

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

1. Legislation Title: A RESOLUTION relating to financial policies for the Judgment/Claims Fund; revising certain policies, establishing a new policy, and requesting a ten-year policy review cycle.

2. Summary and background of the Legislation:

Over fifteen years has passed since the adoption of Judgment and Claims Fund (JCF) Policies through Resolution 30386 in 2001. Substantial JCF expenditures in 2017 prompted CBO and Council Central Staff to jointly develop SLI 35-1-A-2. The SLI required a review of JCF policies. Representatives from CBO, FAS and CAO, comprising a new Judgment and Claims Finance Committee, met weekly over the last few months to review and recommend changes to the policies set forth in Council Resolution 30386.

The Committee recommends revising six of the 13 policies and adding a 14th. Below is a brief summary of the policy changes.

- A. Policy 4: Budget. Previously a rolling 5-year historical average set the annual budget. This revised policy will use annual actuarial reports to budget the fund and ramping up to a 90% confidence level by 2023. For non-insurable costs a five-year historical average will be used and adjusted for inflation.
- B. Policy 6: Fund Balances. Previously the fund balance could only accumulate up to 50% of the expected annual expenditures. This revised policy will allow the fund balance to accumulate until it reaches twice the City’s current self-insured retention for excess liability insurance, and may be allowed to exceed this amount on the recommendation of the Judgment Claims Finance Committee.
- C. Policy 9: Advance Payments. Minor clarification to reference SMC 5.24.040.
- D. Policy 10: Litigation Expenses. Reference added to the Judgment and Claims Finance Committee.
- E. Policy 12: Annual Briefings of Council. Increase threshold from \$100,000 to \$200,000 and reporting date from February to April.
- F. Policy 13: Reports to Council and City Departments. Change due date of semi-annual reports from February and September to April and October.
- G. Policy 14: Establish Judgment and Claims Finance Committee. This is a new policy establishing the Judgment and Claims Finance Committee.

2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? Yes No
- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
None.
- c. Is there financial cost or other impacts of *not* implementing the legislation?
None.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?
CBO, Law Department and FAS Risk Management have coordinated the review of the JC financial policies and will continue to meet as the Judgment and Claims Finance Committee.
- b. Is a public hearing required for this legislation?
No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?
No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No.
- e. Does this legislation affect a piece of property?
No.
- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?
None.
- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).
No.

List attachments/exhibits below: