



City of Santa Barbara
Finance Department

Memorandum

DATE: July 1, 2023
TO: Rebecca Bjork, City Administrator
FROM: Mark W. Howard, Risk Manager
SUBJECT: Claim Settlement Authority

RECOMMENDATION:

That the City Administrator revise and update the settlement authority delegated to staff to resolve a claim filed under the Workers' Compensation and Liability programs.

DISCUSSION:

On June 27, 2023, Council revised the settlement value delegated to staff. I recommend revising the authority delegated to specific staff to resolve a claim as part of the Self-Insurance Fund regular operations such as the Workers' Compensation, Liability, property, employment, to name a few. The existing settlement authority rarely allows staff the opportunity to settle a claim without the need to obtain authority from the Executive team. Staff recommends revising the amount of settlement authority delegated by the City Administrator to the Risk Analyst, Risk Manager, and the Finance Director. The following chart outlines the proposed changes for each designee.

	Current Authority		Proposed Authority	
	\$	PD Value	\$	PD Value
Risk Analyst	\$5,000	10%	\$25,000	25%
Risk Manager	\$15,000	50%	\$75,000	50%
Finance Director	\$25,000	69%	\$90,000	69%
City Administrator	\$35,000	100%	\$100,000	100%

The proposed change creates efficiencies in the internal operations while maintaining appropriate oversight and transparency; places appropriate levels of authority within the daily operations of the subject matter experts on the Risk Management team; and is a better use of your time, the Finance Director's time, and ours. A significant benefit of this proposal is the ability to process routine claim activity without delaying payment to

an injured employee or a member of the public. Executive management will continue to review the claim activity with greater loss exposures and associated cost.

The proposed changes described above do not change nor alter how the Risk Management staff as individuals or as a group handle or adjust a claim. Staff will continue to adhere to the same industry standard best practices and procedures in handling and adjusting every claim. Staff shall continue to evaluate the exposure to loss and complete a cost benefit analysis about any proposed settlement.

Updating the settlement authority for staff creates internal efficiencies while maintaining appropriate oversight using the concept of checks and balances. The proposed authority limits are consistent with comparable public agencies and industry standards.

APPROVAL:

Approved _____ Not Approved _____

Rebecca Bjork, City Administrator

Date