


Claims and Collections

City of Tacoma | City Attorney's Office - Finance

**City Council Study Session
November 5, 2024**

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OVERVIEW

CLAIMS AND COLLECTIONS PROCEDURES:
On June 18th, proposed amendments to the claims and collections procedures of TMC Ch. 1.06 were presented to the Government Performance and Finance Committee

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PROPOSED CHANGES

1. Consolidation of TMC 1.06.226, 228, 229, 230 and 231
2. Finance Director's Collection Authority
3. Prosecution of Claims by City against 3rd Parties
4. Settlement of Claims Against the City by 3rd Parties
5. Claim filing procedures

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PURPOSE

The purpose of this discussion is to follow upon on one outstanding issue that remains:

What adjustments should be made to administrative settlement authority?

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● ● ● SETTLEMENT OF AMOUNTS OWED

- The claims and collections procedures authorize administrative settlement of amounts owed to the City under \$25,000 (TMC 1.06.226)
- Last amended in 1995 (increase from \$3,000 to \$25,000)

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● ● ● SETTLEMENT OF CLAIMS

- The claims and collections procedures authorize administrative settlement of claims against the City (TMC 1.06.229)
- Administrative settlement authority was last increased in 1988 from \$4,000 to \$30,000
- In 2006 City Attorney's independent settlement authority was increased from \$4,000 to \$10,000.

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RECOMMENDATIONS

- **Recommendation:** The City Attorney's Office and Finance Department have recommended increasing administrative Settlement authority from \$25,000 for amounts owed the City and \$30,000 for claims against the City, to a range of between \$250,000 and \$500,000
- **GPFC:** Agreed that administrative settlement authority should be adjusted but recommended that it be no higher than \$250,000 and indicated that there should be more discussion.
- **Council:** There are a variety of opinions on this subject.

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LITIGATION SETTLEMENT HISTORY*


- 2024 (Oct) – 18 cases resolved for a total of **\$4,359,000**; Average - **\$242,000**
- 2023 - 13 cases resolved for a total of **\$4,800,000**; Average - **\$368,000**
- 2022 – 9 cases resolved for a total of **\$3,078,000**; Average - **\$342,000**
- 2021 – 21 cases resolved for a total of **\$3,870,000**; Average - **\$184,000**
- 2020 – 20 cases resolved for a total of **\$1,516,650** Average - **\$76,000**
- 2019 – 16 cases resolved for a total of **\$1,031,000**; Average - **\$64,000**
- 2018 – 12 cases resolved for a total of **\$4,491,000**; Average - **\$374,000****
- 2017 – 13 cases resolved for a total of **\$1,357,660**; Average - **\$104,000**

* Does not include TPU matters

**This includes one settlement for \$1,000,000 and one for \$2,795,000

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SETTLEMENT HISTORY

- Litigation settled between 1/1/2004 to 4/30/2024

Summary Table	Count	% of Claims	\$\$ Paid (Adj)	% of \$\$ Paid
Litigation Claims that Settled for \$0	91	41%	\$-	0%
Litigation Claims \$1-\$30K	39	18%	\$509,599	2%
Litigation Claims \$30K-\$100K	52	24%	\$2,799,091	11%
Litigation Claims \$100K - \$250K	19	9%	\$3,097,170	12%
Litigation Claims \$250K - \$500K	11	5%	\$4,141,807	16%
Litigation Claims above \$500K	8	4%	\$15,757,710	60%
Total Count of All Litigation Claims 2014-2024	220		\$26,305,377	

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SETTLEMENT HISTORY

HISTORIC DATA FROM 2014 – APRIL 2024

- **\$30,000 Limit:** 90 claims went for City Council approval between 2014-2024 (claims over \$30K).
- **\$100,000 Limit:** If the limit was \$100K, the City Council would have approved 38 claims in that time-period.
- **\$250,000:** If the limit was \$250K, the City Council would have approved 19 claims in that time-period.

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SETTLEMENT HISTORY

PERCENTAGE OF DOLLARS APPROVED BASED UPON APPROVAL THRESHOLD:

- At \$30K, the City Council approved 42% (90) of all settlements representing 98% of all dollars spent on settlements.
- If the Council approval threshold was \$100K, the City Council would have approved 17% of all settlements representing 87% of all dollars spent on settlements.
- If the Council approval threshold was \$250K, the City Council would have approved 9% of all settlements, but 76% of all dollars spent on settlements.

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NEXT STEPS

- **Council recommendation for Administrative Settlement Authority:**
 - A. \$250K
 - B. \$100K
 - C. Other
- **First reading December 3rd**

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