

File No. 010297 is a resolution authorizing a \$500,000 appropriation from the Common Council Contingent Fund to the Damages & Claims Fund..

### **Background**

1. Resolution passed by FN 001716 on April 10, 2001 authorized the settlement of the \$60,000 lawsuit entitled to Frederica Cornehl, the State of Wisconsin Department of Health and Family Services and the Milwaukee County Department of Human Services v. City of Milwaukee, et al, Case No 99-CV-003213. The City Attorney recommended the Common Council settle the lawsuit in an expeditious manner.
2. The 2001 Damages & Claims Fund budget is \$1,500,000 compared to the 2000 fund budget of \$1,900,000. To date, the 2001 expenditures total \$1,953,089 or \$453,089 more than budgeted. Adjusting for the 2000 carryover funding of \$460,886, the 2001 Contingent Fund remaining balance is \$7,797.

### **Discussion**

1. While the City Attorney tries to adequately predict funding for this account, it is difficult to predict the costs of future legal commitments. Budget expenditures are influenced by factors such as the number of claims filed, size and timing of judgments, successful appeal processes and flooding and snow storms.
2. The purpose of the request is to replenish the Damages & Claims Fund to cover an anticipated Damages & Claims Fund shortage. The Damages & Claims Fund is nearly depleted and additional funding is necessary to pay recently settled cases and anticipated settlements and judgments against the City. The City's ability to fulfill its legal obligations could be negatively impacted by the anticipated shortage.
3. Historically, the Damages & Claims Fund was budgeted for \$1,900,000 (1997-2000 Budgets). Yearly expenditure totals ranged from \$1,186,349 to \$1,439,114. This data influenced the recommendation to reduce the 2001 Damages & Claims Fund budget to \$1,500,000 or \$400,000 below the historical level of \$1,900,000.
4. Individual large claim settlements and judgment payments against the Damages & Claims Fund depleted the fund balance to insufficient levels. For example, during 2001, the City of Milwaukee has paid \$1,035,413 in judgments to Dillingham Construction (\$725,413) and the Indian council of the Elderly (\$310,000).

### **Fiscal Impact**

1. Adoption of this resolution will allow transfer of \$500,000 from the Common Council Contingent Fund to the Damages & Claims special purpose account.

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LRB – Fiscal Review  
July 10, 2001