

Bond Case Briefs

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PENSIONS - CALIFORNIA

Fry v. City of Los Angeles

Court of Appeal, Second District, Division 1, California - March 7, 2016 - Cal.Rptr.3d - 2016 WL 861241

City fire and police department employees and association for retired fire and police employees filed petition for writ of mandate to compel city to provide increases to health insurance premium subsidy available to police officers and firefighters without regard to city ordinances restricting such increases or to stay enforcement of those ordinances pursuant to contracts clause of constitution, alleging that ordinances impaired officers' and firefighters' vested contractual right to receive increases to subsidy and that officers and firefighters earned vested contractual right to system providing for such increases.

The Superior Court rejected assertion that employees had a vested right to increases in amount of subsidy, but issued writ of mandate authorizing board of city department of fire and police pension commissioners to exercise its discretion to set maximum subsidy contribution without regard to ordinances. City appealed.

The Court of Appeal held that:

- Ordinance that permitted board to exercise its discretion to set maximum subsidy contribution did not create vested contractual right to increases in subsidy, and
- Ordinance neither restricted city council's authority to set amount of subsidy nor created vested right to board-determined subsidy.

City ordinance that permitted board of city department of fire and police pension commissioners to exercise its discretion to change level of health insurance premium subsidy available to police officers and firefighters did not give firefighters and officers vested contractual right to increases in subsidy protected by contract clause under state and federal constitutions; ordinance did not require that subsidy increase.

City ordinance that delegated authority from city council to board of city department of fire and police pension commissioners to change maximum level of health insurance premium subsidy available to police officers and firefighters and placed a cap on amount of any increase neither restricted council's authority to set amount of subsidy nor created vested right to board-determined subsidy protected under contracts clause of state and federal constitutions. City charter granted council authority to set amount of subsidy, ordinance did not state that delegation of authority to board was absolute or in perpetuity or that council was divesting itself of authority to set subsidy, and taken together, amendments to charter and ordinances pertaining to subsidy did not evince legislative intent to create vested right to board-determined subsidy amount, but rather evinced intent to reserve to council the final decision authority over subsidy.