

COUNCIL COMMUNICATION

From: The City Manager

Subject: Settlement of Employee Claim

Manager's Recommendation:

I recommend approval of the Settlement and Release Agreement in the amount of \$170,000 to resolve a pending lawsuit against the City and other individuals filed by Karen Lawrence Webster. This Agreement has been approved by the City Manager as to substance and the City Attorney as to form.

Justification:

Ms Webster's employment was terminated in August, 2004. She has made a number of claims regarding the propriety of that discharge. While many of the claims have been dismissed, one remains for a trial (subject to further motion). The dismissed claims may also be the subject of appeals. The Self Insurance Retention ("SIR") for this insured claim is \$150,000, of which approximately \$120,000 has already been spent. The total exposure of the City for the remainder of the litigation is approximately \$30,000. It is likely that this would be exhausted even if the City were to entirely prevail at trial and on appeal.

The insurance carrier has expressed its desire to resolve this matter for the amount of \$170,000, the bulk of which it will be responsible for paying. In order to avoid the expense and uncertainties of litigation and resolve this matter, the City has negotiated this payment. The claimant has provided a full and complete release of liability.

Council Action:

Council _____ moved that the recommendation from the City Manager be approved.