

# 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.

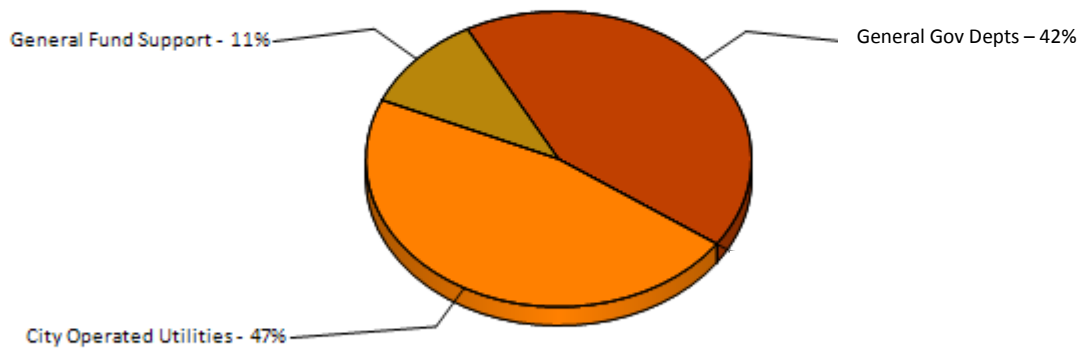
## Budget Snapshot

Department Support	2016 Actuals	2017 Adopted	2018 Endorsed	2018 Proposed
Other Funding - Operating	\$21,179,835	\$16,349,816	\$15,219,979	\$16,619,979
<b>Total Operations</b>	<b>\$21,179,835</b>	<b>\$16,349,816</b>	<b>\$15,219,979</b>	<b>\$16,619,979</b>
<b>Total Appropriations</b>	<b>\$21,179,835</b>	<b>\$16,349,816</b>	<b>\$15,219,979</b>	<b>\$16,619,979</b>
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 Human Resources Director actions outside of the budget process may not be detailed here.

# Judgment/Claims

## 2018 Proposed 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 Proposed 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 Proposed 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.

## Judgment/Claims

### Incremental Budget Changes

#### Judgment/Claims

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

### 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 will be appropriated through the 3rd Quarter Supplemental Budget Ordinance to cover expenditures that are anticipated to occur before year end. The 2018 Proposed Budget appropriates an additional \$1.4 million to cover the increased expenditures that are now anticipated for 2018.



## 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.

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

#### 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.

	2016	2017	2018	2018
<b>Program Expenditures</b>	<b>Actuals</b>	<b>Adopted</b>	<b>Endorsed</b>	<b>Proposed</b>
General Litigation	82,584	94,878	88,321	88,321
<b>Total</b>	<b>82,584</b>	<b>94,878</b>	<b>88,321</b>	<b>88,321</b>

#### 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.

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

## 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.

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

## Judgment/Claims

### Judgment/Claims Fund Table

#### Judgment/Claims Subfund (00126)

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