

COMPARED VERSION  
NEW ORDINANCE TO CODE BOOKS

ORDINANCE NO. 260511

Amending Chapter 2, Code of Ordinances, “Administration,” by repealing and replacing Article XVIII, “Risk Management Program,” for the purpose of revising the composition of the Risk Management Committee and clarifying the use of, and the claims process for, the Legal Expense Fund.

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2, Code of Ordinances of the City of Kansas City, Missouri, is hereby amended by repealing Article XVIII, “RISK MANAGEMENT PROGRAM,” and enacting in lieu thereof new sections of like number and subject matter, to read as follows:

**Sec. 2-2200. Declaration and purpose.**

- (a) The city shall administer a risk management program.
- (b) The risk management program establishes policies and organizes, leads and adjusts the city's activities to minimize the effects of risk on the city. The program covers financial, strategic, and operational risks as well as risks associated with accidental losses.
- (c) The purpose of the program is to effectively identify and evaluate risk to the city and develop efficient means to manage and mitigate or eliminate the effects of those risks.

**Sec. 2-2201. Risk management committee.**

(a) *Establishment.*

- (1) The risk management committee is hereby established. The risk management committee shall be responsible for development of policies and deployment of appropriate risk treatments related to the city's risks arising from operation and management of a large and complex municipal government including, but not limited to use of public funds, operations, human resources, property, claims, cyber security, and intangibles.
- (2) The risk management committee shall be composed of the following, who shall serve as voting members:
  - a. Three representatives of the city manager with oversight of public safety/general governance/infrastructure;

- b. The City Attorney;
  - c. The director of the general services department;
  - d. The director of human resources; and
  - e. The director of finance, who shall serve as chairperson.
- (3) The risk management committee shall also be composed of the following non-voting members:
- a. The city's risk manager, who shall serve as secretary;
  - b. The city's chief technology officer/chief information security officer; and
  - c. Such other members as may be designated by the city manager.
- (b) *Duties and authority.* The risk management committee shall:
- (1) Serve as the city manager's oversight body for all aspects of the program including any follow-up actions with city departments and offices.
  - (2) Manage all funds established for claims and lawsuit settlements.
  - (3) Set objectives to be achieved through the risk management program.
  - (4) Have the authority to require cooperation and action in its reviews and proceedings from all departments and offices of the city and request the assistance of the City's internal auditor to undertake or assist with investigations and to make related recommendations.
  - (5) Have the authority to reallocate resources to effectively meet the purposes and needs of the program.
  - (6) Annually direct the risk manager to prepare and submit to the city manager a report, no later than September 30, of its approvals and rejections of settlements and other committee activities. The report shall include, but not be limited to: frequency of claims, costs incurred, reserves, trends in frequency and severity, and new developments in the law. The report also shall identify any departments, divisions, offices, or conditions which appear to be contributing unduly to losses.

- (7) Review and approve the annual report submitted by the risk manager. The budget estimate portion of the report shall be submitted pursuant to the budget process as outlined in sections 803-805 of the City Charter.
- (8) Establish a claims subcommittee under the supervision of the risk management committee that shall review claims submitted to it by the city attorney pursuant to Section 2-302. Members shall consist of a subset of the Risk Management Committee as follows:
  - i) The director of finance, who shall serve as Chair.
  - ii) Two representatives of the city manager.
  - iii) In the absence of any claims subcommittee member and upon request of the Chair, the other members of the Risk Management Committee may serve as alternates.

**Sec. 2-2202. Administration.**

(a) The city manager shall have overall responsibility for administering the risk management program and holding accountable each department and office for its adherence to the program.

(b) City departments and offices shall:

- (1) Be responsible for educating staff on the importance and requirements of the risk management program and adhering to the program.
- (2) Implement established risk management processes and systems within their respective areas of responsibility and monitor their effectiveness.
- (3) Integrate risk management into organizational strategies and include risk information during decision making.
- (4) Communicate to the risk manager changes in business operations which may generate changes in risk for the city.
- (5) Immediately report to the city attorney and the risk manager any claims or incidents which could potentially create liability or loss to the city.

