

Policy Briefing Summary

City Council



Regarding:	Ordinance Amending Section 11-131 of the Charlottesville City Code Regarding Compromise and Payment of Claims Against the City (2nd reading)
Staff Contact(s):	John Maddux, City Attorney
Presenter:	John Maddux, City Attorney
Date of Proposed Action:	February 17, 2026

Issue

Section 11-131 of the City Code establishes the approval thresholds for resolving claims against the City that are not covered by insurance or that fall within the City's deductible. The existing dollar limits were adopted in 1997 and no longer reflect current settlement values, litigation costs, or risk management practices. As a result, relatively routine claims must be taken to City Council for approval, which can delay resolution, increase administrative and legal costs, and expose the City to additional risk.

City Council has requested that the settlement authority framework be updated to allow the City Attorney to resolve lower-dollar claims, to allow the City Attorney and City Manager jointly to resolve moderate-dollar claims, and to reserve City Council approval for higher-dollar settlements. The proposed amendment implements this structure while retaining Council oversight for claims that present greater fiscal or policy significance and adding a simple notice requirement to keep Council informed of settlements approved under the delegated authority.

Background / Rule

Section 11-131 of the Charlottesville City Code governs the compromise and payment of claims made against the City that are not covered by insurance or that fall within the City's insurance deductibles. The section authorizes payment of such claims from the City's Risk Management Fund and establishes approval thresholds based on the dollar amount of the claim.

Under the current Code, claims of \$5,000 or less may be paid upon certification by the City Attorney, claims between \$5,000 and \$15,000 require certification by both the City Attorney and City Manager, and any claim exceeding \$15,000 must be approved by City Council. All payments are made by the Director of Finance from the Risk Management Fund.

The proposed amendment revises only the approval thresholds and related certifications. It does not change the source of funds, the requirement that liability or compromise be certified, or the role of the Director of Finance in issuing payment. The purpose of the amendment is to modernize the existing framework while maintaining appropriate internal controls and City Council oversight.

Analysis

The proposed amendment to Section 11-131 updates the City's internal settlement approval thresholds to reflect current claim values and litigation practices. The existing limits were established nearly three

decades ago and, due to inflation and rising litigation costs, no longer align with the types of claims that are routinely resolved through compromise. As a result, matters that present relatively low fiscal risk to the City often require City Council action, which can delay resolution and increase legal and administrative costs.

The revised structure provides graduated approval authority based on claim value. Claims of \$25,000 or less may be approved by the City Attorney, claims between \$25,000 and \$50,000 may be approved jointly by the City Attorney and City Manager, and claims above \$50,000 continue to require City Council authorization. This approach preserves Council oversight for higher-impact matters while allowing routine claims to be resolved more efficiently.

The amendment also includes a simple notice requirement so that City Council remains informed of settlements approved under the delegated authority. This balances administrative efficiency with transparency, while maintaining existing fiscal controls through the Risk Management Fund and the required certifications by City leadership.

Financial Impact

Payment of claims authorized under this ordinance will be paid from previously appropriated funds in the City's Risk Management Fund that have been budgeted and authorized to cover liability, losses, or settlements.

Recommendation

Staff recommends the City Council adopt this amendment.

Recommended Motion (if Applicable)

Move to adopt an ordinance amending Section 11-131 of the Charlottesville City Code to revise the settlement authorization thresholds and to provide for notice to City Council of settlements approved under the delegated authority.

(Optional) I move that the City Council waive the requirement that this item receive a second reading at a subsequent reading, and that this item be given immediate effect upon adoption.

Attachments

1. Ordinance Amending Section 11-131