

SUPREME COURT OF PENNSYLVANIA

City of Philadelphia v. Schweiker, 579 Pa. 591

858 A.2d 75 (2004) · Decided September 22, 2004

SUMMARY

The Supreme Court of Pennsylvania reviewed a direct appeal concerning amendments to Pennsylvania's Parking Authority Law that transferred control of the Philadelphia Parking Authority's governing board from the Mayor of Philadelphia to the Governor. The court addressed standing and constitutional challenges involving home rule, legislative pledges, special legislation, delegation of municipal functions, and the single-subject rule. The provided text does not include the conclusion of the opinion.

CASE DETAILS

COURT	Supreme Court of Pennsylvania
WRITING FOR THE COURT	Justice Saylor; Chief Justice Cappy; Justice Castille; Justice Nigro; Justice Newman; Justice Eakin; Justice Baer
JURISDICTION	Pennsylvania
DECIDED	September 22, 2004
DISPOSITION	affirmed
PROCEDURAL POSTURE	Direct appeal from the Commonwealth Court's order sustaining preliminary objections and dismissing an amended complaint challenging Act 22 of 2001 amendments to Pennsylvania's Parking Authority Law.
STANDARD OF REVIEW	On preliminary objections, the court accepts as true all well-pleaded material facts and reasonable inferences, and affirms dismissal only if the plaintiffs are not entitled to relief under those facts. The court reviewed standing separately for each count and reviewed the legal sufficiency of the complaint de novo.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Pennsylvania
PARTIES	City of Philadelphia, John F. Street v. Mark Schweiker, Philadelphia Parking Authority, Joseph T. Ashdale, Michael A. Cibik, Catherine Marshall, Alfred W. Taubenberger, Russell R. Wagner, Karen M. Wrigley

TOPICS

home rule

municipal law

municipal finance

statutory interpretation

constitutional law

PRACTICE AREAS

municipal law

constitutional law

state and local government

public finance

QUESTIONS PRESENTED

1. Whether Act 22 impermissibly limited Philadelphia's home-rule powers by transferring appointment authority over the Philadelphia Parking Authority from the mayor to the Governor.
2. Whether the City had standing to challenge Act 22 based on its asserted financial exposure as guarantor of Parking Authority bonds.
3. Whether the statutory restrictions protecting bondholders constituted an enforceable pledge that Act 22 violated.
4. Whether the transfer of available retained earnings to the Philadelphia School District impaired contractual obligations in violation of the Contract Clause.
5. Whether the City's reliance on the prior statutory scheme created an estoppel-based constitutional claim.
6. Whether the remaining constitutional claims were preserved for appellate review.

HOLDINGS

1. Act 22 validly limits Philadelphia's home-rule authority by transferring control over Parking Authority appointments to the Governor. A parking authority is an agency of the Commonwealth rather than an instrumentality of the City, and the General Assembly may impose limitations on municipal home-rule powers through legislation applicable to first-class cities.
2. The City had standing to assert Counts II through V because its alleged status as guarantor of Parking Authority bonds created a sufficient direct financial interest; Mayor Street lacked standing on those counts because he did not claim to be a bondholder or identify an effect on his official powers or obligations.
3. Section 12's prohibition against actions impairing bondholder security restricted the Authority's existing powers but did not constitute a legislative pledge never to alter those powers. In any event, Act 22 did not violate the provision because it protected debt-service and bond-retirement obligations.
4. Act 22 did not violate Section 13's pledge not to limit or alter the Authority's rights before its bonds were retired because the amended law preserved the primacy of bondholders' interests. The alleged change also did not establish impairment of contractual obligations.
5. The claims alleging special legislation, inadequate publication, improper delegation, and violation of the single-subject rule were abandoned because the appellants did not include them in the questions presented, develop them in the appellate brief, or request relief on them.