**Sec. 2-2203. City legal expense fund.**

(a) *Uninsured status of the city.* Except as required by statute, ordinance or contract, the city council hereby adopts the policy that the risk management of claims against the city shall be that the city is uninsured, not self-insured. The City may purchase liability coverage from insurance companies for payment of claims which are not barred by any immunity or defense.

(b) *Legal expense fund established.* There is hereby established a fund to be known as the city legal expense fund, the purpose of which is to enable the city to pay, in whole or in part, claims for various losses and liabilities incurred by the city.

(c) *Limitation on payments.* No payments of claims, made solely against the city, shall be paid from the fund in excess of any statutory cap on liability. Nothing in this provision shall prevent the city from paying a final judgment against the city.

(d) *No expansion of liability.* Nothing in this article shall be construed to broaden the liability of the city beyond the provisions of RSMo §§ 537.600 to 537.610, or other applicable law, either statutory or case law, nor to abolish or waive any defense at law which might otherwise be available to the city, its agents, representatives, officials, officers, or employees.

(e) *Sources of funding.* Such fund shall be composed of appropriated contributions from activity accounts within the general and other operating funds, which shall be appropriated annually on the basis of claim frequency, loss payments and claim reserves. The risk management committee shall have the sole authority to recommend the allocation of department contributions to the city manager for budgeting purposes.

(f) *Budget; nature of fund.* The city legal expense fund shall be operated under a budget adopted by the city council in the same manner as other city funds. This fund shall be used for the purposes set forth in this article, and no other, and shall continue from year to year, its surplus not reverting to the general fund surplus at the end of the fiscal year. The council may, upon the recommendation of the risk management committee, appropriate additional sums to this fund.

(g) *Use of the city legal expense fund.*

- (1) The legal expense fund may be used to pay the following:
  - (a) Claims made by third parties based on liability of the city, its agents, representatives, officials, officers, or employees
  - (b) Final judgments against the city rendered by a court of competent jurisdiction.
- (2) Such payments shall be made only upon authorization by the risk management committee, the city attorney or the city council as provided under Section 2-302.
- (3) The legal expense fund shall not be used to pay for the punitive damages awarded by a court of competent jurisdiction against the city's agents, representatives, officials, officers, or employees.
- (4) Nothing in this section shall be construed to require the city to indemnify the city's agents, representatives, officials, officers, or employees.

(h) *Investments.* All unexpended cash in the city legal expense fund for the payment of losses may be invested in securities of the type authorized by the city charter. Earnings from investments shall accrue to the credit of the fund.

**Sec. 2-2204. Provision for payment of claims.**

In the annual appropriation ordinance, the city council shall include provision for payments out of the city legal expense and workers' compensation funds for losses which occur during the next fiscal year.

The creation of the city legal expense and workers' compensation funds and the payment therefrom of such amounts as may be necessary for the benefit of any person covered thereby are deemed necessary and proper public purposes for which the funds of this city may be expended.

**Sec. 2-2205. Claims against fund.**

(a) *Submission.* All claims which are payable from the city legal expense and workers' compensation funds shall be submitted in the manner and form as directed by the risk management committee. The city attorney shall have authority to solicit bids or proposals and employ experts to aid in determining the amount of any loss.

(b) Any dispute between a department and the risk management committee concerning a loss shall be referred to the city manager for final determination.

(c) Each city department shall cooperate with the city attorney, or designee, in the investigation, negotiation, payment, or other proceedings relating to the handling of claims or litigation against the city or the city's agents, representatives, officials, officers, or employees, or matters in which the city has an interest.

(d) Claims covered by the legal expense fund or payable from the workers' compensation fund shall be handled as provided under section 2-302.

(e) *Review by committee.* All proposed payments for claims or litigated matters from the city legal expense and workers' compensation funds shall be reported to the risk management committee in such manner and detail as the risk management committee shall direct. The risk management committee may authorize the requested payment, request more information, or decline the request for payment.

**Sec. 2-2206—2-2299. Reserved.**

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Approved as to form:

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Nelson V. Munoz  
Deputy City Attorney