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PENSIONS - CALIFORNIA

City of Oakland v. Oakland Police and Fire Retirement System

Court of Appeal, First District, Division 4, California - February 28, 2014 - Cal.Rptr.3d - 2014 WL 800988

The City of Oakland successfully argued at trial that the Oakland Police and Fire Retirement Board (Board) had impermissibly included certain holiday premium pay and shift differential pay in the calculation of Oakland Police and Fire Retirement System (PFRS) retirement benefits. The Board was ordered to correct its calculations for all future payments and to implement a plan for recovering past overpayments made to retirees.

The City claimed that the Board was overcompensating PFRS retirees in four specific ways: (1) by paying retirees at an excessive rate for holidays; (2) by paying retirees for too many holidays; (3) by including shift differential pay in the calculation of retiree benefits; and (4) by paying retirees who retired above the rank of Captain at an excessive rate for holidays.

The Retired Oakland Police Officers Association, along with several PFRS's members and beneficiaries (collectively, the "Association"), appealed.

The Court of Appeal held that:

- The City was barred by the doctrine of res judicata from re-litigating the issue of holiday premium pay;
- The development of essential facts by the trial court with respect to shift differential pay was not error;
- The City and the Board were estopped from requiring PFRS retirees to repay any retirement benefits based on the improper inclusion of shift differential pay as "compensation attached to rank;" and
- The Board was not barred by theories of equitable estoppel or laches from recouping the benefits improperly paid to PFRS retirees based on an inflated number of pensionable holidays for fiscal years 2009, 2010, and 2011.

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