



COALITION OF LA CITY UNIONS

514 Shatto Place, 3rd Floor Los Angeles, CA 90020 | (213) 487 - 9887 | info@lacitycoalition.com

September 15, 2011

Vesting of Retiree Medical May be Taken Up in Courts

Outside Attorney for LA Police & Fire Pension Plan Issues Opinion Stating that Retiree Medical Benefits are Vested; City's Outside Attorney Disputes Opinion

Dear Members:

On October 6, outside attorney Christopher W. Waddell will present the LA Fire & Police Pension Plan (LAFPP) Board of Trustees with his opinion that the cost of two-party retiree medical benefits has always been a vested right of all LA City employees. A brief summary of his opinion is available at www.lafpp.com.

Last April, most members of the Coalition of LA City Unions amended their contracts with the City. In exchange for iron-clad language locking in the cost of two-party health care as a vested right (along with other concrete job protections), we agreed to pay more toward our retirements. Furloughs reducing the pay of most General Fund employees by 14% were eliminated – and we received a guarantee of no more furloughs through the term of our contract (2014).

Mr. Waddell's opinion does not affect our contracts. He is simply one attorney and his opinion is not binding. In fact, the City's own lawyer, Arthur A. Hartinger, maintains that the amount of money the City contributes to retirees' health plans was not a vested right. In other words, the City believes it had the discretion to freeze the health subsidy, which would have created a true hardship for future retirees living on fixed incomes.

And what about our own lawyers? During negotiations last spring, we spent many hours conferring with our legal counsel, Anthony R. Segall. Mr. Segall advised us that the issue was not yet settled by the courts. Further, public opinion is not on the side of public employees. Put another way, we could have challenged the City's opinion in the courts, but we risked getting a decision against our interests. (People who follow the courts closely know that most recent decisions have ruled against labor and in favor of management.) Further, litigation would have been costly as well as time consuming, creating a period of prolonged uncertainty about employees' retirement benefits.

For these reasons, the Coalition and its legal team decided to take control of the issue and negotiate a vested right to two-party retiree health in our contracts. Let us be absolutely clear on where we stand: No matter what any court now rules, the City must pay the full cost of health care for both retirees and their spouses.

So what's next? The LAFPP and LACERS might ask the courts for a ruling on this issue, but the legal process is long and appeals often take years. We will continue to monitor this situation closely and keep you informed of any updates. In the meantime, please do not hesitate to contact your worksite organizer or union representative if you have any questions. Answers to Frequently Asked Questions are on the Coalition's, as well as most affiliate's, websites. We hope you will stay informed about these issues and reach out to us with your questions.

In solidarity,

Cheryl Parisi, Chair
AFSCME District Council 36

Victor Gordo
LIUNA Local 777

Bob Schoonover
SEIU Local 721

Gavin Koon
Operating Engineers Local 501

Ron Miller
L.A. County Building & Construction Trades Council

Carlos Rubio
Teamsters Local 911

Computer generated by OPEIU #537 Labor

SEIU Local 721 | AFSCME Council 36 | LIUNA Local 777 | Teamsters Local 911
LA/OC Building & Construction Trades Council | Operating Engineers Local 501

