Item No. 5K

CITY OF FLAGSTAFF STAFF SUMMARY REPORT

To:

The Honorable Mayor and Council

From:

Shannon Anderson, X 2092 Human Resources Director

Date:

May 22, 2012

Meeting Date:

June 5, 2012

TITLE: Approval of settlement of employment claim

RECOMMENDED ACTION: Confirming Offer of Judgment and Approval of A Settlement Agreement for Attorneys Fees between the City of Flagstaff and William H. Jensen

ACTION SUMMARY:

Policy Decision or Reason for Action:

o Confirming offer of judgment of \$150,000.00, plus \$15,000.00 in attorneys fees for a full mutual release of all claims (Case # CV-12-8017-PCT-MHB).

Financial Impact:

- The City's self insurance trust fund has paid \$50,000 in defense costs prior to reaching an offer of judgment. Travelers Insurance on behalf of the City has agreed to pay \$150,000 offer of judgment as well as any residual defense costs.
- Connection to Council Goal: Effective Governance
 - o The City settles claims to efffectively govern and appropriate resources.
- Has there been a previous Council decision on this topic? No.

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ADDITIONAL INFORMATION:

Background/History: On June 10, 2009 the City of Flagstaff received a notice of charge of discrimination from the U.S. Equal Employment Opportunity Commission ("EEOC") (EEOC charge No. 540-2009-02401). The City attempted to resolve this charge through the EEOC on August 27, 2009 and was unsuccessful. The City's legal counsel submitted a position statement to the EEOC on December 22, 2009. The EEOC and the City executed a Conciliation Agreement effective March 30, 2012 with respect to charge number 540-2009-02401. Meanwhile, Mr. Jensen filed a lawsuit against the City in federal court. In an effort to mitigate costs and resolve the matter, the City filed an offer of judgment with the court agreeing to have judgment entered against the City in the amount of \$150,000.00 plus attorney fees. A separate settlement agreement for attorney's fees in the amount of \$15,000.00 is also being submitted to council for approval.

Key Considerations: Insurance carrier desired settlement versus trial.

Community Benefits and Considerations:

Community Involvement:

Financial Implications: City's self insurance fund paid \$50,000 from account # 600-8901-590-2005 in defense costs.

Options and Alternatives:

Attachments: Settlement Agreement for Attorneys Fees to be provided by June 5th.

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DATE OF COUNCIL APPROVAL:_____