

BUDGET AND FINANCE COMMITTEE REPORT relative to citywide liability claims payouts.

Recommendations for Council action, as initiated by Motion (Krekorian - Cedillo):

1. INSTRUCT the General Managers of all non-proprietary departments to report on their respective department's most significant areas of risk and liability, and identify, in concert with the City's Risk Manager in the City Administrative Officer's (CAO) office and the risk management staff in the City Attorney's office, a strategy to reduce or eliminate those risks.
2. REQUEST the City Attorney to report on:
 - a. The history of liability payouts for each department identifying by category of claim the greatest sources of liability for the City for each of the past five years.
 - b. For each major category of claims, statistics comparing number of claims filed (and number paid or rejected), number of complaints filed in litigation, number of cases settled and amount of settlement payouts, number of cases disposed of prior to trial (e.g. by dispositive motion) and results, and number of cases tried (and results), for each of the past five years.
 - c. Comparative information from other major cities in the United States regarding police liability and other areas of liability, and best practices.
3. INSTRUCT the CAO and the Chief Legislative Analyst (CLA) to report with recommendations and options going forward for potential changes to create greater accountability in liability payouts for City departments (such as distributing the Liability Claims Account among the departments).
4. INSTRUCT the CAO to work with the City Attorney relative to Recommendation Nos. 1 through 3 above.

Fiscal Impact Statement: The CAO reports there is no impact on the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on December 14, 2015, the Budget and Finance Committee considered a report from the CAO dated December 4, 2015 and Motion (Krekorian - Cedillo) relative to citywide liability payouts.

Representatives of the CAO (the Assistant CAO over Finance and Debt, the Chief Administrative Analyst over Public Safety, and the CAO's Risk Manager) addressed the Committee and provided an overview of the CAO's report and responded to related questions. The Assistant CAO noted that the CAO's report on this matter was prompted in part by a significant increase in projected liability payouts for Fiscal Year 2015-16 (the First Financial Status Report [C.F. 15-0600-S88] projected a \$20 million over expenditure for liability payouts,

however, the Second Financial Status Report [C.F. 15-0600-S90] projects liability payouts at \$80 million over what has been budgeted).

During further discussion of the matter, the Committee inquired how the City of Los Angeles compares with other major cities in terms of its liability payouts, and whether the City can incorporate any best practices utilized by other cities. The Committee also inquired about other more detailed metrics the CAO can provide relative to liability claims and payouts. The CAO noted that as City departments report as instructed by the Motion, the CAO will have more detailed information in those areas. Lastly, the Committee discussed departmental accountability for liability payouts and the possibility of having departments bear some responsibility for liability out of their respective budgets rather than the General Fund absorbing all citywide liability.

After consideration, and after providing an opportunity for public comment, the Committee approved Motion (Krekorian - Cedillo) as amended to: request the City Attorney to provide comparative information on other major U.S. Cities liability as well as best practices, instruct the CAO/CLA to provide recommendations/options for City departments to bear some responsibility for the City's liability payouts, and request the CAO/CLA to work with the City Attorney's Office on all reports requested in the above recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	ABSENT
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW
1/4/16
FILE NO. 15-1432

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