ORDINANCE NUMBER O	(NEW SERIES)
DATE OF FINAL PASSAGE	

AN ORDINANCE AMENDING CHAPTER 2, ARTICLE 4, DIVISION 14 OF THE SAN DIEGO MUNICIPAL CODE BY ADDING SECTION 24.1402.2 RELATING TO DROP BENEFITS AND PARTICIPATION ACCOUNTS.

WHEREAS, it was the intent of the City to institute the Deferred Retirement Option Plan [DROP] on a cost-neutral basis and initially on a three-year test basis; and

WHEREAS, following the three-year test basis, the City continued DROP based on the belief that the program was cost-neutral; and

WHEREAS, DROP is not cost-neutral to the City and never has been since its inception; and

WHEREAS, San Diego Municipal Code section 24.1402 must therefore be amended to ensure the cost-neutrality fundamental to the creation and maintenance of DROP; NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That Chapter 2, Article 4, Division 14, of the San Diego Municipal Code is amended by adding Section 24.1402.2 to read as follows:

§ 24.1402.2 Benefits to be Cost Neutral

Any benefit paid under the DROP program shall be administered on a cost neutral basis to the City. The SDCERS actuary shall determine the manner in which the DROP program can be administered so that it functions on a cost neutral basis to the City. In no event will the City be charged for DROP costs exceeding the amount required to keep the DROP program cost neutral to the City. This provision applies to all members of the

(O-2008-22)

SDCERS system, including those who have already retired. The determination of DROP

benefits under this section shall be subject to review by the City's actuary. In case of any

dispute the matter shall be subject to binding arbitration.

Section 2. It is the express intent of the City Council that any economic benefit, savings,

or effect of this ordinance shall not be used directly or indirectly, to fund, support in any way, or

ratify any employment or retirement benefit determined to be illegal by a court of law, or be

construed to prevent further modification or rescission of any employment or retirement benefit.

Section 3. That a full reading of this ordinance is dispensed with prior to its final

passage, since a written copy was made available to the City Council and the public prior to the

day of its passage.

Section 4. This ordinance shall take effect and be in force on the thirtieth day from and

after its final passage.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By

Michael J. Aguirre

City Attorney

MJA:amt 09/24/2007

Or.Dept:CityAtty

O-2008-22