 3.48.010, related to increasing the City Attorney's current settlement authority for Government Claims and litigation from \$5,000 to \$50,000.

Respectfully submitted,

ECONOMIC DEVELOPMENT AND FINANCE COMMITTEE

Councilwoman Stacy Mungo, Chair

Prepared by:
Carolyn Hill



City of Long Beach
Working Together to Serve

Memorandum

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Office of the City Attorney

DATE: December 19, 2014
TO: Economic Development & Finance Committee
FROM: Charles Parkin, City Attorney *CP*
SUBJECT: *Proposed Amendment to Long Beach Municipal Code § 3.48.010*

PROPOSED CHANGE

The City Attorney seeks to amend Long Beach Municipal Code § 3.48.010. The proposed change will increase the City Attorney's current settlement authority for Government Claims and litigation from \$5,000.00 to \$50,000.00.

BACKGROUND

Pursuant to the Long Beach City Charter, the City of Long Beach is self-insured for claims and litigation. The Charter designates the City Attorney as the sole and exclusive legal representative for the City. The Charter authorizes the City Attorney to settle or defend claims and litigation against the City, its officers, directors, elected officials and employees. At any given time, the Law Department handles approximately 150 litigated matters, in both state and federal court, oversees and manages cases handled by outside counsel, and investigates, rejects or resolves nearly 1000 Government Claims a year.

Since at least 1970, Long Beach Municipal Code § 3.48.010 has authorized the City Attorney to settle or compromise any claim or litigation, against the City or any officer, agent or employee thereof, without prior consent of the City Council, in an amount not to exceed five thousand dollars (\$5,000.00) as to any single person, firm or corporation.

To obtain authority to settle or compromise a claim or litigation in excess of five thousand dollars (\$5,000.00), the City Attorney may directly seek authority from the entire City Council in closed session, but more typically initially meets in closed session with the Economic Development & Finance Committee (ED&F). These meetings are held at various time, but typically once a month. By necessity, the cases brought to ED&F have been settled, with the settlement contingent upon City Council Approval.

Since 1970, the average cost a settling a claim or lawsuit has increased significantly. For example, based on the Consumer Price Index average for each year compiled by

the U.S. Bureau of Labor Statistics, \$5,000 in 1970 dollars is now valued over \$23,000. Thus, by 2014 standards, many fairly routine and modest claims or litigation matters vastly exceed the City Attorney's current level of settlement authority. Consequently, the majority of matters brought to ED&F are cases that involve probable liability, but are of relatively low exposure by reference to today's dollar value.

In our opinion, this results in an inefficient use of a Committee member's time and effort, and further substantially delays payment of meritorious claims by several weeks. This, in turn, frustrates constituents and others awaiting resolution of a claim or litigated matter.

The current authority level is also inconsistent with other, similarly situated municipal governments. The City of Los Angeles, for example, authorizes its City Attorney to settle or compromise claims and litigation up to \$50,000. Likewise, the City of San Diego authorizes its Director of Risk Management to settle claims up to \$25,000, and its Chief Financial Officer has authority up to \$50,000.

PROPOSED AMENDMENT TO SECTION 3.48.010

The amendment to Section 3.48.010 seeks to provide settlement authority for claims and litigation from \$5,000.00 to \$50,000.00 as follows:

3.48.010 City Attorney authority.

Except as set forth below, the City Attorney is authorized to settle or compromise any claim or litigation, against the City or any officer, agent or employee thereof, without prior consent of the City Council, in an amount not to exceed ~~five thousand dollars (\$5,000.00)~~ fifty thousand dollars (\$50,000) as to any single person, firm or corporation. With regard to workers' compensation claims, the City Attorney is authorized to settle or compromise any claim or litigation without the prior consent of the City Council in an amount not to exceed fifty thousand dollars (\$50,000.00) as to any single person, firm or corporation. The City Attorney is authorized to settle or compromise any claim of ~~five thousand dollars (\$5,000.00)~~ fifty thousand dollars (\$50,000) or less that the City has against other persons. The City Attorney is also authorized to execute and deliver to said other persons any instrument in writing necessary or advisable in connection with any settlement. Payment or settlement of all other claims shall be pursuant to authority granted by the City Council, and the City Attorney shall notify the City Council of any claims of ~~five thousand dollars (\$5,000.00)~~ fifty thousand dollars (\$50,000) or less which are paid or compromised pursuant to the authority provided in this Section.

We will be available to discuss or respond to any questions. Thank you for your consideration and attention to this matter.



City of Long Beach
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RECEIVED
CITY CLERK
LONG BEACH, CA
Memorandum

14 DEC 29 PM 12:00

REQUEST TO ADD AGENDA ITEM

Date: December 29, 2014
To: Honorable Mayor Garcia and Members of the City Council
From: Stacy Mungo, Councilwoman, Fifth District
Chair, Economic Development and Finance Committee (ED&F)
Subject: Request to Add Agenda Item to City Council Meeting of January 6, 2014


**PROPOSED AMENDMENT TO THE LONG BEACH MUNICIPAL CODE
SECTION 3.48.010**

The Economic Development and Finance Committee, at its meeting held Friday, December 19, 2014, considered communications relative to the above subject.

