City of Tacoma **City Council Action Memorandum**

TO: **Elizabeth A. Pauli, City Manager**
FROM: **Chris Bacha, City Attorney** *CDB*
Andy Cherullo, Finance Director *AC*
COPY: **Jackie Flowers, Director Tacoma Public Utilities**
SUBJECT: **Ordinance amending claims and collections procedures, TMC Ch. 1.06**
DATE: **December 10, 2024**

SUMMARY AND PURPOSE:

The proposed ordinance would amend Chapter 1.06 of the Tacoma Municipal Code relating to collections and claims to update the procedures and authority for filing and resolution of claims against the City and claims the City may have against third parties.

BACKGROUND:

The City's claims and collections procedures are found at TMC 1.06.226 (Cancellation of Amounts Due), TMC 1.06.228 (Claims Against the City), TMC 1.06.229 (Claims - Settlement), TMC 1.06.230 (Claims – Release) and TMC 1.06.231 (Claims – Prosecution). The City Attorney's Office and Department of Finance recommend that the claims and collections procedures be updated and consolidated.

The proposed changes would, (1) consolidate within TMC 1.06.226 the above-referenced claims, collection and settlement procedures, (2) clarify the authority of the Finance Director to collect and settle amounts due to the City that arise from any judgment, lawful debt owed or from a claim by the City against another person either arising in contract, law, tort or in equity, (3) increase the dollar amount of claims that may be resolved administratively, i.e., without prior City Council approval, (4) clarify the type of claims that may be prosecuted by the City Attorney on behalf of the City, and, (5) align the claims filing procedures with state law.

If approved, the proposed changes would (a) create a centralized and better organized format for claims and collections procedures, (b) expand administrative claims settlement authority, (c) increase the dollar amount of claims that may be settled administratively, (d) increase the Finance Director's settlement and write-off authority for amounts due to the City, and (e) align the claims filing procedures with state law. These changes would, align the code with current risk management practices and experiences and with the statutory claim filing requirements, create a more user-friendly format, and provide flexibility to expedite the claims settlement process to, when appropriate, resolve claims more quickly and reduce litigation expenses.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

The City Attorney's Office has heard from the community that the claim filing, review and decision-making process takes too long. The proposed amendments are intended to create more flexibility to allow for more timely payment of claims that are appropriate for settlement by the City. Staff have also reviewed claims procedures in other jurisdictions to identify best practices.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: ***(Mandatory)***

The proposed ordinance will create greater flexibility and opportunities to settle claims in a manner that reduces litigation expenses and the fiscal impact of each settlement as a means to reduce impacts to the general fund allowing the savings to be allocated to City priorities.

Civic Engagement: *Equity Index Score*: Moderate Opportunity

Increase the percentage of residents who believe they are able to have a positive impact on the community and express trust in the public institutions in Tacoma.

Explain how your legislation will affect the selected indicator(s).

The proposed amendments will allow staff flexibility to resolve claims filed by community members more quickly.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Reject the proposed ordinance	To the extent the City Council values retaining authority to approve all claims settled for more than $30,000, this authority will remain unchanged.	The collection procedures and processes will continue to lag behind current risk management practices and experiences.
2.		
3.		

EVALUATION AND FOLLOW UP:

The City Attorney's Office will track claims data and provide a report to the City Council.

STAFF/SPONSOR RECOMMENDATION:

The City Attorney's Office and Department of Finance recommend that the claims and collections procedures codified at TMC Chapter 1.06 be updated for clarity and efficiency, to create a centralized and better organized format for claims and collections procedures, to increase administrative settlement authority in alignment with current experiences and risk management , to increase the dollar amount that claims may be settled administratively to expedite the claims settlement process to, when appropriate, resolve claims more quickly and to minimize litigation expenses; to increase the Finance Director's settlement and write-off authority for amounts due to the City to align with current risk management practices and, to align the claims filing procedures with state law.

FISCAL IMPACT:
No fiscal impact

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.			
2.			
TOTAL			

What Funding is being used to support the expense? N/A

Are the expenditures and revenues planned and budgeted in this biennium's current budget?
N/A

Are there financial costs or other impacts of not implementing the legislation?
No

Will the legislation have an ongoing/recurring fiscal impact?
No

Will the legislation change the City's FTE/personnel counts?
No
Please enter Explanation.

ATTACHMENTS:
- Power point