

Office of the City Attorney

Budget Presentation

FISCAL YEARS 2024-25 & 2025-26





**ADVICE &
COUNSEL**



**LEGISLATION &
CONTRACTS**



**DEFENSIVE
LITIGATION**



**AFFIRMATIVE
LITIGATION**



**PUBLIC
INTEGRITY &
INVESTIGATIONS**

Office Legal and Operations Teams

Airport	Claims	Code Enforcement	Complex & Affirmative Litigation
Construction & Public Contracting	Dependency & Mental Health	Energy & Telecommunications	Ethics & Elections
Executive	Finance & Real Estate	Government	Government Litigation
Health & Human Services	Public Integrity & Investigations	Labor	Land Use
Litigation	Port	Public Utilities	Retirement
Tax	Transportation	Workers' Compensation	Worker Protection
Accounting	Human Resources	Information Technology	Legal Support

Our Work is Central to all City Operations

PUBLIC SAFETY
& STREET
CONDITIONS

HOMELESSNESS
& MENTAL
HEALTH

AFFORDABLE &
SUPPORTIVE
HOUSING

LAND USE &
REAL ESTATE

REVITALIZING
LOCAL ECONOMY
& SMALL
BUSINESSES

PUBLIC INTEGRITY
& INVESTIGATIONS

TAX LITIGATION
& ASSESSMENT
APPEALS

CLAIMS &
DEFENSIVE
LITIGATION

CONSUMER
PROTECTION &
CIVIL RIGHTS

WORKER
PROTECTION

Tax Litigation Successes

- 9 tax litigation victories in the CA Court of Appeals since 2020.
 - Successfully defended against transfer tax refund action of over \$10MM alleging City's transfer tax was unconstitutional and preempted by state law.
 - Successfully defended passage of the Homelessness Gross Receipts Tax ("**Big C**"), the Early Care and Education Commercial Rents Tax ("**Baby C**"), and the Living Wage for Educators Parcel Tax ("**Prop G**"), unlocking hundreds of millions of dollars annually for homeless services, early care and education, and SFUSD.
- Settled 5 lawsuits and 8 large claims in the past 18 months, protecting tax revenues.

Tax Litigation & Assessment Appeals Needs

- Skyrocketing litigation reserves for business tax disputes
 - \$31MM in 2019 → \$530MM in Jan. 2024
 - 1700% increase over 4 years
- Hours spent on tax litigation continually increasing
 - 2,800 hours in FY 22-23
 - 5,000 hours estimated in FY 23-24
 - 7,000+ hours expected for FY 24-25 and beyond
- Tripling of AAB appeals in past year
 - 2,769 in March 2023 → 7,939 in March 2024
- Budget provides for 4 new, temporary DCA positions + 2 support positions to defend hundreds of millions of dollars in tax revenues

Homelessness & Mental Health

- Homelessness: Advised on and defended City against multiple, complex lawsuits and hundreds of small claims related to homelessness and street conditions.
- Contracts & Grants: In FY 23-24, we worked on approximately 120 agreements for HSH, 460 agreements for DPH, 180 agreements for DCYF, 450 agreements for HSA, 100 agreements for DAS.
- CARE Court: Spent 2,500 hours on CARE Court implementation and petitions in FY 23-24.
- LPS Conservatorships: Dramatic increase in our conservatorship workload:
 - Total LPS conservatorship matters increased to 720 open matters.
 - Spent 8,500+ hours on LPS conservatorships in FY 23-24, compared to 5,700 hours in FY 22-23.
 - Temporary conservatorships nearly doubled since May 2023.

Housing & Land Use

- Abated public nuisances and dangerous housing conditions through code enforcement litigation.
- Preserved and expanded the City's affordable housing portfolio.
- New state housing laws require additional advice work and potential litigation support.
 - State passed approximately 40 new housing and planning laws in 2022 (effective 2023) and approximately 60 housing laws in 2023 (effective 2024).
- Significant time defending City's land use decisions.
 - For example, billed 2,700 hours in two land use lawsuits challenging City's decisions on specific projects (469 Stevenson and 450 O'Farrell).

Public Integrity

- Hold bad actors accountable through public integrity investigations and administrative enforcement.
- In FY 23-24, we issued suspension orders or submitted requests to debar **29 individuals and entities** who committed willful misconduct and exploited public resources.
 - This is a dramatic increase. Between 2020-June 2023, the Office suspended or debarred 11 individuals or entities.
- Secured settlements for restitution and penalties for ethics violations. This year, we expect to receive \$1.75M from these cases, benefitting City Departments and the General Fund.

