

Judgment/Claims

Department Overview

The Judgment/Claims Subfund provides for the payment of legal claims and suits brought against the City government. The subfund receives revenues from the General Fund and the utilities (Seattle City Light and Seattle Public Utilities) to pay the judgments, settlements, claims and other eligible expenses. Unused balances, if any, remain in the fund and may reduce the contribution required in succeeding years.

The General Fund-supported departments with 2% or more of historical Judgment/Claims costs make premium payments to the subfund directly from their budgets. Finance General covers premiums for departments with less than 2% of historical Judgment/Claims costs. Revenues from the utilities are budgeted based on expected expenses, but they only pay actual expenses as they are incurred.

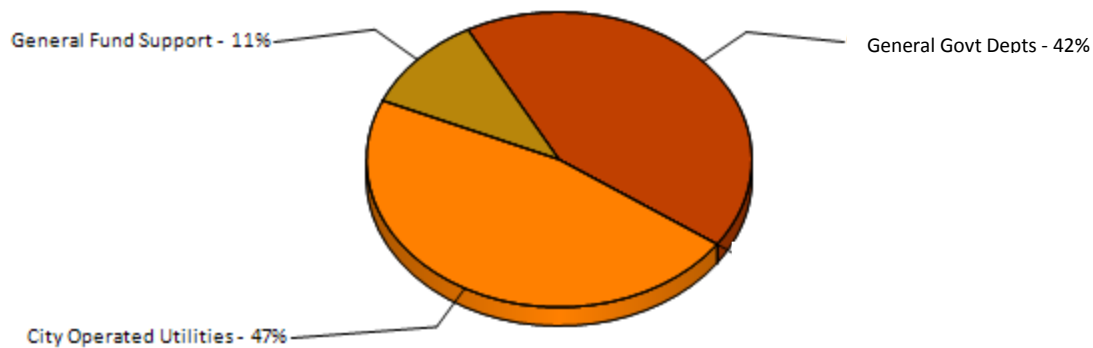
Budget Snapshot

Department Support	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
Other Funding - Operating	\$21,179,835	\$16,349,816	\$15,219,979	\$16,619,979
Total Operations	\$21,179,835	\$16,349,816	\$15,219,979	\$16,619,979
Total Appropriations	\$21,179,835	\$16,349,816	\$15,219,979	\$16,619,979
Full-time Equivalent Total*	0.00	0.00	0.00	0.00

* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.

Judgment/Claims

2018 Adopted Budget - Revenue by Category



Budget Overview

The Risk Management Division of the Department of Finance and Administrative Services, the City Budget Office, and the Law Department monitor the City's potential risk liabilities as well as the financial health of the Judgment/Claims (J/C) Subfund. The 2018 Adopted Budget is based on the recommendations of these departments.

The 2017 Adopted and 2018 Endorsed Budget were developed using a five-year rolling average of expenditures from 2012-2015 per [Resolution 30386](#) where annual expenditures ranged from \$8 million to \$10 million. Starting in 2016, expenditures were showing a higher trend in the settlement and judgments in tort cases and the use of outside counsel, which is continuing in 2017. Expenditures in 2018 are expected to continue this trend. In 2017, an additional \$12 million will be appropriated through the 3rd Quarter Supplemental Budget Ordinance to cover expenditures that are anticipated to occur before year end. The 2018 Adopted Budget appropriates an additional \$1.4 million to cover the increased expenditures that are now anticipated for 2018.

In the first quarter of 2018, the City Budget Office will coordinate a comprehensive review (with the Law Department, Council Central Staff and Risk Management) of the current J/C Policies adopted through [Resolution 30386](#). The existing policies date to 2001, and the proposed review will touch on all elements of these policies, including how the fund is budgeted, limits on the accumulation of fund balance, policy, and risk mitigation.

The fund must retain \$6.5 million in fund balance to meet a Washington state reserve related to contract indemnifications.

City Council Changes to the Proposed Budget

The Council made no changes to the 2018 Proposed Budget.

Judgment/Claims

Incremental Budget Changes

Judgment/Claims

	2018	
	Budget	FTE
Total 2018 Endorsed Budget	\$ 15,219,979	0.00
Proposed Changes		
Increase due to extraordinary expenditures	\$ 1,400,000	0.00
Total Incremental Changes	\$ 1,400,000	0.00
2018 Adopted Budget	\$ 16,619,979	0.00

Descriptions of Incremental Budget Changes

Proposed Changes

Increase due to extraordinary expenditures - \$1,400,000

The 2017 Adopted and 2018 Endorsed Budget were developed using a five-year rolling average of expenditures from 2012-2015 per [Resolution 30386](#) where annual expenditures ranged from \$8 million to \$10 million. Starting in 2016, expenditures were showing a higher trend in the settlement and judgments in tort cases and the use of outside counsel, which is continuing in 2017. Expenditures in 2018 are expected to continue this trend. In 2017, an additional \$12 million was appropriated through the 3rd Quarter Supplemental Budget Ordinance to cover expenditures that are anticipated to occur before year end. The 2018 Adopted Budget appropriates an additional \$1.4 million to cover the increased expenditures that are now anticipated for 2018.