It is the recommendation of the Economic Development and Finance Committee to the City Council to approve an amendment to Long Beach Municipal Code Section 3.48.010, related to increasing the City Attorney's current litigation and claims settlement authority from \$5,000.00 to \$50,000.00,

Respectfully submitted,

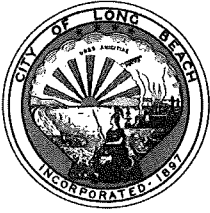
ECONOMIC DEVELOPMENT AND FINANCE COMMITTEE


on behalf of

Stacy Mungo, Councilwoman, Fifth District
Chair, Economic Development and Finance Committee

Enclosure: Background Letter

Prepared by: Carolyn Hill



City of Long Beach
Working Together to Serve

December 29, 2014

HONORABLE MAYOR GARCIA AND MEMBERS OF THE CITY COUNCIL
City of Long Beach, California

RECOMMENDATION

Request the City Attorney to prepare an amendment to Long Beach Municipal Code Section 3.48.010 to increase the City Attorney's settlement authority as recommended by the Economic Development and Finance Committee.
(Citywide)

DISCUSSION

On December 19, 2014, the Economic Development and Finance Committee (ED&F) met and considered a proposal from the City Attorney to increase the current litigation and claims settlement authority authorized by Long Beach Municipal Code 3.48.010 from \$5,000.00 to \$50,000.00. After due consideration, ED&F voted to recommend the proposed increase to the City Council, and further recommended that the City Attorney provide litigation settlement reports to the ED&F on a regular basis.

BACKGROUND

Pursuant to the Long Beach City Charter, the City of Long Beach is self-insured for claims and litigation. The Charter designates the City Attorney as the sole and exclusive legal representative for the City. The Charter authorizes the City Attorney to settle or defend claims and litigation against the City, its officers, directors, elected officials and employees. At any given time, the Law Department handles approximately 150 litigated matters in both state and federal court, oversees and manages cases handled by outside counsel, and investigates, rejects or resolves nearly 1,000 Government Tort Claims annually.

Since at least 1970, Long Beach Municipal Code § 3.48.010 has authorized the City Attorney to settle or compromise any claim or litigation, against the City or any officer, agent or employee thereof, without prior consent of the City Council, in an amount not to exceed five thousand dollars (\$5,000.00) as to any single person, firm or corporation.

Mayor and City Council
December 29, 2014

To obtain authority to settle or compromise a claim or litigation in excess of five thousand dollars (\$5,000.00), the City Attorney may directly seek authority from the entire City Council in closed session, but more typically initially meets in closed session with the ED&F. These meetings are held at various times, but typically once a month. By necessity, the cases brought to ED&F have been tentatively settled, with the final settlement contingent upon City Council Approval.

Since 1970, the average cost a settling a claim or lawsuit has increased significantly. For example, based on the Consumer Price Index average for each year compiled by the U.S. Bureau of Labor Statistics, \$5,000 in 1970 dollars is now valued at over \$23,000. Thus, by 2014 standards, many fairly routine and modest claims or litigation matters vastly exceed the City Attorney's current level of settlement authority. Consequently, the majority of matters brought to ED&F are cases that involve probable liability, but are of relatively low exposure by reference to today's dollar value.

In ED&F's opinion, this results in an inefficient use of a Committee member's time and effort, and further substantially delays payment of meritorious claims by several weeks. This, in turn, frustrates constituents and others awaiting resolution of a claim or litigated matter.

The proposed authority level is consistent with the City Attorney's current authority with regard to workers' compensation claims. The City Attorney is authorized to settle or compromise any worker's compensation claim or litigation without the prior consent of the City Council in an amount not to exceed fifty thousand dollars (\$50,000.00).

The current authority level is also inconsistent with other similar situated municipal governments. The City of Los Angeles, for example, authorizes its City Attorney to settle or compromise claims and litigation up to \$50,000. Likewise, the City of San Diego authorizes its Director of Risk Management to settle claims up to \$25,000.

TIMING CONSIDERATIONS

Council action on this matter is not time critical.

FISCAL IMPACT

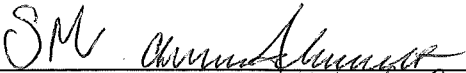
There is no fiscal impact with this proposed amendment to the Long Beach Municipal Code. Settlements of claims and litigation will be reported to the ED&F.

Mayor and City Council
December 29, 2014

SUGGESTED ACTION

Approve Recommendation of the Economic Development and Finance Committee

Respectfully submitted,



on behalf of

Stacy Mungo, Councilwoman, Fifth District
Chair, Economic Development and Finance Committee