Claims & Defensive Litigation

- Defensive litigation is rising:
 - More cases going to trial and discovery more complicated, increasing costs and hours.
 - For FY 23-24, projecting over 62,500 billable hours for our Litigation Team, a 20% increase over the past year.
- Increase in pre-litigation claims:
 - Fallen tree claims: 165% increase between 2022 and 2023
 - Flooding claims: 323% increase between 2022 and 2023
- Affirmative claims collections expected to reach over \$1.5 million for FY 23-24.



Non-General Fund Positions



- **Worker Protection:** Our Worker Protection Team brings affirmative litigation against employers to protect workers rights and obtain restitution for workers and penalties.
 - To meet increase in OLSE enforcement matters and address rampant labor law violations, we're adding one attorney position from restricted Consumer Protection Fund, **not impacting the General Fund.**



- **Consumer Protection:** Our Complex & Affirmative Litigation Team had to assist more on defensive cases, so only 38% of hours spent on affirmative work.
 - To file additional cases to protect consumers and bring revenue to the City, we're adding one attorney position from restricted Consumer Protection Fund, **not impacting the General Fund.**

Technology & Litigation Support



- Imperative to modernize legacy technology systems, allowing us to remain current and competitive with opposing counsel in thousands of cases.



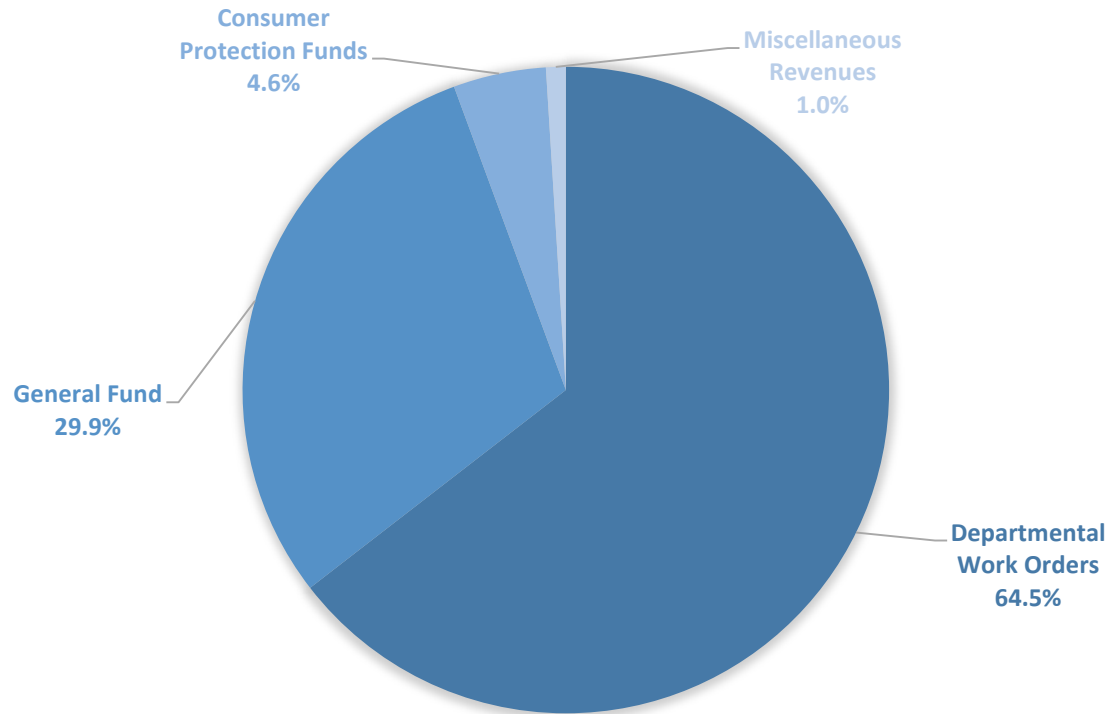
- The Office must pay actual, increasing costs for consultants, experts, court reporters, translation services, outside counsel, and other legal vendors.



