

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.

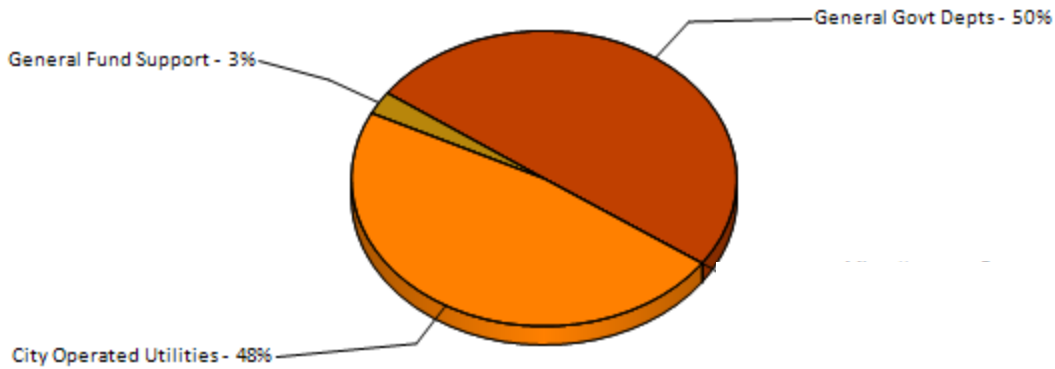
Budget Snapshot

Department Support	2015 Actual	2016 Adopted	2017 Proposed	2018 Proposed
Other Funding - Operating	\$15,300,750	\$17,749,451	\$16,349,816	\$15,219,979
Total Operations	\$15,300,750	\$17,749,451	\$16,349,816	\$15,219,979
Total Appropriations	\$15,300,750	\$17,749,451	\$16,349,816	\$15,219,979
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 Human Resources Director actions outside of the budget process may not be detailed here.

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2017 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 2017-2018 Proposed Budget is based on the recommendations of these departments and ensures the financial health of the subfund.

The 2017 Proposed Budget is developed on a rolling five-year average of expenditures from 2011-2015. The 2018 Endorsed Budget uses a rolling average from 2012-2015 expenditures per Resolution 30386. The ongoing budgeted expenditures are reduced by \$150,000 in anticipated savings from the addition of a 0.5 FTE land use attorney. The Law Department expects to save this amount in reduced use of outside counsel. Per Resolution 30386, the J/C Subfund must maintain a fund balance equivalent to 50% of the expected annual expenditures. The 2016 ending fund balance is expected to be \$7.5 million. The fund must retain \$6.5 million in fund balance to meet a Washington state reserve related to contract indemnifications.

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Incremental Budget Changes

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	2017		2018	
	Budget	FTE	Budget	FTE
Total 2016 Adopted Budget	\$ 17,749,451	0.00	\$ 17,749,451	0.00
Proposed Changes				
Reduce General Fund Expenditure to Five-Year Average Level	-\$ 1,399,635	0.00	-\$ 2,529,472	0.00
Total Incremental Changes	-\$ 1,399,635	0.00	-\$ 2,529,472	0.00
2017 - 2018 Proposed Budget	\$ 16,349,816	0.00	\$ 15,219,979	0.00

Descriptions of Incremental Budget Changes

Proposed Changes

Reduce General Fund Expenditure to Five-Year Average Level - (\$1,399,635)

This change reduces the budget for General Fund expenditures to match the average spending for the five prior years. The budgeted expenses are further reduced by \$150,000 to reflect anticipated savings with the addition of a 0.5 FTE land use attorney in the Law Department and the expected savings of outside counsel costs.

Expenditures on claims and litigation can be very volatile and difficult to forecast, therefore basing the budget on a rolling five-year average helps provide stability to the fund. Per Resolution 30386, this budget methodology meets the goal of having a predictable and consistent budget from year to year.

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Expenditure Overview

Appropriations	Summit Code	2015 Actual	2016 Adopted	2017 Proposed	2018 Proposed
Claim Expenses Budget Control Level	00126-CJ000	2,661,246	4,109,877	3,785,792	3,524,179
General Legal Expenses Budget Control Level	00126-JR010	102,543	103,000	94,878	88,321
Litigation Expenses Budget Control Level	00126-JR000	9,497,654	12,229,366	11,265,018	10,486,561
Police Action Expenses Budget Control Level	00126-JR020	3,039,307	1,307,208	1,204,128	1,120,918
Department Total		15,300,750	17,749,451	16,349,816	15,219,979

Department Full-time Equivalents 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.*

Revenue Overview

2017 Estimated Revenues

Summit Code	Source	2015 Actual	2016 Adopted	2017 Proposed	2018 Proposed
544730	Payments from City-Operated Utilities	5,881,822	7,781,749	7,781,749	7,781,749
	Total City Operated Utilities	5,881,822	7,781,749	7,781,749	7,781,749
587001	General Subfund Support	337,906	620,842	416,820	361,854
	Total General Fund Support	337,906	620,842	416,820	361,854
544730	Payments from General Government Departments	4,439,525	8,156,607	8,151,247	7,076,376
	Total General Govt Depts	4,439,525	8,156,607	8,151,247	7,076,376
499999	Miscellaneous Revenue	-2,963	0	0	0
	Total Miscellaneous Revenue	-2,963	0	0	0
	Total Revenues	10,656,290	16,559,198	16,349,816	15,219,979
379100	Use of Fund Balance	4,644,460	1,190,253	0	0
	Total Use of Fund Balance	4,644,460	1,190,253	0	0
	Total Resources	15,300,750	17,749,451	16,349,816	15,219,979

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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.

	2015	2016	2017	2018
Program Expenditures	Actual	Adopted	Proposed	Proposed
Claim Expenses	2,661,246	4,109,877	3,785,792	3,524,179
Total	2,661,246	4,109,877	3,785,792	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.

	2015	2016	2017	2018
Program Expenditures	Actual	Adopted	Proposed	Proposed
General Litigation	102,543	103,000	94,878	88,321
Total	102,543	103,000	94,878	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.

	2015	2016	2017	2018
Program Expenditures	Actual	Adopted	Proposed	Proposed
Settlement and Judgment Expenses	9,497,654	12,229,366	11,265,018	10,486,561
Total	9,497,654	12,229,366	11,265,018	10,486,561

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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.

	2015	2016	2017	2018
Program Expenditures	Actual	Adopted	Proposed	Proposed
Police Action Expenses	3,039,307	1,307,208	1,204,128	1,120,918
Total	3,039,307	1,307,208	1,204,128	1,120,918

Judgment/Claims Fund Table

Judgment/Claims Subfund (00126)

	2015	2016	2016	2017	2018
	Actuals	Adopted	Revised	Proposed	Proposed
Beginning Fund Balance	13,409,124	8,218,853	8,764,664	7,574,411	7,574,411
Accounting and Technical Adjustments	0	0	0	0	0
Plus: Actual and Estimated Revenues	10,656,290	16,559,198	16,559,198	16,349,816	15,219,979
Less: Actual and Budgeted Expenditures	15,300,750	17,749,451	17,749,451	16,349,816	15,219,979
Ending Fund Balance	8,764,664	7,028,600	7,574,411	7,574,411	7,574,411
Ending Unreserved Fund Balance	8,764,664	7,028,600	7,574,411	7,574,411	7,574,411