

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/10/2025

Staff Report No. 25-420

TO: AC Transit Board of Directors
FROM: Aimee L. Steele, General Counsel/Chief Legal Officer
SUBJECT: Board Policy 605 - Claims and Lawsuits: Settlement Authorizations

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider the adoption of Resolution No. 25-032 approving amendments to Board Policy 605: Claims and Lawsuits: Settlement Authorizations and repealing Resolution No. 20-034.

Staff Contact:
Aimee L. Steele, General Counsel/Chief Legal Officer

STRATEGIC IMPORTANCE:

Goal - High-Performing Workforce

Amending this Policy allows for the streamlining of settling claims and lawsuits against the District and allows for improved efficiencies within District operations.

BUDGETARY/FISCAL IMPACT:

There is no budgetary or fiscal impact associated with this report.

BACKGROUND/RATIONALE:

Board Policy 605 was adopted in May 1979 and most recently amended July 2020. Staff recommends changes to the Policy to align with the Public Utilities Code (Transit District law) and the Government Code, while also establishing delegated settlement authority levels that are consistent between workers' compensation and non-workers' compensation claims and lawsuits.

Establishment of Claims Board

To be consistent with Transit District law, staff recommends the creation of a "claims board" that will be authorized to review and approve settlements between \$50,000 and \$100,000. Public Utilities Code (PUC) section 25951 states that all claims for money or damages against the District are governed by certain sections of the Government Code unless otherwise addressed within the District's enabling legislation. Government Code (Govt Code) section 935.4 authorizes a local public entity such as the District to pass a resolution to delegate authority to an employee to settle claims up to \$50,000. This limitation does not apply to the

settlement of lawsuits (See Govt Code section 949). Any delegated authority exceeding \$50,000 to settle claims must be established by a charter provision, something the District does not have the authority to do. Govt Code section 935.2 allows the Board to establish by resolution a claims board of not less than three members to perform the functions of the Board described under this section of the Govt Code as prescribed by the Board, including the settlement of claims over \$50,000. Staff recommends the Claims Board be comprised of the following:

For workers' compensation claims: the Program Manager Responsible for Workers' Compensation, the General Counsel, and the General Manager.

For claims other than workers' compensation: the Claims and Liability Manager, the General Counsel, and the General Manager.

Staff recommends the Claims Board be given the authority to approve settlements for all claims and lawsuits over \$50,000 but under \$100,000. A majority of the claims board is required to approve proposed settlements.

Staff's current and long-standing practice has varied depending on whether the matter is a workers' compensation claim/lawsuit or a non-workers' compensation claim/lawsuit. All current practices have not aligned with the current language of the policy.

The current practice for workers' compensation matters is as follows:

- \$10,000 and below: approved by the TPA
- \$10,000.01- \$50,000: approved by the Workers' Compensation Program Manager with the agreement of the General Counsel
- \$50,000.01 - \$100,000: approved by the General Manager with agreement from the General Counsel
- Over \$100,000: approved by the Board.

The current practice for all other claims is as follows:

- \$15,000 and below: approved by the Claims and Liability Manager or General Counsel
- \$15,000.01 - \$100,000: approved by the General Manager with agreement from the General Counsel,
- Over \$100,000: approved by the Board.

The recommended changes to authority levels along with the establishment of the Claims Board will provide consistency between the handling of workers' compensation and non-workers' compensation claims/lawsuits. The current practice and recommended changes are summarized below.

Workers' Compensation Claims:

Designee	Current Practice	Recommended Changes
TPA	0-\$10K	0-\$20K - within the discretion of the Program Manager, Workers' Compensation to delegate.

Program Manager / General Counsel	>\$10K - \$50K	>\$20K - \$50K
General Manager	>\$50K-\$100K	None
Claims Board	None	>\$50K - \$100K
Board of Directors	>\$100K	>\$100K

Non-Workers' Compensation Claims:

Designee	Current Practice	Recommended Change
Claims and Liability Manager / General Counsel	0-\$15K	0-\$50K
General Manager	>\$15K - \$100K	None
Claims Board	None	>\$50K - \$100K
Board of Directors	>\$100K	>\$100K

The proposed changes also include updating the title from "Human Resources Manager responsible for the Workers' Compensation department" to the "Program Manager, Workers' Compensation" to reflect title changes that have occurred since the Policy was last modified.

Additionally, Resolution 20-034 must be repealed by the adoption of Resolution 25-032.

ADVANTAGES/DISADVANTAGES:

The proposed amendments to the Policy are necessary to ensure designees are authorized consistent with both transit district law and their correct job titles. The proposed amendments to authority levels will provide consistency between workers' compensation and non-workers' compensation claims and lawsuits.

There are no disadvantages of approving the proposed amendments.

ALTERNATIVES ANALYSIS:

Staff considered not amending the Policy. This is not recommended as the current language is not consistent with transit district law, does not match current practice, and does not include the correct job title for a designee. Furthermore, there is inconsistency in authority to settle workers' compensation and non-workers' compensation claims and lawsuits.

Staff considered limiting the delegation of authority to \$50,000 for all claims which would eliminate the need for the creation of the Claims Board. This is not recommended as it will significantly increase the number of settlement requests that require Board approval, will negatively impact the ability of the Workers' Compensation, Risk, and Legal Departments to swiftly settle and dispose of cases, and will likely increase settlement value of those claims that will be delayed while Board approval is sought.

Staff also considered amending the Policy with language that delegates authority between \$0 and \$50,000 in a different manner. This is not recommended as the proposed manner provides consistency among the

handling of settlements of all claims and lawsuits.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 605 was last amended in July 2020.

ATTACHMENTS:

1. Resolution No. 25-032 with related exhibit (Board Policy 605)
2. Board Policy 605 (Clean version)

Prepared by:

Aimee Steele, General Counsel

Approved/Reviewed by:

Linda A. Nemeroff, Board Administrative Officer/District Secretary

Salvador Llamas, General Manager/Chief Executive Officer