Budget

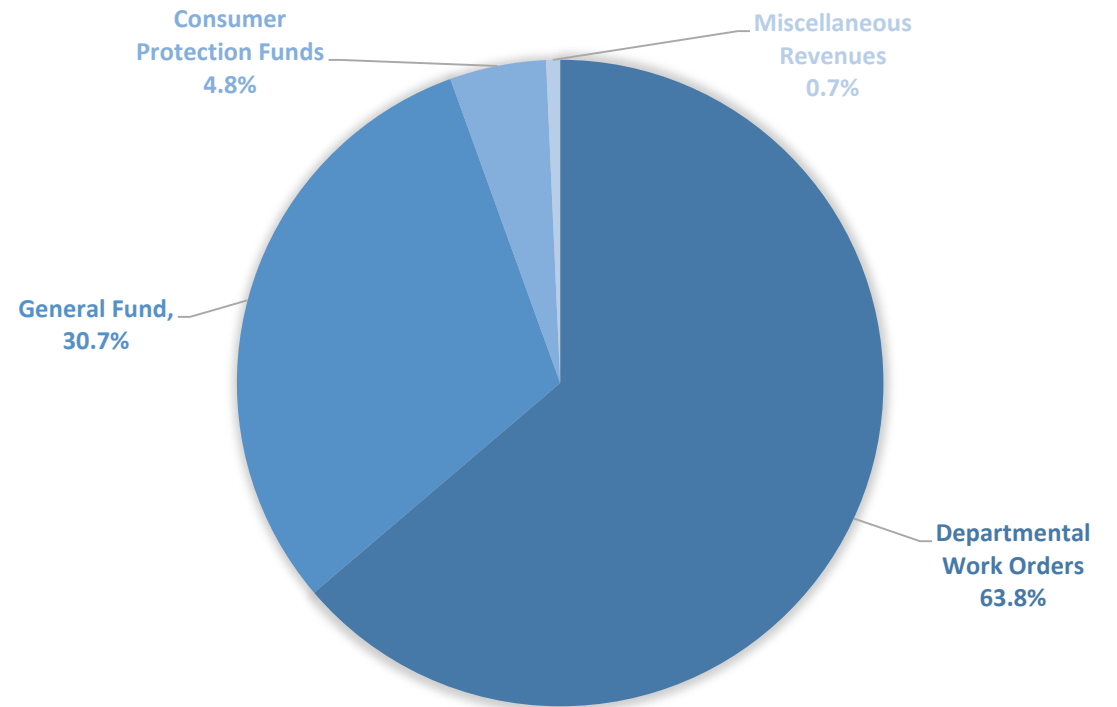
Budget Overview – Sources of Funds

FY 2024/25 REVENUE SOURCES



TOTAL: \$118,403,998

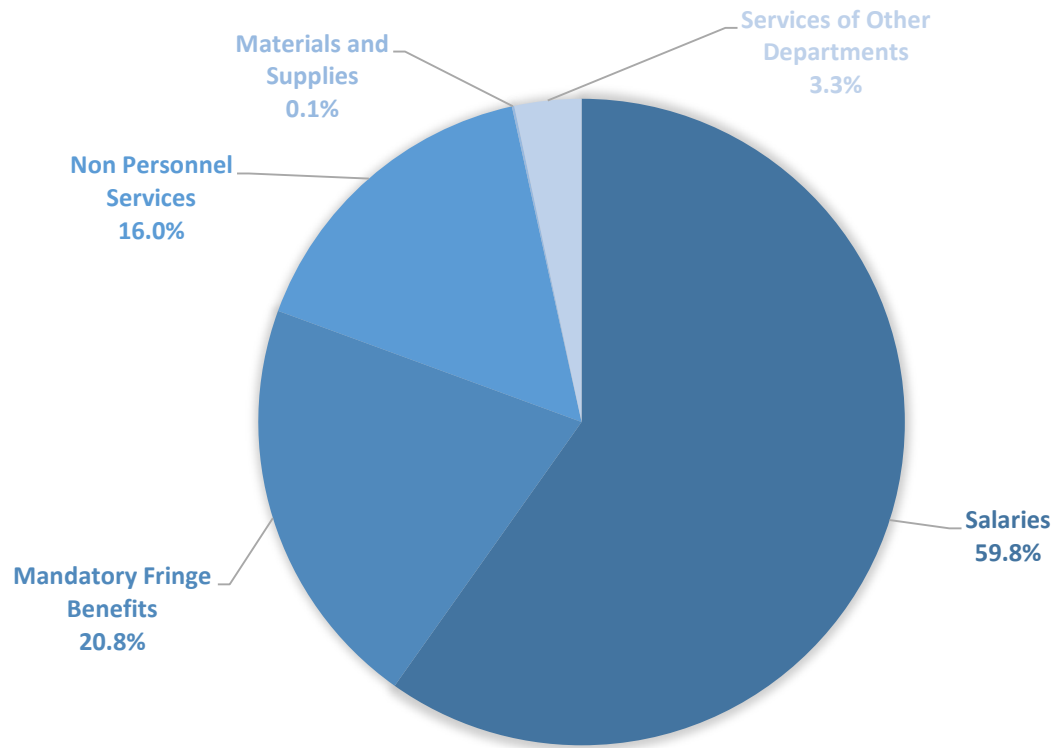
FY 2025/26 REVENUE SOURCES



TOTAL: \$120,260,187

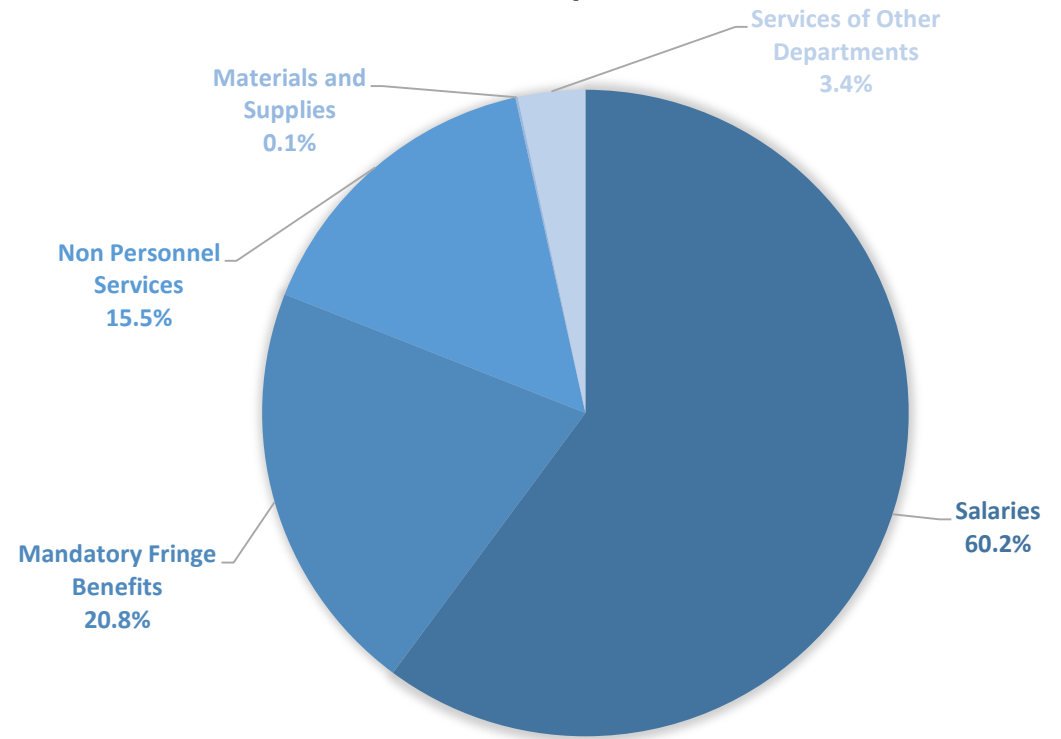
Budget Overview - Uses of Funds

FY 2024/25 USES



TOTAL: \$118,403,998

FY 2025/26 USES



TOTAL: \$120,260,187

Adjustments to Budget

Adjustment Description	FY 2024-25 Change From 2023-24	FY 2025-26 Change From 2024-25
Mandatory Salary and Fringe - COLA and Attrition Adjustments	\$6,157,174	\$1,508,098
6 New Tax Positions - Salary and Fringe	1,476,339	300,316
2 New Affirmative Litigation Positions - Salary and Fringe - Non General Fund	540,608	161,752
Legal Expenditures	945,438	-
Other Non Personnel Services - IT, Rent	462,540	(201,556)
Materials & Supplies	(15,500)	-
Services of Other Department	97,831	87,579
Summary of Changes	\$9,664,430	\$1,856,189

San Francisco City Attorney's Office

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