KEY QUOTATIONS

“Municipalities are creatures of the state and have no inherent powers of their own” (858 A.2d at 84)

“Act 22 limits the City's home rule rights in a manner that is consistent with Article IX, Section 2 of the Pennsylvania Constitution.” (858 A.2d at 88)

“Legislative power is the power to make, alter, and repeal laws.” (858 A.2d at 89)

FACTUAL BACKGROUND

The Philadelphia Parking Authority was created by City ordinance under Pennsylvania's Parking Authority Law and operated parking facilities and on-street parking functions, generating revenues used in part by the City. The Authority issued bonds, some guaranteed by the City, and its board had historically been appointed by the Philadelphia mayor. Act 22 of 2001 transferred appointment authority over the board to the Governor and required the Authority to transfer available retained earnings, up to \$45 million initially, to the Philadelphia School District while protecting debt-service and bond-retirement obligations. Philadelphia and Mayor Street challenged the amendments as violating home-rule rights, statutory pledges, the Contract Clause, and several provisions of the Pennsylvania Constitution.

PROCEDURAL HISTORY

Philadelphia and Mayor John F. Street challenged amendments that transferred control of the Philadelphia Parking Authority's governing board from the mayor to the Governor and required transfers of available retained earnings to the Philadelphia School District. The Philadelphia County Court of Common Pleas transferred the case to the Commonwealth Court after concluding that the Governor was an indispensable party. After an earlier jurisdictional dismissal was vacated and the matter remanded, the Commonwealth Court sustained preliminary objections, dismissed the City for lack of standing as to certain claims, and dismissed the amended complaint. The Pennsylvania Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- SEPTA v. Union Switch & Signal, 161 Pa. Cmwlth. 400, 637 A.2d 662 (1994)
- City of Philadelphia v. Commonwealth, 575 Pa. 542, 838 A.2d 566 (2003)
- City of Pittsburgh v. Commonwealth, 522 Pa. 20, 559 A.2d 513 (1989)
- Herriman v. Carducci, 475 Pa. 359, 380 A.2d 761 (1977)
- Ortiz v. Commonwealth, 545 Pa. 279, 681 A.2d 152 (1996)
- Johnson v. Pennsylvania Housing Finance Agency, 453 Pa. 329, 309 A.2d 528 (1973)
- Pennsylvania Chiropractic Federation v. Foster, 136 Pa. Cmwlth. 465, 583 A.2d 844 (1990)
- School District of Philadelphia v. Zoning Board of Adjustment, 417 Pa. 277, 207 A.2d 864 (1965)
- United States Trust Co. of New York v. New Jersey, 431 U.S. 1 (1977)
- Naylor v. Township of Hellam, 565 Pa. 397, 773 A.2d 770 (2001)

- Appeal of Gagliardi, 401 Pa. 141, 163 A.2d 418 (1960)
- Philadelphia v. Fox, 64 Pa. (14 Smith) 169 (1870)
- Taylor v. Abernathy, 422 Pa. 629, 222 A.2d 863 (1966)
- In re Petition to Recall Reese, 542 Pa. 114, 665 A.2d 1162 (1995)
- Cali v. City of Philadelphia, 406 Pa. 290, 177 A.2d 824 (1962)
- Bartle v. Zoning Board of Adjustment, 391 Pa. 207, 137 A.2d 239 (1958)
- Ebal v. City of Philadelphia, 387 Pa. 407, 128 A.2d 352 (1957)
- In re Addison, 385 Pa. 48, 122 A.2d 272 (1956)
- Lennox v. Clark, 372 Pa. 355, 93 A.2d 834 (1953)
- Graham v. Today's Spirit, 503 Pa. 52, 468 A.2d 454 (1983)
- Small v. Horn, 554 Pa. 600, 722 A.2d 664 (1998)
- In re Marshall, 363 Pa. 326, 69 A.2d 619 (1949)
- O'Rourke v. Commonwealth, 566 Pa. 161, 778 A.2d 1194 (2001)
- Erie & North-East Railroad v. Casey, 26 Pa. (2 Casey) 287 (1856)
- Commonwealth v. Edmunds, 526 Pa. 374, 586 A.2d 887 (1991)