



STAFF REPORT

DATE: March 8, 2021

TO: Sacramento Regional Transit Board of Directors

FROM: Olga Sanchez-Ochoa, General Counsel

SUBJ: DELEGATING BOARD AUTHORITY TO THE GENERAL MANAGER/CEO TO REJECT SETTLEMENT OFFERS IN EXCESS OF GENERAL MANAGER/CEO'S SETTLEMENT AUTHORITY

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

If the Board delegates authority to the General Manager/CEO to reject a settlement offer presented to SacRT for an amount in excess of the General Manager/CEO's settlement authority, staff will be able to progress settlement negotiations in a more timely and expeditious manner for potential litigation matters. Currently, settlement negotiations can be stalled or delayed if the plaintiff presents a settlement offer in an amount that is unreasonable, and that exceeds the General Manager/CEO's settlement authority, because the settlement must be presented to the Board, which only meets twice a month. Authorizing the General Manager/CEO to reject unreasonable settlement offers that exceed his settlement authority and to negotiate above his settlement authority will improve the settlement negotiations process.

FISCAL IMPACT

None as a result of this action.

DISCUSSION

Currently, the General Manager/CEO is authorized to settle litigated matters without Board approval if the total settlement amount is \$100,000 or less. However, any settlements that exceed \$100,000 must be approved by the Board and any unreasonable settlement offers that exceed the General Manager/CEO's authority require Board rejection. From time to time SacRT is presented with a settlement offer that exceeds the General Manager/CEO's settlement authority. In some instances, the amount demanded exceeds the reasonable value of the case and it is clear to staff that it is not in SacRT's best interest to even consider the settlement. However, because the General Manager/CEO does not currently have the authority to reject settlement offers in excess of his settlement authority, the General Manager/CEO must present all offers to the Board, regardless of its reasonableness and the General Manager/CEO does not have the authority to counter the offer until it is presented to the Board. This creates delays in the settlement negotiations. To improve this process, staff requests that the Board

authorize the General Manager/CEO to reject settlement offers deemed by the General Manager/CEO, in consultation with the General Counsel and the Risk Management Department, that exceed the reasonable value of the case. Staff further requests that the Board authorize the General Manager/CEO the authority to negotiate a settlement amount above the General Manager/CEO's settlement authority without requiring the General Manager/CEO to seek the Board's rejection of any unreasonable settlement amounts presented by plaintiff above the General Manager/CEO's authority. Final settlement amounts will require Board approval if the final settlement amount exceeds the General Manager/CEO's settlement authority.

The authority granted herein will not apply to any settlement offer presented by plaintiff to SacRT pursuant to California Code of Civil Procedure §998. All §998 offers for an amount that exceeds the General Manager/CEO's authority will have to be presented to the Board for approval or rejection.

RESOLUTION NO. 21-03-0015

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

March 8, 2021

DELEGATING BOARD AUTHORITY TO THE GENERAL MANAGER/CEO TO REJECT SETTLEMENT OFFERS IN EXCESS OF GENERAL MANAGER/CEO'S SETTLEMENT AUTHORITY

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby delegates authority to the General Manager/CEO to reject an offer to settle a litigated matter presented to SacRT when the settlement offer is greater than the General Manager/CEO's settlement authority, but the settlement offer exceeds the reasonable settlement value of the case.

THAT, the General Manager/CEO will make the determination to reject the offer, in consultation with the General Counsel and the Risk Management Department.

THAT, the Board hereby authorizes the General Manager/CEO the authority to negotiate a settlement amount that exceeds the General Manager/CEO's settlement authority without requiring the Board's affirmative rejection of each offer to settle in excess of the General Manager/CEO's settlement authority, subject to the Board's approval of the final settlement amount negotiated by the General Manager/CEO.

THAT, the Board hereby affirms that the authority granted herein does not apply to any offer to settle submitted to SacRT by plaintiff pursuant to California Code of Civil Procedure §998 and that any such offer must be submitted to the Board of Directors for consideration.

STEVE MILLER, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary