

This report explains the City of Los Angeles' ("City") settlement procedure of its liability claims, whether resulting from settlement of a Government Claim ("Claim") or lawsuit or arising from a judgment, and then compares the City's process to that of other public entities. Given that laws in most other states limit the liability of public entities both in the types of actions that can be brought and the amount that can be recovered, this analysis focuses on similarly situated public entities in the State of California.

I. City of Los Angeles Settlement Procedures

The City's settlement procedures are governed by Los Angeles Administrative Code ("*LAAC*") Section 5.173. Under the LAAC, the City Attorney is authorized to settle any Claim, lawsuit, or judgment in an amount not to exceed \$50,000. Settlement of any lawsuit or judgment between \$50,000.01 and \$100,000 requires approval of the Claims Board. Settlement of any Claim in excess of \$50,000, and the settlement of a, lawsuit, or judgment in excess of \$100,000 requires full City Council approval as does any settlement for injunctive, declarative or other non-monetary relief. Council approval is subject to Mayoral veto, which Council can override by a two-thirds vote. (*LAAC* Sec. 5.173(c)) (Charter section 273).

II. Other Public Entities

A. Los Angeles County Metropolitan Transit Authority ("LACMTA")

LACMTA's settlement procedures are governed by the LACMTA Administrative Code ("*LACMTA Admin. Code*"). The Chief Executive Officer (CEO) is authorized to settle all matters up to \$50,000, with the exception of Worker's Compensation cases, which the CEO has the authority to settle for up to \$200,000. (*LACMTA Admin. Code* §2-40-010). Settlements and judgments other than Worker's Compensation between \$50,000.01 and \$200,000 are approved by the Public Liability/Property Damage Claims Committee. Any settlements or judgments in excess of \$200,000 require approval of LACMTA Board of Directors. (*LACMTA Admin. Code* §2-40-020).

B. County of Los Angeles

The County of Los Angeles' settlement procedures are the most similar to the City of Los Angeles. The County Counsel has authority to settle all matters not in excess of \$20,000. A Claim, lawsuit, or judgment settled for between \$20,000.01 and \$100,000 requires approval of the Claims Board. Any settlements or judgments in excess of \$100,000 require approval of the Los Angeles County Board of Supervisors.

C. City and County of San Francisco

The San Francisco Administrative Code (“*SFAC*”) gives the City Attorney authority to settle pre-litigation claims for amounts that do not exceed \$25,000, with an exception for Claims by minors which are capped at \$5,000. (*SFAC* §10.21, §10.22-1). Claims, lawsuits and settlements exceeding \$25,000 require approval from the Board of Supervisors.

Litigated matters that do not exceed \$25,000 can be settled by the City Attorney, with approval by the head of the department which has jurisdiction over the matter. (*SFAC* §10.22-2¹). Litigated matters in excess of \$25,000 require approval from the Board of Supervisors. (*Id.*)

D. City of San Diego

The City of San Diego’s settlements are governed by San Diego Council Policies, which are policy statements adopted by resolution of their City Council. Pre-Litigation Claims not in excess of \$25,000 may be settled by the Public Liability Division², with the exception of those matters involving Water and Sewer matters, where the authority to settle Pre-Litigation matters rises to \$50,000. (San Diego Policy No. 000-09). Settlement of litigation matters not exceeding \$50,000 is within the authority of the Chief Financial Officer, and matters in excess of \$50,000 require City Council approval. (*Id.*)

E. City of Santa Monica

The City of Santa Monica’s settlements are governed by the Santa Monica Code of Ordinances (“*SMCOA*”) which provides that any Claim, lawsuit, or judgment can be resolved by the City Attorney and Risk Manager up to \$95,000. (*SMCOA* §2.44.050). The Risk Manager can authorize resolution of Worker’s Compensation matters up to \$20,000. Any settlement in excess of \$95,000.00 requires the approval of their City Council. (*Id.*)

¹ The City Attorney shall submit, on a monthly basis, a report to each City department and commission and the Board of Supervisors listing litigation settled for an amount not in excess of \$25,000.00 during that month. Said reports shall list each litigation by amount demanded, amount paid, nature of incident giving rise to the litigation and the city department involved.

² The Public Liability Division is a group of Risk Managers and Claims Adjusters.

F. City of San Jose

The City of San Jose's settlements are governed by the San Jose Code of Ordinances ("SJCOA"). The City Attorney may settle and matter not in excess of \$10,000, with the exception of Sanitation Back-Up matters, where the authority rises to \$25,000. (SJCOA §4.24.010(a)). All settlements in excess of the City Attorney's authority require City Council approval. (*Id.*) There is a unique exception in that the San Jose City Attorney may enter into any agreement of any kind if Council in recess for 15 days or more and the resolution is beneficial to the City. (SJCOA §4.24.040).

Very truly yours,

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cc: All Council Members
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City Council policy requires appropriate departmental personnel to attend Claims Board, Committee and City Council meetings each time a settlement or judgment on litigation is discussed to report remedial actions taken as the result of the litigation.