

Committee of the Whole Agenda Cover Memorandum

Meeting Date: January 23, 2012

Item Title: Litigation policy

Action Requested:

- Approval
 For discussion
 Feedback requested
 For your information

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Background:

Alderman Smith proposed a Council Policy for litigation cases where the City is either the plaintiff or defendant.

On November 28th, City Council requested that staff combine the proposed policy with the existing litigation settlement authority policy and present it for review. On December 12, 2011, the desire was to decrease the level of approval to any settlement over \$25,000 rather than the current \$50,000. That change is made in the attached draft policy.

The City has used Klein, Thorpe & Jenkins and Judge, James & Kujawa as our two law firms to represent the City in litigation over the years. However, there has never been an official Council action designating those firms to represent the City in litigation, so staff added some proposed language regarding that issue for your consideration.

Recommendation:

Recommend that the City Council rescind Council Policy Statement 43 and adopt the proposed Council Litigation Policy

Budget Implications:

Does Action Require an Expenditure of Funds: Yes No

If Yes, Total Cost: legal time to prepare cases according to policy

If Yes, is this a Budgeted Item: Yes No

Attachments:

- Council Policy Statement 43
- Proposed litigation policy

COUNCIL POLICY STATEMENT

Policy No. 43
General Subject: Finance
Specific Subject: Settlement Authority for Claims Made Against the City
Date Approved: October 20, 2008

PURPOSE

To establish guidelines for the settlement of general liability, automobile, and workers compensation claims made against the City.

RATIONALE

Clear outlines of authority will eliminate confusion and provide assurances to elected officials and staff as to proper procedures for claim handling.

POLICY STATEMENT

Amount of Settlement Authority
Excluding Defense Costs

Approval

Up to and including \$50,000

Finance Director and City Manager

Greater than \$50,000

Finance Committee with recommendation to
City Council

Council Policy Statement

Litigation policy

Purpose

The policy statement is to establish a procedure for assignment of a law firm to represent the City in active litigation, require consistent reporting of cases of litigation where the City is involved as either plaintiff or defendant, and to have guidelines for settlement of general liability, automobile and workers compensation claims made against the City.

Policy Statement

The City Council shall go on record that they have selected one or more law firms with appropriate knowledge and expertise in municipal liability law to represent the City in litigation. If more than one firm is selected, the City Manager shall determine which cases are assigned to the law firms.

It shall be the policy of the City of Park Ridge to track the cost of litigation in a consistent manner from case to case. At the start of each litigation, the chosen law firm will develop a case analysis that will include at a minimum: anticipated legal expenses, loss reserves, timetable for litigation and a summary of the case. Each case will have, as part of that summary, an estimate of the likelihood of success of the litigation and the reasons to pursue our defense as a defendant or prosecution as the plaintiff. City Council shall make a determination on each case, whether the benefit outweighs the costs of litigation.

Settlement authority on City litigation for general liability, automobile and worker's compensation claims made against the City up to \$25,000, excluding litigation costs, shall be made by the City Manager and Finance Director. Any amount over \$25,000 must be reviewed and approved by the City Council.

Rationale

This policy will eliminate confusion and provide assurances to elected officials and staff as to proper procedures for claim handling.

City Council will be provided a report by the Administration at a minimum on a quarterly basis, with an update of any action taken on each case since the last report.