



# SAN DIEGO CITY ATTORNEY JAN I. GOLDSMITH

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## NEWS RELEASE

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**Contact: Gina Coburn  
Communications Director  
(619) 533-6181**

### **CITY PREVAILS IN DROP HEARING**

**San Diego, CA:** Superior Court Judge David Oberholtzer today refused to grant an injunction sought by the San Diego Police Officers Association (POA) against the City of San Diego to prevent changes in the DROP program. In addition, Judge Oberholtzer granted the City's petition for an order requiring the POA to "meet and confer" under state labor laws as to additional changes to DROP.

The POA had resisted such negotiations, claiming the program was completely "vested". Judge Oberholtzer did not find that DROP benefits were "vested". Judge Oberholtzer found that DROP is a condition of employment. Judge Oberholtzer also held that there is no law requiring an actuarial study as a condition to meeting and conferring on changes and/or elimination of DROP. But rather, expected the City and POA to discuss this and other issues related to DROP when they meet and confer about DROP.

As a result of Judge Oberholtzer's decision, effective July 1 DROP members will no longer receive a 7.75% guaranteed return, but will receive 3.54%. For POA members currently in DROP, the court allowed them an additional four weeks, to July 27, to decide whether to leave DROP. If any POA member decides to leave DROP between now and July 27, that decision will be back dated to June 29, which means that the POA member who takes this additional time will not receive the higher DROP interest rate during these extra four weeks.

"This is the second court to hold that certain DROP benefits can be changed by the City," stated City Attorney Jan Goldsmith. "The federal court recently held that the City is empowered to change the salary of those in DROP. Now, this court has held that the interest rate can be changed. Those are the two primary benefits of DROP."

“The effect of these rulings should be that the parties get to the negotiating table- as required by state law and this decision- to resolve once and for all the DROP issue.”

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