

# City Council Agenda Cover Memorandum

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Meeting Date: February 6, 2012

Item Title: Litigation policy

Action Requested:

- Approval
- For discussion
- Feedback requested
- For your information

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Background:

On January 23, 2012 the Procedures and Regulations COW recommended updating the existing litigation settlement authority policy to address additional issues.

Recommendation:

Recommend that the City Council replace existing Council Policy 43 with the new proposed 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 43
- Proposed Litigation Policy 43

## 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.