

Liability Payouts

Office of the City Attorney – Budget Request 2010-11

Funding Recommendation: \$45.3 million

Background:

Over the years, the Office of the City Attorney has worked to reduce Liability Claims payouts in this City. While we have had good success in the past, fiscal year 2009-10 presents an unusual challenge in terms of liability. Extraordinary cases came to conclusion in this fiscal year, resulting in an unprecedented peak in liability payouts.

It is interesting to note that the dramatic increase is primarily driven by a few cases involving significant payouts. Approximately 40 percent of projected year-end payouts in fiscal year 2009-10 are attributable to only six cases, including the \$12.8 million settlement for the May Day litigation (federal cases) and a couple of employment matters in the Fire Department (Bressler and Lima), that resulted in a payout of over \$8 million combined.

Recommendation for 2010-11:

Our recommendation for the coming fiscal year assumes the same level of funding provided in FY2009/10 (\$39 million), plus an additional \$6.35 million to cover structured settlements approved this fiscal year and last year. While we expect a few cases with significant exposure to resolve in the coming fiscal year, including the May Day cases, we do not expect the same surge of liability payouts experienced in fiscal year 2009-10.

Please note that the following matters are not reflected in these estimates:

- 1) A significant inverse condemnation case (Bridges v. City) resulting from a landslide in the Pacific Palisades area which may continue into the new fiscal year.
- 2) Conflict cases administered by the City Administrative Office.

