



# 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 18<sup>th</sup>, 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 3<sup>rd</sup> Parties
4. Settlement of Claims Against the City by 3<sup>rd</sup> 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%
<b>Total Count of All Litigation Claims 2014-2024</b>	<b>220</b>		<b>\$26,305,377</b>	

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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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