



City of Chula Vista

Staff Report

File#: 18-0079, **Item#:** 6.

RESOLUTION NO. 2018-050 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROPRIATING A TOTAL OF \$996,606 TO THE SUPPLIES AND SERVICES AND OTHER EXPENSE CATEGORIES OF THE PUBLIC LIABILITY EXPENSE FUND FROM THE AVAILABLE FUND BALANCE OF SAID FUND (4/5 VOTE REQUIRED)

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Staff is recommending an appropriation of \$996,606 to the Public Liability Fund to cover current year expenditures related to litigation activities citywide. This appropriation will be made from the fund balance of the Public Liability Fund.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the activity consists of a governmental fiscal/administrative activity which does not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not Applicable

DISCUSSION

The Public Liability Fund was established to account for revenues and expenditures related to litigation activities citywide. In FY 2018, the City received a significant number of claims that have now been processed and settled resulting in higher expenses than originally anticipated in the budget. Staff is requesting to appropriate the remaining fund balance in the Public Liability Fund to address unanticipated expenses.

The new appropriations will be used to settle outstanding claims, continue processing existing claims

File#: 18-0079, Item#: 6.

and engage in ongoing litigation activities. The Public Liability Fund has \$996,606 in reserves that can be appropriated to address higher than anticipated expenses. The reduction in reserves will depend on the actual activity of the fund but staff is currently projecting that this fund will end the fiscal year with less than \$300,000 in reserves based on current projections. Should the entire reserve balance be exhausted, an additional transfer from the General Fund may be required. Staff will continue to monitor fund activity and recommend additional appropriations as needed.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This action meets the City's Strategic Plan goal of Operational Excellence as it furthers the City's litigation defense activities.

CURRENT YEAR FISCAL IMPACT

The appropriation of the remaining fund balance of the Public Liability fund of \$996,606 will reduce the projected fund balance to zero. The actual impact on fund balance will be determined at year end when all expenditures for this fund are known.

Should the entire reserve balance be exhausted from the Public Liability Fund, a transfer from the General Fund reserves may be required if additional claims are paid out. Staff will continue to monitor fund activity and recommend additional appropriations as needed.

ONGOING FISCAL IMPACT

Not applicable.

ATTACHMENTS

None

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