City Council Provisos

There are no Council provisos.

Judgment/Claims

Expenditure Overview

Appropriations	Summit Code	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
Claim Expenses Budget Control Level	00126-CJ000	5,860,983	3,785,792	3,524,179	3,524,179
General Legal Expenses Budget Control Level	00126-JR010	82,584	94,878	88,321	88,321
Litigation Expenses Budget Control Level	00126-JR000	13,529,077	11,265,018	10,486,561	11,886,561
Police Action Expenses Budget Control Level	00126-JR020	1,707,192	1,204,128	1,120,918	1,120,918
Department Total		21,179,835	16,349,816	15,219,979	16,619,979

Department Full-time Equivalents Total*	0.00	0.00	0.00	0.00
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* FTE totals are provided for information purposes only. Changes in FTEs resulting from City Council or Personnel Director actions outside of the budget process may not be detailed here.

Revenue Overview

2018 Estimated Revenues

Summit Code	Source	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
544730	Payments from City-Operated Utilities	6,998,736	7,781,749	7,781,749	7,781,749
	Total City Operated Utilities	6,998,736	7,781,749	7,781,749	7,781,749
587001	General Subfund Support	620,842	416,820	361,854	1,761,854
	Total General Fund Support	620,842	416,820	361,854	1,761,854
544730	Payments from General Government Departments	8,156,607	8,151,247	7,076,376	7,076,376
	Total General Govt Depts	8,156,607	8,151,247	7,076,376	7,076,376
499999	Miscellaneous Revenue	120,606	0	0	0
	Total Miscellaneous Revenue	120,606	0	0	0
	Total Revenues	15,896,791	16,349,816	15,219,979	16,619,979
379100	Use of Fund Balance	5,283,044	0	0	0
	Total Use of Fund Balance	5,283,044	0	0	0
	Total Resources	21,179,835	16,349,816	15,219,979	16,619,979

Judgment/Claims

Appropriations By Budget Control Level (BCL) and Program

Claim Expenses Budget Control Level

The purpose of the Claim Expenses Budget Control Level is to provide the Director of the Department of Finance and Administrative Services with the resources to pay pending or actual claims and related costs against City government, as authorized by Chapter 5.24 of the Seattle Municipal Code. The Claims Budget Control Level is supported by the Judgment/Claims Subfund of the General Fund.

Program Expenditures	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
Claim Expenses	5,860,983	3,785,792	3,524,179	3,524,179
Total	5,860,983	3,785,792	3,524,179	3,524,179

General Legal Expenses Budget Control Level

The purpose of the General Legal Expenses Budget Control Level is to provide the City Attorney with resources to pay legal costs associated with potential litigation against the City, where the City is a plaintiff or potential plaintiff in legal action, or other special projects. The General Legal Expenses Budget Control Level is supported by the Judgment/Claims Subfund of the General Fund.

Program Expenditures	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
General Litigation	82,584	94,878	88,321	88,321
Total	82,584	94,878	88,321	88,321

Litigation Expenses Budget Control Level

The purpose of the Litigation Expenses Budget Control Level is to provide the City Attorney with the resources to pay anticipated, pending or actual judgments, claims payments, advance claims payments, and litigation expenses incurred while defending the City from judgments and claims. The Litigation Expenses Budget Control Level is supported by the Judgment/Claims Subfund of the General Fund.

Program Expenditures	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
Settlement and Judgment Expenses	13,529,077	11,265,018	10,486,561	11,886,561
Total	13,529,077	11,265,018	10,486,561	11,886,561

Judgment/Claims

Police Action Expenses Budget Control Level

The purpose of the Police Action Expenses Budget Control Level is to provide the City Attorney with the resources to pay pending or actual settlements and judgments against the City related to police action cases, or pay related costs to investigate and defend the City against claims and judgments related to police action cases. The Police Action Expenses Budget Control Level is supported by the Judgment/Claims Subfund of the General Fund.

Program Expenditures	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Adopted
Police Action Expenses	1,707,192	1,204,128	1,120,918	1,120,918
Total	1,707,192	1,204,128	1,120,918	1,120,918

Judgment/Claims Fund Table

Judgment/Claims Subfund (00126)

	2016 Actuals	2017 Adopted	2017 Revised	2018 Endorsed	2018 Adopted
Beginning Fund Balance	8,764,664	7,574,000	3,481,620	7,574,000	7,878,300
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	15,896,791	16,349,816	28,349,816	15,219,979	16,619,979
Less: Actual and Budgeted Expenditures	21,179,835	16,349,816	23,953,136	15,219,979	16,619,979
Ending Fund Balance	3,481,620	7,574,000	7,878,300	7,574,000	7,878,300
Ending Unreserved Fund Balance	3,481,620	7,574,000	7,878,300	7,574,000	7,878,300