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From the Los Angeles Times

O.C. sets aside funds for legal disputes -- including suit to limit deputies' pensions

Officials decline to specify how much of the \$2.75 million is for the retirement case.

By Christian Berthelsen
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June 14, 2008

Orange County plans to set aside \$2.75 million in the coming fiscal year to pay for legal battles, including its lawsuit to roll back sheriff's deputies' pensions -- signaling the potential for a costly fight.

Officials declined to specify how much of the money was expected to go toward the pension case. Some will go toward defending a 2006 decision to slash medical benefits for retired county workers, who have sued to regain their coverage.

Supervisors provisionally approved the litigation funding during a budget hearing earlier this week. A final vote on the total budget is scheduled for June 24. The fiscal year begins July 1.

Board of Supervisors Chairman John Moorlach, who led the drive to sue over the pension deal, said Friday that he did not expect the case to turn into a protracted and expensive legal battle.

Still, he noted that the case has detoured from its originally expected course. The county pension board, which was named as the defendant, successfully petitioned to move the case into Los Angeles courts. The board has also asked the court to force the county to name additional defendants who would be directly affected by the outcome, Moorlach said.

Each additional legal procedure adds to the cost.

As of its last accounting at the end of November, the county had spent more than \$500,000 on researching the pension case before the lawsuit was filed. Costs have mounted since then as court hearings on the case have begun, but the county has not produced any subsequent public accountings.

The board voted in January to file a lawsuit seeking to invalidate a portion of the pension benefits awarded to members of the Assn. of Orange County Deputy Sheriffs. The agreement, originally struck in 2001, allows deputies to retire as early as age 50 with a pension equal to 3% of their salary multiplied by their years of service. County officials estimate that this has resulted in average deputy pensions of \$70,000 a year, and has contributed to a \$2.3-billion shortfall in the county's pension system.

The county argues that the benefit is legally invalid because it was granted retroactively, making it a gift of public funds for work already performed.

The city of San Diego also sought to undo pension agreements with its public employee unions, to no avail. That effort cost the city \$1 million in legal bills and an additional \$1.5 million to cover attorney costs for defendants who prevailed.

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